

Aberdeen Asia-Pacific Income Fund, Inc.

Financial Explorers



As home to the world's first, second, and fourth most populous countries, we believe the Asia-Pacific region should be on every investor's radar. But the sector holds long-term opportunities beyond China, India, and Indonesia. Investors know to look for opportunities both large and small but can get overwhelmed in places where change is the only constant. Aberdeen's years of studied involvement throughout the Far East helps us see it holistically and sift through the noise.

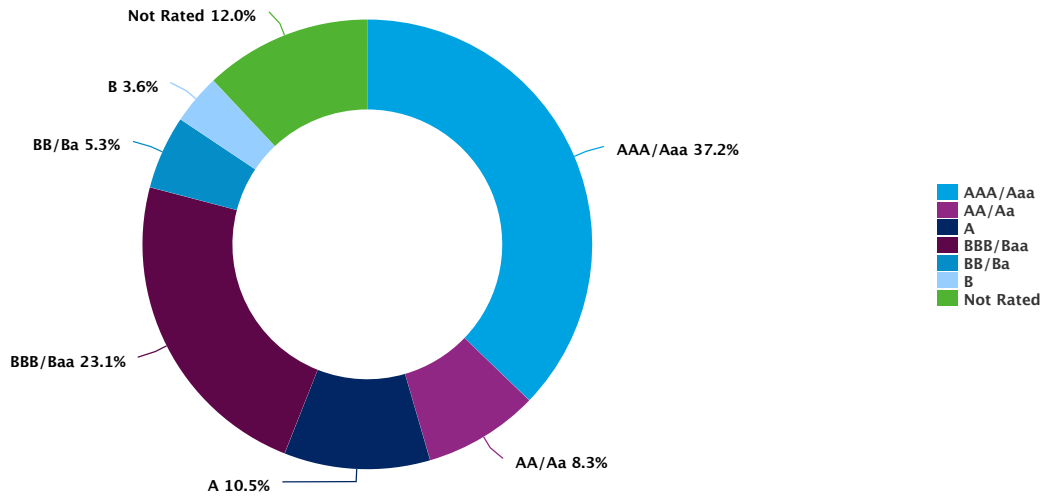
Open your world with the Aberdeen Asia-Pacific Income Fund.

Net Asset Value Per Share \$5.82

Market Price \$5.28

Premium to Net Asset Value (-9.28)%

As of Aug 29, 2016. The NAV information is provided by the Fund's accounting agent. The price is as reported by the exchange on which the Fund trades. This information is unaudited and neither Aberdeen Asset Management PLC, its wholly owned subsidiaries, the Funds, nor any other person guarantees their accuracy.



As of July 31, 2016

Generally the credit ratings range from AAA (highest) to D (lowest). Where bonds held in the Fund are rated by multiple rating agencies (Moody's, S&P and Fitch), the lower of the ratings is used. This may not be consistent with data from the benchmark provider. Quality distribution represents ratings of the underlying securities held within the Fund, and not ratings of the Fund itself. Compositions are subject to change.





Investment idea: **FAX**

Similar to other emerging markets in Aberdeen's portfolio, Asia-Pacific is an unfamiliar region shrouded in myth. The area holds more than its fair share of potential investment opportunities. It's only a matter of distinguishing fact from fiction.

The Aberdeen Asia-Pacific Income Fund, Inc. (FAX) seeks to offer investors good yield through corporate and government bonds, backed by solid fundamentals, leverage and sustainable growth.

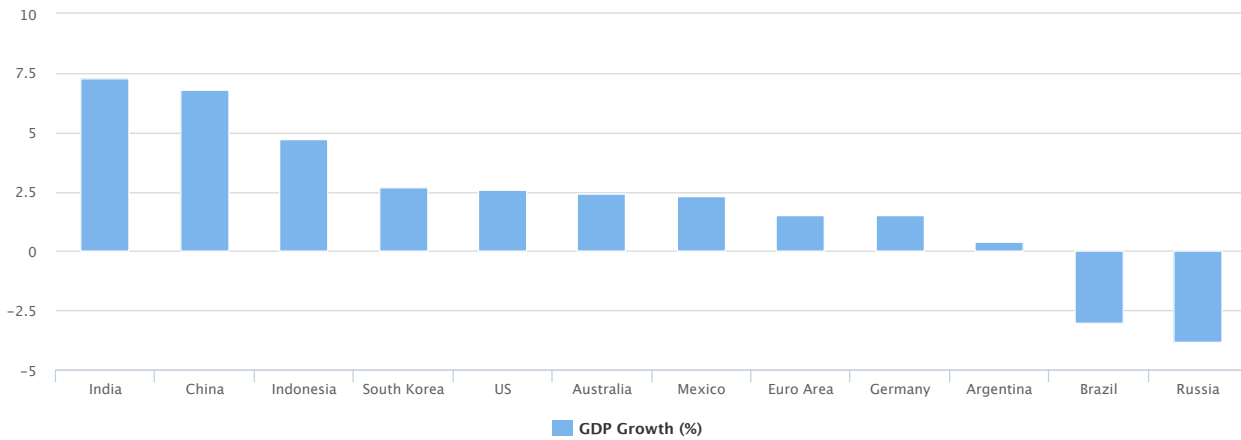
One common misconception is that China is the only economy that matters in Asia. Not only have we already seen growth in China slow down, but India's economy is now growing even faster than China. With a population of more than 1.2 billion, India is now on the verge of becoming the world's third-largest economy by 2030.¹ Another overlooked Asia-Pacific region is Indonesia, which is rich in resources and the world's fourth most populous country. Both of these regions play a significant role in the Aberdeen Asia-Pacific Income Fund, Inc.

