

# A Guide to Aberdeen Closed-End Funds

Specialized solutions investing around the globe  
2013



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# Investing in Aberdeen closed-end funds

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The range of Asia-Pacific, global and emerging market closed-end funds advised by Aberdeen offers choices both for those who are new to investing in Asia and emerging markets and for experienced investors seeking-specialized exposure. Each strategy is underpinned by Aberdeen's rigorous stock and bond investment process.

## A unique form of investing

Each closed-end fund is an independent entity owned by its shareholders. Each fund has its own board of directors to ensure shareholders' interests are paramount.

Closed-end funds are a type of investment company whose shares are traded on the secondary market through one of the stock exchanges. These funds are created with the purpose of generating returns for their shareholders by investing in stocks, bonds and other securities. By offering a professionally-managed and diversified investment portfolio, closed-end funds can be considered one of the simplest ways to share in the growth potential of equity securities and bonds.

## Clear strategic vision

What could an Aberdeen closed-end fund offer you? Access to the skills and resources of professional fund managers. Plus a clear investment strategy so you may see how the fund can fit with your plans and goals.

Also, you have the comfort of knowing that you have invested in a listed investment company, with all the benefits that entails, including a majority independent board of directors and shareholder voting rights.

Please remember that, as publicly traded shares, closed-end funds do involve risk and shares may fall. Understanding your investment objective and investment risk tolerance is important. Before making investment decisions, it is important to develop a personalized investment strategy and appreciate the potential risks of any investment.

## Two ways to invest

Since shares of closed-end funds are traded on the secondary market through one of the stock exchanges, you can invest in any Aberdeen closed-end fund either through your broker or through the dividend reinvestment and cash purchase plan offered by the fund's transfer agent.

Our fund managers deliver actively managed portfolios using a disciplined research process and a consistent approach to portfolio management.



# The dynamic, flexible and unique nature of closed-end funds

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The structure of closed-end funds may be a good choice for investors who want to maximize the potential of investment opportunities throughout the world – and who are willing to accept the risks of investing in equity securities and bonds.

## One company – dozens of potential opportunities

Closed-end funds are companies that invest in other companies' shares or in corporate bonds, sovereign bonds and other investment instruments. So, in effect, one closed-end fund can provide instant exposure to a broad portfolio of investments – giving potentially greater investment diversification than most private investors could achieve by investing in those companies or bonds directly.

The choice of opportunities is diverse. As the table on page 6 shows, you can choose among a range of funds investing in the Asia-Pacific region, global or emerging markets or even specific countries. Many funds focus on capital growth while some aim to generate income.

Our range includes some specialized choices that are designed to maximize the potential from specific markets and industry sectors – which makes them of interest to experienced and sophisticated investors.

## Simply asset management

Managing a portfolio of investments takes skill, resources and a thorough knowledge of the markets in which you invest. With a closed-end fund, our investment knowledge and experience is available to you. At Aberdeen, asset management is our sole focus with portfolio managers and investment teams placed around the world as specialists in their region.

## Leverage – increasing reward potential

Closed-end funds can borrow money – a practice known as leverage. Investing the borrowings can potentially increase returns for shareholders – and can allow the fund managers to increase exposure to take advantage of investment opportunities as and when they arise.

However, leverage can also potentially magnify investment losses and therefore needs to be carefully managed. All of our closed-end funds make clear whether they use leverage and how much. You should only hold leveraged closed-end funds if you accept the risks involved.

## Balancing risk and reward

As pooled investments, closed-end funds generally offer a more diversified exposure to equities and bonds than owning an individual stock or bond. However, unlike a bank account, your capital is at risk, which is why most investors invest for the medium or long term, where the volatility of returns can decrease over time.

## Important features to remember

As we've explained, the structure of a closed-end fund has many advantages, but there are some implications of which you need to be aware:

**As with any listed equity security, there is potential volatility in share prices** - in addition, income payments or other distributions can vary and are not guaranteed.

**The share price won't necessarily reflect the underlying portfolio** – unlike open-end funds, the fund's shares may be worth more or less than the value of the underlying portfolio, depending on market demand.

**Leverage can increase risk** – as mentioned, leverage provides a flexible way to increase potential returns. It also increases risk and funds that use a lot leverage can see significant swings in value. Be sure you understand the level of leverage a fund uses before you invest.

