ABERDEEN JAPAN INVESTMENT TRUST PLC
ANNUAL FINANCIAL REPORT ANNOUNCEMENT FOR THE YEAR ENDED 31 MARCH 2021

FINANCIAL HIGHLIGHTS

Net asset value total return{A} Figures to 31 March 2021		**Index total return** Figures to 31 March 2021		**Share price total return{A}** Figures to 31 March 2021	
+33.5%		+24.8%		+35.2%	
Return since 8 October 2013 (change of mandate)	+133.0%	**Return since 8 October 2013 (change of mandate)**	+105.2%	**Return since 8 October 2013 (change of mandate)**	+131.5%
Ongoing charges ratio{A}		**Discount to net asset value{A}**		**Dividend per share**	
Year to 31 March 2021		As at 31 March 2021		Year to 31 March 2021	
1.04%		9.9%		15.00p	
Year to 31 March 2020	1.04%	As at 31 March 2020	10.9%	Year to 31 March 2020	15.00p

{A} Alternative Performance Measure

STRATEGIC REPORT

CHAIRMAN'S STATEMENT

Overview

The past year, dominated as it has been by the Covid-19 virus, has felt like a long one. Perhaps surprisingly, given the dramatic losses just over a year ago when the virus first emerged, it has been a very positive year for global stock markets as a combination of strong Central Bank support and successful vaccine programs have supported financial markets and ongoing economic activity. Japan has been no exception. Indeed, Japan's indices have risen nearly 25% over the past twelve months and have broken out of the ranges which have shackled them for years. The domestic market has benefited from a strong response to the virus itself, well-known Japanese technological innovation, which has been a key aspect of business transition this past year, and a stable political backdrop. Moreover, as recovery has increasingly started to take hold, Japan's leveraged position to global trade has been a strong factor in attracting foreign fund flows.

Investment managers have faced the challenging task of working out which companies would firstly survive, and then thrive, as events have unfolded. In the first half of the year, when it was the shares of companies with resilient business models and strong balance sheets which performed best, your Company's investment policy of focusing on exactly these sorts of businesses led to very strong out-performance versus the benchmark and our competitors. In the second half of the year, we have seen more speculative investment behaviour, with some very high valuations being ascribed to less proven companies and only time will tell if these valuations prove to be justified. However, throughout the year, our Manager's local presence and in-house research capability has provided a clear edge in determining the likely winners from this crisis, notably those with leading e-commerce or digital solution capabilities, and led to a portfolio performance throughout the year with which we are very pleased.

Performance

I am pleased to report that the Company's share price and net asset value have both outperformed the benchmark by a significant margin, reaffirming the Manager's strategy of selecting well-run businesses with proven management. The Company's net asset value total return in sterling terms ("NAV") for the year to 31 March 2021 was 33.5%, a strong gain compared with the Topix benchmark's total return of 24.8%. The Ordinary Share price total return was 35.2% as the discount to NAV narrowed to 9.9% at 31 March 2021 (2020 – 10.9%). At 4 June 2021, the latest date prior to the approval of this Report, the discount was 11.6%.

Since the change of mandate to a Japan-only equities strategy in October 2013, the Company has delivered a NAV total return of 133.0%, compared to a benchmark total return of 105.2%, again in sterling terms. Further details of the portfolio's performance and changes to the underlying holdings are set out in the Investment Manager's Review.

Environmental, Social & Corporate Governance ("ESG")

Over the past year, the portfolio's holdings have continued to register ESG improvements, including greater transparency in terms of disclosure, with companies more willing to engage with investors and the composition of boards growing more inclusive and diverse. Overall, these developments indicate a change in attitude and foster progress. Management teams are increasingly aiming to enhance shareholder value in their day-to-day decisions and at more strategic policy-making levels. Your Manager has been working with several companies to encourage them to track key metrics, such as carbon emissions and carbon intensity, and to disclose this information regularly with other important information on supply chain management and health and safety. Meticulously tracking and then publishing this information will help companies to improve ESG standards and ensure accountability in pursuing the targets that they have set. Japanese companies have an added advantage in that they possess the technology and leading-edge materials to attain these ESG related goals.

The portfolio's ESG standards, as measured by MSCI ratings, are higher than the benchmark, with a carbon footprint (measured using Trucost analytics) less than the broader market. Further information on the Manager's approach to ESG is included below.

Dividend

The Company's revenue return per share for the financial year was 6.57p (2020 – 8.08p). 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 (2020 – 15.0p) for the year ended 31 March 2021, in line with the Company's enhanced dividend policy which was introduced for the year ended 31 March 2020. The dividend comprises 6.5p revenue return and currently 3.0p from revenue reserves and 5.5p from capital reserves.

The Board believes that a total dividend of 15.0p for the year balances a prudent retention of capital for future investment, with a recognition of the importance of income to our shareholders, particularly in this low interest environment. Good performance, combined with a regular, sustainable semi-annual dividend, should allow the Company to broaden the shareholder base and help to maintain the share price discount to NAV at reasonable levels. The Board is keen to take advantage of the investment trust structure to allow the Company to support the enhanced dividend policy.

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 2021 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 2021 was 10.0% (2020 – 13.6%).

Discounts and Share Buybacks

Over the year, discount volatility continued to feature within the investment trust sector, including the Company's peer group. The Board monitors the discount level and has in place a mechanism to buy back shares at certain levels. During the financial year 505,321 shares were bought back into treasury at a cost of £3.4 million.

Overall, the discount averaged 8.6% over the last 90 days of the Company's financial year and there is therefore no requirement under the articles for the Company to put forward a continuation vote to shareholders.

Since the end of the financial year, a further 137,232 shares have been bought back into treasury at a cost of £991,000.

The Board

It was with great sadness and regret that I reported that Kevin Pakenham passed away on 19 July 2020. Kevin had served as a Director of the Company since 2007. During this time, the Board and the shareholders benefited hugely from Kevin's significant knowledge and experience and his special wit and humour. He is greatly missed.

Following a search involving an external recruitment agency, Sam Dean was appointed as an independent non-executive Director with effect from 1 December 2020. Sam has a long career in investment banking, working in Equity Capital Markets and corporate finance on behalf of corporate and government clients globally.

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.

Annual General Meeting ("AGM")

At the date of this report, Government guidelines on future gatherings and social distancing measures are still under review and there remains a great degree of uncertainty. The Board has therefore decided to seek to limit attendance at the AGM to the minimum quorum requirements and requests that shareholders exercise their votes in advance. Any questions which shareholders may have should be submitted to the company secretary at aberdeen.japan@aberdeenstandard.com. A presentation from the Manager will be uploaded to the Company's website on the day of the AGM.

