

# JPMorgan Japanese Investment Trust plc

Monthly Update as at 31 July 2017

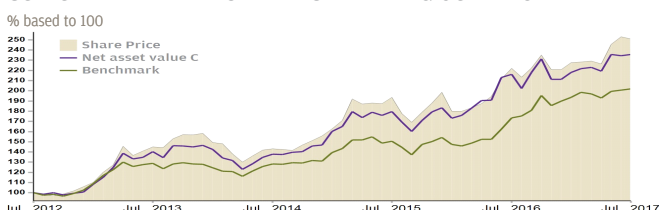
Overall Morningstar Rating™ (as at 31/07/17) <sup>A</sup> ★ ★ ★ ★ ★  
Morningstar Category™ Japan Large-Cap Equity

## Management Commentary

The Company's share price outperformed the benchmark in June, while the net asset value performed in line. Japan Exchange Group (stock exchange) and Lifull (real estate website) were among the top contributors, while CyberAgent (internet advertising) and SUMCO (wafers) were the main detractors, due to profit taking.

Steady global demand is a tailwind for the Japanese equity market due to the relatively high weight of cyclical manufacturers in the index. The domestic political situation in Japan is stable as the current government has no substantial opposition. The interest rate environment has improved for Japanese banks. Corporate earnings continue to show a strong underlying trend and valuations remain competitive in a global context. Corporate governance continues to be a major focus in Japan - 2016 saw record share buybacks, with 25% of all companies buying back shares, and this increasingly looks like a structural change.

### CUMULATIVE PERFORMANCE ENDING JULY 2017 <sup>B</sup>



### QUARTERLY ROLLING 12M ENDING JUNE 2017 <sup>B</sup>

| %                              | 2016/17 | 2015/16 | 2014/15 | 2013/14 | 2012/13 |
|--------------------------------|---------|---------|---------|---------|---------|
| Share Price                    | 19.6    | 12.9    | 32.2    | 0.6     | 40.0    |
| Net asset value <sup>C D</sup> | 10.0    | 21.1    | 30.5    | 0.0     | 33.8    |
| Benchmark                      | 23.8    | 9.1     | 18.1    | -1.5    | 24.9    |

### CUMULATIVE PERFORMANCE AS AT 31 JULY 2017 <sup>B</sup>

| %                              | 1 Y  | 3 Y  | 5 Y   |
|--------------------------------|------|------|-------|
| Share price                    | 12.9 | 75.1 | 150.8 |
| Net asset value <sup>C D</sup> | 9.1  | 71.0 | 135.7 |
| Benchmark                      | 16.4 | 57.6 | 102.1 |

**Past performance is not a guide to the future.** J.P.Morgan/Morningstar. Net asset value performance data has been calculated on a NAV to NAV (using the cum income NAV with debt at fair) basis, including ongoing charges and any applicable fees, with any income reinvested, in GBP. Please note Benchmark Indices do not include fees or operating expenses and are not available for actual investment.

### TOP 10 HOLDINGS AS AT 31 JULY 2017

| Holding                   | Sector                      | Weight |
|---------------------------|-----------------------------|--------|
| Mitsubishi UFJ Financial  | Banks                       | 4.1%   |
| Keyence                   | Electric Appliances         | 4.0%   |
| Softbank                  | Information & Communication | 3.6%   |
| Sumitomo Mitsui Financial | Banks                       | 3.2%   |
| Shin-Etsu Chemical        | Chemicals                   | 2.9%   |
| Suzuki Motor              | Transportation Equipment    | 2.8%   |
| Daikin Industries         | Machinery                   | 2.6%   |
| Start Today               | Retail Trade                | 2.6%   |
| Tokio Marine              | Insurance                   | 2.6%   |
| Tokyo Electron            | Electric Appliances         | 2.4%   |

## INVESTMENT OBJECTIVE AND POLICY

Aims to produce capital growth from a portfolio of Japanese equities. The company has the ability to use borrowing to gear the portfolio within the range of 5% net cash to 15% geared in normal market conditions.

## KEY FACTS

|                                                     |                                                    |
|-----------------------------------------------------|----------------------------------------------------|
| Portfolio Manager(s)                                | Nicholas Weindling<br>Shoichi Mizusawa             |
| Dividends Paid                                      | December                                           |
| Benchmark                                           | Tokyo Stock Price Index (TOPIX) (Total Return Net) |
| Company Broker(s)                                   | Canaccord Genuity                                  |
| Gross assets (as at 31/07/17)                       | GBP 772.3m                                         |
| Share price (as at 31/07/17)                        | 373.5p                                             |
| Net asset value (NAV) (as at 31/07/17) <sup>D</sup> | 415.1p                                             |
| Discount(-)/Premium                                 | -10.0%                                             |
| Total dividend for last financial year (per share)  | -                                                  |
| Financial year-end date                             | 30 September                                       |
| Prospective Dividend Yield <sup>E</sup>             | 1.0%                                               |
| Potential gearing range                             | -5% to 15%                                         |
| Actual gearing (as at 31/07/17) <sup>F</sup>        | 14.5%                                              |

## COMPANY FEES & EXPENSES

|                                           |                                                                                                            |
|-------------------------------------------|------------------------------------------------------------------------------------------------------------|
| Ongoing charges (comprises): <sup>G</sup> | 0.74%                                                                                                      |
| -Annual management fee                    | Net Assets up to £465m 0.65%,<br>Net Assets between £465m and £930m 0.485%,<br>NetAssets above £930m 0.40% |
| -Operating & administrative expenses      | 0.09%                                                                                                      |
| Performance fee                           | No                                                                                                         |

