JPMorgan Japanese Investment Trust plc

Be at the heart of Japan's new growth

Half Year Report and Financial Statements for the
six months ended 31st March 2023

J.P.Morgan
ASSET MANAGEMENT

Key Features

Investment Objective, Policy and Benchmark

The Company seeks capital growth from a portfolio of investments in Japanese companies and may use gearing to increase potential returns to shareholders. The Company's gearing policy is to operate within a range of 5% net cash to 20% geared, in normal market conditions. Its benchmark is the Tokyo Stock Exchange Index (TOPIX) with net dividends reinvested, expressed in sterling terms.

Further details are given in the Strategic Report on pages 29 and 30 of the Annual Report & Financial Statements for the year ended 30th September 2022.

Why invest in this Trust?

Be at the Heart of Japan's New Growth

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

Local Insight, Global Strength

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

High Quality Growth Companies held for the Long Term

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

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

Attractive Results over the Long Term

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

Environmental, Social and Governance Considerations

ESG considerations are fully integrated into the stock selection process. JPMAM research teams compile their own 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 the overall attractiveness of an investment. In addition, the Investment Managers, together with Stewardship specialists, conduct extensive engagement on specific ESG issues with investee companies. JPMAM is a signatory to both the UN PRI and the Net Zero Asset Managers Initiative. JPMAM is a signatory to the Financial Reporting Council's UK Stewardship Code and to the Japanese Stewardship Code and endeavours to vote at all of the meetings called by companies in which your portfolio invests. The Company's detailed ESG report is on pages 17 to 20.

Website

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

Morningstar Analyst Rating.
Source: Morningstar, March 2023.

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

JPMorgan Asset Management Group of the Year 2022

> "It is an exciting time to invest in Japan with significant improvements in corporate governance, the first signs of wage inflation in years and the economy reopening post Covid while valuations remain modest"

Nicholas Weindling, Investment Manager,
JPMorgan Japanese Investment Trust plc

Miyako Urabe, Investment Manager,
JPMorgan Japanese Investment Trust plc

50+	25+	4,000+	91%
Years' experience investing in the region	Investment professionals in Japan	Japanese company meetings each year	Active share[1]

[1] Active share (on a geared basis) is a measurement of the difference in the Company's portfolio compared to the benchmark index as at 31st March 2023. Source: JPMAM.

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Financial Highlights

Total returns (including dividends reinvested)

	6 Months	1 Year	3 Year Annualised[1]	5 Year Annualised[1]	10 Year Annualised[1]
Return to shareholders[1,2,A]	+8.2%	–8.4%	+8.4%	+2.2%	+10.2%
Return on net assets[2,3,A]	+8.5%	–6.7%	+4.8%	+2.2%	+9.4%
Benchmark return[3,4,A]	+8.5%	+2.3%	+7.3%	+3.2%	+7.3%
Net asset return compared to benchmark return[A]	+0.0%	–9.0%	–2.5%	–1.0%	+2.1%

[1] Calculated on a geometric basis.

[2] Source: Morningstar.

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

[4] Source: Morningstar. The Company's benchmark is the TOPIX Index expressed in sterling terms. The Tokyo Stock Exchange was restructured on 4th April 2022. The constituents of TOPIX following the restructuring remain unchanged, regardless of their new market segment. However, the Index weights of the smallest constituents (sub ¥5bn) will reduce to zero over time.

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

A glossary of terms and APMs is provided on page 33.

Financial Highlights

Summary of results

	31st March 2023	30th September 2022	% change
Key financial data as at 31st March			
Shareholders' funds (£'000)	776,936	730,374	+6.4
Total assets (£'000)	886,229	850,924	+4.1
Net asset value per share:			
– with debt at par value[A]	505.8p	472.1p	+7.1[2]
– with debt at fair value[1,A]	506.9p	473.2p	+7.1[3]
Share price	468.0p	438.5p	+6.7[4]
Share price discount to net asset value per share:			
– with debt at par value[A]	7.5%	7.1%	
– with debt at fair value[A]	7.7%	7.3%	
– 12 month average with debt at fair value[5,A]	6.6%	5.7%	
Exchange rate	£1 = ¥164.6	£1 = ¥161.6	+1.9
Shares in issue (excluding shares held in treasury)	153,592,089	154,702,089	
Gearing[A]	**13.2%**	**11.7%**	
Ongoing charges[A]	**0.73%**	**0.68%**	

[1] The fair value of the Company's ¥13bn senior secured loan notes issued in August 2018 has been calculated using a discount rate based on the yield from a similar dated Japanese Government Bond plus a margin based on the five year average of the AA Barclays Yen Corporate Bond spread.

[2] % change, excluding dividends paid. Including dividends, the total return is +8.5%.

[3] % change, excluding dividends paid. Including dividends, the total return is +8.5%.

[4] % change, excluding dividends paid. Including dividends, the total return is +8.2%.

[5] Morningstar/J.P.Morgan, using net asset value per share with debt at fair value.

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

A glossary of terms and of APMs is provided on pages 33 and 34.

Chairman's Statement

Christopher Samuel
Chairman

Investment Performance

Inflation remains one of the main concerns for the global economy, as rising interest rates and the war in Ukraine continue to weigh on economic activity, mitigated in part by China's recent reopening.

Given this backdrop, our Company performed as per its benchmark. In the six months ended 31st March 2023, the Company returned +8.5% on a net asset basis (in sterling terms), broadly consistent with its benchmark, the TOPIX index, which also returned +8.5%. While the one, three and five year performance numbers (as set out on page 6) are disappointing, largely because of the six month period ending 31st March 2022, the long term absolute and relative performance remain strong with an annualised return of +10.2% over ten years to the end of March 2023, versus the benchmark return of +7.3%.

Since 31st March 2023, through to 31st May 2023, I am pleased to report that relative performance has begun to recover and the Company returned +3.1%, while the TOPIX index returned +2.0%.

I am also delighted to report that the Company's Morningstar Analyst rating has been maintained at the highest level, Gold, same as from the previous rating in April 2022. The Morningstar report recognises the strength of the Company's Investment Managers and their investment process. As such, your Manager remains one of only two active Japanese equity managers with a Gold Morningstar Analyst rating across some 900 Japanese equity funds and share classes which Morningstar classify as 'Japan Large-Cap equity' and on which they provide data on their UK website.

You can find further details of the Morningstar research and rating at www.morningstar.co.uk. The Company continues to maintain the highest Morningstar sustainability rating of five globes.

The Investment Managers' Report on pages 12 to 16 discusses performance, the investment rationale behind recent portfolio activity and the outlook in more detail.

Gearing

The Board of Directors believes that gearing can be beneficial to performance and sets the overall strategic gearing policy and guidelines and reviews these at each Board meeting. The Investment Managers then manage the gearing within the agreed limits of 5% net cash to 20% geared in normal market conditions. During the period, gearing ranged from 9.8% to 14.4%, with an average of 12.2%. As at 31st March 2023, gearing was equivalent to 13.2% of net assets.

After the period end the Company took out a ¥10 billion revolving credit facility with Industrial and Commercial Bank of China Limited, London Branch, which is in addition to the existing credit facility with Mizuho Bank Limited and the long-term fixed rate debt.

