

# FIDELITY JAPAN TRUST PLC

31 JULY 2019

## Investment Objective

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

## Investment Trust Facts

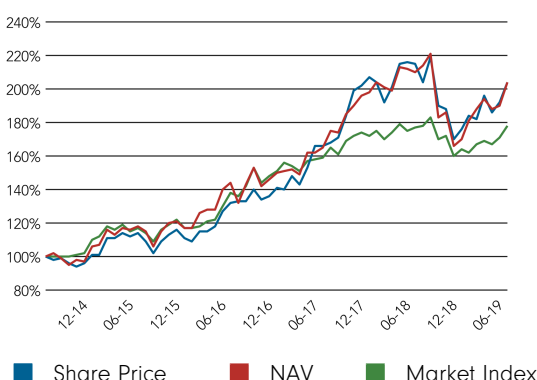
Launch date:	15.03.94
Portfolio manager:	Nicholas Price
Appointed to trust:	01.09.15
Years at Fidelity:	26
Total Net Assets (TNA):	£ 230m
Ordinary shares in Issue:	134,565,243
Share price:	153.00p
NAV:	170.93p
Discount:	10.49%
Gross Market Gearing:	14.4%
Net Market Gearing:	14.4%

## Performance Comparator

Market Index: Tokyo Stock Exchange TOPIX Total Return Index

The same index is used in the positioning tables on this factsheet. Past performance is not a reliable indicator of future results. The value of investments can go down as well as up and you may get back less than you invested.

## Cumulative performance in GBP (%)



Performance is shown for the last five years (or since launch for funds launched within that period).

## Performance to 31.07.19 in GBP (%)

	1m	3m	YTD	1yr	3yr	5yr	Since 15.03.94*
Share Price Cumulative Growth	6.3	4.1	20.5	-5.0	55.3	104.3	70.1
NAV Cumulative Growth	7.3	5.3	23.2	-2.8	41.7	104.2	78.5
Index Cumulative Growth	4.1	5.9	11.6	1.0	29.2	78.4	74.9
Share Price Annualised Growth	-	-	-	-5.0	15.8	15.4	2.1
NAV Annualised Growth	-	-	-	-2.8	12.3	15.4	2.3
Index Annualised Growth	-	-	-	1.0	8.9	12.3	2.2

Basis: bid-bid with income reinvested, in GBP, net of fees.

Market indices are sourced from RIMES and other data is sourced from third-party providers such as Morningstar.

\*Performance commencement date.

## Key Risks

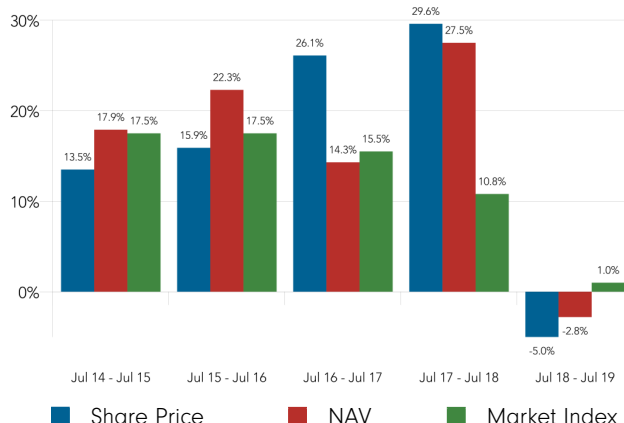
The value of investments can go down as well as up and you may not get back the amount invested. Overseas investments may be more volatile than established markets. The shares in the investment trust are listed on the London Stock Exchange and their price is affected by supply and demand. The investment trust can gain additional exposure to the market, known as gearing, potentially increasing volatility.

## Portfolio Manager Commentary

The Trust recorded NAV returns of -2.8% over the 12 months to July 2019, underperforming the reference index, which returned 1.0%. The discount to NAV widened over the same period and the Trust's share price returned -5.0%. Stock selection in machinery-related sectors detracted from performance over the 12-month period. Global trade frictions and slower growth in China posed downside risks for earnings. The contribution from holdings in retail and services companies was mixed, and was largely determined by idiosyncratic factors. Conversely, positions in innovative internet-related companies and global leaders in medtech made a positive contribution to returns.

