
JPMorgan Japan Small Cap Growth & Income plc

February 2021

Introduction

Investment Policy

- The Company invests in a diversified portfolio of investments almost wholly invested in Japan, emphasising capital growth rather than income.
- To obtain this exposure, investment is permitted in Japanese quoted companies other than the largest 200 measured by market capitalisation, Japanese domiciled unquoted companies, Japanese domiciled companies quoted on a non-Japanese stock exchange and non-Japanese domiciled companies which have at least 75% of their revenues derived from Japan.

Dividend Policy

- A regular quarterly dividend equal to 1% of the Company's Net Asset Value ('NAV') on the last business day of the preceding financial quarter, being the end of March, June, September and December. Over the year this approximates to 4% of the average NAV. Without compromising on the objective of achieving capital growth
- These dividends are paid from a combination of the revenue, capital and other reserves and will fluctuate in line with any rise or fall in the Company's net assets. The Company's investment objective and investment policy remained unchanged following the change in dividend policy.

Japanese equity investment professionals

Portfolio Managers



Shoichi Mizusawa
Head of Japanese Equities Team
Experience: 28/24



Geoff Hoare
Experience: 13/20



Daisuke Nakayama
Experience: 28/16



Nicholas Weindling
Experience: 18/14



Eiji Saito
Experience: 24/16



Koji Namiki
Product Analyst
Experience: 23/16



Aisa Ogoshi
Experience: 23/23



Robert Lloyd
Experience: 20/15



Masaki Uchida
Experience: 18/18



Naohiro Ozawa
Experience: 14/3



Miyako Urabe
Experience: 12/7



Michiko Sakai
Experience: 11/7



Xuming Tao
Product Analyst
Experience: 7/1



Oliver Cox
Experience: 16/13



Mark Davids
Experience: 24/24

Sector Analysts



Christian Pecher
Director of Developed Asia Pacific Market Research
Experience: 22/22



Hiroyuki Hanaoka
Major Banks/ Regional Banks/ Financials excluding Banks
Experience: 29/21



Polina Diyachkina
Other Basic Industries
Experience: 15/2



Hiromi Takehisa
Retail
Experience: 30/33



Koichi Hirokawa
Automobiles & Auto Parts/Multi Industries
Experience: 32/32



Nobuaki Sawada
Pharmaceuticals
Experience: 31/25



David Gleeson
Real Estate/Construction
Experience: 13/3



Mengxi Yu
REITs & Financials
Experience: 4/3



Shunsuke Tsuchiya
Technology
Experience: 18/9



Jun Yamaguchi
Chemical
Experience: 15/5



Keizo Osada
Consumers Staples/ Consumer Cyclicals Services
Experience: 11/7



Yoshitsugu Yamamoto
Industrial Cyclical/Utility
Experience: 15/15



Shotaro Kominami
IT Services
Experience: 9/9



Rajesh Panjwani
Media & Telecommunication
Experience: 21/ 3



Wataru Matsuzaki
Transportation
Experience: 8/2

Source: J.P.Morgan Asset Management. As of 31 December 2020.
Number of years experience: Industry/Firm as of 31 December 2020.

Executive summary

JPMorgan Japan Small Cap Growth & Income plc as of 31 January 2021

Expertise

A leading team of specialists in the Japanese equity market based locally in Japan

- Dedicated team of investment professionals managing a range of multi-cap and small-cap mandates.
- The team has been managing Japanese equity mandates since 1969.

Portfolio

Invest in high quality businesses that compound earnings sustainably over the long term

- We believe share prices are driven by sustainable earnings growth, the extent to which earnings are distributed to shareholders, and the changing expectations for both of these factors.
- The fund is managed with an unconstrained investment approach focusing on the best investment ideas in Japan's mid-smaller companies to pursue high alpha.

Long-term, high-conviction strategy with a growth and quality approach

- Active bottom-up stock selection by Japan country specialists.
- Capitalises on Japan's structural transformation and focuses on undiscovered growth opportunities.

Results

Unconstrained, high active share portfolio

- The JPMorgan Japan Small Cap Growth & Income plc has delivered an annualized excess return of +5.76%* (geometric, net of fees) for 5 years.

Source: J.P. Morgan Asset Management.