One of the resolutions being proposed at this AGM is an amendment to the Company's articles of association to allow for virtual shareholder meetings to be held and conducted in a manner that allows those attending to speak and vote by electronic means. While the Board does not currently intend to hold meetings in this way, the resolution would allow this option when in the best interests of shareholder safety. The amendments do not prevent the Company from holding physical meetings and the Board's intention is always to hold a physical AGM when safe and practical to do so.

Outlook

Your Manager continues to engage with Japanese companies for a more prosperous future: persuading a major carmaker to increase transparency and improve how it is perceived by the market; encouraging a mid-sized property firm to scale back its less profitable operations in order to allow its core business to thrive; and pressing an equipment maker to create a better framework to enhance returns. These efforts are aimed at unlocking value as management teams become more open.

The environment remains uncertain. At the time of writing there are concerns about the new wave of the pandemic in Japan, the low levels of vaccination, and the falling popularity of the Government linked specifically to the Olympics and Paralympics (to which the Government has renewed their commitment). While Japan continues to struggle with deflation, there are also worries about the impact on the global economy if US policy leads to inflationary pressures which affect Japanese importers and investors, at a time when the Bank of Japan appears to be moving away from aggressive monetary stimulus. However, Japan should remain stable politically and economically. I am confident that the quality of the Company's underlying holdings, which have proven more than capable of withstanding the severe tests of the past year, will continue to create value for shareholders.

Karen Brade
Chairman
7 June 2021

INVESTMENT MANAGER'S REVIEW

Overview

In what was a challenging year for investors, Japanese equities recorded a double-digit gain in the year under review, but there were two distinct halves. In the first six months, with a lack of clarity over the Covid-19, the market was more risk averse and favoured quality stocks, at a time of uncertainty in the face of a global pandemic. This benefited your Company's portfolio, which outpaced the benchmark by a substantial margin. The latter half saw optimism that the development and rollout of vaccines would accelerate an end to social and work restrictions and facilitate global economic recovery. This lifted more cyclical parts of the market, with an accompanying increase in risk appetite that favoured the lower quality names that we tend to avoid.

The Japanese market reflected global trends: digitally-enabled companies initially gained the upper hand over analogue and valuations of the former group became increasingly extended, while those of the latter languished. As the year progressed, however, it became evident that the early prognosis of the pandemic's impact was harsher than the actual effects. With the approval and rollout of Covid-19 vaccines in the latter half, albeit slowly in Japan compared with other developed countries, the bifurcation across markets started to reverse. We have been taking stock of the new trends, assessing their effect on the portfolio's underlying holdings and evaluating opportunities.

Portfolio review

Against this backdrop, we are pleased to report that the Company's NAV rose by a solid 33.5% while the share price advanced by 35.2%, both in sterling total return terms.

The ongoing pandemic has had far-reaching effects on all businesses. In this environment, the Company's focus on well-run companies, which adapted quickly to changes in the market and which continue to find ways to create value, contributed to the outperformance. Importantly, we have observed positive trends in ESG initiatives across the Company's holdings. These reflect long-term contacts and dialogue initiated by your Manager, who is committed to maintaining this approach. The discussions we have had with portfolio companies include proposals to raise disclosure standards on their initiatives, to create frameworks for a better assessment of risk and to improve returns, and to promote more significant restructuring.

In terms of stock performance, shares of **Sanken Electric** rose following the successful listing of its US subsidiary Allegro Microsystems. This is another positive step towards unlocking the company's value, a subject which we had discussed with the company in the past as it moves from a restructuring phase to the pursuit of growth. Separately, the company also received a tender offer from an activist hedge fund, highlighting the value that remains inherent in the company. Speciality chemicals company **Shin-Etsu Chemical** saw its shares climb on expectations of brighter prospects for both its silicon wafer and polyvinyl-chloride manufacturing businesses. The former is the primary raw material required to make semiconductors used in most electronic devices, for which we expect the demand-supply balance to tighten over the medium term.

Meanwhile, fintech firm **WealthNavi** responded positively as investors continued to buy into the growth potential of its robo-advisory business, which targets the expanding segment of tech-savvy young consumers looking to invest their savings in an ultra-low interest rate environment. We initiated a holding in the company through its initial public offering in December.

Elsewhere, factory automation solutions provider **Nabtesco** advanced on hopes for increased capital expenditure as economic conditions improved. Most recently, the company sold its stake in affiliate Harmonic Drive Systems and dissolved the business partnership between the two companies. The proceeds are to be used for share buybacks, debt repayment and growth investments. Capital allocation is a topic that we often discuss with the company, and we had questioned the lack of synergy from this partnership. Nabtesco is a global leader in producing reduction gears for use in mid-to larger-sized industrial robots, while Harmonic Drive focuses on smaller robots – and Nabtesco has the technology to expand its business into Harmonic Drive's domain independently.

The gains from these companies more than offset those that fared less well. These included **Tokio Marine**, whose shares were weighed down by concerns over its exposure to policies related to business interruption insurance, but which we believe is manageable as the company has astutely diversified its business risks over the years; mobile network operator **KDDI**, which came under government pressure to cut tariffs, but which has expanded outside its core business and remains committed to earnings growth and shareholder returns; and drugstore operator **Welcia Holdings**, which performed well in the initial months of the pandemic and has seen a subsequent decline in growth rate, but which retains the dominant market position and is seen as a consolidator in a fragmented industry. We remain confident in the longer-term prospects for these businesses, which remain buffered by resilient balance sheets.

In other activity, we exited several holdings. Among these were retail conglomerate Seven & i Holdings, clinical-testing device maker Sysmex, IT-services providers SCSK and Fujisoft, control equipment provider Azbil, industrial refrigerator manufacturer Daiwa Industries, and pharmaceutical firm Shionogi & Co.

We exited Seven & i due to slow progress on restructuring of non-performing businesses in spite of our continued engagement. We initially invested in the company with the view that its core-convenience store business would drive sustained growth, offsetting weakness from non-core businesses such as department stores. However, even the core business has faced increasing competition from drugstores and other retailers. We were also disappointed by the management's decision to conduct large-scale overseas M&A, instead of tackling issues at home in spite of our engagement efforts. We exited Sysmex after the stock re-rated sharply in 2020, partly due to the company's newly developed antigen-based Covid-19 testing kit. We assessed that the company's antigen-based tests could face challenges given their inferior accuracy rates and longer preparation time required compared to some of its competing products. While we were still confident on the company's ability to build upon its dominant positioning in haematology testing, we could no longer justify the share's high valuations.

