

CC Japan Income & Growth Trust plc

ASSET MANAGEMENT LLP

CouplandCardiff

Commentary

March 2021

Japanese equity indices rose in March although there was a large difference in the return of Topix (+4.8% m/m) and Nikkei (+0.7% m/m). This is attributed in part to the outcome of the Bank of Japan's policy assessment. The most notable changes related to the guidelines for ETF purchases with a shift to a flexible programme rather than the commitment to an annual amount of Y6trn. It also announced the decision to stop purchasing ETFs tracking the Nikkei Stock Average in favour of Topix-tracking ETFs. Once again there was no discussion of the long term exit strategy for the holdings which now total over Y40 trillion and had unrealized gains of over Y10 trn late January. This will be an increasingly important point of discussion going forward.

We continue to believe that the influence of the Corporate Governance Code and proposed changes to the criteria for inclusion in Japan's leading indices are responsible for the favourable trends in corporate behaviour that underpin the argument for investing in Japan and this shareholder return focused strategy over the long term. The Financial Services Agency released its scheduled draft revisions to the Corporate Governance Code at the end of March. These included further guidelines on the experience and role of independent directors with notably stricter criteria for listed companies with a controlling shareholder. There was also call for greater clarity on the implementation of ESG matters, assessments of cross-shareholdings and the independence of corporate pension plans.

Asahi Holdings has been established as a new position in the portfolio and this company is a good example as to how the regulatory changes have shaped a more attractive investment opportunity. This company is involved in the recycling and reeling of precious metals and more recently the general processing and recycling of a wide range of waste materials. Since 2015 when the Corporate Governance Code was first introduced, Asahi Holdings has focused on its two main areas of business and has been winding down its peripheral activities such as its Life & Healthcare division which has no synergies with the other operations and lacked competitive scale. In more recent years, the management have additionally clarified their shareholder return policy to prioritise a progressive dividend payment with an intent to maintain a stable absolute level if earnings face a temporary decline.

The general focus on dividends has become very clear over the last twelve months even though a final assessment can not be made until companies have announced their FY20 results. The value of share buybacks however for the year is known and totalled Y4.3trn, an aggregate amount down 40.8% y/y. As a result overall shareholder returns will likely fall y/y reflecting the fact that companies have prioritised short term cash management in the face of the heightened uncertainty. A strong recovery in FY21 is expected however given the pick up in corporate earnings from the final quarter of last year and the additional accumulation of cash and deposits on balance sheets during the year. For FY21, Nomura are forecasting not only a dividend growth returning to its previous trajectory, but total dividends to be at a record high.

Fund Statistics		Investment Objective			Dividend (in GBP)					
Market Value	£211m	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 Income GBP	156.67				Total	4.60	4.50	3.75	3.45	3.00
NAV per Ordinary Share ex Income GBP	154.45	Book Exposures			Discrete performance (%) full calendar years ⁽¹⁾					
Ordinary Share Price GBP	141.50		No. Stks	%	Total Return	2020	2019	2018	2017	2016
Premium (Discount)	(9.7%)	Dividend Growth	34	98.4	Ord Share Price	-9.09	10.79	-6.72	37.48	13.18
Subscription Share Price GBP	8.00	Special Situations	6	10.4	NAV (cum inc)	1.23	20.93	-10.96	30.49	21.13
Dividends Paid	Aug & Mar	Stable Yield	5	10.4	TOPIX TR in GBP	9.49	15.65	-8.89	15.50	23.63
Dividend Yield	3.25% ⁽²⁾	Total	45	119.2						
Financial Calendar 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)	1.04% ⁽³⁾	Share Price	9.27	4.86	33.42	2.90	48.89	60.80		
OCR includes Annual	0.75%	NAV (cum inc)	5.04	1.72	31.79	13.35	68.78	79.10		
AIFMD Exposure Calculation		TOPIX TR in GBP	2.75	0.88	25.29	21.01	72.44	77.02		
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									

1/3

Top 10 Holdings	
Holding	(%)
Sumitomo Mitsui Financial	5.6
Itochu Corp	5.3
SBI Holdings	4.9
Shin-Etsu Chemical	4.9
Mitsubishi UFJ Financial	4.9
Nippon T&T	4.8
Tokyo Electron	4.5
SoftBank Corp	4.5
Tokio Marine Holdings	4.1
Denso	4.1
Total	47.6

Top 10 Sectors	
Sector	(%)
Info & Communications	15.6
Chemicals	15.1
Real Estate	14.0
Services	12.6
Banks	10.5
Electrical Appliances	9.4
Wholesale	8.8
Other Products	6.4
Insurance	6.0
Sec & Cmdty	4.9
Total	103.3

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 31.03.2021 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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