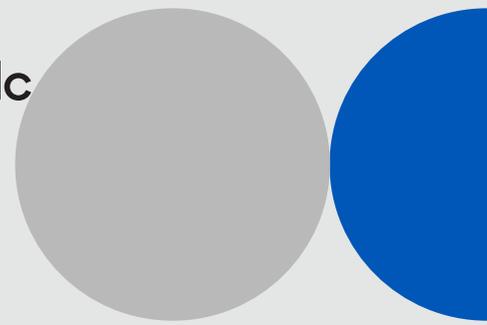


abrdn Japan Investment Trust plc

Japan specialists identifying exceptional companies

Performance Data and Analytics to 30 June 2023



Proposal for the Reconstruction and Voluntary Winding-up of the Company

On 18 May 2023, the Board announced that heads of terms have been agreed in principle for a proposed combination of assets of the Company with the assets of Nippon Active Value Fund plc. The combination, if approved by each company's shareholders at the requisite general meetings, will be implemented through a scheme of reconstruction, resulting in the voluntary liquidation of the Company and a rollover, coupled with an opportunity for a cash exit for up to 25 per cent. The Board will continue to update shareholders, including notice of the Company's annual and/or general meeting(s), as appropriate.

Investment objective

To achieve long-term capital growth principally through investment in listed Japanese companies which are believed by the Investment Manager to have above average prospects for growth.

Benchmark

Topix Index (in sterling terms).

Cumulative performance (%)

| | as at 30/06/23 | 1 month | 3 months | 6 months | 1 year | 3 years | 5 years |
|------------------|-------------------|------------|-------------|-------------|-----------|------------|------------|
| Share Price | 655.0p | 3.0 | 18.7 | 17.7 | 24.7 | 9.0 | 19.4 |
| NAV ^A | 679.1p | 0.2 | 2.8 | 6.2 | 8.8 | (2.2) | 9.0 |
| Benchmark | | 1.4 | 2.5 | 6.0 | 12.9 | 14.5 | 18.8 |

Discrete performance (%)

| | 30/06/23 | 30/06/22 | 30/06/21 | 30/06/20 | 30/06/19 |
|------------------|----------|----------|----------|----------|----------|
| Share Price | 24.7 | (20.2) | 9.5 | 17.2 | (6.5) |
| NAV ^A | 8.8 | (17.6) | 9.1 | 19.7 | (7.0) |
| Benchmark | 12.9 | (8.4) | 10.7 | 6.1 | (2.1) |

Total return; NAV to NAV, net income reinvested, GBP. Share price total return is on a mid-to-mid basis. Dividend calculations are to reinvest as at the ex-dividend date. NAV returns based on NAVs with debt valued at fair value. Source: abrdn Investments Limited, Lipper and Morningstar.

Past performance is not a guide to future results.

^A Including current year revenue.

^B © 2023 Morningstar. All Rights Reserved. The information contained herein: (1) is proprietary to Morningstar and/or its content providers; (2) may not be copied or distributed; and (3) is not warranted to be accurate, complete or timely. Neither Morningstar nor its content providers are responsible for any damages or losses arising from any use of this information. Past performance is no guarantee of future results. For more detailed information about Morningstar's Analyst Rating, including its methodology, please go to: <http://corporate.morningstar.com/us/documents/MethodologyDocuments/AnalystRatingforFundsMethodology.pdf> The Morningstar Analyst Rating for Funds is a forward-looking analysis of a fund. Morningstar has identified five key areas crucial to predicting the future success of a fund: People, Parent, Process, Performance, and Price. The pillars are used in determining the Morningstar Analyst Rating for a fund. Morningstar Analyst Ratings are assigned on a five-tier scale running from Gold to Negative. The top three ratings, Gold, Silver, and Bronze, all indicate that our analysts think highly of a fund; the difference between them corresponds to differences in the level of analyst conviction in a fund's ability to outperform its benchmark and peers through time, within the context of the level of risk taken over the long term. Neutral represents funds in which our analysts don't have a strong positive or negative conviction over the long term and Negative represents funds that possess at least one flaw that our analysts believe is likely to significantly hamper future performance over the long term. Long term is defined as a full market cycle or at least five years. Past performance of a security may or may not be sustained in future and is no indication of future performance. For detailed information about the Morningstar Analyst Rating for Funds, please visit <http://global.morningstar.com/managerdisclosures>.

Morningstar Analyst Rating™



^B Morningstar Analyst Rating™

Morningstar analysts assign the ratings globally on a five-tier scale with three positive ratings of Gold, Silver and Bronze.

Morningstar Rating™



^B Morningstar Rating™ for Funds

Morningstar rates funds from one to five stars based on how well they've performed (after adjusting for risk and accounting for all sales charges) in comparison to similar funds.



