

CHIKARA CC JAPAN INCOME & GROWTH TRUST PLC

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COMMENTARY

October 2024

The Net Asset Value of the CC Japan Income & Growth Trust fell by 1.1% in October in sterling terms. The Japanese equity market was range bound during the month while it experienced daily volatility associated with political developments at home and the upcoming Presidential Election in the United States.

In Japan new Prime Minister Shigeru Ishiba called a general election immediately after taking office (despite previously denying he would dissolve the Lower House of the Diet early). The resulting General Election on October 27 saw the ruling LDP-Komeito coalition lose its majority for the first time in 15 years. The Prime Minister has indicated his intent to seek a ruling majority by extending the coalition to include other opposition parties which has added some uncertainty over the next few weeks. However, we do not believe that this election result has meaningful long term consequences for the equity market. It is unlikely that there will be major changes in the economic agenda whoever joins the coalition and the Bank of Japan made statements at their end of month Board Meeting which indicate that their outlook and intentions are not affected by the election outcome. Importantly, any cross party compromises are unlikely to affect the direction of corporate reforms which we see as the main investment consideration for Japanese equities.

There has been further evidence of the long term commitment to corporate governance reform in Japan with revisions to the large shareholding reporting system, the Stewardship code and the Topix calculation rules. The amendments to the large shareholding reporting system are the first since 2006 and are aimed at enhancing the dialogue between corporate management and company shareholders as well as broadening the scope of transactions and ownership structure that necessitate a mandatory takeover. The amendments to the Stewardship Code build on the progress made to date and seek to enhance the role and effectiveness of Independent Directors, further initiatives on disclosure and oversight. The intentions of the Topix revision proposals are complementary to the previously announced initiatives of the Tokyo Stock Exchange to encourage greater awareness of cost of capital and corporate value. The stated purpose of the revisions is to improve functionality, transparency and credibility of the main indices in Japan in response to the criticism that the existing indices have too many constituents of minimal investment appeal. The additional changes are expected to see the number of stocks in Topix fall substantially by 2028 and simultaneously by introducing the prospect of annual replacement, create an incentive to improve corporate value.

During the month, the Trust participated in the successful IPO of Tokyo Metro, the operator of the underground rail network in Japan's capital. The company was listed with strong finances, stable cashflow, clear growth opportunities from its core operations and associated assets, and an attractive capital allocation policy which will reward shareholders progressively through dividends as the benefits of previous investment and a clear future strategy are realized.

FUND STATISTICS		INVESTMENT OBJECTIVE	BOOK EXPOSURES								
			No. Stocks		%						
Market Value	£266m	To provide shareholders with dividend income combined with capital growth, mainly through investment in equities listed or quoted in Japan.	Dividend Growth		28	87.0					
No. Ordinary Shares in issue	134,730,610		Special Situations		7	15.8					
Launch date	Dec 2015		Stable Yield		4	12.8					
			Total		39	115.7					
NAV per Ordinary Share cum Income GBP	197.31	DIVIDEND (IN GBP)									
NAV per Ordinary Share ex Income GBP	193.59	Dividends Declared	YE Oct 2024	YE Oct 2023	YE Oct 2022	YE Oct 2021	YE Oct 2020	YE Oct 2019	YE Oct 2018	YE Oct 2017	YE Oct 2016
Ordinary Share Price GBP	178.75	Jun/Jul	1.60	1.55	1.40	1.40	1.40	1.40	1.25	1.15	1.00
Premium (Discount)	(9.40%)	Jan/Feb		3.75	3.50	3.35	3.20	3.10	2.50	2.30	2.00
Dividends Paid	Aug & Mar	Total	1.60	5.30	4.90	4.75	4.60	4.50	3.75	3.45	3.00
Dividend Yield	2.99% ⁽²⁾	DISCRETE PERFORMANCE (%) FULL CALENDAR YEAR⁽¹⁾									
Active Share	81.2% ⁽³⁾	Total Return	2023	2022	2021	2020	2019	2018			
Financial Calendar Year End	31 October	Ord Share Price	23.01	1.79	12.39	-9.09	10.79	-6.72			
Company Fees:		NAV (cum inc)	17.39	-0.51	10.79	1.23	20.93	-10.96			
Ongoing charges ratio (OCR) per year (30.04.24)	1.05% ⁽⁴⁾	TOPIX TR in GBP	12.76	-4.60	2.22	9.49	15.65	-8.89			
Annual Management Fee	0.75%	CUMULATIVE PERFORMANCE (%)⁽¹⁾									
AIFMD Exposure Calculation (30.11.23):		Total Return	1 month	YTD	1 year	3 years	5 years	Inception			
Gross	117.19 (% NAV)	Ord Share Price	-2.32	3.94	13.22	27.19	39.24	126.69			
Commitment	117.03 (% NAV)	NAV (cum inc)	-1.13	8.57	16.13	29.93	43.53	152.46			
Company Codes:		TOPIX TR in GBP	-1.72	5.95	13.40	14.87	28.97	100.64			
ISIN - Ordinary Share	GB00BYSRMH16	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.									
Sedol - Ordinary Share	BYSRMH1 GB										
Bloomberg - Ordinary Share	CCJI LN										

TOP 10 HOLDINGS	
Holding	(%)
Sumitomo Mitsui Financial Group	8.4
Mitsubishi UFJ Financial Group	5.9
ITOCHU Corporation	5.2
Nintendo Co Ltd	4.9
SoftBank Corp	4.9
Tokio Marine Holdings Inc	4.6
Shin-Etsu Chemical Co Ltd	4.5
Hitachi Ltd	4.2
TOKYO METRO CO	4.2
Japan Securities Finance Co	4.1
Total	50.8

TOP 10 SECTORS	
Sector	(%)
Chemicals	20.1
Banks	14.3
Information & Communications	9.7
Electrical Appliances	9.7
Wholesale	9.1
Other Financing Business	6.9
Insurance	6.8
Services	6.5
Other Products	6.0
Retail Trade	6.0
Total	95.2

COMPANY INFORMATION

Launch date	15 December 2015
AIC sector	Japan
Fund manager	Richard Aston
Directors	June Aitken (Chair), Craig Cleland, Kate Cornish-Bowden, John Charlton-Jones.

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	ww.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: S&P Capital IQ Pro.
- (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.

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 31.10.2024 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 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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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.

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