



FIDELITY JAPAN TRUST PLC

Half-Yearly Report for the
six months ended 30 June 2023

Objective and Overview

The Company aims to achieve long-term capital growth by investing predominantly in equities and related securities of Japanese companies.

Fidelity Japan Trust PLC uses its local presence to fully exploit the investment opportunities in Japan.

The approach of the Portfolio Manager, Nicholas Price, is anchored in the belief that a rigorous, bottom-up approach to active management can consistently identify companies where the market is underestimating or mispricing future growth potential. This leads him to favour smaller and medium-sized companies, where lower levels of analyst coverage can often create some great mispriced opportunities and unearth companies at an early stage of their development. He follows a consistent 'growth at reasonable price' investment approach, utilising Fidelity's local research capability, as well as the broader global research network.

The Company looks to benefit from the more dynamic sectors of Japan's economy, focusing on fast growing but attractively valued stocks. With an acute understanding of this unique region and economy, combined with Fidelity's hands-on local research, the Portfolio Manager, and the team of analysts, identify stocks often not picked out by others.



Kepler
GROWTH
RATING

2022

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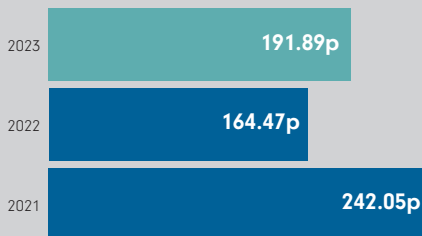
Portfolio Manager's Half-Yearly Review

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Twenty Largest Holdings

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Net Asset Value per Ordinary Share as at 30 June



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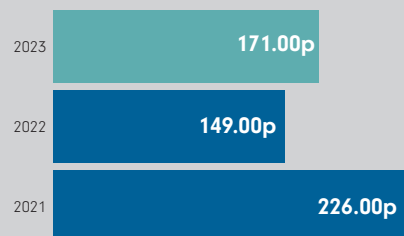
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Ordinary Share Price as at 30 June



At a Glance

Six months ended 30 June 2023

**Net Asset Value per
Ordinary Share
total return¹**

+5.3%

(30 June 2022: -31.7%)

**Ordinary Share Price
total return¹**

+3.8%

(30 June 2022: -34.9%)

**Reference Index
(in sterling terms)²**

+6.0%

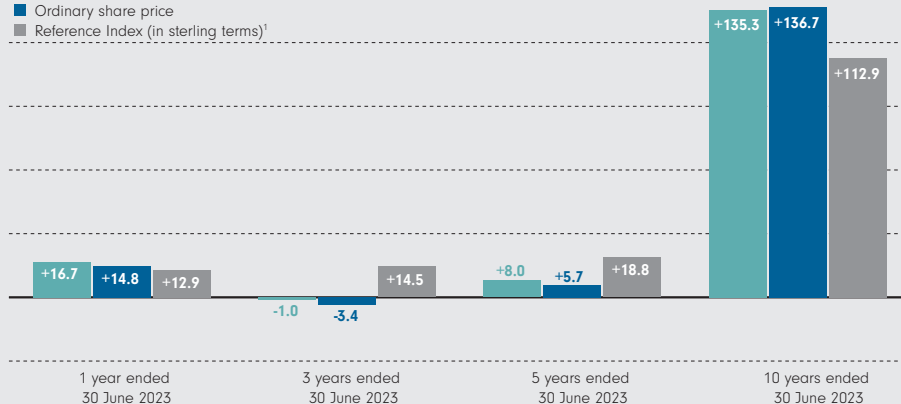
(30 June 2022: -10.0%)

1 Alternative Performance Measures (see Glossary of Terms on page 31).

2 The Reference Index is the TOPIX Total Return Index (in sterling terms).

Standardised Performance Total Return (%)

■ NAV per ordinary share
■ Ordinary share price
■ Reference Index (in sterling terms)¹



1 The Reference Index changed on 22 May 2018 from the Russell Nomura Mid/Small Index (in sterling terms) to the TOPIX Total Return Index (in sterling terms).

Sources: Fidelity and Datastream.

Past performance is not a guide to future returns.

Summary of Results

	30 June 2023	31 December 2022
Assets		
Total portfolio exposure ¹	£304.8m	£285.5m
Shareholders' funds	£247.8m	£236.4m
Total portfolio exposure in excess of shareholders' funds (Gearing - see page 11) ²	23.0%	20.8%
Net Asset Value ("NAV") per ordinary share ²	191.89p	182.24p
Share Price and Discount data		
Ordinary share price at the period end	171.00p	164.75p
Discount at the period end ²	10.9%	9.6%
	30 June 2023	30 June 2022
Results - see pages 14 and 15		
Revenue return per ordinary share ²	1.14p	0.89p
Capital return/(loss) per ordinary share ²	8.45p	(77.16p)
Total return/(loss) per ordinary share ²	9.59p	(76.27p)

1 The total exposure of the investment portfolio, including exposure to the investments underlying the long Contracts for Difference. See page 11.

2 Alternative Performance Measures.

As at 30 June 2023

Shareholders' Funds

£247.8m

Market Capitalisation

£220.8m

Capital Structure

Ordinary Shares of 25 pence held outside of Treasury

129,114,059

Summary of the key aspects of the Investment Policy

The Portfolio Manager will typically focus on those companies primarily listed on Japanese stock exchanges whose growth prospects are not fully recognised by the market ("growth at a reasonable price"). The Portfolio Manager is not restricted in terms of size or industry of the underlying entities in which he invests.

The Company can hold cash or invest in cash equivalents, including money market instruments, and is also able to use derivatives for efficient portfolio management, gearing and investment purposes.

The Portfolio Manager must work within the guidelines set out in the Investment Policy.

The Company operates a variable management fee arrangement which is calculated by comparing performance relative to the Reference Index (in sterling terms).

Chairman's Statement

After such a challenging year for the Japanese stock market in 2022, it is heartening to see something of a recovery in the first half of 2023. The TOPIX Total Return Index, the Japanese market index, rose by 22.7% in yen terms over the six months to 30 June 2023. However, over the same period, the yen weakened by 13.6% against sterling due to the continued wide divergence in interest rates between Japan and the UK. As a result, the return of the TOPIX Total Return Index (in sterling terms), the Company's Reference Index, was just 6.0%. Compared to this, the net asset value of Fidelity Japan Trust PLC marginally underperformed with a rise of 5.3%. The share price of the Company rose by 3.8% over the same period, reflecting a widening in the discount at which the shares of the Company trade from 9.6% to 10.9%.

A fuller commentary on both the portfolio and Japanese economy may be found in the Portfolio Manager's Review on pages 6 to 9.

Discount Management, Share Repurchases and Treasury Shares

The Board has an active discount management policy, the primary purpose of which is to reduce discount volatility. The Board's intention is to aim to manage the discount so that it remains in single digits in normal market conditions. However, at this reporting period end, markets were particularly volatile, and discounts have been wide across the entire investment companies sector. This is particularly frustrating given the stronger performance of the Company relative to other Japanese investment companies.

As part of the discount management policy, 587,834 ordinary shares were repurchased for holding in Treasury in the review period at a cost of £1,029,000. This represents 0.4% of the issued share capital. Since the period end and

up to the date of this report, a further 717,834 ordinary shares have been repurchased at a cost of £1,244,000.

Gearing

The Company continues to gear the portfolio through the use of long Contracts for Difference (CFDs). The Board continues to believe that gearing is a distinct advantage of the investment trust structure and will benefit the performance of the Company as the market recovers. The Board maintains that using CFDs provides more flexibility and at a lower cost than traditional bank debt.

