

RNS Announcement: Preliminary Results

The Baillie Gifford Japan Trust PLC

Results for the year to 31 August 2020

Legal Entity Identifier: 54930037AGTKN765Y741

Over the year to 31 August 2020, The Baillie Gifford Japan Trust PLC's net asset value total return (after deducting borrowings at fair value) rose by 6.8% compared to the 0.1% fall in the benchmark TOPIX index total return (in sterling terms). In this period the Company's the share price total return rose by 3.7%.

- A final dividend of 4.50p (2019: 3.50p) per ordinary share will be put to shareholders for approval at the AGM
- The largest contributor to performance this year was Softbank Group
- There were also good contributions to performance from a variety of internet holdings, including GMO Internet, M3, Bengo4.com and Demae-Can
- Approximately 33% of the portfolio is in internet related businesses and a further 14% in automation related businesses
- Gearing fell during the year and the Company ended the year with 4% net gearing†
- The Managers continue to be excited by the number of entrepreneurial growth companies available in Japan and several of the new holdings fall into this category

* The benchmark index is the TOPIX total return (in sterling terms)

† For a definition of terms see Glossary of Terms and Alternative Performance Measures at the end of this announcement.

Source: Refinitiv/Baillie Gifford. See disclaimer at the end of this announcement.

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. At 31 August 2020, the Company had total assets of £923.8m (before deduction of bank loans of £151.4m).

The Company is managed by Baillie Gifford, an Edinburgh based fund management group with around £285bn under management and advice as at 6 October 2020.

Past performance is not a guide to future performance. The value of an investment and any income from it is not guaranteed and may go down as well as up and investors may not get back the amount invested. This is because the share price is determined by the changing conditions in the relevant stock markets in which the Company invests and by the supply and demand for the Company's shares. The Trust has borrowed money to make further investments (sometimes known as 'gearing' or 'leverage'). The risk is that when this money is repaid by the Trust, the value of the investments may not be enough to cover the borrowing and interest costs, and the Company will make a loss. If the Trust's investments fall in value, any invested borrowings will increase the amount of this loss. You should view your investment as long term. You can find up to date performance information about The Baillie Gifford Japan Trust PLC on the Company website at www.japantrustplc.co.uk.

6 October 2020

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The following is the audited preliminary statement for the year to 31 August 2020 which was approved by the Board on 6 October 2020.

Chairman's Statement

It has been an extraordinary year and as I write this report, equity markets appear to be ignoring the obscure economic outlook. At times like this, there is no substitute for active portfolio management, selecting stocks that not only can endure uncertainty but prosper as well.

The Board is pleased to be able to report that our Managers have moved seamlessly to working remotely and that both portfolio management, administrative and regulatory tasks have continued uninterrupted.

Performance

In the year to 31 August, after deducting borrowings at fair value, the net asset value total return was 6.8%. However, with the premium of 0.2% enjoyed last year falling to a discount of 2.7%, the rise in share price total return was a more modest 3.7%. The benchmark index fell by 0.1 % over the same period. You do not need to be reminded that equity markets have been extremely volatile, reflecting the uncertainty of the pandemic that has swept the world. The share price started the year at 791.0p, fell to a low of 514.0p in the middle of March, before retracing its steps to roughly where it started. Given the extraordinary uncertainties, the performance was better than we might have expected, and it beat inflation albeit by a small margin.

Gearing and Borrowing

March seems a long time ago, but at that time, the Board was confident in the portfolio and the progress of earnings. We had gearing of 12.4% which reflected that confidence. This was quickly reduced when visibility all but vanished. It remains low at 4.2%. Borrowings are in yen, matching the underlying portfolio, to mitigate the risk of currency movements which we do not feel able to predict.

In late August, we concluded the documentation for a new yen loan from Sumitomo Mitsui Banking Corporation (SMBC). The three year fixed loan rate is 0.925%. This compares with the previous loan rate of between 2.43% and 2.50%. Together with the loan from ING, which runs to 2024, the average interest rate on the total Y21.5bn is 1.21%. With rates so low, it makes sense to borrow to gear the portfolio, and gearing can be expected to rise when investment prospects improve.

Portfolio Revenue and Dividend

Whilst the net asset value per share cannot be expected to advance every year, one can hope that underlying earnings and the stream of dividend income demonstrate a positive long term trend. Revenues in 2020 were £15,337,000, a rise of 13.6% from 2019. It is very encouraging that Japanese companies are able to offer rising dividends as well as capital returns and, by selecting suitable companies, we hope this trend will continue.

Expenses rose by 3.5% during the year from £4,803,000 to £4,970,000, largely accounted for by an increase in the management fee, as assets rose. That said, our ongoing charges (total expenses as a percentage of average net assets), fell to 0.68% compared to 0.70% last year and 1.23% ten years ago.

The present economic environment is particularly complicated with the impact of coronavirus and high levels of tension in international and trade relationships having a strong impact on profitability levels across a broad universe of companies. Whilst some of these influences are clearly negative, there have been significant positive catalysts for some businesses such as online retail, grocery delivery and businesses supporting either working or consuming from home. As your managers identify new or accelerated trends or practices, the portfolio is moving to include them. It is hard to offer comment on portfolio valuation and earning but more detail can be found in the Managers' Report.

The Company paid its first dividend in 2018 at a rate of 0.60p per share. This rose sharply to 3.50p per share in 2019 and I am pleased to say that the Board is recommending a final dividend this year of 4.50p per share. This will be put to shareholders for approval at the Annual General Meeting to be held on 3 December 2020 and, if approved, will be paid on 11 December 2020 to shareholders on the register at the close of business on 13 November 2020. A dividend reinvestment plan (DRIP) is available to shareholders who would prefer to invest their dividends in the

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shares of the Company. The shares will go ex-dividend on 12 November 2020. For those shareholders electing to receive the DRIP the last date for receipt of election is 20 November 2020.

