abrdn Global Income Fund

Quarterly Commentary

Quarter ended January 31, 2024

Fund performance

The Fund returned 9.2% on a net asset value[1] basis for the period ended January 31, 2024, versus the 8.7% return of its blended benchmark[2] for the same period. While the performance of the net asset value includes the impact of leverage[3], the benchmark performance does not.

Lower bond yields and tighter credit spreads in EM debt and global HY contributed to the positive total return for the reporting period. The Fund's use of leverage magnified the positive impact of the investment returns on the net asset value.

Leverage is used strategically by the Fund to support its income-generating capacity. The Fund continues to benefit from a positive interest rate differential between the interest income on the investment portfolio and the cost of the leverage.

Relative to the Fund's blended benchmark, the investment portfolio outperformed. The principal driver of the outperformance was the overweight allocation to EM debt.

Top 10 Holdings (%)

Mineral Resources 8% 2027	2.3
Nota Do Tesouro Nacional 10% 2029	2.1
Oman (Govt of) 7% 2051	2.1
HDFC Bank 8.1% 2025	2.0
Commonwealth Bank Aust 6.705% 2038	1.8
Peru (Govt of) 6.9% 2037	1.6
Turkey (Govt of) 9.375% 2033	1.5
Dominican (Govt of) 5.875% 2060	1.5
Indonesia (Govt of) 8.125% 2024	1.4
Indonesia (Govt of) 3.7% 2049	1.3
Percent of Portfolio in Top Ten	17.6

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

[1] Net asset value (NAV) – A key measure of the value of a company, fund or trust – the total value of assets less liabilities, divided by the number of shares.

[2] The Fund's blended benchmark is composed of 25% iBoxx Asia Government, 25% ICE BofA Merill Lynch Global High Yield Constrained, 35% JP Morgan EMBI Global Diversified, 10% ICE BofA Merrill Lynch Australian Government, 5% ICE BofA New Zealand Government.

[3] Leverage – Usually refers to a fund being exposed by more than 100% of its net asset value to assets or markets; typically resulting from the use of debt or derivatives.

Cumulative and annualised total return as of January 31, 2024 (%)

NAV	NAV	Market Price
Since inception (p.a)	5.32	6.05
10 Years (p.a)	0.46	4.65
5 Years (p.a)	-1.44	5.02
3 Years (p.a)	-5.17	0.29
1 Year	4.03	8.60
Year to Date	-1.39	-18.21
3 Months	7.74	-10.92
1 month	-1.39	-18.21

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 data quoted. NAV return data includes investment management fees, custodial charges, bank loan expenses, and administrative fees (such as Director and legal fees) and assumes the reinvestment of all distributions. 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

Economic & market overview

Government bonds rallied aggressively as weak data and some dovish policymaker comments firmed expectations of US monetary policy easing in the first half of 2024. The 10-year US Treasury yield fell by 102bps to 3.91% while the 2-year yield fell by 88bps to 4.21%. Nevertheless, the Federal Reserve (Fed) maintained its current stance for a fourth consecutive meeting in January with officials noting they would need greater confidence that inflation is moving sustainably towards 2% before they move to cut rates. US inflation continues to trend lower but has remained stickily at or above 3%. The Brent crude oil price fell by 6.5% to $81.7 a barrel as weak demand offset OPEC+ supply cuts and fears over potential supply disruptions due to attacks in the Red Sea.

EM debt & currencies

It was a strong quarter for emerging market debt with the JPMorgan EMBI Global Diversified Index of hard-currency debt returning 9.5%. Pakistan and Argentina led performance with returns of over 37% as the countries looked set to secure their latest tranches of International Monetary Fund (IMF) bailout. Such funding is critical for Pakistan's fiscal recovery and to avoid it defaulting on its debt while Argentina continues to face staggeringly high inflation (200% in December). In local-currency debt the JPMorgan GBI-EM Global Diversified Index (unhedged in US dollar terms) returned 7.0% with Egypt the notable contributor as it returned -53.5%. Egypt has particularly weak debt metrics and high exposure to foreign exchange and interest rate risks. Egypt reached a preliminary funding agreement with the IMF. Issuance picked up significantly, with sovereigns issuing US$46.8bn in January.

Global high yield

Market exuberance in late 2023 drove strong returns from global high yield as spreads tightened by 95bps. High yield continues to benefit from a strong technical backdrop as money flows into the asset class in sizeable amounts from investors searching for attractive all-in yields. New issue activity picked up across the globe, most strongly in January as issuers rushed to the market to capture more favourable funding costs than have been available in recent months. Issuers raised $60bn over the quarter. This compares with $176bn raised over 2023, which though significantly higher than 2022 is the third lowest annual total since the global financial crisis.

Asian bonds

The backdrop for Asian bonds remains positive with inflation generally stable. The greater concern arguably is not rising inflation but China and Thailand falling deeper into deflation. The Treasury rally boosted the returns from Asian credit allocations, though spreads also narrowed. Purchasing managers' indices highlighted mixed activity levels across the region. India continues to outperform while Singapore showed solid improvement. However, activity elsewhere remains subdued, with the factory sectors in Thailand, Malaysia and China continuing to contract despite some improvement since the start of 2024.

Outlook

In emerging markets, we continue to see value in the high yield / frontier space where spreads and yields look attractive. We remain cautious of countries with challenging amortisation schedules and significant need for market access given higher financing costs (several countries trade above 1,000bps), though we expect continued support from multilaterals and alternative sources to reduce default risk and provide ample room for spread compression and lower yields. EM local currency bond yields typically move lower during Fed easing cycles, which could weigh on the US dollar and see EM FX appreciate. In high yield, positive economic data and supportive technicals have buoyed the market in recent months while stable corporate fundamentals and increasingly accommodative central banks support the outlook. However, current valuations reflect this investor optimism, and we remain cautious on lower-quality issuers.

Important Information

Past performance is no guarantee of future results.

Closed-end funds are traded on the secondary market through one of the stock exchanges. The Company'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 Company's portfolio. 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 Company will achieve its investment objective.
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Fixed income securities are subject to certain risks including, but not limited to: interest rate (changes in interest rates may cause a decline in the market value of an investment), credit (changes in the financial condition of the issuer, borrower, counterparty, or underlying collateral), prepayment (debt issuers may repay or refinance their loans or obligations earlier than anticipated), and extension (principal repayments may not occur as quickly as anticipated, causing the expected maturity of a security to increase).

Derivatives are speculative and may hurt the portfolio's performance. They present the risk of disproportionately increased losses and/or reduced gains when the financial asset or measure to which the derivative is linked changes in unexpected ways.

Non-investment-grade debt securities (high-yield/junk bonds) may be subject to greater market fluctuations, risk of default or loss of income and principal than higher-rated securities.

International investing entails special risk considerations, including currency fluctuations, lower liquidity, economic and political risks, and differences in accounting methods; these risks are generally heightened for emerging market investments.

The Fund's use of leverage exposes the Fund to additional risks, including the risk that the costs of leverage could exceed the income earned by the Fund on the proceeds of such leverage. Additionally, in the event of a general market decline in the value of the Fund's assets, the effect of that decline will be magnified in the Fund because of the additional assets purchased with the proceeds of the leverage.

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