

JPMorgan Japanese Investment Trust plc

Be at the heart of Japan's new growth



Half Year Report and Financial
Statements - 31st March 2021

KEY FEATURES

Your Company

Investment Objective

Capital growth from investments in Japanese companies.

Investment Policy

- To maintain a portfolio almost wholly invested in Japan.
- To use gearing to increase potential returns to shareholders. The Company's gearing policy is to operate within a range of 5% net cash to 20% geared, in normal market conditions.

Further details on the objective and structure of the Company, together with investment restrictions and guidelines, are given in the Strategic Report on pages 25 and 26 of the Annual Report & Financial Statements for the year ended 30th September 2020.

Benchmark

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

Capital Structure

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

As at 31st March 2021, the Company's share capital comprised 161,248,078 ordinary shares of 25p each, including 1,664,094 ordinary shares held in Treasury.

Management Company and Company Secretary

The Company employs JPMorgan Funds Limited ('JPMF' or the 'Manager') as its Alternative Investment Fund Manager ('AIFM') and Company Secretary. JPMF delegates the management of the Company's portfolio to JPMorgan Asset Management (UK) Limited ('JPMAM'), which in turn delegates day to day investment management activity to JPMorgan Asset Management (Japan) Limited ('JPMAM (Japan)') in Tokyo.

Environmental, Social and Governance ('ESG') Considerations

ESG considerations are fully integrated into the stock selection process. JPMAM research teams compile proprietary ESG analyses on each company as well as using external vendor research, and rank them. These ESG scores are combined with strategic and financial analysis to evaluate overall attractiveness. In addition, the Manager, together with Stewardship specialists, conducts extensive engagement on specific ESG issues with investee companies. Both JPMAM and JPMAM (Japan) are UN PRI signatories. JPMAM (Japan), follows the Japanese Stewardship Code and endeavours to vote at all of the meetings called by companies in which your portfolio invests; JPMAM follows the UK Stewardship Code. The Company's detailed ESG report is on pages 14 to 16.

Website

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

Company Ratings

Overall Morningstar Rating™ ★★★★★

Morningstar Category™ Japan Large-Cap Equity



Morningstar Analyst Rating.
Source: Morningstar, April 2021.



Awards



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

Why invest in the JPMorgan Japanese Investment Trust

Be at the heart of Japan's new growth

The emergence of a dynamic new generation of Japanese companies is creating compelling investment opportunities. But getting to the heart of Japan's new growth requires on-the-ground expertise and local market knowledge and an unconstrained approach that's fully focused on the best that Japan has to offer.

J.P. Morgan has over 50 years' experience seeking out the most attractively valued Japanese stocks and sectors. Our highly experienced Tokyo-based investment team of 25 Japanese equity professionals provides the vital local insights needed to uncover value in Japan's under-researched market.

Invest in economic transformation

We use a combination of desk-based research and company meetings to seek out fast growing, sustainable companies from across the market cap spectrum that are driving the long-term transformation of the Japanese and other economies. Our focus is on innovative stocks and global leaders in high-growth industries, such as robotics, e-commerce, fintech and computer gaming.

Stocks are selected based on rigorous analysis. We look for competitively positioned companies with robust balance sheets, strong cash flows and attractive long-term growth potential. We also consider the performance of companies across a range of environmental, social and governance factors. The result is a portfolio of Japanese stocks that we believe offers the most attractive opportunities for sustainable long-term capital growth.

**50+**

Years' experience
investing in the Japan

25

Japan-based investment
professionals

4,000+

Japanese company
visits each year

92.9%

Active share

Half Year Performance

- 4 Financial Highlights

Chairman's Statement

- 7 Chairman's Statement

Investment Review

- 10 Investment Managers' Report
- 14 Environmental, Social and Governance Report ('ESG')
- 17 Sector Analysis
- 18 List of Investments

Financial Statements

- 20 Statement of Comprehensive Income
- 21 Statement of Changes in Equity
- 22 Statement of Financial Position
- 23 Statement of Cash Flows
- 24 Notes to the Financial Statements

