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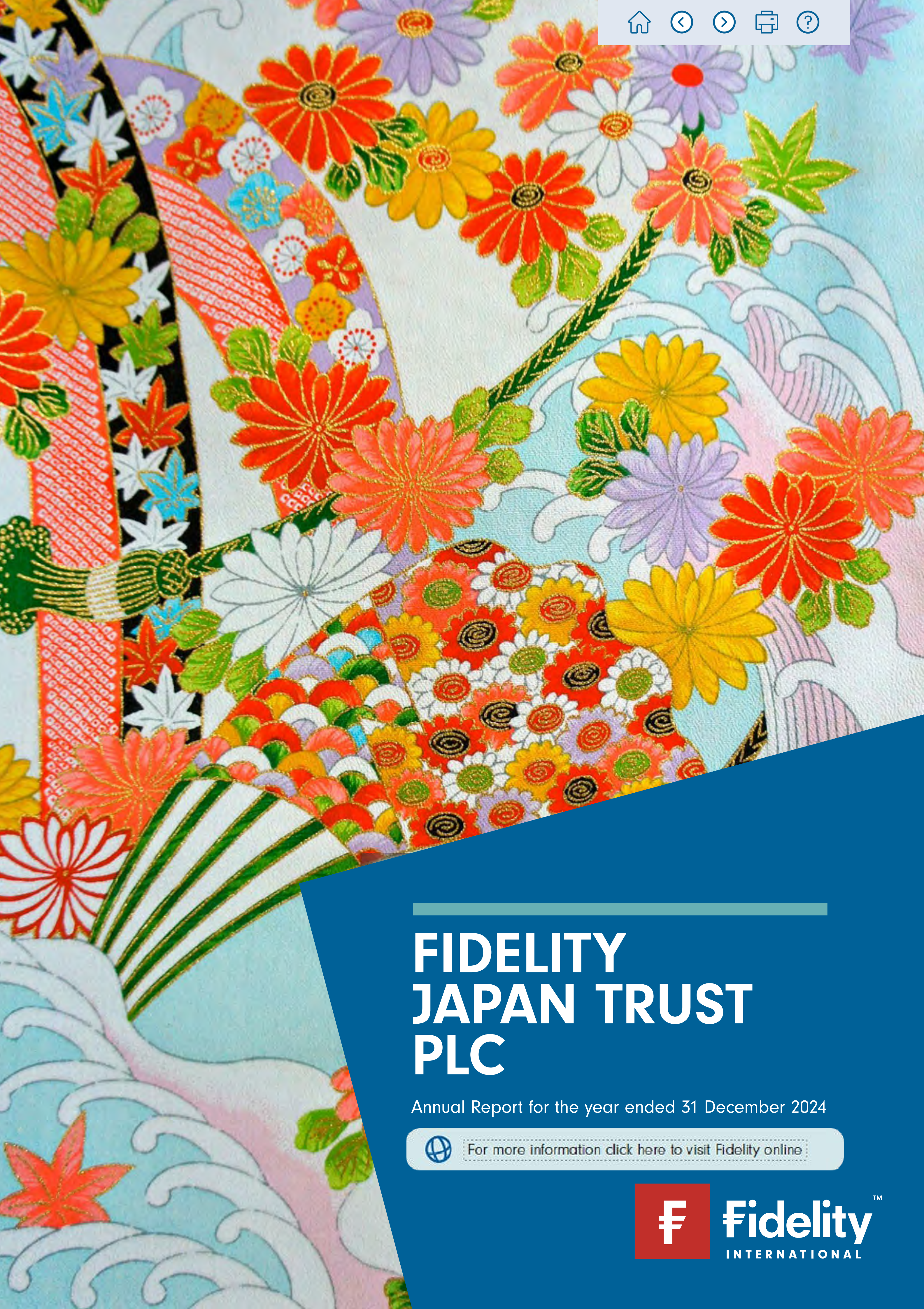

FIDELITY JAPAN TRUST PLC

Annual Report for the year ended 31 December 2024

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Fidelity INTERNATIONAL

Objective and Overview

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

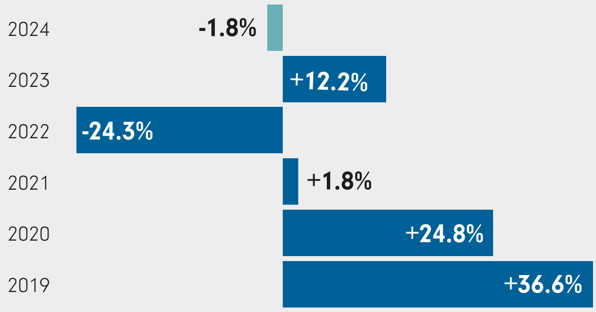
Fidelity Japan Trust PLC uses its local presence to fully exploit the investment opportunities in Japan.

The Portfolio Manager, Nicholas Price, follows a rigorous bottom-up stock selection approach, with the aim of identifying companies where the market is underestimating or mis-pricing future growth, and unearthing companies at an early stage of their development. This means that he typically finds more opportunities among smaller and medium-sized companies, where lower levels of analyst coverage provide greater scope for mispricing.

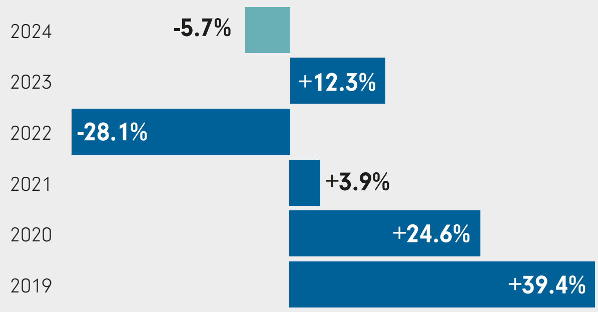
A unique part of the Portfolio Manager's approach is spotting signs of change, specifically in terms of fundamentals, business environment, market sentiment and valuations. Therefore, the investment team are constantly scrutinising the Company's investments, trimming outperformers and recycling into new opportunities. Ultimately, the Portfolio Manager seeks to add value through detailed research and a consistent 'growth at a reasonable price' investment approach. Fidelity's local and global proprietary research capabilities are a key pillar in the Company's investment process.

At a Glance

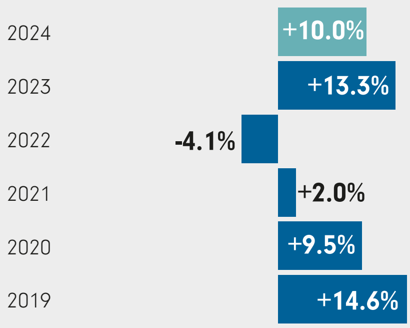
Net Asset Value per Ordinary Share Total Return[1]
Year ended 31 December



Ordinary Share Price Total Return[1]
Year ended 31 December

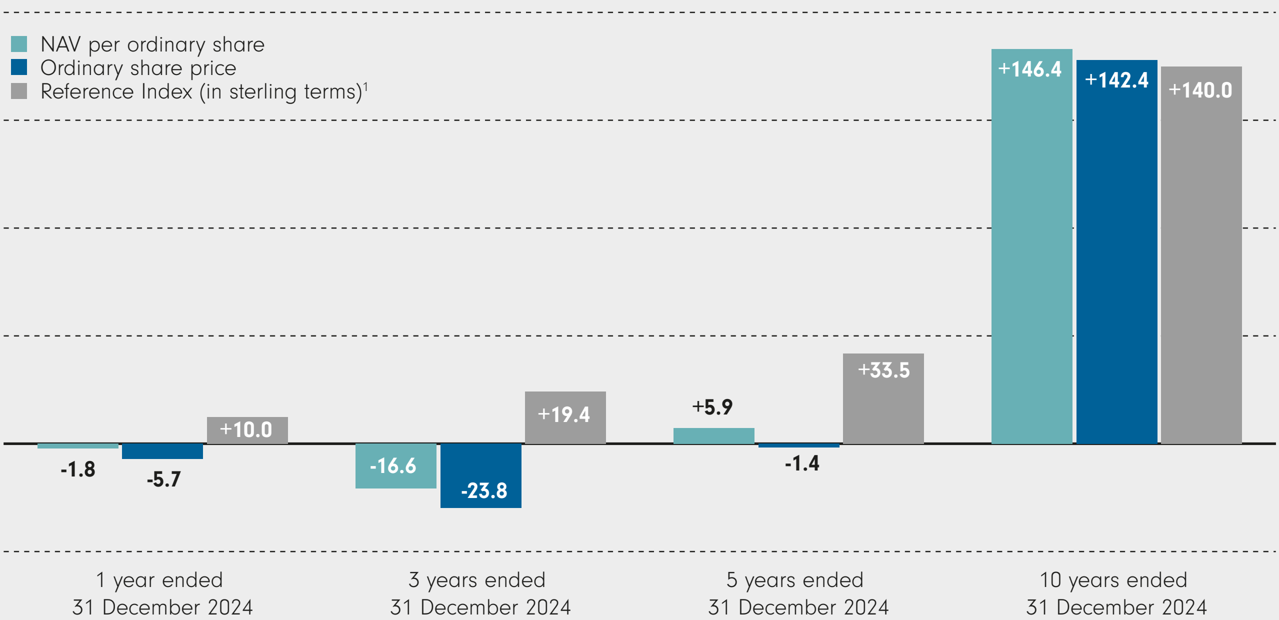


Reference Index (in sterling terms)[2]
Year ended 31 December



1 Alternative Performance Measures. See page 79.
2 The Reference Index is the TOPIX Total Return Index (in sterling terms).

Total Return Performance (%)



1 The Reference Index changed on 22 May 2018 from the Russell Nomura Mid/Small-Cap Index (in sterling terms) to the TOPIX Total Return Index (in sterling terms).

Sources: Fidelity and Datastream.
Past performance is not a guide to future returns.

Summary of Results

	2024	2023
Assets at 31 December		
Total portfolio exposure[1]	**£287.0m**	£317.4m
Shareholders' funds	**£231.4m**	£257.8m
Total portfolio exposure in excess of shareholders' funds (Gearing – see page 16)[2]	**24.0%**	23.1%
Net Asset Value (NAV) per ordinary share[2]	**200.78p**	204.46p
Share Price and Discount data at 31 December		
Ordinary share price at the year end	**174.50p**	185.00p
year high	**185.00p**	186.00p
year low	**152.50p**	152.50p
Discount at the year end[2]	**13.1%**	9.5%
Results for the year to 31 December – see page 58		
Revenue return per ordinary share[2]	**2.17p**	2.17p
Capital (loss)/return per ordinary share[2]	**(8.43p)**	19.33p
Total (loss)/return per ordinary share[2]	**(6.26p)**	21.50p
Ongoing charges ratio for the year to 31 December[2, 3]	**1.03%**	0.99%
Variable management fee credit	**(0.20%)**	(0.15%)
Ongoing charges ratio including variable management fee for the year to 31 December[2]	**0.83%**	0.84%

1 The total exposure of the investment portfolio, including exposure to the investments underlying the long Contracts for Difference. See page 16.
2 Alternative Performance Measures.
3 Ongoing charges ratio (excluding finance costs and taxation) as a percentage of the average net asset values for the reporting year (prepared in accordance with guidance issued by the Association of Investment Companies). A definition of the ongoing charges ratio is in the Glossary of Terms on page 89.

As at 31 December 2024

Shareholders' Funds

£231.4m

Market Capitalisation

£201.1m

Capital Structure

Ordinary Shares of 25 pence held outside of Treasury

115,257,714

Summary of the key aspects of the Investment Policy

The Portfolio Manager typically focuses 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, details of which is calculated by comparing performance relative to the Reference Index (in sterling terms).

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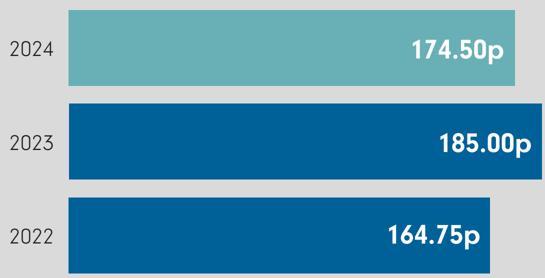
Read more on pages 02 to 04

Portfolio Manager's Review
Read more on pages 05 to 09

Spotlight on the Top 10 Holdings
Read more on pages 11 and 12

Ordinary Share Price as at 31 December



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Chairman's Statement

David Graham, Chairman

I am pleased to present the Annual Report of Fidelity Japan Trust PLC for the year ended 31 December 2024. However, it is disappointing to report that it proved to be another difficult year for the investment style of the Company notwithstanding a positive return for the overall market. The TOPIX Total Return Index (the Reference Index) rose by 10.0% over the year in sterling terms. By comparison, the Company's net asset value (NAV) fell by 1.8% over the year and the share price fell by 5.7% reflecting a widening in the discount at which the shares are traded. This now means that the three and five year returns for the Company are disappointingly behind the Index and have also lagged competitor funds.

The Company has an all-cap mandate and Nicholas Price, your Portfolio Manager, is not constrained by size or style and can invest across the range of Japanese companies. However, the decision to be overweight in small and mid-cap growth companies, where research is rewarded and where Nicholas and the highly experienced Fidelity team have historically found many of the best opportunities, contributed significantly to the underperformance. The change in interest rates damaged valuations in this part of the market and there were some flaws in stock-picking, as evidenced by the disappointing earnings results from some of the companies involved in the factory automation sector.

Illustrative of the challenges of being a growth orientated manager in Japan, it is interesting to note that the MSCI Japan Value Index has risen by 42.2% in sterling terms over the three years to 31 December while the MSCI Japan Growth Index has fallen by 3.7% over the same period.

Discount Management, Share Repurchases and Treasury Shares
The Board has an active approach to discount management, the primary purpose of which is to reduce discount volatility. Over the course of the year, 10,828,535 ordinary shares were repurchased for holding in Treasury, at a cost of £18,857,000. This represented 8.0% of the issued share capital of the Company as at 31 December 2024 and added 1.3% to the NAV total return for the year. Subsequent to the year end and up to the latest practicable date of this report, the Company has repurchased a further 1,532,679 shares at a cost of £2,676,000. Historically, shares bought back were held in Treasury and could be issued at a later date should the share price move to a premium to NAV per ordinary share. As the number of shares held in Treasury equated to 15% of the issued share capital by 20 January 2025, shares repurchased since then have been cancelled.

While we would like to see our share price discount to NAV in single figures, discounts have remained wide across the whole investment companies' universe, averaging 14.7% at the end of 2024. The Company's shares began the year under review at a 9.5% discount and ended it at 13.1%.

At the forthcoming Annual General Meeting (AGM) on 21 May 2025, the Board is seeking to renew the annual authority to repurchase up to 14.99% of the Company's shares, to be either cancelled or held in Treasury, as it has done each year previously.

A sustained reduction in the discount of the Company is only likely if broad investor interest in Japan continues to increase and the investment performance recovers. Meanwhile, the Board and the Manager will continue their efforts to raise the Company's profile and promote the investment opportunities in the Japanese equity market.

Ongoing Charges Ratio
The ongoing charges ratio for the year, including the variable element, is 0.83% (2023: 0.84%). This comprises a fixed charge of 1.03% (2023: 0.99%) and a variable credit of 0.20% (2023: 0.15%), the maximum refund under the variable fee arrangement. The variable management fee credit is due to the Company's underperformance in comparison to its Reference Index on a rolling three-year basis.

The Board believes that the variable fee arrangement whereby the Manager is rewarded for outperformance, but shareholders are rebated if the portfolio underperforms, is a significant corporate governance benefit for investors.

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. The Company's use of long Contracts for Difference (CFDs) is a differentiating factor, providing more flexibility and at a lower cost than traditional bank debt. The level of gearing remained fairly constant in the year under review, beginning 2024 at 23.1% and standing at 24.0% at the year end.

Unlisted Companies
While there is authority from shareholders for the Company to invest up to 20% of its assets in unlisted companies, the Board has limited the proportion of the portfolio held in unlisted companies to a maximum of 10% while the IPO market in Japan remains lacklustre.

The actual exposure to unlisted holdings at the end of the year was 6.6% of net assets (2023: 6.3%) across a total of seven companies. This is unchanged from last year.

Twice yearly, the Audit Committee meets specifically to review the unlisted investments together with Fidelity's Fair Value Committee, Fidelity's unlisted Asian investments specialist and representatives from Kroll, the independent valuation specialists.

Further details can be found in the Portfolio Manager's Review on page 8 and also on pages 18 to 20.

Due Diligence Trip
As detailed in the half-yearly report for the six months ended 30 June 2024, the Board was pleased to undertake a due diligence trip to Japan last June, spending time with the investment management and analyst teams and meeting some of the Company's investments with them. The visit was invaluable in terms of giving the Board an understanding of the depth of analyst resources supporting the Portfolio Manager, reinforcing the continued confidence of the Board in Fidelity, Nicholas and the investment team around him, and underscoring our belief that the Company will benefit when there is a market rotation back into growth orientated stocks and some of the medium-sized and smaller companies held in the portfolio.

Board of Directors
As covered in the 2023 Annual Report, Dominic Ziegler retired 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 was elected by shareholders at the AGM in May 2024. There have been no other changes to the Board over the year. All five Directors will be standing for re-election at the AGM on 21 May 2025 and their biographies can be found on page 34. Between them they have a wide range of appropriate skills and experience and the diversity of perspectives necessary to form a balanced Board for the Company.

Annual General Meeting
Once again, we will be holding a 'hybrid' AGM, allowing attendance and voting in real time online as well as in person. The AGM is a valuable opportunity for us as a Board to engage with shareholders. Nicholas Price will be making a presentation, considering the year under review, and outlining the opportunities in the market and prospects for the year ahead. The Board and Nicholas will be very happy to answer questions from shareholders attending both in person and virtually. Japanese refreshments will be served to attendees, and we look forward to seeing many of you there.

Further details of the AGM are set out on page 80 and in the Notice of Meeting on pages 81 to 84.

Portfolio Manager Change and Continuation Vote
The Board has recently been notified that the Portfolio Manager, Nicholas Price, plans to retire at the end of this calendar year after a 30 year career with Fidelity in Japan. His Assistant Portfolio Manager, Ying Lu, will become the Company's Portfolio Manager with effect from 1 October 2025. Nicholas will continue to work with Ying until the end of the year. Ying has been working closely with Nicholas for the past three years and so we do not expect any change in the approach to the investment management of the Company.

The Board continues to believe that the Fidelity investment team in Japan is one of the best resourced in the industry. We also believe that we will see a reversion to a market environment where the investment style of the Fidelity team will once again generate the significant outperformance that we have seen in the past and particularly the years ended 2019 and 2020. Illustrating how quickly things can change, it is worth noting that in December 2024 alone, the NAV of the Company rose by 5.2% and the share price by 5.8% against an Index increase of 0.9%.

Notwithstanding our strong backing for Nicholas and the Fidelity team, we recognise that continued underperformance would be unacceptable to our shareholders. Accordingly, linked to the vote for the continuation of the Company at the forthcoming AGM, we are proposing an unconditional tender offer of 100% of the Company's issued share capital (excluding shares held in Treasury) following the three years to 31 December 2027. The tender will be at a price close to NAV.

Shareholders may ask why the Board is recommending continuation without an immediate cash exit after this period of underperformance. Investment performance has an element of cyclicality, outcomes are unpredictable and investing requires an ability to withstand the gyrations of the markets and take a long-term view. The question for the Board and shareholders is whether a well-resourced and experienced team with a strong historic track record should be dismissed based on the last three years, or whether there is a strong possibility that the current growth oriented portfolio, highly differentiated from the Reference Index, will emerge from its recent trough/doldrums and deliver the sorts of returns that we and shareholders expect. The Board has taken this view.

The tender offer will be in place for the Company's Annual General Meeting to be held in May 2028.

Articles of Association
The Board is proposing to extend the time period to draw up proposals regarding the Company's voluntary liquidation and/or reorganisation and hold a general meeting at which they are submitted to members in the event of an unsuccessful continuation vote, from three to six months. The proposed new time period, which runs from the date of the general meeting at which the unsuccessful vote occurs, is felt to provide a more practicable period to allow proposals to be fully considered and to be in line with market practice.

Chairman's Statement continued

We have also taken the opportunity to make other changes of a minor, clarificatory or technical nature, including clarifications in relation to hybrid general meetings to follow how practice has developed. However, the amendments do not provide for, and the Board has no intention to move to, fully virtual meetings. A full tracked version of all the changes proposed to the Articles is available at **www.fidelity.co.uk/japan**. The principal changes proposed to the Articles are set out in more detail in the Directors' Report at page 38.

Outlook

As mentioned, the Company has generated significant outperformance in the past, and we have every reason to believe that Nicholas, Ying and the Fidelity investment team will do so again. While underperformance is always disappointing, it is at least understandable in times where a tried-and-tested investment approach is at odds with the prevailing market mood. The team are resolute in their commitment to identifying companies where the market is underestimating or mispricing future growth, including those which may be at an early stage of their development, and their bottom-up stock selection approach and multi-cap focus has the full backing of the Board. Where share prices have declined, this has only served to make low valuations even more compelling for businesses with good long-term growth prospects.

The broadening out of the TSE reforms remains encouraging and should lead to a clear improvement in capital efficiency and shareholder returns in companies further down the market cap scale than those that have led the performance of the broad Japanese market in the past two years. Meanwhile, valuations of growth stocks remain low in historical terms and relative to other markets, despite the Japanese market featuring many companies positively exposed to global megatrends such as the growth of artificial intelligence. The Bank of Japan seems committed to a return to positive interest rates, and a sustained but modest level of inflation in both wages and prices could boost consumer and business confidence. Another area of support for the market can be seen in the increase in merger and acquisition activity in Japan, most notably being the recent US$47 billion bid for convenience store operator 7-Eleven by the Canadian company that owns rival retailer Circle K.

Your Board remains focused on ensuring the Company returns to delivering strong investment performance and is confident that the portfolio is well placed to benefit from this more positive outlook for the Japanese market.

David Graham
Chairman
26 March 2025

Portfolio Manager's Review

Nicholas Price was appointed as Portfolio Manager of Fidelity Japan Trust PLC on 1 September 2015. He joined Fidelity Investments Japan in 1993 as a research analyst. He became a portfolio manager in 1999 and has since been managing a number of Japanese equity portfolios on behalf of both Japanese and international clients.

Question

The performance for the year under review has remained challenging given the positive headlines of recovery in Japan. Why is that and what were the key drivers of the Japanese stock market?

Answer

It is disappointing to report to our shareholders on another year of poor performance against favourable headlines in Japan and the country being in a new bull market, driven by corporate governance reforms, a weak yen boosting profits and increasing activist and private equity involvement creating a more dynamic market for corporate control. On why the Company could not capture this beta, I would say that being on the ground in Japan, my bottom-up approach tends to focus on relatively lesser-known growth companies, often mid-caps with strong business models, new technology companies or those having strong positions in emerging growth markets. By buying these companies at cheap valuations, I am aiming to find future drivers of long-term performance for the Company. However, the short-term attention of the market since the 2023 implementation of the Tokyo Stock Exchange (TSE) reforms has been on low price-to-book ratio, ex-growth and old economy large-cap companies, often with large cash balances, which can be persuaded into doing large buybacks and increasing leverage. As this drives up short-term shareholder returns, there has been a large allocation of capital and market capitalisation away from growth areas of the market to companies that do not need that capital. Thereby, while most of the companies in the portfolio have executed well in terms of profit growth, the valuation contraction in the mid-cap segment of the portfolio has meant that the premium paid historically for sustainable mid-term higher return and growth companies has been effectively wiped out, at least temporarily.

Question

What were the key contributors and detractors for the performance of the Company in the year to 31 December 2024?

Answer

The major contributors to performance over the year included **Ryohin Keikaku**, operator of the MUJI brand of general merchandise stores. Management is executing incredibly well, and the business is generating double-digit sales growth domestically and in China, where a combination of internal initiatives and macro factors are supporting a pickup in demand. In Japan, strong sales growth, underpinned by successful new products, and price hikes are leading to lower discounts and higher profit margins. **Sanrio** is a Japanese entertainment

Portfolio Manager's Review continued

company that sells 'Hello Kitty and friends' merchandise and operates 'Hello Kitty' theme parks. The company is ideally placed to capture the structural growth of the Japanese character intellectual property (IP) market and its strategies in the licensing business are working very well in both North America and China, which contributed to an improvement in its overall profitability. Sanrio recently upgraded its full-year guidance and I expect the company to deliver double-digit profit growth over the next two to three years, justifying its valuation premium. **Recruit Holdings**, a global media and staffing company, made progress in improving the monetisation of its online job-matching platform "Indeed" and that helped to offset slowing job openings in the US. The company's commitment to enhancing capital efficiency and increasing shareholder returns provided further share price support. Among financials, mega bank **Mizuho Financial Group** reported fiscal 2024 interim results that exceeded consensus forecasts due to a combination of higher interest rates, growth in non-interest income and the unwinding of cross shareholdings. The company announced a share buyback and dividend hike alongside its earnings release, and as a relative laggard it is starting to catch up with its peers in terms of earnings and stock price performance.

The most significant detractors from performance over the 12-month review period included **Mitsui High-tec**, a leading supplier of hybrid/EV motor cores and leadframes, which is an essential component that connects semiconductor chips and external circuitry. Prolonged inventory adjustments of leadframes and sluggish demand for motor cores prompted the company to announce a downward revision to its full-year earnings forecast. However, leadframes appear to be at the bottom of the cycle and renewed growth in the motor core segment, supported by further hybrid penetration, is expected to lead to a recovery in earnings and a rerating from its current 10x price-to-earnings level. **Harmonic Drive Systems**, a leading manufacturer of mechatronic drive systems and precision gears for industrial robots, negatively revised its fiscal 2024 earnings guidance due to the slow pace of recovery in the factory automation (FA) sector, which reflects protracted inventory destocking. We retain our view that a sequential improvement in orders and an upturn in valuations will take place in 2025. Funeral services operator **Kosaido Holdings** was a strong performer in 2023 but faced profit taking at the start of the review 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 support future earnings growth. Given the largely predictable nature of the funeral business cash flows, we believe that it is substantially undervalued versus other similar listed businesses. Bicycle component maker **Shimano** negatively revised its full-year profit forecasts due to currency losses. However, inventory adjustments were expected to finish by year-end and demand in key markets is set to normalise.

The ten highest stock contributors and detractors to the NAV total return on a relative basis are shown on page 10.

Question

How has the Company's portfolio changed over the period? Are there any sectors in which you are particularly interested?

Answer

Against this backdrop, the task has been to continuously re-test arguments for holding every name in the portfolio and selling those that do not exhibit the excellent execution/valuation anomalies that underpin our investment approach. I believe that these future drivers of performance will work when fundamentals reassert themselves. In the short-term, the market is a voting machine but over the longer-term it is a weighing machine, and cheap mid-cap growth with favourable fundamentals will find favour again. As such, I expect a clear mean reversion in the performance of mid-cap companies, which account for around 50% of the Company's active weight.

With the guidance of the Board, I have also placed renewed emphasis on the Company being an all-cap portfolio that will do well even if a large-cap market continues to dominate. I have re-allocated the capital from names that did not meet our criteria to larger-cap growth names such as **Recruit Holdings** and **Ajinomoto** in the food sector. Given the interest rate regime change in Japan, I have also added to financials names such as **Sompo Holdings** and **Mizuho Financial Group**. This has created a better sectoral balance in the portfolio, while maintaining an 80% (ungeared) active money ratio but having around half of the portfolio in larger caps. In this way, I anticipate that we will be able to deliver better performance in a large-cap dominated market and still maintain the ability to outperform strongly when the market favours stocks further down the market-cap scale through our core bottom-up stock picking process.

Question

Tokyo Stock Exchange (TSE) initiatives for corporate reform have initially been concentrated in large-cap companies. What are your expectations for growth names and mid-cap companies in 2025?

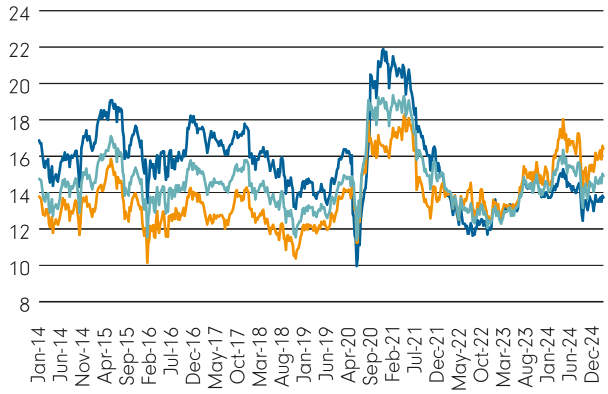
Answer

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 becoming 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.

Many mid/small-cap companies have solid balance sheets with high net cash to market capitalisation ratios, which means that they can easily conduct share buybacks to improve their returns on equity (RoE). As we have already seen among larger companies, higher rates of disclosure translate into better share price performance, and in 2025 mid/small-caps are likely to emulate these trends.

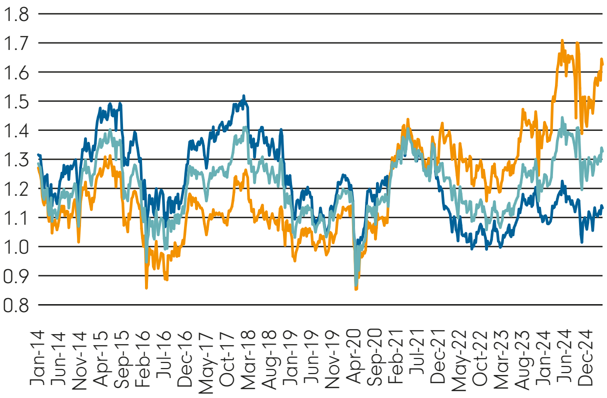
From a valuation perspective, Japanese mid/small-caps are trading at a steep price-to-book discount to the larger-cap indices and have lost the price-earnings premium that was a constant feature of the past decade or so. As we have seen in the past, when the valuation cycle widens to such an extreme level, it tends to snap back and compliance with the TSE reforms can prompt this.

Forward price-to-earnings (PER) multiples (x)



Source: Fidelity International, Bloomberg as of 31 December 2024.

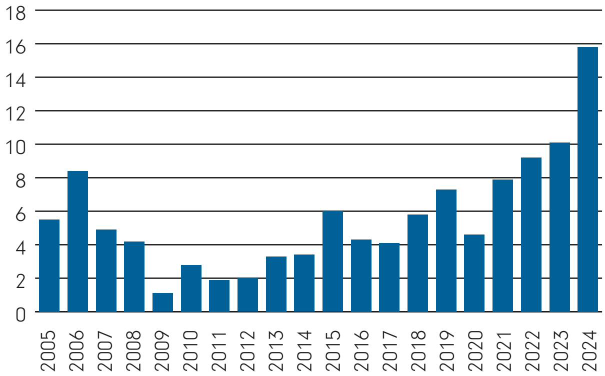
Price-to-book (PBR) multiples (x)



Source: Fidelity International, Bloomberg as of 31 December 2024.