Share Capital and Discount Management

Investment Trusts have many advantages over open ended funds and your Board tries to engage these to your advantage. One negative feature is that the shares can fail to reflect the full total return if the price does not keep up with the net asset value, so the shares trade at a discount to their value. Good discount management is something shareholders have come to expect and the Board was quick to repurchase shares in March, buying back 566,716 shares with a value of £3,429,000. The discount at the year-end was 2.7% which is considerably lower than the peer group, the average of which was 7.7%.

Your Board believes it is important that the Company retains the power to buy back equity during the year and so, at the Annual General Meeting, is seeking to renew this facility. The Company also has authority to issue new shares and to reissue any shares held in treasury for cash on a non pre-emptive basis. Shares are issued/reissued only at a premium to net asset value, thereby enhancing net asset value per share for existing shareholders. The Directors are, once again, seeking 10% share issuance authority at the Annual General Meeting and we would continue to issue shares only when at a premium to net asset value. This authority would expire at the conclusion of the Annual General Meeting in 2021.

Annual General Meeting

The Annual General Meeting of the Company has been scheduled to be held at Baillie Gifford's offices in Edinburgh at 12.30pm on Thursday, 3 December 2020 but, given the ongoing uncertainty around when public health concerns will abate, the Board will continue to monitor developments and may be unable to allow shareholders to attend in person. Accordingly, the Board encourages all shareholders to exercise their votes at the AGM by completing and submitting a form of proxy. We would encourage shareholders to monitor the Company's website at www.japantrustplc.co.uk where any updates will be posted and market announcements will also be made, as appropriate. Should shareholders have questions for the Board or the Managers or any queries as to how to vote, they are welcome as always to submit them by email to trustenquiries@bailliegifford.com or call 0800 917 2112.

Information on the resolutions can be found on pages 52 and 53 of the Annual Report and Financial Statements. The Directors consider that all resolutions to be put to shareholders are in their and the Company's best interests as a whole and recommend that shareholders vote in their favour

In particular, shareholders have the right to vote annually on whether the Company should continue in business and will have the opportunity to do so again this year. Last year, the Company again received support for its continuation with 99.99% of votes cast in favour. Your Directors believe there are attractive opportunities in selected, well-run Japanese companies benefiting the long-term favourable outlook for the Japan Trust. To that end, my fellow Directors and I intend, where possible, to vote our own shareholdings in favour of the resolution and hope that all shareholders will feel disposed to do likewise.

Board

I was honoured to take over the Chairmanship of your Board on the retirement of Nick Bannerman last December. It is always concerning to take over from such a competent and diligent Chairman as Nick proved to be. But I have been strongly supported by the Senior non-executive Director, Martin Paling, upon whose judgement and experience we have learnt to rely.

We have agreed a programme of rotation. Mr Paling will retire at the AGM in 2021, and I will retire around the ninth anniversary of my appointment.

Brexit

This year the Company is once again required to comment on the potential material impact of Brexit on its future prospects. Notwithstanding the UK's departure from the European Union on 31 January 2020, little has changed over the year. The Board has reconsidered the uncertainties surrounding Brexit and can see no scenario that it believes would affect the going concern status or viability of the Company. As the vast majority of the Company's assets are

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denominated in yen, the Company's greatest exposure to any potential impact from Brexit is through fluctuations in the exchange rate at which the value of its assets are converted into sterling (the Company's functional currency and that in which it reports its results).

Outlook

I am sure it is no more challenging to offer a view on the future than it is in any other year. It just feels that way! But the unknowns ranging from geo-politics to the virus and a possible vaccine, to unfettered monetary loosening, negative bond yields, closed borders and the general pace of change do not encourage me to offer a view.

In September, Japan appointed a new Prime Minister. Yoshihide Suga took over from Shinzo Abe who stepped down due to ill health. Mr Suga had been Mr Abe's closest aide throughout his eight year term, and while he may push to accelerate structural change, he is expected to continue broadly with existing monetary, fiscal and regulatory policies.

Baillie Gifford are stock pickers and have proved to be rather good at it. We should have faith that this success will continue and your Trust's shares will offer, over the long term at least, inflation beating returns that amply reward the shareholders.

Keith Falconer
Chairman
6 October 2020

For a definition of terms see Glossary of Terms and Alternative Performance Measures at the end of this announcement.

Past performance is not a guide to future performance.

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Managers' Report

Introduction

It has been an eventful year. Little did we know when writing last year's report that the world would be engulfed by the coronavirus pandemic. Inevitably this has meant changes to working practices due to travel and office restrictions and we have spent roughly the last six months working from home and communicating with companies via Zoom and similar tools rather than visiting in person. But the fundamentals of investment are little changed and, as we will go on to discuss, the modest positive investment return over the last 12 months belies the challenges that the world has experienced.

As outlined in detail in the 2018 Annual Report we continue to manage the Trust with three central philosophies. First, we believe in genuinely long-term growth investing. Second, Baillie Gifford continues as a partnership with a sole focus on asset management. Finally, we believe that the investment trust structure is an excellent vehicle for compounding wealth. These central tenets have set us in good stead to cope with the current challenges. By its very nature, long-term growth investing tends to lead towards investing in more resilient businesses. Being a partnership allowed us to concentrate on the job in hand and a sole focus on asset management meant our IT systems were well prepared to cope with all eventualities. The investment trust structure means that the Trust did not have to deal with redemptions, and when the discount widened in March the Board conducted some share buybacks which helped to enhance returns for remaining shareholders, as discussed in the Chairman's Statement.

Performance

In some respects, Japan has been able to handle the coronavirus pandemic very well and in other respects it has provided significant challenges. So far, Japan has been able to restrict outbreaks of the virus to low levels, reflecting an effective public health service and cultural norms. In addition, most Japanese companies operate with strong balance sheets. Often, they attribute this approach to the need to be able to continue to pay wages in the event of a significant earthquake or other natural disaster – but it has proven equally effective during the pandemic. This has allowed companies to maintain or increase dividends over the last year to a far greater extent than their Western counterparts. Your Company has benefitted from this and the rising dividends received will enable it to pay an increased dividend, as outlined in the Chairman's Statement. However, Japan and Japanese companies have inevitably been affected by the drop in global demand. Manufacturing sectors have had a particularly difficult time, but reduced confidence has also had a significant effect on the domestic economy. Nonetheless, we can be reasonably satisfied with the underlying position of corporate Japan during a difficult period.