The Portfolio Manager has the discretion to be up to 25% geared. Total portfolio exposure at the end period end was £304.8m, equating to gearing of 23.0% compared with 20.8% at the end of 2022. As at 27 July 2023, gearing was 23.8%.

Unlisted Companies

The Company is permitted to invest up to 20% of the Company's net assets in unlisted companies. The valuation of each unlisted investment is set by the Manager's Fair Value Committee and includes input from the analysts covering the securities, Fidelity's unlisted specialist and also advised upon by independent third party valuers, Kroll. Given the volatile market environment, the investment team has been cautious about committing additional capital to this market segment and no new unlisted investments have been added to the Company's portfolio during the reporting period. One stock has been sold. The value of unlisted investments was 6.3% of net assets at the period end compared to 8.0% as at 31 December 2022.

Due Diligence Trip 2023

The Board visited Japan in June 2023, meeting with the Fidelity investment team, a number of

Fidelity analysts and senior management as well as some external market commentators and senior management of Companies held in the Fidelity Japan Trust PLC portfolio. The trip gave us reassurance about the depth of resources supporting Nicholas Price, the Portfolio Manager, and the investment team and further confidence that the management of Fidelity Japan Trust PLC is in good hands.

Board Changes

The Board continues to review its composition and effectiveness as well as considering appropriate succession planning. Dominic Ziegler will complete his nine-year tenure on the Board in November this year and will step down from the Board at the conclusion of the Annual General Meeting in May 2024. The Board will conduct a recruitment exercise to find his replacement in the next few months.

Outlook

Japan currently has the presidency of the G7 group of developed economies, and the Hiroshima Summit in May allowed the country to showcase its position as an increasingly entrepreneurial culture at the centre of Asia. Moves to tackle the bureaucratic nature of some of Japan's corporates, which began under the late Prime Minister Shinzo Abe, have built up steam under current leader Fumio Kishida, with the Tokyo Stock Exchange setting out an agenda for a more shareholder-focused approach. This is starting to feed into an increased pace of share buybacks by major companies, more diverse boards of directors, and an emerging venture capital ecosystem where companies pushing into new markets and industries could become the stock market stars of the future. With many listed Japanese companies having built up significant excess cash – sometimes as much as 20-30% of their market capitalisation – during the long years of deflation, we believe the deployment of this

cash could have a meaningful impact on the relative performance of Japan versus other markets in the months and years ahead. These factors and the lower valuation of Japanese stocks relative to other markets have all helped to garner significant interest from international investors which should result in a further rise in the Japanese stock market during the second half of 2023. A further boost to the returns of the Company will also come if the yen was to strengthen and if there is a narrowing of the discount of the share price relative to the net asset value of the Company.

David Graham

Chairman

31 July 2023

Portfolio Manager's Review

Market review

The Japanese equity market climbed to a multi-decade high during the period, registering its strongest first-half performance since the advent of Abenomics. Extended buying by overseas investors drove share price gains, though market breadth was limited, and returns were concentrated in large-cap stocks.

Market participants were encouraged by a steady stream of corporate governance related developments, spurred by reform measures from the Tokyo Stock Exchange, and a largely positive domestic earnings season. The Bank of Japan's (BoJ) dovish policy stance and a weaker yen also supported the positive trend in share prices. Japan's currency came under broad-based pressure amid renewed monetary policy divergence, breaking through the ¥183 level against the pound for the first time since late 2015.

Value stocks outperformed over the period, led by large-cap names across the Wholesale Trade, Iron & Steel, Machinery and Electric Appliances sectors. Trading companies (a highly publicised target of Berkshire Hathaway) and semiconductor-related firms were among the strongest performers. Conversely, domestic and defensive industries underperformed the broader market, and small-cap growth stocks were conspicuous laggards.

On the macroeconomic front, the Japanese economy accelerated over the January-March quarter, with real GDP coming in at +2.7% annualised. This compared with consensus forecasts of +1.9%. Domestic demand gained momentum as the country's delayed reopening supported growth in consumption and capital investment. While exports slowed sharply, inbound consumption provided a tailwind for

the economy and retail sales rose sharply in May. Core consumer inflation remained well above the BoJ's 2% target, with its version of the core-core Consumer Price Index (CPI), which excludes energy and fresh food, coming in at +4.3% in May. This fuelled speculation that the central bank will positively revise its inflation forecasts in its next quarterly outlook report.

Portfolio review

In the six months to 30 June 2023, the Company's net asset value (NAV) increased by 5.3% in sterling terms, marginally underperforming the Reference Index, which returned 6.0%. The share price return was 3.8% in the same period, the result of the discount of the share price to net asset value widening to 10.9% from 9.6% at the start of the period.

The 13.6% fall in the value of the yen against the pound since the end of last year weighed on the sterling-based returns of the Company's NAV, its share price and the Reference Index. This stems largely from the widening policy divergence between the BoJ and the Bank of England.

The position in **Nihon M&A Center**, Japan's largest provider of merger and acquisition (M&A) advisory services for small and medium enterprises (SMEs), was the most significant detractor from performance over the review period. At the beginning of the year, the company's quarterly results came in far below market expectations due to a deterioration in sales and weaker pricing of M&A deals. At the same time, a new innovative competitor, **M&A Research Institute**, delivered stronger than expected earnings across all metrics, reflecting its superior productivity. While the SME M&A market as a whole remains robust, centred on business succession demand, company

specific factors drove our decision to reduce the exposure to Nihon M&A Center and initiate a position in M&A Research Institute.

In the Wholesale Trade sector the holding in **MISUMI Group**, a leading supplier of factory automation and machinery parts, underperformed. The company reported modest growth in monthly sales data, which raised concerns about the strength of underlying capital expenditure demand. However, the company had already indicated flat sales in the first half of fiscal 2023, and we expect a recovery in the order cycle to take hold from the second half of the year.

In the Information & Communication sector, **Raksul**, a leading business-to-business (B2B) platform that provides online printing and marketing/sales support services, faced selling pressure. The stock performed well in the second half of 2022, supported by positive earnings results and improved shareholder returns, but succumbed to profit taking in early 2023 as the market rotated in favour of technology-related cyclicals. We remain confident in its core printing business, which is recovering strongly as the effects of the COVID-19 outbreak recede and the number of registered users continues to grow. We also see the potential for horizontal growth in the logistics industry.

Elsewhere, **Ryohin Keikaku**, operator of the Muji brand of general merchandise stores, struggled in the first half of fiscal 2022 (12 months to August 2023) and lowered its full-year guidance. Rising procurement costs, exacerbated by a weak yen and high raw material prices, led to a profit shortfall at its domestic business. Conversely, the company's overseas operations generated revenue and

profit growth that exceeded its expectations. Looking ahead, we expect to see a cyclical recovery in profits, supported by the diminishing impact of lockdowns in China and improving margins in Japan.

On a positive note, holdings in semiconductor-related companies were among the key contributors to performance over the period. Shares in semiconductor production equipment (SPE) maker **Tokyo Electron** rebounded strongly as the market shifted its focus from earnings downside this year to a recovery from 2024. Tokyo Electron is a highly competitive player in a structural growth market, supported by sustained semiconductor demand, technological advances in chip making and government support amid rising geopolitical tensions. Meanwhile, fabless semiconductor manufacturer **Socionext** reported strong full-year results that exceeded street estimates, driven by automotive-related orders in the US and data centre/network sales in China. Furthermore, development efficiency gains contributed to an improvement in margins.

