abrdn Dynamic Distribution Fund

Interim Long Report (unaudited)
For the six months ended 30 September 2023

abrdn.com

Contents

Report of the Manager

abrdn Dynamic Distribution Fund (the "fund") is an authorised unit trust scheme under the Financial Services and Markets Act 2000. The effective date of the authorisation order made by the Financial Services Authority (the "FCA") was 8 February 2006.

The fund was established by Trust Deed entered into on 6 February 2006 and is an authorised unit trust scheme which falls into the category of non-UCITS retail scheme. The fund is also an alternative investment fund for the purposes of the FCA rules. Its FCA Product Reference Number ("PRN") is 442759.

Appointments

Manager

abrdn Fund Managers Limited

Registered office

280 Bishopsgate
London
EC2M 4AG

Correspondence address

PO Box 12233
Chelmsford
Essex
CM99 2EE

Investment Adviser

abrdn Investment Management Limited

Registered office

1 George Street
Edinburgh
EH2 2LL

Trustee

Citibank UK Limited

Registered office

Citigroup Centre
Canada Square
Canary Wharf
London
E14 5LB

Registrar

SS&C Financial Services Europe Limited
SS&C House
St Nicholas Lane
Basildon
Essex
SS15 5FS

Independent Auditor

KPMG LLP
319 St Vincent Street
Glasgow
G2 5AS

Report of the Manager

Continued

The Investment Advisers have the authority of the Manager to make decisions on its behalf in all aspects of the investment management of the investments and other property of the fund. The main terms of the agreement with each investment adviser are that it should have the authority of the Manager to make decisions on its behalf in all aspects of the investment management of the investments and other property of the fund, including the fund's powers to enter into hedging transactions relating to efficient portfolio management. The adviser's powers extend to all of the property of the fund except any part which the Manager excludes from the adviser's powers. The adviser is to report details of each transaction to the Manager and to confer with the Manager when required by it. The Manager will notify the adviser of additional cash available for investment.

The Authorised Fund Manager ('the Manager') of the fund is abrdn Fund Managers Limited, which is a private company limited by shares incorporated on 7 November 1962. It's ultimate holding company is abrdn plc.

Financial details and Fund Managers' reviews of the fund for the period ended 30 September 2023 are given in the following pages of this report.

The fund operates as a single priced scheme, calculated with reference to the net asset value of the fund.

The daily price for the fund appears on the abrdn plc ("abrdn") website at **abrdn.com**.

The investment objective of the fund is disclosed within the Fund Profile and the investment activities are disclosed within the Investment Report.

Unitholders in the fund are not liable for the debts of the fund.

Significant Events

On 24 February 2022, Russia launched a military offensive against Ukraine resulting in widespread sanctions on Russia and heightened security and cyber threats. Market disruptions associated with the geopolitical event have had a global impact, and uncertainty exists as to the implications. Such disruptions can adversely affect assets of funds and performance thereon, specifically Russian and Ukrainian assets.

The Management Company has delegated various tasks to abrdn's Investor Protection Committee (IPC). The IPC is responsible for ensuring the fair treatment of investors.

The IPC undertakes regular reviews of the following:

- Market liquidity across each asset class and fund;
- Asset class bid-offer spread monitoring;
- Review of fund level dilution rate appropriateness;
- Review of daily subscriptions/redemptions to anticipate any potential concerns to meet redemption proceeds;
- Any requirement to gate or defer redemptions;
- Any requirement to suspend a fund(s);
- Any fair value price adjustments at a fund level.

abrdn's Valuation and Pricing Committee (VPC) also continue to review the valuation of assets and the recoverability of income from those assets making appropriate adjustments where necessary. The VPC is made up of a wide range of specialists across abrdn with a wide range of experience in asset pricing. The Management Company has also evaluated, and will continue to evaluate, the operational resilience of all service providers. The Company's key suppliers do not have operations pertaining to the Company in Ukraine or Russia.

Developments and Prospectus Updates Since 1 April 2023

- The list of funds managed by the Manager was updated, where appropriate.
- Performance and dilution figures were refreshed, where appropriate.
- The list of sub-custodians was refreshed, where appropriate.
- The list of eligible markets was refreshed, where appropriate.
- The list of sub-investment advisors to the funds was refreshed, where appropriate.
- The risk disclosures in relation to the funds were refreshed, where appropriate.

