

ABERDEEN JAPAN EQUITY FUND, INC.  
Form N-CSRS  
July 03, 2018

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

**FORM N-CSR**

**CERTIFIED SHAREHOLDER REPORT OF REGISTERED  
MANAGEMENT INVESTMENT COMPANIES**

Investment Company Act file number:	811-06142
Exact name of registrant as specified in charter:	Aberdeen Japan Equity Fund, Inc.
Address of principal executive offices:	1735 Market Street, 32nd Floor Philadelphia, PA 19103
Name and address of agent for service:	Andrea Melia Aberdeen Asset Management Inc. 1735 Market Street 32nd Floor Philadelphia, PA 19103
Registrant's telephone number, including area code:	1-800-522-5465
Date of fiscal year end:	October 31
Date of reporting period:	April 30, 2018

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**Item 1. Reports to Stockholders.**

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## Stockholder Letter (unaudited)



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Dear Stockholder,

We present this Semi-Annual Report, which covers the activities of Aberdeen Japan Equity Fund, Inc. (the Fund), for the six-month period ended April 30, 2018. The Fund's investment objective is to outperform over the long term, on a total return basis (including appreciation and dividends), the Tokyo Stock Price Index ( TOPIX ).

## Total Investment Return

For the six-month period ended April 30, 2018, the total return to stockholders of the Fund based on the net asset value ( NAV ) and market price of the Fund compared to the Fund's benchmark in US dollar terms is as follows:

	<b>6-Month</b>
NAV*	3.4%
Market Price*	4.0%
Tokyo Stock Price Index <sup>1</sup>	5.7%

\*assuming the reinvestment of dividends and distributions

For more detailed information about Fund performance please see page 3 for the Report of the Investment Manager.

The Fund's total return is based on the reported NAV on each financial reporting period end and may differ from what is reported on the Financial Highlights due to financial statement rounding or adjustments.

## NAV and Share Price

	<b>NAV</b>	<b>Market Price</b>	<b>Discount</b>
04/30/2018	\$10.14	\$9.08	10.5%
10/31/2017	\$10.30	\$9.17	14.0%

## Discount Management Program

Under the Fund's Discount Management Program, the Fund's Board of Directors has authorized management to make open market purchases, from time to time, in a maximum aggregate amount during each twelve month period ended October 31 of up to 10% of the Fund's shares of stock outstanding as of October 31 of the prior year. Such purchases may be made opportunistically at certain discounts to net asset value per share when, in the reasonable judgment of management based on historical discount levels and current market conditions, such repurchases may enhance stockholder value. During the six-month period ended April 30, 2018, the Fund did not repurchase any shares.

### Unclaimed Share Accounts

Please be advised that abandoned or unclaimed property laws for certain states require financial organizations to transfer (escheat) unclaimed property (including Fund shares) to the state. Each state has its own definition of unclaimed property, and Fund shares could be considered unclaimed property due to account inactivity (e.g., no owner-generated activity for a certain period), returned mail (e.g., when mail sent to a shareholder is returned to the Fund's transfer agent as undeliverable), or a combination of both. If your Fund shares are categorized as unclaimed, your financial advisor or the Fund's transfer agent will follow the applicable state's statutory requirements to contact you, but if unsuccessful, laws may require that the shares be escheated to the appropriate state. If this happens, you will have to contact the state to recover your property, which may involve time and expense. For more information on unclaimed property and how to maintain an active account, please contact your financial adviser or the Fund's transfer agent.

### Portfolio Holdings Disclosure

The Fund's complete schedule of portfolio holdings for the second and fourth quarters of each fiscal year is included in the Fund's semi-annual and annual reports to stockholders. The Fund files its complete schedule of portfolio holdings with the Securities and Exchange Commission (the SEC) for the first and third quarters of each fiscal year on Form N-Q. The Fund's Forms N-Q are available on the SEC's website at <http://www.sec.gov> and may be reviewed and copied at the SEC's Public Reference Room in Washington, D.C. Information about the operation of the Public Reference Room may be obtained by calling 1-800-SEC-0330. The Fund's most recent Form N-Q is also available to stockholders on the Fund's website or upon request and without charge by calling Investor Relations toll-free at 1-800-522-5465.

