ABERDEEN GLOBAL INCOME FUND INC
Form N-CSR
January 07, 2019

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:	811-06342
Exact name of registrant as specified in charter:	Aberdeen Global Income Fund, Inc.
Address of principal executive offices:	1735 Market Street, 32nd Floor Philadelphia, PA 19103
Name and address of agent for service:	Ms. Andrea Melia Aberdeen Asset Management Inc. 1735 Market Street 32nd Floor Philadelphia, PA 19103
Registrant s telephone number, including area code:	800-522-5465
Date of fiscal year end:	October 31
Date of reporting period:	October 31, 2018

Item 1 Reports to Stockholders The Report to Shareholders is attached herewith.

Managed Distribution Policy (unaudited)

The Board of Directors of the Aberdeen Global Income Fund, Inc. (the Fund) has authorized a managed distribution policy (MDP) of paying monthly distributions at an annual rate set once a year. The Fund s current monthly distribution is set at a rate of $0.07 per share. With each distribution, the Fund will issue a notice to shareholders and an accompanying press release which will provide detailed information regarding the amount and estimated composition of the distribution and other information required by the Fund s MDP exemptive order. The Fund s Board of Directors may amend or terminate the MDP at any time without prior notice to shareholders; however, at this time, there are no reasonably foreseeable circumstances that might cause the termination of the MDP. You should not draw any conclusions about the Fund s investment performance from the amount of distributions or from the terms of the Fund s MDP.

Distribution Disclosure Classification (unaudited)

The Fund s policy is to provide investors with a stable monthly distribution out of current income, supplemented by realized capital gains and, to the extent necessary, paid-in capital.

The Fund is subject to U.S. corporate, tax and securities laws. Under U.S. tax rules, the amount applicable to the Fund and character of distributable income for each fiscal period depends on the actual exchange rates during the entire year between the U.S. Dollar and the currencies in which Fund assets are denominated and on the aggregate gains and losses realized by the Fund during the entire year.

Therefore, the exact amount of distributable income for each fiscal year can only be determined as of the end of the Fund s fiscal year, October 31. Under Section 19 of the Investment Company Act of 1940, as amended (the 1940 Act), the Fund is required to indicate the sources of certain distributions to shareholders. The estimated distribution composition may vary from month to month because it may be materially impacted by future income, expenses and realized gains and losses on securities and fluctuations in the value of the currencies in which the Fund s assets are denominated.

The distributions for the fiscal year ended October 31, 2018 consisted of 19% net investment income and 81% return of capital.

In January 2019, a Form 1099-DIV will be sent to shareholders, which will state the final amount and composition of distributions and provide information with respect to their appropriate tax treatment for the 2018 calendar year.

Dividend Reinvestment and Direct Stock Purchase Plan (unaudited)

Computershare Trust Company, N.A. (Computershare), the Fund s transfer agent, sponsors and administers a Dividend Reinvestment and Direct Stock Purchase Plan (the Plan), which is available to shareholders.

The Plan allows registered shareholders and first-time investors to buy and sell shares and automatically reinvest dividends and capital gains through the transfer agent. This is a cost-effective way to invest in the Fund.

Please note that for both purchase and reinvestment purposes, shares will be purchased in the open market at the current share price and cannot be issued directly by the Fund.

For more information about the Plan and a brochure that includes the terms and conditions of the Plan, please call Computershare at 1-800-647-0584 or visit www.computershare.com/buyaberdeen.

Letter to Shareholders (unaudited)

Dear Shareholder,

We present this Annual Report, which covers the activities of Aberdeen Global Income Fund, Inc. (the Fund), for the fiscal year ended October 31, 2018. The Fund s principal investment objective is to provide high current income by investing primarily in fixed income securities. As a secondary investment objective, the Fund seeks capital appreciation, but only when consistent with its principal investment objective.

Total Investment Return

For the fiscal year ended October 31, 2018, the total return to shareholders of the Fund based on the net asset value (NAV) and market price of the Fund are as follows:

	1 Year
NAV*	-3.8%
Market Price*	1.3%

* assuming the reinvestment of dividends and distributions

The Fund s NAV total return is based on the reported NAV on each financial reporting period end which could differ from the NAV disclosed within the financial statements. For more information on Fund performance, please see page 3 of Report of the Investment Manager and Total Investment Returns (page 5).

