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# JAPAN DYNAMIC FUND

Société d'Investissement à Capital Variable

Unaudited Semi-Annual Report  
as at September 30, 2017

R.C.S. Luxembourg: B-21 694

# JAPAN DYNAMIC FUND

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# JAPAN DYNAMIC FUND

## Management and Administration

### **Board of Directors**

- **Albert ABEHSERA, Chairman**, International Finance Development Company S.A., Luxembourg, and IFDC Limited, London.
- **Jean BODONI, Director**, International Finance Development Company S.A., Luxembourg.
- **Germain GIRAUD, Director**, IFDC Limited, London.
- **Michel HARDY, Director**, International Finance Development Company S.A., Luxembourg.
- **Keisuke MURATSU, President**, Activity International Inc., Tokyo.

### **Conducting Officers\***

- **Albert ABEHSERA, Chairman**, International Finance Development Company S.A., Luxembourg.

### **Investment Manager**

**IFDC Limited, London,**  
3 Wimpole Street, London, W1G 9SQ, United Kingdom.

### **Investment Adviser**

**IFDC (H.K.) Limited,**  
16th Floor, Suite C, On Hing Building, 1-9 On Hing Terrace, Central, Hong Kong.

### **Registered Office**

11-13, Boulevard de la Foire, L-1528 Luxembourg.

### **Custodian, Registrar and Transfer Agent, Domiciliary, Administrative, Corporate and Currency Hedging Agent**

RBC Investor Services Bank S.A.  
14, Porte de France, L-4360 Esch-sur-Alzette

### **Auditor / Cabinet de Révision Agréé**

KPMG Luxembourg, Société coopérative  
39, Avenue John F. Kennedy, L-1855 Luxembourg.

### **Legal Adviser**

Elvinger Hoss Prussen  
2, Place Winston Churchill, L-1340 Luxembourg.

\* An application has been introduced with the CSSF to appoint a new conducting officer in lieu of Michel Lentz as from September 23, 2016. The application is currently under review.

# JAPAN DYNAMIC FUND

## Directors' Report to Shareholders

We are pleased to present our unaudited semi-annual report to shareholders for the period ended September 30, 2017.

### Performance

As of September 30, 2017, the Net Asset Value per share for Japan Dynamic Fund A Class Shares stood at JPY 53,217 compared with JPY 49,513 as of March 31, 2017. This represents an increase of 7.48% for 1HFY17.

The Net Asset Value per share for Japan Dynamic Fund B Class Shares JPY stood at JPY 45,403 as of September 30, 2017, compared with JPY 42,486 as of March 31, 2017. This represents an increase of 6.87% for 1HFY17.

The Net Asset Value per share for Japan Dynamic Fund B Class Shares EUR Hedged stood at EUR 128.21 as of September 30, 2017, compared with EUR 120.32 as of March 31, 2017. This represents an increase of 6.56% for 1HFY17.

The Net Asset Value per share for Japan Dynamic Fund B Class Shares GBP Hedged stood at GBP 171.56 as of September 30, 2017, compared with GBP 160.62 as of March 31, 2017. This represents an increase of 6.81% for 1HFY17.

The Net Asset Value per share for Japan Dynamic Fund C Class Shares JPY stood at JPY 16,323 as of September 30, 2017, compared with JPY 15,240 as of March 31, 2017. This represents an increase of 7.11% for 1HFY17.

The Net Asset Value per share for Japan Dynamic Fund C Class Shares EUR Hedged stood at EUR 104.43 as of September 30, 2017, compared with EUR 97.60 as of March 31, 2017. This represents an increase of 7.00% for 1HFY17.

The Net Asset Value per share for Japan Dynamic Fund C Class Shares USD Hedged stood at USD 131.79 as of September 30, 2017, compared with USD 122.46 as of March 31, 2017. This represents an increase of 7.62% for 1HFY17.