Our assessment on Azbil was similar to that of Sysmex as we felt that investors were overly optimistic on the company's prospects to develop and market a specialised air ventilation system to prevent the spread of COVID inside buildings. We believed that the technology would be too expensive for landlords to install, especially as the office space market was softening as more companies were adopting work-from-home technologies. While we remained optimistic on the company's ability to grow sales of ventilation control systems, we could no longer justify the stock's high valuation after the stock nearly doubled in 2020.

We also exited SCSK in light of better opportunities elsewhere. While we remained optimistic on the company's ability to benefit from rising demand for IT services, we believed that it was fully priced in by the market. At the same time, we identified other more attractive IT solution businesses with the client base and track record to capture structural growth opportunities such as digital government and local 5G.

These exits allowed us to establish positions in more attractive opportunities across several businesses, including leading IT solutions provider **NEC Corp.,** which we believe is well-positioned to benefit from the build-out of Japan's 5G network and the government's digitalisation efforts. The company is also poised to expand its business abroad through a partnership with Samsung Electronics on 5G mobile network systems, as well as providing a lower-cost solution for telecommunications providers in the implementation of the new global wireless standard. Similarly, **Murata Manufacturing** was another new introduction. Murata is one of the few electronic component manufacturers in Japan to reinvest efficiently in its business and grow its margins, which has translated into the company's leading edge research and manufacturing capability. We also established a holding in **Jeol**, a world-leading maker of multi-beam semiconductor mask-writers, which are crucial in the production of high-end semiconductors. In addition to the lucrative mask-writers business, management is keen to boost profitability by expanding its sales of scientific instruments to the semiconductor and medical sectors.

We also participated in the initial public offers of both **Coconala** and **Appier** due to their relatively attractive valuations when compared with their longer-term growth outlooks. Coconala provides an online-based matching platform for knowledge, skills and services. The company is entering a virtuous cycle, whereby more transactions lead to more reviews, leading to clearer visualisation of sellers' skills and buyers' needs. Appier is an artificial intelligence-based marketing support tool provider, enabling its clients to improve data-driven decision making in digital marketing. Its proprietary algorithms help identify valuable customers, enabling more targeted ads and coupons to enhance customer conversion rates.

Outlook

Looking ahead, favourable fundamentals and a recovery in global trade should provide some tailwinds for Japanese equities, while improving governance should drive greater shareholder value. Some trends during the pandemic are likely to remain; for example, the move to increased working from home, and the increasing shift of retail to online models. This is clear when we look across the Asia Pacific region where economies have reopened and social and business activities have resumed, although some habits formed during shutdowns persist.

Businesses that have delayed expansion plans seem to be making up for lost time, resulting in a broad based pick-up in corporate capital expenditure; there is pent-up demand not only from last year's business disruption, but also from the geopolitical uncertainty witnessed in the year before due to US/Chinese trade tensions. There are, however, risks in this scenario: valuation disparities have widened amid rising imported cost inflation; geopolitical tensions remain a challenge; and the anticipated global recovery is likely to be uneven, given the sharp disparities between countries in Covid-19 vaccination rates and the consequent ability to control the social and economic impact of high levels of virus transmission.

The Japanese Prime Minister Yoshihide Suga has maintained his predecessor Shinzo Abe's economic policies, but has seen his own popularity wane over the past six months. His low-key public persona, lost by-elections, slow and over-bureaucratic vaccination processes as further waves have gathered momentum, and the unpopularity of plans to go ahead with the Olympics (due to start on 23 July) have all been factors. Despite this, the continuity of economic management and stability of government remains.

From an investment perspective, we have kept our focus on and commitment to improving your Company's portfolio through these turbulent times. This includes our continued focus on well run businesses that are leaders in their segments, and that are linked to longer-term structural changes in society. Our diligence in carrying out proprietary research and our continued discussions around improving governance and good ESG credentials has, to date, yielded success; the results of many of the underlying companies held in the

Company reaffirm our investment choices, which should position your company well for a global economy which may well be on the cusp of recovery.

Aberdeen Standard Investments (Japan) Limited,
Investment Manager
7 June 2021

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 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 either outperforms or 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 80 of the published 2021 Annual Report,

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 assets 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.

The Board's dividend policy is to make distributions on a semi-annual basis and currently consists of the Company's earnings for the year, 3.0p released from the revenue reserves and an amount from the distributable 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. 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 share price 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.
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.
ESG Risks Excluding from the Company’s portfolio those companies which the Manager does not feel meet rigorous ESG criteria, in accordance with the Manager’s policy, could impact the relative performance of the Company in the short-term. However, the Board is confident that, in the long-term, companies with strong ESG profiles will add value for shareholders. Furthermore, the Board believes that the Manager’s own ESG credentials will have a beneficial impact on the attractiveness of the Company as investors seek to invest only in companies or funds which safeguard strong ESG principles.	The Board supports the Manager’s active engagement and analysis of ESG and risks associated with climate change. The Board reviews ESG engagement by the Manager on a quarterly basis, and company research notes in the board papers address and rate ESG risks for all new investments.

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's robust and disciplined investment process is focused on long term company fundamentals including balance sheet strength and deliverability of sustainable earnings growth. As part of that process, the Manager continues to assess and review 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 business continuity procedures and contingency arrangements to ensure they are able to service their clients, including investment trusts. 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.
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 reviews by the Manager. The Board reviews reports on the operation and efficacy of the risk management and control systems of the Manager and other key third- party service providers, including those relating to cyber crime.
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.

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. In normal circumstances, 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. During the course of the financial year, a number of virtual meetings were held between the Board and the Manager's investment team in Tokyo to review portfolio construction and sector analysis. 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.

Whilst the Company's direct operations are limited, the Board recognises the importance of considering the impact of the Company's investment strategy and policy on the wider community and the environment. The Board believes that its oversight of environmental, social and governance ("ESG") matters is an important part of its responsibility to stakeholders, and its proper consideration aligns with the objective to achieve long-term capital growth. The Board's review of the Manager includes an assessment of their ESG approach, which embeds ESG considerations in the investment process. Further information on how the Manager addresses ESG is disclosed in the Statement of Corporate Governance and the Manager's ESG Approach.

