Aberdeen Latin American Income Fund Limited

Annual Report and Accounts
31 August 2014

Contents

The cover image is Ponte Octavio Frias Di Oliveira, Sao Paolo, Brazil

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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.

Strategic Report – Company Summary and Financial Highlights

The Company
Aberdeen Latin American Income Fund Limited (the "Company") is a Jersey-incorporated, closed-ended investment company and its shares are traded on the London Stock Exchange ("LSE"). The Company is a member of the Association of Investment Companies.

Investment Objective
The investment objective of the Company is to provide Ordinary Shareholders with a total return, with an above average yield, primarily through investing in Latin American securities.

Manager
The Company is managed by Aberdeen Private Wealth Management Limited ("APWML"), 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 by Aberdeen Private Wealth Management Limited to Aberdeen Asset Managers Limited ("AAM"). AAM is based in London and is also a wholly-owned subsidiary of Aberdeen Asset Management PLC (the "Aberdeen Group"), a publicly-quoted company on the LSE.

References throughout this document to Aberdeen refer to both APWML and AAM and their responsibilities as Manager and Investment Manager to the Company.

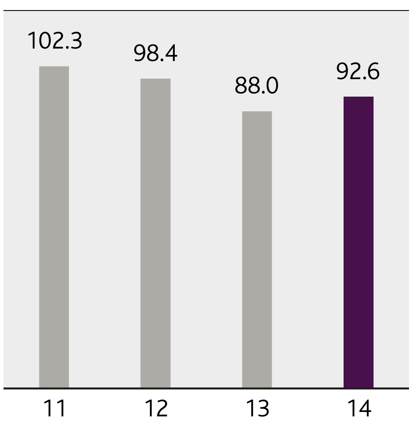
Website
Up-to-date information can be found on the Company's website - www.latamincome.co.uk

Financial Highlights

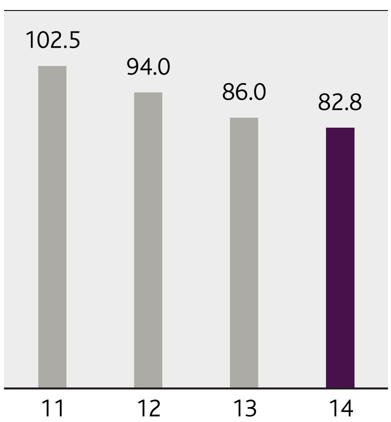
	2014	2013
Ordinary share price total return	+1.4%	–4.7%
Net asset value total return	+10.4%	–6.7%
Benchmark total return	+12.7%	–7.0%
Earnings per share (revenue)	4.11p	4.43p
Dividends per Ordinary share	4.25p	4.25p
Discount to net asset value per Ordinary share	10.6%	2.3%

Total return represents the capital return plus dividends reinvested.
Source: Aberdeen, Morningstar, Russell Mellon, Lipper & JPMorgan

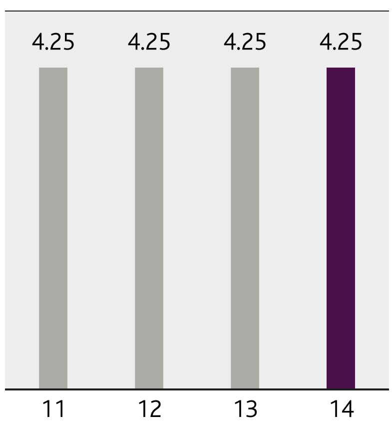
Net Asset Value per share
At 31 August 2014 – pence



Mid-market price per share
At 31 August 2014 – pence



Dividends per share
pence



Strategic Report – Overview of Strategy

Introduction

The Company aims to attract long-term private and institutional investors seeking exposure to the above average 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. The Company's overall objective and key results are shown on page 1. A review of the Company's activities is given in "Business Model–Investment Policy and Approach" on page 2, the Chairman's Statement on pages 5 to 7 and in the Investment Manager's Review on pages 8 to 10 which includes its principal activities, likely future developments of the business and details of any changes in the issued Ordinary share capital.

Duration

The Company does not have a fixed life.

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 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 quite unlike that of any index or benchmark.

Key Performance Indicators (KPIs)

At each Board meeting, Aberdeen circulates detailed performance attribution for the Directors to consider in order to assess the Company's progress in achieving its objectives. Below are the main KPIs which have been identified by the Board for determining the progress of the Company and a record of these measures is disclosed on page 11:

- Net Asset Value Total Return Performance versus Benchmark Total Return
- Ordinary Share Price Total Return Performance
- Share Price Discount/Premium to Net Asset Value per Ordinary Share
- Dividends per Ordinary Share

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 page 62.

Business Model-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 other international stock exchanges;
- companies listed on other international exchanges that derive significant revenues or profits from the Latin American region; and
- debt issued by governments and corporates in the Latin American region.

The Company invests in 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.

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 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. Aberdeen employs a risk management process to oversee and manage the Company's exposure to derivatives. Aberdeen may use one or more separate counterparties to undertake derivative transactions on behalf of the Company, and may be required to pledge collateral paid out of the property of the Company in order to secure the Company's obligations under such contracts. Aberdeen 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. 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.

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 "Business Model-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 gross assets will be invested in any issuer.

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 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 Aberdeen 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.

Principal Risks and Uncertainties

The Board regularly reviews the principal risks and uncertainties which it has identified together with the delegated controls it has established to manage the risks and address the uncertainties:

Investment strategy risk

The Company's investment strategy requires investment in equity and fixed income markets, which may lead to loss of capital. Separately, inappropriate asset allocation or levels of gearing, as part of the investment strategy adopted by the Company, may result in underperformance against either the Company's benchmark index, leading to a widening of the discount (see page 62 for definition) at which the Company's shares trade.

The Board seeks to manage these risks by diversifying its investments, as set out in the investment restrictions and guidelines agreed with Aberdeen, and on which the Company receives regular monitoring reports from Aberdeen. At each Board meeting, the Directors review the investment process with Aberdeen by assessing relevant management information including revenue forecasts, absolute/relative performance data, attribution analysis and liquidity/risk reports.

Income and dividend risk

There is a risk that the Company fails to generate sufficient income from its investment portfolio, particularly in periods of weak equity or fixed income markets, to meet its operational expenses which results in it drawing upon, rather than replenishing, its revenue reserves. This might hamper the Company's capacity to pay dividends to Ordinary Shareholders. The Board monitors this risk through the review of income forecasts, provided by Aberdeen, at each Board meeting.

Discount volatility

Investment company shares tend to trade at discounts to their underlying net asset values, although they can also trade at premia. Discounts and premia can fluctuate considerably. In order to seek to minimise the impact of such fluctuations, where the shares are trading at a significant discount, the Company may operate a share buy-back programme. If the shares trade at a premium, the Company has the authority to issue new shares or to sell shares from treasury. Whilst these measures seek to minimise volatility, it cannot be guaranteed that they will do so.

Foreign currency risk

The Company's investment portfolio is invested in Latin American securities and the value of the Company's investments and the income derived from them will, therefore, be affected by movements in foreign exchange rates. In addition, the earnings of the Company's investments may be affected by currency movements which could have an impact on the Company's performance. The Company's borrowings are drawn in dollars and are at least matched by dollar denominated investments in the portfolio to form a natural hedge.

Operational risk

In common with other investment companies, the Company has no employees. The Company therefore relies on services provided by third parties, including Aberdeen in particular, to whom responsibility for the management of the Company has been delegated under a management agreement (the "Management Agreement") (further details of which are set out on page 23). The terms of the Management Agreement cover the necessary duties and responsibilities expected of Aberdeen. The Board reviews the overall performance of Aberdeen on a regular basis and compliance with the Management Agreement on an annual basis.

Contracts with other third party providers, including share registrar and custodial services, are entered into after appropriate due diligence. Thereafter, each contract, and the performance of the provider, is subject to regular review. The security of the Company's assets is the responsibility of the custodian, BNP Paribas Securities Services SA Jersey Branch, as custodian. The effectiveness of the internal controls of the custodian is subject to review and regular reporting to the Audit Committee.

Regulatory risk

The Company operates in a complex regulatory environment and faces a number of related risks. A breach of regulations, such as the United Kingdom Listing Authority's Listing Rules or Jersey law could lead to suspension from the LSE and reputational damage. Aberdeen monitors compliance with these regulations.

Political & Market Risk

Investment in the Latin American region involves greater risks not typically associated with investment in more developed securities markets. Stockmarket movements and changes in economic conditions (including, for example, interest rates, foreign exchange rates and rates of inflation), industry conditions, competition, political and diplomatic events, tax or other laws, investors' perceptions and other factors can substantially and either adversely or favourably affect the value of the securities in which the Company invests and, therefore, the Company's performance and prospects.

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 50 to 56.

Board Diversity

The Board recognises the importance of having a range of skilled, experienced individuals with the right knowledge in order to allow the Board to fulfill its obligations. At 31 August 2014, there were five male Directors. The Company has no employees. The Board's statement on diversity is set out on page 29.

Environmental, Social and Human Rights Issues

The Company has no employees as it is managed by Aberdeen Private Wealth Management Limited 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 31.

Global Greenhouse Gas Emissions

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.

Richard Prosser

Chairman
4 November 2014

Strategic Report - Chairman's Statement

Richard Prosser
Chairman

Corporate Governance

The Board has introduced a Strategic Report for the first time this year in order to align the Company's Annual Report with reporting requirements for UK companies.

Overview

Latin American stockmarkets finished higher in sterling terms at the end of the year under review, amid significant market and currency volatility. Changes in monetary policy by major central banks were the main market drivers. Early in the review period, the US Federal Reserve (the "Fed") surprisingly postponed its tapering of asset purchases, but then announced a tightening schedule later in the year. The prospect of rising US interest rates reversed fund flows from emerging markets back towards developed markets. Subsequently, a sharp retraction in the prices of emerging market stocks and currencies sparked contagion fears early in 2014, and Latin American countries with weak fiscal and external accounts suffered most. However, swift policy action by vulnerable countries and reassurance from the Fed that rates would stay low for a considerable period, arrested declines. The promise of new stimulus measures by the Chinese authorities further helped to lift sentiment. Overall, Latin American equities went on to make a V-shaped recovery, underpinned by ample domestic liquidity.

In particular, Brazil's rebound was most resounding, supported by optimism that left-wing president Dilma Rousseff's incumbent government might lose in what were then upcoming presidential elections. These eventually took place in October after the Company's year end. Investors, tired of poor policymaking, bid up stocks prior to the announcement of the election result whenever her approval ratings slid.

Mexico's resurgence was also due to positive investor sentiment over reforms. The administration successfully enacted amendments to the constitution to open up its energy sector to private investment after seven decades of state control. This should revive investment into the industry, create jobs, boost production of oil and gas, and also help lower energy costs for the manufacturing sector. The projected impact of the reforms on growth and tax revenues, led to the country's credit rating being raised to 'A', the highest in Latin America together with Chile.

Meanwhile, Chile was the weakest economic performer as demand for its primary export, copper, dwindled on the back of a slowdown in China's economy. The Chilean central bank cut interest rates to stimulate growth but this also exacerbated the weakness in the local currency. Argentina also suffered a depreciating currency as the government, in populist moves, capped prices of staple products, which worsened shortages. Currency controls served to widen the spread between the official and blackmarket rates. Certain hedge funds demanded full repayment for restructured debt from the country's previous default. In a bid to revive foreign investor confidence, the government adopted more market-friendly policies, including paying Spain's Repsol US$5 billion for the nationalisation of oil company YPF.

Performance

For the year ended 31 August 2014 your Company's net asset value (NAV) total return was 10.4%, which compared to the composite benchmark total return of 12.7% for the same period (all in sterling terms). The NAV per share as at 31 August 2014 was 92.6p. The Ordinary share price total return for the period was 1.4% and the discount to NAV per Ordinary share widened from 2.3% at the start of the year to 10.6% at the year end. At the time of writing, the share price discount to NAV was 8.7% and the NAV was 81.3p per Ordinary share.

Dividends

The Board has declared a fourth interim dividend for the year ended 31 August 2014 of 1.25 pence per Ordinary share which was paid on 31 October 2014 to Ordinary Shareholders on the register at close of business on 3 October 2014. This totals an aggregate dividend of 4.25 pence per share, in line with our expectations for the year. Receipts of dividends, interest and other income were negatively impacted by the strength of sterling during the year and the total dividend payments by the Company for the year necessitated a modest transfer from the Company's brought forward revenue reserve. Following payment of the four interim dividends, the revenue reserve will stand at £102,000.

Your Board continues to keep the income generation of the portfolio under review with the investment manager and, at this early stage in the Company's financial year, subject to investee company performance, currency movements and unforeseen circumstances, it is our aim to continue to pay a minimum dividend of 4.25 pence per Ordinary share for the year ending 31 August 2015. It remains your Board's aim to grow dividends over time. This does not constitute a profit forecast.

Gearing

The Company has maintained gearing in the portfolio throughout the year under review. On 15 August 2014 the Company renewed its £10 million multi-currency revolving credit facility with Scotiabank Europe PLC for a further three years. As at 31 August 2014 the Company had borrowings of US$14,800,000 (£8,912,000) drawn under the facility at an interest rate margin of 95bp over LIBOR.

Annual General Meeting

The AGM will be held at 10.00 a.m. on 9 December 2014 at the Company's registered office, Sir Walter Raleigh House, 48 – 50 Esplanade, St Helier, Jersey JE2 3QB and I look forward to meeting Shareholders on the day. In the past the Company has quoted the aim of its discount management policy as being to try to maintain the price at which the Ordinary shares trade relative to their NAV at a discount of no more that 5%. Weakness in many Latin American markets has adversely impacted demand for the Company's shares. Accordingly, during the year under review the Company bought back 990,000 Ordinary shares for treasury at a cost of £776,000. However, the market volatility experienced over the year has impacted our ability to have a meaningful impact on the discount through the purchase of the Company's shares in the market and, consequently, the Ordinary shares traded at an average discount to their cum-income NAV of 7.7% over the year. It remains the Board's intention, in more normal market conditions, to try to maintain a discount of around 5% over the longer term.

We are proposing a resolution at the AGM to renew the Company's authority to buy back Ordinary shares and any purchases will be made through the market at a discount to NAV in circumstances where the Directors believe that any such purchase will enhance shareholder value. The buy back of Ordinary shares, and also of Subscription shares which is the subject of a separate resolution to the AGM, will be subject to the United Kingdom Listing Authority's Listing Rules and Jersey law and will be at the absolute discretion of the Directors. We are also seeking to renew the authority to issue new Ordinary shares equivalent to up to 10% of the Company's existing Ordinary share capital at the AGM. Ordinary shares will only ever be issued at a premium to net asset value per Ordinary share and will therefore be accretive and not disadvantageous to Ordinary and Subscription Shareholders.

Alternative Investment Fund Managers Directive (AIFMD)

Following the final implementation of the Alternative Investment Fund Managers Directive in July 2014, the Company and Aberdeen have taken the necessary steps to allow the Company to market its shares, including the potential issue of new shares for cash, within the UK under the UK National Private Placement Regime.

Subscription Shares

Subscription Shareholders have an opportunity to exercise their right to subscribe for Ordinary shares in the 28 days prior to 31 December 2014. A reminder letter accompanies this Annual Report.

Outlook

International investors remain wary of a sooner-than-expected interest-rate hike by the US Federal Reserve. This has also underpinned US dollar strength and weakened commodity prices, further subdued by disappointing data from China. However, other central banks are keeping monetary policy loose. China has steadily increased stimulus measures to meet its target 7.5% GDP growth rate. Monetary policy in Europe is diverging from the US and UK, as the European central bank looks set to increase the effect on rates and liquidity by asset purchases.

There are some positive political developments within the region including Mexico's promising energy. Despite market disappointment at the narrow re-election of Brazil's President Dilma Rousseff after the year end, there is pressure from both local and foreign investors for market-friendly reforms to generate economic growth and tackle inflation. In Argentina, an agreement with holdout creditors regarding debt repayments is possible next year, after a key legal clause expires. This should help to rebuild trust among foreign investors.

Despite macroeconomic uncertainties, I continue to have confidence in the strength of Aberdeen's investment process. The portfolio's holdings have the management capability and balance sheet strength to weather such headwinds. These, along with robust competitive positions, pricing power and cost discipline, are factors that your investment manager looks for as part of identifying quality companies to invest in. The portfolio remains well-positioned to provide attractive returns over the long-term.

Richard Prosser
Chairman
4 November 2014

Strategic Report – Investment Manager's Review

Performance Commentary

Over the year, the equity portion of the portfolio rose by 12.33% in sterling terms, trailing the benchmark MSCI Emerging Markets Latin America 10/40 Index's gain of 15.92% largely owing to negative stock selection. In what was a challenging year for Latin American economies, some of our consumer holdings, including Brazilian retailers Hering and Arezzo, as well as Mexican bottler Femsa, were hampered by muted domestic demand. The macroeconomic weakness was exacerbated by soft commodity prices, which weighed on holdings such as iron ore producer Vale.

Our sole Argentine holding, steel pipe maker Tenaris, also lagged. Its share price fell early this year when US authorities determined that its South Korean competitors would not be subject to anti-dumping measures. It is worth noting, though, that the company has been relatively insulated from the negative sentiment surrounding Argentina's US dollar bond default, as cash generation remains robust, and it has no need to seek further financing. Management is upbeat about 2015, citing an improved pricing environment in the US and a clearer outlook for energy reform in Mexico. As Tenaris generates less than 10% of its revenues domestically, the devaluation of the Argentine peso has benefited the company by reducing relative costs and supporting its exports.

In contrast, the weak Argentine peso had a greater impact on Chile's Andina. The Coca-Cola bottler, which derives about 20% of its pre-tax earnings from Argentina, posted lacklustre second-quarter results owing to foreign exchange losses.

