JPMorgan Japanese Investment Trust plc

Invest in the Heart of a Changing Japan

Half Year Report and Financial Statements for the six months ended 31st March 2024

J.P.Morgan
ASSET MANAGEMENT

Key Features

Investment Objective, Policy and Benchmark

The Company seeks capital growth from a portfolio of investments in Japanese companies and may use gearing to increase returns to shareholders. The Company'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)[1] with net dividends reinvested, expressed in sterling terms.

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

Why invest in JPMorgan Japanese Investment Trust plc

Invest in the Heart of a Changing Japan

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

Local Insight, Global Strength

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

High Quality Growth Companies

The Company is managed with an unconstrained investment approach to deliver a high conviction, high-quality and growth-focused portfolio, investing in companies of all sizes with the potential to compound earnings over the long term.

Attractive Results over the Long Term

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

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

JPMorgan Asset Management Group of the Year 2022

[1] The Tokyo Stock Exchange was restructured on 4th April 2022. The constituents of TOPIX following the restructuring remain unchanged, regardless of their new market segment. However, the Index weights of the smallest constituents (sub JPY 5bn) will reduce to zero over time.

"Ongoing corporate reforms are a tail wind for the long-term prospects of the Trust's holdings."

Nicholas Weindling, Investment Manager,
JPMorgan Japanese Investment Trust plc

Miyako Urabe, Investment Manager,
JPMorgan Japanese Investment Trust plc

50+
Years' experience investing in the region

20+
Japanese Equity Professionals

4,000+
Japanese company meetings each year

88%
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 2024.
Source: JPMAM.

Contents

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[2,A]	+19.3%	+17.4%	–4.4%	+7.5	+11.0%
Return on net assets with debt at fair value[3,A]	+19.3%	+18.8%	–2.5%	+6.8%	+10.7%
Benchmark return[4,A]	+14.6%	+21.2%	+6.3%	+7.8%	+9.6%
Net asset return compared to benchmark return[A]	+4.7%	–2.4%	–8.8%	–1.0%	+1.1%

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

A glossary of terms and APMs is provided on pages 32 and 33.

Financial Highlights

Summary of results

	31st March 2024	30th September 2023	% change
Key financial data as at 31st March			
Shareholders' funds (£'000)	864,641	755,471	+14.5
Total assets (£'000)	969,462	874,397	+10.9
Net asset value per share:			
– with debt at par value[A]	591.1p	500.9p	+18.0[2]
– with debt at fair value[1,A]	595.1p	504.8p	+17.9[3]
Share price	542.0p	460.5p	+17.7[4]
Share price discount to net asset value per share[A]			
– with debt at par value[A]	8.3%	8.1%	
– with debt at fair value[A]	8.9%	8.8%	
– 12 month average with debt at fair value[5,A]	8.7%	7.4%	
Exchange rate	£ 1 = ¥ 191.2	£ 1 = ¥ 182.1	
Shares in issue (excluding shares held in Treasury)	146,267,089	150,832,089	
Gearing[A]	**10.5%**	**13.7%**	
Ongoing charges[A]	**0.75%**	**0.74%**	

[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 +19.5%.

[3] % change, excluding dividends paid. Including dividends, the total return is +19.3%.

[4] % change, excluding dividends paid. Including dividends, the total return is +19.3%.

[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 APMs is provided on pages 32 and 33.

Chairman's Statement

Investment Performance

Stephen Cohen
Chairman

This is my first opportunity to report to shareholders since taking on the role of Company Chairman in January 2024, so I am especially pleased to report that our Company during the six months ended 31st March 2024 made a return of 19.3% in net asset value (NAV) in GBP terms, outperforming its benchmark return of 14.6% by approximately five percentage points. Since the period end, the Company returned –5.2% to 27th May 2024, while the TOPIX index returned –4.6% over the same period.

The Investment Managers' Report on pages 12 to 15 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. It 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 review period, gearing ranged from 10.5% to 15.3%, with an average of 13.2%. As at 31st March 2024, gearing was equivalent to 10.5% of net assets. At the time of writing this report, the gearing increased to 13.2%.

After the period end, it was decided not to renew the existing Mizuho Loan and this was repaid by the Company. Along with the short-term revolving facility of JPY 10,000,000,000 with Industrial and Commercial Bank of China Limited, London Branch, the Company also has long-term fixed rate debt in place. The Company is also exploring other options, so as always to be able to deploy the level of gearing it wishes.

Revenue and Dividends

Japanese companies often have stronger balance sheets than many of their international counterparts. Both dividend pay-out ratios and dividends have been rising strongly over the last few years and have continued to do so in the latest results announcements. This is in good measure a function of Japan's improving corporate governance practices 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 dividend payments made by your company should not therefore be taken as a guide to future payments.

For the year ended 30th September 2023, the Company paid a dividend of 6.5p per share on 5th February 2024, reflecting the available revenue for distribution. Consistent with previous years, the Company will not be declaring an interim dividend.

Discount Management/Share Repurchases

The Board monitors the discount to NAV at which the Company's shares trade. The directors believe that for the Company's shares to trade close to NAV over the long term, the focus must remain on consistent, strong investment performance over the key one-, three- and five-year timeframes. The effective marketing and promotion of the Company also has a key role to play in keeping its shares trading close to par.

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

As of 31st March 2024, the share price discount to NAV with debt at fair value was 8.9%, compared to 8.8% at the end of 30th September 2023. Over the six-month period to 31st March 2024, the Company's share price discount to net asset value ranged from 6.4% to 10.3% (average: 8.7%) and the Company repurchased 4,565,000 shares at an average discount of 9.0% and at a cost of £22.2 million.

Since 31st March 2024, the Company has repurchased a further 855,000 shares at an average discount of 9.0%, at a cost of £4.5 million.

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.

Chairman's Statement

Environmental, Social and Governance ('ESG')

As detailed in the Investment Managers' ESG Report on pages 16 to 19, ESG considerations are integrated into their investment process. The Board shares the Investment Managers' view of the importance of financially material ESG factors when making investments for the long term and the necessity of continued engagement with investee companies over the duration of the investment.

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

The Board

At the end of the Company's Annual General Meeting, held earlier this year, Chris Samuel retired as the Chairman of the Company, after serving the Company for nine years and I took over as Chairman. I would like to take this opportunity to thank Chris for the very significant contribution he made to the Company during his tenure. Sally Duckworth took over the role of the Chair of Audit & Risk Committee, my previous role, from the conclusion of the AGM.

As previously reported in the Company's 2023 Annual Report, George Olcott will be retiring from the Board following the 2025 Annual General Meeting. The Board has started the recruitment process to appoint a new Non-Executive Director. Further updates will be provided in due course.

