

# CC Japan Income & Growth Trust plc

ASSET MANAGEMENT LLP

CouplandCardiff

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## Commentary

July 2022

The Topix Total Return index rose 5.56% during the month of July reflecting the combination of a strong underlying market and a stronger Yen against sterling, a modest reversal of recent trends.

Newsflow at the beginning of the month was dominated by the sad and tragic assassination of former Prime Minister Abe on 8th July whilst campaigning ahead of the Upper House Elections which were held as scheduled on 10th July. It was not a news event we would ever have expected to wake up to in a country where political discord is minimal and gun crime is extremely rare. The ruling LDP easily regained its Upper House majority as had been expected which appears to give Prime Minister Fumio Kishida, who served as Foreign Minister under the Abe administration, a fresh mandate for the next three years during which he is not scheduled to face another national election. It is possible that without the presence of his former boss, Kishida will veer further from Abenomic policies than might have been the case otherwise. The New Capitalism framework that Kishida has promoted so far addresses inequality and other issues that were not prominent in the Abenomics. Time will tell whether the implications of this tragic event are a divergence from the Abenomics' policies that have dominated the Japanese economic landscape for the last decade or whether the former Prime Minister's legacy becomes the foundation for another.

The month as a whole saw a stark intra-month reversal of many recent trends in global asset markets. US inflation data at the start of the month hit a 40 year high however subsequent economic data releases highlighted some weaker areas of activity which have led to the belief that the US Federal Reserve will need to tighten less than previously expected. The US 10 Year yield, which peaked at almost 3.5% mid-month, fell to 2.65% at the end of the month favouring the valuation of longer duration growth stocks and this move was also influential in a strengthening of the Yen from a 24 year record level of Y138.96/\$ on 14 July to Y133.27/\$ at the end of the month despite the Bank of Japan reconfirming its stance as the only dove amongst global central banks by leaving its policies unchanged at its monthly meeting. One of the reasons given for this stance is a resurgence of the daily number of people testing positive for Covid-19 in Japan which is hitting new highs and has resulted in the Japanese Government postponing the reintroduction of its 'Go To' travel campaign and fully reopening its borders to international travellers.

Fund Statistics		Investment Objective			Dividend (in GBP)							
Market Value	£213m	To provide shareholders with dividend income combined with capital growth, mainly through investment in equities listed or quoted in Japan.	Dividends Declared	YE Oct 2022	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											
Launch date	Dec 2015											
NAV per Ordinary Share cum Income GBP	157.78											
NAV per Ordinary Share ex Income GBP	156.40	Book Exposures			Discrete performance (%) full calendar years <sup>(1)</sup>							
Ordinary Share Price GBP	142.00		No. Stks	%	Total Return		2021	2020	2019	2018	2017	2016
Premium (Discount)	(10.0%)	Dividend Growth	30	96.9	Ord Share Price		12.39	-9.09	10.79	-6.72	37.48	13.18
Subscription Share Price GBP	2.50	Special Situations	5	13.3	NAV (cum inc)		10.79	1.23	20.93	-10.96	30.49	21.13
Dividends Paid	Aug & Mar	Stable Yield	3	9.0	TOPIX TR in GBP		2.22	9.49	15.65	-8.89	15.50	23.63
Dividend Yield	3.35% <sup>(2)</sup>	Total	38	119.2								
Active Share	79.34% <sup>(3)</sup>	Cumulative performance (%) <sup>(1)</sup>										
Financial Calendar Year End	31 October	Total Return		1 mth	YTD	1 Yr	3 Yrs	5 Yrs	Inception			
Company Fees:		Share Price		5.44	-2.49	8.70	3.73	17.69	67.45			
Ongoing charges ratio (OCR) per year (31.10.21)	1.05% <sup>(4)</sup>	NAV (cum inc)		3.92	-4.12	6.96	10.10	34.17	86.49			
OCR includes Annual Management Fee:	0.75%	TOPIX TR in GBP		5.56	5.57	-1.36	8.28	20.34	66.24			
AIFMD Exposure Calculation at 30.06.22		Notes										
Gross	118.41 (% nav)	(1) Source: Independent NAVs are calculated daily by Sanne 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 based on a midday FX rate consistent with the valuation point. 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: Refinitiv Eikon (4) Source: OCR is calculated by Sanne Fund Services (UK) Limited. This is rounded to 2 decimal places.										
Commitment	119.94 (% 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	6.3
Mitsubishi UFJ Financial	6.2
Nippon T&T	6.0
Sompo Holdings	4.7
Softbank Corp	4.5
Itochu Corp	4.4
DIP	4.3
Toyota Motor	4.3
Noevir Holdings	4.2
SBI Holdings	4.1
<b>Total</b>	<b>49.0</b>

Top 10 Sectors	
Sector	(%)
Info & Communications	19.8
Chemicals	15.1
Banks	12.5
Electrical Appliances	11.3
Real Estate	9.1
Insurance	8.2
Services	8.1
Wholesale	7.7
Transport Equipment	7.3
Other Products	4.6
<b>Total</b>	<b>103.7</b>

## Company Information

Launch date	15 December 2015
AIC sector	Japan
Fund manager	Richard Aston
Directors	Harry Wells (Chairman), June Aitken, Craig Cleland, Kate Cornish-Bowden, Peter Wolton.

## Contact Details

Address	Coupland Cardiff Asset Management LLP 5th Floor, 31-32 St. James's Street London, SW1A 1HD.
Company Secretary	Sanne 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 29.07.2022 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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