Aberdeen Latin American Income Fund Limited

Capturing the powerful income potential of
Latin American equities and bonds

Annual Report
31 August 2020

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If you have sold or otherwise transferred all your Ordinary shares in Aberdeen Latin American Income Fund Limited, please forward this document, together with the accompanying documents immediately to the purchaser or transferee, or to the stockbroker, bank or agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

Visit our Website

To find out more about Aberdeen Latin American Income Fund Limited, please visit **latamincome.co.uk**

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Brunella Isper and Viktor Szabó,
Aberdeen Asset Managers Limited

Highlights and Financial Calendar

Ordinary share price total return[A]

–24.4%

2019 +19.9%

Earnings per Ordinary share (revenue)

2.21p

2019 4.27p

Net asset value total return[A]

–27.5%

2019 +22.4%

Dividends per Ordinary share

3.50p

2019 3.50p

Benchmark total return

–22.9%

2019 +17.4%

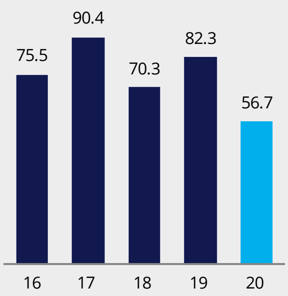
Discount to net asset value per Ordinary share[AB]

13.2%

2019[B] 16.0%

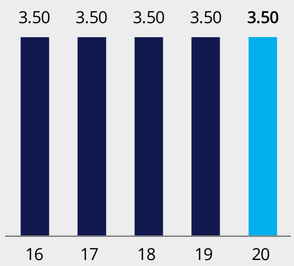
[A] Considered to be an Alternative Performance Measure. Further details can be found on page 99.
[B] At 31 August.
Source: Aberdeen Standard Investments, Morningstar, Russell Mellon, Lipper & JPMorgan.

Net asset value per share



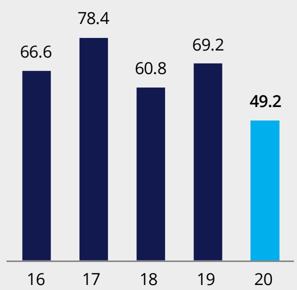
At 31 August – pence

Dividends per share



At 31 August – pence

Mid-Market price per share



At 31 August – pence

"Your Manager will continue to capitalise on market volatility to add to high-conviction holdings or introduce new names at appealing valuations."

Richard Prosser, Chairman

Financial Calendar

Annual General Meeting (Jersey)	10 December 2020
Payment dates of interim dividends	29 January 2021 28 May 2021 30 July 2021 29 October 2021
Half year end	28 February 2021
Expected announcement of results for six months ended 28 February 2021	April 2021
Financial year end	31 August 2021
Expected announcement of results for year ended 31 August 2021	November 2021

Highlights

	31 August 2020	31 August 2019	% change
Total assets (see definition on page 98) (£'000)	37,855	53,755	–29.6
Total equity shareholders' funds (net assets) (£'000)	32,355	47,755	–32.2
Market capitalisation (£'000)	28,071	40,136	–30.1
Ordinary share price (mid market)	49.15p	69.20p	–29.0
Net asset value per Ordinary share	56.65p	82.34p	–31.2
Discount to net asset value per Ordinary share[AB]	13.24%	15.95%	
Net gearing (see definition on page 97)[AB]	16.05%	11.41%	
Dividends and earnings			
Total (loss)/return per Ordinary share	(22.26p)	15.20p	
Earnings per Ordinary share (revenue)	2.21p	4.27p	–48.2
Dividends per Ordinary share	3.50p	3.50p	
Dividend cover[AB]	0.63 times	1.22 times	
Revenue reserves[B] (£'000)	1,962	2,704	
Operating costs			
Ongoing charges ratio[ABC]	2.00%	2.00%	

[A] Considered to be an Alternative Performance Measure. Further details can be found on pages 99 and 100.
[B] Excludes payment of fourth interim dividend of 0.875p (2019 – 0.875p) per Ordinary share equating to £500,000 (2019- £507,000) as this was made after the year end.
[C] Details of a cap on the ongoing charges ratio can be found in notes 6 and 17 to the financial statements on pages 75 and 88 respectively.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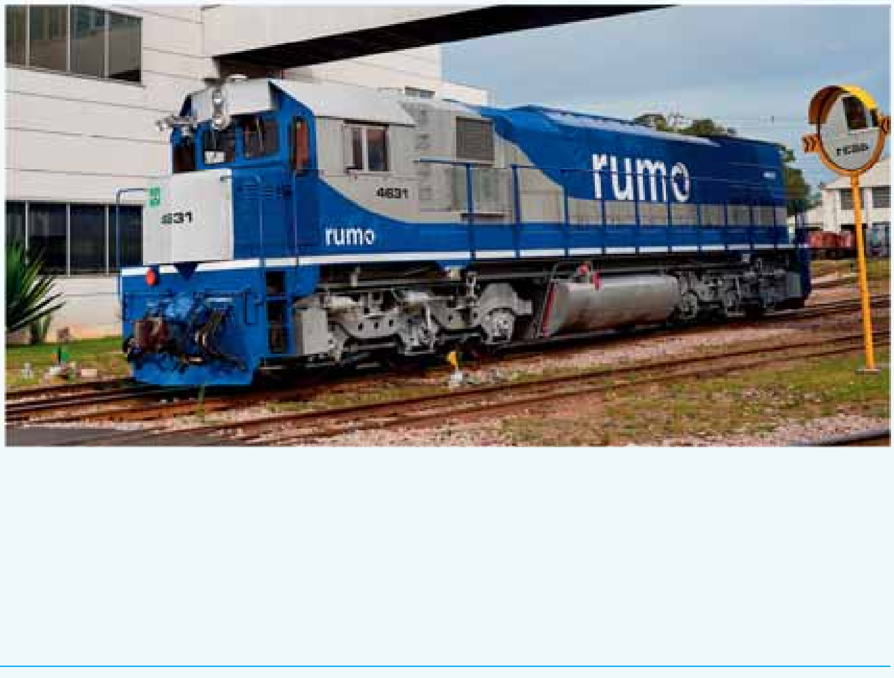
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Strategic Report

The Company is a Jersey-incorporated, closed-ended investment company and its shares are traded on the main market of the London Stock Exchange ("LSE").

It is registered with limited liability in Jersey as a closed-ended investment company under the Companies (Jersey) Law 1991 with registered number 106012.

Chairman’s Statement

“The Board is aware of the importance of income to the Company's shareholders, particularly during times of prolonged market stress and has maintained the dividend.”

Richard Prosser, Chairman

Overview

Any optimism fuelled by the signing of an initial US-China deal last December, which seemingly would have prevented a global trade war, vanished as the Covid-19 virus pandemic ("Covid-19") swiftly spread across the world. With healthcare systems in many regions overwhelmed, governments locked down their economies to contain the virus. This action, however, proved to be a double-edged sword as many key industries were badly hurt as business activity ground to a halt.

As more local businesses succumbed and consequently job losses mounted, central banks cut interest rates in quick succession, while governments unleashed massive amounts of fiscal stimulus in efforts to cushion the financial impact on the poor and unemployed.

Although Covid-19 arrived in Latin America later than other regions it still hit very hard. Looking at some key markets within the continent, the Brazilian administration's initial poor management of the pandemic caused Latin America's largest economy to report the highest number of cases. Political infighting exacerbated the situation, with President Jair Bolsonaro's controversial handling of the Covid-19 crisis forcing two health ministers to quit in quick succession. However, the government's subsequent swift action in rolling out relief packages, among the most extensive in the region, coupled with the central bank's aggressive interest rate cuts helped lessen the blow to faltering growth.

Meanwhile, Chile's relatively sound economic fundamentals, along with the government's prompt action in limiting the contagion, helped the country maintain some semblance of stability. But it remains to be seen if such measures can hold up in the face of a prolonged onslaught by Covid-19.

Conversely, Mexico's economy, already in a weakened state, was further hurt by social-distancing measures as well as the muted fiscal response from President Andres Manuel Lopez Obrador's administration. Fearing the financial repercussions, the authorities allowed businesses to reopen even before infection rates showed any significant signs of ebbing.

Elsewhere, Argentina has had to deal with the twin challenges of negotiating a palatable debt restructuring plan with international creditors, while combatting rising infection rates in spite of lockdowns. I am heartened to see that at least the former has reached a favourable resolution for now.

Results and Dividends

Against an extremely challenging background globally, the Company's NAV Total Return was -27.5% (2019:+22.4%), lagging the benchmark's -22.9% (2019: +17.4%) return. While the result is clearly disappointing at first glance, I would like to emphasise that your Manager has maintained its investment strategy and continues to have strong conviction in the Company's underlying portfolio while offering shareholders an attractive yield from a mix of good quality companies and bonds. A more detailed discussion can be found in your Manager's report.

The ordinary share price fell from 69.2p at 31 August 2019 to 49.2p per share although the share price discount to NAV narrowed from -16.0% at 31 August 2019 to -13.2% as at the financial year end.

The earnings per share for the year ended 31 August 2020 were 2.21p (2019: 4.27p), reflecting the severe impact of the pandemic. The Company has maintained four interim dividends of 0.875p per share (2019: 0.875p) in respect of the 12 month financial period bringing the total level of dividends for the year to 3.5p per share (2019: 3.5p). As reported during the year, the Board is aware of the importance of income to the Company's shareholders, particularly during times of prolonged market stress and has maintained the dividend. Whilst there has been a clear impact to earnings resulting from Covid-19, the Directors have previously noted the accumulated revenue reserve. One of the benefits of the investment company structure is that the Company may use accumulated reserves to maintain distributions to shareholders where there is a shortfall in earnings. To finance the dividends during the year, the Company paid £742,000 (2019: nil) from its revenue reserves. Following the payment of dividends made during the financial year, the Company continued to carry forward £1,962,000 (2019: £2,704,000) in its revenue reserve. After accounting for the fourth interim dividend paid after the year end the revenue reserve held the equivalent of over 70% of a full year's current distribution.

The Board is pleased that the Manager continues to support the Company to ensure that its ongoing charges ratio ("OCR") will not exceed 2.0% when calculated annually at 31 August. To the extent that the OCR exceeds 2.0%, the Manager continues to rebate part of its fees in order to reduce the ratio down to 2.0%. Subsequent to the year end, a sum of £83,000 had been repaid by the Manager to the Company in order to maintain the OCR at 2.0%.

Chairman's Statement Continued

Portfolio
During the year, the allocation between equities and bonds was adjusted. At the financial year end, the portfolio comprises 59.5% equities and 40.5% bonds (2019: 59.1% equities, 40.9% bonds). The Board and Manager will continue to keep this portfolio split under review to seek to exploit market opportunities.

Share Capital Management
During the year, the Company purchased 887,000 ordinary shares for cancellation at a total cost of £624,000, all at a discount to NAV. This resulted in an enhancement of 0.19% in NAV per share. In light of ongoing market volatility arising from the Covid-19 pandemic, and the lack of meaningful impact on the discount during these extraordinary times, the Board reviewed its share buyback programme during the financial year. The Company has not bought back any shares since March 2020 but the Company will make selective use of buybacks, subject to prevailing market conditions and having regard to the size of the Company, where it would be in the best interests of shareholders to do so. At the time of writing, the Company's share price discount to NAV is 8.3%.

Gearing
The Company refinanced its £8 million multi-currency revolving credit facility agreement with Scotiabank (Ireland) Designated Activity Company during the financial year. In August 2020, the Company entered into a one year unsecured revolving multi–currency loan facility with Scotiabank Europe plc expiring on 14 August 2021. At the year end £5,500,000 was drawn down (2019 – £6,000,000). The Board will continue to monitor the level of gearing under recommendation from the Manager and in light of the market conditions.

Board Changes
During the year, the Board, led by the Nomination Committee, conducted a search for a new independent non-executive director using the services of an independent recruitment consultant. The Directors were delighted to welcome Howard Myles to the Board on 1 October 2020. Howard brings a wealth of knowledge in relation to closed-end funds including experience of the Latin American region. George Baird retired as a Director at the AGM in December 2019 and Heather MacCallum assumed the role of Audit Committee Chair.

Service Provider Changes
The Board also made changes to the Company's service providers during the year under review. The Board appointed Nplus1 Singer Advisory LLP as its sole corporate broker in August 2020. The Company, led by the Audit Committee, also undertook a tender for its required audit services. Following the conclusion of the tender, the Board approved the appointment of PricewaterhouseCoopers CI LLP ("PwC") as the Company's auditor. PwC has undertaken the audit of the Company's Financial Statements and shareholders will be invited to vote upon their appointment at the Company's Annual General Meeting. The Board would like to formally thank Ernst & Young LLP, the Company's auditor since launch in 2010, for their support over the years.

Annual General Meeting
This year's Annual General Meeting will be held on Thursday, 10 December 2020 at 10:00am at the offices of Aberdeen Standard Investments, 1st Floor, Sir Walter Raleigh House, 48-50 Esplanade, St Helier, Jersey JE2 3QB.

In light of the current Government Guidelines surrounding the Covid-19 pandemic, and current and expected future social distancing requirements, only the formal business set out in the Notice of the Meeting will be considered, with no presentation by the Investment Manager and no refreshments. At the time of writing, it is likely that Members will be restricted from attending the AGM in person or by attorney or by corporate representative. Therefore, the Board encourages all shareholders to exercise their votes in respect of the meeting in advance to ensure that votes are registered and counted at the meeting.

The Board welcomes questions from our shareholders and, given the format and prevailing circumstances, I would ask shareholders to submit questions to the Board prior to the AGM, and in any event before Monday, 7 December 2020. The Board or the Investment Manager will respond to all questions received. You may submit questions to the Board by email to Latin.American@aberdeenstandard.com.

The Board will continue to monitor Government Guidelines around social distancing in relation to Covid-19 and will update shareholders on any changes to the arrangements for the AGM. However, should social distancing measures be relaxed, we would urge all shareholders to take the health and well-being of their fellow investors into account when deciding whether or not to attend the AGM. I trust that shareholders will be understanding and supportive of this approach. In future, the Board expects to revert back to its normal AGM proceedings and looks forward to welcoming shareholders in person.

Articles of Association

At the Company's Annual General Meeting, one of the resolutions being proposed relates to a change to the Company's Articles of Association ("the Articles"). The change will enable the Company to hold virtual and hybrid general meetings (including annual general meetings) in the future. The changes proposed are being sought in response to challenges posed by government restrictions on social interactions as a result of Covid-19, which have made it impossible for shareholders to attend physical general meetings.

The Board is committed to ensuring that future general meetings (including AGMs) incorporate a physical meeting when law and regulation permits and where shareholders can meet with the Board face to face. The potential to hold a general meeting through wholly electronic means is intended as a solution to be adopted as a contingency to ensure the continued smooth operation of the Company in extreme operating circumstances where physical meetings are prohibited. The Company has no present intention of holding a wholly electronic general meeting but wants to be prepared for the future.

Outlook

The near-term outlook for Latin America remains challenging. Many countries face the difficult decision of whether to keep their economies open to stave off a deeper recession or to re-impose draconian social-distancing measures and localised lockdowns amid elevated numbers of Covid-19 cases. Worsening relations between the world's two largest economic giants, the US and China, also pose a substantial danger to both financial markets and international trade as they engage in tit-for-tat punitive measures. That said, in Brazil, the Bolsonaro administration's fiscal stimulus has provided ammunition to better cushion the impact of the virus on its citizens. Subsequently, continued reforms to ensure fiscal discipline will be needed in light of the massive government spending and rise in debt levels. For Mexico, the ratification of a trade deal by key partners, the US and Canada should help its economy recover in the longer term. Elsewhere, receding coronavirus cases in Chile would allow the government to focus on putting key sectors, such as mining, back on the growth track. And finally, with the successful conclusion of debt restructuring talks in Argentina, more foreign investment could eventually find its way back.

Although Latin America's road to recovery may well be an arduous one, the region is not alone during these pandemic times. I am confident that your Manager's prudent investment approach and on-the-ground presence in the region should help in the selection of good quality investments with robust competitive advantages and exposure to segments of the economy that are still resilient in spite of the pandemic. These companies are likely to deliver steady, risk-adjusted returns over the long-term. Your Manager will continue to capitalise on market volatility to add to high-conviction holdings or introduce new names at appealing valuations seeking to add value for shareholders who at times this year have clearly suffered extreme volatility.

Richard Prosser,
Chairman
4 November 2020

Investment Manager's Review

Brunella Isper and Viktor Szabó, Aberdeen Asset Managers Limited

Performance Commentary

Latin American equities fell sharply in sterling terms in the year to August 2020, lagging both emerging and developed markets. At the same time, local bond markets remained resilient on the back of deep rate cuts, although this was more than offset by the depreciation of the regional currencies against sterling.

Coronavirus, or the Covid-19 pandemic ("Covid-19"), seemed to arrive in Latin America later than other continents but hit the region hard. Stock prices were weighed down by both currency volatility and the economic impact of Covid-19. Declining oil prices were a key contributor to losses. Brent crude fell dramatically in February as the rise of coronavirus fuelled fears of a global economic slowdown, coupled with an oil price war between Russia and Saudi Arabia. The price recovered to US$45.28 per barrel at the end of August – a small recovery, but still a considerable fall over the period. Buffering the decline to some extent at least were aggressive monetary and fiscal stimulus packages implemented at home and also by major trading partners around the globe.

Brazil saw the passing of the much-debated pension reform bill in October, one of President Bolsonaro's flagship policies and a major step in the fiscal consolidation process. The country's initial light-touch approach to Covid-19 led to one of the world's highest infection rates. Authorities reacted to the crisis with a positive fiscal package, one of the largest among emerging markets, which included cash handouts to households and employment support programs. Meanwhile, the central bank cut its policy rate to a record low of 2% and rolled out liquidity support and capital relief measures. The huge increase in the budget deficit ignited fears of fiscal deterioration, even though authorities pledged to restore prudent policies once the pandemic was over. Signs of a rapid economic rebound in the third quarter after the deep fall in activity underpinned investor sentiment, and contributed to the resilience of the local stock market, at least in local currency terms.

In Mexico, the revamped US-Mexico-Canada Agreement was ratified by Congress in December 2019, reducing trade uncertainty. Mexico's economy was struggling before Covid-19 took hold – shrinking by 0.1% in 2019. As a result of the pandemic this negative trend continued, with an 18.9% contraction in the second quarter. Uniquely among major emerging market economies Mexico decided not to support its economy with a fiscal stimulus. Banco de Mexico maintained its accommodative policy throughout the period, cutting interest rates eight times from 8% to 4.5%, in reaction to the stuttering economy.

In Chile, ongoing protests over income inequality hindered the export-dependent economy. These demonstrations hampered mining activity, which in turn, dampened the currency. On the policy front, allowing workers to partially withdraw pension savings injected additional liquidity. However, this could burden its fiscal position in the medium term.

In Argentina, Alberto Fernandez was sworn in as president in December 2019 after defeating incumbent Mauricio Macri in the October presidential elections. The new leader announced his intention to seek sovereign debt restructuring negotiations with current investors and the International Monetary Fund. Positive sentiment on the massive write-offs by its creditors outweighed the Covid-19 impact on an anaemic economy. Although debt restructuring has provided the government with a lifeline, the implementation of currency controls to prop up the Peso has made it harder for local corporations to tap into foreign capital. Several restructuring plans were proposed and turned down in the first half of 2020; the country missed a bond payment in May, technically meaning it entered into its ninth default. Finally, in August, the government won majority support, swapping 99% of the bonds in question for new securities. In addition, the Covid-19 pandemic has badly affected the Argentinian economy.

Against this backdrop, your Company's equity portfolio fell by 29.7% in sterling terms during the financial year, outperforming the MSCI Emerging Markets Latin America 10/40 Index which fell by 30.29%. The Company's bond portfolio returned -12.79% in sterling terms, compared to the benchmark JPM GBI-EM Global Diversified Latin America Index's return of -13.01%. The yield on the index fell 82 basis points to end the period at 4.95%.

Contributors to Performance

Software companies were the biggest contributors to performance, followed by industrials and financials. Conversely, the materials and consumer sectors negatively impacted performance. At the country level, stock selection in Brazil and Argentina supported returns. However, your portfolio's Mexican and Chilean holdings detracted.

In the technology sector, Argentine software development company **Globant** contributed positively on accelerating digitalisation trends. This was also the case for Brazil's leading enterprise software solutions provider **Totvs**. Additionally, the off-benchmark holding in **Linx** helped the Company, as this leading retail software company rallied on news of a business combination proposal by Brazilian payments unicorn StoneCo.

For the industrial sector, your Company's exposure to **WEG**, though limited, proved beneficial. The Brazilian electrical motor company's share price doubled, driven by robust results.

Among financials, introducing Brazil's leading equity broker **XP** to the portfolio helped lift returns. XP's solid business growth was bolstered by the country's deepening capital markets. Stock exchange operator **B3** also contributed with its trading volumes increasing as investors searched for yield in a record low interest rate environment. Conversely, holding **Banco Bradesco** muted portfolio gains as the lender was hurt by the economy's contraction and also suffered from deteriorating asset quality.

In the materials sector, **Vale's** share price rose on resilient iron-ore prices, along with the better news that it will resume dividends earlier than expected. Payouts had been suspended since the Brumadinho dam disaster. Our overall exposure to the miner, both directly, and via Bradespar's shareholding, supported the portfolio. Separately, Vale's investments to reduce its carbon emissions by one-third over the next decade could help its environmental, social, and governance standing.

Within the consumer sector, not holding **Magazine Luiza** proved costly for us as new social-distancing norms led to robust demand for the Brazilian retailer's extensive e-commerce business. On a brighter note, the initiation of **Mercado Libre** added to portfolio gains on the back of stellar results. The e-commerce major's June-quarter revenues rose sharply, thanks to a surge in online sales and virtual payments during the pandemic.

In the bond portfolio, allocation effects were positive for the Company, whereas currency and security selection dragged on performance. In particular, an overweight in Uruguay and Colombia helped drive performance, as did security selection in Colombia. The Company had no exposure to poor performers Chile or Argentina, a decision which aided relative returns. Moreover, the underweight position and security selection in Brazil contributed to performance.

Portfolio Activity

In the equities portion of the portfolio, we introduced **Mercado Libre** and **XP** during the review period. This proved to be positive for the portfolio for the reasons set out above. In the half yearly report to 29 February 2020, we highlighted the divestments of **Ultrapar**, **BBVA**, **Tenaris** and **Lala**. During the second half of the financial year, we also sold **Banco Santander Mexico**, given the heightened financial risks. Elsewhere, we sold Brazilian food giant **BRF** on declining conviction and to fund better opportunities elsewhere.

In the bond section of the portfolio, we completely exited our position in Argentina towards the beginning of the financial year in anticipation of the sovereign default. As a result of capital controls Argentina later was expelled from the bond index. We also reduced exposure to Mexican government bonds and the currency. Meanwhile, we subsequently increased our exposure to Peruvian and Colombian local currency bonds.

Outlook

As countries have begun to reopen their economies, there are signs that Covid-19 cases are starting to rise across the globe. The US, Asia and Central Europe are looking like potential hotspots. Of course, we would hope and expect governments around the world to be better prepared this time, therefore view the prospect of further full lockdowns like those seen in March as unlikely. However, even if the number of cases stabilises globally, the recovery path for many countries looks tougher than it did a few months ago. While all countries will suffer in the near term, the scale, duration and persistence of the shock will vary. This will depend on which countries had the most serious imbalances on the eve of this crisis, mount the strongest public health campaigns and put in place the most effective policy responses. We believe that this requires an even more granular approach to differentiating between countries in a stronger fundamental position and those whose existing challenges and imbalances will be exacerbated by this pandemic.

Investment Manager's Review Continued

Brazil's economic outlook is mixed as its generous fiscal stimulus package supported consumption demand. However, the support package also affected the country's fiscal accounts and puts at risk the government's ability to meet the constitutional spending ceiling.

In Chile, relatively robust fiscal fundamentals and massive government stimulus should support growth. Caution exists though as income inequality and economic hardship worsened by the prolonged lockdown could lead to more street protests. Meanwhile, the referendum to consider amending the constitution adds to the political uncertainties ahead of next year's elections.

In Mexico, while domestic consumption remained muted given the lack of fiscal stimulus, the renewed free trade agreement with North America, in addition to those with the European Union and Japan, should continue to support exports.

Though cautious about where markets are headed, we are positive about the portfolio's long-term prospects, given our belief in the resilience of the underlying holdings. We will also take advantage of market volatility to pick up high-quality investments at more attractive valuations. In particular, we are focusing on companies backed by solid fundamentals and long-term growth potential that will over time deliver robust yields.

Brunella Isper and Viktor Szabó,
Aberdeen Asset Managers Limited
4 November 2020

Overview of Strategy

Investment Objective and Business Model

The Company aims to provide private and institutional investors with exposure to the above average long-term capital growth prospects of Latin America combined with an attractive yield.

The business of the Company is that of an investment company and the Directors do not envisage any change in this activity in the foreseeable future.

Investment Policy and Approach

The Company invests in:

- companies listed on stock exchanges in the Latin American region;
- Latin American securities (such as ADRs and GDRs) listed on international stock exchanges;
- companies listed on international exchanges that derive significant revenues or profits from the Latin American region; and
- debt issued by governments and companies in the Latin American region.

The Company has a diversified portfolio consisting primarily of equities, equity-related and fixed income investments, with at least 25% of its gross assets invested in equity and equity-related investments and at least 25% of its gross assets invested in fixed income investments. The Company's investment policy is flexible, enabling it to invest in all types of securities, including (but not limited to) equities, preference shares, debt, convertible securities, warrants, depositary receipts and other equity-related securities.

Whilst the Board has provided the Investment Manager with broad investment guidelines in order to ensure a spread of risk, the Company's portfolio is not managed by reference to any benchmark and, therefore, the composition of its portfolio is not restricted by minimum or maximum country, market capitalisation or sector weightings. The Manager follows a bottom-up investment process based on its conviction in individual stocks. Top-down factors are secondary in portfolio construction, with diversification rather than formal controls guiding geographical and sector weights.

The Company may invest, where appropriate, in open-ended collective investment schemes and closed-ended funds that invest in the Latin American region.

Derivative investments may be used for efficient portfolio management and hedging and may also be used in order to achieve the investment objective and to enhance portfolio performance. The Company may purchase and sell derivative investments such as exchange-listed and over-the-counter put and call options on currencies, securities, fixed income, currency and interest rate indices and other financial instruments, purchase and sell financial futures contracts and options thereon and enter into various interest rate and currency transactions such as swaps, caps, floors or collars or credit transactions and credit derivative instruments. The Company may also purchase derivative instruments that combine features of these instruments. The Manager employs a risk management process to oversee and manage the Company's exposure to derivatives. The Manager may use one or more separate counterparties to undertake derivative transactions on behalf of the Company, and may be required to pledge collateral in order to secure the Company's obligations under such contracts. The Manager will assess on a continuing basis the creditworthiness of counterparties as part of its risk management process.

The Company may underwrite or sub-underwrite any issue or offer for sale of investments.

The Board considers that returns to Ordinary Shareholders can be enhanced by the judicious use of borrowing. The Board is responsible for the level of gearing in the Company and reviews the position on a regular basis. Pursuant to the level of gearing set by the Board, the Company may borrow up to an amount equal to 20% of its net assets calculated at the time of drawing. The Company will not have any fixed, long-term borrowings.

The Company may also use derivative instruments for gearing purposes, in which case the investment restrictions will be calculated on the basis that the Company has acquired the securities to which the derivatives are providing exposure.

The Company will normally be fully invested. However, during periods in which economic conditions or other factors warrant, the Company may reduce its exposure to securities and increase its position in cash and money market instruments.

Overview of Strategy Continued

The Company invests and manages its assets, including its exposure to derivatives, with the objective of spreading risk in line with the Company's investment policy.

The Company may only make material changes to its investment policy (including the level of gearing set by the Board) with the approval of Ordinary Shareholders (in the form of an ordinary resolution).

Investment Restrictions

The minimum and maximum percentage limits set out under "Investment Policy and Approach" and "Investment Restrictions" will only be applied at the time of the relevant acquisition, trade or borrowing. No more than 15% of the Company's or the Subsidiary's gross assets will be invested in any one company.

The Company will not invest more than 10%, in aggregate, of the value of its gross assets in other investment companies admitted to the Official List of the Financial Conduct Authority, provided that this restriction does not apply to investments in any such investment companies which themselves have stated investment policies to invest no more than 15% of their gross assets in other listed investment companies admitted to the Official List of the Financial Conduct Authority.

The Company may invest up to 25% of its gross assets in non-investment grade government debt issues (being debt issues rated BB+/Ba1 or lower).

The Company's aggregate gross exposure to derivative instruments will not exceed 50% of its gross assets.

The Company will not acquire securities that are unlisted or unquoted at the time of investment (with the exception of securities which are about to be listed or traded on a stock exchange). However, the Company may continue to hold securities that cease to be listed or quoted if the Investment Manager considers this to be appropriate.