The Net Asset Value per share for Japan Dynamic Fund J Class Shares JPY stood at JPY 1,215,499 as of September 30, 2017, compared with JPY 1,123,711 as of March 31, 2017. This represents an increase of 8.17% for 1HFY17.

### Investment Background and Outlook

#### Background

The market's performance as reflected by the Tokyo Stock Exchange Price Index (TOPIX) and Nikkei 225 index during the period under review is shown in the table below:

	TOPIX	NIKKEI 225
September 30, 2017	1,674.75	20,356.28
March 31, 2017	1,512.60	18,909.26
Increase (Decrease)	10.72%	7.65%

After growing +1.3% in FY16, economic momentum remains firm in Japan as GDP expanded +2.5% annualised (+0.6% QoQ) in 1QFY17 increasing for the sixth consecutive quarter. In 1QFY17, private consumption (+0.5% contribution to quarterly GDP growth) and public demand (+0.3%) were the main drivers of growth offsetting a negative contribution from net exports (-0.3%). In the latest monthly statistics, industrial production recovered from a -0.8% MoM loss in July with a +2.1% MoM gain in August. Official forecasts look for industrial production to fall -1.4% MoM in September but still finish 2QFY17 edging up +0.3% QoQ after +2.1% in 1Q. In the labour market unemployment was 2.8% in August, the same level as at the end of FY16 (and its lowest level since June 1994). The job offer-to-applicant ratio reached 1.52 in August reaching its highest level since February 1974 and improving from 1.45 at the end of March 2017. In terms of prices, core CPI (excluding fresh food) rose +0.7% YoY in August accelerating from +0.2% YoY in March; core prices excluding both fresh food and energy also accelerated to +0.2% YoY in August from -0.1% YoY as at the end of FY16. The Quarterly BoJ Tankan Survey for June showed improving business conditions for both large manufacturers (to +17 from +12 in March) and large non-manufacturers (to +23 from +20). Capex plans look for +5.7% growth in FY17 after +0.3% in FY16. In terms of monetary policy, in its July meeting the BoJ left monetary policy unchanged but postponed the projected timing of core CPI reaching 2% to FY19 from FY18. In terms of politics and policy, there is some uncertainty going forward as PM Abe decided in September to dissolve the Lower House of the Diet and call a snap election for 22nd October. Mr Abe plans to go forward with the consumption tax hike (from 8% to 10%) in October 2019 as scheduled but use ¥2tn (out of the ¥5tn expected additional revenue to be collected) to invest in human resources development (education, childcare allowances, vocational training, etc.) on the expectation that the resulting rise in productivity will help deal with the challenge of Japan's ageing population.

# JAPAN DYNAMIC FUND

## Directors' Report to Shareholders (continued)

The Japanese Yen slightly weakened over 1HFY17 against the USD (to 112.5 from 111.4 as at the end of March) and more so against the Euro (to 132.9 from 118.7). JGB 10yr yields were unchanged from the end of March at +0.07% whilst US 10yr bond yields slightly decreased (to 2.33% from 2.39%).

Topix rose +10.72% in 1HFY17 with increases in both 1QFY17 (+6.65%) and 2QFY17 (+3.90%). Supported by various factors including solid corporate results, a weakening currency and a firm global economy, Topix expanded in each of the three months of 1QFY17 rising +1.27% in April, +2.39% in May and +2.78% in June. Topix increased +0.42% in July supported by strong 1QFY17 corporate results, then moved largely sideways in August (-0.07%) amidst heightened geopolitical risks and rose strongly in September (+3.55%) as tension in the Korean peninsula subsided and the Yen depreciated over the month both against the USD (to 112.5 from 110.0) and the Euro (to 132.9 from 131.0). Average daily traded volumes fell -12% YoY (to 1.75bn shares). Proprietary traders (+USD 20.3bn till Sep 22nd) and business companies (+USD 8.1bn) were the main net buyers whilst individual investors (-USD 26.6bn) were the main net sellers of Japanese equities. In the smaller markets, Jasdaq (+20.3%) and TSE Second Section (+12.1%) outperformed whilst Mothers (+2.1%) underperformed Topix. Best performing sectors were other products (+32.3%) on Nintendo's strong rise due to the popularity of its "Switch" new game console, construction (+24.0%) on increasing orders, air transport (+16.7%), electrical machinery (+16.4%) and services (+15.7%). Worst performing sectors were securities (-3.2%) as equity trading volumes remained low as well as insurance (-0.1%), marine transport (-0.9%), electric power & gas (+0.5%) and fisheries (+2.7%). On the corporate earnings front, 1QFY17 results for all companies in Topix showed rising recurring profit (+18.5% YoY) for all companies in Topix after increasing +3.5% in full FY16.