Assessment of Value

In 2017 the Financial Conduct Authority (FCA) published the final Asset Management Market Study. This introduced (among other reforms) new governance rules with the aim of enhancing duty of care and ensuring the industry acts in investors' best interests. The rules were outlined in the FCA policy statement PS18/8 and came into effect from 30 September 2019. As a result, abrdn Fund Managers Limited is required to perform a detailed annual assessment, determining whether our funds are "providing value to investors". The resulting findings will be published on a composite basis throughout the year, and can be found on the 'Literature' pages of our website.

Report of the Manager

Continued

Climate-related Financial Disclosures

The recommendations by the Taskforce for Climate-related Financial Disclosures (TCFD) – initiated by the Financial Stability Board in 2015 and adopted in 2017 – provide organisations with a consistent framework for disclosing financial impacts of climate-related risks and opportunities. The disclosure in line with TCFD recommendations enables external stakeholders to gain a better understanding of the climate-related risks and opportunities (including how they are managed) that are likely to impact the organisation's future financial position as reflected in its income statement, cash flow statement, and balance sheet. The TCFD has developed 11 recommendations which are structured around four thematic areas, notably governance, strategy, risk management and metrics and target. In Policy Statement 21/24 the Financial Conduct Authority (FCA) have created a regulatory framework for asset managers, life insurers and FCA-regulated pension providers to make climate-related disclosures consistent with the recommendations of the TCFD. As a result of the disclosure requirements abrdn Dynamic Distribution Fund is required to perform a detailed annual assessment, determining financial impacts of climate-related risks and opportunities. The resulting findings are published on our website at **Fund literature | abrdn**.

Manager's Statement

In accordance with the requirements of the COLL Rules as issued and amended by the Financial Conduct Authority, we hereby certify the report on behalf of abrdn Fund Managers Limited, the Authorised Fund Manager.

Aron Mitchell
Director
27 November 2023

Adam Shanks
Director
27 November 2023

Investment Report

Investment Objective

To generate income and some growth over the long term (5 years or more) by investing in a diversified range of abrdn funds.

Performance Target: To exceed the IA Mixed Investment 20-60% Shares Sector Average return over one year (after charges) and to be top quartile over rolling three year periods.

The performance target is the level of performance that the management team hopes to achieve for the fund. There is however no certainty or promise that they will achieve the performance target.

The fund targets a yield in excess of the income that would be delivered by a representative basket of assets (composed of 22.5% UK Equities (FTSE All-Share Index), 22.5% Global Equities (MSCI World ex UK) and 55% Sterling Bonds (ICE Bank of America Merrill Lynch Non-Gilts All Maturities).

Investment Policy

Portfolio Securities

- The fund will invest at least 80% in actively managed abrdn funds to obtain broad exposure to a range of diversified investments.
- It may invest up to 20% in passively managed funds (including those managed by abrdn).
- At least 30% of the fund will be invested in bonds (loans to a company or government) and cash or money market instruments.
- At least in 50% of the fund will be in sterling denominated assets, or in assets for which the impact of currency movements is mitigated (hedged).
- The rest of the fund will be invested in a selection of other funds investing in assets classes such as equities (company shares) commercial property and funds that can use a combination of traditional assets (such as equities and bonds) and investment strategies based on derivatives.

Management Process

- The management team use their discretion (active management) to select funds within each asset class and ensure that the strategic asset allocation (long term proportions in each asset class) meets the fund's objectives.
- In addition, they will take tactical asset allocations (changing short term proportions in each asset class) with the aim of improving returns.
- The fund will be subject to constraints which are intended to manage risk such as the fund must not hold more than 60% of its assets in equities. Due to the active nature of the management process, the fund's performance profile may deviate significantly from the IA's Mixed Investment 20-60% Shares Sector Average.

Derivatives and Techniques

- The fund is not expected to invest in derivatives directly however it may invest in other funds which use derivatives more extensively.

Performance Review

During the 6 months under review, the fund returned 0.87% (Source: Factset, Platform 1 Accumulation shares, net of fees), which compared favourably to the IA Mixed Investment 20-60% Shares sector average of -0.51% (Source: Morningstar).

