

Jupiter Japan Income Fund

For the year ended 31 July 2019

ANNUAL

Report & Accounts



ON THE PLANET TO PERFORM


JUPITER

Contents

• Fund Information*	1
• Investment Report*	3
• Comparative Tables	6
• Portfolio Statement*	10
• Summary of Material Portfolio Changes	12
• Statement of Authorised Fund Manager's Responsibilities in relation to the Financial Statements of the Scheme	13
• Statement of Trustee's Responsibilities in relation to the Financial Statements of the Scheme	13
• Report of the Trustee	13
• Independent Auditors' Report	14
• Statement of Total Return	16
• Statement of Change in Net Assets Attributable to Unitholders	16
• Balance Sheet	17
• Directors' Statement	17
• Notes to the Financial Statements	18
• Distribution Table	31
• General Information*	35

*These collectively comprise the Authorised Fund Manager's Report

Fund Information

Manager, Registrar and Administrator

Jupiter Unit Trust Managers Limited

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Chelmsford

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Tel: 0800 561 4000

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www.jupiteram.com

Registered Address:

The Zig Zag Building,

70 Victoria Street,

London SW1E 6SQ

Authorised and regulated by the Financial Conduct Authority.

Directors

The Directors of Jupiter Unit Trust Managers Limited are:

R Corfield

P M Moore

J Singh

N Ring*

K Baillie**

T Scholefield**

P Wagstaff***

*Resigned 31 May 2019

**Independent. Appointed 1 May 2019

***Appointed 31 July 2019

Trustee

National Westminster Bank plc (Prior to 1 June 2019)

Trustee and Depositary Services

Floor 1

280 Bishopsgate

London EC2M 4RB

Authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and by the Prudential Regulation Authority.

Northern Trust Global Services SE (UK branch)

(From 1 June 2019)

50 Bank Street

Canary Wharf

London E14 5NT

Authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and by the Prudential Regulation Authority.

Investment Adviser

Jupiter Asset Management Limited

The Zig Zag Building

70 Victoria Street

London SW1E 6SQ

Authorised and regulated by the Financial Conduct Authority.

Independent Auditors

PricewaterhouseCoopers LLP

Atria One

144 Morrison Street

Edinburgh

EH3 8EX

It is the intention of Jupiter Unit Trust Managers Limited to make this Report & Accounts available on their website. The maintenance and integrity of the Jupiter Unit Trust Managers Limited website is the responsibility of the Directors; the work carried out by the auditors of the Jupiter Japan Income Fund does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the website.

Fund Information (continued)

Investment Objective

To achieve long-term capital and income growth.

Investment Policy

To attain the objective by investing in a combination of Japanese equities and convertible bonds as well as cash, deposits and money market instruments. The Manager may enter into derivative transactions on behalf of the Fund to the extent that these are for the purposes of efficient management of the portfolio, as permitted under paragraph 9 of the Scheme Particulars. The Manager will only enter into derivative transactions for the purposes of hedging and tactical asset allocation, and not for speculative purposes.

Status

The Fund operates under the Investment Funds Sourcebook (FUND) where applicable and the Collective Investment Schemes Sourcebook (COLL) of the Financial Conduct Authority. The Fund is an authorised unit trust scheme under section 237 of the Financial Services and Markets Act 2000 and is a UCITS scheme as defined in the COLL rules. It is in the 'Japan' Investment Association sector.

The Fund is a qualifying fund for inclusion within a stocks and shares Individual Savings Account (ISA). It is the Manager's intention to continue to manage the affairs of the Fund in order to meet the qualifying requirements as outlined in the current legislation.

Unit Classes

In addition to the basic class of units which are available to all types of investors, the Fund also offers I-Class units, I-H Class units and Z-Class units and Z-H Class units. I-Class units are available to investors who invest at least £5,000,000 Z-Class units and Z-H Class units are available to investors who invest at least £125,000,000. The Fund introduced I-H Class income units on 28 June 2010 and Z-H Class units on 16 February 2018. The purpose of these units is to reduce the effect of fluctuations in the rate of exchange between the currency of the unit class and the currency in which all or part of the underlying assets are denominated or valued. The intention is that holders of units in a hedged currency unit class shall receive a return in sterling substantially in line with the true performance of the assets of the Fund by reference to the value of that property in the currency in which the assets are denominated and shall not be affected (whether positively or negatively) by fluctuations in the rate of exchange between the currency of the class of units (sterling) and the relevant currency or currencies in which the assets are denominated. Further details are available from the Manager on request. Please note that in order to distinguish between the unit classes within the Fund they are defined in these accounts as either Retail Units (non I-Class, I-H Class, Z-Class and Z-H Class) or I-Class, I-H Class, Z-Class and Z-H Class units. The unit types associated with each unit class are disclosed in the Comparative Tables on pages 6 to 8.

Cumulative Performance (% change to 31 July 2019)

	1 year	3 years	5 years	10 years	Since launch*
Percentage growth	4.9	38.9	102.5	173.7	182.2
Sector position	5/74	8/71	7/64	8/53	5/37
Quartile ranking	1st	1st	1st	1st	1st

Source: FE, I-Class Units, NAV to NAV or bid to NAV dependent on the period of reporting, all performance is net of fees with net income reinvested. Past performance is no guide to the future. *Launch date 15 September 2005.

This document is for informational purposes only and is not investment advice. Market and exchange rate movements can cause the value of an investment to fall as well as rise, and you may get back less than originally invested. We recommend you discuss any investment decisions with a financial adviser, particularly if you are unsure whether an investment is suitable. Jupiter is unable to provide investment advice. Current tax levels and reliefs will depend on your individual circumstances and are subject to change in the future. **All the Fund's expenses are charged to capital, which can reduce the potential for capital growth. This has had the effect of increasing the distributions paid on an annualised basis on Retail Units by up to 1.73% of the class' average Net Asset Value during the period under review (I-H Class Units 1.10%, I-Class Units 0.98%, Z-H Class Units 0.96% and Z-Class Units 0.80%) and constraining the class' capital performance to an equivalent extent. This Fund can invest more than 35% of its value in securities issued or guaranteed by an EEA state.** For definitions please see the glossary at jupiteram.com. Every effort is made to ensure the accuracy of any information provided but no assurances or warranties are given. Company examples are for illustrative purposes only and are not a recommendation to buy or sell. Quoted yields are not guaranteed and may change in the future. Jupiter Unit Trust Managers Limited is authorised and regulated by the Financial Conduct Authority and their registered address is The Zig Zag Building, 70 Victoria Street, London, SW1E 6SQ.

ANNUAL REPORT

Jupiter Japan Income Fund

For the year ended 31 July 2019

Investment Report

Performance Review

For the year ended 31 July 2019, the Jupiter Japan Income Fund returned 4.9% compared to 1.0% for the TOPIX Index and 0.2% for the IA Japan sector average (all in sterling terms).

Over five years, the fund has returned 102.5% compared to 76.3% for the TOPIX Index and 72.7% for the average fund in the IA Japan sector.

A final distribution of 1.2476 pence per unit will be paid to holders of Retail income units on 30 September 2019 (Retail accumulation units 1.6301 pence per unit), bringing the total paid in respect of the period under review to 2.2574 pence per unit for Retail income units (Retail accumulation units 2.9344 pence per unit) compared to 1.8209 pence per unit for Retail income units (Retail accumulation units 2.3177 pence per unit) paid in respect of the same period last year. Also, a final distribution of 1.2903 pence per unit will be paid to holders of I-H Class income units on 30 September 2019, bringing the total paid for the period to 2.3551 pence per unit. For holders of I-Class income units a final distribution of 1.3109 pence per unit (I-Class accumulation units 1.7124 pence per unit) will be paid on 30 September 2019 bringing the total paid in respect of the period under review to 2.3682 pence per unit for I-Class income units (I-Class accumulation units 3.0775 pence per unit).

**Source: FE, NAV to NAV or bid to NAV dependent on the period of reporting, all performance is net of fees with net income reinvested. The statistics disclosed above relate to I-Class Units unless otherwise stated.*

Market Review

The period under review covers a turbulent time for Japanese equities. Initially, stocks rallied, boosted by news that Shinzo Abe had won a landslide victory in Japan's general election, leaving him on track to become Japan's longest-serving Prime Minister. In early October, the Nikkei 225 Index reached its highest level in 27 years, although the broader TOPIX Index failed to regain the previous peak set in January 2018. This rally was followed by pronounced market falls during October and December, with the TOPIX Index falling

over 10% in local currency terms in December alone. The slump was not confined to Japan. Most equity markets across the world suffered as sentiment was weighed down by fears relating to the tapering of quantitative easing programmes, US-China trade tensions and a marked economic slowdown in China. The degree of Japan's participation was disconcerting, however, although the strengthening of the yen provided a respite for some investors.