Elsewhere, the position in **Tsuburaya Fields Holdings**, a digital content and game machine company, ranked among the standout contributors to performance. It reported significant increases in quarterly sales and profits, fuelled by the strong performance of its PS (Pachislot) game machine business, as well as the growing popularity of its Ultraman character at home and abroad. Against this backdrop, the company raised its full-year earnings and dividend guidance. We expect the core of its content and digital business, **Tsuburaya Productions**, to contribute significantly to future earnings as its Ultraman franchise gains popularity overseas.

Portfolio Manager's Review continued

Portfolio positioning

There has been no significant change in terms of sector level positioning. The Company remains overweight in the Chemicals, Services and Retail sectors. At the opposite end of the scale, Transportation Equipment and Banks remain underweight. There was a moderate increase in the level of gearing over the six months to 23% from 21% which was, as always, dependent on bottom-up conviction in the available investment opportunities and accompanying valuations.

As a result of bottom-up stock selection, there has been an increase in the active exposure to the Electric Appliances sector. Electronic component makers have had to deal with a prolonged inventory correction due to a slow recovery in automobile production and weak final demand for consumer electronics. However, there are signs that demand is bottoming out and operating rates are gradually rebounding. We added further weight to long-standing secular growth names

Keyence (factory automation sensors) and **Mitsui High-tec** (motor cores for electric vehicles) following a year of quite significant underperformance in 2022. Meanwhile, we increased the exposure to electronic components maker **Taiyo Yuden**, a leading producer of high-end ceramic capacitors for automotive and smartphone applications.

Examples of under researched small caps that have increased in prominence within the portfolio this year (and which our Board members met during their recent due diligence trip to Japan) include **Kosaido Holdings** and **Osaka Soda**. Kosaido Holdings is the dominant provider of crematorium services in Tokyo, where high costs and local opposition to new facilities create barriers to entry and where demographic trends support stable trend growth. The company's efforts to expand

capacity and maximise its existing crematorium facilities to provide funeral services are supportive of future earnings growth. Osaka Soda is transforming from a basic chemicals company to a supplier of value-added functional and healthcare materials. It is the monopoly supplier of high-grade silica gel, a high-margin purification material for diabetes drugs. As the prevalence of diabetes continues to increase globally, Osaka Soda is expanding production capacity to meet the rising demand from major pharmaceuticals companies.

On the other hand, we sold positions in **Rinnai**, a producer of high-quality home gas appliances that is experiencing headwinds from housing/real estate markets overseas, and **Shimadzu**, a manufacturer of analytical and measuring equipment that is facing rising development and personnel costs. We also took some profits in strong performers such as Tokyo Electron and Tsuburaya Fields and recycled the proceeds into new names.

At the end of the review period, six unlisted names were held representing 6.3% of the portfolio. The Company's shares in **Innophys**, a developer of exoskeleton support suits, were redeemed via a repurchase plan executed at the end of March. The company failed to fully execute on its business plan for wearable muscle suits sales and given the uncertain outlook for the market and competitive landscape, we first wrote down the asset and then exited in a trade sale to a corporate. We continue to evaluate new opportunities, while maintaining a disciplined approach on further investments.

Sustainability and engagement

In the first six months of 2023, the sustainable investing team in Tokyo, led by our Head of Engagement, conducted 59 engagement meetings (in addition to our fundamental

research meetings), covering 20 names held by the Company. Themes that formed part of these environmental, social and corporate governance (ESG) engagements include long-term strategy and capital allocation, climate change and environmental issues, and human resource development and gender diversity.

The January–March period, which constitutes the final three months of the Japanese fiscal year, was a busy period as both corporates and regulators pushed out initiatives before the end of the year. Notably, reform efforts to boost capital efficiency in Japan’s stock market started to gain traction. From the first quarter of this year, the Tokyo Stock Exchange (TSE) requires most listed firms, especially those trading below book value, to “properly identify” their cost and efficiency of capital.

We are optimistic that this initiative to tackle companies’ tendency to de-prioritise cost of equity and returns on invested capital will foster a permanent change in corporate mentality and create value for shareholders. This is a matter we have been vocal about given the disproportionately high number of companies that trade below 1.0x price-to-book ratio on the Japanese equity market. We are wary of the initiative resulting in a flurry of one-off share buybacks, so we will be monitoring company responses as well as the TSE’s commitment to follow through.

Outlook

Japan’s delayed reopening and the return of inbound tourists are driving growth in consumption and services demand. At the same time, the economy is transitioning to a moderately inflationary state, as companies are finding it easier to raise prices and are increasing wages. There is growing pressure on firms to enhance their corporate value and

utilise excess cash to fund growth investments and shareholder returns. While signs of weakness in China’s recovery and the risk of a US recession represent potential headwinds that could prompt a near-term adjustment, this accumulation of positive factors is supportive of the mid-to-long term outlook for the Japanese market.

Nicholas Price

Portfolio Manager
31 July 2023

Twenty Largest Holdings

as at 30 June 2023

The Portfolio Exposures shown below and on the next page measure exposure to market price movements as a result of owning shares and derivative instruments. The Fair Value is the actual value of the portfolio and is the value shown on the Balance Sheet. Where a Contract for Difference (CFD) is held, the Fair Value reflects the profit or loss on the contract since it was opened and is based on how much the share price of the underlying share has moved. Where the Company only holds shares, the Fair Value and the Portfolio Exposure will be the same.

Company and Sector	Fair Value	Portfolio Exposure	
	£'000	£'000	% ¹
Exposures – shares unless otherwise stated			
NOF (shares and long CFD) Chemicals	6,374	14,998	6.1
Keyence (shares and long CFD) Electric Appliances	2,454	13,962	5.6
MISUMI Group (shares and long CFDs) Wholesale Trade	7,775	13,787	5.6
Tokyo Electron (shares and long CFD) Electric Appliances	2,380	13,750	5.5
Oriental Land (shares and long CFD) Services	2,113	13,356	5.4
Mitsui High-tec Electric Appliances	10,790	10,790	4.3
Ryohin Keikaku (shares and long CFD) Retail Trade	533	9,996	4.0
Osaka Soda Chemicals	8,640	8,640	3.5
Tsuburaya Fields Holdings Wholesale Trade	8,284	8,284	3.3
Harmonic Drive Systems Machinery	7,587	7,587	3.1
Riken Keiki Precision Instruments	6,594	6,594	2.7
Kotobuki Spirits Foods	6,531	6,531	2.6
Descente Textiles & Apparels	6,176	6,176	2.5

Company and Sector	Fair Value	Portfolio Exposure	
	£'000	£'000	% ¹
Exposures – shares unless otherwise stated (continued)			
Kansai Paint	6,115	6,115	2.5
Chemicals			
Asoview	5,872	5,872	2.4
Unlisted			
Socionext	5,521	5,521	2.2
Electric Appliances			
JustSystems	5,169	5,169	2.1
Information & Communication			
ABC-Mart	5,123	5,123	2.1
Retail Trade			
Nojima	4,446	4,446	1.8
Retail Trade			
Fast Retailing	4,279	4,279	1.7
Retail Trade			
Twenty largest exposures	112,756	170,976	69.0
Other exposures	131,032	133,866	54.0
Total Portfolio (including long CFDs)	243,788	304,842	123.0

Fair Value and Portfolio Exposure of Investments as at 30 June 2023

	Fair Value	Portfolio Exposure	
	£'000	£'000	% ¹
Investments	242,990	242,990	98.1
Derivative instrument assets – long CFDs	1,382	33,456	13.5
Derivative instrument liabilities – long CFDs	(584)	28,396	11.4
Total Portfolio (including long CFDs)	243,788	304,842	123.0

Shareholders' Funds

247,752

Gearing²

23.0%

¹ Portfolio Exposure is expressed as a percentage of Shareholders' Funds.