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 and up to the date of this report have included:

- as part of ongoing succession planning and Board refreshment, the appointment and induction of Sam Dean to the Board with effect from 1 December 2020.
- renewal of the Company's loan facilities which matured in January 2021, in order to continue to take advantage of the Company's investment structure to allow the use of gearing, where appropriate, to enhance long-term total returns to shareholders.
- working closely with the Manager to develop communications to raise the profile of the Company, in order to increase demand for and improve liquidity in the Company's shares. As part of this process, a review of external broking services was undertaken, leading to the appointment in November 2020 of a new corporate broker, Shore Capital, in order to assist and advise in best promoting the success of the company to existing and potential shareholders, and in trading the Company's shares.
- the convening of a General Meeting in May 2020 under the articles of association, to hold a continuation vote, which was successfully passed with 89% of the votes in favour.

- the decision to pay an interim dividend of 6.0p per share and a final dividend of 9.0p, in order to balance the objective of long term capital growth with the policy of providing a regular and sustainable dividend for shareholders.

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 of 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) ("OCR")	Yes

Over the three year period to 31 March 2021, the Company's NAV and share price return outperformed its KPI.

The discount KPI underperformed. The Company's OCR for the year ended 31 March 2021 was 1.04%, in line with the previous year and is competitive within its Peer Group, relative to the size of its total assets and its fixed costs.

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 2021, the Ordinary shares traded at an average discount of 8.6% to the underlying NAV and, as such, a continuation vote was not required.

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 2021 there were two male Directors and two female Directors, all of whom bring a variety of knowledge, experience and skills and contribute distinctively to the Board's performance. Further detail is provided in the Statement of Corporate Governance.

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. Further information on socially responsible investment can be found in the Manager's ESG Approach .

Global Greenhouse Gas Emissions and Streamlined Energy and Carbon Reporting ("SECR")

All of the Company's activities are outsourced to third parties. The Company therefore 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. For the same reason as set out above, the Company considers itself to be a low energy user under the SECR regulations and therefore is not required to disclose energy and carbon information.

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 readily realisable stocks in the Japanese 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;
- The principal risks detailed in the Strategic Report 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 forecast 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 2022 and a revolving loan facility of JPY 1.0 billion in place until January 2022. The Company has the ability to renew or repay its gearing through proceeds from equity sales.

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 Covid-19), 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.

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
7 June 2021

RESULTS

Financial Highlights

	31 March 2021	31 March 2020	% change
Total assets (as defined on page 90 of the published 2021 Annual Report)	£118,585,000	£97,904,000	+21.1
Total equity shareholders' funds (net assets)	£107,438,000	£85,206,000	+26.1
Market capitalisation	£96,775,000	£75,943,000	+27.4
Share price (mid market)	727.50p	550.00p	+32.3
Net asset value per Ordinary share	807.66p	617.09p	+30.9
Discount to net asset value{A}	9.9%	10.9%	
Net gearing{A}	10.0%	13.6%	
Operating costs			
Ongoing charges ratio{A}	1.04%	1.04%	

Earnings		
Total return per Ordinary share	203.49p	19.03p
Revenue return per Ordinary share	6.57p	8.08p
Dividends per Ordinary share{B}	15.00p	15.00p
Revenue reserves (prior to payment of proposed final dividend)	£1,758,000	£2,361,000

{A} Considered to be an Alternative Performance Measure. See below for more information.

{B} The figure for dividends reflects the years in which they were earned

KEY PERFORMANCE INDICATORS

	1 year return	**3 year return**	**5 year return**	**Return since 8 October 2013 (change of mandate)**
Net asset value total return{A}	+33.5%	+23.7%	+68.0%	+133.0%
Index total return	+24.8%	+19.5%	+72.0%	+105.2%
Share price total return{A}	+35.2%	+31.2%	+74.2%	+131.5%
Peer Group share price total return	+62.8%	+34.4%	+122.1%	+181.4%

	Over 1 year	Over 3 years	Over 5 years	Over period since 8 October 2013 (change of mandate)
Average discount - Company	12.6%	11.8%	11.7%	10.3%
Average discount - Peer Group	9.1%	7.0%	6.5%	6.3%

{A} Considered to be an Alternative Performance Measure. See below for further details.

Source: Aberdeen Standard Investments, Lipper & Morningstar.

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, CC Japan Income & Growth, Fidelity Japan, JP Morgan Japanese and Schroder Japan Growth.

DIVIDENDS

	Rate	**Ex-dividend date**	**Record date**	**Payment date**
Proposed final dividend 2021	9.00p	24 June 2021	25 June 2021	23 July 2021
Interim dividend 2021	6.00p	3 December 2020	4 December 2020	31 December 2020
Total dividends 2021	15.00p			
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			

INVESTMENT PORTFOLIO
Ten Largest Investments as at 31 March 2021

Toyota Motor Corporation

The carmaker has continued to gain market share, while cost efficiencies from its global platform structure protect its margins. It is also focused on hybrid technology, given rising structural trends such as vehicle electrification.

Sony Corporation

The electronics giant has dominant market share in the image sensor business, and we are gaining more confidence in its management and the trajectory of its underlying business fundamentals.

Tokio Marine Holdings, Inc.

Tokio Marine is the most progressive of the three largest local property and casualty insurers. Of note is its positive view on shareholder returns, which we expect will grow gradually as it makes further inroads abroad that add value to its business.

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 of its Japanese rivals.

Amada 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.

Asahi Group Holdings

Japan's largest brewer is well positioned to achieve growth through premiumisation, cost synergies and cross-selling between different brands.

Recruit Holdings Corporation

Recruit has a dominant HR platform that drives its growth by capturing hiring needs of the vast majority of SMEs worldwide. It invests in technology, particularly in job search, using cash generated from its strong domestic HR and lifestyle-related media businesses.

Nabtesco Corporation

Nabtesco produces parts for robotics and other industrial equipment. Thanks to its technological edge in niche areas, the company has leading market share across its products.

Nippon Sanso Holdings

Japan's largest industrial gas company that is leveraging on domestic industry consolidation to expand its overseas business, where margins are higher.