Any data contained herein which is attributed to a third party ("Third Party Data") is the property of (a) third party supplier(s) (the "Owner") and is licensed for use by abrdn**. Third Party Data may not be copied or distributed. Third Party Data is provided "as is" and is not warranted to be accurate, complete or timely. To the extent permitted by applicable law, none of the Owner, abrdn** or any other third party (including any third party involved in providing and/or compiling Third Party Data) shall have any liability for Third Party Data or for any use made of Third Party Data. Neither the Owner nor any other third party sponsors, endorses or promotes the fund or product to which Third Party Data relates.

**abrdn means the relevant member of abrdn group, being abrdn plc together with its subsidiaries, subsidiary undertakings and associated companies (whether direct or indirect) from time to time.

Please remember that past performance is not a guide to future returns. The price of shares and the revenue from them may fall as well as rise. Investors may not get back the amount originally invested.

Investment Report

Continued

Companies selected for illustrative purposes only to demonstrate the investment management style described herein and not as an investment recommendation or indication of future performance.

As interest rates and bond yields continued to rise over the review period, the fund's performance continued to benefit from the meaningful allocation to shorter duration fixed income funds, the combined exposure to which equates to just under 12% of the fund's net asset value (NAV). Short duration global and UK investment grade bonds returned 0.8% and 1.1% respectively over the 6 months to end September, compared to the Global Aggregate benchmark, the broadest measure of investment grade fixed income across both sovereign and corporate bonds, which returned -2.1%.

In addition, the fund also benefitted from the performance of the abrdn Absolute Return Global Bond Strategy, which adds further diversification to our global bond exposure, as well as an absolute return of 2.2%. The abrdn Total Return Credit Fund is another diversifying and flexible bond exposure, which was beneficial to returns over the review period with a 1.34% absolute return. Both strategies benefited from having an inherently low duration exposure and a flexible, actively managed approach.

The performance among our diversifying bond fund exposures was also notable. The abrdn Frontier Markets Bond Fund returned 8.9%, and the allocations to Emerging Market Local Currency Sovereign and Corporate Bond funds were also beneficial at 1.3% and 1.74% respectively. The allocations to each of these emerging market fixed income funds and asset classes are sized in a manner to be beneficial to income generation and diversification, while respecting the risk premiums associated with them.

In contrast, the property sector remained under pressure in both physical property and REITs. Global REITs were hit the most, falling by 1.8% given the pressure that higher interest rates place on the sector. UK physical property was broadly flat but the outlook for the sector continues to be challenging.

Equity performance was broadly positive with the MSCI World Index rising 3.9%, although there was a clear differentiation between emerging markets and Asia Pacific indices, and those from developed markets. The MSCI Emerging Market and the MSCI Asia Pacific ex Japan indices fell -0.8% and -3.1% respectively. While the abrdn Emerging Market Income strategy outperformed the index and produced a positive return of 0.8%, the abrdn Asia Pacific ex Japan Tracker Fund underperformed the index and fell -3.7%.

By comparison, UK equity returns were solid at 1.4% for the FTSE All Share Index. In general, smaller companies fared well, with the FTSE Small Cap ex IT Index returning 5.3%, but our allocation to small cap names struggled with the abrdn UK Smaller Companies Fund returning -4.6% over the period, and being the only fund that underperformed over the review period.

The most notable developed markets were the US and Japan, which produced returns of 6.3% and 6% respectively. The abrdn American Equity Income strategy outperformed the broader market, which was impressive given that the outperformance was not led by high dividend paying companies but instead by the so-called 'Magnificent Seven' mega-cap stocks. US equities have been meaningfully increased within the portfolio over recent years and have made a strong contribution to returns. While the US is not an equity region with a high yield, the dividend growth characteristics of the market are not to be ignored.

Market Review

Global equity markets were mostly positive over the past six months, with the US, the UK and emerging markets all posting positive returns. China and Europe excluding the UK both posted negative returns during the period. UK large-cap companies performed more positively than small and mid-cap companies, with the FTSE 250 delivering a negative return over the period.

The period was defined by fluctuating market performances, as fears of high inflation, tightening monetary policy and the risk of a global recession caused volatility. In April, equity markets recovered after their falls in the first quarter of 2023, as investors shrugged off unrest in the banking sector, but then declined in May due to investor fears over the economic outlook. In June, global equities rose, with investors receiving the latest inflation data well. This performance continued in July, with investors positive on the outlook for interest rates and corporate earnings releases. However, concerns about further monetary policy tightening and a soft Chinese economy then saw markets weaken in August. Selling pressure continued into September, as investors remained concerned about rising energy costs, higher bond yields and a sluggish global economy.

