



FIDELITY JAPAN TRUST PLC

Half-Yearly Report for the
six months ended 30 June 2020

Objective and Overview

The Company aims to achieve long term capital growth by investing predominantly in equities and related securities of Japanese companies.

Fidelity Japan Trust PLC uses local know-how to spot Japan's untapped potential.

Around 90% of Japanese small and mid-sized companies get little or no analyst coverage. As under-researched companies are more likely to be undervalued, that's an opportunity.

The Company looks to benefit from the more dynamic sectors of Japan's economy, focusing on fast growing but attractively valued stocks. With an acute understanding of this unique region and economy, combined with Fidelity's hands-on local research, Nicholas Price, the Portfolio Manager, and the team of analysts, home in on stocks often not picked out by others.



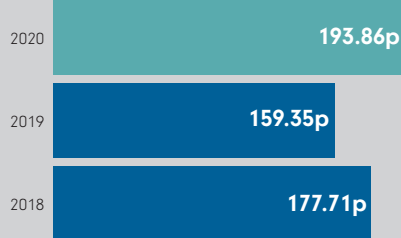
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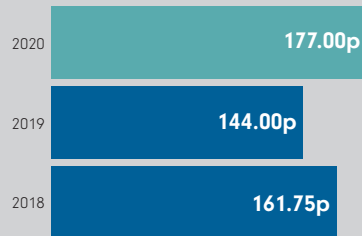
Portfolio Manager's Review

Read more on pages 04 to 06

Net Asset Value per Ordinary Share as at 30 June



Ordinary Share Price as at 30 June



Directors' Reports

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At a Glance

Six months ended 30 June 2020

**Net Asset Value per
Ordinary Share
total return¹**

+2.3%

(30 June 2019: +14.8%)

**Ordinary Share Price
total return¹**

+0.0%

(30 June 2019: +13.4%)

**Reference Index
(in sterling terms)**

-0.8%

(30 June 2019: +7.2%)

¹ Alternative Performance Measures (see Glossary of Terms on page 28).

As at 30 June 2020

Shareholders' Funds

£254.9m

Market Capitalisation

£232.8m

Capital Structure

Ordinary Shares of 25 pence held outside of Treasury

131,502,245

Summary of the key aspects of the Investment Policy

The Portfolio Manager will typically focus on those companies primarily listed on Japanese stock exchanges whose growth prospects are not fully recognised by the market ("growth at a reasonable price"). The Portfolio Manager is not restricted in terms of size or industry of the underlying entities in which he invests.

The Company can hold cash or invest in cash equivalents, including money market instruments, and is also able to use derivatives for efficient portfolio management, gearing and investment purposes.

The Portfolio Manager must work within the guidelines set out in the Investment Policy.

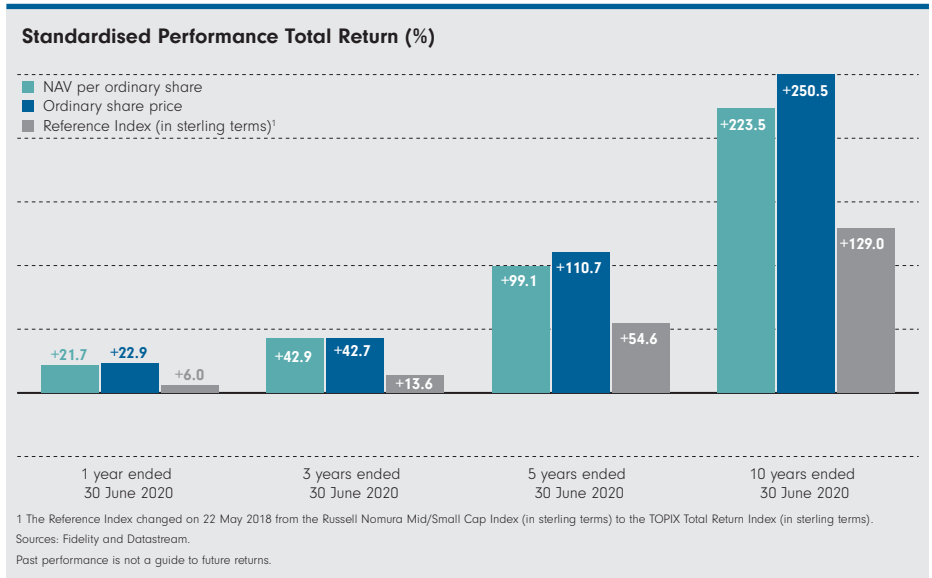
The Company operates a variable management fee arrangement which is calculated by referencing performance relative to the Reference Index (in sterling terms).

Financial Highlights

	30 June 2020	31 December 2019
Assets		
Total portfolio exposure ¹	£318.2m	£295.4m
Shareholders' funds	£254.9m	£252.5m
Total portfolio exposure in excess of shareholders' funds (Gearing – see Note 12 on pages 22 and 23) ²	24.8%	17.0%
Net asset value ("NAV") per ordinary share	193.86p	189.55p
Share price and discount data		
Ordinary share price at the period end	177.00p	177.00p
Discount at the period end ²	8.7%	6.6%
Results for the six months ended 30 June – see pages 12 and 13		
	2020	2019
Revenue return per ordinary share	0.95p	0.27p
Capital return per ordinary share	2.87p	20.27p
Total return per ordinary share	3.82p	20.54p

1 The total exposure of the investment portfolio, including exposure to the investments underlying the long contracts for difference.

2 Alternative Performance Measures (see Glossary of Terms on page 28).



Portfolio Manager's Review

Market review

In a period of extraordinary global turmoil precipitated by the coronavirus pandemic, over the past six months the Japanese equity market experienced both the biggest drawdown and sharpest recovery of recent decades. Key indices entered bear territory in early March 2020, as risk assets were sold-off globally on fears over the social and economic costs of the virus. At this time, the strengthening of the yen to the mid ¥120 levels against the pound provided some support for sterling-based returns.

