JPMorgan Japanese Investment Trust plc

Invest in the Heart of a Changing Japan

Annual Report and Financial Statements
for the year ended 30th September 2024

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 returns to shareholders.The Company seeks capital growth from a portfolio of investments in Japanese companies and uses gearing, within a range of 5% net cash to 20% geared, to increase returns to shareholders. Its benchmark is the Tokyo Stock Exchange Index (TOPIX)[1] with net dividends reinvested, expressed in sterling terms.

Further information is available at www.jpmjapanese.co.uk, including daily prices, factsheets, current and historic reports.

Why invest in JPMorgan Japanese Investment Trust plc

Invest in the Heart of a Changing Japan

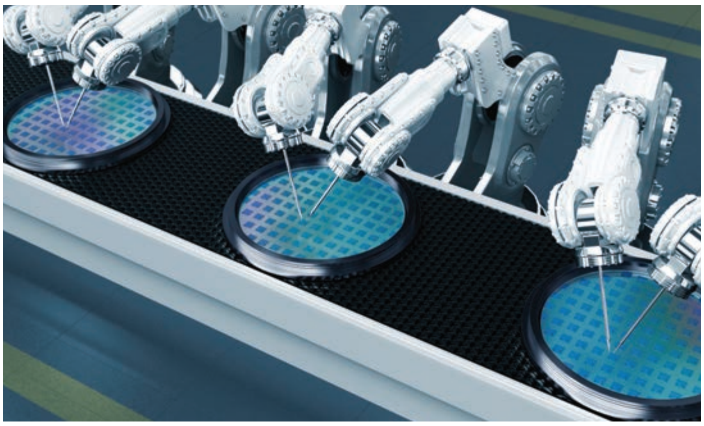
The Company offers exposure to Japan's structural economic transformation primarily by investing in high-quality, innovative companies.

Local Insight, Global Strength

The Company is managed by a team of over 20 investment professionals in Tokyo, who can discover new opportunities in this under-researched market and also draw on JPMorgan Asset Management's ('JPMAM') global analysts.

High Quality Growth Companies

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 with the potential to compound earnings over the long term.



Attractive Results over the Long Term

The Company is the largest and oldest closed-end funds focused on Japan and offers the opportunity for excellent long-term performance.

[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.

> Japan's corporate governance reforms are aimed at creating a more transparent, accountable, and efficient corporate environment that can compete on a global scale and attract international investors."

Nicholas Weindling, Portfolio Manager,
JPMorgan Japanese Investment Trust plc

> Structural transformation of Japanese companies and their appealing valuations will generate many exciting investment opportunities in Japan."

Miyako Urabe, Portfolio Manager,
JPMorgan Japanese Investment Trust plc

50+
Years' experience investing in the region

20+
Investment professionals in Japan

4,000+
Japanese company meetings each year

86%
Active share[1,A]

[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 2024.

[A] Alternative Performance Measure.

Source: JPMAM.

Contents

Financial Highlights

Total returns (including dividends reinvested)

	2024	2023[1]	3 Year Annualised[1]	5 Year Annualised[1]	10 Year Annualised[1]
Return on share price[2,A]	+22.4%	+6.4%	–5.5%	+5.9%	+11.0%
Return on net asset value with debt at fair value[3,A]	+24.2%	+8.0%	–4.4%	+5.5%	+10.5%
Benchmark return[4,A]	+10.3%	+14.7%	+2.9%	+5.1%	+8.4%
Return on net asset value with debt at fair value compared to Benchmark return[A]	+13.9%	–6.7%	–7.3%	+0.4%	+2.1%
Annual dividend[3,A]	6.75p	6.5p			

[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 value of the senior secured loan notes is shown in note 17 to the financial statements on page 87. 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 issuing the senior secured loan notes in 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').

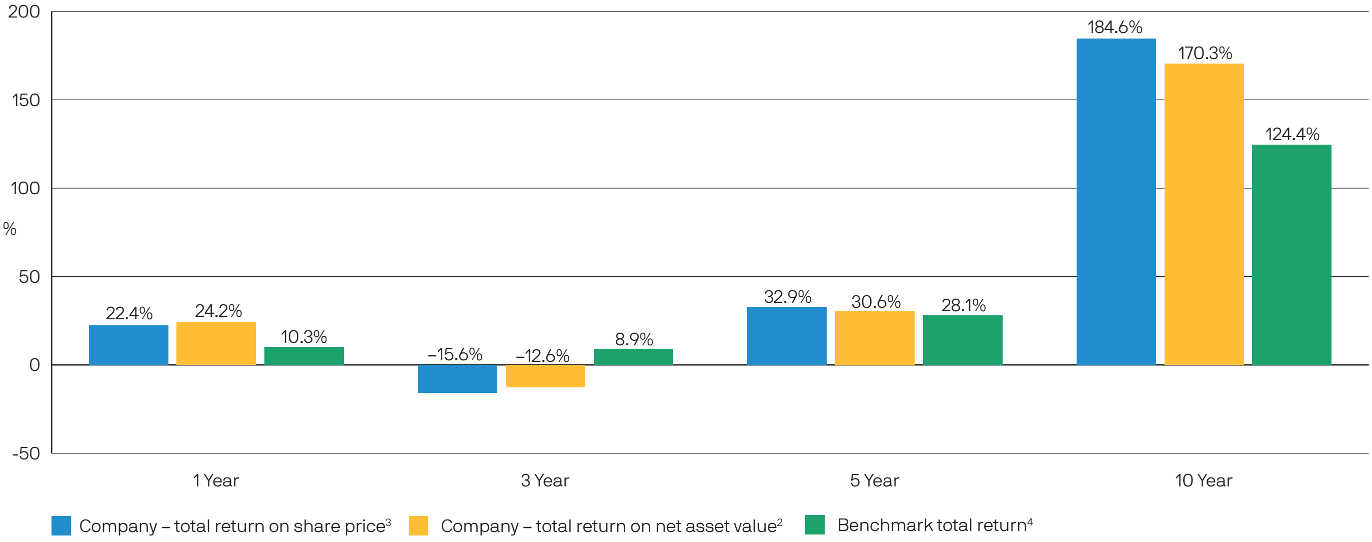
A glossary of terms and APMs is provided on pages 107 to 109.

Financial Highlights

Summary of results

	2024	2023	% change
Key financial data as at 30th September			
Shareholders' funds (£'000)	878,603	755,471	+16.3
Total assets (£'000)	999,346	874,397	+14.3
Net asset value per share:			
– with debt at fair value[1,A]	619.2p	504.8p	+22.7[5]
– with debt at par value[A]	613.8p	500.9p	+22.5[6]
Share price	556.0p	460.5p	+20.7[7]
Share price discount to net asset value per share:			
– with debt at fair value[1,A]	10.2%	8.8%	
– with debt at par value[A]	9.4%	8.1%	
– 12-month average with debt at fair value[2,A]	9.0%	7.4%	
Revenue return per share[A]	7.37p	7.46p	–1.2
Capital return per share[A]	109.8p	27.03p	
Return per share[A]	117.2p	34.49p	
Annual dividend	6.75p	6.50p	+3.8
Exchange rate	£1 = ¥191.9	£1 = ¥182.1	–5.1[8]
Shares in issue (excluding shares held in Treasury)	143,152,089	150,832,089	
Gearing[A]	**10.5%**	**13.7%**	
Ongoing charges[A,9]	**0.73%**	**0.74%**	

Long-Term Performance (Cumulative) for the year ended 30th September 2024



[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 +24.2%.
[6] Excludes dividends reinvested. Including dividends reinvested, the return is +24.1%.
[7] Excludes dividends reinvested. Including dividends reinvested, the return is +22.4%.
[8] The % change in the exchange rate is based on the weakening of the Yen against Sterling during the year.
[9] Ongoing charges shown are in respect of the years ended 30th September 2024 and 30th September 2023. These have not been adjusted to reflect the Combination with JPMorgan Japan Small Cap Growth & Income plc (JSGI) or the reduction in the management fee, both of which were effective after the year ended 30th September 2024. Further information on the Combination with JSGI and the estimated ongoing charges is provided in the Chairman's Statement on page 8.
[A] Alternative Performance Measure ('APM').

A glossary of terms and APMs is provided on pages 107 to 109.

Chairman's Statement

Stephen Cohen
Chairman

I am pleased to present the Annual Report of our Company for the year ended 30th September 2024 and to note our significant outperformance. The Company delivered a +24.2% total return on net asset value (in sterling terms), with debt calculated at fair value, meaningfully outpacing the benchmark index (TOPIX), which recorded a +10.3% return (also in sterling terms). The Investment Manager's Report sets out the reasons for this outperformance, part of which reflects their success in capturing the benefits of some of the recent corporate reforms.

Japanese equity markets rose strongly during the financial year and both the Nikkei 225 and the TOPIX, our Company's benchmark, finally both hit all-time highs in July, almost 35 years after their previous peaks.

The most positive influence on Japanese equities over the past year has been the authorities' ongoing efforts to promote corporate reform, which has enhanced shareholder returns thanks to higher dividends, share buybacks and better capital allocation. Not surprisingly this captured the attention of foreign investors, who reduced their underweighting in Japanese stocks.

As the Report also notes, while three year returns still lag the benchmark, I am delighted that the long-term returns, over ten years, now show an annualised outperformance of 2.1%.

Since the end of the financial year, as of 9th December 2024, the Company's net asset value has increased by 5.5%, while its share price has risen by 3.1%. In comparison, the TOPIX index has returned +2.6% over the same period.

The returns from the strong domestic market performance and our outperformance were unfortunately reduced in sterling terms by the weakness in the yen which declined by 5.1% vs sterling over the financial year. The policy of the Company remains not to hedge the currency exposure.

The Investment Managers' Report, on pages 12 to 19, also discusses the investment rationale behind recent portfolio activity and the outlook in more detail.

Combination with JPMorgan Japan Small Cap Growth & Income plc

Following the year-end, on 25th October 2024, the Company successfully completed the combination with JPMorgan Japan Small Cap Growth & Income plc ('JSGI'). The transaction was well received by shareholders and the wider market, as both groups seemed to recognise the logic of creating a larger, more liquid investment trust, managed by the same team in Tokyo. This combination creates an investment trust with greater market presence and greater liquidity.

Your Company post combination has net assets of approximately £1 billion, giving it a leadership position within Japanese investment trusts, a testament to the Company's ability to attract and retain substantial investor interest in a competitive market. Post combination the Company will also benefit from a new, highly competitive fee arrangement and the Ongoing Cost Ratio is expected to be significantly lower, estimated to be around 0.62% for the period to 30th September 2025, as compared with 0.73% for the period to 30th September 2024.

In line with best practice, the Board proposed and the shareholders approved an amendment to the articles of association of the Company for a continuation vote to be held every five years, starting with the annual general meeting in 2029.

The Company continues to offer the same unconstrained all-cap Japanese equity strategy and to benefit from the expertise of its Tokyo-based portfolio managers, Nicholas Weindling and Miyako Urabe.

The portfolio transition went smoothly and the portfolio continued to outperform the benchmark during the transition period. I would like to extend my sincere gratitude to JP Morgan Asset Management ('JPMAM'), especially our investment management team, and all our advisors for their dedication and hard work in bringing this combination to a successful and smooth outcome.

I am delighted to welcome our new shareholders from JSGI and to express deep appreciation to our continuing shareholders for their unwavering support throughout this transaction. The Prospectus for the transaction was sent to you in September 2024 with a detailed explanation of the combination. You can also access a copy on the Company's website at https://am.jpmorgan.com/content/dam/jpm-am-aem/emea/gb/en/regulatory/investor-disclosuredocument/jfj-circular-and-prospectus-240919.pdf

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 gearing within the agreed limits of 5% net cash to 20% geared in normal market conditions. As at 30th September 2024, gearing was equivalent to 10.5% (2023: 13.7%) of net assets. At the time of writing this report, the gearing had increased to 14%.

As mentioned in the 2024 Half Year Report, it was decided not to renew the loan with Mizuho Bank Ltd, and this was repaid by the Company. Along with the short-term revolving facility of JPY 10 billion with Industrial and Commercial Bank of China Limited, London Branch, the Company also has long-term fixed rate debt in place. Further details are provided on pages 84 and 85 of these Financial Statements. The Company has, post year-end, started using Contracts for Difference (CFDs) as an alternative means of implementing gearing.

Revenues and Dividends

Income received during the year ended 30th September 2024 fell this year, with earnings per share for the full year of 7.37p (2023: 7.46p). This small decrease is a result of lower income received from portfolio companies and from stock lending.

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 22nd January 2025, to pay a final dividend of 6.75p per share (2023: 6.50p) on 12th February 2025 to shareholders on the register at the close of business on 27th December 2024 (ex-dividend date 24th December 2024). This increase in dividend follows last year's 4.8% increase.

As part of the combination with JSGI, we undertook to review JFJ's dividend policy, including speaking with most of our major shareholders (many of whom were also shareholders in JSGI). The Company's investment objective is to seek capital growth from a portfolio of investment in Japanese companies. It invests primarily in growth companies which often have relatively low dividend yields, not least because they are likely to reinvest excess cash in their businesses and/or buy back their shares rather than increase dividends. At present, the Company pays out the majority of revenue available each year as a final dividend. Having now completed its review of the Company's dividend policy, the Board has concluded that the Company's dividend policy should remain unchanged. The Board hopes to increase the dividend year on year, as has been possible since 2020.

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 robust and disciplined investment process the team employs, and the resultant strong long-term performance. Since 2020, this commitment has been manifested in increased expenditure on marketing and a series of targeted buybacks.

To this end, during the past financial year, a total of 7,680,000 shares (5.4% of shares in issue) were repurchased (2023: 3,870,000 shares).

As at 30th September 2024, the discount was 10.2%, compared to the level of 8.8% at which it closed the previous year. Over the past financial year, the discount ranged from 14.0% to a premium of 1.5% and the average discount was 9.0%. This compares with the previous financial year, when the discount ranged from 1.2% to 11.3% and the average discount was 7.4%.

Since the end of the current review period, the Board has repurchased a further 1,700,000 shares, and the discount stood at 13.4% as at 12th December 2024.

Chairman's Statement

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

As detailed in the Investment Manager's ESG Report on pages 12 to 19, financially material ESG considerations are integrated into their investment process. The Board shares the Investment Manager's view of the importance of considering financially material ESG factors when making investments for the long term, and the necessity of continued engagement with investee companies over the duration of the investment.

Further information on JPMAM's ESG process and engagement activities is set out in the ESG Report in the JPMAM 2023 Investment Stewardship Report, which can be accessed at https://am.jpmorgan.com/content/dam/jpm-am-aem/global/en/sustainable-investing/investmentstewardship-report.pdf

Change of Registrar

Following a competitive tender process, the Company transferred the management of its share register from Equiniti Financial Services Limited to Computershare Investor Services PLC ('Computershare'), with effect from 3rd June 2024.

A notification letter from Computershare was sent to all registered shareholders advising of this change. The letter included an invitation to shareholders to create an online account which will provide access to the details of their shareholdings and an opportunity to participate in the Company's Dividend Reinvestment Plan (DRIP). Please visit www.investorcentre.co.uk. for further information.

Board Composition and Appointment

The Board continues to manage its succession planning. As mentioned previously, at the end of the Company's Annual General Meeting ('AGM') held in January 2024, Christopher Samuel retired as Chairman, after serving the Company for nine years, and I assumed the role of Chairman.

Sally Duckworth took over as Chair of the Audit & Risk Committee, my previous role, from the conclusion of the 2024 AGM. As previously reported in the Company's 2023 Annual Report, George Olcott, who is based in Japan, will be retiring from the Board following the Annual General Meeting in January 2026 and I will be stepping down from the Board the following year in 2027. The Board has started the recruitment process to seek to appoint a new Non-Executive Director based in Japan. Further updates will be provided in due course.

As previously announced, following the combination with JSGI, Thomas Walker, previously a non-executive director of JSGI since 2019, was appointed as a non-executive Director of the Company with effect from 25th October 2024. More information on the Directors can be found on pages 45 and 46.

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

Board Diversity

The Board has long recognised the value and importance of diversity in the boardroom. The recommendations of the FTSE Women Leaders Review, which form part of the UK 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 has complied with these guidelines for some years now – and that the Board currently has over 40% female representation.

More information showing the gender and ethnic composition of the Board is shown in a table on page 55.

Annual General Meeting and Shareholder Contact

The Company's Annual General Meeting (AGM) will be held on Wednesday, 22nd January 2025 at 12.30 p.m. at 60 Victoria Embankment, London EC4Y 0JP.

We 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 JPMAM 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 102 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

It is an exciting time for investors in Japanese equities. The corporate reforms and other structural changes such as the spread of digitalisation currently unfolding in Japan are all positive for the economy and for equity markets. It is also encouraging that these developments still have much further to run. At the same time, reflecting a possible end to deflationary pressures, the Bank of Japan has just begun to raise interest rates, wages seem to be increasing and there has been some pickup in reported inflation. All this, plus reasonable market valuations, suggest that the Japanese market's recent strong run could well continue, and the Investment Manager's Report (on page 18) covers this Outlook in more detail.

UK shareholders may have further cause for optimism in that the yen has now fallen a long way and could well stabilise around these levels. It is however also my duty to remind shareholders that, while we are optimistic about the outlook for Japan and have a high level of confidence in both the Portfolio Managers, there will likely be periods of underperformance.

All of us on the Board would like to extend our gratitude to our investment management team for their dedication and expertise, which have been instrumental in achieving this year's results. We believe the Company is in capable hands and well positioned to capture the opportunities offered by the Japanese market. We look forward to another year of progress.

Finally, on behalf of the Board, I would again like to thank you, our shareholders, as ever, for your continued strong support.

Stephen Cohen
Chairman

13th December 2024

Investment Manager's Report

Nicholas Weindling
Portfolio Manager
22 years industry experience
18 years JPMAM experience

Miyako Urabe
Portfolio Manager
16 years industry experience
11 years JPMAM experience

Performance

We are very pleased to report that the strong absolute and relative performance we saw in the first half of the financial year continued into the second half. For the year ended 30th September 2024, the Company's total return NAV with debt at fair value was +24.2% in sterling terms, outpacing the benchmark return of +10.3% by +13.9%, in sterling terms.

We focus on quality and growth stocks, yet the strong returns realised over the past year were achieved during a period when Japanese value stocks in general – unlike their US counterparts – outperformed the growth and quality names we prefer for most of the period. We attribute this achievement to three factors. Firstly, we increased our focus on companies embracing governance change and improving the efficiency of their balance sheets. Secondly, the last two months of the financial year did finally see a change in the style environment away from value names, in favour of more growth-oriented stocks, when the yen began to appreciate. Thirdly, ASICS, the specialist running shoe manufacturer, made a significant contribution to returns over the period.

The robust returns registered over the past year have boosted the Company's performance over the long term. The annualised NAV total return with debt at fair value over the three year period was –4.4%, versus the benchmark return of +2.9%. However, the long-term absolute and relative performance has strengthened. In the ten years to end September 2024, the Company made an annualised NAV total return of +10.5%, ahead of the benchmark return of +8.4%.

Performance attribution

Year ended 30th September 2024

	%	%
Contributions to total returns		
Benchmark return		**10.3**
Stock selection	11.8	
Currency	–0.2	
Gearing/Cash	2.4	
Investment Manager contribution		14.0
Portfolio return[A]		**24.3**
Management fee and other expenses	–0.7	
Share Buy-Back	0.5	
Other effects		–0.2
Return on net asset value – with debt at par value[A]		**24.1**
Impact of fair value of debt		0.1
Return on net asset value – with debt at fair value[A]		**24.2**
Return on share price[A]		**22.4**

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').

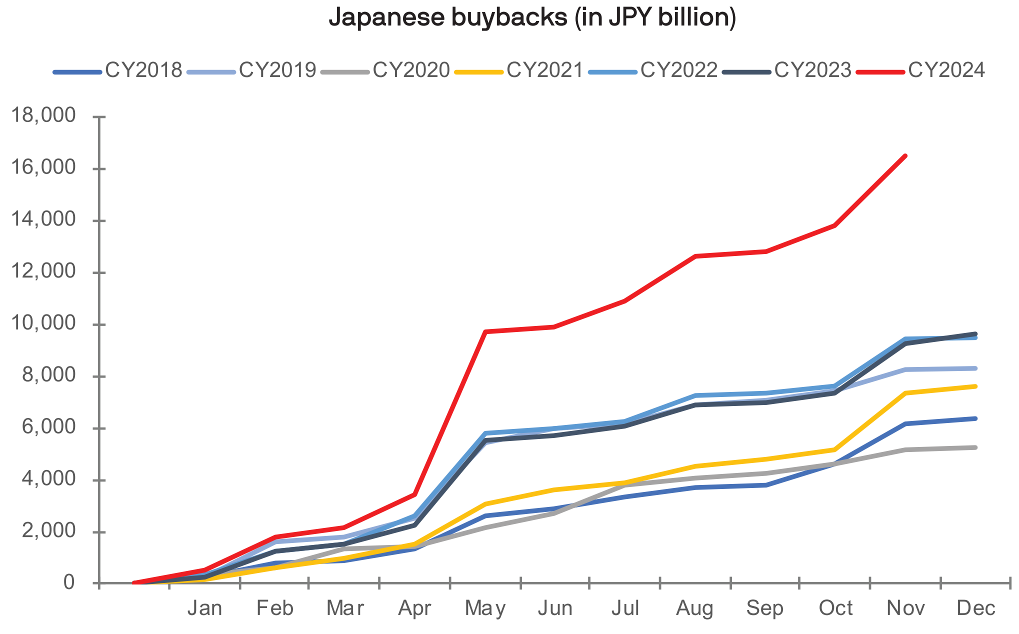
A glossary of terms and APMs is provided on pages 107 to 109.

