CC JAPAN INCOME & GROWTH TRUST PLC

REPORT AND ACCOUNTS

FOR THE YEAR ENDED 31 OCTOBER 2017

ASSET MANAGEMENT
CouplandCardiff

CONTENTS

INVESTMENT OBJECTIVE, FINANCIAL INFORMATION AND PERFORMANCE SUMMARY

INVESTMENT OBJECTIVE

The investment objective of the Company is to provide shareholders with dividend income combined with capital growth, mainly through investment in equities listed or quoted in Japan.

FINANCIAL INFORMATION

	At 31 October 2017	At 31 October 2016
Net assets	£130.1m	£98.1m
Net asset value ("NAV") per Ordinary Share ("Share")[1]	146.0p	123.9p
Share price	152.0p	122.4p
Share price premium/(discount) to NAV	4.1%	(1.2)%

1 Measured on a cum income basis.

PERFORMANCE SUMMARY

	% change[1]	% change[2]
NAV total return per share	+20.7%	+24.9%
Share price total return[3]	+27.2%	+23.5%
Topix index total return[3]	+10.1%	+32.7%

1 Total returns are stated in GBP sterling for the year to 31 October 2017.

2 Total returns are stated in GBP sterling for the period from the Company's launch on 15 December 2015 to 31 October 2016.

3 Source: Bloomberg

CHAIRMAN'S STATEMENT

Performance

I am pleased to present the Company's second Annual Report. Over the financial year to 31 October 2017, and expressed in pounds sterling on a total return basis, the share price rose by 27.2% while the Net Asset Value ("NAV") per share has increased by 20.7%. In the period, between the Company's listing on the London Stock Exchange in December 2015 and the recent financial year end on a total return basis, the share price has risen by 57.1% while the NAV per share has risen 51%. Since the Company's launch, shareholders have received 4.15p per share in dividends. Although we do not track a benchmark, for reference, and again in sterling terms, the Topix Total Return Index has returned 10.1% over the year and 46.1% since the Company's inception. The Coupland Cardiff Asset Management team led by Richard Aston, our Investment Manager, has delivered a very solid set of results for the second consecutive year and has been astute in identifying Japanese companies with the ability to grow their earnings and complement this with appropriate distributions to their shareholders through dividends and share buybacks.

Share issues

Our shares have continued to command a premium to NAV through most of the year under review and stood at a 4.1% premium at the financial year end. This has allowed the Company to consistently issue shares and 10,008,000 new shares were issued over the year to meet investor demand. This contributed to the increase in the Company's market capitalisation from £97 million to £136 million during the year.

The Board is committed to continue to grow the Company to take advantage of the current investment opportunities in Japan. Furthermore, the Board believes that expanding the size of the Company is in the best interests of existing shareholders and new investors by improving liquidity and spreading costs. Consequently the Board has reinstated a Share Issuance Programme, approved by shareholders at a General Meeting of the Company on 19th December 2017, to allow for the issue of up to 100 million shares until 8th January 2019. A tri-partite Prospectus was published and sent to Shareholders on 9th January 2018, with the closing of the Initial Issue scheduled for 24th January 2018 and subsequent listing of new shares on 29th January 2018.

Dividends

The revenue account continues to grow satisfactorily. The Company has generated a revenue return of 4.06p per ordinary share based on the weighted average number of shares in issue during the year.

The Board resolved that it would be inappropriate for any new shares issued in the Company's forthcoming Initial Issue to receive a dividend arising out of the prior financial year. Therefore, the Board will not recommend a final dividend and, in substitution, has declared a second interim dividend of 2.30p on 4th January 2018 payable to shareholders on the register as at 19th January 2018. This will be paid on 16th February 2018 and represents a 15% increase over last year's final dividend of 2.00p per share and will also be paid a month earlier than last year's final dividend. Including the interim dividend of 1.15p, the total dividend for the year ending 31 October 2017 amounts to 3.45p, representing a 15% increase over the 3.00p for the previous financial period.

The Board considers it important to build up revenue reserves to provide a cushion for the future, particularly with the translation risks of portfolio income into sterling from a weaker yen. The clear objective is to grow the dividend over time and shareholders should be aware of the special reserve, which could allow us to make distributions out of capital, if appropriate. The sterling/yen cross rate is important in terms of the translation effect on valuation and portfolio income. The Board and Investment Manager monitor the position and currency trends on a regular basis but our policy remains not to hedge our yen exposure.

Market developments

The Japanese market has had another strong year, with the Topix Total Return Index rising by 29.4% in yen terms. The Bank of Japan has been wedded to an accommodative monetary policy, zero interest rates and a flat yield curve, while corporate earnings and disposable incomes have been improving. The re-election of Prime Minister Abe in the October 2017 General Election has given additional impetus to the market with renewed confidence in the LDP's economic programme. Abe now has an electoral mandate until 2021. His reform measures should continue to drive improvements in corporate governance and highlight the potential for active balance sheet management to stimulate better returns on equity, axiomatic to improved levels of dividend payouts and share buyback activity. During October 2017, we saw three of our portfolio Top Ten holdings report significant increases in dividend and buyback programmes. Although aggregate dividends increased by 7% in the current financial year (to March 2018) to 12.8 trillion yen, the annual payout ratio, at 30%, is well below Europe and the USA – there is still considerable scope for improvement. Japanese company managements are under increasing pressure from investors following the introduction of the Stewardship Code in 2014 to communicate their long term business strategies, capital management policies and decision making processes in a clear and transparent manner.

Tax reform also features prominently on the current agenda amongst policy makers in Japan and this potentially includes the introduction of measures to facilitate business reorganisation. Specifically, this relates to the suspension of capital gains tax when businesses are acquired or sold, both for the companies in question and also for the incumbent shareholders. The Ministry of Economy, Trade and Industry ("METI") has attributed the higher profitability and asset efficiency of many international companies, compared to their Japanese counterparts, to the lack of significant business portfolio management in Japan. The deferral of capital gains liabilities is one contributing factor overseas and the inability to do this in Japan has hitherto proved a notable deterrent to the reorganisation of complicated company structures. The changes should broaden the options available to conglomerates especially with regard to their treatment of treasury stock, which has reached an all-time high on both a book and market value basis. The potential for more aggressive use of this stock could be very significant and the implications potentially profound, allowing for considerable group restructuring, the rationalisation of subsidiaries and better capital efficiency. In December 2017, draft measures were approved by the cabinet to reduce the rates of corporate tax to as low as 20% from the current 30% level providing companies raise wages by more than 3% per annum (1.5% for small companies) with additional tax breaks to invest in new technologies.

These changes could be very positive and continue to influence the behaviour of Japanese management, pointing to consistently higher corporate profitability, improving returns on equity and more equitable treatment of shareholders, all of which will continue to support our investment strategy.

Regulation

The Company has embraced the MiFID 2 regulation, which went live on 3rd January 2018. The Board has amended the Investment Management Agreement to encompass a Research Purchasing Agreement with our Investment Managers for the provision of external research replacing previous commission and trade execution arrangements. In addition, to comply with Packaged Retail and Insurance based Investment Products Regulation ("PRIIPS"), our Manager as the Alternative Investment Fund Manager, has published a Key Information Document ("KID") which is now available on our website and has been distributed to sales intermediaries. Shareholders should note that the cost, performance and risk calculations included in the KID follow the methodology prescribed by EU rules and are not determined by the Company. In addition, the Board is aware of the challenges presented by new General Data Protection Regulations ("GDPR") due to be implemented on 25th May 2018 and its responsibility for cyber security.

Outlook

A decade of unparalleled monetary creation has at last resulted in the world pulling out of a long period of economic stagnation, with firm evidence of a synchronised global economic recovery. For the moment, inflation remains benign, although important supply side reforms in China radically cutting back industrial capacity, together with low unemployment in Western economies, means that Central Banks and markets are watching price data carefully. The Federal Reserve is intent on trying to set higher interest rates and trim its balance sheet, which combined with the US tax reform agenda points to a stronger US dollar. However, the Bank of Japan looks like the last of the central banks to reduce its Quantitative Easing (QE) programmes, because of its firm commitment to policy action designed to create inflation with as yet only a modest impact. Perhaps their 2% inflation target will become a more realistic prospect, if we see persistent government initiatives encouraging the enormous surpluses in the corporate and household sector moving back into the economy. Certainly, monetary accommodation has seen the Japanese economy picking up, with GDP forecast to grow 1.5% in 2017 compared to 1% in 2016; meanwhile unemployment has fallen to below 3%. The Tankan Index of Business conditions for the last Quarter of 2017 is standing at its highest level since 1991 with trade, exports and company earnings all improving. Indeed, the prospects for corporate earnings appear robust, with net profits rising by 35% in the first half of 2017, beating consensus by 10% and leading to stronger earnings guidance. Furthermore, the market valuation stands at a significant discount to other major stock markets, which gives plenty of scope for further advances.

Notwithstanding the continuing tensions on the Korean peninsula, our Investment Manager remains confident of the immediate prospects for Japan and should continue to find attractive investment opportunities as recovery spreads and new practices gain wider acceptance. Domestic funds are still shy of returning to the Japanese stock market, reflecting entrenched, risk averse convictions. A massive Y1,800 trillion (£11,800 billion) in savings is still sitting in liquid financial assets earning poor returns and have not yet been tempted back into equities. Hopefully, the cyclical earnings recovery should be accompanied by higher inflation expectations, which ultimately will engender more domestic investor interest in the underlying potential offered by their own stock market.

Harry Wells

18 January 2018

INVESTMENT MANAGER'S REPORT

Market

The Japanese equity market recorded a strong performance in the twelve month period to 31st October 2017, with the Topix Total Return Index rising by 29.4% year on year in local currency terms. The market rallied strongly towards the end of 2016 alongside other international equity markets in expectation that Donald Trump's victory in the US Presidential election would lead to reflationary economic policies and a rise in US interest rates. The performance in the first half of 2017 was however, relatively lacklustre, despite evidence of improving corporate performance as the yen/USD exchange rate reversed some of its initial weakness and subsequent domestic and international political events weighed notably on foreign investor flows. Prime Minister Abe called a snap General Election in October 2017 and his resounding victory eased many of these concerns and contributed to the strong autumn rally which saw the Topix Total Return Index reach levels last achieved in 2007. The Prime Minister is now expected to continue his programme of reforms and incentives that have made a significant contribution to the improvement in capital management and corporate governance evident in recent years.

Portfolio

The Company's portfolio performed well over the twelve month period with the total return (dividend plus NAV appreciation) rising 20.7% in sterling terms, ahead of the +10.1% of the Topix Total Return Index. The structural gearing of 20% has made a substantial contribution given the positive return of the market. However, the main driver has been the performance of individual portfolio holdings.

Smaller company stocks have had a particularly strong year in Japan and many feature in the top contributors for the Trust. Noevir (cosmetics manufacturer), Yamada Consulting (corporate advisory), Trust Tech (engineering outsourcing), Shoei (motorcycle helmets) and Solasto (medical employee outsourcing) all performed extremely well, complementing their strong earnings growth with improving prospects for dividends. Tokyo Electron benefitted from healthy demand for semiconductor equipment and the announcement of a clear shareholder return policy; and Tsubaki Nakashima, a manufacturer of precision steel balls used in ball bearings, has confirmed its global leadership through contract gains and acquisition. Conversely, Daito Trust and Japan Tobacco have been weak, affected by short term trends in the domestic market which do not impact either company's long term commitment to improving shareholder returns.

The transactional activity in the fund has resulted from the successful issuance of equity at various times during the year, a reconsideration of a single company's valuation or a fundamental reassessment of the long term potential for growth of shareholder returns. A total of 10,008,000 new shares in the Company were issued during the year and the funds raised have been used to bolster positions in small cap holdings such as Shoei and Yamada Consulting and more recently to large cap holdings such as Toyota Motor and Tokio Marine Holdings, given their more attractive valuation profile. The positions in Aoyama Trading, Matsui Securities and Kaken Pharmaceutical were sold due to longer term concerns regarding their ability to deliver sustained dividend growth, while Otsuka Holdings and Solasto were sold following strong share price performance leading to over extended valuations.

Outlook

We move forward into 2018 with a great deal of optimism. The domestic economy has remained robust despite the volatility of the currency during the past twelve months and is set to reap further benefits from the Prime Minister's economic and reform initiatives. The strength of the Japanese equity market has been underpinned by the improvements in corporate performance which have complemented the underlying efforts to improve productivity. Importantly, these improvements have been accompanied by a steady but meaningful increase in returns to shareholders. This aspect, in particular, is gaining wider recognition and attracting the attention of investors who have historically ignored Japan.

In the Japanese financial year to 31 March 2017, the aggregate dividends for the overall market rose 9.7% reaching a fourth consecutive annual record while the number of companies announcing share buybacks also rose to a new high of almost 700. This annual growth of dividends was again the fastest of the major global equity markets. Despite this, cash and deposits held by corporations continue to rise, such that now over 55% of listed companies have net cash on their balance sheets. For the market as a whole, the aggregate payout ratio still hovers around 30%, considerably lower than other major international markets and consequently offers considerable scope for improvement.

While the ability of many companies in Japan to enhance their potential shareholder returns in the future is clear, it is the willingness of management to do so that is often questioned. For example, although the number of companies announcing share buybacks has risen, the aggregate value of these programmes has fallen and this has been raised as evidence of a waning commitment to corporate governance reforms. However, many of these companies have cited new investment opportunities – capital expenditure and M&A – as alternative uses of these cash resources to sustain future growth and this confirms our opinion that companies are and should be considering share buybacks on a flexible basis.

INVESTMENT MANAGER'S REPORT continued

Importantly, we believe that the same company managements are increasingly focusing on the sustainability of the dividend payment as the primary objective of their shareholder return policy. The emphasis on growth, with this added security of an income return, represents the most significant change in recent years and has created the opportunity for investors to consider Japanese equities on at least an equal footing with other leading world markets.

Richard Aston
Coupland Cardiff Asset Management LLP
18 January 2018

INVESTMENT POLICY, RESULTS AND OTHER INFORMATION

Investment policy

The Company intends to invest in equities listed or quoted in Japan. The Company may also invest in exchange traded funds in order to gain exposure to such equities. Investment in exchange traded funds shall be limited to not more than 20 per cent of Gross Assets at the time of investment. The Company may also invest in listed Japanese real estate investment trusts (J-REITs).

The Company may enter into long only contracts for difference or equity swaps for gearing and efficient portfolio management purposes.

No single holding (including any derivative instrument) will represent more than 10 per cent of Gross Assets at the time of investment and, when fully invested, the portfolio is expected to have between 30 to 40 holdings although there is no guarantee that this will be the case and it may contain a lesser or greater number of holdings at any time.

The Company will have the flexibility to invest up to 10 per cent of its Gross Assets at the time of investment in unquoted or untraded companies.

The Company will not be constrained by any index benchmark in its asset allocation.

Borrowing policy

The Company may use borrowings for settlement of transactions, to meet on-going expenses and may be geared through borrowings and/or by entering into long only contracts for difference or equity swaps that have the effect of gearing the Company's portfolio to seek to enhance performance. The aggregate of borrowings and long only contracts for difference and equity swap exposure will not exceed 25 per cent of Net Asset Value at the time of drawdown of the relevant borrowings or entering into the relevant transaction, as appropriate, although the Company's normal policy will be to utilise and maintain gearing to a lower limit of 20 per cent of Net Asset Value at the time of drawdown of the relevant borrowings or entering into the relevant transaction, as appropriate. It is expected that any borrowings entered into will principally be denominated in yen.

Hedging policy

The Company does not currently intend to enter into any arrangements to hedge its underlying currency exposure to investment denominated in yen, although the Investment Manager and the Board may review this from time to time.

Results and dividend

The Company was incorporated on 28 October 2015 and business operations commenced on 15 December 2015 when the Company was listed on the London Stock Exchange.

The Company's revenue return after tax for the financial year amounted to £3,364,000 (2016: £2,474,000). The Company paid an interim dividend of 1.15p (2016: 1.00p) per Ordinary Share during the year ended 31 October 2017. On the 4 January 2018, the Directors announced a second interim dividend for the year ended 31 October 2017 of 2.30p per Ordinary Share, which will be paid on 16 February 2018 to shareholders on the register on 19 January 2018; no final dividend will be paid (2016: final dividend of 2.00p per Ordinary Share). Therefore the total dividend in respect of the financial year to 31 October 2017 will be 3.45p (2016: 3.00p) per Ordinary Share.

The Company made a capital return after tax of £17,809,000 (2016: £16,076,000). Therefore, the total return after tax for the Company was £21,173,000 (2016: £18,850,000).

Key performance indicators ("KPIs")

The Board measures the Company's success in attaining its investment objective by reference to the following KPIs:

(i) Long term capital growth
The Board considers the Company's Net Asset Value (NAV) total return figures to be the best indicator of performance over time and this therefore is the main indicator of performance used by the Board. The NAV total return for the year to 31 October 2017 was 20.7% (period from 15 December 2015 to 31 October 2016 was 24.9%).