Over the past three months, the manager has selectively increased holdings in oversold semiconductor-related companies and component makers. New investment ideas, for example in companies that are likely to be rerated as internal change leads to a period of renewed growth, were also added. Conversely, the manager took some profits in strong performers and reduced exposure to machinery and chemicals stocks where the risk/reward balance had deteriorated. Japanese stocks have lagged their global peers so far this year, as uncertainty over US-China trade frictions and the impact on the global economy have clouded the outlook for corporate earnings.

## Performance for 12 month periods in GBP (%)



**FIDELITY JAPAN TRUST PLC**

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**Equity Exposure % Total Net Assets (% TNA)**

	Exposure (% TNA)
Gross Market Exposure	114.4
Net Equity	114.4
Other	0.0
Uninvested Cash	0.0

Notes on Portfolio Construction and a description of how data is calculated and presented are on page 3. Definitions of the terms used in the Equity Exposure table are in the Glossary.

**Market Capitalisation Exposure (% TNA)**

GBP	Net	Index	Relative
>10bn	35.3	57.1	-21.7
5-10bn	29.3	15.5	13.8
1-5bn	21.5	18.9	2.6
0-1bn	27.0	8.6	18.4
<b>Total Market Cap Exposure</b>	<b>113.1</b>	<b>100.0</b>	
Other Index / Unclassified	1.3	0.0	
<b>Total Equity Exposure</b>	<b>114.4</b>	<b>100.0</b>	

**Sector/Industry Exposure (% TNA)**

TPX Sector	Net	Index	Relative
Electric Appliances	28.2	13.9	14.3
Services	17.5	5.3	12.2
Information & Communication	13.2	9.0	4.2
Chemicals	9.4	7.3	2.0
Machinery	8.5	5.0	3.4
Precision Instruments	7.3	2.1	5.1
Other Products	6.2	2.2	4.0
Wholesale Trade	5.5	4.9	0.5
Transportation Equipment	4.8	7.7	-3.0
Retail Trade	2.8	4.6	-1.8
Other Sectors	9.9	37.8	-27.8
<b>Total Sector Exposure</b>	<b>113.1</b>	<b>100.0</b>	
Other Index / Unclassified	1.3	0.0	
<b>Total Equity Exposure</b>	<b>114.4</b>	<b>100.0</b>	

**Country Exposure (% TNA)**

	Net	Index	Relative
Japan	114.4	100.0	14.4
<b>Total Country Exposure</b>	<b>114.4</b>	<b>100.0</b>	
Other Index / Unclassified	0.0	0.0	
<b>Total Equity Exposure</b>	<b>114.4</b>	<b>100.0</b>	

**Top Net Long Positions (% TNA)**

	TPX Sector	Country	Net	Index	Relative
OLYMPUS CORP	Precision Instruments	Japan	5.2	0.3	4.9
KEYENCE CORP	Electric Appliances	Japan	5.0	1.4	3.6
TOKYO ELECTRON LTD	Electric Appliances	Japan	4.9	0.6	4.3
YAMAHA CORP	Other Products	Japan	4.7	0.1	4.6
KOSE CORP	Chemicals	Japan	4.7	0.1	4.6
SHIMANO INC	Transportation Equipment	Japan	4.1	0.3	3.8
JUSTSYSTEMS CORP	Information & Communication	Japan	4.0	0.0	4.0
DAIKIN INDUSTRIES LTD	Machinery	Japan	3.8	0.8	3.0
MISUMI GROUP INC	Wholesale Trade	Japan	3.8	0.1	3.6
RECRUIT HOLDINGS CO LTD	Services	Japan	3.7	1.1	2.6

**Top Overweight Positions (% TNA)**

	Net	Index	Relative
OLYMPUS CORP	5.2	0.3	4.9
YAMAHA CORP	4.7	0.1	4.6
KOSE CORP	4.7	0.1	4.6
TOKYO ELECTRON LTD	4.9	0.6	4.3
JUSTSYSTEMS CORP	4.0	0.0	4.0
SHIMANO INC	4.1	0.3	3.8
KEYENCE CORP	5.0	1.4	3.6
MISUMI GROUP INC	3.8	0.1	3.6
RENESAS ELECTRONICS CORP	3.6	0.1	3.5
DAIKIN INDUSTRIES LTD	3.8	0.8	3.0

