CC Japan Income & Growth Trust plc

ASSET MANAGEMENT LLP
CouplandCardiff

Commentary — September 2019

The NAV of the CC Japan Income and Growth expressed in GBP rose by over 4% during September modestly outperforming the monthly return of the Topix Total Return Index (GBP). The performance of Japanese equities was strong compared to other markets around the world although the backdrop of seemingly every increasing geopolitical uncertainty continues to dominate the pattern of daily trading. The trade dispute between the US and China is still ongoing, growth in China is slowing, protests continue in Hong Kong and, with only a month to go until the current deadline, there is little clarity on Brexit.

In light of these issues, the joint statement on 25th September by Japanese Prime Minister Abe and US President Trump regarding a trade deal between the two countries was a rare positive development. The details will be finalised over the next four months indicating that there are some issues yet to be resolved however importantly the US has withdrawn the threat of imposing auto tariffs on Japanese manufacturers which had been a particularly widely feared outcome despite all rational counter arguments. Japan was able to secure a reduction on tariffs on some industrial goods such as machine tools while there are likely to be a number of changes affecting agricultural products which will see Japan cut tariffs on US beef and pork and establish quotas for crops such as wheat. If the deal is concluded as indicated, it is likely to have only a minimal impact on the Japanese economy.

In stark contrast to the European Central Bank and the US Federal Reserve which announced additional easing measures at their September meetings, the Bank of Japan maintained its existing framework but called for a 're-examination of economic and price development' at its next meeting which will follow the scheduled consumption tax increase from 8% to 10% on October 1 and is a test of the robustness of the economic recovery.

The BoJ has annual purchasing targets of around Y6trn for ETFs and Y90bn for J-REITS however on a year-to-date basis it is behind the run rate for both of these. Notably so for J-REITS where it has utilised only Y26bn of the programme to late September which reflects the strong performance of this asset class. The 'normalization' of the market is a welcome development and we believe is supported by the strong underlying fundamentals within the Japanese real estate market. Our recent meetings with portfolio holdings in the office sector (Invesco Office and MCUBS MIdCity Investment) confirm that the market conditions in Tokyo and a number of major cities remain vibrant with occupancy rates and rents rising as new demand is more than offsetting the new supply that is visibly changing the landscape. Two factors cited for the strong demand are the impact of the Government regulated "Workstyle Reform" and rapidly expanding service industries which underpin the outlook for the next few years.

Fund Statistics

Market Value	£ 214m
No. Shares in issue	134,730,610
Launch date	Dec 2015
NAV per share cum Income GBp	158.94
NAV per share ex Income GBp	155.25
Share Price GBp	153.75
Premium (Discount)	(3.3%)
Dividends Paid	Aug & Mar
Dividend Yield	2.54%[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	8.72	-2.69	16.08	60.92
NAV	21.08	1.06	20.38	69.82
TOPIX TR GBP	15.06	-0.14	12.63	59.44

Book Exposures

	No. Stks	%
Dividend Growth	35	95.7
Special Situations	3	7
Stable Yield	5	17.2
Total	43	119.9

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	1.40
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	5.3
Shin-Etsu Chemical	4.9
Nippon T&T	4.8
Itochu Corp	4.8
Tokio Marine Holdings	4.7
Toyota Motor Corp	4.2
Invincible Investment Corp	4.1
Bridgestone Corp	3.9
Sumitomo Mitsui Financial	3.8
Kakaku	3.5
Total	**44.0**

Top 10 Sectors

Sector	(%)
Real Estate	18.1
Chemicals	13.9
Services	11.9
Info & Communications	10.2
Banks	9.0
Wholesale	8.3
Construction	8.1
Machinery	7.4
Electrical Appliances	7.3
Insurance	4.7
Total	**98.9**

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 30.09.2019 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.

This document and its contents are confidential and must not be copied or otherwise circulated to any other person. Certain assumptions may have been made in the calculations and analysis in this document which have resulted in returns detailed herein.

This document is based upon information which Coupland Cardiff Asset Management LLP (CCAM) considers reliable, but no representation is made that it is accurate or complete and nor should it be relied upon as such. Past performance is no guarantee of future performance. You should note that your capital is at risk with this investment and you may get back less than you invested.

All information and research material provided herein is subject to change and this document does not purport to provide a complete description of the funds, securities or other investments or markets referred to or the performance thereof. All expressions of opinion are subject to change without notice.

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.

This document is issued by Coupland Cardiff Asset Management LLP, 31-32 St. James's Street, London SW1A 1H who are authorised and regulated by the Financial Conduct Authority. The Company operates under the Companies Act 2006 and is not regulated as a collective investment scheme by the Financial Conduct Authority.