

CC Japan Income & Growth Trust plc

ASSET MANAGEMENT LLP

CouplandCardiff

Commentary

January 2020

The NAV of the CC Japan Income & Growth Trust performed in line with the TOPIX Index during January. The board announced the company results for the year to 31 October 2019 and a final dividend of 3.1 pence per ordinary share. The total declared dividend for the full year of 4.5p represents a 20% increase over the previous financial year and reflects the strong delivery of income of the underlying holdings in the portfolio in recent years.

Market sentiment during the month was impacted by two major international events: firstly, the discord between the United States and Iran following the military strike in which General Qassem Soleimani was killed, and secondly the outbreak of the coronavirus in the Wuhan province of China. The latter, and specifically with its impact on international travel in the near term, had a negative effect on the performance of a number of portfolio holdings including the cosmetic manufacturers and hotel REITs (both of which were also affected greatest by the SARS outbreak in 2003).

Offsetting this was the performance of Maeda Road which rallied sharply following the announcement that its major shareholder, the construction company Maeda, was launching a tender offer to increase its stake to over 50%. The proposal was unsolicited and is therefore considered hostile, a rare event in Japan. The management of the two companies remain at odds over the potential benefits of a closer relationship and developments will be monitored closely.

The events which have impacted markets so far this year are very different from those which may have been predicted when initially considering the prospects for 2020. While diplomacy has reduced the immediate concern over the relationships in the Middle East, the impact of the rapid spread of the coronavirus is unknown. The potential recovery of the Chinese economy, still an important factor for many Japanese companies, is an important consideration for the coming year. Amongst the other issues on the horizon are BOJ Policy, the Tokyo Olympics in July, the US Presidential Election in November 2020, and slightly further afield - the stance of Prime Minister Abe on re-election or otherwise in September 2021.

Fund Statistics		Book Exposures		Dividend (in GBp)						
Market Value	£ 211m	To provide shareholders with dividend income combined with capital growth, mainly through investment in equities listed or quoted in Japan.		Ex date	2016/17	2017/18	2018/19	2019/20		
No. Shares in issue	134,730,610			Jun/July	1.00	1.15	1.25	1.40		
Launch date	Dec 2015			Jan/Feb	2.00	2.30	2.50	3.10		
NAV per share cum Income GBp	156.65			Total	3.00	3.45	3.75	4.50		
NAV per share ex Income GBp	151.82	Investment Objective		Discrete performance (%) full calendar years ⁽¹⁾						
Share Price GBp	153.00		No. Stks	%	Total Return	2019	2018	2017	2016	
Premium (Discount)	(2.3%)	Dividend Growth	34	95.5	Share Price	10.79	-6.72	37.48	13.18	
Dividends Paid	Aug & Mar	Special Situations	2	6	NAV	20.75	-11.34	30.64	19.28	
Dividend Yield	2.94% ⁽²⁾	Stable Yield	5	15.9	TOPIX GBP	15.65	-8.89	15.50	23.63	
Financial Calendar:		Total	41	117.4	Cumulative performance (%) ⁽¹⁾					
Year End	31 October				Total Return	YTD	1 Yr	2yr	3yr	Inception
Company Fees:					Share Price	-2.39	11.88	-3.86	32.47	64.60
Ongoing charges ratio (OCR) per year (31.10.19)	1.06% ⁽³⁾				NAV	-1.93	11.74	0.49	33.28	66.33
OCR includes Annual Management Fee:	0.75%				TOPIX GBP	-1.85	9.90	3.51	17.18	57.29
AIFMD Exposure Calculation at 31.12.19		Notes								
Gross	122.4 (% nav)	(1) Source: Independent NAVs are calculated daily by PraxisIFM Fund Services (UK) Limited (by Northern Trust Global Services Limited pre 01.10.17.) Total return performance details shown are net NAV to NAV returns with gross income re-invested. Share price total return is on a mid to mid price basis. You should remember that past performance is not a guide to the future. The price of investments and the income from them may fall as well as rise and investors may not get back the full amount invested. All figures are in GBP or Sterling adjusted. Inception date 15th December 2015. Investments denominated in foreign currencies expose investors to the risk of loss from currency movements as well as movements in the value, price or income derived from the investments themselves and some of the investments referred to herein may be derivatives or other products which may involve different and more complex risks as compared to listed securities. CC Japan Income & Growth Trust plc (the Company) does not currently intend to hedge the currency risk. Share Price period returns displayed are calculated as Total Return. (2) The yield is calculated using the actual dividends declared during the past 12 months and the closing share price as at the date of this factsheet. This is rounded to 2 decimal places. (3) Source: OCR is calculated by PraxisIFM Fund Services (UK) Limited. This is rounded to 2 decimal places.								
Commitment	119.7 (% nav)									
Company Codes:										
ISIN	GB00BYSRM-H16									
Sedol	BYSRMH1 GB									
Bloomberg	CCJI LN									

