FIDELITY JAPAN TRUST PLC

Half-Yearly Results for the six months ended 30 June 2024 (unaudited)

Financial Highlights:

- **During the six-month period ended 30 June 2024, Fidelity Japan Trust PLC reported a net asset value (NAV) return of -2.8% and ordinary share price total return of -6.2%.**
- **The TOPIX Total Return Index (in sterling terms) returned +6.2% over the same timeframe.**
- **The Portfolio Manager believes a broadening out of the Tokyo Stock Exchange reforms is likely and expects to see a clear improvement in capital efficiency and shareholder returns further down the market-cap scale.**
- **A peaking out of the interest rate cycle in the US is conducive to better performance by growth stocks, an area of the market where the Portfolio Manager sees a lot of undervaluation.**

Contacts

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CHAIRMAN'S STATEMENT

The recovery in the Japanese equity market which started in 2023 has continued in 2024 with the Nikkei Dow Jones 225 Index reaching levels last seen in the 1990s. However, it has not been a market that has suited the positioning of Fidelity Japan Trust PLC (the Company) and we have seen it underperforming its Reference Index, the TOPIX Total Return Index in sterling terms. Over the six months to 30 June 2024, the net asset value (NAV) of the Company fell by 2.8% in sterling terms while a widening of the discount over the period resulted in the share price falling by 6.2%. This compared to a rise in the Reference Index of 6.2%. The overall return was also dampened by the weakness of the yen given the continued interest rate differential between Japan and the United States. In yen terms, the NAV of the Company rose by 10.0% compared to the Reference Index return of 20.1%.

The focus of the market performance has been concentrated in the large-cap value area while your Company's bias has been to growth orientated stocks, including mid-sized and smaller companies. These have been largely overlooked by investors in the past six months. It is striking that since the beginning of the year, the Japanese Value Index has risen by 11.6% while the Japanese Growth Index has risen by just 1.7%. This divergence has been even starker since January 2023 since when the Japanese Value Index has risen by 31.8% and the Japanese Growth Index by only 10.0%, all in sterling terms. (Indices provided by Russell Nomura.)

DISCOUNT MANAGEMENT, SHARE REPURCHASES AND TREASURY SHARES
The primary purpose of the Board's discount management policy is to reduce discount volatility. At the Annual General Meeting in May 2024, shareholders approved the annual authority to repurchase up to 14.99% of the Company's shares, to be either cancelled or held in Treasury, as they have done each year previously. The Company's discount to NAV widened during the half year, from 9.5% to 12.7%. This reflected the overall widening of discounts in the investment trust sector and also the lack of demand for shares in the Company.

As part of the discount management policy, in the six months to 30 June 2024, the Board authorised the repurchase 6,545,426 ordinary shares for holding in Treasury, at a cost of £11,620,000. This represents 5.2% of the issued share capital. Since the end of the period and up to the latest practicable date of this report, a further 1,121,223 ordinary shares have been repurchased.

GEARING
The Board continues to believe that gearing is a distinct advantage of the investment trust structure and will benefit the performance of the Company as the market recovers. The Board remains satisfied that the use of long Contracts for Difference (CFDs) provides more flexibility and at a lower cost than traditional bank debt. Gearing has remained fairly constant in the six months under review, beginning 2024 at 23.1% and standing at 24.0% at the end of June.

ONGOING CHARGES
We do not provide an annualised ongoing charges figure at the interim stage. However, it is worth noting that the Company's variable management fee arrangement allows for a partial refund of charges in the event of underperformance on a rolling three-year basis. This has resulted in a credit of £244,000 in the variable element of the management fee for the six months to 30 June 2024.

UNLISTED COMPANIES
Unlisted investments currently make up 6.1% of the Company's net assets. While your Portfolio Manager has the authority to invest up to 20% in unlisted companies, the Board believes that currently it is prudent to limit the proportion held in such companies to a maximum of 10% at the time of any further investment. Together with Kroll, as independent valuers, the Board has recently reviewed the current valuation of each of the seven unlisted investments.

DUE DILIGENCE TRIP
The Board visited Japan in June this year and spent time with the Fidelity investment team and analysts as well as a number of market commentators. The trip underlined our confidence in the depth and quality of Fidelity's investment team as well as our belief that the Company will benefit when there is a market rotation back into growth orientated stocks and some of the medium and small-sized companies.

BOARD CHANGES
As covered in the 2023 Annual Report, Dominic Ziegler stood down from the Board at the May 2024 AGM after nine years of excellent service. Seiichi Fukuyama joined the Board as a non-executive Director with effect from 1 March 2024 and is already making a positive contribution. Along with the other Directors, Seiichi stood for election at the AGM.

OUTLOOK
The recent underperformance of the Company against the Japanese stock market and many peers has clearly been disappointing. However, the Company has

generated significant outperformance in the past and we have every reason to believe that Nicholas Price and the Fidelity investment team will do so again in the future with a rotation of the market into the growth sectors and the stocks where the Company is most exposed.

For the past year, it is mainly the larger companies in Japan which have responded to the reforms introduced by the Tokyo Stock Exchange (TSE) for companies to focus on improving capital allocation, increased dividends and buybacks, which have benefited their share price performance. The impact of these reforms is now being seen more broadly with a number of companies held in the portfolio responding to the TSE reforms and increasing their dividends and buying back their shares. There is a strong likelihood that they will garner investor interest, particularly as they are trading at lower valuations to the broader market, but with stronger growth prospects.