Revenue and Dividends

Japanese companies often have stronger balance sheets than many of their international counterparts. Dividends have been rising strongly over the last few years and have continued to do so in the results announcements we have seen since 31st March 2023. This is in good measure a function of the improving corporate governance in Japan and is one of several reasons why investors might consider Japan a relatively attractive equity market. Nonetheless it cannot be assumed that dividends will be maintained and prior year dividends should not therefore be taken as a guide to future payments.

For the year ended 30th September 2022, the Company paid a dividend of 6.2p per share on 3rd February 2023, reflecting the available revenue for distribution. Consistent with previous years the Company will not be declaring an interim dividend.

Discount Management and Share Repurchases

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

The Board recognises that a widening of, and volatility in, the Company's discount is seen by some investors as a disadvantage of investments trusts. The Board has restated its commitment over the long run to seek a stable discount or premium commensurate with investors' appetite for Japanese

Chairman's Statement

equities and the Company's various attractions, not least the quality of the investment team and the investment process, and the strong long-term performance these have delivered. Since 2020, this commitment has resulted in both increased marketing spend and a series of targeted buybacks.

As of 31st March 2023, the share price discount to NAV with debt at fair value was 7.7%, compared to 7.3% at the end of 30th September 2022.

Over the six month period to 31st March 2023, the Company's share price discount to net asset value ranged from 1.2% to 11.3% (average: 6.8%) and the Company repurchased 1,110,000 shares at an average discount of 9.0% and at a cost of £5 million.

Since 31st March 2023, the Company has repurchased a further 865,000 shares at an average discount of 8.9% at a cost of £4.1million.

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.

Environmental, Social and Governance Issues

As detailed in the Investment Managers' Report, Environmental, Social and Governance ('ESG') considerations are fully integrated into their investment process. The Board shares the Investment Managers' view of the importance of ESG factors when making investments for the long term and the necessity of continued engagement with investee companies over the duration of the investment. We are pleased that the Company retains the highest Morningstar Sustainability rating of five globes.

Further information on JPMorgan's ESG process and engagement is set out in the ESG Report in the 2022 Annual Report of the Company on pages 10 to 23 and also in the JPMorgan Asset Management 2022 Investment Stewardship Report, which can be accessed at
https://am.jpmorgan.com/content/dam/jpm-am-aem/global/en/sustainableinvesting/

The Board

As mentioned in the Annual Report, having served as a Director for nine years next year, I will be retiring from the Board and as Chairman at the AGM in 2024. The Board has announced that Stephen Cohen, the current Audit Chair, will replace me as Chairman. Following the retirement of Sir Stephen Gomersall from the Board at the Annual General Meeting ('AGM') of the Company held earlier this year, Sally Macdonald, has succeeded Sir Stephen as the Company's Senior Independent Director, effective from the conclusion of the AGM.

As also outlined in the Annual Report, the Board undertook a recruitment process to find a suitably qualified Director to join the Board and to take over from Stephen Cohen as Audit Chair in January 2024. After a thorough selection process, in October 2022 we announced the appointment of Sally Duckworth, effective from 31st October 2022. Sally is an established entrepreneur with a focus on technology and has a background in finance and investment. She qualified as a Chartered Accountant with PricewaterhouseCoopers LLP.

Outlook

Pent-up demand for consumer spending and accommodative monetary policy amid modest wage growth will likely result in reasonable economic growth in the near term for Japan. At the same time the trend of the last few years of substantial equity buybacks has been reinforced by multiple announcements over the last few weeks. The Investment Managers express their optimism for the market in their Outlook comments and highlight in particular the possibility that Japan's protracted deflation may be coming to an end. The Board retains its confidence in the Investment Managers' high conviction, unconstrained approach which focuses on finding the best investment ideas in Japan.

The Investment Managers have set out their views on the outlook for markets and your Company on pages 12 to 16 of this report.

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

Christopher Samuel
Chairman

1st June 2023

Investment Managers' Report

Nicholas Weindling
Investment Manager
19 years industry experience
15 years JPMAM experience

Miyako Urabe
Investment Manager
13 years industry experience
8 years JPMAM experience

Performance

In the six months ended 31st March 2023, the Company returned +8.5% on a net asset basis (in sterling terms), consistent with its benchmark, the TOPIX index, which returned +8.5%. Long term absolute and relative performance remain strong with an annualised return of +10.2% over ten years to the end of March 2023, versus the benchmark return of +7.3%.

Performance attribution

Six months ended 31st March 2023

	%	%
Contributions to total returns		
Benchmark return		**8.5**
Stock selection	–1.0	
Currency	0.0	
Gearing/Cash	1.3	
Investment Manager contribution		**0.3**
Portfolio return[A]		**8.8**
Management fee/other expenses	–0.4	
Share Buy-Back	0.1	
Other effects		–0.3
Return on net assets – Debt at par value[A]		**8.5**
Impact of fair value of debt		0.0
Return on net assets – Debt at fair value[A]		**8.5**
Return to shareholders[A]		**8.2**

Source: JPMAM and Morningstar. All figures are on a total return basis.
Performance attribution analyses how the Company achieved its recorded performance relative to its benchmark.
[A] Alternative Performance Measure ('APM').

A glossary of terms and APMs is provided on pages 33 and 34.

Economic and market background

After volatile markets during the first half of 2022 (discussed in detail in our last annual report), conditions steadied in the past six months, as global inflation and interest rates showed possible signs of peaking. The recent collapse of Silicon Valley Bank in the US and the fire sale of Credit Suisse to UBS have added to hopes that US rates are unlikely to rise much further, further boosting market sentiment.

While last year's aggressive interest rate rises cast the shadow of possible recession over other major economies, Japan is in a very different, and more positive, phase of its economic cycle. It was much slower to re-open post Covid-19 than most other developed economies, only lifting its ban on foreign visitors in October 2022. However, since then it has seen strong growth, driven in part by a dramatic recovery in the number of tourists visiting and demand recovery from China's re-opening. In addition, many Japanese businesses, including some of the Company's key holdings, have major operations in China, which have resumed normal production after three years of severe restrictions and rolling lockdowns. Examples in the portfolio include Daikin, which produces ultra-efficient air conditioners, Keyence and SMC, both global leaders in the field of factory automation, Nippon Paint and medical equipment companies Sysmex and Terumo.

Japan's aging population means that it is experiencing shortages of skilled labour in many fields. Typically, companies have been resistant to raising wages to attract and retain workers, and wages growth has stagnated for around 30 years. However, more recently, larger corporations have begun to increase salaries significantly and this trend is likely to spread across the economy, as businesses continue to compete for workers.

Wage pressures have so far had little impact on Japanese inflation. However, inflation is now at a 42-year high of around 4%, driven by rising energy and commodity prices and last year's sharp depreciation in the yen, which is still relatively low compared to current inflation rates in the US and other major economies. The yen has started to recover as the gap between US and Japanese interest rates has stabilised, helping to ease inflationary pressures. The Bank of Japan ('BoJ') made a small adjustment to its yield curve control policy in December, and the newly appointed BoJ Governor may make further changes to monetary policy.

