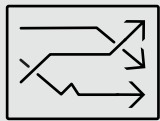


Fund performance



The investment portfolio outperformed its benchmark by 10 bps during the period. The key positive contributor to the relative performance was the overweight exposure to the outperforming high-yield sector within the Asian credit allocation, with the Indian metals and mining sector supported by strong metals prices. Additionally, the underweight exposure to Australian government bonds contributed positively as bond yields rose, while the decision to use foreign-exchange forwards to buy Australian dollar currency exposure also added value. The overweight exposure to the Indian rupee and Indonesian rupiah markets, and the underweight to strongly performing south-east Asian currencies, detracted value.¹

The Fund's NAV increased by 2.24% and outperformed the blended benchmark of 1.87%. The use of leverage contributed positively to the Fund's NAV. In addition to the positive market performance and investment portfolio's outperformance, the mark-to-market impact from the hedges that fix the cost of leverage added value as US yields increased. With a positive interest rate differential between the rate of income generated and the cost of leverage, the use of leverage remains a strategic benefit to the Fund's income-generating objective.

¹ The Fund's blended benchmark comprises 40% iBoxx Asian Local Bond Index (unhedged in US dollars), 35% J.P. Morgan Asia Credit Diversified Index, 15% J.P. Morgan GBI Emerging Market Global Diversified and 10% Bloomberg Ausbond Composite Index. The J.P. Morgan Asia Credit Diversified Index tracks the performance of actively traded U.S.-dollar denominated debt instruments in the Asia ex-Japan region. The Bloomberg AusBond Composite Index tracks the performance of the Australian debt market. The Markit iBoxx Asian USD Bond Index family (iBoxx ADBI) tracks the performance of U.S. dollar-denominated bonds from Asian based issuers. The J.P. Morgan GBI Emerging Market Global Diversified Index is a comprehensive global local emerging markets index comprising liquid, fixed-rate, domestic currency government bonds. Indexes are unmanaged and have been provided for comparison purposes only. No fees or expenses are reflected. You cannot invest directly in an index.

The investment portfolio performance is gross of fees and expenses and not subject to leverage. The NAV performance is net of fees and expenses and includes the impact of leverage. The benchmark performance is not subject to fees and expenses and is not subject to leverage.

For current holdings information, please visit [abrdn Asia-Pacific Income Fund, Inc. - Portfolio Holdings](https://www.abrdn.com)



Cumulative and annualized total return as of January 31, 2026 (%)

	NAV	Market Price
10 Years (p.a.)	3.15	4.76
5 Years (p.a.)	-0.26	0.83
3 Years (p.a.)	6.31	9.63
1 Year	11.38	15.47
Year to Date	1.23	4.01
3 Months	2.24	5.23
1 month	1.23	4.01

PAST PERFORMANCE DOES NOT GUARANTEE FUTURE RESULTS.

Investment returns and principal value will fluctuate and shares, when sold, may be worth more or less than original cost. Current performance may be lower or higher than the performance quoted. NAV return data includes investment management fees, custodial charges and administrative fees (such as Director and legal fees) and assumes the reinvestment of all distributions.

The Fund is subject to investment risk, including the possible loss of principal. Returns for periods less than one year are not annualized.

Expense ratios

Fiscal year ended October 31 (%)

Annual Expenses	Percent of Net Assets	Percent of Managed Assets
Management Fees	0.83	0.57
Other Expenses	0.44	0.30
Operating Expenses	1.27	0.88
Leverage Costs	2.03	1.40
Total Expenses	3.31	2.28
Total Expenses before Fee Waiver	3.31	2.28

Leverage Costs include interest, fees, and other other up front/offering costs associated with the leverage structure for the Fund. Gross Operating Expenses include the Fee Waiver and Leverage Costs.

