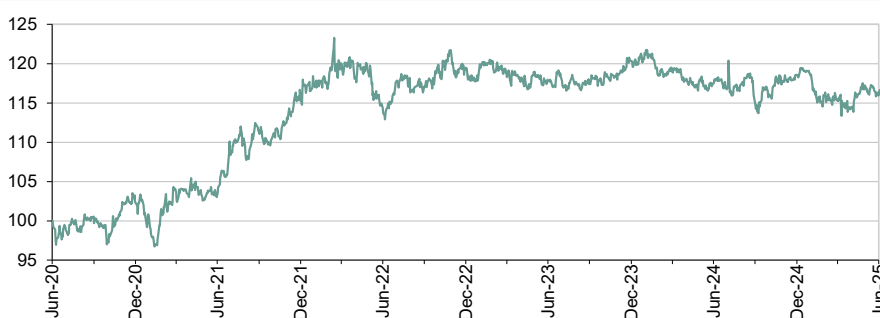


Aberdeen Asian Income Fund

Strong dividend franchises in quality Asian fund

Aberdeen Asian Income Fund (AAIF) was launched in 2005 and so far, in its two-decade anniversary year, has experienced some important changes. The board has recently announced the appointment of Isaac Thong as AAIF's lead fund manager. Prior to joining Aberdeen, Thong was co-manager of the JPMorgan Global Emerging Markets Income Trust and JPMorgan Emerging Markets Income Fund. In January 2025, the board announced a range of additional features, which it believes will increase AAIF's appeal to investors: an enhanced dividend policy, an increase in the FY24 fourth interim dividend and the introduction of a three-year continuation vote.

Exhibit 1: Five year NAV outperformance vs MSCI AC Asia Pacific ex Japan



Source: LSEG Data & Analytics, Edison Investment Research

Why consider AAIF?

AAIF can be viewed as a core fund offering both income and capital growth from a portfolio of high-quality, reasonably priced Asia-Pacific equities. This is a region with above-average growth prospects and attractive valuations, which has delivered robust total returns to shareholders. What may be underappreciated is that, since the beginning of the century, more than 50% of the returns have come from dividends. Long-term growth themes represented in AAIF's portfolio include: consumer aspiration (a portfolio example is white goods manufacturer Midea); building Asia (Mirvac is an Australian residential real estate developer, in a market where housing is increasingly scarce); going green (Power Grid of India is a beneficiary of the growth in electrification and renewable energy); and technology enablers (SunonWealth plays into Asian digitalisation and technological advancement).

To emphasise continuity within the company, Thong has stated that he is following the existing income and capital growth strategy, adding minor enhancements around the edges. He will ensure that AAIF's portfolio continues to generate an above-market operating margin, return on equity and dividend yield. The manager seeks companies with sustainable dividend growth and also looks to achieve minimal macroeconomic and active risk.

The change in the dividend policy aims to enhance total returns and make AAIF's shares attractive to a wider range of investors. The portfolio yields around 4.5% with the balance achieved from the receipt of special dividends and dividend capture trades. AAIF's board also has the flexibility to pay dividends out of capital if required. With 16 years of consecutive annual dividend growth, the company qualifies as an AIC next-generation dividend hero (10–19 years of higher dividends).

Investment companies
Asia Pacific Equity Income

23 July 2025

Price	234.00p
Market cap	£338m
Total assets	£400m
NAV	259.2p
¹ At 21 July 2025	
Discount to NAV	9.7%
Current yield	6.9%
Shares in issue	144.5m
Code/ISIN	AAIF/GB00B0P6J834
Primary exchange	LSE
AIC sector	Asia Pacific Equity Income
Financial year end	31 December
52-week high/low	236.0p 187.0p
NAV high/low	259.3p 208.5p
Net gearing	6.8%

¹At 18 July 2025

Fund objective

The investment objective of Aberdeen Asian Income Fund is to provide investors with a total return primarily through investing in Asia-Pacific securities, including those with an above-average yield. Within its overall investment objective, the company aims to grow its dividends over time.

Bull points

- An unwavering focus on high-quality companies should ensure less performance risk over the long term.
- Proprietary ESG research has been an integral part of the research process for many years.
- Long-term approach results in low portfolio turnover.

Bear points

- Improved investor sentiment could favour capital growth rather than income strategies.
- Due to its underweight exposure, AAIF's relative performance is likely to struggle if Chinese stocks rally significantly.
- Discount is persistently wider than the AIC Asia Pacific Equity Income sector average.