Investment philosophy and process

Our investment strategy remained unchanged over the review period. We maintain an unconstrained investment approach that seeks out the very best Japanese companies with excellent long-term outlooks. Specifically, we focus on high-quality companies with strong balance sheets and leading competitive positions. We favour companies with pricing power demonstrated over many years, which are well-positioned to continue to prosper, largely regardless of the macroeconomic environment.

The portfolio has a strong bias towards high-quality growth names. This leads to volatile performance at times, such as during the last financial year, when growth stocks fall out of favour with investors, but nonetheless, we believe that our focus on quality businesses will achieve the best results over a multi-year period, as evidenced by the Company's long term performance track record.

In identifying potential investments, we are supported by JPMorgan Asset Management's well-resourced investment team on the ground in Tokyo and JPMAM's extensive team of analysts, both in Japan and globally. Our bottom-up, unconstrained approach means the portfolio can, and does, look very different from the benchmark. Typically, we do not hold many of the well-known names covered by most analysts and included in the benchmark. We steer clear of many of these large companies as they operate in structurally impaired sectors, such as department stores and railway operators, which are vulnerable to long-term declines in demand. As of 31st March, the portfolio, including borrowings, had a very high active share (which is a measure of how much the portfolio differs from the benchmark) of 91%. This is a strong indicator of active management.

As an indicator of the quality in the portfolio, as of 31st March 2023, the Company's return on equity was 16% compared to 12% for the market, while the operating margin was 22% versus the market's 14%. At the same time, the portfolio's price to earnings (P/E) ratio was 20x, above the market's 12.5x. We believe the portfolio's higher-than-average P/E ratio is justified by the significantly better long-term prospects of the companies we hold, compared to others in traditional, declining sectors.

We use gearing judiciously to enhance returns and have recently renewed our debt facility. Portfolio gearing has recently increased as we have taken advantage of opportunities to purchase high quality stocks at attractive levels. At the end of the review period, gearing stood at 13.2%, compared to a 12-month average of 12.3%, and up from 11.8% at the end of September 2022.

Portfolio themes

The portfolio is constructed entirely on a stock-by-stock basis as we seek out the best, most attractive companies. Nonetheless, certain themes tend to underpin our investment decisions. In fact, COVID-19 accelerated several tech-based trends in which we were already invested, strengthening the appeal of sectors such as online shopping, gaming and cloud computing.

Japan remains well behind most other advanced economies in these and many other areas, leaving plenty of scope for such trends to continue developing over coming years. For example, the penetration of e-commerce within the Japanese retail market is just over 10% and remains much lower than in China, the UK, South Korea or the US. Portfolio holdings such as Zozo, Japan's number one online apparel retailer, and Monotaro, a top-ranked business-to-business (B2B) e-commerce company, are well placed to benefit, as is Nomura Research Institute (NRI), a consultancy that advises companies on their digital strategy.

Investment Managers' Report

Elsewhere in the portfolio, Nintendo and Sony both own impressive stables of games and related intellectual property that will ensure growing revenue streams over the medium to long term. Standardised cloud-based software for businesses is another digital theme. Historically, many Japanese companies have used internal software solutions, but now that the first generation of software engineers is reaching retirement age, there is an imperative for businesses to switch to standardised software solutions. Japan's poor demographics will add impetus to this as a structural shift over time and companies such as OBIC, a supplier of business administrative systems, provide the portfolio with exposure to this theme.

Deglobalisation is another trend gathering momentum. The pandemic, and subsequent events such as widespread supply chain shortages, the conflict in Ukraine and mounting US/China geo-political tensions, have increased companies' desire to move production nearer to end customers. With wage inflation now an issue in the US and other markets, businesses establishing new production plants and warehouses have a stronger incentive to incorporate factory automation into these facilities wherever feasible. Japan is fortunate to be home to some of the world's leading automation companies, of which the Company holds several, including Keyence, SMC and MISUMI.

Even before the outbreak of hostilities in Ukraine there was already a clear need for Japan, along with many other Asian and European countries, to shift its energy mix away from a heavy reliance on imported fossil fuels. The war only highlighted the need for Japan to speed up its transition to renewable energy sources and to make faster progress towards realising its commitment to reduce carbon emissions to net zero by 2050. Our portfolio includes shares in Japan's leading solar energy REIT (Canadian Solar Infrastructure) and in several companies that help reduce energy usage, such as Daikin, which produces energy-efficient air conditioners and Shimano, which has a dominant market position in components for bicycles and e-bicycles. During the past year, we have also bought shares in JGC, which constructs liquid natural gas (LNG) production plants.

Japan is only at the beginning of its journey towards digitalisation and renewable energy, but these trends are already spawning many exciting new businesses, especially in the small and mid-cap space. Such growth-oriented companies are set to gather momentum over time and provide resilient, long-term sources of returns for investors. For example, we expect our position in Tokyo Electron, the semiconductor equipment supplier, to gain from associated increases in demand for data processing and storage. As of 31st March 2023, the thematic breakdown of the portfolio, compared to the position 12 months ago, was as follows:

20%
Digital Innovation
- E-commerce, Cashless Payment
- Online Advertisement
- Cloud infrastructure/ Enterprise software

17%
Automation
- Autonomous Vehicles
- Robots

25%
World Class Consumer Brands
- Apparel, Bicycle parts
- Gaming

12%
Demographic Change
- Human Resource Services

11%
Medical Technology
- Medical Equipment
- Online Medical Portal

9%
Environment
- Renewable Energy

18%
Stock Specific

Significant contributors and detractors to performance

Top contributors

The largest contributors to returns over the six months to end March 2023 included Keyence, Asics and ShinEtsu Chemical. Keyence's performance was supported by its leading position in the growing factory automation sector, and it has maintained its track record of strong execution. ASICS manufactures and distributes sporting goods and equipment. Following a change in management a few years ago, the company re-focused on its core product, running shoes, and profitability is rising as a result. ShinEtsu Chemical is the world's largest supplier of semi-conductor materials, including silicon wafers and PVC. The company's good results have been supported by strong demand, and management efforts to improve shareholder returns have been welcomed by the market.

Biggest detractors

The major detractors from performance over the review period included Monotaro, Japan's top B2B eCommerce company. Monotaro's growth has disappointed expectations, but we remain confident in its long-term investment case, and the stock remains in our portfolio. Another detractor was NRI. Despite recent share price weakness, the company's results have been steady, and we do not see any deterioration in its favourable long-term outlook, as businesses digitalise their operations and administrative processes. We continue to hold this stock. However, we have reduced our position in Nihon M&A, the leading provider of mergers and acquisitions related services in Japan and globally. The share price has been under pressure for some time following an accounting scandal, and recent results have remained sluggish. Concerns about increased competition from new entrants to the sector prompted us to trim our holding.

Portfolio activity

Last year's sharp market sell-off left Japanese stocks trading cheaply relative to historical levels – on both a price to earnings and price-to-book basis, the market is presently trading at its lowest levels in over 20 years. This, combined with the more recent improvement in market conditions, has created many interesting investment opportunities, and we added several new names to the portfolio over the review period.