Economic and market background

The Japanese market has returned to the limelight over the past 18 months, after a long period of being unloved and under-owned by international investors. The Company's benchmark, the TOPIX, delivered a total return of 12.8% during calendar year 2023, and has continued to rise this year, reaching a record high in July 2024. Japan's bellwether Nikkei 225 also hit a fresh all-time high in the same month. Much of the inflows have apparently come from global equity portfolio managers increasing their allocation to Japan. They buy a relatively small number of the larger cap stocks so the market rally has been quite focused in this area.

The main reason for these gains is global investors' positive reaction to corporate governance reforms and shareholder friendly policies currently underway in Japan. The authorities are encouraging businesses to improve the transparency and independence of their boards, and to raise shareholder returns by returning their large cash reserves to shareholders, in the form of higher dividend payments and share buybacks. At the same time, shareholder activism is increasing, and Japanese pension funds have been publicising their voting positions on corporate actions – actions which enhance market information for all participants.

Continued improvements in corporate governance



Source: Goldman Sachs, as of 19th August 2024.

Investors have also welcomed signs of improvement in Japan's domestic economy, after years of stagnation and deflation. Most significantly, the spring wage negotiations, known as the shunto, agreed a 5.3% wage increase, the highest in 33 years and substantially ahead of the rate of inflation, which is currently running at 3.0% pa. This rise in real wages may boost consumer sentiment and support domestic demand.

On the monetary policy front, the Bank of Japan (BoJ) has begun to raise interest rates for the first time in 17 years. This is partly an effort to stabilise the yen, as its depreciation is driving up the cost of essential imports like energy and food, which, in turn, is eroding consumer confidence. The BoJ has lifted rates twice since March 2024 and the key policy rate now stands at 0.25%. However, monetary settings are still relatively loose, as the central bank remains committed to bolstering liquidity and stimulating growth, and this should be positive for the market in the near term.

Investment Manager's Report

The divergence between interest rates in Japan and the US and other major economies remains significant even after the BoJ's recent hikes and the US Federal Reserve's rate cuts, and this gap has seen the yen weaken dramatically over the past two years. Although the yen strengthened somewhat since the BoJ's second rate hike in late July this year, which was followed weeks later by a larger than expected rate cut by the Fed, it remains near multi-year lows versus the USD. Japanese exporters such as automakers and industrials have benefited accordingly, although the yen's partial recovery in September saw market leadership switch away from exporters, towards other areas of the market, including domestic sectors such as retail and services.

We believe that private equity investors are increasingly active in Japanese businesses. One important development that may be encouraging this trend has been the establishment last year of Japan's takeover code, which is intended to spur industry consolidation and boost competitiveness. The code also ensures the market is now informed of all such bids, which helps draw attention to undervalued companies and could foster competition for assets amongst competing bidders.

Two of the Company's portfolio holdings have been impacted by these developments. One holding, Benefit One, a provider of staffing and employment services and benefits, was subject to a hostile takeover by a very traditional life insurance Japanese company, a highly unusual occurrence in Japan. Of even greater significance, another holding, Seven & I Holdings, the world's largest operator of convenience stores, is currently the subject of a bid from its global rival, Canada's Alimentation Couche-Tard, which operates Circle K convenience stores. We believe this transaction will have long-lasting consequences. We have never seen inbound M&A on this scale. The bid means that we can now start to consider other possible Japanese candidates for M&A activity by overseas investors, particularly in cases where the potential target is trading at a discount to its global peers, as is the case with many Japanese companies.

Japanese equity markets experienced a bout of volatility in August, sparked by the BoJ's policy action and associated hawkish commentary on the potential for further hikes, combined with a run of weaker than expected US economic data. The fall was exacerbated by a partial unwind of the yen carry trade, in which investors borrow cheap yen to buy overseas assets. The market has since regained most of those losses.

On the political front, in September Shigeru Ishiba became Prime Minister following the resignation of Mr Kishida, whose popularity had fallen precipitously. Kishida's demise was partly the result of a scandal in the ruling Liberal Democratic Party ('LDP'), as well as growing dissatisfaction within the electorate about deteriorating living standards, as yen weakness has raised the price of key imports such as food and energy. However, this change of leadership is unlikely to have a significant impact on policy direction. Although the LDP suffered significant losses in the October election, we still expect Mr. Ishiba to maintain all the key policies of his predecessor.

Elsewhere in the region, the Chinese authorities, in response to economic weakness and deflation, announced a major stimulus package in September, which sparked a significant rally in the Chinese market. We hold some companies that should benefit from an uptick in Chinese consumption, including ASICS, Fast Retailing, owner of the Uniqlo clothing brand and Shimano, a supplier of bicycle parts, amongst others. However, generally we remain cautious about companies that compete against local Chinese businesses.

Portfolio Themes

The portfolio is constructed entirely on a stock-by-stock basis as we seek out the best, most attractive companies, regardless of the economic cycle. Nonetheless, many portfolio holdings offer exposure to key structural themes that should drive growth over the medium term. These companies are also well-placed to take advantage of recent developments in the corporate governance landscape. While they are outstanding businesses poised to compound earnings growth for many years, they often have sub-optimal capital allocation policies which have, historically, encouraged high cash balances and cross shareholdings. Unwinding these creates scope for significant improvements in shareholder returns.

Another theme is digitisation and the adoption of technological innovation. Japan remains well behind most other advanced economies in areas such as online shopping, digital services and cloud computing, and this leaves 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% which remains much lower than in China, the UK, South Korea or the US. In addition, many companies across the economy still use inefficient internally developed software systems which will need to change as the developers of these bespoke systems retire. OBIC, a leading provider of IT services for small and mid-sized companies, is one business benefiting from the standardisation of business software. It 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 to encourage it to improve its capital allocation.

De-globalisation is another trend gathering momentum. The pandemic, and subsequent events such as widespread supply chain shortages, the conflict in Ukraine and simmering Sino/US geo-political tensions, have increased companies' desire to move production nearer to end customers, including to Japan. For example, TSMC, the Taiwanese semiconductor producer, is building plants in Japan. Our portfolio holding in Japan Material, which installs and services infrastructure for semiconductor factories, is benefitting. 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 specialists, several of which are held in our portfolio, including Keyence. This long-held Premium rated company not only has a dominant market share and high profitability, but also significant potential for improved shareholder returns.

Japan is home to many global leading consumer brands such as Fast Retailing and computer games companies such as Sony and Nintendo. As in other sectors, we can find companies that combine long-term structural growth with significant potential from improved governance. Nintendo, which owns some of the sector's most valuable 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 commands more than 75% of the market in bike parts, will benefit from the surge in popularity of cycling as an alternative to driving. The company also holds close to a quarter of its market cap in net cash.

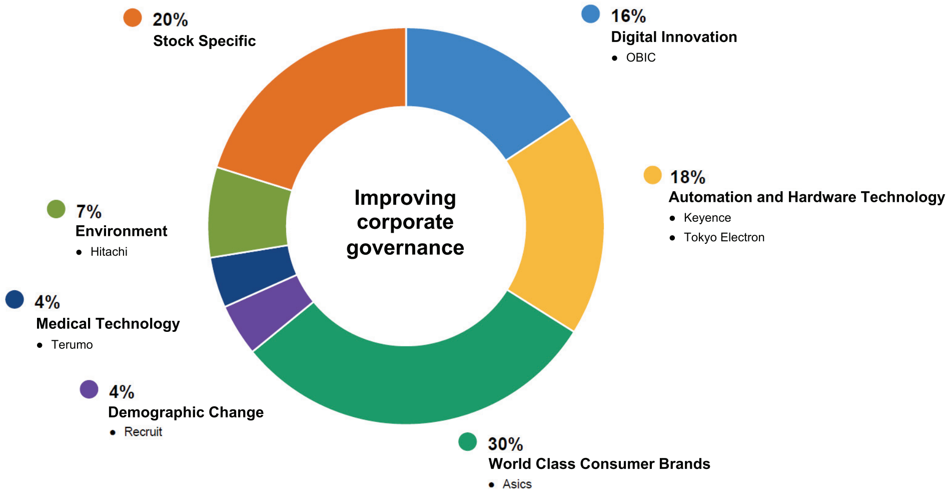
Japan also hosts many world-leading hardware technology companies, some of which are dominant in their niche markets. One such example is Quality-rated chip tester Advantest. Chip testing used to be a fragmented market with many competitors, but it has become a duopoly over time, with Advantest winning considerable market share. One of its key customers is Nvidia, the US producer of the most advanced chips. Similarly, Premium-rated and long held HOYA is the leading global manufacturer of glass substrate for hard disk drives.

While exposure to key structural themes underpins the investment case for many portfolio holdings, other portfolio companies have very specific drivers. Secom is Japan's number one security company. Following a change in management last year, we saw the company undertake its first share buyback for over 20 years, accompanied by a price hike. Elsewhere, there are substantial opportunities in small stocks which generally have low levels of sell-side (investment bank analyst) coverage. One such example within the medical technology field is Osaka Soda, which is the leading global supplier of a key ingredient in anti-obesity drugs, yet it is has a low level of analyst coverage. We expect Osaka Soda's profits to grow rapidly due to the huge popularity of these drugs. This company is also making improvements to its balance sheet structure, to improve capital efficiency. It has a strong net cash position, so it is likely to deliver the same improvements in shareholder returns we are seeing across the market.

Investment Manager's Report

Investment in structural growth opportunities

Current Key Investment Themes and Positioning as of 30th September 2024



Source: J.P. Morgan Asset Management.

Significant contributors and detractors to performance

The most significant contributors to returns over the financial year ended 30th September 2024 included several stocks we rate as Quality and one Premium rated name. The Quality-rated names included **ASICS**, a leading brand of running shoes. This business experienced a difficult period between 2016 and 2020, when it attempted to compete with Nike and Adidas in the market for casual trainers. However, more recently it has delivered strong results following its decision to focus on its core, specialist, running shoe product. Another key contributor, **Hitachi**, is a Quality rated conglomerate that is a major supplier of cabling for power grids, as well as other businesses. The company has dramatically changed its business portfolio over the last few years and several of its businesses are global market leaders in their respective fields. Its results remain strong. The shares of **Tokio Marine**, a Quality-rated non-life insurer, benefited after management announced a plan to speed up the sale of its shareholdings in other companies and distribute the proceeds to shareholders. Performance was also enhanced by gains in **Recruit**, a provider of human resources technology and other business solutions. This Premium-rated business continued to do well, thanks in large part to its ownership of the world's largest job search website. The company also announced a Y600 billion (US$4 billion) buyback programme, which will boost shareholder returns. **Itochu** is a Standard rated import/export conglomerate trading in a variety of goods. Like other significant contributors to performance, its share price has been supported over the past year by continued strong results and improving shareholder returns.

The main detractors from performance over the period included **Nakanishi**, Japan's leading dental equipment producer. This Quality-rated business recently acquired DCI, a maker of dental chairs, but DCI's performance since acquisition has been weaker than expected. **Japan Material** is both an installer of infrastructure for semiconductor factories, and a provider of after sales servicing. This makes the company a convenient, 'one-stop shop' for its clientele. The company is Quality-rated but earnings growth has slowed as the business invests for the future. **OBIC**, a Premium-rated IT services business, saw its shares de-rate over the year, unjustifiably in our view, as we see no deterioration in the investment case and management continues to execute well. **Daikin**, which produces air conditioners, is Quality-rated. However, demand has been weaker than expected in China and the United States. Additionally, the European take-up of heat pumps has been slower than forecast. This recent disappointing performance prompted us to close this position. Our decision not to own Standard-rated **Mitsubishi Heavy Industries** also detracted from returns. The shares performed well following the Japanese government's announcement of plans to increase defence spending, one of the company's key exposures.

Portfolio activity

Corporate governance reforms, including business re-organisation, are increasing the number of companies we may, in future, deem to be Premium- or Quality-rated, and this has created many more opportunities for us to invest in the kind of businesses we favour. Over the past year we added several new stocks to the portfolio. The most significant acquisitions included:

- **Advantest** – This Quality-rated business is the global leader in semiconductor chip testing. Demand from its key customer, Nvidia, and other major clients, is driving earnings growth.
- **Softbank Group** – The group listed its Quality-rated subsidiary ARM, a chipmaker, in the US last year. This has greatly improved visibility regarding the value of the whole group, which in our assessment is trading at a wide, and appealing, discount to NAV.
- **Kao** – During the past year, this leading, Quality-rated maker of consumer goods announced a plan to improve profitability, including focusing on a smaller number of brands. We believe this plan is likely to be effective in lifting performance.
- **Suzuki Motor** – This Standard-rated business trades at a big discount to the value of its stake in Maruti Suzuki, India's leading car manufacturer. Furthermore, Suzuki has a very strong balance sheet, and we believe there is potential to substantially improve capital allocation.
- **Denso** – Denso is one of the world's top auto component makers, focused on hybrid and electric vehicles, as well as advanced driving systems. The company is significantly reducing its cross-shareholdings and improving its capital allocation. We upgraded the strategic classification to Quality and bought the shares at an attractive valuation.

In the last six months we also established new positions in **Kinden**, an electrical engineering company, **Lifedrink**, which bottles soft drinks to be sold as own-label products, **Toei Animation**, a creator of anime content, **Nichias**, a supplier of thermal insulation, whose new president is focused on profitability, and **Yamato Kogyo**, a steelmaker. All these acquisitions were motivated by the prospect of improving shareholder returns, attractive valuations and appealing growth characteristics.

These purchases were funded by the sale of several holdings including Daikin, mentioned above, and **Nippon Telegraph and Telephone**. We sold this Standard-rated stock due to worsening competitive dynamics in the telecom industry. In the last six months we also exited **Zozo**, an internet retailer, **Ibiden**, which makes electronic and ceramic parts, and several other names due to deterioration in their investment cases, better opportunities elsewhere, or high valuations. We also trimmed a position in **Sony**, a Quality-rated gaming and consumer electronics company, to fund the purchase of **Advantest**. We took some profits on **ASICS** and **Recruit** after their strong share price rises.

It is worth noting that, as highlighted in the Chairman's Statement, since the financial year end, we introduced CFDs into the portfolio. This move aims to enhance our gearing strategy by making it more efficient and cost-effective.

Portfolio Characteristics

	30th September 2024		30th September 2023	
	JFJ	Index	JFJ	Index
Forward Price to Earning Ratio[1] (12 months forward)	21x	14x	20x	14x
Return on Equity[1]	12.0%	9.0%	12.4%	9.0%
Operating Margin[1]	18.0%	13.0%	20.0%	13.0%
Active Share[1]	86.0%		92.0%	
Gearing	10.5% (12-month average 12.3%)		13.7% (12-month average 12.7%)	
Turnover (annualised)[1]	32.0%		22.0%	

[1] Term is defined in the Glossary of Terms and Alternative Performance Measures on pages 107 to 109. The figures above are calculated on the Company's portfolio of investments.

Investment Manager's Report

On 24th October 2024, the Company's combination with JSGI was concluded, together with an agreed transfer of assets. This process went very smoothly. There were 25 stocks which were common to both companies and we continue to hold these within JFJ adding an additional 7 stocks from JSGI.

Outlook

The transformation underway in Japan has, in our view, only just begun. The gains to be realised from corporate governance reforms and other structural changes will be much more significant than those we have seen to date. The most important positive influence on the outlook for Japanese equities remains the ongoing reform of the corporate sector. With the encouragement of the government, regulators and shareholders, Japanese companies are adopting ever higher standards of independence and transparency and implementing best practices in their capital allocation decisions. Shareholder returns are increasing due to the resultant share buybacks and higher dividends, and we expect dividend payout ratios to continue to rise. These developments have the potential to lift the whole market, including the Company's holdings, to a higher valuation.

But there are several other reasons to be positive about the outlook for Japanese equities. For one, Japan is at a very early stage in the digitisation process compared to the rest of the world, and this, combined with the trend towards industrial automation, has the potential to help drive significant growth and/or productivity gains over the medium term. Deglobalisation, the transition to renewable energy and developments in medical technology are also contributing to rapid structural change – an ideal environment for the dynamic, quality businesses we want to own.

Japan's labour market is also changing. Increasing wages is one indicator of the extremely tight conditions in this market, and the supply of labour is set to contract further as the country's aging workforce retires. However, this situation has one major potential upside. Traditionally, Japan's labour market has been characterised by a rigid mentality. But there are now signs that the high demand for labour is making workers bolder in their employment choices, with many more inclined to change jobs in pursuit of higher income. If this trend gains further traction, the resulting improvement in labour market flexibility should have a favourable effect on overall productivity and the long-term future of Japan's corporate sector.

Increased demand from foreign investors also looks set to provide further support for the market. Many global investors are underweight Japanese equities. However, they are beginning to recognise the opportunities on offer in this market, especially since valuations, while not cheap, are still relatively attractive. At the end of September 2024, the market was priced at 14x earnings on a forward price to earnings basis and at 1.5x book value (in trailing price to book terms). With inflation now positive, and an enhanced Nippon Investment Savings Account (NISA) providing a greater incentive to invest, there are also signs that domestic retail investors are taking more interest in their home market.

Now that the BoJ has begun to raise rates, the yen has risen slightly from its mid-year lows of around 160 yen to the US dollar, and 200 yen to the pound. While the yen is still undoubtedly weak on an historical basis, and therefore potentially attractive, the recent victory by Donald Trump in the US election may yet cause the US dollar to strengthen further, as tariffs on imports may mean US inflation is higher and interest rates remain relatively elevated.

So, even though the Japanese market has had a very strong run over the past 18 months, this combination of corporate governance reforms, structural transformation and appealing valuations should help sustain and encourage investors' appetite for Japan stocks. It will also generate many exciting investment opportunities, regardless of the economic backdrop.

We believe that our experienced team, based on the ground in Tokyo, means we are ideally placed to identify these opportunities, and capitalise on them. Japan is one of the world's three largest equity markets. It is very deep, broad and liquid. Yet, large areas of the market have relatively low levels of sell-side analyst coverage. This leaves the way open for locally based investors such as us to identify potential winners that most other investors simply miss. Furthermore, in addition to our extensive Tokyo-based team, we also benefit from our global team of investment professionals, who help us identify new trends and opportunities, as well as confirm investment themes and competitive positioning.

Investment Manager's Report

In summary, there are many good reasons for our optimism regarding the Japanese market, and hence the long-term prospects of the portfolio's holdings. We are therefore confident of the Company's ability to continue delivering capital growth, and outperformance, to shareholders over the long term.

Thank you for your ongoing support.

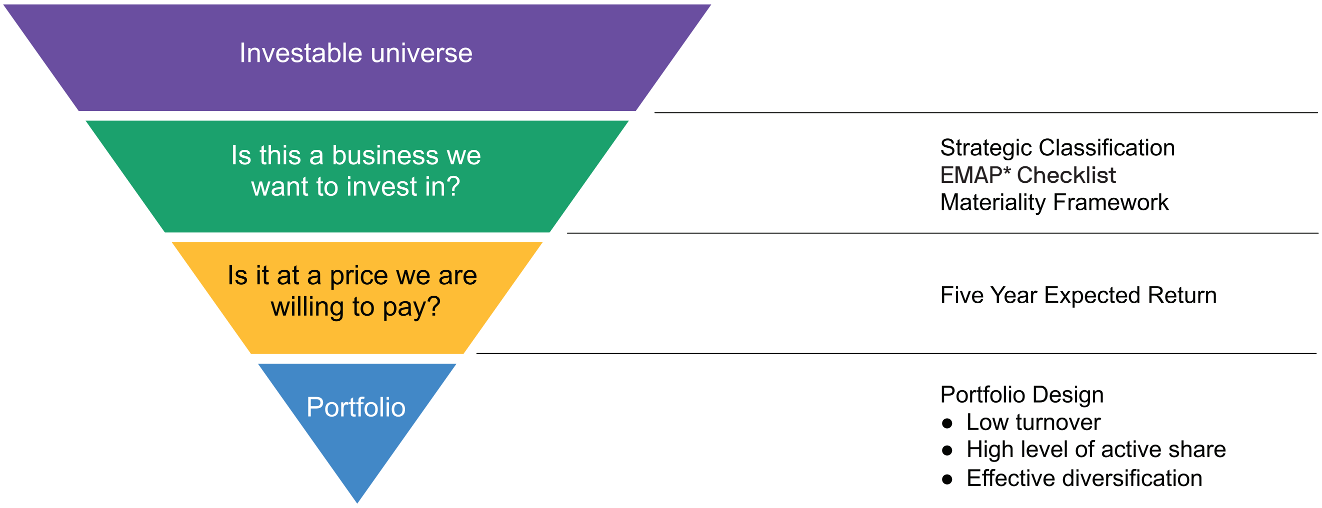
Nicholas Weindling
Miyako Urabe
Investment Managers

13th December 2024

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:



*EMAP: Emerging Markets and Asia Pacific.
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 JPMAM'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. 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 financially material environmental, social and governance (ESG) considerations. 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.

