CORAM HEALTHCARE CORP
Form 8-K
December 11, 2002

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SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

FORM 8-K

CURRENT REPORT

PURSUANT TO SECTION 13 OR 15(d) of the

SECURITIES EXCHANGE ACT OF 1934

Date of Report (Date earliest event reported) December 9, 2002

CORAM HEALTHCARE CORPORATION

(Exact name of registrant as specified in charter)

Delaware	1-11343	33-0615337
(State or other jurisdiction of incorporation)	(Commission File Number)	(IRS Employer Identification No.)

1675 Broadway, Suite 900, Denver, Colorado	80202
(Address of principal executive offices)	(Zip code)

Registrant s telephone number, including area code (303) 292-4973

(Former name or former address, if changed since last report)

Indicate by check mark whether the registrant has filed all documents and reports required to be filed by Sections 12, 13 or 15(d) of the Securities Exchange Act of 1934 subsequent to the distribution of securities under a plan confirmed by a court. Yes [X] No [ ]

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Item 5. Other

Arlin M. Adams, Esquire, the Chapter 11 trustee for the bankruptcy estates of Coram Healthcare Corporation (Coram) and Coram, Inc., and Daniel D. Crowley, who served as Coram s Chairman of the Board of Directors, Chief Executive Officer and President through November 29, 2002, have further extended Mr. Crowley s employment through December 31, 2002 in order to continue their discussions and negotiations regarding what Mr. Crowley s role with Coram, if any, will be following December 31, 2002.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

CORAM HEALTHCARE CORPORATION

Date: December 11, 2002

By: /s/ SCOTT R. DANITZ
Name:
Title:

Scott R. Danitz
Senior Vice President,
Chief Financial Officer and Treasurer

e="margin:0pt 0pt 0pt 0pt; white-space:nowrap">$

280,000

GCH

$

320,000

These costs are estimates only and actual costs may be more or less. Each Board noted that the projected costs to be borne by its Fund are less than the savings anticipated to be generated as a result of a reduction in the total expense ratio of the Fund as a result of the Reorganization.

Terms of the Reorganization and Impact on Shareholders. Each Board considered that because the aggregate net asset value (not the market value) of the shares of the Acquiring Fund that Target Fund shareholders will receive in the Reorganizations is expected to equal the aggregate net asset value (not the market value) of the Target Fund shares that Target Fund shareholders owned immediately prior to the Reorganizations, as set forth in the Form of Agreement and Plan of Reorganization approved by each Board, the net asset value of Target Fund shares will not be diluted as a result of the Reorganizations. No fractional common shares of the Acquiring Fund will be issued to shareholders in connection with the Reorganizations, and Target Fund shareholders will receive cash in lieu of such fractional shares.

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Effect on Shareholder Rights. Each Board noted that the relevant Fund and the Acquiring Fund are each organized as a Maryland corporation and considered any material differences between the Fund's and Acquiring Fund's respective By-laws and Articles of Incorporation.

Potential Benefits to the Investment Adviser and its Affiliates. Each Board recognized that the Reorganizations may result in some benefits to the relevant Fund's investment adviser and its affiliates, including that the investment advisers would retain assets under management. Each Board also noted that Aberdeen has fee waiver agreements in place for several of the Target Funds and that if the consolidation occurs as contemplated, all such fee waiver agreements would terminate upon completion. This would represent a benefit to Aberdeen. However, each Board noted that such benefit is offset by the reduction in fee level overall, the expense limitation agreement to be entered into for the Combined Fund, and a reduction in the total assets under management currently expected after completion of the tender offer and capital gains distributions. Each Board considered that although assets would decline as a result of the proposed tender offer, it is possible that if no Reorganization were to occur, the Fund may be more likely to be susceptible to the type of activities currently engaged in by activist shareholders of other funds, which in certain instances have been, and could continue to be, costly to such funds or result in their liquidations.

The Boards also considered the expressed support of certain institutional investors in the Funds, particularly CoL, of the consolidation and subsequent tender offer and the benefits of the Standstill Agreement with CoL. The benefits of the Standstill Agreement include potentially lower proxy solicitation costs for certain Funds to approve the Reorganization and a reduction in the potential for contested proxy solicitations for a period of time. Each Board noted that the contractual management fee rate of the Combined Fund will be lower than the current contractual management fee rate of any individual Fund, except SGF, and, at certain asset levels, LAQ and GCH, and considered the investment adviser's and its affiliates' projected profitability managing the Combined Fund assuming various scenarios, which was expected to decrease in each reasonably anticipated scenario.

Conclusion for each Board other than the SGF Board. Each Board, including the Independent Directors, unanimously approved the applicable Reorganization, concluding that such Reorganization is in the best interests of the relevant Fund and that the interests of existing shareholders of such Fund will not be diluted as a result of such Reorganization. This determination was made on the basis of each Director's business judgment after consideration of all of the factors taken as a whole with respect to the relevant Fund and its shareholders, although individual Directors may have placed different weight on various factors and assigned different degrees of materiality to various factors.

Conclusion for SGF Board. After reviewing the foregoing considerations, the Board of SGF noted that many of SGF's shareholders may view the benefits of the proposed consolidation as less compelling than would shareholders of the other Funds proposed to participate in the consolidation, particularly given the differences in the investment objectives and policies of SGF and those proposed for the Combined Fund. The Board of SGF also noted that, on the other hand, there was some likelihood that in coming years, SGF would be pressured by some of its larger shareholders to liquidate SGF or to engage in some other liquidity event that would reduce the long-term viability of SGF by reducing the size of SGF, thereby increasing SGF's expense ratio, and would reduce the liquidity of SGF's shares in the secondary market. Viewed in this context, the Board of SGF concluded that it would be in the best interest of SGF and its shareholders to participate in the consolidation, as it would provide shareholders who would be faced with the "forced" disposition of their shares upon the likely liquidation of SGF in coming years with the options of (a) receiving, in a non-taxable exchange of shares of SGF for shares of the Acquiring Fund, shares in a fund whose investment objectives and policies the investor found attractive; or (b) having the flexibility to decide when to incur the taxable event resulting from the disposition of their investment, whether upon sale in the open market of shares of the Combined Fund after the Reorganizations or sales of their shares in the contemplated tender offer by the Combined Fund. The Board's determination was made on the basis of each Director's business judgment after consideration of all of the factors taken as a whole with respect to SGF and its shareholders, although individual Directors may have placed different weight on various factors and assigned different degrees of materiality to various factors.

PROPOSAL: THE REORGANIZATIONS OF THE TARGET FUNDS

Shareholders of each of ABE, LAQ, ISL, IF, SGF and GCH are being asked to approve the Reorganization Agreement between each such Target Fund and the Acquiring Fund, pursuant to which such Target Fund would transfer substantially all of its assets to the Acquiring Fund, and the Acquiring Fund would assume all stated labilities of the Target Fund, in exchange solely for newly issued shares of common stock of the Acquiring Fund, which will be distributed by the Target Fund to its shareholders (although cash may be distributed in lieu of fractional shares) in the form of a liquidating distribution, and the Target Fund will be terminated and dissolved in accordance with its charter and Maryland law.

Pursuant to a separate proxy statement/prospectus, shareholders of one other target fund (GRR) are also being asked to approve a reorganization agreement between it and the Acquiring Fund. The Reorganizations seek to combine a total of eight funds with different, but in most cases similar, investment objectives, investment strategies and policies, investment restrictions and investment risks. Each Fund has the same or an affiliated investment adviser. See "COMPARISON OF THE FUNDS."

The Board of each Fund, including the Independent Directors, has unanimously approved its Reorganization(s), including its respective Reorganization Agreement(s). Assuming each Target Fund's shareholders approve the Reorganization of the applicable Target Fund, the Acquiring Fund will acquire substantially all of the assets and assume all stated liabilities of the Target Fund in exchange solely for newly issued Acquiring Fund Shares in the form of book entry interests. The Acquiring Fund will list the newly issued common shares on the NYSE American. Such newly issued Acquiring Fund Shares will be distributed to the Target Fund shareholders (although cash may be distributed in lieu of fractional common shares) and the Target Fund will terminate its registration under the 1940 Act and liquidate, dissolve and terminate in accordance with its charter and Maryland law. The Acquiring Fund will continue to operate after the Reorganizations as a registered, non-diversified, closed-end management investment company with the investment objective and investment strategies and policies described in this Joint Proxy Statement/Prospectus.

As a result of each Reorganization, each Target Fund shareholder will own Acquiring Fund Shares that (except for cash payments received in lieu of fractional common shares) will have an aggregate NAV (not the market value) immediately after the Reorganization equal to the aggregate NAV (not the market value) of that shareholder's Target Fund common shares immediately prior to the Reorganization. The NAV of each Target Fund and the Acquiring Fund will reflect the applicable costs of such Reorganization. The market value of the common shares of the Combined Fund a shareholder receives may be less than the market value of the common shares of the Target Fund that the shareholder held prior to the Reorganizations.

Each Board has reviewed data presented by the Investment Adviser or its affiliates and believes that the Reorganizations generally would result in a reduced Total Expense Ratio for the shareholders of the Funds, except with respect to SGF and LAQ, as certain fixed administrative costs would be spread across the Combined Fund's larger asset base. In addition, the Investment Adviser has contractually agreed to cap the Combined Fund's expenses at 1.20% for a period of two years from the closing of the first Reorganization. However, the level of expense savings (or increases) will vary depending on the combination of Target Funds that approve of the proposed Reorganizations and the resulting size of the Combined Fund. To the extent that one or more of the Reorganizations is not completed, but the other Reorganization(s) are completed, any expected expense savings by the Combined Fund or other potential benefits resulting from the Reorganizations may be reduced.

If any of the Reorganizations are approved and consummated, the Combined Fund will pay the Investment Adviser a monthly management fee at an annual rate of:

- 0.90% of the first $250 million of the Combined Fund's average weekly net assets;
- 0.80% on the next $250 million; and
- 0.75% on amounts above $500 million.

The table below shows the Gross Total Expense Ratios on a historical and pro forma basis for (i) the Combined Fund, assuming all of the Reorganizations had taken place on June 30, 2017, which represents, in Aberdeen's view, the most likely combination of the Reorganizations and the combination of the completed Reorganizations that would result in the lowest Gross Total Expense Ratio; and (ii) the Combined Fund, assuming only the Reorganization of IF into AEF had taken place on June 30, 2017, which represents the combination of the completed Reorganizations presented in this Joint Proxy Statement/Prospectus that would result in the highest Gross Total Expense Ratio for the Combined Fund. The *pro forma* Gross Total Expense Ratios for the Combined Fund also assume a reduction in Combined Fund net assets of 50% post-Reorganizations as a result of the capital gain distributions and tender offer. The table below also shows the projected reduction or increase in the Gross

Total Expense Ratio experienced by the shareholders of each Fund in connection with each combination of the Reorganizations.

	Pro Forma Combined Fund Pre-Tender Offer (All Target Funds & GRR* into AEF)	**Pro Forma Combined Fund Post-Tender Offer (All Target Funds & GRR* into AEF)**	**Pro Forma Combined Fund Pre-Tender Offer (IF into AEF)**	**Pro Forma Combined Fund Post-Tender Offer (IF into AEF)**
Gross Total Expense Ratios:	1.38%	1.54%	1.62%	1.81%
Change in Gross Total Expense Ratios per Fund:				
ABE	decrease by 0.17%	decrease by 0.01%	%	%
ISL	decrease by 0.35%	decrease by 0.19%	%	%
IF	decrease by 0.23%	decrease by 0.07%	increase by 0.01%	increase by 0.20%
LAQ	increase by 0.07%	increase by 0.23%	%	%
SGF	decrease by 0.02%	increase by 0.14%	%	%
GCH	decrease by 0.39%	decrease by 0.23%	%	%

* The proposed reorganization of GRR into the Acquiring Fund is presented to GRR's shareholders in a separate proxy statement/prospectus; however, GRR is included with the Target Funds as part of the Combined Fund.

The table below shows the Net Total Expense Ratios on a historical and pro forma basis for (i) the Combined Fund, assuming all of the Reorganizations had taken place on June 30, 2017, which represents, in Aberdeen's view, the most likely combination of the Reorganizations and the combination of the completed Reorganizations that would result in the lowest Net Total Expense Ratio; and (ii) the Combined Fund, assuming only the Reorganization of IF into AEF had taken place on June 30, 2017, which represents the combination of the completed Reorganizations presented in this Joint Proxy Statement/Prospectus that would result in the highest Net Total Expense Ratio for the Combined Fund. The *pro forma* Net Total Expense Ratios for the Combined Fund also assume a reduction in Combined Fund net assets of 50% post-Reorganizations as a result of the capital gain distributions and tender offer. The table below also shows the projected reduction or increase in the Net Total Expense Ratio experienced by the shareholders of each Fund in connection with each combination of the Reorganizations.

	Pro Forma Combined Fund Pre-Tender Offer (All Target Funds & GRR* into AEF)	**Pro Forma Combined Fund Post-Tender Offer (All Target Funds & GRR* into AEF)**	**Pro Forma Combined Fund Pre-Tender Offer (IF into AEF)**	**Pro Forma Combined Fund Post-Tender Offer (IF into AEF)**
Net Total Expense Ratios:	1.38%	1.46%	1.46%	1.48%
Change in Net Total Expense Ratios per Fund:				
ABE			%	%

	decrease by 0.13%	decrease by 0.05%		
ISL	decrease by 0.13%	decrease by 0.05%	%	%
IF	decrease by 0.21%	decrease by 0.13%	decrease by 0.13%	decrease by 0.11%
LAQ	increase by 0.09%	increase by 0.17%	%	%
SGF	decrease by 0.01%	increase by 0.07%	%	%
GCH	decrease by 0.38%	decrease by 0.30%	%	%

* The proposed reorganization of GRR into the Acquiring Fund is presented to GRR's shareholders in a separate proxy statement/prospectus; however, GRR is included with the Target Funds as part of the Combined Fund.

The information provided in each of the two tables above includes the estimated cost of leverage, but does not reflect the increase in assets that would result from the use of leverage. Assuming that all Reorganizations take place, if the Combined Fund's assets were increased to include borrowed assets, the Gross Total Expense Ratio and Net Total Expense Ratio of the Combined Fund are estimated to be 1.40% and 1.32%, respectively, post-tender offer (assuming a maximum reduction in Combined Fund net assets of 50% as a result of the capital gain distributions and tender offer) on a historical and pro forma basis for the 12-month period ended June 30, 2017.

The change in the Net Total Expense Ratio for the shareholders of each of the Target Funds is shown in the following table, post-tender offer, including estimated leverage costs of the Combined Fund:

	Net TER for 12 months ended June 30, 2017 (no leverage costs)*	Estimated Net TER for Combined fund (including leverage costs and after 50% reduction in assets)**	Difference
ABE	1.51%		-0.05%
ISL	1.51%		-0.05%
IF	1.59%	1.46%	-0.13%
LAQ	1.29%		0.17%
SGF	1.39%		0.07%
GCH	1.76%		-0.30%

* Each of the Target Funds does not currently use leverage.

** The Investment Adviser has contractually agreed to cap expenses of the Combined Fund to 1.20% (excluding leverage costs, taxes, and non-routine/extraordinary expenses).

The level of expense savings (or increases) will vary depending on the combination of the Funds that approve the proposed Reorganizations and the resulting size of the Combined Fund, and furthermore, there can be no assurance that future expenses will not increase or that any expense savings for any Fund will be realized.

The benefits of the use of leverage, the Combined Fund's leverage strategy and the risks thereof are described in more detail under "Reasons for the Reorganizations," "Investment Objectives and Policies of the Acquiring Fund" and "Comparison of the Funds," respectively.

In approving the proposed Reorganizations, the Board of each Fund, including the Independent Directors, determined that participation in the applicable Reorganization(s) is in the best interests of its Fund and its shareholders and that the interests of its shareholders will not be diluted with respect to the net asset value of such Fund as a result of its Reorganization. Before reaching these conclusions, the Board of each Fund, including the Independent Directors, engaged in a thorough review process relating to the applicable Reorganization(s). This determination was made on the basis of each Director's business judgment after consideration of all of the factors taken as a whole with respect to each Fund and its shareholders, although individual Directors may have placed different weight and assigned different degrees of materiality to various factors. See "Reasons for the Reorganization."

The Board of each Fund also received a memorandum outlining, among other things, the legal standards and certain other considerations relevant to the Board's deliberations. The Board of each Fund considered the Fund's Reorganization(s) over a series of meetings. The joint meetings of the Boards of ABE, ISL, IF and LAQ were held on June 13, 2017, August 23, 2017 (ISL only), September 6, 11 and 12, 2017 and October 2, 2017. The Boards of SGF and GCH met separately on June 13, 2017, September 11 and 12, 2017 and October 2, 2017. The Reorganizations of such Funds were approved at these meetings. The Board of SGF also met on December 19, 2017.

The share exchange in each Reorganization will be based on the net asset value of the Target Fund and the Acquiring Fund; therefore, shareholders would not experience dilution from a net asset value perspective. As a result of the Reorganizations, however, shareholders of each Fund will hold a reduced percentage of ownership in the larger Combined Fund than they did in any of the individual Funds.

Each Reorganization will be voted upon separately by each Target Fund's shareholders and the closing of any Reorganization is not contingent upon the approval of any other Reorganization. It is possible that shareholders of one or more Target Funds do not approve the Reorganization of their Target Fund. If this were to occur, the aggregate size of the Combined Fund would be less, perhaps materially.

If a Reorganization is not approved by a Target Fund's shareholders, such Target Fund will continue to operate, for the time being, as a stand-alone Maryland corporation and will continue to be advised by its current investment adviser. In addition, the Standstill Agreement with CoL will terminate with respect to that Target Fund, and CoL would cease to be bound by its obligations thereunder. However, the investment adviser to that Target Fund may, in connection with the ongoing management of that Target Fund and its product line, recommend alternative proposals to the Board of such Target Fund, such as liquidation of the Target Fund or a re-solicitation of votes for the Reorganization.

Each Reorganization is intended to qualify as a "reorganization" within the meaning of Section 368(a) of the Code. If a Reorganization so qualifies, in general, shareholders of a Target Fund will recognize no gain or loss for U.S. federal income tax purposes upon the exchange of their Target Fund common shares for Acquiring Fund Shares pursuant to the Reorganization (except with respect to cash received in lieu of fractional shares). Additionally, a Target Fund will recognize no gain or loss for U.S. federal income tax purposes by reason of its Reorganization, except to the extent required in order to distribute gains prior to the Reorganization, to the extent of any gain or loss that may be required to be recognized solely as a result of the close of the Target Funds' taxable years due to the Reorganizations and in connection with the rebalancing the Combined Fund's portfolio and generation of cash in connection with a tender offer post-Reorganizations. It is a condition to the closing of each Reorganization that the respective Target Fund and the Acquiring Fund receive an opinion from Willkie Farr, dated as of the Closing Date, regarding the characterization of the Reorganization as a reorganization within the meaning of Section 368(a) of the Code.

The common shares of the Acquiring Fund are listed on the NYSE American under the ticker symbol "CH" and will be listed on the NYSE American as "AEF" after the completion of the Reorganizations. The common shares of each of the Target Funds are listed on the relevant exchange under the ticker symbols as follows: NYSE American: "ABE," "ISL," "IF," "LAQ"; NYSE: "SGF" and "GCH".

Each Target Fund Board requests that shareholders of its Target Fund approve such Target Fund's proposed Reorganization at the Special Meeting to be held on March 16, 2018.

Shareholder approval of the ABE, ISL, LAQ and GCH Reorganizations requires the affirmative vote of the holders of a majority of the votes entitled to be cast by ABE, ISL, LAQ and GCH, respectively. Shareholder approval of the IF and SGF Reorganizations requires the affirmative vote of two-thirds (66 2/3%) of the outstanding shares entitled to be cast by IF and SGF, respectively. For additional information regarding voting requirements, see "Voting Information and Requirements."

Subject to the requisite approval of the shareholders of each Target Fund with respect to each Reorganization, it is currently expected that the Closing Date will be prior to the end of April 2018; however, this is subject to change depending on the timing of the Target Fund shareholder approvals.

Investing in the Combined Fund following the Reorganization involves risks. For additional information, see "Risk Factors and Special Considerations."

Each Target Fund's Board unanimously recommends that shareholders of such Target Fund vote "**FOR**" such Target Fund's proposed Reorganization.

INVESTMENT OBJECTIVE AND POLICIES OF THE ACQUIRING FUND

Investment Objective

The Acquiring Fund's investment objective is to seek to provide both current income and long-term capital appreciation. The Acquiring Fund's investment objective is not fundamental, and may be changed by the Fund's Board without shareholder approval.

Investment Policies

The Fund will invest at least 80% of its net assets (plus any borrowings for investment purposes) in emerging markets equity securities. If the Board of Directors elects to change this 80% policy, the Acquiring Fund will provide shareholders with at least 60 days' prior notice.

Emerging market countries for purposes of this policy include every nation in the world except the United States, Canada, Japan, Australia, New Zealand and countries represented in the MSCI Europe Index.

