abrdn Total Dynamic Dividend Fund

Quarterly Commentary

Three-month period ended January 31, 2024

Fund performance

The abrdn Total Dynamic Dividend Fund returned 12.11%[1] on a net asset value basis for the three-month period ending January 31, 2024, underperforming the 15.15% return of its benchmark, the MSCI All Country (AC) World Net Index[2].

In terms of individual stock detractors, the largest one was Ping An Insurance Group, driven by fears that it would have to provide 'national service' to the Chinese state by bailing out Country Garden, the ailing property developer. The company has denied the rumors. A weak market environment has been a drag on the share price of Hong Kong Exchanges & Clearing. However, we remain positive on the role that the exchange continues to play as a conduit for investment into and out of China over the long term. During the period, Newmont Corporation successfully completed its previously announced acquisition of Newcrest Mining. Newmont's stock experienced a sell-off after the Australian media reported the suspension of the company's Telfer mine due to the detection of cracks at an on-site tailings dam. Furthermore, in January, gold prices declined as aggressive bets on the US Federal Reserve (Fed)'s future interest-rate cuts were viewed as excessive. Additionally, investors expressed concerns about Newmont's rising production costs.

In terms of individual stock contributors, the largest one was BE Semiconductor Industries (BESI), the semiconductor equipment manufacturing company. The stock's strong performance was driven by enthusiasm over BESI's exposure to high-bandwidth memory, which is a key component of more powerful, artificial intelligence (AI)-related chips. Broadcom shares performed well after the successful completion of the VMware acquisition, which should prove accretive to earnings, as well as growing confidence in a 'soft landing' (helped by a fast-growing AI component) in fiscal year 2024. The share price of Taylor Wimpey, and those of UK housebuilders in general, have enjoyed a strong rebound since the lows in October. Investors are increasingly focusing on expected interest-rate cuts in 2024 and slightly better mortgage rates for buyers, ahead of the important spring selling season.

Cumulative and annualized total return as of December 31, 2023 (%)

	NAV	Market Price	MSCI AC World Net Total Return
Since inception (p.a.)	2.91	1.60	6.20
10 Years (p.a.)	8.01	8.08	7.93
5 Years (p.a.)	10.68	10.91	11.72
3 Years (p.a.)	5.66	4.89	5.75
1 Year	14.73	12.60	22.20
Year to date	14.73	12.60	22.20
3 months	11.21	9.01	11.03
1 month	4.77	3.81	4.80

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 original cost. Current performance may be lower or higher than the performance quoted. NAV return data includes investment management fees, custodial charges and administrative fees (such as Director and legal fees) and assumes the reinvestment of all distributions. Effective February 28, 2020, the MSCI All Country World Index (Net Dividends) replaced the MSCI All Country 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.

[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. Indexes are unmanaged and have been provided for comparison purposes only. No fees or expenses are reflected. You cannot invest directly in an index.

Market review

Global equity markets ended the period notably higher, supported by reduced inflationary pressures in most developed economies after a prolonged period of monetary tightening. The improved backdrop means that major central banks are close to the end of the rate-hike cycle and are expected to start cutting them in 2024. Nevertheless, they remain determined to keep inflation under control for now. Stronger-than-expected economic data—especially in the US—boosted hopes that a 'soft landing' could be achieved. Nevertheless, the global economic backdrop remains uncertain. Other concerns include the ongoing wars in Ukraine and the Middle East, as well as an uncertain outlook for the Chinese economy (despite further policy easing).

US equities ended markedly higher. Large technology companies fared especially well as they benefited from their exposure to the fast-growing area of AI, with lower bond yields providing an additional tailwind for the sector. Inflationary pressures continued to ease over the period after a succession of interest-rate increases from the Fed since early 2022. In particular, the central bank's favored measure of inflation, the core Personal Consumptions Expenditures Price Index, fell from an annual rate of 3.2% in November to 2.9% in December, which was lower than expected, but remained above the 2% target. As a result, the Fed, at its latest meeting, kept the target range for its fed funds rate at a 22-year-high of 5.25-5.50%. Also, Fed Chairman Jerome Powell stated that a rate cut in March seems unlikely as the central bank continues with its data-dependent approach.

European equities rose over the period. Fourth-quarter GDP growth in the eurozone was flat, so a technical recession was narrowly avoided. According to initial estimates, consumer prices rose by 2.8% year on year in January (down from 2.9% in December and as expected), while annual core inflation dropped from 3.4% to 3.3%, which was slightly higher than expected. Therefore, the European Central Bank kept its main refinancing operations rate at a 22-year high of 4.5% over the period. The HCOB Eurozone Composite Purchasing Managers' Index remained below 50 over the period, translating into a contraction in business activity (led by weakness in the region's manufacturing sector).