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**Aberdeen Asian Income Fund
is a research client of Edison
Investment Research Limited**

AAIF: High-quality Asia-Pacific fund with good income and capital growth prospects

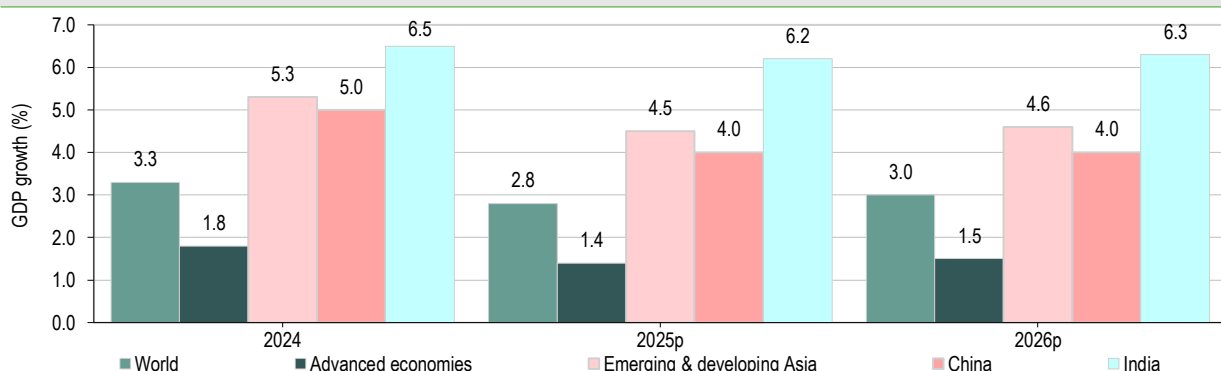
AAIF offers exposure to the current and future leading, reasonably priced, dividend-paying Asian companies. The portfolio is diversified by geography, sector and market cap and performance is referenced against the MSCI AC Asia Pacific ex Japan Index. Thong is part of Aberdeen's Asian equity team, which is well resourced and can draw on a knowledge base that has been built up over more than three decades. The team's local presence provides a competitive advantage in identifying overlooked opportunities, some of which are at the smaller end of the market cap scale. Portfolio companies are quality, cash-generative businesses with strong management teams, which are trading on sensible valuations, and have the potential to deliver reliable earnings and dividends. The nature of AAIF's portfolio means its share price is unlikely to keep up with a momentum-driven market, but should perform relatively well during volatile or falling markets.

Asia-Pacific growth and valuations

As illustrated below, data from the International Monetary Fund's April World Economic Outlook show that after the anticipated reduction in growth projections following President Trump's imposition of tariffs, emerging markets still have better growth prospects than developed market economies. India is now the standout in terms of projected economic growth; factors contributing to this include a large and young working-age population, which boosts domestic consumption, the Indian government is investing heavily in infrastructure projects and India has become a global technology hub.

In aggregate, the Asian markets continue to look attractively valued, with Asia-Pacific ex-Japan trading on a c 25% forward P/E multiple discount versus the world market. Global investors have been reassessing their geographic allocations given question marks over the outlook for the US economy under President Trump, while the US retains a premium valuation, so Asia could benefit from international fund flows. However, when considering Asia, individual countries are trading on very different valuations. Two of the three largest markets in the MSCI AC Asia Pacific ex Japan Index at the end of June 2025 were China (c 28%) and India (c 18%), which were trading at around a 20% discount and a 60% forward P/E multiple premium respectively versus the index.

Exhibit 2: Above-average growth prospects in emerging markets



Source: International Monetary Fund, Edison Investment Research. Note: p is projection.

Exhibit 3: Valuation of MSCI indices at 30 June 2025

Index	Forward P/E (x)	Price/book (x)	Dividend yield (%)
MSCI AC Asia Pacific ex-Japan	14.2	1.9	2.5
MSCI AC Asia Pacific ex-Japan High Dividend Yield	10.3	1.3	4.9
MSCI India	22.9	3.8	1.2
MSCI China	11.5	1.5	2.2
MSCI AC World	18.7	3.3	1.8
MSCI USA	22.7	5.3	1.2

Source: MSCI

Recent AAIF developments

To align AAIF's name with its investment manager, which has changed its name from abrdn to Aberdeen Group, following shareholder approval at the 8 May 2025 AGM, AAIF's name was changed to Aberdeen Asian Income Fund.

On 12 March 2025, the board announced the appointment of Thong as AAIF's lead manager, working alongside Eric Chan. Thong is a senior investment director in Aberdeen's Asia-Pacific Equities team, based in Singapore. He has more than 15 years' experience in the financial services industry and over a decade of experience investing in Asian equities. Prior to joining Aberdeen, Thong was co-manager of the JPMorgan Global Emerging Markets Income Trust and the JPMorgan Emerging Markets Income Fund.

On 16 January 2025, AAIF's board announced multiple changes to the fund, which it believes will make it more attractive to investors seeking quality, reasonably priced Asian equity exposure. These are: an enhanced dividend policy equivalent to 1.5625% of quarter-end NAV; a higher fourth interim dividend in respect of FY24 (+59.5% y-o-y, annual dividend +22.8% y-o-y); and the introduction of a three-year continuation vote to ensure that AAIF's shareholders have a direct say in the future of the company.