² Gearing is the amount by which the Portfolio Exposure exceeds Shareholders' Funds expressed as a percentage of Shareholders' Funds.

Interim Management Report and Directors' Responsibility Statement

Principal Risks and Uncertainties

The Board, with the assistance of the Manager (FIL Investment Services (UK) Limited), has developed a risk matrix which, as part of the risk management and internal controls process, identifies the key existing and emerging risks and uncertainties faced by the Company.

The Board considers that the principal risks and uncertainties faced by the Company continue to fall into the following categories: geopolitical risk; natural disaster risk; market, economic and currency risks; investment performance and gearing risks; discount control and demand risks; key person risk; operational resilience risk; environmental, social and governance (ESG) risks; cybercrime risk; and tax and regulatory risks. Information on each of these risks is given in the Strategic Report section of the Annual Report for the year ended 31 December 2022. A copy of the Annual Report can be found on the Company's pages of the Manager's website at www.fidelity.co.uk/japan.

While the principal risks and uncertainties are the same as those at the previous year end, the uncertainty continues to be heightened by geopolitical and economic and market events, including the ongoing Russia and Ukraine conflict, continued trade tensions between the US and China and the potential for North Korean aggression. The Board remains vigilant in monitoring such risks.

Climate change continues to be a key emerging issue, as well as a principal risk, that is confronting asset managers and their investors. The Board notes that the Manager has integrated ESG considerations, including climate change, into the Company's investment process. The Board will continue to monitor

how this may potentially impact the Company, the main risk being the impact on investment valuations and shareholder returns.

Investors should be prepared for market fluctuations and remember that holding shares in the Company should be considered to be a long-term investment. Risks are mitigated by the investment trust structure of the Company which means that no forced sales need to take place to deal with any redemptions. Therefore, investments in the Company's portfolio can be held over a longer-time horizon.

The Manager has appropriate business continuity and operational plans in place to ensure the uninterrupted provision of services, including investment team key activities, including those of portfolio managers, analysts and trading/support functions. It reviews its operational resilience strategies on an ongoing basis and continues to take all reasonable steps in meeting its regulatory obligations, the ability to continue operating and the steps it needs to take to serve and support its clients, including the Board.

The Company's other third-party service providers also have similar measures to ensure that business disruption is kept to a minimum.

Transactions with the Manager and Related Parties

The Manager has delegated the Company's portfolio management and company secretariat services to FIL Investments International. Transactions with the Manager and related party transactions with the Directors are disclosed in Note 12 to the Financial Statements on page 26.

Going Concern Statement

The Directors have considered the Company's investment objective, risk management policies, liquidity risk, credit risk, capital management policies and procedures, the nature of its portfolio and its expenditure and cash flow projections. The Directors, having considered the liquidity of the Company's portfolio of investments (being mainly securities which are readily realisable) and the projected income and expenditure, are satisfied that the Company is financially sound and has adequate resources to meet all of its liabilities and ongoing expenses and can continue in operational existence for a period of at least twelve months from the date of this Half-Yearly Report.

This conclusion also takes into account the Board's assessment of the ongoing risks from the war in Ukraine, significant market events and regulatory changes.

Accordingly, the Financial Statements of the Company have been prepared on a going concern basis.

Continuation votes are held every three years and the next continuation vote will be put to shareholders at the Annual General Meeting in 2025.

By Order of the Board

FIL Investments International
31 July 2023

Directors' Responsibility Statement

The Disclosure and Transparency Rules (DTR) of the UK Listing Authority require the Directors to confirm their responsibilities in relation to the preparation and publication of the Interim Management Report and Financial Statements.

The Directors confirm to the best of their knowledge that:

- the condensed set of Financial Statements contained within the Half-Yearly Report has been prepared in accordance with the Financial Reporting Council's Standard FRS 104: Interim Financial Reporting; and
- the Chairman's Statement, the Portfolio Manager's Review on pages 4 to 9 and the Interim Management Report on pages 12 and 13 include a fair review of the information required by DTR 4.2.7R and 4.2.8R.

In line with previous years, the Half-Yearly Report has not been audited or reviewed by the Company's Independent Auditor.

The Half-Yearly Report was approved by the Board on 31 July 2023 and the above responsibility statement was signed on its behalf by David Graham, Chairman.

Income Statement

for the six months ended 30 June 2023

		Six months ended 30 June 2023 unaudited		
	Notes	Revenue £'000	Capital £'000	Total £'000
Gains/(losses) on investments		-	3,951	3,951
Gains/(losses) on derivative instruments		-	8,271	8,271
Income	4	2,226	-	2,226
Investment management fees	5	(173)	(578)	(751)
Other expenses		(376)	-	(376)
Foreign exchange losses		-	(664)	(664)
Net return/(loss) on ordinary activities before finance costs and taxation		1,677	10,980	12,657
Finance costs	6	(13)	(54)	(67)
Net return/(loss) on ordinary activities before taxation		1,664	10,926	12,590
Taxation on return/(loss) on ordinary activities	7	(181)	-	(181)
Net return/(loss) on ordinary activities after taxation for the period		1,483	10,926	12,409
Return/(loss) per ordinary share	8	1.14p	8.45p	9.59p

The Company does not have any other comprehensive income. Accordingly the net return/(loss) on ordinary activities after taxation for the period is also the total comprehensive income for the period and no separate Statement of Comprehensive Income has been presented.

The total column of this statement represents the Income Statement of the Company. The revenue and capital columns are supplementary and presented for information purposes as recommended by the Statement of Recommended Practice issued by the AIC.

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

Six months ended 30 June 2022 unaudited			Year ended 31 December 2022 audited		
Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
-	(85,662)	(85,662)	-	(64,577)	(64,577)
-	(13,369)	(13,369)	-	(11,568)	(11,568)
1,806	-	1,806	3,209	-	3,209
(168)	(724)	(892)	(334)	(1,264)	(1,598)
(320)	-	(320)	(690)	(15)	(705)
-	(383)	(383)	-	(365)	(365)
1,318	(100,138)	(98,820)	2,185	(77,789)	(75,604)
(15)	(61)	(76)	(27)	(106)	(133)
1,303	(100,199)	(98,896)	2,158	(77,895)	(75,737)
(148)	-	(148)	(260)	-	(260)
1,155	(100,199)	(99,044)	1,898	(77,895)	(75,997)
0.89p	(77.16p)	(76.27p)	1.46p	(60.01p)	(58.55p)

Statement of Changes in Equity

for the six months ended 30 June 2023

	Note	Share capital £'000
Six months ended 30 June 2023 (unaudited)		
Total shareholders' funds at 31 December 2022		34,041
Repurchase of ordinary shares	10	-
Net return on ordinary activities after taxation for the period		-
Total shareholders' funds at 30 June 2023		34,041
Six months ended 30 June 2022 (unaudited)		
Total shareholders' funds at 31 December 2021		34,041
Repurchase of ordinary shares	10	-
Net (loss)/return on ordinary activities after taxation for the period		-
Total shareholders' funds at 30 June 2022		34,041
Year ended 31 December 2022 (audited)		
Total shareholders' funds at 31 December 2021		34,041
Repurchase of ordinary shares	10	-
Net (loss)/return on ordinary activities after taxation for the year		-
Total shareholders' funds at 31 December 2022		34,041

