Annual Update
abrdn Multi-Asset Income Fund

July 2023

Annual review

The Fund's investment objective is to invest across a rangeof asset classes with the aim of delivering income each year that exceeds the Reserve Bank of Australia (RBA) cash rate as well as capital growth over the medium to longtermtohelpoffsetinflation.

For the 2022/23 financial year, the Fund achieved an income distribution return of 4.55% (including franking/tax credits) andcapitalgrowthof4.40% foratotal return(inc franking)of8.95%(beforefees)and8.16%(netoffees).

The Fund's income distribution return of 4.14% easily exceeded the RBA cash rate which averaged 2.92% over the period. For comparison, banks' special term deposit ratesaveraged2.37%.

The Fund's income distribution yield of 4.14% was marginally shy of the 2022/23 financial year target (calculatedusingthe30June2021application unitprice).

Incomeestimatefor 2023/24 Financial Year

5.18% [1]

The above 2023/24 income estimate is comprised of the following 3 components:

1 — Regular monthly paymentsof0.34CPU (4.36%)

2 — Financial year end distribution (or income reserve) paid in June 2023 (estimatedat0.36%)

3 — Franking credits (estimatedat0.45%)

The Fund's capital return of 4.39% over the periodwas far better than the return of Australian bonds over the same period that delivered just over 1% as consecutive increases in the cash rate from the RBA, negatively impacted bonds. Equity markets fared better over the second half of the financial year reflecting the positive capital gains in the fund.

Incomeestimate for the 2023/2024 Financial Year

The expected monthly cash distribution target for the 2022/23 financial year will remain at 0.34 cents per unit. The cash rate and bond yields are likely close to peak levels and we expect to begin to see central banks begin to reduce interest rates as inflation induced recessionary fears take hold. Equity market are also vulnerable and we expect earnings to come under pressure. Given this scenario we have decided to take a conservative approach given the likelihood of these risks manifesting over the next 12 months and directly impacting income orientated assets and strategies.

[1] Incomeestimateisnetoffeesandbasedontheapplicationunitpriceat30June2023.
Income estimate is purely from income sources and therefore does not include any potential for distributed capital gain. This incomeestimateisnotaguarantee.Assumesnoreinvestmentofincome.

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We expect the Fund to deliver a total income distribution yield of 5.18% for the 2023/24 financial year (which includes the cash distribution, franking credits, an income reserve, and is calculated using the application unit price as at 30 June 2023).

Our strategic asset allocation is based on a recent review conducted by the investment team (see details below). As part of this review, we intend to make some minor changes to our strategic asset allocation. Within major asset classes, we will continue to take advantage of market opportunities as they arise to rotate among, for example, different sectors in equity market and different currency denominations in emerging market debt.

We are aware of the importance of a competitive income distribution to our clients, yet are mindful of achieving it through a suitably balanced portfolio aimed at delivering both income and capital appreciation while incorporating an appropriate amount of risk.

Strategic Asset Allocation weights

From 31 July 2023 the Strategic Asset Allocation weightsfor the Fund are as follows:

28%	Australian equities
7%	International equities
1%	Property securities
12%	Alternatives
28%	Investment grade credit
22%	Sub-investment grade credit
2%	Cash and short maturity income

Performance summary as at 30 June 2023 (%)

	Financial year returns					To 30 Jun 2023
	FY18/19	**FY19/20**	**FY20/21**	**FY21/22**	**FY22/23**	**5 years (p.a.)**
Distribution Return (Regular Distribution + Income Reserve)	6.41	4.08	4.63	5.31	4.14	4.78
Growth return	0.88	-10.80	12.79	-10.08	4.39	1.57
Return, Gross of Fees, Net of Franking Credits	**7.29**	**-6.72**	**17.42**	**-4.77**	**8.53**	**6.35**
Plus Franking Credits	1.41	0.57	0.41	0.46	0.41	0.62
Return - Gross of Fees, Gross of Franking Credits	**8.70**	**-6.14**	**17.83**	**-4.30**	**8.94**	**6.96**
Less Fees	-0.77	-0.67	-0.84	-0.68	-079	-0.77
Return - Net of Fees, Gross of Franking Credits	**7.94**	**-6.81**	**16.99**	**-4.98**	**8.16**	**6.20**
Return - Net of Fees, Net of Franking Credits	**6.52**	**-7.38**	**16.58**	**-5.45**	**7.75**	**5.59**

- Performance summary details the outcome for a client invested for the period shown
- Distribution return combines the 12 monthly distributions + income reserve paid in June distribution
- Total income return is grossed up for franking credits and assumes reinvestment of income
- Total income return may be expressed differently in other client reports
- Performance figures are calculated using end-of-month exit prices, net of fees. Past performance is not a guide to future results.