In fixed-income markets, most government bond prices fell during the period. Central banks acted to control inflation by reducing policy support and hiking interest rates. Over the period, the Bank of England (BoE) progressively hiked rates, leaving them at 5.25% at the end of August. In the US, the Federal Reserve's (Fed's) target rate for the fed funds rate is now at 5.25%-5.50%. The Fed and BoE both held rates at their September meetings. The European Central Bank hiked rates in September to 4%.

Investment Report

Continued

Portfolio Activity and Review

The Dynamic Distribution Fund's strategy is to invest in a range of funds managed by abrdn to achieve a diversified investment mix across equities, bonds and property. The fund sits within the IA Mixed Investment 20-60% Shares sector.

The main change to the portfolio over the review period was a further reduction to the UK Physical Property Fund, which continues to be a funding source when liquidity is available.

The balance of these proceeds was reinvested into other diversifying asset classes, including emerging market local currency, as well as a number of our diversifying growth assets, including emerging market corporate bonds and the abrdn Total Return Bond Fund, which we believe are best placed to perform well in the higher interest rate environment.

Portfolio Outlook and Strategy

Global equity markets will continue to face challenges, with investors concerned that lingering inflation and sustained rate rises will result in tougher financial conditions. In September, rising energy costs contributed to these concerns. With Saudi Arabia and Russia continuing to reduce oil production, investors are wary that higher energy costs could push inflation higher.

In fixed-income markets, the BoE and the Fed chose to skip a rate rise at their September meetings. Annual inflation ticked up in August in the US, while in the UK, annual inflation has been falling. The ECB, however, raised interest rates by 25 basis points in September, stating that it will continue to follow a data-dependent approach when determining interest rates. With a recession now likely in 2024, investors are set to focus on when interest rates will be cut to offset any downturn.

Multi-Strategy Portfolios Team

October 2023

Investment Report

Continued

Risk and Reward Profile

The Risk and Reward Indicator table demonstrates where the fund ranks in terms of its potential risk and reward. The higher the rank the greater the potential reward but the greater the risk of losing money. It is based on past data, may change over time and may not be a reliable indication of the future risk profile of the fund. The table below shows the fund's ranking on the Risk and Reward Indicator.

Typically lower rewards, lower risk ← → **Typically higher rewards, higher risk**

1	2	3	**4**	5	6	7

Risk and reward indicator table as at 30 September 2023.

The fund is rated as 4 because of the extent to which the following risk factors apply:

- The fund invests in securities which are subject to the risk that the issuer may default on interest or capital payments.
- The fund price can go up or down daily for a variety of reasons including changes in interest rates, inflation expectations or the perceived credit quality of individual countries or securities.
- The fund invests in equity and equity related securities. These are sensitive to variations in the stock markets which can be volatile and change substantially in short periods of time.
- The fund invests in emerging market equities and / or bonds. Investing in emerging markets involves a greater risk of loss than investing in more developed markets due to, among other factors, greater political, tax, economic, foreign exchange, liquidity and regulatory risks.
- Commercial property is less liquid than other asset classes such as bonds or equities. Selling property can be a lengthy process so investors in the fund should be aware that they may not be able to sell their investment when they want to.
- Commercial property transaction charges are higher than those which apply in other asset classes. Investors should be aware that a high volume of transactions would have a material impact on fund returns.
- Property valuation is a matter of judgment by an independent valuer and is therefore a matter of the valuer's opinion rather than fact.
- The fund may hold money-market instruments, the value of which may be subject to adverse movements in extreme market conditions.
- The use of derivatives carries the risk of reduced liquidity, substantial loss and increased volatility in adverse market conditions, such as a failure amongst market participants. The use of derivatives may result in the fund being leveraged (where market exposure and thus the potential for loss by the fund exceeds the amount it has invested) and in these market conditions the effect of leverage will be to magnify losses.
- The fund invests in high yielding bonds which carry a greater risk of default than those with lower yields.
- The fund employs a single swinging pricing methodology to protect against the dilution impact of transaction costs. Due to the high transaction charges associated with the fund's assets, a change in the pricing basis will result in a significant movement in the fund's published price.

All investment involves risk. This fund offers no guarantee against loss or that the fund's objective will be attained.

