

abrdn Asia-Pacific Income Fund VCC (FAP)

Semi-Annual Report
April 30, 2023

abrdn.com

Interim Management Report of Fund Performance (unaudited)

As at April 30, 2023

This interim 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 interim financial statements that are included on pages xx-xx. 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.sedar.com.

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 (unaudited)

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 (formerly known as Aberdeen Standard Investments 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 April 30, 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\$2.87 million.

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

Date	0 to 5 Years %	5 to 10 Years %	10 Years & Over %
April 30, 2023*	42.3	42.3	15.4
October 31, 2022	37.0	40.3	22.7
April 30, 2022*	50.3	31.2	18.5

* Unaudited

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 April 30, 2023, investments in assets denominated in Asian currencies and

Management Discussion of Fund Performance (unaudited) (continued)

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 April 30, 2023 would result in a decrease or increase of the Company's NAV of approximately C\$1.7 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 Shares, whether a fund's Shares 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 six-month period ended April 30, 2023, the Company's Shares traded within a range of a discount of -12.74 to -20.39%, ending the period at -18.06%.

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.sedar.com.

Results of Operations

Net Asset Value Performance

With regard to the financial performance for the review period, the NAV return for the six-month period ended April 30, 2023 was 14.28%, assuming reinvestment of dividends, and 6.25% per annum, assuming reinvestment of dividends, since the Company's inception. On April 30, 2023, the Company's Share price was C\$2.54 which represented a discount of 18.06% to the NAV per Share of C\$3.10. Please see the "Market Review" on page 3 and Past Performance on page 11 for further information.

Distributions

For the twelve months ended April 30, 2023, the Company paid a total of C\$0.255 cents per Share in distributions. Based on the Share price of C\$2.54 on April 30, 2023, the Company's cash distribution rate for the twelve months ended April 30, 2023 was 10.63%.

On May 9, 2023 and June 9, 2023, the Company announced that it will pay on May 31, 2023 and June 30, 2023, respectively, a distribution of C\$0.0175 per Share to all holders of Shares of record as of May 19, 2023 and June 23, 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 16, 2022 (as further amended, the "A&R BNP Facility"). The A&R BNP Facility has a scheduled maturity date of November 15, 2023, and the total amount of permitted borrowing under the A&R BNP Facility is US\$45,000,000. During the six-month period, the Company paid down a net amount of US\$2,000,000. The Company's outstanding balance on the BNP Facility as at April 30, 2023 was US\$39,500,000 (see Bank Loan on Statements of Financial Position), which represented 42.2% of the NAV of the Company on April 30, 2023. The BNS Facility from November 1, 2022 - November 15, 2022 and the BNP Facility from November 16, 2022 were 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 A&R BNP Facility. The total accrued expense is included in the expense section of the Statement of Comprehensive Income/(Loss) under "Interest expense."

The Credit Agreement 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

Management Discussion of Fund Performance (unaudited) (continued)

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 Credit Agreement) 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 Credit Agreement does not permit the Company's adjusted asset coverage ratio (as defined in the Credit Agreement) 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 Credit Agreement 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-leverage" 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 April 30, 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 currently in effect, 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 April 30, 2023	Receive/(Pay) Floating Rate	Amount (in US\$ million)	Fixed Rate Payable (%)
82 months	Receive	\$10.0	3.47%
106 months	Receive	\$10.0	3.38%
118 months	Receive	\$10.0	3.37%
119 months	Receive	\$ 9.5	3.14%

Russia/Ukraine Risk

In February 2022, Russia commenced a military attack on Ukraine. The outbreak of hostilities between the two countries and the threat of wider spread hostilities could have a severe adverse effect on the region and global economies, including significant negative impacts on the markets for certain securities and commodities, such as oil and natural gas. In addition, sanctions imposed on Russia by the United States and other countries, and any sanctions imposed in the future, could have a significant adverse impact on the Russian economy and related markets. The price and liquidity of investments may fluctuate widely as a result of the conflict and related events. How long the armed conflict and related events will last cannot be predicted. These tensions and any related events could have a significant impact on Company performance and the value of the Company's investments.

Market Review

Bond markets performed strongly during a volatile six-month period ending April 30, 2023. Hopes that the U.S. Federal Reserve (Fed) would slow its pace of interest-rate hikes and China abruptly abandoning its zero-COVID policy drove a strong rally in November. However, reminders of the strength of the labor market and that inflation doesn't look like returning to target anytime soon triggered periodic pullbacks. Government bond yields then plunged in early March after Silicon Valley Bank collapsed under a deluge of deposit outflows, blaming its failure on the fallout from higher U.S. interest rates. The turmoil also led to the demise of other U.S. regional banks and Switzerland's Credit Suisse.

The 10-year U.S. Treasury yield fell by 63 basis points (bps) to 3.42%, while the 2-year yield fell by 48bps to 4.01%. Bond markets continue to signal elevated risks of recession, most notably in the U.S., where the yield curve remains deeply inverted. In Asia, yield curves ended the period inverted in Hong Kong and Singapore, and virtually flat in South Korea.

The Fed duly raised rates by 50bps in December, after a series of 75bps moves, and by 25bps at each meeting from February, despite

Management Discussion of Fund Performance (unaudited) (continued)

the difficulties caused to parts of the banking sector. The Consumer Price Index¹ fell to a lower-than-expected headline rate of 5% in March, a ninth consecutive monthly decline. The Brent crude oil price fell by 16% to \$79.50 a barrel on fears of economic slowdown. Global food costs also eased as the United Nations food price index fell by 21% from the record high that followed Russia's invasion of Ukraine.

Asian local-currency government bonds delivered positive returns over the six months and mostly outperformed U.S. Treasuries. The exceptions were China, where the 10-year yield rose by 13bps and, while rallying, India (-33bps) and Malaysia (-62bps) underperformed the U.S. Ten-year yields fell by 84bps in Hong Kong, 86bps in South Korea, 100bps in Indonesia, 67bps in Singapore and Thailand, and 130bps in the Philippines.

Price pressures continue to ease across Asia, most notably in India where inflation fell unexpectedly in April to an 18-month low of 4.8%, a significant drop from March (5.7%) and February (6.4%). Inflation has also returned to target in Thailand and Malaysia, and is trending towards target in Indonesia. Indonesia's inflation rate fell to an 11-month low of 4.33% in April, which compares with a central bank target of -2.4%. Easing inflation has allowed several central banks, notably in India and Indonesia, to pause their rate-hiking cycles, albeit policymakers in South Korea and Singapore (where inflation remains above target) arguably paused more to support their economies. After its hawkish monetary policy² hold in April, the Bank of Korea sought to dispel discussions over potential rate cuts by year-end, which investors had tentatively begun to expect.

Purchasing managers' index data is highlighting divergent economic activity across the Asian region. India's manufacturing and services sectors continue to set the pace, while Thailand's manufacturers hit a record level of activity in April as new orders rebounded and output surged. Meanwhile, the factory sectors in China and South Korea have continued to struggle in the face of weak global demand, albeit China and Hong Kong saw notable improvements after the lifting of COVID-19 restrictions.

Many Asian currencies outperformed the Canadian dollar over the six-month period, with the Thai baht leading regional performance as

it strengthened by 9.7% on hopes of a recovery of inbound tourism. The Indonesian rupiah strengthened by 6.0% and there were also strong gains for the Malaysian ringgit (+5.7%), Singapore dollar (+5.2%), South Korean won (+5.5%) and Philippine peso (+4.8%). The Indian rupee rose by 1.3%, while the Hong Kong dollar fell by 0.6%. China's offshore yuan lagged regionally as it weakened by 5.1%. After a year of steady interest-rate increases, the Bank of Canada left its policy rate unchanged in March and April as annual inflation fell to a 19-month low of 4.3% in March. However, a surprise rebound of annual inflation to 4.4% in April led to renewed fears at period-end of the central bank increasing interest rates.

Asian corporate bonds (credit) delivered positive returns over the six months, driven initially by a very strong risk-on tone as hopes grew of a Fed policy pivot and subsequently as U.S. Treasury yields fell on the turmoil in the banking sector. High-yield³ debt outperformed investment-grade⁴ credits as spreads narrowed sharply. China's real estate sector initially rebounded strongly as policy momentum moved towards providing broader support for developers and firms gained growing access to capital markets. The Chinese reopening narrative also helped Macau record a strong bounce in hotel bookings over the Chinese New Year period, which led to ratings agencies starting to remove negative outlooks from the sector. However, China's real estate sector ended the period weaker, dampened by generally unremarkable 2022 results and several idiosyncratic concerns. Notably, Sino Ocean sparked concerns over liquidity⁵ as it deferred coupons⁶ for its perpetual securities, while Central China extended 2023 bond maturities. The primary market showed signs of renewed activity early in the period, but this petered out over January's Chinese New Year holidays and new-issue activity remained muted over the remainder of the six months.

