JPMorgan Japanese Investment Trust plc

Be at the heart of Japan's new growth

Annual Report and Financial Statements – 30th September 2021

J.P.Morgan
Asset Management

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 26 and 27.

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 2021, the Company's share capital comprised 161,248,078 ordinary shares of 25p each, including 4,267,644 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 39.

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 signatory to both the UN PRI and the Net Zero Asset Managers Initiative. JPMAM Japan is a signatory to 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 20.

Website

The Company's website, which can be found at www.jpmjapanese.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

Silver

Morningstar Analyst Rating.
Source: Morningstar, September 2021.

Morningstar Sustainability Rating

Awards

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

Why invest in JPMorgan Japanese Investment Trust PLC

Be at the heart of Japan's new growth

Tap into Japan's economic transformation and potential for long-term capital growth as a dynamic new generation of companies emerges

Expertise

The Company is one of the largest and oldest closed-ended funds to focus on Japanese equities. It is managed by a Tokyo based team of 30 investment professionals, providing the vital local insights needed to uncover value in an under-researched market.

Portfolio

The Company invests in innovative Japanese companies from across the market cap spectrum that are leading the world in high-growth industries, including robotics, e-commerce, fintech and computer gaming. The Investment Managers seek out high quality companies with strong franchises, balance sheets and cash-flow generation, while fully integrating environmental, social and governance factors into stock selection.

Results

The Company provides access to a portfolio that is focused only on those high quality Japanese companies that the Investment Managers believe offer the most attractive opportunities for sustainable long-term capital growth.

50	30	4000+	93.7%
Years' experience investing in the region	Investment professionals in Japan	Japanese company visits each year[1]	Active share[2]

[1] COVID-19 has meant that the meetings have been more limited in 2021, 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 2021.

Source: JPMAM.

CONTENTS

Strategic Report

TOTAL RETURNS (INCLUDING DIVIDENDS REINVESTED)

	2021	2020	3 Year Annualised[1]	5 Year Annualised[1]	10 Year Annualised[1]
Return to shareholders[2,A]	+11.0%	+41.8%	+15.3%	+16.5%	+16.6%
Return on net assets[3,A]	+10.7%	+35.0%	+12.9%	+14.7%	+15.5%
Benchmark return[4,A]	+15.3%	+2.0%	+5.3%	+8.1%	+9.9%
Net asset return compared to benchmark return[A]	-4.6%	+33.0%	+7.2%	+6.1%	+5.1%
Annual dividend	5.3p	5.1p			

[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.

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

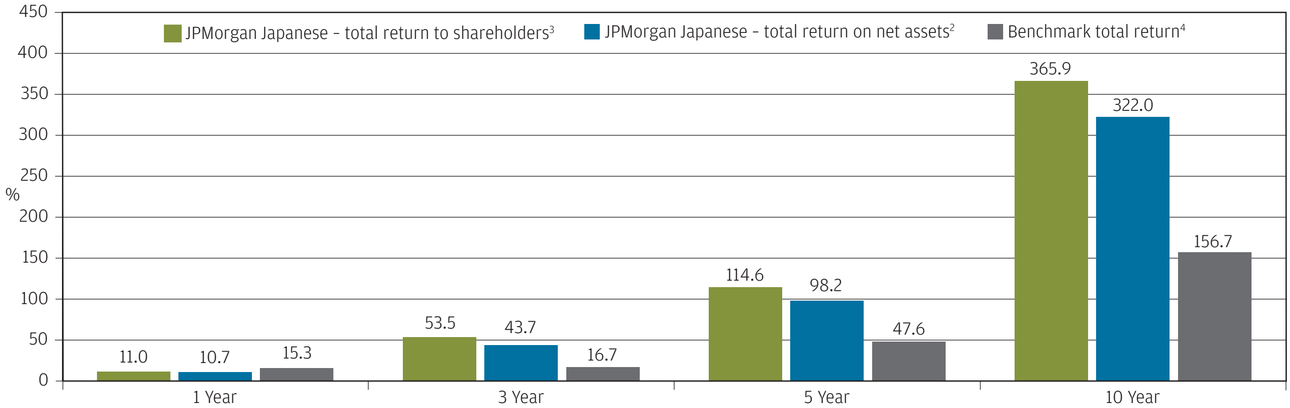
[A] Alternative Performance Measure ('APM').

A glossary of terms and APMs is provided on pages 94 and 95.

SUMMARY OF RESULTS

	2021	2020	% change
Key financial data as at 30th September			
Shareholders' funds (£'000)	1,154,544	1,072,164	+7.7
Total assets (£'000)	1,317,568	1,237,303	+6.5
Net asset value per share with debt at fair value[1,A]	731.7p	665.8p	+9.9[5]
Net return after taxation	109,086	271,204	–59.8%
Gross return	118,476	279,309	–57.6%
Return per share	68.53p	168.45p	–59.3%
Net asset value per share with debt at par value[A]	735.5p	670.8p	+9.6[6]
Share price	682.0p	619.0p	+10.2[7]
Share price discount to net asset value per share with debt at fair value[1,A]	6.8%	7.0%	
Share price discount to net asset value per share with debt at par value[A]	7.3%	7.7%	
12 month average share price discount to net asset value per share with debt at fair value[2,A]	3.9%	10.4%	
Exchange rate	1 £ = ¥ 150.4	1 £ = ¥ 136.4	+10.3
Shares in issue (excluding shares held in Treasury)	156,980,434	159,839,078	
Gearing[A]	12.7%	14.8%	
Ongoing charges[A]	0.61%	0.65%	

LONG TERM PERFORMANCE[8] FOR YEARS ENDED 30TH SEPTEMBER 2021



[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.

[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 +10.7%.

[6] Excludes dividends reinvested. Including dividends reinvested, the return is +10.4%.

[7] Excludes dividends reinvested. Including dividends reinvested, the return is +11.0%.

[8] Calculated on an arithmetic basis.

[A] Alternative Performance Measure ('APM').

A glossary of terms and APMs is provided on pages 94 and 95.

Christopher Samuel
Chairman

The Company's longer-term performance remains strong, in both absolute and relative terms. It has outperformed the benchmark index decisively over 3, 5 and 10 years by 23.1% 34.3% and 64.4%, respectively.

Investment Performance

As highlighted in my 2020 Chairman's statement and mentioned in the 2021 Half-Yearly statement, the Manager's high conviction, unconstrained approach focused on finding the best investment ideas in Japan will from time to time lead to periods of underperformance. And this is indeed what happened in the recent fiscal year.

The arrival of several effective COVID-19 vaccines in November 2020 sparked hope that the world would be able to return to some form of normality and triggered a major shift in financial market sentiment, in favour of cyclical and value companies expected to benefit most from the improved economic outlook. However, companies set to gain from this temporary upsurge in demand are not generally the kind of names your Company invests in, given its focus on quality stocks with strong growth prospects over the longer-term.

Thus, the Company experienced a period of underperformance during the first half of the 2020/21 fiscal year, and then outperformed the benchmark in the second half of 2021. This resulted in underperformance over the full financial year ended 30th September 2021, in net asset value terms, of –4.6%. versus the benchmark, even though performance over the financial year ended 30th September 2021 was strong in absolute terms.

The Company's total return on net assets, with debt calculated at fair value[1], was +10.7%, compared with a total return of +15.3% on the Company's benchmark index, the Tokyo Stock Exchange First Section (TOPIX) Index (in sterling terms), over the same period. The share price total return, with dividends reinvested was +11.0%.

The Company's longer-term performance however remains strong, in both absolute and relative terms. It has outperformed the benchmark index decisively over 3, 5 and 10 years by 23.1%, 34.3% and 64.4%, respectively.

Since the end of the financial year, the Company's net asset value has decreased by 0.93% as at 7th December 2021, compared to a benchmark decrease of 2.25%, while the share price as decreased by 0.29%.

The Investment Managers' report on the following pages discusses performance, the investment rationale behind recent portfolio activity and the outlook in more detail.

Gearing

The Board of Directors believes that gearing can be beneficial to performance and sets the overall strategic gearing policy and guidelines and reviews these at each Board meeting. The Investment Managers then manage the gearing within these agreed limits. The Investment Managers' permitted gearing limit is within the range of 5% net cash to 20% geared in normal market conditions. During the period, gearing ranged from 11.9% to 15.4% (2020: 8.6% to 17.1%), with an average of 14.0% (2020: 14.3%). As at 30th September 2021, gearing was equivalent to 12.7% (2020: 14.8%) of net assets.

Revenues and Dividends

Income received during the year rose year-on-year, with earnings per share for the full year of 5.99p (2020: 5.21p) reflecting a recovery in the level of dividends paid and the strong balance sheets of portfolio companies.

The Board's dividend policy is to pay out the majority of the revenue available each year. The Board therefore proposes, subject to shareholders' approval at the Annual General Meeting, to pay a final dividend of 5.3p per share (2020: 5.1p) on 28th January 2022 to shareholders on the register at the close of

[1] As disclosed in the Company's 2020 Annual Report, the AIC has recommended that investment trusts with long-term fixed rate debt prepare a measure of their NAV that value this debt at 'fair value' rather than using par value. This reflects that the economic value of this debt may differ materially from the par of accounting value of the debt instrument and the belief that this value may be of interest to shareholder and potential investors. Accordingly, the Board has decided to use this measurement when reporting NAV returns within the Company's financial report going forward; this is also in line with the basis of the NAV released to the London Stock Exchange every business day.

business on 31st December 2021 (ex-dividend date 30th December 2021). This increase in dividends follows last year's 2% increase, which was the first since 2017.

We hope to be able to continue increasing the dividend in future years.

Discount Management/Share repurchases

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.

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. The Board has restated its commitment over the long run to seek 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. Since 2020, this commitment has resulted in both increased marketing spend and a series of targeted buybacks.

As at 30th September 2021 the discount was 6.8%, very close to the level of 7.0% where it closed the previous year. Over the past financial year, the discount ranged from 9.2% to a premium of 1.5% and the average discount was 3.9%. During the fiscal year 2020 the discount ranged from 5.6% to 19.9% and the average discount was 10.4%.

Since the end of the financial year, the Board has repurchased a further 445,795 shares and the discount stood at 6.2% as at 8th December 2021.

Shares are only repurchased at a discount to the prevailing net asset value, which increases the Company's net asset value per share. Shares may either be cancelled or held in Treasury for possible re-issue at a premium to net asset value.

Environmental, Social and Governance Considerations

As detailed in the Investment Managers' Report, Environmental, Social and Governance ('ESG') considerations are fully integrated into their investment process. The Board shares the Investment Managers' view of the importance of ESG factors when making investments for the long term and the necessity of continued engagement with investee companies over the duration of the investment. Further information on JPMorgan's ESG process and engagement is set out in the ESG Report on pages 15 to 20.

The Board

During the past year, the Board sought to ensure that it followed best practice within the investment trust sector, so as to maximise its ability to protect and serve the interests of our shareholders. As a result, in July 2021 the Board announced the appointment of Sir Stephen Gomersall, a Non-Executive Director of the Company since 2013, as the Senior Independent Director of the Company with immediate effect. At the same time the Board announced the immediate establishment of a new Remuneration Committee to be chaired by George Olcott, a Non-Executive Director of the Company since 2016. The Nomination and Remuneration Committee will be renamed the Nomination Committee and I will remain its chair.

Yoko Dochi resigned as a Director of the Company with effect from 1st October 2021 for personal reasons. On behalf of the board, I would like to thank Yoko for the contribution she made to the work of the Board since she joined. We wish her well for the future.

The Board has commenced a recruitment process to find a replacement Director. It will continue to ensure that its members have the appropriate balance of skills and knowledge. The recruitment process will also have regard for the AIC Code of Corporate Governance and other appropriate guidance concerning board composition and succession.

Annual General Meeting and Shareholder Contact

The Company's Annual General Meeting (AGM) will be held on 13th January 2022 at 12.30 pm at 60 Victoria Embankment, London EC4Y 0JP.

As you will recall, COVID-19 restrictions prevented the holding of the Company's AGM in 2021 in the usual format. Current indications are that a more familiar format for the AGM may be permissible in January next year and shareholders will be able to attend the AGM.

We strongly advise all shareholders to take account of the Government regulations in force on the day and to consider their own personal circumstances before attending the AGM in person. For shareholders wishing to follow the AGM proceedings but choosing not to attend, we will be able to welcome you through conferencing software. Details on how to register, together with access details, will be available shortly on the Company's website: www.jpmjapanese.co.uk, or by contacting the Company Secretary at invtrusts.cosec@jpmorgan.com.

As is normal practice, all voting on the resolutions will be conducted by a poll. Due to technological reasons, shareholders viewing the meeting via conferencing software will not be able to vote on the poll and we therefore encourage all shareholders, and particularly those who cannot attend physically, to exercise their votes in advance of the meeting by completing and submitting their form of proxy.

Shareholders are encouraged to send any questions ahead of the AGM to the Board via the Company Secretary at the email address above. We will endeavour to answer relevant questions at the meeting or via the website depending on arrangements in place at the time.

If there are any changes to these arrangements for the AGM, the Company will update shareholders via the Company's website, and, if appropriate, through an announcement on the London Stock Exchange.

Outlook

Your Board shares the Investment Managers' confidence about the outlook for the Japanese economy and excitement about the many appealing opportunities in the Japanese market, whilst remaining mindful of the recent and ongoing challenges resulting from COVID-19. Furthermore, the Board is confident that the Investment Managers' disciplined investment process and careful approach to risk management, supported by JPMorgan's extensive research resources, will continue to identify these opportunities and deliver attractive long-term returns for shareholders.

On behalf of the Board, I would like to thank you for your ongoing support.

Christopher Samuel
Chairman 10th December 2021

Nicholas Weindling
Investment Manager

Miyako Urabe
Investment Manager

Background

Japan has suffered less than many other developed countries during the coronavirus pandemic, although it was forced first to postpone the Olympics and Paralympics for a year and then to hold them without spectators, which dramatically limited their commercial success. Japan's state of emergency has now been lifted, and over 75% of the population is fully vaccinated.

In Japan, as elsewhere, investors greeted news of viable vaccines with enthusiasm, as at the time of writing Japan's vaccination rate is 75.8% (of total population), the highest of the G7 nations (Canada is next with 75.4%). The TOPIX index rose sharply in late 2020 and early 2021, and market sentiment shifted in favour of companies expected to benefit from the vaccine rollout and economic re-opening. As in other major equity markets, there was a rotation into cyclical and value stocks. In the half-year report, we cited as an example the case of department store operators. Shares in these companies rose in anticipation of a surge in business as customers returned to stores to buy household and personal goods they were unable to purchase during lockdowns. But such a one-off, short-lived increase in activity is unlikely to move this sector off its trajectory of long-term structural decline, as consumers embrace online shopping with increasing enthusiasm.

The broader post-pandemic surge in demand will, by its nature, be temporary, and quickly exhausted, and gains in these recovery stocks may prove equally short-lived. Indeed, by the second quarter of this year, the TOPIX's recovery rally appeared to have lost momentum and the index has traded broadly sideways during the second half of the Company's financial year.

Inflation has accelerated sharply in several countries as economic recovery, supply side constraints and energy prices have combined. So far the impact on Japan has been much more muted and we see little sign of wage inflation. While a policy response of rising interest rates elsewhere might slow global demand the impact on the portfolio should be relatively muted given the focus on longer term growth companies. Additionally we believe that premium and quality companies have the pricing power to be able to cope with inflationary pressures. Nevertheless prolonged global inflation may have an impact on equity valuations globally and this may also include Japan.