The price of assets and the income from them may go down as well as up and cannot be guaranteed; an investor may receive back less than their original investment.

Inflation reduces the buying power of your investment and income.

The value of assets held in the fund may rise and fall as a result of exchange rate fluctuations.

The fund could lose money if an entity (counterparty) with which it does business becomes unwilling or unable to honour its obligations to the fund.

In extreme market conditions some securities may become hard to value or sell at a desired price. This could affect the fund's ability to meet redemptions in a timely manner.

The fund could lose money as the result of a failure or delay in operational processes and systems including but not limited to third party providers failing or going into administration.

Comparative Tables

Retail accumulation	30 September 2023	31 March 2023	31 March 2022	31 March 2021
Closing net asset value (£'000)	4,514	4,951	7,024	8,029
Closing number of units	4,922,565	5,436,479	7,370,832	8,493,530
Closing net asset value per unit (pence)	91.70	91.08	95.29	94.53
Change in net asset value per unit	0.68%	(4.42%)	0.80%	18.22%
Operating charges	1.28%	1.28%	1.29%	1.30%

Retail income	30 September 2023	31 March 2023	31 March 2022	31 March 2021
Closing net asset value (£'000)	660	683	1,064	1,292
Closing number of units	1,370,830	1,398,107	2,003,848	2,375,638
Closing net asset value per unit (pence)	48.15	48.81	53.08	54.37
Change in net asset value per unit	(1.35%)	(8.04%)	(2.37%)	14.66%
Operating charges	1.28%	1.28%	1.29%	1.30%

Institutional accumulation	30 September 2023	31 March 2023	31 March 2022	31 March 2021
Closing net asset value (£'000)	5,074	5,803	7,606	10,531
Closing number of units	5,003,968	5,773,220	7,259,265	10,171,303
Closing net asset value per unit (pence)	101.40	100.52	104.77	103.54
Change in net asset value per unit	0.88%	(4.06%)	1.19%	18.67%
Operating charges	0.81%	0.81%	0.82%	0.83%

Institutional income	30 September 2023	31 March 2023	31 March 2022	31 March 2021
Closing net asset value (£'000)	1,213	1,304	1,797	3,605
Closing number of units	2,234,803	2,375,149	3,024,313	5,952,930
Closing net asset value per unit (pence)	54.29	54.90	59.41	60.56
Change in net asset value per unit	(1.11%)	(7.59%)	(1.90%)	15.18%
Operating charges	0.81%	0.81%	0.82%	0.83%

Institutional regulated accumulation	30 September 2023	31 March 2023	31 March 2022	31 March 2021
Closing net asset value (£'000)	62,443	67,417	85,561	95,983
Closing number of units	58,964,791	64,310,177	78,520,439	89,382,332
Closing net asset value per unit (pence)	105.90	104.83	108.97	107.38
Change in net asset value per unit	1.02%	(3.80%)	1.48%	18.99%
Operating charges	0.46%	0.46%	0.47%	0.48%

Platform 1 accumulation	30 September 2023	31 March 2023	31 March 2022	31 March 2021
Closing net asset value (£'000)	19,890	21,818	26,686	34,544
Closing number of units	24,127,017	26,692,374	31,309,661	40,995,412
Closing net asset value per unit (pence)	82.44	81.74	85.23	84.26
Change in net asset value per unit	0.86%	(4.09%)	1.15%	18.61%
Operating charges	0.86%	0.86%	0.87%	0.88%

Comparative Tables

Continued

Platform 1 income	30 September 2023	31 March 2023	31 March 2022	31 March 2021
Closing net asset value (£'000)	5,898	6,307	7,572	10,445
Closing number of units	10,798,114	11,414,624	12,656,600	17,117,358
Closing net asset value per unit (pence)	54.62	55.25	59.83	61.02
Change in net asset value per unit	(1.14%)	(7.66%)	(1.95%)	15.13%
Operating charges	0.86%	0.86%	0.87%	0.88%

ZC accumulation	30 September 2023	31 March 2023	31 March 2022	31 March 2021
Closing net asset value (£'000)	297	288	291	715
Closing number of units	273,765	268,846	261,918	655,190
Closing net asset value per unit (pence)	108.35	107.13	111.09	109.21
Change in net asset value per unit	1.14%	(3.56%)	1.72%	19.29%
Operating charges	0.16%	0.16%	0.17%	0.18%

The closing net asset value (£'000) divided by the closing number of units may not calculate to the closing net asset value per unit (pence) due to rounding differences. The published closing net asset value per unit (pence) is based on unrounded values and represents the actual price.
The change in the net asset value per unit is the change from the beginning of the period to the close of the period.
Operating charges are expenses associated with the maintenance and administration of the fund on a day-to-day basis that are actually borne by the unit class.

