ABERDEEN ASIA-PACIFIC INCOME FUND INC
Form 497
August 17, 2012

PROSPECTUS SUPPLEMENT

(To Prospectus dated August 17, 2012)

Aberdeen Asia-Pacific Income Fund, Inc.

Up to 25,000,000 Shares of Common Stock

Aberdeen Asia-Pacific Income Fund, Inc. (Fund) has entered into a sales agreement (the sales agreement) with JonesTrading Institutional Services LLC (JonesTrading) relating to the shares of its common stock (Shares) offered by this Prospectus Supplement and the accompanying Prospectus. In accordance with the terms of the sales agreement, the Fund may offer and sell up to 25,000,000 of its Shares, par value $0.01 per share, from time to time through JonesTrading as its agent for the offer and sale of the Shares. Under the Investment Company Act of 1940, as amended (the 1940 Act), the Fund may not sell any Shares at a price below the current net asset value of such Shares, exclusive of any distributing commission or discount. The Fund is a non-diversified, closed-end management investment company with a leveraged capital structure that commenced operations on April 24, 1986. The Fund s principal investment objective is to seek current income. The Fund may also achieve incidental capital appreciation. There can be no assurance that the Fund will achieve its investment objectives.

The Fund s currently outstanding Shares are, and the Shares offered by this Prospectus Supplement and the accompanying Prospectus will be, subject to notice of issuance, listed on the NYSE MKT under the symbol FAX. The last reported sale price of the Shares, as reported by the NYSE MKT on August 3, 2012, was $7.93 per Share. The net asset value of the Shares at the close of business on August 3, 2012, was $7.73 per Share.

Sales of the Shares, if any, under this Prospectus Supplement and the accompanying Prospectus may be made in negotiated transactions that are deemed to be at the market as defined in Rule 415 under the Securities Act of 1933, as amended (the 1933 Act), including sales made directly on the NYSE MKT or sales made to or through a market maker other than on an exchange.

JonesTrading will be entitled to compensation of up to 300 basis points of the gross sales price per share for any Shares sold under the sales agreement, with the exact amount of such compensation to be mutually agreed upon by the Fund and JonesTrading from time to time. In connection with the sale of the Shares on the Fund s behalf, JonesTrading may be deemed to be an underwriter within the meaning of the 1933 Act and the compensation of JonesTrading may be deemed to be underwriting commission or discounts.

You should review the information set forth under Risks and Special Considerations on page 36 of the accompanying Prospectus before investing in the Shares.

Neither the Securities and Exchange Commission (SEC) nor any state securities commission has approved or disapproved these securities or passed upon the adequacy of this Prospectus. Any representation to the contrary is a criminal offense.

The date of this Prospectus Supplement is August 17, 2012.

You should rely only on the information contained in or incorporated by reference into this Prospectus Supplement and the accompanying Prospectus. This Prospectus Supplement and the accompanying Prospectus set forth certain information about the Fund that a prospective investor should carefully consider before deciding whether to invest in the Shares. This Prospectus Supplement, which describes the specific terms of this offering including the method of distribution, also adds to and updates information contained in the accompanying Prospectus and the documents incorporated by reference into the accompanying Prospectus. The accompanying Prospectus gives more general information, some of which may not apply to this offering. If the description of this offering varies between this Prospectus Supplement and the accompanying Prospectus, you should rely on the information contained in this Prospectus Supplement. Neither the Fund nor JonesTrading have authorized anyone to provide you with different information. If anyone provides you with different or inconsistent information, you should not rely on it. The Fund is not making an offer to sell these securities in any jurisdiction where the offer or sale is not permitted. The information contained in or incorporated by reference into this Prospectus Supplement and the accompanying Prospectus is accurate only as of the respective dates on their front covers, regardless of the time of delivery of this Prospectus Supplement, the accompanying Prospectus, or the sale of the Shares. The Fund s business, financial condition, results of operations and prospects may have changed since those dates.

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Prospectus Supplement

Prospectus

You should read this Prospectus Supplement and the accompanying Prospectus before deciding whether to invest and retain them for future reference. A Statement of Additional Information, dated August 17, 2012 (SAI), as supplemented from time to time, containing additional information about the Fund, has been filed with the Securities and Exchange Commission (SEC) and is incorporated by reference in its entirety into this Prospectus Supplement. You may request a free copy of the SAI or request other information about the Fund (including the Fund s annual and semi-annual reports to shareholders) or make shareholder inquiries by calling 1-866-839-5205, emailing InvestorRelations@aberdeen-asset.com or by writing to the Fund at 1735 Market Street, 32nd Floor, Philadelphia, Pennsylvania 19103. The Fund s SAI, as well as the annual and semi-annual reports to shareholders, are also available at the Fund s website at www.aberdeenfco.com. You may also obtain copies of these documents (and other information regarding the Fund) from the SEC s website (http://www.sec.gov).

CAUTIONARY NOTICE REGARDING FORWARD-LOOKING STATEMENTS

This Prospectus Supplement, the accompanying Prospectus and the SAI contain forward-looking statements. Forward-looking statements can be identified by the words may, will, intend, expect, estimate, continue, plan, anticipate, and similar terms and the negative of such ter nature, all forward-looking statements involve risks and uncertainties, and actual results could differ materially from those contemplated by the forward-looking statements. Several factors that could materially affect the Fund s actual results are the performance of the portfolio of securities the Fund holds, the price at which the Shares will trade in the public markets and other factors discussed in the Fund s periodic filings with the SEC.

Although the Fund believes that the expectations expressed in the forward-looking statements are reasonable, actual results could differ materially from those projected or assumed in such forward-looking statements. The Fund s future financial condition and results of operations, as well as any forward-looking statements, are subject to change and are subject to inherent risks and uncertainties, such as those disclosed in the Risks and Special Considerations section of the accompanying Prospectus. All forward-looking statements contained in or incorporated by reference into this Prospectus Supplement or the accompanying Prospectus are made as of the date of this Prospectus Supplement or the accompanying Prospectus, as the case may be. Except for the Fund s ongoing obligations under the federal securities laws, it does not intend, and it undertakes no obligation, to update any forward-looking statements. The forward-looking statements contained in this Prospectus Supplement, the accompanying Prospectus and the SAI are excluded from the safe harbor protection provided by Section 27A of the 1933 Act.

PROSPECTUS SUPPLEMENT SUMMARY

The following information is only a summary. You should consider the more detailed information contained in this Prospectus Supplement, the accompanying Prospectus, dated August 17, 2012, and the SAI, dated August 17, 2012, especially the information under Risks and Special Considerations on page 36 of the accompanying Prospectus.

The Fund	The Fund is a non-diversified, closed-end management investment company organized as a Maryland corporation. The Fund s Shares are listed for trading on the NYSE MKT under the symbol FAX. As of August 3, 2012, the net assets of the Fund were $2,018,494,780 and the Fund had outstanding 260,975,744 Shares. The last reported sale price of the Fund s Shares, as reported by the NYSE MKT on August 3, 2012 was $7.93 per Share. The net asset value of the Fund s Shares at the close of business on August 3, 2012 was $7.73 per Share. See Description of Shares in the accompanying Prospectus. The Fund s principal investment objective is to seek current income. The Fund may also achieve incidental capital appreciation. There can be no assurance that the Fund s investment objectives will be achieved. The Fund s investment objectives are fundamental and may not be changed without the approval of the holders of a majority of the outstanding voting securities. To achieve its investment objectives, the Fund normally invests at least 80% of its net assets, plus the amount of any borrowings for investment purposes, in Asian debt securities, Australian debt securities and New Zealand debt securities, as defined below. This 80% investment policy is non-fundamental and may be changed by the Fund s Board of Directors (the Board of Directors or the Board) upon 60 days prior written notice to shareholders.
Investment Manager, Investment Adviser and Sub-Adviser	The Fund s investment manager is Aberdeen Asset Management Asia Limited (the Investment Manager), the Fund s investment adviser is Aberdeen Asset Management Limited (the Investment Adviser) and the Fund s sub-adviser is Aberdeen Asset Managers Limited (the Sub-Adviser). The Investment Manager is a Singapore corporation located at 21 Church Street, #01-01 Capital Square Two, Singapore 049480. The Investment Manager manages the Fund s investments and makes investment decisions on behalf of the Fund. The Investment Adviser is an Australian corporation located at Level 6, 201 Kent Street, Sydney, NSW 2000, Australia. The Investment Adviser makes recommendations to the Investment Manager as to the specific portfolio securities to be purchased, retained or sold by the Fund and will provide or obtain such research and statistical data as may be necessary in connection therewith,

and the selection of and the placement of orders with brokers and dealers to execute portfolio transactions on behalf of the Fund. The Sub-Adviser is a United Kingdom corporation located at Bow Bells House, 1 Bread Street, London, England, EC4M 9HH. The Sub-Adviser provides sub-advisory services to the Fund, in accordance with the Fund s stated investment objectives, policies and limitations and subject to the supervision of the Board of Directors, and manages the portion of the Fund s assets allocated to it by the Investment Manager. Each of the Investment Manager, the Investment Adviser and the Sub-Adviser is a registered investment adviser under the Investment Advisers Act of 1940, as amended.

Each of the Investment Manager, the Investment Adviser, and the Sub-Adviser is a wholly-owned subsidiary of Aberdeen Asset Management PLC (Aberdeen PLC), which is the parent company of an asset management group managing approximately $286.5 billion in assets as of June 30, 2012 for a range of pension funds, financial institutions, investment trusts, unit trusts, offshore funds, charities and private clients, in addition to U.S. registered investment companies. The registered offices of Aberdeen PLC are located at 10 Queen s Terrace, Aberdeen, Scotland AB 10 1 YG. Aberdeen PLC, its affiliates and subsidiaries are referred to collectively herein as Aberdeen. Aberdeen PLC was formed in 1983 and was first listed on the London Stock Exchange in 1991. See Management of the Fund The Investment Manager, the Investment Adviser and the Sub-Adviser in the accompanying Prospectus.