Change of Registrar

As part of the review of its key service providers, the Company, through its Manager, undertook a review of its registrar. After a request for proposals and a thorough due diligence process by the Manager, and after careful consideration, the Board has resolved to appoint Computershare as the Company's registrar. The Board believes this to be in the best interest of the shareholders. The Manager and the new registrar will ensure a smooth transition of the Company's shareholder register during the year.

A notification letter from Computershare will be sent to all registered shareholders advising of this change. The letter will also include an invitation to create an account for online access to details on your shareholdings.

Stay Informed

The Company delivers email updates with regular news and views, as well as the latest performance. If you have not already signed up to receive these communications and you wish to do so, you can opt in via https://web.gim.jpmorgan.com/emea_investment_trust_subscription/welcome?targetFund=JFJ or by scanning the QR code on this page.

Outlook

Reform in Japan's corporate governance practices continues apace, which is very positive for Japanese equities in general, and for your Company's holdings, as it should ensure continued improvement in shareholder returns, and valuations, over the medium term.

Recent developments have been having a favourable impact on market sentiment towards Japanese stocks and global investors have begun to recognise the opportunities. As most began with an underweight position in Japan, foreign investor inflows have provided a strong impetus to the market, and this is expected to continue. That said, investors should remember that the Company continues to emphasise investment in 'growth' companies, so that, if the market has a period when 'deep value' companies do better, then the Company may underperform for a period.

We are confident that, overall, the Company, and its shareholders, will benefit from the many changes afoot in Japan, and I look forward to reporting on the Company's further progress as these exciting developments play out.

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

Stephen Cohen
Chairman

30th May 2024

Investment Managers' Report

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

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

Performance

During the six months ended 31st March 2024, the Company made a return of +19.3% in net asset value with debt at fair value (NAV) terms, outperforming its benchmark return of +14.6%, by +4.7 percentage points. While our portfolio focuses on quality and growth stocks, which we believe help us achieve the best performance over the long term, this performance was nevertheless achieved during a period when Japanese value stocks – unlike their US counterparts – continued to perform well, relative to the growth and quality names we prefer.

Performance – Value vs Growth

Style rotation seen in the market with growth underperforming value since 2021

Source: J.P. Morgan Asset Management, Bloomberg. Returns for the Russell Nomura Value Index and Russell Normura Growth Index for the calendar years mentioned. Data as of 21st March 2024. Past Performance is not indicative of current or future results.

Although performance over the three years to 31st March 2024 lagged the benchmark – the Company recorded an annualised return of –2.5%, compared to the average annual benchmark return of +6.3% – long term absolute and relative performance remains strong. Over ten years, the Company returned +10.7% on an annualised basis, better than the benchmark return of +9.6%.

Performance attribution

Six months ended 31st March 2024

	%	%
Contributions to total returns		
Benchmark return		**14.6**
Stock selection	2.1	
Currency	–0.1	
Gearing/Cash	3.0	
Investment Manager contribution		**5.0**
Portfolio return[A]		**19.6**
Management fee/other expenses	–0.4	
Share Buy-Back	0.3	
Other effects		**–0.1**
Return on net assets – Debt at par value[A]		**19.5**
Impact of fair value of debt		**–0.2**
Return on net assets – Debt at fair value[A]		**19.3**
Return to shareholders[A]		**19.3**

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 32 and 33.

Economic and market background

After a long period of being unloved and under-owned by international investors, the past year has seen the Japanese market return to the limelight. The Trust's benchmark, the TOPIX, delivered a total return of 23% during calendar 2023 and has continued to rise since. In February 2024, Japan's bellwether Nikkei Index hit a new all-time high, for the first time since 1989. The main reason for this is investors' positive reaction to corporate governance reforms currently underway in Japan. This includes, most recently, action by the Financial Services Authority to urge non-life insurers to sell their strategic shareholdings – as part of the regulator's efforts to reduce anti-competitive behaviour in the sector.

Investors have also welcomed signs of improvement in Japan's domestic economy, after years of stagnation and deflation. The Spring wage negotiations, known as the shunto, agreed a 5.3% wage increase, the highest in 33 years and substantially ahead of the rate of inflation, which is currently 2.8% pa. This rise in real wages should boost consumer sentiment and support domestic demand, especially as prices are now rising, albeit modestly, providing some incentive to buy now, rather than save for tomorrow.

The Bank of Japan (BoJ) recently announced a shift in monetary policy announcing the first interest rate hike for 17 years in response to improving economic conditions, in particular the aforementioned wage growth. Policy is still loose, however, in order to support the economic recovering amidst lingering uncertainties. The central bank thus remains committed to bolstering liquidity and stimulating growth, which should be positive for the market in the near term.

Japanese exporters are being assisted by continued yen weakness – the result, in part, of the divergence in interest rates between Japan and the US and other major economies, which remains significant even after the BoJ's recent hike. Against sterling, the yen declined by 4.5% over the review period and at the time of writing, the yen is at its weakest level against the USD since 1990. Within the corporate sector, management buyouts hit a record high in 2023, suggesting that private equity investors are finally beginning to recognise value in Japanese businesses. One portfolio holding, Benefit One, a provider of staffing and employment services and benefits, was subject to a hostile takeover, a highly unusual occurrence in Japan.

Significant contributors and detractors from performance

The largest contributors to returns over the six months ended 31st March 2024 were all rated (by us) as Quality companies and included **Tokyo Electron**, where demand for semiconductor production equipment led to strong earnings. **Shin-Etsu Chemical**, the world's leader producer of silicon wafers and PVC, was another key contributor. Its good share price performance was driven by improving shareholder returns, although the company's balance sheet remains over-capitalised. **ASICS**, a leading brand of running shoes, has seen a major turnaround over recent years thanks to new management, and this has been reflected in rising earnings. **Hitachi**, a conglomerate that is a major supply of cabling for power grids amongst other businesses, has also seen earnings improve due to substantial changes within the company, including an increased focus on profitability and cash flow. We upgraded Hitachi's strategic classification from Standard to Quality over the period. **Japan Exchange**, a financial exchange operator, has benefited from the renewed investor interest in the Japanese market, which has lifted trading volumes.

The main detractors from performance over the review period included **Nakanishi**, the leading maker of dental equipment. This Quality-rated business has struggled following a recent acquisition. **OBIC**, a Quality-rated IT services business languished due to a lack of positive news flow. Our decision not to hold the carmaker, **Toyota**, a Standard-rated company, also hurt returns as the stock did well during the period. Earnings have been strong, driven by robust demand for its products, particularly hybrid vehicles, while yen weakness has boosted the yen value of foreign sales. However, we have avoided this stock as we think the valuation is high relative to other international vehicle manufacturers.

