

abr dn Asia-Pacific Income Fund VCC (FAP)

Annual Report
October 31, 2023

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Annual Management Report of Fund Performance

As at October 31, 2023

This annual management report of fund performance contains financial highlights of abrdn Asia-Pacific Income Fund VCC (the "Company"). This report should be read in conjunction with the complete annual financial statements that are included on pages 16-37. You may request copies of the interim or annual financial statements at no cost, by calling 1-800-992-6341, by writing to us at c/o abrdn Inc., 1900 Market Street, Suite 200, Philadelphia, PA 19103, USA or by visiting the Company's website at <http://www.abrdnfap.com> or under the Company's profile on SEDAR+ at www.sedarplus.ca.

Security holders may also contact us using one of these methods to request a copy of the Company's proxy voting policies and procedures, proxy voting disclosure record, or quarterly portfolio disclosure.

As a result of an annual redemption feature, the Company's ordinary shares ("Shares") were classified as a liability in the annual financial statements for the year ended October 31, 2022. In this report, the Shares have been reclassified as equity under IAS 32, Financial Instruments. Please see Note 7 in Notes of Financial Statements for further information.

Management Discussion of Fund Performance

Investment Objective and Strategies

The investment objective of the Company is to obtain current income. The Company may also achieve incidental capital appreciation. The Company seeks to obtain these objectives primarily from investment in long-term debt securities. The Company may invest up to 100% of its total assets in Asia-Pacific debt securities.

Risks

The Company has multiple risks associated with investing in long-term debt securities of Asia-Pacific and emerging market entities, including market, credit, currency, political and interest rate risks. Some or all of these risks may contribute to the day-to-day changes in the value of the securities held by the Company and in the net asset value ("NAV") of the Company. However, abrdn Asia Limited ("abrdn Asia"), investment manager to the Company, seeks to mitigate some of these risks by diversifying the Company's holdings across different countries, currencies and industry sectors.

Interest Rate Risk Exposure

By virtue of its fixed-income investment strategy, substantially all of the Company's net assets are exposed to interest rate risk. Interest rate risk is the risk that either the fair value of the Company's financial instruments or cash flows relating to its financial instruments will be impacted by changes in market interest rates. Generally speaking, a rise in market interest rates will have the effect of lowering the fair value of existing fixed-income securities, while a reduction in market interest rates will have the opposite effect. As at October 31, 2023, if the prevailing interest rates had been raised or lowered by 1%, net assets could possibly have decreased or increased, respectively, by approximately C\$3.19 million.

The following table shows the maturity composition of the Company's investments as at October 31, 2023, as compared with the six-months ended April 30, 2023 and the fiscal year ended October 31, 2022:

Date	0 to 5 Years %	5 to 10 Years %	10 Years & Over %
October 31, 2023	38.5	45.3	16.2
April 30, 2023	42.3	42.3	15.4
October 31, 2022	37.0	40.3	22.7

Management Discussion of Fund Performance (continued)

Exchange Value of the Canadian Dollar

Given that a substantial proportion of the Company's assets are invested in securities denominated in foreign currencies, changes in the value of the Canadian Dollar against these foreign currencies can have a significant impact on performance over time. As at October 31, 2023, investments in assets denominated in Asian currencies and U.S. Dollars represented the largest currency holdings in the Company's assets. Generally speaking, a 1% rise or fall in the C\$ exchange rate as of October 31, 2023 would result in a decrease or increase of the Company's NAV of approximately C\$1.74 million respectively. For further information on the composition of the various currencies at the end of the period under review, please refer to the table on page 15 under "Currency Composition".

Market Discount Risk

Being a closed-end investment fund, the Company's Shares may trade at a premium or discount to the NAV. As a result, the return experienced by a holder of Shares (market return) may often differ from the underlying performance of the Company (portfolio performance). The Share price is established by competitive markets, which reflect the buying demand and the selling supply of shares. Factors which are thought to influence the Company's Share price, and, therefore, discounts and premiums, include a fund's relative performance, the liquidity of a fund's securities, whether a fund's securities are redeemable based on net asset value, dividend yield, the use of a managed distribution policy, confidence in a fund's manager, investors' perceptions and expectations regarding the outlook of the countries/sectors/markets where a fund invests. Throughout the fiscal year ended October 31, 2023, the Company's Shares traded within a range of a discount of -12.74 to -20.39%, ending the period at -18.83%.

Liquidity Risk

The Company faces the risk of illiquidity in its investments in lower-rated debt securities and local currency Asia-Pacific debt securities. The ability to hedge risk and transact at low costs in these markets is lower than the more developed markets and is subject to sudden shifts in market liquidity.

Counterparty Risk

The Company also faces counterparty risk with regard to interest rate and foreign exchange derivative transactions in all markets. Additional risk factors relating to the Company are included in the Company's Annual Information Form, which is filed under the Company's profile on SEDAR+ at www.sedarplus.ca.

Results of Operations

Net Asset Value Performance

With regard to the financial performance for the fiscal year, the NAV return for the year ended October 31, 2023 was 18.28%, assuming

reinvestment of dividends, and 6.96% per annum, assuming reinvestment of dividends, since the Company's inception. On October 31, 2023, the Company's Share price was C\$2.50 which represented a discount of 18.83% to the NAV per Share of C\$3.08. Please see the "Market Review" on page 3 and Past Performance on page 11 for further information.

Distributions

For the twelve months ended October 31, 2023, the Company paid a total of C\$0.225 cents per Share in distributions. Based on the Share price of C\$2.50 on October 31, 2023, the Company's cash distribution rate for the twelve months ended October 31, 2023 was 9.0%.

On November 9, 2023 and December 11, 2023, the Company announced that it will pay on November 30, 2023 and January 10, 2024, respectively, a distribution of C\$0.0175 per Share to all holders of Shares of record as of November 22, 2023 and December 29, 2023, respectively.

The Dividend Policy of the Board is to maintain a stable monthly distribution. To achieve a stable monthly distribution at an appropriate level, distributions are made out of Company earnings. The full amount of the distribution is treated as foreign income for Canadian tax purposes.

The Board intends to review the Dividend Policy and current monthly distribution rate on a semi-annual basis, unless market conditions require an earlier evaluation. *abrdn Asia* will provide the Board with an analysis and recommendation to consider as part of the Board's review of the Dividend Policy.

Leverage Facility

The Company was party to a revolving credit loan facility with BNP Paribas (the "BNP Facility"), which was amended and restated on November 15, 2023 (as further amended, the "A&R BNP Facility"). The A&R BNP Facility has a scheduled maturity date of November 13, 2024, and the total amount of permitted borrowing under the A&R BNP Facility is US\$45,000,000. During the fiscal year, the Company paid down a net amount of US\$2,000,000. The Company's outstanding balance on the BNP Facility as at October 31, 2023 was US \$39,600,000 (see Bank Loan on Statements of Financial Position), which represented 42.2% of the NAV of the Company on October 31, 2023. The BNP Facility was the only source of investment leverage used by the Company during the reporting period covered by the financial statements. The Company used futures, forwards and swaps during the reporting period covered by the financial statements, but such derivative instruments were used for hedging purposes only. The leverage is currently used with the intent of enhancing returns by borrowing at interest rates that are anticipated to be lower than relatively higher yields of the fixed income securities in which the Company invests. The Company was accruing the interest daily on the BNP Facility. The total accrued expense as of the fiscal year end is

Management Discussion of Fund Performance (continued)

included in the expense section of the Statement of Comprehensive Income/(Loss) under "Interest expense."

The BNP Facility includes usual and customary covenants for this type of facility. These covenants impose on the Company asset coverage requirements, fund composition requirements and limits on certain investments. The covenants or guidelines could impede abrdn Asia from fully managing the Company's portfolio in accordance with the Company's investment objective and by-laws. The Company is currently in compliance with all covenants under the A&R BNP Facility.

These covenants also include limits on the Company's ability to (i) create, incur, assume or permit to exist certain debt except for certain specified types of debt, (ii) issue any Senior Security (as defined in the A&R BNP Facility) or forms of indebtedness, (iii) incur liens, (iv) change its investment objective or fundamental investment restrictions, or (v) amend the Company's organisational documents in a manner which could adversely affect the rights and remedies of the lender, or change its fiscal year if such a change would adversely affect the rights of the lender. In addition, the A&R BNP Facility does not permit the Company's adjusted asset coverage ratio (as defined in the A&R BNP Facility) to fall below 300% at any time or the NAV to be less than US\$70,000,000). Furthermore, noncompliance with such covenants or the occurrence of other events could lead to the cancellation of the A&R BNP Facility. These other events include, but are not limited to, the following:

- non-payment by the Company of certain obligations to the lender and other parties;
- involuntary or voluntary liquidation, reorganisation or other debt relief proceedings commenced against or by the Company;
- abrdn Investments Limited ceases to be the subinvestment advisor; abrdn Asia or an affiliate ceases to be the investment manager to the Company; State Street Trust Company Canada ceases to be the Company's custodian; or abrdn Canada Limited ("abrdn Canada") or an affiliate ceases to be the Company's administrator; State Street Bank and Trust Company, Singapore Branch, or an affiliate ceases to be the Singapore administrator; KPMG LPP or an affiliate ceases to be the independent auditors; and
- abrdn Asia ceases to be owned or controlled by abrdn Holdings Limited ("abrdn Holdings").

The BNP Facility permits, in certain circumstances, the Company to cure non-compliance or seek waivers or approvals from the lender. However, in the event that the facility is cancelled or is not available for renewal, the Company may not be able to find other financing on acceptable terms, if at all. Should the Company be unable to find other sources for financing it would be forced to "de-lever" by making significant sales of its portfolio investments. De-leveraging could involve the sales of some securities under unfavorable market conditions in order to repay the lender. This could result in the

portfolio's securities being sold for less than their expected value. Furthermore, these sales may realise capital gains.

Interest Rate Swaps

As at October 31, 2023, the Company held interest rate swap agreements with an aggregate notional amount of US \$39.5 million which represented 100% of the US \$39.5 million outstanding under the facility at such time. Under the terms of the interest rate swap agreements in effect as of the fiscal year end, the Company received a floating rate of interest and pays fixed rates of interest for the terms and based upon the notional amounts set forth below:

Remaining Term as of October 31, 2023	Receive/(Pay) Floating Rate	Amount (in US\$ million)	Fixed Rate Payable (%)
76 months	Receive	\$10.0	3.47%
100 months	Receive	\$10.0	3.38%
112 months	Receive	\$10.0	3.37%
113 months	Receive	\$ 9.5	3.14%

Market Disruption and Geopolitical Risk

The increasing interconnectivity between global economies and financial markets increases the likelihood that events or conditions in one region or financial market may adversely impact issuers in a different country, region or financial market. The occurrence of global events similar to those in recent years, such as terrorist attacks around the world, natural disasters, social and political discord, health emergencies (e.g., epidemics and pandemics), cyber-attacks, terrorism, actual or threatened wars, other armed conflicts or debt crises and downgrades, among others, may result in market volatility and may have long term effects on global financial markets and could adversely affect Company service providers and/or the Company's operations as well as interest rates, secondary trading, credit risk, inflation and other factors relating to the shares. The Company cannot predict the effects or likelihood of similar events in the future on world economies, the value of the Shares or the NAV of the Company.

Market Review

Although U.S. Treasury yields rose over the 12 months, global bond markets delivered positive returns overall. Shorter-dated government bonds outperformed, with the yield curve flattening over the period under review, while still remaining inverted. Investors now expect that the U.S. Federal Reserve (Fed) has delivered its final interest-rate hike in October, taking the Federal Funds target rate to 5.25–5.50%.

The U.S. 10-year Treasury yield briefly traded above 5.00% in October before ending the period at 4.93%, as economic data continued to illustrate a resilient U.S. economy. That said, at the time of writing, yields have fallen back, with cracks in the economic outlook starting

Management Discussion of Fund Performance (continued)

to appear: delinquencies rising, the pandemic build-up in household savings largely run down, credit card debt hitting record levels, and an increasing number of people drawing down hardship payments from their 401k pension accounts. Meanwhile, the U.S. dollar retreated from its historic highs in October 2022, although remaining at elevated levels, with the DXY Index¹ above 100 for the period under review.

While the rhetoric from developed market (DM) central banks was that interest rates would remain higher for longer, it seemed most monetary authorities were now at, or very close to, their peak policy² rates. More surprising was the loosening of the yield curve control policy by the Bank of Japan (BoJ) under its new governor, Kazuo Ueda. With the BoJ predicting that inflation will hit 2% in 2024, the central bank first loosened the 'ceiling' for the 10-year Japanese government bond yield to around 1%, before re-defining this as a loose 'upper bound' and removing its pledge to defend this level.

Asia and its central banks are in a very different position to DMs. Data in Asia has generally remained on the weaker side and growth pressures are more evident. Currency performance was mixed, with a basket of Asian currencies strengthening against the Canadian dollar overall, mainly due to strong performance from the Thai baht, Korean won, and Sri Lankan rupee. Asian local currency government bonds delivered positive returns over the 12 months, outperforming U.S. Treasuries.

Asian corporate bonds (credit) delivered positive returns over the 12 months, although the performance deteriorated over the second half of the period as it became clear that the federal funds rate would stay elevated for longer. In addition, purchasing managers' indices³ pointed to economic activity levels slowing across the region apart from in Malaysia, which was flat, and in the Philippines, which expanded at a faster rate. Economic activity contracted in October in half of Asia's economies, including China, with only India still growing strongly in both its manufacturing and services sectors.

Asia's inflation picture has become more nuanced, with the latest prints showing that Thailand slipped into deflation⁴ for the first time in over two years. Inflation printed on target in Hong Kong, India, and Indonesia. Meanwhile, in the Philippines, Singapore, and South Korea, inflation was above central banks' targets and rose further in the latest prints, most notably in the Philippines. Elsewhere, prices in China remained flat while further economic data continued to highlight economic weakness in the country.

Emerging market (EM) bonds performed strongly, driven by improved risk sentiment combined with countries making progress to achieve debt sustainability. EM central banks coming to the end of their rate-hiking cycles also contributed to performance of local currency assets, which outperformed hard currency⁵ debt over the period under review. Investment-grade bonds⁶ outperformed lower-quality high yield (HY) bonds⁷, which fell over the 12-month period. Investment-grade spreads⁸ tightened over the period. In EM currencies, the Russian ruble underperformed against the Canadian dollar, while the Chilean peso, Mexican peso, and Brazilian real all strengthened over the 12 months.

