Aberdeen Japan Investment Trust PLC

Japan specialists identifying exceptional companies

Annual Report
31 March 2020

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"For the year under review, on a total return basis, your Company's net asset value rose by 3.3% compared to the Topix benchmark, which declined by 2.5%"

Karen Brade, Chairman

"The fundamentals of the underlying stocks within your Company's portfolio remain robust: they retain strong balance sheets, and they have endured multiple disruptions in the past. Many are global market leaders in their respective industries, or have businesses that address longer-term structural issues in the country. We believe they should continue to thrive in spite of challenging external conditions in the medium term.

Kwok Chern-Yeh,
Aberdeen Standard Investments (Japan) Limited,
Investment Manager

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Highlights and Financial Calendar

Net asset value total return[A]
Figures to 31 March 2020

+3.3%

Return since 8 October 2013 (change of mandate) +74.5%

Index total return
Figures to 31 March 2020

–2.5%

Return since 8 October 2013 (change of mandate) +64.4%

Share price total return[A]
Figures to 31 March 2020

+6.8%

Return since 8 October 2013 (change of mandate) +71.2%

Ongoing charges ratio[A]
Year to 31 March 2020

1.04%

Year to 31 March 2019 1.10%

Discount to net asset value[A]
As at 31 March 2020

10.9%

As at 31 March 2019 13.6%

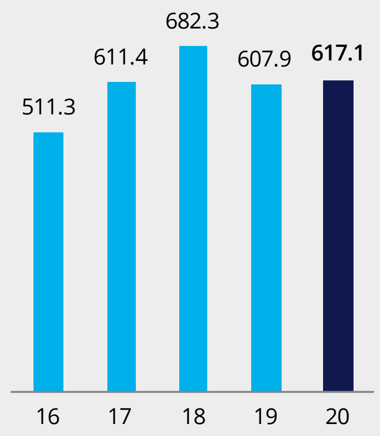
Dividend per share
Year to 31 March 2020

15.00p

Year to 31 March 2019 5.40p

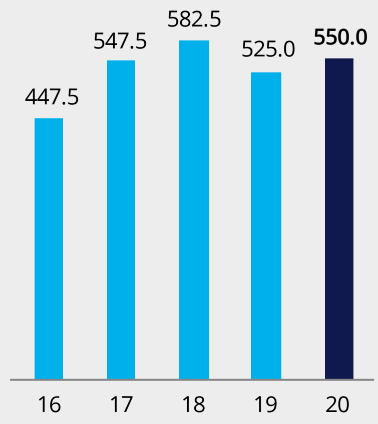
[A] Alternative Performance Measure (see pages 73 and 74)

Net asset value per share



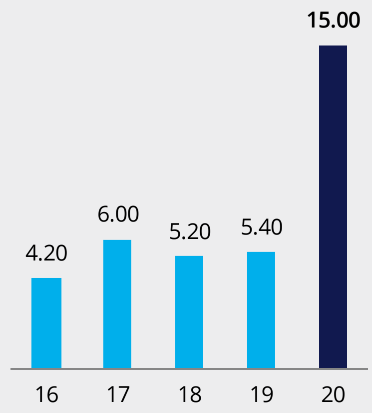
At 31 March 2020 – pence

Mid-market price per share



Year ended 31 March 2020 - pence

Dividends per share



At 31 March 2020 – pence

Dividends

	Rate	Ex-dividend date	Record date	Payment date
Proposed final dividend 2020	9.00p	2 July 2020	3 July 2020	31 July 2020
Interim dividend 2020	6.00p	28 November 2019	29 November 2019	20 December 2019
Total dividends 2020	**15.00p**			
Final dividend 2019	5.40p	13 June 2019	14 June 2019	12 July 2019

"The Board believes that the Company will remain resilient during the global COVID-19 pandemic and, over time, deliver excess returns."

Karen Brade, Chairman

Financial Calendar

Payment dates of dividends	July 2020 December 2020
Financial year end	31 March 2020
Annual General Meeting (London)	24 July 2020

Highlights

	31 March 2020	31 March 2019	% change
Total assets (as defined on page 84)	£97,904,000	£99,810,000	–1.9
Total equity shareholders' funds (net assets)	£85,206,000	£88,025,000	–3.2
Market capitalisation	£75,943,000	£76,022,000	–0.1
Share price (mid market)	550.00p	525.00p	+4.8
Net asset value per share	617.09p	607.89p	+1.5
Discount to net asset value[A]	10.9%	13.6%	
Net gearing[A]	13.6%	11.6%	
Operating costs			
Ongoing charges ratio[A]	1.04%	1.10%	
Earnings			
Total return per share	19.03p	(70.63p)	
Revenue return per share	8.08p	6.83p	
Dividends per Ordinary Share[B]	15.00p	5.40p	
Revenue reserves (prior to payment of proposed final dividend)	£2,361,000	£2,839,000	

[A] Considered to be an Alternative Performance Measure. See pages 73 and 74 for more information.
[B] The figure for dividends reflects the years in which they were earned

Overview
Strategic Report
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General

With over 36 million people, Tokyo is the world's most populous metropolis and is described as one of the three command centres for world economy.

Strategic Report

The Company is an investment trust aiming to achieve long-term capital growth principally through investment in listed Japanese companies which are believed by the Manager to have above average prospects for growth.

Chairman's Statement

"Many Japanese companies, including those in your Company's portfolio, have strong balance sheets and cash positions and experienced management teams equipped to survive. They are very well placed to maximise opportunities in the future".

Karen Brade, Chairman

Performance

For the year under review, on a total return basis, your Company's net asset value (NAV) rose by 3.3% in sterling terms, compared to the Topix benchmark which declined by 2.5%. The share price rose by 6.8% as the discount to NAV per share reduced from 13.6% to 10.9%.

These results reflect the Company's exposure to Japanese stocks with good management teams and strong business franchises. Many of them are characterised by sustainable cashflows, strong balance sheets and good access to liquidity. Since the change to a Japan-only mandate in 2013, the Company's results have exceeded the index. The Board believes that the Company will remain resilient during the global COVID-19 pandemic and, over time, deliver excess returns.

Overview

The first nine months of our financial year saw gradual improvement in performance until the final quarter when COVID-19 arrived. The subsequent economic impact on asset valuations has been rapid and severe.

The Japanese stock market has not been immune from the global sell-off, but has been a little more stable. The epidemic in Japan has been less severe than in many other major economies. This should allow the domestic economy to re-establish itself relatively quickly. Japanese companies reliant on global supply chains have experience from past crises enabling their management teams to devise strategies to counter disruptions to their operations. The underlying conservatism of Japanese corporations and their desire to preserve cash has been validated. As businesses elsewhere face financial strain, many Japanese companies are in a relatively strong position.

Against this backdrop, your Manager's focus on the fundamentals of the portfolio's holdings has put your Company in good stead, and positions it well as a going concern for the long term. Meanwhile, the sell-off presents opportunities. Details of your Company's performance and changes to the portfolio for the year under review are discussed in the Investment Manager's Review on page 10.

Your Tokyo-based Investment Manager undertakes rigorous due diligence before investing and regular engagement with the management of the portfolio companies thereafter. This is particularly beneficial as Japanese equities remain among the most under-researched compared to other developed markets. Your Manager seeks to ensure that the objectives of these companies are aligned with those of minority shareholders, including this Company. This should improve ratings and returns in the longer term.

Ongoing cost ratio (OCR)

As reported in last year's annual report, there has been an adjustment to the basis on which the management fee is calculated. Effective from 1 June 2019, the fee of 0.75% per annum was charged on the lesser of the Company's NAV or market capitalisation, rather than purely on the NAV.

I am pleased to report that the Company's OCR reduced during the financial year from 1.10% to 1.04%. Since the change in investment mandate in 2013, there have been six consecutive years of reductions in the OCR, which has decreased from 1.41% in 2013/14 to 1.04% in 2019/20. The Board remains committed to controlling expenses and seeking reductions in the OCR whenever possible.

Dividend

A new dividend policy was endorsed by shareholders at the 2019 AGM last July, whereby an enhanced dividend would be paid to shareholders comprising three elements: the Company's revenue return per share for the year; 3.0p from revenue reserves; and an amount from capital reserves. A minimum distribution of 15.0p for the year to 31 March 2020 was expected to result from the new policy. Dividend distributions are now made on a semi-annual basis.

The Company's revenue return per share for the financial year was 8.08p (2019 – 6.83p). An interim dividend of 6.0p has already been declared and paid. The Board proposes a final dividend of 9.0p, making a total dividend of 15.0p (2019 – 5.4p) for the year ended 31 March 2020. This comprises 8.0p revenue return, 3.0p from revenue reserves and 4.0p from capital reserves. The Board believes that a total dividend of 15.0p for the year provides for a prudent retention of capital for future investment.

Regarding dividend income from the portfolio, a number of companies held by the Trust have delayed disclosing dividend forecasts for the year, and your Manager is forecasting a potential 15% drop in yen terms year on year. While balance sheets in the portfolio are strong, companies may choose to retain cash as they face pressure from ongoing economic disruption.

The Board recognises the importance of income to our shareholders and believes that a regular, sustainable dividend will help the Company to broaden the shareholder base and help to maintain the discount at reasonable levels.

Chairman's Statement Continued

Gearing
The Company continued to make use of its ability to gear during the financial year. The Company renewed its loan facility with ING Bank in January 2020 which comprised two parts: a Yen 1.3 billion one year fixed term loan, which was fully drawn down; and a Yen 1.0 billion one year floating rate loan facility, of which Yen 400 million was drawn down at the year end.

The Board continues to monitor the level of gearing and considers a gearing level of around 10% to be appropriate although, with market fluctuations, this may range between 5% and 15%. Net gearing at 31 March 2020 was 13.6% (2019 – 11.6%).

Discounts and Share Buybacks
During the period, particularly in March, discount volatility continued to feature within the investment trust sector, including the Company's peer group. The Board monitors the discount level of the Company's shares in relation to the NAV and has in place a mechanism to buy back shares at certain levels. During the financial year 672,659 shares were bought back into treasury at a cost of £3.90 million.

Shareholders will be aware of the discount mechanism provided within the Company's articles of association. If the average discount at which the shares have been trading in relation to the NAV in the ninety day period prior to the Company's financial year end exceeds 10%, a continuation vote is required to be proposed to shareholders. Over the ninety day period to 31 March 2020, the average discount was 10.4% and so exceeded the 10% limit. This was the first time since the inception of the discount control mechanism that the Company has been required to propose a continuation resolution. The mechanism was largely triggered by the unprecedented situation in the markets that caused most investment trusts, including your Company, to trade at wide discounts. The discount at the end of the financial year was 10.9%.

The Board convened a general meeting on 21 May 2020 to give shareholders the opportunity to vote on the continuation of the Company. I am pleased to report that the continuation of the Company was supported.

Since the end of the financial year, volatility in markets has continued and as at 12 June 2020, the discount stood at 15.8%. Approximately 109,000 shares have been bought back into treasury since the end of March 2020.

Board Composition
There were no changes to the Board composition during the financial year. The Board members have diverse backgrounds, skills and experience. The Board's policy on tenure is that the length of service of a Director is secondary to the contribution that he or she makes. Tenure will be determined on a case-by-case basis, consistent with the AIC Code of Corporate Governance. The Board has a succession plan and evaluates each Director's performance annually to ensure up-to-date skills and capacity.

Environmental, Social & Corporate Governance ('ESG')
The Company is a 'tier 1' signatory of the UK Stewardship Code that aims to enhance the quality of engagement by investors with investee companies. This should improve socially-responsible performance, and the long-term investment return.

The Manager has continued to integrate ESG issues into the investment process, regularly reporting the results to the Board. The Manager works with companies to improve corporate standards, transparency and accountability and will seek to favour companies which pursue best practise in these areas. During the period, two companies were sold on governance-related grounds. The Manager has observed that Japanese companies are often world class in these ESG-related areas, but may fail to make relevant disclosures.

COVID-19
The Board notes that there are a number of contingent risks stemming from the COVID-19 pandemic that may impact the operation of the Company. These include investment risks surrounding the companies in the portfolio such as employee absence, reduced demand, reduced turnover and supply chain breakdowns. The Manager will continue to review carefully the composition of the Company's portfolio and to be pro-active in taking investment decisions where necessary. Operationally, COVID-19 is also affecting the suppliers of services to the Company including the Manager and other key third parties. To date these services have continued to be supplied seamlessly and the Board will continue to monitor arrangements on receipt of regular updates from the Manager. The Board would like to thank the team at Aberdeen Standard Investments and, in particular, Chern and his colleagues in Tokyo during what has been a very challenging time.

The Aberdeen Standard Investments group, and its parent, Standard Life Aberdeen plc, are in a position of strength, with sufficient capital and cash to ensure the various businesses continue to deliver amid the adversity poised by the COVID-19 pandemic. Their teams in Europe, Asia and the Americas have adapted well to work-from-home routines necessitated by the various lockdown measures imposed. As a linear recovery from the current condition remains unlikely, management has factored in scenarios for exiting full lockdowns in certain regions as well as operating in less-restrictive environments elsewhere. Hence, the group remains agile and well-prepared to take on future challenges.

Your Company plans to stay in regular touch with our shareholders. Your Manager will provide insight and other useful information through your Company's website (**www.aberdeenjapan.co.uk**), as well as reports on what it is doing to circumnavigate these uncharted waters. We are also keeping your Company's website updated with both long-form reports and podcasts, and we hope these will be a useful resource for you.

Annual General Meeting ("AGM")

The Board has been considering arrangements for the Company's upcoming AGM. The intention is to hold the AGM at 10.00 am on 24 July 2020 at the Manager's London office.

In light of current restrictions on public gatherings and maintaining social distancing, and the possibility that these measures will be in place in July, arrangements will be made to ensure that the minimum number of shareholders required to form a quorum will attend the meeting. The Board considers these arrangements to be in the best interests of shareholders in the current circumstances.

The Board requests that shareholders do not attend the AGM in person and instead exercise their votes in advance. Any questions which shareholders may have should be submitted to the company secretary at aberdeen.japan@aberdeen-asset.com.

Outlook

While fiscal and monetary stimuli initiated by many governments should help to support economies, the critical questions are: How soon will previous levels of economic activity return? and What will be the post-COVID structure of the global economy?

Many Japanese companies, including those in your Company's portfolio, have strong balance sheets and cash positions and experienced management teams equipped to survive. They are very well placed to maximise opportunities in the future.

Your Manager believes that these factors will keep your Company on its upward trajectory.

Karen Brade
Chairman
16 June 2020

Investment Manager's Review

Kwok Chern-Yeh,
Aberdeen Standard
Investments (Japan) Limited

Overview

Japan equities declined in the year under review. In the first three quarters of the financial year,the market was beset by many uncertainties, from the stop-start of trade negotiations between the US and its trading partners, to a global slowdown from lower trade volumes, and concerns of an economic downturn from a domestic consumption tax hike, then optimism about improved economic conditions from initial trade agreements. These events were overtaken in the final quarter by the outbreak of COVID-19 and its escalation to what became a global pandemic, leading to heightened risk aversion in global markets, and exacerbating a sharp decline in oil prices.

The number of people afflicted by COVID-19 across the world continued to climb, leading the World Health Organisation to raise its threat assessment to the highest level. Governments around the world imposed nationwide lockdowns to contain its spread. These social-distancing measures have severely hindered logistics supply chains as well as most business activities across the world. In Japan, the government lifted a state of emergency at the end of May, after a six-week period when the country was effectively in a "soft" lockdown. Meanwhile, the International Olympic Committee postponed the 2020 Tokyo Olympics to next summer, under growing pressure from the worldwide sports community.

The ensuing economic slowdown has forced global central banks, including the US Federal Reserve and European Central Bank, to resume policy easing to boost liquidity. Similarly, the Bank of Japan stepped up its purchase of government bonds, exchange-traded funds and corporate bonds to stabilise financial markets. Furthermore, lawmakers rolled out over US$1 trillion in stimulus to help households and small businesses, already hit hard by the sales tax hike last October, through this difficult period

Portfolio review

The portfolio's net asset value per share rose by 3.3%, compared to the benchmark index's total return which declined by 2.5%. The equity holdings rose 4.8%. Your Company's outperformance, in spite of the challenging environment, can be attributed to your Manager's stock selection, particularly in Basic Materials, Health Care and Telecommunications.

In Healthcare, Chugai Pharmaceutical gained amid continued strong sales of its comprehensive pipeline and visibility of future earnings. In March, its in-house drug Actemra was being trialled by parent Roche as a potential treatment for critical cases of COVID-19. Similarly, the holding in leading drugstore operator Welcia proved beneficial as it continued to post robust same-store sales numbers during the period.

Elsewhere, mobile network operator KDDI maintained its robust results on the back of higher revenues and lower levels of customers switching to other telecoms. It has been able to deliver on both earnings growth and shareholder return in a mature market.

Investors also continued to favour Nippon Paint for its strong market position across several Asian markets. The company will likely be a beneficiary of lower oil prices.

Holdings which detracted from performance included TKP Corp**.** While the company remains a market leader in hotel banquet and conference-management services, its share price fell on fears of a fall in demand for conference rooms and hotels amid the lockdown. Investors were also concerned over the health of its balance sheet, particularly in the current environment where liquidity is tight.

Financial services company Tokyo Century Corp also weighed on performance as investors became increasingly concerned about its newly-acquired aircraft-leasing subsidiary. We believe that its credit risk is manageable, and its recent mid-term plan and partnership with telecoms NTT is encouraging.

In portfolio activity, we exited Aeon Financial Service, a key detractor over the period, as our confidence in the credit card company waned amid questions over its management execution, governance of overseas subsidiaries and deterioration in credit quality.

We also sold Net One Systems on concerns that the Japanese IT-services company, along with several other firms, had artificially boosted sales through a series of questionable transactions. We believe that Net One remains well-positioned to benefit from the rising adoption of cloud-computing in Japan. However, this event raised questions about the company's controls, which we believe is a reflection of the way that the business is run. These issues are not easy to uncover and come at a time when we have been increasingly concerned about internal controls of Japanese companies. Management is under pressure to reach targets, companies are facing labour shortage issues, and firms are increasingly forced to globalise their businesses even as internal processes have yet to catch up. While this development with Net One is disappointing, it again underscores the importance of continual engagement with companies, alongside capital discipline, as core tenets of a sustainable investment process.

Furthermore, we divested automotive components manufacturer Denso, tobacco products maker Japan Tobacco, snack manufacturer Calbee, Honda Motor, construction machinery maker Komatsu, retailer San-A and real estate company Daibiru in favour of better opportunities elsewhere.

Market volatility during the period presented opportunities for us to introduce a variety of attractively-valued companies.

One of the key holdings we initiated was Sony Corp. We have gained more confidence in its management and underlying business fundamentals and remain optimistic about its image-sensor business, where it has a dominant market share. Demand for such components has surged as smartphone makers roll out more sophisticated products with multiple cameras and lenses. Recently, Sony noted that this business segment had not been severely affected by disruptions caused by the pandemic. Additionally, we believe the company's plans to release the next generation Playstation 5 gaming console this year will further boost sentiment.

We also took a position in internet company Recruit Holdings, which is among the largest domestically and has a dominant human resources platform, alongside several lifestyle-related domains. Its investment in HR technology overseas, particularly in job-search engine Indeed, allows it to penetrate the untapped hiring needs of the vast majority of small and medium-sized enterprises worldwide. We believe this platform, as well as the potential to expand into job placements and staffing, will be key sources of future growth. It already has one of the world's largest temporary-staffing businesses.

Other holdings that were introduced during the period included:

- Milbon, a manufacturer of professional-use hair cosmetics, which has a proven track record for brand building and product launches, with traction in expansion in both the domestic market, and several overseas ones;
- BML, a leading clinical-testing company, whose business is cash-generative and has a growing customer base, enabling stable profit growth through economies of scale;
- Hoya, a leading manufacturer of medical and high-tech optics products whose portfolio ranges from optical lenses to semiconductor mask blanks, is a leader in terms of technology, R&D and processing, and poised to benefit from structural growth opportunities for extreme ultraviolet lithography (EUV) mask blanks used for leading-edge semiconductors;
- Azbil, a measurement and control equipment maker, which has a dominant share in the domestic building automation market, thanks to its track record plus loyal customer base, and that is expected to benefit from growth of the higher-margin maintenance business as building equipment ages;
- Okinawa Cellular Telephone, the leading mobile and communication service provider in a region that continues to register population growth, and whose extensive local sales network and coverage enables it to defend its local market share;
- Zuken, the global leader in high-end electronic design automation software for printed circuits and circuit boards, which is expected to benefit from electrification of the automotive industry and the rise of smart connected devices;
- Daifuku, a leading provider of material handling systems used primarily in semiconductor storage and transportation systems, as well as e-commerce operations, which should benefit from longer-term demand for these projects, which themselves are increasingly complex and require much customisation.

Corporate Engagement

As part of our process of investing in businesses for the long term, we regularly engage with companies on matters related to environmental impact, social concerns and corporate governance. Our discussions with corporates may include issues related to board structure, capital management, diversity or disclosure.

These discussions may not bear fruit in the short term, but we believe these matters are essential to the longer-term management of business risk, and may help to enhance the value of businesses. In addition, we actively use the voting rights of your Company's holdings to emphasise our beliefs. Among the issues in our corporate engagement were the adoption of global best practices in quality management and product assurance, and the enhancing of disclosure related to such matters. We have often found that Japanese corporates' activities in these areas are world class, but that they have shied away from relevant disclosures.

Investment Manager's Review Continued

With the benefit of the government's encouragement for better governance of companies, we have often highlighted the inadequacy of board diversity, and pushed for more efficient capital strategies. Governance of parent-child listings in Japan is also under scrutiny and it is an area where we have had regular dialogue with many of our holdings.

The companies where we have had discussions on these issues in the last year include Hoya, KDDI, Shiseido, Heiwa Real Estate, Nitori Holdings and Nippon Paint.

Outlook

For many of Japan's companies, COVID-19 is expected to have a significant impact, at least in the near term. While earlier assessments of the impact were focussed on a disruption of the global supply chain for a handful of industries, the spread of the pandemic has now affected the operations of every industry across the globe. The implications will be far-reaching. Whilst fiscal and monetary stimulus will help to support global economies, the more important factor will be how quickly infections have been contained and economic activity can be restored.

It is worth reiterating that the fundamentals of the underlying stocks within your Company's portfolio remain robust: they retain strong balance sheets and they have endured multiple disruptions in the past. Many are global market leaders in their respective industries, or have businesses that address longer-term structural issues in the country, such as the growing labour shortage due to an ageing population. Their swift and adept responses from the onset of the pandemic have led us to believe that they can weather this storm better than their peers, and have instilled in us greater confidence in their longer term prospects.

Aberdeen Standard Investments (Japan) Limited,
Investment Manager
16 June 2020

Overview of Strategy

Business Model

This report provides shareholders with details of the Company's business model and strategy as well as the principal risks and challenges it faces.

The Company is an investment trust which seeks to deliver a competitive return to its shareholders through the investment of its funds in accordance with the investment policy as approved by shareholders.

The Board appoints and oversees an investment manager, decides the appropriate financial policies to manage the assets and liabilities of the Company, ensures compliance with legal and regulatory requirements and reports objectively to shareholders on performance.

The Directors do not envisage any change in this model in the foreseeable future.

Investment Objective and Purpose

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.

The Board's strategy is represented by its investment policy, financial policies, and risk management policies.

Investment Policy

The Company primarily invests in the shares of companies which are listed in Japan. The portfolio is constructed through the identification of individual companies of any market capitalisation size and in any business sector, which offer long-term growth potential.

The portfolio is selected from the 3,500 listed stocks in Japan and is actively managed to contain between 30 and 70 stocks which, in the Manager's opinion, represent the best basis for producing higher returns than those of the market as a whole in the long term. There will therefore inevitably be periods in which the Company's portfolio both outperforms and also underperforms the market as represented by the Company's benchmark.

The Board does not impose any restrictions on these shorter term performance variations from the benchmark, nor any limits on the concentration of stock or sector weightings within the portfolio, except that no individual shareholding shall exceed 10% of the Company's portfolio at the time of purchase, although market movements may subsequently increase this percentage.

The full text of the Company's investment policy is provided on page 81.