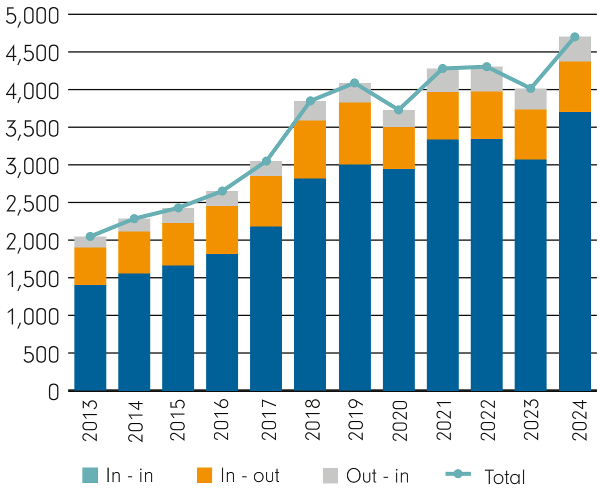
Interestingly, in addition to a rise in share buybacks, we are seeing a clear increase in corporate activity through management buyouts, tender offers and mergers and acquisitions (M&A) more broadly. As noted by KKR founder Henry Kravis, Japan has more than 3x the number of listed subsidiaries than the US and more than half of the listed companies trade below book. There is also an increased focus on the need to accelerate the unwinding of cross shareholdings. In a historically overcapitalised market, where there is a clear drive to improve capital efficiency and restructure balance sheets, this trend of de-equitisation is positive for the mid-to-long term outlook.

Value of announced share buybacks (JPY trn)



Source: Fidelity International, Recof, QUICK as of 31 December 2024
Note: value of share buybacks is on a fiscal year basis.

Number of M&A Deals



Source: Fidelity International, Recof, QUICK as of 31 December 2024
Note: value of share buybacks is on a fiscal year basis.

Portfolio Manager's Review continued

Question

What engagements did you conduct over the year?

Answer

In 2024, the engagement team in Tokyo, led by our Head of Engagement, conducted 100 meetings (in addition to our fundamental research meetings), covering 22 names held by the Company. Against a backdrop of increasing governance reform under the auspices of the TSE, the majority of the engagements were focused on governance, capital allocation and long-term strategy.

In terms of specific engagements with investee companies, we worked with **Riken Keiki**, a world leader in gas detectors, to develop its capital strategy and tackle its low price-to-book ratio. The company has an excellent business model with stable long-term profit and free cashflow growth among Prime companies, but its price-to-book ratio is low, and the denominator of returns on equity (RoE) is inflated due to excessive equity capital in pursuit of stability, resulting in poor capital efficiency. The company understands the points raised and is preparing to respond to the TSE. We requested the company to strengthen its investor relations (IR) activities, especially to increase the number of IR meetings from twice a year to avoid inadvertent underperformance of the stock price.

In September, our engagement team met with a senior managing director from **Uyemura**, a niche mid-cap chemicals company focused on cutting edge plating for printed wiring boards and electronic components used in smartphones and cars, to follow up on an earlier meeting in 2023. The company has high margins, strong cashflow generation capabilities, and large cash balances, but a low third-party rating and low capital efficiency are impacting its valuation. The company has shown tangible progress and enhanced its governance checks, for example by creating a nomination & renumeration committee, as well as increasing buybacks. We believe that Uyemura's initiatives are better than disclosed and with time and enhancements to their disclosure, this can improve further.

Around the same time, we engaged with industrial electronics company **Mitsubishi Electric**. In terms of its business strategy, we discussed the company's efforts to implement structural changes, moving from a pure hardware player to a software and solutions provider, and bridge the profitability gap with its US and European peers. We explained that the current level of disclosure is insufficient to accurately gauge its progress on reforms and that information at a segmental level would enable investors to assess the capital efficiency of its various businesses and thereby attain a holistic view of its overall portfolio. On the governance side, we spoke about the need to address the company's cross shareholdings and the low valuations of its listed subsidiaries. Management agreed and it was reassuring to hear that they had identified the same issues internally. At the same time, we encouraged the company to establish a clear dividend policy given its ability to generate stable free cashflows, a move that would provide reassurance to investors should the cyclical environment change.

Question

What is your approach to gearing? And what impact did it have on returns during the year?

Answer

The level of gearing was little changed over the year and closed the year at 24.0% (versus 23.1% at the end of 2023). If we see a sustained uptrend in Japanese stocks, then I would be inclined to reduce the level of gearing employed. However, I am happy with where market valuations currently stand, and the leverage is deployed in stable growth companies rather than high beta names. So, overall, I am comfortable with the Company's current positioning. Over the course of 2024, the CFDs had a modest positive impact on absolute returns, notably through the exposure to speciality retailer **Ryohin Keikaku** and HR company **Recruit Holdings**.

Question

How has the Company's exposure to unlisted companies changed during the year under review?

Answer

As always, we continue to evaluate new opportunities, while maintaining a disciplined approach towards valuations. At the end of the review period, we continued to hold seven unlisted names, representing 6.6% of net assets. While there were no changes during the review period, we expect specific unlisted companies held in the portfolio to list in 2025.

Question

There are many geopolitical uncertainties in 2025. What will you be focusing on in the year ahead?

Answer

Turning to the outlook for 2025, there are many geopolitical uncertainties and unknowns, so I am focusing stock selection based on individual company's self-reliance and growth drivers, and where the market is substantially mis-pricing the growth potential. **Ryohin Keikaku**, which runs the MUJI brand, is one such stock. Under a new management team, it has substantially transformed its marketing and development and internal management systems, and with successful products starting to emerge, it has substantial room to increase profitability as it ramps up changes to its supply chain management. Our internal estimates are substantially ahead of the street and the stock trades at around half the multiple of its domestic counter parts such as Fast Retailing (Uniqlo) despite faster growth, leaving significant upside potential for the stock in the year ahead. Another example is **Recruit Holdings**, which owns a job platform called "Indeed". The key catalyst for Recruit as a dominant global job platform with pricing power is to raise its take rate from the current low 1% to 2-3% over the mid-term, which would substantially boost its earnings outlook versus consensus. Among mega-cap financials, insurer **Sompo Holdings** with better balance sheet management is offering an 8% total shareholder return and remains very discounted to its global and domestic peers.

Within the mid-cap space, many double-digit growers - such as **Kosaido Holdings** (funerals), **Mizuno** (sports) and **Premium Group** (auto finance) - are all trading at deeply discounted price-to-earnings valuations and are potential sources of future performance as their earnings growth continues to come through. One top active position is **Osaka Soda** whose performance was poor in 2024 after strong gains in 2023. We think the market is underestimating the potential of its silica gel which is used in the GLP-1 market for obesity drugs. The company will also benefit when generics start to appear from 2026 and massively increase the size of the branded drugs market.

I would also add that I expect some of the unlisted companies held in the portfolio to list in 2025, which may offer some upside versus their current assessed valuations. In particular, I would highlight the position in **GO Inc**, the largest taxi ride hailing app in Japan with 75% market share, which is growing rapidly and recently announced an exclusive tie up with Waymo in self-driving taxis in Japan.

Question

The Company's underperformance compared to the Reference Index this year and over the longer-term is disappointing for shareholders. What have been the key drivers and what are your expectations for the coming months?

Answer

What can we learn from looking at past performance? From January 2019 to January 2022, the Company's cumulative relative return was up by 45% but from January 2022 to December 2024 it was down by 35% relative to the market, giving up most of the gains from the previous three years. In the first period, an overweight exposure to the cyclical technology sector, which enjoyed a post-COVID boom, and bottom-up stock selection generally added a lot of value. The main detractors were more expensive internet-related names, which did well at the beginning of the pandemic but declined afterward especially as valuation multiples came down.

Turning to the second period, bottom-up stock selection was broadly negative, as was sector selection (especially being underweight in banks and insurance). In terms of stock selection, there were two main buckets of underperformance: China-related factory automation (FA) companies and small-cap internet-related names that experienced a contraction in their valuation multiples. Where are we now with this? For the names that I continued to hold in the internet space, such as **Raksul**, the valuations are in line with the market despite their much higher earnings growth rates, so the upside/downside risks are now skewed to the upside. Similarly, for FA names such as **MISUMI Group**, most of them have re-oriented their businesses away from China over the last two years to other Asian countries, and to the US, and are growing again. They remain under-owned and offer an attractive risk-reward balance for 2025.

In this second period and looking specifically at 2024 performance, stock selection was negatively impacted by weaker sentiment towards the FA space and the recovery potential for names such as **Harmonic Drive Systems**, as well as **Mitsui High-tec** in the automobile sector. These factors negated the strong performance of some of the unique names in the portfolio, such as **Sanrio** (anime characters) and **Yonex** (sports equipment). Our analysis shows that most of the underperformance was due to temporary one-off issues and that the companies are already recovering as we enter 2025. As such, they are worthwhile retaining to enjoy a large upside potential to mid-term earnings from hybrid cars for **Mitsui High-tec** and a recovery in the robot market and the growth of humanoid robots for **Harmonic Drive Systems**.

As detailed above, reorientating the portfolio further towards an all-cap focus, I have increased the Company's positions in high-conviction names such as **Ryohin Keikaku** (MUJI) and **Olympus** (endoscopes) by using the proceeds from selling some of the older poorly performing positions (**Kansai Paint** and **Oriental Land**) and some profit taking in strong performers (**Tokyo Electron** and other semiconductor-related names), and combined with a more diversified sector allocation, I am confident that this will pay off in better performance in 2025.

Nicholas Price
Portfolio Manager
26 March 2025

Attribution Analysis

Analysis of NAV total return for the year ended 31 December 2024	%
Impact of:	
Index	+10.0
Index Gearing	+2.0
Stock Selection	-12.9
Portfolio Gearing	-1.1
Share Repurchases	+1.3
Expenses	-0.8
Cash Holding	-0.3
NAV total return for the year ended 31 December 2024	**-1.8**

Ten Highest Contributors (on a relative basis)

Company and Sector	Portfolio Average Weight %	Index Average Weight %	Contribution to Relative Return %
Ryohin Keikaku (Retail Trade)	+5.0	+0.1	+1.9
Sanrio (Wholesale Trade)	+1.2	+0.1	+1.1
Recruit Holdings (Services)	+2.6	+1.6	+0.9
Mizuho Financial Group (Banks)	+4.0	+1.1	+0.9
Yonex (Other Products)	+2.4	0.0	+0.9
Maruwa (Glass & Ceramic Products)	+1.6	0.0	+0.5
Kyushu Electric Power (Electric Power & Gas)	+0.6	+0.1	+0.5
RORZE (Machinery)	+0.7	0.0	+0.4
Tokyo Electron (Electric Appliances)	+3.4	+1.7	+0.4
Nippon Telegraph & Telephone (Information & Communication)	0.0	+1.3	+0.3

Ten Highest Detractors (on a relative basis)

Company and Sector	Portfolio Average Weight %	Index Average Weight %	Contribution to Relative Return %
Mitsui High-tec (Electric Appliances)	+2.6	0.0	-2.0
Harmonic Drive Systems (Machinery)	+3.0	0.0	-1.4
Kosaido Holdings (Other Products)	+1.9	0.0	-1.2
Shimano (Transportation Equipment)	+1.7	+0.3	-1.0
NOF (Chemicals)	+3.7	+0.1	-0.9
Mitsubishi Electric (Electric Appliances)	+1.5	+0.7	-0.9
Osaka Soda (Chemicals)	+5.3	0.0	-0.8
Sunwels (Services)	+0.6	0.0	-0.8
Hitachi (Electric Appliances)	+0.8	+2.1	-0.8
Mitsubishi UFJ Financial Group (Banks)	0.0	+2.5	-0.7

Source: Fidelity.

Spotlight on the Top 10 Holdings

as at 31 December 2024
(based on Portfolio Exposure expressed as a percentage of Shareholders' Funds)

Recruit Holdings

Industry: Services (Portfolio Exposure: 7.4%)

Recruit Holdings, headquartered in Tokyo, is a global leader in human resource technology. The company offers integrated HR solutions, media marketing and temporary staffing services. It operates two US businesses, Indeed (an online job search engine) and Glassdoor (a company information site), acquired in 2012 and 2018, respectively and has a successful track record in the US job market. The demand for staffing and recruitment services in Japan remains strong, particularly as the country faces demographic challenges such as an ageing population and labour shortages.

Ryohin Keikaku

Industry: Retail Trade (Portfolio Exposure: 6.9%)

Ryohin Keikaku operates the MUJI brand of general merchandise stores, with over 600 stores in Japan and seven based in the UK. While the domestic MUJI business continues to expand thanks to ongoing robust sales in health & beauty and household goods, MUJI business in China, despite uncertainties in the Chinese economy, has started to recover through constant improvements in product development, marketing and omni-channels and inventory management.

Mizuho Financial Group

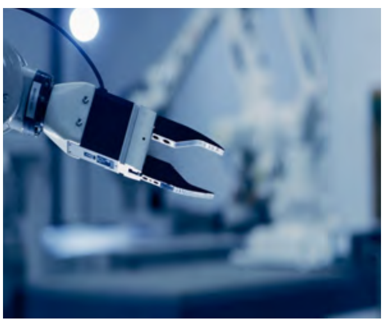
Industry: Banks (Portfolio Exposure: 5.7%)

Mizuho Financial Group is one of the three mega banks in Japan with high reliance on corporate and commercial banking businesses, backed by the long-term franchise coming from the former IBJ (The Industrial Bank of Japan). Structural changes in the Bank of Japan's monetary policy (rising interest rate environment) are likely to lead to earnings growth on the back of the expansion of lending/deposit spreads. Positive shareholder returns in the form of dividend increases and share buybacks are expected to support the share price. The valuation is the most attractive among the three mega banks and global peers.

Osaka Soda

Industry: Chemicals (Portfolio Exposure: 5.0%)

Osaka Soda is a chemicals company that has transformed its business portfolio from highly cyclical commodity products to more specialised and niche products. Since 2010, Osaka Soda has expanded its healthcare business and has established a dominant market position in purification materials that are key to the production of GLP-1 and insulin drugs. With GLP-1 drugs expanding into obesity treatments, the company is well positioned to meet the rapid demand growth from global pharmaceuticals companies. Finally, its net cash balance sheet offers scope for higher shareholder returns.



Keyence

Industry: Electric Appliances (Portfolio Exposure: 4.3%)

Keyence is a leading supplier of sensors, measuring systems, laser markers, microscopes and machine vision systems worldwide. Keyence stands as a beacon of innovation and excellence in the realm of industrial automation. Renowned for its commitment to innovative technology, Keyence is not simply selling products but providing solutions that solve clients' problems in the everyday manufacturing process. The company's presence in major markets worldwide allows it to tap into diversified industries, mitigate industry cyclicality and deliver long-term sustainable growth and high profitability.

Spotlight on the Top 10 Holdings continued

as at 31 December 2024

(based on Portfolio Exposure expressed as a percentage of Shareholders' Funds)

MISUMI Group

Industry: Wholesale Trade (Portfolio Exposure: 4.1%)

MISUMI Group manufactures and distributes factory automation and metal die components. The company is unique for its QCT model, which aims to deliver high quality (Q) at low cost (C) with reliable, quick delivery times (T). With a vast portfolio of over 30 million products, the company is the leading component provider supporting the global manufacturing industry. For the coming year, MISUMI's profits are expected to recover due to increased demand for auto and semiconductors in Japan and China. Global manufacturing activities also continue to recover, and the company can deliver sustainable growth over the long-term.

Sony Group

Industry: Electric Appliances (Portfolio Exposure: 3.9%)

Sony Group is an entertainment conglomerate and the global leader in console gaming (PlayStation) and complementary metal oxide semiconductor (CMOS) image sensors. It is also well-known as a major player in the music and motion picture business. Sony's main unit-based business, the gaming and network segment, is entering a positive phase as PlayStation hits the heart of its cycle and this leads to greater software and network driven revenue. The CMOS business continues to recover with an improvement to the inventory cycle while the company also works out its own yield issues.

Ajinomoto

Industry: Foods (Portfolio Exposure: 3.6%)

Ajinomoto engages in a broad range of businesses, from foods based on its amino acid technology to electronic materials and pharmaceuticals. It has a high share of the global market in umami seasonings, electronic materials and amino acids for pharmaceuticals. A long-term growth opportunity arises from its healthcare businesses with a multi-year horizon as next generation pharmaceutical therapies progress to the commercial stage. With a boost from management's pro-active stance on shareholder returns such as dividend increases and share buybacks, the company is expected to achieve top-class capital efficiency in the food sectors.

Riken Keiki

Industry: Precision Instruments (Portfolio Exposure: 3.6%)

Riken Keiki is a leading producer of industrial gas detection and alarm equipment and has strong links with customers in the electronics and semiconductor industries. Top line growth and especially sales of new equipment are key given the recurring revenues that come from the maintenance and replacement of gas detection equipment. Increasing investment in semiconductor and lithium-ion battery plants in Japan and overseas is expected to drive future demand.

Sompo Holdings

Industry: Insurance (Portfolio Exposure: 2.8%)

Sompo Holdings is a major property & casualty (P&C) insurer in Japan and implements business strategies in core businesses of domestic P&C, life insurance, nursing care and overseas insurance. The company has a solid track record of providing comprehensive insurance products and services to individuals, businesses and other organisations. Sompo has been focusing on expanding its global presence through strategic partnerships and acquisitions. The company has good earnings visibility due to the acceleration of strategic share divestment, loss ratio improvement in the P&C business and an increase in share buybacks boosting the return on equity.

Portfolio Listing
as at 31 December 2024

The Portfolio Exposures shown below and on pages 14 to 16 measure exposure to market price movements as a result of owning shares and derivative instruments. The Fair Value is the actual value of the portfolio and is the value shown on 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	2024 Portfolio Exposure £'000	2024 Portfolio Exposure %[1]	2023 Portfolio Exposure £'000	2023 Portfolio Exposure %[1]
Exposures – shares unless otherwise stated						
Recruit Holdings (shares and long CFD)	Services	10,244	17,206	7.4	1,017	0.4
Ryohin Keikaku (shares and long CFD)	Retail Trade	5,078	15,907	6.9	15,069	5.8
Mizuho Financial Group	Banks	13,130	13,130	5.7	7,594	3.0
Osaka Soda	Chemicals	11,468	11,468	5.0	16,523	6.4
Keyence (long CFD)	Electric Appliances	146	9,966	4.3	10,601	4.1
MISUMI Group (shares and long CFD)	Wholesale Trade	3,596	9,559	4.1	11,436	4.4
Sony Group	Electric Appliances	9,030	9,030	3.9	1,906	0.7
Ajinomoto (shares and long CFD)	Foods	1,705	8,344	3.6	–	–
Riken Keiki	Precision Instruments	8,231	8,231	3.6	8,178	3.2
Sompo Holdings	Insurance	6,561	6,561	2.8	–	–
Ten largest exposures (2023: £117,252,000 representing portfolio exposure of 45.5%)		**69,189**	**109,402**	**47.3**		
Yonex	Other Products	6,461	6,461	2.8	4,747	1.8
Harmonic Drive Systems	Machinery	6,211	6,211	2.6	9,451	3.7
Asoview	Unlisted	6,114	6,114	2.6	5,740	2.2
Hitachi	Electric Appliances	6,013	6,013	2.6	–	–
Olympus (shares and long CFD)	Precision Instruments	2,522	4,954	2.1	–	–
DeNA (shares and long CFD)	Services	1,513	4,628	2.0	–	–
C. Uyemura	Chemicals	4,500	4,500	1.9	5,318	2.1
Toyota Industries	Transportation Equipment	4,387	4,387	1.9	–	–
Miura	Machinery	4,384	4,384	1.9	–	–
Sanrio	Wholesale Trade	4,368	4,368	1.9	2,053	0.8
Kotobuki Spirits	Foods	4,231	4,231	1.8	4,582	1.8
Maruwa	Glass & Ceramics Products	4,158	4,158	1.8	3,236	1.3
Fujikura	Nonferrous Metals	4,129	4,129	1.8	–	–
Kosaido Holdings	Other Products	4,024	4,024	1.7	6,257	2.4
Mitsui High-tec	Electric Appliances	3,883	3,883	1.7	8,430	3.3
Seven & i Holdings (shares and long CFD)	Retail Trade	695	3,868	1.7	–	–
Raksul	Information & Communication	3,845	3,845	1.7	3,654	1.4

Portfolio Listing continued

Company	Sector	Fair Value £'000	2024 Portfolio Exposure £'000	2024 Portfolio Exposure %[1]	2023 Portfolio Exposure £'000	2023 Portfolio Exposure %[1]
Mitsubishi Electric (shares and long CFD)	Electric Appliances	150	3,811	1.6	–	–
Hoya	Precision Instruments	3,601	3,601	1.6	685	0.3
Suzuki Motor	Transportation Equipment	3,491	3,491	1.5	1,697	0.7
KeePer Technical Laboratory	Services	3,471	3,471	1.5	4,341	1.7
Inforich	Services	3,443	3,443	1.5	2,203	0.9
Giftee	Information & Communication	3,224	3,224	1.4	3,631	1.4
Credit Saison	Other Financing Business	3,028	3,028	1.3	1,618	0.6
GO Inc	Unlisted	2,905	2,905	1.3	2,487	1.0
NOF (long CFD)	Chemicals	5	2,886	1.2	13,859	5.4
Central Automotive Products	Wholesale Trade	2,871	2,871	1.2	3,687	1.4
Dentsu Soken	Information & Communication	2,869	2,869	1.2	2,492	1.0
Nintendo	Other Products	2,736	2,736	1.2	–	–
Rohto Pharmaceutical	Pharmaceutical	2,687	2,687	1.2	2,023	0.8
Mizuno	Other Products	2,587	2,587	1.1	–	–
m-up	Information & Communication	2,462	2,462	1.1	2,406	0.9
Hoshizaki	Machinery	2,459	2,459	1.1	–	–
Shimano (shares and long CFD)	Transportation Equipment	566	2,405	1.0	–	–
Fujitsu	Electric Appliances	2,038	2,038	0.9	–	–
SoftBank Group	Information & Communication	2,009	2,009	0.9	–	–
Studyplus	Unlisted	1,960	1,960	0.8	2,110	0.8
SEMITEC	Electric Appliances	1,729	1,729	0.7	1,777	0.7
Fuji Electric	Electric Appliances	1,653	1,653	0.7	–	–
iYell	Unlisted	1,652	1,652	0.7	2,189	0.8
A&D Holon Holdings	Precision Instruments	1,571	1,571	0.7	1,508	0.6
Noritsu Koki	Precision Instruments	1,565	1,565	0.7	–	–
Premium Group	Other Financing Business	1,542	1,542	0.7	–	–
Simplex Holdings	Information & Communication	1,513	1,513	0.7	1,630	0.6
Seiko Group Corporation	Precision Instruments	1,445	1,445	0.6	–	–
RS Technologies	Metal Products	1,421	1,421	0.6	1,186	0.5
Dexerials	Chemicals	1,403	1,403	0.6	–	–
gremz	Electric Power & Gas	1,324	1,324	0.6	–	–
Tokyo Ohka Kogyo	Chemicals	1,190	1,190	0.5	–	–

Company	Sector	Fair Value £'000	2024 Portfolio Exposure £'000	2024 Portfolio Exposure %[1]	2023 Portfolio Exposure £'000	2023 Portfolio Exposure %[1]
PAL Group Holdings	Retail Trade	1,125	1,125	0.5	–	–
Okamoto Industries	Rubber Products	1,088	1,088	0.5	899	0.3
Shin-Etsu Chemical	Chemicals	1,056	1,056	0.5	4,148	1.6
Shibaura Electronics	Electric Appliances	1,045	1,045	0.5	2,295	0.9
Moneytree	Unlisted	1,042	1,042	0.5	1,832	0.7
Relo Group	Services	1,018	1,018	0.4	–	–
Spiber	Unlisted	1,014	1,014	0.4	1,011	0.4
GNI Group	Pharmaceutical	992	992	0.4	–	–
Transaction	Other Products	962	962	0.4	–	–
SharingTechnology	Information & Communication	955	955	0.4	–	–
Tokyotokeiba	Services	922	922	0.4	1,477	0.6
Daikin Industries	Machinery	861	861	0.4	–	–
Photosynth	Information & Communication	852	852	0.4	1,240	0.5
Arealink	Real Estate	829	829	0.4	–	–
AZ-Com Maruwa Holdings	Land Transportation	757	757	0.3	1,292	0.5
Rigaku Holdings	Precision Instruments	727	727	0.3	–	–
Plus Alpha Consulting	Information & Communication	669	669	0.3	2,786	1.1
AirTrip	Services	633	633	0.3	1,532	0.6
Yoriso	Unlisted	631	631	0.3	1,034	0.4
K&O Energy Group	Mining	584	584	0.3	–	–
Katitas	Real Estate	581	581	0.3	–	–
Jinushi	Real Estate	573	573	0.2	–	–
Management Solutions	Services	560	560	0.2	1,736	0.7
Integral	Securities & Commodity Futures	553	553	0.2	845	0.3
Tokyo Seimitsu	Precision Instruments	533	533	0.2	2,974	1.2
Kyoritsu Maintenance	Services	467	467	0.2	–	–
Tamron	Precision Instruments	460	460	0.2	628	0.2
IDOM	Wholesale Trade	418	418	0.2	–	–
Bengo4.com	Services	335	335	0.1	682	0.3
Kinden	Construction	220	220	0.1	–	–
Total Portfolio (including long CFDs)		**229,659**	**286,973**	**124.0**		

Portfolio Listing continued

Fair Value and Portfolio Exposure of Investments as at 31 December 2024

	Fair Value £'000	2024 Portfolio Exposure £'000	%[1]	2023 Portfolio Exposure £'000	%[1]
Investments (Note 9 - see pages 68 and 69)	228,344	228,344	98.7	253,843	98.5
Derivative instruments assets - long CFDs (Note 10 - see page 69)	1,457	50,375	21.8	41,568	16.1
Derivative instruments liabilities – long CFDs (Note 10 – see page 69)	(142)	8,254	3.5	21,953	8.5
Total Portfolio (including long CFDs)	**229,659**	**286,973**	**124.0**	**317,364**	**123.1**
Shareholders' Funds		**231,413**		**257,793**	
Gearing[2]			**24.0%**		**23.1%**

1 Portfolio Exposure is expressed as a percentage of Shareholders' Funds.
2 Gearing is the amount by which the Portfolio Exposure exceeds Shareholders' Funds expressed as a percentage of Shareholders' Funds.

Distribution of the Portfolio

as at 31 December 2024

The table below details the Distribution of the Portfolio based on Portfolio Exposure which measures the exposure of the portfolio to market price movements as a result of owning shares and derivatives instruments.

Sector	2024[1] Total %	2024[2] Index %	2023[1] Total %
Electric Appliances	16.9	17.6	20.8
Services	14.0	5.1	11.9
Precision Instruments	10.0	2.4	5.6
Chemicals	9.7	5.2	18.9
Retail Trade	9.1	4.6	10.8
Information & Communication	8.1	7.6	9.0
Wholesale Trade	7.4	6.8	7.1
Other Products	7.2	2.7	5.1
Unlisted	6.6	–	6.3
Machinery	6.0	5.6	8.4
Banks	5.7	8.5	4.4
Foods	5.4	3.1	1.8
Transportation Equipment	4.4	7.9	0.7
Insurance	2.8	3.3	0.3
Other Financing Business	2.0	1.2	1.8
Glass & Ceramics Products	1.8	0.7	1.9
Nonferrous Metals	1.8	0.8	0.9
Pharmaceutical	1.6	4.3	0.8
Real Estate	0.9	1.8	–
Metal Products	0.6	0.5	1.2
Electric Power & Gas	0.6	1.3	1.3
Rubber Products	0.5	0.6	0.7
Land Transportation	0.3	2.2	0.5
Mining	0.3	0.2	–
Securities & Commodity Futures	0.2	0.9	0.3
Construction	0.1	2.1	0.9
Textiles & Apparels	–	0.4	1.6
Fishery, Agriculture & Forestry	–	0.1	0.1
Iron & Steel	–	0.8	–
Marine Transportation	–	0.7	–
Oil & Coal Products	–	0.5	–
Air Transportation	–	0.3	–
Pulp & Paper	–	0.1	–
Warehousing & Harbor Transportation Services	–	0.1	–
	124.0	**100.0**	**123.1**

1 Portfolio Exposure is expressed as a percentage of Shareholders' Funds.
2 TOPIX Total Return Index (in sterling terms), the Company's Reference Index.

Unlisted Investments

The Company has shareholder authority to invest up to 20% of its assets in securities which are not listed on any stock exchange or traded on the Jasdaq market. However, for the time being, the Board believes that it is prudent to limit the proportion held in such companies to a maximum of 10% at the time of any further investment.

The Directors believe that the ability to invest in unlisted securities is a differentiating factor for the Company and can be a source of additional investment performance. It allows the Portfolio Manager to take advantage of the growth trajectory of early-stage companies before they potentially become listed on the TSE Prime or Growth market segments. This can offer good opportunities for patient and long-term investors.

In the reporting year, no new investments were made in unlisted securities and none from those held in the portfolio listed on the TSE Prime or Growth market segments.

At the year end, the Company had seven unlisted investments representing 6.6% of net assets (2023: seven unlisted companies representing 6.3% of net assets).

Overview of the Unlisted Investments Valuation Process
Unlisted investments in the Company's portfolio are held at fair value, which is defined as the value that would be paid for a holding in an open-market transaction. The Manager's Fair Value Committee (FVC), which is independent of the Portfolio Manager, provides recommended fair values to the Directors.

Twice yearly, ahead of the Company's interim and its year end, the Company's Audit Committee receives a detailed presentation from the FVC, Fidelity's unlisted investments specialist and Kroll (independent third party valuers), in order to satisfy itself that the unlisted investments are carried at an appropriate value in accordance with Accounting Policy Note 2 (j) on page 63 at the balance sheet date. The external Auditor attends the unlisted valuations meeting ahead of the Company's year end.

The work completed by the Audit Committee on the unlisted investments is set out in its report on page 49.

Workings of the Fair Value Committee
The valuation of each unlisted investment is set by the Manager's FVC and includes input from the analysts covering the securities, Fidelity's unlisted investments specialist and also advised upon by the independent third-party valuers, Kroll.

Kroll, as independent valuers, undertake a detailed review of each of the unlisted investments on a quarterly basis. The Board is provided with the quarterly updates from the FVC, which includes recommendations from the analysts' and Fidelity's unlisted investments specialist, enabling the Board to have oversight of and to have confidence in Fidelity's process. Outside of the normal quarterly cycle, the unlisted investments are monitored daily for trigger events such as funding rounds or news affecting fundamentals which may require the FVC to adjust the valuation price as soon as the Fidelity analyst has been consulted. In addition to this, the unlisted investments are monitored on a weekly basis within a comparable movement model. If the average movement of the selected proxies is +/-15%, a revaluation of the relevant investment is considered.

Unlisted companies held in the Company's portfolio as at 31 December 2024 (based on Portfolio Exposure expressed as a percentage of Shareholders' Funds).

Asoview

(Purchased: December 2021) (Portfolio Exposure: 2.6%)

Asoview is an online platform that provides booking services for tours, attractions and activities/experiences. It is also Japan's leading leisure B2B marketplace for travel agents. Asoview is in partnership with more than 10,000 businesses nationwide and in 2024 its cumulative number of members exceeded ten million. While Japan's tourism and leisure industry continues to grow, it is facing rising costs and labour shortages. Through the provision of digital transformation (DX) solutions for travel and leisure businesses, Asoview helps to drive operational efficiencies and provide high-quality services to consumers. By using consumers' behavioural data, it can effectively forecast demand and manage ticket inventory.

