

# Aberdeen Israel Fund, Inc.

## July 2010 Performance Data and Portfolio Composition



### Investment objective

The Fund seeks long-term capital appreciation by investing primarily in equity securities of Israeli companies.

### Performance

The latest available performance figures have been calculated net-of-fees in U.S Dollars for the period ending July 31, 2010:

### Total return as of July 31, 2010<sup>A</sup> (%)

NAV	Cumulative	Annualized	Market Price	Cumulative	Annualized
Since inception (October 1992)	245.6	7.2	Since inception	205.9	6.5
Ten years	47.7	4.0	Ten years	67.7	5.3
Five years	52.3	8.8	Five years	53.3	8.9
Three years	8.5	2.8	Three years	-9.3	-3.2
One year	10.3		One year	8.0	

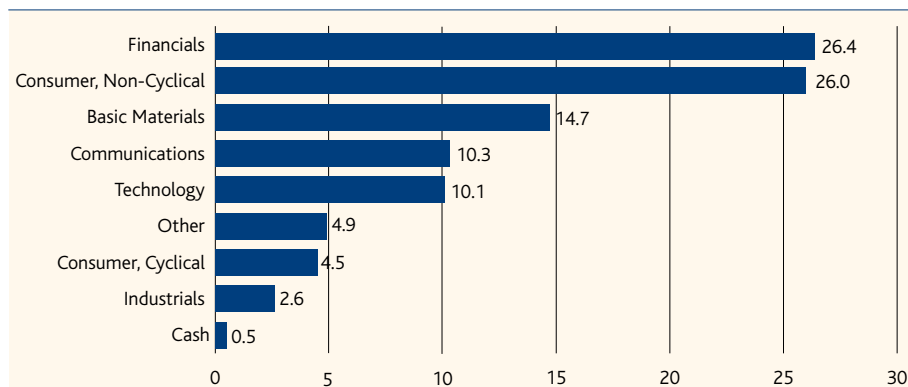
<sup>A</sup> Past performance is no guarantee of future results. Investment returns and principal value will fluctuate and shares, when sold, maybe worth more or less than original cost. Current performance may be lower or higher than the performance data quoted. Recent short-term performance is not typical and may not be achieved in the future. Investors should be aware that these returns were primarily achieved during favorable market conditions. All return data assumes reinvestment of all dividend and capital gain distributions. The Fund is subject to investment risk, including the possible loss of principal. Returns for periods less than one year are not annualized.

### Top ten equity holdings<sup>B</sup> (%)

Holding	%
Teva Pharmaceutical Industries Limited	10.3
Check Point Software Tech	9.7
Israel Chemicals Limited	9.5
Bezeq The Israeli Telecommunication Corporation Limited	8.9
United Mizrahi Bank Limited	8.7
Perrigo Company	7.4
Bank Leumi Le-Israel BM	5.1
Golf and Company Limited	4.5
Super Sol	4.5
Harel Insurance Investments & Financial Services	4.2
	<b>72.8</b>

<sup>B</sup> Holdings are subject to change and are provided for informational purposes only and should not be deemed as a recommendation to buy or sell the securities shown.

### Sector allocation (%)



### As of July 31, 2010 NAV (unaudited) and market price

Net Asset Value per share	\$15.91
Market price	\$14.30
Discount to Net Asset Value	10.12%

#### 12 Month Range of Prices

NAV	
High on 04/05/10	\$18.22
Low on 08/17/09	\$13.88

#### Market price (based on closing price)

High on 04/06/10	\$17.01
Low on 08/17/09	\$12.50

Market price data source: Bloomberg.

### Key facts (unaudited)

#### Portfolio

The top ten holdings represented 72.8% of the portfolio's assets.

#### Distributions

Total distributions (previous 12 months)	–
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#### Ticker symbol: ISL (NYSE AMEX)

Net assets	\$68.0 Million
Shares outstanding	4,272,691
Inception date	October 29, 1992

#### Expense Ratio

Fiscal year ended December 31, 2009	1.85%
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The amount of distributions may vary due to market conditions and other factors.