### Outlook

With the global economy showing ongoing signs of solid growth, central banks in developed markets continue to move towards monetary policy normalisation. Whilst geopolitical and other risks (including natural disasters) could still be a mitigating factor, the main scenario for the global economy remains one of gradual growth with most regions providing support.

In Japan, recent economic indicators confirmed the solid growth momentum (including GDP expanding for the sixth consecutive quarter) and economists expect GDP growth to reach +1.6% in FY17 and +1.1% in FY18.

In terms of corporate results, most companies will start releasing their 1HFY17 results from late October and these are expected to confirm the favourable operating environment. Whilst earnings growth in coming quarters could decelerate YoY after a strong 1Q (+18.5% YoY), consensus forecasts still look for solid recurring profit growth (+8.6%) in full FY17.

Beyond the upcoming election and the impact that it may have on the scheduled consumption tax hike and other policies, the outlook for Japanese equities remains encouraging. Valuations continue to be at attractive levels (Topix PBR 1.35x, FY17 PER 16.0x) with strong earnings growth together with an increased focus on shareholder returns and improvement in corporate governance. This favourable environment should continue supporting the continuation of the uptrend, as well as offering attractive opportunities for meaningful capital gains in the medium term through a stock picking strategy focussing on undervalued stocks with strong earnings turnaround potential.

The Fund will continue to concentrate its investments in companies which offer the best combination of attractive valuations, rising profits and shareholder returns.

September 30, 2017

The Board of Directors

# JAPAN DYNAMIC FUND

## Statement of Net Assets as at September 30, 2017

	Note	JPY
<b>ASSETS</b>		
Investments in securities at market value	(2c)	13,002,397,500
Cash at bank		119,148,069
Amounts receivable on sale of investments		35,046,739
Interest and dividends receivable, net		120,792,784
Unrealised gain on forward foreign exchange contracts	(6)	4,118,410
<b>TOTAL ASSETS</b>		<b>13,281,503,502</b>
<b>LIABILITIES</b>		
Amounts payable on redemptions		71,965,044
Aggregate fixed fee payable	(3a)	11,677,203
Performance fee payable	(3b)	12,230,319
Taxes and expenses payable	(3c)	13,497,549
<b>TOTAL LIABILITIES</b>		<b>109,370,115</b>
<b>TOTAL NET ASSETS</b>		<b>13,172,133,387</b>
<b>Net asset value per share</b>		
A Class Shares		JPY 53,217
B Class Shares		JPY 45,403
B Class Shares GBP Hedged		GBP 171.56 (JPY 25,910)
B Class Shares EUR Hedged		EUR 128.21 (JPY 17,061)
C Class Shares		JPY 16,323
C Class Shares USD Hedged		USD 131.79 (JPY 14,835)
C Class Shares EUR Hedged		EUR 104.43 (JPY 13,897)
J Class Shares		JPY 1,215,499
<b>Number of shares outstanding</b>		
A Class Shares		310
B Class Shares		22,249
B Class Shares GBP Hedged		3,974
B Class Shares EUR Hedged		21,042
C Class Shares		56,910
C Class Shares USD Hedged		44,918
C Class Shares EUR Hedged		20,000
J Class Shares		8,071

The accompanying notes form an integral part of these financial statements.