Along with other stock markets globally, Japanese equities rebounded at the start of 2019 as sentiment was lifted by a more dovish tone from central banks, particularly the US Federal Reserve. Hopes of improved trade relations between the US and China also contributed to the rally, although stocks suffered another set-back in May when trade talks between the two nations broke down. While Japanese equities recovered again in June and July, the uncertain backdrop of heightened geopolitical tensions and ongoing trade tensions caused the yen to strengthen against most major currencies. A stronger yen provides headwinds for Japan's exporters and so benefits domestically-focused companies on a relative basis.

In July, Japan and South Korea found themselves in an escalating trade dispute over Japan's conduct during the second World War. As a result, Japan tightened restrictions on exports of some key materials particularly to the semiconductor industry and has threatened to drop South Korea from the list of countries that enjoy minimum trade restrictions. Although this has the potential to significantly disrupt global supply chains given the high-tech nature of a number of these raw materials, further geopolitical tensions between North Korea and the US may see the focus of the US, Japan and South Korea align again, which would limit any further spill over.

Policy Review

On a stock level, Asahi Intecc was a key contributor. A global leader in guidelines for minimally invasive cardiovascular surgery, its shares traded on high earnings

Investment Report (continued)

multiples towards the start of the review period before gaining steadily throughout the year as solid profit growth helped multiples to come down. Asahi Intecc's core technology – the drawing of fine, strong wire with perfect torque transmission – remains unpatented by choice to better keep its intellectual property secret.

Semiconductor manufacturer Lasertec was another winner for the portfolio. Despite some weakness in late 2018, the shares soared in 2019 on rising expectations that the second half of the year could see a resurgence in investment by chip manufacturers. Beyond these short-term considerations, we believe semiconductor-related companies will be ultimate winners within a structurally growing industry as demand is driven by artificial intelligence, internet-of-things devices and 5G.

Other positives included high-end call centre Prestige International, domestic design and display company Nomura Co., best-in-class insurer Tokio Marine, and Katitas, which refurbishes and resells unoccupied homes in Japan. Biotech and respiratory medicine company Sosei also performed well following the announcement of large milestone payments for its key drug discovery technology.

The largest detractor from the fund's relative returns was Tateru (formerly Investors Cloud), which operates an apartment management platform that includes matching investors with higher-yielding real estate assets. In September the shares fell sharply as the company became embroiled in a scandal, after one of its salespeople was found to have exaggerated the savings record of a prospective client when applying for a mortgage. Tateru confirmed that fact and announced an investigation. Shortly after the news broke, given the extreme share price fall, a disappointing lack of engagement from management and the fog of uncertainty that surrounded the company, we took the decision to sell the fund's entire position.

Other negatives included En-Japan. The recruitment service company has been a beneficiary of Japan's extremely tight labour market and investors may have been spooked by a moderation in the job-to-applicant ratio. Fukuoka Financial Group was another key detractor. Its shares weakened towards the period end, despite announcing year-end results that were in-line with forecasts and guidance, amid disappointment over lacklustre forward-looking profit guidance and the

absence of an expected share repurchase programme. Having zero exposure to SoftBank and Daiichi Sankyo also cost the fund some relative performance.

In addition to selling out of Tateru we also disposed of our position in En-Japan. We also sold the fund's long-term holding in Nomura Co. as a result of elevated valuations and a fading profit growth outlook. Some notable new positions initiated during the year included commercial drone specialist Autonomous Control Systems, which we see as having significant commercial opportunity, and so we used some volatility in its share price shortly after it listed to add to the position at lower levels. Other additions were Nippon Densetsu Kogyo, a construction company which enjoys the eternally profligate East Japan Railway as its primary customer, and Shima Seiki Manufacturing, a world-leading manufacturer of industrial knitting machines and effective monopolist in labour-saving whole garment machines. Sony was the final new addition. Following a share price fall of around one-third, Sony had become a very attractive investment in our eyes, mainly due to its content business that includes music, movies and games.

Investment Outlook

We continue to believe the following:

- That many Japanese companies are 'very good' particularly in regards to their expertise, know-how, intellectual property and competitive edge;
- That the planned consumption tax hike will be far less calamitous than last time around;
- That the beneficial impact of the country's corporate governance revolution and the corresponding shareholder returns have not fully played out;
- That the improvement in Japanese corporate profitability has structural drivers, not merely cyclical ones;
- That the Japanese market is not only 'relatively cheap', but that balance sheets are fundamentally stronger versus developed market peers;
- That Japan may behave differently when the next global recession strikes;

And yet, Japan has meaningfully underperformed since the start of 2018 compared to the S&P 500 Index & MSCI Europe Index (in local currency terms).

Investment Report (continued)

If one seeks to disaggregate the market movement between its two constituent parts (i.e. valuation and earnings), almost all the underperformance since the start of 2018 can be attributed to valuations coming down. This is not to say that Japanese corporate earnings are immune from any global economic slowdown and that earnings expectations, which have come off peak levels, cannot fall further. Rather, that any cyclicity of corporate earnings and exposure to global macro-economics is not a specifically Japanese phenomenon and many markets around the world will face similar pressures.

Given the contraction of valuations, it is clear that Japan has been treated more severely than other markets and when one asks the question 'who has been selling?' the answer is also equally clear – the global investor.

Some of our colleagues at Jupiter often ask us why we think foreign investors have been selling Japan and it is a tough question to answer. Herding and momentum are powerful factors in any market, and it is often painful to go against the tide, particularly with so much scrutiny placed on short term fund performance.

We cannot predict when 'the global investor' will return to Japan nor can we influence this. As dedicated Japanese equity investors, we have sought to consistently highlight the virtues we see in a market where the detracting arguments are many and well-known. The market continues to constantly throw up opportunities for us, and we remain alive to these in our mission to generate performance for our clients. The fact that we believe the market is not yet appropriately pricing in these virtues does not mean that these virtues do not exist.

Dan Carter
Fund Manager

Comparative Tables

Change in net assets per unit

	Retail Income			I-H Class Income		
	31.07.19	31.07.18	31.07.17	31.07.19	31.07.18	31.07.17
Opening net asset value per unit	93.79p	84.75p	75.66p	98.64p	84.53p	72.40p
Return before operating charges*	4.62p	12.41p	12.14p	(4.26p)	17.12p	14.65p
Operating charges	(1.52p)	(1.55p)	(1.37p)	(0.99p)	(1.07p)	(0.88p)
Return after operating charges*	3.10p	10.86p	10.77p	(5.25p)	16.05p	13.77p
Distributions on income unit	(2.26p)	(1.82p)	(1.68p)	(2.36p)	(1.94p)	(1.64p)
Closing net asset value per unit	94.63p	93.79p	84.75p	91.03p	98.64p	84.53p
*after direct transaction costs of:	0.03p	0.05p	0.11p	0.03p	0.06p	0.11p

Performance

Return after charges	3.31%	12.81%	14.23%	(5.32%)	18.99%	19.02%
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Other information

Closing net asset value (£'000)	7,493	7,923	12,273	16,533	23,329	105,123
Closing number of units	7,918,368	8,447,434	14,480,896	18,161,754	23,649,418	124,360,287
Operating charges	1.73%	1.73%	1.74%	1.10%	1.14%	1.13%
Direct transaction costs	0.03%	0.06%	0.14%	0.03%	0.06%	0.14%

Prices

Highest unit price	97.10p	100.94p	89.76p	99.51p	106.04p	86.21p
Lowest unit price	80.75p	81.17p	71.34p	79.88p	84.08p	68.57p

Change in net assets per unit

	I-Class Income			Z Class Income**	
	31.07.19	31.07.18	31.07.17	31.07.19	31.07.18
Opening net asset value per unit	98.03p	84.72p	77.14p	98.12p	93.08p
Return before operating charges*	4.91p	16.13p	10.13p	5.10p	6.59p
Operating charges	(0.90p)	(0.92p)	(0.81p)	(0.91p)	(0.44p)
Return after operating charges*	4.01p	15.21p	9.32p	4.19p	6.15p
Distributions on income unit	(2.37p)	(1.90p)	(1.74p)	(2.37p)	(1.11p)
Closing net asset value per unit	99.67p	98.03p	84.72p	99.94p	98.12p
*after direct transaction costs of:	0.03p	0.06p	0.11p	0.03p	0.06p

Performance

Return after charges	4.09%	17.95%	12.08%	4.27%	6.61%
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Other information

Closing net asset value (£'000)	104,296	102,192	158,823	115,949	84,305
Closing number of units	104,645,890	104,241,538	187,475,993	116,020,749	85,917,907
Operating charges	0.98%	0.98%	0.99%	0.80%	0.80%
Direct transaction costs	0.03%	0.06%	0.14%	0.03%	0.06%

Prices

Highest unit price	102.26p	102.03p	88.38p	102.54p	102.09p
Lowest unit price	84.65p	84.32p	73.55p	84.79p	91.40p