NAV and Market Price

The below table represents comparison from current year to prior year of Market Price to NAV and associated Premium / Discount.

	NAV	Closing Market Price	Premium/ (Discount)
10/31/2017	$ 9.17	$ 8.96	(2.3%)
10/31/2018	$ 7.99	$ 8.22	2.9%

Throughout the fiscal year ended October 31, 2018, the Fund s NAV was within a range of $7.99 to $9.36 and the Fund s market price traded within a range $7.83 to $9.48. Throughout the fiscal year ended October 31, 2018, the Fund s shares traded within a range of a discount of 7.5% to a premium of 6.1%.

Portfolio Management

The Fund is managed by Aberdeen s Asia-Pacific fixed income team. The Asia-Pacific fixed income team works in a collaborative fashion; all team members have both portfolio management and research responsibilities. The team is responsible for the day-to-day management of the Fund.

Managed Distribution Policy

Distributions to common shareholders for the twelve months ended October 31, 2018 totaled $0.84 per share. Based on the market price of $8.22 on October 31, 2018, the distribution rate over the twelve-month period ended October 31, 2018 was 10.2%. Since all distributions are paid after deducting applicable withholding taxes, the effective distribution rate may be higher for those U.S. investors who are able to claim a tax credit.

On November 9, 2018 and December 11, 2018, the Fund announced that it will pay on November 28, 2018 and January 10, 2019, respectively, a distribution of U.S. $0.07 per share to all shareholders of record as of November 19, 2018 and December 31, 2018, respectively.

The Fund s policy is to provide investors with a stable monthly distribution out of current income, supplemented by realized capital gains and, to the extent necessary, paid-in capital, which is a non-taxable return of capital. This policy is subject to an annual review as well as regular review at the Board s quarterly meetings, unless market conditions require an earlier evaluation.

During the fiscal year ended October 31, 2017, the Fund terminated the Australian Qualified Business Unit structure of the Fund, which generated foreign currency losses in 2017 which reduced the taxable income available to support the monthly distributions. Also, a portion of the currency losses realized were deferred and are incorporated into the distribution characterization for the fiscal year ended October 31, 2018.

Open Market Repurchase Program

The Fund s policy is generally to buy back Fund shares on the open market when the Fund trades at certain discounts to NAV and management believes such repurchases may enhance shareholder value. During the fiscal year ended October 31, 2018 and fiscal year ended October 31, 2017, the Fund repurchased 0 and 19,539 shares, respectively.

Revolving Credit Facility

The Fund s $40,000,000 revolving credit facility with The Bank of Nova Scotia was renewed for a 3-year term on February 28, 2017. The Fund s outstanding balance as of October 31, 2017 was $31 million on the Revolving Credit Facility. On June 1, 2018, July 17, 2018 and August 8, 2018, the Fund paid down $.5 million, $1 million and $1.4 million, respectively. The Fund s outstanding balance as of October 31, 2018 was $28.6 million. Under the terms of the loan facility and applicable regulations, the Fund is required to maintain certain asset coverage ratios for the amount of its outstanding

Letter to Shareholders (unaudited) (continued)

borrowings. The Board regularly reviews the use of leverage by the Fund. The Fund is also authorized to use reverse repurchase agreements as another form of leverage.

Portfolio Holdings Disclosure

The Fund s complete schedule of portfolio holdings for the second and fourth quarters of each fiscal year are included in the Fund s semi-annual and annual reports to shareholders. 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 Form N-Q filings 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 makes the information on Form N-Q available to shareholders 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.

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.

