Schroder
Japan Growth Fund plc

Report and Accounts for the year ended 31 July 2014

Schroders

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.

Directors

Jonathan Taylor (Chairman)*†
Aged 70, was appointed as a Director of the Company on 29 July 1999 and as Chairman on 20 April 2004. He is Chairman and Managing Director of Dragon Partners Limited. He is a Director of Aberdeen Greater China Fund Inc. and a member of the international advisory board, Datawind Inc. He was previously a Director of Baring Asset Management Limited (1976–1997). He is a Barrister at law.

Anja Balfour*†
Aged 50, was appointed as a Director of the Company on 1 May 2013. Mrs Balfour spent 22 years as a fund manager running Japanese, Far Eastern and International equity portfolios for Stewart Ivory, Baillie Gifford and, latterly, Axa Framlington. She is a non-executive Director of Martin Currie Pacific Trust plc and is a trustee of Venture Scotland, a charity specialising in personal development for young people. She is a member of the CFA Society of the UK and Archangel Informal Investment, a business angel syndicate.

Richard Greer*†
Aged 60, was appointed as a Director of the Company on 5 November 2009. Mr Greer has worked in Japan for fifteen years, for Jardine Matheson and subsequently, as branch manager, for Baring Securities (Japan) Limited, until 1993. He has extensive experience of company research, and headed the group established by the Japanese Ministry of Finance representing the EU investment banks and brokerages. On returning to London, he was global head of research at Barings, Caspian Limited and Commerzbank AG, before becoming a partner at WMG Limited, a wealth management group, and head of marketing at Toscafund Limited. He is now a partner at Laurel Capital Kingsway LLP, an investment firm.

John Scott*†
Aged 62, was appointed a Director of the Company on 20 April 2004. He is Chairman of Scottish Mortgage Investment Trust PLC, Impax Environmental Markets Plc and of Alpha Insurance Analysts, a non-executive director of Martin Currie Pacific Trust plc and JPMorgan Claverhouse Investment Trust plc. His other directorships include Bluefield Solar Investment Fund. He previously worked in Hong Kong for Jardine Matheson, and subsequently in London for Lazard for 20 years, during which time he spent three years in Tokyo with responsibility for Lazard Brothers' investment banking activities in Japan.

Jan Kingzett†
Aged 58, was appointed as a Director of the Company on 3 October 2001. He has been an employee of Schroders since 1977.

*Member of the Audit and Management Engagement Committees
†Member of the Nomination Committee

Mr Greer is Chairman of the Nomination and Management Engagement Committees

Mr Scott is Chairman of the Audit Committee

Alternative Investment Fund Managers ("AIFM") Directive

Certain pre-sale, regular and periodic disclosures required by the Directive may be found either in this Annual Report or on the web at www.schroders.co.uk/its.

Advisers

Alternative Investment Fund Manager (the "Manager")
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Company Secretary and Registered Office
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London EC2M 3NS

Depositary and Custodian
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Independent Auditors
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Chartered Accountants and Statutory Auditors
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London SE1 2RT

Corporate Broker
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*Calls to this number are free of charge from UK landlines.

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Financial Highlights

	2014	2013	
Total returns for the year ended 31 July			
Net asset value ("NAV") per share[1]	**1.6%**	37.5%	
Share price[1]	**0.8%**	44.8%	
Benchmark[2]	**(0.2)%**	29.0%	
Shareholders' funds, net asset value and share price discount at 31 July			% Change
Shareholders' funds (£'000)	**173,455**	172,908	+0.3
NAV per share	**138.75p**	138.32p	+0.3
Share price	**123.75p**	124.50p	(0.6)
Share price discount	**10.81%**	9.99%	
Revenue for the year ended 31 July			
Net revenue after taxation (£'000)	**2,401**	2,354	+2.0
Return per share	**1.92p**	1.88p	+2.1
Dividend per share	**1.80p**	1.75p	+2.9
Gearing[3]	**12.8%**	11.0%	
Ongoing Charges[4]	**1.36%**	1.45%	

[1] Source: Morningstar.
[2] Source: Thomson Financial Datastream. The Company's Benchmark is the TSE First Section Total Return Index (in Sterling terms).
[3] Gearing represents borrowings used for investment purposes, less cash, expressed as a percentage of net assets.
[4] Ongoing Charges represents the management fee and all other operating expenses excluding finance costs, expressed as a percentage of the average daily net asset values during the year.

Comparison of Portfolio Sector Distribution with the TSE First Section Index at 31 July 2014

	Valuation £'000	% of Portfolio	% of Index
Electrical Appliances	22,592	11.5	12.8
Transportation Equipment	21,810	11.1	11.6
Chemicals	20,440	10.4	5.6
Retail Trade	16,797	8.5	4.1
Wholesale Trade	16,360	8.3	4.7
Banks	14,747	7.5	9.0
Land Transportation	12,915	6.6	3.8
Information and Communication	10,228	5.2	7.2
Machinery	10,029	5.1	5.4
Insurance	8,993	4.6	2.2
Pharmaceutical	7,881	4.0	4.5
Rubber Products	6,035	3.1	0.9
Construction	4,596	2.3	2.8
Securities and Commodity	3,890	2.0	1.5
Air Transportation	2,962	1.5	0.5
Precision Instruments	2,957	1.5	1.4
Oil and Coal Products	2,906	1.5	0.6
Real Estate	2,738	1.4	3.4
Other Products	2,521	1.3	1.4
Non-Ferrous Metals	1,853	0.9	1.1
Marine Transportation	1,070	0.5	0.3
Mining	885	0.4	0.5
Services	878	0.4	2.6
Foods	849	0.4	4.1
Electric Power and Gas	–	–	2.0
Iron and Steel	–	–	1.7
Other Financing Business	–	–	1.3
Glass and Ceramics Products	–	–	1.0
Textiles and Apparels	–	–	0.7
Metal Products	–	–	0.7
Pulp and Paper	–	–	0.3
Warehousing and Harbour Transport	–	–	0.2
Fishery, Agriculture and Forestry	–	–	0.1
Total	**196,932**	**100.0**	**100.0**

Ten-Year Financial Record

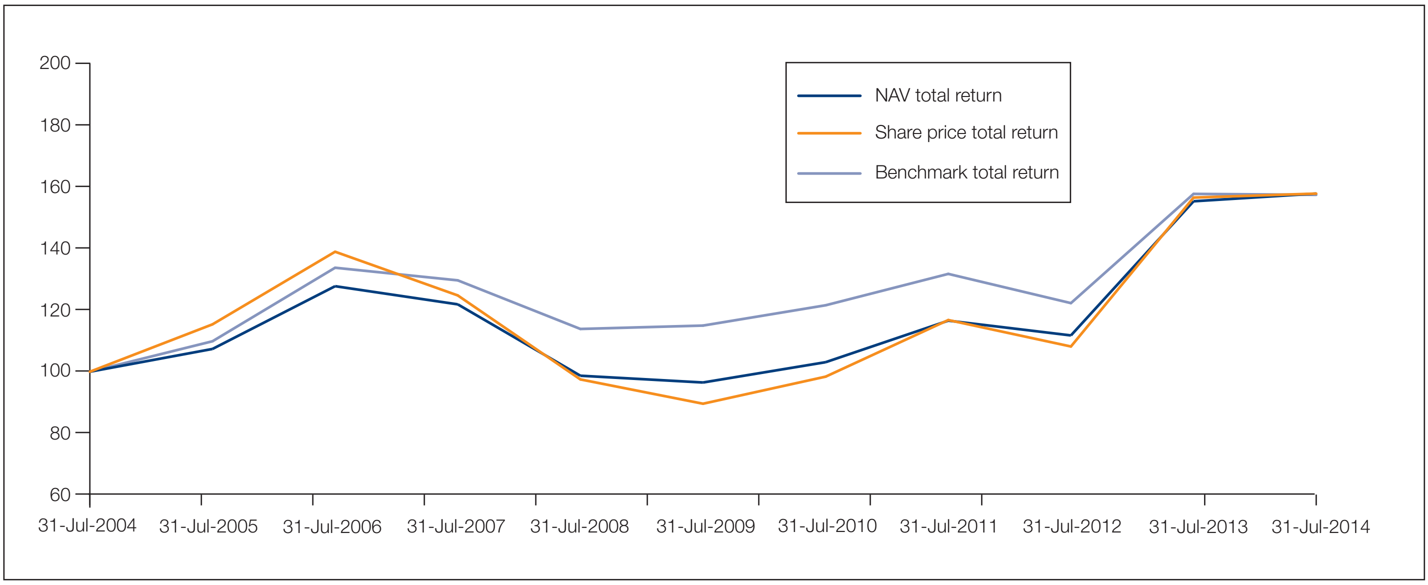
At 31 July	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Total assets (£'000)[1]	142,245	172,587	156,292	133,547	126,333	137,076	154,331	150,301	193,027	202,254
Shareholders' funds (£'000)	119,443	142,164	135,626	110,194	107,324	114,971	130,654	125,785	172,908	173,455
NAV per share (pence)	95.55	113.72	108.49	88.15	85.85	91.97	104.52	100.62	138.32	138.75
Share price (pence)	91.75	110.50	99.25	77.50	71.25	78.25	92.88	86.00	124.50	123.75
Share price discount (%)	(3.98)	(2.83)	(8.52)	(12.08)	(17.01)	(14.92)	(11.14)	(14.53)	(9.99)	(10.81)
Gearing (%)[2]	15.5	17.4	13.0	14.1	9.8	12.2	10.0	10.9	11.0	12.8
Ongoing charges (%)[3]	1.47	1.44	1.43	1.47	1.55	1.51	1.49	1.42	1.45	1.36

Year ended 31 July	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Net (loss)/revenue after taxation (£'000)	(199)	(295)	(261)	383	715	254	911	1,365	2,354	2,401
Net (loss)/return per share (pence)	(0.16)	(0.24)	(0.21)	0.31	0.57	0.20	0.73	1.09	1.88	1.92
Dividend per share (pence)	–	–	–	–	–	–	–	–	1.75	1.80

Performance[4]	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
NAV total return	100.0	107.4	127.8	121.9	98.7	96.5	103.1	116.6	111.8	155.4	157.9
Share price total return	100.0	115.4	139.0	124.8	97.5	89.6	98.4	116.8	108.2	156.6	157.9
Benchmark[5]	100.0	109.9	133.8	129.7	113.9	115.0	121.6	131.8	122.3	157.8	157.5

[1] Net assets plus borrowings used for investment purposes.
[2] Gearing represents borrowings used for investment purposes, less cash, expressed as a percentage of net assets.
[3] Ongoing Charges represents the management fee and all other operating expenses excluding finance costs, expressed as a percentage of the average daily net asset values during the year. The figures for 2011 and prior years represent the expenses calculated as above, expressed as a percentage of the average month end net asset values during the year.
[4] Source: Morningstar/Datastream. Rebased to 100 at 31 July 2004.
[5] The Company's Benchmark is the TSE First Section Total Return Index (in Sterling terms).

Ten-Year Share Price, Benchmark and NAV Performance to 31 July 2014



Source: Morningstar/Thomson Financial Datastream Rebased to 100 at 31 July 2004.

Chairman's Statement

Performance

After such a good year in 2013, market performance slowed during the year ended 31 July 2014. Whilst the Japanese market rose almost 16% in local currency terms during the year ended 31 July 2014, returns to investors were once again impacted by the strength of sterling, with the net result being that the benchmark index produced a negative total return of 0.2% in sterling terms. The portfolio continued to out-perform the benchmark and the NAV produced a positive total return in sterling of 1.6% over the year.

Between the end of the year and 26 September 2014, the market has risen by 4% in local currency terms, whilst the NAV has produced a positive total return of 2.14%, the yen having weakened relative to sterling.

Further comment on performance and investment policy may be found in the Manager's Review.

Revenue and Dividends

In line with its dividend policy, the Board intends that net revenue earned by the portfolio is substantially paid out to investors in the form of dividends. Revenue return for the year increased from 1.88p to 1.92p per share and the Directors have declared a final dividend of 1.80p per share for the year ended 31 July 2014, an increase of 2.9% over the 1.75p per share paid in respect of the previous year. This dividend will be paid on 7 November 2014 to shareholders on the Register on 10 October 2014, subject to approval by shareholders at the Annual General Meeting on 5 November 2014.

Alternative Investment Fund Managers (AIFM) Directive

In accordance with the AIFM Directive, the Company has, with effect from 17 July 2014, become an Alternative Investment Fund and has appointed Schroder Unit Trusts Limited ("SUTL"), a wholly owned subsidiary of Schroders plc, as the Alternative Investment Fund Manager (the "Manager") to provide portfolio management, risk management, accounting and company secretarial services to the Company in accordance with an Alternative Investment Fund Manager Agreement. SUTL has delegated investment management, accounting and company secretarial services to another wholly owned subsidiary of Schroders plc, Schroder Investment Management Limited.

Notwithstanding that the Manager's costs have risen due to the requirements of the AIFM Directive, fees paid to the Manager have been cut substantially with effect from 31 July 2014 to ensure that the Company remains competitive when compared both with peer group companies as well as open-ended funds specialising in Japanese equities. Further details of the reduced management fees may be found in the Report of the Directors.

In addition, the Company has appointed HSBC Bank plc as its Depositary, also with effect from 17 July 2014. An additional fee of one basis point of net assets will be payable for Depositary Services.

Further details of both the AIFM Agreement and the Depositary Agreement may be found in the Report of the Directors.

Gearing Policy and AIFM Directive Leverage Limit

During the year, the Company extended its Yen 5 billion revolving credit facility for a further twelve months and increased drawings from Yen 3 billion to Yen 5 billion.

The net effective gearing level (which takes account of the borrowings as well as any cash held by the Manager) at the beginning of the year was 11.0% and had increased to 12.8% by the end of the year. The average net effective gearing level during the year under review was 12.3%. The Company's gearing continues to operate within pre-agreed limits so that net effective gearing does not represent more than 25% of shareholders' funds.

The AIFM Directive has introduced a requirement for the Manager to set maximum levels of leverage, using a wider definition than borrowing and including the use of derivatives.

Full details of this leverage limit may be found on the Manager's website at www.schroders.co.uk/its and in the Strategic Report.

Chairman's Statement

Purchase of Shares for Cancellation

The Directors did not use the authority given to them to purchase shares for cancellation during the financial year ended 31 July 2014. Nevertheless, as the ability to buy back shares is one of a number of tools that may be used to enhance shareholder value and to reduce the discount volatility, the Board will be seeking to renew the share buy back authority granted at the Company's Annual General Meeting on 7 November 2013 to purchase up to 14.99% of the Company's issued share capital for cancellation.

Board Composition

As part of its discussions on planned refreshment, Mr Kingzett will retire from the Board at the Annual General Meeting and will not seek re-election as a Director of the Company. I would like to take this opportunity to thank him for his invaluable contribution to the Company over many years.

Continuation Vote

The Notice of the Annual General Meeting contains an ordinary resolution proposing that the Company should continue as an investment trust for a further five year period.

The Board has reviewed the Company's investment objective and policy, as well as the Manager and its resources. The Board believes that Japan remains an attractive proposition for investors and that the investment strategy and process utilised by the Manager, which is well known to investors and has been laid out in the Strategic Report, provides a suitable platform to produce superior returns over the longer term.

As a result, the Board recommends that the Company should continue as an investment trust for a further five year period. The Directors will be voting their shares accordingly and wish to encourage all other shareholders likewise to vote in favour of continuation.

Outlook

Japan is not the only part of the investment world at the moment where there is a divergence between what is happening in the economy and what is happening in the stock market. Take home pay is still falling in real terms and companies are not seeing much volume growth domestically, but the stock market is up by more than a half in local currency terms since the end of 2012.

The factor pulling the two together is of course Abenomics, and the hope that the Prime Minister's policies will reinvigorate Japan. The policies have certainly changed stock market sentiment, but 20 months after the policy changes started it is still too early to say how much they will change the economic environment. While waiting to see if enough has been done, your Board takes comfort from the Manager's belief in the value of each holding in the portfolio.