Emerging-market (EM) bonds delivered positive returns over the six months in U.S. dollar terms, with local-currency bonds outperforming hard-currency bonds. In hard-currency debt, investment-grade bonds outperformed lower-quality high-yield debt. Investment-grade spreads tightened over the period. In EM currencies, the Russian rouble underperformed against the Canadian dollar, while the Chilean peso and Mexican peso strengthened over the six months.

1 Consumer Price Index, a measure of inflation. An index of the cost of all goods and services to a typical consumer.

2 Monetary policy – 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 High-yield bonds – 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'.

4 Investment-grade bonds – 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.

5 Liquidity – The degree to which an asset or investment can be easily converted to cash, by sale at a fair price. Liquidity also describes the amount of cash held in a portfolio.

6 Coupon – The interest rate stated on a bond when it's issued. Typically, coupons are paid semi-annually.

Management Discussion of Fund Performance (unaudited) (continued)

Fund performance review

The Company returned 14.28% on a net asset value⁷ basis for the six-month period ended April 30, 2023, compared with the J.P. Morgan Asia Credit Index Diversified return of 10.28% and the 12.37% return of its blended benchmark⁸ for the same period (all returns in Canadian dollars). After a period of significant headwinds for fixed income markets and a strengthening U.S. dollar in the previous fiscal year, conditions were much more favorable for investments in Asia Pacific fixed income, credit and currency markets in the six-month period ended April 30, 2023. The Company's use of leverage⁹ contributed positively to the net asset value, magnifying the impact of the investment portfolio's positive return.

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.

The Company's investment portfolio performed in line with its blended benchmark (on an unlevered basis) for the reporting period. Overweight¹⁰ exposure to U.S. dollar-denominated Asian credit was the main contributor relative to the benchmark. The underweight¹¹ to the underperforming Australian market and Australian dollar also contributed positively. The underweight to Asian local-currency government bonds was the principal detractor from relative performance although within that allocation the overweight to the Indian and Indonesian bond markets contributed positively.

Outlook

Inflation within the region and outside remains somewhat persistent but has generally eased, and an increasing number of central banks are likely to hold policy tightening measures. Biases are potentially shifting towards easing in the medium term, with a focus on global recession risks in the second half of 2023. As a result, rates markets should remain anchored.

We expect the Chinese reopening story to continue to support growth in Asian credit markets and to help soften the blow of a global slowdown. Recent spread widening has provided opportunities to top up credit risk, with supportive technical factors including expectations for muted net supply.

We continue to look for opportunities to reallocate out of the better-performing segments of the U.S. dollar-denominated Asian credit markets, namely investment grade, into the higher-yielding, but fundamentally well supported, Indonesian and Indian local-currency bond markets.

Director Updates

Share Ownership Policy

Under the Company's Director's Share Ownership Policy independent Directors of the Company are required to own at least 10,000 Shares of the Company the later of December 31, 2023 or no later than the end of the calendar year following the year in which he or she becomes a Director.

The below chart summarizes each Independent Director Share ownership as at April 30, 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

* Member of the Company's Independent Review Committee

Related Party Transactions

The Company has an agreement (the "Management Agreement") with abrdn Asia to provide investment management services. abrdn Investments Limited, a related company of abrdn Asia, was engaged to provide advisory services to abrdn Asia, with respect to abrdn Asia's services to the Company. abrdn Asia paid fees to abrdn Investments Limited for services rendered. In addition, the Company has a further agreement (the "Administration Agreement") with abrdn Canada (the "Canadian Administrator"), an affiliate of abrdn 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 abrdn Inc. to provide investor relations services.

7 Net asset value (NAV) – A key measure of the value of a company, fund or trust – the total value of assets less liabilities, divided by the number of shares.

8 The Fund's blended benchmark is composed of 50% iBoxx Asian Local Bond Index; 25% J.P. Morgan Asian Credit Index Diversified; 15% J.P. Morgan GBI Emerging Market Global Diversified Index; and 10% Bloomberg AusBond Composite Index.

9 Leverage – 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.

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

11 Underweight – A portfolio holding less of a particular security (or sector or region) than the security's weight in the benchmark portfolio.

Management Discussion of Fund Performance (unaudited) (concluded)

Implementation of Expense Limitation Agreement

On June 20, 2022, the Board authorized the Company to enter into an Expense Limitation Agreement with abrdn 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 abrdn Asia Limited under the agreement may be reimbursed to abrdn Asia Limited over a three year period subject to certain conditions. The total amount waived for the six-month period ended April 30, 2023 pursuant to the Expense Limitation Agreement was \$163,678. 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 abrdn 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 Six-Months Ended April 30, 2023*	For the Fiscal Years Ended October 31,				
	2023*	2022	2021	2020	2019	2018
Net assets, beginning of period	C\$2.84	C\$3.63	C\$4.04	C\$4.54	C\$4.24	C\$5.18
Increase/(decrease) from operations:^(b)						
Total revenue	0.16	0.30	0.32	0.36	0.41	0.46
Total expenses	(0.07)	(0.11)	(0.11)	(0.13)	(0.17)	(0.17)
Realised gains/(losses) for the period	(0.09)	(0.22)	(0.17)	(0.46)	0.01	(0.46)
Unrealised gains/(losses) for the period	0.38	(0.49)	(0.18)	(–)	0.38	(0.39)
Total Increase/(decrease) from operations	0.38	(0.52)	(0.14)	(0.23)	0.63	(0.56)
Distributions from:						
Distributable earnings	(0.12)	(0.27)	(–)	(0.27)	(0.32)	(0.29)
Return of par	–	–	(0.27)	–	(0.01)	(0.10)
Total annual distributions ^(c)	(0.12)	(0.27)	(0.27)	(0.27)	(0.33)	(0.39)
Impact of normal course issuer bid	–	–	–	–	–	0.01
Net assets, end of period	C\$3.10	C\$2.84	C\$3.63	C\$4.04	C\$4.54	C\$4.24
Ratios/Supplemental Data						
Total net asset value end of period (C\$000)	127,404	129,667	184,344	205,220	230,623	215,899
Number of Shares outstanding – end of period	41,103,165	45,670,155	50,744,616	50,744,616	50,744,616	50,961,616
Management expense ratio excluding fee waiver	3.12%	2.21%	1.93%	1.87%	2.32%	2.11%
Management expense ratio, net of fee waiver ^(d)	2.95% ^(e)	2.17%	1.93%	1.87%	2.32%	2.11%
Management expense ratio, net of fee waiver excluding interest expense ^(f)	1.20% ^{(e)(g)}	1.25% ^(g)	1.52%	1.18%	1.19%	1.15%
Trading expense ratio ^(h)	–	–	–	–	–	–
Portfolio turnover ⁽ⁱ⁾	8%	55%	64%	107%	73%	39%
Net asset value per Share	C\$3.10	C\$2.84	C\$3.63	C\$4.04	C\$4.54	C\$4.24
Closing market price	C\$2.54	C\$2.35	C\$3.03	C\$2.90	C\$3.38	C\$3.42

* Unaudited

(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) Distributions per share are paid in cash and based on the number of ordinary Shares outstanding on the dates of such distributions.

Financial Highlights (concluded)

- (d) Management expense ratio is the ratio of total expenses of the Company (excluding commissions, other portfolio transaction costs and withholding tax) divided by the daily average assets of the Company during the period, which includes the revolving credit facility. Ratios of the total expenses of the Company divided by the average net assets of the Company are 4.16%, 3.09%, 2.61%, 2.58%, 3.29% and 2.96%, for the periods ended April 30, 2023, October 31, 2022, October 31, 2021, October 31, 2020, October 31, 2019 and October 31, 2018, respectively.
- (e) Annualized.
- (f) Ratio represents expenses 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. Ratios of the total expenses of the Company divided by the average net assets of the Company are 1.75%, 2.10%, 2.06%, 1.64%, 1.69% and 1.62%, for the periods ended April 30, 2023, October 31, 2022, October 31, 2021, October 31, 2020, October 31, 2019 and October 31, 2018, respectively.
- (g) Effective October 31, 2022, the Management expense ratio, net of fee waiver excluding interest expenses also excludes bank loan fees as referenced on the Statement of Comprehensive Income.
- (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 (unaudited)

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

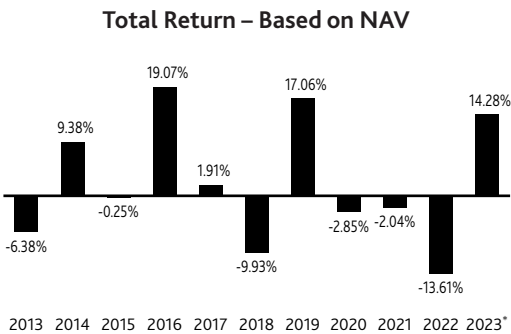
Management Agreement as net assets plus the amount of any borrowings for investment purposes. For the six-month period ended April 30, 2023, abrdn Asia earned gross fees of C\$624,813, which were used by abrdn Asia to pay its costs for managing the Company's investments and making investment decisions on behalf of the Company.