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

*EMAP: Emerging Markets and Asia Pacific.
Source: JPMAM. As at 30th June 2024.
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:

HITACHI LTD.

Portfolio weight: 7.1% (as at end September 2024)

Hitachi Ltd. is a Japanese multinational conglomerate with a diverse business portfolio, including digital systems and services, green energy and mobility, and connective industries.

The company has been actively restructuring by divesting non-core assets, including Hitachi Construction Machinery, Hitachi Metals, and Astemo, to focus on higher-margin businesses like digital solutions and energy. The company aims to improve returns and cash flow by increasing the weighting of software businesses and offering more differentiated products.

The company has outperformed since we have owned it due to its strategic focus on high-growth areas, effective cost management, and strong cash flow generation. The company's ongoing investments in digital and energy sectors are expected to drive sustained growth and margin improvement.

This is the kind of classic restructuring story we look for when investing – a strong underlying franchise which can be significantly improved.

ESG Consideration:

Hitachi has made significant progress in sustainability and corporate governance. The company is committed to reducing cross-shareholding, enhancing supply chain management to address social issues and human rights, and improving diversity, equity, and inclusion ('DEI'). Human rights risk assessments and the introduction of the EcoVadis platform for evaluating procurement partners are part of its comprehensive ESG strategy.

We upgraded Hitachi from Standard to Quality in 2024, reflecting its successful portfolio restructuring, clear path to margin improvement, and robust financial position.

Manager's Investment Process

TOKIO MARINE

Portfolio weight: 4.8% (as at end September 2024)

Tokio Marine is one of Japan's largest property and casualty insurers, with a significant presence in both domestic and international markets. The company operates with a double-digit ROE, supported by a robust governance framework, capital discipline, and a strong M&A track record.

It benefits from a domestic retail oligopoly and a growing U.S. specialty portfolio, which supports its sustainable growth.

The company's stock has outperformed due to its strong earnings momentum, disciplined capital management, and proactive measures to reduce cross-shareholdings, which have enhanced investor confidence.

The long-term outlook for Tokio Marine remains positive due to its strategic focus on global diversification, continued growth in the U.S. specialty market, and commitment to maintaining top-class growth among global peers.

ESG Consideration:

Tokio Marine is committed to unwinding cross-shareholdings, aiming to complete the process by 2030. Additionally, it is actively enhancing its climate change mitigation measures, including setting formal engagement frameworks and improving transparency around insurance-associated emissions. The company is also focused on strengthening cybersecurity resilience and addressing business conduct issues, such as price-fixing, through robust governance practices.

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%**

*EMAP: Emerging Markets and Asia Pacific.
Source: JPMAM. As at 30th June 2024.
*Benchmark = TOPIX.

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 86%. 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 2024

	Portfolio	Index
Return on equity[1]	12.0%	9.0%
Operating margin[1]	18.0%	13.0%
Price to earnings (P/E) ratio (12-months forward)[1]	21x	14x

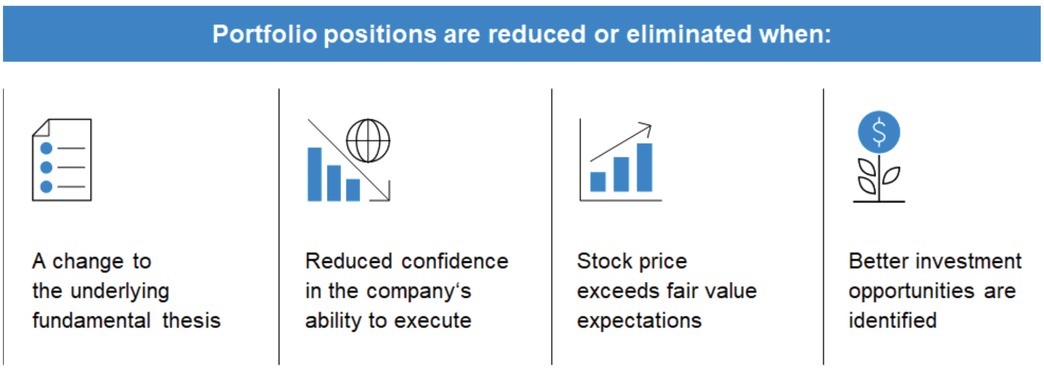
[1] Term is defined in the Glossary of Terms and Alternative Performance Measures on 107 to 109.

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 10.5%, compared to a 12-month average of 12.6%, and down from 13.7% at the end of September 2023.

Sell discipline

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



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 — **13th December 2024**

Manager's Approach to ESG

Background

In Japan, successful integration of financially material ESG factors in the investment process and effective engagement 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 is well positioned to ensure the effectiveness of our engagement on behalf of your Company.

How do we integrate ESG into our investment processes?

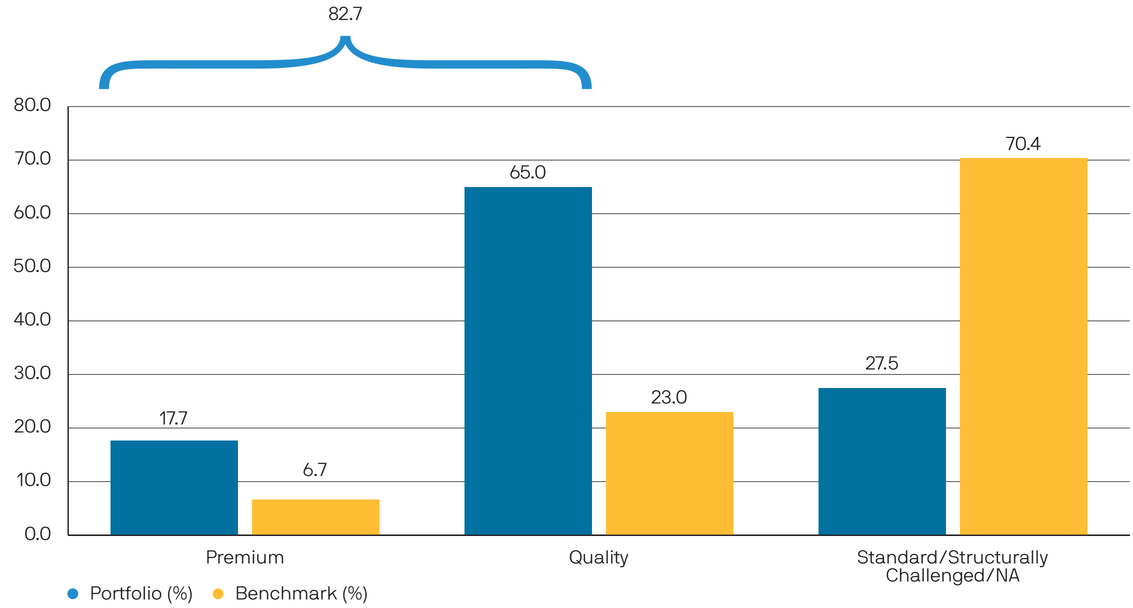
The Company is not a sustainable or environmental, social and governance ('ESG') investment vehicle. However, in actively managed strategies deemed by J.P. Morgan Asset Management (UK) Limited ('JPMAM' or referred to as 'we' or 'us' below) to be ESG integrated under our governance process, we systematically assess financially material ESG factors (amongst other factors) in our investment analysis and investment decisions, where possible and appropriate, with the goals of managing risk and improving long-term returns. Essentially, we seek to determine whether, in our opinion, a company faces potential headwinds or tailwinds from ESG considerations which may ultimately have a significant impact on its share price.

We see active engagement with investee companies as a key element of ESG integration. We seek to be a responsible owner or 'steward' and to engage on a wide range of topics so as to promote long term value. Please see below.

ESG integration does not change the Company's investment objective, exclude specific types of companies, or constrain the Company's investable universe. However, our assessment of financially material ESG factors may influence our investment decisions. Ultimately, it may impact our decision to purchase a stock or not, or determine a stock's position size, depending on our level of conviction.

We integrate financially material ESG considerations across all parts of our qualitative assessment of a business. First, we assign each business a strategic classification that ranges from Premium (best), to Quality and then to Standard. This label is assigned after a thorough examination of a company's economics, its governance practices, and the durability of its business model. Financially material 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.

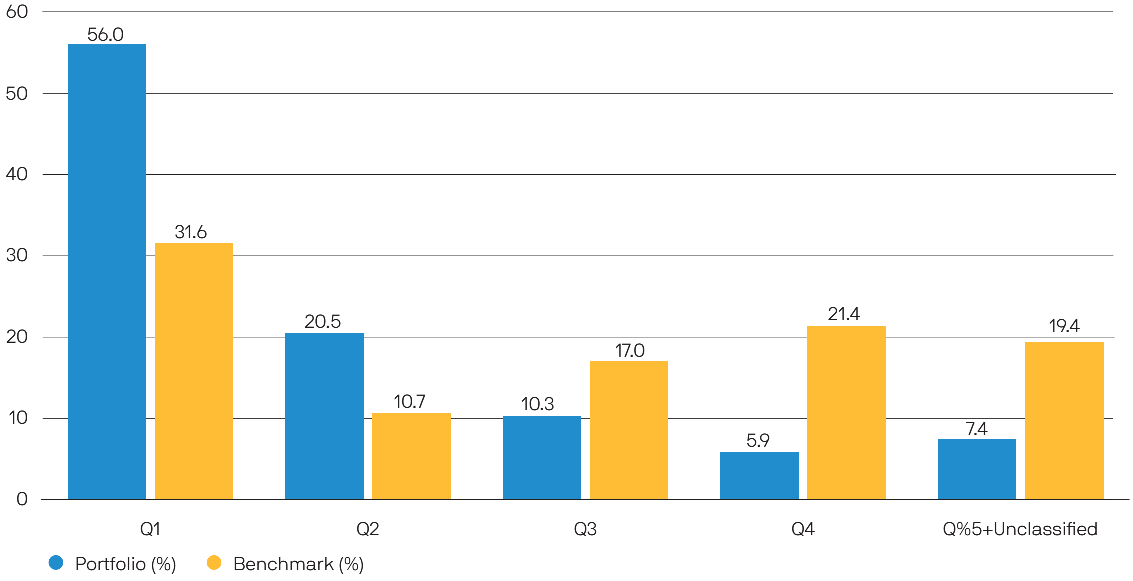
Strategic classification: Portfolio versus Benchmark



As at 30th September 2024.

Secondly, our team completes a 98-question risk profile for each of the 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. 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, with the companies possessing the lowest number of red flags ranking in the first quintile. Uncovered stocks in the benchmark are aggregated into '5Q+Unclassified'. The chart compares the portfolio's exposure to each quintile, to that of the index. As can be seen, the portfolio has a significant tilt towards companies in the first quintile.

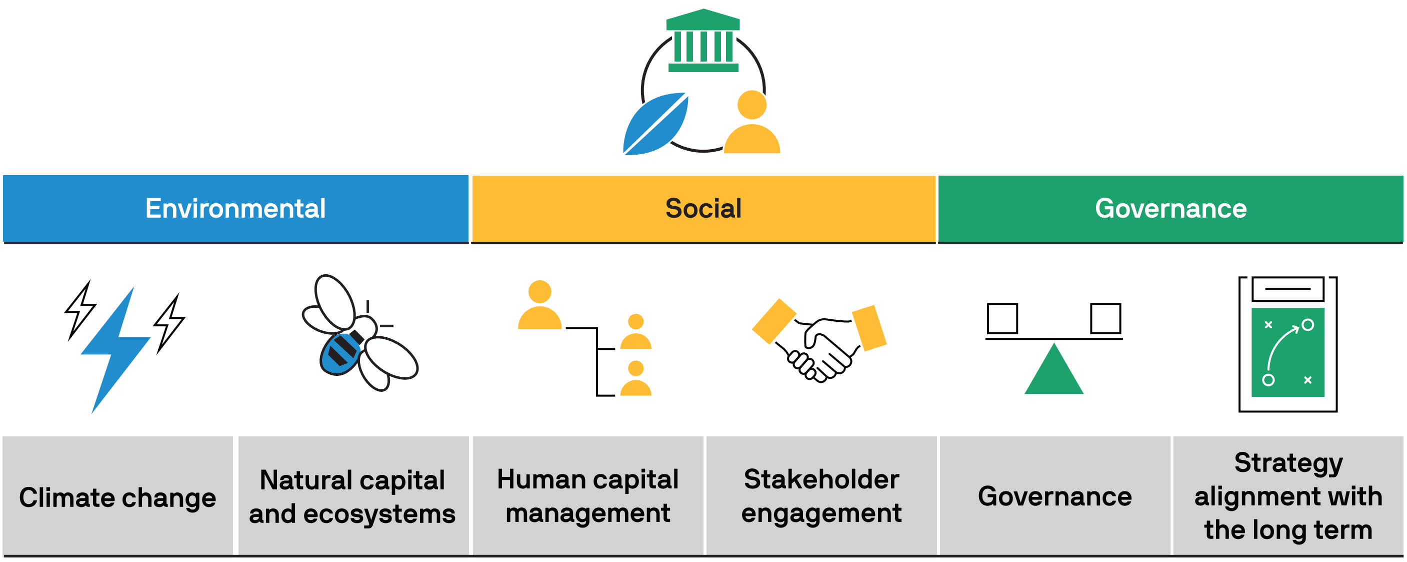
Risk Profile: Portfolio vs Benchmark



As at 30th September 2024.
Source: J.P. Morgan Asset Management, Factset, IBES. The portfolio is actively managed. Percentages exclude cash.

Engagement

As a major investor, we recognise and embrace our wider stewardship responsibilities towards our clients and the broader community. We use engagement to better understand portfolio companies and encourage them to develop and adopt best practices to manage their risks and create long-term shareholder value. Active ownership in the context of ESG integration also allows us to manage financially material ESG risks and to systematically incorporate insights gained from engagement into our investment decisions. To shape that engagement, six overarching principles are defined by JPMAM's specialist Sustainable Investment team, as illustrated below.



Examples of Specific Recent 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 businesses mentioned are all held in your company's portfolio and are just a few examples of the ongoing dialogue that we maintain with all the businesses in which we invest on your behalf.

Manager's Approach to ESG

Shimano

Human capital management

We engaged with Shimano in connection with capital allocation, board independence and diversity and supply chain management.

We asked the company to explain how management assesses the appropriate level of leverage for the business. We noted the company's significant net cash position and sought to understand the management's preference for employing leverage rather than using available cash. We also suggested that they consider other companies' typical dividend pay-out ratios of 30% to 50% in this context.

Stakeholder engagement

In recent years, Shimano has strengthened its sustainability governance by establishing an ESG committee in October 2022 and an ESG Promotion Department in January 2024. We commented that the current disclosure on sustainability in the company's reporting and ESG information is limited and requested more fact-based data in the next report. We also suggested including explanations of the company's policy for developing human capital, its strategy for female advancement, and its pay gap between male and female workers in the fiscal year 2023 annual report.

In connection with the company's supply chain, we expressed our concern over the alleged exploitation of migrant workers at its subsidiary in Malaysia. The company explained that it had set up a third-party committee, conducted on-site inspections and implemented remedial measures to support its migrant workers. We requested that it strengthen the monitoring of its suppliers by extending the scope of monitoring beyond its Japanese business partners. We also asked the company to report the findings of its monitoring and provide details of its remedial actions in the fiscal year 2023 annual report.

Tokyo Electron Ltd

Governance

We met with the company's senior management to discuss board composition. We had previously asked the company to ensure that the board had a majority of independent directors, and we voted against the CEO in the past two years in an effort to push this agenda forward. In March this year, Tokyo Electron proposed the appointment of Mr. Joseph A. Kraft Jr and Ms. Yukari Suzuki to the board as independent directors. These appointments ensured that four out of seven directors were independent. It was also encouraging to see that the board now had two female directors and one non-Japanese director. Ms. Makiko Eda, an outside female director and the ex-CEO of Intel Japan is set to retire from the board; and we have previously voted against her reappointment, given the business affiliation between Intel and Tokyo Electron.

Tokyo Electron owns shares in semiconductor related companies such as ASM and Hana Materials, which helps them to maintain strong business ties. With the sharp appreciation of semiconductor related stocks, these investments now account for 15% of Tokyo Electron's total net assets as of March 2024, up from 10% a year earlier and we highlighted this from a capital efficiency perspective. The company explained that it had started an internal discussion on whether it needs to make a change to its level of shareholdings. We encouraged them to review these holdings further and to be transparent about its policy and future direction on this matter.

Nintendo

Governance

At the AGM in June 2024, Nintendo elected four new directors, including three women. Three of these directors were independent. As a result, board independence increased from 40% to 46%, and gender diversity significantly improved from 10% to 30%. The company told us that since the appointment of a female director, board discussions had become much more active and open. Against this backdrop, the board decided to improve board diversity further. We appreciated this effort and encouraged them to make the majority of the board independent.

With regards to capital policy, we requested that the company unwind cross shareholdings and reduce its JPY 1.4 trillion cash balance. The company assured us that it had already begun the process of reducing cross shareholdings. It also stressed that investments were likely to exceed the level set out in its mid-term plan. Our analyst pointed out however that, even with accelerated capital investments, cash would increase, and that the company needed to explain its policy on capital allocation, so as to address investor concerns.

On climate, we have been engaging with the company since 2021, asking them to set net zero targets and disclose scope 3 emissions. Nintendo outsources manufacturing to multiple electronic manufacturing services companies ('EMS'), so its scope 3 emissions are material, amounting to 99% of its total emissions in 2022, with category 1 emissions (from purchased goods and services), accounting for 87% of the total. The company informed us that it now has a much clearer understanding of the importance of this issue, but still struggles to meet targets, as realising them is dependent on the EMS adopting similar goals. This will be a challenge for EMS, as Nintendo is not their only client. Nintendo has been addressing energy conservation at the product design stage, and energy efficiency has continued to improve at the company's production sites. However, due to the increasing volume of production, these efforts have had only a limited impact on emission reduction thus far.

Voting

Voting at Shareholder Meetings Held During the year to 30th September 2024

The Company voted at all 56 of the annual general meetings, of investee companies held during the 12 months to 30th September 2024. A summary of key voting statistics and activity undertaken in respect of stocks in the Company's portfolio during this period is below.

Management Proposals	For	Against	Abstain	Against/ Abstain Total	Total Items	% Against
Audit Related	2	0	0	0	2	0%
Capitalisation	1	0	0	0	1	0%
Company Articles	10	1	0	1	11	9%
Compensation	19	1	0	1	20	5%
Director Election	409	89	0	89	498	18%
Director Related	48	8	0	8	56	14%
Routine Business	21	10	0	10	31	32%
Strategic Transactions	1	0	0	0	1	0%
Total	**511**	**109**	**0**	**109**	**620**	

Reasons for votes being cast against management included the following:

- candidates for external directorships lacking in independence
- boards not majority independent
- insufficient shareholder return
- boards lacking gender diversity
- candidates for external directors holding multiple directorships
- stock options without sufficient vesting period

J.P. Morgan Asset Management (Japan) Limited **13th December 2024**

Portfolio Information

Ten largest investments

As at 30th September

Company	Portfolio Theme	2024 Valuation £'000	2024 Valuation %[1]	2023 Valuation £'000	2023 Valuation %[1]
Hitachi Hitachi is an engineering and electrical equipment conglomerate.	Environment	68,484	7.1	30,892	3.6
ASICS ASICS manufactures and distributes athletic shoes, sportswear, sporting goods and equipment and other products.	World Class Consumer Brands	47,773	4.9	33,325	3.9
Tokio Marine Tokio Marine operates in property and casualty insurance and life insurance.	Stock Specific	46,290	4.8	44,243	5.1
Keyence Keyence is a global leader in manufacturing sensors for factory automation.	Automation and Hardware Technology	45,420	4.7	45,821	5.3
ITOCHU ITOCHU trades textiles, machinery, metals, minerals, energy, chemicals, food, general products,etc. and has real estate, information, communications technology and finance operations.	Stock Specific	45,191	4.7	29,469	3.4
Seven & i[3] The Company plans, manages, and operates mainly convenience stores, supermarkets, and department stores.	World Class Consumer Brands	37,115	3.8	18,021	2.1
Advantest[2,3] Advantest produces semiconductor testing devices and electronic measuring instruments.	Digital Innovation	36,804	3.8	—	—
Hoya[3] The company manufactures optical products such as photomasks, photomask blanks and hard disk drive platters, contact lenses and eyeglass lenses for the health-care market.	Automation and Hardware Technology	35,416	3.6	29,057	3.4
Shin-Etsu Chemical The world's largest supplier of semiconductor materials.	Automation and Hardware Technology	30,750	3.2	37,080	4.3
Japan Exchange[3] Japan Exchange is the holding company created through the merger of Tokyo Stock Exchange Group, Inc and Osaka Securities Exchange Co., Ltd.	Stock specific	28,309	2.9	22,309	2.6
Total		**421,552**	**43.5**	**See footnote 4**	

[1] Based on the total portfolio investments of £970.4m (2023: £859.3m)
[2] Not held in the Portfolio as at 30th September 2023.
[3] Not included in the ten largest investments at 30th September 2023.
[4] At 30th September 2023, the value of the ten largest investments amounted to £372.8 million, representing 43.4% of total portfolio investments

Portfolio Information

Stock market sector analysis

	30th September 2024		30th September 2023	
	Portfolio %[1]	Benchmark %	Portfolio %[1]	Benchmark %
Industrials	22.4	25.7	19.3	24.0
Information Technology	19.7	13.4	22.3	12.8
Consumer Discretionary	16.6	17.1	13.8	18.9
Financials	11.1	13.0	12.0	12.1
Consumer Staples	8.1	6.5	5.6	6.9
Materials	8.1	5.6	8.1	5.7
Health Care	7.2	7.4	11.2	7.8
Communication Services	6.5	6.9	7.2	7.4
Real Estate	0.3	2.1	0.5	2.0
Utilities	—	1.4	—	1.4
Energy	—	0.9	—	1.0
Total	**100.0**	**100.0**	**100.0**	**100.0**

[1] Based on the total portfolio investments of £970.4m (2023: £859.3m).

