

# JPMorgan Japan Small Cap Growth & Income plc

Providing income without compromising on Japanese growth opportunities



Half Year Report & Financial Statements for  
the six months ended 30th September 2021

## KEY FEATURES

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### Investment Objective

The Company's objective is to achieve long-term capital growth through investment in small-sized and medium-sized Japanese companies.

### Investment Policy

In order to achieve its investment objective and to seek to manage risk, the Company invests in a diversified portfolio of investments almost wholly in Japan, emphasising capital growth rather than income.

To obtain this exposure, investment is permitted in Japanese quoted companies other than the largest 200 measured by market capitalisation, Japanese domiciled unquoted companies, Japanese domiciled companies quoted on a non-Japanese stock exchange and non-Japanese domiciled companies which have at least 75% of their revenues derived from Japan. Investment is also permitted in UK and Japanese government bonds. Borrowings may be utilised to enhance shareholder returns.

### Dividend Policy

With effect from 1st April 2018, the Company implemented a dividend policy under which the Company aims to pay, in the absence of unforeseen circumstances, a regular quarterly dividend equal to 1% of the Company's Net Asset Value ('NAV') on the last business day of the preceding financial quarter, being the end of March, June, September and December. Over the year this approximates to 4% of the average NAV. These dividends are paid from a combination of the revenue, capital and other reserves and will fluctuate in line with any rise or fall in the Company's net asset value. The Company's investment objective and investment policy remained unchanged following the change in dividend policy.

### Company Name and Ticker

The Company changed its name from JPMorgan Japan Smaller Companies Trust plc to JPMorgan Japan Small Cap Growth & Income plc on 16th December 2020. The Company also changed its London Stock Exchange stock ticker symbol (TIDM) from JPS to JSGL with effect from 17th December 2020.

### Benchmark

The Company's benchmark was the S&P Japan SmallCap Net Return Index (in sterling terms) up to 31st March 2021. With effect from 1st April 2021, the benchmark has been changed to the MSCI Japan Small Cap Index (in sterling terms) which has very similar long term performance but is more widely recognised. Comparison of the Company's performance is made with the benchmark as stated, although investors should note that there is no recognised benchmark that closely reflects the Company's stated investment policy.

### Capital Structure

As at 31st March 2021, the Company's issued share capital comprised 55,944,560 Ordinary shares of 10p each, of which 1,434,221 were held in Treasury.

### Currency

The Company does not currently hedge the currency exposure that arises from having assets and bank debt denominated in Japanese yen.

### Management Company

The Company employs JPMorgan Funds Limited ('JPMF' or the 'Manager') as its Alternative Investment Fund Manager ('AIFM') and Company Secretary. JPMF delegates the management of the Company's portfolio to JPMorgan Asset Management (Japan) Limited through JPMorgan Asset Management (UK) Limited.

### Association of Investment Companies ('AIC')

The Company is a member of the AIC and complies with both the AIC Code of Corporate Governance and the Financial Reporting Council's UK Corporate Governance Code.

### Website

The Company's website can be found at [www.jpmjapansmallcapgrowthandincome.co.uk](http://www.jpmjapansmallcapgrowthandincome.co.uk) and includes useful information about the Company, such as daily prices, factsheets and current and historic half year and annual reports.



**“**

We provide access to innovative and fast-growing high quality smaller companies at the core of the Japanese economy. Our Tokyo-based investment professionals offer local ‘on the ground’ expertise and in-depth knowledge of a very under-researched and under-appreciated market to identify higher growth potential companies and provide superior total returns.

**“**

**Eiji Saito, Portfolio Manager,  
JPMorgan Japan Small Cap  
Growth & Income plc**

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## Why invest in JPMorgan Japan Small Cap Growth & Income plc?

### Providing income without compromising on Japanese growth opportunities

JPMorgan Japan Small Cap Growth & Income plc aims to provide access to the innovative and fast-growing smaller company stocks that are at the core of the new Japanese economy by using a stock selection process based on extensive experience and local knowledge of the market.

- Managed by a Japan-based local team that has both expertise in and long-standing experience of selecting undervalued, high quality smaller companies from across Japan.
- Invests in a changing Japan, with exposure to new products, technologies and markets which are often overlooked by investors.
- Provides access to innovative and fast growing smaller Japanese companies which are transforming the Japanese economy.

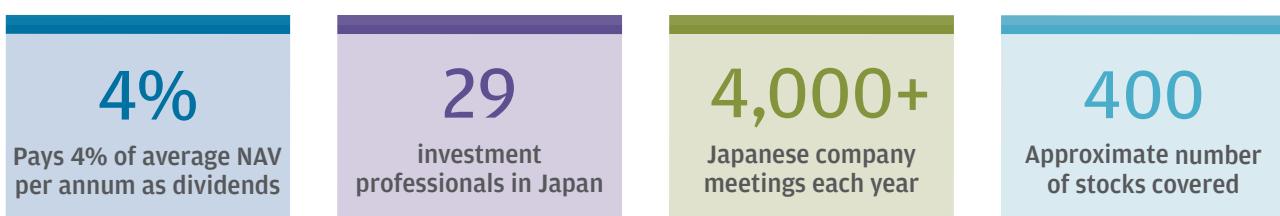
### Our heritage and our team

JPMorgan first opened its Tokyo office in 1969 and has over 50 years' experience in Japan in seeking out the most attractively valued Japanese companies.

The team has been managing Japan equities mandates in Tokyo since 1969 and the Company's current investment team has an average of 15 years' experience with the firm and 20 years' experience in the industry. They are supported by JPMorgan Asset Management's extensive resources around the world.

### Our investment approach

A combination of desk-based research and company meetings inform our rating of a company. We evaluate the growth opportunity for the industry overall before considering the company's competitive positioning and management. This allows us to assess the company's potential for growth. We then look at financial metrics with a focus on cash flow and balance sheet strength to assess the overall economics of the business. We also consider governance issues such as shareholder returns, management strength and the track record on environmental and social issues. Only then do we consider valuations - we do not buy companies where the short-term valuation looks low if they do not have a strong long-term growth outlook.



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## Half Year Performance

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## FINANCIAL HIGHLIGHTS

### TOTAL RETURNS (INCLUDING DIVIDENDS REINVESTED)

TO 30TH SEPTEMBER 2021



<sup>1</sup> Source: Morningstar.

<sup>2</sup> Source: Morningstar/J.P.Morgan, using net asset value per share.

