CC Japan Income & Growth Trust plc

ASSET MANAGEMENT LLP
CouplandCardiff

Commentary — March 2020

The NAV of the CC Japan Income & Growth Trust fell sharply in March as equity prices worldwide plunged amid ongoing increases in COVID-19 infections in Europe and the US and the growing concerns about the impact of the viral outbreak to the global economy. The Trust underperformed on a relative basis due to a combination of the structural gearing of 20% and the weak performance of traditional income generating stocks, a notable phenomenon in both Japan and international markets.

The Trust has maintained a static geared position since inception to benefit from the long term share price appreciation of companies that are able to deliver consistent shareholder returns through economic cycles, periods of political change or major catastrophe. This will remain the case. In short time periods such as this, while may capital fall, the trust will still receive income from the companies within the portfolio and will continue to benefit from being able to enhance the income distribution by having an exposure of greater than 100% to the market.

The underperformance of stocks with higher yields has been notable worldwide since the US Federal Reserve slashed interest rates on March 6. This reflects concerns over the underlying industry exposure of these companies. Financial markets have rapidly extrapolated the virus related slow-down to a collapse of economic activity followed by a deep recession. Credit risk has spiked and this potentially has negative ramifications for financial and real estate sectors which have been hit very hard. The fund has had long standing positions in companies in these industries and, despite some reduction in position sizing after the recent visit to Japan in February, performance has suffered from the dramatic sell off of its holdings in these sectors.

The companies in our portfolio have strong balance sheets and the majority have significant net cash positions. As such, first and foremost, their ongoing survival is not an issue. Undoubtedly short term earnings will be affected with varying levels of severity, however our belief in the long term opportunities for many of these well managed companies remains undiminished. We expect this to be reflected in the commitment to at least maintaining dividend payments despite the economic uncertainty.

Fund Statistics

Market Value	£ 165m
No. Shares in issue	134,730,610
Launch date	Dec 2015
NAV per share cum Income	122.37
NAV per share ex Income	119.61
Share Price GBp	109.50
Premium (Discount)	(10.5%)
Dividends Paid	Aug & Mar
Dividend Yield	4.11%[2]
Financial Calendar:	
Year End	31 October
Company Fees:	
Ongoing charges ratio (OCR) per year (31.10.19)	1.06%[3]
OCR includes Annual Management Fee:	0.75%
AIFMD Exposure Calculation at 31.12.19	
Gross	122.4 (% nav)
Commitment	119.7 (% nav)
Company Codes:	
ISIN	GB00BYSRM-H16
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.	%
Dividend Growth	30	101.2
Special Situations	3	8.2
Stable Yield	4	8.8
Total	37	118.2

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	3.10
Total	3.00	3.45	3.75	4.50

Discrete performance (%) full calendar years[1]

Total Return	2019	2018	2017	2016
Share Price	10.79	-6.72	37.48	13.18
NAV	20.75	-11.34	30.64	19.28
TOPIX GBP	15.65	-8.89	15.50	23.63

Cumulative performance (%) [1]

Total Return	YTD	1 Yr	2yr	3yr	Inception
Share Price	-28.17	-18.57	-21.50	-9.30	24.20
NAV	-20.74	-11.04	-13.43	6.19	36.70
TOPIX GBP	-11.84	-2.19	-3.42	3.28	41.28

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	(%)
Itochu Corp	5.8
Nippon T&T	5.8
Shin-Etsu Chemical	5.5
Tokio Marine Holdings	5.1
Toyota Motor Corp	4.9
Noevir Holding	4.3
Tokyo Electron	4.3
Softbank	4.2
Mitsubishi Corp	3.8
Kao Corp	3.8
Total	**47.5**

Top 10 Sectors

Sector	(%)
Info & Communications	20.2
Chemicals	16.3
Services	14.4
Real Estate	10.4
Wholesale	9.6
Electrical Appliances	7.8
Banks	6.3
Insurance	5.1
Transport Equipment	4.9
Machinery	4.0
Total	**99.0**

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) 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 31.03.2020 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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