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Diversification does not necessarily guarantee a profit or protect against a loss.

# The Aberdeen investment approach – an eye for potential, an ear to the ground

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Aberdeen's view is that markets are not always efficient. Companies can change management, business practice and direction. Companies can be valued lower than they are really worth, and, in our view, identifying such companies is fundamental to generating long-term growth.

## The key is knowledge

We aim to achieve strong investment performance primarily through first-hand research of companies themselves, and then through the active management of portfolios. Our investment approach, while constantly seeking new opportunities, is to focus on companies that we understand well and that offer good value. But getting on to our "buy list" takes some doing: we don't commit a cent until a company has passed through a rigorous assessment process.

## Looking for quality and price

We estimate a company's worth in two stages: first "quality," then "price." We define quality in reference to the management of the company, its business focus, balance sheet and corporate governance record. In our search for quality investments for our funds, we believe it is of vital importance for our equity teams to interview the management of every company before investing.

Determining price is a more technical process, including such things as key financial ratios, market peer group and business prospects. Only when all of our criteria are met do we go ahead and invest in a company.

## Due diligence across asset classes

Across all the asset classes that we manage, first-hand research forms the foundation of our investment process.

When researching fixed income investments, we overlay our bottom-up research with a top-down macro approach – both equally important when analyzing a country's creditworthiness.

So our fund managers meet senior policy makers and market participants, as well as corporate management in the countries in which they invest in order to form a comprehensive picture of a country and its risks.

## A little of what we don't do

There are plenty of things that other fund managers do that we don't. Unlike many of our peers, for instance, our actively managed portfolios aren't limited by market weightings. We don't let market indices dictate how much should be held in a particular market or sector.

That means we won't hold a company just because it's one of the largest companies on a stock exchange – nor will we ignore a company just because it's a small stock (although we may avoid very small stocks and bonds that are hard to trade).

## A little of what we do

Funds are managed on a team basis, with investment managers doing their own research and analysis. All ideas are shared via formal committees and common databases; consistency is monitored across the group's offices worldwide by Aberdeen's Investment Committee, led by the Chief Investment Officer.

Managing risk is key to our process. An independent Performance and Risk team evaluates whether portfolios behave as we say they do and check that our risk guidelines are appropriate, for example in terms of formal limits on the amount of an individual holding or exposure to certain sectors.

However we recognize that risk is controlled most effectively by having a thorough knowledge of every company we invest in – and keeping each portfolio properly diversified.

## Investor Relations

800-522-5465

InvestorRelations@aberdeen-asset.com

Open Monday to Friday 9am-5pm (ET)

# Introducing our closed-end fund range

## Fixed Income

Fund name	Trading symbol	Exchange	Investment objective and policies	Inception date	Web page
Aberdeen Asia-Pacific Income Fund, Inc.	FAX	NYSE MKT	Seek current income and may achieve incidental capital appreciation through investment in Australian and Asian debt securities.	April 1986	<a href="http://www.aberdeenfax.com">www.aberdeenfax.com</a>
Aberdeen Global Income Fund, Inc.	FCO	NYSE MKT	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.	March 1992	<a href="http://www.aberdeenfco.com">www.aberdeenfco.com</a>

## Equity: Regional Funds

Fund name	Trading symbol	Exchange	Investment objective and policies	Inception date	Web page
Aberdeen Emerging Markets Smaller Company Opportunities Fund, Inc. *	ETF	NYSE MKT	Seek long-term capital appreciation. The Fund's investment policy is to invest at least 80% of the Fund's net assets in equity securities of emerging market smaller company issuers.	June 1992	<a href="http://www.aberdeenetf.com">www.aberdeenetf.com</a>
Aberdeen Latin America Equity Fund, Inc.	LAQ	NYSE MKT	Seek long-term capital appreciation investing primarily in Latin American equity securities.	October 1991	<a href="http://www.aberdeenlaq.com">www.aberdeenlaq.com</a>
The Asia Tigers Fund, Inc.	GRR	NYSE	Seek long-term capital appreciation by investing primarily in equity securities of Asian companies.	November 1993	<a href="http://www.aberdeengrr.com">www.aberdeengrr.com</a>
The Greater China Fund, Inc.	GCH	NYSE	Seek long-term capital appreciation through investment in listed equity securities of China companies that (i) are organized under the laws of, and have their principal place of business in, China and/or Hong Kong and/or Taiwan; or (ii) during their most recent fiscal year derived at least 50% of their revenues or profits from goods produced or sold, investments made or services performed in China and/or Hong Kong and/or Taiwan or have at least 50% of their assets in China and/or Hong Kong and/or Taiwan.	July 1992	<a href="http://www.aberdeengch.com">www.aberdeengch.com</a>

