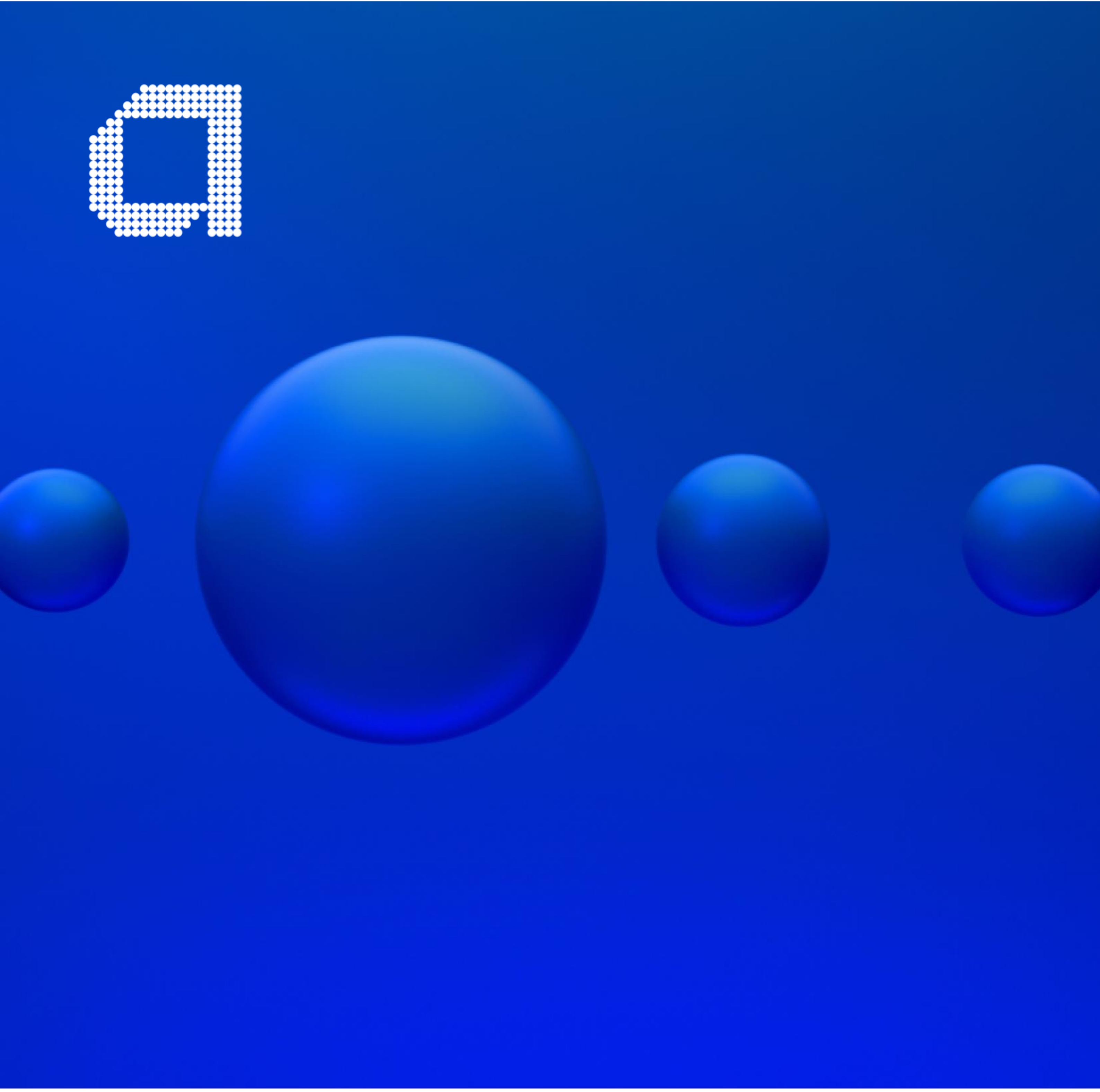

abrdn Asian Income Fund Limited

Alternative Investment Fund Managers Directive
Pre-investment Disclosure Document

Rule 3.2 FCA Fund Sourcebook

25 March 2025

abrdn Asian Income Fund Limited

abrdn Asia Limited (a non-UK AIFM), as manager of abrdn Asian Income Fund Limited (a non-UK AIF), is not generally subject to the FCA Fund Sourcebook other than in circumstances where the Company is being marketed into the UK. In such circumstances the FCA Fund Sourcebook requires that, among other things, non-UK managers of non-UK AIFs register the fund on the UK's National Private Placement Register and make available to investors certain information, as set out in Fund 3.2, prior to such investors' investment in the Company. In addition, Fund 3.3 requires that non-UK AIFMs disclose certain information on a periodic basis. Accordingly, the Investment Manager has notified the UK Financial Conduct Authority of its intention to market the Company (as a non-UK AIF) in the UK. In addition, the Jersey Financial Services Commission has granted permission for the Company to be marketed within the UK in accordance with the Jersey Codes.

With effect from 1 January 2022 the Company migrated its tax residency to the UK from Jersey and elected to join the UK's investment trust regime. For the avoidance of doubt, it is only the tax residency of the Company that moved to the UK. The Company remains a Jersey incorporated entity, subject to Jersey law and regulation and the oversight of the Jersey Financial Services Commission.

Defined terms used in this pre-investment disclosure document can be found in section 20 below.

1. Investment strategy, policy and objectives of the Company, types of assets the Company may invest in, Investment techniques and Investment restrictions

Investment Objective

To provide investors with a total return primarily through investing in Asia Pacific securities, including those with an above average yield. Within its overall investment objective, the Company aims to grow its dividends over time.

Investment Policy

<u>Asset Allocation</u>

The Company invests primarily in the Asia Pacific region through investment in:

- companies listed on stock exchanges in the Asia Pacific region;
- Asia Pacific securities, such as global depositary receipts (GDRs), listed on other international stock exchanges;
- companies listed on other international exchanges that derive significant revenues or profits from the Asia Pacific region; and
- debt issued by governments or companies in the Asia Pacific region or denominated in Asia Pacific currencies.