Interim Management Report

- 28

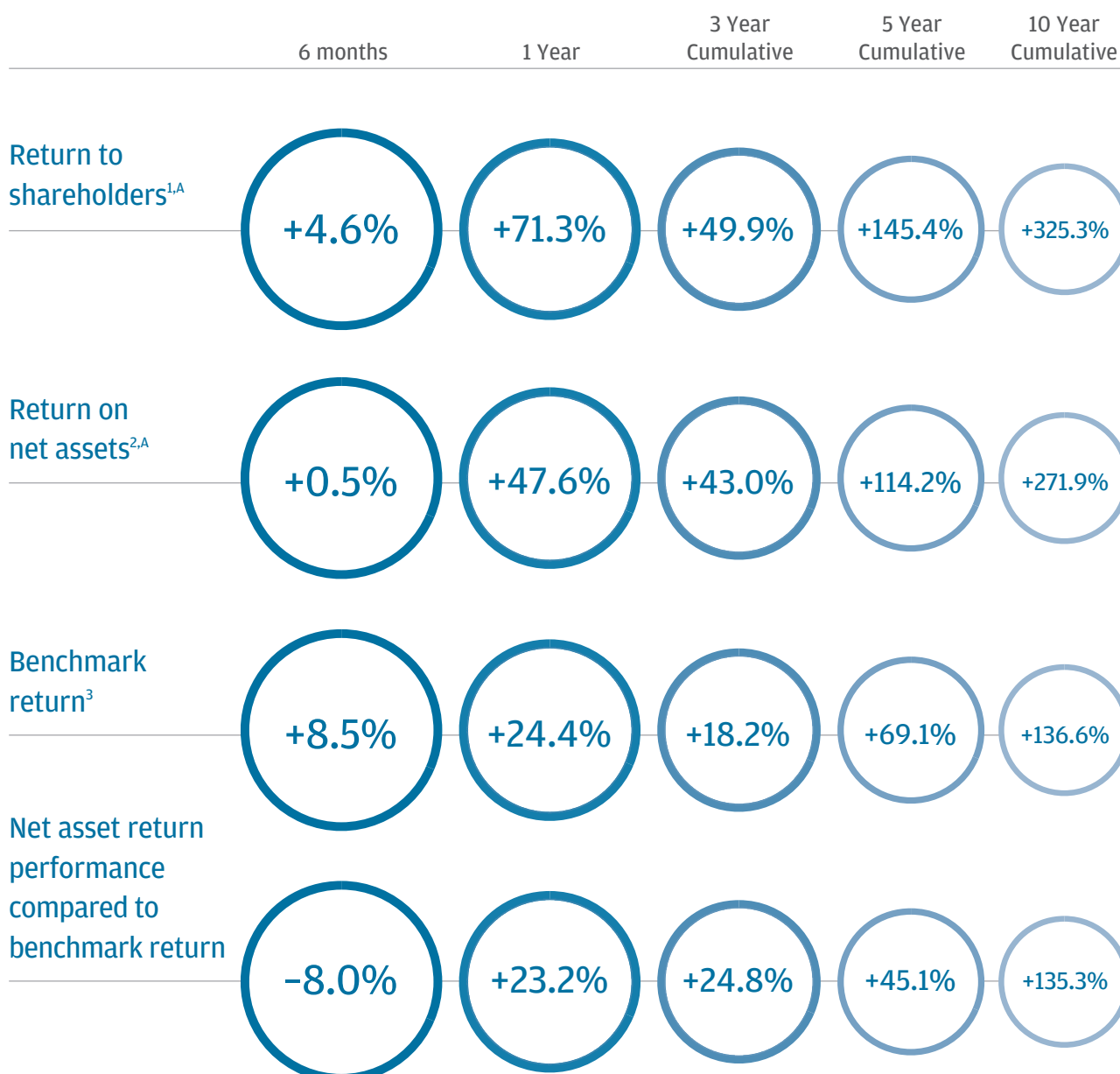
Shareholder Information

- 30 Glossary of Terms and Alternative Performance Measures ('APMs')
- 32 Where to buy J.P. Morgan Investment Trusts
- 33 Information about the Company

Half Year Performance

TOTAL RETURNS (INCLUDING DIVIDENDS REINVESTED)

TO 31ST MARCH 2021

¹ Source: Morningstar.² Source: Morningstar/J.P. Morgan, using cum income net asset value per share with debt at fair value.³ Source: Morningstar. The Company's benchmark is the Tokyo Stock Exchange First Section Index (TOPIX) expressed in sterling terms.^A Alternative Performance Measure ('APM').

A glossary of terms and APMs is provided on pages 30 and 31.

FINANCIAL DATA (EXCLUDING DIVIDENDS REINVESTED)

	31st March 2021	30th September 2020	% change
Key financial data as at 31st March			
Shareholders' funds (£'000)	1,065,642	1,072,164	-0.6
Total Assets	1,222,776	1,237,303	-1.2
Number of shares in issue	159,583,984	159,839,078	-0.2
Net asset value per share with debt at par value ^A	667.8p	670.8p	-0.5 ¹
Net asset value per share with debt a fair value ^A	664.3p	665.8p	-0.2 ²
Share price	643.0p	619.0p	+3.9 ³
Share price discount to net asset value per share with debt at par value ^A	3.7%	7.7%	
Share price discount to net asset value per share with debt at fair value ^A	3.2%	7.0%	
12 month average share price discount to net asset value per share with debt at fair value ⁴	6.7%	10.4%	
Exchange rate	1 £ = ¥ 152.5	1 £ = ¥ 136.4	+11.7
Shares in issue	159,583,984	159,839,078	
Gearing^A			
	12.7%	14.8%	
Ongoing charges^A			
	0.60%	0.65%	

¹ % change, excluding dividends paid. Including dividends, the total return is 0.3%.

² % change, excluding dividends paid. Including dividends, the total return is 0.5%.

³ % change, excluding dividends paid. Including dividends, the total return is 4.6%.

⁴ Morningstar/J.P.Morgan.

^A Alternative Performance Measure ('APM').

A glossary of terms and APMs is provided on pages 30 and 31.

Chairman's Statement



Christopher Samuel
Chairman

Investment Performance

In my last Chairman's statement in December 2020, I reminded investors that given the Manager's high conviction, unconstrained approach which is focussed on finding the best investment ideas in Japan, there will from time to time be periods of underperformance. That reminder now appears timely.

For the six months ended 31st March 2021 the total return on net assets, with debt calculated at fair value¹, was 0.5%. This compares with a total return for the same period from the Company's benchmark index return, the Tokyo Stock Exchange First Section (TOPIX) Index (in sterling terms), of 8.5%. The share price total return, with dividends reinvested, increased over the same period by 4.6% (from 619.0p to 643.0p) as the discount narrowed.

As the Investment Managers explain in their report on the following pages, the principal reason for the underperformance was a move in market sentiment towards companies expected to benefit from the rise in economic activity following the vaccine rollout. Owing to the expected short term nature of these gains they are not companies the Investment Managers had invested in. Performance was also negatively impacted by the more general rotation from growth to value stocks.

Short-term underperformance has unfortunately impacted on longer term performance; however the Company's longer term performance remains strong, with outperformance against the benchmark index over 3, 5 and 10 years of 24.8%, 45.1% and 135.3% respectively.

It is worth noting that the absolute performance of the Trust over the period was driven in part by sterling strengthening against the yen by 12.1%. The Managers' policy remains not to hedge.

Since the half year end, the Company's net asset value has decreased by 6.5% as at 18th May 2021, compared to the benchmark index decrease of 3.6% over the same period, while the share price has decreased by 6.4%.

The Investment Managers' Report on pages 10 to 13 reviews the market and provides more detail on performance and the stocks in which the Company is invested.

Gearing

The Board of Directors believes that gearing can be beneficial to performance and sets the overall strategic gearing policy and guidelines and reviews these at each Board meeting. The Investment Managers then manage the gearing within the agreed levels. The Investment Managers' permitted gearing limit is within the range of 5% net cash to 20% geared in normal market conditions. During the period, gearing ranged from 12.7% to 15.4%, with an average of 14.3%. As at 31st March 2021, gearing was equivalent to 12.7% of net assets.

Revenue and Dividends

The Investment Strategy does not aim for any particular level of dividend income so the level of portfolio income may vary from year to year. For the year ended 30th September 2020, we paid a dividend of 5.1p per share on 26th January 2021, reflecting the available revenue for distribution. Consistent with previous years the Company will not be declaring an interim dividend.

Discount Management/share repurchases

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

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

The Board recognises that a widening of, and volatility in, the Company's discount is seen by some investors as a disadvantage of investments trusts. The Board has restated its commitment over the long run to seek a stable discount or premium commensurate with investors' appetite for Japanese equities and the Company's various attractions, not least the quality of the investment team and the investment process, and the strong long term performance these have delivered. Since 2020, this commitment has resulted in both increased marketing spend and, for the first time in seven years, a series of targeted buybacks.

Over the six month period to 31st March 2021, the Company's share price discount to net asset value ranged from 1.5% premium to 7.7% discount and the average discount was 2.7% (31st March 2020: the discount range was 5.6% to 19.9% and the average discount was 10.2%) and the Company repurchased 130,094 shares at an average discount of 4.25% at a cost of £0.83 million. Since 31st March 2021, there have been no share repurchases.

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.