The return to investors in sterling terms will also be enhanced by any strengthening in the yen as we anticipate a steady narrowing of the interest rate differential between Japan and the United States, with the period of negative interest rates in Japan now ended, and the prospect of some easing of interest rates in the United States.

As an actively managed investment trust with a flexible mandate, shareholders understandably expect the Company to add significant value over broad market indices and to be competitive against peers. The Board remains focused on ensuring the Company returns to delivering strong investment performance and is confident that the Company is well placed to benefit from the positive outlook for the Japanese market.

DAVID GRAHAM
Chairman
29 July 2024

PORTFOLIO MANAGER'S REVIEW

MARKET REVIEW
Japanese equities got off to a strong start to the year with the Nikkei 225 Index reaching a record high for the first time since December 1989. The market was driven primarily by central bank policy expectations centred on the Bank of Japan (BoJ) and the US Federal Reserve (Fed) and accompanying yen weakness, as well as strong gains in semiconductor-related stocks. Meanwhile, upbeat earnings results, including from Index heavyweights accompanied by share buyback announcements, served to galvanise market sentiment. However, waning expectations of US Fed rate cuts combined with heightened geopolitical risks, capped the upward momentum and key indices peaked in late March. Japan's currency remained under broad-based pressure amid sustained monetary policy divergence with other major central banks and closed the period at a post global financial crisis low of around ¥203 against sterling.

At a sector level, financials, led by Insurance and Banks, generated the strongest returns, buoyed by higher interest rates and governance-related developments. Shares in power utilities gained on reports of higher dividend payouts, while commodity related segments outperformed. Conversely, domestic oriented industries that are struggling with rising logistics and labour costs underperformed. In terms of style, large-cap value stocks generated the strongest returns over the period contrasting with the far more muted performance of small-cap growth names despite a late rebound.

In economic news, real GDP contracted by 2.9% annualised in the first three months of 2024 after showing modest growth of just 0.1% in the previous quarter. Private consumption remained weak, declining for a fourth consecutive quarter due to persistent price pressures and negative real incomes. Meanwhile, the core Consumer Price Index (CPI) for May came in at +2.5% year-on-year, with electricity prices contributing to an acceleration from April's reading of +2.2%. The core-core measure of inflation (excluding fresh food and energy) stood at +2.1% and remained above the BoJ's price stability target. The summary of opinions from the BoJ's June meeting indicated that more board members had considered adjusting monetary policy in response to upside risks to prices accompanying the recent weakness of the yen. A Bloomberg survey conducted in late June found that 33% of economists polled had expected the BoJ to raise interest rates in July, while those expecting an October increase stood at 42%.

Although economic growth tailed off towards the end of last year, nominal GDP expanded by 5% in fiscal year 2023, which is the strongest growth in more than 30 years. This marks a significant change for Japan as during the lost decades nominal growth was effectively zero and the economy was reliant on price declines to generate anaemic growth in real GDP. Furthermore, Japanese companies are raising wages at the highest rate since the 1990s, reflecting a combination of tight labour markets, balance sheet strength and political pressure. With the more volatile elements of inflation moderating, a return to positive real wage growth later in the year bodes well for consumer facing industries. We are also seeing solid trends in corporate capex, supported by cash-rich balance sheets, structural labour shortages, reflationary dynamics, and geopolitical factors. Seeing greater contributions from these key pillars of domestic demand are key for future economic growth.

PORTFOLIO REVIEW
In the six months to 30 June 2024, the Company's net asset value (NAV) declined by 2.8% in sterling terms, underperforming the Reference Index which returned 6.2%. The share price return was -6.2% in the same period and the discount of the share price to the NAV widened to 12.7% from 9.5% at the start of the period.

The 13.1% fall in the value of the yen against sterling since the end of 2023 weighed on the sterling based returns of the Company's NAV, its share price and the Reference Index. This stems largely from the wide policy divergence between the BoJ and the Bank of England.

The US bond yield cycle and accompanying currency trends continued to exert a sizeable impact on style returns with strong gains in large-cap value stocks contrasting with the far more muted performance of small-cap growth names. These trends continued to generate headwinds for growth-oriented strategies, particularly during periods of sharp rises in long-term interest rates. At a time of limited market breadth and with returns concentrated in large-cap value stocks, the Company's exposure to mid/small-cap growth names constrained relative performance.

In the Chemicals sector, the Company's holding in **NOF**, a speciality chemicals producer with strengths in raw materials for cosmetics and drug delivery systems (DDS), was among the most significant detractors from performance. Inventory corrections at specific customers clouded the immediate outlook for sales of DDS materials, while an accelerated pace of strategic investments through fiscal 2025 (12 months to March 2026) represent a temporary headwind to profits.

Shares in **Mitsui High-tec**, a leading producer of xEV motor cores, lost ground as its fiscal 2024 earnings guidance came in below market expectations due to the impact of higher capital expenditure and depreciation costs. However, the company's upfront investment reflects strong demand for motor cores used in hybrid vehicles and we expect profitability to improve as the business expands.

