

The yen NAV of the CC Japan Alpha Fund fell 5.98% in January, a decline significantly greater than the 2.14% drop posted by the underlying TOPIX Total Return Index.

The index itself was supported by robust moves in asset and financial sectors such as Real Estate (+2.81%), Securities (+2.29%) and Other Financials (+1.03%), areas in which our portfolio has zero representation.

It is difficult to write about January without mentioning the coronavirus. There is little to be gained in a forum such as this from discussing the medical implications of the virus itself. Much more pertinent to shareholders of the CC Japan Alpha Fund is the impact that concerns about the coronavirus had on stocks held within the portfolio. It is unsurprising that a company like Kyoritsu Maintenance, which runs hotels whose budget room pricing appeals to Chinese visitors to Japan, saw its share price fall almost 15% in January. The same can also be said about cosmetics company Pola Orbis (-8.3%) whose products are popular with Asian visitors to Japan. Given anecdotal evidence of the high levels of cancellations for bookings for Asian tourists visiting Japan, it seems likely that both these companies, and others, will see their sales and profits suffer over the coming months. However, given the long term investment horizons of the CC Japan Alpha fund, we took advantage of share price weakness in selected names to add to our positions in January. Amidst the dark speculation of how few Asian tourists will visit Japan in coming months, it is worth bearing in mind that Kyoritsu Maintenance derives almost 43% of its operating profit from its domestic dormitory business. This is a segment which is unaffected by the vagaries of tourist visitor numbers and which generates a 16% profit margin versus that of 10.5% for the hotel business (the current focus of investor pessimism).

More curious than the (perhaps understandable) cases of Kyoritsu Maintenance and Pola Orbis in January was the fate of one of our longest held stocks, Nihon M+A Center. Thanks to a share price decline of 16.5% on 31st January, this company saw its value fall 15.5% over the month, placing it amongst the three biggest detractors from performance. In its role as an advisor to Japanese companies whose ageing CEOs—in the absence of a son, daughter or family member to succeed them—need to sell their businesses, this company has little exposure to anything other than the demographic pyramid of Japan. In fact, on January 30th Nihon M+A Center reported pre-tax profit growth of 20% YoY, logging a record high number of deals closed in the quarter to the end of December 2019. However, on the same day a distant and poorly-managed competitor called M+A Capital Partners posted a 94% YoY drop in quarterly earnings. This somehow seemed to trump the robust profit growth posted by Nihon M+A Centre and resulted in a cataclysmic share price decline.

Emboldened by a meeting with the co-founder of Nihon M+A Center in late January, where we realised that the investment case for the company was actually stronger than we had assumed, we took advantage of the share price weakness to add to our position in the stock.

Book Exposures			Fund Highlights	Investment Objective
	No. Stks	%	CC Japan Alpha offers investors a concentrated, high conviction exposure to the Japanese market.	To provide investors with long term capital appreciation through an actively managed portfolio of equities listed or traded in Japan.
Fundamental Opps	11	37	Typically the fund will aim to invest in between 25 and 40 stocks.	
Gems	19	62.9		
Special Situations	0	0		
Cash & Other	0	0.1		

Fund Statistics		Cumulative performance (%) ⁽¹⁾						
Fund Manager:	Jonathan Dobson		1 mth	YTD	1 Yr	3 Yrs	5 Yrs	Inception
Fund Size:	USD 862m	JPY C	-5.98	-5.98	19.36	47.71	60.38	70.34
Launch Date:	05.04.2007	GBP B	-6.00	-6.00	20.03	49.87	61.33	74.58
Dealing:	Daily	USD E	-5.88	-5.88	21.79	54.27	67.41	102.65
Denomination:	Yen	EUR A	-6.09	-6.09	18.89	45.98	56.48	55.38
Benchmark:	TOPIX TR	Index	-2.14	-2.14	10.17	18.46	32.74	11.64
Structure:	Irish OEIC, UCITS V	Discrete annual performance (%) full calendar years ⁽¹⁾						
			2019	2018	2017	2016	2015	2014
		JPY C	33.83	-14.06	38.24	-10.04	17.37	9.65
		GBP B	34.49	-13.28	38.55	-11.10	17.51	9.00
		USD E	36.59	-12.68	39.25	-9.99	17.05	n/a
		EUR A	33.18	-14.06	37.45	-11.25	17.43	8.96
		Index	18.12	-15.97	22.23	0.31	12.06	10.27

Registered for sale in: UK, Ireland, Germany, Luxembourg, Finland & Sweden. Italy (Institutional Investors only) & Spain for share-classes GBP I, EUR I, USD I, JPY I and T classes.

Available to Qualified Investors only in Switzerland and Institutional and Accredited Investors only in Singapore.

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All performance details shown are net NAV to NAV percentage returns with gross income re-invested. You should remember that past performance is not a guide to the future. 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. 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. All figures quoted are in JPY. Source: Independent returns are calculated daily by Northern Trust International Fund Administration Services (Ireland) Limited post 01.12.2009 and The Bank of New York Mellon Corp pre 01.12.2009.