Keyence Corporation

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

INVESTMENT PORTFOLIO
Other Investments as at 31 March 2021

Company	Sector	Valuation 2021 £'000	Total assets %	Valuation 2020 £'000
Toyota Motor Corporation	Automobiles and Parts	5,504	4.6	3,393
Sony Corporation	Leisure Goods	4,531	3.8	1,957
Tokio Marine Holdings, Inc.	Non-life Insurance	4,471	3.8	3,869
Shin-Etsu Chemical Company	Chemicals	4,295	3.6	3,973
Amada Company	Industrial Engineering	3,973	3.3	2,721
Asahi Group Holdings	Beverages	3,389	2.9	-
Recruit Holdings Corporation	Industrial Support Services	3,266	2.8	1,060
Nabtesco Corporation	Industrial Engineering	2,975	2.5	1,714
Nippon Sanso Holdings	Chemicals	2,924	2.5	-
Keyence Corporation	Electronic and Electrical	2,835	2.4	3,273

	Equipment			
Top ten investments		**38,163**	**32.2**	
Stanley Electric Company	Automobiles and Parts	2,764	2.3	1,371
Fanuc Corporation	Industrial Engineering	2,748	2.3	371
Misumi Group	Industrial Engineering	2,733	2.3	2,441
Daikin Industries	Construction and Materials	2,604	2.2	3,304
Zenkoku Hosho Company	Finance and Credit Services	2,581	2.2	-
Koito Manufacturing	Automobiles and Parts	2,497	2.1	-
Tokyu Fudosan Holdings	Real Estate Investment and Services	2,454	2.1	1,730
Murata Manufacturing	Technology Hardware and Equipment	2,274	1.9	-
KDDI Corporation	Telecommunications Service Providers	2,269	1.9	3,841
Resorttrust	Travel and Leisure	2,167	1.8	850
Top twenty investments		**63,254**	**53.3**	
Advantest Corporation	Technology Hardware and Equipment	2,080	1.8	-
USS Company	Retailers	2,018	1.7	1,100
Kansai Paint Company	General Industrials	1,816	1.5	1,747
Makita Corporation	Household Goods and Home Construction	1,772	1.5	2,105
NEC Networks & System Integration Corporation	Telecommunications Equipment	1,755	1.5	-
Astellas Pharma	Pharmaceuticals and Biotechnology	1,726	1.5	-
Z Holdings Corporation	Software and Computer Services	1,712	1.4	1,336
Yamaha Corporation	Leisure Goods	1,711	1.4	1,758
Heiwa Real Estate	Real Estate Investment and Services	1,711	1.4	2,143
Hoya Corporation	Medical Equipment and Services	1,696	1.4	1,416
Top thirty investments		**81,251**	**68.4**	
Sanken Electric	Technology Hardware and Equipment	1,603	1.4	1,050
Chugai Pharmaceutical Company	Pharmaceuticals and Biotechnology	1,589	1.3	4,619
WealthNavi	Investment Banking and Brokerage Services	1,525	1.3	-
Tokyo Century Corporation	Finance and Credit Services	1,499	1.3	1,129
Nitori Holdings	Retailers	1,446	1.2	1,520
Shiseido Company	Personal Goods	1,391	1.2	2,023
Welcia Holdings Company	Personal Care, Drug and Grocery Stores	1,280	1.1	2,704
Sho-Bond Holdings Company	Construction and Materials	1,260	1.1	2,072
Tokyo Electron	Technology Hardware and Equipment	1,257	1.1	-
Shoei co	Household Goods and Home Construction	1,246	1.1	-
Top forty investments		**95,347**	**80.5**	
Daiichi Sankyo	Pharmaceuticals and Biotechnology	1,239	1.0	-
Scroll Corporation	Retailers	1,205	1.0	-
Japan Exchange Group	Investment Banking and	1,168	1.0	2,526

	Brokerage Services			
NEC Networks	Technology Hardware and Equipment	1,148	1.0	2,264
Takuma	Construction and Materials	1,061	0.9	-
Valuecommerce Company	Media	1,024	0.9	-
Nippon Paint Holdings Company	General Industrials	1,017	0.9	2,515
Sansan	Software and Computer Services	991	0.8	511
Taoka Chemical	Chemicals	976	0.8	-
Elecom Company	Technology Hardware and Equipment	969	0.8	2,371
Top fifty investments		**106,145**	**89.6**	
BML	Health Care Providers	953	0.8	1,061
Milbon Company	Personal Goods	864	0.7	1,089
Asahi Intecc Company	Medical Equipment and Services	849	0.7	2,310
Edulab	Consumer Services	821	0.7	-
Fukui Computer Holdings	Software and Computer Services	767	0.6	430
Zuken	Software and Computer Services	715	0.6	526
Coconala	Software and Computer Services	711	0.6	-
As One Corporation	Medical Equipment and Services	629	0.5	1,094
Jeol	Electronic and Electrical Equipment	604	0.5	-
Otsuka Corporation	Software and Computer Services	601	0.5	1,869
Top sixty investments		**113,659**	**95.8**	
Okinawa Cellular Telephone	Telecommunications Service Providers	600	0.5	403
Nihon M&A Centre	Investment Banking and Brokerage Services	584	0.5	571
Menicon Company	Medical Equipment and Services	577	0.5	-
Takara Bio	Pharmaceuticals and Biotechnology	564	0.5	-
Pigeon Corporation	Personal Care, Drug and Grocery Stores	511	0.4	1,441
Daifuku	Industrial Engineering	440	0.4	507
Workman	Retailers	421	0.4	-
Appier Group	Software and Computer Services	355	0.3	-
Total investments		**117,711**	**99.3**	
Net current assets{A}		**874**	**0.7**	
Total assets		**118,585**	**100.0**	

{A} Excludes bank loans of £11,147,000.

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

In the 2020 valuation column "-" denotes stock not held at last year end.

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 2021, the Ordinary shares traded at an average discount of 8.6% to the underlying NAV. Accordingly, no resolution on the continuation of the Company will be put to the Company's shareholders at the Annual General Meeting.

The Company has a fixed term loan facility of JPY 1.3 billion in place until January 2022 and a revolving loan facility of JPY 1.0 billion in place until January 2022. 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 2022, 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 ongoing 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.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The Directors are responsible for preparing the Annual Report and the 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 have elected to prepare the financial statements in accordance with UK accounting standards and applicable law, 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 the profit or loss of the Company 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 the 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
7 June 2021

FINANCIAL STATEMENTS
The following is the unaudited preliminary statement for the year to 31 March 2021 which was approved by the Board on 7 June 2021.