The Offering

The Fund, the Investment Manager, the Investment Adviser and the Sub-Adviser entered into a sales agreement with JonesTrading relating to the Shares offered by this Prospectus Supplement and the accompanying Prospectus. In accordance with the terms of the sales agreement, the Fund may offer and sell up to 25,000,000 of its Shares, par value $0.01 per share, from time to time through JonesTrading as its agent for the offer and sale of the Shares.

The Shares are listed for trading on the NYSE MKT under the symbol FAX. The last reported sale price of the Shares, as reported on the NYSE MKT on August 3, 2012 was $7.93 per Share.

Sales of the Shares, if any, under this Prospectus Supplement and the accompanying Prospectus may be made in negotiated transactions or transactions that are deemed to be at the market as defined in Rule 415 under the 1933 Act, including sales made directly on the NYSE MKT or sales made to or through a market maker other than on an exchange. See Plan of Distribution in this Prospectus Supplement. The Shares may not be sold through agents, underwriters or dealers without delivery or deemed delivery of a prospectus and a prospectus supplement describing the method and terms of the offering of the Fund s securities. Under the 1940 Act, the Fund may not sell any Shares at a price below the current net

	asset value of such Shares, exclusive of any distributing commission or discount.
Use of Proceeds	The Fund intends to invest substantially all of the net proceeds of this offering in accordance with its investment objectives and policies. Proceeds will be invested within approximately 60 days of receipt by the Fund. See Use of Proceeds in this Prospectus Supplement.
Risks and Special Considerations	See Risks and Special Considerations beginning on page 36 of the accompanying Prospectus for a discussion of factors you should consider carefully before deciding to invest in the Shares.

SUMMARY OF FUND EXPENSES

Shareholder Transaction Expenses	
Sales Load (as a percentage of offering price)	1.50%(1)
Offering Expenses (as a percentage of offering price)	0.18%
Dividend Reinvestment and Cash Purchase Plan Fees(2)	
Annual Operating Expenses (as a percentage of average net assets attributable to the Fund s Common Stock)	
Management Fee(3)	0.65%
Interest Payments on Borrowed Funds(4)	0.36%
Other Expenses(5)(6)	0.32%
Total Annual Operating Expenses	1.33%

(1) Represents the estimated commission with respect to the Shares being sold in this offering, which the Fund will pay to JonesTrading in connection with the sales of Shares effected by JonesTrading in this offering. While JonesTrading is entitled to a commission of up to 3% of the gross sales price for Shares sold, with the exact amount to be agreed upon by the parties, the Fund has assumed, for purposes of this offering, that JonesTrading will receive a commission of 1.50% of such gross sales price. This is the only sales load to be paid in connection with this offering. There is no guarantee that there will be any sales of the Shares pursuant to this Prospectus Supplement and the accompanying Prospectus. Actual sales of the Shares under this Prospectus Supplement and the accompanying Prospectus, if any, may be less than as set forth under Capitalization below. In addition, the price per share of any such sale may be greater or less than the price set forth under Capitalization below, depending on market price of the Shares at the time of any such sale.

(2) If you participate in the Dividend Reinvestment and Direct Stock Purchase Plan sponsored and administered by Computershare Trust Company, N.A. (Computershare), you will be subject to any fees imposed by Computershare.

(3) The management agreement provides the Investment Manager with a fee, payable monthly, at the following annual rates: 0.65% of the Fund s average weekly Managed Assets up to $200 million, 0.60% of the Fund s average weekly Managed Assets between $200 million and $500 million, 0.55% of the Fund s average weekly Managed Assets between $500 million and $900 million, 0.50% of the Fund s average weekly Managed Assets between $900 million and $1.75 billion and 0.45% of Managed Assets in excess of $1.75 billion. Managed Assets of the Fund means total assets of the Fund, including any form of investment leverage, minus all accrued expenses incurred in the normal course of operations, but not excluding any liabilities or obligations attributable to investment leverage obtained through (i) indebtedness of any type (including, without limitation, borrowing through a credit facility or the issuance of debt securities), (ii) the issuance of preferred stock or other similar preference securities, (iii) the reinvestment of collateral received for securities loaned in accordance with the Fund s investment objectives and policies, and/or (iv) any other means.

(4) The Fund may use leverage through borrowings. The Fund currently borrows under a credit facility.

(5) Other Expenses have been estimated for the current fiscal year.

(6) Includes an administration fee of 0.102% of Managed Assets attributable to the Fund s Shares.

Example

An investor would pay the following expenses on a $1,000 investment in the Fund, assuming a 5% annual return:

One Year	Three Years	Five Years	Ten Years
$ 30	$ 58	$ 88	$ 174

The above table and example are intended to assist investors in understanding the various costs and expenses directly or indirectly associated with investing in Shares of the Fund. The Example assumes that all dividends and other distributions are reinvested at net asset value and that the percentage amounts listed in the table above under Total Annual Operating Expenses remain the same in the years shown. The above table and example and the assumption in the example of a 5% annual return are required by regulations of the SEC that are applicable to all investment companies; the assumed 5% annual return is not a prediction of, and does not represent, the projected or actual performance of the Fund s Shares.

The example should not be considered a representation of past or future expenses, and the Fund s actual expenses may be greater than or less than those shown. Moreover, the Fund s actual rate of return may be greater or less than the hypothetical 5% return shown in the example.

USE OF PROCEEDS

Sales of the Shares, if any, under this Prospectus Supplement and the accompanying Prospectus may be made in negotiated transactions or transactions that are deemed to be at the market as defined in Rule 415 under the 1933 Act, including sales made directly on the NYSE MKT or sales made to or through a market maker other than on an exchange. There is no guarantee that there will be any sales of the Shares pursuant to this Prospectus Supplement and the accompanying Prospectus. Actual sales, if any, of the Shares under this Prospectus Supplement and the accompanying Prospectus may be less than as set forth in this paragraph. In addition, the price per share of any such sale may be greater or less than the price set forth in this paragraph, depending on the market price of the Shares at the time of any such sale. As a result, the actual net proceeds the Fund receives may be more or less than the amount of net proceeds estimated in this Prospectus Supplement. Assuming the sale of all of the Shares offered under this Prospectus Supplement and the accompanying Prospectus, at the last reported sale price of $7.93 per share for the Shares on the NYSE MKT as of August 3, 2012, the Fund estimates that the net proceeds of this offering will be approximately $194,926,250 after deducting the estimated sales load and the estimated offering expenses payable by the Fund.

The Fund intends to invest substantially all of the net proceeds of this offering in accordance with its investment objectives and policies within approximately 60 days after completion of the offering. Pending such investment, the Fund anticipates investing the proceeds in short-term securities issued by the U.S. government or its agencies or instrumentalities or in high quality, short-term or long-term debt obligations or money market instruments.

CAPITALIZATION

The Fund may offer and sell up to 25,000,000 of its Shares, par value $0.01 per share, from time to time through JonesTrading as its agent for the offer and sale of the Shares under this Prospectus Supplement and the accompanying Prospectus. There is no guarantee that there will be any sales of the Shares pursuant to this Prospectus Supplement and the accompanying Prospectus. The table below assumes that the Fund will sell 25,000,000 Shares, at a price of $7.93 per share (the last reported sale price per share of the Shares on the NYSE MKT on August 3, 2012). Actual sales, if any, of the Shares under this Prospectus Supplement and the accompanying Prospectus may be less than as set forth in the table below. In addition, the price per share of any such sale may be greater or less than $7.93, depending on the market price of the Shares at the time of any such sale. To the extent that the market price per share of the Shares, less applicable commissions, on any given day is less than the net asset value per share on such day, the Fund will instruct JonesTrading not to make any sales on such day.

The following table sets forth the capitalization of the Fund (i) on an actual basis as of October 31, 2011 (audited), (ii) on an actual basis as of April 30, 2012 (unaudited), and (iii) on a pro forma basis as adjusted to reflect the assumed sale of 25,000,000 Shares at $7.93 per share (the last reported sale price per share of the Shares on the NYSE MKT on August 3, 2012), in an offering under this Prospectus Supplement and the accompanying Prospectus.

	As of October 31, 2011 (audited) Actual	As of April 30, 2012 (unaudited) Actual	Pro Forma (unaudited) As Adjusted
Common stock, par value $.001 per share, 400,000,000 shares authorized (260,975,774 shares issued and outstanding as of October 31, 2011 and April 30, 2012; 285,975,744 shares as adjusted)	$ 2,609,757	$ 2,609,757	$ 2,859,757
Paid-in capital in excess of par	1,636,829,099	1,636,829,099	1,831,495,349
Accumulated net investment income	228,950,543	222,914,859	222,914,859
Accumulated net realized loss from investments, interest rate swaps and futures contracts	(361,929,572)	(355,690,881)	(355,690,881)
Net unrealized appreciation on investments, futures contracts and interest rate swaps	60,686,140	94,288,125	94,288,125
Accumulated net realized foreign exchange gains	304,791,494	323,713,336	323,713,336
Net unrealized foreign exchange and forward foreign currency contract gains	79,801,614	45,542,955	45,542,955
	$ 1,951,739,075.00	$ 1,970,207,250	$ 2,165,123,500

PLAN OF DISTRIBUTION

Under the sales agreement among the Fund, the Investment Manager, the Investment Adviser, the Sub-Adviser and JonesTrading, upon written instructions from the Fund, JonesTrading will use its commercially reasonable efforts consistent with its normal trading and sales practices to sell, as the Fund s agent, the Shares under the terms and subject to the conditions set forth in the sales agreement. JonesTrading s sales efforts will continue until the Fund instructs JonesTrading to suspend sales. The Fund will instruct JonesTrading as to the amount of Shares to be sold by JonesTrading. The Fund may instruct JonesTrading not to sell Shares if the sales cannot be effected at or above the price designated by the Fund in any instruction. The Fund or JonesTrading may suspend the offering of Shares upon proper notice and subject to other conditions.

JonesTrading will provide written confirmation to the Fund no later than the opening of the trading day on the NYSE MKT immediately following the trading day on which Shares are sold under the sales agreement. Each confirmation will include the number of shares sold on the preceding day, the net proceeds to the Fund and the compensation payable by the Fund to JonesTrading in connection with the sales.