Brexit

The ongoing negotiations surrounding the UK s exit from the EU (Brexit) have yet to provide clarity on what the outcome will be for the UK or Europe. The UK remains a member of the EU until the legally established departure date of March 29, 2019 and, until such date, all existing EU-derived laws and regulations continue to apply in the UK. Those laws may continue to apply for a transitional period, depending on whether a deal is struck and, if so, what that deal is. In any event, the UK s on-shoring of EU legislation currently envisages no policy changes to EU law. However, the EU has not yet provided any material cushion from the effects of Brexit for financial services as a matter of EU law. Whether or not a Fund invests in securities of issuers located in Europe (whether the EU, Eurozone or UK) or with significant exposure to European, EU, Eurozone or UK issuers or countries, the unavoidable uncertainties and events related to Brexit could negatively affect the value and liquidity of the Fund s investments, increase taxes and costs of business and cause volatility in currency exchange rates and interest rates. Brexit could adversely affect the performance of contracts in existence at the date of Brexit and European, UK or worldwide political, regulatory, economic or market conditions and could contribute to instability in political institutions, regulatory agencies and financial markets. Brexit could also lead to legal uncertainty and politically divergent national laws and regulations as a new relationship between the UK and EU is defined and the UK determines which EU laws to replace or replicate. Any of these effects of Brexit, and others that cannot be anticipated, could adversely affect the Fund s business, results of operations and financial condition. In addition, the risk that Standard Life Aberdeen plc, the parent of the companies that provide investment advisory and administration services to the Fund and which is headquartered in the UK, fails to adequately prepare for Brexit could have significant customer, reputation and capital impacts for Standard Life Aberdeen plc and its subsidiaries, including those providing services to the Fund; however, we have detailed contingency planning in place to seek to manage the consequences of Brexit on the Fund and to avoid any disruption on the Fund and to the services we provide. Given the fluidity and complexity of the situation, however, we cannot assure that the Fund will not be adversely impacted despite our preparations.

Investor Relations Information

As part of Aberdeen s commitment to shareholders, we invite you to visit the Fund on the web at www.aberdeenfco.com. Here, you can view monthly fact sheets, quarterly commentary, distribution and performance information, updated daily fact sheets courtesy of Morningstar®, portfolio charting and other Fund literature.

Letter to Shareholders (unaudited) (concluded)

Enroll in our 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.

Contact Us:

Visit: cef.aberdeen-asset.us;
Watch: http://cef.aberdeen-asset.us/en/cefinvestorcenter/aberdeen-closed-end-fund-tv;
Email: InvestorRelations@aberdeenstandard.com;
Call: 1-800-522-5465 (toll-free in the U.S.).

Yours sincerely,

/s/ Christian Pittard

Christian Pittard

President

All amounts are U.S. Dollars unless otherwise stated.

Report of the Investment Manager (unaudited)

Market/economic Review

Global bonds experienced significant bouts of volatility during the 12-month period ended October 31, 2018, as capital outflows from emerging markets quickened due to the U.S. Federal Reserve s ongoing rate-hike cycle and rising U.S. Treasury yields. As monetary policy normalization accelerated in the West, the easing cycle also came to an end in most parts of Asia. Indonesia s central bank led the charge, raising its benchmark interest rate five times over the reporting period in a bid to stem the falling rupiah as most emerging-market currencies succumbed to broad U.S.-dollar strength. Central banks in the Philippines and India also hiked interest rates, but more in response to rising inflation, given the threat posed by higher global oil prices after U.S. President Donald Trump reimposed economic sanctions on Iran. Weakness in the Indonesian rupiah, Philippine peso and Indian rupee weighed on total returns in their respective local-currency government bond markets, although Indian bonds recouped losses after oil prices stabilized, inflationary pressures moderated, and the central bank announced more bond-buying through open-market operations. In Sri Lanka, bond markets were hampered by volatile foreign-exchange movements, concerns over the country s large borrowing needs, and a constitutional crisis after Prime Minister Ranil Wickremesinghe was ousted. Conversely, the ringgit bucked the regional currency sell-off and this aided Malaysian bond market returns, despite concerns over the country s fiscal deficit. Korean bonds strengthened as domestic growth forecasts were downgraded.

In emerging markets excluding Asia, government bond yields ended mixed over the reporting period. Several central banks were forced to raise interest rates in a bid to halt the run in their currencies on the back of contagion fears stemming from Argentina and Turkey, where bond yields rose sharply. In Turkey, investors were equally unnerved by President Recep Tayyip Erdogan s increasing interference in monetary policy. Mexico s central bank also increased rates in an effort to stem the peso s decline, while investor sentiment was further dented by fears the government would default on the bonds it had issued to finance the Mexico City airport construction, after a referendum voted to cancel the project. Conversely, Brazilian bond yields generally fell during the period as investors welcomed Jair Bolsonaro s sweeping presidential victory and his market-friendly pledges, which offset initial anxiety over rising inflationary pressures.