### Proxy Voting

A description of the policies and procedures that the Fund uses to determine how to vote proxies relating to portfolio securities and information regarding how the Fund voted proxies relating to portfolio securities during the most recent twelve months ended June 30 is available by August 31 of the relevant year: (i) upon request and without charge by calling Investor Relations toll-free at 1-800-522-5465; and (ii) on the SEC's website at <http://www.sec.gov>.



1 The Tokyo Stock Price Index ( TOPIX ) is a free-float adjusted market capitalization-weighted index that is calculated based on all the domestic common stocks listed on the Tokyo Stock Exchange First Section. The TOPIX Index shows the measure of current market capitalization assuming that market capitalization as of the base date (January 4, 1968) is 100 points. Indices are unmanaged and have been provided for comparison purposes only. No fees or expenses are reflected. You cannot invest directly in an index.

Aberdeen Japan Equity Fund, Inc. 1

## Stockholder Letter (unaudited) (concluded)

Investor Relations Information

As part of Aberdeen's commitment to stockholders, we invite you to visit the Fund on the web at [www.aberdeenjeq.com](http://www.aberdeenjeq.com). Here, you can view monthly fact sheets, quarterly commentary, distribution, and performance information, updated daily data courtesy of Morningstar®, portfolio charting and other Fund literature.

Enroll in Aberdeen's email services today and be among the first to receive the latest closed-end fund news, announcements, videos and information. In addition, you can receive electronic versions of important Fund documents including annual reports, semi-annual reports, prospectuses and proxy statements. Sign up today at [cef.aberdeen-asset.us/en/cefinvestorcenter/contact-us/email](http://cef.aberdeen-asset.us/en/cefinvestorcenter/contact-us/email).

Contact Us:

- Visit: [cef.aberdeen-asset.us](http://cef.aberdeen-asset.us);
- Watch: [www.aberdeen-asset.us/aam.nsf/usclosed](http://www.aberdeen-asset.us/aam.nsf/usclosed) / [aberdeentv](http://aberdeentv);
- Email: [InvestorRelations@Aberdeenstandard.com](mailto:InvestorRelations@Aberdeenstandard.com); or
- Call: 1-800-522-5465 (toll-free in the U.S.).

Yours sincerely,

**Alan Goodson**  
President





## Report of the Investment Manager (unaudited)

### Market/economic review

Japanese equities rose during the six-month period ended April 30, 2018, despite several bouts of volatility. Investors were heartened by a synchronized global economic upturn that lifted corporate earnings, but gains were capped by concerns over a heightened pace of U.S. interest-rate hikes and the growing trade spat between the United States and China. Further weighing on the Japanese export sector was a strengthening yen, fueled by demand for safe-haven assets amid rising geopolitical tensions in the region and elsewhere.

Leading economic indicators in Japan pointed to the longest streak of expansion since 1989; however, inflation remained sluggish and wage growth was subdued. Japan's government reappointed Bank of Japan Governor Haruhiko Kuroda to a second five-year term, marking the continuation of his accommodative policy. The central bank subsequently removed the time frame for inflation to reach 2%, signaling its recognition that monetary policy alone would not be sufficient to achieve the target. Business sentiment dipped for the first time in two years due to rising raw materials costs and an acute labor shortage.

In politics, cronyism scandals continued to plague the administration of Prime Minister Shinzo Abe and his approval ratings plummeted to the lowest level since he took office in 2012. However, in our view, Abe's position remains largely intact, as there are few credible candidates within the ruling party to challenge his leadership, while the opposition appears fragmented and weak.

### Fund performance review

The Fund returned 3.42% on a net asset value basis for the six-month period ended April 30, 2018, and underperformed the 5.66% return of its benchmark, the Tokyo Stock Price Index (TOPIX), largely due to stock-specific reasons. The Fund initially outperformed its benchmark for most of the reporting period, but underperformed at the end of the time frame. Investors were unnerved by normalization of monetary policy in major global markets and fears of a full-blown trade war between the U.S. and its major trading partners.

