JPMorgan Japanese Investment Trust plc

Annual Report and Financial Statements
for the year ended 30th September 2023

J.P.Morgan
ASSET MANAGEMENT

Key Features

Investment Objective, Policy and Benchmark

The Company seeks capital growth from a portfolio of investments in Japanese companies and may 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. Its benchmark is the Tokyo Stock Exchange Index[1] (TOPIX) with net dividends reinvested, expressed in sterling terms.

Further details are given in the Strategic Report on page 34.

Why invest in this Trust?

Be at the Heart of Change in Japan

The Company seeks to tap into the long-term story of Japan's structural economic transformation by investing in high-quality innovative companies in sectors such as robotics, materials, healthcare, e-commerce and business services, as well as companies transitioning to more capital efficient business models.

Local Insight, Global Strength

The Company, one of the largest and oldest closed-end funds focused on Japanese equities, is managed locally and supported by a team of over 25 specialist investment professionals in Tokyo. This significant on-the-ground presence provides the essential insight needed to discover new opportunities in an under-researched market. The Investment Managers also draw on JPMorgan Asset Management's ('JPMAM') global team of analysts.

High Quality Growth Companies held for the Long Term

The Company is managed with an unconstrained investment approach to deliver a high conviction, high-quality and growth-focused portfolio, investing in companies of all sizes. The Investment Managers back innovative Japanese companies that are, or may become, world-leading in high-growth industries, including robotics, e-commerce, fintech and computer gaming.

The Investment Managers seek out companies with strong franchises, balance sheets and cash-flow generation, which have the potential to compound earnings over the long term.

Attractive Results over the Long Term

The Company provides investors a portfolio of Japanese companies that the Investment Managers believe offer the most attractive opportunities for excellent long-term performance.

Management Company

The Company employs JPMorgan Funds Limited ('JPMF' or the 'Manager' or the 'Investment Manager') as its Alternative Investment Fund Manager. 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 secretarial and custodian services to the Company.

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.

Morningstar Analyst Rating.
Source: Morningstar, April 2023.

Morningstar Sustainability Rating

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

JPMorgan Asset Management Group of the Year 2022

[1] The Tokyo Stock Exchange was restructured on 4th April 2022. The constituents of TOPIX following the restructuring remain unchanged, regardless of their new market segment. However, the Index weights of the smallest constituents (sub JPY 5bn) will reduce to zero over time.

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	**February**
Annual General Meeting	**January**

“The outlook is exciting with significant improvements in corporate governance, signs of inflation and wage increases while valuations remain undemanding and the market under owned.”

Nicholas Weindling, Investment Manager,
JPMorgan Japanese Investment Trust plc

“We own the strongest businesses in Japan with the strongest balance sheets. Pressure to improve capital allocation and shareholder return is mounting for all businesses.”

Miyako Urabe, Investment Manager,
JPMorgan Japanese Investment Trust plc

50+
Years’ experience investing in the region

25+
Investment professionals in Japan

4,000+
Japanese company meetings each year

92.1%
Active share[1]

[1] Active share (on a geared basis) is a measurement of the difference in the Company’s portfolio compared to the benchmark index as at 30th September 2023.

Source: JPMAM.

Contents

Financial Highlights

Total returns (including dividends reinvested)

	2023	2022[1]	3 Year Annualised[1]	5 Year Annualised[1]	10 Year Annualised[1]
Return to shareholders[2,A]	+6.4%	–8.5%	–8.5%	+1.1%	+8.0%
Return on net assets with debt at fair value[3,A]	+8.0%	–34.8%	–8.0%	+0.2%	+7.6%
Benchmark return[4,A]	+14.7%	–13.9%	+4.4%	+2.9%	+7.5%
Net asset return compared to benchmark return[A]	–6.7%	–20.9%	–12.4%	–2.7%	+0.1%
Annual dividend[3,A]	6.5p	6.2p			

[1] Calculated on a geometric basis. All numbers are rounded to 1 decimal place.

[2] Source: Morningstar.

[3] Source: Morningstar/J.P. Morgan, using cum income net asset value per share with debt at fair value. The fair values of the Company's other financial liabilities such as bank loans are considered to have no material difference to their amortised cost therefore, prior to August 2018, the NAV per share with debt at fair value was the same as the NAV per share with debt at par value.

[4] Source: Morningstar. The Company's benchmark is the TOPIX Index expressed in sterling terms.

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

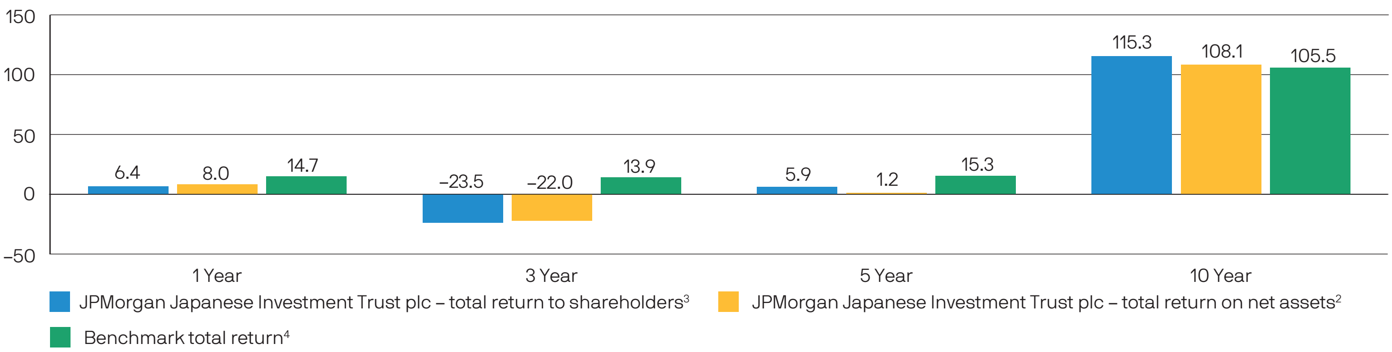
A glossary of terms and APMs is provided on pages 105 and 106.

Financial Highlights

Summary of results

	2023	2022	% change
Key financial data as at 30th September			
Shareholders' funds (£'000)	755,471	730,374	+3.4
Total assets (£'000)	874,397	850,924	+2.8
Net asset value per share:			
– with debt at fair value[1,A]	504.8p	473.2p	+6.7[5]
– with debt at par value[A]	500.9p	472.1p	+6.1[6]
Share price	460.5p	438.5p	+5.0[7]
Share price discount to net asset value per share:			
– with debt at fair value[1,A]	8.8%	7.3%	
– with debt at par value[A]	8.1%	7.1%	
– 12-month average with debt at fair value[2,A]	7.4%	5.7%	
Revenue return per share	7.46p	7.48p	–0.3
Capital return/(loss) per share	27.03p	(266.28)p	
Return/(loss) per share	34.49p	(258.80)p	
Annual dividend	6.5p	6.2p	+4.8
Exchange rate	£ 1 = ¥ 182.1	£ 1 = ¥ 161.6	+12.7
Shares in issue (excluding shares held in Treasury)	150,832,089	154,702,089	
Gearing[A]	**13.7%**	**11.7%**	
Ongoing charges[A]	**0.74%**	**0.68%**	

Long-Term Performance[8] for the year ended 30th September 2023



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.
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 TOPIX Index expressed in sterling terms.
5 Excludes dividends reinvested. Including dividends reinvested, the return is +8.0%.
6 Excludes dividends reinvested. Including dividends reinvested, the return is +7.4%.
7 Excludes dividends reinvested. Including dividends reinvested, the return is +6.4%.
8 Calculated on a cumulative basis.
A Alternative Performance Measure ('APM').

A glossary of terms and APMs is provided on pages 105 and 106.

Chairman's Statement

Christopher Samuel
Chairman

Investment Performance

Japanese equities market has had a good year with local currency returns for the year to 30 September up some 29.3%; the weakening Yen meant though that in sterling terms the market return was only 14.7%.

In the year to 30th September 2023, the Company's total return on net assets (in sterling terms), with debt calculated at fair value, was 8.0% in net asset value (NAV) terms, an underperformance of some 6.7% relative to the benchmark. The share price total return, with dividends reinvested, was 6.4%, because of a modest widening in the discount to NAV at which the Company's shares trade over the year. NAV and share price performance for the prior year and the 3, 5 and 10 year annualised performance is shown on page 6.

After the earlier periods of underperformance, this year's numbers are indeed disappointing. As reported in the half year report, the Company's performance over the first six months of the 2023 financial year was in line with its benchmark, the Tokyo Stock Exchange (TOPIX) Index. However, relative performance over the full year has not been so positive; returns kept up with the market for most of the second half but we had a very challenging end to our financial year meaning we lagged the market in the second half of the year and so for the full year. By way of illustration, c 4.6% of the year's NAV underperformance of 6.7% came in September, the final month of our financial year.

The Portfolio Managers set out in more detail in their report on pages 12 to 19 the main reason for the underperformance during the year, namely the market's rotation into low quality, value and cyclical stocks at the expense of the quality and growth stocks favoured by the Company's strategy. They also set out the investment rationale behind recent portfolio activity and the outlook in more detail.

There is, however, cause for optimism; the TOPIX increase of 14.7% in sterling terms was supported by several positive developments, including a surge in economic activity following the post-pandemic reopening of the Japanese economy, widespread wage increases and an acceleration in corporate governance reforms, which are lifting shareholder returns. And after decades of seemingly intractable deflation, unlike other central banks the Bank of Japan is likely to welcome the recent modest rise in inflation and therefore take a very cautious approach to monetary tightening. One other encouraging aspect of the rise in Japanese stock prices is that it has been fuelled in part by foreign buying.

Since the end of the financial year, the Company's net asset value has increased by 2.6% as at 1st December 2023, compared to a benchmark increase of 0.2%, while the share price increased by 3.4%.

Analyst Ratings

As I commented in the half year report, the Company's Morningstar Analyst rating has been maintained at the highest level, Gold, recognising the strength of the Company's Investment Manager and their investment process. The Company also continues to maintain the highest Morningstar sustainability rating of five globes.

Morningstar assesses and publishes data on some 900 Japanese equity funds and share classes under its 'Japan Large-Cap equity' classification. Your Manager is one of the only three active Japanese Equity Managers with a Gold Morningstar Analyst rating within this category. You can find further details of the Morningstar research and rating at www.morningstar.co.uk.

Board Investment Review

The Board recognises the Company's underperformance vs its benchmark over the medium term which primarily results from poor performance at the end of 2021 and in the first quarter of 2022, as well as the poor numbers in September 2023 referred to above. The Board is also conscious of the very unusual investment environment our Manager has faced since the start of Covid in early 2020 and that your Company has performed reasonably vs growth indices and peers with a similar growth style of investing.

The Board has continued to spend a significant amount of time with the Company's Portfolio Managers and other members of the JPMorgan Asset Management (JPMAM) investment team to discuss and understand the factors behind the Company's performance. These conversations focused on the price at which the Portfolio Managers are willing to buy/sell the stocks they like, the valuation analysis described on page 20, and the impact of the corporate governance changes (described in the Investment Manager's report on page 12) on the Company's portfolio vs the wider index. The Board supported the Portfolio Managers' plans to increase their focus on valuation (you can read about some of the resulting changes made to the Portfolio in the Investment Managers' report on page 17), and recognised that the corporate governance changes may well continue to represent a headwind for the Company's performance vs. the benchmark and those peers with a value style of investing.

Following these detailed discussions with JPMAM, the Board remains fully supportive of the strategy the Company offers UK investors, our Portfolio Managers and their investment process.

Gearing

The Board believes that gearing can benefit performance. The Board sets the overall strategic gearing policy and guidelines and reviews them at each Board meeting. The Portfolio Managers then manage the gearing within the agreed limits of 5% net cash to 20% geared in normal market conditions. As at 30th September 2023, gearing was equivalent to 13.7% (2022: 11.7%) of net assets.

The Scotiabank loan facility expired on 2nd December 2022. During the second half of the financial year, the Company took out a ¥10 billion revolving credit facility with Industrial and Commercial Bank of China Limited, London Branch, which is in addition to the existing ¥5 billion credit facility with Mizuho Bank Limited and the Company's long-term fixed rate debt. Further details on page 84 of these Financial Statements.

Revenues and Dividends

Income received during the year ended 30th September 2023 again rose year-on-year, with earnings per share for the full year of 7.46p (2022: 7.48p). This reflected a continued 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 revenue available each year. The Board therefore proposes, subject to shareholders' approval at the Annual General Meeting to be held on 11th January 2024, to pay a final dividend of 6.5p per share (2022: 6.2p) on 5th February 2024 to shareholders on the register at the close of business on 22nd December 2023 (ex-dividend date 21st December 2023). This represents an increase of 4.8% in the dividend (2022: 17%).

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

Discount Management and Share repurchases

The Board monitors the discount to NAV at which the Company's shares trade. It believes that for the Company's shares to trade close to NAV over the long term, the focus must remain on consistent, strong investment performance over the key one, three, five and ten-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 to seek a stable discount or premium over the long run, commensurate with investors' appetite for Japanese equities and the Company's various attractions, not least the quality of the investment team, the investment process and the resultant strong long-term performance. To this end, during the past financial year, a total of 3,870,000 shares (2.6% of shares in issue) were repurchased (2022: 2,278,345 shares).

As at 30th September 2023, the discount was 8.8%, compared to the level of 7.3% where it closed the previous year. Over the past financial year, the discount ranged from 1.2% to 11.3% and the average discount was 7.4%. This compares with the previous financial year, when the discount ranged from 10.6% to a premium of 2.7% and the average discount was 5.7%.

Since the end of the current review period, the Board has repurchased a further 1,740,000 shares and the discount stood at 8.1% as at 1st December 2023.

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

Stewardship

Effective investment stewardship can materially contribute to the construction of stronger portfolios over the long term, and therefore enhance returns. The Company's Investment Manager has a

Chairman's Statement

well-established, active approach to investment stewardship, both to understand how companies consider issues related to Environmental, Social and Governance ('ESG') factors (see the ESG Report on pages 24 to 28), and to seek to influence their behaviour and encourage best practices. The portfolio managers, research analysts and investment stewardship specialists engage regularly with investee companies and the Company exercises its voice as a long-term investor through proxy voting. The Board supports the Investment Manager's approach to investment stewardship and its commitment to its stewardship responsibilities.

Task Force on Climate-related Financial Disclosures

As a regulatory requirement, JPMorgan Asset Management (JPMAM) published its first UK Task Force on Climate-related Financial Disclosures ('TCFD') Report for the Company in respect of the year ended 31st December 2022 on 30th June 2023. The report discloses estimates of the Company's portfolio climate-related risks and opportunities according to the Financial Conduct Authority (FCA) Environmental, Social and Governance (ESG) Sourcebook and the Task Force on Climate-related Disclosures (TCFD). The report is available on the Company's website under the ESG documents section:

https://am.jpmorgan.com/content/dam/jpm-am-aem/emea/regional/en/regulatory/esg-information/jpm-japanese-investment-trust-plc-fund-tcfd-report-uk-per.pdf

The Board is aware that best practice reporting under TCFD is still evolving with respect to metrics and input data quality, as well as the interpretation and implications of the outputs produced, and will continue to monitor developments as they occur.

Board Composition and Appointment

The Board has given considerable thought to its succession planning. As mentioned previously, having served as a Director for nine years, I will retire from the Board and Stephen Cohen, our current Audit Chair, will replace me as Chairman at the forthcoming Annual General Meeting. Sally Duckworth, who was appointed to the Board in October 2022, will assume the role of the Company's Audit Chair.

As illustrated on page 58, Stephen Cohen and George Olcott would in the normal course step down together from the Board after nine years in January 2025. The Board has decided, not least because of the challenging investment environment, to avoid losing two Directors in the same year and so has agreed that Stephen Cohen will serve as Chairman for three years meaning he will have been on the Board for ten years when he retires. Sally Macdonald, our Senior Independent Director, will confirm that this has the support of shareholders.

Given these plans, the Company engaged an independent search consultancy to find a suitably qualified Director to join the Board. After a thorough selection process, Lord Jonathan Kestenbaum was appointed as a non-executive Director with effect from 1st October 2023. Lord Kestenbaum has over two decades of private and public markets investing experience across asset classes. He is a non-executive Director of Windmill Hill Asset Management, and an adviser to a range of interests associated with the Rothschild family. Until 2022, he was the Chief Operating Officer at RIT Capital Partners, the publicly quoted investment trust. He was born and spent his early childhood in Japan and has therefore taken an active interest in the country, its companies and markets throughout his professional career.

The Board supports annual re-election for all Directors, as recommended by the AIC Code of Corporate Governance. In compliance with this, all Directors, excluding myself, will stand for re-appointment at the forthcoming AGM.

Board Diversity

The Board is conscious of the increased focus on diversity and recognises the value and importance of diversity in the boardroom. The recommendations of the FTSE Women Leaders Review, which form part of the Listing Rules, set targets for FTSE 350 companies to have 40% female representation, up from 33%. The recommendations also stipulate that a woman occupies the role of either Chair or Senior Independent Director. I am pleased to report that the Company complies with these guidelines – the Board currently has over 40% female representation and, on my retirement, this will increase to 50% – and in the absence of any unforeseen circumstances, it will continue to remain compliant.

More information showing the gender and ethnic composition of the Board is shown in a table on page 57.

Annual General Meeting and Shareholder Contact

The Company's Annual General Meeting (AGM) will be held on Thursday, 11th January 2024 at 12.30 p.m. at 60 Victoria Embankment, London EC4Y 0JP.

We are delighted that this year we will once again be able to invite shareholders to join us in person for the Company's AGM, to hear from the Portfolio Managers. Their presentation will be followed by a question-and-answer session. Shareholders wishing to follow the AGM proceedings but choosing not to attend in person, will be able to view proceedings live and ask questions (but not vote) through conferencing software. Details on how to register, together with access details, will be available shortly on the Company's website at www.jpmjapanese.co.uk, or by contacting the Company Secretary at invtrusts.cosec@jpmorgan.com.

My fellow Board members, representatives of JPMorgan and I look forward to the opportunity to meet and speak with shareholders after the formalities of the meeting have been concluded.

Shareholders who are unable to attend the AGM are strongly encouraged to submit their proxy votes in advance of the meeting, so they are registered and recorded at the AGM. Proxy votes can be lodged in advance of the AGM either by post or electronically, detailed instructions are included in the Notes to the Notice of Annual General Meeting on pages 101 to 104.

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.

Stay Informed

The Company delivers email updates with regular news and views, as well as the latest performance. If you have not already signed up to receive these communications and you wish to do so, you can opt in via https://web.gim.jpmorgan.com/emea_investment_trust_subscription/welcome?targetFund=JFJ or by scanning the QR code on this page.

Outlook

The Board is encouraged by the improvements in the Japanese economy and equity market sentiment over the past year, and shares the Portfolio Managers' optimism about the country's longer-term prospects. We are particularly gratified that corporate governance reforms appear to be gathering momentum, as this has the potential to significantly enhance shareholder returns across the entire market. The Board remains confident in the Portfolio Managers' focus on quality and growth, and their research-driven, unconstrained approach to stock selection.

I have very much enjoyed my time on the Company's Board as a Director, Chair of the Audit Committee and most recently as Chairman and so, as I step down, I would like to thank shareholders, Board colleagues, our Portfolio Managers Nicholas Weindling and Miyako Urabe, and of course everyone else at JPMAM and across all our other service providers for their support over the last nine years. I know that under the Company's new Chairman, Stephen Cohen, and my other Board colleagues, the Company will continue to be very well served.

Finally, as usual, on behalf of the Board, can I thank you, our shareholders, for your continued strong support.

Christopher Samuel
Chairman

5th December 2023

Investment Managers' Report

Nicholas Weindling
Investment Manager
21 years industry experience
17 years JPMAM experience

Miyako Urabe
Investment Manager
15 years industry experience
10 years JPMAM experience

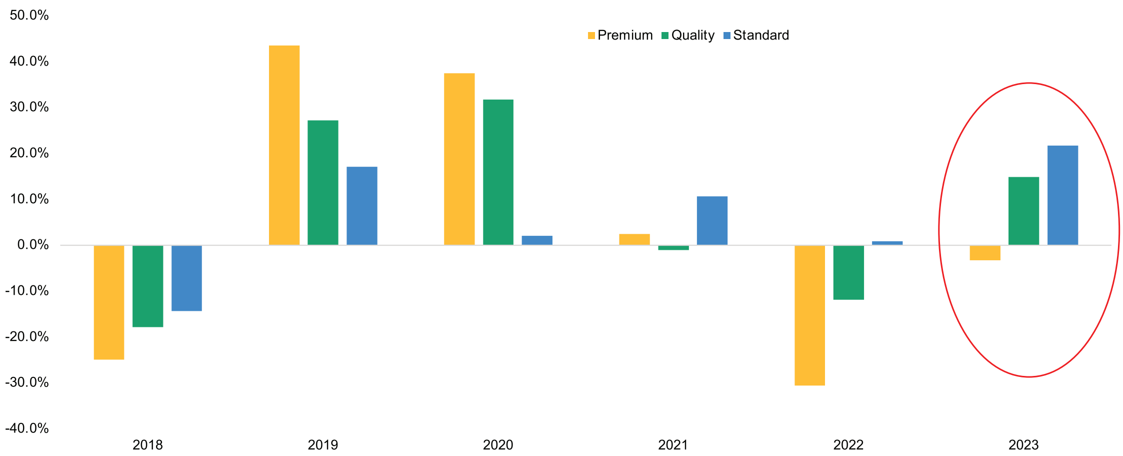
Performance

Over the twelve months to 30th September 2023, the Company returned +8.0% on a net asset basis (in GBP), compared to its benchmark, the TOPIX index, which returned +14.7%. Over the three years to end September 2023, the Company recorded an annualised decline of 8.0%, versus the average benchmark return of +4.4% pa. However, long term absolute and relative performance remains positive; over the ten years to September 2023, the Company returned +7.6% on an annualised basis, ahead of the benchmark return of +7.5%.

We use an unconstrained investment approach which seeks the very best ideas, with excellent growth prospects. This means the portfolio has a bias towards quality and growth companies, which inevitably leads to poor performance at times, as it has done over the last three years. This performance is disappointing to us. However, we stress that it is the result of the same focus, particularly on quality and growth, that has helped us achieve much stronger performance over the longer-term.

Compared to the US market, the Japanese market has been particularly unusual over the last year, as it has been very driven by lower quality value stocks. The following chart illustrates the recent outperformance of poorer quality stocks, relative to previous periods, while showing how the highest quality companies we favour have lagged.

Performance – Strategic Classifications



Source: J.P. Morgan Asset Management.
For more information on Premium, Standard and Quality classification, please see page 21 of the Report.

There are several reasons for this:

(a) Monetary policy divergence between Japan and the US has caused the yen to weaken, boosting the profits of some low-quality export cyclicals;

(b) Expectations of a gradual tightening in Japanese monetary policy have improved the outlook for financial companies, another cyclical sector characterised by intense competition and commoditised product offerings; and

(c) A perception, incorrect in our view, that the recent and ongoing improvements in corporate governance will only help companies trading on a price/book valuation of less than 1. On the contrary, in our assessment, the Tokyo Stock Exchange wants all companies to improve their corporate valuations. As we note elsewhere in our report, the most important consideration in our investment process is how companies compound earnings over the longer term. However, the Company's holdings, which are mostly rated as Premium and Quality, are positioned to benefit from these reforms and many have already begun the process of restructuring and returning cash to shareholders.