Perspectives from AAIF's manager

There are four areas that Thong is keen to focus on:

- **Why Asia?** Asia is the world's growth engine, poised to generate more than half of global economic growth. Above-average economic growth in the region has led to robust shareholder total returns. Asia offers both dynamic growth and dependable income: income growth from emerging economies and strong income from developed markets.
- **Why income?** Since the beginning of the century, dividends have driven more than 60% of total returns in Asia-Pacific. In his quest for quality businesses, the manager seeks companies with disciplined capital allocation. Regular dividend payments show more commitment to shareholders than share repurchases, which can be sporadic, while returning cash to shareholders ensures that management teams do not engage in value-destroying mergers and acquisitions. Companies with dividend franchises are high quality with strong balance sheets, and generate reliable cash flows with returns above their cost of capital, which support solid and consistent dividend payments. As there are few businesses in Asia that fulfil these criteria, AAIF's portfolio, which is invested across the market cap spectrum, has a balance of companies with higher earnings growth but lower dividend yields, such as Tencent, and companies with lower earnings growth and high dividend yield, such as DBS Group, along with those in-between, such as MediaTek.
- **Why Aberdeen?** The company has a long Asian pedigree, as it started investing in the region in 1987 and has had a local presence since 1992, which provides very good access to companies. Aberdeen's Asian investment team is made up of around 40 investment professionals operating from six locations in the region. In 2024, it undertook 730 company visits/engagements and has active coverage on around 590 stocks.
- **Why now?** The Asia-Pacific valuation gap is historically wide versus the developed market MSCI World Index. Asian returns, such as return on equity, are starting to exceed pre-COVID levels. Policy tailwinds are building in Asia; for example, regulations have turned constructive in China and South Korea. Starting in 2022, China is gradually unwinding its 'Common Prosperity' programme, including the de-escalation of antitrust measures against the technology and education sectors, and in 2024, South Korea formalised its 'Value Up' programme. Asia is also underappreciated as a tech enabler, such as for AI.

Current portfolio positioning and activity

At the end of June 2025, there were 51 holdings in AAIF's portfolio, which was seven lower than 58 at the end of June 2024. Despite fewer positions, the top 10 concentration remained the same at 41.6%; five names were common to both periods.

Exhibit 4: Top 10 holdings at 30 June 2025

Company	Country	Industry	30-Jun-25	30-Jun-24
Taiwan Semiconductor Manufacturing Co (TSMC)	Taiwan	Information technology	11.7	12.3
DBS Group Holdings	Singapore	Financials	4.9	3.5
Tencent	China	Communication services	4.7	N/A
Samsung Electronics	South Korea	Information technology	3.9	6.4
Power Grid Corp of India	India	Utilities	3.4	3.8
HDFC Bank	India	Financials	3.2	N/A
Transurban Group	Australia	Industrials	3.0	N/A
MediaTek	Taiwan	Information technology	2.4	2.3
Samsung Fire & Marine Insurance	South Korea	Financials	2.2	N/A
China Merchants Bank	China	Financials	2.2	N/A
Top 10 (% of holdings)			41.6	41.6

Source: AAIF, Edison Investment Research. Note: N/A where not in end June 2024 top 10. Numbers subject to rounding.

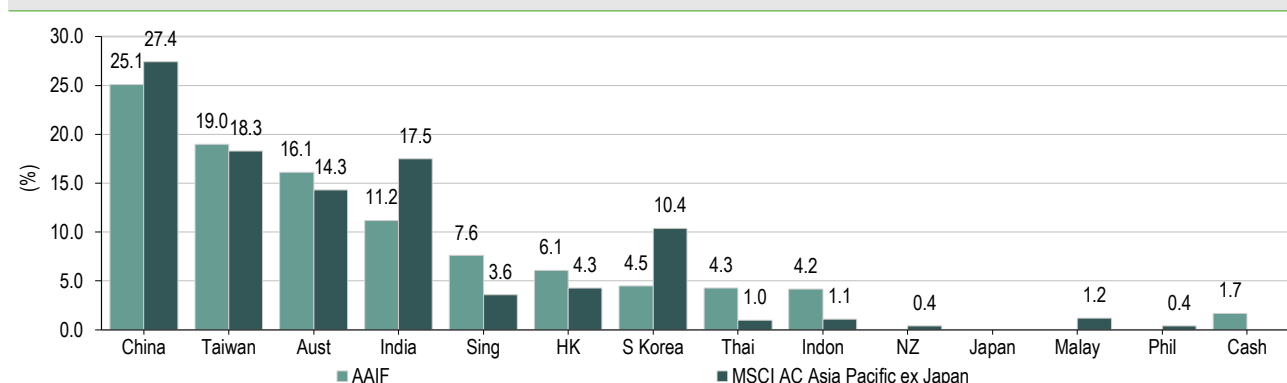
AAIF regularly provides detailed geographic exposure. In the 12 months to the end of June 2025, the largest changes were a 15.2pp increase to China (+14.7pp China and +0.5pp Hong Kong) and lower allocations to Singapore (-10.1pp) and Taiwan (-6.0pp), while the New Zealand exposure was sold (-3.3pp). These changes resulted in lower active weights in the portfolio, with the largest overweight position in Singapore (+4.0pp) and notable below index weights in India (-6.3pp) and South Korea (-5.9pp). China and Hong Kong combined are now close to an index weighting.