Past Performance (unaudited)

Historical performance is not indicative of future performance.

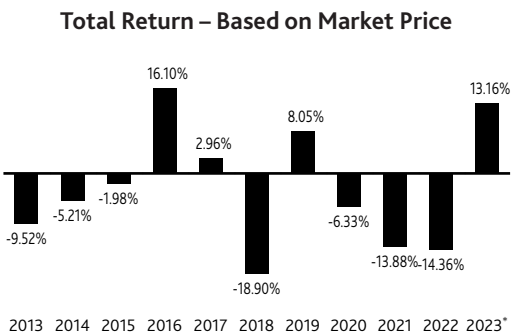
Year-by-Year Returns

The following bar chart shows the Company's NAV performance for each of the fiscal years shown and the six-month period ended April 30, 2023 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.



* six months

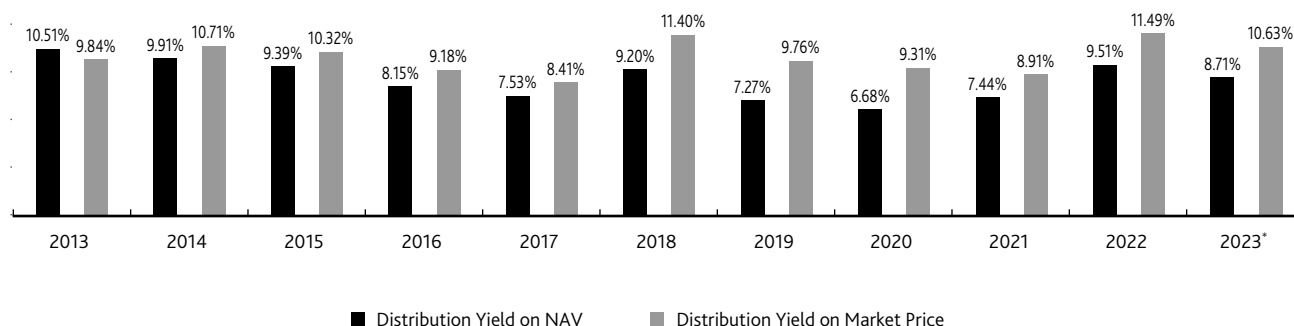
The following chart shows the performance of the Company's shares on the TSX for each of the fiscal years shown and the six-month period ended April 30,2023 and assumes reinvestment of dividends and distributions.



* six months

Past Performance (unaudited) (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 six-month period ended April 30, 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.



* annualized yield for the six-month period ending April 30, 2023

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 April 30, 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.

	6 Months	1 Year	3 Years	5 Years	10 Years
Net Asset Value (NAV)	14.28%	3.48%	2.65%	0.06%	1.39%
Market Price	13.16%	3.17%	7.99%	-1.84%	-1.69%
Benchmark ^(a)	12.37%	8.11%	-0.50%	2.90%	3.44%
JP Morgan Asian Credit Index (JACI)	10.28%	6.62%	-1.70%	2.64%	5.57%

(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 April 30, 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.aberdeenfap.com>.

Country Allocation

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

Country	Percentage of Net Asset Value As at April 30, 2023	Percentage of Net Asset Value As at October 31, 2022
Indonesia	31.8% ^(a)	32.7%
India	25.0%	29.4%
China	8.8%	5.7%
Australia	6.6%	9.1%
Philippines	5.3%	3.9%
Mexico	5.2%	4.8%
Brazil	4.1%	2.6%
Uruguay	3.9%	3.4%
Bahrain	3.3%	3.1%
Macao	3.1%	2.0%
Malaysia	2.8%	2.7%
United Arab Emirates	2.7%	3.2%
Supranational	2.6%	0.0%
Mongolia	2.5%	2.3%
Republic of Korea	2.1%	0.7%
Thailand	2.0%	4.3%
United Kingdom	0.0%	4.8%
Other, less than 2% each	21.4%	26.2%
Bank Loan, Other Assets & Liabilities	(33.2)%	(40.9)%
	100.0%	100.0%

(a) Indonesian country allocation as a percentage of Managed Assets as at April 30, 2023 was 20.9%.

Summary of Investment Portfolio Information (unaudited) (continued)

As at April 30, 2023

Top 25 Investments

The following table shows the top 25 investments held by the Company as at April 30, 2023:

Currency	Principal Amount (000)	Description	Net Asset Value %	Value (C\$)
IDR	75,927,000	Indonesia Treasury Bond, 10.50%, 08/15/2030	6.7	8,558,450
INR	400,000	India Government Bond, 7.54%, 05/23/2036	5.3	6,778,792
INR	400,000	India Government Bond, 7.26%, 01/14/2029	5.3	6,655,856
IDR	64,000,000	Indonesia Treasury Bond, 9.00%, 03/15/2029	5.2	6,637,631
IDR	68,800,000	Indonesia Treasury Bond, 6.50%, 02/15/2031	5.0	6,344,948
IDR	49,500,000	Indonesia Treasury Bond, 8.25%, 05/15/2029	3.9	4,979,822
INR	300,000	India Government Bond, 7.10%, 04/18/2029	3.9	4,973,853
UYU	157,650	Uruguay Government International Bond, 8.25%, 05/21/2031	3.9	4,944,491
BRL	16,500	Brazil Notas do Tesouro Nacional, 10.00%, 01/01/2029	3.2	4,110,307
MXN	55,000	Mexican Bonos, 10.00%, 12/05/2024	3.2	4,095,302
IDR	40,000,000	Perusahaan Perseroan Persero PT Perusahaan Listrik Negara, 9.10%, 02/19/2024	2.9	3,761,810
USD	2,650	Oil & Gas Holding Co. BSCC (The), 7.50%, 10/25/2027	2.9	3,673,146
USD	2,360	Petroleum Nasional Bhd, 7.63%, 10/15/2026	2.8	3,501,600
INR	200,000	International Finance Corp., 6.30%, 11/25/2024	2.6	3,268,841
IDR	30,000,000	Indonesia Treasury Bond, 8.25%, 05/15/2036	2.4	3,089,030
INR	185,000	India Government Bond, 7.36%, 09/12/2052	2.4	3,078,980
USD	1,470	Indonesia Government International Bond, 8.50%, 10/12/2035	2.1	2,625,917
PHP	105,000	Philippine Government International Bond, 6.25%, 01/14/2036	2.0	2,505,602
MXN	35,500	Petroleos Mexicanos, 7.19%, 09/12/2024	1.9	2,457,739
ZAR	31,000	Republic of South Africa Government Bond, 10.50%, 12/21/2026	1.9	2,411,120
USD	1,600	MAF Global Securities Ltd., 7.88%, 06/30/2027	1.7	2,194,541
PHP	71,660	Philippine Government Bond, 9.25%, 11/05/2034	1.7	2,187,445
USD	1,700	QBE Insurance Group Ltd., 5.88%, 05/12/2025	1.7	2,174,688
USD	1,600	Angolan Government International Bond, 9.50%, 11/12/2025	1.7	2,138,105
USD	1,478	Power Finance Corp. Ltd., 6.15%, 12/06/2028	1.6	2,071,513

Summary of Investment Portfolio Information (unaudited) (concluded)

As at April 30, 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
		Inter-American Development Bank, (MTN), 7.88%, 03/14/2023	4.7	6,128,151
IDR	70,000,000	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
		Uruguay Government International Bond, 8.25%, 05/21/2031	3.4	4,376,831
UYU	157,650	Perusahaan Perseroan Persero PT Perusahaan Listrik Negara, 9.10%, 02/19/2024	2.8	3,589,145
IDR	40,000,000	Petrolia Nasional Bhd, 7.63%, 10/15/2026	2.7	3,505,563
USD	2,360	Oil & Gas Holding Co. BSCC, 7.50%, 10/25/2027	2.7	3,485,711
USD	2,650	Mexican Bonos, 10.00%, 12/05/2024	2.6	3,421,968
MXN	50,000	Brazil Notas do Tesouro Nacional, 10.00%, 01/01/2029	2.6	3,303,187
BRL	13,500	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
INR	200,000	Australia & New Zealand Banking Group Ltd., 6.75%, 06/15/2026	2.2	2,805,175
USD	2,150	Indonesia Treasury Bond, 8.25%, 05/15/2036	2.1	2,725,032
IDR	30,000,000	Petroleos Mexicanos, 7.19%, 09/12/2024	2.1	2,678,080
MXN	43,000	Ivory Coast Government International Bond, 6.38%, 03/03/2028	1.9	2,435,575
USD	1,970	Republic of South Africa Government Bond, 10.50%, 12/21/2026	1.9	2,397,803
ZAR	31,000	Indonesia Government International Bond, 8.50%, 10/12/2035	1.8	2,343,475
USD	1,470	HSBC Holdings PLC, 6.25%, 03/23/2023	1.8	2,333,932
USD	1,820	Philippine Government International Bond, 6.25%, 01/14/2036	1.7	2,234,763
PHP	105,000	Standard Chartered PLC, 7.75%, 04/02/2023	1.7	2,140,517
USD	1,590			

