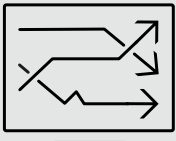


abrdn Japan Equity Fund

Quarterly Commentary

Quarter ended July 31, 2023

Fund performance



The abrdn Japan Equity Fund returned 8.47%¹ on a net asset value basis for the three-month period ended July 31, 2023, outperforming the 8.36% return of its benchmark, the Tokyo Stock Price Net Index².

Concerns over China's slowing economic recovery have been negative for companies with substantial revenue contributions from China. This includes Misumi Group, which sells precision components, and professional-use hair care product company Milbon. Welcia Holdings fell after publishing weaker-than-expected results, as sales of COVID-related items fell and the company made upfront investment to introduce a new customer loyalty program.

On the flip side, a rush of interest in artificial intelligence (AI) has benefitted the stock prices of several of our holdings over the period. With AI creating new market opportunities for the semiconductor industry, semiconductor testing device maker Advantest and semiconductor packaging company Ibiden rallied. Tokyu Fudosan also bounced back from underperformance in the previous quarter.

Through the period, we initiated several new positions, including industrial electronics maker Fuji Electric, ventilation system installation firm Takasago Thermal Engineering, discount store operator Pan Pacific International Holdings and engineer outsourcing firm Open Up.

We believe that Fuji Electric's power conversion and modularisation know-how will enable the company to capture the rising demand for power semiconductors for electric vehicles and other applications. In addition, the company's unique power system and energy-related solutions should help address the rising energy conservation needs by its customers. Takasago is Japan's largest ventilation system installation firm, which is poised to benefit from increased capital expenditures of industrial firms in the next few years. Furthermore, we look for the company's efforts to standardize design and installation work to further improve its cost competitiveness and expand margins.

We believe Pan Pacific International Holdings will be able to continue to achieve growth in the mature domestic retail market by expanding the line-up of its attractively priced private-brand products, while its overseas business is set to be the next pillar of growth. Open Up has a good track record of hiring and training inexperienced workers to become engineers, and it stands to benefit from greater labor restriction on the construction industry from 2024. To fund the initiations, we exited our position in boutique brokerage Nihon M&A Center on concerns over intensifying competition and declining margins.

¹Past 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. Net asset value return data include investment management fees, custodial charges and administrative fees (such as Director and legal fees) and assumes the reinvestment of all distributions.

²The Tokyo Stock Price Net Index is a market capitalization-weighted index of large- and mid-sized companies listed on the Tokyo Stock Exchange. Indexes are unmanaged and have been provided for comparison purposes only. No fees or expenses are reflected. You cannot invest directly in an index.



Top 10 Fund holdings (as of July 31, 2023)

Sony Group Corp	4.6
Tokio Marine Holdings Inc	4.5
Mitsubishi UFJ Financial Group Inc	4.0
Hitachi Ltd	3.7
Keyence Corp	3.5
Asahi Group Holdings Ltd	3.3
Nippon Paint Holdings Co Ltd	3.0
Ibiden Co Ltd	2.8
Toyota Motor Corp	2.5
Tokyo Electron Ltd	2.3
Percent of Portfolio in Top Ten	34.3

Source : abrdn 07/31/2023.

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 ten holdings are reported by share class. Certain companies listed may be held in additional share classes not listed above.

Compositions are subject to change. The above tables summarize the composition of the Fund's portfolio, expressed as a percentage of net assets.

P/E ratio (price-to-earnings ratio) of a stock is a measure of the price paid for a share relative to the annual earnings per share.

Figures may not always sum to 100 due to rounding.

Cumulative and annualized total return as of July 31, 2023 (%)

	NAV	Market Price	TOPIX Index (Net TR)
Since inception (p.a.)	2.06	1.64	n/a ³
10 Years (p.a.)	5.46	5.13	5.56
5 Years (p.a.)	1.05	1.16	2.95
3 Years (p.a.)	0.65	2.10	7.09
1 Year	8.44	8.74	15.21
Year to Date	15.65	18.83	15.39
3 Months	8.47	15.33	8.36
1 month	1.60	-0.16	3.24

³ There is no since inception figure for the Tokyo Stock Price Index (Net) because the inception date of the Index is December 29, 2000.

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Effective February 28, 2020, the TOPIX (Net Dividends) replaced the TOPIX (Gross Dividends) as the Fund's primary benchmark.

The Fund is subject to investment risk, including the possible loss of principal. Returns for periods less than one year are not annualized.

abrdn Japan Equity Fund distribution rates as of July 31, 2023 NAV (unaudited) and market price

Net Asset Value per share	\$6.97
Market price	\$6.06
Discount to Net Asset Value	13.06%

The following tables set forth the estimated amounts of the sources of the distributions for purposes of Section 19 of the 1940 Act and the rules adopted thereunder. The tables have been computed based on generally accepted accounting principles. The tables include estimated amounts and percentages for the current distributions paid this month as well as for the cumulative distributions paid relating to fiscal year to date, from the following sources: net investment income; net realized short-term capital gains; net realized long-term capital gains; and return of capital. The estimated compositions of the distributions may vary because the estimated composition may be impacted by future income, expenses and realized gains and losses on securities and currencies.

