

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

April 2024

The Net Asset Value of the CC Japan Income & Growth Trust fell by 3.6% in sterling terms during April. The small decline in the underlying index was exacerbated by a further depreciation of the Yen against other international currencies including a fall from Y191.0 to Y197/1 against the British pound, the base currency of the Trust.

The fact that the Yen has weakened sharply since the announcement of the end of negative interest rates at the March policy meeting of the Bank of Japan highlights the complex dynamics of the foreign exchange markets. Since the beginning of the year it has raised concerns amongst the Japanese Authorities about the adverse impact this may have on an economy especially as the currency weakness has coincided with higher dollar denominated energy and commodity prices as a result of the rising tensions in the Middle East. As in Autumn 2022, this has prompted the Ministry of Finance to follow verbal warnings with direct intervention in the currency markets (selling dollars and buying yen) at the end of the month in an attempt to reverse the recent trend. This previous example of unilateral intervention suggests the impact is likely to be temporary unless followed by more fundamental shifts in the structural considerations placing downward pressure on the Yen. The most relevant at the point in time appear to be the expectations for the path of the interest rates in the US and also the higher costs of imported raw materials on which Japan remains dependent. We note that companies are tending to assume an exchange rate of Y130-145/\$ for fiscal year 2024 compared to Y160/\$ which it reached briefly on April 29 resulting in some additional uncertainty for the coming year.

Nomura Securities published a review of shareholder returns from the Japanese market for the Fiscal Year 2023. Based on their current assumptions, the total dividends of all listed companies will have increased by 9.9% over the year and this is likely to be followed by a similar increase for FY24. The total return (of dividends and share buybacks) is up 5.3% y/y in aggregate and equates to total payout ratio of above 50% which they now believe has become a more representative level of distribution. This level continues to remain low in comparison to other international markets (average 72%) and consequently represents a gap with the potential to close further over time.

At the company level, we continue to identify the influence of the Tokyo Stock Exchange's Initiative to raise corporate value (and the many changes that preceded it) in our company meetings. Of note for the portfolio we highlight the revised mid-term plan of Hitachi which raises its capex targets, its M&A budget and its shareholder returns objectives as its capital efficiency continues to improve.

FUND STATISTICS		INVESTMENT OBJECTIVE	BOOK EXPOSURES		No. Stocks		%			
Market Value	£276m	To provide shareholders with dividend income combined with capital growth, mainly through investment in equities listed or quoted in Japan.	Dividend Growth	31	98.6					
No. Ordinary Shares in issue	134,730,610		Special Sits.	5	8.9					
Launch date	Dec 2015		Stable Yield	4	11.2					
			Total	40	118.7					
NAV per Ordinary Share cum Income GBP	204.62	DIVIDEND (IN GBP)								
NAV per Ordinary Share ex Income GBP	201.96	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
Ordinary Share Price GBP	190.5	Jun/Jul	1.55	1.40	1.40	1.40	1.40	1.25	1.15	1.00
Premium (Discount)	(6.9%)	Jan/Feb	3.75	3.50	3.35	3.20	3.10	2.50	2.30	2.00
Dividends Paid	Aug & Mar	Total	5.30	4.90	4.75	4.60	4.50	3.75	3.45	3.00
Dividend Yield	2.78% ⁽²⁾	DISCRETE PERFORMANCE (%) FULL CALENDAR YEAR ⁽¹⁾								
Active Share	79.2% ⁽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 (31.10.23)	1.06% ⁽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 (30.04.24):		Total Return	1 month	YTD	1 year	3 years	5 years	Inception		
Gross	122.76(% nav)	Ord Share Price	-4.51	9.88	27.92	44.25	55.26	139.63		
Commitment	122.13 (% nav)	NAV (cum inc)	-3.59	11.74	27.70	44.19	62.99	159.83		
Company Codes:		TOPIX TR in GBP	-3.29	7.31	17.39	19.65	40.78	103.21		
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 Gr	7.4
Mitsubishi UFJ Financial Group	7.0
ITOCHU Corporation	5.2
Hitachi Ltd	5.0
Shin-Etsu Chemical Co Ltd	5.0
Sompo Holdings Inc	4.8
Tokio Marine Holdings Inc	4.5
SBI Holdings Inc	4.5
SoftBank Corp	4.4
Mitsubishi Corp	4.3
Total	52.1

TOP 10 SECTORS	
Sector	(%)
Chemicals	16.7
Electrical Appliances	16.1
Banks	14.4
Info & Communications	13.4
Wholesale	9.5
Insurance	9.3
Other Financing Business	6.9
Services	6.2
Retail Trade	5.3
Sec&Cmddy	4.5
Total	102.2

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	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: 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.
- 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 30.04.2024 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 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.