

CHIKARA CC JAPAN INCOME & GROWTH TRUST PLC

This is a marketing communication. This is not a contractually binding document. Please refer to the Prospectus and to the relevant KID(s)/KIID(s) and do not base any final investment decision on this communication alone.

COMMENTARY

August 2023

The Net Asset Value of the CC Japan Income & Growth Trust fell by 0.51% in August although in local currency terms Topix rose 0.4% for its eighth consecutive monthly increase. The Yen weakened against Sterling from Y182.6 to Y184.4 and intra-month fell to Y186.5, its lowest level since 2015.

The fiscal year first quarter reporting season is usually the quietest for news on shareholder returns and so it proved to be again this year for both portfolio holdings and the market in general. While the initiative of Tokyo Stock Exchange to encourage greater awareness of corporate value and cost of capital has been an important topic of conversation during recent company meetings, the immediate response has been relatively muted. Aggregate share buyback announcements for example during the fiscal year-to-date have been no greater than the previous year (although this was the highest in recent years). We believe that companies are set to take a more considered response to the TSE suggestions as it involves decisions not just on financial position but also operating performance and business structure. We have no doubt that the TSE initiative will be influential given the acknowledgement of its rationale expressed by the management we have met and remain confident that, as with many of the recent governance initiatives in Japan, the benefits to shareholders will become apparent over time.

The TSE's annual stock ownership survey was released in July and shows that despite the record share buybacks the aggregate ownership of business corporations continues to fall (from 23.6% to 23.0%) as the unwind of cross shareholdings accelerate. This ongoing decline is a good example of long established policies in Japan continuing to trend in the right direction. The survey also shows that retail investors increased their ownership in the Japanese stock market for the second consecutive year. In the medium term we consider Japanese investor's participation in the local stock market to be increasingly important, particularly with the upcoming expansion of the Nippon Individual Savings Account (NISA) program in January 2024.

At the beginning of the month, Toshiba, the well-known but recently troubled industrial and electrical conglomerate, announced that an investor group led by Japan Industrial Partners, will launch a takeover bid for the company. This will end its 74 year history as a publicly listed company. While it has been a difficult path to this conclusion for the company and investors, we see this a culmination of two important trends in Japan; 1) the role of more active shareholders in Japan seeking to improve corporate value; and 2) the impact of the recently enacted National Security Strategy which seeks to promote investment in Japan in critical technologies, infrastructure and supply chains. Both are positive for Japan's outlook.

FUND STATISTICS		INVESTMENT OBJECTIVE		BOOK EXPOSURES		No. Stocks	%			
Market Value	£235m	To provide shareholders with dividend income combined with capital growth, mainly through investment in equities listed or quoted in Japan.		Dividend Growth		31	99.0			
No. Ordinary Shares in issue	134,730,610			Special Sits.		6	12.0			
Launch date	Dec 2015			Stable Yield		3	8.4			
NAV per Ordinary Share cum Income GBP	174.74			Total		40	119.4			
NAV per Ordinary Share ex Income GBP	173.37			DIVIDEND (IN GBP)						
Ordinary Share Price GBP	167.0	Dividends Declared	YE Oct 2023	YE Oct 2022	YE Oct 2021	YE Oct 2020	YE Oct 2019	YE Oct 2018	YE Oct 2017	YE Oct 2016
Premium (Discount)	(4.4%)	Jun/Jul	1.55	1.40	1.40	1.40	1.40	1.25	1.15	1.00
Dividends Paid	Aug & Mar	Jan/Feb		3.50	3.35	3.20	3.10	2.50	2.30	2.00
Dividend Yield	3.02% ⁽²⁾	Total	1.55	4.90	4.75	4.60	4.50	3.75	3.45	3.00
Active Share	80.96% ⁽³⁾	DISCRETE PERFORMANCE (%) FULL CALENDAR YEAR ⁽¹⁾								
Financial Calendar Year End	31 October	Total Return	2022	2021	2020	2019	2018	2017		
Company Fees:		Ord Share Price	1.79	12.39	-9.09	10.79	-6.72	37.48		
Ongoing charges ratio (OCR) per year (30.04.23)	1.05% ⁽⁴⁾	NAV (cum inc)	-0.51	10.79	1.23	20.93	-10.96	30.49		
OCR includes Annual Management Fee	0.75%	TOPIX TR in GBP	-4.60	2.22	9.49	15.65	-8.89	15.50		
AIFMD Exposure Calculation (31.08.23):		CUMULATIVE PERFORMANCE (%) ⁽¹⁾								
Gross	123.97 (% nav)	Total Return	1 month	YTD	1 year	3 years	5 years	Inception		
Commitment	122.59 (% nav)	Ord Share Price	-0.89	16.06	21.16	57.07	19.50	105.77		
Company Codes:		NAV (cum inc)	-0.98	9.89	12.76	42.95	29.22	117.68		
ISIN - Ordinary Share	GB00BYSRMH16	TOPIX TR in GBP	-0.66	7.21	6.31	18.30	18.12	80.05		
Sedol - Ordinary Share	BYSRMH1 GB	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.								
Bloomberg - Ordinary Share	CCJI LN									

TOP 10 HOLDINGS	
Holding	(%)
Mitsubishi UFJ Financial	7.7
Sumitomo Mitsui Financial	7.4
Itochu Corp	5.0
Nippon Telegraph and Telephone	4.9
Shin-Etsu Chemicals	4.4
Hitachi	4.2
Sompo Holdings	4.0
SBI Holdings	4.0
Socionext	3.9
DIP	3.9
Total	49.4

TOP 10 SECTORS	
Sector	(%)
Chemicals	17.6
Electrical Appliances	16.1
Banks	15.1
Info & Communications	14.0
Wholesale	8.6
Services	8.4
Insurance	7.5
Other Financial Business	5.1
Real Estate	5.0
Retail Trade	4.9
Total	102.3

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	Chikara Investments 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

NOTES

- (1) 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.

KEY RISKS

Liquidity risk – The Fund 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 Fund 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 Fund holds a limited number of investments. If one of these falls in value, it can have a greater impact on the Fund's value than if the Fund 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.

Derivatives – the Fund may use derivatives as investments or to manage the risk profile of the Fund. Their use may increase the risk of losses as well as enhance potential gains as compared to funds that do not use derivatives.

Emerging market risk – Investment in emerging markets may be considered speculative. Commonly legal and accounting regimes can offer less protection to investors than in developed markets.

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 Fund 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 31.08.2023 unless stated otherwise. All information is sourced from Chikara 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.

This document and its contents are confidential and must not be copied or otherwise circulated to any other person. Certain assumptions may have been made in the calculations and analysis in this document which have resulted in returns detailed herein.

This document is based upon information which Chikara Investments LLP (Chikara) considers reliable, but no representation is made that it is accurate or complete and nor should it be relied upon as such. Past performance is no guarantee of future performance. You should note that your capital is at risk with this investment and you may get back less than you invested.

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.

This document is issued by Chikara Investments LLP, 31-32 St. James's Street, London SW1A 1H who are authorised and regulated by the Financial Conduct Authority. The Company operates under the Companies Act 2006 and is not regulated as a collective investment scheme by the Financial Conduct Authority.