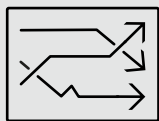


Fund performance



The investment portfolio underperformed its benchmark by approximately 0.7%, with the overweight US dollar exposure the largest factor detracting value. The overweight exposure to the Indian local currency bond markets contributed positively, as the bond market outperformed the Asian and Emerging Market local currency bond markets. The portfolio's overweight to Indonesia detracted value relative to the benchmark as investors' concerns about ongoing fiscal prudence weighed on sentiment. Meanwhile, the lack of exposure to the better-performing non-Asian EM market, Poland, contributed to some underperformance relative to the benchmark. Although Asian credit spreads widened, the underweight exposure to HY sovereign bonds contributed positively to the relative performance.¹

Cumulative and annualized total return as of April 30, 2025 (%)

	NAV	Market Price
10 Years (p.a.)	1.74	2.02
5 Years (p.a.)	1.87	4.43
3 Years (p.a.)	3.05	5.16
1 Year	8.67	16.73
Year to Date	3.47	9.73
3 Months	2.87	3.18
1 month	0.57	-0.30

PAST PERFORMANCE DOES NOT GUARANTEE FUTURE RESULTS.

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

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

Although the Fund's NAV underperformed its benchmark, the NAV increased by 2.87%, benefitting from the positive contribution from the use of leverage. The strategic use of leverage is beneficial to the income generated by the fund due to the positive interest rate differential between the increased earned and the cost of leverage, however the mark-to-market impact of interest rate swaps used to hedge the cost of leverage was a detractor as interest rates fell during the period.

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

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

For current holdings information, please visit [abrdn Asia-Pacific Income Fund, Inc. - Portfolio Holdings](#)



Economic & market overview

The 3-month period ending April 30, 2025 was very eventful for global trade, geopolitical relationship and market performance. To say that the new US administration has begun its term in office with a great amount of gusto is an understatement. The impact that many Presidential executive orders culminating in the aggressive and widespread April 2 Liberation Day tariffs and then subsequent delays and watered-down implementation has had a dramatic impact on the performance of bond markets and begun to erode the market's perception of US exceptionalism. Stagflation, volatility have emerged as often referenced terms in participants analysis. High yield markets globally and the US dollar bore the brunt of the market adjustments.

The US yield curve bull steepened over the period under review, with the 2-year yield falling by 60 basis points (bps) while the yield on 10- and 30-year instruments declined by 33 and 11 bps, respectively. Yields largely declined in response to fears that US President Trump's tariffs would negatively affect economic growth and lead to more aggressive easing by the US Federal Reserve (Fed). That said, markets were particularly volatile towards the end of this period, with the Bank of America 'Move' index – a measure of volatility in US Treasuries – rising to around 140, its highest level in over two years. Indeed, at the time of writing, bond yields had shot back up, particularly from the 10-year tenor onwards, as investors reacted to news that the US and China would lower tariffs on each other for the next 90 days. This volatility was largely due to the fact that the tariff spats had made it increasingly difficult to gauge the underlying economic picture, with businesses, consumers and investors all trying to predict or react to the latest iteration. The Brent crude oil price fell by almost 20% over the period under review to \$61 a barrel, with the trade wars eroding the outlook for demand and Saudi Arabia signalling a move to increase supply.

Asian bonds

Asian bond markets performed strongly once again over the period under review, with 10-year yields falling across most countries in the region. Hong Kong (-49 bps) led the gains, reflecting the moves in the US as well as the relative attractiveness of carry trades, which are likely to ebb and flow depending on changing US rates expectations, with the risks for bonds and the Hong Kong dollar seemingly balanced. Singapore (-44 bps) and Thailand (-41 bps) also performed strongly, with investors reacting to Singapore's trade dependency on the US and the Bank of Thailand's decision to cut rates by 50 bps over the period. India (-34 bps) and South Korea (-29 bps) also posted solid returns, with the latter buoyed by news that FTSE Russell will include Korean Treasury Bonds in the World Government Bond Index from April 2026. Yields also fell in Malaysia (-15 bps)

and Indonesia (-12 bps). Conversely, the Philippines (+4 bps) was the only market that saw its 10-year yield increase over the period under review.