The past 12 months saw a reversal of fortune for HY investors. Returns were aided by a coinciding rally in government bond markets that propelled yields lower at the start of the period, while tighter credit spreads also aided performance. EM returns nearly matched the strength of the U.S. These returns were slightly tempered by rising government bond yields towards the end of the period, but it was still a solid 12 months for HY investors.

Fund Performance Review

The Company invests in assets denominated predominantly in currencies other than the Canadian dollar. As a result, the performance of the Company incorporates the impact of the performance of those currencies against the Canadian dollar. The Company returned 18.28% on a net asset value⁹ basis for the 12 months ending October 31, 2023, versus the 9.18% return of its

- 1 An index that measures the value of the U.S. dollar against a basket of global currencies.
- 2 Monetary policy refers to decisions made by a government, usually through its central bank, regarding the amount of money in circulation in the economy. This includes setting official interest rates.
- 3 Purchasing managers' indices (PMIs) assess the economic activity and financial conditions of the manufacturing and service sectors of a country. The PMIs are used to measure the change in the spending of business firms. Changes in equity prices, corporate bond spreads, and US dollar indices help predict PMIs, and explain a large share of variation in PMIs and GDP.
- 4 Deflation is the opposite of inflation, describing a situation where there is a fall in the general price level.
- 5 Emerging market bonds issued in other currencies (such as the U.S. dollar and euro) that investors feel are more stable. These are typically denominated in U.S. dollars.
- 6 Companies whose bonds are rated as 'investment grade' have a lower chance of defaulting on their debt than those rated as 'non-investment grade'. Generally, these bonds are issued by long-established companies with strong balance sheets. Bonds rated BBB or above are known as investment-grade bonds.
- 7 Companies whose bonds have a higher chance of defaulting on their debt than those rated as 'investment grade'. Bonds rated BB and below are considered 'high yield'. Also known as 'non-investment grade'.
- 8 Difference in yield of two fixed income securities with similar maturities but different credit quality.
- 9 A key measure of the value of a company, fund, or trust is the total value of assets less liabilities, divided by the number of shares.

Management Discussion of Fund Performance (continued)

blended benchmark¹⁰ for the same period. While the performance of the net asset value includes the impact of leverage¹¹, the benchmark performance does not. The unlevered NAV generated a return, after fees and expenses, of 12.8% for the 12-month reporting period ended October 31, 2023, demonstrating that the leverage added an incremental 5.5% to fund performance over that timeframe.

Tighter credit spreads and a return to favor for EM and global HY bonds contributed to the positive total return for the reporting period. The Company's use of leverage magnified the positive impact of the investment returns on the net asset value.

Leverage is used strategically by the Company to support its income-generating capacity. The Company continues to benefit from a positive interest rate differential between the interest income on the investment portfolio and the cost of the leverage.

Relative to the Company's blended benchmark, the investment portfolio outperformed. The principal driver of the outperformance was the overweight¹² allocation to the Indian and Indonesian markets within Asia, allocations to EM debt outside Asia and the Company's underweight to the Australian market.

During the reporting period, the Fund's performance was positively impacted by about 2.0% due to the use of the various forms of derivatives. The use of derivatives to hedge the interest rate risk (primarily paid interest rate swap positions to fix the cost of the leverage) in the portfolio contributed positively.

The monthly distribution reflects the Company's current policy to provide shareholders with a relatively stable cash flow per share. This policy did not have a material effect on the Company's investment strategy over the reporting period.

Outlook

Core rates markets rallied sharply in early November 2022 after U.S. inflation printed below expectations and China announced a long-awaited easing of its COVID restrictions. This performance of the rates market gives a flavor of the environment we looked to position for. However, we are mindful that the market may be overreacting due to technical factors around positioning, largely short rates and long U.S. dollars. While recent movements in US Treasuries prices out the tail-end scenario for further tightening, an easing of policy by the Fed will likely be cautious and moderate.

While EM spreads remain relatively contained following the sharp rally seen in June and July, they are well below the levels seen in March–May 2023 (during the regional banking crisis in the U.S.) as hopes of a soft landing¹³ continue. Wider concerns about the economic outlook in DM credit could harm EM relative valuations. However, if spreads move to price in the expectation of a recession, a lower Fed terminal rate¹⁴, and the end of U.S. growth exceptionalism could be beneficial for EMs. The 'Goldilocks' scenario for EM combines the current rate path for the Fed with the realization of Fed Chairman Powell's forecast for a soft landing, resulting in slower U.S. growth and a weaker U.S. dollar. The two scenarios that could lead to a more challenging environment for EMs would be a higher terminal rate due to persistent U.S. inflation, or markedly lower bond yields due to financial stability risks.

Regarding HY, it appears that investors finally came to the realization that lower quality credits will struggle to refinance their bonds at reasonable levels in a higher-for-longer environment, driving spread widening across quality. We maintain our view that the higher quality end of HY offers very attractive return potential. In the meantime, we continue to be focused on looking for good credits, with long maturity runways and ample yield.

Director Updates

Share Ownership Policy

The Independent Directors are subject to a director's share ownership policy ("Share Ownership Policy"). Under the Share Ownership Policy that was in effect prior to January 1, 2024, Independent Directors of the Company were required to own at least 4,000 Shares of the Company. The Board of Directors amended the Share Ownership Policy to increase the number of shares required to be owned by each Independent Director to 10,000 Shares effective January 1, 2024.

The below chart summarizes each Independent Director Share ownership as at October 31, 2023.

Independent Director	Shares Owned (by public filings)
Radhika Ajmera	4,000*
William J. Braithwaite	70,000
P. Gerald Malone	14,500
Warren C. Smith	17,500

* As of December 31, 2023 total shares owned are 10,000.

10 The Company's blended benchmark is composed of Bloomberg AusBond Composite (10%), JP Morgan Asia Credit Diversified (25%), Markit iBoxx ALBI (CAD) (50%), and JP Morgan GBI Emerging Market Global Diversified (CAD) (15%).

11 Usually refers to a fund being exposed by more than 100% of its net asset value to assets or markets; typically resulting from the use of debt or derivatives.

12 A portfolio holding an excess amount of a particular security (or sector or region) compared to the security's weight in the benchmark portfolio.

13 A milder economic slowdown compared to a recession.

14 The interest rate at which the economy is experiencing stable inflation and full employment.

Management Discussion of Fund Performance (concluded)

Effective October 31 2023, Mr. Hugh Young resigned as a Director from the Board of Directors and Pruska lamthongthong was appointed as a Director of the Board.

Related Party Transactions

The Company has an agreement (the "Management Agreement") with abrln Asia to provide investment management services. abrln Investments Limited, a related company of abrln Asia, was engaged to provide advisory services to abrln Asia, with respect to abrln Asia's services to the Company. abrln Asia paid fees to abrln Investments Limited for services rendered. In addition, the Company has a further agreement (the "Administration Agreement") with abrln Canada (the "Canadian Administrator"), an affiliate of abrln Asia, to be the Canadian administrator of the Company, fulfilling the Company's requirement to appoint a Canadian registered investment fund manager under Canadian securities laws.

The Company has an agreement with abrln Inc. to provide investor relations services.

Implementation of Expense Limitation Agreement

On June 20, 2022, the Board authorized the Company to enter into an Expense Limitation Agreement with abrln Asia pursuant to which the total ordinary operating expenses of the Company (excluding any leverage costs, taxes, interest, brokerage fees, short sale dividend and interest expenses and non-routine expenses) in any fiscal year are capped at 1.20% of the average daily managed assets of the Company on an annualized basis and, thereafter from year to year unless terminated earlier. Management Fees waived or reduced and other payments remitted by abrln Asia Limited under the agreement may be reimbursed to abrln Asia Limited over a three year period subject

to certain conditions. The total amount waived for the fiscal year ended October 31, 2023 pursuant to the Expense Limitation Agreement was \$377,861. Please see Note 6 in Notes to Financial Statements for further information.

Taxation

As part of the Company's move to Singapore, the Company may now be able to rely on a double taxation treaty that may give the Company a more favorable withholding and capital gains tax rate in certain countries and on certain types of securities and forms of income.

Forward-Looking Information

Information in this management report of fund performance that is not current or historically factual information may constitute forward-looking information within the meaning of securities laws. Such forward-looking information reflects abrln Asia's beliefs, estimates and opinion regarding the Company's future financial performance, projects and opportunities and market conditions at the time of preparation. Implicit in this information, particularly in respect of future financial performance and condition of the Company, are factors and assumptions which, although considered reasonable by the Company at the time of preparation, may prove to be incorrect. Holders of Shares are cautioned that actual results are subject to a number of risks and uncertainties, including general economic and market factors, credit, currency, political and interest rate risks and could differ materially from what is currently expected. The Company has no specific intention of updating any forward-looking information whether as a result of new information, future events or otherwise except as required by law.

All amounts in Canadian Dollars ("C\$") unless otherwise stated

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Financial Highlights

The following table shows selected key financial information about the Company, which is intended to help you understand the Company's financial performance for the past five years.

The Company's Net Assets per Share: ^(a)	For the Fiscal Years Ended October 31,				
	2023	2022	2021	2020	2019
Net assets, beginning of year	C\$2.84	C\$3.63	C\$4.04	C\$4.54	C\$4.24
Increase/(decrease) from operations:^(b)					
Total revenue	0.32	0.30	0.32	0.36	0.41
Total expenses	(0.15)	(0.11)	(0.11)	(0.13)	(0.17)
Realised gains/(losses) for the year	(0.14)	(0.22)	(0.17)	(0.46)	0.01
Unrealised gains/(losses) for the year	0.44	(0.49)	(0.18)	(-)	0.38
Total Increase/(decrease) from operations	0.47	(0.52)	(0.14)	(0.23)	0.63
Distributions from:					
Distributable earnings	(0.23)	(0.27)	(-)	(0.27)	(0.32)
Return of par ^(c)	-	-	(0.27)	-	(0.01)
Total annual distributions ^(d)	(0.23)	(0.27)	(0.27)	(0.27)	(0.33)
Net assets, end of year	C\$3.08	C\$2.84	C\$3.63	C\$4.04	C\$4.54
Ratios/Supplemental Data					
Total net asset value end of year (C\$000)	126,594	129,667	184,344	205,220	230,623
Number of Shares outstanding – end of year	41,103,165	45,670,155	50,744,616	50,744,616	50,744,616
Management expense ratio excluding fee waiver	3.30%	2.21%	1.93%	1.87%	2.32%
Management expense ratio, net of fee waiver ^(e)	3.10%	2.17%	1.93%	1.87%	2.32%
Management expense ratio, net of fee waiver excluding interest expense ^(f)	1.25% ^(g)	1.25% ^(g)	1.52%	1.18%	1.19%
Trading expense ratio ^(h)	-	-	-	-	-
Portfolio turnover ⁽ⁱ⁾	29%	55%	64%	107%	73%
Net asset value per Share	C\$3.08	C\$2.84	C\$3.63	C\$4.04	C\$4.54
Closing market price	C\$2.50	C\$2.35	C\$3.03	C\$2.90	C\$3.38

- (a) This information is derived from the Company's audited annual financial statements. The net assets per ordinary share of the Company presented in the financial statements may differ from the net asset value calculated for fund pricing purposes.
- (b) Net assets are based on the actual number of ordinary shares outstanding at the relevant time. The increase or decrease from operations is based on the weighted average number of ordinary shares outstanding over the applicable period.
- (c) Singapore legislation does not provide for "par value" and references to par value relate to periods prior to December 16, 2021 when the Company was domiciled in the Cook Islands.
- (d) Distributions per share are paid in cash and based on the number of ordinary shares outstanding on the dates of such distributions.
- (e) Management expense ratio is the ratio of total expenses of the Company (excluding fee waivers, commissions, other portfolio transaction costs and withholding tax) divided by the daily average total assets of the Company during the period which includes the revolving credit facility. Ratios of the total expenses of the Company excluding fee waivers divided by the average net assets of the Company are 4.66%, 3.09%, 2.61%, 2.58%, and 3.29%, for the periods ended October 31, 2023, October 31, 2022, October 31, 2021, October 31, 2020, and October 31, 2019, respectively.

Financial Highlights (concluded)

- (f) Ratio represents expenses, net of fee waiver, excluding the interest expense and withholding tax on the revolving credit facility divided by the average assets of the Company during the year which includes the revolving credit facility (see last year). Ratios of the total expenses of the Company, net of fee waiver, excluding interest expense divided by the average net assets of the Company are 1.76%, 2.10%, 2.06%, 1.64%, and 1.69%, for the periods ended October 31, 2023, October 31, 2022, October 31, 2021, October 31, 2020, and October 31, 2019, respectively.
- (g) Effective October 31, 2022, the Management expense ratio, net of fee waiver excluding interest expenses also excludes bank loan fees and non-recurring expenses as referenced on the Statement of Comprehensive Income/(loss).
- (h) The trading expense ratio represents total commissions and other portfolio transaction costs expressed as an annualized percentage of daily average net asset value per ordinary shares during the applicable period. The Company is charged commission only on futures contract transactions. During the review period the trading expense ratio was less than 0.005%.
- (i) Portfolio turnover rate is a measure of portfolio trading activity and is computed by dividing the lesser of the cost of investments purchased and the proceeds on sales of investments by the average market value of the investments portfolio for the applicable period. A portfolio turnover rate of 100% is equivalent to the Company buying and selling all of the securities in its portfolio once in the course of the year. The higher the Company's portfolio turnover rate in a period, the greater the chance of an investor receiving taxable capital gains in the year. There is not necessarily a relationship between a high turnover rate and the performance of a company. Portfolio turnover is higher in the fiscal year ended October 31, 2020 due to the market volatility in response to COVID-19.

Amounts listed as “–” are \$0 or round to \$0.

Management Fees

The Management Agreement provides for a monthly fee at the annual rate of 0.65% of the Company's average weekly Managed Assets up to and including C\$250 million, at the annual rate of 0.55% of the Company's average weekly Managed Assets in excess of C\$250 million and including C\$450 million, and at the annual rate of 0.50% of the Company's average weekly Managed Assets in excess of C\$450 million, payable monthly. "Managed Assets" are defined in the Management Agreement as net assets plus the amount of any

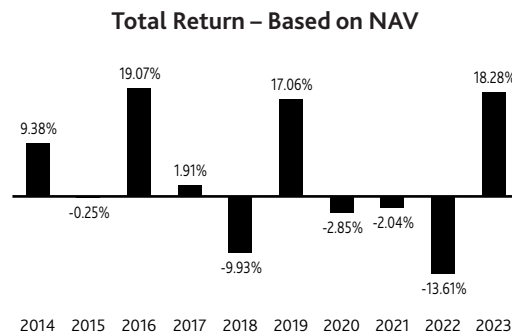
borrowings for investment purposes. For the fiscal year ended October 31, 2023, abrdn Asia earned gross fees of C\$1,283,765 and net fees of C\$377,861 following the application of the Expense Limitation Agreement (described in Notes to Financial Statements note 6.i.), which were used by abrdn Asia to pay its costs for managing the Company's investments and making investment decisions on behalf of the Company.