Annual General Meeting

The Annual General Meeting will be held at 12.00 noon on Wednesday, 5 November 2014, and shareholders are encouraged to attend. I hope as many of you as possible will be able to come along. The meeting, as in previous years, will include a presentation by the Manager on the prospects for the Japanese market and the Company's investment strategy.

Jonathan Taylor
Chairman

1 October 2014

Manager's Review

Market Background

The Company's NAV produced a total return of 1.6% in sterling over the year, outperforming the benchmark which declined slightly in sterling terms.

The virtually flat return in sterling over the period disguises a more impressive positive return in yen terms of 15.8%. This relied disproportionately on a rally towards the end of the 12 months, allowing the market to finish almost in line with its recent high at the end of 2013. Key drivers of sentiment in both directions continued to be market perceptions surrounding the success or otherwise of Abenomics, monetary policy and the yen. Generally supportive were trends in company profits and steady progress towards better corporate governance, while the most negative consequence of Abenomics for sterling investors has been the weakness of the yen.

Stock selection contributed positively, as did maintaining gearing. Two smaller companies SK Kaken (paint manufacturer) and Hi-Lex (control cables) made the largest positive contributions to performance, whilst stock selection in the technology sectors Nidec (small precision motors) and Fujitsu (semiconductor, computers and communications equipment) was also supportive. This was partly offset by stock selection in the retail and machinery sectors.

Beneficiaries of a weak yen occupied the upper echelons of the sector performance, as did sectors tied into domestic construction and capital spending, whilst large cap financials were firmly rooted to the other end of the table. The latter suffered from ultra-low long term interest rates, regulatory concern and market perceptions that they were attractively valued but lacking in share price catalysts. Smaller companies generally outperformed and the weakest sub-index was the Topix Core 30, which represents the largest 30 companies by market value.

Activity

We increased exposure to companies likely to benefit from a pick-up in domestic capital spending, with new holdings in Nabtesco (the leading global manufacturer of precision motors for robots), Disco (precision industrial machinery) and Mitsubishi Electric (electronic equipment). Within consumer sensitive areas we took profits on the position in Asics (sports equipment) and reinvested in a new holding in department store H2O Retail Group. We have added to the financials exposure given share price weakness, while taking partial profits on some of the small cap positions which had performed particularly well, such as SK Kaken.

Outlook

Whilst concerns remain that the impact of the consumption tax increase in April may be deeper and more prolonged than originally envisaged, it remains probable that the economy is past the point of maximum strain. In addition, it seems more likely than not that the Bank of Japan will embark on additional easing. Together with attractive valuations and greater incentives to improve corporate governance, this represents a generally supportive backdrop for the stock market.

Investment Policy

We have not made many changes to policy, which remains moderately pro-cyclical. We have used weakness in financials to add to positions in banks and insurance. We have reduced the office equipment exposure and added to beneficiaries of recovery in domestic corporate spending such as Nabtesco. We added to the position in Honda, whose share price lagged the market and its sector but whose profits look set to catch up over the next few years.

Net gearing was 12.8% at the end of July 2014, slightly higher than at the previous year end.

Schroder Investment Management Limited
1 October 2014

Investment Portfolio

As at 31 July 2014

Company	Industrial classification	Principal activity	Market value of holding £'000	% of equity shareholders' funds
Toyota Motor	Transportation Equipment	Automobile manufacturer	10,392	6.0
Mitsui	Wholesale Trade	General trading company	6,765	3.9
Hi-Lex	Transportation Equipment	Automobile parts manufacturer	6,529	3.8
SK Kaken	Chemicals	Paint manufacturer for construction	6,290	3.6
Bridgestone	Rubber Products	Automobile tyre manufacturer	6,035	3.5
East Japan Railway	Land Transportation	Railway company	5,751	3.3
KDDI	Information and Communication	Telecommunication services	5,490	3.2
Sumitomo Mitsui Financial	Banks	Banking and other financial services	5,447	3.1
NKSJ Holdings	Insurance	Non-life and life insurance	4,919	2.8
Nippon Telephone & Telegraph	Information and Communication	Telecommunication services	4,738	2.7
Seven and I Holdings	Retail Trade	Retail store operator	4,588	2.7
T&D Holdings	Insurance	Life insurance products and services	4,074	2.4
Mitsubishi UFJ Financial	Banks	Banking and other financial services	3,759	2.2
Nidec	Electrical Appliances	Small and mid-size spindle manufacturer	3,591	2.1
Sakata Inx	Chemicals	Printing ink manufacturer	3,522	2.0
Honda Motor	Transportation Equipment	Automobile and motorcycle manufacturer	3,367	1.9
Fujitsu	Electrical Appliances	Semiconductor equipment manufacturer	3,183	1.8
Canon	Electrical Appliances	Imaging products and solutions	3,126	1.8
Central Japan Railway	Land Transportation	Railway company	3,057	1.8
Japan Airlines	Air Transportation	Airline	2,962	1.7
Twenty largest investments			**97,585**	**56.3**
JX Holdings	Oil and Coal products	Petroleum refining and selling	2,906	1.7
Inabata	Wholesale Trade	Trading company	2,879	1.7
AT	Retail Trade	Car distributor	2,820	1.6
Koito Manufacturing	Electrical Appliances	Car lighting manufacturer	2,797	1.6
Hitachi	Electrical Appliances	Electrical appliances and industrial machinery manufacturer	2,608	1.5
TDK	Electrical Appliances	Electronic components manufacturer	2,584	1.5
Nomura Holdings	Securities and Commodity	Securities company	2,548	1.5
Hitachi High-Technologies	Wholesale Trade	Electrical appliances and industrial systems manufacturer	2,528	1.5
Nintendo	Other Products	Games consoles manufacturer	2,521	1.5
Sekisui Chemical	Chemicals	Housing chemicals manufacturer	2,468	1.4
Santen Pharmaceutical	Pharmaceutical	Pharmaceutical products	2,377	1.4
Yamada Denki	Retail Trade	Electronics retailer	2,173	1.3
Mitsui Fudosan	Real Estate	Leasing and sale of real estate	2,063	1.2
ABC-Mart	Retail Trade	Shoe retailer	1,996	1.2
Disco	Machinery	Industrial machinery manufacturer	1,954	1.1
Seventy Seven Bank	Banks	Banking services	1,897	1.1
Konica Minolta	Electrical Appliances	Office equipment manufacturer	1,893	1.1
JGC	Construction	Construction of plants and facilities	1,847	1.1
Hoya	Precision Instruments	Optical lens manufacturer	1,844	1.1
Mitsubishi	Wholesale Trade	General trading company	1,825	1.1
Nitto Denko	Chemicals	LCDs manufacturer	1,759	1.0
Mitsubishi Electric	Electrical Appliances	Electronic equipment manufacturer	1,703	1.0
Haseko	Construction	House builder	1,703	1.0
Astellas Pharma	Pharmaceutical	Pharmaceutical products	1,629	0.9
Hitachi Transport System	Land Transportation	Transportation of industrial machinery	1,624	0.9
Fukuoka Financial	Banks	Banking and other financial services	1,575	0.9

Investment Portfolio

Company	Industrial classification	Principal activity	Market value of holding £'000	% of equity shareholders' funds
Nafco	Retail Trade	Operator of home and furniture stores	1,550	0.9
Sumitomo Corporation	Wholesale Trade	General trading company	1,484	0.9
Sumitomo Heavy Industries	Machinery	Industrial machinery manufacturer	1,463	0.8
Sankyo	Machinery	Pachinko machine manufacturer	1,462	0.8
Fujifilm Holdings	Chemicals	Imaging and information solutions	1,453	0.8
Shimamura	Retail Trade	Clothing store	1,452	0.8
Sumitomo Electric Industries	Non-Ferrous Metals	Copper wire manufacturer	1,451	0.8
T&K Toka	Chemicals	Printing ink manufacturer	1,448	0.8
Nabtesco	Machinery	Precision motors for robots manufacturer	1,446	0.8
Mitsubishi Gas Chemical	Chemicals	Chemical products manufacturer	1,411	0.8
Nippon Thompson	Machinery	Needle roller bearings manufacturer	1,408	0.8
Chiba Bank	Banks	Banking services	1,395	0.8
Sankyu	Land Transportation	Logistics and freight transportation	1,361	0.8
Tokai Tokyo Securities	Securities and Commodity	Stockbroker	1,342	0.8
Otsuka	Pharmaceutical	Pharmaceutical products	1,291	0.7
H20 Retailing	Retail Trade	Operates railway terminal department stores	1,279	0.7
JTEKT	Machinery	Ball and roller bearings manufacturer	1,232	0.7
Unipres	Transportation Equipment	Automobile parts manufacturer	1,228	0.7
Yamato Holdings	Land Transportation	Delivery service company	1,122	0.7
Shimadzu	Precision Instruments	Precision tools and equipment manufacturer	1,113	0.6
Japan Display	Electrical Appliances	Small and medium sized displays manufacturer	1,107	0.6
Mitsui O.S.K. Lines	Marine Transportation	Shipping	1,070	0.6
Mirai Industry	Machinery	Construction and building maintenance	1,064	0.6
Sanki Engineering	Construction	Installation service provider	1,046	0.6
Don Quijote	Retail Trade	Discount store operator	939	0.5
Kissei Pharmaceuticals	Pharmaceutical	Pharmaceutical products	923	0.5
Inpex	Mining	Energy exploration	885	0.5
Itochu	Wholesale Trade	General trading company	879	0.5
Takeda Pharmaceutical	Pharmaceutical	Pharmaceutical products	858	0.5
Suntory Beverage and Food	Foods	Food and beverage sales	849	0.5
Nippon Soda	Chemicals	Chemical products manufacturer	805	0.5
Tsumura	Pharmaceutical	Pharmaceutical products	803	0.5
Kaneka	Chemicals	Chemical products manufacturer	717	0.4
Daikyo	Real Estate	Real estate development and sales	675	0.4
Musashino Bank	Banks	Banking services	674	0.4
JSR	Chemicals	Synthetic rubber manufacturer	567	0.3
Chubu Nippon Broadcasting	Services	Commercial broadcaster	491	0.3
Dowa Mining	Non-Ferrous Metals	Mines and produces metal related products	402	0.2
Moshi Moshi Hotline	Services	Provision of call centre services	387	0.2
Musashi Seimitsu Industry	Transportation Equipment	Automobile parts manufacturer	294	0.2
Total investments			**196,932**	**113.5**
Net current liabilities			**(23,477)**	**(13.5)**
Total equity shareholders' funds			**173,455**	**100.0**

At 31 July 2013 the twenty largest investments represented 56.9% of shareholders' funds.

Strategic Report

Company Structure

The Company carries on business as an investment trust. It has been approved by HM Revenue & Customs as an investment trust in accordance with Section 1158 of the Corporation Tax Act 2010, by way of a one-off application and the Company will continue to conduct its affairs in a manner which will enable it to retain this status.

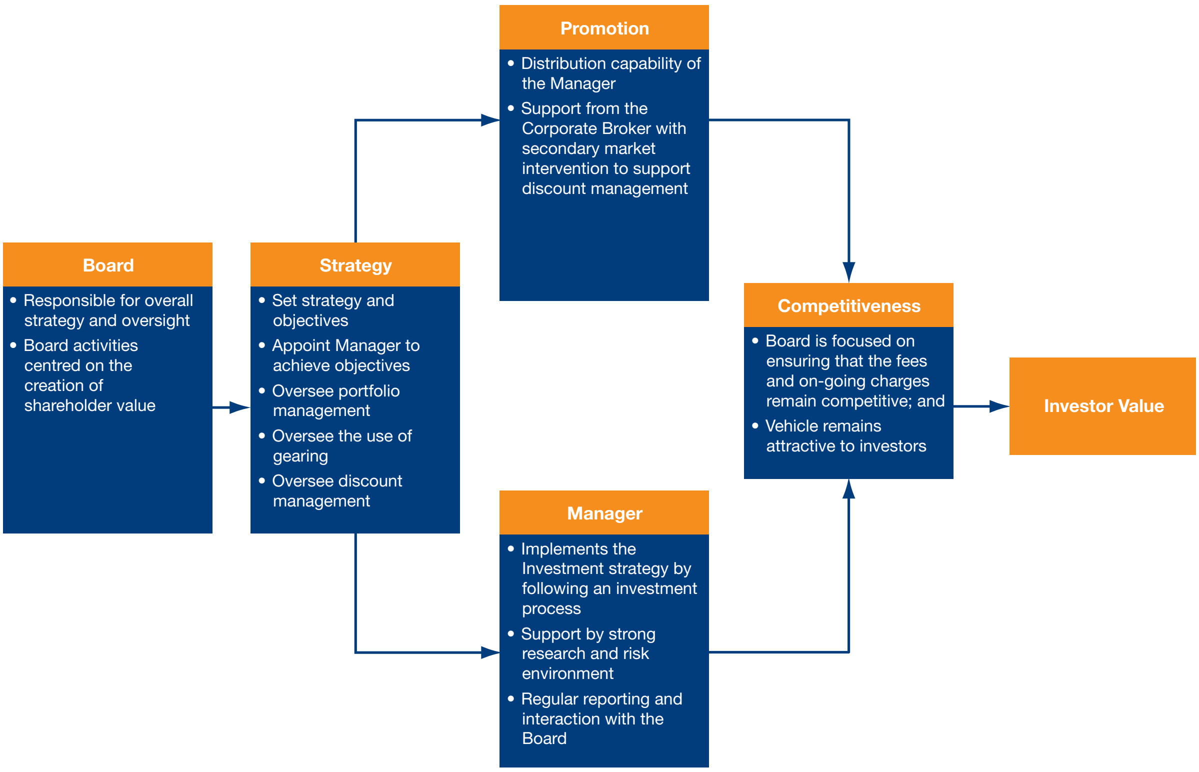
The Company is domiciled in the UK and is an investment company within the meaning of Section 833 of the Companies Act 2006.

The Company is not a close company for taxation purposes.

It is not intended that the Company should have a limited life, but the Directors consider it desirable that the shareholders should have the opportunity to review the future of the Company at appropriate intervals. Accordingly, the Articles of Association of the Company contain provisions requiring the Directors to put a proposal for the continuation of the Company to shareholders at the Annual General Meeting of the Company on 5 November 2014 and thereafter at five yearly intervals.

Business Model

The Company's business model may be demonstrated by the diagram below.



Role and Composition of the Board

The Board is the Company's governing body, it sets the Company's strategy and is collectively responsible to shareholders for its long term success. The Board is responsible for appointing and subsequently monitoring the activities of the Manager and other service providers to ensure that the investment objectives of the Company continue to be met. The Board also ensures that the Manager adheres to the investment restrictions set by the Board and acts within the parameters set by it in respect of any gearing. It also identifies and monitors the key risks facing the Company.

Investment activities are predominantly monitored through quarterly Board meetings at which the Board receives detailed reports and updates from the Manager, a representative of which attends each Board meeting. Services from other key service providers are reviewed as appropriate.

The Company promotes its shares to a broad range of investors including discretionary wealth managers, private investors, financial advisors and institutions which have the potential to be long term supporters of the investment

Strategic Report

strategy. The Company seeks to achieve this through its Manager and Corporate Broker, which promote the shares of the Company through regular contact with both current and potential shareholders. These activities consist of investor lunches, one-on-one meetings, regional road shows and attendances at conferences for professional investors. In addition the Company's shares are supported by the Manager's wider marketing of investment companies targeted at all types of investors; this includes maintaining close relationships with adviser and execution only platforms, advertising in the trade press, maintaining relationships with financial journalists and the provision of digital information on the Schroders' website. The Corporate Broker seeks to represent the Company in the market on a daily basis and helps to manage liquidity through market making and regular contact with investors.

In order to support the promotion of the Company by assisting in reducing the volatility of the discount, the Board monitors the discount of the Company's share price to its underlying net asset value and the discounts of peer group companies and considers the use of its share buy-back authority on a regular basis.

The Board continues to review the Company's Ongoing Charges to ensure that the total costs incurred by shareholders in the running of the Company remain competitive when measured against both closed-ended funds and open-ended peers. An analysis of the Company's costs, including management fees, Directors' fees and general expenses, is submitted to each Board meeting. Management fees are reviewed at least annually and agreement was reached with the Manager during the year to a substantial reduction in such fees, to take effect from 31 July 2014.