## Equity: Single Country Funds

Fund name	Trading symbol	Exchange	Investment objective and policies	Inception date	Web page
Aberdeen Australia Equity Fund, Inc.	IAF	NYSE MKT	Long-term capital appreciation through investment primarily in equity securities of Australian companies listed on the Australian Stock Exchange Limited ("ASX"). The secondary investment objective is current income.	December 1985	<a href="http://www.aberdeeniaf.com">www.aberdeeniaf.com</a>
Aberdeen Chile Fund, Inc.	CH	NYSE MKT	Seek total return, consisting of capital appreciation and income, by investing primarily in Chilean securities.	September 1989	<a href="http://www.aberdeench.com">www.aberdeench.com</a>
Aberdeen Indonesia Fund, Inc.	IF	NYSE MKT	Seek long-term capital appreciation as a primary objective and income as a secondary objective, by investing primarily in Indonesian securities.	January 1990	<a href="http://www.aberdeenif.com">www.aberdeenif.com</a>
Aberdeen Israel Fund, Inc.	ISL	NYSE MKT	Seek long-term capital appreciation by investing primarily in equity securities of Israeli companies.	October 1992	<a href="http://www.aberdeenisf.com">www.aberdeenisf.com</a>
The India Fund, Inc.	IFN	NYSE	Objective is long-term capital appreciation, which it seeks to achieve by investing primarily in the equity securities of Indian companies.	February 1994	<a href="http://www.aberdeenifn.com">www.aberdeenifn.com</a>
The Singapore Fund, Inc.	SGF	NYSE	Seeks long-term capital appreciation, which it seeks through investment primarily in Singapore equity securities.	July 1990	<a href="http://www.aberdeensgf.com">www.aberdeensgf.com</a>

\* As of March 15, 2013, Fund name changed from Aberdeen Emerging Markets Telecommunications and Infrastructure Fund, Inc.

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### Specialized choices

The funds in our range are more specialized in their investment focus and so are higher risk. They therefore should be used only as part of a larger, balanced portfolio.

Please remember that investing internationally can be affected by changes in exchange rates and other risks and that investments in young, emerging markets and smaller companies present enhanced risks and can be volatile.

### Understanding investment risk

Whichever closed-end fund you are interested in, please ensure that it is suitable for your risk tolerance. Higher risk investments may compensate for their higher volatility and uncertainty by offering potentially higher returns than lower-risk investments. But this is not guaranteed.

We believe many investors are excited by the investment opportunities available around the globe –and want a fund manager who can find them.