On a positive note, Brazil's Banco Bradesco was the top contributor to performance. The lender posted consistently good results, on the back of expanding net interest margins and stable asset quality. We maintain our high conviction in the bank given its conservative approach. Itau Unibanco also performed well, as it continued to grow its loan book while shifting its focus towards less-risky products. Retailer Lojas Renner overcame the difficult consumer environment to post resilient results, underpinned by impressive sales growth and good cost control. Relative performance was also buoyed by our lack of exposure to certain Chilean stocks, such as retailer Cencosud and energy company Copec which are included in the Index.

The fixed income portfolio returned 7.51% in sterling terms with a negative contribution from hedging reducing that to 7.04%, an underperformance of 0.55% when compared to the rise in the benchmark JP Morgan GBI-EM Global Diversified (Latin America) of 7.59%. The positive attribution from the holdings in Colombia, Mexico, Peru and Chile offset the aggregate negative contributions from our holdings in Uruguay, which is not a benchmark constituent, and Brazil.

Slowing economic growth created a favourable environment for the local bond markets. Strong bond performance was supported by rate cuts by the central banks of Chile, Mexico and Peru. While the Colombian central bank delivered a rate hiking cycle in the face of robust growth, the increase of the country's weight in the main local market bond index created additional demand for local bonds. Brazil also had to hike rates to restore central bank credibility, but the high running yield of the bonds still made them one of the best performing local markets in the region.

Portfolio Activity

During the year, we initiated positions in Chilean mall operator Parque Arauco and Peru-based infrastructure company Grana y Montero, owing to what we believe to be attractive valuations and solid growth prospects. We also added to a number of holdings on the back of share price weakness as we remained upbeat about their growth potential. These included Brazilian retailers Arezzo and Hering, as well as beverage company Ambev, which we believe was oversold on concerns about the potential impact of higher excise taxes.

Conversely, we pared back Petrobras, after its shares gained in response to expectations that president Dilma Rousseff could lose her re-election bid. We also trimmed positions in gas and petrochemicals company Ultrapar and Mexican airport operator OMA, among others, following good share price performances.

Meanwhile, we switched part of our Mexican bonds holdings into Colombia. We also initiated a switch within the Mexico position, buying inflation-linked bonds.

Overview of Currency/Hedging

The currency returns chart on page 18 shows that over the review year to 31 August 2014 currencies in the Latin American region depreciated significantly against sterling. The strength of the pound itself explains the bulk of this depreciation with the region's performance against the dollar more balanced. The Brazilian Real, although negative, was the best performer as the currency recovered following earlier policy-induced weakening. The Mexican Peso was broadly unchanged in dollar terms despite the structural reforms put forward by the government. Chile's Peso had the worst performance as the collapse in business sentiment, which followed the presidential elections, contributed to a sharp deceleration of growth. We have a preference for high yielding Brazilian bonds over the lower yielding Mexican bonds, but the economic growth and external balance outlook of the latter looks superior. Over the year we had hedged some of the Brazilian Real exposure into Mexican Peso's which had a minor drag on performance over the period. However, we look to maintain this positioning in the wake of the Brazilian election result and the second term of President Dilma Rousseff.

Country Overview

Brazil:

The Brazilian central bank continued its hiking cycle in November, raising its policy rate by 50 basis points to 10%, which was in line with market expectations. Brazil's GDP grew by 1.9% year-on-year in the fourth quarter of 2013 and pushed full year growth to 2.3% year-on-year. Improved manufacturing and agricultural output as well as investment growth were the key drivers over the quarter. On the other hand, the country's fiscal accounts disappointed the market as the primary surplus was less than expected for January leaving the government facing a tough year to reach its fiscal target for 2014.

Towards the end of March, the credit rating agency, Standard and Poor's, downgraded Brazil's credit rating from BBB to BBB-, while the outlook moved from Negative to Stable. It cited a weak growth outlook and mixed policy signals as the key reasons for the decisions. Brazil's current account deficit was $25.2 billion in the first quarter of the year, marginally higher than the $24.7 billion recorded in the first three months of 2013. The reason for the deterioration was a worse trade deficit and an increase in interest payments. The labour market remained extremely tight throughout the period as unemployment declined to 4.9% explained by workers leaving the labour force, although real wage growth remained strong growing 3.5% year-on-year. The central bank expects the consumer price index (CPI) to increase to 6.4% year-on-year in the fourth quarter of 2014 and to 5.7% in the fourth quarter of 2015, while gross domestic product (GDP) estimates were also revised down to 1.6% in 2014 from 2.0%.

In politics, and since the Company's year end, president Rousseff was narrowly re-elected after a second-round runoff, beating the centre-right candidate, Aecio Neves. It was the tightest polling result in a generation; following a bitterly fought campaign that left the country split along economic and regional lines. Investors were disappointed that their business-friendly contender lost, and sold down both local stocks and the currency. Rousseff faces the challenges of a fragmented parliament and a stagnant economy. To her credit, she acknowledged the need for reforms, and seems to realise that her social programmes will require funding that only a more vibrant economy can offer.

Mexico:

In October 2013, the Mexican Senate approved a watered down version of the government's fiscal reform plan, which should increase non-oil revenues by 1.1% of GDP in 2014, compared to the original plan of 1.5% of GDP. The budget deficit has been capped at 2.5% of GDP for 2015-16.

Standard and Poor's upgraded Mexico's credit rating by one notch to BBB+ citing the energy reform bill as a "watershed moment" for the country. In April 2014, Mexico's government released its National Infrastructure Plan for 2014-2018, in which most funds were directed towards the energy sector. There will be 743 projects worth nearly $600 billion, 70% higher than the previous administration's infrastructure plan. In May, it was revealed that the economy only grew by 1.8% year on year to the end of March missing the market consensus of 2.1%. Poor economic growth in the US coupled with lower oil production and an increase in tax costs were the main drivers of the slowdown. Banxico, the central bank of Mexico, surprised the market by cutting its policy interest rate by 0.5% to 3.0% in June. The minutes from the meeting showed that concerns about slackness in the economy were the main driver of the move. Mexico grew by 1.6% in the second quarter of the year which was in line with consensus but most likely paves the way for a stronger second half of the year if the US growth momentum continues and the negative effects from fiscal reform begin to dissipate.

Chile:

Chile's central bank cut its policy rate by 25bps in September 2014 and remained dovish in its post-meeting communique. The central bank is concerned by deteriorating domestic demand as investment and consumption have declined more than expected. Second quarter GDP growth was softer at 1.9%, compared to 2.4% in the first quarter of the year, as the country experienced a broad-based slowdown.

Colombia:

The announcement of an agreement on the path to completing the five point plan with FARC, the Colombian guerrilla group, helped Juan Manuel Santos to secure victory in the second round of presidential elections in Columbia. The conclusion of the IMF Article IV consultation at the end of May painted a strong picture of a relatively well capitalised banking sector, a closing output gap on the back of average growth around 4% and a supportive monetary policy. The IMF highlighted a number of key risks to the credit, including vulnerability to external shocks and the need to continue to make progress on more inclusive growth.

Peru:

Peru's recently appointed Prime Minister ("PM") Ana Jara and her government survived a no-confidence vote in Congress towards the end of the period after two failed attempts to remove them, when a majority of representatives abstained from the process. Jara's victory hinged on a slimmest possible margin: 55 votes in favour against 54 abstentions, with the deciding vote casted by congressional speaker Ana Solorzano. The divide reflected the high degree of discontent among opposition lawmakers with the Cabinet selected by President

Humala. Jara is the sixth PM appointed since the start of the Humala administration in 2011.

Uruguay:

In Uruguay, the presidential election heads for a second round at the end of November between former President and leftist coalition candidate Tabare Vazquez and Luis Lacalle Pou of the National Party. Current President Jose Mujica cannot run due to the country's constitutional term limits. Economy Minister Bergova lowered the government's GDP estimate for 2014 from 4% year on year to 3% following the recent economic weakness in Brazil and Argentina. Stubbornly high CPI is affecting inflation expectations, with the latest central bank survey of 12 month forward inflation expectations rising to 8.3% in February from 7.9% in December. In an effort to address this, the central bank has announced a new target inflation band from July 2014 which will be 3% to 7% from the current 4% to 6% range, the central point remains 5%, while the target time horizon has been lengthened from 18 months to 24 months.

Outlook

In stark contrast to the stockmarket losses witnessed in the first half of the financial year, Latin American markets appear to be on the road to recovery. However, the region's solid showing masks the diverging prospects of individual nations. Dilma Rousseff's win in the recent elections is likely to weigh on the Brazilian stockmarket in the near term. That said, her narrow margin might compel her to tighten fiscal policy and implement the economic adjustments necessary to restore growth and confidence. On a brighter note, still-low unemployment should prove supportive for future growth, and a solid pipeline of infrastructure auctions bodes well for investment. Chile, which was the worst-performing market, may continue to be hampered by low copper prices and political concerns in the short-term. In Mexico, recent data appears to support expectations that the economy is shaking off the sluggishness it experienced in 2013. Reforms to open up the long-closed energy sector to private investment bode well for growth further down the road, although investor optimism is reflected in Mexico's relatively elevated valuations.

Despite the macroeconomic uncertainty, we see plenty of value in the region. Our investment process continues to allow us to identify companies with the ability to thrive even during leaner periods. Regardless of their domicile, our holdings are characterised by robust balance sheets and adept management; we believe they are poised to maintain earnings growth well into the future. As always, we will take advantage of attractive valuations to add to high-conviction holdings.

Aberdeen Asset Managers Limited
4 November 2014

Strategic Report - Results

Financial Highlights

	31 August 2014	31 August 2013	% change
Total assets (see definition on page 62) (£'000)	69,641	68,177	2.1
Total equity shareholders' funds (net assets) (£'000)	60,729	58,610	3.6
Market capitalisation (£'000)	54,567	58,034	–6.0
Ordinary share price (mid market)	82.75p	86.00p	–3.8
Subscription share price (mid market)	2.85p	7.50p	–62.0
Net asset value per Ordinary share	92.60p	88.04p	5.2
Discount to net asset value per Ordinary share	10.64%	2.32%	
Net gearing (see definition on page 62)[A]	13.23%	14.82%	
Dividends and earnings			
Total return per Ordinary share	8.65p	–6.06p	
Revenue return per Ordinary share	4.11p	4.43p	–7.2
Dividends per Ordinary share	4.25p	4.25p	–
Dividend cover	0.97 times	1.04 times	
Revenue reserves[B] (£'000)	922	1,019	
Operating costs			
Ongoing charges ratio[C]	1.99%	1.83%	

[A] Calculated in accordance with AIC guidance "Gearing Disclosures post Retail Distribution Review".

[B] Excludes payment of fourth interim dividend of 1.25p (2013 – 1.25p) per Ordinary share equating to £820,000 (2013 – £832,000).

[C] Ongoing charges ratio calculated in accordance with guidance issued by the AIC as the total of the investment management fee and administrative expenses divided by the average cum income net asset value throughout the year.

Performance (total return)

	1 year % return	3 year % return	Since launch[A] % return
Share price	+1.4	–7.2	+2.3
Net asset value	+10.4	+3.5	+10.2
Composite MSCI EM Latin America 10/40 Index/JP Morgan GBI-EM Global Diversified Index (Latin America carve out) (sterling adjusted)	+12.7	+2.4	+8.6

Total return represents the capital return plus dividends reinvested.
[A] Launch date 16 August 2010.

Dividends

	Rate	xd date	Record date	Payment date
1st interim 2014	1.00p	23 December 2013	27 December 2013	31 January 2014
2nd interim 2014	1.00p	2 April 2014	4 April 2014	30 April 2014
3rd interim 2014	1.00p	2 July 2014	4 July 2014	31 July 2014
4th interim 2014	1.25p	1 October 2014	3 October 2014	31 October 2014
Total dividends 2014	**4.25p**			

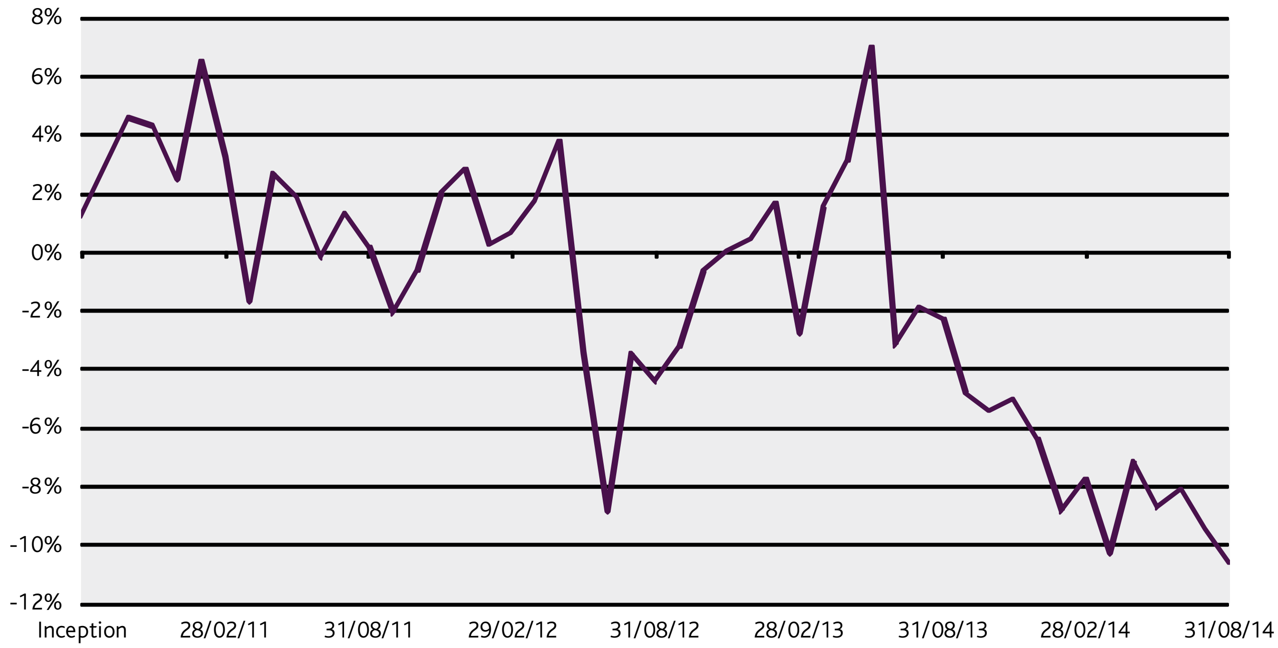
	Rate	xd date	Record date	Payment date
1st interim 2013	1.00p	19 December 2012	21 December 2012	31 January 2013
2nd interim 2013	1.00p	3 April 2013	5 April 2013	30 April 2013
3rd interim 2013	1.00p	3 July 2013	5 July 2013	31 July 2013
4th interim 2013	1.25p	2 October 2013	4 October 2013	31 October 2013
Total dividends 2013	**4.25p**			

Financial Calendar

31 October 2014	Payment of fourth interim dividend for year ended 31 August 2014
9 December 2014	Annual General Meeting at 1st Floor, Sir Walter Raleigh House, 48 – 50 Esplanade, St Helier, Jersey JE2 3QB at 10.00am
31 December 2014	Second subscription date to exercise Subscription shares (optional)
30 January 2015	Payment of first interim dividend for year ending 31 August 2015
April 2015	Announcement of half yearly results for the six months ending 28 February 2015
30 April 2015	Payment of second interim dividend for year ending 31 August 2015
31 July 2015	Payment of third interim dividend for year ending 31 August 2015
30 October 2015	Payment of fourth interim dividend for year ending 31 August 2015
October 2015	Announcement of results for year ending 31 August 2015

Ordinary Share Price (Discount)/Premium to NAV

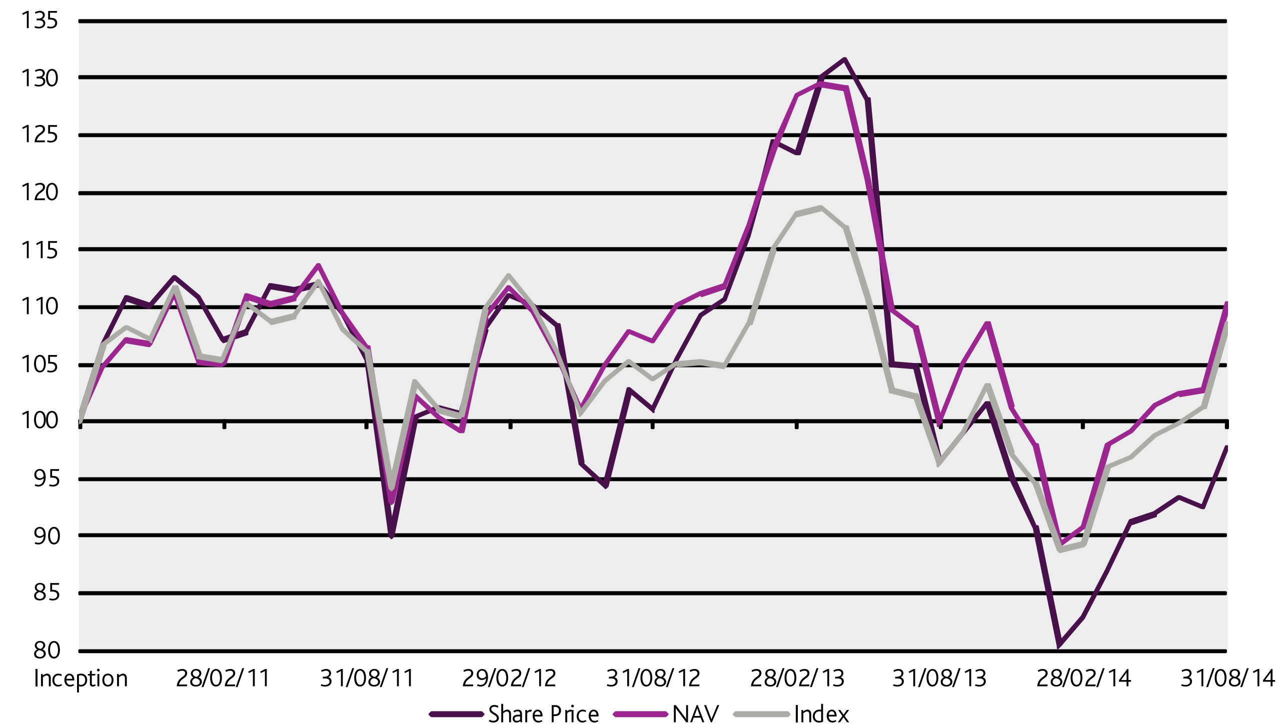
Launch (16 August 2010) to 31 August 2014