As at 31 July 2014, the Board was comprised of four men and one woman. The Board considers each of Mr Taylor, Mrs Balfour, Mr Greer and Mr Scott to be independent. Mr Kingzett is not deemed independent by virtue of his relationship with the Manager. The Board's approach to diversity is that candidates for Board vacancies are selected based on their skills and experience, which are matched against the balance of skills and experience of the overall Board, taking into account the specific criteria for the role being offered. Candidates are not specifically selected on the grounds of their gender but this is taken into account when the Board examines its overall balance, skill set and experience.

Investment Management

The Manager is authorised and regulated by the Financial Conduct Authority ("FCA") and provides portfolio management, risk management, accounting and company secretarial services to the Company under the terms of an Alternative Investment Fund Manager agreement. The Manager also provides general marketing support for the Company and manages relationships with key investors, in conjunction with the Chairman, other Board members or the corporate broker as appropriate. The Manager has delegated investment management, accounting and company secretarial services to another wholly owned subsidiary of Schroders plc, Schroder Investment Management Limited.

The Manager has in place appropriate professional indemnity cover.

The Schroders Group manages £271.5 billion (as at 30 June 2014) on behalf of institutional and retail investors, financial institutions and high net worth clients from around the world, invested in a broad range of asset classes across equities, fixed income, multi-asset and alternatives.

The Manager implements the investment strategy, managing the Company's assets in line with appropriate restrictions placed on it by the Board, including limits on the type and relative size of holdings which may be held in the portfolio and on the use of gearing, hedging, cash, derivatives and other financial instruments. Schroder Investment Management Limited also acts as Company Secretary, providing the Board with corporate governance support, liaising with the Company's Corporate Broker to assist in the implementation of the Company's discount management policy and advising the Board on key relationships with other service providers, whose services are subject to regular review.

Investment Objective

The principal investment objective of the Company 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

Strategic Report

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.

The Directors expect that, with the objective of maximising returns to Shareholders, some form of gearing may be employed by the Company from time to time, but they do not envisage net gearing levels in excess of 25 per cent. of Shareholders' funds.

The Company utilises a Yen 5 billion revolving credit facility (31 July 2013: Yen 5 billion) which was fully drawn at the year end (2013: Yen 3 billion). The Board has set parameters within which the Manager is authorised to use the credit facility and draw down funds.

Leverage

Leverage is any method by which the Company increases its exposure to changes in market prices.

In addition to the credit facility outlined above, the Company may employ leverage through other financial instruments such as derivatives or forward currency contracts, although it did not do so during the year and has no plans to do so. Leverage is then expressed as the ratio of the Company's total exposure to its net asset value. The AIFM Directive requires that this ratio is calculated in accordance with two methodologies, the "Gross Method" and the "Commitment Method". The essential difference between the two is that the Commitment Method allows netting off for the effect of hedges under certain strict conditions. Further details on how these ratios are calculated are given on the web at www.schroders.co.uk/its.

The AIFM Directive requires the Manager to set maximum leverage ratio limits. Accordingly the limits have been set at 2.0 for both the Gross and Commitment calculation methods. The Manager expects that, under normal market conditions, the level of leverage will be substantially lower than these maximum limits particularly as the Company does not utilise derivatives or forward currency contracts. At 31 July 2014, the Company's Gross leverage ratio and its Commitment leverage ratio both stood at 1.16.

The Manager may change the maximum level of leverage from time to time. Any changes will be disclosed to shareholders in accordance with the AIFM Directive.

Investment Philosophy and Process

The Manager's Japanese equity investment philosophy is based on the belief that a competitive advantage can be gained from in-house research which will translate into superior investment performance through disciplined portfolio construction.

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. The Manager prefers companies that can generate and sustain above average returns on their capital, and also look for opportunities in turn around situations where companies can improve returns from depressed levels.

Investment Process

The Manager uses a disciplined approach to running the Company. They have a repeatable process that starts with research and portfolio construction, and is supported by ongoing monitoring and portfolio control. The research is based on an intensive programme of company meetings, over 3,000 each year.

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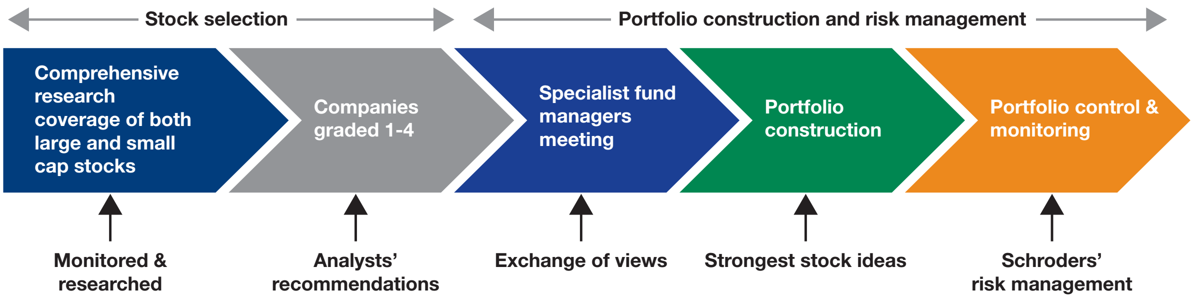
Disciplined and Repeatable Approach



The Fund Manager, Andrew Rose, has been part of Schroders' Japanese team since 1981. While he is currently based in London, he relies heavily on the in-house research team in Tokyo. Being based in London gives the Fund Manager the best of both worlds: access to an experienced group of specialists in Japan and exposure to broader investment input in London.

Management of the portfolio is "bottom up" and long term: the screening process begins with fundamental company analysis rather than shorter term macroeconomic impacts like changes in exchange rates. Given the long term approach, portfolio turnover tends to be low. A stock will not be bought unless Schroders have met the management of the company concerned. Risk monitoring tools check that the bottom up approach is on track.

Portfolio Construction

An important part of the portfolio construction process is the debate and peer group challenge which takes place at the formal meeting of fund managers twice a month. This meeting provides a forum to discuss and debate investment views and strategy, together with stock positions and stock ideas, and importantly serves to ensure vigorous debate amongst our Japanese equity fund managers.

Portfolio construction for the Company is then the responsibility of the Fund Manager. His focus is on the highest conviction stock ideas within the context of an appropriate risk management framework, while also setting, in conjunction with the Board, the gearing of the portfolio.

Investment Restrictions and Spread of Investment Risk

Risk in relation to the Company's investments is spread as a result of the Manager monitoring the Company's portfolio with a view to ensuring that the portfolio retains an appropriate balance to meet the Company's investment objective. The key restrictions imposed on the Manager include a) no more than 15% of the Company's total net assets, at the date of acquisition, may be invested in any one company; b) no more than 10% of the value of the Company's gross assets may be invested in other listed investment companies unless such companies have a stated investment policy not to invest more than 15% of their gross assets in other listed companies; c) no more than 15% of the Company's total net assets may be invested in open-ended funds and; d) no more than 25% of the Company's total net assets may be invested in the aggregate of unlisted investments and holdings representing 20% or more of the equity capital of any company.

The Investment Portfolio on pages 7 and 8 demonstrates that, as at 31 July 2014, the Manager held 86 investments spread over 24 sectors. The largest investment, Toyota Motor, represented 6.0% of shareholders' funds at 31 July 2014. At the end of the year, the Company did not hold any unlisted investments, open-ended funds or real estate investment trusts. The Board believes that the objective of spreading risk has been achieved in this way.

Performance

An outline of performance, market background, investment activity and portfolio strategy during the year under review, as well as outlook, is provided in the Chairman's Statement on pages 4 and 5 and the Manager's Review on page 6.

Principal Risks and Uncertainties

The Board has adopted a matrix of key risks which affect its business and has put in place a robust framework of internal control which is designed to monitor those risks and to enable the Directors to mitigate them as far as possible. The matrix and the monitoring system, which have been in place throughout the year and which are

Strategic Report

reviewed annually by the Board, assist in determining the nature and extent of the risks the Board is willing to take in achieving its strategic objectives. The principal risks are considered to be as follows:

Investment activity and performance

An inappropriate investment strategy (for example in terms of asset allocation or the level of gearing) may result in underperformance against the market and the companies in the peer group. The Board monitors at each Board meeting the Manager's compliance with the Company's Investment Restrictions.

Financial Risk

The Company is exposed to the effect of market and currency fluctuations due to the nature of its business. A significant fall in Japanese equity markets would have an adverse impact on the market value of the Company's underlying investments and, as the Company invests predominantly in underlying assets which are denominated in Yen, an exposure to changes in the exchange rate between Sterling and Yen has the potential to have a significant impact on returns. The Board considers the portfolio's risk profile at each Board meeting and discusses with the Manager appropriate strategies to mitigate any negative impact of substantial changes in markets or currency.

The Company utilises a credit facility, currently in the amount of Yen 5 billion, which increases the funds available for investment through borrowing. Therefore, in falling markets, any reduction in the net asset value and, by implication the consequent share price movement, is amplified by the gearing. The Directors keep the Company's gearing under constant review and impose strict restrictions on borrowings to mitigate this risk. The Company's gearing continues to operate within pre-agreed limits so that gearing does not exceed 25% of shareholders' funds.

A full analysis of the financial risks facing the Company is set out in note 20 on pages 36 to 40.

Strategic Risk

Over time investment vehicles and asset classes can become out of favour with investors or may fail to meet their investment objectives. This may be reflected in a wide discount of the share price to underlying asset value. Directors periodically review whether the Company's investment remit remains appropriate and continually monitor the success of the Company in meeting its stated objectives.

Accounting, Legal and Regulatory Risk

In order to continue to qualify as an investment trust, the Company must comply with the requirements of Section 1158 of the Corporation Tax Act 2010. Should the Company not comply with these requirements, it might lose investment trust status and capital gains within the Company's portfolio could, as a result, be subject to Capital Gains Tax.

Breaches of the UK Listing Rules, the Companies Act or other regulations with which the Company is required to comply, could lead to a number of detrimental outcomes and damage the Company's reputation. Breaches of controls by service providers, including the Manager, could also lead to reputational damage or loss.

Corporate Social and Environmental Policy

As an investment company, the Company has no direct social, environmental or human rights responsibilities; its policy is focused on ensuring that its portfolio is properly managed and invested. The Company has however adopted a Corporate Social and Environmental policy, details of which are set out in the Report of the Directors on pages 15 and 16.

Future Developments

The future performance of the Company depends upon the success of the Company's investment strategy in the light of economic factors and Japanese equity market developments. Further comments on the outlook for the Company for the next 12 months are set out in both the Chairman's Statement on pages 4 and 5 and the Manager's Review on page 6.

By Order of the Board
Schroder Investment Management Limited
Company Secretary

1 October 2014

Report of the Directors

The Directors present their annual Report and the audited financial statements for the year ended 31 July 2014.

Revenue and Earnings

The net revenue return before finance costs and taxation for the year was £2,811,000 (2013: £2,683,000). After deducting finance costs and taxation the amount available for distribution to shareholders was £2,401,000 (2013: £2,354,000), equivalent to net revenue of 1.92p (2013: 1.88p) per Ordinary share.

Dividend

Shareholders voted in November 2012 to remove the prohibition previously contained in the Articles on distributing capital profits by way of dividend or otherwise than by way of repurchase of the Company's issued share capital.

The Directors have recommended the payment of a final dividend for the year ended 31 July 2014 of 1.80p per share (2013: 1.75p) payable on 7 November 2014 to shareholders on the Register on 10 October 2014, subject to approval by shareholders at the Annual General Meeting. This dividend will be paid out of revenue to the extent of the balance available in the reserve, with the remainder from capital as now permitted by the Company's Articles.

Directors and their Interests

All current Directors of the Company and their biographical details can be found on the inside front cover of this Report. All Directors held office throughout the year under review. Mr Lyon retired as a Director on 7 November 2013.

In accordance with the Company's Articles of Association and the Company's policy on tenure which requires any Director who has served for more than nine years to be subject to annual re-election by shareholders, Mr Scott and Mr Taylor will retire and, being eligible, offer themselves for re-election. Mr Kingzett is retiring from the Board and will not seek re-election at the Annual General Meeting.

Mr Kingzett is an employee of Schroders, which receives fees from the Company in accordance with the Alternative Investment Fund Manager Agreement referred to below. No other Director has any material interest in any other contract which is significant to the Company's business. The Board has assessed the independence of all Directors. Mr Taylor and Mr Scott are considered to be independent in character and judgement, notwithstanding that they have served on the Board for more than nine years.

The Board, having reviewed its performance during the year, considers that each of Mr Scott and Mr Taylor continues to demonstrate commitment to their roles and provides a valuable contribution to the deliberations of the Board. It therefore recommends that shareholders vote in favour of their re-elections.

No Director has any material interest in any contract which is significant to the Company's business.

The Directors' interests in the Company's share capital at the beginning and end of the financial year ended 31 July 2014, all of which were beneficial, were as follows:

Director	Ordinary shares of 10p each 31 July 2014	Ordinary shares of 10p each 31 July 2013
Jonathan Taylor	**5,000**	5,000
Anja Balfour	**5,000**	Nil
Richard Greer	**31,689**	31,689
Jan Kingzett	**15,000**	15,000
Peter Lyon*	**N/A**	3,000
John Scott	**8,170**	8,170

*Mr Lyon retired as a Director on 7 November 2013.

The information in the above table has been audited (see Independent Auditors' Report on pages 24 to 26).

There have been no changes in the above holdings between the end of the financial year and the date of the Report.

Share Capital

As at the date of this Report, the Company had 125,008,200 Ordinary shares of 10p each in issue. No shares were held in Treasury. Accordingly, the total number of voting rights in the Company at the date of this Report is 125,008,200. There were no changes to the share capital in the year under review.

Substantial Share Interests

As at the date of this Report, the Company has received notifications in accordance with the FCA's Disclosure and Transparency Rule 5.1.2 R of the following direct or indirect interests in 3% or more of the voting rights attaching to the Company's issued share capital.

Report of the Directors

	Number of Ordinary shares	Percentage of total voting rights
1607 Capital Partners, LLC	15,077,392	12.06
Derbyshire County Council	9,025,000	7.22
Investec Wealth and Investment Limited	4,988,545	3.99

Manager

In accordance with the AIFM Directive, the Company has, with effect from 17 July 2014, become an Alternative Investment Fund and has appointed SUTL as the Manager in accordance with the terms of an AIFM Agreement. The Manager has delegated investment management, accounting and company secretarial services to Schroder Investment Management Limited. As part of a review in the run up to the continuation vote to take place at the Annual General Meeting on 5 November 2014, the Board has reviewed the performance of the Manager. The Board continues to consider that the Manager has the appropriate depth of resource to achieve above-average returns in the longer term. Thus, the Board considers that the Manager's appointment under the terms of the AIFM Agreement, further details of which are set out below, is in the best interests of shareholders.

The AIFM agreement, which is governed by the laws of England and Wales, can be terminated by either party on 12 months' notice or on immediate notice in the event of certain breaches or the insolvency of either party. During the year and following a review of management fees, agreement was reached with the Manager that, with effect from 31 July 2014, the previous management fee of 1.00% per annum on the first £150 million and 0.95% thereafter should be reduced to 0.75% per annum on the first £200 million and 0.65% thereafter. This will continue to be charged on the value of the Company's assets under management, net of current liabilities other than short term borrowings.

In view of the increasing costs incurred in the promotion of the Company to a wider audience, a marketing support fee of £50,000 per annum will be also be payable to the Manager from the same date in respect of the promotion of the Company.

The Board believes that this reduction in management fees will ensure that the Company's fees remain competitive when compared both with peer group companies as well as open-ended funds specialising in Japanese equities.

Depositary

HSBC Bank plc, a public limited company incorporated in England and Wales, company registration number 00014259, registered office at 8 Canada Square, London, E14 5HQ, has been appointed with effect from 17 July 2014 to carry out certain duties of a Depositary specified in the AIFM Directive including, in relation to the Company as follows:

- safekeeping of the assets of the Company which are entrusted to it;
- cash monitoring and verifying the Company's cash flows; and
- oversight of the Company and the Manager.