### Investor Relations

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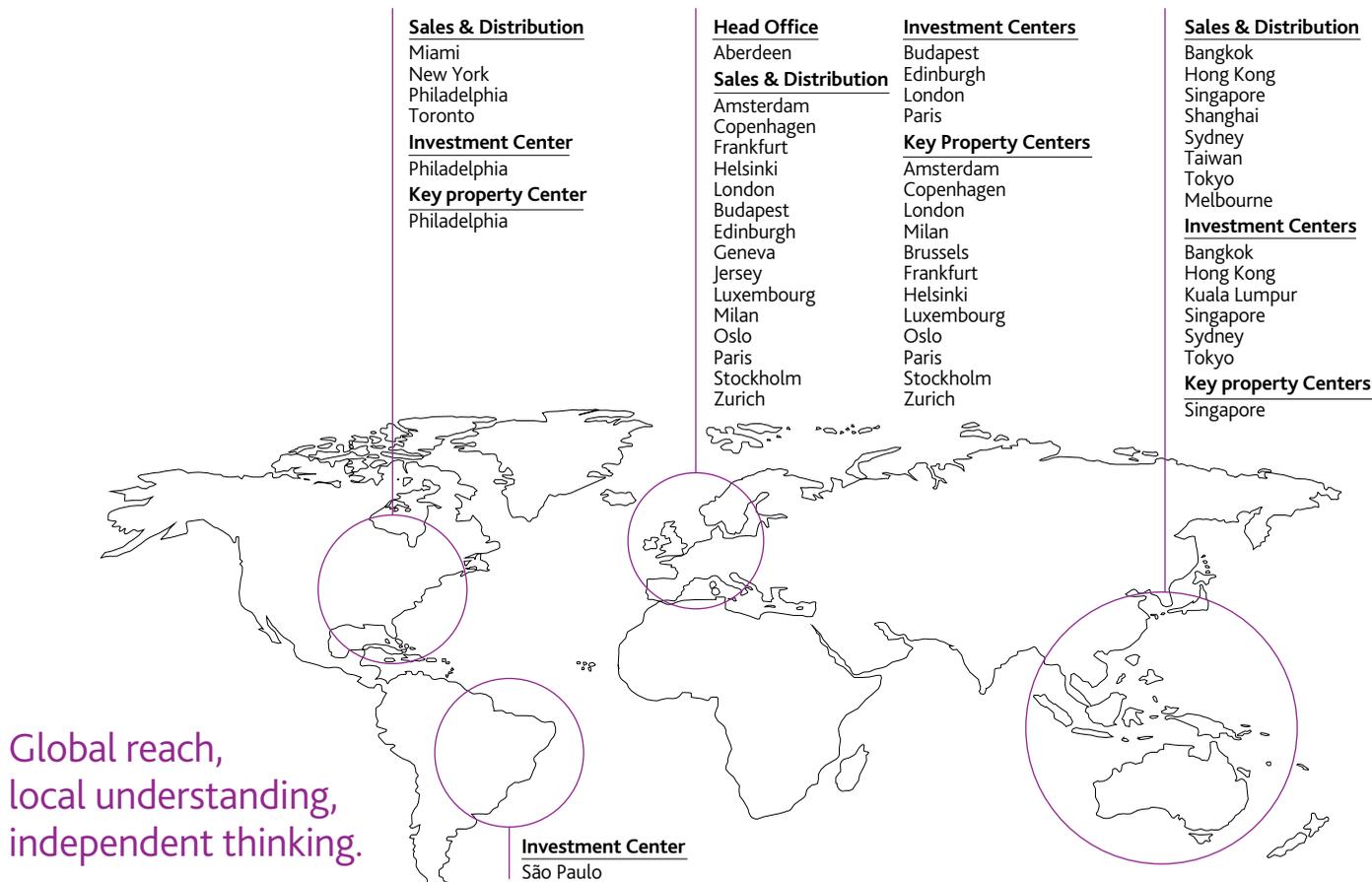


# Aberdeen's international reach: A global network of 31 offices in 23 countries

Aberdeen Asset Management: simply asset management

Our investment teams are based in the markets or regions in which they invest. We believe this provides our clients with access to local knowledge backed by global thinking. We focus on objectivity and transparency in all aspects of portfolio management.

We package our skills to offer a suite of closed-end funds to U.S. investors that include Asia-Pacific, global and emerging market strategies. We invest worldwide and follow a predominantly long only, active management strategy – we do not chase market fads.



Global reach,  
local understanding,  
independent thinking.

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## About Aberdeen Asset Management

Aberdeen Asset Management Inc. is a wholly-owned U.S. subsidiary of Aberdeen Asset Management PLC, one of the world's largest asset managers, investing nearly \$318 billion of assets for both institutions and private individuals as of June 30, 2013. We know global markets from the local level upwards, drawing on more than 1,900 staff, across 31 offices in 23 countries.

In addition to being one of the largest pure stand-alone asset management houses investing in the Asia-Pacific region, Aberdeen Group is the largest manager of emerging market closed-end funds offered around the world by both value and number.<sup>1</sup>

Our goal is to deliver strong and consistent fund performance across a diverse range of asset management businesses. The group values an entrepreneurial spirit, and believes in an independent approach to fund management.

We concentrate solely on asset management, unlike many other investment managers who are often part of larger insurance or banking conglomerates. We believe this independence brings focus and discipline to our work.