Portfolio activity

Corporate governance reforms, including business reorganisations, are increasing the number of companies we may, in future, deem to be Premium or Quality rated, and this has created many more opportunities for us to invest in the kind of businesses we favour. During the review period, we added five new stocks to the portfolio:

– **Softbank Group** – The Group listed its Quality-rated subsidiary ARM, a chipmaker, in the US last year. This has greatly improved visibility regarding the value of the whole group, which in our assessment is trading at a wide, and appealing, discount to NAV;

– **Suzuki Motor** - The company owns close to 60% of Quality-rated Maruti Suzuki, which occupies a very dominant position in India's car market. The discount to the value of this stake is wide. Additionally, the company is reviewing its shareholder return policy; and

– **Niterra** -This business is the world's number one maker of spark plugs, which gives it excellent pricing power. Recurring revenues are also robust due to demand for replacements.

We also made smaller acquisitions of **Sanrio**, the owner of the Hello Kitty brand as well as other popular characters, and **Megachips**, a supplier to Nintendo that we bought on valuation grounds.

These purchases were funded by the sale of eleven stocks. The most significant of these disposals were **Nippon Telegraph**, a telecommunications company, **T&D Holdings**, an insurance company and **Unicharm**, a supplier of personal and household products. We used the proceeds of our sale of Nippon Telegraph, where earnings have been somewhat lacklustre, to fund the purchase of Softbank. We sold T&D Holdings as the investment case had, in our view, run its course once the company announced an improved capital allocation plan. We exited Unicharm due to intensifying competition in China and South-East Asia. As mentioned above, we sold **Benefit One** as it was subject to a takeover offer.

The net effect of these transactions was that turnover during the six-month period under review was 26% on an annualised basis, in line with its long-term average. On a geared basis, the portfolio's active share was 88% at the end of the review period, while gearing stood at 10.5%, as compared to 13.7% at the end of September 2023.

Outlook

After a strong performance in 2023, recent encouraging news flow about the economy and further corporate governance reforms, the global investment community’s view on Japan is starting to change for the better. Several factors justify this more optimistic assessment and bode well for the market’s medium to longer term prospects.

Firstly, global investors remain mostly underweight Japanese equities, so there is still significant scope for improved market sentiment to translate into foreign investor inflows, especially since the market, while not cheap, still offers relatively good value. At the end of February 2024, it was priced at 16.1x earnings on a forward price to earnings basis and at 1.5x book value (in trailing price to book terms). Japanese investors are also showing greater interest in their domestic market.

For foreign investors, the currency is a key consideration. The yen continues to weaken, and it is difficult to know when this trend will reverse. However, the currency is approaching its lowest level against the pound in nine years; it is at a 34-year low versus the USD; and with the BoJ beginning to raise rates, it is possible the currency may begin to stabilise soon. Any reversal would clearly be beneficial for GBP-based investors.

A much more profound transformation is also underway across the Japanese economy, generating exciting investment opportunities capable of flourishing regardless of the near-term economic environment. Japan is at a very early stage of digitalisation compared to the rest of the world, and this, combined with the trend towards industrial automation, has the potential to help drive significant growth and/or productivity gains over the medium term. Demographic changes, developments in medical technology and the transition to renewable energy are also contributing to rapid structural change – an ideal environment for the dynamic, quality businesses we want to own.

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

However, in our view, the most important positive influence on the outlook for Japanese equities remains the ongoing reform of the corporate sector. There has been significant progress to date, and, with the encouragement of the government, regulators, and shareholders, Japanese companies are adopting ever higher standards of independence and transparency and implementing best practices in their capital allocation decisions. Shareholder returns are benefiting from share buybacks and higher dividends, and we expect dividend payout ratios to continue to rise. As we discussed in the Company’s Annual Report, we see potential for these developments to lift the whole market, including the Company’s holdings, to a higher valuation.

This combination of improving economic fundamentals, structural transformation, and corporate governance reforms, should help sustain and encourage investors’ appetite for Japan stocks after their long absence from this market. These developments also form the basis of our optimism regarding the market and leave us confident about the long-term prospects of the portfolio’s holdings and its ability to deliver capital growth to shareholders over the long term.

Thank you for your ongoing support.

Nicholas Weindling
Miyako Urabe
Investment Managers

30th May 2024

Environmental, Social and Governance Report

Background

Our research-driven process focuses on financially material ESG issues that impact the performance of companies in which we invest. We advocate robust corporate governance and business practices that 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 financially material ESG factors in 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.

How do we integrate ESG into our investment processes?

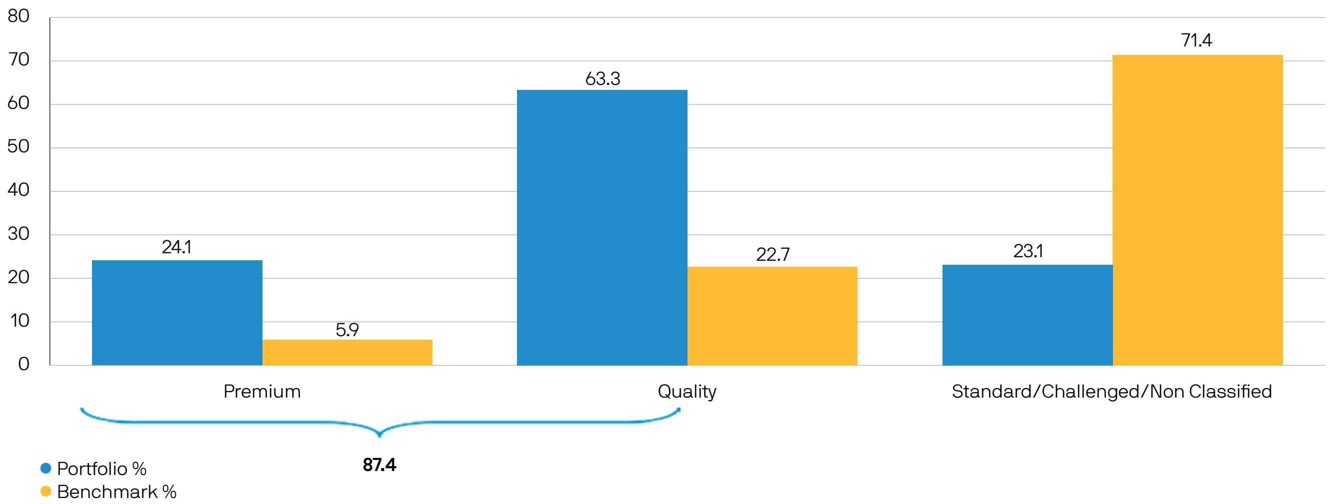
In actively managed strategies deemed by J.P. Morgan Asset Management ('JPMAM') to be ESG integrated under our governance process, we systematically assess financially material ESG factors (amongst other factors) in our investment analysis and investment decisions, where possible and appropriate, with the goals of managing risk and improving long-term returns.