In carrying out such functions the Depositary shall act honestly, fairly, professionally, independently and in the interests of the shareholders of the Company.

The Depositary is liable to the Company for the loss of any financial instrument held in custody, unless the Depositary is permitted to and has discharged such liability under the AIFM Directive and the Depositary Agreement. The Manager will inform investors of any changes with respect to the Depositary's liability for the loss of any financial instrument held in custody. The Depositary is also liable to the Company for all other losses suffered by it as a result of the Depositary's fraud, negligence and/or intentional failure to properly fulfil its duties. Under the Depositary Agreement, the Company has agreed to indemnify the Depositary against certain liabilities for direct losses suffered by the Depositary except in the case of any liability arising from applicable law or from the negligence, fraud or wilful default of the Depositary.

The Company, the Manager and the Depositary may terminate the Depositary Agreement at any time by giving 90 days' notice in writing. The Depositary may only be removed from office when a new Depositary is appointed by the Company.

Registrar

The Company has appointed Equiniti Limited to act as Registrar. The services provided in their capacity as Registrar include share register maintenance, including the cancellation and allotment of shares as required; handling Shareholder queries and correspondence; arranging for the payment of dividends, maintenance and reconciliation of associated bank accounts; meeting management for company meetings including registering of proxy votes and Scrutineer services as and when required; and Corporate Action Services.

Corporate Social and Environmental Policy

The Company's primary investment objective is to achieve net optimal financial returns for shareholders, within established risk parameters and regulatory constraints. Provided that this objective is not compromised in the

Report of the Directors

process, the Board does, however, believe that it is also possible to develop a framework that, in the interests of our shareholders, allows a broader range of considerations, including environmental and social issues, to be taken into account when selecting and retaining investments. The investment process therefore contains a review of research into the environmental, social and ethical stance of companies. Where potential financial or reputational risks are identified, their materiality is assessed and given due consideration by the Manager when selecting or retaining investments.

Greenhouse Gas Emissions

As the Company outsources its operations to third parties, it has no greenhouse gas emissions to report.

Statement of Directors' Responsibilities

The Directors are responsible for preparing the Annual Report, the Strategic Report, the Report of the Directors, the Corporate Governance Statement, the Remuneration 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 prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). 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 accounting 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 respectively; and
- prepare the financial statements on a going concern basis unless it is inappropriate to presume that the Company will continue in business.

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 and the Remuneration Report comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Each of the Directors, whose names and functions are set out in the inside front cover of this Report, confirms that, to the best of their knowledge:

- the financial statements, which have been prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), give a true and fair view of the assets, liabilities, financial position and net return of the Company;
- the Strategic Report includes a fair review of the development and performance of the business and the position of the Company, together with a description of the principal risks and uncertainties that it faces; and
- 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 performance, business model and strategy.

Going Concern

The Directors believe that, having considered the Company's investment objective (see inside front cover), risk management policies (see note 20 to the accounts on pages 36 to 40), capital management policies and procedures (see note 21 to the accounts on page 40), expenditure projections and the fact that the Company's investments comprise readily realiseable securities which can be sold to meet funding requirements if necessary, that the Company has adequate resources, an appropriate financial structure and suitable management arrangements in place to continue in operational existence for the foreseeable future. For these reasons, they consider that there is reasonable evidence to continue to adopt the going concern basis in preparing the financial statements. The ongoing validity of the going concern basis depends on the outcome of the continuation vote, on which the Board is recommending that shareholders vote in favour. In particular, no provision has been made for the costs of winding-up the Company or liquidating its investments in the event that the resolution is not passed.

Provision of Information to the Auditors

The Directors at the date of approval of this Report confirm that, so far as each of them is aware, there is no relevant audit information of which the Company's Auditors are unaware; and each Director has taken all the steps that he or she ought to have taken as a Director in order to make himself or herself aware of any relevant audit information and to establish that the Company's Auditors are aware of that information.

Report of the Directors

Independent Auditors
The Company's Auditors, PricewaterhouseCoopers LLP, have expressed their willingness to remain in office and resolutions to re-appoint them as Auditors to the Company and to authorise the Directors to determine their remuneration will be proposed at the forthcoming Annual General Meeting.

Corporate Governance Statement

The Board is committed to high standards of corporate governance and has implemented a framework for corporate governance which it considers to be appropriate for an investment company in order to comply with the principles of the UK Corporate Governance Code. The Financial Reporting Council published a revised version of the UK Corporate Governance Code in September 2012 (the "Code") which applies to accounting periods beginning on or after 1 October 2012 and the disclosures in this Statement report against its provisions. The Code is published by the UK Financial Reporting Council and is available to download from www.frc.org.uk.

Compliance Statement
The UK Listing Authority requires all UK listed companies to disclose how they have complied with the provisions of the Code. This Corporate Governance Statement, together with the Statement of Directors' Responsibilities and Going Concern statement set out on page 16, indicates how the Company has complied with the principles of good governance of the Code and its requirements on Internal Control.

The Board considers that the Company has, throughout the year under review, complied with all relevant provisions set out in the Code, save in respect of the appointment of a Senior Independent Director, where departure from the Code is considered appropriate given the Company's position as an investment trust. The Board has considered whether a Senior Independent Director should be appointed. As the Board comprises entirely non-executive Directors, the appointment of a Senior Independent Director is not considered necessary. However, the Chairman of the Audit Committee effectively acts as the Senior Independent Director, leads the evaluation of the performance of the Chairman and is available to Directors and/or shareholders if they have concerns which cannot be resolved through discussion with the Chairman.

Operation and Composition of the Board

Composition
The Board has no executive directors and has not appointed a Chief Executive Officer as it has contractually delegated responsibility for the management of its investment portfolio, the arrangement of custodial and depositary services and the provision of accounting and company secretarial services. The Company has no employees.

Chairman
The Chairman is an independent non-executive Director who is responsible for leadership of the Board and ensuring its effectiveness on all aspects of its role. The Chairman's other significant commitments are detailed on the inside front cover of this Report. He has no conflicting relationships.

Role of the Board
A formal schedule of matters specifically reserved for decision by the full Board has been defined and a procedure adopted for Directors, in the furtherance of their duties, to take independent professional advice at the expense of the Company.

The Chairman ensures that all Directors receive in a timely manner relevant management, regulatory and financial information and are provided, on a regular basis, with key information on the Company's policies, regulatory requirements and internal controls. The Board receives and considers reports regularly from the Manager and other key advisers and ad hoc reports and information are supplied to the Board as required.

The Board is satisfied that it is of sufficient size with an appropriate balance of diverse skills and experience, independence and knowledge of the Company and the wider sector, to enable it to discharge its duties and responsibilities effectively and that no individual or group of individuals dominates decision making.

Training and Development
On appointment, Directors receive a full, formal and tailored induction. Directors are also provided on a regular basis with key information on the Company's policies, regulatory and statutory requirements and internal controls. Changes affecting Directors' responsibilities are advised to the Board as they arise. Directors also regularly

Report of the Directors

participate in relevant training and industry seminars and training and development needs are included as part of the evaluation process and are agreed with the Chairman.

Conflicts of Interest

The Board has approved a policy on Directors' conflicts of interest. Under this policy, Directors are required to disclose all actual and potential conflicts of interest to the Board as they arise for consideration and approval. The Board may impose restrictions or refuse to authorise such conflicts if deemed appropriate.

Board Evaluation

In order to review the effectiveness of the Board, the Committees and the individual Directors, a thorough appraisal process has been put in place. This is implemented by way of a questionnaire and discussions with the Chairman. In respect of the Chairman, discussions are held between the Directors and the Audit Committee chairman. The process is considered by the Board to be constructive in terms of identifying areas for improving the functioning and performance of the Board and the Committees, the contribution of individual Directors and building and developing individual and collective strengths.

Directors' Liability Insurance and Indemnity

Directors' and officers' liability insurance cover was in place in respect of the Directors throughout the year. The Company's Articles of Association provide, subject to the provisions of UK legislation, an indemnity for Directors in respect of costs which they may incur relating to the defence of any proceedings brought against them arising out of their positions as Directors, in which they are acquitted or judgment is given in their favour by the Court. This indemnity was in place throughout the year under review.

Directors' Attendance at Meetings

Four Board meetings are usually scheduled each year to deal with matters including the setting and monitoring of investment strategy, approval of borrowings, the review of investment performance, the level of the discount to net asset value and the evaluation of service providers. In addition, a strategy meeting is held each year. Additional meetings of the Board may be arranged as required.

The number of meetings of the Board and its Committees held during the financial year and the attendance of individual Directors are shown below. Whenever possible all Directors attend the Annual General Meeting.

Director	Board	Nomination Committee	Audit Committee	Management Engagement Committee
Jonathan Taylor	4/4	1/1	2/2	1/1
Anja Balfour	4/4	1/1	2/2	1/1
Richard Greer	4/4	1/1	2/2	1/1
Jan Kingzett	4/4	1/1	N/A	N/A
Peter Lyon*	1/1	1/1	1/1	1/1
John Scott	4/4	1/1	2/2	1/1

*Mr Lyon retired on 7 November 2013.

The Board is satisfied that each of the Chairman and the other non-executive Directors commits sufficient time to the affairs of the Company to fulfil their duties as Directors.

Board Committees and their Activities

Terms of Reference

The Committees of the Board have defined Terms of Reference which are available on the website www.schroderjapangrowthfund.com. Membership of the Committees is set out on the inside front cover of this Report.

Audit Committee

The role of the Audit Committee is to ensure that the Company maintains the highest standards of integrity in financial reporting and internal control. The Board considers each member of the Committee to be independent.

The Audit Committee met twice during the year to consider the operational controls maintained by the Manager and Depositary, the Half Year and Annual Report and Accounts and the Audit Plan and Engagement letter, the independence of the Auditor and evaluation of the Auditor. The Board has satisfied itself that at least one of the

Report of the Directors

Committee's members has recent and relevant financial experience (see Directors' biographies on the inside front cover of this Report).

During its review of the Company's financial statements for the year ended 31 July 2014, the Audit Committee considered the following significant issues, including consideration of principal risks and uncertainties in light of the Company's activities, and issues communicated by the Auditors during their reporting:

Issue considered	How the issue was addressed
• Overall accuracy of the Annual Report and Accounts	• Consideration of the draft Annual Report, letter from the Manager in support of the letter of representation to the Auditors and the Auditors' Report to the Audit Committee.
• Calculation of investment management fees	• Consideration of methodology used to calculate the fee, matched against the criteria set out in the AIFM Agreement.
• Valuation and existence of holdings	• Review of portfolio holdings and assurance reports on controls from the Manager, Custodian and Depositary.
• Compliance with the investment trust qualifying rules in S1158 of the Corporation Tax Act 2010	• Consideration of the Manager's report confirming compliance.
• Internal controls and risk management	• Consideration of several key aspects of internal control and risk management operating within the Manager.

Effectiveness of the Independent Audit Process

The Audit Committee evaluated the effectiveness of the independent audit firm and process prior to making a recommendation on their re-appointment at the forthcoming Annual General Meeting. This evaluation involved an assessment of the effectiveness of the Auditors' performance against agreed criteria including: qualification; knowledge, expertise and resources; independence policies; effectiveness of audit planning; adherence to auditing standards; and overall competence. As part of the evaluation, the Committee considered feedback from the Manager on the audit process and the year end report from the Auditors, which details compliance with regulatory requirements, on safeguards that have been established, and on their own internal quality control procedures. The members of the Committee also met the Auditors without representatives of the Manager present.

Representatives of the Company's Auditors attend the Audit Committee meeting at which the draft Annual Report and Accounts are considered. Having reviewed the performance of the external Auditors as described above, the Committee considered it appropriate to recommend the firm's re-appointment.

The Auditors are required to rotate the Senior Statutory Auditor every five years. This is the second year that the Senior Statutory Auditor has conducted the audit of the Company's financial statements.

Provision of Non-Audit Services

The Audit Committee has adopted a policy on the engagement of the Company's Auditors to supply non-audit services to the Company. £2,000 is payable to the Auditors for non-audit services provided in respect of taxation compliance for the year under review (2013: £2,000). The Committee ensures that auditor objectivity and independence are safeguarded by a policy requiring pre-approval by the Committee for all non-audit services, which takes into consideration confirmation from the Auditors that they have adequate arrangements in place to safeguard their objectivity and independence in carrying out such work, within the meaning of the regulatory and professional requirements to which they are subject; the fees to be incurred, relative to the audit fees; the nature of the non-audit services; and whether the Auditors' skills and experience make it the most suitable supplier of such services and whether they are in a position to provide them.

Nomination Committee

The Nomination Committee is responsible for succession planning bearing in mind the balance of skills, knowledge and experience existing on the Board and will recommend to the Board when the further recruitment of non-executive Directors is required. The Nomination Committee aims to maintain a balance of relevant skills, experience, gender, ages and length of service of the Directors serving on the Board.

Report of the Directors

Before the appointment of a new Director, the Nomination Committee prepares a description of the role and capabilities required for a particular appointment. While the Committee is dedicated to selecting the best person for the role, it aims to promote diversification and the Board also recognises the importance of diversity.

Candidates are drawn from suggestions put forward from within the Company or by the use of an external agency. Candidates are then interviewed by members of the Nomination Committee which makes a recommendation to the Board.

Once appointed as a Director, re-appointment is not automatic and follows a formal process of evaluation of each Director's performance by the Chairman. Any Director who is subject to annual re-election due to length of service is subject to particularly rigorous assessment of their contribution.

The Committee met on one occasion during the year under review to consider its terms of reference and to appoint a new Chair of the Committee upon Mr Lyon's retirement.

Management Engagement Committee

The role of the Management Engagement Committee is to ensure that the Company's Manager remains suitable to manage the portfolio, that the management contract is competitive and reasonable for the shareholders, and that the Company maintains appropriate administrative and company secretarial support. The Committee also reviews the services provided by other service providers. The Board considers each member of the Committee to be independent.

To discharge its duties, the Committee met on one occasion during the year ended 31 July 2014 and considered the performance and suitability of the Manager, the terms and conditions of the management contract and services provided by other service providers.

Relations with Shareholders

Shareholder relations are given high priority by both the Board and the Manager. The prime medium by which the Company communicates with shareholders is through the Half Year Report and the Annual Report which aim to provide shareholders with a clear understanding of the Company's activities and its results. In addition Interim Management Statements are issued twice each year in accordance with the Transparency Directive.

The Chairmen of the Board and its Committees attend the Annual General Meeting ("AGM") and are available to respond to queries and concerns from shareholders.

It is the intention of the Board that the Annual Report and Notice of the AGM be issued to shareholders so as to provide at least twenty working days notice of the AGM. Shareholders wishing to lodge questions in advance of the AGM are invited to do so by writing to the Company Secretary at the address given on the inside front cover.

The Company has adopted a policy on complaints and other shareholder communications which ensures that shareholder complaints and communications addressed to the Company Secretary, the Chairman or the Board are, in each case, considered by the Chairman and by the Board.

Exercise of Voting Powers and the UK Stewardship Code

The Company has delegated responsibility for voting to Schroders which votes in accordance with its corporate governance policy. A copy of this policy is available on the Company's website. The Board considers the UK Stewardship Code to be an important tool in shareholder engagement. Schroders' compliance with the principles of the UK Stewardship Code is reported on its website at www.schroders.com.

Anti-Bribery Policy

The Company continues to be committed to carrying out its business fairly, honestly and openly and continues to operate an anti-bribery policy.

Internal Audit

The Company does not have an internal audit function; it delegates to third parties most of its operations and does not employ any staff. The Board will continue to monitor the system of internal control in order to provide assurance that it operates as intended and the Directors annually review whether a function equivalent to internal audit is needed.

Internal Control and Risk Management Systems

Information on the Company's internal control and risk management systems can be found in the Strategic Report on pages 9 to 13.

By Order of the Board

Schroder Investment Management Limited
Company Secretary

1 October 2014

Remuneration Report

Introduction

This Report has been prepared in accordance with the relevant provisions of the Companies Act 2006 and the Large and Medium-sized Companies and Groups (Accounts and Reports) (Amendment) Regulations 2013.

