



ASSET MANAGEMENT LLP

CouplandCardiff

CC Japan Income & Growth Trust plc

March 2017

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Trust Overview

Company	<ul style="list-style-type: none">▪ CC Japan Income & Growth Trust plc (LSE Main Market (Premium Segment, Official List) listing; UK incorporated Investment Trust)
Investment Manager	<ul style="list-style-type: none">▪ Coupland Cardiff Asset Management LLP ('CCAM') (Richard Aston)
Investment Objective	<ul style="list-style-type: none">▪ Capital growth and income through investment in equities listed in Japan▪ Concentrated, high conviction portfolio (typically expect to hold 30 to 40 stocks)▪ Dividend for the financial period to 31-10-16 of 3.0p per ordinary share (dividends paid half-yearly)▪ Shares are unhedged for underlying ¥ currency exposure
Fees	<ul style="list-style-type: none">▪ Annual management fee 75bps on NAV; charged 80% to Capital▪ No performance fee▪ Ongoing charges ratio 1.16% per annum, as at end of February 2017
Discount Management	<ul style="list-style-type: none">▪ Continuation vote at the third AGM in 2019 (and every 3 years thereafter)▪ Ability to buyback up to 14.99% of initial issued share capital
Gearing	<ul style="list-style-type: none">▪ Structural gearing of 20% of NAV (can go to maximum of 25%)▪ Currently effected via CFDs.
Issue of Equity	<ul style="list-style-type: none">▪ Equity issuance £12.62m completed in October 2016▪ Block listing approval for 7.9m shares effective from February 2017
Broker	<ul style="list-style-type: none">▪ Peel Hunt LLP

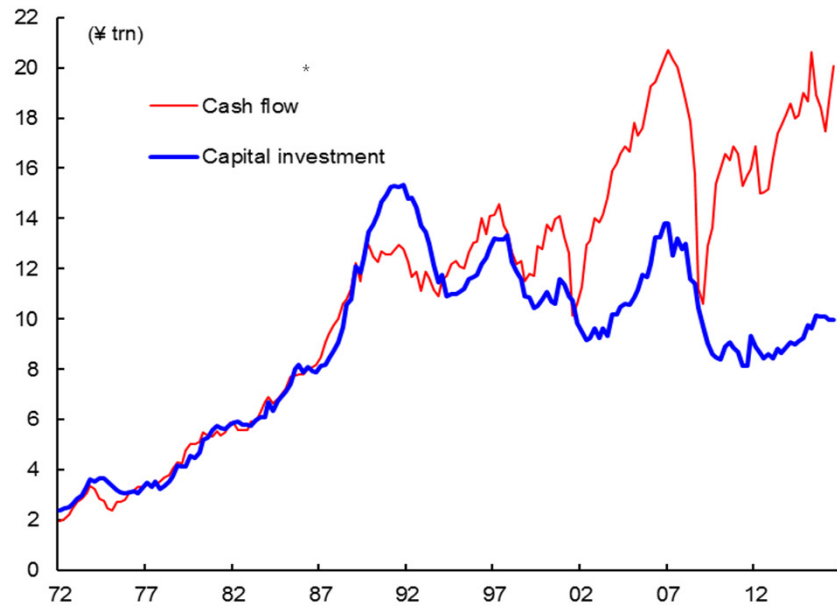
Introduction

The Japan Equity Income Story

- Management behaviour and regulation has changed
- Initiatives supported by Prime Minister Abe, the Bank of Japan & Japan Pension Association
- Introduction of JPX Nikkei 400 index, Nikkei High Dividend Stock 50 Index, Stewardship Code & Corporate Governance Code
- Low interest rates
- Diversification from traditional sources of yield, by both country and sector
- Dividend cover stronger overall than in major Western markets