Other Investment Portfolio Information (unaudited)

As at April 30, 2023

Geographic Composition

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

Date	Asia (Including NZ) %	Latin America %	Africa %	Australia %	Europe %	United States %	Other, < 5 %
April 30, 2023	69.5	10.2	6.4	4.7	1.0	0.7	7.5
October 31, 2022	70.2	9.2	6.9	6.4	5.3	1.5	0.5
April 30, 2022	60.0	7.8	7.7	7.9	7.0	8.3	1.3

Currency Composition

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

Date	U.S. Dollar* %	Asian Currencies** %	Latin American Currencies %	Australian Dollar %	Other, < 5 %
April 30, 2023	54.1	30.6	9.8	2.8	2.7
October 31, 2022	56.2	30.0	8.0	4.3	1.5
April 30, 2022	51.7	29.0	7.3	9.8	2.2

Maturity Composition

The average maturity of the Company's total investments was 0.0 years at April 30, 2023, compared with 14.3 years at October 31, 2022, and 13.7 years at April 30, 2022. The following table shows the maturity composition of the Company's investments as at April 30, 2023, compared with October 31, 2022 and April 30, 2022:

Date	0 to 5 Years %	5 to 10 Years %	10 Years & Over %
April 30, 2023*	42.3	42.3	15.4
October 31, 2022	37.0	40.3	22.7
April 30, 2022*	50.3	31.2	18.5

* Unaudited

Quality of Investments

As at April 30, 2023, 5.8% 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 April 30, 2023, compared with October 31, 2022 and April 30, 2022:

Date	AAA/Aaa %	AA/Aa %	A %	BBB/Baa %	BB/Ba* %	B* %	CCC/CC/C* %	NR** %
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
April 30, 2022	6.5	0.5	2.9	38.6	23.5	12.9	1.8	13.3

* Below investment grade

** Not Rated

Statements of Financial Position

NOTICE TO READER Interim financial statements, including the accompanying interim notes to the financial statements, and have not been reviewed by the Company's auditors

	Note	April 30, 2023 C\$	October 31, 2022 (Adjusted - See Note 7) C\$
Assets			
Investments, at value(Cost: C\$188,913,281;2022:C\$218,996,003)		169,654,313	182,748,987
Foreign cash(Cost: C\$7,629,672;2022:C\$1,391,011)		7,614,289	1,349,964
Cash		1,287,386	-
Cash at broker for interest rate swap agreements		761,292	-
Cash at broker for forward foreign currency contracts		278,427	-
Unsettled sales trades		953,534	388,280
Interest receivable		3,544,164	3,892,861
Unrealized appreciation on interest rate swaps		55,711	-
Prepaid expenses in connection with bank loans		36,002	14,361
Sundry debtors and prepayments		141,635	158,455
Total assets		C\$184,326,753	C\$ 188,552,908
Liabilities			
Bank loan	8	53,735,893	56,742,652
Unsettled purchases trades		1,403,204	-
Unrealised depreciation on interest rate swaps		555,112	-
Unrealised depreciation on forward foreign currency exchange contracts		301,015	960,694
Deferred foreign capital gains tax	5	212,850	359
Interest payable on bank loan	8	199,462	131,247
Investment management fees payable	6	72,884	71,515
Administration fees payable	6	19,527	21,309
Investor relations fees payable	6	8,061	8,191
Due to custodian		-	502,635
Director fees payable		-	8,823
Accrued expenses and other liabilities		414,711	438,808
Total liabilities		56,922,719	58,886,233
Share capital		467,819,211	481,839,870
Deficit		(291,179,316)	(285,666,833)
Unrealised appreciation/(depreciation) on investments, interest rate swaps, futures and foreign currency transactions		(49,235,861)	(66,506,362)
Total Equity		C\$127,404,034	C\$ 129,666,675
Net assets per share attributable to holders of Shares (41,103,165 and 45,670,155 Shares outstanding at April 30, 2023 and October 31, 2022, respectively)		C\$ 3.10	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/(Losses)

	Note	Six Months Ended April 30, 2023 C\$	Six Months Ended April 30, 2022 (Adjusted - See Note 7) C\$
Investment Income			
Interest Income		7,037,181	7,751,299
Realised gains/(losses) on investments and foreign currency transactions		(4,111,791)	(9,211,179)
Realised gains/(losses) on interest rate swap contracts		1,176	(163,306)
Change in unrealised appreciation/(depreciation) on investments		16,988,048	(8,245,896)
Change in unrealised appreciation/(depreciation) on interest rate swap contracts		(499,401)	5,058,691
Change in unrealised appreciation/(depreciation) on translation of foreign currency denominated assets and liabilities		781,854	(2,830,248)
		20,197,067	7,640,639
Expenses			
Investment management fees	6	624,813	791,549
Administration fees	6	120,156	152,674
Director fees and expenses		109,178	93,064
Legal and professional fees and expenses		107,631	75,640
Independent auditor fees and expenses		83,286	75,079
Transfer agent fees and expenses		52,964	51,858
Investor relations fees and expenses	6	48,501	45,153
Custodian fees and expenses		43,577	42,254
Bank loan fees		38,826	159,378
Reports to shareholders		35,042	32,971
Insurance		16,819	5,204
Independent review committee fees		10,029	9,724
Registration, listing and depositary fees		9,618	10,015
Miscellaneous		61,373	36,694
Total operating expenses		1,361,813	1,581,257
Interest expense	8	1,648,754	533,460
Withholding taxes		191,664	137,016
Expenses reduced by Investment Adviser		(163,678)	–
Total expenses		3,038,553	2,251,733
Income (loss) for the period		C\$ 17,158,514	C\$(9,892,372)
Earnings (losses) per share C\$17,158,514/ 44,887,963 weighted average number of Shares (April 30, 2022-C\$(9,892,372)/49,875,509)		C\$ 0.3823	C\$ (0.1983)

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

	Six Months Ended April 30, 2023 C\$	Six Months Ended April 30, 2022 (Adjusted - See Note 7) C\$
Equity beginning of period	129,666,675	184,344,109
Income (losses) for the period	17,158,514	(9,892,372)
Distributions to holders of Shares	(5,400,496)	(6,736,348)
Payments on redemption	(14,020,659)	(16,694,232)
	(19,421,155)	(23,430,580)
Decrease in Shareholders' Equity	(2,262,641)	(33,322,952)
Equity end of period	127,404,034	151,021,157

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

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

Statements of Cash Flows

	Six Months Ended April 30, 2023 C\$	Six Months Ended April 30, 2022 C\$
Increase / (Decrease) in Cash (Including Foreign Currency)		
Cash Flows Provided from (used for) Operating Activities:		
Interest received	7,174,629	8,318,223
Interest paid	68,215	(33,168)
Operating expenses paid	(2,885,173)	(2,550,439)
Net payments received from broker for collateral on interest rate swaps	(761,292)	5,356,065
Purchases of investments at fair value	(13,634,248)	(67,604,853)
Proceeds from sales of investments at fair value	41,676,522	95,000,232
Realised gains/(losses) on forward foreign currency exchange contracts closed	(1,513,258)	(2,369,220)
Realised gains/(losses) on interest rate swap transactions	1,176	(163,306)
Payments received from (paid to) broker for futures contracts	–	258
Net cash provided from operating activities	C\$ 30,126,571	C\$ 35,953,792
Cash Flows Provided from (used for) Financing Activities:		
Due to custodian	(502,635)	–
Bank Loan	(2,704,800)	(13,672,603)
Distributions to holders of Shares	(5,400,496)	(6,736,348)
Redemption of Shares	(14,020,659)	(16,694,232)
Net cash used for financing activities	(22,628,590)	(37,103,183)
Effect of exchange rate on cash	53,730	250,515
Net increase (decrease) in cash	7,551,711	(898,876)
Cash at beginning of period	1,349,964	14,147,002
Cash at end of period	C\$ 8,901,675	C\$ 13,248,126

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

Schedule of Investment Portfolio (unaudited)