The Company's investment policy is flexible, enabling it to invest in all types of securities, including equity shares, preference shares, debt, convertible securities, warrants and other equity- related securities. The Company is free to invest in any market segments or any countries in the Asia Pacific region. The Company may use derivatives to enhance income generation.

The Company invests in small, mid and large capitalisation companies. The Company's policy is not to acquire securities that are unquoted or unlisted 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 quoted or listed if the Investment Manager considers this to be appropriate. The Company may also enter into stock lending contracts for the purpose of enhancing income returns.

Typically, the portfolio will comprise of between 40 and 70 holdings (but without restricting the Company from holding a more or less concentrated portfolio in the future).

Risk Diversification

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

In addition, the Company will not:

- invest, either directly or indirectly, or lend more than 20% of its total assets to any single underlying issuer (including the underlying issuer's subsidiaries or affiliates), provided that this restriction does not apply to cash deposits awaiting investment;
- invest more than 20% of its total assets in other collective investment undertakings (open-ended or closed-ended);
- expose more than 20% of its total assets to the creditworthiness or solvency of any one counterparty (including the counterparty's subsidiaries or affiliates);
- invest in physical commodities;
- take legal or management control of any of its investee companies; or
- conduct any significant trading activity.

The Company may invest in derivatives, financial instruments, money market instruments and currencies for investment purposes (including the writing of put and call options for non-speculative purposes to enhance investment returns) as well as for the purpose of efficient portfolio management (i.e. for the purpose of reducing, transferring or eliminating investment risk in the Company's investments, including any technique or instrument used to provide protection against foreign exchange and credit risks). For the avoidance of doubt, in line with the risk parameters outlined above, any investment in derivative securities will be covered.

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

Gearing Policy

The Board is responsible for determining the gearing strategy for the Company. The Board has restricted the maximum level of gearing to 25% of net assets although, in normal market conditions, the Company is unlikely to take out gearing in excess of 15% of net assets. Gearing is used selectively to leverage the Company's portfolio in order to enhance returns where this is considered appropriate. Borrowings are generally shorter-term, but the Board may from time to time take out longer-term borrowings where it is believed to be in the Company's best interests to do so. Particular care is taken to ensure that any bank covenants permit maximum flexibility of investment policy.

The percentage investment and gearing limits set out under this sub-heading "Investment Policy" are only applied at the time that the relevant investment is made or borrowing is incurred.

In the event of any breach of the Company's investment policy, shareholders will be informed of the actions to be taken by the Investment Manager by an announcement issued through a Regulatory Information Service or a notice sent to shareholders at their registered addresses.

The Company may only make material changes to its investment policy (including the level of gearing set by the Board) with the approval of shareholders (in the form of an ordinary resolution). In addition, any changes to the Company's investment objective or policy will require the prior approval of the Financial Conduct Authority as well as prior consent of the Jersey Financial Services Commission ("JFSC") to the extent that the changes materially affect the import of the information previously supplied in connection with its approval under Jersey Funds Law or are contrary to the terms of the Jersey Collective Investment Funds laws.

Stocklending

1.1 The Company may from time to time employ investment techniques for the purposes of efficient portfolio management. In particular, the Company, or the Custodian acting in accordance with the instructions of the Investment Manager, may enter into certain stocklending arrangements.

1.2 Any stocklending arrangements may only be entered into if:

(A) all the terms of the agreement under which securities are to be reacquired by the Custodian for the account of the Company are in a form which is acceptable to the Custodian and are in accordance with good market practice;

(B) the counterparty is on the Investment Manager's list of approved counterparties. The Investment Manager and the Custodian have agreed minimum requirements for a counterparty to be approved by agreeing a list of eligible counterparties and requiring that the counterparty have a minimum credit rating of BBB+ awarded by two of the three following ratings agencies: Standard and Poor, Fitch and/or Moody's;

(C) high quality and liquid collateral is obtained to secure the obligation of the counterparty under the terms referred to in 1.2 (A) and the collateral is: acceptable; adequate; and sufficiently immediate.

1.3 The stocklending agent is entitled to receive a fee from the Company (plus VAT thereon) for its services in relation to stocklending. The fee is calculated as a percentage of the gross income from stocklending. The current fee is 20% of the gross income generated by the stocklending activity. The remaining 80% of gross income generated is returned to the Company.

1.4 The maximum percentage of the Company's securities which will be used for stocklending purposes is 50% of the Company's net asset value. The expected percentage which will be used for stocklending purposes is less than 10% of the Company's net asset value. The maximum percentage of any individual stock which may be on loan at any time is 95% of that individual security held by the Company.

1.5 Collateral is acceptable if it has been determined by the Investment Manager to be high quality and liquid and is of a kind set out under the terms of the securities lending authority agreement with the Custodian: including government debt of certain specified countries provided they have a minimum issuer rating of AA-, equity securities listed on specified indices and cash (US dollar or euros). The Investment Manager does not consider maturity of collateral as a factor in assessing whether collateral is acceptable or not. Acceptable collateral is kept under review by the Investment Manager and the Custodian to assess for risks such as liquidity and credit risks.

1.6 Collateral is adequate only if it is:

(A) transferred to the stocklending agent or its agent;

(B) received under a title transfer arrangement; and

(C) at all times equal in value to the market value of the securities transferred by the Custodian plus a premium.

1.7 The Custodian must ensure that the value of the collateral at all times meet the requirements of paragraph (C) above. This duty may be regarded as satisfied in respect of collateral, the validity of which is about to expire or has expired, where the Custodian takes reasonable care to determine that sufficient collateral will again be transferred at the latest by the close of business on the day of expiry.

