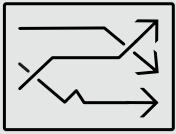


abr dn Australia Equity Fund

Commentary

Quarter ended July 31, 2023

Fund performance



The abr dn Australia Equity Fund rose 2.51%¹ on a net asset value basis for the three-month period ending July 31, 2023, underperforming the 5.51% return of its benchmark, the ASX 200 Net Index².

The underperformance was driven by negative allocation effects, whereas stock selection was slightly positive. The overweight to healthcare, in particular, was a key detractor during a period in which the sector was the worst performer. Among our holdings, CSL sold off on a rebasing of consensus expectations after a miscommunication from the new CFO regarding gross margins. We view the downgrade to consensus as more of a result of a mismatch of expectations over a faster gross margin recovery to pre-COVID levels rather than of a deterioration of company or industry fundamentals. Another of our holdings, Pro Medicus (PME), performed well with consensus factoring in meaningful contract wins over the coming years. We regard PME as a high-quality name with a dominant global market in diagnostic imaging and a lack of competitors that can match its edge.

Elsewhere, our consumer-related stocks were also weak. The consumer discretionary space is a difficult space at the moment because of the downside risk to consensus earnings as a result of weakening consumer spending. Across our holdings, we sold off our position in IDP Education Ltd, which was a significant detractor from returns over the period, as its share price fell on concerns over the impact of new Canadian foreign student testing requirements on the visibility of the business over the coming years. In consumer staples, a key laggard was drinks and hospitality company

Endeavour Group, on expectations that a more challenged consumer backdrop will curtail discretionary spending, as Australians are likely to eat out less. Regarding the hotels segment, there was also regulatory risk following the Victorian government's announcement of new reforms on electronic gaming machines.

On a more positive note, we saw strong contributions from our IT and energy holdings. Xero stood out, as the positive investment thesis continued to play out, with the company continuing to make gains on cost savings and its planned price increases reinforcing its pricing power in core markets. We are positive about the company's long-term growth story and the competitiveness of its product, and we believe that Xero is well positioned to gain market share as the transition to cloud accounting software picks up. In the energy sector, we saw several holdings perform well on the back of continued commodity price strength over the period, including Woodside Energy Group, Pilbara Minerals and Beach Energy. Operationally, all of these names have been performing in line with our expectations, as reflected in their earnings and production numbers through the review period. Elsewhere, mining company Northern Star Resources detracted over the period after its strong performance from the previous quarter, thanks to promising merger and acquisition news in the sector.

In terms of activity, we introduced a new stock in AUB, an insurance broker operating in Australia and New Zealand. A key pillar of AUB's strategy is to acquire small and medium-sized insurance brokers. A change in management has led to AUB executing better than its peers in a supportive rising rate backdrop, and we see good visibility on earnings with plenty of growth levers for management to pull internally. In addition, we increased our overweight to cement manufacturer James Hardie and global gaming company Aristocrat Leisure. We added to both these positions on expectations that the respective dynamics

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 S&P/ASX 200 Index tracks the performance of the 200 largest stocks (by market capitalization) listed on the Australian Securities Exchange. 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 both companies in the US were holding up better than investors appear to be pricing in. In contrast, we sold Elders and Metcash on waning conviction, while Oz Minerals was acquired by BHP.

Top 10 Fund holdings (as of July 31, 2023)³

BHP Group Ltd	11.3
Commonwealth Bank of Australia	8.5
CSL Ltd	7.8
Woodside Energy Group Ltd	5.6
National Australia Bank Ltd	5.3
Woolworths Group Ltd	4.1
Telstra Group Ltd	3.9
Rio Tinto PLC	3.8
Macquarie Group Ltd	3.8
Australia & New Zealand Banking Group Ltd	3.7
Percent of Portfolio in Top Ten	57.9

Source: abrdn 31/07/2023.

³Holdings 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 total assets.

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.

The following tables set forth the estimated amounts of the sources of the distributions for purposes of Section 19 of the 1940 Act and the rules adopted thereunder. The tables have been computed based on generally accepted accounting principles. The tables include estimated amounts and percentages for the current distributions paid this month as well as for the cumulative distributions paid relating to fiscal year to date, from the following sources: net investment income; net realized short-term capital gains; net realized long-term capital gains; and return of capital. The estimated compositions of the distributions may vary because the estimated composition may be impacted by future income, expenses and realized gains and losses on securities and currencies.

The Fund's estimated sources of the current distributions to be paid and for its current fiscal year to date are as follows:

Estimated Amounts of Current Distribution per Share

Fund	Distribution Amount	Net Investment Income	Net Realized Short-Term Gains ⁵	Net Realized Long-Term Gains	Return of Capital
IAF	\$0.1300	\$0.0247 19%	\$0.0013 1%	\$0.0078 6%	\$0.0962 74%

Estimated Amounts of Fiscal Year⁶ to Date Cumulative Distributions per Share

Fund	Distribution Amount	Net Investment Income	Net Realized Short-Term Gains ⁵	Net Realized Long-Term Gains	Return of Capital
IAF	\$0.3800	\$0.0722 19%	\$0.0038 1%	\$0.0228 6%	\$0.2812 74%

⁵ Includes currency gains.

⁶ IAF has a 10/31 fiscal year end.

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

	NAV	Market Price	ASX 200 Net Index
Since inception (p.a.)	7.29	7.02	n/a ⁴
10 Years (p.a.)	5.43	3.06	4.97
5 Years (p.a.)	6.30	4.80	5.12
3 Years (p.a.)	8.94	10.62	9.45
1 Year	6.45	-0.95	7.60
Year to date	6.67	8.68	6.74
3 months	2.51	5.51	3.98
1 month	3.34	4.41	4.15

⁴ There is no since inception figure for the S&P/ASX 200 (Net) Index because the inception date of the Index is May 10, 2011.

