

# Schroder Japan Growth Fund plc

Half Year Report and Accounts for the six months ended 31 January 2016



**Schroders**

# Contents, Investment objective and Policy

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## Investment objective

The Company's principal investment objective is to achieve capital growth from an actively managed portfolio principally comprising securities listed on the Japanese stock markets, with the aim of achieving growth in excess of the TSE First Section Total Return Index over the longer term.

## Investment policy

The Manager utilises an active stock driven investment approach, drawing on Schroders' extensive research resources in Japan. The portfolio is principally invested in a broad range of companies quoted on the Tokyo Stock Exchange, the regional stock markets of Fukuoka, Hiroshima, Kyoto, Nagoya, Niigata, Osaka and Sapporo and the Japanese over the counter (OTC) market. Investments may also be made in companies listed elsewhere but controlled from Japan or with a material exposure to the Japanese economy. There are no constraints on size of company or sector allocation. This flexibility will allow the Manager to take advantage of changes in market sentiment and in the domestic economic cycle as it develops.

The portfolio is mainly invested in equities but may also be invested in warrants, convertibles and other derivative instruments where appropriate. The Company may invest up to 5% of its assets in securities which are not listed on any stock exchange, but would not normally make such investment except where the Manager expects that the securities will shortly become listed on a Japanese stock market.

# Financial Highlights

	For the six months ended 31 January 2016		
<b>Total returns (including dividends reinvested)</b>			
Net asset value ("NAV") per share <sup>1</sup>			(4.6%)
Share price <sup>1</sup>			(8.7%)
Benchmark <sup>2</sup>			(1.9%)
	<b>31 January 2016</b>	<b>31 July 2015</b>	<b>% change</b>
Shareholders' funds (£'000)	199,660	212,101	(5.9)
Shares in issue	125,008,200	125,008,200	–
NAV per share	159.72p	169.67p	(5.9)
Share price	143.00p	158.75p	(9.9)
Share price discount to NAV per share	10.5%	6.4%	
Gearing <sup>3</sup>	14.8%	12.5%	

<sup>1</sup> Source: Morningstar.

<sup>2</sup> Source: Thomson Reuters. The Company's benchmark is the TSE First Section Total Return Index (TOPIX) (in sterling terms).

<sup>3</sup> Gearing represents borrowings used for investment purposes, less cash, expressed as a percentage of net assets.

## Ten Largest Investments

As at 31 January 2016

Company	Activities	Market value of holding £'000	% of total equity shareholders' funds
<b>Toyota Motor</b>	Automobile manufacturer	12,234	6.1
<b>KDDI</b>	Telecommunication services provider	8,126	4.1
<b>East Japan Railway</b>	Railway company	7,695	3.9
<b>Bridgestone</b>	Automobile tyre manufacturer	7,681	3.8
<b>Nippon Telephone &amp; Telegraph</b>	Telecommunication services	7,324	3.7
<b>Sumitomo Mitsui Financial</b>	Banking and other financial services provider	7,165	3.6
<b>Hi-Lex</b>	Automobile cables manufacturer	7,088	3.6
<b>Sompo Japan Nipponkoa</b>	Insurance provider	6,754	3.4
<b>Seven &amp; I Holdings</b>	Retail store operator	5,433	2.7
<b>Mitsui &amp; Co</b>	General trading company	5,386	2.7
<b>Total</b>		<b>74,886</b>	<b>37.6</b>

At 31 July 2015, the ten largest investments represented 36.3% of total equity shareholders' funds.

# Interim Management Report – Chairman’s Statement

## Performance

The six-month period to 31 January 2016 has seen weaker performance from the Japanese stock market. Net asset value per share on a total return basis reduced by 4.6% (compared to a negative total return of 1.9% for the period from the Benchmark Index). The share price produced a negative total return of 8.7% as the discount widened from 6.4% to 10.5%.

Further performance details are set out in the Manager’s Review on page 4.