# JAPAN DYNAMIC FUND

## Changes in the Number of Shares for the Period ended September 30, 2017

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<b>A Class Shares</b>	
Number of shares outstanding at the beginning of the period	310
Number of shares issued	-
Number of shares redeemed	-
Number of shares outstanding at the end of the period	310
<b>B Class Shares</b>	
Number of shares outstanding at the beginning of the period	32,589
Number of shares issued	-
Number of shares redeemed	(10,340)
Number of shares outstanding at the end of the period	22,249
<b>B Class Shares GBP Hedged</b>	
Number of shares outstanding at the beginning of the period	3,974
Number of shares issued	-
Number of shares redeemed	-
Number of shares outstanding at the end of the period	3,974
<b>B Class Shares EUR Hedged</b>	
Number of shares outstanding at the beginning of the period	28,747
Number of shares issued	3,309
Number of shares redeemed	(11,014)
Number of shares outstanding at the end of the period	21,042
<b>C Class Shares</b>	
Number of shares outstanding at the beginning of the period	56,570
Number of shares issued	340
Number of shares redeemed	-
Number of shares outstanding at the end of the period	56,910
<b>C Class Shares USD Hedged</b>	
Number of shares outstanding at the beginning of the period	96,901
Number of shares issued	-
Number of shares redeemed	(51,983)
Number of shares outstanding at the end of the period	44,918
<b>C Class Shares EUR Hedged</b>	
Number of shares outstanding at the beginning of the period	20,000
Number of shares issued	-
Number of shares redeemed	-
Number of shares outstanding at the end of the period	20,000
<b>J Class Shares</b>	
Number of shares outstanding at the beginning of the period	8,500
Number of shares issued	223
Number of shares redeemed	(652)
Number of shares outstanding at the end of the period	8,071

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# JAPAN DYNAMIC FUND

## Notes to the Financial Statements as at September 30, 2017

### **(1) General**

Japan Dynamic Fund (the "Fund") is an open-ended investment company organised as a "Société Anonyme" under the laws of Luxembourg and qualifies as a self-managed Société d'Investissement à Capital Variable ("SICAV") under the Luxembourg law of December 17, 2010 on Undertakings for Collective Investment as amended (the "Law of 2010"). It is registered with the Registre de Commerce et des Sociétés (the "RCS") of Luxembourg under number B-21694 and has its registered office at 11-13, boulevard de la Foire, L-1528 Luxembourg.

The purpose of the Fund is to provide its shareholders with an investment vehicle through which they can participate in a diversified portfolio of Japanese securities. The Fund offers investors an opportunity to participate in the stock market of one of the world's most advanced economies.

Shares may be issued and repurchased on each day which is a bank business day in Luxembourg ("Valuation Day") at a price based on the value of the net assets attributable to each class.

Shares are issued in bearer or registered form. A Class Shares and B Class Shares are listed on the Luxembourg Stock Exchange; the prices are published in Yen and in Euro ("EUR") in the "Cote Officielle". The issue and repurchase prices are available daily at the registered office of the Fund and are published on Bloomberg and in any other information source selected by the Board of Directors.

The Fund has issued 9 types of share classes, A Class Shares, B Class Shares, B Class Shares GBP Hedged, B Class Shares EUR Hedged, C Class Shares, C Class Shares USD Hedged, C Class Shares EUR Hedged, I Class Shares, and J Class Shares. However, A Class Shares can no longer be issued since January 1, 2004.

A Class Shares, B Class Shares, C Class Shares, I Class Shares and J Class Shares are denominated in JPY. C Class Shares, I Class Shares and J Class Shares are reserved to institutional investors within the meaning of article 174 of the Law of 2010 ("Institutional Investors").