**The Z-H Class Income Units and Z Class Income Units were launched on 16 February 2018.

Comparative Tables continued

Change in net assets per unit

	Z-H Class Income**	
	31.07.19	31.07.18
Opening net asset value per unit	98.33p	95.28p
Return before operating charges*	(4.13p)	4.68p
Operating charges	(1.01p)	(0.50p)
Return after operating charges*	(5.14p)	4.18p
Distributions on income unit	(2.35p)	(1.13p)
Closing net asset value per unit	90.84p	98.33p
*after direct transaction costs of:	0.03p	0.06p

Performance

Return after charges	(5.23%)	4.39%
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Other information

Closing net asset value (£'000)	86,012	96,582
Closing number of units	94,685,091	98,220,555
Operating charges	0.96%	0.96%
Direct transaction costs	0.03%	0.06%

Prices

Highest unit price	99.19p	102.60p
Lowest unit price	79.64p	92.63p

**The Z-H Class Income Units and Z Class Income Units were launched on 16 February 2018.

Change in net assets per unit

	Retail Accumulation			I-Class Accumulation		
	31.07.19	31.07.18	31.07.17	31.07.19	31.07.18	31.07.17
Opening net asset value per unit	121.15p	103.56p	93.08p	126.58p	107.27p	95.69p
Return before operating charges*	6.15p	19.58p	12.21p	6.52p	20.49p	12.59p
Operating charges	(2.00p)	(1.99p)	(1.73p)	(1.17p)	(1.18p)	(1.01p)
Return after operating charges*	4.15p	17.59p	10.48p	5.35p	19.31p	11.58p
Distributions on accumulation unit	(2.93p)	(2.32p)	(2.10p)	(3.08p)	(2.41p)	(2.17p)
Retained distributions on accumulation unit	2.93p	2.32p	2.10p	3.08p	2.41p	2.17p
Closing net asset value per unit	125.30p	121.15p	103.56p	131.93p	126.58p	107.27p
*after direct transaction costs of:	0.03p	0.07p	0.14p	0.03p	0.07p	0.14p

Performance

Return after charges	3.43%	16.99%	11.26%	4.23%	18.00%	12.10%
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Other information

Closing net asset value (£'000)	44,539	127,470	107,368	93,589	85,013	78,910
Closing number of units	35,544,527	105,215,062	103,680,153	70,937,505	67,162,797	73,559,982
Operating charges	1.73%	1.73%	1.74%	0.98%	0.98%	0.99%
Direct transaction costs	0.03%	0.06%	0.14%	0.03%	0.06%	0.14%

Prices

Highest unit price	126.90p	127.83p	112.44p	133.61p	130.25p	110.69p
Lowest unit price	104.28p	102.85p	88.54p	109.30p	106.77p	91.22p

Comparative Tables continued

Change in net assets per unit

	Z-Class Accumulation***
	31.07.19
Opening net asset value per unit	50.00p
Return before operating charges*	11.82p
Operating charges	(0.38p)
Return after operating charges*	11.44p
Distributions on accumulation unit	(0.89p)
Retained distributions on accumulation unit	0.89p
Closing net asset value per unit	61.44p
*after direct transaction costs of:	0.02p

Performance

Return after charges	22.88%
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Other information

Closing net asset value (£'000)	361
Closing number of units	586,965
Operating charges	0.80%
Direct transaction costs	0.03%

Prices

Highest unit price	62.21p
Lowest unit price	46.37p

***The Z Class Accumulation Units were launched on 27 November 2018.

Comparative Tables (continued)

Portfolio Turnover Rate

The Portfolio Turnover Rate (PTR) of the Fund, based on the figures included within the financial statements for the year as indicated below, is as follows:

	Year to 31.07.19	Year to 31.07.18
Portfolio Turnover Rate	26.12%	54.20%

The PTR provides an indication of the rate the Manager has bought and sold the underlying assets of the Fund during the year as indicated above. In general, the higher the PTR of a fund, the greater level of portfolio transaction costs will be incurred.

Risk and reward indicator

The Risk and Reward Indicator table demonstrates where the Fund ranks in terms of its potential risk and reward. The higher the rank the greater the potential reward but the greater the risk of losing money. It is based on past data, may change over time and may not be a reliable indication of the future risk profile of the Fund. The shaded area in the table below shows the Fund's ranking on the Risk and Reward Indicator.

Typically lower rewards, lower risk ← → Typically higher rewards, higher risk

Retail Units

1	2	3	4	5	6	7
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I-Class Units

1	2	3	4	5	6	7
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I-H Class Units

1	2	3	4	5	6	7
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Z Class Units

1	2	3	4	5	6	7
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Z-H Class Units

1	2	3	4	5	6	7
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- The lowest category does not mean 'no risk'. Some risk will still be present in funds with a risk and reward rating of 1.
- The Fund is in this category due to the nature of its investments and previous levels of volatility (how much the value of the Fund rises and falls).

Charges

The charges you pay are used to pay the costs of running the Fund, including the costs of marketing and distributing it. These charges reduce the potential growth of your investment.

Charges taken from the Fund over the year to:	31.07.19	31.07.18
Ongoing charges for Retail Units	1.73%	1.73%
Ongoing charges for I-H Class Units	1.10%	1.14%
Ongoing charges for I-Class Units	0.98%	0.98%
Ongoing charges for Z-H Class Units	0.96%	0.96%
Ongoing charges for Z-Class Units	0.80%	0.80%

Portfolio Statement

As at 31 July 2019

Holding	Investment	Market value £	Total net assets %
JAPAN – 98.70% (99.07%)			
Basic Materials – 4.46% (4.29%)			
248,000	Nissan Chemical Industries	8,916,793	1.90
237,300	Nitta	5,372,709	1.15
163,700	Nitto Denko	6,635,688	1.41
		20,925,190	4.46
Consumer Goods – 17.81% (18.17%)			
551,800	Bridgestone	17,017,457	3.63
1,047,300	Sekisui House	14,439,850	3.08
403,600	Sony	18,731,192	4.00
630,300	Toyota Motor	33,296,538	7.10
		83,485,037	17.81
Consumer Services – 9.32% (6.42%)			
487,700	Marui	8,664,864	1.85
756,800	Outsourcing	7,462,991	1.59
144,400	Pan Pacific International	7,537,994	1.61
982,700	Prestige International	12,359,085	2.64
493,300	Start Today	7,640,056	1.63
		43,664,990	9.32
Financials – 22.49% (24.49%)			
432,900	Fukuoka Financial Group	6,515,741	1.39
359,600	Katitas	11,428,139	2.44
1,775,200	Orix	20,830,562	4.44
14,802	Star Asia Investment	13,048,997	2.78
919,000	Sumitomo Mitsui Financial Group	26,309,549	5.61
489,400	Tokio Marine	21,336,415	4.55
186,500	Zenkoku Hoshu	5,976,096	1.28
		105,445,499	22.49
Healthcare – 9.17% (4.55%)			
577,300	Asahi Intecc	12,441,000	2.66
303,800	Sosei	5,822,591	1.24
487,400	Takeda Pharmaceutical	13,326,590	2.84
477,200	Terumo	11,407,315	2.43
		42,997,496	9.17

Portfolio Statement (continued)

Holding	Investment	Market value £	Total net assets %
	Industrials – 11.20% (17.38%)		
157,900	Autonomous Control System	4,257,948	0.91
233,200	Daifuku	10,524,680	2.24
920,100	Hazama	5,211,456	1.11
232,600	IRISO Electronics	8,748,001	1.87
383,800	Nippon Densetsu Kogyo	6,030,767	1.29
355,400	Shima Seiki Manufacturing	8,567,903	1.83
325,800	SHO-BOND Holdings	9,165,408	1.95
		52,506,163	11.20
	Technology – 14.44% (13.26%)		
151,000	Lasertec	5,974,366	1.27
1,074,600	Nomura Research Institute	15,673,058	3.34
247,700	Rohm	14,271,969	3.05
281,600	TechnoPro	13,175,046	2.81
99,500	Tokyo Electron	13,976,962	2.98
779,500	Zigexn	4,626,177	0.99
		67,697,578	14.44
	Telecommunications – 9.81% (10.51%)		
1,060,200	KDDI	22,751,953	4.85
627,600	Nippon Telegraph & Telephone	23,230,866	4.96
		45,982,819	9.81
	Forward Foreign Currency Contracts – (0.47%) ((0.08%))		
	Bought Sterling £104,044,799		
	Sold Japanese Yen 14,126,740,322	(2,252,294)	(0.48)
	Bought Japanese Yen 483,222,929		
	Sold Sterling £3,613,929	22,097	0.01
		(2,230,197)	(0.47)
	Total value of investments	460,474,575	98.23
	Net other assets	8,297,208	1.77
	Net assets	468,771,783	100.00

All holdings are ordinary shares or stock units unless otherwise stated.
The figures in brackets show allocations as at 31 July 2018.

