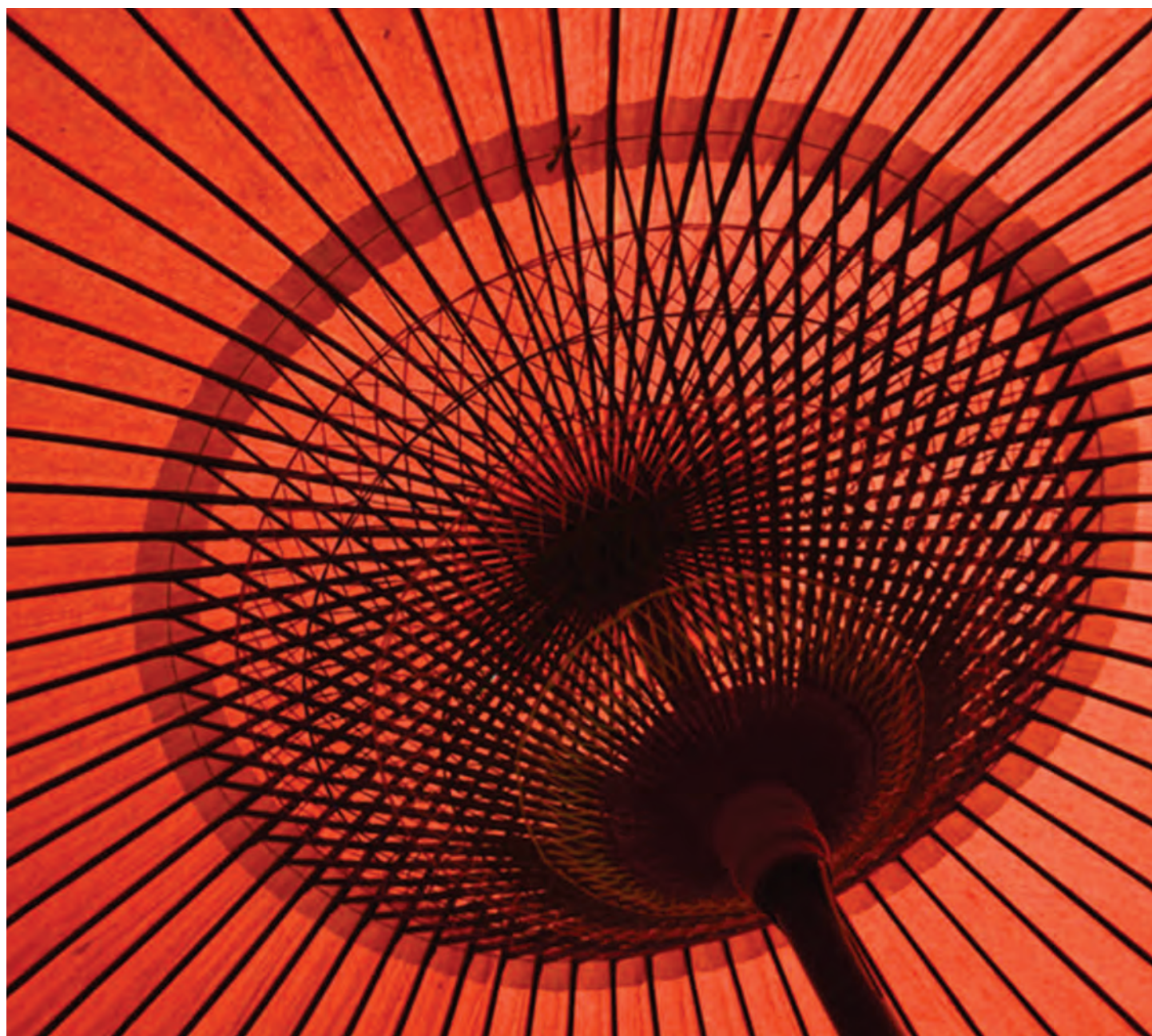

JPMorgan Japanese Investment Trust plc

Half Year Report & Accounts for the six months ended 31st March 2017



Features

Objective

Capital growth from Japanese investments.