The Fund's position in Suruga Bank Ltd. was a significant detractor from relative performance for the period. Shares of the company fell following revelations that it had extended mortgages based on fraudulent applications. We actively reduced the Fund's exposure to Suruga Bank in April 2018 due to a lack of clarity on whether the bank was a victim or had knowingly participated in the fraud, but we maintained a relatively small position at that time before we are able to make a more informed decision regarding the company's actions. Alongside the full-year 2017 results, which revealed a profit decline

that was in line with our expectations, the company's management made subsequent comments that several employees may have been aware of the falsification of borrowers' financial books. This news worried us. At the financial level, we believe that Suruga Bank has made sufficient provisions for loans that are potentially at risk. However, after we learned that the company's own employees had been supportive of fraudulent behavior, we decided that the bank's level of governance, particularly with respect to ensuring proper oversight of loan application screening, did not meet our quality requirements. Consequently, we exited the Fund's position in Suruga Bank shortly after the reporting period in May 2018.

The position in Japan Tobacco (JT) also weighed on the Fund's relative performance due largely to a downturn in its domestic business. JT had encountered opportunity costs by not being able to supply sufficient volumes of PLOOMTECH, its vaporizer, to capture the shift in demand towards reduced-risk products, which comprise about 23% of the Japanese cigarette market. While JT

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retains the lion's share of overall domestic cigarette sales, its market share in reduced-risk products is estimated to be at a mere 10%-12%. With PLOOMTECH, generally receiving better consumer reviews than those of its rivals, and with the company addressing its production issues, we believe that JT is in a good position to successfully penetrate this category and regain lost ground. In JT's overseas cigarette operations, the company has been able to generate stable profit growth due to successful pricing initiatives in emerging and developed markets.

Shares of the Fund's holding in Nabtesco Corp. declined due to investors' profit-taking in the broader automation sector after a period of strong stock price performance. In our view, the industrial equipment maker's fundamentals remain intact. We believe that the company's technological edge in niche areas has allowed it to win market share, and it also has healthy finances and a good track record on cost controls.

The Fund's holding in Shiseido Co. contributed to relative performance, as the cosmetics maker benefited from the rising wealth of China's burgeoning middle class and their desire for premium products. The company posted solid earnings for its 2017 fiscal year attributable to its focused marketing strategy that emphasized prestige product lines. The holding in Pigeon Corp., a maker of baby and childcare products and maternity items, also bolstered the Fund's relative performance. The company's largest overseas business is in China, where its baby bottles generally are perceived to be of better quality than those of their local rivals. Another contributor to performance was diagnostic instruments manufacturer Sysmex Corp., which reported robust results over the reporting period as investors took a positive view of





## Report of the Investment Manager (unaudited) (continued)

its clinical testing devices. With an ingrained research-and-development (R&D) culture, Sysmex Corp. has various projects in the pipeline, which we believe offer attractive long-term growth opportunities.

Regarding notable portfolio activity over the reporting period, we exited the Fund's positions in several companies for which we believed that valuations were not reflective of their deteriorating fundamentals or our increasing concerns regarding the companies' medium-term business outlooks. We subsequently employed the sales proceeds to initiate positions in companies that we believed had better prospects and more compelling earnings drivers.

We exited the Fund's position in sporting goods retailer ASICS Corp., as its operating environment became increasingly challenging. We sold the Fund's shares in Shimano Inc., a producer of bicycle components, fishing tackles, and rowing equipment, as the rising penetration of E-bikes and shared bikes present challenges to the company while valuations remained stretched, in our opinion. We also exited the holding in East Japan Railway Company in view of what we believed were better opportunities elsewhere. We initiated a position in leading toymaker Tomy Company Ltd., but felt compelled to reverse the decision almost immediately because our efforts to seek further clarification about the sudden resignation of the company's president were rebuffed. We initially had been encouraged by Tomy Company's restructuring efforts, led by the president and his bold decisions to improve profitability. He has extensive experience in various other consumer-related companies, including Coca-Cola in Japan. His resignation not long after our initiation took us by complete surprise.

Conversely, we initiated holdings in Start Today Co. Ltd., Yamaha Corp., Sanken Electric Co. Ltd., Pilot Corp., Misumi Group, and Coca-Cola Bottlers Japan Holdings Inc.

Start Today Co. is a leading e-commerce company in the fashion industry with a sizable user base and a broad range of brands. We like the company's asset-light business model,<sup>1</sup> which is based on commissions charged on each sale that Start Today Co.'s brands make through the company's website. We are confident in Start Today Co.'s ability to continue growing both its user base and transaction volumes, while we believe that the rising penetration of e-commerce in the Japanese market could serve as a tailwind.