High political risk is another myth in the Asia-Pacific region. Countries in the region are at various stages of political and economic development, making high political risk a generalization that simply doesn't hold true in our view. Singapore, for example, has maintained a sovereign rating of AAA² for years because its government hasn't added to its budget deficit since the 1980s. Its currency is also tied closely to the Aberdeen Asia-Pacific Income Fund. In other countries tied to the fund, such as Indonesia, South Korea and the Philippines, sovereign ratings are currently on the rise.



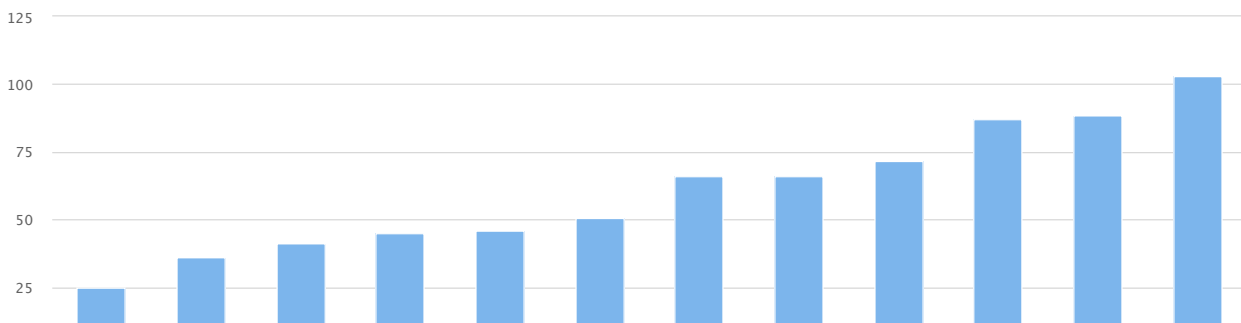


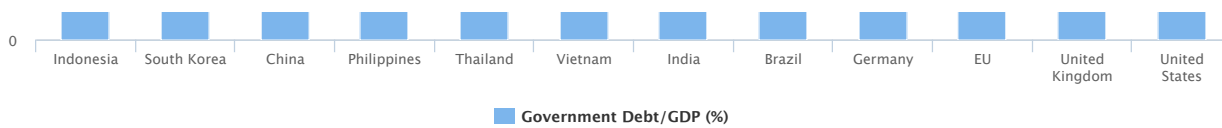
All-Stars of the Global Economy



Source: IMF, 2015

Asia-Pacific Nations rate low on Debt-to-GDP ratio





Source: TradingEconomics.com

¹ USDA, 2015 (http://www.ers.usda.gov/datafiles/International_Macroeconomic_Data/Baseline_Data_Files/ProjectedRealGDPValues.xls). Projections are offered as opinion and are not reflective of potential performance. Projections are not guaranteed and actual events or results may differ materially.

² Standard & Poor's credit ratings are expressed as letter grades that range from "AAA" to "D" to communicate the agency's opinion of relative level of credit risk. Ratings from 'AA' to 'CCC' may be modified by the addition of a plus (+) or minus (-) sign to show relative standing within the major rating categories. The investment grade category is a rating from AAA to BBB-.

Privacy and Cookies Policy

The attention of users is drawn to Aberdeen's Privacy and Cookies Policy (<http://www.aberdeen-asset.us/aam.nsf/usClosed/privacy>) which includes details on the use of performance, identification and targeting cookies (both our own and third parties) to enhance the functionality of the web-site, to enable the Group to monitor usage and to assist with future communications. By continuing to use this site users will be deemed to have accepted this policy and the use of cookies for these limited purposes only.

Business Continuity Management & Disaster Recovery Programs (<http://www.aberdeen-asset.us/aam.nsf/usClosed/bcm>)

There can be no assurance that the Board will maintain the Fund's distribution rate at a particular level, or that the Board will continue a managed distribution policy. Additionally, distributions may include return of capital as well as net investment income and capital gains. If the Fund's investments do not generate sufficient income, the Fund may be required to liquidate a portion of its portfolio to fund these distributions. If the Fund's distributions consist of a large amount of return of capital, it may result in a deterioration of the Fund's assets.

Aberdeen Asset Management Inc. has been registered as an investment adviser under the Investment Advisers Act of 1940 since August 23, 1995.

In the United States, Aberdeen Asset Management (AAM) is the marketing name for the following affiliated, registered investment advisers: Aberdeen Asset Management Inc., Aberdeen Asset Managers Ltd, Aberdeen Asset Management Ltd, Aberdeen Asset Management Asia Ltd and Aberdeen Capital Management, LLC. Excluding Aberdeen Capital Management LLC, each of these advisers are wholly owned by Aberdeen Asset Management PLC. Aberdeen Capital Management LLC is a wholly-owned subsidiary of Aberdeen Asset Management Inc. "Aberdeen" is a U.S. registered service mark of Aberdeen Asset Management PLC.