Exhibit 5: Portfolio geographic exposure versus MSCI Asia Pacific ex Japan Index (% unless stated)

Country	Portfolio at 30 June 2025	Portfolio at 30 June 2024	Change (pp)	Index at 30 June 2025	Active weight (pp)
China	25.1	10.4	14.7	27.4	(2.3)
Taiwan	19.0	25.0	(6.0)	18.3	0.7
Australia	16.1	15.5	0.6	14.3	1.8
India	11.2	7.6	3.6	17.5	(6.3)
Singapore	7.6	17.7	(10.1)	3.6	4.0
Hong Kong	6.1	5.6	0.5	4.3	1.8
South Korea	4.5	6.9	(2.4)	10.4	(5.9)
Thailand	4.3	3.2	1.1	1.0	3.3
Indonesia	4.2	2.7	1.5	1.1	3.1
New Zealand	0.0	3.3	(3.3)	0.4	(0.4)
Japan	0.0	1.1	(1.1)	0.0	0.0
Malaysia	0.0	0.0	0.0	1.2	(1.2)
Philippines	0.0	0.0	0.0	0.4	(0.4)
Cash	1.7	1.0	0.7	0.0	1.7
Total	100.0	100.0		100.0	

Source: AAIF, Edison Investment Research. Note: Numbers subject to rounding.

Exhibit 6: Portfolio versus index at 30 June 2025



Source: AAIF, Edison Investment Research. Note: Numbers subject to rounding.

AAIF is overweight the three highest yielding markets in the region, namely Singapore, Hong Kong and Australia. The manager explains that India is a high-growth market, but has a low dividend yield due to high valuations. He says that he has been selectively reducing AAIF's underweight exposure, noting that there are some more reasonably priced areas in

the Indian market, including IT services and financials.

The manager explains that while AAIF's mainland China exposure has increased, the country has a wider range of outcomes compared with the overweight countries, so it is important to size the Chinese positions effectively. There are broadly two areas of interest, financials and consumer stocks, which have high expectations. Thong believes that the Chinese economy is close to the bottom of the cycle, but is not yet at the trough due to ongoing problems in the property market, which on average, makes up around half of personal assets. Unemployment, especially among the young, is an ongoing problem. Nevertheless, Chinese economic data bottomed in H224 and the manager sees green shoots rather than a broad based-economic recovery; although he thinks that the economy does have a lot of latent potential when conditions improve further.

Portfolio activity

The number of new positions and complete disposals so far in 2025 are higher than normal as AAIF's manager is taking advantage of market volatility to add quality stocks to the portfolio at attractive valuations.

New additions to the portfolio in recent months include:

- China Merchants Bank (CMB) is a high-quality mainland bank, whose share price weakness offered a buying opportunity due to China's finance ministry having to inject capital into four of the nation's largest state banks, via share placements, to boost their capital buffers. CMB has a strong management team that has capitalised on the structural growth opportunities in China's banking market.
- Hangzhou Robam Appliances offers exposure to Chinese and Hong Kong consumers, along with a decent dividend yield. The company has strong brand equity and a significant market share in premium kitchen appliances, which has resulted in robust gross margins. Robam has been able to partially offset weakness in the construction sector via targeting non-construction and home-upgrade demand both online and offline. Signs of property market stabilisation in some of the company's higher-tier cities offer potential upside to consensus estimates.
- Ping An Insurance is a Chinese financial conglomerate that continues to demonstrate its ability to leverage technology to build a robust financial supermarket. The company's management has been upgrading Ping An's asset portfolio by refocusing on its core insurance business and selling non-core businesses. Ping An offers an attractive c 5.5% dividend yield and its life insurance business should benefit when China's 10-year bond yields bottom and the property market stabilises.

Positions that have been sold are generally lower-conviction holdings that are used as a source of funds, including: Amada Co, Autohome, Convenience Retail Asia, Hon Hai Precision Industry, NZX, Singapore Technologies Engineering, United Overseas Bank and Venture Corporation.

Performance: Well ahead of the benchmark over the last five years

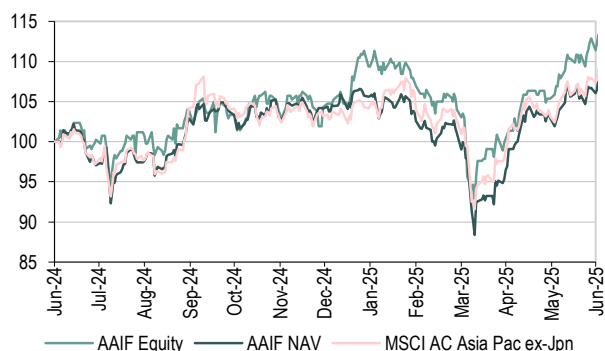
AAIF is one of five funds in the AIC Asia Pacific Equity Income sector. Its NAV total return is meaningfully above average over the last five years, ranking second. Its valuation is below the mean. AAIF has an average ongoing charge (no performance fee is payable) and an above-average level of gearing. Following the implementation of an enhanced dividend policy, AAIF has the second-highest yield in the sector.