Among domestic services companies, positions in **KeePer Technical Laboratory** and **Kosaido Holdings** underperformed. Shares in **KeePer Technical Laboratory**, a leading producer and retailer of automobile coating materials, fell sharply in response to a near-term deceleration in earnings momentum. Monthly sales faced high hurdle rates at the start of the year and rising costs from new store openings and wage increases precipitated a negative revision to its full year guidance. However, monthly sales growth has started to normalise and new store openings are accelerating. Funeral services operator **Kosaido Holdings** was a strong performer in 2023 but faced profit taking at the start of the current year. Its share price came under further pressure following the resignation of its President and CEO Hiroshi Kurosawa. Despite the change in management, we expect the company's efforts to expand capacity and maximise its existing crematorium facilities to provide funeral services to remain supportive of future earnings growth.

On a positive note, holdings in semiconductor related companies were among the key contributors to performance. Shares in semiconductor production equipment (SPE) maker **Tokyo Electron** set successive highs as investors factored in a multi-year growth trajectory for the global semiconductor market amid growing demand for generative artificial intelligence (AI). As a highly competitive player in a structural growth market, **Tokyo Electron** is well positioned to capture sustained semiconductor demand and drive technological advances in chip making and benefit from government support amid rising geopolitical tensions. Meanwhile, **Rorze**, a leading producer of semiconductor wafer transfer and processing equipment, announced stronger-than-expected earnings guidance for the fiscal year to February 2025, reflecting structural growth in chip-related investments.

Power utility **Kyushu Electric Power** announced above consensus annual results and met its commitment to increase dividends one year ahead of schedule. With all four nuclear reactors online, it enjoys a steadier energy production mix compared with many other Japanese utilities. As the largest provider of electricity to the Kyushu region, it is well positioned to benefit from an influx of investments related to semiconductor production facilities and data centres.

POSITIONING

The Company remains overweight in the Chemicals, Services and Electric Appliances sectors. At the opposite end of the scale, Pharmaceuticals and Transportation Equipment remain underweight. The level of gearing was little changed at 24.0% and is, as always, dependent on bottom-up conviction in the investment opportunities available and accompanying valuations.

Given the BoJ's dovish tone and limited immediate scope for yen strengthening, export oriented companies look attractive amid signs of a recovery in the global manufacturing Purchasing Managers' Index (PMI). We favour exposure to industrial cyclicality through technology and factory automation-related names. **MISUMI Group**, **Harmonic Drive Systems** and **Tokyo Electron** remain among the Company's key active positions. There are also opportunities in automobile related companies that are committed to addressing below 1x price-to-book ratios through better balance sheet management and increasing shareholder returns.

Although the Company remains underweight in Financials as a broad grouping, we have selectively added to or increased positions in Real Estate, Insurance and Banks. Stock selection decisions were underpinned by a combination of favourable fundamentals, supportive policy developments and stronger commitments to capital efficiency and shareholder returns. At the end of the reporting period, key active positions included mega bank **Mizuho Financial Group**, consumer finance company **Credit Saison** and insurer **Sompo Holdings**.

A new position that features among the Company's top ten holdings is industrial conglomerate **Mitsubishi Electric**. Factory automation related orders, a key driver of the stock, have bottomed out and restructuring measures, notably at its automobile business, are leading to an improvement in profitability.

Valuations are historically cheap and we expect the stock to rerate as the market discounts its growth prospects.

Conversely, a combination of profit taking and targeted reductions in high valuation names resulted in a lower allocation to the Retail sector. We took some profits in **Ryohin Keikaku**, operator of the Muji brand of general merchandise stores, and sold Uniqlo owner **Fast Retailing** as upside appeared limited with valuations at historical highs. Among other strong performers, the Company's positions in financial services group **ORIX** and power company **Kansai Electric Power** were sold.

At the end of the review period, seven unlisted names were held, representing 6.1% of the net assets. We continue to evaluate new opportunities, while maintaining a disciplined approach towards valuations.

MID/SMALL-CAPS: AN UNDERAPPRECIATED OPPORTUNITY

The market rally in Japan has been driven predominantly by large-caps. Since the start of 2023, the TOPIX Core 30 Index has returned around 30% in sterling terms versus far more muted returns for mid and small-cap indices. Mid/small-cap growth stocks have notably faced significant style headwinds given the US Fed's hiking cycle.

As the US Fed moves closer to interest rate cuts, the outlook for Japanese mid/small-caps should start to improve. From a valuation perspective, Japanese mid-caps are trading at a steep price-to-book discount to larger-cap indices and have lost the price-to-earnings premium that was a constant feature of the past decade or so, as can be seen from the charts in the Half-Yearly Report.

Although mid/small-caps account for around 90% of the TOPIX universe, they are often overlooked or under researched. Almost all smaller companies have little or no street coverage and around 60% of mid-caps have limited coverage. This level of market inefficiency can create extreme mispricings and as an active manager on the ground who meets a lot of companies, this creates a wealth of untapped and differentiated investment opportunities among both domestic and export oriented firms.

Osaka Soda is a good example of an under researched small-cap stock. It is transforming from a basic chemicals company to a supplier of value-added functional and health care materials. In mid-2022, the company had a market cap of below £500 million and was only covered by local brokers that catered to individual investors. The lack of street coverage belies the fact that **Osaka Soda** is the monopoly supplier of high-grade silica gel which is a high-margin purification material that is key to the production of GLP-1 and insulin drugs. With GLP-1 drugs expanding into obesity treatments, it is well positioned to meet the rapid growth in demand from global pharmaceuticals companies. Since mid-2022, **Osaka Soda's** market cap has more than doubled and its net cash balance sheet offers scope for higher shareholder returns.