No underwriting or sub-underwriting commitment will be entered into if the aggregate of such investments would exceed 10% of the Company's net assets and no such individual investment would exceed 5% of the Company's net assets.

The Board has adopted a policy that the value of the Company's borrowings or derivatives (but excluding collateral held in respect of any such derivatives) will not exceed 30% the Company's net assets.

Duration

The Company does not have a fixed life or continuation vote.

Benchmark

The Company measures its performance against a composite benchmark index weighted as to 60% MSCI EM Latin America 10/40 Index and 40% JP Morgan GBI-EM Global Diversified (Latin America Carve Out) (both in sterling terms) (the "Benchmark"). The Company does not seek to replicate the Benchmark index in constructing its portfolio and the portfolio is not managed by reference to any index. It is likely, therefore, that there will be periods when the Company's performance will be uncorrelated to any index or benchmark.

Promoting the Company's Success

In accordance with corporate governance best practice, the Board is now required to describe to the Company's shareholders how the Directors have discharged their duties and responsibilities over the course of the financial year following the guidelines set out in the UK under section 172 (1) of the Companies Act 2006 (the "s172 Statement"). This Statement, from 'Promoting the Success of the Company' to "Long Term Investment" on page 17, provides an explanation of how the Directors have promoted the success of the Company for the benefit of its members as a whole, taking into account the likely long term consequences of decisions, the need to foster relationships with all stakeholders and the impact of the Company's operations on the environment.

The purpose of the Company is to provide private and institutional investors with exposure to the above average long-term capital growth prospects of Latin America combined with an attractive yield. The Company's Investment Objective is disclosed on page 13. The activities of the Company are overseen by the Board of Directors of the Company.

The Board's philosophy is that the Company should operate in a transparent culture where all parties are treated with respect and provided with the opportunity to offer practical challenge and participate in positive debate which is focused on the aim of achieving the expectations of shareholders and other stakeholders alike. The Board reviews the culture and manner in which the Manager operates at its regular meetings and receives regular reporting and feedback from the other key service providers.

Investment trusts, such as the Company, are long-term investment vehicles, with a recommended holding period of five or more years. Typically, investment trusts are externally managed, have no employees, and are overseen by an independent non-executive board of directors. Your Company's Board of Directors sets the investment mandate, monitors the performance of all service providers (including the Manager) and is responsible for reviewing strategy on a regular basis. All this is done with the aim of preserving and, indeed, enhancing shareholder value over the longer term.

Shareholder Engagement

The following table describes some of the ways we engage with our shareholders:

Overview of Strategy Continued

AGM	The AGM ordinarily provides an opportunity for the Directors to engage with shareholders, answer their questions and meet them informally. The next AGM will take place on 10 December 2020 in Jersey. In light of the challenges arising from Covid-19, the Board encourages shareholders to lodge their vote by proxy on all the resolutions put forward.
Annual Report	We publish a full annual report each year that contains a strategic report, governance section, financial statements and additional information. The report is available online and in paper format.
Company Announcements	We issue announcements for all substantive news relating to the Company. You can find these announcements on the website.
Results Announcements	We release a full set of financial results at the half year and full year stage. Updated net asset value figures are announced on a daily basis.
Monthly Factsheets	The Manager publishes monthly factsheets on the Company's website including commentary on portfolio and market performance.
Website	Our website contains a range of information on the Company and includes a full monthly portfolio listing of our investments as well as podcasts by the Investment Manager. Details of financial results, the investment process and Investment Manager together with Company announcements and contact details can be found here: **latamincome.co.uk**
Investor Relations	The Company subscribes to the Manager's Investor Relations programme (further details are on page 20).

Other Service Providers
The other key stakeholder group is that of the Company's third party service providers. The Board is responsible for selecting the most appropriate outsourced service providers and monitoring the relationships with these suppliers regularly in order to ensure a constructive working relationship. Our service providers look to the Company to provide them with a clear understanding of the Company's needs in order that those requirements can be delivered efficiently and fairly. The Board, via the Management Engagement Committee, ensures that the arrangements with service providers are reviewed at least annually in detail. The aim is to ensure that contractual arrangements remain in line with best practice, services being offered meet the requirements and needs of the Company and performance is in line with the expectations of the Board, Manager, Investment Manager and other relevant stakeholders. Reviews include those of the Company's custodian, registrar, broker and auditor.

Principal Decisions
Pursuant to the Board's aim of promoting the long term success of the Company, the following principal decisions have been taken during the year:

Portfolio The Investment Manager's Review on pages 10 to 12 details the key investment decisions taken during the year and subsequently. The Investment Manager has continued to monitor the investment portfolio throughout the year under the supervision of the Board. The Board has continued to support the Company's mandate and has encouraged the Investment Manager to engage with investee companies on ESG issues, as set out below. A list of the key portfolio changes can be found on page 11. The Management Engagement Committee, on behalf of the Board, has reviewed the continued appointment of the Investment Manager, and the terms of the Management Agreement, and believes that its continued appointment is in the best interests of Shareholders.

Board Appointment The Board has continued to progress its succession plans during the year resulting in the decision to appoint Howard Myles as an independent non-executive Director with effect from 1 October 2020. Further details are provided in the

Chairman's Statement. The Board believes that the appointment of Howard Myles benefits Shareholders by ensuring a smooth and orderly refreshment of the Board which serves to provide continuity and maintain the Board's oversight of the Manager.

Gearing The Company utilises gearing in the form of bank debt with the aim of enhancing shareholder returns over the longer term. In August 2020, the Board refinanced its unsecured revolving multi–currency loan facility with Scotiabank Europe plc expiring on 14 August 2021. At the Board's instruction, the Investment Manager sought terms of a number of banks and the Board believes that the terms offered by Scotiabank were the most compelling.

Share Buybacks During the year, the Board bought back Ordinary shares opportunistically in order to manage the discount by providing liquidity to the market.

ESG The Board is responsible for overseeing the work of the Investment Manager and this is not limited solely to the investment performance of the portfolio companies. The Board also has regard for environmental (including climate change), social and governance matters that subsist within the portfolio companies. The Board is supportive of the Investment Manager's pro-active approach to ESG engagement and encourages it, believing that ESG factors put the 'long-term' in long-term investing. More information on the Manager's approach to ESG can be found on page 33.

Audit In accordance with best practice the Audit Committee conducted an audit tender to select a new independent auditor. Having established the needs of the Company, a number of audit firms were invited to tender. Following a detailed review and interview process, PwC was selected. A resolution to formally appoint PwC as the Company's auditor is being proposed at the AGM.

Broker The Board appointed Nplus1 Singer Advisory LLP ("Nplus1 Singer") as its corporate broker during the financial year. The Board believes that Nplus1 Singer has the required skills and experience to provide the Board, and its investors, with strong corporate broking services.

Long Term Investment
The Investment Manager's investment process seeks to outperform over the longer term. The Board has in place the necessary procedures and processes to continue to promote the long term success of the Company. The Board will continue to monitor, evaluate and seek to improve these processes as the Company continues to grow over time, to ensure that the investment proposition is delivered to shareholders and other stakeholders in line with their expectations.

Key Performance Indicators ("KPIs")
The Board uses a number of financial performance measures to assess the Company's success in achieving its objective and determine the progress of the Company in pursuing its investment policy. The main KPIs identified by the Board in relation to the Company which are considered at each Board meeting are as follows:

KPI	Description
Net Asset Value ("NAV") Total Return Performance versus Benchmark Index Total Return	The Board considers the Company's NAV total return figures versus the Benchmark to be the best indicator of performance over time and is therefore the main indicator of performance used by the Board. The figures for this year, three years, five years and since launch are set out on page 22.
Share Price Discount/ Premium to NAV per Ordinary Share	The discount/premium relative to the NAV per share represented by the share price is closely monitored by the Board. The objective is to avoid large fluctuations in the discount relative to similar investment companies investing in the region by the use of share buy backs subject to market conditions. A graph showing the share price discount/premium relative to the NAV is shown on page 23.

Overview of Strategy Continued

KPI	Description
Ordinary Share Price Total Return Performance	The Board also monitors the price at which the Company's shares trade relative to the Benchmark on a total return basis over time. A graph showing the total NAV return and the share price performance against the comparative index is shown on page 23.
Dividends per Ordinary Share	The Board's aim is to provide shareholders with an attractive yield. Dividends paid in 2019 and 2020 are set out on page 22.

Further commentary on the Company's performance is contained in the Chairman's Statement and Investment Manager's Review and further explanation of the terms is provided in the Glossary on pages 97 and 98.

Principal Risks and Uncertainties

There are a number of risks which, if realised, could have a material adverse effect on the Company and its financial condition, performance and prospects. The Board has carried out a robust assessment of the risks and uncertainties facing the Company at the current time in the table below together with a description of the mitigating actions taken by the Board. The Board has also identified emerging risks through a process of evaluating which of the principal risks increased materially during the year and / or, through market intelligence, are expected to grow significantly. The principal risks associated with an investment in the Company's shares are published monthly on the Company's factsheet and they can be found in the Pre-Investment Disclosure Document published by the Manager, both of which are on the Company's website. The Board reviews the risks and uncertainties faced by the Company in the form of a risk matrix and heat map annually and a summary of the principal risks are set out below.

The key, principal uncertainty for the Company emerging during the second half of the Company's financial year was the outbreak of the Covid-19 pandemic ("Covid-19") which caused significant economic disruption and contributed to global stock market volatility. The longer term effects of Covid-19 on the Latin American region are as yet unknown. From an operational perspective, the Manager, on behalf of the Board, sought assurances from the Company's key service providers, as well as from its own operations, that they had invoked business continuity procedures and appropriate contingency arrangements to ensure that they remain able to meet their contractual obligations to the Company.

In carrying out the assessment, the Board also considered the uncertainty arising from the end of the transition period on 31 December 2020 for the UK leaving the EU ("Brexit"). Overall, the Board does not expect the Company's business model, over the longer term, to be materially affected by Brexit.

Description	Mitigating Action
Investment strategy and objectives – the setting of an unattractive strategic proposition for the Company and the failure to adapt to changes in investor demand may lead to the Company becoming unattractive to investors, a decreased demand for Ordinary shares and a widening discount at which the Ordinary shares trade relative to their NAV.	The Board keeps the level of discount at which the Company's Ordinary shares trade as well as the investment objective and policy under review and the Board is updated at each Board meeting on the make up of and any movements in the Shareholder register. The Board considers the Company's strategy regularly and its attractiveness to shareholders.
Investment portfolio, investment management – investing outside of the investment restrictions and guidelines set by the Board could result in poor performance and inability to meet the Company's objectives.	The Board sets, and monitors, its investment restrictions and guidelines, and receives regular reports which include performance reporting on the implementation of the investment policy, the investment process and application of the guidelines.
Financial obligations – the ability of the Company to meet its financial obligations, or increasing the level of gearing, could result in the Company becoming over-geared and therefore unable to take advantage of potential opportunities and result in a loss of value of the Company's Shares.	The Board sets a gearing limit to ensure that covenant restrictions in the Company's loan facility are not breached and the Board receives regular updates on the actual gearing levels the Company has reached from the Investment Manager together with the assets and liabilities of the Company and reviews these at each Board meeting.
Financial and regulatory – the financial risks associated with the portfolio could result in losses to the Company. In addition, failure to comply with relevant regulation (including the Companies (Jersey) Law, the Financial Services and Markets Act, the Alternative Investment Fund Managers Directive, Accounting Standards and the FCA's Listing Rules, Disclosure Guidance and Transparency Rules, and Prospectus Rules) may have a negative impact on the Company.	The financial risks associated with the Company include market risk, liquidity risk and credit risk, all of which are managed by the Investment Manager. Further details of the steps taken to mitigate the financial risks associated with the portfolio are set out in note 15 to the financial statements. The Board relies upon Aberdeen Standard Investments to ensure the Company's compliance with applicable regulations and from time to time employs external advisers to advise on specific matters.
Operational – the Company is dependent on third parties for the provision of all systems and services (in particular, those of the Manager) and any control failures and gaps in these systems and services could result in a loss or damage to the Company.	The Board receives reports from the Manager on internal controls and risk management at each Board meeting and receives assurances from its significant service providers. Further details of the internal controls which are in place are set out in the Directors' Report on page 43.

An explanation of other risks relating to the Company's investment activities, specifically market risk including interest rate risk, foreign currency risk and other price risk, liquidity risk, credit risk, gearing risk and a note of how these risks are managed, is contained in note 15 to the financial statements on pages 80 to 87.

Overview of Strategy Continued

Viability Statement

The Company does not have a formal fixed period strategic plan but the Board formally considers risks and strategy at least annually. The Board considers the Company, with no fixed life, to be a long term investment vehicle, but for the purposes of this viability statement has decided that a period of three years is an appropriate period over which to report. The Board considers that this period reflects an appropriate balance between looking out over a long term horizon and the inherent uncertainties of looking out further than three years.

In assessing the viability of the Company over the review period the Directors have carried out a robust assessment of the principal risks detailed in the Strategic Report focussing upon the following factors:

- The ongoing relevance of the Company's investment objective in the current environment;
- The demand for the Company's shares evidenced by the historical level of premium and or discount;
- The level of income generated by the Company;
- The liquidity of the Company's portfolio; and,
- The flexibility of the Company's multi-currency loan facility which matures in August 2021 including the financial covenants of the loans. The Directors will aim to agree a new facility upon the expiry of the current one in 2021 and in the event that satisfactory renewal terms are not available at that time the facility will be repaid from portfolio sales.

Accordingly, taking into account the Company's current position, the fact that Aberdeen Standard Investments has agreed to reduce the fees payable to the Manager to the extent necessary to ensure that the Ongoing Charges Ratio does not exceed 2.0%, the fact that the Company's investments are mostly liquid and the potential impact of its principal risks and uncertainties, the Directors have a reasonable expectation that the Company will be able to continue in operation and meet its liabilities as they fall due for a period of three years from the date of this Report. In making this assessment, the Board has considered that matters such as the ongoing Covid-19 pandemic, significant economic or stock market volatility, significant discount to NAV, a substantial reduction in the liquidity of the portfolio, or changes in investor sentiment could have an impact on its assessment of the Company's prospects and viability in the future.

Promoting the Company

The Board recognises the importance of promoting the Company to prospective investors both for improving liquidity and enhancing the value and rating of the Company's shares. The Board believes an effective way to achieve this is through subscription to and participation in the promotional programme run by Aberdeen Standard Investments on behalf of a number of investment companies under its management. The Company's financial contribution to the programme is matched by Aberdeen Standard Investments. Aberdeen Standard Investment's promotional team reports quarterly to the Board giving analysis of the promotional activities as well as updates on the shareholder register and any changes in the make-up of that register.

The purpose of the programme is both to communicate effectively with existing shareholders and to gain new shareholders with the aim of improving liquidity and enhancing the value and rating of the Company's shares. Communicating the long-term attractions of your Company is key and therefore the Company also supports the Aberdeen Standard Investments investor relations programme which involves regional roadshows, promotional and public relations campaigns.

Board Diversity

The Board recognises the importance of having a range of skilled, experienced individuals with the right knowledge represented on the Board in order to allow the Board to fulfil its obligations. The Board also recognises the benefits and is supportive of the principle of diversity in its recruitment of new Board members. The Board will not display any bias for age, gender, race, sexual orientation, religion, ethnic or national origins, or disability in considering the appointment of its Directors. However, the Board will continue to ensure that all appointments are made on the basis of merit against the specification prepared for each appointment and, therefore, the Company does not consider it appropriate to set diversity targets. At 31 August 2020, there was one male and two female Directors on the Board.

Environmental, Social and Human Rights Issues

The Company has no employees as it is managed by Aberdeen Standard Capital International Limited ("ASCIL") and ordinarily all activities are contracted out to third party service providers. There are therefore no disclosures to be made in respect of employees. The Company's socially responsible investment policy is outlined on page 47.

Due to the nature of the Company's business, being a company that does not offer goods and services to customers, the Board considers that it is not within the scope of the Modern Slavery Act 2015 because it has no turnover. The Company is therefore not required to make a slavery and human trafficking statement. In any event, the Board considers the Company's supply chains, dealing predominantly with professional advisers and service providers in the financial services industry, to be low risk in relation to this matter. Through the Manager and its engagement with investee companies, the Company has oversight over supply chains within the portfolio. The Board encourages the Manager to engage with investee companies on ESG issues, which could include modern slavery and human rights issues in investment portfolio companies.

The Company's Manager has confirmed that it complies with the 2015 Modern Slavery Act.

The Company has no greenhouse gas emissions to report from the operations of its business, nor does it have responsibility for any other emissions producing sources.

Future

Many of the non-performance related trends likely to affect the Company in the future are common across all closed ended investment companies, such as the attractiveness of investment companies as investment vehicles and the impact of regulatory changes. These factors need to be viewed alongside the outlook for the Company, both generally and specifically, in relation to the portfolio. The Board's views on the general outlook for the Company can be found in the Chairman's Statement on pages 6 and 9 whilst the Investment Manager's views on the outlook for the portfolio are included on page 11.

For and on behalf of the Board
Richard Prosser,
Chairman
4 November 2020

Results

Performance (Total Return)

	1 year % return	3 year % return	5 year % return	Since launch[A] % return
Ordinary share price[B]	–24.42%	–26.12%	+24.93%	–17.33%
Net asset value[B]	–27.52%	–27.93%	+31.80%	–8.26%
Benchmark	–22.90%	–19.36%	+35.82%	–0.08%

Total return represents the capital return plus dividends reinvested.

[A] Launch date 16 August 2010.
[B] Considered to be an Alternative Performance Measure. Further details can be found on page 99.

Ten Year Financial Record

Year to 31 August	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Total revenue (£'000)	3,378	3,178	3,914	3,600	3,170	3,544	3,772	3,095	3,230	1,896
Per Ordinary share (p)										
Net revenue return	4.82	4.00	4.43	4.11	3.85	4.60	4.77	3.78	4.27	2.21
Total return/(loss)	6.44	0.18	(6.06)	8.65	(33.22)	24.04	18.00	(16.84)	15.20	(22.26)
Net dividends payable	4.25	4.25	4.25	4.25	4.25	3.50	3.50	3.50	3.50	3.50
Net asset value per Ordinary share (p)										
Basic & diluted	102.31	98.35	88.04	92.60	55.17	75.54	90.40	70.34	82.34	56.65
Equity shareholders' funds (£'000)	53,309	65,475	58,610	60,729	35,872	48,463	56,170	42,325	47,755	32,355

Dividends

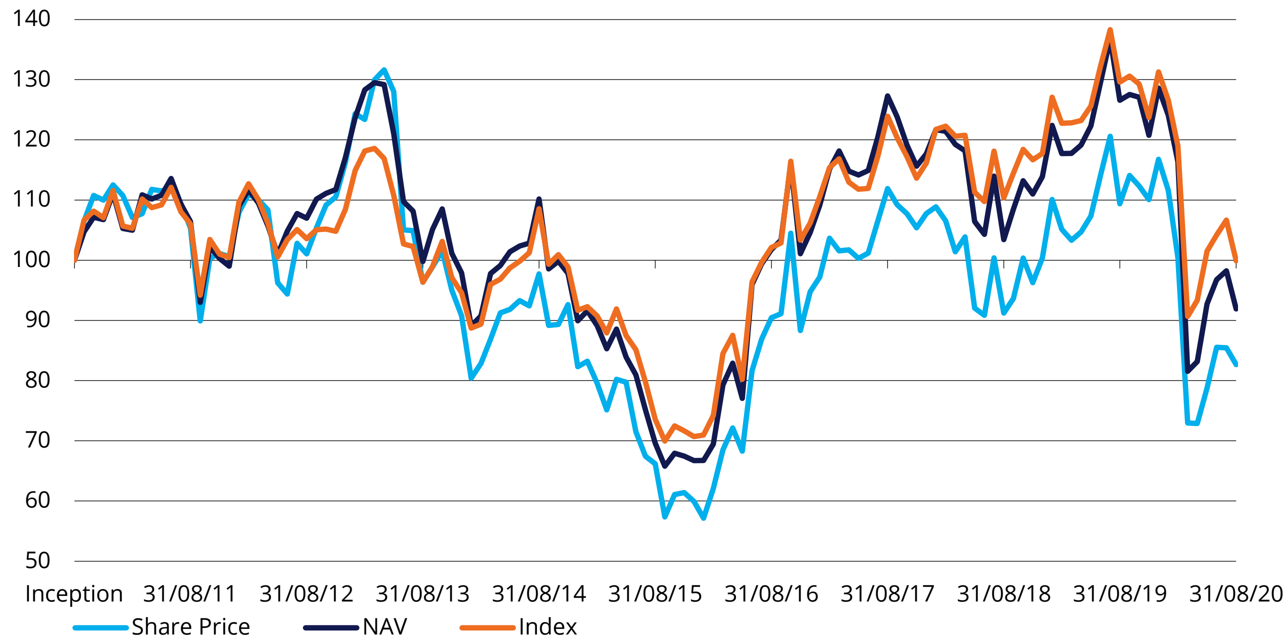
	Rate	xd date	Record date	Payment date
1st interim 2020	0.875p	19 December 2019	20 December 2019	29 January 2020
2nd interim 2020	0.875p	14 May 2020	15 May 2020	29 May 2020
3rd interim 2020	0.875p	9 July 2020	10 July 2020	31 July 2020
4th interim 2020	0.875p	8 October 2020	9 October 2020	30 October 2020
Total dividends 2020	**3.500p**			

	Rate	xd date	Record date	Payment date
1st interim 2019	0.875p	20 December 2018	21 December 2018	29 January 2019
2nd interim 2019	0.875p	2 May 2019	3 May 2019	17 May 2019
3rd interim 2019	0.875p	4 July 2019	5 July 2019	26 July 2019
4th interim 2019	0.875p	26 September 2019	27 September 2019	25 October 2019
Total dividends 2019	**3.500p**			

Performance

Total Return of NAV and Share Price vs Composite MSCI EM Latin America 10/40 Index / JP Morgan GBI-EM Global Diversified Index (Latin America carve out) (sterling adjusted)

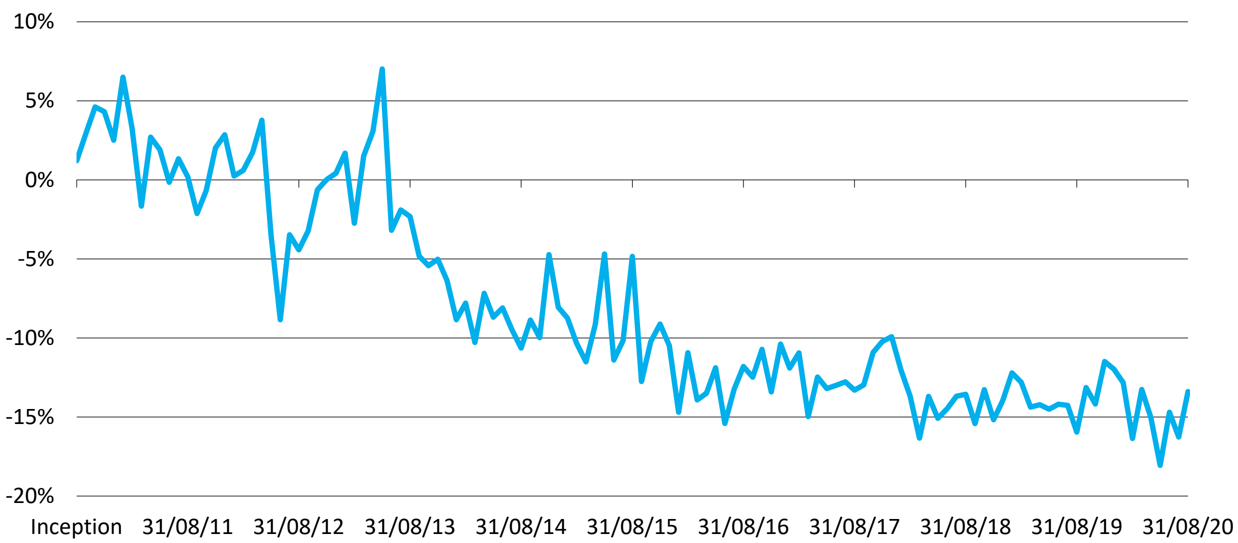
Launch (16 August 2010) to 31 August 2020 (rebased to 100 at 16 August 2010)



Source: Aberdeen Standard Investments, Morningstar, Lipper & JP Morgan

Ordinary Share Price Discount/Premium to NAV

Launch (16 August 2010) to 31 August 2020



Source: Aberdeen Standard Investments & Morningstar

Portfolio

For the Investment Manager a benchmark is for measurement not a portfolio construction tool. Aberdeen Standard Investments are buy-and-hold investors meaning in theory a good company is one they may hold forever. They invest in companies that they believe they understand and can value. Companies in the portfolio are held for the long term; for example, the average holding period is eight years. The investment style is characterised by fundamental, first hand research, patience in taking time to build positions and a commitment to engage with companies as an active shareholder.

Ten Largest Investments

As at 31 August 2020

Banco Bradesco[C]
A leading privately-owned Brazilian bank with a well-recognised brand, robust loan portfolio and experienced management team.

B3 Brasil Bolsa Balco[B]
B3 is a vertically integrated stock exchange provider of securities, commodities and futures trading services along with depository and registration for fixed income securities and clearinghouse for private assets in Brazil.

Petrobas[B]
Brazilian state owned oil & gas company primarily engaged in exploration and production, refining, energy generation, trading and distribution of oil products.

Vale ADR
Vale is a leading producer of iron ore and pellets. Vale also produces nickel, copper and coal. It operates large logistics systems, including railroads and maritime terminals which are integrated with its' mining operations.

Bradespar[B]
A holding company where the single underlying asset is Brazil's iron ore producer Vale.

Grupo Financiero Banorte
Mexico's leading privately-owned bank with a well-recognised nationwide brand, sizeable pension business and proven track record in conservative lending.

Fomento Economico Mexicano ADR
FEMSA participates in beverages through Coca-Cola FEMSA, the largest Coca-Cola bottler globally. The company also participates in small-format convenience stores, gas stations and pharmacies through FEMSA Comercio.

Itau Unibanco Holdings [C]
Brazil's largest privately-owned bank, it is well-capitalised with sound growth prospects and asset quality.

Wal-Mart De Mexico
The largest food and general retailer in Mexico with an established presence across a number of smaller Central American markets.

Rumo[B]
A Brazilian logistics company mainly focused on the railway line logistics in Brazil. They are the largest company in Latin America in this segment, and the company also provides transportation services.

Investment Portfolio – Equities

As at 31 August 2020

Company	Sector	Country	Valuation 2020 £'000	Total assets %[A]	Valuation 2019 £'000
Banco Bradesco[C]	Financials	Brazil	1,502	4.0	2,779
B3 Brasil Bolsa Balco[B]	Financials	Brazil	1,416	3.8	1,161
Petrobas[B]	Energy	Brazil	1,366	3.6	2,432
Vale ADR	Materials	Brazil	1,129	3.0	913
Bradespar[B]	Materials	Brazil	1,111	2.9	1,218
Grupo Financiero Banorte	Financials	Mexico	1,038	2.7	1,518
Fomento Economico Mexicano ADR	Consumer Staples	Mexico	1,004	2.7	1,353
Itau Unibanco Holdings [C]	Financials	Brazil	914	2.4	2,201
Wal-Mart De Mexico	Consumer Staples	Mexico	834	2.2	956
Rumo[B]	Consumer Discretionary	Brazil	766	2.0	559
Top ten equity investments			**11,080**	**29.3**	
Globant	Information Technology	Argentina	693	1.8	445
Mercadolibre	Consumer Discretionary	Brazil	687	1.8	–
Arca Continental	Consumer Staples	Mexico	669	1.8	783
Lojas Renner [B]	Consumer Discretionary	Brazil	661	1.7	1,302
Notredame Intermedica[B]	Health Care	Brazil	539	1.4	488
Raia Drogasil[B]	Consumer Staples	Brazil	539	1.4	313
Grupo Aeroportuario Centro Norte	Industrials	Mexico	523	1.4	204
TOTVS[B]	Information Technology	Brazil	499	1.3	468
Localiza Rent A Car [B]	Industrials	Brazil	499	1.3	864
WEG[B]	Industrials	Brazil	432	1.1	558
Top twenty equity investments			**16,821**	**44.3**	
Parque Arauco[B]	Real Estate	Chile	414	1.1	511
Linx[B]	Information Technology	Brazil	406	1.1	326
Itausa Investimentos Itau [B]	Financials	Brazil	405	1.1	569
Infraestructura Energetica	Industrials	Mexico	400	1.1	452
Banco Santander-Chile ADR	Financials	Chile	380	1.0	516
Multiplan Empreendimentos NPB [B]	Real Estate	Brazil	371	1.0	884
XP	Financials	Brazil	343	0.9	–
Cementos Pacasmayo	Materials	Peru	316	0.8	347
Embotolladora Andina 'A' Pref [B]	Consumer Staples	Chile	291	0.8	455
Arezzo Industria e Comercio [B]	Consumer Discretionary	Brazil	290	0.8	648
Top thirty equity investments			**20,437**	**54.0**	

Investment Portfolio – Equities Continued

As at 31 August 2020

Company	Sector	Country	Valuation 2020 £'000	Total assets %[A]	Valuation 2019 £'000
Wilson, Sons [B]	Industrials	Brazil	275	0.7	384
S.A.C.I. Falabella [B]	Consumer Discretionary	Chile	274	0.7	392
Grupo Aeroportuario Sureste ADR	Industrials	Mexico	269	0.7	1,061
Kimberly-Clark de Mexico	Consumer Staples	Mexico	237	0.6	356
BK Brasil[B]	Consumer Staples	Brazil	236	0.6	30
Geopark	Energy	Chile	224	0.6	332
Odontoprev[B]	Health Care	Brazil	218	0.6	302
Ambev [B]	Consumer Staples	Brazil	200	0.5	895
Grana Y Montero	Industrials	Peru	107	0.3	119
Hoteles City Express	Consumer Discretionary	Mexico	62	0.2	235
Top forty equity investments			**22,539**	**59.5**	
Fossal	Materials	Peru	1	0.0	2
Total equity investments			**22,540**	**59.5**	

[A] See definition on page 98.
[B] Held in Subsidiary.
[C] Holding includes investment in ADR (held by the Company) and equity (held by the Subsidiary).