China's 10-year yield was flat over the period. The performance of this market was a fairly accurate representation of how investor sentiment evolved during the three-month period, with the yield on its 10-year bond spiking by as much as 30 bps. While the impact of its tariff wars with the US is hard to quantify, given their evolving nature, China's export growth rate for the second quarter of 2025 will likely experience a significant decline, and the need for hedging with domestic demand policies has become more pressing. Investors are anticipating an earlier reduction in the reserve requirement ratio and interest-rate cuts.

Asian currencies

Having benefitted from the US exceptionalism theme for some time, the US dollar did strengthen in the immediate response to the 2 April tariff announcements. Subsequent policy restatements and deals have seen the unravelling of this exceptionalism theme, with the US dollar depreciating during April. Asian currencies have been the beneficiaries of capital reallocations away from the US in favour of the region. Most Asian currencies strengthened against the US dollar. The Philippine peso (+4.30%) and Singapore dollar (+3.72%) led the outperformance, while the Malaysian ringgit (+3.24%) also performed well. Elsewhere, the Indian rupee (+2.45%), South Korean won (+2.06%), Thai baht (+0.76%) and Hong Kong dollar (+0.47%) all strengthened. Conversely, the Indonesian rupiah (-1.85%) underperformed significantly, while China's offshore yuan (-0.37%) also depreciated.

Asian credit

Asian credit performed well over the period as the JPMorgan Asian Diversified Credit Index returned 1.80% in US dollar terms, while the index spread widened by 21 bps. High-yield (HY) debt (1.17%) underperformed investment grade (IG) (+1.90%). Real estate (+7.71%) was the top-performing sector, while all other sectors were around +0-2% for the period, except for metals and mining (-0.71%). Hong Kong (+2.61%) and China (+2.14%) were the standout countries, with Sri Lanka (-6.38%) and Pakistan (-4.19%) the main laggards.

EM debt & currencies

Performance for emerging-market (EM) debt was mixed during a historic three-month period for financial markets. The announcement of US reciprocal tariffs triggered a global sell-off, which was later mitigated by a 90-day pause in their implementation. Amid this turmoil, hard-currency EM bonds (+0.57%) posted positive returns over the period, led by IG (+2.23%), which was the standout performer over the three months, with HY detracting (-0.98%).

The Middle East was the standout region. That said, Bolivia (+6.12%) was the top performer due to expectations of a more market-friendly administration after this year's election. Lebanon (+5.97%) continued its recent strong performance after the cabinet approved a draft law to restructure the country's banking sector, which mostly aligns with the IMF's conditions. Conversely, Senegal was the worst performer after S&P downgraded the country's rating to B with a negative outlook, following weaker fiscal metrics revealed by auditors. This came after a downgrade by Moody's in February, with the IMF confirming the auditors' findings and estimating public debt at 105.7% of GDP. EM local-currency bonds underperformed both their hard-currency counterparts and Asian local-currency markets. The JPMorgan GBI-EM Global Diversified Index (unhedged in US dollar terms) returned +5.53%. Poland (+12.62%) was the top performer after annual inflation fell by more than expected to 44.4% and the central bank commenced its rate-cutting cycle, while Turkey (-14.69%) exhibited the largest underperformance in a difficult period for the country after the central bank raised the policy rate to 46% following the arrest of Istanbul Mayor Ekrem Imamoglu, which triggered a sell-off in Turkish assets.

Outlook

The market has settled down from the peak of the tariff-driven panic. Optimists seem to be taking the Trump administration's 90-day delay on the tariff implementation as capitulation and a reason to look past it. We are not quite so sanguine, as we feel it is likely that this extended period of uncertainty could weigh on economic growth, ignite inflation, or both. This may take more time to filter into the hard data than many expected. The good news is that if there is a slowdown, we expect it to be relatively short-lived and shallow.