The largest and most significant addition was Seven & I, the leading convenience store operator in Japan. The company has also operated in the United States for some time, and a recent acquisition has significantly increased its share of the US market. While Japan is a very mature market, we believe the US represents a substantial growth opportunity for the company. We also opened a position in Unicharm, the leading producer of household and personal products, including adult incontinence pads and pet products – both markets experiencing structural growth.

Our investment in leading life insurer T&D Holdings was motivated by our expectation of a significant change in the company's shareholder return policy. We also purchased I-NE, a new and disruptive player in cosmetic and beauty products sector, Seiko, which is increasing its focus on high-end watches, Sosei, a biotech company with several promising drugs on license to major pharmaceutical companies, and Japan Material, a company that is generating high recurring revenues by providing low-cost services to semiconductor plants.

These purchases were funded by the outright sale of several holdings. The largest disposal was Yamashin Filter. This company provides filters for industrial and precision machines, but the execution of its business plan has been poor for some time. We also closed positions in several long-standing names that we have been steadily reducing on valuation grounds. These included M3, an online medical services provider, CyberAgent, a web-based media and advertising company, and Lasertec, which develops laser microscopes for use in semi-conductors and a variety of high-tech products.

Recent events related to the bankruptcy of Silicon Valley Bank in the US and UBS's acquisition of Credit Suisse, whilst creating great uncertainty in the financial markets as a whole, did not, in our view, directly impact any of the Company's portfolio holdings, and have not elicited any portfolio adjustments. In all, annualised portfolio turnover was 19.5% in the six months to end March 2023, implying an average holding period of around five years.

Investment Managers' Report

Outlook

We are heartened by some recent improvements in Japan's near-term economic prospects, and on balance we expect activity to continue to expand, supported by the re-opening of both the Japanese and Chinese economies. We are also encouraged by early signs of upward pressures on wages and by rising inflation, as this provides hope that Japan may be pulling out of its long period of damaging and seemingly intractable deflation. This would be a welcome development from the BoJ's perspective, so, unlike the case in other major economies, we do not expect the central bank to try to quash nascent inflation pressures by implementing aggressive rate hikes.

The outlook for Japanese corporates is also positive. Company balance sheets are very strong compared to the rest of the world, and the focus on corporate governance and shareholder returns is increasing. For example, in February 2023 the Tokyo Stock Exchange announced that it will require companies trading below book value to devise and implement capital improvement plans. We expect progress in corporate governance and shareholder returns to continue apace, and in our view, this remains the single most compelling reason to invest in Japanese equities on a multi-year view. Half of Japan's listed companies still have net cash positions, so there is significant scope for this cash to be returned to shareholders over the longer term, while in the short term, cash-rich businesses have greater scope to weather global recession and other unforeseen events.

Another key factor supporting our favourable view on Japanese equities is that the country is undergoing major technological transformation. Businesses and government are increasing their efforts to digitalise and automate their processes and administrative procedures, creating the potential for significant growth and productivity gains over the medium term. This should prove a very supportive environment for the dynamic, quality growth businesses in which we invest.

The Japanese market continues to offer many opportunities to invest in innovative, interesting companies at the heart of Japan's new growth, at attractive valuations. We believe that we are especially well-placed to capitalise on these opportunities, thanks to our active investment approach and our large, Tokyo-based research team. We remain confident that our investment approach will ensure the Company continues to deliver absolute gains and outperformance to its shareholders over the long term.

Nicholas Weindling
Miyako Urabe
Investment Managers

1st June 2023

Background

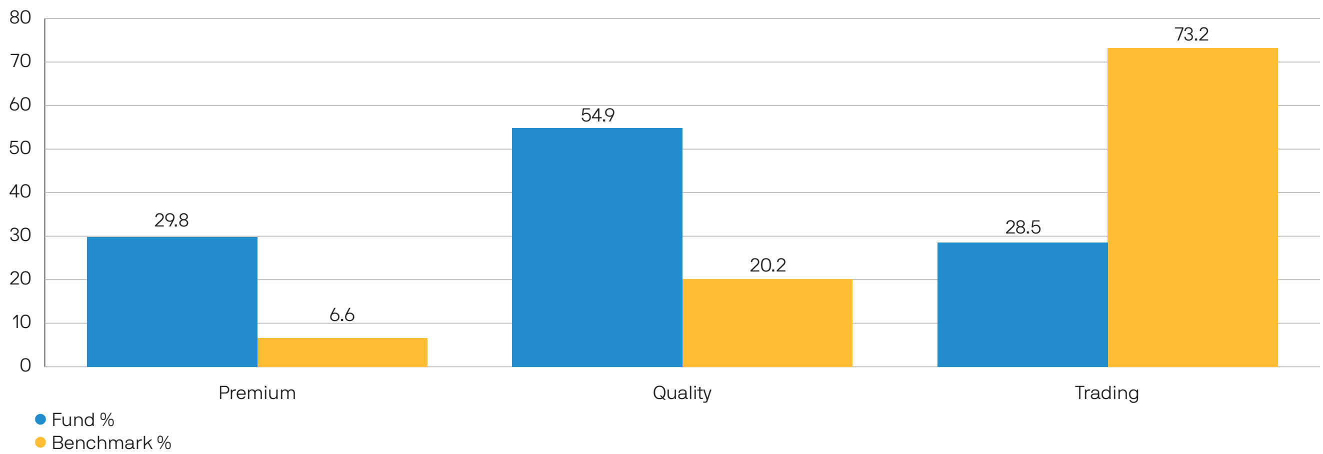
Our research-driven process focuses on the most critical ESG issues that impact the performance of companies in which we invest. We advocate robust corporate governance and sustainable business practices to support long-term value creation. We engage actively with investee companies both directly and by casting our votes at their Annual General Meetings, and we collaborate with other investors.

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

How do we integrate ESG into our investment processes?

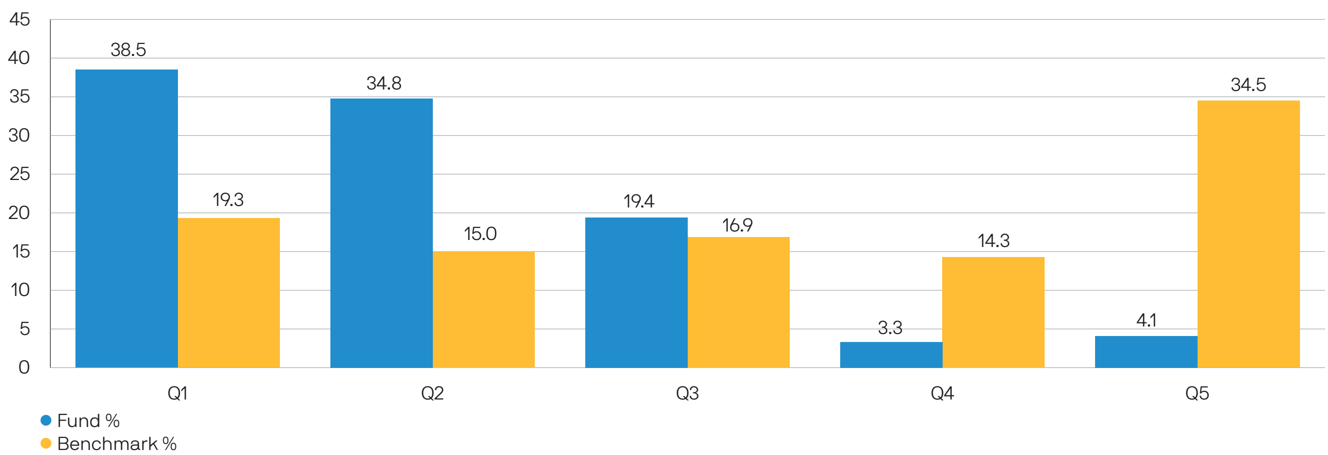
We integrate ESG considerations across our qualitative assessment of a business; the charts below demonstrate the impact this has on the portfolio compared to the benchmark. First, we assign each business a strategic classification that ranges from Premium (best) to Quality and then to Trading. This label is arrived at after a thorough examination of economics, governance and the strength of the business model to endure. Environmental and Social issues have always been part of our assessment of duration, along with broader considerations like the competitive and regulatory landscape faced by the business.