The definition of equity securities includes:

- common stock and preferred stock (including convertible preferred stock),
- stock purchase warrants and rights,
- equity interests in trusts and partnerships, and
- American, Global or other types of Depositary Receipts of emerging market securities.

Determinations as to whether a company is an emerging market company will be made by the Investment Adviser based on publicly available information and inquiries made to the company.

Emerging market securities include securities that are issued by: (a) governments or government-related bodies of emerging market countries; and/or (b) companies or other issuers that (i) are organized under the laws of, or have their principal office in, an emerging market country, (ii) have their principal securities trading market in an emerging market country, and/or (iii) derive a majority of their annual revenue or assets from goods produced, sales made or services performed in emerging markets countries.

The Acquiring Fund may also invest without limit in those markets deemed by the Investment Adviser to be "Frontier" markets, which are investable markets with lower total market capitalizations and liquidity than the more developed emerging markets.

From time to time, the Fund may have a significant amount of assets invested in securities of issuers of a single country or of a number of countries in a particular geographic region and therefore may be subject to a greater extent to risks associated therewith.

The Acquiring Fund intends to utilize leverage as part of its investment strategy through borrowings, although it may engage in other transactions, such as reverse repurchase agreements and issuance of debt securities or preferred securities, which have the effect of leverage. The Acquiring Fund may use leverage up to 33 1/3% of its total assets (including the amount obtained through leverage), although the Investment Adviser currently intends to utilize leverage generally in the amount of 5% - 15% of the Fund's total assets and does not currently expect such leverage to actively exceed 20% of total assets.

The Fund may invest in securities of any market capitalization.

The Acquiring Fund will not invest 25% or more of its total assets in the securities of companies in the same industry, although the Fund may invest in U.S. government securities without regard to this limitation. In selecting industries and companies for investment by the Acquiring Fund, the Investment Adviser will consider factors such as overall growth prospects, competitive positions in domestic and export markets, technology, research and development, productivity, labor costs, raw material costs and sources, profit margins, return on investment, capital resources, government regulation and management. This policy may only be changed upon the affirmative vote of the holders of a majority of the Acquiring Fund's outstanding voting securities.

Although the Acquiring Fund will not invest 25% of more of its total assets in the securities of companies in the same industry, the Fund may invest in securities of any market sector and may hold a significant amount of securities of companies, from time to time, within a single sector.

The Acquiring Fund may invest up to 30% of its total assets in private placements of equity securities. Securities that are not publicly traded in the United States but that can be sold to "qualified institutional buyers" pursuant to Rule 144A under the Securities Act of 1933, as amended (the "1933 Act"), will not be subject to these percentage limitations if these securities are deemed liquid pursuant to procedures adopted by the Board of Directors and delegated to the Investment Adviser. Rule 144A Securities (defined below) and Regulation S Securities (defined below) may be freely traded among certain qualified institutional investors, such as the Acquiring Fund, but their resale in the U.S. is permitted only in limited circumstances.

The governments of some emerging countries have been engaged in "privatization" programs, which involve the sale of part or all of their stakes in government owned or controlled enterprises. The Investment Adviser believes that privatizations may offer shareholders opportunities for significant capital appreciation and intends to invest assets of the Acquiring Fund in privatizations in appropriate circumstances. In certain emerging countries, the ability of foreign entities, such as the Acquiring Fund, to participate in privatizations may be limited by local law. In addition, the terms on which the Acquiring Fund may be permitted to participate may be less advantageous than those for local investors. There can be no assurance that the governments of emerging countries will continue to sell companies currently owned or controlled by them or that privatization programs will be successful.

To the extent its assets are not invested as described above, the Acquiring Fund may invest the remainder of its assets in:

- debt securities denominated in the currency of an emerging country or issued or guaranteed by an emerging country company or the government of an emerging country,

- equity or debt securities of corporate or governmental issuers located in developed countries, and

- short-term and medium-term debt securities of the type described below under "Temporary Investments."

The Acquiring Fund's assets may be invested in debt securities when the Investment Adviser believes that, based upon factors such as relative interest rate levels and foreign exchange rates, such debt securities offer opportunities to provide both current income and long-term capital appreciation.

The Fund may invest in debt securities that are rated no lower than A-2 by Standard & Poor's Rating Group or P-2 by Moody's Investor Services or the equivalent by another rating service or, if unrated, deemed to be of equivalent quality by the Investment Adviser. The Fund may invest in securities of any maturity.

For cash management purposes, the Acquiring Fund may invest up to 25% of its net assets in certain short-term investments described below and, for temporary defensive purposes, may invest up to 100% of its assets in those short-term instruments.

Temporary Investments. During periods in which the Investment Adviser believes changes in economic, financial or political conditions make it advisable, the Acquiring Fund may for temporary defensive purposes reduce its holdings in equity and other securities and invest in certain short-term (less than twelve months to maturity) and medium-term (not greater than five years to maturity) debt securities or hold cash. Temporary defensive positions may affect the Acquiring Fund's ability to achieve its investment objective.

The Acquiring Fund may invest in the following short-term instruments:

• obligations of the U.S. Government, its agencies or instrumentalities (including repurchase agreements with respect to these securities),

• bank obligations (including certificates of deposit, time deposits and bankers' acceptances) of U.S. banks and foreign banks denominated in any currency,

• floating rate securities and other instruments denominated in any currency issued by international development agencies, banks and other financial institutions, governments and their agencies and instrumentalities, and corporations located in countries that are members of the Organization for Economic Cooperation and Development,

• obligations of U.S. corporations that are rated no lower than A-2 by Standard & Poor's Rating Group or P-2 by Moody's Investor Services or the equivalent by another rating service or, if unrated, deemed to be of equivalent quality by the Investment Adviser, and

• shares of money market funds that are authorized to invest in short-term instruments described above.

Currency Transactions. The Investment Adviser generally does not seek to hedge against declines in the value of the Acquiring Fund's non- U.S. dollar-denominated portfolio securities resulting from currency devaluations or fluctuations. If suitable hedging instruments are available on a timely basis and on acceptable terms, the Investment Adviser may, in its discretion, hedge all or part of the value of the Fund's non-U.S. dollar-denominated portfolio securities, although it is not obligated to do so. The Acquiring Fund will be subject to the risk of changes in value of the currencies of the emerging countries in which its assets are denominated, unless it engages in hedging transactions.

Depositary Receipts. The Acquiring Fund may invest indirectly in securities of emerging markets country issuers through sponsored or unsponsored American Depositary Receipts ("ADRs"), Global Depositary Receipts ("GDRs") and other types of Depositary Receipts. Depositary Receipts may not necessarily be denominated in the same currency as the underlying securities into which they may be converted. In addition, the issuers of the stock of unsponsored Depositary Receipts are not obligated to disclose material information in the United States and, therefore, there may not be a correlation between such information and the market value of the Depositary Receipts. ADRs are Depositary Receipts typically issued by a U.S. bank or trust company which evidence ownership of underlying securities issued by a foreign corporation. GDRs and other types of Depositary Receipts are typically issued by foreign banks or trust companies, although they also may be issued by U.S. banks or trust companies, and evidence ownership of underlying securities issued by either a foreign or a U.S. corporation. Generally, Depositary Receipts in registered form are designed for use in the U.S. securities markets and Depositary Receipts in bearer form are designed for use in securities markets outside the United States. For purposes of the Acquiring Fund's investment policies, the Fund's investments in ADRs, GDRs and other types of Depositary Receipts will be deemed to be investments in the underlying securities.

Portfolio Turnover Rate. The Acquiring Fund does not engage in the trading of securities for the purpose of realizing short-term profits, but adjusts its portfolio as it deems advisable in view of prevailing or anticipated market conditions to accomplish its investment objective. A high rate of portfolio turnover involves correspondingly greater brokerage commission expenses than a lower rate, which expenses must be borne by the Acquiring Fund and its shareholders. High portfolio turnover may also result in the realization of substantial net short-term capital gains and any distributions resulting from such gains will be taxable at ordinary income rates for U.S. federal income tax purposes.

Loans of Portfolio Securities. The Acquiring Fund's investment policies permit the Fund to enter into securities lending agreements. Under such agreements, the Acquiring Fund may lend to borrowers (primarily banks and broker-dealers) portfolio securities with an aggregate market value of up to one-third of the Fund's total assets when it deems advisable. Any such loans must be secured by collateral (consisting of any combination of cash, U.S. government securities, irrevocable bank letters of credit or other high quality debt securities) in an amount at least equal, on a daily marked-to-market basis, to the current market value of the securities loaned. If the Acquiring Fund enters into a securities lending arrangement, it is expected that cash collateral will be invested by the lending agent in short-term instruments, money market mutual funds or other collective investment funds, and income from these investments will be allocated among the Fund, the borrower and the lending agent. The Acquiring Fund may terminate a loan after such notice period as is provided for the particular loan. The Acquiring Fund would receive from the borrower amounts equivalent to any cash payments of interest, dividends and other distributions with respect to the loaned securities, although the tax treatment of such payments may differ from the treatment of distributions paid directly by the issuer to the Fund. The Acquiring Fund would also have the option to require non-cash distributions on the loaned securities to be credited to its account.

An investment in the Acquiring Fund may be speculative in that it involves a high degree of risk and should not constitute a complete investment program. See "Risk Factors and Special Considerations."

Investment in the common stock of the Acquiring Fund offers the individual investor several potential benefits. The Acquiring Fund offers investors the opportunity to receive capital appreciation and income by investing in a professionally managed portfolio comprised primarily of emerging market equity securities of any capitalization, including dividend-paying equity securities. The securities for the Acquiring Fund's portfolio would all be selected from the existing universe of holdings researched and selected by the Investment Adviser's global emerging markets ("GEM") team. In rendering investment advisory services, the Investment Adviser may use the resources of subsidiaries owned by Aberdeen PLC. The Aberdeen PLC affiliates have entered into a MOU/PSP pursuant to which investment professionals from the Aberdeen PLC affiliates may render portfolio management, research and/or trade services to U.S. clients of the Investment Adviser. As such, in addition to their own extensive resource and experience, the GEM team can draw on the full global investment resources of Aberdeen PLC.

The Investment Adviser will manage the Acquiring Fund's investments in accordance with the stated investment objective, policies and limitations. The Investment Adviser, together with its affiliates, will review and provide the required resources to ensure high quality and professional management services to the Acquiring Fund. The Investment Adviser will use a team-based approach for management of the Acquiring Fund. The Investment Adviser provides professional management, which includes the extensive analysis needed to invest in emerging markets securities. As is the case with respect to the management of each of the Target Funds currently, the Investment Adviser will employ a bottom-up process based on a disciplined evaluation of companies through face-to-face visits. The Investment Adviser does not buy a stock without the investment managers having first met company management (at least once, usually multiple times) and having completed detailed notes analyzing the company's prospects.

Additionally, the Investment Adviser may seek to enhance the yield of the Acquiring Fund's common stock by leveraging the Acquiring Fund's capital structure through the borrowing of money, or potentially the issuance of short term debt securities or shares of preferred stock. The use of leverage also involves certain expenses and risk considerations. See "Risk Factors and Special Considerations Leverage Risk" and "Additional Investment Policies Leverage" in this section.

The Acquiring Fund may invest in, among other things, the types of instruments described below:

Common Stock. Common stock is issued by companies to raise cash for business purposes and represents a proportionate interest in the issuing companies. Therefore, the Acquiring Fund participates in the success or failure of any company in which it holds stock. The market value of common stock can fluctuate significantly, reflecting the business performance of the issuing company, investor perception and general economic or financial market movements. Smaller companies are especially sensitive to these factors and may even become valueless. Despite the risk of price volatility, however, common stocks also offer a greater potential for gain on investment, compared to other classes of financial assets such as bonds or cash equivalents. The Acquiring Fund may also receive common stock as proceeds from a defaulted debt security held by the Fund or from a convertible bond converting to common stock. In such situations, the Acquiring Fund will hold the common stock at the Investment Adviser's discretion.

Convertible Securities. Convertible securities are generally debt securities or preferred stocks that may be converted into common stock. Convertible securities typically pay current income as either interest (debt security convertibles) or dividends (preferred stocks). A convertible security's value usually reflects both the stream of current income payments and the value of the underlying common stock. The market value of a convertible security performs like that of a regular debt security, that is, if market interest rates rise, the value of a convertible security usually falls. Since it is convertible into common stock, the convertible security also has the same types of market and issuer risk as the underlying common stock. A convertible debt security is not counted as an equity security for purposes of the Fund's 80% policy.

Illiquid Securities. Illiquid securities are assets which may not be sold or disposed of in the ordinary course of business within seven days at approximately the price at which a Fund has valued the investment on its books and may include such securities as those not registered under U.S. securities laws or securities that cannot be sold in public transactions.

Preferred Stock. Preferred stock is a class of stock that often pays dividends at a specified rate and has preference over common stock in dividend payments and liquidation of assets. Preferred stock may be convertible into common stock.

Private Placements and Other Restricted Securities. Private placement and other restricted securities include securities that have been privately placed and are not registered under the 1933 Act, such as unregistered securities eligible for resale without registration pursuant to Rule 144A ("Rule 144A Securities") and privately placed securities of U.S. and non-U.S. issuers offered outside of the U.S. without registration with the U.S. Securities and Exchange Commission pursuant to Regulation S ("Regulation S Securities").

Private placements securities typically may be sold only to qualified institutional buyers (or, in the case of the initial sale of certain securities, such as those issued in collateralized debt obligations or collateralized loan obligations, to accredited investors (as defined in Rule 501(a) under the 1933 Act)), or in a privately negotiated transaction or to a limited number of purchasers, or in limited quantities after they have been held for a specified period of time and other conditions are met pursuant to an exemption from registration. Rule 144A Securities and Regulation S Securities may be freely traded among certain qualified institutional investors, such as the Acquiring Fund, but their resale in the U.S. is permitted only in limited circumstances.

Private placements typically are subject to restrictions on resale as a matter of contract or under federal securities laws. Because there may be relatively few potential purchasers for such securities, especially under adverse market or economic conditions or in the event of adverse changes in the financial condition of the issuer, the Fund could find it more difficult to sell such securities when it may be advisable to do so or it may be able to sell such securities only at prices lower than if such securities were more widely held. At times, it also may be more difficult to determine the fair value of such securities for purposes of computing the Fund's net asset value due to the absence of a trading market.

Private placements and restricted securities may be considered illiquid securities, which could have the effect of increasing the level of the Acquiring Fund's illiquidity. Additionally, a restricted security that was liquid at the time of purchase may subsequently become illiquid. Restricted securities that are determined to be illiquid may not exceed the Acquiring Fund's limit on investments in illiquid securities.

Rights Issues and Warrants. Rights issues give the right, to existing shareholders, to buy a proportional number of additional securities at a given price (generally at a discount) within a fixed period (generally on a short term period) and are offered at the company's discretion. Warrants are securities that give the holder the right to buy common stock at a specified price for a specified period of time. Warrants are speculative and have no value if they are not exercised before the expiration date.

Additional Investment Policies

The Acquiring Fund has adopted certain policies as set forth below, which shall become effective upon the closing of the Reorganizations:

Leverage. The Acquiring Fund may utilize leverage primarily for investment purposes through borrowings from a bank, although it may engage in other transactions, such as reverse purchase agreements and issuance of debt securities or preferred securities, which have the effect of leverage. The Acquiring Fund has the ability to utilize leverage through borrowing or the issuance of short term debt securities in an amount up to 33 1/3% of the value of its total assets (including the amount obtained from such borrowings or debt issuance), although the portfolio management team anticipates using leverage of 10% to 15% of the Fund's total assets and does not currently expect such leverage to actively exceed 20% of total assets. It is currently estimated that the Fund would utilize leverage in the amount of 10% of its total assets. The Acquiring Fund may also utilize leverage through the issuance of shares of preferred stock in an amount up to 50% of the value of its total assets (including the amount obtained from such issuance). There can be no assurance, however, that the Acquiring Fund will borrow or issue preferred stock in order to leverage its assets or if it does what percentage of the Fund's assets such borrowings will represent. Although the Acquiring Fund has the ability to issue debt securities and preferred stock, it does not currently anticipate issuing any debt securities or preferred stock, which would be subject to approval by the Fund's Board of Directors.

It is currently anticipated that the Acquiring Fund will utilize leverage by borrowing from a bank. Most forms of leverage that would be utilized by the Acquiring Fund, such as borrowings or the issuance of debt securities, would require Board approval prior to utilization. The Investment Adviser expects to recommend to the Acquiring Fund's Board that leverage implementation begin after the completion of any proposed tender offer, rather than immediately upon the Reorganizations. With more clarity around the size of the combined fund, the Investment Adviser can seek more competitive proposals from potential lenders.

The Acquiring Fund's use of leverage will not impact the fees paid to the Investment Adviser for investment advisory and management services because the Investment Adviser is paid on net assets not total assets.

Leverage involves certain risks, including that the cost of leverage may exceed the return earned by the Acquiring Fund on the proceeds of such leverage. The use of leverage will increase the volatility of changes in the Fund's net asset value, market price and distributions. In the event of a general market decline in the value of assets in which the Acquiring 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. In addition, funds borrowed pursuant to a credit facility may constitute a substantial lien and burden by reason of their prior claim against the income of the Acquiring Fund and against the net assets of the Fund in liquidation. To the extent that it desires to do so, the Acquiring Fund may be limited in its ability to declare dividends or other distributions under the terms of various forms of leverage. In the event of default under a loan facility, lenders may have the right to cause a liquidation of the collateral (i.e., sell portfolio securities and other assets of the Acquiring Fund) and, if any such default is not cured, the lenders may be able to control the liquidation as well. A leverage facility agreement may include covenants that impose on the Acquiring Fund asset coverage requirements, fund composition requirements and limits on certain investments, such as illiquid investments or derivatives, which are more stringent than those imposed on the Fund by the 1940 Act. The covenants or guidelines could impede the Acquiring Fund's investment manager from fully managing the Fund's portfolio in accordance with the Fund's investment objective and policies; however, because the Fund's use of leverage is expected to be modest (generally 5% - 15%) and the Fund generally is not expected to engage in derivatives transactions, the Investment Adviser currently does not believe that these restrictions would significantly impact its management of the Fund. The Investment Adviser believes that the use of a modest amount of leverage would provide positive absolute return in the long term and thereby be beneficial to shareholders.

Under the 1940 Act, the Acquiring Fund is not permitted to issue senior securities if, immediately after the issuance of such leverage, the Fund would have an asset coverage ratio (as defined in the 1940 Act) of less than 300% with respect to indebtedness or less than 200% with respect to preferred stock. The 1940 Act also provides that the Acquiring Fund may not declare distributions or purchase its stock (including through tender offers), if immediately after doing so it will have an asset coverage ratio of less than 300% or 200%, as applicable. Under the 1940 Act, certain short-term borrowings (such as for cash management purposes) are not subject to these limitations if (i) repaid within 60 days, (ii) not extended or renewed and (iii) not in excess of 5% of the total assets of the Acquiring Fund.

The Acquiring Fund's willingness to borrow money and issue preferred stock for investment purposes, and the amount it will borrow or issue, will depend on many factors, the most important of which are investment outlook, market conditions and interest rates. Successful use of a leveraging strategy depends on the Investment Adviser's ability to correctly predict market movements, and there is no assurance that a leveraging strategy will be successful during any period in which it is employed.

Assuming the utilization of leverage by borrowings in the amount of approximately 10% of the Acquiring Fund's total assets, and an annual interest rate of 2.30% payable on such leverage based on market rates as of the date of this Joint Proxy Statement/Prospectus, the annual return that the Acquiring Fund's portfolio must experience (net of expenses) in order to cover such interest payments would be 0.21%.

The following table is designed to illustrate the effect, on the return to a holder of common stock, of the leverage obtained by borrowings in the amount of approximately 10% of the Acquiring Fund's total assets, assuming hypothetical annual returns on the Acquiring Fund's portfolio of minus 10% to plus 10%. As the table shows, leverage generally increases the return to shareholders when portfolio return is positive and greater than the cost of leverage and decreases the return when portfolio return is negative or less than the cost of leverage. The figures appearing in the table are hypothetical and actual returns may be greater or less than those appearing in the table.

Assumed Portfolio Return (net of expenses)	(10)%	(5)%	0%	5%	10%
Corresponding Common Stock Return	(11.2)%	(5.7)%	(0.2)%	5.3%	10.8%

Other Investment Strategies

Debt Securities. The Fund's assets may be invested in debt securities when the Investment Adviser believes that, based upon factors such as relative interest rate levels and foreign exchange rates, such debt securities offer opportunities for total return from long-term capital appreciation and/or income. The debt securities in which the Fund may invest include:

- bonds,
- notes,
- bank deposits and bank obligations (including certificates of deposit, time deposits and bankers' acceptances),
- commercial paper,
- repurchase agreements, and
- assignments of loans and loan participations.

The Acquiring Fund may in the future employ new or additional investment strategies and hedging instruments if those strategies and instruments are consistent with the Fund's investment objective and are permissible under applicable regulations governing the Fund.