STATEMENT OF COMPREHENSIVE INCOME

		Year ended 31 March 2021			**Year ended 31 March 2020**		
		Revenue	**Capital**	**Total**	**Revenue**	**Capital**	**Total**
	Notes	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**
Gains on investments	10	-	25,747	25,747	-	2,872	2,872
Income	3	1,815	-	1,815	1,981	-	1,981
Exchange gains/(losses)	14	-	1,491	1,491	-	(844)	(844)
Management fee	4	(275)	(412)	(687)	(254)	(381)	(635)
Administrative expenses	5	(423)	(14)	(437)	(334)	(20)	(354)
Net return before finance costs and taxation		1,117	26,812	27,929	1,393	1,627	3,020
Finance costs	6	(44)	(65)	(109)	(44)	(67)	(111)
Net return before taxation		1,073	26,747	27,820	1,349	1,560	2,909
Taxation	7	(181)	-	(181)	(198)	-	(198)
Net return after taxation		**892**	**26,747**	**27,639**	**1,151**	**1,560**	**2,711**
Return per Ordinary share (pence)	9	**6.57**	**196.92**	**203.49**	**8.08**	**10.95**	**19.03**

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 2021 £'000	As at 31 March 2020 £'000
Fixed assets			
Investments held at fair value through profit or loss	10	117,711	96,247
Current assets			
Debtors	11	916	982
Cash at bank and in hand		528	1,000
		1,444	1,982
Creditors: amounts falling due within one year	12		
Foreign currency bank loans		(11,147)	(12,698)
Other creditors		(570)	(325)
		(11,717)	(13,023)
Net current liabilities		(10,273)	(11,041)
Net assets		**107,438**	**85,206**
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	95,169	72,334
Revenue reserve		1,758	2,361
Equity shareholders' funds		**107,438**	**85,206**
Net asset value per Ordinary share (pence)	15	**807.66**	**617.09**

STATEMENT OF CHANGES IN EQUITY

For the year ended 31 March 2021

	Notes	Share capital £'000	Share premium £'000	Capital redemption reserve £'000	Capital reserve £'000	Revenue reserve £'000	Total £'000
Balance at 31 March 2020		1,582	6,656	2,273	72,334	2,361	85,206
Return after taxation		-	-	-	26,747	892	27,639
Dividends paid	8	-	-	-	(548)	(1,495)	(2,043)
Purchase of Ordinary shares to be held in treasury	13	-	-	-	(3,364)	-	(3,364)
Balance at 31 March 2021		**1,582**	**6,656**	**2,273**	**95,169**	**1,758**	**107,438**

For the year ended 31 March 2020

		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
Dividends 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**

STATEMENT OF CASHFLOWS

	Year ended 31 March 2021 £'000	Year ended 31 March 2020 £'000
Operating activities		
Net return before taxation	27,820	2,909
Adjustment for:		
Gains on investments	(25,747)	(2,872)
Increase in other creditors	150	41
Finance costs	109	111
Expenses taken to capital reserve	14	20
Foreign exchange (gains)/losses	(1,491)	844
Overseas withholding tax	(181)	(198)
Increase in accrued dividend income	(16)	(57)
Increase in other debtors	(18)	(9)

Net cash inflow from operating activities	**640**	**789**
Investing activities		
Purchases of investments	(59,281)	(48,208)
Sales of investments	63,755	52,495
Expenses allocated to capital	(14)	(20)
Net cash inflow from investing activities	**4,460**	**4,267**
Financing activities		
Bank and loan interest paid	(107)	(111)
Equity dividends paid	(2,043)	(1,629)
Purchase of own shares to treasury	(3,364)	(3,901)
Net cash outflow from financing activities	(5,514)	(5,641)
Decrease in cash	**(414)**	**(585)**
Analysis of changes in cash during the year		
Opening balance	1,000	1,516
Effects of exchange rate fluctuations on cash held	(58)	69
Decrease in cash as above	(414)	(585)
Closing balance	**528**	**1,000**

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2021

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' ("SORP") issued by the Association of Investment Companies ("AIC") in April 2021. Although the SORP is applicable for accounting periods beginning on or after 1 January 2021 early adoption is encouraged. 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 2021, the Ordinary shares traded at an average discount of 8.6% to the underlying NAV and therefore there is no requirement to convene a general meeting of the Company. 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-2022 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 and a revolving loan facility of JPY 1.0 billion, both maturing on 21 January 2022. 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 2022, or, should the Board decide not to renew this facility, any outstanding borrowing may be repaid through the proceeds of equity sales as required.

The Board has considered the ongoing 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).

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 bas**is.**

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 maintain 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. 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.** 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

	2021	2020
	£'000	£'000
Income from investments		
Overseas dividends	1,815	1,980
Other income		
Deposit interest	-	1
Total income	**1,815**	**1,981**

4. Management fee

	2021			2020		
	Revenue	**Capital**	**Total**	**Revenue**	**Capital**	**Total**
	£'000	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**
Management fee	**275**	**412**	**687**	**254**	**381**	**635**

For the year ended 31 March 2021 management and secretarial services were provided by Aberdeen Standard Fund Managers Limited ("ASFML"). The agreement for the provision of management services has been sub-delegated to Aberdeen Standard Investments (Japan) Limited.
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. Since 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 £185,000 (2020 - £96,000).

5. Administrative expenses

	2021			2020		
	Revenue	**Capital**	**Total**	**Revenue**	**Capital**	**Total**
	£'000	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**
Promotional fees	51	-	51	51	-	51
Directors' fees	90	-	90	93	-	93
Custody fees	22	-	22	20	-	20
Depositary fees	15	-	15	15	-	15
Registrars fees	45	-	45	30	-	30
Printing and postage	31	-	31	26	-	26
Legal and professional fees	92	-	92	3	-	3
Transaction costs on investment purchases	-	14	14	-	20	20
Auditor's remuneration (excluding irrecoverable VAT):						
- fees payable to the Company's auditor for the audit of the annual accounts	35	-	35	23	-	23
Other	42	-	42	73	-	73
	423	14	437	334	20	354

The management agreement with ASFML also provides for the provision of promotional activities. The total fees paid and payable under the management agreement in relation to promotional activities were £51,000 (2020 - £51,000) with a balance of £38,000 (2020 - £13,000) being due to ASFML at the year end. The Company has an agreement with ASFML for the provision of company secretarial services and administration services; no separate fee is charged to the Company in respect of this agreement.