1.8 Collateral is sufficiently immediate if:

(A) it is transferred before or at the time of the transfer of the securities by the Custodian; or

(B) the Custodian takes reasonable care to determine at the time referred to in paragraph 1.8 (A) that it will be transferred at the latest by the close of business on the day of the transfer.

1.9 Collateral is valued and monitored on a daily basis to ensure compliance with the Investment Manager's collateral requirements. The collateral received must be issued by an entity that is independent from the stocklending counterparty and is expected not to display a high correlation with the performance of that counterparty.

1.10 There is no re-use of collateral received in relation to the Company's stocklending activities.

2. Key risks

Risk Management

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 undertaken a robust review of the principal and emerging risks and uncertainties facing the Company including those that would threaten its business model, future performance, solvency or liquidity. Those principal risks are disclosed 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 Investment Manager, both of which are available 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 Audit Committee meetings. The Board also has a process to consider emerging risks and if any of these are deemed to be significant they are categorised, rated and added to the risk matrix for closer monitoring.

The Board considers that there are a number of other risks which, if realised, could have a material adverse effect on the Company and its financial condition, performance and prospects. These include the impacts of the conflicts in Ukraine and the Middle East, as well as continuing tensions between the US and China. The Board is also conscious of the impact of higher-than-forecast inflation in the UK and its potential impact on interest rate expectations, and also the potential impact on economic growth globally of recently announced US trade tariffs.

Risk Management	Mitigating Action
Investment strategy & objectives – the setting of an unattractive strategic proposition to the market and the failure to adapt to changes in investor demand could lead to the Company becoming unattractive to investors, a decreased demand for its shares and a widening discount.	The Board keeps the investment objective and policy as well as the level of discount and/or premium at which the Company's shares trade under review. In particular, there are periodic strategy discussions where the Board reviews the Investment Manager's investment processes, analyses the work of the Investment Manager's Promotional and Investor Relations teams and receives reports on the market from the Broker. In addition, the Directors are updated at each Board meeting on the make-up of and any movements in the shareholder register.
Investment portfolio & investment management – the appointment or continuing appointment of an investment manager with inadequate resources, skills or experience or which makes poor investment decisions could result in poor investment performance, a loss of value for shareholders and a widening discount.	The Board sets the investment restrictions and guidelines in which the Investment Manager may operate, and reviews the Investment Manager's adherence with these, as well as detailed performance reports, at each Board meeting. The Investment Manager is represented at all Board meetings. The Management Engagement Committee formally reviews the performance and contractual arrangements with the Investment Manager on an annual basis. The financial risks associated with the Company include market risk, liquidity risk and credit risk, all of which are mitigated in conjunction with the Investment Manager.
Marketing & Shareholder Communication - the setting of an inappropriate marketing strategy or a failure to address shareholder concerns could result in the Company becoming unattractive to investors and a widening of the discount.	In addition to marketing activities conducted by the Investment Manager, the Board has engaged a PR agent to help raise the Company's profile. The Board annually agrees marketing and communications programmes and budgets with the Investment Manager and PR agent, and receives updates regularly on these activities. The Directors are updated at each Board meeting on the composition of, and any movements in, the shareholder register. The Chairman responds directly to shareholder correspondence as required and copies of shareholder letters are included in Board papers.
Discount Management - failure to manage the discount effectively could lead to a fall in the share price relative to the NAV per share, a wider discount compared to the Company's peers and a loss of shareholder confidence.	The Board keeps the level of discount and/or premium at which the Company's shares trade under review. The Directors aim to operate an active share buyback policy should the price at which the Ordinary shares trade relative to the NAV per share (including income) be at a discount of more than 5% in normal market conditions.

Regulatory - a failure to comply with relevant laws and regulations (including those in Jersey and the UK) could result in the Company being subject to fines, censures or lawsuits or the loss of investment trust status, causing a fall in investor confidence and loss of shareholder value.	The Board-appointed Compliance Officer, together with the Investment Manager's compliance team, perform compliance monitoring to ensure the Company's compliance with applicable laws and regulatory obligations, and from time to time the Board employs external advisers to advise on specific issues. The Board reviews the Compliance Officer's and Investment Manager's compliance reports at each Board meeting.
Cyber - control failures or the absence of adequate IT security systems of third party service providers (including the Investment Manager) could result in losses or damage to the Company.	The Board receives reports from the Investment Manager on its internal controls and risk management processes, including on matters relating to cyber security, and receives a bi-annual presentation from the Investment Manager's cyber security team. The Investment Manager monitors closely the IT security controls of its outsourced service providers, including those of the Custodian. The Management Engagement Committee formally reviews the performance and contractual arrangements with the Company's third party providers on an annual basis.
Operational - control failures and gaps in the systems and services of third party service providers (including the Investment Manager) could result in losses or damage to the Company.	The Board receives reports from the Investment Manager on its internal controls and risk management processes, including on matters relating to operational resilience. Written agreements are in place with all third party service providers. The Investment Manager monitors closely the control environments and quality of services provided by its outsourced service providers, including those of the Custodian, through service level agreements, regular meetings and key performance indicators. The Management Engagement Committee formally reviews the performance and contractual arrangements with the Company's third party providers on an annual basis.
Geo - Political - the impact of current and future geo-political events could result in losses to the Company.	The Board discusses geo-political developments with the Investment Manager at each Board meeting. The diversified nature of the portfolio and a managed level of gearing both serve to provide a degree of protection in times of market volatility.

Stocklending and Collateral Risks

When the Company engages in stocklending it will be exposed to counterparty credit risk in that the borrower may default on a loan, become insolvent, or otherwise be unable to meet, or refuse to honour, its obligations to return loaned or equivalent securities. In this event, the Company could experience delays in recovering the loaned securities, may not be able to recover the loaned securities, and/or may incur a capital loss which might result in a reduction in the net asset value of the Company. A company's exposure to its counterparty will be mitigated by the fact that the counterparty will be requested to post collateral, in the form acceptable to the Custodian, as set out above, and will forfeit its collateral if it defaults on the transaction. If a counterparty defaults and fails to return equivalent securities to those loaned, the Company may suffer a loss equal to the shortfall between the value of the realised collateral and the market value of the replacement securities.