Dividend Opportunity In Japan

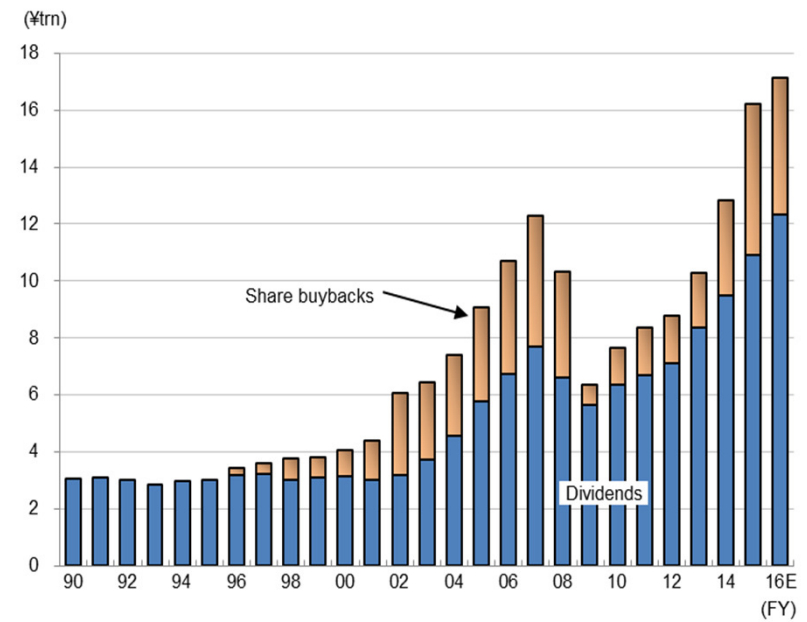
Excess Cashflow....



Sources: MoF, DB Global Markets Research

* cashflow = (1- tax rate) x pre-tax profit + depreciation

....Is Being Returned To Shareholders



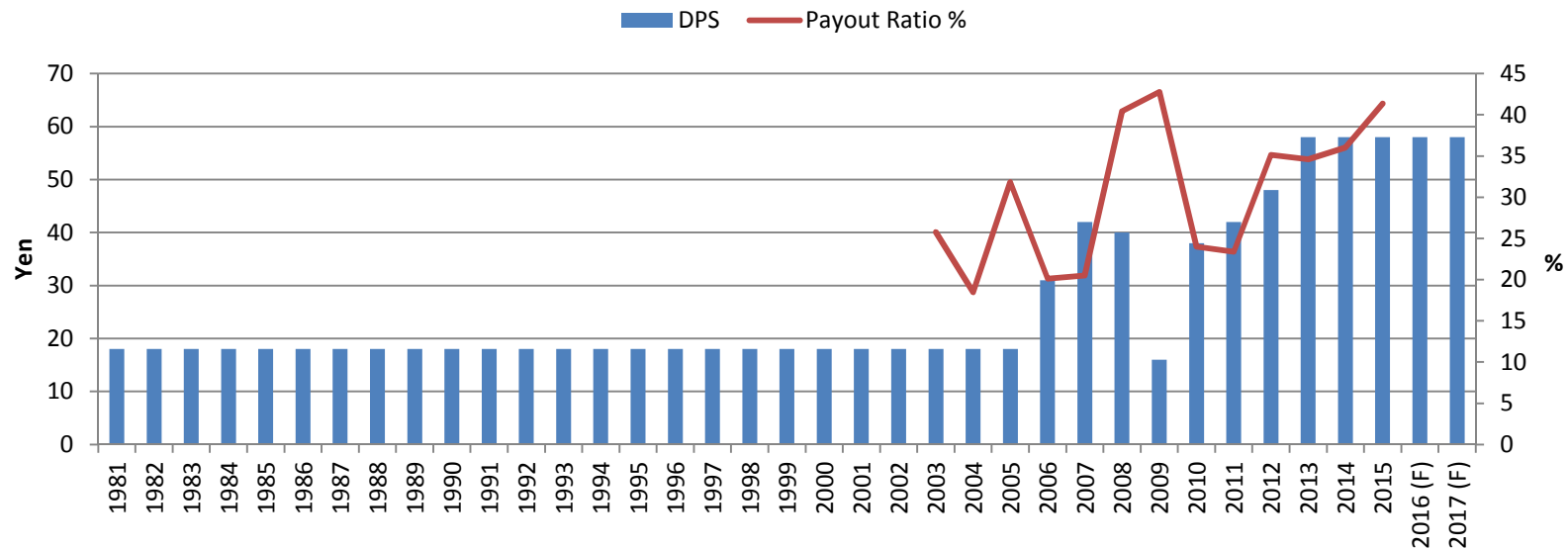
Source: Nomura

Example:

Komatsu

Komatsu works to redistribute profits by considering consolidated business results with the aim of paying stable dividends.