Portfolio Statement

As at 30 September 2023

Holding	Investment	Market value £'000	Percentage of total net assets
Collective Investment Schemes (97.52%)		**99,385**	**99.40**
Absolute Return Funds (5.14%)		**5,493**	**5.49**
644,603	abrdn Total Return Credit SICAV II Z Inc+	5,493	5.49
Bond Funds (45.05%)		**44,154**	**44.16**
1,075,142	abrdn Corporate Bond Fund ZA Inc+	463	0.46
1,235,938	abrdn Emerging Market Local Currency Debt Fund SICAV II Z Inc+	10,130	10.13
604,284	abrdn Emerging Markets Corporate Bond Fund SICAV Z Inc Hdgd+	4,711	4.71
190,528	abrdn Frontier Markets Bond Fund SICAV Z Inc Hdgd+	1,391	1.39
356,549	abrdn Global Corporate Bond Fund SICAV II Z Inc Hdgd+	2,913	2.92
2,152,595	abrdn Global Government Bond Tracker Fund X Acc+	2,073	2.07
1,007,210	abrdn Global High Yield Bond SICAV II Z Inc Hdgd+	8,094	8.10
246,784	abrdn Global Short Dated Corporate Bond Fund SICAV II Z Inc Hdgd+	2,252	2.25
1,149,961	abrdn Investment Grade Corporate Bond Fund ZA Inc+	464	0.47
20,331,412	abrdn Short Dated Corporate Bond Fund ZA Inc+	9,452	9.45
3,780,347	abrdn Strategic Bond Fund ZA Inc+	2,211	2.21
Equity Funds (41.76%)		**45,292**	**45.30**
10,790,054	abrdn American Income Equity Fund ZA Inc+	8,970	8.97
6,131,277	abrdn Asia Pacific ex-Japan Equity Tracker Fund X Inc+	6,020	6.02
3,779,321	abrdn Emerging Markets Income Equity Fund ZA Inc+	2,889	2.89
4,925,426	abrdn Europe ex UK Income Equity Fund ZA Inc+	6,048	6.05
4,306,659	abrdn Japan Equity Tracker Fund X Inc+	4,736	4.74
6,935,043	abrdn UK High Income Equity Fund ZA Inc+	4,253	4.25
5,111,909	abrdn UK Income Equity Fund Z Inc+	5,828	5.83
9,159,979	abrdn UK Income Unconstrained Equity Fund ZA Inc+	4,252	4.25
1,141,211	abrdn UK Smaller Companies Fund ZA Inc+	2,296	2.30

Portfolio Statement

As at 30 September 2023 continued

Holding	Investment	Market value £'000	Percentage of total net assets
Property Funds (5.57%)		**4,446**	**4.45**
1,025,019	abrdn Global Real Estate Fund ZA Inc+	626	0.63
4,232,838	abrdn Global Real Estate Share Fund ZA Inc+	1,614	1.61
5,106,782	abrdn UK Real Estate Fund ZA Inc+	2,206	2.21
Total investment assets		99,385	99.40
Net other assets		604	0.60
Total Net Assets		**99,989**	**100.00**

All investments are regulated collective investment schemes within the meaning of the FCA rules.
The percentage figures in brackets show the comparative holding as at 31 March 2023.
+ Managed by subsidiaries of abrdn plc.

Financial Statements

Statement of Total Return

For the six months ended 30 September 2023

	30 September 2023		30 September 2022	
	£'000	£'000	£'000	£'000
Income:				
Net capital losses		(706)		(12,970)
Revenue	2,225		2,307	
Expenses	(290)		(352)	
Net revenue before taxation	1,935		1,955	
Taxation	(200)		(159)	
Net revenue after taxation		1,735		1,796
Total return before distributions		**1,029**		**(11,174)**
Distributions		(2,074)		(2,146)
Change in net assets attributable to unitholders from investment activities		**(1,045)**		**(13,320)**

