

Aberdeen Emerging Markets Equity Income Fund¹

Fund performance

Aberdeen Emerging Markets Equity Income Fund returned 0.75%² on a net asset value basis for the third quarter of 2018, outperforming the -0.95% return of its benchmark, the MSCI Emerging Markets Index.³ Both asset allocation and stock selection contributed to Fund performance.

From a country perspective, the Fund's positioning in China, Indonesia and Mexico bolstered the relative performance for the quarter. The underweight exposure to China proved beneficial, as the market sold off on concerns over Beijing's trade spat with Washington. The Fund's holdings in mainland China also performed well. These included the Fund's more recently initiated positions, such as Ping An Insurance and China Resources Land, as well as the lack of exposure to internet retailing giant Alibaba, as its shares fell by more than 11% over the quarter. The Fund's holdings in Indonesia aided performance, with shares of cement maker Indocement rebounding after recent weakness. Elsewhere, Mexico's recovery benefited the Fund's holdings in that market, particularly lender Banorte.

Conversely, stock selection in India, which was rattled by signs of distress in the financials sector, weighed on Fund performance for the quarter. The Fund's higher-quality stocks were dragged down in the recent sell-off. Nevertheless, the overall market in India remained a key contributor to performance the 2018 year to date, with the Fund's holdings performing relatively well.

Regarding sector allocation, the primary detractor from Fund performance was the underweight to energy, as oil prices continued to rally over the quarter. However, this was largely mitigated by the robust performance of holdings in the materials sector. Notably, Brazilian miner Vale was bolstered by rising iron ore prices.

Market review

Emerging markets (EMs) experienced more volatility in the third quarter of 2018, with early gains in July outweighed by escalating trade tensions between the U.S. and China, as well as the U.S. Federal Reserve's (Fed) hawkish stance that underpinned the strengthening greenback. This worsened the economic woes in Turkey and Argentina, while also affecting other economies with substantial foreign-denominated debt, such as Indonesia, prompting that country's

central bank to tighten monetary conditions. Energy was the strongest-performing sector within the benchmark MSCI Emerging Markets Index for the quarter, as a host of supply shocks, such as Iran sanctions, the Venezuela political crisis and bottlenecks in U.S. shale production propelled oil prices to a four-year high.

Bearing the brunt of the sell-off was Turkey, where investors were unnerved by potential U.S. sanctions and concerns over the erosion of the central bank's independence. Further losses were capped after monetary policymakers aggressively hiked interest rates to 24% and implemented other austerity measures in a bid to arrest the lira's decline. Elsewhere, optimism under the leadership of President Cyril Ramaphosa waned after South Africa's economy slipped into a recession.

Chinese equities and the yuan remained under pressure, as fresh rounds of U.S. tariffs took effect. In an effort to counter trade worries and a slowing economy, the government injected liquidity into the financial system, increased infrastructure spending, and reduced levies on more than a thousand goods from outside the U.S. to compensate for costlier American imports.

¹ Prior to April 30, 2018, the Fund was named Aberdeen Chile Fund, Inc. (the "Acquiring Fund"). Seven closed-end equity funds managed by Aberdeen entities reorganized into the Acquiring Fund on April 27, 2018. Aberdeen Latin America Equity Fund, Inc. is the performance and accounting survivor for the Fund. Performance information for periods prior to April 30, 2018 will not reflect the current investment strategy.

² Past performance is no guarantee of future results. Investment returns and principal value will fluctuate and shares, when sold, may be worth more or less than original cost. Current performance may be lower or higher than the performance quoted. Net asset value return data include investment management fees, custodial charges and administrative fees (such as Director and legal fees) and assumes the reinvestment of all distributions.

³ The MSCI Emerging Markets Index tracks the performance of large- and mid-cap stocks across 24 emerging markets countries. Indexes are unmanaged and have been provided for comparison purposes only. No fees or expenses are reflected. You cannot invest directly in an index.

In contrast, Thailand's healthy foreign-exchange reserves and current account surplus shielded it against the wider market volatility. The mood was upbeat in Latin America. As expected, political developments continued to drive Brazilian stocks. Investors warmed to the polarized run-off between far-right Jair Bolsonaro and leftist Fernando Haddad, given their moderating rhetoric. Likewise, Mexican stocks and the peso were boosted after President Lopez Obrador won a landslide victory and reaffirmed his willingness to adopt pro-market policies. The conclusion of a revamped North American Free Trade agreement (NAFTA), which will be renamed the U.S.-Mexico-Canada Agreement, also lifted investor sentiment.