6. Finance costs

	2021			2020		
	Revenue	**Capital**	**Total**	**Revenue**	**Capital**	**Total**
	£'000	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**
Bank loans	**44**	**65**	**109**	**44**	**67**	**111**

7. Taxation

	2021			2020		
	Revenue	**Capital**	**Total**	**Revenue**	**Capital**	**Total**
	£'000	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**
(a) Analysis of charge for the year						
Irrecoverable overseas taxation	181	-	181	198	-	198
Total tax charge	**181**	**-**	**181**	**198**	**-**	**198**

(b) Factors affecting current tax charge for the year. The tax assessed for the year is lower (2020 - lower) than the standard rate of corporation tax in the UK. The differences can be explained below:

	2021			2020		
	Revenue	**Capital**	**Total**	**Revenue**	**Capital**	**Total**
	£'000	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**
Net return before taxation	**1,073**	**26,747**	**27,820**	**1,349**	**1,560**	**2,909**
Net return multiplied by standard rate of corporation tax in the UK of 19% (2020 - 19%)	204	5,082	5,286	256	296	552
Effects of:						
Gains on investments not taxable	-	(4,889)	(4,889)	-	(546)	(546)
Currency (gains)/losses not taxable	-	(284)	(284)	-	160	160
Irrecoverable overseas withholding tax	181	-	181	198	-	198
Excess management expenses	141	91	232	118	86	204
Expenses not deductible for tax purposes	-	-	-	2	4	6

Non-taxable overseas dividends	(345)	-	(345)	(376)	-	(376)
Total tax charge for the year	**181**	**-**	**181**	**198**	**-**	**198**

(c) **Provision for deferred taxation.** At 31 March 2021 the Company had surplus management expenses and loan relationship debits with a tax value of £2,734,000 (2020 – £2,502,000) 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.

8. Dividends

	2021 £'000	2020 £'000
Amounts recognised as distributions to equity holders in the year:		
Prior year final dividend (2020 - 9.00p; 2019 - 5.40p)	1,233	782
Current year interim dividend (2020 - 6.00p; 2019 - 6.00p)	810	847
	2,043	**1,629**

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 23 July 2021 to shareholders on the register at the close of business on 25 June 2021.
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 £892,000 (2020 - £1,151,000). It is anticipated that the total dividend for the year of 15.00p (2020 - 15.00p) will be funded 9.50p (2020 - 11.00p) from the revenue reserve and 5.50p (2020 - 4.00p) from the capital reserve.

	2021 £'000	2020 £'000
Current year proposed final dividend (2021 - 9.00p; 2020 - 9.00p)	1,185	1,233
Current year interim dividend (2021 - 6.00p; 2020 - 6.00p)	810	847
	1,995	**2,080**

The cost of the proposed final dividend for 2021 is based on 13,165,227 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

	2021 p	2021 £'000	2020 p	2020 £'000
Returns per share are based on the following figures:				
Revenue return	6.57	892	8.08	1,151
Capital return	196.92	26,747	10.95	1,560
Total return	**203.49**	**27,639**	**19.03**	**2,711**

Weighted average number of Ordinary shares in issue	**13,582,690**	**14,240,115**

10. Investments held at fair value through profit or loss

	2021 £'000	2020 £'000
Opening book cost	84,216	80,360
Opening investment holding gains	12,031	17,349
Opening fair value	96,247	97,709
Analysis of transactions made during the year		
Purchases at cost (excluding transaction costs)	59,374	47,718
Sales - proceeds (net of transaction costs)	(63,657)	(52,052)
Gains on investments	25,747	2,872
Closing fair value	**117,711**	**96,247**

	2021 £'000	2020 £'000
Closing book cost	97,537	84,216
Closing investment holding gains	20,174	12,031
Closing fair value	**117,711**	**96,247**

The Company received £63,657,000 (2020 - £52,052,000) from investments sold in the period. The book cost of these investments when they were purchased was £46,053,000 (2020 - £43,863,000). 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 2021, all investments held are in quoted stocks (2020 - 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 on investments in the Statement of Comprehensive Income. The total costs were as follows:

	2021 £'000	2020 £'000
Purchases	14	20
Sales	15	15
	29	**35**

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.

11. Debtors: amounts falling due within one year

	2021	2020
	£'000	£'000
Amounts due from brokers	129	227
Prepayments and accrued income	787	755
	916	**982**

All financial assets are included at amortised cost.

12. Creditors

	2021	2020
	£'000	£'000
(a) Foreign currency bank loans		
Falling due within one year	**11,147**	**12,698**

The Company entered into a one year fixed term loan facility with ING Bank on 22 January 2021. At the year end, JPY1,300,000,000 (2020 - JPY1,300,000,000) equivalent to £8,523,000 (2020 - £9,711,000) had been drawn down at an all-in interest rate of 0.900% (2020 - 0.715%) which is due to mature on 21 January 2022.

In addition, on 22 January 2021, the Company entered into a one year JPY1,000,000,000 revolving credit facility with ING Bank which has a final maturity on 21 January 2022. At the year end JPY400,000,000 (2020 - JPY400,000,000), equivalent to £2,624,000 (2020 - £2,987,000), had been drawn down at an all-in interest rate of 0.95% (2020 - 0.70%). At the date of this Report the Company had drawn down JPY400,000,000 at an all-in interest rate of 0.95%.

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.

	2021	2020
(b) Other creditors falling due within one year	**£'000**	**£'000**
Amounts due to brokers	214	121
Sundry creditors	356	204
	570	**325**

13. Called-up share capital

	2021		2020	
	Number	**£'000**	**Number**	**£'000**
Allotted, called-up and fully paid				
Ordinary shares of 10p each	13,302,459	1,330	13,807,780	1,381
Held in treasury	2,519,113	252	2,013,792	201
	15,821,572	1,582	15,821,572	1,582

	Ordinary shares Number	Treasury shares Number	Total Number
Opening balance	13,807,780	2,013,792	15,821,572
Ordinary shares bought back for holding in treasury	(505,321)	505,321	-
Closing balance	13,302,459	2,519,113	15,821,572

During the year 505,321 Ordinary shares (2020 - 672,659) were bought back and held in treasury at a cost of £3,364,000 (2020 - £3,901,000). Subsequent to the year end a further 137,232 Ordinary shares were bought back for holding in treasury at a cost of £991,000.

14. Capital reserve

	2021 £'000	2020 £'000
At 1 April 2020	72,334	74,675
Gains/(losses) over cost arising on movement in investment holdings	8,143	(5,318)
Gains on realisation of investments at fair value	17,604	8,190
Currency gains/(losses)	1,491	(844)
Administrative expenses charged to capital	(14)	(20)
Management fee charged to capital	(412)	(381)
Buyback of Ordinary shares for holding in treasury	(3,364)	(3,901)
Finance costs charged to capital	(65)	(67)
Final dividend 2020 - 4.00p paid from capital	(548)	-
At 31 March 2021	**95,169**	**72,334**

The capital reserve includes investment holding gains amounting to £20,174,000 (2020 - gains of £12,031,000) as disclosed in note 10.
Net currency gains arising during the year of £1,491,000 (2020 - losses of £844,000) are analysed further in the table below.