Outlook

The Investment Managers have set out their views on the outlook for markets and your Company on pages 10 to 13 of the Investment Managers' report.

Christopher Samuel
Chairman

19th May 2021



Nicholas Weindling
Investment Manager



Miyako Urabe
Investment Manager

Japan is only at the beginning of the path to digitalisation and renewable energy, but these trends are already spawning many exciting new businesses

Performance

For the six months ended 31st March 2021, the Company returned 0.5% on a net asset basis, in sterling terms, underperforming its benchmark, the TOPIX index, by 8.0%. While we are disappointed by this near-term relative performance, the Company's longer-term numbers remain strong. It has outperformed its benchmark by a cumulative 24.8% over three years, 45.1% over five years and 135.3% over ten years.

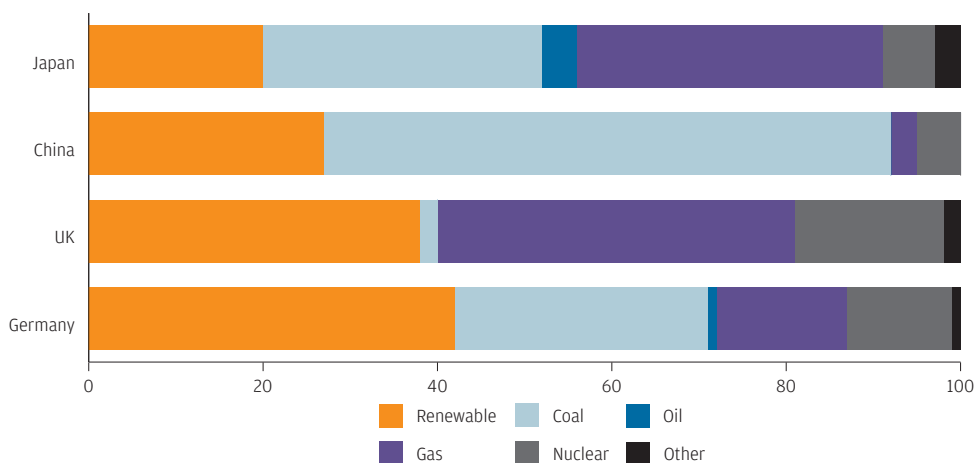
The principal reason for the underperformance in the first half of the financial year was a shift in market sentiment in favour of companies expected to benefit from a recovery in economic activity facilitated by the vaccine rollout. However, many of these gains may be short-lived, fading rapidly once pent-up demand has been satisfied. For example, the share price of department store operators has benefited from an anticipated surge in custom as consumers seek to satisfy many months' of unmet demand for household goods and personal items. A one-off increase in demand will not shift this sector from its path of long-term structural decline, as consumers embrace online shopping more wholeheartedly. Meanwhile, we continue to tap into Japan's economic transformation and potential for long-term capital growth as a dynamic new generation of companies emerges.

Portfolio themes

The increasing trend in favour of e-commerce is only one manifestation of the ways in which Covid-19 has accelerated the acceptance and integration of new technologies into Japan's economy and society. Japan has tended to lag the rest of the world in its adoption of new technologies in many fields, but the pandemic has awakened Japanese consumers and companies to the benefits of cashless payments, digital signatures and remote healthcare services and to the cost savings and productivity gains to be realised from remote working, automation, and cloud data storage. This trend is being given impetus by the Japanese government, which has mandated the adoption of digitalisation within the government sector.

Prime Minister Yoshihide Suga's commitment, in October 2020, to reducing Japan's emissions to net zero and realising carbon neutrality by 2050 is another major development within the Japanese economy. Currently, around one third of Japan's energy is sourced from coal and it is also heavily reliant on natural gas. Renewable energy sources are a relatively small part of the mix compared to Europe, so Japan is at a very early stage in its transition to greener energy sources. As well as contributing to Japan's environmental commitments, the move to renewables will reduce its heavy dependence on imported fossil fuels. Although there are various technical challenges to be overcome, we expect the contribution of wind, solar, biomass and geothermal power to the country's requirements to rise significantly over time.

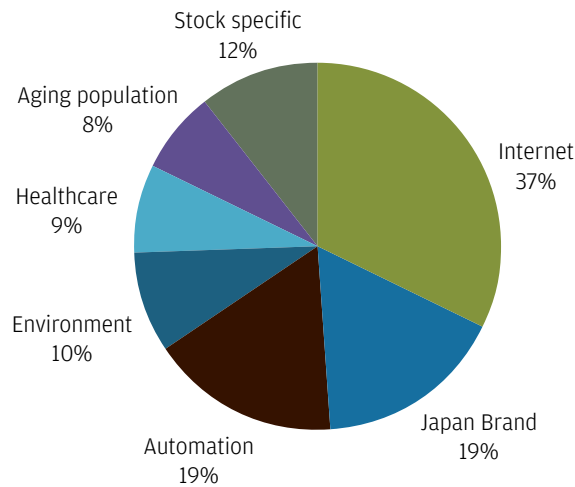
Power Generation Mix (CY 2019)



Source: J.P. Morgan Asset Management, METI, IEA, IEEJ.

Japan is only at the beginning of the path to digitalisation and renewable energy, but these trends are already spawning many exciting new businesses, especially in the small and mid-cap space. Growth in related sectors will only gather momentum over time and provide resilient, long-term sources of returns

for Japanese companies. Structural changes such as these underpin our stock selection. As at 31st March 2021, the thematic breakdown of the portfolio was as follows:



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

The only notable change to the portfolio's thematic breakdown during the review period is the removal of 'Improving corporate governance' as a theme. That is not because we are less focussed on governance in the portfolio companies, but because Japanese companies are now increasing the number of outside directors, paying higher dividends and implementing share buybacks to return capital to shareholders – and the associated benefits are now widely recognised by the market. So, while we continue to engage with companies on governance issues, we see limited incremental relative returns from this theme. We have replaced it with 'Environment', in response to the marked increase in government efforts to promote green issues and renewable energy sources, and given the scope for change.

Investment philosophy and process

In our search for companies set to benefit from these themes, we adopt a bottom-up approach, focused on individual listed stocks. We look for high quality, innovative businesses, with a competitive advantage, free cash flow, robust balance sheets, sustainable margins and strong management, which we believe have the potential to grow earnings over the long-term. We find that many such companies are typically not the well-known names covered by most analysts and included in the index, which is home to many larger companies in structurally impaired sectors such as steel production, department stores and printing, which are vulnerable to long-term declines in demand. Rather, they are small and mid-sized companies, poorly covered by most analysts and thus little known.