Source: Aberdeen & Morningstar

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 2014 (rebased to 100 at 16 August 2010)



Source: Aberdeen, Morningstar, Russell Mellon, Lipper & JPMorgan

Investment Portfolio – Ten Largest Equity Investments

As at 31 August 2014

Company	Sector	Country	Valuation 2014 £'000	Total assets %[A]	Valuation 2013 £'000
Banco Bradesco ADR					
A leading Brazilian bank with a good quality loan portfolio, it has benefited from robust growth in retail lending.	Banks	Brazil	3,979	5.7	2,999
Petroleo Brasileiro ADR					
An emerging world-class integrated oil company in Brazil, it holds vast reserves, has made substantial new oil finds and will stand to gain from the growing demand for oil from emerging economies.	Energy	Brazil	3,170	4.6	3,065
Itau Unibanco Holdings ADR					
Brazil's largest privately-owned bank, it is strongly capitalised and well positioned with decent growth and asset quality.	Banks	Brazil	2,562	3.7	2,179
Vale ADR					
The Brazilian miner is the world's lowest-cost iron-ore producer.	Materials	Brazil	2,471	3.5	3,181
Fomento Economico Mexicano ADR					
The Mexican beverage company, which is also the leading Coca-Cola bottler in Latin America, is poised to benefit from rising domestic consumption. Its earnings tend to be relatively defensive because its products are largely consumer staples.	Food, Beverage & Tobacco	Mexico	1,663	2.4	1,708
Multiplan Empreendimentos					
A Brazilian mall owner with well-located shopping malls, a solid tenant base and near-full occupancy, as well as a pipeline of sites under development.	Real Estate	Brazil	1,626	2.3	1,365
Grupo Financiero Banorte					
Mexico's third largest bank in terms of assets and the largest and only locally owned Mexican bank, well positioned to continue growing and strengthening its competitive position to benefit from this underpenetrated market.	Banks	Mexico	1,587	2.3	1,894
Lojas Renner					
The second largest clothing retailer in Brazil.	Retailing	Brazil	1,538	2.2	1,226
Ambev					
Latin America's largest producer of beer and the sole distributor of Pepsi products in Brazil.	Food, Beverage & Tobacco	Brazil	1,428	2.1	1,310
Ultrapar Participacoes ADR					
Brazilian fuels and chemicals company with defensive qualities. It has strengthened its distribution network with its acquisition of the Texaco-brand of gasoline stations in Brazil.	Energy	Brazil	1,317	1.9	1,605
Top ten equity investments			**21,341**	**30.7**	

[A] See definition on page 62.

Investment Portfolio – Other Equity Investments

As at 31 August 2014

Company	Sector	Country	Valuation 2014 £'000	Total assets %[A]	Valuation 2013 £'000
Tenaris ADR	Industrial Materials	Argentina	1,152	1.7	1,514
Arezzo Industria e Comercio	Personal Goods	Brazil	1,037	1.5	672
Banco Santander-Chile ADR	Banks	Chile	962	1.4	965
Natura Cosmeticos	Personal Goods	Brazil	861	1.2	950
Grupo Aeroportuario del Centro Nort ADR	Industrial Transportation	Mexico	818	1.2	1,166
Wal-Mart De Mexico	General Retailers	Mexico	806	1.2	744
Grupo Aeroportuario de Sureste	Industrial Transportation	Mexico	772	1.1	939
Cia Hering	Personal Goods	Brazil	745	1.1	718
Embotelladora Andina Pref A	Food, Beverage & Tobacco	Chile	741	1.1	784
S.A.C.I. Falabella	General Retailers	Chile	721	1.0	817
Top twenty equity investments			**29,956**	**43.2**	
Vale Preference ADR	Materials	Brazil	718	1.0	652
Brasil Foods Sponsored ADR	Food Producers	Brazil	706	1.0	660
Organizacion Soriana	General Retailers	Mexico	698	1.0	684
Kimberly-Clark de Mexico	Personal Goods	Mexico	647	0.9	726
BM&FBovespa	Financial Services	Brazil	632	0.9	632
Almacenes Exito	General Retailers	Colombia	630	0.9	651
Wilson, Sons	Industrial Transportation	Brazil	624	0.9	507
Grupo Bancolombia	Banks	Colombia	620	0.9	588
Localiza Rent A Car	Transportation	Brazil	614	0.9	586
Bradespar	Materials	Brazil	561	0.8	521
Top thirty equity investments			**36,406**	**52.4**	
WEG	Electronic & Electrical Equipment	Brazil	522	0.7	507
Grana y Montero	Construction & Materials	Peru	516	0.7	–
OdontoPrev	Health Care Equipment & Services	Brazil	481	0.7	438
Cia Souza Cruz	Tobacco	Brazil	479	0.7	578
TOTVS	Software & Computer Services	Brazil	473	0.7	426
Parque Arauco	Real Estate Investment Services	Chile	443	0.6	–
Valid Solucoes e Servicos de Seguranca	Support Services	Brazil	421	0.6	329
Total equity investments			**39,741**	**57.1**	

[A] See definition on page 62.

Investment Portfolio - Bonds

As at 31 August 2014

Issue	Sector	Country	Valuation 2014 £'000	Total assets %[B]	Valuation 2013 £'000
Brazil (Fed Rep of) 10% 01/01/17	Government Bonds	Brazil	10,648	15.3	10,031
Uruguay (Rep of) 5% 14/09/18	Government Bonds	Uruguay	5,107	7.3	5,262
Colombia (Fed Rep of) 9.85% 28/06/27	Government Bonds	Colombia	3,090	4.4	–
Mexico (United Mexican States) 8% 07/12/23	Government Bonds	Mexico	2,859	4.1	2,889
Mexico (United Mexican States) 7.5% 03/06/27	Government Bonds	Mexico	1,587	2.3	4,538
Brazil (Fed Rep of) 10% 01/01/21	Government Bonds	Brazil	1,386	2.0	1,323
Mexico (United Mexican States) 7.75% 14/12/17	Government Bonds	Mexico	1,014	1.4	2,136
Peru (Rep of) 7.84% 12/08/20	Government Bonds	Peru	679	1.0	712
Brazil (Fed Rep of) 10% 01/01/18	Government Bonds	Brazil	674	1.0	–
Peru (Rep of) 6.95% 12/08/31	Government Bonds	Peru	586	0.8	574
Peru (Rep of) 6.95% 12/08/31 REGS	Government Bonds	Peru	512	0.7	–
Uruguay (Rep of) 4.25% 05/04/27	Government Bonds	Uruguay	381	0.6	361
Mexico (United Mexican States) 4.5% 22/11/35	Government Bonds	Mexico	216	0.3	–
Total value of Bonds			**28,739**	**41.2**	
Total value of equity investments			**39,741**	**57.1**	
Total value of investments			**68,480**	**98.3**	
Net current assets[A]			**1,161**	**1.7**	
Total assets[B]			**69,641**	**100.0**	

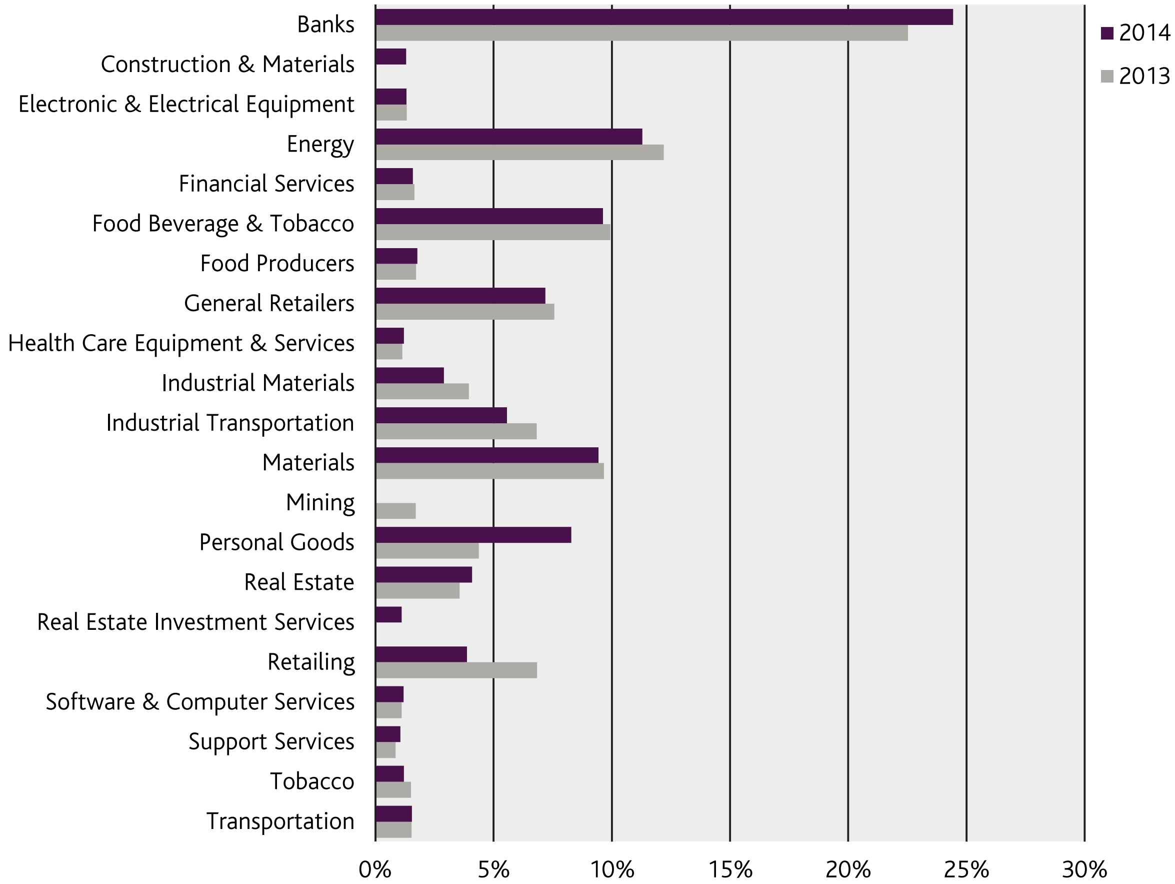
[A] Excluding bank loans of US$14,800,000 (£8,912,000).

[B] See definition on page 62.

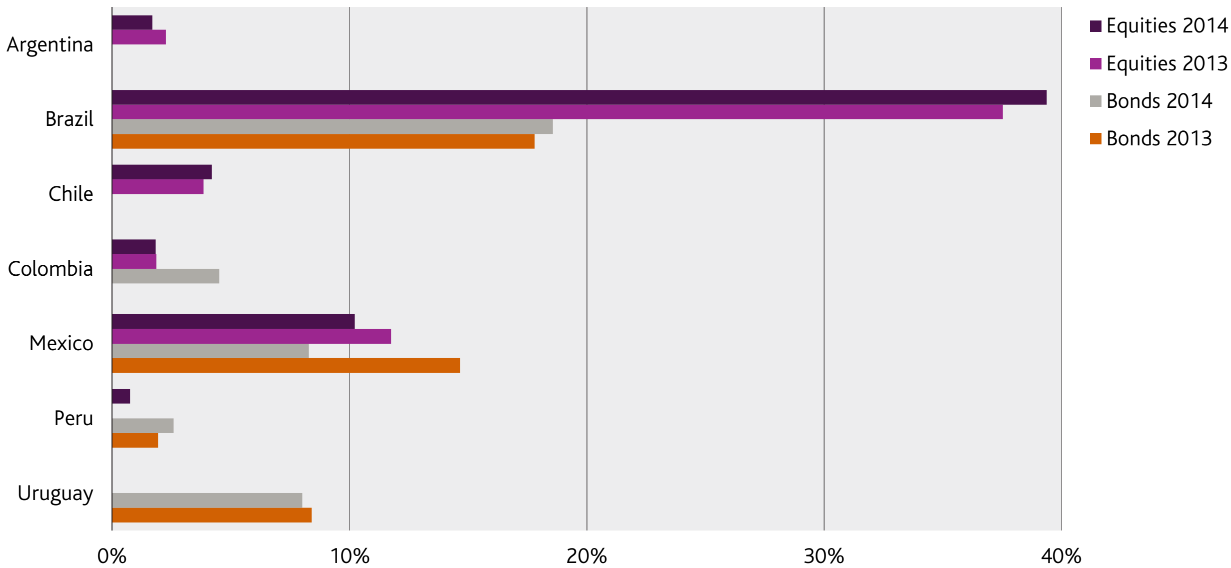
Sector/Geographical Analysis

As at 31 August 2014

Portfolio Sector Breakdown – Equities only



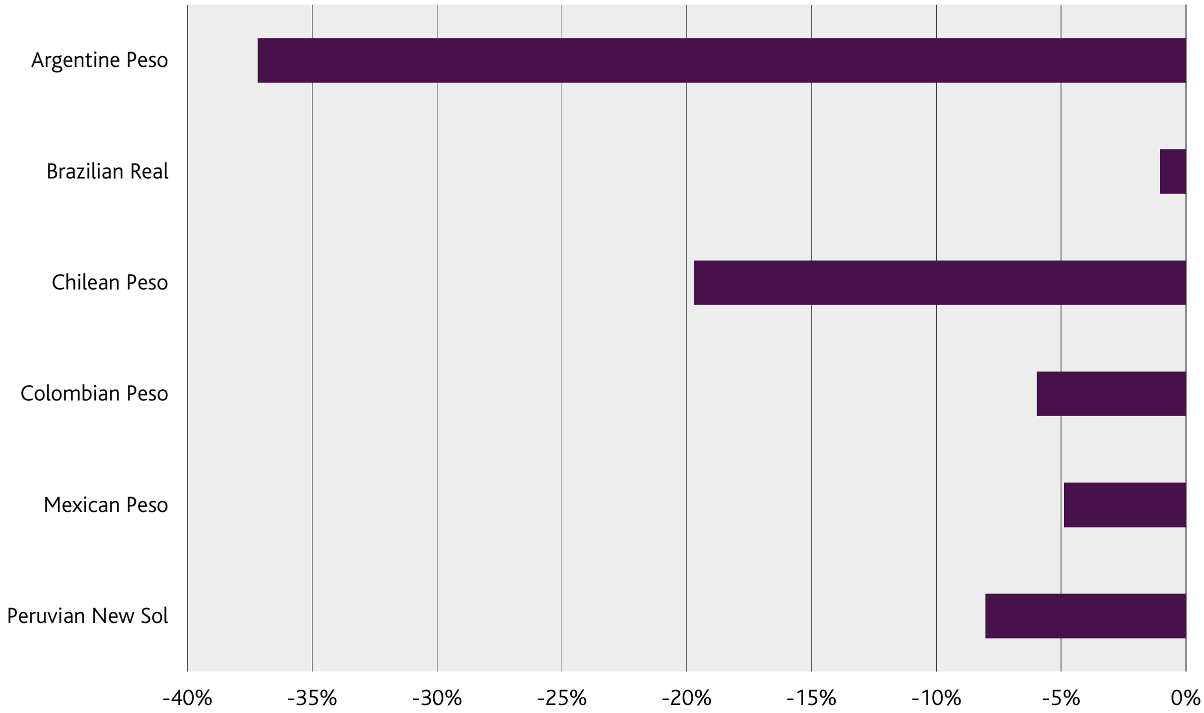
Portfolio Geographic Breakdown – Equities and Bonds



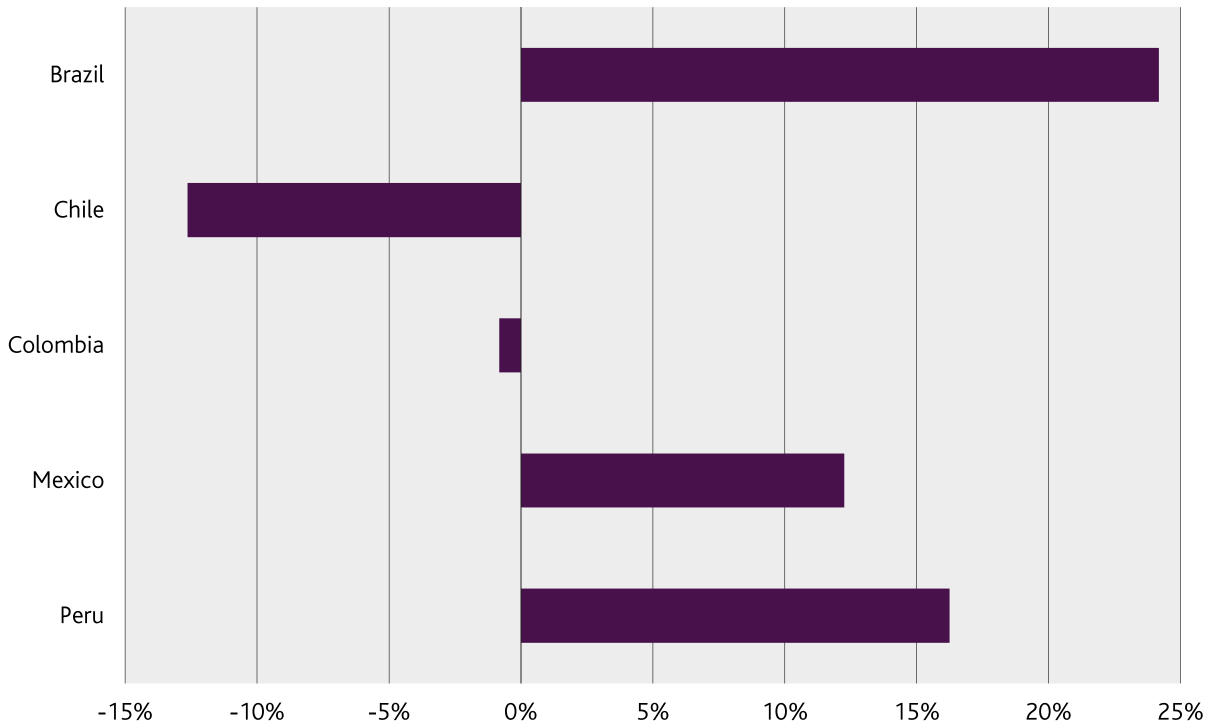
Currency/Market Performance

Year to 31 August 2014

Latin American currency percentage returns in sterling terms



MSCI Country Index total percentage returns in sterling terms



Information about the Investment Manager

Aberdeen Asset Managers Limited ("AAM")

AAM is based in London and is a wholly-owned subsidiary of Aberdeen Asset Management PLC (the "Aberdeen Group"), a publicly-quoted company on the LSE.