## Gearing policy

During the period the Directors reviewed the long-term borrowing requirements of the Company. With effect from 15 January 2016, the Company took out a term loan of ¥6 billion for a three year period. This was done with the intention of locking in an attractive long term interest rate, whilst continuing to align the borrowing available to the portfolio manager with the investment objectives. In order to maintain flexibility, the Company maintained its revolving credit facility, but in the reduced amount of ¥1 billion. The gearing continues to be operated within the limits agreed by the Board. At the beginning of the period, the effective gearing ratio (borrowings less cash expressed as a percentage of net assets) was 12.5% and the level had increased to 14.8% at 31 January 2016.

## Changes to the Board

As part of the long term refreshment policy of the Board, John Scott retired as a Director of the Company with effect from 31 December 2015. On behalf of the Board, I would like to place on record the Board’s gratitude for Mr Scott’s distinguished long service to the Company and we wish him well in his future endeavours.

I am pleased to announce the appointment of Alan Gibbs as an independent non-executive Director of the Company, with effect from 1 February 2016.

Alan worked for the Fleming Group in Hong Kong, London and Singapore from 1974 to 1991, with responsibility for investments in Japan and throughout the Far East. For the next 14 years he helped set up and ran two Far Eastern brokerages, before joining J.O. Hambro (latterly Waverton) Investment Management in 2005, where he ran Far Eastern funds, and is a Director. He has been Chairman of an educational trust, and is now Chairman of a nursing charity, the Burdett Trust, which he was instrumental in founding 15 years ago. He is also an independent non-executive Director of the M&G Charibond Charities Fixed Interest Common Investment Fund (Charibond) and a member of the Advisory Committee of the M&G Equities Investment Fund for Charities (Charifund).

A resolution to elect Mr Gibbs as a Director of the Company will be proposed at the Annual General Meeting in November 2016.

## Outlook

Not for the first time, Japan is proving to be a challenge. To take two examples, an economy almost completely dependent on imported oil might be expected to benefit from the collapse in the price of oil. The stock market recently has been weakest when the oil price fell the most. Meanwhile the Bank of Japan – and exporters – might have thought that making interest rates negative for some deposits would weaken the currency, to the benefit of domestic growth. As it turned out, negative rates so far have been accompanied by a surge in the yen.

Amidst this confusing macro-economic environment, most Japanese companies have got on with the job of growing profits for the fourth year in a row, in many cases with higher dividends and/or share buybacks. The portfolio has had a difficult six months as market attention switched to defensive sectors. We share the portfolio manager’s view that the weak share prices in many other areas must be providing opportunities.

# Interim Management Report – Chairman’s Statement

## Principal risks and uncertainties

The principal risks and uncertainties with the Company’s business fall into the following categories: strategy and competitiveness risk; investment management risk; financial and currency risk; accounting, legal and regulatory risk; custodian and depositary risk; and service provider risk. A detailed explanation of the risks and uncertainties in each of these categories can be found on pages 16 to 18 of the Company’s published Annual Report and Accounts for the year ended 31 July 2015. These risks and uncertainties have not materially changed during the six months ended 31 January 2016.

## Going concern

Having assessed the principal risks and uncertainties, and the other matters discussed in connection with the viability statement as set out on pages 18 and 19 of the published Annual Report and Accounts for the year ended 31 July 2015, the Directors consider it appropriate to adopt the going concern basis in preparing the accounts.

## Related party transactions

Details of transactions with related parties, which under the Financial Conduct Authority’s Listing Rules include the Manager, can be found on page 47 of the Company’s published Annual Report and Accounts for the year ended 31 July 2015. There have been no material transactions with the Company’s related parties during the six months ended 31 July 2015.

## Directors’ responsibility statement

The Directors confirm that, to the best of their knowledge, this set of condensed financial statements has been prepared in accordance with United Kingdom Generally Accepted Accounting Practice (UK GAAP) and with the Statement of Recommended Practice, “Financial Statements of Investment Companies and Venture Capital Trusts” issued in November 2014 and that this Interim Management Report includes a fair review of the information required by 4.2.7R and 4.2.8R of the FCA’s Disclosure and Transparency Rules.