Investment Restrictions

The following restrictions are fundamental policies, which cannot be changed without the approval of the holders of a majority of the Acquiring Fund's outstanding voting securities. In the event that the Acquiring Fund issues preferred shares, changes in investment restrictions would also require approval by a majority of the outstanding preferred shares, voting as a separate class. If a percentage restriction on investment or use of assets set forth below is adhered to at the time a transaction is effected, later changes in a percentage resulting from changing values will not be considered a violation.

The Acquiring Fund may not:

1. Invest 25% or more of the total value of its assets in a particular industry. This restriction does not apply to investments in United States government securities.

2. Borrow money or issue senior securities, except that the Fund may enter into reverse repurchase agreements and may otherwise borrow money and issue senior securities as and to the extent permitted by the 1940 Act or any rule, order or interpretation thereunder.

3. Lend money to other persons except through the purchase of debt obligations and the entering into of repurchase agreements in the United States or Chile consistent with the Acquiring Fund's investment policies.

4. Make short sales of securities or maintain a short position in any security.

5. Purchase securities on margin, except such short-term credits as may be necessary or routine for the clearance or settlement of transactions and the maintenance of margin with respect to forward contracts or other hedging transactions.

6. Underwrite securities of other issuers, except insofar as the Acquiring Fund may be deemed an underwriter under the Securities Act of 1933, as amended, in selling portfolio securities.

7. Purchase or sell commodities or real estate, except that the Acquiring Fund may invest in securities secured by real estate or interests in real estate or in securities issued by companies, including real estate investment trusts, that invest in real estate or interests in real estate, and may purchase and sell forward contracts on foreign currencies to the extent permitted under applicable law.

In addition to the foregoing restrictions, the Acquiring Fund is subject to investment limitations, portfolio diversification requirements and other restrictions imposed by certain emerging countries in which it invests.

COMPARISON OF THE FUNDS

The investment objectives, investment strategies and policies, investment restrictions and investment risks of the Funds have certain similarities and differences, which are described below. The investment objective, significant investment strategies and policies, and investment restrictions of the Acquiring Fund will be those described above under "INVESTMENT OBJECTIVE AND POLICIES OF THE ACQUIRING FUND".

Comparison of ABE and Acquiring Fund

Investment Objectives. The investment objective of ABE is long-term capital appreciation. The investment objective of the Acquiring Fund is to seek to provide both current income and long-term capital appreciation. ABE's investment objective is fundamental and may not be changed without the approval of a majority of ABE's outstanding voting securities (as defined in the 1940 Act),while the Acquiring Fund's investment objective is not fundamental and may be changed without shareholder approval.

Investment Strategies and Policies. The investment strategies and policies of ABE and the Acquiring Fund are similar; however, there are certain important differences. While each of ABE and the Acquiring Fund has a policy to invest at least 80% of its net assets (plus any borrowings for investment purposes) in emerging markets equity securities, ABE's policy requires that such securities be issued by smaller companies. In addition, ABE's 80% policy is fundamental and may not be changed without the approval of a majority of ABE's outstanding voting securities (as defined in the 1940 Act). The Acquiring Fund's 80% policy is non-fundamental, and may be changed by the Acquiring Fund's Board of Directors on 60 days' prior notice to shareholders. ABE's investment strategies and policies provide that, at the full discretion of ABE's investment adviser, ABE may focus its investments in the infrastructure, telecommunications and technology sectors of emerging market countries. The Acquiring Fund's investment strategies and policies do not provide for a similar focus, but ABE may hold a significant amount of securities, from time to time, within a single market sector.

The Acquiring Fund intends to utilize leverage through borrowings from banks or other transactions, such as reverse repurchase agreements, as part of its investment strategies. ABE does not use leverage as part of its investment strategies.

Both ABE and the Acquiring Fund may invest up to 30% of their respective total assets in private placements of equity securities.

To the extent its assets are not invested as described above, each of ABE and the Acquiring Fund may invest the remainder of its assets in:

- debt securities denominated in the currency of an emerging country or issued or guaranteed by an emerging country company or the government of an emerging country,

- equity or debt securities of corporate or governmental issuers located in developed countries, and

- certain short-term and medium-term debt securities.

Each of ABE's and the Acquiring Fund's assets may be invested in debt securities when its investment adviser believes that, based upon factors such as relative interest rate levels and foreign exchange rates, such debt securities offer opportunities for long-term capital appreciation.

For cash management purposes, the Acquiring Fund may invest up to 25% of its net assets in certain short-term investments and, for temporary defensive purposes, may invest up to 100% of its assets in those short-term instruments. For temporary defensive purposes, ABE may invest less than 80% of its net assets in equity securities of emerging market smaller company issuers, in which case ABE may invest in certain short-term debt securities.

The Acquiring Fund may experience a high portfolio turnover rate, particularly in the periods immediately after the Reorganization. ABE does not engage in the trading of securities for the purposes of realizing short-term profits, but adjusts its portfolio as it deems advisable in view of prevailing or anticipated market conditions to accomplish its objective.

The investment objective and investment strategies and policies of the Acquiring Fund are set out above under "INVESTMENT OBJECTIVE AND POLICIES OF THE ACQUIRING FUND." The investment objective and investment strategies and policies of ABE are set out below.

ABE (the "Fund"): Investment Objective and Investment Strategies and Policies

The investment objective of the Fund is long-term capital appreciation. The Fund seeks to achieve this investment objective by investing primarily in equity securities of companies in emerging markets. The Fund's investment objective is fundamental and may not be changed without the approval of a majority of the Fund's outstanding voting securities (as defined in the 1940 Act).

Under normal market conditions, at least 80% of the Fund's net assets, plus any borrowings for investment purposes, will be invested in equity securities of emerging market smaller company issuers, as defined below. This 80% policy is fundamental and may not be changed without the approval of a majority of the Fund's outstanding voting securities (as defined in the 1940 Act). Except for the investment objective and the 80% policy, the Fund's investment policies are non-fundamental and may be changed by the Fund's Board of Directors.

An emerging market country is any country determined by the Investment Adviser, to have an emerging market economy, considering factors such as the country's credit rating, its political and economic stability and the development of its financial and capital markets. Emerging market countries for purposes of this policy can include every nation in the world except the United States, Canada, Japan, Australia, New Zealand and most countries located in Western Europe. Smaller companies for the purposes of this policy are companies that, at the time of purchase, have a market capitalization of less than $5 billion.

An emerging market country equity security is defined as:

- common stock and preferred stock (including convertible preferred stock),
- bonds, notes and debentures convertible into common or preferred stock,
- stock purchase warrants and rights,
- equity interests in trusts and partnerships, and
- American, Global or other types of Depositary Receipts of emerging market securities.

Determinations as to whether a company is an emerging market smaller company will be made by the Investment Adviser based on publicly available information and inquiries made to the companies.

Emerging market securities include securities that are issued by: (a) governments or government-related bodies of emerging market countries; and/or (b) companies or other issuers that (i) are organized under the laws of, or have their principal office in, an emerging market country, (ii) have their principal securities trading market in an emerging market country, (iii) alone or on a consolidated basis derive a significant portion of their annual revenue or assets from goods produced, sales made or services performed in emerging markets countries; and/or (iv) are denominated in the currency of an emerging market. The Fund may also invest without limit in those markets deemed by the Investment

Adviser to be "Frontier" markets, which are investable markets with lower total market capitalizations and liquidity than the more developed emerging markets. The Fund will consider that a company or issuer derives a "significant" portion of its annual revenue from a country if the highest concentration of the company's annual revenue comes from that country as measured by Bloomberg.

Based on current market conditions, the Fund will consider "smaller companies" to be companies that, at the time of purchase, have a market capitalization of less than $5 billion. Some companies may outgrow the definition of a smaller company after the Fund has purchased their securities. These companies continue to be considered "smaller companies" for purposes of the Fund's minimum 80% allocation to smaller company securities.

The Fund does not expect to concentrate its investments in any industry or group of industries. However, the Fund may, at the full discretion of the Investment Adviser, focus its investments in securities of companies from each of the infrastructure, telecommunications and technology sectors of emerging market countries. The portion of the Fund's portfolio invested in securities of companies from each of such sectors will vary from time to time, based on the Investment Adviser's view of current market conditions.

Many of the companies in which the Fund invests may be in the early stages of their growth cycle and/or may have only recently been privatized. Accordingly, the Fund anticipates that up to 30% of its total assets may be invested in private placements of equity securities. Securities that are not publicly traded in the United States but that can be sold to "qualified institutional buyers" pursuant to Rule 144A under the 1933 Act, will not be subject to these percentage limitations if these securities are deemed liquid pursuant to procedures adopted by the Board of Directors and delegated to the Investment Adviser. Rule 144A Securities and Regulation S Securities may be freely traded among certain qualified institutional investors, such as the Fund, but their resale in the U.S. is permitted only in limited circumstances.

The governments of some emerging countries have been engaged in "privatization" programs, which involve the sale of part or all of their stakes in government owned or controlled enterprises. The Investment Adviser believes that privatizations may offer shareholders opportunities for significant capital appreciation and intends to invest assets of the Fund in privatizations in appropriate circumstances. In certain emerging countries, the ability of foreign entities, such as the Fund, to participate in privatizations may be limited by local law. In addition, the terms on which the Fund may be permitted to participate may be less advantageous than those for local investors. There can be no assurance that the governments of emerging countries will continue to sell companies currently owned or controlled by them or that privatization programs will be successful.

To the extent its assets are not invested as described above, the Fund may invest the remainder of its assets in:

- debt securities denominated in the currency of an emerging country or issued or guaranteed by an emerging country company or the government of an emerging country,

- equity or debt securities of corporate or governmental issuers located in developed countries, and

- short-term and medium-term debt securities of the type described below under "Temporary Investments."

The Fund's assets may be invested in debt securities when the Investment Adviser believes that, based upon factors such as relative interest rate levels and foreign exchange rates, such debt securities offer opportunities for long-term capital appreciation. The debt securities in which the Fund may invest include:

- bonds,

- notes,

- bank deposits and bank obligations (including certificates of deposit, time deposits and bankers' acceptances),

- commercial paper,

- repurchase agreements, and

- assignments of loans and loan participations.

In addition, for temporary defensive purposes, the Fund may invest less than 80% of its net assets in equity securities of emerging market smaller company issuers, in which case the Fund may invest in debt securities of the kind described under "Temporary Investments" below. In addition, the Fund may acquire assignments of, and participations in, loans.

Temporary Investments. During periods in which the Investment Adviser believes changes in economic, financial or political conditions make it advisable, the Fund may for temporary defensive purposes reduce its holdings in equity and other securities and invest in certain short-term (less than twelve months to maturity) and medium-term (not greater than five years to maturity) debt securities or hold cash. Temporary defensive positions may affect the Fund's ability to achieve its investment objective.

The Fund may invest in the following short-term instruments:

- obligations of the U.S. Government, its agencies or instrumentalities (including repurchase agreements with respect to these securities),

- bank obligations (including certificates of deposit, time deposits and bankers' acceptances) of U.S. banks and foreign banks denominated in any currency,

- floating rate securities and other instruments denominated in any currency issued by international development agencies, banks and other financial institutions, governments and their agencies and instrumentalities, and corporations located in countries that are members of the Organization for Economic Cooperation and Development,

- obligations of U.S. corporations that are rated no lower than A-2 by Standard & Poor's Rating Group or P-2 by Moody's Investor Services or the equivalent by another rating service or, if unrated, deemed to be of equivalent quality by the Investment Adviser, and

- shares of money market funds that are authorized to invest in short-term instruments described above.

Currency Transactions. The Investment Adviser generally does not seek to hedge against declines in the value of the Fund's non- U.S. dollar-denominated portfolio securities resulting from currency devaluations or fluctuations. If suitable hedging instruments are available on a timely basis and on acceptable terms, the Investment Adviser may, in its discretion, hedge all or part of the value of the Fund's non-U.S. dollar-denominated portfolio securities, although it is not obligated to do so. The Fund will be subject to the risk of changes in value of the currencies of the emerging countries in which its assets are denominated, unless it engages in hedging transactions.

Depositary Receipts. The Fund may invest indirectly in securities of emerging markets country issuers through sponsored or unsponsored ADRs, GDRs and other types of Depositary Receipts. Depositary Receipts may not necessarily be denominated in the same currency as the underlying securities into which they may be converted. In addition, the issuers of the stock of unsponsored Depositary Receipts are not obligated to disclose material information in the United States and, therefore, there may not be a correlation between such information and the market value of the Depositary Receipts. ADRs are Depositary Receipts typically issued by a U.S. bank or trust company which evidence ownership of underlying securities issued by a foreign corporation. GDRs and other types of Depositary Receipts are typically issued by foreign banks or trust companies, although they also may be issued by U.S. banks or trust companies, and evidence ownership of underlying securities issued by either a foreign or a U.S. corporation. Generally, Depositary Receipts in registered form are designed for use in the U.S. securities markets and Depositary Receipts in bearer form are designed for use in securities markets outside the United States. For purposes of the Fund's investment policies, the Fund's investments in ADRs, GDRs and other types of Depositary Receipts will be deemed to be investments in the underlying securities.

Portfolio Turnover Rate. The Fund does not engage in the trading of securities for the purpose of realizing short-term profits, but adjusts its portfolio as it deems advisable in view of prevailing or anticipated market conditions to accomplish its investment objective. A high rate of portfolio turnover involves correspondingly greater brokerage commission expenses than a lower rate, which expenses must be borne by the Fund and its shareholders. High portfolio turnover may also result in the realization of substantial net short-term capital gains and any distributions resulting from such gains will be taxable at ordinary income rates for U.S. federal income tax purposes.

Borrowing. Borrowing increases exposure to capital risk, and borrowed funds are subject to interest costs that may offset or exceed the return earned on investment of the amounts borrowed. Nevertheless, the Fund is authorized to borrow money from banks for the following reasons:

- for temporary or emergency purposes,

- for such short-term credits as may be necessary for the clearance or settlement of transactions,

- to finance repurchases of its shares in amounts not exceeding 10% (taken at the lower of cost or current value) of its total assets (not including the amount borrowed),

- to pay any dividends required to be distributed to maintain the Fund's qualification as a regulated investment company under the Code, or otherwise avoid taxation under the Code, or

- to pay Fund expenses outside of the emerging countries, and not for the purpose of leveraging.

Additional investments will not be made when borrowings exceed 5% of the Fund's total assets. The Fund may pledge its assets to secure such borrowings. For the purpose of this investment restriction, collateral arrangements with respect to the writing of options or the purchase or sale of future contracts or related options or forward currency contracts are not deemed a pledge of assets or the issuance of a senior security.

Risk Factors. The risks of investing in each Fund are set out above under "RISK FACTORS AND SPECIAL CONSIDERATIONS." Because the Funds differ with regards to certain investment strategies and policies, some of their investment risks will be different. ABE is a diversified, closed-end investment company, while the Acquiring Fund is a non-diversified investment company and, therefore, the Acquiring Fund is subject to non-diversification risk. ABE has risk factors relating to its potential investments in the infrastructure, telecommunications and technology sectors of emerging markets countries, which are not applicable to the Acquiring Fund since the Acquiring Fund does not focus its investments in these sectors. The Acquiring Fund is subject to the risks relating to using leverage, which are not applicable to ABE. Further, the Acquiring Fund is subject to the risk of investing in mid-cap securities, since it may invest in securities of any market capitalization while ABE is focused on small capitalization securities.

Comparison of ISL and Acquiring Fund

Investment Objectives. The investment objective of ISL is long-term capital appreciation which it seeks by investing primarily in Israeli Companies (defined below). The investment objective of the Acquiring Fund is to seek to provide both current income and long-term capital appreciation. ISL's investment objective is fundamental and may not be changed without the approval of a majority of ISL's outstanding voting securities (as defined in the 1940 Act), while the Acquiring Fund's investment objective is not fundamental and may be changed without shareholder approval.

Investment Strategies and Policies. The investment strategies and policies of ISL and the Acquiring Fund are similar; however, there are certain important differences. While each of ISL and the Acquiring Fund has a policy to invest at least 80% of its net assets (plus any borrowings for investment purposes) in equity securities, ISL's policy requires that such securities be in investments that are tied economically to Israel, with substantially all of its assets invested in equity securities of Israeli Companies, while the Acquiring Fund's policy requires that such securities be emerging market equity securities. Further, ISL will invest at least 65% of its total assets in Israeli Securities (defined below) at all times. Each of ISL's and the Acquiring Fund's 80% policy is non-fundamental, and may be changed by such Fund's Board on 60 days' prior notice to shareholders, but ISL's 65% policy is fundamental and may not be changed without the approval of a majority of ISL's outstanding voting securities (as defined in the 1940 Act).

The Acquiring Fund intends to utilize leverage through borrowings from banks or other transactions, such as reverse repurchase agreements, as part of its investment strategies. ISL does not use leverage as part of its investment strategies.

Both ISL and the Acquiring Fund may invest up to 30% of their respective total assets in private placements of equity securities.

Although ISL has no intention of investing in debt securities, ISL is permitted to invest without limit in TASE (defined below) listed, Shekel-denominated debt securities of the Israeli government or of Israeli Companies of any maturity or type. To the extent its assets are not invested as described above, the Acquiring Fund may invest the remainder of its assets in:

- debt securities denominated in the currency of an emerging country or issued or guaranteed by an emerging country company or the government of an emerging country,

- equity or debt securities of corporate or governmental issuers located in developed countries, and

- certain short-term and medium-term debt securities.

ISL's assets may be invested in debt securities when its investment adviser believes that it is appropriate to do so. The Acquiring Fund's assets will be invested in debt securities when its investment adviser believes that, based upon factors such as relative interest rate levels and foreign exchange rates, such debt securities offer opportunities for long-term capital appreciation.

For cash management purposes, the Acquiring Fund may invest up to 25% of its net assets in certain short-term investments and, for temporary defensive purposes, may invest up to 100% of its assets in those short-term instruments. For temporary defensive purposes, ISL may invest its assets in certain high quality short-term instruments denominated in dollars.

The Acquiring Fund may also invest in Depositary Receipts such as ADRs, GDRs and other types of Depositary Receipts. ISL does not invest in Depositary Receipts as part of its principal investment strategies.

The Acquiring Fund may experience a high portfolio turnover rate, particularly in the periods immediately after the Reorganization. ISL seeks to maintain a portfolio turnover rate of 50% or less.

The investment objective and investment strategies and policies of the Acquiring Fund are set out above under "INVESTMENT OBJECTIVE AND POLICIES OF THE ACQUIRING FUND." The investment objective and investment strategies and policies of ISL are set out below.

ISL (the "Fund"): Investment Objective and Investment Strategies and Policies

The Fund seeks long-term capital appreciation by investing primarily in equity securities of issuers organized under the laws of Israel ("Israeli Companies"). The objective is a fundamental policy that may not be changed without the approval of a majority of the Fund's outstanding voting securities as defined in the 1940 Act.

Under normal circumstances, the Fund invests at least 80% of the value of its assets in investments that are tied economically to Israel, with substantially all of its assets invested in equity securities of Israeli Companies. As a matter of fundamental policy that may not be changed without approval of a majority of the Fund's outstanding voting securities as defined in the 1940 Act, the Fund will invest at least 65% of its total assets in Israeli Securities at all times. The Fund defines '"Israeli Securities" to include common and preferred stock, warrants, options and convertible debentures and debt securities of Israeli Companies, including those whose securities trade outside of Israel. There is no minimum amount of assets located in or revenue derived from Israel for such issuers' securities to be considered Israeli Securities by the Fund. The Fund expects that its portfolio will consist principally of Israeli equity securities, predominantly common stocks, although the Fund may also invest to a limited extent in preferred stocks, convertible securities, options and warrants. Although it does not expect to do so, the Fund may invest all or a portion of its assets for temporary defensive purposes in high quality short-term dollar-denominated money market instruments rated in at least one of the two of the highest rating categories by either S&P or Moody's or in securities issued or guaranteed by the United States government. The Fund does not intend to lend securities it owns to third parties.

The Fund may invest up to 30% of its assets in unlisted equity securities of Israeli Companies, including those issued by new and early stage companies whose securities are not publicly traded. The Fund defines new and early stage companies as recently formed companies and companies with modest capitalization that typically have only one or limited products or service niches. The Fund will invest only in unlisted Israeli Securities that the investment adviser believes present opportunities for substantial growth over a period of two to five years. The investment adviser expects to seek such investments in scientific and technology oriented companies, including those in the software and computer fields. Investment in unlisted securities involves a degree of risk that can result in substantial or total loss of the Fund's investment as well as additional risks including uncertainties as to the valuations of securities and the inability to liquidate such investments on an established market.