Morningstar classifies two members of the AIC Asia Pacific Equity Income sector as large-cap blended funds: AAIF and Invesco Asia Dragon Trust (IAD). Two others – Henderson Far East Income Trust (HFEL) and Schroder Oriental Income Fund (SOI) – are large-cap value funds, while JPMorgan Asia Growth & Income (JAGI) is a large-cap growth fund. Looking at market cap breakdowns, AAIF has more than 15% of its portfolio in small- and mid-cap stocks, which is larger than for its peers. It also has the second-highest concentration in its top 10 holdings. In terms of cyclical, AAIF's breakdown between cyclical (c 50%), economically sensitive (c 45%) and defensive (c 5%) sectors is not that dissimilar to the peer group averages.

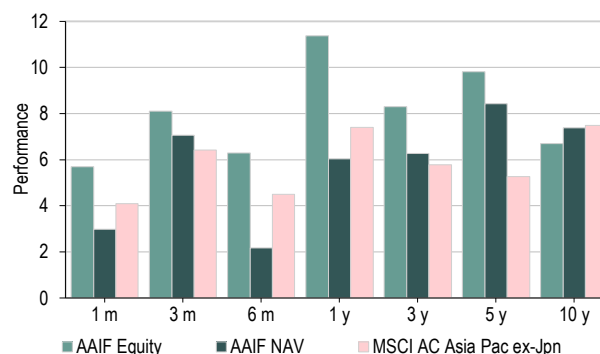
Exhibit 7: AIC Asia Pacific Equity Income sector at 22 July 2025

% unless stated	Market cap (£m)	NAV TR 1Y	NAV TR 3Y	NAV TR 5Y	NAV TR 10Y	Prem/disc	Ongoing charge	Performance fee	Net gearing	Dividend yield
Aberdeen Asian Income Fund	338.1	13.1	20.3	50.9	111.7	(9.1)	0.9	No	106	6.9
Henderson Far East Income	422.8	12.3	10.7	10.1	53.5	5.1	1.0	No	108	11.9
Invesco Asia Dragon Trust	737.7	17.0	21.4	50.3	158.7	(9.8)	1.0	No	102	4.1
JPMorgan Asia Growth & Income	272.6	14.5	23.8	28.4	150.2	(8.9)	0.8	No	100	4.5
Schroder Oriental Income	685.2	14.7	34.5	62.0	150.4	(4.7)	0.9	Yes	104	4.1
Simple average (5 funds)	491.3	14.3	22.1	40.3	124.9	(5.5)	0.9		104	6.3
Rank	4	4	4	2	4	4	2		2	2

Source: Morningstar, Edison Investment Research. Note: Performance at 22 July 2025.

Exhibit 8: Price, NAV and index total return performance (rebased to 30 June 2025)


Source: LSEG Data & Analytics, Edison Investment Research

Exhibit 9: Price, NAV and index total return (%)


Source: LSEG Data & Analytics, Edison Investment Research. Note: Three-, five- and 10-year performance figures annualised.

In FY24, AAIF's NAV and share price total returns of +10.8% and +12.0% respectively compared with the MSCI AC Asia Pacific ex Japan Index's +12.6% total return.

Over the 12 months to the end of June 2025, positive contributors to AAIF's performance included holdings in DBS Group, Singapore Technologies Engineering and Accton Technology Corporation. Detractors included positions in Samsung Electronics, Power Grid Corp of India and not holding shares in Alibaba Group.

The company's relative returns are shown in Exhibit 10. Its NAV has strongly outperformed the MSCI Asia Pacific ex Japan Index over the last five years and modestly over the last three years.

Exhibit 10: Share price and NAV total return performance, relative to indices (%)

	1 month	3 months	6 months	1 year	3 years	5 years	10 years
Price relative to MSCI AC Asia Pac ex Jpn	1.5	1.6	1.7	3.7	7.3	23.5	(7.2)
NAV relative to MSCI AC Asia Pac ex Jpn	(1.1)	0.6	(2.2)	(1.3)	1.4	15.9	(1.0)
Price relative to MSCI AC Asia Pac ex Jpn HDY	2.8	4.1	3.3	(0.6)	(6.7)	0.8	(8.1)
NAV relative to MSCI AC Asia Pac ex Jpn HDY	0.2	3.1	(0.7)	(5.3)	(11.8)	(5.3)	(2.0)
Price relative to CBOE UK All Cos	5.0	3.6	(2.5)	(0.2)	(6.8)	(5.3)	(0.7)
NAV relative to CBOE UK All Cos	2.4	2.6	(6.3)	(5.0)	(11.9)	(11.1)	5.9

Source: LSEG Data & Analytics, Edison Investment Research. Note: Data to the end of June 2025. Geometric calculation. HDY is high dividend yield.