Economic & market overview

The US yield curve continued to bear steepen over the three months under review, with the 2-year/10-year spread widening by over 70 basis points (bps): at the end of January 2026, the 2-year yield sat at 3.52% (-5.1 bps), and the 10-year reached 4.24% (+15.8 bps). Indeed, the 2-year/30-year spread was at its steepest since the end of 2021. These moves were driven by several factors, including market concerns about the increase in US Treasury issuance to finance government spending and worries that inflation would remain elevated for an extended period. During the review period, the US Federal Reserve (Fed) continued to lower rates, with December's 25-bp reduction following similar moves in September and October. The three rate cuts also prompted some unease about rising inflation. In other developments, the Brent crude oil price softened in the latter stages of 2025 before recovering in January to close at \$70.70 a barrel amid tighter supply and rising demand.

Asian bonds

Asian bond markets weakened in local currency terms over the period under review, with 10-year yields rising across most countries in the region. South Korea saw yields rise the most (+55 bps) as rate-cut expectations waned and the South Korean won's depreciation prompted inflationary concerns. Thailand (+29 bps) also saw its 10-year yield move sharply higher, as investors worried about higher government spending, funded by bond issuance, and the outcome of the February 2026 general election. Indonesia (+26 bps) was impacted by concerns about the country's fiscal health and a weaker Indonesian rupiah. Yields also rose in Singapore (+16 bps), India (+16 bps), Hong Kong (+3 bps), and China (+1 bps). The outlier was Malaysia, where yields fell slightly amid currency strengthening and robust foreign inflows.

Asian currencies

In aggregate, Asian currencies rose, with the Asian Dollar (ASIADOLR) index ending the three-month review period 0.9% higher. Meanwhile, the Broad (DXY) dollar index lost ground amid uncertainty over US trade policy, the fiscal deficit, and the direction of Fed interest rates. The Malaysian ringgit (+5.8%) was the standout performer, as investors reacted positively to the country's healthy economic fundamentals and stable interest-rate environment. Nearby, the Singapore dollar (+2.4%) was boosted by solid economic growth and the currency's safe-haven status. The Thai baht (+2.7%) rose when elevated gold prices triggered sales of the precious metal, with the proceeds converted into baht. The Chinese onshore yuan (+2.3) moved higher in tandem with improving investor sentiment, which was helped by improving economic newsflow and a thriving trade surplus.

Elsewhere, there were declines in the Indonesian rupiah (-0.9%), South Korean won (-0.8%), and the Hong Kong dollar (-0.6%). We also saw a notable fall in the Indian rupee (-3.6%), which was negatively affected by foreign outflows from Indian equities, India's widening trade deficit, and tariff-related uncertainty.

Asian credit

Asian credit was relatively flat over the period as the JPMorgan Asian Diversified Credit Index returned 0.8% in US dollar terms, while the index spread tightened by 9 bps. High-yield debt (+2.63%) outperformed investment-grade debt (+0.49%), as the former's exposure to Chinese property developers decreased and default rates were lower. More broadly, support came from solid demand from regional investors and improving economic growth.

EM debt & currencies

Hard-currency emerging-market (EM) bonds recorded positive returns over the three-month review period.

Of note, January was marked by significant geopolitical developments, opening with the capture and extradition of Venezuelan president Nicolas Maduro by US special forces to face narco-terrorism charges. Delcy Rodriguez, the vice president, assumed interim leadership. This allowed Washington to broker Venezuelan oil sales, reopening access to export channels previously restricted by sanctions. Venezuelan bonds subsequently gained and set the tone for broader emerging-market debt markets. Against this backdrop of robust performance, 2025 saw flows into EM debt reach their highest level in four years, marking a noteworthy reversal following three consecutive years of outflows. In total, US\$31.8 billion was channelled into the asset class, with US\$17.2 billion directed to hard-currency bonds and US\$14.5 billion to local-currency bonds. This strong investor demand also helped to support a record-breaking year for primary market activity.

Turning to local currency sovereign bonds, the JP Morgan GBI-EM Global Diversified Index (unhedged in USD terms) also rose, with stronger-than-expected global growth and record inflows into EM funds adding momentum during the review period. In turn, this reinforced demand for EM foreign exchange. Currency appreciation was also supported by broad US dollar weakness.