Such collateral shortfall may arise as a result of inaccurate pricing of the collateral, unfavourable market movements in the value of the collateral, or a lack of liquidity in the market on which the collateral is traded. If the relevant transaction with a counterparty is not fully collateralised, then the Company's credit exposure to the counterparty in such circumstances will be higher than if the transaction had been fully collateralised. Subject to certain conditions and the terms of the stocklending agreement, the stocklending agent has indemnified the Company from and against loss arising from the non-return of securities which have been loaned to a borrower.

The Company will be subject to the risk of the inability of any counterparty to perform with respect to transactions, whether due to insolvency, bankruptcy or other causes. Cash or other assets may be passed to counterparties as margin or collateral. Subject to applicable regulations, at any one time, the Company may be exposed to the creditworthiness of its counterparties in respect of all or part of such margin or collateral. In the event of the insolvency of a counterparty, the Company may not be able to recover cash or assets of equivalent value in full. In particular, stocklending transactions may, in the event of a default by a counterparty, result in the securities lent being recovered late or only in part. This may result in losses for shareholders.

Other risks linked to the management of collateral, such as operational and legal risks, will be identified, managed and mitigated in accordance with the Investment Manager's risk management policy. Operational risk around collateral management for stocklending is greatly reduced since it is managed by the Custodian, a market leading custodian which has tried and tested processes in place.

The Investment Manager reduces custody risk by establishing a process whereby securities are taken as collateral and cash is only accepted where it is held for the benefit of the Company by a tri-party collateral agent. Generally, the Investment Manager will not accept cash as collateral. Securities are held in ring-fenced accounts of a collateral custodian, so the Company is not exposed to custodian risk.

The legal risks are reduced by the Investment Manager by having in place separate contractual arrangements with the Custodian governing the separate appointments of stocklending agent and depositary.

An explanation of other risks relating to the Company's investment activities, specifically market price, interest rate, liquidity and credit risk, and a note of how these risks are managed, is contained in note 18 to the financial statements in the latest Annual Report.

3. Risk management systems

The Investment Manager is a fully integrated member of the Aberdeen Group plc group of companies. Risk oversight is conducted through the operation of the Aberdeen Group's risk management processes and systems. Further details of the Aberdeen Group's risk management programme and systems are set out in the Appendix to this document.

4. Leverage

Types of leverage

Although leverage is often used as another term for gearing, under the AIFMD regulations leverage is expressed as a ratio of the exposure of debt, non-sterling currency, equity or currency hedging and derivatives exposure against the net asset value. It defines two types of leverage, the gross method and the commitment method. These are essentially the same other than the commitment method allows derivative instruments to be netted off to reflect 'netting' or 'hedging arrangements'. Non-sterling cash is deemed to carry a currency exposure so is considered to be leverage. In accordance with the AIFMD the Company is obliged to disclose the maximum expected leverage levels under both methods and this is disclosed above. In order to comply with the AIFMD the maximum leverage levels have been set in accordance with the maximum gearing allowable by the Company's Articles of Association. However, the day-to-day management of gearing and leverage levels will be conducted within the tighter limits set by the Company's investment policy.

Leverage may be applied to the portfolio by utilising financial gearing (such as bank borrowings and overdrafts) and synthetic gearing (through derivatives and/or other non-fully funded instruments or techniques for efficient portfolio management purposes such as stock-lending). Typically, leverage will arise through the use of index futures, forward foreign exchange contracts or contracts for difference, where cash is paid to the counterparty as a margin against the current mark-to-market value of the derivative contract; as a result, depending on the type of instrument, a relatively small movement in the price of a contract may result in a profit or a loss which is high in proportion to the amount of funds actually placed as initial margin and may even result in further loss exceeding any margin deposited. The use of leverage therefore creates additional risks and may significantly increase the market and counterparty risk of the Company through non-fully funded exposure to underlying markets or securities. Leverage is considered in terms of the Company's overall 'exposure' to financial or synthetic gearing and includes any method by which the exposure of the Company is increased whether through borrowing of cash or securities, or leverage embedded in derivative positions or by any other means. abrdn Asia Limited is required, in accordance with the AIFMD, to calculate and monitor the level of leverage of the Company, expressed as the ratio between the total exposure of the Company and its net asset value with exposure values being calculated by both the gross method and commitment method.

Exposure values under the gross method basis are calculated as the absolute value of all positions in the portfolio; this includes all eligible assets and liabilities, relevant borrowings, derivatives (converted into their equivalent underlying positions) and all other positions, even those held purely for risk reduction purposes, such as forward foreign exchange contracts held for currency hedging.

The gross method of exposure of the Company requires the calculation to:

- Include the sum of all non-derivative assets (if applicable) held at market value, plus the absolute value of all such liabilities
- Exclude cash and cash equivalents which are highly liquid investments held in the base currency of the Company, that are readily convertible to a known amount of cash, which are subject to an insignificant risk of change in value and provide a return no greater than the rate of a three month high quality bond
- Include derivative instruments which are converted into the equivalent position in their underlying assets
- Exclude cash borrowings that remain in cash or cash equivalents and where the amounts payable are known
- Include exposures resulting from the reinvestment of cash borrowings, expressed as the higher of the market value of the investment realised or the total amount of cash borrowed
- Include positions within repurchase or reverse repurchase agreements and securities lending or borrowing or other similar arrangements as applicable

Exposure values under the commitment method basis are calculated on a similar basis but may take into account the effect of netting off instruments to reflect eligible netting and hedging arrangements on eligible assets and different treatment of certain cash and cash equivalent items in line with regulatory requirements.

Leverage limits

The calculation of leverage assumes that a leverage ratio of 1.00:1 equates to zero leverage. A ratio of less than 1.00:1 would mean that the portfolio included uninvested cash whilst a ratio above 1.00:1 would mean that the portfolio had leverage to the ratio amount above 1.00:1.