Performance attribution

Year ended 30th September 2023

	%	%
Contributions to total returns		
Benchmark return		**14.7**
Stock selection	–10.7	
Currency	0.0	
Gearing/Cash	3.9	
Investment Manager contribution		–6.8
Portfolio return[A]		**7.9**
Management fee and other expenses	–0.7	
Share Buy-Back	0.2	
Other effects		**–0.5**
Return on net assets – Debt at par value[A]		**7.4**
Impact of fair value of debt		**0.6**
Return on net assets – Debt at fair value[A]		**8.0**
Return to shareholders[A]		**6.4**

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 105 and 106.

Economic and market background

The reforms underway in Japan's corporate sector are not the only positive recent development in the Japanese market. The economy has been on an improving trend since the government lifted its strict border controls in October 2022 and removed the last pandemic related restrictions earlier this year. Since then, tourist numbers have risen very sharply. This activity is benefiting a broad array of tourism and hospitality businesses.

There are also signs of a very welcome shift in Japan's labour market. The country has labour shortages in many fields due to its aging population. Yet historically, companies have been resistant to raising wages to attract and retain workers, and Japanese wages barely increased for 30 years.

However, this is beginning to change. Recent wage increases have been significant and broad-based. For example, NTT, a telecoms company, has raised starting salaries by 14%, and JGC, which designs, constructs and maintains industrial facilities, has increased its base salary by 10%.

Although Japanese inflation remains relatively low in absolute terms and relative to other countries, it is noteworthy that inflation is the highest for decades at around 3%. The Bank of Japan (BoJ) response has been muted so far and it continues to pursue a negative interest rate policy although there have been some recent tweaks to yield curve control. It is possible that we see further shifts in policy and this may, in turn, have implications for the Japanese yen which has been weak against major currencies over the last year.

Investment Managers' Report

After a long period during which Japanese equities have been unloved and under-owned by global investors, Japan's improving fundamentals have begun to attract attention. The stock market has reached multi-decade highs and outperformed global markets over the year ended 30th September 2023 – the MSCI ACWI and the S&P 500 both rose by c 11.0% over the period in GBP terms, compared to the TOPIX index's 14.7% rise. One of the most welcome aspects of this market rebound is that it has been driven in part by foreign investors.

Portfolio themes

Investment Trust Portfolio Themes

The portfolio is constructed entirely on a stock-by-stock basis as we seek out the best, most attractive companies. Nonetheless, certain themes underpin our investment decisions. These companies are also well-placed to take advantage of shifts in the corporate governance landscape as, although they are outstanding businesses poised to compound earnings growth for many years, they often have sub-optimal capital allocation policies.

Japan remains well behind most other advanced economies in areas such as online shopping and cloud computing leaving plenty of scope for such trends to continue developing over coming years. For example, the penetration of e-commerce within the Japanese retail market is just over 10% and remains much lower than in China, the UK, South Korea or the US. Portfolio holdings such as Zozo, Japan's number one online apparel retailer, and **Monotaro**, a top-ranked business-to-business (B2B) e-commerce company, are well placed to benefit. Meanwhile, many companies still use inefficient internally developed software systems which will need to change as employees retire. **OBIC**, which is a leading provider of software for small and mid-sized companies, has operating margins over 60%. It also has a significant and growing net cash position as well as a portfolio of shareholdings, which are depressing its return on equity. We are engaging with the company on these topics to generate improvement.

Deglobalisation is another trend gathering momentum. The pandemic, and subsequent events such as widespread supply chain shortages, the conflict in Ukraine and simmering US/China geo-political tensions, have increased companies' desire to move production nearer to end customers. With wage inflation now an issue in the US and other markets, businesses establishing new production plants and warehouses have a stronger incentive to incorporate factory automation into these facilities wherever feasible. Japan is fortunate to be home to some of the world's leading automation companies, of which the Company holds several, including **Keyence** and **SMC**. Both of these long-held Premium rated companies not only have dominant shares and high profitability but also significant potential for improved shareholder returns. For example, since the son of the founder took the helm at **SMC**, we have already seen a step up in shareholder returns and an important change in auditor. However, with over ¥600 billion in net cash and shareholdings in over twenty companies there is still much more the company can do.

Japan is a country with few natural resources and there is a clear need to shift its energy mix away from a heavy reliance on imported fossil fuels. Our portfolio includes shares in Japan's leading solar energy REIT (Canadian Solar Infrastructure) and in several companies that help reduce energy usage, such as **Daikin**, which produces energy-efficient air conditioners. **JGC**, which constructs liquid natural gas (LNG) production plants, has a net cash position equivalent to 60% of its market capitalisation. It announced a significant share buyback programme earlier in the year but can clearly do far more to improve its capital efficiency. Meanwhile, **Hitachi**, which is the global leader in cables used for transmitting renewable energy, has made huge strides in corporate governance reducing the number of listed subsidiaries from nine to zero. With a resolute focus on free cash flow, we expect more emphasis on shareholder return from now on.

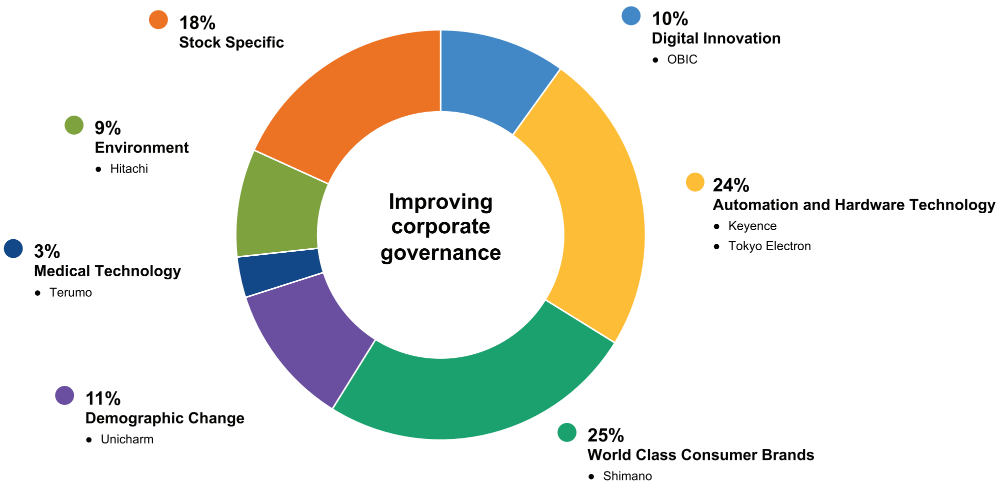
Japan is home to many global leading consumer brands such as Fast Retailing (operator of the **Uniqlo** clothing brand) and computer games companies such as **Sony** and **Nintendo**. Once again, we can find companies that combine long-term structural growth with significant potential from improved governance. Nintendo, which owns some of the world's strongest intellectual property, with characters such as Super Mario and Pokemon, has roughly a quarter of its market cap in net cash and could do much more in terms of shareholder returns. Meanwhile, **Shimano**, which has over 75% market share in gears for bicycles and will therefore benefit from a long-term trend of more people cycling, also has close to a quarter of its market cap in net cash. We are engaging with the company to improve its capital efficiency.

One feature of the Japanese market is the relatively low level of sell side analyst coverage. One relatively recent purchase in the medical technology field is **Osaka Soda** which has the global number one position in an ingredient for anti-obesity drugs and is covered by just one analyst from a large investment bank. We expect profits to grow rapidly due to the uptake of these drugs but also think there will be a significant shift in shareholder returns as the company already has a strong net cash balance sheet.

There are many companies in Japan that are well positioned to compound earnings growth over many years often regardless of the economic cycle. We can own these companies which, as illustrated above, are also very well placed to benefit from the corporate governance changes that we see. There is no need to sacrifice business quality to find such opportunities. Indeed, the companies which have the businesses with the best long-term outlooks are often the same as those with the strongest but most inefficient balance sheets.

Stay invested in structural growth opportunities

Current Key Investment Themes and Positioning as of 30th September 2023



Source: J.P. Morgan Asset Management.

Portfolio Characteristics

Over the last two years, the characteristics of the portfolio have changed due to movements in share prices and companies that we have bought and sold such as our purchase of Tokyo Marine, Nippon Telegraph & Telephone, Hitachi and ITOCHU.

Investment Managers' Report

This can be seen both in the types of companies invested, comparing the themes as at 30th September 2023 with those from 30th September 2021, and also in the portfolio metrics:

	30th September 2023		30th September 2021	
	JFJ	Index	JFJ	Index
Forward Price to Earning Ratio (12 months forward)	20x	14x	36x	15x
Return on Equity	12.4%	9%	13.5%	8.7%
Operating Margin	20%	13%	22%	12%
Active Share	92		93	
Gearing	13.9% (12-month average 12.7%)		12.7% (12-month average 14.0%)	
Turnover (annualised)	22%		19%	

Return on Equity is a financial ratio which shows how much net income a company generates per dollar of invested capital. It helps investors understand how efficiently a firm uses its money to generate profit. The numbers shown above is a weighted average number for the companies included in the Company's portfolio and the companies included in TOPIX.

Significant contributors and detractors to performance

Top Contributors

The largest contributors to returns over the 12-month review period included **ASICS**, which manufactures and distributes sporting goods and equipment. The company is Quality rated. The company is continuing to deliver strong results thanks to its decision to refocus on its core product, running shoes, following a difficult period between 2016 and 2020 when it attempted to compete with Nike and Adidas in casual trainers (sneakers). **ITOCHU**, a trading conglomerate operating in a variety of sectors including textiles, fashion and machinery, also boosted returns. It is rated Standard. Companies in the wholesale trade sector performed well both because of enhanced shareholder returns, and because Warren Buffett announced stakes in the five major companies within the sector. Financial stocks performed well in general, and **Tokio Marine**, a Quality rated insurance company, has been enhancing its returns to shareholders, which has benefited the share price. **Capcom**, a Quality rated gaming and multi-media company, continued to post consistent results from its key game software franchises, including Monster Hunter and Resident Evil. Hitachi, an industrial conglomerate focused on digital systems, green energy, metals, construction and automotives, has dramatically changed its business portfolio over the last few years and now owns several businesses which are global leaders in their sectors. Results remain strong. The company is Standard rated.

Top Detractors

The major detractors from performance over the period included **Monotaro**, Japan's top B2B e-commerce company. It is rated Premium. The company's share price fell due to a slowing sales growth. We retain our view that the business has a long growth runway, but we reduced the position over the year. Our decision not to hold the Standard rated **Mitsubishi UFJ Financial Group** also detracted from returns. As mentioned above, banks and other financial names performed well on expectations that monetary policy will eventually be tightened, a move that would boost earnings after a long period of negative interest rates. **Nihon M&A Center** is Japan's leading provider of mergers and acquisitions related services. It has been dogged by concerns about increased competition from new entrants to the sector. We downgraded the stock's strategic classification to Quality accordingly and have since closed the position. The shares of Premium rated **Nomura Research Institute**, a consultancy that advises companies in their digital strategy, de-rated despite the company's favourable long-term outlook and its good execution. We see no change in the investment case and continue to hold the stock. **Benefit One**, a Premium rated name, specialises in providing fringe benefits for employees. During the pandemic the company's earnings, and share price, rose sharply as it organised vaccinations for its clients' employees, but the share price has since declined as earnings return to pre-pandemic levels.

Portfolio Activity – New Purchases

The ongoing improvements in corporate governance have put many more companies on the path towards becoming the kind of quality businesses that fit our investment criteria. This is a very exciting development for us, as it means we are seeing many more investment opportunities. One such example is the conglomerate =, which has dramatically reduced its business portfolio, so that it now only holds several world-leading businesses, and no listed subsidiaries, down from nine previously. We have also opened a position in **Secom**, Japan's largest provider of security systems.

Secom has substantial net cash which has been depressing returns. However, the company recently announced its first price increase in over 20 years and two buybacks, its first for almost 15 years. This led us to upgrade Secom's strategic classification and purchase the shares in anticipation of significantly enhanced shareholder returns. We also added the standard rated **T&D Holdings**, a leading life insurance provider, for the same reason.

Other new names include **Seven & I Holdings**. This standard rated company is the largest operator of convenience stores in Japan, under the 7/11 brand. Domestically, the company operates in a three-player oligopoly characterised by high profitability and strong free cash flow. The company is also the market leader in the US's much more fragmented market, where there is an opportunity for it to gain market share. Additionally, the company has started to restructure its non-core businesses in Japan – a process that we hope will continue. **Japan Material** is a provider of infrastructure services to semiconductor factories. The company is a major beneficiary of the deglobalisation trend intended to shorten, diversify and secure supply chains by relocating semiconductor manufacturing inside Japan. We also opened a position in **Unicharm**, a leading manufacturer of consumer goods such as adult diapers, feminine hygiene products and pet care items.

Portfolio Activity – Largest Disposals

These purchases above were funded by the outright sale of several holdings whose investment cases had deteriorated, including **Nihon M&A** Center (see above). We disposed of our positions in **Nippon Prologis REIT**, a Standard rated company, on concerns of increasing supply in the warehousing industry, and in **JSR**, a Quality rated specialist chemicals producer operating in the plastics, digital solutions and life sciences industries. Having aggressively restructured to focus on chemicals used in the production of semiconductors, JSR is about to be acquired by the government-led Japan Investment Corporation. With limited upside potential following the bid, we opted to sell. The bulk of the value in **Digital Garage**, an IT services company focusing on payment platforms, derives from its 20% stake in Kakaku.com, an internet-based provider of product and service reviews. However, Kakaku has been struggling to grow, so we sold this Standard rated name. **Misumi**, which focuses on factory automation, tools and components, is facing increasing competition, particularly from its Chinese rival, Yiheda, which prompted a downgrade in its strategic classification to Quality. We subsequently closed the position. We also sold **CyberAgent**, an internet advertiser, as the path to profitability for its digital television service became increasingly unclear, and we sold **Oriental Land**, the operator of Tokyo Disneyland, and **M3**, an online information service for doctors, on valuation grounds.

The net effect of these purchases and sales is that the portfolio trades on a significantly lower multiple than over the last three years, at under 20x earnings versus over 30x at the peak. Meanwhile, its quality and growth characteristics are unchanged, with the portfolio generating an ROE almost 38% higher than the market.

Investment Managers' Report

Outlook

Recent developments in the Japanese economy and corporate sector have reinforced our optimism about the market's medium to long term prospects. Economic activity is strengthening and encouraging wage trends will be supported by the structurally tight labour market. Wage growth should help end Japan's long period of damaging and seemingly intractable deflation and have a positive impact on consumption and the overall economy. The BoJ will welcome these developments, so, unlike in other major markets, investors need not be overly concerned about aggressive monetary tightening. As discussed above, Japan is also undergoing a major technological transformation as businesses and government increase their efforts to digitise and automate their operations. This will lay the base for significant growth and productivity gains over the medium term and provide a supportive environment for the dynamic, quality businesses in which we invest.

In addition, while we continue to face some headwinds, and we cannot say how long these will last, the spread between value and growth has narrowed and is no longer at extreme levels.

However, for us, the improvements in corporate governance are the most important reason to be excited about the outlook for Japanese equities. This trend is looking increasingly structural in nature, and we are seeing signs that the trend is accelerating. If we are correct, there is potential for the whole market, including the Company's portfolio holdings, to move to a higher valuation.

The value of the local currency is another key consideration for foreign investors, and there is cause for some optimism on this front too. The Economist's Big Mac Index suggests it is 43% undervalued and the table below provides further illustrations of disparities between prices in the UK and Japan. Although we do not know when the yen's weakness will unwind, any reversal should be beneficial for GBP-denominated investors.

UK		**Japan**
Stamp: 1st Class Letter = 1.25 GBP*		Stamp: Letter = 0.47 GBP**
Metro: Zone 1, Contactless = 2.80 GBP#		Metro = 1.00 GBP##
Big Mac = 4.59 GBP^		Big Mac = 2.50 GBP^^
Petrol = 1.55 GBP`		Petrol = 1.01 GBP`
Interest rate on Mortgage: Fixed up to 5 years = 5.68%		Interest rate on Mortgage: Fixed up to 35 years = 1.80%
Minimum Wage: England = 10.42 GBP	£ ¥	Minimum Wage: National Average = 5.57 GBP

Source: Images from Istockphotos. *UK Post, #Japan Post, **Japan Metro, ***Transport for London, ^UK McDonalds, ^^Japan McDonalds Globalpetrolprices, Notes: Conversion rate of JPY 180 was used to convert prices in JPY to GBP.

The Japanese market offers many exciting investment opportunities for those prepared to seek them out. The market is deep, broad and liquid, with over 3,000 listed stocks. Yet it is under-researched by buy and sell side analysts – over 50% of the stocks have no sell-side coverage, versus the US market where 50% of companies are scrutinised by 20 or more sell-side analysts. In addition, most sell-side analysts who do cover Japan focus on the short term. For example, only two sell-side analysts publish 5-year forecasts for Toyota. This is a great environment for well-resourced, locally based teams such as JPMorgan's to identify interesting companies that are overlooked by other managers.

And although the stock market has reached multi-decade highs, valuations are still compelling when compared to other markets. The Japanese market is still trading at 14x earnings (on a forward PE basis) and at 1.4x book value (trailing PB) – valuations which still appear to reflect past perceptions of the market, rather than the opportunities that lie ahead.

For all these reasons, we believe our optimism about the Japanese market is well-founded, and we are confident about the long-term prospects of our portfolio holdings. But we are not complacent. We will continue our search for companies capable of thriving regardless of the near-term macroeconomic environment. Most importantly, we remain convinced that our investment approach will ensure the Company continues to deliver outright gains and outperformance for shareholders over the long term.

We thank you for your ongoing support.

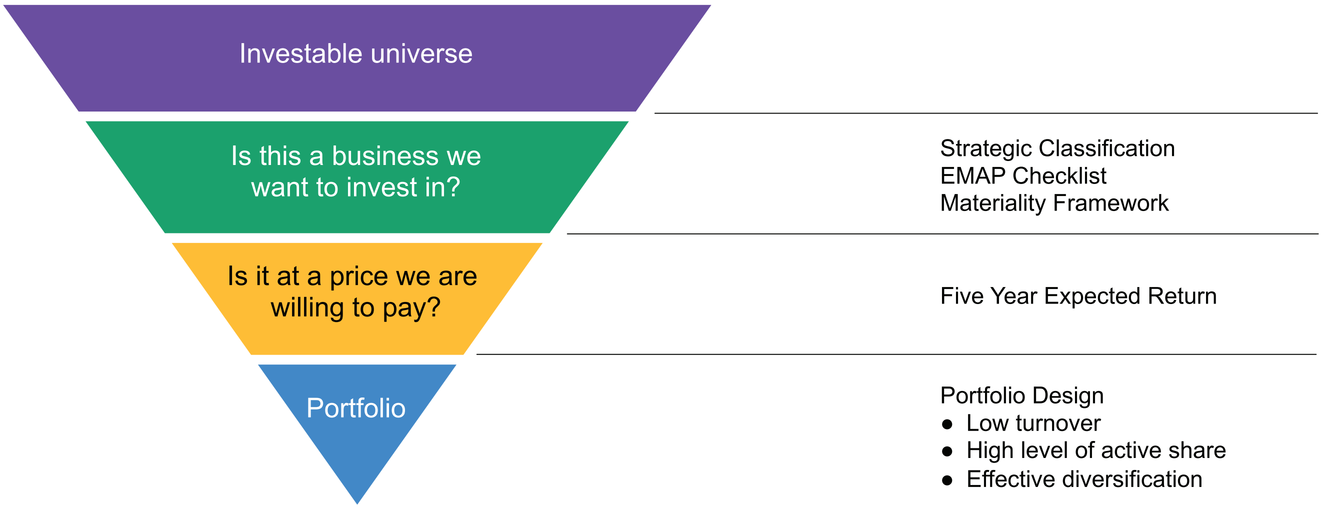
Nicholas Weindling
Miyako Urabe
Investment Managers

5th December 2023

Manager's Investment Process

We maintain a bottom-up, unconstrained investment approach that seeks out the very best Japanese companies with excellent long-term outlooks. Specifically, we focus on high-grade companies with strong balance sheets and leading competitive positions. We favour companies with persistent pricing power, which are well-positioned to continue to grow and prosper, largely regardless of the macroeconomic environment.

The following diagram provides an overview of our investment process:



Source: JPMAM
Provided for information only to illustrate investment process, not to be construed as offer, research or investment advice

Stock selection

Stock selection for us is the most important part of the investment process, as it normally provides the greater part of our added value to portfolio performance. We are supported in this process by JPMorgan Asset Management's well-resourced investment team on the ground in Tokyo, and by JPMAM's extensive team of analysts, both in Japan and globally. Stock selection is a two-stage process, first allocating a strategic classification, followed by valuation analysis.

How we rate companies we consider for investment

We assign a strategic classification to each company, derived from desk-based research and company meetings. The highest rating is 'Premium', followed by 'Quality', and then 'Standard', a categorisation previously called 'Trading', but renamed to better capture the features of the stocks in this category. 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, social and governance (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 more than 3,000 Japanese companies we ascribe a Standard classification to around 75% of the benchmark, whereas well over 80% of the portfolio companies are rated Premium or Quality.

This rating system means that we incorporate 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 24 to 28 provides more detail.

Valuation analysis

Having understood the opportunity and risks around a company, the research analysts then value that opportunity through a valuation framework analysis to derive the Five Year expected return of a stock, an indication of its relative attractiveness to other stocks under coverage. An annualised Five Year Expected Return for a company is evaluated through three sources of return: earnings growth, dividends, and change in valuation.

Manager's Investment Process

Strategic Classification
(Premium/Quality/Standard/Challenged)

Economics
Does the business create value for shareholders?

Duration
Can this value creation be sustained?

Governance
How will governance impact shareholder value?

EMAP Checklist

Classification	Average red flags
Premium	7
Quality	13
Standard	19

Materiality Framework

- Key financially material ESG risks and opportunities identified in over 50 sub industries
- Companies scored on the relevant factors in their sub-industry (1 to 5 on five questions)
- Fundamental and judgement based
- Provides framework for targeted corporate engagement

Five Year Expected Return

Earnings growth

Dividends

Change in valuation

Currency

=

Expected Return

Source: JPMAM. As at 30th June 2023.

Provided to illustrate team's research process, not to be construed as research or investment advice. In the research process described above, we systematically assess financially material ESG factors amongst other factors in our investment decisions with the goals of managing risk and improving long-term returns. ESG integration does not change a strategy's investment objective, exclude specific types of companies/issuers or constrain a strategy's investable universe. ESG factors may not be considered for each and every investment decision.

The following stock examples illustrate the factors JPMorgan analysts consider when assessing potential investments:

ASICS

Portfolio weight: 4.52% (as at end September 2023)
Sector: Other Products sector by TOPIX 33 definition.
Held since: 9/12/2019

- Asics is a Japanese multinational corporation which makes high-end running shoes.
- The top management of the company changed, following the difficult period around 2015-2018. ASICS has since been restructured and this is beginning to pay off. The company now has a strong focus on profitability, which is a big change from the Asics of the past.
- The company has continued to deliver strong business results, with sales in all major markets including the US, Europe, China, Oceania and Japan, increased significantly.
- Operating profit is now at a record high thanks to renewed focus on the company's key strengths.
- The CEO is clearly looking many years ahead, and we expect continued growth in profits due to efforts to increase the percentage of direct online sales, close retail stores, raise prices and cut unprofitable styles to focus on higher margin products such as performance running shoes, tennis and volleyball shoes and Onitsuka brand shoes.
- This is the kind of classic restructuring story we look for when investing – a strong underlying franchise that can be turned around with relative ease.
- ESG Consideration: The company's sustainable sourcing and supply chain management practices have been progressing over the last few years. It is notable that all of their new suppliers are screened by both external audits and the company's internal standards on human rights, labour standards, occupational health and safety and environment practices. It is also remarkable that the company has been proactively collaborating with global NGOs and industry coalitions in developing supplier assessment tools to monitor risks, to improve sourcing across the entire industry supply chain, and to ensure traceability.
- We upgraded this company from Standard to Quality in 2023.