	FY03	FY04	FY05	FY06	FY07	FY08	FY09	FY10	FY11	FY12	FY13	FY14	FY15	FY16
Dividend Policy					20% or higher			20% - 40%			30% - 50%		40% - 60%	
Payout ratio (est)	26%	18%	16%	19%	20%	40%	38%	24%	24%	36%	35%	36%	40%	59%



Source: CCAM, Company Materials

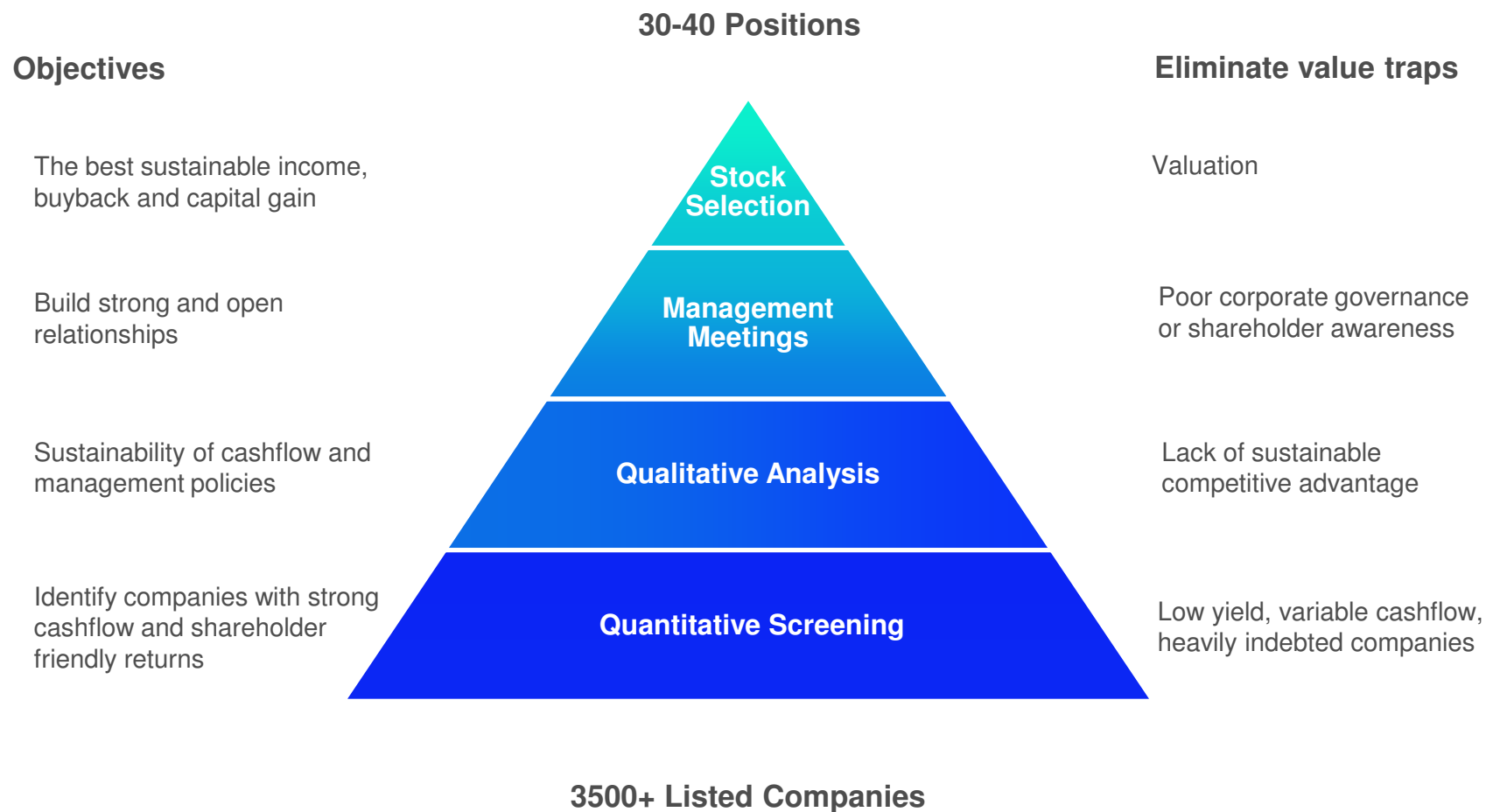
Japan - Superior Dividend Growth

	Japan	US	EU
Dividend Growth FY13	+18.5%	+13.6%	+1.2%
Dividend Growth FY14	+13.1%	+11.0%	-2.4%
Dividend Growth FY15	+14.7%	+10.7%	-7.7%
Dividend Growth FY16		+6.1%	-6.5%
Yield	1.9%	2.0%	3.4%
Dividend Payout Ratio 2015	34.2%	46.8%	72.3%
Buybacks/Net income 2015	17.1%	62.3%	19.4%
Total Shareholder Return 2015	51.2%	109.1%	91.7%
% of companies net cash	55%	19%	22%