Benchmark Index

Topix (in Sterling terms)

Investment Approach

The Investment Manager's investment philosophy is that markets are not always efficient. The Investment Manager's approach is therefore that superior investment returns are attainable by investing in companies with good fundamentals and above average growth prospects that in the Investment Manager's opinion drive share prices over the long-term. The Investment Manager follows a bottom-up investment process based on a disciplined evaluation of companies through active engagement, at least twice a year, with management on performance including environmental, social and governance issues by its fund managers who are based in Japan and supported by the Manager's Asian investment team in Singapore. The Manager estimates a company's worth in two stages; quality, defined by reference to management, business focus, the balance sheet and corporate governance; and then price calculated by reference to key financial ratios, the market, the peer group and business prospects. The selection of the portfolio of shares is the major source of the performance of the portfolio, and no stock is bought without the fund managers having first met management.

Stock selection is key in constructing a diversified portfolio of companies with macroeconomic, political factors and benchmark weightings being secondary.

Given the long-term fundamental investment philosophy, the Manager expects to hold most companies in which the Company invests for extended periods of time and this accounts for the relatively low level of activity within the portfolio.

Financial Policies

The Board's main financial policies cover the management of shareholder capital, risk management of the Company's asset and liabilities, including currency risk, the use of gearing and the reporting to shareholders of the Company's performance and financial position.

Management of Shareholder Capital

The Board's policy for the management of shareholder capital is primarily to ensure its long term growth. This growth will reflect both the Manager's investment performance and from time to time the issue of shares when sufficient demand exists to do this without diluting the value of existing shareholder capital.

Overview of Strategy Continued

The Board's dividend policy is to make distributions on a semi-annual basis and should consist of the Company's earnings for the year, 3.0p released from the revenue reserves and an amount from the capital reserves.

The Board will authorise the buyback of shares in order to avoid excessive variability in the discount and if, despite this, the average discount exceeds 10% during the 90 day period preceding its financial year end, the Board will offer shareholders the opportunity to vote on the continuation of the Company at a general meeting.

Risk Management

The policy for risk management is primarily focused on the investment risk in the portfolio using the Manager's risk management systems and risk parameters, overseen by the Board.

Derivatives

The Company may use derivatives from time to time for the purpose of mitigating risk in its investments. The performance of the Company is subject to fluctuations in the Yen/£ exchange rate. The Company's exposure to Yen fluctuations is partially offset by the natural hedge provided by any borrowing in Yen as well as by investments in Japanese companies which have significant sources of income from exports of goods or from non-Japanese operations.

The wider corporate risks, including those arising from the increasingly regulated and competitive marketplace, are managed directly by the Board. The principal risks are more fully described under the paragraph 'Principal Risks and Uncertainties'.

Use of Gearing

Gearing is the amount of borrowing used to increase the Company's portfolio of investments in order to enhance returns when and to the extent it is considered appropriate to do so or to finance share buybacks when necessary. The level of borrowing under the Company's investment policy is subject to a maximum of 25% of net assets but will normally be set at a stable and lower level than the maximum. The Board has currently established a gearing level of around 10% of net assets although, with stock market fluctuations, this may range between 5% and 15%.

Principal Risks and Uncertainties

There are a number of risks which, if realised, could have a material adverse effect on the Company and its business model, financial position, performance and prospects.

The Board has in place a robust process to identify, assess and monitor the principal risks and uncertainties facing the Company and to identify and evaluate newly emerging risks. The Company's risks are regularly assessed by the Audit Committee and managed by the Board through the adoption of a risk matrix which identifies the key risks for the Company, including emerging risks, and covers strategy, investment management, operations, shareholders, regulatory and financial obligations and third party service providers. The principal risks and uncertainties facing the Company, which have been identified by the Board, are described in the table below, together with the mitigating actions.

Description	Mitigating Action
Market, Economic and Political Risk The Company's assets consist mainly of listed securities and the principal risks are therefore market-related. This includes concerns about stockmarket volatility caused by geopolitical instability, political change, economic growth, interest rates, currency, and other price risks, as well as national or global crises that are harder to predict and may cause major market shocks.	An explanation of these risks and the management of them is included in Note 16 to the Financial Statements on pages 68 to 71. The Board considers the composition and diversification of the portfolio by industry, size and growth rates, as well as purchases and sales, at each meeting, and in monthly papers. Individual holdings are discussed with the Manager, as well as views by sector and industry.
Investment Strategy Risk The Company and its investment objective may become unattractive to investors, leading to reduced returns for shareholders, decreased demand for the Company's shares and possible widening of the discount to NAV.	The Board regularly reviews and monitors: the Company's investment objective, policy and strategy; the portfolio and its performance; longer term trends in investor demand; and the performance of the Manager in operating the investment policy against the long-term objectives of the Company. If appropriate, the Board can propose changes in the investment objective to shareholders.

Description	Mitigating Action
Investment Management Risk Investment risk arises from the Company's exposure to variations of share prices within its portfolio in response to individual company and to wider Japanese or international factors. Investment in a focussed portfolio of shares can lead to greater short-term changes in the portfolio's value than in a larger portfolio of stocks and these variations will be amplified by the use of gearing. Inappropriate investment decisions may result in the Company's underperformance against the benchmark index and Peer Group and a widening of the Company's discount.	The Board relies on the Investment Manager's skills and judgment to make investment decisions based on research and analysis of stocks and sectors. The Board regularly monitors the investment performance of the portfolio and reviews holdings, purchases and sales on a monthly basis, as well as with the Manager at Board meetings. The Board regularly reviews performance data and attribution analysis and other relevant factors and, were any underperformance seen as likely to be sustained, would be able to take remedial measures.
Operational Risk The Company relies on a number of third-party service providers, principally the Manager, Registrar, Custodian and Depositary.	The Manager has extensive business continuity procedures and contingency arrangements to ensure that they are able to continue to service their clients. Third parties are subject to risk-based internal audit by the Manager, and the Board reviews the Manager's report on Internal Controls and those by other third-party service providers.
Regulatory Risk The Company operates under a complex regulatory environment. Serious breaches of regulations, such as Section 1158 of the Corporation Tax Act 2010, the UKLA Listing Rules, Companies Act 2006 and the Alternative Investment Fund Managers Directive could lead to a number of detrimental outcomes and reputational damage.	The Board is active in ensuring that it fully complies with all applicable laws and regulation and is assisted by the Manager and other advisers in doing this. The Board believes that, while the consequences of non-compliance can be severe, the control arrangements it has put in place reduce the likelihood of this happening.
Share Price and Discount risk The principal risks described above can affect the movement of the Company's share price and in some cases have the potential to increase the discount in the market value of the Company compared with the NAV.	The price of the Company's shares and its discount to NAV are not wholly within the Company's control, as both are subject to market volatility. However, the Board can influence this through the ability to authorise the buyback of existing shares, when deemed to be in the best interests of shareholders. The share price, NAV and discount are monitored daily by the Manager and regularly reviewed by the Board.
Leverage The Company may borrow money for investment purposes. If investments fall in value, gearing has the effect of magnifying the extent of this fall.	The maximum level of borrowing permitted by the Company's investment policy is 25% of net assets. All borrowing requires prior approval of the Board. In order to manage the level of gearing, the Board has established a gearing level of around 10% of net assets although, with stock market fluctuations, this may range between 5% and 15%. The Board regularly reviews the Company's gearing levels and its compliance with bank covenants.

Overview of Strategy Continued

Description	Mitigating Action
COVID-19 Pandemic The Board is cognisant of the risks arising from the outbreak and spread of the Coronavirus around the world, including stockmarket instability and longer term economic effects, and the impact on the operations of the third-party suppliers, including the Manager.	The Manager has undertaken an assessment of the Company's portfolio and is in close communication with the underlying investee companies in order to navigate and guide the Company through the current challenges. The Manager assesses and reviews the investment risks arising from COVID-19 on companies in the portfolio, including but not limited to: employee absence, reduced demand, supply chain breakdown, balance sheet strength, ability to pay dividends, and takes the necessary investment decisions. The Manager has in operation business continuity procedures and these are proving effective. The services from third parties, including the Manager, have continued to be supplied effectively and the Board will continue to monitor arrangements through regular updates from the Manager.

The potential impact of Brexit remains an economic risk for the Company, principally in relation to its impact on currency volatility and the Manager's operations. Aberdeen Standard Investments has a significant Brexit program in place aimed at ensuring that they can continue to satisfy their clients' investment needs post Brexit.

In all other respects, the Company's principal risks and uncertainties have not changed materially since the year end.

Promoting the Success of the Company

The Board is required to report on how it has discharged its duties and responsibilities under section 172 of the Companies Act 2006 (the "s172 Statement"). Under section 172, the Directors have a duty to promote the success of the Company for the benefit of its members as a whole, taking into account the likely long term consequences of decisions, the need to foster relationships with the Company's stakeholders and the impact of the Company's operations on the environment.

The Company consists of four Directors and has no employees or customers in the traditional sense. As the Company has no employees, the culture of the Company is embodied in the Board of Directors. The Board seeks to promote a culture of strong governance and to challenge, in a constructive and respectful way, the Company's advisers and other stakeholders.

The Board's principal concern has been, and continues to be, the interests of the Company's shareholders and potential investors. The Manager undertakes an annual programme of meetings with the largest shareholders and investors and reports back to the Board on issues raised at these meetings. The Investment Manager, who is based in the Manager's Tokyo office, will attend such meetings. The Board encourage all shareholders to attend and participate in the Company's AGM in normal circumstances and shareholders can contact the Directors via the Company Secretary. Shareholders and investors can obtain up-to-date information on the Company through its website and the Manager's information services and have direct access to the Company through the Manager's customer services team or the Company Secretary.

As an investment trust, a number of the Company's functions are outsourced to third parties. The key outsourced function is the provision of investment management services to the Manager and other stakeholders support the Company by providing secretarial, administration, depositary, custodial, banking and audit services.

The Board undertakes a robust evaluation of the Manager, including investment performance and responsible ownership, to ensure that the Company's objective of providing sustainable income and capital growth for its investors is met. The Board typically visits the Manager's offices in Tokyo on an annual basis. This enables the Board to conduct due diligence of the fund management and research teams. The portfolio activities undertaken by the Manager on behalf of the Company can be found in the Manager's Review and details of the Board's relationship with the Manager and other third party providers, including oversight, is provided in the Statement of Corporate Governance.

During the year, the Board focused on the performance of the Manager in achieving the Company's investment objective within an appropriate risk framework. In addition to ensuring that the Company's investment objective was being pursued, key decisions and actions undertaken by the Directors during the financial year included:

- the renewal of the Trust's loan facility which matured in January 2020.
- the amendment to the basis on which the management fee is calculated, whereby the fee of 0.75% per annum is charged on the lesser of the Company's net asset value or market capitalisation rather than on purely the net asset value. This provided cost savings to the Company and helped to reduce the Ongoing Charges Ratio.
- the amendment to the Company's dividend policy, whereby the dividend distributions to shareholders are paid semi-annually and consist of the Company's earnings for the year, an additional 3.0p released from the revenue reserves, and an amount from the capital reserves. The Board believes that a regular, sustainable dividend may help the Company to broaden the shareholder base and maintain the discount at reasonable levels in normal market conditions.
- The convening of a general meeting of the Company to hold a continuation vote required under the articles of association whereby the vote was successfully passed.

The Board is supportive of the Manager's philosophy that Environmental, Social and Governance (ESG) factors are fundamental components to evaluate when investing. ESG considerations are embedded in the investment process undertaken by the Manager and the Manager dedicates a significant amount of time and resource on focusing on the ESG characteristics of the companies in which they invest. Further details of how the Manager seeks to address ESG matters across the portfolio are disclosed in the Statement of Corporate Governance.

In summary, the Directors are cognisant of their duties under section 172 and decisions made by the Board take into account the interests of all the Company's key stakeholders and reflect the Board's belief that the long-term sustainable success of the Company is linked directly to its key stakeholders.

Key Performance Indicators (KPIs)
Performance is compared against the Company's benchmark index and its Peer Group. In view of the Manager's style of investing, there can be, in the short-term, considerable divergence from both comparators. The Board uses a three year rolling performance for the following KPIs:- total NAV return against the benchmark index and share price total return compared with the Peer Group. The KPI for the discount comparison to its Peer Group is over one year. The Company's Ongoing Charges Ratio is compared with the Peer Group, taking into account its size, to ensure that total running costs remain competitive.

KPI	Achievement of KPI
· NAV (total return) relative to the Company's benchmark index (3 years)	Yes
· Share price (total return) vs Peer Group (3 years)	Yes
· Discount or premium of the share price to NAV vs Peer Group on an annual average (1 year).	No
· Ongoing Charges Ratio (1 year)	Yes

An analysis of the KPIs is provided on page 19. Over the three year period to 31 March 2020, the Company's NAV and share price return outperformed its KPI.

The discount KPI underperformed. The Trust's OCR reduced over the year to 31 March 2020 to 1.04% (2019 - 1.10%) and is competitive within its Peer Group, relative to its size of total assets.

Duration
The Company does not have a fixed life. However, under the articles of association, if, in the 90 days preceding the Company's financial year-end (31 March), the Ordinary shares have been trading, on average, at a discount in excess of 10% to the underlying NAV over the same period, notice will be given of an ordinary resolution to be proposed at the following AGM to approve the continuation of the Company. In the 90 days to 31 March 2020, the Ordinary shares traded at an average discount of 10.4% to the underlying NAV and therefore exceeded the 10% limit defined in the articles.

Accordingly, the Board convened a general meeting of the Company on 21 May 2020 whereby a resolution for the continuation of the Company was proposed. This resolution was approved by shareholders.

Board Diversity
The Board recognises the importance of having a diverse group of Directors with the appropriate mix of competencies and expertise to allow the Board to fulfil its obligations. At 31 March 2020 there were two male Directors and two female Directors, all of whom bring a variety of knowledge, experience and skills and

Overview of Strategy Continued

contribute distinctively to the Board's performance. Further detail is provided on page 40 (under Nomination Committee).

Employee, Environmental, Social & Human Rights Issues

The Company has no employees as it has delegated operational management to the Manager. There are therefore no disclosures to be made in respect of employees. The Company's socially responsible investment policy is outlined on page 41.

Global Greenhouse Gas Emissions

The Company has no greenhouse gas emissions to report from the operations of its business, nor does it have responsibility for any other emissions producing sources under the Companies Act 2006 (Strategic Report and Directors' Reports) Regulations 2013.

Modern Slavery Act

Due to the nature of the Company's business, being a company that does not offer goods and services to customers, the Board considers that it is not within the scope of the Modern Slavery Act 2015 because it has no turnover. The Company is therefore not required to make a slavery and human trafficking statement. In any event, the Board considers the Company's supply chains, dealing predominantly with professional advisers and service providers in the financial services industry, to be low risk in relation to this matter.

Viability Statement

The Company's business model is designed to deliver long term capital growth to its shareholders through investment in large and liquid stocks in the global equity markets. Its plans are therefore based on having no fixed or limited life provided the global equity markets continue to operate normally.

The Board has assessed the Company's prospects over a three year period in accordance with the UK Corporate Governance Code. The Board considers that this period reflects a balance between looking out over a long-term horizon and the inherent uncertainties of looking out further than three years. In assessing the viability of the Company over the review period the Directors have focused upon the following factors:

- The ongoing relevance of the Company's investment objective in the current environment. A resolution for the continuation of the Company was passed at the general meeting held on 21 May 2020, showing ongoing support for the Company's investment mandate;

- The principal risks detailed in the strategic report on pages 15 to 16 and the steps taken to mitigate these risks. In particular, the Board has considered the operational ability of the Company to continue in the current environment, which has been impacted by the global COVID-19 pandemic, and the ability of the key third-party suppliers to continue to provide essential services to the Company. Third party services have continued to be provided effectively;

- The liquidity of the Company's underlying portfolio. Recent stress testing has confirmed that shares can be easily liquidated, despite the more uncertain and volatile economic environment;

- The level of revenue surplus generated by the Company and its ability to achieve the dividend policy;

- The level of gearing is closely monitored by the Board. Covenants are actively monitored and there is adequate headroom in place; and

- The Company has a fixed term loan facility of JPY 1.3 billion in place until January 2021 and a revolving loan facility of JPY 1.0 billion in place until January 2021. The Company has the ability to renew or repay its gearing through proceeds from equity sales. Initial discussions with banks have commenced with a view to renewing the facility.

Accordingly, taking into account the Company's current position and its prospects, and the potential impact of its principal risks and uncertainties, the Directors have a reasonable expectation that the Company will be able to continue in operation and meet its liabilities as they fall due for a period of three years from the date of this Report.

In making this assessment, the Board has considered that matters such as significant economic or stockmarket volatility (including the possibility of a greater than anticipated economic impact of the spread of the coronavirus), a substantial reduction in the liquidity of the portfolio, or changes in investor sentiment could have an impact on its assessment of the Company's prospects and viability in the future. As an investment trust with a Japanese mandate, the Company's portfolio is unlikely to be adversely impacted as a direct result of Brexit although some currency volatility could arise.

The Strategic Report was approved by the Board of Directors and signed on its behalf for Aberdeen Japan Investment Trust PLC by:

Karen Brade,
Chairman
16 June 2020

Results

Key Performance Indicators

	1 year return	3 year return	5 year return	Return since 8 October 2013 (change of mandate)
Net asset value[A]	+3.3%	+4.4%	+18.0%	+74.5%
Index	–2.5%	+3.6%	+35.5%	+64.4%
Share price[A]	+6.8%	+4.3%	+13.4%	+71.2%
Peer Group share price	–10.5%	+2.9%	+33.2%	+71.1%
Average discount – Company	–11.6%	–11.4%	–10.5%	–10.1%
Average discount – Peer Group	–7.4%	–5.3%	–7.0%	–7.0%

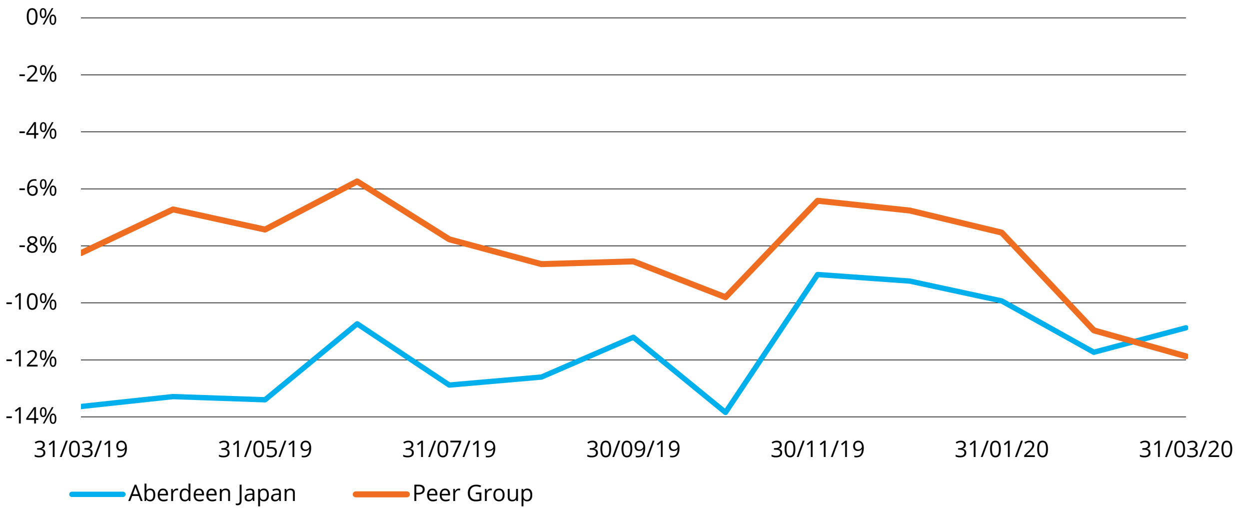
Source: Standard Life Aberdeen, Lipper & Morningstar.
[A] Considered to be an Alternative Performance Measure. See page 73 for further details.
Based on share price and NAV per Morningstar (ie as available in the market, not including the annual report NAV).
Peer group is the average of Baillie Gifford Japan, JP Morgan Japanese CC Japan Income & Growth, Fidelity Japan Trust and Schroder Japan Growth.
Index represents the MSCI AC Asia Pacific (including Japan) Index (in Sterling terms) up to 7 October 2013 and the TOPIX (in Sterling terms) from 8 October 2013.

Ten Year Financial Record

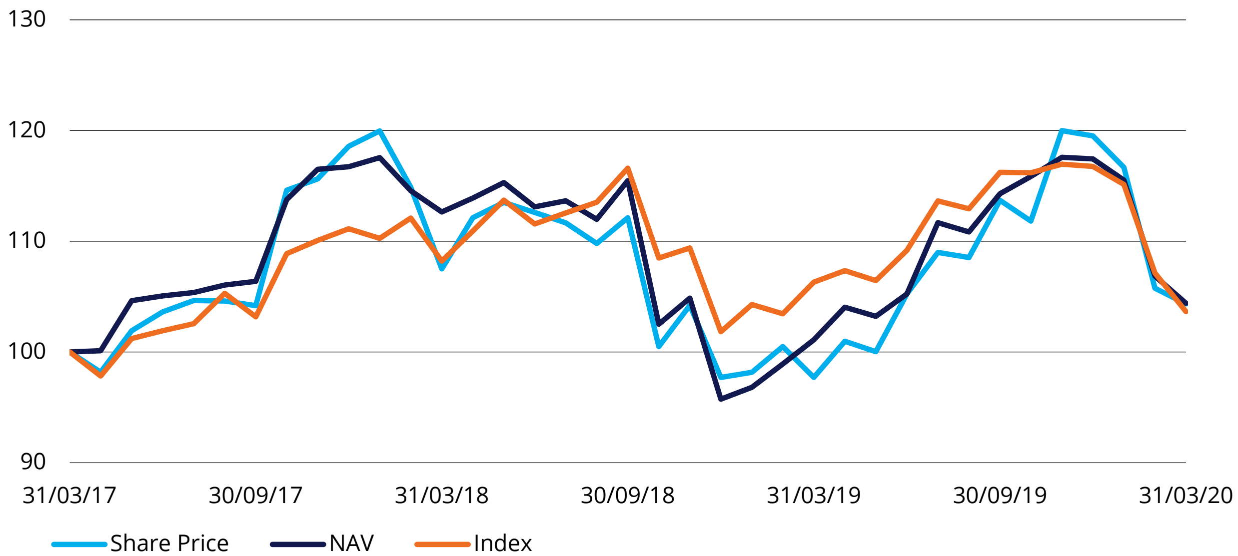
Year to 31 March	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Total revenue (£'000)	1,525	1,788	1,604	1,710	1,222	1,681	2,015	1,879	1,839	1,981
Per share (p)										
Net revenue return	4.65	6.03	5.13	6.00	3.70	5.67	7.25	6.59	6.83	8.08
Total return	32.46	12.05	58.98	(30.91)	174.47	(36.18)	102.69	75.83	(70.63)	19.03
Dividend	3.25	4.75	4.75	4.50	2.60	4.20	6.00	5.20	5.40	15.00
Net asset value	347.30	359.38	413.61	377.94	547.91	511.29	611.41	682.31	607.89	617.09
Shareholders' funds (£'000)	**53,805**	**52,439**	**60,352**	**55,148**	**79,949**	**79,723**	**92,168**	**100,472**	**88,025**	**85,206**

Performance

Discount (%) v Peer Group Average
One Year to 31 March 2020

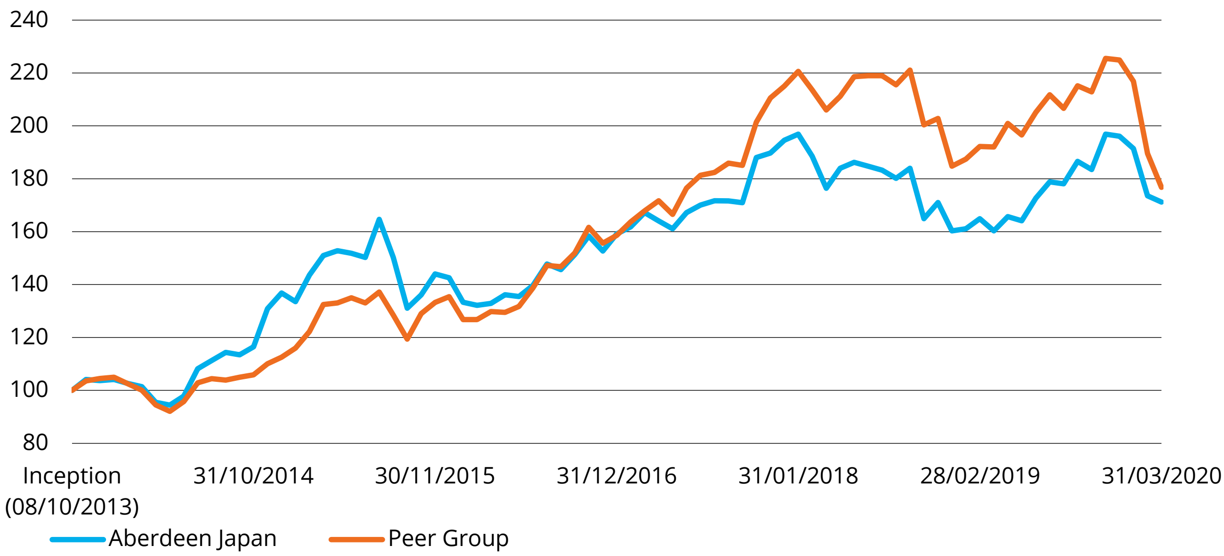


Total Return of NAV and Share Price vs Index (in Sterling terms)
Three Years to 31 March 2020 (rebased to 100 at 31 March 2017)



Share Price Total Return v Peer Group

8 October 2013 (Change of Mandate) to 31 March 2020 (rebased to 100 at 8 October 2013)



Portfolio

The Company invests in a portfolio of c60 companies in Japan, selected by the Investment Manager, from the c3,500 stocks listed on the Tokyo Stock Exchange.