Investment Policy

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

Benchmark

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

Capital Structure

UK domiciled. Premium listing on the London Stock Exchange and the New Zealand Stock Exchange (to be delisted).

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

Management Company

The Company employs JPMorgan Funds Limited ('JPMF' or the 'Manager') as its Alternative Investment Fund Manager ('AIFM'). JPMF delegates the management of the Company's portfolio to JPMorgan Asset Management (UK) Limited ('JPMAM').

FCA Regulation of 'Non-Mainstream Pooled Investments'

The Company currently conducts its affairs so that its shares can be recommended by Independent Financial Advisers to ordinary retail investors in accordance with the rules of the Financial Conduct Authority ('FCA') 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.

AIC

The Company is a member of the Association of Investment Companies.

Website

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

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Half Year Performance to 31st March 2017

TOTAL RETURNS (INCLUDES DIVIDENDS REINVESTED)

+3.0%

Shareholder return

+2.3%

Net asset return

+9.0%

Benchmark return³

Financial Data

	31st March 2017	30th September 2016	% change
Shareholders' funds (£'000)	632,718	624,765	+1.3
Number of shares in issue	161,248,078	161,248,078	0.0
Net asset value per share	392.4p	387.5p	+1.3
Share price	341.3p	335.0p	+1.9
Share price discount to net asset value per share	13.0%	13.5%	-3.7
Exchange rate	£1 = ¥139.3	£1 = ¥131.5	
Gearing	13.5%	9.5%	+42.1
Ongoing Charges	0.71%	0.74%	-4.1

¹ Source: Morningstar.

² Source: Morningstar/J.P. Morgan.

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

A dividend of 3.65p per share was paid in the period.

A glossary of terms and definitions is provided on page 17.

About the Company

CHAIRMAN'S STATEMENT



Performance

In the six months ended 31st March 2017 the total return on net assets was +2.3% relative to the Company's benchmark return of +9.0%. The share price rose over the same period from 335.0p to 341.3p, reflecting the rise in the NAV. This is a disappointing result after a number of years of strong performance and reflects a period in which the higher-rated stocks held by the Company underperformed the broader market, which rose in response to perceptions of improved prospects for global growth. Over the longer term the portfolio has significantly outperformed the benchmark in sterling terms. Over the five years to 31st March 2017 for example, the total return on net assets was 113.2% relative to the return for the benchmark index of 82.8%.

The Investment Managers' Report on pages 5 to 7 reviews the market and provides more detail on performance.

Revenue and Dividends

As emphasised in previous Chairman's statements, dividend payments from Japanese companies are unpredictable and dividends paid to shareholders in previous years should not be taken as a guide to future payments. In respect of the year ended 30th September 2016, we paid a dividend of 3.65p per share, reflecting the available revenue for distribution.

Discount Management

The Board has guidelines in place with regard to the management of any discount/premium that may develop between the Company's share price and its net asset value per share and to enhance returns to shareholders. Over the period the share price discount ranged from 16.5% to 8.9%. The Company did not repurchase any shares during the six month period.

Gearing

The Board of Directors sets the overall strategic gearing policy and guidelines and reviews these at each meeting. The Investment Manager then manages the gearing within the agreed levels. The funds available to be drawn down by the Company are ¥15 billion, comprised of a ¥9 billion five year term loan and a ¥6 billion three year revolving credit facility, the latter having been agreed in December 2016. As at 31st March 2017 the Company's gearing level was 13.5%.

New Zealand Listing

As highlighted in my statement in the Annual Report, the Board had resolved to de-list the Company from the New Zealand Stock Exchange. A circular is expected to be sent to New Zealand registered shareholders shortly.

CHAIRMAN'S STATEMENT *CONTINUED*

Outlook

Although economic growth is generally stronger globally the Japanese stockmarket, which has considerable cyclical characteristics, has not performed as well in recent months as might be expected. The stock market continues to be most correlated, negatively, with the yen-US dollar exchange rate. In periods when risk assets sell-off the yen tends to strengthen and Japanese equities tend to fall. Global investors remain generally sceptical of the prospects for Japanese equities usually citing as reasons a shrinking domestic population and a lack of structural reform in Prime Minister Abe's "Three Arrows" change agenda.