The performance is calculated on mid-market price to mid-market price ex-dividend basis, income reinvested, excluding transaction costs. The Net Asset Value (NAV) Performance has been calculated on NAV to NAV basis, including ongoing charges and any applicable fees, with any income reinvested, in GBP. Benchmark = S&P Japan Small Cap Index

Please note Benchmark Indices do not include fees or operating expenses and are not available for actual investment.

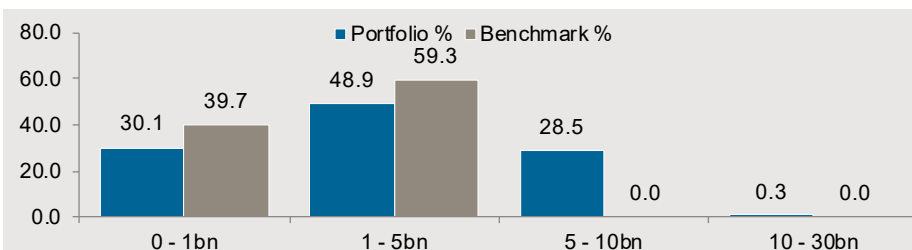
Past performance is not necessarily a reliable indicator for current and future performance.

Portfolio characteristics

JPMorgan Japan Small Cap Growth & Income plc
as of 31 January 2021

	Portfolio	Benchmark
12-Month Forward Price to Earnings (x)	25.9	22.1
Return on Equity (%)	8.7	4.4
5 year expected growth (%)*	19.9	14.7
Number of issuers	89	1270
Active share (%)	104.0	

Market capitalization

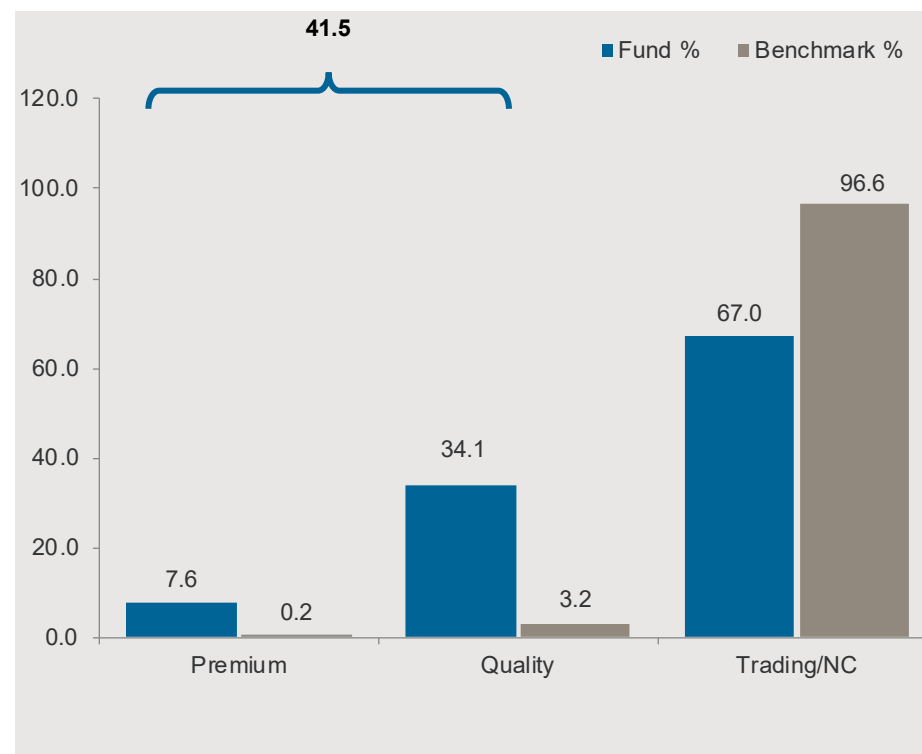


Source: J.P. Morgan Asset Management, Factset, IBES. The portfolio is actively managed. Holdings, sector weights, allocations and leverage, as applicable, are subject to change at the discretion of the Investment Manager without notice. Strategic classification percentages exclude cash. Strategic classifications for portfolio and index are market-cap weighted. NC = non-classified *Portfolio yield is the aggregate weighted sum of the estimated yields of the stocks in which the portfolio invested. It is calculated as (12-month forward DPS / Current price)*100. It is not based on the portfolio's dividend distributions. **Forecast annual growth rate of earnings per share in local currency over the next five years. ***Net debt to equity ratio excludes financials.