Ten Largest Investments

As at 31 March 2020

4.7%
Total assets

Chugai Pharmaceutical Company
Roche's subsidiary in Japan, Chugai has a strong pipeline of drugs and is able to leverage its parent's portfolio and research.

4.0%
Total assets

Shin-Etsu Chemical Company
Despite the challenging environment, the Japanese maker of specialised chemicals remains a leader in its industry, due to its technological edge and a greater focus on profits than most Japanese rivals.

4.0%
Total assets

Tokio Marine Holdings Inc.
The most progressive of the three large property and casualty insurers in Japan, it is generating stable cash flows in an oligopolistic domestic market to fund overseas expansion.

3.9%
Total assets

KDDI Corporation
Offering mobile, fixed-line and cable TV services, the telecom group has been able to secure a stable customer base and raise revenues through cross-selling.

3.5%
Total assets

Toyota Motor Corporation
Among the leading global automakers, Toyota's scale and conservative management have allowed it to maintain profitability whilst investing in R&D. Its strong lead in hybrid technology will be increasingly important in an industry that is quickly evolving.

3.4%
Total assets

Daikin Industries
The air-conditioning equipment manufacturer has a solid global presence, particularly in China, where it leverages its environmentally-friendly range.

3.3%
Total assets

Keyence Corporation
The leading maker of sensors has a cash generative business and is backed by a strong balance sheet and technological expertise.

2.8%
Total assets

Amada Holdings Company
Amada is a sheet-metal machinery maker, with a dominant domestic market share, that is making inroads in other parts of the world. It has a strong balance sheet and its management has been progressive in returning excess capital to shareholders.

2.8%
Total assets

Welcia Holdings Company
The drugstore operator, a subsidiary of retail group Aeon, has continually posted above-industry average growth for customer spending and traffic through its tailored stores, the use of promotions, and a dedicated focus on in-store pharmacies, a structural trend stemming from Japan's ageing society.

2.6%
Total assets

Japan Exchange Group Inc.
The company operates both the Tokyo and Osaka stock exchanges, which are essentially monopolistic businesses with high operating leverage. It has also been proactive in returning excess cash to shareholders.

Investment Portfolio

As at 31 March 2020

Company	Sector	Valuation 2020 £'000	Total assets %	Valuation 2019 £'000
Chugai Pharmaceutical Company	Pharmaceuticals & Biotechnology	4,619	4.7	3,942
Shin-Etsu Chemical Company	Chemicals	3,973	4.0	3,597
Tokio Marine Holdings Inc.	Nonlife Insurance	3,869	4.0	2,044
KDDI Corporation	Mobile Telecommunications	3,841	3.9	2,644
Toyota Motor Corporation	Automobiles & Parts	3,393	3.5	1,075
Daikin Industries	Construction & Materials	3,304	3.4	3,368
Keyence Corporation	Electronic & Electrical Equipment	3,273	3.3	4,925
Amada Company	Industrial Engineering	2,721	2.8	2,429
Welcia Holdings Company	Food & Drug Retailers	2,704	2.8	1,404
Japan Exchange Group Inc.	Financial Services	2,526	2.6	3,000
Top ten investments		**34,223**	**35.0**	
Nippon Paint Holdings Company	Chemicals	2,515	2.5	2,678
Misumi Group Inc.	Industrial Engineering	2,441	2.5	2,038
Elecom Company	Technology Hardware & Equipment	2,371	2.4	1,891
Asahi Intecc Company	Health Care Equipment & Services	2,310	2.4	3,347
NEC Networks	Technology Hardware & Equipment	2,264	2.3	–
Heiwa Real Estate	Real Estate Investment & Services	2,143	2.2	–
Makita Corporation	Household Goods & Home Construction	2,105	2.2	2,533
Sho-Bond Holdings Company	Construction & Materials	2,072	2.1	971
Shiseido Company	Personal Goods	2,023	2.0	2,820
Sony Corporation	Leisure Goods	1,957	2.0	–
Top twenty investments		**56,424**	**57.6**	
Otsuka Corporation	Software & Computer Services	1,869	1.9	2,228
Yamaha Corporation	Leisure Goods	1,758	1.8	3,521
Kansai Paint Company	Chemicals	1,747	1.8	2,018
Tokyu Fudosan Holdings	Real Estate Investment & Services	1,730	1.8	–
Nabtesco Corporation	Industrial Engineering	1,714	1.7	2,121
AIN Holdings Inc.	Food & Drug Retailers	1,567	1.6	1,383
Nitori Holdings	General Retailers	1,520	1.6	1,535
Pigeon Corporation	Personal Goods	1,441	1.5	2,627
Hoya Corporation	Health Care Equipment & Services	1,416	1.4	–
Stanley Electric Company	Automobiles & Parts	1,371	1.4	1,999
Top thirty investments		**72,557**	**74.1**	

Investment Portfolio Continued

As at 31 March 2020

Company	Sector	Valuation 2020 £'000	Total assets %	Valuation 2019 £'000
Z Holdings Corporation (formerly Yahoo Japan)	Software & Computer Services	1,336	1.4	1,460
Sakai Moving Service Company	Industrial Transportation	1,194	1.2	969
Azbil Corporation	Electronic & Electrical Equipment	1,152	1.2	–
SCSK Corporation	Software & Computer Services	1,130	1.2	2,470
Tokyo Century Corporation	Financial Services	1,129	1.1	–
USS Company	General Retailers	1,100	1.1	1,680
As One Corporation	Health Care Equipment & Services	1,094	1.1	304
Milbon Corporation	Personal Goods	1,089	1.1	–
BML	Health Care Equipment & Services	1,061	1.1	–
Recruit Holdings Corporation	Support Services	1,060	1.1	–
Top forty investments		**83,902**	**85.7**	
Sanken Electric	Technology Hardware & Equipment	1,050	1.1	941
Fuji Soft	Software & Computer Services	990	1.0	–
Pilot Corporation	Household Goods & Home Construction	975	1.0	1,584
Seven & I Holdings Company	General Retailers	959	1.0	2,287
Shionogi & Company	Pharmaceuticals & Biotechnology	952	1.0	2,966
Daiwa Industrial	Industrial Engineering	876	0.9	–
Resorttrust Inc.	Travel & Leisure	850	0.9	913
Nihon M&A Center Inc	Financial Services	571	0.6	–
Musashi Seimitsu Industry Corporation	Automobiles & Parts	546	0.5	–
Zuken	Electronic & Electrical Equipment	526	0.5	–
Top fifty investments		**92,197**	**94.2**	
Sansan	Support Services	511	0.5	–
Daifuku	Industrial Engineering	507	0.5	–
Sysmex Corporation	Health Care Equipment & Services	502	0.5	3,774
Mani Inc.	Health Care Equipment & Services	452	0.5	1,648
Fukui Computer Holdings	Software & Computer Services	430	0.5	–
Renesas Electronics Corporation	Technology Hardware & Equipment	425	0.4	756
Advanced Media	Software & Computer Services	420	0.4	–
Okinawa Cellular Telephone	Mobile Telecommunications	403	0.4	–
Fanuc Corporation	Industrial Engineering	371	0.4	1,491
TKP Corporation	Support Services	29	–	–
Total value of investments		**96,247**	**98.3**	
Net current assets[A]		**1,657**	**1.7**	
Total assets		**97,904**	**100.0**	

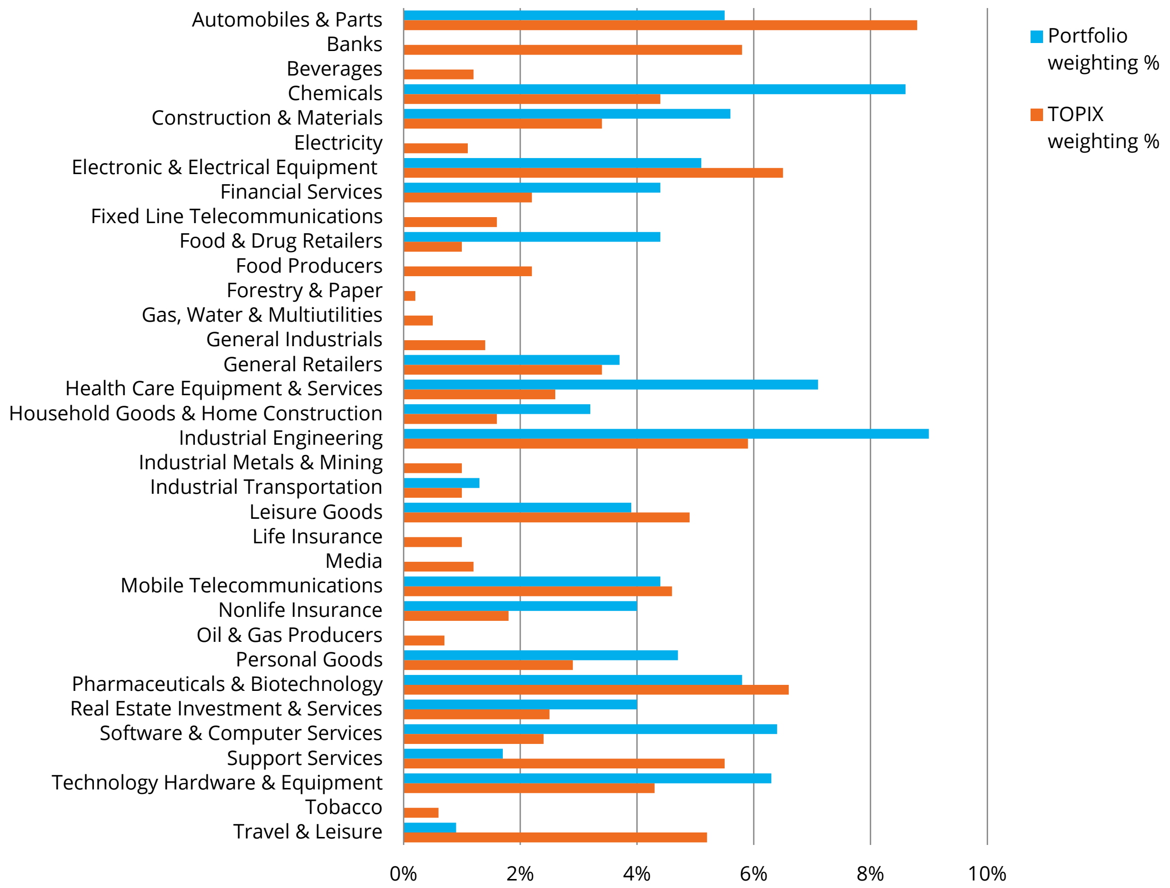
[A] Excludes bank loans of £12,698,000.

Unless otherwise stated, foreign stock is held and all investments are equity holdings.

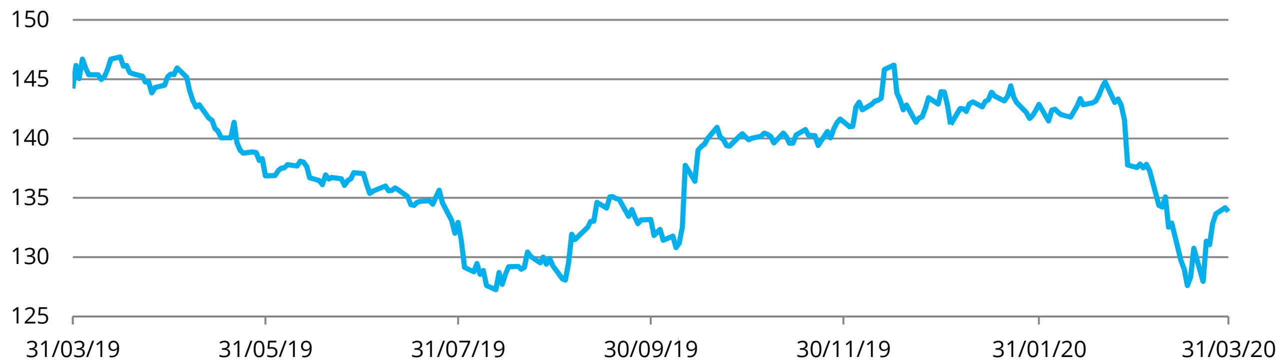
In the 2019 valuation column "-" denotes stock not held at last year end.

Sector Analysis and Currency Graph

Sector Breakdown
As at 31 March 2020



Yen/Sterling Currency Movement
Year to 31 March 2020



Investment Case Studies

Shin-Etsu Chemical

Shin-Etsu Chemical is Japan's largest specialty chemicals company, with a dominant position in the global market for polyvinyl chloride, semiconductor silicon, and photomask substrates. The company has the strongest credit rating and is one of the most profitable companies among its global peers. We believe this is a result of the management team's consistent execution of the company's strategy.

The high capital investment for the industry acts as a barrier to entry, while the businesses are subject to fluctuating prices and the supply-demand balance of its products. All this comes alongside the management team's prudent assessment of risks, which has resulted in a highly cash generative company. This has led to rising cash levels, even as Shin-Etsu expands its operations across the globe. While we acknowledge the company's stance of retaining additional liquidity in light of the cyclicality of its businesses, our conversations with the management team on retaining excess capital has yielded a commitment to a rise in the company's longer-term payout, as well as its first share buyback – and subsequent share cancellation – in a decade. Despite this, the company retains a pristine balance sheet. The management team remains conscious of investment returns on its business and capital allocation.

Shareholders will be encouraged to hear that the board integrates ESG into its strategic and operational processes, and that the company is on track to meet its longer term targets for these measures. Shin-Etsu has implemented stringent requirements for environmental standards across its businesses operations , which are spread across major developed economies. The company also has favourable employee relations across its business: as an example, at its US-based facilities, employee turnover rates are low, and it has never enacted forced retrenchments through four decades of operations.

We have been shareholders of the company since 2008.

Nippon Paint Holdings

Nippon Paint is one of the world's largest coatings manufacturers, with operations primarily in the Asia Pacific region. The company is focused on decorative paints, and automotive and industrial coatings, with leading market share in countries such as Japan, China, Australia, and several southeast Asian countries. The company's strategic partner Wuthelam Holdings, a Singapore-based company that formed a joint venture with Nippon Paint nearly 60 years ago, is the company's largest shareholder.

We have been shareholders of Nippon Paint since 2012. We believe that Nippon Paint's dominant position across the Asia-Pacific region gives the company a long runway for growth, and that the management team, whom we hold in high regard, and strategic acquisitions, which are helped by the company's robust cash generation, will allow for further consolidation of the sector across the region.

We believe our active engagement of the company has helped to contain risks for minority shareholders. We have often highlighted issues to management, including the risks of over-extending itself in the past, while being publicly supportive of a restructuring of the company's board. Nippon Paint's governance has shown substantial improvement, with a board structure consisting of a majority of external directors and that focuses on oversight rather than operational issues – this is a rarity in Japan. We also believe that the company's decisions on capital allocation have been enhanced.

The scope of the company's risk management has extended beyond governance to environmental sustainability and other issues, including health and safety of its employees. In particular, Nippon Paint expects to benefit from the tightening of environmental regulations in China: the company's extensive research and development into water-based paints and other products will allow it to extend its lead against competitors, while also lowering the carbon-intensity for the overall business.

A bustling cosmopolitan city, Tokyo is also a major transportation hub and a world economic and industrial centre.

Governance

The Company is committed to high standards of corporate governance and applies the principles identified in the UK Corporate Governance Code and the AIC Code of Corporate Governance. The Company is registered as a public limited company and has been accepted by HM Revenue & Customs as an investment trust. The Directors, all of whom are non-executive and independent of the Manager, supervise the management of the Company and represent the interests of shareholders.

Your Board of Directors

Karen Brade

Status:
Independent Chairman

Length of Service:
7 years; appointed a Director on 1 May 2013

Experience:
Over 25 years of investment experience in a range of sectors and markets. She began her career at Citibank, working on various multi-national project finance transactions. Between 1994 and 2004 she was an investment principal at CDC Group plc (the UK Government's Development Finance Institution) where she directed equity and debt investing, portfolio management, fund raising and investor development including India, South Asia, Africa and China. Since 2005 she has been an adviser to hedge funds, family offices and private equity houses and is currently the Audit Committee Chairman of Augmentum Fintech, Chairman of Keystone Investment Trust and a director of DRI Healthcare.

Claire Boyle

Status:
Independent Director and Audit Committee Chairman

Length of Service:
One year: appointed a Director on 1 February 2019

Experience:
Over 17 years' experience working in finance and equity investment management, working on funds over a wide range of sectors for international corporate, Government, State and retail clients, including unit and investment trusts. She was a partner at Oxburgh Partners LLP with responsibility for their European Equity Hedge Fund, and prior to that a European Equity Fund Manager at American Express Asset Management, where her role included both equity investment and business development. She is a chartered accountant, qualifying in 1993 whilst working in litigation support at Coopers & Lybrand, before starting her investment career on the UK research desk at Robert Fleming. She is currently the Audit Committee Chairman of Fidelity Special Values and a director of The Monks Investment Trust.

Kevin Pakenham

Status:
Senior Independent Director

Length of Service:
12 years; appointed a Director on 1 August 2007

Experience:
A long career in banking and asset management and has held senior management positions in the global asset management industry over many years. He co-founded and is currently a director of Pakenham Partners, which provides corporate finance advice to the asset management industry. He is a former managing director of Jefferies International and CEO of John Govett & Co, including under its ownership by Allied Irish Bank and managing director of F&C Management.

Sir David Warren

Status:
Independent Director

Length of Service:
4 years; appointed on 1 December 2015

Experience:
A career in the British Diplomatic Service of over 35 years concentrating on East Asia following his initial Japanese language training, including three postings to Tokyo, and culminating in four and a half years as British Ambassador to Japan from 2008 to 2012. He is an Associate Fellow of the Asia-Pacific Programme of the Royal Institute of International Affairs.

Directors' Report

Status

The Company is registered as a public limited company in England & Wales under No. 3582911 and is an investment company as defined by Section 833 of the Companies Act 2006. It is a member of the Association of Investment Companies (AIC).

The Company has been accepted by HM Revenue & Customs as an investment trust subject to it continuing to meet the relevant eligibility conditions of Section 1158 of the Corporation Tax Act 2010 and the ongoing requirements of Part 2 Chapter 3 Statutory Instrument 2011/2999 for all financial years commencing on or after 1 April 2012. The Directors are of the opinion that the Company has conducted its affairs for the year ended 31 March 2020 so as to enable it to comply with the ongoing requirements for investment trust status.

The Company has conducted its affairs so as to satisfy the requirements as a qualifying security for Individual Savings Accounts. The Directors intend that the Company will continue to conduct its affairs in this manner.

Share Capital and Rights attaching to the Company's Ordinary shares

At 31 March 2020 the Company had 13,807,780 Ordinary shares of 10p ("Ordinary shares") in issue (2019 – 14,480,439) and 2,013,792 Ordinary shares held in treasury (2019 – 1,341,133).

During the year to 31 March 2020 the Company purchased 672,659 Ordinary shares (4.6% of the issued share capital) at a discount to its NAV for treasury for a consideration of £3.9 million. Since the year end a further 109,000 Ordinary shares have been purchased in the market for treasury.

Each Ordinary shareholder is entitled to one vote on a show of hands and, on a poll, to one vote for every share held. The Ordinary shares carry a right to receive dividends which are declared from time to time by an ordinary resolution of the Company (up to the amount recommended by the Board). On a winding-up, after meeting the liabilities of the Company, the surplus assets would be paid to Ordinary shareholders in proportion to their shareholdings.

There are no restrictions on the transfer of Ordinary shares in the Company other than certain restrictions which may from time to time be imposed by law (for example, insider trading law) and there are no special rights attached to any of the shares. The Company is not aware of any agreements between shareholders which may result in restriction on the transfer of Ordinary shares or the voting rights.

The rules concerning amendments to the articles of association and powers to issue or buy back the Company's Ordinary shares are contained in the articles of association of the Company and the Companies Act 2006.

Results and Dividend

The Company's results and performance for the year are detailed on pages 19 to 21.

The Directors recommend that a final dividend of 9.0p (2019 – 5.4p) is paid on 31 July 2020 to shareholders on the register on 3 July 2020. The ex-dividend date is 2 July 2020. A resolution in respect of the final dividend will be proposed at the forthcoming Annual General Meeting.

Directors

Details of the Directors who served during the financial year are provided on page 32 to 33.

All Directors will stand for re-election at the AGM. The reasons for the Board's recommendations for their re-elections are set out in the Statement of Corporate Governance.

No contract or arrangement existed during the year in which any of the Directors was materially interested. No Director has a service contract with the Company

Directors' Insurances and Indemnities

Directors' & Officers' liability insurance cover has been maintained throughout the year at the expense of the Company.

Each Director of the Company is entitled to be indemnified out of the assets of the Company to the extent permitted by law against all costs, charges, losses, expenses and liabilities incurred by them in the actual or purported execution and/or discharge of their duties and/or the exercise or purported exercise of their powers and/or otherwise in relation to or in connection with their duties, powers or office. These rights are included in the Articles of Association of the Company and the Company has granted indemnities to each Director on this basis.

Corporate Governance

The Statement of Corporate Governance, which forms part of the Directors' Report, is contained on pages 38 to 44.

Principal Agreements

Management Agreement

The Company has appointed Aberdeen Standard Fund Managers Limited ("ASFML" or "Manager"), a wholly owned subsidiary of Standard Life Aberdeen plc, as its alternative investment fund manager ("AIFM"). ASFML has been appointed to provide investment management, risk management, administration and

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company secretarial services as well as promotional activities. The Company's portfolio is managed by Aberdeen Standard Investments (Japan) Limited ("ASIJ" or "Investment Manager") by way of a group delegation agreement between ASFML and ASIJ.

Company secretarial, accounting and administrative services are provided by Aberdeen Asset Management PLC ("Aberdeen"). The management agreement may be terminated by either the Company or the Manager on the expiry of six months' written notice. Aberdeen supplies the Board with monthly reports on the Company's activities.

The management fees paid during the year ended 31 March 2020 are shown in Note 4 to the Financial Statements.

During the financial year, the Board and Manager agreed a change to the basis on which the management fee is calculated. Effective from 1 June 2019, the fee of 0.75% per annum was charged on the lesser of the Company's net asset value or market capitalisation. Market capitalisation is defined as the closing share price quoted on the London Stock Exchange multiplied by the number of shares in issue (less the number of any shares held in treasury), as determined on the last business day of the applicable calendar month to which the remuneration relates. Prior to this, the management fee was payable at a rate of 0.75% per annum of the value of the Company's net assets. No performance fee is payable and the fee is payable monthly in arrears.

The total Ongoing Charges Ratio (OCR) for the period was 1.04% of net assets, a reduction from 1.10% in the previous year. The Board is committed to seeking reductions in OCR whenever possible.

Depositary Agreement
The Company has appointed BNP Paribas Securities Services, London Branch as its depositary.

Disclosure of information to the Auditor
The Directors who held office at the date of this Report each confirm that, so far as he or she is aware, there is no relevant audit information of which the Company's auditor is unaware; and he or she has taken all the steps that he or she might reasonably be expected to have taken as a Director in order to make himself or herself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

A resolution will be proposed at the AGM to re-appoint KPMG LLP, and to authorise the Directors to fix their remuneration.

