

ABERDEEN GLOBAL INCOME FUND INC
Form N-CSR
January 04, 2013

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM N-CSR

CERTIFIED SHAREHOLDER REPORT OF REGISTERED MANAGEMENT

INVESTMENT COMPANIES

Investment Company Act file number:	811-06342
Exact name of registrant as specified in charter:	Aberdeen Global Income Fund, Inc.
Address of principal executive offices:	1735 Market Street, 32 nd Floor Philadelphia, PA 19103
Name and address of agent for service:	Ms. Andrea Melia Aberdeen Asset Management Inc. 1735 Market Street 32 nd Floor Philadelphia, PA 19103
Registrant's telephone number, including area code:	866-839-5233
Date of fiscal year end:	October 31
Date of reporting period:	October 31, 2012

Item 1 Reports to Stockholders

Managed Distribution Policy (unaudited)

The Board of Directors of the Fund has authorized a managed distribution policy (MDP) of paying monthly distributions at an annual rate of \$0.07 per share set once a year. With each distribution, the Fund will issue a notice to shareholders and an accompanying press release which will provide detailed information regarding the amount and composition of the distribution and other information required by the Fund's MDP exemptive order. The Fund's Board of Directors may amend or terminate the MDP at any time without prior notice to shareholders; however, at this time, there are no reasonably foreseeable circumstances that might cause the termination of the MDP. You should not draw any conclusions about the Fund's investment performance from the amount of distributions or from the terms of the Fund's MDP.

Distribution Disclosure Classification (unaudited)

The Fund's policy is to provide investors with a stable monthly distribution out of current income, supplemented by realized capital gains and, to the extent necessary, paid-in capital.

The Fund is subject to U.S. corporate, tax and securities laws. Under U.S. tax accounting rules, the amount of distributable income for each fiscal period depends on the actual exchange rates during the entire year between the U.S. Dollar and the currencies in which Fund assets are denominated and on the aggregate gains and losses realized by the Fund during the entire year.

Therefore, the exact amount of distributable income for each fiscal year can only be determined as of the end of the Fund's fiscal year, October 31. Under the Investment Company Act of 1940, as amended (the 1940 Act), the Fund is required to indicate the sources of certain distributions to shareholders. The estimated distribution composition may vary from month to month because it may be materially impacted by future realized gains and losses on securities and fluctuations in the value of the currencies in which the Fund's assets are denominated.

The distributions for the fiscal year ended October 31, 2012, consisted of 100% net investment income.

In January 2013, a Form 1099-DIV will be sent to shareholders, which will state the amount and composition of distributions and provide information with respect to their appropriate tax treatment for the 2012 calendar year.

Dividend Reinvestment and Direct Stock Purchase Plan (unaudited)

Computershare Trust Company, N.A., the Fund's transfer agent, sponsors and administers a Dividend Reinvestment and Direct Stock Purchase Plan (the Plan), which is available to shareholders.

The Plan allows registered stockholders and first time investors to buy and sell shares and automatically reinvest dividends and capital gains through the transfer agent. This is a cost-effective way to invest in the Fund.

Please note that for both purchases and reinvestment purposes, shares will be purchased in the open market at the current share price and cannot be issued directly by the Fund.

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For more information about the Plan and a brochure that includes the terms and conditions of the Plan, please call Computershare at 1-800-647-0584 or visit www.computershare.com/buyaberdeen.

Letter to Shareholders (unaudited)

December 5, 2012

Dear Shareholder,

We present this Annual Report which covers the activities of Aberdeen Global Income Fund, Inc. (the Fund) for the year ended October 31, 2012. The Fund's principal investment objective is to provide high current income by investing primarily in fixed income securities. As a secondary investment objective, the Fund seeks capital appreciation, but only when consistent with its principal investment objective.

Total Return Performance

The Fund's total return, based on net asset value (NAV), was 10.0% for the year ended October 31, 2012 and 8.6% per annum since inception, assuming the reinvestment of dividends and distributions. The Fund's annual total return is based on the reported NAV on October 31, 2012.

Share Price and NAV

The Fund's share price increased by 7.2% over the year, from \$13.11 on October 31, 2011 to \$14.06 on October 31, 2012. The Fund's share price on October 31, 2012 represented a premium of 1.3% to the NAV per share of \$13.88 on that date, compared with a discount of 2.5% to the NAV per share of \$13.45 on October 31, 2011.

