

## Aberdeen Global Dynamic Dividend Fund<sup>1</sup>

### Fund performance

Aberdeen Global Dynamic Dividend Fund returned -11.40%<sup>2</sup> on a net asset value basis for the fourth quarter of 2018, outperforming the -12.65% return of its benchmark, the MSCI All Country (AC) World Index.<sup>3</sup>

Both stock selection and sector allocation contributed to the Fund's performance relative to the benchmark for the quarter. From a stock selection perspective, holdings in the information technology, industrials and consumer discretionary sectors added the most value. In terms of sector allocation, an overweight position in utilities and the Fund's position in cash bolstered performance. The largest contributors to Fund performance among individual holdings included an overweight allocation relative to the benchmark to CCR S.A., along with positions in Cosan Logistica and Randgold Resources, neither of which is a constituent of the MSCI AC World Index. Shares of CCR S.A., a Brazilian toll road operator, rallied along with the Brazilian equity market following Jair Bolsonaro's

victory in the country's presidential election in October 2018. The company also benefited from expectations for additional privatizations of the country's toll roads. Furthermore, CCR reached an agreement with the Brazilian government to settle allegations of corruption against the company. Cosan Logistica is a holding company whose sole asset is shares of Rumo, a railway concession operator in Brazil. The company's shares rallied as political uncertainties in Brazil dissipated. In addition, Cosan Logistica has instituted a large capital expenditure plan in a bid to take market share away from higher-cost truck operators. This initiative is bearing fruit, as demonstrated by improved third-quarter 2018 earnings growth and overall robust volumes. Randgold Resources is a gold mining company that reported strong earnings for the third quarter of its 2018 fiscal year as its expenses were generally lower than expected. The company also approved its merger with Barrick Gold effective at the beginning of 2019.

Conversely, stock selection in the financials, utilities and materials sectors hampered the Fund's performance relative to the benchmark over the quarter. In terms of sector allocation, an underweight position in consumer staples and an overweight allocation to energy had a negative impact on performance. The primary individual stock detractors from Fund performance were holdings in Stora Enso, Schlumberger Ltd., and FedEx Corp. Stora Enso is a Finland-based manufacturer of pulp, paper and other forest products. The company was hampered by weak pulp prices in China, coupled with investors' fears of moderating global economic growth and less demand for pulp. Shares of Schlumberger, an oilfield services company, fell due to sharply lower oil prices over the quarter. The company also lowered its earnings guidance for the fourth quarter of its 2018 fiscal year given a slowdown in activity North America, especially hydraulic fracturing. Shares of FedEx Corp. declined due to the company's reduced earnings guidance for fiscal year 2019, and weaker economic growth in Europe and China.

<sup>1</sup> Fund acquired all of the assets and liabilities of the Alpine Global Dynamic Dividend Fund (the "Predecessor Fund"), a series of Alpine Equity Trust, in connection with a reorganization that occurred as of the close of business on May 4, 2018. Aberdeen Asset Management Inc. became the investment adviser effective upon the closing of the reorganization. The Predecessor Fund was managed by a different investment adviser. The returns presented for the Fund before May 5, 2018, reflect the performance of the Predecessor Fund.

<sup>2</sup> 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. 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.

<sup>3</sup> 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. Index performance is not an indication of the performance of the Fund itself. For complete fund performance, please visit [aberdeenstandard.us](http://aberdeenstandard.us).

### Market review

Global financial markets swung wildly and volatility increased during the fourth quarter of 2018. Global equities, as measured by the MSCI AC World Index, suffered their largest monthly decline in over six years in October, before stabilizing, then falling sharply again in December. The index returned -12.65% in U.S. dollar terms during the quarter, its largest loss since the third quarter of 2011. This poor end-of-year performance led to an annual return of -11%, with 2018 representing the weakest year for global equities since the global financial crisis of 2007-2008. Given the recent longest bull market in history, we think that a pullback may have been overdue.

The energy sector saw weak performance during the fourth quarter, tracking a steady decline in the oil price caused by fears of a supply glut and stuttering economic growth. Technology companies, which had led the charge for most of 2018, also suffered heavy losses amid softer demand prospects and investors' valuation concerns. Traditionally more defensive categories, such as utilities, telecommunications and consumer staples, fared better, although most still posted negative returns for the quarter. The U.S. equity market changed course and underperformed the global market during the fourth quarter, wiping out gains made earlier in the year. The repricing of risk assets was widespread, with most regional equity markets posting declines; however, emerging markets held up relatively well. Latin America and Brazil, in particular, performed well in the fourth quarter.