Manager's Investment Process

Shin-Etsu Chemical

Portfolio weight: 4.94%
Sector: Chemicals sector by TOPIX 33 definition.
Held since: 8/22/2016

- Shin-Etsu Chemical is a global leader in the production of various chemicals, and runs a diversified business, both in terms of products and geography. The company is number one in the production of materials used in silicon wafers and PVC.
- The company has a robust operating model and good cash flow, benefitting from its business consolidation and specialisation focusing on products in high demand. The company has a deep and efficient engineering capacity.
- Shin-Etsu has a cost advantage over its competitors as it can source ethylene cheaply due to the large scale of its orders.
- The company boasts an effective sales force and aims to run plants at 100% capacity, with inventories kept to a minimum.
- Management is strong, with a focus on safety and uninterrupted operations.
- Corporate governance improvements over recent years are benefiting multiple areas, and shareholder returns have begun to improve following changes to the board.
- The large amount of cash on Shin-Etsu's balance sheet means it has significant scope to improve its capital management.
- ESG Consideration: The company has shown signs of corporate governance improvements in multiple aspects in recent years, including improvements in board structure by reducing size, improving gender diversity, refresh of long tenure directors. In 2022, the company implemented two 100 billion JPY share buy-backs.
- We rate the company Quality.

Portfolio construction

Positions in the portfolio are driven by our highest conviction ideas, therefore the portfolio is usually overweight Premium and Quality stocks.

The following diagram provides an overview of the factors considered at the portfolio construction stage of the process:

Strategic classification	EMAP Checklist (Red flags)	Liquidity	Valuation analysis (5 year expected return)	Typical active position*
Premium	**8**	**High**	**20.7%**	**4-6%**
Quality	**4**	**High**	**15.4%**	**1-3%**
Standard	**10**	**Medium**	**15.3%**	**0-2%**

Source: JPMAM. As at 30th June 2023.
*Benchmark = TOPIX.

The companies above are shown for illustrative purposes only. Their inclusion should not be interpreted as a recommendation to buy or sell.

Forecasts are not a reliable indicator of current and future results.

Manager's Investment Process

Our bottom-up, unconstrained approach means the portfolio can, and does, look very different from the benchmark. Typically, we do not hold many of the well-known names covered by most analysts and included in the benchmark, as they tend to operate in structurally impaired sectors, such as department stores and railway operators, which are vulnerable to long-term declines in demand. As of 30th September, the portfolio, including borrowings, had a very high active share (which is a measure of how much the portfolio differs from the benchmark) of 92%. This is a strong indicator of active management.

Portfolio quality

In addition to our own qualitative judgements of business quality we can also look at the following metrics versus the benchmark as at 30th September 2023

	Portfolio	Index
Return on equity	12.4%	9%
Operating margin	20.0%	13.0%
Price to earnings (P/E) ratio (12-months forward)	20x	14x

Gearing

We increase the amount the portfolio can invest by borrowing to add more. We have used this facility to purchase high quality stocks at attractive levels. At the end of the review period, gearing stood at 13.9%, compared to a 12-month average of 12.7%, and up from 11.8% at the end of September 2022.

Sell discipline

We employ a strict sell discipline based on the following principles:

Portfolio positions are reduced or eliminated when:

- A change to the underlying fundamental thesis
- Reduced confidence in the company's ability to execute
- Stock price exceeds fair value expectations
- Better investment opportunities are identified

JPMAM has 50 years' experience of active management in Japan. We remain committed to ongoing improvements in the process to reflect changing market conditions and technology advances in order to continue to achieve sustained outperformance with a portfolio risk profile acceptable to each of our clients.

J.P. Morgan Asset Management (Japan) Limited

5th December 2023

Manager's Approach to ESG

Environmental, Social and Governance Report ('ESG')

'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'.

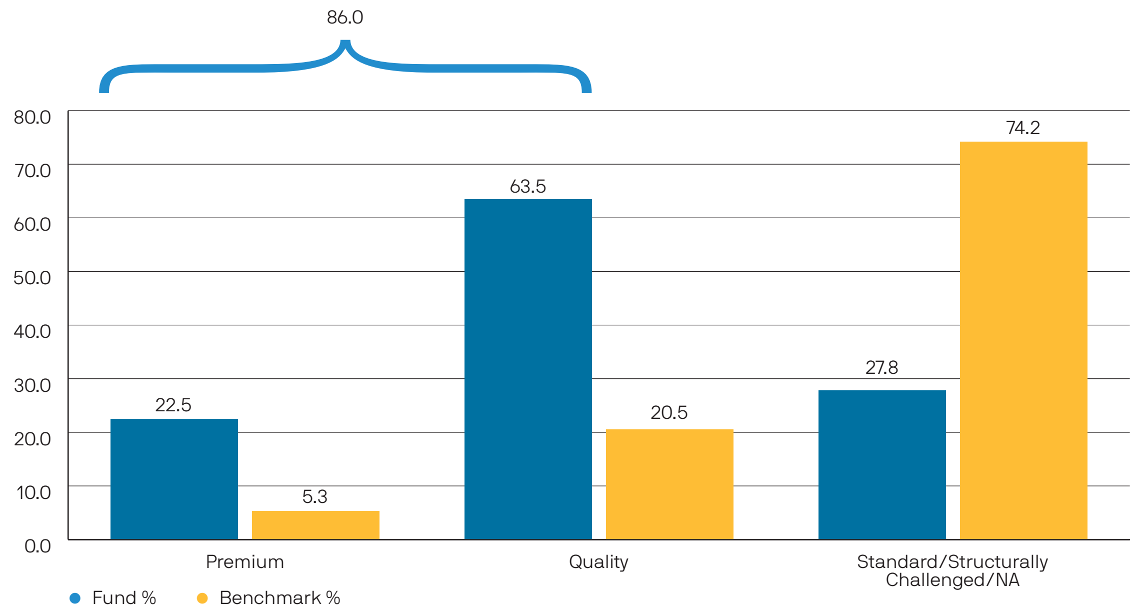
Background

Our research-driven process focuses on the financially material ESG issues that impact the performance of companies in which we invest. We advocate robust corporate governance and viable business practices to support long-term value creation. We engage actively with investee companies both directly and by casting our votes at their Annual General Meetings, and we collaborate with other investors. Successful integration of ESG into the investment process and effective engagement in Japan requires detailed research, patience and persistence, which is best done by experienced local staff. Our team of Tokyo-based investment managers, analysts and 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 previous Annual and Interim Reports.

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 impact this has on the portfolio compared to the benchmark. First, we assign each business a strategic classification that ranges from Premium (best) to Quality and then to Standard. This label is arrived at after a thorough examination of the economics, the governance and the strength of the business model to endure. 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

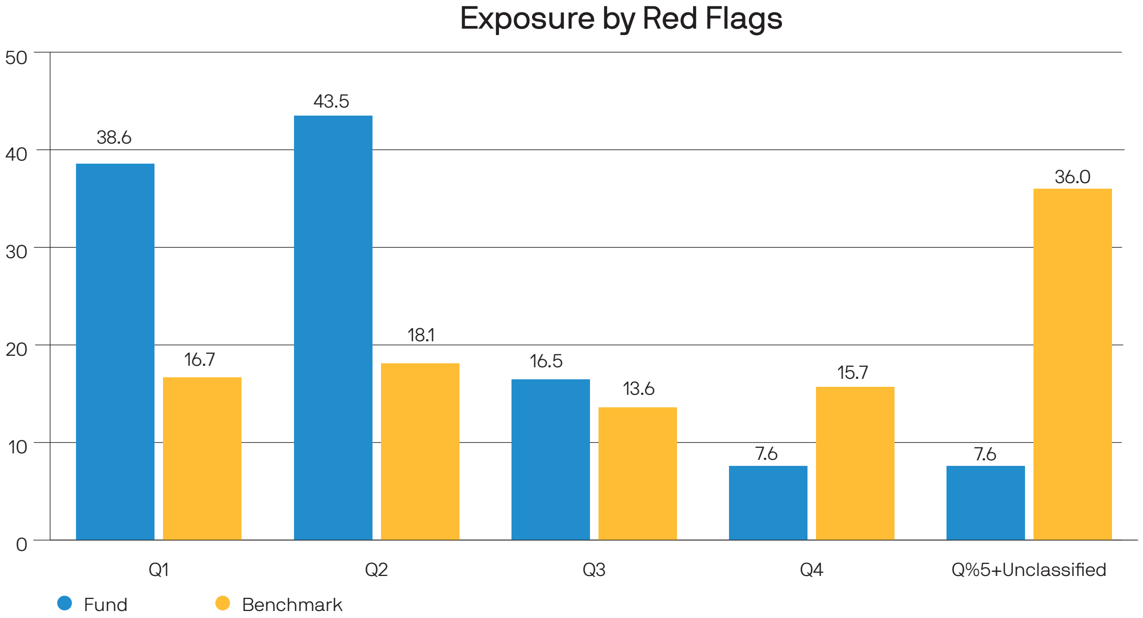


As at 30th September 2023.

Source: J.P. Morgan Asset Management, Factset, IBES. The portfolio is actively managed. Holdings, sector weights, allocations and leverage, as applicable, are subject to change at the discretion of the Investment Manager without notice. NA = not available. Strategic classification percentages exclude cash. Strategic classifications for portfolio and index are market-cap weighted.

Secondly, our team 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 risks, 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 and second quintiles.

Risk Profile: Portfolio vs Benchmark

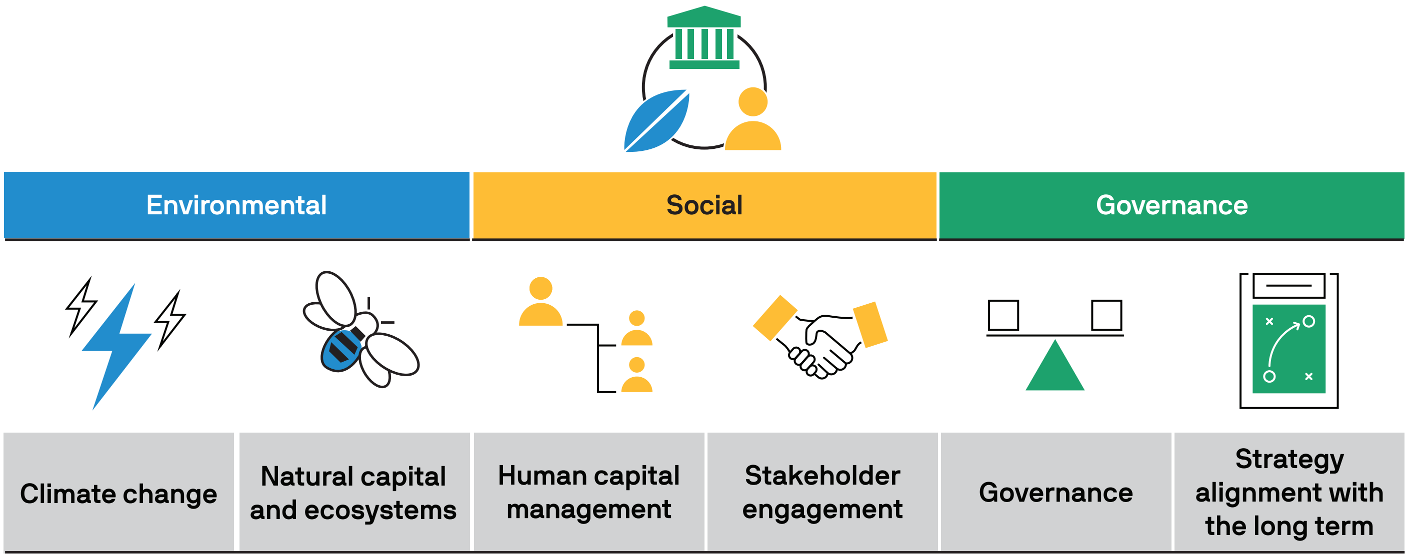


As at 30th September 2023.
Source: J.P. Morgan Asset Management, Factset, IBES. The portfolio is actively managed. Percentages exclude cash.

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.

ESG Engagement

We believe effective investment stewardship can materially contribute to helping build stronger portfolios over the long term, for our clients. JPMorgan Asset Management engages actively with investee companies to promote standards, principles and outcomes it believes are desirable. To shape that engagement, six overarching principles are defined by the specialist Sustainable Investment team within JPMAM.



JPMAM in Tokyo has been a signatory to the Japanese Stewardship Code since May 2014 and in 2022 JPMAM became a signatory to the UK Stewardship Code. JPMAM exercises its stewardship responsibilities globally, not least in Japan. A copy of the JPMorgan Asset Management 2022 Investment Stewardship Report can be accessed at
https://am.jpmorgan.com/content/dam/jpm-am-aem/global/en/sustainable-investing/investment-stewardship-report.pdf

Manager's Approach to ESG

Recent Corporate Engagement

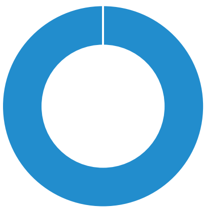
Working closely with colleagues in London, New York and Hong Kong, the Investment Stewardship team and investment team in Japan conducted 51 engagements with 26 portfolio companies in the year to 30th September 2023, specifically to discuss ESG issues. The companies engaged with represented 55.8% (by value) of the portfolio and were in the following sectors, with the engagements broken down as follows:

Environmental	Social	Governance
17 companies	17 companies	17 companies

Engagement by ESG theme

Climate change	Natural capital and ecosystems	Social stakeholder management	Human capital	Business conduct	Governance	Executive pay
19.8%	7.0%	8.1%	24.4%	7.0%	24.4%	9.3%

Engaged by Region



Engaged by Sector

Engagement by Position

Examples of Specific Recent ESG Engagements

The case studies below illustrate how the principles and frameworks set out in this report work together to create a coherent and effective approach to corporate engagement. The companies mentioned are all held in the Company's portfolio and are just a few examples of the ongoing dialogue that we maintain with all the companies in which we invest on your behalf.

Shin-Etsu Chemical – *Environmental*

We have engaged with the company on its board structure and climate change targets for several years. We have asked for female representation, a majority of independent directors, a refresh of the board to remove long standing non-executive directors, and for setting and implementing climate change targets that align with the Paris Agreement.

The company announced a commitment to net zero for Scope 1 and 2 greenhouse gas ('GHG') emissions in May 2023. The management acknowledges the need to achieve carbon neutrality and is preparing to update the current target of reducing carbon intensity by FY2025 to 45% of the level in 1990. We recommended that they disclose GHG emissions broken down by business and by region as this could help investors to understand their priorities. The company explained the critical use of electricity in the production of PVC and silicon wafers and therefore energy transition to renewables and innovation in production process in the mid-long term is necessary as there is limited room for further energy efficiency.

On governance, the company has gradually changed its governance structure following feedback from engagements with investors and recent voting results. The company announced in 2Q23 that it will appoint its first female independent director and also appoint a second independent female auditor. At the June 2023 AGM it announced plans to reduce the board size and to increase the independence of the board by refreshing directors with long tenure.

We will continue to engage with the company on these matters, including seeking more granular targets and roadmaps for achieving net zero.

Money Forward – *Governance*

The company has made numerous changes to board composition since 2017, when it was listed. By 2021, the company had appointed a majority of external directors and had adopted a mandatory retirement system of board members (by the age of 72), with a maximum term of eight years. In 2022 the number of external directors was increased from five to six, out of the total of ten. We acknowledge these efforts; however, we shared our concern about the unexpected resignation of an incumbent director, who served for two years as one of the two female directors on the board, and whose expertise played a significant role in enhancing the company's sustainability efforts. The company explained the circumstances of her resignation and the ongoing board transition from an operating to a monitoring board. However, we made clear our expectation that more effort was expected to integrate external directors with diverse expertise. They acknowledged board diversity could be improved further.

We noted our concern that the second female director served as a board director on other public companies and explained the changes in our voting guidelines. Under the new guidelines we expect that from 2023 onwards external board members will hold no more than five directorships of listed companies.

While at the current time there is no plan to reform the board remuneration system, the company understands that it is desirable to reconsider the existing system and align remuneration with performance targets. We recommended disclosing KPIs and the new structure of director's compensation, showing a better linkage between achievement of short and medium-term targets and performance-based compensation. The company is planning to publish medium-term KPIs for management at the time of next year's earnings announcement. We will continue to keep this under review.

Capcom – *Social*

We met with the board directors, Chief Human Resources Officer and Chief Financial Officer of Capcom to explain our voting rationale at the 2022 AGM where we voted against i) amendment of the Articles to allow an oversized board with 17 directors, ii) the Chairman, as the board does not have an independent majority, with only seven outside directors out of 15, and iii) two outside directors, for overly long tenure of 10 years.

On compensation reforms, the company adjusted its salary structure so that it is more generous to younger employees. It had previously adopted a policy of allocating 3% of company-wide profit to the one particular division, but it has changed the policy to spread the profit evenly across all divisions in the forms of raised salary, bonus and benefits.

On employee engagement, the company currently holds performance briefing sessions twice a year to share company performance with its employees. It has also increased opportunities for direct dialogue between management and employees; however, it does not conduct employee engagement surveys.

On capital allocation, we discussed the level of shareholder returns and expressed our view that the target dividend payout ratio was insufficient, given the balance sheet. The CFO explained the company would maintain the target dividend payout ratio of 30% because acquisitions in the media sector were under discussion.

Seven & I-Holdings – *voting*

We met with the independent outside director, Mr. Yoshiyuki Izawa, to discuss proposals from ValueAct Capital, a US-based activist investor, to elect four directors to the board. Mr. Izawa is one of the three members of the nomination committee who was not voted against by ValueAct. These three independent directors were added to the nomination committee last December to strengthen its independence after the resignation of an independent director. The nomination committee now comprises of five external directors, including the chair, out of a total of seven.

Following the meeting, to express our dissatisfaction with the company's slow progress in structural reforms, we voted against the two representative directors and an independent director who had been a board member for nine years, and in favour of three out of the four nominees proposed by ValueAct.

Voting

Voting at Shareholder Meetings Held During the year to 30th September 2023

The Company voted at all of the 60 annual general meetings and one extraordinary general meeting of investee companies held during the 12 months to 30th September 2023. A summary of key voting statistics and activity undertaken in respect of stocks in the Company's portfolio for the 12 months to 30th September 2023 is detailed below.

Management Proposals	For	Against	Abstain	Against/ Abstain Total	Total Items	% Against
Election of Directors	382	122	0	122	504	24.2%
Election of Statutory Auditors	37	4	0	4	41	9.8%
Director Remuneration	21	0	0	0	21	0.0%
Income Allocation	29	11	0	11	40	27.5%
Amendment to articles of association	14	2	0	2	16	12.5%
Ratify auditors	4	0	0	0	4	0.0%
Capitalisation	1	0	0	0	1	0.0%
Total	**488**	**139**	**0**	**139**	**627**	**22.2%**

Manager's Approach to ESG

Shareholder Proposals	For	Against	Abstain	Against/ Abstain Total	Total Items	% Against
Election of Directors	3	1	0	1	4	25.0%
Total	**3**	**1**	**0**	**1**	**4**	**25.0%**

The highest percentage of votes against management were in relation to dividend proposals. The Company voted against management where we found insufficient dividend payouts return at companies generating strong free cash flow, even after taking into consideration funds needed to finance growth. Other major reasons for votes being cast against management included the absence of a majority of external board directors and candidates for external directors who lacked in independence. An example of our proxy voting activity during the year is set out below.

The Carbon Scorecard

The portfolio companies have carbon emissions lower than the Benchmark, 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 2023 (and for 30th September 2022 in brackets). The increase compared to last year is primarily due to the new purchases of Seven & I Holdings the largest operator of convenience stores in Japan, and IBIDEN a leading manufacturer or electronics and related products.

	Weighted Average Carbon Intensity tons CO_2e/$M sales
Portfolio	**55.9 (48.8)**
Coverage by Portfolio Weight*	97.6% (99.1%)
Index	**96.3 (92.8)**
Coverage by Portfolio Weight*	99.2% (99.1%)

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

* Weighted average carbon intensity is a measure of a portfolio's exposure to carbon related potential market and regulatory risks and is computed as the sum product of the portfolio companies' carbon intensities and weights. Portfolio carbon intensity measures the carbon efficiency of a portfolio and is defined as the total carbon emissions of the portfolio per $ of portfolio sales.

* 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.

J.P. Morgan Asset Management (Japan) Limited **5th December 2023**

Portfolio Information

Ten largest investments

As at 30th September

Company	Portfolio Theme	2023 Valuation £'000	2023 %[1]	2022 Valuation £'000	2022 %[1]
Sony Sony Group is a multinational with consumer electronics, technology, entertainment and gaming businesses.	Internet	53,948	6.3	37,823	4.6
Keyence Keyence is a global leader in manufacturing sensors for factory automation.	Automation	45,821	5.3	59,477	7.3
Tokio Marine Tokio Marine operates in property and casualty insurance and life insurance.	Stock Specific	44,243	5.1	40,404	5.0
Shin-Etsu Chemical The world's largest supplier of semiconductor materials.	Healthcare	37,080	4.3	34,143	4.2
Obic Obic is a leading ERP (Enterprise resource planning) software vendor in Japan, providing computer systems and support primarily for SMEs.	Ageing population	35,821	4.2	37,530	4.6
ASICS[2] ASICS manufactures and distributes athletic shoes, sportswear, sporting goods and equipment and other products.	Apparel	33,325	3.9	17,989	2.2
Nippon Telegraph & Telephone Nippon Telegraph and Telephone Corporation (NTT) is the largest telecom company in Japan.	Aging Population	31,346	3.7	31,271	3.8
Hitachi Hitachi is an engineering and electrical equipment conglomerate undergoing restructuring, with a target to improve return on equity to double digits and exit non-core businesses.	Environment	30,892	3.6	24,470	3.0
Tokyo Electron[2] Tokyo Electron develops, manufactures and sells semiconductor production equipment and industrial electronic products.	Automation	30,823	3.6	20,054	2.5
ITOCHU[2] ITOCHU trades textiles, machinery, metals, minerals, energy, chemicals, food, general products,etc. and has real estate, information, communications technology and finance operations.	Stock Specific	29,469	3.4	20,170	2.5
Total		**372,768**	**43.4**	**See footnote 3**	

[1] Based on the total portfolio investments of £859.3m (2022: £815.8m).
[2] Not included in the ten largest investments at 30th September 2022.
[3] At 30th September 2022, the value of the ten largest investments amounted to £359.1 million, representing 44.0% of total portfolio investments.

Portfolio Information

Stock market sector analysis

	30th September 2023		30th September 2022	
	Portfolio %[1]	Benchmark %	Portfolio %[1]	Benchmark %
Information Technology	22.3	12.8	25.3	12.5
Industrials	19.3	24.0	23.3	24.0
Consumer Discretionary	13.8	18.9	11.6	17.7
Financials	12.0	12.1	6.7	10.0
Health Care	11.2	7.8	11.1	9.2
Materials	8.1	5.7	6.3	5.6
Communication Services	7.2	7.4	10.8	8.8
Consumer Staples	5.6	6.9	2.3	7.7
Real Estate	0.5	2.0	2.6	2.3
Utilities	—	1.4	—	1.3
Energy	—	1.0	—	0.9
Total	**100.0**	**100.0**	**100.0**	**100.0**

[1] Based on the total portfolio investments of £859.3m (2022: £815.8m).