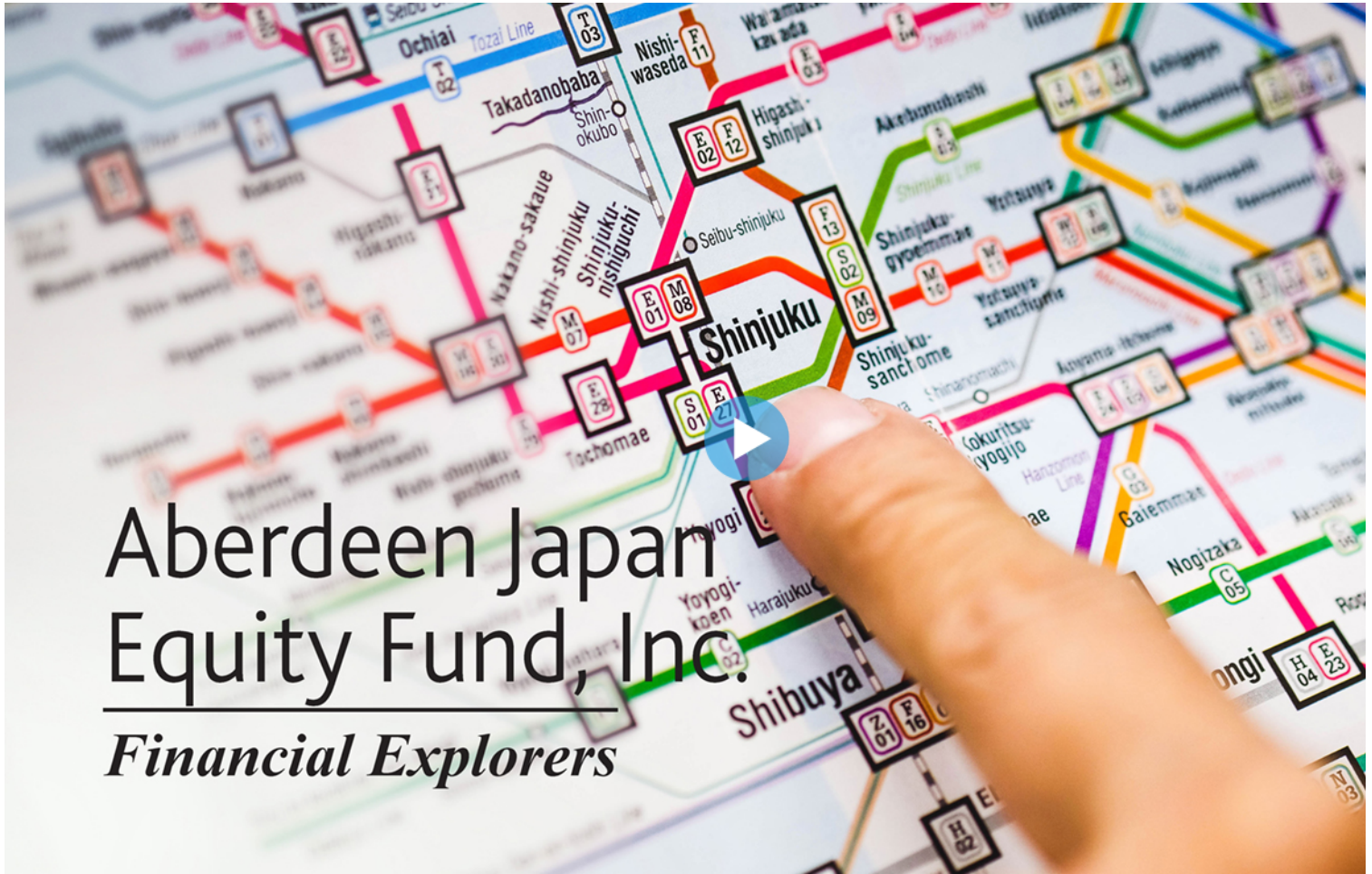
This site does not provide financial or investment advice and does not take into account the particular financial circumstances of individual investors. Before investing, investors should seek their own professional advice.

All information contained in this website is provided in good faith and is believed to be accurate and reliable at the time of compilation. The information in this website is provided "as is" and on an "as available" basis without warranties of any kind. Aberdeen does not warrant that the information on the Aberdeen website will be uninterrupted or error free, or that any information, software, or other material accessible from or related to the Aberdeen website is free of viruses, worms, or other harmful components.

Some of the documents on this website may contain links to information created and maintained by other, unaffiliated organizations. The Aberdeen Group does not control, cannot guarantee, and is not responsible for the accuracy, timeliness, or the continued availability or existence of this outside information.

Copyright of this material is owned by Aberdeen. Aberdeen expressly prohibits the dissemination, reproduction or transmission of any of the contents of this site in any form, other than for personal use.

"Aberdeen" is a U.S. registered service mark of Aberdeen Asset Management PLC



Aberdeen Japan Equity Fund, Inc.

Financial Explorers

As the world's third largest economy, Japan is a vast domain for Financial Explorers to navigate. An uninitiated money manager will quickly be overwhelmed. Diligence and a clear long-term vision are needed for success. Aberdeen has a team of experts on the ground with years of experience. They understand the language and people of Japan and also its culture. This intimate local know-how lets them spot opportunities and risks and puts thoughtful investors on the path to long-term growth.