	2021 £'000	2020 £'000
Gains/(losses)on revaluation of bank loan	1,549	(913)
(Losses)/gains on cash deposits	(58)	69
	1,491	(844)

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	Net asset values

	share		attributable	
	2021	**2020**	**2021**	**2020**
	p	**p**	**£'000**	**£'000**
Ordinary shares	**807.66**	**617.09**	**107,438**	**85,206**

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

	2021	**2020**
	£'000	**£'000**
Net assets attributable at 1 April 2020	85,206	88,025
Capital return for the year	26,747	1,560
Revenue after taxation	892	1,151
Dividend paid from revenue	(1,495)	(1,629)
Dividend paid from capital	(548)	-
Purchase of Ordinary shares to be held in treasury	(3,364)	(3,901)
Net assets attributable at 31 March 2021	**107,438**	**85,206**

The net asset value per Ordinary share is based on net assets, and on 13,302,459 (2020 - 13,807,780) Ordinary shares, being the number of Ordinary shares in issue, after deducting 2,519,113 (2020 - 2,013,792) 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 notes 4 and 5). The Board regularly reviews and agrees policies for managing each type of risk, as 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 Standard Investments (Japan) 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 Audit Committee of the Group's Board of Directors and to the Group's CEO. 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 above. 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 2021 would have increased/(decreased) by £11,771,000 (2020 increased/(decreased) by £9,625,000) 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.

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.

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 2021			**31 March 2020**		
	Overseas investments £'000	**Net monetary assets £'000**	**Total currency exposure £'000**	**Overseas investments £'000**	**Net monetary assets £'000**	**Total currency exposure £'000**
Japanese Yen	**117,711**	**(10,051)**	**107,660**	96,247	(10,996)	85,251

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.

	2021	2021	2020	2020
	Revenue	Equity{A}	Revenue	Equity{A}
	£'000	£'000	£'000	£'000
Japanese Yen	182	10,766	198	8,525

{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 2021, the Company had a short term bank loan of £8,523,000 (2020 - £9,711,000) which is due to mature on 21 January 2022 with interest due on the principal every six months. The Company also had a rolling facility of £2,624,000 (2020 - £2,987,000) which matures on 21 January 2022 with interest payable at each set maturity date.

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 £528,000 (2020 - £1,000,000) and debtors of £916,000 (2020 - £982,000) 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 £11,147,000 as at 31 March 2021 (2020 - £12,698,000) compared to an accounts value in the financial statements of £11,147,000 (2020 - £12,698,000) (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 2020	Currency differences	Cash flows	Non-cash movements	At 31 March 2021
	£'000	£'000	£'000	£'000	£'000
Cash and cash equivalents	1,000	(58)	(414)	-	528
Debt due within one year	(12,698)	1,549	-	2	(11,147)
	(11,698)	**1,491**	**(414)**	**2**	**(10,619)**

	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)**

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.

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 (2020 - same). The total value of the investments (2021 - £117,711,000; 2020 - £96,247,000) 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 48 and 49 of the published 2021 Annual Report.

Transactions with the Manager. The Company has agreements with ASFML to provide management, accounting, administrative and secretarial duties. Details of the transactions and balances outstanding at the year end are disclosed in notes 4 and 5.

Additional notes to Annual Financial Report:

The final dividend, subject to shareholder approval, will be paid on 23 July 2021 to shareholders on the register at the close of business on 25 June 2021. The ex-dividend date is 24 June 2021.

The financial information set out above does not constitute the Company's statutory accounts for the years ended 31 March 2021 or 2020 but is derived from those accounts. Statutory accounts for 2020 have been delivered to the registrar of companies, and those for 2021 will be delivered in due course. The auditor has reported on those accounts; their reports were (i) unqualified, (ii) did not include a reference to any matters to which the auditor drew attention by way of emphasis without qualifying their report and (iii) did not contain a statement under section 498 (2) or (3) of the Companies Act 2006

The statutory accounts for the financial year ended 31 March 2021 have been approved by the Board and audited but will not be filed with the Registrar of Companies until after the Company's Annual General Meeting which will be held at 9.00am on 20 July 2021 at Bow Bells House, One Bread Street, London EC4M 9HH.

The Annual Report will be posted to shareholders in June 2021 and copies will be available from the Manager or from the Company's website (www.aberdeen-japan.co.uk*).

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 2021 and 31 March 2020.

2021	**Dividend rate**	**NAV**	**Share price**
31 March 2020	N/A	617.09p	550.00p
2 July 2020	9.00p	718.97p	642.50p
3 December 2020	6.00p	826.50p	735.00p
31 March 2021	N/A	807.66p	727.50p
Total return		**+33.5%**	**+35.2%**

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%**

Discount to net asset value per Ordinary share. The discount is the amount by which the share price of 727.50p (2020 - 550.00p) is lower than the net asset value per share of 807.66p (2020 - 617.09p), expressed as a percentage of the net asset value.

Net gearing. Net gearing measures the total borrowings of £11,147,000 (31 March 2020 – £12,698,000) less cash and cash equivalents of £443,000 (31 March 2020 - £1,106,000) divided by shareholders' funds of £107,438,000 (31 March 2020 - £85,206,000), expressed as a percentage. Under AIC reporting guidance cash and cash equivalents includes net amounts due to brokers at the year end of £85,000 (2020 - net amount due from broker £106,000) as well as cash at bank and in hand of £528,000 (2020 - £1,000,000).

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.

	2021	2020
Investment management fees (£'000)	687	635
Administrative expenses (£'000)	437	354
Less: non recurring charges{A} (£'000)	(27)	-
Less: transaction costs on investment purchases (£'000)	(14)	(20)
Ongoing charges (£'000)	**1,083**	**969**
Average net assets (£'000)	**103,977**	**93,581**
Ongoing charges ratio	**1.04%**	**1.04%**

{A} Comprises legal and professional fees which are not expected to recur.

At 31 March 2021 the Company's OCR was 1.04% as above compared to the Peer Group weighted average OCR of 0.8% (average net assets at 31 March 2021 - £489 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.

Please note that past performance is not necessarily a guide to the future and that the value of investments and the income from them may fall as well as rise and may be affected by exchange rate movements. Investors may not get back the amount they originally invested.

**Neither the Company's website nor the content of any website accessible from hyperlinks on that website (or any other website) is (or is deemed to be) incorporated into, or forms (or is deemed to form) part of this announcement.*

For Aberdeen Japan Investment Trust PLC
Aberdeen Asset Management PLC, Secretary

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