Progress on structural reform and changes to corporate governance and implementing a more shareholder friendly approach among Japanese companies is slow. But, it is happening. The Managers and the Board continue to be very encouraged by the investment opportunities to be found among quoted Japanese companies. Share buy backs and dividends are increasing and other more shareholder focussed policies, like return on equity targets, are being put in place. We continue to believe that a research-driven and selective, active, approach to Japanese company investment will continue to serve shareholders in the Company well.

Andrew Fleming
Chairman

25th May 2017

INVESTMENT MANAGERS' REPORT



Nicholas Weindling



Shoichi Mizusawa

The benchmark TOPIX Index rose by 9.0% in sterling terms during the six months ended 31st March 2017 with the Company's total return on net assets rising 2.3%. Over three years the Company's portfolio returned 69.3% versus 63.2% for the benchmark index. Over five years it returned 113.2% versus 82.8% for the index.

Review

In the six months to 31st March 2017 the global economy performed well across all major regions despite concerns that Brexit and the election of President Trump could act as a brake on growth. Interest rates have, therefore, started to rise in the United States ('US') in response to the improved data. The increasing difference between US and Japanese interest rates is the major reason for the yen depreciating against the dollar from c¥101 to c¥111 over the period.

The Japanese economy continued to grow modestly over the period. The labour market remained particularly tight with, for example, 143 jobs for every 100 applicants. As a result wages have started to rise, particularly in the service sector. To date we have seen little impact of this flowing through to consumer spending but we expect to see this over time. Inflation has turned positive and is likely to accelerate through 2017 due to a combination of the weaker yen and higher commodity prices.

Japanese politics remains remarkable for its stability both historically and compared to the rest of the world. The governing Liberal Democratic Party recently changed its rules to allow Prime Minister Abe to remain as leader until 2021 so it is probable that this stability will continue, particularly given the low approval ratings of the main opposition party.

Corporate performance has remained strong with companies reporting profits at elevated levels. Most importantly, progress in corporate governance continues and record levels of dividends and share buybacks were reported in 2016. We believe that this is a structural change that will endure.

Portfolio Performance

Underperformance versus the benchmark over the six months to 31st March 2017 was due principally to stock selection. At the asset allocation level gearing was positive in a rising market but this was offset by overweight positions in the retail sector and banks.

The second half of 2016 saw a period of reversion to the mean, with stocks that had struggled in the first half of the year rallying. Value stocks performed strongly as expectations of accelerating economic growth increased. Stocks exhibiting quality and growth characteristics struggled in this environment. As we detail in the 'Current Portfolio' section below we have a bias to the latter group of stocks. We believe that many of the stocks, which we do not own, that performed well have business models which will impact on their competitiveness in the coming years.

The top contributing stocks included Start Today, Tokyo Electron, Suzuki Motor and Shinetsu Chemical:

- Start Today is Japan's number one online apparel retailer; similar to ASOS and Zalando. Online clothes sales are 7% of the overall Japanese market versus 23% in Germany, 20% in the UK and 17% in France, demonstrating the substantial opportunity open to the company. This opportunity is enhanced by a competitive landscape in Japan that is relatively benign where traditional retailers have been very slow to understand the potential from online sales.
- Tokyo Electron is a semiconductor manufacturing equipment maker. The company's installed base is growing and this is expected to lead to an increase in high margin servicing-related sales.

INVESTMENT MANAGERS' REPORT *CONTINUED*

- Suzuki Motor. We have been and remain underweight in the transportation equipment sector (autos) because we think the industry is highly competitive and faces structural challenges. We are, however, focusing on manufacturers with clear niches that offer protection from these adverse headwinds and the opportunity for profitable growth. Suzuki is an example of such a manufacturer. It has a 45% market share in India where car penetration is still very low by global standards and only 4% of people own a car. Its large dealer and service networks are sources of sustainable competitive advantage as it has three times the number of outlets compared to that of the nearest competitor in that market.
- Shinetsu Chemical is the global number one PVC and semiconductor wafer manufacturer. The PVC business is strongly geared to the US housing market which we expect to continue to improve. Meanwhile, after eight years, the semiconductor wafer market has a much better supply-demand balance and we now expect price increases.