The Fund will pay JonesTrading commissions for its services in acting as agent in the sale of Shares. JonesTrading will be entitled to compensation of up to 300 basis points of the gross sales price per share of any Shares sold under the sales agreement, with the exact amount of such compensation to be mutually agreed upon by the Fund and JonesTrading from time to time. The Fund has also agreed to pay the reasonable fees and expenses of counsel for JonesTrading in connection with the transactions contemplated under the sales agreement (provided such fees and expenses shall not exceed $25,000). There is no guarantee that there will be any sales of the Shares pursuant to this Prospectus Supplement and the accompanying Prospectus. Actual sales, if any, of the Shares under this Prospectus Supplement and the accompanying Prospectus may be less than as set forth in this paragraph. In addition, the price per share of any such sale may be greater or less than the price set forth in this paragraph, depending on the market price of the Shares at the time of any such sale. Assuming 25,000,000 of the Shares offered hereby are sold at a market price of $7.93 per share (the last reported sale price for the Shares on the NYSE MKT on August 3, 2012), the Fund estimates that the total expenses for the offering, including reimbursable expenses payable to JonesTrading as described above and excluding compensation payable to JonesTrading under the terms of the sales agreement, would be approximately $360,000.

Settlement for sales of Shares will occur on the third business day (or such earlier day as is industry practice for regular-way trading) following the date on which such sales are made, or on some other date that is agreed upon by the Fund and JonesTrading in connection with a particular transaction, in return for payment of the net proceeds to the Fund. There is no arrangement for funds to be received in an escrow, trust or similar arrangement.

In connection with the sale of the Shares on the Fund s behalf, JonesTrading may, and will with respect to sales effected in an at the market offering, be deemed to be an underwriter within the meaning of the 1933 Act, and the compensation of JonesTrading may be deemed to be underwriting commissions or discounts. The Fund has agreed to provide indemnification and contribution to JonesTrading against certain civil liabilities, including liabilities under the 1933 Act. The Fund has also agreed to reimburse JonesTrading for other specified expenses.

The offering of the Shares pursuant to the sales agreement will terminate upon the earlier of (1) the sale of all Shares subject to the sales agreement or (2) termination of the sales agreement. The sales agreement may be terminated by the Fund in its sole discretion at any time by giving notice to JonesTrading. In addition, JonesTrading may terminate the sales agreement under the circumstances specified in the sales agreement and in its sole discretion at any time following a period of 12 months from the date of the sales agreement by giving notice to the Fund.

The principal business address of JonesTrading is 780 Third Avenue, 3rd Floor, New York, New York 10017.

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LEGAL MATTERS

Certain legal matters will be passed on by Willkie Farr & Gallagher LLP, 787 Seventh Avenue, New York, New York 10019, counsel to the Fund, in connection with the offering of the shares of common stock. Willkie Farr & Gallagher LLP will rely as to matters of Maryland law on the opinion of Venable LLP, 750 E. Pratt Street, Suite 900, Baltimore, Maryland 21202.

ADDITIONAL INFORMATION

This Prospectus Supplement and the accompanying Prospectus constitute part of a Registration Statement filed by the Fund with the SEC under the 1933 Act and the 1940 Act. This Prospectus Supplement and the accompanying Prospectus omit certain of the information contained in the Registration Statement, and reference is hereby made to the Registration Statement and related exhibits for further information with respect to the Fund and the Shares offered hereby. Any statements contained herein concerning the provisions of any document are not necessarily complete, and, in each instance, reference is made to the copy of such document filed as an exhibit to the Registration Statement or otherwise filed with the SEC. Each such statement is qualified in its entirety by such reference. The complete Registration Statement may be obtained from the SEC upon payment of the fee prescribed by its rules and regulations or free of charge through the SEC s web site (http://www.sec.gov).

BASE PROSPECTUS

$375,000,000

ABERDEEN ASIA-PACIFIC INCOME FUND, INC.

Shares of Common Stock

Aberdeen Asia-Pacific Income Fund, Inc. (Fund, we, us or our) is a non-diversified, closed-end management investment company with a leveraged capital structure that commenced operations on April 24, 1986. The Fund s principal investment objective is to seek current income. The Fund may also achieve incidental capital appreciation.

We may offer, from time to time, in one or more offerings, including through rights offerings, our shares of common stock, par value $0.01 per share (Shares). Shares may be offered at prices and on terms to be set forth in one or more supplements to this Prospectus (each, a Prospectus Supplement). You should read this Prospectus and the applicable Prospectus Supplement carefully before you invest in our Shares.

Our Shares may be offered directly to one or more purchasers, through agents designated from time to time by us, or to or through underwriters or dealers. The Prospectus Supplement relating to the offering will identify any agents or underwriters involved in the sale of our Shares, and will set forth any applicable purchase price, fee, commission or discount arrangement between us and our agents or underwriters, or among our underwriters, or the basis upon which such amount may be calculated. We may not sell any of our Shares through agents, underwriters or dealers without delivery of a Prospectus Supplement describing the method and terms of the particular offering of our Shares.

Our Shares are listed on the NYSE MKT LLC (NYSE MKT) under the symbol FAX. The last reported sale price of our Shares, as reported by the NYSE MKT on August 3, 2012, was $7.93 per Share. The net asset value of our Shares at the close of business on August 3, 2012, was $7.73 per Share.

Investment in the Shares involves certain risks and special considerations, including risks associated with currency fluctuations. The Fund also has authority to borrow to finance investments and to issue preferred stock. Both practices entail risks. Investing in the Fund s common stock and preferred stock, if any, may be speculative and involve a high degree of risk and should not constitute a complete investment program. For a discussion of these and other risks, see Risks and Special Considerations.

Shares of closed-end investment companies frequently trade at a discount to their net asset value. If the Fund s Shares trade at a discount to its net asset value, the risk of loss may increase for purchasers in a public offering. See Risks and Special Considerations-Net Asset Value Discount.

Neither the Securities and Exchange Commission (SEC) nor any state securities commission has approved or disapproved these securities or passed upon the adequacy of this Prospectus. Any representation to the contrary is a criminal offense.

This Prospectus, together with any Prospectus Supplement, sets forth concisely the information about the Fund that a prospective investor should know before investing. You should read this Prospectus and applicable Prospectus Supplement, which contain important information, before deciding whether to invest in the Shares. You should retain the Prospectus and Prospectus Supplement for future reference. A Statement of Additional Information (SAI), dated August 17, 2012, containing additional information about the Fund, has been filed with the SEC and is incorporated by reference in its entirety into this Prospectus. The Table of Contents for the SAI is on page 62 of this Prospectus. You may call 1-800-522-5465, email InvestorRelations@aberdeen-asset.com or write to the Fund at 1735 Market Street, 32nd Floor, Philadelphia, Pennsylvania 19103 to obtain, free of charge, copies of the SAI and the Fund s annual and semi-annual reports to shareholders, as well as to obtain other information about the Fund and to make shareholder inquiries. The Fund s SAI, as well as the annual and semi-annual reports to shareholders, are also available on the Fund s website at www.aberdeenfax.com. The SEC maintains a website at http://www.sec.gov that contains the SAI, material incorporated by reference into the Fund s registration statement and additional information about the Fund.

Our Shares do not represent a deposit or obligation of, and are not guaranteed or endorsed by, any bank or other insured depository institution, and are not federally insured by the Federal Deposit Insurance Corporation, the Federal Reserve Board or any other government agency.

Prospectus dated August 17, 2012

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You should rely only on the information contained in, or incorporated by reference into, this Prospectus and any related Prospectus Supplement in making your investment decisions. The Fund has not authorized any person to provide you with different information. If anyone provides you with different or inconsistent information, you should not rely on it. The Fund is not making an offer to sell the Shares in any jurisdiction where the offer or sale is not permitted. You should assume that the information in this Prospectus and any Prospectus Supplement is accurate only as of the dates on their covers. The Fund s business, financial condition and prospects may have changed since the date of its description in this Prospectus or the date of its description in any Prospectus Supplement.

PROSPECTUS SUMMARY

The following information is only a summary. You should consider the more detailed information contained in the Prospectus and in any related Prospectus Supplement and in the SAI before purchasing Shares, especially the information under Risks and Special Considerations on page 36 of the Prospectus.

The Fund	The Fund is a non-diversified, closed-end management investment company organized as a Maryland corporation. See The Fund.
	The Fund s Shares are listed for trading on the NYSE MKT under the symbol FAX. As of August 3, 2012, the net assets of the Fund were $2,018,494,780 and the Fund had outstanding 260,975,744 Shares. The last reported sale price of the Fund s Shares, as reported by the NYSE MKT on August 3, 2012 was $7.93 per Share. The net asset value of the Fund s Shares at the close of business on August 3, 2012 was $7.73 per Share. See Description of Shares.
The Offering	We may offer, from time to time, in one or more offerings, including through rights offerings, up to $375,000,000 of our Shares on terms to be determined at the time of the offering. The Shares may be offered at prices and on terms to be set forth in one or more Prospectus Supplements. The offering price of our Shares will not be less than the net asset value of our Shares at the time we make the offering, exclusive of any underwriting commissions or discounts. You should read this Prospectus and the applicable Prospectus Supplement carefully before you invest in our Shares. Our Shares may be offered directly to one or more purchasers, through agents designated from time to time by us, or to or through underwriters or dealers. The Prospectus Supplement relating to the offering will identify any agents, underwriters or dealers involved in the sale of our Shares, and will set forth any applicable purchase price, fee, commission or discount arrangement between us and our agents or underwriters, or among our underwriters, or the basis upon which such amount may be calculated. See Plan of Distribution. We may not sell any of our Shares through agents, underwriters or dealers without delivery of a Prospectus Supplement describing the method and terms of the particular offering of our Shares.
Use of Proceeds	We intend to use the net proceeds from the sale of our Shares primarily to invest in accordance with our investment objectives and policies. Proceeds will be invested within approximately 60 days of receipt by the Fund. See Use of Proceeds.
Investment Objectives	The Fund s principal investment objective is to seek current income. The Fund may also achieve incidental capital appreciation. There can be no assurance that the Fund s investment objectives will be achieved. The Fund s investment objectives are fundamental and may not be changed without the approval of the holders of a majority of the outstanding voting securities. See Investment Objectives.
Investment Policies	To achieve its investment objectives, the Fund normally invests at least 80% of its net assets, plus the amount of any borrowings for investment purposes, in Asian debt securities, Australian debt securities and New Zealand debt securities, as defined below. This 80% investment policy is non-fundamental and may be changed by the Fund s Board of Directors (the Board of Directors or the Board) upon 60 days prior written notice to shareholders.
	The investment policies of the Fund under the section below entitled

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Fundamental Investment Policies are fundamental and may not be changed without the approval of the holders of a majority of the Fund s outstanding voting securities. The remainder of the Fund s investment policies are non-fundamental (applies to all policies except the policies under the Fundamental Investment Policies section) and may be changed with Board approval.