As of April 30, 2023

Principal Amount (000)	Description	Cost (C\$)	Carrying Value (C\$)
CORPORATE BONDS—57.6%			
AUSTRALIA—6.6%			
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	\$ 1,307,265
AUD 1,000	Emeco Pty. Ltd., 6.25%, 07/10/2026 ^(c)	929,349	838,680
USD 1,610	Macquarie Bank Ltd., (fixed rate to 03/08/2027 variable rate thereafter), 6.13%, 03/08/2027 ^{(a)(b)(c)(d)}	2,248,363	1,880,383
USD 830	Mineral Resources Ltd., 8.00%, 11/01/2027 ^{(a)(c)}	1,063,977	1,142,102
USD 1,700	QBE Insurance Group Ltd., (fixed rate to 05/12/2025 variable rate thereafter), 5.88%, 05/12/2025 ^{(a)(b)(c)(d)}	2,358,192	2,174,688
USD 800	Santos Finance Ltd., 5.25%, 03/13/2029 ^{(a)(c)}	1,064,102	1,043,581
Total Australia		9,158,403	8,386,699
BAHRAIN—2.9%			
USD 2,650	Oil & Gas Holding Co. BSCC (The), 7.50%, 10/25/2027 ^{(a)(c)}	3,914,497	3,673,146
CHINA—8.8%			
USD 490	Central China Real Estate Ltd., 7.75%, 05/24/2024 ^{(a)(c)}	270,556	133,504
USD 200	Central China Real Estate Ltd., 7.90%, 11/07/2023 ^{(a)(c)}	143,030	55,602
USD 2,490	China Evergrande Group, 8.75%, 06/28/2025 ^{(a)(c)(e)}	993,325	220,969
USD 250	China Oil & Gas Group Ltd., 4.70%, 06/30/2026 ^{(a)(c)}	252,741	284,688
USD 890	Chongqing International Logistics Hub Park Construction Co. Ltd., 5.30%, 08/20/2024 ^{(a)(c)}	1,131,847	1,128,069
USD 300	CIFI Holdings Group Co. Ltd., 5.95%, 10/20/2025 ^{(a)(c)(e)}	288,394	60,195
USD 700	CIFI Holdings Group Co. Ltd., 6.55%, 03/28/2024 ^{(a)(c)(e)}	981,410	141,193
USD 200	Country Garden Holdings Co. Ltd., 5.13%, 01/14/2027 ^{(a)(c)}	260,140	123,746
USD 659	Country Garden Holdings Co. Ltd., 7.25%, 04/08/2026 ^{(a)(c)}	638,308	462,166
USD 440	Far East Horizon Ltd., 4.25%, 10/26/2026 ^{(a)(c)}	504,726	510,691
USD 300	Geely Automobile Holdings Ltd., 4.00%, 12/09/2024 ^{(a)(b)(d)}	381,546	384,702
USD 700	Health & Happiness H&H International Holdings Ltd., 5.63%, 10/24/2024 ^{(a)(c)}	860,983	806,610
USD 850	Huarong Finance II Co. Ltd., 5.50%, 01/16/2025 ^{(a)(c)}	1,114,185	1,090,981
USD 200	Kaisa Group Holdings Ltd., 9.75%, 09/28/2023 ^{(a)(c)(e)}	236,807	26,008
—	Kaisa Group Holdings Ltd., 10.88%, 07/23/2023 ^(e)	—	—
—	Kaisa Group Holdings Ltd., 11.95%, 11/12/2023 ^(e)	—	—
USD 700	Lenovo Group Ltd., 6.54%, 07/27/2032 ^{(a)(c)}	901,460	953,526
USD 450	Logan Group Co. Ltd., 5.25%, 10/19/2025 ^{(a)(c)(e)}	519,535	108,782
USD 450	Logan Group Co. Ltd., 6.50%, 07/16/2023 ^{(a)(c)(e)}	557,367	109,476
—	Logan Group Co. Ltd., 7.50%, 08/25/2049 ^(e)	—	—
USD 600	Longfor Group Holdings Ltd., 3.95%, 09/16/2029 ^{(a)(c)}	589,553	607,421
USD 370	New Metro Global Ltd., 4.80%, 12/15/2024 ^{(a)(c)}	279,806	372,346
USD 1,256	Shandong Iron & Steel Xinheng International Co. Ltd., 6.50%, 11/05/2023 ^{(a)(c)}	1,673,468	1,693,183
USD 550	Shimao Group Holdings Ltd., 6.13%, 02/21/2024 ^{(a)(c)(e)}	354,048	91,233
USD 300	Shui On Development Holding Ltd., 5.50%, 03/03/2025 ^{(a)(c)}	352,747	353,819
USD 400	Sunac China Holdings Ltd., 5.95%, 04/26/2024 ^{(a)(c)(e)}	505,058	108,638
USD 686	Sunac China Holdings Ltd., 6.80%, 10/20/2024 ^{(a)(c)(e)}	861,119	186,315
USD 214	Sunac China Holdings Ltd., 7.00%, 07/09/2025 ^{(a)(c)(e)}	256,553	58,122
USD 900	Times China Holdings Ltd., 6.20%, 03/22/2026 ^{(a)(c)(e)}	1,103,222	148,672
USD 204	Vanke Real Estate Hong Kong Co. Ltd., 3.50%, 11/12/2029 ^{(a)(c)}	215,719	228,291
USD 600	Wanda Properties Global Co. Ltd., 11.00%, 01/20/2025 ^{(a)(c)}	777,827	492,008
USD 880	Yuzhou Group Holdings Co. Ltd., 8.30%, 05/27/2025 ^{(a)(c)(e)}	402,716	79,215
USD 400	Zhenro Properties Group Ltd., 6.63%, 01/07/2026 ^{(a)(c)(e)}	302,719	32,516
USD 1,300	Zhenro Properties Group Ltd., 8.00%, 03/06/2023 ^{(c)(e)}	1,645,739	105,678
Total China		19,356,654	11,158,365
HONG KONG—1.6%			
USD 800	Hutchison Whampoa Finance CI Ltd., 7.50%, 08/01/2027 ^{(a)(c)}	1,412,561	1,205,544
USD 250	Hutchison Whampoa International 03/33 Ltd., 7.45%, 11/24/2033 ^{(a)(c)}	288,535	411,881
USD 400	Melco Resorts Finance Ltd., 5.75%, 07/21/2028 ^{(a)(c)}	430,675	470,133
Total Hong Kong		2,131,771	2,087,558
INDIA—8.1%			
USD 700	ABJA Investment Co. Pte Ltd., 5.95%, 07/31/2024 ^{(a)(c)}	933,909	943,653
USD 950	Greenko Wind Projects Mauritius Ltd., 5.50%, 04/06/2025 ^{(a)(c)}	1,185,172	1,221,989
USD 420	JSW Infrastructure Ltd., 4.95%, 01/21/2029 ^{(a)(c)}	525,651	492,662

Schedule of Investment Portfolio (unaudited) (continued)