Yamaha Corp. has narrowed its business focus to only musical instruments, where it has a solid global market share, and audio

equipment, given its competitive edge in sound-synthesis technology, after years of difficult restructuring. We anticipate that Yamaha Corp. should be in a good position to benefit from healthy market growth in developed and emerging markets, even as it continues to restructure its production facilities. Additionally, the company has been gradually unwinding its cross-shareholdings<sup>2</sup> and returning the proceeds to shareholders.

Sanken Electric Co. specializes in semiconductors used in appliances and autos. The company was successfully restructured under the leadership of President Takashi Wada after years of lackluster performance. We believe that the company is now poised to benefit from consumers' upgrading of appliances in China and the tightening of regulations on auto emissions and fuel efficiency.

Pilot Corp. is a pen-maker known for its hit range of Frixion erasable ink pens. In our view, Pilot's high-quality products differentiate it from low-cost rivals, especially overseas, where we believe there is room for growth in markets such as China and across Central and Eastern Europe. We like the company's stable cash flow, and believe that margins are to benefit from

production-cost reductions.

Misumi Group is a producer and distributor of industrial components. It offers shorter lead times for custom-made products, as part of a logistics-driven manufacturing process, with finishing factories close to customers. This has allowed it to outpace rivals in a fragmented market and underpins repeat orders and cross-selling opportunities for its standardised-components catalogue business.

Coca-Cola Bottlers Japan Holdings was formed from the merger between the country's two largest bottlers last year. Boasting dynamic leadership experience at Coca-Cola companies across the world, the company introduced international best practices to its operations. This included streamlining its logistics footprint to increase profitability, while also prioritising shareholder returns.

### Outlook

Looking ahead, we believe that steady domestic economic growth and positive changes at the corporate level in a bid to enhance governance, together with the broadening global upswing, should continue to support earnings. In our opinion, the near-term boost from the upcoming 2020 Summer Olympics in Tokyo, which has bolstered infrastructure investments, lifted consumer spending and added further momentum to inbound tourism, should be sustained by the government's deep structural reform to address a shrinking workforce

- 1 In an asset-light business model, a company has relatively few capital assets compared to its operations.
- 2 Cross-shareholding refers to a publicly traded corporation owning stock in another publicly traded company.
  
- 4 Aberdeen Japan Equity Fund, Inc.

## Report of the Investment Manager (unaudited) (concluded)

and muted wage growth. We believe that this bodes well for the Japanese market and in particular, the Fund's consumer-related holdings. Meanwhile, technology names appear to be well-placed to benefit from rising trends of factory automation, artificial intelligence, and electrification. While we remain cognizant of protectionism and geopolitical tensions, as well as other key short-term risks, including major central banks' policy missteps, we maintain our view that the global economy is firm and earnings for Japanese companies are in an expansionary phase. We believe that our disciplined investment approach, which comprises rigorous interaction and engagement with companies, will allow us to identify those businesses with solid long-term prospects and progressive management that will shield them against market volatility and safeguard the interests of all shareholders.

*Aberdeen Asset Management Asia Limited*





## Total Investment Return (unaudited)

The following table summarizes the average annual Fund total investment return compared to the TOPIX, the Fund's benchmark, for the the 6-month, 1-year, 3-year, 5-year and 10-year periods as of April 30, 2018.

	<b>6 Months</b>	<b>1 Year</b>	<b>3 Years</b>	<b>5 Years</b>	<b>10 Years</b>
Net Asset Value (NAV)	3.4%	16.7%	8.4%	10.3%	4.6%
Market Price	4.0%	16.5%	8.3%	10.0%	4.2%
TOPIX Index	5.7%	20.7%	9.2%	8.5%	4.4%

Returns represent past performance. Total investment return at NAV is based on changes in the NAV of Fund shares and assumes reinvestment of dividends and distributions, if any, at market prices pursuant to the dividend reinvestment program sponsored by the Fund's transfer agent. All return data includes fees charged to the Fund, which are listed in the Fund's Statement of Operations under Expenses. The Fund's total investment return is based on the reported NAV on each financial reporting period end. Total investment return at market value is based on changes in the market price at which the Fund's shares traded on the NYSE during the period and assumes reinvestment of dividends and distributions, if any, at market prices pursuant to the Fund's dividend reinvestment program. Because the Fund's shares trade in the stock market based on investor demand, the Fund may trade at a price higher or lower than its NAV. Therefore, returns are calculated based on both market price and NAV. **Past performance is no guarantee of future results.** The performance information provided does not reflect the deduction of taxes that a stockholder would pay on distributions received from the Fund. The current performance of the Fund may be lower or higher than the figures shown. The Fund's yield, return, market price and NAV will fluctuate. Performance information current to the most recent month-end is available at [www.aberdeenjef.com](http://www.aberdeenjef.com) or by calling 800-522-5465.

