

CC Japan Alpha

CouplandCardiff

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Commentary

June 2023

The NAV of the CC Japan Alpha Fund rose 0.9% in June, a performance which lagged the 7.55% return posted by the underlying TOPIX Total Return index.

Amongst the top performing sectors in the market were Wholesale (trading companies, largely), (+17.3%), Autos (+16.0%) and Iron & Steel (+13.0%). These moves seem partly driven by the weaker Japanese yen. However, whilst difficult to prove, it is also likely that the moves have also been influenced by asset allocators' attempts to redress their systemic underweight Japan positions by buying either ETFs or baskets of large cap stocks. This may explain why the TOPIX Core 30 index, which measures the performance of the 30 most liquid stocks with the largest market cap that are members of the benchmark Topix index, rose 8.6% in June, comfortably outpacing the broader benchmark index return. Finally, the investments of Berkshire Hathaway, an American investment vehicle, in Japanese trading companies has placed that sector firmly in the spotlight. Our portfolio's lack of representation in all of the areas mentioned above was a disadvantage to relative performance in June.

From an absolute point of view, the NAV was held back by share price declines in Crowdworks, Net Protections and Kaonavi. We have visited all three companies recently, and we didn't learn of any specific news on any of these names to explain their declines.

The portfolio's best performing stocks were two companies whose share prices had suffered (in our view, excessively) heavily since mid-2021. Spiderplus, which was up more than 26% in June, is nevertheless still 65% below the 2,456 yen level it posted at the end of May 2021. It has admittedly risen 136% over the past 12 months, from 367 yen at the end of June 2022 to 867 yen now. However, having made several in-person visits to the company in Tokyo this year, and having also spoken with management by video call outside those meetings, we remain of the view that the current share price significantly under-represents the future growth potential at Spiderplus.

Infomart, the second strongest performer in June, was up 24.7%. This is also an example of a company that was punished heavily in the sell off of growth names in Japan over the past couple of years: it fell 76% from 1,110 yen in October 2021 to 263 yen in May this year. It is likely that the continued heavy investment burden, and the profit declines which have accompanied that, are behind investors' frustrations. However, the view that we have held since the company was included in the portfolio in 2008 remains unchanged: Japan will play catchup in its use of cloud-based, outsourced ordering and invoicing solutions to settle B-to-B transactions. We believe that the introduction of the Invoicing Law in October this year will be a further catalyst for companies to adopt the solutions that legally recognised invoicing companies like Infomart provide.

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	5.7								
Gems	21	97.0								
Special Situations	0	0								
Cash & Other	0	0								
Fund Statistics			Cumulative performance (%) ⁽¹⁾							
Fund Manager:	Jonathan Dobson			1 mth	YTD	1 Yr	3 Yrs	5 Yrs	Inception	
Fund Size:	USD 110m									
Active Share ⁽³⁾ :	99.49%		JPY C	0.89	-6.64	0.92	-23.14	-16.50	45.40	
Launch Date:	05.04.2007		GBP B	1.26	-4.71	3.72	-22.03	-15.57	50.11	
Dealing:	Daily		USD E	1.35	-4.26	5.83	-18.84	-9.40	82.12	
Denomination:	Yen		EUR A	1.17	-5.37	2.35	-23.67	-18.46	31.01	
Benchmark:	TOPIX TR		Index	7.55	22.69	25.69	57.79	49.29	65.30	
Structure:	Irish OEIC, UCITS V		Discrete annual performance (%) full calendar years ⁽¹⁾							
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: www.couplandcardiff.com										

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	(%)
Money Forward	7.0
Wealth Navi	6.8
Raksul	6.7
Giftee Inc	6.1
Freee	5.4
SMS Co Ltd	4.9
GMO Payment Gateway	4.8
Kyoritsu Maintenance	4.8
Katitas Co Ltd	4.8
Net Protections	4.7
Total	56.0

Top 10 Sectors	
Sector	(%)
Info & Communications	41.5
Services	34.9
Sec&Cmnty	6.8
Retail Trade	6.3
Real Estate	4.8
Other Financing Business	4.7
Prec Instruments	3.7
Cash & Other	0.0
Electrical Appliances	0.0
Other Products	0.0
Total	102.7

Share Class Detail				
Share Class	EUR A	GBP B	JPY C	USD E
NAV	13.101	15.011	1454.048	18.212
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⁾	1.69%	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	16.118	16.628	17.073	1746.775
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⁾	1.20%	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 30.06.2023 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 Telco 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 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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