TSE REFORMS UNLOCKING VALUE

In March 2023, the Tokyo Stock Exchange (TSE) requested that all companies listed on the Prime and Standard markets (c.3,200 names) disclose measures to enhance their capital allocation and tackle low valuations. From January 2024, the TSE started publishing a list of companies that have disclosed information fulfilling its request and thereby encouraging corporates to be more proactive.

So far, the highest disclosure rates have been concentrated in large-cap, low price-to-book companies in sectors including Banks, Shipping, Utilities and Commodities. However, the TSE led reforms are broadening out across the market. Through our engagements, we are seeing growth and mid-cap companies become more active in their shareholder returns. Given that mid/small- caps have a large presence both in absolute numbers and the proportion that trade below book value, there are grounds for optimism.

Companies that are committed to balance sheet change by optimising their capital structures, enhancing cash allocation and payout policies and eliminating idle assets and cross shareholdings, offer attractive opportunities for investors. The recently concluded fiscal 2023 reporting season delivered many governance-related announcements, including a notable jump in share buybacks. As a result of these actions and as illustrated in the chart in the Half-Yearly Report, we have seen a significant increase in total shareholder return yields for selected firms held by the Company.

ENGAGEMENT

In the first six months of 2024, the Engagement team in Tokyo conducted 59 engagement meetings (in addition to our fundamental research meetings), covering 15 names held by the Company. Themes that formed part of these environmental, social and corporate governance (ESG) engagements included long- term strategy and capital allocation, climate change and environmental issues, and human resource development and gender diversity.

Following the fiscal 2023 reporting season, many Japanese companies released their medium-term plans, including business strategies for fiscal 2024 and beyond. In line with the TSE's request, companies are clearly placing greater focus on capital allocation and the effective use of assets. For example, we have seen progress in the unwinding of strategic shareholdings, the proceeds of which in the majority of cases, are being directed towards shareholder returns and growth investments.

Sompo Holdings, a non-life insurer held by the Company, announced its new medium-term plan in May. This included specific profitability targets, a commitment to reduce its cross shareholdings by at least a third within three years and to utilise the funds to increase shareholder returns. Capital allocation will remain a key theme in the Japanese equity market and we believe this will drive further improvements in corporate value and help to protect the rights of minority shareholders.

In terms of specific engagements with investee companies, we worked with **Riken Keiki** to develop its capital strategy and tackle its low price-to-book ratio. In response to a request from **Tokyo Electron**, we met with an executive director to discuss the company's board structure, executive remuneration and the unwinding of cross shareholdings ahead of this year's annual general meeting. In the case of **Kansai Paint**, we discussed management's awareness of the cost of capital and share price levels, and the need to improve shareholder returns. It was gratifying to see the company subsequently commit to paying 100% of free cash flow (excluding mergers and acquisitions) to shareholders through progressive dividend hikes and continuous buybacks.

CONSTRUCTIVE OUTLOOK FOR JAPAN

We believe that Japan's economic shift to moderate inflation and its impact on spending and investment decisions by households and corporates, combined with steady progress in governance reforms, represent multi-year structural trends.

Japanese equities traded on a forward price-to-earnings multiple north of 50x during the bubble period in the 1990s, so the current multiple of around 15x is not expensive historically nor relative to other markets, especially considering the current low interest rates in Japan. Moreover, a sustained improvement in returns on equity would support a higher price-to-book multiple and the economic trend towards moderate inflation supports higher earnings based valuations.

Although we have seen renewed buying of Japanese stocks by overseas investors since March 2023, cumulative net inflows remain well below the 2015 peak during the era of 'Abenomics' (economic policies advocated by the then Prime Minister Shinzo Abe) and global active funds remain underweight Japanese equities. Japanese households are also relatively underweight equities in their mix of financial assets.

This structural under-allocation in investor portfolios suggests there is ample room for inflows into Japanese markets. If the corporate sector, guided by more shareholder friendly policymaking, can continue to build on its success in recent years in boosting returns, then inflows could persist.

Any signs of weakness in China's recovery and the risk of a US recession represent potential headwinds that could prompt a near-term adjustment in the Japanese market, primarily in external demand oriented stocks and sectors. However, the underlying positive drivers should support the mid to long-term outlook for the Japanese market.

PERFORMANCE OUTLOOK

The performance of the Company has remained challenging in an environment where high interest rates have favoured value stocks and worked against my natural tilt towards higher growth and mid/small cap companies. The extent of the underperformance compared to the Reference Index, over the past three years in particular, is disappointing for me and doubtless for shareholders too.

The fundamental investment approach, centred on identifying companies with good growth prospects through our proprietary bottom-up research, remains firmly in place and I continue to look for differentiated and under-researched stocks across a wide range of sectors in the Japanese market. At the same time, I am finding opportunities in typical large-cap sectors where companies are moving from value to growth, and signs of improvement in the global manufacturing cycle are supportive of technology and factory automation stocks that have struggled in recent years. I am encouraged by a broadening out of the TSE reforms and expect to see a clear improvement in capital efficiency and shareholder returns (a trend that was initially led by large-cap value companies) further down the market-cap scale. Finally, a peaking out of the interest rate cycle in the US is conducive to better performance by growth stocks, an area of the market where we are seeing a lot of undervaluation.