GO Inc

(Purchased: November 2023) (Portfolio Exposure: 1.3%)

GO Inc is the number one ride hailing company in Japan. It has a significant lead over competitors in terms of access to taxis. This creates strong and lasting competitive advantages in the ride hailing industry, which is still in the early stages of digitalisation. GO has delivered robust growth in its core ride hailing business since its inception, and revenue per ride has steadily increased as it has rolled out additional charges to improve its monetisation. It also has steady cash generating businesses such as advertising that subsidise its high-growth segments, a factor that enhances its overall financial profile.

Studyplus

(Purchased: June 2022) (Portfolio Exposure: 0.8%)

Studyplus operates Japan's leading learning management platform for high school students and associated services for educational institutions. The Studyplus app helps students to stay motivated by visualising their learning records and enabling them to connect with friends who are pursuing the same study goals via Social Networking Services (SNS). It also utilises its proprietary cluster data to drive advertisement revenue. Through Studyplus for School, the company provides a learning management platform with various functions to monitor and appraise students' progress.

iYell

(Purchased: December 2021) (Portfolio Exposure: 0.7%)

iYell is a mortgage broker fintech start-up company that uses the power of technology to support the mortgage loan process. It operates Japan's No.1 cloud-based mortgage platform, which helps to drive business efficiencies for financial institutions and real estate companies, and effectively source the optimum mortgage for consumers. In Japan, the real estate and mortgage industries suffer from low labour productivity and iYell is promoting the digital conversion of analogue procedures and operations.

Unlisted Investments continued

Moneytree

(Purchased: April 2020) (Portfolio Exposure: 0.5%)

Moneytree operates a personal finance app that enables individuals to manage multiple financial services (bank accounts, credit cards, investments, e-money, etc.) in one convenient place and provides a cloud-based account book to simplify household finances. In the corporate sector, Moneytree LINK is an industry-leading data platform that supports business innovation through the use of financial data and links with application programming interfaces (APIs) to generate efficiencies and create new business models. It also provides digital dashboards for small to medium-sized enterprises (SMEs) that simplify accounting procedures.

Spiber

(Purchased: September 2021) (Portfolio Exposure: 0.4%)

Spiber manufactures Brewed Protein materials. Fibres, films and other types of materials are manufactured through the fermentation of plant-based ingredients. This new class of material is created using Spiber's proprietary technology platform that enables customised designs and molecular engineering of nature-inspired protein polymers. These materials offer alternative solutions to a wide range of conventional animal-based and synthetic materials for various purposes, including textiles applications for the apparel industry.

Yoriso

(Purchased: July 2021) (Portfolio Exposure: 0.3%)

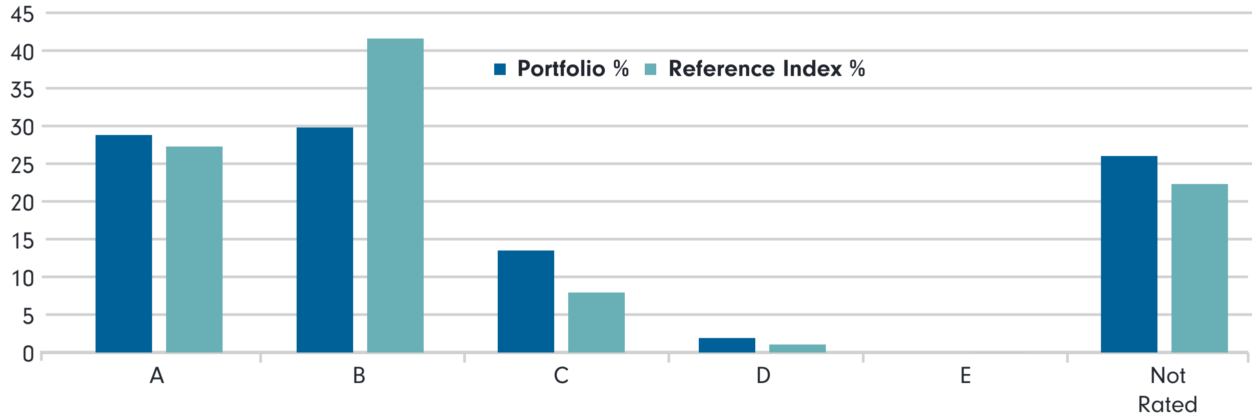
Yoriso is an online funeral planning platform that provides comprehensive end-of-life services that aim to ease people's anxieties through the use of technology. The company offers a one-stop solution for funerals, memorial services, Buddhist altars and inheritance planning. At Yoriso Cloud, it also provides cloud-based services for funeral companies through the digitalisation of obituary information. Demographic trends and the rising penetration of online contracts are driving growth in the funeral market, and the company's comprehensive offering and mass marketing strategy are strengthening its standing.

ESG Ratings

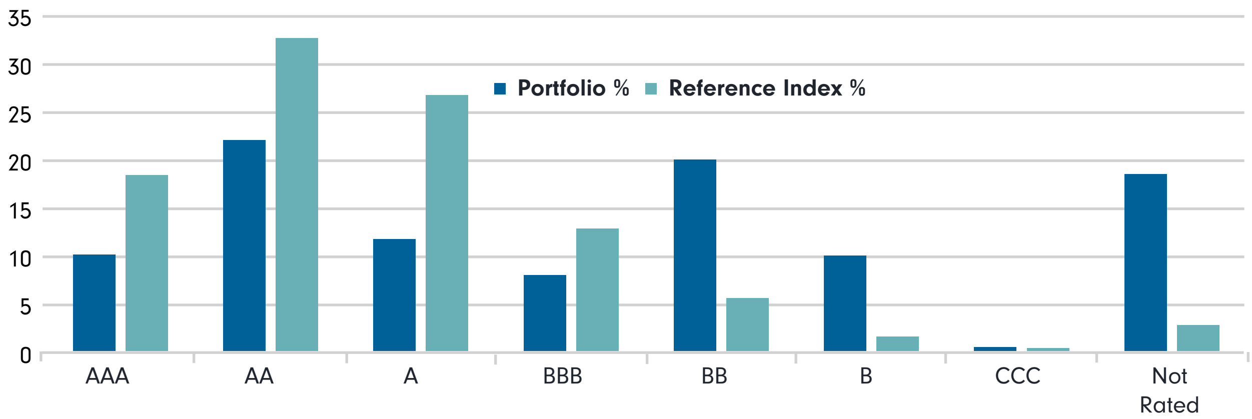
The charts below show a breakdown of the underlying stocks in the Company's portfolio using MCSI and Fidelity International's own ESG ratings. In the first chart, Fidelity's analysts rate stocks in their coverage universe on a five scale rating from A (best) to E (worst) and are based on the net asset value of holdings excluding cash, liquidity funds and derivatives, and rebased to 100%. In the second chart, MSCI rates issuers on a AAA to CCC scale according to their exposure to industry specific ESG key issues and their ability to manage those issues relative to peers. Fidelity's proprietary sustainability ratings system leverages its internal research and interactions with issuers. The ratings are designed to generate a forward-looking and holistic assessment of ESG risks and opportunities based on sector specific performance indicators.

As can be seen from the MSCI ESG ratings chart, the Company has a larger percentage of unrated companies. This is because MSCI covers the larger-cap companies whereas the Company has several small and mid-cap exposures that are given formal ESG coverage by Fidelity earlier than by MSCI. It is anticipated that as disclosures improve, the efforts of Japanese companies to address ESG concerns are likely to become more widely recognised, leading to higher ESG scores and more investor capital.

Fidelity ESG Ratings (%)



MSCI ESG Ratings (%)



Sources: Fidelity International and MSCI ESG Research as at 31 December 2024. Portfolio = Fidelity Japan Trust PLC. Reference Index = TOPIX.

Ten Year Record

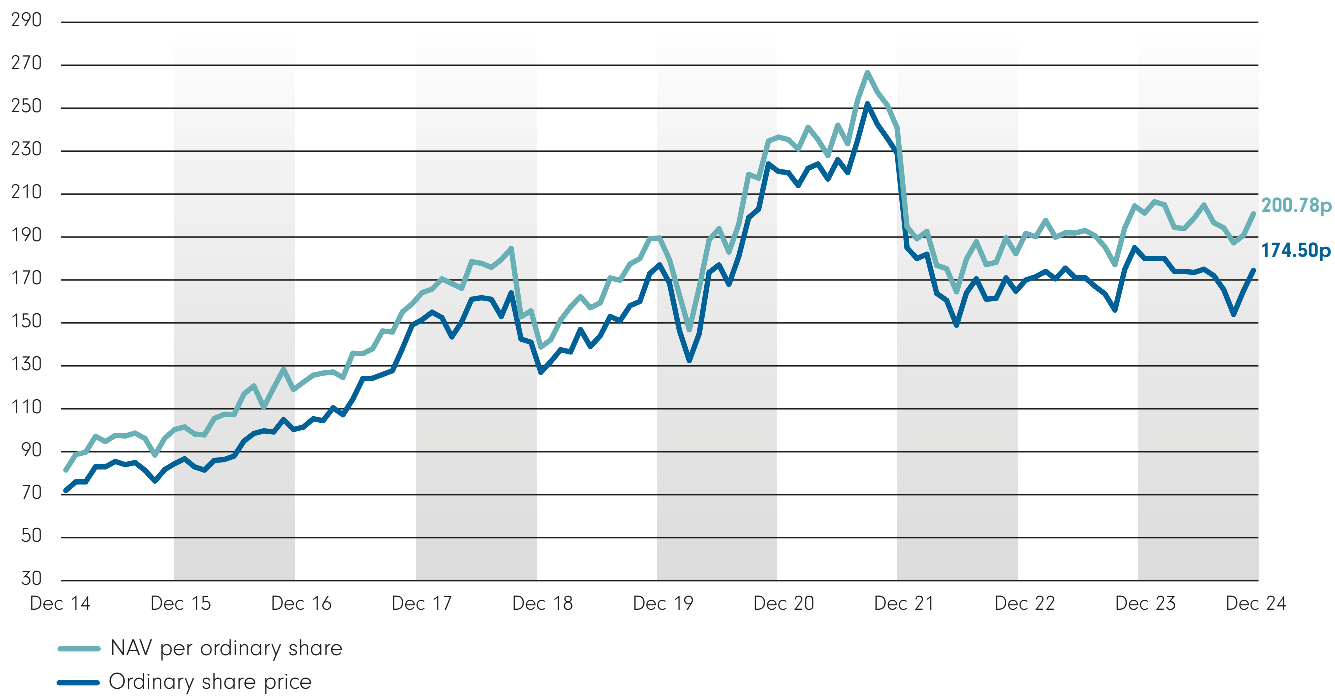
For the year ended 31 December	**2024**	2023	2022	2021	2020	2019	2018	2017	2016	2015
Assets										
Total portfolio exposure (£m)[1]	**287.0**	317.4	285.5	380.4	381.3	295.4	216.0	264.1	206.9	135.3
Shareholders' funds (£m)	**231.4**	257.8	236.4	312.7	308.8	252.5	187.5	222.5	166.4[2]	116.0
NAV per ordinary share (p)[3]	**200.78**	204.46	182.24	240.73	236.53	189.55	138.77	164.10	122.37	101.56
Gearing										
Gearing (%)[3]	**24.0**	23.1	20.8	21.6	23.5	17.0	15.2	18.7	24.3	16.6
Share Price and Discount data										
Ordinary share price (p)	**174.50**	185.00	164.75	229.00	220.50	177.00	127.00	151.50	101.50	86.75
Discount to NAV %[3]	**13.1**	9.5	9.6	4.9	6.8	6.6	8.5	7.7	17.1	14.6
Revenue and Costs										
Revenue return/(loss) per ordinary share (p)[3]	**2.17**	2.17	1.46	1.61	1.56	0.29	(0.07)	(0.22)	0.07	(0.14)
Ongoing charges ratio (excluding variable management fee) (%)[3]	**1.03**	0.99	0.99	0.90	0.94	0.98	1.10	1.31	1.46	1.52
Variable management fee (credit)/charge (%)	**(0.20)**	(0.15)	(0.03)	0.20	0.10	(0.15)	(0.04)	n/a	n/a	n/a
Ongoing charges ratio (including the variable management fee) (%)[3]	**0.83**	0.84	0.96	1.10	1.04	0.83	1.06	1.31	1.46	1.52
Performance Total Returns										
NAV per ordinary share (%)[3]	**-1.8**	+12.2	-24.3	+1.8	+24.8	+36.6	-15.4	+34.1	+20.5	+24.6
Ordinary share price (%)[3]	**-5.7**	+12.3	-28.1	+3.9	+24.6	+39.4	-16.2	+49.3	+17.0	+20.5
Reference Index (in sterling terms) (%)[4]	**+10.0**	+13.3	-4.1	+2.0	+9.5	+14.6	-8.3	+17.5	+22.0	+19.4

1 The total exposure of the investment portfolio, including exposure to the investments underlying the long CFDs.
2 The issue of ordinary shares from the exercise of subscription share rights contributed £19.5 million to the increase in shareholders' funds.
3 Alternative Performance Measures.
4 The Reference Index changed on 22 May 2018 from the Russell Nomura Mid/Small-Cap Index (in sterling terms) to the TOPIX Total Return Index (in sterling terms).

Sources: Fidelity and Datastream.
Past performance is not a guide to future returns.

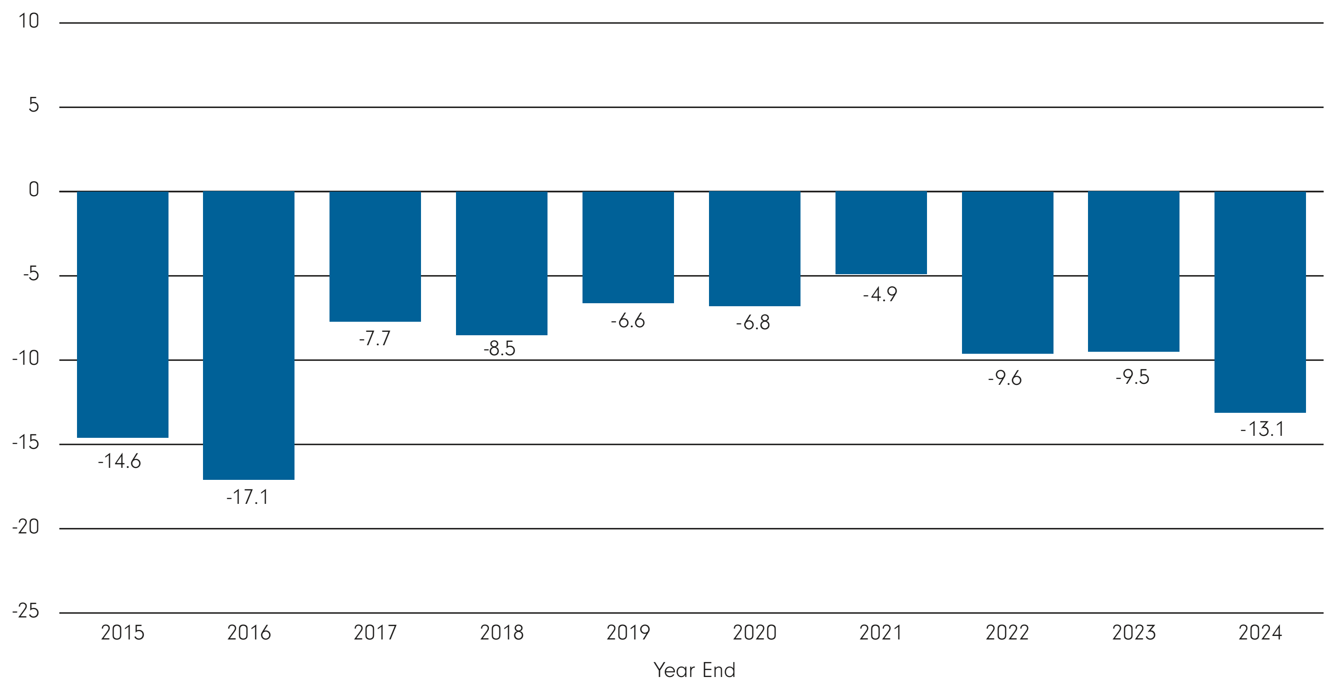
Summary of Performance Charts

NAV and ordinary share price for ten years to 31 December 2024



Sources: Fidelity and Datastream.

Ordinary share price discount to NAV at year end for ten years to 31 December 2024 (%)



Sources: Fidelity and Datastream.

Strategic Report

The Directors have pleasure in presenting the Strategic Report of the Company. The Chairman's Statement and Portfolio Manager's Review on pages 2 to 9 also form part of the Strategic Report.

Business and Status

The Company carries on business as an investment company and has been accepted as an approved investment trust by HM Revenue & Customs under Sections 1158 and 1159 of the Corporation Tax Act 2010, subject to the Company continuing to meet eligibility conditions. The Directors are of the opinion that the Company has conducted its affairs in a manner which will satisfy the conditions for continued approval.

The Company is registered as an investment company under Section 833 of the Companies Act 2006 and its ordinary shares are listed and traded on the London Stock Exchange. It is not a close company and has no employees.

INVESTMENT OBJECTIVE AND POLICY

Objective

The Company's objective is to achieve long-term capital growth by investing predominantly in equities and related securities of Japanese companies.

Strategy

In order to achieve this objective, the Company operates as an investment company and has an actively managed portfolio of investments consisting of Japanese companies. As an investment company, it is able to gear the portfolio and the Board takes the view that long-term returns for shareholders can be enhanced by using gearing in a carefully considered and monitored way.

As part of the strategy, the Board has delegated the management of the portfolio and certain other services to the Manager (FIL Investment Services (UK) Limited). The Portfolio Manager aims to achieve a total return on the Company's assets over the longer-term in excess of the Reference Index, the TOPIX Total Return Index, as expressed in sterling terms. The stock selection approach adopted by the Portfolio Manager is considered to be well suited to achieving the Company's objective. The Board recognises that investing in equities is a long-term process and, given the cyclicality of the markets, expects that the Company's returns to shareholders will vary from year-to-year.

The Company's objective, strategy and principal activity have remained unchanged throughout the year ended 31 December 2024.

Investment Management Philosophy, Style and Process

The Investment Manager follows a consistent "growth at a reasonable price" investment style and approach which involves identifying companies in all areas of the market whose growth prospects are not fully recognised by other investors. This investment process utilises Fidelity's research capability in Japan as well as the broader global research network. This approach is anchored in the belief that a rigorous, bottom-up approach to active management can identify companies where the market is underestimating or mis-pricing their future growth potential.

Investment Policy

The Company will primarily invest in companies which are listed on Japanese stock exchanges. The portfolio is selected by the Investment Manager on the basis of its assessment of the fundamental value available in individual situations and with a typical focus on those companies whose growth prospects are not fully recognised by the market ("growth at a reasonable price"). Whilst the Company's overall exposure to individual companies and industry sectors is monitored, the portfolio is not restricted in terms of size or industry, although certain investment restrictions apply in order to attempt to diversify risk.

Investment restrictions

In order to diversify the Company's portfolio, the Board has set the following investment guidelines for the Portfolio Manager. These guidelines and their impact are monitored on a daily basis and reported regularly to the Board:

- A maximum of 7.5% in the aggregate of all securities of any one company or other investment entity (10% for any group of companies) at the time of purchase. This is further limited to 12% of the Company's equity portfolio based on the latest market value.

- A maximum of 20% of its assets (at the time of acquisition) in securities which are not listed on any stock exchange or traded on the Jasdaq market. The Company would not normally make any such investment except where the Manager expects that the securities would shortly become registered for trading on the OTC market or become listed on a Japanese stock market.

- A maximum of 30% of its assets (at the time of acquisition) in equity related and debt instruments other than shares. The Company may also invest in derivatives for efficient portfolio management to protect the portfolio against market risk. Any such investment would normally be at a low level as the Company invests primarily in shares.

- A maximum of 15% of the Company's total assets may be invested in the securities of other investment trust companies.

- The maximum that the Company can hold in cash, or invest in cash equivalents, including money market instruments, is limited to 25% of the total value of the Company's gross assets. This limit will not include any amounts required as collateral to cover unrealised losses on derivatives. In practice the cash position will normally be much lower.

Gearing

The Company's policy is to be geared in the expectation that long-term investment returns will exceed the cost of gearing. This gearing is obtained through the use of Contracts for Difference (CFDs) to obtain exposure to Japanese equities selected by the Portfolio Manager. The effect of gearing is to magnify the consequence of market movements on the portfolio. If the portfolio value rises, the NAV will be positively impacted. Conversely if it falls, the NAV will be adversely impacted.

The aggregate exposure of the Company to Japanese equities, whether held directly or through CFDs, will not exceed shareholders' funds by more than 30% at the time any CFD is entered into or a security acquired. The Board also intends that the exposure will not exceed shareholders' funds by more than 40% at any other time unless exceptional circumstances exist.

The level of gearing is reviewed regularly by the Board and the Portfolio Manager. Currently, the Portfolio Manager has discretion to be up to 25% geared. At the year end the Company was 24.0% geared (2023: 23.1%).

Performance

The Company's performance for the year ended 31 December 2024, including a summary of the year's activities, and indications on trends and factors that may impact the future performance of the Company are included in the Chairman's Statement and the Portfolio Manager's Review on pages 2 to 9. The Attribution Analysis is on page 10. The Portfolio Listing and Distribution of the Portfolio are on pages 13 to 17 and the Ten Year Record and Summary of Performance Charts are on pages 22 and 23.

Results

The Company's results for the year ended 31 December 2024 are set out in the Income Statement on page 58. The revenue return was 2.17 pence and the capital loss was 8.43 pence, giving a total loss of 6.26 pence per ordinary share. As the Revenue Reserve is in deficit, the Directors do not recommend the payment of a dividend.

Key Performance Indicators

The Key Performance Indicators (KPIs) used to determine the performance of the Company and which are comparable to those reported by other investment companies are set out in the table below. The Board's intention is for the NAV and share price to outperform the Reference Index and outperform the peer group of investment companies investing in the Japanese stockmarket.

	Year ended 31 December 2024 %	Year ended 31 December 2023 %
NAV per ordinary share total return[1]	**-1.8**	+12.2
Share price total return[1]	**-5.7**	+12.3
Reference Index (in sterling terms) total return	**+10.0**	+13.3
Discount to NAV[1]	**13.1**	9.5
Ongoing charges ratio (including the variable management fee)[1,2]	**0.83**	0.84

1 Alternative Performance Measures.

2 The Board regularly considers the costs of running the Company to ensure they are reasonable and competitive.

Sources: Fidelity and Datastream.

As can be seen by the NAV and share price total returns in the table above, the Company's performance has suffered from the significant rotation out of growth stocks and into value stocks.

Further details are in the Chairman's Statement and Portfolio Manager's Review on pages 2 to 9.

In addition to the KPIs set out in the table above, the Board regularly reviews the Company's performance against its peer group of investment companies. Long-term performance of the Company is shown in the Ten Year Record and the Summary of Performance Charts on pages 22 and 23.

Principal Risks and Uncertainties and Risk Management

As required by provisions 28 and 29 of the 2018 UK Corporate Governance Code, the Board has a robust ongoing process for identifying, evaluating and managing the principal risks and uncertainties faced by the Company, including those that could threaten its business model, future performance, solvency or liquidity. 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, identifies the key existing and emerging risks and uncertainties that the Company faces. These are set out on the following pages.

The Manager also has responsibility for risk management for the Company. It works with the Board to identify and manage the principal and emerging risks and uncertainties and to ensure that the Board can continue to meet its UK corporate governance obligations.

Strategic Report continued

The Board considers the risks listed below and on pages 27 to 29 as the principal risks and uncertainties faced by the Company.

Principal Risks	Mitigation
Geopolitical Risk	
Geopolitical risk is the potential for political, socio-economic and cultural events, trends and developments to have an adverse effect on the Company's assets. In Asia, the key geopolitical risks stem from China and the tensions with the United States over trade and the future of Taiwan; and the potential of North Korean aggression and its impact on the region. In addition, there is threat from the new administration of President Trump that significant tariffs may be introduced on certain Japanese imports, including autos. Elsewhere, there is increased global economic uncertainty from the ongoing war in Ukraine and continued conflict in the Middle East.	The Board is provided with a detailed investment review which covers material economic, market and legislative changes at each Board meeting as well as receiving periodic updates from economic and political commentators in the region. Although it is unclear how long the war in Ukraine and the temporary ceasefire in the Middle East conflict will last amid evolving foreign policies for crisis talks sparked by President Trump's administration, the direct impact for Japan is not significant. The impact on the Company's portfolio of holdings is also relatively limited. However, the ramifications of a global downturn could have a significant impact on the Japanese economy. The Portfolio Manager's Review on pages 5 to 9 provides further detail on some of the risk factors.
Investment Performance and Gearing Risks	
The portfolio is actively managed and performance risk is inherent in the investment process. The achievement of the Company's investment performance objective relative to the market requires the taking of risk, such as strategy, asset allocation and stock selection, and may lead to NAV and share price underperformance compared to the Reference Index.	The Portfolio Manager is responsible for actively monitoring the portfolio selected in accordance with the asset allocation parameters and seeks to ensure that individual stocks meet an acceptable risk/reward profile. The emphasis is on long-term results as the Company is more exposed to volatility in the shorter-term.
The portfolio has unlisted investments which, by their very nature, involve a higher degree of valuation and performance uncertainties, liquidity risks and possible delays in listing until market conditions are favourable.	The Board closely monitors the valuations of the unlisted investments through the Manager's Fair Value Committee, which includes input from Fidelity's analysts covering the unlisted companies as well as Fidelity's unlisted investments specialist. In addition, advice is obtained from a third-party valuation specialist company (Kroll). Details of the unlisted investments valuation process is on page 18. The Board sets limits and guidelines for the Portfolio Manager as to how much of the Company's net assets can be held in unlisted securities. The limit approved by shareholders is 20% of net assets. As at 31 December 2024, the Company's unlisted investments represented 6.6% of net assets.
The Company has the option to make use of loan facilities or to use CFDs to invest in equities. The principal risk is that the Portfolio Manager may fail to use gearing effectively. Other risks are that the cost of gearing may be too high or that the term of the gearing is inappropriate in relation to market conditions.	The Company gears through the use of long CFDs which are currently cheaper than bank loans and provide greater flexibility. The Board regularly considers the level of gearing and gearing risk and sets limits within which the Portfolio Manager must operate.
Natural Disaster Risk	
Japan is extremely vulnerable to earthquakes and tsunamis. Depending on the magnitude of such events, positions in the portfolio may be affected. The Manager could also be impacted from an operational perspective if the epicentre is in or near Tokyo.	Whilst natural disasters cannot be averted, the Board is comfortable that the Manager has a robust business continuity plan in place.

Principal Risks	Mitigation
Market, Economic and Currency Risks	
The Company's assets consist mainly of listed securities. Therefore, its principal risks include market related risks such as market downturn, interest rate movements, deflation/inflation and exchange rate movements. The Portfolio Manager's success or failure to protect and increase the Company's assets against this background is core to the Company's continued success. Most of the Company's assets and income are denominated in yen. However, the functional currency of the Company in which it reports its results is sterling. Consequently, it is subject to currency risk on exchange rate movements between the yen and sterling.	These risks are somewhat mitigated by the Company's investment trust structure which means no forced sales will need to take place to deal with any redemptions. Therefore, investments can be held over a longer time horizon. Risks to which the Company is exposed in the market risk category are included in Note 16 to the Financial Statements on pages 71 to 77 together with summaries of the policies for managing these risks. It is the Company's policy not to hedge against currency risks. Further details can be found in Note 16 to the Financial Statements on pages 71 to 77.
Competition Risks and Marketplace Threats	
There are increased threats facing the Company within the current market environment of increased mergers and acquisitions activity. Other external pressures include the Company's ability to maintain and grow the business, and a loss of shareholders if the demand for investment trusts decline and the demand for passive funds and holistic/digital finance offerings continue to increase.	The Board, the Company's Broker and Manager closely monitor industry activity and the peer group, and an annual review of strategy is undertaken by the Board, to ensure that the Company continues to offer a relevant product to shareholders.
Discount Control and Demand Risks	
There is a risk that the Company's shares trade at a persistent and significant discount to the NAV.	The market value of the Company's shares and its discount to NAV are factors which are not wholly within the Board's total control. The Company's share price, NAV and discount volatility are monitored daily by the Manager and the Company's Broker and considered by the Board regularly. The Board endeavours to exercise some short-term influence over the discount through share repurchases, but it can prove challenging if market sentiment is not supportive of Japanese equities.
There is a risk that the demand for the Company's shares may fall due to poor performance, changes in investor sentiment and attitudes towards investment in Japan.	The demand for shares is influenced by the appeal of Japanese markets and through good performance and an active investor relations program. The Board reviews analysis of the shareholder register at each Board meeting which allows the Board to monitor the relevance of the Company's mandate to shareholders and remain abreast of market sentiment.
Key Person Risk	
The loss of the Portfolio Manager or other key individuals could lead to potential performance, operational or regulatory issues. There is a risk that the Manager has an inadequate succession plan for key individuals, particularly the Portfolio Manager with stock selection expertise in Japanese markets.	The Manager identifies key dependencies which are then addressed through succession plans. Fidelity has succession plans in place for portfolio managers. The Board meets regularly with the Portfolio Manager and key members of the investment team to gauge any dissatisfaction or potential flight risk. The investment team in Japan work closely in a collaborative manner and fully understand the investment approach of the Portfolio Manager.

Strategic Report continued

Principal Risks	Mitigation
Legislation, Taxation and Regulatory Risks	
There is a risk that the changes in legislation, taxation, regulation or other external influence that require changes to the nature of the Company's business. A breach of Section 1158 of the Corporation Tax Act 2010 by the Company could lead to a loss of investment trust status, resulting in the Company being subject to tax on capital gains.	Regulatory changes for investment companies are monitored regularly by the Board and managed through active engagement with regulators and trade bodies by the Manager and also by the AIC.
Recently, there have been increased concerns around investment cost disclosures and its impact in the industry.	The Government and regulator have announced a temporary exemption for investment companies from the EU cost disclosure requirements.
Business Continuity Risk	
There continues to be increased focus from financial services regulators around the world on the contingency plans of regulated financial firms. The top risks globally are cybersecurity, geopolitical events, outages, fire events and natural disasters. There are also ongoing risks from the war in Ukraine and conflict in the Middle East, specifically regarding cyberattacks and the potential loss of power and/or broadband services.	The Manager continues to take all necessary and reasonable steps to assure operational resilience and to meet its regulatory obligations, assess its ability to continue operating and the steps it needs to take to support its clients, including the Board, and has an appropriate control environment in place. The Manager has provided the Board with assurance that the Company has appropriate operational resilience and business continuity plans and the provision of services has continued to be supplied without interruption. Risks associated with these services are generally rated as low, but the financial consequences could be serious, including reputational damage to the Company. These are mitigated through operational resilience frameworks and subject to a risk-based programme of risk oversight and internal audits by the Manager. The Manager's internal controls reports are received by the Board on an annual basis and any concerns are investigated.
The Company relies on a number of third-party service providers, principally the Registrar, Custodian and Depositary. They are all subject to a risk-based programme of risk oversight and internal audits by the Manager and their own internal controls reports are received by the Board on an annual basis and any concerns are investigated.	The third-party service providers have also confirmed the implementation of appropriate measures to ensure no business disruption.