Other asset classes also experienced an eventful quarter. At the start of October, the 10-year U.S. Treasury note yield rose sharply and traded consistently above 3% for the first time since mid-2011, before retreating in December. These market moves took place against mixed signals from global economic activity and the gradual, yet persistent, tightening of financial conditions. In our view, market moves also reflected the ebb and flow of ongoing trade tensions and

heightened political uncertainty in Europe and elsewhere. We feel that these issues are a reminder of the narrow path that central banks are treading in their quest for policy "normalization," in a generally challenging policy environment.

### Outlook

In our opinion, politics and national self-interest look set to remain key themes going into 2019, but from a business perspective, no one wins over protectionism. We think that global barriers to trade are likely to result in companies experiencing lower growth and higher costs and—while

rationally and intellectually bankrupt as a policy—until common sense prevails, it will continue to weigh on financial markets. We have remained generally cautious on global equity markets in terms of the expansion of earnings multiples<sup>4</sup> ascribed to corporates given the still fairly muted backdrop of economic growth despite until more recently, ultra-loose monetary policy within the developed world. As debt burdens continue to grow in absolute terms, we believe that there is a risk that increased funding costs will ultimately lead to further budgetary pressures. In our view, trade tensions are perhaps just a different

### Aberdeen Global Dynamic Dividend Fund Total Returns (%)\*

	Cumulative as of Dec. 31, 2018			Annualized as of Dec. 31, 2018				Since Fund Inception 7/26/06
	1 Mo	3 Mo	YTD	1 Yr	3 Yrs	5 Yrs	10 Yrs	
NAV	-7.3	-11.4	-8.8	-8.8	7.0	5.7	7.9	0.9
Market Price	-9.0	-15.9	-15.0	-15.0	7.0	4.5	5.9	-0.8
MSCI AC World Index	-7.0	-12.7	-8.9	-8.9	7.2	4.8	10.0	5.6

\*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. Returns for periods less than one year are not annualized.

### Top Ten Issuers (as of Dec. 31, 2018)\*

	% of Fund
Apple	1.9
Broadcom	1.6
Veolia Environnement	1.5
Enbridge	1.5
Nextera Energy Inc.	1.4
Ferrovial	1.4
Essity AB	1.4
Intel Corp.	1.4
LG Chemical	1.4
Daito Trust Construction	1.3
<b>Total</b>	<b>14.6</b>

\*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.

<sup>4</sup> The price/earnings multiple is calculated by dividing a company's current share price by the company's earnings per share.

dimension of sluggish domestic conditions but, whatever the reasons, increased trade barriers are just another obstacle in the way of economic growth.

Global equity markets have until very recently surprised investors by their ability to overlook some notable headwinds. However, following the recent tightening cycle in the U.S., the topics of rising debt, rising interest rates, stretched valuations, combined with increasing political risk and potential disruptions to global supply chain, appear to be back on the agenda. These present a challenging environment to navigate. Against this backdrop, we remain committed to finding companies that pay dividends and, in our judgment, are growing their dividends backed by strong cash flows, as well as organizations with proven and sustainable business models where management teams have a conservative mindset toward balance-sheet structure. We continuously look to strengthen the Fund's portfolio with businesses that we believe have moats<sup>5</sup> and strong positions which will diversify<sup>6</sup> the Fund's overall exposure, while remaining cognizant about current valuations, which we continue to view as stretched in certain areas of the market.

<sup>5</sup> A moat refers to the ability of a business to maintain competitive advantages over its competitors in order to protect its long-term profits and market share from competing firms.

<sup>6</sup> Diversification does not ensure a profit or protect against a loss in a declining market.

## IMPORTANT INFORMATION

### PAST PERFORMANCE IS NO GUARANTEE OF FUTURE RESULTS.

Aberdeen Standard Investments is a brand of the investment businesses of Aberdeen Asset Management and Standard Life Investments.

*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 [aberdeenAGD.com](http://aberdeenAGD.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 Aberdeen Standard Investments 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.

In the United States, Aberdeen Standard Investments is the marketing name for the following affiliated, registered investment advisers: Aberdeen Standard Investments Inc., Aberdeen Asset Managers Ltd., Aberdeen Standard Investments Australia Ltd., Aberdeen Standard Investments (Asia) Ltd., Aberdeen Capital Management, LLC, Aberdeen Standard Investments ETFs Advisors LLC and Standard Life Investments (Corporate Funds) Ltd.

© 2019 This material is owned by Standard Life Aberdeen or one of its affiliates. This material is the property of Standard Life Aberdeen and the content cannot be reproduced.