Benchmark

S&P JAPAN SMALL CAP
INDEX

Strategic classification: Portfolio versus Benchmark



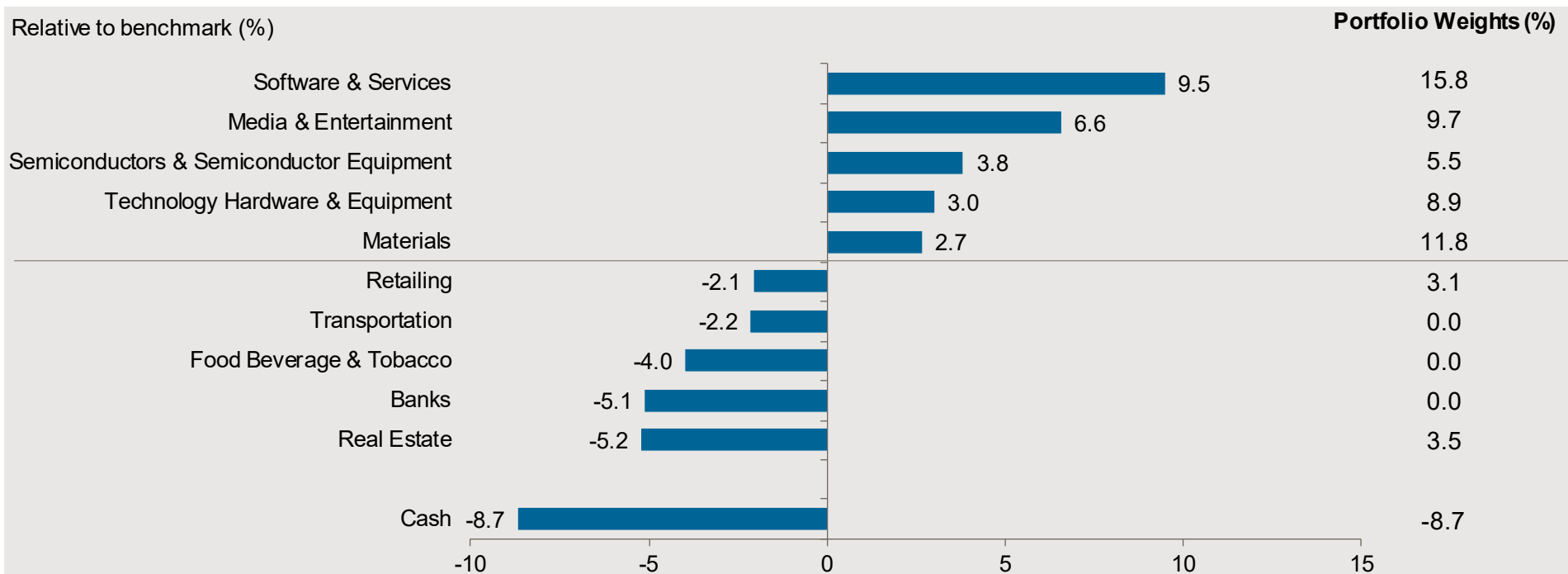
Sector Positions

JPMorgan Japan Small Cap Growth & Income plc as of 31 January 2021

Benchmark

S&P Japan Small Cap Index
(Total Return Net)

Absolute/Active Sector Positions



Source: J.P. Morgan Asset Management. Individual figures may not add up exactly to the total due to rounding.

The portfolio is an actively managed portfolio, holdings, sector weights, allocations and leverage, as applicable are subject to change at the discretion of the Investment Manager without notice.