Past Performance

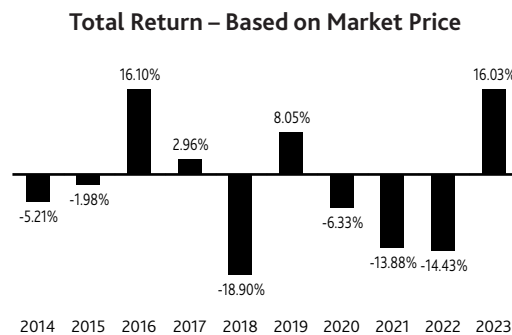
Historical performance is not indicative of future performance.

Year-by-Year Returns

The following bar chart shows the Company's NAV performance for each of the fiscal years shown and illustrates how the NAV performance has changed from year to year. In percentage terms, the bar chart shows how much an investment made on the first day of each period would have grown or decreased by the last day of each period, assuming reinvestment of dividends and distributions. In considering the Company's compound total returns, it should be noted that the payment of distributions has often included a return of paid-in capital, so that the Company's distributions have exceeded the performance of the Company. An investor can buy and sell Shares at the market price on the Toronto Stock Exchange ("TSX") and not at NAV.

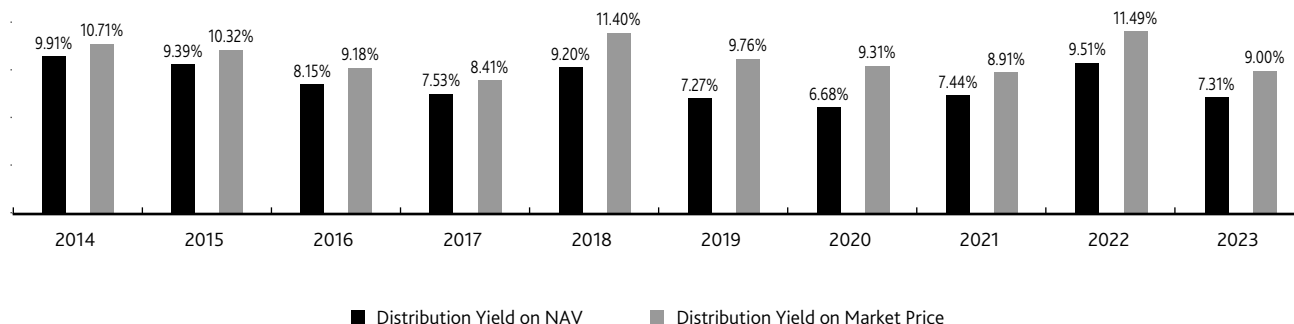


The following chart shows the performance of the Company's Shares on the TSX for each of the fiscal years shown and assumes reinvestment of dividends and distributions.



Past Performance (concluded)

The following chart shows the Company's annual distribution yield based on NAV and market price as of each fiscal year shown and the annualized yield for the fiscal year ended October 31, 2023. Although the Company's total annual distributions has at times included return of paid-in capital, shareholders have received a stable distribution yield over the years shown.



Annual Compound Returns

The table below shows the Company's annual compound total returns, based on the Company's NAV and market price for the one, three, five and ten year periods ended on October 31, 2023.

As a basis of comparison, the Company has selected the JP Morgan Asian Credit Index (JACI) a broad-based securities market index that is comprised of liquid US dollar-denominated debt securities issued out of the Asia region ex-Japan. Additionally, the Benchmark referenced in the table below is a blend of several benchmarks because a benchmark that is in line with Company's investment strategy is not available. The Company invests a portion of its assets in liquid US

dollar-denominated debt securities issued out of the Asia region ex-Japan but less than that of the JACI.

The Company's performance based on NAV takes into account management fees, other fund expenses and includes the impact of the leverage facility. The Company uses leverage strategically to support its income-generating capacity. Over the medium-to-longer term, leverage has contributed positively to the performance of the Company's net asset value; however, in the short term, this can magnify the volatility of the performance of the Company's assets. Based on these factors it is not expected that the Company's performance would mirror that of the benchmark or Index.

	1 Year	3 Years	5 Years	10 Years
Net Asset Value (NAV)	18.28%	0.03%	2.62%	3.11%
Market Price	16.03%	4.21%	2.75%	0.31%
Benchmark ^(a)	9.18%	-2.04%	3.69%	3.99%
JP Morgan Asian Credit Index (JACI)	9.79%	-2.51%	2.16%	5.40%

(a) The Company's benchmark: has changed over time in conjunction with changes in the Company's investment policy. The following information provides the information historically:

- From August 1, 2009, the benchmark was comprised of 25% Bloomberg Ausbond Composite Index, 20% Merrill Lynch Asia USD Bond Index, 35% iBoxx indices and 20% JPMorgan Government Emerging Markets Indices. The iBoxx indices was made up of 15% iBoxx Indonesia, 10% iBoxx Philippines and 10% iBoxx India. The JPMorgan Government Emerging Market Indices were comprised of 6% JPMorgan Government Bond-Mexico, 7% JPMorgan Government Bond-Brazil and 7% JPMorgan Government Bond-Turkey.
- Effective December 31, 2011, the Merrill Lynch Asia USD Bond Index was replaced by the JP Morgan Asian Credit Index; which, effective October 1, 2017, was subsequently replaced by the JP Morgan Asian Credit Diversified Index.
- Effective November 1, 2019 the Company's blended benchmark changed to 50% Markit iBoxx Asian Local Bond Index, 25% J.P. Morgan Asia Credit Diversified Index, 15% JP Morgan GBI Emerging Market Global Diversified Index and 10% Bloomberg Ausbond Composite Index. The benchmark change was due to the change in investment policy that was announced on June 28, 2019.

Summary of Investment Portfolio Information (unaudited)

As at October 31, 2023

The following summary of the investment portfolio may change due to ongoing transactions of the Company. You may obtain quarterly updates by calling 1-800-992-6341, by writing to us c/o abrdn Inc., 1900 Market St., Suite 200, Philadelphia, PA 19103, USA attn: Investor Services or visiting the Company's website at <http://www.abrdnfap.com>.

Country Allocation

The table below shows the Company's investment by country allocation over NAV. The Company's investment policy restrictions define country exposure calculated on Managed Assets.

Country	Percentage of NAV As at October 31, 2023	Percentage of NAV As at October 31, 2022
Indonesia ^(a)	31.6%	32.7%
India	26.2%	29.4%
Australia	13.6%	9.1%
China	5.7%	5.7%
Mexico	4.8%	4.8%
Brazil	4.3%	2.6%
Philippines	4.2%	3.9%
Malaysia	2.7%	2.7%
United Arab Emirates	2.7%	3.2%
Uruguay	2.7%	3.4%
Bahrain	2.7%	3.1%
Supranational	2.6%	0.0%
Colombia	2.3%	0.7%
United Kingdom	2.2%	4.8%
Macao	2.1%	2.0%
Pakistan	2.1%	1.5%
Thailand	2.0%	4.3%
Mongolia	1.6%	2.3%
Other, less than 2% each	21.5%	24.7%
Bank Loan, Other Assets & Liabilities	(37.6)%	(40.9)%
	100.0%	100.0%

(a) Indonesian country allocation as a percentage of Managed Assets as at October 31, 2023 and October 31, 2022 was 22.1% and 22.8%, respectively.

Summary of Investment Portfolio Information (unaudited) (continued)

As at October 31, 2023

Top 25 Investments

The following table shows the top 25 investments held by the Company as at October 31, 2023:

Currency	Principal Amount (000)	Description	Net Asset Value %	Value (C\$)
IDR	75,927,000	Indonesia Treasury Bond, 10.50%, 08/15/2030	6.1	7,787,945
INR	400,000	India Government Bond, 7.54%, 05/23/2036	5.3	6,694,062
INR	400,000	India Government Bond, 7.26%, 01/14/2029	5.2	6,600,868
IDR	64,000,000	Indonesia Treasury Bond, 9.00%, 03/15/2029	4.8	6,025,638
IDR	68,800,000	Indonesia Treasury Bond, 6.50%, 02/15/2031	4.6	5,770,692
INR	300,000	India Government Bond, 7.10%, 04/18/2029	3.9	4,912,217
IDR	49,500,000	Indonesia Treasury Bond, 8.25%, 05/15/2029	3.6	4,524,462
BRL	16,500	Brazil Notas do Tesouro Nacional, 10.00%, 01/01/2029	3.4	4,268,299
AUD	4,800	Westpac Banking Corp., 6.93%, 06/23/2033	3.4	4,258,631
MXN	50,000	Mexican Bonos, 10.00%, 12/05/2024	3.0	3,793,275
IDR	40,000,000	Perusahaan Perseroan Persero PT Perusahaan Listrik Negara, 9.10%, 02/19/2024	2.8	3,514,671
INR	209,000	HDFC Bank Ltd., 7.80%, 05/03/2033	2.7	3,472,420
USD	2,360	Petroliam Nasional Bhd, 7.63%, 10/15/2026	2.7	3,457,296
UYU	107,650	Uruguay Government International Bond, 8.25%, 05/21/2031	2.7	3,393,526
INR	200,000	International Finance Corp., 6.30%, 11/25/2024	2.6	3,296,537
AUD	3,700	Commonwealth Bank of Australia, 6.70%, 03/15/2033	2.6	3,257,826
USD	2,500	Pertamina Persero PT, 6.50%, 11/07/2048	2.6	3,230,854
INR	185,000	India Government Bond, 7.36%, 09/12/2052	2.4	3,009,039
USD	2,050	Oil & Gas Holding Co. BSCC (The), 7.50%, 10/25/2027	2.3	2,855,346
IDR	30,000,000	Indonesia Treasury Bond, 8.25%, 05/15/2036	2.2	2,816,687
PHP	105,000	Philippine Government International Bond, 6.25%, 01/14/2036	1.9	2,426,603
USD	1,470	Indonesia Government International Bond, 8.50%, 10/12/2035	1.9	2,425,435
ZAR	31,000	Republic of South Africa Government Bond, 10.50%, 12/21/2026	1.9	2,375,336
USD	1,700	QBE Insurance Group Ltd., 5.88%, 05/12/2025	1.8	2,253,102
USD	1,600	NBN Co. Ltd., 6.00%, 10/06/2033	1.7	2,183,818

Summary of Investment Portfolio Information (unaudited) (concluded)

As at October 31, 2023

Top 25 Investments

The following table shows the top 25 investments held by the Company as at October 31, 2022:

Currency	Principal Amount (000)	Description	Net Asset Value %	Value (C\$)
IDR	75,927,000	Indonesia Treasury Bond, 10.50%, 08/15/2030	6.0	7,710,287
INR	400,000	India Government Bond, 7.54%, 05/23/2036	5.1	6,589,892
INR	400,000	India Government Bond, 7.26%, 01/14/2029	5.0	6,507,483
IDR	70,000,000	Inter-American Development Bank, (MTN), 7.88%, 03/14/2023	4.7	6,128,151
IDR	64,000,000	Indonesia Treasury Bond, 9.00%, 03/15/2029	4.6	6,023,363
IDR	68,800,000	Indonesia Treasury Bond, 6.50%, 02/15/2031	4.3	5,611,041
INR	300,000	India Government Bond, 7.10%, 04/18/2029	3.7	4,844,110
IDR	49,500,000	Indonesia Treasury Bond, 8.25%, 05/15/2029	3.5	4,497,902
UYU	157,650	Uruguay Government International Bond, 8.25%, 05/21/2031	3.4	4,376,831
IDR	40,000,000	Perusahaan Perseroan Persero PT Perusahaan Listrik Negara, 9.10%, 02/19/2024	2.8	3,589,145
USD	2,360	Petroliam Nasional Bhd, 7.63%, 10/15/2026	2.7	3,505,563
USD	2,650	Oil & Gas Holding Co. BSCC, 7.50%, 10/25/2027	2.7	3,485,711
MXN	50,000	Mexican Bonos, 10.00%, 12/05/2024	2.6	3,421,968
BRL	13,500	Brazil Notas do Tesouro Nacional, 10.00%, 01/01/2029	2.6	3,303,187
INR	200,000	Asian Development Bank, 5.90%, 12/20/2022	2.5	3,279,416
INR	200,000	International Finance Corp., 6.30%, 11/25/2024	2.5	3,186,099
USD	2,150	Australia & New Zealand Banking Group Ltd., 6.75%, 06/15/2026	2.2	2,805,175
IDR	30,000,000	Indonesia Treasury Bond, 8.25%, 05/15/2036	2.1	2,725,032
MXN	43,000	Petroleos Mexicanos, 7.19%, 09/12/2024	2.1	2,678,080
USD	1,970	Ivory Coast Government International Bond, 6.38%, 03/03/2028	1.9	2,435,575
ZAR	31,000	Republic of South Africa Government Bond, 10.50%, 12/21/2026	1.9	2,397,803
USD	1,470	Indonesia Government International Bond, 8.50%, 10/12/2035	1.8	2,343,475
USD	1,820	HSBC Holdings PLC, 6.25%, 03/23/2023	1.8	2,333,932
PHP	105,000	Philippine Government International Bond, 6.25%, 01/14/2036	1.7	2,234,763
USD	1,590	Standard Chartered PLC, 7.75%, 04/02/2023	1.7	2,140,517

Other Investment Portfolio Information (unaudited)

As at October 31, 2023

Geographic Composition

The table below shows the geographical composition of the Company's total investments as at October 31, 2023, compared with April 30, 2023 and October 31, 2022:

Date	Asia (Including NZ) %	Latin America %	Africa %	Australia %	Europe %	Other, < 5 %
October 31, 2023	59.7	11.9	10.8	9.5	3.4	4.7
April 30, 2023	69.5	10.2	6.4	4.7	1.0	8.2
October 31, 2022	70.2	9.2	6.9	6.4	5.3	2.0

Currency Composition

The table below shows the currency composition of the Company's total investments as of October 31, 2023, compared with April 30, 2023 and October 31, 2022:

Date	U.S. Dollar %	Asian Currencies %	Latin American Currencies %	Other, < 5 %
October 31, 2023	46.9	37.0	8.5	7.6
April 30, 2023	54.1	30.6	9.8	5.5
October 31, 2022	56.2	30.0	8.0	5.8

