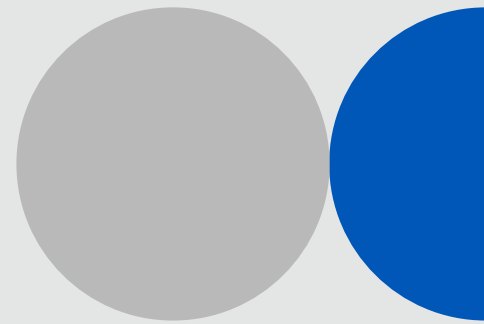




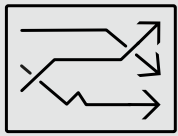
# abrDN Total Dynamic Dividend Fund

## Quarterly Commentary

Three-month period ended July 31, 2024



### Fund performance



The abrDN Total Dynamic Dividend Fund returned 7.43%<sup>1</sup> on a net asset value basis for the three-month period ending 31 July 2024, underperforming the 8.09% return of its benchmark, the MSCI All Country (AC) World Net Index<sup>2</sup>. On a share-price basis, the Fund returned 10.07%.

In terms of individual stock detractors, not holding NVIDIA cost the Fund in relative terms, as the shares performed strongly over the period due to continued excitement related to artificial intelligence (AI). We are monitoring the company; however, the extremely low yield raises questions about its appropriateness for a mandate of this nature. LG Chem negatively affected our performance for the quarter. Despite reporting solid earnings, investor dissatisfaction stemmed from management's lack of a definitive strategy to capitalise on its investment in LG Energy Solutions. Moreover, even though petrochemical earnings hit a low in the fourth quarter of 2022, the anticipated recovery has been progressing more sluggishly than expected due to a prolonged destocking phase that has exceeded investors' initial forecasts. The recent addition of Nike was disappointing after a weak fourth-quarter release, which highlighted concerns about the macroeconomic environment, rising competition, and a lack of innovation.

In terms of individual stock contributors, Broadcom positively influenced our performance over the quarter. The company reported another robust quarter, largely driven by a surge in AI-related revenues. Additionally, Broadcom upgraded its revenue forecasts and declared a stock split, enhancing investor sentiment. Roche stood out as a leading performer during the period after the announcement of promising results from a Phase I study of its primary obesity drug

candidate, CT-388, acquired through Carmot, which showcased significant weight loss. This is a GIP/GLP-1 receptor agonist, a drug that helps regulate blood sugar and support weight loss. Furthermore, in May, Roche held a Diagnostics Day, during which it unveiled several upcoming products poised to contribute to the company's growth trajectory. After a period of notable underperformance, Teleperformance made a remarkable recovery this quarter, positioning itself among the top performers. At the end of April, the company had announced earnings slightly above investor expectations and reaffirmed its financial outlook.

### Cumulative and annualized total return as of July 31, 2024 (%)

	NAV	Market Price	MSCI AC World Net Total Return
Since inception (p.a.)	3.29	2.20	6.73
10 Years (p.a.)	8.37	8.40	8.74
5 Years (p.a.)	9.61	9.04	11.05
3 Years (p.a.)	4.26	2.08	5.75
1 Year	11.00	11.57	17.02
Year to date	8.30	11.78	13.10
3 months	7.52	10.16	8.09
1 month	2.55	2.71	1.61

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.

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<sup>2</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.



## Market review

Global equity markets ended higher over the quarter. Given continued disinflation in recent months, the European Central Bank (ECB), the Bank of Canada and the Swiss National Bank have all started cutting interest rates. Moreover, investors are factoring in further interest-rate cuts in most regions later in 2024, except in Japan, where the central bank has begun tightening policy while still remaining accommodative. However, with inflationary pressures still present, the world's major central banks have maintained a cautious monetary policy stance. Therefore, any additional easing is now expected to occur later in the year than previously forecast. There was some market volatility in July as weak US manufacturing data raised concerns about a potential recession.

US equities ended notably higher. According to an advance estimate, US annualised GDP grew by 2.8% in the second quarter of 2024, compared with a growth rate of 1.4% in the previous three months. Meanwhile, the US Federal Reserve (Fed)'s favoured measure of inflation, the core Personal Consumption Expenditures Price Index, remained at an annual rate of 2.6% in June – still above the 2% target. As a result, the Fed kept the target range for the fed funds rate at 5.25–5.50% during the period.

European equities rose over the period. Eurozone GDP, according to a flash estimate, grew sequentially by a higher-than-expected 0.3% in the second quarter of 2024, matching the growth rate experienced in the first three months of the year. According to initial estimates, annual consumer price inflation unexpectedly rose from 2.5% in June to 2.6% in July. In response to continued disinflation in recent months, the ECB cut its main refinancing operations rate by 0.25% to 4.25% at its June meeting. French President Emmanuel Macron called for a snap general election after his centrist alliance suffered a shock defeat to Marine Le Pen's far-right National Rally in the European Parliament elections in June, leading to a sharp sell-off in French equities. However, European equities rose in July after the far-right National Rally's electoral gains were less than predicted.

UK equities ended higher. In late May, Prime Minister Rishi Sunak announced a snap UK general election for 4 July. However, the Labour Party subsequently secured a substantial majority, as anticipated. UK GDP grew by 0.3% in the first quarter of 2024 after contracting by 0.2% in the fourth quarter of 2023. Annual consumer inflation remained flat month on month at 2.0% in June, in line with the Bank of England (BoE)'s 2% target. The BoE maintained its Bank Rate at a 15-year high of 5.25% over the quarter.

## Outlook & strategy

Macroeconomic factors remain as unpredictable as ever, with investors scrutinising the latest data and trying to predict when a pivot in the direction of interest rates might occur. We now have central banks on different paths with regard to rates, with the ECB cutting them in June, the Bank of Japan raising them again in July and the Fed, for now, still on hold. Geopolitical pressures remain elevated throughout the world and, with the early start to presidential proceedings in the US, this is likely to remain the case. Recessionary concerns appear to have abated, given that economic data has so far been more positive than many expected. However, one or two weak data points could alter that picture very quickly. Our 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.

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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 [abrndAOD.com](http://abrndAOD.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.

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