Portfolio Information

List of investments

As at 30th September

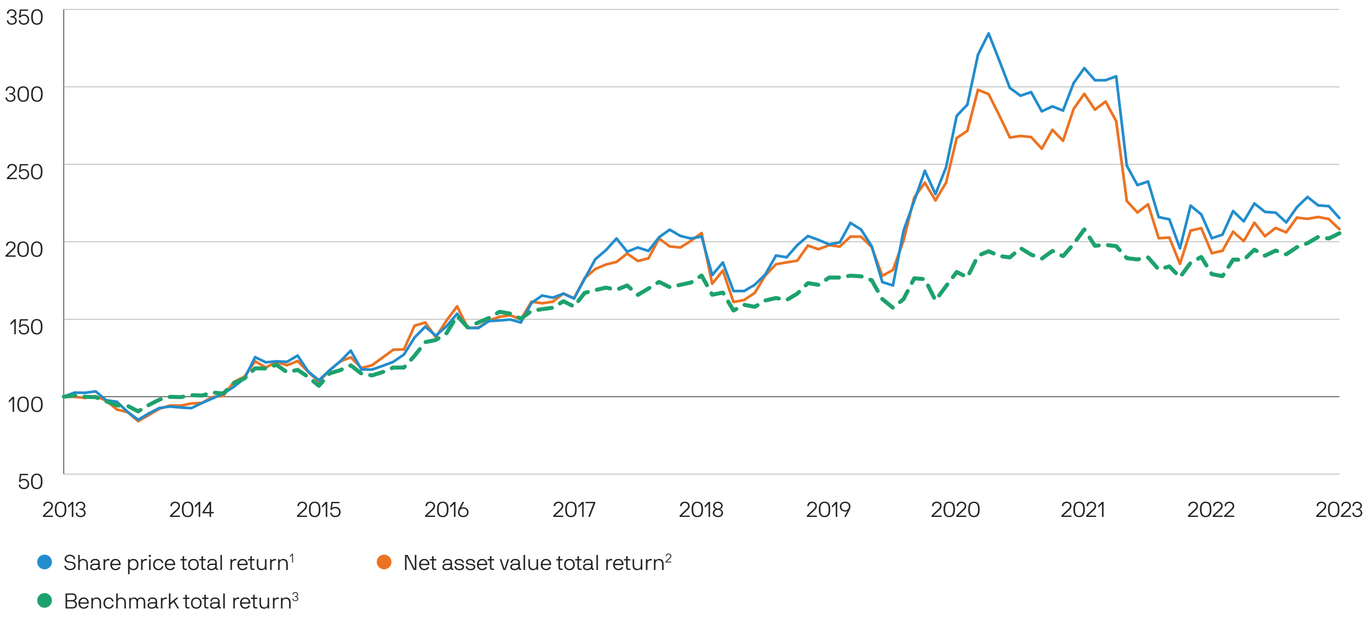
Company	Valuation £'000
Information Technology	
Keyence	45,821
Obic	35,821
Tokyo Electron	30,823
Nomura Research Institute	22,652
Murata Manufacturing	17,135
Japan Material	15,643
Otsuka	9,201
Money Forward	4,860
Topcon	4,740
Ibiden	3,476
SpiderPlus	1,506
	191,678
Industrials	
Hitachi	30,892
ITOCHU	29,469
Recruit	23,713
Daikin Industries	19,858
SMC	14,450
Secom	13,153
MonotaRO	8,011
Japan Elevator Service	7,184
Miura	5,187
JGC	4,549
Infomart	3,930
Sanwa	3,720
Benefit One	1,762
	165,878
Consumer Discretionary	
Sony	53,948
Asics	33,325
Fast Retailing	7,923
Shimano	6,150
Seiko	5,683
PALTAC	5,231
Tsuburaya Fields	3,743
ZOZO	2,248
	118,251

Company	Valuation £'000
Health Care	
Hoya	29,057
Nakanishi	18,475
Kissei Pharmaceutical	13,965
Terumo	11,291
As One	7,866
Asahi Intecc	7,368
Medley	6,588
HEALIOS	1,553
	96,163
Materials	
Shin-Etsu Chemical	37,080
Nippon Sanso	16,299
Osaka Soda	9,610
Nippon Paint	6,674
	69,663
Communication Services	
Nippon Telegraph & Telephone	31,346
Nintendo	23,112
Capcom	5,099
Square Enix	2,293
	61,850
Consumer Staples	
Seven & I	18,021
Unicharm	13,977
Cosmos Pharmaceutical	6,382
I-NE	5,632
Milbon	4,089
	48,101
Real Estate	
Canadian Solar Infrastructure Fund	4,229
	4,229
Total Investments	**859,289**

Ten-Year Record

Ten-Year absolute performance

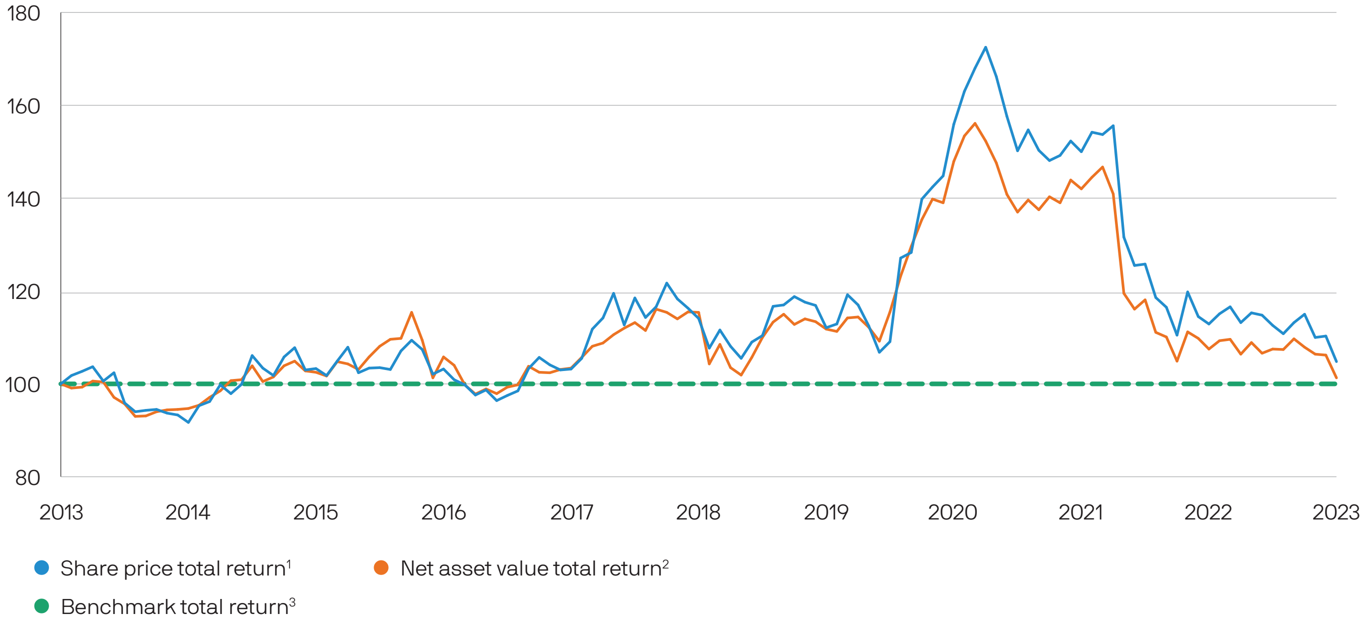
Figures have been rebased to 100 at 30th September 2013



[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 TOPIX Index expressed in sterling terms.

Ten year performance relative to benchmark[3]

Figures have been rebased to 100 at 30th September 2013



[1] Source: Morningstar.
[2] Source: Morningstar/JPMorgan, using net asset value with debt at fair value.
[3] Source: Morningstar. The Company's benchmark is the TOPIX Index expressed in sterling terms.

Ten-Year Record

At 30th September	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Total assets less current liabilities (£'m)	494.8	408.4	513.2	693.2	778.2	986.1	913.7	1,236.5	1,313.6	841.3	826.5
NAV per share with debt at fair value (p)[A]	267.8	253.3	287.5	387.5	421.0	523.6	498.0	665.8	731.7	473.2	504.8
Share price (p)	238.3	218.0	257.3	335.0	372.0	458.0	441.0	619.0	682.0	438.5	460.5
Discount to NAV per share with debt at fair value (%)	11.0	13.9	10.5	13.5	11.6	12.5	11.4	7.0	6.8	7.3	8.8
12 month average discount to NAV per share with debt at fair value (%)[1]	11.8	9.6	10.7	12.4	12.0	9.2	9.0	10.4	3.9	5.7	7.3
Gearing (%)[A]	13.7	12.7	6.4	9.5	13.6	14.7	13.1	14.8	12.7	11.7	13.7
Yen exchange rate (=£1)	158.9	177.8	181.4	131.5	151.0	148.1	133.2	136.4	150.4	161.6	182.1

Year ended 30th September	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Gross revenue attributable to shareholders (£'000)	6,041	5,715	6,970	8,725	11,640	11,958	11,813	11,442	13,003	14,698	14,706
Revenue return per share (p)[A]	2.78	2.46	3.06	3.97	5.52	5.53	5.52	5.21	5.99	7.48	7.46
Dividend per share (p)	2.80	2.80	2.80	3.65	5.00	5.00	5.00	5.10	5.30	6.20	6.5
Ongoing charges (%)[A]	0.78	0.78	0.77	0.74	0.69	0.67	0.68	0.65	0.61	0.68	0.74

Rebased to 100 at 30th September 2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Share price total return[1,A]	100.0	92.6	110.6	145.4	163.3	203.4	198.3	281.3	312.1	202.3	215.3
Net asset value total return[2,A]	100.0	95.6	109.7	149.1	163.6	205.6	197.8	267.0	295.5	192.6	208.0
Benchmark total return[3]	100.0	101.0	107.0	140.9	158.2	178.2	176.9	180.5	208.0	179.1	205.5

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 TOPIX Index expressed in sterling terms.
A Alternative performance measure ('APM').

A glossary of terms and APMs is provided on pages 105 and 106.

Business Review

The Company's Purpose

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.

Investment Objective

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 Index ('TOPIX') with net dividends reinvested, expressed in sterling terms.

Investment Policies

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 Managers 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 domestic 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 investments limits and restrictions.

- The Company must maintain 97.5% of investments in Japanese securities or securities providing an indirect investment in Japan. (30th September 2023: 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 2023: 5.0%).
- The Company does not normally invest in unquoted investments and to do so requires prior Board approval. (30th September 2023: 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 2023: 11.7%).
- The Company does not normally enter into derivative transactions and to do so requires prior Board approval. (30th September 2023: 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 2023: 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.

Duty to promote the success of the Company – Section 172 statement

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 and potential investors, its Manager, its investee companies, and its other key third party service providers (corporate broker, registrar, auditor, custodian and depositary) Debt Holders and wider society and the environment. 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 objective whilst carrying on business in compliance with the highest possible regulatory, legal, ethical and commercial standards.

As the Company acts through its service providers, its culture is represented by the values and behaviour of the Board and third parties to which it delegates. The Board aims to fulfill the Company's investment objective by encouraging a culture of constructive challenge with all key suppliers and openness with all stakeholders. The Board is responsible for embedding the Company's culture in the Company's operations. The Board recognises the Company's responsibilities with respect to corporate and social responsibility and engages with its service providers to safeguard the Company's interests.

As part of this ongoing monitoring, the Directors will receive regular reporting from service providers on matters such as their anti-bribery and corruption policies; Modern Slavery Act 2015 statements; diversity policies; and greenhouse gas and energy usage reporting. The Management Engagement Committee reviews the Company's service providers at least annually.

The Company's Business Model

The Board is appointed by the Company's shareholders, who also approve the Company's investment objective. The Board appoints the investment manager to deliver the investment objective using its investment process. The Board oversees the Company's affairs by:

1. Ensuring the manager complies with the Investment Guidelines (see page 34).
2. Reviewing the Manager's performance against the benchmark index and Key Performance Indicators (see page 36).
3. Using gearing where the expected benefits outweigh the costs and risks.
4. Monitoring the share price premium or discount and the use of share issuances and buybacks (see page 36).
5. Setting the dividend policy and level of revenue reserves.
6. Monitoring the principal and emerging risks (see page 41).
7. Appointing and monitoring other third party service providers, including the depository, registrar, broker and auditor.
8. Reviewing the Ongoing Charges Ratio (see page 36).
9. Ensuring compliance with governance codes and regulatory requirements (see page 56).
10. Overseeing the marketing and investor relations activities carried out by the Manager.

Duty to Promote the Success of the Company

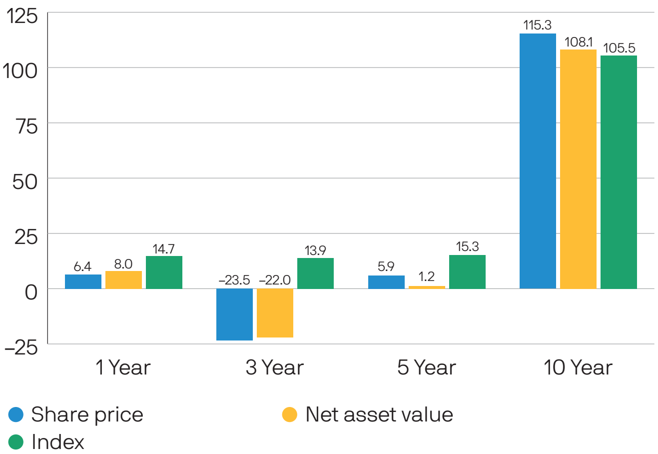
Key Performance Indicators ('KPIs')

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

Performance v Benchmark

Performance against the benchmark index

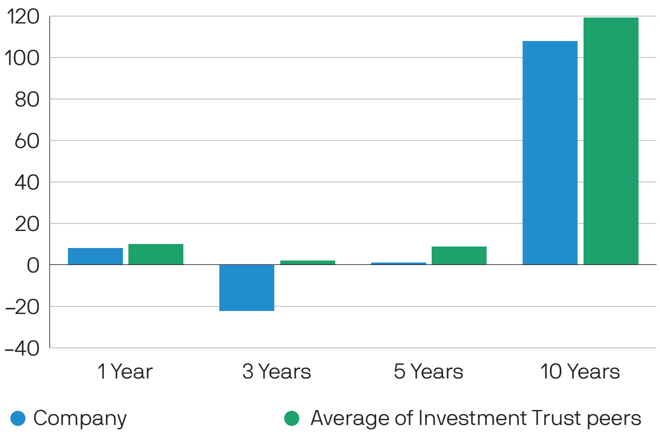
This is the most important KPI by which performance is judged. The Board also regularly reviews performance attribution analysis which illustrates how the Company achieved its performance relative to its benchmark index. Details of the attribution analysis for the year ended 30th September 2023 are given in the Investment Managers' Report on page 13.



Performance v Peers (%)

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.

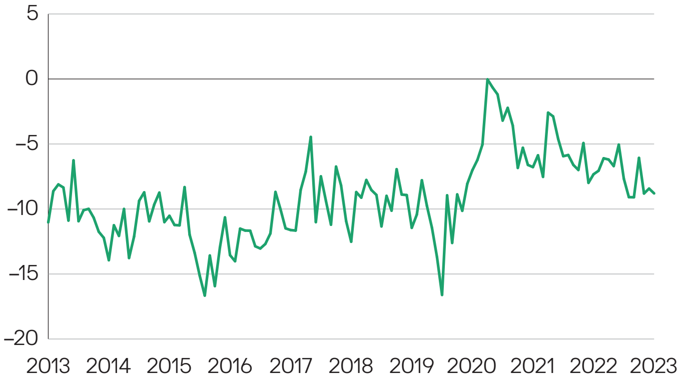


Source: Morningstar/J.P. Morgan, using net asset value with debt at fair value.

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 2023, the shares traded between a discount of 1.2% and 11.3%, at an average discount of 7.4% and ended the year at 8.8%. Since the year end, the discount has narrowed further and averaged 8.5% over the two months to 30th November 2023.

Discount (%) as at 30th September



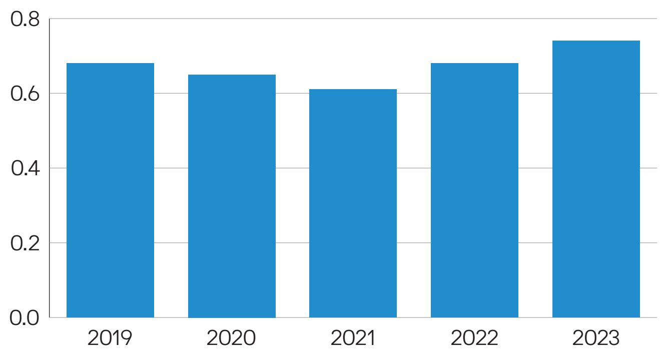
● JPMorgan Japanese Investment Trust plc
– share price (discount)/premium to cum income net asset value, with debt at fair value, per share (month end data – the figures detailed in the text above the chart includes every business day throughout the year and therefore may not appear in the chart if not on a month end date).

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 2023 were 0.74% (2022: 0.68%). Each year the Board reviews an analysis that shows a comparison of the Company's ongoing charges and its main expenses against those of its peers. The increase in the ongoing charges over the last two years is mainly due to the reduction in the net assets. The ongoing charges calculation is shown in the Glossary of Terms and Alternative Performance Measures on pages 105 and 106.

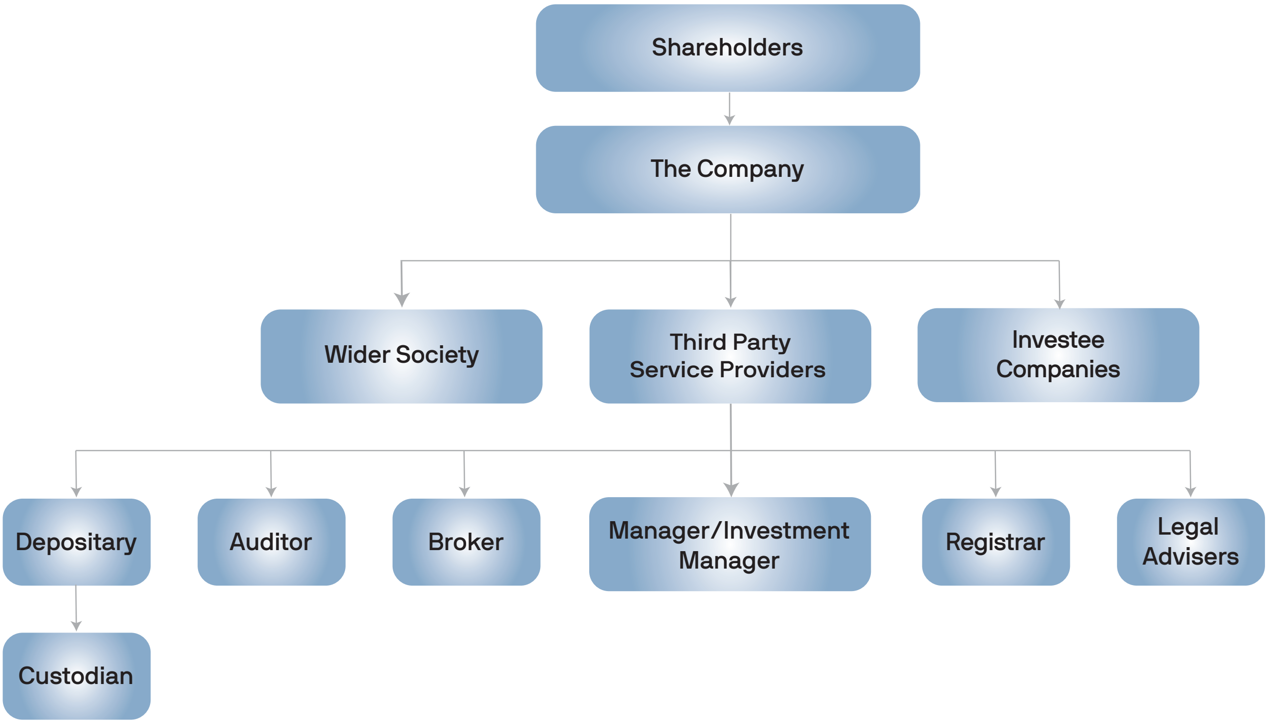
Ongoing Charges Ratio (%)



Duty to Promote the Success of the Company

Stakeholder Engagement

Set out below are the key stakeholders of the Company and how the Board of Directors engage with them.



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

Stakeholder Group	Benefits of Engagement	Engagement Process	Key Decisions and Outcomes during the year
Shareholders and Potential Investors	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.	The Company has a large number of shareholders, including professional and private investors. The Company has adopted different ways of engaging with its shareholders. These include: ● Encouraging shareholders to attend the Company's Annual General Meeting ('AGM'); ● One-on-one meetings with professional investors with either the Chairman and/or the Senior Independent Director; ● Group meetings with professional investors with our Manager; ● Through the Company's website which has regulatory reports, factsheets, share prices, articles and market commentary etc. ● Shareholders also have the opportunity to sign up to receive email updates from the Company including news and views and latest performance statistics, by signing up to the Manager's preference center.	Clear communication with the shareholders about our strategy and performance against objectives can help them make informed decisions about their investment. For our 2023 Annual General Meeting, we welcomed our shareholders and presented to them on the Company's investment performance, future plans and prospects. The AGM each year allows our shareholders with an opportunity to meet with the Board and the Manager and raise any questions or concerns. Shareholders were also offered the option to join the event virtually if they were unable to attend in person. A recording of the Manager's presentation is always available on the Company's website following the AGM. During the year, the Chairman, Chairman Designate and the Senior Independent Director met with some shareholders and discussed the investment performance, ESG integration and engagement process, board governance and other matters. The Mangers also met with several professional investors and wealth managers during the year. Feedback received from these meetings was shared with the Board.

Duty to Promote the Success of the Company

Stakeholder Group	Benefits of Engagement	Engagement Process	Key Decisions and Outcomes during the year
Manager and Investment Manager	Both the Manager and Investment Manager's performance, in particular that of the Portfolio Managers who are responsible for managing the Company's portfolio, is fundamental to the long term success of the Company and its ability to deliver its investment strategy and meet its objective. The Manager also provides administrative support and promotes the Company through its investment trust sales and marketing teams.	Maintaining a close and constructive working relationship with both the Manager and the Investment Manager is crucial in the joint aim with the Board to continue to achieve long-term returns in line with the Company's investment objective. Engagement with our Manager is ongoing through: ● regular Board meetings and discussion by which the Board monitor's the Company's investment performance; ● strong lines of communication is maintained via the Company Secretary and the Client Director regarding various maters including governance, shareholder engagement etc. ● regular meetings take place during the year with the dedicated Sales and Marketing teams to understand the Company's shareholder base which assist in raising the Company's profile for potential investors.	The portfolio activities undertaken by the Investment Manager can be found in the Investment Manager's Report on pages 14. Details regarding the Company's Key Performance Indicators can be found in this Strategic Report on pages 36. The Manager also reported to the Board in respect of its consideration of ESG factors and how these are integrated into the investment process; a summary of the Manager's approach to ESG integration is set out on pages 24 to 28. During the year, the Board held the Manager to account for the investment performance with a series of detailed meetings with the Investment Manager team and the need to re-enforce valuation disciplines was emphasised. During the year, a review of the Manager and its services was undertaken where the Directors: ● reviewed the competitiveness of the management fee and the Company's other operating costs; ● held the Manager to account for investment performance; ● encouraged the Manager to enhance its sales and marketing efforts and ● further integrate ESG into the Manager's investment process. Post the review process, the Board re-appointed the Manager.
Key Service Providers	The Company has engaged key service providers, each of which provide a vital service to the Company to promote its success and ultimately to its shareholders. While all service providers are important to the operations of the Company, in this context the other key service providers are the Custodian, Depositary, Auditor, Broker and Registrar. These service providers are considered to have 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.	The Manager engages regularly with all service providers both in one-to-one meetings, via regular written reporting and an annual due diligence exercise. This regular interaction provides an environment where topics, issues and business development needs (including current inflationary pressures) can be dealt with efficiently. The Management Engagement Committee which has been established as a stand-alone committee from the Audit Committee, to ensure greater focus and attention on its responsibilities, meets annually to review and appraise its key service providers, including performance, level of service and cost. Furthermore, the Manager provides regular Internal Control Reports for review to the Audit Committee. The reports provide information on the due diligence activity undertaken on the key third-party providers and highlight any issues that arise on their internal controls and other operational processes.	During the year, the Management Engagement Committee reviewed the key service providers of the Company including their service levels, business controls and level of fees to ensure their engagement were in the best interest of the shareholders. The review concluded that each provider continues to serve the Company and its shareholders in the best way and have in place suitable policies to ensure that they maintain high standards of business conduct, treat customers fairly, and employ corporate governance best practice. During the year, the Audit Committee reviewed and evaluated the financial reporting control environments in place for the key service providers. There were no material changes to the level of service provided by the Company's third-party suppliers.