Worldwide, the Aberdeen Group manages a combined £331.04 billion (as at 31 August 2014) in assets for a range of clients, including individuals and institutions, through mutual and segregated funds.

The Aberdeen Group has its headquarters in Aberdeen with principal offices in London, Singapore, Philadelphia, Bangkok, Edinburgh, Hong Kong, Luxembourg, Kuala Lumpur, Jersey, Stockholm, Sydney, Taipei, and Tokyo.

The Aberdeen Group manages 87 investment companies and other closed-ended funds representing some £19.40 billion under management. They adhere closely to the Group's investment style which is that of fundamental investors, with an emphasis on company visits and original research.

The Investment Team Senior Managers

Devan Kaloo
Head of Global Emerging Markets
MA (Hons) in Management and International Relations from The University of St Andrews. Joined Aberdeen in 2000 on the Asian portfolio team from Martin Currie.

Joanne Irvine
Head of Emerging Markets ex. Asia
BA in accounting from Glasgow Caledonian University and a qualified chartered accountant. Joined Aberdeen in 1996 in a group development role and previously worked in corporate finance specialising in raising development capital finance for private businesses.

Fiona Manning
Senior Investment Manager
BA (Hons) in History with French from Durham University. Joined Aberdeen in 2005 having previously worked for Deutsche Bank.

Brett Diment
Head of Emerging Market and Sovereign Debt
BSc from the London School of Economics. Joined Aberdeen in 2005 having previously worked for Deutsche Bank. He joined Deutsche in 1991 as a graduate and started researching emerging markets in 1995.

Edwin Gutierrez
Portfolio Manager Emerging Market Debt
MSc from Georgetown University. Joined Aberdeen in 2005 having previously worked for Deutsche Bank since joining them in 2000. Previously worked as an EM Debt portfolio manager with Invesco and as a Latin American economist with LGT Asset Management.

Kevin Daly
Portfolio Manager Emerging Market Debt
BA in English Literature from the University of California, Los Angeles. Joined Aberdeen in 2007 having spent the previous 10 years at Standard & Poor's in London and Singapore as a credit market analyst covering EM Debt.

The Investment Process

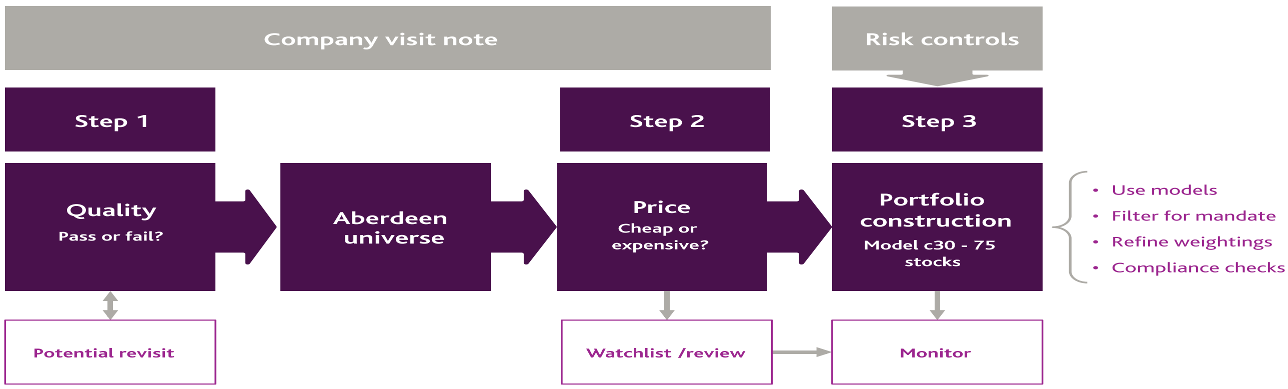
Although AAM is an active long-only manager, its investment philosophy and approach has absolute return characteristics. Its investment process is robust and characterised by its discipline, consistency and independence. AAM is not benchmark-driven and, accordingly, its fund managers do not invest in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

Portfolios are managed by AAM 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.

AAM selects securities for the Company's portfolio employing the investment strategies established by AAM's Global Emerging Market Equity and Global Emerging 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.
AAM 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 will allow AAM 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 from time to time.

Stock Selection Process



Your Board of Directors

The Directors, all of whom are non-executive, and the majority of whom are independent of Aberdeen, supervise the management of Aberdeen Latin American Income Fund Limited and represent the interests of Shareholders.

Richard Prosser

Status: Independent Non-Executive Director and Chairman
Age: 54
Length of Service: 4 years, appointed on 30 June 2010
Last re-elected to the Board: 13 December 2013
Experience: is a chartered accountant, a partner of the Appleby Group and a director of its wholly-owned trust company, Appleby Trust (Jersey) Limited. He is a director of a number of companies including property companies, hedge funds and investment management companies. He chairs the investment policy committee of Appleby Trust which monitors and evaluates the performance of asset managers throughout the Appleby Group.
Committee membership: Management Engagement Committee (Chairman), Nomination Committee (Chairman) and Audit Committee
Remuneration: £26,500 per annum
All other public company directorships: Damille Investments II Limited and Phoenix Spree Deutschland Limited
Employment by APWML or AAM: none
Other connections with the Fund or Aberdeen: none
Shared directorships with other Fund directors*:* none
Shareholding in the Company: 15,000 Ordinary shares and 1,500 Subscription shares

Martin Adams

Status: Independent Non-Executive Director
Age: 55
Length of Service: 4 years, appointed on 30 June 2010
Last re-elected to the Board: 10 December 2012
Experience: is an independent specialist in the management and restructuring of funds and private investments principally in emerging markets. After working for Lloyds Bank Group for 10 years, in 1991, he established Vietnam Fund Management Company Limited. Since 2012, he has been actively involved with investments and closed-end funds in Asia, Europe and Brazil.
Committee membership: Management Engagement Committee, Nomination Committee and Audit Committee
Remuneration: £18,500 per annum
All other public company directorships: Eastern European Property Fund Limited, Kubera Cross-Border Fund Limited, Terra Catalyst Fund, Trading Emissions PLC, Trinity Capital PLC, Vietnam Resource Investments (Holdings) Limited and VinaCapital Vietnam Opportunity Fund Limited
Employment by APWML or AAM: none
Other connections with the Fund or Aberdeen: none
Shared directorships with other Fund directors: none
Shareholding in the Company: 49,545 Ordinary shares and 1,000 Subscription shares

Jeremy Arnold

Status: Independent Non-Executive Director
Age: 76
Length of Service: 4 years, appointed on 30 June 2010
Last re-elected to the Board: 12 December 2011
Experience: is a chartered accountant. His career began in 1957 in London. After working for Touche, Ross in Sydney and San Francisco, he joined Andersen in London in 1966. He became a partner in 1974 until his retirement in 1994. He holds a number of directorships and is a Gambling Commissioner in Jersey.
Committee membership: Management Engagement Committee, Nomination Committee and Audit Committee (Chairman)
Remuneration: £21,000 per annum
All other public company directorships: none
Employment by APWML or AAM: none
Other connections with the Fund or Aberdeen: none
Shared directorships with other Fund directors: none
Shareholding in the Company: 20,000 Ordinary shares and 2,000 Subscription shares

George Baird

Status: Independent Non-Executive Director
Age: 64
Length of Service: 4 years, appointed on 9 July 2010
Last re-elected to the Board: 12 December 2011
Experience: graduated from Dundee University with a Law degree in 1971 and joined Arthur Young McLelland Moores & Co, qualifying as a chartered accountant in 1975. After working in local government in Scotland, he was appointed Treasurer of the States of Jersey in 1991. Prior to his retirement in 2002, he was group finance director of Mourant du Feu & Jeune. He holds several non-executive directorships on the Channel Islands.
Committee membership: Management Engagement Committee, Nomination Committee and Audit Committee
Remuneration: £18,500 per annum
All other public company directorships: Geiger Counter Limited, LXB Retail Properties Plc and Yatra Capital Limited
Employment by APWML or AAM: none
Other connections with the Fund or Aberdeen: none
Shared directorships with other Fund directors: none
Shareholding in the Company: none

Martin Gilbert

Status: Non-Independent Non-Executive Director
Age: 59
Length of Service: 4 years, appointed on 30 June 2010
Last re-elected to the Board: 13 December 2013
Experience: a founder shareholder and chief executive of Aberdeen Asset Management PLC. He holds a number of investment trust and other company directorships. After qualifying as a chartered accountant in 1982, he thereafter pursued a career in investment management.
Committee membership: Nomination Committee
Remuneration: £nil
All other public company directorships:
Aberdeen Asia-Pacific Income Fund Inc, Aberdeen Asia-Pacific Income Investment Company Limited, Aberdeen Asian Smaller Companies Investment Trust PLC, Aberdeen Asset Management PLC, Aberdeen Global Income Fund Inc, British Sky Broadcasting Group Plc, The Asia Tigers Fund, Inc and The India Fund, Inc.
Employment by APWML or AAM: Chief executive of Aberdeen Asset Management PLC
Other connections with the Fund or Aberdeen: Director of a number of Aberdeen-managed investment companies
Shared directorships with other Fund directors: none
Shareholding in the Company: 75,000 Ordinary shares and 2,500 Subscription shares

Directors' Report

Introduction

The current Directors, Richard Prosser, Martin Adams, Jeremy Arnold, George Baird and Martin Gilbert were the only Directors in office during the period.

The Directors present their Report and the audited financial statements for the year ended 31 August 2014.

The Group, the Company and its Objective

The Group comprises Aberdeen Latin American Income Fund Limited (the "Company") and its wholly-owned subsidiary Aberdeen Latin American Income Fund LLC.

The objective of the Company is set out on page 1 of this Report. The primary aim of the Company is to provide Ordinary Shareholders with a total return, with an above average yield, primarily through investing in Latin American securities.

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 constitutes and is 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 intends 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 trust.

The Company is a member of the Association of Investment Companies ("AIC").

Results and Dividends

Details of the Group's results and dividends are shown on page 11 and in notes 7 and 8 to the financial statements. In line with expectations, interim dividends have been paid on a quarterly basis in January, April and July and the fourth interim was paid on 31 October 2014, in respect of the three months ended on the preceding November, February, May and August. The Group achieved its stated intention to pay aggregate dividends of 4.25p per Ordinary share for the year ended 31 August 2014. As at 31 August 2014 the Group's brought forward revenue reserves equated to £102,000 after allowing for the fourth interim dividend which under International Financial Reporting Standards is not accounted for until paid.

Management Arrangements

The Company has an agreement (the "Management Agreement") with Aberdeen Private Wealth Management Limited ("APWML") for the provision of management services, details of which are shown in notes 4 and 5 to the financial statements. The Management Agreement provides for an investment management fee of 1% of the net asset value of the Company valued monthly. The Management Agreement also provides for a company secretarial and administration fee of £112,000, increased annually in line with any increases in the UK retail price index. The Management Agreement is terminable by either the Company or Aberdeen giving the other not less than 12 months' notice in writing.

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 Aberdeen, in their opinion the continuing appointment of APWML, on the terms agreed, is in the interests of Shareholders as a whole.

Share Capital

As at 31 August 2014 there were 65,582,674 Ordinary shares and 10,421,136 Subscription shares allotted and in issue with a further 990,000 Ordinary shares held in treasury. On 10 January 2014 100 new Ordinary shares were issued at 120p per share following the exercise of 100 Subscription shares in the period to 31 December 2013. During the course of the financial year the Company bought back in the market for treasury 990,000 Ordinary shares.

Each Subscription share carries the right to convert such share into one Ordinary share on 31 December in 2014 and 2015 (inclusive) at a price of 120p per share.

The 28 days prior to 31 December 2014 offer the second opportunity for holders of Subscription shares to exercise their right to subscribe for Ordinary shares. A reminder letter accompanies this Annual Report addressed to Subscription Shareholders.

Directors

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. No other Directors had interests in contracts with the Company. Details of the Directors retiring by rotation at the Annual General Meeting are disclosed in the Statement of Corporate Governance.

Alternative Investment Fund Managers Directive ("AIFMD")

The AIFMD came into force on 21 July 2011 and was implemented through secondary legislation in the UK in July 2013. Under the Directive the Company constitutes a 'third country' or non-EU domiciled alternative investment fund as it is incorporated in Jersey, which is not part of the EU. The AIFMD placed restrictions on the marketing of shares, including shares issued by non-EU domiciled funds, to investors in the EU. In particular, under the UK's AIFMD legislation, the marketing of the Company's shares within the UK after 22 July 2014 required registration on the UK's private placement register before any marketing may take place.

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.

APWML, as the Company's non-EEA alternative investment fund manager, also notified the UK Financial Conduct Authority ("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, disclosures for potential investors in the Company are available on the Company's website: www.latamincome.co.uk.

It is expected that an EU-wide marketing passport will be introduced in 2015, but there is no guarantee this will be available to non-EU domiciled funds. The costs for the Company of complying with the AIFMD are likely to increase, potentially by a material amount, the Company's governance and administration expenses; particularly should the Company wish to take advantage of the proposed marketing passport once it is introduced. The Board and the Company's advisers will continue to monitor the progress and likely implications of the AIFMD for the Company and, in particular, costs.

Foreign Account Tax Compliance Act ("FATCA")

The States of Jersey signed an Intergovernmental Agreement ("IGA") with the United States on 13 December 2013 in a bid to improve tax compliance and implement FATCA. Jersey also signed an IGA with the UK on 22 October 2013. Companies that are classified as Financial Institutions will have an obligation to report on any UK or US specified persons identified during their due diligence. As a result of the IGAs, Jersey companies must report to the Comptroller of Taxes at the Jersey Taxes Office, and not directly to the IRS. Under US FATCA, companies may suffer a withholding tax at an effective rate of 30% as a result of non-compliance. The Company's United States Internal Revenue Service FATCA registration number (GIIN) is 9HSG0J.99999.SL.832.

New Registered Office

During the financial year Aberdeen moved its office in Jersey. The Company's registered office is now located at 1st Floor, Sir Walter Raleigh House, 48 – 50 Esplanade, St Helier JE2 3QB.

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 Company's Ordinary shares are traded on the LSE 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, will not be disadvantageous to existing Ordinary Shareholders or Subscription Shareholders.

Unless previously disapplied by special resolution, in accordance with the Listing Rules of the Financial Conduct Authority, 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 10, 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 2015.

Purchase of the Company's Securities

In the past the Company has quoted the aim of its discount management policy as being to try to maintain the price at which the Ordinary shares trade relative to their net asset value at a discount of no more that 5%. As stated in the Chairman's Statement, during the year under review the Company bought back 990,000 Ordinary shares for treasury at a total cost of £776,000. However, the market volatility experienced over the year has impacted our ability to have a meaningful impact on the discount through the purchase of the Company's shares in the market and, consequently, the Ordinary shares traded at an average discount to their inclusive of income NAV of 7.7% over the year. It remains the Board's intention, in more normal market conditions, to try to maintain a discount of around 5% over the longer term.

Purchases of Ordinary shares will only be made through the market for cash at prices below the prevailing net asset value per Ordinary share (as last calculated) where the Directors believe such purchases will enhance shareholder value and are likely to assist in narrowing any discount to net asset value at which the Ordinary shares may trade. Purchases of Subscription shares will only be made through the market for cash if the net asset value per Ordinary share is greater than 120p (being the price payable on the exercise of a Subscription share) and at prices below the prevailing net asset value attributable to a Subscription share (as last calculated) where the Directors believe such purchases will enhance Shareholder value.

Resolution 8, a Special Resolution, will be proposed to renew the Directors' authority to make market purchases of the Company's Ordinary shares in accordance with the provisions of the Listing Rules of the Financial Conduct Authority. During the year 990,000 Ordinary shares were purchased in the market for treasury. The Company will seek authority to purchase up to a maximum of 9,830,843 Ordinary shares (representing 14.99 per cent. of the current issued Ordinary share capital excluding treasury shares). The authority being sought shall expire at the conclusion of the Annual General Meeting in 2015 unless such authority is renewed prior to such 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 of shares. 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 net asset value per Ordinary share for the benefit of all Shareholders.

Resolution 9, a Special Resolution, will be proposed to renew the Directors' authority to make market purchases of the Company's Subscription shares in accordance with the provisions of the Listing Rules of the LSE. During the period since listing and to the date of this Report, no Subscription shares have been purchased in the market for cancellation. The Company will seek authority to purchase up to a maximum of 1,562,128 Subscription shares (representing 14.99 per cent. of the current issued Subscription shares). The authority being sought shall expire at the conclusion of the Annual General Meeting in 2015 unless such authority is renewed prior to such time. Any Subscription shares purchased in this way will be cancelled and the number of Subscription shares will be reduced accordingly.

