

# CC Japan Alpha

# CouplandCardiff

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## Commentary

February 2023

The yen NAV of the CC Japan Alpha fund fell by 5.54% in February, a return significantly weaker than the 0.95% posted by TOPIX Total Return Index benchmark.

February, a month when many companies report either their fourth quarter earnings or full year earnings from the previous calendar year, tends to be a volatile month for share prices. Last month was no exception.

Giftee is a good example of the extreme short termism that is sometimes brought to bear on companies' share prices during the earnings season. Over the month as a whole, Giftee rose 6.4%, making it a positive contributor to performance. However, in the three days following its February 14th earnings announcement - in which the company posted a strong profit forecast for FY2023 - the share price rose almost 18%. In the ensuing days, the price then fell by an almost identical margin, to a level *below* that which had prevailed at the time that Giftee posted its results. This effectively amounts to a round trip of almost 20% in a handful of days, exemplifying the volatility mentioned above.

Overall, portfolio performance was hit by declines in companies such as Nihon M&A Centre, which fell more than 13%, and Infomart, which dropped 27%. The former, which is still in the process of rebuilding, following the internal accounting irregularities which were discovered in December 2021, presented a mixed bag of results towards the end of January. The market is unforgiving of disappointing earnings at the best of times, but when they come from a company which has been through organisational problems, it can be brutal. It is likely that continued weakness in Nihon M&A Centre's share price in February was a spillover from the negative sentiment of the previous month.

We made a company visit trip to Japan in February, visiting 20 companies in total: 11 which are held in the fund's portfolio and 9 which are not. Of the 11 portfolio holdings which we met, 7 featured the founder/ CEO. The logic behind visiting the companies not held was to scout out potential candidates for future investment. We unfortunately came away empty handed. However, visiting companies such as Medpeer, Base and Rakus did reaffirm that the companies we hold which operate in similar sectors represent more attractive long term growth prospects: respectively, SMS, GMO Payment Gateway and Infomart/Freee.

Book Exposures			Fund Highlights		Investment Objective					
	No. Stks	%	CC Japan Alpha offers investors a concentrated, high conviction exposure to the Japanese market.  Typically the fund will aim to invest in between 25 and 40 stocks.		To provide investors with long term capital appreciation through an actively managed portfolio of equities listed or traded in Japan.					
Fundamental Opps	2	6.4								
Gems	23	92.1								
Special Situations	0	0								
Cash & Other	0	1.5								
Fund Statistics			Cumulative performance (%) <sup>(1)</sup>							
Fund Manager:	Jonathan Dobson			1 mth	YTD	1 Yr	3 Yrs	5 Yrs	Inception	
Fund Size:	USD 315m									
Active Share <sup>(3)</sup> :	99.34%		JPY C	-5.54	-1.64	-6.99	2.89	-4.27	53.19	
Launch Date:	05.04.2007		GBP B	-5.26	-1.04	-6.25	2.38	-4.20	55.89	
Dealing:	Daily		USD E	-5.18	-0.83	-3.61	6.61	2.67	88.64	
Denomination:	Yen		EUR A	-5.35	-1.29	-7.06	0.74	-6.89	36.66	
Benchmark:	TOPIX TR		Index	0.95	5.41	8.52	41.78	26.96	42.02	
Structure:	Irish OEIC, UCITS V		Discrete annual performance (%) full calendar years <sup>(1)</sup>							
Registered for sale in: UK, Ireland, Germany, Luxembourg, Finland, Sweden and Switzerland. Italy (Institutional Investors only) & Spain for share-classes GBP I, EUR I, USD I, JPY I and T classes.				2022	2021	2020	2019	2018	2017	2016
			JPY C	-29.51	-7.87	32.35	33.83	-14.06	38.24	-10.04
			GBP B	-29.42	-8.38	31.15	34.49	-13.28	38.55	-11.10
			USD E	-27.56	-7.87	32.37	36.59	-12.68	39.25	-9.99
			EUR A	-29.99	-8.81	31.08	33.18	-14.06	37.45	-11.25
Available to Institutional and Accredited Investors only in Singapore.			Index	-2.45	12.74	7.39	18.12	-15.97	22.23	0.31
For KIID documents and more information, please visit: <a href="http://www.couplandcardiff.com">www.couplandcardiff.com</a>										

All performance details shown are net NAV to NAV percentage returns with gross income re-invested. 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. 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	(%)
SMS Co	5.9
Raksul	5.8
Freee	5.8
Giftee Inc	5.6
Net Protections	5.5
Money Forward	5.2
Shift Inc	4.9
WealthNavi	4.8
Plus Alpha Consu	4.7
GMO Payment Gateway	4.7
<b>Total</b>	<b>52.9</b>

Top 10 Sectors	
Sector	(%)
Services	36.9
Info & Communications	35.7
Retail Trade	8.0
Other Financing Business	5.5
Sec&Cmdty	4.8
Real Estate	4.5
Prec Instruments	3.1
Cash & Other	1.5
Electrical Appliances	0.0
Other Products	0.0
<b>Total</b>	<b>100.0</b>

Share Class Detail				
Share Class	EUR A	GBP B	JPY C	USD E
NAV	13.666	15.589	1531.884	18.864
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) <sup>(2)</sup>	1.69%	1.70%	1.70%	1.70%
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	16.702	17.316	17.654	1837.206
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) <sup>(2)</sup>	1.20%	1.20%	1.20%	1.21%
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.

**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

- (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 31.12.2022.
- (3) Active Share Source: Eikon

All data as at 28.02.2023 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.

The representative in Switzerland is 1741 Fund Solutions Ltd, Burggraben 16, CH-9000 St. Gallen. The Swiss Paying Agent in Switzerland is Tellco Ltd, Bahnhofstrasse 4, CH-6430 Schwyz. The prospectus, the articles of association, the Key Investor Information Documents, as well as the annual and semi-annual reports may be obtained free of charge from the representative. In respect of the units distributed in and from Switzerland, the place of performance and jurisdiction is the registered office of the representative.

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Copies of the Prospectus in English, UCITS KIIDs in English and PRIIPS KIDs in English, German and Swedish may be found at [www.fundinfo.com](http://www.fundinfo.com) and copies of the Prospectus and the latest annual report and any subsequent half-yearly report of the Company in English free of charge from 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. A summary of investor rights is available in English at <https://www.couplandcardiff.com/summary-of-investor-rights>.

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