The current maximum levels of leverage on the fund under FUND are:

Maximum Gross Exposure	2.60:1
Maximum Commitment Exposure	2.30:1

Where the Company invests in derivatives, it may be required to post assets as collateral. To the extent that the Company posts collateral to its counterparties, the counterparties have a security interest in the collateral and may, in certain circumstances, have the right to re-use that collateral.

5. Modification of Investment policy

In accordance with the FCA listing rules, any material change to the Company's investment policy will require the FCA's prior approval as well as the approval of shareholders. In considering what is a material change the Company must have regard to the cumulative effect of any changes since the shareholders last had the opportunity to vote.

6. Contractual relationship between the Company and Investors, applicable law and the enforcement of judgements

The Company is incorporated with limited liability in Jersey as a closed-ended investment company under the Companies (Jersey) Law 1991 (as amended) and its shares are listed on the London Stock Exchange. In addition the Company constitutes and is regulated as a collective investment fund under the Collective Investment Funds (Jersey) Law 1988. Investors who acquire shares in the Company will do so subject to the Articles. The Articles are one of the Company's constitutional documents and contain the rights and restrictions attaching to the Company's shares. The Articles may only be amended by way of a special resolution. A shareholder's liability to the Company will be limited to the value of the shares held by such shareholder.

As the Company is incorporated in Jersey, it may not be possible for an investor located outside that jurisdiction to effect service of process upon the Company within the local jurisdiction in which that investor resides. All or a substantial portion of the assets of the Company may be located outside of the local jurisdiction in which an investor resides and, as a result, it may not be possible to satisfy a judgment against the Company in such local jurisdiction or to enforce a judgment obtained in the local jurisdiction's courts against the Company.

A number of legal instruments provide for the recognition and enforcement in Jersey of judgments given in other states. Where no particular legal instrument applies, a judgment creditor may nevertheless have rights to seek to enforce a judgement under Jersey law.

Details on how to invest in abrdn Asian Income Fund Limited are set out in the Annual Report.

7. Information on the Investment Manager and Service providers

Investment Manager

The Company is managed by abrdn Asia Limited, which is authorised to undertake fund management and provide investment advice by The Monetary Authority of Singapore. abrdn Asia Limited is a wholly owned subsidiary of Aberdeen Group plc which is a company incorporated in Scotland.

Under the Investment Management Agreement, the Investment Manager is required to provide such investment management to the Company as may from time to time be required, including in connection with the investment of the monies and assets of the Company, management of the portfolio and will be responsible for advising on the purchase and sale of investments.

The Investment Manager has delegated UK administration services to the UK Administrator. Further details of the delegation arrangements are set out below.

UK Administration Services

abrdn Investments Limited, a wholly owned subsidiary of Aberdeen Group plc has been appointed by the Company to provide all UK based services including, but not limited to, fund administration and company sercretarial services as well as all sales, marketing and promotional activities.

Company Secretary and Jersey Administration Services

JTC Fund Solutions (Jersey) Limited has been appointed by the Company to provide certain Jersey based services including, but not limited to, Jersey administration services and compliance with applicable Jersey codes (including provision of a compliance officer, money laundering reporting officer and money laundering compliance officer). JTC also provide a registered office and company secretarial services.

Auditor

KPMG Channel Islands Limited has been appointed as the Company's auditor responsible for auditing the annual financial statements in accordance with auditing standards and, as appropriate, regulations, and for providing its report to the Company's shareholders in the annual report and financial statements.

Registrar and Transfer agent

The registrar and transfer agent of the Company is Computershare Investor Services (Jersey) Limited and is responsible for keeping the register of shareholders, which may be inspected at the Registrar's office at 28 Esplanade, St Helier, Jersey JE2 3QA, during normal business hours.

Stockbroker

Peel Hunt LLP has been appointed as the Company's stockbroker to provide the Company with corporate broking and associated financial advisory services.

Custodian

BNP Paribas SA, London Branch has been appointed as the Company's custodian to provide custodian services to the Company, including settlement and safekeeping of the Company's securities.

Investors' rights against service providers will vary depending on a range of factors. Investors may be afforded certain rights against service providers by the general law of the jurisdiction in which they are based.

8. Protection from professional liability risks

The Investment Manager has effective internal operational risk management policies and procedures in order to appropriately identify measure, manage and monitor operational risks, including professional liability risks, to which it is or could reasonably be exposed. These policies and procedures are subject to regular review and the operational risk management activities are performed independently as part of the risk management policy.

The management of operational risk, through the risk and control self-assessment process, is aimed at identifying risks in existing processes and improving existing controls to reduce their likelihood of failure and the impact of losses. All risks and events are facilitated via the internal risk management system, which provides a platform to facilitate the convergence of governance, risk and compliance.

The Investment Manager is required to cover professional liability risks, such as the risk of loss of documents evidencing title of assets to the Company, and complies with such requirement by maintaining an amount of its own funds in accordance with FUND.

9. Delegation arrangements and management of conflicts

Delegation arrangements

From time to time, the Investment Manager and or the UK Administrator may delegate certain management or administration functions to their affiliated subsidiaries within the Aberdeen Group. The UK Administrator has delegated fund administration services of the Company BNP Paribas Fund Services UK Limited. BNPP will assist the UK Administrator in calculating the Company's Net Asset Value, as well as providing fund accounting services in respect of the Company.

Conflicts of interests

The Aberdeen Group is committed to treating clients and shareholders fairly and has implemented procedures and processes to ensure that this is the case. In particular, the Investment Manager has approved and adopted the Conflicts of Interests Policy of the Aberdeen Group.

The objective of the Conflicts of Interests Policy is to ensure the fair treatment of clients and shareholders in cases of conflicts of interests or potential conflicts of interests which may arise in the course of providing management, advisory or administrative services to the Company.