Portfolio Information

List of investments

As at 30th September 2024

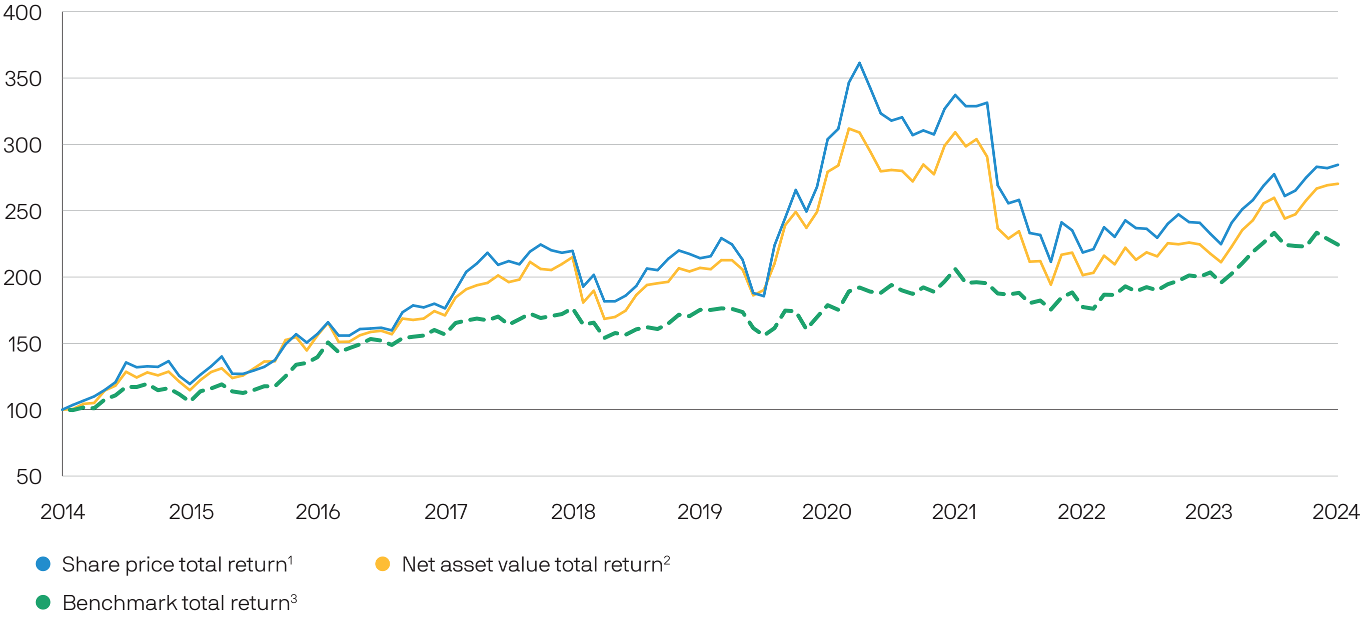
Company	Valuation £'000	% of the total portfolio
Industrials		
Hitachi	68,484	7.1
ITOCHU	45,191	4.7
Secom	27,395	2.8
Recruit	22,922	2.3
Sanwa	18,477	1.9
Nichias	13,523	1.4
Japan Elevator Service	9,621	1.0
Kinden	8,705	0.9
Infomart	3,025	0.3
	217,343	**22.4**
Information Technology		
Keyence	45,420	4.7
Advantest	36,804	3.8
Tokyo Electron	25,031	2.6
Obic	16,132	1.7
Nomura Research Institute	16,129	1.7
Murata Manufacturing	13,279	1.4
Japan Material	12,010	1.2
Otsuka	9,752	1.0
Money Forward	6,323	0.6
Megachips	4,656	0.4
Topcon	4,224	0.4
SpiderPlus	1,609	0.2
	191,369	**19.7**
Consumer Discretionary		
Asics	47,773	4.9
Sony	22,187	2.3
Suzuki Motor	19,849	2.1
Seiko	15,510	1.6
Denso	14,387	1.5
Sanrio	13,567	1.4
Fast Retailing	10,946	1.1
Niterra	8,651	0.9
Shimano	7,862	0.8
	160,732	**16.6**

Company	Valuation £'000	% of the total portfolio
Financials		
Tokio Marine	46,290	4.8
Japan Exchange	28,309	2.9
Rakuten Bank	21,352	2.2
GMO Payment Gateway	9,256	1.0
WealthNavi	2,123	0.2
	107,330	**11.1**
Consumer Staples		
Seven & i	37,115	3.8
Kao	23,363	2.4
Lifedrink	10,107	1.0
Cosmos Pharmaceutical	8,498	0.9
	79,083	**8.1**
Materials		
Shin-Etsu Chemical	30,750	3.2
Nippon Sanso	24,929	2.6
Osaka Soda	13,549	1.3
Yamato Kogyo	9,787	1.0
	79,015	**8.1**
Health Care		
Hoya	35,416	3.6
Nakanishi	13,377	1.4
Terumo	8,414	0.9
As One	7,919	0.8
Kissei Pharmaceutical	4,659	0.5
	69,785	**7.2**
Communication Services		
Nintendo	26,829	2.8
SoftBank	24,239	2.5
Capcom	5,972	0.6
Toei Animation	5,822	0.6
	62,862	**6.5**
Real Estate		
Canadian Solar Infrastructure Fund	2,908	0.3
	2,908	**0.3**
Total Investments	**970,427**	**100.0**

Ten-Year Record

Ten-Year absolute performance

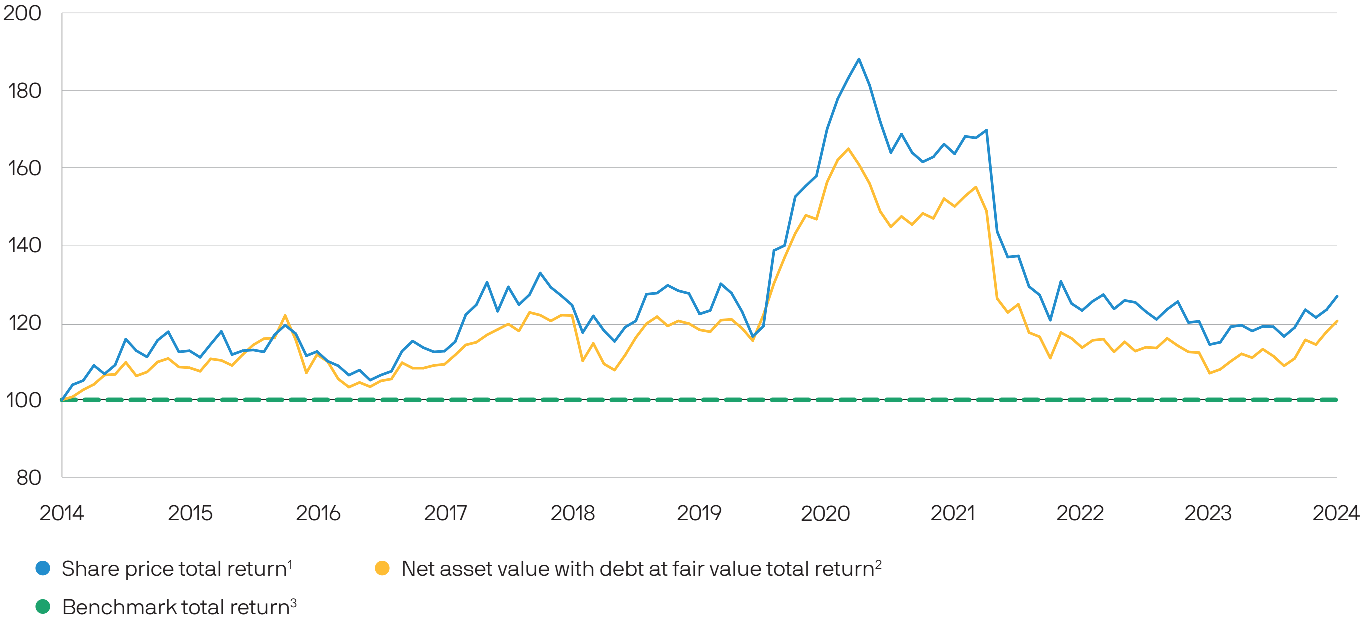
Figures have been rebased to 100 at 30th September 2014



[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 2014



[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	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Total assets less current liabilities (£'m)	408.4	513.2	693.2	778.2	986.1	913.7	1,236.5	1,313.6	841.3	826.5	946.1
NAV per share with debt at fair value (p)[A]	253.3	287.5	387.5	421.0	523.6	498.0	665.8	731.7	473.2	504.8	619.2
Share price (p)	218.0	257.3	335.0	372.0	458.0	441.0	619.0	682.0	438.5	460.5	556.0
Discount to NAV per share with debt at fair value (%)	13.9	10.5	13.5	11.6	12.5	11.4	7.0	6.8	7.3	8.8	10.2
12 month average discount to NAV per share with debt at fair value (%)[1]	9.6	10.7	12.4	12.0	9.2	9.0	10.4	3.9	5.7	7.3	9.0
Gearing (%)[A]	12.7	6.4	9.5	13.6	14.7	13.1	14.8	12.7	11.7	13.7	10.5
Yen exchange rate (=£1)	177.8	181.4	131.5	151.0	148.1	133.2	136.4	150.4	161.6	182.1	191.9
Year ended 30th September											
Gross revenue attributable to shareholders (£'000)	5,715	6,970	8,725	11,640	11,958	11,813	11,442	13,003	14,698	14,706	14,029
Revenue return per share (p)[A]	2.46	3.06	3.97	5.52	5.53	5.52	5.21	5.99	7.48	7.46	7.37
Dividend per share (p)	2.80	2.80	3.65	5.00	5.00	5.00	5.10	5.30	6.20	6.50	6.75
Ongoing charges (%)[A]	0.78	0.77	0.74	0.69	0.67	0.68	0.65	0.61	0.68	0.74	0.73
Total return rebased to 100 at 30th September 2014											
Share price total return[1,A]	100.0	119.4	157.1	176.4	219.7	214.2	303.9	337.2	218.5	232.6	284.6
Net asset value total return[2,A]	100.0	114.7	156.0	171.1	215.0	206.9	279.3	309.1	201.5	217.6	270.3
Benchmark total return[3]	100.0	106.0	139.6	156.7	176.5	175.3	178.8	206.1	177.4	203.5	224.4

[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 107 to 109.

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. 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 Portfolio 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 Portfolio 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 Portfolio 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 and can use CFDs 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 Portfolio Managers have focused on those companies that have strong balance sheets, using first hand company research and analysis. The assets are managed by Portfolio 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 2024: 100.0%).
- 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 2024: 4.5%).
- The Company does not normally invest in unquoted investments and to do so requires prior Board approval. (30th September 2024: 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 2024: 10.5%).
- The Company does not normally enter into derivative transactions and to do so requires prior Board approval. As mentioned in the Chairman's statement, during the year, the Board approved the use of CFDs for gearing purposes. However, the use of CFDs only started post year-end.
- 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 2024: 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.

Business Review

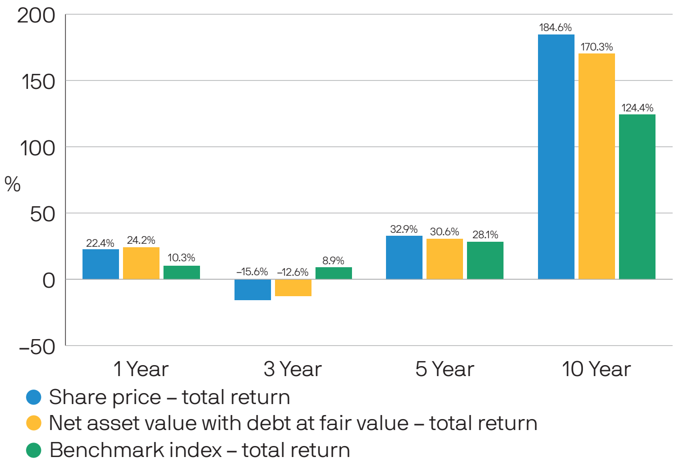
Key Performance Indicators ('KPIs')

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

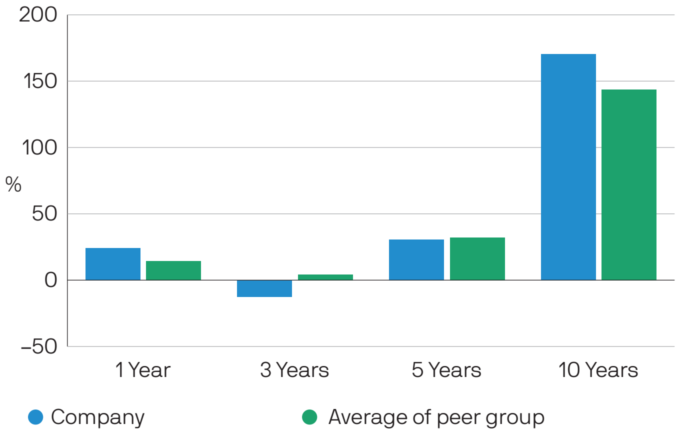
This is the most important KPI by which performance is judged. The Board also regularly reviews performance attribution analysis which illustrates how the Company achieved its performance relative to its benchmark index. Details of the attribution analysis for the year ended 30th September 2024 are given in the Investment Manager's Report on page 12.



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. The chart below shows the Company's NAV total return, with debt at fair value, compared to the peer group's average NAV total return (Closed-ended and Open-ended Investment Companies).

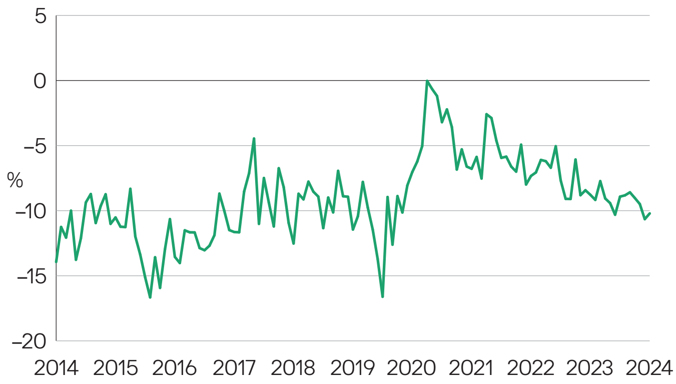


Source: Morningstar/J.P. Morgan, using net asset value with debt at fair value.

Share price discount or premium to net asset value per share

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 2024, the shares traded between a premium of 1.5% and discount of 14.0%, at an average discount of 9.0% and ended the year at 10.2%. Since the year end, the discount has widened and averaged 12.1% over the two months to 30th November 2024.

Discount (%)



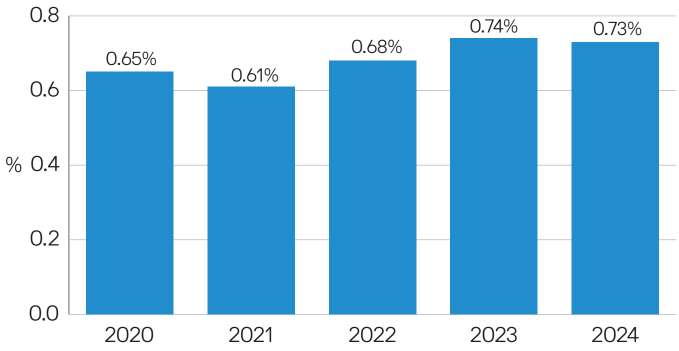
JPMorgan Japanese Investment Trust plc – share price (discount)/premium to cum income net asset value, with debt at fair value, per share (month end data – the figures detailed in the text above the chart includes every business day throughout the year and therefore may not appear in the chart if not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

Source: Morningstar/J.P. Morgan, 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 2024 were 0.73% (2023: 0.74%). 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 ongoing charges over the last two years have remained stable, however following the combination with JPMorgan Japan Small Cap Growth & Income plc, the ongoing charge is expected to reduce as noted in the Chairman's Statement. The ongoing charges calculation is shown in the Glossary of Terms and Alternative Performance Measures on pages 107 to 109.

Ongoing Charges Ratio (%) For The Last Five Years



Duty to Promote the Success of the Company

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. 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 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

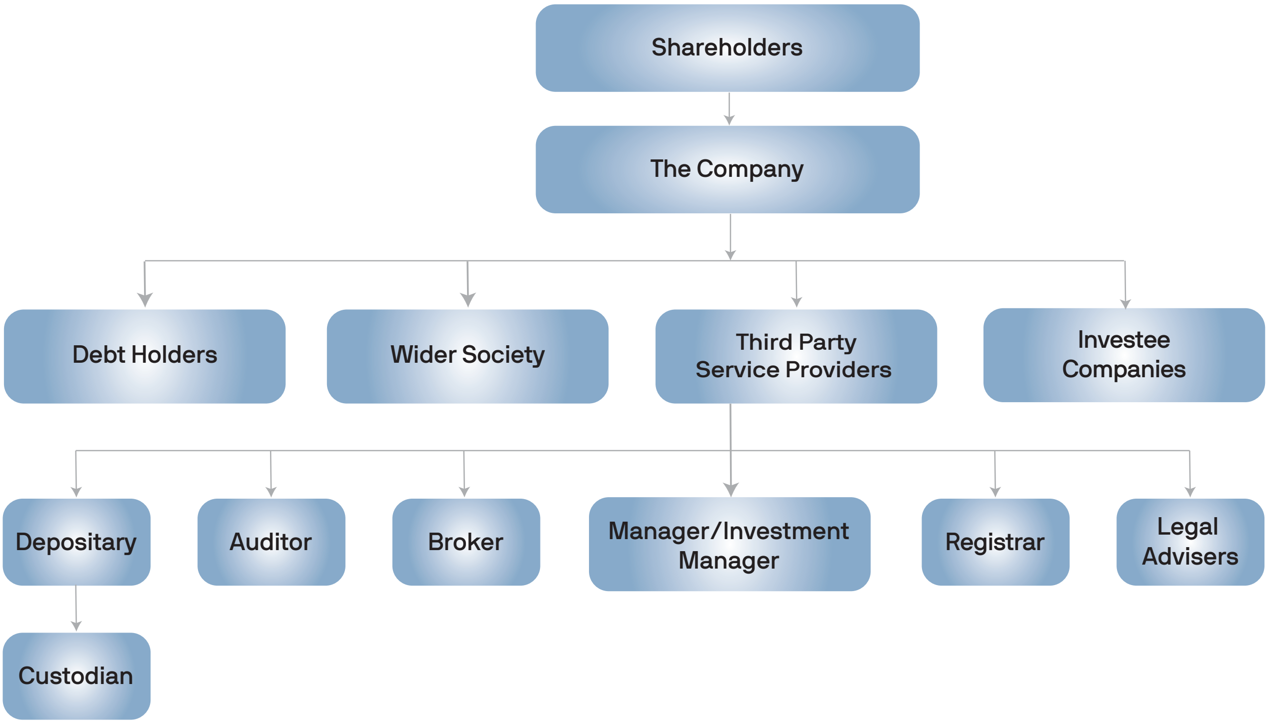
The Board is appointed by the Company's shareholders, who also approve the Company's investment objective. The Board appoints the investment manager to deliver the investment objective using its investment process. The Board oversees the Company's affairs by:

1. Ensuring the Manager complies with the Investment Restrictions and Guidelines (see page 33).
2. Reviewing the Manager's performance against the benchmark index and Key Performance Indicators (see page 34).
3. Using gearing where the expected benefits outweigh the costs and risks. This includes approving the method of adding gearing to the portfolio, e.g: use of CFDs.
4. Monitoring the share price premium or discount and the use of share issuances and buybacks (see page 34).
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 34).
9. Ensuring compliance with governance codes and regulatory requirements (see page 54).
10. Overseeing the marketing and investor relations activities carried out by the Manager.

