

Interim  
Financial Report

29 February 2024

# The Baillie Gifford Japan Trust PLC



Managed by

**Baillie Gifford**

The Baillie Gifford Japan Trust PLC aims to achieve long term capital growth principally through investment in medium to smaller sized Japanese companies which are believed to have above average prospects for growth.

### **Benchmark**

The portfolio benchmark against which performance is measured is the TOPIX total return (in sterling terms).

### **Principal Risks and Uncertainties**

The principal risks facing the Company are financial risk, investment strategy risk, discount risk, smaller company risk, climate and governance risk, leverage risk, regulatory risk, political and associated economic risk, custody and depositary risk, reliance on third party service provider risk, cyber security risk and emerging risks. An explanation of these risks and how they are managed is set out on pages 38 to 41 of the Company's Annual Report and Financial Statements for the year to 31 August 2023 and is available on the Company's website: [japantrustplc.co.uk](http://japantrustplc.co.uk).

The principal risks and uncertainties have not changed since the date of the Annual Report.

### **Responsibility Statement**

We confirm that to the best of our knowledge:

- a. the condensed set of Financial Statements has been prepared in accordance with FRS 104 'Interim Financial Reporting';
- b. the Interim Management Report includes a fair review of the information required by Disclosure Guidance and Transparency Rule 4.2.7R (being an indication of important events that have occurred during the first six months of the financial year, their impact on the condensed set of Financial Statements and a description of the principal risks and uncertainties for the remaining six months of the year); and
- c. the Interim Financial Report includes a fair review of the information required by Disclosure Guidance and Transparency Rule 4.2.8R (disclosure of related party transactions and changes therein).

On behalf of the Board  
David Kidd  
Chairman  
21 March 2024

# Summary of unaudited results

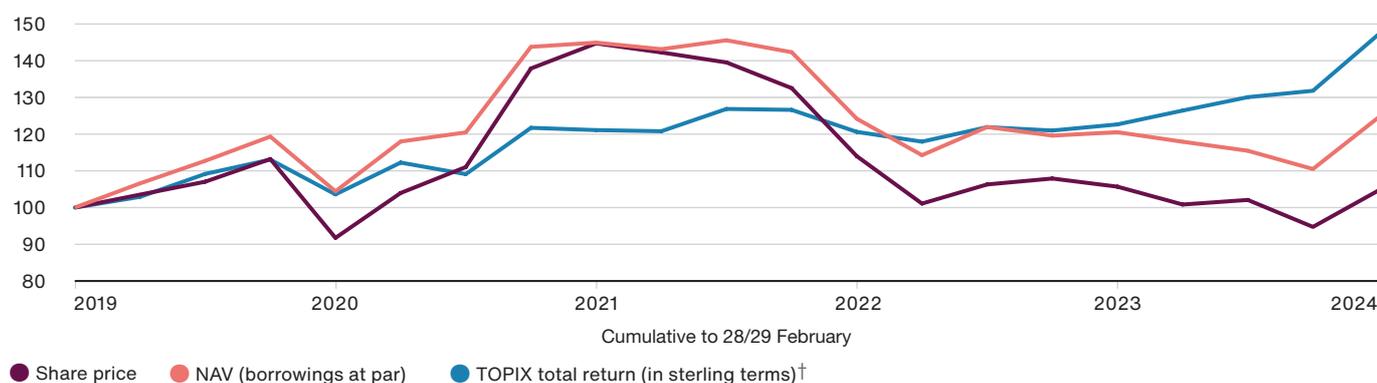
	29 February 2024	31 August 2023 (audited)	% change
Shareholders' funds	£753.5m	£733.0m	
Net asset value per share	838.0p	787.7p	6.4
Share price	742.0p	735.0p	1.0
Discount*	(11.5%)	(6.7%)	
Active share*	84%	83%	

	Six months to 29 February 2024	Six months to 28 February 2023
Revenue earnings per share	4.31p	5.28p
<b>Total returns (%)<sup>*†</sup></b>		
Net asset value per share	7.8	(1.2)
Share price	2.5	(0.6)
TOPIX total return (in sterling terms)	13.1	0.6

Period's high and low	Six months to 29 February 2024		Year to 31 August 2023	
	High	Low	High	Low
Net asset value per share	838.2p	715.5p	876.0p	749.0p
Share price	755.0p	641.0p	827.0p	703.0p
(Discount)/premium*	(6.5%)	(12.1%)	0.2%	(11.9%)

## Five Year Total Return Performance

(figures rebased to 100 at 28 February 2019)



\* Alternative Performance Measure – see Glossary of Terms and Alternative Performance Measures on pages 14 and 15.