Credit Quality

As of October 31, 2012, 68.7% of the Fund's portfolio was invested in securities where either the issue or the issuer was rated A or better by Standard & Poor's or Moody's Investors Services, Inc., or, if unrated, judged by Aberdeen Asset Management Asia Limited (the Investment Manager) to be of equivalent quality.

Managed Distribution Policy

Distributions to common shareholders for the twelve months ended October 31, 2012 totaled \$0.92 per share, which includes a special distribution of \$0.08 per share declared on December 22, 2011 as well as the monthly managed distribution of \$0.07 per share. Based on the share price of \$14.06 on October 31, 2012, the distribution rate over the 12-month period ended October 31, 2012 was 6.5%. Since all distributions are paid after deducting applicable withholding taxes, the effective distribution rate may be higher for those U.S. investors who are able to claim a tax credit.

On November 9, 2012 and December 11, 2012, the Fund announced that it will pay on December 14, 2012 and January 11, 2013, a distribution of US \$0.07 per share to all shareholders of record as of November 30, 2012 and December 31, 2012, respectively.

The Fund's policy is to provide investors with a stable monthly distribution out of current income, supplemented by realized capital gains and, to the extent necessary, paid-in capital, which is a non-taxable return of capital. It is the Board's intention that a monthly distribution of \$0.07 per share be maintained for twelve months, beginning with the July 13, 2012 distribution payment. This policy is subject to regular review at the Board's quarterly meetings, unless market conditions require an earlier evaluation. The next annual review is scheduled to take place in June 2013.

Open Market Repurchase Program

The Fund's policy is generally to buy back Fund shares on the open market when the Fund trades at certain discounts to NAV. During the fiscal year ended October 31, 2012 and fiscal year ended October 31, 2011, the Fund did not repurchase any shares.

Revolving Credit Facility and Leverage

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The Fund's revolving credit loan facility with The Bank of Nova Scotia was renewed for a 365-day term on March 1, 2012. The outstanding balance on the loan as of October 31, 2012 was \$40,000,000. Under the terms of the loan facility and applicable regulations, the Fund is required to maintain certain asset coverage ratios for the amount of its outstanding borrowings. The Board regularly reviews the use of leverage by the Fund. The Fund is also authorized to use reverse repurchase agreements as another form of leverage.

Portfolio Holdings Disclosure

The Fund files its complete schedule of portfolio holdings with the SEC for the first and third quarters of each fiscal year on Form N-Q. The Fund's Form N-Q filings are available on the SEC's website at <http://www.sec.gov> and may be reviewed and copied at the SEC's Public Reference Room in Washington, D.C. Information about the operation of the Public Reference Room may be obtained by calling 1-800-SEC-0330. The Fund makes the information on Form N-Q available to shareholders on the Fund's website or upon request and without charge by calling Investor Relations toll-free at 1-866-839-5233.

Proxy Voting

A description of the policies and procedures that the Fund uses to determine how to vote proxies relating to portfolio securities, and information regarding how the Fund voted proxies relating to portfolio securities during the most recent twelve months ended June 30 is available by August 30 of the relevant year: (i) upon request and without charge by calling Investor Relations toll-free at 1-866-839-5233; and (ii) on the SEC's website at <http://www.sec.gov>.

Aberdeen Global Income Fund, Inc.

Letter to Shareholders (unaudited) (concluded)

Investor Relations Information

As part of our ongoing commitment to provide additional, timely information to investors, including Fund performance and investment strategy, we would like to highlight the monthly fact sheets including fund manager commentary, which are posted to the Fund's website at www.aberdeenfco.com. Also, there are daily updates of share price, NAV and details of distributions. If you have any questions in relation to this information or suggestions on how to improve it further, we would be delighted to hear from you.

Please contact Aberdeen Asset Management Inc. by:

Calling toll free at 1-866-839-5233 in the United States;

Emailing InvestorRelations@aberdeen-asset.com;

Visiting Aberdeen Closed-End Fund Center at <http://www.aberdeen-asset.us/aam.nsf/usClosed/home>;

Visiting www.aberdeenfco.com.

For additional information on Aberdeen's family of closed-end funds, we invite you to visit our Closed-End Investor Center at www.aberdeen-asset.us/cef.