The Company's total assets increased to £924m and at the time of writing have exceeded £1bn for the first time. By itself this number is of no particular significance, but it does give us a good balance between investment flexibility and efficient spreading of costs to the benefit of all shareholders.

Over the past year the NAV total return per share (with borrowings deducted at fair value) was 6.8%, exceeding the total return of the Company's benchmark which was -0.1%. Although the year ended with a modest positive absolute return, the journey was volatile. The NAV ended the year at 840p but fell to a low of 580p in March during a phase when the market showed considerable concern about the pandemic. Over five years the NAV total return has outpaced the benchmark by 5.7% p.a. and over ten years by 10.1% p.a., demonstrating the benefit to shareholders of an active, long-term, growth-orientated approach to investing.

SoftBank Group (the strategic holding company) was the largest positive contributor to performance this year as the shares substantially outpaced the wider market, delivering a total return of 26% in sterling terms. We discussed the attractions of the company in some detail in last year's annual report but to summarise we believe that the combination of attractive underlying assets, a share price that trades at a large discount, and value-added management mutually reinforce each other to create a compelling investment opportunity. We also had good contributions from a variety of our internet holdings, including long-standing investments such as GMO Internet (the internet conglomerate) and M3 (the medical website), as well as more recent purchases such as Bengo4.com (the lawyers' website) and Demae-Can (the food delivery website).

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As well as outlining the investment rationale for SoftBank Group, in last year's Annual Report we also discussed several entrepreneurial smartphone gaming companies. Among these, Colopl was the star, as its new game Dragon Quest Walk proved to be a hit, and the shares delivered a total return of 29% in sterling terms while neither Gree nor Mixi were remarkable with the former delivering a total return of -12% and the latter 1% in sterling terms over the year.

On the other hand, the largest negative contributors to performance were Inpex and Mazda. Inpex has succeeded in bringing its large liquefied natural gas (LNG) project Ichthys to production but weak energy prices have limited earnings growth relative to what we had expected. Mazda continues to make progress in improving brand perception which we believe to be key to securing good margins in the longer-term but has suffered from very low vehicle demand as a consequence of the pandemic. We continue to retain both holdings.

Portfolio positioning

As in last year's report, the equity portfolio is grouped into Secular Growth, Growth Stalwarts, Special Situations and Cyclical Growth reflecting our process. Secular Growth stocks remain the core of the portfolio, comprising 51% at the year end. These businesses are those that we believe have the highest potential growth but where there is also the greatest uncertainty as they are often operating in rapidly evolving markets. Most of the internet businesses, factory automation businesses and emerging healthcare stocks sit within this grouping. Around 33% of the equity portfolio is in internet related businesses and a further 14% in automation related businesses. Both are areas that we believe will show significant growth for a long period of time and where we can find exceptional quality businesses.

What is exciting us at the moment? Rakuten (the internet conglomerate) is making good progress with building out a fourth mobile phone network in Japan and we believe the opportunity to create wealth from this effort is substantial. Meanwhile Rakuten's core e-commerce business is growing well in the current environment which helps to provide the strong cash flows needed to fund its telecoms investment. SBI (the online brokerage) continues to make strong operational progress and on some measures has managed to become the largest brokerage in Japan. It is now also pursuing a strategy of partnering with regional banks and exploring the use of blockchain technologies in an effort to become a comprehensive financial services provider. Meanwhile, the world is changing and as investors we must try to be at the vanguard of the changes rather than left behind. We continue to be excited by the number of entrepreneurial growth companies available in Japan and over the last year several of the new holdings fall into this category.

In total we bought 6 new holdings and sold 8. Turnover was 21% during the year. Given that we started the year with 69 holdings, by name we have retained 88% of last year's portfolio. One question that we sometimes receive is how we factor in external events to our long-term stock-picking approach. To us, long-term investing means trying to hold businesses through the inevitable business fluctuations. Having a portfolio of individually resilient businesses and paying attention to the diversification of the overall portfolio helps with this. However, long-term investing does not mean taking an ostrich-like approach and ignoring serious potential for long-term capital destruction in the rare situations when the threat arises. As noted in the Interim Report we felt it to be necessary, in late January and early February, to sell out of Invincible Investment Corporation (a real estate investment company with a focus on hotels) and H.I.S. (a travel operator) as it became clear that the novel coronavirus was likely to have a deep impact on the travel and hospitality industries. Beyond those two companies our actions have been at the tempo of a more typical year.

Net gearing levels fell during the year and your Company ended the year with 4% net gearing reflecting several factors. First, the early sale of the travel and hospitality facing companies just mentioned, combined with the sales of companies whose attractions were, we felt, well understood by the market. Second, an improvement in overall Japanese share prices towards the year-end which acts to reduce the gearing levels. Finally, a recognition that the coronavirus pandemic is genuinely unprecedented in the experience of all living investors, so we want to retain the flexibility to invest heavily if businesses that we like become available at significantly discounted prices. We continued with the Company's strategy of securing long-term borrowings at low interest rates, as noted in the Chairman's Statement. This gives us substantial flexibility to invest in attractive opportunities as they become available without needing to sell shares from the rest of the portfolio.

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Outlook

Your Company has been resilient to the coronavirus pandemic to date and the underlying progress made by a number of the holdings has been very satisfactory. The outlook for the global and Japanese economies remains, as ever, uncertain. The good news for shareholders is that it seems highly unlikely that the current coronavirus pandemic will be the main concern in five years' time. We believe that a selected portfolio of growing businesses is capable of increasing shareholders' wealth over time. When we consider the quality of the companies in your portfolio we look to the future with optimism and confidence.