Exhibit 11: Five-year discrete performance

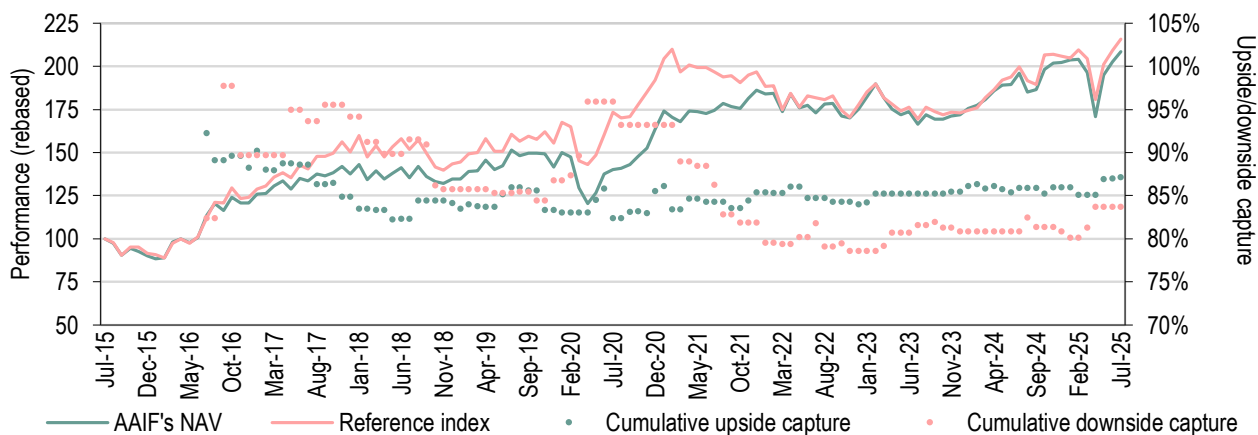
12 months ending	Share price	NAV	MSCI AC Asia Pac ex-Japan	MSCI AC Asia Pac ex-Jpn HDY	CBOE UK All Companies
30/06/21	32.0	29.1	24.9	14.5	21.1
30/06/22	(4.8)	(3.2)	(12.5)	1.6	2.2
30/06/23	0.5	(0.4)	(3.4)	(0.2)	8.3
30/06/24	13.5	13.6	14.0	21.8	12.8
30/06/25	11.4	6.0	7.4	12.0	11.6

Source: LSEG Data & Analytics. Note: All % on a total returns basis in pounds sterling.

Upside/downside capture analysis

AAIF has a low beta portfolio, which is illustrated by upside and downside capture rates of less than 100%. Over the last decade, its cumulative upside capture of 87% and downside capture of 84% imply that the fund should move around 15% less than the MSCI AC Asia Pacific ex-Japan Index during both rising and falling markets.

Exhibit 12: AAIF's upside/downside capture over the last 10 years



Source: LSEG Data & Analytics, Edison Investment Research

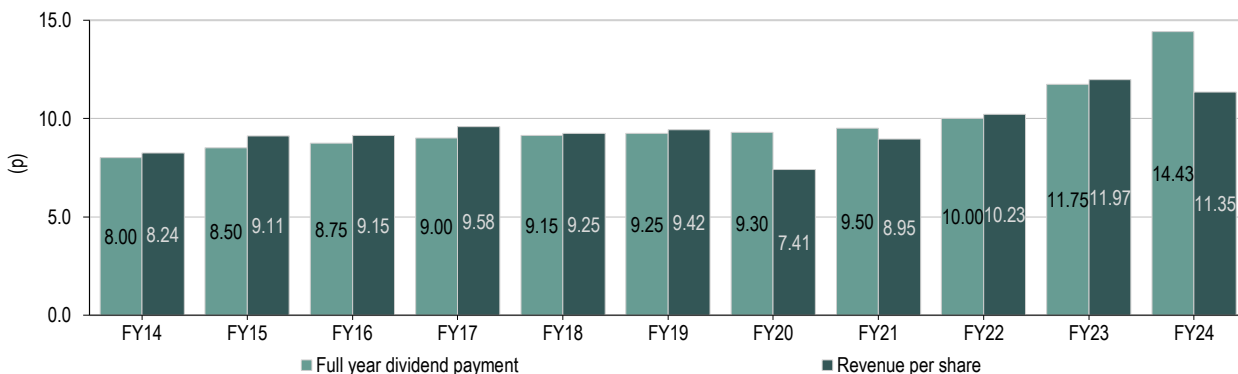
Note: Cumulative upside/downside capture calculated as the geometric average NAV total return (TR) of the fund during months with positive/negative reference index TRs, divided by the geometric average reference index TR during these months. A 100% upside/downside indicates that the fund's TR was in line with the reference index's during months with positive/negative returns. Data points for the initial 12 months have been omitted in the exhibit due to the limited number of observations used to calculate the cumulative upside/downside capture ratios.