Top 10 Holdings	
Holding	(%)
Itochu Corp	5.2
Invesco Office J-Reit	5.1
Nippon T&T	4.9
Tokio Marine Holdings	4.6
Shin-Etsu Chemical	4.5
Toyota Motor Corp	4.2
Sumitomo Mitsui Financial	3.9
Tokyo Electron	3.8
Bridgestone Corp	3.6
Japan Hotel Reit Investment	3.6
Total	43.4

Top 10 Sectors	
Sector	(%)
Real Estate	15.6
Services	12.8
Chemicals	12.6
Info & Communications	10.9
Banks	8.9
Wholesale	8.7
Construction	8.6
Electrical Appliances	7.6
Machinery	7.0
Insurance	4.6
Total	97.3

Company Information

Launch date	15 December 2015
AIC sector	Japan
Fund manager	Richard Aston
Directors	Harry Wells (Chairman), Kate Cornish-Bowden, John Scott, Mark Smith, Peter Wolton.
Share buy back	The Company has authority to purchase up to 14.99% of issued share capital (as at 31.01.17) or cancellation/to hold in treasury.

Contact Details

Address	Coupland Cardiff Asset Management LLP 5th Floor, 31-32 St. James's Street London, SW1A 1HD.
Company Secretary	PraxisIFM Fund Services (UK) Limited
Stockbroker	Peel Hunt
Market makers	Peel Hunt, Winterflood Securities.
Website	www.ccjapanincomeandgrowthtrust.com

Key Risks

- Liquidity risk – The Company may encounter difficulties in disposing of assets at their fair price due to adverse market conditions leading to limited liquidity.
- Credit and counterparty risks – the Company may be exposed to credit and counterparty risks in relation to the securities and counterparties it invests in and with whom it transacts.
- Concentration risk – This Company holds a limited number of investments. If one of these falls in value, it can have a greater impact on the Company's value than if the Company held a larger number of investments.
- Currency risk – Investing in assets in a currency other than your own exposes the value of your investment to exchange rate fluctuations. Changes in the exchange rate between Sterling and Yen may lead to a depreciation in the value of the Company assets as expressed in Sterling.
- Derivatives – the Company may use derivatives as investments or to manage the risk profile of the Company. Their use may increase the risk of losses as well as enhance potential gains as compared to funds that do not use derivatives.
- The Company prospectus gives you further details about all the risks for this fund – see under “Important Information” for how to obtain a copy.

The Key Information Document and the latest prospectus of the Company are available on the Company's website:

www.ccjapanincomeandgrowthtrust.com.

All data as at 31.01.2020 unless stated otherwise. All information is sourced from CCAM unless stated otherwise.

This factsheet is to provide you summary information about the Company and should not be taken as advice or a recommendation to buy or sell its shares. If you are unsure of the suitability of this product for your investment needs, please contact a financial adviser.

The value of the Company's shares will fluctuate. The price of shares in the Company is determined by market supply and demand. The share price may be different to the net assets of the Company.

The Company may enter into long only contracts for difference or equity swaps for gearing and efficient portfolio management purposes. It may also use borrowing to seek to enhance investment returns. This will exaggerate market movements both up and down. Generally gearing, through borrowings and/or entering into long only contracts for difference or equity swaps, will not exceed the net asset value by more than 20% at the time of drawdown of the relevant borrowings or entering into the relevant transaction, as appropriate. Where the Company utilises such instruments, it is likely to take a credit risk with regard to the parties with whom it trades and may also bear the risk of settlement default.

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Shareholders should read the Company's product documentation before investing, including the latest Report and Accounts, the Alternative Investment Fund Managers Directive Disclosure Document and the latest prospectus of the Company as they contain important information regarding the Company, including charges, tax and specific risk warnings and will form the basis of the investment.

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