Global Greenhouse Gas Emissions
The Company has no greenhouse gas emissions or other emissions producing sources to report from its operations.

Substantial Interests
At 31 March 2020 the following were registered, or had notified the Company, as being interested in 3% or more of the Company's Ordinary share capital:

Shareholder	Number of shares held	% held
1607 Capital Partners	3,019,114	21.9
Aberdeen Standard Investments – retail plans	1,177,866	8.5
Wells Capital Management	1,015,091	7.4
Wesleyan Assurance	749,950	5.4
Brewin Dolphin	608,488	4.4
Hargreaves Lansdown	494,454	3.6
Raymond James Investment Services	481,777	3.5
Interactive Investor	419,618	3.0

Subsequent to the year end the Company was notified of the following change:

- 1607 Capital Partners' interest of 3,020,149 Ordinary shares (representing 22.0% of the issued shares).
- Wells Capital Management's interest of 1,381,093 Ordinary shares (representing 10.1% of the issued shares).

As at the date of this Report, no other changes to the above interests had been notified to the Company.

Going Concern
The Company's assets consist of equity shares in companies listed on recognised stock exchanges and in most circumstances are realisable within a short timescale. The Board has reviewed the results of stress testing prepared by the Manager in relation to the ability of the assets to be realised in the current market environment.

The Company does not have a fixed life. However, under the articles of association, if, in the 90 days preceding the Company's financial year-end (31 March), the Ordinary shares have been trading, on average, at a discount in excess of 10% to the underlying NAV over the same period, notice will be given of an ordinary resolution to be proposed at the following AGM to approve the continuation of the Company. In the 90 days to 31 March 2020, the Ordinary shares traded at an average discount

Directors' Report Continued

of 10.4% to the underlying NAV and therefore exceeded the 10% limit defined in the articles.

Accordingly, the Board convened a general meeting of the Company on 21 May 2020 whereby a resolution for the continuation of the Company was approved by shareholders. The earliest date that the Company may be subject to a further continuation vote would be at a general meeting of the Company which would be likely to be held in mid-2021 following the next review of the discount control mechanism within the articles.

The Company has a fixed term loan facility of JPY 1.3 billion in place until January 2021 and a revolving loan facility of JPY 1.0 billion in place until January 2021. The Board has set limits for borrowing and regularly reviews the Company's gearing levels and its compliance with bank covenants. A replacement option would be sought in advance of the expiry of the facility in January 2021, or, should the Board decide not to renew this facility, any outstanding borrowing would be repaid through the proceeds of equity sales as required.

The Board has considered the impact of COVID-19 and believe that this will have a limited financial impact on the Company's operational resources and existence. The results of stress testing prepared by the Manager, which models a sharp decline in market levels and income, demonstrated that the Company had the ability to raise sufficient funds so as to remain within its debt covenants and pay expenses.

Taking the above factors into consideration, the Board has a reasonable expectation that the Company has adequate resources to continue in operational existence for a period of at least 12 months from the date of approval of these financial statements. Accordingly, the Board continues to adopt the going concern basis in preparing the financial statements.

Annual General Meeting

The Annual General Meeting will be held on 24 July 2020. The notice of the Annual General Meeting and related notes may be found on pages 86 to 89. Resolutions relating to the following items will be proposed at the forthcoming Annual General Meeting:–

Authority to Allot Shares

Resolution 10, which is an ordinary resolution, seeks to renew the authority to allot the unissued share capital up to an aggregate nominal amount of £136,988 (equivalent to 10% of the Company's existing issued share capital at the date of this Report).

Limited Disapplication of Pre-emption Provisions

Resolution 11, which is a special resolution, seeks to renew the Directors' authority to allot Ordinary shares and sell shares held in treasury (see below), without first being required to offer those shares to shareholders, at a price above the undiluted NAV per share at the allotment. The authorisation is limited to:-

a) the issue of shares otherwise than as described in (b) up to an aggregate nominal value of £136,988 (equivalent to 10% of the Ordinary shares in issue at the date of this Report); and

b) the allotment of shares in connection with an offer to all holders of Ordinary shares in proportion to their holdings in the Company.

This authority will last until the conclusion of the Annual General Meeting held in 2021 or, if earlier, 30 September 2021 (unless previously varied, revoked or extended).

The Company may hold such shares "in treasury" and then sell them at a later date for cash rather than simply cancelling them. Such sales are required to be on a pre-emptive, pro rata, basis to existing shareholders, unless shareholders agree by special resolution to disapply such pre-emption rights. Accordingly, in addition to giving the Directors power to allot unissued Ordinary share capital on a non pre-emptive basis, Resolution 11 will also give the Directors power to sell Ordinary shares held in treasury on a non pre-emptive basis, subject always in both cases to the limitations noted above. Pursuant to this power, Ordinary shares would only be issued for cash and treasury shares would only be sold for cash at a price not less than the NAV per share. (Treasury shares are explained in more detail under the heading "Share Repurchases" below).

Share Repurchases

Resolution 12, which is a special resolution, will be proposed to authorise the Company to make market purchases of its own Ordinary shares. The Company may do either of the following in respect of its own Ordinary shares which it buys back and does not immediately cancel but, instead, holds "in treasury":-

a) sell such shares (or any of them) for cash (or its equivalent); or
b) ultimately cancel the shares (or any of them).

The Directors intend to continue to take advantage of this flexibility. No dividends will be paid on treasury shares, and no voting rights attach to them. The maximum aggregate number of Ordinary shares which may be purchased pursuant to the authority is 14.99% of the issued Ordinary share capital of the Company as at the date of the passing of the resolution (approximately 2.05 million Ordinary shares at the date of this report). The minimum price which may be paid for an Ordinary share shall be 10p (exclusive of expenses). The maximum price (exclusive of expenses) which may be paid for the shares is the higher of:

a) 5% above the average of the market value of the Ordinary shares (as derived from the Daily Official List of the London Stock Exchange) for the shares for the five business days immediately preceding the date of purchase; and

b) the higher of the price of the last independent trade and the highest current independent bid on the main market for the Ordinary shares.

This authority, if conferred, will only be exercised if to do so would result in an increase in NAV per Ordinary share for the remaining shareholders, and if it is in the best interests of shareholders generally. This authority will last until the conclusion of the Annual General Meeting of the Company to be held in 2021 or, if earlier, 30 September 2021 (unless previously revoked, varied or renewed).

Your Board considers the above resolutions to be in the best interests of the Company and its members as a whole and most likely to promote the success of the Company for the benefit of its members as a whole. Accordingly, your Board unanimously recommends that shareholders should vote in favour of the resolutions to be proposed at the Annual General Meeting.

Other Information

There are no agreements which the Company is party to that might affect its control following a takeover bid and there are no agreements between the Company and its Directors concerning compensation for loss of office. Other than the management agreement with the Manager, further details of which are set out on page 34, the Company is not aware of any contractual or other agreements which are essential to its business which ought to be disclosed in the Directors' Report.

The financial risk management objectives and policies arising from its financial instruments and the exposure of the Company to risk are disclosed in note 16 to the Financial Statements.

By Order of the Board and signed on its behalf

Aberdeen Asset Management PLC,
Secretary
Bow Bells House
1 Bread Street
London, EC4M 9HH
16 June 2020

Statement of Corporate Governance

This Statement of Corporate Governance forms part of the Directors' Report which is provided on pages 34 to 37.

Introduction

The Company is committed to high standards of corporate governance. The Board is accountable to the Company's shareholders for good governance, and this statement describes how the Company applies the principles identified in the 2018 UK Corporate Governance Code (the "UK Code"), which is available on the Financial Reporting Council's website: www.frc.org.uk. The Association of Investment Companies has also published a Code of Corporate Governance for Investment Trusts© ("AIC Code"), which is available on the AIC's website: **www.theaic.co.uk**. The AIC Code forms a comprehensive guide to best practice in certain areas of governance where the specific characteristics of investment trusts suggests alternative approaches to those set out in the UK Code that may be preferable. There is a certain amount of overlap with the UK Code, although the focus of attention is on the points of difference.

Application of the Principles of the Codes

The Listing Rules of the UK Listing Authority require the Board to report on compliance with the UK Code provisions. The Company has complied in full throughout the year to 31 March 2020 with the AIC Code. In instances where the UK Code and AIC Code differ, an explanation is given in this Statement of Corporate Governance.

The Board confirms that, during the year to 31 March 2020, the Company complied with the recommendations of the AIC Code and the relevant provisions of the UK Code, except as set out below:

1. the Chairman chairs the Remuneration Committee (UK Code Provision 32 and AIC Code Provision 37).

2. the Chairman is a member of the Audit Committee (UK Code Provision 24).

Board Structure

The Board consists of a Chairman and three non-executive Directors, all of whom are considered under the Codes to be independent of the Manager, Aberdeen Standard Fund Managers Limited, and free of any relationship which could materially interfere with the exercise of their independent judgement on issues of strategy, performance, resources and standards of conduct.

There is no age limit for Directors in the articles of association. The Board's policy on tenure is that Directors need not serve on the Board for a limited period of time only and that the independence of Directors is not constrained by their length of service. The Board does not consider that the length of service of a Director is as important as the contribution he or she has to make, and therefore the relevance of individual length of service will be determined on a case by case basis, which is consistent with the AIC Code. The Company benefits from a balance of Board members with different tenures, different backgrounds and a wide variety of experience which the Directors believes adds significantly to the Board's strength. The Board is mindful of the importance of having a suitable Board renewal process and succession plan. The Board has a succession plan and actively evaluates Director's' performance annually to ensure up to date skills and capacity.

Role and Operation of the Board

The Board sets the Company's values and objectives and ensures that its obligations to its shareholders are met. It has formally adopted a schedule of matters which are required to be brought to it for decision, thus ensuring that it maintains full and effective control over appropriate strategic, financial, operational and compliance issues. This includes:

- maintenance of clear investment objectives and risk management policies;
- monitoring of the business activities of the Company ranging from analysis of investment performance through to annual budgeting and quarterly forecasting and variance analysis;
- setting the range of gearing and hedging within which the Manager may operate;
- major changes relating to the Company's structure, including share buy-backs and share issuance;
- Board appointments and removals and the related terms;
- authorisation of Directors' conflicts or possible conflicts of interest;
- terms of reference and membership of Board Committees;
- appointment and removal of the Manager and the terms and conditions of the management and administration agreements relating thereto; and
- regulatory, accounting and legal requirements such as the approval of the half yearly and annual financial statements and approval and recommendation of any dividends respectively, any circulars, listing particulars and other releases concerning matters decided by the Board.

Meetings held and attendance	Board	Audit Committee	Remuneration Committee	Nomination Committee	Management Engagement Committee
Karen Brade	5/5	2/2	2/2	2/2	2/2
Claire Boyle	5/5	2/2	2/2	2/2	2/2
Kevin Pakenham	5/5	2/2	2/2	2/2	2/2
Sir David Warren	5/5	2/2	2/2	2/2	2/2

The number of routine Board and Committee meetings attended by each Director during the year compared to the total number of meetings that each Director was eligible to attend is provided in the table above. The Board meets formally at least five times a year, and more frequently where business needs require. In addition, the Board maintains regular contact with the Manager.

To enable the Board to function effectively and allow Directors to discharge their responsibilities, full and timely access is given to all relevant information. At each meeting the Board reviews the following:

- Reports from the Manager covering stockmarket environment, portfolio activities, performance and investment outlook;
- Company financial information including revenue forecasts, balance sheet and gearing position;
- Shareholder analysis and relations;
- Regulatory issues and industry matters;
- Reports from other service providers such as brokers and registrars.

Management of Conflicts of Interests

The Board regularly monitors the interests of each Director and a register of Directors' interests, including potential conflicts of interest, is maintained by the Company. Directors who have potential conflicts of interest will not take part in any discussions which relate to that particular conflict.

The Board adopts a zero tolerance approach to bribery and corruption and has implemented appropriate procedures designed to prevent bribery.

In relation to the corporate offence of failing to prevent tax evasion, it is the Company's policy to conduct all business in an honest and ethical manner. The Company takes a zero-tolerance approach to facilitation of tax evasion whether under UK law or under the law of any foreign country and is committed to acting professionally, fairly and with integrity in all its business dealings and relationships.

There is an agreed procedure for Directors to take independent professional advice, if necessary, at the Company's expense. The Directors have access to the advice and services of the corporate Company Secretary through its appointed representatives who are responsible to the Board:

- for ensuring that Board procedures are complied with;
- under the direction of the Chairman, for ensuring good information flows with the Board and its Committees, as well as facilitating induction and assisting with professional development as required; and
- for advising, through the Chairman, on all corporate governance matters.

Board Committees

The terms of reference, which are reviewed annually, for each of the four Board Committees, may be found on the Company's website (**www.aberdeenjapan.co.uk**) under Key 'Literature'.

Audit Committee

The Report of the Audit Committee is found on pages 42 to 44.

Management Engagement Committee

The Management Engagement Committee is chaired by Karen Brade and comprises all Directors of the Company.

The Board monitors the resources and performance of the Manager during the financial year. The Committee undertakes a detailed annual review of the performance of the Manager and the terms of the management agreement.

As a result of these reviews, the Board concluded that the Manager has satisfactorily met the terms of the management agreement with the Company, and considers that the continuing appointment of the Manager is in the interests of the Company and its shareholders. The key factors taken into account in reaching this decision were the commitment, investment skills

Statement of Corporate Governance Continued

and experience of the Manager's personnel and the long term record of their performance in managing equities in Japan.

Remuneration Committee
The Remuneration Committee is chaired by Karen Brade and comprises all Directors of the Company due to the small size of the Board.

Remuneration has been set in order to attract individuals of a calibre appropriate to the future development of the Company. The Company's policy, together with details of the remuneration of each Director, is detailed in the Directors' Remuneration Report.

Nomination Committee
The Nomination Committee is chaired by Karen Brade and comprises all Directors of the Company. The Committee's duties include annual appraisals, succession planning, new appointments and training. New appointments are made on merit, taking into account the benefits of diversity, including gender. The Board's overriding priority is to appoint the most appropriate candidate and has not set any measurable targets in relation to the diversity of the Board. The Committee reviews the composition, experience and commitment of the Directors.

New Directors are given appropriate induction from the Manager covering the Manager's operations, legal responsibilities and industry matters. Directors are provided with appropriate training on changes in regulatory requirements, relevant industry issues and developments and are able to participate in training courses run by the AIC and other financial services providers.

The Committee has undertaken an annual performance evaluation, using questionnaires and discussion, to ensure that the Directors have all devoted sufficient time and contributed adequately to the work of the Board and Committees and to consider each Director's independence and other commitments. The outcome of this evaluation was satisfactory in each case and each Director is committed to serve the Company effectively.

The Committee considers that the Board's current significant diversity of skills, experience and culture serve the Company well and should be a consideration in selecting a new Director.

All Directors of the Company will stand for re-election on an annual basis in line with the provisions of the UK Code.

The Committee recommended, with the relevant Directors recusing themselves, the nomination for re-election, at the forthcoming Annual General Meeting, of Karen Brade, Claire Boyle, Kevin Pakenham and Sir David Warren. Karen Brade has over 20 years' investment experience in a range of sectors and markets, including equity and debt investing, portfolio management, fund raising and investor development in Asia. Claire Boyle is a chartered accountant and has over 17 years' experience of finance and equity investment management. Kevin Pakenham has considerable experience of the investment management industry and his long business experience in Asia is greatly valued. Sir David Warren has over 40 years' experience and knowledge of Japan from his diplomatic career.

Communication with Shareholders

The Company places a great deal of importance on communication with its shareholders. The Manager has an annual programme of meetings with institutional shareholders and reports back to the Board on these meetings.

When shares in the Company are held in the name of nominee companies and notification has been received in advance, nominee companies will be provided with copies of shareholder communications for distribution to their customers. Nominee investors may attend and speak at general meetings.

Participants in the Manager's Savings Scheme are given the opportunity to vote by means of a Letter of Direction enclosed with the Annual Report. The Letter of Direction is forwarded to the administrator of the Savings Scheme, who will complete a proxy on behalf of the participants and forward it to the Company's registrars for inclusion in the voting figures.

As recommended best practice under the UK Code, the Annual Report is normally posted to shareholders at least twenty business days before the AGM. The Notice of Meeting sets out the business of the meeting and the resolutions are explained more fully in the Directors' Report. Separate resolutions are proposed for each substantive issue.

In normal circumstances, the Board encourages shareholders to attend and participate at the Company's AGM. The Investment Manager usually provides a presentation at the meeting outlining the key investment issues that affect the Company and all shareholders have the opportunity to raise questions. Proxy voting figures for each resolution are announced to the meeting after voting on a show of hands and details are available on the Company's website. Shareholders will note from the Chairman's Statement that the arrangements for the 2020 AGM will differ from previous years due to the impact of COVID-19.

The Board's policy is to communicate directly with shareholders and their representative bodies without the involvement of the management group (either the Company Secretary or the Manager) in situations where direct communication is required.

Shareholders have direct access to the Company via the Customer Services Department operated by the Manager. The Company also responds to letters from shareholders. Contact details may be found on page 90.

The Company maintains a website, **www.aberdeenjapan.co.uk,** from which the Company's reports and other publications can be downloaded.

Environmental, Social and Governance ("ESG") Investing

Whilst the management of the Company's investments is not undertaken with any specific instructions to exclude or include certain asset types or classes, the Manager embeds ESG considerations into the research and analysis of each asset class as part of the investment decision-making process. Where applicable, active engagement and other stewardship activities such as voting in line with best practices, with the goal of improving the performance of assets held around the world is also an important part of the Manager's approach.

The Manager aims to make the best possible investments for the Company, by understanding the whole picture of the investments – before, during and after an investment is made. That includes understanding the ESG risks and opportunities they present – and how these could affect longer-term performance. With 1,000+ investment professionals, the Manager is able to take account of ESG factors in its company research, stock selection and portfolio construction – supported by more than 50 asset class specific ESG specialists around the world.

Active Engagement

For the equity holdings, through engagement and exercising voting rights, the Manager actively works with companies to improve corporate standards, transparency and accountability. By making ESG central to its investment capabilities, the Manager looks to deliver robust outcomes as well as actively contributing to a fairer, more sustainable world.

The primary goal is to generate the best long-term outcomes for the Company in order to fulfil fiduciary responsibilities to the Company and this fits with one of the Manager's core principles as a business in how it evaluates investments. The Manager sees ESG factors as being financially material and impacting corporate performance. The Manager focuses on understanding the ESG risks and opportunities of investments alongside other financial metrics to make better investment decisions.

The Manager aims for better risk-adjusted returns by actively undertaking informed and constructive engagement and asset management to generate better performance from the investments. This helps to enhance the value of clients' assets. Furthermore the Manager engages, manages and votes for either insight or influence. Comprehensive assessment of ESG factors, combined with constructive company engagement, should lead to better client outcomes.

Responsible Investment

The Board is aware of its duty to act in the interests of the Company. The Board acknowledges that there are risks associated with investment in companies which fail to conduct business in a socially responsible manner and has noted the Manager's policy on social responsibility. The Investment Manager considers social, environmental and ethical factors which may affect the performance or value of the Company's investments as part of its investment process. In particular, the Investment Manager encourages companies in which investments are made to adhere to best practice in the areas of Environmental, Social and Governance stewardship. They believe that this can best be achieved by entering into a dialogue with company management to encourage them, where necessary, to improve their policies in this area.

The Company's ultimate objective, is to deliver long term growth on its investments for its shareholders which the Board and Manager believes will be produced on a sustainable basis by investments in companies which adhere to best practice in ESG. Accordingly, the Manager will seek to favour companies which pursue best practice in the above area.

The UK Stewardship Code and Proxy Voting

The Company supports the UK's Stewardship Code, and seeks to play its role in supporting good stewardship of the companies in which it invests. Responsibility for actively monitoring the activities of portfolio companies has been delegated by the Board to the Manager which has sub-delegated that authority to the Investment Manager.

The Company has been assessed by the FRC as a Tier 1 signatory to the Stewardship Code and the full text of the Company's response to the Stewardship Code may be found on its website.

The Board has also given discretionary powers to the Manager to exercise voting rights on resolutions proposed by the investee companies within the Trust's portfolio. The Manager reports on a quarterly basis on stewardship (including voting) issues.

Report of Audit Committee

Composition

The Audit Committee ("Committee") is chaired by Claire Boyle and comprises all Directors. In line with the AIC Code, Karen Brade is deemed to be an independent member of the Committee. The Committee is satisfied that it has the necessary recent and relevant financial experience and competence relevant to the investment trust sector to fulfil its responsibilities. The main responsibilities of the Committee include:

- to monitor the integrity of the the annual and half yearly financial statements, including the accounting policies applied therein and to ensure compliance with financial and regulatory reporting requirements;
- to assess whether the annual report and financial statements, taken as a whole, are fair, balanced and understandable and provide the information necessary for shareholders to assess the Company's position and performance, business model and strategy;
- to review and report to the Board on the significant issues and judgements made in connection with the financial reporting including the statement on the Company's viability;
- to review the internal control and risk management systems on which the Company is reliant and meet the needs of the Company and provide appropriate mitigation to the risks of the Company's operations.
- to consider annually the need for the Company to have its own internal audit function;
- as the Company has no employees, to consider the Manager's arrangements whereby staff may, in confidence, raise concerns about possible improprieties in matters of financial reporting or other matters ('whistleblowing');
- to consider the re-appointment, remuneration and terms of engagement of the external auditor and to review annually the external auditor's independence, objectivity, effectiveness, resources and qualification;
- to consider reports from the external auditor, including its audit strategy and findings; and
- to develop and implement policy on the engagement of the external auditor to supply non-audit services. All non-audit services must by approved in advance by the Committee.

The Committee undertakes an annual performance evaluation, in relation to discharging its responsibilities, through questionnaires and discussion.

The respective responsibilities of the Directors and the external auditor in connection with the financial statements appear on pages 50 and 53.

Activities During the Year

The Committee meets at least twice per year when it reviews the annual and half yearly financial reports in detail. Reports from the Manager's internal audit, risk and compliance departments are also considered by the Committee which cover internal control systems, risk and the conduct of the business in the context of its regulatory environment.

Significant Accounting Issue

The significant accounting issue considered by the Committee, including those communicated by the external auditor, in relation to the Company's financial statements for the year to 31 March 2020 was the valuation, existence and ownership of investments. The valuation of investments is undertaken in accordance with the stated accounting policies. All investments are in quoted securities in active markets, are considered to be liquid and have been categorised as Level 1 within FRS 102 fair value hierarchy. The portfolio holdings and their pricing is reviewed and verified by the Manager on a regular basis and management accounts, including a full portfolio listing, are prepared for each Board meeting. The Company used the services of an independent Depositary (BNP Paribas Securities Services, London Branch) during the year under review to hold the assets of the Company. The investment portfolio is reconciled regularly by the Manager. The Committee reviews internal control reports from the Manager which provides details of the controls in place regarding the recording and pricing of investments. In addition, the Depositary, which is appointed to safeguard the Company's assets, checks its records on a monthly basis.

Other Accounting Issues

Other accounting issues considered by the Committee include:

- Improper revenue recognition. Investment income is accounted for in accordance with stated accounting policies and regularly reviewed by the Committee. The Board regularly reviews the Company's income and revenue forecasts.
- Compliance with investment trust status, under section 1158 of the Corporation Tax Act 2010 which is monitored by the Manager on an ongoing basis and reported to the Committee.

Review of Auditor

The Committee has reviewed the independence and the effectiveness of the auditor, KPMG LLP ("KPMG"), as follows:

- The auditor reports on an annual basis the steps it takes to ensure its independence and objectivity and confirms that it has complied with the relevant UK independence guidelines. The level of non-audit services provided by the auditor is assessed and for the year ended 31 March 2020 there were no non-audit services provided.
- The Committee considers the experience, continuity and tenure of the audit team, including the audit director. The audit team consists of suitably experienced staff with knowledge of the investment trust sector and there is a process in place for the rotation of the audit director.
- The Committee assesses the level of audit service annually. The audit plan is reviewed well in advance and subsequent audit findings are reported comprehensively in a timely manner and are resolved satisfactorily. The auditor has a good working relationship with both the Board and the Manager.

Following a review, the Committee is satisfied that KPMG remains independent and effective and supports the re-appointment of KPMG LLP as auditor for approval at the Annual General Meeting.