The Chairman's Statement on pages 3 and 4 incorporates a review of the highlights during the year. The Investment Manager's Report on pages 5 and 6 gives details on investments made during the year and how performance has been achieved.

(ii) Revenue return per share and dividends
The Company's revenue return per share based on the weighted average number of shares in issue during the year was 4.06p (2016: 3.60p). The Company's proposed total dividend payable in respect of the year ended 31 October 2017 is 3.45p (2016: 3.00p) per Ordinary Share.

(iii) Discount/premium to NAV
The discount/premium relative to the NAV per share represented by the share price is closely monitored by the Board. The share price closed at a 4.1% premium (2016: 1.2% discount) to the NAV as at 31 October 2017.

INVESTMENT POLICY, RESULTS AND OTHER INFORMATION
continued

(iv) Control of the level of ongoing charges
The Board monitors the Company's operating costs carefully. Based on the Company's average net assets for the year ended 31 October 2017, the Company's ongoing charges figure calculated in accordance with the AIC methodology was 1.15% (2016:1.27%)*. The Board considers this level to be reasonable.

* Prior year calculated on an annualised basis.

Principal risks and uncertainties

Together with the issues discussed in the Chairman's Statement and the Investment Manager's Report, the Board considers that the principal risks and uncertainties faced by the Company fall into the following main categories:

(i) Market risks

Economic conditions

Changes in economic conditions in Japan (for example, interest rates and rates of inflation, industry conditions, competition, political and diplomatic events and other factors) and in the countries in which the Company's investee companies operate could substantially and adversely affect the Company's prospects.

Sectoral diversification

The Company has no limits on the amount it may invest in any sector. This may lead to the Company having significant concentrated exposure to portfolio companies in certain business sectors from time to time.

Concentration of investments in any one sector may result in greater volatility in the value of the Company's investments and consequently its NAV and may materially and adversely affect the performance of the Company and returns to shareholders.

Unquoted companies

The Company may invest in unquoted companies from time to time. Such investments, by their nature, involve a higher degree of valuation and performance uncertainties and liquidity risks than investments in listed and quoted securities and they may be more difficult to realise.

The Company currently holds no unquoted companies.

Management of risks

The Company is invested in a diversified portfolio of investments.

The Company's investment policy states that no single holding (including any derivative instrument) will represent more than 10% of the Company's Gross Assets at the time of investment and, when fully invested, the portfolio is expected to have between 30 to 40 holdings although there is no guarantee that this will be the case and it may contain a lesser or greater number of holdings at any time.

A maximum of 10% of the Company's Gross Assets at the time of investment may be invested in unquoted or untraded companies at the time of investment.

Whilst the Company does not have a benchmark, the Board measures performance for reference purposes against the Topix Index. The Board also monitors performance relative to the Company's peer group over a range of periods, takng into account the different investment policies and objectives.

(ii) Corporate governance and internal control risks

The Board has contractually delegated to external agencies the management of the investment portfolio, the custodial services (which include the safeguarding of the assets), the registration services and the accounting and company secretarial requirements.

The main risk areas arising from the above contracts relate to allocation of the Company's assets by the Investment Manager, and the performance of administrative, registration and custodial services. These could lead to various consequences including the loss of the Company's assets, inadequate returns to shareholders and loss of investment trust status.

Management of risks

Each of the above contracts was entered into after full and proper consideration of the quality and cost of services offered, including the financial control systems in operation in so far as they relate to the affairs of the Company. All of the above services are subject to ongoing oversight of the Board and the performance of the principal service providers is reviewed on a regular basis. The Board monitors key personnel risks as part of its oversight of the Investment Manager.

(iii) Regulatory risks

Breaches of Section 1158 of the Corporation Tax Act could result in loss of investment trust status. Loss of investment trust status would lead to the Company being subject to tax on any gains on the disposal of its investments. Breaches of the FCA's rules applicable to listed entities could result in financial penalties or suspension of trading of the Company's shares on the London Stock Exchange. Breaches of the Companies Act 2006, The Financial Services and Markets Act, The Alternative Investment Fund Managers' Directive, Accounting Standards, The Listing Rules, Disclosure and Transparency Rules and Prospectus Rules could result in financial penalties or legal proceedings against the Company or its Directors. Failure of the Investment Manager to meet its regulatory obligations could have adverse consequences on the Company.

Management of risks

The Company has contracted out relevant services to appropriately qualified professionals. The Investment Manager reports on regulatory matters to the Board on a quarterly basis. The assessment of regulatory risks forms part of the Board's risk assessment programme.

(iv) Financial risks

The Company's investment activities expose it to a variety of financial risks which include foreign currency risk and interest rate risk. The Company's dividends are received in Japanese yen but payable in sterling.

Management of risks

The Company converts its dividends received into Sterling upon receipt. Further details of financial risks and the management of those risks are disclosed in note 17 to the accounts.

Viability statement

The continuation of the Company is subject to the approval of shareholders at the third Annual General Meeting of the Company to be held in 2019 and, if passed, every three years thereafter. At the present time, the Directors have no reason to believe that the continuation vote to be proposed at the AGM to be held in 2019 will not be passed. The Directors have assessed the viability of the Company for the three years to 31 October 2020 (the "Period") taking into account the long-term nature of the Company's investment strategy and the principal risks outlined above. Based on this assessment, the Directors have a reasonable expectation that the Company will be able to continue in operation and meet its liabilities as they fall due in the Period.

In their assessment of the prospects of the Company, the Directors have considered each of the principal risks and uncertainties set out above and the liquidity and solvency of the Company. The Directors have considered the Company's income and expenditure projections and the fact that the Company's investments comprise readily realisable securities, which could, if necessary, be sold to meet the Company's funding requirements. Portfolio activity and market developments are discussed at quarterly Board meetings. The internal control framework of the Company is subject to a formal review on at least an annual basis.

The Directors do not expect there to be any material increase in the annual ongoing charges of the Company over the Period. The Company's income from investments and cash realisable from the sale of its investments provides substantial cover to the Company's operating expenses, and any other costs likely to be faced by the Company over the year of their assessment.

The Chairman's statement and Investment Manager's Report present the positive long term investment case for Japanese equities which also underpins the Company's viability for the period.

Environmental matters

The Company has no greenhouse gas emissions to report from its operations, nor does it have responsibility for any other emissions producing sources under the Companies Act 2006 (Strategic Report and Directors' Reports) Regulations 2013.

Employees

The Company has no employees. As at 31 October 2017 the Company had four Directors of whom all are male. The Board's policy on diversity is contained in the Corporate Governance Report (see page 16).

Social, community and human rights issues

Having no employees, the Company, as an investment company, has no direct impact on social, community, environmental or human rights matters.

Outlook

The outlook for the Company is discussed in the Chairman's Statement on page 4.

Strategic Report

The Strategic Report set out on pages 2 to 11 of this Annual Report was approved by the Board of Directors on 18 January 2018.

For and on behalf of the Board

Harry Wells

Director

18 January 2018

HOLDINGS IN PORTFOLIO

AS AT 31 OCTOBER 2017

Company	Sector	Market value £'000	% of net assets
Tokyo Electron	Electrical Appliances	5,789	4.5
Nippon Telegraph	Information & Communications	5,022	3.9
Tsubaki Nakashima	Machinery	4,994	3.8
Bridgestone Corp	Rubber Products	4,855	3.7
Noevir	Chemicals	4,696	3.6
Daiwa House	Construction	4,241	3.3
Itochu	Wholesale	4,224	3.2
Tokio Marine	Insurance	4,049	3.1
Canon	Electrical Appliances	3,964	3.0
Gakkyusha	Services	3,953	3.0
Kao	Chemicals	3,875	3.0
Yamada Consulting	Services	3,840	3.0
Shoei	Securities & Commodities	3,790	2.9
Amada	Machinery	3,738	2.9
Komatsu	Machinery	3,700	2.8
Mitsubishi Financial	Banks	3,512	2.7
KDDI Corp	Information & Communications	3,443	2.6
Sumitomo Mitsui	Banks	3,380	2.6
Toyota	Transport Equipment	3,360	2.6
Japan Tobacco	Foods	3,250	2.5
Hikari Tsushin	Information & Communications	3,208	2.5
Subaru	Transport Equipment	3,178	2.4
Technopro Holdings	Services	3,112	2.4
NTT DoCoMo	Information & Communications	2,836	2.2
Japan Hotel	Real Estate	2,817	2.2
Pola Orbis	Chemicals	2,736	2.1
Nissan Motor	Transport Equipment	2,712	2.1
R-Invesco Rg	Real Estate	2,497	1.9
Kakaku.com	Services	2,281	1.8
Park24	Real Estate	2,271	1.7
Oracle	Information & Communications	2,224	1.7
Hoya	Precision Instruments	2,208	1.7
Tokyo Century	Other Financing Business	2,168	1.7
Invincible	Real Estate	2,152	1.7
Trust Tech	Services	2,134	1.6
Nippon Parking	Real Estate	2,094	1.6
Aozora Bank	Banks	2,077	1.6
Asante	Services	1,725	1.3
Resona	Banks	1,624	1.3
Mabuchi Motor	Electrical Appliances	1,482	1.1
Total holdings		**129,211**	**99.3**
Other net assets		934	0.7
Net asset value		**130,145**	**100.0**

TOP TEN SECTORS

AS AT 31 OCTOBER 2017

Sector	% of net assets
Services	13.1
Information & Communications	12.9
Machinery	9.6
Real Estate	9.1
Chemicals	8.7
Electrical Appliances	8.6
Banks	8.1
Transport Equipment	7.1
Rubber Products	3.7
Construction	3.3
Total	**84.2**

CONTRACTS FOR DIFFERENCE (CFDs)

AS AT 31 OCTOBER 2017

Company	Sector	Gross exposure £'000	Gross exposure as a % of net assets	Market value £'000
Tokyo Electron (Dec 2017)	Electrical Appliances	1,160	0.9	676
Nippon Telegraph (Dec 2017)	Information & Communications	1,005	0.8	119
Tsubaki Nakashima (Dec 2017)	Machinery	997	0.8	318
Bridgestone Corp (Dec 2017)	Rubber Products	971	0.7	179
Noevir (Dec 2017)	Chemicals	939	0.7	417
Daiwa House (Dec 2017)	Construction	848	0.7	185
Itochu (Dec 2017)	Wholesale	845	0.6	172
Tokio Marine (Dec 2017)	Insurance	810	0.6	(3)
Canon (Dec 2017)	Electrical Appliances	793	0.6	82
Gakkyusha (Dec 2017)	Services	791	0.6	138
Top Ten		**9,159**	**7.0**	**2,283**
Other		16,132	12.4	1,986
Total		**25,291**	**19.4**	**4,269**

DIRECTORS' REPORT

The Directors present their report and accounts for the year ended 31 October 2017.

Strategic report

The Directors' Report should be read in conjunction with the Strategic Report on pages 2 to 11.

Corporate governance

The Corporate Governance Statement on pages 16 to 19 forms part of this report.

Legal and taxation status

The Company is an investment company within the meaning of Section 833 of the Companies Act 2006. The manner in which the Company conducts its affairs meets the requirements for approval as an investment trust under section 1158 of the Corporation Tax Act 2010. In the opinion of the Directors, the Company has met the conditions and requirements for approval as an investment trust for the year ended 31 October 2017 and intends to continue to do so.

Management

Coupland Cardiff Asset Management LLP ("CCAM") has been appointed as the Company's Investment Manager and Alternative Investment Fund Manager (the "Investment Manager" or the "AIFM"). CCAM is regulated by the Financial Conduct Authority.

The Investment Manager is appointed under a contract subject to twelve months' notice with such notice not to expire prior to the third anniversary of first admission of the Ordinary Shares to trading on the London Stock Exchange. Thereafter, the Investment Management Agreement is subject to not less than six months' written notice.

The Investment Manager is entitled to remuneration each month at a rate equivalent to one twelfth of 0.75% per calendar month of the Net Asset Value of the Company.

In accordance with the Directors' policy on the allocation of expenses between income and capital 80% of the management fee payable is charged to capital and the remaining 20% to income.

The Board reviews this policy on a periodic basis and confirms this allocation remains consistent with their expectations of future returns from the portfolio.

Management engagement

The Directors are satisfied that the Investment Manager has the suitable skills and experience to manage the Company's investments and believe that the continuing appointment of the Investment Manager is in the interests of shareholders as a whole.

Alternative Investment Fund Managers' Directive ("AIFMD")

In accordance with the AIFMD, the Company has appointed CCAM as its Alternative Investment Fund Manager ("AIFM"). The AIFM must ensure that an annual report containing certain information on the Company is made available to investors for each financial year. The investment funds sourcebook of the FCA (the "Sourcebook") details the requirements of the annual report. All the information required by those rules is included in this Annual Report or is or will be made available on the AIFM's website (**www.couplandcardiff. com**).

The AIFM is required to make certain disclosures on its remuneration in respect of the AIFM's relevant reporting period which is the year ended 31 December 2016. These disclosures are available on the AIFM's website or are available on request from the AIFM.

Leverage (under AIFMD)

The AIFM is required to set leverage limits as a percentage of net assets for the Company utilising methods prescribed under AIFMD. These methods are known as the gross method and the commitment method. Under both methods the AIFM has set current maximum limits of leverage for the Company of 200%. A leverage percentage of 100% equates to nil leverage. The Company's leverage under each of these methods at its year end is shown below:

	Gross method	Commitment method
Maximum leverage limit	200%	200%
Actual leverage at 31 October 2017	125%	123%

Dividends

The Company intends to pay dividends on a semi-annual basis, with dividends normally declared in January and June and paid in March and July/August in each year, and to grow the dividend over time. The dividends will not necessarily be of equal amounts because the dividends from the Company's underlying investments are expected to arrive irregularly throughout the financial year.

In accordance with regulation 19 of the Investment Trust (Approved Company) (Tax) Regulations 2011, the Company will not (except to the extent permitted by those regulations) retain more than 15% of its income (as calculated for UK tax purposes) in respect of an accounting period.

In order to increase the distributable reserves available to facilitate the payment of future dividends, the amount standing to the credit of the share premium account of the Company immediately following completion of the first issue of Ordinary Shares on 15 December 2015 was cancelled and transferred to a special distributable reserve. The Company may, at the discretion of the Board, pay all or part of any future dividends out of this special distributable reserve, taking into account the Company's investment objective. Dividends will normally be funded through distributions from portfolio companies including dividends and other distributions, and taking account of share buybacks by portfolio companies.

The Company declared an interim dividend of 1.15p per Ordinary Share in June 2017, which was paid on 4 August 2017 and has declared a second interim dividend in respect of the year ended 31 October 2017 of 2.30p per Ordinary Share, which will be paid on 16 February 2018. The second interim dividend has been declared in place of a final dividend for the reasons set out in the Chairman's statement on pages 3 and 4.

Share issuance programme

The authority to issue new shares pursuant to the placing programme, detailed in the Company's prospectus dated 13 November 2015, expired on 11 November 2016 and a new authority to issue up to 100 million shares pursuant to a new Share Issuance Programme was approved by shareholders at a general meeting on 19 December 2017. A new prospectus was issued by the Company on 9 January 2018 in respect of the Share Issurance Programme.

General authority to issue shares

The Board recommends that the Company is granted a new authority to issue up to a maximum of 8,907,800 Ordinary Shares (representing approximately 9.99% of the shares in issue at the date of this document) and to disapply pre-emption rights when issuing those Ordinary Shares. Resolutions to this effect will be put to shareholders at the Annual General Meeting.

The maximum number of Ordinary Shares which can be admitted to trading on the London Stock Exchange without the publication of a prospectus is 20% of the Ordinary Share Capital on a rolling previous 12 month basis at the time of admission of the shares.

Any Ordinary Share issues will be issued at a premium to (cum income) Net Asset Value.

Treasury shares

The Companies Act allows companies to hold shares acquired by way of market purchases to be held as treasury shares, rather than having to cancel them. This would give the Company the ability to re-issue Ordinary Shares quickly and cost effectively, thereby improving liquidity and providing the Company with additional flexibility in the management of its capital base.

No Ordinary Shares will be sold from treasury at a price less than the (cum income) Net Asset Value ("NAV") per existing Ordinary Share at the time of their sale unless they are first offered pro rata to existing shareholders. No Ordinary Shares were bought back during the year ended 31 October 2017 and no shares are currently held in Treasury.

Discount management

The Directors recognise the importance to investors of the Ordinary Shares not trading at a significant discount to their prevailing NAV. To the extent that the Ordinary Shares trade at a significant discount to their prevailing NAV, the Board will consider whether (in the light of the prevailing circumstances) the Company should purchase its own Ordinary Shares (whether pursuant to the general authority referred to below or pursuant to tender offers made on appropriate terms). There is, however, no guarantee or assurance that any discount control mechanisms proposed by the Board will reduce any discount.