Baillie Gifford
6 October 2020

For a definition of terms see Glossary of Terms and Alternative Performance Measures at the end of this announcement.

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Equity Portfolio by Growth Category

As at 31 August 2020

Secular Growth ¹	% of total investments	Growth Stalwarts ²	% of total investments	Special Situations ³	% of total investments	Cyclical Growth ⁴	% of total investments
GMO Internet	3.9	Calbee	1.7	SoftBank	8.1	Itochu	2.7
Rakuten	3.9	Zenkoku	1.2	Mixi	3.0	Denso	2.3
SBI	3.2	Makita	1.2	Sony	2.7	Sumitomo Mitsui Trust	2.3
Kubota	3.0	Pola Orbis	0.8	Colopl	2.4	Sumitomo Metal Mining	2.2
Systemx	3.0	Sugi	0.8	Tokyo Tatemono	1.3	Mazda Motor	1.7
CyberAgent	2.7	Park24	0.8	JAFCO	0.9	Mitsubishi Electric	1.7
Misumi	2.5	Asics	0.6	Gree	0.8	Outsourcing	1.6
Fanuc	2.2	Fukuoka Financial	0.6			Murata Manufacturing	1.6
Nidec	2.1	Mitsubishi UFJ Lease & Finance	0.6			Nifco	1.4
MonotaRO	1.9	Secom	0.6			DMG Mori	1.3
Inpex	1.7	Sawai Pharmaceutical	0.5			Iida	1.1
Sato	1.6					Rohm	0.8
Recruit Holdings	1.2						
Demae-Can	1.2						
Bengo4.com	1.2						
SMC	1.0						
Infomart	1.0						
Toyota Tsusho	1.0						
Raksul	1.0						
Broadleaf	1.0						
Mercari	0.9						
ZOZO	0.9						
Digital Garage	0.9						
Pan Pacific International	0.8						
Subaru	0.8						
Keyence	0.8						
Topcon	0.7						
M3	0.7						
Peptidream	0.7						
Shimano	0.6						
iStyle	0.6						
Lifull	0.5						
Nippon Ceramic	0.4						
Noritsu Koki	0.4						
Healios K.K.	0.3						
Cyberdyne	0.2						
Rizap	0.2						
	50.7		9.4		19.2		20.7

¹Secular Growth: Opportunity to grow rapidly but where there are a number of potential outcomes.

²Growth Stalwarts: Growth is less rapid but more predictable.

³Special Situations: Performance has not been good but there is a reason to believe improvements are underway.

⁴Cyclical Growth: Earnings do not rise every year but are expected to be higher from one cycle to the next.

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Stock Level Attribution

Top Ten Relative Stock Contributors

Year to 31 August 2020

Name	Portfolio (average weight) %	Index (average weight) %	Relative Contribution %
SoftBank	7.1	1.7	1.7
GMO Internet	3.5	0.0	1.4
M3	1.8	0.3	1.0
Bengo4.com	0.6	0.0	0.8
MonotaRO	1.7	0.1	0.7
Systemex	2.8	0.2	0.6
Demae-Can	0.7	0.0	0.6
Colopl	3.0	0.0	0.5
SMC	2.0	0.7	0.5
Mercari	0.6	0.0	0.4

Bottom Ten Relative Stock Contributors

Year to 31 August 2020

Name	Portfolio (average weight) %	Index (average weight) %	Relative Contribution %
Inpex	2.3	0.2	(0.8)
Mazda Motor	1.9	0.1	(0.7)
Sato	2.0	0.0	(0.6)
iStyle	0.8	0.0	(0.6)
Rakuten	4.1	0.2	(0.5)
Topcon	1.1	0.0	(0.4)
Nintendo	0.0	1.2	(0.4)
Sumitomo Mitsui Trust	2.3	0.3	(0.4)
Lifull	0.7	0.0	(0.3)
Daikin	0.0	0.9	(0.3)

Top Ten Relative Stock Contributors

5 years to 31 August 2020

Name	Portfolio (average weight) %	Index (average weight) %	Relative Contribution %
SoftBank	5.2	1.7	3.0
Yaskawa Electric	2.6	0.2	2.9
M3	2.4	0.2	2.0
Advantest	1.0	0.1	1.8
Misumi	2.8	0.1	1.8
CyberAgent	2.5	0.1	1.7
Katitas	0.4	0.0	1.7
IRISO Electronics	1.4	0.0	1.7
ZOZO	2.2	0.1	1.6
GMO Internet	2.7	0.0	1.6

Bottom Ten Relative Stock Contributors

5 years to 31 August 2020

Name	Portfolio (average weight) %	Index (average weight) %	Relative Contribution %
Mazda Motor	1.4	0.2	(1.4)
Cookpad	0.6	0.0	(1.4)
Inpex	2.1	0.3	(1.4)
Asics	1.0	0.1	(1.2)
Toyo Tire & Rubber	1.3	0.0	(1.2)
H.I.S.	1.7	0.0	(1.1)
Rakuten	3.2	0.2	(1.0)
Sumitomo Mitsui Trust	2.0	0.3	(0.9)
iStyle	0.8	0.0	(0.9)
Daiichi Sankyo	0.0	0.6	(0.9)

Source: StatPro and relevant underlying index providers. Baillie Gifford Japan Trust relative to TOPIX total return, in sterling terms. See disclaimer at the end of this announcement.

