CC Japan Income & Growth Trust plc

ASSET MANAGEMENT LLP
CouplandCardiff

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Commentary — May 2023

The NAV of the CC Japan Income & Growth Fund Trust rose 2.2% in sterling terms during May.

The positive signs for the Japanese economy in the near term, and more importantly the equity market, continue to broaden out. The prospects for an economic recovery centred on domestic services and inbound consumption are apparent and a notable feature of recent visits to Japan by members of the CCAM investment team. The risk of dramatic changes on the domestic front appear remote. The newly appointed Governor of the Bank of Japan, Kazuo Ueda, has indicated a cautious approach to monetary tightening and Prime Minister Fumio Kishida's approval rating has rebounded. This has been aided by a thawing of the bilateral relationship with South Korea after President Yoon Suk Yeol visited Tokyo and this renewed popularity and recent successes in local by-elections has prompted speculation that an early General Election will be called. It is worth highlighting the fact that by serving a term of just over 18 months Fumio Kishida has become the third longest serving Prime Minister of Japan this century (following the terms of Shinzo Abe and Junichiro Koizumi) and that these periods of political stability have coincided with better prospects for the economy and the stock market.

While it is certainly far too early to laud the success of the Tokyo Stock Exchange's initiative to improve cost of capital and corporate value, there is evidence from discussion with company management that objectives are well recognised and that it has been broadly welcomed by the investment community. The first signs might be evident in the spate of large (as a percentage of total share outstanding) buybacks year to date. It is extremely important in our view to differentiate between the companies that offer only short term investment potential from one-off capital efficiency events and those which have longer term appeal based on the prospects for their underlying business. We have been encouraged by hearing from the management of the companies in the portfolio about their investment plans to capture future growth whilst also continuing to raise their returns to shareholders on a sustainable basis. From the recent full year reporting season, we highlight Mitsubishi UFJ Holdings which will raise its dividend for FY23 to Y41 per share, significantly higher than any previous expectations and equivalent to +28% y/y. There were also dividends announced for FY22 higher than initial expectations from a number of companies including Itochu Corp and Tokio Marine.

Fund Statistics

Market Value	£281m
No. Ordinary Shares in issue	134,730,610
Launch date	Dec 2015
NAV per Ordinary Share cum Income GBp	168.47
NAV per Ordinary Share ex Income GBp	165.80
Ordinary Share Price GBp	162.25
Premium (Discount)	(3.7%)
Dividends Paid	Aug & Mar
Dividend Yield	3.02%(2)
Active Share	81.35%(3)
Financial Calendar Year End	31 October
Company Fees:	
Ongoing charges ratio (OCR) per year (31.10.22)	1.06%(4)
OCR includes Annual Management Fee:	0.75%
AIFMD Exposure Calculation at 31.05.23	
Gross	117.51 (% nav)
Commitment	116.69 (% nav)
Company Codes:	
ISIN - Ordinary Share	GB00BYSRMH16
Sedol - Ordinary Share	BYSRMH1 GB
Bloomberg - Ordinary Share	CCJI 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 2022	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	1.40	1.25	1.15	1.00
Jan/Feb	3.50	3.35	3.20	3.10	2.50	2.30	2.00
Total	4.90	4.75	4.60	4.50	3.75	3.45	3.00

Book Exposures

	No. Stks	%
Dividend Growth	31	97.9
Special Situations	5	10.4
Stable Yield	3	8.4
Total	39	116.7

Discrete performance (%) full calendar years(1)

Total Return	2022	2021	2020	2019	2018	2017
Ord Share Price	1.79	12.39	-9.09	10.79	-6.72	37.48
NAV (cum inc)	-0.51	10.79	1.23	20.93	-10.96	30.49
TOPIX TR in GBP	-4.60	2.22	9.49	15.65	-8.89	15.50

Cumulative performance (%) (1)

Total Return	1 mth	YTD	1 Yr	3 Yrs	5 Yrs	Inception
Share Price	5.70	11.68	10.95	38.34	14.83	98.00
NAV (cum inc)	2.23	5.01	7.20	34.07	20.88	108.00
TOPIX TR in GBP	2.71	5.87	7.93	13.20	16.99	77.80

Notes

(1) Source: Independent NAVs are calculated daily by Apex Listed Companies 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 Apex Listed Companies Services (UK) Limited This is rounded to 2 decimal places.

Top 10 Holdings	
Holding	**(%)**
Sumitomo Mitsui Financial	6.9
Mitsubishi UFJ Financial	6.3
Socionext Inc	6.1
Nippon Telegraph and Telephone	5.1
Itochu Corp	4.8
Shin-Etsu Chemicals	4.6
Sompo Holdings	4.0
SBI Holdings	3.9
Softbank Corp	3.9
Hitachi Ltd	3.8
Total	**49.4**

Top 10 Sectors	
Sector	**(%)**
Electrical Appliances	18.0
Chemicals	17.5
Info & Communications	14.4
Banks	13.2
Services	8.9
Wholesale	7.9
Insurance	7.7
Real Estate	5.1
Other Financial Business	5.1
Retail Trade	4.8
Total	**102.6**

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	Apex Listed Companies 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 31.05.2023 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 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.

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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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