Fundamental Investment Policies

The Fund may invest up to 80% of its total assets in Asian debt securities, which include: (1) debt securities of Asian Country issuers, including securities issued by Asian Country governmental entities, as well as by banks, companies and other entities which are located in Asian Countries, whether or not denominated in an Asian Country currency; (2) debt securities of other issuers denominated in, or linked to, the currency of an Asian Country, including securities issued by supranational issuers, such as The World Bank and derivative debt securities that replicate, or substitute for, the currency of an Asian Country; (3) debt securities issued by entities which, although not located in an Asian Country, derive at least 50% of their revenues from Asian Countries or have at least 50% of their assets located in Asian Countries; and (4) debt securities issued by a wholly-owned subsidiary of an entity located in an Asian Country, provided that the debt securities are guaranteed by the parent entity located in the Asian Country. With reference to items (3) and (4) above, Asian debt securities may be denominated in an Asian Country currency or in Australian, New Zealand or U.S. dollars. The maximum country exposure to any one Asian Country (other than Korea) is limited to 20% of the Fund s total assets and the maximum currency exposure to any one Asian Country currency (other than Korea) is limited to 10% of the Fund s total assets. The maximum country exposure for Korea is limited to 40% of the Fund s total assets, and the maximum currency exposure for Korea is limited to 25% of the Fund s total assets.

Asian Countries (each, an Asian Country) include China, Hong Kong, India, Indonesia, Japan, Malaysia, Pakistan, the Philippines, Singapore, South Korea, Taiwan, Thailand, Vietnam, Sri Lanka, Kazakhstan and Mongolia, and such other countries on the Asian continent approved for investment by the Board of Directors upon the recommendation of Aberdeen Asset Management Asia Limited, the Fund s investment manager (AAMAL or the Investment Manager).

At least 20% of the Fund s total assets will be invested in Australian debt securities, which include: (1) debt securities of Australian issuers, including securities issued by Australian governmental entities, as well as by banks, companies and other entities which are located in Australia, whether or not denominated in the Australian dollar; (2) debt securities of other issuers, denominated in, or linked to, the Australian dollar, including securities issued by supranational issuers, such as The World Bank and derivative debt securities that replicate, or substitute for, the Australian dollar; (3) debt securities issued by entities which, although not located in Australia, derive at least 50% of their revenues from Australia or have at least 50% of their assets located in Australia; and (4) debt securities issued by a wholly-owned subsidiary of an entity located in Australia, provided that the debt securities are guaranteed by the parent entity located in Australia. With reference to items (3) and (4) above, Australian debt securities may be denominated in Australian, New Zealand or U.S. dollars.

The Fund may also invest in New Zealand debt securities, which include: (1) debt securities of New Zealand issuers, including securities issued by New Zealand governmental entities, as well as by banks, companies and other entities which are located in New Zealand, whether or not denominated in the New Zealand dollar; (2) debt securities of other issuers, denominated in, or linked to, the New Zealand dollar, including securities issued by supranational issuers, such as The World Bank and derivative debt securities that replicate, or substitute for, the New Zealand dollar; (3) debt securities issued by entities which, although not located in New Zealand, derive at least 50% of their revenues from New Zealand or have at least 50% of their assets located in New Zealand; and (4) debt securities issued by a wholly-owned subsidiary of an entity located in New Zealand, provided that the debt securities are guaranteed by the parent entity located in New Zealand. With reference to items (3) and (4) above, New Zealand debt securities may be denominated in Australian, New Zealand or U.S. dollars. The maximum country exposure for New Zealand is limited to 35% of the Fund s total assets, and the maximum currency exposure for New Zealand is limited to 35% of the Fund s total assets.

During periods when, in the Investment Manager s, Aberdeen Asset Management Limited s, the Fund s investment adviser (the Investment Adviser), or Aberdeen Asset Managers Limited s, the Fund s sub-adviser (the Sub-Adviser) (collectively, the Advisers) judgment, economic conditions warrant a temporary defensive investment policy, the Fund may temporarily invest up to 100% of its assets in U.S. debt securities.

In order to accommodate investment in Asian markets, the Fund may invest up to 35% of its total assets in Asian debt securities rated by below BBB- by Standard & Poor s, a division of The McGraw-Hill Companies (S&P) or Baa3 by Moody s Investor Services, Inc. (Moody s) (also known as junk bonds), or judged by the Advisers, to be, below investment grade at the time of investment, provided that, with the approval of the Board of Directors the ratings of other recognized rating services may be used. The Fund may invest up to 35% of its total assets in Asian debt securities which may be deemed to be illiquid.

The Fund may invest up to 10% of its total assets in securities rated by S&P or Moody s, or judged by the Advisers to be, below B- at the time of investment, provided that, with the approval of the Board of Directors, the ratings of other recognized ratings services may be used.

The Fund may enter into repurchase agreements with banks and broker-dealers pursuant to which the Fund may acquire a security for a relatively short period (usually no more than a week) subject to the obligations of the seller to repurchase and the Fund to resell such security at a fixed time and price. The Fund will enter into repurchase agreements only with parties who meet creditworthiness standards approved by the Board of Directors, i.e., banks or broker-dealers which have been determined by the Advisers to present no serious risk of becoming involved in bankruptcy proceedings within the period contemplated by the repurchase transaction.

<u>Non-Fundamental Investment Policies</u>

A maximum of 20% of the Fund s total assets in Asian debt securities can be denominated in any combination of Yen, Euro and British pound.

The Fund may invest up to 10% of the Fund s total assets in secondary market bank loans, up to 10% of the Fund s total assets in convertible securities and other hybrid securities, and up to 10% of the Fund s total assets in asset-backed securities.

The Fund currently utilizes and in the future expects to continue to utilize leverage through borrowings or through other transactions, such as reverse repurchase agreements, which have the effect of leverage. The Fund may also utilize leverage through the issuance of debt securities or preferred stock. The Fund may use leverage up to 33 1/3% of its total assets (including the amount obtained through leverage). The Fund generally will not utilize leverage if it anticipates that the Fund s leveraged capital structure would result in a lower return to shareholders than that obtainable over time with an unleveraged capital structure. Use of leverage creates an opportunity for increased income and capital appreciation for shareholders but, at the same time, creates special risks, and there can be no assurance that a leveraging strategy will be successful during any period in which it is employed. See Use of Leverage.

Consistent with its investment objectives, the Fund may invest in a broad array of financial instruments and securities in which the value of the instrument or security is derived from the performance of an underlying asset or a benchmark such as a security index, an interest rate or a foreign currency (derivatives). The Fund may use derivatives to manage currency, interest rate and credit risk and as a substitute for physical securities. The Fund may use interest rate swaps to hedge the Fund s liability with respect to its leverage. There is no limit on the amount of interest rate swap transactions that may be entered into by the Fund. Derivative debt securities that replicate, or substitute for, the currency of a particular country will be counted toward the limitations applicable with respect to issuers in that country. The Fund may invest in over-the-counter or exchange traded derivatives. The Fund may invest in derivatives up to the limits allowed under the 1940 Act. The following guidelines apply with respect to the Fund s derivative investments:

(a) The Fund will only use counterparty institutions rated A or better by recognized international rating agencies, except with respect to Korean futures. In Korea, brokerage houses with Korean futures exchanges require deposits into margin accounts, and in many cases, these accounts are with unrated entities.

(b) A maximum of 7.5% of the Fund s total assets may be invested in a derivative transaction with any single counterparty.

(c) A maximum of 20% of the Fund s total assets may have exposure to currency linked notes.

(d) A maximum of 10% of the Fund s total assets may be at risk to any single counterparty (aggregate interest rate, currency and credit derivatives).

(e) Exchange-traded derivatives may only be traded on regulated derivative exchanges and a maximum of 35% of the Fund s total assets may have exposure to exchange-traded derivatives.

(f) The Fund s maximum gross exposure (long plus short positions) to derivatives traded on the Sydney Futures Exchange is 20% of its total assets and the maximum net exposure (long positions minus short positions) to derivatives traded on the Sydney Futures Exchange is 15% of the Fund s total assets.

(g) A maximum of 20% of the Fund s total assets may have exposure to derivatives traded on the Chicago Board of Trade.

(h) A maximum of 7% of the Fund s total assets may have exposure to derivatives traded on any one Asian Futures Exchanges.

See Derivatives in the Portfolio Securities section for further information.

As a non-diversified company, there is no investment restriction on the percentage of the Fund s assets that may be invested at any time in the securities of any issuer. However, the Fund intends to limit its investments in the securities of any issuer, except for securities issued or guaranteed as to payment of principal and interest by Australian, New Zealand or Asian Country governmental entities, to 5% of its total assets at the time of purchase. The Fund may invest without limitation in securities of Australian governmental entities and intends to invest at least 25% of its assets in securities of Australian governmental entities. The Fund may, at the time of purchase, invest up to 24.9% of its total assets in New Zealand governmental securities and Korea governmental securities. The Fund also may, at the time of purchase, invest up to 15% of its total assets in Asian Country (other than Korea) governmental securities. The Fund intends to invest in a variety of debt securities, with differing issuers, maturities and interest rates, and to comply with the diversification and other requirements of the U.S. Internal Revenue Code of 1986, as amended (the Code) applicable to regulated investment companies so that the Fund will not be subject to U.S. federal income taxes on its net investment income. The average U.S. dollar weighted maturity of the Fund s portfolio is not expected to exceed 10 years.

Investment Restrictions

In addition to the Fund s fundamental investment policies set out above, the Fund has certain investment restrictions that may not be changed without approval by a majority of the Fund s outstanding voting securities. These restrictions concern issuance of senior securities, borrowing, lending, concentration, underwriting and real estate. See Investment Restrictions.