Essentially, we seek to determine whether, in our opinion, a company faces potential headwinds or tailwinds from ESG considerations which may ultimately have a significant impact on its share price.

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

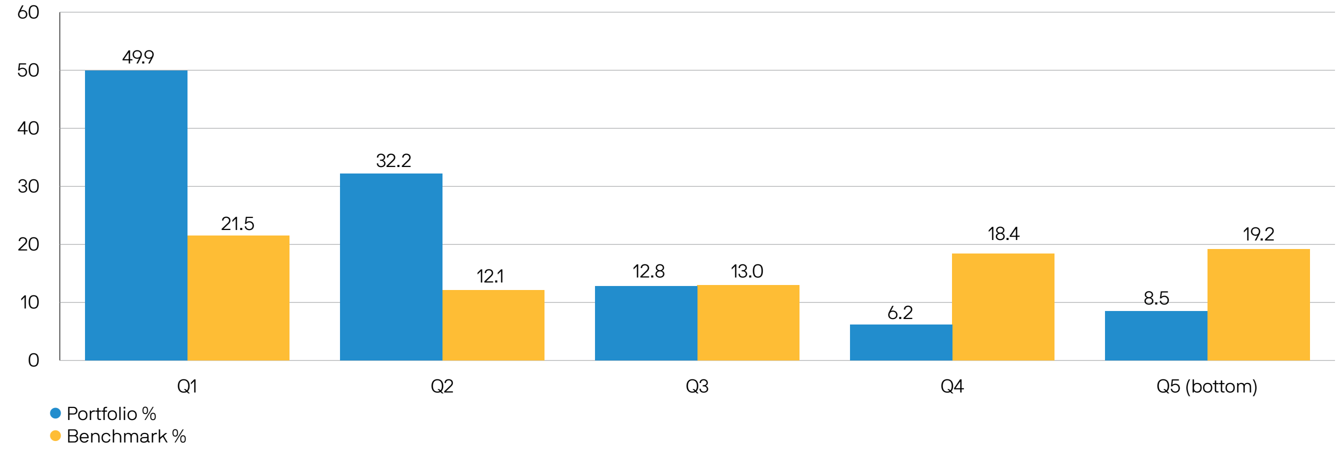
The charts below demonstrate the impact ESG integration has on the portfolio compared to the benchmark. First, we assign each business a strategic classification that ranges from Premium (best) to Quality and then to Standard. This label is arrived at after a thorough examination of economics, governance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

Strategic classification: Portfolio versus Benchmark



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

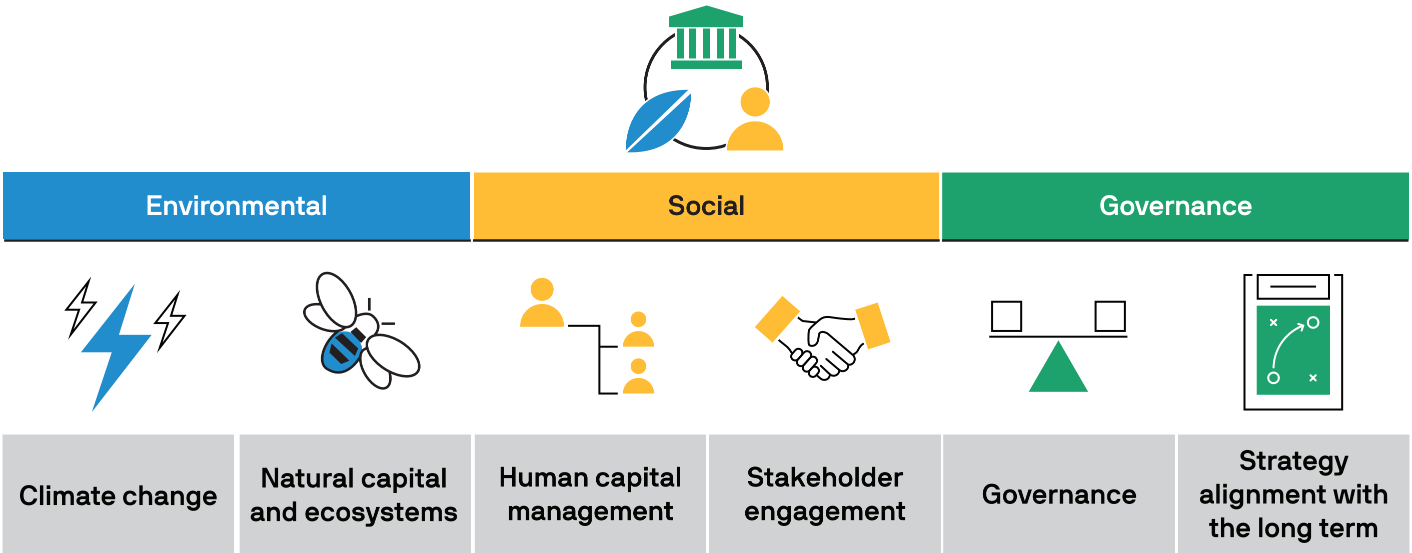


The third stage is a materiality framework. This sees our specialist sector analysts determine which are the most important environmental, social and governance issues within individual industries and score companies on those in order to identify leaders and laggards.

Engagement

We recognise and embrace our wider stewardship responsibilities to clients as a major asset owner. We use engagement to better understand and encourage portfolio companies to develop and adopt practices to manage their risk and create long-term shareholder value. Active ownership in the context of ESG integration allows us to manage ESG risks and to systematically incorporate insights gained from engagement into our investment decisions.

To shape that engagement, six overarching principles are defined by the specialist Sustainable Investment team within JPMAM.



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 2023 Investment Stewardship Report can be accessed at https://am.jpmorgan.com/content/dam/jpm-am-aem/global/en/sustainable-investing/investment-stewardship-report.pdf

Environmental, Social and Governance Report

Examples of Specific Recent ESG Engagements

The case studies below illustrate how the principles and frameworks set out in this report work together to create a coherent and effective approach to corporate engagement. The 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.

Sony

We engaged with Sony after the company requested our feedback for their newly published 2023 integrated report.

While we thought certain areas were more clearly articulated than previously, we noted that sustainability-related key performance indicators were still biased towards financial outcomes, and this could be improved with the inclusion of more sustainability goals.

On governance, we explained that it is important to be able to assess whether there are conflicts of interests, so we encouraged more disclosure and transparency on the board evaluation process.