Source: abrdn, State Street/Citi, AUD.

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The Fund provided a consistent monthly distribution of 0.34 cents per unit (CPU) for the majority of the financial year 2022/2023. The benefit of franking credits is realised on lodgement of an individual's tax return.

Income objective

The Fund has strived to meet its income objective while being mindful of trying to capture some capital gains and not just provide income at the expense of capital. For the financial year the fund exceeded the RBA cash rate. The distribution yield basedon the beginning of year unit price has comfortably and consistently exceeded the RBA cash rate and average special term deposit rates.

Growth objective

The Fund has achieved 1.56% p.a. capital growth since inception of the strategy to 30 June 2023 which has helped offset the impact of inflation on investors.

Previous years' distribution yield[2] vs term deposits (%)[3]

	Fund	Term deposits
2022/2023 Financial Year	4.1	2.4%
2021/2022 Financial Year	5.3	0.3%
2020/2021 Financial Year	5.2	0.2%
2019/2020 Financial Year	4.4	0.6%
2018/2019 Financial Year	7.6	1.5%
2017/2018 Financial Year	4.3	1.5%
2016/2017 Financial Year	5.2	1.5%
2015/2016 Financial Year	4.6	2.0%
2014/2015 Financial Year	5.1	2.3%
2013/2014 Financial Year	4.0	2.5%
2012/2013 Financial Year	5.1	3.1%
2011/2012 Financial Year	6.4	4.3%
2010/2011 Financial Year	6.5	4.7%
2009/2010 Financial Year	6.2	3.7%

Source: RBA, abrdn.

[2] Based on the 30 June unit price at the beginning of each period, net of fees.[3] Based on the average special term deposit rate during the relevant period. Past performance is not a guide to future results.

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The abrdn Multi-Asset Income Fund has two key objectives:

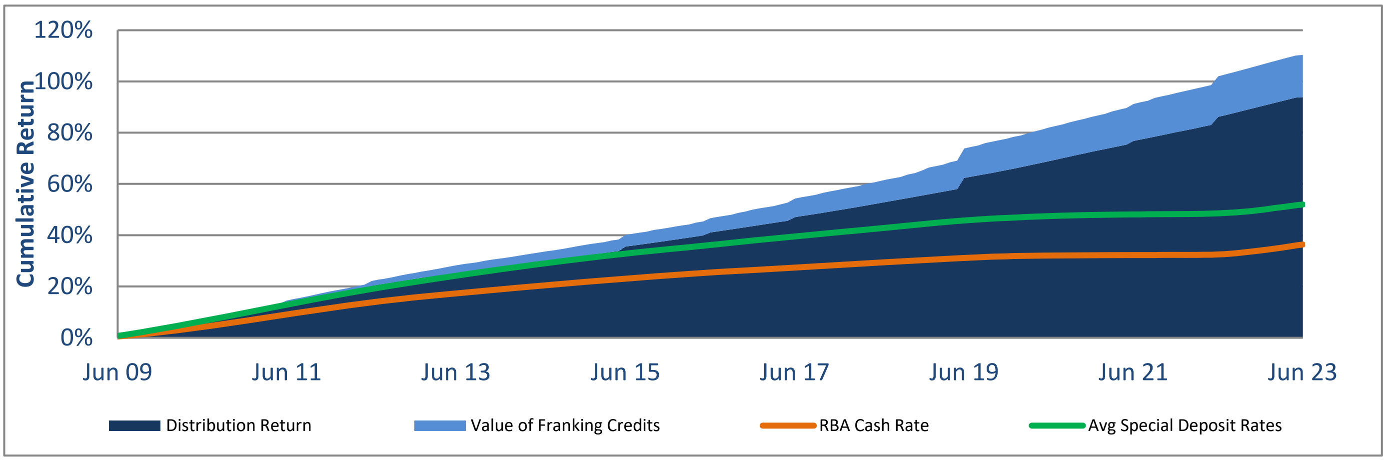
01 Income objective

The Fund has achieved its income objective and exceeded the RBA cash rate. The distribution yield based on the beginning of year unit price has comfortably and consistently exceeded the RBA cash rate and average special term deposit rates.