The net annualized operating expense ratio based on the six-month period ended April 30, 2018 was 0.80%.



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## Top Ten Equity Holdings (unaudited)

The following were the Fund's top ten holdings as of April 30, 2018:

<b>Name of Security</b>	<b>As a Percentage of Net Assets</b>
Shin-Etsu Chemical Co. Ltd.	5.4%
Keyence Corp.	4.8%
Shiseido Co. Ltd.	3.8%
Systemex Corp.	3.7%
Pigeon Corp.	3.7%
FANUC Corp.	3.6%
Amada Holdings Co. Ltd.	3.5%
Seven & i Holdings Co. Ltd.	3.4%
Nabtesco Corp.	3.2%
Yahoo Japan Corp.	3.1%

## Portfolio Composition (unaudited)

The following table summarizes the sector composition of the Fund's portfolio, in Standard & Poor's Global Industry Classification Standard (GICS), expressed as a percentage of net assets. The GICS structure consists of 11 sectors, 24 industry groups, 68 industries and 157 sub-industries. As of April 30, 2018, the Fund did not have more than 25% of its assets invested in any single industry or industry group. The sectors, as classified by GICS Sectors, are comprised of several industries. As of April 30, 2018, the Fund held 98.8% of its net assets in equities, 0.1% in a short-term investment and 1.1% in other assets in excess of liabilities.

<b>Sectors</b>	<b>As a Percentage of Net Assets</b>	<b>As a Percentage of TOPIX Index</b>
Consumer Staples	19.2%	11.5%
Industrials	18.7%	23.8%
Consumer Discretionary	14.3%	23.7%
Information Technology	12.4%	5.5%
Health Care	11.3%	6.4%
Materials	9.9%	6.6%
Financials	6.9%	14.8%
Real Estate	3.5%	0.0%
Telecommunication Services	2.6%	4.8%
Utilities	0.0%	2.9%

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Short-Term Investment	0.1%	0.00%
Other Assets in Excess of Liabilities	1.1%	0.00%
	100.0%	100.0%



## Portfolio of Investments (unaudited)

As of April 30, 2018

	Shares	Value
<b>LONG-TERM INVESTMENTS (98.8%)(a)</b>		
<b>COMMON STOCKS (98.8%)</b>		
<b>JAPAN (98.8%)</b>		
<b>Consumer Discretionary (14.3%)</b>		
Denso Corp.	63,700	\$ 3,349,782
Honda Motor Co. Ltd.	71,300	2,451,717
Nitori Holdings Co. Ltd.	13,700	2,310,296
Resorttrust, Inc.	62,100	1,285,889
Stanley Electric Co. Ltd.	88,900	3,212,785
Start Today Co. Ltd.	43,600	1,258,904
Toyota Motor Corp.	26,600	1,744,224
USS Co. Ltd.	94,200	1,978,231
Yamaha Corp.	37,900	1,828,784
		<b>19,420,612</b>
<b>Consumer Staples (19.2%)</b>		
Ain Holdings, Inc.	28,300	1,884,863
Calbee, Inc.	19,800	666,765
Coca-Cola Bottlers Japan Holdings, Inc.	45,600	1,961,230
Japan Tobacco, Inc.	97,300	2,615,540
Mandom Corp.	50,000	1,802,513
Pigeon Corp.	105,600	4,949,898
San-A Co. Ltd.	43,500	2,319,681
Seven & i Holdings Co. Ltd.	105,400	4,644,006
Shiseido Co. Ltd.	80,200	5,203,456
		<b>26,047,952</b>
<b>Financials (6.9%)</b>		
AEON Financial Service Co. Ltd.	108,400	2,539,172
Concordia Financial Group Ltd.	273,300	1,588,895
Japan Exchange Group, Inc.	196,800	3,644,553
Suruga Bank Ltd.	118,000	1,598,479
		<b>9,371,099</b>
<b>Health Care (11.3%)</b>		
Asahi Intecc Co. Ltd.	85,500	2,982,364
Chugai Pharmaceutical Co. Ltd.	66,500	3,507,169
Mani, Inc.	47,000	1,906,986
Shionogi & Co. Ltd.	35,600	1,829,544
Sysmex Corp.	57,300	5,061,725
		<b>15,287,788</b>

