

CC Japan Income & Growth Trust plc

ASSET MANAGEMENT LLP

CouplandCardiff

Commentary

April 2021

After a very strong performance in March, the index fell 2.9% during April as concerns over signs of a renewed spread of coronavirus domestically and also selected regions overseas offset encouraging news about the state of global economic recovery and the generally positive start to the fiscal year end reporting season.

As the number of cases in Osaka initially surpassed previous levels, the Osaka, Hyogo and Miyagi prefectures were placed under a quasi state of emergency by imposing limits on restaurants and other entertainment businesses, particularly those that serve alcohol. While falling well short of a full lockdown, the imposition of the voluntary compliance restrictions has dampened the recovery of the domestic services industries that have been hardest hit over the last twelve months. This state of emergency was later extended regionally to the Tokyo, Aichi and Kyoto prefectures and by duration to the end of May. The Government have been criticised for lacking urgency in promoting the vaccination program which has fallen well behind the inoculation levels of other major economies. There may be implications of this current situation to whether or not Tokyo can host the Olympic Game which are scheduled to start on July 23 and also the general election which must be called by October this year.

The disparity amongst different industries in terms of economic activity is visible both in headline macroeconomic data and also individual company results. While world trade volume hit historic highs in the few months of the year, benefitting many of Japan's exporters and leading industrial companies, the number of global international tourists is down over 90% compared to the previous year. The semiconductor industry is one that has experienced an extremely strong recovery from the lows of 2020 with a number of companies surpassing their initial expectations by a significant margin and notably reflecting this is enhanced shareholder returns for the year just completed.

Shin-Etsu Chemical paid an additional Y10 per share in its second half dividend (Y130 compared to original forecast of Y120) for a full year increase of 13.6% on FY20 to reflect the strength of their PVC and silicon wafer businesses and price negotiations for the current year. Similarly Tokyo Electron and Murata increased their FY2020 dividend payments by a further Y41 and Y5 respectively resulting in annual increases of 32.8% and 18.5%. Strong financial markets had a favourable impact on the results of SBI Holdings and the Japan Exchange Group. SBI consequently paid a final dividend of Y100, an additional Y20 on the expected Y80 and Japan Exchange announced the additional payment of a Y10 special dividend and a share buyback programme of Y20bn equivalent to 1.4% of the outstanding equity. It is notable that many companies have announced seemingly conservative forecasts for FY2021 due to a general uncertainty about the near term trends but increases in capital investment to match longer term ambitions.

Fund Statistics		Investment Objective			Dividend (in GBP)					
Market Value	£209m	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	154.81				Total	4.60	4.50	3.75	3.45	3.00
NAV per Ordinary Share ex Income GBP	152.59		Book Exposures			Discrete performance (%) full calendar years ⁽¹⁾				
Ordinary Share Price GBP	145.00		No. Stks	%	Total Return	2020	2019	2018	2017	2016
Premium (Discount)	(6.3%)	Dividend Growth	32	98.5	Ord Share Price	-9.09	10.79	-6.72	37.48	13.18
Subscription Share Price GBP	8.00	Special Situations	5	11.2	NAV (cum inc)	1.23	20.93	-10.96	30.49	21.13
Dividends Paid	Aug & Mar	Stable Yield	4	9.2	TOPIX TR in GBP	9.49	15.65	-8.89	15.50	23.63
Dividend Yield	3.17% ⁽²⁾	Total	41	118.9						
Financial Calendar Year End	31 October									
Company Fees:		Cumulative performance (%) ⁽¹⁾								
Ongoing charges ratio (OCR) per year (31.10.20)	1.04% ⁽³⁾	Total Return	1 mth	YTD	1 Yr	3 Yrs	5 Yrs	Inception		
OCR includes Annual Management Fee:	0.75%	Share Price	2.47	7.39	19.68	-1.34	53.19	64.30		
AIFMD Exposure Calculation at 31.12.20		NAV (cum inc)	-1.19	0.54	23.07	7.39	67.53	77.21		
		TOPIX TR in GBP	-2.24	-1.38	16.57	13.53	63.76	73.04		
		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									

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Top 10 Holdings	
Holding	(%)
Sumitomo Mitsui Financial	5.4
SBI Holdings	5.1
Itochu Corp	4.9
Shin-Etsu Chemical	4.9
Asahi Holdings	4.8
Mitsubishi UFJ Financial	4.8
Nippon T&T	4.7
SoftBank Corp	4.5
Tokyo Electron	4.4
GLP J-Reit	4.2
Total	47.7

Top 10 Sectors	
Sector	(%)
Info & Communications	15.9
Chemicals	15.0
Real Estate	12.9
Services	11.8
Banks	10.2
Electrical Appliances	9.2
Wholesale	8.3
Insurance	6.1
Other Products	5.1
Sec & Cmdty	5.1
Total	99.6

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 25.02.21) 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 30.04.2021 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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This document is based upon information which Coupland Cardiff Asset Management LLP (CCAM) considers reliable, but no representation is made that it is accurate or complete and nor should it be relied upon as such. Past performance is no guarantee of future performance. You should note that your capital is at risk with this investment and you may get back less than you invested.

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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