† Source: Baillie Gifford/LSEG and relevant underlying data providers. See disclaimer on page 13.

Past performance is not a guide to future performance.

# Interim Management Report

The six month period to the end of February 2024 was a positive one for the Japanese stock market. During the period the NAV total return of your Company was +7.8% whilst the share price return was +2.5% and the TOPIX total return (in sterling terms) was +13.1%.

The Japanese macro-economic environment continues to provide a solid background for investing. Companies have maintained a good focus on the importance of shareholder returns. Inflation has persisted and workers are increasingly benefiting from wage rises. Meanwhile the weak yen has continued to buoy the profits of exporters. Consequently, the Bank of Japan has ended the negative interest rate and yield curve control policies. After a long wait this move clearly signals the final step in Japan's long journey back out of deflation.

In general, sentiment towards Japanese stocks improved over the period and, unusually, this improvement was disproportionately biased towards larger-cap companies. For example, the Topix 100 (the largest 100 companies in Japan) delivered a total return of 17% whereas the Topix 400 (the next largest 400 companies in Japan) delivered a total return of 5%. Generally, larger Japanese companies tend to have more export exposure and so benefitted from solid global demand and the weak yen. At the end of the period the Topix 100 comprised 66% of total Japanese market capitalisation whereas these larger companies were 42% of your Company. We are looking for companies with the ability to grow sales and profits significantly over the long-term which means that we are naturally orientated towards a higher weighting in medium and smaller companies. These companies are often using more innovative business models and have a longer growth runway ahead of them.

Turning to individual stocks, the five largest positive contributors to relative performance were Rakuten (+1.0%), SoftBank Group (+1.0%), SBI Holdings (+0.7%), Rizap (+0.6%) and MS&AD Insurance (+0.5%). The five largest negative contributors to relative performance were Shiseido (-1.1%), TKP (-0.8%) and Pola Orbis (-0.7%) as well as not holding Toyota Motor (-1.1%) and Tokyo Electron (-0.7%). Finally, gearing contributed +1.5% to relative performance.

Each of the positive contributors experienced solid business performance over the period. Rakuten continued to make progress towards achieving profitability in its mobile business by gaining more subscribers. SoftBank Group successfully listed 10% of its investment in Arm Holdings, which went on to have very strong share price performance as it has been benefiting from increased demand due to the requirements of AI. SBI Holdings benefited from expansion in the NISA market (Nippon Individual Savings Account) and increased interest in Japanese stocks. Rizap has been successfully rolling out its ChocoZap community gym offering. Finally, MS&AD Insurance looks set to realise some of the value of its substantial portfolio of cross-holdings.

On the negative side Shiseido and Pola Orbis are both waiting for a full return of Chinese tourists to Japan, while TKP has been adjusting its business model to focus on large room rental again. Toyota Motor and Tokyo Electron (both not held) performed strongly as they benefited from good demand and a weak Yen backdrop.

See Glossary of Terms and Alternative Performance Measures on pages 14 and 15.

Total return information sourced from LSEG/Baillie Gifford. See disclaimer on page 13.

Past performance is not a guide to future performance.

During the period we sold two holdings and reinvested the proceeds in existing names where we have higher conviction. The two sold were Itochu and Outsourcing. Itochu is a large general trading company that has been re-rated significantly in recent years and where we no longer see sufficient opportunity to continue holding the shares. Outsourcing is a staffing company that received a bid at a significant premium by a private equity company.

We continue to be positive about the outlook for the portfolio of stocks held by your Company. Whilst these types of businesses have not been the short-term focus of the market, many continue to make solid operational progress and benefit from longer-term secular trends such as the moves towards digitalisation, automation and AI. Consequently, we have maintained net gearing at the significant level of 17.7%.

The principal risks and uncertainties facing the Company are set out in on the inside front cover of this report.

