

# ASSET MANAGEMENT LLP

# CouplandCardiff

## CC Japan Alpha Fund

### Investment Objective

To provide investors with long term capital appreciation through an actively managed portfolio of equities listed or traded in Japan.

### Book Exposure

Book	No. Stocks	%
<b>Fundamental Opps</b>	10	37.8
<b>Gems</b>	13	54.3
<b>Special Situations</b>	2	5.5
<b>Cash &amp; other</b>		2.4

Source : CCAM as at 30.06.2017

### Fund Highlights

CC Japan Alpha offers investors a concentrated, high conviction exposure to the Japanese market.

Typically the fund will aim to invest in between 20 and 45 stocks.

### Fund Statistics

<b>Fund Manager</b>	Jonathan Dobson
<b>Fund Size</b>	USD 489mil
<b>Launch Date</b>	05.04.2007
<b>Dealing</b>	Daily
<b>Denomination</b>	Yen
<b>Benchmark</b>	TOPIX TR
<b>Structure</b>	Irish OEIC UCITS V

### NAVs (as at 30.06.2017)

<b>JPY C</b>	1322.467
<b>GBP B</b>	13.355
<b>USD E</b>	15.097
<b>EUR A</b>	12.165

Registered for sale in: UK, Ireland, Germany, Luxembourg, Finland & Sweden. Available to Qualified Investors only in Switzerland and Institutional and Accredited Investors only in Singapore.

For KIID documents and more information, please visit:  
[www.couplandcardiff.com](http://www.couplandcardiff.com)

Source: CCAM as at 30.06.2017

### Return History

30th June 2017

	1 mth	3 mths	YTD	1 Yr	3 Yrs	5 Yrs	Inception
<b>JPY C</b>	1.04	13.72	16.06	13.70	37.59	180.14	32.25
<b>GBP B</b>	1.08	13.67	16.20	13.64	35.91	170.38	33.55
<b>USD E</b>	1.21	13.78	16.45	14.59	36.91	na	50.97
<b>EUR A</b>	1.00	13.44	15.67	12.82	34.78	166.37	21.65
<b>TOPIX TR</b>	2.96	6.76	7.37	32.22	35.73	126.88	0.96

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 & Northern Trust International Fund Administration Services (Ireland) Limited pre 01.12.2009. 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. 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 April & May 2007 & August 2015 were calculated by CCAM. Benchmark & all share class performance since 05.04.2007 except USD E performance which is since 20.05.14.

### Fund Commentary

The yen NAV of the CC Japan Alpha Fund rose 1.04% in June, a return lower than the 2.96% returned by the benchmark TOPIX Total Return Index.

The fund's underperformance was mainly logged in the final third of the month, when cyclical and financial sectors rallied sharply following an increase in US interest rates. Such moves were intense enough to propel the sectors concerned towards being the top performers for the entire month. So, compared with the 2.96% gain in the Index, June saw Banks rise 7.55%, Iron and Steel jump 6.62%, whilst the Mining sector posted an increase of 6.75%. Since the fund has zero representation in these sectors, it is perhaps unsurprising that it could not match this sudden turn of direction in sectoral performance.

We had some encouraging meetings with companies held in the portfolio in June, including one with the CEO of Sho-Bond Holdings, Mr Ishihara. This company specialises in repairing and refurbishing bridges and urban motorways. Because of Japan's pork-barrel profligacy on public works projects in the 1970s, 1980s and (especially) the 1990s, Japan's network of bridges is ageing rapidly. Compared with just 9% in 2011, by 2031 more than 50% of

Japan's bridges will be more than 50 years old. Over the last 5 years, the number of bridges in Japan which are either closed to traffic, or have traffic flow restrictions on them because of safety issues has risen from 680 to 1,150. These trends, structural rather than economic or cyclical in nature, are the ones which are driving Sho-Bond's order growth, and should continue to drive sales and profits for many years to come. For the 9 months of FY17 so far, the company logged 22% growth in orders, with a very encouraging increase in average size per project.

The company's attitude to shareholder return is encouraging, too. It has raised its dividend pay-out ratio each year since 2014, and is targeting 50% by 2020. It also intends to cancel at least 1/3 of the treasury stock it owns (cumulatively 7.5% of total outstanding shares) within the foreseeable future.

Sho-Bond Holdings is a good example of the type of company which features in the portfolio of the CC Japan Alpha Fund. It is exposed to a structural change or a business pattern which is totally independent of currencies, GDP growth, political change or overseas business trends. It has just one business (repairing roads and bridges), so is simple to analyse. Finally, it has a clear and understandable policy towards its shareholders.

### Top 10 Holdings

Holdings	(%)
SMS Co Ltd	6.1
Start Today	5.8
Nihon M&A	5.8
GMO Payment	5.3
Infomart	5.2
Hoshizaki Electric	4.9
Monotaro	4.7
Rakuten	4.5
Softbank Corp	4.2
Relo Group	4.1
<b>Total</b>	<b>50.6</b>

### Top 10 Sectors

Sector	(%)
Services	42.2
Retail Trade	18.4
Real Estate	10.0
Info & Comms	8.3
Machinery	8.1
Electrical Appliances	4.0
Construction	3.4
Transport Equipment	3.2
Cash/Other	2.4
Other Financing	0.0
<b>Total</b>	<b>100</b>

Source: CCAM as at 30.06.2017

Share Class Detail								
Share Class	EUR A	GBP B	YEN C	USD E	GBP I	EUR I	USD I	JPY I
Currency	Eur	GBP	YEN	USD	GBP	Eur	USD	YEN
Launch Price	€ 10	£10	¥1000	\$10	£10	€ 10	\$10	¥1000
Dealing Frequency	Daily	Daily	Daily	Daily	Daily	Daily	Daily	Daily
Management Fee	1.50%	1.50%	1.50%	1.50%	1.00%	1.00%	1.00%	1.00%
TER (incl. Mgmt Fee)*	1.64%	1.64%	1.64%	1.64%	1.14%	1.14%	1.14%	1.14%
Performance Fee	15% relative	15% relative	15% relative	15% relative	15% relative	15% relative	15% relative	15% relative
Minim. Investment	€ 100,000	£100,000	¥10,000,000	\$100,000	GBP equivalent of \$5m	EUR equivalent of \$5m	\$5,000,000	YEN equivalent of \$5m
Subseq. Investment	€ 2,000	£2,000	¥200,000	\$2,000	£2,000	€ 2,000	\$2,000	¥200,000
Minim. Redemption	€ 2,000	£2,000	¥200,000	\$2,000	£2,000	€ 2,000	\$2,000	¥200,000
Launch date	5.4.2007	5.4.2007	5.4.2007	20.5.2014	25.11.2013	8.5.2014	27.08.14	16.4.2014
Sedol	B1GCTJ8	B1GCTK9	B1N1T43	BKRC2Y6	BGP6P24	BKRC2X5	BKRC2W4	BLD2FW6
ISIN	IE00B1GCTJ86	IE00B1GCTK91	IE00B1N1T439	IE00BKRC2Y61	IE00BGP6P249	IE00BKRC2X54	IE00BKRC2W48	IE00BLD2FW69
Bloomberg	CCJPNAL ID Equity	CCJPNGB ID Equity	CCJPNAY ID Equity	CCJPEUS ID Equity	CCJPAIG ID Equity	CCJPAIE ID Equity	CCJPAIU ID Equity	CCJPAIJ ID Equity

\*TER as at 30.11.2016

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