Portfolio investments reflect consolidated investee holdings of the Company and its Subsidiary. Values for 2020 and 2019 may not be directly comparable due to purchases and sales made during the year.

Investment Portfolio – Bonds

As at 31 August 2020

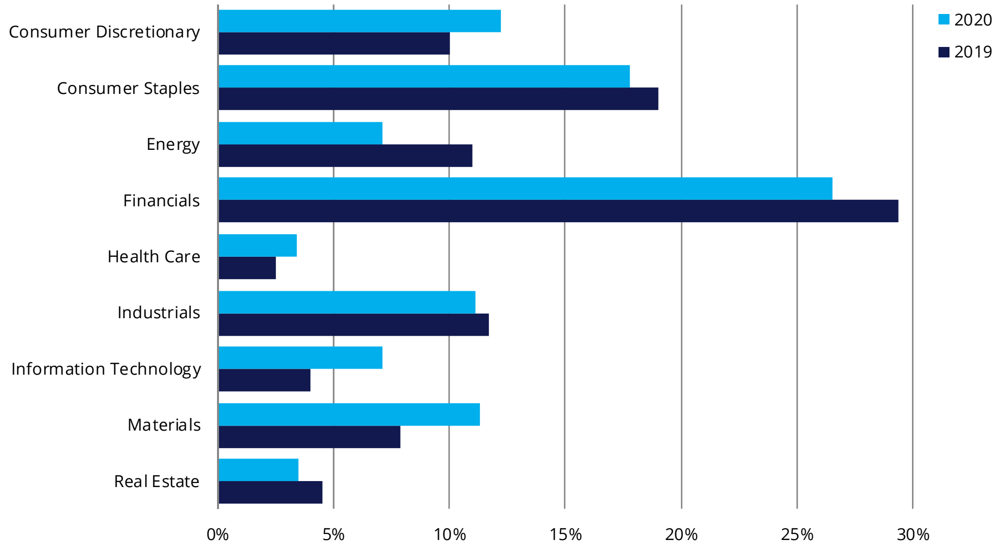
Issue	Sector	Country	Valuation 2020 £'000	Total assets %[A]	Valuation 2019 £'000
Colombia (Rep of) 9.85% 28/06/27	Government Bonds	Colombia	2,477	6.5	2,598
Brazil (Fed Rep of) 10% 01/01/25[B]	Government Bonds	Brazil	2,419	6.4	4,405
Uruguay (Rep of) 4.375% 15/12/28	Government Bonds	Uruguay	1,439	3.8	1,902
Mex Bonos Desarr Fix Rt 10% 20/11/36	Government Bonds	Mexico	1,378	3.6	2,301
Mexico (United Mexican States) 8.5% 18/11/38	Government Bonds	Mexico	1,344	3.6	1,980
Peru (Rep of) 6.95% 12/08/31	Government Bonds	Peru	1,059	2.8	1,405
Brazil (Fed Rep of) 10% 01/01/27[B]	Government Bonds	Brazil	779	2.1	1,119
Brazil (Fed Rep of) 10% 01/01/21[B]	Government Bonds	Brazil	726	1.9	2,671
Petroleos Mexicanos 7.47% 12/11/26	Government Bonds	Mexico	722	1.9	898
Uruguay (Rep of) 4.25% 05/04/27	Government Bonds	Uruguay	681	1.8	759
Top ten bond investments			**13,024**	**34.4**	
Colombia (Rep of) 7% 30/06/32	Government Bonds	Colombia	455	1.2	–
Peru (Rep of) 6.95% 12/08/31	Government Bonds	Peru	429	1.1	478
Peru (Rep of) 6.85% 12/02/42	Government Bonds	Peru	428	1.1	–
Brazil (Fed Rep of) 10% 01/01/29[B]	Government Bonds	Brazil	242	0.7	–
Petroleos Mexicanos 7.19% 12/09/24	Government Bonds	Mexico	112	0.3	132
Uruguay (Rep of) 9.875% 20/06/22	Government Bonds	Uruguay	103	0.3	454
Total value of bond investments			**14,793**	**39.1**	
Total value of equity investments			**22,540**	**59.5**	
Total value of portfolio investments			**37,333**	**98.6**	
Other net assets held in subsidiary			**171**	**0.5**	
Total investments			**37,504**	**99.1**	
Net current assets[C]			**351**	**0.9**	
Total assets[A]			**37,855**	**100.0**	

[A] See definition on page 98.
[B] Held in Subsidiary.
[C] Excluding bank loans of £5,500,000.

Portfolio investments reflect consolidated investee holdings of the Company and its Subsidiary. Values for 2020 and 2019 may not be directly comparable due to purchases and sales made during the year.

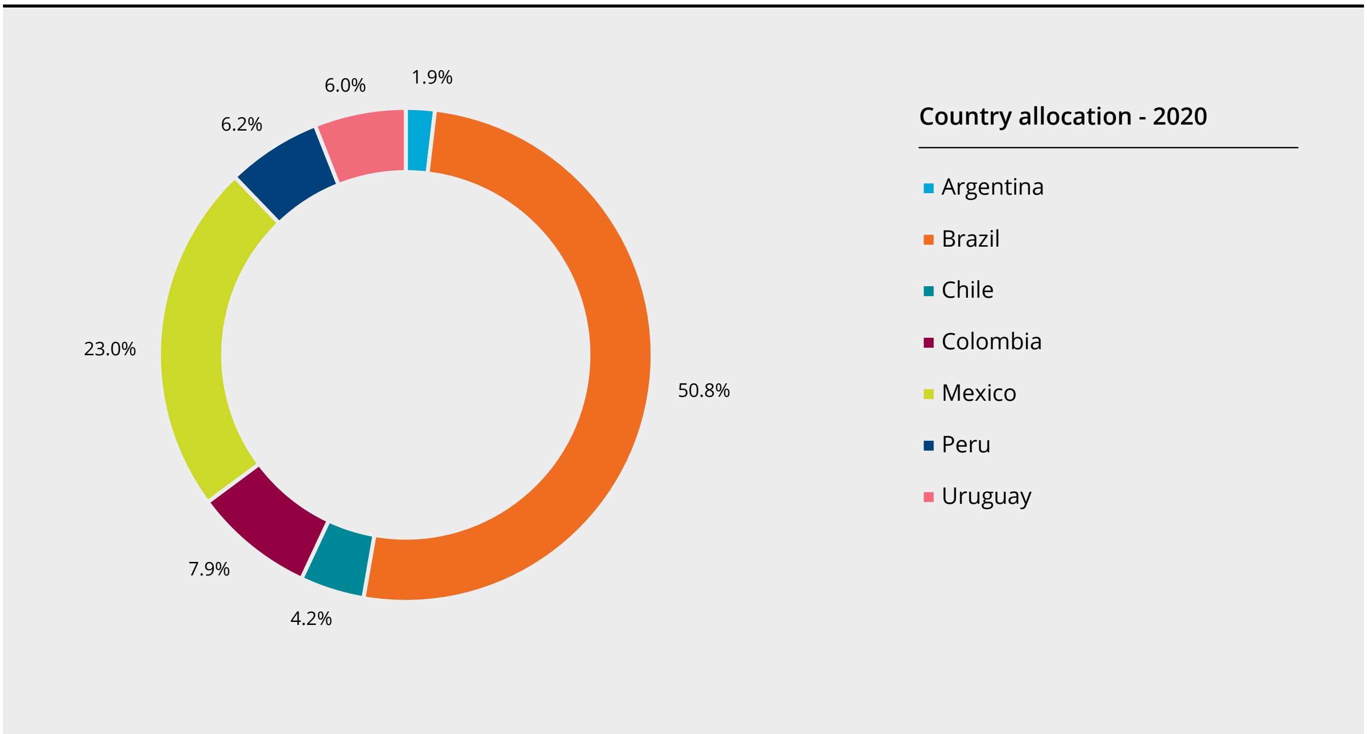
Sector/Geographical Analysis

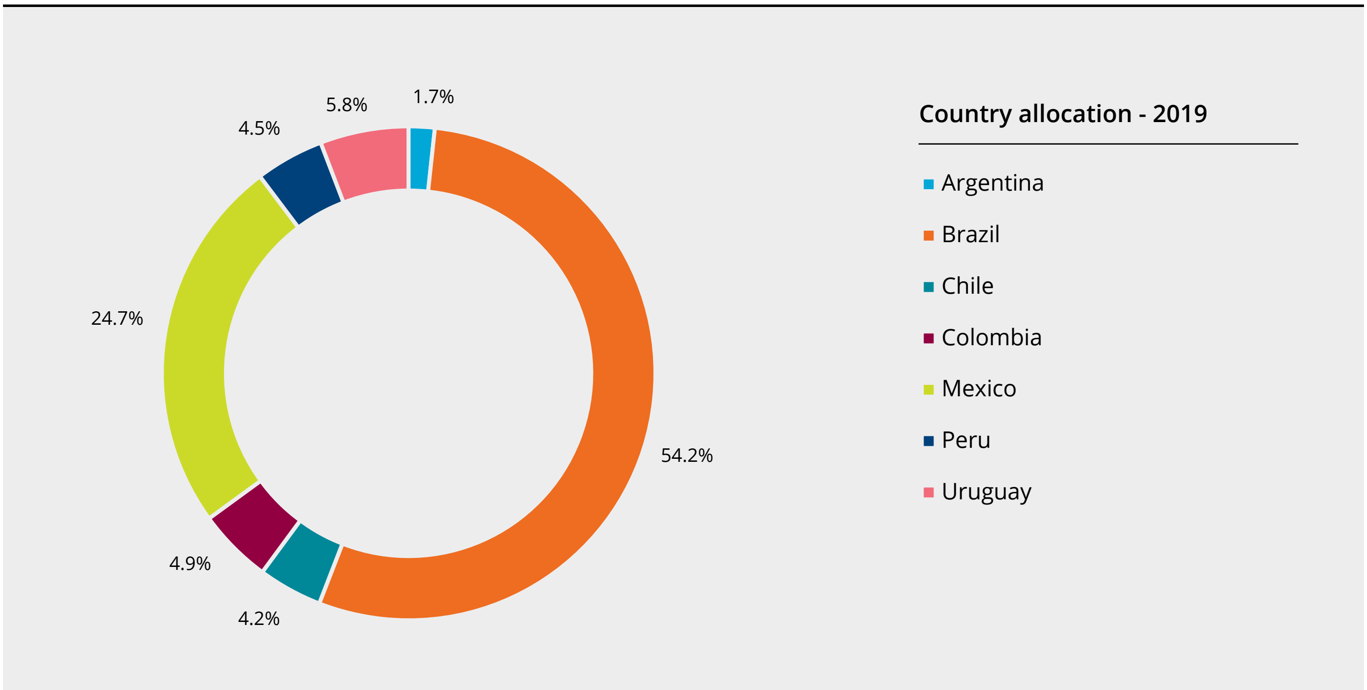
Portfolio Sector Breakdown – Equities only
As at 31 August 2020



Portfolio Geographic Breakdown – Equities and Bonds

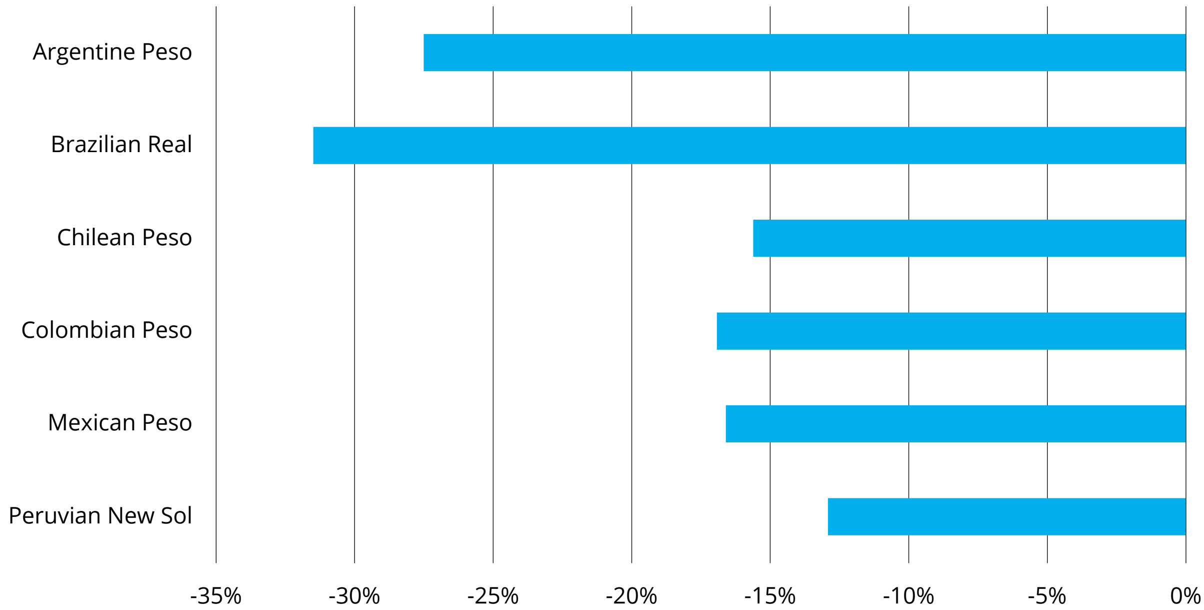
As at 31 August 2020 and 31 August 2019



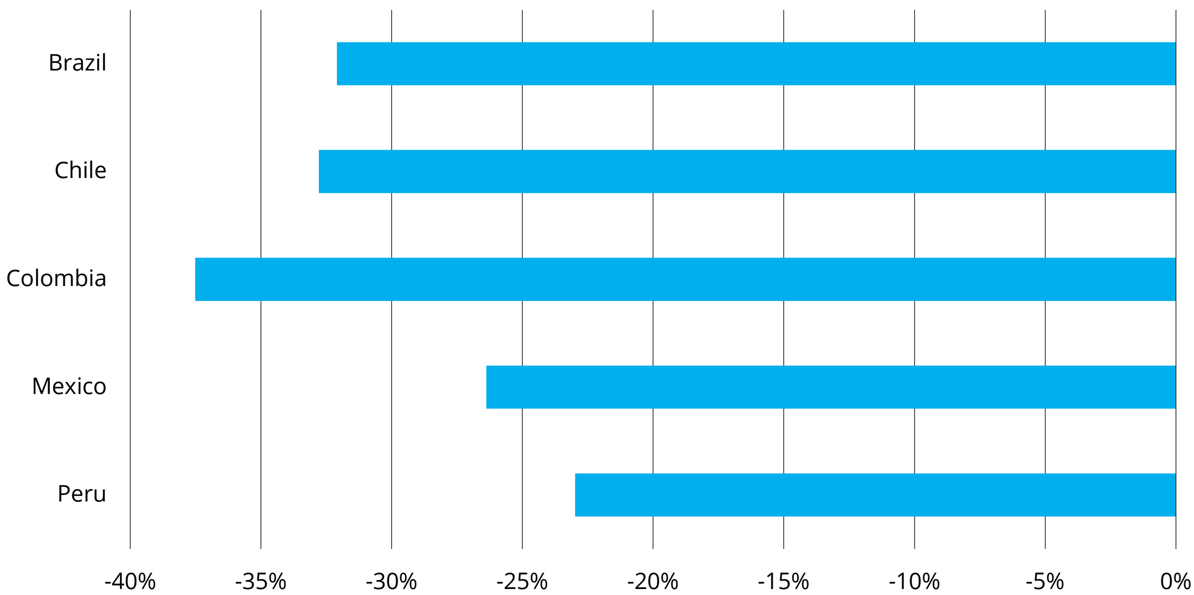


Currency/Market Performance

Latin American currency percentage returns in Sterling terms
Year ended 31 August 2020



MSCI Country Index total percentage returns in Sterling terms
Year ended 31 August 2020



ESG Engagement

Environmental, Social and Governance ("ESG") Engagement

Whilst the management of the Company's investments is not undertaken with any specific instructions to exclude certain asset types or classes, the Investment Manager embeds ESG into the research of each asset class as part of the investment process. ESG investment is about active engagement, with the goal of improving the performance of assets held around the world.

The Investment Manager aims to make the best possible investments for the Company, by understanding the whole picture of the investments – before, during and after an investment is made. That includes understanding the environmental (including climate change), social and governance risks and opportunities they present – and how these could affect longer-term performance. Environmental, social and governance considerations underpin all investment activities. With 1,000+ investment professionals, the Investment Manager is able to take account of ESG factors in its company research, stock selection and portfolio construction – supported by more than 50 ESG specialists around the world.

Active Engagement

Through engagement and exercising voting rights, the Investment Manager, on behalf of the Company, actively works with companies to improve corporate standards, transparency and accountability. By making ESG central to its investment capabilities, the Investment Manager looks to deliver improved financial performance in the longer term as well as actively contributing to a fairer, more sustainable world.

The primary goal is to generate the best long-term outcomes for the Company in order to fulfil fiduciary responsibilities to the Company. The Investment Manager sees ESG factors as being financially material and impacting corporate performance. ESG factors put the 'long-term' in long-term investing. The Investment Manager focuses on understanding the ESG risks and opportunities of investments alongside other financial metrics to make better investment decisions. The Investment Manager aims for better risk-adjusted returns by actively undertaking informed and constructive engagement and asset management to generate better performance from the investments. This helps to enhance the value of clients' assets. Comprehensive assessment of ESG factors, combined with constructive company engagement, should lead to better long term performance for clients.

Investment Case Studies

B3 Brasil Bolsa Balco

B3 is a stock exchange located in São Paulo, Brazil. It is Brazil's sole vertically integrated and diversified exchange group. B3 has been benefiting from the low interest rate environment which has driven a rotation from fixed income investment to equities and other more sophisticated investment products which, along with supply side changes, has made it less costly for individuals to own and trade stocks. This has driven an increase in retail participation in the equity market. The favourable environment for the exchange, despite the tougher macro backdrop, coupled with its high operating leverage translates into strong earnings growth momentum.

As the leading exchange in the region, B3 plays a key role in proliferating ESG adoption in its market, something the Investment Manager has seen B3 take the lead on in promoting best practices by providing guidance and related training, promoting transparency on reporting of ESG practices among many other initiatives, but above all by being itself at the forefront of adoption of best practices.

Mercadolibre

Mercadolibre is the largest e-commerce company in Latin America with leading positions in the region's key countries. This market offers significant penetration opportunity: e-commerce penetration in the Latin American region close to 3% is less than a third of that in the US and only a fraction of China where penetration is over 20%. Sales growth creates a strong network effect with increasing numbers of merchants in its base also attracting more buyers and driving penetration.

Alongside the e-commerce platform they own MercadoPago, an electronic payment platform providing a significantly larger total addressable market which brings several growth opportunities in the fintech space including off-platform services with significant potential, considering the underpenetrated nature of financial markets across Latin America.

The pandemic outbreak has accelerated the pace of e-commerce penetration, with Mercadolibre well positioned to take advantage of the positive sector momentum and its secular growth trends.

Uruguay – Fixed Income

In the fixed income portion of the portfolio, a favourite long-term investment destination has been Uruguay. Uruguay has been a model of institutional and political stability in Latin America, although lesser known by local currency bond investors. This moderately indebted democracy shows the highest adherence to the rule of law and the lowest perceived corruption in the region. The country is well governed and has solid macro balances, even though its fiscal position has been deteriorating over the last couple of years.

The strength of the country's institutions was demonstrated in the outstanding response to the outbreak of the Covid-19 pandemic. While many countries in the region failed to get the virus under control, Uruguay managed to keep infections well below that of its regional peers, with very low numbers of Covid-19-related fatalities. This allowed for a faster normalisation of the economy and limited the inevitable pandemic-related fiscal slippage. The government has already put forward a credible medium term fiscal consolidation plan and measures to further strengthen prudence through a fiscal rule, an independent Fiscal Council and enhanced transparency.

One area of poor performance is inflation, which has been persistently high for many years, frequently overshooting the central bank's targets. While the legacy of backward indexation of wages played a key role in keeping consumer price growth rate high, the central bank also lacked credibility due to its conflicting goals and inadequate monetary policy. As a result of high and volatile inflation Uruguay has been paying a high yield on its local currency government debt, differentiating it from the other country with strong institutions in the region, Chile. However, recent changes to the monetary policy framework, which include more clarity on policy objectives, changes in the policy instrument, better communication and forward guidance, combined with the government's efforts to reduce indexation in the economy, raise the hope of breaking the inflation inertia, benefitting the general population and also those investing in local currency bonds. The combination of strong country fundamentals and attractive long-term valuations translate into a large overweight exposure to Uruguay in the bond portfolio.


bradesco


rumo

Governance

The Company is committed to high standards of corporate governance and applies the principles identified in the AIC Code of Corporate Governance which is consistent with the UK Corporate Governance Code.

The Directors are all non-executive and independent of the Manager and Investment Manager.

The Directors supervise the management of the Company and represent the interests of shareholders.

Your Board of Directors

Richard Prosser

Status:
Independent Non-Executive Director and Chairman

Experience:
Richard Prosser, appointed a Director on 30 June 2010, is a chartered accountant and former group director of Ocorian (and its predecessor firms, Estera Group and Appleby Group). He is a director of a number of companies including property companies, hedge funds and investment management companies.

Length of Service:
10 years, appointed on 30 June 2010

Last re-elected to the Board:
11 December 2019

Committee membership:
Management Engagement Committee (Chairman), Nomination Committee (Chairman) and Audit Committee

Contribution:
The Board has reviewed the contribution of Richard Prosser in light of his proposed re-election at the forthcoming AGM and has concluded that he continues to chair the Company expertly, fostering a collaborative spirit between the Board and Manager while ensuring that meetings remain focussed on the key areas of stakeholder relevance. Given his length of service, the Nomination Committee has considered the continued appointment of Richard Prosser as Chairman and its assessment is set out on pages 41 and 42.

Hazel Adam

Status:
Independent Non-Executive Director

Experience:
Hazel Adam, appointed to the Board on 27 April 2018, has over 20 years' experience in the fund management and investment banking industries. After leaving Standard Life Investments in 2005, she joined Goldman Sachs International, as an executive director on the Emerging Market equities desk. She subsequently worked at HSBC Holdings plc, as a director on the Emerging Market equities desk. She is also a non-executive director of Custodian REIT PLC.

Length of Service:
2 years, appointed on 27 April 2018

Last re-elected to the Board:
11 December 2019

Committee membership:
Audit Committee, Management Engagement Committee and Nomination Committee

Contribution:
The Board has reviewed Hazel Adam's contribution in light of her proposed re-election at the forthcoming AGM and has concluded that she continues to provide insight and challenge to the investment process and brings a wealth of experience of the Latin American region to Board discussions.

Heather MacCallum

Status:
Independent Non-Executive Director and Audit Committee Chair

Experience:
Heather MacCallum, appointed to the Board on 24 April 2019, is a chartered accountant and was a partner of KPMG, Channel Islands, from 2001 until retiring from the partnership in 2016. She was a member of KPMG's financial services practice in the Channel Islands for 20 years. She is a non-executive director and chair of Jersey Water, and a non-executive director of Blackstone / GSO Loan Financing Limited, City Merchant High Yield Trust Limited and Kedge Capital Fund Management Limited.

Length of Service:
1 year, appointed on 24 April 2019

Last elected to the Board:
11 December 2019

Committee membership:
Audit Committee (Chair), Management Engagement Committee and Nomination Committee

Contribution:
The Board has reviewed the contribution of Heather MacCallum in light of her proposed re-election at the forthcoming AGM and has concluded that she continues to chair the Audit Committee effectively as well as bringing to the Board her extensive knowledge of investment companies.

Howard Myles

Status:
Independent Non-Executive Director

Experience:
Howard Myles was appointed to the Board on 1 October 2020. He was a partner with Ernst & Young from 2001 to 2007 responsible for the Investment Funds Corporate Advisory team having previously been with UBS Warburg. Starting his career as an equity salesman, he then joined Touche Ross & Co in 1975 where he qualified as a chartered accountant. In 1978 he joined W Greenwell & Co. in the corporate broking team and in 1987 moved to SG Warburg Securities where he was involved in a wide range of commercial and industrial transactions in addition to leading Warburg's corporate finance function for investment funds. Howard is Senior Independent Director of BBGI SICAV, Audit Committee Chair of Chelverton UK Dividend Trust plc and Chairman of Baker Steel Resources Trust Limited.

Length of Service:
appointed on 1 October 2020

Last re-elected to the Board:
n/a

Committee membership:
Audit Committee, Management Engagement Committee and Nomination Committee

Contribution:
The Board believes that Howard Myles will bring a wealth of experience to the Board and recommends his appointment to shareholders.

Directors' Report

The Directors present their Report and the audited financial statements for the year ended 31 August 2020.

Status

The Company is registered with limited liability in Jersey as a closed-ended investment company under the Companies (Jersey) Law 1991 with registered number 106012. In addition, the Company is constituted and regulated as a collective investment fund under the Collective Investments Funds (Jersey) Law 1988. The Company has no employees and makes no political or charitable donations. The Company has a wholly owned subsidiary, Aberdeen Latin American Income Fund LLC, registered in Delaware. The subsidiary is used to hold certain investments as part of the efficient management of the group.

The Company intends to continue to manage its affairs so as to be a qualifying investment for inclusion in the stocks and shares component of an Individual Savings Account and it is the Directors' intention that the Company should continue to be a qualifying investment.

Results and Dividends

Details of the Company's results and dividends are shown on page 22 of this Annual Report. The Company's dividend policy is to pay interim dividends on a quarterly basis and for the year to 31 August 2020 dividends have been paid in January, May, August and October 2020.

Management Arrangements

The Company has an agreement (the "Management Agreement") with ASCIL for the provision of management, company secretarial and promotional services, details of which are shown in notes 5, 6 and 17 to the financial statements.

Under the Management Agreement, the Manager is entitled to both a management fee and a company secretarial and administration fee. The Manager has agreed to ensure that the Company's ongoing charges ratio ("OCR") will not exceed 2.0% when calculated annually as at 31 August. Until further notice, to the extent that the OCR ever exceeds 2.0% the Manager will rebate part of its fees in order to bring that ratio down to 2.0%. In relation to the year ended 31 August 2020 an OCR rebate of £83,000 was payable by the Manager in order to ensure that the OCR did not exceed 2.0%.

The Directors review the terms of the Management Agreement on a regular basis and have confirmed that, due to the investment skills, experience and commitment of the Management team, in their opinion the continuing appointment of ASCIL on the terms agreed, is in the interests of Shareholders as a whole.

Share Capital

As at 31 August 2020 there were 57,113,324 Ordinary shares in issue and 6,107,500 Ordinary shares held in treasury. Details of changes to the Company's shares in issue during the year are provided in 'Your Company's Share Capital History' on page 101.

Ordinary shareholders are entitled to vote on all resolutions which are proposed at general meetings of the Company. The Ordinary shares carry a right to receive dividends. On a winding up, after meeting the liabilities of the Company, the surplus assets will be paid to Ordinary shareholders in proportion to their shareholdings.

Risk Management

Details of the principal risks and uncertainties and KPIs are disclosed on pages 18 and 19. Details of the financial risk management policies and objectives relative to the use of financial instruments by the Company are set out in note 15 to the financial statements.

Directors

Richard Prosser, Hazel Adam and Heather MacCallum, together with George Baird (who retired on 11 December 2019), were the only Directors in office during the financial year. Howard Myles was appointed as a Director on 1 October 2020, subsequent to the financial year end.

The Directors' beneficial holdings are disclosed in the Directors' Remuneration Report. No Director has a service contract with the Company. The Directors' interests in contractual arrangements with the Company are as shown in note 17 to the financial statements. Details of the Directors retiring and seeking election or re-election at the Annual General Meeting on 10 December 2020 are disclosed below within the Nomination Committee section.