From the site you will also be able to review Fund performance, download literature and sign up for email services. The site houses topical information about the funds, including fact sheets from

Morningstar® that are updated daily, tools that permit you to conduct performance charting and timely information from our fund managers, among other data. When you enroll in our online email services, we can ensure that you are among the first to know about Aberdeen's latest closed-end fund news and receive alerts regarding upcoming fund manager web casts, films and other information.

Included within this report is a reply card with postage paid envelope. Please complete and mail the card if you would like to be added to our enhanced email service and receive future communication from Aberdeen.

Yours sincerely,

Christian Pittard

President

All amounts are U.S. Dollars unless otherwise stated.

Aberdeen Global Income Fund, Inc.

Report of the Investment Manager (unaudited)

Economic Review

The twelve months ended October 31, 2012, were volatile for bond markets and saw investor confidence filled with uncertainty and fear. The future of the Eurozone and the ability of peripheral nations to service their debt coupled with weaker global growth and mixed economic data has driven markets.

The European crisis weighed heavily on investor confidence and capital flows. Investors were driven by the desire to ensure a return of capital rather than a return on capital. This led to some price insensitive purchases of what became referred to as "safe haven" U.S., UK and German government bond markets; driving the yields of these bonds to new all-time lows.

Further central bank easing in the U.S., UK and Japan coupled with non-standard measures carried out by the European Central Bank sparked a rally in global risk assets and a selloff in core sovereign bond markets. These actions were carried out in a co-ordinated attempt to quell the Eurozone crisis but much to do remains. Both the Greek government and the Spanish banking systems received bailouts and markets expect Spain to request some form of aid in the near future. Structural issues remain deeply rooted within Europe, and countries from the periphery are likely to test markets over the coming months. Nevertheless, we continue to believe that the Euro currency will remain in place, while the current conditions are not ideal, we believe they are more beneficial than the Euro broken up.

The Fund uses currency forwards as part of the currency overlay process, in order to position the currency exposure according to the Fund's ongoing strategy. The Fund can also use interest rate swaps to hedge interest rate or otherwise obtain exposure to a particular interest rate market, but is not deploying this strategy currently.

During the period the Fund used derivatives in the form of exchange-traded bond futures, traded on the Sydney Futures Exchange. Bond futures were used to control overall duration positioning, for example, to manage cash inflows and outflows without having to trade physical bonds. They were also used as an efficient means to hedge the duration impact of trades in physical bonds and finally, to implement active duration positions versus underlying benchmarks.

Looking forward, we expect markets to remain volatile but we believe this will create opportunities for active managers with a broad opportunity set to identify investments that can add value to client portfolios. While we believe the safe haven markets remain overvalued, we continue to find that there are plenty of opportunities to exploit the value in non-government and emerging debt markets. The likely volatility will also generate return

opportunities for us to exploit in the direction of core markets, the shape of yield curves and from currencies over the year ahead.

Loan Facility and the Use of Leverage

The Fund utilizes leverage to seek to increase the yield for its shareholders. The amounts borrowed from the loan facility may be invested to return higher rates than the rates in the Fund's portfolio. However, the cost of leverage could exceed the income earned by the Fund on the proceeds of such leverage. To the extent that the Fund is unable to invest the proceeds from the use of leverage in assets which pay interest at a rate which exceeds the rate paid on the leverage, the yield on the Fund's common stock will decrease. In addition, in the event of a general market decline in the value of assets in which the Fund invests, the effect of that decline will be magnified in the Fund because of the additional assets purchased with the proceeds of the leverage. Non-recurring expenses in connection with the implementation of the loan facility will reduce the Fund's performance.

The Fund'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 Fund and against the net assets of the Fund in liquidation. The Fund is not permitted to declare dividends or other distributions in the event of default under the loan facility. In the event of default under the credit agreement, the lenders have the right to cause a liquidation of the collateral (i.e., sell portfolio securities and other assets of the Fund) and, if any such default is not cured, the lenders may be able to control

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the liquidation as well. The loan facility has a term of 365 days 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.

The credit agreement governing the loan facility includes usual and customary covenants for this type of transaction. These covenants impose on the Fund asset coverage requirements, fund composition requirements and limits on certain investments, such as illiquid investments, which are more stringent than those imposed on the Fund by the 1940 Act. The covenants or guidelines could impede the Investment Manager, Aberdeen Asset Management Limited (the Investment Adviser) or Aberdeen Asset Managers Limited (the Sub-Adviser) from fully managing the Fund's portfolio in accordance with the Fund's investment objective and policies. Furthermore, non-compliance with such covenants or the occurrence of other events could lead to the cancellation of the loan facility. The covenants also include a requirement that the Fund maintain a NAV of no less than \$75,000,000.