Strategic classification: Portfolio versus Benchmark



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

Risk Profile: Portfolio vs Benchmark

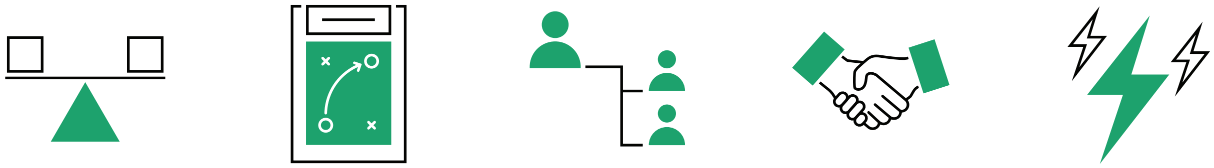


Environmental, Social and Governance Report

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

ESG Engagement

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



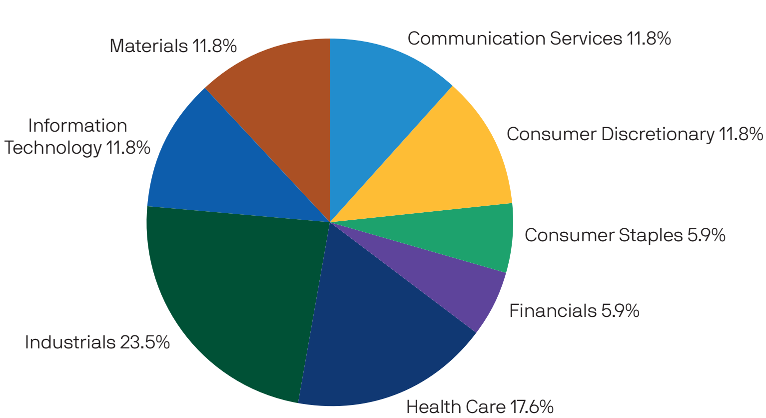
Governance	Strategy alignment with the long term	Human capital management	Stakeholder engagement	Climate risk

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

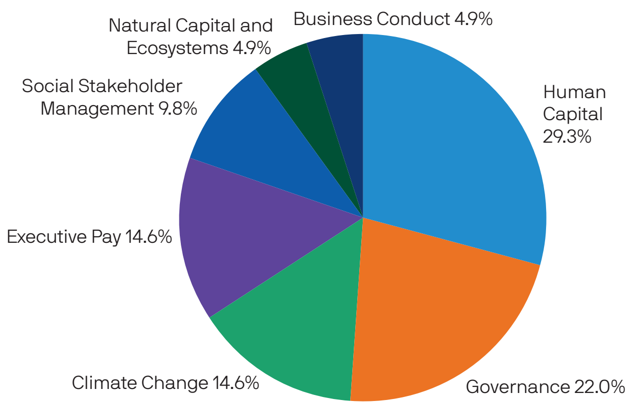
Recent Corporate Engagement

Working closely with colleagues in London, New York and Hong Kong, the Investment Stewardship team and investment team in Japan conducted engagements with 17 portfolio companies in the six months to 31st March 2023, specifically to discuss ESG issues. The companies engaged with represented 30% (by value) of the portfolio and were in the following sectors with the engagements broken down as follows:

Companies Engaged by Sector



Engagement by Theme



Examples of Specific Recent ESG Engagements

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

Environmental

We met with Hoya to discuss its disclosure on environmental issues; these historically have not included net zero or greenhouse gas ('GHG') reduction targets. Under the new CEO, Eiichiro Ikeda, the company has now put more effort into driving sustainability initiatives. The company has identified four material ESG issues which have been approved by the board; GHG emissions reduction, product quality and safety, employee engagement and D&I, and supply chain management. Hoya is currently accumulating data and has yet to set targets and KPIs for these four issues.

The company recently announced it joined the RE100, a global initiative of businesses committed to 100% renewable electricity, aiming to procure 60% of electricity from renewable sources by 2030 and 100% by 2040. We have encouraged the company to commit to net zero, draw its roadmap to achieve its target and disclose scope 3 emission data as early as possible, stressing how seriously we consider decarbonisation initiatives at investee companies and the commitment of the management to such initiatives. We have also encouraged the company to add data on water usage and its reuse ratio, to better understand its water footprint.

We will continue to engage with the company to discuss its targets and strategy for GHG emissions reductions.

Social

We have engaged with Fast Retailing over recent years to better understand its management of strategic ESG topics, including supply chain engagement and human rights. During this time we have provided the company with various suggestions to help it demonstrate actions to improve supply chain transparency and combat forced labour. More recently, we asked the company to improve the coverage beyond China to other key manufacturing markets. Following our suggestions, in November 2022 the company announced plans to expand supply chain traceability data management systems with third-party confirmation, so as to include all UNIQLO products and Fast Retailing Group brands in the future. The company has also established a new system to confirm supply chain planning and outputs for each product, ensuring traceability and enhanced disclosure on fabric origins by product (scheduled to be implemented in 2023).

Governance

We met with directors of Capcom to discuss why we voted against certain resolutions relating to board governance at the 2022 AGM. We reiterated our concerns about the independence of the Nomination Committee and emphasised the importance of transparency in the process of the appointment of directors. We noted the improvements made to employee engagement but will continue to keep this area under review. We also commented on the level of shareholder returns and target dividend pay out ratio in light of its balance sheet and urged the company to explain its long-term strategy for share buybacks.

Voting for the 6 months to 31st March 2023

The Company voted at all of the 17 annual general meetings and 1 extraordinary general meetings of investee companies held during the six months to 31st March 2023. A summary of key voting statistics and activity undertaken in respect of stocks in the Company's portfolio for the six months to 31st March 2023 is detailed below.

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

- candidates for external directors lacking in independence;
- boards not majority independent;
- boards lacking gender diversity: and
- insufficient shareholder return.