The Directors have the authority to make market purchases of up to 14.99 per cent. of the Ordinary Shares in issue on 31 January 2017 excluding shares held in treasury. The maximum price (exclusive of expenses) which may be paid for an Ordinary Share must not be more than the higher of: (i) 5 per cent. above the average of the mid-market values of the Ordinary Shares for the five Business Days before the purchase is made; or (ii) the higher of the price of the last independent trade and the highest current independent bid for the Ordinary Shares. Ordinary Shares will be repurchased only at prices below the prevailing NAV per Ordinary Share, which should have the effect of increasing the NAV per Ordinary Share for remaining shareholders.

It is intended that a renewal of the authority to make market purchases will be sought from shareholders at each annual general meeting of the Company and such a resolution will be put forward at the forthcoming Annual General Meeting. Purchases of Ordinary Shares will be made within guidelines to be established from time to time by the Board. Any purchase of Ordinary Shares would be made only out of the available cash resources of the Company. Ordinary Shares purchased by the Company may be held in treasury or cancelled.

Purchases of Ordinary Shares may be made only in accordance with the Companies Act, the Listing Rules and the Disclosure Guidance and Transparency Rules.

Life of the Company

The Company has no fixed life but, pursuant to the Articles, an ordinary resolution for the continuation of the Company will be proposed at the third annual general meeting (namely in 2019) of the Company and, if passed, every three years thereafter. Upon any such resolution not being passed, proposals will be put forward to the effect that the Company be wound up, liquidated, reconstructed or unitised.

Market information

The Company's share capital is listed on the London Stock Exchange. The NAV per share is calculated in Sterling for each business day that the London Stock Exchange is open for business. The daily NAV per share is published through a regulatory information service.

Bank overdraft facility

The Company has a bank overdraft facility with The Northern Trust Company. Under the terms of the facility a maximum of £12 million, or the equivalent in Japanese yen, can be drawn down. As at the year end date, the equivalent of £1,935,000 of the overdraft facility has been utilised on the Japanese yen bank account.

Derivatives

The Company may utilise long only contracts for difference or equity swaps for gearing and efficient portfolio management purposes. Where the Company uses 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.

During the year, the Company held contracts for difference with Morgan Stanley & Co International plc and Macquarie Bank Limited and the net exposure at 31 October 2017 was £20,981,000 (2016: £14,122,000) and £568,000 (2016: £958,000), respectively.

The financial instruments of the Company generate liquidity risk, credit risk and market risk. An explanation of these risks and how they are managed and the policy and practice with regards to financial instruments are contained in note 17 of the financial statements.

Depositary and custodian

Northern Trust Global Services Limited is the Company's depositary and custodian.

Company Secretary

With effect from 1 July 2016, PraxisIFM Fund Services (UK) Limited has been appointed as the company secretary of the Company, having acquired Cavendish Administration Limited, which acted as the company secretary prior to that date.

Administrator

With effect from 1 October 2017, PraxisIFM Fund Services (UK) Limited has been appointed to provide administration services to the Company including calculation of its daily Net Asset Value. Prior to this date, Northern Trust Global Services Limited provided administration services to the Company.

Capital structure and voting rights

At the year end, the Company's issued share capital comprised 89,168,162 Ordinary Shares of 1p nominal value. Each Ordinary Share held entitles the holder to one vote. All shares carry equal voting rights and there are no restrictions on those voting rights. Voting deadlines are stated in the Notice of Meeting and Form of Proxy and are in accordance with the Companies Act 2006.

There are no restrictions on the transfer of Ordinary Shares, nor are there any limitations or special rights associated with the Ordinary Shares.

Significant Shareholders

As at 31 October 2017, the Directors have been notified of, or have identified, the following shareholdings comprising 3% or more of the issued share capital of the Company:

	Holding	%
Rathbone Investment Management Limited	10,583,046	11.87%
Charles Stanley Group PLC	5,689,763	6.38%
J M Finn & Co Limited	5,455,300	6.12%
Derbyshire County Council	5,000,000	5.61%
Seneca IM Limited	4,335,000	4.98%
Brooks Macdonald Asset Management Limited	4,136,719	4.64%
South Yorkshire Pension Authority	4,000,000	4.48%
Investec Wealth & Investment Limited	3,607,250	4.04%

Since the year end, the Company has been formally notified that the Seneca IM Limited holding in the Company has decreased to 4,285,000 Ordinary Shares, the Rathbone Investment Management Ltd holding has increased to 10,701,446 Ordinary Shares and that the South Yorkshire Pension Authority holding is no longer notifiable.

Settlement of Ordinary Share transactions

Ordinary Share transactions in the Company are settled by the CREST share settlement system.

Anti-bribery and corruption

It is the Company's policy to conduct all of its business in an honest and ethical manner. The Company takes a zero-tolerance approach to bribery and corruption and is committed to acting professionally, fairly and with integrity in all its business dealings and relationships wherever it operates. The Company's policy and the procedures that implement it are designed to support that commitment.

Notice of general meetings

At least twenty-one days' notice shall be given to all the members and to the auditors. All other general meetings shall also be convened by not less than twenty-one days' notice to all those members and to the auditors unless the Company offers members an electronic voting facility and a special resolution reducing the period of notice to not less than fourteen days has been passed, in which case a general meeting may be convened by not less than fourteen days' notice in writing. A special resolution will be proposed at the Annual General Meeting to reduce the period of notice for general meetings other than the Annual General Meeting to not less than fourteen days.

Going concern

The Directors have adopted the going concern basis in preparing the accounts. The following is a summary of the Directors' assessment of the going concern status of the Company, which should be read in conjunction with the viability statement on page 9.

The Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for at least twelve months from the date of this document. In reaching this conclusion, the Directors have considered the liquidity of the Company's portfolio of investments as well as its cash position, income and expense flows. The Company's net assets at 31 October 2017 were £130.1 million (2016: 98.1 million). As at 31 October 2017, the Company held £129.2 million (2016: £96.6 million) in quoted investments and had an overdraft of £0.9 million (2016: £0.9 million held in cash). The total expenses (excluding finance costs and taxation) for the year ended 31 October 2017 were £1.2 million, which represented approximately 1.15% of average net assets during the year. At the date of approval of this document, based on the aggregate of investments and cash held, the Company has substantial operating expenses cover.

Since inception the Company has delivered positive total return performance and met its objectives set out in the prospectus in relation to the annual dividend, which is reflected in the performance of the Company's Ordinary Shares during the financial year and subsequent to the year end.

Directors' indemnities

Details on the Directors' indemnities in place are provided in the Directors' Remuneration Implementation Report.

Auditor information

Each of the Directors at the date of the approval of this report confirms that:

(i) so far as the Director is aware, there is no relevant audit information of which the Company's auditors are unaware; and

(ii) the Director has taken all steps that he ought to have taken as Director to make himself aware of any relevant information and to establish that the Company's auditors are aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of Section 418 of the Companies Act 2006.

In accordance with Section 489 of the Companies Act 2006, a resolution to re-appoint Ernst & Young LLP as the Company's auditors will be put forward at the forthcoming Annual General Meeting.

By Order of the Board

Anthony Lee
For and on behalf of
PraxisIFM Fund Services (UK) Limited
Company Secretary

18 January 2018

CORPORATE GOVERNANCE

Introduction

The Board of the Company has considered the principles and recommendations of the AIC Code by reference to the AIC Guide. The AIC Code, as explained by the AIC Guide, addresses all the principles set out in the UK Corporate Governance Code, as well as setting out additional principles and recommendations on issues that are of specific relevance to the Company as an investment company. A copy of the AIC Code can be viewed on the AIC's website https://www.theaic.co.uk/aic-code-of-corporate-governance-0.

The Board considers that reporting against the principles and recommendations of the AIC Code, and by reference to the AIC Guide (which incorporates the UK Corporate Governance Code), will provide more relevant information to shareholders than solely reporting against the UK Corporate Governance Code.

The Financial Reporting Council ("FRC"), the UK's independent regulator for corporate reporting and governance responsible for the UK Corporate Governance Code, has endorsed the AIC Code and the AIC Guide. The terms of the FRC's endorsement mean that AIC members who report against the AIC Code and the AIC Guide meet fully their obligations under the UK Corporate Governance Code and the related disclosure requirements contained in the Listing Rules.

With effect from First Admission, the Company has complied with the recommendations of the AIC Code and the relevant provisions of the UK Corporate Governance Code, except as set out below.

The UK Corporate Governance Code includes provisions relating to: the role of the chief executive; executive Directors' remuneration; and the need for an internal audit function. For the reasons set out in the AIC Guide, the Board considers these provisions are not relevant to the position of the Company, being an externally managed investment company with no executive directors, the Company does not therefore comply with them.

The Board

Composition

At the date of this report, the Board consists of four non-executive Directors including the Chairman. All the Directors have served during the entire year since their appointment on 13 November 2015.

The Board believes that during the year ended 31 October 2017 its composition was appropriate for an investment company of the Company's nature and size. All of the Directors are independent of the Investment Manager. All of the Directors are able to allocate sufficient time to the Company to discharge their responsibilities effectively.

The Directors have a broad range of relevant experience to meet the Company's requirements and their biographies are given below.

Harry Wells *(non-executive Chairman)*

Harry has over 40 years' experience of investment markets, primarily as an institutional stockbroker specialising in the Asia Pacific region, based in London and Hong Kong, latterly as a Managing Director of Salomon Smith Barney. He is also Chairman of the Martin Currie Asia Unconstrained Investment Trust PLC and The Establishment Investment Trust PLC. Harry holds an MA degree in Land Economy from Cambridge University and is a Fellow of the Chartered Institute for Securities and Investment and a Member of the Royal Institution of Chartered Surveyors.

Mark Smith *(non-executive Director)*

Mark is an Investment Manager at Waverton Investment Management (formerly known as J O Hambro Investment Management) which he joined in 2002. He manages portfolios for both UK and international clients, is a Japanese equity specialist and a member of the Stock Selection Committee. Prior to joining Waverton, Mark spent a number of years in institutional fund management specialising in Japanese equities, firstly at Provident Mutual but mainly at Foreign & Colonial where he worked for five years, ultimately managing large Japanese equity funds. Mark graduated from Exeter University in 1994 with a degree in Spanish, has passed his IIMR exams and is an Associate of the Institute (now CFA).

John Scott *(non-executive Director and chairman of the Audit Committee)*

John has considerable experience of both Asian markets and of the investment trust sector. He is also Chairman of the specialist trust Impax Environmental Markets and Jupiter Emerging and Frontiers Income Trust and Chairman of the Lloyd's Members' agent Alpha Insurance Analysts.

His other directorships include a Guernsey registered business, Bluefield Solar Income Fund Ltd. John started his career in Hong Kong with Jardine Matheson in 1974 and joined investment bank Lazard Brothers in London in 1981, where he spent 20 years, including three years in Tokyo.

John is a Fellow of the Chartered Insurance Institute. He has a degree in Economics from Cambridge University and an MBA from INSEAD, France.

Peter Wolton *(Senior Independent Director)*

Peter has wide experience of Japan and the investment trust sector. He was resident in Tokyo from 1994 to 1998 where he was responsible for Schroders' asset management activities and, from 1996, Schroders'

Country Head. He is a former Director of Dunedin Income Growth Investment Trust plc, TR Property Investment Trust plc and Schroder Japan Growth Fund plc.

He commenced his career with Savills, qualifying as a Chartered Surveyor in 1980. From 1983 until 2001 worked for Schroders, specialising in the management of UK equity portfolios for pension funds and charities until 1993 when he was transferred to Japan. From 1998 to 2001 he headed Schroders' global retail businesses and from 2002 to 2003 was Chief Investment Officer of the Investment Management Group of Baring Asset Management.

Peter has degrees in Land Economy from Cambridge University and Contextual Theology from Middlesex University.

In accordance with the AIC Code, The Board does not believe that the service tenure of non-executive Directors should be strictly limited to nine years. The Board recognises the benefits to the Company of having longer serving Directors together with progressive refreshment of the Board.

In accordance with the Company's Articles of Association, at every Annual General Meeting, any Director who has been a Director at each of the two preceding Annual General Meetings shall retire by rotation and be eligible for re-election. As all the Directors were elected at the Annual General Meeting held on 22 March 2017, no Directors will retire by rotation and be subject to re-election at the Annual General Meeting of the Company to be held on 13 March 2018.

The Directors have appointment letters which do not provide for any specific term. They are subject to re-election by shareholders at a maximum interval of three years. Copies of the Directors' appointment letters are available on request from the Company Secretary. Upon joining the Board, any new Directors receive an induction and relevant training is available to Directors on an ongoing basis.

A procedure has been adopted for Directors, in the furtherance of their duties, to take independent professional advice at the expense of the Company.

A policy of insurance against Directors' and officers' liabilities is maintained by the Company.

Board committees

The Company has established an Audit Committee which is chaired by John Scott and consists of all the Directors. A report of the Audit Committee is included in this Annual Report.

The Company has established a Management Engagement Committee which is chaired by the Chairman of the Company, Harry Wells, and consists of all the Directors. The Management Engagement Committee meets at least once a year or more often if required. Its principal duties are to consider the terms of appointment of the Investment Manager and it annually reviews that appointment and the terms of the Management Agreement. The Management Engagement Committee also reviews the continued appointment and performance of the Company's other service providers.

The Company has also established a Nomination Committee which is chaired by the Chairman of the Company, Harry Wells. The Nomination Committee is responsible for identifying and proposing candidates for the office of Director of the Company. The Nomination Committee also considers and reviews the fees payable to the non-executive Directors and make recommendations regarding such fees to the Board.

Meeting attendance

During the year under review, the Directors have attended the following meetings:

	Quarterly Board	Audit Committee	Management Engagement Committee	Nomination Committee
Number held	4	3	1	1
Harry Wells	4	3	1	1
Mark Smith	4	3	1	1
John Scott	4	3	1	1
Peter Wolton	4	3	1	1

Note: meetings attended/eligible to attend

There were also a number of other Board and committee meetings to deal with administrative matters and approval of documentation.

Board diversity

The Company's policy is that the Board should have a broad range of skills. Consideration is given to the recommendations of the AIC Code and other guidance on boardroom diversity.

Performance appraisal

A formal annual performance appraisal process is performed on the Board, the committees, the individual Directors and the Company's main service providers.

A programme consisting of open and closed ended questions was used as the basis for the appraisal. The results were reviewed by the Chairman and discussed with the Board. A separate appraisal of the Chairman has been carried out by the other members of the Board and the results reported back by the Senior Independent Director to the Chairman. The results of the performance evaluation were positive and demonstrated that the Directors showed the necessary commitment for the fulfilment of their duties.

Internal control

Prior to the Company's listing a detailed review was carried out on the financial position, prospects and procedures applicable to the Company.

The AIC Code requires the Board to review the effectiveness of the Company's system of internal controls. The Board recognises its ultimate responsibility for the Company's system of internal controls and for monitoring its effectiveness. The system of internal controls is designed to manage rather than eliminate the risk of failure to achieve business objectives. It can provide only reasonable assurance against material misstatement or loss. The Board has undertaken a review of the aspects covered by the guidance and has identified risk management controls in the key areas of business objectives, accounting, compliance, operations and secretarial as being matters of particular importance upon which it requires reports. The Board believes that the existing arrangements, set out below, represent an appropriate framework to meet the internal control requirements. By these procedures the Directors have kept under review the effectiveness of the internal control system throughout the year and up to the date of this report. The system in place accords with The FRC's 2014 'Guidance on Risk Management, Internal Control and Related Financial and Business Reporting'.

Financial aspects of internal control

The Directors are responsible for the internal financial control systems of the Company and for reviewing their effectiveness. These aim to ensure the maintenance of proper accounting records, the reliability of the financial information upon which business decisions are made and which is used for publication and that the assets of the Company are safeguarded. As stated above, the Board has contractually delegated to external agencies the services the Company requires, but it is fully informed of the internal control framework established by the Investment Manager, the Administrator and the Company's custodian to provide reasonable assurance on the effectiveness of internal financial controls.

The key procedures include review of management accounts and Net Asset Value and monitoring of performance at quarterly Board meetings, supervision by Directors of the valuation of securities, segregation of the administrative function from that of securities and cash custody and from investment management, maintenance of appropriate insurance and adherence to physical and computer security procedures. In addition, procedures have been put in place for authorisation of all expense payments.

The Statement of Directors' Responsibilities in respect of the accounts is on page 24 and a Statement of Going Concern is on page 15. The Report of the Independent Auditor is on pages 25 to 29.

Other aspects of internal control

The Board holds quarterly meetings, plus additional meetings as required. Between these meetings there is regular contact with the Investment Manager, the Company Secretary and the Administrator.

The Board has agreed policies with the Investment Manager on key operational issues. The Investment Manager reports in writing to the Board on operational and compliance issues. The Investment Manager reports directly to the Audit Committee concerning the internal controls applicable to the Investment Manager's dealing, investment and general office procedures.

The Directors review detailed management accounts from the Administrator, including holdings in the portfolio, transactions and other aspects of the financial position of the Company. The Depositary provides oversight reports for the quarterly Board meetings. Additional ad hoc reports are received as required and Directors have access at all times to the advice and services of the Corporate Company Secretary, which is responsible to the Board for ensuring that Board procedures are followed and that applicable rules and regulations are complied with.