Principal Risks	Mitigation
Cybercrime and Information Security Risks The operational risk and business impact from heightened external levels of cybercrime and the risk of data loss is significant. Cybercrime threats evolve rapidly. A cyberattack could result in the loss of confidential information or cause a significant disruption to the Company's operations. Risks also remain due to military conflicts and geopolitical tensions, including the war in Ukraine and conflict in the Middle East and the trend to more working from home following the pandemic. These primarily relate to phishing, ransomware, remote access threats, extortion and denial-of-services attacks, threats from highly organised criminal networks and sophisticated ransomware operators.	The Manager's technology risk management teams have developed and implemented a number of initiatives and controls in order to provide enhanced mitigating protection to this ever-increasing threat, and also potentially addressing the risks of AI. The risks are continuously re-assessed by Fidelity's information security teams and risk frameworks are continuously enhanced with the implementation of additional tools and processes, including improvements to existing ones. Fidelity has dedicated cybersecurity and technology teams which provide continuous oversight, regular awareness updates and best practice guidance. The Board receives regular updates from the Manager in respect of the type and possible scale of cyberattacks. The Manager has dedicated detect and respond resources specifically to monitor the cyber threats associated within the workplace and there are a number of mitigating actions in place, including control strengthening, geo-blocking and phishing mitigants, combined with enhanced resilience and recovery options. The Company's third-party service providers are also subject to oversight and provide assurances and have similar control measures in place to detect and respond to cyber threats and activity.
Environmental, Social and Governance (ESG) Risks There is a risk that the value of the assets of the Company are negatively impacted by ESG related risks, including climate change risk from extreme weather events. Japan has a material exposure to earthquakes. This may impact global supply chains for companies and customers. ESG risks also include investor expectations and how the Company is positioned from a marketing perspective.	Whilst Fidelity considers ESG factors in its investment decision-making process, the Company does not carry the label. ESG integration is carried out at the fundamental research analyst level within its investment teams, primarily through Fidelity's Proprietary Sustainability Rating which is designed to generate a forward-looking and holistic assessment of a company's ESG risks and opportunities based on sector-specific key performance indicators. The Portfolio Manager may consider the effects of ESG when making investment decisions. ESG ratings of the companies within the Company's portfolio compared to ESG ratings of the companies within the Company's portfolio compared to the MSCI ratings are provided on page 21.

Continuation Vote

A continuation vote takes place every three years and the next continuation vote will take place at the AGM on 21 May 2025. There is a risk that shareholders do not vote in favour of continuation of the Company during periods when performance of the Company's NAV and the share price is poor. This is addressed in further detail in the Going Concern Statement on page 35.

Strategic Report continued

Emerging Risks
The Audit Committee continues to identify any new emerging risks and take any action necessary to mitigate their potential impact. The risks identified are placed on the Company's risk matrix and graded appropriately. This process, together with the policies and procedures for the mitigation of existing and emerging risks, is updated and reviewed regularly in the form of comprehensive reports by the Audit Committee. The Board determines the nature and extent of any risks it is willing to take in order to achieve the Company's strategic objectives.

Climate change, which refers to a large scale shift in the planet's weather patterns and average temperatures, continues to be a key emerging as well as a principal risk confronting asset managers and their investors. Globally, climate change effects are already being experienced in the form of changing weather patterns. Extreme weather events can potentially impact the operations of investee companies, their supply chains and their customers. The Board notes that the Manager includes 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 to investment valuations and potentially affect shareholder returns.

The Board, together with the Manager, is 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 computing 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.

Other emerging risks may continue to evolve from unforeseen geopolitical and economic events.

VIABILITY STATEMENT
In accordance with provision 31 of the 2018 UK Corporate Governance Code, the Directors have assessed the prospects of the Company over a longer period than the twelve month period required by the "Going Concern" basis. The Company is an investment trust with the objective of achieving long-term capital growth. The Board considers that five years is an appropriate investment horizon to assess the viability of the Company, although the life of the Company is not intended to be limited to this or any other period.

In making an assessment on the viability of the Company, the Board has considered the following:

- The ongoing relevance of the investment objective in prevailing market conditions;
- The Company's level of gearing;
- The Company's NAV and share price performance compared to its Reference Index;
- The principal and emerging risks and uncertainties facing the Company and their potential impact as set out above;
- The future demand for the Company's shares;
- The Company's share price discount to the NAV;
- The liquidity of the Company's portfolio;
- The level of income generated by the Company;
- Future income and expenditure forecasts; and
- The Company will offer its shareholders a continuation vote at the AGM on 21 May 2025.

The Company underperformed the Reference Index over the five year reporting period to 31 December 2024, with a NAV total return of +5.9% and a share price total return of -1.4% compared to the Reference Index total return of +33.5%. The Board regularly reviews the investment policy and considers whether it remains appropriate and, as discussed in the Chairman's Statement, the Board believes that the Fidelity team will recover this underperformance.

The Board has concluded that there is a reasonable expectation that the Company will be able to continue in operation and meet its liabilities as they fall due over the next five years based on the following considerations:

- The Investment Manager's compliance with the Company's investment objective and policy, its investment strategy and asset allocation;
- The portfolio mainly comprises readily realisable securities which can be sold to meet funding requirements if necessary; and
- The ongoing processes for monitoring operating costs and income which are considered to be reasonable in comparison to the Company's total assets.

In preparing the Financial Statements, the Directors have considered the impact of climate change as detailed above. The Board has also considered the impact of regulatory changes and unforeseen market events and how this may affect the Company.

In addition, the Directors' assessment of the Company's ability to operate in the foreseeable future is included in the Going Concern Statement which can be found on page 35, and includes detail of the material uncertainty on the outcome of the continuation vote at the AGM on 21 May 2025.

This statement has been prepared assuming the continuation votes in the May 2025 and May 2028 AGMs will be passed and that the unconditional tender offer, post 31 December 2027, is not taken up by a majority of shareholders. Details of the unconditional tender offer are outlined on page 3.

PROMOTING THE SUCCESS OF THE COMPANY

Under Section 172(1) of the Companies Act 2006, the Directors of a company must act in a way they consider, in good faith, would be most likely to promote the success of the Company for the benefit of its members as a whole, and in doing so have regard (amongst other matters) to the likely consequences of any decision in the long-term; the need to foster relationships with the Company's suppliers, customers and others; the impact of the Company's operations on the community and the environment; the desirability of the Company maintaining a reputation for high standards of business conduct; and the need to act fairly as between members of the Company.

As an externally managed investment company, the Company has no employees or physical assets, and a number of the Company's functions are outsourced to third parties. The key outsourced function is the provision of investment management services by the Manager, but other professional service providers support the Company by providing administration, custodial, banking and audit services. The Board considers the Company's key stakeholders to be the existing and potential shareholders, the externally appointed Manager (FIL Investment Services (UK) Limited) and other third-party professional service providers. The Board considers that the interest of these stakeholders is aligned with the Company's objective of delivering long-term capital growth to investors, in line with the Company's stated objective and strategy, while providing the highest standards of legal, regulatory and commercial conduct.

The Board, with the Portfolio Manager, sets the overall investment strategy and reviews this on a regular basis. In order to ensure good governance of the Company, the Board has set various limits on the investments in the portfolio, whether in the maximum size of individual holdings, the use of derivatives, the level of gearing and others. These limits and guidelines are regularly monitored and reviewed and are set out pages 24 and 25.

The Board receives regular reports from the Company's Broker which covers market activity, how the Company compares with its peers in the Japan sector on performance, discount and share repurchase activity, an analysis of the Company's share register and market trends.

The Board places great importance on communication with shareholders. The Annual General Meeting provides the key forum for the Board and the Portfolio Manager to present to the shareholders on the Company's performance and future plans and the Board encourages all shareholders to attend in person or virtually and raise any questions or concerns. The Chairman and other Board members are available to meet shareholders as appropriate. Shareholders may also communicate with Board members at any time by writing to them at the Company's registered office at FIL Investments International, Beech Gate, Millfield Lane, Tadworth, Surrey KT20 6RP or via the Company Secretary at the same address or by email at **investmenttrusts@fil.com**.

The Portfolio Manager meets with major shareholders, potential investors, stock market analysts, journalists and other commentators throughout the year. These communication opportunities help inform the Board in considering how best to promote the success of the company over the long-term.

The Board seeks to engage with the Manager and other service providers and advisers in a constructive and collaborative way, promoting a culture of strong governance, while encouraging open and constructive debate, in order to ensure appropriate and regular challenge and evaluation. This aims to enhance service levels and strengthen relationships with service providers, with a view to ensuring shareholders' interests are best served, by maintaining the highest standards of commercial conduct while keeping cost levels competitive.

Whilst the Company's direct operations are limited, the Board recognises the importance of considering the impact of the Company's investment strategy on the wider community and environment. The Board believes that a proper consideration of ESG issues aligns with the Company's objective to deliver long-term capital growth, and the Board's review of the Manager includes an assessment of its ESG approach.

In addition to ensuring that the Company's investment objective was being pursued, key decisions and actions taken by the Board during the reporting year, and up to the date of this report, have included:

- Authorising the repurchase of 10,828,535 ordinary shares into Treasury when market conditions permitted in order to reduce discount volatility. Since the year ended 31 December 2024 and up to the latest practicable date of this report, a further 1,532,679 ordinary shares were repurchased into Treasury and for cancellation;
- Meeting with the Company's key shareholders during the reporting year;
- The decision to hold a hybrid AGM in 2024 (and again this year) in order to make it more accessible to those shareholders who are unable to or prefer not to attend in person;
- Meeting with the Portfolio Manager and the investment team during the Board's Due Diligence trip to Tokyo in June 2024; and
- The Board discussed the uncertainty in relation to the continuation vote and the proposal of a tender offer with Stifel Nicolaus Europe Limited, the Company's Broker, and the Manager, including market precedents and approaches in relation to continuation votes.

Board Diversity

The Board carries out any candidate search against a set of objective criteria and on the basis of merit, with due regard for the benefits of diversity on the Board, including gender and ethnicity. The Board has taken into consideration the FCA's UK Listing Rules requirements (UKLR 6.6.6(9), (10) and (11)) regarding the targets on board diversity that:

- at least 40% of individuals on the Board are women;
- at least one senior Board position (chairman, chief executive officer (CEO), senior independent director or chief financial officer (CFO)) is held by a woman; and

Strategic Report continued

- at least one board member should be from a non-white ethnic background, as defined by the Office of National Statistics criteria.

The Board considers that as an externally managed investment trust, with no CEO or CFO, the Chairman of the Company, the Senior Independent Director and Chairman of the Audit Committee to be senior positions.

As required by the FCA Listing Rules, the Company's reporting against these targets is set out in the tables below. The data was collected on a self-identifying basis. As at 31 December 2024 and up to the date of this report, the target of 40% of women on the Board, the target of at least one senior Board position held by a woman and for at least one individual to be from a minority ethnic background have been met.

Gender Reporting

	Number of Board Members	Percentage of the Board	Number of Senior Board Positions (Chair, Senior Independent Director and Committee Chair)
Men	3	60%	2
Women	2	40%	1

Ethnic Background Reporting

	Number of Board Members	Percentage of the Board	Number of Senior Board Positions (Chair, Senior Independent Director and Committee Chair)
White British or other White (including minority white groups)	3	60%	3
Asian	2	40%	0

CORPORATE AND SOCIAL RESPONSIBILITY

Environmental, Social and Governance ("ESG") in the Investment Process

The Board has contracted with the Manager to provide the Company with investment management and administrative services. The Board believes that ESG considerations are an important input into the assessment of the value of its investments. The investment universe is undergoing significant structural change and is likely to be impacted by increasing regulation as a result of climate change and other social and governance factors. The Board is committed to reviewing how the Manager applies ESG factors in the investment process. The Fidelity group of companies (including the Manager and Investment Manager) sets out its commitment to responsible investing and provides a copy of its detailed Responsible Investing at **www.fidelity.co.uk/sustainable/sustainability-at-fidelity**.

Socially Responsible Investment

The Manager's primary objective is to produce superior financial returns for the Company's shareholders. It believes that high standards of Corporate Social Responsibility (CSR) make good business sense and have the potential to protect and enhance investment returns.

Corporate Engagement

The Board believes that the Company should, where appropriate, take an active interest in the affairs of the companies in which it invests and that it should exercise its voting rights at their general meetings. It delegates the responsibility for corporate engagement and shareholder voting to the Investment Manager which updates the Board on any issues and activities. These activities are reviewed regularly by the Manager's stewardship team.

Streamlined Energy and Carbon Reporting (SECR)

As an investment company with all its activities outsourced to third parties, the Company's own direct environmental impact is minimal. The Company has no premises, consumes no electricity, gas or diesel fuel and consequently does not have a measurable carbon footprint. The Company is categorised as a low energy user (less than 40MWH) under the Streamlined Energy & Carbon Reporting regulations and therefore is not required to disclose any energy and carbon information in this Annual Report.

Task Force on Climate-Related Financial Disclosures (TCFD)

Product reports of Task Force on Climate-related Financial Disclosures (TCFD) can be obtained via the Additional Information section on the Company's website at from the Manager's website at **www.fidelity.co.uk/japan**.

Criminal Finances Act 2017

The Company is subject to the Criminal Finances Act 2017 and follows a zero-tolerance policy to tax evasion and its facilitation. The Directors are fully committed to complying with all legislation and appropriate guidelines designed to prevent tax evasion and the facilitation of tax evasion in the jurisdictions in which the Company, its service providers, counterparties and business partners operate.

Bribery Act 2010

The Company is committed to carrying out business fairly, honestly and openly. The Board recognises the benefits this has for reputation and business confidence. The Board, the Manager, the Manager's employees and others acting on the Company's behalf, are expected to demonstrate high standards of behaviour when conducting business.

The Board acknowledges its responsibility for the implementation and oversight of the Company's procedures for preventing bribery, and the governance framework for training, communication, monitoring, reporting and escalation of compliance together with enforcing actions as appropriate. The Board has adopted a zero-tolerance policy in this regard.

Future Developments

Some trends likely to affect the Company in the future are also common to many investment companies together with the impact of regulatory change and emerging risks. The factors likely to affect the Company's future development, performance and position are set out in the Chairman's Statement and the Portfolio Manager's Review on pages 2 to 9.

On Behalf of the Board

David Graham
Chairman
26 March 2025

Board of Directors

David Graham
Chairman
(since 18 May 2021)
Appointed 22 May 2018

A M N

David Graham is a non-executive Director and Chairman of the Audit Committee of JPMorgan China Growth & Income plc and non-executive Director of Templeton Emerging Markets Investment Trust plc. He was born in Japan and is a Chartered Accountant who had a career in investment management, firstly as a Japanese and Asian Fund Manager with Lazards in London, Hong Kong and Tokyo and then with BlackRock (and predecessor companies, Merrill Lynch Investment Managers and Mercury Asset Management) building businesses and managing client relationships across Japan, Asia Pacific, Europe, Middle East and Africa.

Sarah MacAulay
Senior Independent Director
(since 10 October 2019)
Appointed 22 May 2018

A M N

Sarah MacAulay is Chair of Schroder Asian Total Return Investment Company plc and is also a non-executive director of Baillie Gifford China Growth Trust plc and of Bellevue Healthcare Trust plc. Until March 2024, she was Chair of JP Morgan Multi-Asset Growth & Income plc and senior independent director of abrdn China Investment Company Ltd. She was a director of Baring Asset Management (Asia) Limited in Hong Kong and Asian Investment Manager at Kleinwort Benson and Eagle Star in London. She has over twenty years of Asian investment management experience based both in London and Hong Kong, managing institutional assets and unit trusts.

David Barron
Chairman of the Audit Committee
(since 18 May 2021)
Appointed 20 October 2020

A M N

David Barron is Chairman of Dunedin Income Growth Investment Trust and of Baillie Gifford European Growth Trust plc. He is also a non-executive Director of BlackRock American Income Trust plc. He is a Chartered Accountant. Previously he was Chief Executive Officer of Miton Group plc, Head of Investment Trusts at JP Morgan Asset Management, a non-executive Director of Artemis Alpha Trust plc and a Director of the Association of Investment Companies.

Myra Chan
Director
Appointed 17 October 2022

A M N

Myra Chan was a Sales Director and Member of the Sustainability Committee at Aubrey Capital Management Limited headquartered in Scotland, Edinburgh. She has over 25 years of investment experience primarily based in Hong Kong, having worked as an Institutional Broker at HSBC Securities, an Investment Counsellor / Private Banker at Citi Private Bank and Head of Structured Products Distribution at JPMorgan Securities Asia Limited. She was also non-executive Director of a long-short Asian equity fund managed by Tiburon Partners in London. She is a CFA and graduated from the International Christian University of Tokyo. She is currently a research student in the Institute of Sustainable Resources at University College London.

Seiichi Fukuyama
Director
Appointed 1 March 2024

A M N

Seiichi Fukuyama was Chairman of Standard Life Investments in Asia between 2010 and 2018 developing their re-entry strategy for Asia and their start-up strategy for Japan. Prior to that, he spent 20 years at BlackRock in a variety of senior leadership, management and business development roles in London, Taipei, Hong Kong and Tokyo, including President of BlackRock Japan between 2004 and 2007.

All Directors are non-executive Directors and all are independent.

Committee membership key

A Audit | M Management Engagement | N Nomination | Committee Chair

Directors' Report

The Directors have pleasure in presenting their report and the audited Financial Statements of the Company for the year ended 31 December 2024.

The Company was incorporated in England and Wales as a public limited company on 10 February 1994 under the registered number 2885584 and was launched as an investment trust on 15 March 1994.

Management Company
FIL Investment Services (UK) Limited (FISL) is the Company's appointed Alternative Investment Fund Manager (the AIFM/ Manager). FISL, as the Manager, has delegated the portfolio management of assets and the role of the company secretary to FIL Investments International (the "Investment Manager").

The Alternative Investment Fund Management and Secretarial Services Agreement (the "Management Agreement") will continue unless and until terminated by either party giving to the other not less than six months' notice in writing. However, it may be terminated without compensation if the Company is liquidated pursuant to the procedures laid down in the Articles of Association of the Company. The Management Agreement may also be terminated forthwith as a result of a material breach of the Management Agreement or on the insolvency of the Manager or the Company. In addition, the Company may terminate the Management Agreement by sixty days' notice if the Manager ceases to be a subsidiary of FIL Limited.

FIL Limited has no beneficial interest in the shares of the Company (2023: same).

The Board reviews the Management Agreement at least annually and details are included in the Corporate Governance Statement on page 41.

Management Fee
Since 1 July 2018, the Company has had a Variable Management Fee (VMF) arrangement which comprises a base fee based on net assets and a positive or negative variable element. The base fee is 0.70% of net assets per annum.

The variable fee of +/-0.20% is based on the Company's NAV per share performance relative to the TOPIX Total Return Index (in sterling terms) (the Company's Reference Index). The VMF element is calculated daily by referencing the performance of the Company's NAV to the performance of the Reference Index on a three year rolling basis. The variable element of the fee increases or decreases 0.033% for each percentage point of the three year NAV per ordinary share outperformance or underperformance over the Index to a maximum of +0.20% or a minimum of -0.20%. The maximum fee the Company will pay is 0.90% of nets assets or in the case of underperformance, it can fall as low as 0.50%. The VMF is accrued daily and paid monthly.

The total management fee for the year ended 31 December 2024 was £1,177,000 (2023: £1,362,000) as detailed in Note 4 on page 65. This was made up of a base fee of £1,648,000 (2023: £1,721,000) and, due to the performance of the Company's NAV against the Reference Index calculated daily on a three year rolling basis, a credit of £471,000 (2023: credit of £359,000).

The Board
All Directors served on the Board throughout the year ended 31 December 2024.

A brief description of all serving Directors as at 31 December 2024 is shown on page 34 and indicates their qualifications for Board membership.

Directors' and Officers' Liability Insurance
In addition to the benefits enjoyed under the Manager's global Directors' and Officers' liability insurance arrangements, the Company maintains additional insurance cover for its Directors' under its own policy as permitted by the Companies Act 2006.

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 continue in operational existence for the foreseeable future. The Board has, therefore, concluded that the Company has adequate resources to continue to adopt the going concern basis for the period to 31 March 2026 which is at least twelve months from the date of approval of the Financial Statements. This conclusion also takes into account the Board's assessment of the ongoing risks of earthquakes in Japan, the war in Ukraine, the Middle East conflict and significant market and geopolitical events and possible impact from regulatory change.

The Company, in accordance with the provisions of its Articles of Association, is subject to a continuation vote by shareholders at the Annual General Meeting on 21 May 2025. The Directors, having considered the performance of the Company over the last three years, the level of discount and the recently announced changes in portfolio management responsibilities, believe it is difficult to determine whether shareholders will vote in favour of continuation. There is therefore a material uncertainty over the outcome of the continuation vote. Despite this, the Directors believe that the preparation of the Financial Statements on a going concern basis remains appropriate.

The prospects of the Company over a period longer than twelve months can be found in the Viability Statement on page 30.

Auditor's Appointment
A resolution to reappoint Ernst & Young LLP as Auditor to the Company will be proposed at the AGM on 21 May 2025.

Disclosure of Information to the Company's Auditor
As required by Section 418 of the Companies Act 2006, each Director in office as at the date of this Annual Report confirms that:

Directors' Report continued

a) so far as each Director is aware, there is no relevant audit information of which the Company's Auditor is unaware; and

b) each Director has taken all the steps that ought to have been taken as a Director to make himself/herself aware of any audit information, and to establish that the Company's Auditor is aware of that information.

Corporate Governance
The Corporate Governance Statement forms part of this report and can be found on pages 39 to 42.

Registrar, Custodian and Depositary Arrangements
The Company has appointed MUFG Corporate Markets (name changed from Link Group on 20 January 2025) as its Registrar to manage the Company's share register; JPMorgan Chase Bank as its Custodian, which is primarily responsible for safeguarding the Company's assets; and J.P. Morgan Europe Limited as its Depositary, which is primarily responsible for oversight of the custody of investment funds and the protection of investors' interests. Fees paid to these service providers are disclosed in Note 5 on page 66.

Share capital
The Company's share capital comprises ordinary shares of 25 pence each which are fully listed on the London Stock Exchange. As at 31 December 2024, the share capital of the Company was 136,161,695 ordinary shares (2023: 136,161,695) of which 20,903,981 shares (2023: 10,075,446) are held in Treasury. Shares in Treasury do not have voting rights, therefore, the total number of ordinary shares with voting rights was 115,257,714 (2023: 126,086,249).

Premium/Discount Management: Enhancing Shareholder Value
The Board recognises the importance of the relationship between the Company's share price and the NAV per share and monitors this closely. It seeks authority from shareholders each year to issue shares at a premium or to repurchase shares at a discount to the NAV, either for cancellation or for holding in Treasury. The Board will exercise these authorities if deemed to be in the best interests of shareholders at the time. Further details of the Board's discount management policy can be found in the Chairman's Statement on page 2.

Share Issues
No ordinary shares were issued in the year to 31 December 2024 (2023: nil) and none have been issued since the year end and as at the date of this report.

The authorities to issue shares and to disapply pre-emption rights expire at the AGM on 21 May 2025 and resolutions to renew these authorities will be put to shareholders at this AGM.

Share Repurchases
In the reporting year, 10,828,535 (2023: 3,615,644) ordinary shares were repurchased for holding in Treasury. This represented 8% of issued share capital. Since the year end and up to 21 January 2025, a total of 525,744 ordinary shares have been repurchased into Treasury. From 21 January 2025 and up to the date of this report, a total of 1,006,935 ordinary shares have been repurchased for cancellation.

The authority to repurchase ordinary shares expires at the AGM on 21 May 2025 and a resolution to renew the authority to repurchase shares, either for cancellation or to buy into Treasury, will be put to shareholders at this AGM.

Substantial Share Interests
As at 31 December 2024 and 28 February 2025, notification had been received that the shareholders listed in the table below held more than 3% of the voting share capital of the Company.

Additional Information Required in the Directors' Report
Information on proposed dividends, financial instruments and the disclosure on Streamlined Energy and Carbon Reporting (SECR) is set out in the Strategic Report on pages 24 to 33.

Shareholders	28 February 2025 %	31 December 2024 %
City of London Investment Management	**22.01**	**21.30**
Lazard Asset Management	**11.21**	**10.75**
Allspring Global Investments	**10.34**	**10.30**
1607 Capital Partners	**8.06**	**8.48**
Fidelity Platform Investors	**6.63**	**6.70**
Hargreaves Lansdown	**5.60**	**5.85**
Wesleyan Assurance	**4.59**	**4.54**
Interactive Investor	**4.34**	**4.38**

ANNUAL GENERAL MEETING – WEDNESDAY, 21 MAY 2025 AT 12 NOON

THIS SECTION IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.

If you are in any doubt as to the action you should take, you should seek advice from your stockbroker, bank manager, solicitor or other financial adviser authorised under the Financial Services and Markets Act 2000.

The AGM of the Company will be held at **12 noon on Wednesday, 21 May 2025** at Fidelity's offices at 4 Cannon Street, London EC4M 5AB (nearest tube stations are St. Paul's or Mansion House) and virtually via the online Lumi AGM meeting platform. Full details of the meeting are given in the Notice of Meeting on pages 81 to 84. Light Japanese refreshments will be served after the meeting.

The Notice of Meeting and related papers are sent to shareholders at least 20 working days before the AGM.

For those shareholders who would prefer not to attend in person, we will live-stream the formal business and presentations of the meeting online.

Nicholas Price, the Portfolio Manager, will be making a presentation to shareholders discussing performance of the past year and the prospects for the year to come. He and the Board will be very happy to answer any questions that shareholders may have. Copies of the Portfolio Manager's presentation can be requested by email at **investmenttrusts@fil.com** or in writing to the Company Secretary at FIL Investments International, Beech Gate, Millfield Lane, Lower Kingswood, Tadworth, Surrey KT20 6RP.

Properly registered shareholders joining the AGM virtually will be able to vote on the proposed resolutions. Please see Note 9 to the Notes to the Notice of Meeting on page 83 for details on how to vote virtually. Investors viewing the AGM online will be able to submit live written questions to the Board and the Portfolio Manager and these will be addressed on their behalf at an appropriate juncture during the meeting.

Further information and links to the Lumi platform may be found on the Company's website **www.fidelity.co.uk/japan**. On the day of the AGM, in order to join electronically and ask questions via the Lumi platform, shareholders will need to connect to the website **https://web.lumiagm.com**.

We urge shareholders to vote and make use of the proxy form provided. Please note that investors on platforms such as Fidelity Personal Investing, Hargreaves Lansdown, Interactive Investor or AJ Bell Youinvest will need to request attendance at the AGM in accordance with the policies of your chosen platform. They may request that you submit electronic votes in advance of the meeting. If you are unable to obtain a unique IVC and PIN from your nominee or platform, we will also welcome online participation as a guest. Once you have accessed **https://web.lumiagm.com** from your web browser on a tablet or computer, you will need to enter the **Lumi Meeting ID** which is **117598418**. You should then select the 'Guest Access' option before entering your name and who you are representing, if applicable. This will allow you to view the meeting and ask questions but you will not be able to vote.

Fidelity Platform Investors – Voting at AGMs
If you hold your shares in the Company through the Fidelity Platform, then Fidelity passes on to you the right to vote on the proposed resolutions at the Company's AGM. Fidelity Platform Investors are advised to vote online via the Broadridge Service (a company that specialises in investor voting facilities). Investors can sign up to this facility via their Fidelity Investor Account.

Proxy Voting
MUFG Corporate Markets, the Registrar, has a paperless proxy voting process. However, for ease of voting, we are sending a paper Proxy Form to all shareholders who hold shares on the main share register. This will assist shareholders to vote in advance of the meeting should they decide not to attend in person.

If you have sold, transferred or otherwise disposed of all your shares in the Company, you should pass this document, together with any accompanying documents, as soon as possible to the purchaser or transferee, or to the stockbroker, bank or other agent through whom the sale or transfer was effected, for onward transmission to the purchaser or transferee.

At the AGM on 21 May 2025, resolutions will be proposed relating to the items of business set out in the Notice of Meeting on pages 81 and 82, including the items of special business summarised below and on the next page.

Authority to Allot Shares
Resolution 10 is an ordinary resolution and provides the Directors with a general authority to allot securities in the Company up to an aggregate nominal value of £1,689,434. If passed, this resolution will enable the Directors to allot a maximum of 6,757,736 ordinary shares which represents approximately 5% of the issued ordinary share capital of the Company (including Treasury shares) as at 26 March 2024, and to impose any limits or restrictions and make any arrangements which they consider necessary or appropriate to deal with Treasury shares, fractional entitlements, record dates, legal, regulatory or practical problems in, or under the laws of, any territory or any other matter.
The Directors would not intend to use this power unless they considered that it was in the interests of shareholders to do so. Any shares issued would be at NAV per share or at a premium to NAV per share.

Authority to Disapply Pre-Emption Rights
Resolution 11 is a special resolution disapplying pre-emption rights and granting authority to the Directors, without the need for further specific shareholder approval, to make allotments of equity securities or sale of Treasury shares for cash up to an aggregate nominal value of £1,689,434 (including Treasury shares) (approximately 5% of the issued share capital of the Company as at 26 March 2024 and equivalent to 6,757,736 ordinary shares).

Directors' Report continued

Authority to Repurchase Shares
Resolution 12 is a special resolution which renews the Company's authority to purchase up to 14.99% (17,047,380) of the ordinary shares in issue (excluding Treasury Shares) on 26 March 2024, either for immediate cancellation or for retention as Treasury shares, at the determination of the Directors. Once shares are held in Treasury, the Directors may only dispose of them in accordance with the relevant legislation by subsequently selling the shares for cash or by cancelling the shares. Purchases of ordinary shares will be made at the discretion of the Directors and within guidelines set from time-to-time by them in the light of prevailing market conditions. Purchases will only be made in the market at prices below the prevailing NAV per share.

Continuation Vote
Resolution 13 is an ordinary resolution regarding the continuation of the Company as an investment trust for a further three years.

Proposed Changes to the Company's Articles of Association
Resolution 14 is a special resolution regarding the adoption of the New Articles of Association ("**New Articles**") by the Company.

Summarised below are the principal changes proposed to be introduced through the adoption of the New Articles by the Company. A copy of the proposed New Articles showing all the changes as against the current Articles of Association is available for inspection at **www.fidelity.co.uk/japan**, together with a copy of the current Articles of Association and a 'clean' copy of the New Articles (which do not highlight the amendments), from the date of this report until the end of the AGM (and at the AGM itself for the duration of the meeting and for at least 15 minutes prior to the meeting). The documents are also available for inspection at Simmons & Simmons LLP, Citypoint, 1 Ropemaker Street, London, EC2Y 9SS until the close of the AGM.