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Holding Period

As at 31 August 2020

>10 years	% of total investments	5–10 years	% of total investments	2-5 years	% of total investments	<2 years	% of total investments
Rakuten	3.9	SoftBank	8.1	Colopl	2.4	Mixi	3.0
SBI	3.2	GMO Internet	3.9	Nidec	2.1	Denso	2.3
Kubota	3.0	CyberAgent	2.7	MonotaRO	1.9	Calbee	1.7
Sysmex	3.0	Sony	2.7	Sato	1.6	DMG Mori	1.3
Itochu	2.7	Sumitomo Mitsui Trust	2.3	Zenkoku Hosho	1.2	Demae-Can	1.2
Misumi	2.5	Fanuc	2.2	Infomart	1.0	Makita	1.2
Mitsubishi Electric	1.7	Sumitomo Metal Mining	2.2	Mercari	0.9	Bengo4.com	1.2
Inpex	1.7	Mazda Motor	1.7	JAFCO	0.9	Raksul	1.0
Murata	1.6	Outsourcing	1.6	Keyance	0.8	Pola Orbis	0.8
Nifco	1.4	Recruit Holdings	1.2	Peptidream	0.7	Sugi	0.8
Tokyo Tatemono	1.3	Iida	1.1	Shimano	0.6		14.5
SMC	1.0	Toyota Tshusho	1.0	iStyle	0.6		
ZOZO	0.9	Broadleaf	1.0	Secom	0.6		
Digital Garage	0.9	Subaru	0.8	Nippon Ceramic	0.4		
Pan Pacific International	0.8	Park24	0.8	Noritsu Koki	0.4		
Gree	0.8	Topcon	0.7	Healios K.K.	0.3		
Rohm	0.8	Lifull	0.5	Cyberdyne	0.2		
M3	0.7	Sawai	0.5	Rizap	0.2		
Asics	0.6	Pharmaceutical					
Fukuoka Financial	0.6		35.0		16.8		
Mitsubishi UFJ Lease & Finance	0.6						
	33.7						

Stocks bought within the past year.

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List of Investments as at 31 August 2020

Name	Business	Value £'000	% of total investments	Absolute† Performance %	Relative† Performance %
SoftBank	Telecom operator and technology investor	65,056	8.1	25.8	25.9
GMO Internet	Internet conglomerate	31,416	3.9	40.3	40.4
Rakuten	Internet retail and financial services	31,181	3.9	(14.7)	(14.7)
SBI	Online financial services	25,476	3.2	8.7	8.8
Kubota	Agricultural machinery	24,273	3.0	16.9	16.9
Mixi	Mobile gaming	24,153	3.0	1.0	1.1
Sysmex	Medical testing equipment	23,848	3.0	25.3	25.4
CyberAgent	Japanese internet advertising and content	22,108	2.7	8.0	8.1
Itochu	General trading firm	21,579	2.7	20.9	21.0
Sony	Consumer electronics, films and finance	21,558	2.7	26.0	26.1
Misumi	Online distributor of precision machinery parts	19,826	2.5	5.7	5.8
Colopl	Smartphone gaming and virtual reality (VR)	19,740	2.4	28.5	28.5
Denso	Auto parts	18,219	2.3	(8.3)*	(5.4)*
Sumitomo Mitsui Trust	Japanese trust bank and investment manager	18,157	2.3	(16.7)	(16.7)
Fanuc	Robotics manufacturer	18,004	2.2	(6.8)	(6.7)
Sumitomo Metal Mining	Smelting and copper, nickel and gold mining	17,892	2.2	1.0	1.0
Nidec	Specialist motors	17,221	2.1	18.1	18.1
MonotaRO	Online business supplies	15,256	1.9	46.7	46.8
Mazda Motor	Car manufacturer	13,845	1.7	(27.6)	(27.6)
Mitsubishi Electric	Develops, manufactures and markets electronic equipment	13,817	1.7	6.4	6.5
Calbee	Branded snack foods	13,717	1.7	2.1*	3.3*
Inpex	Oil and gas producer	13,458	1.7	(30.3)	(30.3)
Sato	Barcode and RFID technology	12,960	1.6	(28.7)	(28.7)
Outsourcing	Employment placement services	12,909	1.6	(15.2)	(15.2)
Murata Manufacturing	Manufactures and sells ceramic applied electronic components	12,857	1.6	30.3	30.4
Nifco	Value-added plastic car parts	11,673	1.4	3.9	3.9
Tokyo Tatemono	Property leasing & development	10,773	1.3	(12.6)	(12.5)
DMG Mori	Machine tool manufacturer	10,374	1.3	(12.6)	(12.6)
Zenkoku	Speciality finance	10,047	1.2	(13.4)	(13.4)
Recruit Holdings	Property, lifestyle and HR media	9,853	1.2	15.0	15.0
Demae-Can	Online meal delivery service	9,747	1.2	44.6*	44.7*
Makita	Manufactures power tools	9,711	1.2	44.3	44.4
Bengo4.com	Online legal consultation	9,529	1.2	124.2*	132.2*
Iida	Japanese house builder	9,225	1.1	17.7	17.8
SMC	Producer of factory automation equipment	8,451	1.0	32.9	33.0
Infomart	Internet platform for restaurant supplies	8,018	1.0	(14.5)	(14.5)
Toyota Tsusho	Markets automobiles and other products, Africa focus	7,802	1.0	(11.9)	(11.8)
Rakusl	Internet based services	7,737	1.0	(16.2)*	(14.6)*
Broadleaf	Online platform for buying car parts	7,686	1.0	(15.2)	(15.2)
Mercari	Software development services	7,368	0.9	76.2	76.3
ZOZO	Internet fashion retailer	7,206	0.9	40.4	40.5
Digital Garage	Internet business investor	7,096	0.9	(14.4)	(14.4)
JAFCO	Forms venture capital groups	6,976	0.9	8.4	8.5