Source: Nomura, Morgan Stanley, Factset, CLSA & Bloomberg

Investment Process

Investment Process



Stock Selection Methodology¹

	Stable Yield	Dividend Growth	Special Situations
Quantitative Characteristics	Dividend yield greater than 1.5x Topix yield Dividend payment is secure if earnings fall A return to growth is expected if operating performance improves	Consistent growth in dividend payment Rising payout ratio Stable business operations	Return to shareholders of excess cashflow Change of management policy Shareholder proposals
Qualitative Analysis	Management commitment to long-term shareholder return Sustainability of dividend payment	Management appreciation of shareholder return Future shareholder return reflects improving business performance	Short term realization of shareholder value
Expected Yield	>3.0%	2.0%-4.0%	Variable
Portfolio Weight	10%-30%	60%-80%	0%-10%
Position Established			
Position Size	2%-5%	3%-6%	2%-4%

Note: 1. The portfolio composition depicted above is for illustrative purposes only. The actual portfolio composition may differ and there can be no guarantee that the companies in which CC Japan Income & Growth Trust plc is invested will produce the dividend yields indicated above

Trust Portfolio & Performance

Portfolio Characteristics – CC Japan Income & Growth Trust plc¹

	Stable Yield	Dividend Growth	Special Situation	Portfolio
Weighting	14.8%	95.4%	11.0%	121.3%
Holdings	5	29	3	37
inc REIT Holdings	1	2	0	3
Average Market Cap	\$38,999m	\$19,265m	\$14,719m	\$21,439m
Dividend Yield	4.1%	3.2%	2.4%	3.85% (f*)
5 Year Dividend Growth	6.6%	26.4%	16.8%	24.6%
Payout Ratio	61.8%	51.8%	41.5%	52.4%
PER	12.9x	16.6x	19.6x	16.4x
PBR	1.0x	2.8x	2.5x	2.5x

Source: CCAM and Bloomberg, all data as at 28.2.2017

Notes: * Forecast gross portfolio yield (geared); the net yield paid will be lower

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Portfolio Characteristics – CC Japan Income & Growth Trust plc

Top 10 Sectors	
Sector	Weighting %
Services	17.4
Info & Communications	15.2
Real Estate	11.8
Chemicals	11.4
Banks	10.8
Machinery	8.2
Transport Equipment	7.9
Electrical Appliances	7.5
Rubber Products	4.8
Wholesale	4.4
Total	99.5

