

CC Japan Income & Growth Trust plc

ASSET MANAGEMENT LLP

CouplandCardiff

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Commentary

February 2023

The NAV of the CC Japan Income & Growth Trust fell 1.86% in GBP during February. The Board declared a second interim dividend of 3.5 pence per share in January and this was reflected in the share price ex-dividend adjustment at the beginning of February. This payment is a 4.5% increase on same period last year and equates to a 3.2% rise for the total dividends paid for the Trust's financial year. The 4.9p total was fully covered by income generated from the portfolio holdings.

Kazuo Ueda was a surprise announcement as the government nominee for the position of next BoJ Governor. He is a former BoJ Board member (1998-2005) and was considered a candidate for the role as Governor in 2008 (when Maasaki Shirakawa replaced Toshihiko Fukuii). Given the very easy monetary conditions under current Governor Kuroda and the adjustment to Yield Curve Control in December, there are growing expectations that the new Governor to be more hawkish than his predecessor. However, his comments to date have been rather pragmatic and supportive of the current policy of easing, citing the current uncertain state of the economy. Our view remains that any path of the retracement of the easy monetary policy in Japan will be a cautious one with time given to assess the impacts of each and every adjustment announced.

At the end of January, the Tokyo Stock Exchange announced its first scheduled review of the reformulated indices introduced in April 2022 (TSE Prime, TSE Standard, TSE Growth). Specifically, an end to the transitional period for companies that do not meet the continued listing criteria was established and also proposals to raise awareness (and disclosure requirements) at the corporate level of cost of capital and capital efficiency in accordance with the principle of the Corporate Governance Code. Notably, this will be targeted at companies with a Price-to-Book Ratio (PBR) of less than 1x. This is currently approximately 50% of listed companies in Japan, a figure which is an order of magnitude higher than other developed market, and indicates the significant potential for a rerating of the Japanese equity market if these companies can be encouraged to manage their businesses in a more financially efficient manner. We believe that this initiative provides further evidence of the desire (and need) for continued improvement in Japan to build on the foundations established by the Corporate Governance Code which have considerably enhanced the investment attraction of Japanese equities over the last 10 years.

| Fund Statistics | | Investment Objective | | | Dividend (in GBP) | | | | | | | |
|---|-----------------------|---|--------------------|--------------|---|-------------|-------------|-------------|-------------|-------------|-------|--|
| Market Value | £222m | 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 | 164.83 | | | | | | | | | | | |
| NAV per Ordinary Share ex Income GBP | 164.78 | Book Exposures | | | Discrete performance (%) full calendar years ⁽¹⁾ | | | | | | | |
| Ordinary Share Price GBP | 154.50 | No. Stks | % | Total Return | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 | | |
| Premium (Discount) | (6.3%) | Dividend Growth | 32 | 101.0 | Ord Share Price | 1.79 | 12.39 | -9.09 | 10.79 | -6.72 | 37.48 | |
| Dividends Paid | Aug & Mar | Special Situations | 4 | 9.7 | NAV (cum inc) | -0.51 | 10.79 | 1.23 | 20.93 | -10.96 | 30.49 | |
| Dividend Yield | 3.17% ⁽²⁾ | Stable Yield | 3 | 9.2 | TOPIX TR in GBP | -4.60 | 2.22 | 9.49 | 15.65 | -8.89 | 15.50 | |
| Active Share | 80.75% ⁽³⁾ | Total | 39 | 119.9 | | | | | | | | |
| 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) per year (31.10.22) | 1.06% ⁽⁴⁾ | Share Price | -0.37 | 6.34 | 6.89 | 36.21 | 16.42 | 88.54 | | | | |
| OCR includes Annual Management Fee: | 0.75% | NAV (cum inc) | -1.86 | 2.74 | 5.77 | 32.49 | 23.31 | 103.51 | | | | |
| AIFMD Exposure Calculation at 28.02.23 | | TOPIX TR in GBP | -1.86 | 1.09 | 1.53 | 20.03 | 13.79 | 69.78 | | | | |
| Gross | 122.12 (% nav) | Notes | | | | | | | | | | |
| Commitment | 121.27 (% nav) | (1) Source: Independent NAVs are calculated daily by Apex Listed Companies 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 Apex Listed Companies Services (UK) Limited This is rounded to 2 decimal places. | | | | | | | | | | |
| Company Codes: | | 1/3 | | | | | | | | | | |
| ISIN - Ordinary Share | GB00BYSRMH16 | | | | | | | | | | | |
| Sedol - Ordinary Share | BYSRMH1 GB | | | | | | | | | | | |
| Bloomberg - Ordinary Share | CCJI LN | | | | | | | | | | | |

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| Top 10 Holdings | |
|--------------------------------|-------------|
| Holding | (%) |
| Sumitomo Mitsui Financial | 7.8 |
| Socionext Inc | 6.6 |
| Mitsubishi UFJ Financial | 6.3 |
| Nippon Telegraph and Telephone | 5.5 |
| SBI Holdings | 4.6 |
| Sompo Holdings | 4.4 |
| Itochu Corp | 4.4 |
| Shin-Etsu Chemicals | 4.4 |
| Softbank Corp | 4.3 |
| DIP | 4.0 |
| Total | 52.3 |

| Top 10 Sectors | |
|--------------------------|--------------|
| Sector | (%) |
| Electrical Appliances | 16.5 |
| Chemicals | 16.4 |
| Info & Communications | 15.8 |
| Banks | 14.1 |
| Services | 10.5 |
| Insurance | 8.1 |
| Wholesale | 7.1 |
| Other Financial Business | 5.4 |
| Retail Trade | 5.0 |
| Real Estate | 5.0 |
| Total | 103.9 |

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 | Apex Listed Companies 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.

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.

All data as at 28.02.2023 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 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.

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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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