Corporate Governance

The Company is committed to high standards of corporate governance. The Board is accountable to the Company's Shareholders for good governance.

The Company is a member of the Association of Investment Companies ("AIC"). The Board has considered the principles and provisions of the AIC Code of Corporate Governance as published in February 2019 ("AIC Code"). The AIC Code addresses the principles and provisions set out in the UK Corporate Governance Code ("UK Code"), as well as setting out provisions on issues which are of specific relevance to the Company.

The AIC Code is available on the AIC's website: theaic.co.uk.

The Board considers that reporting against the provisions of the AIC Code which has been endorsed by the FRC provides more relevant information to shareholders.

The Board confirms that, during the year, the Company complied with the principles and provisions of the AIC, and the relevant provisions of the UK Code, except as set out below:

The UK Corporate Governance Code includes provisions relating to:

- interaction with the workforce (provisions 2, 5 and 6);
- the role and responsibility of the chief executive (provisions 9 and 14);
- previous experience of the chairman of a remuneration committee (provision 32); and
- executive directors' remuneration (provisions 33 and 36 to 40).

The Board considers that these provisions are not relevant to the position of the Company, being an externally-managed investment company. In particular, all of the Company's day-to-day management and administrative functions are outsourced to third parties. As a result, the Company has no executive directors, employees or internal operations. The Company has therefore not reported further in respect of these provisions. The full text of the Company's Corporate Governance Statement can be found on the Company's website, **latamincome.co.uk.**

The Directors attended Board and Committee meetings during the year ended 31 August 2020 as follows (with their eligibility to attend the relevant meeting in brackets):

	Board	Audit Committee	MEC	Nomination Committee
Richard Prosser	4 (4)	2 (2)	1 (1)	1 (1)
Hazel Adam	4 (4)	2 (2)	1 (1)	1 (1)
George Baird*	1 (1)	1 (1)	1 (1)	1 (1)
Heather MacCallum	4 (4)	2 (2)	1 (1)	1 (1)

* George Baird retired from the Board on 11December 2019.

Policy on Tenure

In normal circumstances, it is the Board's expectation that Directors will not serve beyond the Annual General Meeting following the ninth anniversary of their appointment. However, the Board takes the view that independence of individual Directors is not necessarily compromised by length of tenure on the Board and that continuity and experience can add significantly to the Board's strength. The Board believes that recommendation for re-election should be on an individual basis following a rigorous review which assesses the contribution made by the Director concerned, but also taking into account the need for managed succession and diversity.

It is also the Board's policy that the Chair of the Board will not serve as a Director beyond the Annual General Meeting following the ninth anniversary of their appointment to the Board. However, this may be extended in exceptional circumstances or to facilitate effective succession planning and the development of a diverse Board. In such a situation the reasons for the extension will be fully explained to shareholders. Given his length of service, the Nomination Committee has considered the continued appointment of Richard Prosser as Chairman and its assessment is set out on pages 41 and 42.

The Board has a schedule of matters reserved to it for decision and the requirement for Board approval on these matters is communicated directly to the senior staff at Aberdeen Standard Investments. Such matters include strategy, gearing, treasury and dividend policy. Full and timely information is provided to the Board to enable the Directors to function effectively and to discharge their responsibilities. The Board also reviews the financial statements, performance and revenue budgets.

Directors' Report Continued

There is an agreed procedure for Directors to take independent professional advice if necessary and at the Company's expense. This is in addition to the access which every Director has to the advice and services of the Company Secretary, which is responsible to the Board for ensuring that Board procedures are followed and that applicable rules and regulations are complied with.

Board Committees

As the Company has no employees and the Board is comprised wholly of non-executive Directors and given the size and nature of the Company, the Board has not established a separate remuneration committee. Directors' remuneration is determined by the Board as a whole. The remuneration of the Directors has been set in order to attract individuals of a calibre appropriate to the future development of the Company. The Company's policy on Directors' remuneration, together with details of the remuneration of each Director, is detailed in the Directors' Remuneration Report on pages 51 to 53.

Audit Committee

The Report of the Audit Committee is on pages 48 to 50.

Management Engagement Committee ("MEC")

The Board has appointed a MEC which comprises the entire Board. Richard Prosser is Chairman of the MEC. The Committee has defined terms of reference which are reviewed and re-assessed for their adequacy on an annual basis. Copies of the terms of reference are published on the Company's website: **latamincome.co.uk.**

The function of the MEC is to review performance of the Company's service providers and to ensure that the Manager and the Investment Manager comply with the terms of the Management Agreement and that the provisions of the agreement follow industry practice, and remain competitive and in the best interest of Shareholders as a whole. The MEC remains satisfied that the continuing appointment of the Investment Manager and Manager on the terms agreed is in the interests of Shareholders as a whole. The key factors taken into account in reaching this decision were the investment skills, experience and commitment and performance record of Aberdeen Standard Investments. The Management Agreement may be terminated by either party by giving not less than 12 months' notice in writing. The MEC has also considered the performance of the Company's other service providers and remains satisfied that they support the Company effectively on reasonable commercial terms.

Nomination Committee

The Board has established a Nomination Committee, comprising all of the Directors, with Richard Prosser as Chairman. Appointments to the Board of Directors are considered by the Nomination Committee. The Committee has defined terms of reference which are reviewed and re-assessed for their adequacy on an annual basis. Copies of the terms of reference are published on the Company's website: **latamincome.co.uk**. The Committee reviews the effectiveness of the Board, succession planning, Board appointments, inductions and training, and determines the Directors' remuneration policy and level of remuneration.

During the year the Nomination Committee initiated a search to find a new independent non-executive Director. The Board agreed the required skills and experience required of the new Director and appointed Fletcher Jones, an independent search consultant, to assist the Board in its search. The Directors drew up a specification for the appointment and interviewed a shortlist of suitable candidates. Following the interviews, the Directors appointed Howard Myles as an independent non-executive Director of the Company with effect from 1 October 2020.

During the year, the Committee also undertook an annual appraisal during which the Chairman of the Board, individual Directors and the performance of the Committees and the Board as a whole was assessed. The process involved the completion of questionnaires by each Director. The results of the process were discussed by the Board following its completion. The outcome of the appraisal process was judged by the Board to be satisfactory with all Directors having contributed effectively at the meetings that they had attended during the year. The Board also reviewed the Chairman's and Directors' other commitments and is satisfied that the Chairman and other Directors are capable of devoting sufficient time to the Company.

At the AGM on 10 December 2020, Richard Prosser, Hazel Adam and Heather MacCallum will offer themselves for re-election as Directors of the Company and Howard Myles will offer himself for election.

The Board has considered the contribution of each Director, as set out on pages 38 and 39, and considers that there is a balance of skills and experience within the Board to lead the Company and that all Directors contribute effectively. In accordance with the provisions of the AIC Code and the Board's Policy on Tenure, the Board has scrutinised the contribution and independence of Richard Prosser who has now served on the Board, and as Chairman, for ten years and five months. The Directors are unanimously of the opinion that Richard Prosser was independent on appointment and remains independent of the Manager in character and judgement. He exercises independence of thought, considers shareholder views in every decision and is not overly reliant upon the Manager. During the financial year, Richard Prosser met with shareholders independently of the Manager to hear shareholder views directly and discussed those views with the Board. He continues to act independently serving the interests of shareholders. The Board has considered the relatively short tenure of the Board, excluding Richard Prosser, and believes that Richard Prosser's continued appointment gives the Board continuity and corporate memory, particularly during the current challenges posed by Covid-19. His continued appointment will facilitate effective succession planning and the development of a diverse Board. Accordingly, the Board has no hesitation in recommending to Shareholders the re-election of Richard Prosser. The Board has also reviewed, and wholeheartedly supports, the proposed re-election of Hazel Adams and Heather MacCallum, and proposed election of Howard Myles.

The Board's policy on diversity is disclosed in the Strategic Report on page 20.

The Role of the Chairman

The Chairman is responsible for providing effective leadership to the Board, by setting the tone of the Company, demonstrating objective judgement and promoting a culture of openness and debate. The Chairman facilitates the effective contribution, and encourages active engagement, by each Director. In conjunction with the Company Secretary, the Chairman ensures that Directors receive accurate, timely and clear information to assist them with effective decision-making. The Chairman leads the evaluation of the Board and individual Directors, and acts upon the results of the evaluation process by recognising strengths and addressing any weaknesses. The Chairman also engages with major shareholders and ensures that all Directors understand shareholder views.

Going Concern

In accordance with the FRC's guidance the Directors have undertaken a rigorous review of the Company's ability to continue as a going concern. The Company's assets including those of its wholly owned subsidiary, Aberdeen Latin American Income Fund LLC, consist of a diverse portfolio of listed equities, equity-related investments and fixed income investments exposed to the Latin American market which in most circumstances are realisable within a very short timescale.

The Company has considerable financial resources and, as a consequence, the Directors believe that the Company is well placed to manage its business risks successfully despite uncertainties in the economic outlook.

The Directors are mindful of the principal risks and uncertainties disclosed on pages 18 and 19, including the ongoing impact of Covid-19 and possible implications of Brexit, and have reviewed forecasts detailing revenue and liabilities and believe that the Company has adequate financial resources to continue its operational existence for the foreseeable future and at least 12 months from the date of this Annual Report. Accordingly, the Directors continue to adopt the going concern basis in preparing the financial statements of the Company as at the date of the approval of this Report.

Internal Controls and Risk Management

The design, implementation and maintenance of controls and procedures to safeguard the assets of the Company and to manage its affairs properly extends to operational and compliance controls and risk management. The Board has prepared its own risk register which identifies potential risks both major and minor relating to: strategy; investment management; Shareholders; marketing; gearing; regulatory and financial obligations; third party service providers and the Board. The Board considers the potential cause and possible impact of these risks as well as reviewing the controls in place to mitigate these potential risks. A risk is rated by having a likelihood and an impact rating and the residual risk is plotted on a "heat map" and is reviewed regularly.

The Board is ultimately responsible for the Company's system of internal control and for reviewing its effectiveness. The Board confirms that there is an ongoing process for identifying, evaluating and managing the principal risks faced by the Company. This process has been in place for the period under review and up to the date of approval of this Annual Report and financial statements, and is regularly reviewed by the Board and accords with the FRC's guidance on internal controls. The Board has reviewed the effectiveness of the system of internal control. In particular, it has reviewed and updated the process for identifying and evaluating the principal risks affecting the Company and policies by which these risks are managed. The principal risks and uncertainties faced by the Company are detailed in the Strategic Report.

Directors' Report Continued

The key components designed to provide effective internal control are outlined below:

- the Manager prepares monthly forecasts and management accounts which allow the Board to assess the Company's activities and review its performance;
- the Board and the Manager have agreed clearly defined investment criteria, specified levels of authority and exposure limits; reports on these issues, including performance statistics and investment valuations, are regularly submitted to the Board and there are meetings with the Manager as appropriate;
- as a matter of course the Manager's compliance department continually reviews its operations;
- written agreements are in place which specifically define the roles and responsibilities of the Manager and other third-party service providers and the Audit Committee reviews, where relevant, periodic ISAE3402 Reports, a global assurance standard for reporting on internal controls for service organisations; the Board is made aware by the Manager of relevant exceptions in ISAE3402 reporting from key third party service providers as part of the Manager's third party service provider oversight regime;
- at its November 2020 meeting, the Audit Committee members carried out an annual assessment of internal controls for the year ended 31 August 2020 by considering documentation from Aberdeen Standard Investments, including the internal audit and compliance functions and taking account of events since 31 August 2020. The results of the assessment were then reported to the Directors at the Board meeting which followed; and,
- the Board has considered the need for an internal audit function but, because of the compliance and internal control systems in place at the Manager, has decided to place reliance on Manager's systems and internal audit procedures.

Internal control systems are designed to meet the Company's particular needs and the risks to which it is exposed. Accordingly, the internal control systems are designed to manage rather than eliminate the risk of failure to achieve business objectives and by their nature can only provide reasonable and not absolute assurance against mis-statement and loss.

Management of Conflicts of Interest

The Board has a procedure in place to deal with a situation where a Director has a conflict of interest. As part of this process, the Directors prepare a list of other positions held and all other conflict situations that may need to be authorised either in relation to the Director themselves or their connected persons. The Board considers each Director's situation and decides whether to approve any conflict, taking into consideration what is in the best interests of the Company and whether the Director's ability to act in accordance with their wider duties is affected. Each Director is required to notify the Company Secretary of any potential, or actual, conflict situations that will need authorising by the Board. Authorisations given by the Board are reviewed at each Board meeting.

No Director has a service contract with the Company although each Director is issued with a letter of appointment when appointed to the Board. The Directors' interests in contractual arrangements with the Company are as shown in note 17 to the financial statements. No other Directors had any interest in contracts with the Company during the period or subsequently.

The Board has adopted appropriate procedures designed to prevent bribery. The Company receives periodic reports from its service providers on the anti-bribery policies of these third parties. It also receives regular compliance reports from the Manager.

In the UK the Criminal Finances Act 2017 introduced a new corporate criminal offence of "failing to take reasonable steps to prevent the facilitation of tax evasion". The Board has confirmed that it is the Company's policy to conduct all of its business in an honest and ethical manner. The Board takes a zero-tolerance approach to facilitation of tax evasion, whether under UK law or under the law of any foreign country.

Substantial Interests

The Company has been advised that the following Shareholders owned 3% or more of the issued Ordinary share capital of the Company at 31 August 2020:

Shareholder	Number Of shares held	% held
City of London Investment Management	12,611,708	22.1
1607 Capital Partners	7,933,928	13.9
Aberdeen Standard Retail Plans	7,351,524	12.9
Hargreaves Lansdown, stockbrokers	4,630,034	8.1
Philip J Milton Stockbrokers	3,286,049	5.8
Interactive Investor	2,878,681	5.0
AJ Bell	1,822,233	3.2

On 14 October 2020, Philip J Milton Stockbrokers advised the Company that it had purchased additional shares in the capital of the Company and now holds 6.0% of the issued share capital. On 2 November 2020, 1607 Capital Partners notified the Company that it had purchased additional shares in the capital of the Company and now holds 14.5% of the issued share capital.

There have been no other significant changes notified to the Company in respect of the above holdings between 31 August 2020 and 4 November 2020.

Alternative Investment Fund Managers Directive ("AIFMD")

On 14 July 2014, the Jersey Financial Services Commission granted the Company a certificate of exemption from the application of the Alternative Investment Funds (Jersey) Regulations 2012 to any marketing it may carry out within any EU member state. ASCIL, as the Company's non-EEA alternative investment fund manager, also notified the FCA in accordance with the requirements of the UK National Private Placement Regime for inclusion of the Company on the UK register as a non-EEA alternative investment fund being marketed in the UK.

In addition, in accordance with Article 23 of the AIFMD and Rule 3.2.2 of the FCA FUND Sourcebook, ASCIL is required to make available certain disclosures for potential investors in the Company and these are available on the Company's website: **latamincome.co.uk.**

Annual General Meeting

The AGM will be held at 10.00 a.m. on Thursday, 10 December 2020 at the Company's registered office, Sir Walter Raleigh House, 48 – 50 Esplanade, St Helier, Jersey JE2 3QB. Resolutions including the following business will be proposed:

Dividend Policy

As a result of the timing of the payment of the Company's quarterly dividends, the Company's Shareholders are unable to approve a final dividend each year. In line with good corporate governance, the Board therefore proposes to put the Company's dividend policy to Shareholders for approval at the Annual General Meeting and on an annual basis thereafter.

The Company's dividend policy is that interim dividends on the Ordinary Shares are payable quarterly in relation to periods ending November, February, May and August. It is intended that, over the long term, the Company will pay quarterly dividends consistent with the expected annual underlying portfolio yield. Resolution 4 will seek shareholder approval for the dividend policy.

Appointment of Independent Auditor

As set out in the Report of the Audit Committee, PwC was appointed as the Company's auditor during the financial year. Please see pages 49 and 50 for more details. The Directors will place a resolution before the Annual General Meeting to appoint PwC as independent auditor for the ensuing year, and to authorise the Directors to determine their remuneration.

Authority to Purchase the Company's Shares

In the past the Company has quoted that the aim of its discount management policy has been to try to maintain the price at which the Ordinary shares trade relative to the Company's NAV at a discount of no more that 5%. The Company's discount to NAV was -13.2% at 31 August 2020. As set out in the Chairman's Statement on page 8, in light of ongoing market volatility arising from the Covid-19 pandemic, and the lack of meaningful impact on the discount, the Board reviewed its share buyback programme and has not bought back any shares since March 2020. During the year under review the Company bought back 887,000 Ordinary shares for cancellation at a cost of £624,000. No shares have been bought back since the financial year end.

Purchases of Ordinary shares will only be made through the market for cash at prices below the prevailing exclusive of income NAV per Ordinary share (as last calculated), subject to prevailing market conditions and having regard to the size of the Company, where the Directors believe it is in the best interest of shareholders to do so.

Directors’ Report Continued

Resolution 11, a special resolution, will be proposed to renew the Directors’ authority to make market purchases of the Ordinary shares in accordance with the provisions of the FCA’s Listing Rules. The Company will seek authority to purchase up to a maximum of 8,561,287 Ordinary shares (representing 14.99% of the current issued Ordinary share capital excluding treasury shares as at the date of publication of this Annual Report). The authority being sought shall expire at the conclusion of the Annual General Meeting in 2021 unless such authority is renewed prior to that time. Any Ordinary shares purchased in this way will either be cancelled and the number of Ordinary shares will be reduced accordingly, or the Ordinary shares will be held in treasury, in accordance with the authority previously conferred by Shareholders.

The Companies (Jersey) Law 1991 allows companies to either cancel shares or hold them in treasury following a buy-back. These powers give Directors additional flexibility and the Board considers that it is in the interest of the Company that such powers be available, including the power to hold treasury shares. Any future sales of Ordinary shares from treasury will only be undertaken at a premium to the prevailing NAV per Ordinary share for the benefit of all Shareholders. The Directors monitor the level of shares held in treasury and whilst there are no upper limits on the number of shares that can be held in treasury consideration will be given to cancelling treasury shares if the number becomes excessively high compared to the issued share capital.

Directors’ Authority to Allot Relevant Securities

There are no provisions under Jersey law which confer rights of pre-emption upon the issue or sale of any class of shares in the Company. However, as the Ordinary shares are traded on the main market of the London Stock Exchange and have a premium listing, the Company is required to offer pre-emption rights to its Shareholders and the Articles of Association reflect this. Ordinary shares will only be issued at a premium to the prevailing NAV per Ordinary share and, therefore, any issue will not be dilutive to existing Ordinary Shareholders.

Unless previously disapplied by special resolution, in accordance with the FCA’s Listing Rules, the Company is required to first offer any new shares or securities (or rights to subscribe for, or to convert or exchange into, shares) proposed to be issued for cash to Shareholders in proportion to their holdings in the Company. In order to provide for such share issues, your Board is therefore also proposing that an annual disapplication of the pre-emption rights is given to the Directors so that they may issue shares as and when appropriate. Accordingly, resolution 12, a Special resolution, proposes a disapplication of the pre-emption rights in respect of 10% of the shares in issue, set to expire on the earlier of eighteen months from the date of the resolution or at the conclusion of the Annual General Meeting to be held in 2021.

Approval and Adoption of New Articles of Association

Under resolution 13, which is proposed as a special resolution, the Company is proposing to amend its Articles of Association to allow the Company to hold general meetings by electronic or traditional means or both so that shareholders may participate remotely. As set out in the Chairman’s Statement, the Company has no present intention of holding a wholly electronic general meeting but wants to be prepared for the future.

A copy of the Company's existing Articles of Association and proposed new Articles of Association marked to show all the changes will be available for inspection during normal business hours (excluding Saturdays, Sundays and bank holidays) at the Company's registered office, and on the Company’s website, from the date of this notice of meeting until the close of the meeting. The proposed new Articles of Association will also be available for inspection at the annual general meeting at least 15 minutes prior to the start of the meeting and up until the close of the meeting.

Recommendation

Your Board considers all resolutions to be in the best interests of the Company and its members as a whole. Accordingly, your Board recommends that Ordinary Shareholders should vote in favour of all resolutions to be proposed at the Annual General Meeting, as they intend to do in respect of their own beneficial shareholdings.

Directors’ & Officers Liability Insurance

Directors’ & Officers’ liability insurance cover has been maintained throughout the period at the expense of the Company.

Relations with Shareholders

The Directors place a great deal of importance on communication with Shareholders and welcome feedback from all Shareholders. The Chairman meets periodically with the largest Shareholders to discuss the Company. The Annual Report and financial statements are widely distributed to other parties who have an interest in the Company's performance. Shareholders and investors may obtain up to date information on the Company through the Manager's freephone information service and the Company's website: **latamincome.co.uk.**

The Board's policy is to communicate directly with Shareholders and their representative bodies without the involvement of the management group (either the Company Secretary or the Manager) in situations where direct communication is required.

The Notice of the Annual General Meeting, included within the Annual Report and financial statements, is ordinarily sent out at least 20 working days in advance of the meeting. All Shareholders have the opportunity to put questions to the Board or Manager, either formally at the Company's AGM or informally following the meeting. The Company Secretary is available to answer general Shareholder queries at any time throughout the year. The Directors are keen to encourage dialogue with Shareholders and the Chairman welcomes direct contact from Shareholders. In light of the ongoing Covid-19 pandemic and the likelihood that shareholders will not be able to attend the Company's Annual General Meeting on 10 December 2020, the Company asks that shareholders submit questions to the Board and Manager in advance of the AGM. The Board or Manager will respond to all questions received. You may submit questions to the Board by email to latin.american@aberdeen-asset.com.

Responsible Investment

The Board is aware of its duty to act in the interests of the Company. The Board acknowledges that there are risks associated with investment in companies which fail to conduct business in a socially responsible manner. The Manager considers social, environmental and ethical factors which may affect the performance or value of the Company's investments. The Directors, through the Company's Manager, encourage companies in which investments are made to adhere to best practice in the area of Corporate Governance. They believe that this can best be achieved by entering into a dialogue with company management to encourage them, where necessary, to improve their policies in this area. The Company's ultimate objective however is to deliver superior investment returns for its shareholders. Accordingly, whilst the Manager will seek to favour companies which pursue best practice in the above areas, this must not be to the detriment of the return on the investment portfolio.

UK Stewardship Code and Proxy Voting as an Institutional Shareholder

Responsibility for actively monitoring the activities of portfolio companies has been delegated by the Board to the Manager which has sub-delegated that authority to the Investment Manager.

The full text of the Company's response to the Stewardship Code may be found on the Company's website: **latamincome.co.uk.**

Environmental, Social and Governance (ESG) Policy

The Board is aware of its duty to act in the best interests of the Company. As an investment company, the Company has no direct social, environmental or community responsibilities. However, the Board acknowledges that there are risks associated with investment in companies which fail to conduct business in a socially responsible manner and the Board, therefore, ensures that they take regular account of the social, environment and ethical factors, which may affect the performance or value of the Company's investments, including climate change. Through the Manager the Company ensures it has oversight over its supply chains, which is monitored through the Company's investment process.

For and on behalf of the Board
Aberdeen Standard Capital International Limited, Secretary
4 November 2020

1st Floor, Sir Walter Raleigh House
48 – 50 Esplanade,
St Helier
Jersey JE2 3QB

Report of Audit Committee

I am pleased to present the report of the Audit Committee for the year ended 31 August 2020.

Committee Composition

The Audit Committee operates within clearly defined terms of reference and, at the financial year end, comprised three independent Directors: Heather MacCallum (Chair), Hazel Adam and Richard Prosser. Howard Myles joined the Audit Committee subsequent to the financial year end on 1 October 2020. Heather MacCallum, Richard Prosser and Howard Myles have recent and relevant experience, being chartered accountants and members of professional institutes, and the Audit Committee, as a whole has competence relevant to the investment company sector. The Audit Committee and Board considers that Richard Prosser was independent on appointment, and continues to be independent of the Manager. Given the size of the Board, and the continued independence of Richard Prosser, the Board believes that it is appropriate for all the independent Directors, including the Chairman, to constitute the Audit Committee.

Functions of the Committee

The principal function of the Committee is to assist the Board in relation to the reporting of financial information, the review of financial controls and the management of risk.

The Committee has defined terms of reference which are reviewed and re-assessed for their adequacy on an annual basis. Copies of the terms of reference are published on the Company's website: **latamincome.co.uk.**

The Committee's main audit review functions are:

- to review and monitor the internal control systems and risk management systems (including review of non -financial risks) upon which the Company is reliant;
- to consider annually whether there is a need for the Company to have its own internal audit function;
- to monitor the integrity of the interim and annual financial statements of the Company by reviewing, and challenging where necessary, the actions and judgements of the Manager, which acts as Administrator, and Company Secretary;
- to review, and report to the Board on, the significant financial reporting issues and judgements made in connection with the preparation of the Company's financial statements, half yearly reports, announcements and related formal statements;
- to review the content of the Annual Report and financial statements and advise the Board on whether, taken as a whole, it is fair, balanced and understandable and provides the information necessary for Shareholders to assess the Company's position and performance, business model and strategy;
- to meet with the external auditor to review its proposed audit programme of work and subsequently reviewing the findings and effectiveness of the audit programme. The Committee uses this as an opportunity to assess the effectiveness of the audit process;
- to develop and implement policy on the engagement of the external auditor to supply non-audit services. During the period under review, no fees were paid to the auditor in respect of non-audit services (2019:nil). All non-audit services must be approved in advance by the Audit Committee and will be reviewed in the light of statutory requirements and the need to maintain the auditor's independence;
- to review an annual statement from the Manager detailing the arrangements in place within the Manager whereby staff may, in confidence, escalate concerns about possible improprieties in matters of financial reporting or other matters;
- to make recommendations in relation to the appointment of the external auditor and to approve the remuneration and terms of engagement of the external auditor;
- to monitor and review annually the external auditor's independence, objectivity, effectiveness, resources and qualification; and,
- to investigate, when an auditor resigns, the reasons giving rise to such resignation and consider whether any action is required.

Activities During the Year

The Audit Committee met twice during the year when it considered the Annual Report and the Half Yearly Report in detail. Representatives of the Manager's internal audit, risk and compliance departments reported to the Committee at these meetings on matters such as internal control systems, risk and the conduct of the business in the context of its regulatory environment. The Committee also met in private with the auditor without any management representatives in attendance.

Review of Internal Control Systems and Risk

The Committee considers the internal control systems and a matrix of risks at each of its meetings. There is more detail on the process of these reviews in the Directors' Report.

Financial Statements and Significant Issues

During its review of the Company's financial statements for the year ended 31 August 2020, the Audit Committee considered the following significant issues, in particular those communicated by the auditor during their reporting:

Mispricing of Investments

How the issue was addressed - The pricing of investments is undertaken in accordance with the accounting policies on fair value measurement as disclosed on page 72. The fair value is derived from unadjusted quoted bid prices in active markets, with the exception of inflation-linked bonds whose quoted bid prices are adjusted for indexation. The audit includes independent confirmation of the pricing of all investments. The portfolio is reviewed and verified by the Manager on a regular basis and management accounts, including a full portfolio listing, are prepared each month and circulated to the Board.

Recognition of Dividend and Interest Income

How the issue was addressed - The recognition of investment income is undertaken in accordance with accounting policy note 2(b) to the financial statements on page 71. Dividends and interest arising from bonds are allocated to the revenue account. Special dividends are allocated to the capital or revenue accounts according to the nature of the payment and the intention of the underlying company. The Manager provides monthly internal control reports to the Board. The allocation of special dividends is a principal risk in the audit planning board report provided by the auditor.

Review of the Annual Report and Financial Statements

How the issue was addressed - The Board is responsible for the preparation of the Company's Annual Report and financial statements. The process is extensive, requiring input from a number of different third party service providers. The Committee reports to the Board on whether, taken as a whole, the Annual Report and financial statements is fair, balanced and understandable.

The Committee has considered the following matters:

- the existence of a comprehensive control framework surrounding the production of the Annual Report and financial statements which includes a number of different checking processes;
- the existence of extensive levels of reviews as part of the production process involving BNP Paribas (the Custodian), the Manager, the Company Secretary and the auditor together as well as the Committee's own expertise;
- the controls in place within the various third party service providers to ensure the completeness and accuracy of the financial records and the security of the Company's assets;
- the externally reviewed internal control reports of the Manager, Depositary and related service providers which are available for review by the Committee.

The preparation of financial statements in conformity with IFRS requires the use of certain significant accounting judgements, estimates and assumptions which requires management to exercise its judgement in the process of applying the accounting policies. The Audit Committee has discussed the accounting judgements, estimates and assumptions and the conclusion of the discussions is set out in note 2 to the financial statements on page 69.

The Committee has reviewed the Annual Report and the work undertaken by the third party service providers and is satisfied that, taken as a whole, the Annual Report and financial statements is fair, balanced and understandable and provides the information necessary for Shareholders to assess the Company's position and performance, business model and strategy. In reaching this conclusion, the Committee has assumed that the reader of the Annual Report would have a reasonable level of knowledge of the investment company industry in general and of investment companies in particular. The Committee has reported its findings to the Board which in turn has made its own statement in this regard in the Directors' Responsibility Statement on page 54.