Our efforts to identify potential investments are supported by JPMorgan Asset Management's well-resourced investment team on the ground in Tokyo. Its members are ideally placed to identify emerging themes and interesting new companies overlooked by other analysts. We believe this has been a particular advantage during the pandemic, when other managers have not been able to visit the country. As a result, the Company's portfolio can, and does, look very different from the benchmark. As at end March 2021, it had an active share of 94.5% (on a geared basis).

Our focus on quality companies is also reflected in the fact that the portfolio is of higher quality than the market. As the end of the review period, the Company's return on equity (ROE) was 11.7%, compared to 5.8% for index and its operating margin was 20.5%, versus 12.4% for market. The price to earnings (PE) ratio was 37x, compared to 18x for market. We believe this higher multiple is justified by the significantly better long-term prospects of the companies that we hold, compared to others in traditional, declining sectors.

Our efforts to identify potential investments are supported by JPMorgan Asset Management's well-resourced investment team on the ground in Tokyo

The recent market rotation has generated many opportunities to invest in the companies we favour at more attractive levels

Portfolio purchases and sales

The recent market rotation has generated many opportunities to invest in the companies we favour at more attractive levels. The surge in popularity of ecommerce has prompted the acquisition of **Yappli** (Investment Theme - Internet), a software company which builds ecommerce apps. We have also purchased **Minkabu the Infonoid** (Investment Theme - Internet), a popular and rapidly growing website providing retail investors with stock market information. At the other end of the market cap spectrum, in line with our gaming theme, we bought consumer electronics giant **Sony** (Investment Theme - Japan Brand). After years of restructuring, we believe this company now has world leading games and entertainment assets, and we have upgraded our rating of the stock accordingly.

Our search for companies set to benefit from Japan's new energy policy has led us to add new positions in **Renova** (Investment Theme - Environment), the only Japanese utility company focused solely on renewable energy sources. It owns wind, solar and biomass assets. We also own **Canadian Solar Infrastructure** (Investment Theme - Environment), a REIT specialising in solar power and renewable energy facilities. We bought **Hitachi** (Investment Theme - Environment), which, thanks to its acquisition of ABB Power Grid, is now the global leader in transmission lines. These lines are an increasingly valuable asset, as renewable sources require substantially more infrastructure for grid connection than thermal power.

In order to fund the large pipeline of attractive investment opportunities we see, we made some sales during the review period. We reduced our exposure to **Kao** (Investment Theme - Japan Brand), a leading producer of household goods, due to poor recent operational performance. We also trimmed our holdings in the meditech company **M3** (Investment Theme - Healthcare), theme park and hotel operator **Oriental Land** (Investment Theme - Japan Brand) and fashion retailer **Fast Retailing** (Investment Theme - Japan Brand) on valuation grounds. Outright sales included **Z Holdings** (Investment Theme - Internet), which was motivated by our disappointment in the company's efforts to integrate the recently purchased messaging app, Line, with its core internet search engine business, Yahoo, Japan. We also sold our entire holding in **TeamSpirit** (Investment Theme - internet), a software company providing services to business, due to its repeated failure to meet performance targets and **V-Cube** (Investment Theme - Internet), a communications equipment company whose valuation increased sharply.

Portfolio turnover over the review period was around 20% on an annualised basis, down substantially from annualised turnover of 38% as at the end of the last financial year, ended September 2020. Gearing at period end was 12.7%, reflecting our conviction in the stocks that we own and the many available opportunities, particularly in the small and mid-cap areas.

Significant contributors and detractors to performance

The main contributors to performance over the six months to end March 2021 included **Tokyo Electron** (Investment Theme - Automation) and **Lasertec** (Investment Theme - Automation), which are global leaders in semiconductor equipment production. They both benefited as Taiwan Semiconductor Manufacturing Company (TSMC), Intel and Samsung announced major increases in capital expenditures to meet continued growth in demand for high performance computing and 5G and AI solutions. Staffing and employment services company **Recruit Holdings** (Investment Theme - Internet) also enhanced returns due to the strong performance of Indeed, the world's leading online recruitment website. This website has increased its share of the global market during the pandemic and is now benefitting from the improvement in labour markets. Our recent investment in **Renova** also added to performance. Its outlook improved materially following Prime Minister Suga's commitment to net carbon neutrality by 2050.

These positive contributions to relative performance were offset by the adverse impact of holdings in several companies which suffered recent pull-backs on profit-taking following strong performances during 2020. These included **Bengo4.com** (Investment Theme - Internet), Japan's leading digital signature provider, which gained during 2020 as the government mandated a switch to digital signatures and the

...the Japanese market is much more vibrant than some investors appreciate, with many new and interesting listings on the Tokyo stock exchange each year

pandemic forced companies to adopt other long-overdue forms of digitalisation. Similarly, games companies such as **Square Enix** and **Nintendo** (Investment Themes – Japan Brand) performed well during the pandemic, as people were forced to entertain themselves at home, but suffered some profit-taking in the first quarter of 2021. We believe these two companies will benefit further from the fact that during the pandemic, many gamers downloaded games for the first time, rather than purchasing them in-store, and are likely to continue accessing games in this manner in the future. This new form of purchase makes it easier for the gaming companies to sell additional features to on-line users. Factory automation company **Keyence** (Investment Theme – Automation), the portfolio's largest holding, was another company which performed poorly in Q1 2021 following a strong 2020. However, as with digitalisation and the popularity of on-line gaming, factory automation is a long-term trend, and this company has a dominant and growing share of the international market. The Company continues to hold all these stocks on the basis that their long-term prospects remain very positive.

Outlook

The advent of several viable vaccines has significantly improved the global economic outlook and although Japan is well behind the UK and the US in its vaccine roll-out, this is a short-term concern – the country's economic prospects are still significantly better than six months ago. As always, uncertainties remain. To date the Government has maintained that the Olympics will proceed and, if they do, foreign spectators will not be allowed to attend. These decisions should have no impact on our portfolio, given the much longer-term focus of our holdings. On the political front, a general election is due before end-October 2021. Prime Minister Suga's popularity has been falling and we cannot be sure if he will retain his hold on power. However, his party, the Liberal Democratic Party (LDP), is likely to remain in government after the forthcoming election, as Japan's opposition parties remain weak and disorganised. Regardless of who the LDP nominates as the next prime minister, we expect the government's commitment to key policies such as digitalisation and net carbon neutrality by 2050 to remain in place.

Independent of the economic and political backdrop, the Japanese market is much more vibrant than some investors appreciate, with many new and interesting listings on the Tokyo stock exchange each year, especially in the small and mid-cap space. We believe it is an attractive market in which to build a portfolio different from the pack, particularly for active, bottom-up investors like us, supported by a large research team on the ground in Tokyo.

