abrdn Global Dynamic Dividend Fund

Quarterly Commentary

Three-month period ended October 31, 2023

Fund performance

The abrdn Global Dynamic Dividend Fund returned -9.46%[1] on a net asset value basis for the three-month period ending October 31, 2023, outperforming the -9.62% return of its benchmark, the MSCI All Country (AC) World Net Index[2].

In terms of individual stocks that positively contributed to performance, TotalEnergies, the France-listed energy company, was a strong performer over the quarter, as was the energy sector as a whole. The oil price reached a 10-month high, having risen sharply since the end of the second quarter. This has been attributed to both higher-than-expected demand, as well as major supply cuts. Eli Lilly outperformed due to its exposure to diabetes drugs that can be repurposed to tackle obesity. Mitsubishi UFJ aided relative performance, largely due to interest-rate actions initiated by the Bank of Japan.

Conversely, TKO Group Holdings' share price fell after the company announced the media rights agreement for "WWE SmackDown", which was below expectations. Ping An Insurance's share price underperformed due to disappointment surrounding China's reopening—which failed to trigger a strong economic recovery—as well as the continued poor performance of the country's property market, to which the company is exposed. NextEra Energy Partners, the U.S. renewables operator, announced that it would cut dividend growth guidance from 12-15% to 5-8%, as a result of the higher cost of capital that has reduced its ability to acquire new renewable assets.

Cumulative and annualised total return as of October 31, 2023 (%)

	NAV	Market Price	MSCI AC World Index (Net TR)
Since inception (p.a.)	2.82	1.56	6.12
10 Years (p.a.)	7.04	6.40	6.81
5 Years (p.a.)	6.33	6.13	7.47
3 Years (p.a.)	6.92	7.09	6.68
1 Year	7.00	2.29	10.50
Year to Date	0.32	-4.80	6.75
3 Months	-9.46	-11.46	-9.62
1 month	-2.19	-2.25	-3.01

Effective February 28, 2020, the MSCI All Country World Index (Net Dividends) replaced the MSCI All Country World Index (Gross Dividends) as the Fund's primary benchmark. The Fund is subject to investment risk, including the possible loss of principal. Returns for periods less than one year are not annualized.

Market review

Global equity markets ended the quarter lower as investors remained focused on the extent to which the world's major central banks would have to tighten monetary policy in order to combat still above-target inflation. Also, while economic data has been more resilient than was feared after the U.S. banking sector crisis in March, the risk of a global recession remains. More positively, headline annual inflation in most developed economies has continued to fall, meaning major central banks are now likely to limit the number of future interest-rate hikes. However, they remain determined to keep inflation under control. Moreover, there is a risk that the ongoing conflict between Israel and

[1] **Past performance is no guarantee of future results. Investment returns and principal value will fluctuate and shares, when sold, may be worth more or less than the original cost. Current performance may be lower or higher than the performance quoted. Net asset value return data include investment management fees, custodial charges and administrative fees (such as Director and legal fees) and assumes the reinvestment of all distributions.**

[2] The MSCI AC World Index is an unmanaged index considered representative of stock markets of developed and emerging markets.

Hamas could exacerbate inflationary pressure by disrupting energy supplies in the region. Meanwhile, a potential U.S. government shutdown also weighed on sentiment before legislators reached a last-minute deal to prevent one. Otherwise, investors continued to be concerned about the weak outlook for the Chinese economy and the implications for global economic growth.

U.S. equities ended lower. Although large technology companies benefited from their exposure to the fast-growing area of artificial intelligence, higher bond yields proved a headwind. Inflationary pressures remained elevated over the quarter but have eased since the start of the year. The U.S. Federal Reserve (Fed)'s favored measure of inflation, the core Personal Consumptions Expenditures Price Index, fell from an annual rate of 3.8% in August to 3.7% in September, as expected, but remained above the 2% target.

European equities fell over the quarter. Annual inflation fell from 5.2% in August to a lower-than-expected 2.9% (on a flash basis) in October; the core rate also declined from 5.3% to 4.2% (on a flash basis), as expected, but remained well above the European Central Bank (ECB)'s 2% target. The ECB raised interest rates by 25 bps at its September meeting then kept them unchanged in October. The HCOB Eurozone Composite Purchasing Managers' Index remained below 50 over the quarter, translating into a contraction in business activity (led by weakness in the region's manufacturing sector).

U.K. equities declined over the period. Annual inflation was flat month on month at 6.7% in September, which was higher than expected and still well above the Bank of England (BoE)'s 2% target. Meanwhile, annual core inflation also came in above expectations, even though it fell from 6.2% in August to 6.1% in September. The BoE raised its Bank Rate by 25 bps in August, taking it to 5.25%.

In the Asia Pacific region, stocks in Australia were lackluster due to concerns about the global economic outlook given further U.S. monetary tightening and a slowing Chinese economy. Japanese equities were comparatively resilient. Despite annual core inflation remaining above the Bank of Japan (BoJ)'s 2% target, the BoJ still has a relatively dovish monetary policy stance compared with other major central banks. As a result, the yen markedly depreciated over the quarter, supporting Japanese exporters.

Outlook

Pressures caused by high energy prices, geopolitical tensions, the cost-of-living crisis, and rising interest rates still prevail in many parts of the world and will be around for some time, in our view. While markets continue to move higher in many areas, particularly in the U.S., it is a very narrow handful of stocks that are driving this. Against such a challenging backdrop, the portfolio will remain diversified, defensive, and focused on businesses best positioned to manage financial pressures through to times of greater market stability. Periods of market weakness, when they occur, represent an opportunity for the long-term investor. We reiterate the importance of a diversified portfolio with a 'bottom-up' investment approach focused on quality characteristics.

Top 10 Holdings as of October 31, 2023 (%)[3]

Apple Inc	3.8
Microsoft Corp	3.6
Alphabet Inc	1.9
Broadcom Inc	1.8
Engie SA	1.7
TJX Cos Inc/The	1.7
BE Semiconductor Industries NV	1.7
Newcrest Mining Ltd	1.6
Enbridge Inc	1.5
Eli Lilly & Co	1.5
Percent of Portfolio in Top Ten	**20.8**

Source: abrdn 10/31/2023.

[3] 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. The top ten holdings are reported by share class. Certain companies listed may be held in additional share classes not listed above. Compositions are subject to change. The table summarizes the composition of the Funds portfolio, expressed as a percentage of total assets. Figures may not always sum to 100 due to rounding.

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Under U.S. tax rules applicable to the Fund, the amount and character of distributable income for each fiscal year can be finally determined only as of the end of the Fund's fiscal year. The Fund anticipates that sources of distributions to shareholders may include net investment income, net realized short-term capital gains, net realized long-term capital gains and return of capital. The estimated composition of the distributions may vary from time to time because the estimated composition may be impacted by future income, expenses and realized gains and losses on securities. For more detailed information related to the composition of the Fund's distributions, see abrdnAGD.com.

Foreign securities are more volatile, harder to price and less liquid than U.S. securities. They are subject to different accounting and regulatory standards, as well as political and economic risks. These risks are enhanced in emerging markets countries. Equity stocks of small and mid-cap companies carry greater risk, and more volatility than equity stocks of larger, more established companies.

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