Report of Audit Committee Continued

Appointment of the auditor

During the financial year, the Company, led by the Audit Committee, undertook a public tender of its auditor, as referenced in the Annual Report to 31 August 2019. Following the conclusion of the public tender, the Board approved the appointment of PwC as the Company's auditor. PwC has undertaken the audit of the Company's Annual Report to 31 August 2020 and shareholders are invited to vote upon its appointment at the Company's Annual General. The Audit Committee would like to formally thank Ernst & Young LLP ("EY"), the Company's auditor since launch in 2010, for their support over the years.

The Committee considers PwC to be independent of the Company and, in accordance with professional guidelines, the audit partner will be rotated after 5 years. This is the first year of the current audit partner.

Review of Auditor

The Audit Committee has reviewed the effectiveness of the auditor including:

- independence - the auditor discusses with the Audit Committee, at least annually, the steps it takes to ensure its independence and objectivity and makes the Committee aware of any potential issues, explaining all relevant safeguards. The audit fees paid to PwC are disclosed in note 6 and no non-audit fees were paid to PwC or its predecessor EY during the financial year;

- quality of audit work including the ability to resolve issues in a timely manner (identified issues are satisfactorily and promptly resolved), its communications/presentation of outputs (the explanation of the audit plan, any deviations from it and the subsequent audit findings are comprehensive and comprehensible), and working relationship with management (the auditor has a constructive working relationship with the Manager); and,

- quality of people and service including continuity and succession plans (the audit team is made up of sufficient, suitably experienced staff with provision made for knowledge of the investment company sector and retention on rotation of the partner).

The Audit Committee supports the recommendation to the Board that the appointment of PwC be put to Shareholders for approval at the AGM.

Accountability and Audit

The respective responsibilities of the Directors and the auditor in connection with the financial statements are set out on pages 54 and 60.

Each Director confirms that, so far as he or she is aware, there is no relevant audit information of which the Company's auditor is unaware, and he or she has taken all the steps that they ought to have taken as a Director in order to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information. Additionally there are no important events since the period end other than as disclosed in the notes to the financial statements

The Directors have reviewed the level of non-audit services provided by the independent auditor during the year, together with the independent auditor's procedures in connection with the provision of such services, and remain satisfied that the auditor's objectivity and independence is being safeguarded.

Heather MacCallum,
Audit Committee Chair
4 November 2020

Directors' Remuneration Report

The Board has prepared this report on a voluntary basis in accordance with the UK regulations governing the disclosure and approval of Directors' remuneration.

The Company's auditor has not audited any of the disclosures provided in this Directors' Remuneration Report.

This Remuneration Report comprises three parts:

- a Remuneration Policy, which was approved by a binding Shareholder vote at the AGM held in 2017 and which is subject to Shareholder approval every three years thereafter. Should the Remuneration Policy be varied during this interval, then Shareholder approval for the new Remuneration Policy will be sought;
- an Implementation Report, which provides information on how the policy has been applied during the year and which will be subject to an advisory vote on the level of remuneration paid during the year as set out in the Implementation Report; and,
- an Annual Statement.

There have been no changes to the Directors' Remuneration Policy during the period of this Report nor are there any proposals for the year ending 31 August 2021.

Remuneration Policy

The Directors' Remuneration Policy takes into consideration the principles of UK corporate governance and the AIC's recommendations regarding the application of those principles to investment companies.

No shareholder views have been sought in setting the remuneration policy and no communication was received from shareholders during the year regarding Directors' remuneration.

As the Company has no employees and the Board is comprised wholly of non-executive Directors and given the size and nature of the Company, the Board has not established a separate remuneration committee. The Remuneration Policy ,and Directors' remuneration, is reviewed by the Nomination Committee and determined by the Board as a whole.

The Directors are non-executive and their fees comply with the Company's Articles of Association which limit the aggregate annual fees payable to the Board of Directors to £250,000 (Article 85). The level may be increased by Shareholder resolution from time to time. Subject to this overall limit, the Board's policy is that the remuneration of non-executive Directors should reflect the nature of their duties, responsibilities and the value of their time spent and be fair and comparable to that of other investment companies that are similar in size, have a similar capital structure and have a similar investment objective. The remuneration of the Directors has been set in order to attract individuals of a calibre appropriate to the future development of the Company. Fees are reviewed annually against the Company's peer group and if considered appropriate, increased accordingly. In the past year aggregate fees of £87,138 were paid to the Directors.

	2020 **£**	**2019*** **£**
Chairman	32,000	32,000
Chair of Audit Committee	27,000	27,000
Director	22,000	22,000

* Fees effective from 1 January 2019

Appointment

- The Company only intends to appoint non-executive Directors.
- All the Directors are non-executive appointed under the terms of Letters of Appointment.
- Directors must retire and be subject to election at the first AGM after their appointment, and subject to re-election at least every three years thereafter. However, in accordance with corporate governance best practice, the Board has agreed that all Directors will retire from the Board annually and voluntarily offer themselves for re-election by Shareholders.
- New appointments to the Board will be placed on the fee applicable to all Directors at the time of appointment (currently £22,000).
- No incentive or introductory fees will be paid to encourage a directorship.
- The Directors are not eligible for bonuses, pension benefits, share options, long-term incentive schemes or other benefits.
- The Company indemnifies its Directors for all costs, charges, losses, expenses and liabilities which may be incurred in the discharge of duties, as a Director of the Company.

Directors' Remuneration Report Continued

Performance, Service Contracts, Compensation and Loss of Office

- The Directors' remuneration is not subject to any performance related fee.
- No Director has a service contract with the Company.
- No Director has an interest in contracts with the Company during the period or subsequently.
- The terms of appointment provide that a Director may be removed subject to three months' notice.
- Compensation will not be due upon leaving office.
- No Director is entitled to any other monetary payment or any assets of the Company.

Directors' & Officers' liability insurance cover is maintained by the Company on behalf of the Directors. The Company's Articles indemnify each Secretary, agent and servant of the Company out of the assets of the Company in relation to charges, losses, liabilities, damages and expenses incurred in the course of the discharge of their duties provided that such indemnity is not available in circumstances where there is fraud, wilful misconduct or negligence. Directors (and every present or former officer of the Company) are indemnified out of the assets of the Company in so far as Jersey law allows.

A resolution to approve the Directors' Remuneration Policy will be proposed at the Annual General Meeting.

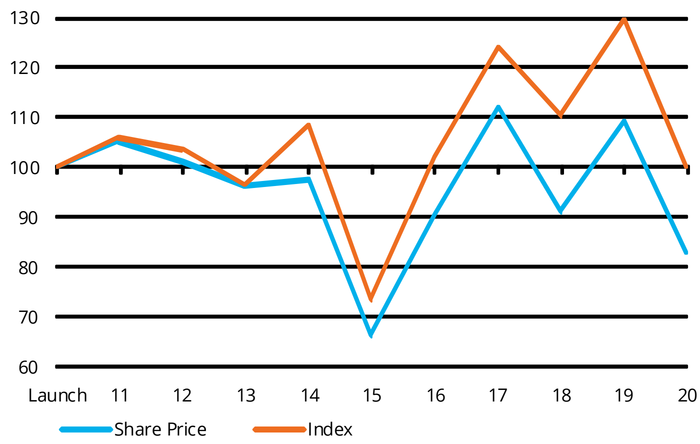
Implementation Report

Directors' Fees

The Board carried out a review of the level of Directors' fees payable to other companies managed by the Manager and within the broader emerging markets investment company peer group during the year and concluded that the fee levels of the Directors should be not increased. It was agreed that the level of fees should remain in line with the prior year - £32,000 for the Chairman (2019: £32,000), £27,000 (2019: £27,000) for the Audit Committee Chair and £22,000 (2019: £22,000) for other Directors. There are no further fees, salaries, taxable benefits or any other items to disclose as the Company has no employees, Chief Executive or Executive Directors.

Company Performance

The Board has reviewed the Company's performance throughout the year under review. The following graph illustrates the total Shareholder share price return for a holding in the Ordinary shares as compared to the composite benchmark index weighted as to 60% MSCI EM Latin America 10/40 index and 40% JP Morgan GBI-EM Global Diversified (Latin America carve out) (both in sterling terms) (figures rebased to 100 at launch on 16 August 2010). Given the Company's investment objective this is the most appropriate index against which to measure the Company's performance. Shareholders should note that the Company's portfolio is constructed without reference to any stock market index. It is likely, therefore, that there will be periods when the Company's performance will be quite unlike that of any index or benchmark and there can be no assurance that such divergence will be to the Company's advantage.



Statement of Voting at General Meeting

At the Company's last AGM, held on 11 December 2019, Shareholders approved the Directors' Remuneration Report (other than the Directors' Remuneration Policy). At the Company's AGM on 7 December 2017, the Shareholders approved the Directors' Remuneration Policy.

The following proxy votes were received on the resolutions:

Resolution	For* (%)	Against (%)	Withheld (%)
2019 AGM	29.7m	187,890	57,611
Receive and Adopt Directors' Remuneration Report	(99.4%)	(0.6%)	
2017 AGM	21.9m	118,499	51,556
Approve Directors' Remuneration Policy	(99.5%)	(0.5%)	

* Including discretionary votes

A resolution to receive and adopt the Directors' Remuneration Report (excluding the Directors' Remuneration Policy) and a separate resolution to approve the Directors' Remuneration Policy in respect of the year ended 31 August 2020 will be proposed at the Annual General Meeting.

Spend on Pay

As the Company has no employees, the Directors do not consider it appropriate to present a table comparing remuneration paid to employees with distributions to Shareholders. The total fees paid to Directors are shown below.

Fees Payable

The Directors who served in the year received the following fees:

Director	2020 £	2019 £
Richard Prosser (Chairman and highest paid Director)	32,000	31,333
Hazel Adam	22,000	21,333
George Baird*	7,533	26,333
Heather MacCallum**	25,605	7,777
Martin Adams***	Nil	5,688
Total	**87,138**	**92,464**

* retired from the Board on 11 December 2019
** appointed to the Board on 24 April 2019, and as Chair of the Audit Committee on 11 December 2019.
*** retired from the Board on 13 December 2018.

None of the Directors received any other salaries or taxable benefits from the Company during the year. Fees are pro-rated where a change takes place during a financial year. Of the fees disclosed above £32,000 (2019: £31,333) was payable to third parties in respect of making available the services of Directors. These fees were in respect of Richard Prosser (assigned to Estera Trust (Jersey) Limited).

Directors' Interests in the Company

The Directors are not required to hold shares in the Company.

The Directors (including connected persons) at 31 August 2020 and 31 August 2019 had no interest in the Ordinary share capital of the Company other than those interests, all of which are beneficial interests, shown in the table below.

	31 August 2020 Ordinary shares	31 August 2019 Ordinary shares
Richard Prosser	15,000	15,000
Hazel Adam	-	-
George Baird	-	-
Heather MacCallum	-	-
Martin Adams		74,000*

* shares held at time of retirement on 13 December 2018.

There have been no changes notified in respect of the above holdings between 31 August 2020 and 4 November 2020.

Annual Statement

On behalf of the Board I confirm that the above Report on Remuneration Policy and Remuneration Implementation summarises, as applicable, for the year ended 31 August 2020:

- the major decisions on Directors' remuneration;
- any substantial changes relating to Directors' remuneration made during the year; and
- the context in which the changes occurred and in which decisions have been taken

For and on behalf of the Board
Richard Prosser,
Chairman
4 November 2020

1st Floor, Sir Walter Raleigh House
48 – 50 Esplanade,
St Helier
Jersey JE2 3QB

Statement of Directors' Responsibilities

The Directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

The Companies (Jersey) Law 1991 requires the Directors to prepare financial statements for each financial period in accordance with any generally accepted accounting principles. The financial statements of the Company are required by law to give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these financial statements, the Directors should:

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable;
- specify which generally accepted accounting principles have been adopted in their preparation;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business; and
- assess whether the Annual Report and financial statements, taken as a whole, is 'fair, balanced and understandable'.

The Directors are responsible for keeping accounting records which are sufficient to show and explain its transactions and are such as to disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements prepared by the Company comply with the requirements of the Companies (Jersey) Law 1991. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Under applicable law and regulations, the Directors are also responsible for ensuring that the Company complies with the provisions of the Listing Rules and the Disclosure, Guidance & Transparency Rules of the Financial Conduct Authority which, with regard to corporate governance, require the Company to disclose how it has applied the principles, and complied with the provisions, of the UK Corporate Governance Code applicable to the Company.

Declaration

The Directors listed on pages 38 and 39, being the persons responsible, hereby confirm to the best of their knowledge:

- that the financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company;
- that in the opinion of the Directors, the Annual Report and financial statements taken as a whole, is fair, balanced and understandable and it provides the information necessary to assess the Company's position and performance, business model and strategy; and
- the Strategic Report, including the Chairman's Statement and the Investment Manager's Review, include a fair review of the development and performance of the business and the position of the Company together with a description of the principal risks and uncertainties that the Company faces.

For and on behalf of the Board
Richard Prosser,
Chairman
4 November 2020

1st Floor, Sir Walter Raleigh House
48 – 50 Esplanade,
St Helier
Jersey JE2 3QB

The Manager is responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in Jersey governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Independent Auditor's Report to the Members of Aberdeen Latin American Income Fund Limited

Our opinion

In our opinion, the financial statements give a true and fair view of the financial position of Aberdeen Latin American Income Fund Limited (the "Company") as at 31 August 2020, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards and have been properly prepared in accordance with the requirements of the Companies (Jersey) Law 1991.

What we have audited

The Company's financial statements comprise:

- the statement of financial position as at 31 August 2020;
- the statement of comprehensive income for the year then ended;
- the statement of changes in equity for the year then ended;
- the statement of cash flows for the year then ended; and
- the notes to the financial statements, which include significant accounting policies and other explanatory information.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing ("ISAs"). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements of the Company, as required by the Crown Dependencies' Audit Rules and Guidance. We have fulfilled our other ethical responsibilities in accordance with these requirements.

Our audit approach

Overview

Materiality	Overall materiality was £323,500 which represents 1% of net assets
Audit scope	The Company is an investment company, incorporated and based in Jersey, with ordinary shares listed on the London Stock Exchange. We conducted our audit of the financial statements using information provided by Aberdeen Standard Capital International Limited ("the Manager"). Our audit work was performed in Jersey. We tailored the scope of our risk-based audit taking into account the types of investments held by the Company, the accounting processes and controls, and the industry in which the Company operates.
Key audit matters	Valuation and ownership of investments. Income recognition. The consideration by the Board of Directors of the Company of the potential impact of Covid-19.

Independent Auditor's Report to the Members of Aberdeen Latin American Income Fund Limited Continued

Audit scope

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements. In particular, we considered where the directors made subjective judgements; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters, consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the financial statements as a whole, taking into account the structure of the Company, the accounting processes and controls, and the industry in which the Company operates.

Materiality

The scope of our audit was influenced by our application of materiality. An audit is designed to obtain reasonable assurance whether the financial statements are free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

Based on our professional judgement, we determined certain quantitative thresholds for materiality, including the overall Company materiality for the financial statements as a whole as set out in the table below. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, both individually and in aggregate on the financial statements as a whole.

Overall Company materiality	£323,500
How we determined it	1% of net assets
Rationale for the materiality benchmark	We believe that net assets is the most appropriate benchmark because this is the key metric of interest to investors. It is also a generally accepted measure used for companies in this industry.

We agreed with the Audit Committee that we would report to them misstatements identified during our audit above £16,175 as well as misstatements below that amount that, in our view, warranted reporting for qualitative reasons.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	How our audit addressed the Key audit matter
Valuation and ownership of investments *Refer to pages 71 -72 (Accounting policies) and pages 77-78 (Note 10 of the financial statements)* We focused on the valuation and ownership of investments because investments represent the principal element of the net asset value as disclosed on the statement of financial position in the financial statements. The valuation of investments drives a number of key performance indicators, such as net asset value, which is of significant interest to investors. Bonds and equities are valued using unadjusted quoted bid prices from active markets. The nature of the valuations of bond and equity investments in the portfolio is not complex as they are based primarily on quoted prices from independent pricing sources. However, the magnitude of the amounts involved means that there is potential for material misstatement. The valuation of investments includes an amount designated to the subsidiary which is held as an investment entity. The subsidiary holds investments in quoted bonds and equities, as well as immaterial receivables and cash. The directors consider the fair value of the subsidiary to approximate its net asset value. There is a risk that the investments recorded may not represent the property of the Company, this could have a significant impact on the financial statements.	We tested 100% of the valuation of the bond and equity portfolio by agreeing the prices used by management to independent third party sources. We also tested a sample of the purchase and sale transactions during the year. A recalculation of both the total unrealised and realised gain or loss was performed. We independently obtained a confirmation of 100% of investments held by the custodian as at 31 August 2020, and compared this to the investments recorded by the Company in the Company's ledger. We have confirmed the ownership of the subsidiary to the share register as at 31 August 2020. Management's assessment of the fair value of the subsidiary was tested by: · confirming 100% of the equities, bonds and cash held by the subsidiary with the third party custodian and bank to confirm ownership · Agreeing 100% of the valuation of equities and bonds held by agreeing prices used by management to independent third party sources. No misstatements were identified by our testing which required reporting to those charged with governance.

Independent Auditor's Report to the Members of Aberdeen Latin American Income Fund Limited Continued

Income recognition

Refer to page 71 (Accounting policies) and page 74 (Note 4 to the financial statements)

Income is earned primarily through bond interest income and dividend income.

This represents a material balance in the Statement of Comprehensive Income. Accordingly, we identified the accuracy, occurrence and completeness of investment income from the investment portfolio as an area of focus, because the incomplete or inaccurate recognition of income could have a material impact on the Company's net asset value.

Income is received from various bonds and equities by way of interest receipts and dividends, and the calculation and recognition of accrued income is not considered to be complex.

We assessed the accounting policy for income recognition for compliance with accounting standards and ensured that income had been accounted for in accordance with the stated accounting policy.

We tested 100% of investment income during the year, by reconciling all investments held during the year, and calculating the expected income, based on an effective dividend or coupon rate provided by an independent third party.

We traced a sample of dividends and bonds payments to the bank statements and performed a reasonableness assessment for accrued bond income as at 31 August 2020.

No misstatements were identified by our testing which required reporting to those charged with governance.

The consideration by the Board of Directors of the Company of the potential impact of Covid-19

Refer to page 18 (Principal Risks) and Uncertainties

The Board, in conjunction with the Manager, have considered the potential impact of events that have been caused by the Covid-19 pandemic, on the current and future operations of the Company. In doing so, the Board together with the Manager have made estimates and judgements relating to the outcomes of these considerations, including on the Company's ability to continue as a going concern for a period of at least 12 months from the date of approval of these financial statements.

As a result of the impact of Covid-19 on the wider financial markets and the Company's share price, we have determined the Board's consideration of the potential impact of Covid-19 (including their associated estimates and judgements) to be a key audit matter.

In considering the Board's consideration of the potential impact of Covid-19, we have undertaken the following audit procedures:

We obtained the latest financial reports from management regarding market (price) risk, liquidity risk, and the impact on the income of the Company.

We inspected the latest financial reports to assess their consistency with our understanding of the operations of the Company, the investment portfolio and with market commentary already made by the Company.

We considered the appropriateness of the disclosures made in the financial statements in respect to the impact of the pandemic during the year and the current and potential impact of the pandemic on the Company.

We reviewed relevant items in the information presented in the Annual Report but outside of the financial statements for any inconsistencies with the information included in the financial statements.

In discussing and evaluating the estimates and judgements made by management, we noted the following factors that were considered to be fundamental by management in their consideration of the potential impact of the pandemic on the current and future operations of the Company and which support the statements of going concern and viability:

- As at the balance sheet date, the Company had external debt of £5.5m and the investment portfolio (including cash) was sufficiently liquid to offset this and all other liabilities.
- The Company has received no notices of default within the portfolio.
- We confirmed that the directors have analysed and are satisfied with the business continuity plans of all key service providers as part of their Covid-19 operational resilience review.

Based on our procedures, we have not identified any matters to report relating to the considerations of management of the impact of the pandemic on the current and future operations of the Company.

Other information

The directors are responsible for the other information. The other information comprises all the information included in the Annual Report (the "Annual Report") but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the directors for the financial statements

The directors are responsible for the preparation of financial statements that give a true and fair view in accordance with International Financial Reporting Standards, the requirements of Jersey law and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Independent Auditor's Report to the Members of Aberdeen Latin American Income Fund Limited Continued

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern over a period of at least twelve months from the date of approval of the financial statements. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Use of this report

This independent auditor's report, including the opinions, has been prepared for and only for the members as a body in accordance with Article 113A of the Companies (Jersey) Law 1991 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Report on other legal and regulatory requirements

Company Law exception reporting

Under the Companies (Jersey) Law 1991 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit;
- proper accounting records have not been kept; or
- the financial statements are not in agreement with the accounting records.

We have no exceptions to report arising from this responsibility.

Listing Rules of the Financial Conduct Authority (FCA)

The Company has reported compliance against the 2019 AIC Code of Corporate Governance (the "Code") which has been endorsed by the UK Financial Reporting Council as being consistent with the UK Corporate Governance Code for the purposes of meeting the Company's obligations, as an investment company, under the Listing Rules of the FCA.

We have nothing material to add or draw attention to in respect of the following matters which we have reviewed based on the requirements of the Listing Rules of the FCA:

- The directors' confirmation that they have carried out a robust assessment of the principal and emerging risks facing the Company, including a description of the principal risks, what procedures are in place to identify emerging risks, and an explanation of how those risks are being managed or mitigated.

- The directors' explanation as to how they have assessed the prospects of the Company, over what period they have done so and why they consider that period to be appropriate, and their statement as to whether they have a reasonable expectation that the Company will be able to continue in operation and meet its liabilities as they fall due over the period of their assessment, including any related disclosures drawing attention to any necessary qualifications or assumptions.

We have nothing to report having performed a review of the directors' statement that they have carried out a robust assessment of the principal and emerging risks facing the Company and the directors' statement in relation to the longer-term viability of the Company. Our review was substantially less in scope than an audit and only consisted of making inquiries and considering the directors' process supporting their statements; checking that the statements are in alignment with the relevant provisions of the Code; and considering whether the statements are consistent with the knowledge and understanding of the Company and its environment obtained in the course of the audit.

Independent Auditor's Report to the Members of Aberdeen Latin American Income Fund Limited Continued

Additionally, we have nothing to report in respect of our responsibility to report when:

- The directors' statement relating to Going Concern in accordance with Listing Rule 9.8.6R(3) is materially inconsistent with our knowledge obtained in the audit.
- The statement given by the directors that they consider the Annual Report taken as a whole to be fair, balanced and understandable, and provides the information necessary for the members to assess the company's position and performance, business model and strategy is materially inconsistent with our knowledge of the company obtained in the course of performing our audit.
- The section of the Annual Report describing the work of the Audit Committee does not appropriately address matters communicated by us to the Audit Committee.
- The directors' statement relating to the company's compliance with the Code does not properly disclose a departure from a relevant provision of the Code specified, under the Listing Rules, for review by the auditors.

Michael Byrne
For and on behalf of PricewaterhouseCoopers CI LLP
Chartered Accountants and Recognized Auditor
Jersey, Channel Islands
4 November 2020

Financial Statements


Bradesco
Prime


FEMSA
OXXO


Walmart

Statement of Comprehensive Income

	Notes	Year ended 31 August 2020 Revenue £'000	Capital £'000	Total £'000	Year ended 31 August 2019 Revenue £'000	Capital £'000	Total £'000
Income							
Income	4	1,896	–	1,896	3,230	–	3,230
Realised losses on financial assets held at fair value through profit or loss		–	(1,393)	(1,393)	–	(2,939)	(2,939)
Unrealised (losses)/gains on financial assets held at fair value through profit or loss		–	(12,579)	(12,579)	–	9,821	9,821
Realised currency gains/(losses)		–	85	85	–	(38)	(38)
Unrealised currency (losses)/gains		–	(60)	(60)	–	83	83
Realised gains/(losses) on forward foreign currency contracts		–	20	20	–	(59)	(59)
Unrealised gains/(losses) on forward foreign currency contracts		–	84	84	–	(49)	(49)
		1,896	(13,843)	(11,947)	3,230	6,819	10,049
Expenses							
Investment management fee	5	(180)	(269)	(449)	(213)	(320)	(533)
Other operating expenses	6	(386)	–	(386)	(411)	–	(411)
Profit/(loss) before finance costs and taxation		1,330	(14,112)	(12,782)	2,606	6,499	9,105
Finance costs		(39)	(58)	(97)	(49)	(73)	(122)
Profit/(loss) before taxation		1,291	(14,170)	(12,879)	2,557	6,426	8,983
Taxation	7	(24)	136	112	(32)	35	3
Profit/(loss) for the year		**1,267**	**(14,034)**	**(12,767)**	**2,525**	**6,461**	**8,986**
Earnings per Ordinary share (pence)	9	**2.21**	**(24.47)**	**(22.26)**	**4.27**	**10.93**	**15.20**

The profit/(loss) for the year is also the comprehensive income for the year.

The total column of this statement represents the Statement of Comprehensive Income, prepared in accordance with IFRS. The revenue and capital columns are supplementary to this and are prepared under guidance published by the Association of Investment Companies.

All items in the above statement derive from continuing operations.

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

Statement of Financial Position

	Notes	As at 31 August 2020 £'000	As at 31 August 2019 £'000
Non-current assets			
Investments held at fair value through profit or loss	10	37,504	53,327
Current assets			
Cash		306	459
Forward foreign currency contracts		162	62
Other receivables		160	392
Total current assets		628	913
Total assets		38,132	54,240
Current liabilities			
Bank loan	11	(5,500)	(6,000)
Forward foreign currency contracts		(78)	(111)
Other payables		(199)	(238)
Total current liabilities		(5,777)	(6,349)
Non-current liabilities			
Deferred tax liability on Mexican capital gains	7	–	(136)
Net assets		**32,355**	**47,755**
Equity capital and reserves			
Equity capital	12	65,936	65,936
Capital reserve	13	(35,543)	(20,885)
Revenue reserve		1,962	2,704
Equity Shareholders' funds		**32,355**	**47,755**
Net asset value per Ordinary share (pence)	14	**56.65**	**82.34**

The financial statements were approved by the Board of Directors and authorised for issue on 4 November 2020 and were signed on its behalf by:

Richard Prosser
Chairman

The accompanying notes are an integral part of the financial statements.

Statement of Changes in Equity

Year ended 31 August 2020

	Notes	Stated capital £'000	Capital reserve £'000	Revenue reserve £'000	Total £'000
Balance at 1 September 2019		65,936	(20,885)	2,704	47,755
(Loss)/profit for the year		–	(14,034)	1,267	(12,767)
Dividends paid	8	–	–	(2,009)	(2,009)
Purchase of own shares		–	(624)	–	(624)
Balance at 31 August 2020		**65,936**	**(35,543)**	**1,962**	**32,355**

Year ended 31 August 2019

	Notes	Stated capital £'000	Capital reserve £'000	Revenue reserve £'000	Total £'000
Balance at 1 September 2018		65,936	(25,861)	2,250	42,325
Profit for the year		–	6,461	2,525	8,986
Dividends paid	8	–	–	(2,071)	(2,071)
Purchase of own shares		–	(1,485)	–	(1,485)
Balance at 31 August 2019		**65,936**	**(20,885)**	**2,704**	**47,755**

The accompanying notes are an integral part of the financial statements.

Statement of Cash Flows

	Year ended 31 August 2020 £'000	Year ended 31 August 2019 £'000
Net cash inflow from operating activities		
Dividend income	367	530
Fixed interest income	849	1,508
Income from Subsidiary	824	1,107
Interest income	2	4
Investment management fee paid	(477)	(525)
Other paid expenses	(490)	(336)
Cash generated from operations	1,075	2,288
Interest paid	(98)	(122)
Withholding taxes paid	(24)	(40)
Net cash inflow from operating activities	953	2,126
Cash flows from investing activities		
Purchases of investments	(5,351)	(4,827)
Proceeds from sales of investments	6,346	7,581
Receipts from/(payments to) Subsidiary	923	(778)
Net cash inflow from investing activities	1,918	1,976
Cash flows from financing activities		
Equity dividends paid	(2,009)	(2,071)
Repurchase of own shares	(624)	(1,469)
Loan repaid	(500)	(500)
Net cash outflow from financing activities	(3,133)	(4,040)
Net (decrease)/increase in cash	(262)	62
Reconciliation of net cash flow to movements in cash		
Net (decrease)/increase in cash as above	(262)	62
Foreign exchange	109	(14)
Cash at start of year	459	411
Cash and cash equivalents at end of year	**306**	**459**

The accompanying notes are an integral part of the financial statements.

Notes to the Financial Statements

For the year ended 31 August 2020

1. **Principal activity.** The Company is a closed-end investment company incorporated in Jersey, and its shares are traded on the London Stock Exchange and are listed in the premium segment of the Financial Conduct Authority's Official List. The Company's principal activity is investing in Latin American securities.