As of April 30, 2023

Principal Amount (000)		Description	Cost (C\$)	Carrying Value (C\$)
CORPORATE BONDS (continued)				
INDIA (continued)				
USD	1,220	Network i2i Ltd., (fixed rate to 01/15/2025 variable rate thereafter), 5.65%, 01/15/2025 ^{(a)(b)}	\$ 1,664,306	\$ 1,578,536
USD	1,200	Periama Holdings LLC, 5.95%, 04/19/2026 ^{(a)(c)}	1,661,456	1,564,201
USD	1,478	Power Finance Corp. Ltd., 6.15%, 12/06/2028 ^{(a)(c)}	2,240,402	2,071,513
USD	900	Shriram Finance Ltd., 4.40%, 03/13/2024 ^{(a)(c)}	1,140,276	1,181,749
USD	800	Vedanta Resources Finance II PLC, 8.95%, 03/11/2025 ^{(a)(c)}	799,849	774,974
USD	400	Vedanta Resources Finance II PLC, 13.88%, 01/21/2024 ^{(a)(c)}	523,192	470,490
Total India			10,674,213	10,299,767
INDONESIA—5.8%				
IDR	5,000,000	Astra Sedaya Finance PT, 9.20%, 02/13/2024 ^(c)	479,582	470,365
USD	686	LLPL Capital Pte Ltd., 6.88%, 02/04/2039 ^{(a)(c)(f)}	1,054,179	831,979
USD	710	Medco Oak Tree Pte Ltd., 7.38%, 05/14/2026 ^{(a)(c)}	922,068	923,591
USD	400	Medco Platinum Road Pte Ltd., 6.75%, 01/30/2025 ^{(a)(c)}	428,433	527,988
USD	303	Pertamina Geothermal Energy PT, 5.15%, 04/27/2028 ^{(a)(c)}	408,459	412,572
IDR	40,000,000	Perusahaan Perseroan Persero PT Perusahaan Listrik Negara, 9.10%, 02/19/2024 ^(c)	3,818,649	3,761,810
USD	370	Perusahaan Perseroan Persero PT, Perusahaan Listrik Negara, 5.25%, 10/24/2042 ^{(a)(c)}	418,636	451,867
Total Indonesia			7,530,006	7,380,172
KAZAKHSTAN—1.8%				
KZT	525,000	Development Bank of Kazakhstan JSC, 8.95%, 05/04/2023 ^{(a)(c)}	1,781,208	1,571,828
KZT	311,000	Development Bank of Kazakhstan JSC, 10.95%, 05/06/2026 ^{(a)(c)}	887,691	768,583
Total Kazakhstan			2,668,899	2,340,411
KUWAIT—1.2%				
USD	1,130	MEGlobal Canada ULC, 5.88%, 05/18/2030 ^{(a)(c)}	1,806,558	1,567,543
MACAO—3.1%				
USD	425	MGM China Holdings Ltd., 5.25%, 06/18/2025 ^{(a)(c)}	578,808	549,900
USD	800	MGM China Holdings Ltd., 5.88%, 05/15/2026 ^{(a)(c)}	1,123,731	1,040,882
USD	560	Sands China Ltd., 5.63%, 08/08/2025 ^(c)	643,089	743,198
USD	700	Studio City Finance Ltd., 6.50%, 01/15/2028 ^{(a)(c)}	810,317	817,814
USD	690	Wynn Macau Ltd., 5.50%, 10/01/2027 ^{(a)(c)}	633,207	833,182
Total Macao			3,789,152	3,984,976
MALAYSIA—2.8%				
USD	2,360	Petroliam Nasional Bhd, 7.63%, 10/15/2026 ^{(a)(c)}	3,908,121	3,501,600
MEXICO—2.0%				
MXN	35,500	Petroleos Mexicanos, 7.19%, 09/12/2024 ^{(a)(c)}	1,844,799	2,457,739
USD	1,250	Unifin Financiera SAB de CV, 8.38%, 01/27/2028 ^{(a)(c)(e)}	1,346,625	42,339
Total Mexico			3,191,424	2,500,078
OMAN—1.3%				
USD	1,180	Oztel Holdings SPC Ltd., 6.63%, 04/24/2028 ^{(a)(c)}	1,685,412	1,664,814
PHILIPPINES—1.6%				
USD	800	AC Energy Finance International Ltd., 5.10%, 11/25/2025 ^{(a)(b)}	1,049,877	826,459
USD	981	Manila Water Co., Inc., 4.38%, 07/30/2030 ^{(a)(c)}	1,302,149	1,176,260
Total Philippines			2,352,026	2,002,719
REPUBLIC OF KOREA—2.1%				
USD	700	Kyobo Life Insurance Co. Ltd., (fixed rate to 06/15/2027 variable rate thereafter), 5.90%, 06/15/2027 ^{(a)(c)}	887,644	914,008
USD	600	SK Hynix, Inc., 6.50%, 01/17/2033 ^{(a)(c)}	795,556	806,408
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	975,526
Total Republic of Korea			2,774,629	2,695,942
SAUDI ARABIA—0.3%				
USD	298	Saudi Electricity Global Sukuk Co. 3, 5.50%, 04/08/2044 ^{(a)(c)}	490,950	412,636
SINGAPORE—0.2%				
USD	580	GLP Pte Ltd., (fixed rate to 05/17/2026, variable rate thereafter), 4.50%, 05/17/2026 ^{(a)(b)}	701,307	314,718

Schedule of Investment Portfolio (unaudited) (continued)

As of April 30, 2023

Principal Amount (000)	Description	Cost (C\$)	Carrying Value (C\$)
CORPORATE BONDS (continued)			
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	\$ 988,423
THAILAND—2.0%			
USD 1,100	Bangkok Bank PCL, 9.03%, 03/15/2029 ^{(a)(c)}	1,463,150	1,695,763
USD 680	Kasikornbank PCL, (fixed rate to 10/14/2025 variable rate thereafter), 5.28%, 10/14/2025 ^{(a)(b)}	906,054	854,910
Total Thailand		2,369,204	2,550,673
UKRAINE—0.3%			
USD 1,650	Ukraine Railways Via Rail Capital Markets PLC, 8.25%, 07/09/2026 ^{(a)(c)(e)(g)}	2,219,533	424,746
UNITED ARAB EMIRATES—2.7%			
USD 330	DP World Ltd., 6.85%, 07/02/2037 ^{(a)(c)}	561,246	499,190
USD 580	Emirates NBD Bank PJSC, (fixed rate to 04/09/2026 variable rate thereafter), 6.13%, 04/09/2026 ^{(a)(b)}	805,029	776,053
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	2,194,541
Total United Arab Emirates		3,437,524	3,469,784
UNITED STATES—1.0%			
USD 850	Hyundai Capital America, 6.38%, 04/08/2030 ^{(a)(c)}	1,380,714	1,211,469
VIETNAM—0.6%			
USD 670	Mong Duong Finance Holdings BV, 5.13%, 05/07/2029 ^{(a)(c)}	893,679	785,784
Total Corporate Bonds		87,499,264	73,402,023
GOVERNMENT BONDS—75.6%			
ANGOLA—1.7%			
USD 1,600	Angolan Government International Bond, 9.50%, 11/12/2025 ^{(a)(c)}	2,212,565	2,138,105
BAHAMAS—1.0%			
USD 1,288	Bahamas Government International Bond, 6.00%, 11/21/2028 ^{(a)(c)}	1,863,549	1,331,496
BAHRAIN—0.4%			
USD 380	CBB International Sukuk Co. 7 SPC, 6.88%, 10/05/2025 ^{(a)(c)}	555,637	530,169
BRAZIL—4.1%			
BRL 16,500	Brazil Notas do Tesouro Nacional, 10.00%, 01/01/2029 ^(c)	4,232,691	4,110,307
BRL 4,700	Brazil Notas do Tesouro Nacional Serie F, 10.00%, 01/01/2033 ^(c)	1,117,674	1,158,843
Total Brazil		5,350,365	5,269,150
COLOMBIA—0.8%			
COP 3,500,000	Colombian TES, 10.00%, 07/24/2024 ^(c)	1,023,333	998,382
DOMINICAN REPUBLIC—0.2%			
DOP 8,000	Dominican Republic International Bond, 13.63%, 02/03/2033 ^{(a)(c)}	237,040	230,399
INDIA—16.9%			
INR 300,000	India Government Bond, 7.10%, 04/18/2029 ^(c)	4,805,894	4,973,853
INR 400,000	India Government Bond, 7.26%, 01/14/2029 ^(c)	6,511,431	6,655,856
INR 185,000	India Government Bond, 7.36%, 09/12/2052 ^(c)	3,016,304	3,078,980
INR 400,000	India Government Bond, 7.54%, 05/23/2036 ^(c)	6,527,608	6,778,792
Total India		20,861,237	21,487,481
INDONESIA—26.0%			
USD 500	Indonesia Government International Bond, 7.75%, 01/17/2038 ^{(a)(c)}	985,922	860,168
USD 1,470	Indonesia Government International Bond, 8.50%, 10/12/2035 ^{(a)(c)}	2,702,326	2,625,917
IDR 68,800,000	Indonesia Treasury Bond, 6.50%, 02/15/2031 ^(c)	6,075,679	6,344,948
IDR 49,500,000	Indonesia Treasury Bond, 8.25%, 05/15/2029 ^(c)	4,619,780	4,979,822
IDR 30,000,000	Indonesia Treasury Bond, 8.25%, 05/15/2036 ^(c)	2,754,047	3,089,030
IDR 64,000,000	Indonesia Treasury Bond, 9.00%, 03/15/2029 ^(c)	6,429,506	6,637,631
IDR 75,927,000	Indonesia Treasury Bond, 10.50%, 08/15/2030 ^(c)	10,068,550	8,558,450
Total Indonesia		33,635,810	33,095,966

Schedule of Investment Portfolio (unaudited) (continued)