Portfolio positions

JPMorgan Japan Small Cap Growth & Income plc
as of 31 January 2021

Benchmark

S&P JAPAN SMALL CAP
INDEX

Top 10 holdings	Portfolio weight (%)
Taiyo Yuden Co Ltd	3.3
Miura Co Ltd	3.1
Benefit One Inc	2.8
Raito Kogyo Co Ltd	2.6
Mercari Inc	2.4
Nittoku Co Ltd	2.3
Sansan Inc	2.3
Bengo4.com Inc	2.3
Mec Company Ltd	2.1
Iriso Electronics	2.1

Top 5 overweights	Fund weight (%)	Relative position (%)
Taiyo Yuden Co Ltd	3.3	3.3
Miura Co Ltd	3.1	3.1
Benefit One Inc	2.8	2.8
Raito Kogyo Co Ltd	2.6	2.5
Mercari Inc	2.4	2.4

Top 5 underweights	Fund weight (%)	Relative position (%)
Sushiro Global Hld	0.0	-0.5
Denka Company Ltd	0.0	-0.5
Sumitomo Forestry	0.0	-0.4
Iwatani Corp	0.0	-0.4
Freee K K	0.0	-0.4

Source: J.P. Morgan Asset Management. The fund is actively managed. Holdings, sector weights, allocations and leverage, as applicable, are subject to change at the discretion of the Investment Manager without notice.

Performance

JPMorgan Japan Small Cap Growth & Income plc as of 31 January 2021

Annualised performance (%)

	YTD	1 Year	3 Years*	5 Years*	7 Years*	10 Years*
JPMorgan Japan Small Cap Growth & Income plc - GBP	-2.92	30.43	9.09	16.51	15.97	13.86
S&P Japan Small Cap Index	-1.92	2.96	0.16	10.16	10.10	8.95
Excess return*	-1.02	26.68	8.91	5.76	5.33	4.51

Calendar year performance (%)

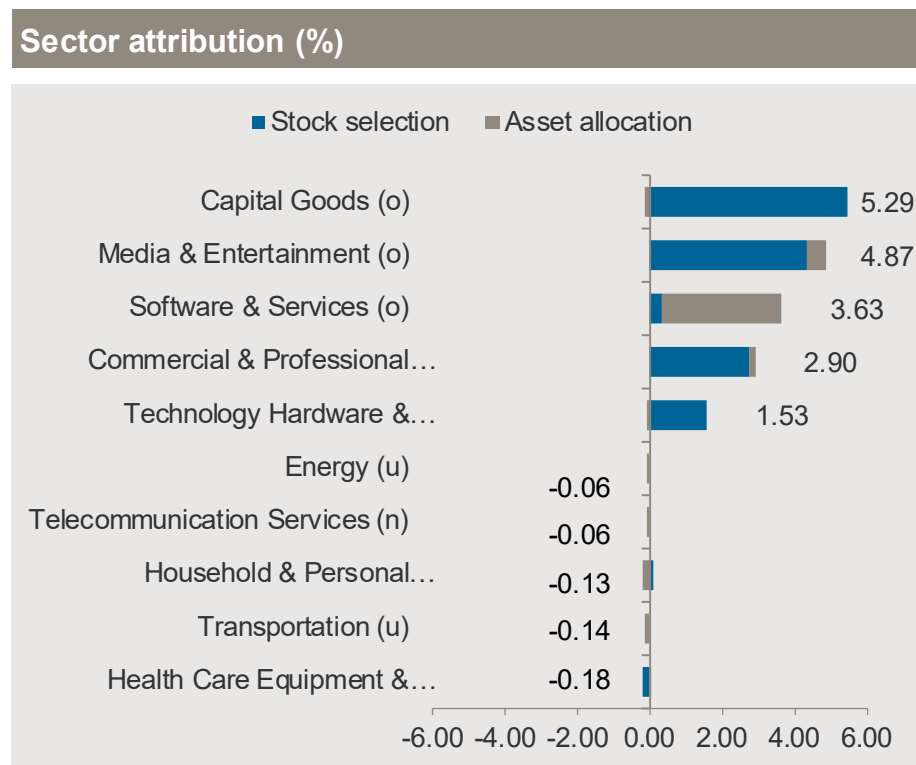
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
JPMorgan Japan Small Cap Growth & Income plc - GBP	-3.12	0.58	37.64	9.50	27.04	20.76	36.93	-18.20	30.50	34.44
S&P Japan Small Cap Index	-3.55	0.78	21.44	5.36	19.15	29.13	22.26	-12.46	14.19	1.59
Excess return*	0.44	-0.19	13.34	3.92	6.62	-6.48	12.01	-6.55	14.29	32.34

Source: J.P. Morgan Asset Management. NAV to NAV with dividends reinvested. Net of fees. Currency: GBP. *Annualised, geometric excess returns. Investment involves risk. Please refer to the offering document(s) for details, including the risk factors before investing. The Benchmark is a point of reference against which the performance of the Fund may be measured. The Fund may bear little resemblance to its benchmark.