On social and human rights issues, the company confirmed that it had developed measures to pre-empt human rights violations throughout its supply chain in recent years. We emphasised the importance of providing immediate remedies for human rights violations, facilitating preventative measures and mitigating actual or potential impacts.

In the electronics business segment, the company led the establishment of social, environmental and ethical industry standards for the electronics industries and has been working as one of the founding and board members of the Responsible Business Alliance (RBA) since 2011. However, we noted the company's due diligence process for mineral smelters relies on third-party audits, and the company's annual self-assessment surveys were only applied to four minerals (tantalum, tin, gold and tungsten). Importantly, cobalt, which is regarded as a high-risk mineral due to the involvement of child labour in its extraction in the Democratic Republic of the Congo (DRC), was out of scope. Sony explained that the 22 smelters and refiners identified as sourcing from the DRC were all compliant with the Responsible Minerals Assurance Program (RMAP) which uses an independent third-party assessment to verify responsible mineral procurement and thereby non-involvement in the funding of armed conflicts or human rights violations.

We asked for an in-depth follow-up meeting on cobalt mining for lithium batteries. We will also continue to monitor further improvement in disclosure of its sustainability efforts.

Shimano

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

We asked the company to explain how its management assesses what an appropriate level of leverage the business should have. They focus on use of cash flow, and how much cash the company should hold by considering working capital needs, risk buffer, growth investments and shareholder pay-outs. We pointed out that given their significant net cash position, it is more appropriate to argue in the context of leverage rather than for the use of cash. We also commented that they should consider other companies' typical payout ratio of 30% to 50% in this context.

The company strengthened sustainability governance by establishing an ESG committee in October 2022 and an ESG Promotion Department in January 2024.

We commented that the current disclosure on sustainability in the company report and the ESG report is limited and requested more fact-based data in the next report. We suggested that the company should include explanations of its policy for developing human capital, its strategy for female advancement and its pay gap in the fiscal year 2023 annual report.

In connection with the company's supply chain, we expressed our concern over the alleged exploitation of migrant workers at its subsidiary in Malaysia. The company explained that it had set up a third-party committee, conducted on-site inspections and is taking remedy measures for the migrant workers. We requested that it strengthens the monitoring of its suppliers by extending the scope of monitoring beyond business partners in Japan and also requested that it reports the findings and action plans in the fiscal year 2023 annual report.

We will engage again after the publication of the fiscal year 2023 annual report and corporate governance report.

Proxy Voting

Voting for the six months to 31st March 2024

The Company voted at all of the 16 annual general meetings of investee companies held during the six months to 31st March 2024. There were no extraordinary general meetings during the period. 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 2024 is detailed below.

Environmental, Social and Governance Report

	For	Against	Abstain	Against/ Abstain Total	Total Items	% Against
Election of Directors	90	27	0	27	117	23.1%
Election of Statutory Auditors	13	2	0	2	15	13.3%
Director Remuneration[1]	4	1	0	1	5	20.0%
Income Allocation	6	3	0	3	9	33.3%
Reorganisation and Mergers	1	0	0	0	1	0.0%
Amendment to articles of association	4	0	0	0	4	0.0%
Capitalisation	1	0	0	0	1	0.0%
Total	**119**	**33**	**0**	**33**	**152**	**21.7%**

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

Reasons for votes being cast against management included the following:

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

The Carbon Scorecard

The portfolio companies have low carbon emissions, which is unsurprising, given our emphasis on newer industries. While the carbon footprint is an important starting point to help understand the portfolio's exposure to climate risks, we also review the strategic initiatives undertaken by individual companies to manage their environmental impact. The table below contains the numbers as at 31st March 2024.

	Carbon Emissions tons CO2e / $M invested	**Total Carbon Emissions** tons CO2e	**Carbon Intensity** tons CO2e/ $M sales	**Weighted Average Carbon Intensity** tons CO2e/$M sales
JPMorgan Japanese Investment Trust plc	**30.5**	**36,894**	**57.3**	**59.3**
TOPIX	**172.0**	**594,934,838**	**160.1**	**82.6**
Aim/Purpose	What is my portfolio's normalised carbon footprint per million dollars invested?	What is my portfolio's total carbon footprint?	How efficient is my portfolio in terms of carbon emissions per unit of output?	What is my portfolio's exposure to carbon intensive companies?
Description	Normalised measure of a portfolio's contribution to climate change that enables comparisons with a benchmark, between multiple portfolios, and over time, regardless of portfolio size.	Measures the carbon footprint of a portfolio – i.e. the total carbon emissions for which an equity portfolio is responsible – by summing up the proportionate carbon emissions of portfolio companies based on the investor's ownership share.	Expresses the carbon efficiency of the portfolio and allows investors to measure how much carbon emissions per dollar of sales are generated by portfolio companies. This metric adjusts for company size and is a more accurate measurement of the efficiency of output rather than a portfolio's absolute footprint.	Since companies with higher carbon intensity are likely to face more exposure to carbon related market and regulatory risks, this metric indicates a portfolio's exposure to potential climate change-related risks relative to other portfolios or a benchmark. Agnostic to ownership share, it also facilitates comparison with non-equity asset classes.

J.P. Morgan Asset Management (Japan) Limited

30th May 2024

Sector Analysis

Stock market sector analysis

	31st March 2024		30th September 2023	
	Portfolio %[1]	Benchmark %	Portfolio %[1]	Benchmark %
Information Technology	23.0	13.9	22.3	12.8
Industrials	19.9	24.3	19.3	24.0
Consumer Discretionary	15.6	18.6	13.8	18.9
Financials	11.7	12.8	12.0	12.1
Materials	9.6	5.9	8.1	5.7
Health Care	9.2	6.8	11.2	7.8
Communication Services	7.7	7.0	7.2	7.4
Consumer Staples	2.9	6.1	5.6	6.9
Real Estate	0.4	2.2	0.5	2.0
Utilities	—	1.4	—	1.4
Energy	—	1.0	—	1.0
Total	**100.0**	**100.0**	**100.0**	**100.0**

[1] Based on the total portfolio investments of £955.5m (2023: £859.3m).