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 between professional investors and our Manager; ● Through the Company's website which has regulatory reports, factsheets, share prices, articles and market commentary etc.; and ● Shareholders also have the opportunity to receive email updates from the Company including news and views and latest performance statistics, by signing up to the Manager's preference centre.	Clear communication with the shareholders about our strategy and performance against objectives can help them make informed decisions about their investment. For our 2024 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 and the Senior Independent Director met with a number of shareholders and discussed the investment performance, ESG integration and engagement process, board governance and other matters. The Managers also met with several professional investors and wealth managers during the year. Feedback received from these meetings was shared with the Board. In line with best practice, the Board also decided to implement a continuation vote to be held every five years, starting with the annual general meeting in 2029.

Duty to Promote the Success of the Company

<table>
<tr><th>Stakeholder Group</th><th>Benefits of Engagement</th><th>Engagement Process</th><th>Key Decisions and Outcomes during the year</th></tr>
<tr><td>Manager and Investment Manager</td><td>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.</td><td>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; and

● 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.</td><td>The portfolio activities undertaken by the Investment Manager can be found in the Investment Manager's Report on pages 17.

Details regarding the Company's Key Performance Indicators can be found in this Strategic Report on pages 34.

The Manager also reported to the Board in respect of its consideration of financially material 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 27.

During the year, the Board held the Manager to account for the investment performance with a series of detailed meetings with the Investment Manager's 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; and

● encouraged the Manager to enhance its sales and marketing efforts.

Post the review process, the Board re-appointed the Manager.</td></tr>
<tr><td>Key Service Providers</td><td>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.</td><td>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 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 & Risk 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.</td><td>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 & Risk 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.</td></tr>
</table>

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 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 21.
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 Portfolio 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 mentioned in the Chairman's statement, during the year, the Board decided not to renew the JPY 5 billion floating rate revolving credit facility with Mizuho Bank Ltd. The Company has a short-term revolving facility of JPY 10,000,000,000 with Industrial and Commercial Bank of China Limited, London Branch, along with a long-term fixed rate debt in place. Further details are provided on pages 84 and 85 of these Financial Statements. The Company has recently also started using Contracts for Difference (CFDs) as an alternative means of implementing gearing.
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 maintainable over the long term, both it and the Manager must have regard to ethical and financially material 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, financially material 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 27.

Duty to Promote the Success of the Company

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

Combination with JPMorgan Japan Small Cap Growth & Income plc ('JSGI')

A key strategic decision made by the Board was the Combination of the Company with JSGI. The Board sought the views of the Manager, the Corporate Broker and other advisers. In making its decision, the Board considered the interests of the shareholders and the Manager and ensured that no unintended change of investment approach would result. The Board deemed the Combination to be in the best interests of shareholders as a whole as a result of the benefits of the enlarged asset base following the Combination, including:

- Raised profile, which has the potential to generate further interest in the Company's shares;
- A greater number of shares in issue, which, in turn, will enlarge the free float of the Company's shares and result in a broader shareholder base, which should improve liquidity;
- The fixed costs of the Company being spread over a larger asset base, providing economies of scale, thus reducing the fixed costs per share;
- Shareholders benefiting from a reduced management fee and lower ongoing charges ratio; and
- A more diversified shareholder register.

To this effect, the Prospectus and Circular was sent to the shareholders in September 2024. The Company's shareholders approved the Combination with JSGI at a general meeting held on 10th October 2024. Also, as part of the combination process the Board sought and received approval for a five-year continuation vote, the first to take place at the annual general meeting in 2029.

The Board and the Manager review opportunities to grow the Company on an ongoing basis, which includes identifying potential merger candidates and participating in requests for proposals, where appropriate, from companies seeking to change mandate or manager.

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.

As mentioned in the Chairman's Statement, as part of the combination with JSGI, the Board undertook to review JFJ's dividend policy. After discussions with major shareholders, it was concluded that the Company's dividend policy should remain unchanged.

The Board's decision to recommend a final dividend of 6.75p per share for the year to 30th September 2024 represents a 3.8% 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 Nomination Committee and the Board has given considerable thought to its succession planning. As mentioned in the Chairman Statement, Chris Samuel retired as the Chairman of the Company at the conclusion of the AGM in January 2024, after serving the Company for nine years, and Stephen Cohen assumed the role of Chairman.

Sally Duckworth took over as Chair of the Audit & Risk Committee, from the conclusion of the 2024 AGM. As previously reported in the Company's 2023 Annual Report, George Olcott, who is based in Japan, will be retiring from the Board following the Annual General Meeting in January 2026. The Board has started the recruitment process to seek to appoint a new Non-Executive Director based in Japan. Further updates will be provided in due course.

As previously announced, following the combination with JPMorgan Japan Small Cap Growth & Income plc (JSGI), Thomas Walker, previously a non-executive director of JSGI since 2019, was appointed as a non-executive Director of the Company with effect from 25th October 2024.

More information on the Directors can be found on pages 45 and 46.

Duty to Promote the Success of the Company

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

13th December 2024

Principal and Emerging Risks

The Directors confirm that they have carried out a robust assessment of the principal and emerging risks facing the Company, including those that would threaten its business model, future performance, solvency or liquidity. With the assistance of the Manager, the Audit & Risk 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 Board, via the Audit & Risk Committee, to put in place procedures to identify and manage emerging risks. Emerging risks, which are not deemed to represent an immediate threat, are considered by Audit & Risk Committee as they come into view and are incorporated into the existing review of the Company's risk register.

The key principal risks identified are summarised below. The Board does not believe that there are any new emerging risks facing the Company at present.

Principal risk	Description	Mitigating activities	Movement in risk status in year to 30th September 2024
Market Volatility and External Factors	Equities are sensitive to external factors, both national and global, including inter alia geopolitical tensions, economic conditions, inflation, fiscal and monetary policies, regulatory shifts, pandemics, conflicts and climate-related events.	Manager employs a strategy of portfolio diversification and continuously monitors these external influences. The Manager reviews portfolio exposure and makes necessary adjustments to align with market conditions. The Board regularly reviews reports from the Manager on market conditions, outlook, and portfolio risk assessments. It ensures that the Manager's portfolio positioning aligns with the agreed strategy, particularly concerning risks.	↑
Poor Strategy Selection	Poor strategy selection may result in suboptimal portfolio performance, misalignment with shareholder expectations, and an inability to meet the Company's objectives. It may expose the Company to inappropriate levels of risk, underperformance against benchmarks, reduced income, and erosion of capital.	The Manager conducts stress-testing and detailed analysis of proposed strategies to ensure their long-term viability. The portfolio is regularly benchmarked against peers and indices to assess performance, and the Manager monitors demand for competing strategies. The strategy is continuously adapted in response to market trends and macroeconomic conditions. The Board periodically reviews the investment strategy and engages in detailed discussions with the Manager to ensure alignment with objectives. It also ensures transparent communication of strategy rationale and goals to shareholders.	→
Poor Execution of Strategy	Ineffective implementation of the investment strategy may lead to poor performance, misalignment with objectives, and loss of shareholder confidence. Execution issues can stem from poor stock selection, failure to adapt to market conditions, or operational inefficiencies.	The Manager employs an experienced investment management team with expertise in Japanese growth stocks. The Manager carefully monitors investment processes, the success of investment decisions, and performance analytics. The Board regularly reviews portfolio activity and performance, supported by detailed analytics, to ensure effective strategy execution.	→
Discount Widening and Lack of Investor Demand	A widening discount between the Company's NAV and its share price, caused by lack of interest in the asset class, lack of interest in the strategy, poor performance or poor communications. Can lead to pressure from value player shareholders for action or cause other large shareholders to disinvest.	The Manager meets with the Company's major shareholders and provides an extensive range of investor materials. Broker feedback is obtained to understand shareholder views. Nationwide presentations are conducted to raise the Company's profile and attract new investors. The Board meets with major shareholders to address concerns and gather insights, sets buyback policies, and engages with the Manager to discuss potential changes to strategy, the portfolio management team, and the investment process. Marketing practices and plans are regularly reviewed to ensure robust engagement with investors.	↑
Liquidity Risks	Significant inflows or outflows from OEICs and other open-ended funds within the strategy may affect the Investment Manager's ability to maintain consistent investment across the strategy, leading to liquidity challenges or influencing the share price of cross-held assets.	The Manager actively monitors the liquidity of the strategy and conducts regular capacity reviews to manage inflows and outflows smoothly. The Manager ensures alignment with liquidity thresholds and maintains an appropriate allocation to liquid assets. The Board receives regular updates on assets under management (AUM) and liquidity in Board and Audit Committee packs.	↓

Principal and Emerging Risks

Principal risk	Description	Mitigating activities	Movement in risk status in year to 30th September 2024
Gearing and Loan Covenants Risks	Gearing amplifies both gains and losses, increasing financial risk during market downturns. Breaching loan covenants, such as maintaining specific gearing limits or asset coverage ratios, could result in penalties, forced repayment, or reputational damage. Using CFDs introduces risks such as amplified losses due to leverage, counterparty default risks since CFDs rely on the financial stability of brokers, and potential liquidity challenges during market stress, which can make it difficult to close or adjust positions.	The Manager makes investment decisions within the gearing parameters set by the Board and uses robust monitoring systems, including gearing summaries and monthly Investment Risk Governance (IRG) reports for Board review. A mix of lenders and financing mechanisms, such as loans and contracts for difference (CFDs), is utilised to reduce dependency and improve financial flexibility. The Manager regularly stress-tests the portfolio to assess covenant compliance under adverse conditions. The Board reviews gearing levels, covenant compliance, and associated risks at each meeting, and ensures all loan agreements and covenants are reviewed by lawyers before approval.	→
Change in Portfolio Manager	A change in Portfolio Manager may lead to changes in the Company's portfolio composition, risk profile, and overall investment approach, potentially affecting returns. The market's perception of the Portfolio Manager change could influence the Company's valuation.	Manager to ensure there is a contingency plan for sudden departures or illnesses of key personnel to ensure smooth operations. The Company has broader strengths, such as the wider investment team, investment philosophy, track record, and governance, to reduce dependence on individual leaders. Additionally, the Board to ensure a Tokyo-based director should maintain a close relationship with the lead portfolio manager through regular meetings, while the Chairman stays in touch with the Head of the JPMAM Tokyo Investment team.	→
Administrative, Regulatory, Legal, and Accounting Risks	Non-compliance with regulations, administrative errors, accounting inaccuracies, or legal challenges could disrupt operations and damage investor confidence.	The Manager maintains up-to-date expertise on regulatory requirements through regular attendance at industry forums and close links with the Association of Investment Companies (AIC). Manager reviews third-party service providers to ensure compliance with security and governance standards. The Board oversees a robust compliance framework and performs annual reviews of audit and compliance functions, staying informed of regulatory and legal developments to ensure proactive oversight of the Manager's practices.	→
Cybercrime and Data Security Risks	The Manager is exposed to cyberattacks, including hacking, phishing, malware, and DDoS attacks, which may compromise sensitive data or disrupt operations.	The Manager has an Information Security Program in place to safeguard client and company data. Regular penetration testing, system updates, and staff training on cybersecurity risks are conducted. A comprehensive incident response plan is maintained to minimise the impact of cyberattacks. The Board receives regular updates on the Manager's cybersecurity strategy and receives annual attestation from key third-party service providers, ensuring cybersecurity risks and mitigation strategies are part of the risk management framework.	→
Natural Disasters and Climate Change Risks	Natural disasters such as earthquakes, typhoons, and climate-related events can disrupt operations at portfolio companies, damage infrastructure, or halt production, leading to reduced profitability or insolvencies. The Company itself may also face operational challenges during such events.	The Manager provides an annual update to the Board on Business Continuity Plans (BCPs) and the approach to those of critical service providers. BCPs are regularly tested and applied, including split teams, relocation strategies, and third-party risk management. Discussions with investee companies ensure preparedness for disruptions. The Board monitors climate-related risks in the portfolio and ensures the Manager adapts strategies to align with evolving regulations and market conditions. The resilience of the Company's operations to natural disaster risks is assessed as part of the annual Internal Audit meeting in Japan.	→

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

13th December 2024

Board of Directors

Stephen Cohen (Board Chairman, Chairman of Nomination Committee, Chairman of Management Engagement Committee)

Director since 2016.

Last reappointed to the Board: January 2024.

Over 35 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 Chair of Audit at Schroders Capital Global Innovation Trust plc and the Advanced Research Invention Agency and a Commissioner at the 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)

Director since 2018.

Last reappointed to the Board: January 2024.

Sally Macdonald brings to the Board approximately 39 years of experience in asset management, of which c. 31 were in relation to managing investments in 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 reappointed to the Board: January 2024.

16 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.

Anna Dingley

Director since 2022.

Last reappointed to the Board: January 2024.

Anna has been connected to Japan for over 30 years with her career spanning finance, government, technology and consumer sectors. She recently founded the high-profile UK Ekiden race, Japanese style long distance running relay for universities and corporate teams, and is currently a trustee of Japan Society, having joined in 2024. Fluent in Japanese, she was previously a non-executive director of Nihon M&A Center Holdings Inc., a Tokyo Stock Exchange listed company. She is also Founder Director of a Japanese business consulting firm, Japan Connect Ltd.

Shared directorships with other Directors: None.

Shareholding in Company: 1,563.

Connections with Manager: None.

Ethnicity: White British.

Board of Directors

Sally Duckworth (Chair of the Audit & Risk Committee)

Director since 2022.

Last reappointed to the Board: January 2024.

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 where she worked in M&A, debt capital markets and fixed income. 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 the Chair of the Technical Advisory Committee for International Sustainability Standards, the Chair of StorMagic Ltd and a Non-Executive Director for Molten Ventures VCT PLC.

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: 2024.

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: 7,263.

Connections with Manager: None.

Ethnicity: White British.

Thomas Walker

Director since October 2024.

Last appointed to the Board: To be appointed by shareholders at 2025 AGM.

Thomas Walker joined the Company as part of the combination with JSGI. He was a portfolio manager at Martin Currie Investment Management Limited where latterly he headed up their Global Long Term Unconstrained equity team. Mr Walker qualified as a chartered accountant with Thomson McLintock, now KPMG, then moved into investment management with Edinburgh Fund Managers and subsequently worked in Hong Kong with Baring Asset Management before joining Martin Currie. He holds an MA in Law from Cambridge University. Mr Walker is a Non-Executive Director of Lowland Investment Company PLC.

Shared directorships with other Directors: None.

Shareholding in Company: 12,714.

Connections with Manager: None.

Ethnicity: White British.

All Directors are members of the Audit & Risk Committee, the Nomination Committee, the Remuneration Committee, and the Management Engagement Committee. All Directors are considered independent of the Manager. Please refer to page 55 to see specific reasons why each Director's contribution is, and continues to be, important to the Company's long-term success.

The Directors present their Annual Report & Financial Statements for the year ended 30th September 2024.

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 March 2024. 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.

Until 30th September 2024, the fee rates were as follows:

Net assets	Fee level
First £465 million under management	0.650%
£465 million to £930 million under management	0.485%
Over £930 million under management	0.400%

Since 1st October 2024 and following the successful combination with JPMorgan Japan Small Cap Growth & Income plc, the revised management fee rates are as follows:

Net assets	Fee level
First £500 million under management	0.600%
£500 million to £750 million under management	0.400%
Over £750 million under management	0.350%

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

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

Directors

The Directors of the Company who held office at the end of the year are detailed on pages 45 and 46. This includes Thomas Walker who was appointed on 25th October 2024. Details of their beneficial shareholdings may be found on page 53 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. As per the Company's Articles of Association, Thomas Walker will stand for

Directors' Report

appointment as a Director for the first time since being appointed by the Board in October 2024. 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 55 and 56.

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

Ernst & Young LLP 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 £180.7 million (2023: return £61.4 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 £171.7 million (2023: £52.8 million). Distributable income for the year amounted to £10.8 million (2023: £11.4 million).

The Directors have declared a final dividend of 6.75p (2023: 6.50p) per share. This dividend amounts to £11.1 million (2023: £9.8 million) and the revenue reserve after allowing for the dividend will amount to £10.4 million (2023: £10.6 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 7,680,000 shares, into Treasury, for a total consideration of £38.9 million. Since the year end, the Company has repurchased 1,700,000 shares, into Treasury, for a total consideration of £9.4 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 2024, the Company's issued share capital comprised 161,248,078 Ordinary shares of 25p each, of which 18,095,989 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

As at 30th September 2024, the following had declared a notifiable interest in the Company's voting rights:

Shareholders	Number of voting rights	% voting rights
Rathbones Investment Management Ltd	19,362,092	12.98
Allspring Global Investments Holdings	17,901,889	12.24
City of London Investment Management Company Limited	17,677,875	12.13

Subsequent to the financial year end, Rathbones Investment Management Ltd notified that its holding in the Company reduced to 12.03%. City of London has also notified the Company that its holding has increased to 13.49%. No other changes have been notified.

The disclosures relating to Risk Management and Internal Controls of the Company have been explained on page 58 of this Report.

UK Listing Rule 6.6.4R

UK Listing Rule 6.6.4R 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 14 and 15)

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 £16,481,720 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 2026 unless renewed at a prior general meeting.

Resolution 15 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 16)

The authority to repurchase up to 14.99% of the Company's issued share capital, granted by shareholders at the 2024 Annual General Meeting, will expire on 12th July 2025, 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 16 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 24,706,098 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 16 is passed at the Annual General Meeting, the Board may repurchase the shares for cancellation or hold them in Treasury pursuant to the authority granted to it for possible reissue at a premium to NAV.

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

(iii) Authority to hold general meetings (Resolution 17)

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.

Directors' Report

(iv) **Approval to amend the Articles of Association**

The Directors seek approval to amend the Articles of Association of the Company. The proposed amendments being introduced in the New Articles primarily relate to changes in law and regulation, developments in market practice and other developments since the Existing Articles were adopted.

Please see the Appendix section in the Annual Report on page 105 for further details on the changes made to the Articles of Association.

Recommendation

The Board considers that resolutions 1 to 18 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 52,322 shares representing approximately 0.03% 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 in the Governance Report on page 54. 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

13th December 2024

Directors' Remuneration Report

The Board presents the Directors' Remuneration Report for the year ended 30th September 2024 prepared in accordance with the requirements of the Large and Medium-sized Companies and Groups (Accounts and Reports) (Amendments) Regulations 2013.

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 66 to 72.

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 £51,500; Chair of the Audit Committee £42,250; and other Directors £35,500. The role of the Senior Independent Director was paid at £36,500.

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 2024, Director's fees have been paid at the following rates: Chairman £53,700; Chair of the Audit Committee £44,000 and other Directors £37,000. It was agreed that the role of Senior Independent Director would be paid £38,000. 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 £350,000 per annum. Any increase in this amount requires both the Board's and shareholders' approval. No change is proposed for this fee limit.

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 56.

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 2023. No further material changes to the Remuneration Policy are being proposed for the year ending 30th September 2025.

At the Annual General Meeting held on 11th January 2024, of votes cast in respect of the Remuneration Policy and Remuneration Report, 99.94%, were in favour (or granted discretion to the Chairman who voted in favour) and less than 0.06% 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	2024 Fees £	2024 Taxable expenses[3] £	2024 Total £	2023 Fees £	2023 Taxable expenses[3] £	2023 Total £
Stephen Cohen[4]	48,908	1,275	50,183	40,500	877	41,377
Anna Dingley[5]	35,500	—	35,500	34,000	—	34,000
Sally Duckworth[6]	40,359	—	40,359	31,228	—	31,228
Sir Stephen Gomersall[7]	—	—	—	9,917	—	9,917
Lord Jonathan Kestenbaum[8]	35,500	—	35,500	—	—	—
Sally Macdonald	36,500	439	36,939	34,719	570	35,289
George Olcott	35,500	—	35,500	34,000	—	34,000
Christopher Samuel[9]	14,431	177	14,608	49,500	254	49,754
Total	**246,698**	**1,891**	**248,589**	**233,864**	**1,701**	**235,565**

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 Assumed the position of Chairman on 11th January 2024.
5 Appointed 13th January 2022.
6 Appointed to the Board on 31st October 2022 and as Chair of Audit & Risk Committee on 11th January 2024.
7 Retired 12th January 2023.
8 Appointed 1st October 2023.
9 Retired on 11th January 2024.
10 This table does not include details for Thomas Walker as he joined the Board post year-end, with effect from 25th October 2024.