Maturity Composition

The average maturity of the Company's total investments was 5.3 years at October 31, 2023, compared with 4.8 years at April 30, 2023, and 4.8 years at October 31, 2022. The following table shows the maturity composition of the Company's investments as at October 31, 2023, compared with April 30, 2023 and October 31, 2022:

Date	0 to 5 Years %	5 to 10 Years %	10 Years & Over %
October 31, 2023	38.5	45.3	16.2
April 30, 2023	42.3	42.3	15.4
October 31, 2022	37.0	40.3	22.7

Quality of Investments

As at October 31, 2023, 7.4% of the Company's investments were invested in securities where either the issue or the issuer was rated "A" or better by S&P, Moody's or Fitch or, if unrated, was judged to be of equivalent quality by abrdn Asia Limited (the "Investment Manager"). The following table shows the ratings of securities held by the Company as at October 31, 2023, compared with April 30, 2023 and October 31, 2022:

Date	AAA/Aaa %	AA/Aa %	A %	BBB/Baa %	BB/Ba* %	B* %	B or below* %	NR** %
October 31, 2023	1.9	1.2	4.3	61.7	15.4	11.1	2.3	2.1
April 30, 2023	1.8	0.0	4.0	55.8	17.4	13.5	2.8	4.7
October 31, 2022	7.0	0.0	1.8	48.5	21.5	13.0	1.3	6.9

* Below investment grade

** Not Rated

Statements of Financial Position

	Note	October 31, 2023 C\$	October 31, 2022 (Adjusted - See Note 7) C\$
Assets			
Investments, at value(Cost: C\$196,158,106;2022:C\$218,996,003)		174,199,371	182,748,987
Foreign cash(Cost: C\$3,608,315;2022:C\$1,391,011)		3,941,920	1,349,964
Cash		306,937	-
Unsettled sales trades		-	388,280
Interest receivable		3,623,705	3,892,861
Unrealized appreciation on interest rate swaps		5,116,989	-
Prepaid expenses in connection with bank loans		1,058	14,361
Sundry debtors and prepayments		173,815	158,455
Total assets		C\$ 187,363,795	C\$ 188,552,908
Liabilities			
Bank loan	8	54,972,839	56,742,652
Cash from broker on interest rate swap agreements		3,633,070	-
Cash due to broker for forward foreign currency contracts		1,539,017	-
Interest payable on bank loan	8	212,525	131,247
Investment management fees payable	6	55,355	71,515
Unrealised depreciation on forward foreign currency exchange contracts		28,810	960,694
Administration fees payable	6	20,381	21,309
Director fees payable		14,171	8,823
Deferred foreign capital gains tax	5	8,810	359
Investor relations fees payable	6	8,158	8,191
Due to custodian		-	502,635
Accrued expenses and other liabilities		276,392	438,808
Total liabilities		60,769,528	58,886,233
Share capital		467,819,211	481,839,870
Deficit		(294,113,343)	(285,666,833)
Unrealised appreciation/(depreciation) on investments, interest rate swaps, futures and foreign currency transactions		(47,111,601)	(66,506,362)
Total Equity		C\$126,594,267	C\$ 129,666,675
Net assets per share attributable to holders of Shares (41,103,165 and 45,670,155 Shares outstanding at October 31, 2023 and October 31, 2022, respectively)		C\$ 3.08	C\$ 2.84

Amounts listed as "-" are \$0 or round to \$0

Approved by the Board of Directors

/s/William Braithwaite

William Braithwaite
Chairman

/s/P. Gerald Malone

P. Gerald Malone
Chairman of Audit Committee

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

Statements of Comprehensive Income/(Loss)

	Note	Twelve Months Ended October 31, 2023 C\$	Twelve Months Ended October 31, 2022 (Adjusted - See Note 7) C\$
Investment Income			
Interest Income		13,616,363	14,557,822
Realised gains/(losses) on investments		(7,363,283)	(9,925,501)
Realised gains/(losses) on foreign currency transactions		1,368,983	(4,564,623)
Realised gains/(losses) on interest rate swap contracts		8,967	3,995,622
Change in unrealised appreciation/(depreciation) on investments		14,288,281	(17,691,231)
Change in unrealised appreciation/(depreciation) on futures contracts		–	497
Change in unrealised appreciation/(depreciation) on interest rate swap contracts		5,116,989	976,866
Change in unrealised appreciation/(depreciation) on translation of foreign currency denominated assets and liabilities		(10,509)	(7,284,050)
		27,025,791	(19,934,598)
Expenses			
Investment management fees	6	1,283,765	1,453,765
Director fees and expenses		245,941	196,558
Administration fees	6	234,123	280,024
Legal and professional fees and expenses		193,605	292,100
Independent auditor fees and expenses		178,312	163,899
Transfer agent fees and expenses		101,133	109,486
Investor relations fees and expenses	6	96,979	93,057
Bank loan fees		66,155	515,075
Reports to shareholders		61,681	69,882
Custodian fees and expenses		57,633	96,299
Insurance		44,375	23,983
Independent review committee fees		20,615	20,688
Registration, listing and depositary fees		16,484	19,396
Miscellaneous		112,559	67,968
Total operating expenses		2,713,360	3,402,180
Interest expense	8	3,471,713	1,561,543
Withholding taxes		553,999	268,059
Expenses reduced by Investment Adviser		(377,861)	(77,019)
Total expenses		6,361,211	5,154,763
Income (loss) for the period		C\$20,664,580	C\$(25,089,361)
Earnings (loss) per share C\$20,664,580/42,980,010 weighted average number of Shares (October 31, 2022-C\$(25,089,361)/47,755,550)		C\$ 0.4808	C\$ (0.5254)

Amounts listed as "-" are \$0 or rounded to \$0

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

Statements of Changes in Shareholders' Equity

	Twelve Months Ended October 31, 2023 C\$	Twelve Months Ended October 31, 2022 (Adjusted - See Note 7) C\$
Equity beginning of year	129,666,675	184,344,109
Income (loss) for the period	20,664,580	(25,089,361)
Distributions to holders of Shares	(9,716,329)	(12,901,819)
Payments on redemption(4,566,990 and 5,074,461 shares, respectively)	(14,020,659)	(16,686,254)
	(23,736,988)	(29,588,073)
Decrease in Shareholders' Equity	(3,072,408)	(54,677,434)
Equity end of year	126,594,267	129,666,675

Amounts listed as "-" are \$0 or rounded to \$0

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

Statements of Cash Flows

	Twelve Months Ended October 31, 2023 C\$	Twelve Months Ended October 31, 2022 C\$
Increase / (Decrease) in Cash (Including Foreign Currency)		
Cash Flows provided from/(used for) Operating Activities:		
Interest received	13,339,553	14,993,507
Interest paid	(3,390,435)	(1,503,295)
Operating expenses paid	(2,511,745)	(3,752,708)
Net payments received from broker for collateral on interest rate swaps	3,826,567	1,377,763
Purchases of investments at fair value	(54,260,873)	(119,314,872)
Proceeds from sales of investments at fair value	70,064,982	142,720,107
Realised gains/(losses) on forward foreign currency exchange contracts closed	2,966,785	1,213,865
Realised gains/(losses) on interest rate swap transactions	8,967	3,995,622
Payments received from/(paid to) broker for futures contracts	-	258
Net cash provided from operating activities	C\$ 30,043,801	C\$ 39,730,247
Cash Flows provided from/(used for) Financing Activities:		
Due to custodian	(502,635)	502,635
Bank Loan	(2,704,800)	(23,761,353)
Distributions to holders of redeemable shares	(9,716,329)	(12,901,819)
Redemption of Shares	(14,020,659)	(16,686,254)
Net cash used for financing activities	(26,944,423)	(52,846,791)
Effect of exchange rate on cash	(200,485)	319,506
Net increase/(decrease) in cash	2,898,893	(12,797,038)
Cash at beginning of year	1,349,964	14,147,002
Cash at end of year	C\$ 4,248,857	C\$ 1,349,964

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

Schedule of Investment Portfolio

As of October 31, 2023

Principal Amount (000)	Description	Cost (C\$)	Carrying Value (C\$)
CORPORATE BONDS—64.8%			
AUSTRALIA—13.6%			
USD 1,000	Australia & New Zealand Banking Group Ltd., (fixed rate to 06/15/2026, variable rate thereafter), 6.75%, 06/15/2026 ^{(a)(b)}	\$ 1,494,420	\$ 1,345,425
AUD 3,700	Commonwealth Bank of Australia, (fixed rate to 03/15/2033, variable rate thereafter), 6.70%, 03/15/2033 ^(c)	3,283,365	3,257,826
AUD 1,000	Emeco Pty. Ltd., 6.25%, 07/10/2026 ^(c)	929,349	811,837
USD 1,610	Macquarie Bank Ltd., (fixed rate to 03/08/2027 variable rate thereafter), 6.13%, 03/08/2027 ^{(a)(b)}	2,248,363	1,976,208
USD 830	Mineral Resources Ltd., 8.00%, 11/01/2027 ^{(a)(c)}	1,063,977	1,112,202
USD 1,600	NBN Co. Ltd., 6.00%, 10/06/2033 ^{(a)(c)}	2,174,003	2,183,818
USD 1,700	QBE Insurance Group Ltd., (fixed rate to 05/12/2025 variable rate thereafter), 5.88%, 05/12/2025 ^{(a)(b)}	2,358,192	2,253,102
AUD 4,800	Westpac Banking Corp., (fixed rate to 06/23/2033, variable rate thereafter), 6.93%, 06/23/2033 ^{(a)(c)}	4,345,924	4,258,631
Total Australia		17,897,593	17,199,049
BAHRAIN—2.3%			
USD 2,050	Oil & Gas Holding Co. BSCC (The), 7.50%, 10/25/2027 ^(a)	2,986,827	2,855,346
CHINA—5.7%			
USD 490	Central China Real Estate Ltd., 7.75%, 05/24/2024 ^{(a)(c)(d)(e)}	270,556	23,783
USD 200	Central China Real Estate Ltd., 7.90%, 11/07/2025 ^{(c)(d)(e)(f)}	143,030	10,747
USD 2,490	China Evergrande Group, 8.75%, 06/28/2025 ^{(a)(c)(d)}	993,325	51,795
USD 250	China Oil & Gas Group Ltd., 4.70%, 06/30/2026 ^{(a)(c)}	252,741	274,983
USD 890	Chongqing International Logistics Hub Park Construction Co. Ltd., 5.30%, 08/20/2024 ^(a)	1,131,847	1,182,371
USD 300	CIFI Holdings Group Co. Ltd., 5.95%, 10/20/2025 ^{(a)(c)(d)(e)}	288,394	27,458
USD 700	CIFI Holdings Group Co. Ltd., 6.55%, 03/28/2024 ^{(a)(c)(d)}	981,410	56,749
USD 200	Country Garden Holdings Co. Ltd., 5.13%, 01/14/2027 ^{(a)(c)}	260,140	11,249
USD 659	Country Garden Holdings Co. Ltd., 7.25%, 04/08/2026 ^{(a)(c)}	638,308	37,012
USD 440	Far East Horizon Ltd., 4.25%, 10/26/2026 ^(a)	504,726	515,520
USD 850	Huarong Finance II Co. Ltd., 5.50%, 01/16/2025 ^(a)	1,114,185	1,131,588
USD 200	Kaisa Group Holdings Ltd., 9.75%, 09/28/2023 ^{(a)(c)(d)(e)}	236,807	8,667
USD 700	Lenovo Group Ltd., 6.54%, 07/27/2032 ^{(a)(c)}	901,460	940,180
USD 450	Logan Group Co. Ltd., 5.25%, 10/19/2025 ^{(a)(c)(d)(e)}	519,535	34,703
USD 450	Logan Group Co. Ltd., 6.50%, 07/16/2023 ^{(a)(c)(d)}	557,367	36,494
USD 1,256	Shandong Iron & Steel Xinheng International Co. Ltd., 6.50%, 11/05/2023 ^(a)	1,673,468	1,738,344
USD 550	Shimao Group Holdings Ltd., 6.13%, 02/21/2024 ^{(a)(c)(d)}	354,048	15,254
USD 300	Shui On Development Holding Ltd., 5.50%, 03/03/2025 ^{(a)(c)}	352,748	214,461
USD 400	Sunac China Holdings Ltd., 5.95%, 04/26/2024 ^{(a)(c)(d)}	505,058	85,978
USD 686	Sunac China Holdings Ltd., 6.80%, 10/20/2024 ^{(a)(c)(d)(e)}	861,119	147,453
USD 214	Sunac China Holdings Ltd., 7.00%, 07/09/2025 ^{(a)(c)}	256,553	45,998
USD 900	Times China Holdings Ltd., 6.20%, 03/22/2026 ^{(a)(c)(d)(e)}	1,103,222	24,961
USD 600	Vanke Real Estate Hong Kong Co. Ltd., 3.50%, 11/12/2029 ^(a)	340,833	297,250
USD 600	Wanda Properties Global Co. Ltd., 11.00%, 01/20/2025 ^(a)	777,827	241,919
USD 880	Yuzhou Group Holdings Co. Ltd., 8.30%, 05/27/2025 ^{(a)(c)(d)(e)}	402,716	71,695
USD 400	Zhenro Properties Group Ltd., 6.63%, 01/07/2026 ^{(a)(c)(d)(e)}	302,719	2,773
USD 1,300	Zhenro Properties Group Ltd., 8.00%, 03/06/2023 ^(c)	1,645,739	6,905
Total China		17,369,881	7,236,290
COLOMBIA—1.4%			
USD 1,000	Banco Davivienda SA, (fixed rate to 04/22/2031, variable rate thereafter), 6.65%, 04/22/2031 ^{(a)(b)}	953,920	832,050
USD 750	Ecopetrol SA, 6.88%, 04/29/2030 ^(c)	902,809	936,507
Total Colombia		1,856,729	1,768,557
FRANCE—0.6%			
USD 560	BNP Paribas SA, (fixed rate to 08/14/2028, variable rate thereafter), 8.50%, 08/14/2028 ^{(a)(b)}	748,720	744,110
HONG KONG—1.6%			
USD 800	Hutchison Whampoa Finance CI Ltd., 7.50%, 08/01/2027 ^(a)	1,412,561	1,172,294
USD 250	Hutchison Whampoa International 03/33 Ltd., 7.45%, 11/24/2033 ^(a)	288,535	377,770
USD 400	Melco Resorts Finance Ltd., 5.75%, 07/21/2028 ^{(a)(c)}	430,675	468,514
Total Hong Kong		2,131,771	2,018,578
INDIA—9.4%			
USD 400	ABJA Investment Co. Pte Ltd., 5.95%, 07/31/2024 ^(a)	533,662	552,304