Period to draw up and submit proposals following a continuation vote
The Board considers it appropriate to extend the time period within which proposals for the Company's voluntary liquidation, unitisation or other reorganisation must be drawn up and a general meeting held at which they are submitted to members in the event of an unsuccessful continuation vote ("**Shareholder Deadline**"). The Shareholder Deadline is currently set at three months after the date of the general meeting at which the continuation vote is unsuccessful. The Board proposes that the Shareholder Deadline be extended to six months from this date. The Board considers that this extension is in line with market practice and will allow the Board a more appropriate period of time to consider, prepare and submit its proposals to shareholders following the continuation vote. The new time period, if approved, will apply in respect of the continuation vote being put to this year's AGM and all subsequent continuation votes.

Clarificatory, administrative and technical changes
Various changes of a minor, clarificatory or technical nature are not commented on separately. This includes in relation to arrangements for validity of proxies, to provide for if there are too few directors following retirements at annual general meetings and clarifications in relation to hybrid general meetings to follow how practice has developed. The Board does not however have any plans at this stage to allow general meetings to be held purely by electronic means, and so no provision has been included in the New Articles to provide for fully virtual meetings.

Recommendation: The Board considers that each of the resolutions is likely to promote the success of the Company and is in the best interests of the Company and its shareholders as a whole. The Directors unanimously recommend that you vote in favour of the resolutions as they intend to do in respect of their own beneficial holdings.

By Order of the Board
FIL Investments International
Secretary
26 March 2025

Corporate Governance Statement

The Corporate Governance Statement forms part of the Directors' Report. The Company is committed to maintaining high standards of corporate governance. Accordingly, the Board has put in place a framework for corporate governance which it believes is appropriate for an investment company.

Corporate Governance Codes

The Board follows the principles and provisions of the UK Corporate Governance Code (the "UK Code") issued by the Financial Reporting Council (the "FRC") in July 2018 and the AIC's Code of Corporate Governance (the "AIC Code") issued by the Association of Investment Companies (the "AIC") in February 2019. The AIC Code addresses the principles and provisions of the UK Code. The FRC has confirmed that investment companies which report against the AIC Code will meet their obligations under the UK Code and paragraph 6.6.6R (6) of the UK Listing Rules. This statement, together with the Statement of Directors' Responsibilities on page 46, set out how the principles have been applied.

The AIC Code can be found on the AIC's website at **www.theaic.co.uk** and the UK Code on the FRC's website at **www.frc.org.uk.**

Statement of Compliance

The Company has complied with the recommendations of the AIC Code and the relevant provisions of the UK Code for the year under review and up to the date of this Annual Report, except in relation to the UK Code provisions relating to the role of the chief executive, executive directors' remuneration, and the need for an internal audit function. The Board considers that these provisions are not relevant to the position of the Company, as it is an externally managed investment company and has no executive directors, employees or internal operations. All of its day to day management and administrative functions are delegated to the Manager.

THE BOARD

Board Composition

As at the date of this report, the Board, chaired by David Graham, consists of five non-executive Directors.

The Directors believe that, between them, they have good knowledge and wide experience of business in Japan, the Asian region and of investment trusts, and that the Board has an appropriate balance of skills, experience, independence and knowledge of the Company and length of service to discharge its duties and provide effective strategic leadership and proper governance of the Company.

Sarah MacAulay is the Senior Independent Director and fulfils the role of sounding board for the Chairman and intermediary for the other Directors as necessary, and to act as a channel of communication for shareholders in the event that contact through the Chairman is inappropriate.

Biographical details of all serving Directors are on page 34.

Board Responsibilities

The Board has overall responsibility for the Company's affairs and for promoting the long-term success of the Company. All matters which are not delegated to the Company's Manager under the Management Agreement are reserved for the Board's decision. Matters reserved for the Board and considered at meetings include decisions on strategy, management, structure, capital, share issues, share repurchases, gearing, financial reporting, risk management, investment performance, share price discount, corporate governance, Board appointments, and the appointments of the Manager and the Company Secretary. The Board also considers shareholder issues including communication and investor relations.

All Directors are independent of the Manager and considered to be free from any relationship which could materially interfere with the exercise of their independent judgement. The Directors are required to disclose all potential conflicts of interests as they arise. The Board is satisfied that no conflicts have arisen in the year under review.

All Directors are able to allocate sufficient time to the Company to discharge their responsibilities fully and effectively. Each Director is entitled to take independent professional advice, at the Company's expense, in the furtherance of their duties.

Board Meetings

The Board considers that it meets sufficiently regularly to discharge its duties effectively and the table on the next page gives the attendance record for the meetings held in the reporting year. The Portfolio Manager and key representatives of the Manager also attend these meetings. Regular Board meetings exclude ad hoc meetings for formal approvals or to address any key issues which may have arisen.

Between these meetings there is regular contact with the Manager and other meetings are arranged as necessary. Additionally, Board Committees and sub-groups meet to pursue matters referred to them by the Board and the Chairman is in contact with the other Directors regularly without representatives of the Manager being present.

In addition to the formal Board and Committee meetings, the Board aims to undertake a due diligence trip to Japan each year. On such trips, the Board meets with members of the Fidelity investment team and management in Tokyo, market strategists and commentators as well as the management of existing and potential investee companies. The Board conducted a due diligence trip during June 2024, details of which are in the Chairman's Statement on page 3.

Corporate Governance Statement continued

Board's Attendance Record for the Reporting Year

	Regular Board Meetings	Nomination Committee Meetings	Audit Committee Meetings	Management Engagement Committee Meetings
David Graham	5/5	1/1	5/5	1/1
David Barron	5/5	1/1	5/5	1/1
Myra Chan	5/5	1/1	5/5	1/1
Seiichi Fukuyama	5/5	1/1	5/5	1/1
Sarah MacAulay	5/5	1/1	5/5	1/1
Dominic Ziegler[1]	2/2	n/a	1/1	1/1

1 Retired on 22 May 2024.

Company Secretary
The Board has access to the advice and services of the Company Secretary. The Company Secretary is responsible to the Board for ensuring that Board procedures are followed and that applicable rules and regulations are complied with.

Changes to the Board
Changes to the Board take place in accordance with the Companies Act 2006, the Company's Articles of Association and the AIC Code. The Nomination Committee is responsible for identifying and discussing possible candidates. However, any proposal for a new Director is approved by the entire Board. External consultants who have no connection with the Company are used to identify potential candidates.

Director Training
Upon appointment to the Board, each Director receives a full, formal and tailored induction. Directors are also regularly provided with key information on the Company's policies, regulatory and statutory requirements and internal controls. Changes affecting Directors' responsibilities are advised to the Board as they arise. Directors also regularly participate in relevant training and industry seminars. Training and development needs are considered as part of the annual Board and Committees evaluation process.

Election and Re-Election of Directors
All newly appointed Directors stand for election by the shareholders at the AGM following their appointment by the Board. All other Directors are subject to annual re-election by the shareholders. All Directors as at the date of this Annual Report will be standing for re-election at this year's AGM and are listed, together with their biographical details, on page 34. The terms and letters of appointment of Directors are available for inspection at the registered office of the Company.

Board Evaluation
An annual evaluation of the Board, its Directors and its Committees is undertaken. The Chairman leads the assessment of the individual Directors' contributions to the Board and the Senior Independent Director is responsible for evaluating the performance of the Chairman. The results of these evaluations are discussed by the Board and the process is considered to be constructive in terms of identifying areas for improving the functioning and performance of the Board and its Committees and action is taken on the basis of the results. The Board considers tenure of individual Directors as one of the matters in the evaluation process. The Board undertook an evaluation of its own performance in November 2024. To facilitate this process, the Boardforms system was used. This system enhanced the quality of the review and resulted in output and recommendations that are being used to improve the governance process. It was determined that overall, the Board functioned well, with the right balance of membership and skills.

Directors Remuneration and Share Interests
Details of Directors' remuneration and their share interests are disclosed in the Directors' Remuneration Report on pages 44 and 45.

BOARD COMMITTEES

The Board has three Committees, as set out below and on the next page, through which it discharges certain of its corporate governance responsibilities. These are the Audit Committee, the Management Engagement Committee and the Nomination Committee. Terms of reference of each Committee are available on the Company's pages of the Manager's website at **www.fidelity.co.uk/japan**.

Audit Committee

The Audit Committee is chaired by David Barron and consists of all of the Directors. The Chairman of the Board is also a member of the Audit Committee as the Board believe that such responsibility should be shared by all of the Directors. Full details of the Audit Committee, including its roles and responsibilities, are disclosed in the Report of the Audit Committee on pages 47 to 50.

Management and Engagement Committee

Composition

The Management Engagement Committee is chaired by David Graham and consists of all of the Directors.

Role and Responsibilities

The Committee is charged with reviewing and monitoring the performance of the Manager and for ensuring that the terms of the Company's Management Agreement remain competitive and reasonable for shareholders. It meets at least once a year and reports to the Board, making recommendations where appropriate.

Manager's Reappointment

Ahead of the AGM on 21 May 2025, the Committee has reviewed the performance of the Manager and the current fee structure and also that of its peers. Notwithstanding the retirement of Nicholas Price, the Committee noted the Company's long-term performance record and the commitment, quality of the team responsible for the Company and concluded that it was in the interests of shareholders that the appointment of the Manager should continue. Details of the fee structure for the year ended 31 December 2024 are in the Directors' Report on page 35.

Nomination Committee

Composition

The Nomination Committee is chaired by David Graham and consists of all of the Directors.

Role and Responsibilities

The Committee meets at least once a year and reviews the composition, size and structure of the Board and makes recommendations to the Board as appropriate. The Committee is responsible for succession planning and it is charged with nominating new Directors for consideration by the Board, and, in turn, for approval by shareholders.

In respect of new Directors, the Committee carries out its candidate search from the widest possible pool of talent with due regard to the benefits of diversity, including a range of skills, knowledge, experience, perspectives and backgrounds. New Directors are appointed on the basis of merit. External consultants, with no connection with the Company, are used to identify potential candidates. This was the case for the recruitment of Seiichi Fukuyama through the services of Nurole.

The Committee also considers the election and re-election of Directors ahead of each AGM. For the forthcoming AGM, it has considered the performance and contribution of each Director and concluded that each Director seeking election and re-election has been effective and continues to demonstrate commitment to their roles. This has been endorsed by the Board, which recommends their appointment and reappointment by shareholders at the AGM on 21 May 2025.

ACCOUNTABILITY AND AUDIT

Financial Reporting

Set out on page 46 is a statement by the Directors of their responsibilities in respect of the preparation of the Annual Report and Financial Statements. The Auditor has set out its reporting responsibilities within the Independent Auditor's Report to the Members on pages 51 to 57.

The Board has a responsibility to present fair, balanced and understandable annual and half-yearly financial statements. All financial statements are reviewed by the Audit Committee and approved by the Board prior to their issue to ensure that this responsibility is fulfilled.

Risk Management and Internal Controls

The Board is responsible for the Company's systems of risk management and of internal controls and for reviewing their effectiveness. The review takes place at least once a year. Such systems are designed to manage rather than eliminate the risk of failure to achieve business objectives and can only provide reasonable, but not absolute, assurance against material misstatement or loss.

The Board determines the nature and extent of any risks it is willing to take in order to achieve its strategic objectives. It is responsible for the design, implementation and maintenance of controls and procedures to safeguard the assets of the Company although these tasks have been delegated on a day-to-day basis to the Manager. The system extends to financial, operational and compliance controls and risk management. Clear lines of accountability have been established between the Board and the Manager. The Manager provides regular reports on controls and compliance issues to the Audit Committee and the Board.

In carrying out its review, the Audit Committee has regard to the activities of the Manager, the Manager's compliance and risk functions and the work carried out by the Company's Auditor relevant to the Company's audit. It also includes consideration of internal controls covered in similar reports issued by the other service providers.

The Board, assisted by the Manager, has undertaken a rigorous risk and controls assessment. This process also assists in identifying any new emerging risks and the actions necessary to mitigate their potential impact. The Board confirms that there is an effective robust ongoing process in place to identify, evaluate and manage the Company's principal business and operational risks, and that it has been in place throughout the year ended 31 December 2024 and up to the date of this report. This process is in accordance with the FRC's "Risk Management, Internal Control and Related Financial Business Reporting" guidance.

Corporate Governance Statement continued

The Board has reviewed the need for an internal audit function and has determined that the systems and procedures employed by the Manager, which are subject to inspection by the Manager's internal and external audit processes, provide sufficient assurance that a sound system of internal controls is maintained to safeguard shareholders' investments and the Company's assets. An internal audit function, specific to the Company is, therefore, considered unnecessary. The Audit Committee meets the Manager's internal audit representative at least once a year. It receives a summary of the Manager's externally audited internal controls report on an annual basis.

Whistle-Blowing Procedure

Part of the Manager's role in ensuring the provision of a good service pursuant to the Management Agreement, includes the ability for employees of Fidelity to raise concerns through a workplace concerns escalation policy (or "whistle-blowing procedure"). Fidelity has advised the Board that it is committed to providing the highest level of service to its customers and to applying the highest standards of quality, honesty, integrity and probity. The aim of the policy is to encourage employees and others working for Fidelity to assist the Company in tackling fraud, corruption and other malpractice within the organisation and in setting standards of ethical conduct. Accordingly, this policy has been endorsed by the Board.

Responsibility as an Institutional Shareholder

The Board has adopted the Manager's Principles of Ownership in relation to investments. These Principles include the pursuit of an active investment policy through portfolio management decisions, voting on resolutions at general meetings and maintaining a continuing dialogue with the management of investee companies. Fidelity International is a signatory to the UK Stewardship Code which sets out the responsibilities of institutional shareholders and agents. Further details of the Manager's Principles of Ownership and voting may be found at **www.fidelity.co.uk.**

Relations with Shareholders

Communication with shareholders is given a high priority by the Board and it liaises with the Manager and the Company's broker who are in regular contact with the Company's major institutional investors to canvass shareholder opinion and to communicate its views to shareholders. All Directors are made aware of shareholders' concerns and the Chairman, the Senior Independent Director and, where appropriate, other Board Directors, are available to meet with shareholders to discuss strategy and governance. In addition, the Portfolio Manager also meets with major shareholders and investors in the UK and Tokyo. The Board regularly monitors the shareholder profile of the Company and receives regular reports from the Manager on meetings attended with shareholders and any concerns raised in such meetings. The Board aims to provide the maximum opportunity for dialogue between the Company and its shareholders. If any shareholder wishes to contact a member of the Board directly, they should either email the Company Secretary at investmenttrusts@fil.com or in writing at FIL Investments International, Beech Gate, Millfield Lane, Lower Kingswood, Tadworth, Surrey KT20 6RP. The Company Secretary will attend to any enquiries promptly and ensure that they are directed to the Chairman, Senior Independent Director or the Board as a whole, as appropriate.

The Board encourages all shareholders to attend the Company's AGM on 21 May 2025 details of which can be found on page 80. Full details of the Notice of Meeting are on pages 81 to 84.

Voting Rights in the Company's Shares

Every person entitled to vote on a show of hands has one vote. On a poll, every shareholder who is present in person or by proxy or representative has one vote for every ordinary share held. At general meetings, all proxy votes are counted and, except where a poll is called, proxy voting is reported for each resolution after it has been dealt with on a show of hands. The proxy voting results are disclosed on the Company's pages of the Manager's website at **www.fidelity.co.uk/japan**.

Articles of Association

Any changes to the Company's Articles of Association must be made by special resolution.

On Behalf of the Board

David Graham
Chairman
26 March 2025

Directors' Remuneration Report

The Directors' Remuneration Report for the year ended 31 December 2024 has been prepared in accordance with the Large & Medium sized Companies & Groups (Accounts & Reports) (Amendment) Regulations 2013 (the "Regulations"). As the Board is comprised entirely of non-executive Directors and has no chief executive and employees, many parts of the Regulations, in particular those relating to chief executive officer pay and employee pay, do not apply and are therefore, not disclosed in this report.

An ordinary resolution to approve the Directors' Remuneration Report will be put to shareholders at the AGM on 21 May 2025.

The Company's Auditor is required to audit certain sections of this report and where such disclosures have been audited, the specific section has been indicated as such. The Auditor's opinion is included in its report on pages 51 to 57.

Directors' Remuneration
The annual fee structure with effect from 1 January 2025 is as follows:

Role:	1 January 2025 £	1 January 2024 £
Chairman	**44,250**	**43,000**
Senior Independent Director	**34,000**	**30,500**
Chairman of the Audit Committee	**37,000**	**36,000**
Director	**31,500**	**30,500**

Remuneration policy
The Company's Articles of Association limit the aggregate fees payable to each Director to £50,000 per annum. Subject to this overall limit, it is the Board's policy to determine the level of Directors' fees having regard to the time spent by them on the Company's affairs; the level of fees payable to non-executive directors in the industry generally; the requirement to attract and retain individuals with suitable knowledge and experience; and the role that individual Directors fulfil. Other than fees and reasonable out-of-pocket expenses incurred in attending to the affairs of the Company, the Directors are not eligible for any performance related pay or benefits, pension related benefits, share options, long-term incentive schemes, or other taxable benefits. The Directors are not entitled to exit payments and are not provided with any compensation for loss of office.

The level of Directors' fees is determined by the whole Board. Directors do not vote on their own fees. The Board reviews the Company's Remuneration Policy and implementation on an annual basis. Reviews are based on information provided by the Company's Manager and research from third parties and it includes information on the fees of other similar investment trusts.

No Director has a service contract with the Company. New Directors are provided with a letter of appointment which, amongst other things, provides that their appointment is subject to the Companies Act 2006 and the Company's Articles of Association. Copies of the Directors' letters of appointment are available at each of the Company's AGMs and can be obtained from the Company's registered office.

In common with most investment trusts there is no Chief Executive Officer and there are no employees.

The Company's remuneration policy will apply to new Board members, who will be paid the equivalent amount of fees as current Board members.

Voting on the Remuneration Policy
The Remuneration Policy (the "Policy"), as set out above, was approved at the AGM on 24 May 2023 with 99.74% of votes cast in favour, 0.23% of votes cast against and 0.03% of votes withheld. The Policy has been followed throughout the year ended 31 December 2024 and up to the date of this report. The next vote will be put to shareholders at the AGM in May 2026 and the votes cast will be disclosed on the Company's pages of the Manager's website at **www.fidelity.co.uk/japan**.

Voting on the Directors' Remuneration Report
At the AGM held on 24 May 2024, 99.85% of votes were cast in favour of the Directors' Remuneration Report for the year ended 31 December 2023, 0.14% of votes were cast against and 0.01% of votes were withheld.

The Directors' Remuneration Report for the year ended 31 December 2024 will be put to shareholders at the AGM on 21 May 2025, and the votes cast will be disclosed on the Company's pages of the Manager's website at **www.fidelity.co.uk/japan**.

Single Total Figure of Remuneration
The single total aggregate Directors' remuneration for the year ended 31 December 2024 was £183,415 (2023: £169,012). This includes expenses incurred by Directors in attending to the affairs of the Company and which are considered by HMRC to be taxable expenses. Information on individual. Directors' fees and expenses are disclosed in the table on the next page.

Directors' Remuneration Report continued

Remuneration of Directors

	2025 Projected fees (£)	**2024 Fees (Audited) (£)**	**2024 Taxable Expenses (Audited) (£)**	**2024 Total (Audited) (£)**	2023 Fees (Audited) (£)	2023 Taxable Expenses (Audited) (£)	2023 Total (Audited) (£)
David Graham	44,250	**43,000**	**–**	**43,000**	40,000	–	40,000
David Barron	37,000	**36,000**	**–**	**36,000**	33,000	–	33,000
Myra Chan	31,500	**30,500**	**–**	**30,500**	29,000	–	29,000
Seiichi Fukuyama[1]	31,500	**25,472**	**–**	**25,472**	n/a	n/a	n/a
Sarah MacAulay	34,000	**30,500**	**–**	**30,500**	29,000	–	29,000
Dominic Ziegler[2]	n/a	**12,043**	**5,900**	**17,943**	29,000	9,012	38,012
Total	178,250	**177,515**	**5,900**	**183,415**	160,000	9,012	169,012

1 Appointed on 1 March 2024.
2 Retired on 22 May 2024.

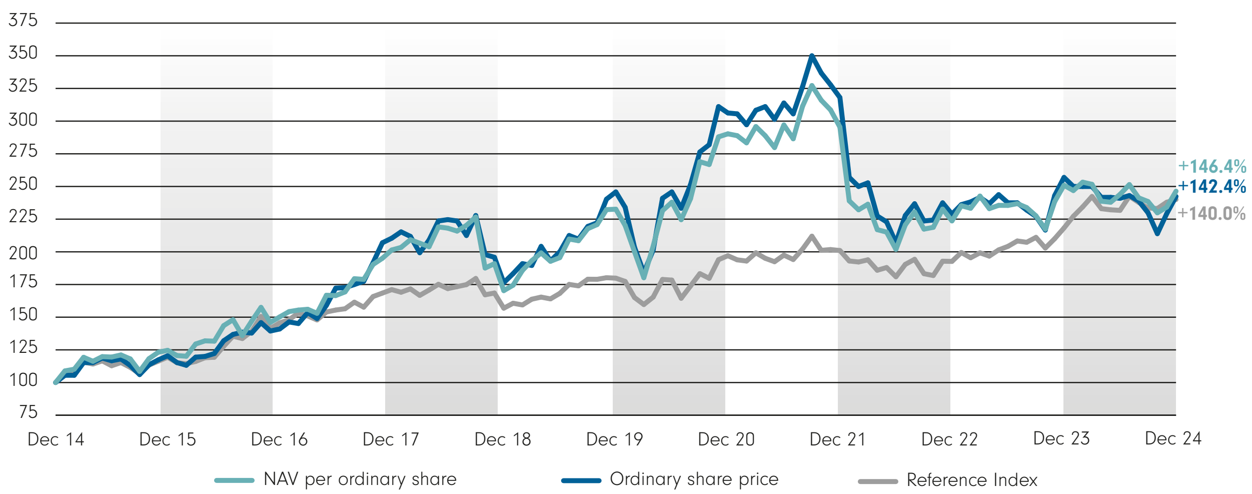
Five year change comparison in Directors' Remuneration
The table below shows the change in Directors' fees over the last five years.

Director	2024	2019	Change (%)
Chairman	**43,000**	35,000	+22.9
Audit Committee Chairman	**36,000**	26,500	+35.8
Senior Independent Director/Director	**30,500**	24,000	+27.1

Expenditure on Directors' Remuneration and Distributions to Shareholders
As the Company currently pays no dividends, the Directors do not consider that it is relevant to present a table showing this information. The total fees paid to Directors is shown in the table above.

Performance
The Company's objective is to achieve long-term capital growth by investing predominantly in equities and related securities of Japanese companies. The graph below shows the performance of the Company's NAV, share price and the Reference Index (in sterling terms) over ten years to 31 December 2024.

Total return performance for the ten years to 31 December 2024



Rebased to 100.
Sources: Fidelity and Datastream.
Past performance is not a guide to future returns.

Directors' Interest in the Company's Ordinary Shares

Although there is no requirement for the Directors to hold shares in the Company, shareholdings by Directors are encouraged. The interests of the Directors and their connected persons in the ordinary shares of the Company are shown below. All of the shareholdings are beneficial.

Directors' Shareholdings (Audited)

	31 December 2024	31 December 2023	Change during year
David Graham	**78,489**	78,489	–
David Barron	**19,366**	19,366	–
Myra Chan	**–**	–	–
Seiichi Fukuyama[1]	**11,000**	n/a	11,000
Sarah MacAulay[1]	**228,340**	181,340	47,000
Dominic Ziegler[2]	**n/a**	24,045	–

1 Purchase of shares.
2 Retired on 22 May 2024.

All shareholdings remain unchanged as at the date of this report.

On Behalf of the Board

David Graham
Chairman
26 March 2025

Statement of Directors' Responsibilities

The Directors are responsible for preparing the Annual Report and Financial Statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial period. Under that law, the Directors have elected to prepare the Financial Statements in accordance with UK Generally Accepted Accounting Practice (UK Accounting Standards and applicable law), including Financial Reporting Standard FRS 102: The Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102). Under company law, the Directors must not approve the Financial Statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss for the reporting period.

In preparing these Financial Statements, the Directors are required to:

- Select suitable accounting policies in accordance with Section 10 of FRS 102 and then apply them consistently;
- Make judgements and accounting estimates that are reasonable and prudent;
- Present information, including accounting policies, in a fair and balanced manner that provides relevant, reliable, comparable and understandable information;
- State whether applicable UK Accounting Standards, including FRS 102, have been followed, subject to any material departures disclosed and explained in the Financial Statements; and
- Prepare the Financial Statements on the going concern basis, unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time, the financial position of the Company and to enable them to ensure that the Company and Financial Statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Under applicable law and regulations, the Directors are also responsible for preparing a Strategic Report, a Directors' Report, a Corporate Governance Statement and a Directors' Remuneration Report which comply with that law and those regulations.

The Directors have delegated the responsibility for the maintenance and integrity of the corporate and financial information included on the Company's pages of the Manager's website at **www.fidelity.co.uk/japan** to the Manager. Visitors to the website need to be aware that legislation in the UK governing the preparation and dissemination of the Financial Statements may differ from legislation in their own jurisdictions.

The Directors confirm that to the best of their knowledge:

- The Financial Statements, prepared in accordance with UK Generally Accepted Practice, including FRS 102, give a true and fair view of the assets, liabilities, financial position and loss of the Company;
- The Annual Report, including the Strategic Report, includes a fair review of the development and performance of the business and the position of the Company, together with a description of the principal risks and uncertainties it faces; and
- The Annual Report and Financial Statements, taken as a whole, are fair, balanced and understandable and provide the information necessary for shareholders to assess the Company's performance, business model and strategy.

The Statement of Directors' Responsibility was approved by the Board on 26 March 2025 and signed on its behalf by:

David Graham
Chairman

Report of the Audit Committee

I am pleased to present the formal report of the Audit Committee (the "Committee") to shareholders.

The primary responsibilities of the Committee are to ensure the integrity of the Company's financial reporting, the appropriateness of the risk management and internal controls processes (see pages 41 and 42 for further details) and the effectiveness of the independent audit process and how this has been assessed for the year ended 31 December 2024.

Composition

The members of the Committee are myself as Chairman and all of the other Directors. David Graham is also a member of the Committee because the Board believes it is appropriate for all Directors to have such responsibility. All Committee members are independent non-executive Directors and collectively have sufficient recent and relevant financial experience to discharge their responsibilities fully.

The Committee's performance is evaluated annually as part of the overall Board evaluation process.

Role and Responsibilities of the Committee

The Committee's authority and duties are clearly defined in its terms of reference and are available on the Company's pages of the Manager's website at **www.fidelity.co.uk/japan**. These duties include:

- Establishing with the Auditor the nature and scope of the audit, reviewing the Auditor's quality control procedures and reporting, the effectiveness of the audit process and the Auditor's independence and objectivity with particular regard to the provision of non-audit services;
- Responsibility for making recommendations on the appointment, reappointment and removal of the Auditor;
- Reviewing the effectiveness of the Company's risk management and internal controls systems (including financial, operational and compliance controls) and considering the scope and obtaining sufficient assurance of the work undertaken by the Manager's internal audit function;
- Monitoring the integrity of the Company's Half-Yearly and Annual Report and Financial Statements to ensure that they are fair, balanced and understandable;
- Reviewing the existence and performance of controls operating in the Company, including the reviews of internal controls reporting provided in relation to its service providers; and
- Reviewing the relationship with and the performance of third party service providers (such as the Registrar, Custodian and Depositary).

Meetings and Business Considered by the Committee

Since the date of the last Annual Report (26 March 2024), the Committee has met five times and the Auditor attended three of these meetings.

The following matters were reviewed at each Committee meeting.

- The Company's risk management and internal controls framework;
- The Company's compliance with its investment policy limits;
- The methodology for reaching the fair value of unlisted investments;
- The Depositary's oversight reporting; and
- The Company's revenue and expenses forecasts and its Balance Sheet.

Report of the Audit Committee continued

In addition, the following matters were considered at these meetings:

June 2024	• Detailed review of the valuations of the Company's unlisted investments with the Manager's Fair Value Committee, including the Manager's unlisted specialist, and the independent valuer, Kroll (see further details on the next page).
July 2024	• The Half-Yearly Report and Financial Statements and recommendation of its approval to the Board. • Going Concern Statement. • The Committee's Terms of Reference.
November 2024	• The Auditor's audit plan for the Company's year ending 31 December 2024, including the proposed audit fee. • Review of Fidelity's Internal Audit reporting, including review of the Internal Audit plan. • Review of the Manager's Risk Management Process Document. • Review of the Manager's detailed risk matrix and mitigating controls. • Review of emerging risks and risk assessment. • Audit Tender timeline and process. • The Committee's Terms of Reference.
December 2024	• Detailed review of the valuations of the Company's unlisted investments with the Manager's Fair Value Committee, including the Manager's unlisted specialist, and the independent valuer, Kroll. See further details on the next page.
March 2025	• The Auditor's findings from the audit of the Company. • The Auditor's performance, independence and reappointment. • Compliance with Corporate Governance and regulatory requirements. • The Annual Report and Financial Statements and recommendation of its approval to the Board following a review and conclusion by the Committee that they are Fair, Balanced and Understandable. • The Viability Statement and the Going Concern Statements, including an assessment of the impact of earthquakes in Japan, the ongoing war in Ukraine, the Middle East conflict, significant market and geopolitical events and regulatory changes, and also consideration of the upcoming continuation vote. • Cybersecurity reporting and the controls in place to mitigate the risks of potential threats and attacks. • Review of Fidelity's AAF Reports (assurance reports on internal controls). • Review of outsourced third party service providers control reports.

Annual Report and Financial Statements
The Annual Report and Financial Statements are the responsibility of the Board and the Statement of Directors' Responsibilities can be found on page 46. The Committee advises the Board on the form and content of the Annual Report and Financial Statements, any issues which may arise in relation to these and any specific areas which require judgement.

Summarised below are the most significant issues considered by the Committee in respect of the Company's Financial Statements and how these were addressed.

Recognition of investment income	Investment income is recognised in accordance with Accounting Policy Note 2 (e) on page 62. The Manager provided detailed revenue forecasts and the Committee reviewed and sought explanations for any significant variances to these forecasts. The Committee also considered the allocation of special dividends between revenue and capital and the reasons for the classification of these special dividends. The Committee reviewed the internal audit and the compliance monitoring reports received from the Manager, including an additional internal controls report ("AAF report") prepared by PricewaterhouseCoopers LLP on behalf of the Manager, to satisfy itself that adequate systems were in place for properly recording the Company's investment income. The Committee also reviewed the reports provided by the Auditor on its work on the recognition of investment income, including the allocation of special dividends.
Valuation, existence and ownership of listed investments (including derivatives investments)	The valuation of listed investments (including derivatives investments) is in accordance with Accounting Policy Notes 2 (j) and 2 (k) on pages 63 and 64. The Committee took comfort from the Depositary's regular oversight functions that investment related activities were conducted in accordance with the Company's investment policy. The Committee received reports from the Manager, the Depositary and an additional AAF report prepared by PricewaterhouseCoopers LLP on behalf of the Manager which concluded that controls around the valuation, existence and ownership of investments operate effectively. The Committee also reviewed the reports provided by the Auditor on its work on the valuation, existence and ownership of the Company's investments, including the derivatives investments.
Valuation of the unlisted investments	The Manager as the AIFM, is authorised and responsible for performing the valuation of the assets in the Company's portfolio, including the unlisted investments. The valuation of unlisted investments is in accordance with Accounting Policy Notes 2 (b) and 2 (j) on pages 61 to 64. The valuation of the unlisted investments is proposed by the Manager's Fair Value Committee (FVC) to the Audit Committee, who in turn reports these to the Board to ensure that the Directors are satisfied that the process that the FVC adopts in recommending the valuation is rigorous, reasonable and independent. The reporting received from the FVC includes recommendations from Kroll, an external company that provides global financial information and services. It includes detailed input from the Fidelity analysts covering the unlisted companies and also Fidelity's unlisted investments specialist who provides further insight. The Committee reviews the proposed valuation methodologies for all of the unlisted investments in order to gain comfort on the proposed valuations. In addition, the Auditor reviewed the valuations of the unlisted investments in the Company's portfolio and reported its findings at the March 2025 Audit Committee meeting.