To achieve this objective, the Conflicts of Interests Policy seeks to ensure that the Company and its service providers and the Investment Manager and the UK Administrator and their delegates have adequate organisational and structural measures in place:

- To identify circumstances which constitute or may give rise to a conflict of interests entailing a material risk of damage to the interests of the Company or its shareholders
- To provide procedures, mechanisms and systems to manage or resolve any such conflicts of interests; where such conflict cannot otherwise be avoided, ensuring that the Company and the Investment Manager always act in the best interests of shareholders

  To maintain a proper record of any such conflict or potential conflict and to ensure proper reporting to affected shareholders

The following circumstances have been identified as constituting, or potentially giving rise to, conflicts of interests:

- Directors of the Investment Manager and the UK Administrator are senior executives of, and employed by, the Aberdeen Group
- The Investment Manager and UK Administrator are each affiliated entities of the Aberdeen Group. The key terms of the Investment Management Agreement and UK Administration Agreement are similar to those which might be agreed between independent third parties
- The Investment Manager has discretion to enter into foreign exchange hedging transactions and borrowings on behalf of the Company. The Investment Manager may appoint an affiliate of any existing service provider or any other third party to act as a counterparty in the execution of foreign exchange transactions in connection with the currency hedging activities of the Company and/or to implement the currency hedging strategy
- Aberdeen Group plc and its affiliates may hold or trade in securities and instruments of the same type as the securities and instruments held or traded in by the Company; they may also utilise the same or similar strategies as those adopted by the Investment Manager on behalf of the Company. In addition, the Company may make investments in other funds managed or advised by Aberdeen Group plc or its affiliates

In order to ensure that actual and potential conflicts of interests are appropriately identified, managed and monitored, the Aberdeen Group has established a formal committee which operates under documented terms of reference and which meets regularly to maintain oversight of the Conflicts of Interests Policy and the management of live conflicts situations. The Aberdeen Group maintains a documented matrix of known or inherent conflicts of interests, as well as a documented register of live actual or potential conflicts of interests arising in the carrying on of its business operations.

10. Valuation procedures

The Company's accounting policies, including its policy in relation to the valuation of investments, are set out in the 'Notes to the Financial Statements' in the Annual Report.

The Company has delegated a number of its duties to the Investment Manager and the UK Administrator including the proper valuation of the Company's assets, the calculation of the Net Asset Value of the Company and the publication of such Net Asset Values. Accordingly, the Investment Manager has approved and adopted Aberdeen's Valuation Policy. The Investment Manager considers that the Valuation Policy contains appropriate and consistent procedures to ensure that a proper and independent valuation of the assets of the Company can be performed.

The Administrator has been engaged by abrdn Investments Limited to assist in calculating the Net Asset Value of the Company. In practice, this means that the Administrator sources prices for the assets of the Company and calculates a proposed Net Asset Value. These calculations are presented to the UK Administrator, which discusses any particular pricing issues with the Administrator and may ultimately decide whether any prices require adjustment before the Net Asset Value of the Company is adopted. This may be the case where the price of an asset is hard to value and the Administrator has used fair value pricing, or where the price of an asset has increased or fallen by a significant proportion since its previous valuation.

11. Liquidity risk management and redemption rights

The Investment Manager has a Liquidity Policy in place. For closed ended funds such as the Company, given their very nature, the Liquidity Policy focuses, primarily, upon the potential issues with regard to the mis-pricing of illiquid securities. Aberdeen's market risk department is responsible for providing asset level liquidity evaluation reports on a periodic (eg monthly) basis to the the Investment Manager and other Aberdeen entities. This market risk department uses various risk assessment methods and sophisticated portfolio modelling, via a tool called APT (Advanced Portfolio Technologies), to measure the risk profile of assets held by portfolios and the risk of there being portfolio illiquidity related to the assets. This measurement enables the provision of management information to the Investment Manager to enable those risks to be monitored. The portfolio modelling and measurement looks at the following risks: (i) asset liquidity risk (where a number of methods are used to measure liquidity, depending upon the nature of the asset – eg traded volumes reported on an exchange as a percentage of the total outstanding of the specific asset or with reference to the depth of the market using the bid-ask spread as an indicator); and (ii) contingency arrangements or liquidity buffers.

There are no redemption rights attaching to shares in the Company.

12. Fees, charges and expenses

The investment management fee is calculated and payable monthly in arrears, at the lower of (i) market capitalisation up to £300 million at a rate of 0.75% per annum and a rate of 0.60% per annum thereafter, or (ii) net asset value up to £300 million at a rate of 0.75% per annum and a rate of 0.60% per annum thereafter. The Company and Investment Manager have also agreed that the amount payable by the Company to JTC relating to administration fees, and £130,000 relating to marketing and promotional fees payable by the Company to the Investment Manager, will be deducted from the investment management fee.

The Company also incurs annual fees, charges and expenses in connection with administration, directors' fees, promotional activities, auditors' fees, lawyers' fees and custodian charges. The Company's Ongoing Charges (including the investment management fee) for the latest financial year amounted to 0.85%.

13. Fair treatment/preferential treatment of Investors

The Investment Manager has adopted a policy regarding treating customers fairly, the operation of which is overseen by a formal committee comprised of senior managers from Aberdeen's various business units and from its risk division. The role of the Conduct Risk Committee, which meets regularly and operates under documented terms of reference, is to ensure that among other matters the Conduct Risk Policy is implemented and maintained and to consider any actual or potential Conduct Risk Policy issues arising in connection with Aberdeen carrying on its business operations. General awareness training on the Conduct Risk Policy and what it means to Aberdeen and its customers is delivered to all Aberdeen staff.

No investor in the Company obtains preferential treatment or the right to obtain preferential treatment.

