Aberdeen Standard Investments

Aberdeen Latin American Income Fund Limited

A UK total return closed-end fund investing its portfolio in a region with high yield potential

Annual Report and Financial Statements
31 August 2018

Ambev

An employee operates a forklift to move palettes of Budweiser brand beer at the Ambev SA bottling facility in Lages, Brazil. In Aberdeen's view, Ambev, Latin America's largest brewer, is well managed, with considerable brand equity and market-leading positions across South America, the Caribbean and Canada.

The cover image is of The Museum of Tomorrow (Museu do Amanha), designed by Spanish architect Santiago Calatrava, in Rio de Janeiro, Brazil.

Contents

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

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. If you are in any doubt about the action you should take, you are recommended to seek your own independent financial advice from your stockbroker, bank manager, solicitor, accountant or other financial adviser authorised under the Financial Services and Markets Act 2000 (as amended by the Financial Services Act 2012) if you are in the United Kingdom or, if not, from another appropriately authorised financial adviser.

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.

Company Overview

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.

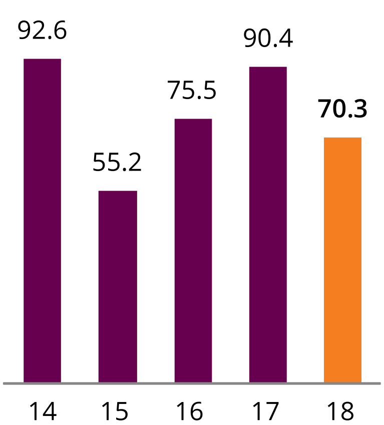
The Company is governed by a board of independent directors and has no employees. Like other investment companies, it outsources its investment management and administration to an investment management group, the Standard Life Aberdeen group of companies, and other third party providers. The Company does not have a fixed life.

Ordinary share price total return[A]		Earnings per Ordinary share (revenue)	
–18.5%		3.78p	
2017	+23.7%	2017	4.77p
Net asset value total return[A]		Dividends per Ordinary share	
–18.8%		3.50p	
2017	+25.1%	2017	3.50p
Benchmark total return		Discount to net asset value per Ordinary share[A]	
–10.9%		13.6%	
2017	+21.4%	2017	13.3%

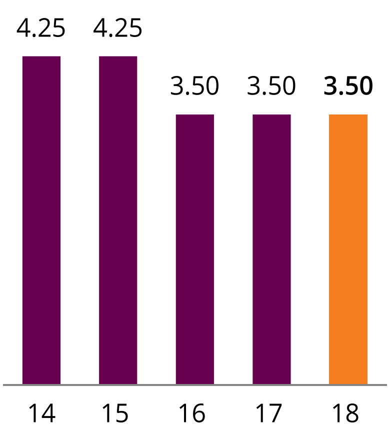
[A] Considered to be an Alternative Performance Measure (see pages 13 and 70). Total return represents the capital return plus dividends reinvested.

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

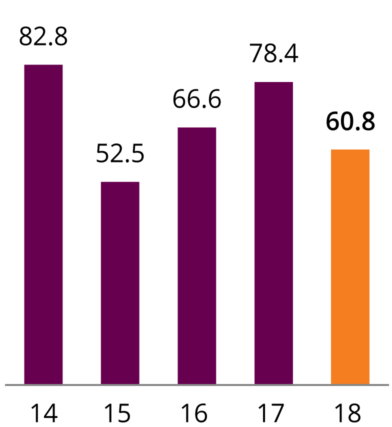
Net asset value per share
At 31 August – pence



Dividends per share
pence



Mid-market price per share
At 31 August– pence



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.

Gearing

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.

Risk Diversification

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

Management

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 APWML to Aberdeen Asset Managers Limited ("AAM"). APWML and AAM are both wholly owned subsidiaries of Standard Life Aberdeen plc, formed by the merger of Aberdeen Asset Management PLC and Standard Life plc on 14 August 2017. Aberdeen Standard Investments is a brand of the investment businesses of the merged entity.

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

Financial Calendar

26 October 2018	Payment of fourth interim dividend for year ended 31 August 2018
13 December 2018	Annual General Meeting at 1st Floor, Sir Walter Raleigh House, 48 – 50 Esplanade, St Helier, Jersey JE2 3QB at 10.00am
30 January 2019	Planned payment of first interim dividend for year ending 31 August 2019
April 2019	Announcement of half yearly results for the six months ending 28 February 2019
13 May 2019	Planned payment of second interim dividend for year ending 31 August 2019
26 July 2019	Planned payment of third interim dividend for year ending 31 August 2019
25 October 2019	Planned payment of fourth interim dividend for year ending 31 August 2019
October 2019	Announcement of results for year ending 31 August 2019

Chairman's Statement

Richard Prosser

Chairman

Overview

Latin American countries, like the rest of their emerging-market peers, faced an onslaught of bad news over the course of the year under review. These ranged from problems in the broader developing world, such as Turkey's political missteps and fresh sanctions on Russia, to issues particular to Latin America, such as the Argentinian Peso's tailspin and the Brazilian government's mishandling of the truckers' strike. Unsurprisingly, fears of contagion gripped investors, who sold off their assets rather indiscriminately. Against this backdrop, your Company's net asset value ("NAV") retreated by 18.8% in sterling terms, lagging its benchmark's loss of 10.9%.

One of the key reasons for the region's weakness over the period is the liquidity squeeze on the US Dollar. This stemmed from the US tax reforms that encouraged American companies to repatriate cash back home, as well as the Federal Reserve's tightening stance, both quantitatively and via its interest-rate policy. The Dollar strengthened as a result, putting additional pressure on vulnerable economies with substantial foreign debt used to finance their fiscal deficits. Bearing the brunt of the sell-off was Argentina, where equity market gains on optimism surrounding President Mauricio Macri's good showing in the mid-term election and his overhaul of the social security system, were erased. To stem the Peso's decline, the central bank raised interest rates to a record 60% and President Macri sought an accelerated US$50 billion bail-out programme with the IMF.

Another key worry weighing on sentiment was global trade tensions, resulting from tough policies emanating from the White House, which saw US President Trump aggressively taking on all of the country's major trading allies. His rhetoric on trade hit emerging markets hardest, with Latin America suffering from the fallout as Mexico and Brazil were subjected to 25% tariffs on their steel exports to the US. In response, Mexico imposed levies on American agricultural and industrial products, particularly those of political significance to President Trump.

Commodity prices also came under pressure from these trade woes, but remained elevated. Notably, Colombia benefited from Brent crude's solid recovery on the back of OPEC's pledge to curb production, the resumption of US sanctions on Iran, and several supply disruptions elsewhere. China's resilient economy continued to support both iron ore and copper prices, boosting the portfolio's mining holding in Brazil. Meanwhile, emerging technology trends in autonomous vehicles underpin growing demand for battery-manufacturing inputs, such as nickel and lithium.

Within the South American continent, politics have occupied centre stage in key markets, such as Mexico, Brazil and Chile. After a prolonged period of sluggish growth and muted investment activity, impeded by natural disasters and uncertainty surrounding the NAFTA talks, Mexican stocks and the Peso rebounded in the lead-up to Lopez Obrador's resounding presidential election victory. Concerns over the reversal of Mexico's energy reform and roll-back of public contracts have subsided, as the left-leaning populist softened his tone towards the private sector and affirmed his willingness to adopt orthodox economic policies. The mood was similarly upbeat in Chile and Colombia, where pro-market candidates Sebastian Pinera and Ivan Duque came into power, promising to unlock investment opportunities through tax reform and other incentives for businesses. In contrast, Brazilian markets were impacted by continuing disappointment with the current government and the increasing prospects of a polarised run-off between leading far-right candidate Jair Bolsonaro and leftist Fernando Haddad – former president Lula da Silva's replacement candidate for the Workers' Party.

Results and Dividends

The Company's NAV total return was -18.8% for the year ended 31 August 2018, behind the -10.9% of the composite benchmark's return. On a total return basis the Ordinary share price fell by 18.5% to 60.8p reflecting a widening in the level of discount to NAV per share which moved from 13.3% to 13.6% at the year end.

The earnings per Ordinary share for the year ended 31 August 2018 were 3.8p (2017: 4.8p). The Company has maintained four interim dividends of 0.875p per Ordinary share in respect of the year bringing the total level of dividends for the year to 3.5p (2017: 3.5p). Allowing for the payment of the four dividends £170,000 has been transferred to the carried forward revenue reserve. The Company has no current plans to alter the level of the dividends payable to shareholders.

As previously indicated, the Board is pleased to have secured agreement from the Manager to ensure that the Company's ongoing charges ratio ("OCR") will not exceed 2.0% when calculated annually as at 31 August. Until further notice, to the extent that the OCR exceeds 2.0% the Manager will rebate part of its fees in order to bring that ratio down to 2.0%. Subsequent to the year end a sum of £22,318 has been repaid by the Manager in order to maintain the OCR at 2.0% for the year.

Portfolio

During the year the allocation between equities and bonds was further adjusted with the portfolio being 52.5% equities and 47.5% bonds at the period end, as the Investment Manager continued to seek to exploit market opportunities (2017: 50% equities 50% bonds). The Board and Manager will continue to keep the split under regular review.

Share Capital Management

During the year the Company purchased 1,672,500 Ordinary shares for treasury and a further 290,000 Ordinary shares for cancellation at a total consideration of £1.4 million, all at a discount to the NAV per share; resulting in an enhancement of 0.4% in NAV per share. Market volatility continues to impede our ability to have a meaningful impact on the discount through the purchase of the Ordinary shares in the market and over this period the discount to NAV has widened from 13.3% to 13.6%. Subsequent to the year end a further 280,000 Ordinary shares have been purchased for cancellation. The Board will continue to make selective use of share buybacks, subject to prevailing market conditions and where to do so would be in Shareholders' interests. At the time of writing the Ordinary shares were trading at a discount of 13.9%.

Gearing

The level of drawings under the Company's three year £8 million multi-currency revolving facility agreement with Scotiabank (Ireland) Designated Activity Company remained constant at £6.5 million throughout the year, representing net gearing of 14.2% at the year end. The Board will continue to monitor the level of gearing under recommendation from the Investment Manager and in the light of market conditions.

Annual General Meeting

The AGM will be held at 10.00 a.m. on 13 December 2018 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.

We are proposing to renew the Company's authority to buy back Ordinary shares subject to the United Kingdom Listing Authority's Listing Rules and Jersey law and any purchases 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 NAV per Ordinary share and will therefore be accretive and not disadvantageous to Ordinary Shareholders.

Directorate

During the year the Nomination Committee conducted a search for a new independent non-executive Director using the services of an independent recruitment consultant and I am pleased to report that Ms Hazel Adam joined the Board on 27 April 2018. Hazel has brought a wealth of fund management and investment banking experience to the Board,having previously worked at Goldman Sachs International, as an executive director on the Emerging Market equities desk and at HSBC Holdings plc, as a director on the Emerging Market equities desk.

In accordance with the Board's on-going succession planning, Martin Adams has indicated that he intends to retire from the Board at the conclusion of the AGM to be held on 13 December 2018 and I would like to take this opportunity personally and on behalf of my fellow Directors to thank Martin for his significant contribution as a Director since the launch of the Company in 2010.

Outlook

I remain cautiously optimistic about the outlook for Latin American markets, as the global appetite for risk assets has abated somewhat on the back of higher interest rates in the US and normalising monetary conditions elsewhere. The deepening trade divide between Washington and Beijing will likely continue to influence commodity prices and stifle investment activity. In Latin America specifically, uncertainty surrounding Brazil's incoming administration will keep investors on edge, while roadblocks to reform in Colombia and Peru could trigger further sell-offs. At the same time, the path to recovery in Argentina will be bumpy, given waning confidence in President Macri's gradualist policies.

However, last year's synchronised global upturn has left several Latin American economies on a firmer footing where their healthy reserves and improved fiscal balances should shield the markets from external shocks. Latin American equities as an asset class retain many of their long-term drivers, including a large population with a high urbanisation rate, underpinning robust domestic consumption and rising demand for infrastructure. This bodes well for the Company's holdings in both the consumer and real estate sectors. Meanwhile, Chilean and Peruvian miners are set to benefit from the positive market dynamics for copper, as China's emphasis on sustainable growth and recent stimulus measures help it avoid a hard-landing. In addition, the political landscape in Mexico appears clearer: with a major part of the NAFTA re-negotiations completed and allowing the AMLO administration to now focus on domestic issues. At the same time the recent rise in government bond yields across the region has further boosted the Company's fixed income holdings' ability to generate sufficient income to continue to implement our distribution policy.

While the year under review was certainly very challenging for your Company these volatile markets can create buying opportunities for the Company as value in the Investment Manager's favoured stocks and markets can emerge. I remain confident in your Investment Manager's investment approach, which aims to construct a defensive portfolio of holdings with solid fundamentals to access the region's wide range of opportunities whilst continuing to pay an attractive dividend. Your Investment Manager will continue to take advantage of market weakness to add to high-conviction holdings or introduce new names at attractive valuations, which should reap rewards for investors in the longer run.

Richard Prosser
Chairman
24 October 2018

Strategic Report

The Company is a Jersey-incorporated, closed-ended investment company and its shares are traded on the London Stock Exchange ("LSE"). It is registered with limited liability in Jersey as a closed-ended investment company under the Companies (Jersey) Law 1991 with registered number 106012. In addition, the Company is constituted and regulated as a collective investment fund under the Collective Investments Funds (Jersey) Law 1988.

2010

The Company was launched on 16 August 2010

The Octavio Frias De Oliveira bridge is a reinforced concrete, cable-stayed bridge situated in the heart of Sao Paulo, Brazil. It provides an important road connection in the city and aims to reduce traffic congestion.

Overview of Strategy

Business Model

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

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

Investment Policy and Approach

The Company invests in:

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

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

Whilst the Board has provided the Investment Manager with broad investment guidelines in order to ensure a spread of risk, the Company's portfolio is not managed by reference to any benchmark and, therefore, the composition of its portfolio is not restricted by minimum or maximum country, market capitalisation or sector weightings.

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

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

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

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

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

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

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

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

Investment Restrictions

The minimum and maximum percentage limits set out under "Investment Policy and Approach" and "Investment Restrictions" will only be applied at the time of the relevant acquisition, trade or borrowing. No more than

15% of the Company's or the Subsidiary's gross assets will be invested in any company.

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

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

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

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

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

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

Duration

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

Benchmark

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

Key Performance Indicators (KPIs)

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

KPI	Description
Net Asset Value ("NAV") Total Return Performance versus Benchmark Index Total Return	The Board considers the Company's NAV total return figures versus the Benchmark to be the best indicator of performance over time and is therefore the main indicator of performance used by the Board. The figures for this year, three years, five years and since inception are set out on page 14.
Share Price Discount/Premium to NAV per Ordinary Share	The discount/premium relative to the NAV per share represented by the share price is closely monitored by the Board. The objective is to avoid large fluctuations in the discount relative to similar investment companies investing in the region by the use of share buy backs subject to market conditions. A graph showing the share price discount/premium relative to the NAV is also shown on page 14.
Ordinary Share Price Total Return Performance	The Board also monitors the price at which the Company's shares trade relative to the Benchmark on a total return basis over time. A graph showing the total NAV return and the share price performance against the comparative index is shown on page 14.
Dividends per Ordinary Share	The Board's aim is to provide shareholders with an attractive yield. Dividends paid in 2017 and 2018 are set out on page 13.

Further commentary on the Company's performance is contained in the Chairman's Statement and Investment Manager's Review and further explanation of the terms is provided in the Glossary on pages 77 and 78.

Principal Risks and Uncertainties

There are a number of risks which, if realised, could have a material adverse effect on the Company and its financial condition, performance and prospects. The Board has carried out a robust assessment of these risks and uncertainties facing the Company at the current time in the table below together with a description of the mitigating actions taken by the Board. The principal risks associated with an investment in the Company's shares are published monthly on the Company's factsheet or they can be found in the Pre-Investment Disclosure Document published by the Manager, both of which are on the Company's website. The Board reviews the risks and uncertainties faced by the Company in the form of a risk matrix and heat map at its annual audit committee and a summary of the principal risks are set out below.

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 14 to the financial statements on pages 59 to 66.