Australian bond yields were mixed over the reporting period, with the long end of the yield curve falling and the front end rising. The

Australian market remained relatively defensive, outperforming comparable-duration[1] U.S. Treasuries as benign domestic inflation diminished the prospect of policy rate hikes. New Zealand bond yields trended lower over the reporting period. The country ushered in a new government over the 12-month period and revised the central bank s mandate to include jobs growth in addition to inflation targeting. With economic growth weaker than expected, monetary policymakers maintained their dovish stance. Nonetheless, the Australian and New Zealand dollars depreciation weighed on the markets performance for the period.

U.S. and European high-yield markets saw marginal gains over the reporting period. Corporate earnings continued to be supported by generally positive economic growth, while default rates remained low. Supply was also lower than that in 2017 as companies, faced with rising borrowing costs, responded by reducing new issuance. However, investor sentiment in the U.S. deteriorated towards the end of the reporting period as trade tensions with China worsened and businesses began to forecast more conservative revenues and profitability in the quarters ahead. Across the Atlantic, tenuous Brexit talks, political tensions in Germany, and jitters over Italy s proposed budget shook confidence.

Performance review

The Fund returned -3.8% on a net asset value basis performed for the 12-month period ended October 31, 2018, underperforming the -2.4% return of its blended benchmark.[2] The Fund s holdings in Asian local-currency bonds and emerging-market debt weighed on relative performance for the period. Conversely, strategies in global high-yield bonds, as well as Australia and New Zealand bonds, had a positive impact on relative performance.

The Fund s overweight allocation to global high-yield bonds, bolstered relative performance as the sector strengthened marginally over the reporting period. Security selection in financial, industrial and oil-and-gas bonds was the most positive contributor to the Fund s relative performance.

The underweight position in the Australian dollar enhanced the Fund s relative performance for the reporting period, as the currency weakened against the U.S. dollar. The New Zealand dollar also fell declined versus the U.S. dollar; therefore, the Fund s overweight position in the currency detracted from the relative performance.

[1] Duration is an estimate of bond price sensitivity to changes in interest rates. The higher the duration, the greater the change (i.e., higher risk) in relation to interest-rate movements.

[2] The Fund s blended benchmark comprises 10% Bank of America Merrill Lynch (BofA ML) All Maturity Australia Government Index; 25% Bank of America Merrill Lynch Global High Yield Constrained Index (hedged into U.S. dollars); 35% J.P. Morgan EMBI Global Diversified Index; 5% BofA ML New Zealand Government Index; and 25% Markit iBoxx Asia Government Index.

Report of the Investment Manager (unaudited) (continued)

In Asian local-currency bonds, the underweight to Korean bonds hampered the Fund s relative performance for the reporting period as the Korean market strengthened. The overweight to the Indian and Sri Lankan rupees also weighed on relative performance as both currencies depreciated against the U.S. dollar. However, the losses were mitigated by the Fund s positioning in high-yielding Indian and Sri Lankan bonds. The underweight to Philippine bonds also had a positive impact.

The Fund s overweight allocation to emerging-market debt, which experienced periods of volatility over the reporting period, weighed on the relative performance. The overweight to Argentina was a key detractor from the Fund s relative performance as the Argentine peso tumbled against the U.S. dollar. However, positive security selection in Argentina contributed to the Fund s relative performance

The Fund s use of derivatives had an overall positive impact on performance for the period, adding about 325 basis points to its return, primarily from the use of interest rates swaps that hedge out the increasing cost of leverage as interest rates increases.

The Fund s principal investment objective is to provide high current income by investing primarily in fixed income securities. As a secondary investment objective, the Fund seeks capital appreciation, but only when consistent with its principal investment objective. Over the 12-month period, the Fund issued total distributions of $0.84 per share.