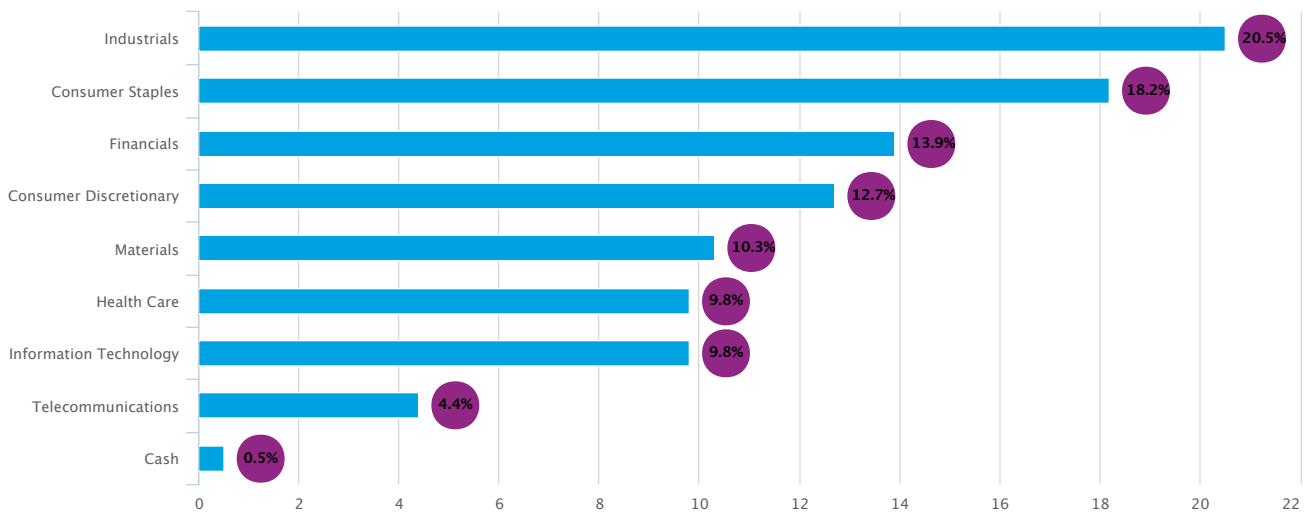
Open your world with the Aberdeen Japan Equity Fund.

Net Asset Value Per Share \$9.28

Market Price \$8.07

Premium to Net Asset Value (-13.04)%

As of close Aug 29, 2016. The NAV information is provided by the Fund's accounting agent. The price is as reported by the exchange on which the Fund trades. This information is unaudited and neither Aberdeen Asset Management PLC, its wholly owned subsidiaries, the Funds, nor any other person guarantees their accuracy.



As of July 31, 2016.

Compositions are subject to change. Figures may not appear to sum due to rounding.



Investment idea: **JEQ**

With the third largest nominal GDP in the world, it's no secret that Japan holds investment opportunities. But looking beyond the obvious, there are more interesting storylines developing in Japan that will likely continue to unfold for years to come.

The Aberdeen Japanese Equity Fund (JEQ) offers the opportunity to invest in some of Japan's most renowned corporations, along with the newer companies at the forefront of its exciting future.

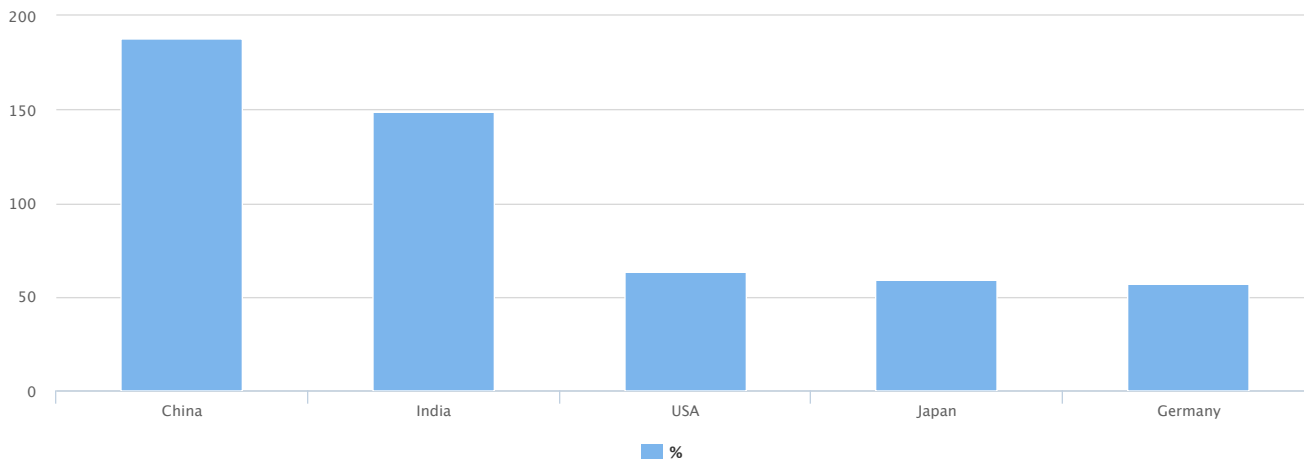
Over the past several decades, Japan has established a solid reputation of manufacturing quality cars and consumer electronics. While the corporations behind these products may provide a solid risk-adjusted return on investment, we believe there are lesser-known companies in Japan that have an even greater potential for future growth. It's only natural for a financial explorer to take a deeper look at forward-thinking trends in Japan to expose the bigger picture.

Few people are aware of the silent revolution unfolding in China. Until late 2015, the one-child policy caused the population of people between ages of 16 and 59 to diminish while younger generations spurned repetitive factory jobs. As a result, economic planners have been actively promoting factory automation.

With factory automation forecasted to rise, China is looking to Japan for robotics production. The Aberdeen Japan Equity Fund identified a number of companies that we believe are positioned for growth in this market. Factory automation is a recurring theme in the fund, along with the chance to invest in cornerstone companies from the electronics and automotive industries.