Duty to Promote the Success of the Company

Stakeholder Group	Benefits of Engagement	Engagement Process	Key Decisions and Outcomes during the year
Investee Companies	The performance of investee companies in the portfolio is important to the delivery of the Company's strategy and returns. The Board is committed to responsible investment and monitors the activities of investee companies through its delegation to the Investment Manager.	The Board sets the investment objective and discusses stock selection, asset allocation with the Investment Managers at each Board meeting. It also challenges the Investment Manager's rationale for the positions taken and voting decisions made. The Investment Manager has a dedicated research team that is employed in making investment decisions and a stewardship team to assist when voting at shareholder meetings of investee companies.	On the Company's behalf the Manager engages with investee companies, particularly in relation to ESG matters, and shares held in the portfolio are voted at general meetings. Examples how the Manager engaged with the investee companies during the year can be found on page 26.
Debt Holders	The continued availability of debt to the Company is an important contributing factor to the delivery of the Company's strategy and returns. The Company employs gearing to enhance shareholder return over longer-term.	The Board, in discussion with the Investment Managers, regularly reviews the Company's debt position. This process includes identifying the need for finance, the type of finance and the parties to work with. The Company, through its Manager, maintains the relationship with, and continued engagement with its debt provider which includes regular debt compliance reporting.	The Board through its Manager monitors the Company's compliance with its debt covenants on a monthly basis and reports to the debt provider accordingly. The Board concluded from its review, that the Company continues to meet its debt covenants. During the year, the Company maintained long-term borrowings at low rates through the use of loan notes and revolving credit facilities. As at the beginning of the financial year, the Company had a ¥5 billion floating rate revolving credit facility with Mizuho Bank Ltd, and five senior secured loan notes, totalling ¥13 billion. During the year, the Board held a competitive tender for provision of another revolving credit facility and reviewed the proposals received from potential lenders. Following the review, the Board took the decision to introduce a new lender, ICBC London for a ¥10 billion facility. This facility provides the Investment Managers additional flexibility to capitalise on opportunities benefitting shareholders returns.
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.	Whilst the Company's investment objective does not include ESG considerations nor is the Investment Manager's ability to invest in investee companies constrained in this regard, ESG considerations are integrated into the Investment Manager's investment process, and this process will continue to evolve.	The Manager's ESG Report can be found on pages 24 to 28.

Duty to Promote the Success of the Company

Some of the other key decisions made during the year were:

Dividend 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.

The Board's decision to recommend a final dividend of 6.5p per share, for the year to 30th September 2023 which represents a 4.8% increase on the dividend level paid the previous year. This balances the Company's investment objective to provide capital growth with the value placed by some investors on the receipt of a dividend.

Board Composition

During the year, the Board has given considerable thought to its succession planning. As mentioned in the Chairman Statement, having served as a director for nine years, Christopher Samuel will be retiring from the Board at the forthcoming Annual General Meeting. Stephen Cohen, the current Audit Chair, will replace him as Chairman. Sally Duckworth, who was appointed to the Board in October 2022, will assume the role of the Company's Audit Chair.

As also mentioned in the Chairman Statement, Stephen Cohen and George Olcott would, in the normal course, step down together from the Board after nine years in January 2025. The Board has decided, not least because of the challenging investment environment, to avoid losing two experienced Directors in the same year and so has agreed that Stephen Cohen will serve as Chairman for three years, meaning he will have been on the Board for ten years when he retires.

Given these plans, the Company engaged an independent search consultancy, Odgers Berndtson, to find a suitably qualified Director to join the Board. After a thorough selection process, Lord Jonathan Kestenbaum was appointed as a non-executive Director with effect from 1st October 2023.

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, while ensuring diversity of both background and experience.

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, five and ten-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.

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. Throughout the year, the Board monitored the Company's discount on an ongoing basis and met with the Manager and the Company's Broker regularly to discuss methods to manage the discount. A range of discount control mechanisms were considered and utilised. The Board believes that share buybacks undertaken over the year have helped maintain the Company's discount at very competitive levels relative to the sector and have reduced the volatility of the discount.

By order of the Board
Priyanka Vijay Anand, for and on behalf of
JPMorgan Funds Limited,
Company Secretary

5th December 2023

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. Emerging risks, which are not deemed to represent an immediate threat, are considered by Audit Committee as they come into view and are incorporated into the existing review of the Company's risk register. However, since emerging risks are likely to be more dynamic in nature, they are considered on a more frequent basis, through the remit of Board when the Audit Committee does not meet. The key principal and emerging risks identified are summarised below.

Principal risk	Description	Mitigating activities	Movement in risk status in year to 30th September 2023
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. A widening of the discount could result in loss of value for shareholders.	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 Investment 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 attends all appropriate 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. 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.	↑

Principal and Emerging Risks

Principal risk	Description	Mitigating activities	Movement in risk status in year to 30th September 2023
Market and Economic Risk	Market risk arises from uncertainty about the future prices of the Company's investments, which might result from political, economic, fiscal, monetary, regulatory or climate change, including the impact from energy shocks, recessions or wars. 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. A part of this risk is Currency risk which arises from currency volatility and/or significant currency movements, principally in the yen:sterling rate.	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 Investment Manager. The Board receives regular reports from the Investment 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 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 and 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 21 on page 89.	↑
Loss of Investment Team or Investment Manager	A sudden departure of an Investment Manager or several members of the investment management team could result in a short term deterioration in investment performance.	The Board seeks assurance that the Manager takes steps to reduce the risk arising from such an event by ensuring appropriate succession planning and the adoption of a team based approach, as well as special efforts to retain key personnel. The Board engages with the senior management of the Manager in order to mitigate this risk.	→
Operational Risks			
Outsourcing	Disruption to, or failure of, the Manager's accounting, dealing or payments systems or the 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 56 to 62. The Manager has a comprehensive business continuity plan which facilitates continued operation of the business in the event of a service disruption.	→
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 and Emerging Risks

Principal risk	Description	Mitigating activities	Movement in risk status in year to 30th September 2023
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. 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 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 56 to 62. The Section 1158 qualification criteria are continually monitored by the Manager and the results reported to the Board each month.	→
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 Manager is increasingly focussed on assessing the impact on investee companies. In addition, the resilience and Business Continuity Plans ('BCP') will come under more focus. The Board has considered the risk of climate risk on the investment portfolio of the Company and it is built in the market prices.	↑

Emerging risk	Description	Mitigating activities	Movement in risk status in year to 30th September 2023
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.	↑

Principal and Emerging Risks

Emerging risk	Description	Mitigating activities	Movement in risk status in year to 30th September 2023
Global			
Social Dislocation & Conflict	Social dislocation/civil unrest/war around the world 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.	↑
Artificial Intelligence (AI)	While AI might be a great opportunity and force for good, there may also be an increasing risk to business and society more widely. AI has become a powerful tool with the potential to disrupt and even to harm. The use of AI could be a significant disrupter to business processes and whole companies leading to added uncertainty in corporate valuations.	The Board will work with the Manager to monitor developments concerning AI as its use evolves and consider how it might threaten the Company's activities, which may, for example, include a heightened threat to cybersecurity. The Board will work closely with the Manager in identifying these threats and, in addition, monitor the strategies of our service providers. Furthermore, the Company's investment process includes consideration of technological advancement and the resultant potential to disrupt both individual companies and the wider markets.	→

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 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
Priyanka Vijay Anand, for and on behalf of JPMorgan Funds Limited,
Company Secretary

5th December 2023

Board of Directors

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

Director since 2014.

Last reappointed to the Board: January 2023.

Currently Non-Executive Chairman of BlackRock Throgmorton Trust plc and a Non-Executive Director of Quilter plc[1]. 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.

[1] He is also Chairman of Quilter plc's subsidiary, Quilter Financial Planning Limited.

Shared directorships with other Directors: None.

Shareholding in Company: 33,515.

Connections with Manager: None.

Ethnicity: White British.

Stephen Cohen (Chairman Designate and Chairman of the Audit Committee)

Director since 2016.

Last appointed to the Board: January 2023.

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 at Schroders Capital Global Innovation Trust plc, Advanced Research Invention Agency and a Commissioner at the Gambling Commission and Civil Service Commission.

Shared directorships with other Directors: None.

Shareholding in Company: 15,000.

Connections with Manager: None.

Ethnicity: White British.

Sally Macdonald (Senior Independent Director)

A Director since 2018.

Last reappointed to the Board: January 2023.

Over almost 37 years in asset management, of which seven were in UK markets and almost 30 covered Asian markets. Mrs Macdonald was until 2021 Head of Asian Equities at Marlborough Fund Managers and is a Non-Executive Director of Fidelity Asian Values plc and Evelyn Partners Fund Solutions Ltd. Previous board experience includes the Royal College of Nursing Foundation.

Shared directorships with other Directors: None.

Shareholding in Company: 4,383.

Connections with Manager: None.

Ethnicity: White British.

George Olcott (Chairman of the Remuneration Committee)

Director since 2016.

Last appointed to the Board: January 2023.

15 years of investment banking and asset management business experience in Japan and Asia with SG Warburg/UBS. Has served on the boards of a number of listed Japanese corporations as an independent director. He is currently serving on the board of Kirin Holdings and on the Audit and Supervisory Board of Toyota Motor Corporation. Dr Olcott is a Specially Appointed Professor and Vice President of Shizenkan University, Tokyo and holds an advisory role at JR Central.

Shared directorships with other Directors: None.

Shareholding in Company: 8,367.

Connections with Manager: None.

Ethnicity: White British and Asian.

Board of Directors

Anna Dingley

A Director since 2022.

Last reappointed to the Board: January 2023.

Anna has a 25 year career spanning technology, finance and government sectors. She is the founder and Managing Director of Japan Connect Ltd, a Japanese business development consultancy which connects UK and Japanese entrepreneurs, investors, and executives. She is fluent in Japanese. Ms Dingley was previously a non-executive director of Nihon M&A Center Holdings Inc., a Tokyo Stock Exchange listed company in Japan. She was also previously a Trustee of The Japan Society in the UK.

Shared directorships with other Directors: None.

Shareholding in Company: 1,563.

Connections with Manager: None.

Ethnicity: White British.

Sally Duckworth (Chair of the Audit Committee Designate)

A Director since 2022.

Last reappointed to the Board: January 2023.

Over 20 years experience of working in, investing in or advising companies, predominantly with a technology focus, Sally is an established entrepreneur. Sally qualified as a Chartered Accountant with PricewaterhouseCoopers LLP, working in the financial institutions audit group, before joining JPMorgan. She has been an Investment Manager in early-stage technology venture capital, co-founded an angel network and taken several C-suite roles in growth companies. She is a Non Executive Director and the Chair of Audit for MOBEUS INCOME & GROWTH 2 VCT PLC and the Non Executive Chair of StorMagic Ltd.

Shared directorships with other Directors: None.

Shareholding in Company: 3,032.

Connections with Manager: None.

Ethnicity: White British.

Lord Jonathan Kestenbaum

Director since 2023.

Last appointed to the Board: N/A.

Over two decades of private and public markets investing experience across asset classes. He is currently a non-executive Director of Windmill Hill Asset Management, and an adviser to a range of interests associated with the Rothschild family.

Until 2022, he was the Chief Operating Officer at RIT Capital Partners, the publicly quoted investment trust. In this capacity he served on the Executive Committee of RIT's investment manager, J Rothschild Capital Management. Prior to this, he served as Chief Executive of Five Arrows Limited the private investment vehicle controlled by Lord Rothschild. During that time, he was also a non-executive Director on the Board of Pershing Square Holdings plc. Lord Kestenbaum was previously Chief Executive of NESTA (the National Endowment for Science, Technology and the Arts).

He was born and spent his early childhood in Japan and has therefore taken an active interest in the country, its companies and markets throughout his professional career.

Shared directorships with other Directors: None.

Shareholding in Company: None.

Connections with Manager: None.

Ethnicity: White British.

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.

Directors' Report

The Directors present their Annual Report & Financial Statements for the year ended 30th September 2023.

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. The Board undertook a visit in October 2022, following the re-opening of the country and re-visited in March 2023. 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 97 and 98.

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 except Lord Jonathan Kestenbaum, appointed on 1st October 2023, are detailed on pages 47 an 48. Details of their beneficial shareholdings may be found on page 55 in the Directors' Remuneration Report.

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. Christopher Samuel will retire at the forthcoming Annual General Meeting and therefore not stand for reappointment. As per the Company's Articles of Association, Lord Jonathan Kestenbaum will stand for appointment as a Director for the first time since being appointed by the Board in October 2023. The Nomination Committee, having considered the Directors' qualifications, performance, contribution and time commitment to fulfill their duties as Directors to the Company, 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 57 and 58.

Directors' Report

Director Indemnification and Insurance

As permitted by the Company's Articles of Association, each Director has the benefit of an indemnity that 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 that 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

As announced previously, the Board underwent a formal audit tender process in 2022, as a result of which Ernst & Young LLP ('E&Y') was appointed as Auditor to the Company with effect from 12th January 2023 . E&Y have expressed their willingness to continue in office as the Auditor and a resolution to re-appoint them and authorise the Directors to determine their remuneration for the ensuing year will be proposed at the forthcoming 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.

Total Return, Revenue and Dividends

Gross return for the year amounted to £61.4 million (2022: loss return £395.2 million) due to the rise in unrealised gains on investments as a result of market movements. The net return after deducting the management fee, other administrative expenses, finance costs and taxation, amounted to £52.8 million (2022: Net loss £404.1 million). Distributable income for the year amounted to £11.4 million (2022: £11.7 million).

The Directors have declared a final dividend of 6.5p (2022: 6.2p) per share. This dividend amounts to £9,804 million (2022: £9.5 million) and the revenue reserve after allowing for the dividend will amount to £10.6 million (2022: £9.0 million). The dividend will be subject to shareholder approval at the forthcoming Annual General Meeting.

Capital Structure and Voting Rights

The Directors have authority on behalf of the Company to repurchase shares in the market either for cancellation or into Treasury and to sell Treasury shares or issue new Ordinary shares for cash.

During the financial year, the Company repurchased 4,904,366 shares, into Treasury, for a total consideration of £35.0 million. Since the year end, the Company has repurchased 4,552,232 shares, into Treasury, for a total consideration of £32 million.

No shares were issued during the year or since the year end.

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 that 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.

As at 30th September 2023, the Company's issued share capital comprised 161,248,078 Ordinary shares of 25p each, of which 10,415,989 were held in Treasury.

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 104.

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	% voting rights
Allspring Global Investments Holdings, LLC	17,954,431	11.97
Lazard Asset Management LLC	16,728,159	10.99
City of London Investment Management Company Limited	15,058,190	10.05

Since the year-end, the following interests have been notified to the Company as required under the Disclosure, Guidance and Transparency Rules.

Shareholder	Ordinary Shares	%
Rathbones Investment Management Ltd	19,362,092	12.98

The disclosures relating to Risk Management and Internal Controls of the Company have been explained on page 60 of this Report.

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 101 to 104.

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

The Directors will seek renewal of the authority at the Annual General Meeting to issue new ordinary shares for cash up to an aggregate nominal amount of £3,726,052 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 2025 unless renewed at a prior general meeting.

Resolution 14 will enable the allotment of shares otherwise than by way of a pro rata issue to existing shareholders. It is advantageous for the Company to be able to issue new shares (or to sell Treasury shares) to investors when the Directors consider that it is in the best interests of shareholders to do so. Any such issues would only be made at prices greater than the net asset value ('NAV'), thereby increasing the NAV per share and spreading the Company's administrative expenses, other than the management fee that 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 that would effectively alter the control of the Company without the prior approval of shareholders in general meeting.

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

The authority to repurchase up to 14.99% of the Company's issued share capital, granted by shareholders at the 2023 Annual General Meeting, will expire on 12th July 2024, unless renewed prior to that time. The Directors consider that the renewal of the authority at the forthcoming Annual General Meeting is in the interests of shareholders as a whole, as the repurchase of shares at a discount to their underlying NAV enhances the NAV of the remaining shares.

Resolution 15 gives the Company authority to repurchase its own issued shares in the market as permitted by the Companies Act 2006. The authority limits the number of shares that could be purchased to a maximum of 22,341,409 shares, representing approximately 14.99% of the Company's issued shares as at the latest practicable date prior to the publication of this document or, if different, the number of ordinary shares which is equal to 14.99% of the Company's issued share capital (excluding Treasury shares) as at the date of the passing of the resolution. The authority also sets minimum and maximum prices.

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

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

Directors' Report

(iii) Authority to hold general meetings (Resolution 16)

Proposed as a special resolution, the Directors seek shareholder approval to call a general meeting, other than an Annual General Meeting, on no less than 14 clear days' notice. The Company will only use the shorter notice period where it is merited by the purpose of the meeting.

(iv) Approval to amend the Articles of Association of the Company (Resolution 17)

The Directors seek approval to amend the Articles of Association of the Company to increase the aggregate annual director remuneration cap to £300,000. The proposed increase is consistent with market practice and for similar companies of this size.

Recommendation

The Board considers that resolutions 1 to 17 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 65,860 shares representing approximately 0.4% of the voting rights of the Company. 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. Sally Macdonald, the Senior Independent Director, leads the evaluation of the performance of the Chairman and is available to shareholders if they have concerns that cannot be resolved through discussion with the Chairman.

By order of the Board
Priyanka Vijay Anand, for and on behalf of
JPMorgan Funds Limited,
Company Secretary

5th December 2023

Directors' Remuneration Report

The Board presents the Directors' Remuneration Report for the year ended 30th September 2023 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 67 to 73.

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, the Senior Independent Director 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.

The Remuneration Committee, comprising all Directors, reviews the fees on a regular basis and makes recommendations to the Board as and when appropriate. 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 that 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 £49,500; Chairman of the Audit Committee £40,500; and other Directors £34,000. The role of the Senior Independent Director was paid at £35,000.

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 2023, Director's fees have been paid at the following rates: Chairman £51,500; Chairman of the Audit Committee £42,250 and other Directors £35,500. It was agreed that the role of Senior Independent Director would be paid £36,500. No additional fees would be paid for the role of Chairman of the Remuneration Committee. These increases are below the rate of inflation in the UK.

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 Board is seeking approval from shareholders at the forthcoming Annual General Meeting to increase the Directors' aggregate annual remuneration cap of £250,000, as outlined in the Company's Articles of Association (the 'Articles'), to £300,000. The proposed increase is consistent with market practice and for similar companies of this size.

The Company has not sought individual shareholder views on its remuneration policy. However, the 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 58.

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 remuneration policy compared with the year ended 30th September 2022. It is being proposed at the forthcoming Annual General Meeting that the Directors' aggregate annual remuneration cap be increased to £300,000. No further material changes to the Remuneration Policy are being proposed for the year ending 30th September 2024.

At the Annual General Meeting held on 12th January 2023, of votes cast in respect of the Remuneration Policy and Remuneration Report, 99.93%, were in favour (or granted discretion to the Chairman who voted in favour) and less than 0.07% 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.

Directors' Remuneration Report

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	2023 Fees £	2023 Taxable expenses[3] £	2023 Total £	2022 Fees £	2022 Taxable expenses[3] £	2022 Total £
Christopher Samuel	49,500	254	49,754	47,500	333	47,833
Stephen Cohen	40,500	877	41,377	38,500	283	38,783
Sir Stephen Gomersall[4]	9,917	—	9,917	32,500	—	32,500
Anna Dingley[5]	34,000	—	34,000	23,292	458	23,750
Sally Macdonald	34,719	570	35,289	32,500	664	33,164
George Olcott	34,000	—	34,000	32,500	—	32,500
Sally Duckworth[6]	31,228	—	31,228	—	—	—
Total	**233,864**	**1,701**	**235,565**	**206,792**	**1,738**	**208,530**

[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] Retired 12th January 2023
[5] Appointed 13th January 2022.
[6] Appointed on 31st October 2022.

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 2023	2022	2021	2020
Stephen Cohen	6.7%	10.1%	7.7%	6.1%
Sir Stephen Gomersall[1]	n/a%	8.3%	7.1%	3.7%
George Olcott	4.6%	8.3%	7.1%	3.7%
Sally Macdonald[4]	6.4%	10.5%	7.1%	3.7%
Christopher Samuel	4.0%	8.7%	7.3%	7.0%
Anna Dingley[2]	n/a	n/a	n/a	n/a
Sally Duckworth[3]	n/a	n/a	n/a	n/a

[1] Retired 12th January 2023.
[2] Appointed 12th January 2023.
[3] Appointed 12th January 2023.
[4] Sally Macdonald was appointed as the Senior Independent Director in January 2023, which attracts an additional fee of £1,000.

Remuneration for the Chairman over the five years ended 30th September 2023[1]

Year ended 30th September	Fees	Performance related benefits received as a percentage of maximum payable[1]
2023	£49,500	n/a
2022	£47,500	n/a
2021	£44,000	n/a
2020	£41,000	n/a
2019	£40,000	n/a

[1] Unaudited information.

Directors’ Shareholdings[4]

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.

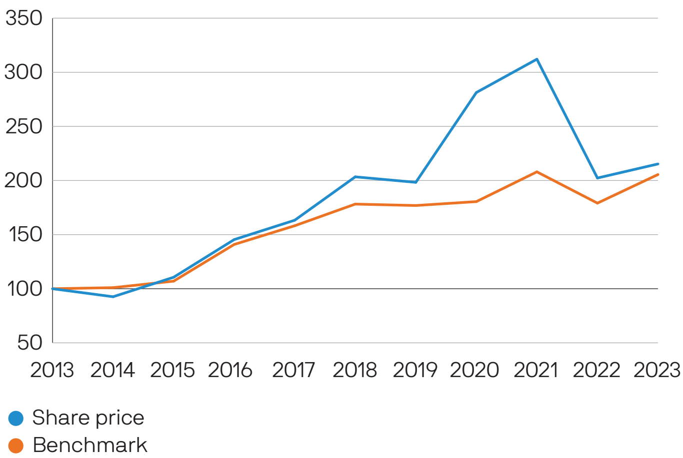
	30th September 2023	30th September 2022
Christopher Samuel	33,515	33,106
Stephen Cohen	15,000	15,000
Sir Stephen Gomersall[1]	NA	NA
George Olcott	8,367	8,265
Sally Macdonald	4,383	3,958
Anna Dingley	1,563	1,134
Sally Duckworth[2]	3,032	NA
Lord Jonathan Kestenbaum[3]	NA	NA

1 Retired from the Board on 12th January 2023.
2 Joined the Board on 31st October 2022.
3 Joined the Board on 1st October 2023.
4 Audited Information.