Statement of Change in Net Assets Attributable to Unitholders

For the six months ended 30 September 2023

	30 September 2023		30 September 2022	
	£'000	£'000	£'000	£'000
Opening net assets attributable to unitholders		**108,571**		**137,601**
Amounts receivable on the issue of units	122		234	
Amounts payable on the cancellation of units	(9,513)		(13,547)	
		(9,391)		(13,313)
Change in net assets attributable to unitholders from investment activities (see above)		(1,045)		(13,320)
Retained distribution on accumulation units		1,854		1,914
Closing net assets attributable to unitholders		**99,989**		**112,882**

Comparative information is provided for the statement of change in net assets attributable to unitholders. Since this information is for the prior interim period, the net assets at the end of that period do not correspond to the net assets at the start of the current period.

Financial Statements
Continued

Balance Sheet
As at 30 September 2023

	30 September 2023		31 March 2023	
	£'000	£'000	£'000	£'000
Assets:				
Fixed assets:				
Investment assets		99,385		105,880
Current assets:				
Debtors	437		396	
Cash and bank balances	633		3	
Cash equivalents	-		2,924	
		1,070		3,323
Total assets		**100,455**		**109,203**
Liabilities:				
Creditors	(375)		(520)	
Distribution payable	(91)		(112)	
		(466)		(632)
Total liabilities		**(466)**		**(632)**
Net assets attributable to unitholders		**99,989**		**108,571**

Notes to the Financial Statements of abrdn Dynamic Distribution Fund

Accounting Policies

For the six months ended 30 September 2023.

Basis of Accounting

The financial statements have been prepared under the historical cost basis, as modified by the revaluation of investments, and in accordance with the Statement of Recommended Practice (SORP) for Financial Statements of Authorised Funds issued by the Investment Management Association in May 2014 (IMA SORP 2014), FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland.

The Manager has undertaken a detailed assessment, and continues to monitor, the fund's ability to meet its liabilities as they fall due, including liquidity, declines in global capital markets and investor redemption levels. Based on this assessment, the fund continues to be open for trading and the Manager is satisfied the fund has adequate financial resources to continue in operation for at least the next 12 months and accordingly it is appropriate to adopt the going concern basis in preparing the financial statements.

Distribution Policy

The revenue from the fund's investments accumulates during each accounting period. If revenue exceeds expenses during the period, the net revenue of the fund is available for distribution (or re-investment) at unit class level to the unitholders in accordance with the Financial Conduct Authority's Collective Investment Schemes Sourcebook. If expenses exceed revenue during the period, the net revenue shortfall may be funded from capital.

The fund makes dividend distributions.

Gains and losses on non-derivative investments and currencies, whether realised or unrealised, are taken to capital and are not available for distribution. For derivative investments, where positions are undertaken to enhance capital return, the gains and losses are taken to capital, otherwise where they generate revenue, the amounts are included as revenue or expense and affect distributions.

Distribution Tables

For the six months ended 30 September 2023 (in pence per unit)

First interim dividend distribution

Group 1 – units purchased prior to 1 April 2023
Group 2 – units purchased between 1 April 2023 and 30 June 2023

	Revenue	Equalisation	Distribution paid 31/08/23	Distribution paid 31/08/22
Retail accumulation				
Group 1	0.7885	–	0.7885	0.7185
Group 2	0.5726	0.2159	0.7885	0.7185
Retail income				
Group 1	0.4221	–	0.4221	0.4001
Group 2	0.0275	0.3946	0.4221	0.4001
Institutional accumulation				
Group 1	0.8466	–	0.8466	0.7665
Group 2	0.4914	0.3552	0.8466	0.7665
Institutional income				
Group 1	0.4620	–	0.4620	0.4345
Group 2	0.1180	0.3440	0.4620	0.4345
Institutional regulated accumulation				
Group 1	0.8640	–	0.8640	0.7785
Group 2	0.8640	–	0.8640	0.7785
Platform 1 accumulation				
Group 1	0.6900	–	0.6900	0.6256
Group 2	0.2637	0.4263	0.6900	0.6256
Platform 1 income				
Group 1	0.4664	–	0.4664	0.4389
Group 2	0.2191	0.2473	0.4664	0.4389
ZC accumulation				
Group 1	0.8669	–	0.8669	0.7774
Group 2	0.6768	0.1901	0.8669	0.7774