Sentiment started to recover somewhat as the increase in COVID-19 cases appeared to be brought under control and global economies started reopening. Signs of a nascent recovery in macroeconomic indicators supported the upturn in the market, though a resurgence in infections in the US tempered gains and on this front, I remain watchful.

At a sector level, healthcare, communications and technology were the strongest performers, led by medtech, internet subscription and semiconductor-related companies. Conversely, energy, real estate and financials experienced the most significant declines. In terms of style, mid to large cap growth companies generated the strongest returns, significantly outperforming value stocks.

The Japanese economy had already entered a technical recession in the first three months of 2020, before the full impact of COVID-19 had been fully understood, with a steeper correction anticipated in the second quarter. In order to mitigate the economic impact of the pandemic, Shinzo Abe's cabinet approved a second supplementary budget, elevating its combined stimulus package to around 40% of Japan's GDP. The Bank of Japan also expanded its quantitative easing programme and increased support for the corporate sector. While the

economic impact of the pandemic continues to unfold, it is important to bear in mind that markets are not always well correlated with economic growth and that periods of volatility create opportunities.

Portfolio review

In the six months to 30 June 2020, the Company's net asset value ("NAV") increased by 2.3% in sterling terms, outperforming the Reference Index which returned -0.8%. The share price return was flat at 0.0% in the same period. The average peer group NAV performance was a return of 0.7% and that of the share price was -3.0%. As a result of the Company's share price performance, the discount widened to 8.7% from 6.6% at the start of the period. This compared well with the average of the peer group which was 10.7%.

Returns were sharply negative in the first quarter of 2020, led by holdings in technology related cyclical and small cap services stocks. However, performance recovered strongly in the second quarter and core positions in internet services, medtech and factory automation related companies contributed to the Company's outperformance against the Reference Index.

The holding in Olympus, a global leader in endoscopes, was a standout contributor to returns. The company's share price climbed to a record high after it announced plans to sell its loss-making camera business to private equity firm Japan Industrial Partners. The investment thesis, underpinned by the strength of its endoscope business, a new product cycle in fiscal 2020 and management's commitment to improving profitability, remains strong and we expect its valuation discount to global peers to continue to shrink.

The position in JustSystems was also a key contributor to performance. The company,

which provides tablet based educational software for school students, continued to gain market share owing to the success of its customisable digital offering. A sharp increase in sales of tablets owing to a surge in home learning was a further tailwind for the stock. Meanwhile, shares in bicycle components maker Shimano rebounded and factory automation related companies MISUMI Group and Keyence added value amid firm trends for semiconductor and fifth generation (5G) applications.

Conversely, confectionary company Kotobuki Spirits detracted from performance as travel restrictions hampered demand for its souvenir sweets and cakes. However, it has a strong balance sheet and can take market share from weaker rivals. It will also benefit from government incentives to encourage domestic travel. Elsewhere, positions in semiconductor related companies, including Screen Holdings and Renesas Electronics, underperformed. Nevertheless, orders are at or close to a trough, and both earnings and margins are expected to improve significantly into fiscal year 2021.

There have not been any significant changes to the overall composition of the Company's holdings. I have maintained the overweight exposure to the technology sector, with a focus on companies that will benefit from the shift to 5G and a new data-driven work-from-home cycle. Key holdings include Murata Manufacturing and TDK. At the same time, I am looking at domestic services stocks that are well positioned to recover and grow their businesses as restrictions are lifted. Companies in internet services, ecommerce and educational software that can benefit from changes in the way we work, shop and play look interesting. There is likely to be a longer term impact on how companies do business together and how

their processes can become more resilient through, for example, the use of online and cloud computing. Japanese companies have generally been laggards in terms of building that resilience, and the current COVID-19 crisis is highlighting the need for them to enhance their digital capabilities. Companies that can supply some of the services to facilitate corporate Japan's digital transformation offer attractive growth opportunities.

The level of gearing increased over the review period, from 17% to 25%. The market correction in the first quarter created opportunities to add or increase positions in attractive growth stocks in the communications, technology and healthcare sectors, which I believe will contribute to future returns for the Company.

Appointment of Assistant Portfolio Manager

A key part of Fidelity's ongoing investment innovation programme is the introduction of Assistant and Co-Portfolio Managers into its equity strategies, where appropriate. Fidelity is evolving its approach to talent development, enhancing decision-making and improving succession planning whilst maintaining the quality and breadth of research and encouraging a greater contribution from portfolio managers to research.

The Board has agreed with Fidelity that, with effect from 1 September 2020, Cenk Simsek will be appointed as Assistant Portfolio Manager to work alongside me. We have worked closely together in recent years and, in many ways, this is just a formalisation of a long-standing relationship that has been working very well. Cenk is a talented analyst and investor, with extensive experience in the Japanese market - especially with technology companies. Cenk will help me with oversight of my different strategies and mandates and will assist in client servicing and marketing.

Portfolio Manager's Review continued

Outlook

Globally, bear markets often create turning points and changes in market leadership. Therefore, I am looking at some discarded stocks that are likely to emerge stronger from this unprecedented situation. Significant fiscal stimulus and government subsidies could throw up new leadership and new winners from discarded losers. Although volatility may continue in the short term, it would enable the Company to invest in strong growth names at attractive valuations, which should create positive long term outcomes for clients.

Japan continues to offer an attractive combination of cash rich companies, low relative valuations and secular growth opportunities. Fidelity's research capabilities are extensive, and Cenk and I are fortunate to be supported by a diligent team of analysts in Japan. The team's on the ground knowledge is invaluable when looking at the micro level and speaking with company management to fully understand the current dynamics. This puts us in a strong position to continue to identify mispriced winners and reward investors against a challenging macro backdrop.