Although the Fund has no intention of investing in debt securities, the Fund is permitted to invest without limit in Tel Aviv Stock Exchange ("TASE") listed, Shekel-denominated debt securities of the Israeli government or of Israeli Companies of any maturity or type if the investment adviser believes that it is appropriate to do so. Most Israeli debt securities are either linked to the consumer price index in Israel or to the dollar. Debt securities issued by Israeli Companies are generally not analyzed or rated by U.S. rating agencies. A rating agency was recently organized in Israel that currently rates only a few securities but expects eventually to rate many domestic Israeli securities. It uses a rating system similar to those of U.S. rating agencies, with Israeli government securities having the highest rating. In the event an investment in debt securities were to be made, the investment adviser would make investment decisions regarding such debt securities based on any available ratings, its determination of the creditworthiness of the individual issuer based on standard credit analysis including available financial statements, any available research on the company, other public or private information and, if necessary, conversations with the officers of the company and third parties and will inform the Fund's Board of Directors of such determinations. Such debt securities would be considered to be below investment grade or junk bond quality if rated by a United States rating agency, which would take account of country risk as well as the issuer's ability to pay interest and principal when due in assigning a rating. Credit analysis is separate and distinct from market risk, currency risk and interest rate fluctuations and relates only to an evaluation of the ability of the issuer to repay interest and principal.

The Fund does not expect to trade in securities for short-term gain, and accordingly, it is anticipated that the annual portfolio turnover rate will not exceed 50%. The Code and the Ruling of the Israeli Tax Authorities also impose certain turnover restrictions.

Temporary Investments. Although the Fund does not expect to do so, for temporary defensive purposes, it may invest its assets in certain high quality short-term instruments denominated in dollars. These instruments include (a) obligations of the United States government, its agencies or instrumentalities (including repurchase agreements with respect to these securities); (b) bank obligations (including certificates of deposit, time deposits and bankers' acceptances) of U.S. and foreign banks denominated in dollars; (c) floating rate securities and other instruments denominated in dollars issued by international development agencies, banks and other financial institutions, governments and their agencies and instrumentalities, and corporations, provided such floating rate securities have a rating determined by the investment adviser to be substantially equivalent to a rating of A-2 by S&P or P-2 by Moody's; (d) obligations of U.S. corporations that are rated no lower than A-2 by S&P or P-2 by Moody's, or the equivalent from another rating service; and (e) shares of money market funds that are authorized to invest in (a) through (d). Cash on hand for payments of dividends and Fund expenses may be invested in the foregoing securities pending disbursement.

Currency Transactions. The investment adviser generally will not seek to hedge against a decline in the value of the Fund's non-dollar-denominated (principally Shekel) portfolio securities resulting from currency devaluations or fluctuations. As a consequence, the Fund will be subject to the risk of changes in the value of the Shekel and other currencies in which Israeli Securities may be denominated other than the dollar affecting the value of its portfolio assets, as well as the value of the amounts of interest, dividends and net realized capital gain received or to be received in Shekels that it intends to remit out of Israel. Therefore, the risk of currency devaluations and fluctuations and the effect these may have on the Fund should be carefully considered by investors in determining whether to purchase shares of the Fund.

Although the Fund does not currently intend to engage in hedging transactions, the Fund reserves the rig.ht to conduct currency exchange transactions either on a spot (i.e., cash) basis or through entering into forward contracts or available options contracts and options on futures contracts to purchase or sell currency, should suitable hedging instruments be or become available on acceptable terms.

Borrowing. While it does not expect to do so, the Fund is nonetheless authorized to borrow money to make distributions required to maintain qualification as a regulated investment company under the Code for U.S. tax purposes, for temporary or emergency purposes or for the clearance of transactions in an aggregate amount not exceeding 10% of its total assets (not including the amount borrowed) or to pay certain excise taxes. The Fund may borrow up to 33 1/3% of its total assets (including the amount borrowed) to finance share repurchases or tender offers. Borrowings by the Fund increase exposure to capital risk. In addition, borrowed funds are subject to interest costs that may offset or exceed the return earned on investment of such funds. The Fund will not purchase any securities whenever the amount of its borrowings exceeds 5% of its net assets.

Risk Factors. The risks of investing in each Fund are set out above under "RISK FACTORS AND SPECIAL CONSIDERATIONS." Because the Funds differ with regards to certain investment strategies and policies, some of their investment risks will be different. ISL has risk factors relating to its potential investments in Israel, a developed market, while the Acquiring Fund is subject to the risks of investing in emerging markets. The Acquiring Fund is subject to risks related to investments in Depositary Receipts, using leverage and high portfolio turnover, which are not applicable to ISL.

Comparison of IF and Acquiring Fund

Investment Objectives. The investment objective of IF is to achieve long-term capital appreciation with income as a secondary objective. The investment objective of the Acquiring Fund is to seek to provide both current income and long-term capital appreciation. IF's investment objective is fundamental and may not be changed without the approval of a majority of IF's outstanding voting securities (as defined in the 1940 Act),while the Acquiring Fund's investment objective is not fundamental and may be changed without shareholder approval.

Investment Strategies and Policies. The investment strategies and policies of IF and the Acquiring Fund are similar; however, there are certain important differences. The Acquiring Fund has a policy to invest at least 80% of its net assets (plus any borrowings for investment purposes) in emerging market equity securities, while IF has a policy to invest at least 80% of its net assets (plus any borrowings for investment purposes) in Indonesian securities. Further, IF has a fundamental policy to invest at least 65% of the value of its total assets in Indonesian equity and debt securities. Each of IF's and the Acquiring Fund's 80% policy is non-fundamental, and may be changed by such Fund's Board on 60 days' prior notice to shareholders, but IF's 65% policy is fundamental and may not be changed without the approval of a majority of IF's outstanding voting securities (as defined in the 1940 Act).

At times, IF may achieve its investment strategies by investing in investment funds that invest principally in the securities in which IF is authorized to invest. The Acquiring Fund does not currently intend to invest in other investment funds as part of its principal investment strategies.

The Acquiring Fund intends to utilize leverage through borrowings from banks or other transactions, such as reverse repurchase agreements, as part of its investment strategies. IF does not employ leverage as part of its investment strategies.

The Acquiring Fund may invest up to 30% of its total assets in private placements of equity securities while IF is limited to investments of 20% of its net assets in unlisted Indonesian equity securities.

To the extent the Acquiring Fund's assets are not invested as described above, the Acquiring Fund may invest the remainder of its assets in:

• debt securities denominated in the currency of an emerging country or issued or guaranteed by an emerging country company or the government of an emerging country,

• equity or debt securities of corporate or governmental issuers located in developed countries, and

• certain short-term and medium-term debt securities.

IF may invest in debt securities when its investment adviser believes it is appropriate to do so for example, when interest rates on Indonesian debt securities are high in comparison with anticipated returns on Indonesian equity securities. The Acquiring Fund's assets may be invested in debt securities when its investment adviser believes that, based upon factors such as relative interest rate levels and foreign exchange rates, such debt securities offer opportunities for long-term capital appreciation.

For cash management purposes, each of IF and the Acquiring Fund may invest up to 25% of its net assets in certain short-term investments and, for temporary defensive purposes, may invest up to 100% of its assets in those short-term instruments.

The Acquiring Fund may experience a high portfolio turnover rate, particularly in the periods immediately after the Reorganizations. IF seeks to maintain a portfolio turnover rate of 50% or less.

The investment objective and investment strategies and policies of the Acquiring Fund are set out above under "INVESTMENT OBJECTIVE AND POLICIES OF THE ACQUIRING FUND." The following are the current investment objective and investment strategies and policies of IF.

IF (the "Fund"): Investment Objective and Investment Strategies and Policies

The Fund's primary investment objective is long-term capital appreciation with income as a secondary objective.

The Fund seeks to achieve its investment objective by investing primarily in Indonesian equity and debt securities. Indonesian securities are defined as: (i) securities traded principally on stock exchanges in

Indonesia or in the over-the-counter market in Indonesia; (ii) securities of companies that derive 50% or more of their total revenue from goods produced, sales made or services performed in Indonesia; (iii) securities (including American Depositary Receipts) of companies organized under the laws of Indonesia, the securities of which are publicly traded on recognized securities exchanges outside Indonesia; (iv) securities of Indonesian companies that are not listed or traded on a stock exchange; (v) securities issued or guaranteed by the Republic of Indonesia, its agencies or instrumentalities, Bank Indonesia or other Indonesian banks; and (vi) securities of investment companies that invest primarily in Indonesian securities. The objectives and the 65% investment policy set forth in the next paragraph are fundamental policies that may not be changed without the approval of a majority of the Fund's outstanding voting securities. As used in the Fund's Prospectus, a majority of the Fund's outstanding voting securities means the lesser of (i) 67% of the shares represented at a meeting at which more than 50% of the outstanding shares are represented or (ii) more than 50% of the outstanding shares. No assurance can be given that the Fund's investment objectives will be realized.

The Fund invests at least 80% of its net assets (plus any borrowings for investment purposes) in Indonesian securities. In addition, it is a fundamental policy of the Fund, under normal market conditions, to invest substantially all of its assets, but in no event less than 65% of its assets, in Indonesian equity and debt securities. The remainder of the Fund's assets may be invested in non-Indonesian equity and debt securities of corporate and governmental entities and, for cash management purposes, short-term instruments described below under "Temporary Investments." The Fund does not seek to achieve its investment objectives in each portfolio security, but endeavors to manage its portfolio as a whole in such a way as to achieve its objectives.

The Fund intends its portfolio of Indonesian securities, under normal market conditions, to consist principally of Indonesian equity securities. The Fund may, however, invest a substantial portion of its assets in debt securities when the investment adviser believes that it is appropriate to do so for example, when interest rates on Indonesian debt securities are high in comparison with anticipated returns on Indonesian equity securities. Indonesian equity securities in which the Fund will invest will consist predominantly of common stocks, although the Fund may also invest to a limited extent in preferred stocks and, to the extent available in Indonesia, convertible securities and warrants. Indonesian debt securities that the Fund will acquire will include bonds, notes and debentures of any maturity of the Indonesian Government, its agencies and instrumentalities, Bank Indonesia and banks and other companies determined by the investment adviser to be suitable investments for the Fund (including repurchase agreements with respect to obligations of the Indonesian Government or Bank Indonesia). The investment adviser may invest in securities of companies that it determines to be suitable investments for the Fund regardless of their rating. The Fund may not, however, invest more than 5% of its assets in Indonesian debt securities that are determined by the investment adviser to be comparable to securities rated B or below by S&P or Moody's.

In selecting industries and companies for investment by the Fund, the investment adviser will consider factors such as overall growth prospects, competitive position in domestic and export markets, technology, research and development, productivity, labor costs, raw material costs and sources, profit margins, return on investment, capital resources, government regulation and management.

The Fund's definition of Indonesian securities includes securities of companies that have characteristics and business relationships common to companies in a country or countries other than Indonesia. As a result, the value of the securities of such companies may reflect economic and market forces applicable to other countries, as well as to Indonesia. The Fund believes, however, that investment in such companies will be appropriate because the investment adviser will invest only in those companies which, in its view, have sufficiently strong exposure to economic and market forces in Indonesia such that their value will tend to reflect Indonesian developments to a greater extent than developments in another country or countries. For example, the investment adviser may invest in companies organized and located in countries other than Indonesia, including companies having their entire production facilities outside of Indonesia, when securities of such companies meet one or more elements of the Fund's definition of Indonesian securities so long as the investment adviser believes at the time of investment that the value of the company's securities will reflect principally conditions in Indonesia.

To the extent consistent with provisions of the 1940 Act and any administrative exemptions granted by the SEC, the Fund may invest in the securities of other investment companies that invest a substantial portion of their assets in Indonesian securities. Absent special relief from the Securities and Exchange

Commission, the Fund may invest up to 10% of its assets in the aggregate in shares of other investment companies and up to 5% of its assets in any one investment company, as long as that investment does not represent more than 3% of the voting stock of the acquired investment company of which such shares are purchased. As a shareholder in any investment company, the Fund will bear its ratable share of the investment company's expenses, and would remain subject to payment of the Fund's advisory and administrative fees with respect to assets so invested. Depending on the nature of its assets, Bank Indonesia may come within certain asset and income tests for determining whether a company is an investment company under the 1940 Act. If it does, the Fund will treat Bank Indonesia as an investment company for purposes of these limitations unless the Fund receives a different interpretation from the SEC or its staff.

The Fund may invest up to 20% of its assets in unlisted Indonesian equity securities, including those issued by new and early stage companies whose securities are not publicly traded. The Fund will invest only in unlisted Indonesian equity securities that, in the opinion of the Fund's investment adviser, present opportunities for substantial growth over a period of two to five years. Investment in unlisted securities involves certain risks including valuations of securities and the inability to liquidate such investments on an established market.

The Fund does not expect to trade in securities for short-term gain. It is anticipated that the annual portfolio turnover rate will not exceed 50%. This rate is calculated by dividing the lesser of sales or purchases of portfolio securities for any given year by the average monthly value of the Fund's portfolio securities for such year. For purposes of this calculation, portfolio securities exclude purchases and sales of debt securities having a maturity at the date of purchase of one year or less. Portfolio turnover directly affects the amount of transaction costs that will be borne by the Fund. In addition, the sale of securities held by the Fund for not more than one year will give rise to short-term capital gain or loss for U.S. federal income tax purposes. The U.S. federal income tax requirement that the Fund derive less than 30% of its gross income from the sale or other disposition of stock or securities held less than three months may limit the Fund's ability to dispose of its securities.

Temporary Investments

The Fund may for cash management purposes, invest up to 25% of its assets in certain short-term instruments and may for temporary defensive purposes, invest up to 100% of its assets in certain short-term instruments. The short-term instruments in which the Fund may invest include (a) obligations of the United States Government its agencies or instrumentalities (including repurchase agreements with respect to these securities); (b) bank obligations (including certificates of deposit, time deposits and bankers' acceptances) of United States and foreign banks denominated in any currency; (c) floating rate securities and other instruments denominated in any currency issued by international development agencies, banks and other financial institutions, governments and their agencies and instrumentalities, and corporations located in countries that are members of the Organization for Economic Cooperation and Development; (d) obligations of United States corporations that are rated no lower than A-2 by S&P or P-2 by Moody's, or the equivalent from another rating service or, if unrated, deemed to be of equivalent quality by the investment adviser; and (e) shares of money market funds that are authorized to invest in (a) through (d).

Among the obligations of agencies and instrumentalities of the United States Government in which the Fund may invest are securities that are supported by the "full faith and credit" of the United States Government (such as securities of the Government National Mortgage Association), by the right of the issuer to borrow from the United States Treasury (such as those of the Export-Import Bank of the United States), by the discretionary authority of the United States Government to purchase the agency's obligations (such as those of the Federal National Mortgage Association) or by the credit of the United States Government instrumentality itself (such as those of the Student Loan Marketing Association).

Subscription Arrangements

The Fund may acquire securities in public offerings in Indonesia by entering into special subscription arrangements with its Indonesian custodian, or other persons pursuant to which the Fund will commit to acquire securities acquired by these persons at a price approximately equal to the offering price plus the person's costs of financing the subscription price. The value of the securities on the day acquired by the Fund may be lower than the price at which the Fund is committed to purchasing the shares. These arrangements are designed to enable the Fund to acquire shares in public offerings in Indonesia without following the customary procedures for subscribers, which requires all or a portion of the subscription price to be tendered at the time of subscription, which is prior to receipt of title to the shares acquired. When the Fund enters into such subscription arrangements, it will establish a segregated account with its custodian consisting of cash or United States Government obligations in an amount equal to the amount of its commitment to purchase securities.

Currency Transactions and Hedging

The Fund will conduct currency exchange transactions either on a spot, i.e., cash, basis at the rate prevailing in the currency exchange market, or through entering into forward contracts to purchase or sell currency. The investment adviser will not seek to hedge against a decline in the value of the Fund's portfolio securities resulting from a currency devaluation or fluctuation unless suitable hedging instruments for which a liquid market exists are available on a timely basis and on acceptable terms. Under these circumstances, the investment adviser may, in its discretion, hedge all or part of the value of the Fund's portfolio securities denominated in currencies other than the U.S. dollar, although it is not obligated to do so. Unless the Fund engages in hedging transactions, it will be subject to the risk of changes in value of the non-dollar currencies in which its portfolio securities are denominated, particularly the Rupiah. The Fund will conduct its forward currency exchange transactions only for hedging and not speculation. The risk of currency devaluations and fluctuations should be carefully considered by investors in determining whether to purchase shares of the Fund.

Repurchase Agreements

The Fund may enter into repurchase agreements with respect to securities in which it may invest with parties who meet creditworthiness standards approved by the Fund's Directors. Repurchase agreements are contracts under which the buyer of a security simultaneously buys and commits to resell the security to the seller at an agreed upon price and date. Under a repurchase agreement, the seller is required to maintain the value of the securities subject to the repurchase agreement at not less than their repurchase price. The investment adviser will monitor and mark to market the value of such securities daily to assure that the value equals or exceeds the repurchase price. The investment adviser also monitors the creditworthiness of parties to repurchase agreements under the Directors' general supervision. Repurchase agreements may involve risks in the event of-default or insolvency of the seller, including possible delays or restrictions upon the Fund's ability to dispose of the underlying securities.

Borrowing

The Fund is authorized to borrow money from banks to make distributions required to maintain qualification as a regulated investment company for U.S. tax purposes, for temporary or emergency purposes or for the clearance of transactions in an aggregate amount not exceeding 10% of its total assets (not including the amount borrowed). Borrowings by the Fund increase exposure to capital risk. In addition, borrowed funds are subject to interest costs that may offset or exceed the return earned on investment of such funds.

Risk Factors. The risks of investing in each Fund are set out above under "RISK FACTORS AND SPECIAL CONSIDERATIONS." Because the Funds differ with regards to certain investment strategies and policies, some of their investment risks will be different. IF is subject to greater risks of investing in Indonesia than that of the Acquiring Fund, though the Acquiring Fund is exposed to risks of investing in emerging markets around the globe. The Acquiring Fund is subject to the risks relating to the use of leverage and high portfolio turnover, which are not applicable to IF. IF is subject to the risks of investing in other investment funds, which is not applicable to the Acquiring Fund.

Comparison of LAQ and Acquiring Fund

Investment Objectives. The investment objective of LAQ is long-term capital appreciation by investing primarily in Latin American equity securities. The investment objective of the Acquiring Fund is to seek to provide both current income and long-term capital appreciation. LAQ's investment objective is fundamental and may not be changed without the approval of a majority of LAQ's outstanding voting securities (as defined in the 1940 Act), while the Acquiring Fund's investment objective is not fundamental and may be changed without shareholder approval.

Investment Strategies and Policies. The investment strategies and policies of LAQ and the Acquiring Fund are similar; however, there are certain important differences. While each of LAQ and the Acquiring Fund has a policy to invest at least 80% of its net assets (plus any borrowings for investment purposes) in equity securities, LAQ's policy requires that such securities be Latin American equity securities (defined below) while the Acquiring Fund's policy requires that such securities be emerging market equity securities. In addition, LAQ's 80% policy is fundamental and may not be changed without the approval of a majority of LAQ's outstanding voting securities (as defined in the 1940 Act). The Acquiring Fund's 80% policy is non-fundamental, and may be changed by the Acquiring Fund's Board of Directors on 60 days' prior notice to shareholders.

The Acquiring Fund intends to utilize leverage through borrowings from banks or other transactions, such as reverse repurchase agreements, as part of its investment strategies. LAQ does not use leverage as part of its principal investment strategies.

The Acquiring Fund may invest up to 30% of its total assets in private placements of equity securities while LAQ does not invest in private placements as a principal strategy.

Both LAQ and the Acquiring Fund may invest in "privatization" programs, which involve the sale of part or all of a government's stakes in government owned or controlled enterprises.

To the extent the Acquiring Fund's assets are not invested as described above, the Acquiring Fund may invest the remainder of its assets in:

- debt securities denominated in the currency of an emerging country or issued or guaranteed by an emerging country company or the government of an emerging country,
- equity or debt securities of corporate or governmental issuers located in developed countries, and
- certain short-term and medium-term debt securities.

The Acquiring Fund's assets may be invested in debt securities when its investment adviser believes that, based upon factors such as relative interest rate levels and foreign exchange rates, such debt securities offer opportunities for long-term capital appreciation.

For cash management purposes, each of LAQ and the Acquiring Fund may invest up to 25% of its net assets in certain short-term investments and, for temporary defensive purposes, may invest up to 100% of its assets in those short-term instruments.

The Acquiring Fund may also invest in Depositary Receipts such as ADRs, GDRs and other types of Depositary Receipts. LAQ does not invest in Depositary Receipts as part of its principal investment strategies.

The investment objective and investment strategies and policies of the Acquiring Fund are set out above under "INVESTMENT OBJECTIVE AND POLICIES OF THE ACQUIRING FUND." The investment objective and investment strategies and policies of LAQ are set out below.

LAQ (the "Fund"): Investment Objective and Investment Strategies and Policies

The Fund's investment objective is to seek long-term capital appreciation by investing primarily in Latin American equity securities. This objective is a fundamental policy of the Fund and cannot be changed without the approval of the holders of a majority of the Fund's outstanding voting securities.