Audit Tenure

Under EU legislation listed companies are required to tender the external audit at least every ten years, and change auditor at least every twenty years. The Committee last undertook an audit tender process in 2015 when KPMG LLP was appointed as auditor in respect of the financial year ended 31 March 2016. Under EU legislation, the Company will be required to tender the external audit no later than for the year ending 31 March 2026. In accordance with professional and regulatory standards, the audit director responsible for the audit is rotated at least every five years in order to protect independence and objectivity and to provide fresh challenge to the business. The senior statutory auditor, Gary Fensom, has served two years (including the year to 31 March 2020).

Internal Control

The Board is ultimately responsible for the Company's system of internal control and for reviewing its effectiveness. The Audit Committee confirms that as at 31 March 2020 there was a robust process for identifying, evaluating and managing the significant risks faced by the Company. This process has been in place for the year under review and up to the date of approval of this annual report and financial statements, and is regularly reviewed by the Board and accords with the Financial Reporting Council's Guidance on Internal Controls.

Under the Management Agreement, the management of the Company's assets has been delegated to the Manager (ASFML) within overall guidelines. Risks are identified and documented through a risk management framework by each function within the Manager's activities. The internal control systems operated by the Manager are monitored and supported by internal audit and compliance function which undertakes periodic examination of business processes, including compliance with the terms of the management agreement, and ensures that recommendations to improve controls are implemented.

The Committee has reviewed the effectiveness of the Manager's system of internal control, in particular the process for identifying and evaluating the significant risks affecting the Company, including financial, operational, regulatory and compliance, and the policies by which these risks are managed.

In addition, the Committee has adopted its own risk matrix which identifies the key risks for the Company and covers strategy, investment management, operations, regulatory and financial obligations and third party service providers. A monitoring system is undertaken whereby the controls to mitigate these risks, and the impact of the residual risks, are assessed on a regular basis. The risk matrix is formally reviewed on a six monthly basis in order to identify emerging risks which may arise. Details of the risks faced by the Company during the financial year are provided in the Overview of Strategy.

The key components designed to provide effective internal control are outlined below:

- the Manager prepares management reports, covering investment activities and financial matters which allow the Board to assess the Company's activities and review its performance;
- the Board and Investment Manager have agreed clearly defined investment criteria, specified levels of authority and exposure limits. Reports on these issues, including performance statistics and investment valuations, are regularly submitted to the Board and there are meetings with the Manager as appropriate;
- the Manager's internal audit, risk and compliance departments continually review the Manager's operations and reports to the Committee on a six monthly basis. A representative from the Manager's internal audit team meets with the Committee annually;

Report of Audit Committee Continued

- written agreements are in place which specifically define the roles and responsibilities of the Manager and other third party service providers; and
- an independent depositary, BNP Paribas Securities Services, London Branch is appointed to safeguard the Company's investments, which are registered in the name of the depositary's nominee company.

The Committee has monitored developments within the Standard Life Aberdeen plc to ensure that the effective management of the Company, including its performance, continues. The Committee has considered the need for an internal audit function but, because of the compliance and internal control systems in place at the Manager, has decided to place reliance on the Manager's systems and internal audit procedures. During the year the Committee reviewed detailed reports from the Manager's internal audit, risk and compliance functions in addition to a report from the Depositary covering their functions in relation to safeguarding the Company's assets.

Internal control systems are designed to meet the Company's particular needs and the risks to which it is exposed. Accordingly, the internal control systems are designed to manage rather than eliminate the risk of failure to achieve business objectives and by their nature can only provide reasonable and not absolute assurance against mis-statement and loss.

No significant failings or weaknesses in the Company's process for identifying, evaluating and managing the significant risks faced by the Company were identified during the year under review.

Directors' Remuneration Report

The Board has prepared this Remuneration Report in accordance with the regulations governing the disclosure and approval of Directors' remuneration. This Remuneration Report comprises three parts:

i. A Remuneration Policy, set out below, which was last approved by shareholders at the Annual General Meeting held in 2017. This policy is subject to a vote at least every three years. Any change to this policy during this interval would also require shareholder approval.

ii. An annual Implementation Report, which provides information on how the Remuneration policy has been applied during the year and will be subject to an advisory vote.

iii. An Annual Statement.

The law requires the Company's auditor to audit certain of the disclosures provided in the Remuneration Report. Where disclosures have been audited, they are indicated as such. The auditor's opinion is included in the report on page 52.

The principles remain the same as for previous years. There have been no changes to the Directors' Remuneration Policy during the period of this Report nor are there any proposals for the foreseeable future, except for the level of Directors' fees as set out in the Implementation Report below.

Remuneration Policy for Directors

The Remuneration Policy takes into consideration the principles of the UK Corporate Governance Code and the AIC's recommendations regarding the application of those principles to investment companies. Directors' remuneration is determined by the Remuneration Committee which comprises all Directors of the Company.

Directors' Fees

The Directors are non-executive and their fees are set within the limits of the Company's articles of association, which limit the aggregate fees payable to £200,000 per annum. The limit may only be increased by a shareholder resolution. The Directors' fees for the year to 31 March 2020 totalled £93,250.

Subject to this overall limit, the Board's policy is that the remuneration of non-executive Directors should reflect the nature of their duties, responsibilities and the value of their time spent and be fair and comparable to that of other investment trusts that are similar in size, have a similar capital structure and have a similar investment objective. No shareholder views were sought in setting the remuneration policy although any comments received from shareholders would be considered on an on-going basis.

Fee rates are established after reviewing external sources as to current market levels.

	From 1 April 2020 £	From 1 April 2019 £
Chairman	30,000	29,000
Chairman of Audit Committee	24,000	22,750
Director	21,500	20,750

Appointment of Directors

- The Company only intends to appoint non-executive Directors under the terms of Letters of Appointment.
- Directors must retire and be subject to election at the first AGM after their appointment, and at least every three years thereafter.
- New appointments to the Board will be placed on the fee applicable to all Directors at the time of appointment.
- No incentive or introductory fees will be paid to encourage a Directorship.
- The Directors are not eligible for bonuses, pension benefits, share options, long term incentive schemes or other benefits.
- The Company indemnifies its Directors for costs, charges, losses, expenses and liabilities which may be incurred in the discharge of duties, as a Director of the Company.
- The Directors are entitled to be re-imbursed for out-of-pocket expenses incurred in connection with performing their duties including travel expenses.

Performance, Service Contracts, Compensation and Loss of Office

- The Directors' remuneration is not subject to any performance related fee.
- No Director has a service contract.
- No Director was interested in contracts with the Company during the period or subsequently.

Directors' Remuneration Report Continued

- The terms of appointment provide that a Director may be removed without notice.
- Compensation will not be due upon leaving office.
- No Director is entitled to any other monetary payment or any assets of the Company.

Directors' & Officers' liability insurance cover is maintained by the Company on behalf of the Directors.

A resolution to approve the Directors' Remuneration Policy will be proposed at the AGM.

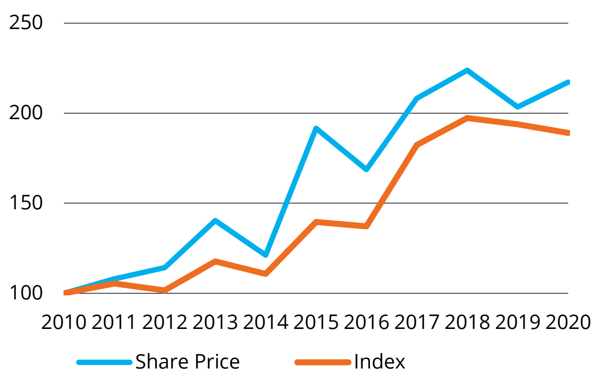
Implementation Report

Directors' Fees Increase

During the financial year the Board carried out a review of the level of Directors' fees and increased the amounts payable to £30,000 for the Chairman, £24,000 for the Audit Committee Chairman and £21,500 for each Director, effective from 1 April 2020. There are no further fees to disclose as the Company has no employees, Chief Executive or Executive Directors.

Company Performance

During the year the Board carried out a review of investment performance. The graph below shows the share price and NAV total return (assuming all dividends are reinvested) to Ordinary shareholders compared to the total return from a composite index, in Sterling terms, consisting of the MSCI All Countries Asia Pacific Index (including Japan) up to 7 October 2013 and the TOPIX Index thereafter, for the ten year period ended 31 March 2020 (rebased to 100 at 31 March 2010). This index was chosen for comparison purposes, as it is the reference index used for investment performance measurement purposes.



Statement of Voting at General Meeting

At the Company's last AGM, held on 9 July 2019, shareholders approved the Directors' Remuneration Report (excluding the Director's Remeration Policy) in respect of the year ended 31 March 2019 as follows:

Resolution	For	Against	Withheld
Receive and Adopt Directors' Remuneration Report	7.0m (99.5%)	25,011 (0.4%)	8,710 (0.1%)

At the Company's AGM held on 10 July 2017, shareholders approved the Directors' Remuneration Policy with 99.4% of proxy votes in favour of the resolution, 0.3% against and 0.3% abstained.

Spend on Pay

As the Company has no employees, the Directors do not consider it appropriate to present a table comparing remuneration paid to employees with distributions to shareholders. The total fees paid to Directors are shown below.

Audited Information

Fees Payable

The Directors who served in the year received the fees in the table below which exclude employers' NI payable. This represents the entire remuneration paid to the Directors.

Director	2020 £	2019 £	2018 £
Karen Brade	29,000	26,000	19,500
Claire Boyle [1]	21,750	3,333	-
Neil Gaskell [2]	n/a	22,000	27,500
Kevin Pakenham	21,750	22,000	21,500
Sir David Warren	20,750	20,000	19,500
Total	**93,250**	**93,333**	**88,000**

[1] Appointed on 1 February 2019. Assumed AC Chairmanship on 1 October 2019; [2] Retired on 31 March 2019;

Fees are pro-rated where a change takes place during a financial year. No fees were paid to third parties.

Directors' Interests in the Company

Directors are not required to have a shareholding in the Company. The Directors (including their connected persons) at 31 March 2020 and 31 March 2019 had no interest in the share capital of the Company other than those interests, all of which are beneficial interests, shown in the table opposite.

	31 March 2020 Ord 10p	31 March 2019 Ord 10p
Karen Brade	1,563	1,537
Claire Boyle	nil	nil
Neil Gaskell (retired 31.3.19)	n/a	35,078
Kevin Pakenham	11,280	11,207
Sir David Warren	3,381	3,319

Annual Statement

On behalf of the Board and in accordance with Part 2 of Schedule 8 of the Large and Medium-sized Companies and Groups (Accounts and Reports) (Amendment) Regulations 2013, I confirm that the above Report on Remuneration Policy and Remuneration Implementation summarises, as applicable, for the year ended 31 March 2020:

- the major decisions on Directors' remuneration;
- any substantial changes relating to Directors' remuneration made during the year; and
- the context in which the changes occurred and in which decisions have been taken.

The Directors' Remuneration Report was approved by the Board of Directors and signed on its behalf by:

Karen Brade,
Chairman
16 June 2020

Financial Statements

Over the year to 31 March 2020, your Company's NAV delivered a total return of 3.3%, compared to the benchmark return of -2.5%.

Tokyo, Japan, view of Shibuya Crossing, one of the busiest crosswalks in the world.

Statement of Directors' Responsibilities

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

Company law requires the Directors to prepare financial statements for each financial year. Under that law they are required to prepare the financial statements in accordance with UK accounting standards, including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland.

Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of its profit or loss for that period. In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- assess the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that its financial statements comply with the Companies Act 2006. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

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

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Responsibility statement of the Directors in respect of the annual financial report

We confirm that to the best of our knowledge:

- the financial statements, prepared in accordance with the applicable set of accounting standards, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company; and
- the strategic report includes a fair review of the development and performance of the business and the position of the issuer, together with a description of the principal risks and uncertainties that they face.

We consider the annual report and accounts, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Company's position and performance, business model and strategy.

For and on behalf of Aberdeen Japan Investment Trust PLC

Karen Brade,
Chairman
16 June 2020

Independent Auditor's Report for Aberdeen Japan Investment Trust PLC

1 Our opinion is unmodified

We have audited the financial statements of Aberdeen Japan Investment Trust PLC ("the Company") for the year ended 31 March 2020 which comprise the Statement of Comprehensive Income, Statement of Financial Position, Statement of Changes in Equity, Statement of Cash Flows, and the related notes, including the accounting policies in note 2.

In our opinion the financial statements:

- give a true and fair view of the state of Company's affairs as at 31 March 2020 and of its return for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion. Our audit opinion is consistent with our report to the audit committee.

We were first appointed as auditor by the shareholders on 14 July 2015. The period of total uninterrupted engagement is for the five financial years ended 31 March 2020. We have fulfilled our ethical responsibilities under, and we remain independent of the Company in accordance with, UK ethical requirements including the FRC Ethical Standard as applied to listed public interest entities. No non-audit services prohibited by that standard were provided.

2 Key audit matters: our assessment of risks of material misstatement

Key audit matters are those matters that, in our professional judgment, were of most significance in the audit of the financial statements and include the most significant assessed risks of material misstatement (whether or not due to fraud) identified by us, including those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. We summarise below the key audit matter (unchanged from 2019), in arriving at our audit opinion above, together with our key audit procedures to address this matter and, as required for public interest entities, our results from those procedures. This matter was addressed, and our results are based on procedures undertaken, in the context of, and solely for the purpose of, our audit of the financial statements as a whole, and in forming our opinion thereon, and consequently are incidental to that opinion, and we do not provide a separate opinion on this matters.

	The risk	Our response
Carrying amount of quoted investments (£96.2m; 2019: £97.7m) *Refer to page 42 (Audit Committee Report), page 59 (accounting policy) and page 65 (financial disclosures).*	**Low risk, high value** The Company's portfolio of quoted investments makes up 98% of the Company's total assets (by value) and is considered to be the key driver of results. We do not consider these investments to be at a high risk of significant misstatement, or to be subject to a significant level of judgement because they comprise liquid, quoted investments. However, due to their materiality in the context of the financial statements as a whole, they are considered to be the area which had the greatest effect on our overall audit strategy and allocation of resources in planning and completing our audit.	Our procedures included: **Tests of detail:** Agreeing the valuation of 100 per cent of investments in the portfolio to externally quoted prices; and **Enquiry of Depositary:** Agreeing 100 per cent of investment holdings in the portfolio to independently received third party confirmations from the Depositary. **Our results:** We found the carrying amount of quoted investments to be acceptable (2019: acceptable).

3 Our application of materiality and an overview of the scope of our audit

Materiality for the financial statements as a whole was set at £0.98m (2019: £1.0m), determined with reference to a benchmark of total assets, of which it represents 1% (2019: 1%).

We agreed to report to the Audit Committee any corrected or uncorrected identified misstatements exceeding £49,000 (2019: £50,000), in addition to other identified misstatements that warranted reporting on qualitative grounds.

Independent Auditor's Report for Aberdeen Japan Investment Trust PLC Continued

Our audit of the Company was undertaken to the materiality level specified above and was performed by a single audit team.

4 We have nothing to report on going concern

The Directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the Company or to cease its operations, and as they have concluded that the Company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over its ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

Our responsibility is to conclude on the appropriateness of the Directors' conclusions and, had there been a material uncertainty related to going concern, to make reference to that in this audit report. However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the absence of reference to a material uncertainty in this auditor's report is not a guarantee that the Company will continue in operation.

In our evaluation of the Directors' conclusions, we considered the inherent risks to the Company's business model and analysed how those risks might affect the Company's financial resources or ability to continue operations over the going concern period. We evaluated those risks and concluded that they were not significant enough to require us to perform additional procedures.

Based on this work, we are required to report to you if:

- we have anything material to add or draw attention to in relation to the Directors' statement in Note 2 (a) to the financial statements on the use of the going concern basis of accounting with no material uncertainties that may cast significant doubt over the Company's use of that basis for a period of at least twelve months from the date of approval of the financial statements; or
- the related statement under the Listing Rules set out on page 35 is materially inconsistent with our audit knowledge.

We have nothing to report in these respects, and we did not identify going concern as a key audit matter.

5 We have nothing to report on the other information in the Annual Report

The Directors are responsible for the other information presented in the Annual Report together with the financial statements. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except as explicitly stated below, any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work we have not identified material misstatements in the other information.

Strategic Report and Directors' Report

Based solely on our work on the other information:

- we have not identified material misstatements in the Strategic Report and the Directors' Report;
- in our opinion the information given in those reports for the financial year is consistent with the financial statements; and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006.

Directors' Remuneration Report

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

Disclosures of emerging and principal risks and longer-term viability

Based on the knowledge we acquired during our financial statements audit, we have nothing material to add or draw attention to in relation to:

- the Directors' confirmation within the Viability Statement on page 18 that they have carried out a robust assessment of the emerging and principal risks facing the Company, including those that would threaten its business model, future performance, solvency and liquidity;
- the principal risk and uncertainties disclosures describing these risks and explaining how they are being managed and mitigated; and

- the Directors' explanation in the Viability Statement of how they have assessed the prospects of the Company, over what period they have done so and why they considered that period to be appropriate, and their statement as to whether they have a reasonable expectation that the Company will be able to continue in operation and meet its liabilities as they fall due over the period of their assessment, including any related disclosures drawing attention to any necessary qualifications or assumptions.

Under the Listing Rules we are required to review the Viability Statement. We have nothing to report in this respect.

Our work is limited to assessing these matters in the context of only the knowledge acquired during our financial statements audit. As we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgments that were reasonable at the time they were made, the absence of anything to report on these statements is not a guarantee as to the Company's longer-term viability.

Corporate governance disclosures
We are required to report to you if:

- we have identified material inconsistencies between the knowledge we acquired during our financial statements audit and the Directors' statement that they consider that the annual report and financial statements taken as a whole is fair, balanced and understandable and provides the information necessary for shareholders to assess the Company's position and performance, business model and strategy; or
- the section of the annual report describing the work of the Audit Committee does not appropriately address matters communicated by us to the Audit Committee.

We are required to report to you if the Corporate Governance Statement does not properly disclose a departure from the provisions of the UK Corporate Governance Code specified by the Listing Rules for our review.

We have nothing to report in these respects.

6 We have nothing to report on the other matters on which we are required to report by exception
Under the Companies Act 2006, we are required to report to you if, in our opinion:

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

We have nothing to report in these respects.

7 Respective responsibilities
Directors' responsibilities
As explained more fully in their statement set out on page 50, the Directors are responsible for: the preparation of the financial statements including being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

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

Independent Auditor's Report for Aberdeen Japan Investment Trust PLC Continued

A fuller description of our responsibilities is provided on the FRC's website at **www.frc.org.uk/auditorsresponsibilities**.

Irregularities – ability to detect
We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general commercial and sector experience and through discussion with the Directors, the manager and the administrator (as required by auditing standards), and discussed with the Directors, the manager and the administrator the policies and procedures regarding compliance with laws and regulations. We communicated identified laws and regulations throughout our team and remained alert to any indications of non-compliance throughout the audit.

The potential effect of these laws and regulations on the financial statements varies considerably.

Firstly, the Company is subject to laws and regulations that directly affect the financial statements including financial reporting legislation (including related companies legislation), and its qualification as an Investment Trust under UK tax legislation, any breach of which could lead to the Company losing various deductions and exemptions from UK corporation tax, and we assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

Secondly, the Company is subject to many other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements, for instance through the imposition of fines or litigation. We identified the following areas as those most likely to have such an effect: the Listing Rules and certain aspects of company legislation recognising the financial and regulated nature of the Company's activities and its legal form. Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the Directors, the Manager and the Administrator and inspection of regulatory and legal correspondence, if any. These limited procedures did not identify any actual or suspected non-compliance.

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations (irregularities) is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it. In addition, as with any audit, there remained a higher risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. We are not responsible for preventing non-compliance and cannot be expected to detect non-compliance with all laws and regulations.

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

Gary Fensom (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
Saltire Court
20 Castle Terrace
Edinburgh EH1 2EG

16 June 2020

Statement of Comprehensive Income

		Year ended 31 March 2020			Year ended 31 March 2019		
	Notes	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Gains/(losses) on investments	10	–	2,872	2,872	–	(9,972)	(9,972)
Income	3	1,981	–	1,981	1,839	–	1,839
Exchange losses	14	–	(844)	(844)	–	(857)	(857)
Investment management fee	4	(254)	(381)	(635)	(282)	(424)	(706)
Administrative expenses	5	(334)	(20)	(354)	(331)	(11)	(342)
Net return before finance costs and taxation		1,393	1,627	3,020	1,226	(11,264)	(10,038)
Finance costs	6	(44)	(67)	(111)	(44)	(65)	(109)
Net return before taxation		1,349	1,560	2,909	1,182	(11,329)	(10,147)
Taxation	7	(198)	–	(198)	(184)	–	(184)
Net return after taxation		**1,151**	**1,560**	**2,711**	**998**	**(11,329)**	**(10,331)**
Return per Ordinary share (pence)	9	**8.08**	**10.95**	**19.03**	**6.83**	**(77.46)**	**(70.63)**

The total column of this statement represents the profit and loss account of the Company.

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

The accompanying notes are an integral part of the financial statements.

Statement of Financial Position

	Notes	As at 31 March 2020 £'000	As at 31 March 2019 £'000
Fixed assets			
Investments held at fair value through profit or loss	10	96,247	97,709
Current assets			
Debtors	11	982	1,359
Cash at bank and in hand		1,000	1,516
		1,982	2,875
Creditors: amounts falling due within one year			
Foreign currency bank loans	12	(12,698)	(11,785)
Other creditors	12	(325)	(774)
		(13,023)	(12,559)
Net current liabilities		(11,041)	(9,684)
Total assets less current liabilities		85,206	88,025
Net assets		**85,206**	**88,025**
Share capital and reserves			
Called-up share capital	13	1,582	1,582
Share premium		6,656	6,656
Capital redemption reserve		2,273	2,273
Capital reserve	14	72,334	74,675
Revenue reserve		2,361	2,839
Equity shareholders' funds		**85,206**	**88,025**
Net asset value per Ordinary share (pence)	15	**617.09**	**607.89**

The financial statements were approved and authorised for issue by the Board of Directors on 16 June 2020 and were signed on its behalf by:

Karen Brade
Chairman

The accompanying notes are an integral part of the financial statements.

Statement of Changes in Equity

For the year ended 31 March 2020

	Notes	Share capital £'000	Share premium £'000	Capital redemption reserve £'000	Capital reserve £'000	Revenue reserve £'000	Total £'000
Balance at 31 March 2019		1,582	6,656	2,273	74,675	2,839	88,025
Return after taxation		–	–	–	1,560	1,151	2,711
Dividend paid	8	–	–	–	–	(1,629)	(1,629)
Purchase of Ordinary shares to be held in treasury	13	–	–	–	(3,901)	–	(3,901)
Balance at 31 March 2020		**1,582**	**6,656**	**2,273**	**72,334**	**2,361**	**85,206**

For the year ended 31 March 2019

		Share capital £'000	Share premium £'000	Capital redemption reserve £'000	Capital reserve £'000	Revenue reserve £'000	Total £'000
Balance at 31 March 2018		1,582	6,656	2,273	87,357	2,604	100,472
Return after taxation		–	–	–	(11,329)	998	(10,331)
Dividend paid	8	–	–	–	–	(763)	(763)
Purchase of Ordinary shares to be held in treasury	13	–	–	–	(1,353)	–	(1,353)
Balance at 31 March 2019		**1,582**	**6,656**	**2,273**	**74,675**	**2,839**	**88,025**

The accompanying notes are an integral part of the financial statements.

Statement of Cash Flows

	Year ended 31 March 2020 £'000	Year ended 31 March 2019 £'000
Operating activities		
Net return before taxation	2,909	(10,147)
Adjustment for:		
(Gains)/losses on investments	(2,872)	9,972
Increase/(decrease) in other creditors	41	(12)
Finance costs	111	109
Expenses taken to capital reserve	20	11
Foreign exchange losses	844	337
Overseas withholding tax	(198)	(184)
(Increase)/decrease in accrued dividend income	(57)	50
(Increase)/decrease in other debtors	(9)	3
Net cash inflow from operating activities	**789**	**139**
Investing activities		
Purchases of investments	(48,208)	(29,080)
Sales of investments	52,495	31,755
Expenses allocated to capital	(20)	(11)
Net cash inflow from investing activities	**4,267**	**2,664**
Financing activities		
Bank and loan interest paid	(111)	(109)
Equity dividend paid	(1,629)	(763)
Purchase of own shares to treasury	(3,901)	(1,353)
Net cash outflow from financing activities	**(5,641)**	**(2,225)**
(Decrease)/increase in cash	**(585)**	**578**
Analysis of changes in cash during the year		
Opening balance	1,516	881
Effects of exchange rate fluctuations on cash held	69	57
(Decrease)/increase in cash as above	(585)	578
Closing balance	**1,000**	**1,516**

The accompanying notes are an integral part of the financial statements.