List of investments

At 31st March 2024

Company	Valuation £'000	%
Information Technology		
Tokyo Electron	54,833	5.7
Keyence	54,689	5.7
Obic	24,717	2.6
Nomura Research Institute	23,539	2.5
Murata Manufacturing	16,858	1.8
Japan Material	15,663	1.6
Otsuka	8,845	0.9
Ibiden	5,842	0.6
Topcon	4,891	0.5
Money Forward	3,707	0.4
MegaChips	3,502	0.4
SpiderPlus	2,636	0.3
	219,722	**23.0**
Industrials		
Hitachi	45,673	4.8
ITOCHU	38,367	4.0
Recruit	32,876	3.4
Secom	24,652	2.6
SMC	17,437	1.8
Sanwa	9,303	1.0
Japan Elevator Service	7,524	0.8
Daikin Industries	5,774	0.6
Miura	4,808	0.5
Infomart	3,874	0.4
	190,288	**19.9**
Consumer Discretionary		
ASICS	44,406	4.6
Sony	32,220	3.4
Suzuki Motor	17,301	1.8
Seiko	16,665	1.7
Niterra	13,466	1.4
Fast Retailing	10,945	1.2
Shimano	6,639	0.7
Sanrio	4,643	0.5
ZOZO	2,977	0.3
	149,262	**15.6**
Financials		
Tokio Marine	53,667	5.6
Japan Exchange	31,482	3.3
Rakuten Bank	13,662	1.4
GMO Payment Gateway	10,180	1.1
WealthNavi	3,258	0.3
	112,249	**11.7**

Company	Valuation £'000	%
Materials		
Shin-Etsu Chemical	47,696	5.0
Nippon Sanso	23,002	2.4
Osaka Soda	13,753	1.5
Nippon Paint	6,788	0.7
	91,239	**9.6**
Health Care		
Hoya	33,887	3.5
Terumo	14,837	1.6
Kissei Pharmaceutical	13,834	1.5
Nakanishi	11,857	1.2
As One	7,295	0.8
Medley	6,035	0.6
	87,745	**9.2**
Communication Services		
SoftBank	34,802	3.7
Nintendo	28,967	3.0
Capcom	5,042	0.5
Square Enix	4,278	0.5
	73,089	**7.7**
Consumer Staples		
Seven & i	19,409	2.0
Cosmos Pharmaceutical	5,750	0.6
Milbon	2,970	0.3
	28,129	**2.9**
Real Estate		
Canadian Solar Infrastructure Fund	3,774	0.4
	3,774	**0.4**
Total Investments	**955,497**	**100.0**

Condensed Statement of Comprehensive Income

	(Unaudited) Six months ended 31st March 2024			(Unaudited) Six months ended 31st March 2023			(Audited) Year ended 30th September 2023		
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Gains on investments held at fair value through profit or loss[1]	—	133,184	133,184	—	55,483	55,483	—	33,592	33,592
Net foreign currency gains[2]	—	5,153	5,153	—	1,986	1,986	—	12,918	12,918
Income from investments	6,946	43	6,989	7,516	—	7,516	14,180	135	14,315
Interest receivable and similar income	216	—	216	301	—	301	526	—	526
Gross return	**7,162**	**138,380**	**145,542**	**7,817**	**57,469**	**65,286**	**14,706**	**46,645**	**61,351**
Management fee	(229)	(2,058)	(2,287)	(221)	(1,992)	(2,213)	(450)	(4,048)	(4,498)
Other administrative expenses	(671)	—	(671)	(601)	—	(601)	(1,276)	—	(1,276)
Net return before finance costs and taxation	**6,262**	**136,322**	**142,584**	**6,995**	**55,477**	**62,472**	**12,980**	**42,597**	**55,577**
Finance costs	(78)	(708)	(786)	(65)	(580)	(645)	(134)	(1,202)	(1,336)
Net return before taxation	**6,184**	**135,614**	**141,798**	**6,930**	**54,897**	**61,827**	**12,846**	**41,395**	**54,241**
Taxation	(697)	—	(697)	(752)	—	(752)	(1,418)	—	(1,418)
Net return after taxation	**5,487**	**135,614**	**141,101**	**6,178**	**54,897**	**61,075**	**11,428**	**41,395**	**52,823**
Return per share (note 3)	**3.70p**	**91.45p**	**95.15p**	**4.01p**	**35.66p**	**39.67p**	**7.46p**	**27.03p**	**34.49p**

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

All revenue and capital items in the above statement derive from continuing operations. No operations were acquired or discontinued in the 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 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 2024 (Unaudited)						
At 30th September 2023	**40,312**	**8,650**	**166,791**	**519,304**	**20,414**	**755,471**
Repurchase of shares into Treasury	—	—	—	(22,274)	—	(22,274)
Net return	—	—	—	135,614	5,487	141,101
Dividends paid in the period (note 4)	—	—	—	—	(9,657)	(9,657)
At 31st March 2024	**40,312**	**8,650**	**166,791**	**632,644**	**16,244**	**864,641**
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**
Year ended 30th September 2023 (Audited)						
At 30th September 2022	**40,312**	**8,650**	**166,791**	**496,089**	**18,532**	**730,374**
Repurchase of shares into Treasury	—	—	—	(18,180)	—	(18,180)
Net return	—	—	—	41,395	11,428	52,823
Dividends paid in the year (note 4)	—	—	—	—	(9,546)	(9,546)
At 30th September 2023	**40,312**	**8,650**	**166,791**	**519,304**	**20,414**	**755,471**

[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 of dividends.

As at 31st March 2024, the £632,644,000 Capital reserves are made up of net gains on the sale of investments of £341,519,000, a gain on the revaluation of investments still held of £256,036,000 and an exchange gain on the foreign currency loans of £35,089,000. The £35,089,000 of Capital reserves, arising on the exchange gain on the foreign currency loan, is not distributable. The remaining amount of Capital reserves totalling £597,555,000 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 2024 £'000	(Unaudited) At 31st March 2023 £'000	(Audited) At 30th September 2023 £'000
Fixed assets			
Investments held at fair value through profit or loss	**955,497**	**879,381**	**859,289**
Current assets			
Debtors	5,575	5,874	12,967
Cash and cash equivalents	8,390	974	2,141
	13,965	**6,848**	**15,108**
Creditors: amounts falling due within one year	(37,116)	(372)	(47,867)
Net current (liabilities)/assets	**(23,151)**	**6,476**	**(32,759)**
Total assets less current liabilities	**932,346**	**885,857**	**826,530**
Creditors: amounts falling due after more than one year	(67,705)	(108,921)	(71,059)
Net assets	**864,641**	**776,936**	**755,471**
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	632,644	546,019	519,304
Revenue reserve	16,244	15,164	20,414
Total shareholders' funds	**864,641**	**776,936**	**755,471**
Net asset value per share (note 5)	**591.1p**	**505.8p**	**500.9p**