Our unconstrained approach means the portfolio differs markedly from the benchmark. Inevitably this leads at times to volatile performance relative to the benchmark, as we experienced during the review period. However, the portfolio's high quality and very positive long term growth prospects should support shareholders' ongoing confidence in the Company's outlook. Over the last ten years the strategy has generated returns far in excess of the benchmark and we believe our approach will allow us to maintain our record of outperformance in the future, rewarding patient investors looking to capitalise on the structural changes underway in Japan.

Nicholas Weindling
Miyako Urabe
Investment Managers

19th May 2021

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

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

Environmental, Social and Governance Report

A draft revision to the Japanese Corporate Governance Code was released in late March 2021. Whilst, disappointingly, this did not include any changes to cross shareholdings, there have been significant moves in connection with sustainability initiatives at corporates, and disclosure of such initiatives. Companies are being asked to disclose their policy on sustainability, measures to ensure and promote diversity and to provide information on investment in human capital and intellectual property. Importantly, for those companies listed on the Prime Market, they will need to disclose the impact of climate related risks and opportunities, based on the Taskforce on Climate-related Financial Disclosure ('TCFD') or equivalent framework.

These revisions follow the amendments to the 2014 Japanese Stewardship Code which came into effect on 24th March 2020.

JPMAM Japan became a member of the Investor Group of the 30% Club Japan in November 2020. The 30% Club is the global campaign founded in UK in 2010 that aims to achieve at least 30% representation of women on all boards and C-suites globally. The Japan club was founded in 2019 and aims to achieve 30% representation on the board of TOPIX100 companies by 2030. This was only 12% as of July 2020, and only 6% for all listed companies.

Recent ESG Engagement Topics

Working closely with 18 colleagues in London, New York and Hong Kong, the Sustainable Investing team in Japan conducted 54 meetings in the six months to 31st March 2021 specifically to discuss ESG issues, of which 18 were with companies held by the Company. A further 22 meetings were attended by portfolio managers and analysts where ESG issues were discussed, often focusing on long-term strategy. Governance was most frequently discussed, at 74% of meetings; followed by 48% on social, and 46% on environmental matters.

Specific topics covered in ESG discussions included board diversity and structure, in particular, gender diversity of the board and measures taken by the company to promote the active participation of women in the workplace and setting medium term targets to increase women in managerial positions. We are pleased to note developments made at companies such as **Recruit** and **Pigeon**, and will continue to engage on this with other companies, prior to introducing criteria in our voting guidelines for female representation on boards, which will take effect from April 2022. With regards to environmental issues, we focused our engagement on disclosures on climate change, whether disclosures are in line with TCFD recommendations and if the analysis of the impact on businesses and strategy provides meaningful insights to investors. With the Japanese government setting targets to achieve carbon neutrality by 2050, both risks and opportunities related to the low carbon economy may transpire as a result of the transition at a faster pace than people may anticipate.

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

JPMorgan Asset Management believes an active approach to ESG has particular relevance in Japan

Examples of Specific Recent ESG Engagements

Environmental

We engaged with **Hikari Tsushin** to discuss its first sustainability report, published in June 2020, and supply chain management. The sustainability report lacks detail in important areas, which we highlighted. Management acknowledged that there was scope to improve the report, and were receptive to our suggestions. In terms of the supply chain, there is no formal process for conducting due diligence or monitoring the suppliers' social standards although they do conduct training to enforce compliance and monitoring of any suspicious activities. We will continue to engage with Hikari Tsushin, seeking improved sustainability disclosure and better supply chain management.

Social

Pigeon is the lead manufacturer of baby products in Japan, with over 80% market share for baby bottles. In line with our commitment to Human Capital Management, one of our five global investment stewardship priorities which we outlined in the Company's 2020 Interim Report, and to the 30% Club, we met the company to understand what progress has been made in female representation. Clearly experiences that female employees could bring to the businesses are material to the growth of the company and to the realisation of its vision, 'to make the world more baby-friendly by solving social issues surrounding babies and mothers'. We were encouraged by developments under the new CEO appointed in 2019, including career systems that provide more support to female employees in managerial positions and plans for ongoing hiring of female employees. Pigeon has identified six material factors that they will monitor that relate to human resources and the creation of an ideal working environment. Accordingly, we have removed Pigeon from our global Stewardship Team Focus list of engagement priorities.

Governance

We have engaged with **Daikin Industries** for a number of years on issues relating to board composition. The company made progress in 2020 with the appointment of a new external director, increasing board independence to more than one third, which is the minimum level we expect companies in Japan to have. We continue to work with the company in relation to its female representation as currently there is only one female external director. In our view, the board also lacks diversity in age as well as gender.

We also engaged with the company on workplace diversity as female employees comprise only 16.3% of the total workforce and the percentage of female employees in manager positions is low at 5.4%. We are encouraged by the steps taken by the group to increase the number of female employees and provide training for existing ones. We will continue to engage with management to see how quickly the measures implemented will bring the necessary changes and contribute to the talent development.

Voting for the six months to 31st March, 2021

The Company voted at all of the 24 annual general meetings and one extraordinary general meeting of investee companies held during the six months to 31st March 2021. The majority of Japanese proxy voting activity takes place in the second calendar quarter, during a very concentrated AGM 'season' in June, and this will be reported in the Company's Annual Report.

	For	Against	Abstain	Against/ Abstain Total	Total Items	% Against
Election of Directors	134	28	0	28	162	17.3%
Election of Statutory Auditors	17	2	0	2	19	10.5%
Director Remuneration ¹	11	3	0	3	14	21.4%
Income Allocation	10	3	0	3	13	23.1%
Reorganisation and Mergers	1	0	0	0	1	0.0%
Amendment to articles of association	7	0	0	0	7	0.0%
Ratify auditors	1	0	0	0	1	0.0%
TOTAL	181	36	0	36	217	16.6%

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

Major reasons for votes being cast against management included the following:

- candidates for external directors lacking in independence
- boards with less than a third of independent members
- Insufficient shareholder return
- stock options without sufficient vesting period

The Carbon Scorecard

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

The table below contains the numbers as at 31st March 2021

	Carbon Emissions tons CO2e / \$M invested	Carbon Intensity tons CO2e / \$M sales	Weighted Average Carbon Intensity tons CO2e / \$M sales
Portfolio Coverage by Portfolio Weight*	7.6 98.5%	34.4 98.5%	32.6 98.5%
Index Coverage by Portfolio Weight*	195.3 99.4%	180.7 99.4%	92.2 99.4%

Source: MSCI ESG Carbon Footprint Calculator.

