

# CC Japan Income & Growth Trust plc

ASSET MANAGEMENT LLP

CouplandCardiff

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## Commentary

April 2023

The NAV in GBP of the Coupland Cardiff Japan Income & Growth Trust was flat during April, in line with the index.

To our mind, economic trends and policy developments in Japan should continue to warrant attention given the positive implications these are having for investors. We are potentially not alone in this view with recent data showing large buying by foreign investors (largest weekly purchase since November 2013) and an endorsement of the attraction of Japanese equities from Warren Buffet in a Nikkei article ahead of his recent visit to Japan. In his interview he highlighted the attraction of the share buybacks and high dividend payments of the five trading companies that Berkshire Hathaway first bought in 2020 and subsequently increased their stakes. He was quoted as saying that investments in other Japanese companies are “always a matter of consideration”<sup>(5)</sup> and it will probably not have gone unnoticed that in fiscal year 2022 both the aggregate dividends declared by Japanese companies and the share buybacks authorized by listed companies both hit record highs.

These are now well established and very positive trends for shareholders. Importantly, we believe these are set to continue due to a broadening of the supportive voices for improved corporate governance standards within Japan. A notable initiative by the Tokyo Stock Exchange announced at the end of March to will encourage companies to develop a greater awareness of cost of capital and raising corporate value and has received widespread attention. The Japanese FSA also released a paper entitled ‘Action Program for accelerating Corporate Governance Reform: From Form to Substance’ during the month as a planned follow up to the Stewardship and Corporate Governance Codes. These codes were first introduced in 2014 and 2015 respectively and with subsequent revisions have become the foundation for the steady but visible improvements in shareholder return. The report highlights the many areas of progress so far but also recognises that there are remaining issues where further attention is required. These recent announcements from the Tokyo Stock Exchange and Financial Services Agency are very clear evidence that the desire for change and improvement is undiminished despite the operational challenges the covid pandemic has presented.

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				Jun/Jul	1.40	1.40	1.40	1.40	1.25	1.15	1.00
Launch date	Dec 2015				Jan/Feb	3.50	3.35	3.20	3.10	2.50	2.30	2.00
NAV per Ordinary Share cum Income GBP	164.80				Total	4.90	4.75	4.60	4.50	3.75	3.45	3.00
NAV per Ordinary Share ex Income GBP	162.14	Book Exposures			Discrete performance (%) full calendar years <sup>(1)</sup>							
Ordinary Share Price GBP	153.50		No. Stks	%	Total Return	2022	2021	2020	2019	2018	2017	
Premium (Discount)	(6.9%)	Dividend Growth	32	99.3	Ord Share Price	1.79	12.39	-9.09	10.79	-6.72	37.48	
Dividends Paid	Aug & Mar	Special Situations	4	9.4	NAV (cum inc)	-0.51	10.79	1.23	20.93	-10.96	30.49	
Dividend Yield	3.19% <sup>(2)</sup>	Stable Yield	3	8.9	TOPIX TR in GBP	-4.60	2.22	9.49	15.65	-8.89	15.50	
Active Share	81.79% <sup>(3)</sup>	Total	39	117.6								
Financial Calendar Year End	31 October	Cumulative performance (%) <sup>(1)</sup>										
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% <sup>(4)</sup>	Share Price		0.66	5.65	9.13	35.33	11.69	87.32			
OCR includes Annual Management Fee:	0.75%	NAV (cum inc)		-0.06	2.72	5.37	39.22	21.99	103.47			
		TOPIX TR in GBP		0.02	3.07	7.45	18.82	15.72	73.11			
AIFMD Exposure Calculation at 31.03.23		Notes										
Gross	119.28 (% 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. (5) Source: Nikkei Asia article dated 11 April 2023										
Commitment	118.37 (% nav)											
Company Codes:												
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	7.1
Mitsubishi UFJ Financial	6.0
Nippon Telegraph and Telephone	5.6
Socionext Inc	5.6
Itochu Corp	4.7
Shin-Etsu Chemicals	4.3
Softbank Corp	4.2
Sompo Holdings	4.1
SBI Holdings	4.1
Noevir Holdings	3.8
<b>Total</b>	<b>49.5</b>

Top 10 Sectors	
Sector	(%)
Chemicals	17.4
Electrical Appliances	15.8
Info & Communications	15.8
Banks	13.1
Services	10.1
Wholesale	7.6
Insurance	7.5
Other Financial Business	5.2
Real Estate	5.2
Retail Trade	5.0
<b>Total</b>	<b>102.7</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	Apex Listed Companies 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 30.04.2023 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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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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