**Top Underweight Positions (% TNA)**

	Net	Index	Relative
TOYOTA MOTOR CORP	0.0	3.5	-3.5
SONY CORP	0.0	1.8	-1.8
MITSUBISHI UFJ FIN GRP INC	0.0	1.6	-1.6
NIPPON TELEG & TEL CORP	0.0	1.5	-1.5
TAKEDA PHARMACEUTICAL CO LTD	0.0	1.4	-1.4
SUMITOMO MITSUI FINL GRP INC	0.0	1.2	-1.2
KDDI CORP	0.0	1.0	-1.0
NINTENDO CO LTD	0.0	1.0	-1.0
HONDA MOTOR CO LTD	0.0	1.0	-1.0
MIZUHO FINL GROUP INC	0.0	0.9	-0.9

**Net Long Positions Concentration (% TNA)**

	Fund	Index
Top 10	43.9	16.5
Top 20	68.1	25.6
Top 50	105.2	44.1

**FIDELITY JAPAN TRUST PLC**

31 JULY 2019

**Approach and Style**

Fidelity Japan Trust PLC seeks to add value through detailed research. Fidelity's proprietary research forms the cornerstone of the investment process and drives the trust manager's bottom-up stock selection approach. He works closely with sector analysts, as well as our dedicated small-cap analysts, and is also able to call upon Fidelity's global research network.

The portfolio manager favours companies with superior mid- to long-term earnings growth potential, competent management focused on raising shareholder returns and attractive absolute and relative valuations. The manager also assesses:

- business strategies
- technical and/or operational advantages
- competitive position

While the trust is free to invest across a wide range of industries, sector allocation is a direct result of the manager's bottom-up stock selection.

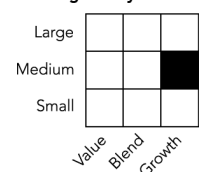
**Administrative & Dealing Information**

Financial Year End:	31st December
Reference currency:	UK Sterling (GBP)
Company domicile:	United Kingdom
Company legal structure:	Investment Trust
Capital guarantee:	No
ISIN:	GB0003328555
SEDOL:	0332855
Bloomberg:	FJV LN
Distribution frequency:	Annual
Charges made to income or capital:	Income
Ongoing Costs (ex- Portfolio transaction costs):	1.10% 31.12.18
Annual Management Charge (included in figure above) consisting of the base and variable element of Variable Management Fee (VMF):	0.70% (net assets) +/- 0.20% (based on performance relative to the Market Index)

Last VMF adjustment (+/- 0.2%) applied at month end: -0.19%

**Independent Assessment**

Information in this section is the latest available at date of publication. Further details can be found in the Glossary section of this factsheet. As some ratings agencies may use past performance to produce their assessments, these are not a reliable indicator of future results.

**Morningstar Style Box ©**

Morningstar rating™

★★★★

**Portfolio Construction – Explained**

This factsheet contains information about the composition of the fund at a particular point in time. It aims to help you understand how the fund manager is positioned to achieve the fund's objectives.

The Equity Exposure table provides an overall view of the fund. Net Equity represents - in percentage terms - how much of the fund is invested in the market, netting off long and short positions. The higher the figure, the more the fund will take part in any market rises (or falls). It is important to note that Net Equity can be greater than 100% (for example if the manager is using derivative contracts) and when it is, the portfolio may be described as geared.

The exposure and positioning tables on page 2 break the fund down into a number of different views, each providing a different perspective on the fund's investments.

**How data is calculated and presented**

Portfolio composition data has been calculated and presented according to several general principles, which are listed below.

- **Aggregation:** all investments, including derivatives, linked to a particular issuing company have been combined to form a total percentage holding for each company. The aggregate holding is referred to in this factsheet as a position. Where a company is listed in two separate countries, each listing may be classified as a separate issuing company. Exchange Traded Funds (ETFs) and derivatives on ETFs are treated as individual securities - ie not aggregated.

- **Categorisation:** for investments that have underlying securities we use the attributes of the underlying issuing company or common share to determine the appropriate sector, market capitalisation band and geographic area.

- **Derivatives:** all derivatives are included on an exposure basis and, where necessary, are delta-adjusted. Delta-adjusting expresses derivatives in terms of the equivalent number of shares that would be needed to generate the same return.

- **"Basket" securities:** securities that represent a number of company shares - like index futures or options - are allocated to categories (such as country) whenever possible. Otherwise they are included in the "Other Index / Unclassified" category.

**Glossary / Additional Notes****Equity Exposure notes****GROSS MARKET EXPOSURE**

Gross Market Exposure is the total of long exposures, plus the total of short exposures, and less the total of exposures hedging the portfolio, expressed as a percentage of shareholders' funds (Total Net Assets).

