CC Japan Income & Growth Trust plc

ASSET MANAGEMENT LLP
CouplandCardiff

Commentary — July 2019

The NAV of the Coupland Cardiff Japan Income & Growth Trust rose by approximately 6% in GBP during July, exceeding the performance of the benchmark Topix Total Return index. The performance was supported by strong share price returns from Tokyo Electron, Shin-Etsu Chemical and the various Real Estate Investment Trust holdings. First quarter results from Tokyo Electron were stronger than expected due to an increased contribution from field support services while Shin-Etsu Chemical's results highlighted a very clear benefit from its emphasis on long term contracts for semiconductor silicon. The initiatives by both companies to focus on more stable sources of revenue underpin their commitment to sustainable shareholder returns. The REITS have been a favoured asset class year-to-date due to the attractiveness of their yields as interest rates have fallen however the fundamental attributes also remain supportive. Invincible Investment REIT performed strongly after a well received equity financing to support the acquisition of a number of additional properties which boost the asset value and the equity dividend yield to investors. The greatest negative contribution to the portfolio came from cosmetics manufacturers Pola Orbis, Noevir and Kao after reports suggesting a slowdown in domestic demand resulting from a combination of factors. Amongst these, the lower than anticipated pre-consumption tax surge in demand, to date at least, is important as it may reflect a changing pattern of consumption patterns around the scheduled tax hike or a general deterioration in consumer confidence.

Japanese equities rallied during the month alongside equity markets worldwide on the hope that talks between officials from the US and China at the G20 meeting held in Osaka made progress in resolving the current trade dispute and rising expectations of monetary easing at the US Federal Reserve. At the FOMC meeting at the end of the month, the committee announced a 25bp cut in the Fed Funds Rate which it described as a "mid-cycle" adjustment. Two days before the Bank of Japan held its monetary policy meeting and announced no change to its strategy of maintaining "the current extremely low levels of short-term and long-term interest rates". This is in stark contrast to both the US Federal Reserve and the European Central Bank which now are committed to further easing and will, consequently, have important knock on effects in the foreign exchange markets. The Bank of Japan reiterated the view that momentum towards achieving the price stability target of 2% has been maintained but also that additional easing measures would be pursued if necessary. For the time being however the Yen has been trading consistently in the range Y107-109, which has not prompted additional concerns. This and the aforementioned domestic consumption trend are important considerations for the BoJ and any future policy adjustments.

Fund Statistics

Market Value	£ 210m
No. Shares in issue	134,730,610
Launch date	Dec 2015
NAV per share cum Income GBp	155.80
NAV per share ex Income GBp	153.94
Share Price GBp	150.25
Premium (Discount)	(3.6%)
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	6.31	-7.14	13.66	57.52
NAV	20.09	0.27	22.14	68.49
TOPIX TR GBP	12.90	1.64	11.14	56.44

Book Exposures

	No.	%
Dividend Growth	34	96.9
Special Situations	3	7.2
Stable Yield	5	16.5
Total	42	120.6

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	1.4
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	5.0
Shin-Etsu Chemical	4.8
Tokio Marine Holdings	4.8
Nippon T&T	4.7
Itochu Corp	4.6
Toyota Motor Corp	4.2
Sumitomo Mitsui Financial	4.0
Invincible Investment Corp	3.9
Mitsubishi Corp	3.9
Japan Hotel Reit Investment	3.9
Total	**43.8**

Top 10 Sectors	
Sector	**(%)**
Real Estate	17.8
Chemicals	14.5
Services	12.8
Info & Communications	10.6
Banks	9.1
Wholesale	8.5
Machinery	8.1
Electrical Appliances	7.6
Construction	7.2
Insurance	4.8
Total	**101.0**

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 31.07.2019 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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