CC Japan Income & Growth Trust plc

ASSET MANAGEMENT LLP
CouplandCardiff

Commentary — April 2019

The NAV of the CC Japan Income & Growth Trust rose in April delivering a return ahead of the Topix Total Return Index. There was some evidence of relief from fears of global recession with economic data presenting a more mixed outlook than in previous months and notably short term data in China appeared slightly better than the preceding expectations. The strongest performers in the portfolio during the month were consequently companies with the greater sensitivity to global growth such as Shin-Etsu Chemical, Amada Holdings, Tokyo Electron and Komatsu. At the April Monetary Policy meeting, the Bank Of Japan made no changes to its current policy of yield curve targets but did provide further clarification of its forward guidance for interest rates. Specifically it added the phrase "at through to around Spring 2020" to its pledge to keep rates low rather than just "for an extended period of time" which confirms, positively, that the easy stance will be maintained in the second half of the current year when the consumption tax is scheduled to be increased from 8% to 10%.

The selling of Japanese equities by foreign investors has been a clear pattern since the beginning of 2018. Cumulative data for both futures and cash equities shows that the aggregate ownership has fallen to pre-Abenomics era levels. The short term global economic trends and geopolitical debates are undoubtedly a factor given their direct impact on corporate performance. The most recent quarter's reporting season indicates a slowdown in earnings momentum consistent with this view however there is also clear confirmation that the steady and meaningful improvements in corporate governance, which we believe will establish the foundation for the longer term performance of individual companies, are at the forefront of the ongoing reforms in Japan. Despite forecasting a decline in earnings for the current year (based on conservative assumptions), a number of companies are maintaining the dividend per share from the previous year which is consistent with the recent focus on offering sustainable shareholder returns. Despite the positive developments, the pressure for further improvement in capital efficiency and governance attitudes continues and should result in additional benefits. For example the June 2018 revisions to the Corporate Governance Code required companies to expand their disclosures on cross-shareholdings and these requirements have become more onerous with amendments to the Cabinet Office Ordinance in January of this year. The tightened regulations include an expansion of the disclosure on these cross-shareholdings from the top 30 to the top 60 holdings, a 'quantitative' analysis of the benefits of ownership with focus on management strategy and business portfolio rather than the traditional explanation of "business relationship" and clarification of whether the holding is a mutual financial relationship. The reduction in cross-shareholdings provides impetus to business portfolio reorganization and also additional funds for allocation to growth investment or the enhancement of shareholder return.

Fund Statistics

Market Value	£ 196m
No. Shares in issue	134,730,610
Launch date	Dec 2015
NAV per share cum Income GBp	145.36
NAV per share ex Income GBp	142.81
Share Price GBp	143.50
Premium (Discount)	(1.3%)
Dividends Paid	Aug & Mar
Dividend Yield	2.61%[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	0.69	-7.97	18.08	49.59
NAV	10.55	-4.94	23.10	55.74
TOPIX TR GBP	6.14	-3.51	9.96	47.08

Book Exposures

	No. Stks	%
Dividend Growth	33	96.3
Special Situations	3	7.8
Stable Yield	5	15.5
Total	42	119.6

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)

	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	(%)
Tokio Marine Holdings	4.6
Shin-Etsu Chemicals	4.4
Invesco Office J-Reit	4.3
Nippon T&T	4.3
Itochu Corp	4.3
Sumitomo Mitsui Financial	4.1
Bridgestone Corp	4.1
Toyota Motor Corp	4.1
Mitsubishi Corp	4.0
Japan Hotel Reit	3.8
Total	**42.0**

Top 10 Sectors

Sector	(%)
Real Estate	16.9
Chemicals	15.0
Services	14.4
Banks	9.4
Info & Communications	8.8
Machinery	8.7
Wholesale	8.3
Electrical Appliances	7.5
Construction	5.9
Transport Equipment	5.5
Total	**100.4**

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 30.04.2019 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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