**Jonathan Taylor**

Chairman

8 April 2016

# Interim Management Report – Manager’s Review

## Market background

The Company’s NAV total return in the six months to 31 January 2016 was -4.6% in sterling, compared to the benchmark return of -1.9%.

A small negative return of 1.9% in the index over the six months belies a weaker underlying environment. Stripping out the impact of the yen’s appreciation relative to sterling the return was -12.9%, a reversal of the direction of the currency during the previous three years of Abenomics. The market decline occurred at the beginning and end of the period, with the market broadly moving sideways in between. The root cause was the same in both instances, namely global uncertainty caused by weak resource prices and Chinese concerns. Japanese economic developments continued to undershoot most forecasts and the Bank of Japan maintained its record of surprising markets, particularly with a move to negative interest rates at the end of January, the repercussions of which have been felt after the end of the Company’s half year. Corporate fundamentals were generally supportive, with profits growing and shareholder returns benefiting from corporate governance improvements.

Against an uncertain global backdrop the best performing sectors (i.e. those that fell the least) were domestic and defensive, such as construction, food and pharmaceuticals. This trend was reinforced by asset allocation changes at large domestic public pension funds, reducing bonds partly in favour of equities but at the same time focussing on equities that had perceived bond-like characteristics in terms of predictability and volatility. At the other end of the spectrum was more cyclical or resource price sensitive sectors such as shipping and steel. Financials also performed poorly, particularly at the end of the period due to the adverse impact on profitability from the central bank’s negative interest rate policy.

## Portfolio performance

The Company’s NAV underperformance of the benchmark return was primarily due to the gearing. This was maintained in the range of 10-15% through the period, leading to losses when the market declined.

## Attribution for the six months to 31 January 2016

	Impact (%)
Stock selection	0.0
Sector selection	0.0
Gearing	-2.3
Costs	-0.5
Residual	+0.1
Total	-2.7

Source: Schroders’ estimates.

Unusually for the portfolio, the impact of the sector and sector positions were both self-cancelling. Underexposure to defensive sectors such as food detracted, offsetting positives in retail and telecoms stock selection. Two smaller cap holdings, Koito Manufacturing and Sakata Inx contributed positively, whilst the main detractors were financials such as T&D Holdings (an insurance company) and banks SMFG and 77 Bank.

# Interim Management Report – Manager’s Review

## Largest positive contributors

Security	Portfolio (%)	Load difference (%)	Absolute return (%)	Impact (%)
Koito Mfg.	1.6	1.5	13.1	0.5
Sakata Inx	1.4	1.4	18.0	0.4
Yamada Denki	1.2	1.1	22.6	0.4
Disco Corp	1.2	1.2	19.0	0.3
Hitachi High-Tech	1.1	1.1	17.7	0.3
Total				1.9

## Largest negative contributors

Security	Portfolio (%)	Load difference (%)	Absolute return (%)	Impact (%)
SK Kaken	2.4	2.4	-27.4	-0.4
T&D Holdings	2.0	1.8	-28.2	-0.3
SMFG	3.3	1.6	-27.1	-0.3
77 Bank	0.9	0.9	-31.0	-0.2
Toshiba Tec	0.5	0.5	-40.9	-0.2
Total				-1.4

The sectors shown above are for illustrative purposes only and are not to be considered a recommendation to buy or sell.

Source: FactSet. Contributions are purely indicative as FactSet uses unaudited data. Stock weights are average weights over the period and returns are expressed in JPY.

## Activity

We reduced the underweight position in real estate with the addition of Nomura Real Estate, following prolonged weakness in the sector at a time of moderately improving industry fundamentals in the shape of falling office vacancies and rental growth. In the pharmaceutical sector we switched a small holding in Takeda into a more meaningful one in Astellas. We took partial profits in better holdings such as Shimamura and Kaneka and used the proceeds to average down gradually in more cyclical or resource sensitive parts of the market, which were largely friendless. Examples include JGC and Isuzu.