Nicholas Price

Portfolio Manager

31 July 2020

Interim Management Report

Board Changes

As stated in the Annual General Meeting results announcement released on 19 May 2020, 21% of votes had been received against resolution 4 – the re-election of Philip Kay. The Board discussed this matter internally and engaged with major shareholders to obtain their views. The Board has determined that it should revise and accelerate its succession plans. With this in mind, Philip Kay will step down from the Board on 31 December 2020.

A recruitment search has been completed for an independent non-executive Director and the Board is pleased to confirm that David Barron will be joining the Board with effect from 20 October 2020, allowing for a brief handover period before Mr Kay steps down.

Mr Barron spent 25 years working in the investment management sector and was until November 2019 Chief Executive Officer of Miton Group PLC following six years with the firm. Prior to this he was Head of Investment Trusts at JP Morgan Asset Management for more than ten years having joined Robert Fleming in 1995. He is currently Chairman of Dunedin Income Growth Investment Trust PLC and a non-executive Director of Premier Miton Group PLC. He is also a lay-member of the Council of Lancaster University.

He is a Member of the Institute of Chartered Accountants of Scotland having qualified with Thomson McLintock (now KPMG).

Principal Risks and Uncertainties

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

principal risks and uncertainties fall into the following categories: market risk; performance risk; economic, geopolitical and natural disaster risks; key person risk; discount control risk; gearing risk; currency risk; cybercrime risk; pandemic risk; tax and regulatory risks; and operational risks. Information on each of these risks is given in the Strategic Report section of the Annual Report for the year ended 31 December 2019 and can be found on the Company's pages of the Manager's website at www.fidelityinvestmenttrusts.com.

Coronavirus (COVID-19)

The risks arising from COVID-19 are being kept under constant review by the Board and the Manager. The Manager has contingency plans in place to allow for the continuation of Fidelity's operations and to look after the safety of their employees.

Investors should be prepared for market fluctuations and remember that holding shares in the Company should be considered to be a long term investment. These risks are somewhat mitigated by the investment trust structure of the Company which means that no forced sales will need to take place to deal with any redemptions. Therefore, investments in the Company's portfolio can be held over a longer time horizon.

The Manager is keeping its business continuity plans and operational resilience strategies under constant review and will take all reasonable steps to continue meeting its regulatory obligations and to assess operational risks, the ability to continue operating and the steps it needs to take to serve and support its clients, including the Board. For example, to enhance its resilience, the Manager has mandated work from home arrangements and implemented split team working for those whose work is deemed

Interim Management Report continued

necessary to be carried out in the office. The Manager has also imposed self-isolation arrangements on staff in line with Government recommendations and guidance. The Company's other third party service providers have also implemented similar measures to ensure business disruption can be kept to a minimum.

Share Repurchases and Treasury Shares

In the six months to 30 June 2020, the Company repurchased 1,704,845 ordinary shares into Treasury. Since the end of the reporting period and as at the date of this report, the Company has repurchased a further 352,500 ordinary shares into Treasury.

Transactions with the Manager and Related Parties

The Manager has delegated the Company's portfolio management and company secretarial services to FIL Investments International. Transactions with the Manager and related party transactions with the Directors are disclosed in Note 13 to the Financial Statements on page 23.

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 (being mainly securities which are readily realisable) and its expenditure and cash flow projections and have concluded that the Company has adequate resources to continue in operational existence for a period of at least twelve months from the date of this Half-Yearly Report. Accordingly, they continue to adopt the going concern basis in preparing these Financial Statements.

This conclusion also takes into account the Board's assessment of the risks arising from COVID-19.

Continuation votes are held every three years and the next continuation vote will be put to shareholders at the Annual General Meeting in 2022.

By order of the Board

FIL Investments International

31 July 2020

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 Interim Management Report, together with the Portfolio Manager's Review on pages 4 to 6, includes a fair review of the information required by DTR 4.2.7R and 4.2.8R.

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 31 July 2020 and the above responsibility statement was signed on its behalf by David Robins, Chairman.

Twenty Largest Holdings

as at 30 June 2020

The Portfolio Exposures shown below and on the next page measure exposure to market price movements as a result of owning shares and derivative instruments. The Balance Sheet Value is the actual value of the portfolio. Where a contract for difference ("CFD") is held, the Balance Sheet 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.

Exposures – shares unless otherwise stated	Portfolio Exposure		Balance Sheet Value
	£'000	% ¹	£'000
Olympus (shares and long CFD)			
Manufacturer of optical and digital precision technology	16,694	6.6	8,635
Shimano (shares and long CFD)			
Manufacturer of cycling components, rowing equipment and fishing tackle	15,942	6.2	11,291
JustSystems			
Developer and distributor of computer software	15,548	6.1	15,548
Z Holdings (shares and long CFD)			
Internet provider	13,973	5.5	7,715
MISUMI Group			
Distributor of precision machinery parts	12,712	5.0	12,712
Murata Manufacturing (shares and long CFD)			
Designer, manufacturer and supplier of advanced electronic materials and components	12,223	4.8	6,926
Keyence (shares and long CFD)			
Manufacturer of factory automation related sensors	10,139	4.0	8,036
SoftBank Group (long CFD)			
Multinational conglomerate with stakes in technology, energy and financial companies	8,818	3.5	1,488
TDK (shares and long CFD)			
Manufacturer of electronic components	8,546	3.3	6,280
Daikin Industries			
Manufacturer of air conditioning equipment	8,077	3.2	8,077
Recruit Holdings (shares and long CFD)			
Provider of human resource services	7,985	3.1	3,722