This contact with the Investment Manager and the other key service providers enables the Board to monitor the Company's progress towards its objectives and encompasses an analysis of the risks involved. The effectiveness of the Company's risk management and internal controls systems is monitored and a formal review, utilising a detailed risk assessment programme has been completed. This included consideration of the Administrator's, the Depositary and the Registrar's internal controls report. There are no significant findings to report from the review.

Principal risks

The Directors confirm that they have carried out a robust assessment of the principal risks facing the Company, including those that would threaten its business model, future performance, solvency or liquidity. The principal risks and how they are being managed is set out in the Strategic Report.

Shareholder relations

The Company encourages all shareholders to attend the Annual General Meeting and seeks to provide a minimum of twenty working days' notice of that meeting. The Notice of Meeting sets out the business of the AGM and any item not of an entirely routine nature is explained in the Directors' Report. Separate resolutions are proposed for each substantive issue. The Investment Manager has a programme of meetings with shareholders and reports back to the Board on its findings. The Chairman and the Board welcome direct feedback from shareholders.

Exercise of voting powers and stewardship code

The Company and the Investment Manager support the UK Stewardship Code issued by the Financial Reporting Council. The Investment Manager has published its proxy voting policy and statement of compliance with the principles of best practice of the Stewardship Code on its website.

Social and environmental policy

The Company has no staff, premises, manufacturing or other operations.

DIRECTORS' REMUNERATION IMPLEMENTATION REPORT

This report has been prepared in accordance with Schedule 8 of the Large and Medium-sized Companies and Groups (Accounts and Reports) (Amendment) Regulations 2013. An ordinary resolution for the approval of this report will be put forward at the forthcoming Annual General Meeting.

The Directors' Remuneration Implementation Report is put forward for approval by shareholders on an annual basis. The result of the shareholder resolution on the Implementation Report is non-binding on the Company, although it gives shareholders an opportunity to express their views, which will be taken into account by the Board. An ordinary resolution to approve this Directors' Remuneration Implementation Report will be put forward for approval at the Company's Annual General Meeting to be held on 13 March 2018.

The law requires the Company's auditor to audit certain of the disclosures provided. Where disclosures are audited they are indicated as such. The auditor's opinion is on page 25.

Remuneration

The Company currently has four non-executive Directors.

As detailed in the Company's prospectus dated 13 November 2015, Directors' fees are payable at the rate of £24,000 per annum for each Director other than the Chairman, who is entitled to receive £36,000. The Chairman of the Audit Committee is also entitled to additional fees of £5,000 per annum and the Senior Independent Director is entitled to an additional fee of £1,000. The Directors' agreed to waive 20% of the above fees while the Company's net assets were below £100m. Since 1 April 2017, the fees have been paid at the full rate detailed in the prospectus.

The Board believes that these fees appropriately reflect prevailing market rates for an investment trust of the Company's size.

The Nomination Committee, which consists of all the Directors, reviews the fees payable to the Directors on an annual basis.

Directors' service contracts

The Directors do not have service contracts with the Company. The Directors are not entitled to compensation on loss of office. The Directors have appointment letters which do not provide for any specific term. However, they are subject to re-election by shareholders at a maximum interval of three years. There are no restrictions on transfers of the Company's shares held by the Directors or any special rights attached to such shares.

Directors' indemnities

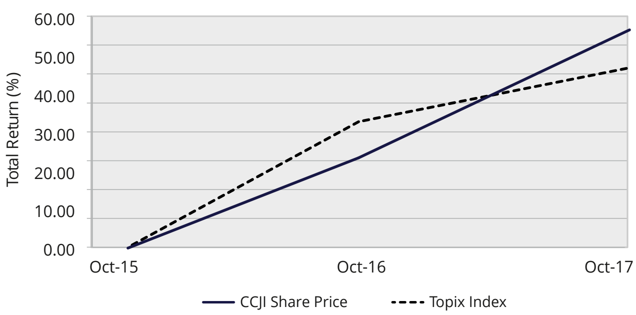
Subject to the provisions of the Companies Act 2006 and certain provisions contained in the deeds of indemnity issued by the Company, the Company has indemnified each of the Directors against all liabilities which each Director may suffer or incur arising out of or in connection with any claim made or proceedings taken against him/her, or any application made under sections 661(3), 661(4) or 1157 of the Companies Act 2006 by him/her, on the grounds of his/her negligence, default, breach of duty or breach of trust, in relation to the Company or any Associated Company. The indemnities would provide financial support from the Company after the level of cover provided by the Company's Directors' and Officers' insurance policy has been fully utilised.

Director search and selection fees

No Director search and selection fees were incurred during the year.

Performance

The following chart shows the performance of the Company's share price by comparison to the Topix Index, on a total return basis, from the date of listing on the London Stock Exchange on 15 December 2015. The Board deems the Topix Total Return Index to be the most appropriate comparator for this report.



Directors' emoluments for the year ended 31 October 2017 (audited)

The Directors who served during the year ended 31 October 2017 received the following remuneration for qualifying services:

Fees and taxable benefits

	Fees 2017 £'000	Taxable benefits 2017 £'000	Fees 2016 £'000	Taxable benefits 2016 £'000
Harry Wells	33.0	–	27.6	–
Mark Smith	22.0	–	18.5	–
John Scott	26.6	–	22.1	–
Peter Wolton	22.9	–	19.2	–
	104.5	**–**	**87.4**	**–**

In addition to the above, the Company paid £974 (2016: £1,441) in expenses to the Directors. None of the above fees were paid to third parties.

A non-binding ordinary resolution to approve the Directors' Remuneration Implementation Report contained in the Annual Report for the period ended 31 October 2016 was put forward at the Annual General Meeting held on 22 March 2016. The resolution was passed with proxies representing 100% of the shares voted being in favour of the resolution.

The Directors' Remuneration Policy was last put forward at the Annual General Meeting held on 22 March 2016. The resolution was passed with proxies representing 100% of the shares voted being in favour of the resolution.

Relative importance of spend on pay

The following table sets out the total level of Directors' remuneration compared to management fees and other expenses incurred by the Company and the distributions to shareholders by way of dividends.

	2017 £'000	2016 £'000
Directors' fees	105	87
Management fees and other expenses	809	689
Dividends paid and payable to shareholders	3,031	2,272

The information in the table above is required by the regulations with the exception of management fees and other expenses which have been included to show the total operating expenses of the Company.

Directors' holdings (Audited)

The interests of the Directors in the Ordinary Shares of the Company as at 31 October 2017 and at the date of this report were as follows. All holdings are beneficially owned.

	2017	2016
Harry Wells	30,000	30,000
Mark Smith	10,000	10,000
John Scott	32,500	25,000
Peter Wolton	35,000	25,000

Harry Wells and Peter Wolton intend to subscribe for 10,000 and 25,000 Ordinary Shares respectively in the issue of shares due to take place at the end of January 2018.

Statement

On behalf of the Board and in accordance with Part 2 of Schedule 8 of the Large and Medium-sized Companies and Groups (Accounts and Reports) (Amendment) Regulations 2013, I confirm that the above Report on Remuneration Policy and Remuneration Implementation summarises, as applicable, for the year to 31 October 2017:

(a) the major decisions on Directors' remuneration;

(b) any substantial changes relating to Directors' remuneration made during the year; and

(c) the context in which the changes occurred and decisions have been taken.

Harry Wells

Chairman

18 January 2018

REPORT OF THE AUDIT COMMITTEE

Role of the Audit Committee

The AIC Code of Corporate Governance (the "Code") recommends that Boards should establish audit committees consisting of at least three, or in the case of smaller companies, two independent non-executive directors. The Board is required to satisfy itself that at least one member of the audit committee has recent and relevant financial experience. The main role and responsibilities of the audit committee should be set out in written terms of reference covering certain matters described in the Code. The Company complies with the Code.

The Audit Committee meets formally at least twice a year for the purpose, amongst other things, of considering the appointment, independence and objectivity, and remuneration of the auditor and to review the annual accounts and half-yearly financial report. The Audit Committee also reviews the Company's internal financial controls and its internal control and risk management systems. Where non-audit services are provided by the auditor, full consideration of the financial and other implications on the independence of the auditor arising from any such engagement are considered before proceeding. No non-audit work was performed during the year ended 31 October 2017 but has performed non-audit work since the year end. The Audit Committee has considered the non-audit reporting accountant work performed by the auditor post the year end and does not consider that this compromises its independence.

Composition

All of the Directors of the Company are members of the Audit Committee and I have served as chairman of the Committee since inception. The Audit Committee has formal written terms of reference and copies of these are available on the Company's website or on request from the Company Secretary. The Audit Committee as a whole has recent and relevant financial experience. The Audit Committee has considered the need for an internal audit function and considers that this is not appropriate given the nature and circumstances of the Company. The Audit Committee keeps the need for an internal function under periodic review. The chairman of the Company is a member of the Audit Committee. The Board and the Audit Committee believe that this is appropriate as he has recent and relevant financial experience and he is independent.

Meetings

There have been three Audit Committee meetings in the year ended 31 October 2017. All Committee members attended these meetings.

Financial statements and significant accounting matters

The Audit Committee considered the following significant accounting issues in relation to the Company's Financial Statements for the year ended 31 October 2017:

Valuation and existence of investments

The Company holds the majority of its assets in quoted investments. The valuation and existence of these investments is the most material matter in the production of the financial statements. Investments are valued using independent pricing sources and the holding quantities at the year end were agreed to the Depositary's records. The Audit Committee reviewed the Administrator's procedures in place for ensuring accurate valuation and existence of investments.

Recognition of income

Income may not be accrued in the correct period and/or incorrectly allocated to revenue or capital. The Audit Committee reviewed the Administrator's procedures for recognition of income and reviewed the treatment of any special dividends receivable in the year. The Audit Committee also reviewed the Administrator's forecast of revenue against actual revenue received.

Calculation of management fees

Incorrect amounts may be paid to the Investment Manager and recognised in the accounts if the fees are not calculated correctly. The Audit Committee reviewed the Administrator's procedures in place for the calculation of management fees and a member of the Audit Committee approves management fee invoices prior to payment.

Conclusion with respect to the Annual Report and financial statements

The Audit Committee has concluded that the Annual Report for the year ended 31 October 2017, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Company's business model, strategy and performance. The Audit Committee has reported its conclusions to the Board of Directors. The Audit Committee reached this conclusion through a process of review of the document and enquiries to the various parties involved in the production of the annual report.

Audit tenure

Ernst & Young LLP was selected as the Company's auditor at the time of the Company's launch following a competitive process and review of the auditor's credentials. The appointment of the external auditor is reviewed annually by the Audit Committee and the Board and is subject to approval by shareholders. In accordance with the FRC guidance, the audit will be put out to tender within ten years of the initial appointment of Ernst & Young LLP in December 2015.

Effectiveness of external audit

The Audit Committee is responsible for reviewing the effectiveness of the external audit process. The Audit Committee received a presentation of the audit plan from the external auditor prior to the commencement of the audit and a presentation of the results of the audit following completion of the main audit testing. The Audit Committee performed a review of the external auditor following the presentation of the results of the audit. The review included a discussion of the audit process and the ability of the external auditor to fulfil its role. Following the above review, the Audit Committee has agreed that the re-appointment of the Auditors should be recommended to the Board and the shareholders of the Company.

Provision of non-audit services

The Audit Committee has put a policy in place on the supply of any non-audit services provided by the external auditor. Such services are considered on a case-by-case basis and may only be provided to the Company if the provision of such services is at a reasonable and competitive cost and does not constitute a conflict of interest or potential conflict of interest which would prevent the auditor from remaining objective and independent.

No fees were paid to Ernst & Young LLP in respect of non-audit services in the year ended 31 October 2017. Since the year end, Ernst & Young LLP have provided non-audit services to the Company in connection with the prospectus issued on 9 January 2018 on the basis that these services are permissible under independence regulation and non-recurring. These services were approved by the Audit Committee.

John Scott
Audit Committee Chairman
18 January 2018

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The Directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable laws and regulations.

Company law requires the Directors to prepare accounts for each financial year. Under that law, the Directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice, including FRS 102 The Financial Reporting Standard applicable to the UK and Republic of Ireland and applicable law. Under company law, the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company as at the end of the year and of the net return for the year. In preparing these accounts, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates, which are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the accounts; and
- prepare the financial statements on a going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and which disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the accounts comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The accounts are published on the Company's website at **www.ccjapanincomeandgrowthtrust.com** which is maintained by the Company's Investment Manager. The work carried out by the auditors does not involve consideration of the maintenance and integrity of these websites and, accordingly, the auditors accept no responsibility for any changes that have occurred to the accounts since being initially presented on the website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Directors' confirmation statement

The Directors each confirm to the best of their knowledge that:

(a) the accounts, prepared in accordance with applicable accounting standards, give a true and fair view of the assets, liabilities, financial position and profit of the Company; and

(b) this Annual Report includes a fair review of the development and performance of the business and position of the Company, together with a description of the principal risks and uncertainties that it faces.

Having taken advice from the Audit Committee, the Directors consider that the Annual Report and financial statements taken as a whole is fair, balanced and understandable and provides the information necessary for shareholders to assess the Company's performance, business model and strategy.

For and on behalf of the Board

Harry Wells
Director
18 January 2018

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CC JAPAN INCOME & GROWTH TRUST PLC

Opinion

We have audited the financial statements of CC Japan Income & Growth Trust Plc for the year ended 31 October 2017 which comprise the Income Statement, the Statement of Financial Position, Statement of Changes in Equity, Statement of Cash Flows and the related notes 1 to 18, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the Company's affairs as at 31 October 2017 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report below. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard as applied to listed public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to principal risks, going concern and viability statement

We have nothing to report in respect of the following information in the Annual Report, in relation to which the ISAs (UK) require us to report to you whether we have anything material to add or draw attention to:

- the disclosures in the Annual Report set out on pages 8 and 9 that describe the principal risks and explain how they are being managed or mitigated;
- the Directors' confirmation set out on page 19 in the Annual Report that they have carried out a robust assessment of the principal risks facing the entity, including those that would threaten its business model, future performance, solvency or liquidity;
- the Directors' statement set out on page 15 in the financial statements about whether they considered it appropriate to adopt the going concern basis of accounting in preparing them, and their identification of any material uncertainties to the entity's ability to continue to do so over a period of at least twelve months from the date of approval of the financial statements;
- whether the Directors' statement in relation to going concern required under the Listing Rules in accordance with Listing Rule 9.8.6R(3) is materially inconsistent with our knowledge obtained in the audit; or
- the Directors' explanation set out on pages 12 to 15 in the Annual Report as to how they have assessed the prospects of the entity, over what period they have done so and why they consider that period to be appropriate, and their statement as to whether they have a reasonable expectation that the entity will be able to continue in operation and meet its liabilities as they fall due over the period of their assessment, including any related disclosures drawing attention to any necessary qualifications or assumptions.

Overview of our audit approach

Key Audit Matter	• Incomplete or inaccurate income recognition through failure to recognise proper income entitlements or apply appropriate accounting treatment. • Incorrect valuation and existence of the investment portfolio.
Materiality	• We determined materiality of the Company to be £1.30m (2016: £981k), which is 1% of Net Asset Value (NAV).

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified. These matters included those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in our opinion thereon, and we do not provide a separate opinion on these matters.

STRATEGIC REPORT GOVERNANCE FINANCIALS OTHER INFORMATION

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CC JAPAN INCOME & GROWTH TRUST PLC continued

Risk	Our response to the risk	Key observations communicated to the Audit Committee
Incomplete or inaccurate income recognition through failure to recognise proper income entitlements or to apply the appropriate accounting treatment for recognition of income. *Refer to the Audit Committee Report (pages 22-23); the accounting policies (page 35) and the notes to the financial statements (note 3)* If the Company is not entitled to receive the dividend income recognised in the financial statements or the income recognised does not relate to the current financial period, this could impact the perception of profits available to fund dividend distributions to shareholders. The investment income receivable for the period to 31 October 2017 was £4.36 million (2016: £3.22 million) (as disclosed in Note 3 to the financial statements).	• Reviewed the process in place at the Manager, Northern Trust Global Services Limited ("the Previous Administrator") and at Praxis IFM Fund Services (UK) Limited ("the Administrator") in relation to the revenue recognition. • Agreed a sample of dividends received from the underlying financial records to an independent pricing source and agreed to bank statements as supporting documentation. • For this sample, we agreed the exchange rates used to convert the dividend income received in yen to sterling. • Performed a review of any material special dividends received during the period and assessed the appropriateness of the accounting treatment adopted. • To test for completeness, we checked a sample of dividends announced to an independent source to confirm that there were recorded in the correct accounting period. • Performed tests of journal entries, focusing on investment revenue journals during the year and year-end manual journals.	• No issues were identified in our testing of dividend income. • There were no material special dividends received during the year. • We have no additional matters to report to the Audit Committee.

