CC Japan Income & Growth Trust plc

ASSET MANAGEMENT LLP
CouplandCardiff

Commentary

November 2019

The NAV return of the Coupland Cardiff Japan Income & Growth Trust during November was behind the monthly return of the benchmark index due primarily to second consecutive month of weakness for the Real Estate Investment Trust holdings. The sell-off of this asset class was particularly strong in the first half of the month, a seemingly snap reaction to the reversal in the recent trend of international bond markets and JGB's in particular. The shares rebounded modestly towards the end of the month reflecting the strong appetite for yield amongst financial institutions in Japan and the fact that the operating environment in the real estate market remain healthy.

On the positive side it was encouraging to see a number of companies that raised their dividend forecasts or announced share buybacks appear in the top performing holdings in the period. Noevir raised its projected full year dividend payment from Y180 to Y200 and Shoei from Y93 to Y106 alongside the announcement of the company's respective full year results. At the interim stage Mitsubishi Corp raised its full year dividend from Y125 to Y132, Inpex from Y24 to 27 and Hikari Tsushin from Y372 to Y393. Tokio Marine Holdings announced both a share buyback and the intention to pay a special dividend for the second consecutive year. Kakaku.com announced an Y8bn buyback, equivalent to 1.8% of the its outstanding equity.

In general the Q2 reporting season can be categorized as quite mixed with many companies experiencing challenges from the slowdown in global trade (either directly or indirectly) and expressing caution for the second half of the year due to the lack of visibility created by the ongoing trade negotiations between China and the US and also the uncertainty over the short term impact of the domestic consumption tax increase in October. In light of this however, as indicated above, companies continue to demonstrate a willingness to improve shareholder returns in a manner that has not been evident during previous economic slowdowns. Both the total amount of dividends paid and share buybacks announced (and executed) remain on track to reach record highs for the 2019 calendar year.

It was notable that the Bank of Japan through its Nikkei and Topix ETF buying programme has not been a major factor in the recent rally of Japanese equities. In fact the BoJ did not participate for 40 consecutive days from 10th October and is currently behind the run rate for its full year target. The major buyers have been foreigner investors, reversing the trend of the year to date, and corporates through the aforementioned share buybacks. Domestic investors continue to behave in a contrarian manner and been the notable sellers not only missing out on the rally but the favourable income distribution trends.

Fund Statistics

Market Value	£ 214m
No. Shares in issue	134,730,610
Launch date	Dec 2015
NAV per share cum Income GBp	158.73
NAV per share ex Income GBp	154.94
Share Price GBp	156.00
Premium (Discount)	(1.7%)
Dividends Paid	Aug & Mar
Dividend Yield	2.50%[2]
Financial Calendar:	
Year End	31 October
Company Fees:	
Ongoing charges ratio (OCR) per year (30.04.19)	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	35	96.3
Special Situations	2	5.8
Stable Yield	5	16.3
Total	42	118.4

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]

	2018	2017	2016
Share Price TR	-6.72	37.48	13.18
NAV TR	-11.34	30.64	19.28
TOPIX TR GBP	-8.89	15.50	23.63

Cumulative performance (%) [1]

	YTD	1 Yr	2yr	3yr	Inception
Share Price TR	10.28	6.60	6.14	42.85	67.60
NAV TR	20.85	9.60	8.72	41.52	66.54
TOPIX TR GBP	15.66	7.06	6.85	23.45	60.27

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	4.9
Nippon T&T	4.8
Itochu Corp	4.8
Tokio Marine Holdings	4.5
Toyota Motor Corp	4.2
Shin-Etsu Chemicals	4.2
Sumitomo Mitsui Financial	3.8
Bridgestone Corp	3.8
Invincible Investment Corp	3.8
Japan Hotel Reit Investment	3.7
Total	**42.5**

Top 10 Sectors	
Sector	**(%)**
Real Estate	16.1
Chemicals	13.6
Services	12.0
Info & Communications	9.2
Banks	8.9
Construction	8.4
Wholesale	8.3
Machinery	7.7
Electrical Appliances	7.4
Insurance	4.5
Total	**96.1**

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 29.11.2019 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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