CC Japan Income & Growth Trust plc

ASSET MANAGEMENT LLP
CouplandCardiff

Commentary

January 2022

The Topix Total Return Index fell 4.7 % in sterling terms the first month of 2022 as investors digested a number of developments internationally and also some specific to Japan. Rising US long-term rates and political tensions over the Ukraine added to the concerns about the rapid rise of domestic Covid cases and worries about the short term impact of semiconductor shortages across a number of industries. The general equity weakness was most acute in the smaller cap segment of the market with JASDAQ down 9.3% and TSE Mothers falling 23.3% in local currency as tolerance for risk dissipated.

In response to the resurgence infections, the Japanese Government re-introduced a quasi-state of emergency in 35 of the country's 47 prefectures which allows local authorities to impose targeted restrictions such as taking alcohol off the menu at bars and restaurants and requesting early closing hours. The end of the previous round of restrictions in September 2021 had been followed by a significant uptick in personal spending on 'services' such as travel, accommodation and eating out in the few months to the end of the year. Short term statistics suggest that renewed caution has resulted in a reversal of these improvements and unsurprisingly expectations for a normalization of personal behaviour and aggregate economic activity have been delayed. There is no reason however to believe that the underlying desire to return to pre-pandemic behaviour has disappeared given the patterns observed in the summer of 2020 and at the end of 2021. The combination of the Government's economic spending package, the deployment of the accumulated savings by individuals and maybe even a near-term reopening of its international borders will be important factors contributing to the timing and strength of the economy as the year progresses. They will also have implications for different investment opportunities and portfolio construction.

Despite these many challenges to business performance, one thing continues to standout as companies report results for the Sept-Dec quarter— shareholder return which remains at the forefront of capital management initiatives. Notably aggregate share buybacks now look as though they may reach a new annual record after a slow start to the current fiscal year. Three companies within the portfolio have raised their projected dividends to higher levels than originally anticipated with the most significant increase coming from Shin-Etsu Chemical who will now pay Y400 per share for the full year compared to the previous forecast of Y300. This represents a 60% year-on-year increase from the FY20 distribution. The additional dividend increases from Murata and Technopro were less dramatic but still meaningful.

Fund Statistics

Market Value	£222m
No. Ordinary Shares in issue	134,730,610
Launch date	Dec 2015
NAV per Ordinary Share cum Income GBp	164.77
NAV per Ordinary Share ex Income GBp	161.25
Ordinary Share Price GBp	154.00
Premium (Discount)	(6.5%)
Subscription Share Price GBp	3.0
Dividends Paid	Aug & Mar
Dividend Yield	2.99%(2)
Financial Calendar Year End	31 October
Company Fees:	
Ongoing charges ratio (OCR) per year (31.10.21)	1.05%(3)
OCR includes Annual Management Fee:	0.75%
AIFMD Exposure Calculation at 31.12.21	
Gross	121.11 (% nav)
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

Investment Objective

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

Dividend (in GBp)

Dividends Declared	YE Oct 2021	YE Oct 2020	YE Oct 2019	YE Oct 2018	YE Oct 2017	YE Oct 2016
Jun/Jul	1.40	1.40	1.40	1.25	1.15	1.00
Jan/Feb		3.20	3.10	2.50	2.30	2.00
Total	1.40	4.60	4.50	3.75	3.45	3.00

Book Exposures

	No. Stks	%
Dividend Growth	31	98.2
Special Situations	5	12.9
Stable Yield	3	8.8
Total	39	119.9

Discrete performance (%) full calendar years(1)

Total Return	2021	2020	2019	2018	2017	2016
Ord Share Price	12.39	-9.09	10.79	-6.72	37.48	13.18
NAV (cum inc)	10.79	1.23	20.93	-10.96	30.49	21.13
TOPIX TR in GBP	2.22	9.49	15.65	-8.89	15.50	23.63

Cumulative performance (%) (1)

Total Return	1 mth	YTD	1 Yr	3 Yrs	5 Yrs	Inception
Share Price	2.33	2.33	14.10	19.20	40.65	74.70
NAV (cum inc)	-2.80	-2.80	10.16	26.88	47.81	88.77
TOPIX TR in GBP	-4.66	-4.66	-0.73	19.49	27.40	67.83

Notes

(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: OCR is calculated by Sanne Fund Services (UK) Limited. This is rounded to 2 decimal places.

Top 10 Holdings	
Holding	**(%)**
Mitsubishi UFJ Financial	5.8
Sumitomo Mitsui Financial	5.7
Nippon T&T	5.1
Itochu Corp	5.1
SBI Holdings	4.5
Asahi Holdings	4.4
Sompo Holdings	4.3
Softbank Corp	4.2
DIP	4.1
Mitsubishi Corp	4.1
Total	**47.3**

Top 10 Sectors	
Sector	**(%)**
Info & Communications	17.2
Chemicals	13.9
Real Estate	13.0
Electrical Appliances	11.6
Banks	11.5
Wholesale	9.2
Services	8.3
Transport Equipment	7.5
Insurance	7.2
Sec&Cmdty	4.5
Total	**103.9**

Company Information

Launch date	15 December 2015
AIC sector	Japan
Fund manager	Richard Aston
Directors	Harry Wells (Chairman), Kate Cornish-Bowden, John Scott, 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 31.01.2022 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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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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