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Name	Business	Value £'000	% of total investments	Absolute† Performance %	Relative† Performance %
Pola Orbis	Manufactures cosmetic products	6,844	0.8	(4.5)*	(14.5)*
Sugi	Drug store chain	6,708	0.8	40.6*	33.8*
Pan Pacific International	Discount store chain	6,551	0.8	37.4	37.5
Gree	Mobile gaming	6,320	0.8	(12.4)	(12.4)
Subaru	Niche car brand	6,313	0.8	(27.4)	(27.4)
Rohm	Electronic component manufacturer	6,220	0.8	(16.7)	(16.6)
Park24	Parking, car hire and sharing	6,215	0.8	(18.0)	(18.0)
Keyence	Manufacturer of sensors	6,122	0.8	26.6	26.7
Topcon	GPS systems	5,978	0.7	(35.5)	(35.4)
M3	Online medical services	5,656	0.7	146.6	146.7
Peptidream	Drug discovery and development platform	5,479	0.7	(29.6)	(29.6)
Shimano	Cycling component manufacturer	5,202	0.6	34.9	35.0
Asics	Sports shoes and clothing	4,942	0.6	(1.9)	(1.9)
Fukuoka Financial	Regional bank	4,697	0.6	(8.9)	(8.8)
iStyle	Beauty product review website	4,630	0.6	(57.5)	(57.5)
Mitsubishi UFJ Lease & Finance	Leasing services	4,579	0.6	(17.6)	(17.6)
Secom	Security services	4,561	0.6	2.3	2.3
Lifull	Provides online property information	4,429	0.5	(35.2)	(35.1)
Sawai Pharmaceutical	Generic pharmaceuticals	4,123	0.5	(10.8)	(10.7)
Nippon Ceramic	Electronic component manufacturer	3,534	0.4	(11.4)	(11.4)
Noritsu Koki	Holding company with interests in biotech and agricultural products	2,882	0.4	(17.9)	(17.9)
Healios K.K.	Regenerative medicine	2,154	0.3	29.2	29.3
Cyberdyne	Medical exo-skeletons	1,812	0.2	(32.6)	(32.6)
Rizap	Low calories food supplier and fitness gym operator	1,598	0.2	(52.2)	(52.2)
Total Investments		805,347	100.0		
Net Liquid Assets		118,462			
Total Assets		923,809			
Bank Loans		(151,420)			
Equity Shareholders' Funds		772,389			

† Absolute and relative performance has been calculated on a total return basis over the period 1 September 2019 to 31 August 2020. For investments held for part of the year, the return is for the period they were held. Absolute performance is in sterling terms; relative performance is against TOPIX total return (in sterling terms).

* Figures relate to part period returns.

Source: Baillie Gifford/Statpro and relevant underlying index providers. See disclaimer at the end of this announcement. Past performance is not a guide to future performance.

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Income Statement

	For the year ended 31 August 2020			For the year ended 31 August 2019		
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Gains/(losses) on investments	-	34,676	34,676	-	(34,974)	(34,974)
Currency gains/(losses)	-	6,225	6,225	-	(8,815)	(8,815)
Income (note 2)	15,337	-	15,337	13,498	-	13,498
Investment management fee (note 3)	(4,380)	-	(4,380)	(4,149)	-	(4,149)
Other administrative expenses	(590)	-	(590)	(654)	-	(654)
Net return before finance costs and taxation	10,367	40,901	51,268	8,695	(43,789)	(35,094)
Finance costs of borrowings	(2,788)	-	(2,788)	(2,589)	-	(2,589)
Net return before taxation	7,579	40,901	48,480	6,106	(43,789)	(37,683)
Tax on ordinary activities	(1,532)	-	(1,532)	(1,351)	-	(1,351)
Net return after taxation	6,047	40,901	46,948	4,755	(43,789)	(39,034)
Net return per ordinary share (note 4)	6.56p	44.38p	50.94p	5.18p	(47.70p)	(42.52p)

The total column of this statement is the profit and loss account of the Company. The supplementary revenue and capital return 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 the Company does not have any other comprehensive income and the net return after taxation is both the profit and total comprehensive income for the year.

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Balance Sheet

	At 31 August 2020		At 31 August 2019	
	£'000	£'000	£'000	£'000
Fixed assets				
Investments held at fair value through profit or loss		805,347		819,646
Current assets				
Debtors	1,322		1,508	
Cash and cash equivalents	118,742		40,303	
	120,064		41,811	
Creditors				
Amounts falling due within one year	(1,602)		(1,711)	
Bank loans falling due within one year (note 6)	-		(55,698)	
	(1,602)		(57,409)	
Net current assets/(liabilities)		118,462		(15,598)
Total assets less current liabilities		923,809		804,048
Creditors				
Amounts falling due after more than one year (note 6)		(151,420)		(71,943)
Net assets		772,389		732,105
Capital and reserves				
Share capital		4,621		4,621
Share premium account		190,939		190,939
Capital redemption reserve		203		203
Capital reserve		569,059		531,587
Revenue reserve		7,567		4,755
Equity Shareholders' funds		772,389		732,105
Net asset value per ordinary share*		840.8p		792.1p
Ordinary shares in issue (note 8)		91,858,209		92,424,925

* See Glossary of Terms and Alternative Performance Measures at the end of this announcement.

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Statement of Changes in Equity

For the year ended 31 August 2020

	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 2019	4,621	190,939	203	531,587	4,755	732,105
Shares bought back	-	-	-	(3,429)	-	(3,429)
Net return on ordinary activities after taxation	-	-	-	40,901	6,047	46,948
Dividends paid in the year	-	-	-	-	(3,235)	(3,235)
Shareholders' funds at 31 August 2020	4,621	190,939	203	569,059	7,567	772,389

For the year ended 31 August 2019

	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 2018	4,523	175,455	203	575,448	475	756,104
Shares issued	98	15,484	-	-	-	15,582
Net return on ordinary activities after taxation	-	-	-	(43,789)	4,755	(39,034)
Dividends paid in the year	-	-	-	(72)	(475)	(547)
Shareholders' funds at 31 August 2019	4,621	190,939	203	531,587	4,755	732,105

* The capital reserve includes investment holding gains of £224,345,000 (2019 – £304,236,000). The revenue reserve and the capital reserve (to the extent it constitutes realised profits) are distributable.