<sup>3</sup> Source: Morningstar. With effect from 1st April 2021, the benchmark is the MSCI Japan Small Cap Index (in sterling terms). The Company's benchmark was the S&P Japan SmallCap Net Return Index (in sterling terms) up to 31st March 2021.

<sup>A</sup> Alternative Performance Measure ('APM').

A glossary of terms and APMs is provided on pages 26 and 27.

## SUMMARY OF RESULTS

	30th September 2021	31st March 2021	% change
Shareholders' funds (£'000)	314,939	299,818	+5.0 <sup>2</sup>
Ordinary shares in issue <sup>1</sup>	54,510,339	54,510,339	
Net asset value per share	577.8p	550.0p	+5.1 <sup>2</sup>
Share price (p)	536.0p	502.0p	+6.8 <sup>3</sup>
Share price discount to net asset value per share <sup>4</sup>	7.2%	8.7%	
Ongoing charges (%) <sup>5</sup>	1.02%	1.02%	
Gearing (%) <sup>5</sup>	7.8%	8.1%	

<sup>1</sup> Exclude 1,434,221 (31st March 2021: 1,434,221) shares held in Treasury.<sup>2</sup> Excluding dividends reinvested. Including dividends reinvested, the return is +7.2%.<sup>3</sup> Excluding dividends reinvested. Including dividends reinvested, the return is +9.1%.<sup>4</sup> Alternative Performance Measure ('APM').

A glossary of terms and APMs is provided on pages 26 and 27.

## Chairman's Statement

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**Alexa Henderson**  
Chairman

Dear Shareholders,

### Investment Performance

The first half of the Company's financial year saw an improvement in Japan's economic outlook, despite disappointment that the Tokyo Olympics had to be held without spectators. The vaccine roll-out gathered pace, the state of emergency was lifted at the end of September and survey data suggests manufacturing and service sector activity is increasing. Against this brighter backdrop, I am pleased to report that the total return on the Company's net assets was +7.2% (in GBP) over the review period, compared to a total return of +4.9% for the benchmark, the MSCI Japan Small Cap Index. This amounts to an outperformance of 2.3 percentage points. The return to shareholders was higher, at +9.1%, reflecting a continued narrowing of the Company's share price discount to its Net Asset Value (NAV).

The Company's investment performance is explained in depth in the Investment Managers' Report, along with details of recent portfolio activity. The managers also outline the themes they expect will drive Japan's equity markets over the short term and beyond, and the reasons for their optimism about the Company's long term prospects.

The Company continues to build on its strong long-term performance, as illustrated in the Financial Highlights, on page 4.

### Dividend Policy and Discount Management

The Company's revised dividend policy has now been in place for over three years. As a reminder, the dividend policy aims to pay, in the absence of unforeseen circumstances, a regular dividend equal to 1% of the Company's NAV on the last business day of the preceding financial quarter, being the end of March, June, September and December. Over the year, this would approximate to 4% of the average NAV. This dividend is paid from a combination of revenue, capital and other reserves.

For the year ended 31st March 2021, dividends paid totalled 21.9 pence (2020: 17.7 pence). For this half year, two dividends of 5.5 pence and 5.8 pence respectively have been declared. Two further dividends will be declared on the first business day after 31st December 2021 and 31st March 2022.

One of the objectives of the revised dividend policy is to enhance the Company's appeal to a broader range of investors. Since its introduction, it has therefore been pleasing to note some narrowing of the Company's discount, driven by new demand, positive absolute and relative performance and favourable press commentary. Over the review period, the Company's discount tightened from 8.7% to 7.2%, extending the recent narrowing trend. The Company did not repurchase any shares during the six months. However, the Board continues to monitor the discount closely and is prepared to repurchase shares to narrow the discount, when it feels this is appropriate, taking account of market conditions. At the time of writing, the discount is 8.3%.

### Company Name and Ticker

Reflecting the now established dividend policy, the Company has changed its name to JPMorgan Japan Small Cap Growth & Income plc. This change took effect from 16th December 2020. Following the change of name, the Company also changed its London Stock Exchange stock ticker symbol (TIDM) from JPS to JSGL, with effect from 17th December 2020. The Company's ISIN, SEDOL and LEI remain unchanged and its website URL was renamed [www.jpmjapansmallcapgrowthandincome.co.uk](http://www.jpmjapansmallcapgrowthandincome.co.uk).

### Benchmark Index

Following a review of the composition of relevant indices, the Board changed the Company's benchmark from the S&P Japan SmallCap Net Return Index (in GBP terms) to the MSCI Japan Small Cap Index (in GBP terms). This decision was reported in last year's half year results and took effect from 1st April 2021. The new benchmark index has long term performance very similar to that of the former benchmark, but the Board believes that the new benchmark has the benefit of being more widely recognised by investors.

### Gearing/Borrowing

The Company seeks to enhance investment returns for shareholders by borrowing money to buy more assets ('gearing'). The Company's gearing is discussed regularly by the Board and the Investment Managers, and the gearing level is reviewed by the Directors at each Board meeting.

The Company has a revolving credit facility of Yen 4.0 billion (with an option to increase available credit to Yen 6.0 billion) with Scotiabank. This facility has a maturity date of October 2022. The loan facility is on favourable and flexible terms, allowing the Company to repay the loan early if required, without any penalties.

This credit facility provides the Managers with the ability to gear tactically within the set guidelines. The Company's investment policy permits gearing within a range of 10% net cash to 25% geared. However, the Board requires the Investment Managers to operate in the narrower range of 5% net cash to 15% geared, in normal market conditions. During the six months of the review period the Company's gearing level ranged between 5.8% to 9.8%, ending the half year at 7.8%.

### Auditor Review

The last formal exercise of audit tender was undertaken in 2014, when Grant Thornton was appointed. The Company's year ended 31st March 2021 was the last of a five year tenure of Grant Thornton's audit partner, Marcus Swales, who was overseeing the compilation of the Company's accounts, and a new partner was expected to take over.

The Board took the view that this change provided an opportune moment to review the Company's audit arrangements. The Board also felt that a review would give the Directors the chance to survey the market and ensure that the Company's audit arrangements remain competitively priced, providing good value for shareholders, while also maintaining the same high quality of the statutory audits. To this end, the Board undertook a tender process for the 2022 statutory audit. Following a review of tender proposals from three firms, Johnston Carmichael LLP has been appointed as the Company's new auditor. A letter has been sent to shareholders of the Company today pursuant to Section 520(2) of the Companies Act 2006. The letter is for information only and relates to the statutory statement received from Grant Thornton LLP in connection with its ceasing to be the Company's auditor with effect from 9th December 2021.