Description	Mitigating Action
Investment strategy and objectives – the setting of an unattractive strategic proposition for the Company and the failure to adapt to changes in investor demand may lead to the Company becoming unattractive to investors, a decreased demand for Ordinary shares and a widening discount at which the Ordinary shares trade relative to their NAV.	The Board keeps the level of discount at which the Company's Ordinary shares trade as well as the investment objective and policy under review and the Board is updated at each Board meeting on the make up of and any movements in the Shareholder register.
Investment portfolio, investment management – investing outside of the investment restrictions and guidelines set by the Board could result in poor performance and inability to meet the Company's objectives.	The Board sets, and monitors, its investment restrictions and guidelines, and receives regular reports which include performance reporting on the implementation of the investment policy, the investment process and application of the guidelines.
Financial obligations – the ability of the Company to meet its financial obligations, or increasing the level of gearing, could result in the Company becoming over-geared and therefore unable to take advantage of potential opportunities and result in a loss of value of the Company's Shares.	The Board sets a gearing limit to ensure that covenant restrictions in the Company's loan facility are not breached and the Board receives regular updates on the actual gearing levels the Company has reached from the Investment Manager together with the assets and liabilities of the Company and reviews these at each Board meeting.
Financial and regulatory – the financial risks associated with the portfolio could result in losses to the Company. In addition, failure to comply with relevant regulation (including the Companies (Jersey) Law, the Financial Services and Markets Act, the Alternative Investment Fund Managers Directive, Accounting Standards and the FCA's listing rules, disclosure and prospectus rules) may have a negative impact on the Company.	The financial risks associated with the Company include market risk, liquidity risk and credit risk, all of which are managed by the Investment Manager. Further details of the steps taken to mitigate the financial risks associated with the portfolio are set out in note 14 to the financial statements. The Board relies upon Aberdeen Standard Investments to ensure the Company's compliance with applicable regulations and from time to time employs external advisers to advise on specific matters.
Operational – the Company is dependent on third parties for the provision of all systems and services (in particular, those of AAM) and any control failures and gaps in these systems and services could result in a loss or damage to the Company.	The Board receives reports from the Manager on internal controls and risk management at each Board meeting and receives assurances from its significant service providers. Further details of the internal controls which are in place are set out in the Directors' Report on pages 28 and 29.
Income and dividend risk - there is a risk that the portfolio could fail to generate sufficient income to meet the level of the annual dividend drawing upon, rather than replenishing, its revenue and/or capital reserves.	The Board monitors this risk through the review of income forecasts, provided by the Manager, at each Board meeting.

Viability Statement

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

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

- The principal risks detailed in the Strategic Report on page 10;
- The ongoing relevance of the Company's investment objective in the current environment;
- The demand for the Company's Shares evidenced by the historical level of premium and or discount;
- The level of income generated by the Company;
- The liquidity of the Company's portfolio; and,
- The flexibility of the Company's multi currency loan facility which matures in August 2020 including the financial covenants of the loans. The Directors will aim to agree a new facility upon the expiry of the current one in 2020 and in the event that satisfactory renewal terms were not available at that time the facility would be repaid from portfolio sales.

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

Promoting the Company

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

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

Board Diversity

The Board recognises the importance of having a range of skilled, experienced individuals with the right knowledge represented on the Board in order to allow the Board to fulfil its obligations. The Board also recognises the benefits and is supportive of the principle of diversity in its recruitment of new Board members. The Board will not display any bias for age, gender, race, sexual orientation, religion, ethnic or national origins, or disability in considering the appointment of its Directors. However, the Board will continue to ensure that all appointments are made on the basis of merit against the specification prepared for each appointment and, therefore, the Company does not consider it appropriate to set diversity targets. At 31 August 2018, there were three male Directors and one female Director on the Board.

Environmental, Social and Human Rights Issues

The Company has no employees as it is managed by APWML 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.

Due to the nature of the Company's business, being a company that does not offer goods and services to customers, the Board considers that it is not within the scope of the Modern Slavery Act 2015 because it has no turnover. The Company is therefore not required to make a slavery and human trafficking statement. In any event, the Board considers the Company's supply chains, dealing predominantly with professional advisers and service providers in the financial services industry, to be low risk in relation to this matter. Furthermore the Company's Manager has confirmed that it complies with the 2015 Modern Slavery Act.

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

Future

Many of the non-performance related trends likely to affect the Company in the future are common across all closed ended investment companies, such as the attractiveness of investment companies as investment vehicles and the impact of regulatory changes (including MiFID II and Packaged Retail Investment and Insurance Products). These factors need to be viewed alongside the outlook for the Company, both generally and specifically, in relation to the portfolio. The Board's views on the general outlook for the Company can be found in the Chairman's Statement on pages 5 and 6 whilst the Investment Manager's views on the outlook for the portfolio are included on page 16.

For and on behalf of the Board

Richard Prosser

Chairman
24 October 2018

Results

	31 August 2018	31 August 2017	% change
Total assets (see definition on page 78) (£'000)	48,825	62,670	–22.1
Total equity shareholders' funds (net assets) (£'000)	42,325	56,170	–24.6
Market capitalisation (£'000)	36,587	48,704	–24.9
Ordinary share price (mid market)	60.80p	78.38p	–22.4
Net asset value per Ordinary share	70.34p	90.40p	–22.2
Discount to net asset value per Ordinary share	13.56%	13.29%	
Net gearing (see definition on page 78)[A]	14.17%	10.58%	
Dividends and earnings			
Total (loss)/return per Ordinary share	(16.84p)	18.00p	
Earnings per Ordinary share (revenue)	3.78p	4.77p	–20.8
Dividends per Ordinary share	3.50p	3.50p	
Dividend cover[B]	1.08 times	1.36 times	
Revenue reserves[C] (£'000)	2,250	2,080	
Operating costs			
Ongoing charges ratio[D]	2.00%	1.98%	

[A] Considered to be an Alternative Performance Measure. Calculated in accordance with AIC guidance "Gearing Disclosures post Retail Distribution Review".

[B] Considered to be an Alternative Performance Measure. Defined on page 77.

[C] Excludes payment of fourth interim dividend of 0.875p (2017 – 0.875p) per Ordinary share equating to £526,000 (2017 – £543,000).

[D] Considered to be an Alternative Performance Measure. 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. Details of a cap on the ongoing charges ratio can be found in the Chairman's Statement on page 5 and notes 6 and 16 to the financial statements on pages 55 and 67 respectively.

Performance (total return)

	1 year % return	3 year % return	5 year % return	Since launch[A] % return
Ordinary share price	–18.47%	+37.86%	–5.32%	–8.76%
Net asset value	–18.75%	+48.59%	+3.66%	+3.42%
Benchmark	–10.94%	+50.01%	+14.54%	+10.36%

Total return represents the capital return plus dividends reinvested.

[A] Launch date 16 August 2010.

Dividends

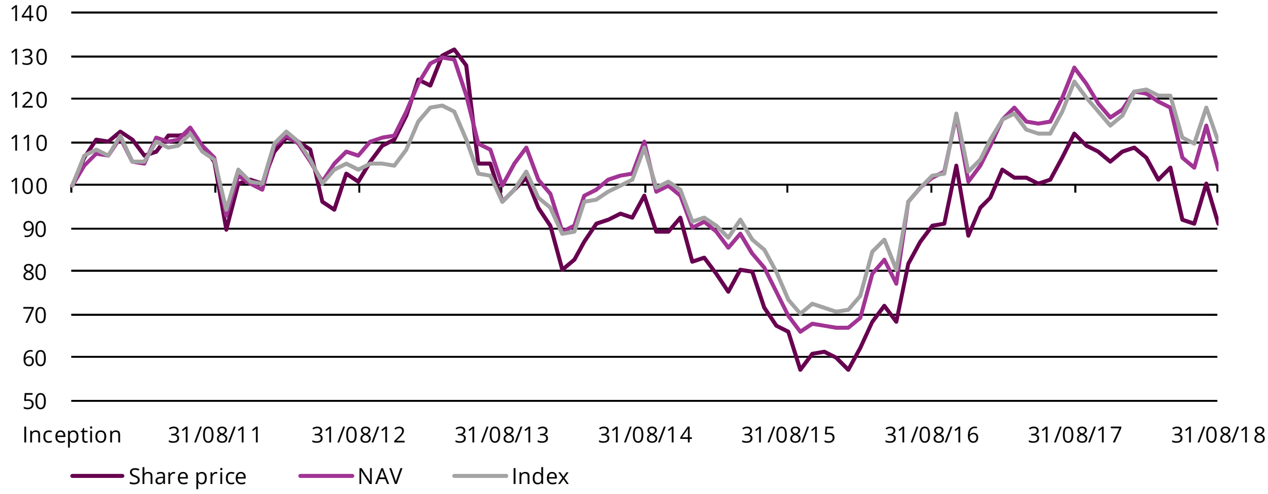
	Rate	xd date	Record date	Payment date
1st interim 2018	0.875p	14 December 2017	15 December 2017	30 January 2018
2nd interim 2018	0.875p	26 April 2018	27 April 2018	11 May 2018
3rd interim 2018	0.875p	12 July 2018	13 July 2018	27 July 2018
4th interim 2018	0.875p	4 October 2018	5 October 2018	26 October 2018
Total dividends 2018	**3.500p**			

	Rate	xd date	Record date	Payment date
1st interim 2017	0.875p	15 December 2016	16 December 2017	30 January 2017
2nd interim 2017	0.875p	27 April 2017	28 April 2017	12 May 2017
3rd interim 2017	0.875p	6 July 2017	7 July 2017	28 July 2017
4th interim 2017	0.875p	5 October 2017	6 October 2017	27 October 2017
Total dividends 2017	**3.500p**			

Performance

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

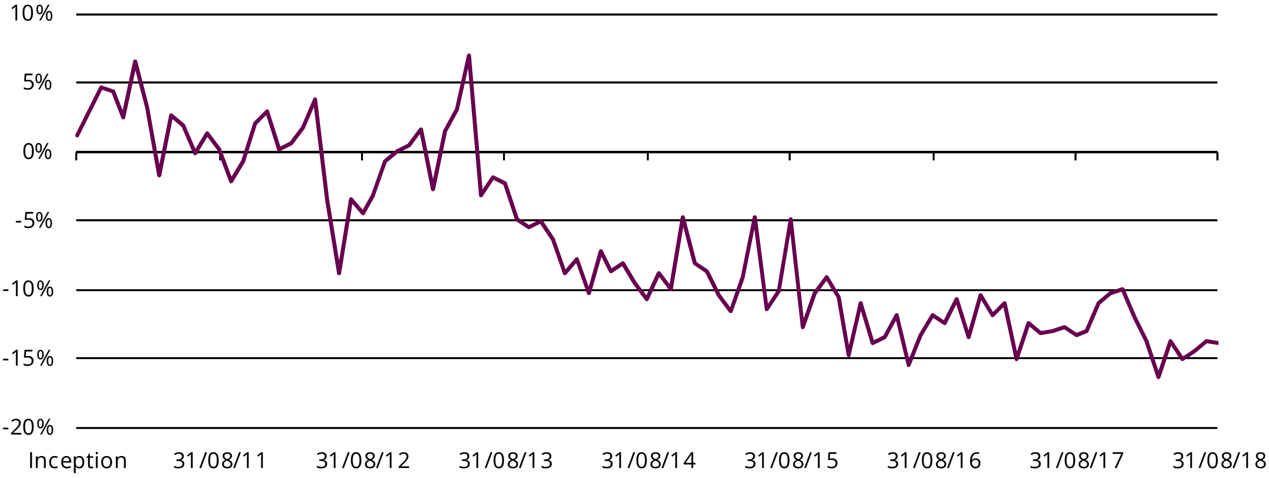
Launch (16 August 2010) to 31 August 2018 (rebased to 100 at 16 August 2010)



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

Ordinary Share Price Discount/Premium to NAV

Launch (16 August 2010) to 31 August 2018



Source: Standard Life Aberdeen & Morningstar

Financial Record

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

Investment Manager's Review

Performance Commentary

Latin American markets were volatile and ended lower for the year under review. The first half of the year fared relatively better on signs of broadening growth, stable or declining inflation, rising commodity prices and an upbeat earnings outlook, while the latter half saw markets fall on the back of a stronger US Dollar, trade tensions concerns, political turmoil in the South American continent and currency fluctuations in the more beleaguered economies. Truly a tale of two halves.

In particular, the escalating contagion risk from Argentina and Turkey dampened sentiment and caused a rout in emerging markets, which left them in bear territory. Risk appetite was further hampered by tightening monetary policy by the US Federal Reserve which made the region particularly vulnerable to foreign outflows.

Political uncertainty from the upcoming general election has continued in Brazil whilst the country also grappled with a truckers strike in May, which brought the country to a standstill, impacting corporate results across a swathe of companies. Mexico saw the market-friendly candidate losing the presidential election and felt the pressure of the NAFTA negotiations for the better part of the year, while Argentina struggled to tackle its fiscal deficit and saw a drought hurting its soft commodity exports, resulting in a sharp devaluation of its currency.

Against this backdrop, the Company underperformed its benchmark, with both the fixed income and equity sleeves of the portfolio detracting from performance. In the fixed income part of the portfolio, exposure to Argentina had a large negative contribution, as the Peso halved its value over the review period. This was partially offset by gains from bond selection, as our exposure was concentrated in short dated policy rate linked instruments, which benefitted from the central bank's aggressive rate hikes. In Brazil gains from holding long dated Brazilian bonds, as the central bank continued its rate cutting cycle in the first half of the period, were completely wiped out as President Temer sacrificed the reform momentum to protect his presidency amidst corruption allegations. Meanwhile the country became caught up in the general emerging market sell-off. More positively, the portfolio's exposure to inflation linked bonds in Uruguay continued to be a positive contributor.

In relation to our equity holdings, asset allocation and its corresponding currency effects contributed positively overall, whereas stock selection in Brazil was the primary cause of underperformance during the period. Not holding the Brazilian state-owned oil giant, Petrobas, was a key driver of underperformance. Similarly, our overweight positions in certain Brazilian stocks dented performance. Food producer BRF suffered, as a meat scandal and truckers' strike impacted second-quarter results. However, the company has taken a positive step with the replacement of its board and chairman, initiated by our efforts to drive improvement of governance within the company. The new management's effort towards improving market share, extending debt maturity and selling assets to deleverage the balance sheet is encouraging. We added to our position in BRF after the election of its new board and the welcome improvements in corporate governance.

Another detractor was fuel distributor Ultrapar, whose net profits fell by 79% from a year ago. It failed to reassure investors on future growth, which led to a sell-off in the stock. However, we continue to have confidence in its defensive qualities and the strong distribution network that the company has across the country. Retailer Lojas Renner's second-quarter results were weak due to the truckers' strike, which capped same-store sales growth. Investors also took profits in mall operator Multiplan on price strength after it posted good results despite a slowdown in sales. Other key operating metrics were upbeat, including improving rents and lower delinquency rates.

Our underweight position in the miner Vale detracted from relative performance and was only partially offset by our off-benchmark allocation to Vale's holding company Bradespar which trades at an attractive discount to Vale and held up well during the period. Vale reported good results on higher nickel prices and declared that it will return money to shareholders via a cash back and share buy-back plan. Moreover, the company may also benefit from the Brazilian government's longer-term push for electric vehicles as demand for nickel is set to rise in line with expected demand for batteries.

In Argentina, lender BBVA Frances' share price was weak, despite better-than-expected second-quarter results in a deteriorating macroeconomic environment. We like the company as it is well managed with a conservative strategy and a healthy balance sheet. It also has the lowest non–performing loan ratio among its peers. We took advantage of the sharp correction in the Argentinian Peso and the market, to add to the portfolio. In contrast, Argentina's IT service provider Globant and steel-pipe manufacturer Tenaris saw their shares advance, given their limited exposure to the domestic market. Over the year, we introduced Globant, which was trading at attractive valuations. The software company is focused on the fast-growing digital consulting and emerging technologies businesses, and has a well-diversified client base. Meanwhile, we took profits in Tenaris on the back of the higher share price. Nevertheless, we do like the company for its healthy balance sheet and investments in global oil extraction.

Mexican airport operator, Asur, added to relative performance. While the company suffered from dampened sentiment following natural disasters in Mexico, its development programme is expected to be value-enhancing, reaffirming our conviction in the company. Similarly, our holding in the Mexican lender Banorte was a positive as second-quarter profits jumped 27%, driven by increases in its loan portfolio. We topped up the position during the year.

The lack of exposure to several index heavyweights in Latin America, such as education major Kroton Educacional, media giant Grupo Televisa, infrastructure concession operator CCR, cement company Cemex and card operator Cielo all proved beneficial, as they tracked the wider market's decline over the period.

Portfolio Activity

During the review period, in addition to the portfolio activities mentioned above, we initiated a position in leading Mexican energy infrastructure company IEnova on attractive valuations after a sell-off ahead of the presidential elections and on concerns around NAFTA. Earlier in the year we also introduced leading pharmacy chain, Raia Drogasil, following a decline in its share price. We added to Arca Continental, Arezzo, Itausa, OMA, Grana y Montero on attractive valuations. We also took advantage of share price weakness to increase our exposure to Santander Mexico.

Conversely, we trimmed our holding in beverage distributor Andina and used the proceeds to invest in other higher-conviction names. We switched our exposure from Vale to one of its holding companies, Bradespar, to capitalise on relatively more attractive valuations but kept the overall exposure unchanged. We also reduced our positions in Santander Chile and Falabella following good share price increases.

On the fixed income side we took a cautious approach to Mexico in the run-up to the presidential and general elections in the middle of the calendar year. We used the immense sell-off in Argentina to top-up exposures, though remained defensive in our bond selection. While Brazil had been a core overweight position throughout most of the period, we reduced our exposure to the Real later in the year, in anticipation of heightened pre-election volatility. We have also reduced our exposure to Uruguay due to the risk of contagion from its neighbours. We used the proceeds to increase our allocation to Colombia, which is deemed to be the prime beneficiary of the rise in global oil prices.

