CC Japan Income & Growth Trust plc

CouplandCardiff
ASSET MANAGEMENT LLP

Commentary

December 2019

The NAV return of the Coupland Cardiff Japan Income & Growth Trust exceeded that of the Topix market in December. There was a strong rebound in the share price of Invesco Office REIT, one of the Trust's largest holdings, after two months of deterioration. The holdings in the hotel sub-segment of this asset class however (Japan Hotel REIT, Invincible Investment REIT) remained weak as the ongoing decline in the numbers of visitors to Japan from Korea has had a localised impact on the short term occupancy trends in the sector. In general, the market had a solid month reflecting a global 'risk on' appetite that followed the dovish comments from central bank meetings held in the US and Japan, the expectation of further progress in a trade deal between the US and China and a clear UK election result.

The Japanese economy is also likely to receive a boost from the larger than expected Government stimulus package approved at the beginning of the month. The headline figure of Y25-26trn is equivalent to approximately 5% of GDP. This large figure include loans and subsidies (such as a reward programme for consumers using cashless payment methods) but also an estimated Y13trn supplementary spending package, which will be spread over the next few years, notable for the areas targeted and the strategies promoted. These include disaster prevention and reconstruction (eg shift to underground cables, power storage) and infrastructure investment (highway repair, Narita airport expansion) which we believe will be beneficial for our holdings such as Sho-Bond, Kyowa Exeo and Maeda Road.

A brief review of 2019 highlights the strong performance of Japanese equities during the four months of the year as Central Banks across the globe returned to easier monetary policies, but the market reversed much of these early gains in the period from April to September due to consistent evidence of slowing global trade and concerns over the deteriorating relationship between the US and China. However from the end of September onwards, and even as the domestic consumption tax was raised from 8% to 10%, the Topix gained more than 10% as some of the earlier concerns eased and Japan announced its own trade agreement with the US.

Despite the uncertain macroeconomic and geopolitical backdrop, we have continued to highlight the steady improvement in shareholder returns and corporate governance which we consider to be the most important considerations for international investors. The trends of both dividends and share buybacks, which have both reached record highs, are very clear and quantifiable but also now more subjective aspects of corporate governance such as parent/listed subsidiaries and cross-shareholding are showing signs of considerable progress. With the foundation of reforms implemented since 2013, we expect these improvements to continue in 2020.

Fund Statistics

Market Value	£ 215m
No. Shares in issue	134,730,610
Launch date	Dec 2015
NAV per share cum Income GBp	159.70
NAV per share ex Income GBp	154.81
Share Price GBp	156.75
Premium (Discount)	(1.8%)
Dividends Paid	Aug & Mar
Dividend Yield	2.49%(2)
Financial Calendar:	
Year End	31 October
Company Fees:	
Ongoing charges ratio (OCR) per year (31.10.19)	0.94%(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

Book Exposures

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

Investment Objective

	No. Stks	%
Dividend Growth	34	97.4
Special Situations	2	5.9
Stable Yield	5	16.1
Total	41	119.4

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	

Discrete performance (%) full calendar years(1)

Total Return	2019	2018	2017	2016
Share Price	10.79	-6.72	37.48	13.18
NAV	20.75	-11.34	30.64	19.28
TOPIX GBP	15.65	-8.89	15.50	23.63

Cumulative performance (%) (1)

Total Return	YTD	1 Yr	2yr	3yr	Inception
Share Price	10.79	10.79	3.11	41.67	68.35
NAV	20.75	20.75	6.57	39.05	66.41
TOPIX GBP	15.65	15.65	5.37	21.70	60.26

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. Share Price period returns displayed are calculated as Total Return. (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. This is rounded to 2 decimal places.

Top 10 Holdings	
Holding	**(%)**
Invesco Office J-Reit	5.1
Itochu Corp	5.0
Nippon T&T	4.7
Tokio Marine Holdings	4.6
Shin-Etsu Chemical	4.2
Toyota Motor Corp	4.2
Sumitomo Mitsui Financial	4.0
Japan Hotel Reit Investment	3.9
Bridgestone Corp	3.7
Tokyo Electron	3.6
Total	**43.0**

Top 10 Sectors	
Sector	**(%)**
Real Estate	16.0
Chemicals	12.8
Services	12.7
Info & Communications	9.5
Banks	9.1
Wholesale	8.5
Construction	8.3
Machinery	7.7
Electrical Appliances	7.4
Insurance	4.6
Total	**96.6**

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) or 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 31.12.2019 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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