We also benefited from not holding Toyota Motor which represents approximately 3.3% of the TOPIX Index, a traditional vehicle manufacturer, which faces the full force of the headwinds identified above.

Stocks that contributed negatively to performance over the six month period included M3, Sosei, Meiji Holdings, Sundrug and Sysmex:

- M3 operates an online portal accessed by doctors that enjoys a number one position in the Japanese and the UK markets and is growing rapidly in China. It offers pharmaceutical companies the opportunity to market drugs online with commensurate cost savings over traditional marketing methods. The company plans to expand both its geographical reach and the range of services it offers. Although the stock underperformed on concerns over the high valuation enjoyed by the shares, we do not believe there has been any change in the long-term outlook for the company and continue to hold the shares.
- Sosei is a biotechnology company. The development of one of its drugs, in partnership with Allergan, has been delayed. We do not believe this changes the positive long-term outlook for the company and continue to hold the shares. Customers include AstraZeneca, Merck, Pfizer and Novartis and the company is not dependent on any one compound for its business.
- Meiji Holdings is Japan's leading manufacturer of dairy and chocolate products. Growth has been recently driven by its hit probiotic yoghurt drink. Alongside the market as a whole, we became concerned about the sustainability of sales growth for this product and sold the shares to fund purchases elsewhere.
- Sundrug is a retail pharmacy company. We believe the industry will consolidate over the next few years as the top ten companies only have approximately 30% market share. Sundrug generates the highest returns on capital and operating margins of any company in the industry and we think it will be one of the winning companies in this sector. There has been no news that has changed our long-term view and we continue to hold the shares.
- Sysmex is the world's leading haematology company. We reduced the position during the period, having held it for several years, due to concerns over the valuation. We continue to hold the remaining stock as there has been no change to the long-term outlook which will be driven by emerging markets where we expect there to be limited competition from local manufactures.

Current Portfolio

We made a number of changes to the portfolio during the period. The most noteworthy were the increase in gearing from 9.5% to 13.5%, the increase in our exposure to financial stocks from 7.8% to 17.2% and the increase in holdings of companies in the recruitment industry.

We have owned Mitsubishi UFJ Financial Group and Sumitomo Mitsui Financial Group in the past due to their increasing focus on shareholder returns and unwinding of cross-shareholdings. We sold the shares at the start of 2016 as we thought negative interest rates would put pressure on earnings and make shareholder returns less likely. We no longer believe that interest rates will be taken further into negative territory and reverted to our original investment thesis.

The aging population means that the shortage of workers in Japan is a structural challenge and companies such as Temp Holdings, which is steadily taking market share, stand to benefit. Recruit is also involved in staffing but is more global in its reach as it operates the world's number one employment website called '*indeed*'.

At the end of March the largest overweight positions in the portfolio were Start Today, Mitsubishi UFJ Financial Group, Suzuki Motor, Subaru and Shin-Etsu Chemical. The characteristics of the portfolio remain largely unchanged: company balance sheets and free cash flow are stronger; earnings growth faster and company return on equity higher than the market as a whole. Much of this growth in investee companies is structural and in aggregate these companies should do well regardless of what happens in the global or Japanese economy. Company valuations in the portfolio, as measured by PE ratios, are higher than the market average but we believe the strong long-term growth prospects more than justify this. Additionally, there is a bias to mid and smaller sized companies in the portfolio. Analyst coverage drops off as you go down the market capitalization range and we can find more focused companies in this part of the market. Investors should expect consistently to see these characteristics in the Company over the economic cycle.