Portfolio Themes

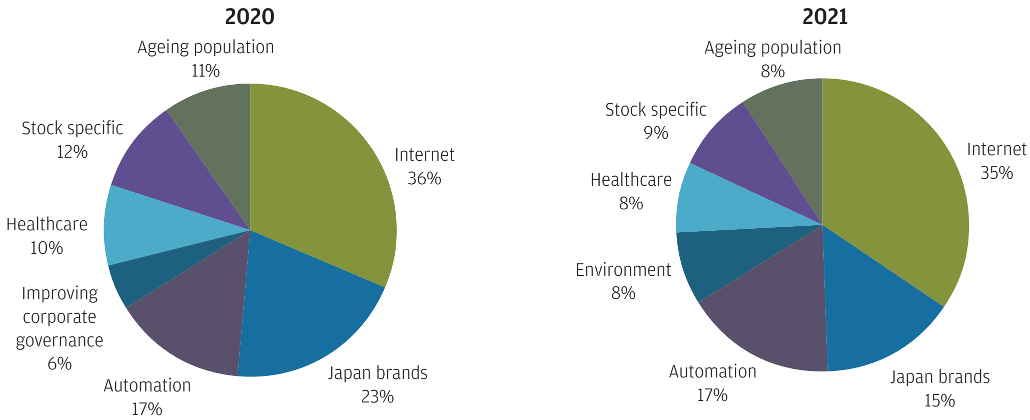
Japan has long lagged some countries in the adoption of technology, but COVID-19 is driving and accelerating change. Japan has embarked on a digital and IT revolution. Looking ahead, we expect to see industry consolidation and productivity growth through trends such as more flexible working practices, automation, artificial intelligence and cloud data storage. Information technology will be increasingly integrated into many aspects of daily life via online shopping, cashless payments, digital signatures and remote healthcare.

This trend is being encouraged by the Japanese government. Former Prime Minister Yoshihide Suga mandated the adoption of digitalisation within the government sector and we expect his successor, Fumio Kishida, whose position was confirmed in October's general election, to maintain the reforms implemented by the Abe and Suga administrations. Digitalisation is now one of the portfolio's key themes.

Environment is another theme which we have added over the past year, after former Prime Minister Suga made a commitment to reduce Japan's carbon emissions to net zero by 2050. This announcement significantly increased public attention on the environment and the urgent need for climate change mitigation and we expect Prime Minister Kishida to stand by his predecessor's promise. Currently, around one third of Japan's energy is generated from coal, and it is also heavily reliant on natural gas. Renewable energy sources provide a relatively small part of Japan's energy needs compared to Europe, so Japan is still at a very early stage in its transition to greener energy sources. There is therefore scope for rapid growth in this sector. Although there are political and technical challenges to be overcome, we expect the contribution of wind, solar, biomass and geothermal power to Japan's energy requirements to rise steadily over time.

Japan is only at the beginning of the road to digitalisation and renewable energy, but these trends are already spawning many exciting new businesses, especially in the small and mid-cap space. Such growth-oriented companies will gather momentum over time and provide resilient, long-term sources of returns for investors. For example, our holdings in OBIC, a software company providing business administrative systems, Bengo4.com, Japan's leading digital signature provider, and telemedicine company Medley are already benefitting from this trend, while we expect our position in Tokyo Electron, the semiconductor equipment supplier, to gain from associated increases in demand for data processing and storage. Over the past year we have initiated positions in several companies set to benefit from Japan's transition to renewable energy (see details below).

Long term structural changes including digitalisation and renewable energy underpin our stock selection and as at 30th September 2021, the thematic breakdown of the portfolio was as follows:



Source: JPMorgan Asset Management.
Note: figures include gearing, therefore the total for 2021 is greater than 100%.

This shows the inclusion of 'Environment' as a theme, replacing 'Improving corporate governance'. That is not because we are less focused on governance in the portfolio companies, but because Japanese companies generally are now increasing the number of outside directors, paying higher dividends and implementing share buybacks to return capital to shareholders – and the associated benefits are now widely recognised by the market.

Our Investment philosophy and process

In our search for companies we adopt a bottom-up approach, focused on individual listed stocks. We look for high quality, innovative businesses, with a competitive advantage, free cash flow, robust balance sheets, sustainable margins and strong management, which we believe have the potential to grow earnings over the long-term. We look both for companies that will grow for their own specific reasons and also for those that will benefit from the longer term themes we have discussed above. We find that many such companies are typically not the well-known names covered by most analysts and those included in the index, which is home to many larger companies in structurally impaired sectors such as department stores, steel production, and printing, which are vulnerable to long-term declines in demand. Rather, as mentioned above, they tend to be small and mid-sized companies, sometimes new businesses, usually poorly covered by most analysts, and thus little known. Valuations are important to us, but we will not buy a company whose short-term valuation looks low, unless it also has a strong long-term growth outlook.

We focus on making long-term investments. As an illustration of this, at the end of the year, the portfolio held 31 stocks (66.6% of the portfolio) that we have held for at least three years. Twenty of these stocks (46% of the portfolio) have been held for five years or more.

In identifying potential investments we are supported by JPMorgan Asset Management's well-resourced investment team on the ground in Tokyo. Its members are ideally placed to identify emerging themes and interesting new companies overlooked by other analysts. We believe this has been a particular advantage during the pandemic, when some other managers have not been able to visit the country. As a result, the Company's portfolio can, and does, look very different from the benchmark. As at end September 2021, it had an active share of 93.7% (on a geared basis).

Our focus on quality companies is also reflected in the fact that the portfolio companies had, at the end of the review period, an average return on equity ('ROE')[A] of 13.1%, compared to 8% for the index. Their price to earnings ratio ('PE')[A] was 33x compared to 15x for the market. We believe the higher multiple is justified by the significantly better growth prospects of the companies that we hold, compared to others in traditional, declining sectors.

How we rate companies we consider for investment

This quality growth focus is the core of our investment process. We assign a strategic classification to each company, based on desk-based research and company meetings. The highest rating is 'Premium', followed by 'Quality', and then 'Trading'. When assigning these ratings, in addition to assessing companies on fundamentals such as balance sheet strength, free cash flow, market position and growth prospects, we also consider governance issues, as well as potential risks arising from environmental and social (ESG) considerations. Only businesses with sound governance practices and corporate behaviour consistent with our ESG criteria will receive a Premium or Quality rating, and the bar is high. Within the investable universe of Japanese companies, we rate only about 20% as Premium or Quality, whereas Premium or Quality names comprise around 90% of our portfolio.

This rating system means that we incorporated ESG considerations into our strategic and valuation analysis of individual companies and into our investment decisions. However, we are continually improving the ways in which we consider ESG factors and integrate them into our investment process and we are pleased with recent progress in this direction. The Environmental, Social and Governance Report on pages 15 to 20 provides more detail.

Performance

Against this background, for the year ended 30th September 2021, the Company returned +11.0% in GBP terms, on a share price basis, underperforming its benchmark, the TOPIX index, which returned +15.3%. The Company returned +10.7% on a net asset basis (NAV). This underperformance occurred in the first half of financial year, during the post-vaccine recovery rally. In the six months to end March 2021, the Company returned +4.6% on a share price basis and +0.5% on an NAV basis, compared to a benchmark return of +8.5%. Performance saw a significant recovery in NAV performance in the second half of the year. Over this period, the Company returned +5.3% on a share price basis and +7.8% on a NAV basis, with the NAV outperforming the index return of +6.6%.

The Company's longer-term performance remains strong. It has outperformed its benchmark by over 7 percentage points a year over the past three years, by 6 percentage points a year over five years and 5 percentage points a year over ten years. Annualised returns over one, five and ten years can be found on page 4.

Our underperformance over the financial year was driven by the outperformance of economically sensitive and value companies during the recovery rally. These stocks are often low-quality, and thus not the kind of companies we invest in. This meant that our quality and growth holdings lagged the market.

Despite this near-term setback, we remain focused on Japan's economic transformation and the dynamic new generation of quality companies which is emerging and the merits of our strategy have begun to reassert themselves. Once the recovery rally had ran its course, performance began to improve in the second half of the review period.

[A] Alternative Performance Measure ('APM').

PERFORMANCE ATTRIBUTION

YEAR ENDED 30TH SEPTEMBER 2021

	%	%
Contributions to total returns		
Benchmark return		**15.3**
Stock selection	-8.3	
Gearing/Cash	3.9	
Investment Manager contribution		-4.4
Portfolio return[A]		**10.9**
Management fee/other expenses	-0.6	
Share Buy-Back/Issuance	0.1	
Other effects		-0.5
Return on net assets – Debt at par value[A]		**10.4**
Impact of fair value of debt		0.3
Return on net assets – Debt at fair value[A]		**10.7**
Return to shareholders[A]		**11.0**

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 94 and 95.

Portfolio Activity

At the end of the financial year, the portfolio held 63 stocks, compared to 65 at the end of the previous year. Annualised portfolio turnover during the past year was 18.3%, versus 38% during the previous period, which had been boosted by the extraordinary opportunities arising at the onset of the pandemic. The market rotation into cyclical and value stocks, which came at the expense of quality growth names, generated a new round of opportunities to invest in the companies we favour, at more attractive levels.

Purchases

Our **Digitalisation** theme inspired several acquisitions, including small-cap companies, **Yappli**, **SpiderPlus**, **WealthNavi** and **Minkabu the Infonoid**. Yappli is a software company that builds ecommerce apps and should benefit from the rising popularity of internet retail. SpiderPlus helps construction companies digitise their processes, thus easing labour shortages and speeding up completion times. WealthNavi is an on-line asset management company and Japan's number one provider of robo-advisory services, which help users make investment decisions. Minkabu the Infonoid is a popular and rapidly growing website where retail investors can obtain stock market information.

At the other end of the market cap spectrum, but still within the digitalisation theme, we bought consumer electronics giant **Sony**, following its upgrade to 'Quality' within our stock rating system. After years of restructuring, we believe the company now has much improved corporate governance and capital discipline.

Under the **Environment** theme, we purchased **Renova**, **Canadian Solar Infrastructure** and **Hitachi**, which are all set to benefit from Japan's transition to renewable energy sources. Renova is the only Japanese utility company focused solely on renewable energy. It owns wind, solar and biomass assets. Canadian Solar Infrastructure is a REIT specialising in solar power and renewable energy facilities in Japan. We bought Hitachi, an industrial conglomerate, following its acquisition of ABB Power Grids, which positions Hitachi as a global leader in the production of power transmission lines. Demand for this equipment will rise in line with the supply of renewable energy, because green energy is often produced in relatively remote locations and thus requires much more infrastructure than thermal power to ensure production units are connected to the national grid.

Various other acquisitions included **Benefit One**, Japan's leading staffing and employment services company that offers fringe benefits to employees, improving worker retention; and two biotech companies, **Modalis Therapuetics** and **Healios**, which should see significant growth if the drugs they have developed are approved.

Sales

The purchases above were funded by a number of disposals. We sold **Relo Group**, an employee services company, to purchase its more successful rival, Benefit One, mentioned above. **Z Holdings**, an internet retailer, recently purchased the messaging site Line. We sold this name outright on disappointment with its plans to integrate Line with its core internet search engine business, Yahoo Japan. We sold **Hikari Tsushin**, a communications services company, as it continued to invest in the shares of many listed companies, while we feel it should concentrate on growing its existing, highly cash generative business. We sold our position in **Nexon**, a games company, for a similar reason, and because of repeated delays to the release of new titles. We also sold our position in **Kao**, Japan's leading consumer goods company, due to its poor operational performance over some years.

We took profits on a few companies whose valuations had improved significantly, including **Oriental Land**, a theme park and hotel operator which runs Tokyo Disneyland, and **V-Cube**, a communications equipment company. We also sold our very long-standing position in **Pan Pacific**, a discount store operator, on doubts about the new management. Similar concerns prompted the sale of **Grace Technology**, which creates and translates technical documents and manuals, following the death of its chairman and founder.

Gearing

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 15%, and ended the year at 12.7% (compared to 14.8% at the end of September 2020). The level of gearing reflects our conviction in the near-term outlook for the market and the portfolio. It is not driven by any macroeconomic view.

Significant Contributors and Detractors to performance

The main contributors to performance over the financial year ended 30th September 2021 included:

1. **Recruit Holdings** (Investment Theme – Internet), which owns the world's top employment website, Indeed. Recruit has steadily gained market share during the pandemic and is now benefiting from the improvement in labour markets.

2. **Tokyo Electron, Lasertec and Hoya** (Investment Theme – Automation and Stock Specific), which are all global leaders in the production of semiconductor equipment and components. They benefited as leading semiconductor manufacturers TSMC, Intel, ASML and Samsung announced major increases in capital expenditures to meet growing demand.

3. **Benefit One** (Investment Theme – Aging Population), Japan's leading employment services company, which was purchased during the year. Its shares performed well on news that it planned to acquire JTB Benefit Service, the number three player in the industry.

4. **Renova** (Investment Theme – Environment), Japan's leading pure play on renewable energy and another recent acquisition. Its outlook improved materially following Japan's commitment to carbon neutrality by 2050.

However, the positive contributions to relative performance from these holdings were offset by the adverse impact of several positions which suffered pullbacks on profit-taking following strong performances in 2020. These included:

1. **Bengo4.com** (Investment Theme – Internet), Japan's the leading digital signature provider. Its share price had been boosted by the government's decision to switch to digital signatures, before succumbing to profit-taking. We trimmed the position on concerns over intensifying competition.

2. **Hikari Tsushin** (Investment Theme – Stock Specific), a supplier of communications products. As discussed above, we sold this company due to dissatisfaction with its corporate strategy.

3. **MonotaRO** (Investment Theme – Internet), Japan's leading B2B ecommerce operator. Despite the pullback in its valuation, we still have conviction in the investment case for this company and continue to hold.

4. **Square Enix** and **Nintendo** (Investment Theme – Japan Brand). These gaming companies performed well during the pandemic, as demand for home entertainments increased during lockdowns. Many gamers downloaded games for the first time during this period, rather than playing on consoles, and we expect them to keep doing so in the long-term. More recently, earnings moment weakened. We continue to hold.

Outlook

The arrival and rapid rollout of viable vaccines has greatly improved the global economic outlook, and although its borders are still largely closed, Japan's prospects are significantly better than this time last year. The economic recovery is underway and should gather momentum into next year. Japan's longer-term growth prospects may be supported by government policies encouraging the spread of digitalisation and information technology, which should deliver substantial productivity gains across the economy over time.

It remains our view that Japanese equity markets are much more vibrant than some investors appreciate, with many new and interesting listings on the Tokyo stock exchange each year, especially in the small and mid-cap space. We believe it is an attractive market in which to build a portfolio different from the pack, particularly for active, bottom-up investors like us, supported by a large, Tokyo-based research team.

The Company has an unconstrained strategy looking for the very best quality and growth ideas over the long-term. It has a high active share and as such typically looks very different to the benchmark. This inevitably leads to some volatility in relative performance, as we have seen over the past year. However, over the last ten years the strategy has generated returns well in excess of the benchmark and we are confident in the portfolio's ability to continue rewarding patient investors and outperforming the benchmark over the long term.

Nicholas Weindling
Miyako Urabe
Investment Managers 10th December 2021

Environmental, Social and Governance Report

'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'.

Successful integration of ESG into the investment process and successful engagement in Japan, as ever, requires detailed research, patience and persistence. To be most effective, this research is best done by experienced local staff. Our team of Tokyo based investment managers, analysts and investment stewardship specialists are well positioned to ensure the effectiveness of our engagement on behalf of your Company. This ESG report builds on reports contained in the Company's previous Annual and Interim Reports.

Task Force on Climate-related Financial Disclosures ('TCFD')

As we have previously noted, the level of disclosure on ESG matters from Japanese companies, whilst improving, remains variable. Larger companies, with a higher proportion of foreign ownership, continue to be more advanced in their disclosures.

As of 6th October 2021, the Task Force had over 2,600 supporters globally, including 1,069 financial institutions, responsible for assets of $194 trillion. TCFD supporters now cover 89 countries with a combined market capitalisation of over $25 trillion – up on the $12.6 trillion we reported last year.

In June 2021, the Tokyo Stock Exchange published a revised Corporate Governance Code (the 'Code'). Under revised Securities Listing Regulations, the Code requires companies on the Prime market, one of the new market segments following the TSE restructure of market segments from 4th April 2022 onwards, to publish climate-related financial disclosures based on the TCFD recommendations with effect from 11th June 2021. Major TSE1 companies have already disclosed climate-related financials in their annual/integrated/ sustainability reports and on their company websites. Hitachi and Shin-Etsu Chemical currently have the best disclosures, amongst our portfolio companies. However, there is still room for improvement in terms of both quality and quantity for the majority of the TSE1 listed companies. We therefore continue to seek to persuade companies to enhance climate-related financial disclosures through our engagement with them.

