

CC Japan Income & Growth Trust plc

ASSET MANAGEMENT LLP

CouplandCardiff

Commentary

August 2021

August was a relatively quiet month for news although the Topix Total Return Index rose 3.2% in yen. Generally strong results for the first quarter of the fiscal year and supportive comments regarding US monetary policy offset concerns over the rising number of Covid cases in Japan and the negative connotations of an announcement by Toyota Motor that it plans to cut back on production due to shortages in supplies of semiconductors.

Judging by the weak foreign investor flows, Japan has appeared to offer little interest in recent months other than the Olympic Games which were successfully staged in Tokyo despite many concerns and criticisms in the lead up to the opening ceremony. This changed notably at the beginning of September with the surprise announcement, given his repeated assurances to the contrary, that Yoshihide Suga has decided not to stand for re-election in the upcoming Liberal Democratic Party (LDP) leadership contest, an effective resignation from his post as Prime Minister of Japan. The Prime Minister's departure seemingly improves the standing of the ruling Liberal Democratic Party (LDP) ahead of the upcoming General Election and any downside risk of political turmoil if the LDP were to have performed poorly has seemingly been avoided. A number of seasoned politicians have already stepped forward as potential candidates and what is likely to be a keenly fought LDP presidential election will begin on September 17 and conclude on September 29. At this stage it is unlikely however that whoever succeeds the current Prime Minister will deviate significantly from the long term economic policy established by Shinzo Abe or the renewable energy goals and digitalisation strategies introduced by the outgoing leader however the prospects of a favourable fiscal stimulus package to support the economy in the near term are raised.

Within the portfolio it was pleasing to see Yamaha Motor raise its projected dividend for the year from Y90 to Y100 after announcing their first half results. A subsequent meeting with the company confirmed the sustainability of their recent operating success and also the renewed focus on shareholder return which could lead to an improved distribution in the next mid-term plan which will be announced next Spring. It was encouraging that shortly after the meeting Yamaha Corp and Yamaha Motor announced a substantial reduction in their mutual cross-shareholdings, a move entirely consistent with each company's efforts to improve capital efficiency and corporate governance. We believe that this is further evidence of the positive underlying trends in Japan despite the challenges faced during the pandemic and that these will continue whoever assumes the role of Prime Minister in the next few weeks.

Fund Statistics		Investment Objective			Dividend (in GBp)						
Market Value	£216m	To provide shareholders with dividend income combined with capital growth, mainly through investment in equities listed or quoted in Japan.			Dividends Declared	YE Oct 2021	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	1.40	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	160.21				Total	1.40	4.60	4.50	3.75	3.45	3.00
NAV per Ordinary Share ex Income GBp	159.01	Book Exposures			Discrete performance (%) full calendar years ⁽¹⁾						
Ordinary Share Price GBp	140.50		No. Stks	%	Total Return	2020	2019	2018	2017	2016	
Premium (Discount)	(12.3%)	Dividend Growth	32	98.8	Ord Share Price	-9.09	10.79	-6.72	37.48	13.18	
Subscription Share Price GBp	2.50	Special Situations	5	11.4	NAV (cum inc)	1.23	20.93	-10.96	30.49	21.13	
Dividends Paid	Aug & Mar	Stable Yield	3	9.3	TOPIX TR in GBp	9.49	15.65	-8.89	15.50	23.63	
Dividend Yield	3.27% ⁽²⁾	Total	40	119.5	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	4.07	5.14	24.02	-5.83	42.40	61.20
Ongoing charges ratio (OCR) per year (30.04.21)	1.04% ⁽³⁾				NAV (cum inc)	5.43	4.87	23.41	10.76	59.76	84.13
OCR includes Annual Management Fee:	0.75%				TOPIX TR in GBp	4.35	2.11	15.54	15.37	47.96	79.18
AIFMD Exposure Calculation at 30.06.21					Notes						
Gross	122.1 (% 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	120.0 (% 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	(%)
Sumitomo Mitsui Financial	5.6
Mitsubishi UFJ Financial	5.2
Nippon T&T	4.9
Asahi Holdings	4.7
Shin-Etsu Chemical	4.7
Itochu Corp	4.6
SoftBank Corp	4.5
GLP J-Reit	4.4
SBI Holdings	4.3
Denso	4.2
Total	47.1

Top 10 Sectors	
Sector	(%)
Info & Communications	15.1
Chemicals	15.0
Real Estate	14.0
Banks	10.8
Electrical Appliances	9.0
Services	8.3
Wholesale	8.2
Insurance	6.5
Other Financing Business	5.8
Transport Equipment	5.6
Total	98.3

Company Information

Launch date	15 December 2015
AIC sector	Japan
Fund manager	Richard Aston
Directors	Harry Wells (Chairman), Kate Cornish-Bowden, John Scott, 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.

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 31.08.2021 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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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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