Summary of Material Portfolio Changes

Significant purchases and sales for the year ended 31 July 2019

Purchases	Cost £	Sales	Proceeds £
Takeda Pharmaceutical	16,586,451	Sekisui Chemical	13,991,197
Sony	14,331,024	JGC	13,761,290
Komatsu	13,410,394	Nomura	12,781,006
Shima Seiki Manufacturing	8,945,235	Komatsu	10,967,910
Outsourcing	7,300,038	En-Japan	10,157,477
Start Today	6,985,788	Hoya	10,060,914
Zigexn	6,862,116	Mabuchi Motor	7,812,596
Rohm	6,329,909	Pan Pacific International	6,999,165
Nippon Densetsu Kogyo	6,299,886	Nissan Chemical Industries	6,896,205
Nitto Denko	6,236,607	Koito Manufacturing	6,018,447
Subtotal	93,287,448	Subtotal	99,446,207
Total cost of purchases, including the above, for the year	130,296,881	Total cost of sales, including the above, for the year	196,056,558

Statement of Authorised Fund Manager's responsibilities in relation to the financial statements of the Scheme

The Financial Conduct Authority's Collective Investment Schemes (COLL) and where applicable Investment Funds (FUND) Sourcebooks, as amended (the Sourcebooks) require the Authorised Fund Manager (the 'Manager') to prepare financial statements for each annual accounting period which give a true and fair view of the financial affairs of the Scheme and of its revenue and expenditure for the year. In preparing the financial statements the Manager is required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;

- prepare the accounts on a going concern basis, unless it is inappropriate to do so;
- comply with the requirements of the Statement of Recommended Practice for Authorised Funds;
- follow applicable accounting standards; and
- keep proper accounting records which enable it to demonstrate that the financial statements as prepared comply with the above requirements.

The Manager is responsible for the management of the Scheme in accordance with the Sourcebooks and the Scheme's Trust Deed and Prospectus. The Manager is also responsible for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Statement of Trustee's responsibilities in relation to the financial statements of the Scheme

The Trustee must ensure that the Scheme is managed in accordance with the Financial Conduct Authority's Collective Investment Schemes Sourcebook, the Financial Services and Markets Act 2000, as amended, (together 'the Regulations'), the Trust Deed and Prospectus (together 'the Scheme documents') as detailed below.

The Trustee must in the context of its role act honestly, fairly, professionally, independently and in the interests of the Scheme and its investors.

The Trustee is responsible for the safekeeping of all custodial assets and maintaining a record of all other assets of the Scheme in accordance with the Regulations.

The Trustee must ensure that:

- the Scheme's cash flows are properly monitored and that cash of the Scheme is booked into the cash accounts in accordance with the Regulations;
- the sale, issue, redemption and cancellation of units are carried out in accordance with the Regulations;

- the value of units of the Scheme are calculated in accordance with the Regulations;
- any consideration relating to transactions in the Scheme's assets is remitted to the Scheme within the usual time limits;
- the Schemes income is applied in accordance with the Regulations; and
- the instructions of the Authorised Fund Manager (the 'AFM') are carried out (unless they conflict with the Regulations).

The Trustee also has a duty to take reasonable care to ensure that the Scheme is managed in accordance with the Regulations and the Scheme documents in relation to the investment and borrowing powers applicable to the Scheme.

A copy of the Report of Trustee is set out below.

Report of the Trustee

Jupiter Japan Income Fund

Having carried out such procedures as we considered necessary to discharge our responsibilities as Trustee of the Scheme, it is our opinion, based on information available to us and explanations provided, that, in all material respects, acting through the AFM:

- has carried out the issue, sale, redemption and cancellation, and calculation of the price of the Scheme's units and the application of the Scheme's

revenue in accordance with the Regulations and the Scheme Documents; and

- has observed the investment and borrowing powers and restrictions applicable to the Scheme.

Northern Trust Global Services SE (UK branch)

Trustee & Depositary Services

London

23 September 2019

Independent Auditors' Report to the Unitholders of the Jupiter Japan Income Fund

Report on the audit of the financial statements

Opinion

In our opinion, the Jupiter Japan Income Fund's financial statements:

- give a true and fair view of the financial position of the Fund as at 31 July 2019 and of the net revenue and the net capital losses of its scheme property for the year then ended; and
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards), comprising FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', and applicable law, the Statement of Recommended Practice for UK Authorised Funds, the Collective Investment Schemes sourcebook and the Trust Deed.

We have audited the financial statements, included within the Annual Report and Accounts ('the Annual Report'), which comprise: the Balance Sheet as at 31 July 2019; the Statement of Total Return and the Statement of Change in Net Assets Attributable to Unitholders for the year then ended; the distribution tables; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ('ISAs (UK)') and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the Fund in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

ISAs (UK) require us to report to you when:

- the Authorised Fund Manager's use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or

- the Authorised Fund Manager has not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Fund's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

We have nothing to report in respect of the above matters. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the Fund's ability to continue as a going concern. For example, the terms on which the United Kingdom may withdraw from the European Union are not clear, and it is difficult to evaluate all of the potential implications on the Fund's business and the wider economy.

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The Authorised Fund Manager is responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

Authorised Fund Manager's Report

In our opinion, the information given in the Authorised Fund Manager's Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

■ Independent Auditors' Report to the Unitholders of the Jupiter Japan Income Fund (continued)

Responsibilities for the financial statements and the audit

Responsibilities of the Authorised Fund Manager for the financial statements

As explained more fully in the Statement of Authorised Fund Manager's responsibilities in relation to the financial statements of the Scheme set out on page 13, the Authorised Fund Manager is responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The Authorised Fund Manager is also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Authorised Fund Manager is responsible for assessing the Fund's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless the Authorised Fund Manager either intend to wind up or terminate the Fund, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report.

Use of this report

This report, including the opinions, has been prepared for and only for the Fund's unitholders as a body in accordance with paragraph 4.5.12 of the Collective Investment Schemes Sourcebook and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

■ Other required reporting

Opinion on matter required by the Collective Investment Schemes sourcebook

In our opinion, we have obtained all the information and explanations we consider necessary for the purposes of the audit.

Collective Investment Schemes sourcebook exception reporting

Under the Collective Investment Schemes Sourcebook we are required to report to you if, in our opinion:

- proper accounting records have not been kept; or
- the financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

PricewaterhouseCoopers LLP

Chartered Accountants and Statutory Auditors
Edinburgh
23 September 2019

Statement of Total Return

For the year ended 31 July 2019

	Note	Year to 31.07.19		Year to 31.07.18	
		£	£	£	£
Income					
Net capital (losses)/gains	3		(2,722,092)		74,720,754
Revenue	4	12,908,529		11,173,055	
Expenses	5	(4,605,383)		(5,821,489)	
Interest payable and similar charges		(5,368)		(6,197)	
Net revenue before taxation		8,297,778		5,345,369	
Taxation	6	(1,289,653)		(1,116,578)	
Net revenue after taxation			7,008,125		4,228,791
Total return before distributions			4,286,033		78,949,545
Distributions	7		(11,538,445)		(10,011,155)
Change in net assets attributable to unitholders from investment activities			(7,252,412)		68,938,390

Statement of Change in Net Assets Attributable to Unitholders

For the year ended 31 July 2019

		Year to 31.07.19		Year to 31.07.18	
		£	£	£	£
Opening net assets attributable to unitholders			526,814,040		462,497,063
Amounts receivable on issue of units	78,621,076			64,208,992	
Amounts payable on cancellation of units	(59,024,449)			(72,922,377)	
Amounts payable on in-specie cancellation of units	(73,605,413)			–	
			(54,008,786)		(8,713,385)
Change in net assets attributable to unitholders from investment activities			(7,252,412)		68,938,390
Retained distribution on accumulation units			3,217,106		4,091,197
Unclaimed distributions			1,835		775
Closing net assets attributable to unitholders			468,771,783		526,814,040

Balance Sheet

As at 31 July 2019

	Note	31.07.19 £	31.07.18 £
Assets			
Investments		462,726,869	521,935,103
Current Assets:			
Debtors	10	2,371,478	5,292,674
Cash and bank balances	8	13,208,661	9,807,129
Total assets		478,307,008	537,034,906
Liabilities			
Investment liabilities		(2,252,294)	(437,159)
Creditors:			
Bank overdrafts	9	(2,296,167)	–
Distribution payable		(4,447,021)	(3,593,198)
Other creditors	11	(539,743)	(6,190,509)
Total liabilities		(9,535,225)	(10,220,866)
Net assets attributable to unitholders		468,771,783	526,814,040

Directors' Statement

Jupiter Japan Income Fund

This report has been prepared in accordance with the requirements of the Financial Conduct Authority's Collective Investment Schemes Sourcebook and Investment Funds Sourcebook where applicable and the Statement of Recommended Practice issued by the Investment Association.