Schedule of Investment Portfolio (continued)

As of October 31, 2023

Principal Amount (000)	Description	Cost (C\$)	Carrying Value (C\$)
CORPORATE BONDS (continued)			
INDIA (continued)			
USD 950	Greenko Wind Projects Mauritius Ltd., 5.50%, 04/06/2025 ^{(a)(c)}	\$ 1,185,172	\$ 1,250,914
INR 209,000	HDFC Bank Ltd., 7.80%, 05/03/2033	3,445,165	3,472,420
USD 1,200	Periama Holdings LLC, 5.95%, 04/19/2026 ^(a)	1,661,456	1,561,458
USD 1,478	Power Finance Corp. Ltd., 6.15%, 12/06/2028 ^(a)	2,240,402	2,038,405
INR 100,000	REC Ltd., 6.92%, 03/20/2032	1,605,036	1,585,699
USD 1,100	Reliance Industries Ltd., 6.25%, 10/19/2040 ^(a)	1,584,859	1,451,982
Total India		12,255,752	11,913,182
INDONESIA—7.8%			
IDR 5,000,000	Astra Sedaya Finance PT, 9.20%, 02/13/2024	479,582	439,334
USD 668	LLPL Capital Pte Ltd., 6.88%, 02/04/2039 ^{(a)(f)}	1,025,502	806,311
USD 1,110	Medco Oak Tree Pte Ltd., 7.38%, 05/14/2026 ^{(a)(c)}	1,449,464	1,530,257
USD 2,500	Pertamina Persero PT, 6.50%, 11/07/2048 ^(a)	3,524,796	3,230,854
IDR 40,000,000	Perusahaan Perseroan Persero PT Perusahaan Listrik Negara, 9.10%, 02/19/2024	3,818,648	3,514,671
USD 370	Perusahaan Perseroan Persero PT, Perusahaan Listrik Negara, 5.25%, 10/24/2042 ^(a)	418,636	401,595
Total Indonesia		10,716,628	9,923,022
ISRAEL—0.6%			
USD 650	Bank Leumi Le-Israel BM, (fixed rate to 04/18/2028, variable rate thereafter), 7.13%, 04/18/2028 ^{(a)(c)}	865,443	802,235
KAZAKHSTAN—0.6%			
KZT 311,000	Development Bank of Kazakhstan JSC, 10.95%, 05/06/2026 ^(a)	887,691	769,810
MACAO—2.1%			
USD 800	MGM China Holdings Ltd., 5.88%, 05/15/2026 ^{(a)(c)}	1,123,731	1,034,892
USD 700	Studio City Finance Ltd., 6.50%, 01/15/2028 ^{(a)(c)}	810,317	792,403
USD 690	Wynn Macau Ltd., 5.50%, 10/01/2027 ^{(a)(c)}	633,207	832,582
Total Macao		2,567,255	2,659,877
MALAYSIA—2.7%			
USD 2,360	Petroleum Nasional Bhd, 7.63%, 10/15/2026 ^(a)	3,908,121	3,457,296
MEXICO—0.0%			
USD 1,250	Unifin Financiera SAB de CV, 8.38%, 01/27/2028 ^{(a)(c)(d)}	1,346,625	34,764
OMAN—1.3%			
USD 1,180	Oztel Holdings SPC Ltd., 6.63%, 04/24/2028 ^(a)	1,685,412	1,628,798
PANAMA—0.7%			
USD 836	UEP Penonome II SA, 6.50%, 10/01/2038 ^{(a)(f)}	847,672	861,213
PHILIPPINES—0.7%			
USD 800	AC Energy Finance International Ltd., 5.10%, 11/25/2025 ^{(a)(b)}	1,049,877	819,966
SAUDI ARABIA—0.9%			
USD 600	Dar Al-Arkan Sukuk Co. Ltd., 8.00%, 02/25/2029 ^(a)	781,737	814,660
USD 298	Saudi Electricity Global Sukuk Co. 3, 5.50%, 04/08/2044 ^(a)	490,951	369,827
Total Saudi Arabia		1,272,688	1,184,487
SINGAPORE—1.4%			
USD 580	GLP Pte Ltd., (fixed rate to 05/17/2026, variable rate thereafter), 4.50%, 05/17/2026 ^{(a)(b)}	701,307	228,868
USD 1,000	Singapore Telecommunications Ltd., 7.38%, 12/01/2031 ^(a)	1,557,910	1,519,046
Total Singapore		2,259,217	1,747,914
SOUTH KOREA—1.4%			
USD 600	SK Hynix, Inc., 6.50%, 01/17/2033 ^(a)	795,556	791,958
USD 830	Tongyang Life Insurance Co. Ltd., (fixed rate to 09/22/2025, variable rate thereafter), 5.25%, 09/22/2025 ^{(a)(b)}	1,091,429	983,877
Total South Korea		1,886,985	1,775,835
SPAIN—0.8%			
USD 800	Banco Bilbao Vizcaya Argentaria SA, (fixed rate to 03/05/2025, variable rate thereafter), 6.50%, 03/05/2025 ^(b)	1,064,588	1,045,186

Schedule of Investment Portfolio (continued)

As of October 31, 2023

Principal Amount (000)	Description	Cost (C\$)	Carrying Value (C\$)
CORPORATE BONDS (continued)			
THAILAND—2.0%			
USD 1,100	Bangkok Bank PCL, 9.03%, 03/15/2029 ^(a)	\$ 1,463,150	\$ 1,674,541
USD 680	Kasikornbank PCL, (fixed rate to 10/14/2025 variable rate thereafter), 5.28%, 10/14/2025 ^{(a)(b)}	906,054	880,281
Total Thailand		2,369,204	2,554,822
UNITED ARAB EMIRATES—2.7%			
USD 330	DP World Ltd., 6.85%, 07/02/2037 ^(a)	561,246	452,361
USD 580	Emirates NBD Bank PJSC, (fixed rate to 04/09/2026 variable rate thereafter), 6.13%, 04/09/2026 ^{(a)(b)}	805,029	785,655
USD 1,600	MAF Global Securities Ltd., (fixed rate to 06/30/2027 variable rate thereafter), 7.88%, 06/30/2027 ^{(a)(b)}	2,071,249	2,183,539
Total United Arab Emirates		3,437,524	3,421,555
UNITED KINGDOM—2.2%			
USD 600	HSBC Holdings PLC, (fixed rate to 03/07/2028, variable rate thereafter), 8.00%, 03/07/2028 ^(b)	795,870	816,449
USD 1,500	Standard Chartered PLC, (fixed rate to 08/15/2027, variable rate thereafter), 7.75%, 08/15/2027 ^{(a)(b)}	1,957,954	1,995,760
Total United Kingdom		2,753,824	2,812,209
UNITED STATES—1.6%			
USD 850	Hyundai Capital America, 6.38%, 04/08/2030 ^{(a)(c)}	1,380,714	1,160,348
USD 600	Nissan Motor Acceptance Co. LLC, 7.05%, 09/15/2028 ^{(a)(c)}	813,822	821,760
Total United States		2,194,536	1,982,108
VIETNAM—0.7%			
USD 670	Mong Duong Finance Holdings BV, 5.13%, 05/07/2029 ^{(a)(c)(f)}	893,679	839,927
Total Corporate Bonds		97,254,242	82,056,136
GOVERNMENT BONDS—72.8%			
ANGOLA—1.4%			
USD 1,350	Angolan Government International Bond, 9.50%, 11/12/2025 ^(a)	1,874,814	1,797,048
BAHAMAS—1.2%			
USD 1,288	Bahamas Government International Bond, 6.00%, 11/21/2028 ^{(a)(c)(f)}	1,863,549	1,464,649
BAHRAIN—0.4%			
USD 380	CBB International Sukuk Co. 7 SPC, 6.88%, 10/05/2025 ^(a)	555,637	526,002
BRAZIL—4.3%			
BRL 16,500	Brazil Notas do Tesouro Nacional, 10.00%, 01/01/2029	4,232,691	4,268,299
BRL 4,700	Brazil Notas do Tesouro Nacional, 10.00%, 01/01/2033	1,117,674	1,165,560
Total Brazil		5,350,365	5,433,859
COLOMBIA—0.9%			
COP 3,500,000	Colombian TES, 10.00%, 07/24/2024	1,023,333	1,178,107
DOMINICAN REPUBLIC—0.5%			
DOP 25,000	Dominican Republic International Bond, 13.63%, 02/03/2033 ^{(a)(c)}	743,600	690,661
EGYPT—0.7%			
USD 1,000	Egypt Government International Bond, 7.60%, 03/01/2029 ^(a)	884,788	860,786
INDIA—16.8%			
INR 300,000	India Government Bond, 7.10%, 04/18/2029	4,805,894	4,912,217
INR 400,000	India Government Bond, 7.26%, 01/14/2029	6,511,431	6,600,868
INR 185,000	India Government Bond, 7.36%, 09/12/2052	3,016,304	3,009,039
INR 400,000	India Government Bond, 7.54%, 05/23/2036	6,527,608	6,694,062
Total India		20,861,237	21,216,186
INDONESIA—23.8%			
USD 500	Indonesia Government International Bond, 7.75%, 01/17/2038 ^(a)	985,922	790,370
USD 1,470	Indonesia Government International Bond, 8.50%, 10/12/2035 ^(a)	2,702,326	2,425,435
IDR 68,800,000	Indonesia Treasury Bond, 6.50%, 02/15/2031	6,075,679	5,770,692
IDR 49,500,000	Indonesia Treasury Bond, 8.25%, 05/15/2029	4,619,780	4,524,462
IDR 30,000,000	Indonesia Treasury Bond, 8.25%, 05/15/2036	2,754,047	2,816,687
IDR 64,000,000	Indonesia Treasury Bond, 9.00%, 03/15/2029	6,429,506	6,025,638
IDR 75,927,000	Indonesia Treasury Bond, 10.50%, 08/15/2030	10,068,550	7,787,945
Total Indonesia		33,635,810	30,141,229

Schedule of Investment Portfolio (continued)

As of October 31, 2023

Principal Amount (000)	Description	Cost (C\$)	Carrying Value (C\$)
GOVERNMENT BONDS (continued)			
JORDAN—1.5%			
USD 1,455	Jordan Government International Bond, 7.75%, 01/15/2028 ^(a)	\$ 1,813,508	\$ 1,919,761
MEXICO—4.8%			
MXN 26,500	Mexican Bonos, 8.50%, 05/31/2029	2,041,153	1,893,803
MXN 50,000	Mexican Bonos, 10.00%, 12/05/2024	3,529,838	3,793,275
MXN 5,000	Mexican Bonos, 10.00%, 12/05/2024	341,819	379,328
Total Mexico		5,912,810	6,066,406
MONGOLIA—1.6%			
USD 250	Mongolia Government International Bond, 8.65%, 01/19/2028 ^(a)	336,696	343,368
USD 1,190	Mongolia Government International Bond, 8.75%, 03/09/2024 ^(a)	1,724,793	1,655,183
Total Mongolia		2,061,489	1,998,551
NIGERIA—1.4%			
USD 1,550	Nigeria Government International Bond, 8.75%, 01/21/2031 ^(a)	2,209,685	1,843,250
PAKISTAN—2.1%			
USD 1,140	Pakistan Global Sukuk Programme Co. Ltd. (The), 7.95%, 01/31/2029 ^(a)	1,446,733	957,896
USD 2,022	Pakistan Government International Bond, 6.88%, 12/05/2027 ^(a)	2,642,171	1,479,956
USD 260	Pakistan Government International Bond, 7.38%, 04/08/2031 ^(a)	220,806	176,672
Total Pakistan		4,309,710	2,614,524
PHILIPPINES—3.5%			
PHP 71,660	Philippine Government Bond, 9.25%, 11/05/2034	1,907,624	2,044,478
PHP 105,000	Philippine Government International Bond, 6.25%, 01/14/2036	2,907,345	2,426,603
Total Philippines		4,814,969	4,471,081
SOUTH AFRICA—1.9%			
ZAR 31,000	Republic of South Africa Government Bond, 10.50%, 12/21/2026	3,083,021	2,375,336
SUPRANATIONAL—2.6%			
INR 200,000	International Finance Corp., 6.30%, 11/25/2024	3,481,989	3,296,537
UKRAINE—0.7%			
UAH 28,000	Ukraine Government Bond, 15.84%, 02/26/2025 ^(e)	1,446,559	855,736
URUGUAY—2.7%			
UYU 107,650	Uruguay Government International Bond, 8.25%, 05/21/2031	2,976,991	3,393,526
Total Government Bonds		98,903,864	92,143,235
Total Investments—137.6%^(g)		C\$ 196,158,106	C\$ 174,199,371
Liabilities in Excess of Other Assets—(37.6%)			(47,605,104)
Net Assets Attributable to Holders of Shares—100.0%			C\$ 126,594,267

(a) Denotes a security issued under Regulation S or Rule 144A.

(b) Perpetual maturity. Maturity date presented represents the next call date.

(c) The maturity date presented for these instruments represents the next call/put date.

(d) Security is in default.

(e) Illiquid security.

(f) Sinkable security.

(g) See accompanying Notes to Financial Statements for tax unrealized appreciation/(depreciation) of securities.

AUD Australian Dollar

BRL Brazilian Real

CAD Canadian Dollar

COP Colombian Peso

DOP Dominican Republic Peso

IDR Indonesian Rupiah

INR Indian Rupee

KZT Kazakhstan Tenge

Schedule of Investment Portfolio (concluded)

As of October 31, 2023

MXN Mexican Peso
 PHP Philippine Peso
 PLC Public Limited Company
 UAH Ukraine Hryvna
 USD U.S. Dollar
 UYU Uruguayan Peso
 ZAR South African Rand

At October 31, 2023, the Company held the following forward foreign currency contracts:

Sale Contracts Settlement Date	Counterparty	Currency Purchased	Amount Purchased	Currency Sold	Amount Sold	Fair Value (C\$)	Unrealized Appreciation/ (Depreciation) (C\$)
Canadian Dollar/United States Dollar							
11/17/2023	HSBC Bank PLC	CAD	750,000	USD	551,362	\$ 764,430	\$ (14,430)
12/18/2023	Citigroup	CAD	750,000	USD	551,656	764,380	(14,380)
						\$1,528,810	\$(28,810)

At October 31, 2023, the Company held the following over-the-counter interest rate swaps:

Currency	Notional Amount	Expiration Date	Counterparty	Receive (Pay) Floating Rate	Floating Rate Index	Fixed Rate	Frequency of Payments Made	Premiums Paid (Received) (C\$)	Value (C\$)	Unrealized Appreciation/ (Depreciation) (C\$)
USD	10,000,000	03/17/2030	UBS AG	Receive	12-month SOFR	(3.47%)	Annually	\$-	\$ 945,957	\$ 945,957
USD	10,000,000	03/17/2032	UBS AG	Receive	12-month SOFR	(3.38%)	Annually	-	1,248,022	1,248,022
USD	10,000,000	03/17/2033	UBS AG	Receive	12-month SOFR	(3.37%)	Annually	-	1,374,074	1,374,074
USD	9,500,000	04/06/2033	UBS AG	Receive	12-month SOFR	(3.14%)	Annually	-	1,548,936	1,548,936
								\$-	\$5,116,989	\$5,116,989

See accompanying Notes to Financial Statements.