The Report is presented in a different format this year in order to comply with new legislative requirements. Both the Directors' Remuneration Policy and the Directors' Annual Report on Remuneration are subject to shareholder approval at the forthcoming Annual General Meeting ("AGM") as described below.

Policy on Remuneration of Directors

The determination of the Directors' fees is a matter dealt with by the Management Engagement Committee and the Board.

It is the Board's policy to determine the level of Directors' remuneration having regard to amounts payable to non-executive directors in the industry generally, the role that individual directors fulfil in respect of Board and Committee responsibilities, and time committed to the Company's affairs, taking into account the aggregate limit of fees set out in the Company's Articles of Association. This aggregate level of Directors' fees is currently set at £175,000 per annum and any increase in this level requires approval by the Board and the Company's shareholders.

The Board and its Committees exclusively comprise non-executive Directors. No Director past or present has an entitlement to pensions, and the Company has not, and does not intend to, award any share options or long term performance incentives to any Director. No element of Directors' remuneration is performance related. No Director has a service contract with the Company however directors have a letter of appointment with the Company under which they are entitled to one month's notice in the event of termination. Directors do not receive exit payments and are not provided with any compensation for loss of office. No other payments are made to Directors other than the reimbursement of reasonable out-of-pocket expenses incurred in attending the Company's business.

The terms of Directors' letters of appointment are available for inspection at the Company's registered office address during normal business hours and during the AGM at the location of such meeting.

The Board did not seek the views of shareholders in setting this Remuneration Policy. Any comments on the Policy received from shareholders would be considered on a case-by-case basis.

As the Company does not have any employees, no employee pay and employment conditions were taken into account when setting this Remuneration Policy and no employees were consulted in its construction.

Component Parts of the Directors' Remuneration

The elements which comprise the basis of remuneration paid to Directors are set out in the table below (see also related notes below the table).

Salary/fees	Amounts receivable during the financial year in respect of of one-year performance targets	Amounts receivable during the financial year in respect of performance targets of more than one year	Pensions related benefits
Fees only payable	N/A	N/A	N/A

The Chairman of the Board and the chairman of the Audit Committee each receive fees at a higher rate than the other Directors to reflect their additional responsibilities and an additional fee is payable to members of Board Committees to reflect the additional time commitment.

The fees payable to Directors are not performance related. They are set at a level to recruit and retain individuals of sufficient calibre, with the level of knowledge, experience and expertise necessary to promote the success of the Company in reaching its short and long term strategic objectives.

The maximum that may be paid in respect of Directors' aggregate fees is limited by the provisions of the Company's Articles of Association, as amended from time to time with the approval of shareholders.

As the Company has no employees, there are no comparisons to be made between this Directors' Remuneration Policy and a policy on the remuneration of employees.

Directors' fees are reviewed annually and take into account research from third parties on the fee levels of Directors of peer group companies, as well as industry norms and factors affecting the time commitment expected of the Directors. New Directors are subject to the provisions set out in this Remuneration Policy.

Remuneration Report

Directors' Annual Report on Remuneration

This Report sets out how the Directors' Remuneration Policy was implemented during the year ended 31 July 2014.

Fees Paid to Directors

With effect from 1 November 2013, the Chairman's fee was increased from £25,000 to £27,000, and fees paid to the other members of the Board increased from £17,000 to £18,500. Members of the Audit Committee each receive an additional fee of £2,000 per annum and Members of the Management Engagement and Nomination Committees each receive an additional £1,000 per annum for their contributions to the deliberations of such committees. The Chairman of the Audit Committee received an additional £3,000.

The following amounts were paid by the Company to the Directors for services as non-executive Directors in respect of the year ended 31 July 2014 and the previous financial year:

	Salary/Fees		Amounts receivable during the year ended 31 July 2014 in respect of one year performance targets		Amounts receivable during the year ended 31 July 2014 in respect of performance targets of more than one year		Pensions-Related Benefits		Total	
Director	2014 £	2013 £	2014 £	2013 £	2014 £	2013 £	2014 £	2013 £	2014 £	2013 £
Jonathan Taylor (Chairman)	30,500	29,000	–	–	–	–	–	–	30,500	29,000
Anja Balfour[1]	22,125	5,250	–	–	–	–	–	–	22,125	5,250
Richard Greer	22,125	21,000	–	–	–	–	–	–	22,125	21,000
Jan Kingzett	19,125	18,000	–	–	–	–	–	–	19,125	18,000
Peter Lyon[2]	5,682	21,000	–	–	–	–	–	–	5,682	21,000
John Scott	25,125	24,000	–	–	–	–	–	–	25,125	24,000

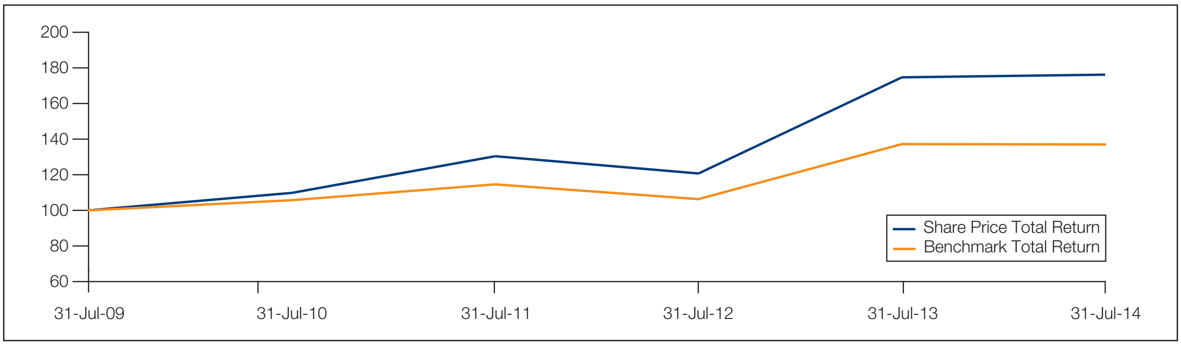
[1] Appointed on 1 May 2013.
[2] Retired on 7 November 2013.
The information in the above table has been audited.

Consideration of Matters Relating to Directors' Remuneration

Directors' remuneration levels were reviewed by the Management Engagement Committee and the Board during the year under review. The members of the Committee at the time that remuneration levels were considered were as set out in the inside front cover of this Report. No external advice was sought in considering Directors' fee levels. However information on fees paid to Directors of other investment trusts managed by Schroders and peer group companies provided by the Manager and corporate broker was taken into consideration.

Performance Graph

A graph showing the Company's share price total return compared with its Benchmark the TSE First Section Total Return Index, over the last five years is shown below.



Source: Morningstar/Thomson Financial Datastream Rebased to 100 at 31 July 2009.

Remuneration Report

Expenditure by the Company on Directors' Remuneration compared with Distributions to Shareholders

The table below compares the remuneration payable to Directors to distributions paid to shareholders during the year under review and the prior financial year. In considering these figures, shareholders should take into account the Company's principal investment objective of achieving capital growth.

	Year ended 31 July 2014 £'000	Year ended 31 July 2013 £'000	% Change
Remuneration payable to Directors	125	118	+5.9
Distributions paid to shareholders			
– Dividends	2,188	–	N/A

Directors' Share Interests

The Company's Articles of Association do not require Directors to own shares in the Company. The shareholdings of Directors, including those of connected persons, at the beginning and end of the financial year under review are set out in the Report of the Directors on page 14. Such information has been audited.

The Company does not operate a share scheme for Directors nor does it award Directors share options.

Implementation of the Directors' Remuneration Policy for the year ending 31 July 2015

The Board does not intend to make any significant changes to the implementation of the Directors' Remuneration Policy as set out in this Report for the year ending 31 July 2015.

Shareholder Approval

Directors' Remuneration Policy

The above Remuneration Policy is currently in force and is subject to a binding vote every three years. An ordinary resolution to approve this Policy will be put to shareholders at the forthcoming AGM, following which the full Policy provisions will continue to apply until the AGM to be held in 2017 unless a revised Remuneration Policy is approved prior to such AGM.

Directors' Annual Report on Remuneration

The above Report on Directors' Remuneration is subject to an annual advisory vote. An ordinary resolution to approve this Report will be put to shareholders at the forthcoming AGM.

At the Annual General Meeting held on 7 November 2013, 99.86% of the votes cast (including votes cast at the Chairman's discretion) in respect of approval of the Remuneration Report for the year ended 31 July 2013 were in favour while 0.14% were against. 32,400 votes were withheld.

Jonathan Taylor
Chairman
1 October 2014

Independent Auditors' Report to the Members of Schroder Japan Growth Fund plc

Report on the financial statements

Our opinion

In our opinion the financial statements, defined below:

- give a true and fair view of the state of the Company's affairs as at 31 July 2014 and of its profit and cash flows for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

This opinion is to be read in the context of what we say in the remainder of this report.

What we have audited

The financial statements, which are prepared by Schroder Japan Growth Fund plc (the "Company"), comprise:

- the balance sheet as at 31 July 2014;
- the income statement for the year then ended;
- the cash flow statement and the reconciliation of movements in shareholders' funds for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information.

The financial reporting framework that has been applied in their preparation comprises applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

What an audit of financial statements involves

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) ("ISAs (UK & Ireland)"). An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of:

- whether the accounting policies are appropriate to the Company's circumstances and have been consistently applied and adequately disclosed;
- the reasonableness of significant accounting estimates made by the Directors; and
- the overall presentation of the financial statements.

In addition, we read all the financial and non-financial information in the Report and Accounts (the "Annual Report") to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Overview of our audit approach

Materiality

We set certain thresholds for materiality. These helped us to determine the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, both individually and on the financial statements as a whole.

Based on our professional judgement, we determined an overall materiality for the financial statements as a whole of £1.7m which is approximately 1% of Net Assets. We have applied this benchmark, a generally accepted auditing practice in the investment management sector, in the absence of indicators that an alternative benchmark would be appropriate.

We agreed with the Audit Committee that we would report to them misstatements identified during our audit above £87,000 as well as misstatements below that amount that, in our view, warranted reporting for qualitative reasons.

Overview of the scope of our audit

The Company is a standalone Investment Trust Company managed by an independent Alternative Investment Fund Manager, Schroder Unit Trusts Limited (the "Manager").

The financial statements, which remain the responsibility of the Directors, are prepared on their behalf by the Manager. The Manager has, with the consent of the Directors, delegated the provision of certain administrative functions to HSBC Securities Services (UK) Limited (the "Company Administrator").

In establishing the overall approach to our audit we assessed the risk of material misstatement, taking into account the nature, likelihood and potential magnitude of any misstatement. As part of our risk assessment, we considered the Company's interaction with the Manager and Company Administrator, and we assessed the control environment in place at both entities, to the extent relevant to our audit of the Company.

Following this assessment, we applied professional judgement to determine the extent of testing required over each balance in the financial statements to give us the evidence we needed for our opinion on the financial statements.

Areas of particular audit focus

In our audit, we tested and examined information, using sampling and other auditing techniques, to the extent we considered necessary to provide a reasonable basis for us to draw conclusions. We obtained audit evidence through testing the effectiveness of controls, substantive procedures or a combination of both.

Independent Auditors' Report to the Members of Schroder Japan Growth Fund plc

We considered the following areas to be those that required particular focus in the current year. This is not a complete list of all risks or areas of focus identified by our audit. We discussed these areas of focus with the Audit Committee. Their report on those matters that they considered to be significant issues in relation to the financial statements is set out on page 19.

Area of focus	How the scope of our audit addressed the area of focus
Valuation and existence of investments We focused on this area because investments represent the principal element of the financial statements.	We tested the valuation of the investment portfolio by agreeing the valuation of investments to independent third party sources. We tested the existence of the investment portfolio by agreeing the holdings to an independent custodian confirmation.
Risk of management override of internal controls ISAs (UK & Ireland) require we consider management override of controls.	We test a sample of journal entries to determine whether adjustments were supported by evidence and appropriately authorised. We built an element of unpredictability into our detailed testing by testing immaterial expense items.

Going Concern

Under the Listing Rules we are required to review the Directors' statement, set out on page 16, in relation to going concern. We have nothing to report having performed our review.

As noted in the Directors' statement, the Directors have concluded that it is appropriate to prepare the financial statements using the going concern basis of accounting. The going concern basis presumes that the Company has adequate resources to remain in operation, and that the Directors intend it to do so, for at least one year from the date the financial statements were signed. As part of our audit we have concluded that the Directors' use of the going concern basis is appropriate.

However, because not all future events or conditions can be predicted, these statements are not a guarantee as to the Company's ability to continue as a going concern.

Opinions on matters prescribed by the Companies Act 2006

In our opinion:

- the information given in the Strategic Report and the Report of the Directors for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the part of the Remuneration Report to be audited has been properly prepared in accordance with the Companies Act 2006.

Other matters on which we are required to report by exception

Adequacy of accounting records and information and explanations received

Under the Companies Act 2006 we are required to report to you if, in our opinion:

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

We have no exceptions to report arising from this responsibility.

Corporate Governance Statement

Under the Listing Rules we are required to review the part of the Corporate Governance Statement relating to the Company's compliance with nine provisions of the UK Corporate Governance Code ('the Code'). We have nothing to report having performed our review.

On page 16 of the Annual Report, as required by the Code Provision C.1.1, the Directors state that they consider the Annual Report taken as a whole to be fair, balanced and understandable and provides the information necessary for members to assess the Company's performance, business model and strategy. On page 19, as required by C3.8 of the Code, the Audit Committee has set out the significant issues that it considered in relation to the financial statements, and how they were addressed. Under ISAs (UK & Ireland) we are required to report to you if, in our opinion:

- the statement given by the Directors is materially inconsistent with our knowledge of the Company acquired in the course of performing our audit; or
- the section of the Annual Report describing the work of the Audit Committee does not appropriately address matters communicated by us to the Audit Committee.

We have no exceptions to report arising from this responsibility.

Independent Auditors' Report to the Members of Schroder Japan Growth Fund plc

Other information in the Annual Report

Under ISAs (UK & Ireland), we are required to report to you if, in our opinion, information in the Annual Report is:

- materially inconsistent with the information in the audited financial statements; or
- apparently materially incorrect based on, or materially inconsistent with, our knowledge of the Company acquired in the course of performing our audit; or
- is otherwise misleading.

We have no exceptions to report arising from this responsibility.

Responsibilities for the financial statements and the audit

Our responsibilities and those of the Directors

As explained more fully in the Statement of Directors' Responsibilities set out on page 16, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and ISAs (UK & Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the Company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Richard McGuire (Senior Statutory Auditor) for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
1 October 2014

Notes:

- The maintenance and integrity of the Schroder Japan Growth Fund plc website is the responsibility of the Directors; the work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the website.
- Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Income Statement

for the year ended 31 July 2014

	Note	2014 Revenue £'000	2014 Capital £'000	2014 Total £'000	2013 Revenue £'000	2013 Capital £'000	2013 Total £'000
(Losses)/gains on investments held at fair value through profit or loss	2	–	(1,383)	(1,383)	–	43,180	43,180
Net foreign currency gains		–	3,168	3,168	–	2,911	2,911
Income from investments	3	3,793	–	3,793	3,645	–	3,645
Other interest receivable and similar income	3	1	–	1	–	–	–
Gross return		3,794	1,785	5,579	3,645	46,091	49,736
Investment management fee	4	(551)	(1,285)	(1,836)	(496)	(1,158)	(1,654)
Administrative expenses	5	(432)	–	(432)	(466)	–	(466)
Net return before finance costs and taxation		2,811	500	3,311	2,683	44,933	47,616
Finance costs	6	(71)	(166)	(237)	(70)	(164)	(234)
Net return on ordinary activities before taxation		2,740	334	3,074	2,613	44,769	47,382
Taxation on ordinary activities	7	(339)	–	(339)	(259)	–	(259)
Net return on ordinary activities after taxation		2,401	334	2,735	2,354	44,769	47,123
Return per share	9	1.92p	0.27p	2.19p	1.88p	35.81p	37.69p

The "Total" column of this statement is the profit and loss account of the Company, and 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 included in the results above and therefore no separate statement of total recognised gains and losses has been presented.

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

The notes on pages 31 to 40 form an integral part of these accounts.