# List of Investments

as at 29 February 2024 (unaudited)

Name	Business	Value £'000	% of total investments
<b>Secular Growth*</b>			
Rakuten	Commerce and services	39,927	4.5
SBI Holdings	Financials	39,313	4.4
GMO Internet	Information, communication and utilities	26,569	3.0
FANUC	Electricals and electronics	24,744	2.8
CyberAgent	Commerce and services	23,798	2.7
Kubota	Manufacturing and machinery	20,490	2.3
Recruit Holdings	Commerce and services	19,218	2.2
Keyence	Electricals and electronics	17,757	2.0
Oisix	Retail	17,276	1.9
Sato	Manufacturing and machinery	17,241	1.9
Systemx	Electricals and electronics	16,411	1.9
GA Technologies	Information, communication and utilities	15,196	1.7
Misumi	Commerce and services	14,703	1.7
Seria	Retail	11,367	1.3
SMC	Manufacturing and machinery	9,809	1.1
Topcon	Manufacturing and machinery	9,732	1.1
MonotaRO	Retail	9,290	1.0
TKP	Real estate and construction	8,622	1.0
Rizap	Commerce and services	8,438	1.0
Nidec	Electricals and electronics	8,024	0.9
Raksul	Information, communication and utilities	7,149	0.8
M3	Commerce and services	6,882	0.8
LY Corporation	Commerce and services	6,567	0.7
Demae-can	Information, communication and utilities	6,546	0.7
Broadleaf	Information, communication and utilities	6,322	0.7
Lifenet Insurance	Financials	6,136	0.7
Nihon M&A Center	Commerce and services	5,879	0.7
Mercari	Information, communication and utilities	5,711	0.6
freee K.K.	Information, communication and utilities	5,671	0.6
Vector	Information, communication and utilities	4,820	0.5
Pigeon	Manufacturing and machinery	4,490	0.5
Noritsu Koki	Manufacturing and machinery	4,357	0.5
Infomart	Commerce and services	4,214	0.5
Digital Garage	Information, communication and utilities	3,818	0.4
Bengo4.com	Commerce and services	3,586	0.4
BASE	Information, communication and utilities	3,351	0.4
PeptiDream	Pharmaceuticals and food	3,347	0.4
Istyle	Information, communication and utilities	3,122	0.4
Nippon Ceramic	Electricals and electronics	2,863	0.3
		<b>452,756</b>	<b>51.0</b>

Name	Business	Value £'000	% of total investments
<b>Growth Stalwarts†</b>			
<b>Calbee</b>	<b>Pharmaceuticals and food</b>	<b>26,925</b>	<b>3.0</b>
<b>Nintendo</b>	<b>Manufacturing and machinery</b>	<b>20,307</b>	<b>2.3</b>
Shiseido	Manufacturing and machinery	15,831	1.8
Unicharm	Chemicals and other materials	15,609	1.8
Pola Orbis	Chemicals and other materials	13,169	1.5
Sugi	Retail	7,535	0.9
Park24	Real estate and construction	7,121	0.8
Kao	Chemicals and other materials	6,646	0.7
Sawai Pharmaceutical	Pharmaceuticals and food	3,277	0.4
		<b>116,420</b>	<b>13.2</b>
<b>Special Situations#</b>			
<b>SoftBank Group</b>	<b>Information, communication and utilities</b>	<b>59,117</b>	<b>6.7</b>
<b>Sony</b>	<b>Electricals and electronics</b>	<b>24,670</b>	<b>2.8</b>
<b>mixi</b>	<b>Commerce and services</b>	<b>20,838</b>	<b>2.4</b>
<b>MS&amp;AD Insurance</b>	<b>Financials</b>	<b>20,348</b>	<b>2.3</b>
Tokyo Tatemono	Real estate and construction	11,587	1.3
Colopl	Information, communication and utilities	9,684	1.1
Olympus	Pharmaceuticals and food	7,981	0.9
		<b>154,225</b>	<b>17.5</b>
<b>Cyclical Growth‡</b>			
<b>Sumitomo Mitsui Trust Bank</b>	<b>Financials</b>	<b>33,805</b>	<b>3.8</b>
<b>DMG Mori</b>	<b>Manufacturing and machinery</b>	<b>22,593</b>	<b>2.4</b>
<b>Bridgestone</b>	<b>Manufacturing and machinery</b>	<b>16,346</b>	<b>1.8</b>
Sumitomo Metal Mining	Chemicals and other materials	13,803	1.6
Murata Manufacturing	Electricals and electronics	13,753	1.6
Rohm	Electricals and electronics	12,846	1.4
Chugoku Marine Paints	Chemicals and other materials	12,429	1.4
DENSO	Manufacturing and machinery	11,400	1.3
Nifco	Chemicals and other materials	11,311	1.3
SWCC Showa	Electricals and electronics	7,737	0.9
Iida Group Holdings	Real estate and construction	4,171	0.5
Shima Seiki	Manufacturing and machinery	2,700	0.3
		<b>162,894</b>	<b>18.3</b>
<b>Total investments</b>		<b>886,295</b>	<b>100.0</b>

Growth category

\* Secular Growth – opportunity to grow rapidly but where there are a number of potential outcomes.