<sup>1</sup> Fund Consultants LLC, February 2013. Based on analysis of emerging market closed-end funds offered in multiple jurisdictions as of December 31, 2012; data provided by Morningstar Inc. Closed-end funds are defined as investment companies that are 1) listed on a recognized exchange; 2) possess fixed share capital; 3) were formed via subscriptions from the public via an open offer or placement; 4) invest in listed or unlisted shares of companies and; 5) included in the universe of funds listed in Morningstar Traded Fund Center. Criteria for inclusion in the emerging markets category is based on the World Bank's definition of emerging countries as measured by lower and middle income per capita. Criteria for fund inclusion is 1) at least 75% of gross assets invested in emerging markets; 2) funds with under 25% exposure to Asian developed markets.

# Important Risk Considerations

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Investing in any Aberdeen closed-end fund carries certain risks. These include, but are not limited to:

**Concentration Risk** A closed-end fund that invests a substantial portion of its assets in securities within a single industry or sector of the economy may be subject to greater price volatility or adversely affected by the performance of securities in that particular sector or industry.

**Credit Risk** Credit risk refers to an issuer's ability to make payments of principal and interest on debt securities when due. Any interruption in the timely payment of principal and interest may adversely affect a fund's net asset value and ability to pay distributions.

**Foreign Investment Risk** Investment in foreign securities (both governmental and corporate) may involve a high degree of risk. Funds which invest in foreign securities are subject to additional risks such as, but not limited to, currency risk and exchange-rate risk, political instability, and economic instability of the countries from where the securities originate. These risks are enhanced for investments in emerging markets, and where a fund invests in a single country or geographic region. In regards to debt securities, such risks may impair the timely payment of principal and/or interest.

**Interest Rate Risk** Prices of bonds and certain taxable securities tend to fall as interest rates rise and rise as interest rates fall. Securities with longer maturities tend to fluctuate more in price in response to such changes. Aberdeen income funds tend to invest in longer-term securities, which means that their net asset values will fluctuate more in response to changes in interest rates than a fund investing in shorter term securities.

**Investment and Market Risk** An investment in shares of any fund is subject to investment risk, including the possible loss of principal. Shares represent an indirect investment in the securities owned by the respective fund. The value of these securities, like other market investments, may move up or down, sometimes rapidly and unpredictably. Shares at any point in time may be worth less than an investor's original investment, even after taking into account the reinvestment of a fund's dividends and distributions.

**Leverage Risk** A fund's use of leverage through borrowings or the issuance of preferred shares creates an opportunity for increased returns for common shareholders, but also amplifies certain other risks such as higher volatility of net asset value and share price, which increase the risk of loss under adverse market conditions.

**Reinvestment Risk** Reinvestment risk is the risk that income from a fund's portfolio will decline if and when the fund invests the proceeds from matured, traded or called securities at market rates that are below the portfolio's current earnings rate. A decline in income could affect the securities' market price or a fund's overall returns.

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#### IMPORTANT INFORMATION

Funds can potentially receive dividends from investment. Equity market volatility can lead to a fall in the value of the investment. Emerging markets present the potential for significant gains in relation to developed markets, but also present the potential for significant currency, political and liquidity risk. Concentrating investments in a specific region subjects the Funds to more volatility and greater risk of loss than geographically diverse funds. Active management can potentially lead to out-performance or underperformance relative to the benchmark. Diversification does not necessarily guarantee a profit or protect against a loss.

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. Equity stocks of small-cap companies carry greater risk, and more volatility than equity stocks of larger, more established companies. There are also risks associated with investing in a single country fund.

Closed-end funds are traded on the secondary market through one of the stock exchanges. The Fund'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 fund's portfolio. There is no assurance that the Fund will achieve its investment objective. Past performance does not guarantee future results.

Aberdeen Asset Management (AAM) is the marketing name in the U.S. for the following affiliated, registered investment advisers: Aberdeen Asset Management Inc., Aberdeen Asset Managers Ltd, Aberdeen Asset Management Ltd and Aberdeen Asset Management Asia Ltd, each of which is wholly owned by Aberdeen Asset Management PLC. "Aberdeen" is a U.S. registered service mark of Aberdeen Asset Management PLC.

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