Directors: Paula Moore, Rupert Corfield

Jupiter Unit Trust Managers Limited

London

23 September 2019

Notes to the Financial Statements

For the year ended 31 July 2019

1. Accounting Policies

(a) Basis of Accounting

The financial statements have been prepared under the historical cost basis, as modified by the revaluation of investments, in compliance with the Financial Conduct Authority's Collective Investment Schemes Sourcebook. They have been prepared in accordance with FRS102 and the Statement of Recommended Practice for Financial Statements of UK Authorised Funds issued by The Investment Management Association (now referred to as the Investment Association) in May 2014 (the 2014 SORP).

As stated in the Statement of Authorised Fund Managers' Responsibilities in relation to the financial statements of the Scheme on page 13, the Manager continues to adopt the going concern basis in the preparation of the financial statements of the Fund.

The accounting policies outlined below have been applied on a consistent basis throughout the year.

(b) Revenue

All dividends from companies declared ex-dividend during the year ended 31 July 2019 are included in revenue, net of any attributable tax.

Overseas revenue received after the deduction of withholding tax is shown gross of tax, with the tax consequences shown within the tax charge.

Dividends received from overseas REITs are allocated between revenue and capital for distribution purposes.

Bank interest and interest on short-term deposits are accrued up to the year end date.

Special dividends are reviewed on a case by case basis when determining if the dividend is to be treated as revenue or capital. The tax treatment follows the accounting treatment of the principal amount.

(c) Expenses

All expenses, including overdraft interest, but excluding those relating to the purchase and sale of investments, are charged against the revenue of the Fund. All of the Fund's expenses are recognised on an accruals basis.

(d) Valuation of Investments

The investments of the Fund have been valued using bid market values ruling on international stock exchanges at Close of Business on 31 July 2019, being the last valuation point of the year. Market value is defined by the SORP as fair value which is generally the bid value of each security.

Where a stock is unlisted or where there is a non liquid market, a valuation for this stock has been obtained from market makers where possible, and suspended stocks are normally valued at their suspension price. However, where the Manager believes that these prices do not reflect a fair value, or where no reliable price exists for a security, it is valued at a price which in the opinion of the Manager reflects a fair and reasonable price for that investment.

A Pricing and Valuation Committee (PVC) of the Investment Manager is responsible for approving unquoted prices. The PVC meets on a quarterly basis and consists of representatives from various parts of the Investment Manager who act as an independent party, segregated from the fund management function to review and approve fair value pricing decisions and pricing models on a regular basis.

(e) Forward foreign currency contracts

Open forward foreign currency contracts are shown in the portfolio statement at the fair value and the net gains are reflected in the Forward currency contracts in the Net capital gains on investments.

Notes to the Financial Statements (continued)

1. Accounting Policies – continued

(f) Hedged Unit Classes

IH and ZH unit classes are hedged unit classes, which allow the Manager to use currency hedging to reduce the effect of fluctuations in the rate of exchange between the currency of the unit classes and Sterling which is the base currency of the fund.

Any gains or losses of the hedging transactions should accrue to unitholders in that hedged unit class only.

However, the hedge may not always be 100% effective. The Manager will review the relevant hedging positions on a regular basis and, if considered appropriate, make adjustments to correct the allocation.

The value of the unit classes to be hedged will made up of capital elements only and the Manager intends to hedge between 98%-102% of the value of each hedged unit class.

(g) Foreign Exchange

Transactions in foreign currencies are translated into Sterling at the rates ruling at the dates of the transactions. Assets and liabilities expressed in foreign currencies are translated at the rates ruling at close of business on 31 July 2019, being the last valuation point of the year.

(h) Taxation

Corporation tax is provided at 20% on revenue, other than UK dividends and overseas dividends, after deduction of expenses. Where overseas tax has been deducted from overseas revenue that tax can, in some instances, be set off against Corporation tax payable, by way of double taxation relief.

The charge for tax is based on the profit for the year and takes into account deferred taxation because of timing differences between the treatment of certain items for taxation and accounting purposes. Deferred tax is provided using the liability method on all timing differences, calculated at the rate at which it is anticipated the timing differences will reverse. Deferred tax assets are recognised only when, on the basis of available evidence, it is more likely than not that there will be taxable profits in the future against which the Deferred tax can be offset.

2. Distribution Policies

(a) Basis of Distribution

All of the net revenue available for distribution at the end of the final accounting period will be distributed to unitholders as a dividend distribution. In order to achieve a controlled dividend flow to unitholders, interim distributions may be made at the Manager's discretion, up to a maximum of the distributable revenue available for the period. Should expenses and taxation together exceed revenue, there will be no distribution and the shortfall will be met from capital.

If, in respect of a particular accounting period, the average income allocation to unitholders (disregarding, for this purpose, any units held by the Manager or Trustee or their associates) would be less than £25, the Manager reserves the right (with the agreement of the Trustee) not to make any income allocation and, in such an event, the amount of net revenue remaining for that period will be credited to capital and reflected in the value of units.

(b) Distributions Dates

Net revenue, if any, will be distributed to unitholders as a dividend distribution, semi-annually on 31 March (interim) and 30 September (final) in respect of the accounting periods ending 31 January (interim) and 31 July (final).

(c) Expenses charged to capital for distribution purposes

The Manager's periodic charge and all other expenses which were initially charged to revenue, are deducted from the capital of the Fund for the purpose of calculating any distribution.

Notes to the Financial Statements (continued)

3. Net capital (losses)/gains

The net (losses)/gains on investments during the year comprise:

	31.07.19 £	31.07.18 £
Currency gains/(losses)	525,219	(393,349)
Transaction charges	(140,656)	(172,432)
Fee Waiver	969	701
Gains on non-derivative securities	6,529,347	75,106,217
(Losses)/gains on forward foreign currency contracts (see Note 14)	(9,636,971)	179,617
Net capital (losses)/gains	(2,722,092)	74,720,754

4. Revenue

	31.07.19 £	31.07.18 £
Overseas dividends	12,159,874	10,949,837
Bank interest	11,645	2,618
Deposit interest	359	–
Revenue from REITs	736,651	220,600
Total revenue	12,908,529	11,173,055

5. Expenses

	31.07.19 £	31.07.18 £
Payable to the Manager, associates of the Manager and agents of either of them:		
Manager's periodic charge	3,802,187	4,719,685
Registration fees	925,227	1,048,971
Fee Waiver**	(212,440)	(59,101)
	4,514,974	5,709,555
Payable to the Trustee, associates of the Trustee and agents of either of them:		
Trustee's fee	57,155	67,410
VAT recovered on Trustee's fee	(9,991)	(12,151)
Safe custody fees	32,240	45,733
	79,404	100,992
Other expenses:		
Audit fee*	12,978	12,600
VAT recovered Audit fee	(2,100)	(1,800)
Financial Conduct Authority fee	127	142
	11,005	10,942
Total expenses	4,605,383	5,821,489

*The audit fee (excluding VAT) incurred during the year was £10,815 (31.07.18: £10,500).

**Fee waiver is a rebate on expenses for the Z and Z-H Classes in order for the OCF to be capped at 0.80% and 0.96% respectively.

Notes to the Financial Statements (continued)

6. Taxation

(a) Analysis of charge in the year:

	31.07.19 £	31.07.18 £
Irrecoverable overseas tax	1,289,653	1,116,578
Total tax charge for the year	1,289,653	1,116,578

(b) Factors affecting current tax charge for the year:

The tax assessed for the year is lower (2018: higher) than the standard rate of Corporation Tax in the UK for an authorised unit trust. The differences are explained below:

	31.07.19 £	31.07.18 £
Net revenue before taxation	8,297,778	5,345,369
Corporation Tax at 20%	1,659,556	1,069,074
Effects of:		
Current year expenses not utilised	787,152	1,125,005
Revenue not subject to taxation	(2,431,975)	(2,189,634)
Tax relief on overseas tax suffered	(14,733)	(4,445)
Irrecoverable overseas tax	1,289,653	1,116,578
Current tax charge for the year	1,289,653	1,116,578

Authorised unit trusts are exempt from tax on capital gains, therefore any capital return is not included in the above reconciliation.

(c) Provision for Deferred Tax

At 31 July 2019 there are surplus management expenses of £62,213,544 (31.07.18: £58,277,782). It is unlikely the Fund will generate sufficient taxable profits in the future to utilise this amount and therefore a Deferred Tax asset of £12,442,708 (31.07.18: £11,655,556) has not been recognised.

Notes to the Financial Statements (continued)

7. Distributions

The distributions take account of amounts received on the issue of units and deducted on the cancellation of units and comprise:

	31.07.19 £	31.07.18 £
Interim distribution	4,910,747	4,108,734
Final distribution	6,245,587	6,002,683
	11,156,334	10,111,417
Amounts received on issue of units	(608,208)	(481,466)
Amounts paid on cancellation of units	990,319	381,204
Net distributions for the year	11,538,445	10,011,155
Reconciliation of net revenue after taxation to Distributions:		
Net revenue after taxation for the year	7,008,125	4,228,791
Charges borne by capital	4,817,823	5,880,590
Tax relief on capitalised expenses	(74,992)	(21,511)
Fee waiver	(212,440)	(59,101)
Net movement in revenue account	80	10
Equalisation on conversions	(151)	(17,624)
Net distributions for the year	11,538,445	10,011,155

Details of the distributions in pence per unit are shown in the Distribution Tables on pages 31 to 34.