† Growth Stalwarts – growth is less rapid but more predictable.

# Special Situations – performance has not been good but there is a reason to believe improvements are underway.

‡ Cyclical Growth – earnings do not rise every year but are expected to be higher from one cycle to the next.

Stocks highlighted in bold are the 20 largest holdings.

# Income Statement (unaudited)

	For the six months ended 29 February 2024			For the six months ended 28 February 2023		
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Gains/(losses) on investments	-	43,761	<b>43,761</b>	-	(18,450)	<b>(18,450)</b>
Currency gains	-	3,470	<b>3,470</b>	-	3,102	<b>3,102</b>
Income from investments and interest receivable	8,066	-	<b>8,066</b>	9,352	-	<b>9,352</b>
Investment management fee	(2,118)	-	<b>(2,118)</b>	(2,260)	-	<b>(2,260)</b>
Other administrative expenses	(345)	-	<b>(345)</b>	(326)	-	<b>(326)</b>
<b>Net return before finance costs and taxation</b>	<b>5,603</b>	<b>47,231</b>	<b>52,834</b>	<b>6,766</b>	<b>(15,348)</b>	<b>(8,582)</b>
Finance costs of borrowings	(861)	-	<b>(861)</b>	(885)	-	<b>(885)</b>
<b>Net return before taxation</b>	<b>4,742</b>	<b>47,231</b>	<b>51,973</b>	<b>5,881</b>	<b>(15,348)</b>	<b>(9,467)</b>
Tax	(806)	-	<b>(806)</b>	(935)	-	<b>(935)</b>
<b>Net return after taxation</b>	<b>3,936</b>	<b>47,231</b>	<b>51,167</b>	<b>4,946</b>	<b>(15,348)</b>	<b>(10,402)</b>
<b>Net return per ordinary share (note 5)</b>	<b>4.31p</b>	<b>51.74p</b>	<b>56.05p</b>	<b>5.28p</b>	<b>(16.39p)</b>	<b>(11.11p)</b>

The total column of this statement is the profit and loss account of the Company. The supplementary revenue and capital columns are prepared under guidance published by the Association of Investment Companies.

All revenue and capital items in this statement derive from continuing operations.

A Statement of Comprehensive Income is not required as all gains and losses of the Company have been reflected in the above statement.

The accompanying notes on pages 10 to 12 are an integral part of the Financial Statements.

# Balance Sheet (unaudited)

	Notes	At 29 February 2024 £'000	At 31 August 2023 (audited) £'000
<b>Fixed assets</b>			
Investments	6	886,295	858,486
<b>Current assets</b>			
Debtors		2,424	1,811
Cash and cash equivalents		9,401	6,030
		11,825	7,841
<b>Creditors</b>			
Amounts falling due within one year		(65,432)	(1,641)
<b>Net current (liabilities)/assets</b>		<b>(53,607)</b>	<b>6,200</b>
<b>Total assets less current liabilities</b>		<b>832,688</b>	<b>864,686</b>
<b>Creditors</b>			
Amounts falling due after more than one year: bank loans		(79,229)	(131,723)
<b>Net assets</b>		<b>753,459</b>	<b>732,963</b>
<b>Capital and reserves</b>			
Share capital		4,717	4,717
Share premium account		213,902	213,902
Capital redemption reserve		203	203
Capital reserve		522,682	496,965
Revenue reserve		11,955	17,176
<b>Shareholders' funds</b>		<b>753,459</b>	<b>732,963</b>
<b>Net asset value per ordinary share*</b>		<b>838.0p</b>	<b>787.7p</b>
<b>Ordinary shares in issue</b>	8	<b>89,912,614</b>	<b>93,047,614</b>

\* See Glossary of Terms and Alternative Performance Measures on pages 14 and 15.