Past performance is not a reliable indicator of current and future results.

Performance attribution

JPMorgan Japan Small Cap Growth & Income plc
for 1 year ending 31 December 2020



Attribution summary	Stock: 21.24
	Sector: 7.69
Benchmark	S&P JAPAN SMALL CAP INDEX

Top contributors	Relative weight (%)	Stock return (%)	Impact (%)
Bengo4.com	2.79	81.67	2.21
BASE	0.92	467.30	2.08
Grace Technology	2.03	152.93	1.98
Taiyo Yuden	3.23	48.22	1.51
Capcom	1.52	121.26	1.44

Top detractors	Relative weight (%)	Stock return (%)	Impact (%)
Tosho	1.27	-35.82	-0.54
Mitsubishi UFJ Lease & Finance Company	1.51	-25.58	-0.53
DTS Corporation	2.47	-12.72	-0.42
Marui Group	0.97	-29.30	-0.40

Source: J.P. Morgan Asset Management, Factset. (o) = overweight, (u) = underweight, (n) = neutral, (s) = short. Data is gross of fees in GBP. Data for total attribution shown (stock selection plus country). Attribution results are for indicative purposes only. The portfolio is actively managed. Holdings, sector weights, allocations and leverage, as applicable, are subject to change at the discretion of the Investment Manager without notice. **Past performance is not a reliable indicator of current and future results.** *Not in Benchmark

Stay invested in structural growth opportunities

Digitalization and decarbonisation trends provide opportunities

Digitalization



E-commerce,
Cashless Payment



Cloud infrastructure /
Enterprise software



Online
Medical Portal



Digital Transformation

Decarbonisation



Eco Friendly
Products and Services



Electric Vehicles

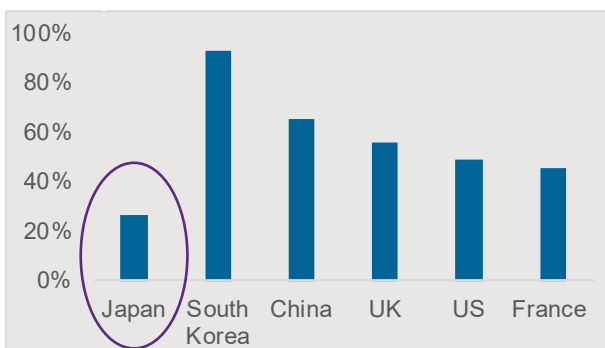


Renewable Energy

Digitalization

E-commerce / Cashless Payment

Percentage of cashless payments by country, CY2019



Source: Ministry of Economy, Trade and Industry, latest data available as at 31 January 2021

Stock highlights:

- BASE
- Yappli
- PLAID

Cloud infrastructure / Enterprise software

Transition from traditional physical stamps to e-signatures is accelerating in Japan.

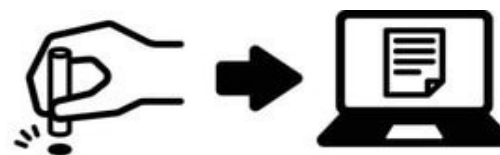


Image source: Shutterstock

Stock highlights:

- Bengo4.com
- Money Forward
- HENNGE

The companies/securities above are shown for illustrative purposes only. Their inclusion should not be interpreted as a recommendation to buy or sell.

Digitalization

Online Medical Platforms



Stock highlights:

- Medley
- AS ONE

Image source: Shutterstock

Digital Transformation



Stock highlights:

- Infomart
- Raksul

Image source: Shutterstock

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Decarbonisation

Environmental friendly products and services



Electric Vehicles



Renewable Energy



Stock highlights:

- Miura
- Mercari

Stock highlights:

- Taiyo Yuden
- IRISO Electronics
- Nittoku

Stock highlights:

- Renova

Image source: Shutterstock

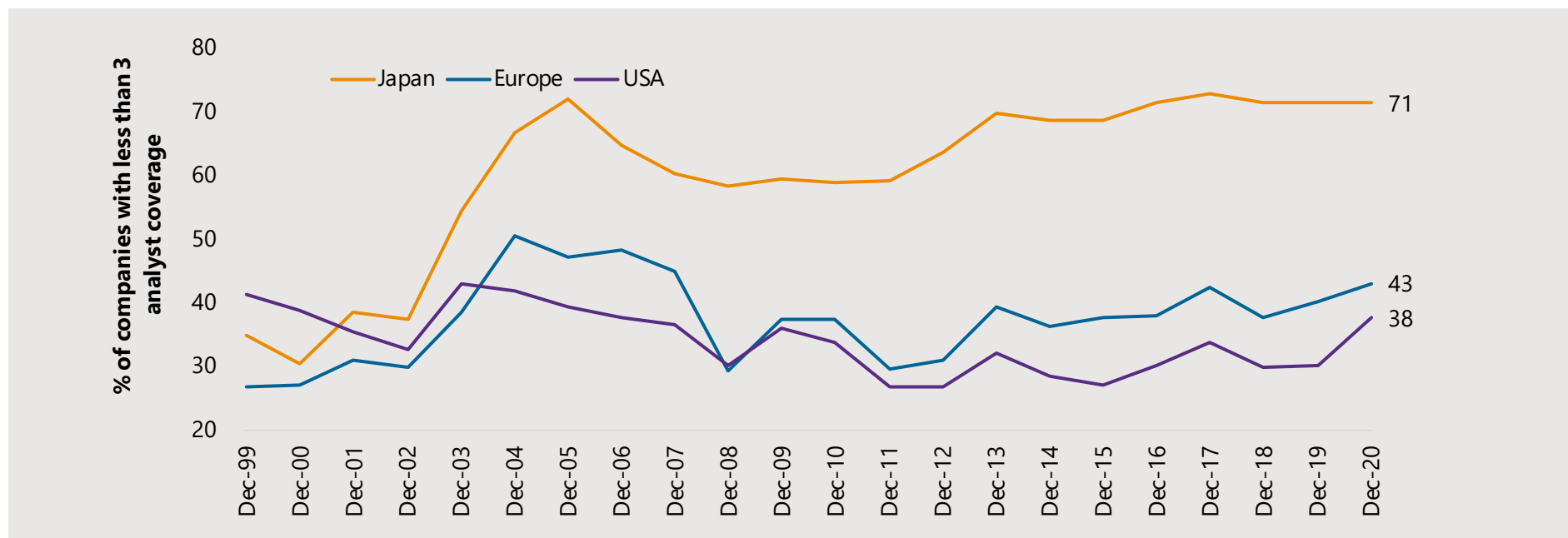
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Japan is an under-researched market

Japan vs US & EU: Percentage of companies with analyst coverage less than three 31 December 1999 – 31 December 2020*