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 2024	2023	2022	2021	2020
Stephen Cohen[1]	20.8	6.7	10.1	7.7	6.1
Anna Dingley[2]	4.4	n/a	n/a	n/a	n/a
Sally Duckworth[3]	29.2	n/a	n/a	n/a	n/a
Sir Stephen Gomersall[4]	n/a	n/a	8.3	7.1	3.7
Lord Jonathan Kestenbaum[5]	n/a	n/a	n/a	n/a	n/a
Sally Macdonald[6]	5.1	6.4	10.5	7.1	3.7
George Olcott	4.4	4.6	8.3	7.1	3.7
Christopher Samuel[7]	n/a	4.0	8.7	7.3	7.0

1 Assumed the position of Chairman on 11th January 2024.
2 Appointed 13th January 2022.
3 Appointed 31st October 2022.
4 Retired 12th January 2023.
5 Appointed on 1st October 2023.
6 Sally Macdonald was appointed as the Senior Independent Director in January 2023, which attracts an additional fee of £1,000.
7 Retired on 11th January 2024.

Remuneration for the Chairman over the five years ended 30th September 2024[1]

Year ended 30th September	Fees	Performance related benefits received as a percentage of maximum payable[1]
2024	£51,500	n/a
2023	£49,500	n/a
2022	£47,500	n/a
2021	£44,000	n/a
2020	£41,000	n/a

1 Unaudited information.

Directors' Shareholdings[1]

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

	30th September 2024	30th September 2023
Stephen Cohen	15,000	15,000
Anna Dingley	1,563	1,563
Sally Duckworth	3,032	3,032
Lord Jonathan Kestenbaum	7,263	n/a
Sally Macdonald	4,383	4,383
George Olcott	8,367	8,367
Christopher Samuel[2]	n/a	33,515
Thomas Walker[3]	12,714	n/a

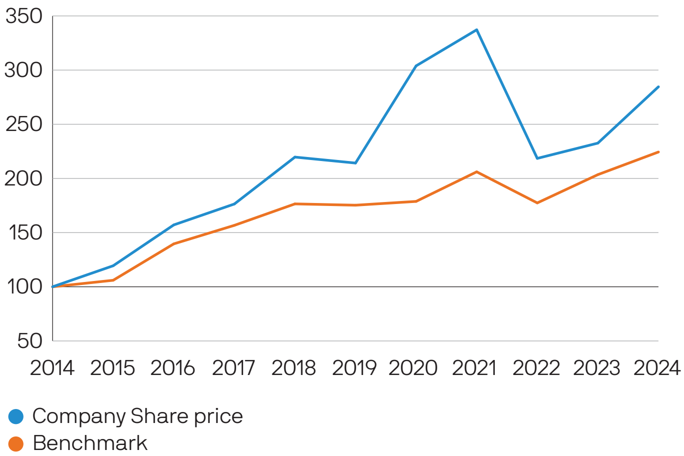
[1] Audited Information.
[2] Retired from the Board on 11th January 2024.
[3] Joined the Board on 25th October 2024.

As at 12th December 2024, being 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.

The 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 2024

(Rebased to 100 as at 30th September 2014)



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 2024	Year ended 30th September 2023
Remuneration paid to all Directors[1]	£248,589	£235,565
Distribution to shareholders by way of:		
— dividend	£9,657,000	£9,546,000
— share repurchases	£38,949,000	£18,180,000
Total distribution to shareholders	**£48,606,000**	**£27,726,000**

[1] Including taxable expenses paid.

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

13th December 2024

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. 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 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 6.6.6R(5) of the UK 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.

In January 2024, the Financial Reporting Council updated the UK Code. The AIC also published the updated Code. This new Code will apply to financial years beginning on or after 1st January 2025. The Company will consider the implications of this new Code when it becomes effective.

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 seven times during the year in addition to Audit & Risk 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 57.

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 Stephen Cohen. There have been no 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 45 and 46. 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 56. 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. The Company's Diversity Policy applies to the Board and all its Committees. 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 55 and 56.

At 30th September 2024, 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. Post year- end, the number of Directors increased to seven with four men and three women. This still meets the 40% of women target under the listing rules.

The FCA's UK Listing Rules set out diversity targets and associated disclosure requirements for UK listed companies. UK Listing Rule 6.6.6R(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 targets have not been met to disclose the reasons for this. This 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 2024 (the Company's chosen reference date for the purposes of the UK Listing Rules):

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

[1] Categorisation of ethnicity is stated in accordance with the Office of National Statistics classification.
[2] Stephen Cohen as the Board Chairman.
[3] Sally Macdonald in her role as the Senior Independent Director and Sally Duckworth as the Audit & Risk Committee Chair.
[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 45 and 46. The skills and experience that each Director brings to the Board, and hence why their contributions are important to the long term success of the Company, are summarised below. All of the Directors will stand for appointment/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 eight 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.

Resolution 6 concerns the reappointment of Anna Dingley. She joined the Board in January 2022 and has served for three years as a Director.

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

Corporate Governance Statement

Resolution 7 concerns the reappointment of Sally Duckworth. She joined the Board in October 2022 and served for more than two years as a Director.

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.

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

Sally Macdonald brings to the Board over approximately 39 years in asset management, of which c. seven were in UK markets and c.31 covered 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.

Resolution 9 concerns the reappointment of Dr George Olcott. He joined the Board in December 2016 and has served for eight 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 27 years in Japan and speaks the language fluently. He has over 12 years of board experience of major listed Japanese firms.

Resolution 10 concerns the reappointment of Lord Jonathan Kestenbaum. He joined the Board in October 2023 and has served for one year as a Director.

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.

Resolution 11 concerns the appointment of Thomas Walker. Thomas joined the Board on 25th October 2024, as part of the combination with JPMorgan Japan Small Cap Growth & Income plc.

Thomas is a qualified Chartered Accountant. He spent his executive career in asset management where he was an investment manager for over 30 years with responsibility for funds including a number of investment trusts.

For details of current directorships of the Directors, please refer to pages 45 and 46 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's Statement, Stephen Cohen and George Olcott would, in the normal course, step down together from the Board after nine years in January 2026. However, the Board has decided, to avoid losing two experienced Directors in the same year, George Olcott will retire from the Board at the AGM in 2026 and 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	2025 AGM	2026 AGM	2027 AGM	2028 AGM	2029 AGM	2030 AGM	2031 AGM
George Olcott	20/12/2016	7-8 years	9+ years	9+ years	9+ years	9+ years	9+ years	9+ years
Stephen Cohen	20/12/2016	7-8 years	9+ years	9+ years	9+ years	9+ years	9+ years	9+ years
Sally Macdonald	13/12/2018	1-6 years	7-8 years	7-8 years	9+ years	9+ years	9+ years	9+ years
Anna Dingley	13/1/2022	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	7-8 years	7-8 years
Lord Jonathan Kestenbaum	1/10/2023	1-6 years	1-6 years	1-6 years	1-6 years	1-6 years	1-6 years	7-8 years
Thomas Walker[1]	25/10/2024	1-6 years	7-8 years	7-8 years	9+ years	9+ years	9+ years	9+ years

Key – tenure
● 1-6 years ● 7-8 years ● 9+ years

[1] Thomas Walker was appointed to the Board of JSGI in 2019 and joined the Company's Board in 2024 as part of the Company's combination with JSGI. His planned retirement would therefore be in 2028.

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 45 and 46.

The table below details the number of formal Board and Committee meetings attended by each Director. During the year under review there were seven scheduled Board meetings, in addition to three Audit & Risk Committee meetings, one meeting of the Management Engagement Committee, and one meeting of the Nomination and Remuneration Committees each. 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 & Risk Committee	Management Engagement Committee	Nomination Committee	Remuneration Committee
Christopher Samuel[1]	3/7	2/3	NA	NA	NA
Stephen Cohen	7/7	3/3	1/1	1/1	1/1
Sally Duckworth	7/7	3/3	1/1	1/1	1/1
Sally Macdonald	7/7	3/3	1/1	1/1	1/1
George Olcott	7/7	3/3	1/1	1/1	1/1
Anna Dingley	7/7	3/3	1/1	1/1	1/1
Lord Jonathan Kestenbaum	7/7	3/3	1/1	1/1	1/1
Thomas Walker[2]	n/a	n/a	n/a	n/a	n/a

[1] Retired on 11th January 2024.
[2] Appointed to the Board on 25th October 2024 (post year end).

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 & Risk 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 Stephen Cohen. 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 Nomination Committee keeps under review the number of external directorships held by each Director. Any external appointments or other significant commitments of the Directors require the prior approval of the Chairman, or, in the case of the Chairman, the Senior Independent Director.

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 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

Corporate Governance Statement

Committees. The evaluation of the Board considers the balance of experience, skills, independence, corporate knowledge, its diversity, including gender, and how it works together.

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, Lintstock. Questionnaires were completed by each Director. The responses were collated and then discussed by the Nomination Committee. The evaluation of individual Directors is led by the Chairman who also meets with each Director. The Senior Independent Director leads the evaluation of the Chairman's performance. 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.

Remuneration Committee

The Remuneration Committee, chaired by George Olcott, 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 51 to 53.

Management Engagement Committee

The membership of the Management Engagement Committee consists of all the Directors and is chaired by Stephen Cohen. 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. The Committee also reviews the performance of other third party suppliers.

Audit & Risk Committee

The report of the Audit & Risk Committee is set out on pages 62 to 63.

Annual General Meeting ('AGM')

As mentioned in the Chairman's statement, the Company's Annual General Meeting will be held on Wednesday, 22nd January 2025 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 113, 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 42). 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 & Risk 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 2024 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 and JPMorgan Chase's global policy statements in respect of Social, Community and Environmental and Human Rights issues, as highlighted in italics:

We are committed to becoming the world's most diverse and inclusive asset manager. We know diverse perspectives create differentiated thinking. We know our client relationships are stronger when our teams mirror the communities in which we work and invest. We reflect these beliefs in our hiring, development and promotion practices, and by nurturing a culture in which everyone is judged on their merits and empowered to hold each other accountable. Beyond our firm, we put our people and assets to work to help advance equity and economic opportunities – and influence other companies to do the same. We continually reinvest in our communities to close opportunity gaps wherever they exist.

We're working to support the transition to a low-carbon economy by scaling green solutions, balancing environmental, social and economic needs, and managing our operational footprint. We help clients navigate the challenges and realise the economic opportunities of the transition to a low-carbon economy. We believe supporting our clients, through advice and capital, to accelerate their low-carbon transition objectives creates positive environmental benefits and generates long-term financial returns for our shareholders.

We seek to deliver stronger financial outcomes, including by focusing on the most financially material environmental, social and governance (ESG) issues that we believe impact the long-term performance of companies in which we invest. Additionally, we advocate for robust corporate governance and sound business practices. We believe that understanding financially material ESG factors plays an important role in delivering long-term value creation for our clients.

JPMorgan Chase supports fundamental principles of human rights across all our lines of business and in each region of the world in which we operate. JPMorgan Chase's respect for the protection and preservation of human rights is guided by the principles set forth in the United Nations Universal Declaration of Human Rights. JPMorgan Chase believes it is the role of government in each country to protect the human rights, including the safety and security, of its citizens. However, we believe we can play a constructive role in helping to promote respect for human rights by our own actions and by seeking to engage with the governments of the countries with and in which we operate.

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 and voting, which has been reviewed and noted by the Board.

Corporate Governance Statement

Corporate Governance

We believe that there is a strong positive correlation between high governance standards and superior shareholder returns. Governance is about ensuring the quality of the decision-making process, which can determine the success and failure of the company. Effective corporate governance features transparency, accountability, oversight and respect for shareholders. We evaluate governance starting with the board composition, structure and performance, looking for independence, relevant skillsets and board dynamics. Importantly, it is the mandate of the board to oversee whether the corporate strategy is aligned with the purpose and value of the company. The board oversees management's execution against the company's capital, liquidity, strategic and financial operating plans in achieving its set objectives. Capital allocation issues are judged in terms of alignment with long-term strategy and value creation at the applicable company. Boards are also responsible for overseeing the management of financially material environmental and social matters, which could affect the longevity of the company.

Proxy Voting

We vote shares held in our clients' portfolios in a prudent and diligent manner, based on our reasonable judgement of what will best serve the long-term interests of our clients. To help ensure that proxies are voted in the best interests of clients, J.P. Morgan Asset Management has adopted detailed, regional, proxy voting guidelines that incorporate comprehensive guidelines for voting proxies on specific types of issues, and these are publicly available on our websites. We aim to keep abstentions to a minimum. In certain instances, however, it may be in a client's best interests to intentionally refrain from voting.

Stewardship/Engagement

Engaging investee companies in dialogue and encouraging sound environmental, social and governance (ESG) practices is an important component of how we deliver our investment stewardship strategy. Our engagement is based on our in-depth investment research on companies, alongside our assessment of macroeconomic drivers, sector-specific factors and financially material ESG themes. This research insight enables us to act proactively and encourage investee companies to acknowledge issues and improve practices before risks are realised and opportunities are missed. This is how we seek to drive impact in our investment stewardship activity and advocate for sound practices at our investee companies. We believe this will ultimately preserve and enhance asset value.

Our engagement model is built on an investor-led, expert-driven approach and leverages the knowledge of more than 1,000 investment professionals around the world, working in close collaboration with investment stewardship specialists. Our engagement process benefits from the longstanding relationships our investment teams have with local investee companies, through regular interactions with board directors and chairs, senior executives, and CEOs. We believe this collaborative, well-resourced approach enables us to recognise significant risks early and identify new opportunities, supporting our goal of generating attractive risk-adjusted returns. Combining our ESG research capability with the experience and skill of our investment teams and the expertise of our investment stewardship specialists gives us a deep understanding of the risks and opportunities facing different sectors, industries, and geographies. By integrating this expertise into a global common platform, we seek to maintain a consistently high standard of engagement, considering the myriad of nuances a responsible investor needs to embrace.

We have identified six Investment Stewardship Priorities that we believe can be broadly applied in our engagement efforts and will remain relevant through market cycles. These priorities address the ESG issues that pose the most significant long-term material financial risks to our investments, while also presenting the greatest opportunities. Engaging on these topics is therefore important to delivering value to our clients:

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

Within each priority area, we have identified related sub-themes that we are seeking to address over a shorter timeframe (18-24 months). These subthemes will evolve, over time, as we engage with investee companies to understand issues and promote best practices. This combination of priorities and evolving themes provides a structured and targeted framework for engagement for our investors and Investment Stewardship team globally.

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/content/dam/jpm-am-aem/global/en/sustainable-investing/investment-stewardship-report.pdf

JPMAM Japan has adopted the Japan Stewardship Code

Engagement with companies is a key part of JPMAM Japan's process and regular, systematic and direct contact with senior company management, both executive and non-executive is regarded as crucially important.

A Corporate Governance Code was introduced in June 2015 (and revised in June 2021). The Japanese Government's focus on corporate governance is part of its efforts to revitalise the Japanese economy and improve corporate profitability.

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 Company considers itself to be a low energy user under the SECR regulations and has no energy and carbon information to disclose. 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/our-business/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.

Japanese Stewardship and Corporate Governance Codes The Japanese Stewardship Code was introduced in February 2014 (and revised in March 2020). Asset owners and institutional investors are expected to engage in constructive dialogue with investee companies to enhance corporate value.

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

13th December 2024

Audit & Risk Committee Report

The Audit & Risk Committee consists of all Directors, and meets at least thrice 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 & Risk 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 & Risk Committee has reviewed the independence and objectivity of the Auditor and is satisfied that the Auditor is independent. The Audit & Risk 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 2024, the Audit & Risk 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 78. 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 78. 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 43 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 43.

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 & Risk 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, that the Company will continue in operational existence to 31st December 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 43.

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 & Risk 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 & Risk 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) second 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 81.

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

Fair, Balanced and Understandable

Having taken all available information into consideration and having discussed the content of the Annual Report & Financial Statements with the Alternative Investment Fund Manager, Investment Managers, Company Secretary and other third party service providers, the Audit & Risk Committee has concluded that the Annual Report & Financial Statements for the year ended 30th September 2024, 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 64.

Sally Duckworth
Chair of the Audit & Risk Committee

13th December 2024

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 45 and 46, 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.

For and on behalf of the Board
Stephen Cohen
Chairman

13th December 2024

Independent Auditor’s 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 2024 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 24, 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 2024 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 December 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 Auditor's 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 December 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 £8.79 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

Stakeholders are increasingly interested in how climate change will impact Companies. The Company has determined that the most significant future impacts from climate change on its operations will be from how climate change could affect the Company's investments and overall investment process. This is explained on page 42 in the in the annual report. This disclosure forms 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, in line with our responsibilities on 'Other information'.

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 Auditor's Report

Risk	Our response to the risk	Key observations communicated to the Audit & Risk 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 & Risk Committee Report (pages 62 and 63), Accounting policies (pages 78 to 80);* The total revenue for the year to 30th September 2024 was £14.03 million (2023: £14.7 million), consisting primarily of dividend income from listed equity investments. The Company received nine special dividends amounting to £0.37 million of which £0.27 million (2023: £nil) is classified as revenue and £0.10 million is classified as capital (2023: £0.14 million is 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, 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 100% of dividends received, we agreed the amounts to bank statements. For all dividends accrued at the year end, we reviewed the investee Company announcements to assess whether the entitlement arose prior to 30th September 2024. We agreed the dividend rate to corresponding announcements made by the investee Company, recalculated the dividend amount receivable and agreed the subsequent cash receipts to post year end bank statements where received. To test completeness of recorded income, we tested that expected dividends for each investee Company held during the year has been recorded as income with reference to an external source. For all investments held during the period, we compared the type of dividends paid with reference to an external data source to identify those which were 'special'. The Company received nine special dividends of which none exceeded our testing threshold. We assessed the appropriateness of management's classification for a sample of 1 special dividend as capital, by reviewing the underlying rationale of the distribution.	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 Auditor's Report

Risk	Our response to the risk	Key observations communicated to the Audit & Risk Committee
Risk of incorrect valuation or ownership of the investment portfolio *Refer to the Audit & Risk Committee's Report (pages 62 and 63); Accounting policies (pages 78 to 80).* The valuation of the investment portfolio at 30th September 2024 was £970.43 million (2023: £859.29 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 inspected the stale pricing reports produced by the Administrator to identify prices that have not changed within five 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 2024 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.

There have been no changes to the areas of audit focus raised in the above risk table from prior year.

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 £8.79 million (2023: £7.55 million), which is 1% (2023: 1%) of shareholders' funds. We believe that shareholders' funds provides us with materiality aligned to the key measure of the Company's Performance.

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 75% (2023: 50%) of our planning materiality, namely £6.59 million (2023: £3.78 million). We have set performance materiality at 75% due to our past experience of the audit that indicates a lower risk of misstatements, both corrected and uncorrected. The planning materiality was lower in the prior year as this was our first year of audit.

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 £0.61 million (2023: £0.64 million), being 5% of the net revenue return before taxation.

Independent Auditor's Report

Reporting threshold

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

We agreed with the Audit & Risk Committee that we would report to them all uncorrected audit differences in excess of £0.44 million (2023: £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.

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 UK 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 page 62;

Independent Auditor's Report

- 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 43;
- 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 page 43;
- 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 58; and
- The section describing the work of the audit & risk committee set out on page 62.

Responsibilities of Directors

As explained more fully in the Directors' responsibilities statement set out on page 64, 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 UK 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 & Risk Committee and Company Secretary, review of board minutes and papers provided to the Audit & Risk Committee.
- 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. 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.

Independent Auditor's Report

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 & Risk 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 two years covering the years ending 30th September 2023 to 30th September 2024.
- The audit opinion is consistent with the additional report to the Audit & Risk 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

13th December 2024

Statement of Comprehensive Income

For the year ended 30th September 2024

		2024			2023		
	Notes	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Gains on total investments held at fair value through profit or loss[1]	3	—	160,568	160,568	—	33,592	33,592
Net foreign currency gains[2]		—	5,954	5,954	—	12,918	12,918
Income from investments	4	13,664	100	13,764	14,180	135	14,315
Other interest receivable and similar income	4	365	—	365	526	—	526
Gross return		**14,029**	**166,622**	**180,651**	**14,706**	**46,645**	**61,351**
Management fee	5	(473)	(4,253)	(4,726)	(450)	(4,048)	(4,498)
Other administrative expenses	6	(1,225)	—	(1,225)	(1,276)	—	(1,276)
Net return before finance costs and taxation		**12,331**	**162,369**	**174,700**	**12,980**	**42,597**	**55,577**
Finance costs	7	(159)	(1,430)	(1,589)	(134)	(1,202)	(1,336)
Net return before taxation		**12,172**	**160,939**	**173,111**	**12,846**	**41,395**	**54,241**
Taxation	8	(1,368)	(5)	(1,373)	(1,418)	—	(1,418)
Net return after taxation		**10,804**	**160,934**	**171,738**	**11,428**	**41,395**	**52,823**
Return per share	9	**7.37p**	**109.82p**	**117.19p**	**7.46p**	**27.03p**	**34.49p**

[1] Includes foreign currency gains or losses on investments.
[2] Foreign currency gains are due to Yen denominated loan notes and bank loans.