Under normal market conditions, the Fund will invest substantially all, and at least 80%, of its total assets in Latin American equity securities. This policy is a fundamental policy of the Fund and may not be changed without the approval of a majority of the Fund's outstanding voting securities. The Fund defines Latin American equity securities to be:(a) equity securities of companies organized in a Latin American country or for which the principal trading market is in Latin America, (b)equity securities denominated in a Latin American currency issued by companies to finance operations in Latin America, (c) equity securities of companies that derive at least 50% of their revenues primarily from either goods or services produced in Latin America or sales made in Latin America, and (d) Latin American equity securities in the form of depositary shares.

For purposes of this Fund, Latin America consists of Argentina, Bolivia, Brazil, Chile, Colombia, Costa Rica, Cuba, Dominican Republic, Ecuador, El Salvador, Guatemala, Honduras, Mexico, Nicaragua, Panama, Paraguay, Peru, Uruguay and Venezuela. The Fund's definition of Latin American equity securities may also include equity securities of companies that have characteristics and business relationships common to companies in other geographic regions. As a result, the value of the securities of these companies may reflect economic and market forces in other regions as well as in Latin America. The Fund believes, however, that investment in such companies is appropriate in light of the Fund's investment objective because the investment adviser will select only those companies which, in its view, have sufficiently strong exposure to economic and market forces in Latin America such that their value will tend to reflect Latin American developments to a greater extent than developments in other regions. For example, the investment adviser may direct the Fund to invest in companies organized and located in the United States or other countries outside of Latin America, including companies having their entire production facilities outside of Latin America, when such companies meet the Fund's definition of Latin American equity securities so long as the investment adviser believes at the time of investment that the value of the company's equity securities will reflect principally conditions in Latin America.

The Fund invests primarily in listed equity securities in Argentina, Brazil, Chile and Mexico, the most developed capital markets in Latin America. Although the Fund expects, under normal market conditions, to invest at least 80% of its assets in equity securities in these four countries, the portion of its holdings in any Latin American country will vary from time to time.

The governments of some Latin American countries have been engaged in "privatization" programs which involve the sale of part or all of their stakes in government owned or controlled enterprises. The investment adviser believes that privatizations may offer shareholders opportunities for significant capital appreciation and intends to invest assets of the Fund in privatizations in appropriate circumstances. In certain Latin American countries, the ability of foreign entities, such as the Fund, to participate in privatizations may be limited by local law. In addition, the terms on which the Funds may be permitted to participate may be less advantageous than those for local investors. There can be no assurance that Latin American governments will continue to sell companies currently owned or controlled by them or that privatization programs will be successful.

The Fund will not invest more than 25% of its assets in the securities of companies in the same industry. In selecting industries and companies for investment by the Fund, the investment adviser considers factors such as overall growth prospects, competitive position in domestic and export markets, technology, research and development, productivity, labor costs, raw materials costs and sources, profit margins, return on investment, capital resources, government regulation and management. Certain sectors of the economies of certain Latin American countries are closed to equity investments by foreigners.

As a result of legal restrictions or market practices or both, the Fund, as a U.S. entity, may be precluded from purchasing shares in public offerings by certain Latin American companies.

TEMPORARY INVESTMENTS. The Fund may, for cash management purposes, invest up to 25% of its assets in certain short-term instruments and may, for temporary defensive purposes, invest up to 100% of its assets in certain short-term instruments. Diversification requirements and prohibitions on repatriation of capital in certain Latin American countries for certain types of investments may limit the Fund's ability to make defensive investments during a period in which the investment adviser believes that such investments are warranted.

The Fund may invest in the following short-term instruments:

- obligations of the U.S. Government, its agencies or instrumentalities (including repurchase agreements with respect to these securities),

- bank obligations (including certificates of deposit, time deposits and bankers' acceptances) of U.S. banks and foreign banks denominated in any currency,

- floating rate securities and other instruments denominated in any currency issued by international development agencies, banks and other financial institutions, governments and their agencies and instrumentalities, and corporations located in countries that are members of the Organization for Economic Cooperation and Development,

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- obligations of U.S. corporations that are rated no lower than A-2 by S&P or P-2 by Moody's or the equivalent by another rating service or, if unrated, deemed to be of equivalent quality by the investment adviser, and

- shares of money market funds that are authorized to invest in short-term instruments described above.

Among the obligations of agencies and instrumentalities of the U.S. Government in which the Fund may invest are securities that are supported by the "full faith and credit" of the U.S. Government (such as securities of the Government National Mortgage Association), by the rights of the issuer to borrow from the U.S. Treasury (such as those of the Export-Import Bank of the United States), by the discretionary authority of the U.S. Government to purchase the agency's obligations (such as those of the Federal National Mortgage Association) or by the credit of the U.S. Government instrumentality itself (such as those of the Student Loan Marketing Association).

Repurchase agreements are contracts under which the buyer of a security simultaneously buys and commits to resell the security to the seller at an agreed upon price and date. The Fund will enter into repurchase agreements regarding U.S. Government securities with primary government securities dealers recognized by the Federal Reserve Bank of New York and member banks of the Federal Reserve System and regarding securities issued by the governments of Latin American countries, their agencies or instrumentalities, with creditworthy parties. The Fund will only enter into repurchase agreements pursuant to which the seller is required to maintain the value of the securities subject to the repurchase agreement at not less than their repurchase price. The investment adviser will monitor and mark to market the value of such securities daily to assure that the value equals or exceeds the repurchase price. The investment adviser will also monitor the creditworthiness of parties to repurchase agreements under the Directors' general supervision. Repurchase agreements may involve risks in the event of default or insolvency of the seller, including possible delays or restrictions upon the Fund's ability to dispose of the underlying securities.

CURRENCY TRANSACTIONS. The investment adviser generally does not seek to hedge against declines in the value of the Fund's non-dollar-denominated portfolio securities resulting from currency devaluations or fluctuations. If suitable hedging instruments are available on a timely basis and on acceptable terms, the investment adviser may, in its discretion, hedge all or part of the value of the Fund's non-dollar-denominated portfolio securities, although it is not obligated to do so. The Fund will be subject to the risk of changes in value of the Latin American currencies in which their assets are denominated, unless they engage in hedging transactions.

In addition to hedging against a decline in the value of its portfolio assets, the Fund may, from time to time, seek to protect, during the time prior to the remittance, the value of the amounts of interest, dividends and net realized capital gains received or to be received in a local currency that it intends to remit out of a particular Latin American country by investing such amounts in U.S. dollar-denominated Latin American debt securities and engaging in the forward currency market for the purchase of U.S. dollars in the subject country. There can be no guarantee that efforts to hedge against a currency devaluation or fluctuation will be effective or that suitable U.S. dollar-denominated investments will be available at the time the investment adviser wishes to use them to hedge amounts to be remitted. Moreover, investors should be aware that the forward currency market for the purchase of U.S. dollars in most, if not all, Latin American countries is not highly developed. In certain Latin American countries no forward market for foreign currencies currently exists and in other countries such markets may be closed to investment by the Fund. Consequently, the risk of currency devaluations and fluctuations should be carefully considered by investors in determining whether to purchase shares of the Fund.

The Fund will conduct any currency exchange transactions on a spot, i.e., cash, basis at the rate prevailing in the currency exchange market, or through entering into forward contracts to purchase or sell currency. A forward currency contract typically involves an obligation to purchase or sell a specific currency at a future date, which may be any fixed number of days from the date of the contract agreed upon by the parties, at a price set at the time of the contract. If the Fund enters into a forward contract, the Fund's U.S. or non-U.S. custodian will place cash or readily marketable securities in a segregated account of the Fund in an amount equal to the value of the Fund's total assets committed to the consummation of the forward contract. If the value of the securities placed in the segregated account declines, additional cash or securities will be placed in the account so that the value of the account will equal the amount of the Fund's commitment with respect to the contract.

At or before the maturity of a forward contract, the Fund may sell a portfolio security and make delivery of the currency, or retain the security and offset its contractual obligation to deliver the currency by purchasing a second contract pursuant to which the Fund will obtain, on the same maturity date, the same amount of the currency which it is obligated to deliver. If the Fund retains the portfolio security and engages in an offsetting transaction, the Fund, at the time of execution of the offsetting transaction, will incur a gain or a loss to the extent that movement has occurred in forward contract prices. Should forward prices decline during the period between the Fund's entering into a forward contract for the sale of a currency and the date it enters into an offsetting contract for the purchase of the currency, the Fund will realize a gain to the extent the price of the currency it has agreed to sell exceeds the price of the currency it has agreed to purchase. Should forward prices increase, the Fund will suffer a loss to the extent the price of the currency it has agreed to purchase exceeds the price of the currency it has agreed to sell.

The cost to the Fund of engaging in currency transactions will vary with factors such as the length of the contract period and the market conditions then prevailing. Because forward currency exchange transactions are usually conducted on a principal basis, no fees or commissions are involved, although the price charged in the transaction includes a dealer's markup. The use of forward currency contracts does not eliminate fluctuations in the underlying prices of the securities, but it does establish a rate of exchange that can be achieved in the future. In addition, although forward currency contracts limit the risk of loss due to a decline in the value of the hedged currency, at the same time, they limit any potential gain that might result should the value of the currency increase.

If a devaluation is generally anticipated, the Fund may not be able to contract to sell the currency at a price above the devaluation level it anticipates, particularly with regard to forward contracts for local Latin American currencies in view of the relatively small and inactive market for these contracts where a market actually exists.

There is a risk that the U.S. dollar value of the Fund's dividends, interest and net realized capital gains in local currency will decline, to the extent of the devaluation of the currency, during the interval between the time that the Fund becomes entitled to receive or receives dividends and interest and realizes gains and the time such amounts are converted into U.S. dollars for remittance out of the particular country or countries.

BORROWING. Borrowing increases exposure to capital risk, and borrowed funds are subject to interest costs that may offset or exceed the return earned on investment of the amounts borrowed. Nevertheless, the Fund is authorized to borrow money from banks for the following reasons:

- for temporary or emergency purposes,

- for such short-term credits as may be necessary for the clearance or settlement of transactions,

- to finance repurchases of its shares in amounts not exceeding 10% (taken at the lower of cost or current value) of its total assets (not including the amount borrowed),

- to pay any dividends required to be distributed to maintain the Fund's qualification as a regulated investment company under the Code, or

- to pay Fund expenses outside of Latin America, and not for the purpose of leveraging.

In no event shall borrowings by the Fund exceed 33-1/3% of the Fund's total assets (not including the amount borrowed). The Fund will not make additional investments when borrowings exceed 5% of the Fund's total assets. The Fund may pledge its assets to secure such borrowings. Collateral arrangements with respect to the writing of options or the purchase or sale of future contracts or related options or forward currency contracts are not deemed a pledge of assets or the issuance of a senior security.

At the time the Fund commenced operations in 1991, the Prospectus did not contemplate the use of options strategies as such strategies were not commonly used by investment companies. Since then the use of options by funds has proliferated. The investment manager now believes that the use of the options strategies may permit it to better manage the risk and returns of the Fund and effective March 1, 2007, the Fund may, in the discretion of the portfolio managers, use option strategies for hedging purposes or to increase return.

Risk Factors. The risks of investing in each Fund are set out above under "RISK FACTORS AND SPECIAL CONSIDERATIONS." Because the Funds differ with regards to certain investment strategies and policies, some of their investment risks will be different. LAQ is subject to risks of investing in Latin America, though the Acquiring Fund is exposed to risks of investing in emerging markets around the globe. The Acquiring Fund is subject to the risks relating to investments in private placement and other restricted securities, debt securities, investments in Depositary Receipts and using leverage, which are not applicable to LAQ.

Comparison of SGF and Acquiring Fund

Investment Objectives. The investment objective of SGF is long-term capital appreciation which it seeks through investment primarily in Singapore equity securities. The investment objective of the Acquiring Fund is to seek to provide both current income and long-term capital appreciation. SGF's investment objective is fundamental and may not be changed without the approval of a majority of SGF's outstanding voting securities (as defined in the 1940 Act),while the Acquiring Fund's investment objective is not fundamental and may be changed without shareholder approval.

Investment Strategies and Policies. The investment strategies and policies of SGF and the Acquiring Fund are similar; however, there are certain important differences. While each of SGF and the Acquiring Fund has a policy to invest at least 80% of its net assets (plus any borrowings for investment purposes) in equity securities, SGF's policy requires that such securities be Singapore equity securities (defined below) while the Acquiring Fund's policy requires that such securities be emerging market equity securities. Each of SGF's and the Acquiring Fund's 80% policy is non-fundamental, and may be changed by such Fund's Board of Directors on 60 days' prior notice to shareholders.

The Acquiring Fund intends to utilize leverage through borrowings from banks or other transactions, such as reverse repurchase agreements, as part of its investment strategies. SGF does not use leverage as part of its principal investment strategies.

The Acquiring Fund may invest up to 30% of its total assets in private placements of equity securities while SGF does not invest in private placements as a principal strategy.

To the extent the Acquiring Fund's assets are not invested as described above, the Acquiring Fund may invest the remainder of its assets in:

- debt securities denominated in the currency of an emerging country or issued or guaranteed by an emerging country company or the government of an emerging country,

- equity or debt securities of corporate or governmental issuers located in developed countries, and certain short-term and medium-term debt securities.

The Acquiring Fund's assets may be invested in debt securities when its investment adviser believes that, based upon factors such as relative interest rate levels and foreign exchange rates, such debt securities offer opportunities for long-term capital appreciation.

For cash management purposes, the Acquiring Fund may invest up to 25% of its net assets in certain short-term investments and, for temporary defensive purposes, may invest up to 100% of its assets in those short-term instruments. For cash management purposes, SGF may invest an amount necessary to meet its operating expenses in certain short-term investments and, for temporary defensive purposes, reduce its holdings in equity securities and invest in certain short-term debt securities or hold cash. Further, SGF may enter into repurchase agreements for purposes of managing its temporary cash balances and for temporary defensive purposes.

The Acquiring Fund may also invest in Depositary Receipts such as ADRs, GDRs and other types of Depositary Receipts. SGF does not invest in Depositary Receipts as part of its principal investment strategies.

The Acquiring Fund may experience a high portfolio turnover rate, particularly in the periods immediately after the Reorganizations. SGF seeks to maintain a portfolio turnover rate of 50% or less.

The investment objective and investment strategies and policies of the Acquiring Fund are set out above under "INVESTMENT OBJECTIVE AND POLICIES OF THE ACQUIRING FUND." The following are the current investment objective and investment strategies and policies of SGF.

SGF (the "Fund"): Investment Objective and Investment Strategies and Policies

The investment objective of the Fund is long-term capital appreciation which it seeks through investment primarily in Singapore equity securities.

This objective is a fundamental policy of the Fund and may not be changed without the approval of a majority of the Fund's outstanding voting securities. For this purpose, a "majority of the Fund's outstanding voting securities" means the lesser of either (i) 67% of the shares represented at a meeting at which more than 50% of the outstanding shares are represented, or (ii) more than 50% of the outstanding shares. There is no assurance that the Fund will be able to achieve its investment objective.

Under normal circumstances, at least 80% of the Fund's net assets are invested in Singapore equity securities. "Singapore equity securities" is defined as common stock, preferred stock (including convertible preferred stock), warrants and convertible debt securities of companies: (i) traded principally on the Main Board of the SES or on the Stock Exchange of Singapore Dealing and Automated Quotation system ("SESDAQ"); (ii) that derive 50% or more of their total revenue from goods produced, sales made or services performed in Singapore; or (iii) that are organized under the laws of, and with a principal office in, Singapore, which securities (including American Depositary Receipts therefor) are publicly traded on recognized securities exchanges outside Singapore or are not listed or traded on a stock exchange (provided that any such company is not a new start-up and intends to seek a listing on the Stock Exchange of Singapore or other organized stock exchange within a reasonable period (i.e., three to five years) of the date of such investment).

The Fund's definition of Singapore equity securities includes securities of companies that have characteristics and business relationships common to companies in a country or countries other than Singapore. As a result, the value of the securities of such companies may reflect economic and market forces applicable to other countries, as well as to Singapore. For example, the Fund may invest in companies organized and located in countries other than Singapore, including companies having their entire production facilities outside of Singapore, when securities of such companies meet one or more elements of the Fund's definition of Singapore equity securities and so long as SGF's investment adviser believes at the time of investment that the value of the company's securities will reflect principally conditions in Singapore. The investment adviser believes, however, that investment in such companies is appropriate because the investment adviser invests only in those companies which, in its view, have sufficiently strong exposure to economic and market forces in Singapore such that their value tends to reflect Singapore developments to a greater extent than developments in another country or countries.

The Fund does not intend to invest in any security which is traded principally in a country whose currency is not freely convertible into U.S. Dollars, unless the Fund has obtained any necessary governmental licensing to convert such currency or other appropriately licensed or sanctioned contractual guarantee to protect such investment against loss of that currency's external value, or the Fund has a reasonable expectation at the time the investment is made that such governmental licensing or other appropriately licensed or sanctioned contractual guarantee would be obtained or the currency in which the security is quoted would be freely convertible at the time of any proposed sale of the security by the Fund.

The Fund invests its assets over a broad spectrum of the Singapore economy, including, as conditions warrant from time to time, trade, financial and business services, transport and communications, manufacturing and construction. In selecting industries and companies for investment, the investment adviser considers overall growth prospects, competitive positions in export markets, technologies, research and development, productivity, labor costs, raw material costs and sources, profit margins, returns on investment, capital resources, government regulation, management and other factors. The Fund does not intend to invest more than 25% of its assets in any one industry. The Fund's equity investments will be predominantly in common stock, but investments may also be made, without limitation, in preferred stock and in equity derivatives such as convertible securities and warrants.

For cash management purposes, the Fund may invest an amount necessary to meet its operating expenses in certain short-term debt securities. In addition, during periods in which the Fund's investment adviser believes changes in economic, financial or political conditions make it advisable, the Fund may for temporary defensive purposes reduce its holdings in equity securities and invest in certain short-term debt securities or hold cash. The short-term debt securities in which the Fund may invest consist of

(a) obligations of the United States or Singapore governments, their respective agencies or instrumentalities (including repurchase agreements with respect to these securities); (b) bank deposits and bank obligations (including certificates of deposit, time deposits and bankers' acceptances) of U.S., Singapore or other Southeast Asian banks denominated in any currency; (c) floating rate securities and other instruments denominated in any currency issued by (i) international development agencies, and (ii) other Southeast Asian governments and their agencies and instrumentalities; and (d) short-term debt obligations of U.S., Singapore or other Southeast Asian corporations meeting the Fund's credit quality standards. The Fund intends to invest only in short-term debt securities that the investment adviser believes to be of high quality i.e., subject to relatively low risk of loss of interest or principal (there is currently no rating system for debt securities in Singapore). To the extent the Fund is invested in short-term debt securities, it will not be achieving its investment objective of long-term capital appreciation.

The Fund's policy is to purchase and hold securities for long-term capital appreciation and not to trade in securities for short-term gain, although volatility in the Singapore securities markets may make it necessary to engage in some short-term trading in order to preserve investment gains. The annual portfolio turnover rate is not expected to exceed 50%, although in any particular year, market conditions could result in portfolio activity at a greater or lesser rate than anticipated. The rate of portfolio turnover will not be a limiting factor when management of the Fund deems it appropriate to purchase or sell securities for the Fund. The portfolio turnover rate for a year is calculated by dividing the lesser of sales or purchases of portfolio securities during that year by the average monthly value of the Fund's portfolio securities, excluding money market instruments. The Fund will not engage in such trading, however, if such trading would jeopardize its regulated investment company status.

Special Investment Methods

Repurchase Agreements

The Fund may, for purposes of managing its temporary cash balances and for temporary defensive purposes, enter into repurchase agreements with respect to debt securities in which it may invest with parties who meet creditworthiness standards established by the Fund's Board of Directors. A repurchase agreement is a contract under which the Fund acquires a security for a relatively short period (usually for no more than one week) subject to the obligations of the seller to repurchase and the Fund to resell such security at a fixed time and price (representing the Fund's cost plus interest). The investment adviser will monitor the value of such securities daily to determine that the value equals or exceeds the repurchase price. Repurchase agreements are loans made by the Fund which are collateralized by the securities subject to repurchase. Repurchase agreements involve certain risks in the event of a default by or insolvency of the seller, including possible delays or restrictions upon the Fund's ability to dispose of the underlying securities.

Foreign Currency and Interest Rate Transactions

The Fund may enter into forward currency contracts only for the purpose of hedging foreign currency exchange risks. A forward currency contract involves an obligation to purchase or sell a specific currency at a future date, which may be any fixed number of days from the date of the contract agreed upon by the parties, at a price set at the time of the contract.

The Fund may enter into forward currency contracts in several circumstances. For example, when the Fund enters into a contract for the purchase or sale of a security denominated in Singapore Dollars or when the Fund anticipates the receipt in Singapore Dollars of dividends or interest payments on such a security which it holds, the Fund may desire to "lock in" the U.S. Dollar price of the security or the U.S. Dollar equivalent of such dividend or interest payment, as the case may be. In addition, when the investment adviser believes that the Singapore Dollar may suffer a substantial decline against the U.S. Dollar, the Fund may enter into a forward contract to sell, for a fixed amount of U.S. Dollars, the amount of Singapore Dollars approximating the value of some or all of the Fund's portfolio securities denominated in Singapore Dollars.