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**Industrials (18.7%)**

Amada Holdings Co. Ltd.	399,200	4,792,112
Daikin Industries Ltd.	35,000	4,088,551
FANUC Corp.	22,600	4,841,156
Komatsu Ltd.	61,000	2,079,411
Makita Corp.	87,900	3,938,319
Nabtesco Corp.	118,800	4,284,010
Pilot Corp.	25,000	1,364,811
		<b>25,388,370</b>



## Portfolio of Investments (unaudited) (concluded)

As of April 30, 2018

	Shares	Value
<b>LONG-TERM INVESTMENTS (continued)(a)</b>		
<b>COMMON STOCKS (continued)</b>		
<b>JAPAN (continued)</b>		
<b>Information Technology (12.4%)</b>		
Keyence Corp.	10,700	\$ 6,524,638
Renesas Electronics Corp.(b)	275,400	2,872,887
Sanken Electric Co. Ltd.	169,000	1,081,612
SCSK Corp.	50,300	2,152,643
Yahoo Japan Corp.	1,010,000	4,150,775
		<b>16,782,555</b>
<b>Materials (9.9%)</b>		
Kansai Paint Co. Ltd.	93,400	2,098,673
Nippon Paint Holdings Co. Ltd.	98,800	4,032,939
Shin-Etsu Chemical Co. Ltd.	73,500	7,375,700
		<b>13,507,312</b>
<b>Real Estate (3.5%)</b>		
Daibiru Corp.	166,500	1,985,259
Daito Trust Construction Co. Ltd.	16,600	2,769,958
		<b>4,755,217</b>
<b>Telecommunication Services (2.6%)</b>		
KDDI Corp.	132,600	3,559,461
		<b>134,120,366</b>
<b>Total Common Stocks</b>		<b>134,120,366</b>
<b>Total Long-Term Investments 98.8% (cost \$103,896,604)</b>		<b>134,120,366</b>
Shares	Description	Value (US\$)
<b>SHORT-TERM INVESTMENT 0.1%</b>		
<b>UNITED STATES 0.1%</b>		
176,966	State Street Institutional U.S. Government Money Market Fund, Institutional Class, 1.28%(c)	176,966
	<b>Total Short-Term Investment 0.1% (cost \$176,966)</b>	<b>176,966</b>

<b>Total Investments</b>	<b>98.9% (cost \$104,073,570)(d)</b>	<b>134,297,332</b>
Other Assets in Excess of Liabilities	1.1%	1,475,213
<b>Net Assets</b>	<b>100.0%</b>	<b>\$135,772,545</b>

(a) All securities are fair valued. Fair values are determined pursuant to procedures approved by the Fund's Board of Directors. Unless otherwise noted, securities are valued by applying valuation factors to the exchange traded prices. See Note 2(a) of the accompanying Notes to Financial Statements.

(b) Non-Income Producing Security.

(c) Registered investment company advised by State Street Global Advisors. The rate shown is the 7 day yield as of April 30, 2018.

(d) See Note 9 of the accompanying Notes to Financial Statements for tax unrealized appreciation/(depreciation) of securities.

See Notes to Financial Statements.



## Statement of Assets and Liabilities (unaudited)

As of April 30, 2018

### Assets

Investments, at value (cost \$103,896,604)	\$134,120,366
Short-term investments, at value (cost \$176,966)	176,966
Foreign currency, at value (cost \$688,335)	683,163
Interest and dividends receivable	884,755
Receivable for investments sold	593,674
Tax reclaim receivable	508
Prepaid expenses and other assets	10,559
<b>Total assets</b>	<b>136,469,991</b>

### Liabilities

Payable for investments purchased	551,113
Investment management fees payable (Note 3)	34,000
Administration fees payable (Note 3)	8,997
Investor relations fees payable (Note 3)	7,515
Director fees payable	3,580
Other accrued expenses	92,241
<b>Total liabilities</b>	<b>697,446</b>

### Net Assets

**\$135,772,545**

### Composition of Net Assets:

Common stock (par value \$0.01 per share) (Note 5)	\$ 133,891
Paid-in capital in excess of par	100,194,622
Accumulated net investment income	591,188
Accumulated net realized gain from investments and foreign currency transactions	4,658,890
Net unrealized appreciation on investments and translation of assets and liabilities denominated in foreign currencies	30,193,954
<b>Net Assets</b>	<b>\$135,772,545</b>
Net asset value per share based on 13,389,072 shares issued and outstanding	\$ 10.14

See Notes to Financial Statements.