14. Availability of the AIF's latest annual report

The Company's latest annual report is available on the Company's website: www.asian-income.co.uk

15. Procedure and conditions for the Issue and Sale of Shares

The issue of new shares by the Company either by way of a fresh issue of shares or by way of the sale of shares from treasury, is subject to the requisite shareholder authorities being in place and all FCA listing rule requirements having been met. Shares in the Company can also be bought in the open market through a stockbroker. For further information about how shares in the Company may be purchased, investors are directed to the section headed 'Investor Information' in the Annual Report.

16. Latest NAV of the AIF

The Company's NAV is published by way of an announcement on a regulatory information service. For internet users, additional data on the Company, including the latest published NAV, the closing price of ordinary shares for the previous day of trading on the London Stock Exchange, performance information and a monthly factsheet, is available on the Company's website: www.asian-income.co.uk

17. AIF's historical performance

The Company's historical performance is available on the Company's website: www.asian-income.co.uk and in the Company's previous annual report and financial statements which are also available on the Company's website: www.asian-income.co.uk

18. Prime brokerage

The Company has not appointed a prime broker.

19. Periodic disclosures

The Investment Manager will, at least as often as the annual report and financial statements are made available to shareholders, make available information required to be periodically disclosed under Article 23 of AIFMD to Shareholders.

The information described above will be provided to shareholders within the Annual Report each year. Any material changes that occur to its periodic disclosures will be notified to shareholders by way of a regulatory information services announcement.

20. Defined terms

The following defined terms are used in this pre-investment disclosure document and in the Appendix:

Aberdeen or Aberdeen Group	The Aberdeen Group plc group of companies
Administrator or BNPP	BNP Paribas Fund Services UK Limited
Annual Report	The Company's Annual Report and Financial Statements for the year ended 31 December 2024
Articles	The Company's articles of association, as amended from time to time
Auditor	KPMG Channel Islands Limited
Company or AIF	abrdn Asian Income Fund Limited
Company Secretary	JTC Fund Solutions (Jersey) Limited
Conduct Risk Committee	Aberdeen's formal committee for overseeing, among other matters, the Conduct Risk Policy
Conduct Risk Policy	Aberdeen's documented policy regarding treating customers fairly
Conflicts of Interests Policy	Aberdeen's documented conflicts of interest policy
FCA	Financial Conduct Authority
FSL	Financial Services (Jersey) Law 1998 (as amended)
FUND	The FCA's FUND Sourcebook, being part of the Handbook
Investment Manager	abrdn Asia Limited
Investment Management Agreement	Investment management agreement between the Company and the Investment Manager dated 15 August 2023 as amended
Jersey Codes	The Codes of Practice for Alternative Investment Funds and AIF Service Businesses published by the JFSC
JFSC	Jersey Financial Services Commission
JTC	JTC Fund Solutions (Jersey) Limited
Liquidity Policy	Aberdeen's documented policy regarding liquidity risk management
Net Asset Value or NAV	the net asset value of the Company
Ongoing Charges	Ratio of expense as a percentage of average daily shareholders' funds calculated as per the Association of Investment Companies industry standard method
Registrar	Computershare Investor Services (Jersey) Limited
Stockbroker	Peel Hunt LLP
Valuation Policy	Aberdeen's documented valuation policy regarding the production and oversight of net assets values of collective funds in the Europe, Middle East and Africa region
UK	United Kingdom
UK Administrator	abrdn Investments Limited
UK Administration Agreement	UK administration agreement between the Company and the UK Administrator dated 15 August 2023
UK Investment Trust regime	a UK tax resident company approved by HM Revenue and Customs under Section 1158 of the Corporation Tax Act 2010. Section 1158 enables a company to obtain an exemption from paying tax on its capital profits.

Appendix to Pre-investment Disclosure Document

abrdn Asia Limited: Risk Management

Risk Management Function

Aberdeen Group plc and its subsidiaries (the "Group") is committed to building and continuously improving a sound and effective system of internal control and a risk management framework that is embedded within its operations; this is the Group's first line of defence.

The Group's Risk Division, as the second line of defence, exists to support management in the identification and mitigation of risks and provides independent monitoring of the business. The Division includes Conduct & Compliance, Operational Risk and investment risk Oversight. The team is headed by the Group's Chief Risk Officer, who reports to the Chief Executive Officer of the Group. The Risk Division achieves its objective through embedding the Risk Management Framework throughout the organisation using the Group's operational risk management system (SHIELD).

The Group's Internal Audit Department is independent of the Risk Division and reports directly to the Group CEO and to the chair of the Audit Committee of the Group's Board of Directors. The Internal Audit Department is responsible for providing an independent assessment of the Group's control environment; it is the Group's third line of defence.

The Group's corporate governance structure is supported by several committees that bring together Group's subject matter experts from different departments, to assist the Boards of Directors of Aberdeen Group plc, its subsidiaries and the funds to fulfil their roles and responsibilities. The Group's Risk Division is represented on all committees, with the exception of those that deal with investment recommendations to the Boards. The specific goals and guidelines on the functioning of these committees are described in their respective terms of reference.

Description of the Process of Identifying, Assessing and Managing Risks

- **Market risk:** Is monitored through factor modelling used to calculate both absolute and relative ex ante quantities such as tracking error (TE) and Value at Risk (VaR). The VaR is computed on a NAV basis as the maximum loss that the portfolio should incur over 20 days, 99% of the time under normal market conditions. The fund's portfolio risks are decomposed into intuitive components to pinpoint areas of unexpected market risk. The techniques are applied to all relevant asset classes. The market risk is further monitored through the computation of the level of leverage by both the gross and net approach. The leverage is calculated by converting each FDI into the equivalent position in the underlying assets of those derivatives, on a NAV basis. The market risk linked to the concentration risk is mitigated through investment restrictions set according to the basic principle of diversification.