Poor sell-side coverage in Japan creates opportunities for active managers

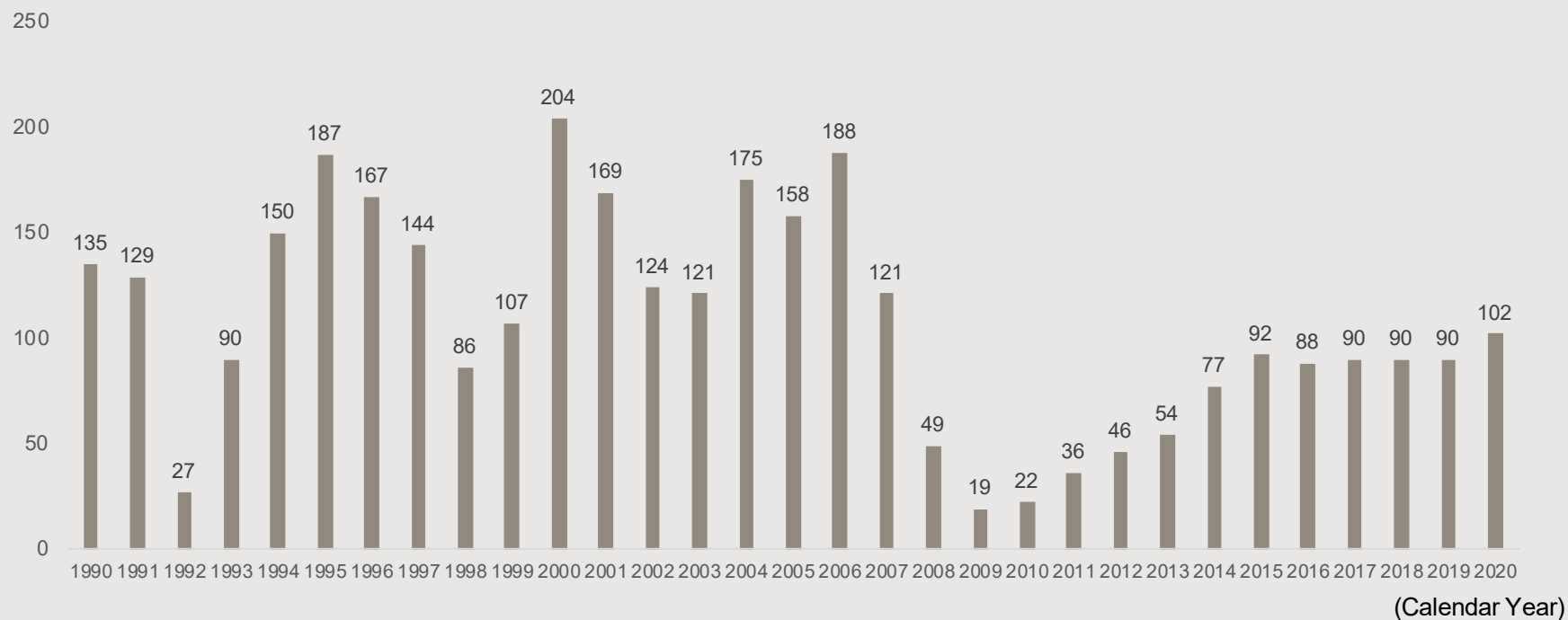
Sources: J.P. Morgan Asset Management, Jefferies, Factset, data as of 31 December 2020.

* The base universe for this analysis is all companies listed in the US, Europe and Japan with market cap more than USD 10 million, and 3 month average daily turnover more than USD 0.1 million.

IPO's in Japan

IPO in Japan – Historical Trend Calendar Year 1990 – 2020

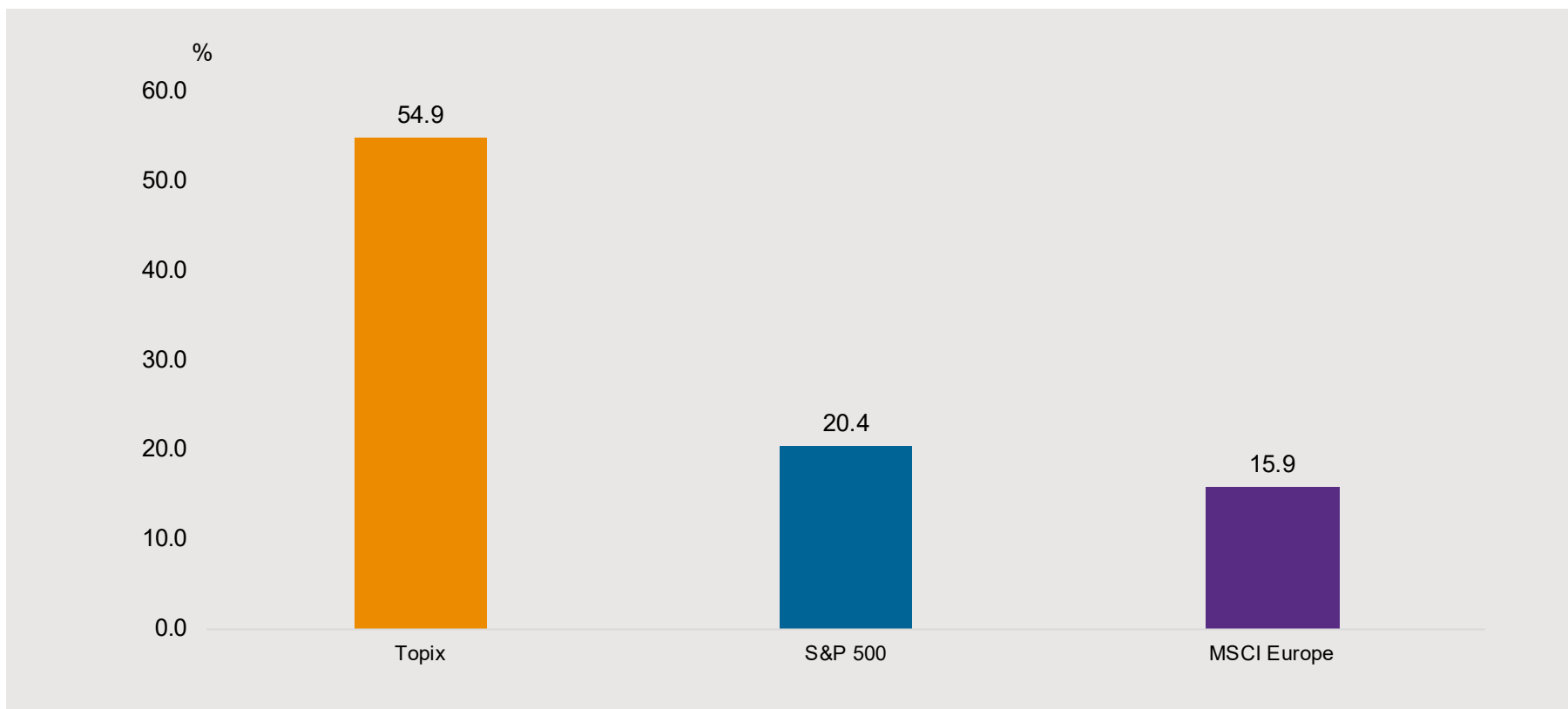
(Number of IPOs)