Risk	Our response to the risk	Key observations communicated to the Audit Committee
Incorrect valuation of the investment portfolio, including incorrect application of exchange rate movements or failure to assess stock liquidity. *Refer to the Audit Committee Report (pages 22-23); the accounting policies (page 34) and the notes to the financial statements (note 9)* The valuation of the portfolio at 31 October 2017 was £129,211,000 (2016: £96,638,000) consisting of listed equities and Contract For Differences ("CFDs"). The valuation of the assets held in the investment portfolio (including the CFDs) is the key driver of the Company's net asset value and investment return. Incorrect asset pricing or a failure to maintain proper legal title of assets by the Company could have a significant impact on portfolio valuation and, therefore, the return generated for shareholders.	• Reviewed the process in place at the Manager, the Previous Administrator and the Administrator in relation to recording of security pricing and units held. • Agreed all of the listed investment (including the listed securities underlying the CFDs) holding prices at the year end to a relevant independent source. • Agreed all of the exchange rates used to convert the investment in yen to sterling using an independent source. • Agreed the number of shares held for each security to confirmations of legal title received from the Company's custodian, Northern Trust.	• No differences in security pricing above our tolerance threshold were identified. • No differences in agreeing the custody confirmation to the investment portfolio were identified. • We have no additional matters to report to the Audit Committee.

The scope of our audit

Our assessment of audit risk, our evaluation of materiality and our allocation of performance materiality determines our audit scope for the Company. Taken together, this enables us to form an opinion on the financial statements. We take into account size, risk profile, changes in the business environment, the organisation of the Company and effectiveness of company-wide controls, and other factors such as recent Service Organisation Control ('SOC') reporting when assessing the level of work to be performed. All audit work performed for the purposes of the audit was undertaken by the audit team.

Our application of materiality

We apply the concept of materiality in planning and performing the audit, in evaluating the effect of identified misstatements on the audit and in forming our audit opinion.

Materiality

The magnitude of an omission or misstatement that, individually or in the aggregate, could reasonably be expected to influence the economic decisions of the users of the financial statements. Materiality provides a basis for determining the nature and extent of our audit procedures.

We determined planning materiality for the Company to be £1.30m (2016: £981k), which is 1% of total equity as at 31 October 2017. We derived our materiality calculation from a proportion of total equity as we consider that to be the most important financial metric on which shareholders judge the performance of the Company.

Performance materiality

The application of materiality at the individual account or balance level. It is set at an amount to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds materiality.

On the basis of our risk assessments, together with our assessment of the Company's overall control environment, our judgment was that overall performance materiality (i.e. our tolerance for misstatement in an individual account or balance) for the Company should be 50% of planning materiality, being £650k (2016: £490k). We have set performance materiality at this percentage due to the change in the overall control environment that occurred during the year as a result of a change in accounting administrator.

Given the importance of the distinction between revenue and capital for the Company we also applied a separate testing threshold for the revenue column of the Income Statement of £189,000 (2016: £127,000) being 5% of the return on ordinary activities before taxation.

Reporting threshold

An amount below which identified misstatements are considered to be clearly trivial.

We agreed with the Audit Committee that we would report all audit differences in excess of £65,000 (2016: £49,000), which is 5% of the planning materiality, as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CC JAPAN INCOME & GROWTH TRUST PLC continued

We evaluate any uncorrected misstatements against both the quantitative measures of materiality discussed above and in the light of other relevant qualitative considerations in forming our opinion.

Other information

The other information comprises the information included in the Annual Report set out on pages 1 to 24 including the Introduction set out on page 2, the Strategic Report set out on pages 3 to 15 and the Governance section set out on pages 16 to 24, other than the financial statements and our Auditor's Report thereon. The Directors are responsible for the other information.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact.

We have nothing to report in this regard.

In this context, we also have nothing to report in regard to our responsibility to specifically address the following items in the other information and to report as uncorrected material misstatements of the other information where we conclude that those items meet the following conditions:

- **Fair, balanced and understandable** set out on page 24 – the statement given by the Directors that they consider the annual report and financial statements taken as a whole is fair, balanced and understandable and provides the information necessary for shareholders to assess the group's performance, business model and strategy, is materially inconsistent with our knowledge obtained in the audit; or
- **Audit Committee reporting** set out on pages 22 and 23 – the section describing the work of the Audit Committee does not appropriately address matters communicated by us to the Audit Committee; or
- **Directors' statement of compliance with the UK Corporate Governance Code** set out on pages 16 to 19 – the parts of the Directors' statement required under the Listing Rules relating to the Company's compliance with the UK Corporate Governance Code containing provisions specified for review by the Auditor in accordance with Listing Rule 9.8.10R (2) do not properly disclose a departure from a relevant provision of the UK Corporate Governance Code.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion the part of the directors' remuneration report to be audited has been properly prepared in accordance with the Companies Act 2006.

In our opinion based on the work undertaken in the course of the audit:

- the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report or the Directors' Report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements and the part of the Directors' Remuneration Report to be audited are not in agreement with the accounting records and returns; or
- certain disclosures of Directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of Directors

As explained more fully in the Statement of Directors' Responsibilities set out on page 24, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view in accordance, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an Auditor's Report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud

The objectives of our audit, in respect to fraud, are; to identify and assess the risks of material misstatement of the financial statements due to fraud; to obtain sufficient appropriate audit evidence regarding the assessed risks of material misstatement due to fraud, through designing and implementing appropriate responses; and to respond appropriately to fraud or suspected fraud identified during the audit. However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the entity and management.

Our approach was as follows:

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the Company and determined that the most significant are the Companies Act 2006, the Listing Rules, the UK Corporate Governance Code and section 1158 of the Corporation Tax Act 2010.
- We understood how the Company is complying with those frameworks through discussions with the Audit Committee and Company Secretary and review of the Company's documented policies and procedures.
- Based on this understanding we designed our audit procedures to identify non-compliance with such laws and regulations. Our procedures involved review of the reporting to the Directors with respect to the application of the documented policies and procedures and review of the financial statements to ensure compliance with the reporting requirements of the Company.

We assessed the susceptibility of the Company's financial statements to material misstatement, including how fraud might occur by considering the key risks impacting the financial statements. We identified a fraud risk with respect to incomplete or inaccurate revenue recognition relating to the allocation of special dividends or inappropriate journal entries. Further discussion of our approach is set out in the section on key audit matters above.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at **https://www.frc.org.uk/auditorsresponsibilities**. This description forms part of our Auditor's Report.

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an Auditor's Report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Other matters we are required to address

- Following the recommendation of the Audit Committee, we were appointed as Auditors by the Audit Committee and signed an engagement letter on 12 May 2016 which was subsequently revised on 17 January 2018 to reflect changes in auditing standards to International Standards on Auditing UK (ISAs UK). We were appointed by the Company at the launch and have held offices for 2 years.
- The non-audit services prohibited by the FRC's Ethical Standard were not provided to the Company and we remain independent of the Company in conducting the audit.
- The audit opinion is consistent with the additional report to the Audit Committee.

Matthew Price (Senior Statutory Auditor)

For and on behalf of Ernst & Young LLP,
Statutory Auditor, London
18 January 2018

Notes:

1. The maintenance and integrity of the CC Japan Income & Growth Trust Plc website is the responsibility of Directors; the work carried out by the Auditors does not involve consideration of these matters and, accordingly, the Auditors accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the website.

2. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

INCOME STATEMENT

FOR THE YEAR ENDED 31 OCTOBER 2017

		Year ended 31 October 2017			Period ended 31 October 2016		
	Note	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Gains on investments held at fair value	9	–	18,540	18,540	–	16,510	16,510
Income	3	4,361	–	4,361	3,220	–	3,220
Investment management fee	4	(162)	(647)	(809)	(97)	(386)	(483)
Other expenses	5	(417)	–	(417)	(343)	–	(343)
Return on ordinary activities before finance costs and taxation		**3,782**	**17,893**	**21,675**	**2,780**	**16,124**	**18,904**
Finance costs	6	(47)	(84)	(131)	(26)	(61)	(87)
Return on ordinary activities before taxation		**3,735**	**17,809**	**21,544**	**2,754**	**16,063**	**18,817**
Taxation	7	(371)	–	(371)	(280)	13	(267)
Return on ordinary activities after taxation		**3,364**	**17,809**	**21,173**	**2,474**	**16,076**	**18,550**
Return per Ordinary Share	14	4.06p	21.47p	25.53p	3.60p	23.39p	26.99p

The total column of the Income Statement is the profit and loss account of the Company. All revenue and capital items in the above statement derive from continuing operations.

Both the supplementary revenue and capital columns are prepared under guidance from the Association of Investment Companies. There is no other comprehensive income and therefore the return for the year is also the total comprehensive income for the year.

The notes on pages 34 to 48 form part of these financial statements.

STATEMENT OF FINANCIAL POSITION

AT 31 OCTOBER 2017

	Note	2017 £'000	2016 £'000
Fixed assets			
Investments at fair value through profit or loss	9	129,211	96,638
Current assets			
Debtors	10	1,427	793
Amounts due in respect of contracts for difference	10	4,931	580
Cash collateral paid in respect of contracts for difference		71	1,018
Cash at bank		–	873
		6,429	**3,264**
Creditors: amounts falling due within one year			
Bank overdraft		(863)	–
Creditors	11	(3,970)	(267)
Amounts payable in respect of contracts for difference	11	(662)	**(1,550)**
		(5,495)	**(1,817)**
Net current assets		**934**	**1,447**
Total assets less current liabilities		**130,145**	**98,085**
Net assets		**130,145**	**98,085**
Capital and reserves			
Share capital	12	892	792
Share premium account		28,111	14,761
Special reserve		64,671	64,671
Capital reserve:			
– Revaluation of investments held at year end	9	23,187	16,569
– Other capital reserves		10,698	(493)
Revenue reserve		2,586	1,785
Total shareholders' funds		**130,145**	**98,085**
NAV per share – Ordinary Shares (pence)		**145.95p**	**123.91p**

Approved by the Board of Directors and authorised for issue on 18 January 2018 and signed on their behalf by:

Harry Wells
Director

CC Japan Income & Growth Trust plc is incorporated in England and Wales with registered number 9845783.

The notes on pages 34 to 48 form part of these financial statements.

STRATEGIC REPORT GOVERNANCE FINANCIALS OTHER INFORMATION

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 OCTOBER 2017

	Note	Share capital £'000	Share premium £'000	Special reserve £'000	Capital reserve £'000	Revenue reserve £'000	Total £'000
Balance at 1 November 2016		**792**	**14,761**	**64,671**	**16,076**	**1,785**	**98,085**
Return on ordinary activities		–	–	–	17,809	3,364	21,173
Issue of shares	12	100	13,507	–	–	–	13,607
Share issue costs		–	(157)	–	–	–	(157)
Dividends paid	8	–	–	–	–	(2,563)	(2,563)
Balance at 31 October 2017		**892**	**28,111**	**64,671**	**33,885**	**2,586**	**130,145**

For the period from 28 October 2015 to 31 October 2016

	Note	Share capital £'000	Share premium £'000	Special reserve £'000	Capital reserve £'000	Revenue reserve £'000	Total £'000
Beginning of period		–	–	–	–	–	–
Return on ordinary activities		–	–	–	16,076	2,474	18,550
Issue of shares	12	792	80,805	–	–	–	81,597
Transfer to special reserve		–	(64,671)	64,671	–	–	–
Share issue costs		–	(1,373)	–	–	–	(1,373)
Dividends paid	8	–	–	–	–	(689)	(689)
Balance at 31 October 2016		**792**	**14,761**	**64,671**	**16,076**	**1,785**	**98,085**

The notes on pages 34 to 48 form part of these financial statements.

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 OCTOBER 2017

	2017 £'000	2016 £'000
Return on ordinary activities before finance costs and taxation*	**21,675**	**18,904**
Gains on investments	(12,926)	(18,365)
Increase in other debtors	(634)	(793)
(Decrease)/increase in other creditors	(8)	163
Tax paid on overseas income	(371)	(267)
Net cash flow from operating activities	**7,736**	**(358)**
Cash flows from investing activities		
Purchases of investments	(49,350)	(102,831)
Proceeds from sales of investments	33,282	24,659
CFD transactions	(4,150)	(48)
Net cash flow used in investing activities	**(20,218)**	**(78,220)**
Cash flows from financing activities		
Issue of Ordinary Share capital	13,607	81,597
Payment of Ordinary Share issue costs	(178)	(1,373)
Equity dividends paid	(2,563)	(689)
Finance costs paid	(120)	(84)
Net cash flow from financing activities	**10,746**	**79,451**
(Decrease)/increase in cash and cash equivalents	**(1,736)**	**873**
Cash and cash equivalents at the beginning of the year	873	–
Cash and cash equivalents at the end of the year	**(863)**	**873**

* Cash inflow from dividends was £3,728,000 (2016: £2,358,000).

The notes on pages 34 to 48 form part of these financial statements.

NOTES TO THE ACCOUNTS

1. GENERAL INFORMATION

CC Japan Income & Growth Trust plc (the "Company") was incorporated in England and Wales on 28th October 2015 with registered number 9845783, as a closed-ended investment company. The Company commenced its operations on 15th December 2015. The Company intends to carry on business as an investment trust within the meaning of Chapter 4 of Part 24 of the Corporation Tax Act 2010.

The Company's investment objective is to provide shareholders with dividend income combined with capital growth, mainly through investment in equities listed or quoted in Japan.

The Company's shares were admitted to the Official List of the UK Listing Authority with a premium listing on 15th December 2015. On the same day, trading of the Ordinary Shares commenced on the London Stock Exchange.

The registered office is Mermaid House, 2 Puddle Dock, London, EC4V 3DB.

2. ACCOUNTING POLICIES

The principal accounting policies followed by the Company are set out below:

(a) Basis of accounting

The financial statements have been prepared in accordance with FRS 102 ("the Financial Reporting Standard applicable in the UK and Republic of Ireland" issued by the Financial Reporting Council) and with the Statement of Recommended Practice "Financial Statements of Investment Trust Companies and Venture Capital Trusts" (issued in November 2014). The financial statements have been prepared on the historical cost basis except for the modification to a fair value basis for certain financial instruments as specified in the accounting policies below.

They have also been prepared on the assumption that approval as an investment trust will continue to be granted. The financial statements have been prepared on a going concern basis.

The financial statements have been presented in GBP sterling (£), which is also the functional currency since the Company operates in the UK.

(b) Investments

As the Company's business is investment in a portfolio of investments with a view to profit from their total return in the form of increases in fair value, the investments are held at fair value through profit or loss in accordance with FRS 102 Section 11: 'Basic Financial Instruments', and Section 12: 'Other Financial Instruments'. The Company manages and evaluates the performance of these investments on a fair value basis in accordance with its investment strategy, and information about the investments is provided on this basis to the Board of Directors.

Upon initial recognition, investments are held by the Company "at fair value through profit or loss". They are accounted for on the date they are traded and are included initially at fair value, which is taken to be their cost. Subsequently investments are valued at fair value, which is the bid market price for listed investments.

Changes in the fair value of investments held at fair value through profit or loss and gains or losses on disposal are included in the capital column of the income statement within "gains on investments held at fair value".

(c) Derivatives

Derivatives which comprise of CFDs are held at fair value by reference to the underlying market value of the corresponding security. Gains or losses on these derivative transactions are recognised within the Income Statement. These gains and losses are either classified as a revenue return or capital return dependent on the nature of the underlying contract. The extent that any gains or losses are of a mixed revenue and capital nature, they are apportioned between revenue and capital accordingly.

(d) Foreign currency

Transactions denominated in foreign currencies including dividends are translated into sterling at actual exchange rates as at the date of the transaction. Assets and liabilities denominated in foreign currencies at the year end are reported at the rates of exchange prevailing at the year end. Foreign exchange movements on investments and derivatives are included in the Income Statement within gains on investments. Any other gain or loss is included as an exchange gain or loss to capital or revenue in the Income Statement as appropriate.

(e) Income

Investment income has been accounted for on an ex-dividend basis or when the Company's right to the income is established. Special dividends are credited to capital or revenue in the Income Statement, according to the circumstances surrounding the payment of the dividend. Overseas dividends are included gross of withholding tax.

Interest receivable on deposits is accounted for on an accruals basis.

(f) Dividend payable

Interim dividends are recognised when the Company is obligated to pay the dividend. Final dividends are recognised in the period which they are declared/approved by the Directors.

(g) Expenses

All expenses are accounted for on an accruals basis and are charged as follows:

- the basic investment management fee is charged 20% to revenue and 80% to capital;
- CFD finance costs are charged 20% to revenue and 80% to capital;
- investment transactions costs are allocated to capital; and
- other expenses are charged wholly to revenue.

(h) Taxation

The tax expense represents the sum of the tax currently payable and deferred tax. The tax currently payable is based on the taxable profit for the year. Taxable profit differs from net profit as reported in the Statement of Financial Position because it excludes items of income or expenses that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Company's liability for current tax is calculated using tax rates that were applicable at the financial reporting date.