Outlook

Global events continue to unfold. We now see the possibility of the U.S. Federal Reserve taking a breather in its policy normalization cycle in the second half of 2019. In China, we are mindful of the slowdown in the domestic economy but are encouraged that the authorities appear committed to providing support for the private sector, which may not halt the slowdown but should diminish its magnitude. Furthermore, we would not rule out the possibility of the U.S. and China finding ways to temper the ongoing trade dispute. This could occur in 2019 when the Democratic Party, which secured the takes control of the U.S. House of Representatives, in which it secured a majority in the midterm elections held in early November.

In Australia, we believe that the central bank likely will keep interest rates steady well into 2019 as good gross domestic product (GDP) growth, supported by consumer spending, is being offset by housing-sector weakness and tightening credit conditions. We think that employment growth will add a positive countervailing force to housing weakness, but we do not expect labor conditions to tighten before the end of 2018. We also expect monetary policy in New Zealand to remain accommodative in the near term.

While we think that we may see further pressure on emerging-market currencies and capital flows, we believe that investors have priced in the risks to a large degree, with trade friction and higher oil prices dominating discussions. The overall market s positioning has also shifted from a short-U.S. dollar stance to one that is long U.S. dollar. At this stage, what investors are not positioned for is a de-escalation of risks, in our view. Some investors already have been forced to unwind their long speculative positions in oil as the demand outlook softens, inventories increase and countries negotiate waivers to the U.S. sanctions on Iran. The resultant sharp correction in the oil price has reduced one of the key risks for many Asian economies, while providing support for oil-importing nations such as India and Indonesia. This backdrop, along with the prospect of a high-level meeting between U.S. President Trump and his Chinese counterpart Xi Jinping, have allowed regional currencies to stabilize somewhat.

Asia-Pacific economies generally have healthy external trade balances and solid foreign-currency reserves, while institutional frameworks are noticeably more robust than a decade ago. Elsewhere, we think that increasing International Monetary Fund (IMF) support for Argentina, monetary policy tightening in Turkey, and the agreement to a new trade deal among the U.S., Mexico and Canada also bode well for sentiment. We expect volatility to persist, but we intend to take advantage of opportunities to add exposure to the Fund where we believe that valuations look compelling, particularly issuers which we feel will cope well in a lower-growth environment.

Regarding U.S. and UK high-yield credit, markets have repriced to levels which appear relatively attractive and demand from insurers and pension funds is emerging. However, we remain concerned about high levels of borrowing in a rising-rate environment, and economic data in Europe seem to be softening. Additionally, we think that the UK s exit from the European Union without a formal agreement would still have a negative impact on the market.

Loan Facility and the Use of Leverage

The Fund utilizes leverage to seek to increase the yield for its shareholders. The amounts borrowed from the Fund s loan facility may be invested to seek to return higher rates than the rates in the Fund s portfolio. However, the cost of leverage could exceed the income earned by the Fund on the proceeds of such leverage. To the extent that the Fund is unable to invest the proceeds from the use of leverage in assets which pay interest at a rate which exceeds the rate paid on the leverage, the yield on the Fund s common stock will decrease. In addition, in the event of a general market decline in the value of assets in which the Fund invests, the effect of that decline will be magnified in the Fund because of the additional assets purchased with the proceeds of the leverage. Non-recurring expenses in connection with the implementation of the loan facility will reduce the Fund s performance.

Report of the Investment Manager (unaudited) (concluded)

The Fund s leveraged capital structure creates special risks not associated with unleveraged funds having similar investment objectives and policies. The funds borrowed pursuant to the loan facility may constitute a substantial lien and burden by reason of their prior claim against the income of the Fund and against the net assets of the Fund in liquidation. The Fund is not permitted to declare dividends or other distributions in the event of default under the loan facility. In the event of default under the loan facility, the lender has the right to cause a liquidation of the collateral (i.e., sell portfolio securities and other assets of the Fund) and, if any such default is not cured, the lender may be able to control the liquidation as well. The loan facility has a term of 3 years and is not a perpetual form of leverage; there can be no assurance that the loan facility will be available for renewal on acceptable terms, if at all.

The credit agreement governing the loan facility includes usual and customary covenants for this type of transaction. These covenants impose on the Fund asset coverage requirements, Fund composition requirements and limits on certain investments, such as illiquid investments, which are more stringent than those imposed on the Fund by the 1940 Act. The covenants or guidelines could impede management of the Fund from fully managing the Fund s portfolio in accordance with the Fund s investment objective and policies. Furthermore, non-compliance with such covenants or the occurrence of other events could lead to the cancellation of the loan facility. The covenants also include a requirement that the Fund maintain net assets of no less than $60,000,000.