Independence and Effectiveness of the Audit Process
Ernst & Young LLP acted as the Company's Auditor for the year ended 31 December 2024.

With regard to the independence of the Auditor, the Committee reviewed:

- The Auditor's arrangements for managing any conflicts of interest;
- The fact that no non-audit services were provided to the Company in the reporting year and up to the date of this report; and
- The statement by the Auditor that it remains independent within the meaning of the regulations and its professional standards.

With regard to the effectiveness of the audit process, the Committee reviewed:

- The fulfilment by the Auditor of the agreed audit plan, including the audit team and approach to significant risks;
- The audit findings report issued by the Auditor on the audit of the Annual Report and Financial Statements for the year ended 31 December 2024; and
- Feedback from the Manager on the audit of the Company.

The Committee concluded that the Auditor continues to remain independent and the audit process remains effective.

Report of the Audit Committee continued

Auditor's Appointment

Ernst & Young LLP was appointed as the Company's Auditor on 12 May 2016 following a formal audit tender process in 2015. The Committee has reviewed the Auditor's independence and the effectiveness of the audit process prior to recommending its reappointment for a further year. The Auditor is required to rotate audit partners every five years and this is the second year that the current Audit Partner, Sarah Langston, has been in place. The Committee will continue to review the Auditor's appointment each year to ensure that the Company continues to receive an optimal level of service. There are no contractual obligations that restricts the Company's choice of auditor.

Audit Tenure

The Company is required to conduct an audit tender process every ten years and an audit tender will be completed in 2025. This process will be led by the Audit Committee who will complete an assessment of external auditors' proposals. Following this assessment, a recommendation will be made to the Board regarding whether a change of auditor should be made.

Audit Fees

Fees paid to the Auditor for the audit of the Company's Financial Statements are disclosed in Note 5 on page 66. The audit fee for the reporting year was £54,809 (2023: £53,213).

David Barron
Chair of the Audit Committee
26 March 2025

Independent Auditor's Report to the Members of Fidelity Japan Trust PLC

Opinion
We have audited the Financial Statements of Fidelity Japan Trust PLC ("the Company") for the year ended 31 December 2024 which comprise the Income Statement, the Statement of Changes in Equity, the Balance Sheet and the related Notes 1 to 18, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the Financial Statements:

- give a true and fair view of the Company's affairs as at 31 December 2024 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

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

Independence
We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the Financial Statements in the UK, including the FRC's Ethical Standard as applied to public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

The non-audit services prohibited by the FRC's Ethical Standard were not provided to the Company and we remain independent of Company in conducting the audit.

Material uncertainty relating to going concern
We draw attention to Note 2 (a) in the financial statements, which indicates that the Company will hold a continuation vote at the May 2025 AGM. As stated in Note 2 (a), this event indicates that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

We draw attention to the Viability Statement in the Annual Report on page 30, which indicates that one of the key assumptions to the statement of viability is in respect of the material uncertainty arising from the forthcoming continuation vote to be held at the 21 May 2025 AGM. Our opinion is not modified in respect of this matter.

In auditing the Financial Statements, we have concluded that the Directors' use of the going concern basis of accounting in the preparation of the Financial Statements is appropriate. Our evaluation of the Directors' assessment of the Company's ability to continue to adopt the going concern basis of accounting included:

- Confirming our understanding of the Company's going concern assessment process by engaging with the Directors and the Company Secretary to determine if all key factors were considered in their assessment;
- Inspecting the Directors' assessment of going concern, including the revenue and expense forecast, for the period to 31 March 2026 which is at least 12 months from the date of approval of these Financial Statements. In preparing the revenue and expense forecast, the Company has concluded that it is able to continue to meet its ongoing costs as they fall due;
- Reviewing the factors and assumptions, including the impact of the current economic environment and other significant events that could give rise to market volatility, as applied to the revenue and expense forecast and the liquidity assessment of the investments and determined, through testing of the methodology and calculations, that the methods, inputs and assumptions utilised are appropriate to be able to make an assessment for the Company;
- Consideration of the mitigating factors included in the revenue and expense forecast that are within the control of the Company. We reviewed the Company's assessment of the liquidity of investments held and evaluated the Company's ability to sell those investments in order to cover working capital requirements should revenue decline significantly;
- Reviewing the minutes of meetings between the Directors and certain shareholders about their intentions in relation to the continuation vote and assessing the Directors' analysis of the responses they have received;
- Discussing with the Directors and considering whether any other events or conditions, apart from the continuation vote discussed in Note 2 (a), exist that, individually or collectively, may cast significant doubt on the entity's ability to continue as a going concern and concluding that no such circumstances exist; and
- Reviewing the Company's going concern disclosures included in the Annual Report in order to assess that the disclosures were appropriate and in conformity with the reporting standards.

Independent Auditor's Report to the Members of Fidelity Japan Trust PLC continued

In relation to the Company's reporting on how they have applied the UK Corporate Governance Code, we have nothing material to add or draw attention to in relation to:

- the Directors' statement in the Financial Statements about whether the Directors considered it appropriate to adopt the going concern basis of accounting; and
- the Directors' identification in the Financial Statements of the material uncertainty related to the entity's ability to continue as a going concern over a period to 31 March 2026 which is at least 12 months from when the Financial Statements are authorised for issue.

Our responsibilities and the responsibilities of the Directors with respect to going concern are described in the relevant sections of this report. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the Company's ability to continue as a going concern.

Overview of our audit approach

Key audit matters	• Risk of incomplete or inaccurate revenue recognition, including the classification of special dividends as revenue or capital items in the Income Statement • Risk of incorrect valuation and resultant impact on the unrealised gains/(losses) of the unlisted investments • Risk of incorrect valuation of the listed investments or ownership of the entire investment portfolio, including derivatives
Materiality	• Overall materiality of £2.31m which represents 1% of net asset value of the Company as at 31 December 2024

An overview of the scope of our audit

Tailoring the scope
Our assessment of audit risk, our evaluation of materiality and our allocation of performance materiality determine our audit scope for the Company. This enables us to form an opinion on the Financial Statements. We take into account size, risk profile, the organisation of the Company and effectiveness of controls, the potential impact of climate change and changes in the business environment when assessing the level of work to be performed. All audit work was performed directly by the audit engagement team.

Climate change
Stakeholders are increasingly interested in how climate change will impact the Company. The Company has determined that the impact of climate change could affect the Company's investments and their valuations and potentially shareholder returns. These are explained on pages 29 and 30 in the principal and emerging risks section, which form part of the "Other information," rather than the audited Financial Statements. Our procedures on these unaudited disclosures therefore consisted solely of considering whether they are materially inconsistent with the Financial Statements or our knowledge obtained in the course of the audit or otherwise appear to be materially misstated, in line with our responsibilities on "Other information".

Our audit effort in considering the impact of climate change on the Financial Statements was focused on the adequacy of the Company's disclosures in the Financial Statements as set out in Note 2(a) and the conclusion that there was no further impact of climate change to be taken into account as the investments are valued based on market pricing. In line with FRS 102 investments are valued at fair value, which for the Company are quoted bid prices for investments in active markets at the balance sheet date and therefore reflect the market participants view of climate change risk on the investments held by the Company. Investments which are unlisted are priced using market-based valuation approaches. We also challenged the Directors' considerations of climate change in their assessment of viability and associated disclosures. Based on our work we have not identified the impact of climate change on the Financial Statements to be a key audit matter or to impact a key audit matter.

Key audit matters
Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the Financial Statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified. These matters included those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the Financial Statements as a whole, and in our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matter described in the material uncertainty related to the going concern section, we have determined the matters described below to be the key audit matters to be communicated in our report.

Risk	Our response to the risk	Key observations communicated to the Audit Committee
Risk of incomplete or inaccurate revenue recognition, including the classification of special dividends as revenue or capital items in the Income Statement *Refer to the Report of the Audit Committee (page 49); Accounting Policies (page 62); and Note 3 of the Financial Statements (page 65).* The Company has reported revenue of £4.09m (2023: £4.22m). During the year, the Company received special dividends amounting to £0.04m all of which are classified as revenue (2023: £0.04m all of which are classified as revenue). There is a risk of incomplete or inaccurate recognition of revenue through the failure to recognise proper income entitlements or to apply an appropriate accounting treatment. In addition to the above, the Directors are required to exercise judgement in determining whether income received in the form of special dividends should be classified as 'revenue' or 'capital' in the Income Statement.	We performed the following procedures: We obtained an understanding of the processes and controls surrounding revenue recognition and classification of special dividends by performing our walkthrough procedures to evaluate the design and implementation of controls; For all dividends received and accrued, we recalculated the income by multiplying the investment holdings at the ex-dividend date, traced from the accounting records, by the dividend rate as agreed to an independent data vendor. We also agreed all exchange rates to an external source and, for a sample of dividends received and dividends accrued, we agreed amounts to bank statements; For all accrued dividends, we assessed whether the dividend obligations arose prior to 31 December 2024 with reference to an external source; To test completeness of recorded income, we tested that all expected dividends for each of the investee companies held during the year, had been recorded as income with reference to an external source; and For all investments held during the year, we reviewed the type of dividends paid with reference to an external data source to identify those which were special dividends. There were no special dividends above our testing threshold, however, we have randomly selected one and assessed the appropriateness of the Company's classification as either revenue or capital by reviewing the rationale for the underlying distribution.	The results of our procedures identified no material misstatements in relation to the risk of incomplete or inaccurate revenue recognition, including the classification of special dividends as revenue or capital items in the Income Statement.

Independent Auditor's Report to the Members of Fidelity Japan Trust PLC continued

Risk	Our response to the risk	Key observations communicated to the Audit Committee
Risk of incorrect valuation and resultant impact on the unrealised gains/(losses) of the unlisted investments *Refer to the Report of the Audit Committee (page 49); Accounting Policies (page 63); and Note 9 of the Financial Statements (pages 68 and 69).* At 31 December 2024 the Company held seven unlisted investments with a total value of £15.32m (2023: seven unlisted investments with a total value of £16.40m). We considered that the degree of subjectivity, including the level of management judgement and the risk that the valuation does not reflect the most up to date information, results in a fraud risk over misstatement of the valuation of unlisted investments. The unlisted investments are approved by the Manager's Fair Value Committee and these are reviewed and challenged by the Directors. The Manager engages Kroll to perform a valuation which is then considered by the Manager's Fair Value Committee. The unlisted investment policy applies methodologies consistent with the International Private Equity and Venture Capital Valuation guidelines ("IPEV").	We performed the following procedures: We obtained an understanding of the processes and controls surrounding investment pricing and legal title by performing walkthrough procedures to evaluate the design and implementation of controls; For a sample of unlisted investments held at the year end, our specialist valuation team reviewed and challenged the valuations. This included: • Reviewing the latest valuation papers by Kroll, a third-party service provider; • Assessing whether the valuations have been performed in line with the IPEV guidelines; • Assessing the appropriateness of the data inputs and challenging the assumptions used to support the valuations; and • Assessing other facts and circumstances, such as market movement and comparative information, that could have an impact on the fair market value of the investments; We obtained and assessed valuation papers, including the assumptions and judgements in determining the fair value of the unlisted investments held by the Company at the year end; Agreed the cost of the purchased and sold unlisted investments to the supporting share purchase and sale agreements, respectively and traced the payments to bank statement; Agreed 100% of exchange rates to a relevant independent data vendor; and We recalculated the unrealised gains/losses on investments as at the year end using the book-cost reconciliation.	The results of our procedures identified no material misstatements in relation to the risk of incorrect valuation and resultant impact on the unrealised gains/(losses) of the unlisted investments.

Risk	Our response to the risk	Key observations communicated to the Audit Committee
Risk of incorrect valuation of the listed investments or ownership of the entire investment portfolio, including derivatives *Refer to the Report of the Audit Committee (page 49); Accounting Policies (pages 63 and 64); and Notes 9 and 10 of the Financial Statements (pages 68 and 69).* At 31 December 2024, the Company held listed investments with a value of £213.03m (2023: £237.44m). The Company also has net derivative assets amounting to £1.32m (net derivative assets 2023: £1.16m). The valuation of the assets held in the investment portfolio is the key driver of the Company's net asset value and total return. Incorrect investment pricing, or a failure to maintain proper legal title to the investments held by the Company could have a significant impact on the portfolio valuation and the return generated for shareholders. The fair value of the listed investments and derivatives is determined using quoted market prices at close of business on the reporting date.	We performed the following procedures: We obtained an understanding of the processes and controls surrounding investment pricing and legal title by performing walkthrough procedures; For all listed investments in the portfolio, we compared the market prices and exchange rates applied to an independent pricing vendor. For all derivatives, we compared the market prices of the underlying instrument to an independent pricing vendor and agreed cost price to the Brokers' confirmations. We recalculated the investment and derivative valuations as at the year end; We inspected the stale pricing report to identify prices that had not changed and noted none; and We compared the Company's investment holdings as at 31 December 2024 to independent confirmations received directly from the Company's Custodian and Depositary. We agreed all year-end open derivative positions to confirmations received independently from the Company's Brokers.	The results of our procedures identified no material misstatements in relation to the risk of incorrect valuation of the listed investments or ownership of the entire investment portfolio, including derivatives.

Our application of materiality
We apply the concept of materiality in planning and performing the audit, in evaluating the effect of identified misstatements on the audit and in forming our audit opinion.

Materiality
The magnitude of an omission or misstatement that, individually or in the aggregate, could reasonably be expected to influence the economic decisions of the users of the Financial Statements. Materiality provides a basis for determining the nature and extent of our audit procedures.

We determined materiality for the Company to be £2.31m (2023: £2.58m), which is 1% (2023: 1%) of Company's net asset value. We believe that net asset value provides us with materiality aligned to the key measure of Company's performance.

Performance materiality
The application of materiality at the individual account or balance level. It is set at an amount to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds materiality.

On the basis of our risk assessments, together with our assessment of the Company's overall control environment, our judgement was that performance materiality was 75% (2023: 75%) of our planning materiality, namely £1.74m (2023: £1.93m). We have set performance materiality at this percentage due to our past experience of the audit that indicates a lower risk of misstatements, both corrected and uncorrected.

Given the importance of the distinction between revenue and capital for investment trusts, we have also applied a separate testing threshold for the revenue column of the Income Statement of £0.15m (2023: £0.16m) being 5% (2023: 5%) of revenue profit before tax.

Independent Auditor's Report to the Members of Fidelity Japan Trust PLC continued

Reporting threshold
An amount below which identified misstatements are considered as being clearly trivial.

We agreed with the Audit Committee that we would report to them all uncorrected audit differences in excess of £0.12m (2023: £0.13m), which is set at 5% of planning materiality, as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds.

We evaluate any uncorrected misstatements against both the quantitative measures of materiality discussed above and in light of other relevant qualitative considerations in forming our opinion.

Other information
The other information comprises the information included in the annual report other than the Financial Statements and our Auditor's report thereon. The Directors are responsible for the other information contained within the annual report.

Our opinion on the Financial Statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the Financial Statements or our knowledge obtained in the course of the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the Financial Statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006
In our opinion the part of the Directors' Remuneration Report to be audited has been properly prepared in accordance with the Companies Act 2006.

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Strategic Report and the Directors' Report for the financial year for which the Financial Statements are prepared is consistent with the Financial Statements; and
- the Strategic Report and Directors' Report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception
In the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report or Directors' Report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the Financial Statements and the part of the Directors' Remuneration Report to be audited are not in agreement with the accounting records and returns; or
- certain disclosures of Directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Corporate Governance Statement
We have reviewed the Directors' statement in relation to going concern, longer-term viability and that part of the Corporate Governance Statement relating to the Company's compliance with the provisions of the UK Corporate Governance Code specified for our review by the UK Listing Rules.

Aside from the impact of the matters disclosed in the material uncertainty related to the going concern section, based on the work undertaken as part of our audit, we have concluded that each of the following elements of the Corporate Governance Statement is materially consistent with the Financial Statements or our knowledge obtained during the audit:

- Directors' statement with regards to the appropriateness of adopting the going concern basis of accounting and any material uncertainties identified set out on page 35;
- Directors' explanation as to its assessment of the Company's prospects, the period this assessment covers and why the period is appropriate set out on page 30;
- Director's statement on whether it has a reasonable expectation that the Company will be able to continue in operation and meets its liabilities set out on page 35;
- Directors' statement on fair, balanced and understandable set out on page 46;
- Board's confirmation that it has carried out a robust assessment of the emerging and principal risks set out on page 25;
- The section of the annual report that describes the review of effectiveness of risk management and internal control systems set out on pages 41 and 42; and
- The section describing the work of the Audit Committee set out on page 47.

Responsibilities of Directors
As explained more fully in the Directors' responsibilities statement set out on page 46, the Directors are responsible for the preparation of the Financial Statements and for being satisfied that they give a true and fair view, and for such internal control as the Directors determine is necessary to enable the preparation of Financial Statements that are free from material misstatement, whether due to fraud or error.

In preparing the Financial Statements, the Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

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

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud
Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect irregularities, including fraud. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the Company and management.

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the Company and determined that the most significant are United Kingdom Generally Accepted Accounting Practice, the Companies Act 2006, the Association of Investment Companies Code of Corporate Governance, the Association of Investment Companies Statement of Recommended Practice, the Listing Rules, the UK Corporate Governance Code, Section 1158 of the Corporation Tax Act 2010 and The Companies (Miscellaneous Reporting) Regulations 2018.

- We understood how the Company is complying with those frameworks through discussions with the Audit Committee and Company Secretary and review of Board minutes and the Company's documented policies and procedures.

- We assessed the susceptibility of the Company's Financial Statements to material misstatement, including how fraud might occur by considering the key risks impacting the Financial Statements. We identified a fraud risk with respect to the incomplete or inaccurate revenue recognition through incorrect classification of special dividends as revenue or capital items in the Income Statement and incorrect valuation and resultant impact on the unrealised gains/(losses) of the unlisted investments. Further discussion of our approach is set out in the section on key audit matters above.

- Based on this understanding we designed our audit procedures to identify non-compliance with such laws and regulations. Our procedures involved review of the reporting to the Directors with respect to the application of the documented policies and procedures and review of the Financial Statements to ensure compliance with the reporting requirements of the Company.

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

Other matters we are required to address
- Following the recommendation from the Audit Committee, we were appointed by the Company on 24 May 2016 to audit the Financial Statements for the year ending 31 December 2016 and subsequent financial periods.

  The period of total uninterrupted engagement including previous renewals and reappointments is 9 years, covering the years ending 31 December 2016 to 31 December 2024.

- The audit opinion is consistent with the additional report to the Audit Committee.

Use of our report
This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an Auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Sarah Langston
Senior Statutory Auditor
for and on behalf of Ernst & Young LLP
Statutory Auditor
London
26 March 2025

Income Statement

for the year ended 31 December 2024

		Year ended 31 December 2024			Year ended 31 December 2023		
	Notes	**Revenue £'000**	**Capital £'000**	**Total £'000**	Revenue £'000	Capital £'000	Total £'000
(Losses)/gains on investments	9	**–**	**(11,906)**	**(11,906)**	–	12,376	12,376
Gains on derivative instruments	10	**–**	**3,028**	**3,028**	–	14,299	14,299
Income	3	**4,095**	**–**	**4,095**	4,218	–	4,218
Investment management fees	4	**(330)**	**(847)**	**(1,177)**	(344)	(1,018)	(1,362)
Other expenses	5	**(764)**	**(13)**	**(777)**	(708)	(4)	(712)
Foreign exchange losses		**–**	**(233)**	**(233)**	–	(642)	(642)
Net return/(loss) on ordinary activities before finance costs and taxation		**3,001**	**(9,971)**	**(6,970)**	3,166	25,011	28,177
Finance costs	6	**(39)**	**(158)**	**(197)**	(27)	(106)	(133)
Net return/(loss) on ordinary activities before taxation		**2,962**	**(10,129)**	**(7,167)**	3,139	24,905	28,044
Taxation on return on ordinary activities	7	**(356)**	**–**	**(356)**	(347)	–	(347)
Net return/(loss) on ordinary activities after taxation for the year		**2,606**	**(10,129)**	**(7,523)**	2,792	24,905	27,697
Return/(loss) per ordinary share	8	**2.17p**	**(8.43p)**	**(6.26p)**	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 year is also the total comprehensive income for the year 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 year and all items in the above statement derive from continuing operations.

The Notes on pages 61 to 78 form an integral part of these Financial Statements.

Statement of Changes in Equity

for the year ended 31 December 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
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	13	**–**	**–**	**–**	**(18,857)**	**–**	**–**	**(18,857)**
Net (loss)/return on ordinary activities after taxation for the year		**–**	**–**	**–**	**–**	**(10,129)**	**2,606**	**(7,523)**
Total shareholders' funds at 31 December 2024		**34,041**	**20,722**	**2,767**	**21,525**	**155,287**	**(2,929)**	**231,413**
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	13	–	–	–	(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

The Notes on pages 61 to 78 form an integral part of these Financial Statements.

Balance Sheet

as at 31 December 2024
Company number 2885584

	Notes	2024 £'000	2023 £'000
Fixed assets			
Investments	9	**228,344**	253,843
Current assets			
Derivative instruments	10	**1,457**	1,216
Debtors	11	**669**	708
Cash collateral held with brokers	16	**223**	–
Cash at bank		**1,897**	3,073
		4,246	4,997
Current liabilities			
Derivative instruments	10	**(142)**	(53)
Other creditors	12	**(1,035)**	(994)
		(1,177)	(1,047)
Net current assets		**3,069**	3,950
Net assets		**231,413**	257,793
Capital and reserves			
Share capital	13	**34,041**	34,041
Share premium account	14	**20,722**	20,722
Capital redemption reserve	14	**2,767**	2,767
Other reserve	14	**21,525**	40,382
Capital reserve	14	**155,287**	165,416
Revenue reserve	14	**(2,929)**	(5,535)
Total shareholders' funds		**231,413**	257,793
Net asset value per ordinary share	15	**200.78p**	204.46p

The Financial Statements on pages 58 to 78 were approved by the Board of Directors on 26 March 2025 and were signed on its behalf by:

David Graham
Chairman

The Notes on pages 61 to 78 form an integral part of these Financial Statements.

Notes to the Financial Statements

1 Principal Activity

Fidelity Japan Trust PLC is an Investment Company incorporated in England and Wales that is listed 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 Accounting Policies

The Company has prepared its Financial Statements in accordance with UK Generally Accepted Accounting Practice (UK GAAP), including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", issued by the Financial Reporting Council (FRC). The Financial Statements have also been 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. The Company is exempt from presenting a Cash Flow Statement as a Statement of Changes in Equity is presented and substantially all of the Company's investments are highly liquid and are carried at market value.

a) Basis of accounting

The Financial Statements have been prepared on a going concern basis and under the historical cost convention, except for the measurement at fair value of investments and derivative instruments.

The Directors have a reasonable expectation that the Company has adequate resources to continue its operations and meet its liabilities as they fall due up to 31 March 2026 which is at least twelve months from the date of approval of these Financial Statements. In making their assessment the Directors have reviewed income and expense projections, the liquidity of the investment portfolio of the Company and considered the Company's ability to meet liabilities as they fall due.

In accordance with the provisions of the Company's Articles of Association, the Company is subject to a continuation vote by shareholders at the AGM on 21 May 2025.

As at the date of this report, due to the performance of the Company over the last three years, the level of discount and the recently announced changes in portfolio management responsibilities, it is not possible to determine with certainty that shareholders will vote in favour of continuation of the Company. In this regard, there is a material uncertainty over the outcome of the continuation vote, and whilst this may cast doubt on the likelihood of the Company continuing as a going concern, the Directors believe that the preparation of the Financial Statements on a going concern basis remains appropriate.

In preparing these Financial Statements, the Directors have considered the impact of climate change risk as an emerging and principal risk as set out on pages 29 and 30, and have concluded that there was no further impact of climate change to be taken into account as the investments are valued based on market pricing. In line with FRS 102, investments are valued at fair value, which for the Company are quoted bid prices for investments in active markets at the balance sheet date. Investments which are unlisted are priced using market-based valuation approaches. All investments therefore reflect the market participants view of climate change risk on the investments held by the Company.

The Company's Going Concern Statement in the Directors' Report on page 35 takes account of all events and conditions up to 31 March 2026 which is at least twelve months from the date of approval of these Financial Statements.

b) Significant accounting estimates, assumptions and judgements

The preparation of the Financial Statements requires the use of estimates, assumptions and judgements. These estimates, assumptions and judgements affect the reported amounts of assets and liabilities at the reporting date. While estimates are based on best judgement using information and financial data available, the actual outcome may differ from these estimates.

The key sources of estimation and uncertainty relate to the fair value of the unlisted investments.

Judgements

The Directors consider whether each fair value is appropriate following detailed review and challenge of the pricing methodology. The judgement applied in the selection of the methodology used (see Note 2 (j) below) for determining the fair value of each unlisted investment can have a significant impact upon the valuation.

Estimates

The key estimate in the Financial Statements is the determination of the fair value of the unlisted investments by the Manager's Fair Value Committee (FVC), with support from the external valuer, for detailed review and appropriate challenge by the Directors. This estimate is key as it significantly impacts the valuation of the unlisted investments at the Balance Sheet date. When no recent primary or secondary transaction in the company's shares have taken place, the fair valuation process involves estimation using subjective inputs that are unobservable (for which market data is unavailable). The estimates involved in the valuation process may include the following:

(i) The selection of appropriate comparable companies. Comparable companies are chosen on the basis of their business characteristics and growth patterns;

Notes to the Financial Statements continued

2 Accounting Policies continued

(ii) The selection of a revenue metric (either historical or forecast);

(iii) The selection of an appropriate illiquidity discount factor to reflect the reduced liquidity of unlisted companies versus their listed peers;

(iv) The estimation of the likelihood of a future exit of the position through an initial public offering (IPO) or a company sale;

(v) The selection of an appropriate industry benchmark index to assist with the valuation; and

(vi) The calculation of valuation adjustments derived from milestone analysis (i.e. incorporating operational success against the plans/forecasts of the business into the valuation).

As the valuation outcomes may differ from the fair value estimates a price sensitivity analysis is provided in Other Price Risk Sensitivity in Note 16 to illustrate the effect on the Financial Statements of an over or under estimation of fair value.

The risk of an over or under estimation of fair value is greater when methodologies are applied using more subjective inputs.

Assumptions

The determination of fair value by the FVC involves key assumptions dependent upon the valuation techniques used. The valuation process recognises that the price of a recent investment may be an appropriate starting point for estimating fair value. The Multiples approach involves subjective inputs and therefore presents a greater risk of over or under estimation, particularly in the absence of a recent transaction.

c) Segmental reporting

The Company is engaged in a single segment business and, therefore, no segmental reporting is provided.

d) Presentation of the Income Statement

In order to reflect better the activities of an investment company and in accordance with guidance issued by the AIC, supplementary information which analyses the Income Statement between items of a revenue and capital nature has been prepared alongside the Income Statement. The net return/(loss) after taxation for the year is the measure the Directors believe appropriate in assessing the Company's compliance with certain requirements set out in Section 1159 of the Corporation Tax Act 2010.

e) Income

Income from equity investments is accounted for on the date on which the right to receive the payment is established, normally the ex-dividend date. Overseas dividends are accounted for gross of any tax deducted at source. Amounts are credited to the revenue column of the Income Statement. Where the Company has elected to receive its dividends in the form of additional shares rather than cash, the amount of the cash dividend foregone is recognised in the revenue column of the Income Statement. Any excess in the value of the shares received over the amount of the cash dividend is recognised in the capital column of the Income Statement. Special dividends are treated as a revenue receipt or a capital receipt depending on the facts and circumstances of each particular case.

Derivative instrument income received from dividends on long Contracts for Difference (CFDs) is accounted for on the date on which the right to receive the payment is established, normally the ex-dividend date. The amount net of tax is credited to the revenue column of the Income Statement.

f) Investment management fees and other expenses

Investment management fees and other expenses are accounted for on an accruals basis and are charged as follows:

- The base investment management fee is allocated 20% to revenue and 80% to capital to reflect the Company's focus on capital growth to generate returns;
- The variable investment management fee is charged/credited to capital, as it is based on the performance of the net asset value per share relative to the Reference Index; and
- All other expenses are allocated in full to revenue with the exception of those directly attributable to share issues or other capital events.

g) Functional currency and foreign exchange

The functional and reporting currency of the Company is UK sterling, which is the currency of the primary economic environment in which the Company operates. Although the Company invests in yen denominated investments, it has been determined that the functional currency is UK sterling as the entity is listed on a sterling stock exchange in the UK, and its share capital is denominated and its expenses are paid in UK sterling. Transactions denominated in foreign currencies are reported in UK sterling at the rate of exchange ruling at the date of the transaction. Assets and liabilities in foreign currencies are translated at the rates of exchange ruling at the Balance Sheet date. Foreign exchange gains and losses arising on translation are recognised in the Income Statement as a revenue or a capital item depending on the nature of the underlying item to which they relate.

2 Accounting Policies continued

h) Finance costs

Finance costs comprises interest on bank overdrafts and collateral and finance costs paid on long CFDs, which are accounted for on an accruals basis. Finance costs are allocated 20% to revenue and 80% to capital to reflect the Company's focus on capital growth to generate returns.

i) Taxation

The taxation charge represents the sum of current taxation and deferred taxation.

Current taxation is taxation suffered at source on overseas income less amounts recoverable under taxation treaties. Taxation is charged or credited to the revenue column of the Income Statement, except where it relates to items of a capital nature, in which case it is charged or credited to the capital column of the Income Statement. The Company is an approved Investment Trust under Section 1158 of the Corporation Tax Act 2010 and is not liable for UK taxation on capital gains.

Deferred taxation is the taxation expected to be payable or recoverable on timing differences between the treatment of certain items for accounting purposes and their treatment for the purposes of computing taxable profits. Deferred taxation is based on tax rates that have been enacted or substantively enacted when the taxation is expected to be payable or recoverable. Deferred tax assets are only recognised if it is considered more likely than not that there will be sufficient future taxable profits to utilise them.

j) Investments

The Company's business is investing in financial instruments with a view to profiting from their total return in the form of income and capital growth. This portfolio of investments is managed and its performance evaluated on a fair value basis, in accordance with a documented investment strategy, and information about the portfolio is provided on that basis to the Company's Board of Directors. Investments are measured at fair value with changes in fair value recognised in profit or loss, in accordance with the provisions of both Section 11 and Section 12 of FRS 102. The fair value of investments is initially taken to be their cost and is subsequently measured as follows:

- Listed investments are valued at bid prices, or last market prices, depending on the convention of the exchange on which they are listed: and
- Investments which are not quoted, or are not frequently traded, are stated at the best estimate of fair value. The Manager's Fair Value Committee (FVC), which is independent of the Portfolio Manager's team, and with support from the external valuer and Fidelity's unlisted investments specialist, provides recommended fair values to the Directors. These are based on the principles outlined in Note 2 (b). The unlisted investments are valued at fair value following a detailed review and appropriate challenge by the Directors of the pricing methodology used by the FVC.