## Outlook

Uncertainties are heightened relative to the recent past particularly in relation to global economic activity and the impact of increasingly unorthodox Japanese monetary policy. The corporate profits outlook is also more blurred with the weak yen tailwind having reversed. The market has fallen about a fifth from its recent August 2015 high and so to some extent at least discounts this uncertainty with valuations looking attractive. For those attractions to be reflected in a market recovery probably relies on global factors in much the same way as the downside has been instigated by similar forces over the last six months. In particular signs that the US economy and corporate sector are sufficiently robust to support higher US interest rates during the course of 2016 would likely weaken the yen and be a positive for stock market returns. Domestically there is an election for at least one House of the Diet this summer and possibly for both, with the result that economic policy is likely to be market positive at least through this period.

# Interim Management Report – Manager’s Review

## Portfolio positioning

The portfolio’s positioning is similar to six months ago, with an emphasis on domestic cyclicals such as retailers and railway companies over defensive areas like food producers and utilities. Policy is aiming to be relatively neutral on yen plays, with an overweight in the auto sector and an underweight in electrical companies. Net gearing was 14.8% at the end of January 2016.

## Five largest overweight/underweight sectors

Portfolio Weight (%)			
9.1	Retail Trade		4.2
9.0	Chemicals		2.9
7.5	Land Transportation		2.8
3.3	Rubber Products		2.3
4.8	Insurance		2.4
7.0	Banks	-1.7	
1.2	Real Estate	-1.6	
0.0	Electric Power & Gas	-2.1	
0.0	Services	-3.7	
0.0	Foods	-4.4	

Source: Schroders. Relative to the Benchmark Index, 31 January 2016.

Sector performance has been unusually divergent in favour of low volatility, domestic and defensive sectors. This has been accentuated by the introduction of negative interest rates but it is difficult to find attractively valued new ideas in this part of the market. Accordingly we have gradually added to existing positions amongst more cyclical companies, not necessarily based on confidence that now is the trough but more on the basis that valuations are attractive on a mid term view. Negative interest rates are undoubtedly a headwind for profitability in the financial sector, but share price reaction has been extreme and we also see opportunities here.

## Five largest overweight stocks

	Portfolio %	Index %	Difference %
Hi-Lex Corp	3.1	0.0	+3.1
Bridgestone	3.3	0.7	+2.6
Sompo Japan	2.9	0.4	+2.5
East Japan Railway	3.3	1.0	+2.3
KDDI Corp	3.5	1.4	+2.1

## Five largest underweight stocks

	Portfolio %	Index %	Difference %
Japan Tobacco	0.0	1.5	-1.5
SoftBank	0.0	1.4	-1.4
Mizuho Financial Group	0.0	1.4	-1.4
Takeda Pharma	0.0	1.1	-1.1
NTT DoCoMo	0.0	0.9	-0.9

Source: Schroders. Relative to the Benchmark Index, 31 January 2016. The holdings above are for illustrative purposes only, and should not be viewed as a recommendation to buy or sell.



# Interim Management Report – Manager’s Review

The portfolio remains the result of an active stock driven investment approach, drawing on our extensive research resources in Japan. The research focuses on long term value creation and strength of franchise, targeting undervalued companies where the long term growth prospects are not fully priced in. We prefer companies that can generate and sustain above average returns on their capital, and also look for opportunities in turnaround situations where companies can improve returns from depressed levels.

**Schroder Investment Management Limited**

8 April 2016

# Income Statement

for the six months ended 31 January 2016 (unaudited)