Outlook

In our view, the outlook for EMs remains cautious, given the contagion risks that could afflict the asset class and trigger further sell-offs. While global trade relations improved in some areas, tensions between the U.S. and China persist, threatening to upend the integrated global supply chain. Tightening monetary conditions in major economies and the rising U.S. dollar, coupled with domestic political developments, could add to the uncertainty. Nevertheless, recovery across markets is generally expected to stabilize, as central banks tread lightly to keep inflation in check and ease currency pressures, while still supporting economic expansion. We feel that China's shifting focus towards sustainable growth and recent loosening policies should bolster its ability to weather external shocks and avoid a hard landing. Meanwhile, rebounding domestic consumption remains a key driver for Brazil and India. Against this backdrop, we think that corporate earnings appear resilient, with many of the Fund's holdings possessing healthier balance sheets and intact long-term drivers. Looking beyond the short-term volatility, we remain confident in the potential of the Fund's holdings, as we believe that their solid fundamentals will allow them to withstand future challenges and sustain their earnings momentum.

Aberdeen Emerging Markets Equity Income Fund, Inc. Total Returns (%)⁴

	Cumulative as of Sept. 30, 2018			Annualized as of Sept. 30, 2018				
	1 Mo	3 Mo	YTD	1 Yr	3 Yrs	5 Yrs	10 Yrs	Since Inception 10/30/91
NAV	0.4	0.8	-5.3	-7.8	17.0	-1.2	4.3	9.1
Market Price	-0.7	-2.0	-12.5	-13.3	15.0	-2.5	3.7	8.4
MSCI Emerging Markets ⁵	-0.5	-0.9	-7.4	-0.4	12.8	4.0	5.8	7.9
MSCI Emerging Markets Latin America ⁶	4.7	4.9	-6.7	-8.8	14.1	-2.0	0.9	9.4
Custom AEF Emerging Markets Index ⁷	-0.5	-0.9	-0.7	-2.9	16.4	-0.7	1.6	10.0

⁴ **PAST PERFORMANCE IS NO GUARANTEE OF FUTURE RESULTS.** Investment returns and principal value will fluctuate and shares, when sold, may be worth more or less than original cost. Current performance may be lower or higher than the performance quoted. NAV return data includes investment management fees, custodial charges and administrative fees (such as Director and legal fees) and assumes the reinvestment of all distributions. Returns for periods less than one year are not annualized.

⁵ Effective April 30, 2018, the MSCI Emerging Markets Index became the Fund's benchmark index in connection with the change to the Fund's investment objective and strategy.

⁶ For the MSCI Emerging Markets Latin America Index benchmark, the returns provided for since inception are based on month-end level valuations as of October 31, 1991.

⁷ The Custom Index reflects the returns of the MSCI Emerging Markets Latin America Index for periods prior to April 27, 2018 and the returns of the MSCI Emerging Markets Index for periods subsequent to April 30, 2018. The indices and time periods for the Custom Index align with the strategies utilized and benchmark for the Fund during the same time periods. The MSCI Emerging Markets Latin America Index is a free float-adjusted market-capitalization index that measures equity market performance in Latin America.

Top Ten Equity Holdings⁸

	% of Fund
Samsung Electronics	5.0
Tencent Holdings Ltd.	5.0
Taiwan Semiconductor	4.3
China Mobile	3.3
Itausa Investimentos Itau SA	3.2
China Resources Enterprise	2.5
Aeroportuario del Centro Norte pls	2.4
SAIC Motor Corp.	2.3
Firststrand Ltd.	2.3
Grupo Financiero Banorte	2.3
Percent of Portfolio in Top Ten	32.6

⁸ Holdings are subject to change and are provided for informational purposes only and should not be deemed as a recommendation to buy or sell the securities shown. The top ten holdings are reported by share class. Certain companies listed may be held in additional share classes not listed above.

IMPORTANT INFORMATION

PAST PERFORMANCE IS NO GUARANTEE OF FUTURE RESULTS.

Aberdeen Standard Investments is a brand of the investment businesses of Aberdeen Asset Management and Standard Life Investments.

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

Under U.S. tax rules applicable to the Fund, the amount and character of distributable income for each fiscal year can be finally determined only as of the end of the Fund's fiscal year. The Fund anticipates that sources of distributions to shareholders may include net investment income, net realized short-term capital gains, net realized long-term capital gains and return of capital. The estimated composition of the distributions may vary from time to time because the estimated composition may be impacted by future income, expenses and realized gains and losses on securities. For more detailed information related to the composition of the Fund's distributions, see aberdeenAEF.com.

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Foreign securities are more volatile, harder to price and less liquid than U.S. securities. They are subject to different accounting and regulatory standards, as well as political and economic risks. These risks are enhanced in emerging-markets countries. Equity stocks of small and mid-cap companies carry greater risk, and more volatility than equity stocks of larger, more established companies.

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