	Portfolio Exposure		Balance Sheet Value
	£'000	% ¹	£'000
Yaskawa Electric			
Manufacturer of servos, motion sensors, AC motor drives, switches and industrial robots	6,712	2.6	6,712
Eisai (long CFD)			
Pharmaceutical company	6,544	2.6	557
Yamaha Corporation			
Musical instrument and audio equipment maker	6,534	2.6	6,534
Nojima			
Retailer of household appliances	5,868	2.3	5,868
Tokyo Electron (shares and long CFD)			
Manufacturer of electronics and semiconductors	5,801	2.2	3,646
Open House (shares and long CFD)			
Real estate company	5,097	2.0	2,136
NOF			
Manufacturer of speciality chemicals	5,083	2.0	5,083
Fujitsu (shares and long CFD)			
Provider of information technology equipment and services	4,945	1.9	2,501
UT Group			
Dispatch and outsourcing service provider for the manufacturing industry	4,896	1.9	4,896
Twenty largest exposures	182,137	71.4	128,363
Other exposures	136,092	53.4	122,744
Total Portfolio Exposure²	318,229	124.8	
Total Portfolio Fair Value³			251,107
Net current assets excluding derivative instruments ⁴			3,821
Shareholders' Funds (per the Balance Sheet on page 16)			254,928

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

2 Total Portfolio Exposure comprises market exposure to investments of £239,608,000 plus market exposure to derivative instruments of £78,621,000 (see Note 12 on page 23).

3 Total Portfolio Fair Value comprises investments of £239,608,000 plus derivative assets of £12,562,000 less derivative liabilities of £1,063,000 (per the Balance Sheet on page 16).

4 Net current assets excluding derivative instruments comprise debtors of £1,253,000 plus cash at bank of £4,175,000 less other creditors of £1,607,000 (per the Balance Sheet on page 16).

Income Statement

for the six months ended 30 June 2020

		six months ended 30 June 2020 unaudited		
	Notes	revenue £'000	capital £'000	total £'000
(Losses)/gains on investments		–	(373)	(373)
Gains on derivative instruments		–	4,988	4,988
Income	4	1,867	–	1,867
Investment management fees	5	(160)	(608)	(768)
Other expenses		(289)	–	(289)
Foreign exchange (losses)/gains		–	(169)	(169)
Net return on ordinary activities before finance costs and taxation		1,418	3,838	5,256
Finance costs	6	(10)	(38)	(48)
Net return on ordinary activities before taxation		1,408	3,800	5,208
Taxation on return on ordinary activities	7	(144)	–	(144)
Net return on ordinary activities after taxation for the period		1,264	3,800	5,064
Return per ordinary share	8	0.95p	2.87p	3.82p

The Company does not have any other comprehensive income. Accordingly the net return 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.

six months ended 30 June 2019			year ended 31 December 2019		
unaudited			audited		
revenue £'000	capital £'000	total £'000	revenue £'000	capital £'000	total £'000
-	21,140	21,140	-	52,982	52,982
-	6,072	6,072	-	14,155	14,155
1,605	-	1,605	2,906	-	2,906
(720)	202	(518)	(1,555)	329	(1,226)
(327)	-	(327)	(600)	-	(600)
-	(55)	(55)	-	16	16
558	27,359	27,917	751	67,482	68,233
(47)	-	(47)	(93)	-	(93)
511	27,359	27,870	658	67,482	68,140
(142)	-	(142)	(261)	-	(261)
369	27,359	27,728	397	67,482	67,879
0.27p	20.27p	20.54p	0.29p	50.23p	50.52p

Statement of Changes in Equity

for the six months ended 30 June 2020

	Note	share capital £'000
Six months ended 30 June 2020 (unaudited)		
Total shareholders' funds at 31 December 2019		34,041
Repurchase of ordinary shares	10	-
Net return on ordinary activities after taxation for the period		-
Total shareholders' funds at 30 June 2020		34,041
Six months ended 30 June 2019 (unaudited)		
Total shareholders' funds at 31 December 2018		34,041
Repurchase of ordinary shares	10	-
Net return on ordinary activities after taxation for the period		-
Total shareholders' funds at 30 June 2019		34,041
Year ended 31 December 2019 (audited)		
Total shareholders' funds at 31 December 2018		34,041
Repurchase of ordinary shares	10	-
Net return on ordinary activities after taxation for the year		-
Total shareholders' funds at 31 December 2019		34,041

share premium account £'000	capital redemption reserve £'000	other reserve £'000	capital reserve £'000	revenue reserve £'000	total shareholders' funds £'000
20,722	2,767	52,815	156,520	(14,374)	252,491
-	-	(2,627)	-	-	(2,627)
-	-	-	3,800	1,264	5,064
20,722	2,767	50,188	160,320	(13,110)	254,928
20,722	2,767	55,733	89,038	(14,771)	187,530
-	-	(503)	-	-	(503)
-	-	-	27,359	369	27,728
20,722	2,767	55,230	116,397	(14,402)	214,755
20,722	2,767	55,733	89,038	(14,771)	187,530
-	-	(2,918)	-	-	(2,918)
-	-	-	67,482	397	67,879
20,722	2,767	52,815	156,520	(14,374)	252,491

Balance Sheet

as at 30 June 2020

Company Number 2885584

	Notes	30.06.20 unaudited £'000	31.12.19 audited £'000	30.06.19 unaudited £'000
Fixed assets				
Investments	9	239,608	249,099	211,396
Current assets				
Derivative instruments	9	12,562	3,048	3,154
Debtors		1,253	899	1,357
Cash at bank		4,175	1,196	2,137
		17,990	5,143	6,648
Creditors				
Derivative instruments	9	(1,063)	(1,075)	(1,863)
Other creditors		(1,607)	(676)	(1,426)
		(2,670)	(1,751)	(3,289)
Net current assets		15,320	3,392	3,359
Net assets		254,928	252,491	214,755
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		50,188	52,815	55,230
Capital reserve		160,320	156,520	116,397
Revenue reserve		(13,110)	(14,374)	(14,402)
Total shareholders' funds		254,928	252,491	214,755
Net asset value per ordinary share	11	193.86p	189.55p	159.35p

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 2019 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 Basis of Preparation

The Company prepares 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 October 2019. 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 2019.

With effect from 1 January 2020, 20% of base investment management fees and finance costs are charged to revenue and 80% to capital.