The number of Japanese companies which have become signatories to the TCFD now stands at 527, up from 306 when we reported last year. Japan remains first globally in terms of corporate signatories, ahead of the United Kingdom (384) and United States (345). However, according to the TCFD 2021 annual report, Europe remains the leading region for climate-related financial disclosures with European companies disclosing 16 percentage points more than the next closest region.

It is likely there will be an increase in environment-related shareholder proposals at future AGMs, with both the increased focus on climate change and the sustainability provisions of the new Code.

Select Corporate Governance trends

Cross holdings

Institutional Shareholder Services, a large proxy voting advisory firm, has proposed a policy to vote against the election of top executives at shareholder meetings held from February 2022, where a company allocates a signification portion (20% or more) of its net assets to cross-shareholdings. Glass Lewis has announced policies to vote against the chairperson at AGMs when strategic shares held by the company exceed 10% or more of the company's net assets. According to Goldman Sachs, and based on data from companies reporting between February 2020 and January 2021, 475 companies (23% of the total number of TSE1 companies) have cross-shareholdings which represent at least 10% of their net assets.

Although the cross-shareholdings had begun to be unwound in the last decade at a gradual pace, the proxy-agencies' announcements prompted companies to accelerate this reform. In the meantime, asset managers have modified their guidelines to treat cross shareholdings more harshly partly in line with the revised Guidelines for Investor and Company Engagement which was accompanied by the Code. By way of example, in May 2021 Sumitomo Mitsui Trust Holdings became the first major Japanese bank to announce plans to reduce their own cross shareholding positions to zero.

Takeover defence strategies

Japanese corporates are also seeing an increase in the rejection of takeover defense strategies by domestic institutional investors. Historically, overseas institutional investors have dominated the rejection of these strategies. This has resulted in a reduction in the number of companies putting forward takeover defence strategies although 276 companies remain (as at the end of April 2021- Source: Recof/Goldman Sachs).

Activist campaigns

There were ten activist campaigns in the first half of CY2021 as against 25 in whole of CY2020, with Japan representing 26% of new, non-US shareholder, activist campaigns globally – this has increased from 6% in 2015. Foreign activist campaigns reached the public eye this year raising concerns about the management of Toshiba.

At Toshiba's 2021 AGM, shareholders voted successfully against the re-election of the Chairman and an Audit committee member, which is a rare event at a large Japanese corporate. These votes were the culmination of a long term activist campaign seeking a break up of Toshiba and concerns over voting at an earlier AGM. While Toshiba's problems have indeed been a special case, this is nevertheless indicative of the rising influence of activists.

As we write in the Investment Managers' Report, we have seen improved corporate governance by Japanese companies, with the associated potential benefits becoming widely recognised by the market. We have therefore removed 'Improving corporate governance' as a theme. However, we note that while the updated Stewardship and Corporate Governance Codes mean that activist strategies are becoming increasingly effective, this has been more so in the small and micro-cap space.

While the increase in shareholder activism in Japan represents an important change, our focus remains on engagement with our portfolio companies, in order to provide better outcomes.

Appointment of independent directors/board diversity

The revised Code seeks to increase board independence and requires companies to disclose a Corporate Governance report based on the revised Code by the end of 2021. In particular, for Prime market listed companies:

- Independent directors must make up at least one-third of the board
- Prime market listed companies with controlling shareholders must:
    - Appoint a majority of independent directors, or
    - Establish an independent special committee comprised of independent outside directors and other members shown to be independent to discuss and deliberate on important transactions and activities in which there is a conflict of interest between controlling and minority shareholders.

Currently, 229 TSE1 companies have controlling shareholders, of which only 28 companies (12.2%) have appointed a majority of independent outside directors.

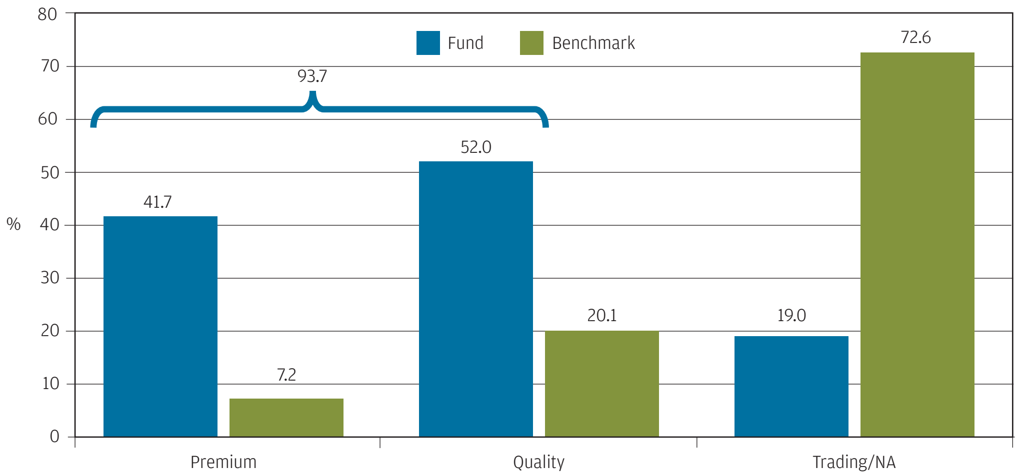
The new Code also requires companies to disclose how they will ensure diversity and set out measurable targets, and the current position. The ratio of female officers at Japanese companies has risen to 8.0% at present. However, there is more work to be done; as at June 2021, 884 companies (41% of the total) in the TSE1 had no female directors.

How do we integrate ESG into our investment processes?

We integrate ESG considerations across our qualitative assessment of a business; the charts below demonstrate the positive impact this has on the portfolio compared to the benchmark.

Firstly, we assign each business a strategic classification that ranges from Premium (best) to Quality and then to Trading. This label is arrived at after a thorough examination of economics, duration and governance. Environmental and Social issues have always been part of our assessment of duration, along with broader considerations like the competitive and regulatory landscape faced by the business.

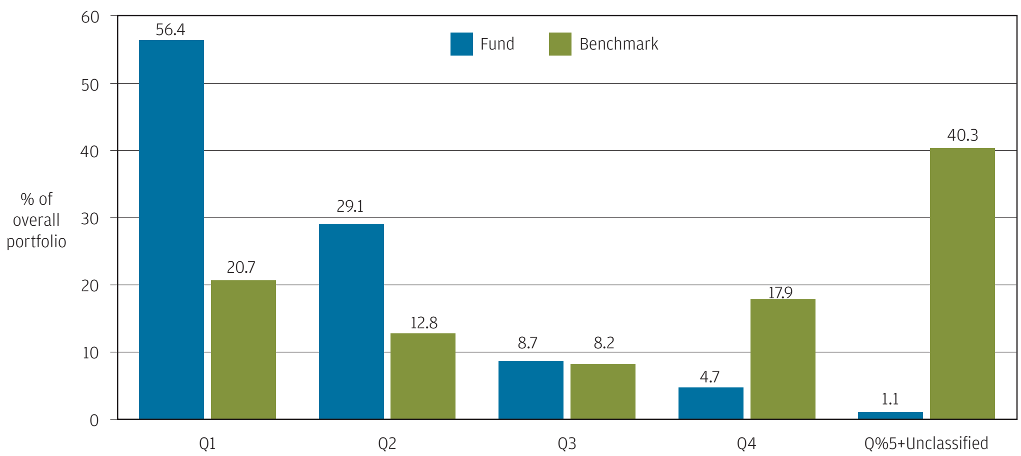
Strategic classification: Portfolio versus Benchmark



Source: J.P Morgan Asset Management.

Secondly our research analysts complete a 98 question risk profile for each of the c. 400 companies that we cover. Two thirds of these questions relate to environmental, social and governance issues with the remainder considering broader aspects of risk such as financial risk and regulatory risk. The chart shows the portfolio versus the index on the exposure to the different quintiles by red flags. We rank all covered stocks based on the number of red flags, lowest to highest, and split them into quintiles with c. 80 names in each quintile. Uncovered stocks in the benchmark are aggregated into '5Q+Unclassified'. As can be seen in the chart, the portfolio has a significant tilt towards companies in the first quintile.

Risk Profile: Portfolio vs. Benchmark



Source: J.P.Morgan Asset Management as at 30th September 2021.

The third stage is a materiality framework. This sees our specialist sector analysts determine which are the most important environmental, social and governance issues within individual industries and score companies on those in order to identify leaders and laggards.

Net Zero Asset Managers Initiative

JPMAM has recently become a signatory to the Net Zero Asset Managers Initiative. This is an international group of asset managers committed to supporting investing aligned with the goal of net zero greenhouse gas emissions by 2050 or sooner. In addition to the transition to net zero, we will continue to accelerate our corporate engagement and stewardship, consistent with net zero ambitions. The initiative includes 220 members with $57.4 trillion AUM (as at 17th November 2021). In addition, JPMorgan Chase is a member of the Net Zero Banking Alliance – a group of financial institutions representing over a third of global banking assets committed to aligning their lending and investment portfolios with the goal of net-zero emissions by 2050.

ESG Engagement

The starting point from which we engage with the companies in which we invest is strong. We are typically large shareholders; we have a reputation for being long term partners; and our engagements are underpinned by in depth research from a large, well-resourced analyst team.

We aim to bring together our sizeable internal research resources and our specialist sustainability team to ensure we pursue a coherent agenda, based on consistent principles.

Recent Corporate Engagement

Working closely with 31 colleagues in London, New York and Hong Kong, the Sustainable Investing team in Japan conducted 108 meetings in the 12 months to 30th September 2021 specifically to discuss ESG issues, of which 38 were with companies held by the Company. A further 56 meetings were attended by portfolio managers and analysts where ESG issues were discussed, often focusing on long-term strategy. Governance was most frequently discussed, at 79% of meetings; followed by social issues at 38%, and environmental matters at 35%.

With regards to environmental issues, we continued to focus our engagement on disclosures on climate change; whether disclosures are in line with TCFD recommendations and if the analysis of the impact on businesses and strategy provides meaningful insights to investors. With the Japanese government setting targets to achieve carbon neutrality by 2050, both risks and opportunities related to the low carbon economy may transpire as a result of a transition at a faster pace than currently anticipated.

In the event that we are not satisfied with either a company's responsiveness or strategy, we will seek to meet with the Chairman, 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 may also simply sell out of a stock completely, if we feel that is in the best interests of our clients.

Examples of Specific Recent ESG Engagements

Environmental

We met with Shin-Etsu Chemical to continue our engagement on climate risks. We had previously recommended that the company revise its greenhouse gas (GHG) reduction target to make it more aligned with the Paris Agreement; we had also discussed it undertaking more detailed climate change scenarios to give investors a better understanding of its risks/opportunities and strategies. It has made some progress with scenario analysis, and with a risk/opportunity analysis based on 2 degree and 4 degree scenarios, with a list of countermeasures. However, no GHG reduction target has yet been set. We have suggested that the company presents realistic and ambitious targets, with a timeframe to which the management could commit. We will continue to engage on this important topic.

Social

We engaged with Recruit Holdings to follow up on the progress of a group-wide oversight process to prevent data privacy and cyber security related misconduct. The company acknowledges the challenges involved in the holding company staying on top of each Strategic Business Unit and the operation of each subsidiary.

We suggested the company enhance its personal data policy and add more details on risk monitoring procedures. We also explained our evaluation criteria for cyber security.

We gave the reasons for voting against the company's scheme for a Board Incentive Plan at the recent AGM and pointed out that the need for a different structure for granting company shares to Japanese versus non-Japanese board members was not clear.

Governance

We met with Nihon M&A Center to engage on governance and human capital issues. We covered the following areas during our discussion: Board composition; Executive incentive; Human capital management; Capital allocation and ESG/ Sustainability disclosure. On board composition, we reiterated our view that the board be majority independent, with more diversity. They currently have three independent and two female directors on the 13-member board, representing 38.5% and 15.4% respectively. As regards executive incentives, we requested that a meaningful part of the compensation be paid in shares based on the long-term performance of the business and that the structure be disclosed in an easy-to-access manner. The company did not disclose much on human capital management in the past; however, they put in place a new training program last year which was detailed in their recent corporate presentation. They also started an employee opinion survey, and we encouraged them to disclose this. In relation to capital allocation, there is room to review their 40% payout policy as cash continues to grow on the balance sheet. Finally, on the ESG/Sustainability disclosure, we note that although it is gradually improving, there is still a significant amount of work to do. The company established an ESG Board Committee which is responsible for pushing an ESG agenda internally and improving disclosure, including the publication of a Sustainability Report, which is important for third-party ESG ratings as they predominantly rely on disclosed information.

Voting for the year to 30th September 2021

A summary of key voting statistics and activity undertaken in respect of stocks in the Company's portfolio for the year to 30th September 2021 is detailed below. On behalf of the Company, JPMorgan Asset Management Japan voted at all the 67 annual general meetings and 1 extraordinary meetings of investee companies held during the fiscal year.

Major reasons for votes being cast against management included candidates for external directors lacking independence; boards with less than one third independent directors; insufficient shareholder return at companies generating strong free cash flow; and stock options without sufficient vesting periods.

	For	Against	Abstain	Against/ Abstain Total	Total Items	% Against
Election of Directors	457	72	0	72	529	13.6%
Election of Statutory Auditors	38	5	0	5	43	11.6%
Director Remuneration	42	7	0	7	49	14.3%
Income Allocation	19	17	0	17	36	47.2%
Reorganisation and Mergers	2	0	0	0	2	0.0%
Amendment to articles of association	16	2	0	2	18	11.1%
Ratify auditors	1	0	0	0	1	0.0%
Total	**575**	**103**	**0**	**103**	**678**	**15.2%**

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 2021 (and for 30th September 2020 in brackets). The increase compared to last year is primarily due to the inclusion of Hitachi in the Company's portfolio.

	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*	**8.1 (7.2)** 98.2% (95.7%)	**38.6 (36.2)** 98.2% (95.7%)	**33.4 (32.3)** 98.2% (95.7%)
Index Coverage by Portfolio Weight*	**195.9 (215.5)** 99.1% (99.0%)	**180.5 (170.4)** 99.1% (99.0%)	**91.6 (84.3)** 99.1% (99.2%)

Source: MSCI ESG Carbon Footprint Calculator. Gives Scope 1 and 2 emissions.

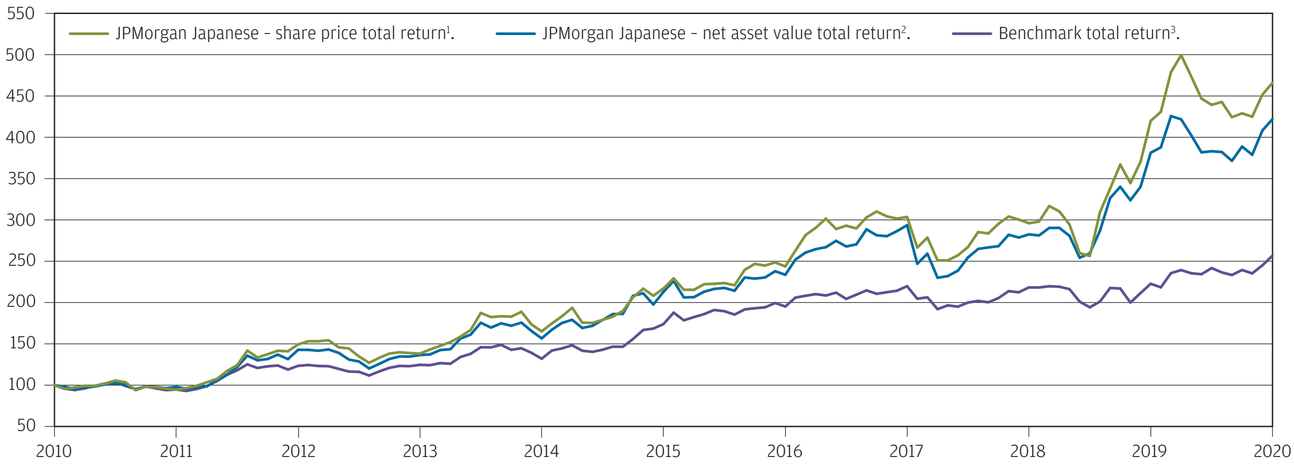
*Coverage may vary by metric because the metrics are calculated using different underlying factors. Shows the percentage of the Portfolio/Index in respect of which carbon data is calculated.