Use of Leverage

As provided in the Investment Company Act of 1940, as amended (the 1940 Act), and subject to certain exceptions, the Fund may issue debt with the condition that immediately after issuance the value of its total assets, less ordinary course liabilities, exceeds 300% of the amount of the debt outstanding.

Thus, as noted above, the Fund may use leverage in the form of borrowings in an amount up to 33 1/3% of the Fund s total assets (including the proceeds of such leverage). The Fund seeks a leverage ratio, based on a variety of factors including market conditions and the Advisers market outlook, where the rate of return, net of applicable Fund expenses, on the Fund s investment portfolio investments purchased with leverage exceeds the costs associated with such leverage.

The Fund, as of August 3, 2012, is leveraged through borrowings from a credit facility in the amount of $600,000,000 or 23% of the Fund s total assets (including the proceeds of such leverage). The Fund s asset coverage ratio as of August 3, 2012 was 436%. See Risks and Special Considerations Leverage Risk for a brief description of the Fund s credit agreement with a syndicate of banks led by The Bank of Nova Scotia.

Following the completion of an offering, the Fund may increase the amount of leverage outstanding. The Fund may engage in additional borrowings in order to maintain the Fund s desired leverage ratio. Leverage creates a greater risk of loss, as well as a potential for more gain, for the common stock than if leverage

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were not used. Interest on borrowings may be at a fixed or floating rate, and the interest at a floating rate generally will be based on short-term rates. The costs associated with the Fund s use of leverage, including the issuance of such leverage and the payment of dividends or interest on such leverage, will be borne entirely by the holders of common stock. As long as the rate of return, net of applicable Fund expenses, on the Fund s investment portfolio investments purchased with leverage exceeds the costs associated with such leverage, the Fund will generate more return or income than will be needed to pay such costs. In this event, the excess will be available to pay higher dividends to holders of common stock. Conversely, if the Fund s return on such assets is less than the cost of leverage and other Fund expenses, the return to the holders of the common stock will diminish. To the extent that the Fund uses leverage, the net asset value and market price of the common stock and the yield to holders of common stock will be more volatile. The Fund s leveraging strategy may not be successful. See Use of Leverage and Risks and Special Considerations Leverage Risk.

Risks (See generally Risks and Special Considerations for more information on these and other risks)

The value of the Fund s assets, as well as the market price of its shares, will fluctuate. You can lose money on your investment. Investing in the Fund involves other risks, including the following:

- *General.* The Fund is a non-diversified, closed-end investment company designed primarily as a long-term investment and not as a trading tool. The Fund invests primarily in fixed income securities. An investment in the Fund s common stock may be speculative and involves a high degree of risk. The Fund should not constitute a complete investment program. Due to the uncertainty in all investments, there can be no assurance that the Fund will achieve its investment objectives.

- *Investment and Market Risk.* An investment in the Fund s Shares is subject to investment risk, including the possible loss of the entire principal amount that you invest. Your investment in Shares represents an indirect investment in the securities owned by the Fund. The value of these securities, like other market investments, may move up or down, sometimes rapidly and unpredictably, and these fluctuations are likely to have a greater impact on the value of the Shares during periods in which the Fund utilizes a leveraged capital structure. If the current global economic downturn continues into a prolonged recession or deteriorates further, the ability of issuers of the corporate fixed-income securities and other securities in which the Fund invests to service their obligations could be materially and adversely affected. The value of the securities in which the Fund invests will affect the value of the Shares. Your Shares at any point in time may be worth less than your original investment, even after taking into account the reinvestment of Fund dividends and distributions.

- *Asian-Pacific Region Risk.* Parts of the Asian-Pacific region may be subject to a greater degree of economic, political and social instability than is the case in the United States and Europe. Some Asian-Pacific countries can be characterized as emerging markets or newly industrialized and may experience more volatile economic cycles than developed countries. The developing nature of securities markets in many countries in the Asian-

Pacific region may lead to a lack of liquidity while some countries have restricted the flow of money in and out of the country. Some countries in Asia-Pacific have historically experienced political uncertainty, corruption, military intervention and social unrest.

Additionally, the Fund may be more volatile than a fund which is broadly diversified geographically. Focusing on a single geographical region involves increased currency, political, regulatory and other risks. Market swings in the targeted geographical region (Asia-Pacific) likely will have a greater effect on portfolio performance than they would in a more geographically diversified fixed income fund.

- *Australian Risk.* Because the Fund invests a significant portion of its assets in Australian securities, the Fund is particularly vulnerable to loss in the event of adverse political, economic, financial and other developments that affect Australia, including fluctuations of Australian currency versus the U.S. dollar. Also, Australia is located in a part of the world that has historically been prone to natural disasters such as drought and is economically sensitive to environmental events. Any such event could result in a significant adverse impact on the Australian economy.

- *Credit Risk.* Investments in debt securities expose the Fund to credit risk. Credit risk is the risk that one or more of the Fund s investments in debt securities or other instruments will decline in price, or fail to pay interest, liquidation value or principal when due, because the issuer of the obligation or the issuer of a reference security experiences an actual or perceived decline in its financial status. Credit risk is influenced by changes in general economic and political conditions and changes in the financial condition of the issuers. During periods of economic downturn or rising interest rates, issuers of securities with a low credit rating may experience financial weakness that could affect their ability to make payments of interest and principal.

- *Interest Rate Risk.* Generally, when market interest rates rise, the prices of debt obligations fall, and vice versa. Interest rate risk is the risk that debt obligations and other instruments in the Fund s portfolio will decline in value because of increases in market interest rates. This risk may be particularly acute when market interest rates are at low levels. The prices of long-term debt obligations generally fluctuate more than prices of short-term debt obligations as interest rates change. During periods of rising interest rates, the average life of certain types of securities may be extended due to slower than expected payments. This may lock in a below market yield, increase the security s duration and reduce the security s value. The Fund s use of leverage will tend to increase interest rate risk.

Investments in floating rate debt instruments, although generally less sensitive to interest rate changes than longer duration fixed rate instruments, may nevertheless decline in value in response to rising interest rates if, for example, the rates at which they pay interest do not rise as much, or as quickly, as market interest rates in general. Conversely, floating rate instruments will not generally increase in value if interest rates decline. Inverse floating rate debt securities may also exhibit greater price volatility than a fixed rate debt obligation with similar credit quality. To the extent the Fund holds floating rate instruments, a decrease (or, in the case of inverse floating rate securities, an increase) in market interest rates

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will adversely affect the income received from such securities and the net asset value of the Fund s common shares.

• *Foreign Securities Risk.* Investing in foreign securities involves certain special considerations that are not typically associated with investments in the securities of U.S. issuers. Foreign issuers are not generally subject to uniform accounting, auditing and financial reporting standards and may have policies that are not comparable to those of domestic issuers. As a result, there may be less information available about foreign issuers than about domestic issuers. Securities of some foreign issuers may be less liquid and more volatile than securities of comparable domestic issuers. There is generally less government supervision and regulation of securities markets, brokers and issuers than in the United States. In addition, with respect to certain foreign countries, there is a possibility of expropriation or confiscatory taxation, political and social instability, or diplomatic developments, which could affect the value of investments in those countries. The costs of investing in foreign countries frequently are higher than the costs of investing in the United States. Although the Advisers endeavor to achieve the most favorable execution costs in portfolio transactions, trading costs in non-U.S. securities markets are generally higher than trading costs in the United States.

Investments in securities of foreign issuers often will be denominated in foreign currencies. Accordingly, the value of the Fund s assets, as measured in U.S. dollars, may be affected favorably or unfavorably by changes in currency exchange rates and in exchange control regulations. The Fund may incur costs in connection with conversions between various currencies. See Risks and Special Considerations Foreign Currency Risk.

The Fund generally holds its foreign securities and cash in foreign banks and securities depositories approved by State Street Bank and Trust Company, the Fund s Foreign Custody Manager (as that term is defined in Rule 17f-5 under the 1940 Act). Some foreign banks and securities depositories may be recently organized or new to the foreign custody business. There may be limited or no regulatory oversight over their operations. Also, the laws of certain countries may put limits on the Fund s ability to recover its assets if a foreign bank, depository or issuer of a security, or any of their agents, goes bankrupt. In addition, it is often more expensive for the Fund to buy, sell and hold securities in certain foreign markets than in the United States. The increased expense of investing in foreign markets reduces the amount the Fund can earn on its investments and typically results in a higher operating expense ratio for the Fund than for investment companies invested only in the United States.

Certain foreign governments levy withholding or other taxes on dividend and interest income. Although in some countries a portion of these taxes are recoverable, the non-recovered portion of foreign withholding taxes will reduce the income received from investments in such countries.

From time to time, the Fund may have invested in certain sovereign debt obligations that are issued by, or certain companies that operate in or have dealings with, countries that become subject to sanctions or embargoes imposed by the U.S. government and the United Nations and/or countries identified by the U.S. government as state sponsors of terrorism.

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Investments in such countries may be adversely affected because, for example, the credit rating of the sovereign debt security may be lowered due to the country s instability or unreliability or the company may suffer damage to its reputation if it is identified as a company which operates in, or has dealings with, such countries. As an investor in such companies, the Fund will be indirectly subject to those risks.

• *Developing and Emerging Markets Risk.* Investing in the securities of issuers located in developing and emerging market countries (and to a certain extent non-U.S. developed market countries) involves special considerations not typically associated with investing in the securities of U.S. issuers and other developed market issuers, including heightened risks of expropriation and/or nationalization, armed conflict, confiscatory taxation, restrictions on transfers of assets, lack of uniform accounting and auditing standards, difficulties in dividend withholding reclaims procedures, less publicly available financial and other information and potential difficulties in enforcing contractual obligations.

The economies of individual developing and emerging market countries may differ favorably or unfavorably from the U.S. economy in such respects as growth of gross domestic product, rate of inflation, currency depreciation, capital reinvestment, resource self-sufficiency and balance of payments position. Governments of many developing and emerging market countries have exercised and continue to exercise substantial influence over many aspects of the private sector. In some cases, the government owns or controls many companies, including some of the largest in the country.