### **(2) Summary of Significant Accounting Policies**

#### **(a) Basis of Presentation**

The accounting policies of the Fund comply with Luxembourg legal and regulatory requirements applicable to collective investment undertakings. The financial statements reflect the Net Asset Values as calculated on September 30, 2017 based on the last available market prices of the securities in which the Fund has invested, as of this date.

#### **(b) Foreign Currencies**

The Fund's capital is expressed in Japanese Yen and its financial statements are expressed in that currency. Transactions in other currencies are recorded in Japanese Yen based on the exchange rates in effect at the date of the transaction. Those assets and liabilities that are denominated in other currencies are adjusted for changes in the exchange rate at the end of each financial year. Unsettled forward foreign exchange transactions are revalued at year-end rates applicable for the period remaining to final maturity. Any resulting gains or losses are reflected in the operating results of the Fund.

The exchange rates applied as at September 29, 2017 were:

1 JPY = 0.007515 EUR

1 JPY = 0.006622 GBP

1 JPY = 0.008884 USD

#### **(c) Investment Securities**

Investment securities, all of which are quoted, are stated at market value determined on the basis of the closing prices quoted on September 29, 2017.

#### **(d) Dividend and Interest Income**

Dividend income is recognised on the ex-dividend date of the relevant security, net of any withholding taxes. Interest income is recognised on an accrual basis, net of withholding taxes.



# JAPAN DYNAMIC FUND

## Notes to the Financial Statements (continued) as at September 30, 2017

### **(3) Charges and Expenses**

The principal continuing charges and expenses are:

#### **(a) Aggregate Fixed Fee**

The Investment Manager and the Investment Adviser are entitled to an Aggregate Fixed Fee described hereafter, which is payable to the Investment Manager and the Investment Adviser. The annual Aggregate Fixed Fee is payable quarterly in arrears of 1.25% for A Class Shares, 1.75% for B Class Shares, 1.25% for C Class Shares and 0.875% for I Class Shares based on the average net assets attributable to the relevant Class during the relevant calendar quarter. The Investment Manager shall be entitled to obtain two thirds of such Aggregate Fixed Fee and the Investment Adviser shall be entitled to the remaining portion.

No Aggregate Fixed Fee shall be payable by the Fund in respect of J Class Shares.

#### **(b) Performance Fee**

The Investment Manager and the Investment Adviser may also be entitled to a performance fee payable to the Investment Manager and the Investment Adviser, split in such proportion that the Investment Manager shall be entitled to obtain two thirds of such performance fee and the Investment Adviser shall be entitled to the remaining portion.

#### **A Class Shares**

The Fund will pay a yearly performance fee to the Investment Manager and the Investment Adviser in relation to A Class Shares, only if the net asset value per share of such Class records a minimum capital gain of 20% over the relevant fiscal year. Thus, if the capital gain of the net asset value per share is over 20%, the rate of performance fee applicable to the average net assets under management over the year will be, for A Class Shares, equal to 10% of the difference between the capital gain recorded and the above mentioned level of 20%. The Fund will pay to the Investment Manager and the Investment Adviser a performance fee equal to this rate of performance fee multiplied by the average net assets under management in relation to A Class Shares during the relevant year.

If the net asset value per share records a negative performance over a given year, this negative performance will be carried forward to the next fiscal year before the calculation of the performance of the net asset value per share for the current year. If following this calculation, the net asset value per share still records a cumulative negative performance, the negative performance will be carried forward systematically to the following years until such cumulative negative performance is eliminated.

At every calculation of the net asset value per share, if the performance is in excess of an annual rate of 20% from the beginning of the fiscal year, the Fund will set up an aggregate provision equal to the average net assets under management in relation to A Class Shares since that date multiplied by a rate equal to 10% of such excess, in anticipation of the payment of the performance fee at the end of the year.