JPMorgan Asset Management (Japan) Limited

10th December 2021

TEN YEAR ABSOLUTE PERFORMANCE

FIGURES HAVE BEEN REBASED TO 100 AT 30TH SEPTEMBER 2011



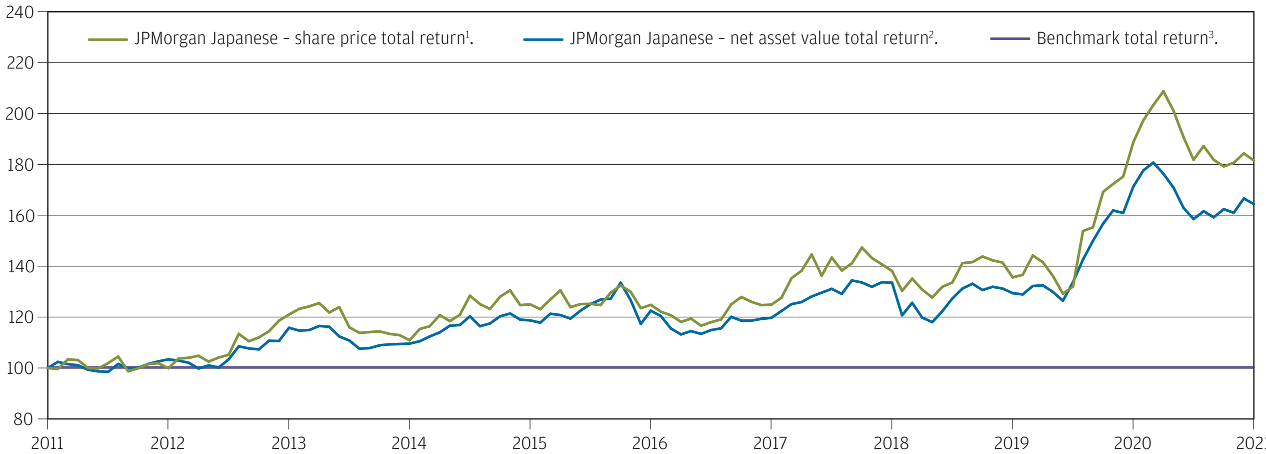
[1] Source: Morningstar.

[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[3]

FIGURES HAVE BEEN REBASED TO 100 AT 30TH SEPTEMBER 2011



[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

At 30th September	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Total assets less current liabilities (£'m)	326.6	302.1	494.8	408.4	513.2	693.2	778.2	986.1	913.7	1,236.5	1,313.6
Net asset value per share with debt at fair value (p)[A]	194.7	187.3	267.8	253.3	287.5	387.5	421.0	523.6	498.0	665.8	731.7
Share price (p)	166.8	154.5	238.3	218.0	257.3	335.0	372.0	458.0	441.0	619.0	682.0
Share price discount to net asset value per share with debt at fair value (%)	14.3	17.5	11.0	13.9	10.5	13.5	11.6	12.5	11.4	7.0	6.8
12 month average share price discount to net asset value per share with debt at fair value (%)[1]	13.9	14.0	11.8	9.6	10.7	12.4	12.0	9.2	9.0	10.4	3.9
(Net cash)/gearing (%)[A]	(0.6)	9.0	13.7	12.7	6.4	9.5	13.6	14.7	13.1	14.8	12.7
Yen exchange rate (=£1)	120.1	125.6	158.9	177.8	181.4	131.5	151.0	148.1	133.2	136.4	150.4
Year ended 30th September											
Gross revenue attributable to shareholders (£'000)	7,323	8,121	6,041	5,715	6,970	8,725	11,640	11,958	11,813	11,442	13,003
Revenue return per share (p)[A]	3.49	4.10	2.78	2.46	3.06	3.97	5.52	5.53	5.52	5.21	5.99
Dividend per share (p)	3.30	3.65	2.80	2.80	2.80	3.65	5.00	5.00	5.00	5.10	5.30
Ongoing charges (%)[A]	0.86	0.77	0.78	0.78	0.77	0.74	0.69	0.67	0.68	0.65	0.61
Rebased to 100 at 30th September 2011											
Share price total return[1,A]	100.0	94.6	149.3	138.2	165.1	217.1	243.7	303.6	296.0	419.9	465.9
Net asset value total return[2,A]	100.0	97.9	142.8	136.5	156.6	213.0	233.6	293.6	282.5	381.3	422.0
Benchmark total return[3]	100.0	94.7	123.4	124.6	132.0	173.9	195.2	219.8	218.3	222.7	256.7

[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 94 and 95.

TEN LARGEST INVESTMENTS

AS AT 30TH SEPTEMBER

Company	Portfolio Theme	2021 Valuation £'000	2021 %[1]	2020 Valuation £'000	2020 %[1]
Keyence Keyence is a leading supplier of sensors, measuring systems, laser markers, microscopes and machine vision systems worldwide.	Automation	88,680	6.8	72,090	5.9
Recruit[2] Recruit provides human resource technology, marketing media, and temporary staffing services. in Japan and overseas. It operates the job search engine 'Indeed', and online job and company information site 'Glassdoor'.	Stock specific	78,780	6.0	33,442	2.7
Hoya Hoya is a leading supplier of innovative high-tech and medical products.	Stock specific	76,712	5.9	57,403	4.7
Tokyo Electron Tokyo Electron engages in the development, manufacture and sale of semiconductor production equipment and industrial electronics products for flat panel display manufacturing equipment.	Automation	55,588	4.3	33,710	2.7
Sony[3] Sony produces electronic entertainment and games, movies and music equipment	Internet	54,470	4.2	–	–
Obic 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	44,343	3.4	42,269	3.4
MonotaRO Monotaro is an e-commerce business selling materials for businesses such as factories, construction and automobile maintenance.	Internet	40,436	3.1	49,159	4.0
SMC[2] SMC manufactures power, hand, and air valves. The Company also produces air filters, cylinders, and other pneumatic equipment.	Japanese brands	37,739	2.9	23,456	1.9
Shin-Etsu Chemical[2] Shin-Etsu Chemical produces and distributes chemical products and manufactures electronic materials such as semiconductor silicon, synthetic, and rare earth quartz.	Healthcare	37,327	2.9	25,012	2.0
Nintendo Nintendo develops, manufactures and sells home-use video game hardware and software.	Japanese brands	35,095	2.7	42,899	3.5
Total		**549,170**	**42.2**	**See footnote [4]**	

[1] Based on the total portfolio investments of £1,300.9m (2020: £1,230.6m).

[2] Not included in the ten largest investments at 30th September 2020.

[3] Not held in the Portfolio as at 30th September 2020.

[4] At 30th September 2020, the value of the ten largest investments amounted to £456.9m, representing 37.1% of total portfolio investments.

STOCK MARKET SECTOR ANALYSIS

		30th September 2021		30th September 2020	
		Portfolio	Benchmark	Portfolio	Benchmark
	TOPIX Sector	%[1]	%	%[1]	%
Processing	Electric Appliances				
	Glass & Ceramics Products				
	Information & Communication				
	Machinery				
	Other Products				
	Precision Instruments				
	Rubber Products				
	Services				
	Transportation Equipment				
	Wholesale Trade				
		83.2	57.5	80.5	55.5
Consumer	Foods				
	Pharmaceutical				
	Retail Trade				
	Fishery, Agriculture & Forestry				
	Textiles & Apparels				
		8.3	13.7	9.8	15.9
Basic	Chemicals				
	Metal Products				
	Nonferrous Metals				
	Iron & Steel				
	Oil & Coal Products				
	Pulp & Paper				
		3.6	9.8	5.4	9.7
Financial	Banks				
	Insurance				
	Other Financing Business				
	Securities & Commodity Futures				
		2.2	8.9	2.5	8.5
Assets	Construction				
	Real Estate				
		2.0	4.3	1.8	4.4
Utilities	Air Transportation				
	Electric Power & Gas				
	Land Transportation				
	Marine Transportation				
	Warehousing & Harbor Transportation Services				
	Mining				
		0.7	5.8	–	6.0
Total		**100.0**	**100.0**	**100.0**	**100.0**

[1] Based on the total portfolio investments of £1,300.9m (2020: £1,230.6m).

LIST OF INVESTMENTS BY STOCK MARKET SECTOR

Company	Valuation £'000
PROCESSING	
Electric Appliances	
Keyence	88,680
Tokyo Electron	55,588
Sony	54,470
Hitachi	28,492
Sysmex	23,285
Lasertec	21,501
	272,016
Information & Communication	
Obic	44,343
Nomura Research Institute	30,205
GMO Payment Gateway	25,112
Freee	14,164
Digital Garage	13,920
Mercari	11,254
Raksul	10,894
Capcom	10,101
Otsuka	10,086
Square Enix	9,926
Money Forward	9,778
Hennge	9,563
giftee	8,258
Medley	6,888
SpiderPlus	6,749
Minkabu The Infonoid	6,586
Yappli	5,062
BASE	4,541
Uzabase	2,686
	240,116
Services	
Recruit	78,780
M3	31,020
Nihon M&A Center	29,775
CyberAgent	26,427
Benefit One	25,222
Infomart	13,165
Rakuten	11,496
Japan Elevator Service	10,204
Riso Kyoiku	9,191
Bengo4.com	3,396
	238,676

Company	Valuation £'000
PROCESSING – CONTINUED	
Precision Instruments	
Hoya	76,712
Terumo	23,786
Asahi Intecc	10,191
Nakanishi	6,336
	117,025
Machinery	
SMC	37,739
Daikin Industries	31,454
Miura	22,886
Yamashin-Filter	6,288
Nissei ASB Machine	202
	98,569
Other Products	
Nintendo	35,095
Asics	23,759
Pigeon	4,607
	63,461
Wholesale Trade	
MISUMI	14,370
As One	14,252
	28,622
Transportation Equipment	
Shimano	23,283
	23,283
TOTAL PROCESSING	**1,081,768**
CONSUMER	
Retail Trade	
MonotaRO	40,436
ZOZO	29,266
Fast Retailing	20,754
Cosmos Pharmaceutical	9,593
	100,049
Pharmaceutical	
Healios (Placing)	3,614
Modalis Therapeutics	2,184
Healios	1,948
	7,746
TOTAL CONSUMER	**107,795**

Company	Valuation £'000
BASIC	
Chemicals	
Shin-Etsu Chemical	37,327
Milbon	9,834
	47,161
TOTAL BASIC	**47,161**
FINANCIAL	
Other Financing Business	
Japan Exchange	19,025
	19,025
Securities & Commodity Futures	
WealthNavi	5,037
	5,037
Insurance	
Lifenet Insurance	4,655
	4,655
TOTAL FINANCIAL	**28,717**
ASSETS	
Real Estate	
Nippon Prologis REIT	20,463
Canadian Solar Infrastructure Fund	5,264
	25,727
TOTAL ASSETS	**25,727**
UTILITIES	
Electric Power & Gas	
RENOVA	9,699
	9,699
TOTAL UTILITIES	**9,699**
TOTAL INVESTMENTS	**1,300,867**

The portfolio comprises only equity investments.

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 38.

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 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.

Since 31st December 2020, new autonomous UK regulations became effective and the UK no longer applies EU regulations. The potential impact of the UK's withdrawal from the EU is uncertain. However, those EU regulations that were relevant to the Company have been incorporated by UK regulations and therefore there has been no change in practice from last year.

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 to focus on 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 usually 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 2021: 97.5%).
- 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 2021: 5.0%).
- The Company does not normally invest in unquoted investments and to do so requires prior Board approval. (30th September 2021: 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 2021: 12.7%).
- The Company does not normally enter into derivative transactions and to do so requires prior Board approval. (30th September 2021: 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 2021: 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 2021, the Company produced a total return to shareholders of +11.0% and a total return on net assets (with debt at fair value) of +10.7%. This compares with the total return on the Company's benchmark of +15.3%. As at 30th September 2021, the value of the Company's investment portfolio was £1,300.9 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 £118.5 million (2020: £279.3 million) due to the fall in unrealised gains on investments as a result of foreign currency losses against the Yen. The net total return after deducting the management fee, other administrative expenses, finance costs and taxation, amounted to £109.1 million (2020: £271.2 million). Distributable income for the year amounted to £9.5 million (2020: £8.4 million).

The Directors have declared a final dividend of 5.3p (2020: 5.1p) per share. This dividend amounts to £8.3 million (2020: £8.2 million) and the revenue reserve after allowing for the dividend will amount to £6.4 million (2020: £5.6 million). The dividend will be subject to shareholder approval at the forthcoming Annual General Meeting.

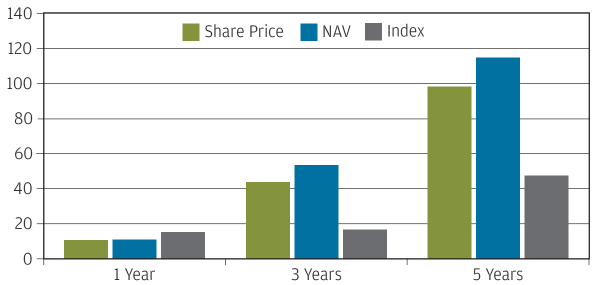
Key Performance Indicators ('KPIs')

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 2021 are given in the Investment Managers' Report on page 12.

Performance v Benchmark

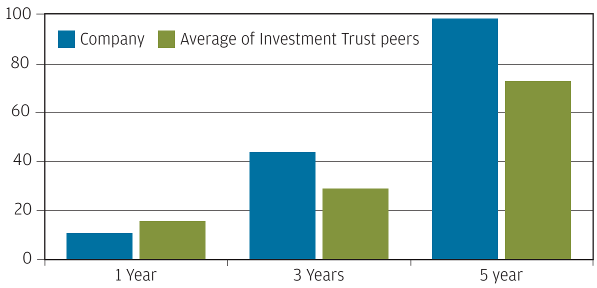


Source: Morningstar/J.P. Morgan, using net asset value with debt at fair value.

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 (%)

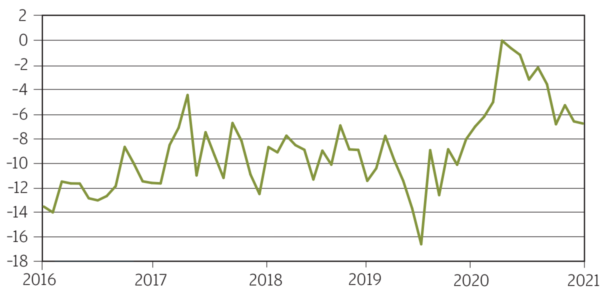


Source: Morningstar/J.P. Morgan, using net asset value with debt at fair value.

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, given the 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 2021, the shares traded between a premium of 1.5% and a discount of 9.2%, at an average discount of 3.9% and ended the year at 6.8%. Since the year end, the discount has narrowed further and averaged 6.5% over the two months to 30th November 2021.

Discount (%) as at 30th September



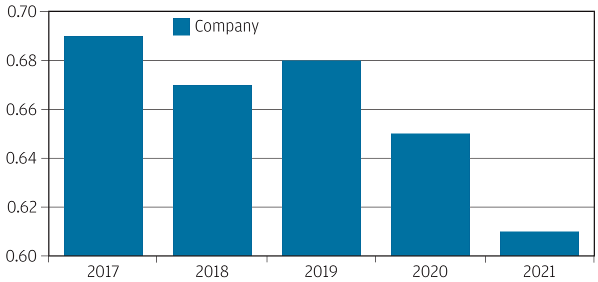
JPMorgan Japanese - share price (discount)/premium to cum income net asset value per share (month end data - the figures detailed in the text above includes every business day throughout the year).