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

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

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

The notes on page 78 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 2022	**40,312**	**8,650**	**166,791**	**496,089**	**18,532**	**730,374**
Repurchase of shares into Treasury	—	—	—	(18,180)	—	(18,180)
Net return after taxation	—	—	—	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**
Repurchase of shares into Treasury	—	—	—	(38,949)	—	(38,949)
Net return after taxation	—	—	—	160,934	10,804	171,738
Dividend paid in the year (note 10)	—	—	—	—	(9,657)	(9,657)
At 30th September 2024	**40,312**	**8,650**	**166,791**	**641,289**	**21,561**	**878,603**

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

The notes on pages 78 to 95 form an integral part of these financial statements.

Statement of Financial Position

At 30th September 2024

	Notes	2024 £'000	2023[1] £'000
Fixed assets			
Investments held at fair value through profit or loss[1]		881,405	781,438
Investments on loan[1]		89,022	77,851
Total investments held at fair value through profit or loss	11	**970,427**	**859,289**
Current assets			
Debtors	12	5,422	12,967
Cash at bank		23,497	2,141
		28,919	**15,108**
Current liabilities			
Creditors: amounts falling due within one year	13	(53,269)	(47,867)
Net current liabilities		**(24,350)**	**(32,759)**
Total assets less current liabilities		**946,077**	**826,530**
Creditors: amounts falling due after more than one year	14	(67,474)	(71,059)
Net assets		**878,603**	**755,471**
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	641,289	519,304
Revenue reserve	16	21,561	20,414
Total equity shareholders' funds		**878,603**	**755,471**
Net asset value per share	17	**613.8p**	**500.9p**

[1] Prior year comparatives have been restated as explained further in note 1(a).

The financial statements on pages 74 to 76 were approved and authorised for issue by the Directors on 13th December 2024 and were signed on their behalf by:

Stephen Cohen
Director

The notes on pages 78 to 95 form an integral part of these financial statements.

Company registration number: 223583.

Statement of Cash Flows

For the year ended 30th September 2024

	Notes	2024 £'000	2023 £'000
Cash flows from operating activities			
Net profit before finance costs and taxation		174,700	55,577
Adjustment for:			
Net gains on total investments held at fair value through profit or loss	3	(160,568)	(33,592)
Net foreign currency gains		(5,954)	(12,918)
Dividend income	4	(13,764)	(14,315)
Interest income		(2)	(2)
Realised gain/(loss) on foreign exchange transactions		466	(695)
Decrease in other debtors		1	—
Increase in accrued expenses		65	77
Net cash outflow from operations before dividends and interest		**(5,056)**	**(5,868)**
Dividends received		12,167	12,885
Interest received		2	2
Net cash inflow from operating activities		**7,113**	**7,019**
Purchases of investments		(293,845)	(190,000)
Sales of investments		341,969	183,372
Net cash inflow/(outflow) from investing activities		**48,124**	**(6,628)**
Dividends paid	10	(9,657)	(9,546)
Repurchase of shares into Treasury		(38,393)	(18,180)
Repayment of bank loan		(26,023)	(9,225)
Drawdown of bank loan		41,637	12,014
Interest paid		(1,402)	(1,287)
Net cash outflow from financing activities		**(33,838)**	**(26,224)**
Increase/(decrease) in cash and cash equivalents		**21,399**	**(25,833)**
Cash and cash equivalents at start of year		2,141	27,974
Exchange movements		(43)	—
Cash and cash equivalents at end of year		**23,497**	**2,141**
Cash and cash equivalents consist of:			
Cash at bank		23,497	2,141
Total		**23,497**	**2,141**

Notes to the Financial Statements

For the year ended 30th September 2024

1. Accounting policies

(a) Basis of preparation

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

The investment disclosures in the Statement of Financial Position previously included the value of Investments on loan within the value of Investments held at fair value through profit or loss are £89,022,000 (2023: £77,851,000). In the current year, the value of Investments on loan has been disclosed separately and the prior year comparatives restated on the same basis. These changes in presentation have no impact on the Company's net assets or Statement of Comprehensive Income or the Cash Flows.

Going Concern

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 December 2025 which is at least 12 months from the date of approval of these Financial Statements. In forming this opinion, the Directors have considered direct and indirect impact of the ongoing conflict between Ukraine and Russia and the Middle East 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. The disclosures on long term viability and going concern on pages 43 and 62 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 risk as set out on page 42, 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.

(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) Capital reserves

The following are accounted for in capital 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 accounted for 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 accounted for in capital reserves within 'Investment holding gains and losses'.

(d) Income

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

Overseas dividends are included gross of any withholding tax.

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

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

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

(e) Expenses

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

- The management fee is allocated 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 and included with gains and losses on investments. 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 at bank and cash equivalents

Cash at bank may comprise cash at bank and on short term deposits which are readily convertible to a known amount of cash and are subject to insignificant risk of changes in value. An investment in money market funds (liquidity funds) are considered cash equivalents as they are held for cash management purposes as an alternative to cash, typically consisting of short dated deposits and commercial paper, a maturity profile of less than three months and low volatility net asset 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

1. Accounting policies (continued)

(k) Foreign currency (continued)

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 paid or 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'.

(n) Issue of shares

Should shares held in Treasury be reissued, the sales proceeds will be treated as a realised capital profit up to the amount of the purchase price of those shares and will be transferred to capital reserves. The excess of the sales proceeds over the purchase price will be transferred to share premium.

New shares issued by the Company are recognised in share capital for their nominal value and share premium for the excess issue proceeds over the nominal value of the shares issued.

(o) Segmental reporting

The Board is of the opinion that the Company is engaged in a single segment of business, being investment in Japanese listed companies.

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 in future periods to the carrying amount of assets or liabilities, 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 total investments held at fair value through profit or loss

	2024 £'000	2023 £'000
Realised gains/(losses) on sales of investments	27,394	(1,951)
Net change in unrealised gains and losses on investments	133,183	35,545
Other capital charges	(9)	(2)
Gains on total investments held at fair value through profit or loss	**160,568**	**33,592**

Notes to the Financial Statements

4. Income

	2024			2023		
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Overseas dividends	13,398	—	13,398	14,180	—	14,180
Special dividends	266	100	366	—	135	135
	13,664	**100**	**13,764**	**14,180**	**135**	**14,315**
Other income						
Deposit interest	2	—	2	2	—	2
Stock lending income	363	—	363	524	—	524
	365	**—**	**365**	**526**	**—**	**526**
Total income	**14,029**	**100**	**14,129**	**14,706**	**135**	**14,841**

5. Management fee

	2024			2023		
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Management fee	473	4,253	4,726	450	4,048	4,498

Details of the management fee are given in the Directors' Report on page 47.

6. Other administrative expenses

	2024 £'000	2023 £'000
Administrative expenses	806	892
Directors' fees[1]	247	234
Depositary fees	110	90
Auditors' remuneration for audit services	62	60
	1,225	**1,276**

[1] Full disclosure is given in the Directors' Remuneration Report on pages 51 to 53. Excludes taxable expenses which are include within administrative expenses.

Auditors' remuneration for non-audit services amounted to £nil in 2024 (2023: £nil).

7. Finance costs

	2024			2023		
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Interest on bank loans and overdrafts	74	661	735	50	446	496
Senior secured loan notes interest	85	769	854	84	756	840
	159	**1,430**	**1,589**	**134**	**1,202**	**1,336**

Notes to the Financial Statements

8. Taxation

(a) Analysis of tax charge for the year

	2024 Revenue £'000	2024 Capital £'000	2024 Total £'000	2023 Revenue £'000	2023 Capital £'000	2023 Total £'000
Overseas withholding tax	1,368	5	1,373	1,418	—	1,418
Total tax charge for the year	**1,368**	**5**	**1,373**	**1,418**	**—**	**1,418**

(b) Factors affecting total tax charge for the year

The tax charge for the year is lower than (2023: lower) the Company's applicable rate of corporation tax of 25.00% (2023: 22.01%).

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

	2024 Revenue £'000	2024 Capital £'000	2024 Total £'000	2023 Revenue £'000	2023 Capital £'000	2023 Total £'000
Net return before taxation	12,172	160,939	173,111	12,846	41,395	54,241
Net return before taxation multiplied by the Company's applicable rate of Corporation tax of 25.00% (2023: 22.01%)	3,043	40,235	43,278	2,827	9,111	11,938
Effects of:						
Non taxable overseas dividends	(3,368)	(25)	(3,393)	(2,985)	—	(2,985)
Non taxable capital gains	—	(41,630)	(41,630)	—	(10,267)	(10,267)
Overseas withholding tax	1,368	5	1,373	1,418	—	1,418
Unutilised expenses carried forward to future periods	330	1,420	1,750	171	1,156	1,327
Deferred tax relief expensed	(5)	—	(5)	(13)	—	(13)
Total tax charge for the year	**1,368**	**5**	**1,373**	**1,418**	**—**	**1,418**

(c) Deferred taxation

The Company has an unrecognised deferred tax asset of £20,434,000 (2023: £19,073,000) in respect of excess management expenses of £56,651,000 (2023: £25,401,000), based on a prospective corporation tax rate of 25% (2023: 25%) as enacted by the Finance Act 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.

Due to the Company's status as an investment trust company and the intention to continue meeting the conditions required to maintain such status in the foreseeable future, the Company has not provided for deferred tax on any capital gains or losses arising on the revaluation or disposal of investments.

9. Return per share

The Revenue, Capital and Total return shown below, is the Net return after taxation in the Statement of Comprehensive Income on page 74.

	2024 £'000	2023 £'000
Revenue return	10,804	11,428
Capital return	160,934	41,395
Total return	**171,738**	**52,823**
Weighted average number of shares in issue during the year	146,544,521	153,121,747
Revenue return per share	7.37p	7.46p
Capital return per share	109.82p	27.03p
Total return per share	**117.19p**	**34.49p**

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

	2024		2023	
	Pence	£'000	Pence	£'000
Dividends paid				
Final dividend in respect of prior year	6.50	9,657	6.20	9,546
Dividend proposed				
Final dividend proposed in respect of current year	6.75	11,125	6.50	9,804

All dividends paid and proposed in the year have been funded from the revenue reserve.

The final dividend proposed in respect of the year ended 30th September 2023 amounted to £9,804,000. However, the amount paid amounted to £9,657,000 due to ordinary shares repurchased after the balance sheet date but prior to the record date.

The dividend proposed in respect of the year ended 30th September 2024 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 2025. The amount payable reflects the enlarged ordinary shares in issue following the Combination with JSGI, post year end, and may change if ordinary shares are repurchased or issued up until the dividend's record date.

(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 dividends declared in respect of the financial year, shown below.

	2024		2023	
	Pence	£'000	Pence	£'000
Final dividend proposed	6.75	11,125	6.50	9,804

The revenue available for distribution by way of dividend for the year is £10,804,000 (2023: £11,428,000). The revenue reserve after payment of the final dividend will amount to £10,436,000 (2023: £10,610,000).

Notes to the Financial Statements

11. Total investments held at fair value through profit or loss

	2024 £'000	2023 £'000
Investments listed on a recognised stock exchange	970,427	859,289
Opening book cost	741,539	733,584
Opening investment holding gains/(losses)	117,750	82,205
Opening valuation	859,289	815,789
Movements in the year:		
Purchases at cost	284,771	199,074
Sales proceeds	(334,210)	(189,168)
Gains/(losses) on investments	160,577	33,594
Closing valuation	970,427	859,289
Closing book cost	719,494	741,539
Closing investment holding gains/(losses)	250,933	117,750
Total investments held at fair value through profit or loss	**970,427**	**859,289**

The Company received net proceeds of £334,210,000 (2023: £189,168,000) from investments sold in the year. The book cost of these investments when they were purchased was £306,816,000 (2023: £191,119,000). 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 £117,000 (2023: £79,000) and on sales during the year amounted to £127,000 (2023: £67,000). These costs comprise mainly brokerage commission, which are included within the purchases at cost and sales proceeds.

12. Current assets

	2024 £'000	2023 £'000
Debtors		
Securities sold awaiting settlement	—	7,768
Dividends and interest receivable	5,339	5,115
Other debtors	83	84
	5,422	**12,967**

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

13. Current liabilities

	2024 £'000	2023 £'000
Creditors: amounts falling due within one year		
Bank loan (Mizuho Bank)	—	27,452
Bank loan (ICBC)	52,120	10,981
Repurchases of the Company's own shares awaiting settlement	556	—
Securities purchased awaiting settlement	—	9,074
Other creditors and accruals	291	226
Bank loan interest payable	182	95
Senior secured loan notes interest payable	120	39
	53,269	**47,867**

During the year the Company had a ¥5 billion floating rate revolving credit facility with Mizuho Bank Ltd which was repaid in full on 4th April 2024. At the prior year end, the Company had drawn down ¥5.0 billion (£27.5 million) of this facility which had a non utilisation fee of 0.236%.

During the year the Company had a three-year floating rate revolving credit facility with ICBC Limited maturing on 14th April 2026, for ¥10.0 billion (2023: ¥10.0 billion). At 30th September 2024, the Company had drawn down ¥10.0 billion (£52.1 million) (2023: ¥2.0 billion (£10.9 million)) of this facility. This credit facility has a non utilisation fee of 0.60%.

Under the facilities, the loans are typically drawn down for a period of three months and the Directors consider that the carrying amount of the bank loans approximates to their fair value.

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

	2024 £'000	2023 £'000
¥13 billion senior secured loan notes[1]	67,474	71,059
	67,474	**71,059**

[1] Change in value due to foreign currency gains on Yen denominated senior secured loan notes.

The Company has five senior secured loan notes in issue at the year end as follows (2023: same):

¥ Billion	Term	Description	Annual coupon	Maturity
2.0	10 Year	A Senior secured loan notes	0.76%	2nd August 2028
2.5	15 Year	B Senior secured loan notes	0.95%	2nd August 2033
2.5	20 Year	C Senior secured loan notes	1.11%	2nd August 2038
2.5	25 Year	D Senior secured loan notes	1.21%	2nd August 2043
3.5	30 Year	E Senior secured loan notes	1.33%	2nd August 2048

15. Called up share capital

	2024		2023	
	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	150,832,089	37,707	154,702,089	38,675
Repurchase of shares into Treasury	(7,680,000)	(1,920)	(3,870,000)	(968)
Subtotal of shares of 25p each excluding shares held in Treasury	**143,152,089**	**35,787**	**150,832,089**	**37,707**
Shares held in Treasury	18,095,989	4,525	10,415,989	2,605
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 Governance Report on page 48.

Notes to the Financial Statements

16. Capital and reserves

2024	Called up share capital £'000	Capital redemption reserve[1] £'000	Other reserve[2] £'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[2] £'000	Revenue reserve[3] £'000	Total £'000
Opening balance	**40,312**	**8,650**	**166,791**	**371,648**	**117,750**	**29,906**	**519,304**	**20,414**	**755,471**
Net foreign currency losses on cash and cash equivalents	—	—	—	423	—	—	423	—	423
Realised gains on sale of investments	—	—	—	27,394	—	—	27,394	—	27,394
Net change in unrealised gains and losses on investments	—	—	—	—	133,183	—	133,183	—	133,183
Unrealised exchange gains on foreign currency loan	—	—	—	—	—	4,161	4,161	—	4,161
Repurchase of shares into Treasury	—	—	—	(38,949)	—	—	(38,949)	—	(38,949)
Realised gains on repayment of loans	—	—	—	1,370	—	—	1,370	—	1,370
Transfer on repayment of loans	—	—	—	3,527	—	(3,527)	—	—	—
Management fee and finance costs charged to capital	—	—	—	(5,683)	—	—	(5,683)	—	(5,683)
Other capital charges	—	—	—	(9)	—	—	(9)	—	(9)
Capital gains tax	—	—	—	(5)	—	—	(5)	—	(5)
Capital special dividends received	—	—	—	100	—	—	100	—	100
Dividends paid in the year	—	—	—	—	—	—	—	(9,657)	(9,657)
Revenue for the year	—	—	—	—	—	—	—	10,804	10,804
Closing balance	**40,312**	**8,650**	**166,791**	**359,816**	**250,933**	**30,540**	**641,289**	**21,561**	**878,603**

Notes to the Financial Statements

2023	Called up share capital £'000	Capital redemption reserve[1] £'000	Other reserve[2] £'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[2] £'000	Revenue reserve[2] £'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**

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

[2] 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.

For the year ended 30th September 2024, the £30,540,000 (2023: £29,906,000) of Capital reserves arising on the unrealised exchange gain on the foreign currency loan is not distributable. The remaining amount of Capital reserves totalling £610,749,000 (2023: £489,398,000) is subject to fair value movements, may not be readily realisable at short notice and as such may not be entirely distributable.

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 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 143,152,089 (2023: 150,832,089) Ordinary shares in issue at the year end (excluding Treasury shares).

	2024 Net asset value attributable £'000	2024 Net asset value attributable pence	2023 Net asset value attributable £'000	2023 Net asset value attributable pence
Net asset value - debt at par	878,603	613.8	755,471	500.9
Add: amortised cost of ¥13 billion senior secured loan notes	67,474	47.1	71,059	47.1
Less: Fair value of ¥13 billion senior secured loan notes	(59,622)	(41.7)	(65,128)	(43.2)
Net asset value - debt at fair value	**886,455**	**619.2**	**761,402**	**504.8**

Notes to the Financial Statements

18. Contingent liabilities and capital commitments

At the balance sheet date there were no contingent liabilities or capital commitments (2023: same).

19. Transactions with the Manager and related parties.

Details of the Investment Management Agreement are set out in the Directors' Report on page 47. The management fee payable to the Manager for the year was £4,726,000 (2023: £4,498,000) of which £nil (2023: £nil) was outstanding at the year end.

Included in administration expenses in note 6 on page 81 are safe custody fees amounting to £87,000 (2023: £104,000) payable to JPMorgan Chase Bank, N.A., of which £23,000 (2023: £36,000) was outstanding at the year end.

The Manager may carry out some of its dealing transactions through group subsidiaries. These transactions are carried out at arm's length. The commission payable to JPMorgan Securities for the year was £nil (2023: £2,000) of which £nil (2023: £nil) was outstanding at the year end.

Handling charges on dealing transactions amounting to £9,000 (2023: £2,000) were payable to JPMorgan Chase Bank N.A. during the year of which £1,000 (2023: £1,000) was outstanding at the year end.

At the year end, total cash of £23,497,000 (2023: £2,141,000) was held with JPMorgan Chase Bank N.A. A net amount of interest of £2,000 (2023: £2,000) was receivable by the Company during the year from JPMorgan Chase Bank N.A of which £nil (2023: £nil) was outstanding at the year end.

Stock lending income amounting to £363,000 (2023: £524,000) was receivable by the Company during the year. Commissions payable to the lending agent, JPMorgan Chase Bank, N.A., in respect of such transactions amounted to £40,000 (2023: £58,000).

Full details of Directors' remuneration and shareholdings can be found on pages 52 and 53 and in note 6 on page 81.

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.

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

	2024		2023	
	Assets £'000	Liabilities £'000	Assets £'000	Liabilities £'000
Level 1	970,427	—	859,289	—
Total	**970,427**	**—**	**859,289**	**—**

There were no transfers between Level 1, 2 or 3 during the year (2023: none).

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 'Key Features' on page 2. In pursuing this objective, the Company is exposed to a variety of financial risks that could result in a reduction in the Company's net assets or a reduction in the revenue available for dividends.

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

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

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 bank 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.

Foreign currency exposure

The fair value of the Company's monetary items that have foreign currency exposure 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.

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 (continued)

	2024			2023		
	Yen £'000	US Dollar £'000	Total £'000	Yen £'000	US Dollar £'000	Total £'000
Current assets	28,704	—	28,704	14,659	8	14,667
Creditors	(119,895)	—	(119,895)	(118,700)	—	(118,700)
Foreign currency exposure on net monetary items	(91,191)	—	(91,191)	(104,041)	8	(104,033)
Total investments held at fair value through profit or loss	970,427	—	970,427	859,289	—	859,289
Total net foreign currency exposure	**879,236**	**–**	**879,236**	**755,248**	**8**	**755,256**

In the opinion of the Directors, the above year end amount and subject to foreign exchange fluctuations, 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% (2023: 10%) appreciation or depreciation in sterling against which is considered to be a reasonable illustration based on the volatility of exchange rates during the year.

	2024		2023	
	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	(1,366)	1,366	(1,418)	1,418
Capital return/(loss)	9,119	(9,119)	10,403	(10,403)
Total return/(loss) after taxation	7,753	(7,753)	8,985	(8,985)
Net assets	**7,753**	**(7,753)**	**8,985**	**(8,985)**

In the opinion of the Directors, the above sensitivity analysis is not representative of the foreign currency exposure of the Company's monetary assets and liabilities for the whole of the current or comparative year due to fluctuation in drawings on the yen loan facility.