Accordingly, government actions could have a significant effect on economic conditions in a developing or emerging market country and on market conditions, prices and yields of securities in the Fund s portfolio. Moreover, the economies of developing and emerging market countries generally are heavily dependent upon international trade and, accordingly, have been and may continue to be adversely affected by trade barriers, exchange controls, managed adjustments in relative currency values and other protectionist measures imposed or negotiated by the countries with which they trade. These economies also have been and may continue to be adversely affected by economic conditions in the countries with which they trade. Many developing and emerging market economies are considered to be more politically volatile than the developed markets. Investments in securities of issuers in countries other than the U.S. may involve greater political risk, including in some countries, the possibility of nationalization of assets, expropriation or confiscatory taxation, restrictions on repatriation, and the establishment of foreign exchange controls, political changes, government regulation, overburdened and obsolete or unseasoned financial systems, environmental problems, less developed legal systems, economic or social instability or diplomatic developments (including war) which could affect adversely the economies of such countries or the value of the Fund s investments in those countries. Central authorities also tend to exercise a high degree of control over the economies and in many cases have ownership over core productive assets.

The legal systems in many developing and emerging market countries are less developed than those in more developed countries, with the administration of laws and regulations often subject to considerable discretion. Non-U.S. markets may offer less protection to investors than U.S. or other developed markets. It also may be difficult to obtain and enforce a judgment in a court outside of the U.S.

Due to their strong reliance on international trade, most developing and emerging market economies tend to be sensitive both to economic changes in their own region and to changes affecting their major trading partners. These include changes in growth, inflation, foreign exchange rates, current account positions, government policies, taxation and tariffs.

- *Foreign Currency Risk.* The Fund may invest all of its assets in debt securities which are denominated in currencies other than the U.S. dollar. Currency exchange rates can fluctuate significantly over short periods and can be subject to unpredictable changes based on a variety of factors including political developments and currency controls by governments. A change in the value of a currency in which a security is denominated against the U.S. dollar will generally result in a change in the U.S. dollar value of the Fund s assets.

The currencies of developing and emerging markets, in particular, have experienced periods of steady declines or even sudden devaluations relative to the U.S. dollar. Some developing and emerging market currencies may not be internationally traded or may be subject to strict controls by local governments, resulting in undervalued or overvalued currencies. Some developing and emerging markets have experienced balance of payment deficits and shortages in foreign exchange reserves. Governments have responded by restricting currency conversions. Future restrictive exchange controls could prevent or restrict a company s ability to make dividend or interest payments in the original currency of an obligation (often U.S. dollars). In addition, even though the currencies of some developing and emerging markets may be convertible into U.S. dollars, the conversion rates may be artificial to their actual market values.

Sovereign Debt Risk. Investments in sovereign debt involve special risks. Foreign governmental issuers of debt or the governmental authorities that control the repayment of the debt may be unable or unwilling to repay principal or pay interest when due. In the event of default, there may be limited or no legal recourse in that, generally, remedies for defaults must be pursued in the courts of the defaulting party. Political conditions, especially a sovereign entity s willingness to meet the terms of its debt obligations, are of considerable significance. The ability of a foreign sovereign issuer, especially an emerging market country, to make timely payments on its debt obligations will also be strongly influenced by the sovereign issuer s balance of payments, including export performance, its access to international credit facilities and investments, fluctuations of interest rates and the extent of its foreign reserves.

- *Corporate Debt Risk.* The Fund may invest in debt securities of non-governmental issuers. Like all debt securities, corporate debt securities generally represent an issuer s obligation to repay to the investor (or lender) the amount borrowed plus interest over a specified time period. A typical corporate bond specifies a fixed date when the amount borrowed (principal) is due in full, known as the maturity date, and specifies dates when periodic interest (coupon) payments will be made over the life of the security.

Corporate debt securities come in many varieties and may differ in the way that interest is calculated, the amount and frequency of payments, the type of collateral, if any, and the presence of special features (*e.g.*, conversion rights). The Fund s investments in corporate debt securities may include, but are not limited to, senior, junior, secured and unsecured bonds, notes and other debt securities, and may be fixed rate, floating rate, zero coupon and inflation linked, among other things.

Prices of corporate debt securities fluctuate and, in particular, are subject to several key risks including, but not limited to, interest rate risk, credit risk, prepayment risk and spread risk. The market value of a corporate bond may be affected by the credit rating of the corporation, the corporation s performance and perceptions of the corporation in the market place. There is a risk that the issuers of the corporate debt securities in which the Fund may invest may not be able to meet their obligations on interest or principal payments at the time called for by an instrument.

- *Below Investment Grade Securities Risk.* The Fund may invest up to 35% of its total assets in Asia-Pacific debt securities which, at the time of investment, are rated below investment grade (i.e., securities that have been rated below BBB- by S&P or Baa3 by Moody s) (also known as junk bonds) or, if unrated, are in the opinion of the Advisers, of equivalent quality. Among other things, investment in securities which are rated below investment grade requires skilled credit analysis and reduces the overall credit quality of the Fund s portfolio.

Investments in securities rated below investment grade are subject to greater market fluctuations and risk of loss of income and principal than investments in securities with investment grade credit ratings. The former will generally provide higher yields due to the higher premiums required by investors for taking the associated credit risk.

- *Leverage Risk.* The Fund currently has a bank loan to finance investments as a form of leverage. The Fund also has authority to issue preferred stock or engage in reverse repurchase agreements to finance investments. Leverage would exaggerate the effects of both currency fluctuations and of market downturns or upturns on the net asset value and market value of the Fund s common stock, as well as on distributions to holders of common stock. Leverage can also increase the volatility of the Fund s net asset value, and expenses related to leverage can reduce the Fund s income. In the case of leverage, if Fund assets decline in value so that legal asset coverage requirements for any borrowings or preferred stock would not be met, the Fund may be prevented from paying distributions, which could jeopardize its qualification for pass-through tax treatment, make it liable for excise taxes and/ or force it to sell portfolio securities at an inopportune time.

As noted above, the Fund currently leverages through borrowings from a credit facility. The Fund has entered into a revolving credit agreement (the Credit Agreement) with a syndicate of major financial institutions led by The Bank of Nova Scotia (collectively, the Syndicates) to borrow up to $600,000,000. Such borrowings constitute financial leverage. The Credit Agreement contains customary covenant, negative covenant and default provisions, including covenants that limit the Fund s ability to incur

additional debt or consolidate or merge into or with any person, other than as permitted, or sell, lease or otherwise transfer, directly or indirectly, all or substantially all of its assets. The covenants also impose on the Fund asset coverage requirements, fund composition requirements and limits on certain investments, such as illiquid investments, which are more stringent than those imposed on the Fund by the 1940 Act, as well as the Fund s policies. In addition, the Fund agreed not to purchase assets not contemplated by the investment policies and restrictions in effect when the Credit Agreement became effective. The covenants or guidelines could impede the Advisers from fully managing the Fund s portfolio in accordance with the Fund s investment objectives and policies. Furthermore, non-compliance with such covenants or the occurrence of other events could lead to the cancellation of the loan facility. The Fund may not incur additional debt from any other party, except for in limited circumstances (e.g., in the ordinary course of business). The covenants include a requirement that the Fund maintain net assets of no less than $1 billion. Such restrictions shall apply only so long as the Credit Agreement remains in effect.

The Fund must comply with investment quality, diversification and other guidelines established by the credit facility. The Fund does not anticipate that such guidelines will have a material adverse effect on the Fund s common stockholders or its ability to achieve its investment objectives. The Fund may also consider alternatives measures of obtaining leverage in the future. See Use of Leverage, and also Leverage Risk in the Risks and Special Considerations section, for further information.

• *Liquidity Risk.* While the Fund ordinarily invests in debt securities for which there is an active secondary market, the Fund may invest in debt securities for which there is no established secondary market. The securities markets that exist in developing and emerging market countries are substantially smaller, less developed, less liquid and more volatile than the securities markets of the United States and other more developed market countries. In addition, the markets for below investment grade securities may be substantially smaller, less developed, less liquid and more volatile than the markets for prime rated securities, which may make obtaining accurate market quotations for financial reporting purposes and for calculating net asset values more difficult. Market quotations on many non-U.S. debt and sub-investment grade securities may only be available from a limited number of dealers and may not necessarily represent firm bids from those dealers or prices for actual sales. The Fund may not be able readily to dispose of illiquid securities at prices that approximate those at which the Fund could sell such securities if they were more widely traded and, as result of such illiquidity, the Fund may have to sell other investments or engage in borrowing transactions if necessary to raise cash to meet its obligations. Illiquid securities generally trade at a discount.

• *Bank Loans Risk.* Bank loans are generally subject to legal or contractual restrictions on resale. Bank loans are not currently listed on any securities exchange or automatic quotation system. As a result, there may not be a recognized, liquid public market for bank loan interests and it may be difficult for the Fund to value bank loans. Purchasers of loans and other forms of direct indebtedness depend primarily upon the creditworthiness of the borrower for payment of principal and interest. The borrower may be in financial distress or may default or have a right to borrow additional cash from the owners of direct debt. If the Fund does not receive scheduled interest or principal payments on such indebtedness, the Fund s share price and yield could be adversely affected. Direct debt instruments may involve a risk of insolvency of the lending bank or intermediary. In addition, there may be fewer legal protections for owners of direct debt than conventional debt securities. If the Fund acquires a participation interest in a loan, the Fund may not be able to control the exercise of any remedies that the lender would have under the loan. In addition, the Fund normally will have to rely on the participating lender to demand and receive payments in respect of the loans, and to pay those amounts on to the Fund; the Fund will be subject to the risk that the lender may be unwilling or unable to do so. In such a case, the Fund would not likely have any rights against the borrower directly.

- *Convertible Securities Risk.* The Fund may invest in convertible securities, which include bonds, debentures, notes, preferred stocks and other securities that entitle the holder to acquire common stock or other equity securities of the same or a different issuer. Convertible securities generally offer lower interest or dividend yields than non-convertible securities of similar quality. As with all debt securities, the market values of convertible securities tend to decline as interest rates increase and, conversely, to increase as interest rates decline. Convertible securities also tend to reflect the market price of the underlying stock in varying degrees, depending on the relationship of such market price to the conversion price in the terms of the convertible security. Convertible securities rank senior to common stock in an issuer s capital structure and consequently entail less risk than the issuer s common stock.

