

# CC Japan Income & Growth Trust plc

ASSET MANAGEMENT LLP

CouplandCardiff

Commentary

December 2021

The Topix Total return Index (GBP) rose by 0.6% in December. The market rebounded from the previous month's losses as fears over the impact of the Omicron variant of Covid-19 receded with semiconductor related and interest rate sensitive stocks leading the bounce. The Yen weakened notably (from Y150.5/£ to Y155.7/£) as the risk on mood returned and the cross rate finished the year close to its post-Brexit lows. With the backdrop of the Bank of England starting to raise interest rates and our belief that the Bank of Japan is unlikely to change its monetary policy in the near term, this trend of modest Yen weakening is likely to continue.

Portfolio attribution has been strongly positive over the last twelve months with the structural gearing held consistently within the Trust making an important contribution. At the stock level, new positions that were established during the equity market volatility of 2020, feature prominently in the leading performers. Companies such as Dip, Open House, Denso and Technopro are beneficiaries of the domestic economic recovery to date and their share prices have performed well.

It has been especially pleasing to see also the improved share price performance of long-standing holdings in the banking (Sumitomo Mitsui Financial Group & Mitsubishi UFJ Financial Group) and Telecommunications (Softbank Corp & NTT Group) sectors. Despite facing considerable business challenges over the past 18 months, these companies have been able to improve their returns to shareholders with increases in annual dividends and share buyback initiatives which have been favourably received.

We believe that this strategy has demonstrated a strong recovery from the unexpected consequences of the Covid-19 pandemic and the detrimental impact this had on some of the portfolio holdings. The Trust has resolutely continued to focus on high quality companies with attractive long term growth prospects and we are encouraged by the attention awarded to shareholders from the majority of companies in the portfolio and excited by the increasing number of investment opportunities the economic recovery is creating.

Fund Statistics		Investment Objective			Dividend (in GBp)						
Market Value	£228m	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	169.51				Total	1.40	4.60	4.50	3.75	3.45	3.00
NAV per Ordinary Share ex Income GBp	166.06				Book Exposures			Discrete performance (%) full calendar years <sup>(1)</sup>			
Ordinary Share Price GBp	150.50		No. Stks	%	Total Return	2021	2020	2019	2018	2017	2016
Premium (Discount)	(11.2%)	Dividend Growth	32	97.2	Ord Share Price	12.39	-9.09	10.79	-6.72	37.48	13.18
Subscription Share Price GBp	2.5	Special Situations	5	12.8	NAV (cum inc)	10.79	1.23	20.93	-10.96	30.49	21.13
Dividends Paid	Aug & Mar	Stable Yield	3	9	TOPIX TR in GBP	2.22	9.49	15.65	-8.89	15.50	23.63
Dividend Yield	3.06% <sup>(2)</sup>										
Financial Calendar Year End	31 October	Total	40	119							
Company Fees:		Cumulative performance (%) <sup>(1)</sup>									
Ongoing charges ratio (OCR) per year (31.10.21)	1.05% <sup>(3)</sup>	Total Return	1 mth	YTD	1 Yr	3 Yrs	5 Yrs	Inception			
OCR includes Annual Management Fee:	0.75%	Share Price	2.38	12.39	12.39	12.76	44.08	71.20			
AIFMD Exposure Calculation at 30.06.21		NAV (cum inc)	2.45	10.79	10.79	34.91	55.23	93.60			
		TOPIX TR in GBP	0.60	2.22	2.22	29.45	36.22	76.04			
		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. Past performance may not be a reliable guide to future performance. 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	5.3
Mitsubishi UFJ Financial	5.1
Tokyo Electron	4.9
Nippon T&T	4.8
Itochu Corp	4.8
SBI Holdings	4.6
Denso	4.5
Softbank Corp	4.1
Shin-Etsu Chemical	4.1
GLP J-Reit	4.0
<b>Total</b>	<b>46.2</b>

Top 10 Sectors	
Sector	(%)
Info & Communications	16.8
Chemicals	13.6
Real Estate	13.5
Electrical Appliances	12.8
Banks	10.4
Services	9.0
Wholesale	8.5
Transport Equipment	6.7
Insurance	6.4
Sec&Cmdty	4.6
<b>Total</b>	<b>102.3</b>

### 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.

### 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	<a href="http://www.ccjapanincomeandgrowthtrust.com">www.ccjapanincomeandgrowthtrust.com</a>

### 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.

**Sustainability Risk** - Environmental, social and governance events or conditions could occur that have an adverse impact on the value of the Fund's investments, either directly, or by contributing to the impact or materiality of other risks.

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](http://www.ccjapanincomeandgrowthtrust.com).

All data as at 31.12.2021 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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