8. Cash & bank balances

	31.07.19 £	31.07.18 £
Cash and bank balances	11,108,661	8,407,129
Collateral held on Forwards	2,100,000	1,400,000
Total cash and bank balances	13,208,661	9,807,129

9. Bank Overdrafts

	31.07.19 £	31.07.18 £
Bank overdraft	(2,296,167)	–
Total bank overdrafts	(2,296,167)	–

Notes to the Financial Statements (continued)

10. Debtors

	31.07.19 £	31.07.18 £
Accrued revenue	1,285,876	1,295,696
Amounts receivable for issue of units	812,391	523,101
Expense waiver receivable	273,211	59,802
Sales awaiting settlement	–	3,414,075
Total debtors	2,371,478	5,292,674

11. Other creditors

	31.07.19 £	31.07.18 £
Accrued expenses	133,780	160,768
Amounts payable for cancellation of units	405,963	519,299
Purchases awaiting settlement	–	5,510,442
Total other creditors	539,743	6,190,509

Notes to the Financial Statements (continued)

12. Contingent Assets, Liabilities and Capital Commitments

The Fund had no contingent assets, liabilities or capital commitments at the balance sheet date (31.07.18: £nil).

13. Related Party Transactions

Jupiter Unit Trust Managers Limited (JUTM), as Manager, is a related party in respect of their dealings with the Fund. JUTM acts as principal in respect of all transactions of units in the Fund. The aggregate monies received through issue and paid on cancellation are disclosed in the Statement of Change in Net Assets Attributable to Unitholders and, if applicable, in Note 7 (Distributions).

Amounts receivable/payable from/to JUTM in respect of issues/cancellations are disclosed in the Statement of Change in Net Assets Attributable to Unitholders. At the year end the net balance of £406,428 was receivable from JUTM (31.07.18: £3,802 was receivable from JUTM). These amounts are included in Amounts receivable for issues of units in Note 10 and Amounts payable for cancellation of units in Note 11.

Any amounts due to or from JUTM at the end of the accounting year are disclosed in Notes 10 (debtors) and 11 (other creditors). Amounts payable to JUTM in respect of fund management are disclosed in Note 5 (expenses). At the year end £75,109 (31.07.18: £97,546) was due to JUTM. These amounts are included in accrued expenses in Note 11. Amounts due from JUTM in respect of expense waiver at the end of the year amounted to £273,211 (31.07.18: £59,802).

14. Financial Instruments

In pursuing its investment objectives the Fund holds a number of financial instruments. These comprise securities and other investments, cash balances, short term fixed deposits, bank overdrafts, debtors and creditors that arise directly from its operations, for example, in respect of sales and purchases awaiting settlement, amounts receivable from issues and payable for cancellations and debtors for accrued revenue.

The Fund may enter into derivative transactions, the purpose of which will only be for efficient management of the Fund and not for investment purposes.

The Fund has little exposure to credit, counterparty and cash flow risk, these risks are not significant at current levels. The main risks it faces from its financial instruments are market price, foreign currency, interest rate and counterparty risk. The Manager reviews policies for managing these risks in pursuance of the Investment Objective and Policy as set out on page 2 and they are summarised later. These risks remain unchanged from the prior year.

Adherence to investment guidelines and to investment and borrowing powers set out in the Trust Deed, Scheme Particulars and in the rules of the Collective Investment Schemes Sourcebook mitigates the risk of excessive exposure to any particular type of security or issuer. Further information on the investment portfolio is set out in the Investment Review and Portfolio Statement.

Market Price Risk

Market price risk arises mainly from uncertainty about future prices of financial instruments held by the Fund. It represents the potential loss the Fund might suffer through holding market positions which are affected by adverse price movements.

The Manager regularly considers the asset allocation of the portfolio in order to minimise the risk associated with particular markets or industry sectors whilst continuing to follow the Investment Objective and Policy (as set out on page 2).

Price Risk Sensitivity

A ten per cent increase in the value of the Fund's portfolio would have the effect of increasing the return and net assets by £46,047,458 (31.07.18: £52,149,794). A ten per cent decrease would have an equal and opposite effect.

Notes to the Financial Statements (continued)

14. Financial Instruments – continued

Foreign Currency Risk

A substantial proportion of the net assets of the Fund is denominated in currencies other than Sterling, with the effect that the balance sheet and total return (other than in respect of I-H Class units and Z-H Class units) can be significantly affected by currency movements. There are minimal foreign currency risks associated with I-H Class income units and Z-H Class income units due to the hedging policy in place as explained on page 2.

	31.07.19	31.07.18
Currency	Total £	Total £
Japanese Yen	367,407,519	405,272,569

Foreign Currency Risk Sensitivity

A ten per cent increase in the value of the Fund's foreign currency exposure would have the effect of increasing the return and net assets by £36,740,752 (31.07.18: £40,527,257). A ten per cent decrease would have an equal and opposite effect.

Interest Rate Risk

The Fund holds various cash positions and any change to the interest rates relevant for particular positions may result in either revenue increasing or decreasing.

Interest Rate Risk Profile of Financial Assets and Financial Liabilities

The interest rate risk profile of the Fund's financial assets and liabilities at 31.07.19 was:

Currency	Floating Rate financial assets £	Financial assets not carrying interest £	Total £
31.07.19			
Japanese Yen	6,078,888	463,989,698	470,068,586
Sterling	7,129,772	1,108,650	8,238,422
Total	13,208,660	465,098,348	478,307,008
31.07.18			
Japanese Yen	2,510,807	526,644,315	529,155,122
Sterling	7,296,322	583,462	7,879,784
Total	9,807,129	527,227,777	537,034,906

Currency	Floating Rate financial liabilities £	Financial liabilities not carrying interest £	Total £
31.07.19			
Japanese Yen	–	2,252,294	2,252,294
Sterling	2,296,167	4,986,764	7,282,931
Total	2,296,167	7,239,058	9,535,225
31.07.18			
Japanese Yen	–	5,935,200	5,935,200
Sterling	–	4,285,666	4,285,666
Total	–	10,220,866	10,220,866

There are no material amounts of non interest-bearing financial assets, which do not have maturity dates, other than equities, and therefore no sensitivity analysis has been disclosed in these financial statements.

Notes to the Financial Statements (continued)

14. Financial Instruments – continued

The floating rate financial assets and liabilities include bank balances and overdrafts that bear interest. Interest rates on Sterling and overseas bank balances as supplied by the custodian may vary in line with market conditions and the size of deposit. Overdraft interest is calculated at the current Bank of England base rate plus 1.00%.

Counterparty Risk

Counterparty risk, is the risk that a third party organisation (counterparty) does not pay out on a contract, or other trade or transaction when this is due to the Fund. The derivatives entered into by the Fund fall into either of two categories: i) have been traded on recognised exchanges on a delivery versus payment basis, thus eliminating exposure to counterparty risk, or ii) have been traded on Over the Counter markets which may expose the Fund to the risk that the counterparty may default on its obligations to perform under the relevant contract. In respect of trades made on Over the Counter markets the Manager will seek to reduce such risk by only entering into transactions with counterparties that it believes to have a high credit rating at the time the transaction is entered into, and by ensuring that formal legal agreements covering the terms of the contract are entered into in advance. In certain circumstances however, the Manager may be unable to enforce or rely on rights and obligations arising under such agreements. In the event of bankruptcy or insolvency of the counterparty, the Fund may only have the rights of a general creditor and could therefore experience delays in liquidating the position and may incur significant losses compared to the value of the transaction in the portfolio.

Use of Derivatives

The Manager made use of the following derivatives during the year under review:

Forward Foreign Currency Contracts

The Manager has entered into forward currency contracts in relation to the I-H Class Income Units and Z-H Class Income Units for the purpose of reducing the effect of fluctuations in the rate of exchange between the currency of the unit class and the currency in which all or part of the scheme property is denominated. This has resulted in realised and unrealised gains of £9,636,971 (31.07.18: £179,617) to the Fund during the year which are included in net capital gains on page 20. All contracts were undertaken with HSBC as counterparty during the year.

The underlying exposure for forward currency contracts was £22,097 for this year and nil for the previous year.

The derivative contracts outstanding at the year end are itemised on page 11.

Unitholders should read this in conjunction with the note on I-H Class income and Z-H Class income units on page 29 and Note 14.

Notes to the Financial Statements (continued)

14. Financial Instruments – continued

Fair Value of Financial Assets and Financial Liabilities

There is no material difference between the value of the financial assets and liabilities, as shown in the balance sheet, and their fair value.