- *Asset-Backed Securities Risk.* Payment of interest and repayment of principal on asset-backed securities is largely dependent upon the cash flows generated by the assets backing the securities and, in certain cases, supported by letters of credit, surety bonds or other credit enhancements. Asset-backed security values may also be affected by the creditworthiness of the servicing agent for the pool, the originator of the loans or receivables and any entities providing the credit enhancement. In addition, the underlying assets are subject to prepayments that shorten the securities weighted average maturity and may lower their return.

- *Derivatives Risk.* The primary risk of derivatives is the same as the risk of the underlying asset, namely that the value of the underlying asset may increase or decrease. Adverse movements in the value of the underlying asset can expose the Fund to losses. In addition, risks in the use of derivatives include:

- an imperfect correlation between the price of derivatives and the movement of the securities prices, interest rates or currency exchange rates being hedged or replicated;

- the possible absence of a liquid secondary market for any particular derivative at any time;

- the potential loss if the counterparty to the transaction does not perform as promised;

- the possible need to defer closing out certain positions to avoid adverse tax consequences, as well as the possibility that derivative transactions may result in acceleration of gain, deferral of losses or a change in the character of gain realized;

- the risk that the financial intermediary manufacturing the over-the-counter derivative, being the most active market maker and offering the best price for repurchase, will not continue to create a credible market in the derivative;

- because certain derivatives are manufactured by financial institutions, the risk that the Fund may develop a substantial exposure to financial institution counterparties; and

- the risk that a full and complete appreciation of the complexity of derivatives and how future value is affected by various factors including changing interest rates, exchange rates and credit quality is not attained.

There is no guarantee that derivatives will provide successful results and any success in their use depends on a variety of factors including the ability of the Advisers to predict correctly the direction of interest rates, securities prices, currency exchange rates and other factors.

The Fund may use interest rate swaps to hedge up to 100% of its leverage. A significant type of risk associated with interest rate swaps is the risk that the counterparty may default or file for bankruptcy, in which case the Fund would bear the risk of loss of the amount expected to be received under the swap agreement. There can be no assurance that the Fund will have an interest rate swap in place at any given time, nor can there be any assurance that, if an interest rate swap is in place, it will be successful in hedging the Fund s interest rate risk with respect to the Fund s leverage. See Derivatives Risk in the Risks and Special Considerations section for further information.

- *Hedging Strategy Risk.* Certain of the investment techniques that the Fund may employ for hedging will expose the Fund to additional or increased risks.

There may be an imperfect correlation between changes in the value of the Fund s portfolio holdings and hedging positions entered into by the Fund, which may prevent the Fund from achieving the intended hedge or expose the Fund to risk of loss. In addition, the Fund s success in using hedge instruments is subject to the Advisers ability to predict correctly changes in the relationships of such hedge instruments to the Fund s portfolio holdings, and there can be no assurance that the Advisers judgment in this respect will be accurate. Consequently, the use of hedging transactions might result in a poorer overall performance for the Fund, whether or not adjusted for risk, than if the Fund had not hedged its portfolio holdings.

The Advisers are under no obligation to engage in any hedging strategies, and may, in their discretion, choose not to engage in hedging strategies. Even if the Advisers desire to hedge some of the Fund s risks, suitable hedging transactions may not be available or, if available, attractive. A failure to hedge may result in losses to the value of the Fund s investments.

- *Counterparty Risk.* The Fund will be subject to credit risk with respect to the counterparties to the derivative contracts purchased or sold by the Fund. Recently, several broker-dealers and other financial institutions have experienced extreme financial difficulty, sometimes resulting in bankruptcy of the institution. Although the Investment Manager monitors the creditworthiness of the Fund s counterparties, there can be no assurance that the Fund s counterparties will not experience similar difficulties, possibly resulting in losses to the Fund. If a counterparty becomes bankrupt, or otherwise fails to perform its obligations under a derivative contract due to financial difficulties, the Fund may experience significant delays in obtaining any recovery under the derivative contract in a bankruptcy or other reorganization proceeding. The Fund may obtain only a limited recovery or may obtain no recovery in such circumstances.

- *Inflation Risk.* Inflation risk is the risk that the value of assets or income from investments will be worth less in the future as inflation decreases the value of money. As inflation increases, the real value of the Fund s common stock and dividends can decline.

- *Management Risk.* The Advisers judgment about the attractiveness, relative value or potential appreciation of a particular security or investment strategy may prove to be incorrect.

- *Current Economic Conditions Credit Crisis Liquidity and Volatility Risk.* The markets for credit instruments, including fixed income securities, have experienced periods of extreme illiquidity and volatility since the latter half of 2007. Tightening of credit conditions occurred just as a record amount of corporate bonds (as measured by transaction volume) were scheduled to enter the markets in the third quarter of 2007. This imbalance has caused a significant dislocation in the markets, marked by sharply widened credit spreads, delayed high yield bond offerings and a general reduction in liquidity. General market uncertainty and consequent repricing risk have led to market imbalances of sellers and buyers, which in turn have also resulted in significant valuation uncertainties in a variety of debt securities, including certain fixed income securities. In addition, during 2008, several major dealers of fixed income securities exited the market via acquisition or bankruptcy. These conditions resulted, and in many cases continue to result in greater volatility, less liquidity, widening credit spreads and a lack of price transparency, with many debt securities remaining illiquid and of uncertain value. During times of reduced market liquidity the Fund may not be able to sell securities readily at prices reflecting the values at which the securities are carried on the Fund s books. Sales of large blocks of securities by market participants, such as the Fund, that are seeking liquidity can further reduce security prices in an illiquid market. These market conditions may make valuation of some of the Fund s securities uncertain and/or result in sudden and significant valuation increases or decreases in its holdings. Illiquidity and volatility in the credit markets may directly and adversely affect the setting of dividend rates on the Shares.

Furthermore, because of the current conditions in the credit markets around the globe, issuers of fixed income securities may be subject to increased costs associated with incurring debt, tightening underwriting standards and reduced liquidity for the loans they make, the securities they purchase and the securities they issue. The worsening general economic conditions have materially and adversely impacted the broader financial and credit markets and have reduced the availability of debt and equity capital for the market as a whole.

These developments have adversely affected the broader economy, and may continue to do so, which in turn may adversely affect the ability of issuers of securities owned by the Fund to make payments of principal and

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interest when due, lead to lower credit ratings and increased defaults. Such developments could, in turn, reduce the value of securities owned by the Fund and adversely affect the net asset value of the Fund s common stock. Extraordinary steps have been taken by the governments of several leading economic countries to combat the current economic crisis. The impact of these measures is not yet known and cannot be predicted.

- *Government Intervention in Financial Markets Risk.* The recent instability in the financial markets has led the U.S. government and foreign governments to take a number of unprecedented actions designed to support certain financial institutions and segments of the financial markets that have experienced extreme volatility, and in some cases a lack of liquidity. U.S. federal and state governments and foreign governments, their regulatory agencies or self-regulatory organizations may take additional actions that affect the regulation of the securities in which the Fund invests, or the issuers of such securities, in ways that are unforeseeable. Issuers of corporate fixed income securities might seek protection under the bankruptcy laws. Legislation or regulation may also change the way in which the Fund itself is regulated. Such legislation or regulation could limit or preclude the Fund s ability to achieve its investment objectives. The Advisers will monitor developments and seek to manage the Fund s portfolio in a manner consistent with achieving the Fund s investment objectives, but there can be no assurance that it will be successful in doing so.

- *Conflicts of Interest Risk.* The Investment Manager s, the Investment Adviser s and the Sub-Adviser s advisory fees are based on net assets plus the amount of any borrowings for investment purposes. Consequently, the Advisers will benefit from an increase in the Fund s net assets resulting from an offering. In addition, a Director who is an interested person (as such term is defined under the 1940 Act) of the Fund or a portfolio manager of the Fund could benefit indirectly from this offering because of such affiliations.*Net Asset Value Discount. S*hares of the Fund, a closed-end investment company, may trade in the market at a discount from their net asset value. *Distribution Rate.* It is the Fund s current policy to pay distributions on a monthly basis. If the Fund s investments do not gene*r*ate sufficient income, the Fund may be required to liquidate a portion of its portfolio to fund these distributions, and therefore a portion or all of such distributions may represent a reduction of the shareholders principal investment. Such liquidation might be at a time when independent investment judgment would not dictate such action, increasing the Fund s overall portfolio turnover (and related transaction costs) and making it more difficult for the Fund to achieve its investment objectives.

- *Non-Diversification Risk.* As a non-diversified investment company, the Fund can invest more of its assets in fewer issuers than an investment company that is diversified, exposing the Fund to greater risk. The Fund, however, intends to comply with the diversification requirements imposed by the Code, for qualification as a regulated investment company.

- *Anti-takeover Charter Provisions.* The Fund s charter and bylaws contain several provisions that may be regarded as anti-takeover because they have the effect of maintaining continuity of management. See Certain

Provisions of the Maryland General Corporation Law and the Charter and Bylaws.

- *Repurchase Agreements Risk.* These transactions involve risks in the event of counterparty default or insolvency.

- *Securities Lending Risk.* In connection with its loans of portfolio securities, the Fund may be exposed to the risk of delay in recovery of the loaned securities or possible loss of rights in the collateral should the borrower become insolvent. The Fund also bears the risk of loss on the investment of cash collateral. There is also the risk that, in the event of default by the borrower, the collateral might not be sufficient to cover any losses incurred by the Fund. There can be no assurance that the return to the Fund from a particular loan, or from its loans overall, will exceed the related costs and any related losses.

- *Tax Risk.* The Fund may invest in securities of which the federal income tax treatment may not be clear or may be subject to recharacterization by the Internal Revenue Service (the IRS). It could be more difficult for the Fund to comply with the United States tax requirements applicable to regulated investment companies, or with other tax requirements applicable to foreign investors, if the tax characterization of the Fund s investments or the tax treatment of the income from such investments were successfully challenged by the IRS. See Taxation.