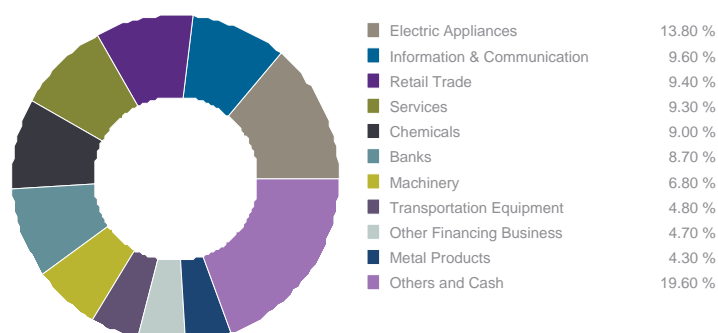
## KEY RISKS

The value of investments and the income from them may fall as well as rise and investors may not get back the full amount invested. Please read the Risk Information, Explanatory Notes, Glossary of Terms and Important Information on the next page.

Any reference to companies/securities mentioned in this document is for information use only and should not be interpreted as investment advice or recommendation on those companies/securities. Any forecasts, figures, opinions, statements of financial market trends or investment techniques and strategies expressed are unless otherwise stated, J.P. Morgan Asset Management's own at the date of this document.

# JPMorgan Japanese Investment Trust plc

## SECTOR BREAKDOWN AS AT 31 JULY 2017 <sup>h</sup>



The Trust is an actively managed portfolio, holdings, sector weights, allocations and leverage, as applicable are subject to change at the discretion of the Investment Manager without notice.

## RISK INFORMATION

- Exchange rate changes may cause the value of underlying overseas investments to go down as well as up.
- External factors may cause an entire asset class to decline in value. Prices and values of all shares or all bonds could decline at the same time, or fluctuate in response to the performance of individual companies and general market conditions.
- This trust may utilise gearing (borrowing) which will exaggerate market movements both up and down.
- This trust may also invest in smaller companies which may increase its risk profile.
- The share price may trade at a discount to the Net Asset Value of the company.
- The single market in which the Trust primarily invests, in this case Japan, may be subject to particular political and economic risks and, as a result, the trust may be more volatile than more broadly diversified trusts.

## COMPANY CODES

|           |              |
|-----------|--------------|
| ISIN      | GB0001740025 |
| Sedol     | 0174002      |
| Bloomberg | JFJ LN       |
| Reuters   | JFJ.L        |

## GLOSSARY OF TERMS

**BENCHMARK COMPARISON** - Comparison of the Company's performance is made with the benchmark. 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 therefore there may be a degree of divergence between its performance and that of the Company.

**CASH** - Net current assets including investment in liquidity funds & treasury stocks (if held) and drawn revolving credit facilities (if any) with an original maturity of less than 1 year.

**DISCOUNT / PREMIUM** - If the share price of an investment company is lower than the net asset value (NAV) per share, the company is said to be trading at a discount. If the share price of an investment company is higher than the net asset value (NAV) per share, the company is said to be trading at a premium. The discount/premium is shown as a percentage of the NAV.

**GEARING** - Gearing represents the excess amount above shareholders' funds of total assets expressed as a percentage of the shareholders' funds. Total assets include total investments and net current assets/liabilities less cash/cash equivalents and excluding bank loans of less than one year. If the amount calculated is negative this is known as a 'net cash' position.

**SECTOR / GEOGRAPHICAL BREAKDOWNS** - These are expressed as a percentage of total portfolio and cash. Investments in liquidity funds will be shown as cash.

**TOP 10 HOLDINGS** - These are expressed as a percentage of total portfolio and cash. Investments in liquidity funds / treasury stocks will not be shown in the top 10 holdings.

## EXPLANATORY NOTES

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<sup>B</sup> Total return - using capital only NAVs with net dividend (if any) reinvested, in sterling, unless otherwise stated. Source: J.P. Morgan/Morningstar ([www.morningstar.co.uk](http://www.morningstar.co.uk))

<sup>C</sup> Due to the currently low net asset value and high gearing of the share class, the NAV performance numbers are extremely volatile and therefore none are disclosed.

<sup>D</sup> Cum income NAV with debt at fair value, diluted for treasury and/or subscription shares if applicable, with any income reinvested.

<sup>E</sup> Source: Morningstar. Prospective dividend yield is indicative and based on mid market prices, and include the declared and net prospective dividends for the current financial year.

<sup>F</sup> Gearing represents the excess amount above shareholders' funds of total investments (excluding liquidity fund holdings) expressed as a percentage of the shareholders' funds. If the amount calculated is negative, this is known as a "net cash" position.

<sup>G</sup> Ongoing charges are the management fee and all other operating expenses, excluding interest charges on any borrowing and any performance fee payable expressed as a percentage of the average daily net assets during the year. All figures are for the previous financial year.

<sup>H</sup> Non-Benchmark holdings (where held) are classified in the appropriate sector/region. Cash is net current assets and holdings used as cash substitutes if applicable.

## IMPORTANT INFORMATION

This factsheet is to provide you summary information about the Company and should not be taken as an advice or recommendation to buy or sell its shares. If you are not sure of suitability of our products for your investment needs, please contact a financial adviser. Please ensure reading important product documentation including Key Features and Terms and Conditions, Investor Disclosure Document and Annual Reports and Accounts.