Outlook

Stable politics and an improving domestic economy at present combine with accelerating global growth and a weaker yen to mean that earnings momentum is currently strong in Japan with profit growth for the TOPIX Index projected to rise by 13% in the financial year 2017. The Japanese equity market is more cyclical than the US or Europe and an improving global economic backdrop bodes well for future profits. Valuations are not stretched by historic standards and are at a discount to other developed markets. The continuing improvement in corporate governance is the single most important structural shift that is happening and may mean that the valuation gap versus other markets can start to close.

Nicholas Weindling
Shoichi Mizusawa
Investment Managers

25th May 2017

Investment Review

LIST OF INVESTMENTS AT 31ST MARCH 2017

Company	Valuation £'000
Electric Appliances	
Keyence	22,072
Tokyo Electron	15,142
FANUC	14,952
Nidec	13,377
Mabuchi Motor	9,610
Sony	9,515
Mitsubishi Electric	8,270
Sysmex	2,554
Zojirushi	2,380
	97,872

Retail Trade	
Start Today	18,889
Don Quijote	13,632
MonotaRO	11,705
Cosmos Pharmaceutical	10,922
Seria	8,211
Sundrug	6,192
	69,551

Banks	
Mitsubishi UFJ Financial	32,913
Sumitomo Mitsui Financial	25,056
Suruga Bank	8,799
	66,768

Chemicals	
Shin-Etsu Chemical	22,195
Kao	11,668
Nifco	9,483
Nippon Paint	8,929
Lion	6,178
Pola Orbis Holdings	5,737
	64,190

Company	Valuation £'000
Services	
Recruit	13,387
M3	11,853
Nihon M&A Center	10,777
Infomart	6,222
Temp	5,674
Next	5,101
CyberAgent	4,852
HIS	4,025
	61,891

Transportation Equipment	
Subaru	20,960
Suzuki Motor	20,303
Isuzu Motors	9,134
Shimano	6,096
	56,493

Information & Communication	
SoftBank	23,151
Nippon Telegraph & Telephone	15,998
Otsuka	6,923
Trend Micro	5,857
GMO Payment Gateway	4,107
	56,036

Machinery	
Daikin Industries	18,768
SMC	14,691
Hoshizaki	5,495
Miura	5,435
Tadano	4,208
Kubota	3,208
	51,805

Company	Valuation £'000
Other Financing Business	
ORIX	17,627
Japan Exchange	12,600
Industrial & Infrastructure Fund	5,433
	35,660
Metal Products	
Sanwa	13,166
Rinnai	5,881
Sumco	3,400
	22,447
Insurance	
Tokio Marine	21,006
	21,006
Pharmaceuticals	
Nippon Shinyaku	6,479
PeptiDream	5,332
Sosei Group	5,232
SanBio	2,044
	19,087
Real Estate	
GLP J-REIT	6,866
Nippon Prologis REIT	6,271
Park24	5,690
	18,827
Other Products	
Pigeon	9,246
Nintendo	9,141
	18,387

Company	Valuation £'000
Foods	
Japan Tobacco	10,713
Kewpie	7,092
	17,805
Precision Instruments	
Asahi Intecc	5,975
Topcon	4,603
Nakanishi	2,753
	13,331
Construction	
SHO-BOND	6,549
Nishimatsu Construction	4,224
	10,773
Glass & Ceramics Products	
Taiheiyo Cement	6,813
	6,813
Wholesale Trade	
MISUMI	6,089
	6,089
Rubber Products	
Okamoto Industries	3,527
	3,527
Total Investments	718,358