	<b>(Unaudited) for the six months ended 31 January 2016</b>			(Unaudited) for the six months ended 31 January 2015			(Audited) for the year ended 31 July 2015		
	<b>Revenue £'000</b>	<b>Capital £'000</b>	<b>Total £'000</b>	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
(Losses)/gains on investments held at fair value through profit or loss	–	<b>(6,912)</b>	<b>(6,912)</b>	–	19,954	19,954	–	36,671	36,671
Net foreign currency (losses)/gains	–	<b>(3,698)</b>	<b>(3,698)</b>	–	373	373	–	2,829	2,829
Income from investments	<b>2,138</b>	–	<b>2,138</b>	1,740	–	1,740	4,139	–	4,139
<b>Gross return/(loss)</b>	<b>2,138</b>	<b>(10,610)</b>	<b>(8,472)</b>	1,740	20,327	22,067	4,139	39,500	43,639
Investment management fee	<b>(254)</b>	<b>(593)</b>	<b>(847)</b>	(232)	(541)	(773)	(489)	(1,142)	(1,631)
Administrative expenses	<b>(289)</b>	–	<b>(289)</b>	(257)	–	(257)	(476)	–	(476)
<b>Net return/(loss) before finance costs and taxation</b>	<b>1,595</b>	<b>(11,203)</b>	<b>(9,608)</b>	1,251	19,786	21,037	3,174	38,358	41,532
Finance costs	<b>(36)</b>	<b>(84)</b>	<b>(120)</b>	(34)	(78)	(112)	(67)	(155)	(222)
<b>Net return/(loss) on ordinary activities before taxation</b>	<b>1,559</b>	<b>(11,287)</b>	<b>(9,728)</b>	1,217	19,708	20,925	3,107	38,203	41,310
Taxation (note 3)	<b>(213)</b>	–	<b>(213)</b>	(174)	–	(174)	(414)	–	(414)
<b>Net return/(loss) on ordinary activities after taxation</b>	<b>1,346</b>	<b>(11,287)</b>	<b>(9,941)</b>	1,043	19,708	20,751	2,693	38,203	40,896
<b>Return/(loss) per share (note 4)</b>	<b>1.08p</b>	<b>(9.03)p</b>	<b>(7.95)p</b>	0.83p	15.77p	16.60p	2.15p	30.56p	32.71p

The “Total” column of this statement is the profit and loss account of the Company. The “Revenue” and “Capital” columns represent supplementary information prepared under guidance issued by The Association of Investment Companies. The Company has no recognised gains and losses other than those disclosed in the Income Statement and Statement of Changes in Equity.

All revenue and capital items in the above statement derive from continuing operations. No operations were acquired or discontinued in the period.

# Statement of Changes in Equity

for the six months ended 31 January 2016 (unaudited)

	Called-up share capital £'000	Share premium £'000	Share purchase reserve £'000	Warrant exercise reserve £'000	Capital reserves £'000	Revenue reserve £'000	Total £'000
At 31 July 2015	12,501	7	97,205	3	99,692	2,693	212,101
Net (loss) return on ordinary activities	–	–	–	–	(11,287)	1,346	(9,941)
Dividend paid in the period (note 5)	–	–	–	–	–	(2,500)	(2,500)
<b>At 31 January 2016</b>	<b>12,501</b>	<b>7</b>	<b>97,205</b>	<b>3</b>	<b>88,405</b>	<b>1,539</b>	<b>199,660</b>

for the six months ended 31 January 2015 (unaudited)

	Called-up share capital £'000	Share premium £'000	Share purchase reserve £'000	Warrant exercise reserve £'000	Capital reserves £'000	Revenue reserve £'000	Total £'000
At 31 July 2014	12,501	7	97,205	3	63,293	446	173,455
Net return on ordinary activities	–	–	–	–	19,708	1,043	20,751
Dividend paid in the period (note 5)	–	–	–	–	(1,804)	(446)	(2,250)
At 31 January 2015	12,501	7	97,205	3	81,197	1,043	191,956

for the year ended 31 July 2015 (audited)

	Called-up share capital £'000	Share premium £'000	Share purchase reserve £'000	Warrant exercise reserve £'000	Capital reserves £'000	Revenue reserve £'000	Total £'000
At 31 July 2014	12,501	7	97,205	3	63,293	446	173,455
Net return on ordinary activities	–	–	–	–	38,203	2,693	40,896
Dividend paid in the year (note 5)	–	–	–	–	(1,804)	(446)	(2,250)
At 31 July 2015	12,501	7	97,205	3	99,692	2,693	212,101

# Statement of Financial Position

at 31 January 2016 (unaudited)