### Outlook

There is no doubt that the global recovery is broadening out and gathering momentum, as economic activity returns gradually, if sometimes hesitantly, to normal. The Board shares the Investment Managers' confidence that the pandemic has triggered significant positive structural changes within Japan, whose economic and societal benefits will continue to resonate well into the future. The impetus the pandemic has given to Japan's digitisation efforts is likely to be particularly positive for productivity over the medium term. Furthermore, Japan's membership of the new regional trading bloc, the Regional Comprehensive Economic Partnership (RCEP), should increase its access to the region's rapidly expanding economies. Japan's smaller, more entrepreneurial and innovative companies are leading the way across a variety of sectors and should thrive in this environment, generating many exciting investment opportunities. The Board believes the Investment Managers' focus on quality and growth, supported by JPMorgan's extensive, global and Tokyo-based research resources, means the Company is ideally placed to capitalise on these opportunities, and to continue to deliver attractive returns and outperformance for shareholders over the longer term.

**Alexa Henderson**  
Chairman

10th December 2021





**Eiji Saito**  
Investment Manager

## Performance and market review

Over the six months to September 2021, the Company outperformed its benchmark, the MSCI Japan Small Cap Index (in GBP terms), by 2.3 percentage points, delivering a return of +7.2% on net asset value ('NAV') compared to the benchmark return of +4.9%. The Company's performance also beat the broader TOPIX index, which returned +6.8% (in GBP terms) over the review period. The Company's performance is also notably ahead of the benchmark over the longer term. It has outpaced the benchmark by an average of 7.8 percentage points per annum over three years, and by 6.3 percentage points per annum over five years.

During the review period, the market advanced in response to surging optimism about the economic outlook, as the vaccination rollout progressed and COVID infection rates showed clear signs of peaking. Japan's state of emergency was lifted at the end of September. Japanese Prime Minister Yoshihide Suga announced his intention to step down and Fumio Kishida was elected as the new president of the ruling Liberal Democrat Party (LDP) at the end of September. He replaced Suga as Prime Minister in October, following the LDP's victory at a general election. The Japanese yen weakened against the US dollar and sterling on expectations that both the US Federal Reserve and the Bank of England would begin raising interest rates to dampen inflation pressures. The yen ended the review period at 111 yen to the US dollar, and 150 yen to sterling and has weakened further since.

## Spotlight on stocks and sectors

During the six months under review, both stock selection and sector allocation had positive impacts on performance.

The stocks that contributed most significantly to returns included **Benefit One**, **LITALICO**, and **Money Forward**. These companies are leaders in their respective fields and all have performed well thanks to improvements in their earnings prospects, which have been boosted by structural changes in Japan's labour market and business practices.

- **Benefit One** provides fringe benefit services for enterprises of all sizes. Japan's declining working population has resulted in a major shift in the employment market. Historically, the supply of labour was plentiful and companies had a tendency to overstaff. But now employers are experiencing staff shortages, and they are offering attractive employee benefits to retain staff. Benefit One's services include hotel and restaurant bookings, gym memberships, and care services for children and the elderly. The company recently acquired its competitor, JTB Benefit Service, which will give Benefit One the dominant share of this market.
- **LITALICO** specialises in employment support services for people with disabilities. It is the leading company in this market. Diversity and inclusion issues are gaining prominence in Japan and companies are increasing their efforts to ensure their workplaces are more inclusive, regardless of their employees' gender, age, nationality, or disabilities.
- **Money Forward** is Japan's leading supplier of cloud based accounting software. This is a new market in Japan, with significant scope to expand. Many companies are still using packaged software, and cloud accounting software presently accounts for only around 20% of the market - lower than in other developed countries. However, as in many other sectors, the pandemic has encouraged companies to update and digitise their working practices.

At the stock level, negative contributors to relative performance over the review period included **Miura Kogyo**, which manufactures small gas boilers, **Bengo4.com**, which operates a legal search and consultation portal, and **Kaizen Platform**, which provides digital outsourcing services to marketing and advertising companies. However, despite their near-term setbacks, we believe these companies all possess competitive advantages that will ensure their continued growth over the long term, so we have maintained our holdings.

With respect to sector allocation, top contributors to relative performance included our overweight position in commercial and professional services, which have benefited from structural changes in the labour market, and our longstanding underweight position in banks which we have avoided, as the sector is overcrowded and there is little to distinguish the product offering of any one bank from that of its many competitors. The main detractor from performance at the sectoral level was an underweight in



**Naohiro Ozawa**  
Investment Manager



**Michiko Sakai**  
Investment Manager

transportation which we have also avoided due to tougher competition in the industry. The portfolio's modest gearing, which averaged 8.3% over the period, had a positive impact, by increasing the portfolio's exposure to the rising market.

### About our investment philosophy

The Company has a commitment to provide its shareholders with access to the innovative and fast-growing smaller companies at the core of the new Japanese economy. Our portfolio favours quality and growth businesses and we aim to invest in companies (other than Japan's largest 200) that we believe can compound earnings growth over the long term, supported by sustainable competitive advantages and good management teams. In our view, the strong and durable market positioning of such businesses will allow them to substantially increase their intrinsic value over time. We are also attracted to companies willing to invest to enhance their growth potential. We generally avoid stocks that operate in the financial and real estate sectors, which are plagued by excess supply and undifferentiated product offerings.

Our focus on high quality names with growth potential means that the portfolio tends to enjoy a high active share and differs significantly from the benchmark. This provides a source for additional return, enhancing the Company's scope to outperform. We believe it is important to take a long-term perspective, as excess returns take time to accumulate, especially when investing in smaller companies.

The Company is managed by a team of three, with an average of 15 years' experience with JPMorgan Asset Management (JPMAM) and 20 years' industry experience. We are supported by JPMorgan's extensive research resources, located in several offices around the world. Our stock selection is based on fundamental analysis, which is informed by the in-depth, 'on-the-ground' knowledge and expertise of 29 Tokyo-based investment professionals. As such, they are ideally placed to identify interesting investment opportunities. The Japanese equity market is very under-researched and thus inaccurately valued by most investors, so our well-resourced local research team enjoys a significant advantage in discovering and exploiting the market's information and valuation anomalies.