- **Liquidity risk:** The Group has a Liquidity Risk Management Policy in place applicable to the funds and set out in accordance with its overall Risk Management Process, relative to the size, scope and complexity of the funds. Liquidity Risk is monitored on both the asset and liability sides. To measure and monitor asset liquidity risk the Group employs a number of methods specific to the underlying assets. In all cases, the approach is to reference the actual holdings of the sub-fund against a true measure of the market at both an aggregate and a position level. The Group has implemented a Group Pricing Policy which details the operational responsibilities for pricing assets, this policy is owned and overseen by the Group pricing Committee. On the liability side, investor transactions and, beyond this, investor behaviour are the main driver of liquidity within each sub-fund. In this context, the articles and prospectuses contain certain key provisions or limits which provide protection to the funds and ultimately investors, in situations where liquidity might become a concern. In addition, the fund receives and analyses periodic reports in respect of the shareholder concentration within each sub-fund. Any shareholder concentrations and transactional behaviour are identified at sub-fund level and any particular concerns noted are escalated to the relevant Group Committee and respective Boards, if material.

- **Credit and counterparty risk:** The credit and counterparty risks linked to derivatives transactions are managed through processes outlined in the Group's Counterparty Credit Risk Policy. This Policy underpins on the following principles: Internal Credit assessments; credit limits; exposure calculation and oversight and Control. Credit research on counterparties is carried out by the Credit Investment Team. Research is conducted on the basis of qualitative and quantitative analysis and is presented for discussion at the Credit Committee on a monthly basis. Each counterparty is reviewed at least once per annum. Furthermore the Risk and Exposure Committee (REC) and/or credit Committee can impose house level restrictions on concentrations. Credit risk exposures are calculated net of collateral received. The methodology for calculating an amount for potential exposure arising from movements in mark to market is approved by the REC. Acceptable collateral and other commercial and credit terms for inclusion in the International Swap and Derivative Association (ISDA) documentation is defined in the Group Derivative Management Policy. Counterparty credit exposures are monitored against internal limits by an investment control team and monitored by the Group Credit Committee and Risk and Exposure Committee.

- **Legal risk:** All key contractual arrangements entered into by the funds are reviewed by the Legal Department and, where required, by external legal counsel. If these contracts refer to delegation arrangements, where applicable, there is an operating memorandum defining information flows between the parties, frequency of services and deadlines, a clear attribution of rights and responsibilities of each party and, when applicable, the key performance indicators to measure performance. Any litigation issues are also handled by the Legal Department.

  Each OTC derivatives are framed within the legal provisions of the ISDA Master agreement which defines the rights and obligations of parties engaging in derivatives trading. The ISDA master agreements are negotiated and signed between each umbrella/sub-fund and the counterparty. The Credit Support Annexe (CSA) is a legally binding document which is annexed to the ISDA agreement and details the Minimum Transfer Amount (MTA) or collateral required by abrdn Asia Limited when engaging in OTC derivatives trading with counterparties. The Group Derivative Management Committee is responsible for approving the commercial terms associated to derivative documentation for the Group.

- **Tax risk:** The Group uses external tax consultants to advise on tax structuring, transactions and tax reporting.

- **Operational risk:** The Operational Risk Management Framework ensures that the operational risks taken and their contribution to the overall risk profile are accurately measured on the basis of sound and reliable data and that the risk measurement arrangements, processes and techniques are adequately documented. The identification, measurement, management and monitoring of operational risk within the Group are achieved through the use of the Group's Operational Risk Management Framework System, SHIELD. This system provides the following key Risk Management Modules:

  - *Event Management:* This module serves as a historical loss database, in which any operational failures, loss and damage experience (Events) will be recorded. The records include professional liability damages. The process for recording, investigation and mitigation of Events aims to ensure that they are not repeated.

  - *Issues and Actions Plan:* The issues and actions module provides a standardised mechanism for identifying, prioritising, classifying, escalating and reporting internal audit findings and other on-going / unresolved matters impacting the Group from a risk or regulatory perspective (Issues).

  - *Risk and Control Self Assessment (RCSA*): The RCSA process is to ensure key risks and key controls are identified and managed effectively in order to satisfy, at a Group level, Internal Capital Adequacy (ICAAP) requirements. The RCSA also provides a systematic and holistic means of identifying risk and control gaps that could impact business or process objectives which are agreed by senior management to complete.

  - *Business Continuity Plan (BCP):* Is in place and designed for invocation where there has been significant disruption to normal business functions at any Aberdeen Group office that is likely to last longer than 24 hours.

Measuring Risk

Where appropriate the Group applies the following measurements for each fund:

- **Leverage:** Has the effect of gearing a fund's expected performance by allowing a fund to gain greater exposure to underlying investment opportunities (gains and losses). The higher the leverage the greater the risk (potential loss).

- **Volatility, Value-at-Risk (VaR) and Conditional VaR (CVaR):** Volatility measures the size of variation in returns that a fund is likely to expect. The higher the volatility the higher the risk. VaR measures with a degree of confidence the maximum the fund could expect to lose in any one given day, assuming a normal (Gaussian) distribution, this is a function of the volatility of the fund. The higher the volatility, the higher the VaR, the greater the risk. CVaR calculates the expected loss, under the assumption that the VaR has been reached.

- **Tracking error (TE):** Measures the expected magnitude of divergence of returns between the fund and benchmark over a given time.

- **Systematic and stock specific risk:** Systematic risk represents the proportion of a fund's risk that is attributable to market exposure; and specific risk represents the risk that is intrinsic to individual stocks (i.e. particular to a given stock's attributes).

- **Stress test and scenario analysis:** Captures how much the current portfolio will make or lose if certain market conditions occur.

- **Concentration risk:** By grouping the portfolio through various different exposures: country, sector, issuer, asset etc., to identify where concentration risk exists.

Escalation and Reporting

The Group recognises timely and adequate reporting measures as well as escalation channels to be key components of the control process and management of risk.

The Risk team provide regular updates to the Board/senior management on the adequacy and effectiveness of the Risk Management Process indicating, where applicable, actual or anticipated deficiencies and the remedial measures.

In addition, all issues and events impacting any Group entity or the funds are logged in SHIELD, by the relevant area within the prescribed time limits.