

CC Japan Income & Growth Trust plc

ASSET MANAGEMENT LLP

CouplandCardiff

Commentary

February 2021

Sentiment towards Japanese equity markets remained favourable during February, buoyed by a robust third quarter earnings season which reinforced the evidence that business momentum has been improving, albeit unevenly across the economy, since the trough in the first quarter of the fiscal year. Mid month the Topix Index hit a high of 1965.08, a level last achieved in June 1991. As a point of interest it is worth noting that, at that time 30 years ago, the market had already fallen over 25% from its 1989 peak but still traded at multiples of over 3.0x book value and 40x price to earnings. This compares to current multiples of 1.33xPBR and 21xPER.

Market research by Nomura Securities which has produced style indices Topix Growth and Topix Value since 2009 highlights the fact that the February market returned the single best month of performance for the value index relative to growth. This was to the benefit of some of the long term holdings in the portfolio such as leading mega-banks, Sumitomo Mitsui Financial Group and Mitsubishi UFJ Financial Group, and trading companies Itochu and Mitsubishi Corp. The fund does not however have exposure to deeply cyclical, debt laden sectors such as airlines, iron & steel or shipping which led the value rally. There have been previous short periods when these sectors have risen sharply on expectations for improved near term business trading but it is their track record of consistently low returns and poor shareholder return record which we believe has a greater bearing on the long term performance of the shares of companies in these sectors.

The shares of the Trust traded ex of the 3.2p final dividend declared by the Board and which will be paid at the beginning of March. This dividend combined with the 1.4p interim dividend equates to a full year dividend increase of 2.2% over the distribution of 4.5p in 2019. This reflects the robust dividend profile of Japanese companies in general and the holdings in the portfolio specifically during a year which has undoubtedly been challenging for many income generating favourites in other developed equity markets. We continue to believe that the opportunities for further progress in Japan going forward are very clear and are encouraged by the attention given to shareholder returns in recent meetings with company management. There is no suggestion that companies consider the downturn caused by the global pandemic as a reason to backtrack from the goal of delivering more consistent returns to shareholders. For example West Holdings, one of the holdings in the portfolio, recently announced a 13 for 10 stock split but confirmed that it will pay the same ¥50 per share as a full year dividend. This consequently represents a 30% increase on their original forecast for the current year and a 44% increase on the dividend they paid in the prior year.

Fund Statistics		Investment Objective		Dividend (in GBp)							
Market Value	£201m	To provide shareholders with dividend income combined with capital growth, mainly through investment in equities listed or quoted in Japan.		Dividends Declared	YE Oct 2020	YE Oct 2019	YE Oct 2018	YE Oct 2017	YE Oct 2016		
No. Ordinary Shares in issue	134,730,610			Jun/Jul	1.40	1.40	1.25	1.15	1.00		
Launch date	Dec 2015			Jan/Feb	3.20	3.10	2.50	2.30	2.00		
NAV per Ordinary Share cum	149.15			Total	4.60	4.50	3.75	3.45	3.00		
NAV per Ordinary Share ex	148.74	Book Exposures		Discrete performance (%) full calendar years ⁽¹⁾							
Ordinary Share Price GBp	129.50		No. Stks	%	Total Return	2020	2019	2018	2017	2016	
Premium (Discount)	(13.2%)	Dividend Growth	36	99.7	Ord Share Price	-9.09	10.79	-6.72	37.48	13.18	
Subscription Share Price GBp	4.50	Special Situations	6	10.6	NAV (cum inc)	1.23	20.93	-10.96	30.49	21.13	
Dividends Paid	Aug & Mar	Stable Yield	5	11.3	TOPIX TR in GBP	9.49	15.65	-8.89	15.50	23.63	
Dividend Yield	3.55% ⁽²⁾	Total	47	121.6	Cumulative performance (%) ⁽¹⁾						
Financial Calendar Year End	31 October				Total Return	1 mth	YTD	1 Yr	3 Yrs	5 Yrs	Inception
Company Fees:					Share Price	-4.53	-3.84	7.28	-7.86	43.59	48.80
Ongoing charges ratio (OCR)	1.04% ⁽³⁾				NAV (cum inc)	-0.91	-3.06	12.94	4.87	67.15	71.45
OCR includes Annual	0.75%				TOPIX TR in GBP	0.01	-1.82	19.54	13.33	71.03	72.28
AIFMD Exposure Calculation					Notes						
Gross	118.4 (% nav)	(1) Source: Independent NAVs are calculated daily by PraxisIFM Fund Services (UK) Limited (by Northern Trust Global Services Limited pre 01.10.17.) From January 2021 Total Return performance details shown are net NAV to NAV returns (including current financial year revenue items) with gross dividends re-invested. Prior to January 2021 Total Return performance details shown were net NAV to NAV returns (excluding current financial year revenue items) with gross dividends re-invested. Ordinary Share Price period returns displayed are calculated as Total Return on a Last price to Last 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. (2) The yield is calculated using the actual dividends declared during the past 12 months and the closing Ordinary 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	118.0 (% nav)										
Company Codes:											
ISIN - Ordinary Share	GB00BYSRMH16										
Sedol - Ordinary Share	BYSRMH1 GB										
Bloomberg - Ordinary Share	CCJI LN										
ISIN - Subscription Share	GB00BM90B010										
Sedol - Subscription Share	BM90B01 GB										
Bloomberg - Subscription Share	CCJS LN										

Top 10 Holdings	
Holding	(%)
Itochu Corp	5.5
Sumitomo Mitsui Financial	5.3
Shin-Etsu Chemical	5.3
SBI Holdings	5.2
Nippon T&T	5.0
SoftBank Corp	4.9
Tokyo Electron	4.6
Tokio Marine Holdings	4.5
GLP J-Reit	4.2
Denso	3.9
Total	48.4

Top 10 Sectors	
Sector	(%)
Info & Communications	19.0
Chemicals	15.7
Real Estate	14.2
Services	12.8
Electrical Appliances	12.7
Banks	8.8
Wholesale	8.5
Other Products	6.2
Insurance	5.5
Sec & Cmdty	5.2
Total	108.6

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.

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 26.02.2021 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 ordinary and subscription shares will fluctuate. The price of the ordinary and subscription shares in the Company is determined by market supply and demand. The price of the ordinary shares 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.

Each subscription share will confer the holder with the right (but not the obligation) to subscribe for one ordinary share on exercise of the rights attaching to the subscription shares and on payment of the subscription price, which is 161 pence (being the unaudited published NAV per ordinary share as at the close of business on 15 February 2021, plus a one per cent. premium to such NAV per ordinary share, rounded up to the nearest whole penny). Notice of the exercise of the subscription share rights may be given on the last business day of each calendar quarter commencing on 31 May 2021 and finishing on the last business day in February 2023, after which the subscription share rights will lapse except in the circumstances set out in the prospectus in respect of the subscription shares.

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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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