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 (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 2023 (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 2023	2022
Remuneration paid to all Directors	£236,077	£208,530
Distribution to shareholders by way of:		
— dividend	£9,546,000	£8,295,000
— share repurchases	£18,180,000	£11,802,000
Total distribution to shareholders	**£27,726,000**	**£20,097,000**

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

5th December 2023

Corporate Governance Statement

Compliance

During the year, the Company was subject to UK legislation and regulations including UK company law, UK Financial Reporting Standards, the UK Listing, Prospectus, Disclosure Guidance and Transparency Rules, the Market Abuse Regulation, taxation law and the Company's own Articles of Association. Since January 2021, new autonomous UK regulations have been effective and the UK no longer applies EU regulations. The Company's underlying investments are also subject to some US and other worldwide regulations.

The Company is an investment company within the meaning of Section 833 of the Companies Act 2006 and has been approved by HM Revenue & Customs as an investment trust (for the purposes of Sections 1158 and 1159 of the Corporation Tax Act 2010). As a result the Company is not liable for taxation on capital gains. The Directors have no reason to believe that approval will not continue to be retained. The Company is not a close company for taxation purposes.

By virtue of the Company's premium listing on the London Stock Exchange, the Board is required to report on how the principles of the 2018 UK Corporate Governance Code (the 'UK Code') have been applied. The 2019 AIC Code of Corporate Governance (the 'AIC Code') addresses the principles and provisions of the UK Code as well as additional provisions of specific relevance to investment companies, and has been endorsed by the Financial Reporting Council.

This enables investment company boards to report against the AIC Code and still meet their obligations under the UK Code and associated disclosure requirements under paragraph 9.8.6 of the Listing Rules. The Board has chosen to report under the AIC Code, as it considers reporting against the AIC Code provides more relevant information to the Company's shareholders about its governance arrangements. The Board has fully adopted the recommendations of the 2019 AIC Code.

Copies of the UK Code and the AIC Code may be found on the respective organisation's websites: www.frc.org.uk and www.theaic.co.uk.

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 in addition to Audit Committee, Remuneration Committee, Nomination Committee and Management Engagement Committee meetings. Additional ad-hoc meetings are also held during the year, 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. Further information on meetings and committees can be found on page 59.

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

As at the date of this Annual Report, the Board consists of seven non-executive Directors and is chaired by Christopher Samuel. During the year, the Chairman stepped down from his role as Chair of Quilter Financial Planning Limited and also from his role as a Director of UIL Finance. There have been no other changes to the Chairman's other significant commitments during the year under review. All current Directors are regarded by the Board as independent, including the Chairman. The Directors have a breadth of investment knowledge, business and financial skills and experience relevant to the Company's business and brief biographical details of each Director are set out on pages 47 and 48. The Board plans to refresh the Board in an orderly manner over time as part of its succession planning as detailed in the Chairman's Statement on page 10 and on page 40. 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.

Senior Independent Director

Sally Macdonald holds the role of Senior Independent Director and as such, provides a channel for any shareholder concerns that cannot be resolved through discussion with the Chairman. She also leads the annual evaluation of the performance of the Chairman.

The role and responsibilities of the Senior Independent Director are clearly defined and set out in writing.

Board Diversity

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 and an assessment is made of the qualities and skills of the existing Board before appointing new directors. Following completion of a review of the skills and experience of Directors, the Board feels that they are equipped with the necessary attributes required for the sound stewardship of the Company and that their knowledge sets allow for lively and engaging debates. Full details of the skills and experience of the Directors can be found on pages 47 and 48.

At 30th September 2023, there were three male Directors and three female Directors on the Board, which exceeds the target of 33% of women on FTSE 350 company boards set under The Hampton-Alexander Review.

The recent changes to the FCA's Listing Rules which set new diversity targets and associated disclosure requirements for UK companies listed on the premium and standard segment of the London Stock Exchange. Listing Rule 9.8.6R (9) requires listed companies to include a statement in their annual reports and accounts in respect of certain targets on board diversity, or if those new targets have not been met to disclose the reasons for this. This new requirement applies to accounting periods commencing on or after 1st April 2022 and therefore the Company has included the table below to report against these diversity targets.

The table below shows the information as at 30th September 2023:

Gender	Number of Board members	Percentage of Board	Number of senior positions on the Board	Number in executive management	Percentage of executive management
Men	3	50	2[2]	NA	NA
Women	3	50	1[3]	NA	NA
Other Categories	0	0	0	NA	NA
Not specified/prefer not to say	NA	NA	NA	NA	NA
Ethnicity[1]					
White British (or any other white background)	5	83.3	3	NA	NA
Asian or Asian British	1[4]	16.6	0	NA	NA

[1] Categorisation of ethnicity is stated in accordance with the Office of National Statistics classification.
[2] Christopher Samuel in his capacity as the Chairman and Stephen Cohen as the Audit Committee Chairman.
[3] Sally Macdonald in her role as the Senior Independent Director.
[4] George Olcott is Asian British.

The information in the above table was provided by individual Directors in response to a request from the Company. The Company is pleased to report that it meets FCA's target on all the three categories below:

- at least 40% of the board should be women.
- at least one senior board position (Chair, CEO, CFO or Senior Independent Director) held by a woman.
- at least one member of the board should be from an ethnic minority background, excluding white ethnic groups (using ONS categories).

Reappointment of Directors

The Directors of the Company and their brief biographical details are set out on pages 47 and 48.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 Christopher Samuel, 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 seven years as a Director.

Stephen 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.

For details of his current directorships, please refer to pages 47 and 48 of the Report.

Resolution 6 concerns the reappointment of Anna Dingley. She joined the Board in January 2022.

Anna Dingley has lived and worked in Japan for 8 years and in America for 2 years over her 25 year career. Her experience spans technology, finance and government sectors, and she is a non-executive board member of the Tokyo listed company Nihon M&A Center. Anna is fluent in Japanese.

Corporate Governance Statement

For details of his current directorships, please refer to pages 47 and 48 of the Report.

Resolution 7 concerns the reappointment of Sally Duckworth. She joined the Board in October 2022.

With over 20-years experience of working in, investing in or advising companies, predominantly with a technology focus, Sally Duckworth is an established entrepreneur with a background in finance and investment.

Sally Duckworth qualified as a Chartered Accountant with PricewaterhouseCoopers LLP, working in the financial institutions audit group, before joining JPMorgan where she worked in M&A, debt capital markets and fixed income. Since then she has been an Investment Manager in early-stage technology venture capital, co-founded an angel network and has taken several C-suite roles in early stage and growth stage companies.

For details of her current directorships, please refer to pages 47 and 48 of the Report.

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

Sally Macdonald brings to the Board almost 38 years of experience in asset management, of which almost 31 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 and CISI.

For details of her current directorships, please refer to pages 47 and 48 of the Report.

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

George 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 26 years in Japan and speaks the language fluently. He has over 11 years of board experience of major listed Japanese firms.

For details of his current directorships, please refer to pages 47 and 48 of the Report.

Resolution 10 concerns the appointment of Lord Jonathan Kestenbaum. He joined the Board in October 2023.

He has over two decades of private and public markets investing experience across asset classes. He was born and spent his early childhood in Japan and has therefore taken an active interest in the country, its companies and markets throughout his professional career.

For details of his current directorships, please refer to page 47 and 48 of the Report.

The Board confirms that each of the Directors standing for appointment/reappointment at the forthcoming Annual General Meeting continue to contribute effectively; further confirms that all Directors have the time to fulfill their duties as Directors to the Company; and recommends that shareholders vote in favour of their appointment/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. As mentioned in the Chairman Statement, Stephen Cohen and George Olcott would, in the normal course, step down together from the Board after nine years in January 2025. However, the Board has decided, to avoid losing two experienced Directors in the same year, that Stephen Cohen will serve as Chairman for three years and will have been on the Board for ten years when he retires at the AGM in 2027.

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 2031.

Director	Appointment Date	2024 AGM	2025 AGM	2026 AGM	2027 AGM	2028 AGM	2029 AGM	2030 AGM	2031 AGM
Christopher Samuel	19/12/2014	9+ years	9+ years	9+ years	9+ years	9+ years	9+ years	9+ years	9+ years
George Olcott	20/12/2016	7-8 years	7-8 years	9+ years	9+ years	9+ years	9+ years	9+ years	9+ years
Stephen Cohen	20/12/2016	7-8 years	7-8 years	9+ years	9+ years	9+ years	9+ years	9+ years	9+ years
Sally Macdonald	13/12/2018	1-6 years	1-6 years	7-8 years	7-8 years	9+ years	9+ years	9+ years	9+ years
Anna Dingley	13/01/2022	1-6 years	1-6 years	1-6 years	1-6 years	1-6 years	7-8 years	7-8 years	9+ years
Sally Duckworth	31/10/2022	1-6 years	1-6 years	1-6 years	1-6 years	1-6 years	1-6 years	7-8 years	7-8 years
Lord Jonathan Kestenbaum	01/10/2023	1-6 years	1-6 years	1-6 years	1-6 years	1-6 years	1-6 years	1-6 years	7-8 years

Key – tenure
● 1-6 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 pages 47 and 48.

The table below details the number of formal Board and Committee meetings attended by each Director. During the year under review there were six scheduled Board meetings, in addition to two Audit Committee meetings, one meeting of the Management Engagement Committee, and one meeting of the Nomination and Remuneration Committees. These meetings were supplemented by additional ad hoc 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 Committee	Remuneration Committee
Christopher Samuel	7	2	1	1	1
Sir Stephen Gomersall[1]	3	—	—	—	—
George Olcott	7	2	1	1	1
Stephen Cohen	7	2	1	1	1
Sally Macdonald	7	2	1	1	1
Anna Dingley	7	2	1	1	1
Sally Duckworth	7	2	1	1	1
Lord Jonathan Kestenbaum[2]	NA	NA	NA	NA	NA

[1] Sir Stephen Gomersall retired from the Board on 12th January 2023.
[2] Lord Jonathan Kestenbaum joined the Board on 1st October 2023.

As well as the formal meetings detailed above, the Board meets and communicates frequently by email or video-conference to deal with day to day matters as they arise. During the year, the Directors also travelled to Japan to have meetings with the investment management team and senior management based in Tokyo.

Board Committees

The Nomination, Remuneration, Management Engagement, and Audit Committees 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 Annual General Meeting.

Nomination Committee

The Nomination Committee, 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 Board adopts a robust way in which it approves new appointments taken on by Directors. This ensures the Board remains confident that each Director has the time to discharge responsibilities to the Company and Directors avoid conflicts of interest.

Directors need sufficient time and energy in order to be effective representatives of shareholders' interests. Directors' responsibilities are increasingly complex as board and key committee memberships demand greater time commitments. The Board recognises that investors globally are increasingly keen to ensure that directors of companies have sufficient time to devote to their board roles, and concerns can be raised if a director has a significant number of directorships and therefore competing time pressures.

Although there is no stated limit in the UK Corporate Governance Code (the 'Code') for Board Chairmen or for other non-executive directors, the Code emphasises that "all directors should be able to allocate sufficient time to the company to discharge their responsibilities."

To this effect, before the appointment of a new Director and on a continuous basis for the existing Directors, the Nomination Committee reviews the directors' time commitments to ensure they have sufficient time to devote to the Company. While there is no formal overboarding policy for the Directors in place, the Board is well aware of the importance of this governance matter and believes it is best suited to make subjective decisions regarding the calibre and time commitment of individual directors.

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

Corporate Governance Statement

In line with corporate governance best practice the Board undertook an externally facilitated evaluation of the Board, its Committees and the Directors in the financial year. This exercise was conducted by an independent advisory firm, Board Level Partners. The evaluation included questionnaires being sent to each Director along with individual interviews with all the Board members, the Portfolio Managers and other key members of the Manager's service team. 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.

A review of Board composition and balance is included as part of the annual performance evaluation of the Board. This year, Sally Macdonald, our Senior Independent Director, led the evaluation of the performance of the Chairman.

Remuneration Committee

The Remuneration Committee, chaired by Christopher Samuel, consists of all Directors and meets at least annually. The Committee's remit is to review Directors' fees and make recommendations to the Board as and when appropriate in relation to the Company's remuneration policy and its implementation. The detailed report of the Remuneration Committee is set out on pages 53 to 55.

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 63 to 65.

Annual General Meeting ('AGM')

As mentioned in the Chairman's statement, the Company's Annual General Meeting will be held on Thursday, 11th January 2024 at 12.30 p.m. at 60 Victoria Embankment, London EC4Y 0JP. Apart from the formal business of the meeting, the shareholders will have the opportunity to hear from our portfolio managers, who will be presenting, followed by a question and answer session. Shareholders are invited to attend the meeting and raise any questions they have, either by asking questions at the meeting, or in advance by writing to the Company Secretary at the address on page 110, or via email to invtrusts.cosec@jpmorgan.com. As is normal practice, all voting on the resolutions will be conducted on a poll. The Board strongly encourages all shareholders to exercise their votes by completing and returning their proxy forms in accordance with the notes to the Notice of Meeting on pages 101 to 104.

Risk Management and Internal Control

The AIC 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 41 to 44.). 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 Manager's 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 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 that 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 2023 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.

Employees, Social, Community, Environment and Human Rights Issues

The Company has a management contract with JPMF. It has no employees and all of its Directors are non-executive, the day to day activities being carried out by third parties. There are therefore no disclosures to be made in respect of employees.

The Board notes JPMAM's global policy statements in respect of Social, Community and Environmental and Human Rights issues, as highlighted in italics:

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

JPMAM is also a signatory to the United Nations Principles of Responsible Investment, which commits participants to six principles, with the aim of incorporating ESG criteria into their processes when making stock selection decisions and promoting ESG disclosure. Our approach to how we implement the principles is set out in the Manager's Approach to ESG on pages 24 to 28.

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

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 24 to 28.

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 JPMAM's approach lies a close collaboration between our investment managers, research analysts and investment stewardship

Corporate Governance Statement

specialists to engage with the companies in which JPMAM invests. Regular engagement with JPMAM's investee companies through investment-led stewardship has been a vital component of JPMAM's 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 six 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;*
- *climate change; and*
- *natural capital and ecosystems.*

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, to which JPMAM is a signatory.

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/asset-management/institutional/about-us/investment-stewardship/

Greenhouse Gas Emissions

The Company itself has no premises, consumes no electricity, gas or diesel fuel and consequently does not have a measurable carbon footprint. As a low energy user under HMRC guidelines it is not required to disclose energy and carbon information. The Board notes the policy statements from the Investment Manager in respect of Social, Community and Environmental and Human Rights issues and Greenhouse Gas Emissions and that it is a signatory to the Carbon Disclosure Project. It further notes that JPMorgan Chase is a signatory to the Equator Principles on managing social and environmental risk in project finance.

The Board's policy is to offset the carbon emissions from any air travel it undertakes on Company business. The Manager arranges such travel for the Board, and has been offsetting 100% of air travel emissions from flights booked through its travel agency since 2008.

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. JPMorgan's statement on the MSA can be found on the following website: https://www.jpmorganchase.com/about/ourbusiness/human-rights

Criminal Corporate Offence

The Company maintains zero tolerance towards tax evasion. Shares in the Company are purchased through intermediaries or brokers, therefore no funds flow directly into the Company.

By order of the Board
Priyanka Vijay Anand, for and on behalf of JPMorgan Funds Limited,
Company Secretary

5th December 2023

Audit Committee Report

The Audit Committee consists of all Directors, and meets at least twice each year. The Chairman of the Company is a member of the Committee, which benefits from his valuable contributions drawing on his extensive knowledge and experience. This is permitted under the AIC Code as he was deemed to be independent on appointment to the Board. The members of the Audit Committee consider that at least one member has recent and relevant financial experience and that the Committee as a whole has competency relevant to the sector in which the Company operates.

The Committee reviews the actions and judgements of the Manager in relation to the Half Year and Annual Report & Financial Statements and the Company's compliance with the AIC Code. It examines the effectiveness of the Company's internal control systems, receives information from the Manager's compliance department and also reviews the scope and results of the external audit, its cost effectiveness and the independence and objectivity of the external Auditor.

It is also responsible for reporting any significant financial reporting issues to the Board and for providing review and challenge of key areas of judgement, including any assumptions used, in support of the going concern and Viability statements.

The Audit Committee has reviewed the independence and objectivity of the Auditor and is satisfied that the Auditor is independent. The Audit Committee also has the primary responsibility for making recommendations to the Board on the re-appointment and the removal of the external Auditor.

Financial Statements and Significant Accounting Matters

During its review of the Company's financial statements for the year ended 30th September 2023, the Audit Committee considered the following significant issues, including those communicated by the Auditor during its 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 79. 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 79. 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.
Going Concern/Long Term Viability	The Committee has also reviewed the appropriateness of the adoption of the Going Concern basis in preparing the accounts. The Committee recommended that the adoption of the Going Concern basis is appropriate (see Going Concern statement below). The Committee also assessed the Long Term Viability of the Company as detailed on page 45 and recommended to the Board its expectation that the Company would remain in operation for the five year period of the assessment.

Going Concern

In accordance with The Financial Reporting Council's guidance on going concern and liquidity risk, 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 Russian invasion of Ukraine, the persistent inflationary environment, rising interest rates and other geopolitical risks, and 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 45. Gearing levels and compliance with borrowing covenants are reviewed by the Board on a regular basis.

Furthermore, the Company's key third party suppliers, including its Manager are not experiencing any operational difficulties which would adversely affect their services to the Company.

Audit Committee Report

Accordingly, the Annual Report & 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 to 31st January 2025, being at least 12 months from approving this annual report and financial statements.

The Company's longer-term viability is considered in the Viability Statement on page 45.

Auditors 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 2022, as a result of which Ernst & Young LLP was appointed in place of PricewaterhouseCoopers LLP. This is the Audit Partner's (Caroline Mercer) first of a five year maximum term. In accordance with requirements relating to the appointment of auditors, the Company will conduct a competitive audit tender no later than in respect of the financial year ending 30th September 2032. FRC's Ethical standards generally require the rotation of the lead audit partner every five years for a listed company.

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 82.

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.

Communication with the Financial Reporting Council

During the year, the Company received formal feedback from the Financial Reporting Council ('FRC') in respect of disclosures of the explanation on the change in basis of the allocation of management expenses and finance costs; and the explanation of an Alternative Performance Measures (APMs) in the Company's Annual Financial Report for the year to 30th September 2022. The Board has discussed and reviewed the proposed changes and as a result of this, the Company has undertaken to enhance future explanations of changes in the allocation of management expenses and finance costs; and disclosures of APMs, where appropriate.

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 2023, 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 65.

Stephen Cohen
Chairman of the Audit Committee

5th December 2023

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 Annual Report & 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 Annual Report & 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 Annual Report & 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 pages 47 and 48, 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

5th December 2023

Independent Auditors' Report

Independent auditors' report to the members of JPMorgan Japanese Investment Trust plc

Opinion

We have audited the financial statements of JPMorgan Japanese Investment Trust plc ('the Company') for the year ended 30th September 2023 which comprise the Statement of comprehensive income, the Statement of changes in equity, the Statement of financial position, the Statement of cash flows and the related notes 1 to 23, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards including FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the Company's affairs as at 30th September 2023 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's 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 are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard as applied to public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

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. Our evaluation of the Directors' assessment of the Company's ability to continue to adopt the going concern basis of accounting included:

- Confirmation of our understanding of the Company's going concern assessment process and engaging with the Directors and the Company Secretary to determine if all key factors that we have become aware of during our audit were considered in their assessment.
- Inspection of the Directors' assessment of going concern, including the revenue forecast, for the period to 31st January 2025 which is at least 12 months from the date the financial statements are authorised for issue. In preparing the revenue forecast, the Company has concluded that it is able to continue to meet its ongoing costs as they fall due.
- Review of the factors and assumptions, including the impact of the current economic environment, as applied to the revenue forecast and the liquidity assessment of the investments. We considered the appropriateness of the methods used to calculate the revenue forecast and the liquidity assessment and determined, through testing of the methodology and calculations, that the methods, inputs and assumptions utilised were appropriate to be able to make an assessment for the Company.
- Assessment of the risk of breaching the debt covenants as a result of a reduction in the value of the Company's portfolio. We reviewed the Company's compliance with debt covenants, validated the inputs used to the underlying information and we reviewed reverse stress testing in order to identify what factors would lead to the Company breaching the financial covenants.
- Consideration of the mitigating factors included in the revenue forecasts and covenant calculations that are within the control of the Company. We reviewed the Company's assessment of the liquidity of investments held and evaluated the Company's ability to sell those investments in order to cover working capital requirements should revenue decline significantly.
- Review of the Company's going concern disclosures included in the annual report in order to assess that the disclosures were appropriate and in conformity with the reporting standards.

Independent Auditors' Report

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 to 31st January 2025 which is at least 12 months from when the financial statements are authorised for issue.

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

Overview of our audit approach

Key audit matters	• Risk of incomplete or inaccurate revenue recognition, including the classification of special dividends as revenue or capital items in the Statement of Comprehensive Income. • Risk of incorrect valuation or ownership of the investment portfolio.
Materiality	• Overall materiality of £7.55 million which represents 1% of shareholders' funds.

An overview of the scope of our audit

Tailoring the scope

Our assessment of audit risk, our evaluation of materiality and our allocation of performance materiality determine our audit scope for the Company. This enables us to form an opinion on the financial statements. We take into account size, risk profile, the organisation of the Company and effectiveness of controls, the potential impact of climate change and changes in the business environment when assessing the level of work to be performed. All audit work was performed directly by the audit engagement team.

Climate change

There has been increasing interest from stakeholders as to how climate change will impact companies. The Company has assessed the impact climate change could have on its investments. This is explained on page 43 in the principal risks and emerging risks which form part of the 'Other Information' rather than the audited financial statements. Our procedures on these unaudited disclosures therefore consisted solely of considering whether they are materially inconsistent with the financial statements, or our knowledge obtained in the course of the audit or otherwise appear to be materially misstated.

Our audit effort in considering climate change was focused on the adequacy of the Company's disclosures in the financial statements as set out in note 1a and conclusion that there was no further impact of climate change to be taken into account as the investments are valued based on market pricing as required by FRS102. We also challenged the Directors' considerations of climate change in their assessment of viability and associated disclosures.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our 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) that we identified. These matters included 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 were addressed in the context of our audit of the financial statements as a whole, and in our opinion thereon, and we do not provide a separate opinion on these matters.

Independent Auditors' Report

Risk	Our response to the risk	Key observations communicated to the Audit Committee
Risk of incomplete or inaccurate revenue recognition, including the classification of special dividends as revenue or capital items in the Statement of comprehensive income *Refer to the Audit Committee Report (pages 63 and 64); Accounting policies (pages 79 to 81);* The total revenue for the year to 30th September 2023 was £14.71 million (2022: £14.70 million), consisting primarily of dividend income from listed equity investments. The Company received four special dividends amounting to £0.14 million (2022: nil) all classified as capital. The investment income receivable by the Company during the year directly affects the Company's revenue return. There is a risk of incomplete or inaccurate recognition of revenue through the failure to recognise proper income entitlements or to apply an appropriate accounting treatment. In addition, the Directors are required to exercise judgment in determining whether income receivable in the form of special dividends should be classified as 'revenue' or 'capital' in the Statement of Comprehensive Income.	We performed the following procedures: We obtained an understanding of the Administrator's process and controls surrounding revenue recognition, including the classification of special dividends, by performing walkthrough procedures. For all dividends received and accrued, we recalculated the dividend income by multiplying the investment holdings at the ex-dividend date, traced from the accounting records, by the dividend per share, which was agreed to an independent data vendor. We also agreed all exchange rates to an external source. In addition, for a sample of dividends received we agreed the amounts to bank statements. To test completeness of recorded income, we tested that expected dividends for each investee company held during the year had been recorded as income with reference to an external source. For all dividends accrued at the year end, we reviewed the investee company announcements to assess whether the entitlement arose prior to 30th September 2023 and agreed the subsequent cash receipts to post-year end bank statements. For all investments held during the year, we reviewed the type of dividends paid with reference to an external data source to identify those which were special dividends. We confirmed that four special dividends, amounting to £0.14 million, were received during the year. Out of four special dividends received, we tested two special dividends by recalculating the amount received and assessing the appropriateness of classification as capital by reviewing the underlying circumstances of the special dividends received.	The results of our procedures identified no material misstatements in relation to the risk of incomplete or inaccurate revenue recognition, including classification of special dividends as revenue or capital items in the Statement of Comprehensive Income.