The Fund will not enter into such forward contracts to protect the value of its portfolio securities on a continuous basis, and will not do so if, as a result, the Fund will have more than 20% of the value of its

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total assets committed to the consummation of such contracts. The Fund also will not enter into such forward contracts or maintain a net exposure to such contracts where the consummation of the contracts would obligate the Fund to deliver an amount of foreign currency in excess of the value of the Fund's portfolio securities or other assets denominated in that currency. If the Fund enters into a forward contract, the Fund's custodian will place cash or readily marketable securities in a segregated account of the Fund in an amount equal to the value of the Fund's total assets committed to the consummation of such forward contract. If the value of the securities placed in the segregated account declines, additional cash or securities will be placed in the account so that the value of the account will equal the amount of the Fund's commitment with respect to the contract. Further, the Fund generally will not enter into a forward contract with a term of greater than one year.

Singapore Dollar futures contracts, which are standardized contracts for delivery at a future date of Singapore Dollars, and put and call options on foreign currency, which give the purchaser of the option the right to sell or purchase a foreign currency, respectively, at the expiration date of the option, and which may be traded on exchanges, are not currently available, nor are foreign currency futures contracts or options for other foreign currencies in which the Fund may invest available. If foreign currency options or futures markets develop, the Fund may use these methods, to the extent permitted under applicable U.S. regulations, for the above purposes and to hedge against changes in the value of the Singapore Dollar and other foreign currencies and protect the value of its investments.

The success of the Fund's investments in forward currency contracts (and foreign currency futures and options contracts, if and when they become available for the currencies in which the Fund will be investing) is subject to the investment adviser's ability to predict correctly currency movements. Therefore, while the Fund may enter into such contracts to reduce currency exchange rate risks, changes in currency prices may result in a poorer overall performance for the Fund than if it had not engaged in any such transaction. Moreover, there may be an imperfect correlation between the Fund's portfolio holdings of securities denominated in a particular currency and forward (futures or options) contracts entered into by the Fund. Such imperfect correlation may prevent the Fund from achieving the intended hedge or expose the Fund to risk of foreign exchange loss. If the Fund engages in transactions in such instruments, it will comply with the applicable provisions of the 1940 Act and the rules and regulations thereunder that require the Fund to segregate assets or "cover" its exposure thereunder.

Risk Factors. The risks of investing in each Fund are set out above under "RISK FACTORS AND SPECIAL CONSIDERATIONS." Because the Funds differ with regards to certain investment strategies and policies, some of their investment risks will be different. SGF has risk factors relating to its potential investments in Singapore, a developed market, while the Acquiring Fund is subject to the risks of investing in emerging markets. The Acquiring Fund is subject to the risks relating to investments in private placement and other restricted securities, investments in debt securities, using leverage and high portfolio turnover, which are not applicable to SGF. SGF is subject to the risks associated with utilizing repurchase agreements.

Comparison of GCH and Acquiring Fund

Investment Objectives. The investment objective of GCH is to achieve long-term capital appreciation. The investment objective of the Acquiring Fund is to seek to provide both current income and long-term capital appreciation. GCH's investment objective is fundamental and may not be changed without the approval of a majority of GCH's outstanding voting securities (as defined in the 1940 Act),while the Acquiring Fund's investment objective is not fundamental and may be changed without shareholder approval.

Investment Strategies and Policies. The investment strategies and policies of GCH and the Acquiring Fund are similar; however, there are certain important differences. While each of GCH and the Acquiring Fund has a policy to invest at least 80% of its net assets (plus any borrowings for investment purposes) in equity securities, GCH's policy requires that such securities be listed equity securities of China companies, while the Acquiring Fund's policy requires that such securities be emerging markets equity securities. In addition, GCH has a fundamental policy to invest at least

65% of the value of its total assets in equity securities of China companies listed on stock exchanges in China or Hong Kong, which policy may not be changed without the approval of a majority of GCH's outstanding voting securities (as defined in the 1940 Act). The Acquiring Fund does not have a corresponding fundamental policy.

GCH reserves the right to invest in other investment companies and funds to the full extent permitted by law.. The Acquiring Fund does not currently intend to invest in other investment funds as part of its principal investment strategies.

The Acquiring Fund intends to utilize leverage through borrowings from banks or other transactions, such as reverse repurchase agreements, as part of its investment strategies. GCH does not employ leverage as part of its investment strategies.

The Acquiring Fund may invest up to 30% of its total assets in private placements of equity securities while GCH does not invest in private placements as a principal investment strategy.

To the extent the Acquiring Fund's assets are not invested as described above, the Acquiring Fund may invest the remainder of its assets in:

- debt securities denominated in the currency of an emerging country or issued or guaranteed by an emerging country company or the government of an emerging country,

- equity or debt securities of corporate or governmental issuers located in developed countries, and

- certain short-term and medium-term debt securities.

The Acquiring Fund's assets may be invested in debt securities when its investment adviser believes that, based upon factors such as relative interest rate levels and foreign exchange rates, such debt securities offer opportunities for long-term capital appreciation.

For cash management purposes, the Acquiring Fund may invest up to 25% of its net assets in certain short-term investments and, for temporary defensive purposes, may invest up to 100% of its assets in those short-term instruments. For cash management purposes, GCH may invest up to 35% of its net assets in certain short-term investments and, for temporary defensive purposes, may reduce its holdings in China companies and invest in certain short-term debt securities.

The Acquiring Fund may also invest in Depositary Receipts such as ADRs, GDRs and other types of Depositary Receipts. GCH does not invest in Depositary Receipts as part of its principal investment strategies.

Although both Funds may invest in repurchase agreements, the Acquiring Fund generally does not intend to invest in repurchase agreements as part of its principal investment strategies.

The investment objective and investment strategies and policies of the Acquiring Fund are set out above under "INVESTMENT OBJECTIVE AND POLICIES OF THE ACQUIRING FUND." The following are the current investment objective and investment strategies and policies of GCH.

GCH (the "Fund"): Investment Objective and Investment Strategies and Policies

The investment objective of the Fund is to achieve long-term capital appreciation.

The Fund seeks to achieve its investment objective by investing in listed equity securities of China companies, companies that (i) are organized under the laws of, and have their principal place of business in, China and/or Hong Kong and/or Taiwan; or (ii) during their most recent fiscal year derived at least 50% of their revenues or profits from goods produced or sold, investments made or services performed in China and/or Hong Kong and/or Taiwan, or have at least 50% of their assets in China and/or Hong Kong and/or Taiwan.

Under normal market conditions, as a fundamental policy, we invest at least 65% of our total assets in equity securities of China companies listed on stock exchanges in China or Hong Kong. We may also invest in equity securities of China companies listed on stock exchanges located elsewhere, including, but not limited to, exchanges in the United States, Singapore or Taiwan and in listed equity securities of Taiwanese companies. Under normal market conditions, at least 80% of our net assets will be invested in listed equity securities of China companies. Although, in general, our equity investments consist primarily of common stock of China companies, we may also invest in other equity securities, including preferred stock, rights or warrants to purchase common stock or preferred stock and debt securities convertible into common stock or preferred stock. We will provide at least 60 days' written notice to shareholders of any change to our policy of investing 80% of our net assets in listed equity securities of China companies and prior or contemporaneous notice of any change to our other nonfundamental investment policies.

During periods in which the investment manager believes changes in economic, financial or political conditions make it advisable, we may, for temporary defensive purposes, reduce our holdings in China companies and invest in certain short-term (less than 12 months to maturity) debt securities. The short-term debt securities in which we may invest consist of: (1) bank deposits and bank obligations (including certificates of deposit, time deposits and bankers' acceptances) of U.S. or foreign banks denominated in any currency; (2) commercial paper and other short-term debt obligations of U.S. and foreign corporate or governmental entities; and (3) repurchase agreements with respect to such securities. We may invest only in short-term debt securities that the investment manager determines to be of high quality (*i.e.*, rated in one of the two highest rating categories by Moody's or S&P) or, if unrated, determined by the investment manager or our Board of Directors to be comparable in credit quality. We will also invest in the instruments described above pending investment of the net proceeds of this offer and at any other time reserves are required for expenses or dividend and other distributions to shareholders, provided that all such investments made as reserves for expenses or dividend and other distributions to shareholders may not exceed 35% of our total assets. Under the 1940 Act, we may invest in the aggregate up to 10% of our assets in shares of other investment companies and up to 5% of our assets in any one investment company, as long as that investment does not represent more than 3% of the voting stock of the acquired investment company at the time such shares are purchased. We may invest in shares of private investment funds that are not investment companies pursuant to Sections 3(c)(1) or 3(c)(7) of the 1940 Act without regard to this limitation and we reserve the right to invest in other investment companies and funds to the full extent permitted by law. As a shareholder in any investment company or fund, we will bear our ratable share of that investment company's expenses, and would remain subject to payment of our investment management, administrative, custodial and other fees with respect to assets so invested.

The investment manager seeks to identify and invest in China companies it believes offer potential for long-term capital appreciation. In evaluating prospective investments, the investment manager utilizes its own internal financial, economic and credit analysis resources as well as information obtained from other sources. We invest and intend to continue to invest in China companies involved in a broad spectrum of categories, including, as conditions warrant or permit from time to time, automotive, banking, chemicals, consumer products, construction, electronics, electricity, energy, finance, food and beverage, insurance, international trading, machinery, mining, power distribution, real estate development, retail trade, shipping, tourism and textiles. We may not invest 25% or more of our total assets in the securities of companies in the same industry. In selecting industries and companies for investment, the investment manager seeks investments in industries and companies that it believes to have overall growth prospects and a strong competitive position in domestic and/or export markets. In evaluating whether industries and companies meet these criteria, the investment manager considers factors such as technology, research and development, productivity, capital resources, labor costs, raw material costs and sources, profit margins, return on investment, government regulation, management and price of the securities, among other factors. In particular, securities of China companies that are believed to be the likely beneficiaries of China's increased economic contacts with foreign markets are identified for our investment.

In determining whether companies (i) are organized under the laws of, and have their principal place of business in, China or Hong Kong or Taiwan or (ii) during their most recent fiscal year derived at least 50% of their revenues or profits from goods produced or sold, investments made or services performed in China or Hong Kong or Taiwan or have at least 50% of their assets in China or Hong Kong or Taiwan, the investment manager utilizes information contained in financial statements, economic reports and analyses and other available information, which may include information obtained directly from or in discussions with the issuers of securities in which we are considering an investment. In certain instances, the available information with respect to issuers of securities may not provide a quantitative breakdown of a particular issuer's China- Hong Kong- or Taiwan-related revenues, and the investment manager may be required to make a qualitative determination as to whether the issuer is a China, Hong Kong or Taiwan company for the purposes of our investment policies.

While we invest a substantial portion of our assets in securities issued by established China companies, the investment manager also seeks to identify and invest in securities issued by certain smaller, less seasoned China companies that it believes offer potential for long-term capital appreciation. Investments in securities issued by these China companies may present greater opportunities for growth but also involve greater risks than are customarily associated with investments in securities issued by more established companies. We have not established any minimum capitalization or length of operating history for the smaller, less seasoned issuers in whose securities we may invest.

As noted above, exposure to China may be gained through investments in securities that are economically tied to China or through direct investment in China securities. Currently, there are two officially recognized exchanges in China, the Shanghai Stock Exchange and the Shenzhen Stock Exchange, which were established in 1990 and 1991, respectively. Previously, foreign investment in securities listed on these two Chinese stock exchanges, including investment by the Fund, was restricted to "B" shares. In July 1993, a class of equity securities of Chinese companies known as "H" shares began trading on the Stock Exchange of Hong Kong ("SEHK"). In November 2002, the China Securities Regulatory Commission and the People's Bank of China jointly announced a Qualified Foreign Institutional Investors ("QFII") scheme allowing foreign investors to participate in the "A" share market, which had previously been accessible only to domestic investors. In late 2011, the Renminbi Qualified Foreign Institutional Investor ("RQFII") scheme was initiated, allowing foreign investors who hold the RQFII quota to invest directly in mainland China's bond and equity markets. The Fund's investment manager, AAMAL, has been granted a QFII license and an RQFII license, which allow AAMAL to invest in China securities for its clients, including the Fund. AAMAL is authorized to invest in China securities for all of its clients only up to a specified quota established by the Chinese State Administration of Foreign Exchange ("SAFE") under each license (the "Quotas"). The provisions regarding such Quotas may be subject to change with little or no notice given by SAFE. The Fund may invest in China securities directly, together with other AAMAL clients, subject to the Quotas granted to AAMAL. In addition, in recent years, non-Chinese investors, including the Fund, have been permitted to make investments usually only available to foreign investors through a quota license or by purchasing from specified brokers in Shanghai or other locations that have stock connect programs. China Stock Exchange-listed securities are available via brokers in Hong Kong through the Shanghai-Hong Kong Stock Connect program, through the Shenzhen-Hong Kong Stock Connect Program, and may be available in the future through additional stock connect programs as they are developed in different locations. Investing in China A shares through Stock Connect Programs may be limited by quota and repatriation restrictions.

Our investment objective and our fundamental policy of investing at least 65% of our total assets in equity securities of China companies listed on stock exchanges in China or Hong Kong may not be changed without the approval of the lesser of (i) 67% of the shares represented at a meeting at which more than 50% of the outstanding shares are represented or (ii) more than 50% of the outstanding shares. Our other investment policies described in the Fund's prospectus are not fundamental and may be changed by our Board of Directors without shareholder approval, but we will not change our policy of investing at least 80% of our net assets in listed equity securities of China companies without providing at least 60 days' prior written notice or other policies without prior or contemporaneous notice to our shareholders.

Our common stock is designed primarily for long-term investment, and investors should not consider it a trading vehicle. We cannot assure you that our investment objective will be achieved.

We may also engage in other investment practices, such as borrowing, repurchase agreements, when-issued securities and delayed delivery transactions, hedging instruments and lending of our portfolio securities.

Other Investment Strategies

Currently, the Fund does not intend to invest more than five percent of its net assets pursuant to any of the following investment practices other than lending portfolio securities.

Borrowing

The Fund is authorized to borrow money from banks for temporary or emergency purposes, for the clearance of transactions, for the payment of Fund expenses, for the purpose of obtaining amounts necessary to make distributions for qualification as a regulated investment company or to avoid imposition of an excise tax under the Internal Revenue Code of 1986, as amended (the "Code"), or for the purpose of repurchasing or tendering for shares of the Fund's common stock, par value $0.001 per share (the "Common Stock"), in an aggregate amount not exceeding 10% of its total assets (not including the amount borrowed). Borrowing creates an opportunity for the Fund to finance the limited activities described above

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without the requirement that portfolio securities be liquidated at a time when it might be disadvantageous to do so. Borrowings by the Fund increase exposure to capital risk and are subject to interest costs. The Fund may not borrow for the purpose of leverage. Investments will not be made when borrowings exceed 5% of the Fund's total assets.

Repurchase Agreements

The Fund may invest in securities pursuant to repurchase agreements with parties that are approved by the Fund's Board of Directors. These parties will consist primarily of financial institutions such as U.S. or foreign banks and securities dealers. Under such agreements, the seller agrees, upon entering into the contract, to repurchase the security at a mutually agreed upon time and price in a specified currency, thereby determining the yield during the term of the agreement. This results in a fixed rate of return insulated from market fluctuations during such period, although it may be affected by currency fluctuations. The Fund will require the seller to provide additional collateral if the market value of the securities falls below the repurchase price at any time during the term of the repurchase agreement. In the event of a default under a repurchase agreement, the rate of return to the Fund will be dependent upon intervening fluctuations of the market value of such security and the accrued interest on the security. In such event, the Fund would have rights against the seller for breach of contract with respect to any losses arising from market fluctuations following the failure of the seller to perform.

When-Issued Securities and Delayed Delivery Transactions

The Fund may purchase or sell portfolio securities on a delayed delivery basis or purchase securities on a when-issued basis at fixed purchase or sale terms. These transactions arise when securities are purchased or sold by the Fund with payment and delivery taking place in the future. The purchase will be recorded on the date the Fund enters into the commitment and the value of the obligation will thereafter be reflected in the calculation of the Fund's net asset value. The value of the obligation on the delivery date may be more or less than its purchase price. A separate account of the Fund will be established with its custodian consisting of cash or liquid, high grade debt securities having a market value at all times at least equal to the amount of the commitment. The Fund may make commitments to purchase securities on such basis only with the intention of actually acquiring the securities. To the extent the Fund engages in when-issued and delayed delivery transactions, it does so for the purpose of acquiring securities for the Fund's portfolio consistent with the Fund's investment objective and policies and not for the purpose of investment leverage.

Hedging Foreign Currency Risks

The Fund will conduct currency exchange transactions either on a spot, i.e., cash, basis at the rate prevailing in the currency exchange market, or through entering into forward contracts to purchase or sell currency. The investment adviser will not seek to hedge against a decline in the value of the Fund's portfolio securities resulting from a currency devaluation or fluctuation unless suitable hedging instruments for which a liquid market exists are available on a timely basis and on acceptable terms. Under these circumstances, the investment adviser may, in its discretion, hedge all or part of the value of the Fund's portfolio securities denominated in currencies other than the U.S. dollar, although it is not obligated to do so. Unless the Fund engages in hedging transactions, it will be subject to the risk of changes in value of the non-dollar currencies in which its portfolio securities are denominated, particularly the Rupiah. The Fund will conduct its forward currency exchange transactions only for hedging and not speculation. The risk of currency devaluations and fluctuations should be carefully considered by investors in determining whether to purchase shares of the Fund.

Unlisted Equity Securities and Debt Obligations

Up to 15% of our net assets may be invested in unlisted equity securities of China companies for which there is no public trading market. We may also invest to a limited degree (up to 20% of our net assets) in debt obligations of China companies that may be lower-rated or non-rated.

Risk Factors. The risks of investing in each Fund are set out above under "RISK FACTORS AND SPECIAL CONSIDERATIONS." Because the Funds differ with regards to certain investment strategies and policies, some of their investment risks will be different. GCH is subject to greater risks of investing in China than that of the Acquiring Fund, though the Acquiring Fund is exposed to risks of investing in emerging markets around the globe. GCH is subject to the risks of investing in other investment funds, which is not applicable to the Acquiring Fund. The Acquiring Fund is subject to the risks relating to using leverage, investing in debt securities and investing in Depositary Receipts, which are not applicable to GCH.

Investment Restrictions

The Funds have similar (but not identical) fundamental investment restrictions. A comparison of the Funds' fundamental investment restrictions is set forth in Appendix A hereto. The investment restrictions of the Combined Fund will be those of the Acquiring Fund.

MANAGEMENT OF THE FUNDS

The Boards

The Board of each Fund is responsible for the overall supervision of the operations of its respective Fund and performs the various duties imposed on the directors of investment companies by the 1940 Act and under applicable state law. A list of the Directors, a brief biography for each Director and additional information relating to each Board is included in the Statement of Additional Information.

The Advisers

Each of the Funds has the same or an affiliated investment adviser. Each of the Acquiring Fund, ABE, ISL and LAQ is advised by the Investment Adviser. Each of IF, SGF and GCH is advised by AAMAL. Each of the Investment Adviser and AAMAL, in accordance with the applicable Fund's stated investment objective, policies and limitations and subject to the supervision of the Fund's Board, manages the Fund's investments and makes investment decisions on behalf of the Fund, including the selection of, and being responsible for the placement of orders with, brokers and dealers to execute the Fund's portfolio transactions.

The contractual management fee rate of the Combined Fund will be as follows:

- 0.90% of the first $250 million of the Combined Fund's average weekly net assets;
- 0.80% on the next $250 million; and
- 0.75% on amounts above $500 million.

The contractual management fee for each of IF and GCH is calculated on the basis of average weekly net assets like that of the Combined Fund. Unlike the Combined Fund, the contractual management fee for each of ABE, ISL and LAQ is based on such Target Fund's respective average weekly market value or net assets, whichever is lower, and the contractual management fee for SGF is based on such Target Fund's "Managed Assets," as defined below. However, the annual rate of the Combined Fund's contractual management fee is the same as or lower than the annual rate of the contractual management fee of each of ABE, ISL and IF, is the same as or lower than at certain asset levels, but higher than at other asset levels, the annual rate of the contractual management fee of each of LAQ and GCH, and is higher than the annual rate of the contractual management fee of SGF. Based on asset levels of LAQ and GCH as of December 31, 2017, the effective management fee rate of the Combined Fund both pre- and post-tender offer, assuming that all Reorganizations are consummated and based on each Fund's net assets as of December 31, 2017, is lower than the effective management fee rate for each of LAQ and GCH.

The current advisory fees payable to the investment adviser of each Target Fund, as well as any existing contractual expense limitation or fee waiver arrangements agreed to by each investment adviser are set forth in the table below.