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 2021 were 0.61% (2020: 0.65%). 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 2,858,644 shares were repurchased into Treasury during the year under review, for a total consideration of £18.6 million. This represented 1.8% 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 445,795 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 90 to 93.

Board Diversity

At 30th September 2021, there were four male Directors and two female Directors on the Board. However, following the resignation of Yoko Dochi on 1st October 2021, there is now only one female Director 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 had, until Ms Dochi's resignation for personal reasons, met the Hampton-Alexander recommendation of having

33% female representation on the Board. The Board has commenced a recruitment process in order to replace Ms Dochi and intends to be compliant with the Hampton-Alexander recommendation as soon as possible.

Employees, Social, Community, Environmental and Human Rights Issues

An increasingly broad spectrum of investors now rightly focus on 'ESG' issues for their portfolios. They want to know that their managers are aware of these issues, that they take them into account in building their portfolios and that they raise issues directly with investee companies. The Company is aware of the focus on these issues with the Managers and how they integrate them into their investment process.

Companies that address ESG issues and adopt sustainable business practices are better placed to maximise their performance and create enduring value for shareholders. Corporate governance issues have the most direct bearing on the risk/reward profile of the Company's portfolio; as such it is the area most integrated into the Manager's investment process. However, environmental concerns and social issues are relevant and again the focus is on the economic impact of the involvement. The Manager engages in meaningful interactions with investee companies through dedicated meetings and exercises the Company's proxy votes in a prudent and diligent manner in the interests of our shareholders. Also see the Company's Corporate Governance and Voting Policy in the Directors Report on page 45 for further details on Proxy Voting and Stewardship/Engagement.

Greenhouse Gas Emissions

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 Company itself has no premises, consumes no electricity, gas or diesel fuel and consequently does not have a measurable carbon footprint. In addition, as a low energy user under HMRC guidelines, it is not required to disclose energy and carbon information. The Board notes the JPMAM policy statements in respect of Social, Community and Environmental and Human Rights issues and Greenhouse Gas Emissions and that JPMAM is a signatory to the Carbon Disclosure Project and JPMorgan Chase is a signatory to the Equator Principles on managing social and environmental risk in project finance. See www.jpmorganinvestmenttrusts.co.uk/governance for further details.

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/content/dam/jpmc/jpmorgan-chase-and-co/documents/JPMC-Group-Statement-on-Modern-Slavery-FY2019_Final-w-signature.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 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 to be an existing risk, rather than emerging risks and regards the risk 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 monitoring the Investment Managers 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 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 Mangers 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
Currency Risk	Currency risk arises from currency volatility and/or significant currency movements, principally in the yen:sterling rate.	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 78 and 79.
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.
Global Inflation	Global Government/Central Bank fiscal/monetary responses to COVID-19 could result in significant levels of inflation in 2-4 years' time affecting global economic growth directly and/or valuation levels and exchange rates.	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 less impacted by inflation risks.
Operational Risks		
Outsourcing	Disruption to, or failure of, the Manager's accounting, dealing or payments systems or the Depositary or Custodian's records may prevent accurate reporting and monitoring of the Company's financial position or a misappropriation of assets.	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 45 and 46. 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.
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	In order to qualify as an investment trust, the Company must comply with Section 1158 of the Corporation Tax Act 2010 ('Section 1158'). 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.	The Section 1158 qualification criteria are continually monitored by the Manager and the results reported to the Board each month.
Corporate Governance		
Statutory and Regulatory Compliance	The Company must also comply with the provisions of the Companies Act 2006 and, since its shares are listed on the London Stock Exchange, the UKLA Listing Rules and Disclosure Guidance and Transparency Rules ('DTRs'). A breach of the Companies Act could result in the Company and/or the Directors being fined or the subject of criminal proceedings. Breach of the UKLA Listing Rules or DTRs could result in the Company's shares being suspended from listing which in turn would breach Section 1158.	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 41 to 44.
Environmental		
Climate Change	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.	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.

Emerging Risk	Description	Mitigating Activities
Specific to Japan		
Natural Disasters	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.	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.
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.
Global Recession	Government/Central Bank fiscal/monetary response to COVID-19 could be ineffective in stimulating global recovery meaning rising debt levels lead to deflation and recession.	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 liquidity of the Company's portfolio, the capabilities of the Manager and the current outlook for the Japanese economy and equity market.

In addition to the above, the Company carried out stress testing in connection with the Company's principal risks. The stress tests and scenarios considered the impact of severe market volatility on shareholders' funds. This included modelling substantial market falls, and significantly reduced market liquidity. The scenarios assumed that there would be no recovery in asset prices.

The results demonstrated the impact on the Company's NAV, its expenses and its ability to meet its liabilities. In even the most stressed scenario, the Company was shown to have sufficient cash, or to be able to liquidate a sufficient portion of its listed holdings, in order to meet its liabilities as they fall due.

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
Nira Mistry,
for and on behalf of
JPMorgan Funds Limited,
Secretary

10th December 2021

Duty to promote the success of the Company

Section 172 of the Companies Act 2006 requires that a Director must act in the way they consider, 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 is responsible for all decisions relating to the Company's investment objective and policies, gearing, discount management, corporate governance and strategy, and for monitoring the performance of the Company's third party service providers, including the Manager. The Board's philosophy is that the Company should foster a culture where all the Company's stakeholders are treated fairly and with respect and the Board recognises the importance of acting fairly between them, which is front of mind in its key decision making. As an externally managed investment company with no employees, the Board considers that the Company's key stakeholders are its shareholders, its Manager, its investee companies, and its other professional third party service providers (corporate broker, registrar, auditor, custodian and depositary) and wider society. The Board believes the best interests of the Company are aligned with those of these key stakeholders as all parties wish to see and ultimately benefit from the Company achieving its investment objectives whilst carrying on business in compliance with the highest possible regulatory, legal, ethical and commercial standards.

The table below sets out details of the Company's engagement with these stakeholders:

Stakeholder Engagement
Shareholders
Continued shareholder engagement is critical to the continued existence of the Company and the successful delivery of its long term strategy. The Board is focused on fostering and maintaining good working relationships with shareholders and understanding the views of shareholders in order to incorporate them into the Board's strategic thinking and objectives. Full details on how the Board ensures it is fully appraised of shareholder views and how it engages with all shareholder groups can be found on page 44. During the year the Manager has carried out a number of shareholder meetings and investor updates on the Board's behalf. In addition the chairman met directly with several of the largest shareholders. In such meetings, dividends, share discount and share buybacks are typically discussed and any feedback from these meetings is shared with the full board as part of the regular Board reporting. Any urgent concerns are raised with the Board as soon as possible. No shareholder concerns or requests have been raised to the Board regarding dividends paid or the use of buybacks to manage share discount during the financial year. The Board will continue to ensure that feedback is requested during these shareholder meetings and that this feedback is incorporated into board discussions prior to any decisions being made on these matters.
Manager
The principal supplier is the Manager, in particular the investment management team who are 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. The Board monitors the Company's investment performance at each Board Meeting in relation to its objective and also to its investment policy and strategy via direct (physical and virtual) meetings with the Investment Managers. The Board also maintains strong lines of communication with the Manager via its dedicated company secretary and client director whose interactions extend well beyond the formal business addressed at each Board and Committee meeting. This enables the Board to remain regularly informed of the views of the Manager and the Company's shareholders (and vice versa).
Investee companies
The Board is committed to responsible investing and actively monitors the activities of investee companies through its delegation to the Manager. In order to achieve this, the Manager has discretionary powers to exercise voting rights on behalf of the Company on all resolutions proposed by the investee companies. In respect of the year under review, the Manager engaged with many of its investee companies and voted at all of the annual general meetings and extraordinary meetings held during the year by the Company's portfolio companies (full details can be found in the ESG report on pages 15 to 20). The Board monitors investments made and divested and questions the Manager's rationale for exposures taken and voting decisions made.

Other key service providers

The Board ensures that it promotes the success of the Company by engaging specialist third party suppliers, with appropriate capability, performance records, resources and controls in place to deliver the services that the Company requires for support in meeting relevant obligations and safeguarding the Company's assets. For this reason, the Board considers the Company's Custodian, Depositary, Registrar, Auditor and Broker to be stakeholders. The Board maintains regular contact with its key external service providers, either directly, or via its dedicated company secretary or client director, and receives regular reporting from these providers at Board and Committee meetings. The Management Engagement Committee meets annually to review and appraise its key service providers.

Wider society and the Environment

Whilst strong long term investment performance is essential for an investment trust, 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 ('ESG') considerations are integrated into the Manager's investment process and will continue to evolve. Further details of the Manager's integrated approach to ESG can be found on pages 15 to 20.

The Directors confirm that they have considered their duty under Section 172 when making decisions during the financial year under review. Key decisions and actions during the year which have required the Directors to have regard to applicable section 172 factors include:

Key Decisions and Actions

Dividends Payable to Shareholders

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 Company aims to pay an annual dividend to its shareholders, in the absence of unforeseen circumstances. The Company must comply with the provisions of Section 1158 of the Corporation Tax Act 2010 which states that it must not retain more than 15% of its income for each accounting period and the Board's dividend policy is to pay out the majority of the revenue available each year. Given the impact of COVID-19 on the markets in general, along with the resulting marginal reduction in income received by the Company during the year, the Board balanced its regulatory obligations with those of its shareholders. As a result, the Board paid a final dividend of 5.1 pence per ordinary share in January 2021, which represented a 2% increase on the dividend level paid the previous year.

Share Buybacks

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.

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. The Board has restated its commitment over the long run to seek 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.

During the year the Company carried out a number of share buybacks, further details of which can be found on page 28.

Shares are only repurchased at a discount to the prevailing net asset value, which increases the Company's net asset value per share, and may either be cancelled or held in Treasury for possible reissue at a premium to net asset value.

Board/Committee Appointments

During the year, as part of its review of Board and Committee appointments the Board considered whether a senior independent director should be appointed, and concluded that in line with corporate governance best practice the appointment of senior independent director would serve the Board as a sounding board for the Chairman and provide an intermediary for other directors and shareholders. The Board was pleased to announce that Sir Stephen Gomersall, who has been a Non-Executive Director of the Company since 2013, had been appointed as the Senior Independent Director of the Company, with effect from 20th July 2021.

The Board also announced the resignation, for personal reasons of Yoko Dochi as a Director of the Company, with effect from 1st October 2021. Shareholder and stakeholder interests are best served by ensuring a formal, rigorous and transparent procedure is maintained during the recruitment process to ensure effective succession is maintained, whilst ensuring diversity of both background and experience. As a result, the Board has commenced a recruitment process to ensure that it contains an appropriate mix of skills, diversity and experience to promote the long-term success of the Company.

Committee restructure

During the year, the Board established a Remuneration Committee. As a result, the Nomination and Remuneration Committee was renamed the Nomination Committee. This division allows for greater focus on remuneration and nomination matters respectively and brings the Board's Committee structure in line with best practice as outlined in the AIC Code of Corporate Governance and demonstrates the Board's commitment to upholding high standards of business conduct to promote the long-term success of the Company.

Borrowings and Gearing

The Board regularly discusses gearing with the Investment Managers who use it to enhance long-term shareholder returns. As at the beginning of the financial year, the Company had a ¥ 13 billion (increased from ¥ 11 billion during the year) floating rate revolving credit facility with Scotiabank, which matures at the start of December 2022 and five senior secured loan notes, totalling ¥ 13 billion. The increase in the facility provides the Investment Managers additional flexibility to capitalise on opportunities benefitting shareholders returns.

Other Actions that Continue to Promote the Success of the Company

In addition, the Directors have kept under review the Company's other 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 continued to encourage the Manager and the Broker to enhance its sales, marketing and PR efforts, having initiated a series of new promotional strategies and a review of website engagement to raise the Company's awareness.

Furthermore, throughout the course of the COVID-19 pandemic the Board has been in regular contact with the Manager, receiving regular updates on the operational effectiveness of the Manager and key service providers and on areas such as portfolio activity, portfolio liquidity, gearing and the discount to NAV at which the Company's shares trade.

By order of the Board
Nira Mistry, for and on behalf of
JPMorgan Funds Limited,
Company Secretary

10th December 2021

Directors' Report

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

Director since 2014.

Last reappointed to the Board: January 2021.

Currently Non-Executive Chairman of BlackRock Throgmorton Trust plc, Quilter Financial Planning Limited, and a Non-Executive Director of Alliance Trust plc, Quilter plc 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 2021.

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: January 2021.

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 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.

* Resigned on 1st October 2021, for personal reasons.

Sir Stephen Gomersall, KCMG
(Senior Independent Director)

Director since 2013.

Last reappointed to the Board: January 2021.

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. Until 30th November 2021 he was Advisor to the CEO of Hitachi Ltd, and during his 17 year tenure was Director of Hitachi Ltd and several Hitachi Group companies in the UK. 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 2021.

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 was until recently Head of Asian Equities at Marlborough Fund Managers and will shortly join the Board of Fidelity Asian Values plc. She is also 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
(Chairman of the Remuneration Committee)

Director since 2016.

Last appointed to the Board: January 2021

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 a Specially Appointed Professor and Vice President of a Japanese university, Shizenkan University 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 Committee, 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 2021.

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.jpmjapanese.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 84 and 85.

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 38. Details of their beneficial shareholdings may be found in the Directors' Remuneration Report on page 51.

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 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 pages 42 to 43.

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

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 93.

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	%
Rathbone Investment Management Ltd	23,916,164	15.01
Lazard Asset Management LLC	20,872,437	13.1
Allspring Global Investments, LLC*	18,703,450	11.94
Tilney Smith & Williamson Limited	8,000,769	5.0
1607 Capital Partners, LLC	7,863,562	4.92

* Holding was previously with Wells Capital Management Inc.

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 90 to 91.

(i) Authority to allot new shares and to disapply statutory pre-emption rights (resolutions 12 and 13)

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 £3,915,241 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 2023 unless renewed at a prior general meeting.

Resolution 13 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 14)

The authority to repurchase up to 14.99% of the Company's issued share capital, granted by shareholders at the 2021 Annual General Meeting, will expire on 13th July 2022, 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 14 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 23,464,542 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 14 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.

Recommendation

The Board considers that resolutions 12 to 14 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 62,302 shares representing approximately 0.04% 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 26 to 29. Financial risk management objectives and policies, with information on exposure to price, credit and liquidity risk, can be found in note 22 to the Financial Statements on page 76. Information on post balance sheet events can be found in note 24 on page 82.

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

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, consisted of six non-executive Directors, all of whom including the Chairman are regarded by the Board as independent of the Company's Manager. Subsequent to the year end, Yoko Dochi resigned from the Board with effect from 1st October 2021 for personal reasons. 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 38.

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. This year, Stephen Cohen, the Audit Committee Chairman, led the evaluation of the performance of the Chairman. In future years, the evaluation of the Chairman will be carried out by Sir Stephen Gomersall, who was appointed as Senior Independent Director on 20th July 2021. He 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 38. 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 with the exception of Yoko Dochi, 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 five 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 38 of the Report.

Resolution 6 concerns the reappointment of Sir Stephen Gomersall. He joined the Board in July 2013 and has served for eight 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 38 of the Report.

Resolution 7 concerns the reappointment of Sally Macdonald. She joined the Board in December 2018 and has served for three 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 recent 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 38 of the Report.

Resolution 8 concerns the reappointment of Dr George Olcott. He joined the Board in December 2016 and has served for five 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 38 of the Report.

Resolution 9 concerns the reappointment of Christopher Samuel. He joined the Board in December 2014 and has served for seven 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 38 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 below 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 2028. The average tenure of a Director is less than six years.

Director	Appointment Date	FY 2021 AGM	FY 2022 AGM	FY 2023 AGM	FY 2024 AGM	FY 2025 AGM	FY 2026 AGM	FY 2027 AGM	FY 2028 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								

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 38.