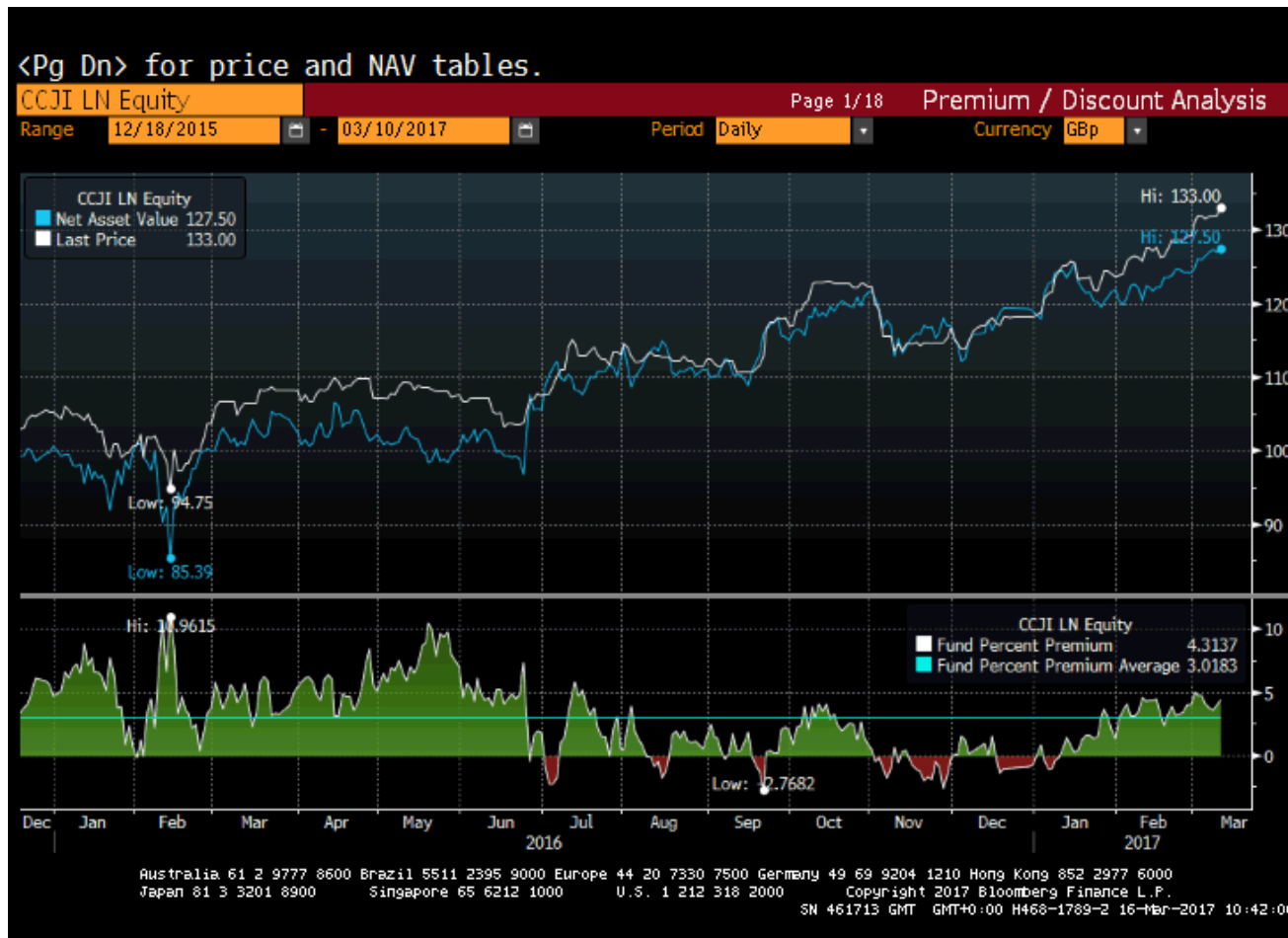
Top 10 Holdings	
Sector	Weighting %
Nippon Telegraph	5.1
Bridgestone Corp	4.8
Tsubaki Nakashima	4.8
Tokyo Electron	4.6
Gakkyusha	4.6
Noevir Holdings	4.5
Itochu Corp	4.4
Fuji Heavy	4.4
Mitsubishi UFJ	4.3
KDDI Corp	4.2
Total	45.7

Market Cap weighting		
Market Cap	CCJI %	Topix %
Large cap (US\$10bn+)	56	75
Mid cap (US\$2-10bn)	13	13
Small cap (US\$<2bn)	31	12

Beta	0.98
Turnover (annualised)	25%

Source: CCAM, as at 28/02/2017

NAV & Price Performance



Source: Bloomberg

Positive & Negative Contributions Since Launch

■ Positive:

- A number of holdings have increased their dividends and announced buybacks
- Small cap holdings
- Tokyo Electron, Pola Orbis, Tsubaki Nakashima, Gakkyusha & Noevir

■ Negative:

- Hotel REITs and low exposure to cyclical sectors
- Aoyama Trading, Kaken Pharmaceutical and Invincible Investment REIT

CC Japan Income & Growth Investment Trust

Since launch

- Companies paid a higher dividend for fiscal year 2015 than originally forecast
 - KDDI paid Y70 per share for FY15 compared to Y65 forecast and announced Y100bn buyback and will pay Y85 for FY16.
 - Daiwa House paid Y80 per share compared to Y70 forecast and announced first buyback since 2007.
- Companies that have announced a share buyback
 - Hikari Tsushin announced a 0.5m share buyback; 9th consecutive year.
 - Bridgestone announced 50m (or 6.4%) share buyback. First since 2005.

Summary

- The only dedicated Japanese equity income investment trust
- High quality equity yield diversification for investors
- Trust targets a dividend yield in excess of other Japan focussed funds
- Focus on 'Total Shareholder Return' is key
- Concentrated, high conviction stock selection
- Open-ended portfolio has track-record of outperformance