

CC Japan Income & Growth Trust plc

ASSET MANAGEMENT LLP

CouplandCardiff

Commentary

August 2020

August was an eventful month for Japanese equities with the markets making strong gains mirroring the advances in other developed region equity markets. The Topix (Total Return) finished the month up 8.2% from the end of July with cyclical sectors dominating the top performing with the Yen reversing recent strength and evidence that May marked the bottom for economic activity in the domestic market.

The unexpected announcement of Prime Minister Abe's resignation on the grounds of ill health only a few days after he became Japan's longest ever serving leader made headlines worldwide in recognition of the comparative stability of his tenure and also the Abenomics economic recovery policies he has championed. There has been no clear successor but a number of candidates have already declared their interest. Policy Research Council Fumio Kishida, Chief Cabinet Secretary Yoshihide Suga, former Defence Minister Shigeru Ishiba and former Minister for Internal Affairs and Communications Seiko Noda. Importantly each has declared their intent on maintaining the central principles of the outgoing Prime Minister Abe's policies and consequently the equity market has recovered the losses that followed the initial announcement. The LDP will hold a leadership election on 14 September with the winner taking control of the Diet when it reconvenes on 17 September and facing the challenge of coordinating Japan's recovery from the impact of the coronavirus pandemic. While only time will determine Prime Minister Abe's legacy, we believe that the improvements in corporate governance and shareholder returns are key areas where the benefits of his changes are widely understood. With frameworks now firmly established (through the Corporate Governance and Stewardship Codes), favourable trends of the last few years should continue to improve the capital efficiency and shareholder awareness of Japanese companies.

At the end of the month it was disclosed that Warren Buffet's Berkshire Hathaway Inc has established stakes of more than 5% in five of Japan's trading companies at a cost of approximately \$6bn. This is thought to be a first foray into Japanese equities, something we believe highlights the attractive valuations that these companies now trade and can also be seen as confirmation of the commitment to management of cashflow, returns on investment and shareholder distribution policies. While very little further information has been disclosed, the US company's press release indicates that it has the scope to increase these stakes to 9.9% without further approval. Public data highlights the company's total Yen denominated bonds (which mitigate the currency exposure of these investments and have been issued since June 2019) exceed the amount currently invested and hence the potential for further purchases in the trading companies or potentially other opportunities elsewhere in the Japanese equity market.

Fund Statistics		Investment Objective			Dividend (in GBP)					
Market Value	£180m	To provide shareholders with dividend income combined with capital growth, mainly through investment in equities listed or quoted in Japan.			Ex date	16/17	17/18	18/19	19/20	20/21
No. Shares in issue	134,730,610				Jun/Jul	1.00	1.15	1.25	1.40	1.40
Launch date	Dec 2015				Jan/Feb	2.00	2.30	2.50	3.10	
NAV per share cum Income GBP	133.55				Total	3.00	3.45	3.75	4.50	
NAV per share ex Income GBP	131.73	Book Exposures			Discrete performance (%) full calendar years ⁽¹⁾					
Share Price GBP	117.00		No. Stks	%	Total Return	2019	2018	2017	2016	
Premium (Discount)	(12.4%)	Dividend Growth	34	100.6	Share Price	10.79	-6.72	37.48	13.18	
Dividends Paid	Aug & Mar	Special Situations	3	6.4	NAV	20.75	-11.34	30.64	19.28	
Dividend Yield	3.85% ⁽²⁾	Stable Yield	5	12.0	TOPIX GBP	15.65	-8.89	15.50	23.63	
Financial Calendar:		Total	42	119	Cumulative performance (%) ⁽¹⁾					
Year End	31 October				Total Return	YTD	1 Yr	2yr	3yr	Inception
Company Fees:					Share Price	-22.49	-17.49	-23.07	-9.03	33.10
Ongoing charges ratio (OCR) per year (30.04.20)	1.02% ⁽³⁾				NAV	-12.00	-9.82	-9.73	3.82	50.46
OCR includes Annual Management Fee:	0.75%				TOPIX GBP	-3.23	0.66	-0.15	8.16	55.08
AIFMD Exposure Calculation at 30.06.20		Notes								
Gross	117.7 (% nav)	(1) Source: Independent NAVs are calculated daily by PraxisIFM Fund Services (UK) Limited (by Northern Trust Global Services Limited pre 01.10.17.) Total return performance details shown are net NAV to NAV returns with gross income re-invested. Share price total return is on a mid to mid price basis. You should remember that past performance is not a guide to the future. The price of investments and the income from them may fall as well as rise and investors may not get back the full amount invested. All figures are in GBP or Sterling adjusted. Inception date 15th December 2015. Investments denominated in foreign currencies expose investors to the risk of loss from currency movements as well as movements in the value, price or income derived from the investments themselves and some of the investments referred to herein may be derivatives or other products which may involve different and more complex risks as compared to listed securities. CC Japan Income & Growth Trust plc (the Company) does not currently intend to hedge the currency risk. Share Price period returns displayed are calculated as Total Return. (2) The yield is calculated using the actual dividends declared during the past 12 months and the closing share price as at the date of this fact-sheet. This is rounded to 2 decimal places. (3) Source: OCR is calculated by PraxisIFM Fund Services (UK) Limited. This is rounded to 2 decimal places.								
Commitment	120.4 (% nav)									
Company Codes:										
ISIN	GB00BYSRM-H16									
Sedol	BYSRMH1 GB									
Bloomberg	CCJI LN									