Projected Increase in Proportion of National Populations 65+ (2010–2050)

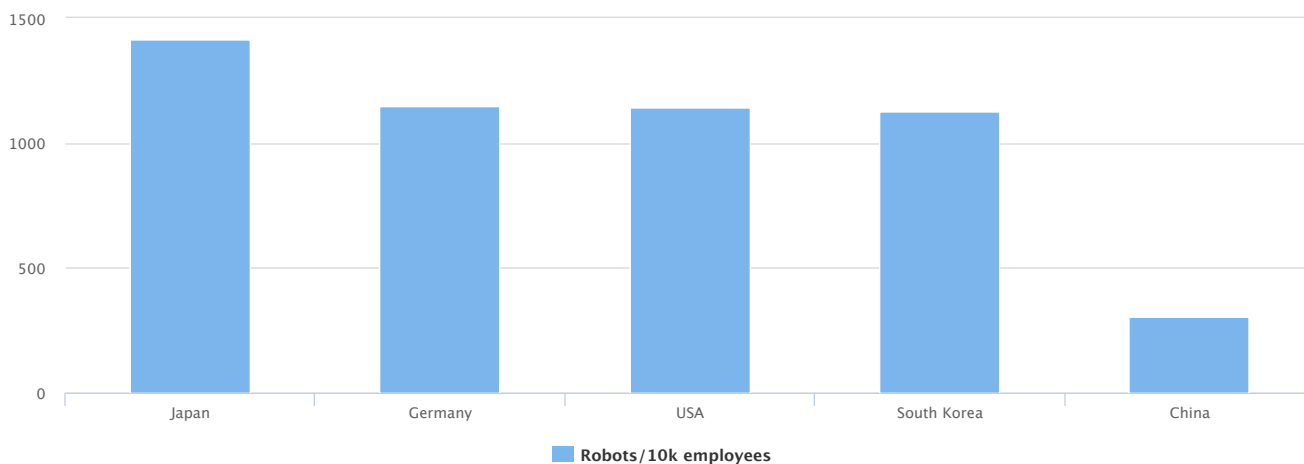


Source: United Nations, Department of Economics and Social Affairs, World Population Prospects: 2012 Revision, June 2013.

For illustrative purposes only.

Projections are offered as opinion and are not reflective of potential performance. Projections are not guaranteed and actual events or results may differ materially.

Robot Density in Automotive Industry



Source: International Federation of Robotics

For illustrative purposes only

¹ IMF World Economic Outlook (WEO), October 2015 (<http://knoema.com/nwfnkne/world-gdp-ranking-2015-data-and-charts>)

Privacy and Cookies Policy

The attention of users is drawn to Aberdeen's Privacy and Cookies Policy (<http://www.aberdeen-asset.us/aam.nsf/usClosed/privacy>) which includes details on the use of performance, identification and targeting cookies (both our own and third parties) to enhance the functionality of the web-site, to enable the Group to monitor usage and to assist with future communications. By continuing to use this site users will be deemed to have accepted this policy and the use of cookies for these limited purposes only.

Business Continuity Management & Disaster Recovery Programs (<http://www.aberdeen-asset.us/aam.nsf/usClosed/bcm>)

There can be no assurance that the Board will maintain the Fund's distribution rate at a particular level, or that the Board will continue a managed distribution policy. Additionally, distributions may include return of capital as well as net investment income and capital gains. If the Fund's investments do not generate sufficient income, the Fund may be required to liquidate a portion of its portfolio to fund these distributions. If the Fund's distributions consist of a large amount of return of capital, it may result in a deterioration of the Fund's assets.

Aberdeen Asset Management Inc. has been registered as an investment adviser under the Investment Advisers Act of 1940 since August 23, 1995.

In the United States, Aberdeen Asset Management (AAM) is the marketing name for the following affiliated, registered investment advisers: Aberdeen Asset Management Inc., Aberdeen Asset Managers Ltd, Aberdeen Asset Management Ltd, Aberdeen Asset Management Asia Ltd and Aberdeen Capital Management, LLC. Excluding Aberdeen Capital Management LLC, each of these advisers are wholly owned by Aberdeen Asset Management PLC. Aberdeen Capital Management LLC is a wholly-owned subsidiary of Aberdeen Asset Management Inc. "Aberdeen" is a U.S. registered service mark of Aberdeen Asset Management PLC.

This site does not provide financial or investment advice and does not take into account the particular financial circumstances of individual investors. Before investing, investors should seek their own professional advice.

All information contained in this website is provided in good faith and is believed to be accurate and reliable at the time of compilation. The information in this website is provided "as is" and on an "as available" basis without warranties of any kind. Aberdeen does not warrant that the information on the Aberdeen website will be uninterrupted or error free, or that any information, software, or other material accessible from or related to the Aberdeen website is free of viruses, worms, or other harmful components.

Some of the documents on this website may contain links to information created and maintained by other, unaffiliated organizations. The Aberdeen Group does not control, cannot guarantee, and is not responsible for the accuracy, timeliness, or the continued availability or existence of this outside information.

Copyright of this material is owned by Aberdeen. Aberdeen expressly prohibits the dissemination, reproduction or transmission of any of the contents of this site in any form, other than for personal use.

"Aberdeen" is a U.S. registered service mark of Aberdeen Asset Management PLC

Latin America

Exploring Latin America

Boasting such iconic features as the Christ the Redeemer statue in Brazil, the ruins at Machu Picchu and the Mayan Temple, Latin America is a collection of territories and countries throughout Central and South America. Latin American is a fast-growing emerging market with a population of more than 617 million people. Its rapidly expanding middle class now accounts for 30% of the region's population. Agricultural, industrial and services industries are chief drivers of economic growth across Latin America.

Investing for Growth

Latin America is a growing and diverse region, highlighted by the economic performance of Brazil, Mexico and Chile. A rapidly expanding middle class, which is larger than China's, wields greater purchasing power and spends more than ever before on packaged goods, pharmaceuticals and high-end automobiles. Also, Latin America's young and increasingly educated population propels the region's workforce and improves consumer spending. Agricultural, industrial and services are key drivers of growth for across Latin America. Infrastructure spending throughout the region, with a focus on roads and railways, is expected to grow in 2016 and beyond to support increased demand for better and safer transportation.