Where expenses are allocated between capital and revenue any tax relief in respect of the expenses is allocated between capital and revenue returns on the marginal basis using the Company's effective rate of corporation taxation for the accounting period.

Deferred taxation is recognised in respect of all timing differences that have originated but not reversed at the financial reporting date, where transactions or events that result in an obligation to pay more tax in the future or right to pay less tax in the future have occurred at the financial reporting date. This is subject to deferred tax assets only being recognised if it is considered more likely than not that there will be suitable profits from which the future reversal of the timing differences can be deducted. Deferred tax assets and liabilities are measured at the rates applicable to the legal jurisdictions in which they arise.

(i) Other receivables and other payables

Other receivables and other payables do not carry any interest and are short term in nature and are accordingly stated at their nominal value.

(j) Segmental reporting

The Directors are of the opinion that the Company is engaged in a single segment of business being that of an Investment Trust as explained in note 1.

(k) Estimates and assumptions

The preparation of financial statements requires the Directors to make estimates and assumptions that affect items reported in the Statement of financial position and Income Statement and the disclosure of contingent assets and liabilities at the date of the financial statements. Although these estimates are based on management's best knowledge of current facts, circumstances and, to some extent, future events and actions, the Company's actual results may ultimately differ from those estimates, possibly significantly. There have not been any instances requiring any significant estimates or judgements in the year.

2. ACCOUNTING POLICIES continued

(l) Cash and cash equivalents

Cash comprises cash and demand deposits. Cash equivalents, which include bank overdrafts, are short term, highly liquid investments that are readily convertible to known amounts of cash, are subject to insignificant risks of changes in value, and are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes.

3. INCOME

	Year ended 31 October 2017 £'000	Period ended 31 October 2016 £'000
Income from investments:		
Overseas dividends	4,361	3,220
	4,361	**3,220**

Overseas dividend income is translated into sterling on receipt.

4. INVESTMENT MANAGEMENT FEE

	Year ended 31 October 2017 £'000	Period ended 31 October 2016 £'000
Basic fee:		
20% charged to revenue	162	97
80% charged to capital	647	386
	809	**483**

The Company's Investment Manager is Coupland Cardiff Asset Management LLP. The Investment Manager is entitled to receive a management fee payable monthly in arrears and is at the rate of one-twelfth of 0.75% of Net Asset Value per calendar month. There is no performance fee payable to the Investment Manager.

5. OTHER EXPENSES

	Year ended 31 October 2017 £'000	Period ended 31 October 2016 £'000
Secretarial services	55	46
Administration and other expenses	223	160
Auditor's remuneration – audit services	34	42
– non-audit	–	8
Directors' fees	105	87
	417	**343**

6. FINANCE COSTS

	Year ended 31 October 2017 £'000	Period ended 31 October 2016 £'000
Interest paid	25	11
CFD finance cost and structuring fee – 20% charged to income	20	14
Structure fees – 20% charged to income	2	1
	47	**26**
CFD finance cost and structuring fee – 80% charged to capital	77	56
Structure fees – 80% charged to capital	7	5
	84	**61**

7. TAXATION

	Year ended 31 October 2017			Period ended 31 October 2016		
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
(a) Analysis of tax charge in the year:						
Corporation tax	–	–	–	13	(13)	–
Overseas withholding tax	371	–	371	267	–	267
Total tax charge for the year (see note 7 (b))	**371**	**–**	**371**	**280**	**(13)**	**267**

(b) Factors affecting the tax charge for the year:

The tax assessed for the year is lower than the standard rate of corporation tax in the UK for a large company of 19.41% (2016: 20%).

The differences are explained below:

	Year ended 31 October 2017			Period ended 31 October 2016		
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Total return before taxation	**3,735**	**17,809**	**21,544**	**2,754**	**16,063**	**18,817**
UK corporation tax at 19.41% (2016: 20%)	725	3,457	4,182	551	3,212	3,763
Effects of:						
Overseas withholding tax suffered	371	–	371	267	–	267
Non-taxable overseas dividends	(734)	–	(734)	(543)	–	(543)
Capital gains not subject to tax	–	(3,599)	(3,599)	–	(3,301)	(3,301)
Finance costs	9	16	25	5	12	17
Movement in unutilised management expenses	–	126	126	–	64	64
Total tax charge	**371**	**–**	**371**	**280**	**(13)**	**267**

The Company is not liable to tax on capital gains due to its status as an investment trust. The Company has an unrecognised deferred tax asset of £177,000 (2016: £54,000) based on the long term prospective corporation tax rate of 17%. This asset has accumulated because deductible expenses exceeded taxable income for the year ended 31 October 2017. No asset has been recognised in the accounts because, given the composition of the Company's portfolio, it is not likely that this asset will be utilised in the foreseeable future.

8. DIVIDEND

The dividend relating to the year ended 31 October 2017, which is the basis on which the requirements of Section 1159 of the Corporation Tax Act 2010 are considered is detailed below:

	Year ended 31 October 2017		Period ended 31 October 2016	
	Pence per Ordinary Share	£'000	Pence per Ordinary Share	£'000
Interim dividend – Paid	1.15p	980	1.00p	689
Second interim dividend payable*	2.30p	2,051	–	–
Final dividend – paid	–	–	2.00p	1,583
Total	**3.45p**	**3,031**	**3.00p**	**2,272**

*Not included as a liability in the year ended 31 October 2017 accounts.

The Directors have declared a second interim dividend for the financial year ending 31 October 2017 of 2.30p per Ordinary Share. The dividend will be paid on 16 February 2018, to shareholders on the register at the close of business on 19 January 2018.

9. INVESTMENTS

(a) Summary of valuation

	As at 31 October 2017 £'000	As at 31 October 2016 £'000
Investments listed on a recognised overseas investment exchange	129,211	96,638
	129,211	**96,638**

(b) Movements

In the year ended 31 October 2017

	2017 £'000	2016 £'000
Book cost at the beginning of the year	80,069	–
Gains on investments held at beginning of the year	16,569	–
Valuation at beginning of the year	96,638	–
Purchases at cost	53,061	102,932
Sales:		
– proceeds	(33,282)	(24,659)
– gains on investment holdings sold in the year	6,176	1,796
Movements in gains on investment holdings held at end of the year	6,618	16,569
Valuation at end of the year	**129,211**	**96,638**
Book cost at end of the year	106,024	80,069
Unrealised gains on investment holdings at the year end	23,187	16,569
Valuation at end of the year	**129,211**	**96,638**

Transaction costs on investment purchases for the year ended 31 October 2017 amounted to £54,000 (2016: £68,000) and on investment sales for the year amounted to £36,000 (2016: £21,000).

(c) Gains on investments

	Year ended 31 October 2017 £'000	Period ended 31 October 2016 £'000
Gains on investment holdings sold in the year	6,176	1,796
Revaluation gains on investment holdings at the year end	6,618	16,569
Other capital gains	132	–
Total gains on investments	**12,926**	**18,365**
Realised gains/(losses) on CFD assets and liabilities	668	(1,178)
Movement in gains/(losses) on CFD assets and liabilities	4,946	(677)
Total gains on investments held at fair value through profit or loss	**18,540**	**16,510**

Due to the different nature of cash equity and CFD positions they have different accounting treatment. Whilst in local currency terms both products move in line with each other, when gains/losses are translated back to the base currency of the Company they will reflect the impact of local to base currency movements differently.

10. DEBTORS

	As at 31 October 2017 £'000	As at 31 October 2016 £'000
Amounts due in respect of CFDs	4,931	580
Accrued income	1,415	782
Prepayments	12	11
	6,358	**1,373**

11. CREDITORS

	As at 31 October 2017 £'000	As at 31 October 2016 £'000
Amounts falling due within one year:		
Purchases for future settlement	3,812	101
Amounts payable in respect of CFDs	662	1,550
Accrued expenses	158	166
	4,632	**1,817**

12. SHARE CAPITAL

Share capital represents the nominal value of shares that have been issued. The share premium includes any premiums received on issue of share capital. Any transaction costs associated with the issuing of shares are deducted from share premium.

	As at 31 October 2017 No of Shares	As at 31 October 2017 £'000	As at 31 October 2016 No of Shares	As at 31 October 2016 £'000
Allotted, issued & fully paid:				
Ordinary Shares of 1p	89,168,162	892	79,160,162	792
	89,168,162	**892**	**79,160,162**	**792**

Share Movement

The table below sets out the share movement for the year to 31 October 2017.

	Shares issued	Shares redeemed	Shares in issue as at 31 October 2017	Shares issued	Shares redeemed	Shares in issue as at 31 October 2016
Redeemable shares	–	–	–	50,000	50,000	–
Ordinary Shares of 1p	89,168,162	–	**89,168,162**	79,160,162	–	**79,160,162**

During the year under review, 10,008,000 (2016: 79,160,162) Ordinary Shares of 1p each were issued. The issue prices ranged from 125.7p to 149.3p (2016: 100p to 123.0p) and the total amount raised was £13,607,000 (2016: £80,805,000).

13. FINANCIAL COMMITMENTS

At 31 October 2017, there were no commitments (2016: none) in respect of unpaid calls and underwritings.

14. RETURN PER ORDINARY SHARE

Total return per Ordinary Share is based on the return on ordinary activities, including income, for the year after taxation of £21,173,000 (2016: £18,550,000).

Based on the weighted average of number of 82,937,053 (2016: 68,726,923) Ordinary Shares in issue for the year to 31 October 2017, the returns per share were as follows:

	Revenue £'000	Capital £'000	As at 31 October 2017 £'000	Revenue £'000	Capital £'000	As at 31 October 2016 £'000
Return per Ordinary Share	4.06p	21.47p	**25.53p**	3.60p	23.39p	**26.99p**

15. NET ASSET VALUE PER SHARE

Net Asset Value per Ordinary Share is based on net assets of £130,145,000 (2016: £98,085,000) divided by 89,168,162 (2016: 79,160,162) Ordinary Shares in issue (excluding shares held in Treasury) at the year end.

There is no dilution to Net Asset Value per Ordinary Share as the Company has only Ordinary Shares in issue.

16. RELATED PARTY TRANSACTIONS

Transactions with the Investment Manager and the Alternative Investment Fund Investment Manager ("AIFM")

The Company provides additional information concerning its relationship with the Investment Manager and AIFM, Coupland Cardiff Asset Management LLP. The fees for the year are disclosed in note 4 and amounts outstanding at the year ended 31 October 2017 were £78,884 (2016: £58,272).

Directors' fees and shareholdings

The Directors' fees and shareholdings are disclosed in the Directors' Remuneration Implementation Report on pages 20 and 21 in this Annual Report.

17. FINANCIAL INSTRUMENTS AND CAPITAL CLOSURES

Risk Management Policies and Procedures

As an investment trust the Company invests in equities and equity related derivatives for the long-term so as to secure its investment objective stated on page 2. In pursuing its investment objective, the Company is exposed to a variety of risks that could result in either a reduction in the Company's net assets or a reduction of the profits available for dividends.

These risks, include market risk (comprising currency risk, interest rate risk, leverage risk and other price risk), liquidity risk, and credit risk, and the Directors' approach to the management of them are set out below.

The objectives, policies and processes for managing the risks, and the methods used to measure the risks, are set out below.

(a) Market Risk

Economic conditions

Changes in economic conditions in Japan (for example, interest rates and rates of inflation, industry conditions, competition, political and diplomatic events and other factors) and in the countries in which the Company's investee companies operate could substantially and adversely affect the Company's prospects.

Sectoral diversification

The Company has no limits on the amount it may invest in any sector. This may lead to the Company having significant concentrated exposure to portfolio companies in certain business sectors from time to time.

Concentration of investments in any one sector may result in greater volatility in the value of the Company's investments and consequently its NAV and may materially and adversely affect the performance of the Company and returns to shareholders.

Unquoted companies

The Company may invest in unquoted companies from time to time. Such investments, by their nature, involve a higher degree of valuation and performance uncertainties and liquidity risks than investments in listed and quoted securities and they may be more difficult to realise.

Management of market risks

The Company is invested in a diversified portfolio of investments. The Company's investment policy states that no single holding (including any derivative instrument) will represent more than 10% of the Company's Gross Assets at the time of investment and, when fully invested, the portfolio is expected to have between 30 to 40 holdings although there is no guarantee that this will be the case and it may contain a lesser or greater number of holdings at any time. A maximum of 10% of the Company's Gross Assets at the time of investment may be invested in unquoted or untraded companies at time of investment.

The Investment Manager's approach will in most cases achieve diversification across a number of sectors as shown in the Holdings in Portfolio on page 10.

(b) Currency risks

The majority of the Company's assets will be denominated in a currency other than sterling (predominantly in yen) and changes in the exchange rate between sterling and yen may lead to a depreciation of the value of the Company's assets as expressed in sterling and may reduce the returns to the Company from its investments and, therefore, negatively impact the level of dividends paid to shareholders.

17. FINANCIAL INSTRUMENTS AND CAPITAL CLOSURES continued

Management of currency risks

The Company does not currently intend to enter into any arrangements to hedge its underlying currency exposure to investment denominated in yen, although the Investment Manager and the Board will keep this approach under regular review.

Foreign currency exposures

An analysis of the Company's equity investments and CFD that are priced in a foreign currency is:

	As at 31 October 2017 £'000	As at 31 October 2016 £'000
Equity Investments: Yen	129,211	96,638
Receivables (due from brokers, dividends, and other income receivable)	1,427	782
CFD: Yen (gross exposure)	25,291	19,327
Cash: Yen	(4,234)	719
Total	**151,695**	**117,466**

Foreign currency sensitivity

If the Japanese yen had appreciated or depreciated by 10% as at 31 October 2017 then the value of the portfolio as at that date would have increased or decreased as shown below. This percentage has been determined based on the market volatility in exchange rates during the year.

	Increase in Fair Value As at 31 October 2017 £'000	Decrease in Fair Value As at 31 October 2017 £'000	Increase in Fair Value As at 31 October 2016 £'000	Decrease in Fair Value As at 31 October 2016 £'000
Impact on capital return – increase/(decrease)	**15,170**	**(15,170)**	**11,747**	**(11,747)**
Return after taxation – increase/(decrease)	**15,170**	**(15,170)**	**11,747**	**(11,747)**

(c) Leverage risks

Derivative instruments

The Company may utilise long only CFDs or equity swaps for gearing and efficient portfolio management purposes. Leverage may be generated through the use of CFDs or equity swaps. Such financial instruments inherently contain much greater leverage than a non-margin purchase of the underlying security or instrument. This is due to the fact that, generally, only a very small portion (and in some cases none) of the value of the underlying security or instrument is required to be paid in order to make such leveraged investments. As a result of any leverage employed by the Company, small changes in the value of the underlying assets may cause a relatively large change in the Net Asset Value of the Company. Many such financial instruments are subject to variation or other interim margin requirements, which may force premature liquidation of investment positions.

Borrowing risks

The Company may use borrowings to seek to enhance investment returns. While the use of borrowings can enhance the total return on the Ordinary Shares where the return on the Company's underlying assets is rising and exceeds the cost of borrowing, it will have the opposite effect where the return on the Company's underlying assets is rising at a lower rate than the cost of borrowing or falling, further reducing the total return on the Ordinary Shares. As a result, the use of borrowings by the Company may increase the volatility of the Net Asset Value per Ordinary Share.

(c) Leverage risks continued

Any reduction in the value of the Company's investments may lead to a correspondingly greater percentage reduction in its Net Asset Value (which is likely to adversely affect the price of an Ordinary Share). Any reduction in the number of Ordinary Shares in issue (for example, as a result of buy backs) will, in the absence of a corresponding reduction in borrowings, result in an increase in the Company's level of gearing.

To the extent that a fall in the value of the Company's investments causes gearing to rise to a level that is not consistent with the Company's gearing policy or borrowing limits, the Company may have to sell investments in order to reduce borrowings, which may give rise to a significant loss of value compared to the book value of the investments, as well as a reduction in income from investments.

Management of leverage risks

The aggregate of borrowings and long only CFD and equity swap exposure will not exceed 25% of Net Asset Value at the time of drawdown of the relevant borrowings or entering into the relevant transaction, as appropriate, although the Company's normal policy will be to utilise and maintain gearing to a lower limit of 20% of Net Asset Value at the time of drawdown of the relevant borrowings or entering into the relevant transaction, as appropriate. It is expected that any borrowings entered into will principally be denominated in yen.

As at 31 October 2017, the Company's level of gearing was 19.8% (2016: 19.7%).

(d) Interest rate risks

The Company is exposed to interest rate risk specifically through its cash holdings and on positions within the CFD portfolio. Interest rate movements may affect the level of income receivable from any cash at bank and on deposits or payable on bank overdrafts. The effect of interest rate changes on the earnings of the companies held within the portfolio may have a significant impact on the valuation of the Company's investments. Movements in interest rates will also have an impact on the valuation and financing of the CFD derivative contracts, see below for further details.

Management of interest rate risks

The possible effects on Fair Value and cash flows that could arise as a result of changes in interest rates are taken into account when making investment decisions. Derivative contracts are not used to hedge against the exposure to interest rate risk.