Notes to the Financial Statements continued

4 Income

	six months ended 30.06.20 unaudited £'000	six months ended 30.06.19 unaudited £'000	year ended 31.12.19 audited £'000
Investment income			
Overseas dividends	1,437	1,415	2,607
Derivative income			
Dividends received on long CFDs	430	190	299
Total income	1,867	1,605	2,906

No special dividends have been recognised in capital during the period (six months ended 30 June 2019: £nil and year ended 31 December 2019: £nil).

5 Investment Management Fees

	revenue ¹ £'000	capital ¹ £'000	total £'000
Six months ended 30 June 2020 (unaudited)			
Investment management fees - base	160	640	800
Investment management fees - variable ²	-	(32)	(32)
	160	608	768
Six months ended 30 June 2019 (unaudited)			
Investment management fees - base	720	-	720
Investment management fees - variable ²	-	(202)	(202)
	720	(202)	518
Year ended 31 December 2019 (audited)			
Investment management fees - base	1,555	-	1,555
Investment management fees - variable ²	-	(329)	(329)
	1,555	(329)	1,226

1 As disclosed in Note 3, base investment management fees for the six months ended 30 June 2020 were charged 20% to revenue and 80% to capital. For the year ended 31 December 2019 and the six months ended 30 June 2019, base investment management fees were charged 100% to revenue.

2 For the calculation of the variable management fee element, the Company's NAV return was compared to the Reference Index return for the period from 1 July 2018 to the relevant reporting dates. This has resulted in an underperformance of the NAV and therefore a credit to the Company.

5 Investment Management Fees continued

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

FIL 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.

6 Finance Costs

	revenue ¹ £'000	capital ¹ £'000	total £'000
Six months ended 30 June 2020 (unaudited)			
Interest paid on long CFDs	9	34	43
Interest on bank overdrafts	1	4	5
	10	38	48
Six months ended 30 June 2019 (unaudited)			
Interest paid on long CFDs	42	-	42
Interest on bank overdrafts	5	-	5
	47	-	47
Year ended 31 December 2019 (audited)			
Interest paid on long CFDs	86	-	86
Interest on bank overdrafts	7	-	7
	93	-	93

¹ As disclosed in Note 3, finance costs for the six months ended 30 June 2020 were charged 20% to revenue and 80% to capital. For the year ended 31 December 2019 and the six months ended 30 June 2019, finance costs were charged 100% to revenue.

7 Taxation on Return on Ordinary Activities

The taxation charge of £144,000 (six months ended 30 June 2019: £142,000 and year ended 31 December 2019: £261,000) is irrecoverable overseas taxation suffered on dividend income.

Notes to the Financial Statements continued

8 Return per Ordinary Share

	six months ended 30.06.20 unaudited	six months ended 30.06.19 unaudited	year ended 31.12.19 audited
Revenue return per ordinary share	0.95p	0.27p	0.29p
Capital return per ordinary share	2.87p	20.27p	50.23p
Total return per ordinary share	3.82p	20.54p	50.52p

The return per ordinary share is based on the net return 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 for the period	1,264	369	397
Net capital return on ordinary activities after taxation for the period	3,800	27,359	67,482
Net total return on ordinary activities after taxation for the period	5,064	27,728	67,879
	number	number	number
Weighted average number of ordinary shares held outside of Treasury during the period	132,533,464	134,949,073	134,354,398

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 within 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

9 Fair Value Hierarchy continued

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 table below sets out the Company's fair value hierarchy:

30 June 2020 (unaudited)	level 1 £'000	level 2 £'000	level 3 £'000	total £'000
Financial assets at fair value through profit or loss				
Investments	233,946	–	5,662	239,608
Derivative instrument assets	–	12,562	–	12,562
	233,946	12,562	5,662	252,170
Financial liabilities at fair value through profit or loss				
Derivative instrument liabilities	–	(1,063)	–	(1,063)

31 December 2019 (audited)	level 1 £'000	level 2 £'000	level 3 £'000	total £'000
Financial assets at fair value through profit or loss				
Investments	245,423	–	3,676	249,099
Derivative instrument assets	–	3,048	–	3,048
	245,423	3,048	3,676	252,147
Financial liabilities at fair value through profit or loss				
Derivative instrument liabilities	–	(1,075)	–	(1,075)

30 June 2019 (unaudited)	level 1 £'000	level 2 £'000	level 3 £'000	total £'000
Financial assets at fair value through profit or loss				
Investments	211,396	–	–	211,396
Derivative instrument assets	–	3,154	–	3,154
	211,396	3,154	–	214,550
Financial liabilities at fair value through profit or loss				
Derivative instrument liabilities	–	(1,863)	–	(1,863)

Notes to the Financial Statements continued

10 Share Capital

	30 June 2020 unaudited		31 December 2019 audited		30 June 2019 unaudited	
	number of shares	£'000	number of shares	£'000	number of shares	£'000
Issued, allotted and fully paid						
Ordinary shares of 25p each held outside of Treasury						
Beginning of the period	133,207,090	33,302	135,136,195	33,784	135,136,195	33,784
Ordinary shares repurchased into Treasury	(1,704,845)	(426)	(1,929,105)	(482)	(368,107)	(92)
End of the period	131,502,245	32,876	133,207,090	33,302	134,768,088	33,692
Ordinary shares of 25p each held in Treasury¹						
Beginning of the period	2,954,605	739	1,025,500	257	1,025,500	257
Ordinary shares repurchased into Treasury	1,704,845	426	1,929,105	482	368,107	92
End of the period	4,659,450	1,165	2,954,605	739	1,393,607	349
Total share capital		34,041		34,041		34,041

¹ 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 cost of ordinary shares repurchased into Treasury during the period was £2,627,000 (year ended 31 December 2019: £2,918,000 and six months ended 30 June 2019: £503,000).