The table below details the number of formal Board and Committee meetings attended by each Director. During the year under review there were seven 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 (which has since been renamed the Nomination 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 Engagement Committee	Nomination and Remuneration Committee[2]
Stephen Cohen	7	2	1	1
Yoko Dochi[1]	6	1	0	0
Sir Stephen Gomersall	7	2	1	1
Sally Macdonald	7	2	1	1
George Olcott	7	2	1	1
Christopher Samuel	7	2	1	1

[1] Resigned on 1st October 2021.
[2] Renamed the Nomination Committee on 20th July 2021.

Board Committees

Nomination Committee

The Nomination Committee, which was previously called the Nomination and Remuneration Committee until 20th July 2021, is chaired by Christopher Samuel. The Committee consists of the entire Board and 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.

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.

An evaluation process consisting of questionnaires covering the Board, individual Directors, the Chairman and the Audit Chairman was conducted in 2021. Overall, this evaluation led the Committee to conclude that all Directors devoted sufficient time and contributed satisfactorily to the work of the Board. The exercise further highlighted that the Board has a relevant balance of experience and knowledge of investment markets, legal regulation and financial accounting and continues to work in a collegiate and effective manner. Every three years, a more thorough, externally facilitated independent Board evaluation is carried out. The Committee intends to conduct the next externally facilitated evaluation of the Board in 2022.

A review of Board composition and balance is included as part of the annual performance evaluation of the Board. During the year, the Committee considered whether a senior independent director should be appointed and concluded this to be in compliance with the best practice. Sir Stephen Gomersall was appointed as senior independent director on 20th July 2021. This year, Stephen Cohen, the Audit Committee Chairman, led 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. In future years, the evaluation of the Chairman will be carried out by Sir Stephen Gomersall.

The Committee also reviewed Directors' fees and made recommendations to the Board in relation to remuneration policy as and when appropriate.

On 20th July 2021, the Board agreed to create a new Remuneration Committee and change the name of the Nomination and Remuneration Committee to the Nomination Committee. Therefore, going forward the review of the Directors fees and recommendations regarding the remuneration policy will be carried out by the Remuneration Committee. The Remuneration Committee will be chaired by Mr George Olcott and will consist of the entire Board. As the Committee was only formed towards the end of the financial year, the Committee did not meet during the year and Directors' fees and the remuneration policy were considered by the Nomination and Remuneration 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 47 and 48.

Terms of Reference

The Nomination Committee, the 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.

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 97 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 97. 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 30 to 33). 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 2021 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 20.

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 believes effective investment stewardship can materially contribute to helping build stronger portfolios over the long term for our clients. At the heart of JPMAMs approach lies a close collaboration between our portfolio managers, research analysts and investment stewardship specialists to engage with the companies in which JPMAM invests. Regular engagement with JPMAMs investee companies through investment-led stewardship has been a vital component of JPMAMs active management heritage. JPMAM continues to exercise active ownership through regular and ad hoc meetings, and through its voting responsibilities.

JPMAM's formal stewardship structure is designed to identify risks and understand its portfolio companies' activities, in order to enhance value and mitigate risks associated with them. JPMAM has identified five main investment stewardship priorities it believes have universal applicability and will stand the test of time:

- *governance;*
- *strategy alignment with the long term;*
- *human capital management;*
- *stakeholder engagement; and*
- *climate risk.*

Within each priority area, JPMAM identified related themes it is seeking to address over a shorter time frame. These themes will evolve as JPMAM engages with companies to understand issues and promote best practice. This combination of long-term priorities and evolving, shorter-term themes provides JPMAM with a structured and targeted framework to guide its investors and investment stewardship teams globally as JPMAM engages with investee companies around the world.

JPMAM is also committed to reporting more widely on our activities, including working to meet the practices laid out by the Financial Reporting Council ('FRC') in the UK Stewardship Code, and on embodying the spirit of those principles across the firm. While JPMAM is not yet a signatory to the recently revised 2020 UK Stewardship Code, its current focus is on ensuring its reporting to the FRC reflects the most robust standards.

JPMAM Japan is a signatory to the Japanese Stewardship Code and endeavours to vote at all of the meetings called by companies in which your portfolio invests

JPMAM's Voting Policy and Corporate Governance Guidelines are available on request from the Company Secretary or can be downloaded from JPMAM's website:
https://am.jpmorgan.com/gb/en/assetmanagement/institutional/about-us/investment-stewardship/

By order of the Board
Nira Mistry, for and on behalf of
JPMorgan Funds Limited,
Secretary

10th December 2021

Audit Committee Report

I am pleased to present the Audit Committee Report to shareholders, for the year ended 30th September 2021.

Composition and Role

Membership of the Committee is set out on page 38, 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 45 and 46.

During its review of the Company's annual financial statements for the year ended 30th September 2021, 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 66. Controls are in place to ensure that valuations are appropriate and existence is verified through Depositary and Custodian reconciliations. 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 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 66. 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.
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 Depositary, the Custodian, the Fund Accountant, the Brokers and the Registrar) to maintain business continuity and continue to provide appropriate service levels	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. Further detail on the Company's stress testing scenarios can be found in the Viability Statement on page 33. 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 33.

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 (Thomas Norrie) second of a five year maximum term. The next formal audit tender exercise will take place in 2022 for the audit of the financial year ending 30th September 2023. 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 69.

The Company is in Compliance with the provisions of 'The Statutory Audit Services for Large Companies Market Investigation' (Mandatory Use of Competitive Tender Processes and Audit Committee Responsibilities) Order 2014 as issued by the Competition & Markets Authority.

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 2021, 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 53.

Stephen Cohen
Chairman of the Audit Committee

10th December 2021

Directors' Remuneration Report

I am pleased to present the Directors' Remuneration Report for the year ended 30th September 2021, 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 55 to 61.

The Nomination and Remuneration Committee reviews Directors' fees on a regular basis and makes recommendations to the Board as and when appropriate. See pages 43 and 44 for changes made during the year to establish separate Nomination and Remuneration Committees.

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 £44,000; Chairman of the Audit Committee £35,000; and other Directors £30,000.

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 2021, Director's fees have been paid at the following rates: Chairman £47,500; Chairman of the Audit Committee £38,500 and other Directors £32,500. It was agreed that no additional fees would be paid for the role of Senior Independent Director or Chairman of the Remuneration Committee.

The Company's Articles of Association stipulate that aggregate fees must not exceed £250,000 per annum. Any increase in this amount requires both the Board's and shareholders' approval.

The Company has not sought individual shareholder views on its remuneration policy. However, 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 43.

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 2020 and no changes are proposed for the year ending 30th September 2022.

At the Annual General Meeting held on 14th January 2021, of votes cast in respect of the Remuneration Policy and Remuneration Report, 99.9% were in favour (or granted discretion to the Chairman who voted in favour) and less than 0.1% voted against. Less than 0.01% abstained from voting on the resolutions. 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 below together with the prior year comparative.

Single total figure table[1,2]

Directors' Name	2021 Fees £	2021 Taxable benefits[3] £	2021 Total £	2020 Fees £	2020 Taxable benefits[3] £	2020 Total £
Stephen Cohen	35,000	68	35,068	32,500	–	32,500
Yoko Dochi[4]	30,000	–	30,000	5,783	–	5,783
Sir Stephen Gomersall	30,000	–	30,000	28,000	–	28,000
George Olcott	30,000	–	30,000	28,000	–	28,000
Sally Macdonald	30,000	–	30,000	28,000	–	28,000
Christopher Samuel	44,000	–	44,000	41,000	188	41,188
Total	199,000	68	199,068	163,283	188	163,471

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

[2] There is no variable remuneration.

[3] Taxable benefits relate to travel and subsistence costs.

[4] Appointed on 17th July 2020 and resigned on 1st October 2021.

Annual Percentage Change in Directors' Remuneration

The following table sets out the annual percentage change in Directors' fees:

Directors' Name	% change for the year to 30th September 2021	% change for the year to 30th September 2020
Stephen Cohen[1]	7.7%	6.1%[1]
Yoko Dochi[2]	n/a	n/a
Sir Stephen Gomersall	7.1%	3.7%
George Olcott	7.1%	3.7%
Sally Macdonald	7.1%	3.7%[3]
Christopher Samuel	7.3%	7.0%[4]

[1] Mr Cohen replaced Mr Samuel as Audit Committee Chairman on 13th December 2018; had Mr Cohen been Audit Committee Chairman throughout the year ended 30th September 2019, his fee increase would have been 3.2%.

[2] Appointed on 17th July 2020 and resigned on 1st October 2021.

[3] 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 year ended 30th September 2019.

[4] Mr Samuel replaced Mr Fleming as Chairman on 13th December 2018; had Mr Samuel been Chairman throughout the year ended 30th September 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 2021 is below:

Remuneration for the Chairman over the five years ended 30th September 2021

Year ended 30th September	Fees	Performance related benefits received as a percentage of maximum payable[1]
2021	£44,000	n/a
2020	£41,000	n/a
2019	£40,000	n/a
2018	£36,000	n/a
2017	£36,000	n/a

[1] Unaudited information.

Directors' Shareholdings[1]

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 2021	1st October 2020
Stephen Cohen	15,000	15,000
Yoko Dochi[2]	0	0
Sir Stephen Gomersall	5,549	3,049
Sally Macdonald	3,958	1,860
George Olcott	5,000	5,000
Christopher Samuel	32,795	32,572
Total	62,302	57,481

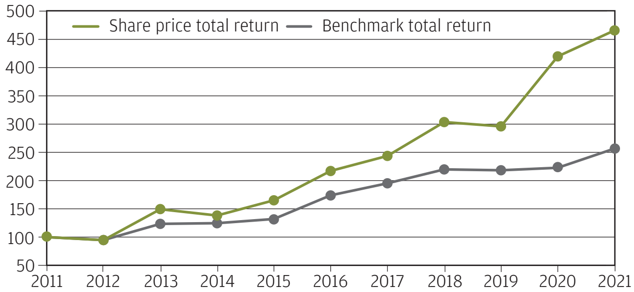
[1] Audited information.

[2] Appointed on 17th July 2020 and resigned on 1st October 2021.

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 2021 (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 2021	Year ended 30th September 2020
Remuneration paid to all Directors	£199,068	£163,471
Distribution to shareholders by way of:		
– dividend	£8,145,000	£8,062,000
– share repurchases	£18,561,000	£7,648,000
Total distribution to shareholders	£26,706,000	£15,710,000

For and on behalf of the Board
George Olcott
Chairman of the Remuneration Committee

10th December 2021

Statement of Directors’ Responsibilities

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.jpmjapanese.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 38, 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

10th December 2021

Independent Auditors’ Report

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 2021 and of its results 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 2021; the Statement of Comprehensive Income, the Statement of Cash Flows, and 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.

We have provided no non-audit services to the company in the period under audit.

Our audit approach

Overview

Audit scope

- 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 JPMorgan 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.

Key audit matters

- Valuation and existence of investments
- Income from investments

Materiality

- Overall materiality: £11,545,000 (2020: £10,721,000) based on 1% of net assets.
- Performance materiality: £8,659,000.

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.

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.

Consideration of the impact of COVID-19, which was a key audit matter last year, is no longer included because of reduced uncertainty of the impact of COVID-19 in the current year as markets and economies continue to recover. Otherwise, the key audit matters below are consistent with last year.

Key audit matter	How our audit addressed the key audit matter
Valuation and existence of investments Refer to the Accounting Policies (pages 66 to 68) and the Notes to the financial statements (page 72). The investment portfolio at the year-end comprised listed equity investments valued at £1,300 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 also focused on the accounting policy for the valuation of investments held at fair value through profit or loss as incorrect application could indicate a misstatement in the valuation of investments.	We tested the valuation of all the listed equity investments by agreeing the prices used in the valuation to independent third party sources. We tested the existence of all the investment portfolio by agreeing investment holdings to an independent confirmation. We assessed the accounting policy for investments held at fair value through profit or loss for compliance with accounting standards and performed testing to check that investments are accounted for in accordance with the stated accounting policy. We did not identify any material matters to report.

Key audit matter	How our audit addressed the key audit matter
Income from investments Refer to the Accounting Policies (pages 66 to 68) and the Notes to the financial statements (pages 68 and 69). We focused on the accuracy, occurrence and completeness both of net capital gains on investments and of dividend income recognition. ISAs (UK) presume there is a risk of fraud in income recognition. We considered this risk to relate to the risk of overstating investment gains and the misclassification of dividend income as either capital or revenue due to the pressure management may feel to achieve a certain level of capital or income growth in line with the objective of the Company. We also focussed on the accounting policy for investment 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.	We assessed the accounting policy for income recognition for compliance with accounting standards and determined the AIC SORP, and that income from investments has been accounted for in accordance with the AIC SORP and the stated accounting policy. We tested the accuracy of dividend receipts by agreeing the dividend rates from investments to independent third-party data. No material misstatements were identified. We tested occurrence by testing that all dividends recorded in the year had been declared in the market by investment holdings, and we traced a sample of dividends received to bank statements. Our testing did not identify any material misstatements. 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 dividends during the year. Our testing did not identify any unrecorded dividends. 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 determining reasons behind dividend distributions. Our procedures did not identify any material misstatements The gains/losses on investments held at fair value comprise realised and unrealised gains/losses. For unrealised gains and losses, we tested the valuation of the portfolio at the year-end, together with testing the reconciliation of opening and closing investments. For realised gains/losses, we tested a sample of disposals by agreeing the proceeds to bank statements and we re-performed the calculation of a sample of realised gains/losses. This testing approach would have identified if gains or losses had been misstated as a result of fraudulent activity. We did not identify any material matters to 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.

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements. In particular, we looked at where the Directors made subjective judgements, for example in respect of classification of special dividends and considering future events that are inherently uncertain.

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	£11,545,000 (2020: £10,721,000).
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 use performance materiality to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds overall materiality. Specifically, we use performance materiality in determining the scope of our audit and the nature and extent of our testing of account balances, classes of transactions and disclosures, for example in determining sample sizes. Our performance materiality was 75% of overall materiality, amounting to £8,659,000 for the company financial statements.

In determining the performance materiality, we considered a number of factors - the history of misstatements, risk assessment and aggregation risk and the effectiveness of controls - and concluded that an amount at the upper end of our normal range was appropriate.

We agreed with the Audit Committee that we would report to them misstatements identified during our audit above £577,000 (2020: £536,000) as well as misstatements below that amount that, in our view, warranted reporting for qualitative reasons.

Conclusions relating to going concern

Our evaluation of the directors' assessment of the company's ability to continue to adopt the going concern basis of accounting included:

- evaluating the Directors' risk assessment and whether it has addressed the relevant ongoing threats presented by COVID-19;
- evaluating the Directors' assessment of potential operational impacts, considering their consistency with other available information and our understanding of the business and assessed the potential impact on the financial statements;
- reviewing the Directors' assessment of the Company's financial position in the context of its ability to meet future expected operating expenses, their assessment of liquidity as well as their review of the operational resilience of the Company and oversight of key third-party service providers; and
- assessing the implication of significant reductions in net assets as a result of market performance on the ongoing ability of the Company to operate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least 12 months from when the financial statements are authorised for issue.

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

However, because not all future events or conditions can be predicted, this conclusion is not a guarantee as to the company's ability to continue as a going concern.

In relation to the directors' reporting on how they have applied the UK Corporate Governance Code, we have nothing material to add or draw attention to in relation to the directors' statement in the financial statements about whether the directors considered it appropriate to adopt the going concern basis of accounting.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this 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 our work undertaken in the course of the audit, the Companies Act 2006 requires us also to report certain opinions and matters as described below.

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 2021 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

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.

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.

Corporate governance statement

The Listing Rules require us to review the directors' statements in relation to going concern, longer-term viability and that part of the corporate governance statement relating to the company's compliance with the provisions of the UK Corporate Governance Code specified for our review. Our additional responsibilities with respect to the corporate governance statement as other information are described in the Reporting on other information section of this report.