The fair value of investments has been determined using the following hierarchy:

Level 1: Unadjusted quoted price in an active market for an identical instrument;

Level 2: Valuation techniques using observable inputs other than quoted prices within level 1;

Level 3: Valuation techniques using unobservable inputs.

Basis of valuation	Assets	Liabilities
31.07.19	£	£
Level 1	462,704,772	–
Level 2	22,097	(2,252,294)
Level 3	–	–
	<u>462,726,869</u>	<u>(2,252,294)</u>
31.07.18	£	£
Level 1	521,935,103	–
Level 2	–	(437,159)
Level 3	–	–
	<u>521,935,103</u>	<u>(437,159)</u>

Notes to the Financial Statements (continued)

15. Portfolio Transaction Costs

For the year ended 31 July 2019

	Equities		In-specie		Total
	£	%	£	%	£
Analysis of total purchases costs					
Purchases in year before transaction costs	130,232,470		–		130,232,470
Commissions	64,411	0.05%	–	–	64,411
	64,411		–		64,411
Gross purchases total	130,296,881		–		130,296,881
Analysis of total sales costs					
Sales in year before transaction costs	123,161,853		72,956,286		196,118,139
Commissions	(61,581)	0.05%	–	–	(61,581)
	(61,581)		–		(61,581)
Sales net of transaction costs	123,100,272		72,956,286		196,056,558

Commission, taxes and expenses as % of average net assets

Commission 0.03%

Taxes 0.00%

Expenses 0.00%

The average portfolio dealing spread as at the balance sheet date was 0.23%

For the year ended 31 July 2018

	Equities		In-specie		Total
	£	%	£	%	£
Analysis of total purchases costs					
Purchases in year before transaction costs	219,857,655		–		219,857,655
Commissions	160,322	0.07%	–	–	160,322
	160,322		–		160,322
Gross purchases total	220,017,977		–		220,017,977
Analysis of total sales costs					
Sales in year before transaction costs	230,803,150		–		230,803,150
Commissions	(181,339)	0.08%	–	–	(181,339)
	(181,339)		–		(181,339)
Sales net of transaction costs	230,621,811		–		230,621,811

Commission, taxes and expenses as % of average net assets

Commission 0.06%

Taxes 0.00%

Expenses 0.00%

The average portfolio dealing spread as at the balance sheet date was 0.24%

Notes to the Financial Statements (continued)

16. Unitholders' Funds

The Fund has the following unit classes in issue, with the following charges and minimum initial investment levels:

Unit Class	Initial Charge	Manager's periodic charge	Minimum initial investment
Retail Units	0.00%	1.50%	£500
I-H Class Units	0.00%	0.75%	£5,000,000
I-Class Units	0.00%	0.75%	£5,000,000
Z-H Class Units	0.00%	0.75%	£125,000,000
Z-Class Units	0.00%	0.75%	£125,000,000

For the purposes of valuing scheme property, calculating the price of units, allocating income and other matters for which allocation of rights to participate in the property of a Fund need to be determined, the effect of the I-H Class and Z-H Class hedging transactions shall be attributable only to the Unitholders of that hedged currency Unit Class. This should have no effect on the value of other Unit Classes of the Fund. The Trust Deed expressly provides that the currency hedging transactions are allocated solely to the proportionate interest accounts for holders of currency hedged units and so there should be no risk that commitments may be undertaken which cannot be met out of the property attributable to a hedged currency Unit Class at the expense of any other Class. The Manager has in place risk management processes to monitor and measure the effect of all such currency hedging transactions on the Fund's overall risk position and the Trustee will have day to day oversight of each individual transaction and will monitor the Manager's systems and controls as they relate to the exercise of investment and borrowing powers in order to provide appropriate safeguards.

Due to the varying expenses and the use of forward foreign currency contracts in respect of the I-H Class income units and Z-H Class income units, the level of net revenue after expenses attributable to each unit class and the distributable income is likely to differ. The Net Asset Value of each unit class, the Net Asset Value per unit and the number of units in each class are given in the Comparative Tables on pages 6 to 8. All unit classes have the same rights on winding up.

In respect of Z-H Class Income Units and Z Class Income Units, Z Class Accumulation Units, if we consider it appropriate, we may waive such amount of the expenses in order that the expenses of Z-H Class and Z Class Units do not exceed the intended 'cap on expenses' payable from the Fund's property of 0.96% for Z-H Income Class Units and 0.80% for Z Income Class Units and 0.80% for Z Class Accumulation Units.

The 'cap on expenses' is the intended maximum level of fees and expenses which the Manager proposes should be charged to the property of the Fund in respect of Retail Units, I-H Class Units, I-Class Units, Z-H Class Units and Z-Class Units, it is the indication of the maximum On-going Charges (OCF). The Manager intends to manage the fees and expenses incurred accordingly. Please note, however, that no indefinite commitment is given in this regard. The Manager may in the future notify investors, giving not less than sixty days prior written notice, that this 'volunteered cap' is to be removed.

Notes to the Financial Statements (continued)

16. Unitholders' Funds – continued

Reconciliation of Units	Retail Income	Retail Accumulation	I-H Income Class	I-Class Income
Opening units at 1 August 2018	8,447,434	105,215,062	23,649,418	104,241,538
Units issued in year	597,163	2,821,498	888,200	15,538,011
Units cancelled in year	(566,680)	(71,454,711)	(5,802,742)	(15,771,600)
Units converted in year	(559,549)	(1,037,322)	(573,122)	637,941
Closing units at 31 July 2019	7,918,368	35,544,527	18,161,754	104,645,890

Reconciliation of Units	I-Class Accumulation	Z-H Income Class	Z-Class Income	Z-Class Accumulation
Opening units at 1 August 2018	67,162,797	98,220,555	85,917,907	–
Units issued in year	11,718,742	11,308,618	39,216,434	588,287
Units cancelled in year	(9,055,677)	(14,808,600)	(9,440,796)	(1,322)
Units converted in year	1,111,643	(35,482)	327,204	–
Closing units at 31 July 2019	70,937,505	94,685,091	116,020,749	586,965

Distribution Tables

For the six months ended 31 January 2019

Distribution in pence per unit

INTERIM

Group 1: units purchased prior to 1 August 2018

Group 2: units purchased on or after 1 August 2018 to 31 January 2019

	Income	Equalisation	Distribution paid 29.03.19	Distribution paid 29.03.18
Retail Income Units				
Group 1	1.0098	–	1.0098	0.7443
Group 2	0.4768	0.5330	1.0098	0.7443
	Income	Equalisation	Distribution accumulated 29.03.19	Distribution accumulated 29.03.18
Retail Accumulation Units				
Group 1	1.3043	–	1.3043	0.9427
Group 2	0.5251	0.7792	1.3043	0.9427
	Income	Equalisation	Distribution paid 29.03.19	Distribution paid 29.03.18
I-H Class Income Units				
Group 1	1.0648	–	1.0648	0.8015
Group 2	0.3735	0.6913	1.0648	0.8015
	Income	Equalisation	Distribution paid 29.03.19	Distribution paid 29.03.18
I-Class Income Units				
Group 1	1.0573	–	1.0573	0.7733
Group 2	0.4970	0.5603	1.0573	0.7733
	Income	Equalisation	Distribution accumulated 29.03.19	Distribution accumulated 29.03.18
I-Class Accumulation Units				
Group 1	1.3651	–	1.3651	0.9792
Group 2	0.7078	0.6573	1.3651	0.9792

All Unit Types

The relevant information required by a corporate unitholder is as follows:

- Franked investment income 100.00%
- Annual payment 0.00%
(non-foreign element)

Equalisation applies only to units purchased during the distribution period (Group 2 units). It is the average amount of revenue included in the purchase price of all Group 2 units and is refunded to holders of these units as a return of capital. Being capital, it is not liable to Income Tax but must be deducted from the cost of units for Capital Gains Tax purposes.

Distribution Tables

For the six months ended 31 January 2019

Distribution in pence per unit

INTERIM

Group 1: units purchased prior to 1 August 2018

Group 2: units purchased on or after 1 August 2018 to 31 January 2019

	Income	Equalisation	Distribution paid 29.03.19	Distribution paid 29.03.18
Z-H Class Income Units*				
Group 1	1.0615	–	1.0615	n/a
Group 2	0.5294	0.5321	1.0615	n/a
	Income	Equalisation	Distribution paid 29.03.19	Distribution paid 29.03.18
Z-Class Income Units*				
Group 1	1.0586	–	1.0586	n/a
Group 2	0.3631	0.6955	1.0586	n/a
	Income	Equalisation	Distribution accumulated 29.03.19	Distribution accumulated 29.03.18
Z-Class Accumulation Units**				
Group 1	0.1317	–	0.1317	n/a
Group 2	0.1317	0.0000	0.1317	n/a

*The Z-H Class Income Units and Z Class Income Units were launched on 16 February 2018.