As of April 30, 2023

Principal Amount (000)		Description	Cost (C\$)	Carrying Value (C\$)
GOVERNMENT BONDS (continued)				
IRAQ—0.7%				
514		Iraq International Bond, 5.80%, 01/15/2028 ^{(a)(c)}	\$ 573,415	\$ 649,210
USD 156		Iraq International Bond, 5.80%, 01/15/2028 ^{(a)(c)}	174,239	197,448
Total Iraq			747,654	846,658
IVORY COAST—0.5%				
USD 500		Ivory Coast Government International Bond, 6.38%, 03/03/2028 ^{(a)(c)(f)}	686,749	646,941
JORDAN—1.6%				
USD 350		Jordan Government International Bond, 7.75%, 01/15/2028 ^{(a)(c)}	439,077	482,591
1,105		Jordan Government International Bond, 7.75%, 01/15/2028 ^{(a)(c)}	1,374,431	1,523,608
Total Jordan			1,813,508	2,006,199
MALDIVES—0.2%				
USD 300		Maldives Sukuk Issuance Ltd., 9.88%, 04/08/2026 ^{(a)(c)}	376,511	329,518
MEXICO—3.2%				
MXN 55,000		Mexican Bonos, 10.00%, 12/05/2024 ^(c)	3,871,658	4,095,302
MONGOLIA—2.5%				
USD 1,230		Development Bank of Mongolia LLC, 7.25%, 10/23/2023 ^{(a)(c)}	1,664,269	1,634,649
USD 1,190		Mongolia Government International Bond, 8.75%, 03/09/2024 ^{(a)(c)}	1,724,793	1,616,340
Total Mongolia			3,389,062	3,250,989
NIGERIA—1.5%				
USD 1,800		Nigeria Government International Bond, 8.75%, 01/21/2031 ^{(a)(c)}	2,566,086	1,932,693
PAKISTAN—1.6%				
USD 1,140		Pakistan Global Sukuk Programme Co. Ltd. (The), 7.95%, 01/31/2029 ^{(a)(c)}	1,446,733	660,861
USD 2,561		Pakistan Government International Bond, 6.88%, 12/05/2027 ^{(a)(c)}	3,369,468	1,217,265
USD 260		Pakistan Government International Bond, 7.38%, 04/08/2031 ^{(a)(c)}	220,806	118,860
Total Pakistan			5,037,007	1,996,986
PHILIPPINES—3.7%				
PHP 71,660		Philippine Government Bond, 9.25%, 11/05/2034 ^(c)	1,907,624	2,187,445
PHP 105,000		Philippine Government International Bond, 6.25%, 01/14/2036 ^(c)	2,907,345	2,505,602
Total Philippines			4,814,969	4,693,047
SOUTH AFRICA—1.9%				
ZAR 31,000		Republic of South Africa Government Bond, 10.50%, 12/21/2026 ^(c)	3,083,021	2,411,120
SUPRANATIONAL—2.6%				
INR 200,000		International Finance Corp., 6.30%, 11/25/2024 ^(c)	3,481,989	3,268,841
UKRAINE—0.6%				
UAH 28,000		Ukraine Government Bond, 15.84%, 02/26/2025 ^{(c)(g)}	1,446,559	748,357
URUGUAY—3.9%				
UYU 157,650		Uruguay Government International Bond, 8.25%, 05/21/2031 ^(c)	4,359,708	4,944,491
Total Government Bonds			101,414,017	96,252,290
Total Investments—133.2%^(h)			C\$ 188,913,281	C\$ 169,654,313
Liabilities in Excess of Other Assets—(33.2%)				(42,250,279)
Net Assets Attributable to Holders of Shares—100.0%				C\$ 127,404,034

(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) Variable or Floating Rate security. Rate disclosed is as of April 30, 2023.

(e) Security is in default.

(f) Sinkable security.

(g) Illiquid security.

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

Schedule of Investment Portfolio (unaudited) (concluded)

As of April 30, 2023

AUD Australian Dollar
 BRL Brazilian Real
 COP Colombian Peso
 DOP Dominican Republic Peso
 IDR Indonesian Rupiah
 INR Indian Rupee
 KZT Kazakhstan Tenge
 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 April 30, 2023, Company's open forward foreign cross currency contracts were as follows:

Purchase/Sale Settlement Date	Counterparty	Currency Purchased	Amount Purchased	Currency Sold	Amount Sold	Fair Value (C\$)	Unrealized Appreciation/ (Depreciation) (C\$)
Australian Dollar / United States Dollar							
05/30/2023	HSBC Bank PLC	AUD	4,480,375	USD	3,034,302	\$ 4,113,754	\$ 4,024,292
United States Dollar / Indonesian Rupiah							
06/26/2023	HSBC Bank PLC	USD	8,207,309	IDR	122,722,000,000	11,049,090	10,837,537
							\$14,861,829
							\$(301,015)

At April 30, 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	\$-	\$ (176,785)	\$ (176,785)
USD	10,000,000	03/17/2032	UBS AG	Receive	12-month SOFR	3.38%	Annually	-	(183,567)	(183,567)
USD	10,000,000	03/17/2033	UBS AG	Receive	12-month SOFR	3.37%	Annually	-	(194,760)	(194,760)
USD	9,500,000	04/06/2033	UBS AG	Receive	12-month SOFR	3.14%	Annually	-	55,711	55,711
									\$-	\$(499,401)
										\$(499,401)

See accompanying Notes to Financial Statements.

Notes to Financial Statements (unaudited)

April 30, 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 21 Church Street, #01-01 Capital Square 2, Singapore 049480. 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 April 30, 2023 and October 31, 2022 and the Statements of Comprehensive Income/(Loss), Statements of Changes in Net Assets Attributable to Holders of Shares and Statements of Cash Flows for the six-month periods ended April 30, 2023 and April 30, 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 International Financial Reporting Standards ("IFRS") applicable to the preparation of annual financial statements. The Company has one operating segment.

The financial statements were authorized for issue by the Board of Directors on XXXX XX, 2023.

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 six-month period ended April 30, 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 (formerly, Aberdeen Standard Investments (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

Notes to Financial Statements (unaudited) (continued)

April 30, 2023

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 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; and
- the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.
- 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 FVTPL. 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 "realized 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 unrealized appreciation / (depreciation)" in the period in which they arise.

Financial assets and financial liabilities are offset and the net amount presented in the statement 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 are 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;
- prepayment and extension features; and

Notes to Financial Statements (unaudited) (continued)

April 30, 2023

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 statement of financial position 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 April 30, 2023, October 31, 2022 and April 30, 2022.

As at April 30, 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	\$–	\$ 73,402,023	\$–	\$ 73,402,023
Government Bonds	–	96,252,290	–	96,252,290
Total Investments	\$–	\$169,654,313	\$–	\$169,654,313
Other Financial Instruments				
Interest Rate Swap Agreements	\$–	\$ 55,711	\$–	\$ 55,711
Total Assets	\$–	\$169,710,024	\$–	\$169,710,024
Liabilities				
Other Financial Instruments				
Foreign Currency Exchange Contracts	\$–	\$ (301,015)	\$–	\$ (301,015)
Interest Rate Swap Agreements	–	(555,112)	–	(555,112)
Total Liabilities	\$–	\$ (856,127)	\$–	\$ (856,127)

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

Notes to Financial Statements (unaudited) (continued)

April 30, 2023

As at April 30, 2023, there had been no significant transfers between fair value measurement levels.

As at October 31, 2022				
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	\$–	\$ 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 Assets	\$–	\$182,868,842	\$–	\$182,868,842
Liabilities				
Other Financial Instruments				
Foreign Currency Exchange Contracts	\$–	\$ (1,080,549)	\$–	\$ (1,080,549)
Total 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.

As at April 30, 2022				
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				
Government bonds	\$–	\$ 105,467,992	\$–	\$ 105,467,992
Corporate bonds	–	93,050,473	–	93,050,473
Total Investments	\$–	\$ 198,518,465	\$–	\$ 198,518,465
Foreign Currency Exchange Contracts	\$–	\$ 1,439,373	\$–	\$ 1,439,373
Interest Rate Swaps	–	4,081,825	–	4,081,825
Total Assets	\$–	\$204,039,663	\$–	\$204,039,663
Liabilities				
Other Financial Instruments				
Foreign Currency Exchange Contracts	\$–	\$ (2,137,617)	\$–	\$ (2,137,617)
Total Liabilities	\$–	\$ (2,137,617)	\$–	\$ (2,137,617)

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

As at April 30, 2022, there had been no significant transfers between fair value measurement levels.

A reconciliation of the gross amounts on the Statement of Financial Position as at April 30, 2023, October 31, 2022 and April 30, 2022 to the net amounts by broker and derivative type, including collateral received or pledged, is included in the following tables.