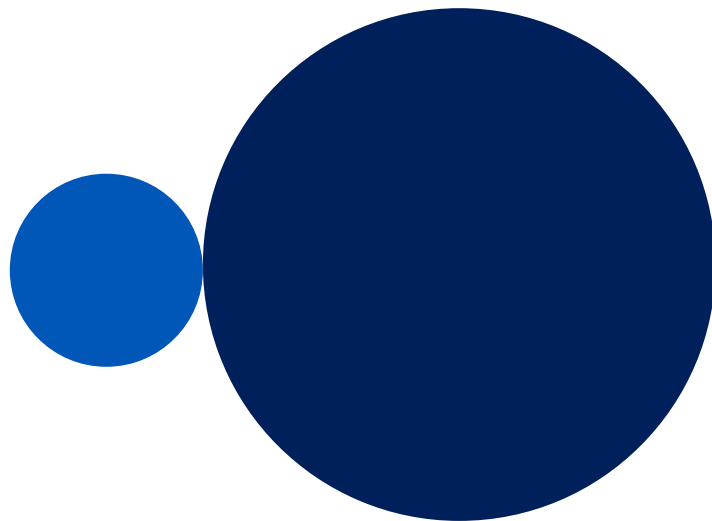
Outlook

The Fed's clear easing bias, which provided a supportive backdrop for global bond markets, largely evaporated in November.

For the Asia-Pacific region, we continue to see economic resilience in the face of significant uncertainty. Intra-regional trade linkages continue to support this resilience and provide greater diversity in supply chains. This resilience will be reinforced by the very recent challenges to the Trump administration's tariff agenda. Nevertheless, economic growth is moderating, and unlike in the US, inflation rates across Asia are close to or below their respective central bank targets. This has allowed central banks in the Asia Pacific region to ease monetary policy during 2025, especially as the Fed's pivot towards easing created some opportunistic policy cover. Although real yields are still positive and regional central banks have the capacity to ease further, some have sought to save the remaining policy bullets they have left. Market repricing of expectations in many Asian local-currency bond markets is creating opportunities to re-establish interest-rate exposure.

We expect yield-buying behaviour to continue to dominate overall market dynamics in the Asian credit sector, helping sustain historically tight spread levels. Continued fundamental resilience, supported by tailwinds such as economic growth, technological innovation and intra-regional cooperation, should provide further comfort for investors and support the environment for generating carry. That said, we begin to look to position the portfolio more defensively, to allow ourselves sufficient flexibility to take advantage of bouts of market turbulence.

In foreign exchange, we continue to anticipate a slower but not negative economic environment, which should support trade and investment flows into the Asia Pacific and EM regions. We aim to capture the structural theme of US dollar asset diversification, anticipating that reallocation flows—driven by reserve management and hedging adjustments—could be significant and may materialise without clear signals. Against this backdrop of uncertainty, Asian local-currency bonds and currencies offer resilience and strategic diversification benefits, positioning the portfolio to navigate volatility while capturing long-term structural trends.



Important Information

International investing entails special risk considerations, including currency fluctuations, lower liquidity, economic and political risks, and differences in accounting methods; these risks are generally heightened for emerging market investments.

Fixed income securities are subject to certain risks including, but not limited to: interest rate (changes in interest rates may cause a decline in the market value of an investment), credit (changes in the financial condition of the issuer, borrower, counterparty, or underlying collateral), prepayment (debt issuers may repay or refinance their loans or obligations earlier than anticipated), and extension (principal repayments may not occur as quickly as anticipated, causing the expected maturity of a security to increase).

Concentrating investments in the Asia-Pacific region subjects the Fund to more volatility and greater risk of loss than geographically diverse funds.

Please see the Fund's most recent annual report for more information on risks applicable to the Fund.

Closed-end funds are traded on the secondary market through one of the stock exchanges. The Fund's investment return and principal value will fluctuate so that an investor's shares may be worth more or less than the original cost. Shares of closed-end funds may trade above (a premium) or below (a discount) the net asset value (NAV) of the Fund. The net asset value (NAV) is the value of an entity's assets less the value of its liabilities. The market price is the current price at which an asset can be bought or sold. There is no assurance that the Fund will achieve its investment objective. Past performance does not guarantee future results.

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