Ten largest equity holdings (%)

| | |
|--------------------------|-------------|
| Tokio Marine | 4.6 |
| Sony | 4.2 |
| Keyence | 3.6 |
| Advantest | 3.3 |
| Hitachi | 3.3 |
| Asahi | 2.9 |
| Ibiden | 2.8 |
| Shin-Etsu Chemical | 2.8 |
| Mitsubishi UFJ Financial | 2.7 |
| Nippon Paint | 2.4 |
| Total | 32.6 |

Total number of investments 68

All sources (unless indicated): abrdn: 30 June 2023.





1 Year Premium/Discount Chart (%)



Fund managers' report

Japanese equities rose again in June, capping out a positive first half of the 2023. Investor sentiment was positive on equities globally in the month, as the latest economic data was positively received by investors. However, market positivity came against a backdrop of currency weakness, with the dollar surpassing ¥145 for the first time since September 2022. Government officials have suggested a willingness to intervene if the currency continues to depreciate. Large caps outperformed small caps, with the MSCI Japan Index returning 7.71%, while the MSCI Japan Small Cap Index rose by 5.81% (total returns in yen terms).

May's inflation data showed core consumer prices rising by 3.2% year on year, slightly above forecasts but below April's figure. The index, which strips out fresh food and fuel prices, showed a 4.3% year-on-year rise, the biggest increase in more than 40 years. Despite that, the Bank of Japan (BoJ) held interest rates unchanged in June; however, a member of the policy setting committee called for a review of yield curve control (YCC), which holds 10-year bond yields within a band. Labour data showed wages rising by 1% in April, but household spending fell by 4.4% year-on-year, with the first contraction in services spending since 2021. The au Jibun Bank Flash Japan Composite Purchasing Managers' Index also showed growth slipping across the board and manufacturers returning to contractionary territory. However, the BoJ's Tankan survey, published just after the month-end, showed improving sentiment in the second quarter.

During the month, the majority of Japanese companies held their annual shareholder meetings, for which there was a record number of shareholder proposals. Capital efficiency, environmental issues and disputes on board appointments made up the majority of these proposals. While almost all of these proposals were voted down, what was notable was a rising proportion of votes against executives' nominations at companies with relatively weaker governance standards, including Toyota Motor's Chairman Akio Toyoda, whose support fell 11% from a year ago to 85%. This is an encouraging trend: for many years, we have engaged on, and actively voted against, the nomination of directors as a way to raise governance standards in Japan. We intend to follow up on our holdings' voting results in the near future.

Fund managers' report continues overleaf

^c Expressed as a percentage of average daily net assets for the year ended 31 March 2023. The Ongoing Charges Figure (OCF) is the overall cost shown as a percentage of the value of the assets of the Company. It is made up of the Annual Management Fee and other charges. It does not include any costs associated with buying shares in the Company or the cost of buying and selling stocks within the Company. The OCF can help you compare the annual operating expenses of different Companies.

^d Net gearing is defined as a percentage, with net debt (total debt less cash/cash equivalents) divided by shareholders' funds.

^e The 'Active Share' percentage is a measure used to describe what proportion of the Company's holdings differ from the benchmark index holdings.

Sector allocation (%)

| | Trust | Benchmark |
|------------------------|--------------|--------------|
| Industrials | 21.9 | 24.6 |
| Information Technology | 21.0 | 13.7 |
| Consumer Discretionary | 12.9 | 18.3 |
| Consumer Staples | 11.7 | 7.1 |
| Financials | 10.4 | 10.8 |
| Health Care | 9.7 | 8.3 |
| Materials | 6.4 | 5.7 |
| Real Estate | 3.1 | 1.9 |
| Communication Services | 2.5 | 7.6 |
| Energy | - | 0.8 |
| Utilities | - | 1.3 |
| Cash | 0.4 | - |
| Total | 100.0 | 100.0 |

Fund risk statistics

| | 3 Years | 5 Years |
|---------------------------------------|---------|---------|
| Annualised Standard Deviation of Fund | 13.88 | 13.98 |
| Beta | 1.05 | 1.07 |
| Sharpe Ratio | (0.14) | 0.07 |
| Annualised Tracking Error | 4.93 | 4.97 |
| Annualised Information Ratio | (1.04) | (0.29) |
| R-Squared | 0.87 | 0.88 |

Source: abrdrn & Factset.
Basis: Total Return, Gross of Fees, GBP.
Please note that risk analytics figures are calculated on gross returns whereas the performance figures are based on net asset value (NAV) returns. In addition, the risk analytics figures lag the performance figures by a month.

Key information

Calendar

| | |
|------------------------------|--|
| Year end | 31 March |
| Accounts published | June |
| Annual General Meeting | July |
| Dividend paid | December and July |
| Launch date | October 1998 |
| Fund manager | Japanese Equities Team |
| Ongoing charges ^c | 1.17% |
| Annual management fee | 0.75% of the lower of net assets and market capitalisation |
| Premium/(Discount) | (3.5)% |
| Historic yield | 1.8% |
| Net gearing ^d | 10.7% |
| Active share ^e | 72.4% |



Fund managers' report – continued

The easing of semiconductor shortage led to an improvement in the global production volume of Japanese automakers. Toyota Motor's monthly production volume reached a record high for the month of May helped by design changes as well as improving semiconductor procurement.

