

CC Japan Income & Growth Trust plc

ASSET MANAGEMENT LLP

CouplandCardiff

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Commentary

April 2022

The Topix Total Return Index fell 4.7% in sterling terms during April as investors continued to focus on the knock-on impact to Japan of a number of international developments. The most immediate repercussion of events has been the sharp fall in the Yen against other international currencies. The Yen fall from Y115/\$ at the beginning of March to almost 130/\$ is particularly significant as the 13% decline presents both challenges and opportunities for a country which is reliant on international trade. As previously outlined the current situation has developed as a result of notably different inflationary dynamics and consequently monetary policy in Japan compared to other developed regions. One of the reasons for maintaining a starkly different path to other Central Banks is the belief held by BoJ policy officials that inflationary pressures in Japan will be temporary. While the recent history of the last 20 years arguably supports this stance, there is the possibility that a unique set of circumstances affecting both supply and demand dynamics could create an environment where the low inflationary equilibrium in the domestic market may be ended. We remain cautious but note announcements from Asahi Group Holdings that domestic product prices (beer and non-alcoholic beverages) will be increased between 6-10% (the first increase for 14 years) and by convenience store operator Lawson that its will raise the price of its popular fried chicken ("karaage") for the first time in 36 years. Backing up these moves are data which shows that input costs (as measured by PPI) are rising at the fastest rate since 1980 while consumer inflation expectations are all time highs since records began.

While these macro-economic considerations help define our investment universe, the decision making is very much on a bottom up basis taking into consideration the fundamental business growth opportunities combined with the potential for these companies to generate an attractive total return for their shareholders. We believe that consistent return via dividends and share buybacks are key component of this return and have been yet again encouraged by the trends observed at companies that have announced full year results for FY21. so far. Portfolio holdings Denso, Nippon Gas, Murata and Hitachi have all announced higher dividends for the year just completed than they originally anticipated and are set to raise these further this year. Murata and Hitachi along with Shin-Etsu Chemical also announced significant buyback programmes equivalent to 2.5%, 5.0% and 1.4% of market capitalization respectively.

Fund Statistics		Investment Objective			Dividend (in GBP)						
Market Value	£217m	To provide shareholders with dividend income combined with capital growth, mainly through investment in equities listed or quoted in Japan.			Dividends Declared	YE Oct 2021	YE Oct 2020	YE Oct 2019	YE Oct 2018	YE Oct 2017	YE Oct 2016
No. Ordinary Shares in issue	134,730,610				Jun/Jul	1.40	1.40	1.40	1.25	1.15	1.00
Launch date	Dec 2015				Jan/Feb	3.35	3.20	3.10	2.50	2.30	2.00
NAV per Ordinary Share cum Income GBP	161.09				Total	4.75	4.60	4.50	3.75	3.45	3.00
NAV per Ordinary Share ex Income GBP	158.73	Book Exposures			Discrete performance (%) full calendar years ⁽¹⁾						
Ordinary Share Price GBP	145.25		No. Stks	%	Total Return	2021	2020	2019	2018	2017	2016
Premium (Discount)	(9.8%)	Dividend Growth	32	97.9	Ord Share Price	12.39	-9.09	10.79	-6.72	37.48	13.18
Subscription Share Price GBP	2.0	Special Situations	5	13.9	NAV (cum inc)	10.79	1.23	20.93	-10.96	30.49	21.13
Dividends Paid	Aug & Mar	Stable Yield	3	6.5	TOPIX TR in	2.22	9.49	15.65	-8.89	15.50	23.63
Dividend Yield	3.27% ⁽²⁾	Total	40	118.3							
Active Share	78.89% ⁽³⁾	Cumulative performance (%) ⁽¹⁾									
Financial Calendar Year End	31 October	Total Return		1 mth	YTD	1 Yr	3 Yrs	5 Yrs	Inception		
Company Fees:		Share Price		-8.07	-1.26	3.45	10.87	30.30	69.30		
Ongoing charges ratio (OCR) per year (31.10.21)	1.05% ⁽⁴⁾	NAV (cum inc)		-3.03	-2.99	7.12	20.35	47.06	88.44		
OCR includes Annual Management Fee:	0.75%	TOPIX TR in GBP		-4.70	-8.49	-5.14	11.60	22.72	61.10		
AIFMD Exposure Calculation at 31.12.21		Notes									
Gross	121.11 (% nav)	(1) Source: Independent NAVs are calculated daily by Sanne Fund Services (UK) Limited (by Northern Trust Global Services Limited pre 01.10.17.) From January 2021 Total Return performance details shown are net NAV to NAV returns (including current financial year revenue items) with gross dividends re-invested. Prior to January 2021 Total Return performance details shown were net NAV to NAV returns (excluding current financial year revenue items) with gross dividends re-invested. Ordinary Share Price period returns displayed are calculated as Total Return on a Last price to Last price basis. Past performance may not be a reliable guide to future performance. 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 based on a midday FX rate consistent with the valuation point. 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. (2) The yield is calculated using the actual dividends declared during the past 12 months and the closing Ordinary Share price as at the date of this factsheet. This is rounded to 2 decimal places. (3) Source: Refinitiv Eikon (4) Source: OCR is calculated by Sanne Fund Services (UK) Limited. This is rounded to 2 decimal places.									
Commitment	119.76 (% nav)										
Company Codes:											
ISIN - Ordinary Share	GB00BYSRMH16										
Sedol - Ordinary Share	BYSRMH1 GB										
Bloomberg - Ordinary Share	CCJI LN										
ISIN - Subscription Share	GB00BM90B010										
Sedol - Subscription Share	BM90B01 GB										
Bloomberg - Subscription Share	CCJS LN										