By a subscription and lock-in agreement dated 14 July 2010 between the Company and Aberdeen, Aberdeen agreed to purchase for cash such number of Subscription shares as conferred the right to subscribe for such number of Ordinary shares as represented 10% of the Ordinary shares in issue on listing. Aberdeen subscribed for and was allotted 5,210,618 Subscription shares at 10.5p each. The Company and Aberdeen have agreed that in the event the Management Agreement is terminated prior to the final subscription date for the Subscription shares, the Company will have the right to cancel all of these Subscription shares then outstanding subject to paying compensation based on the average middle market price for the 60 consecutive LSE dealing days immediately preceding the date of announcement of termination, or, if earlier, the first announcement of the intention to terminate the Management Agreement.

Recommendation

Your Board considers Resolutions 8, 9 and 10 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 Resolutions 8, 9 and 10 to be proposed at the Annual General Meeting, as they intend to do in respect of their own beneficial shareholdings amounting to 159,545 Ordinary shares.

Directors' & Officers Liability Insurance

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

Additional Information

- There are no restrictions on the transfer of Ordinary shares in the Company other than certain restrictions which may from time to time be imposed by law (for example, insider trading law).
- The Company is not aware of any agreements between Shareholders that may result in restriction on the transfer of securities and/or voting rights.
- The rules governing the appointment of Directors are set out in the Statement of Corporate Governance. The Company's Articles of Association may only be amended by a special resolution at a general meeting of Shareholders.
- The Company is not aware of any significant agreements to which it is a party that take effect, alter or terminate upon a change of control of the Company following a takeover.
- Other than the management and administration contracts with Aberdeen, set out earlier in the report, the Company is not aware of any contractual or other agreements which

are essential to its business which ought to be disclosed in the Directors' Report.

Corporate Governance

The Statement of Corporate Governance forms part of this Directors' Report and covers the Company's compliance with the UK Corporate Governance Code and is shown on pages 27 to 31.

Accountability and Audit

The respective responsibilities of the Directors and the auditor in connection with the financial statements are set out on pages 35 and 36.

Each Director confirms that, so far as he is aware, there is no relevant audit information of which the Company's auditor is unaware, and he 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.

Independent Auditor

Our auditor, Ernst & Young LLP, has indicated its willingness to remain in office. The Directors will place a Resolution before the Annual General Meeting to re-appoint them as independent auditor for the ensuing year, and to authorise the Directors to determine their remuneration.

Declaration

The Directors listed on pages 21 and 22, 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") and give a true and fair view of the assets, liabilities, financial position and profit or loss of the Group;
- 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 Group's performance, business model and strategy; and
- the Strategic Report, Aberdeen's Review, Performance Statement, Currency/Market Performance and Investment Process includes a fair review of the development and performance of the business and the position of the Group together with a description of the principal risks and uncertainties that the Group faces.

By order of the Board

Aberdeen Private Wealth Management Limited
Secretary
4 November 2014

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

Statement of Corporate Governance

This statement of Corporate Governance forms part of the Directors' Report which is shown on pages 23 to 26.

Introduction

The Company is committed to high standards of corporate governance. The Board of Aberdeen Latin American Income Fund Limited has considered the principles and recommendations of the AIC Code of Corporate Governance ("AIC Code") by reference to the AIC Corporate Governance Guide for Investment Companies ("AIC Guide"). The AIC Code, as explained by the AIC Guide, addresses all the principles set out in the UK Corporate Governance Code ("UK Code"), as well as setting out additional principles and recommendations on issues that are of specific relevance to the Company.

The Board considers that reporting against the principles and recommendations of the AIC Code, and by reference to the AIC Guide (which incorporates the UK Code), will provide better information to Shareholders.

The Company has complied with the recommendations of the AIC Code and the relevant provisions of the UK Code, except as set out below.

The UK Code includes provisions relating to:

o the role of the chief executive
o executive directors' remuneration
o the need for an internal audit function

For the reasons set out in the AIC Guide, and as explained in the UK Code, the Board considers 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 Board

The Board currently consists of a non-executive Chairman and four other non-executive Directors. All Directors, with the exception of Mr M Gilbert, are considered by the Board to be independent and free of any material relationship with Aberdeen. Mr Gilbert, CEO of Aberdeen Asset Management PLC, the parent company of both the Manager and Investment Manager, is not independent and therefore Mr Gilbert submits himself for annual re-election as a Director. Each Director has the requisite high level and range of business and financial experience which enables the Board to provide clear and effective leadership and proper stewardship of the Company. The Board considers that the post of chief executive officer is not relevant for an investment company as this role has effectively been delegated to Aberdeen, under the terms of the Management Agreement. Given the size and composition of the Board it is not felt necessary to separate the roles of chairman and senior independent director.

During the year ended 31 August 2014 the Board met on a regular basis. The Audit Committee met twice and there was one meeting of each of the Management Engagement Committee ("MEC") and the Nomination Committee. Between meetings the Board maintains regular contact with Aberdeen.

Directors have attended regular Board meetings and Audit Committee meetings during that period as follows (with their eligibility to attend the relevant meeting in brackets – in order to be eligible for a meeting a Director must be situated outside of the United Kingdom and therefore a Director is not deemed to have missed a meeting if they were in the UK at the time):

	Board	Audit Committee	MEC	Nomination Committee
R Prosser	6(6)	2(2)	1(1)	1(1)
M Adams	5(6)	2(2)	1(1)	1(1)
J Arnold	6(6)	2(2)	1(1)	1(1)
G Baird	5(6)	2(2)	1(1)	1(1)
M Gilbert*	4(6)	N/A	N/A	-(1)

*Mr Gilbert is not a member of the Audit Committee or Management Engagement Committee

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 of Aberdeen. 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.

The Board has put in place necessary procedures to conduct, on an annual basis, an appraisal of the Chairman of the Board, Directors' individual self-evaluation and a performance evaluation of the Board as a whole. For the year to 31 August 2014 this was undertaken using detailed questionnaires followed by one-on-one discussions. 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.

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

Audit Committee

The Audit Committee operates within clearly defined terms of reference and comprises four independent Directors, Mr J Arnold (Chairman with recent and relevant experience), Mr M Adams, Mr G Baird and Mr R Prosser. The UK Code and the AIC Code acknowledge that some of the standard UK Code provisions may not be specifically appropriate to investment companies and in this regard the Board believes that it is appropriate for all the independent Directors to constitute the Audit Committee. In summary the Audit Committee's main functions are:

- to review and monitor the internal control systems and risk management systems on 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 Aberdeen and APWML 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, is fair, balanced and understandable and provides the information necessary for Shareholders to assess the Company's performance, business model and strategy;
- to meet with the external auditor to review their proposed audit programme of work and the findings of the auditor. 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, fees amounting to £1,500 were paid to the auditor in respect of non audit services – the Board will review any future fees in the light of the requirement to maintain the auditor's independence);
- to review an annual statement from Aberdeen detailing the arrangements in place within Aberdeen 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; and,
- to monitor and review annually the external auditor's independence, objectivity, effectiveness, resources and qualification.

Significant Issues

During its review of the Company's financial statements for the year ended 31 August 2014, the Audit Committee considered the following significant issues, in particular those communicated by the auditor during their reporting:

Mispricing of Investments due to the Inappropriate Use of Pricing Inputs

The pricing of investments is undertaken in accordance with the accounting policies on fair value measurement as disclosed on page 45. 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 Aberdeen 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

The recognition of investment income is undertaken in accordance with accounting policy note 2(d) to the financial statements on page 44. Special dividends are allocated to the capital or revenue accounts according to the nature of the payment and the intention of the underlying company. Aberdeen provides monthly internal control reports to the Board. The allocation of material special dividends is also reviewed by the auditor.

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)
- 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 Aberdeen)
- 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 trust sector and retention on rotation of the partner)

Ernst & Young LLP has held office as auditor since the launch of the Company in 2010; in accordance with professional guidelines the audit partner is rotated after at most five years, and the current audit partner has served since 2011. The Committee considers Ernst & Young LLP, the Company's auditor, to be independent of the Company. The Audit Committee is aware of developments in best practice in regard to audit tendering and will keep under review the benefits of conducting an audit tender in the future.

The Audit Committee is satisfied that there is no need to put the audit appointment out to tender at the present time. The Audit Committee therefore supports the recommendation to the Board that the re-appointment of Ernst & Young LLP be put to Shareholders for approval at the AGM. Shareholders have the opportunity at each AGM to vote on the reappointment of the auditor for the forthcoming year.

Management Engagement Committee ("MEC")

The Board has appointed a MEC which comprises four independent Directors, Mr R Prosser (Chairman), Mr M Adams, Mr J Arnold, and Mr G Baird. The function of this Committee is to review performance 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 Board remains satisfied that the continuing appointment of Aberdeen on the terms agreed is in the interests of Shareholders as a whole. The key factors taken into account in reaching this decision are the investment skills, experience and commitment and performance record of Aberdeen. The Management Agreement may be terminated by either party by giving not less than 12 months' notice in writing.

Nomination Committee

Appointments to the Board of Directors are considered by the Nominations Committee which comprises the entire Board and whose Chairman is Mr R Prosser. Possible new Directors are identified against the requirements of the Company's business and the need to have a balanced Board. Every Director is entitled to receive appropriate training as deemed necessary. The Board's overriding priority when appointing new Directors to the Board will be to identify the candidate with the best range of skills and experience to complement existing Directors.

The Articles of Association require that all Directors shall submit themselves for election by Shareholders at the first opportunity following their appointment and shall not remain in office longer than three years since their last election or re-election without submitting themselves to re-election. Mr Gilbert is Chief Executive of Aberdeen Asset Management PLC and under the United Kingdom Listing Authority's Listing Rules is subject to annual re-election by Shareholders. Accordingly, at the Annual General Meeting of the Company, Mr Gilbert will submit himself for re-election. The Nomination Committee resolved that Mr Arnold and Mr Baird will also stand for re-election at the 2014 Annual General Meeting consistent with the re-election process. The Board considers that there is a balance of skills and experience within the Board relevant to the leadership and direction of the Company and that all Directors contribute effectively.

Under the United Kingdom Listing Authority's Listing Rules, where an investment company has only non-executive directors, the UK Code principles relating to directors' remuneration do not apply. Accordingly, the Board has not appointed a separate remuneration committee. 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 32 to 34.

Diversity

Since launch in 2010 the Company has not appointed any new Directors to the Board. The Board's overriding priority when it becomes necessary to appoint new Directors to the Board will be to identify the candidate with the best range of skills and experience to complement the existing Directors. The Board recognises the benefits of diversity in the composition of the Board. When Board positions become available in the future as a result of retirement or resignation, the Company will ensure that a diverse group of candidates is considered.

Going Concern

In accordance with the Financial Reporting Council's guidance on Going Concern and Liquidity Risk issued in October 2009 the Directors have undertaken a rigorous review of the Company's ability to continue as a going concern. The Company's assets consist of a diverse portfolio of listed equities, equity-related investments and fixed income investments which in most circumstances are realisable within a very short timescale.

On 15 August 2014 the Company renewed its £10 million multi currency revolving facility agreement with Scotiabank Europe PLC for a further 36 months. Accordingly, 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 3 and 4 and have reviewed forecasts detailing revenue and liabilities and the Directors 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 & 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 Group's system of internal control and for reviewing its effectiveness. The Financial Reporting Council's "Internal Control: Revised Guidance for Directors on the Combined Code" (the FRC Guidance), assists Directors in applying section C.2 of the UK Code. The Board confirms that there is an ongoing process for identifying, evaluating and managing the significant risks faced by the Group. 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 guidance. 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 significant risks affecting the Group and policies by which these risks are managed. The significant risks faced by the Group, are detailed in the Strategic Report.

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

- Aberdeen prepares forecasts and management accounts which allow the Board to assess the Company's activities and review its performance;
- the Board and Aberdeen 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 Aberdeen as appropriate;
- as a matter of course Aberdeen's compliance department continually reviews its' operations;
- written agreements are in place which specifically define the roles and responsibilities of Aberdeen and other third party service providers;
- at its October 2014 meeting, the Audit Committee members carried out an annual assessment of internal controls for the year ended 31 August 2014 by considering documentation from Aberdeen, including the internal audit and compliance functions and taking account of events since 31 August 2014. 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 Aberdeen, has decided to place reliance on Aberdeen'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.

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 2014:

Shareholder	Number Of shares held	% held
Aberdeen Retail Plans	4,999,656	7.6
Alder Investment Management	4,670,063	7.1
Brewin Dolphin, Stockbrokers	3,871,527	5.9
Rathbones	3,778,586	5.8
1607 Capital Partners	3,754,000	5.7
Hargreaves Lansdowne, Stockbrokers	2,733,885	4.2
JM Finn, Stockbrokers	2,666,639	4.1
CCLA Investment Management	2,550,000	3.9
Investec Wealth and Management	2,343,722	3.6
Speirs & Jeffrey, Stockbrokers	2,223,458	3.4
Funds Managed by Aberdeen Asset Management	2,133,000	3.3
Charles Stanley, Stockbrokers	2,086,598	3.2

There have been no significant changes notified in respect of the above holdings between 31 August 2014 and 4 November 2014.

Relations with Shareholders

The Directors place a great deal of importance on communication with Shareholders. The Chairman welcomes feedback form all Shareholders and 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 Aberdeen's freephone information service and the Company's website (www.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 Aberdeen) in situations where direct communication is required and representatives from the Board meet periodically with major Shareholders.

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 Aberdeen, either formally at the Company's Annual General Meeting 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.

Proxy Voting as an Institutional Shareholder

Responsibility for actively monitoring the activities of investee companies has been delegated by the Board to Aberdeen and its Corporate Governance Principles can be found on Aberdeen's website, at http://www.aberdeen-asset.com/aam.nsf/AboutUs /governancestewardship. This document sets out Aberdeen's framework on corporate governance, proxy voting and shareholder engagement in relation to the companies in which Aberdeen has invested or is considering investing. Aberdeen's Statement of Compliance with the UK Stewardship Code also appears on Aberdeen's website, at the web address given above.

The Board has delegated responsibility for actively monitoring the activities of investee companies to Aberdeen. Aberdeen is responsible for reviewing, on a regular basis, the annual reports, circulars and other publications produced by the investee company, and for attending company meetings. Aberdeen, in the absence of explicit instruction from the Board, is empowered to use discretion in the exercise of the Company's voting rights. Aberdeen's policy is to vote all shares held by the Company. The Board receives from Aberdeen regular reports on the exercise of the Company's voting rights.

Environmental, Social and Corporate Governance Policy

The Directors recognise that their first duty is to act in the best financial interests of the Company's Shareholders and to achieve good financial returns against acceptable levels of risk, in accordance with the objectives of the Company. In asking Aberdeen to deliver against these objectives, they believe that companies failing to take into account broader social, ethical and environmental issues are unlikely to have long-term sustainable businesses. Therefore Aberdeen takes into account these factors when assessing investment opportunities. Aberdeen aims to take a full part in dialogue on corporate governance reforms and is a member of various international and regional bodies, including the International Corporate Governance Network as well as being a signatory to the United Nations Principles for Responsible Investing (UNPRI). Through these groups and independently, Aberdeen communicates its views on corporate governance best practice to regulators and policy-makers across the world.

By order of the Board
Aberdeen Private Wealth Management Limited

Secretary
4 November 2014
1st Floor, Sir Walter Raleigh House
48 – 50 Esplanade, St Helier, Jersey JE2 3QB

Directors' Remuneration Report

The Board has prepared this report in accordance with the new 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:

(i) a Remuneration Policy, which will be subject to a binding Shareholder vote to be put to the members at the forthcoming AGM in the first instance and then every three years thereafter. Should the Remuneration Policy be varied during this interval, then Shareholder approval for the new Remuneration Policy will be sought;
(ii) 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,
(iii) an Annual Statement.

The fact that the Remuneration Policy will now be subject to a binding vote does not imply any change on the part of the Company. The principles remain the same as for previous years. 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 2015.

Remuneration Policy

This part of the Remuneration Report provides details of the Company's Remuneration Policy for Directors of the Company. This policy takes into consideration the principles of UK Corporate Governance and the AIC's recommendations regarding the application of those principles to investment companies. 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 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. Fees are reviewed annually against the Company's peer group and if considered appropriate, increased accordingly.

	2014 £	2013 £
Chairman	26,500	26,500
Chairman of Audit Committee	21,000	21,000
Director	18,500	18,500

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 re-election at the first AGM after their appointment, and at least every three years thereafter. Directors associated with the Investment Manager are subject to annual re-election.
- New appointments to the Board will be placed on the fee applicable to all Directors at the time of appointment (currently £18,500).
- 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.
- Mr Gilbert has agreed to waive any entitlement to a fee in respect of his appointment as a non-executive director of the Company.

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.
- Mr Gilbert is a director of the parent company of the Manager and Investment Manager and his interests in the contractual arrangements with the Company are shown in note 17 to the financial statements. No other Director had an interest in contracts with the Company during the period or subsequently.
- The terms of appointment provide that a Director may be removed without 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 the law allows.

It is intended that, if approved, the Remuneration Policy will take effect at the conclusion of the AGM on 9 December 2014.

Implementation Report

Directors' Fees

The Board carried out a review of the level of Directors' fees during the year and concluded that the amounts should be maintained at the current level for the year ending 31 August 2015. 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 return for a holding in the Company's Ordinary shares as compared to the composite benchmark index weights 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 inception 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 stockmarket 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 13 December 2013, Shareholders approved the Directors' Remuneration Report in respect of the year ended 31 August 2013. Of the proxy votes received, 98.3% were in favour of the resolution (including discretionary) and 1.5% were against.

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	2014 £	2013 £	Taxable Benefits 2014	Taxable Benefits 2013
R Prosser (Chairman and highest paid Director)	26,500	26,500	-	-
J Arnold	21,000	21,000	-	-
M Adams	18,500	18,500	-	-
G Baird	18,500	18,500	-	-
M Gilbert	Nil	Nil	-	-
Total	**84,500**	**84,500**	**-**	**-**

None of the Directors received any other salaries or taxable benefits during the year. Fees are pro-rated where a change takes place during a financial year. Of the fees disclosed above £26,500 (2013: £26,500) was payable to third parties in respect of making available the services of Directors. These fees were in respect of Mr Prosser (assigned to Appleby Trust).