11 Net Asset Value per Ordinary Share

The net asset value per ordinary share is based on net assets of £254,928,000 (31 December 2019: £252,491,000 and 30 June 2019: £214,755,000) and on 131,502,245 (31 December 2019: 133,207,090 and 30 June 2019: 134,768,088) ordinary shares, being the number of ordinary shares of 25 pence each held outside of Treasury at the period end. 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 Capital Resources and Gearing

The Company does not have any externally imposed capital requirements. The financial resources of the Company comprise its share capital and reserves, as disclosed on the Balance Sheet on page 16, and its gearing which is achieved through the use of long CFDs. Financial resources are managed in accordance with the Company's investment policy and in pursuit of its investment objective.

12 Capital Resources and Gearing continued

The Company's gearing at the end of the period is shown below:

	30 June 2020 unaudited	31 December 2019 audited	30 June 2019 unaudited
Investments	239,608	249,099	211,396
Long CFDs	78,621	46,261	38,971
Total portfolio exposure	318,229	295,360	250,367
Shareholders' funds	254,928	252,491	214,755
Gearing¹	24.8%	17.0%	16.6%

¹ Gearing is the amount by which the total portfolio exposure exceeds shareholders' funds expressed as a percentage of shareholders' funds.

13 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 services and the role of company secretary to FIL Investments International ("FIL"), the Investment Manager. Both companies are Fidelity group companies. Details of the fee arrangements are given in Note 5 on pages 18 and 19.

During the period, fees for portfolio management services of £768,000 (six months ended 30 June 2019: £518,000 and year ended 31 December 2019: £1,226,000) and secretarial and administration fees of £25,000 (six months ended 30 June 2019: £25,000 and year ended 31 December 2019: £50,000) were payable to FIL. At the Balance Sheet date, fees for portfolio management services of £169,000 (31 December 2019: £160,000 and 30 June 2019: £88,000) and secretarial and administration fees of £13,000 (31 December 2019: £13,000 and 30 June 2019: £nil) were accrued and included in other creditors. FIL also provides the Company with marketing services. The total amount payable for these services during the period was £52,000 (six months ended 30 June 2019: £58,000 and year ended 31 December 2019: £101,000). At the Balance Sheet date, £11,000 (31 December 2019: £11,000 and 30 June 2019: £21,000) for marketing services was accrued and included in other creditors.

As at 30 June 2020, the Board consisted of five non-executive Directors (shown in the Directory on page 26), all of whom, with the exception of Philip Kay, 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 £37,000, the Audit Committee Chairman an annual fee of £30,000 and each other Director an annual fee of £26,000. The following members of the Board hold ordinary shares in the Company: David Robins 37,000 shares, Philip Kay 12,094 shares, Dominic Ziegler 16,000 shares, David Graham 38,394 shares and Sarah MacAulay 92,350 shares.

Shareholder Information

Investing in Fidelity Japan Trust PLC

Fidelity Japan Trust PLC is a company listed on the London Stock Exchange and you can buy its shares through a platform, stockbroker, share shop or bank. Fidelity also offers a range of options, so that you can invest in a way that is best for you. Details of how to invest can be found on Fidelity's website at

www.fidelityinvestmenttrusts.com

CONTACT INFORMATION

Shareholders and Fidelity Platform Investors should contact the appropriate administrator using the contact details given below and on the next page. Links to the websites of major platforms can be found at

www.fidelityinvestmenttrusts.com

Shareholders on the main share register

Contact Link Asset Services, Registrar to Fidelity Japan Trust PLC, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU.

Email: **enquiries@linkgroup.co.uk**

Telephone: **0371 664 0300** (calls are charged at the standard geographic rate and will vary by provider. Calls outside the United Kingdom will be charged at the applicable international rate. Lines are open 9:00 – 17:30, Monday to Friday excluding public holidays in England and Wales).

Details of individual shareholdings and other information can also be obtained from the Registrar's Share Portal at **www.signalshares.com**. Shareholders are able to manage their shareholding online by registering for the Share Portal, a free and secure online access service. Facilities include:

Account Enquiry – Shareholders can access their personal shareholding, including share transaction history, dividend payment history and obtain an up-to-date shareholding valuation.

Amendment of Standing Data – Shareholders can change their registered postal address and add, change or delete dividend mandate instructions. Shareholders can also download forms such as change of address, stock transfer and dividend mandates as well as buy and sell shares in the Company.

Should you have any queries in respect of the Link Share Portal, contact the helpline on **0371 664 0391** (calls are charged at the standard geographic rate and will vary by provider. Calls outside the United Kingdom will be charged at the applicable international rate. Lines are open 9:00 – 17:30, Monday to Friday excluding public holidays in England and Wales).

Link Share Dealing Service

Link Asset Services offer a low cost share dealing service to buy or sell shares. Further information is available at **www.linksharedeal.com**, or by telephoning **0371 664 0445** (calls are charged at the standard geographic rate and will vary by provider. Calls outside the United Kingdom will be charged at the applicable international rate. Lines are open 8:00 – 16:30, Monday to Friday excluding public holidays in England and Wales).

The Link Share Dealing Service allows you to deal in the shares of other companies for which Link Asset Services acts as Registrar, provided you are already a shareholder in the relevant company, and that company offers the Share Deal facility to its shareholders.

Fidelity Platform Investors

Contact Fidelity, using the freephone numbers given below, or by writing to: UK Customer Service, Fidelity International, Oakhill House, 130 Tonbridge Road, Hildenborough, Tonbridge, Kent TN11 9DZ.

Website: **www.fidelity.co.uk/its**

Private investors: call free on **0800 41 41 10**, 9:00 - 18:00, Monday to Saturday.

Financial advisers: call free on **0800 41 41 81**, 8:00 - 18:00, Monday to Friday.

General Enquiries

General enquiries should be made to the Secretary at the Company's registered office: FIL Investments International, Investment Trusts, Beech Gate, Millfield Lane, Lower Kingswood, Tadworth, Surrey KT20 6RP.