Notes to Financial Statements (unaudited) (continued)

April 30, 2023

	As at April 30, 2023							
	Gross Amounts Not Offset in the Statement of Financial Position				Gross Amounts Not Offset in the Statement of Financial Position			
	Gross Amounts of Assets Presented in Statement of Financial Position	Financial Instruments	Collateral Received	Net Amount	Gross Amounts of Liabilities Presented in Statement of Financial Position	Financial Instruments	Collateral Pledged	Net Amount
Description	Assets				Liabilities			
Foreign Currency Exchange Contracts								
HSBC Bank PLC	\$–	\$–	\$–	\$–	\$301,015	\$–	\$–	\$301,015
Interest Rate Swap Agreements								
UBS AG	55,711	(55,711)	–	–	555,112	(55,711)	(499,401)	–

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

	As at October 31, 2022							
	Gross Amounts Not Offset in the Statement of Financial Position				Gross Amounts Not Offset in the Statement of Financial Position			
	Gross Amounts of Assets Presented in Statement of Financial Position	Financial Instruments	Collateral Received	Net Amount	Gross Amounts of Liabilities Presented in Statement of Financial Position	Financial Instruments	Collateral Pledged	Net Amount
Description	Assets				Liabilities			
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.

	As at April 30, 2022							
	Gross Amounts Not Offset in the Statement of Financial Position				Gross Amounts Not Offset in the Statement of Financial Position			
	Gross Amounts of Assets Presented in Statement of Financial Position	Financial Instruments	Collateral Received	Net Amount	Gross Amounts of Liabilities Presented in Statement of Financial Position	Financial Instruments	Collateral Pledged	Net Amount
Description	Assets				Liabilities			
Foreign Currency Exchange Contracts								
BNP Paribas	\$–	\$–	\$–	\$–	\$1,731,143	\$–	\$–	\$1,731,143
Citibank	1,269,064	(167,339)	(757,944)	343,781	167,339	(167,339)	–	–
HSBC Bank PLC	170,309	(170,309)	–	–	239,135	(170,309)	–	68,826

Notes to Financial Statements (unaudited) (continued)

April 30, 2023

As at April 30, 2022

As at April 30, 2022								
Description	Gross Amounts Not Offset in the Statement of Financial Position				Gross Amounts Not Offset in the Statement of Financial Position			
	Gross Amounts of Assets Presented in Statement of Financial Position	Financial Instruments	Collateral Received	Net Amount	Gross Amounts of Liabilities Presented in Statement of Financial Position	Financial Instruments	Collateral Pledged	Net Amount
Assets		Liabilities						
Interest Rate Swap Agreements								
BNP Paribas	\$884,025	\$–	\$–	\$884,025	\$–	\$–	\$–	\$–
Citibank	1,081,103	–	–	1,081,103	–	–	–	–
Deutsche Bank	1,730,144	–	(1,730,144)	–	–	–	–	–
UBS AG	386,553	–	(386,553)	–	–	–	–	–

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 six-month period ended April 30, 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

Notes to Financial Statements (unaudited) (continued)

April 30, 2023

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 market value is recorded by the Company as unrealised appreciation or depreciation. Forwards 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 Statement of Operations.

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 Statement of Operations 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 Statement of Operations 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

Notes to Financial Statements (unaudited) (continued)

April 30, 2023

settlement are included in the Statement of Operations as realised gains/(losses) on investments and foreign currency transactions.

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

- i) The Company has an agreement (the "Management Agreement") with abrdn 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 abrdn 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 six-month period ended April 30, 2023 pursuant to the Expense Limitation Agreement was \$163,678.

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 Fund 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 April 30, 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)	\$ 163,678
Total*	\$240,697

- * 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 abrdn Canada Limited, an affiliate of abrdn 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 (unaudited) (continued)

April 30, 2023

services agreement (the "Singapore Administration Agreement") between the Company and State Street. 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 the use of technology while offering holders of Shares immediate

- iv) The Company owed, in respect of the above services:

	As at April 30, 2023 C\$	As at October 31, 2022 C\$	As at April 30, 2022 C\$
Investment Manager	72,884	71,515	142,500
Administrator	19,527	21,309	27,404
Investor Relations	8,061	8,191	7,230

- v) During the fiscal year, the Company paid, in respect of the above services:

	Six months ended April 30, 2023 C\$	Fiscal year ended October 31, 2022 C\$	Six months ended April 30, 2022 C\$
Investment Manager	624,813	1,453,765	791,549
Administrator	120,156	280,024	152,674
Investor Relations	48,501	93,057	45,153

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 January (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

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 (the "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 classifies financial instruments issued as financial liabilities or equity instruments in accordance with the substance of the contractual terms of the instruments. On November 1, 2021 the Shares of the Company added an annual redemption feature.

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 management did not consider material, was necessitated by analysis

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April 30, 2023

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.

	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.

	Six months ended April 30, 2022 Previously reported	Six months ended April 30, 2022 Adjusted
(Loss) for the period	-	(9,892,372)
Net assets attributable to holders of redeemable Shares	(9,892,372)	-

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

	Six Months Ended April 30, 2023
Shares outstanding at November 1, 2022	45,670,155
Shares redeemed	(4,566,990)
Shares outstanding at April 30, 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

Six Months Ended April 30, 2022

Shares outstanding at November 1, 2021	50,744,616
Redeemable Shares redeemed	(5,074,461)
Redeemable Shares outstanding at April 30, 2022	45,670,155

The Company is authorized to issue up to 100,000,000 Shares without par value. At April 30, 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.

Director's Share Ownership Policy

Under the Company's Director's Share Ownership Policy, 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 effective January 1, 2023 to increase the number of Shares required to be owned by each Independent Director to 10,000 Shares (by the later of December 31, 2023 or no later than the end of the calendar year following the year in which he or she becomes a Director). The below chart summarizes Independent Directors' Share ownership as at April 30, 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

* Member of the Company's Independent Review Committee

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 16, 2022 (as further amended, the “A&R BNP Facility”). The A&R BNP Facility has a scheduled maturity date of November 15, 2023, 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,

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April 30, 2023

2022. During the six-month period, the Company paid down a net amount of US\$2,000,000. The Company's outstanding balance on the BNP Facility as at April 30, 2023 was US \$39,500,000 (see Bank Loan on Statements of Financial Position), which represented 42.2% of the NAV of the Company on April 30, 2023. The BNS Facility from November 1, 2022 - November 15, 2022 and the BNP Facility from November 16, 2022 were 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 A&R BNP Facility. The total accrued expense is included in the expense section of the Statement of Comprehensive Income/(Loss) under "Interest expense."

The Credit Agreement 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 credit agreement 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, formerly known as Aberdeen Standard Investments (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 credit agreement 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-leverage" 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

	Six Months Ended April 30, 2023 C\$	Fiscal Year Ended October 31, 2022 C\$
Deficit, beginning of period	(285,666,833)	(271,673,571)
Add:		
Net investment income	3,998,628	9,403,059
Net realised investment and exchange gains / (losses)	(4,110,615)	(10,494,502)
Deduct:		
Dividend to holders of units	(5,400,496)	(12,901,819)
Deficit, end of period	(291,179,316)	(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 (unaudited) (continued)

April 30, 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 April 30, 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\$2.87 million.

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

Date	0 to 5 Years %	5 to 10 Years %	10 Years & Over %
April 30, 2023*	42.3	42.3	15.4
October 31, 2022	37.0	40.3	22.7
April 30, 2022*	50.3	31.2	18.5

* Unaudited

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 April 30, 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\$1.7 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 April 30, 2023, x.x% 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 April 30, 2023, as compared with the October 31, 2022 and April 30, 2022:

Date	AAA/Aaa %	AA/Aa %	A %	BBB/Baa %	BB/Ba* %	B* %	CCC/CC/C* %	NR** %
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
April 30, 2022	6.5	0.5	2.9	38.6	23.5	12.9	1.8	13.3

* Below investment grade

** Not Rated

Notes to Financial Statements (unaudited) (continued)

April 30, 2023

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

	Contractual cash flows		
	Carrying amount C\$	Within 1 year C\$	Within 1 to 5 year C\$
April 30, 2023			
Non-derivative financial liabilities			
Bank loan	53,735,893	-	53,735,893
Purchases awaiting settlement	1,403,204	1,403,204	-
Amount due to brokers	-	-	-
Other payables and accruals	714,645	714,645	-
	55,853,742	2,117,849	53,735,893
October 31, 2022			
Non-derivative financial liabilities			
Bank loan	56,742,652	-	56,742,652
Purchases awaiting settlement	-	-	-
Amount due to brokers	-	-	-
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

Notes to Financial Statements (unaudited) (concluded)

April 30, 2023

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 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 often 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 May 9, 2023 and June 9, 2023, the Company announced that it will pay on May 31, 2023 and June 30, 2023, respectively, a distribution of C\$0.0175 per share to all holders of Shares of record as of May 19, 2023 and June 23, 2023, respectively.

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abrdn Asia

The accompanying Financial Statements as at April 30, 2023, were not audited and accordingly, no opinion is expressed therein.

This report, including the audited financial statements, is transmitted to the shareholders of abrdn 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 abrdn 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.abrdnfap.com).

Computershare Trust Company of Canada operates an information line on behalf of abrdn 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.