Japan's smaller companies market offers many such opportunities, across diverse sectors with strong growth potential. Many of the constituent businesses operate internationally, as well as in the domestic market. Moreover, an increasing number of smaller firms have recently increased their focus on improving their return on equity and enhancing dividend yields.

In our view, a consistent investment approach is also key to successful long term investing. So, while the portfolio tends to struggle during 'value' rallies, when our bias towards quality and growth stocks slips out of favour with investors, we do not view this as a reason to alter our investment process or style. We remain focused on quality names with structural growth opportunities. The Company does not, however, operate under a 'growth at any price' strategy and we continue our efforts to ensure that we pay a fair price for each investment, based on our estimate of its five-year expected return.

To minimise exposure to unintended risks, we have constructed a well-balanced and diversified portfolio, that is invested in smaller companies across a wide range of sectors, including not only technology stocks providing software and hardware products, but also materials, chemicals, construction, machinery, retail and restaurant outlets and other consumer goods and services. We also use gearing to enhance the portfolio's returns, but deploy it conservatively to avoid excessive exposure to downside market risk.

We believe that well-run companies, which exhibit behaviour which respects the environment and the interests of their shareholders, customers, employees and other stakeholders, are most likely to deliver sustainable, long-term returns. Such environmental, social and governance ('ESG') considerations are thus integral to our investment process and a key driver of our quest to generate financial returns. ESG factors influence our decisions both at the portfolio construction stage and thereafter, once companies are held in the portfolio, when ongoing engagement with managers can be effective in encouraging them to realise and maintain acceptable ESG standards. Our long-term holdings in Benefit One and LITALICO (discussed above) are a couple of manifestations of the way in which ESG considerations influence our investment decisions, as both these companies are at the forefront of Japan's efforts to improve employee well-being and workplace diversity.

## Trends and themes

While our investment decisions are based on company-specific factors, several long-term structural trends and themes underlie our stock selection. These include:

- **Changing demographics:** Japan's population is declining, and the elderly make up an increasingly large percentage of the country's total population. This is a significant economic challenge for the Japanese government, for many reasons, including the associated contraction in Japan's labour supply. However the government is committed to addressing these issues through digitisation and regulatory reforms. At the same time, this demographic shift is creating opportunities for innovative smaller firms working to improve the quality of life for older people, for example, by increasing their access to online banking and reducing the need for face-to-face medical appointments.
- **Government efforts to digitise the economy and raise labour productivity:** The Japanese government aims to accelerate the adoption of digitisation across the economy. To this end, it has established a digital agency to step up the pace of innovation, raise labour productivity, and digitise national and local government administrations, the education system, and healthcare services. Companies operating in all these sectors, either as suppliers or users of productivity-enhancing digital services, will benefit.
- **Technological innovation:** Japanese manufacturers are world class and the country is a leading global supplier of factory automation equipment, robots, electronics parts and materials. Demand for these products presents a myriad of investment opportunities for businesses specialising in niche markets for related products and services.
- **De-carbonisation:** Reducing carbon emissions is an essential part of the global fight to mitigate climate change. Japanese smaller companies have developed unique technologies to help meet this challenge in areas such as electric vehicle production and in solar and wind power plants, as well as other sources of renewable and clean energy. We are also continuing our search for other businesses well positioned to profit from the global push towards carbon neutrality.
- **Enhanced corporate governance standards:** Japanese companies are making concerted efforts to strengthen their governance standards, encouraged by a spate of government reforms. The number of independent external directors serving on company boards has increased, and corporate practices have improved; internal controls and disclosures have been enhanced and returns to shareholders have risen. However, there is still room for further improvement, and the market is likely to keep rewarding businesses that raise their governance standards. We maintain constructive dialogue with all the companies in our portfolio, to encourage them to maintain their efforts in this direction.
- **Growing overseas demand:** Many of Japan's Asian neighbours are experiencing very rapid and dynamic economic growth, driven by the rise of their middle classes. Japanese luxury goods producers are experiencing rising demand for new customers in China, India, and other vibrant and increasingly prosperous Asian countries.

## Positioning the portfolio for future success

Consistent with our search for companies set to benefit from these themes, and our ongoing focus on ESG considerations, recent acquisitions have included companies operating at the cutting edge of progress on de-carbonisation, digitisation and efforts to enhance employee wellbeing.

**Yamato Kogyo, Tokai Carbon** and **Visional** are three names which we have added to the portfolio during the past six months:

- **Yamato Kogyo** is a steel producer which uses electric arc furnaces, rather than conventional blast furnaces, in its manufacturing process. Electric arc furnaces emit only around one sixth to a quarter of the greenhouse gases (GHG) produced by conventional blast furnaces and Yamato Kogyo is one of the largest Japanese steelmakers using this technology. It also has joint venture operations and subsidiaries in the United States, Thailand, and other countries. The company is likely to see increased demand for its products as construction and manufacturing companies strive to reduce the carbon footprint of their steel inputs.

- **Tokai Carbon** is a play on the same theme. It is a leading global supplier of ultra-high quality graphite electrodes, which are a key component of electric arc furnaces. Demand for Tokai Carbon's products is likely to escalate as steel companies phase out their use of conventional blast furnaces, in favour of more environmentally friendly electric arc furnaces.
- **Visional** provides education, training and recruitment services to businesses. Its BizReach service is a pioneer of direct recruiting in the professional employment market and it has recently launched a human capital management software product, called HRMOS. These two businesses have scope to grow over the long term as Japanese companies increase their focus on employee engagement and human capital management.

Three of our most significant divestments during the review period were **Nippon Prologis REIT, Nohmi Bosai**, and **Fujitsu General**. The Company's investment guidelines prohibit investment in Japan's top 100 securities and as Nippon Prologis REIT is approaching this threshold, so we closed our position, realising some sizeable profits. Nohmi Bosai and Fujitsu General have both seen sustained share price increases, making them less attractive from a valuation perspective, so we realised our profits on these positions, exiting them in favour of more interesting opportunities.

Over the review period, annualised portfolio turnover was around 25%, down slightly from the level of the previous financial year. The overall shape of the portfolio has not changed significantly and we maintain our bias towards quality and growth; the portfolio has a higher return on equity and higher growth in earnings per share than the overall market. The Company's gearing level remained within the expected 8-10% range.