Dividends: Change in policy – payout based on NAV

As announced in January 2025, in recognition of investor appetite for yield, the board announced a change in AAIF's dividend policy. Starting at the end of March 2025, quarterly dividends are set at 1.5625% of the company's quarter-end NAV, which equates to 6.25% of NAV per year. In periods when AAIF's revenue is less than the dividend, distributions can be made from a combination of revenue and capital reserves. Based on the 30 June 2025 NAV of 246.0p per share and the current share price, the notional annual dividend yield would be 6.6%.

In FY24, three interim dividends of 2.55p per share and a fourth of 6.78p per share were declared. The total distribution of 14.43p per share was 22.8% higher year-on-year, and was the 16th consecutive year of higher dividends. Revenue earnings per share were 11.35p, which was 5.2% lower than 11.97p in FY23, meaning the dividend was 0.8x covered.

Exhibit 13: 10-year dividend and revenue history



Source: AAIF, Edison Investment Research

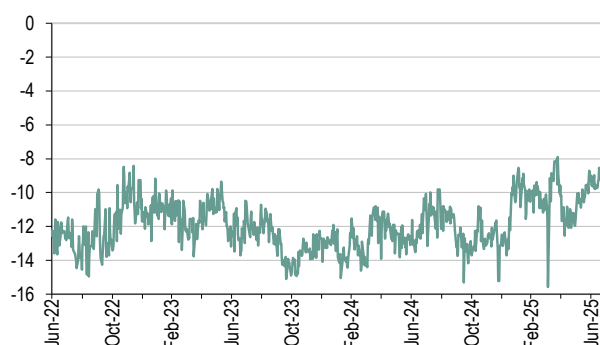
Valuation: Discount starting to narrow

Although AAIF's discount to NAV is starting to narrow, perhaps due to its enhanced dividend policy, it remains wider than its AIC sector average. The current 9.7% share price discount to cum-income NAV compares to the 7.9% to 15.6% range of discounts over the last three years. Over the last one, three, five and 10 years, AAIF's average discounts are 11.3%, 11.9%, 11.6% and 9.8% respectively.

The board's policy is to repurchase shares when the share price discount to cum-income NAV exceeds 5% (in normal market conditions). In FY24, c 16.9m shares (c 10.1% of the share base) were bought back at a cost of c £36.0m and an average 12.4% discount, which added 1.2% to NAV per share. This was a significant step up from FY23, when just c 2.7m shares (c 1.6% of the share base) were bought back. Repurchases have continued in FY25 at the board's discretion.

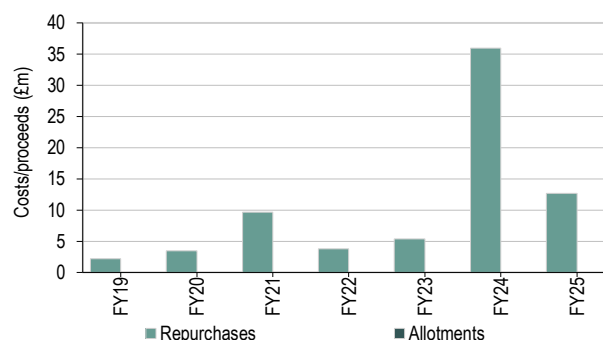
Another feature announced in January 2025 was the introduction of a continuation vote. The first will take place at the 2028 AGM and then every three years thereafter. If shareholders vote against AAIF continuing in its current form, the board will offer proposals for the future of the company.

Exhibit 14: Discount over three years (%)



Source: LSEG Data & Analytics, Edison Investment Research

Exhibit 15: Buybacks and issuance at 22 July 2025



Source: Morningstar, Edison Investment Research

Fund profile: Above-average income

AAIF is a Jersey-registered, closed-end investment company that launched in December 2005. Its lead manager is Isaac Thong, working alongside Eric Chan. Thong joined Aberdeen Group's Asia Pacific Equities team in March 2025 and is based in Singapore; he replaces Yoojeong Oh, who had been part of AAIF's management team for the last decade. Thong and Chan aim to generate an attractive total return from a diversified portfolio of Asia-Pacific equities, including those with above-average dividend yields. AAIF has investments across the market-cap spectrum and there are no constraints in terms of geographic and sector exposures. The fund's performance is measured against the MSCI AC Asia Pacific ex-Japan Index. Investment in preference shares, debt, convertible securities, warrants and equity-related securities, as well as off-reference index stocks (including Japan) is permitted. There is a maximum 20% of total assets invested in a single issuer. Gearing of up to 25% of NAV (up to 15% in normal market conditions) is permitted. The managers may write covered put and call options, and undertake stock lending to generate additional revenue, although these features are used sparingly.