# Statement of Changes in Equity (unaudited)

## For the six months ended 29 February 2024

	Notes	Share capital £'000	Share premium account £'000	Capital redemption reserve £'000	Capital reserve* £'000	Revenue reserve £'000	Shareholders' funds £'000
Shareholders' funds at 1 September 2023		4,717	213,902	203	496,965	17,176	<b>732,963</b>
Shares bought back		-	-	-	(21,514)	-	<b>(21,514)</b>
Net return on ordinary activities after taxation		-	-	-	47,231	3,936	<b>51,167</b>
Dividends paid during the period	4	-	-	-	-	(9,157)	<b>(9,157)</b>
<b>Shareholders' funds at 29 February 2024</b>		<b>4,717</b>	<b>213,902</b>	<b>203</b>	<b>522,682</b>	<b>11,955</b>	<b>753,459</b>

## For the six months ended 28 February 2023

	Notes	Share capital £'000	Share premium account £'000	Capital redemption reserve £'000	Capital reserve* £'000	Revenue reserve £'000	Shareholders' funds £'000
Shareholders' funds at 1 September 2022		4,717	213,902	203	556,414	15,770	<b>791,006</b>
Shares bought back		-	-	-	(2,058)	-	<b>(2,058)</b>
Net return on ordinary activities after taxation		-	-	-	(15,348)	4,946	<b>(10,402)</b>
Dividends paid during the period	4	-	-	-	-	(8,426)	<b>(8,426)</b>
<b>Shareholders' funds at 28 February 2023</b>		<b>4,717</b>	<b>213,902</b>	<b>203</b>	<b>539,008</b>	<b>12,290</b>	<b>770,120</b>

\* The capital reserve balance at 29 February 2024 includes investment holding gains on investments of £59,740,000 (28 February 2023 – gains of £116,236,000).

The accompanying notes on pages 10 to 12 are an integral part of the Financial Statements.

# Condensed Cash Flow Statement (unaudited)

	Notes	Six months to 29 February 2024 £'000	Six months to 28 February 2023 £'000
<b>Cash flows from operating activities</b>			
Net return before taxation		51,973	(9,467)
Net (gains)/losses on investments		(43,761)	18,450
Currency gains		(3,470)	(3,102)
Finance costs of borrowings		861	885
Overseas withholding tax		(738)	(870)
Changes in debtors and creditors		(684)	(2,249)
<b>Cash from operations</b>		<b>4,181</b>	<b>3,647</b>
Interest paid		(866)	(901)
<b>Net cash inflow from operating activities</b>		<b>3,315</b>	<b>2,746</b>
<b>Cash flows from investing activities</b>			
Acquisitions of investments		(39,296)	(29,585)
Disposals of investments		55,966	34,763
Exchange differences on settlement of investment transactions		-	446
<b>Net cash inflow from investing activities</b>		<b>16,670</b>	<b>5,624</b>
Shares bought back	8	(21,288)	(2,058)
Equity dividends paid	4	(9,157)	(8,426)
Bank loans drawn down		92,498	15,624
Bank loans repaid		(78,620)	(16,189)
<b>Net cash outflow from financing activities</b>		<b>(16,567)</b>	<b>(11,049)</b>
<b>Increase/(decrease) in cash and cash equivalents</b>		<b>3,418</b>	<b>(2,679)</b>
Exchange movements		(47)	(45)
Cash and cash equivalents at start of period*		6,030	11,017
<b>Cash and cash equivalents at end of period*</b>		<b>9,401</b>	<b>8,293</b>

\* Cash and cash equivalents represent cash at bank and short term money market deposits repayable on demand.

# Notes to the condensed Financial Statements (unaudited)

## 01 Basis of Accounting

The condensed Financial Statements for the six months to 29 February 2024 comprise the statements set out on the previous pages together with the related notes on pages 10 to 12. They have been prepared in accordance with FRS 104 'Interim Financial Reporting' and the AIC's Statement of Recommended Practice issued in November 2014 and updated in July 2022 with consequential amendments. They have not been audited or reviewed by the Auditor pursuant to the Auditing Practices Board Guidance on 'Review of Interim Financial Information'. The Financial Statements for the six months to 29 February 2024 have been prepared on the basis of the same accounting policies as set out in the Company's Annual Report and Financial Statements at 31 August 2023.

