CC Japan Income & Growth Trust plc

ASSET MANAGEMENT LLP
CouplandCardiff

Commentary — March 2019

The NAV of the CC Japan Income & Growth Trust rose in March despite a modest decline in the Topix index during the month. Concerns about the slowing global economy and ongoing geopolitical tensions were once again prominent factors but were offset by comments and actions from leading Central Banks across the main regions. The Bank of Japan downgraded its outlook for the economy in the near term highlighting the impact of weakening exports. Monetary policy was unchanged. The European Central Bank also cut its economic forecast for the year while the US Federal Reserve will now refrain from raining interest rates for the rest of the year, which represents a notable U-turn from previous expectations. Bonds markets worldwide rallied sharply with Japanese 10yr JGBs falling back into negative territory and an inversion in the US with US 10 yr yields lower than 3 month. Reflecting the concerns, financial sectors and exporters were generally weak but the Trust benefited from its holding in REITs which are beneficiaries of the lower interest rate environment. Invesco Office REIT, Japan Hotel REIT and Invincible Investment REIT were all among the top performers for the month. These moves were supported by improving fundamentals also. Invesco Office revised up its dividend for the current operating period from Y379 to Y404 while the monthly data for the hotel industry continues to trend favourably for the other two.

One of the portfolio holdings, Itochu Corp, featured prominently in news columns during the month as its 'hostile' attempt to increase its ownership of sportswear maker Descente and exert greater influence was deemed successful at the end of the offer period. Itochu had offered at price of Y2,800 per share for Descente which represented a 50 percent premium to the price in late January when the offer was announced. Itochu acquired sufficient shares to increase its stake to the targeted level of 40%, which gives it significantly more influence on management decisions and business strategy. The President, a member of the founding family, will retire and be replaced by an executive from Itochu. Proposals have been forwarded to revamp the board with two more executives from the trading company and two external directors. The two companies have a long history of ties with the trading company providing financial support during tough operating conditions 1984 and 1998. This move represents their recent dissatisfaction over operating performance, capital efficiency and business strategy.

It is also reported that 5 shareholders of Lixil Group, a struggling housing material company, including a number of foreign shareholders, have proposed an Extraordinary General Meeting in May to call for the President/CEO and other members of the board to be replaced following poor results and unsatisfactory corporate governance. Whilst still rare these two shareholder driven initiatives are an encouraging sign and firm evidence of the changing role of investors in Japan.

Fund Statistics

Market Value	£ 191m
No. Shares in issue	134,730,610
Launch date	Dec 2015
NAV per share cum Income GBp	141.98
NAV per share ex Income GBp	139.51
Share Price GBp	140.00
Premium (Discount)	(1.4%)
Dividends Paid	Aug & Mar
Dividend Yield	2.68%[2]
Financial Calendar:	
Year End	31 October
Company Fees:	
Ongoing charges ratio (OCR) per year (31.10.18)	1.09%
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	-1.72	-4.17	10.16	46.18
NAV	8.04	-3.00	18.64	52.38
TOPIX TR GBP	4.24	-1.25	5.59	44.45

Book Exposures

	No. Stks	%
Dividend Growth	32	94.5
Special Situations	3	7.4
Stable Yield	5	14.8
Total	40	116.7

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)

	2016/17	2017/18	2018/19
Aug	1.00	1.15	1.25
Feb/Mar	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 and exchange rate as at the date of this factsheet. This is rounded to 2 decimal places.

Top 10 Holdings	
Holding	**(%)**
Invesco Office J-Reit	4.6
Nippon T&T	4.5
Tokio Marine Holdings	4.5
Itochu Corp	4.4
Mitsubishi Corp	4.1
Sumitomo Mitsui Financial	4.1
Toyota Motor Corp	3.9
Bridgestone Corp	3.9
Japan Hotel Reit	3.9
Pola Orbis Holdings	3.5
Total	**41.4**

Top 10 Sectors	
Sector	**(%)**
Real Estate	16.2
Services	14.4
Chemicals	13.5
Banks	9.6
Info & Communications	9.2
Wholesale	8.5
Machinery	8.0
Electrical Appliances	7.2
Construction	5.7
Transport Equipment	5.4
Total	**97.7**

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 29.03.2019 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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