### Outlook and strategy

COVID-19 and its aftermath continue to cast a shadow over the global economic outlook, with successive waves of the virus generating ongoing uncertainties, fresh rounds of restrictions, and delays to the resumption of international travel to many regions. However, despite these near-term obstacles to recovery, we believe there are good reasons to be optimistic about the longer term outlook. Vaccination programmes are gathering momentum, and global economic activity is recovering from the devastating effects of the pandemic. Furthermore, we expect the pandemic to leave significant and lasting positive changes in its wake, in Japan and elsewhere, including industry consolidation, supply chain diversification, and productivity gains from the more intensive use of digital technologies and flexible working practices.

Regardless of the economic backdrop, at any point in time, it is always important to focus on good quality businesses with leading market positions, strong cashflow generation, robust balance sheets and the potential for structural growth. Our search for such companies is aided by the fact that Japanese businesses typically have significantly large cash positions, and stronger balance sheets than their peers in other developed countries. In addition, the average valuations of Japanese companies remain reasonable, being lower than both historical averages and those of most other major markets. Furthermore, in sharp contrast to other developed economies, Japan's smaller and more entrepreneurial companies are at the forefront of innovation in many fields, and set to prosper accordingly over the long term.

The Company's access to JPMorgan's extensive research resources on the ground in Tokyo means it is ideally placed to uncover exciting investment opportunities amongst smaller companies, and to capitalise on the long-term structural changes taking place in Japan, while weathering any short-term challenges posed by the pandemic, trade tensions or other transitory influences on market sentiment. We are therefore confident our investment approach will continue to deliver positive and sustained returns to our shareholders over the medium and long term.

**Eiji Saito**  
**Naohiro Ozawa**  
**Michiko Sakai**  
*Investment Managers*

10th December 2021

# PORTFOLIO ANALYSIS

## TWENTY LARGEST INVESTMENTS

at 30th September 2021

Company	Sector	Valuation £'000	% <sup>1</sup>
Benefit One	Services	11,949	3.5
MEC	Chemicals	8,904	2.6
Raksul	Information & Communication	8,881	2.6
Taiyo Yuden	Electric Appliances	8,787	2.6
Raito Kogyo	Construction	8,779	2.6
Sansan	Information & Communication	8,605	2.5
Monogatari	Retail Trade	8,328	2.5
LITALICO	Services	8,208	2.4
Nittoku	Machinery	6,693	2.0
Tosho	Services	6,430	1.9
Cosmos Pharmaceutical	Retail Trade	6,375	1.9
Iriso Electronics	Electric Appliances	5,890	1.7
Money Forward	Information & Communication	5,778	1.7
Miura	Machinery	5,518	1.6
Tokai Carbon	Glass & Ceramics Products	5,456	1.6
Digital Garage	Information & Communication	5,316	1.6
SWCC Showa	Nonferrous Metals	5,279	1.6
Mercari	Information & Communication	5,257	1.6
Mitsui Chemicals	Chemicals	5,234	1.5
SUMCO	Metal Products	5,024	1.5
<b>Total</b>		<b>140,691</b>	<b>41.5</b>

<sup>1</sup> Based on total investments of £339.4m (31st March 2021: £324.0m).

## SECTOR ANALYSIS

Sector	30th September 2021		31st March 2021	
	Portfolio % <sup>1</sup>	Benchmark <sup>2</sup> %	Portfolio % <sup>1</sup>	Benchmark <sup>2</sup> %
Information & Communication	28.2	8.2	24.7	9.3
Chemicals	15.2	7.6	14.7	6.9
Services	14.5	8.7	15.1	8.2
Retail Trade	6.2	8.2	6.2	8.9
Machinery	5.8	6.6	7.9	6.9
Electric Appliances	5.3	8.0	8.3	7.5
Construction	3.7	4.9	4.5	5.4
Metal Products	3.6	1.5	4.1	1.6
Precision Instruments	3.3	2.1	2.9	2.1
Wholesale Trade	2.4	6.3	2.9	6.4
Glass & Ceramics Products	1.8	1.6	0.2	1.5
Nonferrous Metals	1.6	1.4	0.8	1.5
Electric Power & Gas	1.4	1.1	1.7	1.0
Iron & Steel	1.3	1.4	—	1.3
Pharmaceutical	1.2	2.0	0.2	2.0
Other Financing Business	1.2	1.5	1.4	1.2
Real Estate	1.1	9.0	2.8	9.0
Securities & Commodity Futures	0.8	1.1	—	1.1
Insurance	0.5	0.2	0.7	0.1
Other Products	0.5	2.3	0.5	2.1
Rubber Products	0.4	0.6	0.4	0.6
Banks	—	4.0	—	4.6
Foods	—	3.9	—	3.4
Land Transportation	—	2.0	—	1.6
Transportation Equipment	—	1.7	—	1.6
Textiles & Apparels	—	1.3	—	1.3
Pulp & Paper	—	1.0	—	1.0
Fishery, Agriculture & Forestry	—	0.6	—	0.7
Warehousing & Harbor Transportation Services	—	0.5	—	0.4
Oil & Coal	—	0.3	—	0.3
Marine Transportation	—	0.2	—	0.3
Mining	—	0.2	—	0.2
<b>Total</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>

<sup>1</sup> Based on total investments of £339.4m (31st March 2021: £324.0m).<sup>2</sup> With effect from 1st April 2021, the benchmark has been changed to the MSCI Japan Small Cap Index (in sterling terms). The Company's benchmark was the S&P Japan SmallCap Net Return Index (in sterling terms) up to 31st March 2021.