Target Fund	**Management Fee Rate and Contractual Expense Limitation or Fee Waiver Arrangements, if any**
ABE	• 1.25% of the first $100 million of ABE's average weekly market value or net assets (whichever is lower); • 1.125% on the next $100 million; and • 1.00% of such assets over $200 million.* * AAML has agreed to contractually waive 0.05% of its annual management fee in a management fee waiver agreement. Such waiver agreement may not be terminated prior to the end of the current term of the management agreement without the prior approval of ABE's Board, including a majority of ABE's Independent Directors.
ISL	• 1.30% of the first $50 million of ISL's average weekly market value or net assets (whichever is lower); • 1.25% of such assets between $50 million and $100 million; • 1.20% of such assets between $100 million and $150 million; • 1.15% of such assets between $150 million and $200 million; and • 1.05% of such assets over $200 million.* * AAML has agreed to contractually waive 0.24% of its annual management fee in a management fee waiver agreement. Such waiver agreement may not be terminated prior to the end of the current term of the management agreement without the prior approval of ISL's Board, including a majority of ISL's Independent Directors.
IF	• 1.00% of the first $50 million of IF's average weekly net assets; • 0.95% of such assets between $50 million and $100 million; and • 0.90% of such assets over $100 million.
LAQ	• 1.00% of the first $100 million of LAQ's average weekly market value or net assets (whichever is lower); • 0.90% of such assets between $100 million and $150 million; and • 0.80% of such assets over $150 million.* * AAML has agreed to contractually waive 0.02% of its annual management fee in a management fee waiver agreement. Such waiver agreement may not be terminated prior to the end of the current term of the management agreement without the prior approval of LAQ's Board, including a majority of LAQ's Independent Directors.
SGF	• 0.80% of the first $50 million of SGF's average weekly Managed Assets[1]; and • 0.66% of such assets in excess of $50 million.
GCH	• 1.00% of GCH's average weekly net assets up to $100 million; • 0.90% of GCH's average weekly net assets between $100 million and $200 million; and • 0.75% of GCH's average weekly net assets in excess of $200 million.* * Effective January 1, 2017, AAMAL has contractually agreed to limit the total ordinary operating expenses of GCH (excluding any interest, taxes, brokerage fees, short sale dividend and interest expenses and non-routine expenses) from exceeding 2.00% of the average weekly net assets of GCH on an annualized basis. This agreement will continue in effect through December 31, 2017, and from year to year thereafter (a "Renewal Term"), unless and until AAMAL notifies GCH, at least thirty (30) days prior to the end of any Renewal Term, of its intention to terminate the agreement for the subsequent Renewal Term.

[1] "Managed Assets" means total assets of SGF, including assets attributable to investment leverage, minus all liabilities, but not excluding any liabilities or obligations attributable to leverage obtained by SGF for investment purposes through (i) the issuance or incurrence of indebtedness of any type (including, without limitation, borrowing through a credit facility or the issuance of debt securities), (ii) the issuance of preferred stock or other similar preference securities, and/or (iii) any other means, but not including any collateral received for securities loaned by SGF.

A discussion regarding the basis for the approval of each investment management agreement by the Board of each Fund is provided in such Fund's Form N-CSR or N-CSRS, as applicable, for such Fund's most recent fiscal year end or such Fund's most recent fiscal semi-annual period, available at www.sec.gov or by visiting http://cef.aberdeen-asset.us.

In rendering investment advisory services to the Combined Fund and the Target Funds, AAML and AAMAL may use the resources of subsidiaries owned by Aberdeen PLC. Aberdeen PLC affiliates have entered into the MOU/PSP pursuant to which investment professionals from Aberdeen PLC affiliates may render portfolio management, research and/or trade services to U.S. clients of AAML or AAMAL.

AAML, a Scottish company, is authorized and regulated in the U.K. by the Financial Conduct Authority and is a U.S. registered investment adviser under the Investment Advisers Act of 1940 (the "Advisers Act"). AAML's principal business address is Bow Bells House, 1 Bread Street, London EC4M 9HH. AAMAL, a Singapore corporation, is a U.S. registered investment adviser under the Advisers Act. AAMAL's principal business address is 21 Church Street, #01-01 Capital Square Two, Singapore 049480. Each of AAML and AAMAL is a wholly-owned subsidiary of Aberdeen PLC. As of August 14, 2017, Aberdeen PLC became a direct subsidiary of Standard Life plc as a result of a merger of the two companies. The combined company changed its name to Standard Life Aberdeen plc and manages or administers approximately $764.35 billion in assets as of September 30, 2017. Standard Life Aberdeen plc and its affiliates provide asset management and investment solutions for clients and customers worldwide and also has a strong position in the pensions and savings market.

Portfolio Management

Each of the Acquiring Fund, ABE, ISL and LAQ is managed by Aberdeen's GEM team, and each of IF, SGF and GCH are managed by Aberdeen's Asian Equities team, which includes individuals who are also part of the larger GEM team.

Aberdeen's GEM team is comprised of over 50 investment professionals, which includes the named portfolio managers to each of the Funds set forth below, other portfolio managers who are part of the team and analysts, with approximately $49 billion in assets under management and has been investing in emerging market equities since the 1980s. The GEM team undertakes fundamental, first hand company research across emerging markets and makes approximately 1,800 company visits annually. The GEM team will follow a similar investment process for the Combined Fund that it currently uses for each of the Acquiring Fund, ABE, ISL and LAQ. Many of the securities that the GEM team proposes to initially hold in the Combined Fund's portfolio following the Reorganizations are securities that are currently held in existing GEM team-managed portfolios. The GEM team has experience over many years managing listed closed-end funds with income or total return as an investment objective including First Trust/Aberdeen Emerging Opportunity Fund (listed in the United States), Aberdeen Asian Income Fund Limited (listed in the United Kingdom) and Aberdeen Latin American Income Fund Limited (listed in the United Kingdom).

AAML and AAMAL each use a team-based approach for management of each of the Funds it manages. The portfolio managers who will be jointly and primarily responsible for the day-to-day management of the Combined Fund are as follows:

Individual & Position	Past Business Experience
Devan Kaloo Head of Equities	Currently Head of Equities, responsible for the London and Sao Paulo based Global Emerging Markets Equity team, which manages EMEA and Latin America equities, and has oversight of Global Emerging Markets input from the Asia team based in Singapore, with whom he works closely. He joined Aberdeen's Singapore based Asian equities team in 2000.
Joanne Irvine Head of Emerging	Currently Head of Emerging Markets (ex-Asia) on the Global Emerging Markets Equity team in London. She joined Aberdeen in 1996 in a group development role, and moved to the

Markets ex Asia	Global Emerging Markets Equity team in 1997.
Flavia Cheong Head of Equities Asia Pacific ex Japan	Currently Head of Equities Asia Pacific ex Japan. Joined Aberdeen in 1996. Before joining Aberdeen, she was an economist with the Investment Company of the People's Republic of China, and earlier with the Development Bank of Singapore.

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Individual & Position	Past Business Experience
Hugh Young Managing Director	Currently Managing Director and group head of equities as well as a member of the executive committee responsible for Aberdeen's day-to-day running. Co-founded Singapore-based Aberdeen Asia in 1992 having been recruited in 1985 to manage Asian equities from London.
Mark Gordon-James Senior Investment Manager	Currently a Senior Investment Manager on the Global Emerging Markets Equity team. He joined Aberdeen in 2004 from Merrill Lynch Investment Managers where he worked with the emerging markets team.

The portfolio managers jointly and primarily responsible for the day-to-day management of each of the Target Funds are as follows:

Individual & Position	Past Business Experience
ABE	
Devan Kaloo Head of Equities	Currently Head of Equities, responsible for the London and Sao Paulo based Global Emerging Markets Equity team, which manages EMEA and Latin America equities, and has oversight of Global Emerging Markets input from the Asia team based in Singapore, with whom he works closely. Prior to that he joined Aberdeen's Singapore based Asian equities team in 2000.
Joanne Irvine Head of Emerging Markets ex Asia	Currently Head of Emerging Markets (ex-Asia) on the Global Emerging Markets Equity team in London. She joined Aberdeen in 1996 in a group development role, and moved to the Global Emerging Markets Equity team in 1997.
Stephen Parr Senior Investment Manager	Currently a Senior Investment Manager on the Global Emerging Markets Equity team. He joined Aberdeen in July 2009 following the acquisition of certain asset management businesses from Credit Suisse Asset Management. Previously, he worked for Ernst & Young Management Consultants as a Managing Consultant and prior to that for Energis Communications, Northern Telecom, and CASE Communications in strategic planning and marketing management.
Osamu Yamagata, Investment Manager	Currently Investment Manager on the Global Emerging Markets Equity team. Joined Aberdeen in 2007.
Mark Gordon-James Senior Investment Manager	Currently a Senior Investment Manager on the Global Emerging Markets Equity team. He joined Aberdeen in 2004 from Merrill Lynch Investment Managers where he worked with the emerging markets team.

Individual & Position	Past Business Experience
LAQ	
Devan Kaloo Head of Equities	Currently Head of Equities, responsible for the London and Sao Paulo based Global Emerging Markets Equity team, which manages EMEA and Latin America equities, and has oversight of Global Emerging Markets input from the Asia team based in Singapore, with whom he works closely. Prior to that he joined Aberdeen's Singapore based Asian equities team in 2000.
Joanne Irvine Head of Emerging Markets ex Asia	Currently Head of Emerging Markets (ex-Asia) on the Global Emerging Markets Equity team in London. She joined Aberdeen in 1996 in a group development role, and moved to the Global Emerging Markets Equity team in 1997.
Brunella Isper Investment Manager	Currently an Investment Manager on the Global Emerging Markets Equity Team. She joined Aberdeen in 2010 from Bresser Asset Management where she worked as an Equity Research Analyst.
Eduardo Figueiredo Investment Manager	Currently an Investment Manager, on the Global Emerging Markets Equity Team. Prior to joining Aberdeen Asset Management in February 2011, he worked for five years at Maua Sekular Investimentos, a Brazilian hedge fund. After his first 3 years as a trainee on the Operations, Macroeconomic Research and Equities trading areas he became an Equity Analyst Associate. He is a CFA® Charterholder.
Peter Taylor Director Head of Brazilian Equities	Currently Director & Head of Brazilian Equities. He joined Aberdeen's Asian Equities Team in Singapore in 2007 and transferred to London in 2011. Previously, he was with the International Finance Corporation, where he worked on corporate governance and capital markets development for seven years from their Washington DC and Hong Kong offices. He is a CFA® Charterholder.
ISL	
Devan Kaloo Head of Equities	Currently Head of Equities, responsible for the London and Sao Paulo based Global Emerging Markets Equity team, which manages EMEA and Latin America equities, and has oversight of Global Emerging Markets input from the Asia team based in Singapore, with whom he works closely. Prior to that he joined Aberdeen's Singapore based Asian equities team in 2000.
Joanne Irvine Head of Emerging Markets ex Asia	Currently Head of Emerging Markets (ex-Asia) on the Global Emerging Markets Equity team in London. She joined Aberdeen in 1996 in a group development role, and moved to the Global Emerging Markets Equity team in 1997.
William Scholes Investment Manager	Currently an Investment Manager, on the Global Emerging Markets Equity Team. He joined Aberdeen in 2009 on the graduate rotation scheme. He is a CFA® Charterholder.
Stephen Parr Senior Investment Manager	Currently a Senior Investment Manager on the Global Emerging Markets Equity team. He joined Aberdeen in July 2009 following the acquisition of certain asset management businesses from Credit Suisse Asset Management. Previously, he worked for Ernst & Young Management Consultants as a Managing Consultant and prior to that for Energis Communications, Northern Telecom, and CASE Communications in strategic planning and marketing management.
Mark Gordon-James Senior Investment Manager	Currently a Senior Investment Manager on the Global Emerging Markets Equity team. He joined Aberdeen in 2004 from Merrill Lynch Investment Managers where he worked with the emerging markets team.

Individual & Position	Past Business Experience
IF	
Hugh Young Managing Director	Currently Managing Director and group head of equities as well as a member of the executive committee responsible for Aberdeen's day-to-day running. Co-founded Singapore-based Aberdeen Asia in 1992 having been recruited in 1985 to manage Asian equities from London.
James Thom Senior Investment Manager	Currently a Senior Investment Manager of Asian Equities. James Thom is a Senior Investment Manager on the Asian Equities Team. James joined Aberdeen in 2010 from Actis, an Emerging Markets Private Equity firm, based in Singapore and covering Southeast Asia. James holds an MBA from INSEAD, an MA from Johns Hopkins University and a BSc from University College London.
Bharat Joshi Investment Director Indonesian Equities	Currently an Investment Director for Indonesian Equities. He oversees investments in Jakarta, where he transferred in November 2014 after seven years as an equity manager in our Kuala Lumpur office. His responsibilities there included research and management of local equity portfolios. Before joining Aberdeen, Bharat briefly worked as a junior analyst with Credit Suisse Malaysia.
Christopher Wong Senior Investment Manager	Currently a Senior Investment Manager on the Asian Equities Team and CEO of Aberdeen Islamic Asset Management Sdn Bhd. He joined Aberdeen in 2001 on the private equity desk before transferring to the Asian equities team in August 2002.
Kristy Fong Senior Investment Manager	Currently a Senior Investment Manager on the Asian Equities Team. Kristy joined Aberdeen in 2004 from UOB KayHian Pte Ltd where she was an Analyst.
SGF	
Hugh Young Managing Director	Currently Managing Director and group head of equities as well as a member of the executive committee responsible for Aberdeen's day-to-day running. Co-founded Singapore-based Aberdeen Asia in 1992 having been recruited in 1985 to manage Asian equities from London.
James Thom Senior Investment Manager	Currently a Senior Investment Manager of Asian Equities. James Thom is a Senior Investment Manager on the Asian Equities Team. James joined Aberdeen in 2010 from Actis, an Emerging Markets Private Equity firm, based in Singapore and covering Southeast Asia. James holds an MBA from INSEAD, an MA from Johns Hopkins University and a BSc from University College London.
Flavia Cheong Head of Equities Asia Pacific ex Japan	Currently Head of Equities Asia Pacific ex Japan. Joined Aberdeen in 1996. Before joining Aberdeen, she was an economist with the Investment Company of the People's Republic of China, and earlier with the Development Bank of Singapore.
Christopher Wong Senior Investment Manager	Currently a Senior Investment Manager on the Asian Equities Team and CEO of Aberdeen Islamic Asset Management Sdn Bhd. He joined Aberdeen in 2001 on the private equity desk before transferring to the Asian equities team in August 2002.
Kristy Fong Senior Investment Manager	Currently a Senior Investment Manager on the Asian Equities Team. Kristy joined Aberdeen in 2004 from UOB KayHian Pte Ltd where she was an Analyst.

Individual & Position	Past Business Experience
GCH	
Hugh Young Managing Director	Currently Managing Director and group head of equities as well as a member of the executive committee responsible for Aberdeen's day-to-day running. Co-founded Singapore-based Aberdeen Asia in 1992 having been recruited in 1985 to manage Asian equities from London.
Nicholas Yeo Director and Head of Equities (Hong Kong)	Currently the Head of China/Hong Kong Equities Team for Aberdeen Asset Management Asia Limited since 2007. Mr. Yeo Joined Aberdeen in 2000 via the acquisition of Murray Johnstone.
Flavia Cheong Head of Equities Asia Pacific ex Japan	Currently Head of Equities Asia Pacific ex Japan. Joined Aberdeen in 1996. Before joining Aberdeen, she was an economist with the Investment Company of the People's Republic of China, and earlier with the Development Bank of Singapore.
Nicholas Chui Investment Manager	Currently an Investment Manager on the China/Hong Kong Equities Team. Mr. Chui joined Aberdeen in 2011 upon completion of an internship with the team in 2010. Mr. Chui holds a Bachelor of Accountancy from the Singapore Management University and is a Chartered Accountant of Singapore and is a CFA® Charterholder.

The Statement of Additional Information provides additional information about the portfolio managers' compensation, other accounts managed by the portfolio managers, and the portfolio managers' ownership of securities in each Fund.

Non-U.S.-Resident Directors and Officers

Although each Fund is a Maryland corporation, certain of each Fund's Directors and officers are non-residents of the United States and have all, or a substantial part, of their assets located outside the United States. None of the Directors or officers has authorized an agent for service of process in the United States. As a result, it may be difficult for U.S. investors to effect service of process upon such Directors and officers within the United States or to effectively enforce judgments of courts of the United States predicated upon civil liabilities of the Directors or officers under the federal securities laws of the United States. Such Directors and officers include the following individuals for the applicable Fund:

Fund	Non-Resident Directors	Non-Resident Officers
Acquiring Fund		Christian Pittard; Hugh Young; Joanne Irvine; Devan Kaloo; Nick Robinson; Jeffrey Cotton
ABE		Christian Pittard; Hugh Young; Joanne Irvine; Devan Kaloo; Nick Robinson; Jeffrey Cotton
LAQ		Christian Pittard; Hugh Young; Joanne Irvine; Devan Kaloo; Nick Robinson; Jeffrey Cotton
ISL		Christian Pittard; Hugh Young; Joanne Irvine; Devan Kaloo; Nick Robinson; Jeffrey Cotton
IF		Christian Pittard; Hugh Young; Joanne Irvine; Devan Kaloo; Nick Robinson; Jeffrey Cotton
SGF	Moritz Sell	Christian Pittard; Jeffrey Cotton
GCH	John Hawkins; Moritz Sell; Jonathan Taylor	Christian Pittard; Hugh Young; Adrian Lim; Jeffrey Cotton

Portfolio Transactions with Affiliates

The investment advisers to the Funds may place portfolio transactions, to the extent permitted by law, with brokerage firms affiliated with each Fund and the investment advisers, if they reasonably believe that the quality of execution and the commission are comparable to that available from other qualified brokerage firms. None of the Funds paid brokerage commissions to affiliated broker-dealers during their three most recent fiscal years.

Other Service Providers

The professional service providers for the Funds, other than investment advisers described above, are as follows:

Services	Acquiring Fund, ABE, LAQ, ISL, & IF	SGF	GCH
Administrator	AAMI	AAMI	AAMI
Sub-Administrator	State Street Bank & Trust Company ("State Street")	State Street	State Street
Chilean Administrator	BTG Pactual Chile*		
Custodian	State Street	State Street	State Street
Transfer Agent & Dividend Paying Agent	Computershare Trust Company, N.A. ("Computershare")	American Stock Transfer & Trust Company, LLC	Computershare
Auditor	KPMG LLP	KPMG LLP	KPMG LLP
Fund Counsel	Willkie Farr & Gallagher LLP	Clifford Chance LLP	Sullivan & Cromwell LLP
Counsel to Independent Directors	Drinker Biddle & Reath LLP		Sullivan & Cromwell LLP
Investor Relations	AAMI	AAMI	AAMI

* Acquiring Fund & LAQ only. BTG Pactual Chile serves as the Acquiring Fund's and LAQ's Chilean administrator. Under Chilean law, the Funds are required to have an administrator in Chile. For its services, BTG Pactual Chile is paid a fee, out of the advisory fee payable to AAML that is calculated weekly and paid quarterly at an annual rate of 0.05% of each Fund's average weekly market value or net assets (whichever is lower). In addition, BTG Pactual Chile receives a supplemental administration fee paid by AAML, and an annual reimbursement of out-of-pocket expenses and an accounting fee paid by the Fund. Each of the Acquiring Fund and LAQ are currently in the process of exiting the Chilean FICE structure with respect to their Chilean investments and upon the winding down of such structure, will no longer be required to have a Chilean Administrator.

Administrator and Sub-Administrator. AAMI, 1735 Market Street, 32nd Floor, Philadelphia, PA 19103, is U.S. administrator for each Fund. Subject to the control, supervision and direction of each Board, AAMI is responsible for, among other things, providing operational management; coordination of communication between, and oversight of, each Fund's service providers; negotiation of each Fund's service provider contracts; preparation of financial information and reports; arranging for payment of each Fund's expenses; monitoring compliance with each Fund's investment objectives, policies and restrictions, and with applicable tax law and regulations; maintenance of each Fund's books and records; and other administrative services. Each Fund pays AAMI monthly for administrative and fund accounting services, at an annual rate of 0.08% of each Fund's average monthly net assets. AAMI has entered into a sub-administration agreement with State Street pursuant to which State Street performs certain of the foregoing administrative and fund accounting services for each Fund. AAMI pays State Street's fees for providing such services.

Custodian. All securities owned by each of the Funds and all cash including proceeds from the sale of securities in each such Fund's investment portfolio, are held by State Street, 1 Heritage Drive, 3rd Floor North Quincy, MA 02171, as custodian.

Transfer Agent. Computershare, 250 Royall Street, Canton, Massachusetts 02021 serves as each Fund's transfer agent with respect to each Fund's common shares, except for SGF. American Stock Transfer & Trust Company, LLC, 6201 15th Avenue, Brooklyn, NY 11219 serves as SGF's transfer agent with respect to SGF's common shares.

It is not anticipated that the Reorganizations will result in any change in the organizations providing services to the Acquiring Fund as set forth above. The service providers to the Acquiring Fund are anticipated to be the service providers to the Combined Fund.