Although the first round of tariff announcements most negatively impacts Asia, there is every likelihood that the outcomes for Asia will not be as bad as first feared. The reasons for this remain Asian economic fundamentals and policy-making credibility, the resilient intra-regional and trade linkages with the rest of the world, and, of course, plenty of opportunity for deals to be struck with the US. Additionally, over the course of the past couple of years, many multinational companies have diversified their supply chains geographically, so thinking about trade on a purely bilateral basis may provide a too simplistic assessment.

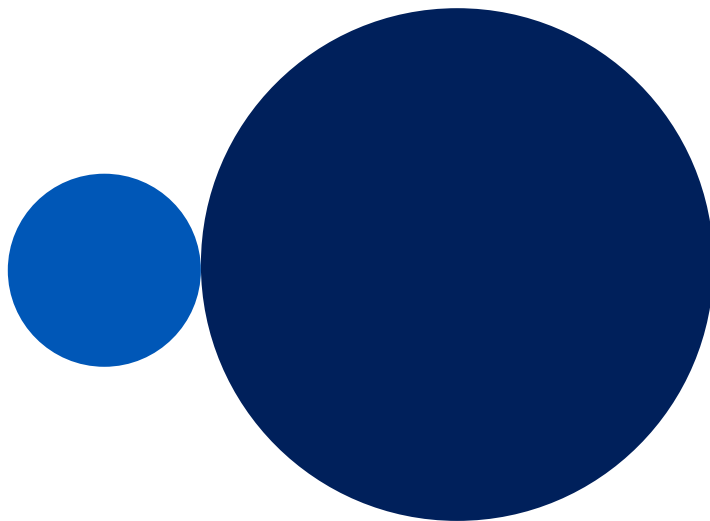
The events following "Liberation Day" prompted global investors from varying geographies and of varying types to reconsider exposures to US assets. In some cases, this reaction is considered retaliatory, others defensive, but the unpredictability of policy, the potential for significant fiscal slippage and/or the increased likelihood of stagflation are motivating capital allocators to revisit the opportunities outside the US. The period of "US exceptionalism" appears

over, with the US dollar likely to continue to come under pressure. With a benign inflation outlook, Asian policymakers, amid improved capital flows, Asian policymakers have the capacity and willingness to ease policy to support domestic demand.

The Indian bond market has largely been supported by the commencement of the Reserve Bank of India (RBI)'s rate-cutting cycle alongside liquidity injections to support the market. In April, the RBI cut the policy rate by 25 bps to 6.0% and, more importantly, moved to an accommodative stance. India's Monetary Policy Committee's expectations for inflation to remain near target for the fiscal year, providing scope to support economic growth via further rate cuts. Current data, therefore, points to expectations for a deeper easing cycle to support India's solid, if softening, economic growth.

On the other hand, Indonesia continues to suffer from investor concerns about the institutional credibility of the new administration, especially with respect to fiscal prudence.

Asian credit markets are also likely to be resilient in the face of any market volatility. Within Asia, the credit market does comprise a large proportion of sovereign, quasi-sovereign and state-owned enterprise bonds, with different credit considerations and much lower credit risk compared with corporates. Additionally, Asian corporate issuers tend to be the largest players in their home markets and thus not only benefit from decent domestic revenues but also access to local bank financing and now local currency bond markets. This materially reduces the earnings and liquidity risks in the near term. The sell-off experienced in April, in our view, is more technical in nature and not reflective of the fundamental strength of Asian issuers. Meanwhile, net supply for the sector is negative and a technical source of support for the sector. From a sectoral allocation, we focus on issuers servicing local consumption, where amid uncertainty, more spending is happening on home turf.



Important Information

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

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

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

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

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

For more information visit aberdeeninvestments.com

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