## Financial Statements

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# STATEMENT OF COMPREHENSIVE INCOME

**FOR THE SIX MONTHS ENDED 30TH SEPTEMBER 2021**

	(Unaudited) Six months ended 30th September 2021			(Unaudited) Six months ended 30th September 2020			(Audited) Year ended 31st March 2021		
	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	–	21,680	21,680	–	86,571	86,571	–	88,639	88,639
Net foreign currency (losses)/gains	–	(321)	(321)	–	490	490	–	3,334	3,334
Income from investments	1,536	–	1,536	1,554	–	1,554	3,526	–	3,526
<b>Gross return</b>	<b>1,536</b>	<b>21,359</b>	<b>22,895</b>	<b>1,554</b>	<b>87,061</b>	<b>88,615</b>	<b>3,526</b>	<b>91,973</b>	<b>95,499</b>
Management fee	(1,293)	–	(1,293)	(1,144)	–	(1,144)	(2,478)	–	(2,478)
Other administrative expenses	(225)	–	(225)	(198)	–	(198)	(465)	–	(465)
<b>Net return before finance costs and taxation</b>	<b>18</b>	<b>21,359</b>	<b>21,377</b>	<b>212</b>	<b>87,061</b>	<b>87,273</b>	<b>583</b>	<b>91,973</b>	<b>92,556</b>
Finance costs	(108)	–	(108)	(140)	–	(140)	(264)	–	(264)
<b>Net (loss)/return before taxation</b>	<b>(90)</b>	<b>21,359</b>	<b>21,269</b>	<b>72</b>	<b>87,061</b>	<b>87,133</b>	<b>319</b>	<b>91,973</b>	<b>92,292</b>
Taxation	(152)	–	(152)	(154)	–	(154)	(350)	–	(350)
<b>Net (loss)/return after taxation</b>	<b>(242)</b>	<b>21,359</b>	<b>21,117</b>	<b>(82)</b>	<b>87,061</b>	<b>86,979</b>	<b>(31)</b>	<b>91,973</b>	<b>91,942</b>
<b>(Loss)/return per share (note 3)</b>	<b>(0.44)p</b>	<b>39.18p</b>	<b>38.74p</b>	<b>(0.15)p</b>	<b>159.72p</b>	<b>159.57p</b>	<b>(0.06)p</b>	<b>168.73p</b>	<b>168.67p</b>

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.

Net (loss)/return after taxation represents the (loss)/profit for the period/year and also Total Comprehensive Income.

## STATEMENT OF CHANGES IN EQUITY

### FOR THE SIX MONTHS ENDED 30TH SEPTEMBER 2021

	Called up share capital £'000	Capital Share premium £'000	Capital redemption reserve £'000	Other reserve <sup>1,2</sup> £'000	Capital reserves <sup>2</sup> £'000	Revenue reserve <sup>2</sup> £'000	Total £'000
<b>Six months ended 30th September 2021 (Unaudited)</b>							
At 31st March 2021	5,595	33,978	1,836	282,835	(13,231)	(11,195)	299,818
Net return/(loss)	—	—	—	—	21,359	(242)	21,117
Dividends paid in the period (note 4)	—	—	—	(5,996)	—	—	(5,996)
<b>At 30th September 2021</b>	<b>5,595</b>	<b>33,978</b>	<b>1,836</b>	<b>276,839</b>	<b>8,128</b>	<b>(11,437)</b>	<b>314,939</b>
<b>Six months ended 30th September 2020 (Unaudited)</b>							
At 31st March 2020	5,595	33,978	1,836	293,955	(105,204)	(11,164)	218,996
Net return/(loss)	—	—	—	—	87,061	(82)	86,979
Dividends paid in the period (note 4)	—	—	—	(4,906)	—	—	(4,906)
<b>At 30th September 2020</b>	<b>5,595</b>	<b>33,978</b>	<b>1,836</b>	<b>289,049</b>	<b>(18,143)</b>	<b>(11,246)</b>	<b>301,069</b>
<b>Year ended 31st March 2021 (Audited)</b>							
At 31st March 2020	5,595	33,978	1,836	293,955	(105,204)	(11,164)	218,996
Net return/(loss)	—	—	—	—	91,973	(31)	91,942
Dividends paid in the year (note 4)	—	—	—	(11,120)	—	—	(11,120)
<b>At 31st March 2021</b>	<b>5,595</b>	<b>33,978</b>	<b>1,836</b>	<b>282,835</b>	<b>(13,231)</b>	<b>(11,195)</b>	<b>299,818</b>

<sup>1</sup> The share premium was cancelled in the period ended 31st March 2001 and redesignated as 'other reserve'.

<sup>2</sup> These reserves form the distributable reserves of the Company and may be used to fund distributions to investors.

## STATEMENT OF FINANCIAL POSITION

**AT 30TH SEPTEMBER 2021**

	(Unaudited) 30th September 2021 £'000	(Unaudited) 30th September 2020 £'000	(Audited) 31st March 2021 £'000
<b>Fixed assets</b>			
Investments held at fair value through profit or loss	339,381	327,625	324,002
<b>Current assets</b>			
Debtors	1,510	1,137	1,568
Cash and cash equivalents	3,788	1,785	627
	5,298	2,922	2,195
<b>Creditors: amounts falling due within one year</b>	(3,152)	(159)	(142)
<b>Net current assets</b>	2,146	2,763	2,053
<b>Total assets less current liabilities</b>	341,527	330,388	326,055
<b>Creditors: amounts falling due after more than one year</b>	(26,588)	(29,319)	(26,237)
<b>Net assets</b>	314,939	301,069	299,818
<b>Capital and reserves</b>			
Called up share capital	5,595	5,595	5,595
Share premium	33,978	33,978	33,978
Capital redemption reserve	1,836	1,836	1,836
Other reserve	276,839	289,049	282,835
Capital reserves	8,128	(18,143)	(13,231)
Revenue reserve	(11,437)	(11,246)	(11,195)
<b>Total shareholders' funds</b>	314,939	301,069	299,818
<b>Net asset value per share (note 5)</b>	577.8p	552.3p	550.0p

# STATEMENT OF CASH FLOWS

FOR THE SIX MONTHS ENDED 30TH SEPTEMBER 2021

	(Unaudited) 30th September 2021 £'000	(Unaudited) 30th September 2020 £'000	(Audited) 31st March 2021 £'000
Net cash outflow from operations before dividends and interest (note 6)	(1,596)	(1,442)	(3,262)
Dividends received	1,928	2,105	3,429
Interest paid	(112)	(136)	(260)
<b>Net cash inflow from operating activities</b>	<b>220</b>	<b>527</b>	<b>(93)</b>
Purchases of investments	(36,650)	(38,710)	(76,939)
Sales of investments	45,566	32,092	76,012
Settlement of forward currency contracts	22	21	32
<b>Net cash inflow/(outflow) from investing activities</b>	<b>8,938</b>	<b>(6,597)</b>	<b>(895)</b>
Dividends paid	(5,996)	(4,906)	(11,120)
<b>Net cash outflow from financing activities</b>	<b>(5,996)</b>	<b>(4,906)</b>	<b>(11,120)</b>
<b>Increase/(decrease) in cash and cash equivalents</b>	<b>3,162</b>	<b>(10,976)</b>	<b>(12,108)</b>
Cash and cash equivalents at start of the period	627	12,743	12,743
Exchange movements	(1)	18	(8)
Cash and cash equivalents at end of the period	3,788	1,785	627
<b>Increase/(decrease) in cash and cash equivalents</b>	<b>3,162</b>	<b>(10,976)</b>	<b>(12,108)</b>
<b>Cash and cash equivalents consist of:</b>			
Cash and short term deposits	3,788	1,785	627
<b>Total</b>	<b>3,788</b>	<b>1,785</b>	<b>627</b>