Notes to the Financial Statements

For the year ended 31 March 2020

1. **Principal activity.** The Company is a closed-end investment company, registered in England and Wales No 3582911, with its Ordinary shares being listed on the London Stock Exchange.

2. **Accounting policies**

   (a) Basis of accounting and going concern. The financial statements have been prepared in accordance with Financial Reporting Standard 102 and with the Statement of Recommended Practice 'Financial Statements of Investment Trust Companies and Venture Capital Trusts' issued in October 2019. They have also been prepared on the assumption that approval as an investment trust will continue to be granted.

   The Company's assets consist mainly of equity shares in companies listed on a recognised stock exchange and in most circumstances, including in the current market environment, are considered to be realisable within a short timescale. The Board has reviewed the results of stress testing prepared by the Manager in relation to the ability of the assets to be realised in the current market environment.

   The Company does not have a fixed life. However, under the articles of association, if, in the 90 days preceding the Company's financial year-end (31 March), the Ordinary shares have been trading, on average, at a discount in excess of 10% to the underlying NAV over the same period, notice will be given of an ordinary resolution to be proposed at the following AGM to approve the continuation of the Company. In the 90 days to 31 March 2020, the Ordinary shares traded at an average discount of 10.4% to the underlying NAV and therefore exceeded the 10% limit defined in the articles. Accordingly, the Board convened a general meeting of the Company on 21 May 2020 whereby a resolution for the continuation of the Company was approved by shareholders. The earliest date that the Company may be subject to a further continuation vote would be at a general meeting of the Company which would be likely to be held in mid-2021 following the next review of the discount control mechanism within the articles.

   The Company has a fixed term loan facility of JPY 1.3 billion in place until January 2021 and a revolving loan facility of JPY 1.0 billion in place until January 2021. The Board has set limits for borrowing and regularly reviews the Company's gearing levels and its compliance with bank covenants. A replacement option would be sought in advance of the expiry of the facility in January 2021, or, should the Board decide not to renew this facility, any outstanding borrowing would be repaid through the proceeds of equity sales as required.

   The Board has considered the impact of COVID-19 and believe that this will have a limited financial impact on the Company's operational resources and existence. The results of stress testing prepared by the Manager, which models a sharp decline in market levels and income, demonstrated that the Company had the ability to raise sufficient funds so as to remain within its debt covenants and pay expenses.

   Taking the above factors into consideration, the Board has a reasonable expectation that the Company has adequate resources to continue in operational existence for a period of at least 12 months from the date of approval of these financial statements. Accordingly, the Board continues to adopt the going concern basis in preparing the financial statements.

   The Company's financial statements are presented in Sterling, which is also the functional currency as it is the basis upon which shareholders operate and expenses are generally paid. All values are rounded to the nearest thousand pounds (£'000) except when otherwise indicated.

   The accounting policies applied are unchanged from the prior year and have been applied consistently.

   (b) Valuation of investments. The Company's business is investing in financial assets with a view to profiting from their total return in the form of income and capital growth. This portfolio of financial assets is managed and its performance evaluated on a fair value basis, in accordance with a documented investment strategy, and information about the portfolio is provided internally on that basis to the Company's Board of Directors. Accordingly, upon initial recognition the Company designates the investments 'at fair value through profit or loss'. Fair value is taken to be the investment's cost at the trade date (excluding expenses incidental to the acquisition which are written off in the Statement of Comprehensive Income, and allocated to 'capital' at the time of acquisition).

Notes to the Financial Statements Continued

Subsequent to initial recognition, investments continue to be designated at fair value through profit or loss, which is deemed to be bid prices, where the bid price is available, or otherwise at fair value based on published price quotations.

(c) Income. Dividends, including taxes deducted at source, are included in revenue by reference to the date on which the investment is quoted ex-dividend. Special dividends are reviewed on a case-by-case basis and may be credited to capital, if circumstances dictate. Dividends receivable on equity shares where no ex-dividend date is quoted are brought into account when the Company's right to receive payment is established. Where the Company has elected to receive its dividends in the form of additional shares rather than cash, the amount of the cash dividend is recognised as income. Any excess in the value of the shares received over the amount of the cash dividend is recognised in capital reserves. Interest receivable on bank balances is dealt with on an accruals basis.

Where applicable the dividend income is disclosed net of irrecoverable taxes deducted at source.

(d) Expenses. All expenses are accounted for on an accruals basis. Expenses are allocated to revenue in the Statement of Comprehensive Income except as follows:

– expenses are allocated and borne by capital where a connection with the maintenance or enhancement of the value of the investments can be demonstrated. In this respect, the investment management fee is allocated 40% to revenue and 60% to realised capital reserves to reflect the Company's investment policy and prospective income and capital growth; and
– transactions costs are charged to capital.

(e) Taxation. The tax payable is based on the taxable profit for the year. Taxable profit differs from net profit as reported in the Statement of Comprehensive Income because it excludes items of income or expenditure that are taxable or deductible in other years and it further excludes items that are never taxable or deductible (see note 7 for a more detailed explanation). The Company has no liability for current tax.

Deferred taxation. Deferred taxation is provided on all timing differences, that have originated but not reversed at the Statement of Financial Position date, where transactions or events that result in an obligation to pay more or a right to pay less tax in future have occurred at the Statement of Financial Position date, measured on an undiscounted basis and based on tax rates expected to apply in the period that the timing differences reverse. This is subject to deferred tax assets only being recognised if it is considered more likely than not that there will be suitable profits from which the future reversal of the underlying timing differences can be deducted. Timing differences are differences arising between the Company's taxable profits and its results as stated in the accounts which are capable of reversal in one or more subsequent periods. Due to the Company's status as an investment trust company, and the intention to continue to meet the conditions required to obtain approval for the foreseeable future, the Company has not provided deferred tax on any capital gains and losses arising on the revaluation or disposal of investments.

(f) Nature and purpose of reserves

Called-up share capital. The Ordinary share capital on the Statement of Financial Position relates to the number of shares in issue and in treasury. Only when the shares are cancelled, either from treasury or directly, is a transfer made to the capital redemption reserve. This reserve is not distributable.

Share premium account. The balance classified as share premium includes the premium above nominal value from the proceeds on issue of any equity share capital comprising Ordinary shares of 10p. This reserve is not distributable.

Capital redemption reserve. The capital redemption reserve is used to record the amount equivalent to the nominal value of any of the Company's own shares purchased and cancelled in order to maintain the Company's capital. This reserve is not distributable.

Capital reserve. Gains or losses on disposal of investments and changes in fair values of investments are transferred to the capital reserve. The capital element of the management fee and relevant finance costs are charged to this reserve. Any associated tax relief is also credited to this reserve. The costs of share buybacks to be held in treasury are also deducted from this reserve. The capital reserve, to the extent that the gains are deemed realised, is distributable including by way of dividend.

Revenue reserve. This reserve reflects all income and costs which are recognised in the revenue column of the Statement of Comprehensive Income. The revenue reserve represents the amount of the Company's reserves distributable by way of dividend.

(g) **Foreign currencies.** Transactions involving foreign currencies are converted at the rate ruling at the date of the transaction.

Foreign currency asset and liability balances are translated to Sterling at the middle rate of exchange at the year end. Differences arising from translation are treated as capital gain or loss to capital or revenue within the Statement of Comprehensive Income depending upon the nature of the gain or loss.

(h) **Dividends payable.** Final dividends are recognised in the financial statements in the period in which they are paid.

(i) **Borrowings.** All secured borrowings are initially recognised at cost, being the fair value of the consideration received, less issue costs where applicable, after initial recognition, all interest bearing borrowings are subsequently measured at amortised cost. The finance costs of such borrowings are accounted for on an accruals basis using the effective interest rate method and are charged 40% to revenue and 60% to realised capital reserves to reflect the Company's investment policy and prospective income and capital growth.

(j) **Significant estimates and judgements.** The Directors do not believe that any accounting judgements or estimates have been applied to these financial statements that have a significant risk of causing material adjustment to the carrying amount of assets and liabilities within the next financial year. The Directors believe that there is one key judgement. The Company's investments and borrowings are made in Japanese yen, however the Board considers the Company's functional currency to be Sterling. In arriving at this conclusion, the Board considered that the shares of the Company are listed on the London Stock Exchange, it is regulated in the United Kingdom, principally having its shareholder base in the United Kingdom and also, pays dividends and expenses in Sterling.

3. Income

	2020 £'000	2019 £'000
Income from investments		
Overseas dividends	1,980	1,838
Other income		
Deposit interest	1	1
Total income	**1,981**	**1,839**

4. Management fee

			2020			2019
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Management fee	**254**	**381**	**635**	282	424	706

For further details see note 20 "Related party transactions and transactions with the Manager" on page 72.

Notes to the Financial Statements Continued

5. Administrative expenses

			2020			2019
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Promotional fees	51	–	51	56	–	56
Directors' fees	93	–	93	93	–	93
Depositary fees	15	–	15	15	–	15
Transaction costs on investment purchases	–	20	20	–	11	11
Auditor's remuneration (excluding irrecoverable VAT):						
– fees payable to the Company's auditor for the audit of the annual accounts	23	–	23	23	–	23
Other	152	–	152	144	–	144
	334	**20**	**354**	**331**	**11**	**342**

6. Finance costs

			2020			2019
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Bank loans	**44**	**67**	**111**	**44**	**65**	**109**

7. Taxation

			2020			2019
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
(a) Analysis of charge for the year						
Irrecoverable overseas taxation	198	–	198	184	–	184
Total tax charge	**198**	**–**	**198**	**184**	**–**	**184**

(b) **Factors affecting current tax charge for the year.** The tax assessed for the year is lower (2019 – higher) than the standard rate of corporation tax in the UK. The differences can be explained below::

			2020			2019
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Net return before taxation	**1,349**	**1,560**	**2,909**	**1,182**	**(11,329)**	**(10,147)**
Net return multiplied by standard rate of corporation tax in the UK of 19% (2019 – 19%)	256	296	552	225	(2,153)	(1,928)
Effects of:						
(Gains)/losses on investments not taxable	–	(546)	(546)	–	1,897	1,897
Currency losses not taxable	–	160	160	–	163	163
Irrecoverable overseas withholding tax	198	–	198	184	–	184
Deferred tax not recognised in respect of tax losses	118	86	204	124	93	217
Expenses not deductible for tax purposes	2	4	6	–	–	–
Non-taxable overseas dividends	(376)	–	(376)	(349)	–	(349)
Total tax charge for the year	**198**	**–**	**198**	**184**	**–**	**184**

(c) **Provision for deferred taxation.** At 31 March 2020 the Company had surplus management expenses and loan relationship debits with a tax value of £2,502,000 (2019 – £2,057,000) based on enacted tax rates, in respect of which a deferred tax asset has not been recognised. No deferred tax asset has been recognised because the Company is not expected to generate taxable income in the future in excess of the deductible expenses of those future periods. Therefore, it is unlikely that the Company will generate future taxable revenue that would enable the existing tax losses to be utilised.

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8. Dividends

	2020 £'000	2019 £'000
Amounts recognised as distributions to equity holders in the year:		
Final dividend 2019 – 5.40p (2018 – 5.20p)	782	763
Interim dividend 2020 – 6.00p	847	–
	1,629	**763**

In order to comply with the requirements of Sections 1158-1159 of the Corporation Tax Act 2010 the Company is required to make a dividend distribution.

The proposed final dividend is subject to approval by shareholders at the Annual General Meeting and has not been included as a liability. It is proposed that the final dividend will be paid on 31 July 2020 to shareholders on the register at the close of business on 3 July 2020.

The table below sets out the total dividends proposed in respect of the financial year, which is the basis on which the requirements of Sections 1158 –1159 are considered. The revenue available for distribution by way of dividend for the year is £1,151,000 (2019 – £998,000). It is anticipated that the total dividend for the year of 15.00p will be funded 11.00p from the revenue reserve and 4.00p from the capital reserve

	2020 £'000	2019 £'000
Proposed final dividend for 2020 – 9.00p per Ordinary share (2019 – 5.40p)	1,233	782
Interim dividend 2020 – 6.00p	847	–
	2,080	**782**

The cost of the proposed final dividend for 2020 is based on 13,698,839 Ordinary shares in issue, being the number of Ordinary shares in issue excluding treasury shares at the date of this report.

9. Return per Ordinary share

	2020 p	2020 £'000	2019 p	2019 £'000
Returns per share are based on the following figures:				
Revenue return	8.08	1,151	6.83	998
Capital return	10.95	1,560	(77.46)	(11,329)
Total return	**19.03**	**2,711**	**(70.63)**	**(10,331)**
Weighted average number of Ordinary shares in issue		**14,240,115**		**14,626,276**

10. Investments held at fair value through profit or loss

	2020 £'000	2019 £'000
Opening book cost	80,360	79,521
Opening investment holding gains	17,349	30,893
Opening fair value	97,709	110,414
Analysis of transactions made during the year		
Purchases at cost (excluding transaction costs)	47,718	29,691
Sales – proceeds (net of transaction costs)	(52,052)	(32,424)
Gains/(losses) on investments	2,872	(9,972)
Closing fair value	**96,247**	**97,709**

	2020 £'000	2019 £'000
Closing book cost	84,216	80,360
Closing investment holding gains	12,031	17,349
Closing fair value	**96,247**	**97,709**

The Company received £52,052,000 (2019 – £32,424,000) from investments sold in the period. The book cost of these investments when they were purchased was £43,863,000 (2019 – £28,852,000). These investments have been revalued over time and until they were sold any unrealised gains/losses were included in the fair value of the investments.

As at 31 March 2020, all investments held are in quoted stocks (2019 – same).

Transaction costs. During the year expenses were incurred in acquiring or disposing of investments designated as fair value through profit or loss. Expenses incurred in acquiring investments have been expensed through capital and are included within administration expenses in the Statement of Comprehensive Income, whilst expenses incurred in disposing of investments have been expensed through capital and are included within gains/(losses) on investments in the Statement of Comprehensive Income. The total costs were as follows:

	2020 £'000	2019 £'000
Purchases	20	11
Sales	15	11
	35	**22**

The above transaction costs are calculated in line with the AIC SORP. The transaction costs in the Company's Key Information Document are calculated on a different basis and in line with the PRIIPs regulations.

Notes to the Financial Statements Continued

11. Debtors: amounts falling due within one year

	2020 £'000	2019 £'000
Amounts due from brokers	227	669
Prepayments and accrued income	755	690
	982	**1,359**

All financial assets are included at amortised cost.

12. Creditors

	2020 £'000	2019 £'000
(a) Foreign currency bank loans		
Falling due within one year	12,698	11,785
	12,698	**11,785**

The Company entered into a one year credit facility with ING Bank on 23 January 2020. At the year end, JPY1,300,000,000 (2019 – JPY1,300,000,000) equivalent to £9,711,000 (2019 – £9,012,000) had been drawn down at an all–in interest rate of 0.715% (2019 – 0.7865%) which is due to mature on 22 January 2021.

In addition, on 23 January 2020, the Company entered into a one year JPY1,000,000,000 revolving credit facility with ING Bank and has a final maturity on 22 January 2021. At the year end JPY400,000,000, equivalent to £2,987,000 (2019 – £2,773,000), had been drawn down at an all–in interest rate of 0.70% (2019 – 0.70%). At the date of this Report the Company had drawn down JPY400,000,000 at an all-in interest rate of 0.70%.

The terms of both loan facilities with ING Bank contain a covenant that total borrowings should not exceed 35% of the adjusted net asset value of the Company at any time and that the net asset value should not fall below £40,000,000 at any time. The Company has met these covenants throughout the period.

(b) Other creditors falling due within one year	2020 £'000	2019 £'000
Amounts due to brokers	121	611
Sundry creditors	204	163
	325	**774**

13. Called-up share capital

	2020 Number	2020 £'000	2019 Number	2019 £'000
Allotted, called-up and fully paid				
Ordinary shares of 10p each	13,807,780	1,381	14,480,439	1,448
Held in treasury	2,013,792	201	1,341,133	134
	15,821,572	**1,582**	**15,821,572**	**1,582**

	Ordinary shares Number	Treasury shares Number	Total Number
Opening balance	14,480,439	1,341,133	15,821,572
Ordinary shares bought back for holding in treasury	(672,659)	672,659	–
Closing balance	**13,807,780**	**2,013,792**	**15,821,572**

During the year 672,659 Ordinary shares (2019 – 244,838) were bought back and held in treasury at a cost of £3,901,000 (2019 – £1,353,000). Subsequent to the year end a further 108,941 Ordinary shares were bought back for holding in treasury at a cost of £632,000.

14. Capital reserve

	2020 £'000	2019 £'000
At 1 April 2019	74,675	87,357
Losses over cost arising on movement in investment holdings	(5,318)	(13,544)
Gains on realisation of investments at fair value	8,190	3,572
Currency losses	(844)	(857)
Administrative expenses charged to capital	(20)	(11)
Management fee charged to capital	(381)	(424)
Buyback of Ordinary shares for holding in treasury	(3,901)	(1,353)
Finance costs charged to capital	(67)	(65)
At 31 March 2020	72,334	74,675

The capital reserve includes investment holding gains amounting to £12,031,000 (2019 – gains of £17,349,000) as disclosed in note 10.

Net currency losses arising during the year of £844,000 (2019 – losses of £857,000) are analysed further in the table below.

	2020 £'000	2019 £'000
Losses on forward foreign exchange contracts	–	(522)
Losses on revaluation of bank loan	(913)	(392)
Gains on cash deposits	69	57
	(844)	**(857)**

Notes to the Financial Statements Continued

15. Net asset value per share. The net asset value per share and the net asset values attributable to Ordinary shareholders at the year end calculated in accordance with the Articles of Association were as follows:

	Net asset value per share		Net asset values attributable	
	2020 p	2019 p	2020 £'000	2019 £'000
Ordinary shares	617.09	607.89	85,206	88,025

The movements during the year of the assets attributable to the Ordinary shares were as follows:

	2020 £'000	2019 £'000
Net assets attributable at 1 April 2019	88,025	100,472
Capital return for the year	1,560	(11,329)
Revenue after taxation	1,151	998
Dividend paid	(1,629)	(763)
Purchase of Ordinary shares to be held in treasury	(3,901)	(1,353)
Net assets attributable at 31 March 2020	**85,206**	**88,025**

The net asset value per Ordinary share is based on net assets, and on 13,807,780 (2019 – 14,480,439) Ordinary shares, being the number of Ordinary shares in issue, after deducting 2,013,792 (2019 – 1,341,133) shares held in treasury, at the year end.

16. Financial instruments

Risk management. The Company's investment activities expose it to various types of financial risk associated with the financial instruments and markets in which it invests. The Company's financial instruments comprise securities and other investments, cash balances, loans, debtors and creditors that arise directly from its operations; for example, in respect of sales and purchases awaiting settlement, and debtors for accrued income.

Certain risk management functions have been delegated to Aberdeen Standard Fund Managers Limited ("ASFML" or "Manager") under the terms of the management agreement (further details of which are included under note 20). The Board regularly reviews and agrees policies for managing each type of risk, are summarised below. This approach has been applied throughout the year within the Manager's risk management framework which is described below and has not changed since the previous accounting period.

Risk management framework. The directors of Aberdeen Standard Fund Managers Limited collectively assume responsibility for ASFML's obligations under the AIFMD including reviewing investment performance and monitoring the Company's risk profile during the year.

ASFML is a fully integrated member of the Standard Life Aberdeen Group ("the Group"), which provides a variety of services and support to ASFML in the conduct of its business activities, including in the oversight of the risk management framework for the Company. The AIFM has delegated the day to day administration of the investment policy to Aberdeen Asset Management Asia Limited, which is responsible for ensuring that the Company is managed within the terms of its investment guidelines and the limits set out in its pre-investment disclosures to investors (details of which can be found on the Company's website). The AIFM has retained responsibility for monitoring and oversight of investment performance, product risk and regulatory and operational risk for the Company.

The Manager conducts its risk oversight function through the operation of the Group's risk management processes and systems which are embedded within the Group's operations. The Group's Risk Division supports management in the identification and mitigation of risks and provides independent monitoring of the business. The Division includes Compliance, Business Risk, Market Risk and Risk Management. The team is headed up by the Group's Head of Risk, who reports to the CEO of the Group. The Risk Division achieves its objective through embedding the Risk Management Framework throughout the organisation using the Group's operational risk management system ("SHIELD").

The Group's Internal Audit Department is independent of the Risk Division and reports directly to the Group's CFO and to the Audit Committee of the Group's Board of Directors. The Internal Audit Department is responsible for providing an independent assessment of the Group's control environment.

The Group's corporate governance structure is supported by several committees to assist the board of directors of the Group, its subsidiaries and the Company to fulfil their roles and responsibilities. The Group's Risk Division is represented on all committees, with the exception of those committees that deal with investment recommendations. The specific goals and guidelines on the functioning of those committees are described on the committees' terms of reference.

Risk management. The main risks the Company faces from its financial instruments are (i) market risk (comprising interest rate risk, price risk and currency risk), (ii) liquidity risk and (iii) credit risk.

Market risk. The fair value or future cash of a financial instrument held by the Company may fluctuate because of changes in market prices. This market price risk comprises three elements – interest rate risk, price risk and currency risk.

Interest rate risk. Interest rate movements may affect:

– the level of income receivable on cash deposits; and
– interest payable on the Company's variable rate borrowings.

Management of the risk. The possible effects on fair value and cash flows that could arise as a result of changes in interest rates are taken into account when making investment and borrowing decisions.

Interest rate sensitivity. Movements in interest rates would not significantly affect net assets attributable to the Company's shareholders and total profit due to there being no investments in fixed interest securities during the year and a relatively low level of bank borrowings.

Price risk. Price risks (ie changes in market prices other than those arising from interest rate or currency risk) may affect the value of quoted investments.

Management of the risk. It is the Board's investment policy for the Company's assets to be invested in a selected portfolio of securities in quoted companies as explained on page 13. The Manager has a dedicated investment management process, which ensures that the risk inherent in this investment policy is controlled. Underlying the process is the belief that risk is not that individual stock prices fluctuate in the short term, or that movement in the value of the portfolio deviates from the benchmark but that risk is investment in poorly managed expensive companies which the Manager does not understand. In-depth research and stock selection procedures are in place based on this risk control philosophy. The portfolio is reviewed on a periodic basis by the Manager's Investment Committee and by the Board.

Price sensitivity. If market prices at the Statement of Financial Position date had been 10% higher or lower while all other variables remained constant, the return attributable to Ordinary shareholders for the year ended 31 March 2020 would have increased/(decreased) by £9,625,000 (2019 increased/(decreased) by £9,771,000) and equity reserves would have increased/(decreased) by the same amount.

Foreign currency risk. The Company primarily invests in the shares of companies which are listed in Japan but can include companies listed on other stock markets which earn significant revenue from trading in Japan or hold net assets predominantly in Japan. The Statement of Financial Position, therefore, can be significantly affected by movements in foreign exchange rates.

Notes to the Financial Statements Continued

Management of the risk. The Company may, from time to time, match specific overseas investment with foreign currency borrowings. The Company's borrowings, as detailed in note 12, are also in foreign currency. In addition, the Company sought to ensure that the Company's Yen net exposure is appropriately Sterling–hedged through the use of rolling forward currency contracts. On 10 July 2018, the Company amended its investment policy and no longer use forward currency contracts. During the year, a net loss of £nil (2019 – loss of £522,000) was realised from the use of such contracts.

The revenue account is subject to currency fluctuation arising on dividends paid in foreign currencies. The Company does not hedge this currency risk.

Foreign currency risk exposure by currency of denomination:

	31 March 2020			31 March 2019		
	Overseas investments[A] £'000	Net monetary assets £'000	Total currency exposure £'000	Overseas investments[A] £'000	Net monetary assets £'000	Total currency exposure £'000
Japanese Yen	96,247	(10,996)	85,251	97,709	(9,662)	88,047

[A] Overseas investment is stated net of forward currency contracts with a net Sterling equivalent amount of nil (2019 – nil)

Foreign currency sensitivity. The following table details the positive impact to a 10% decrease in Sterling against the foreign currency in which the Company has exposure (based on exposure >5% of total exposure including foreign exchange contracts). The sensitivity analysis includes foreign currency denominated monetary items and adjusts their translation at the year end for a 10% change in foreign currency rates. In the event of a 10% increase in Sterling then there would be a negative impact on the Company's returns.