Investment Manager, Investment Adviser and Sub-Adviser

The Fund s investment manager is Aberdeen Asset Management Asia Limited, the Fund s investment adviser is Aberdeen Asset Management Limited and the Fund s sub-adviser is Aberdeen Asset Managers Limited. The Investment Manager is a Singapore corporation located at 21 Church Street, #01-01 Capital Square Two, Singapore 049480. The Investment Manager manages the Fund s investments and makes investment decisions on behalf of the Fund. The Investment Adviser is an Australian corporation located at Level 6, 201 Kent Street, Sydney, NSW 2000, Australia. The Investment Adviser makes recommendations to the Investment Manager as to the overall structure of the Fund s portfolio, including asset allocation advice and general advice on investment strategy relating to the Fund s overall investment objectives and the selection of and the placement of orders with brokers and dealers to execute portfolio transactions on behalf of the Fund. The Sub-Adviser is a United Kingdom corporation located at Bow Bells House, 1 Bread Street, London, England, EC4M 9HH. The Sub-Adviser provides sub-advisory services to the Fund, in accordance with the Fund s stated investment objectives, policies and limitations and subject to the supervision of the Board of Directors, and manages the portion of the Fund s assets allocated to it by the Investment Manager. Each of the Investment Manager, the Investment Adviser and the Sub-Adviser is a registered investment adviser under the Advisers Act.

Each of the Investment Manager, the Investment Adviser, and the Sub-Adviser is a wholly-owned subsidiary of Aberdeen Asset Management PLC (Aberdeen PLC), which is the parent company of an asset management group managing approximately $286.5 billion in assets as of June 30, 2012 for a range of pension funds, financial institutions, investment trusts, unit trusts, offshore funds, charities and private clients, in addition to U.S. registered investment companies. The registered offices of Aberdeen PLC are located at 10 Queen s

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Terrace, Aberdeen, Scotland AB 10 1 YG. Aberdeen PLC, its affiliates and subsidiaries are referred to collectively herein as Aberdeen. Aberdeen PLC was formed in 1983 and was first listed on the London Stock Exchange in 1991. See Management of the Fund The Investment Manager, the Investment Adviser and the Sub-Adviser.

The Fund pays the Investment Manager a fee at the annual rate of 0.65% of the Fund s average weekly Managed Assets (defined below) up to $200 million, 0.60% of Managed Assets between $200 million and $500 million, 0.55% of Managed Assets between $500 million and $900 million, 0.50% of Managed Assets between $900 million and $1,750 million, and 0.45% of Managed Assets in excess of $1,750 million, computed based upon Managed Assets determined weekly and payable at the end of each calendar month. For purposes of this calculation, Managed Assets of the Fund shall mean total assets of the Fund, including any form of investment leverage, minus all accrued expenses incurred in the normal course of operations, but not excluding any liabilities or obligations attributable to investment leverage obtained through (i) indebtedness of any type (including, without limitation, borrowing through a credit facility or the issuance of debt securities), (ii) the issuance of preferred stock or other similar preference securities, (iii) the reinvestment of collateral received for securities loaned in accordance with the Fund s investment objectives and policies, and/or (iv) any other means. During periods in which the Fund is utilizing leverage, the advisory fee will be higher than if the Fund did not utilize a leveraged capital structure because the fee is calculated as a percentage of the Managed Assets including those purchased with leverage. The Fund is currently utilizing leverage.

The Investment Manager pays the fees of the Investment Adviser. These fees are computed at the annual rate of 0.25% of the Fund s average weekly Managed Assets up to $1,200 million and 0.20% of such assets in excess of $1,200 million, computed based upon the value of the Managed Assets determined weekly and payable at the end of each calendar month.

The Investment Manager pays the fees of the Sub-Adviser. The Sub-Adviser receives an annual total fee of $100,000, payable in monthly increments.

Portfolio Managers

The Fund is managed by the Asian Fixed Income Team. The following persons have the most significant responsibility for the day-to-day management of the Fund s portfolio Anthony Michael, Head of Fixed Income Asia; Scott Bennett, Head of Asian Credit; Kenneth Akintewe, Portfolio Manager; Victor Rodriguez, Head of Fixed Income Australia; and Nick Bishop, Senior Investment Manager. See Management of the Fund Portfolio Management.

Administrator

Aberdeen Asset Management Inc. (the Administrator), 1735 Market Street, 32nd Floor, Philadelphia, PA 19103, is the administrator for the Fund. The Administrator is a subsidiary of Aberdeen PLC and an affiliate of the Investment Manager, the Investment Adviser and the Sub-Adviser. The Fund pays the Administrator a fee at an annual rate equal to 0.125% of the Fund s average weekly Managed Assets between $0 to $1 billion, 0.10% between $1 billion and $2 billion, and 0.075% in excess of $2 billion, computed based upon the value of the Managed Assets determined at the end of each week. See Management of the Fund Administrator.

Sub-Administrator

State Street Bank and Trust Company (State Street), One Heritage Drive, North Quincy, MA 02171, is the sub-administrator for the Fund and certain

	other affiliated funds.
Custodian	State Street acts as the Fund s custodian. See Management of the Fund Custodian.
Transfer Agent	Computershare Trust Company, N.A., P.O. Box 43078, Providence, RI 02940 (Computershare), serves as the Fund s stock transfer agent and dividend paying agent. See Management of the Fund Transfer Agent.
Dividends and Distributions	It is the Fund s current policy to pay distributions from net investment income supplemented by net realized foreign exchange gains, net realized short-term capital gains and return of capital distributions if necessary, on a monthly basis. A return of capital to a shareholder represents a return of a portion of the shareholder s original investment in the Fund. The Fund will also declare and pay distributions at least annually from net realized gains on investment transactions and net realized foreign exchange gains, if any. Dividends and distributions to shareholders are recorded on the ex-dividend date.
Dividend Reinvestment and Direct Stock Purchase Plan	Computershare sponsors and administers a Dividend Reinvestment and Direct Stock Purchase Plan (the Plan), which is available to shareholders. Additional information about the Plan and a brochure that includes the terms and conditions of the Plan may be obtained at www.computershare.com/buyaberdeen or by calling Computershare at 1-800-647-0584. For both purchases and reinvestment purposes, shares acquired through the Plan will be purchased in the open market at the current share price and cannot be issued directly by the Fund.
Taxation	Withholding and/or other taxes may apply in the countries in which the Fund invests, which will reduce the Fund s cash return in those countries. The Fund intends to elect, when eligible, to pass-through to the Fund s shareholders the ability to claim (subject to limitations) a deduction or credit for the amount of foreign income and similar taxes paid by the Fund. Tax considerations for an investor in the Fund are summarized under Taxation. See also Risks and Special Considerations.

SUMMARY OF FUND EXPENSES

Shareholder Transaction Expenses

Sales Load (as a percentage of offering price)(1)	%
Offering Expenses (as a percentage of offering price)(1)	%
Dividend Reinvestment and Cash Purchase Plan Fees(2)	

Annual Operating Expenses (as a percentage of average net assets attributable to the Fund s common stock)

Management Fee(3)	0.68%
Interest Payments on Borrowed Funds(4)	0.39%
Other Expenses(5)(6)	0.35%
Total Annual Operating Expenses	1.42%

(1) If the Shares are sold to or through underwriters, the Prospectus Supplement will set forth any applicable sales load and the estimated offering expenses.

(2) If you participate in the Plan sponsored and administered by Computershare, you will be subject to any fees imposed by Computershare.

(3) The management agreement provides the Investment Manager with a fee, payable monthly, at the following annual rates: 0.65% of the Fund s average weekly Managed Assets up to $200 million, 0.60% of the Fund s average weekly Managed Assets between $200 million and $500 million, 0.55% of the Fund s average weekly Managed Assets between $500 million and $900 million, 0.50% of the Fund s average weekly Managed Assets between $900 million and $1.75 billion and 0.45% of Managed Assets in excess of $1.75 billion.

(4) The Fund may use leverage through borrowings. The Fund currently borrows under a credit facility.

(5) Other Expenses have been estimated for the current fiscal year.

(6) Includes an administration fee of 0.104% of Managed Assets attributable to the Fund s common stock.

Example

An investor would pay the following expenses on a $1,000 investment in the Fund, assuming a 5% annual return:

One Year	Three Years	Five Years	Ten Years
$ 14	$ 45	$ 77	$ 170

The above table and example are intended to assist investors in understanding the various costs and expenses directly or indirectly associated with investing in Shares of the Fund. The Example assumes that all dividends and other distributions are reinvested at net asset value and that the percentage amounts listed in the table above under Total Annual Operating Expenses remain the same in the years shown. The above table and example and the assumption in the example of a 5% annual return are required by regulations of the Securities and Exchange Commission (the SEC) that are applicable to all investment companies; the assumed 5% annual return is not a prediction of, and does not represent, the projected or actual performance of the Fund s Shares. For more complete descriptions of certain of the Fund s costs and expenses, see Management of the Fund and Expenses.

The example should not be considered a representation of past or future expenses, and the Fund s actual expenses may be greater than or less than those shown. Moreover, the Fund s actual rate of return may be greater or less than the hypothetical 5% return shown in the example.

FINANCIAL HIGHLIGHTS

The financial highlights table is intended to help you understand the Fund s financial performance. Information is shown for the Fund s last ten fiscal years and the six months ended April 30, 2012. Certain information reflects financial results for a single Fund Share. The following information (other than the information for the six months ended April 30, 2012) has been audited by KPMG LLP, independent registered public accounting firm for the Fund, for the fiscal years ended October 31, 2011, 2010 and 2009, and by another independent registered public accounting firm for the fiscal years prior to the fiscal year ended October 31, 2009, each of whose reports thereon were unqualified. The report of KPMG LLP, together with the financial statements of the Fund, are included in the Fund s October 31, 2011 Annual Report, and are incorporated by reference into the SAI, which is available upon request.

	For the Six Months Ended April 30, 2012 (unaudited)		For the Year Ended October 31,			
		2011	2010	2009	2008	2007
Per Share Operating Performance(a):						
Net asset value per common share, beginning of year	$ 7.48	$ 7.27	$ 6.53	$		