Outlook

Looking ahead, challenges for the Latin American region remain, but the market has already priced in many of the risks and a relatively gloomy outlook. Fears about a US trade war with its trading partners and its impact on growth and commodities prices might resurface, while in the near term the outcome of the Brazilian election will be a major driver of sentiment. However, it is important to point out that the last few quarters saw a significant adjustment not just in asset prices, but also in economic policies. Argentina secured a large IMF program, hiked interest rates to above 60% and accelerated the pace of fiscal consolidation. Mexico continued its rate hiking cycle even as inflation moderated whilst Chile and Peru used their central bank reserves to lean against the depreciation pressure on their currencies. We expect policymakers to continue to provide adequate responses to the forthcoming challenges. On the corporate side we also saw an increased focus on controlling costs in the face of what had been a more difficult demand environment. Overall, earnings forecasts for Latin American companies appear reasonable, while valuations seem more attractive as share prices have corrected.

Given the above backdrop, we remain cautiously optimistic about the prospects for the year ahead and remain confident in your Company's portfolio, whose holdings are presided over by experienced management, backed by solid balance sheets, and guided by prudent capital management policies. These qualities should imbue these underlying holdings with the wherewithal to face the challenges that lie ahead.

Aberdeen Asset Managers Limited
24 October 2018

Portfolio

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

Wilson, Sons

Tecon Rio Grande is one of the largest container terminals in Brazil.

Wilson, Sons is one of the largest port, maritime and logistics operators in Brazil offering specialised solutions in the areas of port terminals, maritime towage, offshore support vessels, logistics, shipyards, and shipping agency. The company maintains long-lasting relationships with over two thousand active clients including shipping companies, importers, exporters, oil and gas companies as well as other participants in more diverse sectors of the Brazilian economy.

Ten Largest Investments

As at 31 August 2018

Company	Sector	Country	Valuation 2018 £'000	Total assets %[A]	Valuation 2017 £'000
Itau Unibanco Holdings ADR[B] Brazil's largest privately-owned bank, it is well-capitalised with sound growth prospects and asset quality.	Financials	Brazil	1,766	3.6	2,155
Banco Bradesco ADR A leading privately-owned Brazilian bank with a well-recognised brand, robust loan portfolio and experienced management team.	Financials	Brazil	1,728	3.5	2,326
Grupo Aeroportuario Sureste ADR One of Mexico's leading airport operators, responsible for running Cancun airport amongst a number of others in Mexico. The company also operates airports in Puerto Rico and more recently Colombia.	Industrials	Mexico	1,372	2.8	1,256
Grupo Financiero Banorte Mexico's leading privately-owned bank with a well-recognised nationwide brand, sizeable pension business and proven track record in conservative lending.	Financials	Mexico	1,353	2.8	1,266
Fomento Economico Mexicano ADR FEMSA participates in beverages through Coca-Cola FEMSA, the largest Coca-Cola bottler globally. The company also participates in small-format convenience stores, gas stations and pharmacies through FEMSA Comercio.	Consumer Staples	Mexico	1,254	2.6	1,288
Bradespar[B] A holding company where the single underlying asset is Brazil's iron ore producer Vale.	Materials	Brazil	1,108	2.3	958
Wal-Mart De Mexico The largest food and general retailer in Mexico with an established presence across a number of smaller Central American markets.	Consumer Staples	Mexico	1,063	2.2	1,103
Lojas Renner[B] One of Brazil's largest clothing retailers with a complementary financing arm catering to customers' store credit needs. More recently Lojas Renner has ventured into neighbouring Uruguay and launched a home furnishing brand by the name of Camicado.	Consumer Discretionary	Brazil	1,061	2.2	1,548
Ambev[B] Latin America's largest producer of beer, as part of the ABI group.	Consumer Staples	Brazil	1,045	2.1	1,536
Vale ADR One of the world's largest iron ore producers which also produces nickel, copper, aluminium, potash and numerous other minerals.	Materials	Brazil	867	1.8	1,075
Top ten equity investments			**12,617**	**25.9**	

[A] See definition on page 78.

[B] Held in Subsidiary.

Portfolio investments reflect consolidated investee holdings of the Company and its Subsidiary.

Portfolio

Other Investments

As at 31 August 2018

Company	Sector	Country	Valuation 2018 £'000	Total assets %[A]	Valuation 2017 £'000
Multiplan Empreendimentos NPV[B]	Real Estate	Brazil	821	1.7	1,194
Arca Continental	Consumer Staples	Mexico	685	1.4	611
B3 Brasil Bolsa Balco[B]	Financials	Brazil	680	1.4	753
S.A.C.I. Falabella[B]	Consumer Discretionary	Chile	599	1.2	1,001
Ultrapar Participacoes ADR	Energy	Brazil	539	1.1	1,037
Embotelladora Andina 'A' Pref[B]	Consumer Staples	Chile	538	1.1	867
Banco Santander-Chile ADR	Financials	Chile	509	1.0	742
Arezzo Industria e Comercio[B]	Consumer Discretionary	Brazil	486	1.0	901
Parque Arauco[B]	Real Estate	Chile	451	0.9	541
WEG[B]	Industrials	Brazil	437	0.9	630
Top twenty equity investments			**18,362**	**37.6**	
Localiza Rent A Car[B]	Industrials	Brazil	436	0.9	644
Infraestructura Energetica	Industrials	Mexico	389	0.8	–
Grupo Financiero Santander	Financials	Mexico	359	0.7	340
Globant	Information Technology	Argentina	354	0.7	–
Wilson, Sons[B]	Industrials	Brazil	352	0.7	413
Cementos Pacasmayo	Materials	Peru	351	0.7	474
Hoteles City Express	Consumer Discretionary	Mexico	330	0.7	261
Grupo Bancolombia	Financials	Colombia	328	0.7	503
Brazil Foods Sponsored ADR	Consumer Staples	Brazil	307	0.6	658
TOTVS[B]	Information Technology	Brazil	299	0.6	424
Top thirty equity investments			**21,867**	**44.7**	
Linx[B]	Information Technology	Brazil	291	0.6	376
Raia Drogasil[B]	Consumer Staples	Brazil	290	0.6	–
Odontoprev[B]	Health Care	Brazil	286	0.6	499
Kimberly-Clark de Mexico	Consumer Staples	Mexico	286	0.6	249
Itausa Investimentos Itau[B]	Financials	Brazil	255	0.5	132
Iguatemi Empressa de Shopping[B]	Real Estate	Brazil	245	0.5	393
Tenaris ADR	Energy	Argentina	239	0.5	494
BBVA Banco Frances	Financials	Argentina	212	0.4	326
Grupo Lala	Consumer Staples	Mexico	205	0.4	311
Valid Solucoes[B]	Industrials	Brazil	204	0.4	363
Top forty equity investments			**24,380**	**49.8**	
BRF[B]	Consumer Staples	Brazil	186	0.4	174
Itau Unibanco	Financials	Brazil	180	0.4	256
Cia Hering Com[B]	Consumer Discretionary	Brazil	173	0.4	309
Grupo Aeroportuario Centro Norte	Industrials	Mexico	150	0.3	–
Grana Y Montero	Industrials	Peru	143	0.3	119
Banco Bradesco[B]	Financials	Brazil	143	0.3	85
Ultrapar Participacoes[B]	Energy	Brazil	73	0.2	120
Fossal	Materials	Peru	2	–	4
Total equity investments			**25,430**	**52.1**	

[A] See definition on page 78.

[B] Held in Subsidiary.

Portfolio investments reflect consolidated investee holdings of the Company and its Subsidiary.

Investment Portfolio – Bonds

As at 31 August 2018

Issue	Sector	Country	Valuation 2018 £'000	Total assets %[A]	Valuation 2017 £'000
Brazil (Fed Rep of) 10% 01/01/25[B]	Government Bonds	Brazil	3,735	7.6	6,197
Colombia (Rep of) 9.85% 28/06/27	Government Bonds	Colombia	3,554	7.3	3,990
Brazil (Fed Rep of) 10% 01/01/21[B]	Government Bonds	Brazil	2,341	4.8	1,798
Mexico (United Mexican States) 8.5% 18/11/38	Government Bonds	Mexico	1,899	3.9	2,483
Uruguay (Rep of) 4.375% 15/12/28	Government Bonds	Uruguay	1,695	3.5	–
Mex Bonos Desarr Fix Rt 10% 20/11/36	Government Bonds	Mexico	1,533	3.1	2,089
Uruguay (Rep of) 9.875% 20/06/22	Government Bonds	Uruguay	1,367	2.8	1,790
Peru (Rep of) 6.95% 12/08/31	Government Bonds	Peru	1,310	2.7	1,397
Mex Bonos Desarr Fix Rt 10% 05/12/24	Government Bonds	Mexico	1,243	2.5	1,364
Brazil (Fed Rep of) 10% 01/01/27[B]	Government Bonds	Brazil	1,040	2.1	1,698
Mexico (United Mexican States) 7.5% 03/06/27	Government Bonds	Mexico	936	1.9	1,089
Uruguay (Rep of) 4.25% 05/04/27	Government Bonds	Uruguay	765	1.6	820
Peru (Rep of) 6.95% 12/08/31	Government Bonds	Peru	418	0.9	677
Argentina (Rep of) Frn 21/06/20	Government Bonds	Argentina	380	0.8	661
Argentina (Rep of) 15.5% 17/10/26	Government Bonds	Argentina	284	0.6	788
Mexico (United Mexican States) 7.75% 13/11/42	Government Bonds	Mexico	138	0.3	164
Peru (Rep of) 6.15% 12/08/32	Government Bonds	Peru	60	0.1	62
Total value of Bonds			**22,698**	**46.5**	
Total value of equity investments			**25,430**	**52.1**	
Total value of portfolio investments			**48,128**	**98.6**	
Other net assets held in subsidiary			**149**	**0.3**	
Total investments			**48,277**	**98.9**	
Net current assets[C]			**548**	**1.1**	
Total assets[A]			**48,825**	**100.0**	

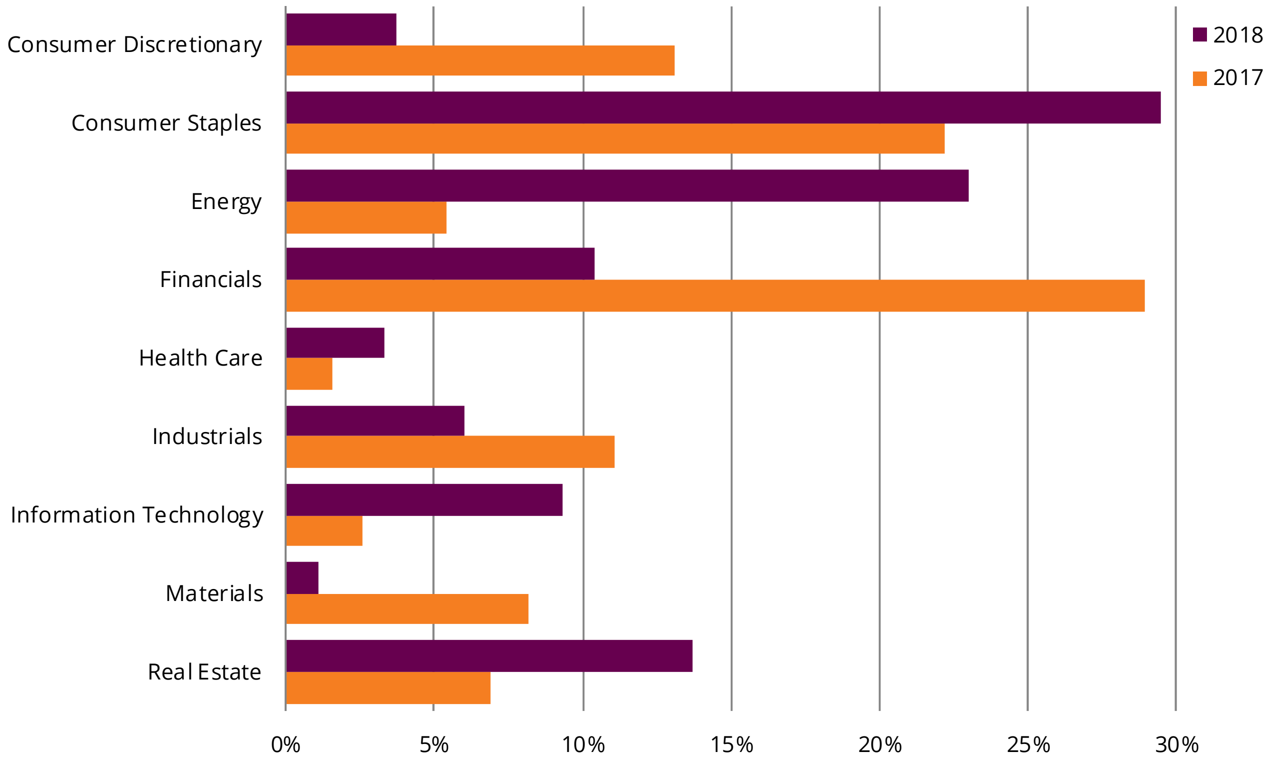
[A] See definition on page 78.
[B] Held in Subsidiary.
[C] Excluding bank loans of £6,500,000.

Portfolio investments reflect consolidated investee holdings of the Company and its Subsidiary.

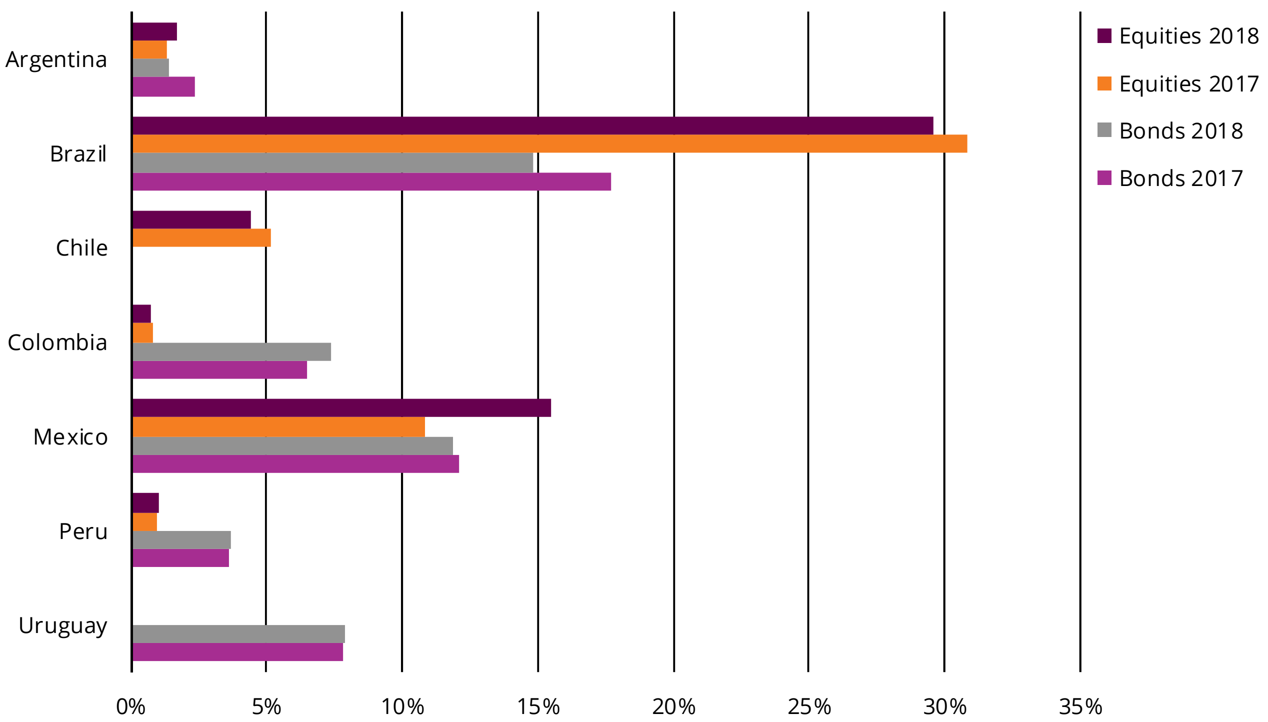
Sector/Geographical Analysis

As at 31 August 2018

Portfolio Sector Breakdown – Equities only



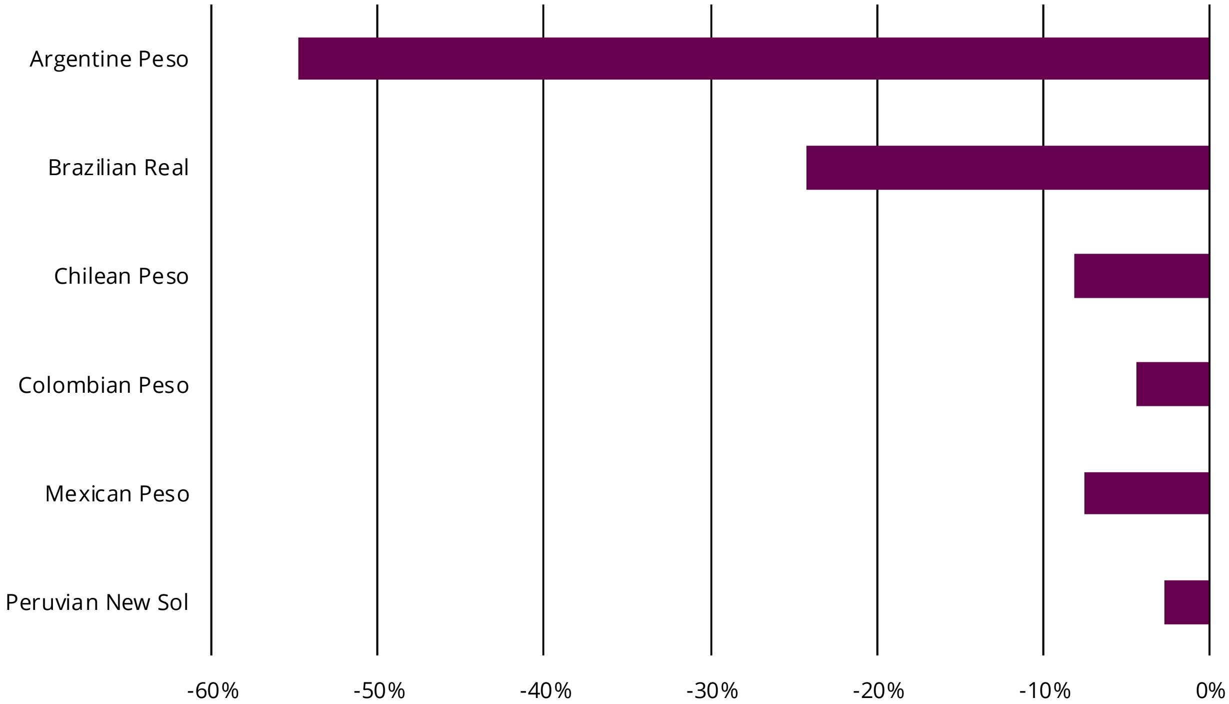
Portfolio Geographic Breakdown – Equities and Bonds