	2020 Revenue £'000	2020 Equity[A] £'000	2019 Revenue £'000	2019 Equity[A] £'000
Japanese Yen	198	8,525	184	8,805

[A] Represents equity exposure to relevant currencies.

Liquidity risk. This is the risk that the Company will encounter difficulty in meeting obligations associated with financial liabilities.

Management of the risk. Liquidity risk is not considered to be significant as the Company's assets mainly comprise readily realisable securities which can be sold to meet funding requirements if necessary and flexibility is achieved through the use of loan facilities, details of which may be found in note 12.

Liquidity risk exposure. At 31 March 2020, the Company had a short term bank loan of £9,711,000 (2019 – £9,012,000) which is due to mature on 22 January 2021 with interest due on the principal every six months. The Company also had a rolling facility of £2,987,000 (2019 – £2,773,000) which matured on 23 April 2020 with interest payable at maturity.

Credit risk. This is the risk of failure of the counterparty to a transaction to discharge its obligations under that transaction that could result in the Company suffering a loss.

Management of the risk. Investment transactions are carried out with a large number of brokers of good quality credit standing, and cash is held only with reputable banks with high quality external credit enhancements.

In addition, both stock and cash reconciliations to the Depositary's records are performed on a daily basis to ensure discrepancies are investigated on a timely basis.

None of the Company's financial assets are secured by collateral or other credit enhancements and none are past due or impaired.

Credit risk exposure. The amount of cash at bank and in hand of £1,000,000 (2019 – £1,516,000) and debtors of £982,000 (2019 – £1,359,000) in the Statement of Financial Position represent the maximum exposure to credit risk at 31 March.

Fair values of financial assets and financial liabilities. The fair value of borrowings has been calculated at £12,698,000 as at 31 March 2020 (2019 – £11,785,000) compared to an accounts value in the financial statements of £12,698,000 (2019 – £11,785,000) (note 12), due to the short-term maturity. The fair value of each loan is determined by aggregating the expected future cash flows for that loan discounted at a rate comprising the borrower's margin plus an average of market rates applicable to loans of a similar period of time and currency. The carrying value of all other assets and liabilities is an approximation of fair value.

17. Analysis of changes in net debt

	At 31 March 2019 £'000	Currency differences £'000	Cash flows £'000	Non-cash movements £'000	At 31 March 2020 £'000
Cash and cash equivalents	1,516	69	(585)	–	1,000
Debt due within one year	(11,785)	(913)	–	–	(12,698)
	(10,269)	**(844)**	**(585)**	**–**	**(11,698)**

	At 31 March 2018 £'000	Currency differences £'000	Cash flows £'000	Non-cash movements £'000	At 31 March 2019 £'000
Cash and cash equivalents	881	57	578	–	1,516
Debt due within one year	(2,681)	(394)	–	–	(3,075)
Debt due after more than one year	(8,710)	–	–	–	(8,710)
	(10,510)	**(337)**	**578**	**–**	**(10,269)**

A statement reconciling the movement in net funds to the net cash flow has not been presented as there are no differences from the above analysis.

18. Capital management policies and procedures. The Company's capital management objectives are:

– to ensure that the Company will be able to continue as a going concern; and
– to maximise the income and capital return to its equity shareholders through an appropriate balance of equity capital and debt. The Company's investment policy states that the maximum gearing level is 25% of net assets, however gearing will normally be set at a stable and lower level than the maximum. The Board has currently established a gearing level of around 10% of net assets although, with stock market fluctuations, this may range between 5% and 15%.

The Board monitors and reviews the broad structure of the Company's capital on an ongoing basis. This review includes the nature and planned level of gearing, which takes account of the Manager's views on the market and the extent to which revenue in excess of that which is required to be distributed should be retained.

The Company's objectives, policies and processes for managing capital are unchanged from the preceding accounting period and year end positions are presented in the Statement of Financial Position.

Notes to the Financial Statements Continued

19. Fair value hierarchy. FRS 102 requires an entity to classify fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following classifications:

Level 1 – unadjusted quoted prices in an active market for identical assets or liabilities that the entity can access at the measurement date.

Level 2 – inputs other than quoted prices included within Level 1 that are observable (ie developed using market data) for the asset or liability, either directly or indirectly.

Level 3 – inputs are unobservable (ie for which market data is unavailable) for the asset or liability.

All of the Company's investments are in quoted equities actively traded on a recognised stock exchange, with their fair value being determined by reference to their quoted bid prices at the reporting date (2019 – same). The total value of the investments (2020 – £96,247,000; 2019 – £97,709,000) have therefore been deemed as Level 1.

20. Related party transactions and transactions with the Manager

Directors' fees and interests. Fees payable during the year to the Directors and their interest in shares of the Company are disclosed within the Directors' Remuneration Report on pages 46 and 47.

Transactions with the Manager. The Company has agreements with ASFML to provide management, accounting, administrative and secretarial duties. The agreement for provision of management services has been delegated to Aberdeen Investment Management Kabushiki Kaisha.

The management fee was payable at a rate of 0.75% per annum of the value of the Company's net assets until 31 May 2019. With effect from 1 June 2019, the management fee has been charged on the lesser of the Company's net asset value or market capitalisation, payable monthly in arrears. Market capitalisation is defined as the closing share price quoted on the London Stock Exchange multiplied by the number of shares in issue less the number of any shares held in Treasury, as determined on the last business day of the applicable calendar month to which the fee relates. The balance due to ASFML at the year end was £96,000 (2019 – £55,000).

The Company also has an agreement with ASFML for the provision of promotional activities in relation to the Company's participation in the Aberdeen Standard Investment Trust Share Plan and ISA. The total fees paid and payable under the agreement were £51,000 (2019 – £56,000) and the balance due to ASFML at the year end was £13,000 (2019 – £13,000).

21. Subsequent Events. Subsequent to the period end, the Company's NAV has increased following a recovery in stockmarket values from lows caused by the COVID-19 pandemic. At the date of this Report the latest NAV per share was 733.34p as at the close of business on 12 June 2020, an increase of 18.8% compared the NAV per share of 617.09p at the period end.

Alternative Performance Measures

Alternative performance measures are numerical measures of the Company's current, historical or future performance, financial position or cash flows, other than financial measures defined or specified in the applicable financial framework. The Company's applicable financial framework includes FRS 102 and the AIC SORP. The Directors assess the Company's performance against a range of criteria which are viewed as particularly relevant for closed-end investment companies.

Total return. Total return is considered to be an alternative performance measure. NAV and share price total returns show how the NAV and share price has performed over a period of time in percentage terms, taking into account both capital returns and dividends paid to shareholders. NAV total return involves investing the net dividend in the NAV of the Company with debt at fair value on the date on which that dividend goes ex-dividend. Share price total return involves reinvesting the net dividend in the share price of the Company on the date on which that dividend goes ex-dividend.

The tables below provide information relating to the NAVs and share prices of the Company on the dividend reinvestment dates during the years ended 31 March 2020 and 31 March 2019.

2020	Dividend rate	NAV	Share price
31 March 2019	N/A	607.89p	525.00p
13 June 2019	5.40p	623.10p	552.50p
28 November 2019	6.00p	702.31p	632.50p
31 March 2020	N/A	617.09p	550.00p
Total return		**+3.3%**	**+6.8%**

2019	Dividend rate	NAV	Share price
31 March 2018	N/A	682.31p	582.50p
14 June 2018	5.20p	703.94p	620.00p
31 March 2019	N/A	607.89p	525.00p
Total return		**–10.2%**	**–9.1%**

Discount to net asset value per Ordinary share. The discount is the amount by which the share price of 550.00p (2019 – 525.00p) is lower than the net asset value per share of 617.09p (2019 – 607.89p), expressed as a percentage of the net asset value.

Net gearing. Net gearing measures the total borrowings of £12,698,000 (31 March 2019 – £11,785,000) less cash and cash equivalents of £1,106,000 (31 March 2019 – £1,574,000) divided by shareholders' funds of £85,206,000 (31 March 2019 – £88,025,000), expressed as a percentage. Under AIC reporting guidance cash and cash equivalents includes net amounts due from brokers at the year end of £106,000 (2019 – £58,000) as well as cash at bank and in hand of £1,000,000 (2019 – £1,516,000).

Alternative Performance Measures Continued

Ongoing charges. Ongoing charges is considered to be an alternative performance measure. The ongoing charges ratio has been calculated in accordance with guidance issued by the AIC as the total of investment management fees and administrative expenses and expressed as a percentage of the average net asset values with debt at fair value throughout the year.

	2020	2019
Investment management fees (£'000)	635	706
Administrative expenses (£'000)	354	342
Less: transaction costs on investment purchases (£'000)	(20)	(11)
Ongoing charges (£'000)	969	1,037
Average net assets (£'000)	93,581	94,269
Ongoing charges ratio	1.04%	1.10%

At 31 March 2020 the Company's OCR was 1.04% as above compared to the Peer Group weighted average OCR of 0.81% (average net assets at 31 March 2020 – £336 million)(Source AIC).The ongoing charges ratio provided in the Company's Key Information Document is calculated in line with the PRIIPs regulations which includes amongst other things, the cost of borrowings and transaction costs.

Corporate Information

The Company's Investment Manager, Aberdeen Standard Investments (Japan) Limited is a subsidiary of Standard Life Aberdeen plc. Assets under management and administration of the Group was £545 billion at 31 December 2019.

Information about the Manager

Aberdeen Standard Fund Managers Limited

Aberdeen Standard Fund Managers Limited ("ASFML"), authorised and regulated by the Financial Conduct Authority, has been appointed as the alternative investment fund manager to the Company. ASFML has in turn delegated portfolio management to Aberdeen Standard Investments (Japan) Limited ("ASIJ"), which is based in Tokyo.

Both ASFML and ASIJ are subsidiaries of Standard Life Aberdeen plc (the "Group").

Aberdeen Standard Investments ("ASI") is a brand of the investment businesses of Aberdeen Asset Management and Standard Life Investments.

Assets under the management and administration of the Group was £545 billion as at 31 December 2019.

ASIJ is primarily responsible for the Japan equity portfolios managed within ASI and is supported by the Group's Asian equities team in Singapore.

The Investment Team

Chern-Yeh Kwok
Deputy Head of Equities, Asia Pacific & Head of Investment Management, Japan

BA in Journalism from the University of Missouri- Columbia and MSc in Finance from the London Business School. Joined ASI Asia in 2005 from MSCI Barra where he was an equity research analyst. Became Head of Japanese equities in January 2011 and is based in Tokyo.

Flavia Cheong
Head of Equities, Asia Pacific

Masters in Economics from University of Auckland. Previously with Investment Company of the People's Republic of China and Development Bank of Singapore. Started investment career in 1987. Joined ASI Asia in 1996 and is based in Singapore.

Hisashi Arakawa
Investment Manager (Japan Equities)

MPhys in Physics from the University of Oxford and MBA from INSEAD and is a CFA® charterholder. Previously was vice president in the corporate banking group of Development Bank of Japan. Joined ASI Asia in 2016 and is based in Tokyo.

The Investment Process

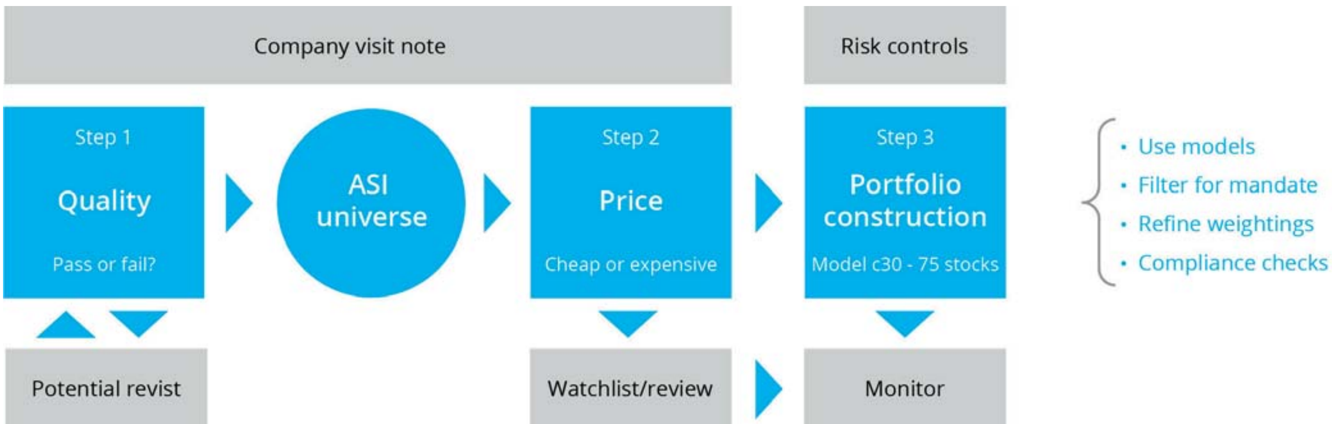
Philosophy and Style

The Manager's investment philosophy is that markets are not always efficient. The Manager believes that superior investment returns are therefore attainable by identifying good companies cheaply, defined in terms of the fundamentals that in our opinion drive share prices over the long term. The Manager undertakes substantial due diligence before initiating any investment including company visits in order to assure themselves of the quality of the prospective investment. The Manager is then careful not to pay too high a price when making the investment. Subsequent to that investment the Manager then keeps in close touch with the company, aiming to meet management at least twice a year. Given their long-term fundamental investment philosophy, one would not expect much change in the companies in which we invest. The Manager does, however, take opportunities offered to them by what they see as anomalous price movements within stock markets to either top up or top slice positions, which accounts for the bulk of the activity within the portfolio during the year under review.

Risk Controls

The Manager seeks to minimise risk by in depth research. The Manager does not view divergence from a benchmark as risk – they view investment in poorly run expensive companies that they do not understand as risk. In fact where risk parameters are expressed in benchmark relative terms, asset – including sector – allocation constitutes a significant constraint on stock selection. Hence diversification of stocks provides their main control.

The Manager's performance and investment risk unit independently monitors portfolio positions, and reports monthly. As well as attributing performance it also produces statistical analysis, which is used by the Investment Manager primarily to check the portfolio is behaving as expected, not as a predictive tool.



Investor Information

Direct

Investors can buy and sell shares in Aberdeen Japan Investment Trust PLC (the "Company") directly through a stockbroker or indirectly through a lawyer, accountant or other professional adviser. Many have online facilities. Alternatively, for retail clients, shares may be bought directly through Aberdeen Standard Investment Trust Share Plan, Individual Savings Account ("ISA") or Investment Plan for Children.

Aberdeen Standard Investment Trust Share Plan

Aberdeen Standard Investments operates an Investment Trust Share Plan (the "Plan") through which shares in the Company can be purchased. There are no dealing charges on the initial purchase of shares, although investors will suffer the bid-offer spread, which can, on some occasions, be a significant amount. Lump sum investments start at £250, while regular savers may invest from £100 per month. Investors simply pay Government Stamp Duty (currently 0.5%) on purchases. Selling costs are £10 + VAT. There is no restriction on how long an investor need invest in a Plan, and regular savers can stop or suspend participation by instructing Aberdeen Standard Investments in writing at any time.

Aberdeen Standard Investment Trust ISA

Aberdeen Standard Investments operates an Investment Trust ISA ("ISA") through which an investment made be made of up to £20,000 in the tax year 2020/21.

There are no brokerage or initial charges for the ISA, although investors will suffer the bid-offer spread, which can, on some occasions, be a significant amount. Investors only pay Government Stamp Duty (currently 0.5%) on purchases. Selling costs are £15 + VAT. The annual ISA administration charge is £24 + VAT calculated annually and applied on 31 March (or the last business day in March) and collected soon thereafter either by direct debit or, if there is no valid direct debit mandate in place, from the available cash in the Plan prior to the distribution or reinvestment of any income, or, where there is insufficient cash in the Plan, from the sale of investments held in the Plan. Under current legislation, investments in ISAs can grow free of capital gains tax.

ISA Transfer

You can choose to transfer previous tax year investments to us which can be invested in Aberdeen Japan Investment Trust PLC while retaining your ISA wrapper. The minimum lump sum for an ISA transfer is £1,000 and is subject to a minimum per investment trust of £250.

Aberdeen Standard Investment Plan for Children

Aberdeen Standard Investments operates an Investment Plan for Children (the "Children's Plan") which covers a number of investment companies under its management including the Company. Anyone can invest in the Children's Plan, including parents, grandparents and family friends (subject to eligibility criteria as stated within terms and conditions). All investments are free of dealing charges on the initial purchase of shares, although investors will suffer the bid-offer spread, which can, on some occasions, be a significant amount. Lump sum investments start at £150 per trust, while regular savers may invest from £30 per month. Investors simply pay Government Stamp Duty (currently 0.5%) on purchases. Selling costs are £10 + VAT. There is no restriction on how long an investor need invest in the Children's Plan, and regular savers can stop or suspend participation by instructing Aberdeen Standard Investments in writing at any time.

Nominee Accounts and Voting Rights

In common with other schemes of this type, all investments in Aberdeen Standard Investment Trust Share Plan, Investment Plan for Children and Investment Trust ISA are held in nominee accounts and investors have full voting and other rights of share ownership.

Dividend Tax Allowance

The annual tax-free personal allowance for dividend income, for UK investors, is £2,000 for the 2020/21 tax year. Above this amount, individuals will pay tax on their dividend income at a rate dependent on their income tax bracket and personal circumstances. The Company will continue to provide registered shareholders with a confirmation of dividends paid by the Company and this should be included with any other dividend income received when calculating and reporting to HMRC total dividend income received. It is the shareholder's responsibility to include all dividend income when calculating any tax liability.

Keeping You Informed

The Company's share price appears under the heading 'Investment Companies' in the Financial Times and information on the Company may be found on its dedicated website, **www.aberdeenjapan.co.uk**.

This provides access to information on the Company's share price performance, capital structure, London Stock Exchange announcements, current and historic Annual and Half Yearly Reports, and the latest monthly factsheet on the Company issued by the Manager.

If investors would like details on the Company or literature and application forms on Aberdeen Standard investment trust products please contact:

Aberdeen Standard Investment Trusts
PO Box 11020
Chelmsford
Essex CM99 2DB

Telephone: **0808 500 00 40**
E-mail: **inv.trusts@aberdeenstandard.com**
Website: **invtrusts.co.uk**

Terms and conditions for the Aberdeen Standard investment trust products can be found under the Literature section of this website.

Registrar (for direct shareholdings)

If you have an administrative query which relates to a direct shareholding, please contact the Company's Registrar, as follows:

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

Tel: **0371 664 0300**
(UK calls cost 10p per minute plus network extras. Lines are open 9.00 am - 5.30 pm, Monday – Friday excluding public holidays)

Tel International: **++44 (0) 371 664 0300**
E-mail: **enquiries@linkgroup.co.uk**
Website: **www.linkassetservices.com**

Pre-investment Disclosure Document (PIDD)

The Alternative Investment Fund Managers Directive ("AIFMD") requires Aberdeen Standard Fund Managers Limited, as the alternative investment fund manager of Aberdeen Japan Investment Trust PLC ("the Company"), to make available to investors certain information prior to such investors' investment in the Company. The AIFMD is intended to offer increased protection to investors in investment products that do not fall under the existing European Union regime for regulation of investment products known as the UCITS regime.

The Company's PIDD is available for viewing on the Company's website.

Key Information Document ("KID")

Under the PRIIPS Regulation, the Manager is required to prepare a key information document ("KID") in respect of the Company. This KID must be made available to retail investors prior to them making any investment decision and a link to it is available from the Company's website. The information and the procedures for calculating the risks, costs and potential returns contained in the KID are prescribed by the law. Investors should note that the figures in the KID may not reflect the expected returns for the Company and anticipated performance returns cannot be guaranteed.

The KID relating to the Company and published by the Manager can be found on the Manager's website at:
invtrusts.co.uk/en/investmenttrusts/literature-library.

Suitable for Retail/NMPI Status

The Company's shares are intended for investors primarily in the UK (including retail investors), professional-advised private clients and institutional investors who are wanting to benefit from the growth prospects of Japanese companies by investment in a relatively risk averse investment trust and who understand and are willing to accept the risks of exposure to equities. Investors should consider consulting a financial adviser who specialises in advising on the acquisition of shares and other securities before acquiring shares. Investors should be capable of evaluating the risks and merits of such an investment and should have sufficient resources to bear any loss that may result.

The Company currently conducts its affairs so that the shares issued by Aberdeen Japan Investment Trust PLC can be recommended by a financial adviser to ordinary retail investors in accordance with the FCA's rules in relation to non-mainstream pooled investments (NMPIs) and intends to continue to do so for the foreseeable future.

The Company's shares are excluded from the FCA's restrictions which apply to NMPIs because they are shares in an investment trust.

Online Dealing providers and platforms

There are a number of online dealing platforms for private investors that offer share dealing, ISAs and other means to invest in the Company, such as self-invested personal pension (SIPP). Real-time execution-only stockbroking services allow you to trade online, manage your portfolio and buy UK listed shares. These sites do not give advice. Some comparison websites also look at dealing rates and terms. Some well-known online providers, which can be found through internet search engines, include:

AJ Bell You Invest; Alliance Trust Savings; Barclays Stockbrokers; Charles Stanley Direct; Halifax Share Dealing; Fidelity Personal Investing; Hargreave Hale; Hargreaves Lansdown; Idealing; Interactive Investor; Selftrade; The Share Centre; Stocktrade.

Investor Information Continued

Discretionary Private Client Stockbrokers
If you have a large sum to invest, you may wish to contact a discretionary private client stockbroker. They can manage your entire portfolio of shares and will advise you on your investments. To find a private client stockbroker visit The Personal Investment Management & Financial Advice Association at: **pimfa.co.uk**.

Financial Advisers
To find an adviser who recommends on investment trusts, visit: **unbiased.co.uk**

Regulation of Stockbrokers
Before approaching a stockbroker, always check that they are regulated by the Financial Conduct Authority:

Tel: **0800 111 6768** or at
fca.org.uk/firms/systems-reporting/register/search
Email: **register@fca.org.uk**

Investor Warning: Be alert to share fraud and boiler room scams
Aberdeen Standard Investments (ASI) has been contacted by investors informing that they have received telephone calls and emails from people who have offered to buy their investment company shares, purporting to work for ASI or for third party firms. ASI has also been notified of emails claiming that certain investment companies under its management have issued claims in the courts against individuals. These may be scams which attempt to gain investors' personal information with which to commit identity fraud or could be 'boiler room' scams where a payment from them is required to release the supposed payment for their shares.

These callers/senders do not work for ASI and any third party making such offers/claims has no link with ASI.

ASI does not 'cold-call' investors in this way. If you have any doubt over the veracity of a caller, do not offer any personal information, end the call and contact ASI's investor services centre using the details on the 'Contact Us' page.

The Financial Conduct Authority provides advice with respect to share fraud and boiler room scams:
http://www.fca.org.uk/consumers/scams

The above information has been approved for the purposes of Section 21 of the Financial Services and Markets Act 2000 (as amended by the Financial Services Act 2012) by Aberdeen Standard Fund Managers Limited, which is authorised and regulated by the Financial Conduct Authority in the United Kingdom.

Note
Please remember that past performance is not a guide to the future. Stock market and currency movements may cause the value of shares and the income from them to fall as well as rise and investors may not get back the amount they originally invested.

As with all equity investments, the value of investment trusts purchased will immediately be reduced by the difference between the buying and selling prices of the shares, the market maker's spread.

Investors should further bear in mind that the value of any tax relief will depend on the individual circumstances of the investor and that tax rates and reliefs, as well as the tax treatment of ISAs may be changed by future legislation.

Investment Policy

The Company's holdings will be generally listed in Japan although the portfolio may also include companies traded on stock markets outside Japan whose consolidated revenue is earned predominantly from trading in, or consolidated net assets are predominantly held in, Japan. The investment portfolio of the Company may comprise investments of any market capitalisation or sector. From time to time, fixed interest holdings, or quasi-equity investments such as convertible securities and warrants, may be held although the book value of such investments will never represent in aggregate more than 25% of gross assets.