SECTOR ANALYSIS

	At 31st March 2017		At 30th September 2016	
	Portfolio %	Benchmark ¹ %	Portfolio %	Benchmark ¹ %
Processing	51.8	48.7	49.6	48.7
Electric Appliances	13.6	13.0	13.5	12.2
Services	8.6	3.7	9.3	3.9
Transportation Equipment	7.9	9.1	5.4	9.4
Information & Communications	7.8	7.8	8.3	8.5
Machinery	7.2	5.2	6.8	5.0
Other Products	2.6	1.8	3.2	2.0
Precision Instruments	1.9	1.6	1.3	1.5
Glass & Ceramics Products	0.9	1.0	–	0.9
Wholesale Trade	0.8	4.5	1.2	4.4
Rubber Products	0.5	1.0	0.6	0.9
Financial	17.2	13.2	7.8	12.1
Banks	9.3	8.2	1.4	7.5
Other Financing Business	5.0	1.2	4.0	1.3
Insurance	2.9	2.6	2.4	2.3
Securities & Commodity Futures	–	1.2	–	1.0
Consumer	14.8	13.9	23.8	18.5
Retail Trade	9.6	4.7	12.5	4.9
Pharmaceuticals	2.7	4.7	5.0	5.5
Foods	2.5	4.5	6.3	5.0
Other Consumer	–	–	–	3.1
Basic	12.1	8.6	14.1	8.0
Chemicals	8.9	6.9	11.2	6.4
Metal Products	3.2	0.7	2.9	0.7
Nonferrous Metals	–	1.0	–	0.9
Utilities	–	7.0	–	7.1
Assets	4.1	5.3	4.7	5.6
Real Estate	2.6	2.4	3.1	2.5
Construction	1.5	2.9	1.6	3.1
Other Consumer	–	3.3	–	–
Total	100.0	100.0	100.0	100.0

¹ Based on the total portfolio investments of £718.4m (2016: £683.9m).

Financial Statements

STATEMENT OF COMPREHENSIVE INCOME FOR THE SIX MONTHS ENDED 31ST MARCH 2017

	(Unaudited) Six months ended 31st March 2017			(Unaudited) Six months ended 31st March 2016			(Audited) Year ended 30th September 2016		
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Gains on investments held at fair value through profit or loss	–	7,928	7,928	–	70,108	70,108	–	179,145	179,145
Net foreign currency gains/(losses)	–	2,998	2,998	–	(5,239)	(5,239)	–	(16,545)	(16,545)
Income from investments	6,159	–	6,159	3,536	–	3,536	8,725	–	8,725
Gross return	6,159	10,926	17,085	3,536	64,869	68,405	8,725	162,600	171,325
Management fee	(379)	(1,515)	(1,894)	(319)	(1,276)	(1,595)	(673)	(2,691)	(3,364)
Other administrative expenses	(330)	–	(330)	(298)	–	(298)	(619)	–	(619)
Net return on ordinary activities before finance costs and taxation	5,450	9,411	14,861	2,919	63,593	66,512	7,433	159,909	167,342
Finance costs	(82)	(327)	(409)	(69)	(276)	(345)	(153)	(612)	(765)
Net return on ordinary activities before taxation	5,368	9,084	14,452	2,850	63,317	66,167	7,280	159,297	166,577
Taxation	(613)	–	(613)	(354)	–	(354)	(874)	–	(874)
Net return on ordinary activities after taxation	4,755	9,084	13,839	2,496	63,317	65,813	6,406	159,297	165,703
Return per share (note 4)	2.95p	5.63p	8.58p	1.55p	39.27p	40.82p	3.97p	98.79p	102.76p

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

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

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

STATEMENT OF CHANGES IN EQUITY

FOR THE SIX MONTHS ENDED 31ST MARCH 2017

	Called up share capital £'000	Capital redemption reserve £'000	Other reserve £'000	Capital reserves £'000	Revenue reserve ¹ £'000	Total £'000
Six months ended 31st March 2017 (Unaudited)						
At 30th September 2016	40,312	8,650	166,791	400,299	8,713	624,765
Net return on ordinary activities	–	–	–	9,084	4,755	13,839
Dividend paid in the period	–	–	–	–	(5,886)	(5,886)
At 31st March 2017	40,312	8,650	166,791	409,383	7,582	632,718
Six months ended 31st March 2016 (Unaudited)						
At 30th September 2015	40,312	8,650	166,791	241,002	6,822	463,577
Net return on ordinary activities	–	–	–	63,317	2,496	65,813
Dividend paid in the period	–	–	–	–	(4,515)	(4,515)
At 31st March 2016	40,312	8,650	166,791	304,319	4,803	524,875
Year ended 30th September 2016 (Audited)						
At 30th September 2015	40,312	8,650	166,791	241,002	6,822	463,577
Net return on ordinary activities	–	–	–	159,297	6,406	165,703
Dividend paid in the year	–	–	–	–	(4,515)	(4,515)
At 30th September 2016	40,312	8,650	166,791	400,299	8,713	624,765

