CC Japan Income & Growth Trust plc

ASSET MANAGEMENT LLP
CouplandCardiff

Commentary

May 2020

The Topix Index advanced 6.8% in May. Headline grabbing economic statistics from around the world highlighted the severity of the current downturn but equity markets rallied on expectations for a resurgence of economic activity as restrictions on movement are lifted and for the support offered by stimulus spending packages. The increase in the number of Covid19 cases showed signs of being controlled in Japan such that the state of emergency, which was introduced on April 7, was lifted in stages and on May 25 the government announced that the restrictions would be removed nationwide.

The earnings season was as torrid as might have been expected with analysis from Daiwa Securities reporting (for the 95% of non-financial companies that have reported) that sales in the first quarter of the calendar year fell by 11.9% y/y and operating profits by 51.9%. There is also a clear indication from management comments that worse is to follow in the April-June quarter as this will incorporate the period most significantly affected by the efforts to curb the pandemic. With this likely to be the third consecutive quarter of negative GDP growth, the Government approved a second supplementary budget of measures totalling Y117.1trn, the same size as the one announced on April 20. This second budget features rent subsidies, adjustments to the terms regarding furloughed employees, and cash payments to low income households, all aimed at supporting companies through the current crisis. It doesn't however include many specific initiatives for stimulating demand going forward so many questions will remain to be answered in the aftermath.

Despite the obvious challenges and uncertainties, the majority of companies have delivered on their shareholder return commitment for the year just completed and very importantly indicated the intention to continue this with their forecasts for the current year. Additional data from Daiwa Securities indicates that aggregate dividends in Japan are likely to be flat year on year for FY19 and see a small decline in FY20. These are very different from the trends in other geographic regions where large dividend cuts have become common place. Of note are the holdings in the banking sector, Sumitomo Mitsui Financial Group and Mitsubishi UFJ Holdings, which will be maintaining dividends at the same level year on year despite a tougher operating outlook and companies in the telecommunication (NTT, KDDI and Softbank Corp) and trading company (Itochu and Mitsubishi Corp) sectors which will be increasing the level of dividend payment compared to last year. This contrasts starkly with their international peers and offers attraction for income starved investors.

Fund Statistics

Market Value	£ 185m
No. Shares in issue	134,730,610
Launch date	Dec 2015
NAV per share cum Income GBp	137.50
NAV per share ex Income GBp	134.70
Share Price GBp	129.25
Premium (Discount)	(6.0%)
Dividends Paid	Aug & Mar
Dividend Yield	3.48%(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	GB00BYSRMH16
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. Stks	%
Dividend Growth	32	96.6
Special Situations	3	7.6
Stable Yield	5	11.3
Total	40	115.5

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	-15.57	-7.76	-16.41	4.21	43.95
NAV	-10.99	-2.14	-10.16	12.65	52.06
TOPIX GBP	-0.13	9.94	3.35	15.22	60.05

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	(%)
Shin-Etsu Chemical	5.6
Itochu Corp	5.4
Nippon T&T	5.0
Tokio Marine Holdings	4.6
Softbank Corp	4.0
SBI Holdings	4.0
West Holdings	3.9
Sumitomo Mitsui Financial	3.9
Bridgestone	3.7
Noevir Holding	3.7
Total	**43.8**

Top 10 Sectors

Sector	(%)
Info & Communications	20.1
Services	16.9
Chemicals	15.3
Real Estate	12.8
Wholesale	8.5
Banks	6.6
Electrical Appliances	6.6
Insurance	4.6
Sec & Commodity	4.0
Machinery	3.8
Total	**99.2**

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 29.05.2020 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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