Several Latin American countries are members of the Organisation for Economic Co-operation and Development (OECD), and follow OECD corporate governance methodology. These standards compel companies to follow best practices guidelines for higher standards of disclosure and board independence. Companies following OECD corporate governance methodology help overcome the region's not-too-distant reputation as being rife with corporate corruption. Positive downstream effects are seen in corporate performance, with lower debt levels and improved profitability. Moreover, corporate culture has embraced the need for building and maintaining shareholder value as a means of competing in the global marketplace.

Geopolitical risks underscore the need for having a clear understanding of the variables affecting each country. Demand from another region may have a profound impact on one country, while its effect is minimal on another country. Monetary and fiscal policies vary among counties in Latin America, as evidenced by inflation and interest rate fluctuations across the region. Uncovering the best opportunities in a dynamic, flexible emerging market like Latin American requires an understanding of key fundamentals and local markets.

Noteworthy economic fundamentals that make Latin America an attractive component of a long-term investment strategy:

- Rapidly expanding middle class fueling surge in domestic demand
- GDP expected to grow 3% driven by stronger demand outside Latin America as growth in global markets projected to increase¹
- Improving political and financial stability in region enhancing growth prospects
- Free Trade Agreements leading to dynamic trade flows
- Strong exports as world's leading provider of natural resources hedges region against volatility in foreign economies
- Structural reforms aimed at continued expansion of middle class, commodities production and improving fiscal positions throughout Latin America

Global Reach, Local Footprint

Investing in a large, diverse and growing region like Latin America requires extensive due diligence, and an on-the-ground presence. In our view, the proliferation of fiscal and governance change sweeping across the region mandates having boots on the ground. There's no substitute for conducting due diligence in person to uncover hard-to-find factors may influence investment decision-making.

Aberdeen's team of financial explorers pounds the pavement, meeting with companies face-to-face from Argentina to Mexico, to connect the dots others can't see. This helps us uncover relevant information that can't be found by merely reviewing financial statements from afar. Our team believes the key to successful long-term investments is being attentive and keeping boots on the ground. With a local presence, we get a ground-level view of the day-to-day factors driving Latin America's economy.

We've been investing in Latin America for more than thirty years. Emerging markets present unique challenges with respect to investment research and decision-making. Aberdeen's team of financial explorers does the hard work so our clients and investors don't have to.

Now that we've explored Latin America, let's head to our next destination, one of the most technologically advanced in the world: Israel.

Israel

Exploring Israel

Regarded by Jews, Christians and Muslims as the biblical Holy Land, Israel is a Middle Eastern country bounded on one side by the Mediterranean Sea. Israel has a deep, rich history, with many sacred sites clustered in the Old City area of its capital, Jerusalem. Tel Aviv, Israel's financial hub and high technology epicenter, is known for its beaches, hopping nightlife and clean, crisp, white architecture. With the 37th largest GDP, Israel's dynamic economy is led by the information technology, financial services and healthcare and sectors. Though it has an impressive cultural background and history, it's Israel's future prospects that investors may find intriguing.

Investing for Growth

Like other emerging markets, Israel offers exceptional growth opportunities, supported by a progressive and forward-looking governmental and economic structure. Israel is a developed country and member of the Organisation for Economic Co-operation and Development (OECD), whose mission is to promote policies that improve the economic and social well being of people around the world. Propping up Israel's economic growth prospects is a highly skilled workforce. Its populace is among the most educated in the world, as it has one of the highest percentages of its citizens possessing a tertiary education degree. The country enjoys the highest standard of living in the Middle East and the fifth highest in Asia, and one of the longest life expectancies in the world.

Following moderate growth in 2015, Israel's economy is projected to expand at a 3.25% clip in 2016 and 2017. This growth is expected to keep Israel's unemployment rate, currently 5.5%, at low levels. Converging positive factors include a rising minimum wage, declining oil prices and budgetary measures designed to stimulate the economy, all of which will drive domestic demand. Israel's exports are projected to improve as the global economy improves. Inflation and interest rates remain low, evidencing the Bank of Israel's desire to pursue an accommodative monetary policy.

According to the OECD, Israel is ranked first in the world in Research & Development expenditure as a percentage of GDP. A look around the country reveals the fruits of its R&D investment: Israel is a leading developer of solar energy, water conservation and geothermal energy. Additional return on investment is evident in Israel's development of cutting-edge technologies in software, communications and the life sciences, drawing comparisons with Silicon Valley. This commitment has attracted global high tech firms including Google, Microsoft, Intel, IBM, Apple, HP, Cisco systems and Motorola, all of which have opened R&D facilities in Israel.

Key fundamentals that drive Israel's economic outlook and make the country an attractive part of a long-term growth investment strategy:

- GDP growth projected at 3.25% annual rate²
- Most highly educated and skilled workforce in the world, driving domestic demand²
- Strong R&D investment, as percentage of GDP, to drive continued advancements in technology, agricultural and industrial sectors²
- Projected growth in exports will strengthen Israeli companies
- Low inflation and interest rate environment, coupled with low unemployment, bolstering Israel's workforce and domestic spending

Global Reach, Local Footprint

Finding the right opportunity in emerging markets requires a keen eye and attention to fundamentals. To properly research Israeli investment choices, nothing beats an on-the-ground presence. Aberdeen's team of financial explorers pounds the pavement, meeting with companies face-to-face from Tel Aviv to Jerusalem and beyond to look past the obvious and see what others don't. This helps us uncover relevant information that can't be found by simply poring over financial statements from afar. Our team believes the key to successful long-term investments is being attentive and keeping boots on the ground. With a local presence, we get a ground-level view of the day-to-day factors driving Israel's economy.