Environmental, Social and Governance Report

Voting at Shareholder Meetings Held During the six months to 31st March 2023

	For	Against	Abstain	Against/ Abstain Total	Total Items	% Against
Election of Directors	89	23	0	23	112	20.5%
Election of Statutory Auditors	6	0	0	0	6	0.0%
Director Remuneration[1]	4	0	0	0	4	0.0%
Income Allocation	9	2	0	2	11	18.2%
Reorganisation and Mergers	0	0	0	0	0	0.0%
Amendment to Articles of Association	10	0	0	0	10	0.0%
Ratification of Auditors	2	0	0	0	2	0.0%
Capitalisation	1	0	0	0	1	0.0%
Total	**121**	**25**	**0**	**25**	**146**	**17.1%**

[1] Amendment of remuneration, stock options, performance based pay schemes, directors' bonuses, etc.

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 2023 (and for 31st March 2022 in brackets).

	Weighted Average Carbon Intensity* tons CO2e/$M sales
Portfolio	**45.9 (48.8)**
% of portfolio covered by data	98.4 (98.5%)
Index	**96.7 (95.6)**
% of index covered by data	99.2 (99.5%)

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

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

J.P. Morgan Asset Management (Japan) Limited

1st June 2023

List of investments

Stock market sector analysis

	31st March 2023		30th September 2022	
	Portfolio %[1]	Benchmark %	Portfolio %[1]	Benchmark %
Information Technology	21.6	13.4	25.3	12.5
Industrials	20.1	23.8	23.3	24.0
Consumer Discretionary	14.1	18.2	11.6	17.7
Health Care	12.1	8.7	11.1	9.2
Financials	8.7	10.6	6.7	10.0
Communication Services	8.4	7.9	10.8	8.8
Consumer Staples	6.4	7.5	2.3	7.7
Materials	6.4	6.0	6.3	5.6
Real Estate	2.2	1.9	2.6	2.3
Utilities	—	1.2	—	1.3
Energy	—	0.8	—	0.9
Total	**100.0**	**100.0**	**100.0**	**100.0**

[1] Based on the total portfolio investments of £879.4 (2022: £815.8m).

Sector Analysis

At 31st March 2023

Company	Valuation £'000
Information Technology	
Keyence	72,019
Obic	37,212
Nomura Research Institute	19,728
Tokyo Electron	19,323
Murata Manufacturing	18,588
Otsuka	7,539
Money Forward	5,115
Freee KK	3,546
Digital Garage	2,782
Japan Material	2,781
SpiderPlus	1,575
	190,208
Industrials	
ITOCHU	25,958
Hitachi	23,623
Daikin Industries	22,166
Recruit	20,778
SMC	16,651
MonotaRO	16,087
Miura	15,780
MISUMI	9,123
Benefit One	8,204
Japan Elevator Service	7,785
JGC	3,980
Nihon M&A Center	3,457
Infomart	2,954
	176,546
Consumer Discretionary	
Sony	54,915
Asics	26,503
ZOZO	8,718
Fast Retailing	7,785
Shimano	7,715
Riso Kyoiku	6,278
PALTAC	6,186
Seiko	5,957
	124,057
Health Care	
Hoya	30,594
Nakanishi	15,369
Terumo	14,702
Kissei Pharmaceutical	12,055
As One	8,936
Asahi Intecc	7,053
Medley	6,115
Sysmex	6,026
Sosei	3,543
HEALIOS	2,378
	106,771
Financials	
Tokio Marine	35,999
GMO Payment Gateway	13,969
Japan Exchange	12,644
T&D	12,085
WealthNavi	1,593
	76,290
Communication Services	
Nippon Telegraph & Telephone	31,137
Nintendo	19,084
Capcom	14,090
Square Enix	9,701
	74,012
Consumer Staples	
Seven & i	20,355
Unicharm	12,547
I-NE	7,925
Milbon	7,164
Cosmos Pharmaceutical	5,501
Ain	2,882
	56,374
Materials	
Shin-Etsu Chemical	31,464
Nippon Paint	9,073
Nippon Sanso	8,519
JSR	7,208
	56,264
Real Estate	
Nippon Prologis REIT	14,143
Canadian Solar Infrastructure Fund	4,716
	18,859
Total Investments	**879,381**

The portfolio comprised only equity investments.

Condensed Statement of Comprehensive Income

	(Unaudited) Six months ended 31st March 2023			(Unaudited) Six months ended 31st March 2022			(Audited) Year ended 30th September 2022		
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Gains/(losses) on investments held at fair value through profit or loss[1]	—	55,483	55,483	—	(288,357)	(288,357)	—	(418,203)	(418,203)
Net foreign currency gains[2]	—	1,986	1,986	—	7,163	7,163	—	8,328	8,328
Income from investments	7,516	—	7,516	6,719	—	6,719	14,016	—	14,016
Other interest receivable and similar income	301	—	301	357	—	357	682	—	682
Gross return/(loss)	**7,817**	**57,469**	**65,286**	**7,076**	**(281,194)**	**(274,118)**	**14,698**	**(409,875)**	**(395,177)**
Management fee	(221)	(1,992)	(2,213)	(283)	(2,550)	(2,833)	(512)	(4,612)	(5,124)
Other administrative expenses	(601)	—	(601)	(482)	—	(482)	(959)	—	(959)
Net return/(loss) before finance costs and taxation	**6,995**	**55,477**	**62,472**	**6,311**	**(283,744)**	**(277,433)**	**13,227**	**(414,487)**	**(401,260)**
Finance costs	(65)	(580)	(645)	(61)	(549)	(610)	(141)	(1,272)	(1,413)
Net return/(loss) before taxation	**6,930**	**54,897**	**61,827**	**6,250**	**(284,293)**	**(278,043)**	**13,086**	**(415,759)**	**(402,673)**
Taxation	(752)	—	(752)	(671)	—	(671)	(1,400)	—	(1,400)
Net return/(loss) after taxation	**6,178**	**54,897**	**61,075**	**5,579**	**(284,293)**	**(278,714)**	**11,686**	**(415,759)**	**(404,073)**
Return/(loss) per share (note 3)	**4.01p**	**35.66p**	**39.67p**	**3.56p**	**(181.58)p**	**(178.02)p**	**7.48p**	**(266.28)p**	**(258.80)p**

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

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

Condensed Statement of Changes in Equity

	Called up share capital £'000	Capital redemption reserve[1] £'000	Other reserve[1] £'000	Capital reserves[1] £'000	Revenue reserve[1] £'000	Total £'000
Six months ended 31st March 2023 (Unaudited)						
At 30th September 2022	**40,312**	**8,650**	**166,791**	**496,089**	**18,532**	**730,374**
Repurchase of shares into Treasury	—	—	—	(4,967)	—	(4,967)
Net return	—	—	—	54,897	6,178	61,075
Dividends paid in the period (note 4)	—	—	—	—	(9,546)	(9,546)
At 31st March 2023	**40,312**	**8,650**	**166,791**	**546,019**	**15,164**	**776,936**
Six months ended 31st March 2022 (Unaudited)						
At 30th September 2021	**40,312**	**8,650**	**166,791**	**842,661**	**13,750**	**1,072,164**
Repurchase of shares into Treasury	—	—	—	(4,580)	—	(4,580)
Net (loss)/return	—	—	—	(284,293)	5,579	(278,714)
Dividends paid in the period (note 4)	—	—	—	—	(8,295)	(8,295)
At 31st March 2022	**40,312**	**8,650**	**166,791**	**553,788**	**12,425**	**780,575**
Year ended 30th September 2022 (Audited)						
At 30th September 2021	**40,312**	**8,650**	**166,791**	**923,650**	**15,141**	**1,154,544**
Repurchase of shares into Treasury	—	—	—	(11,802)	—	(11,802)
Net (loss)/return	—	—	—	(415,759)	11,686	(404,073)
Dividends paid in the year (note 4)	—	—	—	—	(8,295)	(8,295)
At 30th September 2022	**40,312**	**8,650**	**166,791**	**496,089**	**18,532**	**730,374**