Notes to Financial Statements

October 31, 2023

1. Organisation

abrdn Asia-Pacific Income Fund VCC (the "Company") is a Singapore variable capital company ("VCC"). The Company was organized as a closed-end investment company under the laws of Cook Islands on April 15, 1986. The Company registered as a Singapore VCC on November 1, 2021 under the laws of the Republic of Singapore. The Company transferred its domicile to Singapore by way of deregistration in the Cook Islands effective as of December 16, 2021 (the "Re-domiciliation") and as of that date began operating as a Singapore VCC, subject to relevant Singapore rules and regulations for Singapore VCCs. In connection with the Re-domiciliation, the Company changed its name to its current name, and changed its registered and principal office to the office of abrdn Asia, its investment manager, which is currently located at 7 Straits View, #23-04 Marina One East Tower, Singapore 018936. The Company's Shares are listed on the Toronto Stock Exchange.

The financial statements of the Company include the Statements of Financial Position as at October 31, 2023 and October 31, 2022 and the Statements of Comprehensive Income/(Loss), Statements of Changes in Shareholders' Equity and Statements of Cash Flows for the fiscal years ended October 31, 2023 and October 31, 2022.

The investment objective of the Company is to obtain current income and achieve incidental capital appreciation from investment in long-term debt securities.

2. Basis of Presentation

a. Statement of Compliance

These financial statements have been prepared in compliance with IFRS Accounting Standards. The Company has one operating segment.

The financial statements were authorized for issue by the Board of Directors on January 19, 2024.

b. Basis of Measurement

The financial statements have been prepared on a historical cost basis except for investments and derivatives, which are measured at fair value.

c. Functional and Presentation Currency

These financial statements are presented in Canadian dollars, which is the Company's functional currency.

3. Use of Judgments and Estimates

In preparing these financial statements, management has made judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

a. Judgments

Determination of functional currency

The functional currency is the currency of the primary economic environment in which the Company operates. If indicators of the primary economic environment are mixed, then management uses its judgment to determine the functional currency that most faithfully represents the economic effect of the underlying transactions, events and conditions. The majority of the Company's transactions, including investor subscriptions and redemptions, are denominated in Canadian dollars. Accordingly, management has determined that the functional currency of the Company is Canadian dollars.

b. Assumptions and estimates

Measurement of fair values

Information about assumptions and estimates that have a significant risk of resulting in a material adjustment in the year ended October 31, 2023 is included in Note 4 and relates to the determination of fair value of financial instruments with significant unobservable inputs.

4. Accounting Policies

The following is a summary of the significant accounting policies followed by the Company in the preparation of its financial statements:

- The classification and measurement of financial instruments under International Financial Reporting Standard 9, Financial Instruments ("IFRS 9") is determined based on the business model of the Company as well as its cash flow characteristics. abrdn Asia Limited (the "Investment Manager") has assessed the Company's business model and determined that the focus is on fair valuation of financial instruments, which is used to assess the Company's performance, and what the Investment Manager uses to make decisions about the Company. The collection of contractual cash flows is incidental to the Company's objective. Therefore, the Investment Manager concluded fair value through profit and loss ("FVTPL") is the most appropriate measurement and presentation of the Company's financial instruments. All other financial assets and liabilities are measured at amortized cost. Under the amortized cost method, financial assets and liabilities reflect the amount required to be received or paid, discounted at the contract's effective interest rate.

The Company makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes:

- the stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching

Notes to Financial Statements (continued)

October 31, 2023

the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realising cash flows through the sale of the assets;

- how the performance of the portfolio is evaluated and reported to the Company's management;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- how managers of the business are compensated – e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected;
- the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity; and
- terms that limit the Company's claim to cash flows from specified assets (e.g. non-recourse features).

Transfers of financial assets to third parties in transactions that do not qualify for derecognition are not considered sales for this purpose, consistent with the Company's continuing recognition of the assets.

Financial assets that are held-for-trading or are managed and whose performance is evaluated on a fair value basis are measured at FVTPL.

Financial instruments are required to be classified into one of the following categories: FVTPL, amortized cost, or fair value through comprehensive income. The Company measures financial instruments at fair value on initial recognition. Measurement in subsequent periods depend on the classification of the financial instrument. Transaction costs are included in the initial carrying amount of financial instruments except for financial instruments classified as held-for-trading or FVTPL, in which case transaction costs are expensed as incurred. The Company's accounting policies for measuring the fair value of its investments are identical to those used in measuring its net asset value ("NAV") for transactions with shareholders.

The Company's derivative financial assets and derivative financial liabilities are classified as FVPTL. The Company's investments at fair value are designated as FVTPL at origination. Financial assets and financial liabilities held for trading or designated at FVTPL are recognized initially on the trade date, which is the date on which the Company becomes a party to the contractual provisions of the instrument. Other financial assets and financial liabilities are recognized on the date on which they are originated. Financial assets are de-recognised when the rights to receive cash flows from the investments that expired or the Company has transferred substantially all of the risks and rewards of ownership. Upon disposal, the difference between the amount received and the average cost to acquire the financial asset is included in "realised gains/(losses) on investments" in the Statements of Comprehensive Income/(Loss). Subsequent to initial recognition, all financial assets and liabilities at FVTPL are measured at fair value. Gains and losses arising from change in fair

value, futures contracts and interest rate swaps are presented separately in the Statements of Comprehensive Income/(Loss) in "change in unrealised appreciation/(depreciation)" in the period in which they arise.

Financial assets and financial liabilities are offset and the net amount is presented in the Statements of Financial Position only when the Company has a legal right to offset the amounts and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

Fair value is the price that would be received upon the sale of an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value of financial assets and liabilities traded in active markets, such as publicly traded derivatives, is based on quoted market prices at the close of trading on the reporting date. The fair value of fixed income securities is based on the last bid price on the reporting date. Pricing services generally price debt securities assuring orderly transactions of an institutional "round lot" size, and the strategies employed by the Company's investment adviser generally trade in round lot sizes. In certain circumstances, some trades may occur in smaller, "odd lot" sizes, which may be effected at lower or higher prices than institutional round lot trades.

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Company considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Company considers:

- contingent events that would change the amount or timing of cash flows;
- terms that may adjust the contractual coupon rate, including variable rate features; and
- prepayment and extension features.

The fair value of financial assets and liabilities that are not traded in an active market, including the Company's interest rate swaps, is determined using various valuation techniques and observable market inputs where possible. These techniques include the use of comparable recent arm's length transactions, reference to other instruments that are substantially the same and broker quotes. Foreign currency forward contracts are recorded in the Statements of Financial Position

Notes to Financial Statements (continued)

October 31, 2023

according to the gain or loss that would be realized if the contracts were closed out on the valuation date.

Other financial assets are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are recognized initially at fair value plus any directly attributable transaction costs. Subsequent measurement of loans and receivables is at amortized cost using the effective interest method, less any impairment losses. The Company classifies cash, cash at broker, unsettled trades, and interest receivables as loans and receivables. At each reporting date, the Company assesses whether there is objective evidence that a financial asset at amortized cost is impaired. If such evidence exists, the Company recognizes an impairment loss as the difference between the amortized cost of the financial asset and the present value of the estimated future cash flows, discounted using the instrument's original effective interest rate. Impairment losses on financial assets at amortized cost are reversed in subsequent periods if the amount of the loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized.

Other financial liabilities are initially measured at fair value, net of transaction costs, and are subsequently measured at amortized cost using the effective interest method. The Company's other financial liabilities are comprised of due to broker, unsettled trades, bank loans, taxes payable, and accrued liabilities.

IFRS establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurement) and the lowest priority to unobservable inputs (level 3 measurement). The three levels of the fair value hierarchy are as follows:

Level 1: Inputs that reflect unadjusted quoted prices in active markets for identical assets or liabilities.

Level 2: Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly, including inputs in markets that are not considered to be active.

Level 3: Inputs that are unobservable. There is little market activity. Inputs into the determination of fair value require significant management judgment or estimation.

If inputs of different levels are used to measure the fair value of an asset or liability, the classification within the hierarchy is based on the lowest level input that is significant to the fair value measurement. The following tables illustrate the classification of the Company's assets and liabilities measured at fair value within the fair value hierarchy as at October 31, 2023 and October 31, 2022.

	As at October 31, 2023			
Investments, at Value	Level 1 – Quoted Prices (C\$)	Level 2 – Other Significant Observable Inputs (C\$)	Level 3 – Significant Unobservable Inputs (C\$)	Total (C\$)
Assets				
Investments in Securities				
Corporate Bonds	\$–	\$ 82,056,136	\$–	\$ 82,056,136
Government Bonds	–	92,143,235	–	92,143,235
Total Investments	\$–	\$ 174,199,371	\$–	\$ 174,199,371
Other Financial Instruments				
Interest Rate Swap Agreements	\$–	\$ 5,116,989	\$–	\$ 5,116,989
Total Investment Assets	\$–	\$179,316,360	\$–	\$179,316,360
Liabilities				
Other Financial Instruments				
Foreign Currency Exchange Contracts	\$–	\$ (28,810)	\$–	\$ (28,810)
Total Investment Liabilities	\$–	\$ (28,810)	\$–	\$ (28,810)

Amounts listed as “–” are \$0 or round to \$0.

Notes to Financial Statements (continued)

October 31, 2023

As at October 31, 2023, there had been no significant transfers between fair value measurement levels.

Investments, at Value	As at October 31, 2022			
	Level 1 – Quoted Prices (C\$)	Level 2 – Other Significant Observable Inputs (C\$)	Level 3 – Significant Unobservable Inputs (C\$)	Total (C\$)
Assets				
Investments in Securities				
Corporate Bonds	\$–	\$ 83,221,441	\$–	\$ 83,221,441
Government Bonds	–	99,527,546	–	99,527,546
Total Investments	\$–	\$ 182,748,987	\$–	\$ 182,748,987
Other Financial Instruments				
Foreign Currency Exchange Contracts	\$–	\$ 119,855	\$–	\$ 119,855
Total Investment Assets	\$–	\$182,868,842	\$–	\$182,868,842
Liabilities				
Other Financial Instruments				
Foreign Currency Exchange Contracts	\$–	\$ (1,080,549)	\$–	\$ (1,080,549)
Total Investment Liabilities	\$–	\$ (1,080,549)	\$–	\$ (1,080,549)

Amounts listed as “–” are \$0 or round to \$0.

As at October 31, 2022, there had been no significant transfers between fair value measurement levels.

A reconciliation of the gross amounts on the Statements of Financial Position as at October 31, 2023 and October 31, 2022 to the net amounts by broker and derivative type, including collateral received or pledged, is included in the following tables.

Description	As at October 31, 2023								
	Gross Amounts of Assets Presented in Statements of Financial Position	Gross Amounts Not Offset in the Statements of Financial Position			Net Amount	Gross Amounts of Liabilities Presented in Statements of Financial Position	Gross Amounts Not Offset in the Statements of Financial Position		Net Amount
		Financial Instruments	Collateral Received				Financial Instruments	Collateral Pledged	
		Assets				Liabilities			
Foreign Currency Exchange Contracts									
Citigroup	\$–	\$–	\$–	\$–	\$14,380	\$–	\$–	\$14,380	
HSBC Bank PLC	–	–	–	–	14,430	–	–	14,430	
Interest Rate Swap Agreements									
UBS AG	5,116,989	–	(3,633,070)	1,483,919	–	–	–	–	

Amounts listed as “–” are \$0 or round to \$0.

Notes to Financial Statements (continued)

October 31, 2023

Description	As at October 31, 2022							
	Gross Amounts Not Offset in the Statements of Financial Position				Gross Amounts Not Offset in the Statements of Financial Position			
	Gross Amounts of Assets Presented in Statements of Financial Position	Financial Instruments	Collateral Received	Net Amount	Gross Amounts of Liabilities Presented in Statements of Financial Position	Financial Instruments	Collateral Pledged	Net Amount
Foreign Currency Exchange Contracts								
Citibank	\$119,855	\$(119,855)	\$-	\$-	\$1,046,216	\$(119,855)	\$-	\$926,361
HSBC	-	-	-	-	34,333	-	-	34,333

Amounts listed as “-” are \$0 or round to \$0.

- a) Investment Income, Expenses and Dividends: Interest income is recorded on an accrual basis as earned. Expenses are recorded on an accrual basis. Bond premium and discount, as applicable, are recognised at disposition as realised gains or losses. Gains and losses on the disposal of investments are determined using the identified cost basis. It is the Company’s current policy to pay dividends to holders of Shares from net investment income supplemented by net realised foreign exchange gains, net realised capital gains and return of capital, if necessary, on a monthly basis. Dividends to holders of Shares are recorded on the ex-dividend date.
- b) Interest Rate Swaps: During the fiscal year ended October 31, 2023, the Company used U.S. Dollar interest rate swaps to hedge the U.S. Dollar revolving credit facility, helping to manage the overall mixture of fixed rate and floating rate liabilities. A swap is an agreement that obligates two parties to exchange a series of cash flows at specified intervals based upon or calculated by reference to changes in specified prices or rates for a specified amount of an underlying asset or notional principal amount. The Company will enter into swaps only on a net basis, which means that the two payment streams are netted out, with the Company receiving or paying, as the case may be, only the net amount of the difference between the two payments. Risks may arise as a result of the failure of the counterparty to the swap contract to comply with the terms of the swap contract. The loss incurred by the failure of a counterparty is generally limited to the net interest payment to be received by the Company, and/or the termination value at the end of the contract. Therefore, the Company considers the creditworthiness of each counterparty to a swap contract in evaluating potential credit risk. Additionally, risks may arise from unanticipated movements in interest rates or in the value of the underlying reference asset or index. The Company records, on a daily basis, unrealised gains or losses which represent

the value and the current net receivable or payable relating to open swap contracts. Net amounts received or paid on the swap contract are recorded as realised gains or losses. Fluctuations in the value of swap contracts are recorded for financial statement purposes as unrealised appreciation or depreciation of swap contracts. Realised gains and losses from terminated swaps are included in net realised gains/losses on swap contracts transactions.

