abrdn Total Dynamic Dividend Fund

Quarterly Commentary

Three-month period ended January 31, 2023

Fund performance

The abrdn Total Dynamic Dividend Fund returned 13.70%[1] on a net asset value basis for the three-month period ending January 31, 2023, outperforming the 10.94% return of its benchmark, the MSCI All Country (AC) World Net Index[2]

In terms of individual stock contributors, our China-related exposure performed strongly, with Las Vegas Sands and Ping An Insurance among the stocks that benefited from more positive sentiment towards China relaxing COVID-19 restrictions. Las Vegas Sands' properties in Macau should be a beneficiary as China reopens. Ping An Insurance is one of the country's largest insurance companies. Enel is an Italian multinational company that operates in the electric power and natural gas industries. In November, Enel hosted its capital markets day. The company announced a plan to improve the balance sheet from a combination of expected cash generation from operations and by divesting €21 billion of assets. It also announced third-quarter earnings in early November. Despite earnings per share being weak, the company reiterated its full-year guidance for earnings before interest, tax, depreciation, and amortization. The stock rose throughout the reporting period and helped the performance of the Fund.

In terms of individual stock detractors, Fidelity National Information Services, the U.S.-listed payment services provider, had a poor quarter after a disappointing third-quarter release driven by macroeconomic headwinds, particularly within its merchant and banking segments. Genuine Parts Company is a U.S.-based global distributor of automotive and industrial replacement parts. During the reporting period, the stock underperformed. Fundamentally, the company continued to deliver, but after two years of strong performance, we believe some investors took profits. Baxter International is a global healthcare company that develops and manufactures medical devices, pharmaceuticals, and biotechnology products. The issues affecting the company, namely hospital staffing in the U.S. in particular and supply-chain issues affecting component availability, continued to plague it.

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

	NAV	Market Price	MSCI AC World Net Total Return
Since inception (p.a.)	2.59	1.44	5.69
10 Years (p.a.)	8.80	8.88	8.24
5 Years (p.a.)	5.97	4.98	5.53
3 Years (p.a.)	7.33	6.71	6.83
1 Year	-4.36	-8.42	-7.99
Year to date	6.26	8.21	7.17
3 months	13.61	14.11	10.94
1 month	6.26	8.21	7.17

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.

[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.

Market review

Global equity markets ended the quarter higher on hopes that central banks, including the U.S. Federal Reserve (Fed), could tighten policy less than feared as the global economy slows and inflation eases. Despite a lackluster fourth-quarter corporate earnings season, markets have recently rebounded as investors have taken advantage of more attractive valuations. Meanwhile, China reported better-than-expected annual G.D.P. growth of 2.9% over the fourth quarter. Also, the outlook for the Chinese economy is improving as the government ends its strict 'zero-COVID' policy.

U.S. equities ended higher. Inflationary pressures remained elevated but started to ease somewhat as the quarter progressed. As a result, the Fed increased the target range for the fed funds rate by 75 basis points (bps) in November, then by a further 50 bps in December, leaving it at 4.25–4.50%. The yield on 10-year Treasuries ended the quarter around 3.5%, having risen to about 4.2% earlier in the period.

European equities also advanced as investors' risk appetite improved. With annual inflation reaching 10.6% in October before easing to 9.2% over December, the European Central Bank raised interest rates by 50 bps over the quarter. Meanwhile, the yield on 10-year German Bunds ended the quarter around 2.3%, having dipped below 1% in the summer.

U.K. equities rose as concerns about the economic and political backdrop eased after new chancellor Jeremy Hunt announced a package of tax increases and spending cuts, improving the outlook for the country's fiscal position. Sterling notably recovered, while the yield on 10-year Gilts ended at around 3.4%, having been about 4.5% in early October. To combat rising inflation (which reached a 41-year high of 11.1% in October before easing to a still high 10.5% in December), the Bank of England raised its Bank Rate by a cumulative 125 bps during the quarter, taking it to 3.5%.

In the Asia Pacific region, the more growth-oriented Australian market rose as inflationary pressures showed signs of ebbing and China eased COVID-19 restrictions. Stocks in Hong Kong notably recovered on reduced concerns about U.S. monetary tightening and the Chinese economy. Japanese equities also had a reasonable quarter, despite a stronger yen over the period (which weighed on exporters). With inflation rising, the Bank of Japan has begun to adjust its yield curve control targets, but it still has a relatively dovish monetary policy stance compared with other major central banks.

Outlook

Global equity markets will continue to face challenges in 2023. Despite cautious optimism from investors in November, as falling U.S. inflation data signalled a possible deceleration in interest-rate rises, investors are now concerned that entrenched inflation and sustained rate hikes could result in a harsh economic downturn. We believe that many of the market pressures in 2022, such as high energy prices, the cost-of-living crisis and rising interest rates, will continue into this year. In the U.K. and Europe, we feel that earnings forecasts have not priced in the likely slowdown in G.D.P. growth. In the U.S., although growth remains positive, it is slowing, and we believe that there may need to be a rise in unemployment in order to tame core inflation. 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 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 January 31, 2023)[3]

Apple Inc	3.0
Microsoft Corp	2.5
Alphabet Inc	1.6
TJX Cos Inc/The	1.5
RWE AG	1.5
TotalEnergies SE	1.5
Mondelez International Inc	1.5
AbbVie Inc	1.5
Target Corp	1.5
Coca-Cola Co/The	1.4
Percent of Portfolio in Top Ten	**17.4**

Source : abrdn 01/31/2023.

[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