Share premium account £'000	Capital redemption reserve £'000	Other reserve £'000	Capital reserve £'000	Revenue reserve £'000	Total shareholders' funds £'000
20,722	2,767	46,658	140,511	(8,327)	236,372
-	-	(1,029)	-	-	(1,029)
-	-	-	10,926	1,483	12,409
20,722	2,767	45,629	151,437	(6,844)	247,752
20,722	2,767	46,942	218,406	(10,225)	312,653
-	-	(77)	-	-	(77)
-	-	-	(100,199)	1,155	(99,044)
20,722	2,767	46,865	118,207	(9,070)	213,532
20,722	2,767	46,942	218,406	(10,225)	312,653
-	-	(284)	-	-	(284)
-	-	-	(77,895)	1,898	(75,997)
20,722	2,767	46,658	140,511	(8,327)	236,372

Balance Sheet

as at 30 June 2023

Company Number 2885584

	Notes	30.06.23 unaudited £'000	31.12.22 audited £'000	30.06.22 unaudited £'000
Fixed assets				
Investments	9	242,990	230,680	213,610
Current assets				
Derivative instruments	9	1,382	838	1,483
Debtors		1,021	613	1,390
Cash collateral held with brokers		256	276	-
Cash at bank		4,136	5,556	891
		6,795	7,283	3,764
Current liabilities				
Derivative instruments	9	(584)	(1,100)	(7)
Other creditors		(1,449)	(491)	(3,835)
		(2,033)	(1,591)	(3,842)
Net current assets/(liabilities)				
		4,762	5,692	(78)
Net assets				
		247,752	236,372	213,532
Capital and reserves				
Share capital	10	34,041	34,041	34,041
Share premium account		20,722	20,722	20,722
Capital redemption reserve		2,767	2,767	2,767
Other reserve		45,629	46,658	46,865
Capital reserve		151,437	140,511	118,207
Revenue reserve		(6,844)	(8,327)	(9,070)
Total shareholders' funds		247,752	236,372	213,532
Net asset value per ordinary share				
	11	191.89p	182.24p	164.47p

Notes to the Financial Statements

1 Principal Activity

Fidelity Japan Trust PLC is an Investment Company incorporated in England and Wales with a premium listing on the London Stock Exchange. The Company's registration number is 2885584, and its registered office is Beech Gate, Millfield Lane, Lower Kingswood, Tadworth, Surrey KT20 6RP. The Company has been approved by HM Revenue & Customs as an Investment Trust under Section 1158 of the Corporation Tax Act 2010 and intends to conduct its affairs so as to continue to be approved.

2 Publication of Non-statutory Accounts

The Financial Statements in this Half-Yearly Report have not been audited by the Company's Independent Auditor and do not constitute statutory accounts as defined in section 434 of the Companies Act 2006 (the Act). The financial information for the year ended 31 December 2022 is extracted from the latest published Financial Statements of the Company. Those Financial Statements were delivered to the Registrar of Companies and included the Independent Auditor's Report which was unqualified and did not contain a statement under either section 498(2) or 498(3) of the Act.

3 Accounting Policies

(i) Basis of Preparation

The Company has prepared its Financial Statements on a going concern basis and in accordance with UK Generally Accepted Accounting Practice (UK GAAP) and FRS 102: The Financial Reporting Standard applicable in the UK and Republic of Ireland, issued by the Financial Reporting Council. The Financial Statements are also prepared in accordance with the Statement of Recommended Practice: Financial Statements of Investment Trust Companies and Venture Capital Trusts (SORP) issued by the Association of Investment Companies (AIC) in July 2022. FRS 104: Interim Financial Reporting has also been applied in preparing this condensed set of Financial Statements. The accounting policies followed are consistent with those disclosed in the Company's Annual Report and Financial Statements for the year ended 31 December 2022.

(ii) Going Concern

The Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for a period of at least twelve months from the date of approval of these Financial Statements. Accordingly, the Directors consider it appropriate to adopt the going concern basis of accounting in preparing these Financial Statements. This conclusion also takes into account the Directors' assessment of the risks faced by the Company as detailed in the Interim Management Report on page 12.

Notes to the Financial Statements continued

4 Income

	Six months ended 30.06.23 unaudited £'000	Six months ended 30.06.22 unaudited £'000	Year ended 31.12.22 audited £'000
Investment income			
Overseas dividends	1,812	1,500	2,625
Derivative income			
Dividends received on long CFDs	414	306	584
Total income	2,226	1,806	3,209

No special dividends have been recognised in capital during the period (six months ended 30 June 2022: £42,000 and year ended 31 December 2022: £47,000).

5 Investment Management Fees

	Revenue £'000	Capital £'000	Total £'000
Six months ended 30 June 2023 (unaudited)			
Investment management fees - base	173	693	866
Investment management fees - variable ¹	-	(115)	(115)
	173	578	751
Six months ended 30 June 2022 (unaudited)			
Investment management fees - base	168	671	839
Investment management fees - variable ¹	-	53	53
	168	724	892
Year ended 31 December 2022 (audited)			
Investment management fees - base	334	1,336	1,670
Investment management fees - variable ¹	-	(72)	(72)
	334	1,264	1,598

¹ For the calculation of the variable management fee element, the Company's NAV return was compared to the Reference Index return on a daily basis. The period used to assess the performance was from 1 July 2018 until a three year history was established. Since 1 July 2021, the performance period is on a rolling three year basis.

FIL Investment Services (UK) Limited is the Company's Alternative Investment Fund Manager and has delegated portfolio management to FIL Investments International (FIL). Both companies are Fidelity group companies.

5 Investment Management Fees continued

FII charges base investment management fees at an annual rate of 0.70% of net assets. In addition, there is a +/- 0.20% variation fee based on performance relative to the Reference Index over a three year rolling period. Fees are payable monthly in arrears and are calculated on a daily basis.

The base investment management fees have been allocated 80% to capital reserve in accordance with the Company's accounting policies.

6 Finance Costs

	Revenue £'000	Capital £'000	Total £'000
Six months ended 30 June 2023 (unaudited)			
Interest paid on long CFDs	12	47	59
Interest paid on collateral and deposits ¹	1	7	8
	13	54	67
Six months ended 30 June 2022 (unaudited)			
Interest paid on long CFDs	14	55	69
Interest paid on collateral and deposits ¹	1	6	7
	15	61	76
Year ended 31 December 2022 (audited)			
Interest paid on long CFDs	24	94	118
Interest paid on collateral and deposits ¹	3	12	15
	27	106	133

¹ Due to negative interest rates during the reporting period, the Company paid interest on its collateral and deposits.

Finance costs have been allocated 80% to capital reserve in accordance with the Company's accounting policies.