Reconciliation of Movements in Shareholders' Funds

for the year ended 31 July 2014

	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 2012	12,501	7	97,205	3	20,378	(4,309)	125,785
Net return on ordinary activities	–	–	–	–	44,769	2,354	47,123
At 31 July 2013	12,501	7	97,205	3	65,147	(1,955)	172,908
Net return on ordinary activities	–	–	–	–	334	2,401	2,735
Dividend paid in the year	–	–	–	–	(2,188)	–	(2,188)
At 31 July 2014	**12,501**	**7**	**97,205**	**3**	**63,293**	**446**	**173,455**

The notes on pages 31 to 40 form an integral part of these accounts.

Balance Sheet

at 31 July 2014

	Note	2014 £'000	2013 £'000
Fixed assets			
Investments held at fair value through profit or loss	10	196,932	192,647
Current assets			
Debtors	11	571	189
Cash at bank and in hand		6,575	1,023
		7,146	1,212
Current liabilities			
Creditors: amounts falling due within one year	12	(30,623)	(20,951)
Net current liabilities		(23,477)	(19,739)
Total assets less current liabilities		173,455	172,908
Net assets		173,455	172,908
Capital and reserves			
Called-up share capital	13	12,501	12,501
Share premium	14	7	7
Share purchase reserve	14	97,205	97,205
Warrant exercise reserve	14	3	3
Capital reserves	14	63,293	65,147
Revenue reserve	14	446	(1,955)
Total equity shareholders' funds		173,455	172,908
Net asset value per share	15	138.75p	138.32p

These accounts on pages 27 to 40 were approved and authorised for issue by the Board of Directors on 1 October 2014 and signed on its behalf by:

Jonathan Taylor
Chairman

The notes on pages 31 to 40 form an integral part of these accounts.

Registered in England and Wales
Company registration number: 2930057

Cash Flow Statement

for the year ended 31 July 2014

	Note	2014 £'000	2013 £'000
Net cash inflow from operating activities	**16**	**1,482**	1,611
Servicing of finance			
Interest paid		**(267)**	(252)
Net cash outflow from servicing of finance		**(267)**	(252)
Taxation			
Overseas tax paid		**(335)**	(256)
Investment activities			
Purchases of investments		**(18,631)**	(26,997)
Sales of investments		**13,643**	17,640
Net cash outflow from investment activities		**(4,988)**	(9,357)
Dividend paid		**(2,188)**	–
Net cash outflow before financing		**(6,296)**	(8,254)
Financing			
Loan drawn down		**12,489**	–
Net cash inflow from financing		**12,489**	–
Net cash inflow/(outflow) in the year	**17**	**6,193**	(8,254)

The notes on pages 31 to 40 form an integral part of these accounts.

Notes to the Accounts

1. Accounting Policies

(a) Basis of accounting

The accounts are prepared in accordance with the Companies Act 2006, United Kingdom Generally Accepted Accounting Practice ("UK GAAP") and with the Statement of Recommended Practice "Financial Statements of Investment Trust Companies and Venture Capital Trusts" (the "SORP") issued by the Association of Investment Companies in January 2009. All of the Company's operations are of a continuing nature.

The accounts have been prepared on a going concern basis under the historical cost convention, as modified by the revaluation of investments at fair value through profit or loss.

The policies applied in these accounts are consistent with those applied in the preceding year.

(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 is provided internally on that basis to the Company's Board of Directors. Accordingly, upon initial recognition the investments are designated by the Company as "held at fair value through profit or loss". They are included initially at fair value which is taken to be their cost, excluding expenses incidental to purchase which are written off to capital at the time of acquisition. Subsequently the investments are valued at fair value, which are last traded prices as quoted on the Tokyo Stock Exchange.

All purchases and sales are accounted for on a trade date basis.

(c) Accounting for reserves

Gains and losses on sales of investments, including the related foreign exchange gains and losses, are included in the income statement and in capital reserves within "gains and losses on sales of investments". Increases and decreases in the valuation of investments held at the year end, including the related foreign exchange gains and losses are included in the income statement and in capital reserves within "holding gains and losses on investments".

Foreign exchange gains and losses on cash and deposit balances and unrealised exchange gains and losses on foreign currency loans are included in the income statement and in capital reserves.

(d) Income

Dividends receivable from equity shares are included in revenue on an ex-dividend basis except where, in the opinion of the Board, the dividend is capital in nature, in which case it is included in capital.

Overseas dividends are included gross of any withholding tax.

Where the Company has elected to receive scrip dividends in the form of additional shares rather than in cash, the amount of the cash dividend foregone is recognised in revenue. Any excess in the value of the shares received over the amount of the cash dividend is recognised in capital.

Deposit interest outstanding at the year end is calculated and accrued on a time apportionment basis using market rates of interest.

(e) Expenses

All expenses are accounted for on an accruals basis. Expenses are allocated wholly to the revenue column of the income statement with the following exceptions:

- The investment management fee is allocated 30% to revenue and 70% to capital in line with the Board's expected long term split of revenue and capital return from the Company's investment portfolio.
- Expenses incidental to the purchase or sale of an investment are charged to capital. These expenses are commonly referred to as transaction costs and mainly comprise brokerage commission. Details of transaction costs are given in note 10 on page 34.

(f) Finance costs

Finance costs are accounted for on an accruals basis using the effective interest method and in accordance with the provisions of FRS 25 "Financial Instruments: Presentation" and FRS 26 "Financial Instruments: Measurement".

Finance costs are allocated 30% to revenue and 70% to capital in line with the Board's expected long term split of revenue and capital return from the Company's investment portfolio.

(g) Financial instruments

Cash and short term deposits may comprise cash and demand deposits which are readily convertible to a known amount of cash and are subject to insignificant risk of changes in value.

Other debtors and creditors do not carry any interest, are short term in nature and are accordingly stated at nominal value, with debtors reduced by appropriate allowances for estimated irrecoverable amounts.

Bank loans and overdrafts are classified as loans and receivables and are initially measured at fair value and subsequently measured at amortised cost. They are recorded at the proceeds received net of direct issue costs. Finance costs, including any premiums payable on settlement or redemption and direct issue costs, are accounted for on an accruals basis using the effective interest method.

(h) Taxation

Current tax is provided at the amounts expected to be paid or received.

Deferred tax is accounted for in accordance with FRS 19: "Deferred Tax".

Deferred tax is provided on all timing differences that have originated but not reversed by the balance sheet date.

Notes to the Accounts

Deferred tax liabilities are recognised for all taxable timing differences but deferred tax assets are only recognised to the extent that it is probable that taxable profits will be available against which those timing differences can be utilised.

Tax relief is allocated to expenses charged to the capital column of the income statement on the "marginal basis". On this basis, if taxable income is capable of being entirely offset by revenue expenses, then no tax relief is transferred to the capital column.

Deferred tax is measured at the tax rate which is expected to apply in the periods in which the timing differences are expected to reverse, based on tax rates that have been enacted or substantively enacted at the balance sheet date and is measured on an undiscounted basis.

(i) Foreign currency

In accordance with FRS 23: "The effects of changes in Foreign Currency Exchange Rates" the Company is required to nominate a functional currency. The Board, having regard to the currency of the Company's share capital and the predominant currency in which its shareholders operate, has determined that Sterling is the functional currency. Sterling is also the currency in which the accounts are presented.

Transactions denominated in foreign currencies are converted at actual exchange rates as at the date of the transaction. Monetary assets, liabilities and equity investments held at fair value denominated in foreign currencies are translated at the rates of exchange prevailing at the year end.

(j) Dividends payable

In accordance with FRS 21: "Events after the balance sheet date", dividends are included in the accounts in the year in which they are paid.

2. (Losses)/Gains on investments held at fair value through profit or loss

	2014 £'000	2013 £'000
Gains on sales of investments based on historic cost	1,643	4,076
Amounts recognised in investment holding gains and losses in the previous year in respect of investments sold in the year	(1,469)	533
Net gains on sales of investments based on the carrying value at the previous balance sheet date	174	4,609
Net movement in investment holding gains and losses	(1,557)	38,571
(Losses)/gains on investments held at fair value through profit or loss	(1,383)	43,180

3. Income

	2014 £'000	2013 £'000
Income from investments:		
Overseas dividends	3,793	3,645
Other interest receivable and similar income		
Deposit interest	1	–
Total income	3,794	3,645

4. Investment management fee

	2014 Revenue £'000	2014 Capital £'000	2014 Total £'000	2013 Revenue £'000	2013 Capital £'000	2013 Total £'000
Management fee	551	1,285	1,836	496	1,158	1,654

The basis for calculating the investment management fee is set out in the Report of the Directors on page 15.

5. Administrative expenses

	2014 £'000	2013 £'000
Administration expenses	195	238
Directors' fees	125	118
Secretarial fee	90	90
Auditors' remuneration for audit services	20	18
Auditors' remuneration for taxation compliance services	2	2
	432	466

Notes to the Accounts

6. Finance costs

	Revenue 2014 £'000	Capital 2014 £'000	Total 2014 £'000	Revenue 2013 £'000	Capital 2013 £'000	Total 2013 £'000
Interest on bank loans and overdrafts	**71**	**166**	**237**	70	164	234

7. Taxation

(a) Analysis of charge in the year:

	2014 £'000	2013 £'000
Irrecoverable overseas tax	**339**	259
Current tax charge for the year	**339**	259

(b) Factors affecting tax charge for the year

The tax assessed for the year is lower (2013: lower) than the Company's applicable rate of corporation tax for the year of 22.33% (2013: 23.67%).

The factors affecting the current tax charge for the year are as follows:

	Revenue 2014 £'000	Capital 2014 £'000	Total 2014 £'000	Revenue 2013 £'000	Capital 2013 £'000	Total 2013 £'000
Net return on ordinary activities before taxation	**2,740**	**334**	**3,074**	2,613	44,769	47,382
Net return on ordinary activities before taxation multiplied by the Company's applicable rate of corporation tax for the year of 22.33% (2013: 23.67%)	**612**	**75**	**687**	618	10,597	11,215
Effects of:						
Capital returns on investments	**–**	**(399)**	**(399)**	–	(10,910)	(10,910)
Income not chargeable to corporation tax	**(847)**	**–**	**(847)**	(863)	–	(863)
Unrelieved expenses	**235**	**324**	**559**	245	313	558
Irrecoverable overseas tax	**339**	**–**	**339**	259	–	259
Current tax charge for the year	**339**	**–**	**339**	259	–	259

(c) Deferred taxation

The Company has an unrecognised deferred tax asset of £3,481,000 (2013: £2,980,000) based on a prospective corporation tax rate of 20% (2013: 20%). The reduction in the standard rate of corporation tax was substantively enacted in July 2013 and will be effective from 1 April 2015. The deferred tax asset has arisen due to the cumulative excess of deductible expenses over taxable income. Given the composition of the Company's portfolio, it is not likely that this asset will be utilised in the foreseeable future and therefore no asset has been recognised in the accounts.

Given the Company's intention to meet the conditions required to obtain approval as an Investment Trust Company, no provision has been made for deferred tax on any capital gains or losses arising on the revaluation or disposal of investments.

8. Dividends

Dividends paid and proposed	2014 £'000	2013 £'000
2013 final dividend paid of 1.75p (2012: nil)	**2,188**	–

	2014 £'000	2013 £'000
2014 final dividend proposed of 1.80p (2013: 1.75p)	**2,250**	2,188

The net revenue return on ordinary activities after taxation for the year is £2,401,000 (2013: £2,354,000). Due to the small accumulated balance on its revenue reserve of £446,000 (2013: negative balance of £1,955,000) the Company is not required to pay a dividend under the investment trust qualifying rules in section 1158 of the Corporation Tax Act 2010. However in line with its dividend policy, the Company is proposing to pay out substantially all of its net revenue. This will be paid out of revenue to the extent of the balance available in the reserve, with the remainder paid out of capital.

Notes to the Accounts

9. Return per share

	2014 £'000	2013 £'000
Revenue return	**2,401**	2,354
Capital return	**334**	44,769
Total return	**2,735**	47,123
Weighted average number of ordinary shares in issue during the year	**125,008,200**	125,008,200
Revenue return per share	**1.92p**	1.88p
Capital return per share	**0.27p**	35.81p
Total return per share	**2.19p**	37.69p

10. Investments held at fair value through profit or loss

	2014 £'000	2013 £'000
Opening book cost	**149,188**	135,577
Opening investment holding gains	**43,459**	4,355
Opening valuation	**192,647**	139,932
Purchases at cost	**19,685**	27,143
Sales proceeds	**(14,017)**	(17,608)
Gains on sales of investments based on the carrying value at the previous balance sheet date	**174**	4,609
Net movement in investment holding gains and losses	**(1,557)**	38,571
Closing valuation	**196,932**	192,647
Closing book cost	**156,499**	149,188
Closing investment holding gains	**40,433**	43,459
Total investments held at fair value through profit or loss	**196,932**	192,647

All investments are listed on a recognised stock exchange.

During the year, prior year investment holding gains amounting to £1,469,000 have been transferred to gains and losses on sales of investments as disclosed in note 14 on page 35.

The following transaction costs, mainly comprising brokerage commission, were incurred during the year:

	2014 £'000	2013 £'000
On acquisitions	**18**	21
On disposals	**11**	12
	29	33

11. Debtors

	2014 £'000	2013 £'000
Securities sold awaiting settlement	**404**	30
Dividends and interest receivable	**138**	149
Other debtors	**29**	10
	571	189

The Directors consider that the carrying amount of debtors approximates to their fair value.

Notes to the Accounts

12. Creditors: amounts falling due within one year

	2014 £'000	2013 £'000
Bank loan	**28,799**	20,119
Securities purchased awaiting settlement	**1,239**	185
Other creditors and accruals	**585**	647
	30,623	20,951

The bank loan comprises Yen 5 billion (2013: Yen 3 billion) drawn down on the Company's revolving credit facility with Scotiabank which has been extended to 1 May 2015.

The facility is unsecured but is subject to covenants and restrictions which are customary for a facility of this nature and all of these have been complied with. Further details of the facility are given in note 20 on pages 36 to 40.

The Directors consider that the carrying amount of creditors falling due within one year approximates to their fair value.

13. Called-up share capital

	2014 £'000	2013 £'000
Ordinary shares allotted, called-up and fully paid:		
125,008,200 ordinary shares of 10p each	**12,501**	12,501

14. Reserves

				Capital reserves		
	Share premium £'000	Share purchase reserve £'000	Warrant exercise reserve £'000	Gains and losses on sales of investments £'000	Investment holding gains and losses £'000	Revenue reserve £'000
Opening balance	7	97,205	3	18,610	46,537	(1,955)
Gains on sales of investments based on the carrying value at the previous balance sheet date	–	–	–	174	–	–
Net movement in investment holding gains and losses	–	–	–	–	(1,557)	–
Transfer on disposal of investments	–	–	–	1,469	(1,469)	–
Realised exchange losses on cash and short term deposits	–	–	–	(641)	–	–
Exchange gain on foreign currency loan	–	–	–	–	3,809	–
Management fee and finance costs allocated to capital	–	–	–	(1,451)	–	–
Dividend paid	–	–	–	(2,188)	–	–
Retained revenue for the year	–	–	–	–	–	2,401
Closing balance	**7**	**97,205**	**3**	**15,973**	**47,320**	**446**

15. Net asset value per share

	2014	2013
Net assets attributable to shareholders (£'000)	**173,455**	172,908
Shares in issue at the year end	**125,008,200**	125,008,200
Net asset value per share	**138.75p**	138.32p

Notes to the Accounts

16. Reconciliation of total return on ordinary activities before finance costs and taxation to net cash inflow from operating activities

	2014 £'000	2013 £'000
Total return on ordinary activities before finance costs and taxation	**3,311**	47,616
Less capital return on ordinary activities before finance costs and taxation	**(500)**	(44,933)
Less management fee allocated to capital	**(1,285)**	(1,158)
Decrease/(increase) in accrued dividends and interest receivable	**8**	(25)
(Increase)/decrease in other debtors	**(19)**	7
(Decrease)/increase in accrued expenses	**(33)**	104
Net cash inflow from operating activities	**1,482**	1,611

17. Analysis of changes in net debt

	2013 £'000	Cash flow £'000	Exchange movements £'000	2014 £'000
Cash at bank and in hand	1,023	6,193	(641)	**6,575**
Bank loan	(20,119)	(12,489)	3,809	**(28,799)**
Net debt	(19,096)	(6,296)	3,168	**(22,224)**

18. Transactions with the Manager

The Company has appointed Schroder Unit Trusts Limited (the "Manager"), in place of Schroder Investment Management Limited ("SIML"), both wholly owned subsidiaries of Schroders plc, to provide investment management, accounting, secretarial and administration services. If the Company invests in funds managed or advised by the Manager or any of its associated companies, those funds are excluded from the assets used for the purposes of the management fee calculation and therefore attract no fee. Under the terms of the AIFM Agreement, the Manager is also entitled to receive a marketing fee (with effect from 31 July 2014) and secretarial fee. Details of the AIFM Agreement are given in the Report of the Directors on page 15.