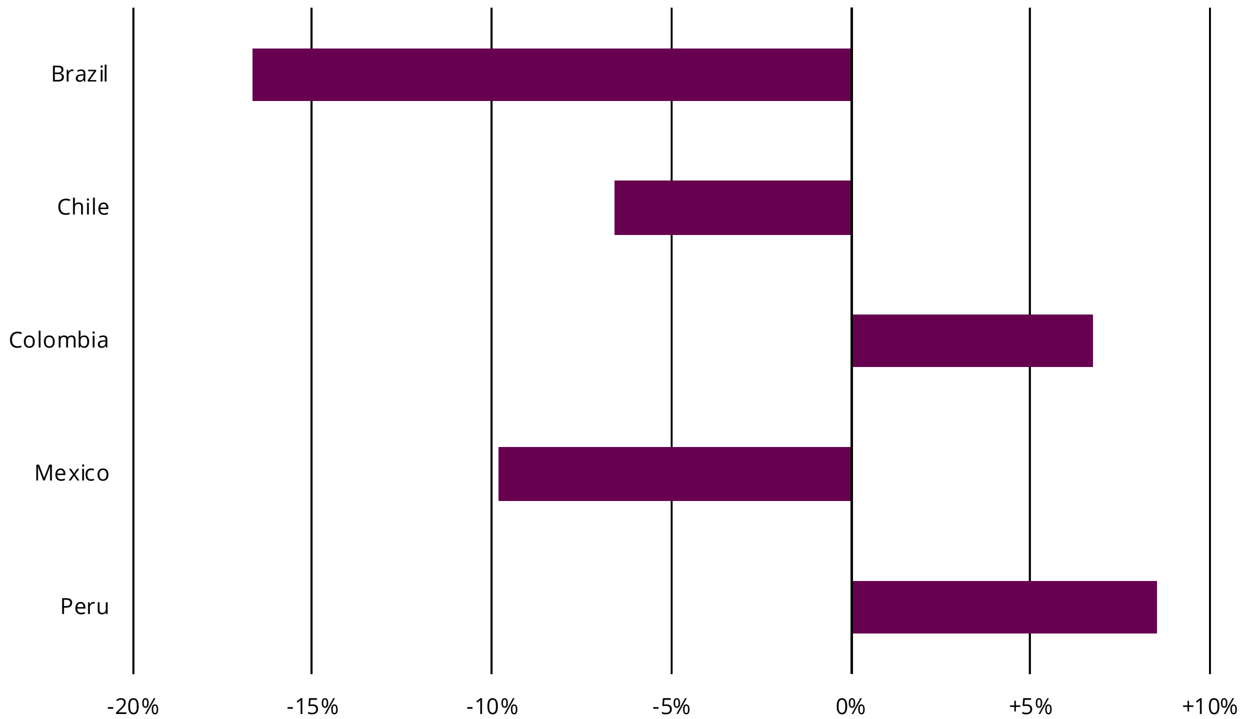
Currency/Market Performance

As at 31 August 2018

Latin American currency percentage returns in sterling terms



MSCI Country Index total percentage returns in sterling terms



Governance

The Company is committed to high standards of corporate governance and applies the principles identified in the UK Corporate Governance Code and the AIC Code of Corporate Governance for Jersey-domiciled member companies. The Directors are all non-executive and independent of the Manager and Investment Manager. The Directors supervise the management of Aberdeen Latin American Income Fund Limited and represent the interests of shareholders.

Board of Directors

The current Directors' details, all of whom are non-executive and independent of the Manager and Investment Manager, are set out below. The Directors 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

Length of Service: 8 years, appointed on 30 June 2010

Last re-elected to the Board: 8 December 2016

Experience: is a chartered accountant, a group director of the Estera Group (formerly known as Appleby Group) and a director of its wholly-owned trust company, Estera 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 Estera Trust which monitors and evaluates the performance of asset managers throughout the Estera Group.

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

Remuneration: £30,000 per annum

All other public company directorships: Qannas Investments Limited

Employment by Investment Manager: none

Other connections with the Company or Investment Manager: none

Shared directorships with other Company Directors: none

Shareholding in the Company: 15,000 Ordinary shares

Martin Adams

Status: Independent Non-Executive Director

Length of Service: 8 years, appointed on 30 June 2010

Last re-elected to the Board: 10 December 2015

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 2002, he has been actively involved with investments and closed-end funds and investments in Asia, Europe and Brazil.

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

Remuneration: £20,000 per annum

All other public company directorships: Kubera Cross-Border Fund Limited, Marwyn Value Investors Limited and VinaCapital Vietnam Opportunity Fund Limited

Employment by Investment Manager: none

Other connections with the Company or Investment Manager: none

Shared directorships with other Company Directors: none

Shareholding in the Company: 74,000 Ordinary shares

George Baird

Status: Independent Non-Executive Director and Audit Committee Chairman

Length of Service: 8 years, appointed on 9 July 2010

Last re-elected to the Board: 7 December 2017

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 in the Channel Islands.

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

Remuneration: £25,000 per annum

All other public company directorships: Geiger Counter Limited, LXB Retail Properties Plc and Yatra Capital Limited

Employment by Investment Manager: none

Other connections with the Company or Investment Manager: none

Shared directorships with other Company Directors: none

Shareholding in the Company: none

Hazel Adam

Status: Independent Non-Executive Director

Length of Service: appointed on 27 April 2018

Last re-elected to the Board: n/a

Experience: After leaving Standard Life Investments in 2005, she joined Goldman Sachs International, as an executive director on the Emerging Market equities desk. She subsequently worked at HSBC Holdings plc, as a director on the Emerging Market equities desk.

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

Remuneration: £20,000 per annum

All other public company directorships: none

Employment by Investment Manager: none

Other connections with the Company or Investment Manager: none

Shared directorships with other Company Directors: none

Shareholding in the Company: none

Directors' Report

The Directors present their Report and the audited financial statements for the year ended 31 August 2018.

Status

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

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

Results and Dividends

Details of the Company's results and dividends are shown on page 13 of this Annual Report.

Management Arrangements

The Company has an agreement (the "Management Agreement") with APWML for the provision of management and promotional services, details of which are shown in notes 5, 6 and 16 to the financial statements.

Under the Management Agreement, the Manager is entitled to both a management fee and a company secretarial and administration fee. The Manager has agreed to ensure that the Company's ongoing charges ratio ("OCR") will not exceed 2.0% when calculated annually as at 31 August. Until further notice, to the extent that the OCR ever exceeds 2.0% the Manager will rebate part of its fees in order to bring that ratio down to 2.0%. In relation to the year ended 31 August 2018 an OCR rebate of £22,000 was payable by the Manager in order to ensure that the OCR did not exceed 2.0%. Details of the management, promotional and secretarial fees payable are provided in note 6 to the financial statements.

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

Share Capital

As at 31 August 2018 there were 60,175,324 Ordinary shares and 6,107,500 Ordinary shares held in treasury. Details of changes to the Company's shares in issue during the year are provided in 'Your Company's Share Capital History' on page 79.

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

Risk Management

Details of the principal risks and uncertainties and KPIs are disclosed on pages 9 and 10 respectively. Details of the financial risk management policies and objectives relative to the use of financial instruments by the Company are set out in note 14 to the financial statements.

Directors

The current Directors, Richard Prosser, Martin Adams, George Baird and Hazel Adam (appointed 27 April 2018), together with Martin Gilbert (retired 7 December 2017), were the only Directors in office during the period.

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 16 to the financial statements. Details of the Directors retiring at the Annual General Meeting on 13 December 2018 are disclosed below under Policy on Tenure.

Corporate Governance

The Company is committed to high standards of corporate governance. The Board is accountable to the Company's shareholders for good governance and, as required by the Listing Rules of the UK Listing Authority, has applied the principles identified in the UK Corporate Governance Code (published in April 2016) for the year ended 31 August 2018. The UK Corporate Governance Codes are available on the Financial Reporting Council's website: **frc.org.uk**.

The Company is a member of the Association of Investment Companies (AIC). The Board has considered the principles and recommendations of the AIC Code of Corporate Governance for Jersey-domiciled member companies (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, as well as setting out additional principles and recommendations on issues which are of specific relevance to the Company. Both the AIC Code and the AIC Guide are available on the AIC's website: **theaic.co.uk**.

The Company has complied throughout the accounting period with the relevant provisions contained within the AIC Code and the relevant provisions of the UK Corporate Governance Code except as set out below.

The UK Corporate Governance Code includes provisions relating to:

- the role of the chief executive (A.1.2);
- executive directors' remuneration (D.2.1 and D.2.2);
- the need for a Senior Independent Director (A.4.1); and,
- and the need for an internal audit function (C.3.6).

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

Directors have attended Board and Committee meetings during the year ended 31 August 2018 as follows (with their eligibility to attend the relevant meeting in brackets):

	Board	Audit Committee	MEC	Nomination Committee
R Prosser	4 (4)	2 (2)	2 (2)	2 (2)
M Adams	4 (4)	2 (2)	2 (2)	2 (2)
G Baird	4 (4)	2 (2)	2 (2)	2 (2)
H Adam*	1 (1)	0 (0)	0 (0)	0 (0)
M Gilbert**	0 (1)	n/a	n/a	0 (1)

* Ms Adam was appointed to the Board on 27 April 2018
** Mr Gilbert was not a member of the Audit Committee or Management Engagement Committee and retired from the Board on 7 December 2017

Policy on Tenure

The Board's policy on tenure is that Directors need not serve on the Board for a limited period of time only. The Board does not consider that the length of service of a Director is as important as the contribution he or she has to make, and therefore the length of service will be determined on a case-by-case basis. In accordance with corporate governance best practice, Directors who have served for more than nine years or who are non-independent will voluntarily offer themselves for re-election on an annual basis in the future.

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

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 2018 this was undertaken using detailed questionnaires followed by one-on-one discussions. The outcome of the appraisal process was judged by the Board to be satisfactory with all Directors having contributed effectively at the meetings that they had attended during the year. The Board also reviewed the Chairman's and Directors' other commitments and is satisfied that the Chairman and other Directors are capable of devoting sufficient time to the Company. The Board has no hesitation in recommending to Shareholders the election of Ms Adam who is due to retire at the forthcoming AGM and submit herself for election having been appointed during the year.

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

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 35 to 37.

Audit Committee

The Report of the Audit Committee is on pages 32 to 34.

Directors' Report continued

Management Engagement Committee ("MEC")

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

Nomination Committee

Appointments to the Board of Directors are considered by the Nomination 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 including a full induction from the Manager. The induction includes meetings with the Manager's compliance, internal audit, investor relations and promotional teams as well as an in-depth meeting with the individual managers. 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.

During the year the Nomination Committee initiated a search to find a new independent non executive Director, using the services of Fletcher Jones, an independent search consultant. The Directors drew up a specification for the appointment and interviewed a shortlist of suitable candidates. Following review, the Directors appointed Ms Hazel Adam as an independent non executive Director of the Company with effect from 27 April 2018. Further details on Ms Adam are provided in the Chairman's Statement.

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 Adams has indicated that he intends to retire from the Board at the Annual General Meeting in December and does not intend to seek re-election. Ms Adam will retire at the Annual General Meeting having been appointed during the year, and will seek election to the Board. 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

The Board's policy on diversity is disclosed in the Strategic Report on page 11.

Going Concern

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

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

The Directors are mindful of the principal risks and uncertainties disclosed on page 10 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 and financial obligations; third party service providers and the Board. The Board considers the potential cause and possible impact of these risks as well as reviewing the controls in place to mitigate these potential risks. A risk is rated by having a likelihood and an impact rating and the residual risk is plotted on a "heat map" and is reviewed regularly.

The Board is ultimately responsible for the Company's system of internal control and for reviewing its effectiveness. The Financial Reporting Council's Guidance on Risk Management, Internal Control and Related

Financial Business Reporting (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 principal risks faced by the Company. This process has been in place for the period under review and up to the date of approval of this Annual Report and financial statements, and is regularly reviewed by the Board and accords with the 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 principal risks affecting the Company and policies by which these risks are managed. The principal risks and uncertainties faced by the Company are detailed in the Strategic Report.

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

- the Manager prepares monthly forecasts and management accounts which allow the Board to assess the Company's activities and review its performance;
- the Board and the Manager have agreed clearly defined investment criteria, specified levels of authority and exposure limits; reports on these issues, including performance statistics and investment valuations, are regularly submitted to the Board and there are meetings with Aberdeen Standard Investments as appropriate;
- as a matter of course the Manager's compliance department continually reviews its' operations;
- written agreements are in place which specifically define the roles and responsibilities of the Manager and other third-party service providers and the Committee reviews, where relevant, periodic ISAE3402 Reports, a global assurance standard for reporting on internal controls for service organisations; the Board is made aware by the Manager of relevant exceptions in ISAE3402 reporting from key third party service providers as part of the Manager's third party service provider oversight regime.
- at its October 2018 meeting, the Audit Committee members carried out an annual assessment of internal controls for the year ended 31 August 2018 by considering documentation from Aberdeen Standard Investments, including the internal audit and compliance functions and taking account of events since 31 August 2018. The results of the assessment were then reported to the Directors at the Board meeting which followed; and,
- the Board has considered the need for an internal audit function but, because of the compliance and internal control systems in place at the Manager, has decided to place reliance on Manager's systems and internal audit procedures.

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

Management of Conflicts of Interest

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

No Director has a service contract with the Company although each Director is issued with a letter of appointment upon appointment to the Board. The Directors' interests in contractual arrangements with the Company are as shown in note 16 to the financial statements. No other Directors had any interest in contracts with the Company during the period or subsequently.

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

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

Substantial Interests

The Company has been advised that the following Shareholders owned 3% or more of the issued Ordinary share capital of the Company at 31 August 2018:

Directors' Report continued

Shareholder	Number Of shares held	% held
City of London Investment Management	7,729,888	12.8
1607 Capital Partners	7,278,869	12.1
Aberdeen Retail Plans	7,185,814	11.9
Hargreaves Lansdown, stockbrokers	4,961,927	8.2
Philip J Milton Stockbrokers	2,931,763	4.9
Raymond James Investment Services	2,847,959	4.7
Alliance Trust Savings	1,843,654	3.1
Interactive Investor	1,815,009	3.0

On 6 September 2018 1607 Capital Partners notified the Company that its holding had increased to 7,856,869 Ordinary shares (13.1%). There have been no other significant changes notified in respect of the above holdings between 31 August 2018 and 24 October 2018.

Alternative Investment Fund Managers Directive ("AIFMD")

On 14 July 2014, the Jersey Financial Services Commission granted the Company a certificate of exemption from the application of the Alternative Investment Funds (Jersey) Regulations 2012 to any marketing it may carry out within any EU member state. 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, APWML is required to make available certain disclosures for potential investors in the Company and these are available on the Company's website: **latamincome.co.uk.**

Special Business at the Annual General Meeting

Directors' Authority to Allot Relevant Securities

There are no provisions under Jersey law which confer rights of pre-emption upon the issue or sale of any class of shares in the Company. However, as the Ordinary shares are traded on the 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.

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 5, 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 2019.

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 NAV at a discount of no more that 5%. As stated in the Chairman's Statement, during the year under review the Company bought back 1,672,500 Ordinary shares for treasury at a total cost of £1,219,000 and a further 290,000 Ordinary shares were purchased for cancellation at a cost of £188,000. Subsequent to the period end a further 280,000 Ordinary shares have been purchased for cancellation at a cost of £177,000.

Purchases of Ordinary shares will only be made through the market for cash at prices below the prevailing exclusive of income NAV per Ordinary share (as last calculated) where the Directors believe such purchases will enhance Shareholder value and are likely to assist in narrowing any discount to NAV at which the Ordinary shares may trade.