The techniques applied by the FVC when valuing the unlisted investments are predominantly market-based approaches. The market-based approaches are set out below and are followed by an explanation of how they are applied to the Company's unlisted portfolio:

- Multiples;
- Industry Valuation Benchmarks; and
- Available Market Prices.

The nature of the unlisted investment will influence the valuation technique applied. The valuation approach recognises that the price of a recent investment, if resulting from an orderly transaction, generally represents fair value as at the transaction date and may be an appropriate starting point for estimating fair value at subsequent measurement dates. However, consideration is given to the facts and circumstances as at the subsequent measurement date, including changes in the market or performance of the investee company. Milestone analysis is used where appropriate to incorporate the operational progress of the investee company into the valuation. Consideration is also given to the input received from the Fidelity analyst that covers the company, Fidelity's unlisted investments specialist and an external valuer. Additionally, the background to the transaction must be considered. As a result, various multiples-based techniques are employed to assess the valuations particularly in those companies with established revenues. An absence of relevant industry peers may preclude the application of the Industry Valuation Benchmarks technique and an absence of observable prices may preclude the Available Market Prices approach.

The unlisted investments are valued according to a three month cycle of measurement dates. The fair value of the unlisted investments will be reviewed before the next scheduled three monthly measurement date on the following occasions:

- At the year end and half year end of the Company; and
- Where there is an indication of a change in fair value (commonly referred to as 'trigger' events).

Notes to the Financial Statements continued

2 Accounting Policies continued
In accordance with the AIC SORP, the Company includes transaction costs, incidental to the purchase or sale of investments, within gains/(losses) on investments in the capital column of the Income Statement and has disclosed these costs in Note 9.

k) Derivative instruments
When appropriate, permitted transactions in derivative instruments are used. Some of the Company's portfolio exposure to Japanese equities is achieved by investment in long CFDs. Long CFDs are classified as other financial instruments and are initially accounted and measured at fair value on the date the derivative contract is entered into and subsequently measured at fair value as follows:

- Long CFDs are the difference between the strike price and the value of the underlying shares in the contract.

l) Debtors
Debtors include securities sold for future settlement, accrued income, other debtors and prepayments incurred in the ordinary course of business. If collection is expected in one year or less (or in the normal operating cycle of the business, if longer) they are classified as current assets. If not, they are presented as non-current assets. They are recognised initially at fair value and, where applicable, subsequently measured at amortised cost using the effective interest rate method.

m) Cash collateral held with brokers
These are amounts held in segregated accounts on behalf of brokers as collateral against open derivative contracts. These are carried at amortised cost.

n) Other creditors
Other creditors include securities purchased for future settlement, investment management fees, other creditors and expenses accrued in the ordinary course of business. If payment is due within one year or less (or in the normal operating cycle of the business, if longer) they are classified as current liabilities. If not, they are presented as non-current liabilities. They are recognised initially at fair value and, where applicable, subsequently measured at amortised cost using the effective interest rate method.

o) Other reserve
The full cost of ordinary shares repurchased and held in Treasury is charged to the other reserve.

p) Capital reserve
The following are accounted for in the capital reserve:

- Gains and losses on the disposal of investments and derivative instruments;
- Changes in the fair value of investments and derivative instruments held at the year end;
- Foreign exchange gains and losses of a capital nature;
- Dividends receivable which are capital in nature;
- 80% of base investment management fees and finance costs;
- Variable investment management fees; and
- Other expenses which are capital in nature.

Technical guidance issued by the Institute of Chartered Accountants in England and Wales in TECH 02/17BL, guidance on the determination of realised profits and losses in the context of distributions under the Companies Act 2006, states that changes in the fair value of investments which are readily convertible to cash, without accepting adverse terms at the Balance Sheet date, can be treated as realised. Capital reserves realised and unrealised are shown in aggregate as capital reserve in the Statement of Changes in Equity and the Balance Sheet. At the Balance Sheet date, the portfolio of the Company consisted of investments listed on a recognised stock exchange and derivative instruments contracted with counterparties having an adequate credit rating, and the portfolio was considered to be readily convertible to cash, with the exception of the level 3 investments which had unrealised investment holding losses of £6,715,000 (2023: losses of £5,630,000). See Note 16 on pages 76 and 77 for further details on the level 3 investments.

3 Income

	Year ended 31.12.24 £'000	Year ended 31.12.23 £'000
Investment income		
Overseas dividends	**3,563**	3,475
Derivative income		
Dividends received on long CFDs	**530**	743
Other interest		
Interest received on bank deposits	**2**	–
Total income	**4,095**	4,218

No special dividends have been recognised in capital during the reporting year (2023: £nil).

4 Investment Management Fees

	Year ended 31 December 2024			Year ended 31 December 2023		
	Revenue £'000	**Capital £'000**	**Total £'000**	Revenue £'000	Capital £'000	Total £'000
Investment management fees – base	**330**	**1,318**	**1,648**	344	1,377	1,721
Investment management fees – variable[1]	**–**	**(471)**	**(471)**	–	(359)	(359)
	330	**847**	**1,177**	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 over a three year rolling period. Fees are payable monthly in arrears and are calculated on a daily basis.

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

Further details of the terms of the Management Agreement are given in the Directors' Report on page 35.

Notes to the Financial Statements continued

5 Other Expenses

	Year ended 31.12.24 £'000	Year ended 31.12.23 £'000
Allocated to revenue:		
AIC fees	**19**	18
Secretarial and administration fees payable to the Investment Manager	**50**	50
Custody fees	**13**	13
Depositary fees	**22**	24
Directors' expenses	**75**	43
Directors' fees[1]	**177**	160
Legal and professional fees	**67**	70
Marketing expenses	**175**	166
Printing and publication expenses	**63**	61
Registrars' fees	**35**	33
Other expenses	**13**	17
Fees payable to the Company's Independent Auditor for the audit of the Financial Statements	**55**	53
	764	708
Allocated to capital:		
Legal and professional fees – unlisted investments	**13**	4
Other expenses	**777**	712

1 Details of the breakdown of Directors' fees are provided in the Directors' Remuneration Report on page 44.

6 Finance Costs

	Year ended 31 December 2024			Year ended 31 December 2023		
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Interest paid on long CFDs	**37**	**150**	**187**	24	94	118
Interest paid on collateral and deposits[1]	**2**	**8**	**10**	3	12	15
	39	**158**	**197**	27	106	133

1 Due to negative interest rates during the current and prior year, 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

	Year ended 31.12.24 £'000	Year ended 31.12.23 £'000
a) Analysis of the taxation charge for the year		
Overseas taxation	**356**	347
Taxation charge for the year (see Note 7b)	**356**	347

b) Factors affecting the taxation charge for the year
The taxation charge for the year is lower than the standard rate of UK corporation tax for an investment trust company of 25% (2023: 25%). A reconciliation of the standard rate of UK corporation tax to the taxation charge for the year is shown below:

	Year ended 31.12.24 £'000	Year ended 31.12.23 £'000
Net (loss)/return on ordinary activities before taxation	**(7,167)**	28,044
Net (loss)/return on ordinary activities before taxation multiplied by the standard rate of UK corporation tax of 25% (2023: blended rate of 23.52%)	**(1,792)**	6,596
Effects of:		
Capital losses/(gains) not taxable[1]	**2,278**	(6,123)
Income not taxable	**(891)**	(817)
Expenses not deductible	**38**	23
Excess management expenses not utilised	**367**	321
Overseas taxation	**356**	347
Taxation charge for the year (see Note 7a)	**356**	347

1 The Company is exempt from UK taxation on capital gains as it meets the HM Revenue & Customs criteria for an investment company set out in Section 1159 of the Corporation Tax Act 2010.

c) Deferred taxation
A deferred taxation asset of £9,253,000 (2023: £8,886,000), in respect of excess expenses of £37,011,000 (2023: £35,543,000) has not been recognised as it is unlikely that there will be sufficient future profits to utilise these expenses.

The UK corporation tax rate increased from 19% to 25% from 1 April 2023. The rate of 25% has been applied to calculate the unrecognised deferred tax asset for the current year (2023: 25%).

Notes to the Financial Statements continued

8 Return/(loss) per Ordinary Share

	Year ended 31.12.24	Year ended 31.12.23
Revenue return per ordinary share	**2.17p**	2.17p
Capital (loss)/return per ordinary share	**(8.43p)**	19.33p
Total (loss)/return per ordinary share	**(6.26p)**	21.50p

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

	£'000	£'000
Net revenue return on ordinary activities after taxation	**2,606**	2,792
Net capital (loss)/return on ordinary activities after taxation	**(10,129)**	24,905
Net total (loss)/return on ordinary activities after taxation	**(7,523)**	27,697
	Number	Number
Weighted average number of ordinary shares held outside of Treasury	**120,169,404**	128,843,583

9 Investments

	2024 £'000	2023 £'000
Listed investments	**213,026**	237,440
Unlisted investments	**15,318**	16,403
Investments at fair value	**228,344**	253,843
Opening book cost	**244,383**	242,067
Opening investment holding gains/(losses)	**9,460**	(11,387)
Opening fair value	**253,843**	230,680
Movements in the year		
Purchases at cost	**186,791**	158,947
Sales – proceeds	**(200,384)**	(148,160)
(Losses)/gains on investments	**(11,906)**	12,376
Closing fair value	**228,344**	253,843
Closing book cost	**222,161**	244,383
Closing investment holding gains	**6,183**	9,460
Closing fair value	**228,344**	253,843

The Company received £200,384,000 (2023: £148,160,000) from investments sold in the year. The book cost of these investments when they were purchased was £209,013,000 (2023: £156,631,000). These investments have been revalued over time and until they were sold any unrealised gain/(losses) were included in the fair value of the investments.

9 Investments continued

Investment transaction costs

Transaction cost incurred in the acquisition and disposal of investments, which are included in the (losses)/gains on investments above, were as follows:

	Year ended 31.12.24 £'000	Year ended 31.12.23 £'000
Purchases transaction costs	**69**	57
Sales transaction costs	**94**	63
	163	120

10 Derivative Instruments

	Year ended 31.12.24 £'000	Year ended 31.12.23 £'000
Gains on derivative instruments		
Gains on long CFD positions closed	**2,876**	12,874
Movement in investment holding gains on long CFDs	**152**	1,425
	3,028	14,299

Derivative instruments recognised on the Balance Sheet

	2024		2023	
	Fair value £'000	**Portfolio exposure £'000**	Fair value £'000	Portfolio exposure £'000
Derivative instrument assets – long CFDs	**1,457**	**50,375**	1,216	41,568
Derivative instrument liabilities – long CFDs	**(142)**	**8,254**	(53)	21,953
	1,315	**58,629**	1,163	63,521

11 Debtors

	2024 £'000	2023 £'000
Securities sold for future settlement	**372**	361
Accrued income	**199**	249
Other debtors and prepayments	**98**	98
	669	708

12 Other Creditors

	2024 £'000	2023 £'000
Securities purchased for future settlement	**383**	438
Creditors and accruals	**329**	285
Amounts payable for repurchase of shares	**323**	271
	1,035	994

Notes to the Financial Statements continued

13 Share Capital

	2024 Number of shares	2024 Nominal value £'000	2023 Number of shares	2023 Nominal value £'000
Issued, allotted and fully paid				
Ordinary shares of 25 pence each held outside of Treasury				
Beginning of the year	**126,086,249**	**31,521**	129,701,893	32,425
Ordinary shares repurchased into Treasury	**(10,828,535)**	**(2,707)**	(3,615,644)	(904)
End of the year	**115,257,714**	**28,814**	126,086,249	31,521
Issued, allotted and fully paid				
Ordinary shares of 25 pence each held in Treasury[1]				
Beginning of the year	**10,075,446**	**2,520**	6,459,802	1,616
Ordinary shares repurchased into Treasury	**10,828,535**	**2,707**	3,615,644	904
End of the year	**20,903,981**	**5,227**	10,075,446	2,520
Total share capital		**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 Company repurchased 10,828,535 ordinary shares (2023: 3,615,644 shares) and held them in Treasury. The £18,857,000 (2023: £6,276,000) cost of repurchase was charged to the Other reserve.

14 Capital and Reserves

	Share capital £'000	Share premium account £'000	Capital redemption reserve £'000	Other reserve £'000	Capital reserve £'000	Revenue reserve £'000	Total shareholders' funds £'000
At 1 January 2024	**34,041**	**20,722**	**2,767**	**40,382**	**165,416**	**(5,535)**	**257,793**
Losses on investments (see Note 9)	–	–	–	–	**(11,906)**	–	**(11,906)**
Gains on derivative instruments (see Note 10)	–	–	–	–	**3,028**	–	**3,028**
Foreign exchange losses	–	–	–	–	**(233)**	–	**(233)**
Investment management fees (see Note 4)	–	–	–	–	**(847)**	–	**(847)**
Other expenses (see Note 5)	–	–	–	–	**(13)**	–	**(13)**
Finance costs (see Note 6)	–	–	–	–	**(158)**	–	**(158)**
Revenue return on ordinary activities after taxation for the year	–	–	–	–	–	**2,606**	**2,606**
Repurchase of ordinary shares (see Note 13)	–	–	–	**(18,857)**	–	–	**(18,857)**
At 31 December 2024	**34,041**	**20,722**	**2,767**	**21,525**	**155,287**	**(2,929)**	**231,413**

14 Capital and Reserves continued

	Share capital £'000	Share premium account £'000	Capital redemption reserve £'000	Other reserve £'000	Capital reserve £'000	Revenue reserve £'000	Total shareholders' funds £'000
At 1 January 2023	34,041	20,722	2,767	46,658	140,511	(8,327)	236,372
Gains on investments (see Note 9)	–	–	–	–	12,376	–	12,376
Gains on derivative instruments (see Note 10)	–	–	–	–	14,299	–	14,299
Foreign exchange losses	–	–	–	–	(642)	–	(642)
Investment management fees (see Note 4)	–	–	–	–	(1,018)	–	(1,018)
Other expenses (see Note 5)	–	–	–	–	(4)	–	(4)
Finance costs (see Note 6)	–	–	–	–	(106)	–	(106)
Revenue return on ordinary activities after taxation for the year	–	–	–	–	–	2,792	2,792
Repurchase of ordinary shares (see Note 13)	–	–	–	(6,276)	–	–	(6,276)
At 31 December 2023	34,041	20,722	2,767	40,382	165,416	(5,535)	257,793

The capital reserve balance at 31 December 2024 includes investment holding gains of £6,183,000 (2023: gains of £9,460,000) as detailed in Note 9. See Note 2 (p) on page 64 for further details. The capital reserve is distributable by way of dividend. The revenue reserve could be distributed by way of dividend if it were not in deficit.

15 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.

	2024	2023
Total shareholders' funds	**£231,413,000**	£257,793,000
Ordinary shares held outside of Treasury at year end	**115,257,714**	126,086,249
Net asset value per ordinary share	**200.78p**	204.46p

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.

16 Financial Instruments

Management of Risk

The Company's investment activities in pursuit of its objective involve certain inherent risks. The Board confirms that there is an ongoing process for identifying, evaluating and managing the risks faced by the Company. The Board, with the assistance of the Manager, has developed a risk matrix which, as part of the internal control process, identifies the risks that the Company faces. Principal risks identified are: geopolitical; investment performance and gearing; natural disaster; market, economic and currency; competition and marketplace threats; discount control and demand; key person; legislation, taxation and regulatory; business continuity; cybercrime and information security; environmental, social and governance (ESG); and continuation vote. Risks are identified and graded in this process, together with steps taken in mitigation, and are updated and reviewed on an ongoing basis. These risks and how they are identified, evaluated and managed are shown in the Strategic Report on pages 25 to 30.

Notes to the Financial Statements continued

16 Financial Instruments continued
This note refers to the identification, measurement and management of risks potentially affecting the value of financial instruments. The Company's financial instruments may comprise:

- Equity shares held in accordance with the Company's investment objective and policies;
- Derivative instruments which comprise CFDs; and
- Cash, liquid resources and short-term debtors and creditors that arise from its operations.

The risks identified arising from the Company's financial instruments are market price risk (which comprises interest rate risk, foreign currency risk and other price risk), liquidity risk, counterparty risk, credit risk and derivative instrument risk. The Board reviews and agrees policies for managing each of these risks, which are summarised below. These policies are consistent with those followed last year.

MARKET PRICE RISK

Interest rate risk
The Company finances its operations through its share capital and reserves. In addition, the Company has a geared exposure to Japanese equities through the use of long CFDs. The level of gearing is reviewed by the Board and the Portfolio Manager. The Company is exposed to a financial risk arising as a result of any increases in yen interest rates associated with the funding of the long CFDs.

Interest rate risk exposure
The values of the Company's financial instruments that are exposed to movements in interest rates are shown below:

	2024 £'000	2023 £'000
Exposure to financial instruments that bear interest		
Long CFDs – Portfolio exposure less fair value	**57,314**	62,358
	57,314	62,358
Exposure to financial instruments that earn interest		
Cash collateral held with brokers	**223**	–
Cash at bank	**1,897**	3,073
	2,120	3,073
Net exposure to financial instruments that bear interest	**55,194**	59,285

Foreign currency risk
The Company's net return/(loss) on ordinary activities after taxation for the year and its net assets may be affected by foreign exchange movements because the Company has income and assets which are denominated in yen whereas the Company's functional currency is UK sterling. The Company may also be subject to short-term exposure from exchange rate movements, for example, between the date when an investment is purchased or sold and the date when settlement of the transaction occurs. The Company does not hedge the sterling value of investments or other net assets priced in yen by the use of derivative instruments.

Three principal areas have been identified where foreign currency risk may impact the Company:

- Movements in currency exchange rates affecting the value of investments and long CFDs;
- Movements in currency exchange rates affecting short-term timing differences; and
- Movements in currency exchange rates affecting income received.

16 Financial Instruments continued

Currency exposure of financial assets

The currency exposure profile of the Company's financial assets is shown below:

Currency	Investments held at fair value £'000	Long exposure to derivative instruments £'000	Debtors[1] £'000	Cash at bank £'000	2024 Total £'000
Japanese yen	**228,344**	**58,629**	**794**	**1,897**	**289,664**
UK sterling	**–**	**–**	**98**	**–**	**98**
	228,344	**58,629**	**892**	**1,897**	**289,762**

1 Debtors include cash collateral held with brokers.

Currency	Investments held at fair value £'000	Long exposure to derivative instruments £'000	Debtor £'000	Cash at bank £'000	2023 Total £'000
Japanese yen	253,843	63,521	610	2,950	320,924
UK sterling	–	–	98	123	221
	253,843	63,521	708	3,073	321,145

Currency exposure of financial liabilities

The currency profile of the Company's financial liabilities is shown below:

Currency	2024 Other creditors £'000	2023 Other creditors £'000
Japanese yen	**383**	439
UK sterling	**652**	555
	1,035	994

Notes to the Financial Statements continued

16 Financial Instruments continued

Other price risk

Other price risk arises mainly from uncertainty about future prices of financial instruments used in the Company's business. It represents the potential loss the Company might suffer through holding market positions in the face of price movements. The Board meets quarterly to consider the asset allocation of the portfolio and the risk associated with particular industry sectors within the parameters of the investment objective. The Portfolio Manager is responsible for actively monitoring the existing portfolio selected in accordance with the overall asset allocation parameters described above and seeks to ensure that individual stocks also meet an acceptable risk/reward profile. Other price risks arising from derivative positions, mainly due to the underlying exposures, are estimated using Value at Risk and Stress Tests as set out in the Company's internal Risk Management Process Document.

Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulties in meeting obligations associated with financial liabilities. The Company's assets mainly comprise readily realisable securities and derivative instruments which can be sold easily to meet funding commitments if necessary. Short-term flexibility is achieved by the use of a bank overdraft, if required.

Liquidity risk exposure

At 31 December 2024, the undiscounted gross cash outflows of the financial liabilities were all repayable within one year and consisted of derivative instrument liabilities of £142,000 (2023: £53,000) and other creditors of £1,035,000 (2023: £994,000).

Counterparty risk

Certain derivative instruments in which the Company may invest are not traded on an exchange but instead will be traded between counterparties based on contractual relationships, under the terms outlined in the International Swaps and Derivatives Association's (ISDA) market standard derivative legal documentation. These are known as Over the Counter (OTC) trades. As a result, the Company is subject to the risk that a counterparty may not perform its obligations under the related contract. In accordance with the risk management process which the Investment Manager employs, this risk is minimised by only entering into transactions with counterparties which are believed to have an adequate credit rating at the time the transaction is entered into, by ensuring that formal legal agreements covering the terms of the contract are entered into in advance, and through adopting a counterparty risk framework which measures, monitors and manages counterparty risk by the use of internal and external credit agency ratings and by evaluating derivative instrument credit risk exposure.

Cash collateral

For derivative transactions, collateral is used to reduce the risk of both parties to the contract. Collateral is managed on a daily basis for all relevant transactions. At 31 December 2024, £1,487,000 (2023: £1,775,000) was held by the brokers in cash denominated in Japanese yen in a segregated collateral account on behalf of the Company, to reduce the credit risk exposure of the Company's net unrealised profits on derivative positions. This collateral comprised: J.P. Morgan Securities plc £nil (2023: £574,0000) and UBS AG £1,487,000 (2023: £1,201,000). At 31 December 2024, £223,000 (2023: £nil) shown as cash collateral held with brokers on the Balance Sheet, was held by the Company in a segregated collateral account to reduce the credit risk exposure of the Company's net unrealised losses on derivative positions. This collateral comprised of: J.P. Morgan Securities plc £223,000 (2023: £nil) in cash denominated in Japanese yen.

Credit risk

Financial instruments may be adversely affected if any of the institutions with which money is deposited suffer insolvency or other financial difficulties. All transactions are carried out with brokers that have been approved by the Manager and are settled on a delivery versus payment basis. Limits are set on the amount that may be due from any one broker and are kept under review by the Manager. Exposure to credit risk arises on unsettled security transactions and long CFD contracts and cash at bank.

Derivative instrument risk

The risks and risk management processes which result from the use of long CFDs are included within the risk categories disclosed above. Long CFDs are used by the Manager to gain unfunded long exposure to equity markets, sectors or single stocks. Unfunded exposure is exposure gained without an initial outflow of capital. The risk and performance contribution of long CFDs held in the Company's portfolio is overseen by the Manager's experienced, specialist derivative instruments team that uses portfolio risk assessment and construction tools to manage risk and investment performance.

16 Financial Instruments continued

RISK SENSITIVITY ANALYSIS

Interest rate risk sensitivity analysis

Based on the financial instruments held and interest rates at 31 December 2024, an increase of 0.25% in interest rates throughout the year, with all other variables held constant, would have increased the Company's net loss on ordinary activities after taxation for the year and decreased the Company's net assets by £138,000 (2023: decreased the net return and decreased the net assets by £148,000). A decrease of 0.25% in interest rates throughout the year would have had an equal but opposite effect.

Foreign currency risk sensitivity analysis

Based on the financial instruments held and currency exchange rates at 31 December 2024, a 10% strengthening of the sterling exchange rate against the yen, with all other variables held constant, would have increased the Company's net loss on ordinary activities after taxation for the year and decreased the Company's net assets by £26,298,000 (2023: decreased the net return and decreased the net assets by £29,134,000). A 10% weakening of the sterling exchange rate against the yen would have decreased the Company's net loss on ordinary activities after taxation for the year and increased the Company's net assets by £32,142,000 (2023: increased the net return and increased the net assets by £35,609,000).

Other price risk – exposure to investments sensitivity analysis

Based on the listed investments held and share prices at 31 December 2024, an increase of 10% in share prices, with all other variables held constant, would have decreased the Company's net loss on ordinary activities after taxation for the year and increased the Company's net assets by £21,303,000 (2023: increased the net return and increased the net assets by £23,744,000). A decrease of 10% in share prices would have had an equal and opposite effect.

Based on the unlisted investments held and share prices at 31 December 2024, an increase of 10% in share prices, with all other variables held constant, would have decreased the Company's net loss on ordinary activities after taxation for the year and increased the Company's net assets by £1,532,000 (2023: increased the net return and increased the net assets by £1,640,000). A decrease of 10% in share prices would have had an equal and opposite effect.

Other price risk – net exposure to derivative instruments sensitivity analysis

Based on the long CFDs held and share prices at 31 December 2024, an increase of 10% in the share prices underlying the long CFDs, with all other variables held constant, would have decreased the Company's net loss on ordinary activities after taxation for the year and increased the Company's net assets by £5,863,000 (2023: increased the net return and increased the net assets by £6,352,000). A decrease of 10% in share prices would have had an equal and opposite effect.

Fair Value of Financial Assets and Liabilities

Financial assets and liabilities are stated in the Balance Sheet at values which are not materially different to their fair values. As explained in Notes 2 (j) and (k) on pages 63 and 64, investments and derivative instruments are shown at fair value. In the case of cash at bank, book value approximates to fair value due to the short maturity of the instruments.

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.

Notes to the Financial Statements continued

16 Financial Instruments continued

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 dat

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 explained in Notes 2 (j) and (k) on pages 63 and 64. The table below sets out the Company's fair value hierarchy:

Financial assets at fair value through profit or loss	**Level 1 £'000**	**Level 2 £'000**	**Level 3 £'000**	**2024 Total £'000**
Investments	**213,026**	**–**	**15,318**	**228,344**
Derivative instrument assets	**–**	**1,457**	**–**	**1,457**
	213,026	**1,457**	**15,318**	**229,801**
Financial liabilities at fair value through profit or loss				
Derivative instrument liabilities	**–**	**(142)**	**–**	**(142)**

Financial assets at fair value through profit or loss	Level 1 £'000	Level 2 £'000	Level 3 £'000	2023 Total £'000
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)

16 Financial Instruments continued

The table below sets out the fair value of the level 3 financial instruments, all of which are unlisted investments:

Name	Business	Book cost £'000	2024 Level 3 £'000	2023 Level 3 £'000
Asoview	Online booking website for leisure facilities	**6,602**	**6,114**	5,740
GO Inc	Japan's largest ride-hailing company	**2,378**	**2,905**	2,487
Studyplus	Online educational company	**2,257**	**1,960**	2,110
iYell	Mortgage Fintech company	**2,641**	**1,652**	2,189
Moneytree	Developer of personal asset management applications	**3,016**	**1,042**	1,832
Spiber	Bio-tech company	**2,512**	**1,014**	1,011
Yoriso	Online funeral planning platform	**2,627**	**631**	1,034
End of the year		**22,033**	**15,318**	16,403

The valuation of all the unlisted investments at 31 December 2024 is based on the analysis of the company's financial reports, the macro-environment and benchmarking the position to a range of comparable market data. For more details on the technique applied to the value of unlisted investments, see Note 2 (j) in the Accounting Policies section.

Movements in level 3 financial instruments during the year:	Year ended 31.12.24 Level 3 £'000	Year ended 31.12.23 Level 3 £'000
Beginning of the year	**16,403**	18,933
Purchases at cost	**–**	2,378
Sales proceeds – Innophys	**–**	(274)
Sales loss – Innophys	**–**	(639)
Movement in investment holding losses (including foreign exchange movement)	**(1,085)**	(3,995)
End of the year	**15,318**	16,403

17 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 in the Balance Sheet on page 60, 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 objective, both of which are detailed in the Strategic Report on page 24. The principal risks and their management are disclosed in the Strategic Report on pages 25 to 30 and in Note 16 on page 71.

Notes to the Financial Statements continued

18 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 current fee arrangements are given in the Directors' Report on page 35 and in Note 4 on page 65. During the year, fees for portfolio management services of £1,177,000 (2023: £1,362,000) and secretarial and administration fees of £50,000 (2023: £50,000) were payable to FII. At the Balance Sheet date, net fees for portfolio management services of £97,000 (2023: £106,000) and secretarial and administration fees of £13,000 (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 year was £175,000 (2023: £166,000). At the Balance Sheet date, marketing services of £87,000 (2023: £18,000) were accrued and included in other creditors.

Disclosures of the Directors' interests in the ordinary shares of the Company and Directors' fees and taxable expenses relating to reasonable travel expenses paid to the Directors are given in the Directors' Remuneration Report on pages 44 and 45. In addition to the fees and taxable expenses disclosed in the Directors' Remuneration Report, £13,000 (2023: £14,000) of Employers' National Insurance Contributions was also paid by the Company. As at 31 December 2024, Directors' fees of £18,000 (2023: £18,000) were accrued and payable.

Alternative Performance Measures

The Company uses the following as Alternative Performance Measures which are all defined in the Glossary of Terms on pages 88 to 90.

Discount/Premium
The discount/premium is the difference between the net asset value ("NAV") per ordinary share of the Company and the ordinary share price and is expressed as a percentage of the NAV per ordinary share. Details of the Company's discount are on the Financial Highlights page.

Gearing
See the Fair Value and Portfolio Exposure of Investments table on page 16 for details of the Company's gearing.

Net Asset Value ("NAV") per Ordinary Share
See the Balance Sheet on page 60 and Note 15 on page 71 for further details.

Ongoing Charges Ratio
The ongoing charges ratio is considered has been calculated in accordance with guidance issued by the AIC as the total of management fees and other expenses expressed as a percentage of the average net assets throughout the year.

	2024	2023
Investment management fees (£'000)	**1,648**	1,721
Other expenses (£'000)	**777**	712
Ongoing charges (£'000)	**2,425**	2,433
Variable management fee (£'000)	**(471)**	(359)
Average net assets (£'000)	**235,249**	245,972
Ongoing charges ratio	**1.03%**	0.99%
Ongoing charges ratio including variable management fee	**0.83%**	0.84%

Revenue, Capital and Total Returns per Share
See the Income Statement on page 58 and Note 8 on page 68 for further details.

Total Return Performance
The tables below provide information relating to the NAV per ordinary share and the ordinary share price of the Company, the impact of the dividend reinvestments and the total returns for the years ended 31 December 2024 and 31 December 2023.

2024	**Net asset value per ordinary share**	**Ordinary share price**
31 December 2023	**204.46p**	**185.00p**
31 December 2024	**200.78p**	**174.50p**
Total return for the year	**-1.8%**	**-5.7%**

2023	Net asset value per ordinary share	Ordinary share price
31 December 2022	182.24p	164.75p
31 December 2023	204.46p	185.00p
Total return for the year	+12.2%	+12.3%

Financial Calendar and Annual General Meeting

The key dates in the Company's calendar are:

31 December 2024	Financial Year End
March 2025	Announcement of the annual results for the year ended 31 December 2024
April 2025	Publication of the Annual Report
21 May 2025	Annual General Meeting
30 June 2025	Half-Year End
September 2025	Announcement of the Half-Yearly results for the six months to 30 June 2025
September 2025	Publication of the Half-Yearly Report

ANNUAL GENERAL MEETING (AGM) – WEDNESDAY, 21 MAY 2025 AT 12 NOON

The AGM of the Company will be held at **12 noon** on **Wednesday, 21 May 2025** at 4 Cannon Street, London EC4M 5AB (nearest tube stations are St. Paul's or Mansion House) and virtually via the online Lumi AGM meeting platform. Full details of the meeting are given in the Notice of Meeting on pages 81 to 84.