Emerging markets like Israel present unique investment research and decision-making challenges. Aberdeen's team of financial explorers does the hard work so our clients and investors don't have to.

Having toured Israel, let's continue our journey by exploring one of the fastest-growing regions in the world: India.

India

Exploring India

Home to the Taj Mahal, one of the Seven Wonders of the World, India is a vast, vibrant country with a rich, robust culture formed over five millennia. It is the world's second

most populous country, and its largest democracy. India's borders stretch from the Himalayan Peaks to the Indian Ocean coastline, and feature a climate as diverse as its culture, language and ethnicity. Long a destination for global companies looking to outsource middle and back office functions, India has a diverse economy, driven by the financial services, information technology and consumer staples sectors.

Investing For Growth

Emerging markets can offer significant growth opportunities, and India is no exception. Recent changes in government and leadership, with the election of Prime Minister Narendra Modi, have fueled a strong economic expansion. Modi's government has implemented a series of ongoing reforms that have bolstered the country's economy, driven in part by its high tech industry focus. Bangalore, in the southern India state of Karnataka, bills itself as India's Silicon Valley.

Inflation and interest rates are low, fiscal consolidation continues apace, and the Reserve Bank of India's credibility has been restored, improving the country's financial and economic outlook. We believe the confluence of these factors, along with a massive domestic market and expanding middle class, make India an attractive and compelling investment opportunity.

Underpinning this view are strong fundamentals and a rapidly growing economy (Gross Domestic Product "GDP" is projected to overtake the combined GDP of Japan and Germany by 2019)³. Evidencing the positive outlook for India, the Bombay Stock Exchange (BSE) boasts the world's largest number of listed members, with more than 5,500 listed companies, and a market capitalization in excess of US\$1.68 trillion.

Notable fundamentals that contribute to India's prospects and make the country a valuable part of a long-term investment strategy:

- Projected to have the world's largest workforce by 2030³
- Approximately 8% annual GDP growth by 2017-2018⁴
- Middle class nearly doubling driving increases in consumer spending⁵
- Significant infrastructure investments (roads, railways) benefitting private and state-owned companies
- Extensive government reforms improving access to India's banking system
- Outsourcing to India expected to increase, with cloud adoption seen as strategic differentiator, along with growth in Business Process Outsourcing, analytics and big data^{6,7}

Global Reach, Local Footprint

With such a large pool of investment possibilities, identifying opportunities can be challenging. We believe finding the best opportunities in India shouldn't be as frustrating or futile as trying to navigate the Indian Ocean in a rowboat without a paddle. To properly research Indian investment choices, nothing beats an on-the-ground presence. Aberdeen's team of financial explorers pounds the pavement, meeting with companies face-to-face from Mumbai to Calcutta to look beyond the obvious and see what others don't. This helps us uncover relevant information that can't be found by simply combing through financial statements from afar. Our team believes the key to successful long-term investments is being attentive and keeping boots on the ground. With a local presence, we get a ground-level view of the day-to-day factors driving India's economy.

Emerging markets, such as India, present unique challenges with respect to investment research and decision-making. Aberdeen's team of financial explorers does the hard work so our clients and investors don't have to.

Moving on from India, join us as we explore the world's largest region: Asia-Pacific.

Asia-Pacific

Exploring Asia-Pacific

There's more to the Asia-Pacific region than iconic structures like the Great Wall in China and the Sydney Opera House in Australia. The Asia-Pacific region, with nearly 58% of the world's population, is comprised of billions of people from many countries, and features fast-growing economies. The largest economies (by GDP) of these include: Hong Kong, Singapore, India, China, South Korea, Taiwan, Thailand, Philippines, Australia, Malaysia and Indonesia. As a strong emerging market, Asia-Pacific countries have long attracted foreign investment. Information technology, financial services and intellectual property are key drivers for economic development throughout the region.

Investing for Growth

The Asia-Pacific region is the largest and most diverse emerging market in the world, with many countries contributing to GDP, economic growth, and investment opportunities. A rapidly expanding middle class and an increasingly educated workforce combine to fuel economic growth across the region. Asia-Pacific is projected to grow at a 5.5% rate, compared to the projected 3% global growth rate. Massive investment will be

needed to improve roadways, rails, airports and seaports, and is expected to drive more than US\$9 trillion in infrastructure spending in Asia-Pacific countries by 2025.

The Asia-Pacific Economic Cooperation (APEC) was established to drive prosperity for the Asia-Pacific population, and the results are overwhelmingly positive. APEC members work to ensure that key resources, including goods, services, investment and people move freely and easily across borders, as this drives economic expansion in the region.

Geopolitical risks often affect one country far more than another. Interest rates and inflation also vary, and investment performance fluctuates, often dramatically, between countries. One country can experience significant gains in valuation, while another sees losses. This creates a challenging environment in which to make investment decisions. For example, longer-term prospects may be brighter for Indonesia relative to China. It's no secret then that finding the best opportunities requires a sharp eye on fundamentals and an understanding of local markets.

Key economic fundamentals driving growth of the Asia-Pacific region and positioning it as an attractive part of a long-term investment strategy:

- Approximately 60% of the world's population
- Lower debt as a percentage of GDP than developed countries
- Two-thirds of the world's middle class lives in the region
- Asia Pacific accounts for 39% of global exports, driving economies around world
- Growing center of world trade and hub for information technology, intellectual property and banking development
- Attractive valuation as Asia-Pacific companies trade at discount to developed markets

Global Reach, Local Footprint

Investing in Asia-Pacific companies requires extensive due diligence, as there are many variables at play from one country to the next. Asia-Pacific is a large, growing, and diverse region, and having an on-the-ground presence is invaluable when investing in this part of the world.

