abrdn Total Dynamic Dividend Fund

Quarterly Commentary

Quarter ended October 31, 2024

Fund performance

The abrdn Total Dynamic Dividend Fund underperformed its benchmark over the three-month period ending 31 October 2024 due to negative stock selection, with a neutral effect from sector allocation.

In terms of individual stock detractors, not holding NVIDIA Corporation cost the Fund in relative terms, as the shares performed strongly over the period due to continued excitement related to artificial intelligence. We are monitoring the company; however, the extremely low yield raises questions about its appropriateness for a mandate of this nature. ASML Holding was another negative, with the semiconductor sector affected during the quarter by concerns around escalating geopolitical tensions and Chinese oversupply. However, we believe the fundamentals for these two companies and the sector remain strong in the medium to long term. Genuine Parts Company suffered from weakening earnings estimates, despite its longer-term growth trajectory remaining largely intact.

In terms of individual stock contributors, Ping An Insurance was a positive as its shares responded to reignited hopes of meaningful stimulus in China. The sustainability of the stock's move will depend on the Chinese government following through with substantive measures. Williams Companies benefited from rising hopes regarding gas demand into the medium term. Lastly, Blackstone's shares rose on signs of an accelerating pace of capital deployment across the platform, improved sentiment in commercial real estate markets, and anticipation of the Fed's rate-cutting cycle, all of which could help drive growth in distributable earnings.

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

	NAV	Market Price	MSCI AC World Net Total Return
10 Years (p.a.)	8.38	8.78	9.06
5 Years (p.a.)	8.96	9.54	11.08
3 Years (p.a.)	4.49	4.16	5.51
1 Year	24.49	32.78	32.79
Year to date	9.61	17.89	16.00
3 months	1.21	5.46	2.57
1 month	-3.36	-2.74	-2.24

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 higher over the quarter. Given continued disinflation in recent months, the US Federal Reserve (Fed), European Central Bank (ECB) and Bank of England (BoE) have all now started cutting interest rates. However, with some inflationary pressures still lingering, the world's major central banks have maintained a data-dependent stance on monetary policy. Indeed, after the Fed's significant interest-rate cut in September, investors are now factoring in a more measured pace of easing at the central bank's upcoming meetings in November and December. This was as investors grew less concerned about the likelihood of a US recession following some more encouraging economic data.

US equities ended higher. According to a preliminary estimate, annualised GDP grew by a lower-than-expected 2.8% in the third quarter, down from 3.0% in the second quarter. Meanwhile, annual consumer price inflation slowed for a sixth consecutive month to 2.4% in September, down from 2.5% in August, while the annual core rate edged up from 3.2% to 3.3%; both metrics were higher than expected. Also, over the same period, the Fed's preferred measure of inflation, the annual core Personal Consumption Expenditures Price Index, remained at a higher-than-expected 2.7%, still above the 2% target. The Fed lowered the target range for the fed funds rate by 50 basis points (bps) to 4.75-5.00% in September and has signalled a further 50 bps of cumulative cuts over the remainder of 2024, with more easing expected to come in 2025 and 2026.

European equities declined over the period. According to a preliminary estimate, annual third-quarter GDP growth was a higher-than-expected 0.9%, up from 0.6% in the previous three months. According to initial estimates, annual consumer price inflation increased from 1.7% in September to 2.0% in October, while the core rate remained at 2.7%; both measures were above forecasts. In response to continued disinflation in recent months, the ECB, as expected, cut its deposit facility rate by 25 bps at both its September and October meetings, taking it to 3.25%. Although inflation is now at the central bank's 2% target, the ECB has signalled that it will maintain a data-dependent approach for the rest of 2024. However, if inflation continues to moderate, further rate cuts are likely.

UK equities ended lower over the period. The new Labour government's first Budget featured approximately £40 billion in tax increases aimed at strengthening fiscal stability, along with a commitment to increased borrowing intended to stimulate growth, particularly through investment in public services. Long-dated gilt yields rose notably after the Budget, due to concerns about future debt issuance and higher forecast inflation, which could delay rate cuts. After annual GDP expanded by 0.3% in the first three months of the year, the growth rate improved to 0.7% in the second quarter of 2024, though it was lower than expected. Annual consumer price inflation decreased from 2.2% in August to a lower-than-expected 1.7% in September, falling below the Bank of England (BoE)'s target, while the core rate dropped from 3.6% to 3.2%, also undershooting expectations. The BoE lowered its Bank Rate by 25 bps to 5.0% in August before leaving it unchanged in September. However, it is likely to ease policy further by the end of the year as it continues with its data-dependent approach.

Outlook & strategy

Macroeconomic factors remain as unpredictable as ever. The Chinese announcements in September regarding likely stimulus came as a surprise to most, so this led to a very sharp reaction in the local stock markets. Contradictory employment numbers out of the US in recent months, as well as the larger-than-expected initial rate cut, have also left many guessing as to the state of the US economy and its likely trajectory from here. A soft landing appears to be the most likely outcome; however, recession risks clearly remain, particularly if inflation remains more stubborn than expected and does not allow the Fed to reduce interest rates in line with expectations. 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.

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.

For current holdings information, please visit **abrdn Total Dynamic Dividend Fund - Portfolio Holdings**

Important Information

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.

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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.

Please see the Fund's most recent annual report for more information on risks applicable to the Fund.

For more information visit abrdn.com

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