**NET EQUITY**

The net positive exposure to the market with short and hedge positions subtracted from long positions.

**Glossary / Additional Notes****OTHER**

The value of any non-equity investments (excluding cash funds) expressed as a percentage of TNA.

**UNINVESTED CASH**

This is 100% minus the fund's Net Equity exposure and minus Other. This leaves any residual cash exposure that is not invested in shares or via derivatives.

**Investment Trust Facts****NAV**

The total value of a company's assets less the total value of its liabilities is its net asset value (NAV). For valuation purposes it is common to divide net assets by the number of shares in issue to give the net assets per share. NAV calculations can include or exclude current financial year income. For the purposes of this factsheet, they are valued with assets including income and costs and with debt valued at the market.

**PREMIUM**

If the share price of an investment company is higher than the net asset value (NAV) per share, the company is said to be trading at a premium. The premium is shown as a percentage of the NAV.

**DISCOUNT**

If the share price of an investment company is lower than the net asset value (NAV) per share, the company is said to be trading at a discount. The discount is shown as a percentage of the NAV.

**GEARING**

Gearing is the Market Exposure figure (either gross or net) expressed in excess of Total Net Assets. It represents the additional exposure to the market above Shareholders' Funds.

**FAIR VALUE**

The fair value of investments is initially taken to be their cost and is subsequently measured as follows: Listed investments are valued at bid prices, or last market prices, depending on the convention of the exchange on which they are listed; and

Unlisted investments are investments which are not quoted, or are not frequently traded, are stated at the Directors' best estimate of fair value and take account of the cost of the investment, recent arm's length transactions in the same or similar investments and financial performance of the investment since purchase.

**General notes****TOTAL NET ASSETS (TNA)**

The Company's total assets minus its total liabilities - also known as Shareholders' Funds. It represents the amount by which a company is financed through common and preferred shares.

**INDEX**

The index used in the positioning tables on page 2 is the index defined in the Performance Comparator section on page 1.

**TOP NET LONG POSITIONS**

Those companies in which the largest percentages of the trust's total net assets are effectively invested. Positions in other funds - including ETFs (Exchange Traded Funds) - can appear in this table, but index derivatives form part of an "Other Index / Unclassified" category which will not appear.

**TOP OVERWEIGHT & UNDERWEIGHT POSITIONS**

Those positions which have the largest active weight relative to the index. Positions in other funds - including ETFs (Exchange Traded Funds) - can appear in this table, but index derivatives form part of an "Other Index / Unclassified" category which will not appear. In the underweight table, any short position names have been withheld in line with Fidelity's disclosure policy.

**NET LONG POSITIONS CONCENTRATION**

Illustrates the weight of the top 10, 20 and 50 positions in the trust and the weight of the top 10, 20 and 50 positions in the index. It does not attempt to show the coincidence of security ownership between fund and index. The sector/industry classification used (i.e. GICS, ICB, TOPIX and IPD) varies by fund. Full descriptions can be found below.

## Glossary / Additional Notes

### ONGOING CHARGES

The ongoing charges figure represents the charges taken from the fund over a year. It is calculated at the trust's financial year end and may vary from year to year. For new trusts, the ongoing charges figure is estimated until the trust's financial year end.

The types of charges included in the ongoing charges figure are management fees, administration fees, custodian and depositary fees and transaction charges, shareholder reporting costs, regulatory registration fees, Directors fees (where applicable) and bank charges.

It excludes: performance fees (where applicable); portfolio transaction costs, except in the case of an entry/exit charge paid by the fund when buying or selling units in another collective investment undertaking.

For more information about charges (including details of the fund's financial year end), please consult the charges section in the most recent Annual Report.

### SECTOR INDUSTRY CLASSIFICATION

GICS: Global Industry Classification Standard (GICS) was developed by Standard & Poor's and MSCI Barra. GICS consists of 11 sectors, 24 industry groups, 68 industries and 157 sub-industries. More information is available at <http://www.standardandpoors.com/indices/gics/en/us>

ICB: The Industry Classification Benchmark (ICB) is an industry classification developed by Dow Jones and FTSE. It is used to segregate markets into sectors within the macroeconomy. The ICB uses a system of 10 industries, partitioned into 20 supersectors, which are further divided into 41 sectors, which then contain 114 subsectors. More information is available at <http://www.icbenchmark.com/>

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