Investment process: Focus on quality and value

Aberdeen's disciplined investment approach is based on three core beliefs: fundamental research can highlight market inefficiencies – over the long term, company fundamentals drive share prices, but in the shorter term, share prices can be mispriced; ESG assessment and corporate engagement can enhance returns; and disciplined active management can deliver superior outcomes for clients. Portfolio turnover is relatively low, running at around 35% per year, implying around a three-year holding period. Aberdeen's preference for quality companies is because they are more profitable and generate a more stable performance, have the financial resources to invest for the long term, are better placed to weather uncertain environments and can potentially reduce risk and enhance returns. Quality companies are likely to

have sustainable competitive advantages, operating in attractive industries, with robust balance sheets, well-regarded management teams and favourable ESG attributes.

There is a five-step investment process:

1. Idea generation: the broad investible universe is around 1,000 stocks, so quantitative tools are used to refine the opportunity set. Given its size and local presence, Aberdeen enjoys extensive corporate access.
2. Research: there is active coverage/review of c 300 stocks, with ESG fully embedded in the process.
3. Peer review: around 200 stocks are given a 'buy' rating, and these and companies rated 'hold' may be included in the portfolio. There is a team-based approach that includes rigorous debating of ideas.
4. Portfolio construction: the fund holds 40–70 stocks, selected on a bottom-up basis, which is subject to quantitative and risk analysis.
5. Engagement: active engagement with companies involves voting and regular dialogues with investee businesses.

Aberdeen has a proprietary research platform used by all its equity, credit and ESG teams. Research is focused on four areas: 'foundations' – business fundamentals and evaluation of ESG risks and opportunities; 'dynamics' – the important drivers of business change that influence company valuations; 'financials and valuation' – financial analysis and assessment of market expectations; and 'investment insight and risk' – the investment thesis and non-consensus insight, risk factors and downside scenarios.

Gearing

AAIF has a one-year £50.0m (£32.4m drawn) multi-currency revolving credit facility with Bank of Nova Scotia, London branch, which replaced a similar loan in February 2025. There is an option to increase the £50m commitment to £70m at any time, subject to the lender's approval.

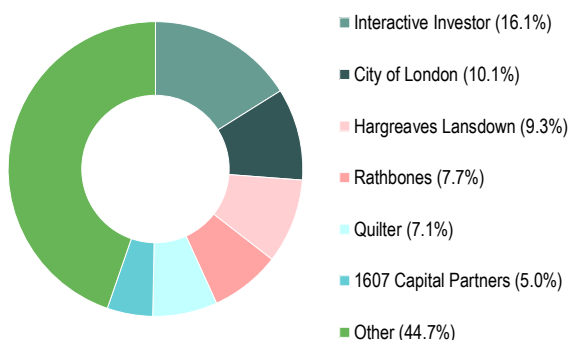
Fees and charges

Effective from the beginning of 2024, AAIF's management fees are based on the lower of market cap or net assets. It is a tiered structure: 0.75% up to £300m and 0.60% above £300m. A shift to a market cap-based fee aligns AAIF more closely with its shareholders given the company's shares are trading at a discount to NAV. Fees are charged 40:60 to the revenue and capital accounts respectively, and no performance fee is payable. In FY24, ongoing charges were 0.85%, which is a meaningful reduction from 1.00% in FY23.

Capital structure

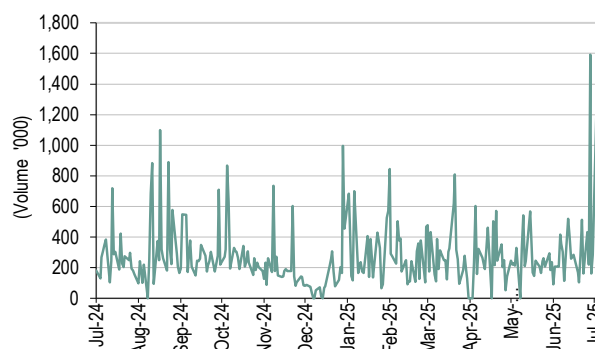
AAIF is an investment company with one class of share; there are 144.5m ordinary shares in issue, with a further 50.5m shares held in treasury. Its average daily trading volume over the last 12 months is c 277k shares.

Exhibit 16: Major shareholders at 30 June 2025



Source: Bloomberg, Edison Investment Research

Exhibit 17: Average daily volume, 12m to 22 July 2025



Source: LSEG Data & Analytics, Edison Investment Research

The board

Having served as one of AAIF's directors for more than nine years, Krystyna Nowak retired from the board at the May 2025 AGM. Chair Ian Cadby will remain on the board until the 2026 AGM to help oversee the changes at AAIF. A new director is expected to be appointed later in 2025.

Exhibit 18: AAIF's board at end FY24

Board member	Date of appointment	Remuneration in FY24 (£)	Shareholdings at end FY24
Ian Cadby (chair since 1 January 2022)	11 May 2016	49,000	20,000
Krystyna Nowak	7 May 2015	34,704	17,797
Mark Florance	10 May 2017	41,296	18,746
Nicky McCabe	16 May 2018	34,000	5,121
Robert Kirby	1 November 2021	34,000	16,937
Jane Routledge	8 May 2024	22,027	8,527

Source: AAIF. Note: Krystyna Nowak retired at the May 2025 AGM.

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