Prices and availability of leverage are extremely volatile in the current market environment. The Board regularly reviews the use of leverage by the Fund and may explore other forms of leverage. The Fund is authorized to use reverse repurchase agreements as another form of leverage. A reverse repurchase agreement involves the sale of a security, with an agreement to repurchase the same or substantially similar securities at an agreed upon price and date. Whether such a transaction produces a gain for the Fund depends upon the costs of the agreements and the income and gains of the securities purchased with the proceeds received from the sale of the security. If the income and gains on the securities purchased fail to exceed the costs, the Fund s NAV will decline faster than otherwise would be the case. Reverse repurchase agreements, as with any leveraging techniques, may increase the Fund s return; however, such transactions also increase the Fund s risks in down markets.

Interest Rate Swaps

The Fund may enter into interest rate swaps to efficiently gain interest rate exposure and hedge interest rate risk. On May 23, 2018, the Fund terminated a swap agreement with a notional value of $0.5

million maturing on November 4, 2027. On July 16, 2018, the Fund terminated a swap agreement with a notional of $1 million maturing on November 4, 2027 and on August 7, 2018, the Fund terminated a swap agreement with a notional of $1.4 million maturing on November 4, 2027. As of October 31, 2018, the Fund held interest rate swap agreements with an aggregate notional amount of $28,600,000 which represented 100% of the Fund s total borrowings. Under the terms of the agreements currently in effect, the Fund either receives a floating rate of interest (three month USD-LIBOR BBA rate) and pays fixed rates of interest for the terms or pays a floating rate of interest and receives a fixed rate of interest for the terms, and based upon the notional amounts set forth below:

Remaining Term as of October 31, 2018	Receive/(Pay) Floating Rate	Amount (in $ millions)	Fixed Rate Payable (%)
72 months	Receive	12.1	2.44
108 months	Receive	16.5	2.36

A significant risk associated with interest rate swaps is the risk that the counterparty may default or file for bankruptcy, in which case the Fund would bear the risk of loss of the amount expected to be received under the swap agreements. There can be no assurance that the Fund will have an interest rate swap in place at any given time nor can there be any assurance that, if an interest rate swap is in place, it will be successful in hedging the Fund s interest rate risk with respect to the loan facility.

Aberdeen Standard Investments (Asia) Limited (formerly known as Aberdeen Asset Management Asia Limited)

Risk Considerations

Past performance is not an indication of 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 Asia-Pacific region subjects the Fund to more volatility and greater risk of loss than geographically diverse funds.

Fixed income securities are subject to certain risks including, but not limited to: interest rate (changes in interest rates may cause a decline in the market value of an investment), credit (changes in the financial condition of the issuer, borrower, counterparty, or underlying collateral), prepayment (debt issuers may repay or refinance their loans or obligations earlier than anticipated), and extension (principal repayments may not occur as quickly as anticipated, causing the expected maturity of a security to increase).

Total Investment Returns (unaudited)

The following table summarizes the average annual Fund performance for the 1-year, 3-year, 5-year and 10-year periods as of October 31, 2018. The Fund s principal investment objective is to provide high current income by investing primarily in fixed income securities. As a secondary investment objective, the Fund seeks capital appreciation, but only when consistent with its principal investment objective.

	1 Year	3 Years	5 Years	10 Years
Net Asset Value (NAV)	-3.8%	4.7%	1.0%	7.5%
Market Price	1.3%	10.9%	3.5%	9.5%

Aberdeen Asset Management Inc. has entered into an agreement with the Fund to limit investor relations services fees, without which performance would be lower. This agreement aligns with the term of the advisory agreement and may not be terminated prior to the end of the current term of the advisory agreement. See Note 3 in the Notes to Financial Statements. 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 Fund s dividend reinvestment program. All return data at NAV includes fees charged to the Fund, which are listed in the Fund s Statement of Operations under Expenses . The Fund s total investment return at NAV 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 American (formerly, NYSE MKT) 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 shareholder 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.aberdeenfco.com or by calling 800-522-5465.*

The net operating expense ratio, excluding fee waivers, based on the fiscal year ended October 31, 2018 was 3.06%. The net operating expense ratio, net of fee waivers, based on the fiscal year ended October 31, 2018 was 3.03%. The net operating expense ratio, excluding interest expense and net of fee waivers, based on the fiscal year ended October 31, 2018 was 1.89%.