Top 10 Holdings

Holding	(%)
M3 Inc	5.1
SMS Co Ltd	4.6
Kakaku	4.5
Pigeon Corp	4.5
Nihon M&A Center	4.4
Asahi Intecc	4.3
Infomart Corp	4.2
Raksul Inc	4.2
Hoshizaki Electric	4.1
Keyence Corp	4.1
Total	44.0

Top 10 Sectors

Sector	(%)
Services	51.4
Retail Trade	12.4
Info & Communications	9.3
Other Products	4.5
Prec Instruments	4.3
Electrical Appliances	4.1
Machinery	4.1
Real Estate	4.0
Chemicals	3.1
Construction	2.7
Total	99.9

Share Class Detail	EUR A	GBP B	JPY C	USD E
NAV	15.538	17.458	1703.391	20.265
Currency	EUR	GBP	YEN	USD
Launch Price	€10	£10	¥1000	\$10
Dealing Frequency	Daily	Daily	Daily	Daily
Management Fee	1.50%	1.50%	1.50%	1.50%
Ongoing Charges Figure (incl. Mgmt Fee) ⁽²⁾	1.68%	1.68%	1.68%	1.68%
Performance Fee	15% relative	15% relative	15% relative	15% relative
Minim. Investment	€100,000	£100,000	¥10,000,000	\$100,000
Launch date	5.4.2007	5.4.2007	5.4.2007	20.5.2014
Sedol	B1GCTJ8	B1GCTK9	B1N1T43	BKRC2Y6
ISIN	IE00B1GCTJ86	IE00B1GCTK91	IE00B1N1T439	IE00BKRC2Y61
Bloomberg	CCJPNAL ID Equity	CCJPNGB ID Equity	CCJPNAY ID Equity	CCJPEUS ID Equity
Share Class	GBP I	EUR I	USD I	JPY I
NAV	18.450	19.424	18.690	2014.734
Currency	GBP	EUR	USD	YEN
Launch Price	£10	€10	\$10	¥1000
Dealing Frequency	Daily	Daily	Daily	Daily
Management Fee	1.00%	1.00%	1.00%	1.00%
Ongoing Charges Figure (incl. Mgmt Fee) ⁽²⁾	1.18%	1.18%	1.18%	1.18%
Performance Fee	15% relative	15% relative	15% relative	15% relative
Minim. Investment	GBP equivalent of \$5m	EUR equivalent of \$5m	\$5,000,000	YEN equivalent of \$5m
Launch date	25.11.2013	8.5.2014	27.08.14	16.4.2014
Sedol	BGP6PZ4	BKRC2X5	BKRC2W4	BLD2FW6
ISIN	IE00BGP6PZ49	IE00BKRC2X54	IE00BKRC2W48	IE00BLD2FW69
Bloomberg	CCJPAIG ID Equity	CCJPAIE ID Equity	CCJPAIU ID Equity	CCJPAIJ ID Equity

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.

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

- (1) The benchmark performance shown is that of TOPIX TR in Yen since 01.09.2013 prior to which it was TOPIX. NB Month end returns for March 2018, August 2015, April & May 2007 were calculated by CCAM. Benchmark & all share class performance since 05.04.2007 except USD E performance which is since 20.05.14.
- (2) Ongoing Charges Figure: as at 30.11.2019.

All data as at 31.01.2020 unless stated otherwise. All information is sourced from CCAM unless stated otherwise.

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PROSPECTIVE INVESTORS SHOULD REVIEW THE PROSPECTUS, INCLUDING THE RISK FACTORS THEREIN, BEFORE MAKING A DECISION TO INVEST.

Please note that, in Switzerland, the distribution of the Fund is restricted to Qualified Investors only, as per Collective Investment Scheme Act (“CISA”), article 10 para 3. The representative in Switzerland is 1741 Fund Solutions Ltd, Burggraben 16, CH-9000 St. Gallen. The Swiss Paying Agent in Switzerland is Tello Ltd, Bahnhofstrasse 4, CH-6430 Schwyz. The principal documents of the Fund being the prospectus, the relevant supplements, the key investor information documents, the articles of association and the annual and semi-annual reports may be obtained from the Representative by Qualified Investors only, free of charge. In respect of shares distributed in or from Switzerland to Qualified Investors, the place of performance and jurisdiction is at the registered office of the Representative.

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Copies of the Prospectus and the latest annual report and any subsequent half-yearly report of the Company in English, may be obtained free of charge from the Administrator, Northern Trust International Fund Administration Services (Ireland) Limited, George's Court, 54 – 62 Townsend Street, Dublin 2 or the Investment Manager, Coupland Cardiff Asset Management LLP, 31-32 St James's Street, London SW1A 1HD. Tel : 0207 321 3470.

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