	<b>(Unaudited) At 31 January 2016 £'000</b>	(Unaudited) At 31 January 2015 £'000	(Audited) At 31 July 2015 £'000
<b>Fixed assets</b>			
Investments held at fair value through profit or loss	<b>229,615</b>	217,494	238,825
<b>Current assets</b>			
Debtors	<b>1,039</b>	721	463
Cash at bank and in hand	<b>5,301</b>	3,312	4,614
	<b>6,340</b>	4,033	5,077
<b>Current liabilities</b>			
Creditors: amounts falling due within one year	<b>(1,357)</b>	(29,571)	(31,801)
<b>Net current assets/(liabilities)</b>	<b>4,983</b>	(25,538)	(26,724)
<b>Total assets less current liabilities</b>	<b>234,598</b>	191,956	212,101
Creditors: amounts falling due after more than one year (note 6)	<b>(34,938)</b>	–	–
<b>Net assets</b>	<b>199,660</b>	191,956	212,101
<b>Capital and reserves</b>			
Called-up share capital (note 7)	<b>12,501</b>	12,501	12,501
Share premium	<b>7</b>	7	7
Share purchase reserve	<b>97,205</b>	97,205	97,205
Warrant exercise reserve	<b>3</b>	3	3
Capital reserves	<b>88,405</b>	81,197	99,692
Revenue reserve	<b>1,539</b>	1,043	2,693
<b>Total equity shareholders' funds</b>	<b>199,660</b>	191,956	212,101
<b>Net asset value per share (note 8)</b>	<b>159.72p</b>	153.55p	169.67p

Registered in England and Wales

Company Registration number: 2930057

# Notes to the Accounts

## 1. Financial statements

The information contained within the accounts in this half year report has not been audited or reviewed by the Company's auditors.

The figures and financial information for the year ended 31 July 2015 are extracted from the latest published accounts of the Company and do not constitute statutory accounts for that year. Those accounts have been delivered to the Registrar of Companies and included the report of the auditors which was unqualified and did not contain a statement under either section 498(2) or 498(3) of the Companies Act 2006.

## 2. Accounting policies

### Basis of accounting

The accounts have been prepared in accordance with United Kingdom Generally Accepted Accounting Practice and with the Statement of Recommended Practice ("SORP") "Financial Statements of Investment Trust Companies and Venture Capital Trusts" issued in November 2014 and which superseded the SORP issued in January 2009.

All of the Company's operations are of a continuing nature.

The Company has adopted Financial Reporting Standard ("FRS") 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", FRS 104 "Interim Financial Reporting" and the amended SORP, all of which became effective for periods beginning on or after 1 January 2015. Some presentational changes are required, following the adoption of these new standards, however there has been no change to the way the Company measures the numbers in the accounts.

The changes to these accounts required by FRS 102, FRS 104 and the amended SORP may be summarised briefly as follows:

- the reconciliation of movements in shareholders' funds has been renamed "Statement of changes in equity";
- the balance sheet has been renamed "Statement of financial position";
- the Company no longer presents a statement of cash flows or the related note, as it is no longer required for an investment company which meets certain specified conditions; and
- new notes have been included entitled "Called-up share capital", "Financial instruments measured at fair value" and "Events after the interim period that have not been reflected in the financial statements for the interim period".

Other than these changes, the accounting policies applied to these accounts are consistent with those applied in the accounts for the year ended 31 July 2015.

## 3. Taxation on ordinary activities

The Company's effective corporation tax rate is nil, as deductible expenses exceed taxable income. The tax charge comprises irrecoverable overseas withholding tax.

## 4. Return/(loss) per share

	<b>(Unaudited) Six months ended 31 January 2016</b>	(Unaudited) Six months ended 31 January 2015	(Audited) Year ended 31 July 2015
Revenue return (£'000)	<b>1,346</b>	1,043	2,693
Capital (loss)/return (£'000)	<b>(11,287)</b>	19,708	38,203
<b>Total (loss)/return (£'000)</b>	<b>(9,941)</b>	20,751	40,896
Weighted average number of shares in issue during the period	<b>125,008,200</b>	125,008,200	125,008,200
Revenue return per share	<b>1.08p</b>	0.83p	2.15p
Capital (loss)/return per share	<b>(9.03)p</b>	15.77p	30.56p
<b>Total (loss)/return per share</b>	<b>(7.95)p</b>	16.60p	32.71p

# Notes to the Accounts

## 5. Dividends paid

	<b>(Unaudited)</b> <b>Six months</b> <b>ended</b> <b>31 January</b> <b>2016</b> <b>£'000</b>	(Unaudited) Six months ended 31 January 2015 £'000	(Audited) Year ended 31 July 2015 £'000
2015 final dividend paid of 2.00p (2014: 1.80p)	<b>2,500</b>	2,250	2,250

No interim dividend has been declared in respect of the six months ended 31 January 2016 (31 January 2015: nil).