For those shareholders who would prefer not to attend in person, we will live-stream the formal business and presentations of the meeting online.

Nicholas Price, the Portfolio Manager, will be making a presentation to shareholders discussing the performance of the past year and the prospects for the year to come. Nicholas and the Board will be very happy to answer any questions that shareholders may have. Copies of the Portfolio Manager's presentation can be requested by email at **investmenttrusts@fil.com** or in writing to the Company Secretary at FIL Investments International, Beech Gate, Millfield Lane, Lower Kingswood, Tadworth, Surrey KT20 6RP.

Properly registered shareholders joining the AGM virtually will be able to vote on the proposed resolutions. Please see Note 9 to the Notes to the Notice of Meeting on page 83 for details on how to vote virtually. Investors viewing the AGM online will be able to submit live written questions to the Board and the Portfolio Manager and these will be addressed on their behalf at an appropriate juncture during the meeting.

Further information and links to the Lumi platform may be found on the Company's website **www.fidelity.co.uk/japan**. On the day of the AGM, in order to join electronically and ask questions via the Lumi platform, shareholders will need to connect to the website **https://web.lumiagm.com**.

Please note that investors on platforms such as Fidelity Personal Investing, Hargreaves Lansdown, Interactive Investor or AJ Bell Youinvest will need to request attendance at the AGM in accordance with the policies of your chosen platform. They may request that you submit electronic votes in advance of the meeting. If you are unable to obtain a unique IVC and PIN from your nominee or platform, we will also welcome online participation as a guest. Once you have accessed https://web.lumiagm.com from your web browser on a tablet or computer, you will need to enter the **Lumi Meeting ID** which is **117598418**. You should then select the 'Guest Access' option before entering your name and who you are representing, if applicable. This will allow you to view the meeting and ask questions, but you will not be able to vote.

Further information on how to vote across the most common investment platforms is available at the following link: https://www.theaic.co.uk/how-to-vote-your-shares

Notice of Meeting

Notice is hereby given that the Annual General Meeting of Fidelity Japan Trust PLC will be held at 4 Cannon Street, London EC4M 5AB and virtually via the Lumi AGM meeting platform on Wednesday, 21 May 2025 at 12 noon for the following purposes:

1. To receive and adopt the Annual Report and Financial Statements for the year ended 31 December 2024.
2. To re-elect Mr David Graham as a Director.
3. To re-elect Mr David Barron as a Director.
4. To re-elect Ms Myra Chan as a Director.
5. To re-elect Mr Seiichi Fukuyama as a Director.
6. To re-elect Ms Sarah MacAulay as a Director.
7. To approve the Directors' Remuneration Report (excluding the section headed "The Remuneration Policy" set out on page 43 for the year ended 31 December 2024.
8. To reappoint Ernst & Young LLP as Auditor of the Company to hold office until the conclusion of the next general meeting at which financial statements are laid before the Company.
9. To authorise the Directors to determine the Auditor's remuneration.

To consider and, if thought fit, to pass the following special business resolutions of which Resolutions 10 and 13 will be proposed as ordinary resolutions and Resolutions 11, 12 and 14 as special resolutions.

Authority to Allot Ordinary Shares and Disapply Pre-Emption Rights

Resolutions 10 and 11 will, if approved, authorise the Directors to allot a limited number of ordinary shares (or to sell any ordinary shares which the Company elects to hold in Treasury) for cash without first offering such shares to existing ordinary shareholders pro-rata to their existing holdings. The limit set by the Board is 5% of the number of ordinary shares of the Company (including Treasury shares) in issue on 26 March 2025. The Directors will only issue new ordinary shares, or dispose of ordinary shares held in Treasury, under this authority to take advantage of opportunities in the market as they arise and only if they believe it is advantageous to the Company's shareholders to do so. Any ordinary shares held in Treasury would only be re-issued at Net Asset Value (NAV) per share or at a premium to NAV per share. This would ensure that the net effect of repurchasing and then re-issuing the ordinary shares would enhance NAV per share.

10. THAT the Directors be and they are hereby generally and unconditionally authorised in accordance with Section 551 of the Companies Act 2006 (the "Act") to exercise all the powers of the Company to allot shares in the Company or to grant rights to subscribe for or to convert any securities into shares in the Company ("relevant securities") up to an aggregate nominal amount of £1,689,434 (approximately 5% of the aggregate nominal amount of the issued share capital of the Company (including Treasury shares) as at 26 March 2025) and so that the Directors may impose any limits or restrictions and make any arrangements which they consider necessary or appropriate to deal with Treasury shares, fractional entitlements, record dates, legal, regulatory or practical problems in, or under the laws of, any territory or any other matter, such authority to expire at the conclusion of the next Annual General Meeting (AGM) of the Company or the date 15 months after the passing of this resolution, whichever is the earlier, but so that this authority shall allow the Company to make offers or agreements before the expiry of this authority which would or might require relevant securities to be allotted after such expiry as if the authority conferred by this resolution had not expired. All previous unexpired authorities are revoked, but without prejudice to any allotment of shares or grant of rights already made, offered or agreed to be made pursuant to such authorities.

11. THAT, subject to the passing of Resolution 10, as set out above, the Directors be and they are hereby authorised, pursuant to Sections 570-573 of the Act to allot equity securities (as defined in Section 560 of the Act) for cash pursuant to the authority given by the said Resolution 10 and/or to sell ordinary shares held by the Company as Treasury shares for cash, as if Section 561 of the Act did not apply to any such allotment or sale, provided that this power shall be limited:

    a) to the allotment of equity securities or sale of Treasury shares up to an aggregate nominal amount of £1,689,434 (approximately 5% of the aggregate nominal amount of the issued share capital of the Company (including Treasury shares) as at 26 March 2025); and

    b) by the condition that allotments of equity securities or sales of Treasury shares may only be made pursuant to this authority at a price of not less than the NAV per share,

    and this power shall expire at the conclusion of the next AGM of the Company or the date 15 months after the passing of this Resolution, whichever is the earlier, save that this authority shall allow the Company to make offers or agreements before the expiry of this authority, and the Directors may allot equity securities in relation to such an offer or agreement as if the authority conferred by this Resolution had not expired.

Authority to Repurchase Ordinary Shares

Resolution 12 is a special resolution which, if approved, will renew the Company's authority to purchase up to 14.99% of the number of ordinary shares in issue (excluding Treasury shares) on 26 March 2025, either for immediate cancellation or for retention as Treasury shares, at the determination of the Board. Once shares are held in Treasury, the Directors may only dispose of them in accordance with the relevant legislation by subsequently selling the shares for cash or cancelling the shares. Purchases of ordinary shares will be made at the discretion of the Directors and within guidelines set by them from time to time in the light of prevailing market conditions. Purchases will only be made in the market at prices below the prevailing NAV per share, thereby resulting in an increased NAV per share.

12. THAT the Company be and is hereby generally and unconditionally authorised in accordance with Section 701

Notice of Meeting continued

of the Companies Act 2006 (the "Act") to make market purchases (within the meaning of Section 693 of the Act) of ordinary shares of 25 pence each ("the shares") in the capital of the Company provided that:

a) the maximum number of shares hereby authorised to be purchased shall be 17,047,380;

b) the minimum price which may be paid for a share is 25 pence;

c) the maximum price (excluding expenses) which may be paid for each share is the higher of:

  i) 5% above the average of the middle market quotations for the shares as derived from the London Stock Exchange Daily Official List for the five business days preceding the date of purchase; and

  ii) the higher of the price of the last independent trade and the highest current independent purchase bid on the London Stock Exchange at the time the purchase is carried out;

d) the authority hereby conferred shall expire at the conclusion of the next AGM of the Company unless such authority is renewed prior to such time; and

e) the Company may make a contract to purchase shares under the authority hereby conferred prior to the expiry of such authority which will or may be executed wholly or partly after the expiration of such authority and may make a purchase of shares pursuant to any such contract.

Continuation of the Company

Resolution 13 is an ordinary resolution that relates to the continuation of the Company.

13. THAT the Company continues to carry on business as an investment trust.

Adoption of New Articles of Association

Resolution 14 is a special resolution that relates to the adoption of new Articles of Association by the Company to make changes in relation to the period for submitting proposals to members following a continuation vote and other clarificatory, administrative and technical changes, as described further in the Directors' Report on page 38.

14. THAT the draft Articles of Association produced to the meeting and, for the purpose of identification, initialled by the Chairman, be adopted as the Articles of Association of the Company in substitution for, and to the exclusion of, the existing Articles of Association of the Company with effect from the passing of this resolution and with regard to Article 5(B), if applicable, in respect of the ordinary resolution proposed at the meeting at which this resolution is passed that the Company should continue as an investment trust.

By Order of the Board
FIL Investments International
Secretary
26 March 2025

Notes to the Notice of Meeting:

1. A member of the Company entitled to attend and vote at the Annual General Meeting may appoint a proxy or proxies to attend and to speak and vote instead of him. A member may appoint more than one proxy in relation to the Annual General Meeting provided that each proxy is appointed to exercise the rights attached to a different share or shares held by that member. A proxy need not be a member of the Company. To appoint a proxy via the Investor Centre at **uk.investorcentre.mpms.mufg.com/Login**, you will need to log in to your Investor Centre account or register if you have not previously done so. To register you will need your Investor Code which can be found on your Form of Proxy.

2. A Form of Proxy is enclosed and must be returned to the Registrar at the address on the form to arrive not later than 12:00 on Monday, 19 May 2025. Completion and return of the form of proxy will not prevent a shareholder from subsequently attending the meeting and voting in person or virtually if they so wish.

3. To be effective, the instrument appointing a proxy, and any power of attorney or other authority under which it is signed (or a copy of any such authority certified notarially or in some other way approved by the Directors), must be deposited with the Company's Registrar, PXS 1, MUFG Corporate Markets, Central Square, 29 Wellington Street, Leeds LS1 4DL not less than 48 hours before the time for holding the meeting or adjourned meeting or, in the case of a poll taken more than 48 hours after it is demanded, not less than 24 hours before the time appointed for the taking of the poll at which it is to be used (in each case excluding non-business days).

4. In the case of joint holders, the vote of the senior who tenders the vote shall be accepted to the exclusion of the votes of the other joint holders and for this purpose, seniority shall be determined by the order in which the names stand in the Register of Members.

5. To appoint a proxy or to give or amend an instruction to a previously appointed proxy via the CREST system, the CREST message must be received by the issuer's agent RA10 by 12:00 on Monday, 19 May 2025. For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp applied to the message by the CREST Applications Host) from which the issuer's agent is able to retrieve the message. After this time any change of instructions to a proxy appointed through CREST should be communicated to the proxy by other means. CREST Personal Members or other CREST sponsored members and those CREST Members who have appointed voting service provider(s) should contact their CREST sponsor or voting service provider(s) for assistance with appointing proxies via CREST. For further information on CREST procedures, limitations and systems timings please refer to the CREST Manual. We may treat as invalid a proxy appointment sent by CREST in the circumstances set out in Regulation 35(5) of the Uncertified Securities Regulations 2001. In any case your proxy form must be received by the Company's Registrar no later than 12:00 on Monday, 19 May 2025.

6. Proxymity Voting – If you are an institutional investor you may also be able to appoint a proxy electronically via the Proxymity platform, a process which has been agreed by the Company and approved by the Registrar. For further information regarding Proxymity, please go to **www.proxymity.io**. Your proxy must be lodged by no later than 12:00 on Monday, 19 May 2025 in order to be considered valid. Before you can appoint a proxy via this process, you will need to have agreed to Proxymity's associated terms and conditions. It is important that you read these carefully as you will be bound by them and they will govern the electronic appointment of your proxy.

7. Unless otherwise indicated on the Form of Proxy, CREST voting, Proxymity or any other electronic voting channel instruction, the proxy will vote as they think fit or, at their discretion, withhold from voting.

8. All members are entitled to attend and vote at the AGM and ask questions. The right to vote at the meeting will be determined by reference to the Register of Members as at close of business on Monday, 19 May 2025. Shareholders are urged to vote using the Form of Proxy provided or electronically where permitted by your nominee or platform.

9. The Company is pleased to be able to offer facilities for shareholders to attend, ask questions and vote at the AGM electronically in real time should they wish to do so. The details are set out below.

   In order to join the AGM electronically and ask questions via the platform, shareholders will need to connect to the following site **https://web.lumiagm.com**. Lumi is available as a mobile web client, compatible with the latest browser versions of Chrome, Firefox, Edge and Safari and can be accessed using any web browser, on a PC or smartphone device.

   Once you have accessed **https://web.lumiagm.com** from your web browser on a tablet or computer, you will be asked to enter the **Lumi Meeting ID** which is **117598418**. You will then be prompted to enter your unique 11 digit Investor Code ("IVC") including any leading zeros and 'PIN'. Your PIN is the last 4 digits of your IVC. This will authenticate you as a shareholder.

   Your IVC can be found on your share certificate or as detailed on your proxy form. You can also obtain this by contacting MUFG Corporate Markets, our Registrar, by calling **+44 (0) 371 277 1020***

   Access to the AGM will be available from **30 minutes before the meeting start time**, although the voting functionality will not be enabled until the Chairman of the meeting declares the poll open. During the AGM, you must ensure you are connected to the internet at all times in order to vote when the Chairman commences polling on the Resolutions. Therefore, it is your responsibility to ensure connectivity for the duration of the AGM via your wi-fi. A user guide to the Lumi platform is available on the Company's pages of the Manager's website at: **www.fidelity.co.uk/japan**.

   If you wish to appoint a proxy other than the Chairman of the meeting and for them to attend the virtual meeting on your behalf, please submit your proxy appointment in the usual way before contacting MUFG Corporate Markets on **+44 (0) 371 277 1020*** in order to obtain their IVC and PIN. It is suggested that you do this as soon as possible and at least 48 hours (excluding non-business days) before the meeting.

   If your shares are held within a nominee/platform and you wish to attend the electronic meeting, you will need to contact your nominee as soon as possible. Your nominee will need to present a corporate letter of representation to MUFG Corporate Markets, the Registrar, as soon as possible and at least 72 hours (excluding non-business days) before the meeting, in order that they can obtain for you your unique IVC and PIN to enable you to attend the electronic meeting.

   If you are unable to obtain a unique IVC and PIN from your nominee or platform, we will also welcome online participation as a guest. Once you have accessed **https://web.lumiagm.com** from your web browser on a tablet or computer, you will need to enter the **Lumi Meeting ID** which is **117598418**. You should then select the 'Guest Access' option before entering your name and who you are representing, if applicable. This will allow you to view the meeting and ask questions but you will not be able to vote.

* Lines are open from 09:00 to 17:30 Monday to Friday, excluding public holidays in England and Wales. Calls are charged at the standard geographic rate and will vary by provider. Calls outside the UK will be charged at the applicable international rate.

10. Any person to whom this notice is sent who is a person nominated under Section 146 of the Companies Act 2006 to enjoy information rights (a "Nominated Person") may, under an agreement between him and the member by whom he was nominated, have a right to be appointed (or to have someone else appointed) as a proxy for the meeting. If a Nominated Person has no such proxy appointment right or does not wish to exercise it, he may, under any such agreement, have a right to give instructions to the member as to the exercise of voting rights. The statement of the rights of members in relation to the appointment of proxies in Note 1 above does not apply to Nominated Persons. The right described in that paragraph can only be exercised by members of the Company.

Notice of Meeting continued

11. If the Chairman, as a result of any proxy appointments, is given discretion as to how the votes which are the subject of those proxies are cast and the voting rights in respect of those discretionary proxies, when added to the interests in the Company's securities already held by the Chairman, result in the Chairman holding such number of voting rights that he has a notifiable obligation under the Disclosure and Transparency Rules, the Chairman will make the necessary notifications to the Company and the Financial Conduct Authority. As a result, any member holding 3% or more of the voting rights in the Company who grants the Chairman a discretionary proxy in respect of some or all of those voting rights and so would otherwise have a notification obligation under the Disclosure and Transparency Rules, need not make separate notification to the Company and the Financial Conduct Authority.

12. Pursuant to Regulation 41 of the Uncertificated Securities Regulations 2001, the Company has specified that to be entitled to attend and vote at the AGM (and for the purpose of determining the number of votes they may cast), members must be entered on the Register of Members by close of business on Monday, 19 May 2025. If the meeting is adjourned then, to be so entitled, members must be entered on the Register of Members by close of business on the day two days before the time fixed for the adjourned meeting, or, if the Company gives notice of the adjourned meeting, at any other time specified in that notice.

13. As at 26 March 2025 (the latest practicable date prior to the publication of this document), the Company's issued share capital consisted of 135,154,760 ordinary shares carrying one vote each. The number of shares held by the Company in Treasury was 21,429,725. Therefore, the total number of shares with voting rights in the Company was 113,725,035.

14. Any corporation which is a member can appoint one or more corporate representatives who may exercise on its behalf all of its powers as a member provided that they do not do so in relation to the same shares.

15. Shareholders and any proxies or representatives they appoint understand that by attending the meeting they are expressly agreeing that they are willing to receive any communications, including communications relating to the Company's securities, made at the meeting.

16. It is possible that, pursuant to requests made by members of the Company under Section 527 of the Companies Act 2006, the Company may be required to publish on its website a statement setting out any matter relating to the audit of the Company's accounts (including the Auditor's report and the conduct of the audit) that is to be laid before the AGM or any circumstance connected with an Auditor of the Company ceasing to hold office since the previous meeting at which the Annual Report and Financial Statements were laid. The Company may not require the Shareholders requesting any such website publication to pay its expenses in complying with such requests. Where the Company is required to place a statement on a website under Section 527 of the Companies Act 2006, it must forward the statement to the Company's Auditor not later than the time when it makes the statement available on the website. The business which may be dealt with at the AGM includes any statement that the Company has been required under Section 527 of the Companies Act 2006 to publish on its website.

17. No Director has a service contract with the Company.

18. A copy of this notice and other information required by Section 311A of the Companies Act 2006 is published on the Company's website at **www.fidelity.co.uk/japan**.

Registered office: Beech Gate, Millfield Lane, Lower Kingswood, Tadworth, Surrey KT20 6RP.

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 the way that is best for you. Details of how to invest and the latest Key Information Document can be found on the Company's pages on the Manager's website at: **www.fidelity.co.uk/japan**

CONTACT INFORMATION

Shareholders and Fidelity Platform Investors should contact the appropriate administrator using the contact details given on this page. Links to the websites of major platforms can be found online at **www.fidelity.co.uk/its**

Shareholders on the main share register

Contact MUFG Corporate Markets, Registrar to Fidelity Japan Trust PLC, Central Square, 29 Wellington Street, Leeds LS1 4DL.

Email: **shareholderenquiries@cm.mpms.mufg.com**

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 online from the Registrar's Investor Centre at **uk.investorcentre.mpms.mufg.com/Login**. Shareholders are able to manage their shareholding online by registering for the Investor Centre, 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 Investor Centre, 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).

Fidelity Platform Investors

Contact Fidelity, using the freephone numbers given below, or by writing to: UK Customer Service, Fidelity, PO Box 391, Tadworth KT20 9FU.

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

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: **0207 961 4240**

Email: **investmenttrusts@fil.com**

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

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.

ShareGift

You may donate your shares to charity free of charge through ShareGift. Further details are available at **www.sharegift.org.uk**.

Shareholder Information continued

Managers and Advisors

Alternative Investment Fund Manager (AIFM/the Manager)
FIL Investment Services (UK) Limited
Beech Gate
Millfield Lane
Lower Kingswood
Tadworth
Surrey
KT20 6RP

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

Depositary
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
Simmons & Simmons LLP
1 Ropemaker Street
London
EC2Y 9SS

Registrar
MUFG Corporate Markets (name changed from Link Group on 20 January 2025)
Central Square
29 Wellington Street
Leeds
LS1 4DL

Company Information
The Company was launched on 15 March 1994 with one warrant attached to every five shares. The original subscription price was £1 for each ordinary share of 25 pence each. On 11 November 2009, the Company issued subscription shares on a 1 for 5 basis and these were all exercised by 28 February 2014. The Company made another subscription share issue on 26 August 2014 on a 1 for 5 basis and these were all exercised by 29 April 2016.

The Company is a member of the Association of Investment Companies (AIC) from whom general information on investment trusts can be obtained by telephoning **020 7282 5555** (email: **enquiries@theaic.co.uk**).

Price Information
The share price of the Company is published daily in the Financial Times under the heading "Investment Companies". It is also published in The Times and The Daily Telegraph. Price and performance information is also available at **www.fidelity.co.uk/japan**.

Investors can also obtain current price information by telephoning Fidelity on **0800 41 41 10** (freephone) or FT Cityline on **0905 817 1690** (voice activated service) (calls are charged at 60p per minute on a per second basis from a BT landline. Charges from other telephone networks may vary). The Reuters code for Fidelity Japan Trust PLC is FJV.L, the SEDOL is 0332855 and the ISIN is GB0003328555.

Net Asset Value (NAV) Information
The NAV of the Company is calculated on a daily basis and released to the London Stock Exchange on a daily basis.

UK Capital Gains Tax
All UK individuals under present legislation are permitted to have £3,000 of capital gains in the current tax year 2024/2025 (2023/2024: £6,000) before being liable for capital gains tax. Capital gains tax is charged at 18% and 24% dependent on the total amount of taxable income.

Data Protection

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 website at **https://investment-trusts.fidelity.co.uk/security-privacy/**

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.

Retention period
Personal data will be kept for as long as is necessary for these purposes and no longer than legally permitted to do so.

Requesting access, making changes to 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.

Fair treatment of investors
The legal and regulatory regime to which the Company and the Directors are subject ensures the fair treatment of investors. The Listing Rules require that the Company treats all shareholders of the same class of shares equally. In particular, the Directors have certain statutory duties under the Companies Act 2006 with which they must comply. These include a duty upon each Director to act in the way she or he considers, in good faith, would be most likely to promote the success of the Company for the benefit of its members as a whole.

Glossary of Terms

AAF Report
A report prepared in accordance with the Audit and Assurance Faculty guidance issued by the Institute of Chartered Accountants in England and Wales.

AIC
The Association of Investment Companies ("AIC"). The Company is a member of the AIC.

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 uses the following Alternative Performance Measures which are all defined in this Glossary of Terms:

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

Capital Gains Tax (CGT)
The tax you may have to pay if you sell your shares at a profit.

Collateral
Assets provided as security for the unrealised gain or loss under a Contract for Difference.

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 an 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 collateral. The Company may reason that the asset price will rise, by buying ("long" position) or fall, by selling ("short" position). If the Company holds long positions, dividends are received and interest is paid. If the Company holds short positions, dividends are paid and interest is received. The Company only uses "long" Contract for Difference.

Corporation Tax
The UK tax the Company may have to pay on its profits. As an investment trust company, the Company is exempt from UK corporation tax on its capital gains and does not pay tax on any UK dividends. It can also offset expenses against any taxable income, and consequently it is tax efficient for the Company.

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.

Depositary
An entity that oversees the custody, cash arrangements and other AIFM responsibilities of the Company. The Company's Depositary is J.P. Morgan Europe Limited.

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

Discount
The Company's shares are said to be trading at a discount when its share price is lower than the net asset value per ordinary share. It is shown as a percentage of the net asset value per ordinary share.

Fair Value
The fair value is the best measure of the realisable value of the investments, including derivatives, at a point in time and is measured as:

- **Listed investments** – valued at bid prices or last market prices as 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).

Fidelity International (Fidelity)
FIL Limited and its subsidiary group companies including FIL Investment Services (UK) Limited and FIL Investments International which act as AIFM, Secretary and Investment Manager.

Gearing
Gearing is the Total Portfolio Exposure in excess of Shareholders' Funds. 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.

Investment Manager
FIL Investments International.

Independent Valuer
Kroll who provide an objective and independent assessment of value of unlisted and hard to price assets.

Manager
FIL Investment Services (UK) Limited is the appointed Manager under the Alternative Investment Fund Managers' Directive ("AIFMD") and has delegated the portfolio management of assets to the Investment Manager.

Net Assets or Net Asset Value (NAV)
Also described as "Shareholders' funds", net assets represent 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 ordinary share basis.

Net Asset Value per Ordinary Share
The net asset value divided by the number of ordinary shares in issue.

Ongoing Charges Ratio (excluding the variable management fee element)
Total operational expense (excluding finance costs and taxation) incurred by the Company as a percentage of the average daily net asset values for the reporting year.

Portfolio Exposure
The value of an underlying security or instrument to which the Company is exposed, whether through direct or indirect investment (including the economic value of the exposure in the underlying asset of derivatives).

Pre-Emption Rights
Section 561 of the Companies Act 2006 provides that a company offering a new issue of shares must first make an offer of these shares, on the same or more favourable terms, in proportion to the nominal value held to existing Shareholders. At each Annual General Meeting, the Board seeks Shareholder approval to disapply pre-emption rights provision, up to 10% of the Company's issued share capital.

Premium
The Company's shares are said to be trading at a premium when the share price of the Company is higher than the net asset value per ordinary share. 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). The Reference Index is the Company's Benchmark Index.

Registrar
An entity that manages the Company's shareholders register. The Company's Registrar is MUFG Corporate Markets (name changed from Link Group on 20 January 2025).

Reserves
- **Share premium account** represents the amount by which the proceeds from the issue of ordinary shares, on the exercise of rights attached to subscription shares, exceeded the nominal value of those ordinary shares. It is not distributable by way of dividend and cannot be used to fund share repurchases.
- **Capital redemption reserve** maintains the equity share capital of the Company and represents the nominal value of shares repurchased and cancelled. It is not distributable by way of dividend and cannot be used to fund share repurchases.
- **Other reserve** was created in 1999 when the share premium account at the time was cancelled. It is not distributable by way of dividend. It can be used to fund share repurchases.
- **Capital reserve** represents realised gains and losses on investments and derivatives sold, unrealised increases and decreases in the fair value of investments and derivatives held and other income and costs recognised in the capital column of the Income Statement. It can be used to fund repurchases and it is distributable by way of dividend.
- **Revenue reserve** represents retained revenue losses recognised in the revenue column of the Income Statement. It could be distributable by way of dividend if it were not in deficit.

Return
The return generated in a given period from 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 returns.

Share Repurchases (Share Buybacks)
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 their 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 per ordinary share.

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 as shown in the balance sheet.

Total Portfolio Exposure
The total of fixed asset investments at fair value plus the fair value of the underlying securities within the Contracts for Difference.

Glossary of Terms continued

Total Return Performance

The return on the share price or net asset value per ordinary share taking into account the rise and fall of share prices and the dividends paid to Shareholders. Any dividends received by the Shareholder are assumed to have been reinvested for additional shares (for share price total return) or in 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.

Alternative Investment Fund Manager's Disclosure

In compliance with the Alternative Investment Fund Manager's Directive (AIFMD), the Board has appointed FIL Investment Services (UK) Limited (FISL) as the Company's Alternative Investment Fund Manager (AIFM). FISL has delegated the portfolio management and company secretarial function to FIL Investments International. Details of the Management Agreement can be found in the Directors' Report on page 35.

The table below and on the next page discloses information required by the Alternative Investment Fund Manager's Regulations 2013.

Function	AIFM Role and Responsibility	AIFMD Disclosure
Investment management	The AIFM provides portfolio management of assets and investment advice in relation to the assets of the Company. It has delegated this function to FIL Investments International. The Board remains responsible for setting the investment strategy, investment policy and investment guidelines and the AIFM operates within these guidelines.	Details of the Company's investment objective, strategy and investment policy, including limits, are on pages 24 and 25.
Risk management	The AIFM has a responsibility for risk management for the Company which is in addition to the Board's corporate governance responsibility for risk management. The Company has a Risk Management Process Document which demonstrates that risk management is separated functionally and hierarchically from operating units and demonstrates independent safeguards. The Manager maintains adequate risk management systems in order to identify, measure and monitor all risks at least annually under the AIFMD. The Manager is responsible for the implementation of various risk activities such as risk systems, risk profile, risk limits and testing. The Board, as part of UK corporate governance, remains responsible for the identification of significant risks and for the ongoing review of the Company's risk management and internal control processes.	The AIFM has an ongoing process for identifying, evaluating and managing the principal risks faced by the Company and this is regularly reviewed by the Board. The Board remains responsible for the Company's system of risk management and internal control, and for reviewing its effectiveness. Further details can be found in the Strategic Report on pages 25 to 30 and in Note 16 to the Financial Statements on pages 71 to 77.
Valuation of illiquid assets	The AIFMD requires the disclosure of the percentage of the Alternative Investment Fund's assets which are subject to special arrangements arising from their illiquid nature and any new arrangements for managing the liquidity of the Company.	As at the date of this report, none of the Company's assets were subject to special arrangements arising from their illiquid nature.

Alternative Investment Fund Manager's Disclosure continued

Function	AIFM Role and Responsibility	AIFMD Disclosure
Leverage	The Company uses leverage to increase its exposure primarily to Japanese stock markets and currently holds derivatives to achieve this. The AIFM has set maximum levels of leverage that are reasonable. It has implemented systems to calculate and monitor compliance against these limits and has ensured that the limits have been complied with at all times. There are two methods of calculating leverage – the Gross Method which does not reduce exposure for hedging; and the Commitment Method which does reduce exposure for hedging.	The maximum leverage limits are 1.80 for the Gross Method of calculating leverage and 1.50 for the Commitment Method. At 31 December 2024, leverage for both the Gross Method and the Commitment Method was 1.25.
Liquidity management	The AIFM, in consultation with the Board, maintains a liquidity management policy which is considered at least annually.	No new arrangements for managing the liquidity of the Company have been made. Further details can be found in Note 16 on page 74.
Remuneration of the AIFM	The AIFM operates under the terms of Fidelity International's Global Remuneration Policy. This ensures that the AIFM complies with the requirements of the FCA's Remuneration Code (SYSC19A); the AIFM Remuneration Code (SYSC19B) and the BIPRU Remuneration Code (SYSC19C).	Details of Fidelity International's Global Remuneration Policy can be found at **www.fidelityinternational.com/global/remuneration/default.page**

EU Securities Financing Transactions Regulations ("SFTR")
The following disclosure relates to the long contracts for difference ("CFDs") held by the Company which may be considered Total Return Swaps under the SFTR, which came into force on 12 January 2016.

As at 31 December 2024, all CFDs were contracted bilaterally with open maturities:

Broker	Fair Value £000	Percentage of Net Assets	Collateral held by the broker £000	Collateral held by the Company £000
J.P. Morgan Securities plc (UK)	(136)	(0.06%)	–	223
UBS AG (UK)	1,451	0.63%	1,487	–

The total return for the year ended 31 December 2024 from CFDs was a gain of £3,371,000.

www.fidelity.co.uk/its

Printed by Park Communications on FSC® certified paper.

Park works to the EMAS standard and its Environmental Management System is certified to ISO 14001.

This publication has been manufactured using 100% offshore wind electricity sourced from UK wind.

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www.fsc.org
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