Aberdeen Global Income Fund, Inc.

Report of the Investment Manager (unaudited) (concluded)

Prices and availability of leverage are extremely volatile in the current market environment. The Board regularly reviews the use of leverage by the Fund and may explore other forms of leverage. The Fund is also authorized to use reverse repurchase agreements as another form of leverage. A reverse repurchase agreement involves the sale of a security, with an agreement to repurchase the same or substantially similar securities at an agreed upon price and date. Whether such a transaction produces a gain for the Fund depends upon the costs of the agreements and the income and gains of the securities purchased with the proceeds received from the sale of the security. If the income and gains on the securities purchased fail to exceed the costs, the Fund's NAV will decline faster than otherwise would be the case. Reverse repurchase agreements, as with any leveraging techniques, may increase the Fund's return; however, such transactions also increase the Fund's risks in down markets.

Interest Rate Swaps

The Fund may enter into interest rate swaps to efficiently gain or hedge interest rate or currency risk. On October 30, 2012, the Fund exited three interest rate swap agreement with notional amounts of \$4,000,000, \$16,000,000, and \$20,000,000 with maturity dates of August 19, 2016, October 31, 2014, and October 31, 2014, respectively. Also on that date, the Fund entered into two new interest rate swaps each with notional amounts of \$20,000,000 and maturity dates of November 1, 2013 and November 1, 2017, respectively. As of October 31, 2012, the Fund held interest rate swap agreements with an aggregate notional amount of \$40,000,000, which represented 100% of the Fund's total borrowings. Under the terms of the agreements currently in effect, the Fund receives a floating rate of interest (three month USD-LIBOR BBA rate) and pays fixed rates of interest for the terms and based upon the notional amounts set forth below:

Remaining Term as of October 31, 2012	Amount (in \$ millions)	Fixed Rate Payable (%)
60 months	20.0	0.84
12 months	20.0	0.34

A significant risk associated with interest rate swaps is the risk that the counterparty may default or file for bankruptcy, in which case the Fund would bear the risk of loss of the amount expected to be received under the swap agreements. There can be no assurance that the Fund will have an interest rate swap in place at any given time nor can there be any assurance that, if an interest rate swap is in place, it will be successful in hedging the Fund's interest rate risk with respect to the loan facility. The implementation of this strategy is at the discretion of the Leverage Committee of the Board.

Aberdeen Asset Management Asia Limited

Aberdeen Global Income Fund, Inc.

Average Annual Returns (unaudited)

October 31, 2012

The following table summarizes Fund performance compared to the Fund's blended benchmark consisting of 20% of the B of A ML Australian Gov Bonds Index, 20% of the B of A ML UK Gov Bonds Index, 15% of the B of A ML Canadian Gov Bonds Index, 15% of the B of A ML New Zealand Gov Bonds Index and 30% of the B of A ML Global Emerging Markets Index for the 1-year, 3-year, 5-year and 10-year periods as of October 31, 2012.

	1 Year	3 Years	5 Years	10 Years
Net Asset Value (NAV)	10.0%	13.1%	9.0%	11.0%
Market Value	14.5%	13.6%	11.3%	12.5%
Benchmark	9.6%	11.1%	8.0%	10.6%

Returns represent past performance. Total investment return at net asset value is based on changes in the net asset value of Fund shares and assumes reinvestment of dividends and distributions, if any, at market prices pursuant to the Fund's dividend reinvestment program. Total investment return at market value is based on changes in the market price at which the Fund's shares traded on the NYSE MKT during the period and assumes reinvestment of dividends and distributions, if any, at market prices pursuant to the Fund's dividend reinvestment program. The Fund's annual total return is based on the reported NAV on October 31, 2012. Because the Fund's shares trade in the stock market based on investor demand, the Fund may trade at a price higher or lower than its NAV. Therefore, returns are calculated based on both market price and NAV. **Past performance is no guarantee of future results.** The performance information provided does not reflect the deduction of taxes that a shareholder would pay on distributions received from the Fund. The current performance of the Fund may be lower or higher than the figures shown. The Fund's yield, return, market price and NAV will fluctuate. Performance information current to the most recent month-end is available by calling 866-839-5233.