Distribution Tables

For the six months ended 30 September 2023 (in pence per unit) continued

Second interim dividend distribution

Group 1 – units purchased prior to 1 July 2023
Group 2 – units purchased between 1 July 2023 and 30 September 2023

	Revenue	Equalisation	Distribution paid 30/11/23	Distribution paid 30/11/22
Retail accumulation				
Group 1	1.0796	–	1.0796	0.8932
Group 2	0.3661	0.7135	1.0796	0.8932
Retail income				
Group 1	0.5735	–	0.5735	0.4935
Group 2	0.0093	0.5642	0.5735	0.4935
Institutional accumulation				
Group 1	1.1689	–	1.1689	0.9604
Group 2	0.4244	0.7445	1.1689	0.9604
Institutional income				
Group 1	0.6331	–	0.6331	0.5403
Group 2	0.0445	0.5886	0.6331	0.5403
Institutional regulated accumulation				
Group 1	1.2015	–	1.2015	0.9807
Group 2	1.2015	–	1.2015	0.9807
Platform 1 accumulation				
Group 1	0.9526	–	0.9526	0.7827
Group 2	0.2229	0.7297	0.9526	0.7827
Platform 1 income				
Group 1	0.6384	–	0.6384	0.5452
Group 2	0.1589	0.4795	0.6384	0.5452
ZC accumulation				
Group 1	1.2122	–	1.2122	0.9842
Group 2	0.3962	0.8160	1.2122	0.9842

Equalisation

This applies only to units purchased during the distribution period (group 2 units). It is the average amount of revenue included in the purchase price of group 2 units and is refunded to the holders of these units as a return of capital. Being capital it is not liable to income tax but must be deducted from the cost of units for capital gains tax purposes.

Further Information

abrdn Dynamic Distribution Fund is an authorised unit trust scheme under FCA regulations.

Consumers' rights and protections, including any derived from EU legislation, are currently unaffected by the result of the UK referendum to leave the European Union and will remain unchanged unless and until the UK Government changes the applicable legislation.

Documentation and Prices

Copies of the current Prospectus and Key Investor Information Documents (KIIDs) for the abrdn Dynamic Distribution Fund, daily prices, together with the latest Annual (and if issued later the interim) Report and Accounts for any fund, are available to download at **abrdn.com**. A paper copy of the Report and Accounts is available on request from the Manager.

Notices/Correspondence

Please send any notices to abrdn Fund Managers Limited, PO Box 12233, Chelmsford, Essex, CM99 2EE. Any notice to the Manager will only be effective when actually received by the Manager. All notices will be sent to the investor at the address set out in the application form or the latest address which the investor has notified to the Manager, and will be deemed to have been received three days after posting. Events detailed in these terms and conditions will be carried out on the dates specified, unless the dates are a non-business day, when they will be carried out on the next business day.

Complaints and Compensation

If you need to complain about any aspect of our service, you should write to the Complaints Team, abrdn, PO Box 12233, Chelmsford, CM99 2EE, who will initiate our formal complaints procedure. If you prefer, you may call the Complaints Team on 0345 113 6966 or email **complaints@abrdn.com** in the first instance.

Alternatively if you have a complaint about the Company or Funds you can contact the Trustee directly. A leaflet detailing our complaints procedure is available on request. We will endeavour to respond to your complaint as soon as possible and will notify you of our outcome within 8 weeks. If the complaint is not resolved by us to your satisfaction then you may have the right to take your complaint to the Financial Ombudsman Service (FOS). To contact the FOS Service you should write to The Financial Ombudsman Service, Exchange Tower, London, E14 9SR, email **complaint. info@financial-ombudsman.org.uk** or telephone 0800 023 4567 (free for landlines and mobiles) or 0300 123 9123 (calls cost no more than calls to 01 and 02 numbers) or +44 20 7964 0500 (available from outside the UK – calls will be charged).

We are covered by the Financial Services Compensation Scheme, which means if we become insolvent, you may be entitled to compensation. The level of compensation will depend on the type of business and the circumstances of your claim. Investments are covered up to £85,000 for claims against firms that fail on or after 1 April 2019. Details are available from the FSCS Helpline on 0800 678 1100 or 020 7741 4100 and on the FSCS website: **www.fscs.org.uk**.

Important Information

Issued by abrdn Fund Managers Limited. Authorised and regulated by the Financial Conduct Authority in the United Kingdom.

abrdn.com

0002555335