Long term comparative income return to 30 June 2023

This chart depicts how the Fund has delivered consistent and regular income. It also shows the benefit deliveredvia frankingcredits.

Chart 02: Cumulative Income Return



Source: abrdn, gross, 30 June 2023.

Past performance is not a guide to future results.

CPI is defined as the RBA's trimmed mean inflation rate as published by the Australian Bureau of Statistics.

Performance figures are calculated using end-of-month exit prices, net of fees. Past performance is not a guide to future results.

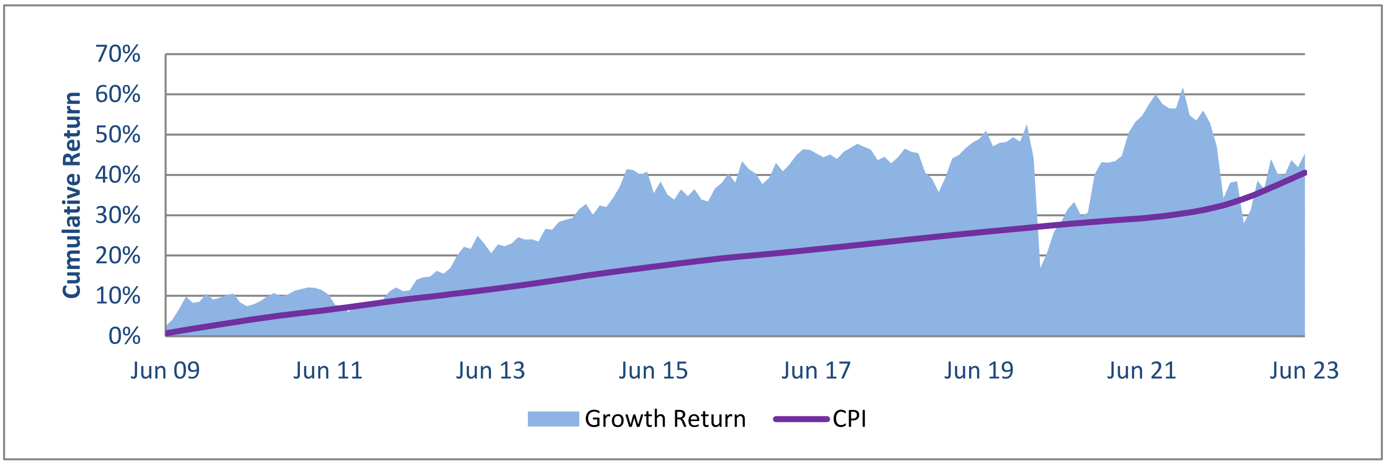
02 Growthobjective

To provide capital growth over the medium to long term.

Long term comparative income return to 30 June 2023

This chart depicts how the Fund's capital growth has more than kept pace with inflation.

Chart 03: Cumulative Growth Return



Source: abrdn, gross, 30 June 2023.