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Cash Flow Statement

	At 31 August 2020		At 31 August 2019	
	£'000	£'000	£'000	£'000
Cash flows from operating activities				
Net return on ordinary activities before taxation	48,480		(37,683)	
Net (gains)/losses on investments	(34,676)		34,974	
Currency (gains)/losses	(6,225)		8,815	
Finance cost of borrowings	2,788		2,589	
Overseas withholding tax	(1,565)		(1,311)	
Changes in debtors and creditors	326		(480)	
Cash from operations		9,128		6,904
Interest paid		(3,004)		(2,527)
Net cash inflow from operating activities		6,124		4,377
Cash flows from investing activities				
Acquisitions of investments	(122,053)		(110,202)	
Disposals of investments	171,028		98,965	
Exchange differences on settlement of investment transactions	(564)		506	
Net cash inflow/(outflow) from investing activities		48,411		(10,731)
Cash flows from financing activities				
Shares (bought back)/issued	(3,429)		15,582	
Equity dividends paid	(3,235)		(547)	
Bank loans drawn down	87,288		-	
Bank loans repaid	(51,724)		-	
Net cash inflow from financing activities		28,900		15,035
Increase in cash and cash equivalents		83,435		8,681
Exchange movements		(4,996)		3,834
Cash and cash equivalents at start of period		40,303		27,788
Cash and cash equivalents at end of period*		118,742		40,303

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

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Notes to the Condensed Financial Statements

1. The Financial Statements for the year to 31 August 2020 have been prepared in accordance with FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' on the basis of the accounting policies set out in the Annual Report and Financial Statements which are unchanged from the prior year and have been applied consistently.

All of the Company's operations are of a continuing nature and the Financial Statements are prepared on a going concern basis under the historical cost convention, modified to include the revaluation of fixed asset investments and derivatives, financial instruments at fair value through profit or loss, and on the assumption that approval as an investment trust under section 1158 of the Corporation Tax Act 2010 and the Investment Trust (Approved Company) (Tax) Regulations 2011 will be retained. The Board has, in particular, considered the impact of heightened market volatility since the Covid-19 outbreak including through the performance of stress testing using a variety of parameters which have the potential to impact the Company's share price and net asset value. The Directors do not believe the Company's going concern status is affected. In addition, the Company is subject to an annual continuation vote which in previous years has been passed with a significant majority. The Directors have no reason to believe that the vote will not continue to be in favour based on their assessment of the Company's performance and the views collated from shareholders. For these reasons the Directors have prepared the financial statements on a going concern basis. 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. 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. The Company's primary third party suppliers, including its Managers and Secretaries, Depositary and Custodian, Registrar, Auditor and Broker, are not experiencing significant operational difficulties affecting their respective services to the Company. Accordingly, the Financial Statements have been prepared on a going concern basis as it is the Directors' opinion, having assessed the principal and emerging risks and other matters including the impact of the coronavirus outbreak set out in the Viability Statement on page 9 which assesses the prospects of the Company over a period of five years, that the Company will continue in operational existence for a period of at least twelve months from the date of approval of these Financial Statements.

The Financial Statements have been prepared in accordance with the Companies Act 2006, applicable UK Accounting Standards and with the AIC's Statement of Recommended Practice 'Financial Statements of Investment Trust Companies' issued in November 2014 and updated in October 2019 with consequential amendments. In order to better reflect the activities of the 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 presented. Financial assets and financial liabilities are recognised in the Company's Balance Sheet when it becomes a party to the contractual provisions of the instrument.

The Directors consider the Company's functional currency to be sterling, see consideration in accounting policy (j), as the Company's shareholders are predominantly based in the UK, the Company pays its dividends and expenses in sterling and the Company and its investment manager, who are subject to the UK's regulatory environment are also UK based.

2. Income from investments	31 August 2020 £'000	31 August 2019 £'000
Overseas dividends	15,337	13,498
Total Income	15,337	13,498
Total Income Comprises		
Dividends from financial assets designated at fair value through profit or loss	15,337	13,498
Total Income	15,337	13,498

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Notes to the Condensed Financial Statements (ctd)

3.	Investment Management Fee – all charged to revenue	2020 £'000	2019 £'000
	Investment Management Fee	4,380	4,149

Details of the Investment Management Agreement are disclosed on page 21 of the Annual Report and Financial Statements. 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.

4.	Net Return per Ordinary Share	2020 Revenue	2020 Capital	2020 Total	2019 Revenue	2019 Capital	2019 Total
	Net return on ordinary activities after taxation	6.56p	44.38p	50.94p	5.18p	(47.70p)	(42.52p)

Revenue return per ordinary share is based on the net revenue return after taxation of £6,047,000 (2019 – £4,755,000), and on 92,154,367 (2019 – 91,802,048) ordinary shares, being the weighted average number of ordinary shares in issue during each year.

Capital return per ordinary share is based on the net capital return for the financial year of £40,901,000 (2019 - (£43,789,000)), and on 92,154,367 (2019 – 91,802,048) ordinary shares, being the weighted average number of ordinary shares in issue during each year.

There are no dilutive or potentially dilutive shares in issue

5. Ordinary Dividends

	2020	2019	2020 £'000	2019 £'000
Amounts Recognised as distributions in the year:				
Previous year's final (paid 13 December 2019)	3.50	0.60p	3,235	547

	2020	2019	2020 £'000	2019 £'000
Dividends paid and payable in respect of the year:				
Current year's proposed final dividend (payable 11 December 2020)	4.50	3.50p	4,134	3,235

If approved, the recommended final dividend will be paid on 11 December 2020 to shareholders on the register at close of business on 13 November 2020. The ex-dividend date is 12 November 2020. Further information can be found in the Dividend section of the Chairman's Statement.