Resolution 6, a Special Resolution, will be proposed to renew the Directors' authority to make market purchases of the Ordinary shares in accordance with the provisions of the Listing Rules of the Financial Conduct Authority. The Company will seek authority to purchase up to a maximum of 8,978,309 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 2019 unless such authority is renewed prior to that time. Any Ordinary shares purchased in this way will either be cancelled and the number of Ordinary shares will be reduced accordingly, or the Ordinary shares will be held in treasury, in accordance with the authority previously conferred by Shareholders.

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

Reappointment of 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.

Recommendation

Your Board considers Resolutions 5 and 6 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 5 and 6 to be proposed at the Annual General Meeting, as they intend to do in respect of their own beneficial shareholdings amounting to 89,000 Ordinary shares.

Directors' & Officers Liability Insurance

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

Relations with Shareholders

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

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

UK Stewardship Code and Proxy Voting as an Institutional Shareholder

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

The full text of the Company's response to the Stewardship Code may be found on the Company's website.

Socially Responsible Investment Policy

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

For and on behalf of the Board

Aberdeen Private Wealth Management Limited
Secretary
24 October 2018

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

Report of the Audit Committee

I am pleased to present the report of the Audit Committee for the year ended 31 August 2018.

Committee Composition

The Audit Committee operates within clearly defined terms of reference and comprises four independent Directors, myself (Mr G Baird, Chairman with recent and relevant experience), Mr M Adams, Mr R Prosser and Ms H Adam. 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. The Directors have satisfied themselves that at least one of the Committee's members has recent and relevant financial experience. I am a member of the Institute of Chartered Accountants of Scotland and I confirm that the Audit Committee as a whole has competence relevant to the investment trust sector and that at least one member has competence in accounting.

Functions of the Committee

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

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

The Committee's main audit review functions are listed below:

- 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 the Manager which acts as Administrator and Company Secretary;
- to review, and report to the Board on, the significant financial reporting issues and judgements made in connection with the preparation of the Company's financial statements, half yearly reports, announcements and related formal statements;
- to review the content of the Annual Report and financial statements and advise the Board on whether, taken as a whole, it is fair, balanced and understandable and provides the information necessary for Shareholders to assess the Company's 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, no fees 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 the Manager detailing the arrangements in place within the Manager whereby staff may, in confidence, escalate concerns about possible improprieties in matters of financial reporting or other matters;
- to make recommendations in relation to the appointment of the external auditor and to approve the remuneration and terms of engagement of the external auditor; and,
- to monitor and review annually the external auditor's independence, objectivity, effectiveness, resources and qualification; and,
- to investigate, when an auditor resigns, the reasons giving rise to such resignation and consider whether any action is required.

Activities During the Year

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

Review of Internal Control Systems and Risk

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

Significant Issues

During its review of the Company's financial statements for the year ended 31 August 2018, 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 52. The fair value is derived from unadjusted quoted bid prices in active markets, with the exception of inflation-linked bonds whose quoted bid prices are adjusted for indexation. The audit includes independent confirmation of the pricing of all investments. The portfolio is reviewed and verified by the Manager on a regular basis and management accounts, including a full portfolio listing, are prepared each month and circulated to the Board.

Recognition of Dividend and Interest Income

The recognition of investment income is undertaken in accordance with accounting policy note 2(b) to the financial statements on page 52. Dividends and interest arising from bonds are allocated to the revenue account. Special dividends are allocated to the capital or revenue accounts according to the nature of the payment and the intention of the underlying company. The Manager provides monthly internal control reports to the Board. The allocation of special dividends is a principal risk in the audit planning board report provided by the auditor.

Review of the Annual Report and Financial Statements

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

The Committee has considered the following matters:

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

The Committee has reviewed the Annual Report and the work undertaken by the third party service providers and is satisfied that, taken as a whole, the Annual Report and financial statements is fair, balanced and understandable. In reaching this conclusion, the Committee has assumed that the reader of the Annual Report would have a reasonable level of knowledge of the investment company industry in general and of investment companies in particular. The Committee has reported its findings to the Board which in turn has made its own statement in this regard in the Directors' Responsibility Statement on page 38.

Review of Auditor

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

- independence (the auditor discusses with the Audit Committee, at least annually, the steps it takes to ensure its independence and objectivity and makes the Committee aware of any potential issues, explaining all relevant safeguards. The audit fees paid to Ernst & Young LLP are disclosed in note 6 and no non audit fees were paid to Ernst & Young LLP in the year);
- quality of audit work including the ability to resolve issues in a timely manner (identified issues are satisfactorily and promptly resolved), its communications/presentation of outputs (the explanation of the audit plan, any deviations from it and the subsequent audit findings are comprehensive and comprehensible), and working relationship with management (the auditor has a constructive working relationship with the Manager); and,
- quality of people and service including continuity and succession plans (the audit team is made up of sufficient, suitably experienced staff with provision made for knowledge of the investment company sector and retention on rotation of the partner).

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 this is the first year for the current audit partner. 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

Report of the Audit Committee continued

the AGM. Shareholders have the opportunity at each AGM to vote on the reappointment of the auditor for the forthcoming year.

Accountability and Audit

The respective responsibilities of the Directors and the auditor in connection with the financial statements are set out on pages 38 and 43.

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

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

George Baird
Audit Committee Chairman
24 October 2018

Directors' Remuneration Report

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

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

This Remuneration Report comprises three parts:

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

There have been no changes to the Directors' Remuneration Policy during the period of this Report nor are there any proposals for the year ending 31 August 2019.

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. In the past year aggregate fees of £81,905 were paid to the Directors.

	2018 **£**	**2017** **£**
Chairman	30,000	30,000
Chairman of Audit Committee	25,000	25,000
Director	20,000	20,000

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 £20,000).
- No incentive or introductory fees will be paid to encourage a Directorship.
- The Directors are not eligible for bonuses, pension benefits, share options, long-term incentive schemes or other benefits.
- The Company indemnifies its Directors for all costs, charges, losses, expenses and liabilities which may be incurred in the discharge of duties, as a Director of the Company.
- Mr Gilbert waived his entitlement to a fee in respect of his appointment as a non-executive director up to and including the date of his retirement on 7 December 2017.

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.
- Up to his retirement as a Director of the Company on 7 December 2017, Mr Gilbert was also 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 16 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 subject to three months' notice.
- Compensation will not be due upon leaving office.
- No Director is entitled to any other monetary payment or any assets of the Company.

Directors' Remuneration Report continued

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

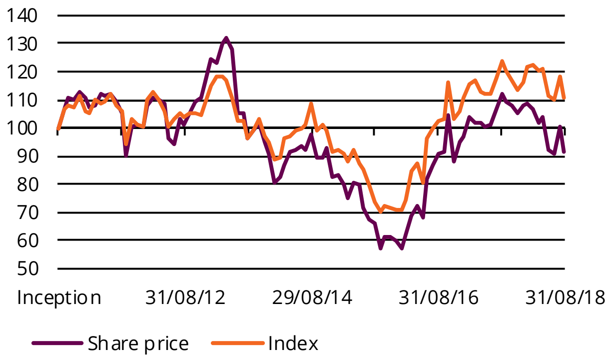
Implementation Report

Directors' Fees

The Board carried out a review of the level of Directors' fees payable to other companies within the broader emerging markets investment company peer group during the year and concluded that the levels should be maintained at the current levels of £30,000 for the Chairman, £25,000 for the Audit Committee Chairman and £20,000 for other Directors (the fees were raised to the present level on 1 September 2016). There are no further fees, salaries, taxable benefits or any other items to disclose as the Company has no employees, Chief Executive or Executive Directors.

Company Performance

The Board has reviewed the Company's performance throughout the year under review. The following graph illustrates the total Shareholder share price return for a holding in the Ordinary shares as compared to the composite benchmark index 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 stock market index. It is likely, therefore, that there will be periods when the Company's performance will be quite unlike that of any index or benchmark and there can be no assurance that such divergence will be to the Company's advantage.



Statement of Voting at General Meeting

At the Company's last AGM, held on 7 December 2017, Shareholders approved (i) the Directors' Remuneration Report (other than the Directors' Remuneration Policy) and (ii) the Directors' Remuneration Policy, in respect of the year ended 31 August 2017 and the following proxy votes were received on the resolutions:

Resolution	For* (%)	Against (%)	Withheld (%)
(2) Receive and Adopt Directors' Remuneration Report	26.3m (95.1%)	1.4m (4.9%)	7,067
(3) Approve Directors' Remuneration Policy	21.9m (99.5%)	118,499 (0.5%)	51,556

* Including discretionary votes

A resolution to Receive and adopt the Directors' Remuneration Report (excluding the Directors' Remuneration Policy) in respect of the year ended 31 August 2018 will be proposed at the Annual General Meeting.

Spend on Pay

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

Fees Payable

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

Director	2018 £	2017 £
R Prosser (Chairman and highest paid Director)	30,000	30,000
H Adam*	6,905	n/a
M Adams	20,000	20,000
G Baird	25,000	25,000
M Gilbert**	Nil	Nil
Total	**81,905**	**75,000**

* appointed to the Board on 27 April 2018
** retired from the Board on 7 December 2017

None of the Directors received any other salaries or taxable benefits from the Company during the year. Fees are pro-rated where a change takes place during a financial year. Of the fees disclosed above £30,000 (2017: £30,000) was payable to third parties in respect of making available the services of Directors. These fees were in respect of Mr Prosser (assigned to Estera Trust (Jersey) Limited).

Directors' Interests in the Company

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

The Directors (including connected persons) at 31 August 2018 and 31 August 2017 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 2018 Ordinary shares	31 August 2017 Ordinary shares
R Prosser	15,000	15,000
H Adam	-	n/a
M Adams	74,000	49,550
G Baird	-	-
M Gilbert	75,000*	75,000

* shares held at time of retirement on 7 December 2017

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 2018:

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

For and on behalf of the Board

Richard Prosser
Chairman
24 October 2018

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

Statement of Directors' Responsibilities

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

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

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

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

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

Declaration

The Directors listed on pages 24 and 25, being the persons responsible, hereby confirm to the best of their knowledge:

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

For and on behalf of the Board

Richard Prosser
Chairman
24 October 2018

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

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

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

Opinion

We have audited the financial statements of Aberdeen Latin American Income Fund Limited (the 'company') for the year ended 31 August 2018 which comprise the Statement of Comprehensive Income, the Balance Sheet, the Statement of Changes in Equity, the Cash Flow Statement and the related notes 1 to 20, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards.

In our opinion, the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 August 2018 and of its loss for the year then ended;
- have been properly prepared in accordance with International Financial Reporting Standards; and
- have been properly prepared in accordance with the requirements of the Companies (Jersey) Law 1991.

Basis of opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report below. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard as applied to listed entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

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

Conclusions relating to principal risks, going concern and viability statement

We have nothing to report in respect of the following information in the annual report, in relation to which the ISAs (UK) require us to report to you whether we have anything material to add or draw attention to:

- the disclosures in the annual report set out on page 10 that describe the principal risks and explain how they are being managed or mitigated;
- the directors' confirmation set out on page 10 in the annual report that they have carried out a robust assessment of the principal risks facing the entity, including those that would threaten its business model, future performance, solvency or liquidity;
- the directors' statement set out on page 28 in the financial statements about whether they considered it appropriate to adopt the going concern basis of accounting in preparing them, and their identification of any material uncertainties to the entity's ability to continue to do so over a period of at least twelve months from the date of approval of the financial statements;
- whether the directors' statement in relation to going concern required under the Listing Rules is materially inconsistent with our knowledge obtained in the audit; or
- the directors' explanation set out on page 11 in the Annual Report as to how they have assessed the prospects of the entity, over what period they have done so and why they consider that period to be appropriate, and their statement as to whether they have a reasonable expectation that the entity will be able to continue in operation and meet its liabilities as they fall due over the period of their assessment, including any related disclosures drawing attention to any necessary qualifications or assumptions.

Overview of our audit approach

Key audit matters	• Inaccurate or incomplete income recognition, including the misclassification of special dividend income between revenue and capital • Mispricing of investments due to the use of inappropriate pricing inputs
Materiality	• Overall materiality of £425,000 which represents 1% of Net Asset Value (2017: £561,000 which represents 1% of Net Asset Value).

Independent Auditors' Report to the Members of Aberdeen Latin American Income Fund Limited continued

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified. These matters included those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in our opinion thereon, and we do not provide a separate opinion on these matters.

Risk	Our response to the risk	Key observations communicated to the Audit Committee
Inaccurate or incomplete income recognition, including the misclassification of special dividend income between revenue and capital **Income from investments £3.095m (2017:£3.77m)** Refer to the Audit Committee Report (page 32 to 34); Accounting policies (page 52); and Note 4 of the Financial Statements Income from Investments comprises the dividend income and interest income generated by the investments held in listed securities and dividends from the subsidiary undertaking which is treated as an investee entity in accordance with IFRS 10. Income from investments is the most significant component of the Company's revenue profit for the year. Management may seek to overstate revenue in order to report a higher return to investors.	We obtained an understanding of Management's processes and controls around the investment income process to ascertain whether income is appropriately calculated by performing a walkthrough in which we evaluated the design of controls. We assessed whether the income recognition policies were in compliance with IFRS. We agreed samples of dividends received and receivable, and of interest income entitlements, to independent sources and bank statements. We recalculated the interest income on a sample basis based on the contractual terms of the fixed income securities. We agreed dividends receivable from the investee entity to executed minutes. We validated the completeness of dividends recognised using independent sources.	We reported that there were no matters identified during our audit work to indicate that income from investments is materially misstated.

Risk	Our response to the risk	Key observations communicated to the Audit Committee
Mispricing of investments due to the use of inappropriate pricing inputs **Investments held at fair value through profit or loss £48.3m (2017: £61.8m)** Refer to the Audit Committee Report (page 32 to 34); Accounting policies (page 52); and Note 9, 14 and 18 of the Financial Statements The investments held by the Company and the Subsidiary comprise a portfolio of equity and fixed interest income securities measured at fair value through profit or loss. The fair value of the bonds is derived from quoted bid prices in active markets which, where relevant, are adjusted for indexation. The fair value of the subsidiary is determined by reference to its unadjusted Net Asset Value which is based on the fair value of the subsidiary's investments. The valuation of the Company's investments is the most significant component of the balance sheet and the most important driver of total return. Management may seek to overstate the valuation of investments to maximise reported performance and net asset value per share.	We obtained an understanding of Management's processes and controls on deriving the fair value of investments by performing a walkthrough in which we evaluated the design of controls. We validated the prices used to value each security as at the balance sheet date, including those held by the subsidiary, to an independent pricing source. We reviewed Management's assessment demonstrating how the valuation of the Company's investment in subsidiary, and the valuation technique applied, complies with IFRS 13 Fair Value Measurement. We agreed the Net Asset Value of the Company's subsidiary to its financial records as at the balance sheet date.	We reported that there were no matters identified during our audit work to indicate that the valuation of investments is materially misstated.

An overview of the scope of our audit

Tailoring the scope

Our assessment of audit risk, our evaluation of materiality and our allocation of performance materiality determine our audit scope for the company. This enables us to form an opinion on the financial statements. We take into account size, risk profile, the organisation of the company and effectiveness of controls, including controls and changes in the business environment when assessing the level of work to be performed. All audit work was performed directly by the audit engagement team.

Our application of materiality

We apply the concept of materiality in planning and performing the audit, in evaluating the effect of identified misstatements on the audit and in forming our audit opinion.

Materiality

The magnitude of an omission or misstatement that, individually or in the aggregate, could reasonably be expected to influence the economic decisions of the users of the financial statements. Materiality provides a basis for determining the nature and extent of our audit procedures.

Independent Auditors' Report to the Members of Aberdeen Latin American Income Fund Limited continued

We determined materiality for the company to be £425,000 (2017: £561,000), which is 1% (2017: 1%) of the Net Asset Value of the Company. We believe that the Net Asset Value of the Company is the most important metric to shareholders and this is in line with the expectations of market participants for determining materiality for investment companies.

Performance materiality

The application of materiality at the individual account or balance level. It is set at an amount to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds materiality.

On the basis of our risk assessments, together with our assessment of the company's overall control environment, our judgement was that performance materiality was 75% (2017: 75%) of our planning materiality, namely £319,000 (2017: £421,000). We have set performance materiality at this percentage due to our past experience of the audit that indicates a lower risk of misstatements, both corrected and uncorrected.

Reporting threshold

An amount below which identified misstatements are considered as being clearly trivial.

We agreed with the Audit Committee that we would report to them all uncorrected audit differences in excess of £21,000 (2017: £28,000), which is set at 5% of planning materiality, as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds.

We evaluate any uncorrected misstatements against both the quantitative measures of materiality discussed above and in light of other relevant qualitative considerations in forming our opinion.

Other information

The other information comprises the information included in the Annual Report set out on pages 1 to 82, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact.

We have nothing to report in this regard.

In this context, we also have nothing to report in regard to our responsibility to specifically address the following items in the other information and to report as uncorrected material misstatements of the other information where we conclude that those items meet the following conditions:

- **Fair, balanced and understandable set out on page 38** – the statement given by the directors that they consider the annual report and financial statements 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, is materially inconsistent with our knowledge obtained in the audit; or
- **Audit committee reporting set out on pages 32 to 34** – the section describing the work of the audit committee does not appropriately address matters communicated by us to the audit committee; or
- **Directors' statement of compliance with the UK Corporate Governance Code set out on page 38** – the parts of the directors' statement required under the Listing Rules relating to the company's compliance with the UK Corporate Governance Code containing provisions specified for review by the auditor in accordance with Listing Rule 9.8.10R(2) do not properly disclose a departure from a relevant provision of the UK Corporate Governance Code.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters in relation to which the Companies (Jersey) Law 1991 requires us to report to you if, in our opinion:

- proper accounting records have not been kept by the company, 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 company's accounting records and returns; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 38, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at https://www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our report

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.