NICHOLAS PRICE
Portfolio Manager
29 July 2024

THIRTY LARGEST HOLDINGS AS AT 30 JUNE 2024

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

Company	Sector	Fair Value £'000	Portfolio £'000	Exposure %[1]
Exposures – shares unless otherwise stated				
Osaka Soda	Chemicals	13,972	13,972	5.9
MISUMI Group (shares and long CFD)	Wholesale Trade	5,551	13,173	5.5
Ryohin Keikaku (long CFD)	Retail Trade	65	11,264	4.7
Mizuho Financial Group	Banks	10,859	10,859	4.6
Keyence (long CFD)	Electric Appliances	100	10,641	4.5
Tokyo Electron (long CFD)	Electric Appliances	(25)	9,786	4.1
Riken Keiki	Precision Instruments	8,853	8,853	3.7
Mitsubishi Electric (shares and long CFD)	Electric Appliances	3,671	8,686	3.7
Harmonic Drive Systems	Machinery	8,232	8,232	3.5
NOF (long CFD)	Chemicals	206	7,212	3.0
Honda Motor	Transportation Equipment	6,750	6,750	2.8
Recruit Holdings	Services	6,701	6,701	2.8
Yonex	Other Products	6,647	6,647	2.8
Oriental Land (long CFD)	Services	(27)	6,401	2.7
Mitsui High-tec	Electric Appliances	6,301	6,301	2.7
Sony	Electric Appliances	5,767	5,767	2.4
Sumitomo Mitsui Financial Group	Banks	5,619	5,619	2.4
Asoview	Unlisted	5,423	5,423	2.3
Toyota Industries	Transportation Equipment	4,793	4,793	2.0
Shin-Etsu Chemical	Chemicals	4,723	4,723	2.0
C. Uyemura	Chemicals	4,527	4,527	1.9
Kosaido Holdings	Other Products	4,485	4,485	1.9
Central Automotive Products	Wholesale Trade	4,151	4,151	1.7
Sompo Holdings	Insurance	4,076	4,076	1.7
Kotobuki Spirits	Foods	3,971	3,971	1.7
Credit Saison	Other Financing Business	3,940	3,940	1.7
Renesas Electronics	Electric Appliances	3,554	3,554	1.5
Inforich	Services	3,301	3,301	1.4
Maruwa Ceramic	Glass & Ceramics Products	3,253	3,253	1.4
Descente	Textiles & Apparels	3,175	3,175	1.3
Thirty largest exposures		142,614	200,236	84.3
Other exposures (72 holdings)		94,341	94,341	39.7
Total Portfolio (including long CFDs)		236,955	294,577	124.0

FAIR VALUE AND PORTFOLIO EXPOSURE OF INVESTMENTS AS AT 30 JUNE 2024

	Fair Value £'000	Portfolio Exposure £'000	%[1]
Investments	236,215	236,215	99.4
Derivative instrument assets – long CFDs	814	40,707	17.2
Derivative instrument liabilities – long CFDs	(74)	17,655	7.4
Total Portfolio (including long CFDs)	236,955	294,577	124.0
Shareholders' Funds		237,639	
Gearing[2]			24.0%

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

2 Gearing is the amount by which the Portfolio Exposure exceeds Shareholders' Funds.

INTERIM MANAGEMENT REPORT

PRINCIPAL RISKS AND UNCERTAINTIES

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

The Board considers that the principal risks and uncertainties faced by the Company continue to fall into the following categories: geopolitical risk; natural disaster risk; market, economic and currency risks; investment performance and gearing risks; discount control and demand risks; key person risk; environmental, social and governance (ESG) risks; business continuity risk; cybercrime and information security risks; and tax and regulatory risks. Information on each of these risks is given in the Strategic Report section of the Annual Report for the year ended 31 December 2023 which can be found on the Company's pages of the Manager's website at **www.fidelity.co.uk/japan**.

The principal risks and uncertainties remain the same as those at the last year end. There continues to be geopolitical tensions and economic and market events, including continued tensions such as those between the United States and China over trade and the future of Taiwan, the potential of North Korean aggression and its impact on the Asia region. There continues to be increased global economic uncertainty from the ongoing conflicts in Ukraine and the Middle East. The Board remains vigilant in monitoring such risks.

Climate change continues to be a key principal risk confronting asset managers and their investors. Globally, climate change effects are already being experienced in the form of changing weather patterns. Climate change can potentially impact the operations of investee companies, their supply chains and their customers. Additional risks may also arise from increased regulations, costs and net-zero programmes which can all impact investment returns. The Board notes that the Manager has integrated ESG considerations, including climate change, into the Company's investment process. The Board will continue to monitor how this may impact the Company as a risk, the main risk being the impact on investment valuations and potentially shareholder returns.

The Board and the Manager are also monitoring the emerging risks posed by the rapid advancement of artificial intelligence (AI) and technology and how it may threaten the Company's activities and its potential impact on the portfolio and investee companies. AI can provide asset managers powerful tools, such as enhancing data analysis risk management, trading strategies, operational efficiency and client servicing, all of which can lead to better investment outcomes and more efficient operations. However, with these advances in computer power that will impact society, there are risks from its increasing use and manipulation with the potential to harm, including a heightened threat to cybersecurity.