### Going concern

Having considered the Company's principal risks and uncertainties, as set out on the inside front cover, together with its current position, investment objective and policy, its assets and liabilities, and projected income and expenditure, together with the Company's dividend policy, it is the Directors' opinion that the Company has adequate resources to continue in operational existence for the foreseeable future. The Board has considered severe but plausible downside scenarios, including the impact of heightened market volatility and macroeconomic and geopolitical concerns, including rising inflation and interest rates, but it does not believe the Company's going concern status is affected. The Company's assets, the majority of which are investments in quoted securities which are readily realisable, exceed its liabilities significantly. All borrowings require the prior approval of the Board. Gearing levels and compliance with borrowing covenants are reviewed by the Board on a regular basis. In accordance with the Company's Articles of Association, shareholders have the right to vote annually at the Annual General Meeting on whether to continue the Company. The next continuation vote will be in December 2024. The Directors have no reason to believe that the continuation resolution will not be passed at the Annual

General Meeting. The Company has continued to comply with the investment trust status requirements of section 1158 of the Corporation Tax Act 2010 and the Investment Trust (Approved Company) (Tax) Regulations 2011. Accordingly, the Directors consider it appropriate to adopt the going concern basis of accounting in preparing these Financial Statements and confirm that they are not aware of any material uncertainties which may affect the Company's ability to continue to do so over a period of at least twelve months from the date of approval of these Financial Statements.

## 02 Financial Information

The financial information contained within this Interim Financial Report does not constitute statutory accounts as defined in sections 434 to 436 of the Companies Act 2006. The financial information for the year ended 31 August 2023 has been extracted from the statutory accounts which have been filed with the Registrar of Companies. The Auditor's Report on those accounts was not qualified, did not include a reference to any matters to which the Auditor drew attention by way of emphasis without qualifying its report and did not contain statements under sections 498(2) or (3) of the Companies Act 2006.

## 03 Investment Manager

Baillie Gifford & Co Limited, a wholly owned subsidiary of Baillie Gifford & Co, has been appointed by the Company as its Alternative Investment Fund Manager and Company Secretary. The investment management function has been delegated to Baillie Gifford & Co. The management agreement can be terminated on not less than 6 months' notice, or on shorter notice in certain circumstances. The annual management fee is 0.75% on the first £50 million of net assets, 0.65% on the next £200 million of net assets and 0.55% on the remaining net assets, calculated and payable quarterly.

## 04 Dividends

	Six months to 29 February 2024 £'000	Six months to 28 February 2023 £'000
Amounts recognised as a distribution in the period: Previous year's final dividend of 10.00p paid 20 December 2023 (2023 – 9.00p paid on 21 December 2022)	9,157	8,426

No interim dividend has been declared.

## 05 Net Return Per Ordinary Share

	Six months to 29 February 2024 £'000	Six months to 28 February 2023 £'000
Revenue return after taxation	3,936	4,946
Capital return after taxation	47,231	(15,348)
<b>Total net return</b>	<b>51,167</b>	<b>(10,402)</b>
<b>Weighted average number of ordinary shares in issue</b>	<b>91,294,290</b>	<b>93,667,547</b>

Net return per ordinary share is based on the above totals of revenue and capital and the weighted average number of ordinary shares in issue during each period. There are no dilutive or potentially dilutive shares in issue.

## 06 Fair Value Hierarchy

The fair value hierarchy used to analyse the basis on which the fair values of financial instruments held at fair value through the profit or loss account are measured is described below. Fair value measurements are categorised on the basis of the lowest level input that is significant to the fair value measurement.

**Level 1** – using unadjusted quoted prices for identical instruments in an active market;

**Level 2** – using inputs, other than quoted prices included within Level 1, that are directly or indirectly observable (based on market data); and

**Level 3** – using inputs that are unobservable (for which market data is unavailable).

The fair value of listed investments is the last traded price which is equivalent to the bid price on Japanese markets.

The financial assets designated as valued at fair value through profit or loss are all categorised as Level 1 in the above hierarchy. None of the financial liabilities are designated at fair value through profit or loss in the Financial Statements.

All of the Company's investments fall into Level 1 for the periods reported.

## 07 Bank Loans

Bank loans of £142.1m million (¥26.9 billion) have been drawn down under yen loan facilities which are repayable between May 2024 and August 2025 (31 August 2023 – £131.7 million (¥24.3 billion)).

## 08 Share Capital

The Company has the authority to issue shares/sell treasury shares at a premium to net asset value as well as to buy back shares at a discount to net asset value. During the period, no shares were issued and 3,135,000 shares were bought back into Treasury (28 February 2023 – nil issued and 276,845 bought back). There were 4,415,595 shares held in Treasury at 29 February 2024 (28 February 2023 – 705,595). Between 1 March 2024 and 20 March 2024, the Company bought back a further 90,000 shares into Treasury. The Company has authority remaining to buy back 12,605,808 ordinary shares.

