

ASSET MANAGEMENT LLP CouplandCardiff

CC Japan Income & Growth Trust plc

31st August 2017

Investment Objective

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

Book Exposure

Book	Exposure	No Stocks
Dividend Growth	100.9%	31
Special Situations	5.5%	2
Stable Yield	12.9%	5
Total	119.3%	38

Source: CCAM as at 31.08.2017

Fund Statistics

Market Value	£120.8m
No. Shares in issue	86,518,162
NAV cum Income GBP	139.66
NAV ex Income GBP	138.39
Share Price GBP	141.75
Premium (Discount)	1.50%
Dividends Paid	Aug & Mar
Financial Calendar:	
Year End	31 October
Company Fees:	
Ongoing charges figure (OCF) per year (30.04.17)	1.12%
OCF includes Annual Management Fee:	0.75%

Company Codes:

ISIN	GB00BYSRMH16
Sedol	BYSRMH1 GB
Bloomberg	CCJI LN

AIFMD - as at 30.06.2017

Exposure by Calculation Method	% NAV
Gross	121

Exposure by Calculation Method	% NAV
Commitment	123

Source: CCAM as at 31.08.2017

Performance (%)	1yr	Since Inception
Share Price	26.00	41.75
NAV cum	24.02	39.66
TOPIX TR GBP	18.40	40.52

Source: Independent returns are calculated daily by Northern Trust Global Services Limited. The NAV performance details shown are net NAV to NAV percentage returns with gross income re-invested. You should remember that past performance is not a guide to the future. The price of investments and the income from them may fall as well as rise. All figures are in GBP or Sterling adjusted. Inception date 14th December 2015.

Fund Commentary

The NAV (cum) of the CC Japan Income & Growth Trust rose by 4.64% in August surpassing the rise of the Topix Total Return index for the month.

The company issued an additional 650,000 shares at the beginning of the month. The proceeds were used to established a new holding in Park24, Japan's leading vehicle parking management services company. The company has demonstrated its growth ambitions through investment in overseas businesses in Australia and the UK as well as its domestic car sharing operations but has also committed to consistently raising its dividend.

Having reached a high for the year on August 7, the Japanese equity market weakened in the following weeks as diplomatic relations between the United States and North Korea deteriorated and culminated with a ballistic missile flying over Japan and landing in the Pacific Ocean close to Hokkaido, its northern most island.

The concerns over Korea combined with domestic unrest following protests in Charlottesville has created additional uncertainty over the Trump administration and their ability to implement a reflation policy. The upshot has been a weaker dollar and conversely a stronger Yen. This currency move has overshadowed some favourable economic data releases in Japan and an encouraging Q1

reporting season with foreign investors consistent net sellers of the Japanese equity market in each week of August. This in part is an explanation for the continued strong performance of small cap stocks compared to their large cap peers. In local currency terms the primary small cap indices in Japan have all risen +15-25% year-to-date, well ahead of the 6.5% rise of Topix.

Small cap holdings Trust Tech (staffing services), Noevir (cosmetics), Tsubaki Nakashima (precision ball bearings) and Solasto (medical sector staffing services) all performed well during August after reporting strong results for the prior quarter.

A recent report from CLSA has analysed the performance of Japanese small caps in recent years and highlights that they have been the best performing globally since 2013 in this asset class. Some of the key attributes of the most successful companies have been rising profitability and cash rich balance sheets, both of which are important considerations for this particular strategy. Despite the favourable improvements in shareholder return in recent years in Japan, the most recent data shows that aggregate net cash continues to accumulate on the balance sheets and the number of companies in this situation continues to rise. We believe that the potential for further improvement consequently remains attractive for both large and small cap companies alike.

Top 10 Sectors

Sector	(%)
Services	18.4
Info & Comms	14.0
Real Estate	12.2
Chemicals	11.6
Machinery	11.3
Banks	9.9
Electrical Apps	8.9
Transport Equipment	6.1
Rubber Products	4.4
Construction	4.1
Total	100.9

Source: CCAM as at 31.08.2017

Top 10 Holdings

Holding	(%)
Nippon T&T	5.1
Tsubaki Nakashima	5.0
Tokyo Electron	4.7
Noevir Holding	4.7
Bridgestone Corp	4.4
Daiwa House	4.1
Kao Corp	4.1
Itochu Corp	4.0
Yamada Consulting	3.8
Gakkyusha Co	3.7
Total	43.6

Portfolio Characteristics:

	Stable Yield	Dividend Growth	Special Situation	Portfolio
Weighting	12.9%	100.9%	5.5%	119.3%
Holdings	5	31	2	38
(of which are REIT Holdings)	2	1	0	3
Average Market Cap	\$27,341m	\$21,482m	\$24,053m	\$22,914m
Dividend Yield	4.5%	2.9%	1.6%	3.7%*
5 Year Dividend Growth (Historic)	5.8%	25.0%	4.8%	22.7x
Payout Ratio	75.2%	48.0%	40.9%	51.5%
PER	13.2x	17.0x	23.3x	17.0x
PBR	1.1x	3.1x	3.2x	2.8x

Source: CCAM and Bloomberg, all data as at 31.08.2017. *Estimated gross portfolio yield, the net yield paid will be lower.

COMPANY INFORMATION

Launch date	14 December 2015
AIC sector	Japan
Benchmark	TOPIX TR GBP
Fund manager	Richard Aston
Directors	Harry Wells (Chairman), John Scott, Mark Smith, Peter Wolton.
Share buy back	The Company has authority to purchase up to 14.99% for cancellation / hold in Treasury.

CONTACT DETAILS

Address	Coupland Cardiff Asset Management LLP 5th Floor, 31-32 St. James's Street London, SW1A 1HD.
Company Secretary	PraxisIFM Fund Services (UK) Limited
Stockbroker	Peel Hunt
Market makers	Peel Hunt, Winterflood Securities.
Website	www.ccjapanincomeandgrowthtrust.com

Important Information

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The value of the trust's shares will fluctuate. The price of shares in the trust is determined by market supply and demand. The share price may be different to the net assets of the trust.

The trust may enter into long only contracts for difference or equity swaps for gearing and efficient portfolio management purposes. It may also use borrowing to seek to enhance investment returns. This will exaggerate market movements both up and down. Generally gearing, through borrowings and/or entering into long only contracts for difference or equity swaps, will not exceed the net asset value by more than 20% at the time of drawdown of the relevant borrowings or entering into the relevant transaction, as appropriate. Where the trust utilises such instruments, it is likely to take a credit risk with regard to the parties with whom it trades and may also bear the risk of settlement default.

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Shareholders should read the trust's product documentation before investing, including the latest Report and Accounts, the Alternative Investment Fund Managers Directive Disclosure Document as they contain important information regarding the trust, including charges, tax and specific risk warnings and will form the basis of the investment.

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