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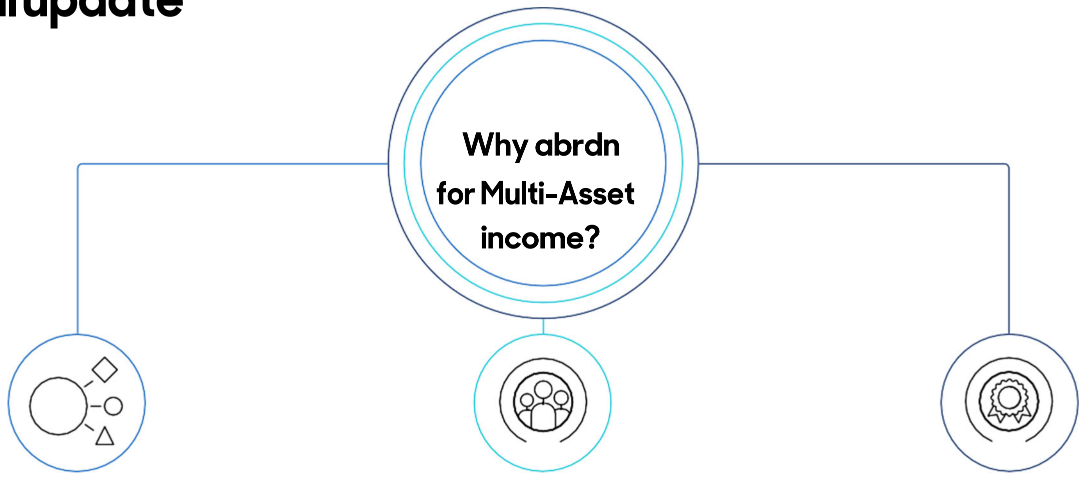

Our Multi-Asset investment process is tried and true with a strong track recordinvesting in multiple asset classes and sourcing regular, consistent income.

An experienced investment team, dedicated solely to managing multi-asset funds.

A proven track record of sourcing incomefor investors and adding value through active asset allocation while considering risk management.

Outlook

The global economy will remain robust for longer than previously anticipated, given excess savings and resilient labour markets. However, we continue to expect a US recession, which will spill over into most DM and some EM economies, around the turn of the year. Global headline inflation will continue to drop sharply. Core inflation should also decline, driven by global goods disinflation but core services inflation is likely to remain sticky amid tight labour markets. This means central banks have additional monetary policy tightening to do. The Fed, RBA, ECB and BoE are all likely to hike again before year end according to market pricing and we acknowledge the near-term risks are to the upside. However, we expect a cutting cycles across many DMs and EMs to begin in early 2024 as headline inflation falls and growth weakens.

The most likely alternative scenario to a US-led recession is a soft landing. However, markets are already pricing in much of this outcome. Indeed, the late-cycle optimism in current pricing is not unusual in an historical context, is often followed by weakness, and stands in contrast to our fundamental macro view.

From a market pricing perspective, equity markets are awaiting clarity on the inflation outlook. If core inflation proves stickier than expected and interest rates therefore peak higher and later, we see downside risk to earnings estimates. Until now, aggregate market level earnings for 2023 have been more resilient than anticipated. However there has been significant divergence between sectors, with IT and Financials leading the way with upgrades and Energy and Materials seeing downgrades that in some cases have been very significant.

Across fixed income markets we remain cautious but believe central banks are getting closer to peak/terminal rates with many central bank only one or two hikes away from an extended pause. Current yield levels look attractive to start building positions. Although we still favour short duration high yielding assets like floating rate notes, credit markets are also starting to look more appealing with spreads having settled. Leveraged loans as well as subordinate debt offer attractive yields pushing close to double digits in some cases. After factoring in the associated risks, those yield levels are still enticing.

Moving forward, from a positioning perspective, we favour Developed Market over Emerging Market equities. We prefer to maintain some defensive characteristics in our portfolio although the potential for a soft landing scenario means we look to balance growth exposures with defensive styles including exposure to quality stocks that reflect strong balance sheets and good cashflows.

Within fixed income, valuations look attractive across the sovereign bond market but still warrant a cautious approach given potential for yields to still move a little higher from current levels. We continue to favour and hold allocations to leveraged loans as well as higher quality credit exposures.

There are still a number of risks that could derail the path of the global economy hence our allocations to diversifying strategies that are aimed to cushion any rapid and unexpected market correction. The fund is invested into areas like renewable energy and social infrastructure, asset-backed securities, student accommodation, healthcare royalties and litigation financing companies that exhibit attractive return prospects but tend to be lowly correlated to traditional asset classes.

We believe our clients will continue to benefit from our unique approach to asset allocation with genuine diversification. We remain confident in our ability to continue to meet the Fund's income and capital growth objectives in the new fiscal year.

For more information visit abrdn.com/au

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