Directors' Interests in the Company

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

The Directors (including connected persons) at 31 August 2014 and 1 September 2013 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 2014		1 September 2013	
	Ordinary shares	Sub shares	Ordinary shares	Sub shares
R Prosser	15,000	1,500	15,000	1,500
M Adams	49,545	1,000	19,270	1,000
J Arnold	20,000	2,000	20,000	2,000
G Baird	-	-	-	-
M Gilbert	75,000	2,500	15,000	2,500

The interests overleaf are unchanged as at 4 November 2014, being the nearest practicable date prior to the signing of this Report.

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 2014:

- 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.

By order of the Board

Aberdeen Private Wealth Management Limited
Secretary
4 November 2014

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 and Group 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.

Richard Prosser
Chairman
4 November 2014

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

The Directors are 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

Opinion on consolidated financial statements

In our opinion the consolidated financial statements:

- give a true and fair view of the state of the Group's affairs as at 31 August 2014 and of its profit for the year then ended;
- have been properly prepared in accordance with International Financial Reporting Standards; and
- have been prepared in accordance with the requirements of the Companies (Jersey) Law 1991.

What we have audited

We have audited the consolidated financial statements of Aberdeen Latin American Income Fund Limited ("the Group") for the year ended 31 August 2014 which comprise the Consolidated Statement of Comprehensive Income, the Consolidated Balance Sheet, the Consolidated Statement of Changes in Equity, the Consolidated Cash Flow Statement and the related notes 1 to 19. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards.

This report is made solely to the company's members, as a body, in accordance with Article 113A of the Companies (Jersey) Law 1991. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditor

As explained more fully in the Directors' Responsibilities Statement set out on page 35, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Group's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Our assessment of risks of material misstatement

We identified the following risks of material misstatement which had the greatest effect on the audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team:

- Investment valuation; and
- Incomplete or inaccurate income recognition.

These were also considered as significant matters by the Audit Committee in relation to the financial statements. Further discussion can be found in the Audit Committee section of the Statement of Corporate Governance in the Annual Report on page 28.

Our application of materiality

We apply the concept of materiality both in planning and performing our audit, in evaluating the effect of identified misstatements on our audit and of uncorrected misstatements on the financial statements, and in forming our audit opinion. For the purposes of obtaining evidence sufficient to give reasonable assurance that the financial statements are free from material misstatement, we define materiality as the magnitude of an omission or misstatement that, individually or in the aggregate, in light of the surrounding circumstances, could reasonably be expected to influence the economic decisions of the users of the financial statements. We also determine a level of performance materiality which we use to determine the extent of testing needed to reduce to an appropriately low level, the probability that the aggregate of uncorrected and undetected misstatements exceeds materiality for the financial statements as a whole.

When establishing our overall audit strategy, we determined the magnitude of omissions or uncorrected misstatements that we judged would be material to the financial statements as a whole. We determined materiality for the Group to be £607,000 (2013: £586,000), which is approximately 1% (2013: 1%) of the net asset value of the Group as at 31 August 2014. This provided a basis for determining the nature, timing and extent of risk assessment procedures, identifying and assessing the risk of material misstatement and determining the nature, timing and extent of further audit procedures.

On the basis of our risk assessments, together with our assessment of the Group's overall control environment, our judgement was that the overall performance materiality (i.e. our tolerance for misstatement in an individual account or balance) for the Group should be 75% (2013: 75%) of materiality, namely £455,000 (2013: £440,000). Our objective in adopting this approach was to ensure that total uncorrected and undetected audit differences in all accounts did not exceed our materiality level.

We agreed with the Audit Committee that we would report to them all audit differences in excess of £30,000 (2013: £29,000), as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds.

An overview of the scope of our audit

The Group consists of Aberdeen Latin American Income Fund Limited and its wholly owned subsidiary, Aberdeen Latin American Income Fund LLC, which are subject to a full scope audit by the Group audit team.

Our response to the risks identified above is summarised below.

- With respect to investment valuations, we performed walkthroughs of the investment valuation, acquisition and disposal processes of the Group. We performed tests of the significant controls designed to detect or prevent potential errors relevant to the financial statements. We validated the prices of the entire investment portfolio using independent pricing sources including Bloomberg, Data Link and Interactive Data and considered the trading volumes and hence the quality of the pricing quotes provided.
- We assessed if the revenue recognition policies of the Group were in line with IFRS. We performed a walkthrough and tested the controls relating to the recording of dividend and interest income. We agreed a sample of recorded dividend and interest income to third party sources such as Bloomberg and traced these to bank statements. We recalculated the accrued interest based on the interest attached to the respective bond on a sample basis.

Matters on which we are required to report by exception

We have nothing to report in respect of the following:

Under the ISAs (UK and Ireland), we are required to report to you if, in our opinion, information in the annual report is:

- materially inconsistent with the information in the audited financial statements; or
- apparently materially incorrect based on, or materially inconsistent with, our knowledge of the Group acquired in the course of performing our audit; or
- is otherwise misleading.

In particular, we are required to consider whether we have identified any inconsistencies between our knowledge acquired during the audit and the directors' statement that they consider the annual report to be fair, balanced and understandable and whether the annual report appropriately discloses those matters that we communicated to the audit committee which we consider should have been disclosed.

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

- proper accounting records have not been kept, or proper returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- we have not received all the information and explanations we require for our audit.

Under the Listing Rules we are required to review:

- the part of the Corporate Governance Statement relating to the company's compliance with the nine provisions of the UK Corporate Governance Code specified for our review.

Andrew Dann, FCA
for and on behalf of Ernst & Young LLP
Jersey, Channel Islands
4 November 2014

(i) The maintenance and integrity of the Aberdeen Latin American Income Fund Limited web site is the responsibility of the directors; the work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the web site.

(ii) Legislation in Jersey governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Consolidated Statement of Comprehensive Income

	Notes	Year ended 31 August 2014 Revenue £'000	Capital £'000	Total £'000	Year ended 31 August 2013 Revenue £'000	Capital £'000	Total £'000
Income							
Income from investments	3	3,628	–	3,628	3,910	–	3,910
Interest income		2	–	2	4	–	4
Total revenue		3,630	–	3,630	3,914	–	3,914
Gains/(losses) on financial assets held at fair value through profit or loss	9	–	2,946	2,946	–	(6,435)	(6,435)
Currency gains		–	522	522	–	13	13
		3,630	3,468	7,098	3,914	(6,422)	(2,508)
Expenses							
Investment management fee	4	(263)	(394)	(657)	(317)	(476)	(793)
Other operating expenses	5	(480)	–	(480)	(488)	–	(488)
Profit/(loss) before finance costs and taxation		2,887	3,074	5,961	3,109	(6,898)	(3,789)
Finance costs	6	(54)	(82)	(136)	(58)	(88)	(146)
Profit/(loss) before taxation		2,833	2,992	5,825	3,051	(6,986)	(3,935)
Taxation		(126)	–	(126)	(100)	–	(100)
Profit/(loss) for the year attributable to equity shareholders		**2,707**	**2,992**	**5,699**	**2,951**	**(6,986)**	**(4,035)**
Earnings per Ordinary share (pence):	8						
Basic & Diluted		**4.11**	**4.54**	**8.65**	**4.43**	**(10.49)**	**(6.06)**

There is no income or expense that is not included in profit/(loss) for the year, and therefore the "Profit/(loss) for the year" is also the "Total comprehensive income for the year", as defined in IAS 1 (revised).

All of the profit/(loss) and total comprehensive income is attributable to the equity holders of the parent company.

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.

Consolidated Balance Sheet

	Notes	As at 31 August 2014 £'000	As at 31 August 2013 £'000
Non-current assets			
Investments held at fair value through profit or loss	9	68,480	66,905
Current assets			
Cash		861	883
Forward foreign currency contracts		–	69
Other receivables	10	551	589
Total current assets		1,412	1,541
Total assets		69,892	68,446
Current liabilities			
Bank loan	11	(8,912)	(9,567)
Forward foreign currency contracts		(25)	–
Other payables		(226)	(269)
Total current liabilities		(9,163)	(9,836)
Net assets		**60,729**	**58,610**
Equity capital and reserves			
Equity capital	12	65,936	65,936
Capital reserve	13	(6,129)	(8,345)
Revenue reserve		922	1,019
Equity shareholders' funds		**60,729**	**58,610**
Net asset value per Ordinary share (pence):			
Basic & Diluted	14	**92.60**	**88.04**

The financial statements were approved by the Board of Directors and authorised for issue on 4 November 2014 and were signed on its behalf by:

Richard Prosser
Chairman

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

Consolidated Statement of Changes in Equity

Year ended 31 August 2014

	Notes	Equity capital £'000	Capital reserve £'000	Revenue reserve £'000	Total £'000
Balance at 31 August 2013		65,936	(8,345)	1,019	58,610
Profit for the year attributable to equity holders		–	2,992	2,707	5,699
Dividends paid	7	–	–	(2,804)	(2,804)
Purchase of own shares to be held in treasury		–	(776)	–	(776)
Balance at 31 August 2014		**65,936**	**(6,129)**	**922**	**60,729**

Year ended 31 August 2013

	Notes	Equity capital £'000	Capital reserve £'000	Revenue reserve £'000	Total £'000
Balance at 31 August 2012		65,936	(1,359)	898	65,475
(Loss)/profit for the year attributable to equity holders		–	(6,986)	2,951	(4,035)
Dividends paid	7	–	–	(2,830)	(2,830)
Balance at 31 August 2013		**65,936**	**(8,345)**	**1,019**	**58,610**

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

Consolidated Cash Flow Statement

	Year ended 31 August 2014 £'000	Year ended 31 August 2013 £'000
Dividend income	1,299	1,237
Fixed interest income	2,181	2,364
Deposit interest	1	4
Investment management fee paid	(662)	(738)
Other cash expenses	(529)	(504)
Cash generated from operating activities before finance costs and taxation	2,290	2,363
Interest paid	(134)	(150)
Withholding taxes paid	(121)	(100)
Net cash inflow from operating activities	2,035	2,113
Cash flows from investing activities		
Purchases of investments	(7,460)	(16,921)
Proceeds from sales of investments	9,023	17,751
Net cash inflow from investing activities	1,563	830
Cash flows from financing activities		
Equity dividends paid	(2,804)	(2,830)
Loan repaid	–	(442)
Repurchase of own shares	(776)	–
Net cash outflow from financing activities	(3,580)	(3,272)
Net decrease in cash	18	(329)
Foreign exchange	(40)	194
Cash at start of year	883	1,018
Cash at end of year	**861**	**883**

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

Notes to the Consolidated Financial Statements

For the year ended 31 August 2014

1. **Principal activity**

The Company is a closed-ended 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 financial statements consolidate the financial statements of the Company and its wholly-owned subsidiary, Aberdeen Latin American Income Fund LLC (together referred to as the 'Group'). This subsidiary is an integral part of the Company's principal activity.

2. **Accounting policies**

(a) Basis of preparation

The consolidated financial statements of the Group have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board. They also follow where appropriate the relevant professional guidance of the Association of Investment Companies ("AIC"). The historical cost basis has been used, except in respect of investments and certain related financial instruments. The relevant accounting principles which follow have been consistently applied with the previous year.

The preparation of financial statements in conformity with IFRS requires the use of accounting estimates which requires management to exercise its judgement in the process of applying the accounting policies. Although these estimates are based on management's best knowledge of current facts, circumstances, future actions and events, actual results may differ from these estimates. The use of accounting estimates did not have a significant impact on the financial statements for the reporting periods presented in the financial statements.

The Directors have, at the time of approving the financial statements, a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the financial statements. Further detail is included in the Statement of Corporate Governance (unaudited) on pages 29 and 30.

The consolidated financial statements are presented in Sterling and all values are rounded to the nearest thousand pounds (£'000) except when otherwise indicated.

New and amended standards and interpretations

The accounting policies adopted in the current year are consistent with those of the previous year, except that the Company has adopted the following new and revised accounting standards:

- IFRS 10 Consolidated Financial Statements
- IFRS 12 Disclosure of Interest in Other Entities
- IFRS 13 Fair Value Measurement
- IAS 27 Separate Financial Statements

None of the above standards have made a significant impact to the financial performance and position but future periods may be impacted. Of the above standards, IFRS 10 replaces the portion of IAS 27 that addresses the accounting for consolidated financial statements. IFRS 10 establishes a single control model that applies to all entities including special purpose entities. IFRS 13 establishes a single source of guidance under IFRS for all fair value measurements. IFRS 13 defines fair value as an exit prices. As a result of the guidance in IFRS 13, the Company reassessed its policies for measuring fair values.

Other amendments apply for the first time in the current financial year. However, they do not impact the financial statements of the Company.

Standards issued but not yet effective

Standards issued but not yet effective up to the date of issuance of the Company's financial statements are listed below where the directors reasonably expect these to have an impact on the financial statements. The Company intends to adopt applicable standards when they become effective:

• Amendments to IFRS 10, IFRS 12 and IAS 27 Investment Entities

The amendments for investment entities provide an exception to the consolidation requirement for entities that meet the definition of an Investment Entity under IFRS 10 Consolidated Financial Statements and must be applied retrospectively, subject to certain transition relief. The exception to consolidation requires Investment Entities to account for subsidiaries at fair value through profit or loss. Entities are required to apply the amendments for annual periods beginning on or after 1 January 2014 with early adoption permitted. The Directors are currently considering the impact of these amendments and have concluded that at this stage it is too early to determine whether they will materially affect the financial statements.

• IFRS 9 Financial Instruments – Classification and Measurement

In July 2014, the IASB issued the final version of IFRS 9 Financial Instruments which reflects all phases of the financial instruments project and replaces IAS 39 Financial Instruments: Recognition and Measurement and all previous versions of IFRS 9. The standard introduces new requirements for classification and measurement, impairment, and hedge accounting. IFRS 9 is effective for annual periods beginning on or after 1 January 2018, with early application permitted.

• IFRS 15 Revenue from Contracts with Customers

IFRS 15 was issued in May 2014 and establishes a new five-step model that will apply to revenue arising from contracts with customers. Under IFRS 15 revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The principles in IFRS 15 provide a more structured approach to measuring and recognising revenue. The new revenue standard is applicable to all entities and will supersede all current revenue recognition requirements under IFRS. Either a full or modified retrospective application is required for annual periods beginning on or after 1 January 2017 with early adoption permitted.

(b) Basis of consolidation

The financial statements consolidate the financial statements of the Company and its subsidiary, Aberdeen Latin American Income Fund LLC.

The subsidiary is fully consolidated from the date of its inception on 30 June 2010, being the date on which the Group obtained control, and will continue to be consolidated until the date that such control ceases. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. The financial statements of the subsidiary are prepared for the same reporting period as the parent company, using consistent accounting policies.

(c) Segmental reporting

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

The following table analyses the Group's income by geographical location. The basis for attributing the income is the place of incorporation of the instrument's counterparty.

	2014 £'000	2013 £'000
Argentina	23	36
Brazil	2,180	2,352
Chile	93	79
Columbia	118	26
Mexico	602	754
Peru	102	92
United Kingdom	2	4
Uruguay	510	571
	3,630	**3,914**

The Group's income by investment type is derived 34.2% (2013 – 33.6%) from equities, 65.7% (2013 – 66.3%) from bonds and 0.1% (2013 – 0.1%) from cash holdings.

Operating revenue from one counterparty which represents more than 10% of the Group's revenues amounted to £963,000 (2013 – £674,000).

(d) Income

Dividend income from equity investments are recognised in the Consolidated Statement of Comprehensive Income on the ex-dividend date. Dividend income from equity investments where no ex-dividend date is quoted are brought into account when the Group's right to receive payment is established. Where the Group 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 in the Consolidated Statement of Comprehensive Income. Special dividends are credited to capital or revenue according to their circumstances.

The fixed returns on debt securities and non-equity shares are recognised using the effective interest rate method.

Interest income from cash and short-term deposits is accrued to the end of the financial period.

(e) Expenses and interest payable

All expenses, with the exception of interest, which would be recognised using the effective interest method, are accounted for on an accruals basis. Expenses are charged to the revenue column of the Consolidated Statement of Comprehensive Income except as follows:

- the costs incidental to the formation of the Company and the issue of new shares as defined in the prospectus has been charged to capital;
- expenses resulting from the acquisition or disposal of an investment are charged to the capital column of the Consolidated Statement of Comprehensive Income and are separately identified and disclosed in note 9 (b); and
- expenses are charged to the capital column of the Consolidated Statement of Comprehensive Income where a connection with the maintenance or enhancement of the value of the investments can be demonstrated. The Group charges 60% of investment management fees and finance costs to capital, in accordance with the Board's expected long-term return in the form of capital gains and income respectively from the investment portfolio of the Group.

(f) Taxation

Profits arising in the Group for the year ended 31 August 2014 will be subject to Jersey income tax at the rate of 0% (2013 – 0%).

However, in some jurisdictions, investment income and capital gains are subject to withholding tax deducted at the source of the income. The Group presents the withholding tax separately from the gross investment income in the Consolidated Statement of Comprehensive Income under taxation.

(g) Investments held at fair value through profit or loss

Purchases of investments are recognised on a trade-date basis and designated upon initial recognition as held at fair value through profit or loss. All investments are considered to form part of a group of financial assets which is evaluated on a fair value basis, in accordance with the Group's documented investment strategy, and information about the grouping is provided internally on that basis. These investments also relate to inflation-linked bonds which are considered to be compound financial instruments. Proceeds are measured at fair value, which is regarded as the proceeds of sale less any transaction costs. Sales of investments are also recognised on a trade date basis.

Changes in the value of investments held at fair value through profit or loss, gains and losses on disposal and related transaction costs are recognised in the Consolidated Statement of Comprehensive Income.