Portfolio Composition (unaudited)

Quality of Investments[(1)]

As of October 31, 2018, 18.9% of the Fund s total investments were invested in securities where either the issue or the issuer was rated A or better by Standard & Poor s or Moody s or Fitch Ratings, Inc. The table below shows the asset quality of the Fund s portfolio as of October 31, 2018 compared to April 30, 2018 and October 31, 2017:

Date	AAA/Aaa %	AA/Aa %	A %	BBB/Baa %	BB/Ba** %	B** %	C/CCC** %	NR*** %
October 31, 2018	4.5	10.4	4.0	14.7	20.7	30.1	5.9	9.7
April 30, 2018	5.0	9.9	3.4	14.5	16.9	32.6	7.3	10.4
October 31, 2017	5.3	9.3	2.8	13.3	19.8	33.5	8.5	7.5

** Below investment grade

*** Not Rated

(1) For financial reporting purposes, credit quality ratings shown above reflect the lowest rating assigned by either S&P or Moody s or Fitch Ratings, Inc. if ratings differ. These rating agencies are independent, nationally recognized statistical rating organizations and are widely used. Investment grade ratings are credit ratings of BBB/Baa or higher. Below investment grade ratings are credit ratings of BB/Ba or lower. Investments designated NR are not rated by either rating agency. Unrated investments do not necessarily indicate low credit quality. Credit quality ratings are subject to change. The Investment Manager evaluates the credit quality of unrated investments based upon, but not limited to, credit ratings for similar investments.

Geographic Composition

The Fund s investments are divided into three categories: Developed Markets, Investment Grade Developing Markets and Sub-Investment Grade Developing Markets. The table below shows the geographical composition (with U.S. Dollar-denominated bonds issued by foreign issuers allocated into country of issuance) of the Fund s total investments as of October 31, 2018, compared to April 30, 2018 and October 31, 2017:

Date	Developed Markets %	Investment Grade Developing Markets %	Sub-Investment Grade Developing Markets %
October 31, 2018	54.2	17.0	28.8
April 30, 2018	53.7	19.3	27.0
October 31, 2017	50.3	21.4	28.3

Currency Exposure

The table below shows the currency exposure, including hedges, of the Fund s total investments as of October 31, 2018, compared to April 30, 2018 and October 31, 2017:

Date	Developed Markets	Investment Grade Developing Markets	Sub-Investment Grade Developing

	%	%	Markets %
October 31, 2018	84.3	8.4	7.3
April 30, 2018	80.0	12.2	7.8
October 31, 2017	77.8	14.1	8.1

Portfolio Composition (unaudited) (concluded)

Maturity Composition

As of October 31, 2018, the average maturity of the Fund s total investments was 8.4 years, compared with 8.8 years at April 30, 2018 and 8.4 years at October 31, 2017. The table below shows the maturity composition of the Fund s investments as of October 31, 2018, compared

to April 30, 2018 and October 31, 2017:

Date	Under 3 Years %	3 to 5 Years %	5 to 10 Years %	10 Years & Over %
October 31, 2018	17.8	25.7	41.4	15.1
April 30, 2018	15.3	17.3	46.3	21.1
October 31, 2017	14.6	16.7	48.8	19.9

Modified Duration

As of October 31, 2018, the modified duration* of the Fund was 4.58 years. This calculation excludes the interest rate swaps that are used to manage the leverage of the fund. Excluding swaps will increase portfolio duration.

* Modified duration is a measure of the sensitivity of the price of a bond to the fluctuations in interest rates.

Summary of Key Rates (unaudited)

The following table summarizes the movements of key interest rates and currencies from October 31, 2018 compared to April 30, 2018 and October 31, 2017:

	Oct-18	Apr-18	Oct-17
Australia			
90 day Bank Bills	1.91%		