David Robert John Moore, ACA
for and on behalf of Ernst & Young LLP
Jersey, Channel Islands
24 October 2018

Notes:

1. The maintenance and integrity of the Aberdeen Latin American Income Fund Limited web site is the responsibility of the Manager; 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.
2. Legislation in the Jersey governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Banco Bradesco

A man walks past a Banco Bradesco SA branch Sao Paulo, Brazil. Bradesco is one of the biggest banking and financial services companies in Brazil. Their products and services encompass banking operations such as loans and advances and deposit-taking, credit card issuance, purchasing consortiums, insurance, leasing, payment collection and processing, pension plans, asset management and brokerage services.

Financial Statements

Latin American markets were volatile and ended lower for the year under review. The first half of the year fared relatively better on signs of broadening growth, stable or declining inflation, rising commodity prices and an upbeat earnings outlook, while the latter half saw markets fall on the back of a stronger US Dollar, trade war concerns, political turmoil in the South American continent and currency fluctuations in the more beleaguered economies. Truly a tale of two halves.

Against this backdrop, the Company's NAV retreated by 18.8% in sterling terms, lagging its benchmark's loss of 10.9%.

Statement of Comprehensive Income

		Year ended 31 August 2018			Year ended 31 August 2017		
		Revenue	Capital	Total	Revenue	Capital	Total
	Notes	£'000	£'000	£'000	£'000	£'000	£'000
Income							
Income	4	3,095	–	3,095	3,772	–	3,772
(Losses)/gains on financial assets held at fair value through profit or loss		–	(12,043)	(12,043)	–	9,016	9,016
Currency gains/(losses)		–	44	44	–	(183)	(183)
Losses on forward foreign currency contracts		–	(42)	(42)	–	(65)	(65)
		3,095	(12,041)	(8,946)	3,772	8,768	12,540
Expenses							
Investment management fee	5	(222)	(333)	(555)	(233)	(349)	(582)
Other operating expenses	6	(473)	–	(473)	(443)	–	(443)
Profit/(loss) before finance costs and taxation		2,400	(12,374)	(9,974)	3,096	8,419	11,515
Finance costs		(42)	(63)	(105)	(36)	(54)	(90)
Profit/(loss) before taxation		2,358	(12,437)	(10,079)	3,060	8,365	11,425
Taxation	2(d)	(45)	(171)	(216)	(46)	–	(46)
Profit/(loss) for the year		**2,313**	**(12,608)**	**(10,295)**	**3,014**	**8,365**	**11,379**
Earnings per Ordinary share (pence)	8	**3.78**	**(20.62)**	**(16.84)**	**4.77**	**13.23**	**18.00**

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

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

All items in the above statement derive from continuing operations.

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

Balance Sheet

	Notes	As at 31 August 2018 £'000	As at 31 August 2017 £'000
Non-current assets			
Investments held at fair value through profit or loss	9	48,277	61,821
Current assets			
Cash		411	653
Forward foreign currency contracts		96	56
Other receivables		442	473
Total current assets		949	1,182
Total assets		49,226	63,003
Current liabilities			
Bank loan	10	(6,500)	(6,500)
Forward foreign currency contracts		(35)	(13)
Other payables		(366)	(320)
Total current liabilities		(6,901)	(6,833)
Net assets		**42,325**	**56,170**
Equity capital and reserves			
Equity capital	11	65,936	65,936
Capital reserve	12	(25,861)	(11,846)
Revenue reserve		2,250	2,080
Equity Shareholders' funds		**42,325**	**56,170**
Net asset value per Ordinary share (pence)	13	**70.34**	**90.40**

The financial statements were approved by the Board of Directors and authorised for issue on 24 October 2018 and were signed on its behalf by:

Richard Prosser
Chairman

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

Statement of Changes in Equity

Year ended 31 August 2018

	Notes	Stated capital £'000	Capital reserve £'000	Revenue reserve £'000	Total £'000
Balance at 1 September 2017		65,936	(11,846)	2,080	56,170
(Loss)/profit for the year		–	(12,608)	2,313	(10,295)
Dividends paid	7	–	–	(2,143)	(2,143)
Purchase of own shares		–	(1,407)	–	(1,407)
Balance at 31 August 2018		**65,936**	**(25,861)**	**2,250**	**42,325**

Year ended 31 August 2017

	Notes	Stated capital £'000	Capital reserve £'000	Revenue reserve £'000	Total £'000
Balance at 1 September 2016		65,936	(18,754)	1,281	48,463
Profit for the year		–	8,365	3,014	11,379
Dividends paid	7	–	–	(2,215)	(2,215)
Purchase of own shares		–	(1,457)	–	(1,457)
Balance at 31 August 2017		**65,936**	**(11,846)**	**2,080**	**56,170**

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

Cash Flow Statement

	Year ended 31 August 2018 £'000	Year ended 31 August 2017 £'000
Dividend income	508	515
Fixed interest income	1,510	1,465
Income from Subsidiary	1,190	1,407
Interest income	2	–
Investment management fee paid	(522)	(576)
Other paid expenses	(508)	(408)
Cash generated from operating activities before finance costs and taxation	2,180	2,403
Interest paid	(104)	(89)
Withholding taxes paid	(42)	(46)
Net cash inflow from operating activities	2,034	2,268
Cash flows from investing activities		
Purchases of investments	(7,853)	(12,957)
Proceeds from sales of investments	8,483	12,510
Receipts from Subsidiary	651	–
Net cash inflow/(outflow) from investing activities	1,281	(447)
Cash flows from financing activities		
Equity dividends paid	(2,143)	(2,215)
Repurchase of own shares	(1,415)	(1,437)
Capital returned from Subsidiary	–	3,209
Loan repaid	–	(1,000)
Net cash outflow from financing activities	(3,558)	(1,443)
Net (decrease)/increase in cash	(243)	378
Foreign exchange	1	(249)
Cash at start of year	653	524
Cash and cash equivalents at end of year	**411**	**653**

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

Notes to the Financial Statements

For the year ended 31 August 2018

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 Company's principal activity is investing in Latin American securities.

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

2. Accounting policies

(a) Basis of preparation

The accounting policies which follow set out those policies which apply in preparing the financial statements for the year ended 31 August 2018.

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

The Directors believe that the Company has adequate resources to continue in operational existence for the foreseeable future and, for the above reasons, they continue to adopt the going concern basis in preparing the financial statements.

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

Where presentational guidance set out in the Statement of Recommended Practice ("SORP"): 'Financial Statements of Investment Trust Companies and Venture Capital Trusts' issued by the Association of Investment Companies ("AIC"), is consistent with the requirements of IFRS, the Directors have sought to prepare the financial statements on a basis compliant with the recommendations of the SORP issued in November 2017 and updated in February 2018 with consequential amendments.

Significant accounting judgements, estimates and assumptions

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

Management have identified two such areas in preparing the financial statements being the application of IFRS 10 'Consolidated Financial Statements' and valuation technique used to derive the fair value of the Company's subsidiary for financial reporting purposes.

Application of IFRS 10: Assessment of investment entity

One of the key areas for consideration has been the application of IFRS 10 'Consolidated Financial Statements' including the Amendments, 'Investment entities (Amendments to IFRS 10, IFRS 12 and IAS 27) (Investment Entity Amendments)'. The standard requires entities that meet the definition of an investment entity to fair value certain subsidiaries through profit or loss in accordance with IAS 39 'Financial Instruments: Recognition and Measurement', rather than consolidate their results. However, entities which are not themselves investment entities and provide investment related services to the Company will continue to be consolidated.

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

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

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

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

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

Fair value of the Subsidiary

The Directors conclude that the net asset value of the wholly owned Subsidiary is the best estimate of fair value for financial reporting purposes based on the composition of the Subsidiary's balance sheet and the other reasons disclosed in note 9(b).

New and amended standards and interpretations

The following amended standard was adopted by the Company:

- IAS 7 'Amendment, Disclosure Initiative' (effective 1 January 2017) to present an analysis of changes in financing liabilities during the period. Refer to note 19 on page 69.

Standards issued but not yet effective

At the date of authorisation of these financial statements, the following Standards and Interpretations were in issue but not yet effective:

- IFRS 9 'Financial Instruments' (effective 1 January 2018, revised, early adoption permitted)
- IFRS 15 'Revenue from contracts with customers' (effective 1 January 2018)

The Company intends to adopt the Standards and Interpretations in the reporting period when they become effective and the Board does not anticipate that the adoption of these Standards and Interpretations in future periods will materially impact the Company's financial results although there will be revised presentations to the financial statements and additional disclosures. In forming this opinion the Board notes the fundamental rewrite of accounting rules for financial instruments under IFRS 9, which is applicable for annual periods commencing 1 January 2018 and introduces a new classification model for financial assets. Financial assets are classified according to their contractual cash flow characteristics and the business models under which they are held. The Company's portfolio includes bonds, which have contractual cash flows and the Board has determined it will be appropriate to continue to classify these securities at fair value through profit or loss as they are managed on a fair value basis rather than to collect cash flows. Additionally, the Board does not believe that IFRS 15 will have any impact on the financial statements of the Company as it does not have revenue from contracts with customers.

(b) Income

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

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

(c) Expenses and interest payable

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

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

(d) Taxation

Profits arising in the Company for the year ended 31 August 2018 will be subject to Jersey income tax at the rate of 0% (2017 – 0%).

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

(e) 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 and subsequently measured on a fair value basis, in accordance with the Company's documented investment strategy, and information about the Company is provided internally on that basis. These investments also include 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 Statement of Comprehensive Income.

(f) Fair value measurement

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

(g) Cash and cash equivalents

Cash comprises cash at banks and short-term deposits.

(h) Other receivables and payables

Other receivables do not carry any interest and are short-term in nature and are accordingly stated at their recoverable amount. Other payables are non interest bearing and are stated at their payable amount.

(i) Nature and purpose of reserves

Capital reserve

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

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

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

Revenue reserve

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

(j) Foreign currency

Monetary assets and liabilities 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 a currency gain or loss.

(k) 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 is charged 40% to revenue and 60% to capital reserves to reflect the Company's investment policy and estimated prospective income and capital growth.

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

(l) Derivative financial instruments

The Company may use forward foreign exchange contracts to manage currency risk arising from investment activity.

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

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

Notes to the Financial Statements continued

For the year ended 31 August 2018

3. Segmental reporting

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

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

	2018 £'000	2017 £'000
Argentina	235	212
Brazil	1,401	1,791
Chile	61	66
Columbia	266	314
Mexico	607	665
Peru	137	160
Uruguay	386	564
United Kingdom	2	–
	3,095	**3,772**

The Company's income (including that stemming from its Subsidiary's investments) is derived 28% (2017 – 20%) from equities, 72% (2017 – 80%) from bonds.

4. Income

	2018 £'000	2017 £'000
Income from investments		
Dividend income	545	518
Fixed interest income	1,409	1,683
Income from Subsidiary	1,139	1,571
	3,093	3,772
Other income		
Deposit interest	2	–
	3,095	**3,772**

The Company owns 100% of the share capital of its Subsidiary. The Company receives income from its Subsidiary and there are no significant restrictions on the transfer of funds to or from the Subsidiary. During the year net revenue of £1,139,000 (2017 – £1,571,000) was generated by the Subsidiary.

5. Investment management fee

The Company has an agreement with APWML for the provision of management services. Portfolio management services have been delegated by APWML to AAML.

The management fee is based on an annual rate of 1% of the NAV of the Company, valued monthly. The agreement is terminable on one year's notice. The balance due to APWML at the year end was £85,000 (2017 – £52,000). Investment management fees are charged 40% to revenue and 60% to capital.

6. Other operating expenses

	2018 £'000	2017 £'000
Directors' fees	82	75
Promotional activities	41	36
Secretarial and administration fee	96	114
Auditor's remuneration:		
• fees payable for the audit of the annual accounts	32	33
Legal and advisory fees	34	2
Custodian and overseas agents' charges	69	64
Broker fees	30	30
Stock exchange fees	20	19
Registrar's fees	22	19
Printing	18	17
Other	29	34
	473	**443**

The Company has an agreement with AAML for the provision of promotional activities. The total fees incurred under the agreement during the year were £41,000 (2017 – £36,000), of which £7,000 (2017 – £6,000) was due to AAML 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 £118,000 (2017 – £114,000) which increases annually in line with any increase in the UK Retail Price Index. A balance of £7,000 (2017 – £28,500) was due to APWML at the year end.

The Manager has agreed to ensure that the Company's ongoing charges ratio ("OCR") will not exceed 2.0% when calculated annually as at 31 August. As the OCR exceeded 2.0% for the year ended 31 August 2018, the Manager has agreed to rebate £22,000 (2017 – nil) of the secretarial and administration fee in order to bring the OCR down to 2.0%.

7. Dividends on equity shares

	2018 £'000	2017 £'000
Distributions to equity holders in the period:		
Fourth interim dividend for 2017 – 0.875p (2016 -0.875p) per Ordinary share	543	561
First interim dividend for 2018 – 0.875p (2017 – 0.875p) per Ordinary share	540	558
Second interim dividend for 2018 – 0.875p (2017 – 0.875p) per Ordinary share	531	550
Third interim dividend for 2018 – 0.875p (2017 – 0.875p) per Ordinary share	529	546
	2,143	**2,215**

The fourth interim dividend for the year of 0.875p per Ordinary share has not been included as a liability in these financial statements as it was announced and paid after 31 August 2018.

8. Earnings per Ordinary share

The basic earnings or loss per Ordinary share is based on the loss for the year of £10,295,000 (2017 profit – £11,379,000) and on 61,152,947 (2017 – 63,208,980) Ordinary shares, being the weighted average number of Ordinary shares in issue during the year.

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

	2018			2017		
Basic	**Revenue**	**Capital**	**Total**	**Revenue**	**Capital**	**Total**
Profit/(loss) (£'000)	2,313	(12,608)	(10,295)	3,014	8,365	11,379
Weighted average number of Ordinary shares in issue ('000)			61,153			63,209
Return per Ordinary share (pence)	3.78	(20.62)	(16.84)	4.77	13.23	18.00

9. Investments held at fair value through profit or loss

(a) Company	Year ended 31 August 2018 £'000	Year ended 31 August 2017 £'000
Quoted equities	14,792	16,599
Quoted bonds	15,581	19,904
Investment in Subsidiary	17,904	25,318
Closing valuation	**48,277**	**61,821**

(b) Investment in Subsidiary

The Company holds 100% of the share capital of its Subsidiary. The Company meets the definition of an investment entity, therefore it does not consolidate its Subsidiary but recognises it as an investment at fair value through profit or loss. The fair value of the Subsidiary is based on its net assets which comprises investments held at fair value, cash, income receivable and other receivables/payables. The Company receives income from its Subsidiary and there are no significant restrictions on the transfer of funds to or from the Subsidiary.

	Year ended 31 August 2018 £'000	Year ended 31 August 2017 £'000
Opening book cost	17,141	21,757
Opening investment holdings fair value gains	8,177	1,715
Opening valuation	25,318	23,472
Movements in the year:		
Capital returned to parent Company	(651)	(3,209)
(Decrease)/increase in investment holdings fair value gains	(5,573)	6,462
Income paid to parent Company	(1,190)	(1,407)
Closing valuation	**17,904**	**25,318**

	£'000	£'000
Closing book cost	15,300	17,141
Closing investment holdings fair value gains	2,604	8,177
Closing valuation	**17,904**	**25,318**

(c) Transaction costs

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

	Year ended 31 August 2018 £'000	Year ended 31 August 2017 £'000
Purchases	5	4
Sales	3	3
	8	**7**

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

10. Creditors: amounts falling due within one year

Bank loan

The Company has a £8 million (2017 – £8 million) three year unsecured revolving multi–currency loan facility with Scotiabank (Ireland) Designated Activity Company expiring on 15 August 2020. At the year end £6,500,000 was drawn down (2017 – £6,500,000) under the facility, fixed to 17 September 2018 at an all-in rate of 1.795250%.

At the date this Report was approved, £6,500,000 was drawn down under this facility and fixed to 16 November 2018 at an all-in rate of 1.79988%.

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

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

Notes to the Financial Statements continued

For the year ended 31 August 2018

11. Stated capital

	2018		2017	
	Number	£'000	Number	£'000
Issued and fully paid – Ordinary shares				
Balance brought forward	62,137,824	65,936	64,152,824	65,936
Ordinary shares bought back in the period	(1,962,500)	–	(2,015,000)	–
Balance carried forward	**60,175,324**	**65,936**	**62,137,824**	**65,936**

	2018		2017	
	Number	£'000	Number	£'000
Issued and fully paid – Treasury shares				
Balance brought forward	4,435,000	–	2,420,000	–
Ordinary shares bought back in the period	1,672,500	–	2,015,000	–
Balance carried forward	**6,107,500**	**–**	**4,435,000**	**–**
Stated capital	**66,282,824**	**65,936**	**66,572,824**	**65,936**

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

During the year ended 31 August 2018, 1,672,500 Ordinary shares were bought back at a total cost of £1,219,000 (2017 – 2,015,000 Ordinary shares, £1,457,000) and were placed in Treasury. In addition the Company bought back 290,000 Ordinary shares at a cost of £188,000 (2017 – nil) for cancellation. Shares held in treasury consisting of 6,107,500 (2017 – 4,435,000) Ordinary shares represent 9.21% (2017 – 6.66%) of the Company's total issued share capital at 31 August 2018.