(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 56.4% (2023: 64.9%) 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.

	2024 £'000	2023 £'000
Exposure to floating interest rates:		
Cash and cash equivalents	23,497	2,141
Bank loan	(52,120)	(38,433)
Total exposure	**(28,623)**	**(36,292)**

Interest receivable on cash balances, or payable on bank loan and overdrafts, is at a margin below or above Sterling Overnight Index Average (SONIA) rate (in respect of sterling balances) and Tokyo Overnight Average Rate (TONAR) (in respect of yen balances) respectively (2023: 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% (2023: 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.

	2024		2023	
	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)	183	(183)	(17)	17
Capital (loss)/return	(469)	469	(346)	346
Total (loss)/return after taxation for the year	(286)	286	(363)	363
Net assets	**(286)**	**286**	**(363)**	**363**

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:

	2024 £'000	2023 £'000
Total investments held at fair value through profit or loss	970,427	859,289

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 29 and 30. 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% (2023: 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.

	2024		2023	
	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	(78)	94	(75)	83
Capital return – (loss)/return	193,387	(193,328)	171,185	(171,108)
Total return/(loss) after taxation	193,309	(193,234)	171,110	(171,025)
Net assets	**193,309**	**(193,234)**	**171,110**	**(171,025)**

(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 43.

Management of the risk

Liquidity risk is not significant as the Company's assets comprise readily realisable securities, which can be sold to meet funding requirements if necessary. Short term flexibility is achieved through the use of overdraft facilities. The Board's policy is for the Company to remain fully invested in normal market conditions and that short term borrowings be used to manage short term liabilities, working capital requirements and to gear the Company as appropriate. Details of the current loan facilities are given in note 13 on page 84.

Liquidity risk exposure

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

	2024			
	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	52,529	—	—	52,529
Repurchases of the Company's own shares awaiting settlement	556	—	—	556
Other creditors and accruals	291	—	—	291
Creditors: amounts falling due after more than one year				
Senior secured loan notes – including interest	306	564	79,170	80,040
	53,682	**564**	**79,170**	**133,416**

	2023			
	Three months or less (Restated) £'000	More than three months but not more than one year (Restated) £'000	More than one year (Restated) £'000	Total (Restated) £'000
Creditors: amounts falling due within one year				
Bank loan – including interest	11,224[1]	27,498	—	38,722
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	234[1]	594[1]	84,187[1]	85,015[1]
	20,758	**28,092**	**84,187**	**133,037**

[1] The 30th September 2023 liquidity risk exposure has been restated for classification error where the ICBC loan including the interest of £11,087,000 was shown within 'Senior secured loan notes – including interest' under the Creditors 'due more than one year' column. The ICBC loan is a current liability and as per the provisions of the loan agreement is repayable within three months, hence it should be shown within 'Bank loan – including interest' under the Creditors due within 'three months or less' column. In addition, the Senior Secured Loan notes – including interest was incorrectly understated by £4,003,000 as the contractual maturities were presented on their discounted values, instead of their undiscounted values.

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 2024 amounted to £89.0 million (2023: £77.9 million) and the maximum value of stock on loan during the year amounted to £264.2 million (2023: £173.5 million). Collateral is obtained by JPMorgan Chase Bank, N.A. 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	
	2024 £'m	2023 £'m	2024 £'m	2023 £'m
¥13 billion senior secured loan notes	67.5	71.1	59.6	65.1

22. Capital management policies and procedures

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

	2024 £'000	2023 £'000
Debt:		
Bank loans	52,120	38,433
Senior secured loan notes	67,474	71,059
	119,594	**109,492**
Equity:		
Called up share capital	40,312	40,312
Reserves	838,291	715,159
	878,603	755,471
Total debt and equity	**998,197**	**864,963**

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.

	2024 £'000	2023 £'000
Total investments held at fair value through profit or loss	970,427	859,289
Net assets	878,603	755,471
Gearing	**10.5%**	**13.7%**

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. Analysis of changes in net debt

	As at 30th September 2023 £'000	Cash flows £'000	Other non-cash movements £'000	As at 30th September 2024 £'000
Cash and cash equivalents:				
Cash at bank	2,141	21,399	(43)	23,497
	2,141	21,399	(43)	23,497
Borrowings				
Debt due within one year	(38,433)	(15,614)	1,927	(52,120)
Debt due after one year	(71,059)	—	3,585	(67,474)
	(109,492)	(15,614)	5,512	(119,594)
Net debt	**(107,351)**	**5,785**	**5,469**	**(96,097)**

24. Subsequent events

As reported in the Chairman's Statement on page 8, the Company issued 23,365,110 ordinary shares in exchange for £144.5 million of net assets acquired pursuant to a scheme of reconstruction and members' voluntary winding up of JPMorgan Japan Small Cap Growth & Income plc, effective on 25th October 2024.

Subsequent to the year end, a further 1,700,000 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 2024, which gives the following figures:

	Gross Method	Commitment Method
Leverage exposure		
Maximum limit	200%	200%
Actual[1]	113.6%	113.5%

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

AIFMD Remuneration Disclosures

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 2023 Performance Year in December 2023 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 2023 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 27 Alternative Investment Funds (with 4 sub-funds) and 2 UCITS (with 44 sub-funds) as at 31st December 2023, with a combined AUM as at that date of £23.99 billion and £20.03 billion respectively.

	Fixed remuneration	Variable remuneration	Total remuneration	Number of beneficiaries
All staff of the Management Company ($'000s)	23,549	15,069	38,618	149

The aggregate 2023 total remuneration paid to AIFMD Identified Staff was $119,473,000, of which $1,636,000 relates to Senior Management and $117,837,000 relates to other Identified Staff.[1]

[1] For 2023, 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 2024 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 9.17%.

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	89,022	10.13%

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
JP Morgan	United States of America	62,384
Morgan Stanley	United States of America	19,461
Citigroup	United States of America	4,145
HSBC	United Kingdom	1,579
Merrill Lynch	United States of America	977
Goldman	United States of America	436
BNP	France	22
Toronto-Dominion	Canada	18
Total		**89,022**

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
United States of America Treasury	68,170
Kingdom of Belgium Government	5,878
Kingdom of Netherlands Government	5,416
Republic of Austria Government	5,095
United Kingdom Treasury	4,700
Federal Republic of Germany Government	3,520
French Republic Government	1,953
Government of Japan	1,062
Total	**95,794**

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
Treasury Notes	Investment Grade	USD	47,071
Treasury Bonds	Investment Grade	USD	19,756
Sovereign Debt	Investment Grade	GBP	4,700
Sovereign Debt	Investment Grade	JPY	1,062
Sovereign Debt	Investment Grade	EUR	21,862
Treasury Bills	Investment Grade	USD	1,343
Total			**95,794**

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	708
1 to 3 months	165
3 to 12 months	3,660
More than 1 year	91,261
Total	**95,794**

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.

Regulatory Disclosures

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, of £137,000, received in the context of securities lending transactions may be reused in accordance with the provisions contained within the Prospectus, however the Company does not currently reinvest cash collateral received in respect of securities lending transactions.

Safekeeping of collateral

All collateral (£95.9 million) received by the Company in respect of securities lending transactions as at the balance sheet date is held by the Custodian.

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 22nd January 2025 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 2024.
2. To approve the Director's Remuneration Policy.
3. To approve the Directors' Remuneration Report for the year ended 30th September 2024.
4. To approve a final dividend of 6.75p 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 reappoint Lord Jonathan Kestenbaum as a Director of the Company.
11. To appoint Thomas Walker as a Director of the Company.
12. To reappoint Ernst & Young LLP as Auditors of the Company.
13. To authorise the Directors to determine the Auditors' remuneration.

Special Business

To consider the following resolutions:

Authority to allot new shares – Ordinary Resolution

14. 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 £16,481,720 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 2026 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

15. THAT subject to the passing of Resolution 14 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 14 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 £18,461,319 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

16. 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 24,706,098 or, if less, that number of Ordinary shares which is equal to 14.99% of the Company's issued share capital (less shares held in Treasury) as at the date of the passing of this resolution;

    (ii) the minimum price which may be paid for an Ordinary share shall be 25p;

    (iii) the maximum price which may be paid for an Ordinary share shall be an amount equal to the highest of: (a) 105% of the average of the middle market quotations for an Ordinary share taken from and calculated by reference to the London Stock Exchange Daily Official List for the five business days immediately preceding the day on which the

Notice of Annual General Meeting

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 21st July 2026 unless the authority is renewed at the Annual General Meeting in 2026 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

17. 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

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

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

13th December 2024

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, you can appoint a proxy or proxies electronically by visiting www.investorcentre.co.uk/eproxy. You will need the Control Number, Shareholder Reference Number and PIN which are set out on your proxy form or the electronic broadcast you received from Computershare.
17. As at 11th December 2024 (being the latest practicable business day prior to the publication of this Notice), the Company's called-up share capital consists of 164,817,199 Ordinary shares (excluding treasury shares) carrying one vote each. Therefore the total voting rights in the Company are 164,817,199.
18. The full terms of the proposed amendments to the Company's articles of association are available at the registered offices of the Company at 60 Victoria Embankment, London EC4Y 0JP between the hours of 9.00 a.m. and 5.00 p.m. (Saturdays, Sundays and public holidays excepted) and on the Company's website, www.jpmjapanese.co.uk, from the date of the AGM Notice until the close of the AGM, and will also be available for inspection at the venue of the AGM from 15 minutes before and during the AGM. The New Articles will also be available for inspection on the National Storage Mechanism located at https://data.fca.org.uk/#/nsm/nationalstoragemechanism, from the date of the AGM Notice.

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.

Amendments to the Articles of Association of the Company

Adoption of new Articles of Association

Resolution 18, which will be proposed as a special resolution, seeks shareholder approval to adopt new Articles of Association (the '**New Articles**') in order to update the Company's current Articles of Association (the '**Existing Articles**'). The proposed amendments being introduced in the New Articles primarily relate to changes in law and regulation, developments in market practice and other developments since the Existing Articles were adopted.

The following principal amendments will be made to the Company's Existing Articles through the adoption of the New Articles if Resolution 18 is approved by shareholders at the AGM:

i. updating references to legislation and regulations to reflect the legislative position in the UK following the UK's departure from the EU;

ii. clarifying that any shares issued or created out of or in respect of any uncertificated shares (being shares held through the CREST system) shall be uncertificated shares and any shares issued or created out of or in respect of any certificated shares shall be certificated shares, and that the Company shall be entitled to assume that the entries on any record of securities maintained by it in accordance with the Uncertificated Securities Regulations 2001 and regularly reconciled with the relevant register maintained by Euroclear (as operator of the CREST system) are a complete and accurate reproduction of the details entered in the operator's register, and the Company shall not be liable in respect of any act or thing done, or omitted to be done, by or on behalf of the Company in reliance on such assumption;

iii. clarifying that the Company may use any permitted means of executing or authenticating share certificates;

iv. clarifying that the Company is permitted to purchase its own shares and to reduce its share capital, any capital redemption reserve and any share premium account in any manner permitted by, and in accordance with, the Companies Act 2006;

v. including provisions which permit the Company to hold shareholder meetings using electronic communications facilities (both virtual-only or hybrid shareholder meetings) while preserving the Company's ability to hold traditional in-person shareholder meetings. These provisions have been included in order to provide potential flexibility for the Company, but the Board has no current intention of holding virtual-only shareholder meetings;

vi. updating provisions which enable the Company to hold shareholder meetings across two (or more) physical locations in the event that all shareholders cannot be accommodated in a single physical location on the day of a meeting;

vii. inserting provisions which enable the Company to postpone a shareholder meeting in certain circumstances;

viii. inserting provisions which enable the Board or the chair of a shareholder meeting to make any arrangement and impose any requirement or restriction as the board or the chair shall consider appropriate to ensure the identification of those accessing or participating in an electronic shareholder meeting, the security of the electronic platform and any electronic communications, and the orderly conduct of the meeting;

ix. inserting provisions which enable the Board or the chair of a shareholder meeting to adjourn a shareholder meeting without the consent of the meeting where any physical or electronic facilities being used to host the meeting have become compromised or no longer enable the meeting to be conducted as intended or the persons wishing to attend cannot be conveniently accommodated in the place or on the electronic platform appointed for the meeting;

x. removing the existing provisions relating to the retirement of Directors by rotation and inserting provisions which require all Directors to retire at each AGM (and, if they wish, to offer themselves for re-election) in line with the recommended corporate governance regime in the UK, and inserting provisions dealing with the potential situation whereby no Directors are re-elected at an AGM;

xi. removing the requirement in the Existing Articles that the directors shall not make any investment imposing unlimited liability on the Company or cause the Company to be in breach of section 842(1)(b) of the Income and Corporation Taxes Act 1988 as such matters are best addressed through the Company's investment policy and the Board's delegated authorities and arrangements with the Company's investment manager;

xii. clarifying that the Directors may use video or web conferencing applications and other appropriate communications devices to conduct meetings of the Board and its committees;

xiii. modernising the provisions relating to the payment methods for dividends, including inserting provisions which enable the Company to pay dividends by any approved funds transfer system (in addition to traditional bank transfers) and which enable the Company to specify which payment method(s) will be used by the Company in respect of any dividend; and

xiv. clarifying that all dividends or other sums payable on or in respect of any shares which remain unclaimed by shareholders may be invested or otherwise made use of by the Board for the benefit of the Company until claimed.

Amendments to the Articles of Association of the Company

Other proposed amendments which are of a minor, technical, typographical or clarifying nature, or which seek to make the Articles gender neutral, have not been summarised above.

The summary above is intended only to highlight the principal amendments which are likely to be of interest to shareholders. It is not intended to be comprehensive and cannot be relied upon to identify amendments or issues which may be of interest to all shareholders. The summary is not a substitute for reviewing the full terms of the New Articles which will be available for inspection at the registered offices of the Company at 60 Victoria Embankment, London EC4Y 0JP between the hours of 9.00 a.m. and 5.00 p.m. (Saturdays, Sundays and public holidays excepted), and on the Company's website, **www.jpmjapanese.co.uk**, from the date of the AGM Notice until the close of the AGM, and will also be available for inspection at the venue of the AGM from 15 minutes before and during the AGM. The New Articles will also be available for inspection on the National Storage Mechanism located at https://data.fca.org.uk/#/nsm/nationalstoragemechanism, from the date of the AGM Notice.

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

Alternative Performance Measures

Alternative Performance Measures (APMs) are numerical measures of current, historical or future financial performance, financial position or cash flow that are not GAAP measures. APMs are intended to supplement the information in the financial statements, providing useful industry-specific information that can assist shareholders to better understand the performance of the Company.

Where a measure is labelled as an APM, a definition and reconciliation to a GAAP measure is set out below. The APMs are unaudited.

Return on Share Price (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 2024	Year ended 30th September 2023	
Opening share price (p)	7	460.5	438.5	(a)
Closing share price (p)	7	556.0	460.5	(b)
Total dividend adjustment factor[1]		1.013598	1.013552	(c)
Adjusted closing share price (p) (d = b x c)		563.6	466.7	(d)
Share price total return (e = (d/a) – 1)		**22.4%**	**6.4%**	(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 Net Asset Value 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 2024	Year ended 30th September 2023	
Opening NAV per share (p)	7	500.9	472.1	(a)
Closing NAV per share (p)	7	613.8	500.9	(b)
Total dividend adjustment factor[1]		1.012422	1.012711	(c)
Adjusted closing NAV per share (p) (d = b x c)		621.4	507.3	(d)
Total return on net asset value with debt at par value (e = (d/a) – 1)		**24.1%**	**7.4%**	(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 Asset Value with Debt at Fair Value (APM)

The Company's debt (senior secured loan notes) is valued in the Statement of Financial Position (on page 85) 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) to the Financial Statements. The calculation of the NAV with debt at fair value is shown in note 17 to the Financial Statements. 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.

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

Total return calculation	Page	Year ended 30th September 2024	Year ended 30th September 2023	
Opening NAV per share (p)	7	504.8	473.2	(a)
Closing NAV per share (p)	7	619.2	504.8	(b)
Total dividend adjustment factor[1]		1.012331	1.012656	(c)
Adjusted closing NAV per share (p) (d = b x c)		626.9	511.2	(d)
Total return on net asset value with debt at fair value (e = (d/a) – 1)		**24.2%**	**8.0%**	(e)

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

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 asset value.

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	Page	30th September 2024 £'000	30th September 2023 £'000	
Total investments held at fair value through profit or loss[1]	76	970,427	859,289	(a)
Net assets	76	878,603	755,471	(b)
Gearing/(net cash) (c = (a/b) – 1)		**10.5%**	**13.7%**	(c)

[1] Includes Investments on Loan as shown on the Statement of Financial Position on page 76.

Ongoing Charges (APM)

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

Ongoing charge calculation	Page	Year ended 30th September 2024 £'000	Year ended 30th September 2023 £'000	
Management fee	74	4,726	4,498	
Administrative expenses	74	1,225	1,276	
Total management fee and other administrative expenses		5,951	5,774	(a)
Average daily net assets		815,488	776,599	(b)
Ongoing charges (c = a/b)		**0.73%[1]**	**0.74%**	(c)

[1] The ongoing charges presented pertain to the years ending on 30th September 2024 and 30th September 2023. These figures have not been adjusted to account for the Combination with JPMorgan Japan Small Cap Growth & Income plc (JSGI) or the reduction in the management fee, both of which took effect after the year ending 30th September 2024. Further details about the Combination with JSGI and the estimated ongoing charges can be found in the Chairman's Statement on page 8.

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

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).

Discount calculation	Page	Year ended 30th September 2024 £'000	Year ended 30th September 2023 £'000	
Share price (p)	7	556.00	460.50	(a)
Net asset value with debt at par value (p)	7	613.75	500.90	(b)
Share price discount to net asset value with debt at par value (c = (a–b)/b)	**7**	**(9.4)%**	**(8.1)%**	(c)

Discount calculation	Page	Year ended 30th September 2024 £'000	Year ended 30th September 2023 £'000	
Share price (p)	7	556.00	460.50	(a)
Net asset value with debt at fair value (p)	7	619.22	504.80	(b)
Share price discount to net asset value with debt at fair value (c = (a–b)/b)	**7**	**(10.2)%**	**(8.8)%**	(c)

Other terms used in this document:

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.

Contracts for Difference (CFD) – is a financial derivative that allows traders to speculate on the price movement of an asset without actually owning the underlying asset. In a CFD, the buyer and seller agree to exchange the difference in the value of the asset from the time the contract is opened to the time it is closed. If the asset's price increases, the seller pays the buyer the difference, and if the price decreases, the buyer pays the seller. CFDs are commonly used for trading in markets such as stocks, commodities, and currencies.

Forward Price to Earnings Ratio (P/E) – This is a financial metric that measures the price of a company's stock relative to its expected earnings over the next 12 months. A higher forward P/E ratio might indicate that investors expect higher growth in the future, while a lower ratio could suggest lower growth expectations or that the stock is undervalued.

Return on Equity (ROE) – is a financial metric used to assess the profitability of a company in relation to its equity. When applied to a portfolio of investments, ROE can help evaluate how effectively the investments are generating returns relative to the equity invested in them.

Active Share – This measures the percentage of a portfolio that differs from a benchmark index. A higher active share indicates that the portfolio is more actively managed and deviates more from the index. It is calculated by summing the absolute differences between the portfolio and benchmark weights for each security, then dividing by two.

Operating Margin – This is a profitability ratio that shows what percentage of a portfolio's revenue is left over after covering ongoing expenses.

Turnover – This typically refers to the rate at which the assets within a portfolio are bought and sold by the fund manager. It is typically expressed as a percentage and provides insight into the Company's trading activity.

How to invest in 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
Barclays Smart investor
Charles Stanley Direct
Fidelity Personal Investing
Halifax Share Dealing
Hargreaves Lansdown
interactive investor

Please note this list is not exhaustive and the availability of individual trusts may vary depending on the provider. These 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

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.

Task Force on Climate-related Financial Disclosures

As a listed Investment Trust, the Company is exempt from Task Force on Climate-related Financial Disclosures ('TCFD') disclosures. However, in accordance with the requirements of the TCFD, in June 2024, the Investment Manager published its UK TCFD Report for the Company in respect of the year ended 31st December 2023. The report discloses estimates of the portfolio's climate-related risks and opportunities according to the FCA Environmental, Social and Governance Sourcebook and the TCFD Recommendations. The report is available on the Company's website: **www.jpmjapanese.co.uk**

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.

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

Computershare Investor Services PLC
The Pavilions
Bridgwater Rd
Bristol
BS99 6ZZ
United Kingdom
Telephone + 44 (0) 370 707 1512

Lines open 8.30a.m. to 5.30p.m. Monday to Friday
Shareholders can manage their shareholding online by visiting Investor Centre at www.investorcentre.co.uk, Shareholders just require their Shareholder Reference Number ('SRN'), which can be found on any communications previously received from Computershare.

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

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The Association of Investment Companies
A member of the AIC

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**

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