The Company is exposed to interest rate risk on cash holdings and CFD positions held within the portfolio.

Due to the low interest rate environment, no sensitivity analysis is shown because the direct impact of a significant increase in interest rates would not be material due to the relatively small proportion of the Company's investment exposure achieved using CFDs.

Interest rate exposure

The exposure at 31 October 2017 of financial assets and liabilities to interest rate risk is shown by reference to floating interest rates – when the interest rate is due to be reset:

	As at 31 October 2017 due within one year £'000	As at 31 October 2016 due within one year £'000
Exposure to floating interest rates: CFD derivative contract – notional long positions	21,549	15,080
(Bank overdraft)/Cash at bank	(863)	873
Collateral paid in respect of CFDs	71	1,018

NOTES TO THE ACCOUNTS continued

17. FINANCIAL INSTRUMENTS AND CAPITAL CLOSURES continued

(e) Credit risks

Cash and other assets held by the depositary

Cash and other assets that are required to be held in custody will be held by the depositary or its sub-custodians. Cash and other assets may not be treated as segregated assets and will therefore not be segregated from any custodian's own assets in the event of the insolvency of a custodian. Cash held with any custodian will not be treated as client money subject to the rules of the Financial Conduct Authority ('FCA') and may be used by a custodian in the course of its own business. The Company will therefore be subject to the creditworthiness of its custodians. In the event of the insolvency of a custodian, the Company will rank as a general creditor in relation thereto and may not be able to recover such cash in full, or at all.

Derivative instruments

Where the Company utilises CFDs or equity swaps, 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. These risks may differ materially from those entailed in exchange-traded transactions that generally are backed by clearing organisation guarantees, daily marking-to-market and settlement, and segregation and minimum capital requirements applicable to intermediaries. Transactions entered into directly between counterparties generally do not benefit from such protections and expose the parties to the risk of counterparty default.

Management of credit risks

The Company has appointed Northern Trust Global Services Limited as its depositary. The credit standing of Northern Trust Global Services Limited was reviewed at the time of appointment and is reviewed on a regular basis by the Investment Manager and/or the Board.

The Investment Manager monitors the Company's exposure to its counterparties on a regular basis and the position is reviewed by the Directors at Board meetings.

Other risks to the Company are detailed in the Company's prospectus dated 13th November 2015.

The cash is subject to counterparty credit risk as the Company's access to its cash could be delayed should the counterparties become insolvent or bankrupt.

The Company's holdings in CFD contracts present counterparty credit risks, with two counterparty stock brokers Morgan Stanley & Co International plc and Macquarie Bank Limited. The Company is exposed to counterparty credit risk from the parties with which it trades and will bear the risk of settlement default. Counterparty credit risk to the Company arises from transactions to purchase or sell instruments and through its investments in long CFDs. CFD contracts generally require variation margins and the counterparty credit risk is monitored by the Investment Manager.

Investment transactions are carried out with a number of brokers, whose credit-standing is reviewed periodically by the Investment Manager, and limits are set on the amount that may be due from any one broker.

In summary, the exposure to credit risk as at 31 October 2017 was as follows:

	As at 31 October 2017 3 months or less £'000	As at 31 October 2016 3 months or less £'000
Cash at bank	–	873
Amounts due in respect of contracts for difference (CFDs)	4,931	580
Collateral paid in respect of contracts for difference (CFDs)	71	1,018
Debtors	1,427	793
	6,429	**3,264**

None of the above assets or liabilities was impaired or past due date but not impaired.

(f) Other Price Risk

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting similar financial instruments traded in the market.

The Company is exposed to market price risk arising from its equity investments and its exposure to the positions within the CFD portfolio. The movements in the prices of these investments result in movements in the performance of the Company.

The Company's exposure to other changes in market prices at 31 October 2017 on its equity investments was £129,211,000 (2016: £96,638,000).

In addition, the Company's gross market exposure to these price changes through its CFD portfolio was £21,549,000 (2016: £15,080,000) through long positions.

The Company uses CFDs as part of its investment policy. These instruments can be highly volatile and potentially expose investors to a higher risk of loss. The low initial margin deposits normally required to establish a position in such instruments permit a high degree of leverage. As a result, depending on the type of instrument, a relatively small movement in the price of a contract may result in a profit or loss which is high in proportion to the value of the net exposures in the underlying CFD positions. In addition, daily limits on price fluctuations and speculative position limits on exchanges may prevent prompt liquidation of positions resulting in potentially greater losses.

The Company limits the gross market exposure, and therefore the leverage, of this strategy to approximately 200% of the Company's net assets. The CFDs utilised have a linear performance to referenced stocks quoted on exchanges and therefore have the same volatility profile to the underlying stocks.

Market exposures to derivative contracts are disclosed below.

The gross value represents the aggregate of the long exposures without netting and so within this limit, market exposure may be significantly less. The net exposure refers to the market exposure the Company has to the underlying securities on long CFD positions.

Exposures are monitored daily by the Investment Manager. The Company's Board also reviews exposures regularly.

The gross underlying notional exposures within the CFD portfolio as at 31 October 2017 were:

	As at 31 October 2017		As at 31 October 2016	
	£'000	% of net assets	£'000	% of net assets
CFDs – gross exposure relating to long positions	**21,549**	**16.56**	**15,080**	**15.37**
Net market exposure	**21,549**	**16.56**	**15,080**	**15.37**

The Board of Directors manages the market price risks inherent in the investment portfolio by ensuring full and timely access to relevant information from the Investment Manager. The Board meets regularly and at each meeting reviews investment performance. The Board monitors the Investment Manager's compliance with the Company's objective.

Concentration of exposure to other price risks

A sector breakdown of the portfolio is contained in the Portfolio on page 11.

Other price risk sensitivity

The following table illustrates the sensitivity of the profit after taxation for the Company's financial year to an increase or decrease of 10% in the fair values of the Company's equities and CFDs. This level of change is considered to be reasonably possible based on observation of current market conditions. The sensitivity analysis is based on the notional exposure of the Company's equities investments and long CFDs.

17. FINANCIAL INSTRUMENTS AND CAPITAL CLOSURES continued

	As at 31 October 2017		As at 31 October 2016	
	Increase in Fair Value £'000	Decrease in Fair Value £'000	Increase in Fair Value £'000	Decrease in Fair Value £'000
Impact on capital return – increase/(decrease)	**15,076**	**(15,076)**	11,172	(11,172)
Return after taxation – increase/(decrease)	**15,076**	**(15,076)**	11,172	(11,172)

(g) Liquidity Risk

The securities of small-to-medium-sized (by market capitalisation) companies may have a more limited secondary market than the securities of larger companies. Accordingly, it may be more difficult to effect sales of such securities at an advantageous time or without a substantial drop in price than securities of a company with a large market capitalisation and broad trading market. In addition, securities of small-to-medium-sized companies may have greater price volatility as they can be more vulnerable to adverse market factors such as unfavourable economic reports.

Management of liquidity risks

The Company's Investment Manager monitors the liquidity of the Company's portfolio on a regular basis.

Liquidity risk exposure

The undiscounted gross cash outflows of the financial liabilities as at 31 October 2017, based on the earliest date on which payment can be required, were as follows:

	As at 31 October 2017 less than 3 months	As at 31 October 2016 less than 3 months
Amounts payable in respect of CFDs	662	1,550
Other payables	4,833	267
	5,495	**1,817**

The Company is exposed to liquidity risks from the leverage employed through exposure to long only CFD positions. However, timely sale of trading positions can be impaired by many factors including decreased trading volume and increased price volatility. As a result, the Company could experience difficulties in disposing of assets to satisfy liquidity demands. Liquidity risk is minimised by holding sufficient liquid investments which can be readily realised to meet liquidity demands. The Company's liquidity risk is managed on a daily basis by the Investment Manager in accordance with established policies and procedures in place. Liquidity risk is not significant as the majority of the Company's assets are investments in quoted equities and CFDs that are realisable.

(h) Fair Value Measurements of Financial Assets and Financial Liabilities

The financial assets and liabilities are either carried in the balance sheet at their Fair Value, or the balance sheet amount is a reasonable approximation of Fair Value (due from brokers, dividends receivable, accrued income, due to brokers, accruals and cash and cash equivalents).

The valuation techniques for investments and derivatives used by the Company are explained in the accounting policies notes 2 (b and c) on page 34.

(h) Fair Value Measurements of Financial Assets and Financial Liabilities continued

The table below sets out Fair Value Measurements using Fair Value Hierarchy.

As at 31 October 2017	Level 1 £'000	Level 2 £'000	Total £'000
Assets:			
Equity investments	129,211	–	129,211
CFDs – Fair Value gains	–	4,931	4,931
Liabilities:			
CFDs – Fair Value losses	–	(662)	(662)
Total	**129,211**	**4,269**	**133,480**

As at 31 October 2016	Level 1 £'000	Level 2 £'000	Total £'000
Assets:			
Equity investments	96,638	–	96,638
CFDs – Fair Value gains	–	580	580
Liabilities:			
CFDs – Fair Value losses	–	(1,550)	(1,550)
Total	**96,638**	**(970)**	**95,668**

There were no transfers between levels during the year (2016: same).

Categorisation within the hierarchy has been determined on the basis of the lowest level input that is significant to the Fair Value measurement of the relevant asset as follows:

Level 1 – valued using quoted prices in active markets for identical assets.

Level 2 – valued by reference to valuation techniques using observable inputs including quoted prices.

Level 3 – valued by reference to valuation techniques using inputs that are not based on observable market data. There are no Level 3 investments as at 31 October 2017 (2016: nil).

In preparing these financial statements the Company has adopted "Amendments to FRS 102: Fair Value Hierarchy Disclosure (March 2016)" published by the FRC.

(i) Capital Management Policies and Procedures

The Company's capital management objectives are:

– to ensure that the Company will be able to continue as a going concern; and

– to provide dividend income combined with capital growth, mainly through investment in equities listed or quoted in Japan and by utilising the leverage effect of CFD.

The key performance indicators are contained in the strategic report on pages 7 and 8.

17. FINANCIAL INSTRUMENTS AND CAPITAL CLOSURES continued

The Company is subject to several externally imposed capital requirements:

– As a public company, the Company has to have a minimum share capital of £50,000.

– In order to be able to pay dividends out of profits available for distribution by way of dividends, the Company has to be able to meet one of the two capital restriction tests imposed on investment companies by company law.

The Company's capital at 31 October 2017 comprises called up share capital and reserves totalling £130,145,000 (2016: £98,085,000).

The Board regularly monitors, and has complied with, the externally imposed capital requirements.

18. DISTRIBUTABLE RESERVES

Distributable reserves comprise: the revenue reserve; and capital reserve attributable to realised profits including the special reserve.

As stated in the Company's prospectus dated 13 November 2015, in order to increase the distributable reserves available to facilitate the flexibility and source of future dividends, the Company had resolved that, conditional upon First Admission to listing on the London Stock Exchange and the approval of the Court, the net amount standing to the credit of the share premium account of the Company immediately following completion of the First Issue be cancelled and transferred to a special distributable reserve. Following approval by the Court, the cancellation became effective on 23rd March 2016 and an amount of £64,671,250 was transferred to the above special reserve at that time.

THE SECURITIES FINANCING TRANSACTIONS REGULATION (UNAUDITED)

The Securities Financing Transactions Regulation (SFTR) came into effect on 12 January 2016. Article 13 requires information to be provided as to the use of securities financing transactions (SFTs) and total return swaps (TRS).

A Securities Financing Transaction (SFT) is defined as per Article 3 (11) of the SFTR as:

- a repurchase transaction;
- securities or commodities lending and securities or commodities borrowing;
- a buy-sell back transaction or sell-buy back transaction; or
- a margin lending transaction.

As at 31 October 2017 the Fund held the following types of SFTs:

None (2016: None)

As at 31 October 2017 the Fund held the following types of Total Return Swaps:

Contracts for Difference (2016: Same)

The amount of securities and commodities on loan as a proportion of total lendable assets (excluding cash and cash equivalents) was 0% as at 31 October 2017 (2016: 0%).

GLOBAL DATA:

Type of Asset	Absolute Amount (£)	Proportion of AUM (%)
Security Lending	0	0
Repo	0	0
Total Return Swap	**25,818,678**	**17.16**

CONCENTRATION DATA:

The largest collateral issuer across all SFTs and Total Return Swaps is as follows:

	Collateral Issuers	Volume of the collateral securities and commodities £
1	JPY Cash Collateral	0

The top counterparties across all SFTs and Total Return Swaps is as follows:

	Counterparty	Gross volume of outstanding trades £
1	Morgan Stanley & Co Intl Plc	20,980,889
2	Macquarie Bank Limited	568,319

THE SECURITIES FINANCING TRANSACTIONS REGULATION (UNAUDITED) continued

AGGREGATE TRANSACTION DATA:

	Type of collateral	Quality	Currency	Maturity tenor (collateral)	Maturity tenor (SFTs/Total Return Swaps)	Country of counterparty establishment (not collateral)	Settlement and clearing
Total Return Swap							
Morgan Stanley & Co Intl Plc	Cash	**High**	**JPY**	**<1 Day**	**>1yr**	**UK**	**Bilateral**
Macquarie Bank Limited	Cash	**High**	**JPY**	**<1 Day**	**>1yr**	**Australia**	**Bilateral**

REUSE OF COLLATERAL:

The share of collateral that is reused is 0%, this is in comparison to the maximum of 0% as expressed in the prospectus.

The cash collateral reinvestment returns to the fund were 0.

SAFEKEEPING - Collateral Received:

Custodian	Collateral assets safe-kept
Northern Trust Global Services Limited	4,460,599

SAFEKEEPING – Collateral Granted:

The proportion of collateral held in segregated accounts, in pooled accounts or any other accounts is 0%.

RETURN/COSTS:

Type of Asset	Cost £	Absolute Returns £	% overall returns of Transaction Type
Alternative Investment Fund:			
Total Return Swaps	75,260	3,965,293	100
Manager of the Alternative Investment Fund:	0	0	0
Third parties:	0	0	0

GLOSSARY

Administrator	The Company's administrator from time to time, the current such administrator being PraxisIFM Fund Services (UK) Limited from 1 October 2017 and prior to that date Northern Trust Global Services Limited.
AIC	Association of Investment Companies
Alternative Investment Fund or "AIF"	An investment vehicle under AIFMD. Under AIFMD (see below) the Company is classified as an AIF.
Alternative Investment Fund Managers Directive or "AIFMD"	A European Union directive which came into force on 22nd July 2013 and has been implemented in the UK.
Annual General Meeting or "AGM"	A meeting held once a year, which shareholders can attend and where they can vote on resolutions to be put forward at the meeting and ask Directors questions about the company in which they are invested.
CFD or Contract for difference	A financial instrument, which provides exposure to an underlying equity with the provider financing the cost to the buyer with the buyer receiving the difference of any gain or paying for any loss.
Custodian	An entity that is appointed to safeguard a company's assets.
Discount	The amount, expressed as a percentage, by which the share price is less than the Net Asset Value per share.
Depositary	Certain AIFs must appoint depositaries under the requirements of AIFMD. A depositary's duties include, inter alia, safekeeping of the Company's assets and cash monitoring. Under AIFMD the depositary is appointed under a strict liability regime.
Dividend	Income receivable from an investment in shares.
Ex-dividend date	The date from which you are not entitled to receive a dividend which has been declared and is due to be paid to shareholders.
Financial Conduct Authority or "FCA"	The independent body that regulates the financial services industry in the UK.
Gearing	A way to magnify income and capital returns, but which can also magnify losses. A bank loan is a common method of gearing.
Index	A basket of stocks which is considered to replicate a particular stock market or sector.
Investment company	A company formed to invest in a diversified portfolio of assets.
Investment Trust	An investment company which is based in the UK and which meets certain tax conditions which enables it to be exempt from UK corporation tax on its capital gains. The Company is an investment trust.

GLOSSARY continued

Leverage	An alternative word for “Gearing”. Under AIFMD, leverage is any method by which the exposure of an AIF is increased through borrowing of cash or securities or leverage embedded in derivative positions. Under AIFMD, leverage is broadly similar to gearing, but is expressed as a ratio between the assets (excluding borrowings) and the net assets (after taking account of borrowing). Under the gross method, exposure represents the sum of the Company’s positions after deduction of cash balances, without taking account of any hedging or netting arrangements. Under the commitment method, exposure is calculated without the deduction of cash balances and after certain hedging and netting positions are offset against each other.
Liquidity	The extent to which investments can be sold at short notice.
Net assets	An investment company’s assets less its liabilities.
Net Asset Value (NAV) per Ordinary Share	Net assets divided by the number of Ordinary Shares in issue (excluding any shares held in treasury).
Ongoing charges	A measure, expressed as a percentage of average net assets, of the regular, recurring annual costs of running an investment company.
Ordinary Shares	The Company’s Ordinary Shares in issue.
Portfolio	A collection of different investments constructed and held in order to deliver returns to shareholders and to spread risk.
Premium	The amount, expressed as a percentage, by which the share price is more than the Net Asset Value per share.
Share buyback	A purchase of a company’s own shares. Shares can either be bought back for cancellation or held in treasury.
Share price	The price of a share as determined by a relevant stock market.
Total return	A measure of performance that takes into account both income and capital returns.
Treasury shares	A company’s own shares which are available to be sold by a company to raise funds.
Volatility	A measure of how much a share moves up and down in price over a period of time.