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

JPMorgan Asset Management (Japan) Limited

19th May 2021

Stock Market Sector Analysis

	31st March 2021		30th September 2020	
	Portfolio % ¹	Benchmark %	Portfolio % ¹	Benchmark %
Processing	80.1	56.5	80.5	55.5
Consumer	10.5	14.1	9.8	15.9
Basic	4.4	10.3	5.4	9.7
Financial	2.1	8.9	2.5	8.5
Assets	2.0	4.4	1.8	4.4
Utilities	0.9	5.8	–	6.0
Total	100.0	100.0	100.0	100.0

¹ Based on the total portfolio investments of £1,200.9m (2020: £1,230.6m).

LIST OF INVESTMENTS

AT 31ST MARCH 2021

Company	Valuation £'000	Company	Valuation £'000	Company	Valuation £'000
PROCESSING		PROCESSING – CONT		CONSUMER – CONT	
<i>Information & Communications</i>		<i>Electric Appliances</i>		<i>Pharmaceutical</i>	
Obic	41,520	Keyence	66,197	Modalis Therapeutics	3,344
GMO Payment Gateway	25,673	Tokyo Electron	51,617		3,344
Nomura Research Institute	24,622	Sony	33,579	TOTAL CONSUMER	125,854
Freee	16,160	Sysmex	22,088		
Hikari Tsushin	14,849	Lasertec	12,042	BASIC	
Nexon	13,131	Hitachi	9,847	<i>Chemicals</i>	
Digital Garage	12,086		195,370	Shin-Etsu Chemical	33,916
Hennge	11,759	<i>Machinery</i>		Kao	10,531
Capcom	11,543	Miura	30,129	Milbon	8,612
Square Enix	10,125	Daikin Industries	28,310		53,059
Rakul	9,450	SMC	24,623	TOTAL BASIC	53,059
Mercari	9,065	Nissei ASB Machine	9,546		
Otsuka	8,997	Yamashin-Filter	8,305	FINANCIAL	
Minkabu The Infonoid	8,066		100,913	<i>Other Financing Business</i>	
Medley	7,240	<i>Precision Instruments</i>		Japan Exchange	17,545
giftee	7,039	Hoya	56,286	Aruhi	2,595
BASE	6,525	Terumo	17,730		20,140
Yappli	5,258	Asahi Intecc	9,974	<i>Insurance</i>	
Money Forward	5,061	Nakanishi	5,674	LIFENET INSURANCE	4,612
Uzabase	3,012		89,664		4,612
	251,181	<i>Other Products</i>		TOTAL FINANCIAL	24,752
<i>Services</i>		Nintendo	39,766		
Recruit	61,397	Asics	8,934	ASSETS	
M3	28,971	Pigeon	7,327	<i>Real Estate</i>	
Nihon M&A Center	26,698		56,027	Nippon Prologis REIT	19,320
CyberAgent	24,005	<i>Wholesale Trade</i>		Canadian Solar Infrastructure Fund	5,248
Bengo4.com	22,658	MISUMI	9,593		24,568
Rakuten	21,475	As One	8,151	TOTAL ASSET	24,568
Infomart	12,209		17,744		
Japan Elevator Service	9,310	<i>Transportation Equipment</i>		UTILITIES	
Oriental Land	7,707	Shimano	16,394	<i>Electric Power & Gas</i>	
Relo	6,988		16,394	Renova	10,636
Benefit One	5,433	TOTAL PROCESSING	962,053		10,636
Riso Kyoiku	4,459	CONSUMER		TOTAL UTILITIES	10,636
Grace Technology	3,450	<i>Retail Trade</i>			
	234,760	MonotaRO	50,294	TOTAL INVESTMENTS	1,200,922
		Fast Retailing	35,523		
		Pan Pacific International	18,659		
		ZOZO	9,425		
		Cosmos Pharmaceutical	8,609		
			122,510		

The portfolio comprised only equity investments.

Financial Statements

STATEMENT OF COMPREHENSIVE INCOME

FOR THE SIX MONTHS ENDED 31ST MARCH 2021

	(Unaudited) Six months ended 31st March 2021			(Unaudited) Six months ended 31st March 2020			(Audited) Year ended 30th September 2020		
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
(Losses)/gains on investments held at fair value through profit or loss ¹	–	(17,008)	(17,008)	–	(68,301)	(68,301)	–	266,253	266,253
Net foreign currency gains/(losses) ²	–	17,879 ³	17,879 ³	–	(1,124)	(1,124)	–	1,614	1,614
Income from investments	6,119	–	6,119	5,488	–	5,488	10,014	–	10,014
Other interest receivable and similar income	958	–	958	859	–	859	1,428	–	1,428
Gross return/(loss)	7,077	871	7,948	6,347	(69,425)	(63,078)	11,442	267,867	279,309
Management fee	(603)	(2,413)	(3,016)	(467)	(1,867)	(2,334)	(973)	(3,892)	(4,865)
Other administrative expenses	(393)	–	(393)	(359)	–	(359)	(790)	–	(790)
Net return/(loss) before finance costs and taxation	6,081	(1,542)	4,539	5,521	(71,292)	(65,771)	9,679	263,975	273,654
Finance costs	(131)	(524)	(655)	(131)	(571)	(702)	(290)	(1,161)	(1,451)
Net return/(loss) before taxation	5,950	(2,066)	3,884	5,390	(71,863)	(66,473)	9,389	262,814	272,203
Taxation	(608)	–	(608)	(549)	–	(549)	(999)	–	(999)
Net return/(loss) after taxation	5,342	(2,066)	3,276	4,841	(71,863)	(67,022)	8,390	262,814	271,204
Return/(loss) per share (note 3)	3.35p	(1.29)p	2.06p	3.00p	(44.57)p	(41.57)p	5.21p	163.24p	168.45p

¹ Includes foreign currency gains or losses on investments.

² Consists of foreign currency gains or losses on cash and cash equivalents and on the loan.

³ Includes £18,395,000 unrealised gain on the foreign currency loan and £517,000 realised foreign currency losses on cash and short term deposits.

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

STATEMENT OF CHANGES IN EQUITY

FOR THE SIX MONTHS ENDED 31ST MARCH 2021

	Called up share capital £'000	Capital redemption reserve £'000	Other reserve ^{1,2} £'000	Capital reserves ² £'000	Revenue reserve ² £'000	Total £'000
Six months ended 31st March 2021						
(Unaudited)						
At 30th September 2020	40,312	8,650	166,791	842,661	13,750	1,072,164
Net (loss)/return	—	—	(1,653)	(2,066)	5,342	1,623
Dividend paid in the period (note 4)	—	—	—	—	(8,145)	(8,145)
At 31st March 2021	40,312	8,650	165,138	840,595	10,947	1,065,642
Six months ended 31st March 2020						
(Unaudited)						
At 30th September 2019	40,312	8,650	166,791	587,495	13,422	816,670
Net (loss)/return	—	—	—	(71,863)	4,841	(67,022)
Dividend paid in the period (note 4)	—	—	—	—	(8,062)	(8,062)
At 31st March 2020	40,312	8,650	166,791	515,632	10,201	741,586
Year ended 30th September 2020						
(Audited)						
At 30th September 2019	40,312	8,650	166,791	587,495	13,422	816,670
Repurchase of shares into Treasury	—	—	—	(7,648)	—	(7,648)
Net return	—	—	—	262,814	8,390	271,204
Dividend paid in the year (note 4)	—	—	—	—	(8,062)	(8,062)
At 30th September 2020	40,312	8,650	166,791	842,661	13,750	1,072,164

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

² The Other reserve, Revenue reserve and the realised gains on investments that are part of the Capital reserves totals £570,696,000. Together, these form the distributable reserves of the Company and may be used to fund distributions to investors, via dividend payments.