## RECONCILIATION OF NET DEBT

	As at 31st March 2021 £'000	Cash flows £'000	Exchange movement £'000	As at 30th September 2021 £'000
<b>Cash and cash equivalents</b>				
Cash	627	3,162	(1)	3,788
	627	3,162	(1)	3,788
<b>Borrowings</b>				
Debt due after one year	(26,237)	–	(351)	(26,588)
	(26,237)	–	(351)	(26,588)
<b>Total</b>	<b>(25,610)</b>	<b>3,162</b>	<b>(352)</b>	<b>(22,800)</b>

FOR THE SIX MONTHS ENDED 30TH SEPTEMBER 2021

## 1. Financial statements

The information contained within the financial statements in this half year report has not been audited or reviewed by the Company's auditors.

The figures and financial information for the year ended 31st March 2021 are extracted from the latest published financial statements of the Company and do not constitute statutory accounts for that year. Those financial statements have been delivered to the Registrar of Companies, including the report of the auditors which was unqualified and did not contain a statement under either section 498(2) or 498(3) of the Companies Act 2006.

## 2. Accounting policies

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

FRS 104, 'Interim Financial Reporting', issued by the Financial Reporting Council ('FRC') in March 2015 has been applied in preparing this condensed set of financial statements for the six months ended 30th September 2021.

All of the Company's operations are of a continuing nature.

The accounting policies applied to this condensed set of financial statements are consistent with those applied in the financial statements for the year ended 31st March 2021.

## 3. Return per share

	(Unaudited) Six months ended 30th September 2021 £'000	(Unaudited) Six months ended 30th September 2020 £'000	(Audited) Year ended 31st March 2021 £'000
Return per Ordinary share is based on the following:			
Revenue loss	(242)	(82)	(31)
Capital return	21,359	87,061	91,973
<b>Total return</b>	<b>21,117</b>	<b>86,979</b>	<b>91,942</b>
Weighted average number of shares in issue	54,510,339	54,510,339	54,510,339
Revenue loss per share	(0.44)p	(0.15)p	(0.06)p
Capital return per share	39.18p	159.72p	168.73p
<b>Total return per share</b>	<b>38.74p</b>	<b>159.57p</b>	<b>168.67p</b>

## 4. Dividends paid

	(Unaudited) Six months ended 30th September 2021 £'000	(Unaudited) Six months ended 30th September 2020 £'000	(Audited) Year ended 31st March 2021 £'000
2021 fourth quarterly dividend of 5.5p (2020: 4.0p)	2,998	2,180	2,180
2022 first quarterly dividend of 5.5p (2021: 5.0p)	2,998	2,726	2,726
2021 second quarterly dividend of 5.5p (2020: 4.6p)	—	—	2,998
2021 third quarterly dividend of 5.9p (2020: 4.7p)	—	—	3,216
<b>Total dividends paid</b>	<b>5,996</b>	<b>4,906</b>	<b>11,120</b>

The dividends paid in the period have been funded from the other reserve.

## NOTES TO THE FINANCIAL STATEMENTS

### 4. Dividends paid *continued*

A second quarterly dividend of 5.8p (2021: 5.5p) per share, amounting to £3,161,600 (2021: £2,998,000) has been declared payable in respect of the year ending 31st March 2022. It will be paid on 19th November 2021 to shareholders on the register at the close of business on 15th October 2021.

### 5. Net asset value per share

	(Unaudited) Six months ended 30th September 2021	(Unaudited) Six months ended 30th September 2020	(Audited) Year ended 31st March 2021
Net assets (£'000)	314,939	301,069	299,818
Number of shares in issue	54,510,339	54,510,339	54,510,339
<b>Net asset value per share</b>	<b>577.8p</b>	<b>552.3p</b>	<b>550.0p</b>

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

	(Unaudited) Six months ended 30th September 2021 £'000	(Unaudited) Six months ended 30th September 2020 £'000	(Audited) Year ended 31st March 2021 £'000
Net return before finance costs and taxation	21,377	87,273	92,556
Less capital return before finance costs and taxation	(21,359)	(87,061)	(91,973)
Decrease in accrued income and other debtors	470	698	267
(Decrease)/increase in accrued expenses	(13)	19	2
Overseas withholding tax	(152)	(154)	(350)
Dividends received	(1,928)	(2,105)	(3,429)
Realised gains/(losses) on foreign exchange transactions	9	(112)	(335)
<b>Net cash outflow from operations before dividends and interest</b>	<b>(1,596)</b>	<b>(1,442)</b>	<b>(3,262)</b>

### 7. Fair valuation of financial instruments

The fair value hierarchy analysis for financial instruments held at fair value at the period end is as follows:

	(Unaudited) Six months ended 30th September 2021		(Unaudited) Six months ended 30th September 2020		(Audited) Year ended 31st March 2021	
	Assets £'000	Liabilities £'000	Assets £'000	Liabilities £'000	Assets £'000	Liabilities £'000
	339,381	—	327,625	—	324,002	—
<b>Total value of instruments</b>	<b>339,381</b>	<b>—</b>	<b>327,625</b>	<b>—</b>	<b>324,002</b>	<b>—</b>

# Interim Management Report

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# INTERIM MANAGEMENT REPORT

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

## Principal and Emerging Risks and Uncertainties

The principal and emerging risks and uncertainties faced by the Company have not changed and fall into the following broad categories: operational and cyber crime; investment performance and strategy; share price discount to net asset value; loss of investment team or investment manager; political and regulatory; financial; climate change; and, pandemic risk. Information on each of these areas is given in the Business Review within the Annual Report and Financial Statements for the year ended 31st March 2021.

## Related Parties Transactions

During the first six months of the current financial year, no transactions with related parties have taken place which have materially affected the financial position or the performance of the Company during the period.