The management fee payable in respect of the year ended 31 July 2014 amounted to £1,836,000 (2013: £1,654,000), of which £482,000 (2013: £473,000) was outstanding at the year end. The total secretarial fee, including VAT, payable to the Manager amounted to £90,000 (2013: £90,000) of which £23,000 (2013: £45,000) was outstanding at the year end.

Mr Kingzett was an employee of SIML throughout the year.

19. Disclosures regarding financial instruments measured at fair value

The Company's financial instruments within the scope of FRS 29 that are held at fair value comprise its investment portfolio. The Company currently holds no derivative financial instruments and its liabilities are not held at fair value.

The investments are categorised into a hierarchy consisting of the following three levels:

Level 1 – valued using quoted prices in active markets.

Level 2 – valued by reference to valuation techniques using observable inputs other than quoted market prices included within Level 1.

Level 3 – valued by reference to valuation techniques using inputs that are not based on observable market data.

Categorisation within the hierarchy has been determined on the basis of the lowest level input that is significant to the fair value measurement of the relevant asset.

Details of the valuation techniques used by the Company are given in note 1(b) on page 31.

At 31 July 2014, the Company's investment portfolio comprised entirely equity investments included in Level 1 (2013: same).

There have been no transfers between levels 1, 2 or 3 during the year (2013: nil).

20. Financial instruments' exposure to risk and risk management policies

As an investment trust, the Company invests in equities for the long term so as to secure its investment objective stated on the inside front cover. In pursuing this objective, the Company is exposed to a variety of risks that could result in a reduction in the Company's net assets. These risks include market risk (comprising currency risk, interest rate risk and market price risk), liquidity risk and credit risk. The Directors' policy for managing these risks is set out below. The Board coordinates the Company's risk management policy.

The objectives, policies and processes for managing the risks and the methods used to measure the risks that are set out below, have not changed from those applying in the comparative year.

The Company's classes of financial instruments are as follows:

– investments in shares of Japanese companies which are held in accordance with the Company's investment objective;

– short term debtors, creditors and cash arising directly from its operations; and

– a Yen credit facility with Scotiabank, the purpose of which is to assist in financing the Company's operations.

Notes to the Accounts

(a) Market risk

The fair value or future cash flows of a financial instrument held by the Company may fluctuate because of changes in market prices. This market risk comprises three elements – currency risk, interest rate risk and market price risk. Information to enable an evaluation of the nature and extent of these three elements of market risk is given in parts (i) to (iii) of this note, together with sensitivity analyses where appropriate. The Board reviews and agrees policies for managing these risks and these policies have remained unchanged from those applying in the comparative year. The Manager assesses the exposure to market risk when making each investment decision and monitors the overall level of market risk on the whole of the investment portfolio on an ongoing basis.

(i) Currency risk

The Company's functional currency and the currency in which it reports, is Sterling. However the Company's assets, liabilities and income are almost entirely denominated in Yen. As a result, movements in exchange rates will affect the Sterling value of those items.

Management of currency risk

The Manager monitors the Company's exposure to foreign currencies on a daily basis and reports to the Board, which meets on at least four occasions each year. The Manager measures the risk to the Company of the foreign currency exposure by considering the effect on the Company's net asset value and income of a movement in the Yen/Sterling exchange rate. Yen denominated borrowing is used to reduce the exposure of the Company's portfolio to the Yen/Sterling exchange rate. Income is converted to Sterling on receipt. The Company may use short term forward currency contracts to manage working capital requirements. It is currently not the Company's policy to hedge against foreign currency risk.

Foreign currency exposure

The fair value of the Company's monetary items that have exposure to the Yen at 31 July are shown below. The Company's investments (which are not monetary items) have been included separately in the analysis so as to show the overall level of exposure.

	2014 £'000	2013 £'000
Debtors (securities sold awaiting settlement, dividends and interest receivable)	542	179
Cash at bank and in hand	5,948	841
Creditors (securities purchased awaiting settlement)	(1,239)	(185)
Bank loan (including accrued interest payable)	(28,818)	(20,167)
Foreign currency exposure on net monetary items	(23,567)	(19,332)
Investments held at fair value through profit or loss that are equities	196,932	192,647
Total net foreign currency exposure	173,365	173,315

The above year end amounts are broadly representative of the exposure to foreign currency risk during the current and comparative year.

Foreign currency sensitivity

The following tables illustrate the sensitivity of return after taxation for the year and net assets with regard to the Company's monetary financial assets, financial liabilities and exchange rates. The sensitivity analysis is based on the Company's monetary currency financial instruments held at each balance sheet date and assumes a 10% (2013: 10%) appreciation or depreciation in Sterling against the Yen, which is considered to be a reasonable illustration based on the volatility of exchange rates during the year.

If Sterling had weakened by 10% this would have had the following effect:

	2014 £'000	2013 £'000
Income statement – return after taxation		
Revenue return	338	332
Capital return	(2,373)	(1,950)
Total return after taxation for the year	(2,035)	(1,618)
Net assets	(2,035)	(1,618)

Conversely if Sterling had strengthened by 10% this would have had the following effect:

	2014 £'000	2013 £'000
Income – statement return after taxation		
Revenue return	(338)	(332)
Capital return	2,373	1,950
Total return after taxation for the year	2,035	1,618
Net assets	2,035	1,618

In the opinion of the Directors, the above sensitivity analysis is broadly representative of the current and comparative year.

Notes to the Accounts

(ii) Interest rate risk
Interest rate movements may affect the level of income receivable on cash deposits and the interest payable on variable rate borrowings when interest rates are re-set.

Management of interest rate risk
Liquidity and borrowings are managed with the aim of increasing returns to shareholders. The Company's gearing policy is to limit gearing to 25% where gearing is defined as borrowings used for investment purposes, less cash, expressed as a percentage of net assets.

The possible effects on cash flows that could arise as a result of changes in interest rates are taken into account when the Company borrows on the credit facility. However, amounts drawn down on this facility are for short term periods and therefore exposure to interest rate risk is not significant.

Interest rate exposure
The exposure of financial assets and financial liabilities to floating interest rates, giving cash flow interest rate risk when rates are re-set, is shown below:

	2014 £'000	2013 £'000
Exposure to floating interest rates:		
Cash at bank and in hand	**6,575**	1,023
Creditors: amounts falling due within one year – borrowings on the credit facility	**(28,799)**	(20,119)
Total exposure	**(22,224)**	(19,096)

Interest receivable on cash balances is at a margin below LIBOR (2013: same).

The Company extended its revolving credit facility of Yen 5 billion with Scotiabank in May 2014. This facility now expires on 1 May 2015. Interest is payable at a rate of Yen LIBOR as quoted in the market for the loan period plus a margin, plus Mandatory Costs, which are the lender's costs of complying with certain regulatory requirements of the Bank of England. At 31 July 2014, the Company had drawn down Yen 5 billion (2013: Yen 3 billion) on this facility at an interest rate of 0.80% (2013: 1.11%) per annum.

The above year end amounts are not representative of the exposure to interest rates during the year as the level of cash balances has fluctuated. The maximum and minimum net interest rate exposure during the year has been as follows:

	2014 £'000	2013 £'000
Maximum interest rate exposure during the year – net loan balances	**(23,156)**	(19,096)
Minimum interest rate exposure during the year – net loan balances	**(19,601)**	(13,753)

Interest rate sensitivity
The following table illustrates the sensitivity of the return after taxation for the year and net assets to a 1.0% (2013: 1.0%) increase or decrease in interest rates in regards to the Company's monetary financial assets and financial liabilities. This level of change is considered to be a reasonable illustration based on observation of current market conditions. The sensitivity analysis is based on the Company's monetary financial instruments held at the balance sheet date with all other variables held constant.

	2014		2013	
	1.0% increase in rate £'000	**1.0% decrease in rate £'000**	1.0% increase in rate £'000	1.0% decrease in rate £'000
Income statement – return after taxation				
Revenue return	**(21)**	**21**	(50)	50
Capital return	**(202)**	**202**	(141)	141
Total return after taxation	**(223)**	**223**	(191)	191
Net assets	**(223)**	**223**	(191)	191

In the opinion of the Directors, this sensitivity analysis may not be representative of the Company's future exposure to interest rate changes due to fluctuations in the level of cash balances and drawings on the credit facility.

(iii) Market price risk
Market price risk includes changes in market prices, other than those arising from interest rate risk, which may affect the value of equity investments.

Management of market price risk
The Board meets on at least four occasions each year to consider the asset allocation of the portfolio and the risk associated with particular industry sectors. The investment management team has responsibility for monitoring the portfolio, which is selected in accordance with the Company's investment objective and seeks to ensure that individual stocks meet an acceptable risk/reward profile.

Notes to the Accounts

Market price risk exposure

The Company's total exposure to changes in market prices at 31 July comprises its holdings in equity investments as follows:

	2014 £'000	2013 £'000
Equity investments held at fair value through profit or loss	196,932	192,647

The above data is broadly representative of the exposure to market price risk during the year.

Concentration of exposure to market price risk

An analysis of the Company's investments is given on pages 7 and 8. The portfolio principally comprises securities listed on Japanese stock markets. Accordingly there is a concentration of exposure to that country. However it should be noted that an investment may not be entirely exposed to the economic conditions in its country of listing.

Market price risk sensitivity

The following table illustrates the sensitivity of the return after taxation for the year and net assets to an increase or decrease of 10% (2013: 10%) in the fair values of the Company's equities. This level of change is considered to be a reasonable illustration based on observation of current market conditions. The sensitivity analysis is based on the Company's equities and includes the impact on the management fee but assumes that all other variables are held constant.

	2014		2013	
	10% increase in fair value £'000	10% decrease in fair value £'000	10% increase in fair value £'000	10% decrease in fair value £'000
Income statement – return after taxation				
Revenue return	(44)	44	(58)	58
Capital return	19,590	(19,590)	19,130	(19,130)
Total return after taxation and net assets	19,546	(19,546)	19,072	(19,072)
Percentage change in net asset value	11.3%	(11.3)%	11.0%	(11.0)%

(b) Liquidity risk

This is the risk that the Company will encounter difficulty in meeting its obligations associated with financial liabilities that are settled by delivering cash or another financial asset.

Management of the risk

Liquidity risk is not significant as the Company's assets comprise mainly readily realisable securities, which can be sold to meet funding requirements if necessary. Short term flexibility is achieved through the use of a credit facility. The Board's policy is for the Company to remain fully invested in normal market conditions and that the credit facility be used to manage working capital requirements and to gear the Company as appropriate.

Liquidity risk exposure

Contractual maturities of the financial liabilities, based on the earliest date on which payment can be required are as follows:

	Three months or less 2014 £'000	Three months or less 2013 £'000
Creditors: amounts falling due within one year		
Bank loan – including interest	28,821	20,168
Securities purchased awaiting settlement	1,239	185
Other creditors and accruals	566	599
	30,626	20,952

(c) Credit risk

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

Management of credit risk

This risk is not significant and is managed as follows:

Portfolio dealing

The Company invests in markets that operate a "Delivery Versus Payment" settlement process which mitigates the risk of losing the principal of a trade during settlement. The Manager continuously monitors dealing activity to ensure best execution, which involves measuring various indicators including the quality of trade settlement and incidence of failed trades. Counterparties must be pre-approved by the Manager's credit committee.

Notes to the Accounts

Cash
Counterparties are subject to daily credit analysis by the Manager. Cash balances will only be deposited with reputable banks with high quality credit ratings.

Exposure to the Custodian
The Company's investments are held in accounts which are segregated from the Custodian's own trading assets. If the Custodian were to become insolvent, the Company's right of ownership is clear and they are therefore protected. However cash balances deposited with the Custodian may be at risk in this instance, as the Company would rank alongside other creditors.

Credit risk exposure
The following amounts shown in the Balance Sheet, represent the maximum exposure to credit risk at the current and comparative year end.

	2014		2013	
	Balance sheet £'000	**Maximum exposure £'000**	Balance sheet £'000	Maximum exposure £'000
Fixed assets				
Investments held at fair value through profit or loss	**196,932**	**–**	192,647	–
Current assets				
Debtors – dividends and interest receivable and other debtors	**571**	**571**	189	189
Cash at bank and in hand	**6,575**	**6,575**	1,023	1,023
	204,078	**7,146**	193,859	1,212

No debtors are past their due date and none have been provided for.

(d) Fair values of financial assets and financial liabilities
All financial assets and liabilities are either carried in the balance sheet at fair value or the balance sheet amount is a reasonable approximation of fair value.

21. Capital management policies and procedures

The Company's objectives, policies and processes for managing capital are unchanged from the preceding year.

The Company's debt and capital structure comprises the following:

	2014 £'000	2013 £'000
Debt		
Bank loan	**28,799**	20,119
Equity		
Called-up share capital	**12,501**	12,501
Reserves	**160,954**	160,407
	173,455	172,908
Total debt and equity	**202,254**	193,027

The Company's capital management objectives are to ensure that it will continue as a going concern and to maximise the capital return to its equity shareholders through an appropriate level of gearing.

The Board's policy is to limit gearing to 25%. Gearing for this purpose is defined as borrowings used for investment purposes, less cash, expressed as a percentage of net assets.

	2013 £'000	2012 £'000
Borrowings used for investment purposes, less cash	**22,224**	19,096
Net assets	**173,455**	172,908
Gearing	**12.8%**	11.0%

The Board, with the assistance of the Manager, monitors and reviews the broad structure of the Company's capital on an ongoing basis. This review includes:

– the planned level of gearing, which takes into account the Manager's views on the market;

– the need to buy back equity shares for cancellation, which takes into account the share price discount;

– the opportunity for issues of new shares; and

– the level of dividend distribution in excess of that which is required to be distributed.

Annual General Meeting – Explanation of Special Business

The Annual General Meeting ("AGM") of the Company will be held on Wednesday, 5 November 2014 at 12 noon. The formal Notice of Meeting is set out on page 42.

The following information is important and requires your immediate attention. If you are in any doubt about the action you should take, you should consult an independent financial adviser, authorised under the Financial Services and Markets Act 2000. If you have sold or transferred all of your ordinary shares in the Company, please forward this document with its accompanying form of proxy at once to the purchaser or transferee, or to the stockbroker, bank or other agent through whom the sale or transfer was effected, for onward transmission to the purchaser or transferee.

Special Business to be Proposed at the AGM

Resolution 9 – Continuation vote (Ordinary Resolution)

In accordance with the Company's Articles of Association, the Directors are required to put forward a proposal for the continuation of the Company to shareholders at five yearly intervals. The Board considers that the long term investment objectives of the Company remain appropriate and that the current Manager is well placed to deliver superior returns over the longer term. An ordinary resolution will therefore be proposed at the AGM to agree that the Company should continue as an investment trust for a further five year period.

Resolution 10 – Directors' Authority to allot Ordinary shares (Ordinary Resolution) and Resolution 11 – Power to Disapply Pre-emption Rights (Special Resolution)

The Directors are seeking authority to allot a limited number of unissued Ordinary shares for cash without first offering them to existing shareholders in accordance with statutory pre-emption procedures.