STATEMENT OF FINANCIAL POSITION

AT 31ST MARCH 2021

	(Unaudited) 31st March 2021 £'000	(Unaudited) 31st March 2020 £'000	(Audited) 30th September 2020 £'000
Fixed assets			
Investments held at fair value through profit or loss	1,200,922	855,120	1,230,620
Current assets			
Derivative financial instruments	—	—	2
Debtors	3,671	4,187	2,875
Cash and cash equivalents	18,183	26,226	3,806
	21,854	30,413	6,683
Creditors: amounts falling due within one year	(211)	(13,780)	(776)
Net current assets	21,643	16,633	5,907
Total assets less current liabilities	1,222,565	871,753	1,236,527
Creditors: amounts falling due after more than one year	(156,923)	(130,167)	(164,363)
Net assets	1,065,642	741,586	1,072,164
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	838,942	515,632	842,661
Revenue reserve	10,947	10,201	13,750
Total shareholders' funds	1,065,642	741,586	1,072,164
Net asset value per share (note 5)	667.8p	459.9p	670.8p

STATEMENT OF CASH FLOWS

FOR THE SIX MONTHS ENDED 31ST MARCH 2021

	(Unaudited) 31st March 2021 £'000	(Unaudited) 31st March 2020 £'000	(Audited) 30th September 2020 £'000
Net cash outflow from operations before dividends and interest (note 6)	(2,815)	(1,316)	(4,093)
Dividends received	4,664	4,292	9,289
Interest paid	(760)	(687)	(1,417)
Net cash inflow from operating activities	1,089	2,289	3,779
Purchases of investments	(123,469)	(168,075)	(369,028)
Sales of investments	136,161	180,607	327,535
Settlement of foreign currency contracts	45	(51)	(41)
Net cash inflow from investing activities	12,737	12,481	(41,534)
Dividends paid	(8,145)	(8,062)	(8,062)
Drawdown of bank loan	10,943	31,570	68,726
Repurchase of shares into Treasury	(2,085)	–	(7,216)
Repayment of bank loan	–	(14,963)	(14,964)
Net cash inflow from financing activities	713	8,545	38,484
Increase in cash and cash equivalents	14,539	23,315	729
Cash and cash equivalents at the start of the period	3,806	3,073	3,073
Exchange movements	(162)	(162)	4
Cash and cash equivalents at the end of the period	18,183	26,226	3,806
Increase in cash and cash equivalents	14,539	23,315	729
Cash and cash equivalents consist of:			
Cash and short term deposits	18,183	26,226	3,806

RECONCILIATION OF NET DEBT

	As at 30th September 2020 £'000	Cash flows £'000	Other non-cash charges £'000	As at 31st March 2021 £'000
Cash and cash equivalents				
Cash	3,806	14,539	(162)	18,183
	3,806	14,539	(162)	18,183
Borrowings				
Debt due after one year	(164,363)	(10,943)	18,383	(156,923)
	(164,363)	(10,943)	18,383	(156,923)
Total	(160,557)	3,596	18,221	(138,740)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 31ST MARCH 2021

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 2020 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 are prepared in accordance with the Companies Act 2006, United Kingdom Generally Accepted Accounting Practice ('UK GAAP') including FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' and with the Statement of Recommended Practice 'Financial Statements of Investment Trust Companies and Venture Capital Trusts' (the 'SORP') issued by the Association of Investment Companies in October 2019.

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 2021.

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 2020.

3. Return/(loss) per share

	(Unaudited) Six months ended 31st March 2021 £'000	(Unaudited) Six months ended 31st March 2020 £'000	(Audited) Year ended 30th September 2020 £'000
Return per share is based on the following:			
Revenue return	5,342	4,841	8,390
Capital (loss)/return	(2,066)	(71,863)	262,814
Total return/(loss)	3,276	(67,022)	271,204
Weighted average number of shares in issue	159,712,865	161,248,078	160,995,239
Revenue return per share	3.35p	3.00p	5.21p
Capital (loss)/return per share	(1.29)p	(44.57)p	163.24p
Total return/(loss) per share	2.06p	(41.57)p	168.45p

4. Dividends paid

	(Unaudited) Six months ended 31st March 2021 £'000	(Unaudited) Six months ended 31st March 2020 £'000	(Audited) Year ended 30th September 2020 £'000
2020 final dividend paid of 5.1p (2019: 5.0p) per share	8,145	8,062	8,062

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 2021 (2020: nil).

5. Net asset value per share

	(Unaudited) Six months ended 31st March 2021	(Unaudited) Six months ended 31st March 2020	(Audited) Year ended 30th September 2020
Net assets (£'000)	1,065,642	741,586	1,072,164
Number of shares in issue	159,583,984	161,248,078	159,839,078
Net asset value per share	667.8p	459.9p	670.8p

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

	(Unaudited) Six months ended 31st March 2021 £'000	(Unaudited) Six months ended 31st March 2020 £'000	(Audited) Year ended 30th September 2020 £'000
Net return/(loss) before finance costs and taxation	4,539	(65,771)	273,654
Add capital loss/(less capital return) before finance costs and taxation	1,542	71,292	(263,975)
(Increase)/decrease in accrued income and other debtors	(796)	(702)	200
(Decrease)/increase in accrued expenses	(18)	(6)	41
Tax on unfranked investment income	(608)	(549)	(999)
Management fee charged to capital	(2,413)	(1,867)	(3,892)
Dividends received	(4,664)	(4,292)	(9,289)
Realised gain on foreign exchange transactions	(397)	579	167
Net cash outflow from operations before dividends and interest	(2,815)	(1,316)	(4,093)

7. 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 2021		(Unaudited) Six months ended 31st March 2020		(Audited) Year ended 30th September 2020	
	Assets £'000	Liabilities £'000	Assets £'000	Liabilities £'000	Assets £'000	Liabilities £'000
Level 1	1,200,922	–	855,120	–	1,230,620	–
Level 2 ¹	–	–	–	–	2	–
Total	1,200,922	–	855,120	–	1,230,622	–

¹Forward foreign currency contracts.