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

STATEMENT OF FINANCIAL POSITION AT 31ST MARCH 2017

	(Unaudited) 31st March 2017 £'000	(Unaudited) 31st March 2016 £'000	(Audited) 30th September 2016 £'000
Fixed assets			
Investments held at fair value through profit or loss	718,358	569,625	683,857
Current assets			
Debtors	4,370	2,278	3,465
Cash and cash equivalents	17,790	9,334	6,118
	22,160	11,612	9,583
Creditors: amounts falling due within one year	(148)	(650)	(257)
Net current assets	22,012	10,962	9,326
Total assets less current liabilities	740,370	580,587	693,183
Creditors: amounts falling due after more than one year	(107,652)	(55,712)	(68,418)
Net assets	632,718	524,875	624,765
Capital and reserves			
Called up share capital	40,312	40,312	40,312
Capital redemption reserve	8,650	8,650	8,650
Other reserve	166,791	166,791	166,791
Capital reserves	409,383	304,319	400,299
Revenue reserve	7,582	4,803	8,713
Total equity shareholders' funds	632,718	524,875	624,765
Net asset value per share (note 5)	392.4p	325.5p	387.5p

NOTES TO THE FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 31ST MARCH 2017

1. Financial statements

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

The figures and financial information for the year ended 30th September 2016 are extracted from the latest published financial statements of the Company and do not constitute statutory accounts for that year. Those financial statements have been delivered to the Registrar of Companies including the report of the auditors which was unqualified and did not contain a statement under either section 498(2) or 498(3) of the Companies Act 2006.

2. Accounting policies

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

FRS 104, 'Interim Financial Reporting', issued by the Financial Reporting Council ('FRC') in March 2015 has been applied in preparing this condensed set of financial statements for the six months ended 31st March 2017.

The Company has elected not to prepare a statement of cash flows for the current period on the basis that substantially all of its investments are liquid and carried at market value.

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

The accounting policies applied to this condensed set of financial statements are consistent with those applied in the financial statements for the year ended 30th September 2016.

3. Dividends paid

	(Unaudited) Six months ended 31st March 2017 £'000	(Unaudited) Six months ended 31st March 2016 £'000	(Audited) Year ended 30th September 2016 £'000
2016 Final dividend of 3.65p (2015: 2.80p)	5,886	4,515	4,515

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

No interim dividend has been declared in respect of the six months ended 31st March 2017 (2016: nil).

4. Return per share

	(Unaudited) Six months ended 31st March 2017 £'000	(Unaudited) Six months ended 31st March 2016 £'000	(Audited) Year ended 30th September 2016 £'000
Return per share is based on the following:			
Revenue return	4,755	2,496	6,406
Capital return	9,084	63,317	159,297
Total return	13,839	65,813	165,703
Weighted average number of shares in issue	161,248,078	161,248,078	161,248,078
Revenue return per share	2.95p	1.55p	3.97p
Capital return per share	5.63p	39.27p	98.79p
Total return per share	8.58p	40.82p	102.76p

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

5. Net asset value per share

	(Unaudited) Six months ended 31st March 2017	(Unaudited) Six months ended 31st March 2016	(Audited) Year ended 30th September 2016
Net assets (£'000)	632,718	524,875	624,765
Number of shares in issue	161,248,078	161,248,078	161,248,078
Net asset value per share	392.4p	325.5p	387.5p

6. Fair valuation of investments

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

	(Unaudited) Six months ended 31st March 2017		(Unaudited) Six months ended 31st March 2016		(Audited) Year ended 30th September 2016	
	Assets £'000	Liabilities £'000	Assets £'000	Liabilities £'000	Assets £'000	Liabilities £'000
Level 1	718,358	–	569,625	–	683,857	–
Total	718,358	–	569,625	–	683,857	–

Interim Management Report

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

Principal Risks and Uncertainties

The principal risks and uncertainties faced by the Company fall into the following broad categories: investment underperformance and strategy; market and currency; political, economic and governance; loss of investment team or investment manager; discount; change of corporate control of the Manager; accounting, legal and regulatory; corporate governance and shareholder relations; operational and financial. Information on each of these areas is given in the Business Review within the Annual Report and Accounts for the year ended 30th September 2016.