(h) 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 within the country of their incorporation. 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. The Directors are of the opinion that there is no significant difference between the carrying value and fair value of other financial assets and liabilities in the Consolidated Balance Sheet.

(i) Cash

Cash comprises cash at banks and short-term deposits.

(j) Other receivables and payables

Other receivables are classified as loans and receivables. Payables are classified as financial liabilities. They are measured initially at their fair value plus any directly attributable incremental costs of acquisition or issue. Other receivables and payables are subsequently measured at amortised cost using the effective interest rate method. For other receivables any impairment is considered and recognized in profit or loss.

(k) Dividends payable

Dividends are recognised in the consolidated financial statements in the period in which they are declared.

(l) 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 Consolidated 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 (e) above.

Revenue reserve

This reserve reflects all income and costs which are recognised in the revenue column of the Consolidated Statement of Comprehensive Income.

(m) Treasury shares

When the Company purchases its Ordinary shares to be held in treasury, 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. When these shares are sold or reissued 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.

(n) Subscription shares

The Directors are of the opinion that the Subscription shares of the Company fall within the definition for equity under IAS 32 'Financial Instruments: Presentation'.

(o) Foreign currency

The consolidated financial statements are presented in sterling which is the Company's functional currency.

Monetary assets and liabilities are converted into sterling at the rate of exchange ruling at the Balance Sheet date. Transactions during the period involving foreign currencies are converted at the rate of exchange ruling at the transaction date. Any gain or loss arising from a change in exchange rates subsequent to the date of the transaction is included as an exchange gain or loss and recognised in the Consolidated Statement of Comprehensive Income.

(p) Bank loans

Monies borrowed to finance the investment objectives of the Company are stated at the amount of the net proceeds immediately after the issue plus cumulative finance costs less cumulative payments made in respect of the debt. The finance cost of such borrowings is allocated to years over the term of the debt at a constant rate on the carrying amount and, as per the Prospectus, is charged 40% to revenue and 60% to capital reserves to reflect the Company's investment policy and prospective income and capital growth.

Borrowings are held at amortised cost using the effective interest rate method.

(q) Derivative financial instruments

The Group's derivative transactions comprise 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 recognized in the Consolidated Statement of Comprehensive Income. If capital in nature, the change would be recorded as a capital item in that Statement.

3. Income from investments	**2014 £'000**	**2013 £'000**
Dividend income	1,243	1,315
Fixed interest income	2,385	2,595
	3,628	**3,910**

4. Investment management fee

The Company has an agreement with Aberdeen Private Wealth Management Limited ("APWML") for the provision of management services. Portfolio management services have been delegated by APWML to Aberdeen Asset Managers Limited.

The management fee is based on an annual amount of 1% of the net asset value of the Group, valued monthly. The agreement is terminable on one year's notice. The balance due to APWML at the year end was £113,000 (2013 – £118,000). Investment management fees are charged 40% to revenue and 60% to capital.

5. Other operating expenses	2014 £'000	2013 £'000
Directors' fees	85	85
Promotional activities	53	56
Secretarial and administration fee	112	109
Auditor's remuneration:		
– audit fees of the Group's annual accounts	26	25
– other services to the Group	2	–
Legal and advisory fees	7	12
Custodian and overseas agents' charges	72	93
Broker fees	28	18
Stock exchange fees	14	13
Other	81	77
	480	**488**

The Company has an agreement with Aberdeen Asset Management PLC ("AAM PLC") for the provision of promotional activities. The total fees incurred under the agreement during the year were £53,000 (2013 – £56,000), of which £9,000 (2013 – £10,000) was due to AAM PLC at the year end.

The Company's management agreement with APWML provides for the provision of company secretarial and administration services. This agreement has been sub–delegated to Aberdeen Asset Managers Limited. APWML is entitled to an annual fee of £112,000 which increases annually in line with any increase in the UK Retail Price Index. A balance of £19,000 (2013 – £46,000) was due to APWML at the year end.

	2014			2013		
6. Finance costs	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Bank loans and overdrafts (see note 2 (p))	**54**	**82**	**136**	**58**	**88**	**146**

7. Dividends on equity shares	2014 £'000	2013 £'000
Distributions to equity holders in the period:		
Fourth interim dividend for 2013 – 1.25p (2012 – 1.25p) per Ordinary share	832	832
First interim dividend for 2014 – 1.00p (2013 – 1.00p) per Ordinary share	660	666
Second interim dividend for 2014 – 1.00p (2013 – 1.00p) per Ordinary share	656	666
Third interim dividend for 2014 – 1.00p (2013 – 1.00p) per Ordinary share	656	666
	2,804	**2,830**

The fourth interim dividend for the year has not been included as a liability in these financial statements as it was announced and paid after 31 August 2014.

8. Return per Ordinary share

The basic earnings or loss per Ordinary share is based on the profit for the year of £5,699,000 (2013 – loss of £4,035,000) and on 65,921,981 (2013 – 66,572,574) Ordinary shares, being the weighted average number of Ordinary shares in issue during the year.

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

Basic	2014 Revenue	2014 Capital	2014 Total	2013 Revenue	2013 Capital	2013 Total
Profit/(loss) (£'000)	2,707	2,992	5,699	2,951	(6,986)	(4,035)
Weighted average number of Ordinary shares in issue ('000)			65,922			66,573
Return per Ordinary share (pence)	4.11	4.54	8.65	4.43	(10.49)	(6.06)

9. Investments held at fair value through profit or loss

(a) Group	2014 £'000	2013 £'000
Cost at beginning of year	75,126	76,849
Investment holdings losses at beginning of year	(8,221)	(2,912)
Opening valuation	66,905	73,937
Purchases at cost (see section (b) below)	7,698	17,158
Sales	(9,069)	(17,755)
Sales – realised net losses	(584)	(1,126)
Increase/(decrease) in fair value of investments	3,530	(5,309)
Closing valuation	**68,480**	**66,905**

	2014 £'000	2013 £'000
Closing book cost	73,171	75,126
Closing investment holdings fair value losses	(4,691)	(8,221)
Closing valuation	**68,480**	**66,905**

Gains/(losses) on investments	2014 £'000	2013 £'000
Realised losses on sales of investments	(584)	(1,126)
Increase/(decrease) in fair value of investments	3,530	(5,309)
	2,946	**(6,435)**

(b) Transaction costs

During the year expenses such as commissions, stamp duty and other charges incurred in acquiring or disposing of investments through recognised stock exchanges that were classified as fair value through profit or loss have been expensed through the capital column of the Consolidated Statement of Comprehensive Income. These are included within gains and losses on investments at fair value through profit or loss in the Consolidated Statement of Comprehensive Income. The total costs were as follows:

	2014 £'000	2013 £'000
Purchases	5	6
Sales	4	8
	9	**14**

10. Other receivables

	2014 £'000	2013 £'000
Accrued income	515	581
Prepayments	18	8
Due from brokers	18	–
	551	**589**

11. Bank loan

The Company has a £10 million (2013 – £10 million) revolving multi currency loan facility with Scotiabank Europe plc. At the year end, US$14,800,000 (2013 – US$14,800,000) was drawn down under the facility, fixed to 15 September 2014 at an all-in rate of 1.1068%.

On 15 October 2014 US$14,800,000 was drawn down under this facility and fixed to 17 November 2014 at an all-in rate of 1.1046%.

The loan outstanding at 31 August 2014 is valued at the closing rate of exchange at the period end, resulting in a foreign exchange loss of £42,000 (2013 – loss of £251,000) against the original cost of the loan.

12. Equity capital

	2014 Number	2014 £'000	2013 Number	2013 £'000
Issued and fully paid – Ordinary shares				
Balance brought forward	66,572,574	65,389	66,572,574	65,389
Ordinary shares bought back in the period	(990,000)	–	–	–
Subscription shares exercised in the period	100	–	–	–
Balance carried forward	**65,582,674**	**65,389**	**66,572,574**	**65,389**
Issued and fully paid – Subscription shares				
Balance brought forward	10,421,236	547	10,421,236	547
Subscription shares exercised in the period	(100)	–	–	–
Balance carried forward	**10,421,136**	**547**	**10,421,236**	**547**
Treasury shares				
Balance brought forward	–	–	–	–
Ordinary shares bought back in the period	990,000	–	–	–
Balance carried forward	**990,000**	–	–	–
Equity capital	**76,993,810**	**65,936**	**76,993,810**	**65,936**

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

During the year ended 31 August 2014, 990,000 Ordinary shares were bought back at a total cost of £776,000 including expenses. All of these shares were placed in treasury. Shares held in treasury consisting of 990,000 Ordinary shares represent 1.49% of the Company's total issued share capital at 31 August 2014.

In August 2010, 52,106,185 Ordinary shares were allotted and issued to investors at a price of 100p per Ordinary share. In addition 5,210,618 Subscription shares were issued on the basis of 1 Subscription share for every 10 Ordinary shares. Under the terms of the Aberdeen subscription share agreement, Aberdeen was allotted and issued a further 5,210,618 Subscription shares, which were fully paid at a price of £0.105 per Subscription share. Expenses associated with the issue amounted to £1,138,000 and these costs were deducted from the proceeds of the issue.

The Ordinary shares are entitled to all of the capital growth in the Group's assets and to all the income from the Company that is resolved to be distributed. Each Subscription share confers the right to convert such share into one Ordinary share on 31 December in any of the years 2013 to 2015 (inclusive) at a price of 120p per Subscription share. The Subscription shares carry no rights to receive dividends or other income distributions, whether out of the revenue or other profit of the Company. In addition, the Subscription shares carry no rights to receive any payment out of the assets of the Company on a return of capital on liquidation (whether for the purpose of reorganisation, amalgamation or simple dissolution) or otherwise.

During the year ended 31 August 2014, a total of 100 Subscription shares were exercised for a total consideration of £120. At the year end the Company's share capital included 10,421,136 Subscription shares.

13. Capital reserve	2014 £'000	2013 £'000
At beginning of year	(8,345)	(1,359)
Currency gains	522	13
Movement in investment holdings fair value gains/(losses)	3,530	(5,309)
Loss on sales of investments	(584)	(1,126)
Capitalised expenses	(476)	(564)
Purchase of own shares to be held in treasury	(776)	–
At end of year	**(6,129)**	**(8,345)**

The capital reserve includes losses of £4,691,000 (2013 – losses of £8,221,000) which relate to the revaluation of investments held at the reporting date.

14. Net asset value per Ordinary share

The basic net asset value per Ordinary share is based on a net asset value of £60,729,000 (2013 – £58,610,000) and on 65,582,674 (2013 – 66,572,574) Ordinary shares, being the number of Ordinary shares issued and outstanding at the year end.

The diluted net asset value per Ordinary share is calculated by reference to the total number of Ordinary shares in issue at the period end and on the assumption that the Subscription shares which are not subscribed at the period end were subscribed on the first day of the financial period at 120p per share. There is no dilutive impact on the net asset value as the basic net asset value is less than the price at which shares may be subscribed for.

15. Financial risk management objectives and policies

The Group's objective is noted on page 1 and financial assets and financial liabilities held to meet this objective comprise equities, bonds, forward foreign currency contracts and other derivatives, cash, loans and other financial assets and liabilities.

Aberdeen has a rigorous investment management process, which ensures that the investment policy explained on page 2 is followed. Stock selection procedures are in place based on the active portfolio management and identification of stocks. The portfolio is reviewed on a periodic basis by a senior investment manager and also by Aberdeen's Investment Committee.

Aberdeen has an independent Investment Risk department for reviewing the investment risk parameters of the Group's portfolio on a regular basis. The department reports to Aberdeen's Performance and Investment Risk Committee which is chaired by Aberdeen's Chief Investment Officer. The department's responsibility is to review and monitor predicted portfolio risk and style characteristics using best practice, industry standard multi-factor models.

Additionally, Aberdeen's Compliance department continually monitors the Group's investment and borrowing powers and reports to the Aberdeen's Risk Management Committee.

The main risks arising from the Group's financial instruments are: (i) market risk; (ii) liquidity risk; and (iii) credit risk.

The Board regularly reviews and agrees policies for managing each of these risks, and these are summarised below. These policies have remained unchanged since the inception of the Group.

(i) Market risk

Market risk comprises three elements – interest rate risk, foreign currency risk and other price risk.

Interest rate risk

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 Group's variable interest rate borrowings.

Financial assets

The Group holds a number of fixed rate government bonds. Bond prices are determined by market perception as to the appropriate level of yields given the economic background. Key determinants include economic growth prospects, inflation, the relevant government's fiscal position, short-term interest rates and international market comparisons. The investment manager takes all these factors into account when making any investment decisions as well as considering the financial standing of the potential investee entity.

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 level and a profit or loss may be incurred.

Financial liabilities

The Group primarily finances its operations through use of equity, bank borrowings and any retained profits. The Group has a revolving multi currency facility, details of which are disclosed in note 11.

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 Group's policy of not having any fixed, long-term borrowings.

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 and borrowing decisions.

Interest rate risk profile

The interest rate risk profile of the Group, excluding short-term receivables and payables, at 31 August 2014 and 31 August 2013 was as follows:

31 August 2014	Weighted average period for which rate is fixed Years	Weighted average interest rate %	Fixed rate £'000	Floating rate £'000
Assets				
Brazilian Government Bonds	2.83	10.32	12,708	–
Colombian Government Bonds	12.83	7.48	3,090	–
Mexican Government Bonds	9.64	6.59	5,676	–
Peruvian Government Bonds	12.75	6.49	1,777	–
Uruguayan Government Bonds	4.64	2.49	5,488	–
Cash – Sterling	–	–	–	403
Cash – Brazilian Real	–	–	–	45
Cash – Mexican Pesos	–	–	–	19
Cash – US Dollars	–	–	–	394
	–	–	**28,739**	**861**

	Weighted average period for which rate is fixed Years	Weighted average interest rate %	Fixed rate £'000	Floating rate £'000
Liabilities				
Short-term bank loan	0.04	1.11	(8,912)	–
	–	–	**(8,912)**	–

31 August 2013	Weighted average period for which rate is fixed Years	Weighted average interest rate %	Fixed rate £'000	Floating rate £'000
Assets				
Brazilian Government Bonds	3.77	10.03	11,908	–
Mexican Government Bonds	11.05	7.05	9,802	–
Peruvian Government Bonds	11.87	7.02	1,286	–
Uruguayan Government Bonds	5.59	2.79	5,623	–
Cash – Sterling	–	–	–	115
Cash – Brazilian Real	–	–	–	690
Cash – US Dollars	–	–	–	78
	–	–	**28,619**	**883**
Liabilities				
Short-term bank loan	0.06	1.44	(9,567)	–
	–	–	**(9,567)**	–

The weighted average interest rate is based on the current yield of each asset, weighted by its market value. The weighted average interest rate on the bank loan is the interest rate payable.

The floating rate assets consist of cash deposits on call earning interest at prevailing market rates, and have maturity dates of less than one year.

Interest rate sensitivity

The sensitivity analysis demonstrates the sensitivity of the Group'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 100 basis points higher or lower and all other variables were held constant, the Group's profit for the year ended 31 August 2014 would increase / decrease by £207,000 (2013 – £199,000). This is attributable to the Group's exposure to interest rates on its floating rate cash balances, fixed interest securities and bank loan.

In the opinion of the Directors, the above sensitivity analyses are not representative of the period as a whole, since the level of exposure changes frequently as part of the interest rate risk management process used to meet the Group's objectives.

Foreign currency risk

The Company's total return and net assets can be significantly affected by currency translation movements as the majority of the Company's assets and income are denominated in currencies other than Sterling, which is the Company's functional currency. Forward foreign currency contracts are used to mitigate the foreign currency risk of the Group's investing activities.

Foreign currency exposure by country of origin:

	31 August 2014			31 August 2013		
	Investments £'000	Net monetary liabilities £'000	Total currency exposure £'000	Investments £'000	Net monetary liabilities £'000	Total currency exposure £'000
Argentinian Peso	1,152	–	1,152	1,514	–	1,514
Brazilian Real	39,675	246	39,921	37,015	1,194	38,209
Chilean Peso	2,867	–	2,867	2,566	–	2,566
Colombian Peso	4,340	41	4,381	1,239	–	1,239
Mexican Peso	12,666	189	12,855	17,662	(66)	17,596
Peruvian Nuevo Sol	2,292	13	2,305	1,286	116	1,402
Uruguayan Peso	5,488	115	5,603	5,623	121	5,744
US Dollar	–	(9,210)	(9,210)	–	(9,516)	(9,516)
	68,480	**(8,606)**	**59,874**	**66,905**	**(8,151)**	**58,754**

Foreign currency sensitivity

The following table details the Group's sensitivity to a 10% increase/decrease in Sterling against the foreign currencies in which the Group has exposure. The sensitivity analysis includes foreign currency denominated monetary items and adjusts their translation at the period end for a 10% change in foreign currency rates.

	2014		2013	
	10% increase in Sterling £'000	10% decrease in Sterling £'000	10% increase in Sterling £'000	10% decrease in Sterling £'000
Argentinian Peso	(115)	115	(151)	151
Brazilian Real	(3,992)	3,992	(3,821)	3,821
Chilean Peso	(287)	287	(257)	257
Colombian Peso	(438)	438	(124)	124
Mexican Peso	(1,286)	1,286	(1,760)	1,760
Peruvian Nuevo Sol	(230)	230	(140)	140
Uruguayan Peso	(560)	560	(574)	574
US Dollar	921	(921)	952	(952)
	(5,987)	**5,987**	**(5,875)**	**5,875**

Other price risk

Other price risks (ie. changes in market prices other than those arising from interest rate or currency risk) may affect the value of the quoted investments.

It is the Company's policy to hold an appropriate spread of investments in the portfolio in order to reduce the risk arising from factors specific to a particular country or sector. Both the allocation of assets and the stock selection process, as detailed on page 20, act to reduce other price risk. Aberdeen actively monitors market prices throughout the year and reports to the Board, which meets regularly in order to review investment strategy. The investments held by the Group are all listed on recognised stock exchanges.