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

As at 31st March 2023, the £546,019,000 Capital reserves are made up of net gains on the sale of investments of £399,519,000, a gain on the revaluation of investments still held of £128,115,000 and an exchange gain on the foreign currency loans of £18,835,000. The £18,835,000 of Capital reserves, arising on the exchange gain on the foreign currency loan, is not distributable. The remaining amount of Capital reserves totalling £527,634,000 is subject to fair value movements, may not be readily realisable at short notice and as such may not be entirely distributable.

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

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

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

Condensed Statement of Financial Position

	(Unaudited) At 31st March 2023 £'000	(Unaudited) At 31st March 2022 £'000	(Audited) At 30th September 2022 £'000
Fixed assets			
Investments held at fair value through profit or loss	**879,381**	**971,236**	**815,789**
Current assets			
Debtors	5,874	5,838	7,161
Cash and cash equivalents	974	9,099	27,974
	6,848	**14,937**	**35,135**
Creditors: amounts falling due within one year	(372)	(42,346)	(9,619)
Net current (liabilities)/assets	**6,476**	**(27,409)**	**25,516**
Total assets less current liabilities	**885,857**	**943,827**	**841,305**
Creditors: amounts falling due after more than one year	(108,921)	(80,872)	(110,931)
Net assets	**776,936**	**862,955**	**730,374**
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	546,019	634,777	496,089
Revenue reserve	15,164	12,425	18,532
Total shareholders' funds	**776,936**	**862,955**	**730,374**
Net asset value per share (note 5)	**505.8p**	**552.3p**	**472.1p**

Condensed Statement of Cash Flows

	(Unaudited) Six months ended 31st March 2023 £'000	(Unaudited) Six months ended 31st March 2022[1] £'000	(Audited) For the year ended 30th September 2022[1] £'000
Cash flows from operating activities			
Net profit/(loss) before finance costs and taxation	62,472	(277,433)	(401,260)
Adjustment for:			
Net (gains)/losses on investments held at fair value through profit or loss	(55,483)	288,357	418,203
Net foreign currency gains	(1,986)	(7,163)	(8,328)
Dividend income	(7,516)	(6,719)	(14,016)
Realised gain on foreign exchange transactions	(102)	(692)	(1,215)
Decrease/(increase) in accrued income and other debtors	13	(43)	(19)
Increase/(decrease) in accrued expenses	86	(92)	(29)
Dividends received	6,063	4,554	10,967
Net cash inflow from operating activities	**3,547**	**769**	**4,303**
Purchases of investments and derivatives	(94,379)	(87,563)	(176,268)
Sales of investments and derivatives	88,243	130,855	242,438
Settlement of foreign currency contracts	—	(41)	—
Net cash (outflow)/inflow from investing activities	**(6,136)**	**43,251**	**66,170**
Equity dividends paid	(9,546)	(8,295)	(8,295)
Repurchase of shares into Treasury	(4,965)	(4,596)	(11,820)
Drawdown of bank loan	—	—	30,979
Repayment of bank loan	(9,225)	(29,385)	(60,364)
Interest paid	(671)	(721)	(1,390)
Net cash outflow from financing activities	**(24,407)**	**(42,997)**	**(50,890)**
(Decrease)/increase in cash and cash equivalents	**(26,996)**	**1,023**	**19,583**
Cash and cash equivalents at start of period/year	27,974	8,299	8,299
Unrealised (losses)/gains on foreign currency cash and cash equivalents	(4)	(223)	92
Cash and cash equivalents at end of period/year	**974**	**9,099**	**27,974**
Cash and cash equivalents consist of:			
Cash and short term deposits	974	9,099	27,974

[1] The presentation of the Cash Flow Statement, as permitted under FRS 102, has been changed so as to present the reconciliation of 'net profit/(loss) before finance costs and taxation' to 'cash from operating activities' on the face of the Cash Flow Statement. Previously, this was shown by way of note. Other than changes in presentation of the certain cash flow items, there is no change to the cash flows as presented in previous periods.

Reconciliation of net debt

	As at 30th September 2022 £'000	Cash flows £'000	Other non-cash changes £'000	As at 31st March 2023 £'000
Cash and cash equivalents				
Cash	27,974	(26,996)	(4)	974
	27,974	(26,996)	(4)	974
Borrowings				
Debt due within one year	(9,283)	9,225	58	—
Debt due after one year	(110,931)	—	2,010	(108,921)
	(120,214)	9,225	2,068	(108,921)
Net debt	**(92,240)**	**(17,771)**	**2,064**	**(107,947)**

Notes to the Condensed Financial Statements

For the six months ended 31st March 2023

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 information contained within the financial statements in this half year report does not constitute statutory accounts as defined by sections 434 and 436 of the Companies Act 2006 and has not been audited or reviewed by the Company's auditors.

The figures and financial information for the year ended 30th September 2022 are extracted from the latest published financial statements of the Company. The financial statements for the year ended 30th September 2022 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 condensed 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 July 2022.

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 2023.

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 2022.

3. Return/(loss) per share

	(Unaudited) Six months ended 31st March 2023 £'000	(Unaudited) Six months ended 31st March 2022 £'000	(Audited) Year ended 30th September 2022 £'000
Return/(loss) per share is based on the following:			
Revenue return	6,178	5,579	11,686
Capital return/(loss)	54,897	(284,293)	(415,759)
Total return/(loss)	**61,075**	**(278,714)**	**(404,073)**
Weighted average number of shares in issue	153,963,270	156,568,539	156,138,247
Revenue return per share	4.01p	3.56p	7.48p
Capital return/(loss) per share	35.66p	(181.58)p	(266.28)p
Total return/(loss) per share	**39.67p**	**(178.02)p**	**(258.80)p**

4. Dividends paid

	(Unaudited) Six months ended 31st March 2023 £'000	(Unaudited) Six months ended 31st March 2022 £'000	(Audited) Year ended 30th September 2022 £'000
2022 final dividend paid of 6.2p (2021: 5.3p) per share	9,546	8,295	8,295

All dividends paid in the period have been funded from the revenue reserve (2022: same).

No interim dividend has been declared in respect of the six months ended 31st March 2023 (2022: nil).