Condensed Statement of Cash Flows

	(Unaudited) Six months ended 31st March 2024 £'000	(Unaudited) Six months ended 31st March 2023 £'000	(Audited) For the year ended 30th September 2023 £'000
Cash flows from operating activities			
Net profit before finance costs and taxation	142,584	62,472	55,577
Adjustment for:			
Net gains on investments held at fair value through profit or loss	(133,184)	(55,483)	(33,592)
Net foreign currency gains	(5,153)	(1,986)	(12,918)
Dividend income	(6,989)	(7,516)	(14,315)
Interest income	(1)	—	(2)
Realised gain on foreign exchange transactions	(31)	(102)	(695)
(Increase)/decrease in accrued income and other debtors	(19)	13	—
Increase in accrued expenses	57	86	77
Net cash outflow from operations before dividends and interest	**(2,736)**	**(2,516)**	**(5,868)**
Dividends received	5,935	6,063	12,885
Interest received	1	—	2
Net cash inflow from operating activities	**3,200**	**3,547**	**7,019**
Purchases of investments and derivatives	(116,848)	(94,379)	(190,000)
Sales of investments and derivatives	152,519	88,243	183,372
Net cash inflow/(outflow) from investing activities	**35,671**	**(6,136)**	**(6,628)**
Equity dividends paid	(9,657)	(9,546)	(9,546)
Repurchase of shares into Treasury	(22,274)	(4,965)	(18,180)
Drawdown of bank loan	—	—	(9,225)
Repayment of bank loan	—	(9,225)	12,014
Interest paid	(691)	(671)	(1,287)
Net cash outflow from financing activities	**(32,622)**	**(24,407)**	**(26,224)**
Increase/(decrease) in cash and cash equivalents	**6,249**	**(26,996)**	**(25,833)**
Cash and cash equivalents at start of period/year	2,141	27,974	27,974
Exchange movements	—	(4)	—
Cash and cash equivalents at end of period/year	**8,390**	**974**	**2,141**
Cash and cash equivalents consist of:			
Cash and short term deposits	8,390	974	2,141
Total	**8,390**	**974**	**2,141**

Notes to the Condensed Financial Statements

For the six months ended 31st March 2024

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 auditor.

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 2023 are extracted from the latest published financial statements of the Company. The financial statements for the year ended 30th September 2023 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 2024.

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 2023.

3. Return per share

	(Unaudited) Six months ended 31st March 2024 £'000	(Unaudited) Six months ended 31st March 2023 £'000	(Audited) Year ended 30th September 2023 £'000
Return per share is based on the following:			
Revenue return	5,487	6,178	11,428
Capital return	135,614	54,897	41,395
Total return	**141,101**	**61,075**	**52,823**
Weighted average number of shares in issue	148,297,034	153,963,270	153,121,747
Revenue return per share	3.70p	4.01p	7.46p
Capital return per share	91.45p	35.66p	27.03p
Total return per share	**95.15p**	**39.67p**	**34.49p**

4. Dividends paid

	(Unaudited) Six months ended 31st March 2024 £'000	(Unaudited) Six months ended 31st March 2023 £'000	(Audited) Year ended 30th September 2023 £'000
2023 final dividend paid of 6.5p (2022: 6.2p) per share	**9,657**	**9,546**	**9,546**

All dividends paid in the period have been funded from the revenue reserve (2023: same).

No interim dividend has been declared in respect of the six months ended 31st March 2024 (2023: nil).

Notes to the Condensed Financial Statements

5. Net asset value per share

	(Unaudited) Six months ended 31st March 2024	(Unaudited) Six months ended 31st March 2023	(Audited) Year ended 30th September 2023
Net assets (£'000)	864,641	776,936	761,402
Number of shares in issue (excluding shares held in Treasury)	146,267,089	153,592,089	150,832,089
Net asset value per share	**591.1p**	**505.8p**	**500.9p**

6. Fair valuation of instruments

The fair value hierarchy disclosures required by FRS 102 are given below:

	(Unaudited) Six months ended 31st March 2024		(Unaudited) Six months ended 31st March 2023		(Audited) Year ended 30th September 2023	
	Assets £'000	Liabilities £'000	Assets £'000	Liabilities £'000	Assets £'000	Liabilities £'000
Level 1	955,497	—	879,381	—	859,289	—
Total	**955,497**	**—**	**879,381**	**—**	**859,289**	**—**

7. Analysis of Changes in Net Debt

	As at 30th September 2023 £'000	Cash flows £'000	Other non-cash changes £'000	As at 31st March 2024 £'000
Cash and cash equivalents				
Cash and short term deposits	2,141	6,249	—	8,390
	2,141	6,249	—	8,390
Borrowings				
Debt due within one year	(38,433)	—	1,820	(36,613)
Debt due after one year	(71,059)	—	3,354	(67,705)
	(109,492)	—	5,174	(104,318)
Net debt	**(107,351)**	**6,249**	**5,174**	**(95,928)**

Interim Management Report

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

Principal and Emerging Risks and Uncertainties

The Directors confirm that they have carried out a robust assessment of the principal and emerging risks facing the Company, including those that would threaten its business model, future performance, solvency or liquidity. With the assistance of JPMF, the Audit & Risk Committee has drawn up a risk matrix, which identifies the key risks to the Company. These are reviewed and noted by the Board. The 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.

As part of the review, the Board believes that the risk related to Geopolitical uncertainty has increased and the risk related to inflation has decreased. Information on each of these areas is given on pages 41 to 44 of the Strategic Report within the Annual Report and Financial Statements for the year ended 30th September 2023.

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, the Directors have undertaken a rigorous review of the Company's ability to continue as a going concern.

The Board has, in particular, considered the impact of heightened market volatility since the Russian invasion of Ukraine, the persistent inflationary environment, rising interest rates and other geopolitical risks, and does not believe the Company's going concern status is affected. The Company's assets, the vast majority of which are investments in quoted securities which are readily realisable, exceed its liabilities significantly under all stress test scenarios reviewed by the Board. Gearing levels and compliance with borrowing covenants are reviewed by the Board on a regular basis. Furthermore, the Company's key third party suppliers, including its Manager are not experiencing any operational difficulties which would adversely affect their services to the Company.

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 2024, 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

Stephen Cohen
Chairman

30th May 2024

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 2024	
Opening share price (p)	7	460.5	(a)
Closing share price (p)	7	542.0	(b)
Total dividend adjustment factor[1]		1.013598	(c)
Adjusted closing share price (p) (d = c x b)		549.4	(d)
Total return to shareholders (e = d / a – 1)		**19.3%**	(e)

[1] The dividend adjustment factor is calculated on the assumption that the dividends paid out by the Company are reinvested into the shares of the Company at the 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 25) 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'.

Total return calculation	Page	Six months ended 31st March 2024	
Opening cum-income NAV per share with debt at par (p)	7	500.9	(a)
Closing cum-income NAV per share with debt at par (p)	7	591.1	(b)
Total dividend adjustment factor[1]		1.012422	(c)
Adjusted closing cum-income NAV per share with debt at par (d = b x c)		598.4	(d)
Total return on net assets with debt at par value (e = d / a – 1)		**19.5%**	(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.