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

12. Capital reserve

	2018	2017
	£'000	£'000
At beginning of year	(11,846)	(18,754)
Currency gains/(losses)	44	(183)
Forward foreign currency contracts losses	(42)	(65)
Movement in investment holdings fair value (losses)/gains	(11,777)	9,956
Loss on sales of investments	(266)	(940)
Capitalised expenses	(567)	(403)
Purchase of own shares	(1,407)	(1,457)
At end of year	**(25,861)**	**(11,846)**

13. Net asset value per Ordinary share

The basic net asset value per Ordinary share is based on a net asset value of £42,325,000 (2017 – £56,170,000) and on 60,175,324 (2017 – 62,137,824) Ordinary shares, being the number of Ordinary shares issued and outstanding at the year end.

14. Risk management policies and procedures

The Company, and through its Subsidiary, invests in equities and sovereign bonds for the long term so as to achieve its objective as stated on page 3. In pursuing its investment objective, the Company is exposed to a variety of financial risks that could result in a reduction in the Company's net assets and a reduction in the revenue available for distribution by way of dividends. The Company entered into forward foreign currency contracts for the purpose of hedging short term foreign currency cash flows consistent with its investment policy. As at 31 August 2018 there were 9 open positions in derivatives transactions (2017 – 10) details of which can be found on page 62. The Company has not entered into forward foreign currency contracts for the purpose of hedging fair values as at each reporting date.

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

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

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

(a) Market risk

The fair value of a financial instrument held by the Company and its Subsidiary may fluctuate due to changes in market prices. Market risk comprises – market price risk (see note 14(b)), currency risk (see note 14(c)) and interest rate risk (see note 14(d)). The Investment Manager assesses the exposure to market risk when making each investment decision, and monitors the overall level of market risk on the whole of the investment portfolio on an ongoing basis.

(b) Market price risk

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

Management of the risk

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

Concentration of exposure to market price risk

A geographical analysis of the Company's and Subsidiary's combined investment portfolio is shown on pages 18 to 21. This shows the significant amounts invested in Argentina, Brazil, Chile, Colombia, Mexico, and Peru. Accordingly, there is a concentration of exposure to those countries, though it is recognised that an investment's country of domicile or of listing does not necessarily equate to its exposure to the economic conditions in that country.

Market price sensitivity

The following table illustrates the sensitivity of the return after taxation for the year and the equity to an increase or decrease of 10% (2017 – 10%) in the fair value of the Company's and its Subsidiary's investments. This level of change is considered to be reasonably possible based on observation of past and current market conditions. The sensitivity analysis is based on the Company's and its Subsidiary's investments at each balance sheet date and the investment management fees for the year ended 31 August 2018, with all other variables held constant.

	2018 Increase in fair value £'000	2018 Decrease in fair value £'000	2017 Increase in fair value £'000	2017 Decrease in fair value £'000
Statement of Comprehensive Income – return after tax				
Revenue return	(19)	19	(25)	25
Capital return	4,710	(4,710)	6,111	(6,111)
Impact on total return after tax for the year and net assets	**4,691**	**(4,691)**	**6,086**	**(6,086)**

(c) **Currency risk**

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

Management of the risk

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

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

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

Foreign currency exposure

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

2018	ARS £'000	BRL £'000	CLP £'000	COP £'000	MXN £'000	PEN £'000	UYU £'000	USD £'000
Debtors (due from brokers, dividends and other receivables)	42	144	–	113	189	6	55	104
Cash	–	16	3	–	5	–	–	(2)
Creditors (due to brokers, accruals and other creditors)	–	(88)	–	(2)	(171)	–	–	–
Total foreign currency exposure on net monetary items	42	72	3	111	23	6	55	102
Investments at fair value through profit or loss	1,469	21,375	2,097	3,882	11,792	1,787	3,826	1,900
Total net foreign currency exposure	**1,511**	**21,447**	**2,100**	**3,993**	**11,815**	**1,793**	**3,881**	**2,002**

2017	ARS £'000	BRL £'000	CLP £'000	COP £'000	MXN £'000	PEN £'000	UYU £'000	USD £'000
Debtors (due from brokers, dividends and other receivables)	79	328	–	59	170	8	95	122
Cash	–	8	7	–	4	–	–	42
Creditors (due to brokers, accruals and other creditors)	–	(66)	–	–	(132)	(28)	–	(5)
Total foreign currency exposure on net monetary items	79	270	7	59	42	(20)	95	159
Investments at fair value through profit or loss	2,268	29,821	3,152	4,493	11,599	2,225	4,781	3,142
Total net foreign currency exposure	**2,347**	**30,091**	**3,159**	**4,552**	**11,641**	**2,205**	**4,876**	**3,301**

Foreign currency sensitivity

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

It assumes the following changes in exchange rates:

£/Argentine Peso +/-246% (2017 +/-60%) (maximum downside risk 100%)

£/Brazilian Real +/-4% (2017 +/-9%)

£/Chilean Peso +/-17% (2017 +/-18%)

£/Columbian Peso +/-17% (2017 +/-19%)

£/Mexican Peso +/-4% (2017 +/-6%)

£/Peruvian Nuevo Sol +/-14% (2017 +/-12%)

£/Uruguayan Peso +/-5% (2017 +/-7%)

£/US Dollar +/-15% (2017 +/-22%)

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

For 2018, if sterling had strengthened against the currencies shown, this would have had the following effect, with a weakening of sterling having an equal and opposite effect with the exception of the Argentine Peso which is capped at 100% on the downside amounting to £42,000:

2018	ARS £'000	BRL £'000	CLP £'000	COP £'000	MXN £'000	PEN £'000	UYU £'000	USD £'000
Statement of Comprehensive Income – return after tax								
Revenue return	(42)	(6)	–	(19)	(8)	(1)	(3)	(16)
Capital return	(1,469)	(852)	(357)	(660)	(465)	(250)	(191)	(285)
Impact on total return after tax for the year and net assets	**(1,511)**	**(858)**	**(357)**	**(679)**	**(473)**	**(251)**	**(194)**	**(301)**

For 2017, if sterling had strengthened against the currencies shown, this would have had the following effect, with a weakening of sterling having an equal and opposite effect:

2017	ARS £'000	BRL £'000	CLP £'000	COP £'000	MXN £'000	PEN £'000	UYU £'000	USD £'000
Statement of Comprehensive Income – return after tax								
Revenue return	(47)	(30)	–	(11)	(10)	(1)	(7)	(27)
Capital return	(1,361)	(2,679)	(569)	(854)	(688)	(264)	(335)	(699)
Impact on total return after tax for the year and net assets	**(1,408)**	**(2,709)**	**(569)**	**(865)**	**(698)**	**(265)**	**(342)**	**(726)**

Foreign exchange contracts

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

Date of contract	Buy Currency	Sell Currency	Settlement date	Amount '000	Contracted rate	Unrealised gain/(loss) 31 August 2018 £'000
03 July 2018	GBP	USD	11 October 2018	1,495	1.3019	(26)
03 July 2018	MXN	GBP	11 October 2018	1,446	25.0479	79
10 July 2018	USD	GBP	11 October 2018	339	1.3019	7
11 July 2018	GBP	MXN	11 October 2018	72	25.0479	(1)
13 July 2018	MXN	GBP	11 October 2018	246	25.0479	3
13 August 2018	GBP	USD	11 October 2018	427	1.3019	7
16 August 2018	COP	USD	27 November 2018	205	1.3046	(2)
16 August 2018	USD	PEN	27 November 2018	1,806	1.3046	(6)
22 August 2018	USD	GBP	11 October 2018	40	1.3019	–

Date of contract	Buy Currency	Sell Currency	Settlement date	Amount '000	Contracted rate	Unrealised gain/(loss) 31 August 2017 £'000
10 July 2017	GBP	USD	13 October 2017	2,146	1.2904	(1)
10 July 2017	MXN	GBP	13 October 2017	2,464	23.1535	42
19 July 2017	GBP	MXN	13 October 2017	636	23.1535	(1)
24 July 2017	USD	GBP	13 October 2017	61	1.2904	1
04 August 2017	USD	GBP	13 October 2017	778	1.2904	10
07 August 2017	GBP	USD	13 October 2017	55	1.2904	(1)
08 August 2017	GBP	USD	13 October 2017	53	1.2904	–
15 August 2017	COP	USD	22 November 2017	204	1.2920	3
15 August 2017	USD	PEN	22 November 2017	2,182	1.2920	(10)
18 August 2017	GBP	USD	13 October 2017	410	1.2904	–

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

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

(d) Interest rate risk

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

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

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

Management of the risk

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

Financial assets

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

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

Financial liabilities

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

The Company has a revolving multi-currency facility, details of which are disclosed in note 10 on page 57.

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

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 exposure

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

	2018 Within one year £'000	2018 Total £'000	2017 Within one year £'000	2017 Total £'000
Exposure to floating interest rates				
Cash	411	411	653	653
Borrowings under loan facility	(6,500)	(6,500)	(6,500)	(6,500)
Total net exposure to interest rates	**(6,089)**	**(6,089)**	**(5,847)**	**(5,847)**

The Company does not have any fixed interest rate exposure to cash or bank borrowings at 31 August 2018 (2017 – nil). Interest receivable and finance costs are at the following rates:

- interest received on cash balances, or paid on bank overdrafts, is at a margin below LIBOR or its foreign currency equivalent (2017 – same).
- interest paid on borrowings under the loan facility was at a margin above LIBOR. The weighted average interest rate of these at 31 August 2018 was 1.434264%.

Interest rate sensitivity

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

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

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

If interest rates had been 50 basis points higher or lower and all other variables were held constant, the Company's net interest for the year ended 31 August 2018 would decrease/increase by £30,000 (2017 – £29,000). This is attributable to the Company's exposure to interest rates on its floating rate cash balances and bank loan.

If interest rates had been 50 basis points higher and all other variables were held constant, a change in fair value of the Company's fixed rate financial assets at the year ended 31 August 2018 of £22,698,000 (2017 – £30,766,000) would result in a decrease of £649,000 (2017 – £880,000). If interest rates had been 50 basis points lower and all other variables were held constant, a change in fair value of the Company's fixed rate financial assets at the year ended 31 August 2018 would result in an increase of £679,000 (2017 – £923,000).

(e) Liquidity risk

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

Management of the risk

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

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

Liquidity risk exposure

The remaining contractual maturities of the financial liabilities at 31 August 2018, based on the earliest date on which payment can be required are as follows:

31 August 2018	Due within 3 months £'000	Due between 3 months and 1 year £'000	Due after 1 year £'000	Total £'000
Creditors: amounts falling due within one year				
Borrowings under the loan facility (including interest)	(6,505)	–	–	(6,505)
Amounts due on forward foreign currency contracts	(35)	–	–	(35)
Amounts due to brokers and accruals	(361)	–	–	(361)
	(6,901)	**–**	**–**	**(6,901)**

31 August 2017	Due within 3 months £'000	Due between 3 months and 1 year £'000	Due after 1 year £'000	Total £'000
Creditors: amounts falling due within one year				
Borrowings under the loan facility (including interest)	(6,504)	–	–	(6,504)
Amounts due on forward foreign currency contracts	(13)	–	–	(13)
Amounts due to brokers and accruals	(316)	–	–	(316)
	(6,833)	**–**	**–**	**(6,833)**

(f) Credit risk

The failure of the counterparty to a transaction to discharge its obligations under that transaction could result in the Company or its Subsidiary suffering a loss.

Management of the risk

Investment transactions are carried out with a number of brokers, whose credit-standing is reviewed regularly by AAML, and limits are set on the amount that may be due from any one broker; the risk of counterparty exposure due to failed trades causing a loss to the Company or its Subsidiary is mitigated by the review of failed trade reports on a daily basis. In addition, the administrator carries out both cash and stock reconciliations to the custodians' records on a daily basis to ensure discrepancies are detected on a timely basis.

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

Credit risk exposure

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

	2018		2017	
	Balance Sheet £'000	Maximum exposure £'000	Balance Sheet £'000	Maximum exposure £'000
Non-current assets				
Bonds at fair value through profit or loss[A]	22,698	22,698	30,766	30,766
Current assets				
Cash	411	411	653	653
Other receivables	442	442	473	473
Forward foreign currency contracts	96	96	56	56
	23,647	**23,647**	**31,948**	**31,948**

[A] Includes quoted bonds held by the Company and its Subsidiary on an aggregated basis. For more detail on these bonds refer to page 20.

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 Standard and Poors credit ratings for the bond portfolio at 31 August 2018 and 31 August 2017:

	2018 £'000	2017 £'000
A	–	7,459
A–	7,477	2,136
BB	–	10,861
BB–	7,116	–
BBB	2,460	8,771
BBB–	3,554	–
Non-rated	2,091	1,539
	22,698	**30,766**

At 31 August 2018 the Standard and Poors credit ratings agency did not provide a rating for the Argentinian bonds or the Peruvian corporate bond held by the Company and were accordingly categorised as non-rated in the table above.

15. Capital management policies and procedures

The Company's capital management objectives are:

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

The Company's capital at 31 August 2018 comprises its equity capital and reserves that are shown in the Balance

Sheet at a total of £42,325,000 (2017 – £56,170,000). As at 31 August 2018 gross debt as a percentage of net assets stood at 15.4% (2017 – 11.6%).

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

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

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

16. Related party transactions

Fees payable during the year to the Directors are disclosed within the Directors' Remuneration Report on pages 35 to 37 and in note 6 on page 55.

Mr Gilbert was a Director of the Company until his retirement on 7 December 2017. Mr Gilbert is a director of Standard Life Aberdeen plc, of which 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 5 and 6. Mr Gilbert did not draw a fee for providing his services as a Director of the Company.

Under the terms of the management agreement with the Company, APWML is entitled to receive both a management fee and a company secretarial and administration fee. The company secretarial and administration fee is based on an annual amount of £118,000 (2017 – £114,000), increasing annually in line with any increases in the UK Retail Prices Index, payable quarterly in arrears. During the year £96,000 (2017 – £114,000) was payable after the deduction of a rebate £22,000 (2017 – nil) to bring the OCR down to 2.0%, with £7,000 (2017 – £29,000) outstanding at the period end.

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

The Company owns 100% of the share capital of the Subsidiary. The Company receives income from the Subsidiary and there are no significant restrictions on the transfer of funds to or from the Subsidiary. During the year the Subsidiary transferred £1,841,000 (2017 – £4,616,000) to the Company by way of income and capital returns and at 31 August 2018 the amount due to the Company by its Subsidiary was £15,300,000 (2017 – £17,141,000), which is a loan to the Subsidiary and incorporated in the fair value of the investment in the Subsidiary as at the year end.

17. Controlling party

The Company has no immediate or ultimate controlling party.

18. Fair value hierarchy

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

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

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2 inputs other than quoted prices included within Level 1 that are observable for the assets or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and

Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

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

The financial assets and liabilities measured at fair value in the Balance Sheet grouped into the fair value hierarchy at 31 August 2018 as follows:

	Note	Level 1 £'000	Level 2 £'000	Total £'000
Financial assets/(liabilities) at fair value through profit or loss				
Quoted equities	a)	14,792	–	14,792
Quoted bonds	b)	–	15,581	15,581
Investment in Subsidiary	c)	–	17,904	17,904
		14,792	33,485	48,277
Forward foreign currency contracts	d)	–	96	96
Forward foreign currency contracts	d)	–	(35)	(35)
Net fair value		**14,792**	**33,546**	**48,338**

As at 31 August 2017	Note	Level 1 £'000	Level 2 £'000	Total £'000
Financial assets/(liabilities) at fair value through profit or loss				
Quoted equities	a)	16,599	–	16,599
Quoted bonds	b)	–	19,904	19,904
Investment in Subsidiary	c)	–	25,318	25,318
		16,599	45,222	61,821
Forward foreign currency contracts	d)	–	56	56
Forward foreign currency contracts	d)	–	(13)	(13)
Net fair value		**16,599**	**45,265**	**61,864**

There were no assets for which significant unobservable inputs (Level 3) were used in determining fair value during the years ended 31 August 2018 and 31 August 2017. For the years ended 31 August 2018 and 31 August 2017 there were no transfers between any levels.

a) Quoted equities

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

b) Quoted bonds

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

c) **Investment in Subsidiary**

The Company's investment in its Subsidiary is categorised in Fair Value Level 2 as its fair value is determined by reference to its unadjusted net asset value which is not a quoted price but is derived predominantly from quoted investments. The net asset value of the Subsidiary is unadjusted as it has no restrictions on distributions.

d) **Forward foreign currency contracts**

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

19. Analysis of changes in financing liabilities during the year

The following table shows the movements during the period of financing liabilities in the Statement of Financial Position:

	At 1 September 2017 £000	Cash flows £000	Other movements[A] £000	At 31 August 2018 £000
Financing activities				
Loan	(6,500)	–	–	(6,500)
Amounts due relating to repurchase of own shares	(20)	1,415	(1,407)	(12)
Total	**(6,520)**	**1,415**	**(1,407)**	**(6,512)**

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

20. Subsequent events

Subsequent to the Balance Sheet date, the Company purchased a further 280,000 Ordinary shares for cancellation at a total cost of £177,000.

