

CC Japan Income & Growth Trust plc

ASSET MANAGEMENT LLP

CouplandCardiff

Commentary

November 2020

November was a strong month for global equities and risk markets in general after a clear (if disputed) US Presidential Election and news of three efficacious vaccines against the Covid-19 virus. The Nikkei rose to a 29 year high of over 26,000 and the Topix index to a 2 year high of almost 1800. Notably foreign investors, who had been sellers for most of the year, returned as the significant buyers over the last 2 months.

The interim results season concluded with firm evidence that company full year earnings projections released when the prior year results were announced in April and May, and when Japan was under a state of emergency, will prove to be conservative. The annualised decline in sales and profits in the Jul-Sep quarter were considerably lower than those recorded in the prior three months and in general most companies indicate that the business environment has continued to improve even if it has yet to return to pre-pandemic levels. While some add a word of caution regarding the modest reacceleration in the number of new Covid-19 infection cases in Japan from mid-November, the robustness of the corporate sector has been demonstrated by a rapid return to favourable shareholder return trends. The amount of share buybacks announced alongside the interim results releases was down 30% y/y, a much less dramatic decline than the 80% year on year fall in the fiscal year to September. Many companies that had refrained from giving initial dividend forecasts, removed the uncertainty with details of their distribution intentions and, as a result, the fall in aggregate dividends for the market that some sell side analysts had been projecting has been reappraised to the possibility of an increase year on year. This sends a powerful message that supports our long held belief that attitudes towards shareholder returns have changed significantly in recent years.

Within the portfolio, there have been a number of favourable announcements in this regard. Hikari Tsushin, Gakkyusha, Noevir and Shin-Etsu Chemical all announced year on year increases in dividends despite the short term disruption to performance experienced in the first half. Tokyo Ohka Kogyo and Tokio Marine Holdings announced special dividends to reflect the strength of their balance sheets and the desire to continue to improve capital efficiency. Invesco Office REIT reversed its previously lowered expectations to higher distribution levels as fears over work-from-home trends have not materialised in Japan and GLP-REIT raised its projections on the strength of the performance its logistics facilities.

| Fund Statistics | | Investment Objective | | | Dividend (in GBP) | | | | | |
|---|----------------------|---|----------|-------|---|-------|-----------|-------|-------|-------|
| Market Value | £202m | 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 | 149.89 | | | | Total | 3.00 | 3.45 | 3.75 | 4.50 | |
| NAV per share ex Income GBP | 146.25 | Book Exposures | | | Discrete performance (%) full calendar years ⁽¹⁾ | | | | | |
| Share Price GBP | 140.000 | | No. Stks | % | Total Return | 2019 | 2018 | 2017 | 2016 | |
| Premium (Discount) | (6.6%) | Dividend Growth | 35 | 99.4 | Share Price | 10.79 | -6.72 | 37.48 | 13.18 | |
| Dividends Paid | Aug & Mar | Special Situations | 3 | 7.4 | NAV | 20.75 | -11.34 | 30.64 | 19.28 | |
| Dividend Yield | 3.21% ⁽²⁾ | Stable Yield | 5 | 10.6 | TOPIX TR in GBP | 15.65 | -8.89 | 15.50 | 23.63 | |
| Financial Calendar: | | Total | 43 | 117.4 | | | | | | |
| Year End | 31 October | Cumulative performance (%) ⁽¹⁾ | | | | | | | | |
| Company Fees: | | Total Return | YTD | 1 Yr | 2yr | 3yr | Inception | | | |
| Ongoing charges ratio (OCR) per year (31.10.20) | 1.04% ⁽³⁾ | Share Price | -7.81 | -7.37 | -1.07 | -1.33 | 56.10 | | | |
| OCR includes Annual Management Fee: | 0.75% | NAV | -2.62 | -2.70 | 6.71 | 5.92 | 65.24 | | | |
| AIFMD Exposure Calculation at 30.06.20 | | TOPIX TR in GBP | 7.65 | 7.65 | 15.24 | 15.02 | 72.52 | | | |
| Gross | 117.7 (% nav) | Notes | | | | | | | | |
| Commitment | 120.4 (% 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 factsheet. This is rounded to 2 decimal places. (3) Source: OCR is calculated by PraxisIFM Fund Services (UK) Limited. This is rounded to 2 decimal places. | | | | | | | | |
| Company Codes: | | | | | | | | | | |
| ISIN | GB00BYSRM-H16 | | | | | | | | | |
| Sedol | BYSRMH1 GB | | | | | | | | | |
| Bloomberg | CCJI LN | | | | | | | | | |

| Top 10 Holdings | |
|-----------------------|-------------|
| Holding | (%) |
| Shin-Etsu Chemical | 6.6 |
| Itochu Corp | 5.1 |
| Nippon T&T | 4.7 |
| Tokyo Electron | 4.6 |
| Tokio Marine Holdings | 4.5 |
| Softbank | 4.3 |
| SBI Holdings | 4.3 |
| GLP J-Reit | 4.1 |
| West Holdings | 3.9 |
| Shoei Co Ltd | 3.5 |
| Total | 45.6 |

| Top 10 Sectors | |
|-----------------------|--------------|
| Sector | (%) |
| Chemicals | 17.4 |
| Info & Communications | 17.4 |
| Services | 15.1 |
| Real Estate | 13.4 |
| Electrical Appliances | 13.2 |
| Wholesale | 7.7 |
| Banks | 5.7 |
| Other Products | 5.5 |
| Insurance | 4.5 |
| Sec & Commodity | 4.3 |
| Total | 104.2 |

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 30.11.2020 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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All information and research material provided herein is subject to change and this document does not purport to provide a complete description of the funds, securities or other investments or markets referred to or the performance thereof. All expressions of opinion are subject to change without notice.

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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