Top 10 Holdings	
Holding	(%)
Mitsubishi UFJ Financial	6.1
Nippon T&T	5.9
Sumitomo Mitsui Financial	5.8
DIP	4.7
Mitsubishi Corp	4.4
Itochu Corp	4.4
Toyota Motor	4.4
Softbank Corp	4.3
Sompo Holdings	4.1
SBI Holdings	3.9
Total	48.0

Top 10 Sectors	
Sector	(%)
Info & Communications	20.8
Chemicals	13.1
Banks	11.9
Electrical Appliances	11.1
Real Estate	10.3
Services	9.0
Wholesale	8.8
Transport Equipment	7.6
Insurance	6.9
Other Products	4.0
Total	103.5

Company Information

Launch date	15 December 2015
AIC sector	Japan
Fund manager	Richard Aston
Directors	Harry Wells (Chairman), June Aitken, Craig Cleland, Kate Cornish-Bowden, Peter Wolton.

Contact Details

Address	Coupland Cardiff Asset Management LLP 5th Floor, 31-32 St. James's Street London, SW1A 1HD.
Company Secretary	Sanne 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.

Sustainability Risk - Environmental, social and governance events or conditions could occur that have an adverse impact on the value of the Fund's investments, either directly, or by contributing to the impact or materiality of other risks.

The Company prospectus gives you further details about all the risks for this fund – see under “Important Information” for how to obtain a copy.

Important Information

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 29.04.2022 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 ordinary and subscription shares will fluctuate. The price of the ordinary and subscription shares in the Company is determined by market supply and demand. The price of the ordinary shares 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.

Each subscription share will confer the holder with the right (but not the obligation) to subscribe for one ordinary share on exercise of the rights attaching to the subscription shares and on payment of the subscription price, which is 161 pence (being the unaudited published NAV per ordinary share as at the close of business on 15 February 2021, plus a one per cent. premium to such NAV per ordinary share, rounded up to the nearest whole penny). Notice of the exercise of the subscription share rights may be given on the last business day of each calendar quarter commencing on 31 May 2021 and finishing on the last business day in February 2023, after which the subscription share rights will lapse except in the circumstances set out in the prospectus in respect of the subscription shares.

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All information and research material provided herein is subject to change and this document does not purport to provide a complete description of the funds, securities or other investments or markets referred to or the performance thereof. All expressions of opinion are subject to change without notice.

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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