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.

abrdn Australia Equity Fund distribution rates

Net Asset Value per share	\$4.95
Market price	\$4.50
Discount to Net Asset Value	9.09%

Where the estimated amounts above show a portion of the distribution to be a "Return of Capital," it means that Fund estimates that it has distributed more than its income and capital gains; therefore, a portion of your distribution may be a return of capital. A return of capital may occur for example, when some or all of the money that you invested in a Fund is paid back to you. A return of capital distribution does not necessarily reflect the Fund's investment performance and should not be confused with "yield" or "income."

The amounts and sources of distributions reported in this notice are only estimates and are not being provided for tax reporting purposes. The final determination of the source of all distributions for the current year will only be made after year-end. The actual amounts and sources of the amounts for tax reporting purposes will depend upon the Fund's investment experience during the remainder of the fiscal year and may be subject to change based on tax regulations. After the end of each calendar year, a Form 1099-DIV will be sent to shareholders for the prior calendar year that will tell you how to report these distributions for federal income tax purposes.

The following table provides the Fund's total return performance based on net asset value (NAV) over various time periods compared to the Fund's annualized and cumulative distribution rates.

Fund Performance and Distribution Rate Information

Fund	IAF
Average Annual Total Return on NAV for the 5-Year Period Ending 04/30/2023 ⁷	6.76%
Current Fiscal Period's Annualized Distribution Rate on NAV ⁸	10.26%
Cumulative Total Return on NAV ⁷	12.63%
Cumulative Distribution Rate on NAV ⁸	5.03%

⁷ Return data is net of all fund expenses and fees and assumes the reinvestment of all distributions reinvested at prices obtained under the Fund's dividend reinvestment plan.

⁸ Based on the Fund's NAV as of April 30, 2023.

Shareholders should not draw any conclusions about a Fund's investment performance from the amount of the Fund's current distributions or from the terms of the distribution policy (the "Distribution Policy").

Market review

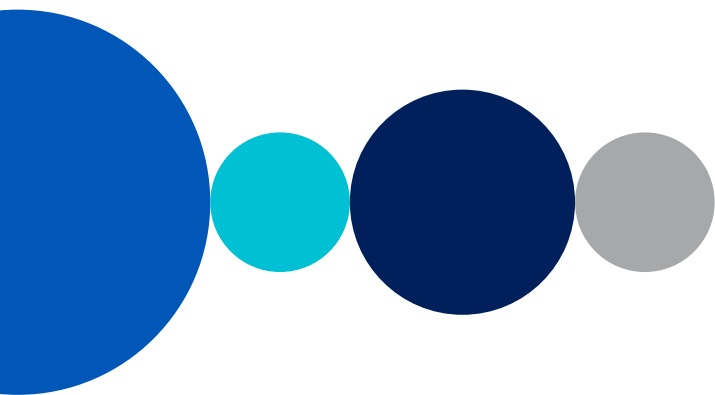
Australian equities rose over a volatile three months ending July, although they underperformed global markets in what was a relatively strong quarter for global equities. This was due largely to the Reserve Bank of Australia's (RBA) unexpected decision to raise interest rates twice to 4.1% over the period, although this was somewhat countered by the equally unexpected decision not to raise rates again in July. The Fair Work Commission's announcement of a 5.75% increase in the national minimum wage also added to inflation pressures. Another key market driver was China, where soft economic data suggested that the world's second-largest economy, and Australia's largest trading partner, had yet to recover from the pandemic as quickly as investors had expected. At the sector level, the IT sector was the best performer, rising with US technology stocks, on buying interest in companies that could better deliver growth amid a weakening macro environment.

In economic news, while acknowledging that inflation was softening, the RBA remained concerned over the strength of the job market, with Deputy Governor Michele Bullock stating that unemployment would need to rise to around 4.5% to return the economy to normal. The job report for May and June came in well above expectations, with a rise in the participation rate from 66.7% to 66.8%, along with a fall in the unemployment rate from 3.7% to 3.5% – a 50-year low, which will likely exacerbate pressures on the RBA. Countering this were consumer price inflation (CPI) and gross domestic product (GDP) figures for the first quarter of 2023. The core trimmed mean measure of CPI came in below expectations, growing at 5.9% year on year, which was 0.1% below expectations. Similarly, first-quarter GDP missed expectations on the low side, coming in at 0.2% growth, 0.1% below forecasts, with annual GDP also missing by 0.1% at 2.3%. This was largely driven by a reduction in consumer spending as higher borrowing costs and higher prices hit consumers' wallets, as evidenced by a 0.8% monthly fall in retail sales for June.



Outlook

The domestic backdrop remains challenging, given a slowing economy, elevated inflation and a tight labor market. We expect earnings risk over the short to medium term as economic activity softens and as the consumer adjusts to higher interest-servicing costs. We are cautious on rate-sensitive sectors and businesses that are just beginning their journey toward profitability. We remain biased towards businesses with strong pricing power and defensive business moats, and we favor businesses with clear growth prospects that are leveraged to long-term structural shifts. Our holdings' defensiveness (i.e. their robust balance sheets and prospects for generating healthy through-the-cycle earnings and dividend growth) is also a positive. Many of our companies are also leaders in governance and sustainability, positioning them well to adapt to the future. This will ensure that the portfolio remains resilient despite the current uncertain times.



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Past performance is no guarantee of future results.

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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 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.

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