Interim Management Report

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

Principal and Emerging Risks and Uncertainties

The Board believes the principal and emerging risks and uncertainties faced by the Company now fall into the following broad categories: underperformance; widening discount; market and economic; currency; loss of investment team or portfolio manager; outsourcing; cyber crime; loss of investment trust status; statutory and regulatory compliance; climate change; natural disasters; social dislocation & conflict; inflation; and global depression. These risks have been updated to reflect Covid-19, both its potential economic and market impact as well as its potential impact on staff and operating effectiveness. Information on each of these areas is given on pages 29 to 32 of the Strategic Report within the Annual Report and Financial Statements for the year ended 30th September 2020. The Board also notes that the investment strategy pursued by the Manager has proved robust relative to the broader market.

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. In particular, the Directors have considered the impact of Covid-19 and believe that this should have a limited financial impact on the Company's operational resources and existence. The Directors believe that there are no material uncertainties pertaining to the Company that would prevent its ability to continue in such operational existence for at least 12 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 2021, 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
Christopher Samuel
Chairman

19th May 2021

Shareholder Information

GLOSSARY OF TERMS AND ALTERNATIVE PERFORMANCE MEASURES ('APMs')

Return to shareholders (APM)

Total return to 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	Six months ended	
		31st March 2021	
Opening share price (p)	5	619.0	(a)
Closing share price (p)	5	643.0	(b)
Total dividend adjustment factor ¹		1.007133	(c)
Adjusted closing share price (p) (d = c x b)		647.6	(d)
Total return to shareholders (e = d / a - 1)		4.6%	(e)

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

Return on net assets with debt at par value (APM)

Total return on net asset value ('NAV') per share, on a bid value to bid value basis, assuming that all dividends paid out by the Company were reinvested, without transaction costs, into the shares of the Company at the NAV per share at the time the shares were quoted ex-dividend.

Total return calculation	Page	Six months ended	
		31st March 2021	
Opening cum-income NAV per share with debt at par value (p)	5	670.8	(a)
Closing cum-income NAV per share with debt at par value (p)	5	667.8	(b)
Total dividend adjustment factor ¹		1.007022	(c)
Adjusted closing cum-income NAV per share (p) (d = c x b)		672.5	(d)
Total return on net assets with debt at par value (e = d / a - 1)		0.3%	(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 cum-income NAV at the ex-dividend date.

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

The Company's debt (senior secured loan notes) is valued in the Statement of Financial Position (on page 23) 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'.

The difference between fair and par values of the debt is subtracted from the NAV to derive the NAV with debt at fair value. The fair value of the ¥13 billion senior secured loan notes issued by the Company has been calculated using discounted cash flow techniques, using the yield from similar dated gilt plus a margin based on the five year average for the AA Barclays Yen Corporate Bond spread.

Total return calculation	Page	Six months ended	
		31st March 2021	
Opening cum-income NAV per share with debt at par value (p)	5	665.8	(a)
Closing cum-income NAV per share with debt at par value (p)	5	664.3	(b)
Total dividend adjustment factor ¹		1.007068	(c)
Adjusted closing cum-income NAV per share (p) (d = c x b)		669.0	(d)
Total return on net assets with debt at par value (e = d / a - 1)		0.5%	(e)

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

Benchmark total return

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

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

Net asset value per share (APM)

The value of the Company's net assets (total assets less total liabilities) divided by the number of ordinary shares in issue. Please see note 5 on page 26 for detailed calculations.

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.

		Six months ended 31st March 2021 £'000	Year ended 30th September 2020 £'000	
Gearing calculation	Page			
Investments held at fair value through profit or loss	23	1,200,922	1,230,620	(a)
Net assets	5	1,065,642	1,072,164	(b)
Gearing/(net cash) (c = a / b - 1)	5	12.7%	14.8%	(c)

Ongoing charges (APM)

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

The figure as at 31st March 2021 is an estimated annualised figure based on the numbers for the six months ended 31st March 2021.

		Six months ended 31st March 2021 £'000	Year ended 30th September 2020 £'000	
Ongoing charges calculation	Page			
Management Fee	20	6,032	4,865	
Other administrative expenses	20	786	790	
Total management fee and other administrative expenses		6,818	5,655	(a)
Average daily cum-income net assets		1,128,448	865,046	(b)
Ongoing charges (c = a / b)		0.60%	0.65%	(c)

The Management Fee tiers are as follows:

- 0.650% of Net Assets up to £465 million
- 0.485% of Net Assets up to £930 million
- 0.400% of Net Assets above £930 million

Share price discount/premium to Net Asset Value ('NAV') per share (APM)

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

The opposite of a discount is a premium. It is more common for an investment trust's shares to trade at a discount than at a premium (page 5).

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

1. Via a third party provider

Third party providers include:

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

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

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

2. Through a professional adviser

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

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

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

Be ScamSmart

Investment scams are designed to look like genuine investments

Spot the warning signs

Have you been:

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

If so, you might have been contacted by fraudsters.

Avoid investment fraud

1 Reject cold calls

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

2 Check the FCA Warning List

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

3 Get impartial advice

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

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!



FINANCIAL CALENDAR

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

History

The Company was formed in 1927 as The Capital & National Trust Limited. It was a general investment trust until 1982, when its shareholders approved a change of name to The Fleming Japanese Investment Trust plc and the adoption of a policy of specialising in investment in Japan. The Company adopted its current name in December 2006. The Company became a constituent of the FTSE 250 Index in March 2018.

Company Numbers

Company registration number: 223583
 London Stock Exchange number: 0174002
 ISIN: GB0001740025
 Bloomberg code: JFJ LN
 LEI: 549300JZW3TSS0464R15

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.jpmmjapanese.co.uk, where the share price is updated every fifteen minutes during trading hours.

Website

www.jpmmjapanese.co.uk

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.

Share Transactions

The Company's shares may be dealt in directly through a stockbroker or professional adviser acting on an investor's behalf.

Manager and Company Secretary

JPMorgan Funds Limited

Company's Registered Office

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

For company secretarial and administrative matters, please contact Robert King at the above address.

Depository

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

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

Registrars

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

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

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

Independent Auditors

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

Brokers

Investec Bank plc
 30 Gresham Street
 London EC2V 7OP

Financial Conduct Authority 'FCA' regulation of 'non-mainstream pooled investments' and MiFIDII 'complex instruments'

The Company currently conducts its affairs so that the shares issued by JPMorgan Japanese Investment Trust plc can be recommended by 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.



The Association of
Investment Companies

A member of the AIC

CONTACT

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