Any performance fee paid at the end of the year is not refundable and is definitively retained by the Investment Manager and the Investment Adviser. If investors ask for their Shares to be redeemed before the end of the fiscal year, the total outstanding performance fee accrued for such Shares will be paid to the Investment Manager and the Investment Adviser at the end of that fiscal year.

#### **B Class Shares and C Class Shares**

The Fund will pay a yearly performance fee to the Investment Manager and the Investment Adviser in relation to B Class Shares and C Class Shares, only if the net asset value per share of such Classes records a minimum capital gain of 10% over the relevant fiscal year. Thus, if the capital gain of the net asset value per share is over 10%, the rate of performance fee applicable to the average net assets under management over the year will be, for B Class Shares and C Class Shares, equal to 15% of the difference between the capital gain recorded and the above mentioned level of 10%. The Fund will pay to the Investment Adviser a performance fee equal to this rate of performance fee multiplied by the average net assets under management in relation to B Class Shares and C Class Shares during the relevant year.

If the net asset value per share records a negative performance over a given year, this negative performance will be carried forward to the next fiscal year before the calculation of the performance of the net asset value per share for the current year. If following this calculation, the net asset value per share still records a cumulative negative performance, the negative performance will not be carried forward to the following year but will be eliminated.

At every calculation of the net asset value per share, if the performance is in excess of an annual rate of 10% from the beginning of the fiscal year, the Fund will set up an aggregate provision equal to the average net assets under management in relation to B Class Shares and C Class Shares since that date multiplied by a rate equal to 15% of such excess, in anticipation of the payment of the performance fee at the end of the year.

Any performance fee paid at the end of the year is not refundable and is definitively retained by the Investment Manager and the Investment Adviser. If investors ask for their Shares to be redeemed before the end of the fiscal year, the total outstanding performance fee accrued for such Shares will be paid to the Investment Manager and the Investment Adviser at the end of that fiscal year.

# JAPAN DYNAMIC FUND

## Notes to the Financial Statements (continued) as at September 30, 2017

### (3) Charges and Expenses (continued)

#### I Class Shares

The Fund will pay a quarterly performance fee to the Investment Manager and the Investment Adviser in relation to I Class Shares, only if the net asset value per share of such Class records a cumulative percentage return over the relevant quarter in excess of the cumulative percentage return of the Topix Net Total Return (Bloomberg Ticker: TPXNTR) (the "Excess Return"). Thus, if the Excess Return over the relevant quarter is positive, the rate of performance fee applicable to the average net assets under management over such quarter will be, for I Class Shares, equal to 15% of the Excess Return. The Fund will pay to the Investment Manager and the Investment Adviser a performance fee equal to this rate of performance fee multiplied by the average net assets under management in relation to I Class Shares during the relevant quarter.

If the Excess Return over a given quarter is negative, such Excess Return will be carried forward to the next quarter before the calculation of the performance for the current quarter. If following this calculation, the Excess Return is still negative, such negative Excess Return will be carried forward systematically to the following quarter until such negative Excess Return is eliminated. At no time shall the performance fee be less than zero.

At every calculation of the net asset value per share, if the Excess Return is positive from the beginning of the quarter, the Fund will set up an aggregate provision equal to the average net assets under management in relation to I Class Shares since that date multiplied by a rate equal to 15% of such Excess Return, in anticipation of the payment of the performance fee at the end of the quarter.

Any performance fee paid at the end of the quarter is not refundable and is definitively retained by the Investment Manager and the Investment Adviser. If investors ask for their Shares to be redeemed before the end of any given quarter, the total outstanding performance fee accrued for such Shares will be paid to the Investment Manager and the Investment Adviser at the end of that quarter.

There were no I Class Shares in issue for the period ended September 30, 2017.

#### J Class Shares

No performance fee is payable by the Fund in respect of J Class Shares.