Top 10 Holdings	
Holding	(%)
Itochu Corp	6.0
Shin-Etsu Chemical	5.5
West Holdings	5.3
Nippon T&T	5.0
GLP J-Reit	4.8
Tokio Marine Holdings	4.7
Softbank Corp	4.1
SBI Holdings	4.0
Japan Exchange	3.9
Tokyo Electron	3.9
Total	47.2

Top 10 Sectors	
Sector	(%)
Info & Communications	21.0
Chemicals	15.7
Services	15.4
Real Estate	14.1
Electrical Appliances	11.2
Wholesale	8.8
Banks	6.3
Other Products	6.0
Insurance	4.7
Sec & Commodity	4.0
Total	107.2

Company Information

Launch date	15 December 2015
AIC sector	Japan
Fund manager	Richard Aston
Directors	Harry Wells (Chairman), Kate Cornish-Bowden, John Scott, Mark Smith, Peter Wolton.
Share buy back	The Company has authority to purchase up to 14.99% of issued share capital (as at 31.01.17) or cancellation/to hold in treasury.

Contact Details

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

Key Risks

Liquidity risk – The Company may encounter difficulties in disposing of assets at their fair price due to adverse market conditions leading to limited liquidity.

Credit and counterparty risks – the Company may be exposed to credit and counterparty risks in relation to the securities and counterparties it invests in and with whom it transacts.

Concentration risk – This Company holds a limited number of investments. If one of these falls in value, it can have a greater impact on the Company's value than if the Company held a larger number of investments.

Currency risk – Investing in assets in a currency other than your own exposes the value of your investment to exchange rate fluctuations. Changes in the exchange rate between Sterling and Yen may lead to a depreciation in the value of the Company assets as expressed in Sterling.

Derivatives – the Company may use derivatives as investments or to manage the risk profile of the Company. Their use may increase the risk of losses as well as enhance potential gains as compared to funds that do not use derivatives.

The Company prospectus gives you further details about all the risks for this fund – see under “Important Information” for how to obtain a copy.

Important Information

The Key Information Document and the latest prospectus of the Company are available on the Company's website:

www.ccjapanincomeandgrowthtrust.com.

All data as at 28.08.2020 unless stated otherwise. All information is sourced from CCAM unless stated otherwise.

This factsheet is to provide you summary information about the Company and should not be taken as advice or a recommendation to buy or sell its shares. If you are unsure of the suitability of this product for your investment needs, please contact a financial adviser.

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

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

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

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