Investors should be prepared for market fluctuations and remember that holding shares in the Company should be considered to be a long-term investment. Risks are mitigated by the investment trust structure of the Company which means that the Portfolio Manager is not required to trade to meet investor redemptions. Therefore, investments in the Company's portfolio can be held over a longer-time horizon.

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

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

TRANSACTIONS WITH THE MANAGER AND RELATED PARTIES

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

GOING CONCERN STATEMENT

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

This conclusion also takes into account the Board's assessment of the ongoing risks as outlined above.

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

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

BY ORDER OF THE BOARD
FIL INVESTMENTS INTERNATIONAL
29 July 2024

DIRECTORS' RESPONSIBILITY STATEMENT

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

The Directors confirm to the best of their knowledge that:

- the condensed set of Financial Statements contained within the Half-Yearly Report has been prepared in accordance with the Financial Reporting Council's Standard FRS 104: Interim Financial Reporting; and

- the Chairman's Statement, the Portfolio Manager's Review and the Interim Management Report above include a fair review of the information required by DTR 4.2.7R and 4.2.8R.

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

The Half-Yearly Report was approved by the Board on 29 July 2024 and the above responsibility statement was signed on its behalf by David Graham, Chairman.

FINANCIAL STATEMENTS

INCOME STATEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2024

		Six months ended 30 June 2024 unaudited			Six months ended 30 June 2023 unaudited			Year ended 31 December 2023 audited		
	Notes	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
(Losses)/gains on investments		–	(14,701)	(14,701)	–	3,951	3,951	–	12,376	12,376
Gains on derivative instruments		–	5,340	5,340	–	8,271	8,271	–	14,299	14,299
Income	4	2,428	–	2,428	2,226	–	2,226	4,218	–	4,218
Investment management fees	5	(171)	(438)	(609)	(173)	(578)	(751)	(344)	(1,018)	(1,362)
Other expenses		(417)	(13)	(430)	(376)	–	(376)	(708)	(4)	(712)
Foreign exchange losses		–	(265)	(265)	–	(664)	(664)	–	(642)	(642)
Net return/(loss) on ordinary activities before finance costs and taxation		1,840	(10,077)	(8,237)	1,677	10,980	12,657	3,166	25,011	28,177
Finance costs	6	(16)	(63)	(79)	(13)	(54)	(67)	(27)	(106)	(133)
Net return/(loss) on ordinary activities before taxation		1,824	(10,140)	(8,316)	1,664	10,926	12,590	3,139	24,905	28,044
Taxation on return/(loss) on ordinary activities	7	(218)	–	(218)	(181)	–	(181)	(347)	–	(347)
Net return/(loss) on ordinary activities before taxation		1,606	(10,140)	(8,534)	1,483	10,926	12,409	2,792	24,905	27,697
Return/(loss) per ordinary share	8	1.31p	(8.25p)	(6.94p)	1.14p	8.45p	9.59p	2.17p	19.33p	21.50p

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

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

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

STATEMENT OF CHANGES IN EQUITY FOR THE SIX MONTHS ENDED 30 JUNE 2024

	Note	Share capital £'000	Share premium account £'000	Capital redemption reserve £'000	Other reserve £'000	Capital reserve £'000	Revenue reserve £'000	Total shareholders' funds £'000
Six months ended 30 June 2024 (unaudited)								
Total shareholders' funds at 31 December 2023		34,041	20,722	2,767	40,382	165,416	(5,535)	257,793
Repurchase of ordinary shares	10	–	–	–	(11,620)	–	–	(11,620)
		–	–	–	–	(10,140)	1,606	(8,534)

Net (loss)/return on ordinary activities after taxation for the period								
Total shareholders' funds at 30 June 2024		34,041	20,722	2,767	28,762	155,276	(3,929)	237,639
Six months ended 30 June 2023 (unaudited)								
Total shareholders' funds at 31 December 2022		34,041	20,722	2,767	46,658	140,511	(8,327)	236,372
Repurchase of ordinary shares	10	–	–	–	(1,029)	–	–	(1,029)
Net return on ordinary activities after taxation for the period		–	–	–	–	10,926	1,483	12,409
Total shareholders' funds at 30 June 2023		34,041	20,722	2,767	45,629	151,437	(6,844)	247,752
Year ended 31 December 2023 (audited)								
Total shareholders' funds at 31 December 2022		34,041	20,722	2,767	46,658	140,511	(8,327)	236,372
Repurchase of ordinary shares	10	–	–	–	(6,276)	–	–	(6,276)
Net return on ordinary activities after taxation for the year		–	–	–	–	24,905	2,792	27,697
Total shareholders' funds at 31 December 2023		34,041	20,722	2,767	40,382	165,416	(5,535)	257,793

BALANCE SHEET AS AT 30 JUNE 2024
Company Number 2885584

	Notes	30.06.24 unaudited £'000	31.12.23 audited £'000	30.06.23 unaudited £'000
Fixed assets				
Investments	9	236,215	253,843	242,990
Current assets				
Derivative instruments	9	814	1,216	1,382
Debtors		3,474	708	1,021
Cash collateral held with brokers		–	–	256
Cash at bank		500	3,073	4,136
		4,788	4,997	6,795
Current liabilities				
Derivative instruments	9	(74)	(53)	(584)
Other creditors		(3,290)	(994)	(1,449)
		(3,364)	(1,047)	(2,033)
Net current assets		1,424	3,950	4,762
Net assets		237,639	257,793	247,752
Capital and reserves				
Share capital	10	34,041	34,041	34,041
Share premium account		20,722	20,722	20,722
Capital redemption reserve		2,767	2,767	2,767
Other reserve		28,762	40,382	45,629
Capital reserve		155,276	165,416	151,437
Revenue reserve		(3,929)	(5,535)	(6,844)
Total shareholders' funds		237,639	257,793	247,752
Net asset value per ordinary share	11	198.79p	204.46p	191.89p

