CC Japan Income & Growth Trust plc

ASSET MANAGEMENT LLP
CouplandCardiff

Commentary — August 2019

The NAV of the Coupland Cardiff Japan Income & Growth Trust underperformed the 1% fall in the Topix Total Return Index (in GBP) during the month registering a decline of 1.9%. Asset prices worldwide continue to be affected by an unexpected escalation of the trade conflict between the United States and China. The Japanese equity market fell sharply at the beginning of the month as the US President announced a 10% tariff on further products imported from China. The lack of progress in this dispute is continuing to undermine business confidence and also that of investors. The situation has not been helped by a weakening of the renminbi to under 7Rmb per dollar for the first time since 2008 which resulted in the US Treasury immediately suggesting that China is a 'currency manipulator' and further risks to the deteriorating relationship between the two countries. Sentiment on this issue has played a significant role in the performance of individual stocks in ever decreasing time periods. This month was no exception with machinery stocks such as Tsubaki Nakashimna, Amada and Komatsu, which are exposed to global demand trends, weaker. Financials were once again also weak as interest rates around the world continued to tumble (SBI Holdings, Sumitomo Financial Group, Resona Holdings), but real estate investment trusts, which offer some degree of 'safety' continued their recent strength. Invincible Investment, MCUBS Midcity and Invesco Office were all among the major positive contributors to fund performance over the month.

Against the backdrop of deteriorating global economy, the recent outbreak of a localised geopolitical dispute between Japan and South Korea is a more significant development. There is a complex historical relationship between the two countries which has taken a turn for the worse in recent months as pragmatic diplomacy has been superseded by the imposition of trade and security restrictions. This benefits neither country and potentially affects the global technology supply chain. The dispute is however an emotional one with calls to boycott Japanese goods in South Korea increasingly common. There has also been a notable fall in the number of visitors to Japan from Korea in the last 2-3 months and this has affected sentiment towards companies deemed to have been beneficiaries of the influx of inbound consumers of products and services. Within the portfolio, cosmetic manufacturers Pola Orbis and Noevir, whose skincare products have been popular with Asian tourists, experienced share price weakness. Notable also given the overall strength of the REIT market, has been the sharp fall in the value of shares of Japan Hotel REIT in August. The company commented that its hotels in Osaka, Kyoto and Okinawa had experienced a short term deterioration in performance as a result but importantly, through management of costs, had been able to maintain its dividend projection for the full year. The dispute does however undoubtedly add to uncertainties going forward which will be monitored for its broader consequences.

Fund Statistics

Market Value	£ 206m
No. Shares in issue	134,730,610
Launch date	Dec 2015
NAV per share cum Income GBp	152.96
NAV per share ex Income GBp	151.06
Share Price GBp	147.25
Premium (Discount)	(3.7%)
Dividends Paid	Aug & Mar
Dividend Yield	2.65%(2)
Financial Calendar:	
Year End	31 October
Company Fees:	
Ongoing charges ratio (OCR) per year (30.04.19)	1.06%(3)
OCR includes Annual Management Fee:	0.75%
AIFMD Exposure Calculation at 30.06.19	
Gross	122.2 (% nav)
Commitment	121.8 (% nav)
Company Codes:	
ISIN	GB00BYSRMH16
Sedol	BYSRMH1 GB
Bloomberg	CCJI LN

Investment Objective

To provide shareholders with dividend income combined with capital growth, mainly through investment in equities listed or quoted in Japan.

Cumulative performance (%) (1)

	YTD	1 Yr	2yr	Inception
Share Price	4.24	-7.27	9.14	54.60
NAV	17.89	-0.18	14.54	65.56
TOPIX TR GBP	11.19	-0.80	7.45	54.07

Book Exposures

	No. Stks	%
Dividend Growth	34	95.3
Special Situations	3	7.3
Stable Yield	5	17.1
Total	42	119.7

Discrete performance (%) full calendar years(1)

	2018	2017	2016
Share Price	-6.72	37.48	13.18
NAV	-11.34	30.64	19.28
TOPIX TR GBP	-8.89	15.50	23.63

Dividend (in GBp)

Ex date	2016/17	2017/18	2018/19	2019/20
Jun/July	1.00	1.15	1.25	1.40
Jan/Feb	2.00	2.30	2.50	
Total	3.00	3.45	3.75	

Notes

(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. (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

Top 10 Holdings	
Holding	**(%)**
Invesco Office J-Reit	5.1
Nippon T&T	5.0
Shin-Etsu Chemical	4.8
Itochu Corp	4.8
Tokio Marine Holdings	4.7
Toyota Motor Corp	4.4
Invincible Investment Corp	4.2
Bridgestone Corp	4.0
Sumitomo Mitsui Financial	3.8
Kakaku	3.8
Total	**44.6**

Top 10 Sectors	
Sector	**(%)**
Real Estate	18.3
Chemicals	14.2
Services	12.9
Info & Communications	10.4
Banks	8.9
Wholesale	8.4
Construction	7.6
Machinery	7.4
Electrical Appliances	7.2
Insurance	4.7
Total	**100.0**

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) for 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.

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 30.08.2019 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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