### (c) Taxes and Expenses Payable

Subscription tax (note 4)	657,371
Custodian, accounting, compliance, rental and banking fees	8,762,824
Audit, legal and facility fees	4,077,354
<b>TOTAL</b>	<b>13,497,549</b>

### (4) Taxation

#### – The Fund

As of the date hereof, under Luxembourg law, the Fund is not subject to any tax on income, capital gains tax or wealth tax.

The Fund's net assets are subject to a subscription tax of 0.05% per annum, payable at the end of each quarter and calculated on the basis of the Fund's total net assets at the end of the relevant quarter. Such tax rate is reduced to 0.01% in respect of the net assets attributable to such Classes of Shares, if any, which are reserved for institutional investors as defined from time to time by the Luxembourg Supervisory Authority. To the extent that the assets of the Fund are invested in collective investment undertakings established in Luxembourg, no such tax is payable.

#### – Shareholders

According to legislation and current practice in Luxembourg, Shareholders, other than those domiciled, residing or permanently established in Luxembourg, are not liable to pay any Luxembourg tax on income, capital gains, withholding, estate, inheritance or other taxes in Luxembourg.

However, it is incumbent upon any purchasers of Shares in the Fund to inform themselves about the relevant legislation and tax regulations applicable to the acquisition, holding and sale of Shares with regard to their residence qualifications and nationality.

### (5) Dividends

The Directors of the Fund do not propose to recommend the payment of a dividend in respect of the period ended September 30, 2017.

# JAPAN DYNAMIC FUND

## Notes to the Financial Statements (continued) as at September 30, 2017

### (6) Forward Foreign Exchange Contracts

As at September 30, 2017, the following forward foreign exchange contracts were outstanding:

Maturity Date	Currency	Purchase	Currency	Sales	Unrealised gain/(loss) (in JPY)
03/10/2017	EUR	25,297	JPY	3,344,576	21,802
03/10/2017	EUR	70	JPY	9,257	12
31/10/2017	EUR	4,749,384	JPY	627,836,311	4,325,483
31/10/2017	GBP	676,008	JPY	101,895,705	152,110
31/10/2017	USD	5,848,354	JPY	657,839,210	(380,997)
					<b>4,118,410</b>

# JAPAN DYNAMIC FUND

## Statement of Investments as at September 30, 2017

(expressed in JPY)

Description	Quantity	Currency	Cost	Evaluation	% net assets
<b>Transferable securities admitted to an official stock exchange listing</b>					
<b>Shares</b>					
<b>Japan</b>					
Astellas Pharma Inc.	400,000	JPY	582,504,658	572,600,000	4.35
Denso Corp.	50,000	JPY	266,275,378	284,650,000	2.16
East Japan Railway Co.	45,000	JPY	397,351,858	467,325,000	3.55
Hitachi Ltd	1,100,000	JPY	610,347,001	872,190,000	6.62
Honda Motor Co. Ltd	145,000	JPY	532,548,081	483,140,000	3.67
Itochu Corp.	120,000	JPY	152,728,807	221,160,000	1.68
Japan Tobacco Inc.	135,000	JPY	501,588,964	497,880,000	3.78
JTEKT Corp.	125,000	JPY	230,201,169	194,750,000	1.48
Kyocera Corp.	40,000	JPY	196,500,629	279,280,000	2.12
Mitsubishi Chemical Holdings Corp.	375,000	JPY	223,430,823	402,000,000	3.05
Mitsubishi Corp.	240,000	JPY	516,901,900	627,720,000	4.76
Mitsubishi Electric Corp.	500,000	JPY	631,598,995	879,000,000	6.67
Mitsubishi Heavy Industries	135,000	JPY	708,374,887	600,615,000	4.56
Mitsubishi Ufj Financial Group	1,200,000	JPY	786,237,480	876,840,000	6.66
Mitsui Fudosan Co.	125,000	JPY	285,122,954	305,000,000	2.32
Nippon Soda	970,000	JPY	560,864,501	663,480,000	5.04
NTT Corp.	100,000	JPY	398,573,845	515,700,000	3.91
NTT Domoco Inc.	200,000	JPY	437,548,794	514,100,000	3.90
Okuma Corp.	25,000	JPY	112,203,394	154,000,000	1.17
Sekisui House Ltd	335,000	JPY	566,848,329	635,327,500	4.82
Seven & I Holdings Co. Ltd	150,000	JPY	633,070,423	651,750,000	4.95
Shin-Etsu Chemical Co.	3,500	JPY	24,319,513	35,210,000	0.27
Sumitomo Electric Industries	150,000	JPY	262,903,269	275,700,000	2.09
Sumitomo Mitsui Financial Group	150,000	JPY	640,168,203	648,000,000	4.92
Tokio Marine Holdings Inc.	115,000	JPY	448,411,396	506,230,000	3.84
Toyota Motor Corp.	125,000	JPY	891,000,297	838,750,000	6.37
			<b>11,597,625,548</b>	<b>13,002,397,500</b>	<b>98.71</b>
<b>Total Shares</b>			<b>11,597,625,548</b>	<b>13,002,397,500</b>	<b>98.71</b>
<b>Total Transferable securities admitted to an official stock exchange listing</b>			<b>11,597,625,548</b>	<b>13,002,397,500</b>	<b>98.71</b>
<b>TOTAL INVESTMENT PORTFOLIO</b>			<b>11,597,625,548</b>	<b>13,002,397,500</b>	<b>98.71</b>