   The principal activity of its Delaware incorporated wholly owned subsidiary, Aberdeen Latin American Income Fund LLC, is similar in all relevant respects to that of its parent.

2. **Accounting policies**

   (a) **Basis of preparation.** The accounting policies which follow set out those policies which apply in preparing the financial statements for the year ended 31 August 2020.

   The financial statements of the Company have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by International Accounting Standards Board (IASB). The financial statements have been prepared on a historical-cost basis, except for financial assets and financial liabilities held at fair value through profit or loss.

   The Company's assets consist substantially of equity shares in companies listed on recognised stock exchanges and in most circumstances, including in the current market environment, are realisable within a short timescale. The Board has set limits for borrowing and regularly reviews cash flow projections and compliance with banking covenants, including the headroom available. The Company has a revolving loan facility which expires in August 2021. Having taken these factors into account as well as the impact of Covid-19 and having assessed the principal risks and other matters set out in the Viability Statement on page 20, the Directors believe that, after making enquiries, the Company has adequate resources to continue in operational existence for the foreseeable future and has the ability to meet its financial obligations as they fall due for a period of at least twelve months from the date of approval of this Report. Accordingly, they continue to adopt the going concern basis of accounting in preparing the financial statements. Further detail is included in the Directors' Report (unaudited) on page 43.

   The Company's financial statements are presented in sterling, which is also the functional currency as it is the currency in which shares are issued and expenses are generally paid. All values are rounded to the nearest thousand pounds (£'000) except when otherwise indicated.

   Where presentational guidance set out in the Statement of Recommended Practice ("SORP"): 'Financial Statements of Investment Trust Companies and Venture Capital Trusts' issued by the Association of Investment Companies ("AIC"), is consistent with the requirements of IFRS, the Directors have sought to prepare the financial statements on a basis compliant with the recommendations of the SORP issued in October 2019.

   Significant accounting judgements, estimates and assumptions. The preparation of financial statements in conformity with IFRS requires the use of certain significant accounting judgements, estimates and assumptions which requires management to exercise its judgement in the process of applying the accounting policies. Management have identified two such judgements in preparing the financial statements.

   Accounting judgement – Application of IFRS 10: Assessment of investment entity. One of the key areas for consideration has been the application of IFRS 10 'Consolidated Financial Statements' including the Amendments, 'Investment entities (Amendments to IFRS 10, IFRS 12 and IAS 27) (Investment Entity Amendments)'. The standard requires entities that meet the definition of an investment entity to fair value certain subsidiaries through profit or loss in accordance with IFRS 9 'Financial Instruments', rather than consolidate their results. However, entities which are not themselves investment entities and provide investment related services to the Company will continue to be consolidated.

Notes to the Financial Statements Continued

Entities which meet the definition of an investment entity are required to fair value subsidiaries through profit or loss rather than consolidate them. An investment entity meets the definition of an investment entity if it satisfies the following three criteria:

(i) an entity obtains funds from one or more investors for the purpose of providing those investors with investment services; the Company provides investment services and has several investors who pool funds to gain access to these services and investment opportunities which they might not be able to as individuals.

(ii) an entity commits to its investors that its business purpose is to the investment in its subsidiary solely for capital appreciation, investment income, or both; the Company's investment objective is to provide Ordinary Shareholders with a total return, with an above average yield, primarily through investing in Latin American securities.

(iii) an entity measures and evaluates the performance of substantially all of its investments on a fair value basis; the Company has elected to measure and evaluate the performance of all of its investments on a fair value basis. The fair value basis is used to present the Company's performance in its communication with the market and the primary measurement attribute to evaluate performance of all of its investments and to make investment decisions.

The Company and Subsidiary each meet the definition of an investment entity, and, therefore, all investments in subsidiaries are recorded at fair value through profit or loss.

Accounting judgement – Fair value of the Subsidiary. The Directors conclude that the net asset value of the wholly owned Subsidiary is considered to be its fair value for financial reporting purposes based on the Subsidiary's portfolio of investments being liquid and there being no significant restrictions on the transfer of funds to the parent company.

New and amended standards and interpretations. The Company applied, for the first time, certain standards and amendments, which are effective for annual periods beginning on or after 1 January 2019. The nature and impact is described below:

IAS 12 Income Taxes – recognition of deferred taxes.

IAS 23 Borrowing Costs – borrowing costs that are directly attributable to the acquisition or construction of a qualifying asset must be capitalised.

IFRS 9 Amendment 'Prepayment Features with Negative Compensation'. IFRS 9 replaces IAS 39 'Financial Instruments: Recognition and Measurement' and this amendment provided relief to certain financial instruments at amortised costs with negative compensation to be measured at fair value through other comprehensive income. The adoption of the IFRS 9 amendment has had no significant impact on the financial statements of the Company.

IFRIC 23 – Uncertainty over Income Tax Treatments. The Company adopted IFRIC 23 'Uncertainty over Income Tax Treatments' which was developed to address how to reflect uncertainty in accounting for income taxes. The directors do not consider there to be any income tax treatments that are considered to be uncertain and therefore, there was no significant impact of adopting IFRIC 23 for the Company.

At the date of authorisation of these financial statements, the following Standards and Interpretations were assessed to be relevant and are effective for annual periods beginning on or after 1 January 2020:

IAS 1 Amendments – Classification of Liabilities as current or non-current

IAS 1 and IAS 8 Amendments – Definition of Material

IAS 1, 8, 34, 37, 38 and IFRS 2, 3, 6, 14 – Amendment to references to the conceptual framework

IFRS 3 Amendment – Definition of a Business

IFRS 9, IAS 39 and IFRS 7 Amendments – Interest rate benchmark reform

IFRIC 12, 19, 20, 22 and SIC 32 – Amendment to references to the conceptual framework

In addition, under the Annual Improvements to IFRSs 2018 – 2020 Cycle, a number of Standards are due for revision and are applicable for annual periods beginning on or after 1 January 2020.

The Company intends to adopt the Standards and Interpretations in the reporting period when they become effective and the Board does not anticipate that the adoption of these Standards and Interpretations in future periods will materially impact the Company's financial results in the period of initial application although there may be revised presentations to the Financial Statements and additional disclosures.

(b) Income. Dividend income from equity investments is recognised on the ex-dividend date. Dividend income from equity investments where no ex-dividend date is quoted are recognised when the Company's right to receive payment is established. Where the Company has elected to receive dividends in the form of additional shares rather than in cash, the amount of the cash dividend foregone is recognised as income. Special dividends are recognised as capital or revenue according to their circumstances.

The fixed returns on debt instruments are recognised using the time apportioned accruals basis.

(c) Expenses and interest payable. All expenses, with the exception of interest, which is recognised using the effective interest method, are recognised on an accruals basis. Expenses are charged to the revenue column of the Statement of Comprehensive Income except as follows:

– costs incidental to the issue of new shares as defined in the Prospectus are charged to capital;

– expenses resulting from the acquisition or disposal of an investment are charged to the capital column of the Statement of Comprehensive Income; and

– expenses are charged to the capital column of the Statement of Comprehensive Income where a connection with the maintenance or enhancement of the value of the investments can be demonstrated. The Company charges 60% of investment management fees and finance costs to capital, in accordance with the Board's estimate of expected long-term return in the form of capital gains and income respectively from the investment portfolio of the Company.

(d) Taxation. Profits arising in the Company for the year ended 31 August 2020 will be subject to Jersey income tax at the rate of 0% (2019 – 0%).

Investment income and capital gains are subject to withholding tax deducted at the source of the income. The Company presents the withholding tax separately from the gross investment income in the Statement of Comprehensive Income under taxation.

Deferred tax is recognised in respect of all temporary differences at the Balance Sheet date, where transactions or events that result in an obligation to pay more tax in the future or right to pay less tax in the future have occurred at the Balance Sheet date. This is subject to deferred tax assets only being recognised if it is considered more likely than not that there will be suitable profits from which the future reversal of the temporary differences can be deducted. Deferred tax assets and liabilities are measured at the rates applicable to the legal jurisdictions in which they arise, using enacted tax rates that are expected to apply at the date the deferred tax position is unwound.

(e) Investments held at fair value through profit or loss. The Company has adopted the classification and measurement provisions of IFRS 9 'Financial Instruments'.

The Company classifies its investments based on their contractual cash flow characteristics and the Company's business model for managing the assets. The business model, which is the determining feature for debt instruments, is such that the portfolio of investments is managed, and performance is evaluated, on a fair value basis. The Manager is also compensated based on the fair value of the Company's assets. Equity instruments are classified as FVTPL because cash flows resulting from such instruments do not represent payments of principal and interest on the principal outstanding, and therefore they fail the contractual cash flows test. Consequently, all investments are measured at FVTPL.

Purchases and sales of investments are recognised on a trade date basis. Proceeds are measured at fair value, which is regarded as the proceeds of sale less any transaction costs.

Notes to the Financial Statements Continued

Changes in the value of investments held at fair value through profit or loss and gains and losses on disposal are recognised in the Statement of Comprehensive Income as "Gains/(losses) on investments held at fair value through profit or loss". Also included within this caption are transaction costs in relation to the purchase or sale of investments, including the difference between the purchase price of an investment and its bid price at the date of purchase.

Fair value measurement. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value is derived from unadjusted quoted bid prices in active markets, with the exception of inflation-linked bonds whose quoted bid prices are adjusted for indexation arising from the movement of the consumer prices index for the relevant country of issue of the bond. The fair value of forward currency contracts is calculated by reference to current forward exchange rates for contracts with similar maturity profiles. An active market is a market in which transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

(f) **Cash and cash equivalents.** Cash comprises cash at banks and short-term deposits.

(g) **Other receivables.** Other receivables are held to collect contractual cash flows and give rise to cash flows representing solely payments of principal and interest. As such they are measured at amortised cost. Other receivables do not carry any interest and they have been assessed for any expected credit losses over their lifetime due to their short-term nature.

(h) **Other payables.** Other payables are non interest bearing and are stated at amortised cost.

(i) **Nature and purpose of reserves**

Capital reserve. This reserve reflects any gains or losses on investments realised in the period along with any movement in the fair value of investments held that have been recognised in the Statement of Comprehensive Income. These include gains and losses from foreign currency exchange differences.

Additionally, expenses, including finance costs, are charged to this reserve in accordance with Note 2(c) above.

When the Company purchases its Ordinary shares to be held in treasury and for cancellation, the amount of the consideration paid, which includes directly attributable costs, is net of any tax effect, and is recognised as a deduction from the capital reserve. Should these shares be sold subsequently, the amount received is recognised as an increase in equity, and the resulting surplus or deficit on the transaction is transferred to or from the capital reserve.

Revenue reserve. This reserve reflects all income and costs which are recognised in the revenue column of the Statement of Comprehensive Income less dividends which have been paid.

(j) **Foreign currency.** Monetary assets and liabilities denominated in foreign currencies are converted into sterling at the rate of exchange ruling at the reporting date. The financial statements are presented in sterling, which is the Company's functional and presentation currency. The Company's performance is evaluated and its liquidity is managed in sterling. Therefore sterling is considered as the currency that most faithfully represents the economic effects of the underlying transactions, events and conditions. Transactions during the year involving foreign currencies are converted at the rate of exchange ruling at the transaction date. Gains or losses arising from a change in exchange rates subsequent to the date of a transaction are included as a currency gain or loss in revenue or capital in the Statement of Comprehensive Income, depending on whether the gain or loss is of a revenue or capital nature.

(k) **Bank loans.** The Company has adopted the classification and measurement provisions of IFRS 9 'Financial Instruments' which replaces IAS 39 'Financial Instruments: Recognition and Measurement'. Borrowings are measured at amortised cost using the effective interest rate method. No impact on the classification or measurement of borrowings has arisen due to the adoption of IFRS 9.

Borrowings are stated at the amount of the net proceeds immediately after draw down plus cumulative finance costs less cumulative payments. The finance cost of borrowings is allocated to years over the term of the debt at a constant rate on the carrying amount and charged 40% to revenue and 60% to capital to reflect the Company's investment policy and prospective revenue and capital growth.

(l) **Derivative financial instruments.** The Company may use forward foreign exchange contracts to manage currency risk arising from investment activity.

Derivatives are measured at fair value calculated by reference to forward exchange rates for contracts with similar maturity profiles.

Changes in the fair value of derivatives are recognised in the Statement of Comprehensive Income as revenue or capital depending on their nature.

(m) **Dividends payable.** Interim dividends payable are recognised in the financial statements in the period in which they are paid.

3. **Segmental reporting.** The Company is engaged in a single segment of business. For management purposes, the Company is organised into one main operating segment, which invests in equity securities, debt instruments and related derivatives. All of the Company's activities are viewed on a portfolio wide basis and are interrelated, with each activity dependent on the others. Accordingly, all significant operating decisions are based on the Company as one segment.

The following table analyses the Company's income, including income derived from the Subsidiary's investments, by geographical location. The basis for attributing the income is the place of incorporation of the instrument's investment, however, where the Company invests in ADR designated securities the underlying geographic location is considered to be the basis.

	2020 £'000	2019 £'000
Argentina	1	511
Brazil	911	1,376
Chile	39	57
Columbia	186	213
Mexico	470	691
Peru	126	129
Uruguay	161	249
United Kingdom	2	4
	1,896	**3,230**

The Company's income (including that generated by its Subsidiary's investments) comprises 31% (2019 – 28%) from equities and 69% (2019 – 72%) from fixed income securities.

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4. Income

	2020 £'000	2019 £'000
Income from investments		
Dividend income	317	511
Fixed interest income	835	1,534
Income from Subsidiary	742	1,181
	1,894	3,226
Other income		
Deposit interest	2	4
	1,896	**3,230**

The Company owns 100% of the share capital of its Subsidiary and has the ability to control the Subsidiary's operations. There are no significant restrictions on the transfer of funds to or from the Subsidiary and accordingly income is recognised by the Company in the same period as received by the Subsidiary. During the year net revenue of £742,000 (2019 – £1,181,000) was generated by the Subsidiary.

5. Investment management fee. The Company had an agreement with ASCIL (Aberdeen Private Wealth Management Limited ("APWML") prior to 30 September 2019) for the provision of management services during the year. Portfolio management services have been delegated by ASCIL to AAML during the year (APWML prior to 30 September 2019).

The management fee is based on an annual rate of 1% of the NAV of the Company, valued monthly. The agreement is terminable on one year's notice. The balance due to ASCIL at the year end was £65,000 (2019 – £93,000). Investment management fees are charged 40% to revenue and 60% to capital.

6. Other operating expenses

	2020 £'000	2019 £'000
Directors' fees	87	92
Promotional activities	24	24
Secretarial and administration fee	42	73
Auditor's remuneration:		
– fees payable for the audit of the annual accounts	35	32
Legal and advisory fees	33	12
Custodian and overseas agents' charges	57	60
Broker fees	22	30
Stock exchange fees	20	20
Registrar's fees	27	22
Printing	19	18
Other	20	28
	386	**411**

The Company has an agreement with ASFML for the provision of promotional activities. The total fees incurred under the agreement during the year were £24,000 (2019 – £24,000), of which £4,000 (2019 – £4,000) was due to ASFML at the year end.

The Company's management agreement with ASCIL provides for the provision of company secretarial and administration services. This agreement has been sub–delegated to Aberdeen Standard Fund Managers Limited. ASCIL is entitled to an annual fee of £125,000 (2019 – £122,000) which increases annually in line with any increase in the UK Retail Price Index. A balance of £42,000 (2019 – £42,000) was due to ASCIL at the year end.

The Manager has agreed to ensure that the Company's ongoing charges ratio ("OCR") will not exceed 2.0% when calculated annually as at 31 August. As the OCR exceeded 2.0% for the year ended 31 August 2020, the Manager has agreed to rebate £83,000 (2019 – £49,000) of the secretarial and administration fee in order to bring the OCR down to 2.0%.

7. Taxation

			2020			2019
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Analysis of charge for the year						
Overseas tax suffered	24	–	24	32	–	32
Total current tax charge for the year	24	–	24	32	–	32
Deferred tax liability on Mexican capital gains	–	(136)	(136)	–	(35)	(35)
Total tax charge for the year	**24**	**(136)**	**(112)**	**32**	**(35)**	**(3)**

No potential tax deferred liability arises on Mexican capital gains at 31 August 2020 (2019 – £136,000). The deferred tax liability provision at 31 August 2019 of £136,000 was released during the current year.

Factors affecting the tax charge for the year

The tax charged for the year can be reconciled to the profit/(loss) per the Statement of Comprehensive Income as follows:

			2020			2019
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Profit/(loss) before taxation	1,291	(14,170)	(12,879)	2,557	6,426	8,923
Tax on profit/(loss) at the standard rate of nil% (2019 – nil%)	–	–	–	–	–	–
Effects of:						
Losses/(gains) on investments held at fair value through profit or loss not taxable	–	–	–	–	–	–
Currency (gains)/losses not taxable	–	–	–	–	–	–
Movement in excess expenses	–	–	–	–	–	–
Expenses not deductible for tax purposes	–	–	–	–	–	–
Movement in deferred tax liability on Mexican capital gains	–	(136)	(136)	–	(35)	(35)
Irrecoverable overseas withholding tax	24	–	24	32	–	32
Non-taxable dividend income	–	–	–	–	–	–
Total tax charge	**24**	**(136)**	**(112)**	**32**	**(35)**	**(3)**

The effective rate of tax of the Company is nil% (2019 – nil%) and the amounts in the table are reconciling items between tax at the effective rate and the taxation charge in the Statement of Comprehensive Income.

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8. Dividends on equity shares

	2020 £'000	2019 £'000
Distributions to equity holders in the period:		
Fourth interim dividend for 2019 – 0.875p (2018 – 0.875p) per Ordinary share	506	526
First interim dividend for 2020 – 0.875p (2019 – 0.875p) per Ordinary share	503	521
Second interim dividend for 2020 – 0.875p (2019 – 0.875p) per Ordinary share	500	514
Third interim dividend for 2020 – 0.875p (2019 – 0.875p) per Ordinary share	500	510
	2,009	**2,071**

The fourth interim dividend for the year of 0.875p per Ordinary share has not been included as a liability in these financial statements as it was announced and paid after 31 August 2020.

9. Earnings per Ordinary share. Earnings or loss per Ordinary share is based on the loss for the year of £12,767,000 (2019 profit – £8,986,000) and on 57,349,075 (2019 – 59,116,420) Ordinary shares, being the weighted average number of Ordinary shares in issue during the year.

The earnings per Ordinary share detailed above can be further analysed between revenue return and capital return as follows:

			2020			2019
	Revenue	**Capital**	**Total**	**Revenue**	**Capital**	**Total**
Profit/(loss) (£'000)	1,267	(14,034)	(12,767)	2,525	6,461	8,986
Weighted average number of Ordinary shares in issue ('000)			57,349			59,116
Return per Ordinary share (pence)	2.21	(24.47)	(22.26)	4.27	10.93	15.20

10. (a) Investments held at fair value

	Year ended 31 August 2020			Year ended 31 August 2019		
Fair value through profit or loss	**Quoted bonds & Equities £'000**	**Investment in Subsidiary £'000**	**Total £'000**	**Quoted bonds & Equities £'000**	**Investment in Subsidiary £'000**	**Total £'000**
Opening book cost	27,606	14,971	42,577	32,470	15,300	47,770
Opening investment holdings gains/(losses)	866	9,884	10,750	(2,097)	2,604	507
Opening fair value	28,472	24,855	53,327	30,373	17,904	48,277
Movements in the year:						
Purchases	5,396	–	5,396	4,959	–	4,959
Sales proceeds	(6,242)	–	(6,242)	(7,643)	–	(7,643)
Payments to/(receipts from) Subsidiary by Company	–	(923)	(923)	–	778	778
Realised losses on financial assets held at fair value through profit or loss	(1,393)	–	(1,393)	(2,939)	–	(2,939)
(Decrease)/increase in investment holdings fair value gains/(losses)	(4,959)	(7,620)	(12,579)	3,722	6,099	9,821
Net income generated in Subsidiary	–	742	742	–	1,181	1,181
Cash transfer from Subsidiary to Parent (Income from Subsidiary)	–	(824)	(824)	–	(1,107)	(1,107)
Closing fair value	**21,274**	**16,230**	**37,504**	**28,472**	**24,855**	**53,327**

	£'000	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**
Closing book cost	25,366	13,226	38,592	27,606	14,971	42,577
Closing investment holdings (losses)/gains	(4,092)	2,262	(1,830)	866	8,703	9,569
Net income generated in Subsidiary	–	742	742	–	1,181	1,181
Closing fair value	**21,274**	**16,230**	**37,504**	**28,472**	**24,855**	**53,327**

The Company received £6,242,000 (31 August 2019: £7,643,000) from investments sold in the period. The book cost of these investments when they were purchased was £7,636,000 (31 August 2019: £9,824,000). These investments have been revalued over time and until they were sold any unrealised gains/losses were included in the fair value of the investments.

Notes to the Financial Statements Continued

(b) Investment in Subsidiary. The Company holds 100% of the share capital of its Subsidiary. The Company meets the definition of an investment entity, therefore it does not consolidate its Subsidiary but recognises it as an investment at fair value through profit or loss. The fair value of the Subsidiary is based on its net assets which comprises investments held at fair value, cash, income receivable and other receivables/payables. The Company receives income from its Subsidiary and there are no significant restrictions on the transfer of funds to or from the Subsidiary. During the year the Company received a net transfer from the Subsidiary of £923,000 (2019 – payment of £778,000).

(c) Transaction costs. During the year, expenses were incurred in acquiring or disposing of investments classified as fair value through profit or loss. The total costs were as follows:

	Year ended 31 August 2020 £'000	Year ended 31 August 2019 £'000
Purchases	7	8
Sales	5	7
	12	**15**

The above transaction costs are calculated in line with the AIC SORP. The transaction costs in the Company's Key Information Document are calculated on a different basis and in line with the PRIIPs regulations.

11. Creditors: amounts falling due within one year

Bank loan. The Company has a £6 million (2019 – £8 million) one year unsecured revolving multi–currency loan facility with Scotiabank Europe plc expiring on 14 August 2021. At the year end £5,500,000 was drawn down (2019 – £6,000,000) under the facility, fixed to 14 September 2020 at an all-in rate of 1.50713%.

At the date this Report was approved, £5,500,000 was drawn down under this facility and fixed to 13 November 2020 at an all-in rate of 1.493%.

Under the terms of the loan facility the Company's borrowings must not exceed 25% of adjusted NAV. Adjusted NAV is defined as total net assets less, inter alia, the aggregate of all excluded assets, excluded assets being, without double counting, the value of any unquoted assets, all investments issued by a single issuer in excess of 15% of total NAV, all Brazilian and Mexican bonds in excess of 30%, any MSCI Industry category in excess of 25%, and cash along with any shortfall in cash, equities and investment Grade bonds below 70%.

The Directors are of the opinion that there is no significant difference between the carrying value and fair value of the bank loan due to its short term nature.

12. Stated capital

	2020 Number	2020 £'000	2019 Number	2019 £'000
Issued and fully paid – Ordinary shares				
Balance brought forward	58,000,324	65,936	60,175,324	65,936
Ordinary shares bought back in the period	(887,000)	–	(2,175,000)	–
Balance carried forward	**57,113,324**	**65,936**	**58,000,324**	**65,936**

	2020 Number	2020 £'000	2019 Number	2019 £'000
Issued and fully paid – Treasury shares				
Balance brought forward	6,107,500	–	6,107,500	–
Ordinary shares bought back in the period	–	–	–	–
Balance carried forward	6,107,500	–	6,107,500	–
Stated capital	**63,220,824**	**65,936**	**64,107,824**	**65,936**

The Company's Ordinary shares have no par value. The number of Ordinary shares authorised for issue is unlimited.

During the year the Company bought back 887,000 (2019 – 2,175,000) Ordinary shares at a cost of £624,000 (2019 – £1,485,000) for cancellation. No Ordinary shares (2019 – none) were bought back for treasury.

Shares held in treasury consisting of 6,107,500 (2019 – 6,107,500) Ordinary shares represent 9.66% (2019 – 9.53%) of the Company's total issued share capital at 31 August 2020.

The Ordinary shares are entitled to all of the capital growth in the Company's assets and to all the income from the Company that is resolved to be distributed.

13. Capital reserve

	2020 £'000	2019 £'000
At beginning of year	(20,885)	(25,861)
Net currency gains	25	45
Forward foreign currency contracts gains/(losses)	104	(108)
Movement in investment holdings fair value (losses)/gains	(12,579)	9,821
Loss on sales of investments	(1,393)	(2,939)
Capitalised expenses	(191)	(358)
Purchase of own shares	(624)	(1,485)
At end of year	**(35,543)**	**(20,885)**

14. **Net asset value per Ordinary share.** Net asset value per Ordinary share is based on a net asset value of £32,355,000 (2019 – £47,755,000) and on 57,113,324 (2019 – 58,000,324) Ordinary shares, being the number of Ordinary shares issued and outstanding at the year end.

Notes to the Financial Statements Continued

15. **Risk management policies and procedures.** The Company, and through its Subsidiary, invests in equities and sovereign bonds for the long term so as to achieve its objective as stated on page 13. In pursuing its investment objective, the Company is exposed to a variety of financial risks that could result in a reduction in the Company's net assets and a reduction in the revenue available for distribution by way of dividends. The Company entered into forward foreign currency contracts for the purpose of hedging short term foreign currency cash flows consistent with its investment policy. As at 31 August 2020 there were 9 open positions in derivatives transactions (2019 – 12) details of which can be found on page 83. The Company has not entered into forward foreign currency contracts for the purpose of hedging fair values as at each reporting date.

The Directors conclude that it is appropriate to present the financial risk disclosures of the Company and its wholly owned Subsidiary in combination as this accurately reflects how the Company uses its Subsidiary to carry out its investment activities, including those relating to portfolio allocation and risk management.

These financial risks of the Company and its Subsidiary are market risk (comprising market price risk, currency risk and interest rate risk), liquidity risk and credit risk, and the Directors' approach to the management of these risks, are set out below. The Board of Directors is responsible for the Company's risk management. The overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Company's financial performance.

The Board determines the objectives, policies and processes for managing the risks that are set out below, under the relevant risk category and relies upon ASFML's system of internal controls. The policies for the management of each risk are unchanged from the previous accounting period.

(a) **Market risk.** The fair value of a financial instrument held by the Company and its Subsidiary may fluctuate due to changes in market prices. Market risk comprises – market price risk (see note 15(b)), currency risk (see note 15(c)) and interest rate risk (see note 15(d)). The Investment Manager assesses the exposure to market risk when making each investment decision, and monitors the overall level of market risk on the whole of the investment portfolio on an ongoing basis.

(b) **Market price risk.** Market price risks (i.e. changes in market prices other than those arising from interest rate risk or currency risk) may affect the value of the quoted investments.

Management of the risk. The Board monitors the risks inherent in the investment portfolio by ensuring full and timely access to relevant information from the Investment Manager. The Board meets regularly and at each meeting reviews investment performance. The Board monitors the Investment Manager's compliance with the Company's objectives, and is directly responsible for oversight of the investment strategy and asset allocation.

Concentration of exposure to market price risk. A geographical analysis of the Company's and Subsidiary's combined investment portfolio is shown on pages 27 to 29. This shows the significant amounts invested in Argentina, Brazil, Chile, Colombia, Mexico, Peru and Uruguay. Accordingly, there is a concentration of exposure to those countries, though it is recognised that an investment's country of domicile or of listing does not necessarily equate to its exposure to the economic conditions in that country.

Market price sensitivity. The following table illustrates the sensitivity of the return after taxation for the year and the equity to an increase or decrease of 20% (2019 – 10%) in the fair value of the Company's and its Subsidiary's investments. This level of change is considered to be reasonably possible based on observation of past and current market conditions. The sensitivity analysis is based on the Company's and its Subsidiary's investments at each balance sheet date and the investment management fees for the year ended 31 August 2020, with all other variables held constant.

	2020 Increase in fair value £'000	2020 Decrease in fair value £'000	2019 Increase in fair value £'000	2019 Decrease in fair value £'000
Statement of Comprehensive Income – return after tax				
Revenue return	(30)	30	(21)	21
Capital return	7,422	(7,422)	5,235	(5,235)
Impact on total return after tax for the year and net assets	**7,392**	**(7,392)**	**5,214**	**(5,214)**

(c) Currency risk. Most of the Company's assets (including indirectly through its investment in its Subsidiary), liabilities and income are denominated in currencies other than sterling (the Company's functional currency, and the currency in which it reports its results). As a result, movements in exchange rates may affect the sterling value of those items.

Management of the risk. The Investment Manager manages the Company's exposure to foreign currencies and reports to the Board on a regular basis.

The Investment Manager also manages the risk to the Company and its Subsidiary of the foreign currency exposure by considering the effect on the Company's NAV and income of a movement in the exchange rates to which the Company's and Subsidiary's assets, liabilities, income and expenses and those of its Subsidiary are exposed.