## 09 Related Party Transactions

There have been no transactions with related parties during the first six months of the current financial year that have materially affected the financial position or the performance of the Company during that period and there have been no changes in the related party transactions described in the last Annual Report and Financial Statements that could have had such an effect on the Company during that period.

None of the views expressed in this document should be construed as advice to buy or sell a particular investment.

# Further Shareholder Information

## How to Invest

Baillie Gifford Japan's shares are traded on the London Stock Exchange. They can be bought through a stockbroker or by asking a professional adviser to do so. If you are interested in investing directly in The Baillie Gifford Japan Trust PLC, you can do so online. There are a number of companies offering real time online dealing services. Find out more by visiting the investment trust pages at [bailliegifford.com](http://bailliegifford.com).

## Client Relations Team Contact Details

You can contact the Baillie Gifford Client Relations Team by telephone (your call may be recorded for training or monitoring purposes), email or post. See contact details in the Company Information on page 16.

## Share Register Enquiries

Computershare Investor Services PLC maintains the share register on behalf of the Company. In the event of queries regarding shares registered in your own name, please contact the Registrars on 0370 889 3221.

## Automatic Exchange of Information

In order to fulfil its obligations under UK tax legislation relating to the automatic exchange of information, The Baillie Gifford Japan Trust PLC is required to collect and report certain information about certain shareholders.

The legislation requires investment trust companies to provide personal information to HMRC on certain investors who purchase shares in investment trusts. Accordingly, The Baillie Gifford Japan Trust PLC must provide information annually to the local tax authority on the tax residencies of a number of non-UK based certificated shareholders and corporate entities.

Shareholders, excluding those whose shares are held in CREST, who come on to the share register will be sent a certification form for the purposes of collecting this information. For further information, please see HMRC's Quick Guide: Automatic Exchange of Information – information for account holders [gov.uk/government/publications/exchange-of-information-account-holders](http://gov.uk/government/publications/exchange-of-information-account-holders).

## Third Party Data Provider Disclaimer

No third party data provider ('Provider') makes any warranty, express or implied, as to the accuracy, completeness or timeliness of the data contained herewith nor as to the results to be obtained by recipients of the data. No Provider shall in any way be liable to any recipient of the data for any inaccuracies, errors or omissions in the index data included in this document, regardless of cause, or for any damages (whether direct or indirect) resulting therefrom.

No Provider has any obligation to update, modify or amend the data or to otherwise notify a recipient thereof in the event that any matter stated herein changes or subsequently becomes inaccurate.

Without limiting the foregoing, no Provider shall have any liability whatsoever to you, whether in contract (including under an indemnity), in tort (including negligence), under a warranty, under statute or otherwise, in respect of any loss or damage suffered by you as a result of or in connection with any opinions, recommendations, forecasts, judgements, or any other conclusions, or any course of action determined, by you or any third party, whether or not based on the content, information or materials contained herein.

# Glossary of Terms and Alternative Performance Measures ('APM')

## Net Asset Value

Also described as shareholders' funds, net asset value ('NAV') is the value of total assets less liabilities (including borrowings). The NAV per share is calculated by dividing this amount by the number of ordinary shares in issue. Borrowings are valued at their nominal par value. Par value approximates to amortised cost. The Company's yen denominated loans are valued at their sterling equivalent.

## (Discount)/Premium (APM)

As stockmarkets and share prices vary, an investment trust's share price is rarely the same as its NAV. When the share price is lower than the NAV per share it is said to be trading at a discount. The size of the discount is calculated by subtracting the share price from the NAV per share and is usually expressed as a percentage of the NAV per share. If the share price is higher than the NAV per share, this situation is called a premium.

		29 February 2024	31 August 2023
Net asset value per ordinary share	(a)	838.0p	787.7p
Share price	(b)	742.0p	735.0p
<b>(Discount)/premium</b>	<b>(b - a) ÷ (a) expressed as a percentage</b>	<b>(11.5%)</b>	<b>(6.7%)</b>

## Total Return (APM)

The total return is the return to shareholders after reinvesting the net dividend on the date that the share price goes ex-dividend.