7 Taxation on Return/(Loss) on Ordinary Activities

	Six months ended 30.06.23 unaudited £'000	Six months ended 30.06.22 unaudited £'000	Year ended 31.12.22 audited £'000
Overseas taxation	181	148	260

Notes to the Financial Statements continued

8 Return/(Loss) per Ordinary Share

	Six months ended 30.06.23 unaudited	Six months ended 30.06.22 unaudited	Year ended 31.12.22 audited
Revenue return per ordinary share	1.14p	0.89p	1.46p
Capital return/(loss) per ordinary share	8.45p	(77.16p)	(60.01p)
Total return/(loss) per ordinary share	9.59p	(76.27p)	(58.55p)

The return/(loss) per ordinary share is based on the net return/(loss) on ordinary activities after taxation for the period divided by the weighted average number of ordinary shares held outside of Treasury during the period, as shown below:

	£'000	£'000	£'000
Net revenue return on ordinary activities after taxation	1,483	1,155	1,898
Net capital return/(loss) on ordinary activities after taxation	10,926	(100,199)	(77,895)
Net total return/(loss) on ordinary activities after taxation	12,409	(99,044)	(75,997)
	Number	Number	Number
Weighted average number of ordinary shares held outside of Treasury during the period	129,357,741	129,862,529	129,812,318

9 Fair Value Hierarchy

The Company is required to disclose the fair value hierarchy that classifies its financial instruments measured at fair value at one of three levels, according to the relative reliability of the inputs used to estimate the fair values.

Classification	Input
Level 1	Valued using quoted prices in active markets for identical assets.
Level 2	Valued by reference to inputs other than quoted prices included in level 1 that are observable (i.e. developed using market data) for the asset or liability, either directly or indirectly.
Level 3	Valued by reference to valuation techniques using inputs that are not based on observable market data.

Categorisation within the hierarchy has been determined on the basis of the lowest level input that is significant to the fair value measurement of the relevant asset. The valuation techniques used by the Company are as disclosed in the Company's Annual Report for the year ended 31 December 2022 (Accounting Policies Notes 2 (j) and 2 (k) on pages 63 and 64). The table below sets out the Company's fair value hierarchy:

	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
30 June 2023 (unaudited)				
Financial assets at fair value through profit or loss				
Investments	227,433	–	15,557	242,990
Derivative instrument assets	–	1,382	–	1,382
	227,433	1,382	15,557	244,372
Financial liabilities at fair value through profit or loss				
Derivative instrument liabilities	–	(584)	–	(584)

Notes to the Financial Statements continued

9 Fair Value Hierarchy continued

	Level 1	Level 2	Level 3	Total
31 December 2022 (audited)	£'000	£'000	£'000	£'000

Financial assets at fair value through profit or loss

Investments	211,747	-	18,933	230,680
Derivative instrument assets	-	838	-	838
	211,747	838	18,933	231,518

Financial liabilities at fair value through profit or loss

Derivative instrument liabilities	-	(1,100)	-	(1,100)
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	Level 1	Level 2	Level 3	Total
30 June 2022 (unaudited)	£'000	£'000	£'000	£'000

Financial assets at fair value through profit or loss

Investments	195,805	-	17,805	213,610
Derivative instrument assets	-	1,483	-	1,483
	195,805	1,483	17,805	215,093

Financial liabilities at fair value through profit or loss

Derivative instrument liabilities	-	(7)	-	(7)
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	30.06.23 unaudited £'000	31.12.22 audited £'000	30.06.22 unaudited £'000
Level 3 Investments (unlisted)			
Asoview	5,872	6,872	5,690
Moneytree	2,269	2,564	2,523
iYell	1,941	2,469	2,460
Yoriso	2,127	2,516	2,411
Studyplus	2,042	2,402	2,257
Spiber	1,306	1,823	2,115
Innophys ¹		287	349
	15,557	18,933	17,805

¹ The shares held by the Company in Innophys were redeemed in the reporting period via a repurchase plan.

10 Share Capital

	30 June 2023 unaudited		31 December 2022 audited		30 June 2022 unaudited	
	Number of shares	£'000	Number of shares	£'000	Number of shares	£'000
Issued, allotted and fully paid						
Ordinary shares of 25 pence each held outside of Treasury						
Beginning of the period	129,701,893	32,425	129,876,894	32,469	129,876,894	32,469
Ordinary shares repurchased into Treasury	(587,834)	(147)	(175,001)	(44)	(50,000)	(13)
End of the period	129,114,059	32,278	129,701,893	32,425	129,826,894	32,456
Ordinary shares of 25 pence each held in Treasury¹						
Beginning of the period	6,459,802	1,616	6,284,801	1,572	6,284,801	1,572
Ordinary shares repurchased into Treasury	587,834	147	175,001	44	50,000	13
End of the period	7,047,636	1,763	6,459,802	1,616	6,334,801	1,585
Total share capital		34,041		34,041		34,041

¹ Ordinary shares held in Treasury carry no rights to vote, to receive a dividend or to participate in a winding up of the Company.

The Company repurchased 587,834 ordinary shares (year ended 31 December 2022: 175,001 shares and six months ended 30 June 2022: 50,000 shares) and held them in Treasury. The £1,029,000 (year ended 31 December 2022: £284,000 and six months ended 30 June 2022: £77,000) cost of repurchase was charged to the other reserve.

Notes to the Financial Statements continued

11 Net Asset Value per Ordinary Share

The calculation of the net asset value per ordinary share is based on the total Shareholders' funds divided by the number of ordinary shares held outside of Treasury.

	30.06.23	31.12.22	30.06.22
	unaudited	audited	unaudited
Total shareholders' funds	£247,752,000	£236,372,000	£213,532,000
Ordinary shares held outside of Treasury at the period end	129,114,059	129,701,893	129,826,894
Net asset value per ordinary share	191.89p	182.24p	164.47p

It is the Company's policy that shares held in Treasury will only be reissued at net asset value per ordinary share or at a premium to net asset value per ordinary share and, therefore, shares held in Treasury have no dilutive effect.

12 Transactions with the Manager and Related Parties

FIL Investment Services (UK) Limited is the Company's Alternative Investment Fund Manager and has delegated the portfolio management and the role of company secretary to FIL Investments International (FIL), the Investment Manager. Both companies are Fidelity group companies. Details of the fee arrangements are given in Note 5 above.

During the period, fees for portfolio management services of £752,000 (six months ended 30 June 2022: £892,000 and year ended 31 December 2022: £1,598,000) and secretarial and administration fees of £25,000 (six months ended 30 June 2022: £25,000 and year ended 31 December 2022: £50,000) were payable to FIL. At the Balance Sheet date, fees for portfolio management services of £104,000 (31 December 2022: £102,000 and 30 June 2022: £104,000) and secretarial and administration fees of £13,000 (31 December 2022: £13,000 and 30 June 2022: £13,000) were accrued and included in other creditors. FIL also provides the Company with marketing services. The total amount payable for these services during the period was £101,000 (six months ended 30 June 2022: £77,000 and year ended 31 December 2022: £177,000). At the Balance Sheet date, fees for marketing services of £nil (31 December 2022: £39,000 and 30 June 2022: £15,000) were accrued and included in other creditors.

As at 30 June 2023, the Board consisted of five non-executive Directors (shown in the Directory on page 29), all of whom are considered to be independent by the Board. None of the Directors have a service contract with the Company. The Chairman receives an annual fee of £40,000, the Audit Committee Chairman an annual fee of £33,000 and each other Director an annual fee of £29,000. The following members of the Board hold ordinary shares in the Company: David Graham 78,489 shares, Sarah MacAulay 181,340 shares, Myra Chan nil shares, David Barron 19,366 shares and Dominic Ziegler 24,045 shares.