Based on the work undertaken as part of our audit, we have concluded that each of the following elements of the corporate governance statement is materially consistent with the financial statements and our knowledge obtained during the audit, and we have nothing material to add or draw attention to in relation to:

- The directors' confirmation that they have carried out a robust assessment of the emerging and principal risks;
- The disclosures in the Annual Report that describe those principal risks, what procedures are in place to identify emerging risks and an explanation of how these are being managed or mitigated;
- The directors' statement in the financial statements about whether they considered it appropriate to adopt the going concern basis of accounting in preparing them, and their identification of any material uncertainties to the company's ability to continue to do so over a period of at least 12 months from the date of approval of the financial statements;
- The directors' explanation as to their assessment of the company's prospects, the period this assessment covers and why the period is appropriate; and
- The directors' 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 its assessment, including any related disclosures drawing attention to any necessary qualifications or assumptions.

Our review of the directors' statement regarding the longer-term viability of the group was substantially less in scope than an audit and only consisted of making inquiries and considering the directors' process supporting their statement; checking that the statement is in alignment with the relevant provisions of the UK Corporate Governance Code; and considering whether the statement is consistent with the financial statements and our knowledge and understanding of the company and its environment obtained in the course of the audit.

In addition, based on the work undertaken as part of our audit, we have concluded that each of the following elements of the corporate governance statement is materially consistent with the financial statements and our knowledge obtained during the audit:

- The directors' statement that they consider the Annual Report, taken as a whole, is fair, balanced and understandable, and provides the information necessary for the members to assess the company's position, performance, business model and strategy;
- The section of the Annual Report that describes the review of effectiveness of risk management and internal control systems; and
- The section of the Annual Report describing the work of the Audit Committee.

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

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.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

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, 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 financial statements such as the Companies Act 2006. 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 (investment income and capital gains) or to increase net asset value. Audit procedures performed by the engagement team included:

- discussions with the Manager and 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;
- 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. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. 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.

Our audit testing might include testing complete populations of certain transactions and balances, possibly using data auditing techniques. However, it typically involves selecting a limited number of items for testing, rather than testing complete populations. We will often seek to target particular items for testing based on their size or risk characteristics. In other cases, we will use audit sampling to enable us to draw a conclusion about the population from which the sample is selected.

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 obtained 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 members 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 eight years, covering the years ended 30th September 2014 to 30th September 2021.

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

10th December 2021

Financial Statements

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30TH SEPTEMBER 2021

	Notes	2021 Revenue £'000	2021 Capital £'000	2021 Total £'000	2020 Revenue £'000	2020 Capital £'000	2020 Total £'000
Gains on investments held at fair value through profit or loss	3	–	89,356	89,356	–	266,253	266,253
Net foreign currency gains[1]		–	16,117	16,117	–	1,614	1,614
Income from investments	4	11,452	–	11,452	10,014	–	10,014
Other interest receivable and similar income	4	1,551	–	1,551	1,428	–	1,428
Gross return		**13,003**	**105,473**	**118,476**	**11,442**	**267,867**	**279,309**
Management fee	5	(1,186)	(4,744)	(5,930)	(973)	(3,892)	(4,865)
Other administrative expenses	6	(846)	–	(846)	(790)	–	(790)
Net return before finance costs and taxation		**10,971**	**100,729**	**111,700**	**9,679**	**263,975**	**273,654**
Finance costs	7	(295)	(1,179)	(1,474)	(290)	(1,161)	(1,451)
Net return before taxation		**10,676**	**99,550**	**110,226**	**9,389**	**262,814**	**272,203**
Taxation	8	(1,140)	–	(1,140)	(999)	–	(999)
Net return after taxation		**9,536**	**99,550**	**109,086**	**8,390**	**262,814**	**271,204**
Return per share	9	**5.99p**	**62.54p**	**68.53p**	**5.21p**	**163.24p**	**168.45p**

[1] Foreign currency gains 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 after taxation represents the profit or loss for the year and also total comprehensive income.

The notes on pages 66 to 82 form part of these financial statements.

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30TH SEPTEMBER 2021

	Called up share capital £'000	Capital redemption reserve[1] £'000	Other reserve[1] £'000	Capital reserves[1] £'000	Revenue reserve[1] £'000	Total £'000
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**
Repurchase of shares into Treasury	–	–	–	(18,561)	–	(18,561)
Net return	–	–	–	99,550	9,536	109,086
Dividend paid in the year (note 10)	–	–	–	–	(8,145)	(8,145)
At 30th September 2021	**40,312**	**8,650**	**166,791**	**923,650**	**15,141**	**1,154,544**

[1] See footnote to Note 16 on page 74.

The notes on pages 66 to 82 form an integral part of these financial statements.

AT 30TH SEPTEMBER 2021

	Notes	2021 £'000	2020 £'000
Fixed assets			
Investments held at fair value through profit or loss	11	**1,300,867**	**1,230,620**
Current assets	12		
Derivative financial instruments		–	2
Debtors		8,402	2,875
Cash and cash equivalents		8,299	3,806
		16,701	6,683
Current liabilities	13		
Creditors: amounts falling due within one year		(3,999)	(776)
Net current assets		**12,702**	**5,907**
Total assets less current liabilities		**1,313,569**	**1,236,527**
Creditors: amounts falling due after more than one year	14	(159,025)	(164,363)
Net assets		**1,154,544**	**1,072,164**
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	923,650	842,661
Revenue reserve	16	15,141	13,750
Total shareholders' funds		**1,154,544**	**1,072,164**
Net asset value per share	17	**735.5p**	**670.8p**

The financial statements on pages 63 to 65 were approved and authorised for issue by the Directors on 10th December 2021 and were signed on their behalf by:

Christopher Samuel
Chairman

The notes on pages 66 to 82 form an integral part of these financial statements.

Company registration number: 223583.

FOR THE YEAR ENDED 30TH SEPTEMBER 2021

	Notes	2021 £'000	2020 £'000
Net cash outflow from operations before dividends and interest	18	(5,516)	(4,093)
Dividends received		9,624	9,289
Interest paid		(1,456)	(1,417)
Net cash inflow from operating activities		**2,652**	**3,779**
Purchases of investments		(231,668)	(369,028)
Sales of investments		249,509	327,535
Settlement of forward currency contracts		65	(41)
Net cash inflow/(outflow) from investing activities		**17,906**	**(41,534)**
Repurchase of shares into Treasury		(18,975)	(7,216)
Dividends paid		(8,145)	(8,062)
Drawdown of bank loan		10,943	68,726
Repayment of bank loan		–	(14,964)
Net cash (outflow)/inflow from financing activities		**(16,177)**	**38,484**
Increase in cash and cash equivalents		**4,381**	**729**
Cash and cash equivalents at start of year		3,806	3,073
Exchange movements		112	4
Cash and cash equivalents at end of year		8,299	3,806
Increase in cash and cash equivalents		**4,381**	**729**
Cash and cash equivalents consist of:			
Cash and short term deposits	12	8,299	3,806

RECONCILIATION OF NET DEBT

	As at 30th September 2020 £'000	Cash flows £'000	Other non-cash charges £'000	As at 30th September 2021 £'000
Cash and cash equivalents:				
Cash	3,806	4,381	112	8,299
	3,806	4,381	112	8,299
Borrowings				
Debt due after one year	(164,363)	(10,943)	16,281	(159,025)
	(164,363)	(10,943)	16,281	(159,025)
Total	**(160,557)**	**(6,562)**	**16,393**	**(150,726)**

The notes on pages 66 to 82 form an integral part of these financial statements.

FOR THE YEAR ENDED 30TH SEPTEMBER 2021

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 disclosures on long term viability and going concern on pages 33 and 47 of the Directors' Report form part of these financial statements.

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.

(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 72.

(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.

1. Accounting policies *continued*

(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 on investments held at fair value through profit or loss

	2021 £'000	2020 £'000
Realised gains on sales of investments	57,796	51,779
Net change in unrealised gains and losses on investments	31,564	214,479
Other capital charges	(4)	(5)
Total gains on investments held at fair value through profit or loss	**89,356**	**266,253**

4. Income

	2021 £'000	2020 £'000
Income from investments		
Overseas dividends	11,452	10,014
Other income		
Stock lending	1,551	1,428
Total income	**13,003**	**11,442**

5. Management fee

	2021 Revenue £'000	2021 Capital £'000	2021 Total £'000	2020 Revenue £'000	2020 Capital £'000	2020 Total £'000
Management fee	1,186	4,744	5,930	973	3,892	4,865

Details of the management fee are given in the Directors' Report on page 39.

6. Other administrative expenses

	2021 £'000	2020 £'000
Administrative expenses	479	490
Directors' fees[1]	199	163
Depositary fees	131	105
Overseas board trip expenses	–	–
Auditors' remuneration for audit services	37	32
	846	**790**

[1] Full disclosure is given in the Directors' Remuneration Report on pages 50 and 51.

Auditors' remuneration for non-audit services amounted to £nil in 2021 (2020: £nil).

7. Finance costs

	2021 Revenue £'000	2021 Capital £'000	2021 Total £'000	2020 Revenue £'000	2020 Capital £'000	2020 Total £'000
Interest on bank loans and overdrafts	25	100	125	52	210	262
Senior secured loan notes interest	270	1,079	1,349	228	913	1,141
Loan arrangements fees	–	–	–	10	38	48
	295	**1,179**	**1,474**	**290**	**1,161**	**1,451**

8. Taxation

(a) Analysis of tax charge for the year

	2021 Revenue £'000	2021 Capital £'000	2021 Total £'000	2020 Revenue £'000	2020 Capital £'000	2020 Total £'000
Overseas withholding tax	1,140	–	1,140	999	–	999
Total tax charge for the year	**1,140**	**–**	**1,140**	**999**	**–**	**999**

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

The tax charge for the year is lower than (2020: lower) the Company's applicable rate of corporation tax of 19% (2020: 19%) The factors affecting the total tax charge for the year are as follows:

	2021 Revenue £'000	2021 Capital £'000	2021 Total £'000	2020 Revenue £'000	2020 Capital £'000	2020 Total £'000
Net return before taxation	10,676	99,550	110,226	9,389	262,814	272,203
Net return before taxation multiplied by the Company's applicable rate of corporation tax of 19% (2020: 19%)	2,028	18,915	20,943	1,784	49,935	51,719
Effects of:						
Non taxable overseas dividends	(2,060)	–	(2,060)	(1,884)	–	(1,884)
Non taxable capital gains	–	(20,040)	(20,040)	–	(50,895)	(50,895)
Overseas withholding tax	1,140	–	1,140	999	–	999
Unutilised expenses carried forward to future periods	43	1,125	1,168	101	960	1,061
Deferred tax relief expensed	(11)	–	(11)	(1)	–	(1)
Total tax charge for the year	**1,140**	**–**	**1,140**	**999**	**–**	**999**

(c) Deferred taxation

The Company has an unrecognised deferred tax asset of £16,018,000 (2020: £11,005,000) based on a prospective corporation tax rate of 25% (2020: 19%). The March 2021 Budget announced an increase to the main rate of corporation tax to 25% from 1st April 2023. This increase in the standard rate of corporation tax was substantively enacted on 24th May 2021 and became effective from 2nd June 2021. 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 per share

	2021 £'000	2020 £'000
Revenue return	9,536	8,390
Capital return	99,550	262,814
Total return	**109,086**	**271,204**
Weighted average number of shares in issue during the year	159,166,121	160,995,239
Revenue return per share	5.99p	5.21p
Capital return per share	62.54p	163.24p
Total return per share	**68.53p**	**168.45p**

10. Dividends

(a) Dividends paid and proposed

	2021 £'000	2020 £'000
Dividend paid		
2020 final dividend paid of 5.1p (2019: 5.0p) per share	8,145	8,062
Dividend proposed		
2021 final dividend proposed of 5.3p (2020: 5.1p) per share	8,320	8,152

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 2021 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 2022.

(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 £9,536,000 (2020: £8,390,000). The revenue reserve after payment of the final dividend will amount to £6,821.

	2021 £'000	2020 £'000
Final dividend proposed of 5.3p (2020: 5.1p) per share	8,320	8,152

11. Investments held at fair value through profit or loss

	2021 £'000	2020 £'000
Investments listed on a recognised stock exchange	1,300,867	1,230,620
Opening book cost	739,704	647,381
Opening investment holding gains	490,916	276,437
Opening valuation	1,230,620	923,818
Movements in the year:		
Purchases at cost	235,282	368,048
Sales proceeds	(254,395)	(327,504)
Gains on investments	89,360	266,258
	1,300,867	1,230,620
Closing book cost	778,387	739,704
Closing investment holding gains	522,480	490,916
Total investments held at fair value through profit or loss	**1,300,867**	**1,230,620**

The company received £254,395,000 (2020: £327,504,000) from investments sold in the year. The book cost of these investments when they were purchased was £196,599,000 (2020: £275,725,000). 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 £89,000 (2020: £142,000) and on sales during the year amounted to £91,000 (2020: £107,000). These costs comprise mainly brokerage commission.

12. Current assets

	2021 £'000	2020 £'000
Derivative financial assets		
Forward foreign currency contracts	–	2
	–	2
Debtors		
Securities sold awaiting settlement	4,884	–
Dividends and interest receivable	3,453	2,765
Other debtors	65	110
	8,402	2,875

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

	2021 £'000	2020 £'000
Creditors: amounts falling due within one year		
Securities purchased awaiting settlement	3,614	–
Other creditors and accruals	179	149
Senior secured loan notes interest payable	154	164
Bank loan interest payable	34	31
Repurchases of the Company's own shares awaiting settlement	18	432
	3,999	**776**

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

	2021 £'000	2020 £'000
Bank loan	73,118	69,633
¥13 billion senior secured loan notes[1]	85,907	94,730
	159,025	**164,363**

[1] Change in value due to foreign currency gains on Yen denominated loan notes and bank loans.

During the year the Company had a 3 year floating rate revolving credit facility with Scotiabank maturing on 2nd December 2022, for ¥ 13.0 billion. At 30th September 2021, the Company had drawn down ¥ 11.0 billion (£73.1 million) of this facility. (2020: The Company had 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).

During the year the company had 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

	2021 £'000	2020 £'000
Issued and fully paid share capital:		
Ordinary shares of 25p each		
Opening Balance of 159,839,078 ordinary shares of 25p each (2020: 161,248,078) excluding shares held in Treasury	39,960	40,312
Repurchase of 2,858,644 (2020: 1,409,000) shares into Treasury	(715)	(352)
Subtotal of 156,980,434 (2020: 159,839,078) shares of 25p each excluding shares held in Treasury	39,245	39,960
4,267,644 (2020: 1,409,000) shares held in Treasury	1,067	352
Closing Balance of 161,248,078 (2020: 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

	Called up share capital £'000	Capital redemption reserve[1] £'000	Other reserve[1] £'000	Capital reserves: Gains and losses on sales of investments £'000	Capital reserves: Investment holding gains and losses £'000	Capital reserves: Gains and losses on the foreign currency loans £'000	Capital reserves total[1] £'000	Revenue reserve[1] £'000	Total £'000
Opening balance	**40,312**	**8,650**	**166,791**	**358,364**	**490,916**	**(6,619)**	**842,661**	**13,750**	**1,072,164**
Net foreign currency gains on cash and cash equivalents	–	–	–	(189)	–	–	(189)	–	(189)
Unrealised gains on forward foreign currency contracts from prior period now realised	–	–	–	2	–	(2)	–	–	–
Realised gains on sale of investments	–	–	–	57,796	–	–	57,796	–	57,796
Net change in unrealised gains and losses on investments	–	–	–	–	31,564	–	31,564	–	31,564
Unrealised exchange gains on foreign currency loans	–	–	–	–	–	16,306	16,306	–	16,306
Repurchase of shares into Treasury	–	–	–	(18,561)	–	–	(18,561)	–	(18,561)
Management fee and finance costs charged to capital	–	–	–	(5,923)	–	–	(5,923)	–	(5,923)
Other capital charges	–	–	–	(4)	–	–	(4)	–	(4)
Dividend paid in the year	–	–	–	–	–	–	–	(8,145)	(8,145)
Retained revenue for the year	–	–	–	–	–	–	–	9,536	9,536
Closing balance	**40,312**	**8,650**	**166,791**	**391,485**	**522,480**	**9,685**	**923,650**	**15,141**	**1,154,544**

[1] In accordance with the Company's Articles of Association and with ICAEW Technical Release 02/17BL on Guidance on Realised and Distributable Profits under the Companies Act 2006, the Capital reserves may be used as distributable profits for all purposes and, in particular, the repurchase by the Company of its ordinary shares and for payments as dividends.

