CC Japan Income & Growth Trust plc

ASSET MANAGEMENT LLP
CouplandCardiff

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Commentary — January 2023

The NAV of the CC Japan Income & Growth Trust rose 4.7% in January boosted by a rally in equity markets worldwide and a strengthening of the Yen. The ongoing assessment of inflationary trends and the resultant anticipation of central bank policy changes in both the US and Japan have been the major factor in share price movements and exchange rate fluctuations. However, the Bank of Japan made no further adjustments at its meeting mid-month despite speculation to the contrary following its surprise expansion of the limits of yield curve control the previous month. With the candidates to replace current Governor Kuroda likely to be announced in the next few weeks, this will remain a focal point in the near term.

China's announcement on 8 January that it would halt its zero-COVID-19 policy will have a positive impact on the immediate prospects for economic recovery in Japan. China is Japan's largest trading partner and as far back as 2008 replaced the US as its biggest export destination. The potential boost to Japan from the reversal of the strict pandemic policies in China will add further support to pent-up domestic demand, supply chain normalization, government expenditure programmes and border reopening. Even with only a few visitors from China the number of foreigners to Japan in December was 54% of the level in December 2019, shortly before travel entry restrictions were imposed. This 'snap' recovery is faster than initial assumptions and was notable for the high level of visitors from the US and Korea.

January sees the start of the third quarter results season for many companies and it is evident from the breakdown of results announced so far that the recent economic and geopolitical turmoil has created challenges for some companies and opportunities for others. It is also clear that management in Japan remain under relentless pressures to improve capital allocation be it from the extremes of ongoing government educational initiatives to the aggressive tactics of activist shareholders. The more favourable shareholder return approach this has encouraged is easily demonstrated by the incremental improvements in dividend distribution. Within the portfolio, we have seen higher dividend distribution expectations compared to market estimates established by Shin-Etsu Chemical and Socionext and an upward revision to the company's original declared forecast from Zozo and Mitsubishi Corp reflecting robust business conditions.

Fund Statistics

Market Value	£231m
No. Ordinary Shares in issue	134,730,610
Launch date	Dec 2015
NAV per Ordinary Share cum Income GBp	171.42
NAV per Ordinary Share ex Income GBp	167.62
Ordinary Share Price GBp	158.50
Premium (Discount)	(7.5%)
Subscription Share Price GBp	0.525
Dividends Paid	Aug & Mar
Dividend Yield	3.00%[(2)]
Active Share	80.03%[(3)]
Financial Calendar Year End	31 October
Company Fees:	
Ongoing charges ratio (OCR) per year (31.10.22)	1.06%[(4)]
OCR includes Annual Management Fee:	0.75%
AIFMD Exposure Calculation at 31.12.22	
Gross	123.05 (% nav)
Commitment	119.96 (% nav)
Company Codes:	
ISIN - Ordinary Share	GB00BYSRMH16
Sedol - Ordinary Share	BYSRMH1 GB
Bloomberg - Ordinary Share	CCJI LN
ISIN - Subscription Share	GB00BM90B010
Sedol - Subscription Share	BM90B01 GB
Bloomberg - Subscription Share	CCJS LN

Investment Objective

To provide shareholders with dividend income combined with capital growth, mainly through investment in equities listed or quoted in Japan.

Dividend (in GBp)

Dividends Declared	YE Oct 2022	YE Oct 2021	YE Oct 2020	YE Oct 2019	YE Oct 2018	YE Oct 2017	YE Oct 2016
Jun/Jul	1.40	1.40	1.40	1.40	1.25	1.15	1.00
Jan/Feb		3.35	3.20	3.10	2.50	2.30	2.00
Total	1.40	4.75	4.60	4.50	3.75	3.45	3.00

Book Exposures

	No. Stks	%
Dividend Growth	33	100.6
Special Situations	4	10.3
Stable Yield	4	9.2
Total	41	120.1

Discrete performance (%) full calendar years[(1)]

Total Return	2022	2021	2020	2019	2018	2017
Ord Share Price	1.79	12.39	-9.09	10.79	-6.72	37.48
NAV (cum inc)	-0.51	10.79	1.23	20.93	-10.96	30.49
TOPIX TR in GBP	-4.60	2.22	9.49	15.65	-8.89	15.50

Cumulative performance (%) [(1)]

Total Return	1 mth	YTD	1 Yr	3 Yrs	5 Yrs	Inception
Share Price	6.73	6.73	6.18	13.96	9.75	89.24
NAV (cum inc)	4.68	4.68	7.14	19.61	23.82	107.36
TOPIX TR in GBP	3.01	3.01	3.07	12.07	16.00	73.00

Notes

(1) Source: Independent NAVs are calculated daily by Apex Listed Companies Services (UK) Limited (by Northern Trust Global Services Limited pre 01.10.17.) From January 2021 Total Return performance details shown are net NAV to NAV returns (including current financial year revenue items) with gross dividends re-invested. Prior to January 2021 Total Return performance details shown were net NAV to NAV returns (excluding current financial year revenue items) with gross dividends re-invested. Ordinary Share Price period returns displayed are calculated as Total Return on a Last price to Last price basis. Past performance may not be a reliable guide to future performance. 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 based on a midday FX rate consistent with the valuation point. 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 Ordinary Share price as at the date of this factsheet. This is rounded to 2 decimal places. (3) Source: Refinitiv Eikon (4) Source: OCR is calculated by Apex Listed Companies Services (UK) Limited This is rounded to 2 decimal places.

Top 10 Holdings	
Holding	**(%)**
Sumitomo Mitsui Financial	7.3
Mitsubishi UFJ Financial	6.8
Socionext Inc	5.6
Nippon Telegraph and Telephone	5.3
Itochu Corp	4.5
DIP	4.3
Shin-Etsu Chemicals	4.3
SBI Holdings	4.3
Sompo Holdings	4.1
Softbank Corp	4.1
Total	**50.6**

Top 10 Sectors	
Sector	**(%)**
Chemicals	16.2
Info & Communications	15.7
Electrical Appliances	15.3
Banks	14.1
Services	11.2
Insurance	7.5
Wholesale	7.0
Real Estate	6.2
Transport Equipment	5.5
Retail Trade	5.3
Total	**104.0**

Company Information

Launch date	15 December 2015
AIC sector	Japan
Fund manager	Richard Aston
Directors	Harry Wells (Chairman), June Aitken, Craig Cleland, Kate Cornish-Bowden, Peter Wolton.

Contact Details

Address	Coupland Cardiff Asset Management LLP 5th Floor, 31-32 St. James's Street London, SW1A 1HD.
Company Secretary	Apex Listed Companies 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.

Sustainability Risk - Environmental, social and governance events or conditions could occur that have an adverse impact on the value of the Fund's investments, either directly, or by contributing to the impact or materiality of other risks.

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 31.01.2023 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 ordinary and subscription shares will fluctuate. The price of the ordinary and subscription shares in the Company is determined by market supply and demand. The price of the ordinary shares 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.

Each subscription share will confer the holder with the right (but not the obligation) to subscribe for one ordinary share on exercise of the rights attaching to the subscription shares and on payment of the subscription price, which is 161 pence (being the unaudited published NAV per ordinary share as at the close of business on 15 February 2021, plus a one per cent. premium to such NAV per ordinary share, rounded up to the nearest whole penny). Notice of the exercise of the subscription share rights may be given on the last business day of each calendar quarter commencing on 31 May 2021 and finishing on the last business day in February 2023, after which the subscription share rights will lapse except in the circumstances set out in the prospectus in respect of the subscription shares.

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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.

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