A detailed schedule of portfolio changes is available free of charge upon request at the registered office of the Fund.

# JAPAN DYNAMIC FUND

## Economic and Geographic Division of Investments as at September 30, 2017

(expressed as percentage of net assets)

<u>Economic Division</u>		<u>Geographic Division</u>	
Electrical Machinery	15.41%	Japan	98.71 %
Transportation Equipment	12.20%		<b>98.71 %</b>
Banks	11.58%		
Chemicals	8.36%		
Communication	7.82%		
Machinery	7.21%		
Wholesale	6.44%		
Retail	4.95%		
Construction	4.82%		
Pharmaceuticals	4.35%		
Insurance	3.84%		
Foods	3.78%		
Land Transportation	3.55%		
Real Estate	2.31%		
Nonferrous Metals	2.09%		
	<b>98.71%</b>		

# JAPAN DYNAMIC FUND

## Information to Shareholders

Unaudited semi-annual reports and annual audited reports are made available at the registered office of the Fund and posted to the holders of registered shares and, in the case of audited reports, at least 16 days before the Annual General Meeting.

Payment of dividends to holders of registered shares is made to such shareholders at their addresses on the Register of Shareholders. Payment of dividends to holders of bearer shares is made against tender of the relevant coupons to the Fund, to RBC Investor Services Bank S.A., Esch-sur-Alzette, as Registrar and Transfer Agent or to such other Coupon Paying Agents as may from time to time be appointed by the Fund as notified in the dividend announcements.

The Fund's financial year ends on March 31. The Annual General Meeting of the shareholders is held each year at the registered office of the Fund in Luxembourg - or at such other place as may be specified in the Notice of the Meeting on the last Friday in the month of June, or, if any such day is not a business day in Luxembourg, on the following business day. Notices of General Meetings, including agenda, attendance, quorum and majority requirements, will be published in the RESA (Recueil électronique des sociétés et associations), in the "Luxemburger Wort" and/or such other newspapers as the Directors may from time to time determine.

The consolidated Articles of Incorporation in their present form, are deposited with the "Registre de Commerce et des Sociétés" of Luxembourg, where they are available for inspection and where copies thereof may be obtained.

# JAPAN DYNAMIC FUND

## Additional Information

**Information concerning the transparency of securities financing transactions and of reuse of cash collateral (regulation EU 2015/2365, hereafter "SFTR")**

At the date of the financial statements, the Fund is not in the scope of the publication requirements of SFTR. No transactions were carried out during the reporting period.