### Further information

For further information on this Fund please call  
Aberdeen Asset Management Inc.

(866)839-5205

To participate in the Dividend Reinvestment  
and Cash Purchase Plan please contact

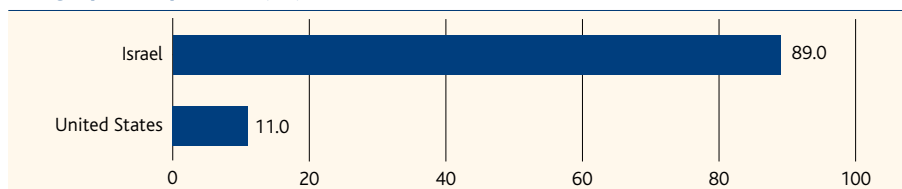
Computershare

(800)647-0584

All sources (unless indicated): Aberdeen Asset Management Inc.  
July 31, 2010.

## Aberdeen Israel Fund, Inc.

### Geographic exposure<sup>c</sup> (%)



<sup>c</sup> Compositions are subject to change.

### Fund managers' report

- Israeli equities rebounded in July after falling the previous month, thanks to the International Monetary Fund's brighter growth outlook, solid corporate results and optimism over Europe's banking sector stress tests.
- Unemployment fell to an 18-month low in May. A business survey showed expectations of slower growth in the third quarter amid weakness in the key export markets of the U.S. and Europe.
- The Bank of Israel raised its benchmark interest rate for the first time in four months to 1.75%. Inflation eased in June to 2.4% and is expected to decelerate further over the next few months.
- In Fund-related news, Teva Pharmaceutical's second-quarter net profits rose sharply due to solid sales and the launch of three new generic drugs in the U.S. It also launched a drug packaging plant in Hungary. Growth from Check Point Software's new and existing products drove its first-half profits higher. International defense electronics company Elbit Systems raised its cash offer to acquire ITL Optronics.
- During the month, we sold auto rental company Dan Vehicle given our concerns over its high leverage and risk management.

### Portfolio management

#### Managed by:

- Global Emerging Markets Equity Team
- Based in London

#### Investment Management Philosophy:

- Bottom-up stock selection
- Proprietary research driven
- Based in fundamental analysis

### Important information

Aberdeen Asset Management Inc. has prepared this report based on information sources believed to be accurate and reliable. However, the figures are unaudited and neither the Fund, Aberdeen Asset Management Investment Services Limited (the Investment Adviser), nor any other person guarantees their accuracy. Investors should seek their own professional advice and should consider the investment objectives, risks, charges and expenses before acting on this information.

**Past performance does not guarantee future results.**

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### Important risk disclosure

All performance shown is historical, assumes reinvestment of all dividends and capital gain distributions and does not guarantee future results. Investment return and principal value fluctuate with changing market conditions so when sold, shares may be worth more or less than that of the original cost. Total return based on market price reflects changes in market value. Total return based on net asset value reflects changes in the fund's net asset value during each period. Current performance may be lower or higher than the performance data quoted. This commentary is for informational purposes only, and is not intended as an offer or recommendation with respect to the purchase or sale of any security, option, future or other derivatives in such securities. The Fund's adviser, one of its affiliated advisers, or its employees, may have a position in the securities listed in this report.

Closed-end funds, unlike open-end funds are not continuously offered. There is a one-time public offering, and once issued, shares of closed-end funds frequently trade at a discount from the net asset value. The price of the Fund's shares is determined by a number of factors, several of which are beyond the control of the Fund. Therefore, the Fund cannot predict whether its shares will trade at, below or above net asset value.

The information presented, was prepared and issued by the Fund based on publicly available information, internally developed data and other sources believed to be reliable. All reasonable care has been taken to ensure accuracy.

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

There are also risks associated with investing in Israel, including the risk of investing in a single-country fund.