The £923,650,000 Capital reserves are made up of net gains on the sale of investments of £391,485,000, a gain on the revaluation of investments still held of £522,480,000 and an exchange gain on the foreign currency loans of £9,685,000. The £9,685,000 of Capital reserves arising on the exchange gain on the foreign currency loan is not distributable. The remaining amount of Capital reserves totalling £913,965,000 is subject to fair value movements, may not be readily realisable at short notice and as such may not be entirely distributable.

The Capital redemption reserve is not distributable under the Companies Act 2006.

The Other reserve of £166,791,000 was created during the year ended 30th September 1999, following a cancellation of the share premium account, and forms part of the Company's distributable reserves.

The investments are subject to financial risks included in note 22, as such Capital reserves (arising on investments sold) and Revenue reserve may not be entirely distributable if a loss occurred during the realisation of these investments.

17. Net asset value per share

	2021	2020
Net assets (£'000)	1,154,544	1,072,164
Number of shares in issue	156,980,434	159,839,078
Net asset value per share	**735.5p**	**670.8p**

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

	2021 £'000	2020 £'000
Net return before finance costs and taxation	111,700	273,654
Less capital return before finance costs and taxation	(100,729)	(263,975)
(Increase)/decrease in accrued income and other debtors	(643)	200
Increase in accrued expenses	28	41
Tax withheld on overseas dividends	(1,140)	(999)
Management fee charged to capital	(4,744)	(3,892)
Dividends received	(9,624)	(9,289)
Realised (losses)/gains on foreign currency transactions	(364)	167
Net cash outflow from operations before dividends and interest	**(5,516)**	**(4,093)**

19. Contingent liabilities and capital commitments

At the balance sheet date there were no contingent liabilities or capital commitments (2020: same).

20. Transactions with the Manager and related parties

Details of the management contract are set out in the Directors' Report on pages page 39. The management fee payable to the Manager for the year was £5,930,000 (2020: £4,865,000) of which £nil (2020: £nil) was outstanding at the year end.

Included in administration expenses in note 6 on page 69 are safe custody fees amounting to £125,000 (2020: £112,000) payable to JPMorgan Chase Bank, N.A., of which £58,000 (2020: £21,000) 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 £2,000 (2020: £1,000) of which £nil (2020: £nil) was outstanding at the year end.

Handling charges on dealing transactions amounting to £4,000 (2020: £5,000) were payable to JPMorgan Chase Bank N.A. during the year of which £2,000 (2020: £nil) was outstanding at the year end.

At the year end, total cash of £8,299,000 (2020: £3,806,000) was held with JPMorgan Chase. A net amount of interest of £nil (2020: £nil) was receivable by the Company during the year from JPMorgan Chase of which £nil (2020: £nil) was outstanding at the year end.

Stock lending income amounting to £1,551,000 (2020: £1,428,000) was receivable by the Company during the year. JPMAM commissions in respect of such transactions amounted to £172,000 (2020: £159,000).

Full details of Directors' remuneration and shareholdings can be found on pages 50 to 51 and in note 6 on page 69.

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.

Level 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.

Level 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.

Level 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 66.

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

	2021		2020	
Level	Assets £'000	Liabilities £'000	Assets £'000	Liabilities £'000
Level 1	1,300,867	–	1,230,620	–
Level 2[1]	–	–	2	–
Total	**1,300,867**	**–**	**1,230,622**	**–**

[1] Forward foreign currency contracts.

There were no transfers between Level 1, 2 or 3 during the year (2020: 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.

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.

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 functional 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.

	2021				2020			
	Yen £'000	US Dollar £'000	New Zealand Dollar £'000	Total £'000	Yen £'000	US Dollar £'000	New Zealand Dollar £'000	Total £'000
Current assets	16,293	–	–	16,293	6,298	2	5	6,305
Creditors	(162,878)	–	–	(162,878)	(164,914)	–	–	(164,914)
Foreign currency exposure on net monetary items	(146,585)	–	–	(146,585)	(158,616)	2	5	(158,609)
Investments held at fair value through profit or loss	1,300,867	–	–	1,300,867	1,230,620	–	–	1,230,620
Total net foreign currency exposure	**1,154,282**	**–**	**–**	**1,154,282**	**1,072,004**	**2**	**5**	**1,072,011**

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

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

(a) Market risk *continued*

(i) Currency risk *continued*

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% (2020: 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.

	2021		2020	
	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	(1,145)	1,145	(1,001)	1,001
Capital return/(loss)	14,659	(14,659)	15,861	(15,861)
Total return/(loss) after taxation	13,514	(13,514)	14,860	(14,860)
Net assets	**13,514**	**(13,514)**	**14,860**	**(14,860)**

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 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 54.0% (2020: 57.6%) 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:

	2021 £'000	2020 £'000
Exposure to floating interest rates:		
Cash and cash equivalents	8,299	3,806
Floating rate bank loan	(73,118)	(69,633)
Total exposure	**(64,819)**	**(65,827)**

Interest receivable on cash balances, or payable on overdrafts, is at a margin below or above SONIA (in respect of Sterling balances) and TONAR (in respect of Yen balances) respectively. (2020: Interest receivable on cash balances, or payable on overdrafts, is at a margin below or above LIBOR respectively).

Interest rate sensitivity

The following table illustrates the sensitivity of the return/(loss) after taxation for the year and net assets to a 1% (2020: 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.

	2021		2020	
	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	(63)	63	(101)	101
Capital (loss)/return	(585)	585	(557)	557
Total (loss)/return after taxation for the year	(648)	648	(658)	658
Net assets	**(648)**	**648**	**(658)**	**658**

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:

	2021 £'000	2020 £'000
Investments held at fair value through profit or loss	1,300,867	1,230,620

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 23 and 24. 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.

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

(a) Market risk *continued*

(iii) Other price risk *continued*

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% (2020: 20%) 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.

	2021		2020	
	20% increase in fair value £'000	20% decrease in fair value £'000	20% increase in fair value £'000	20% decrease in fair value £'000
Statement of Comprehensive Income – (loss)/return after taxation				
Revenue return – (loss)/return	(208)	208	(196)	196
Capital return – return/(loss)	259,341	(259,341)	245,336	(245,336)
Total return/(loss) after taxation	259,133	(259,133)	245,140	(245,140)
Net assets	**259,133**	**(259,133)**	**245,140**	**(245,140)**

(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 Viability section of the Strategic Report on page 33.

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 73.

Liquidity risk exposure

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

	2021			
	Three months or less £'000	More than three months but not more than one year £'000	More than one year £'000	Total £'000
Creditors: amounts falling due within one year				
Repurchase of the Company's own shares awaiting settlement	18	–	–	18
Securities purchased awaiting settlement	3,614	–	–	3,614
Other creditors and accruals	179	–	–	179
Creditors: amounts falling due after more than one year				
Bank loan – including interest	149	354	73,199	73,702
Senior secured loan notes – including interest	363	636	101,031	102,030
	4,323	**990**	**174,230**	**179,543**

	2020			
	Three months or less £'000	More than three months but not more than one year £'000	More than one year £'000	Total £'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**

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 2021 amounted to £121.9 million (2020: £176.2 million) and the maximum value of stock on loan during the year amounted to £176.2 million (2020: £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.

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

(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	
	2021 £'m	2020 £'m	2021 £'m	2020 £'m
¥13 billion senior secured loan notes	85.9	94.7	91.9	102.7

23. Capital management policies and procedures

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

	2021 £'000	2020 £'000
Debt:		
Bank loans	73,118	69,633
Senior secured loan notes	85,907	94,730
	159,025	**164,363**
Equity:		
Called up share capital	40,312	40,312
Reserves	1,114,232	1,031,852
	1,154,544	**1,072,164**
Total debt and equity	**1,313,569**	**1,236,527**

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.

	2021 £'000	2020 £'000
Investments held at fair value through profit or loss	1,300,867	1,230,620
Net assets	1,154,544	1,072,164
Gearing	**12.7%**	**14.8%**

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

Subsequent to the year end, a further 445,795 shares have been repurchased into Treasury.

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 2021, which gives the following figures:

	Gross Method	Commitment Method
Maximum limit	200%	200%
Actual[1]	114%	114%

[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.

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 2020 Performance Year in June 2020 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 2020 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 40 sub-funds) as at 31st December 2020, with a combined AUM as at that date of £20.4 billion and £22.5 billion respectively.

	Fixed remuneration	Variable remuneration	Total remuneration	Number of beneficiaries
All staff of the Management Company (USD$'000s)	19,241	11,862	31,103	139

The aggregate 2020 total remuneration paid to AIFMD Identified Staff (some of whom are not staff of the management company) was USD $63,330,000, of which USD $5,620,000 relates to Senior Management and USD $57,710,000 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 2021 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 9.3%.

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	121,936	10.5%

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	48,390
Merrill Lynch	United States of America	30,998
Morgan Stanley	United States of America	10,773
Nomura	Japan	8,506
HSBC	United Kingdom	8,339
Goldman Sachs	United States of America	4,414
UBS	Switzerland	4,225
Credit Suisse Group	Switzerland	3,342
Jefferies	United States of America	2,255
Mizuho	Japan	343
Deutsche Bank	Germany	290
Bank of Nova Scotia	Canada	43
Citigroup	United States of America	19
Total		**121,936**

Maturity tenure of security lending transactions

The Company's securities lending transactions have open maturity.

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
Government of Japan	35,184
United Kingdom Treasury	17,695
United States of America Treasury	10,125
French Republic Government	2,557
Federal Republic of Germany Government	1,923
Kingdom of Belgium Government	1,536
Kingdom of Netherlands Government	1,206
Republic of Austria Government	340
Republic of Finland Government	172
Total	**70,738**

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	JPY	35,184
Sovereign Debt	Investment Grade	GBP	17,695
Treasury Notes	Investment Grade	EUR	7,734
Treasury Bonds	Investment Grade	USD	5,297
Sovereign Debt	Investment Grade	USD	3,152
Treasury Bills	Investment Grade	USD	1,676
Total			**70,738**

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	413
1 week to 1 month	1,536
1 to 3 months	836
3 to 12 months	6,522
More than 1 year	61,431
Total	**70,738**

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 (£58.2 million) 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 (£128.9 million) 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.

Shareholder Information

Notice is hereby given that the ninety-third 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, 13th January 2022 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 2021.
2. To approve the Director's Remuneration Policy.
3. To approve the Directors' Remuneration Report for the year ended 30th September 2021.
4. To approve a final dividend of 5.3p per share.
5. To reappoint Stephen Cohen as a Director of the Company.
6. To reappoint Sir Stephen Gomersall as a Director of the Company.
7. To reappoint Sally Macdonald as a Director of the Company.
8. To reappoint George Olcott as a Director of the Company.
9. To reappoint Christopher Samuel as a Director of the Company.
10. To reappoint PricewaterhouseCoopers LLP as the Auditors of the Company.
11. To authorise the Directors to determine the Auditors' remuneration.

Special Business

To consider the following resolutions:

Authority to allot new shares – Ordinary Resolution

12. 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 £3,913,366 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 2023 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

13. THAT subject to the passing of Resolution 12 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 12 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 £3,913,366 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 12 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

14. 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 23,464,542 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 12th July 2023 unless the authority is renewed at the Annual General Meeting in 2023 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.

By order of the Board
Nira Mistry,
for and on behalf of
JPMorgan Funds Limited,
Secretary

10th December 2021

Notes

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

1. 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. In addition, 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 ongoing COVID-19 pandemic and associated Government guidance, it may be the case that your vote will not be counted where a proxy other than the Chairman of the Meeting is appointed as additional third parties may not 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, your vote may not be counted where a proxy other than the Chairman of the Meeting is appointed as additional third parties may not 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.

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, it might be the case that your vote will not be counted where a representative, other than the Chairman of the Meeting, is appointed as additional third parties might not 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.jpmjapanese.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.

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 2021 (being the latest business day prior to the publication of this Notice), the Company's called-up share capital consists of 156,609,639 Ordinary shares (excluding treasury shares) carrying one vote each. Therefore the total voting rights in the Company are 156,609,639 .

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 30th September 2021	Year ended 30th September 2020	
Opening share price (p)	5	619.0	441.0	(a)
Closing share price (p)	5	682.0	619.0	(b)
Total dividend adjustment factor[1]		1.007123	1.010582	(c)
Adjusted closing share price (d = b x c)		686.9	625.6	(d)
Total return to shareholders (e = d / a – 1)		**11.0%**	**41.8%**	**(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 30th September 2021	Year ended 30th September 2020	
Opening NAV per share (p)	5	670.8	506.5	(a)
Closing NAV per share (p)	5	735.5	670.8	(b)
Total dividend adjustment factor[1]		1.006996	1.009526	(c)
Adjusted closing NAV per share (d = b x c)		740.6	677.2	(d)
Total return on net assets with debt at par value (e = d / a – 1)		**10.4%**	**33.7%**	**(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 64) 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 82) 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 2021, the NAV with debt at fair value was £1,148,544 (2020: £1,064,209,000) or 731.6p (2020: 665.8p) per share.

Total return calculation	Page	Year ended 30th September 2021	Year ended 30th September 2020	
Opening NAV per share (p)	5	665.8	498.0	(a)
Closing NAV per share (p)	5	731.7	665.8	(b)
Total dividend adjustment factor[1]		1.007042	1.009660	(c)
Adjusted closing NAV per share (d = b x c)		736.9	672.2	(d)
Total return on net assets with debt at par value (e = d / a – 1)		**10.7%**	**35.0%**	**(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.

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.

Net asset return performance compared to benchmark return (APM)

The percentage of Company's benchmark return is subtracted from the return on net assets percentage.

Gearing/(Net cash) (APM)

Gearing represents the excess amount above shareholders' funds of total investments, expressed as a percentage of the shareholders' funds.

If the amount calculated is negative, this is shown as a 'net cash' position.

Gearing calculation	Page	30th September 2021 £'000	30th September 2020 £'000	
Investments held at fair value through profit or loss	64	1,300,867	1,230,620	(a)
Net assets	64	1,154,544	1,072,164	(b)
Gearing/(net cash) (c = a / b – 1)		12.7%	14.8%	(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.

Ongoing charges calculation	Page	30th September 2021 £'000	30th September 2020 £'000	
Management fee	69	5,930	4,865	
Administrative expenses	69	846	790	
Total management fee and other administrative expenses		6,776	5,655	(a)
Average daily net assets		1,106,951	865,046	(b)
Ongoing charges (c = a / b)		0.61%	0.65%	(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).

Premium – companies which produce very good returns for shareholders (economics) and can continue to do so for a long time because they have a durable competitive position (duration). They do not impair returns to shareholders through poor capital allocation (competence) or because of divergent interests (motives).

Quality – generally well-run businesses which make a good return, but our confidence in their long term value creation is lower than for premium companies.

Trading – companies which do not offer appealing or sustainable creation of value for shareholders, especially when viewed on a risk/reward basis. Instead, changes in valuation are needed to boost the attractiveness of the idea, rather than relying on underlying value created by the company.

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 You Invest
Barclays Smart Investor
Charles Stanley Direct
Fidelity Personal Investing
Halifax Share Dealing
Hargreaves Lansdown
Interactive Investor

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

FCA
FINANCIAL CONDUCT AUTHORITY

FINANCIAL CALENDAR

Financial year end	30th September
Final results announced	December
Half year end	31st March
Half year results announced	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.jpmjapanese.co.uk, where the share price is updated every 15 minutes during trading hours.

Website

www.jpmjapanese.co.uk

The Company's website can be found at www.jpmjapanese.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 Nira Mistry at the above address.

aic
The Association of Investment Companies
A member of the AIC

Depositary

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

The Depositary 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 7QP

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

60 Victoria Embankment
London
EC4Y 0JP
Tel +44 (0) 20 7742 4000
Website www.jpmjapanese.co.uk

J.P.Morgan
Asset Management