Related Parties Transactions

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

Going Concern

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

Directors' Responsibilities

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

- (i) the condensed set of financial statements contained within the interim financial report has been prepared in accordance with FRS 104 'Interim Financial Reporting' and gives a true and fair view of the state of the affairs of the Company and of the assets, liabilities, financial position and net return of the Company, as at 31st March 2017, as required by the UK Listing Authority Disclosure Guidance and Transparency Rule ('DTR') 4.2.4R; and
- (ii) the interim management report includes a fair review of the information required by DTR 4.2.7R and DTR 4.2.8R.

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

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

and the Directors confirm that they have done so.

For and on behalf of the Board

Andrew Fleming
Chairman

25th May 2017

Shareholder Information

GLOSSARY OF TERMS AND DEFINITIONS

Return to Shareholders

Total return to the investor, 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.

Return on Net Assets

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.

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

Benchmark Return

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

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

Gearing/(Net Cash)

Gearing represents the excess amount above shareholders' funds of total investments, expressed as a percentage of the shareholders' funds. Previously gearing represented the excess amount above shareholders' funds of total assets expressed as a percentage of shareholders' funds. Total assets included total investments and net current assets/liabilities less cash/cash equivalents and excluding bank loans of less than one year. If the amount calculated is negative, this is shown as a 'net cash' position.

Ongoing Charges

The Ongoing Charges represent the Company's management fee and all other operating expenses excluding finance costs, 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 AIC. The figure as at 31st March 2017 is an estimated annualised figure.

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

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.

WHERE TO BUY J.P. MORGAN INVESTMENT TRUSTS

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

1. Directly from J.P. Morgan

Investment Account

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

Stocks & Shares Individual Savings Accounts (ISA)

The Company's shares are eligible investments within a J.P. Morgan ISA. For the 2016/17 tax year, from 6th April 2016 and ending 5th April 2017, the total ISA allowance is £15,240. The shares are also available in a J.P. Morgan Junior ISA. Details are available from J.P. Morgan Asset Management free on 0800 20 40 20 or via its website at am.jpmorgan.co.uk/investor

2. Via a third party provider

Third party providers include;

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

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

3. Through a professional adviser

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

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

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

Be ScamSmart

Investment scams are designed to look like genuine investments

Spot the warning signs

Have you been:

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

If so, you might have been contacted by fraudsters.

Avoid investment fraud

1 Reject cold calls

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

2 Check the FCA Warning List

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

3 Get impartial advice

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

Report a Scam

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

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

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

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



Notes

Notes

Information about the Company

FINANCIAL CALENDAR

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

History

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

Directors

Andrew Fleming (Chairman)
Stephen Cohen
Sir Stephen Gomersall, KCMG
George Olcott
Christopher Samuel

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") per share 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 JPMorgan website at www.jpmmorgan.co.uk, where the share price is updated every fifteen minutes during trading hours.

Website

www.jpmmorgan.co.uk

Share Transactions

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

Manager and Company Secretary

JPMorgan Funds Limited

aic

The Association of
Investment Companies

A member of the AIC

Company's Registered Office

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

For company secretarial and administrative matters, please contact Jonathan Latter at the above address.

Depository

BNY Mellon Trust & Depository (UK) Limited
BNY Mellon Centre
160 Queen Victoria Street
London EC4V 4LA

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

Registrars (UK)

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

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

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

Independent Auditors (UK)

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

Brokers

Canaccord Genuity
88 Wood Street
London EC2V 7QR

Savings Product Administrators

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

www.jpmmjapanese.co.uk

J.P. Morgan Helpline

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

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