CC Japan Income & Growth Trust plc

ASSET MANAGEMENT LLP
CouplandCardiff

Commentary **February 2019**

The NAV of the CC Japan Income & Growth Trust rose in February continuing the recovery since the beginning of the year. Having fallen by over 10% in December 2018, the Topix Index rebounded 4.9% in January and 2.6% in February inline with the performance of other major developed markets. The Topix is 13.6% higher than the lowest point in the last 12 months which was on the 25th December. The equity market has reacted to some constructive dialogue concerning the US-China trade discussions, dovish comments from leading Central banks and notable pickup in buybacks from leading Japanese companies.

The Trust issued an additional 5,528,829 shares in February via a placing of new shares. This has raised the total number of shares outstanding to over 134 million, more than double the 66.5 million first issued at Initial Public Offering in December 2015. The proceeds of this placing have been invested selectively across the existing holdings seeking to benefit from recent share price weakness.

Economic data in Japan in the last few months has softened reflecting the slowing trends observed overseas. Important data releases such as industrial production, and export data for January as well as GDP statistics for the Oct-Dec quarter were all weaker than initial estimates and contributed to a generally lacklustre Q3 fiscal year reporting period. With many companies now considering their forecasts for the next fiscal year it is likely that most will make conservative assumptions based on recent trading conditions. It will be important to monitor how this affects expectations for shareholder returns. Bridgestone, which reported its FY18 full year results in February, announced a forward dividend only flat year-on-year, mirroring their current expectations for business performance for the year. This appears very conservative given the longer term operational trends. The company however also announced a buyback of up to Y200bn or 57 million shares (equivalent to 7.4% of outstanding amount). This is consistent with their stated shareholder return policy. Namely the intention to utilise buyback in a flexible manner to enhance capital efficiency with appropriate attention to the valuation of the shares. NTT, which is much less exposed to overseas demand, announced a further increase to its dividend for FY18 from Y150 per share to Y180. This represents a 20% y/y increase and is evidence of the commitment to and confidence in the company's recently announced medium term plan.

It is interesting that foreign investors, who were heavy sellers of the Japanese equity market in 2018, have become net buyers (in cash and futures) over the last few weeks and that many of the weakest performing stocks in Q4 of last year have rebounded strongly year-to-date.

Fund Statistics

Market Value	£ 187m
No. Shares in issue	134,730,610
Launch date	Dec 2015
NAV per share cum Income GBp	138.97
NAV per share ex Income GBp	138.00
Share Price GBp	142.00
Premium (Discount)	2.2%
Dividends Paid	Aug & Mar
Dividend Yield	2.64%[(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	-0.34	-5.66	15.44	48.13
NAV	6.89	-7.92	16.92	50.84
TOPIX TR GBP	2.56	-6.51	3.54	42.12

Book Exposures

	No. Stks	%
Dividend Growth	33	96.9
Special Situations	4	9.9
Stable Yield	4	12.7
Total	41	119.5

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	(%)
Nippon T&T	4.6
Tokio Marine Holdings	4.5
Itochu Corp	4.4
Mitsubishi Corp	4.2
Invesco Office J-Reit	4.2
Sumitomo Mitsui Financial	4.2
Toyota Motor Corp	4.1
Bridgestone Corp	4.0
Japan Hotel Reit	3.9
Noevir Holdings	3.4
Total	**41.5**

Top 10 Sectors

Sector	(%)
Services	17.4
Real Estate	14.2
Chemicals	12.6
Info & Communications	11.4
Banks	9.8
Wholesale	8.6
Machinery	8.5
Electrical Appliances	7.1
Construction	5.9
Transport Equipment	5.6
Total	**101.1**

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 28.02.2019 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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