6. Total borrowings at 31 August 2020 were £151,420,000 (¥21.5 billion), (31 August 2019 - £127,641,000 (¥16.5 billion)).
7. Transaction costs incurred on the purchase and sale of investments are added to the purchase costs or deducted from the sales proceeds, as appropriate. During the year, transaction costs on purchases and sales amounted to £61,000 (31 August 2019 - £56,000) and £74,000 (31 August 2019 - £55,000) respectively.
8. In the year to 31 August 2020, 566,716 shares with a nominal value of £28,000 were bought back at a total cost of £3,429,000 and held in treasury (2019 – no shares were bought back). At 31 August 2020 the Company had authority to buy back 13,287,780 ordinary shares.
- In the year to 31 August 2020, the Company issued no shares (2019 – 1,965,000 shares were issued at a premium to net asset value raising proceeds of £15,582,000). At 31 August 2020 the Company had authority to issue or sell from treasury 30,805,227 ordinary shares.

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9. The financial information set out above does not constitute the company's statutory accounts for the years ended 31 August 2020 or 2019 but is derived from those accounts. Statutory accounts for 2019 have been delivered to the registrar of companies, and those for 2020 will be delivered in due course. The auditor has reported on those accounts; their reports were (i) unqualified, (ii) did not include a reference to any matters to which the auditor drew attention by way of emphasis without qualifying their report and (iii) did not contain a statement under section 498 (2) or (3) of the Companies Act 2006.

10. Subsequent Events

Share Price and Net Asset Value Movements

Subsequent to the year end, investment valuations have continued to increase through underlying investment performance. This has resulted in an increase in net asset value (with borrowings at fair value) of 10.8% to 930.1p as at 5 October 2020. As at 5 October 2020 the Company's share price was 899.0p, 10.0% higher than as at 31 August 2020.

As the above movements relate to post year end activity these will be reported in the Annual report and Financial Statements for the year ended 31 August 2021.

11. The Annual Report and Financial Statements will be available on the Company's page of the Managers' website www.japantrustplc.co.uk on or around 7 October 2020.

Glossary of Terms and Alternative Performance Measures (APM)

Total Assets

The total value of all assets held less all liabilities (other than liabilities in the form of borrowings).

Net Asset Value

Net Asset Value is 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.

Net Asset Value (Borrowings at Par Value) (APM)

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.

Net Asset Value (Borrowings at Fair Value) (APM)

Borrowings are valued at an estimate of their market worth. The Company's yen denominated loans are fair valued with reference to Japanese government bonds of comparable yield and maturity. The value of the borrowings on this basis is set out in note 15 in the Annual Report and Financial Statements. A reconciliation from Net Asset Value (with borrowings at par value) to Net Asset Value per ordinary share (with borrowings at fair value) is provided below.

	31 August 2020	31 August 2019
Net Asset Value per ordinary share (borrowings at par value)	840.8p	792.1p
Shareholders' Funds (borrowings at par value)	£772,389,000	£732,105,000
Add: par value of borrowings	£151,420,000	£127,641,000
Less: fair value of borrowings	(£152,387,000)	(£130,192,000)
Shareholders' funds (borrowings at fair value)	£771,422,000	£729,554,000
Shares in issue at year end	91,858,209	92,424,925
Net asset value per ordinary share (borrowings at fair value)	839.8p	789.3p

Net Current Assets

Net current assets comprise current assets less current liabilities excluding borrowings.

(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.

		31 August 2020	31 August 2019
Net asset value per share	(a)	839.8p	789.3p
Share price	(b)	817.0p	791.0p
(Discount)/Premium	(b - a)÷(a)	(2.7%)	(0.1%)

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Glossary of Terms and Alternative Performance Measures (APM)

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.

		2020 NAV (fair)	2020 NAV (par)	2020 Share Price	2019 NAV (fair)	2019 NAV (par)	2019 Share Price
Closing NAV per share/share price	(a)	839.8p	840.8p	817.0p	789.3p	792.1p	791.0p
Dividend adjustment factor*	(b)	1.0043	1.0042	1.0044	1.0008	1.0008	1.0008
Adjusted closing NAV per share/share price	(c) = (a) x (b)	843.4p	844.4p	820.6p	789.9p	792.7p	791.6p
Opening NAV per share/share price	(d)	789.3p	792.1p	791.0p	834.0p	835.8p	855.0p
Total Return	((c) ÷ (d)) - 1	6.8%	6.6%	3.7%	(5.3%)	(5.2%)	(7.4%)

* The dividend adjustment factor is calculated on the assumption that the dividend of 3.50p (2019 – 0.60p) paid by the Company during the year was invested into shares of the Company at the cum income NAV per share/share price, as appropriate, at the ex-dividend date.

Ongoing Charges (APM)

The total expenses (excluding borrowing costs) incurred by the Company as a percentage of the average net asset value (with debt at fair value).

		2020 £'000	2019 £'000
Investment management fee		4,380	4,149
Other administrative expenses		590	654
Total expenses	(a)	4,970	4,803
Average net asset value (borrowings at fair value)	(b)	734,140	686,294
Ongoing charges (a) ÷ (b) (expressed as a percentage)		0.68%	0.70%

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. The level of gearing can be adjusted through the use of derivatives which affect the sensitivity of the value of the portfolio to changes in the level of 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 as a percentage of shareholders' funds.

		2020		2019	
		Gearing* £'000	Potential Gearing** £'000	Gearing* £'000	Potential Gearing** £'000
Borrowings	(a)	151,420	151,420	127,641	127,641
Cash and cash equivalents	(b)	118,742	-	40,303	-
Shareholders' Funds	(c)	772,389	772,389	732,105	732,105
		4.2%	19.6%	11.9%	17.4%

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

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

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Glossary of Terms and Alternative Performance Measures (APM) (Ctd)

Leverage (APM)

For the purposes of the Alternative Investment Fund Managers (AIFM) Directive, 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.

	2020		2019	
	Gross method £'000	Commitment method £'000	Gross method £'000	Commitment method £'000
Borrowings	151,420	151,420	127,641	127,641
Sterling cash	-	61	-	(13)
	(a) 151,420	151,359	127,641	127,654
Shareholders' Funds	(b) 772,389	772,389	732,105	732,105
Leverage	(a + b)÷(b) expressed as a ratio		1.20:1	1.17:1

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.

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

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

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