Telephone: **01737 837846**

Email: **investmenttrusts@fil.com**

Website: **www.fidelityinvestmenttrusts.com**

If you hold Fidelity Japan Trust PLC shares in an account provided by Fidelity International, you will receive a report every six months detailing all of your transactions and the value of your shares.

Financial Calendar 2020/2021	
30 June 2020	Half-Year End
July 2020	Announcement of the Half-Yearly Results
August 2020	Publication of the Half-Yearly Report
31 December 2020	Financial Year End
April 2021	Publication of the Annual Report
May 2021	Annual General Meeting

Directory

Board of Directors

David Robins (Chairman)
David Graham (Audit Committee Chairman)
Philip Kay
Sarah MacAulay (Senior Independent Director)
Dominic Ziegler

Alternative Investment Fund Manager (AIFM/the Manager)

FIL Investment Services (UK) Limited
Oakhill House
130 Tonbridge Road
Hildenborough
Tonbridge
Kent
TN11 9DZ

Investment Manager, Secretary and Registered Office

FIL Investments International
Beech Gate
Millfield Lane
Lower Kingswood
Tadworth
Surrey
KT20 6RP
Email: investmenttrusts@fil.com

Banker and Custodian

JPMorgan Chase Bank (London Branch)
125 London Wall
London
EC2Y 5AJ

Depository

J.P. Morgan Europe Limited
25 Bank Street
London
E14 5JP

Financial Adviser and Stockbroker

Stifel Nicolaus Europe Limited
150 Cheapside
London
EC2V 6ET

Independent Auditor

Ernst & Young LLP
25 Churchill Place
London
E14 5EY

Lawyer

Charles Russell Speechlys LLP
5 Fleet Street
London
EC4M 7RD

Registrar

Link Asset Services
The Registry
34 Beckenham Road
Beckenham
Kent
BR3 4TU

General Data Protection Regulation (GDPR)

What personal data is collected and how it is used

The Company is an investment trust which is a public limited company and has certain regulatory obligations such as the requirement to send documents to its shareholders, for example, the Annual Report and other documents that relate to meetings of the Company. The Company will therefore collect shareholders' personal data such as names, addresses and identification numbers or investor codes and will use this personal data to fulfil its statutory obligations.

Any personal data collected will be kept securely on computer systems and in some circumstances on paper. Personal information is kept secure in line with Fidelity's Information Security policies and standards. If you are unhappy with how we have used your personal data, you can complain by contacting the UK Data Protection Officer at Fidelity International, Beech Gate, Millfield Lane, Lower Kingswood, Tadworth, Surrey KT20 6RP.

Sharing personal data

In order to assist the Company in meeting its statutory requirements, the Company delegates certain duties around the processing of this data to its third party service providers, such as the Company's Registrar and Printers. The Company has appointed Fidelity to undertake marketing activities for the Company and their privacy statement can be found on the Company's website at <https://investment-trusts.fidelity.co.uk/privacy-policy/>

The Company's agreements with the third party service providers have been updated to be compliant with GDPR requirements. The Company confirms to its shareholders that their data will not be shared with any third party for any other purpose, such as for marketing purposes. In some circumstances, it may be necessary to transfer shareholders' personal data across national borders to Fidelity Group entities operating in the European Economic Area (EEA). Where this does occur, the European standard of protections will be applied to the personal data that is processed. Where personal data is transferred within the Fidelity Group, but outside of the EEA, that data will subsequently receive the same degree of protection as it would in the EEA.

How long will personal data be kept for?

We will keep the personal data for as long as is necessary for these purposes and no longer than we are legally permitted to do so.

Requesting access, making changes to your personal data and other important information

Shareholders can access the information that the Company holds about them or ask for it to be corrected or deleted by contacting Fidelity's UK Data Protection Officer, Fidelity International, Beech Gate, Millfield Lane, Lower Kingswood, Tadworth, Surrey KT20 6RP.

Glossary of Terms

AIF

Alternative Investment Fund (AIF). The Company is an AIF.

AIFM

Alternative Investment Fund Manager (AIFM). The Board has appointed FIL Investment Services (UK) Limited to act as the Company's AIFM (the Manager).

AIFMD

The Alternative Investment Fund Managers' Directive (AIFMD) is a European Union Directive implemented on 22 July 2014.

Alternative Performance Measures

The Company has used the following Alternative Performance Measures which are all defined in this Glossary of Terms:

- Discount/Premium;
- Gearing;
- Ongoing Charges;
- Revenue, Capital and Total Returns; and
- Total Return Performance (Net Asset Value Total Return or Share Price Total Return).

Contract For Difference (CFD)

A contract for difference is a derivative. It is a contract between the Company and an investment house at the end of which the parties exchange the difference between the opening price and the closing price of the underlying asset of the specified financial instrument. It does not involve the Company buying or selling the underlying asset, only agreeing to receive or pay the movement in its share price. A contract for difference allows the Company to gain access to the movement in the share price by depositing a small amount of cash known as margin. The Company may reason that the asset price will rise, by buying ("long" position) or fall, by selling

("short" position). If the Company trades long, dividends are received and interest is paid. If the Company trades short, dividends are paid and interest is received. The Company only uses "long" contracts for difference.

Custodian

An entity that holds (as intermediary) the Company's assets, arranges the settlement of transactions and administers income, proxy voting and corporate actions. The Company's Custodian is JPMorgan Chase Bank.

Depository

An entity that oversees the custody, cash arrangements and other responsibilities of the Company. The Board has appointed J.P. Morgan Europe Limited to act as the Company's Depository.

Derivatives

Financial instruments (such as futures, options and contracts for difference) whose value is derived from the value of an underlying asset.

Discount

If the share price of the Company is lower than the net asset value per ordinary share, the Company is said to be trading at a discount. The discount is shown as a percentage of the net asset value per ordinary share.