Appropriate resolutions will be proposed at the forthcoming AGM and are set out in full in the Notice of AGM. An ordinary resolution will be proposed to authorise the Directors to allot shares up to a maximum aggregate nominal amount of £625,041 (being 5% of the issued share capital as at the date of the Notice of the AGM). A special resolution will also be proposed to give the Directors authority to allot securities for cash on a non pre-emptive basis up to a maximum aggregate nominal amount of £625,041 (being 5% of the Company's issued share capital as at the date of the Notice of the AGM).

The Directors do not intend to allot shares pursuant to these authorities other than to take advantage of opportunities in the market as they arise and only if they believe it to be advantageous to the Company's existing shareholders to do so and when it would not result in any dilution of NAV per share.

If approved, both of these authorities will expire at the conclusion of the AGM in 2015 unless renewed, varied or revoked earlier.

Resolution 12: Authority to Make Market Purchases of the Company's Own Shares (Special Resolution)

At the AGM held on 7 November 2013, the Company was granted authority to make market purchases of up to 18,738,729 ordinary shares of 10p each for cancellation. No shares have been bought back under this authority and the Company therefore has remaining authority to purchase up to 18,738,729 ordinary shares. This authority will expire at the forthcoming AGM.

The Directors believe it is in the best interests of the Company and its shareholders to have a general authority for the Company to buy back its ordinary shares in the market as they keep under review the share price discount to net asset value and the purchase of ordinary shares. A special resolution will be proposed at the forthcoming AGM to give the Company authority to make market purchases of up to 14.99% of the ordinary shares in issue as at the date of the Notice of the AGM. The Directors will exercise this authority only if the Directors consider that any purchase would be for the benefit of the Company and its shareholders, taking into account relevant factors and circumstances at the time. Any shares so purchased would be cancelled. If renewed, the authority to be given at the 2014 AGM will lapse at the conclusion of the AGM in 2015 unless renewed or revoked earlier.

Recommendation

The Board considers that the resolutions relating to the above items of special business are in the best interests of shareholders as a whole. Accordingly, the Board unanimously recommends to shareholders that they vote in favour of the above resolutions and the other resolutions to be proposed at the forthcoming AGM, as they intend to do in respect of their own beneficial holdings.

Notice of Meeting

NOTICE is hereby given that the Annual General Meeting of Schroder Japan Growth Fund plc will be held at 12 noon on Wednesday, 5 November 2014 at 31 Gresham Street, London EC2V 7QA to consider and, if thought fit, to pass the following resolutions, of which resolutions 1 to 10 will be proposed as Ordinary Resolutions and resolutions 11 and 12 will be proposed as Special Resolutions.

1. To receive the Report of the Directors and the audited Accounts for the year ended 31 July 2014.
2. To approve a final dividend of 1.80p per share for the financial year ended 31 July 2014.
3. To approve the Company's Policy on Directors' Remuneration.
4. To approve the Directors' Annual Report on Remuneration for the year ended 31 July 2014.
5. To re-elect Mr Jonathan Taylor as a Director of the Company.
6. To re-elect Mr John Scott as a Director of the Company.
7. To re-appoint PricewaterhouseCoopers LLP as Auditors of the Company.
8. To authorise the Directors to determine the remuneration of PricewaterhouseCoopers LLP as Auditors of the Company.
9. To consider, and if thought fit, to pass the following resolution as an ordinary resolution:
   "That, in accordance with the Articles of Association, the Company should continue as an investment trust for a further five year period."
10. To consider and, if thought fit, to pass the following resolution as an Ordinary Resolution:
    "That the Directors be and are hereby generally and unconditionally authorised, in substitution for all subsisting authorities in accordance with Section 551 of the Companies Act 2006 (the "Act") to exercise all the powers of the Company to allot relevant securities (as defined in that Section) up to an aggregate nominal amount of £625,041 (representing 5% of the share capital in issue on 1 October 2014); and provided that this authority shall expire at the conclusion of the next Annual General Meeting of the Company but so that this authority shall enable the Company to make offers or agreements before such expiry which would or might require relevant securities to be allotted after such expiry."
11. To consider and, if thought fit, to pass the following resolution as a special resolution:
    "That, subject to the passing of Resolution 10 set out above, the Directors be and are hereby empowered, pursuant to Section 571 of the Act, to allot equity securities (as defined in section 560(1) of the Act) pursuant to the authority given in accordance with section 551 of the Act by the said Resolution 10 as if Section 561(1) of the Act did not apply to any such allotment, provided that this power shall be limited to the allotment of equity securities up to an aggregate nominal amount of £625,041 (representing 5% of the aggregate nominal amount of the share capital in issue on 1 October 2014); and provided that this power shall expire at the conclusion of the next Annual General Meeting of the Company but so that this power shall enable the Company to make offers or agreements before such expiry which would or might require equity securities to be allotted after such expiry."
12. To consider and, if thought fit, to pass the following resolution as a special resolution:
    "That the Company be and is hereby generally and unconditionally authorised in accordance with Section 693 of the Act, to make market purchases (within the meaning of section 693(4) of the Act) of its issued Ordinary shares of 10p each in the capital of the Company ("Ordinary shares"), at whatever discount the prevailing market price represents to the prevailing net asset value per Ordinary share provided that:
    (a) the maximum number of Ordinary shares hereby authorised to be purchased shall be 18,738,729, representing 14.99% of the issued Ordinary share capital as at 1 October 2014;
    (b) the minimum price which may be paid for an Ordinary share is 10p;
    (c) the maximum price which may be paid for an Ordinary share is an amount equal to the greater of (i) 105% of the average of the middle market quotations for a share of the class being purchased taken from the London Stock Exchange Daily Official List for the five business days immediately preceding the day on which that Ordinary share is purchased, and (ii) the higher of the price of the last independent trade in the shares of that class and the highest then current independent bid for the shares of that class on the London Stock Exchange;
    (d) purchases may only be made pursuant to this authority if the Ordinary shares are (at the date of the proposed purchase) trading on the London Stock Exchange at a discount to the net asset value;
    (e) the authority hereby conferred shall expire at the conclusion of the next Annual General Meeting of the Company unless renewed prior to such time or revoked; and
    (f) the Company may make a contract to purchase Ordinary shares under the authority hereby conferred prior to the expiry of such authority which will or may be executed wholly or partly after the expiration of such authority and may make a purchase of Ordinary shares pursuant to any such contract."

By Order of the Board
Schroder Investment Management Limited
Company Secretary

Registered Office:
31 Gresham Street
London EC2V 7QA

Registered Number: 2930057
1 October 2014

Explanatory Notes

1. Ordinary shareholders are entitled to attend and vote at the meeting and to appoint one or more proxies, who need not be a shareholder, as their proxy to exercise all or any of their rights to attend, speak and vote on their behalf at the meeting.

   A proxy form is attached. If you wish to appoint a person other than the Chairman as your proxy, please insert the name of your chosen proxy holder in the space provided at the top of the form. If the proxy is being appointed in relation to less than your full voting entitlement, please enter in the box next to the proxy holder's name the number of shares in relation to which they are authorised to act as your proxy. If left blank your proxy will be deemed to be authorised in respect of your full voting entitlement (or if this proxy form has been issued in respect of a designated account for a shareholder, the full voting entitlement for that designated account). Additional proxy forms can be obtained by contacting the Company's Registrars, Equiniti Limited, on 0800 032 0641 (or +44 121 415 0207 for overseas shareholders), or you may photocopy the attached proxy form. Please indicate in the box next to the proxy holder's name the number of shares in relation to which they are authorised to act as your proxy. Please also indicate by ticking the box provided if the proxy instruction is one of multiple instructions being given. Completion and return of a form of proxy will not preclude a member from attending the Annual General Meeting and voting in person.

   On a vote by show of hands, every Ordinary shareholder who is present in person has one vote and every duly appointed proxy who is present has one vote. On a poll vote, every Ordinary shareholder who is present in person or by way of a proxy has one vote for every share of which he/she is a holder.

   The "Vote Withheld" option on the proxy form is provided to enable you to abstain on any particular resolution. However it should be noted that a "Vote Withheld" is not a vote in law and will not be counted in the calculation of the proportion of the votes 'For' and 'Against' a resolution.

   A proxy form must be signed and dated by the shareholder or his or her attorney duly authorised in writing. In the case of joint holdings, any one holder may sign this form. The vote of the senior joint holder who tenders a vote, whether in person or by proxy, will be accepted to the exclusion of the votes of the other joint holder and for this purpose seniority will be determined by the order in which the names appear on the Register of Members in respect of the joint holding. To be valid, proxy form(s) must be completed and returned to the Company's Registrars, Equiniti Limited, Aspect House, Spencer Road, Lancing, West Sussex BN99 6DA, in the enclosed envelope together with any power of attorney or other authority under which it is signed or a copy of such authority certified notarially, to arrive no later than 48 hours before the time fixed for the meeting, or an adjourned meeting. Shareholders may also appoint a proxy to vote on the resolutions being put to the meeting electronically at www.sharevote.co.uk. Shareholders who are not registered to vote electronically, will need to enter the Voting ID and Shareholder Reference ID set out in their personalised proxy form. Alternatively, shareholders who have already registered with Equiniti's Shareview service can appoint a proxy by logging onto their portfolio at www.shareview.co.uk and clicking on the link to vote. The on-screen instructions give details on how to complete the appointment process. Please note that to be valid, your proxy instructions must be received by Equiniti no later than 12 noon on 3 November 2014. If you have any difficulties with online voting, you should contact the shareholder helpline on 0800 032 0641 or +44 121 415 0207 for overseas shareholders.

   If an Ordinary shareholder submits more than one valid proxy appointment, the appointment received last before the latest time for receipt of proxies will take precedence.

   Shareholders may not use any electronic address provided either in this Notice of Annual General Meeting or any related documents to communicate with the Company for any purposes other than expressly stated.

   Representatives of shareholders that are corporations will have to produce evidence of their proper appointment when attending the general meeting. Please contact the Registrar if you need any further guidance on this.

2. Any person to whom this notice is sent who is a person nominated under section 146 of the Companies Act 2006 to enjoy information rights (a "Nominated Person") may, under an agreement between him or her and the shareholder by whom he or she was nominated, have a right to be appointed (or to have someone else appointed) as a proxy for the Annual General Meeting. If a Nominated Person has no such proxy appointment right or does not wish to exercise it, he or she may, under any such agreement, have a right to give instructions to the shareholder as to the exercise of voting rights.

   The statement of the rights of Ordinary shareholders in relation to the appointment of proxies in note 1 above does not apply to Nominated Persons. The rights described in that note can only be exercised by Ordinary shareholders of the Company.

3. Pursuant to Regulation 41 of the Uncertificated Securities Regulations 2001, the Company has specified that only those shareholders registered in the Register of members of the Company at 6.00 p.m. on 3 November 2014, or 6.00 p.m. two days prior to the date of an adjourned meeting, shall be entitled to attend and vote at the meeting in respect of the number of shares registered in their name at that time. Changes to the Register of Members after 6.00 p.m. on 3 November 2014 shall be disregarded in determining the right of any person to attend and vote at the meeting.

4. CREST members who wish to appoint a proxy or proxies through the CREST electronic proxy appointment service may do so by using the procedures described in the CREST manual. The CREST manual can be viewed at www.euroclear.com. A CREST message appointing a proxy regardless of whether it constitutes the appointment of a proxy or an amendment to the instruction previously given to a previously appointed proxy must, in order to be valid, be transmitted so as to be received by the issuer's agent (IDRA19) by the latest time for receipt of proxy appointments.

5. Copies of the terms of appointment of the non-executive Directors and a statement of all transactions of each Director and of his family interests in the shares of the Company, will be available for inspection by any member of the Company at the registered office of the Company during normal business hours on any weekday (English public holidays excepted) and at the Annual General Meeting by any attendee, for at least 15 minutes prior to, and during, the Annual General Meeting. None of the Directors has a contract of service with the Company.

6. The biographies of the Directors offering themselves for re-election are set out on the inside front cover of the Company's Annual Report and Accounts for the year ended 31 July 2014.

7. As at 1 October 2014, 125,008,200 Ordinary shares of 10 pence each were in issue (no shares were held in Treasury). Therefore, the total number of voting rights in the Company as at 1 October 2014 was 125,008,200.

8. A copy of this Notice of Meeting, which includes details of shareholder voting rights, together with any other information as required under Section 311A of the Companies Act 2006, is available to download from the Company's website, www.schroderjapangrowthfund.com.

9. Pursuant to section 319A of the Companies Act 2006, the Company must cause to be answered at the AGM any question relating to the business being dealt with at the AGM which is put by a member attending the meeting, except in certain circumstances, including if it is undesirable in the interests of the Company or the good order of the meeting that the question be answered or if to do so would involve the disclosure of confidential information.

Company Summary and Shareholder Information

The Company

Schroder Japan Growth Fund plc is an independent investment trust, whose shares are listed on the London Stock Exchange. As at 1 October 2014, the Company had 125,008,200 Ordinary shares of 10p each in issue (no shares were held in Treasury). The Company's assets are managed and administered by Schroders. The Company has, since its launch in 1994, measured its performance against the TSE First Section Total Return Index.

It is not intended that the Company should have a limited life, but the Directors consider it desirable that the shareholders should have the opportunity to review the future of the Company at appropriate intervals. Accordingly, the Articles of Association of the Company contain provisions requiring the Directors to put a proposal for the continuation of the Company to Shareholders at the forthcoming Annual General Meeting and thereafter at five yearly intervals.

Website and Share Price Information

The Company has a dedicated website, which may be found at www.schroderjapangrowthfund.com. The website has been designed to be utilised as the Company's primary method of electronic communication with shareholders. It contains details of the Company's share price (subject to a delay of 15 minutes) and copies of Report and Accounts and other documents published by the Company as well as information on the Directors, Terms of Reference of Committees and other governance arrangements. In addition, the site contains links to announcements made by the Company to the market, Equiniti's shareview service and Schroders' website. There is also a section entitled "How to Invest" which provides details of the Schroder ISA.

The Company releases its net asset value per share on both a cum and ex income basis to the market daily.

Share price information may also be found in the Financial Times and on Schroders' website at www.schroders.co.uk/its.

Registrar Services

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. The helpline telephone number of Equiniti Registrars is 0800 032 0641. Calls to this number are free of charge from UK landlines.

Equiniti maintains a web-based enquiry service for shareholders. Currently the "Shareview" site (address below) contains information available on public registers. Shareholders will be invited to enter their name, shareholder reference (account number) and post code and will be able to view information on their own holding. Please visit www.shareview.co.uk for more details.

Association of Investment Companies

The Company is a member of the Association of Investment Companies. Further information on this association can be found on its website, www.theaic.co.uk.

Non-Mainstream Pooled Investments (NMPI) Status

The Company currently conducts its affairs so that its shares (with ISIN GB0008022849 and ticker SJG) can be recommended by Independent Financial Advisers to ordinary retail investors in accordance with the FCA's rules in relation to non-mainstream investment products and intends to continue to do so for the foreseeable future. The Company's shares are excluded from the FCA's restrictions which apply to non-mainstream investment products because they are shares in an investment trust.

Alternative Investment Fund Managers Directive – Periodic Disclosure

Preferential Treatment of Investors
The Company's investors purchase shares on the open market and therefore the Company is not in a position to influence the treatment of investors. No investor receives preferential treatment.

Liquidity Risk Management
The Company's shares are traded on the London Stock Exchange through market intermediaries. There are no special rights to redemption.

Periodic and Regular Disclosure under the Directive

(a) none of the Company's assets are subject to special arrangements arising from their illiquid nature;

(b) there are no new arrangements for managing the liquidity of the Company including, but not limited to, any material changes to the liquidity management systems and procedures employed by the Manager in place. Shareholders will be notified immediately where the issue, cancellation, sale and redemption of shares is suspended, when redemptions are suspended or where other similar special arrangements are activated;

(c) the current risk profile of the Company and the risk management systems employed by the Manager to manage those risks can be found in the Strategic Report; and

(d) the total amount of leverage employed by the Company may be found in the Strategic Report.

Any changes to the following information will be provided through a regulatory news service without undue delay and in accordance with the Directive:

(a) any changes to the maximum level of leverage which the Manager may employ on behalf of the Company; and

(b) any changes to the right of re-use of collateral or any changes to any guarantee granted under any leveraging arrangement.

www.schroderjapangrowthfund.com

Schroders