Income denominated in foreign currencies is converted into sterling on receipt. The Company and its Subsidiary do not use financial instruments to mitigate currency exposure in the period between the time that income is accrued in the financial statements and its receipt.

Foreign currency exposure. The table below shows, by currency, the split of the Company and Subsidiary's non-sterling monetary assets and investments that are denominated in currencies other than sterling. The exposure is shown on an aggregated basis and excludes forward currency contracts which are used for the purpose of ensuring the Company's foreign currency exposure is appropriately hedged.

2020	ARS £'000	BRL £'000	CLP £'000	COP £'000	MXN £'000	PEN £'000	UYU £'000	USD £'000
Debtors (due from brokers, dividends and other receivables)	–	87	–	41	75	6	25	7
Cash	–	1	3	–	–	–	–	12
Creditors (due to brokers, accruals and other creditors)	–	–	–	–	(35)	–	–	(43)
Total foreign currency exposure on net monetary items	–	88	3	41	40	6	25	(24)
Investments at fair value through profit or loss	1,380	18,284	1,583	2,932	7,065	2,233	2,223	1,634
Total net foreign currency exposure	1,380	18,372	1,586	2,973	7,105	2,239	2,248	1,610

Notes to the Financial Statements Continued

2019	ARS £'000	BRL £'000	CLP £'000	COP £'000	MXN £'000	PEN £'000	UYU £'000	USD £'000
Debtors (due from brokers, dividends and other receivables)	26	155	4	44	217	6	39	106
Cash	–	1	69	–	9	–	–	–
Creditors (due to brokers, accruals and other creditors)	–	(40)	–	–	(161)	–	–	–
Total foreign currency exposure on net monetary items	26	116	73	44	65	6	39	106
Investments at fair value through profit or loss	877	28,601	2,207	2,597	11,488	1,883	3,116	2,025
Total net foreign currency exposure	**903**	**28,717**	**2,280**	**2,641**	**11,553**	**1,889**	**3,155**	**2,131**

Foreign currency sensitivity. The sensitivity of the total return after tax for the year and the net assets in regard to the movements in the Company's and its Subsidiary's foreign currency financial assets and financial liabilities and the exchange rates for the £/Argentine Peso (ARS), £/Brazilian Real (BRL), £/Chilean Peso (CLP), £/Colombian Peso (COP), £/Mexican Peso (MXN), £/Peruvian Nuevo Sol (PEN), £/Uruguayan Peso (UYU) and £/US Dollar (USD) are set out below. This sensitivity excludes forward currency contracts entered into for hedging short term cash flows.

It assumes the following changes in exchange rates:

£/Argentine Peso (ARS) +/-344% (2019 +/-269%) (maximum downside risk 100%)

£/Brazilian Real(BRL) +/-81% (2019 +/-19%)

£/Chilean Peso (CLP) +/-28% (2019 +/-1%)

£/Columbian Peso (COP) +/-32% (2019+/-8%)

£/Mexican Peso (MXN) +/-28% (2019 +/-1%)

£/Peruvian Nuevo Sol (PEN) +/-14% (2019 +/-7%)

£/Uruguayan Peso (UYU) +/-54% (2019+/-19%)

£/US Dollar (USD) +/-4% (2019 +/-7%)

These percentages have been determined based on the average market volatility in exchange rates in the previous 3 years and using the Company's and its Subsidiary's foreign currency financial assets and financial liabilities held at each balance sheet date.

For 2020, if sterling had weakened against the currencies shown, this would have had the following effect, with a strengthening of sterling having an equal and opposite effect with the exception of the Argentine Peso which is capped at 100% on the downside amounting to £nil for revenue returns and £1,380,000 for capital returns but on the upside revenue returns would increase by £nil and capital returns by £4,747,000:

2020	ARS £'000	BRL £'000	CLP £'000	COP £'000	MXN £'000	PEN £'000	UYU £'000	USD £'000
Statement of Comprehensive Income – return after tax								
Revenue return	–	(63)	(1)	(12)	(19)	(1)	(13)	(1)
Capital return	(1,380)	(14,818)	(443)	(939)	(1,970)	(313)	(1,201)	(63)
Impact on total return after tax for the year and net assets	**(1,380)**	**(14,881)**	**(444)**	**(951)**	**(1,989)**	**(314)**	**(1,214)**	**(64)**

For 2019, if sterling had weakened against the currencies shown, this would have had the following effect, with a strengthening of sterling having an equal and opposite effect with the exception of the Argentine Peso which is capped at 100% on the downside amounting to £26,000 for revenue returns and £877,000 for capital returns but on the upside revenue returns would increase by £70,000 and capital returns by £2,359,000:

2019	ARS £'000	BRL £'000	CLP £'000	COP £'000	MXN £'000	PEN £'000	UYU £'000	USD £'000
Statement of Comprehensive Income – return after tax								
Revenue return	(26)	(29)	–	(4)	(2)	–	(7)	(7)
Capital return	(877)	(5,427)	(23)	(208)	(113)	(132)	(592)	(142)
Impact on total return after tax for the year and net assets	**(903)**	**(5,456)**	**(23)**	**(212)**	**(115)**	**(132)**	**(599)**	**(149)**

Foreign exchange contracts. The Company has entered into derivative transactions, in the form of forward exchange contracts, to ensure that exposure to foreign denominated cashflows is appropriately hedged. The following forward contracts were outstanding at the Balance Sheet date:

Date of contract	Buy Currency	Sell Currency	Settlement date	Local currency Amount '000	Contracted rate	Unrealised gain/(loss) 31 August 2020 £'000
1 July 2020	GBP	USD	7 October 2020	91	1.3393	2
1 July 2020	MXN	GBP	7 October 2020	1,584	29.4384	(35)
9 July 2020	USD	GBP	7 October 2020	601	1.3393	(33)
23 July 2020	MXN	USD	7 October 2020	239	29.4384	6
10 August 2020	COP	USD	25 November 2020	290	0.0002	2
10 August 2020	USD	BRL	25 November 2020	213	1.3395	4
10 August 2020	USD	PEN	25 November 2020	1,977	1.3395	(9)
10 August 2020	GBP	USD	7 October 2020	2,162	1.3393	148
21 August 2020	USD	GBP	7 October 2020	41	1.3393	(1)

Date of contract	Buy Currency	Sell Currency	Settlement date	Local currency Amount '000	Contracted rate	Unrealised gain/(loss) 31 August 2019 £'000
4 June 2019	GBP	MXN	12 September 2019	610	24.4922	(24)
4 June 2019	USD	GBP	12 September 2019	638	1.2184	28
5 July 2019	GBP	USD	10 October 2019	1,336	1.2199	(44)
5 July 2019	MXN	GBP	10 October 2019	1,887	24.6403	(24)
11 July 2019	GBP	USD	10 October 2019	456	1.2199	(15)
11 July 2019	USD	MXN	10 October 2019	81	1.2199	3
26 July 2019	GBP	USD	10 October 2019	105	1.2199	(2)
15 August 2019	COP	USD	21 November 2019	1,241	0.0002	8
15 August 2019	MXN	GBP	10 October 2019	86	24.6403	(2)
15 August 2019	USD	BRL	21 November 2019	683	1.2217	18
16 August 2019	USD	PEN	21 November 2019	1,853	1.2217	5
21 August 2019	USD	GBP	10 October 2019	40	1.2199	–

The fair value of forward exchange contracts is based on forward exchange rates at the Balance Sheet date.

Notes to the Financial Statements Continued

A sensitivity analysis of foreign currency contracts is not presented as the Directors conclude that these are not significant given the short duration of the contracts and expected volatility of the respective foreign exchange rates over the term of the contracts.

(d) **Interest rate risk.** Interest rate risk is the risk that arises from fluctuating interest rates. Interest rate movements may affect:

– the fair value of the investments in fixed interest rate securities;
– the level of income receivable on cash deposits;
– interest payable on the Company's variable interest rate borrowings.

The interest rate risk applicable to a bond is dependent on the sensitivity of its price to interest rate changes in the market. The sensitivity depends on the bond's time to maturity, and the coupon rate of the bond.

Management of the risk. The possible effects on fair value and cash flows that could arise as a result of changes in interest rates are taken into account when making investment decisions.

Financial assets. The Company and its Subsidiary hold fixed rate government bonds with prices determined by market perception as to the appropriate level of yields given the economic background. Key determinants of market quoted prices include economic growth prospects, inflation, the relevant government's fiscal position, short-term interest rates and international market comparisons. The Investment Manager considers all these factors when making investment decisions. Each quarter the Board reviews the decisions made by the Investment Manager and receives reports on each market in which the Company and its Subsidiary invest together with economic updates.

Returns from bonds are fixed at the time of purchase, as the fixed coupon payments are known, as are the final redemption proceeds. This means that if a bond is held until its redemption date, the total return achieved is unaltered from its purchase date. However, over the life of a bond the market price at any given time will depend on the market environment at that time. Therefore, a bond sold before its redemption date is likely to have a different price to its purchase price and a profit or loss may be incurred.

Financial liabilities. The Company primarily finances its operations through use of equity and bank borrowings.

The Company has a revolving multi-currency facility, details of which are disclosed in note 11 on page 78.

The Board actively monitors its bank borrowings. A decision on whether to roll over its existing borrowings will be made prior to their maturity dates, taking into account the Company's policy of not having any fixed, long-term borrowings.

Interest rate exposure. The exposure at 31 August of financial assets and financial liabilities to interest rate risk is shown by reference to floating interest rates – when the interest rate is due to be re-set.

		2020		2019
	Within one year £'000	**Total £'000**	**Within one year £'000**	**Total £'000**
Exposure to floating interest rates				
Cash	306	306	459	459
Borrowings under loan facility	(5,500)	(5,500)	(6,000)	(6,000)
Total net exposure to interest rates	**(5,194)**	**(5,194)**	**(5,541)**	**(5,541)**

The Company does not have any fixed interest rate exposure to cash or bank borrowings at 31 August 2020 (2019 – nil). Interest receivable and finance costs are at the following rates:

– interest received on cash balances, or paid on bank overdrafts, is at a margin below LIBOR or its foreign currency equivalent (2019 – same).
– interest paid on borrowings under the loan facility was at a margin above LIBOR. The weighted average interest rate of these at 31 August 2020 was 1.470987% (2019- 1.819063%).

Interest rate sensitivity. A sensitivity analysis demonstrates the sensitivity of the Company's results for the year to a reasonably possible change in interest rates, with all other variables held constant.

The sensitivity of the profit/(loss) for the year is the effect of the assumed change in interest rates on:

– the net interest income for the year, based on the floating rate financial assets held at the Balance Sheet date; and
– changes in fair value of investments for the year, based on revaluing fixed rate financial assets and liabilities at the Balance Sheet date.

If interest rates had been 50 basis points higher or lower and all other variables were held constant, the Company's net interest for the year ended 31 August 2020 would decrease/increase by £26,000 (2019 – £28,000). This is attributable to the Company's exposure to interest rates on its floating rate cash balances and bank loan.

If interest rates had been 50 basis points higher and all other variables were held constant, a change in fair value of the Company's fixed income financial assets at the year ended 31 August 2020 of £14,793,000 (2019 – £21,590,000) would result in a decrease of £444,000 (2019 – £617,000). If interest rates had been 50 basis points lower and all other variables were held constant, a change in fair value of the Company's fixed rate financial assets at the year ended 31 August 2020 would result in an increase of £465,000 (2019 – £648,000).

(e) Liquidity risk. This is the risk that the Company will encounter difficulty in meeting obligations associated with financial liabilities.

Management of the risk. All of the Company's and its Subsidiary's portfolios are investments in quoted bonds and equities that are actively traded. The Company's level of borrowings is subject to regular review.

The Company's investment policy allows the Investment Manager to determine the maximum amount of the Company's resources that should be invested in any one company.

Liquidity risk exposure. The remaining contractual maturities of the financial liabilities at 31 August 2020, based on the earliest date on which payment can be required are as follows (borrowings under the loan facility are subject to a resetting of the interest rate upon maturity):

31 August 2020	Due within 3 months £'000	Due between 3 months and 1 year £'000	Due after 1 year £'000	Total £'000
Creditors: amounts falling due within one year				
Borrowings under the loan facility (including interest)	(5,504)	–	–	(5,504)
Amounts due on forward foreign currency contracts	(78)	–	–	(78)
Amounts due to brokers and accruals	(195)	–	–	(195)
	(5,777)	**–**	**–**	**(5,777)**

Notes to the Financial Statements Continued

31 August 2019	Due within 3 months £'000	Due between 3 months and 1 year £'000	Due after 1 year £'000	Total £'000
Creditors: amounts falling due within one year				
Borrowings under the loan facility (including interest)	(6,005)	–	–	(6,005)
Amounts due on forward foreign currency contracts	(111)	–	–	(111)
Amounts due to brokers and accruals	(233)	–	–	(233)
	(6,349)	**–**	**–**	**(6,349)**

(f) Credit risk. The failure of the counterparty to a transaction to discharge its obligations under that transaction could result in the Company or its Subsidiary suffering a loss. The Company is exposed to credit risk on debt instruments. These classes of financial assets are not subject to IFRS 9's impairment requirements as they are measured at FVTPL. The carrying value of these assets, under both IAS 39 and IFRS 9 represents the Company's maximum exposure to credit risk on financial instruments not subject to the IFRS 9 impairment requirements on the respective reporting dates (see table below "Credit Risk Exposure").

The Company's only financial assets subject to the expected credit loss model within IFRS 9 are cash and short–term other receivables. At 31 August 2020 the total of cash and short–term other receivables was £466,000 (2019 – £851,000).

As cash and short-term other receivables are impacted by the IFRS 9 model, the Company has adopted an approach similar to the simplified approach.

Management of the risk. Where the investment manager makes an investment in a bond, corporate or otherwise, where available, the credit rating of the issuer is taken into account so as to minimise the risk to the Company of default. Investment transactions are carried out with a number of brokers, whose credit-standing is reviewed regularly by ASFML, and limits are set on the amount that may be due from any one broker; the risk of counterparty exposure due to failed trades causing a loss to the Company or its Subsidiary is mitigated by the review of failed trade reports on a daily basis. In addition, the administrator carries out both cash and stock reconciliations to the custodians' records on a daily basis to ensure discrepancies are detected on a timely basis.

Cash is held only with reputable banks with high quality external credit ratings. None of the Company's or its Subsidiary's financial assets have been pledged as collateral.

Credit risk exposure. In summary, compared to the amounts included in the Balance Sheet, the maximum exposure to credit risk at 31 August was as follows:

		2020		2019
	Balance Sheet £'000	Maximum exposure £'000	Balance Sheet £'000	Maximum exposure £'000
Non-current assets				
Bonds at fair value through profit or loss[A]	14,793	14,793	21,590	21,590
Current assets				
Cash	306	306	459	459
Other receivables	160	160	392	392
Forward foreign currency contracts	162	162	62	62
	15,421	**15,421**	**22,503**	**22,503**

[A] Includes quoted bonds held by the Company and its Subsidiary on an aggregated basis. For more detail on these bonds refer to page 29.

None of the Company's and Subsidiary's financial assets are secured by collateral or other credit enhancements and none are past their due date or impaired.

Credit ratings. The table below provides a credit rating profile using Standard and Poors credit ratings for the bond portfolio at 31 August 2020 and 31 August 2019:

	2020 £'000	2019 £'000
A–	1,488	7,632
BB–	4,166	8,195
BBB+	3,556	–
BBB	2,120	2,661
BBB–	2,477	2,598
Non-rated	986	504
	14,793	**21,590**

At 31 August 2020 the Standard and Poors credit ratings agency did not provide a rating for a Colombian bond, a Peruvian bond and an Uruguayan bond (2019 – an Argentinian bond and an Uruguayan corporate bond) held by the Company and were accordingly categorised as non–rated in the table above. It is however noted that Moodys credit ratings agency do provide an A3 rating for the Peruvian bond valued at £429,000 (2019 – £478,000) and Fitch a BBB– rating for the Uruguayan bond valued at £103,000 (2019 – £454,000).

At 31 August 2020 the Company held cash of £306,000 (2019 – £459,000) with BNP Paribas SA, which has a credit rating of A–1 (2019 – A-1) with Standard and Poors. No ECL adjustments have been made since the risk is considered negligible.

Notes to the Financial Statements Continued

16. Capital management policies and procedures. The Company's capital management objectives are:

– to ensure that it will be able to continue as a going concern; and
– to maximise the income and capital return to its Equity Shareholders through equity capital and debt.

The Company's capital at 31 August 2020 comprises its equity capital and reserves that are shown in the Balance Sheet at a total of £32,355,000 (2019 – £47,755,000). As at 31 August 2020 gross debt as a percentage of net assets stood at 17.0% (2019 – 12.6%).

The Board, with the assistance of Aberdeen Standard Investments, monitors and reviews the broad structure of the Company's capital on an ongoing basis. This review includes:

– the planned level of gearing, which takes account of Aberdeen Standard Investment's views on the market;
– the need to buy back Ordinary shares for cancellation or treasury, which takes account of the difference between the net asset value per share and the share price (i.e. the level of share price discount);
– the need for new issues of Ordinary shares, including issues from treasury; and
– the extent to which distributions from reserves may be made.

The Company's objectives, policies and processes for managing capital are unchanged from the preceding accounting period.

17. Related party transactions

Directors' interests. Fees payable during the year to the Directors are disclosed within the Directors' Remuneration Report on pages 51 to 53 and in note 6 on page 74.

Transactions with the Manager. Under the terms of the management agreement with the Company, ASCIL is entitled to receive both a management fee and a company secretarial and administration fee. Details of the management fee arrangements are presented in note 5 on page 74.The company secretarial and administration fee is based on an annual amount of £125,000 (2019 – £122,000), increasing annually in line with any increases in the UK Retail Prices Index, payable quarterly in arrears. During the year £42,000 (2019 – £73,000) was payable after the deduction of a rebate £83,000 (2019 – £49,000) to bring the OCR down to 2.0%, with £42,000 (2019 – £42,000) outstanding at the period end.

The Manager has agreed to ensure that the Company's OCR will not exceed 2.0% when calculated annually as at 31 August. Until further notice, to the extent that the OCR ever exceeds 2.0% the Manager will rebate part of its fees in order to bring that ratio down to 2.0%.

Subsidiary. The Company owns 100% of the share capital of the Subsidiary. Details of the movements in the investment are presented in note 10 on page 77.

18. Controlling party. The Company has no immediate or ultimate controlling party.

19. Fair value hierarchy. IFRS 13 requires an entity to classify fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements.

The Company has classified fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities;
Level 2: inputs other than quoted prices included within Level 1 that are observable for the assets or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Financial assets and financial liabilities are either carried in the balance sheet at their fair value (investments and forward currency contracts) or the balance sheet amount is a reasonable approximation of fair value (due from brokers, dividends and interest receivable, due to brokers, accruals, cash at bank and amounts due under the loan facility).

The financial assets and liabilities measured at fair value in the Balance Sheet grouped into the fair value hierarchy at 31 August 2020 are as follows:

	Note	Level 1 £'000	Level 2 £'000	Total £'000
Financial assets/(liabilities) at fair value through profit or loss				
Quoted equities	a)	10,647	–	10,647
Quoted bonds	b)	–	10,627	10,627
Investment in Subsidiary	c)	–	16,230	16,230
		10,647	26,857	37,504
Forward foreign currency contracts	d)	–	162	162
Forward foreign currency contracts	d)	–	(78)	(78)
Net fair value		**10,647**	**26,941**	**37,588**

As at 31 August 2019	Note	Level 1 £'000	Level 2 £'000	Total £'000
Financial assets/(liabilities) at fair value through profit or loss				
Quoted equities	a)	15,077	–	15,077
Quoted bonds	b)	–	13,395	13,395
Investment in Subsidiary	c)	–	24,855	24,855
		15,077	38,250	53,327
Forward foreign currency contracts	d)	–	62	62
Forward foreign currency contracts	d)	–	(111)	(111)
Net fair value		**15,077**	**38,201**	**53,278**

There were no assets for which significant unobservable inputs (Level 3) were used in determining fair value during the years ended 31 August 2020 and 31 August 2019. For the years ended 31 August 2020 and 31 August 2019 there were no transfers between any levels.

a) **Quoted equities.** The fair value of the Company's investments in quoted equities has been determined by reference to their quoted bid prices at the reporting date. Quoted equities included in Fair Value Level 1 are actively traded on recognised stock exchanges.

b) **Quoted bonds.** The fair value of Level 2 quoted bonds has been determined by reference to their quoted bid prices within markets not considered to be active. Index linked bonds are adjusted for indexation arising from the movement of the consumer prices index within the country of their incorporation.

c) **Investment in Subsidiary.** The Company's investment in its Subsidiary is categorised in Fair Value Level 2 as its fair value has been calculated with reference to its unadjusted net asset value. The net asset value is primarily driven by the value of underlying investments, which are all valued using unadjusted quoted prices, and other net assets held at amortised cost, including cash. There are no significant inputs used for the valuation that are not observable to the Directors.

d) **Forward foreign currency contracts.** The fair value of forward currency contracts is calculated by reference to current forward exchange rates for contracts with similar maturity profiles.

Notes to the Financial Statements Continued

20. Analysis of changes in financial liabilities during the year. The following tables shows the movements of financial liabilities in the Statement of Financial Position during the years ended 31 August 2020 and 31 August 2019 :

	At 1 September 2019 £000	Cash flows £000	Other movements[A] £000	At 31 August 2020 £000
Financing activities				
Bank loan	(6,000)	500	–	(5,500)
Amounts due relating to repurchase of own shares	(28)	652	(624)	–
Total	**(6,028)**	**1,152**	**(624)**	**(5,500)**

	At 1 September 2018 £000	Cash flows £000	Other movements[A] £000	At 31 August 2019 £000
Financing activities				
Bank loan	(6,500)	500	–	(6,000)
Amounts due relating to repurchase of own shares	(12)	1,469	(1,485)	(28)
Total	**(6,512)**	**1,969**	**(1,485)**	**(6,028)**

[A] The other movements column represents the cost of repurchasing own shares as disclosed in the Statement of Changes in Equity.

21. Subsequent events. There have been no events subsequent to the year end, which the Directors consider would have a material impact on the financial statements.

Corporate Information

The Company's Investment Manager is Aberdeen Asset Managers Limited, a subsidiary of Standard Life Aberdeen plc, whose group of companies had £511.8 billion of assets under management and administration as at 30 June 2020.

Information about the Investment Manager

The Company is managed by Aberdeen Standard Capital International Limited ("ASCIL") which is registered with the Jersey Financial Services Commission ("JFSC") for the conduct of fund services business. The investment management of the Company has been delegated to Aberdeen Asset Managers Limited ("AAML"). ASCIL and AAML are both wholly owned subsidiaries of Standard Life Aberdeen plc. Aberdeen Standard Investments is a brand of the investment business of Standard Life Aberdeen plc.

Aberdeen Standard Investments assets under management and administration were £511.8 billion as at 30 June 2020, managed for a range of clients including 23 UK-listed closed end investment companies.

The Investment Team Senior Managers

Devan Kaloo
Global Head of Equities – Equities, EMEA

MA (Hons) in Management and International Relations from The University of St Andrews. Joined Aberdeen Standard Investments from Martin Currie in 2000 on the Asian portfolio team.

Viktor Szabó
Senior Investment Manager – Fixed Income, EMEA

MSc from the Corvinus University of Budapest. Joined Aberdeen Standard Investments in 2009 having previously worked for Credit Suisse and the National Bank of Hungary.

Brett Diment
Head of Global Emerging Market Debt – Fixed Income, EMEA

BSc from the London School of Economics. Joined Aberdeen Standard Investments in 2005 having previously worked for Deutsche Bank. He joined Deutsche in 1991 as a graduate and started researching emerging markets in 1995.

Brunella Isper
Investment Manager – Equities, GEM

Bachelor of Public Administration (BPA) from Fundação Getúlio Vargas - EAESP, Brazil. Joined Aberdeen Standard Investments in 2010 from Bresser Asset Management where she worked as an Equity Research Analyst.

Mubashira Bukhari Khwaja
Investment Manager – Equities

MSc in Wealth Management from Singapore Management University and MSc in Economics from Lahore University of Management Sciences. Joined Aberdeen Standard Investments in 2007 from KASB Bank where she was a manager in the service quality division.

The Investment Process

Although the Investment Manager is an active long-only manager, its investment philosophy and approach has absolute return characteristics. Its investment process is robust and characterised by its discipline, consistency and independence. The Investment Manager is not benchmark-driven and, accordingly, its fund managers do not invest in stocks that fail to meet its investment criteria.

Portfolios are managed on a team basis, with individual fund managers doing their own research and analysis. Each asset class has a model portfolio that contains the team's best ideas for that asset class and forms the basis for constructing individual portfolios focused on that asset class.

The Investment Manager selects securities for the Company's portfolio employing the investment strategies established by the Global Emerging Market Equity and Global Emerging Market Debt teams. These teams, which comprise the investment team with responsibility for managing the Company's portfolio, have similar investment philosophies which focus on careful security selections, based on propriety research and the application of a disciplined investment process.

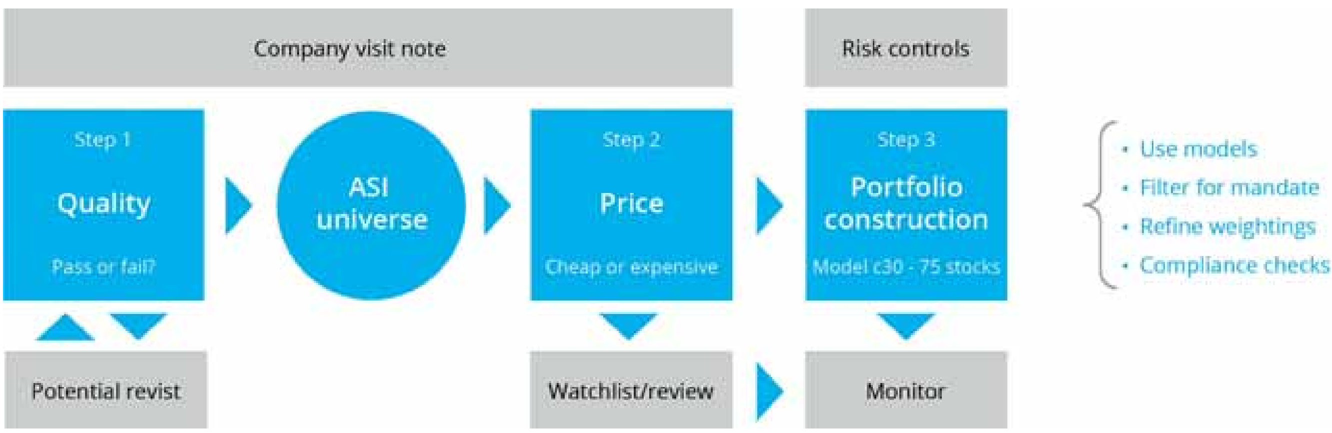
The Investment Manager regularly monitors and makes allocation decisions to determine the Company's portfolio weightings of, in particular, equity and equity-related investments and fixed income investments. Allocations between equity and equity-related investments and fixed income investments will vary according to the relative value and opportunities identified.

As markets change over time, the Company's flexibility allows the Investment Manager to modify the Company's asset allocation in response to changing economic cycles. Whilst the Company's investment policy commits it to invest in the Latin American region, investment opportunities in the region are such that the geographic exposure of the Company's portfolio may be concentrated on a relatively small number of countries and/or securities from time to time.

Socially Responsible Investing

The Directors, through the Investment Manager, encourage companies in which investments are made to adhere to best practice in the area of Corporate Governance and Socially Responsible Investing. They believe that this can best be achieved by entering into a dialogue with company management to encourage them, where necessary, to improve their policies in both areas.

The Investment Manager's ultimate objective, however, is to deliver superior investment return for their clients. Accordingly, whilst the Investment Manager will seek to favour companies which pursue best practice in these areas, this must not be to the detriment of the return on the investment portfolio.



Investor Information

Direct

Investors can buy and sell shares in the Company directly through a stockbroker or indirectly through a lawyer, accountant or other professional adviser. Alternatively shares can be bought directly through the Aberdeen Standard Investment Plan for Children, Aberdeen Standard Investment Trust Share Plan and Investment Trust ISA.

Suitable for Retail/NMPI Status

The Company's securities are intended for investors primarily in the UK (including retail investors), professional-advised private clients and institutional investors who want to benefit from the growth prospects of Latin American companies by investment in an investment company and who understand and are willing to accept the risks of exposure to equities, bonds and foreign currencies. Investors should consider consulting a financial adviser who specialises in advising on the acquisition of shares and other securities before acquiring shares. Investors should be capable of evaluating the risks and merits of such an investment and should have sufficient resources to bear any loss that may result.

The Company currently conducts its affairs so that the Ordinary shares can be recommended by a financial advisor to ordinary retail investors in accordance with the FCA's rules in relation to non-mainstream pooled investments (NMPIs) and intends to continue to do so for the foreseeable future. The Company's securities are excluded from the FCA's restrictions which apply to NMPIs because the Company would qualify as an investment company if the Company were based in the UK.

