CC Japan Income & Growth Trust plc

ASSET MANAGEMENT LLP
CouplandCardiff

Commentary — October 2019

The NAV of the CC Japan Income & Growth Trust was almost flat over the month when expressed in GBP and in line with the performance of the Topix Total return Index due to the strong underlying return of Japanese equities combined with Yen's weakness against sterling. Topix hit a year-to-date high on the last day of the month as the market responded to news of a partial trade deal between the US and China and the announcement of a further cut in the US Federal Reserve Rate (of 25bps) which have raised hopes for economic growth and hence corporate earnings going forward. Economically sensitive sectors were unsurprisingly the better performers with holdings such a precision steel ball manufacturer Tsubaki Nakashima and tyre manufacturer Bridgestone among the major contributors to the monthly performance. Specialist domestic construction companies Sho-Bond (highways and bridges) and Kyowa Exeo (communication networks) performed strongly following Typhoon Hagibis, the worst to hit the mainland of Japan for many years. The fall in the share price of Kakaku.com was the single largest negative contributor and this followed an announcement that the Fair Trade Commission is conducting a review of restaurant information websites.

Prime Minister Abe's Cabinet has approved draft legislation to impose tougher rules on foreign investments in stocks related to national security. The planned rules will require overseas investors to report in advance when they plan to buy more than 1 percent of shares in companies related to Japan's national security, compared with the current 10 percent threshold, according to the Finance Ministry. The government aims to secure passage of the revised bill outlining the rules during the current parliamentary session.

Foreign investors' influence on the governance of companies in strategic sectors will also be more strictly monitored. Appointment of directors or proposals by foreign investors to sell important operations of Japanese companies operating in these sectors will also require prior approval from regulators. The proposal covers an array of sectors. Based on a document published by the Finance Ministry on Oct. 18, areas subject to the new rules fall into four broad categories: national security, public order, public safety and smooth operation of the Japanese economy. Each of these categories is broken down into individual sectors. Weapons, aircraft and nuclear energy, among others, fall under national security, "while smooth operation of the Japanese economy" category includes agriculture and shipping.

While this move taken at face value appears to be a setback in the progression of corporate governance in Japan, we expect the final legislation to be less draconian than the current headlines imply. We strongly believe that this ultimately will have very little impact on our investable universe of companies. The companies that fall into these categories typically operate in a manner that suggest priorities other than shareholder return and hence would not satisfy our investment criteria.

Fund Statistics

Market Value	£ 214m
No. Shares in issue	134,730,610
Launch date	Dec 2015
NAV per share cum Income GBp	158.93
NAV per share ex Income GBp	155.13
Share Price GBp	150.00
Premium (Discount)	(5.6%)
Dividends Paid	Aug & Mar
Dividend Yield	2.60%(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	6.14	0.59	3.59	57.27
NAV	20.99	9.04	13.47	69.70
TOPIX TR GBP	14.40	7.07	12.63	58.52

Book Exposures

	No. Stks	%
Dividend Growth	35	95.3
Special Situations	3	6.5
Stable Yield	5	16.7
Total	43	118.5

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
Shin-Etsu Chemical	4.9
Nippon T&T	4.7
Itochu Corp	4.6
Tokio Marine Holdings	4.5
Toyota Motor Corp	4.2
Invincible Investment Corp	4.0
Bridgestone Corp	4.0
Japan Hotel Reit Investment	3.8
Sumitomo Mitsui Financial	3.8
Total	**43.6**

Top 10 Sectors

Sector	(%)
Real Estate	18.0
Chemicals	14.0
Services	11.3
Info & Communications	9.8
Banks	8.9
Construction	8.3
Wholesale	8.0
Machinery	7.7
Electrical Appliances	7.3
Insurance	4.5
Total	**97.8**

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 31.10.2019 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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