The portfolio will be constructed through the identification of individual companies which offer long-term growth potential. The portfolio will be actively managed and not seek to track the Company's reference benchmark, hence a degree of volatility against the benchmark is inevitable.

In constructing the equity portfolio a spread of risk will be achieved by diversifying the portfolio through investment in 30 to 70 holdings. Sector concentration and thematic characteristics of the portfolio will be carefully monitored. There will be no maximum limits to deviation from the Company's reference benchmark, stock or sector weights except as imposed by banking covenants on any borrowings.

On acquisition, no holding shall exceed 10% of the Company's portfolio at the time of purchase although market movements may increase this percentage. Also, on acquisition, no more than 15% of the Company's gross assets will be invested in other UK listed investment companies, being companies holding the majority of their net assets in Japan.

The Board is responsible for determining the gearing strategy for the Company. Gearing may be used selectively to leverage the Company's portfolio in order to enhance returns where and to the extent it is considered appropriate to do so. Gearing will be subject to a maximum gearing level of 25% of net assets at the time of draw down. Any borrowing, except for short-term liquidity purposes, will be used for investment purposes or buying back shares.

The Company may use derivatives for the purpose of efficient portfolio management and hedging (i.e. for the purpose of reducing, transferring or eliminating investment risk in its investments, including protection against currency risks). The Company may purchase and sell derivative investments such as exchange-listed and over-the-counter put and call options on currencies, securities, fixed income, currency and interest rate indices and other financial instruments, purchase and sell financial futures contracts and options thereon and enter into various interest rate and currency transactions such as swaps, caps, floors or collars or credit transactions and credit derivative instruments. The Company may also purchase derivative instruments that combine features of these instruments. The Company's aggregate exposure to derivative instruments will not exceed 50% of its gross assets.

The Company will not acquire securities that are unlisted or unquoted at the time of investment (with the exception of securities which are about to be listed or traded on a stock exchange or are convertible into listed securities). However, the Company may continue to hold securities that cease to be listed or quoted if the Investment Manager considers this to be appropriate.

The Company may underwrite or sub-underwrite any issue or offer for sale of investments. No such commitment will be entered into if the aggregate of such investments would exceed 10% of the Company's gross assets and no such individual investment would exceed 5% of the Company's gross assets.

Any minimum and maximum percentage limits set out in the Investment Policy will only be applied at the time of the relevant acquisition, trade or borrowing.

The Company will normally be substantially fully invested in accordance with its investment policy but, during periods in which changes in economic conditions or other factors (such as political and diplomatic events, natural disasters and changes in laws) so warrant, the Company may reduce its exposure to securities and increase its position in cash and money market instruments.'

The Company will invest and manage its assets, including its exposure to derivatives, in accordance with the objective of spreading risk in accordance with the Company's investment policy.

General

Glossary

Aberdeen Standard Investments	Aberdeen Standard Investments ("ASI") is a brand of the investment businesses of Aberdeen Asset Management and Standard Life Investments.
ASFML or AIFM or Manager	Aberdeen Standard Fund Managers Limited (ASFML) is a wholly owned subsidiary of Standard Life Aberdeen plc and acts as the alternative investment fund manager (AIFM) for the Company. It is authorised and regulated by the Financial Conduct Authority.
ASIJ or Investment Manager	Aberdeen Standard Investments (Japan) Limited ("ASIJ"is a subsidiary company of Standard Life Aberdeen plc has been delegated responsibility for the Company's day-to-day investment management. ASIJ is regulated by the by the Financial Services Authority in Japan.
Alternative Performance Measures	An alternative performance measure is a financial measure of historical or future financial performance, financial position, or cash flows, other than a financial measure defined or specified in the applicable financial reporting framework.
AIC	The Association of Investment Companies.
AIFMD or the Directive	The Alternative Investment Fund Managers Directive (AIFMD) is European legislation which created a European-wide framework for regulating managers of 'alternative investment funds' ("AIFs"). It is designed to regulate any fund which is not a UCITS fund and which is managed and/or marketed in the EU. The Company has been designated as an AIF.
Asset Cover	The value of a company's net assets available to repay a certain security. Asset cover is usually expressed as a multiple and calculated by dividing the net assets available by the amount required to repay the specific security.
Benchmark index or Index	The benchmark index is the TOPIX (in Sterling terms). Prior to October 2013 the Company invested in companies across Asia Pacific including Japan. Performance is measured against the Composite Index which is comprised of: TOPIX (in Sterling terms) from 8 October 2013. MSCI AC Asia Pacific (including Japan) Index (in Sterling terms) to 7 October 2013.
Closed-End Fund	A collective investment scheme which has a fixed number of shares which are not redeemable from the fund itself. Unlike open-ended funds, new shares/units are not created by managers to meet demand from investors; instead, shares are purchased (or sold) only in the market. Closed-end funds are normally listed on a recognised stock exchange, such as the London Stock Exchange, and shares can be bought and sold on that exchange.
Discount	The amount by which the market price per share of an investment trust is lower than the net asset value per share. The discount is normally expressed as a percentage of the net asset value per share.
Dividend Cover	Earnings per share divided by dividends per share expressed as a ratio.
Dividend Yield	The annual dividend expressed as a percentage of the share price.
FCA	Financial Conduct Authority
Investment Trust	A type of Closed-End Fund which invests in other securities, allowing shareholders to share the risks, and returns, of collective investment.

Glossary Continued

Key Information Document or KID	The Packaged Retail and Insurance-based Investment Products ("PRIIPS") Regulation requires the Manager, as the Company's PRIIP 'manufacturer', to prepare a Key Information Document ("KID") in respect of the Company. This KID must be made available by the Manager to retail investors prior to them making any investment decision and is available via the Company's website. The Company is not responsible for the information contained in the KID and investors should note that the procedures for calculating the risks, costs and potential returns are prescribed by law. The figures in the KID may not reflect the expected returns for the Company and anticipated performance returns cannot be guaranteed.
Leverage	For the purposes of the Alternative Investment Fund Managers 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.
Net Asset Value ("NAV")	The value of total assets less liabilities. Liabilities for this purpose included current and long-term liabilities. The net asset value divided by the number of shares in issue produces the net asset value per share.
Net Gearing/Cash	Net gearing/cash is calculated by dividing total borrowings less cash or cash equivalents, by shareholders' funds expressed as a percentage.
Ongoing Charges or OCR	Ratio of expenses as percentage of average daily shareholders' funds calculated as per the AIC's industry standard method.
Pre-Investment Disclosure Document ("PIDD")	The AIFM and the Company are required to make certain disclosures available to investors in accordance with the AIFMD. Those disclosures that are required to be made pre-investment are included within a PIDD, a copy of which can be found on the Company's website.
Premium	The amount by which the market price per share of an investment trust exceeds the net asset value per share. The premium is normally expressed as a percentage of the net asset value per share.
Price/Earnings (P/E) Ratio	The ratio is calculated by dividing the middle-market price per share by the earnings per share. The calculation assumes no change in earnings but in practice the multiple reflects the stockmarket's view of a company's prospects and profit growth potential.
Prior Charges	The name given to all borrowings including debentures, loan and short term loans and overdrafts that are to be used for investment purposes, reciprocal foreign currency loans, currency facilities to the extent that they are drawn down, index-linked securities, and all types of preference or preferred capital and the income shares of split capital trusts, irrespective of the time until repayment.
PRIIPs	Packaged Retail and Insurance-based Investment Products Regulations which applies to a broad range of structures and products including investment trusts. The regulations require the product 'manufacturer' to prepare a key information document ("KID") in respect of the investment trust.
Standard Life Aberdeen plc or the Group	The Standard Life Aberdeen plc group of companies. Standard Life Aberdeen plc was formed by the merger of Aberdeen Asset Management PLC and Standard Life plc on 14 August 2017.
Total Assets	Total Assets as per the balance sheet less current liabilities (before deducting prior charges as defined above).
Total Return	Total Return involves reinvesting the net dividend in the month that the share price goes ex-dividend. The NAV Total Return involves investing the same net dividend in the NAV of the Company on the date to which that dividend was earned.

AIFMD Disclosures (Unaudited)

Pre-investment Disclosure Document (PIDD)

The AIFMD is intended to offer increased protection to investors in investment products that do not fall under the existing European Union regime for regulation of investment products known as "UCITS".

Aberdeen Standard Fund Managers Limited ("ASFML") and the Company are required to make certain disclosures available to investors in accordance with the Alternative Investment Fund Managers Directive ('AIFMD'). Those disclosures that are required to be made pre-investment are included within a pre-investment disclosure document ('PIDD') the latest version of which can be found on the Company's website www.aberdeenjapan.co.uk. There have been no material changes to the disclosures contained within the PIDD since its most recent update in July 2019.

The periodic disclosures as required under the AIFMD to investors are made below:

- Information on the investment strategy and sector investment focus and principal stock exposures are included in the Strategic Report.
- None of the Company's assets are subject to special arrangements arising from their illiquid nature.
- The Strategic Report, note 16 to the Financial Statements and the PIDD together set out the risk profile and risk management systems in place. There have been no changes to the risk management systems in place in the period under review and no breaches of any of the risk limits set, with no breach expected. The financial instruments as described in note 15 are managed within the risk management framework operated by ASFML and further details are provided below.
- There are no new arrangements for managing the liquidity of the Company or any material changes to the liquidity management systems and procedures employed by ASFML.
- All authorised Alternative Investment Fund Managers are required to comply with the AIFMD Remuneration Code. In accordance with the Remuneration Code, the Company's AIFM remuneration policy is available from the Company Secretaries, Aberdeen Asset Management PLC on request (see contact details on page 90) and the remuneration disclosures in respect of the AIFM's reporting period for the year ended 30 September 2019 are available on the Company's website.

Leverage

The table below sets out the current maximum permitted limit and actual level of leverage for the Company:

	Gross method	Commitment method
Maximum level of leverage	2.50:1	2.00:1
Actual level at 31 March 2020	1.29:1	1.29:1

There have been no breaches of the maximum level during the period and no changes to the maximum level of leverage employed by the Company. There is no right of re-use of collateral or any guarantees granted under the leveraging arrangement. Changes to the information contained either within this annual report or the PIDD in relation to any special arrangements in place, the maximum level of leverage which ASFML may employ on behalf of the Company; the right of use of collateral or any guarantee granted under any leveraging arrangement; or any change to the position in relation to any discharge of liability by the Depositary will be notified via a regulatory news service without undue delay in accordance with the AIFMD.

The information on this page has been approved for the purposes of Section 21 of the Financial Services and Markets Act 2000 (as amended by the Financial Services Act 2012) by Aberdeen Standard Fund Managers Limited which is authorised and regulated by the Financial Conduct Authority in the United Kingdom.

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN that the Annual General Meeting of Aberdeen Japan Investment Trust PLC will be held at Bow Bells House, 1 Bread Street, London EC4M 9HH, at 10.00 am on Friday 24 July 2020 for the following purposes:

To consider and, if thought fit, pass the following Resolutions of which resolutions 1-10 will be proposed as Ordinary resolutions and resolutions 11-12 will be proposed as Special resolutions:

Ordinary Business

1. To receive and adopt the Directors' Report and Financial Statements for the year ended 31 March 2020, together with the independent auditor's report thereon.
2. To approve the Directors' Remuneration Policy
3. To receive and adopt the Directors' Remuneration Report (excluding the Directors' Remuneration Policy) for the year ended 31 March 2020.
4. To approve a final dividend of 9.0p per share for the year ended 31 March 2020.
5. To re-elect Karen Brade as a Director of the Company.
6. To re-elect Claire Boyle as a Director of the Company.
7. To re-elect Kevin Pakenham as a Director of the Company.
8. To re-elect Sir David Warren as a Director of the Company.
9. To re-appoint KPMG LLP as independent auditor and to authorise the Directors to agree their remuneration.

Special Business

10. THAT, in substitution for any existing authority under section 551 of the Companies Act 2006 (the "Act"), but without prejudice to the exercise of any such authority prior to the date of this resolution, the Directors of the Company be generally and unconditionally authorised for the purposes of Section 551 of the Act to allot Ordinary shares of 10p each in the Company ("shares") and to grant rights ("relevant rights") to subscribe for or convert any security into shares in the Company up to an aggregate nominal amount of £136,988, such authorisation to expire at the earlier of the conclusion of the next Annual General Meeting of the Company to be held in 2021 or 30 September 2021 unless previously renewed, revoked or varied by the Company in general meeting, save that the Company may at any time before the expiry of this authorisation make an offer which would or might require shares to be allotted or relevant rights to be granted after the expiry of this authorisation and the Directors of the Company may allot shares or grant relevant rights in pursuance of any such offer or agreement as if the authorisation conferred hereby had not expired.

11. THAT, subject to the passing of the resolution numbered 10 set out in the notice of this meeting ("Section 551 Resolution") and in substitution for any existing authority under sections 570 and 573 of the Companies Act 2006 (the "Act") but without prejudice to the exercise of any such authority prior to the date of this resolution, the directors of the Company be empowered pursuant to sections 570 and 573 of the Act to allot equity securities (within the meaning of section 560 of the Act) either pursuant to the authorisation conferred by the Section 551 Resolution or by way of a sale of treasury shares, in each case for cash as if section 561(1) of the Act did not apply to such allotment or sale, provided that this power shall be limited to:-

    - the allotment of equity securities (otherwise than pursuant to sub-paragraph (b) below) up to an aggregate nominal amount of £136,988 at a price not less than the undiluted net asset value per share at allotment, as determined by the Directors of the Company;

    - the allotment of equity securities at a price not less than the undiluted net asset value per share at allotment, as determined by the Directors of the Company in connection with an offer to (a) all holders of such Ordinary shares of 10p each in the capital of the Company in proportion (as nearly as may be) to the respective numbers of Ordinary shares held by them and (b) to holders of other equity securities as required by the rights of those securities (but subject to such exclusions, limits or restrictions or other arrangements as the Directors of the Company may consider necessary or appropriate to deal with treasury shares, fractional entitlements, record dates or legal, regulatory or practical problems in or under the laws of, or requirements of, any regulatory body of any stock exchange in any territory or otherwise howsoever); and such power shall expire at the earlier of the conclusion of the next Annual General Meeting of the Company to be held in 2021 or 30 September 2021, but so that this power shall enable the Company to make offers or agreements before such expiry which would or might require equity securities to be allotted after such expiry and the directors of the Company may allot equity securities in pursuance of any such offer or agreement as if such expiry had not occurred.

12. THAT the Company be and is hereby generally and, subject as hereinafter appears, unconditionally authorised, in accordance with Section 701 of the Companies Act 2006 (the "Act"), to make market purchases (within the meaning of Section 693(4) of the Act) of fully paid Ordinary shares of 10p each in the capital of the Company ("Ordinary shares") and to cancel or hold in treasury such shares, provided that:-
    a) the maximum aggregate number of Ordinary shares hereby authorised to be purchased shall be an aggregate of 2.05 million Ordinary shares or, if less, the number representing 14.99% of the issued Ordinary share capital of the Company as at the date of the passing of this resolution;
    b) the minimum price which may be paid for an Ordinary share shall be 10p (exclusive of expenses);
    c) the maximum price (exclusive of expenses) which may be paid for an Ordinary share shall be the higher of:
        i. 5% above the average of the market values of the Ordinary shares (as derived from the Daily Official List of the London Stock Exchange) for the Ordinary shares for the five business days immediately preceding the date of purchase; and
        ii. the higher of the price of the last independent trade in Ordinary shares and the highest current independent bid for Ordinary shares on the London Stock Exchange; and;
        iii. unless previously varied, revoked or renewed, the authority hereby conferred shall expire at earlier of the conclusion of the Annual General Meeting of the Company to be held in 2021 or 30 September 2021, save that the Company may, at any time prior to such expiry, enter into a contract or contracts to purchase Ordinary shares under such authority which will or might be completed or executed wholly or partly after the expiration of such authority and may make a purchase of Ordinary shares pursuant to any such contract or contracts.

By order of the Board
Aberdeen Asset Management PLC
Secretary
Bow Bells House
1 Bread Street
London
EC4M 9HH

25 June 2020

NOTES:

(i) A member entitled to attend, speak and vote is entitled to appoint one or more proxies to attend, speak and vote instead of him. A proxy need not be a member of the Company. You may appoint more than one proxy provided each proxy is appointed to exercise rights attached to different shares. You may not appoint more than one proxy to exercise the rights attached to any one share. A reply-paid form of proxy is enclosed.

(ii) Forms of proxy and the power of attorney or other authority, if any, under which they are signed or a notarially certified copy of that power of attorney or authority, should be sent to the address noted on the form of proxy so as to arrive not less than 48 hours (excluding non-working days) before the time fixed for the meeting. The return of a completed proxy form or other instrument of proxy will not prevent you attending the meeting and voting in person if you wish to do so. A member present in person or by proxy shall have one vote on a show of hands and on a poll every member present in person or by proxy shall have one vote for every Ordinary share of which they are a holder. As a member, you have the right to put questions at the meeting relating to the business being dealt with at the meeting.

(iii) In accordance with Regulation 41 of the Uncertificated Securities Regulations 2001, to have the right to attend and vote at the meeting referred to above a member must first have his or her name entered in the Company's register of members by not later than 6pm on the date two days (excluding non-working days) before the time fixed for the meeting (or in the event that the meeting be adjourned on the register of members by not later than 6pm on the date two days (excluding non-working days) before the time of the adjourned meeting). Changes to entries on that register after that time (or, in the event that the meeting is adjourned, on the register of members after 6pm on the date two days (excluding non-working days) before the time of any adjourned meeting) shall be disregarded in determining the rights of any member to attend and vote at the meeting referred to above.

Notice of Annual General Meeting Continued

(iv) CREST members who wish to appoint a proxy or proxies by utilising the CREST electronic proxy appointment service may do so for the meeting and any adjournment(s) thereof by utilising the procedures described in the CREST Manual which can be viewed at **www.euroclear.com**. CREST personal members or other CREST sponsored members, and those CREST members who have appointed a voting service provider(s), should refer to their CREST sponsor or voting service provider(s), who will be able to take the appropriate action on their behalf.

(v) In order for a proxy appointment made by means of CREST to be valid, the appropriate CREST message (a "CREST Proxy Instruction") must be properly authenticated in accordance with Euroclear UK & Ireland Limited's ("EUI") specifications and must contain the information required for such instructions, as described in the CREST Manual. The message must be transmitted so as to be received by the issuer's agent (ID RA10) no later than 48 hours before the time of the meeting or any adjournment. For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp applied to the message by the CREST Applications Host) from which the issuer's agent is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST.

(vi) CREST members and, where applicable, their CREST sponsors or voting service providers should note that EUI does not make available special procedures in CREST for any particular messages. Normal system timings and limitations will therefore apply in relation to the input of CREST Proxy Instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member or sponsored member or has appointed a voting service provider(s), to procure that his CREST sponsor or voting service provider(s) take(s)) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. In this connection, CREST members and, where applicable, their CREST sponsors or voting service providers are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.

(vii) The Company may treat as invalid a CREST Proxy Instruction in the circumstances set out in Regulation 35(5)(a) of the Uncertificated Securities Regulations 2001.

(viii) Any person holding 3% of the total voting rights in the Company who appoints a person other than the Chairman as his proxy will need to ensure that both he and such third party complies with their respective disclosure obligations under the Disclosure and Transparency Rules.

(ix) A person to whom this notice is sent who is a person nominated under Section 146 of the Companies Act 2006 to enjoy information rights (a "Nominated Person") may, under an agreement between him/her and the shareholder by whom he/she was nominated, have a right to be appointed (or to have someone else appointed) as a proxy for the meeting. If a Nominated Person has no such proxy appointment right or does not wish to exercise it, he/she may, under any such agreement, have a right to give instructions to the shareholder as to the exercise of voting rights. The statements of the rights of members in relation to the appointment of proxies in notes (i) and (ii) above do not apply to a Nominated Person. The rights described in those notes can only be exercised by registered members of the Company.

(x) It is possible that, pursuant to requests made by members of the Company under section 527 of the Companies Act 2006, the Company may be required to publish on a website a statement setting out any matter relating to: (i) the audit of the Company's accounts (including the auditor's report and the conduct of the audit) that are to be laid before the meeting: or (ii) any circumstances connected with an auditor of the Company ceasing to hold office since the previous meeting at which annual accounts and reports were laid in accordance with section 437 of the Companies Act 2006. The Company may not require the members requesting any such website publication to pay its expenses in complying with sections 527 or 528 of the Companies Act 2006. Where the Company is required to place a statement on a website under section 527 of the Companies Act 2006, it must forward the statement to the Company's auditor not later than the time when it makes the statement available on the website. The business which may be dealt with at the meeting includes any statement that the Company has been required under section 527 of the Companies Act 2006 to publish on a website.

(xi) No Director has a service contract with the Company. Copies of the Directors' letters of appointment are available for inspection on any day (except Saturdays, Sundays and bank holidays) from the date of this notice until the date of the meeting during usual business hours at the Company's registered office and for 15 minutes prior to, and at, the meeting.

(xii) Information regarding the Annual General Meeting, including information required by Section 311A of the Companies Act 2006, is available from the Company's website, **www.aberdeenjapan.co.uk**.

(xiii) Under Section 319A of the Companies Act 2006, the Company must answer any question relating to the business being dealt with at the meeting put by a member attending the meeting unless:

1. answering the question would interfere unduly with the preparation for the meeting or involve the disclosure of confidential information;
2. the answer has already been given on a website in the form of an answer to a question; or
3. it is undesirable in the interests of the Company or the good order of the meeting that the question be answered.

(xiv) The Register of Directors' Interests kept by the Company in accordance with Section 809 of the Companies Act 2006 will be open for inspection at the meeting.

(xv) Shareholders are advised that, unless otherwise stated, any telephone number, website or e-mail address which may be set out in this Notice of Annual General Meeting or in any related documents (including the proxy form) is not to be used for the purposes of serving information or document on, or otherwise communicating with, the Company for any purposes other than those expressly stated.

(xvi) As at 16 June 2020, the latest practicable date prior to publication of this document, the Company had 13,698,839 Ordinary shares in issue with a total of 13,698,839 voting rights.

(xvii) There are special arrangements for holders of shares through the Share Plan and Investment Trust ISA. These are explained in the 'Letter of Direction' which such holders will have received with this report.

(xviii) Except as provided above, members who have general queries about the Meeting should use the following means of communication (no other methods of communication will be accepted):

Tel: **0371 664 0300** (Lines are open 9.00 am–5.30 pm Mon–Fri.)
Tel International: **(+ 44 208 639 3399)**
Email: **enquiries@linkgroup.co.uk**

(xvix) Given the risks posed by the spread of the Coronavirus and in accordance with Government guidance in place at the date of this notice, physical attendance at the Annual General Meeting may not be possible. If the law or Government guidance so requires at the time of the meeting, the Chairman will limit, in his sole discretion, the number of individuals in attendance at the meeting. If current Stay Alert and Safe measures are in place at the time of the meeting, such attendance will be limited to two persons. Should the Government measures be relaxed by the time of the meeting, the Company may still impose entry restrictions on certain persons wishing to attend the Annual General Meeting in order to ensure the safety of those attending the meeting.

Corporate Information

Directors
Karen Brade, Chairman
Claire Boyle
Kevin Pakenham
Sir David Warren

Manager, Secretary and Registered Office
Alternative Investment Fund Manager
Aberdeen Standard Fund Managers Limited
Bow Bells House
1 Bread Street
London EC4M 9HH

(Authorised and regulated by the Financial Conduct Authority)

Investment Manager
Aberdeen Standard Investments (Japan) Limited
A subsidiary of Standard Life Aberdeen plc

Secretary and Registered Office
Aberdeen Asset Management PLC
Bow Bells House
1 Bread Street
London EC4M 9HH

Email: **company.secretary@aberdeen-asset.com**

Company Registration Number
Registered in England & Wales No. 3582911

Company Website
www.aberdeenjapan.co.uk

Bankers
ING N. V. London Branch

Depositary
BNP Paribas Securities Services, London Branch

Company Broker
JPMorgan Securities Limited

Independent Auditor
KPMG LLP

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

Telephone: **0371 664 0300**
(Lines are open 9.00 am–5.30 pm Mon–Fri.)

Telephone International: **+44 208 639 3399**
Email: **enquiries@linkgroup.co.uk**
Website **www.linkassetservices.com**

Legal Entity Identifier ("LEI")
5493007LN438OBLNLM64

Foreign Account Tax Compliance Act ("FATCA") Registration Number (GIIN)
IRS Registration Number (GIIN): QHB2WK.99999.SL.826

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