NOTES TO THE FINANCIAL STATEMENTS

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

2 PUBLICATION OF NON-STATUTORY ACCOUNTS
The Financial Statements in this Half-Yearly Report have not been audited by the Company's Independent Auditor and do not constitute statutory accounts as defined in section 434 of the Companies Act 2006 (the Act). The financial information for the year ended 31 December 2023 is extracted from the latest published Financial Statements of the Company. Those Financial Statements were delivered to the Registrar of Companies and included the Independent Auditor's Report which was unqualified and did not contain a statement under either section 498(2) or 498(3) of the Act.

3 ACCOUNTING POLICIES
(i) Basis of Preparation
The Company has prepared its Financial Statements on a going concern basis and in accordance with UK Generally Accepted Accounting Practice (UK GAAP) and FRS 102: The Financial Reporting Standard applicable in the UK and Republic of Ireland, issued by the Financial Reporting Council. The Financial Statements are

also prepared in accordance with the Statement of Recommended Practice: Financial Statements of Investment Trust Companies and Venture Capital Trusts (SORP) issued by the Association of Investment Companies (AIC) in July 2022. FRS 104: Interim Financial Reporting has also been applied in preparing this condensed set of Financial Statements. The accounting policies followed are consistent with those disclosed in the Company's Annual Report and Financial Statements for the year ended 31 December 2023.

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

4 INCOME

	Six months ended 30.06.24 unaudited £'000	Six months ended 30.06.23 unaudited £'000	Year ended 31.12.23 audited £'000
Investment income			
Overseas dividends	2,182	1,812	3,475
Derivative income			
Dividends received on long CFDs	246	414	743
Total income	2,428	2,226	4,218

No special dividends have been recognised in capital during the period (six months ended 30 June 2023 and year ended 31 December 2023: £nil).

5 INVESTMENT MANAGEMENT FEES

	Revenue £'000	Capital £'000	Total £'000
Six months ended 30 June 2024 (unaudited)			
Investment management fees – base	171	682	853
Investment management fees – variable[1]	–	(244)	(244)
	171	438	609
Six months ended 30 June 2023 (unaudited)			
Investment management fees – base	173	693	866
Investment management fees – variable[1]	–	(115)	(115)
	173	578	751
Year ended 31 December 2023 (audited)			
Investment management fees – base	344	1,377	1,721
Investment management fees – variable[1]	–	(359)	(359)
	344	1,018	1,362

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

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

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

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

6 FINANCE COSTS

	Revenue £'000	Capital £'000	Total £'000
Six months ended 30 June 2024 (unaudited)			
Interest paid on long CFDs	15	59	74
Interest paid on collateral and deposits[1]	1	4	5
	16	63	79
Six months ended 30 June 2023 (unaudited)			
Interest paid on long CFDs	12	47	59
Interest paid on collateral and deposits[1]	1	7	8
	13	54	67
Year ended 31 December 2023 (audited)			
Interest paid on long CFDs	24	94	118
Interest paid on collateral and deposits[1]	3	12	15
	27	106	133

1 Due to negative interest rates during the current and prior periods, the Company paid interest on its collateral and deposits.

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

7 TAXATION ON RETURN/(LOSS) ON ORDINARY ACTIVITIES

	Six months ended 30.06.24 unaudited £'000	Six months ended 30.06.23 unaudited £'000	Year ended 31.12.23 audited £'000
Overseas taxation	218	181	347

8 RETURN/(LOSS) PER ORDINARY SHARE

	Six months ended 30.06.24 unaudited	Six months ended 30.06.23 unaudited	Year ended 31.12.23 audited
Revenue return per ordinary share	1.31p	1.14p	2.17p
Capital (loss)/return per ordinary share	(8.25p)	8.45p	19.33p
Total (loss)/return per ordinary share	(6.94p)	9.59p	21.50p

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

	£'000	£'000	£'000
Net revenue return on ordinary activities after taxation	1,606	1,483	2,792
Net capital (loss)/return on ordinary activities after taxation	(10,140)	10,926	24,905
Net total (loss)/return on ordinary activities after taxation	(8,534)	12,409	27,697

	Number	Number	Number
Weighted average number of ordinary shares held outside of Treasury during the period	122,901,516	129,357,741	128,843,583

9 FAIR VALUE HIERARCHY

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

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

Categorisation within the hierarchy has been determined on the basis of the lowest level input that is significant to the fair value measurement of the relevant asset. The valuation techniques used by the Company are as disclosed in the Company's Annual Report for the year ended 31 December 2023 (Accounting Policies Notes 2 (j) and 2 (k) on pages 63 and 64). The table below sets out the Company's fair value hierarchy:

30 June 2024 (unaudited)	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Financial assets at fair value through profit or loss				
Investments	221,837	–	14,378	236,215
Derivative instrument assets	–	814	–	814
	221,837	814	14,378	237,029
Financial liabilities at fair value through profit or loss				
Derivative instrument liabilities	–	(74)	–	(74)

31 December 2023 (audited)	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Financial assets at fair value through profit or loss				
Investments	237,440	–	16,403	253,843
Derivative instrument assets	–	1,216	–	1,216
	237,440	1,216	16,403	255,059
Financial liabilities at fair value through profit or loss				
Derivative instrument liabilities	–	(53)	–	(53)

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

	30.06.24 unaudited	31.12.23 audited	30.06.23 unaudited

	£'000	£'000	£'000
Level 3 Investments (unlisted)			
Asoview	5,423	5,740	5,872
GO Inc	2,586	2,487	–
Studyplus	1,974	2,110	2,042
iYell	1,589	2,189	1,941
Moneytree	1,063	1,832	2,269
Spiber	1,034	1,011	1,306
Yoriso	709	1,034	2,127
	14,378	16,403	15,557

10 SHARE CAPITAL

	30 June 2024 unaudited		31 December 2023 audited		30 June 2023 unaudited	
	Number of shares	£'000	Number of shares	£'000	Number of shares	£'000
Issued, allotted and fully paid						
Ordinary shares of 25 pence each held outside of Treasury						
Beginning of the period	126,086,249	31,521	129,701,893	32,425	129,701,893	32,425
Ordinary shares repurchased into Treasury	(6,545,426)	(1,636)	(3,615,644)	(904)	(587,834)	(147)
End of the period	119,540,823	29,885	126,086,249	31,521	129,114,059	32,278
Ordinary shares of 25 pence each held in Treasury*						
Beginning of the period	10,075,446	2,520	6,459,802	1,616	6,459,802	1,616
Ordinary shares repurchased into Treasury	6,545,426	1,636	3,615,644	904	587,834	147
End of the period	16,620,872	4,156	10,075,446	2,520	7,047,636	1,763
Total share capital		34,041		34,041		34,041

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

The Company repurchased 6,545,426 ordinary shares for the six months to 30 June 2024 (year ended 31 December 2023: 3,615,644 shares and six months ended 30 June 2023: 587,834 shares) and held them in Treasury. The £11,620,000 (year ended 31 December 2023: £6,276,000 and six months ended 30 June 2023: £1,029,000) cost of repurchase was charged to the Other reserve.

11 NET ASSET VALUE PER ORDINARY SHARE

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

	30.06.24 unaudited	31.12.23 audited	30.06.23 unaudited
Total shareholders' funds	£237,639,000	£257,793,000	£247,752,000
Ordinary shares held outside of Treasury at the period end	119,540,823	126,086,249	129,114,059
Net asset value per ordinary share	198.79p	204.46p	191.89p

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

12 TRANSACTIONS WITH THE MANAGER AND RELATED PARTIES

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

During the period, fees for portfolio management services of £609,000 (six months ended 30 June 2023: £751,000 and year ended 31 December 2023: £1,362,000) and secretarial and administration fees of £25,000 (six months ended 30 June 2023: £25,000 and year ended 31 December 2023: £50,000) were payable to FII. At the Balance Sheet date, net fees for portfolio management services of £97,000 (31 December 2023: £106,000 and 30 June 2023: £104,000) and secretarial and administration fees of £13,000 (31 December 2023: £13,000 and 30 June 2023: £13,000) were accrued and included in other creditors. FII also provides the Company with marketing services. The total amount payable for these services during the period was £93,000 (six months ended 30 June 2023: £101,000 and year ended 31 December 2023: £166,000). At the Balance Sheet date, fees for marketing services of £63,000 (31 December 2023: £18,000 and 30 June 2023: £nil) were accrued and included in other creditors.

As at 30 June 2024, the Board consisted of five non-executive Directors (shown in the Directory in the Half-Yearly Report), all of whom are considered to be independent by the Board. None of the Directors have a service contract with the Company. The Chairman receives an annual fee of £43,000, the Audit Committee Chairman an annual fee of £36,000 and each other Director an annual fee of £30,500. The following members of the Board hold ordinary shares in the Company: David Graham 78,489 shares, David Barron 19,366 shares, Sarah MacAulay 181,340 shares, Myra Chan nil shares and Seiichi Fukuyama 11,000 shares.

The financial information contained in this Half-Yearly Results Announcement does not constitute statutory accounts as defined in section 435 of the Companies Act 2006. The financial information for the six months ended 30 June 2024 and 30 June 2023 has not been audited or reviewed by the Company's Independent Auditor.

The information for the year ended 31 December 2023 has been extracted from the latest published audited financial statements, which have been filed with the Registrar of Companies, unless otherwise stated. The report of the Auditor on those financial statements contained no qualification or statement under sections 498(2) or (3) of the Companies Act 2006.

Neither the contents of the Company's website nor the contents of any website accessible from hyperlinks on the Company's website (or any other website) is incorporated into, or forms part of, this announcement.

A copy of the Half-Yearly Report will shortly be submitted to the National Storage Mechanism and will be available for inspection at www.morningstar.co.uk/uk/NSM

The Half-Yearly Report will also be available on the Company's website at **www.fidelity.co.uk/japan** where up to date information on the Company, including daily NAV and share prices, factsheets and other information can also be found.