The net operating expense ratio is 2.07%. The net operating expense ratio, excluding interest expense, is 1.68%.

Aberdeen Global Income Fund, Inc.

Portfolio Composition (unaudited)

Quality of Investments

As of October 31, 2012, 68.7% of the Fund's total investments were invested in securities where either the issue or the issuer was rated A or better by Standard & Poor's or Moody's Investors Service, Inc., or, if unrated, judged to be of equivalent quality by the Investment Manager. The table below shows the asset quality of the Fund's portfolio as of October 31, 2012, compared with the previous six and twelve months:

Date	AAA/Aaa %	AA/Aa %	A %	BBB/Baa %	BB/Ba* %	B* %	CCC* %
October 31, 2012	43.3	18.8	6.6	16.2	8.2	6.6	0.3
April 30, 2012	40.0	22.3	7.9	13.5	9.7	6.6	0.0
October 31, 2011	42.7	23.2	6.9	12.4	8.2	6.6	0.0

* Below investment grade

Geographic Composition

The Fund's investments are divided into three categories: Developed Markets, Investment Grade Developing Markets and Sub-Investment Grade Developing Markets. The table below shows the geographical composition (with U.S. Dollar-denominated bonds issued by foreign issuers allocated into country of issuance) of the Fund's total investments as of October 31, 2012, compared with the previous six and twelve months:

Date	Developed Markets %	Investment Grade Developing Markets %	Sub-Investment Grade Developing Markets %
October 31, 2012	73.6	13.0	13.4
April 30, 2012	74.5	12.3	13.2
October 31, 2011	76.0	11.5	12.5

Currency Composition

The table below shows the currency composition of the Fund's total investments as of October 31, 2012, compared with the previous six and twelve months:

Date	Developed Markets %	Investment Grade Developing Markets %	Sub-Investment Grade Developing Markets %
October 31, 2012	92.5	4.4	3.1
April 30, 2012	94.4	3.9	1.7
October 31, 2011	96.1	2.1	1.8

Maturity Composition

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As of October 31, 2012, the average maturity of the Fund's total investments was 9.9 years, compared with 10.3 years at April 30, 2012 and 10.2 years at October 31, 2011. The table below shows the maturity composition of the Fund's investments as of October 31, 2012, compared with the previous six and twelve months:

Date	Under 3 Years %	3 to 5 Years %	5 to 10 Years %	10 Years & Over %
October 31, 2012	18.9	17.2	36.2	27.7
April 30, 2012	21.8	13.4	29.8	35.0
October 31, 2011	24.8	11.6	28.4	35.2

Aberdeen Global Income Fund, Inc.

Summary of Key Rates (unaudited)

The following table summarizes the movements of key interest rates and currencies from October 31, 2012 and the previous six and twelve month periods.

	October 31, 2012	April 30, 2012	October 31, 2011
Australia			
90 day bank bills	3.14%	4.05%	4.71%
10 yr bond	3.13%	3.67%	4.51%
Australian Dollar	\$1.04	\$1.04	\$1.06
Canada			
90 day bank bills	1.00%	1.10%	0.97%
10 yr bond	1.79%	2.04%	2.28%
Canadian Dollar	\$1.00	\$1.01	\$1.01
Malaysia			
3-month T-Bills	3.05%	3.06%	2.98%
10 yr bond	3.46%	3.57%	3.75%
Malaysian Ringgit*	₹3.05	₹3.06	₹3.07
New Zealand			
90 day bank bills	2.69%	2.71%	2.71%
10 yr bond	3.48%	3.99%	4.50%
New Zealand Dollar	\$0.82	\$0.82	\$0.81
Philippines			
90 day T-bills	0.73%	2.47%	1.41%
10 yr bond	5.11%	5.79%	5.92%
Philippines Peso*	₱41.20	₱42.94	₱42.64
Singapore			
3-month T-bills	0.24%	0.25%	0.29%
10 yr bond	1.34%	1.55%	1.75%
Singapore Dollar*	₪\$1.22	₪\$1.26	₪\$1.25
South Korea			
90 day commercial paper	2.85%	3.40%	3.43%
10 yr bond	3.02%	3.81%	3.87%
South Korean Won*	₩1,090.60	₩1,133.05	₩1,108.20
Thailand			
90 day deposits			