

CC Japan Income & Growth Trust plc

ASSET MANAGEMENT LLP

CouplandCardiff

Commentary

December 2020

The well followed (but Price Weighted) Nikkei 225 closed at 27,568 on 29th December after a strong run during the month to reach a level which represents a 30 year high. Expectations for Covid-19 vaccine approvals and an additional US stimulus package were the catalysts for broad strength in equity markets despite signs that the pandemic was worsening in a number of regions across the world. Foreign investors, who had been major sellers of Japanese equities earlier in the year, have been consistent buyers throughout the rally from the end of October.

A rise in new coronavirus infections in Tokyo to above 2,000 per day has prompted the Government to declare a state of emergency for the capital and three surrounding prefectures (Kanagawa, Saitama and Chiba) lasting from 8th January to 7th February. This is Japan's second lockdown (the previous one was declared in April and extended until mid May) and is focused primarily on the hours of operation of restaurants and bars and also restrictions on events. The Government had already previously suspended its 'Go To' campaigns which were designed to support the entertainment and hospitality industries. As things stand these new restrictions are limited, both geographically and in nature, so consequently are expected to have only a modest impact on the general path of economic recovery experienced since the second quarter of 2020. Despite this, and temporary tighter restrictions on overseas visitors to Japan, Prime Minister Suga has reiterated the country's intention to host the postponed 2020 Tokyo Olympics and Para-Olympics in July and August. This is likely to be ahead of a General Election which must be called by October.

With near term uncertainties and 'events' on the horizon for 2021, Japanese equities are likely to remain in focus. We believe that the resilience of the corporate sector to the challenges presented by the Covid19 outbreak has been notable compared to other regions and is one of the reasons why foreign investors have been buyers of the market in recent months. Pressures remain on corporate managers to continue the underlying improvements in governance and capital efficiency that became evident under the guiding principles established by former Prime Minister Abe. The scheduled review of the Corporate Governance Code along with the revisions to eligibility criteria for inclusion in the indices of the Tokyo Stock Exchange, both due in the Spring, continue to influence corporate activity and medium term management policy. Nippon Parking Development for example, which as a domestic service operator (car parking, theme parks, ski resorts), has faced some of the toughest challenges in the last twelve months, has regardless focused on improving the productivity of its operations, has increased its dividend and announced a share buyback.

Fund Statistics		Investment Objective			Dividend (in GBP)					
Market Value	£212m	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 In- come GBP	157.16				Total	3.00	3.45	3.75	4.50	
NAV per share ex In- come GBP	153.35	Book Exposures			Discrete performance (%) full calendar years ⁽¹⁾					
Share Price GBP	138.000		No. Stks	%	Total Return	2020	2019	2018	2017	2016
Premium (Discount)	(12.2%)	Dividend Growth	34	97.8	Share Price	-9.09	10.79	-6.72	37.48	13.18
Dividends Paid	Aug & Mar	Special Situations	3	8.3	NAV	1.96	20.75	-11.34	30.64	19.28
Dividend Yield	3.26% ⁽²⁾	Stable Yield	5	10.5	TOPIX TR in GBP	9.49	15.65	-8.89	15.50	23.63
Financial Calendar:		Total	42	116.6						
Year End	31 October	Cumulative performance (%) ⁽¹⁾								
Company Fees:		Total Return		1 mth	YTD	1 Yr	3 Yrs	5 Yrs	Inception	
Ongoing charges ratio (OCR) per year (31.10.20)	1.04% ⁽³⁾	Share Price		-1.43	-9.09	-9.09	-5.84	46.41	54.10	
OCR includes Annual Management Fee:	0.75%	NAV		4.85	1.96	1.96	8.56	68.49	72.47	
AIFMD Exposure Calcu- lation at 30.06.20		TOPIX TR in GBP		1.71	9.49	9.49	15.37	64.74	75.47	
		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 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.								
Commitment	120.4 (% nav)									
Company Codes:										
ISIN	GB00BYSRM-H16									
Sedol	BYSRMH1 GB									
Bloomberg	CCJI LN									

(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.

Top 10 Holdings	
Holding	(%)
Shin-Etsu Chemical	6.2
Itochu Corp	5.1
Nippon T&T	4.8
Tokyo Electron	4.6
SoftBank Corp	4.4
Tokio Marine Holdings	4.3
GLP J-Reit	3.9
Denso	3.7
SBI Holdings	3.6
Shoei Co Ltd	3.6
Total	44.2

Top 10 Sectors	
Sector	(%)
Chemicals	17.3
Info & Communications	17.1
Services	15.2
Real Estate	13.2
Electrical Appliances	13.0
Wholesale	7.7
Other Products	5.5
Banks	5.5
Insurance	4.3
Transport Equipment	3.7
Total	102.5

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 31.12.2020 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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