Expenses

Each Fund pays all of its expenses, including organization expenses; fees of its investment adviser, administrator, custodian and transfer agent; fees of Directors who are not interested persons (as defined in the 1940 Act); out of pocket expenses of all Directors and officers, including those affiliated with Fund management which may be reimbursed under the Fund's reimbursement policy regarding fund-related expenses; other expenses related to meetings of Directors; legal fees and expenses; costs of insurance; costs of shareholders' meetings, proxy statements and shareholder reports; investors' relations fees and expenses; interest expenses; taxes and governmental fees, including original issue taxes or transfer taxes related to portfolio transactions; brokerage commissions and other portfolio transaction expenses; auditing and accounting fees and expenses; and costs of regulatory filings and compliance.

Capitalization

The Board of each Fund may authorize separate classes of shares together with such designation of preferences, rights, voting powers, restrictions, limitations, qualifications or terms as may be determined from time to time by the Board of such Fund. The tables below set forth the capitalization of the Funds as of June 30, 2017, the pro forma capitalization of the Combined Fund as if the proposed Reorganizations of all of the Funds had occurred on June 30, 2017, which represents, in Aberdeen's view, the most likely combination of the Reorganizations and the combination of the completed Reorganizations that would result in the lowest Total Expense Ratio, and the pro forma capitalization of the Combined Fund as if only the proposed Reorganization of IF and the Acquiring Fund had occurred on June 30, 2017, which represents the combination of the completed Reorganizations presented in this Joint Proxy Statement/Prospectus that would result in the highest Total Expense Ratio. Tables reflecting the pro forma capitalization of the Combined Fund are set forth on the following page.

Capitalization as of June 30, 2017 (Unaudited)

Reorganization of all Target Funds and GRR into Acquiring Fund (the combination that would result in the highest level of capitalization of the Combined Fund):

	CH	GCH	ABE	IF	ISL	LAQ	SGF	GRR (a)
Net Assets ($)	75,129,691	110,743,980	145,995,664	77,322,903	87,238,370	194,907,789	93,718,115	45,370,813
Common Shares Outstanding(b)	9,357,690	8,816,794	9,484,813	9,257,205	3,945,468	7,448,517	7,418,948	3,466,783
Net Asset Value ($)	8.03	12.56	15.39	8.35	22.11	26.17	12.63	13.09

(a) The proposed reorganization of GRR into the Acquiring Fund is presented to GRR's shareholders in a separate proxy statement/prospectus; however, GRR is included with the Target Funds as part of the *pro forma* Combined Fund.

(b) Based on the number of outstanding common shares as of June 30, 2017.

(c) Reflects non-recurring aggregate estimated reorganization expenses of $2,600,000 of which $270,000 is attributable to CH, $320,000 is attributable to GCH, $340,000 is attributable to ABE, $240,000 is attributable to IF, $260,000 is attributable to ISL, $415,000 is attributable to LAQ, $280,000 is attributable to SGF and $475,000 is attributable to GRR. Because of the expected benefits outlined above for each Fund, and because, over time, the savings attributable to each Fund's participation in each Reorganization outweigh the costs associated with such Reorganization, the Investment Adviser (or AAMAL in the case of SGF, IF, GCH and GRR) recommended that, and the Boards have approved having, each Fund be responsible for its own Reorganization expenses, except that AAMAL will bear the costs of GCH and GRR to the extent they exceed GCH's or GRR's contractual expense limitation. See "Reasons for the Reorganizations." The actual costs associated with the proposed Reorganizations may be more or less than the estimated costs discussed herein.

(d) Reflects adjustments due to differences in per share NAV.

Reorganization of only IF into Acquiring Fund (the combination of Reorganizations presented in this Joint Proxy Statement/Prospectus that would result in the lowest level of capitalization of the Combined Fund):

	CH	IF	Adjustments	***Pro forma*** **Combined (IF into AEF)**
Net Assets ($)	75,129,691	77,322,903	(510,000)(b)	151,942,594
Common Shares Outstanding(a)	9,357,690	9,257,205	373,657(c)	18,988,552

Net Asset Value ($)	8.03	8.35	8.00

(a) Based on the number of outstanding common shares as of June 30, 2017.

(b) Reflects non-recurring aggregate estimated reorganization expenses of $745,000 of which $270,000 is attributable to CH and $260,000 is attributable to IF. Because of the expected benefits outlined above for each Fund, and because, over time, the savings attributable to each Fund's participation in each Reorganization outweigh the costs associated with such Reorganization, the Investment Adviser recommended, and the Boards have approved, that each Fund be responsible for its own Reorganization expenses. See "Reasons for the Reorganizations." The actual costs associated with the proposed Reorganizations may be more or less than the estimated costs discussed herein.

(c) Reflects adjustments due to differences in per share NAV.

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ADDITIONAL INFORMATION ABOUT THE COMMON SHARES OF THE FUNDS

General

Shareholders of each Fund are entitled to share *pro rata* in dividends declared by such Fund's Board as payable to holders of the Fund's common shares and in the net assets of the Fund available for distribution to holders of the common shares. Shareholders do not have preemptive or conversion rights and each Fund's common shares are not redeemable. The outstanding common shares of each Fund are fully paid and non-assessable.

Purchase and Sale

Purchase and sale procedures for the common shares of each of the Funds are identical. Investors typically purchase and sell common shares of the Funds through a registered broker-dealer on an exchange, thereby incurring a brokerage commission set by the broker-dealer. Shares of each of the Acquiring Fund, LAQ, ISL, IF and ABE are traded on the NYSE American. Shares of each of SGF and GCH are traded on the NYSE. Alternatively, investors may purchase or sell common shares of each of the Funds through privately negotiated transactions with existing shareholders.

Outstanding Common Shares as of October 31, 2017

Fund	Title of Class	Amount Authorized	Amount Held by Fund for its Own Account	Amount Outstanding Exclusive of Amount Shown in Previous Column
CH	Common Shares	100,000,000	None	9,357,689.52
ABE	Common Shares	100,000,000	None	9,484,813.00
LAQ	Common Shares	100,000,000	None	7,448,517.00
ISL	Common Shares	100,000,000	None	3,945,468.00
IF	Common Shares	100,000,000	None	9,257,205.00
SGF	Common Shares	100,000,000	None	7,418,948.00
GCH	Common Shares	100,000,000	None	8,816,793.59

Share Price Data

The following tables set forth the high and low market prices for common shares of each Fund on its principal trading market for each quarterly period within each Fund's two most recent fiscal years and each full fiscal quarter since the beginning of each Fund's current fiscal year, if any, along with the net asset value and discount or premium to net asset value for each quotation.

CH	Market Price		Net Asset Value		Premium/(Discount) to Net Asset Value	
Period Ended	High	Low	High	Low	High	Low
December 31, 2017	$ 9.09	$ 7.70	$ 10.06	$ 8.37	-7.908%	-8.66%
September 30, 2017	$ 8.63	$ 7.08	$ 9.45	$ 8.10	-8.094%	-12.593%
June 30, 2017	$ 7.32	$ 6.94	$ 8.39	$ 7.94	-12.649%	-12.594%
	$ 6.98	$ 6.02	$ 8.23	$ 7.19	-14.461%	-16.273%

March 31, 2017						
December 31, 2016	$ 6.51	$ 5.93	$ 7.74	$ 7.02	-15.455%	-16.697%
September 30, 2016	$ 6.54	$ 6.06	$ 7.62	$ 7.09	-13.72%	-15.245%
June 30, 2016	$ 6.52	$ 5.71	$ 7.22	$ 6.74	-9.695%	-16.642%
March 31, 2016	$ 6.02	$ 5.01	$ 6.95	$ 5.88	-12.373%	-15.514%
December 31, 2015	$ 6.39	$ 5.50	$ 7.19	$ 6.29	-10.504%	-12.560%
September 30, 2015	$ 6.92	$ 5.69	$ 7.68	$ 6.56	-9.542%	-14.178%
June 30, 2015	$ 7.77	$ 6.96	$ 8.89	$ 7.64	-12.598%	-8.901%
March 31, 2015	$ 7.79	$ 7.16	$ 8.45	$ 7.71	-7.592%	-7.134%

ABE Period Ended	Market Price		Net Asset Value		Premium/(Discount) to Net Asset Value	
	High	Low	High	Low	High	Low
October 31, 2017	$ 14.87	$ 13.63	$ 16.12	$ 15.24	-5.827%	-11.666%
July 31, 2017	$ 14.45	$ 13.57	$ 15.75	$ 14.91	-7.844%	-10.311%
April 30, 2017	$ 13.63	$ 11.82	$ 15.06	$ 13.82	-9.495%	-14.595%
January 31, 2017	$ 12.26	$ 10.90	$ 14.28	$ 12.83	-14.146%	-15.043%
October 31, 2016	$ 12.87	$ 12.22	$ 14.77	$ 14.20	-11.728%	-14.185%
July 31, 2016	$ 12.70	$ 11.53	$ 14.46	$ 13.36	-11.683%	-14.019%
April 30, 2016	$ 12.24	$ 10.06	$ 14.02	$ 11.93	-11.625%	-15.675%
January 31, 2016	$ 11.64	$ 9.61	$ 13.53	$ 11.37	-13.968%	-15.477%
October 31, 2015	$ 12.72	$ 10.51	$ 14.15	$ 12.37	-10.06%	-15.310%
July 31, 2015	$ 13.44	$ 12.42	$ 15.25	$ 14.14	-11.869%	-12.226%
April 30, 2015	$ 13.55	$ 12.44	$ 15.10	$ 13.91	-9.907%	-10.824%
January 31, 2015	$ 14.28	$ 12.78	$ 15.62	$ 14.24	-7.752%	-10.253%

LAQ Period Ended	Market Price		Net Asset Value		Premium/(Discount) to Net Asset Value	
	High	Low	High	Low	High	Low
December 31, 2017	$ 29.51	$ 25.36	$ 31.26	$ 27.90	-4.745%	-9.137%
September 30, 2017	$ 28.29	$ 23.19	$ 31.38	$ 26.01	-9.398%	-11.810%
June 30, 2017	$ 25.24	$ 22.65	$ 28.09	$ 24.77	-9.506%	-11.072%
March 31, 2017	$ 23.60	$ 20.15	$ 26.49	$ 23.06	-10.198%	-12.619%
December 31, 2016	$ 22.91	$ 19.17	$ 26.21	$ 21.84	-12.424%	-12.824%
September 30, 2016	$ 22.57	$ 19.50	$ 25.46	$ 22.34	-10.685%	-12.713%
June 30, 2016	$ 20.12	$ 17.30	$ 23.03	$ 19.70	-12.636%	-12.183%
March 31, 2016	$ 18.37	$ 13.17	$ 20.78	$ 15.02	-11.598%	-13.241%
December 31, 2015	$ 17.88	$ 15.25	$ 20.12	$ 17.23	-10.733%	-11.645%
September 30, 2015	$ 21.04	$ 15.84	$ 23.20	$ 17.45	-6.818%	-10.204%
June 30, 2015	$ 22.47	$ 20.48	$ 25.42	$ 22.92	-11.605%	-10.646%
March 31, 2015	$ 23.11	$ 19.51	$ 25.49	$ 21.61	-9.337%	-9.718%

ISL Period Ended	Market Price High	Market Price Low	Net Asset Value High	Net Asset Value Low	Premium/(Discount) to Net Asset Value High	Premium/(Discount) to Net Asset Value Low
December 31, 2017	$ 20.96	$ 19.13	$ 22.63	$ 21.44	-5.713%	-13.868%
September 30, 2017	$ 20.50	$ 18.48	$ 22.61	$ 20.71	-7.029%	-10.983%
June 30, 2017	$ 19.64	$ 17.39	$ 22.15	$ 20.26	-10.245%	-14.750%
March 31, 2017	$ 17.79	$ 16.07	$ 20.65	$ 19.29	-13.262%	-16.903%
December 31, 2016	$ 16.66	$ 15.87	$ 19.92	$ 19.14	-16.113%	-18.154%
September 30, 2016	$ 17.03	$ 16.29	$ 20.36	$ 19.14	-15.189%	-18.058%
June 30, 2016	$ 17.46	$ 16.15	$ 21.16	$ 18.70	-16.245%	-18.681%
March 31, 2016	$ 17.28	$ 15.47	$ 20.63	$ 19.22	-15.445%	-20.135%
December 31, 2015	$ 17.93	$ 17.00	$ 21.23	$ 20.07	-14.862%	-15.296%
September 30, 2015	$ 19.39	$ 16.60	$ 22.81	$ 19.85	-14.544%	-16.373%
June 30, 2015	$ 19.35	$ 17.70	$ 22.07	$ 20.94	-10.788%	-15.473%
March 31, 2015	$ 17.77	$ 16.35	$ 20.83	$ 18.99	-14.567%	-14.621%

IF Period Ended	Market Price High	Market Price Low	Net Asset Value High	Net Asset Value Low	Premium/(Discount) to Net Asset Value High	Premium/(Discount) to Net Asset Value Low
December 31, 2017	$ 7.94	$ 7.46	$ 8.46	$ 8.20	-5.789%	-9.576%
September 30, 2017	$ 7.91	$ 7.45	$ 8.54	$ 8.20	-7.377%	-10.133%
June 30, 2017	$ 7.64	$ 7.18	$ 8.38	$ 8.03	-8.722%	-10.918%
March 31, 2017	$ 7.28	$ 6.24	$ 8.05	$ 7.31	-9.565%	-16.016%
December 31, 2016	$ 6.66	$ 6.00	$ 7.86	$ 7.20	-14.396%	-17.012%
September 30, 2016	$ 6.91	$ 6.12	$ 8.04	$ 7.27	-12.532%	-15.934%
June 30, 2016	$ 6.37	$ 5.63	$ 7.53	$ 6.55	-15.405%	-14.046%

IF Period Ended	Market Price High	Market Price Low	Net Asset Value High	Net Asset Value Low	Premium/(Discount) to Net Asset Value High	Premium/(Discount) to Net Asset Value Low
March 31, 2016	$ 6.04	$ 5.06	$ 7.09	$ 6.08	-14.689%	-19.038%
December 31, 2015	$ 6.16	$ 5.23	$ 7.15	$ 6.11	-13.604%	-14.403%
September 30, 2015	$ 7.07	$ 5.14	$ 7.97	$ 5.99	-10.051%	-14.190%
June 30, 2015	$ 7.90	$ 7.02	$ 8.92	$ 7.94	-10.125%	-11.587%
March 31, 2015	$ 8.33	$ 7.70	$ 9.20	$ 8.62	-7.854%	-11.596%

SGF Period Ended	Market Price High	Market Price Low	Net Asset Value High	Net Asset Value Low	Premium/(Discount) to Net Asset Value High	Premium/(Discount) to Net Asset Value Low
October 31, 2017	$ 12.44	$ 11.31	$ 13.57	$ 12.91	-7.784%	-14.253%
July 31, 2017	$ 11.49	$ 10.92	$ 13.20	$ 12.25	-12.955%	-12.219%
April 30, 2017	$ 11.10	$ 9.55	$ 12.22	$ 11.39	-8.942%	-16.155%
January 31, 2017	$ 9.52	$ 8.66	$ 11.36	$ 10.42	-15.752%	-16.891%
October 31, 2016	$ 9.49	$ 9.09	$ 11.37	$ 10.69	-15.943%	-16.298%
July 31, 2016	$ 9.36	$ 8.63	$ 11.13	$ 10.23	-15.752%	-15.723%
April 30, 2016	$ 9.46	$ 7.69	$ 10.98	$ 9.14	-15.536%	-15.864%
January 31, 2016	$ 9.39	$ 7.48	$ 11.98	$ 9.01	-14.481%	-17.621%
October 31, 2015	$ 10.45	$ 8.53	$ 11.93	$ 9.96	-12.406%	-14.357%
July 31, 2015	$ 12.02	$ 10.60	$ 13.66	$ 12.05	-11.941%	-12.033%
April 30, 2015	$ 12.05	$ 11.19	$ 13.76	$ 12.56	-11.980%	-10.908%
January 31, 2015	$ 12.38	$ 11.64	$ 13.98	$ 13.13	-11.445%	-11.348%

GCH Period Ended	Market Price High	Market Price Low	Net Asset Value High	Net Asset Value Low	Premium/(Discount) to Net Asset Value High	Premium/(Discount) to Net Asset Value Low
December 31, 2017	$ 12.79	$ 11.99	$ 14.00	$ 12.90	-7.836%	-7.054%
September 30, 2017	$ 12.15	$ 11.40	$ 13.09	$ 12.43	-6.825%	-8.286%
June 30, 2017	$ 11.51	$ 10.44	$ 15.40	$ 8.76	-8.067%	-10.386%
March 31, 2017	$ 10.50	$ 8.72	$ 11.80	$ 10.42	-10.714%	-16.315%
	$ 9.22	$ 8.50	$ 11.04	$ 10.21	-16.410%	-17.154%

December 31, 2016						
September 30, 2016	$ 9.35	$ 8.29	$ 11.00	$ 9.89	-14.456%	-16.347%
June 30, 2016	$ 8.56	$ 8.03	$ 10.10	$ 9.51	-15.079%	-16.180%
March 31, 2016	$ 8.37	$ 7.34	$ 9.85	$ 8.76	-14.242%	-16.210%
December 31, 2015	$ 9.46	$ 8.47	$ 10.93	$ 10.07	-13.131%	-16.139%
September 30, 2015	$ 10.17	$ 8.20	$ 12.08	$ 9.93	-15.811%	-17.422%
June 30, 2015	$ 11.20	$ 9.97	$ 12.82	$ 11.70	-12.568%	-16.007%
March 31, 2015	$ 10.33	$ 9.82	$ 11.68	$ 11.11	-11.558%	-11.611%

As of December 31, 2017, the share price and corresponding net asset value and premium/discount for each Fund was:

Fund	**Market Price**	**Net Asset Value**	**Premium/(Discount) to Net Asset Value**
CH	$ 8.93	$ 9.83	-9.16%
ABE	$ 14.54	$ 16.08	-9.58%
LAQ	$ 26.72	$ 29.16	-8.37%
ISL	$ 19.13	$ 22.21	-13.87%
IF	$ 7.64	$ 8.45	-9.59%
SGF	$ 12.42	$ 13.63	-8.88%
GCH	$ 12.45	$ 13.73	-9.32%

Historically, the common shares of each Fund have traded at both a premium and discount to net asset value.

Discount Management Programs

Each Board has approved an open-market repurchase program to help reduce the discount of the relevant Fund. The programs vary in scale and activity. The table below lists the approval dates of each Fund's program and the average discount since the establishment of the program. Share repurchases may be made opportunistically at certain discounts to NAV per share when management reasonably believes that such repurchases may enhance shareholder value. There is no assurance the Funds will purchase any shares or that the share repurchase program will have an impact on the liquidity or value of a Fund or a Fund's shares. While not always active, Aberdeen believes that it is important for funds to have the ability to repurchase shares to absorb excess selling pressure during times of market volatility. Each Fund's average discount since the program's inception as of December 31, 2017 is shown in the table below.

Fund	**Program Inception**	**Average Discount Since Program Inception**
Acquiring Fund	December 6, 2011	-3.784%
ABE	November 1, 2009	-11.252%
ISL	December 6, 2011	-13.869%
IF	December 6, 2011	-11.184%
LAQ	November 16, 2007	-9.986%
SGF	April 11, 2012	-12.223%
GCH	November 3, 2014	-13.23%

In addition to the share repurchase program noted above, the Board of SGF approved on June 2, 2011, a discount management policy (the "Discount Management Policy"). In accordance with the Discount Management Policy, if SGF's shares trade on the NYSE at an average discount from their NAV of more than 9% during any fiscal quarter of SGF (based on the reported closing price on the NYSE on each trading day during that fiscal quarter), the Board of SGF has agreed to consider a variety of measures to address SGF's discount, including but not limited to, repurchasing outstanding shares of SGF, reviewing SGF's distribution policy and corporate actions or other measures which the Board may reasonably believe can assist in reducing SGF's discount to NAV. The particular policy measures applied will be at the discretion of the Board and will depend on the prevailing circumstances.

Performance Information

The performance table below illustrates the past performance of an investment in common shares of each Fund by setting forth the average total returns for the Fund for the periods indicated. A Fund's past performance does not necessarily indicate how its common shares will perform in the future.

Although CH is the Acquiring Fund and legal survivor of the proposed Reorganizations, based on management's analysis with input from the Acquiring Fund's independent auditor and counsel, LAQ would be the accounting and performance survivor of the Reorganizations. As a result, the performance history of the Combined Fund will be that of LAQ.

Average Annual Total Returns as of June 30, 2017

Fund	**One Year Ended June 30, 2017 based on NAV**	**One Year Ended June 30, 2017 based on Market Price**	**Annualized Ten Year Ended June 30, 2017 based on NAV**	**Annualized Ten Year Ended June 30, 2017 based on Market Price**
ABE	10.03%	15.42%	1.18%	0.88%
LAQ	15.31%	16.75%	1.76%	1.91%
ISL	20.86%	22.77%	6.31%	5.48%
IF	14.43%	23.90%	5.10%	4.37%
SGF	16.80%	22.42%	1.67%	1.79%
GCH	27.65%	38.77%	1.41%	2.40%

CH	14.81%	15.81%	0.83