Fair Value

The fair value is the best estimate of the value of the investments, including derivatives, at a point in time. This is measured as:

- **Listed investments** – valued at bid prices, or last market prices, where available, otherwise at published price quotations;
- **Unlisted investments** – valued using an appropriate valuation technique in the absence of an active market; and
- **Contracts for difference** – valued as the difference between the settlement

price of the contract and the value of the underlying shares in the contract (unrealised gains or losses).

Gearing

Gearing describes the level of the Company's exposure and is expressed as a percentage of **shareholders' funds**. It reflects the amount of exposure the Company uses to invest in the market. It can be obtained through the use of bank loans, bank overdrafts or **contracts for difference**, in order to increase the Company's exposure to investments. If assets rise in value, **gearing** magnifies the return to ordinary shareholders. Correspondingly, if assets fall in value, **gearing** magnifies that fall. **Contracts for difference** are used as a way of gaining exposure to the price movements of shares without buying the underlying shares directly.

Gearing Percentage

In a simple example, if a company has £100 million of net assets and a total portfolio of £108 million and £8 million of borrowings (either via bank loans or long **contracts for difference**), then the **shareholders' funds** are 8% geared. Normally, the higher the **gearing percentage**, the more sensitive the Company's shares will be to movements up and down in the value of the investment portfolio.

Investment Manager

FIL Investments International acts as the Company's **Investment Manager** under delegation from FIL Investment Services (UK) Limited (the appointed **AIFM**).

Manager

FIL Investment Services (UK) Limited was appointed as the **Manager** in accordance with the **AIFMD**, and has delegated, the investment management of the Company to the **Investment Manager**.

Net Asset Value (NAV)

The **net asset value** is sometimes also described as "**shareholders' funds**", and represents the total value of the Company's assets less the total value of its liabilities. For valuation purposes it is common to express the **net asset value** on a per share basis.

Ongoing Charges

Total operating expenses (excluding finance costs and taxation) incurred by the Company as a percentage of daily average **net asset values** for the reporting year.

Premium

If the share price of the Company is higher than the **net asset value** per ordinary share, the Company is said to be trading at a **premium**. The **premium** is shown as a percentage of the **net asset value** per ordinary share.

Reference Index

TOPIX Total Return Index (in sterling terms). Prior to 22 May 2018, it was the Russell Nomura Mid/Small Cap Index (in sterling terms).

Registrar

An entity that manages the Company's shareholder register. The Company's **Registrar** is Link Asset Services.

Return

The **return** generated in a given period from the investments:

- **Revenue Return** reflects the dividends and interest from investments and other income net of expenses, finance costs and taxation;
- **Capital Return** reflects the return on capital, excluding any revenue return; and
- **Total Return** reflects the aggregate of revenue and capital return in the period.

Glossary of Terms continued

Share Repurchases

A popular way for investment trust companies to return cash to their shareholders is through offering to repurchase a proportion of shares currently held. The Company seeks the permission of shareholders to do so at its Annual General Meetings allowing it to repurchase a proportion of its total shares (up to 14.99%) in the market at prices below the prevailing [net asset value](#) per ordinary share. This process is also used to enhance the [net asset value](#) per ordinary share and to reduce the [discount](#) to [net asset value](#).

Shareholders' Funds

[Shareholders' funds](#) are also described as "[net asset value](#)" and represent the total value of the Company's assets less the total value of its liabilities.

Total Portfolio Exposure

The total of the fixed asset investments at [fair value](#) plus the [fair value](#) of the underlying securities within the [contracts for difference](#).

Total Return Performance

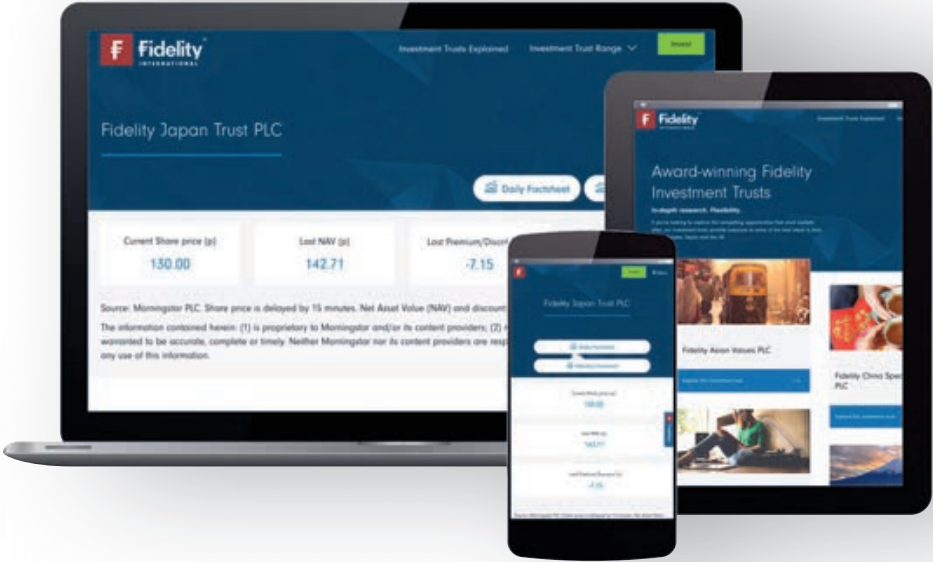
The return on the ordinary share price or [net asset value](#) per ordinary share taking into account the rise and fall of ordinary share prices and the dividends paid to shareholders. Any dividends received by the shareholder are assumed to have been reinvested in additional shares (for share price total return) or the Company's assets (for [net asset value](#) total return).

Treasury Shares

Ordinary shares of the Company that have been repurchased by the Company and not cancelled but held in Treasury. These shares do not receive dividends, have no voting rights and are excluded from the [net asset value](#) per ordinary share calculation.

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To find out more about Fidelity Japan Trust PLC visit our website www.fidelityinvestmenttrusts.com where you can read articles and watch videos on the Company.



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