Independent Auditors' Report

Risk	Our response to the risk	Key observations communicated to the Audit Committee
Risk of incorrect valuation or ownership of the investment portfolio *Refer to the Audit Committee's Report (pages 63 and 64) ; Accounting policies (pages 79 to 81).* The valuation of the investment portfolio at 30th September 2023 was £859.29 million (2022: £815.79 million) consisting of listed equities. The valuation of investments held in the investment portfolio is the key driver of the Company's net asset value and total return. Incorrect investment pricing, or failure to maintain proper legal title of the investments held by the Company, could have a significant impact on the portfolio valuation and the return generated for shareholders. The fair value of listed investments is determined using quoted bid prices in active markets.	We have performed the following procedures: We obtained an understanding of the Administrator's processes and controls surrounding investment valuation and legal title by performing walkthrough procedures. For all listed investments, we compared the market prices and exchange rates applied to an independent pricing vendor and recalculated the investment valuations as at the year end. We reviewed the stale pricing reports produced by the Administrator to identify prices that have not changed within one business day and verified whether the listed price is a valid fair value. We did not identify any investments with stale pricing. We compared the Company's investment holdings at 30th September 2023 to independent confirmations received directly from the Company's Custodian and Depositary.	The results of our procedures identified no material misstatements in relation to the risk of incorrect valuation or ownership of the investment portfolio.

In the prior year, our predecessors' Audit Report also included key audit matters in relation to valuation and existence of investments and income from investments.

Our application of materiality

We apply the concept of materiality in planning and performing the audit, in evaluating the effect of identified misstatements on the audit and in forming our audit opinion.

Materiality

The magnitude of an omission or misstatement that, individually or in the aggregate, could reasonably be expected to influence the economic decisions of the users of the financial statements. Materiality provides a basis for determining the nature and extent of our audit procedures.

We determined materiality for the Company to be £7.55 million, which is 1% of shareholders' funds. We believe that shareholders' funds provides us with materiality aligned to the key measure of the Company's performance.

In the prior year, the predecessor Auditor determined materiality for the Company to be £7.30 million, which was 1% of net assets.

Performance materiality

The application of materiality at the individual account or balance level. It is set at an amount to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds materiality.

On the basis of our risk assessments, together with our assessment of the Company's overall control environment, our judgement was that performance materiality was 50% of our planning materiality, namely £3.78 million. We have set performance materiality at this percentage due to 30th September 2023 being our first year as auditors of the Company.

Independent Auditors' Report

Given the importance of the distinction between revenue and capital for Investment Trusts, we also applied a separate testing threshold for the revenue column of the Statement of comprehensive income of £0.64 million, being 5% of the net revenue return before taxation.

Reporting threshold

An amount below which identified misstatements are considered as being clearly trivial.

We agreed with the Audit Committee that we would report to them all uncorrected audit differences in excess of £0.38 million, which is set at 5% of planning materiality, as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds.

We evaluate any uncorrected misstatements against both the quantitative measures of materiality discussed above and in light of other relevant qualitative considerations in forming our opinion.

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The Directors are responsible for the other information contained within the annual report.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon.

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 course of the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion the part of the Directors' remuneration report to be audited has been properly prepared in accordance with the Companies Act 2006.

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and Directors' reports have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or Directors' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; 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; or
- certain disclosures of Directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Independent Auditors' Report

Corporate Governance Statement

We have reviewed the Directors' statement 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 by the Listing Rules.

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 or our knowledge obtained during the audit:

- Directors' statement with regards to the appropriateness of adopting the going concern basis of accounting and any material uncertainties identified set out on pages 63 and 64;
- Directors' explanation as to its assessment of the Company's prospects, the period this assessment covers and why the period is appropriate set out on page 45;
- Director's statement on whether it has a reasonable expectation that the Company will be able to continue in operation and meets its liabilities set out on pages 63 and 64;
- Directors' statement on fair, balanced and understandable set out on page 64;
- Board's confirmation that it has carried out a robust assessment of the emerging and principal risks set out on page 41;
- The section of the annual report that describes the review of effectiveness of risk management and internal control systems set out on page 60; and
- The section describing the work of the audit committee set out on page 63.

Responsibilities of Directors

As explained more fully in the Directors' responsibilities statement set out on page 65, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Directors 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.

Auditor's 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 auditor's 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.

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud

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

However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the Company and management.

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the Company and determined that the most significant are FRS 102, the Companies Act 2006, the Listing Rules, UK Corporate Governance Code, the Association of Investment Companies' Code and Statement of Recommended Practice, Section 1158 of the Corporation Tax Act 2010 and The Companies (Miscellaneous Reporting) Regulations 2018.
- We understood how the Company is complying with those frameworks through discussions with the Audit Committee and Company Secretary, review of board minutes and papers provided to the Audit Committee.

Independent Auditors' Report

- We assessed the susceptibility of the Company's financial statements to material misstatement, including how fraud might occur by considering the key risks impacting the financial statements. We identified a fraud risk with respect to incomplete or inaccurate revenue recognition through incorrect classification of special dividends as revenue or capital item in the Statement of comprehensive income. Further discussion of our approach is set out in the key audit matter above.
- Based on this understanding we designed our audit procedures to identify non-compliance with such laws and regulations. Our procedures involved review of the Company Secretary's reporting to the Directors with respect to the application of the documented policies and procedures and review of the financial statements to ensure compliance with the reporting requirements of the Company.

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

Other matters we are required to address

- Following the recommendation from the Audit Committee, we were appointed by the Company on 12th January 2023 to audit the financial statements for the year ending 30th September 2023 and subsequent financial periods.

  The period of total uninterrupted engagement including previous renewals and reappointments is one year, covering the year ending 30th September 2023.
- The audit opinion is consistent with the additional report to the Audit Committee.

Use of our report

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Caroline Mercer (Senior statutory auditor)
for and on behalf of Ernst & Young LLP
Statutory Auditor
Edinburgh

5th December 2023

Statement of Comprehensive Income

For the year ended 30th September 2023

	Notes	2023 Revenue £'000	2023 Capital £'000	2023 Total £'000	2022 Revenue £'000	2022 Capital £'000	2022 Total £'000
Gains/(losses) on investments held at fair value through profit or loss	3	—	33,592	33,592	—	(418,203)	(418,203)
Net foreign currency gains[1]		—	12,918	12,918	—	8,328	8,328
Income from investments	4	14,180	135	14,315	14,016	—	14,016
Other interest receivable and similar income	4	526	—	526	682	—	682
Gross return/(loss)		**14,706**	**46,645**	**61,351**	**14,698**	**(409,875)**	**(395,177)**
Management fee	5	(450)	(4,048)	(4,498)	(512)	(4,612)	(5,124)
Other administrative expenses	6	(1,276)	—	(1,276)	(959)	—	(959)
Net return/(loss) before finance costs and taxation		**12,980**	**42,597**	**55,577**	**13,227**	**(414,487)**	**(401,260)**
Finance costs	7	(134)	(1,202)	(1,336)	(141)	(1,272)	(1,413)
Net return/(loss) before taxation		**12,846**	**41,395**	**54,241**	**13,086**	**(415,759)**	**(402,673)**
Taxation	8	(1,418)	—	(1,418)	(1,400)	—	(1,400)
Net return/(loss) after taxation		**11,428**	**41,395**	**52,823**	**11,686**	**(415,759)**	**(404,073)**
Return/(loss) per share	9	**7.46p**	**27.03p**	**34.49p**	**7.48p**	**(266.28)p**	**(258.80)p**

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

The notes on page 79 to 95 form part of these financial statements.

Statement of Changes in Equity

	Called up share capital £'000	Capital redemption reserve[1] £'000	Other reserve[1] £'000	Capital reserve[1] £'000	Revenue reserve[1] £'000	Total £'000
At 30th September 2021	**40,312**	**8,650**	**166,791**	**923,650**	**15,141**	**1,154,544**
Repurchase of shares into Treasury	—	—	—	(11,802)	—	(11,802)
Net (loss)/return	—	—	—	(415,759)	11,686	(404,073)
Dividend paid in the year (note 10)	—	—	—	—	(8,295)	(8,295)
At 30th September 2022	**40,312**	**8,650**	**166,791**	**496,089**	**18,532**	**730,374**
Repurchase of shares into Treasury	—	—	—	(18,180)	—	(18,180)
Net return	—	—	—	41,395	11,428	52,823
Dividend paid in the year (note 10)	—	—	—	—	(9,546)	(9,546)
At 30th September 2023	**40,312**	**8,650**	**166,791**	**519,304**	**20,414**	**755,471**

[1] See footnote to note 16 on page 86.

The notes on pages 79 to 95 form an integral part of these financial statements.

Statement of Financial Position

At 30th September 2023

	Notes	2023 £'000	2022 £'000
Fixed assets			
Investments held at fair value through profit or loss	11	**859,289**	**815,789**
Current assets			
Debtors	12	12,967	7,161
Cash and cash equivalents		2,141	27,974
		15,108	**35,135**
Current liabilities			
Creditors: amounts falling due within one year	13	(47,867)	(9,619)
Net current (liabilities)/assets		**(32,759)**	**25,516**
Total assets less current liabilities		**826,530**	**841,305**
Creditors: amounts falling due after more than one year	14	(71,059)	(110,931)
Net assets		**755,471**	**730,374**
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	519,304	496,089
Revenue reserve	16	20,414	18,532
Total shareholders' funds		**755,471**	**730,374**
Net asset value per share	17	**500.9p**	**472.1p**

Included in the investments held at fair valuation through profit or loss are investments of £77,851,000 (2022: £167,908,000) that are on loan under securities lending arrangements.

The financial statements on pages 75 to 78 were approved and authorised for issue by the Directors on 5th December 2023 and were signed on their behalf by:

Christopher Samuel
Director

The notes on pages 79 to 95 form an integral part of these financial statements.

Company registration number: 223583.

Statement of Cash Flows

For the year ended 30th September 2023

	2023 £'000	2022[1] £'000
Cash flows from operating activities		
Net profit/(loss) before finance costs and taxation	55,577	(401,260)
Adjustment for:		
Net (gains)/losses on investments held at fair value through profit or loss	(33,592)	418,203
Net foreign currency gains	(12,918)	(8,328)
Dividend income	(14,315)	(14,016)
Interest income	(2)	—
Realised loss on foreign exchange transactions	(695)	(1,215)
Increase in accrued income and other debtors	—	(19)
Increase/(decrease) in accrued expenses	77	(29)
Net cash outflow from operations before dividends and interest	**(5,868)**	**(6,664)**
Dividends received	12,885	10,967
Interest received	2	—
Net cash inflow from operating activities	**7,019**	**4,303**
Purchases of investments	(190,000)	(176,268)
Sales of investments	183,372	242,438
Net cash (outflow)/inflow from investing activities	**(6,628)**	**66,170**
Dividends paid	(9,546)	(8,295)
Repurchase of shares into Treasury	(18,180)	(11,820)
Repayment of bank loan	(9,225)	(60,364)
Drawdown of bank loan	12,014	30,979
Interest paid	(1,287)	(1,390)
Net cash outflow from financing activities	**(26,224)**	**(50,890)**
(Decrease)/increase in cash and cash equivalents	**(25,833)**	**19,583**
Cash and cash equivalents at start of year	27,974	8,299
Exchange movements	—	92
Cash and cash equivalents at end of year	**2,141**	**27,974**
Cash and cash equivalents consist of:		
Cash and short term deposits	2,141	27,974
Total	**2,141**	**27,974**

[1] The presentation of the Cash Flow Statement, as permitted under FRS 102, has been changed so as to present the reconciliation of 'net return/(loss) before finance costs and taxation' to 'net cash inflow from operating activities' on the face of the Cash Flow Statement. Previously, this was shown by way of note. Interest paid has also been reclassified to financing activities, previously shown under operating activities, as this relates to the loans drawndown.

Statement of Cash Flows

Analysis of change in net debt

	As at 30th September 2022 £'000	Cash flows £'000	Other non-cash movements £'000	As at 30th September 2023 £'000
Cash and cash equivalents:				
Cash and cash equivalents	27,974	(25,833)	—	2,141
	27,974	(25,833)	—	2,141
Borrowings				
Debt due within one year	(40,228)	(2,789)	4,584	(38,433)
Debt due after one year	(79,986)	—	8,927	(71,059)
	(120,214)	(2,789)	13,511	(109,492)
Net debt	**(92,240)**	**(28,622)**	**13,511**	**(107,351)**

The notes on pages 79 to 95 form an integral part of these financial statements.

For the year ended 30th September 2023

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 July 2022.

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

The financial statements have been prepared on a going concern basis. The Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence up to 31st January 2025 which is at least 12 months from the date of approval of these Financial Statements. In making their assessment the Directors have reviewed income and expense projections, reviewed the liquidity of the investment portfolio and considered the Company's ability to meet liabilities as they fall due. In forming this opinion, the directors have considered direct and indirect impact of the ongoing conflict between Ukraine and Russia and more recently between Israel and Palestine 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 in light of disruption from pandemics. The disclosures on long term viability and going concern on pages 45 and 63 of the Directors' Report form part of these financial statements.

In preparing these financial statements the Directors have considered the impact of climate change risk as a principal and as an emerging risk as set out on page 43, and have concluded that there was no further impact of climate change to be taken into account as the investments are valued based on market pricing, which incorporates market participants view of climate risk.

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 classified 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 column at the time of acquisition. Subsequently the investments are valued at fair value, which are quoted bid prices for investments traded in active markets.

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 'Realised gains and losses'.

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.

Notes to the Financial Statements

1. Accounting policies (continued)

(e) Expenses

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

- The management fee is allocated 10% to revenue and 90% to capital column 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 84.

(f) Finance costs

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

Finance costs are allocated 10% to revenue and 90% to capital in line with the Board's expected long term split of revenue and capital return from the Company's investment portfolio.

(g) Cash and cash equivalents

Cash and cash equivalents may comprise cash balances as well as cash equivalents in the form of instruments which are readily convertible to a known amount of cash and are subject to an insignificant risk of change in value.

(h) Financial instruments

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.

(i) 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.

(j) 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.

(k) 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.

Notes to the Financial Statements

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.

(l) Dividend payable

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

(m) Repurchase of ordinary shares for cancellation

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

2. Significant accounting judgements, estimates and assumptions

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

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

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

	2023 £'000	2022 £'000
Realised (losses)/gains on sales of investments	(1,951)	22,077
Net change in unrealised gains and losses on investments	35,545	(440,275)
Other capital charges	(2)	(5)
Total gains/(losses) on investments held at fair value through profit or loss	**33,592**	**(418,203)**

4. Income

		2023			2022	
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Overseas dividends	14,180	—	14,180	14,016	—	14,016
Special dividends	—	135	135	—	—	—
	14,180	**135**	**14,315**	**14,016**	**—**	**14,016**
Other income						
Deposit interest	2	—	2	—	—	—
Stock lending	524	—	524	682	—	682
	526	**—**	**526**	**682**	**—**	**682**
Total income	**14,706**	**135**	**14,841**	**14,698**	**—**	**14,698**

5. Management fee

		2023			2022	
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Management fee	450	4,048	4,498	512	4,612	5,124

Details of the management fee are given in the Directors' Report on page 49.

Notes to the Financial Statements

6. Other administrative expenses

	2023 £'000	2022 £'000
Administrative expenses	892	589
Directors' fees[1]	234	209
Depositary fees	90	120
Auditors' remuneration for audit services	60	42
	1,276	**960**

[1] Full disclosure is given in the Directors' Remuneration Report on pages 53 to 55.

Auditors' remuneration for non-audit services amounted to £nil in 2023 (2022: £nil).

7. Finance costs

	2023			2022		
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Interest on bank loans and overdrafts	50	446	496	24	222	246
Senior secured loan notes interest	84	756	840	117	1,050	1,167
	134	**1,202**	**1,336**	**141**	**1,272**	**1,413**

8. Taxation

(a) Analysis of tax charge for the year

	2023			2022		
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Overseas withholding tax	1,418	—	1,418	1,400	—	1,400
Total tax charge for the year	**1,418**	**—**	**1,418**	**1,400**	**—**	**1,400**

(b) Factors affecting total tax charge for the year

The tax charge for the year is lower than (2022: lower) the Company's applicable rate of corporation tax of 22.01% (2022: 19%).

The factors affecting the total tax charge for the year are as follows:

	2023			2022		
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Net return/(loss) before taxation	12,846	41,395	54,241	13,086	(415,759)	(402,673)
Net return/(loss) before taxation multiplied by the Company's applicable rate of corporation tax of 22.01% (2022: 19%)	2,827	9,111	11,938	2,486	(78,994)	(76,508)
Effects of:						
Non taxable overseas dividends	(2,985)	—	(2,985)	(2,531)	—	(2,531)
Non taxable capital (gains)/losses	—	(10,267)	(10,267)	—	77,876	77,876
Overseas withholding tax	1,418	—	1,418	1,400	—	1,400
Unutilised expenses carried forward to future periods	171	1,156	1,327	58	1,118	1,176
Deferred tax relief expensed	(13)	—	(13)	(13)	—	(13)
Total tax charge for the year	**1,418**	**—**	**1,418**	**1,400**	**—**	**1,400**

(c) Deferred taxation

The Company has an unrecognised deferred tax asset of £19,073,000 (2022: £17,565,000) based on a prospective corporation tax rate of 25% (2022: 25%). 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/(loss) per share

	2023 £'000	2022 £'000
Revenue return	11,428	11,686
Capital return/(loss)	41,395	(415,759)
Total return/(loss)	**52,823**	**(404,073)**
Weighted average number of shares in issue during the year	153,121,747	156,138,247
Revenue return per share	7.46p	7.48p
Capital return/(loss) per share	27.03p	(266.28)p
Total return/(loss) per share	**34.49p**	**(258.80)p**

The total return per share represents both basic and diluted return per share as the Company has no dilutive shares.

10. Dividends

(a) Dividends paid and proposed

	2023 £'000	2022 £'000
Dividends paid		
2022 final dividend paid of 6.2p (2021: 5.3p) per share	9,546	8,295
Dividend proposed		
2023 final dividend proposed of 6.5p (2022: 6.2p) per share	9,804	9,546

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 2023 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 2024.

(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 £11,428,000 (2022: £11,686,000). The revenue reserve after payment of the final dividend will amount to £10,610,000.

	2023 £'000	2022 £'000
Final dividend proposed of 6.5p (2022: 6.2p) per share	9,804	9,546

Notes to the Financial Statements

11. Investments held at fair value through profit or loss

	2023 £'000	2022 £'000
Investments listed on a recognised stock exchange	859,289	815,789
Opening book cost	733,584	778,387
Opening investment holding gains	82,205	522,480
Opening valuation	815,789	1,300,867
Movements in the year:		
Purchases at cost	199,074	172,654
Sales proceeds	(189,168)	(239,534)
Gains/(losses) on investments	33,594	(418,198)
	859,289	815,789
Closing book cost	741,539	733,584
Closing investment holding gains	117,750	82,205
Total investments held at fair value through profit or loss	**859,289**	**815,789**

The Company received £189,168,000 (2022: £239,534,000) from investments sold in the year. The book cost of these investments when they were purchased was £191,119,000 (2022: £217,457,000). 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 £79,000 (2022: £70,000) and on sales during the year amounted to £67,000 (2022: £81,000). These costs comprise mainly brokerage commission.

12. Current assets

	2023 £'000	2022 £'000
Debtors		
Securities sold awaiting settlement	7,768	1,975
Dividends and interest receivable	5,115	5,102
Other debtors	84	84
	12,967	**7,161**

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

13. Current liabilities

	2023 £'000	2022 £'000
Creditors: amounts falling due within one year		
Bank loan (Mizuho Bank)	27,452	—
Bank Loan (ICBC Ltd)	10,981	—
Bank Loan (Scotiabank)	—	9,283
Securities purchased awaiting settlement	9,074	—
Other creditors and accruals	226	150
Bank loan interest payable	95	40
Senior secured loan notes interest payable	39	146
	47,867	**9,619**

During the year the Company had a ¥5 billion floating rate revolving credit facility with Mizuho Bank Ltd maturing on 4th April 2024, for ¥5.0 billion (2022: ¥5.0 billion). At 30th September 2023, the Company had drawn down ¥5.0 billion (£27.5 million) (2022: drawn down ¥5.0 billion (£30.9 million)) of this facility. This credit facility has a non utilisation fee of 0.236% for the period.

During the year the Company took out 3-year floating rate revolving credit facility with ICBC Limited maturing on 14th April 2026, for ¥10.0 billion. At 30th September 2023, the Company had drawn down ¥2.0 billion (£10.9 million) of this facility. This credit facility has a non utilisation fee of 0.60% for the period.

During the year the Company had a 3-year floating rate revolving credit facility with Scotiabank for ¥13.0 billion which was repaid in full on 2nd December 2022. At the prior year end the Company had drawn down ¥1.5 billion (£9.3 million) of this facility. This credit facility had a non utilisation fee of 0.225% for the period.

Under the facilities, the loans are typically drawn down for a period of three months and therefore are classified as amounts falling due in within one year. 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

	2023 £'000	2022 £'000
Bank loan (Mizuho Bank)	—	30,945
¥13 billion senior secured loan notes[1]	71,059	79,986
	71,059	**110,931**

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

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

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

15. Called up share capital

	2023		2022	
	Number of shares	£'000	Number of shares	£'000
Ordinary shares allotted and fully paid[1]:				
Opening balance of Ordinary shares of 25p each excluding shares held in Treasury	154,702,089	38,675	156,980,434	39,245
Repurchase of shares into Treasury	(3,870,000)	(968)	(2,278,345)	(570)
Subtotal of shares of 25p each excluding shares held in Treasury	**150,832,089**	**37,707**	**154,702,089**	**38,675**
Shares held in Treasury	10,415,989	2,605	6,545,989	1,637
Closing balance of shares of 25p each including shares held in Treasury	**161,248,078**	**40,312**	**161,248,078**	**40,312**

Further details of transactions in the Company's shares are given in the Strategic Report on page 50.