DIRECTORS, INVESTMENT MANAGER AND ADVISERS

DIRECTORS
Harry Wells (Chairman)
John Scott
Mark Smith
Peter Wolton

BROKER
Peel Hunt LLP
Moor House
120 London Wall
London EC2Y 5ET

DEPOSITARY AND CUSTODIAN
Northern Trust Global Services Limited
50 Bank Street
Canary Wharf
London E14 5NT

REGISTRAR
Link Asset Services (formerly Capita Asset Services)
The Registry
34 Beckenham Road
Beckenham
Kent BR3 4TU

INVESTMENT MANAGER
Coupland Cardiff Asset Management LLP
31-32 St James's Street
London SW1A 1HD

REGISTERED OFFICE*
Mermaid House
2 Puddle Dock
London EC4V 3DB

COMPANY SECRETARY AND ADMINISTRATOR
PraxisIFM Fund Services (UK) Limited
Mermaid House
2 Puddle Dock
London EC4V 3DB

AUDITORS
Ernst & Young LLP
25 Churchill Place
Canary Wharf
London E14 5EY

*Registered in England and Wales no. 9845783

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the Annual General Meeting of CC Japan Income & Growth Trust plc will be held at the offices of Stephenson Harwood LLP, 1 Finsbury Circus, London, EC2M 7SH on 13 March 2018 at 12.00 noon for the following purposes:

To consider and if thought fit pass the following resolutions of which resolutions 1 to 6 will be proposed as ordinary resolutions and resolutions 7 and 8 will be proposed as special resolutions.

1. To receive the Company's Annual Report and Accounts for the year ended 31 October 2017, with the reports of the Directors and auditors thereon.

2. To approve the Directors' Remuneration Implementation Report included in the Annual Report for the year ended 31 October 2017.

3. To reappoint Ernst & Young LLP as auditors to the Company.

4. To authorise the Directors to fix the remuneration of the auditors until the conclusion of the next Annual General Meeting of the Company.

5. That the Company be and is hereby generally and unconditionally authorised in accordance with section 701 of the Companies Act 2006 ("the Act") to make market purchases (within the meaning of section 693(4) of the Act) of its Ordinary Shares of 1p each, provided that:

   (a) the maximum number of Ordinary Shares hereby authorised to be purchased shall be 13,366,307 (representing 14.99 per cent of the Company's issued Ordinary Share capital (excluding shares held in Treasury) at the date of the notice of this meeting);

   (b) the minimum price (exclusive of any expenses) which may be paid for an Ordinary Share is 1p;

   (c) the maximum price (excluding expenses) which may be paid for an Ordinary Share is not more than the higher of (i) 5 per cent above the average of the middle market quotations for the Ordinary Shares for the five business days immediately before the day on which it purchases that share and (ii) the higher of the price of the last independent trade and the highest current independent bid for the Ordinary Shares;

   (d) the authority hereby conferred shall expire at the conclusion of the Annual General Meeting of the Company in 2019 or, if earlier, on the expiry of 15 months from the passing of this resolution, unless such authority is renewed prior to such time; and

   (e) the Company may make a contract to purchase Ordinary Shares under the authority hereby conferred prior to the expiry of such authority, which will or may be executed wholly or partly after the expiration of such authority and may make a purchase of Ordinary Shares pursuant to any such contract.

6. That the Directors be and are hereby generally and unconditionally authorised (in substitution for all subsisting authorities to the extent unused) to exercise all powers of the Company to allot relevant securities (as defined in section 551 of the Companies Act 2006) up to an aggregate nominal amount equal to £89,078 PROVIDED THAT the Directors may not allot relevant securities of an aggregate nominal amount more than 9.99% of the nominal value of the issued share capital (excluding Treasury Shares) at the date of the Annual General Meeting and that this authority shall expire (unless previously varied, revoked or renewed by the Company in general meeting) at the conclusion of the Annual General Meeting of the Company to be held in 2019 or, if earlier, on the expiry of 15 months from the passing of this resolution (the "section 551 period") but so that the Directors may, at any time prior to the expiry of the section 551 period, make an offer or agreement which would or might require relevant securities to be allotted after the expiry of the section 551 period and the Directors may allot relevant securities in the pursuance of such an offer or agreement as if the authority granted by this resolution had not expired.

7. That, subject to the passing of resolution 6, in substitution for any existing power under section 570 of the Companies Act 2006 but without prejudice to the exercise of any such power prior to the date hereof, the Directors be and are hereby empowered, pursuant to section 570 of that Act, to allot and make offers or agreements to allot equity securities (as defined in section 560 of that Act) and/or sell equity securities held as Treasury shares pursuant to section 573 of that Act, in each case for cash pursuant to the authority and for the period of the authority conferred by resolution 6 up to an aggregate nominal amount of £89,078 as if section 561(1) of that Act did not apply to such allotment (subject to a maximum of 9.99 per cent. of the aggregate nominal value of the issued share capital at the date of this resolution).

8. That a general meeting of the Company other than an Annual General Meeting may be called on not less than 14 days' notice, provided that this authority shall expire at the conclusion of the Company's next Annual General Meeting after the date of the passing of this resolution.

Registered Office:

Mermaid House
Puddle Dock
London EC4V 3DB

By Order of the Board

Anthony Lee
For and on behalf of
PraxisIFM Fund Services (UK) Limited
Company Secretary

18 January 2018

NOTES TO NOTICE OF ANNUAL GENERAL MEETING

Website address

1. Information regarding the meeting, including the information required by section 311A of the Companies Act 2006, is available from **www.ccjapanincomeandgrowthtrust.com**

Entitlement to attend and vote

2. Only those holders of Ordinary Shares registered on the Company's register of members at close of business on 11 March 2018 or, if this meeting is adjourned, at close of business on the day two days prior to the adjourned meeting, shall be entitled to attend and vote at the meeting.

Appointment of Proxies

3. Members entitled to attend, speak and vote at the meeting (in accordance with Note 2 above) are entitled to appoint one or more proxies to attend, speak and vote in their place. If you wish to appoint a proxy please use the Form of Proxy enclosed with this document or follow the instructions at note 7 below if you wish to appoint a proxy through the CREST electronic proxy appointment service. In the case of joint members, only one need sign the Form of Proxy. The vote of the senior joint member will be accepted to the exclusion of the votes of the other joint members. For this purpose, seniority will be determined by the order in which the names of the members appear in the register of members in respect of the joint shareholding. The completion and return of the Form of Proxy will not stop you attending and voting in person at the meeting should you wish to do so. A proxy need not be a member of the Company. You may appoint more than one proxy provided each proxy is appointed to exercise the rights attached to a different share or shares held by you. If you choose to appoint multiple proxies use a separate copy of this form (which you may photocopy) for each proxy, and indicate after the proxy's name the number of shares in relation to which they are authorised to act (which, in aggregate, should not exceed the number of Ordinary Shares held by you). Please also indicate if the proxy instruction is one of multiple instructions being given. All forms must be signed and returned in the same envelope.

4. You can appoint the Chairman of the Meeting, or any other person, as your proxy. If you wish to appoint someone other than the Chairman, cross out the words "the Chairman of the Meeting" on the Form of Proxy and insert the full name of your appointee.

5. You can instruct your proxy how to vote on each resolution by ticking the "For" and "Against" boxes as appropriate (or entering the number of shares which you are entitled to vote). If you wish to abstain from voting on any resolution please tick the box which is marked "Vote Withheld". It should be noted that a vote withheld is not a vote in law and will not be counted in the calculation of the proportion of votes "For" and "Against" a resolution. If you do not indicate on the Form of Proxy how your proxy should vote, he/she can exercise his/her discretion as to whether, and if how so how, he/she votes on each resolution, as he/she will do in respect of any other business (including amendments to resolutions) which may properly be conducted at the meeting.

   A company incorporated in England and Wales or Northern Ireland should execute the Form of Proxy under its common seal or otherwise in accordance with Section 44 of the Companies Act 2006 or by signature on its behalf by a duly authorised officer or attorney whose power of attorney or other authority should be enclosed with the Form of Proxy.

Appointment of Proxy using Hard Copy Form

6. The Form of Proxy and any power of attorney (or a notarially certified copy or office copy thereof) under which it is executed must be received by Link Asset Services at 12.00 noon on 11 March 2018 in respect of the meeting. Any Forms of Proxy received before such time will be deemed to have been received at such time. In the case of an adjournment, the Form of Proxy must be received by Link Asset Services no later than 48 hours before the rescheduled meeting.

   On completing the Form of Proxy, sign it and return it to Link Asset Services at the address shown on the Form of Proxy in the envelope provided. As postage has been pre-paid no stamp is required.

Appointment of Proxy through CREST

7. CREST members who wish to appoint a proxy or proxies through the CREST electronic proxy appointment service may do so for the meeting to be held on the above date and any adjournment(s) thereof by using the procedures described in the CREST Manual. CREST Personal Members or other CREST sponsored members, and those CREST members who have appointed a voting service provider(s), should refer to their CREST sponsor or voting service provider(s), who will be able to take the appropriate action on their behalf.

In order for a proxy appointment or instruction made using the CREST service to be valid, the appropriate CREST message (a "CREST Proxy Instruction") must be properly authenticated in accordance with Euroclear UK & Ireland Limited's specifications and must contain the information required for such instructions, as described in the CREST Manual. The message, regardless of whether it constitutes the appointment of a proxy or an amendment to the instruction given to a previously appointed proxy, must, in order to be valid, be transmitted so as to be received by the Company's agent (ID: RA10) by the latest time(s) for receipt of proxy appointments specified in the notice of meeting. For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp applied to the message by the CREST Applications Host) from which the Company's agent is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST. After this time any change of instructions to a proxy's appointee through CREST should be communicated to the appointee through other means.

CREST members and, where applicable, their CREST sponsors or voting service providers should note that Euroclear UK & Ireland Limited does not make available special procedures in CREST for any particular messages. Normal system timings and limitations will therefore apply in relation to the input of CREST Proxy Instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member or sponsored member or has appointed a voting service provider(s), to procure that his CREST sponsor or voting service provider(s) take(s)) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. In this connection, CREST members and, where applicable, their CREST sponsors or voting service providers are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.

The Company may treat as invalid a CREST Proxy Instruction in the circumstances set out in Regulation 35(5) (a) of the Uncertificated Securities Regulations 2001.

All messages relating to the appointment of a proxy or an instruction to a previously appointed proxy, which are to be transmitted through CREST, must be lodged at 12.00 noon on 11 March 2018 in respect of the meeting. Any such messages received before such time will be deemed to have been received at such time. In the case of an adjournment, all messages must be lodged with Link Asset Services no later than 48 hours before the rescheduled meeting.

Termination of proxy appointments

8. In order to revoke a proxy instruction you will need to inform the Company. Please send a signed hard copy notice clearly stating your intention to revoke your proxy appointment to Link Asset Services, PXS1, 34 Beckenham Road, Beckenham, BR3 4ZF.

   In the case of a member which is a company, the revocation notice must be executed under its common seal or otherwise in accordance with section 44 of the Companies Act 2006 or by signature on its behalf by an officer or attorney whose power of attorney or other authority should be included with the revocation notice.

   If you attempt to revoke your proxy appointment but the revocation is received after the time specified in note 2 opposite then, subject to the paragraph directly below, your proxy will remain valid.

   Completion of a Form of Proxy will not preclude a member from attending and voting in person. If you have appointed a proxy and attend the meeting in person, your proxy appointment will be automatically terminated.

   If you submit more than one valid proxy appointment in respect of the same Ordinary Shares, the appointment received last before the latest time for receipt of proxies will take precedence.

Nominated Persons

9. If you are a person who has been nominated under section 146 of the Companies Act 2006 to enjoy information rights:

   - You may have a right under an agreement between you and the member of the Company who has nominated you to have information rights (Relevant Member) to be appointed or to have someone else appointed as a proxy for the meeting.

   - If you either do not have such a right or if you have such a right but do not wish to exercise it, you may have a right under an agreement between you and the Relevant Member to give instructions to the Relevant Member as to the exercise of voting rights.

- Your main point of contact in terms of your investment in the Company remains the Relevant Member (or, perhaps, your custodian or broker) and you should continue to contact them (and not the Company) regarding any changes or queries relating to your personal details and your interest in the Company (including any administrative matters). The only exception to this is where the Company expressly requests a response from you.

If you are not a member of the Company but you have been nominated by a member of the Company to enjoy information rights, you do not have a right to appoint any proxies under the procedures set out in the notes to the form of proxy.

Questions at the Meeting

10. Under section 319A of the Companies Act 2006, the Company must answer any question you ask relating to the business being dealt with at the meeting unless:

- answering the question would interfere unduly with the preparation for the meeting or involve the disclosure of confidential information;
- the answer has already been given on a website in the form of an answer to a question; or
- it is undesirable in the interests of the Company or the good order of the meeting that the question be answered.

Issued Shares and total voting rights

11. The total number of shares in issue in the Company is 89,168,192 Ordinary Shares of 1p each. On a vote by a show of hands, every holder of Ordinary Shares who (being an individual) is present by a person, by proxy or (being a corporation) is present by a duly authorised representative, not being himself a member, shall have one vote. On a poll every holder of Ordinary Shares who is present in person or by proxy shall have one vote for every Ordinary Share held by him.

Communication

12. Except as provided above, members who have general queries about the meeting should use the following means of communication (no other methods of communication will be accepted):

- calling Link Asset Services' shareholder helpline (lines are open from 9:00 a.m. to 5:30 p.m. Monday to Friday, excluding public holidays):

  (i) From UK: 0871 664 0300 (calls cost 12p per minute plus network extras);

  (ii) From Overseas: +44 371 664 0300 (calls from outside the UK are charged at applicable international rates); or

- in writing to Link Asset Services. You may not use any electronic address provided either in this notice of meeting or in any related documents (including the Form of Proxy for this meeting) to communicate with the Company for any purposes other than those expressly stated.

CC JAPAN INCOME & GROWTH TRUST PLC
FORM OF PROXY

I/We ....

of ....
(BLOCK CAPITALS PLEASE)

being (a) member(s) of CC Japan Income & Growth Trust plc appoint the Chairman of the meeting, or ....

(see note 1) ....

of ....

as my/our proxy and, on a poll, to vote for me/us on my/our behalf at the Annual General Meeting of the Company to be held at the offices of Stephenson Harwood, 1 Finsbury Circus, London, EC2M 7SH on 13 March 2018 at 12.00 noon and any adjournment thereof.

Please indicate with an 'X' in the spaces provided how you wish your votes to be cast on the resolutions specified.

	Resolution	For	Against	Withheld	Discretionary
1.	To receive and adopt the Annual Report and Accounts for the year ended 31 October 2017.				
2.	To approve the Directors' remuneration implementation report.				
3.	To re-appoint Ernst & Young LLP as auditors to the Company.				
4.	To authorise the Directors to fix the remuneration of the auditors.				
5.	To give authority for the Company to purchase its own shares.				
6.	To give authority to allot new shares.				
7.	To give authority to allot new shares free from pre-emption rights.				
8.	To authorise calling general meetings (other than Annual General Meetings) on 14 clear days' notice.				

Subject to any voting instructions so given the proxy will vote, or may abstain from voting, on any resolution as he may think fit.

Signature .... Dated this .... day of 2018

NOTES

1. If any other proxy is preferred, strike out the words "Chairman of the Meeting" and add the name and address of the proxy you wish to appoint and initial the alteration. The proxy need not be a member.
2. If the appointer is a corporation this form must be completed under its common seal or under the hand of some officer or attorney duly authorised in writing.
3. A vote withheld is not a vote in law and will not be counted in the calculation of the proportion of the votes for or against a resolution.
4. The signature of any one of joint holders will be sufficient, but the names of all the joint holders should be stated.
5. To appoint more than one proxy you may photocopy this form. Please indicate the proxy holder's name and the number of shares in relation to which they are authorised to act as your proxy (which, in aggregate, should not exceed the number of shares held by you). Please also indicate if the proxy instruction is one of multiple instructions being given. All forms must be signed and should be returned together in the same envelope.
6. To be valid, this form and the power of attorney or other authority (if any) under which it is signed, or a notarially certified copy of such power, must reach the registrars of the Company, Link Asset Services not less than forty-eight hours before the time appointed for holding the General Meeting or adjournment as the case may be.
7. The completion of this form will not preclude a member from attending the Meeting and voting in person.
8. Any alteration of this form must be initialled. Your completed and signed proxy form should be posted to the Company's Registrars, Link Asset Services, PXS1, 34 Beckenham Road, Beckenham, BR3 4ZF, so as to arrive before 12.00 noon on 11 March 2018.