Aberdeen's team of financial explorers hits the streets, meeting with companies face-to-face from Hong Kong to Singapore and everywhere in between to look beyond the obvious and see what others don't see. We're able to uncover relevant information that can't be found by simply analyzing financial statements from halfway across the world. Our team believes the key to successful long-term investments is being attentive and keeping boots on the ground. With a local presence, we get a ground-level view of the day-to-day factors driving Asia-Pacific's economy.

We've been investing in the Asia-Pacific region for decades. Emerging markets present unique challenges with respect to investment research and decision-making. Aberdeen's team of financial explorers does the hard work so our clients and investors don't have to.

Join us on our last stop across the globe, as we explore one of the most educated and advanced countries: Japan.

Japan

Exploring Japan

With a population of 126 million people, Japan is the world's tenth largest country. Its capital, Tokyo, is home to approximately 9 million people and is the second largest city in the Organisation for Economic Co-operation and Development (OECD). Tokyo is well known for having a blend of traditional architecture, represented by numerous temples and shrines, and ultramodern, neon-lit skyscrapers that dominate the city's skyline. Japan has the world's third largest economy and is a member of the UN and the G7, G8 and G20, which includes political leaders and central bank regulators from the world's largest economies. Manufacturing and industry, along with services (such as banking, technology, transportation, among others) are key drivers of Japan's economy.

Investing for Growth

Though part of Asia, Japan is typically viewed as a standalone country with respect to foreign investment. Government and monetary policy is carried out independent of other Asian-Pacific countries. Even so, Japan's economy is dependent upon external factors, such as its reliance on demand from China and other Asian countries. It stands to reason that, to a certain extent, as Asia-Pacific economic growth accelerates, so too will Japan's economic growth. Japan's populace is highly educated, enjoys a reasonably high standard of living and the highest life expectancy of any country in the world.

Nemawashi, a unique Japanese business culture requiring companies to build consensus from all stakeholders in support of change, is an important aspect of doing business in Japan. The "Toyota Way" is a Japanese management philosophy that focuses on continual improvement of all business operations, from manufacturing to management and touching all organizational levels, from company CEOs to assembly line workers. Understanding this culture is key for companies to succeed and thrive in the Japanese economy.

Corporate governance is also exerting influence over the long-term prospects of Japanese companies. In 2015, a new corporate governance code modeled after a similar code established by the OECD went into effect. This compels companies to follow guidelines for higher standards of disclosure and board independence. Over the longer term, as this change takes root, greater transparency will result, promoting better investment decisions. A positive offshoot of corporate governance initiatives was the launch of a new index, the JPX-Nikkei 400. This benchmark is designed to highlight stronger-performing companies, as measured by traditional shareholder value metrics. Companies seeking inclusion in the index will be forced to adapt new governance policies in order to demonstrate a strong focus on shareholder value.

Japan's economy is projected to grow at a 1% clip for 2016, spurred by rising wages, which drive consumer spending. Inflation is almost nonexistent, with recent inflation rates hovering around 0.29%, well below the government's 2% target rate. At 3.1%, Japan's unemployment rate is among the lowest in Asia. There are more than 3,000 listed companies in Japan, with the 225 of the largest (by price weight) companies trading on the Nikkei 225 index.

Demand from other countries in the Asia-Pacific region has a moderate effect on Japan's economy. As such, any due diligence for Japanese companies should consider regional data points as well. Japanese companies are world-class leaders, pioneering the use of advanced automation to boost production and growth. Japan is synonymous with innovation, and is ranked among the world's most innovative countries by leading several categories of global patent filings.

Notable fundamentals driving Japan's growth and that make the country a valuable component of a long-term investment strategy:

- World class companies with little debt leading global innovation
- Low inflation and interest rate environment, coupled with low unemployment, bolstering Japan's workforce and consumer spending
- New corporate governance code to improve transparency and disclosure
- Third largest automobile manufacturing country and world's largest electronics goods manufacturer
- Highly educated workforce and population with greatest life expectancy fueling domestic demand

Global Reach, Local Footprint

Sourcing the best investment opportunities in Japan requires an in-depth understanding of financial, economic, cultural, and geopolitical fundamentals. To invest in a dynamic, fast-moving country like Japan, nothing beats an on-the-ground presence. Aberdeen's team of financial explorers pounds the pavement, meeting with companies face-to-face from Tokyo to Osaka to Yokohama to look past the obvious and connect dots others don't see. This helps us uncover key information that can't be found by merely reviewing financial

statements from afar. Our team believes the key to successful long-term investments is being attentive and keeping boots on the ground. With a local presence, we get a ground-level view of the day-to-day factors driving Japan's economy.

Aberdeen has been investing in Japan for more than thirty years. Emerging markets present unique challenges with respect to investment research and decision-making. Our team of financial explorers does the hard work so our clients and investors don't have to.

Thank you for coming along on our journey as we explored five different regions: Latin America, Israel, India, Asia-Pacific and Japan.

Each region has its own unique culture, economic outlook and investment possibilities. Like an archaeologist carefully brushing off artifacts, our team of intrepid financial explorers digs deep to uncover and research opportunities.

Aberdeen Closed-End Funds. Open your world.

¹ International Monetary Fund (IMF), April 2015.

² Organisation for Economic Co-operation and Development, November 2015.

³ International Monetary Fund (IMF), March 2015.

⁴ The World Bank, October 2015.

⁵ Emerging Consumer Segments in India, KPMG Advisory Services, February 2014.

^{6,7} NASSCOM, CRISIL, January 2015.

⁸ The United Nations, 2015.