Source: J.P. Morgan Asset Management, UBS, Tokyo StockExchange, 31 January 2021.

Japanese companies' balance sheets are solid

Percentage of non-financial companies that are net cash



Sources: CLSA, Bloomberg, J.P. Morgan Asset Management, as at 25 January 2021

JPMorgan Japan Small Cap Growth & Income plc

High conviction,
best idea
portfolio

Quality
growth
tilt



Outperformed
4.51% over the
benchmark for 10
years*

(As of 31 December 2020, annualised)

PM team based in Tokyo



Eiji Saito

Industry experience:
24
years



Naohiro
OZAWA

Industry
experience: 14
years



Michiko
Sakai

Industry
experience: 11
years

-8.2%
discount

(As at 23 February 2021)

ESG
Integrated

Source: J.P. Morgan Asset Management, Morningstar, Investment Week. ©2020 Morningstar, Inc. All rights reserved. The information contained herein: (1) is proprietary to Morningstar and/or its content providers; (2) may not be copied or distributed; and (3) is not warranted to be accurate, complete, or timely. Neither Morningstar nor its content providers are responsible for any damages or losses arising from any use of this information. * Net of fees. Currency: GBP Annualised, geometric excess returns

Past performance is not a reliable indicator of current and future results.

JPMorgan Japan Small Cap Growth & Income plc

INVESTMENT OBJECTIVE

To produce long-term capital growth through investment in small and medium-sized Japanese companies. Investment is permitted in Japanese quoted companies, other than the largest 200, measured by market capitalisation, emphasising capital growth rather than income. The Company has the ability to use borrowing to gear the portfolio and its current policy is to operate within the range of 5% net cash to 15% geared in normal market conditions. The Company pays quarterly dividends without compromising on the objective of achieving capital growth, funded from dividends from investment holdings and capital reserves, equivalent to 1% of its net asset value, set on the last business day of each financial quarter.

RISK INFORMATION

- Exchange rate changes may cause the value of underlying overseas Exchange investments to go down as well as up.
- External factors may cause an entire asset class to decline in value. Prices and external and values of all shares or all bonds could decline at the same time, or fluctuate in response to the performance of individual companies and general market conditions.
- This trust may utilise gearing (borrowing) which will exaggerate market movements both up and down.
- This trust may also invest in smaller companies which may increase its risk profile.
- The share price may trade at a discount to the Net Asset Value of the company.
- The single market in which the Trust primarily invests, in this case Japan, may be subject to particular political and economic risks and, as a result, the trust may be more volatile than more broadly diversified trusts.

Please refer to the AIFMD Art 23 Investor Disclosure Document, latest annual report, and PRIIPS Key Information Document (KID) for more information relating to the Company.

Important information

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