abrdn Total Dynamic Dividend Fund

Quarterly Commentary

Three-month period ended July 31, 2023

Fund performance

The abrdn Total Dynamic Dividend Fund returned 3.51%[1] on a net asset value basis for the three-month period ending July 31, 2023, underperforming the 8.50% return of its benchmark, the MSCI All Country (AC) World Net Index[2].

At the stock level, a lack of exposure to low or no dividend-paying companies, including NVIDIA, Tesla, and Amazon, hurt relative performance.

Otherwise, Heineken disappointed investors as it announced a weaker set of first-half results at the end of July. The company reduced its guidance for the year as higher pricing has failed to offset volume declines. France-based IT services firm Teleperformance detracted as it reported poorer-than-expected results. We continue to monitor the company closely but appreciate the cash flow returns it offers. Target Corporation was a headwind to performance. Despite reporting earnings for its fiscal 2024 first quarter that beat expectations as gross margins improved, the company guided its second-quarter earnings lower due to softening trends.

Conversely, a number of the portfolio's holdings, including BE Semiconductor Industries and Broadcom, performed strongly due to excitement surrounding artificial intelligence after NVIDIA's bullish forecast. Melrose Industries spun off its automotive business to become a pure-play aerospace company. In addition, it held its first 'capital markets day' as a stand-alone company. Management presented a comprehensive overview of the aerospace business's positive fundamentals.

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

	NAV	Market Price	MSCI AC World Net Total Return
Since inception (p.a.)	2.83	1.65	6.14
10 Years (p.a.)	8.70	8.95	8.64
5 Years (p.a.)	7.52	7.19	8.24
3 Years (p.a.)	10.26	10.33	10.41
1 Year	10.74	8.39	12.91
Year to date	11.94	12.81	18.11
3 months	3.51	3.60	8.50
1 month	2.38	2.15	3.66

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.

Market review

Global equity markets ended the quarter higher, driven by optimism that interest rates were close to peak levels. Investors' main focus over the period continued to be the extent to which the world's major central banks would have to tighten monetary policy in order to combat still above-target inflation. Headline annual inflation in most developed economies continued to fall over the quarter but remains positive, signalling that prices are still rising. Meanwhile, the global banking sector crisis in March raised the risk of a credit crunch, increasing the likelihood of a recession.

[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.

Therefore, major central banks are now likely to limit the number of future interest-rate increases but remain determined to keep inflation under control. Otherwise, after months of uncertainty, a compromise agreement to suspend the U.S. debt ceiling until January 2025 was finally reached in late May and signed into law in early June, thereby reducing the risk of a potentially disastrous default.

U.S. equities ended higher. In particular, large technology companies benefited from their exposure to the fast-growing area of artificial intelligence, despite a backdrop of higher bond yields. Inflationary pressures remained elevated but started to ease somewhat as the quarter progressed. The U.S. Federal Reserve (Fed)'s favored measure of inflation, the core Personal Consumptions Expenditures Price Index, fell from an annual rate of 4.7% in April to a lower-than-expected 4.1% in June but remained above the 2% target. As a result, the Fed increased the target range for the fed funds rate by 25 basis points (bps) in both May and July, taking it to 5.25-5.50%. The yield on 10-year Treasuries rose steadily over the quarter to end it just below 4.0%.

European equities rose over the quarter. Annual inflation eased from 7.0% in April to an estimated 5.3% in July but remained well above the European Central Bank (ECB)'s 2% target. Therefore, the ECB raised interest rates by 25 bps three times over the quarter. Meanwhile, the yield on 10-year German Bunds rose over the quarter to end it just below 2.5%.

UK equities lagged other regional indices. Annual inflation fell from 8.7% in April to a lower-than-expected 7.9% in June but remained well above the Bank of England (BoE)'s 2% target. Moreover, annual core inflation has also stayed elevated, edging up from 6.8% in April to 6.9% in June. Therefore, the BoE raised its Bank Rate by 25 bps in May then by a further 50 bps in June, taking it to 5.00%.

In the Asia Pacific region, stocks in Australia were lackluster due to concerns about the global economic outlook given further US monetary tightening, the risk of a credit crunch and the slowing Chinese economy. Japanese equities ended notably higher. Despite annual core inflation remaining above the Bank of Japan's 2% target, the central bank still has a relatively dovish monetary policy stance compared with other major central banks. As a result, the yen 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 Fund holdings (as of July 31, 2023)[3]

Apple Inc	4.1
Microsoft Corp	3.2
Broadcom Inc	1.8
BE Semiconductor Industries NV	1.8
Alphabet Inc	1.8
Engie SA	1.6
Lowes Cos Inc	1.6
TJX Cos Inc/The	1.5
Coca-Cola Co/The	1.4
RWE AG	1.4
Percent of Portfolio in Top Ten	**20.1**

Source : abrdn 07/31/2023.

[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 **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 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

AA-250823-167487-22