## Statement of Operations (unaudited)

For the Six-Month Period Ended April 30, 2018

### Net investment income:

#### Income

Dividends and other income (net of foreign withholding taxes of \$126,887)	\$ 1,141,993
Total Investment Income	1,141,993

#### Expenses:

Investment management fee (Note 3)	207,644
Directors' fees and expenses	74,751
Administration fee (Note 3)	55,288
Insurance expense	36,064
Legal fees and expenses	32,232
Independent auditors' fees and expenses	27,522
Investor relations fees and expenses (Note 3)	27,061
Reports to stockholders and proxy solicitation	26,090
Transfer agent's fees and expenses	11,729
NYSE listing fee	11,033
Custodian's fees and expenses	9,981
Miscellaneous	31,297
Net expenses	550,692

Net Investment Income	591,301
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### Net Realized/Unrealized Gain/(Loss) on Investments and Foreign Currency Related Transactions:

#### Net realized gain/(loss) from:

Investment transactions	4,583,107
Foreign currency transactions	75,906
	4,659,013

#### Net change in unrealized appreciation/(depreciation) on:

Investments	(877,589)
Foreign currency translation	(22,979)
	(900,568)

Net realized and unrealized gain from investments and foreign currency related transactions	3,758,445
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<b>Net Increase in Net Assets Resulting from Operations</b>	<b>\$4,349,746</b>
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See Notes to Financial Statements.



## Statements of Changes in Net Assets

	<b>For the Six-Month Period Ended April 30, 2018 (unaudited)</b>	<b>For the Year Ended October 31, 2017</b>
<b>Increase/(decrease) in net assets from operations:</b>		
<b>Operations:</b>		
Net investment income	\$ 591,301	\$ 964,765
Net realized gain from investment transactions	4,583,107	5,643,184
Net realized gain/(loss) from foreign currency transactions	75,906	(181,075)
Net change in unrealized appreciation/(depreciation) on investments	(877,589)	8,226,114
Net change in unrealized appreciation/(depreciation) on foreign currency translation	(22,979)	23,047
Net increase in net assets resulting from operations	4,349,746	14,676,035
<b>Distributions to stockholders from:</b>		
Net investment income	(782,729)	(1,193,149)
Net realized gains	(5,642,443)	(3,044,539)
Net decrease in net assets from distributions	(6,425,172)	(4,237,688)
<b>Capital Share Transactions:</b>		
Reinvestment of dividends resulting in the issuance of 11,380 and 55,595 shares of common stock, respectively	108,102	425,851
Repurchase of common stock under the discount management policy (0 and 126,925), respectively		(988,771)
Change in net assets from capital stock transactions	108,102	(562,920)
Net increase/(decrease) in net assets	(1,967,324)	9,875,427
<b>Net assets:</b>		
Beginning of period	137,739,869	127,864,442
<b>End of period (including accumulated net investment income of \$591,188 and \$782,616, respectively)</b>	<b>\$135,772,545</b>	<b>\$137,739,869</b>

Amounts listed as are \$0 or round to \$0.

See Notes to Financial Statements.





## Financial Highlights

	For the					
	Six-Month					
	Period Ended					
	April 30, 2018 (unaudited)	2017	For the Fiscal Years Ended October 31,			2013
			2016	2015	2014	
<b>PER SHARE OPERATING PERFORMANCE(a):</b>						
Net asset value, beginning of period	\$10.30	\$9.51	\$8.69	\$8.26	\$7.55	\$5.67
Net investment income	0.04	0.07	0.08	0.05	0.04	0.07
Net realized and unrealized gains/(losses) on investments and foreign currencies	0.28	1.03	1.03	0.44	0.79	1.87
Total from investment operations	0.32					