The Fund's estimated sources of the current distribution paid this month and for its current fiscal year to date are as follows:

Estimated Amounts of Current Distribution per Share

Fund	Distribution Amount	Net Investment Income		Net Realized Short-Term Gains ⁵		Net Realized Long-Term Gains		Return of Capital	
JEQ	\$0.1000	\$0.0090	9%	\$0.0020	2%	-	-	\$0.0890	89%

Estimated Amounts of Fiscal Year⁴ to Date Cumulative Distributions per Share

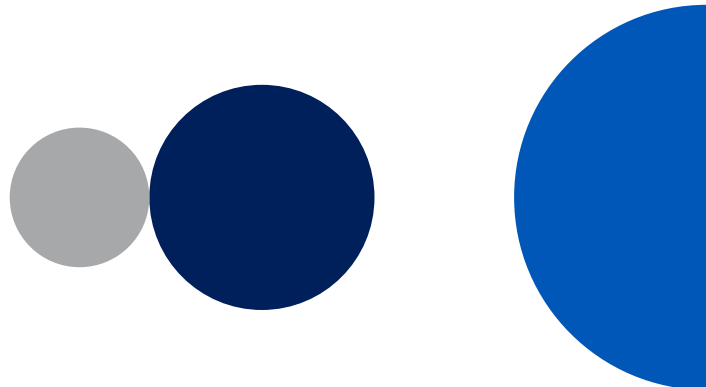
Fund	Distribution Amount	Net Investment Income		Net Realized Short-Term Gains ⁵		Net Realized Long-Term Gains		Return of Capital	
JEQ	\$0.3000	\$0.0270	9%	\$0.0060	2%	-	-	\$0.2670	89%

⁴ JEQ has a 10/31 fiscal year end.

⁵ Includes currency gains.

Where the estimated amounts above show a portion of the distribution to be a "Return of Capital," it means that Fund estimates that it has distributed more than its income and capital gains; therefore, a portion of your distribution may be a return of capital. A return of capital may occur for example, when some or all of the money that you invested in a Fund is paid back to you. A return of capital distribution does not necessarily reflect the Fund's investment performance and should not be confused with "yield" or "income."

The amounts and sources of distributions reported in this notice are only estimates and are not being provided for tax reporting purposes. The final determination of the source of all distributions for the current year will only be made after year-end. The actual amounts and sources of the amounts for tax reporting purposes will depend upon the Fund's investment experience during the remainder of the fiscal year and may be subject to change based on tax regulations. After the end of each calendar year, a Form 1099-DIV will be sent to shareholders for the prior calendar year that will tell you how to report these distributions for federal income tax purposes.



The following table provides the Fund's total return performance based on net asset value (NAV) over various time periods compared to the Fund's annualized and cumulative distribution rates.

Fund Performance and Distribution Rate Information

Fund	JEQ
Average Annual Total Return on NAV for the 5 Year Period Ending 04/30/2023 ⁶	-1.20%
Current Fiscal Period's Annualized Distribution Rate on NAV	6.13%
Cumulative Total Return on NAV ⁶	12.55%
Cumulative Distribution Rate on NAV ⁷	3.06%

⁶ Return data is net of all Fund expenses and fees and assumes the reinvestment of all distributions reinvested at prices obtained under the Fund's dividend reinvestment plan.

⁷ Based on the Fund's NAV as of April 30, 2023.

Shareholders should not draw any conclusions about a Fund's investment performance from the amount of the Fund's current distributions or from the terms of the distribution policy (the "Distribution Policy").

Market review

Japanese equities rose consistently over the quarter. Globally, investors were positive on the outlook for interest rates, amid broadly good economic data. However, market positivity came against a backdrop of currency weakness, with the dollar surpassing ¥145 for the first time since September 2022 and closing the period at ¥142 per dollar.

The Bank of Japan (B.o.J) held interest rates throughout the period at -0.1%. In its July meeting, the B.o.J signaled a gradual shift away from decades of aggressive monetary stimulus, as it allowed the country's interest rates to better reflect the country's inflation and economic growth. The B.o.J widened its yield curve control trading band, allowing yields to trade up to a 1% cap, even while holding rates unchanged and keeping the yield target for the 10-year Japanese Government Bond at 0%. Governor Ueda continued to express uncertainty over the outlook for wage and price pressure but reiterated that the change was not a step towards policy normalization. The most recent core consumer price index inflation figures showed a 3.3% year-on-year increase, slightly above May's reading and in line with forecasts. The second-quarter B.o.J Tankan survey of business sentiment came in above forecasts. Respondents were optimistic as factory production and consumption rates recovered from pandemic-era lows.

Following the Tokyo Stock Exchange's announcement of reforms to tackle the market's low valuations earlier this year, one-third of companies with stocks trading below book value have announced increases in shareholder returns. For the broader market, share buybacks announced by Japanese companies reached the highest level since 2004 in the month of May, and although they were broadly similar to that of a year ago, the rise in the number of companies proposing higher returns to shareholders has risen. By the end of the period, the majority of Japanese companies had held their annual shareholder meetings, for which there was a record number of shareholder proposals. Capital efficiency, environmental issues, and disputes on board appointments made up the majority of the proposals. While almost all of these proposals were voted down, what was notable was a rising proportion of votes against executives' nominations at companies with relatively weaker governance standards.

Outlook

Looking ahead, there is cause for optimism. The macroeconomic conditions that have hurt Japanese corporates in the recent past appear to be reversing: inflationary pressures are easing, interest-rate hikes across the world are moderating, and the deflationary mindset in Japan is gradually changing. At the corporate level, this translates into improving profitability, as supply chain issues ease and operating conditions normalize. While there are still concerns that the market may be underestimating the persistency of inflation, geopolitics could still lead to sudden changes in the economic outlook, and a prolonged slowdown in China could stunt global economic growth; we believe that better-run businesses are well-positioned to tackle these challenges, and that they should, over time, outperform their peers. And thus, we have stayed true to our principles: that investing in a group of well-run companies, alongside active engagement, will lead to better outcomes for our clients.

Important Information

Past performance is no guarantee of future results.

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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