UK equities ended higher but underperformed most other regional indices. Annual consumer price inflation rose from 3.9% in November to 4% in December, remaining above the Bank of England (BoE)'s 2% target, while the core rate was unchanged at 5.1%; both measures were higher than expected. As a result, the BoE maintained its Bank Rate at a 16-year high of 5.25% over the period.

In the Asia Pacific region, stocks in Australia rose due to reduced concerns about the global economic outlook given signs of easing inflation in major countries and recent Chinese stimulus measures. Japanese equities performed well over the period. Annual consumer price inflation fell from 2.8% in November to 2.6% in December, while the core rate declined from 2.5% to 2.3%, as expected, but remained above the Bank of Japan (BoJ)'s 2% target. At its January meeting, the BoJ kept its key short-term interest rate at -0.1% and the target for the 10-year government bond yield at around 0%, maintaining its ultra-easy monetary stance. However, the yen modestly appreciated over the quarter, weighing on exporters, on hopes that the BoJ could soon change its stance and start raising rates.

Outlook

Macroeconomic factors remain as unpredictable as ever, with investors scrutinizing the latest data and trying to predict when a pause or pivot in the direction of interest rates might occur. Geopolitical pressures remain elevated throughout the world. Recessionary concerns are all too present as global growth stagnates against a backdrop of elevated inflationary pressures. Our main focus remains at the stock level, ensuring the portfolio is well diversified on both a regional and sectoral basis, and robust enough to preserve capital in periods of market weakness. We aim to invest in higher-quality businesses with the financial strength to withstand volatility and that are exposed to strong structural drivers for long-term growth.

Top 10 Fund holdings (as of December 31, 2023)[3]

Apple Inc	3.8
Microsoft Corp	3.5
Broadcom Inc	2.2
BE Semiconductor Industries NV	2.1
Alphabet Inc	1.8
Enbridge Inc	1.5
Engie SA	1.5
RWE AG	1.5
TotalEnergies SE	1.5
Target Corp	1.5
Percent of Portfolio in Top Ten	**21.0**

Source : abrdn 12/31/2023.

[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 Fund's portfolio, expressed as a percentage of net assets. Cash includes outstanding leverage as of month-end, which resulted in the negative cash position.

P/E ratio (price-to-earnings ratio) of a stock is a measure of the price paid for a share relative to the annual earnings per share.

Figures may not always sum to 100 due to rounding.

Important Information

Past performance is no guarantee of future results.

The MSCI information may only be used for your internal use, may not be reproduced or redisseminated in any form and may not be used as a basis for or a component of any financial instruments or products or indices. None of the MSCI information is intended to constitute investment advice or a recommendation to make (or refrain from making) any kind of investment decision and may not be relied on as such. Historical data and analysis should not be taken as an indication or guarantee of any future performance analysis forecast or prediction. The MSCI information is provided on an "as is" basis and the user of this information assumes the entire risk of any use made of this information. MSCI, each of its affiliates and each other person involved in or related to compiling, computing or creating any MSCI information (collectively, the "MSCI" Parties) expressly disclaims all warranties (including without limitation, any warranties of originality, accuracy, completeness, timeliness, non-infringement, merchantability and fitness for a particular purpose) with respect to this information. Without limiting any of the foregoing, in no event shall any MSCI Party have any liability for any direct, indirect, special, incidental, punitive, consequential (including, without limitation, lost profits) or any other damages (**www.msci.com**).

Closed-end funds are traded on the secondary market through one of the stock exchanges. The Fund's investment return and principal value will fluctuate so that an investor's shares may be worth more or less than the original cost. Shares of closed-end funds may trade above (a premium) or below (a discount) the net asset value (NAV) of the Fund. The net asset value (NAV) is the value of an entity's assets less the value of its liabilities. The market price is the current price at which an asset can be bought or sold. There is no assurance that the Fund will achieve its investment objective. Past performance does not guarantee future results.

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 www.abrdnaod.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.

Commentary contained within this document 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. Some of the information in this document may contain projections or other forward-looking statements regarding future events or future financial performance of countries, markets or companies. These statements are only predictions and actual events or results may differ materially. The reader must make his/ her own assessment of the relevance, accuracy and adequacy of the information contained in this document, and make such independent investigations, as he/she may consider necessary or appropriate for the purpose of such assessment.

Any opinion or estimate contained in this document is made on a general basis and is not to be relied on by the reader as advice. Neither abrdn nor any of its agents have given any consideration to nor have they made any investigation of the investment objectives, financial situation or particular need of the reader, any specific person or for any loss arising whether directly or indirectly as a result of the reader, any person or group of persons acting on any information, opinion or estimate contained in this document.

abrdn reserves the right to make changes and corrections to its opinions expressed in this document at any time, without notice.

Accordingly, no warranty whatsoever is given and no liability whatsoever is accepted for any loss arising whether directly or indirectly as a result of the reader, any person or group of persons acting on any information, opinion or estimate contained in this document.

For more information visit abrdn.com