

# CC Japan Income & Growth Trust plc

ASSET MANAGEMENT LLP

CouplandCardiff

Commentary

May 2021

The Topix Index gained 1.3% during May although there was a high degree of daily volatility as investors focused on the risk of inflation in the US and the state of the pandemic response in Japan. Towards the end of the month, US longer term interest rates stabilised and the number of new Covid cases in Japan stopped rising which provided some support to stocks likely to benefit from an improved economic outlook even though the Government announced the extension of the domestic state of emergency covering the Tokyo and Osaka areas until June 20.

Also helping sentiment was a generally positive analysis of the Fiscal Year 2020 results with earnings in the final quarter in particular generally better than originally expected. Nomura Securities has produced a review of the performance of the constituents of the Russell/Nomura Large Cap Index and this highlights that over 70% reported a increase or no change in their annual dividend compared to the previous year. The aggregate amount distributed to shareholders in the form of dividends fell by 4.5% y/y with the fall in share buybacks was more significant at -38% y/y. A pick up in share buybacks has however been another notable feature during the results season although neither the bank or insurance sectors, which had been major contributors in the years to FY19, have recommenced their repurchase programmes citing continued uncertainty regarding the path of the pandemic. Notable within the portfolio was the announcement by Orix of a maintained dividend and a 50 million share buyback programme equivalent to approximately 4.1% of the outstanding shares.

The Bank of Japan released its results for Fiscal Year 2020 at the end of May and this revealed that the market value of its ETF holdings were Y51.5trn at the end of March, equivalent to 6.8% of the total market cap of listed Japanese companies. The stated book value of these holdings is Y36.1trn implying that the valuation gains are over Y15trn. There was no further information regarding their long term intention for these holdings but the pace of purchase has clearly slowed since the 'assessment' in March. Under the refined policy conditions the programme is still permitted to purchase a maximum of Y12trn a year but now emphasizes greater flexibility with the comment that these will be carried out "when necessary". Since the beginning of April the BoJ has subsequently only participated in the market on a small number of occasions and at a rate that is substantially down on their previous commitment in principle to increase their holdings by approx. Y6trn per annum. It consequently appears as if the tapering of this programme has begun albeit without explicit confirmation from the Bank of Japan.

Fund Statistics		Investment Objective			Dividend (in GBp)					
Market Value	£207m	To provide shareholders with dividend income combined with capital growth, mainly through investment in equities listed or quoted in Japan.			Dividends Declared	YE Oct 2020	YE Oct 2019	YE Oct 2018	YE Oct 2017	YE Oct 2016
No. Ordinary Shares in issue	134,730,610				Jun/Jul	1.40	1.40	1.25	1.15	1.00
Launch date	Dec 2015				Jan/Feb	3.20	3.10	2.50	2.30	2.00
NAV per Ordinary Share cum Income GBp	153.48				Total	4.60	4.50	3.75	3.45	3.00
NAV per Ordinary Share ex Income GBp	151.29	Book Exposures			Discrete performance (%) full calendar years <sup>(1)</sup>					
Ordinary Share Price GBp	140.00		No. Stks	%	Total Return	2020	2019	2018	2017	2016
Premium (Discount)	(8.8%)	Dividend Growth	31	97.2	Ord Share Price	-9.09	10.79	-6.72	37.48	13.18
Subscription Share Price GBp	8.00	Special Situations	5	11.4	NAV (cum inc)	1.23	20.93	-10.96	30.49	21.13
Dividends Paid	Aug & Mar	Stable Yield	4	9.6	TOPIX TR in GBP	9.49	15.65	-8.89	15.50	23.63
Dividend Yield	3.29% <sup>(2)</sup>	Total	40	118.2						
Financial Calendar Year End	31 October									
Company Fees:		Cumulative performance (%) <sup>(1)</sup>								
Ongoing charges ratio (OCR) per year (30.04.21)	1.05% <sup>(3)</sup>	Total Return	1 mth	YTD	1 Yr	3 Yrs	5 Yrs	Inception		
OCR includes Annual Management Fee:	0.75%	Share Price	-3.45	3.77	11.88	-7.08	48.19	59.30		
AIFMD Exposure Calculation at 31.12.20		NAV (cum inc)	-0.86	-0.31	14.97	3.27	69.13	75.86		
Gross	118.4 (% nav)	TOPIX TR in GBP	-0.33	-1.71	7.76	11.37	64.60	72.47		
Commitment	118.0 (% nav)	Notes								
Company Codes:		(1) Source: Independent NAVs are calculated daily by PraxisIFM Fund 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. 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 Ordinary 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.								
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									

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Top 10 Holdings	
Holding	(%)
Sumitomo Mitsui Financial	6.0
Mitsubishi UFJ Financial	5.6
Asahi Holdings	5.1
Shin-Etsu Chemical	5.0
Nippon T&T	5.0
Itochu Corp	4.7
SBI Holdings	4.5
SoftBank Corp	4.4
Tokyo Electron	4.3
Denso	4.2
<b>Total</b>	<b>48.8</b>

Top 10 Sectors	
Sector	(%)
Chemicals	15.2
Info & Communications	14.2
Real Estate	13.1
Banks	11.6
Services	9.7
Electrical Appliances	9.0
Wholesale	8.1
Insurance	6.0
Other Financing Business	5.3
Nonferrous Metals	5.1
<b>Total</b>	<b>97.3</b>

### 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 25.02.21) 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	<a href="http://www.ccjapanincomeandgrowthtrust.com">www.ccjapanincomeandgrowthtrust.com</a>

### 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](http://www.ccjapanincomeandgrowthtrust.com).

All data as at 28.05.2021 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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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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