Shareholder Information

Investing in Fidelity Japan Trust PLC

Fidelity Japan Trust PLC is a company listed on the London Stock Exchange and you can buy its shares through a platform, stockbroker, share shop or bank. Fidelity also offers a range of options, so that you can invest in the way that is best for you. Details of how to invest and the latest Key Information Document can be found on the Company's pages on the Manager's website at www.fidelity.co.uk/japan

CONTACT INFORMATION

Shareholders and Fidelity's Platform Investors should contact the appropriate administrator using the contact details given below and in the next column. Links to the websites of major platforms can be found online at www.fidelity.co.uk/its

Shareholders on the main share register

Contact Link Group, Registrar to Fidelity Japan Trust PLC, Central Square, 29 Wellington Street, Leeds LS1 4DL.

Email: shareholderenquiries@linkgroup.co.uk

Telephone: **0371 664 0300** (calls are charged at the standard geographic rate and will vary by provider. Calls outside the United Kingdom will be charged at the applicable international rate. Lines are open 9:00 – 17:30, Monday to Friday, excluding public holidays in England and Wales).

Details of individual shareholdings and other information can also be obtained from the Registrar's Share Portal at www.signalshares.com. Shareholders are able to manage their shareholding online by registering for the Share Portal, a free and secure online service. Facilities include:

Account Enquiry – Shareholders can access their personal shareholding, including share transaction history, dividend payment history and obtain an up-to-date shareholding valuation.

Amendment of Standing Data – Shareholders can change their registered postal address and add, change or delete dividend mandate instructions. Shareholders can also download forms such as change of address, stock transfer and dividend mandate forms as well as buy and sell shares in the Company.

Should you have any queries in respect of the Link Share Portal, contact the helpline on **0371 664 0391** (calls are charged at the standard geographic rate and will vary by provider. Calls outside the United Kingdom will be charged at the applicable international rate. Lines are open 9:00 – 17:30, Monday to Friday, excluding public holidays in England and Wales).

Fidelity Platform Investors

Contact Fidelity, using the freephone numbers given below, or by writing to: UK Customer Service, Fidelity, PO Box 391, Tadworth KT20 9FU.

Website: www.fidelity.co.uk

Private investors: call free on **0800 41 41 10**, 9:00 – 18:00, Monday to Saturday.

Financial advisers: call free on **0800 41 41 81**, 8:00 – 18:00, Monday to Friday.

Shareholder Information continued

General Enquiries

General enquiries should be made to the Secretary, at the Company's registered office: FIL Investments International, Investment Trusts, Beech Gate, Millfield Lane, Lower Kingswood, Tadworth, Surrey KT20 6RP.

Telephone: **01737 836347**

Email: **investmenttrusts@fil.com**

Website: **www.fidelity.co.uk/its**

If you hold Fidelity Japan Trust PLC shares in an account provided by Fidelity International, you will receive a report every six months detailing all of your transactions and the value of your shares.

ShareGift

You may donate your shares to charity free of charge through ShareGift. Further details are available at **www.sharegift.org.uk**

Financial Calendar 2023/2024	
30 June 2023	Half-Year End
August 2023	Announcement of the Half-Yearly Results
August 2023	Publication of the Half-Yearly Report
31 December 2023	Financial Year End
March 2024	Announcement of the Annual Results
April 2024	Publication of the Annual Report
May 2024	Annual General Meeting

Directory

Board of Directors

David Graham (Chairman)
 David Barron (Audit Committee Chairman)
 Myra Chan
 Sarah MacAulay (Senior Independent Director)
 Dominic Ziegler

Alternative Investment Fund Manager (AIFM/the Manager)

FIL Investment Services (UK) Limited
 Beech Gate
 Millfield Lane
 Lower Kingswood
 Tadworth
 Surrey
 KT20 6RP

Investment Manager, Secretary and Registered Office

FIL Investments International
 Beech Gate
 Millfield Lane
 Lower Kingswood
 Tadworth
 Surrey
 KT20 6RP
 Email: investmenttrusts@fil.com

Banker and Custodian

JPMorgan Chase Bank (London Branch)
 125 London Wall
 London
 EC2Y 5AJ

Depository

J.P. Morgan Europe Limited
 25 Bank Street
 London
 E14 5JP

Financial Adviser and Stockbroker

Stifel Nicolaus Europe Limited
 150 Cheapside
 London
 EC2V 6ET

Independent Auditor

Ernst & Young LLP
 25 Churchill Place
 London
 E14 5EY

Lawyer

Simmons & Simmons LLP
 1 Ropemaker Street
 London
 EC2Y 9SS

Registrar

Link Group
 Central Square
 29 Wellington Street
 Leeds
 LS1 4DL

Data Protection

General Data Protection Regulation (“GDPR”)

What personal data is collected and how it is used

The Company is an investment trust which is a public limited company and has certain regulatory obligations such as the requirement to send documents to its shareholders, for example, the Annual Report and other documents that relate to meetings of the Company. The Company will therefore collect shareholders’ personal data such as names, addresses and identification numbers or investor codes and will use this personal data to fulfil its statutory obligations.

Any personal data collected will be kept securely on computer systems and in some circumstances on paper. Personal information is kept secure in line with Fidelity’s Information Security policies and standards. If you are unhappy with how we have used your personal data, you can complain by contacting the UK Data Protection Officer at Fidelity International, Beech Gate, Millfield Lane, Lower Kingswood, Tadworth, Surrey KT20 6RP.

Sharing personal data

In order to assist the Company in meeting its statutory requirements, the Company delegates certain duties around the processing of this data to its third party service providers, such as the Company’s Registrar and Printers. The Company has appointed Fidelity to undertake marketing activities for the Company and their privacy statement can be found on the Company’s website at <https://investment-trusts/fidelity.co.uk/security-privacy/>

The Company’s agreements with the third party service providers have been updated to be compliant with GDPR requirements. The Company confirms to its shareholders that their data will not be shared with any third party for any other purpose, such as for marketing purposes. In some circumstances, it may be necessary to transfer shareholders’ personal data across national borders to Fidelity Group entities operating in the European Economic Area (EEA). Where this does occur, the European standard of protections will be applied to the personal data that is processed. Where personal data is transferred within the Fidelity Group, but outside of the EEA, that data will subsequently receive the same degree of protection as it would in the EEA.

Retention period

Personal data will be kept for as long as is necessary for these purposes and no longer than we are legally permitted to do so.

Requesting access, making changes to personal data and other important information

Shareholders can access the information that the Company holds about them or ask for it to be corrected or deleted by contacting Fidelity’s UK Data Protection Officer, Fidelity International, Beech Gate, Millfield Lane, Lower Kingswood, Tadworth, Surrey KT20 6RP.

Glossary of Terms

AIC

The Association of Investment Companies (AIC). The Company is a member of the AIC.

AIF

Alternative Investment Fund (AIF). The Company is an AIF.

AIFM

Alternative Investment Fund Manager (AIFM). The Board has appointed FIL Investment Services (UK) Limited to act as the Company's AIFM (the Manager).

AIFMD

The Alternative Investment Fund Managers' Directive (AIFMD) is a European Union Directive implemented on 22 July 2014.

Alternative Performance Measures

The Company uses the following Alternative Performance Measures which are all defined in this Glossary of Terms:

- Discount/Premium;
- Gearing;
- Net Asset Value (NAV) per Ordinary Share;
- Ongoing Charges;
- Revenue, Capital and Total Returns; and
- Total Return Performance (Net Asset Value Total Return or Share Price Total Return).

Collateral

Assets provided as security for the unrealised gain or loss under a Contract for Difference.