Notes to the Condensed Financial Statements

5. Net asset value per share

	(Unaudited) Six months ended 31st March 2023	(Unaudited) Six months ended 31st March 2022	(Audited) Year ended 30th September 2022
Net assets (£'000)	776,936	862,955	730,374
Number of shares in issue (excluding shares held in Treasury)	153,592,089	156,233,489	154,702,089
Net asset value per share	**505.8p**	**552.3p**	**472.1p**

6. Fair valuation of instruments

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 2023		(Unaudited) Six months ended 31st March 2022		(Audited) Year ended 30th September 2022	
	Assets £'000	Liabilities £'000	Assets £'000	Liabilities £'000	Assets £'000	Liabilities £'000
Level 1	879,381	—	971,236	—	815,789	—
Total	**879,381**	**—**	**971,236**	**—**	**815,789**	**—**

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 that the principal and emerging risks and uncertainties faced by the Company fall into the following broad categories:

Market and Economic Risks – including currency; global inflation and global recession.

Trust Specific Risks – including underperformance; widening discount; loss of investment team or investment manager; outsourcing; cyber crime; loss of investment trust status; statutory and regulatory compliance.

Geopolitical Risks – including climate change; natural disasters; social dislocation & conflict.

Information on each of these areas is given on pages 33 to 35 of the Strategic Report within the Annual Report and Financial Statements for the year ended 30th September 2022.

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

In accordance with The Financial Reporting Council's guidance on going concern and liquidity risk, including its Covid-19 guidance, the Directors have undertaken a rigorous review of the Company's ability to continue as a going concern. The Board has, in particular, considered the impact of heightened market volatility since the Covid-19 outbreak and more recently the Russian invasion of Ukraine, but does not believe the Company's going concern status is affected. The Company's assets, the vast majority of which are investments in quoted securities which are readily realisable, exceed its liabilities significantly under all stress test scenarios reviewed by the Board. Gearing levels and compliance with borrowing covenants are reviewed by the Board on a regular basis. Furthermore, the Directors are satisfied that the Company and its key third party service providers have in place appropriate business continuity plans.

Accordingly, having assessed the principal and emerging risks and other matters, 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 yearly financial report.

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 2023, 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 1st June 2023

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

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 2023	
Opening share price (p)	7	438.5	(a)
Closing share price (p)	7	468.0	(b)
Total dividend adjustment factor[1]		1.013552	(c)
Adjusted closing share price (p) (d = c x b)		474.3	(d)
Total return to shareholders (e = d / a – 1)		**8.2%**	(e)

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

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

Debt at par

The Company's debt (senior secured loan notes) is valued in the Statement of Financial Position (on page 26) 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'.

Debt at fair 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.

As at 31st March 2023, the NAV with debt at fair value was £778,563,000 (30th September 2022: £732,081,000; 31st March 2022: £860,534,000) or 506.9p (30th September 2022: 473.2p; 31st March 2022: 550.8p) per share.

Total return calculation	Page	Six months ended 31st March 2023	
Opening cum-income NAV per share with debt at fair value (p)	7	473.2	(a)
Closing cum-income NAV per share with debt at fair value (p)	7	506.9	(b)
Total dividend adjustment factor[1]		1.012656	(c)
Adjusted closing cum-income NAV per share (p) (d = c x b)		513.3	(d)
Total return on net assets (e = d / a – 1)		**8.5%**	(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) at par or with debt at fair value, divided by the number of ordinary shares in issue. Please see note 5 on page 29 for detailed calculations.

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

Gearing/(net cash) (APM)

Gearing represents the excess amount above shareholders' funds of total investments, expressed as a percentage of the shareholders' funds. If the amount calculated is negative, this is shown as a 'net cash' position.

Gearing calculation	Page	31st March 2023 £'000	30th September 2022 £'000	
Investments held at fair value through profit or loss	26	879,381	815,789	(a)
Net assets	26	776,936	730,374	(b)
Gearing/(net cash) (c = a / b – 1)		**13.2%**	**11.7%**	**(c)**

Ongoing Charges (APM)

The ongoing charges represent the Company's management fee and all other operating expenses excluding finance costs payable, expressed as a percentage of the average of the daily 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 2023 is an estimated annualised figure based on the numbers for the six months ended 31st March 2023.

Ongoing charges calculation	Page	31st March 2023 £'000	30th September 2022 £'000	
Management Fee	24	4,426	5,124	
Other administrative expenses	24	1,202	959	
Total management fee and other administrative expenses		5,628	6,083	(a)
Average daily cum-income net assets		765,739	891,291	(b)
Ongoing charges (c = a / b)		**0.73%**	**0.68%**	(c)

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

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

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

JPMAM Research Classifications

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

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

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

Investing in JPMorgan Japanese Investment Trust plc

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

1. Via a third party provider

Third party providers include:

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

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

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

2. Through a professional adviser

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

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

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

Be ScamSmart

Investment scams are designed to look like genuine investments

Spot the warning signs

Have you been:

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

If so, you might have been contacted by fraudsters.

Avoid investment fraud

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

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

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

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

Report a Scam

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

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

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

FCA
FINANCIAL CONDUCT AUTHORITY

Information about the Company

FINANCIAL CALENDAR

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

History

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

Directors

Christopher Samuel (Chairman, Chairman of Nomination Committee and Management Engagement Committee)
Stephen Cohen (Chairman of Audit Committee and Chairman Elect)
Sally Macdonald (Senior Independent Director)
George Olcott (Chairman of Remuneration Committee)
Anna Dingley
Sally Duckworth (Audit Committee Chairman Elect)

Company Numbers

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

Market Information

The Company's unaudited net asset value ('NAV') is published daily via the London Stock Exchange.

The Company's shares are listed on the London Stock Exchange. The market price is shown daily in the Financial Times, The Times, The Daily Telegraph, The Scotsman and on the Company's website at www.jpmjapanese.co.uk, where the share price is updated every 15 minutes during trading hours.

Website

www.jpmjapanese.co.uk

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

Share Transactions

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

Manager and Company Secretary

JPMorgan Funds Limited

Company's Registered Office

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

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

Depositary

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

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

Registrar

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

Lines open 8.30 a.m. to 5.30 p.m. Monday to Friday. Calls to the helpline will cost no more than a national rate call to a 01 or 02 number. 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
Statutory Auditors (until 12th January 2023)
7 More London Riverside
London SE1 2RT

Ernst & Young LLP
Statutory Auditors (with effect from 12th January 2023)
Atria One
144 Morrison Street
Edinburgh EH3 8EB

Broker

Investec Bank plc
30 Gresham Street
London EC2V 7OP

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

The Company currently conducts its affairs so that the shares issued by the Company can be recommended by independent financial advisers to ordinary retail investors in accordance with the FCA's rules in relation to non-mainstream investment products and intends to continue to do so for the foreseeable future.

The shares are excluded from the FCA's restrictions which apply to non-mainstream investment products because they are shares in an investment trust. The Company's ordinary shares are not considered to be 'complex investments' under the FCA's 'Appropriateness' rules and guidance in the Conduct of Business sourcebook.

aic
The Association of Investment Companies
A member of the AIC

CONTACT

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J.P.Morgan
ASSET MANAGEMENT