## 6. Creditors: amounts falling due after more than one year

	<b>(Unaudited)</b> <b>Six months</b> <b>ended</b> <b>31 January</b> <b>2016</b> <b>£'000</b>	(Unaudited) Six months ended 31 January 2015 £'000	(Audited) Year ended 31 July 2015 £'000
Bank loan	<b>34,938</b>	–	–

The loan is a Yen 6.0 billion three year term loan with Scotiabank expiring on 18 January 2019 carrying a fixed interest rate of 0.82% per annum.

## 7. Called-up share capital

	<b>(Unaudited)</b> <b>Six months</b> <b>ended</b> <b>31 January</b> <b>2016</b> <b>£'000</b>	(Unaudited) Six months ended 31 January 2015 £'000	(Audited) Year ended 31 July 2015 £'000
Ordinary shares allotted, called up and fully paid: 125,008,200 ordinary shares of 10p each	<b>12,501</b>	12,501	12,501

## 8. Net asset value per share

Net asset value per share is calculated by dividing shareholders' funds by the number of shares in issue of 125,008,200 (31 January 2015 and 31 July 2015: same).

## 9. Financial instruments measured at fair value

The Company's financial instruments that are held at fair value comprise its investment portfolio. At 31 January 2016, all investments in the Company's portfolio were categorised as level (a) in accordance with paragraph 11.27 of FRS 102. That is, they are valued using quoted bid prices in active markets (31 January 2015 and 31 July 2015: same).

## 10. Events after the interim period that have not been reflected in the financial statements for the interim period

The Directors have evaluated the period since the interim date and have not noted any events which have not been reflected in the financial statements.



[www.schroderjapangrowthfund.com](http://www.schroderjapangrowthfund.com)

## Directors

Jonathan Taylor (Chairman)  
Anja Balfour  
Alan Gibbs (appointed 1 February 2016)  
Richard Greer

## Advisers

### Alternative Investment Fund Manager ("Manager")

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### Investment Manager and Company Secretary

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### Depositary and Custodian

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London E14 5HQ

### Lending Bank

Scotiabank Europe PLC  
201 Bishopsgate  
London EC2M 3NS

### Corporate Broker

Centos Securities plc  
6.7.8 Tokenhouse Yard  
London EC2R 7AS

### Registrar

Equiniti Limited  
Aspect House  
Spencer Road  
Lancing  
West Sussex  
BN99 6DA  
Shareholder Helpline  
0800 032 0641\*  
Website: [www.shareview.co.uk](http://www.shareview.co.uk)  
\* Calls to this number are free of charge from UK  
landlines.

Communications with shareholders are mailed to the address held on the register. Any notifications and enquiries relating to shareholdings, including a change of address or other amendment should be directed to Equiniti Limited at Aspect House, Spencer Road, Lancing, West Sussex BN99 6DA.

### Independent Auditors

PricewaterhouseCoopers LLP  
Chartered Accountants  
and Statutory Auditors  
7 More London Riverside  
London SE1 2RT

Certain pre-sale, regular and periodic disclosures required by the AIFM Directive may be found either in this Annual Report or on the website [www.schroders.co.uk/its](http://www.schroders.co.uk/its).

The Company's leverage policy and details of limits on leverage required under the AIFM Directive are published on the website at [www.schroders.co.uk/its](http://www.schroders.co.uk/its).

### Dealing Codes

ISIN Number: GB0008022849  
SEDOL Number: 0802284  
Ticker: SJG

### Global Intermediary Identification Number (GIIN)

7T0909.99999.SL.826



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