Aberdeen Standard Investment Plan for Children

Aberdeen Standard Investments runs an Investment Plan for Children (the "Children's Plan") which covers a number of investment companies under its management including the Company. Anyone can invest in the Children's Plan, including parents, grandparents and family friends (subject to the eligibility criteria as stated within the terms and conditions). All investments are free of dealing charges on the initial purchase of shares, although investors will suffer the bid-offer spread, which can, on some occasions, be a significant amount. Lump sum investments start at £150 per trust, while regular savers may invest from £30 per month. Investors simply pay Government Stamp Duty (currently 0.5%) where applicable on entry. Selling costs are £10 + VAT. There is no restriction on how long an investor need invest in the Children's Plan, and regular savers can stop or suspend participation by instructing Aberdeen Standard Investments in writing at any time. In common with other schemes of this type, all investments are held in nominee accounts. Investors have full voting and other rights of share ownership.

Aberdeen Standard Investment Trust Share Plan

Aberdeen Standard Investments runs a Share Plan (the "Plan") through which shares in the Company can be purchased. There are no dealing charges on the initial purchase of shares, although investors will suffer the bid-offer spread, which can, on some occasions, be a significant amount. Lump sum investments start at £250, while regular savers may invest from £100 per month. Investors simply pay Government Stamp Duty (currently 0.5%) where applicable on entry. Selling costs are £10 + VAT. There is no restriction on how long an investor need invest in a Plan, and regular savers can stop or suspend participation by instructing Aberdeen Standard Investments in writing at any time. In common with other schemes of this type, all investments are held in nominee accounts. Investors have full voting and other rights of share ownership.

Aberdeen Standard Investment Trust ISA

Aberdeen Standard Investments operates an Investment Trust ISA ("ISA") through which an investment may be made of up to £20,000 in the tax year 2020/2021.

There are no brokerage or initial charges for the ISA, although investors will suffer the bid-offer spread, which can, on some occasions, be a significant amount. Investors only pay Government Stamp Duty (currently 0.5%) on purchases where applicable. Selling costs are £15 + VAT. The annual ISA administration charge is £24 + VAT, calculated annually and applied on 31 March (or the last business day in March) and collected soon thereafter either by direct debit or, if there is no valid direct debit mandate in place, from the available cash in the Plan prior to the distribution or reinvestment of any income, or, where there is insufficient cash in the Plan, from the sale of investments held in the Plan. Investors have full voting and other rights of share ownership. Under current legislation, investments in ISAs can grow free of capital gains tax.

Nominee Accounts and Voting Rights

In common with other schemes of this type, all investments in the Aberdeen Standard Investment Trust Share Plan, Investment Plan for Children and Investment Trust ISA are held in nominee accounts and investors have full voting and other rights of share ownership.

ISA Transfer

Investors can choose to transfer previous tax year investments to us which can be invested in Aberdeen Latin American Income Fund Limited while retaining their ISA wrapper. The minimum lump sum for an ISA transfer is £1,000 and is subject to a minimum per investment company of £250.

Note

Please remember that past performance is not a guide to the future. Stock market and currency movements may cause the value of Ordinary shares and the income from them to fall as well as rise and investors may not get back the amount they originally invested.

As with all equity investments, the value of investment companies purchased will immediately be reduced by the difference between the buying and selling prices of the shares, the market maker's spread.

Investors should further bear in mind that the value of any tax relief will depend on the individual circumstances of the investor and that tax rates and reliefs, as well as the tax treatment of ISAs may be changed by future legislation.

Shareholder Enquiries

In the event of queries regarding their holdings of shares, lost certificates, dividend payments, registered details, etc shareholders holding their shares in the Company directly should contact the Company's Registrar, whose details are set out below.

Any general enquiries about the Company should be directed to the Company Secretary, Aberdeen Standard Capital International Limited, Sir Walter Raleigh House, 48 – 50 Esplanade, St Helier, Jersey, JE2 3QB or by email company.secretary@aberdeenstandard.com.

If you have any questions about an investment held through the Aberdeen Standard Investment Trust Share Plan, Stocks and Shares ISA or Investment Plan for Children, please telephone the Manager's Customer Services Department on 0808 500 0040. Alternatively, email inv.trusts@aberdeenstandard.com or write to Aberdeen Standard Investment Trusts, PO Box 11020, Chelmsford, Essex CM99 2DB."

Details are also available on **invtrusts.co.uk.**

Terms and Conditions for Aberdeen Standard Investments managed savings products can also be found under the Literature section of our website at **invtrusts.co.uk**.

Keeping You Informed

Further information about the Company may be found on its dedicated website: **latamincome.co.uk.**

This provides access to information on the Company's share price performance, capital structure, London Stock Exchange announcements, current and historic Annual and Half-Yearly Reports, and the latest monthly factsheet on the Company issued by the Manager.

Twitter:
twitter.com/AberdeenTrusts

LinkedIn:
linkedin.com/company/aberdeen-standard-investment-trusts

Alternatively, please call **0808 500 0040** (Freephone), email **inv.trusts@aberdeenstandard.com** or write to the address for Aberdeen Standard Investment Trusts stated above.

Details are also available at: **invtrusts.co.uk**.

Registrars

For further information concerning any direct certificated shareholding, please contact the Company's registrars:

Computershare Investor Services (Jersey) Limited
13 Castle Street
St Helier
Jersey JE1 1ES

Tel: +44 (0) 370 707 4040
Fax : +44 (0) 370 873 5851

Calls to' 03' numbers cost no more than a national rate call to an '01' or "02' number and must count towards any inclusive minutes in the same way as '01' and '02' numbers. These rules apply to calls from any type of line including mobile, BT, other fixed line and payphone.

Online dealing providers

There are a number of other ways in which you can buy and hold shares in this investment company.

Investor Information Continued

Online dealing

There are a number of online dealing platforms for private investors that offer share dealing, ISAs and other means to invest in the company. Real-time execution-only stockbroking services allow investors to trade online, manage their portfolios and buy UK listed shares. These sites do not give advice. Some comparison websites also look at dealing rates and terms. Some well-known online providers, which can be found through internet search engines, include:

- AJ Bell Youinvest
- Barclays Stockbrokers / Smart Investor
- Charles Stanley Direct
- EQi
- Halifax Share Dealing
- Hargreave Hale
- Hargreaves Lansdown
- iDealing
- Interactive Investor / TD Direct
- Selftrade
- The Share Centre
- Stocktrade

Discretionary private client stockbrokers

If you have a large sum to invest, you may wish to contact a discretionary private client stockbroker. They can manage your entire portfolio of shares and will advise you on your investments. To find a private client stockbroker visit the Personal Investment and Financial Advice Association at **pimfa.co.uk.**

Financial advisers

To find an adviser who recommends on investment trusts, visit **unbiased.co.uk**.

Regulation of stockbrokers

Before approaching a stockbroker, always check that they are regulated by the Financial Conduct Authority:

Telephone: 0800 111 6768
Email: register@fca.org.uk
register.fca.org.uk

Investor Warning: Be alert to share fraud and boiler room scams

Aberdeen Standard Investments has been contacted by investors informing that they have received telephone calls and emails from people who have offered to buy their investment company shares, purporting to work for Aberdeen Standard Investments or for third party firms. Aberdeen Standard Investments has also been notified of emails claiming that certain investment companies under its management have issued claims in the courts against individuals. These may be scams which attempt to gain investors' personal information with which to commit identity fraud or could be 'boiler room' scams where a payment from them is required to release the supposed payment for their shares.

These callers/senders do not work for Aberdeen Standard Investments and any third party making such offers/claims has no link with the Manager.

Aberdeen Standard Investments does not 'cold-call' investors in this way. If you have any doubt over the veracity of a caller, do not offer any personal information, end the call and contact Aberdeen Standard Investment's investor services centre using the details on the 'Contact Us' page.

The Financial Conduct Authority provides advice with respect to share fraud and boiler room scams: **www.fca.org.uk/consumers/scams**

The information above has been approved for the purposes of Section 21 of the Financial Services and Markets Act 2000 (as amended by the Financial Services Act) by Aberdeen Asset Managers Limited which is authorised and regulated by the Financial Conduct Authority.

Glossary

AAML or the Investment Manager
Aberdeen Asset Managers Limited is a wholly owned subsidiary of Standard Life Aberdeen plc and acts as the Company's investment manager.

Standard Life Aberdeen plc
Standard Life Aberdeen plc was formed by the merger of Aberdeen Asset Management PLC and Standard Life plc on 14 August 2017.

Aberdeen Standard Fund Managers Limited
The Company's management agreement with ASCIL provides for the provision of company secretarial and administration services. This agreement has been sub–delegated to Aberdeen Standard Fund Managers Limited.

Aberdeen Standard Investments
Aberdeen Standard Investments is a brand of the investment businesses of Standard Life Aberdeen plc.

Standard Life Aberdeen Group
The Standard Life Aberdeen group of companies.

Aberdeen Standard Capital International Limited or ASCIL
The Company is managed by Aberdeen Standard Capital International Limited ("ASCIL"), which is registered with the Jersey Financial Services Commission ("JFSC") for the conduct of fund services business and is a wholly owned subsidiary of Standard Life Aberdeen plc.

AIC
The Association of Investment Companies – the AIC is the trade body for closed-ended investment companies (**theaic.co.uk**).

AIFMD
The Alternative Investment Fund Managers Directive – The AIFMD is European legislation which created a European-wide framework for regulating managers of 'alternative investment funds' ("AIFs"). It is designed to regulate any fund which is not a UCITS (Undertakings for Collective Investments in Transferable Securities) fund and which is managed/marketed in the EU. The Company has been designated as an AIF.

Alternative Performance Measures
Alternative performance measures are numerical measures of the Company's current, historical or future performance, financial position or cash flows, other than financial measures defined or specified in the applicable financial framework. The Company's applicable financial framework includes IFRSs and the AIC SORP. The Directors assess the Company's performance against a range of criteria which are viewed as particularly relevant for closed-end investment companies. These are disclosed in more detail on pages 99 and 100.

Disclosure, Guidance and Transparency Rules or DTRs
The DTRs contain requirements for publishing and distributing annual financial reports, half-yearly financial reports and other regulatory statements, and are applicable to investment companies which are listed on the main market of the London Stock Exchange.

Dividend Cover
Earnings per share divided by dividends per share expressed as a ratio.

Dividend Yield
The annual dividend expressed as a percentage of the share price.

Due to / from brokers
Outstanding settlements with the brokers at the financial year-end.

Financial Conduct Authority or FCA
The FCA issues the Listing Rules and is responsible for the regulation of AAML.

KID
Key Information Document. A KID is a stand-alone, standardised document prepared for each investment vehicle containing detailed information on that investment vehicle.

Net Asset Value or NAV
The value of total assets less liabilities. Liabilities for this purpose includes current and long-term liabilities. The net assets divided by the number of shares in issue produces the NAV per share.

Net Gearing
Net gearing is calculated by dividing total borrowings less cash or cash equivalents (adjusted for amounts due to / from brokers) by Shareholders' funds expressed as a percentage.

Ongoing Charges Ratio or OCR
Ongoing Charges Ratio. The ratio of expenses as a percentage of the average daily Shareholders' funds calculated as per the Association of Investment Companies (AIC) industry standard method.

Glossary Continued

Ordinary Shares
The Ordinary shares give Ordinary Shareholders the entitlement to all of the capital growth in the Company's assets and to all the income from the Company that is resolved to be distributed. The Ordinary shares are in registered form and traded on the London Stock Exchange's Main Market. Subject to the Articles of Association, which include the provisions of Chapter 5 of the United Kingdom Listing Authority's Disclosure Guidance and Transparency Rules relating to the requirement of persons to disclose their interests in shares, on a show of hands every registered holder of Ordinary shares (a Shareholder) who is present in person (or, being a corporation, by representative) shall have one vote. On a poll every Shareholder present in person (or, being a corporation, by representative) or by proxy shall be entitled to one vote in respect of each Ordinary share held by him or her. In the case of joint holders, the vote of the senior who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the votes of the other joint holders, and for this purpose seniority shall be determined by the order in which the names stand in the register of members in respect of the shares.

PIDD
Pre-Investment Disclosure Document. Aberdeen Standard Investments and the Company are required to make certain disclosures available to investors in accordance with the AIFMD. Those disclosures that are required to be made pre-investment are included within a pre-investment disclosure document, a copy of which can be found on the Company's website.

PRIIPS
The Packaged Retail and Insurance-based Investment Products Regulation. A PRIIP is defined as an investment where, regardless of its legal form, the amount repayable to the retail investor is subject to fluctuations because of exposure to reference values or to the performance of one or more assets that are not directly purchased by the retail investor.

Price/Earnings Ratio
The ratio is calculated by dividing the middle-market price per share by the earnings per share. The calculation assumes no change in earnings but in practice the multiple reflects the stock market's view of a company's prospects and profit growth potential.

Prior Charges
The name given to all borrowings including debentures, loan and short-term loans and overdrafts that are to be used for investment purposes, reciprocal foreign currency loans, currency facilities to the extent that they are drawn down, index-linked securities, and all types of preference or preferred capital, irrespective of the time until repayment.

Share Price Discount or Premium
The discount is the amount by which the market price per share of an investment company is lower than the NAV per share. The discount is normally expressed as a percentage of the NAV share. The premium is the amount by which the market price per share of an investment company exceeds the NAV per share. The premium is normally expressed as a percentage of the NAV per share.

Subsidiary
The Company has a wholly owned subsidiary, Aberdeen Latin American Income Fund LLC, registered in Delaware. The Subsidiary is used to hold certain investments as part of the efficient management of the group.

Total Assets
Total assets less current liabilities (before deducting prior charges as defined above).

Total Return
Total Return involves reinvesting the net dividend in the month that the share price goes ex dividend. The NAV Total Return involves investing the same net dividend in the NAV of the Company on the date to which that dividend was earned, e.g. quarter end, half year or year end date.

Voting Rights
In accordance with the Articles of Association, on a show of hands, every member (or duly appointed proxy) present at a general meeting of the Company has one vote; and, on a poll, every member present in person or by proxy shall have one vote for Ordinary share held.

Alternative Performance Measures

Alternative performance measures are numerical measures of the Company's current, historical or future performance, financial position or cash flows, other than financial measures defined or specified in the applicable financial framework. The Company's applicable financial framework includes IFRS and the AIC SORP. The Directors assess the Company's performance against a range of criteria which are viewed as particularly relevant for closed-end investment companies.

Total return. NAV and share price total returns show how the NAV and share price have performed over a period of time in percentage terms, taking into account both capital returns and dividends paid to shareholders. NAV total return involves investing the net dividend in the NAV of the Company with debt at fair value on the date on which that dividend goes ex-dividend. Share price total return involves reinvesting the net dividend in the share price of the Company on the date on which that dividend goes ex-dividend.

The tables below provide information relating to the NAVs and share prices of the Company on the dividend reinvestment dates during the years ended 31 August 2020 and 31 August 2019.

2020	Dividend rate	NAV	Share price
31 August 2019	N/A	82.34p	69.20p
26 September 2019	0.875p	82.60p	71.50p
19 December 2019	0.875p	82.61p	71.60p
14 May 2020	0.875p	51.57p	40.60p
9 July 2020	0.875p	61.28p	52.50p
31 August 2020	N/A	56.65p	49.15p
Total return		**–27.5%**	**–24.4%**

2019	Dividend rate	NAV	Share price
31 August 2018	N/A	70.34p	60.80p
4 October 2018	0.875p	74.32p	64.40p
20 December 2018	0.875p	75.32p	63.30p
2 May 2019	0.875p	77.36p	66.00p
4 July 2019	0.875p	87.24p	74.60p
31 August 2019	N/A	82.34p	69.20p
Total return		**+22.4%**	**+19.9%**

Discount to net asset value per Ordinary share. The discount is the amount by which the share price of 49.15p (31 August 2019 – 69.20p) is lower than the net asset value per Ordinary share of 56.65p (31 August 2019 – 82.34p), expressed as a percentage of the net asset value per share per Ordinary share.

Dividend cover. Revenue return per Ordinary share of 2.21p (31 August 2019 – 4.27p) divided by dividends per Ordinary share of 3.50p (31 August 2019 – 3.50p) expressed as a ratio.

Net gearing. Net gearing measures the total borrowings of £5,500,000 (31 August 2019 – £6,000,000) less cash and cash equivalents of £306,000 (31 August 2019 – £535,000) divided by shareholders' funds of £32,355,000 (31 August 2019 – £47,755,000), expressed as a percentage. Under AIC reporting guidance cash and cash equivalents includes net amounts due to and from brokers of £nil (31 August 2019 – £76,000) at the year end as well as cash at bank and in hand of £306,000 (31 August 2019 – £459,000).

Alternative Performance Measures Continued

Ongoing charges. The ongoing charges ratio has been calculated in accordance with guidance issued by the AIC as the total of investment management fees and administrative expenses and expressed as a percentage of the average net asset values with debt at fair value throughout the year.

	2020	2019
Investment management fees (£'000)	449	533
Administrative expenses (£'000)	386	411
Less: non-recurring charges (£'000)	(33)	(10)
Ongoing charges (£'000)	**802**	**934**
Average net assets (£'000)	**40,107**	**46,712**
Ongoing charges ratio	**2.00%**	**2.00%**

The ongoing charges ratio provided in the Company's Key Information Document is calculated in line with the PRIIPs regulations which amongst other things, includes the cost of borrowings and transaction costs.

Your Company's Share Capital History

Issued Share Capital at 31 August 2020

57,113,324 Ordinary shares of no par value issued and allotted
6,107,500 Ordinary shares of no par value held in treasury

Capital History

16 August 2010
52,106,185 Ordinary shares placed at 100p per share, 5,210,618 Subscription shares issued at 10.5p per Subscription share (to AAML) and 5,210,618 Subscription shares issued free to share issue applicants on the basis of one Subscription share for every 10 Ordinary shares applied for.

3 February 2012
15,597,185 C shares issued at 100p per C share under the terms of a Placing and Offer pursuant to a Prospectus published on 20 January 2012.

11 April 2012
14,466,389 new Ordinary shares issued and listed following the conversion of the C shares on the basis of 0.9275 Ordinary shares for every one C share held.

Year ended 31 August 2014
990,000 Ordinary shares bought into treasury.

100 new Ordinary shares issued at 120p per share following the conversion of 100 Subscription shares in the period to 31 December 2013.

Year ended 31 August 2015
560,000 Ordinary shares bought into treasury.
150 new Ordinary shares issued at 120p per share following the conversion of 150 Subscription shares in the period to 31 December 2014.

Year ended 31 August 2016
870,000 Ordinary shares bought into treasury.

On 31 December 2015, the final subscription date for the Subscription Shares, all 10,420,986 Subscription Shares outstanding expired worthless and were subsequently cancelled.

Year ended 31 August 2017
2,015,000 Ordinary shares purchased for treasury.

Year ended 31 August 2018
1,672,500 Ordinary shares purchased for treasury and 290,000 Ordinary shares purchased for cancellation

Year ended 31 August 2019
2,175,000 Ordinary shares purchased for cancellation

Year ended 31 August 2020
887,000 Ordinary shares purchased for cancellation

Alternative Investment Fund Managers Directive Disclosures (Unaudited)

Aberdeen Standard Investments and the Company are required to make certain disclosures available to investors in accordance with the Alternative Investment Fund Managers Directive ("AIFMD"). Those disclosures that are required to be made pre-investment are included within a pre-investment disclosure document ("PIDD") which can be found on the Company's website latamincome.co.uk. There have been no material changes to the disclosures contained within the PIDD since last publication in 2019. The periodic disclosures as required under the AIFMD to investors are made below:

- Information on the investment strategy, geographic and sector investment focus and principal stock exposures are included in the Strategic Report.
- None of the Company's assets are subject to special arrangements arising from their illiquid nature.
- The Strategic Report, note 15 to the Financial Statements and the PIDD together set out the risk profile and risk management systems in place. There have been no changes to the risk management systems in place in the period under review and no breaches of any of the risk limits set, with no breach expected.
- There are no new arrangements for managing the liquidity of the Company or any material changes to the liquidity management systems and procedures employed by ASCIL.
- In accordance with the requirements of the AIFMD, the Manager's remuneration policy is available from the Company Secretary, Aberdeen Standard Capital International Limited on request (see contact details on page 107) and the remuneration disclosures in respect of the ASCIL reporting period for the year ended 30 September 2019 and the period to 31 December 2019 are available on the Company's website.

The above information entitled 'Alternative Investment Fund Managers Directive Disclosure (unaudited)' has been approved for the purposes of Section 21 of the Financial Services and Markets Act 2000 (as amended by the Financial Services Act 2012) by Aberdeen Standard Fund Managers Limited which is authorised and regulated by the Financial Conduct Authority.

General

The Company's Annual General Meeting will take place on Thursday, 10 December 2020 at 10.00am at Sir Walter Raleigh House, 48 -50 Esplanade, St Helier, Jersey JE2 3QB.

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN that the tenth Annual General Meeting of Aberdeen Latin American Income Fund Limited will be held at Sir Walter Raleigh House, 48 – 50 Esplanade, St Helier, Jersey JE2 3QB, at 10.00 a.m. on 10 December 2020 for the following purposes:

Ordinary Business

As ordinary business to consider and, if thought fit, pass the following resolutions as ordinary resolutions:

1. To receive the Directors' Report and financial statements for the year ended 31 August 2020, together with the auditor's report thereon.
2. To receive and adopt the Directors' Remuneration Report (other than the Directors' Remuneration Policy) for the year ended 31 August 2020.
3. To approve the Directors' Remuneration Policy.
4. To approve the Company's Dividend Policy to continue to pay four interim dividends per year.
5. To re-elect Hazel Adam as a Director.
6. To re-elect Heather MacCallum as a Director.
7. To re-elect Richard Prosser as a Director.
8. To elect Howard Myles as a Director
9. To appoint PricewaterhouseCoopers CI LLP as independent auditor.
10. To authorise the Directors to agree the remuneration of the independent auditor.

Special Business

As special business, to consider the following resolutions, each of which will be proposed as special resolutions:

11. THAT, the Company be and is hereby generally and unconditionally authorised in accordance with the Articles of Association to make market purchases on a stock exchange of, and to cancel or hold in treasury, Ordinary shares of no par value in the capital of the Company ("Ordinary shares"), provided that:
    a) the maximum number of Ordinary shares hereby authorised to be purchased is 14.99% of the issued share capital of the Company as at the date of the passing of this resolution;
    b) the maximum price which may be paid for an Ordinary share shall not be more than the higher of (i) an amount equal to 105% of the average of the middle market quotations for an Ordinary share taken from the Official List for the 5 business days immediately preceding the day on which the Ordinary share is purchased; and (ii) the higher of the last independent trade and the current highest independent bid on the trading venue where the purchase is carried out;
    c) the minimum price which may be paid for an Ordinary share is 1 pence; and
    d) the authority hereby conferred shall expire at the conclusion of the Annual General Meeting of the Company in 2021 or, if earlier, on the expiry of 18 months from the passing of this resolution, unless such authority is renewed prior to such time.

Disapplication of Pre-emption Rights

12. THAT, for the purposes of Article 7.2 of the Company's Articles of Association the Company may issue equity securities (as defined in that Article) up to a maximum amount of 5,711,332 Ordinary shares representing 10% of the total number of Ordinary shares in issue as at the date of this resolution, provided that such disapplication shall expire (unless and to the extent previously revoked, varied or renewed by the Company in general meeting (by special resolution)) at the earlier of the conclusion of the Annual General Meeting of the Company to be held in 2021 or eighteen months from the date of this resolution but so that this power shall enable the Company to make offers or agreements before such expiry which would or might require equity securities to be issued after such expiry and the Directors of the Company may issue equity securities in pursuance of any such offer or agreement as if such expiry had not occurred.

Approval and Adoption of New Articles of Association

13. THAT with effect from the conclusion of the meeting, the Articles of Association of the Company produced to the meeting and initialled by the Chairman for the purpose of identification be adopted as the Company's Articles of Association in substitution for, and to the exclusion of, the existing Articles of Association.

By order of the Board
Aberdeen Standard Capital International Limited
Company Secretary
4 November 2020

1st Floor, Sir Walter Raleigh House
48 – 50 Esplanade,
St Helier,
Jersey JE2 3QB

Notice of Annual General Meeting Continued

NOTES:

i. A member entitled to attend and vote is entitled to appoint a proxy or proxies to attend and, on a poll, to vote instead of him or her. A proxy need not be a member of the Company. A form of proxy is enclosed.

ii. Instruments of proxy and the power of attorney or other authority, if any, under which they are signed or a notarially certified copy of that power of attorney or authority should be sent to The Registrars, Aberdeen Latin American Income Fund Limited, Computershare Investor Services (Jersey) Limited, The Pavillions, Bridgewater Road, Bristol BS13 8AE so as to arrive not less than forty eight hours before the time fixed for the meeting.

iii. In accordance with Article 40 of the Companies (Uncertificated Securities) (Jersey) Order 1999, to have the right to attend and vote at the meeting referred to above a member must first have his or her name entered in the Company's register of members by not later than forty eight hours before the time fixed for the meeting (or, in the event that the meeting be adjourned, on the register of members forty eight hours before the time of the adjourned meeting). Changes to entries on that register after that time (or, in the event that the meeting is adjourned, on the register of members less than forty eight hours before the time of any adjourned meeting) shall be disregarded in determining the rights of any member to attend and vote at the meeting referred to above.

iv. Pursuant to Regulation 41 of the Uncertificated Securities Regulations 2001, the Company specifies that only those Ordinary Shareholders entered on the register of members of the Company as at 10.00 a.m. on 8 December 2020 or, in the event that the meeting is adjourned, on the register of members 48 hours before the time of any adjourned meeting, shall be entitled to attend and vote at the meeting in respect of the number of ordinary shares registered in their name at that time. Changes to the entries on the register of members after 10.00 a.m. on 8 December 2020 or, in the event that the meeting is adjourned, in the register of members 48 hours before the time of any adjourned meeting, shall be disregarded in determining the rights of any person to attend or vote at the meeting, notwithstanding any provisions in any enactment, the Articles of Association of the Company or other instrument to the contrary.

v. No Director has a service contract with the Company.

vi. The Register of Directors' interests is kept by the Company and available for inspection.

vii. As at 4 November 2020 (being the last business day prior to the publication of this notice) the Company's issued share capital comprised 57,113,324 Ordinary shares of no par value (with a further 6,107,500 Ordinary shares held in treasury). Each Ordinary share carries the right to one vote at a general meeting of the Company. Therefore, the total number of voting rights in the Company as at 4 November 2020 was 57,113,324.

viii. There are special arrangements for holders of Ordinary shares through the Aberdeen Standard Investments Share Plan and Investment Trust ISA. These are explained in the 'Letter of Direction' which such holders will have received with this report.

ix. Given the risks posed by the spread of the Covid-19 virus and in accordance with the provisions of the Articles of Association and Government guidance, physical attendance at the Annual General Meeting may not be possible. If the law or Government guidance so requires at the time of the meeting, the Chairman will limit, in his/her sole discretion, the number of individuals in attendance at the meeting. Should Government measures be relaxed by the time of the meeting, the Company may still impose entry restrictions, pursuant to its Articles of Association, on certain persons wishing to attend the Annual General Meeting in order to ensure the safety of those attending the meeting.

Corporate Information

Directors
Richard Prosser (Chairman)
Heather MacCallum (Audit Committee Chair)
Hazel Adam
Howard Myles (appointed 1 October 2020)

Manager, Secretary & Registered Office
Aberdeen Standard Capital International Limited
Sir Walter Raleigh House
48 – 50 Esplanade
St Helier
Jersey JE2 3QB

Registered in Jersey with Number 106012

Investment Manager
Aberdeen Asset Managers Limited
Bow Bells House
1 Bread Street
London EC4M 9HH

Registrars and Transfer Agents
Computershare Investor Services (Jersey) Limited
13 Castle Street
St Helier
Jersey JE1 1ES

Tel: +44 (0) 370 707 4040
Fax: +44 (0) 370 873 5851

Calls to' 03' numbers cost no more than a national rate call to an '01' or "02' number and must count towards any inclusive minutes in the same way as '01' and '02' numbers. These rules apply to calls from any type of line including mobile, BT, other fixed line and payphone.

Lending Bank
Scotiabank Europe plc
201 Bishopsgate
London EC2M 3NS

Jersey Lawyers
Appleby (Jersey) LLP
PO Box 207
13-14 Esplanade
St Helier
Jersey JE1 1BD

Financial Adviser and Corporate Broker
Nplus1 Singer Advisory LLP
1 Bartholomew Lane
London EC2N 2AX

Independent Auditor
PricewaterhouseCoopers CI LLP
37 Esplanade
St Helier
Jersey JE1 4XA

Foreign Account Tax Compliance Act ("FATCA") IRS Registration Number ("GIIN"):
9HSG0J.99999.SL.832

Website
latamincome.co.uk

Legal Entity Identifier ("LEI")
549300DN623WEGE2MY04

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