Machinery component maker Misumi Group's domestic sales in May were also helped by a recovery in orders from the automotive sector.

However, Misumi's overseas sales continued to decline year on year due to weak capital expenditure sentiment in China. The company has been successful in adopting to changes in the operating environment in the past, and we are monitoring closely the contribution from the recent rollout of economy products and expansion of meviy, an online component procurement system.

Japan Investment Corp, a government-affiliated fund, announced buying out semiconductor materials maker JSR with an aim of supporting the company's efforts to lead a broader industry reorganisation to enhance its global competitiveness. We are not shareholders of JSR but our holding Shin-Etsu Chemical is a close competitor to JSR for photoresists used in advanced semiconductor production. Separately, the Japanese government has been active in providing subsidies to promote next-generation semiconductor-related investments in Japan. These include packaging substrate maker Ibiden, which will receive subsidies for its largest mass production base in Japan that is currently being built.

In the domestic market, Suntory Beverage & Food announced raising prices for large PET bottle drinks by 6% to 22% from October. We view the company's commitment to improving profitability as the domestic price leader positively. In May, Suntory raised prices for canned and bottled drinks for the first time in 25 years. Sales volume has been relatively resilient despite the price hikes, and we believe this is not only due to consumers being more accepting of price hikes than initially thought but also due to the company's continuous efforts to develop products that meet consumers' tastes. Improving profitability will help the company raise wages to attract and retain talent. Earlier in the year, the company's parent Suntory Holdings announced raising wages for its employees by 7% on average.

Portfolio Moves

There were no significant changes to the portfolio over the month.

Outlook

Looking ahead, there is cause for optimism. The macroeconomic conditions that have hurt some of our holdings in the recent past appear to be reversing: inflationary pressures are easing and interest rate rises are expected to moderate. While there are still concerns that the market may be underestimating the persistency of inflation, and that geopolitics could still lead to sudden changes in the economic outlook, we believe that the prospects of better run businesses should, over time, outperform. And thus, we have stayed true to our principles: that investing in a group of well-run companies, alongside active engagement, will lead to better outcomes for our clients.

The risk outlined overleaf relating to gearing and exchange rate movements are particularly relevant to this trust but should be read in conjunction with all warnings and comments given. Important information overleaf

AIFMD Leverage Limits

| | |
|----------------|------|
| Gross Notional | 2.5x |
| Commitment | 2x |

Assets/Debt (£m)

| | |
|-------------------------|------|
| Gross assets | 93.7 |
| Debt | 9.2 |
| Cash & cash equivalents | 0.2 |

Capital structure

| | |
|-----------------|------------|
| Ordinary shares | 12,432,024 |
| Treasury shares | 3,389,548 |

Allocation of management fees and finance costs

| | |
|---------|-----|
| Capital | 60% |
| Revenue | 40% |

Trading details

| | |
|-----------------------------|-----------------------------------|
| Reuters/Epic/Bloomberg code | AJIT |
| ISIN code | GB0003920757 |
| Sedol code | 0392075 |
| Stockbrokers | Shore Capital |
| Market makers | CFEP, INV, JPMS, STFL, SCAP, WINS |



Factsheet

Receive the factsheet by email as soon as it is available by registering at www.invtrusts.co.uk/#signup www.aberdeenjapan.co.uk



Contact

Private investors
0808 500 4000

Institutional investors

InvestmentTrustInvestorRelations-UK@abrdrn.com

+44 (0)20 7463 5971

+44 (0)131 222 1863

Important information

Risk factors you should consider prior to investing:

- The value of investments, and the income from them, can go down as well as up and investors may get back less than the amount invested.
- Past performance is not a guide to future results.
- Investment in the Company may not be appropriate for investors who plan to withdraw their money within 5 years.
- The Company may borrow to finance further investment (gearing). The use of gearing is likely to lead to volatility in the Net Asset Value (NAV) meaning that any movement in the value of the company's assets will result in a magnified movement in the NAV.
- The Company may accumulate investment positions which represent more than normal trading volumes which may make it difficult to realise investments and may lead to volatility in the market price of the Company's shares.
- The Company may charge expenses to capital which may erode the capital value of the investment.
- Derivatives may be used, subject to restrictions set out for the Company, in order to manage risk and generate income. The market in derivatives can be volatile and there is a higher than average risk of loss.
- Movements in exchange rates will impact on both the level of income received and the capital value of your investment.
- There is no guarantee that the market price of the Company's shares will fully reflect their underlying Net Asset Value.
- As with all stock exchange investments the value of the Company's shares purchased will immediately fall by the difference between the buying and selling prices, the bid-offer spread. If trading volumes fall, the bid-offer spread can widen.
- Yields are estimated figures and may fluctuate, there are no guarantees that future dividends will match or exceed historic dividends and certain investors may be subject to further tax on dividends.

Other important information:

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