Contract For Difference (CFD)

A Contract for Difference is a derivative. It is a contract between the Company and an investment house at the end of which the parties exchange the difference between the opening price and the closing price of

an underlying asset of the specified financial instrument. It does not involve the Company buying or selling the underlying asset, only agreeing to receive or pay the movement in its share price. A Contract for Difference allows the Company to gain access to the movement in the share price by depositing a small amount of cash known as collateral. If the Company trades long, dividends are received and interest is paid. If the Company trades short, dividends are paid and interest is received. The Company only uses long Contract for Differences.

Custodian

An entity that holds (as intermediary) the Company's assets, arranges the settlement of transactions and administers income, proxy voting and corporate actions. The Company's Custodian is JPMorgan Chase Bank.

Depository

An entity that oversees the custody, cash arrangements and other AIFM responsibilities of the Company. J.P. Morgan Europe act as the Company's Depository.

Derivatives

Financial instruments (such as futures, options and Contract for Difference) whose value is derived from the value of an underlying asset.

Discount

If the share price of the Company is lower than the net asset value per ordinary share, the Company's shares are said to be trading at a discount. The discount is shown as a percentage of the net asset value per ordinary share.

Glossary of Terms continued

Fair Value

The **fair value** is the best measure of the realisable value of the investments, including **derivatives**, at a point in time and this is measured as:

- **Listed investments** – valued at bid prices, or last market prices, as available, otherwise at published price quotations;
- **Unlisted investments** – valued using an appropriate valuation technique in the absence of an active market; and
- **Contracts for Difference** – valued as the difference between the settlement price of the contract and the value of the underlying shares in the contract (unrealised gains or losses).

Fidelity International (Fidelity)

FIL Limited and its subsidiary group companies including FIL Investment Services (UK) Limited and FIL Investments International which act as AIFM, Secretary and **Investment Manager**.

Gearing

Gearing is the **Total Portfolio Exposure** in excess of **Shareholders' Funds**. If assets rise in value, **gearing** magnifies the return to shareholders. Correspondingly, if assets fall in value, **gearing** magnifies that fall. **Contracts for Difference** are used as a way of gaining exposure to the price movements of shares without buying the underlying shares directly.

Investment Manager

FIL Investments International is the Company's **Investment Manager** under delegation from FIL Investment Services (UK) Limited (the appointed AIFM).

Manager

FIL Investment Services (UK) Limited is the appointed **Manager** under the AIFMD. It has delegated the portfolio management of assets to the **Investment Manager**.

Net Assets or Net Asset Value (NAV)

Also described as "Shareholders' Funds", net assets represent the total value of the Company's assets less the total value of its liabilities. For valuation purposes, it is common to express the **net asset value** on a per ordinary share basis.

Net Asset Value per Ordinary Share

The **net asset value** divided by the number of ordinary shares in issue.

Ongoing Charges (excluding the variable management fee element)

Total operational expenses (excluding finance costs and taxation) incurred by the Company as a percentage of the average daily **net asset values** for the reporting year.

Portfolio Exposure

The value of an underlying security or instrument to which the Company is exposed, whether through direct or indirect investment (including the economic value of the exposure in the underlying asset of **derivatives**).

Premium

If the share price of the Company is higher than the **net asset value per ordinary share**, the Company's shares are said to be trading at a **premium**. The **premium** is shown as a percentage of the **net asset value per ordinary share**.

Reference Index

TOPIX Total Return Index (in sterling terms). Prior to 22 May 2018, it was the Russell Nomura Mid/Small Cap Index (in sterling terms). The **Reference Index** is the Company's Benchmark Index.

Registrar

An entity that manages the Company's shareholder register. The Company's **Registrar** is Link Group.

Reserves

- **Share premium account** represents the amount by which the proceeds from the issue of ordinary shares, on the exercise of rights attached to subscription shares, exceeded the nominal value of those ordinary shares. It is not distributable by way of dividend and cannot be used to fund share repurchases.
- **Capital redemption reserve** maintains the equity share capital of the Company and represents the nominal value of shares repurchased and cancelled. It is not distributable by way of dividend and cannot be used to fund share repurchases.
- **Other reserve** was created in 1999 when the share premium account at the time was cancelled. It is not distributable by way of dividend. It can be used to fund share repurchases.
- **Capital reserve** represents realised gains and losses on investments and derivatives

sold, unrealised increases and decreases in the fair value of investments and derivatives held and other income and costs recognised in the capital column of the Income Statement. It can be used to fund repurchases and issuance of shares from Treasury and it is distributable by way of dividend.

- **Revenue reserve** represents retained revenue losses recognised in the revenue column of the Income Statement. It could be distributable by way of dividend if it were not in deficit.

Return

The **return** generated in a given period from investments:

- **Revenue Return** reflects the dividends and interest from investments and other income net of expenses, finance costs and taxation, and excludes any capital return;
- **Capital Return** reflects the return on capital, excluding any revenue return; and
- **Total Return** reflects the aggregate of revenue and capital returns.

Share Repurchases (Share Buybacks)

A way for investment trust companies to return cash to their shareholders is through offering to repurchase a proportion of shares currently held. In order to do this, the Company seeks shareholders' permission at its Annual General Meetings which allows it to repurchase a proportion of its total shares (up to 14.99%) in the market at prices below the prevailing **net asset value per ordinary share**. This process also helps to enhance the **net asset value per ordinary share** and to reduce the **discount to net asset value per ordinary share**.

Glossary of Terms continued

Shareholders' Funds

Shareholders' funds are also described as "net asset value" and represent the total value of the Company's assets less the total value of its liabilities as shown in the balance sheet.

Total Portfolio Exposure

The total of the fixed asset investments at fair value plus the fair value of the underlying securities within the Contracts for Difference.

Total Return Performance

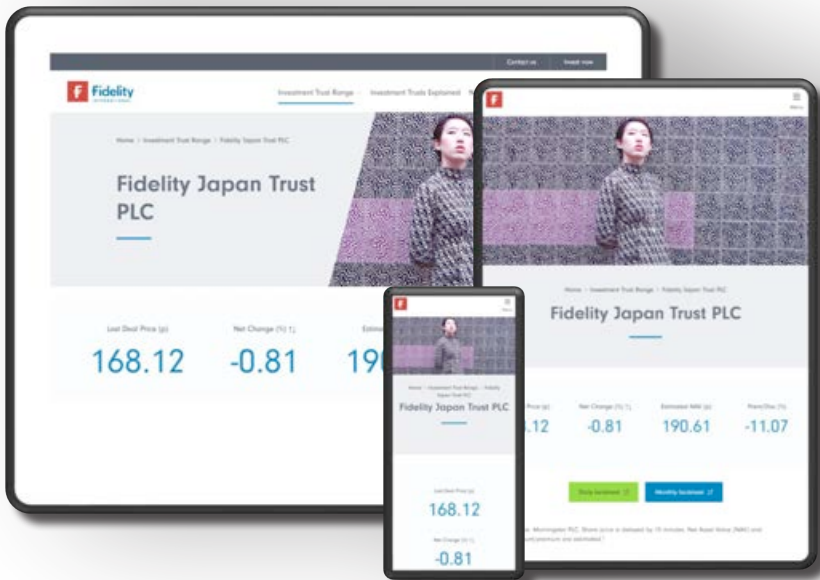
The return on the share price or net asset value per ordinary share after taking into account the rise and fall of share prices and dividends paid to shareholders. Any dividends received by the shareholder are assumed to have been reinvested in additional shares (for share price total return) or the Company's assets (for net asset value total return).

Treasury Shares

Ordinary shares of the Company that have been repurchased by the Company and not cancelled but held in Treasury. These shares do not receive dividends, have no voting rights and are excluded from the net asset value per ordinary share calculation.

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