

# Aberdeen Japan Equity Fund, Inc. (JEQ)

The Japanese market fell in July on the rising number of COVID-19 cases in Japan and concerns over rising US-China tensions. The number of COVID-19 cases in Japan has begun to rise after earlier efforts from a “soft” lockdown had been successful at containing the spread of the virus.

The situation is of growing concern with the Tokyo governor warning of the potential for a second declaration of a state of emergency, even though COVID-related serious cases and deaths have remained low and Japan’s medical system has not yet been overburdened. News of China and the US ordering the closure of each other’s consulates, in Chengdu and Houston respectively, raised concerns over the impact of heightened US-China friction. The yen’s appreciation against the US dollar also weighed on market sentiment.

Results for the end June quarter – a period in which much of the world experienced rolling shutdowns – kicked off during the month. From the initial sets of numbers, it is clear that the pandemic has widened the performance gap across sectors: general merchandise retailers and IT companies generally reported favorable results, while autos and commuter railway companies, amongst others, posted weaker numbers. For companies facing headwinds from the pandemic, those that have been able to effectively curb expenses and rapidly reposition themselves in light of a challenging economic environment, have fared better. But the outlook remains highly uncertain and we expect forecasts to remain exceedingly cautious. The majority of Japanese companies, however, have maintained their dividends, thanks to their strong balance sheets.

## Aberdeen Japan Equity Fund, Inc.

### Top 10 Holdings<sup>1</sup>

Holding	%
Chugai Pharmaceutical	4.1
KDDI Corp.	4.1
Shin-Etsu Chemical	4.0
Tokio Marine Holdings	4.0
Toyota Motor Corp.	3.9
Daikin Industries	3.7
Keyence Corp.	3.4
Sony Corp.	3.2
NEC Networks & Systems Integration Corp.	2.6
Amada Holdings	2.5
<b>Total</b>	<b>35.5</b>

<sup>1</sup> As of June 30, 2020. Based on total assets. Holdings are subject to change and are provided for informational purposes only and should not be deemed as a recommendation to buy or sell the securities shown. The top 10 holdings are reported by share class. Certain companies listed may be held in additional share classes not listed above.

## Aberdeen Japan Equity Fund Total Returns (%)<sup>2</sup>

	Cumulative as of June 30, 2020			Annualized as of June 30, 2020				Since Inception 07/24/92
	1 Mo	3 Mo	YTD	1 Yr	3 Yrs	5 Yrs	10 Yrs	
NAV	1.1	18.2	1.3	14.3	4.3	5.4	7.9	2.3
Market Price	4.7	24.0	-0.4	14.3	2.7	3.9	7.7	1.7
Tokyo Stock Price Index (Net) <sup>3</sup>	0.3	11.3	-7.7	2.6	2.2	3.6	6.3	— <sup>4</sup>
Tokyo Stock Price Index (Gross)	0.3	11.3	-7.5	3.0	2.6	4.0	6.6	3.0

<sup>2</sup> **PAST PERFORMANCE IS NO GUARANTEE OF FUTURE RESULTS.** Investment returns and principal value will fluctuate and shares, when sold, may be worth more or less than original cost. Current performance may be lower or higher than the performance quoted. NAV return data includes investment management fees, custodial charges and administrative fees (such as Director and legal fees) and assumes the reinvestment of all distributions. Returns for periods less than one year are not annualized.

<sup>3</sup> Effective February 28, 2020, the TOPIX (Net Dividends) replaced the TOPIX (Gross Dividends) as the Fund’s primary benchmark.

<sup>4</sup> There is no since inception figure for the Tokyo Stock Price Index (Net) because the inception date of the Index is December 29, 2000.

### IMPORTANT INFORMATION

Closed-end funds are traded on the secondary market through one of the stock exchanges. The Company's investment return and principal value will fluctuate so that an investor's shares may be worth more or less than the original cost. Shares of closed-end funds may trade above (a premium) or below (a discount) the net asset value (NAV) of the Company's portfolio. The net asset value (NAV) is the value of an entity's assets less the value of its liabilities. The market price is the current price at which an asset can be bought or sold. There is no assurance that the Fund will achieve its investment objective. Past performance does not guarantee future results.

International investing entails special risk considerations, including currency fluctuations, lower liquidity, economic and political risks, and differences in accounting methods; these risks are generally heightened for emerging market investments. Concentrating investments in the Japan region subjects the Fund to more volatility and greater risk of loss than geographically diverse funds.

Equity stocks of small and mid-cap companies carry greater risk, and more volatility than equity stocks of larger, more established companies.

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