**The Z Class Accumulation Units were launched on 27 November 2018.

All Unit Types

The relevant information required by a corporate unitholder is as follows:

- Franked investment income 100.00%
- Annual payment 0.00%
(non-foreign element)

Equalisation applies only to units purchased during the distribution period (Group 2 units). It is the average amount of revenue included in the purchase price of all Group 2 units and is refunded to holders of these units as a return of capital. Being capital, it is not liable to Income Tax but must be deducted from the cost of units for Capital Gains Tax purposes.

Distribution Tables continued

For the year ended 31 July 2019

Distribution in pence per unit

FINAL

Group 1: units purchased prior to 1 February 2019

Group 2: units purchased on or after 1 February 2019 to 31 July 2019

	Income	Equalisation	Distribution payable 30.09.19	Distribution paid 28.09.18
Retail Income Units				
Group 1	1.2476	–	1.2476	1.0766
Group 2	0.4487	0.7989	1.2476	1.0766
	Income	Equalisation	Distribution to be accumulated 30.09.19	Distribution accumulated 28.09.18
Retail Accumulation Units				
Group 1	1.6301	–	1.6301	1.3750
Group 2	0.5320	1.0981	1.6301	1.3750
	Income	Equalisation	Distribution payable 30.09.19	Distribution paid 28.09.18
I-H Class Income Units				
Group 1	1.2903	–	1.2903	1.1432
Group 2	0.5248	0.7655	1.2903	1.1432
	Income	Equalisation	Distribution payable 30.09.19	Distribution paid 28.09.18
I-Class Income Units				
Group 1	1.3109	–	1.3109	1.1230
Group 2	0.5787	0.7322	1.3109	1.1230
	Income	Equalisation	Distribution to be accumulated 30.09.19	Distribution accumulated 28.09.18
I-Class Accumulation Units				
Group 1	1.7124	–	1.7124	1.4335
Group 2	0.6657	1.0467	1.7124	1.4335

All Unit Types

The relevant information required by a corporate unitholder is as follows:

- Franked investment income 100.00%
- Annual payment 0.00%
(non-foreign element)

Equalisation applies only to units purchased during the distribution period (Group 2 units). It is the average amount of revenue included in the purchase price of all Group 2 units and is refunded to holders of these units as a return of capital. Being capital, it is not liable to Income Tax but must be deducted from the cost of units for Capital Gains Tax purposes.

Distribution Tables continued

For the year ended 31 July 2019

Distribution in pence per unit

FINAL

Group 1: units purchased prior to 1 February 2019

Group 2: units purchased on or after 1 February 2019 to 31 July 2019

	Income	Equalisation	Distribution payable 30.09.19	Distribution paid 28.09.18
Z-H Class Income Units				
Group 1	1.2869	–	1.2869	1.1258
Group 2	0.4606	0.8263	1.2869	1.1258
	Income	Equalisation	Distribution payable 30.09.19	Distribution paid 28.09.18
Z-Class Income Units				
Group 1	1.3132	–	1.3132	1.1121
Group 2	0.6582	0.6550	1.3132	1.1121
	Income	Equalisation	Distribution to be accumulated 30.09.19	Distribution accumulated 28.09.18
Z-Class Accumulation Units**				
Group 1	0.7533	–	0.7533	n/a
Group 2	0.0525	0.7008	0.7533	n/a

**The Z Class Accumulation Units were launched on 27 November 2018.

All Unit Types

The relevant information required by a corporate unitholder is as follows:

- Franked investment income 100.00%
- Annual payment 0.00%
(non-foreign element)

Equalisation applies only to units purchased during the distribution period (Group 2 units). It is the average amount of revenue included in the purchase price of all Group 2 units and is refunded to holders of these units as a return of capital. Being capital, it is not liable to Income Tax but must be deducted from the cost of units for Capital Gains Tax purposes.

General Information (unaudited)

Remuneration

Under the requirements of the Undertakings for Collective Investment in Transferable Securities V Directive ('UCITS V'), Jupiter Unit Trust Managers Limited ('JUTM') (part of the Jupiter Group, which comprises Jupiter Fund Management plc and all of its subsidiaries ('Jupiter')) is required to comply with certain disclosure and reporting obligations for funds that are considered to be UCITS schemes. This includes the Jupiter Japan Income Fund (the 'Fund').

Jupiter operates a Group-wide remuneration policy, which applies to all employees across the Group. All employees are incentivised in a similar way and are rewarded according to personal performance and Jupiter's success. Details of the remuneration policy, including the applicable financial and non-financial criteria, are set out in the detailed remuneration policy disclosures available via the following link:

<https://www.jupiteram.com/corporate/Governance/Risk-management>

Remuneration decisions are governed by Jupiter's Remuneration Committee (the 'Committee'), which meets on a regular basis to consider remuneration matters across the Group. In order to avoid conflicts of interest, the Committee comprises independent non-executive directors, and no individual is involved in any decisions regarding their own remuneration. Implementation of the remuneration policy for the Group is subject to an annual independent review by Jupiter's internal audit department. No material outcomes or irregularities were identified as a result of the most recent independent review, which took place in 2019.

JUTM's Board includes two independent Non Executive Directors who are remunerated directly by the company. No other members of the Board receive remuneration from JUTM and are instead remunerated directly by their employing entity in the Jupiter Group. JUTM does not employ any other staff. In the interests of transparency, Jupiter has apportioned the total employee remuneration paid to all its 562 staff in respect of JUTM's UCITS V duties performed for the UCITS schemes on a 'number of funds' basis. It has estimated that the total amount of employee remuneration paid in respect of duties for the Fund is £823,037 of which £480,134 is fixed remuneration and £351,903 is variable remuneration.

The aggregate total remuneration paid to UCITS V Identified Staff that is attributable to duties for the Fund is £318,433 of which £107,183 is paid to Senior Management and £211,250 is paid to other staff. It should be noted that the aforementioned Identified Staff also provide services to other companies within Jupiter and its clients. They are included because their professional activities are considered to have a material impact on the risk profile of the Fund.

Tax Information Reporting

UK tax legislation requires fund managers to provide information to HMRC on certain investors who purchase units in unit trusts. Accordingly, the fund may have to provide information annually to HMRC on the tax residencies of those unitholders that are tax resident out with the UK, in those countries that have signed up to the OECD's ('Organisation for Economic Cooperation and Development') Common Reporting Standard for Automatic Exchange of Financial Account Information (the 'Common Reporting Standard'), or the United States (under the Foreign Account Tax Compliance Act, 'FATCA').

All new unitholders that invest in the fund must complete a certification form as part of the application form. Existing unitholders may also be contacted by the Registrar should any extra information be needed to correctly determine their tax residence.

Failure to provide this information may result in the account being reported to HMRC.

For further information, please see HMRC's Quick Guide: Automatic Exchange of Information – **information for account holders**: gov.uk/government/publications/exchange-of-information-account-holders.

General Information (unaudited) (continued)

Advice to unitholders

In recent years investment related scams have become increasingly sophisticated and difficult to spot. We are therefore warning all our unitholders to be cautious so that they can protect themselves 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 are only making the offer available to you
- ask you to not tell anyone else about it

You can avoid investment scams by:

- **Rejecting unexpected offers** – Scammers usually cold call but contact can also come by email, post, word of mouth or at a seminar. If you have been offered an investment out of the blue, chances are it's a high risk investment or a scam.
- **Checking 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 proper FCA authorisation.
- **Getting impartial advice** – Before investing get impartial advice and don't use an adviser from the firm that contacted you.

If you are suspicious, report it

- You can report the firm or scam to the FCA by contacting their Consumer Helpline on **0800 111 6768** or using their online reporting form.
- If you have lost money in a scam, contact **Action Fraud** on **0300 123 2040** or **www.actionfraud.police.uk**

For further helpful information about investment scams and how to avoid them please visit **www.fca.org.uk/scamsmart**

Jupiter continues to monitor developments in the Brexit negotiations and Jupiter's overarching aim is to ensure continuity of its business for all of its clients, and plans are in place to manage risks associated with Brexit, both 'hard' and 'soft'.

Responsible Stewardship

Jupiter believes that responsible stewardship is an important issue and aims to act in the best interests of all its stakeholders by engaging with the companies that it invests in, and by exercising its voting rights with care. We believe companies with high standards of corporate responsibility, governance and sustainable business practices create an appropriate culture to enhance good investment performance. **Jupiter's Corporate Governance and Voting Policy** and its compliance with the **UK Stewardship Code**, together with supporting disclosure reports are available at **www.jupiteram.com**

Other Information

This document contains information based on the Industry Classification Benchmark (ICB). The ICB is a product of FTSE International Limited (FTSE) and all intellectual property rights in and to ICB vest in FTSE. Jupiter Asset Management Limited has been licensed by FTSE to use ICB. 'FTSE' is a trade mark of the London Stock Exchange Plc and is used by FTSE under license. FTSE and its licensors do not accept liability to any person for any loss or damage arising out of any error or omission in ICB.



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