Other price risk sensitivity

If market prices at 31 August 2014 had been 10% higher or lower while all other variables remained constant, the return attributable to Ordinary shareholders for the year ended 31 August 2014 would have increased/(decreased) by £3,974,000 (2013 – £3,829,000) and equity reserves would have increased/(decreased) by the same amount.

(ii) Liquidity risk

Liquidity risk is defined as the risk that the Group will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. Liquidity risk is not considered to be significant, as the Group's assets mainly comprise readily realisable securities which can be sold to meet funding requirements, if necessary. The bank loan and all other payables had a maturity date of 3 months or less at 31 August 2014.

Maturity profile

The following table sets out the carrying amount, by maturity, of the Group's financial instruments at 31 August 2014:

31 August 2014	Due within 3 months £'000	Due between 3 months and 1 year £'000	Due after 1 year £'000	Total £'000
Fixed rate				
Bonds	–	–	28,739	28,739
Bank loan	(8,916)	–	–	(8,916)
Forward foreign currency contracts	(25)	–	–	(25)
Other payables	(226)	–	–	(226)
	(9,167)	–	**28,739**	**19,572**
Floating rate				
Cash	**861**	–	–	**861**

31 August 2013	Due within 3 months £'000	Due between 3 months and 1 year £'000	Due after 1 year £'000	Total £'000
Fixed rate				
Bonds	–	–	28,619	28,619
Bank loan	(9,571)	–	–	(9,571)
Other payables	(269)	–	–	(269)
	(9,840)	–	**28,619**	**18,779**
Floating rate				
Cash	**883**	–	–	**883**

(iii) Credit risk

Credit risk relates to the failure of the counterparty to a transaction to discharge its obligations under that transaction, which could result in the Group suffering a loss.

The risk is managed as follows:

- investment transactions are carried out with a large number of brokers, whose credit standing is reviewed regularly by Aberdeen's Counterparty Credit Risk department, 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 Group 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. Aberdeen's Compliance department carries out periodic reviews of the custodian's operations and reports its findings to Aberdeen's Risk Management Committee. This review will also include checks on the maintenance and security of investments held; and
- cash is held only with reputable banks whose credit ratings are monitored on a regular basis.

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:

	2014 Balance Sheet £'000	2014 Maximum exposure £'000	2013 Balance Sheet £'000	2013 Maximum exposure £'000
Non-current assets				
Bonds at fair value through profit or loss	28,739	28,739	28,619	28,619
Current assets				
Cash	861	861	883	883
Other receivables	551	551	589	589
Forward foreign currency contracts	–	–	69	69
	30,151	**30,151**	**30,160**	**30,160**

None of the Group'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 S&P credit ratings for the bond portfolio at 31 August 2014 and 31 August 2013:

	2014 £'000	2013 £'000
A	5,676	–
A–	679	22,422
BBB	3,090	–
BBB–	5,488	5,623
BBB+	12,708	–
Non-rated	1,098	574
	28,739	**28,619**

16. Capital management policies and procedures

The Group's capital management objectives are:

- to ensure that the Group will be able to continue as a going concern; and
- to maximise the income and capital return to its equity shareholders through an appropriate balance of equity capital and debt. The policy is that gross debt should not exceed 20% of net assets.

	2014 £'000	2013 £'000
Gross debt	**8,912**	**9,567**
Equity		
Equity capital	65,936	65,936
Retained earnings and other reserves	(5,207)	(7,326)
Net assets	**60,729**	**58,610**
Gross debt as a % of net assets	**14.7%**	**16.3%**

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

- the planned level of gearing, which takes account of Aberdeen'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 (ie. the level of share price discount);
- the need for new issues of Ordinary shares; and
- the extent to which revenue in excess of that which is required to be distributed should be retained.

17. Related party transactions and transactions with the Manager

Fees payable during the year to the Directors are disclosed within the Directors' Remuneration Report on page 33.

Mr R Prosser is a partner of Appleby Group and a director of its wholly–owned trust company, Appleby Trust (Jersey) Limited, which provides legal services to the Company on an ad–hoc basis. During the year no services were provided (2013 – services amounted to £3,000).

Mr M J Gilbert is a director of Aberdeen Asset Management PLC, of which Aberdeen Private Wealth Management Limited ("APWML") is a subsidiary. Management, promotional activities and secretarial, administration and custody services are provided by APWML with details of transactions during the year and balances outstanding at the year end disclosed in notes 4 and 5. Mr Gilbert does not draw a fee for providing his services as a Director of the Company.

The Company has in place a Subscription share and lock-in agreement with APWML dated 14 July 2010 which provided for the purchase by APWML of 5,210,618 Subscription shares issued by the Company on the basis of 1 Subscription share for every 10 Ordinary shares, which were allotted and issued in August 2010.

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 (ie. as prices) or indirectly (ie. derived from prices); and
– Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs) of which there were none at 31 August 2014 and 31 August 2013.

The financial assets and liabilities measured at fair value in the Consolidated Balance Sheet grouped into the fair value hierarchy at 31 August 2014 as follows:

	Note	Level 1 £'000	Level 2 £'000	Total £'000
Financial assets/(liabilities) at fair value through profit or loss				
Quoted equities	a)	39,741	–	39,741
Quoted bonds	b)	23,035	5,704	28,739
Forward foreign currency contracts	c)	–	(25)	(25)
Financial liabilities at amortised cost	d)	–	(8,912)	(8,912)
Net fair value		**62,776**	**(3,233)**	**59,543**

As at 31 August 2013	Note	Level 1 £'000	Level 2 £'000	Total £'000
Financial assets/(liabilities) at fair value through profit or loss				
Quoted equities	a)	38,286	–	38,286
Quoted bonds	b)	22,441	6,178	28,619
Forward foreign currency contracts	c)	–	69	69
Financial liabilities at amortised cost	d)	–	(9,567)	(9,567)
Net fair value		**60,727**	**(3,320)**	**57,407**

There were no assets for which significant unobservable inputs (Level 3) were used in determining fair value during the years ended 31 August 2014 and 31 August 2013. For the years ended 31 August 2014 and 31 August 2013 there were no transfers between any level.

a) Quoted equities

The fair value of the Group'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 the Group's investments in Level 1 quoted government bonds has been determined by reference to their quoted bid prices in active markets. The fair value of Level 2 quoted government bonds has been determined by reference to their quoted bid prices which are adjusted for indexation arising from the movement of the Consumer Prices Index within the country of their incorporation.

c) 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.

d) Financial liabilities at amortised cost

Financial liabilities in the form of short term borrowings are held at amortised cost. The fair value is considered to be the same as the carrying value and is categorised as Level 2.

Promotion of the Company

The Company contributes to a promotional programme run by Aberdeen Asset Management PLC ("AAM PLC") on behalf of a number of investment trusts under its management. Under this agreement the Company's contribution is matched by AAM PLC. This contribution, which is reviewed annually, amounted to £53,000 for the year ended 31 August 2014.

The purpose of the programme is to communicate effectively with existing Shareholders and gain more new Shareholders, thus improving liquidity and thereby enhancing the value and rating of the Company's shares.

These aims can be met in several ways:

Investor Relations Programme

Aberdeen runs an investor relations programme to existing and prospective institutional investors in investment trusts. Each month institutional investors and prospects receive Aberdeen's report on your Company that includes detailed performance analysis.

Group Schemes

Aberdeen runs a group Share Plan and Investment Trust ISA. These schemes allow investment free of dealing costs and, with only nominal exit charges, have proved popular with private investors.

Newsletter

The 'Bulletin' newsletter, an informed commentary on markets and investment trusts managed by Aberdeen, is distributed free of charge.

Public Relations

Aberdeen undertakes to brief journalists, write regularly through placed articles and ensure Company results and any corporate activity are brought to public attention.

Shareholder Services

Aberdeen runs an investment help desk for retail enquirers and investors. Enquirers or investors will be sent any relevant literature on request and have queries answered.

The promotional programme is under the direction of AAM PLC's Group Head of Brand, who has considerable experience in the promotion and communications of investment products. He is supported by a team of professionals.

Internet

The Company has its own dedicated website: www.latamincome.co.uk. This allows web users to access information on the Company's share price performance, capital structure, stock exchange announcements and monthly reports. The site is continuously being evaluated for improvement.

It is intended that ongoing programme activities in these various fields, both proactive and supportive, will assist the Company to increase and maintain its shareholder base, improve liquidity and sustain ratings.

The Company is committed to a close monitoring of the promotional programme. AAM PLC's Group Head of Brand reports to the Board and provides a written summary quarterly.

If you have any questions about your Company, Aberdeen or performance, please telephone the AAM PLC Customer Services Department (direct private investors) on 0500 00 00 40. Alternatively, internet users may email AAM PLC at inv.trusts@aberdeen-asset.com or write to AAM PLC at Aberdeen Investment Trusts, PO Box 11020, Chelmsford, Essex CM99 2DB.

How to Invest in Aberdeen Latin American Income Fund Limited

Direct

Investors can buy and sell Ordinary shares in the Company directly through a stockbroker or indirectly through a lawyer, accountant or other professional adviser. Alternatively Ordinary shares can be bought directly through Aberdeen's Investment Plan for Children, 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 are wanting 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. 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 its securities can be recommended by financial advisors to ordinary retail investors in accordance with the FCA's rules in relation to non-mainstream investment products ("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 trust if the Company were based in the UK.

Aberdeen's Investment Plan for Children

Aberdeen 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. 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 AAM in writing at any time. In common with other schemes of this type, all investments are held in nominee accounts.

Aberdeen Investment Trust Share Plan

Aberdeen runs a Share Plan (the "Plan") through which Ordinary shares in the Company can be purchased. There are no dealing charges on the initial purchase of Ordinary 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. 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 AAM 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.

Stocks and Shares Individual Savings Account ("ISA")

An investment of up to £15,000 can be made in the tax year 2014/15.

There are no brokerage or initial charges for the ISA, although investors will suffer the bid-offer spread, which can be a significant amount. 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. Under current legislation, investments in ISAs can grow free of capital gains tax.

ISA Transfer

You can choose to transfer previous tax year investments to us which can be invested the Company while retaining your ISA wrapper. The minimum lump sum for an ISA transfer is £1,000 and is subject to a minimum per investment trust 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 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 trusts purchased will immediately be reduced by the difference between the buying and selling prices of the shares, the market maker's spread.

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

Computershare Investor Services (Jersey) Limited
Queensway House
Hilgrove Street
St Helier
Jersey JE1 1ES

Tel: +44 (0) 870 707 4040
Fax : +44 (0) 870 873 5851
Tel International: (+44 208 639 3399)

Calls from some landline providers cost no more than a geographic rate call (01 or 02) up to 10p plus a call set up fee (in some cases) and may count towards any inclusive minutes in the same way. Calls from other landline providers typically cost up to 12p per minute. From mobile networks calls cost between 5p and 40p per minute

Literature Request Service

For literature and application forms for Aberdeen's investment trust products, please contact:

Telephone: 0500 00 40 00
Email: aam@lit-request.com

For information on the Investment Plan for Children, Share Plan, ISA or ISA Transfer please contact:

Aberdeen Investment Trusts
PO Box 11020
Chelmsford
Essex CM99 2DB

Investor Warning

Aberdeen is aware that some investors have received telephone calls from people purporting to work for Aberdeen, or third parties, who have offered to buy their investment trust shares. These may be scams which attempt to gain personal information with which to commit identity fraud or could be 'boiler room' scams where a payment from an investor is required to release the supposed payment for their shares.

These callers do not work for Aberdeen and any third party making such offers has no link with Aberdeen. Aberdeen never makes these types of offers and does not 'cold-call' investors in this way. If investors have any doubt over the veracity of a caller, do not offer any personal information, end the call and contact Aberdeen's investor services centre using the details provided.

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

The information on pages 59 to 61 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 of Terms and Definitions

Asset Cover	The value of a company's net assets available to repay a certain security. Asset cover is usually expressed as a multiple and calculated by dividing the net assets available by the amount required to repay the specific security.
Share Price Discount	The amount by which the market price per share of an investment company is lower than the net asset value per share. The discount is normally expressed as a percentage of the net asset value per share.
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.
Net Asset Value	The value of total assets less liabilities. Liabilities for this purpose includes current and long-term liabilities. The net asset value divided by the number of shares in issue produces the net asset value per share.
Net Gearing	Net gearing is calculated by dividing total assets (as defined below) less cash or cash equivalents by Shareholders' funds expressed as a percentage.
Ongoing Charges	Ratio of expenses as percentage of average daily Shareholders' funds calculated as per the industry standard method.
Ordinary Shares	The Company's 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 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. 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.
Share Price Premium	The amount by which the market price per share of an investment company exceeds the net asset value per share. The premium is normally expressed as a percentage of the net asset value per share.
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 and the income shares of split capital trusts, irrespective of the time until repayment.
Subscription Shares	Each of the Company's Subscription shares confers the right to subscribe in cash for one Ordinary share at a price of 120p on 31 December in 2014 or 2015. The Subscription shares are in registered form and traded on the London Stock Exchange's Main Market.
Total Assets	Total assets as of the financial statements 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 xd. The NAV Total Return involves investing the same net dividend in the NAV of the trust on the date to which that dividend was earned, e.g. quarter end, half year or year end date.

Notice of Annual General Meeting

Notice is hereby given that the fourth Annual General Meeting of Aberdeen Latin American Income Fund Limited will be held at 1st Floor, Sir Walter Raleigh House, 48 – 50 Esplanade, St Helier, Jersey JE2 3QB, at 10.00 a.m. on 9 December 2014 for the following purposes:

To consider and, if thought fit, pass the following resolutions which will be proposed as ordinary resolutions:

Ordinary Business

1. To receive the Directors' Report and financial statements for the year ended 31 August 2014, together with the auditor's report thereon.
2. To receive and adopt the Directors' Remuneration Report (other than the Directors' Remuneration Policy).
3. To approve the Directors' Remuneration Policy.
4. To re-elect Mr Gilbert as a Director.
5. To re-elect Mr Arnold as a Director.
6. To re-elect Mr Baird as a Director.
7. To re-appoint Ernst & Young LLP as independent auditor and to authorise the Directors to agree their remuneration.

Special Business

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

8. 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 per cent. 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 per cent. 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 2015 or, if earlier, on the expiry of 18 months from the passing of this resolution, unless such authority is renewed prior to such time.
9. THAT, the Company be and is hereby generally and unconditionally authorised in accordance with the Articles of Association to make market purchases of and to cancel Subscription shares to subscribe for Ordinary shares of no par value in the capital of the Company ("Subscription shares"), provided that:
   a) the maximum number of Subscription shares hereby authorised to be purchased is 14.99 per cent. of the Subscription shares in issue as at the date of the passing of this resolution;
   b) the maximum price which may be paid for a Subscription share shall not be more than the higher of (i) an amount equal to 105 per cent. of the average of the middle market quotations for a Subscription share taken from the Official List for the 10 business days immediately preceding the day on which the Subscription 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 a Subscription share is 1 pence; and
   d) the authority hereby conferred shall expire at the conclusion of the Annual General Meeting of the Company in 2015 or, if earlier, on the expiry of 18 months from the passing of this resolution, unless such authority is renewed prior to such time.

10. 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 6,558,267 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 2015 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.

By order of the Board
Aberdeen Private Wealth Management Limited
Secretaries
10 November 2014

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

Notes:

a) 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. A proxy need not be a member of the Company. A form of proxy is enclosed.

b) 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.

c) 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.

d) 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 5 December 2014 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 5 December 2014 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.

e) No Director has a service contract with the Company.

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

g) As at 4 November 2014 (being the last business day prior to the publication of this notice) the Company's issued share capital comprised 65,582,674 Ordinary shares of no par value (with a further 990,000 shares held in treasury) and 10,421,136 Subscription shares of no par value. Each Ordinary share carries the right to one vote at a general meeting of the Company. The Subscription shares do not carry any rights to vote at general meetings of the Company. Therefore, the total number of voting rights in the Company as at 4 November 2014 was 65,582,674.

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

Corporate Information

Directors

Richard Prosser, Chairman
Jeremy Arnold, Audit Committee Chairman
Martin Adams
George Baird
Martin Gilbert

Manager, Secretary & Registered Office

Aberdeen Private Wealth Management Limited
1st Floor, Sir Walter Raleigh House
48 – 50 Esplanade
St Helier
Jersey JE2 3QB

Registration 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
Queensway House
Hilgrove Street
St Helier
Jersey JE1 1ES

Tel: +44 (0) 870 707 4040
Fax: +44 (0) 870 873 5851
Tel International: (+44 208 639 3399)

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Lending Bank

Scotiabank Europe plc
Scotia House
201 Bishopsgate, 6th Floor
London EC2M 3NS

Solicitors

Shepherd and Wedderburn LLP
1 Exchange Crescent
Conference Square
Edinburgh EH3 8UL

Jersey Lawyers

Appleby
PO Box 207
13-14 Esplanade
St Helier
Jersey JE1 1BD

Financial Adviser and Corporate Broker

Cantor Fitzgerald Europe
One Churchill Place
Level 20
Canary Wharf
London E14 5RB

Independent Auditor

Ernst & Young LLP
Liberation House
Castle Street
St Helier
Jersey JE1 1EY

Foreign Account Tax Compliance Act ("FATCA")

IRS Registration Number (GIIN): 9HSG0J.99999.SL.832

Website

www.latamincome.co.uk

Your Company's History

Share Capital at 31 August 2014

65,582,674	Ordinary shares of no par value issued and allotted
990,000	Ordinary shares of no par value held in treasury
10,421,136	Subscription shares to subscribe for Ordinary shares. The Subscription shares carry the right to convert all or any such Subscription shares into fully paid Ordinary shares on the basis of one Ordinary share for every one Subscription share on 31 December in each of the years 2013 to 2015 (both inclusive) at a price of 120p per Ordinary share.

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 AAM) 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.