		29 February 2024 NAV (par)	29 February 2024 Share price	28 February 2023 NAV (par)	28 February 2023 Share price
Closing NAV per share/share price	(a)	838.0p	742.0p	822.6p	761.0p
Dividend adjustment factor*	(b)	1.0135	1.0150	1.0113	1.0113
Adjusted closing NAV per share/share price	(c) = (a) x (b)	849.3p	753.1p	831.9p	769.6p
Opening NAV per share/share price	(d)	787.7p	735.0p	842.4p	774.0p
<b>Total return</b>	<b>((c ÷ d) - 1)</b>	<b>7.8%</b>	<b>2.5%</b>	<b>(1.2%)</b>	<b>(0.6%)</b>

\* The dividend adjustment factor is calculated on the assumption that the dividend of 10.00p (2023 - 9.00p) paid by the Company in the period under review was invested into shares of the Company at the cum income NAV per share/share price, as appropriate, at the ex-dividend date.

## Gearing (APM)

At its simplest, gearing is borrowing. Just like any other public company, an investment trust can borrow money to invest in additional investments for its portfolio. The effect of the borrowing on the shareholders' assets is called 'gearing'. If the Company's assets grow, the shareholders' assets grow proportionately more because the debt remains the same. But if the value of the Company's assets falls, the situation is reversed. Gearing can therefore enhance performance in rising markets but can adversely impact performance in falling markets.

Gearing is the Company's borrowings at par less cash and cash equivalents expressed as a percentage of shareholders' funds.

Potential gearing is the Company's borrowings expressed at par as a percentage of shareholders' funds.

		29 February 2024		31 August 2023	
		Gearing * £'000	Potential gearing † £'000	Gearing * £'000	Potential gearing † £'000
Borrowings	(a)	142,084	142,084	131,723	131,723
Cash and cash equivalents	(b)	8,501	-	6,030	-
Shareholders' funds	(c)	753,459	753,459	732,963	732,963
<b>Gearing</b>		<b>17.7%</b>	<b>18.9%</b>	<b>17.1%</b>	<b>18.0%</b>

\* Gearing: ((a) - (b)) divided by (c), expressed as a percentage.

† Potential gearing: (a) divided by (c), expressed as a percentage.

## Leverage (APM)

For the purposes of the Alternative Investment Fund Managers (AIFM) Regulations, leverage is any method which increases the Company's exposure, including the borrowing of cash and the use of derivatives. It is expressed as a ratio between the Company's exposure and its net asset value and can be calculated on a gross and a commitment method. Under the gross method, exposure represents the sum of the Company's positions after the deduction of sterling cash balances, without taking into account any hedging and netting arrangements. Under the commitment method, exposure is calculated without the deduction of sterling cash balances and after certain hedging and netting positions are offset against each other.

## Active Share (APM)

Active share, a measure of how actively a portfolio is managed, is the percentage of the portfolio that differs from its comparative index. It is calculated by deducting from 100 the percentage of the portfolio that overlaps with the comparative index. An active share of 100 indicates no overlap with the index and an active share of zero indicates a portfolio that tracks the index.

# Company Information

## Directors

---

**Chairman:** David Kidd  
Sharon Brown  
Sam Davis  
Patricia Lewis  
Joanna Pitman

---

## Company Details

---

[japantrustplc.co.uk](http://japantrustplc.co.uk)  
Company Registration No. SC075954  
ISIN: GB0000485838  
Sedol: 0048583  
Ticker: BGFD  
Legal Entity Identifier:  
54930037AGTKN765Y741

---

## Further Information

---

### Client Relations Team

---

Baillie Gifford & Co  
Calton Square  
1 Greenside Row  
Edinburgh EH1 3AN  
T: +44 (0)800 917 2112

---

[trustenquiries@bailliegifford.com](mailto:trustenquiries@bailliegifford.com)

---

## Alternative Investment Fund Managers, Secretaries and Registered Office

---

### Baillie Gifford & Co Limited

---

Calton Square  
1 Greenside Row  
Edinburgh EH1 3AN

---

T: +44 (0)131 275 2000

---

[bailliegifford.com](http://bailliegifford.com)

---

## Registrar

---

### Computershare Investor Services PLC

---

The Pavilions  
Bridgwater Road  
Bristol BS99 6ZZ

---

T: +44 (0)370 889 3221

---

## Independent Auditor

---

### Ernst & Young LLP Chartered Accountants and Statutory Auditors

---

Atria One  
144 Morrison Street  
Edinburgh EH3 8EX

---

## Depositary

---

### The Bank of New York Mellon (International) Limited

---

1 Canada Square  
London E14 5AL

---

## Company Broker

---

### Investec Bank plc

---

30 Gresham Street  
London EC2V 7QP

---



[japantrustplc.co.uk](http://japantrustplc.co.uk)