Alternative Performance Measures

Alternative Performance Measures

The Company considers the following to be its key Alternative Performance Measures:

Dividend cover

Earnings per share of 3.78p (2017 – 4.77p) divided by dividends per share of 3.50p (2017 – 3.50p) expressed as a ratio.

Total return

NAV total return involves investing the same net dividend in the NAV of the Company on the date on which that dividend was earned. Whilst share price is not a financial measure of the Company's performance, total return to Shareholders involves reinvesting the net dividend in the month that the share price goes ex-dividend. The following data has been used in calculating the total returns on net asset value and share price for the year ended 31 August 2018:

	Dividend rate	NAV	Share price
31 August 2017	N/A	90.40p	78.38p
5 October 2017	0.875p	90.10p	78.00p
14 December 2017	0.875p	80.43p	72.38p
26 April 2018	0.875p	80.36p	69.20p
12 July 2018	0.875p	73.35p	62.40p
31 August 2018	N/A	70.62p	60.80p
Total return		-18.8%	-18.4%

The following data has been used in calculating the total returns on net asset value and share price for the year ended 31 August 2017:

	Dividend rate	NAV	Share price
31 December 2016	N/A	75.54p	66.63p
6 October 2016	0.875p	79.28p	68.63p
15 December 2016	0.875p	73.42p	64.00p
27 April 2017	0.875p	82.26p	72.88p
6 July 2017	0.875p	81.09p	71.13p
31 August 2017	N/A	90.40p	78.38p
Total return		25.1%	23.7%

Net gearing

Net gearing measures the total borrowings of £6,500,000 (2017 – same) less cash and cash equivalents of £502,000 (2017 - £562,000) divided by shareholders' funds of £42,496,000 (2017 - £56,170,000), expressed as a percentage.

Ongoing charges

The ongoing charges ratio has been calculated in accordance with guidance issued by the AIC as the total of investment management fees and administrative expenses and expressed as a percentage of the average net asset values throughout the year. The ongoing charges ratio provided in the Company's Key Information Document is calculated in line with the PRIIPs with the PRIIPs regulations.

	31 August 2018	31 August 2017
Investment management fees (£'000)	555	582
Administrative expenses (£'000)	473	443
Less: non-recurring charges (£'000)	(34)	(2)
Ongoing charges (£'000)	**994**	**1,023**
Average net assets (£'000)	**49,654**	**51,621**
Ongoing charges ratio	**2.00%**	**1.98%**

Share Price Discount to NAV per Ordinary Share

The difference between the share price and NAV per Ordinary share, expressed as a percentage of the NAV per Ordinary share.

Corporate Information

The Company's Investment Manager is Aberdeen Asset Managers Limited, a wholly owned subsidiary of Standard Life Aberdeen plc. Assets under management of the combined investment division, Aberdeen Standard Investments, were £557.1 billion as at 30 June 2018.

Wal-Mart

Shopping carts stand outside of a Wal-Mart store in Guadalajara, Mexico. Walmex is the Mexican subsidiary of Wal-Mart group. The company's shopping outlet brands include "Bodegas", offering basic general merchandise at the best prices and Walmart, offering "the widest assortment of goods at everyday prices".

Information about the Investment 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 APWML to Aberdeen Asset Managers Limited ("AAM"). APWML and AAM are both wholly owned subsidiaries of Standard Life Aberdeen plc, formed by the merger of Aberdeen Asset Management PLC and Standard Life plc on 14 August 2017. Aberdeen Standard Investments is a brand of the investment businesses of the merged entity.

Aberdeen Standard Investments

Worldwide, Aberdeen Standard Investments manages a combined £557.1 billion (as at 30 June 2018) in assets for a range of clients, including individuals and institutions, through mutual and segregated funds.

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

The Investment Team Senior Managers

Devan Kaloo

Global Head of Equities – Equities, EMEA

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

Joanne Irvine

Deputy Head of Global Emerging Markets – Equities EMEA,

BA in accounting from Glasgow Caledonian University and a qualified chartered accountant. Joined Aberdeen Standard Investments in 1996 in a group development role and previously worked in corporate finance specialising in raising development capital finance for private businesses.

Catriona McNair

Investment Manager – Equities, EMEA

BSc in Economics from the University of Bristol and is a CFA Charterholder®. Joined Aberdeen Standard Investments as a graduate in 2008.

Brett Diment

Head of Global Emerging Market Debt – Fixed Income, EMEA

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

Viktor Szabo

Senior Investment Manager – Fixed Income, EMEA

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

The Investment Process

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

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

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

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

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

Stock Selection Process

Investor Information

Direct

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

Suitable for Retail/NMPI Status

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

The Company currently conducts its affairs so that the Ordinary shares can be recommended by a financial advisor to ordinary retail investors in accordance with the FCA's rules in relation to non-mainstream pooled investments (NMPIs) and intends to continue to do so for the foreseeable future.

The Company's securities are excluded from the FCA's restrictions which apply to NMPIs because the Company would qualify as an investment company if the Company were based in the UK.

Aberdeen Standard Investment Plan for Children

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

Aberdeen Standard Investment Trust Share Plan

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

Aberdeen Standard Investment Trust ISA

Aberdeen Standard Investments operates an Investment Trust ISA ("ISA") through which an investment may be made of up to £20,000 in the tax year 2018/2019.

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

Nominee Accounts and Voting Rights

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

ISA Transfer

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

Note

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

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

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

Literature Request Service

For literature and information on the Investment Plan for Children, Share Plan, ISA or ISA Transfer including application forms for the Company and the Manager's investment trust products, please contact:

Aberdeen Standard Investment Trust Administration
PO Box 11020
Chelmsford
Essex, CM99 2DB
Telephone: 0808 500 00 40
(free when dialling from a UK landline)
Email: aam@lit-request.com

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

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

Keeping You Informed

For internet users, detailed data on the Company, including price, performance information and a monthly fact sheet is available from the Company's website: latamincome.co.uk and the TrustNet website: trustnet.co.uk. Alternatively direct private investors can call 0808 500 00 40 (free when dialling from a UK landline) for trust information. Alternatively, internet users may email Aberdeen Standard Investments at inv.trusts@aberdeenstandard.com or write to Aberdeen Standard Investment Trust Administration, PO Box 11020, Chelmsford, Essex CM99 2DB.

Registrars

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

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

Online dealing providers

Investor information

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

Online dealing

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

AJ Bell Youinvest
Alliance Trust Savings
Barclays Stockbrokers / Smart Investor
Charles Stanley Direct
Equiniti / Shareview
Halifax Share Dealing
Hargreave Hale
Hargreaves Lansdown
iDealing
Interactive Investor / TD Direct
Selftrade
The Share Centre
Stocktrade

Investor Information continued

Discretionary private client stockbrokers

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

Financial advisers

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

Regulation of stockbrokers

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

Telephone: 0800 111 6768
Email: register@fca.org.uk
www.fca.org.uk/firms/systems-reporting/register/search

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

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

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

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

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

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

Glossary of Terms and Definitions

AAML or the Investment Manager	Aberdeen Asset Managers Limited is a wholly owned subsidiary of Standard Life Aberdeen plc and acts as the Company's' investment manager
Standard Life Aberdeen plc	Standard Life Aberdeen plc was formed by the merger of Aberdeen Asset Management PLC and Standard Life plc on 14 August 2017
Aberdeen Standard Investments	Aberdeen Standard Investments is a brand of the investment businesses of Standard Life Aberdeen plc
Standard Life Aberdeen Group	the Standard Life Aberdeen group of companies
Aberdeen Private Wealth Management Limited or APWML	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 and is a wholly owned subsidiary of the Standard Life Aberdeen Group. The investment management of the Company has been delegated by APWML to AAML.
AIC	The Association of Investment Companies – the AIC is the trade body for closed-ended investment companies (theaic.co.uk).
AIFMD	The Alternative Investment Fund Managers Directive – The AIFMD is European legislation which created a European-wide framework for regulating managers of 'alternative investment funds' (AIFs). It is designed to regulate any fund which is not a UCITS (Undertakings for Collective Investments in Transferable Securities) fund and which is managed/marketed in the EU. The Company has been designated as an AIF.
Alternative Performance Measures	Alternative performance measures are numerical measures of the Company's current, historical or future performance, financial position or cash flows, other than financial measures defined or specified in the applicable financial framework. The Company's applicable financial framework includes IFRSs and the AIC SORP. The Directors assess the Company's performance against a range of criteria which are viewed as particularly relevant for closed-end investment companies. These are disclosed in more detail on page 70.
Disclosure, Guidance and Transparency Rules or DTRs	The DTRs contain requirements for publishing and distributing annual financial reports, half-yearly financial reports and other regulatory statements, and are applicable to investment companies which are listed on the main market of the London Stock Exchange.
Dividend Cover	Earnings per share divided by dividends per share expressed as a ratio.
Dividend Yield	The annual dividend expressed as a percentage of the share price.
Financial Conduct Authority or FCA	The FCA issues the Listing Rules and is responsible for the regulation of AAM.
KID	Key Information Document. A KID is a stand-alone, standardised document prepared for each investment vehicle containing detailed information on that investment vehicle.
Share Price Discount or Premium	The discount is the amount by which the market price per share of an investment company is lower than the NAV per share. The discount is normally expressed as a percentage of the NAV share. The premium is the amount by which the market price per share of an investment company exceeds the NAV per share. The premium is normally expressed as a percentage of the NAV per share.
Net Asset Value or NAV	The value of total assets less liabilities. Liabilities for this purpose includes current and long-term liabilities. The net assets divided by the number of shares in issue produces the NAV per share.

Glossary of Terms and Definitions continued

Net Gearing	Net gearing is calculated by dividing total borrowings less cash or cash equivalents by Shareholders' funds expressed as a percentage.
Ongoing Charges Ratio or OCR	Ongoing Charges Ratio. The ratio of expenses as a percentage of the average daily Shareholders' funds calculated as per the Association of Investment Companies (AIC) industry standard method.
Ordinary Shares	The Ordinary shares give Ordinary Shareholders the entitlement to all of the capital growth in the Company's assets and to all the income from the Company that is resolved to be distributed. The Ordinary shares are in registered form and traded on the London Stock Exchange's Main Market. Subject to the Articles of Association, which include the provisions of Chapter 5 of the United Kingdom Listing Authority's Disclosure Guidance and Transparency Rules relating to the requirement of persons to disclose their interests in shares, on a show of hands every registered holder of Ordinary shares (a Shareholder) who is present in person (or, being a corporation, by representative) shall have one vote. On a poll every Shareholder present in person (or, being a corporation, by representative) or by proxy shall be entitled to one vote in respect of each Ordinary share held by him. In the case of joint holders, the vote of the senior who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the votes of the other joint holders, and for this purpose seniority shall be determined by the order in which the names stand in the register of members in respect of the shares.
PIDD	Pre-Investment Disclosure Document. Aberdeen Standard Investments and the Company are required to make certain disclosures available to investors in accordance with the AIFMD. Those disclosures that are required to be made pre-investment are included within a pre-investment disclosure document, a copy of which can be found on the Company's website.
PRIIPS	The Packaged Retail and Insurance-based Investment Products Regulation. A PRIIP is defined as an investment where, regardless of its legal form, the amount repayable to the retail investor is subject to fluctuations because of exposure to reference values or to the performance of one or more assets that are not directly purchased by the retail investor.
Price/Earnings Ratio	The ratio is calculated by dividing the middle-market price per share by the earnings per share. The calculation assumes no change in earnings but in practice the multiple reflects the stock market's view of a company's prospects and profit growth potential.
Prior Charges	The name given to all borrowings including debentures, loan and short-term loans and overdrafts that are to be used for investment purposes, reciprocal foreign currency loans, currency facilities to the extent that they are drawn down, index-linked securities, and all types of preference or preferred capital, irrespective of the time until repayment.
Subsidiary	The Company has a wholly owned subsidiary, Aberdeen Latin American Income Fund LLC, registered in Delaware. The Subsidiary is used to hold certain investments as part of the efficient management of the group.
Total Assets	Total assets less current liabilities (before deducting prior charges as defined above).
Total Return	Total Return involves reinvesting the net dividend in the month that the share price goes xd. The NAV Total Return involves investing the same net dividend in the NAV of the Company on the date to which that dividend was earned, e.g. quarter end, half year or year end date.
Voting Rights	In accordance with the Articles of Association, on a show of hands, every member (or duly appointed proxy) present at a general meeting of the Company has one vote; and, on a poll, every member present in person or by proxy shall have one vote for Ordinary share held.

Your Company's Share Capital History

Share Capital at 31 August 2018

60,175,324	Ordinary shares of no par value issued and allotted
6,107,500	Ordinary shares of no par value held in treasury

Capital History

16 August 2010	52,106,185 Ordinary shares placed at 100p per share, 5,210,618 Subscription shares issued at 10.5p per Subscription share (to 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.
Year ended 31 August 2015	560,000 Ordinary shares bought into treasury. 150 new Ordinary shares issued at 120p per share following the conversion of 150 Subscription shares in the period to 31 December 2014.
Year ended 31 August 2016	870,000 Ordinary shares bought into treasury. On 31 December 2015, the final subscription date for the Subscription Shares, all 10,420,986 Subscription Shares outstanding expired worthless and were subsequently cancelled.
Year ended 31 August 2017	2,015,000 Ordinary shares purchased for treasury.
Year ended 31 August 2018	1,672,500 Ordinary shares purchased for treasury and 290,000 Ordinary shares purchased for cancellation

Alternative Investment Fund Managers Directive Disclosures (Unaudited)

Aberdeen Standard Investments and the Company are required to make certain disclosures available to investors in accordance with the Alternative Investment Fund Managers Directive ('AIFMD'). Those disclosures that are required to be made pre-investment are included within a pre-investment disclosure document ('PIDD') which can be found on the Company's website latamincome.co.uk. There have been no material changes to the disclosures contained within the PIDD since last publication in 2017. The periodic disclosures as required under the AIFMD to investors are made below:

- Information on the investment strategy, geographic and sector investment focus and principal stock exposures are included in the Strategic Report.
- None of the Company's assets are subject to special arrangements arising from their illiquid nature.
- The Strategic Report, note 14 to the Financial Statements and the PIDD together set out the risk profile and risk management systems in place. There have been no changes to the risk management systems in place in the period under review and no breaches of any of the risk limits set, with no breach expected.
- There are no new arrangements for managing the liquidity of the Company or any material changes to the liquidity management systems and procedures employed by APWML.
- In accordance with the requirements of the AIFMD, the Manager's remuneration policy is available from the Company Secretaries, Aberdeen Private Wealth Management Limited on request (see contact details on page 82) and the remuneration disclosures in respect of the APWML reporting period for the year ended 30 September 2017 and the period to 31 December 2017 are available on the Company's website.

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

Notice of Annual General Meeting

Notice is hereby given that the eighth 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 13 December 2018 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 2018, together with the auditor's report thereon.
2. To receive and adopt the Directors' Remuneration Report (other than the Directors' Remuneration Policy).
3. To elect Ms Adam as a Director.
4. 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:

5. 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 2019 or, if earlier, on the expiry of 18 months from the passing of this resolution, unless such authority is renewed prior to such time.
6. THAT, for the purposes of Article 7.2 of the Company's Articles of Association the Company may issue equity securities (as defined in that Article) up to a maximum amount of 5,989,532 Ordinary shares representing 10% of the total number of Ordinary shares in issue as at the date of this resolution, provided that such disapplication shall expire (unless and to the extent previously revoked, varied or renewed by the Company in general meeting (by Special Resolution)) at the earlier of the conclusion of the Annual General Meeting of the Company to be held in 2019 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
6 November 2018

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

Notes:

1. 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.
2. 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.
3. 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.
4. 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 11 December 2018 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 11 December 2018 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.
5. No Director has a service contract with the Company.
6. The Register of Directors' interests is kept by the Company and available for inspection.
7. As at 24 October 2018 (being the last business day prior to the publication of this notice) the Company's issued share capital comprised 59,895,324 Ordinary shares of no par value (with a further 6,107,500 Ordinary shares held in treasury). Each Ordinary share carries the right to one vote at a general meeting of the Company. Therefore, the total number of voting rights in the Company as at 24 October 2018 was 59,895,324.
8. There are special arrangements for holders of Ordinary 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.

Contact Addresses

Directors
Richard Prosser, Chairman
George Baird, Audit Committee Chairman
Hazel Adam (*appointed 27 April 2018*)
Martin Adams

Manager, Secretary & Registered Office
Aberdeen Private Wealth Management Limited
Sir Walter Raleigh House
48 – 50 Esplanade
St Helier
Jersey JE2 3QB

Registered in Jersey with Number 106012

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

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

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

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

Lending Bank
Scotiabank (Ireland) Designated Activity Company
IFSC House
Custom House Quay
Dublin 1

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
latamincome.co.uk

Legal Entity Identifier ("LEI")
549300DN623WEGE2MY04

Visit us online
latamincome.co.uk

Aberdeen Standard Investments