Notes to the Financial Statements

16. Capital and reserves

2023	Called up share capital £'000	Capital redemption reserve[1] £'000	Other reserve[1] £'000	Capital reserves: Realised gains and losses £'000	Capital reserves: Investment holding gains and losses £'000	Capital reserves: Gains and losses on foreign currency loans £'000	Capital reserves: Capital reserves total[1] £'000	Revenue reserve[1] £'000	Total £'000
Opening balance	**40,312**	**8,650**	**166,791**	**397,532**	**82,205**	**16,352**	**496,089**	**18,532**	**730,374**
Net foreign currency losses on cash and cash equivalents	—	—	—	(694)	—	—	(694)	—	(694)
Realised losses on sale of investments	—	—	—	(1,951)	—	—	(1,951)	—	(1,951)
Net change in unrealised gains and losses on investments	—	—	—	—	35,545	—	35,545	—	35,545
Unrealised exchange gains on foreign currency loan	—	—	—	—	—	15,134	15,134	—	15,134
Repurchase of shares into Treasury	—	—	—	(18,180)	—	—	(18,180)	—	(18,180)
Realised losses on repayment of loans	—	—	—	(1,522)	—	—	(1,522)	—	(1,522)
Transfer on loans repaid in year	—	—	—	1,580	—	(1,580)	—	—	—
Management fee and finance costs charged to capital	—	—	—	(5,250)	—	—	(5,250)	—	(5,250)
Other capital charges	—	—	—	(2)	—	—	(2)	—	(2)
Capital special dividend received	—	—	—	135	—	—	135	—	135
Dividend paid in the year	—	—	—	—	—	—	—	(9,546)	(9,546)
Retained revenue for the year	—	—	—	—	—	—	—	11,428	11,428
Closing balance	**40,312**	**8,650**	**166,791**	**371,648**	**117,750**	**29,906**	**519,304**	**20,414**	**755,471**

2022	Called up share capital £'000	Capital redemption reserve[1] £'000	Other reserve[1] £'000	Capital reserves: Realised gains and losses £'000	Capital reserves: Investment holding gains and losses £'000	Capital reserves: Gains and losses on foreign currency loans £'000	Capital reserves: Capital reserves total[1] £'000	Revenue reserve[1] £'000	Total £'000
Opening balance	**40,312**	**8,650**	**166,791**	**391,485**	**522,480**	**9,685**	**923,650**	**15,141**	**1,154,544**
Net foreign currency losses on cash and cash equivalents	—	—	—	(1,123)	—	—	(1,123)	—	(1,123)
Realised gains on sale of investments	—	—	—	22,077	—	—	22,077	—	22,077
Net change in unrealised gains and losses on investments	—	—	—	—	(440,275)	—	(440,275)	—	(440,275)
Unrealised exchange gains on foreign currency loan	—	—	—	—	—	12,324	12,324	—	12,324
Repurchase of shares into Treasury	—	—	—	(11,802)	—	—	(11,802)	—	(11,802)
Realised losses on repayment of loans	—	—	—	(2,873)	—	—	(2,873)	—	(2,873)
Transfer on loans repaid in year	—	—	—	5,657	—	(5,657)	—	—	—
Management fee and finance costs charged to capital	—	—	—	(5,884)	—	—	(5,884)	—	(5,884)
Other capital charges	—	—	—	(5)	—	—	(5)	—	(5)
Dividend paid in the year	—	—	—	—	—	—	—	(8,295)	(8,295)
Retained revenue for the year	—	—	—	—	—	—	—	11,686	11,686
Closing balance	**40,312**	**8,650**	**166,791**	**397,532**	**82,205**	**16,352**	**496,089**	**18,532**	**730,374**

[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 £15,134,000 (2022: £12,324,000) of Capital reserves arising on the exchange gain on the foreign currency loan is not distributable. The remaining amount of Capital reserves totalling £504,170,000 (2022: £483,765,000) 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 may not be entirely distributable if a loss occurred during the realisation of these investments.

The Revenue reserve is a distributable reserve of the Company and may be used to fund distribution to investors.

17. Net asset value per share

The net asset value per Ordinary share and the net asset value attributable to the Ordinary shares at the year end are shown below. These were calculated using 150,832,089 (2022: 154,702,089) Ordinary shares in issue at the year end (excluding Treasury shares).

	2023 Net asset value attributable £'000	2023 pence	2022 Net asset value attributable £'000	2022 pence
Net asset value - debt at par	755,471	500.9	730,374	472.1
Add: amortised cost of ¥13 billion senior secured loan notes	71,059	47.1	79,986	51.7
Less: Fair value of ¥13 billion senior secured loan notes	(65,128)	(43.2)	(78,278)	(50.6)
Net asset value - debt at fair value	**761,402**	**504.8**	**732,082**	**473.2**

18. Contingent liabilities and capital commitments

At the balance sheet date there were no contingent liabilities or capital commitments (2022: same).

Notes to the Financial Statements

19. Transactions with the Manager and related parties.

Details of the management contract are set out in the Directors' Report on page 49. The management fee payable to the Manager for the year was £4,498,000 (2022: £5,124,000) of which £nil (2022: £nil) was outstanding at the year end.

Included in administration expenses in note 6 on page 82 are safe custody fees amounting to £104,000 (2022: £74,000) payable to JPMorgan Chase Bank, N.A., of which £36,000 (2022: £nil) 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 (2022: £2,000) of which £nil (2022: £nil) was outstanding at the year end.

Handling charges on dealing transactions amounting to £2,000 (2022: £5,000) were payable to JPMorgan Chase Bank N.A. during the year of which £1,000 (2022: £2,000) was outstanding at the year end.

At the year end, total cash of £2,141,000 (2022: £27,974,000) was held with JPMorgan Chase. A net amount of interest of £2,000 (2022: £nil) was receivable by the Company during the year from JPMorgan Chase of which £nil (2022: £nil) was outstanding at the year end.

Stock lending income amounting to £524,000 (2022: £682,000) was receivable by the Company during the year. JPMAM commissions in respect of such transactions amounted to £58,000 (2022: £76,000).

Full details of Directors' remuneration and shareholdings can be found on pages 54 and 55 and in note 6 on page 82.

20. 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.

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

	2023		2022	
	Assets £'000	Liabilities £'000	Assets £'000	Liabilities £'000
Level 1	859,289	—	815,789	—
Total	**859,289**	**—**	**815,789**	**—**

There were no transfers between Level 1, 2 or 3 during the year (2022: same).

21. 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 21(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.

Notes to the Financial Statements

21. Financial instruments' exposure to risk and risk management policies (continued)

(a) Market risk (continued)

(i) Currency risk (continued)

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.

	2023			2022		
	Yen £'000	US Dollar £'000	Total £'000	Yen £'000	US Dollar £'000	Total £'000
Current assets	14,659	8	14,667	34,706	—	34,706
Creditors	(118,700)	—	(118,700)	(120,400)	—	(120,400)
Foreign currency exposure on net monetary items	(104,041)	8	(104,033)	(85,694)	—	(85,694)
Investments held at fair value through profit or loss	859,289	—	859,289	815,789	—	815,789
Total net foreign currency exposure	**755,248**	**8**	**755,256**	**730,095**	**—**	**730,095**

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

Foreign currency sensitivity

The following tables illustrate the sensitivity of return/(loss) after taxation for the year and net assets with regard to the Company's monetary financial assets and financial liabilities and exchange rates. The sensitivity analysis is based on the Company's monetary currency financial instruments held at each balance sheet date and the income receivable in foreign currency and assumes a 10% (2022: 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.

	2023		2022	
	If sterling strengthened by 10% £'000	If sterling weakened by 10% £'000	If sterling strengthened by 10% £'000	If sterling weakened by 10% £'000
Statement of Comprehensive Income – return/(loss) after taxation				
Revenue (loss)/return	(1,418)	1,418	(1,402)	1,402
Capital return/(loss)	10,403	(10,403)	8,569	(8,569)
Total return/(loss) after taxation	8,985	(8,985)	7,167	(7,167)
Net assets	**8,985**	**(8,985)**	**7,167**	**(7,167)**

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

(ii) Interest rate risk

Interest rate movements may affect the level of income receivable on cash deposits and the interest payable on the Company's variable rate cash borrowings. The Directors have sought to reduce interest rate risk by entering into long term fixed rate borrowing which accounted for 64.9% (2022: 66.5%) 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.

	2023 £'000	2022 £'000
Exposure to floating interest rates:		
Cash and cash equivalents	2,141	27,974
Floating rate bank loan	(38,433)	(40,228)
Total exposure	**(36,292)**	**(12,254)**

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 (2022: at a margin below or above SONIA (in respect of Sterling balances) and TONAR (in respect of Yen balances)).

Interest rate sensitivity

The following table illustrates the sensitivity of the return/(loss) after taxation for the year and net assets to a 1% (2022: 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.

	2023		2022	
	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 return/(loss)	(17)	17	240	(240)
Capital (loss)/return	(346)	346	(362)	362
Total (loss)/return after taxation for the year	(363)	363	(122)	122
Net assets	**(363)**	**363**	**(122)**	**122**

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.

Notes to the Financial Statements

21. Financial instruments' exposure to risk and risk management policies (continued)

(a) Market risk (continued)

(iii) Other price risk (continued)

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:

	2023 £'000	2022 £'000
Investments held at fair value through profit or loss	859,289	815,789

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 30 and 31. This shows that all investments are in Japanese listed equities. Accordingly, there is a concentration of exposure to that country. However, it should also be noted that an investment may not be entirely exposed to the economic conditions in its country of domicile or of listing.

Other price risk sensitivity

The following table illustrates the sensitivity of return/loss after taxation for the year and net assets to an increase or decrease of 20% (2022: 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.

	2023		2022	
	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 – return/(loss) after taxation				
Revenue return – (loss)/return	(75)	83	(75)	79
Capital return – return/(loss)	171,185	(171,108)	162,483	(162,446)
Total return/(loss) after taxation	171,110	(171,025)	162,408	(162,367)
Net assets	**171,110**	**(171,025)**	**162,408**	**(162,367)**

(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 45.

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 85.

Liquidity risk exposure

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

2023	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				
Bank loan – including interest	137	27,498	—	27,635
Other creditors and accruals	226	—	—	226
Securities purchased for future settlement	9,074	—	—	9,074
Creditors: amounts falling due after more than one year				
Senior secured loan notes – including interest	316	845	90,938	92,099
	9,753	**28,343**	**90,938**	**129,034**

2022	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				
Bank loan – including interest	9,365	—	—	9,365
Other creditors and accruals	150	—	—	150
Creditors: amounts falling due after more than one year				
Senior secured loan notes – including interest	397	770	124,378	125,545
	9,912	**770**	**124,378**	**135,060**

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

Notes to the Financial Statements

21. Financial instruments' exposure to risk and risk management policies (continued)

(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. 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.

Securities lending

The Company engages in securities lending through a securities lending agent, who also receives collateral on the Company's securities that are on loan thereby mitigating the risk of loss of the securities loaned.

The aggregate value of securities on loan at 30th September 2023 amounted to £77.9 million (2022: £167.9 million) and the maximum value of stock on loan during the year amounted to £173.5 million (2022: £235.1 million). Collateral is obtained by JPMorgan Asset Management and is called in on a daily basis to a value of 102% of the value of the securities on loan if that collateral is denominated in the same currency as the securities on loan and 105% if it is denominated in a different currency.

(d) Fair values of financial assets and financial liabilities

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

	Carrying value		Fair value	
	2023 £'m	2022 £'m	2023 £'m	2022 £'m
¥13 billion senior secured loan notes	71.1	80.0	65.1	78.3

22. Capital management policies and procedures

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

	2023 £'000	2022 £'000
Debt:		
Bank loans	38,433	40,228
Senior secured loan notes	71,059	79,986
	109,492	**120,214**
Equity:		
Called up share capital	40,312	40,312
Reserves	715,159	690,062
	755,471	730,374
Total debt and equity	**864,963**	**850,588**

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.

	2023 £'000	2022 £'000
Investments held at fair value through profit or loss	859,289	815,789
Net assets	755,471	730,374
Gearing	**13.7%**	**11.7%**

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.

23. Subsequent events

Subsequent to the year end, a further 1,740,000 shares have been repurchased into Treasury.

Regulatory Disclosures

Alternative Investment Fund Managers Directive ('AIFMD') Disclosures (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 2022, which gives the following figures:

	Gross Method	Commitment Method
Leverage exposure		
Maximum limit	200%	200%
Actual[1]	115%	115%

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

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

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

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

Remuneration Policy

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

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

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 2022 Performance Year in December 2022 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 2022 Performance Year and the number of beneficiaries. These figures include the remuneration of all staff of JPMorgan 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 25 Alternative Investment Funds (with 4 sub-funds) and 2 UCITS (with 44 sub-funds) as at 31st December 2022, with a combined AUM as at that date of £21.6 billion and £21.3 billion respectively.

	Fixed remuneration	Variable remuneration	Total remuneration	Number of beneficiaries
All staff of the Management Company (US$'000s)	21,662	14,069	35,731	146

The aggregate 2022 total remuneration paid to AIFMD Identified Staff was US$114,556,000, of which US$1,232,000 relates to Senior Management and US$113,324,000 relates to other Identified Staff.[1]

[1] For 2022, the AIFMD identified staff disclosures include employees of the companies to which portfolio management has been formally delegated in line with the latest ESMA guidance.

Regulatory Disclosures

Securities Financing Transactions Regulation 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 2023 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 9.07%.

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	77,851	10.31%

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:

Counterparty	Country of Incorporation	Value £'000
Morgan Stanley	United States of America	45,351
JP Morgan	United States of America	24,808
Goldman Sachs	United States of America	3,387
UBS	Switzerland	2,145
BNP	France	1,023
Merrill Lynch	United States of America	574
HSBC	United Kingdom	531
Citigroup	United States of America	32
Total		**77,851**

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	36,099
United States of America Treasury	33,607
United Kingdom Treasury	5,841
French Republic Government	2,931
Kingdom of Belgium Government	1,479
Kingdom of Netherlands Government	1,072
Federal Republic of Germany Government	1,020
Republic of Austria Government	370
Republic of Finland Government	181
Total	**82,598**

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	36,099
Treasury Notes	Investment Grade	USD	20,282
Treasury Bonds	Investment Grade	USD	13,320
Sovereign Debt	Investment Grade	EUR	7,051
Sovereign Debt	Investment Grade	GBP	5,841
Treasury Bills	Investment Grade	USD	5
Total			**82,598**

Maturity tenure of collateral

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

Maturity	Value £'000
1 day to 1 week	–
1 week to 1 month	3
1 to 3 months	81
3 to 12 months	817
More than 1 year	81,697
Total	**82,598**

Regulatory Disclosures

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 (£0.1 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 (£82.7 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.

Notice of Annual General Meeting

Notice is hereby given that the Annual General Meeting of JPMorgan Japanese Investment Trust plc (the 'Company') will be held at the Offices of JPMorgan, 60 Victoria Embankment, London EC4Y 0JP on 11th January 2024 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 2023.
2. To approve the Director's Remuneration Policy.
3. To approve the Directors' Remuneration Report for the year ended 30th September 2023.
4. To approve a final dividend of 6.5p per share.
5. To reappoint Stephen Cohen as a Director of the Company.
6. To reappoint Anna Dingley as a Director of the Company.
7. To reappoint Sally Duckworth as a Director of the Company.
8. To reappoint Sally Macdonald as a Director of the Company.
9. To reappoint George Olcott as a Director of the Company.
10. To appoint Lord Jonathan Kestenbaum as a Director of the Company.
11. To reappoint Ernst & Young LLP as Auditors of the Company.
12. To authorise the Directors to determine the Auditors' remuneration.

Special Business

To consider the following resolutions:

Authority to allot new shares – Ordinary Resolution

13. THAT the Directors of the Company be and they are hereby generally and unconditionally authorised, (in substitution of any authorities previously granted to the Directors), pursuant to and in accordance with Section 551 of the Companies Act 2006 (the 'Act') to exercise all the powers for the Company to allot shares in the Company and to grant rights to subscribe for, or to convert any security into, shares in the Company ('Rights') up to an aggregate nominal amount of £3,726,052 or, if different the aggregate nominal amount representing approximately 10% of the Company's issued Ordinary share capital (excluding treasury shares) 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 2025 unless renewed at a general meeting prior to such time, save that the Company may before such expiry make offers or agreements which would or might require shares to be allotted or Rights to be granted after such expiry and so that the Directors of the Company may allot shares and grant Rights in pursuance of such offers or agreements as if the authority conferred hereby had not expired.

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

14. THAT subject to the passing of Resolution 13 set out above, the Directors of the Company be and they are hereby empowered pursuant to Sections 570 and 573 of the Act to allot equity securities (within the meaning of Section 560 of the Companies Act 2006 (the 'Act')) for cash pursuant to the authority conferred by Resolution 13 or by way of a sale of Treasury shares as if Section 561(1) of the Act did not apply to any such allotment or sale, provided that this power shall be limited to the allotment of equity securities and the sale of Treasury shares for cash up to an aggregate nominal amount of £4,031,201 or, if different the aggregate nominal amount representing approximately 10% of the issued share capital as at the date of the passing of this resolution at a price of not less than the net asset value per share and shall expire upon the expiry of the general authority conferred by Resolution 13 above, save that the Company may before such expiry make offers or agreements which would or might require equity securities to be allotted or Treasury shares to be sold after such expiry and so that the Directors of the Company may allot equity securities or sell Treasury shares in pursuance of such offers or agreements as if the power conferred hereby had not expired.

Authority to repurchase the Company's shares – Special Resolution

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

    PROVIDED ALWAYS THAT

    (i) the maximum number of Ordinary shares hereby authorised to be purchased shall be 22,341,409 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

Notice of Annual General Meeting

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 2025 unless the authority is renewed at the Annual General Meeting in 2025 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.

Authority to hold general meetings – Special Resolution

16. THAT, a general meeting, other than an Annual General Meeting, may be called on not less than 14 clear days' notice.

Approval to amend the Articles of Association - Ordinary Resolution

17. THAT, the Company be authorised to increase the Directors' aggregate annual remuneration cap contained in the Articles from £250,000 to £300,000.

By order of the Board
Priyanka Vijay Anand, for and on behalf of JPMorgan Funds Limited,
Company Secretary

5th December 2023

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.
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.

   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 Annual Report & 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.

Notice of Annual General Meeting

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 4th December 2023 (being the latest business day prior to the publication of this Notice), the Company's called-up share capital consists of 149,042,089 Ordinary shares (excluding treasury shares) carrying one vote each. Therefore the total voting rights in the Company are 149,042,089.

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.

Glossary of Terms and Alternative Performance Measures ('APMs') (Unaudited)

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 2023	Year ended 30th September 2022	
Opening share price (p)	7	438.5	682.0	(a)
Closing share price (p)	7	460.5	438.5	(b)
Total dividend adjustment factor[1]		1.013552	1.007982	(c)
Adjusted closing share price (p) (d = b x c)		466.7	442.0	(d)
Total return to shareholders (e = d / a – 1)		**6.4%**	**–35.2%**	(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 2023	Year ended 30th September 2022	
Opening NAV per share (p)	7	472.1	735.5	(a)
Closing NAV per share (p)	7	500.9	472.1	(b)
Total dividend adjustment factor[1]		1.012711	1.007696	(c)
Adjusted closing NAV per share (p) (d = b x c)		507.3	475.7	(d)
Total return on net assets with debt at par value (e = d / a – 1)		**7.4%**	**–35.3%**	(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 76) 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 21(d) (on page 94) 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 gilt plus a margin based on the five year average for the AA Barclays Yen Corporate Bond spread.

As at 30th September 2023, the NAV with debt at fair value was £761,402,000 (2022: £732,082,000) or 504.8p (2022: 473.2p) per share.

Total return calculation	Page	Year ended 30th September 2023	Year ended 30th September 2022	
Opening NAV per share (p)	7	473.2	731.7	(a)
Closing NAV per share (p)	7	504.8	473.2	(b)
Total dividend adjustment factor[1]		1.012656	1.007738	(c)
Adjusted closing NAV per share (p) (d = b x c)		511.2	476.86	(d)
Total return on net assets with debt at par value (e = d / a – 1)		**8.0%**	**–34.8%**	(e)

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

In accordance with industry practice, dividends payable that have been declared but which are unpaid at the balance sheet date are deducted from the NAV per share when calculating the total return on net assets.

Glossary of Terms and Alternative Performance Measures ('APMs') (Unaudited)

Benchmark total return

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

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

Gearing/(Net cash) (APM)

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

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

Gearing calculation	Page	30th September 2023 £'000	30th September 2022 £'000	
Investments held at fair value through profit or loss	76	859,289	815,789	(a)
Net assets	76	755,471	730,374	(b)
Gearing (c = a / b – 1)		**13.7%**	**11.7%**	(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.

Gearing calculation	Page	Year ended 30th September 2023 £'000	Year ended 30th September 2022 £'000	
Management fee	75	4,498	5,124	
Administrative expenses	75	1,276	959	
Total management fee and other administrative expenses		5,774	6,083	(a)
Average daily net assets		776,599	891,291	(b)
Ongoing charges (c = a / b)		**0.74%**	**0.68%**	(c)

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

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

The opposite of a discount is a premium. It is more common for an investment trust's shares to trade at a discount than at a premium (page 7).

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.

Where to Buy JPMorgan Japanese Investment Trust plc

You can invest in JPMorgan Japanese Investment Trust plc through the following:

1. Via a third party provider

Third party providers include:

AJ Bell Investcentre	Hargreaves Lansdown
Barclays Smart investor	iDealing
Bestinvest	IG
Charles Stanley Direct	interactive investor
Close brothers A.M. Self Directed Service	iWeb
Fidelity Personal Investing	shareDeal active
Freetrade	Willis Owen
Halifax Share Dealing	X-O.co.uk

Please note this list is not exhaustive and the availability of individual trusts may vary depending on the provider. These are third party providers and J.P. Morgan Asset Management does not endorse or recommend any. Please observe each provider and their 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

Share Fraud Warning

Investment and pension scams are often sophisticated and difficult to spot

FINANCIAL CONDUCT AUTHORITY

Be a ScamSmart Investor

Be a ScamSmart investor and spot the warning signs

Fraudsters will often:

- contact you out of the blue
- apply pressure to invest quickly
- downplay the risks to your money
- promise tempting returns that sound too good to be true
- say that they're only making the offer available to you or even ask you to not tell anyone else about it

How to avoid investment and pension scams

1. **Reject unexpected offers**
   Scammers usually cold call, but contact can also come by email, post, word of mouth or at a seminar. If you've been offered an investment out of the blue, chances are it's a high risk investment or a scam.
2. **Check the FCA Warning List**
   Use the FCA Warning List to check the risks of a potential investment – you can also search to see if the firm is known to be operating without our authorisation.
3. **Get impartial advice**
   Get impartial advice before investing – don't use an adviser from the firm that contacted you.

If you're suspicious, report it

You can report the firm or scam to us by contacting our **Consumer Helpline** on **0800 111 6768** or using our reporting form using the link below.

If you've lost money in a scam, contact Action Fraud on 0300 123 2040 or www.actionfraud.police.uk

Be ScamSmart and visit www.fca.org.uk/scamsmart

Information about the Company

Financial Conduct Authority ('FCA') Regulation of 'non-mainstream pooled investments', 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 instruments' under the FCA's 'Appropriateness' rules and guidance in the COB sourcebook.

Consumer Duty Value Assessment

The Manager has conducted an annual value assessment on the Company in line with FCA rules set out in the Consumer Duty regulation. The assessment focuses on the nature of the product, including benefits received and its quality, limitations that are part of the product, expected total costs to clients and target market considerations. Within this, the assessment considers quality of services, performance of the Company (against both benchmark and peers), total fees (including management fees and entry and exit fees as applicable to the Company), and also considers whether all consumers, including vulnerable consumers, are able to receive fair value from the product. The Manager has concluded that the Company is providing value based on the above assessment.

Information about the Company

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: 0800 20 40 20 or +44 1268 44 44 70
email: invtrusts.cosec@jpmorgan.com

For company secretarial and administrative matters, please contact Priyanka Vijay Anand at the above address.

The Association of Investment Companies

A member of the AIC

Depositary

The Bank of New York Mellon (International) Limited
160 Queen Victoria Street
London EC4V 4LA

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

Registrar

Equiniti Limited
Reference 1090
Aspect House
Spencer Road
Lancing
West Sussex BN99 6DA
Telephone: 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. If calling from outside of the UK, please ensure the country code is used.
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 Auditor

Ernst & Young LLP
Statutory Auditor
Atria One
144 Morrison Street
Edinburgh EH3 8EX

Broker

Investec Bank plc
30 Gresham Street
London EC2V 7QP

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

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
Freephone: 0800 20 40 20
Calls from outside the UK: +44 1268 44 44 70
Website www.jpmjapanese.co.uk

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ASSET MANAGEMENT