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 2024, the NAV with debt at fair value was £864,681,000 (30th September 2023: £761,402,000; 31st March 2023: £778,563,000) or 591.1p (30th September 2023: 504.8p; 31st March 2023: 506.9p) per share.

Total return calculation	Page	Six months ended 31st March 2024	
Opening cum-income NAV per share with debt at fair value (p)	7	504.8	(a)
Closing cum-income NAV per share with debt at fair value (p)	7	595.1	(b)
Total dividend adjustment factor[1]		1.0122331	(c)
Adjusted closing cum-income NAV per share with debt at fair value (p) (d = c x b)		602.4	(d)
Total return on net assets with debt at fair value (e = d / a – 1)		**19.3%**	(e)

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

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

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 28 for detailed calculations.

Gearing/(net cash) (APM)

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

Gearing calculation	Page	31st March 2024 £'000	30th September 2023 £'000	
Investments held at fair value through profit or loss	25	955,497	859,289	(a)
Net assets	25	864,641	755,471	(b)
Gearing (c = a / b – 1)		**10.5%**	**13.7%**	**(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 2024 is an estimated annualised figure based on the numbers for the six months ended 31st March 2024.

Ongoing charges calculation	Page	31st March 2024 £'000	30th September 2023 £'000	
Management Fee	23	4,574	4,498	
Other administrative expenses	23	1,342	1,276	
Total management fee and other administrative expenses		5,916	5,774	(a)
Average daily cum-income net assets		791,903	776,599	(b)
Ongoing charges (c = a / b)		**0.75%**	**0.74%**	(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 Investcentre	Halifax Share Dealing
Barclays Smart investor	Hargreaves Lansdown
Charles Stanley Direct	interactive investor
Fidelity Personal Investing	

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

Investment and pension scams are often sophisticated and difficult to spot

FINANCIAL CONDUCT AUTHORITY

Be a ScamSmart Investor

Be a ScamSmart investor and spot the warning signs

Fraudsters will often:

- contact you out of the blue
- apply pressure to invest quickly
- downplay the risks to your money
- promise tempting returns that sound too good to be true
- say that they're only making the offer available to you or even ask you to not tell anyone else about it

How to avoid investment and pension scams

1. **Reject unexpected offers**
   Scammers usually cold call, but contact can also come by email, post, word of mouth or at a seminar. If you've been offered an investment out of the blue, chances are it's a high risk investment or a scam.
2. **Check the FCA Warning List**
   Use the FCA Warning List to check the risks of a potential investment – you can also search to see if the firm is known to be operating without our authorisation.
3. **Get impartial advice**
   Get impartial advice before investing – don't use an adviser from the firm that contacted you.

If you're suspicious, report it

You can report the firm or scam to us by contacting our **Consumer Helpline** on **0800 111 6768** or using our reporting form using the link below.

If you've lost money in a scam, contact Action Fraud on 0300 123 2040 or www.actionfraud.police.uk

Be ScamSmart and visit www.fca.org.uk/scamsmart

Information about the Company

Financial Conduct Authority ('FCA') Regulation of 'non-mainstream pooled investments', MiFID II 'complex investments'

The Company currently conducts its affairs so that the shares issued by the Company can be recommended by independent financial advisers to ordinary retail investors in accordance with the FCA's rules in relation to non-mainstream investment products and intends to continue to do so for the foreseeable future. The shares are excluded from the FCA's restrictions which apply to non-mainstream investment products because they are shares in an investment trust. The Company's ordinary shares are not considered to be 'complex instruments' under the FCA's 'Appropriateness' rules and guidance in the COB sourcebook.

Consumer Duty Value Assessment

The Manager has conducted an annual value assessment on the Company in line with FCA rules set out in the Consumer Duty regulation. The assessment focuses on the nature of the product, including benefits received and its quality, limitations that are part of the product, expected total costs to clients and target market considerations. Within this, the assessment considers quality of services, performance of the Company (against both benchmark and peers), total fees (including management fees and entry and exit fees as applicable to the Company), and also considers whether all consumers, including vulnerable consumers, are able to receive fair value from the product. The Manager has concluded that the Company is providing value based on the above assessment.

Task Force on Climate-related Financial Disclosures

As a regulatory requirement, JPMorgan Asset Management (JPMAM) published its first UK Task Force on Climate-related Financial Disclosures ('TCFD') Report for the Company in respect of the year ended 31st December 2022 on 30th June 2023. The report discloses estimates of the Company's portfolio climate-related risks and opportunities according to the Financial Conduct Authority (FCA) Environmental, Social and Governance (ESG) Sourcebook and the Task Force on Climate-related Disclosures (TCFD). The report is available on the Company's website under the ESG documents section: https://am.jpmorgan.com/content/dam/jpm-am-aem/emea/regional/en/regulatory/esginformation/jpm-japanese-investment-trust-plc-fund-tcfd-report-uk-per.pdf

The Board is aware that best practice reporting under TCFD is still evolving with respect to metrics and input data quality, as well as the interpretation and implications of the outputs produced, and will continue to monitor developments as they occur.

Information about the Company

History

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

Directors

Stephen Cohen *(Board Chairman, Chairman of Nomination Committee and Management Engagement Committee)*
Sally Macdonald *(Senior Independent Director)*
Sally Duckworth *(Audit & Risk Committee Chair)*
George Olcott *(Chairman of Remuneration Committee)*
Anna Dingley
Lord Jonathan Kestenbaum

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.

Website

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

Share Transactions

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

Manager and Company Secretary

JPMorgan Funds Limited

Company's Registered Office

60 Victoria Embankment
London EC4Y 0JP
Telephone: 0800 20 40 20 or +44 1268 44 44 70
email: invtrusts.cosec@jpmorgan.com

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

Depositary

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

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

Registrar (with effect from 3rd June 2024)

Computershare Investor Services PLC
The Pavilions
Bridgwater Rd
Bristol
BS99 6ZZ
United Kingdom

Telephone + 44 (0) 370 707 1512
Lines open 8.30a.m. to 5.30p.m. Monday to Friday

Shareholders can manage their shareholding online by visiting Investor Centre at www.investorcentre.co.uk, Shareholders just require their Shareholder Reference Number ('SRN'), which can be found on any communications previously received from Computershare.

Independent Auditors

Ernst & Young LLP
Statutory Auditor
Atria One
144 Morrison Street
Edinburgh EH3 8EB

Broker

Investec Bank plc
30 Gresham Street
London EC2V 7QP

The Association of Investment Companies

A member of the AIC

FINANCIAL CALENDAR

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

CONTACT

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J.P.Morgan
ASSET MANAGEMENT