## Going Concern

The Directors believe, having considered the Company's investment objectives, risk management policies, capital management policies and procedures, nature of the portfolio and expenditure projections, that the Company has adequate resources, an appropriate financial structure and suitable management arrangements in place to continue in operational existence for the foreseeable future and, more specifically, 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. For these reasons, they consider that there is reasonable evidence to continue to adopt the going concern basis in preparing the financial statements.

## Directors' Responsibilities

The Board of Directors confirms that, to the best of its knowledge:

- (i) the condensed set of financial statements contained within the half yearly 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 30th September 2021, as required by the UK Listing Authority Disclosure and Transparency Rule 4.2.4R; and
- (ii) the interim management report includes a fair review of the information required by DTRs 4.2.7R and 4.2.8R of the UK Listing Authority Disclosure and Transparency Rules.

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

**Alexa Henderson**

*Chairman*

10th December 2021

## Shareholder Information

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### **Return to Shareholders (APM)**

Total return to the 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 30th September	
		2021	
Opening share price (p)	5	502.0	(a)
Closing share price (p)	5	536.0	(b)
Total dividend adjustment factor <sup>1</sup>		1.021699	(c)
Adjusted closing share price (d = b x c)		547.6	(d)
<b>Total return to shareholders (e = d / a - 1)</b>	<b>4</b>	<b>9.1%</b>	(e)

<sup>1</sup> 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 (APM)**

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

Total return calculation	Page	Six months ended 30th September	
		2021	
Opening cum-income NAV per share (p)	5	550.0	(a)
Closing cum-income NAV per share (p)	5	577.8	(b)
Total dividend adjustment factor <sup>1</sup>		1.019979	(c)
Adjusted closing cum-income NAV per share (d = b x c)		589.3	(d)
<b>Total return on net assets (e = d / a - 1)</b>	<b>4</b>	<b>7.2%</b>	(e)

<sup>1</sup> 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.

In accordance with industry practice, dividends payable which have been declared but which are unpaid at the balance sheet date are deducted from the NAV per share when calculating the total return on net assets.

### **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.

### **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	30th September	31st March
		2021 £'000	2021 £'000
Investments held at fair value through profit or loss	19	339,381	324,002
Net assets	19	314,939	299,818
<b>Gearing/(net cash) (c = a / b - 1)</b>	<b>5</b>	<b>7.8%</b>	<b>8.1%</b>
			(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 30th September 2021 is an estimated annualised figure based on the numbers for the six months ended 30th September 2021.

Ongoing charges calculation	Page	30th September	31st March
		2021 £'000	2021 £'000
Management fee	17	2,586	2,478
Other administrative expenses	17	450	465
Total management fee and other administrative expenses	17	3,036	2,943
Average daily cum-income net assets		298,261	288,366
<b>Ongoing charges (c = a / b)</b>	<b>5</b>	<b>1.02%</b>	<b>1.02%</b>
			(c)

### **Share Price Discount/Premium to Net Asset Value (NAV) per Share (APM)**

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

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

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

### 1. A third party provider

Third party providers include:

AJ Bell You Invest  
Barclays Smart Investor  
Charles Stanley Direct  
Fidelity Personal Investing

Halifax Share Dealing  
Hargreaves Lansdown  
Interactive Investor

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

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

### 2. 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](http://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](http://fca.org.uk)

## Be ScamSmart

### Investment scams are designed to look like genuine investments

#### Spot the warning signs

Have you been:

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

If so, you might have been contacted by fraudsters.

#### Avoid investment fraud

##### 1 Reject cold calls

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

##### 2 Check the FCA Warning List

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

##### 3 Get impartial advice

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

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

#### Report a Scam

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

If you have lost money to investment fraud, you should report it to Action Fraud on 0300 123 2040 or online at [www.actionfraud.police.uk](http://www.actionfraud.police.uk)

**Find out more at**  
[www.fca.org.uk/scamsmart](http://www.fca.org.uk/scamsmart)



## FINANCIAL CALENDAR

Financial year end	31st March
Final results announced	June
Half year end	30th September
Half year results announced	December
Annual General Meeting	July
Quarterly Interim Dividends paid	February, May, August, November

## History

The Company and its predecessor, JF Fledgeling Japan Limited, have been investing in Japanese smaller companies since 1984. In early 2000, JF Fledgeling Japan Limited was placed into voluntary liquidation and JPMorgan Fleming Japanese Smaller Companies Investment Trust plc was incorporated and took over its assets and undertakings. Dealings on the new Company began on the London Stock Exchange on 11th April 2000. The Company changed its name to JPMorgan Japan Smaller Companies Trust plc in July 2010 and to JPMorgan Japan Small Cap Growth & Income plc on 16th December 2020.

## Directors

Alexa Henderson (Chairman)  
Deborah Guthrie  
Yuuichiro Nakajima  
Martin Shenfield  
Thomas Walker

## Company Numbers

Company registration number: 3916716

## Ordinary Shares

London Stock Exchange Sedol number: 0316581  
ISIN: GB0003165817  
Bloomberg ticker: JPS LN (JSGI LN from 17th December 2020)  
LEI: 549300KP3CRHPQ4RF811

## Market Information

The Company's unaudited net asset value (NAV) per share is published daily, via the London Stock Exchange. The Company's shares are listed on the London Stock Exchange and are quoted daily in The Financial Times, The Times, The Daily Telegraph, The Scotsman and on the Company's website at [www.jpmjapansmallcapgrowthandincome.co.uk](http://www.jpmjapansmallcapgrowthandincome.co.uk), where the share price is updated every 15 minutes during trading hours.

## Website

[www.jpmjapansmallcapgrowthandincome.co.uk](http://www.jpmjapansmallcapgrowthandincome.co.uk)

## 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 number: 020 7742 4000

For company secretarial matters, please contact Divya Amin.

## Depository

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

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

## Registrars

Equiniti Limited  
Reference 2093  
Aspect House  
Spencer Road  
Lancing  
West Sussex BN99 6DA  
Telephone: 0371 384 2539

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

Notifications of changes of address and enquiries regarding share certificates or dividend cheques should be made in writing to the Registrars quoting reference 2093.

Registered shareholders can obtain further details on individual holdings on the internet by visiting [www.sharereview.co.uk](http://www.sharereview.co.uk).

## Independent Auditor

Johnston Carmichael LLP  
7-11 Melville Street  
Edinburgh  
EH3 7PE

## Brokers

Cenkos Securities plc  
6, 7, 8 Tokenhouse Yard  
London EC2R 7AS



The Association of  
Investment Companies

A member of the AIC

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## CONTACT

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