The Company is a party to International Swap Dealers Association, Inc. Master Agreements (“ISDA Master Agreements”). These agreements are with select counterparties and they govern transactions, including certain over-the-counter derivative and foreign exchange contracts, entered into by the Company and the counterparty. The ISDA Master Agreements maintain provisions for general obligations, representations, agreements, collateral, and events of default or termination. The occurrence of a specified event of termination may give a counterparty the right to terminate all of its contracts and affect settlement of all outstanding transactions under the applicable ISDA Master Agreement.

- c) Forward Foreign Currency Exchange Contracts: A forward foreign currency exchange contract (“forward contract”) involves an obligation to purchase and sell a specific currency at a future date at a price set at the time of the contract. Forward contracts are used to manage the Company’s currency exposure in an efficient manner. They are used to sell unwanted currency exposure that comes with holding securities in a market, or to buy currency exposure where the exposure from holding securities is insufficient to give the desired currency exposure either in absolute terms or relative to the benchmark. Their use allows the separation of decision making between markets and currencies. The forward contract is marked-to-market daily and the change in

Notes to Financial Statements (continued)

October 31, 2023

market value is recorded by the Company as unrealised appreciation or depreciation. Forward contract prices are received daily from an independent pricing provider. When the forward contract is closed, the Company records a realised gain or loss equal to the difference between the value at the time it was opened and the value at the time it was closed. These unrealised and realised gains and losses are reported on the Statements of Comprehensive Income/(Loss).

While the Company may enter into forward contracts to seek to reduce currency exchange rate risks, transactions in such contracts involve certain risks. The Company could be exposed to risks if the counterparties to the contracts are unable to meet the terms of their contracts and from unanticipated movements in exchange rates. Thus, while the Company may benefit from such transactions, unanticipated changes in currency prices may result in a worse overall performance for the Company than if it had not engaged in any such transactions. Moreover, there may be imperfect correlation between the Company's portfolio holdings or securities quoted or denominated in a particular currency and forward contracts entered into by the Company. Such imperfect correlation may cause the Company to sustain losses, which will prevent the Company from achieving a complete hedge, or expose the Company to the risk of foreign exchange loss.

Forward contracts are subject to the risks that the counterparties to such contracts will default on their obligations. Since a forward foreign currency exchange contract is not guaranteed by an exchange or clearing house, a default on the contract would deprive the Company of unrealised profits, transaction costs or the benefits of a currency hedge or force the Company to cover its purchase or sale commitments, if any, at the current market price.

- d) Futures Contracts: The Company may invest in financial futures contracts ("futures contracts") for the purpose of hedging its existing portfolio securities or securities that the Company intends to purchase against fluctuations in value caused by changes in prevailing market interest rates or prices. Futures contracts may also be entered into for non hedging purposes. However, in those instances, the aggregate initial margin and premiums required to establish the Company's positions may not exceed 5% of the Company net asset value after taking into account unrealised profits and unrealised losses on any such contract it has entered into.

Upon entering into a futures contract, the Company is required to pledge to the broker an amount of cash and/or other assets equal to a certain percentage of the contract amount. This payment is known as "initial margin." Subsequent payments, known as "variation margin," are calculated each day, depending on the daily fluctuations in the fair value/market value of the underlying

assets. An unrealised gain or loss equal to the variation margin is recognised on a daily basis. When the contract expires or is closed the gain/(loss) is realised and is presented in the Statements of Comprehensive Income/(Loss) as a realised gain/(loss) on futures contracts. Futures contracts are valued daily at their last quoted sale price on the exchange they are traded.

A "sale" of a futures contract means a contractual obligation to deliver the securities or foreign currency called for by the contract at a fixed price at a specified time in the future. A "purchase" of a futures contract means a contractual obligation to acquire the securities or foreign currency at a fixed price at a specified time in the future.

There are significant risks associated with the Company's use of futures contracts, including the following: (1) the success of a hedging strategy may depend on the Investment Manager's and the Sub-adviser's ability to predict movements in the prices of individual securities, fluctuations in markets and movements in interest rates; (2) there may be an imperfect or no correlation between the movement in the price of futures contracts, interest rates and the value/market value of the securities held by the Company; (3) there may not be a liquid secondary market for a futures contract; (4) trading restrictions or limitations may be imposed by an exchange; and (5) government regulations may restrict trading in futures contracts. In addition, should market conditions change unexpectedly, the Company may not achieve the anticipated benefits of the futures contracts and may realise a loss.

- e) Foreign Currency Translation: The books and records of the Company are maintained in Canadian Dollars. Foreign currency amounts are translated into Canadian Dollars at the closing market rate quoted on the following bases:
- i) Market value of investments, other assets, and liabilities are translated at the closing price of the New York Stock Exchange at the rate of exchange ruling at the period end; the resultant unrealised exchange appreciation and depreciation are included in the Statements of Comprehensive Income/(Loss) as part of the unrealised movement in the appreciation/(depreciation) of investments and as unrealised exchange appreciation/(depreciation) on translation of the foreign currency denominated assets and liabilities.
 - ii) Purchases and sales of investments are translated at the bid London close rate of exchange ruling on the date of the transaction; the resultant exchange gains and losses on settlement are included in the Statements of Comprehensive Income/(Loss) as realised gains/(losses) on investments and foreign currency transactions.

Notes to Financial Statements (continued)

October 31, 2023

- iii) Income and expenses are translated at the London close rate of exchange ruling on the date of the transaction; the resultant exchange gains and losses arising on settlement are taken into account in determining net investment income.
- f) Operating Segment: The Company is considered to be a single operating segment. The Investment Manager's asset allocation decisions are based on a single, integrated investment strategy, and the Company's performance is evaluated on an overall basis.

5. Taxation

The Company is subject to withholding taxes in certain countries and on certain types of securities and forms of income. Capital gains generated by the Company from securities held in foreign countries may be subject to capital gains taxes imposed by such countries. The Company accrues capital gains taxes on unrealised gains in an amount equal to what the Company would owe if the securities were sold on the valuation date as a liability and reduction of realised/unrealised gains.

6. Related Party Transactions

The Company's Canadian administrator, investment manager and investment sub-adviser are each a subsidiary of abrdr Holdings. abrdr Holdings is a direct subsidiary of abrdr plc. The Company's Canadian administrator, investment manager, investment adviser and investment sub-adviser are each an indirect wholly owned subsidiary of abrdr plc.

- i) The Company has an agreement (the "Management Agreement") with abrdr Asia to provide professional investment management services. The Management Agreement provides for a monthly fee at the annual rate of 0.65% of the Company's average weekly Managed Assets up to and including C\$250 million, at the annual rate of 0.55% of the Company's average weekly Managed Assets in excess of C\$250 million up to and including C\$450 million, and at the annual rate of 0.50% of the Company's average weekly Managed Assets in excess of C\$450 million, payable monthly. Managed Assets are defined in the Management Agreement as net assets plus the amount of any borrowings for investment purposes. On June 20, 2022, the Board authorized the Company to enter into an Expense Limitation Agreement with abrdr Asia Limited pursuant to which the total ordinary operating expenses of the Company (excluding any leverage costs, taxes, interest, brokerage fees, short sale dividend and interest expenses and non-routine expenses) in any fiscal year will be capped at 1.20% of the average daily managed assets of the Company on an annualized basis and, thereafter from year to year unless terminated earlier. The total amount waived for the fiscal years

ended October 31, 2022 and October 31, 2023 pursuant to the Expense Limitation Agreement were \$77,019 and 377,861, respectively.

The Investment Manager may request and receive reimbursement from the Company of the management fees waived and other expenses reimbursed pursuant to the Expense Limitation Agreement as of a date not more than three years after the date when the Investment Manager limited the fees or reimbursed the expenses; provided that the following requirements are met: the reimbursements do not cause the Company to exceed the lesser of the applicable expense limitation in the contract at the time the fees were limited or expenses are paid or the applicable expense limitation in effect at the time the expenses are being recouped by the Investment Manager, and the payment of such reimbursement is approved by the Board on a quarterly basis (the "Reimbursement Requirements"). Except as provided for in the Expense Limitation Agreement, reimbursement of amounts previously waived or assumed by the Investment Manager is not permitted. As of October 31, 2023, to the extent the Reimbursement Requirements are met, the cumulative potential reimbursements to the Investment Manager from the Fund based on expenses reimbursed by the Investment Manager, including adjustments described above, would be:

Amount Fiscal Year 2022 (Expires 10/31/25)	\$ 77,019
Amount Fiscal Year 2023 (Expires 10/31/26)	\$ 377,861
Total*	\$454,880

- * Amounts reported are due to expire throughout the respective 3-year expiration period presented above.
- ii) The Company has an agreement (the "Administration Agreement") with abrdr Canada Limited, an affiliate of abrdr Asia, to oversee the Company's compliance with Canadian securities laws' requirements. The Administration Agreement provides for a monthly fee at an annual rate of 0.125% of the Company's average weekly Managed Assets up to and including C\$1 billion, 0.10% of the Company's average weekly Managed Assets in excess of C\$1 billion up to and including C\$2 billion, and 0.075% of the Company's average weekly Managed Assets in excess of C\$2 billion, payable monthly.

In order to qualify for an exemption from income tax in Singapore, the Company must be an "approved person". For the purpose of its application to be an "approved person" pursuant to section 13U of the Income Tax Act, 1947 and the Income Tax (Exemption of Income Arising from Funds Managed in Singapore by Fund Manager) Regulations 2010, among other conditions, the Company is required to have a Singapore based administrator. On September 15, 2021, the Board of Directors of the Company approved the execution by the Company of an administrative

Notes to Financial Statements (continued)

October 31, 2023

services agreement (the “Singapore Administration Agreement”) between the Company and State Street. State Street is not a related party of abrdn Asia or its affiliates. The Singapore Administration Agreement was entered into effective concurrently with the Re-domiciliation on December 16, 2021.

iii) The Company has an agreement (the “Investor Relations Services Agreement”) with abrdn Inc. to provide investor relations services.

Pursuant to the terms of the Investor Relations Services Agreement, abrdn Inc. provides, among other things, objective and timely information to holders of Shares based on publicly available information; provides information efficiently through

(d) The Company owed, in respect of the above services:

	As at October 31, 2023 C\$	As at October 31, 2022 C\$
Investment Manager	55,355	71,515
Administrators	20,381	21,309
Investor Relations	8,158	8,191

(e) During the fiscal year, the Company paid, in respect of the above services:

	Fiscal year ended October 31, 2023 C\$	Fiscal year ended October 31, 2022 C\$
Investment Manager	1,283,765	1,453,765
Administrators	234,123	280,024
Investor Relations	96,979	93,057

7. Capital

The Shares of the Company may be redeemed pursuant to an annual redemption feature that was included in the VCC Constitution of the Company and became effective upon the Company's redomiciliation to Singapore. Under the redemption policy, if the volume weighted average trading price of the shares of the Company (“Shares”) on the Toronto Stock Exchange during the 12 month period ending on the last business day of December (the “Trading Discount Determination Date”) of each year represents a discount greater than 12% of the average daily net asset value per Share during such period, up to 10% of the aggregate issued and outstanding Shares of the Company may be surrendered for redemption on the last business day of March of the calendar year following the Trading Discount Determination Date (the “Redemption Date”). A shareholder whose Shares are redeemed on a Redemption Date shall be entitled to receive a cash redemption price per Share equal to the Average Net Asset Value per Share calculated on the Redemption Date less any expenses and charges incurred by the Company in order to fund such redemption payment (the “Redemption Proceeds”). The “Average Net Asset Value per Share” means the arithmetic average of the net asset values per Share

the use of technology while offering holders of Shares immediate access to knowledgeable investor relations representatives; creates and maintains investor relations communication materials such as Company manager interviews, films and webcasts and other relevant materials discussing the Company's investment results, portfolio positioning and outlook; responds to specific holder of Shares questions; and reports activities and results to the Company's Board of Directors and management detailing insight into general holder of Shares sentiment. Investor relations fees and expenses in the Statements of Comprehensive Income/(Loss) include certain out-of-pocket expenses.

calculated on the three trading days immediately preceding the relevant redemption date. Payment of the Redemption Proceeds for such redeemed Shares shall be made to the shareholder by no later than the 15th business day following the Redemption Date.

On March 31, 2023, the Company announced that 4,566,990 Shares accepted for the 2023 voluntary cash redemption were redeemed at a rounded price of \$3.07 per Share in Canadian dollars. This price was equal to 100% of the average net asset value per Share based on the three business days preceding the redemption date of March 31, 2023, less direct costs.

The Company is authorized to issue up to 100,000,000 Shares without par value. At October 31, 2023, there were 41,103,165 Shares outstanding. All Shares are equal as to dividends, assets and voting privileges and have no conversion, preemptive or other subscription rights.

Adjustments made to October 31, 2022 Financial Statements

The table below describes the 2022 comparative amounts that have been recasted to reflect the adjustment made to Shares as equity which was previously classified as liability. The adjustment, which

Notes to Financial Statements (continued)

October 31, 2023

management did not consider material, was necessitated by analysis made by management that the Share redemption feature added by the Company on November 1, 2021 upon its re-domiciliation to Singapore, met the equity by exception classification conditions prescribed under IAS 32, Financial Instruments.

Statements of Financial Position

	October 31, 2022 Previously reported	October 31, 2022 Adjusted
Share capital	-	481,839,870
Deficit	-	(285,666,833)
Unrealised appreciation/(depreciation) on investments, interest rate swaps, futures and foreign currency transactions	-	(66,506,362)
Total Equity	-	129,666,675
Net assets attributable to holders of redeemable Shares	129,666,675	-

Amounts listed as “-” are \$0 or round to \$0.

Statement of Comprehensive Income/ (Loss)

	Fiscal year ended October 31, 2022 Previously reported	Fiscal year ended October 31, 2022 Adjusted
(Loss) for the period	-	(25,089,361)
Loss per ordinary share		(0.5254)
Decrease in net assets attributable to holders of redeemable shares from operations	(25,089,361)	-
Decrease in net assets attributable to holders of redeemable shares from operations per share	(0.5254)	

Amounts listed as “-” are \$0 or round to \$0.

