CC Japan Income & Growth Trust plc

ASSET MANAGEMENT LLP
CouplandCardiff

Commentary

June 2019

The NAV of the CC Japan Income & Growth Trust rose 2.5% in sterling terms in June, in line with the move of the Topix Total Return Index expressed in GBP. After falling sharply in May, the market rallied during the month reflecting comments from the Central Banks of the US and the European Union raising the possibility of further easing measures in reaction to recent economic trends. Sentiment was boosted by the news that the US had dropped its threat to impose tariffs on Mexico and that the leaders of China and the US would meet during the G20 Summit (held in Osaka on 28-29 June).

There was clear evidence of role reversal in the market with a number of companies that had suffered from weak share prices in recent months such as Park24, Shin-Etsu Chemical, Komatsu and Tsubaki Nakashima amongst the top contributors in June, whilst the Real Estate Investment Trusts in particular experienced some profit taking. Corporate newsflow was relatively light during the AGM season. However, the reappointment of Kinya Seto as CEO of Lixil, following a proxy fight between major shareholders and the company's board, was a notable development and an indication of the steady progression of corporate governance reform.

Share buybacks have continued to be a prominent feature since the market weakened in the fourth quarter of 2018. For the two months of the fiscal year 2019 to date, the amount of buybacks announced exceeds Y3.5trn or twice the level of the prior year at the same stage. The purchase of shares by corporations themselves will remain an important feature of market dynamics going forward which is highlighted by the Tokyo Stock Exchange FY18 Shareownership survey released on 26 June. This shows that ownership by foreigners decreased to below 30% for the first time in 3 years (and that it peaked in 2014) but individual ownership stabilised with selling on the secondary exchanges offset by the net purchases in new share issues and initial public offerings.

The financial behaviour of the Japanese individual investor is an important consideration in any discussion of the local equity market given the size of the accumulated savings of the household sector but their tendency to favour cash on deposit over other investment opportunities. The need for better financial planning has again been raised in the collective consciousness by the release of a controversial report from the Financial Services Agency which suggested that the average retirement household needs an addition Y20m of assets beyond the public pension to maintain lifestyles through current projected life expectancy. The report encourages asset building from an early stage which should certainly stimulate debate and could benefit regular savings products such as NISAs and recently reformed iDeCo (Defined Contribution) pension plans. We believe that this would ultimately benefit the income generating stocks identified by this strategy.

Fund Statistics

Market Value	£ 200m
No. Shares in issue	134,730,610
Launch date	Dec 2015
NAV per share cum Income GBp	148.52
NAV per share ex Income GBp	145.16
Share Price GBp	153.50
Premium (Discount)	3.4%
Dividends Paid	Aug & Mar
Dividend Yield	2.44%[(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 31.12.18	
Gross	128.5 (% nav)
Commitment	123.7 (% 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	7.59	-4.70	15.61	59.32
NAV	12.34	-5.13	16.12	58.13
TOPIX TR GBP	8.13	-2.38	7.10	49.84

Book Exposures

	No. Stks	%
Dividend Growth	33	95.1
Special Situations	3	7.3
Stable Yield	5	16.0
Total	41	118.4

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
Jun/July	1.00	1.15	1.25
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	(%)
Nippon T&T	4.8
Invesco Office J-Reit	4.7
Itochu Corp	4.6
Tokio Marine Holdings	4.5
Shin-Etsu Chemicals	4.4
Bridgestone Corp	4.1
Toyota Motor Corp	4.1
Sumitomo Mitsui Financial	4.0
Mitsubishi Corp	3.9
Japan Hotel Reit	3.8
Total	**42.9**

Top 10 Sectors

Sector	(%)
Real Estate	17.1
Chemicals	14.7
Services	12.6
Info & Communications	10.8
Banks	9.2
Wholesale	8.5
Machinery	8.1
Construction	7.4
Electrical Appliances	7.1
Insurance	4.5
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 28.06.2019 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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