Fiscal Year Ended October 31, 2023

Shares outstanding at November 1, 2022	45,670,155
Shares redeemed	(4,566,990)
Shares outstanding at October 31, 2023	41,103,165

Fiscal Year Ended October 31, 2022

Shares outstanding at November 1, 2021	50,744,616
Redeemable Shares redeemed	(5,074,461)
Redeemable Shares outstanding at October 31, 2022	45,670,155

Directors' Share Ownership Policy

The Independent Directors are subject to a director's share ownership policy (“ShareOwnership Policy”). Under the ShareOwnership Policy that was in effect prior to January 1, 2024, Independent Directors of the Company were required to own at least 4,000 Shares of the Company. The Board of Directors amended the Share Ownership Policy to increase the number of shares required to be owned by each Independent Director to 10,000 Shares effective January 1, 2024. The below chart summarizes Independent Directors' Share ownership as at October 31, 2023.

Independent Director	Shares Owned (by public filings)
Radhika Ajmera	4,000*
William J. Braithwaite	70,000
P. Gerald Malone	14,500
Warren C. Smith	17,500

* As of December 31, 2023 total shares owned are 10,000.

8. Revolving Credit Facility

The Company was party to a revolving credit loan facility with BNP Paribas (the “BNP Facility”), which was amended and restated on November 15, 2023 (as further amended, the “A&R BNP Facility”). The A&R BNP Facility has a scheduled maturity date of November 13, 2024, and the total amount of permitted borrowing under the A&R BNP Facility is US\$45,000,000. The A&R BNP Facility is expected to be recovered or settled after more than 12 months from October 31, 2023. During the fiscal year, the Company paid down a net amount of US\$2,000,000. The Company's outstanding balance on the BNP Facility as at October 31, 2023 was US \$39,600,000 or CAD \$54,972,839 (see Bank Loan on Statements of Financial Position), which represented 43.4% of the NAV of the Company on October 31, 2023. The BNP Facility was the only source of investment leverage

Notes to Financial Statements (continued)

October 31, 2023

used by the Company during the reporting period covered by the financial statements. The Company used futures, forwards and swaps during the reporting period covered by the financial statements, but such derivative instruments were used for hedging purposes only. The leverage is currently used with the intent of enhancing returns by borrowing at interest rates that are anticipated to be lower than relatively higher yields of the fixed income securities in which the Company invests. The Company was accruing the interest daily on the BNP Facility. The total accrued expense as of the fiscal year end is included in the expense section of the Statements of Comprehensive Income/(Loss) under "Interest expense."

The BNP Facility includes usual and customary covenants for this type of facility. These covenants impose on the Company asset coverage requirements, fund composition requirements and limits on certain investments. The covenants or guidelines could impede abrdn Asia from fully managing the Company's portfolio in accordance with the Company's investment objective and by-laws. The Company is currently in compliance with all covenants under the A&R BNP Facility.

These covenants also include limits on the Company's ability to (i) issue preferred shares or forms of indebtedness, (ii) incur liens, (iii) change its investment objective or fundamental investment restrictions without the approval of the lender, (iv) amend the Company's organisational documents in a manner which could adversely affect the rights and remedies of the lender, or (v) create, incur, assume or permit to exist certain debt except for certain specified types of debt. In addition, the A&R BNP Facility does not permit the Company's asset coverage ratio (as defined in the agreement) to fall below 300% at any time. Furthermore, non-compliance with such covenants or the occurrence of other events could lead to the cancellation of the loan facility. These other events include, but are not limited to, the following:

- non-payment by the Company of certain obligations to the lender and other parties;
- involuntary or voluntary liquidation, reorganisation or other debt relief proceedings are commenced against or by the Company;
- abrdn Investments Limited ceases to be the sub-investment advisor; abrdn Asia or an affiliate ceases to be the investment manager to the Company; State Street Trust Company Canada ceases to be the Company's custodian; or abrdn Canada Limited, or an affiliate ceases to be the Company's administrator; State Street Bank and Trust Company, Singapore Branch, or an affiliate ceases to be the Singapore administrator; KPMG LLP or an affiliate ceases to be the independent auditors; and
- abrdn Asia ceases to be owned or controlled by abrdn Holdings.

The A&R BNP Facility permits, in certain circumstances, the Company to cure non-compliance or seek waivers or approvals from the lender. However, in the event that the loan facility was cancelled or was not available for renewal, the Company may not be able to find other

financing on acceptable terms, if at all. Should the Company be unable to find other sources for financing, it would be forced to "de-lever" by making significant sales of its portfolio investments. De-leveraging could involve the sale of some securities under unfavorable market conditions in order to repay the lender. This could result in the portfolio's securities being sold for less than their expected value. Furthermore, these sales may realise capital gains.

9. Statement of Deficit

	Fiscal Year Ended October 31, 2023 C\$	Fiscal Year Ended October 31, 2022 C\$
Deficit, beginning of period	(285,666,833)	(271,673,571)
Add:		
Net investment income	7,255,152	9,403,059
Net realised investment and exchange gains / (losses)	(5,985,333)	(10,494,502)
Deduct:		
Dividend to holders of units	(9,716,329)	(12,901,819)
Deficit, end of period	(294,113,343)	(285,666,833)

10. Risk Management

The Company has multiple risks associated with investing in long-term Asia-Pacific and emerging market debt securities, including market, credit and liquidity risk, which could have an impact on the capacity to reach its strategic growth objectives. The Company strives to control and mitigate the risks through management practices that require the identification and analysis of the risks related to the operations. Periodic monitoring and review of these risks are performed based upon market conditions and the Company's level of activities. No changes affecting the overall level of risk of investing in the Company were made during the reporting period.

Notes to Financial Statements (continued)

October 31, 2023

a. Market Risk

Interest Rate Risk Exposure

By virtue of its fixed-income investment strategy, substantially all of the Company's net assets are exposed to interest rate risk. Interest rate risk is the risk that either the fair value of the Company's financial instruments or cash flows relating to its financial instruments will be impacted by changes in market interest rates. Generally speaking, a rise in interest rates will have the effect of lowering the fair value of existing fixed-income securities, while a reduction in market interest rates will have the opposite effect. As at October 31, 2023, if the prevailing interest rates had been raised or lowered by 1%, net assets could possibly have decreased or increased, respectively by approximately C\$3.19 million.

The following table shows the maturity composition of the Company's investments as at October 31, 2023, as compared with the six months ended April 30, 2023 (unaudited) and the fiscal year ended October 31, 2022:

Date	0 to 5 Years %	5 to 10 Years %	10 Years & Over %
October 31, 2023	38.5	45.3	16.2
April 30, 2023	42.3	42.3	15.4
October 31, 2022	37.0	40.3	22.7

Exchange Value of the Canadian Dollar

Given a substantial proportion of the Company's assets are invested in securities denominated in foreign currencies, changes in the value of the Canadian Dollar against these foreign currencies can have a significant impact on performance over time. As at October 31, 2023 and October 31, 2022, investments in assets denominated in Asian and U.S. Dollars represented the largest currency holdings in the Company's assets. A 1% rise/fall in the C\$ exchange rate would result in a decrease or increase of approximately C\$1.74 million and C\$1.83 million, respectively. For further information on the composition of the various currencies at the end of the fiscal year please refer to the table on page 15 "Currency Composition".

b. Credit Risk

The Company continues to hold a weighting in sub-investment grade debt, primarily in local currency sovereign debt issued by the governments of Indonesia, India and China, and the U.S. Dollar denominated bonds issued by sub-investment grade Asia-Pacific sovereigns and corporations. Should market participants' perception of the credit quality of these sub-investment grade issuers, or of any market in which the Company invests decrease, then the value of the respective securities may fall. The fair value of forward foreign currency exchange contracts and futures contracts includes consideration of the creditworthiness of the debt issuer. Credit risk exposure for over-the-counter derivative instruments is based on the Company's unrealised gain or loss of the contractual obligations with the counterparty as at the reporting date.

As at October 31, 2023, 7.4% of the Company's investments were in securities where either the issue or the issuer was rated A or better by S&P Global Ratings', Moody's or Fitch Ratings, Inc. or, if unrated, was judged to be of equivalent quality by the Investment Manager. The following table shows the ratings of securities, where either the issue or the issuer was rated A or better by Standard & Poor's or Moody's Investors Services, Inc. ("Moody's"), held by the Company as at October 31, 2023, as compared with the six months ended April 30, 2023 (unaudited) and the fiscal year ended October 31, 2022:

Date	AAA/Aaa %	AA/Aa %	A %	BBB/Baa %	BB/Ba* %	B* %	B or below* %	NR** %
October 31, 2023	1.9	1.2	4.3	61.7	15.4	11.1	2.3	2.1
April 30, 2023	1.8	0.0	4.0	55.8	17.4	13.5	2.8	4.7
October 31, 2022	7.0	0.0	1.8	48.5	21.5	13.0	1.3	6.9

* Below investment grade

** Not Rated

Notes to Financial Statements (continued)

October 31, 2023

The following were the contractual maturities of financial liabilities at the reporting date. The amounts are reported on a gross and undiscounted basis.

October 31, 2023	Contractual cash flows		
	Carrying amount C\$	Within 1 year C\$	Within 1 to 5 years C\$
Non-derivative financial liabilities			
Bank loan	54,972,839	-	54,972,839
Amount due to brokers	6,429,497	6,429,497	-
Other payables and accruals	586,193	586,193	-
	61,988,529	7,015,690	54,972,839
October 31, 2022			
Non-derivative financial liabilities			
Bank loan	56,742,652	-	56,742,652
Other payables and accruals	679,893	679,893	-
	57,422,545	679,893	56,742,652

Amounts listed as “-” are \$0 or round to \$0.

c. Liquidity Risk

The Company faces the risk of illiquidity in its investments in lower rated debt securities and local currency Asia-Pacific and emerging market debt securities. The ability to hedge risk and transact at low costs is less likely with respect to these securities and such securities are subject to sudden shifts in market liquidity. The Company invests a portion of its assets in securities that are neither listed on a securities exchange nor traded in an active over-the-counter market. Furthermore, the Company’s securities also include investments in countries or regions that are less developed than major markets such as the United States. These factors along with other social, economic or political developments, may create a lack of liquidity such that the Company would not be in a position to convert sufficient amounts of its investments to cash to cover its obligations under its debt agreements or to meet its objectives in paying a stable monthly dividend to holders of Shares.

d. Risks Associated with Foreign Securities and Currencies

Investments in securities of foreign issuers carry certain risks not ordinarily associated with investments in securities of Canadian and U.S. issuers.

These risks include future political and economic developments, and the possible imposition of exchange controls or other foreign governmental laws and restrictions. In addition, with respect to certain countries, there is the possibility of expropriation of assets,

confiscatory taxation, and political or social instability or diplomatic developments, which could adversely affect investments in those countries.

Certain countries also may impose substantial restrictions on investments in their capital markets by foreign entities, including restrictions on investments in issuers of industries deemed sensitive to relevant national interests. These factors may limit the investment opportunities available and result in a lack of liquidity and high price volatility with respect to securities of issuers from developing countries.

e. Risks of Leverage

The Company’s leveraged capital structure creates special risks not associated with unleveraged funds having similar investment objectives and policies. The funds borrowed pursuant to the loan facility may constitute a substantial lien and burden by reason of their prior claim against the income of the Company and against the net assets of the Company in liquidation. The Company is limited in its ability to declare dividends or other distributions in the event of default under the loan facility. In the event of default under the loan facility, the lender has the right to cause a liquidation of the collateral (i.e., sell portfolio securities and other assets of the Company) and, if any such default is not cured, the lender may be able to control the liquidation as well. A liquidation of the Company’s assets that it has

Notes to Financial Statements (concluded)

October 31, 2023

pledged as collateral, in an event of default, or a voluntary paydown of the loan facility in order to avoid an event of default, would typically involve administrative expenses and sometimes penalties. Additionally, such liquidations may involve selling off of portions of the Company's assets at inopportune times which can result in losses when markets are unfavorable. The loan facility has a limited term and is not a perpetual form of leverage; there can be no assurance that the loan facility will be available for renewal on acceptable terms, if at all, after the expiration of its term.

11. Subsequent Events

On November 9, 2023, December 11, 2023 and January 10, 2024, the Company announced that it will pay on November 30, 2023, January 10, 2024 and January 31, 2024, respectively, a distribution of C\$0.0175 per Share to all holders of Shares of record as of November 22, 2023, December 29, 2023 and January 24, 2024, respectively.

Independent Auditor's Report

To the Shareholders of abrdn Asia-Pacific Income Fund VCC:

Opinion

We have audited the financial statements of abrdn Asia-Pacific Income Fund VCC (the Entity), which comprise:

- the statements of financial position as at October 31, 2023 and October 31, 2022
- the statements of comprehensive income (loss) for the years then ended
- the statements of changes in shareholders' equity for the years then ended
- the statements of cash flows for the years then ended
- and notes to the financial statements, including a summary of significant accounting policies

(Hereinafter referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Entity as at October 31, 2023 and October 31, 2022, and its financial performance and its cash flows for the years then ended in accordance with IFRS Accounting Standards.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the "**Auditor's Responsibilities for the Audit of the Financial Statements**" section of our auditor's report.

We are independent of the Entity in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada and we have fulfilled our other responsibilities in accordance with these requirements.

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

Other Information

Management is responsible for the other information. Other information comprises:

- the information included in the Management Report of Fund Performance filed with the relevant Canadian Securities Commissions.

Our opinion on the financial statements does not cover the other information and we do not and will not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit and remain alert for indications that the other information appears to be materially misstated.

We obtained the information included in Management Report of Fund Performance filed with the relevant Canadian Securities Commissions as at the date of this auditor's report. If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact in the auditor's report.

We have nothing to report in this regard.

Independent Auditor's Report (continued)

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS Accounting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Those charged with governance are responsible for overseeing the Entity's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit.

We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.

The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.
- Provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Independent Auditor's Report (concluded)

KPMG LLP

Chartered Professional Accountants, Licensed Public Accountants

The engagement partner on the audit resulting in this auditor's report is Gurdev Singh Narula.

Toronto, Canada
January 19, 2024

Corporate Information

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abr dn Asia

This report, including the audited financial statements, is transmitted to the shareholders of abr dn Asia-Pacific Income Fund VCC for their information. This is not a prospectus, circular or representation intended for use in the purchase of shares of the Company or any securities mentioned in this report.

The shares of abr dn Asia-Pacific Income Fund VCC are traded on the Toronto Stock Exchange. Information about the net asset value is available on the Company's website on a daily basis (www.abr dnfap.com).

Computershare Trust Company of Canada operates an information line on behalf of abr dn Asia-Pacific Income Fund VCC which can be reached by dialing toll-free in Canada and the United States 1-800-564-6253. Shareholders in Toronto or outside Canada and the United States should telephone (514) 982-7555.

