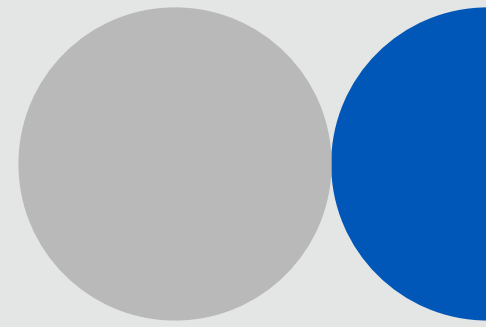




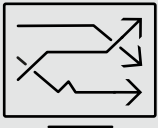
abrDN Global Premier Properties Fund

Quarterly Commentary

Quarter ended July 31, 2024



Fund performance



The Fund returned 10.81%¹ (on a net asset value basis) for the three-month period ending 31 July 2024, outperforming the 9.29% return of its benchmark, the FTSE EPRA/NAREIT Global Real Estate Net Index².

At the stock level, Prologis' strong outperformance in July reflected lowered expectations, broker commentary that Inland Empire dynamics were improving and increased investor expectations of rate cuts. Meanwhile, Welltower continued to hit its stride with solid 22% growth in senior housing operating properties' net operating income, strong external growth and overall consistent execution, which continued to push its stock to new highs. Omega Healthcare also benefited the Fund as concerns over ongoing tenant issues did not get progressively worse while a bankrupt tenant started paying contractual rent alleviating concerns that trends could get worse.

Conversely, Vesta suffered on the back of political volatility and rising country risk. Prologis Property Mexico also detracted given a bidding war for Terrafina and continued uncertainty in the geopolitical environment with nearshoring continuing to pressure the country on fears that capital could flee despite solid on-the-ground fundamentals. Meanwhile, the Fund's only position in the lodging REIT space, Host Hotels & Resorts, was unfavourable as signs of consumer travel decelerating pressured its stock.

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

	NAV	Market Price	FTSE EPRA Nareit Global Net Index
Since inception (p.a.)	1.20	1.24	n/a ³
10 Years (p.a.)	3.03	4.83	2.26
5 Years (p.a.)	(0.24)	2.34	(0.41)
3 Years (p.a.)	(6.99)	(4.23)	(4.36)
1 Year	6.44	19.72	5.61
Year to Date	0.83	18.38	1.65
3 Months	10.79	19.32	9.29
1 month	6.52	12.88	5.70

Market review

The listed real estate sector continued to remain volatile over the period, on the back of broader macroeconomic uncertainties. Given continued disinflation in recent months, the European Central Bank, the Bank of Canada and the Swiss National Bank all cut interest rates, while the US Federal Reserve (Fed) entertained the possibility of a rate cut in September. Moreover, investors are factoring in further interest-rate cuts in most regions later in 2024. However, with inflationary pressures still present, the world's major central banks have maintained a cautious stance on monetary policy. As a result, any additional easing is now expected to occur later in the year than previously forecast. Meanwhile, robust economic data, particularly in the US, has raised hopes for a 'soft landing'.

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 FTSE EPRA/NAREIT Global Real Estate Index is a total return index that is designed to represent general trends in eligible real estate equities worldwide. Indexes are unmanaged and have been provided for comparison purposes only. No fees or expenses are reflected. You cannot invest directly in an index. Index performance is not an indication of the performance of the Fund itself. For complete fund performance, please visit abrDN.us.

³ There is no since inception figure for the FTSE EPRA/NAREIT Global Index Net because the inception date of the Index is March 23, 2009.



The US real estate investment trust (REIT) index outperformed US equities by 400 basis points. Weaker growth rate and moderating inflation trends caused investors to begin pricing more interest rate cuts on fears that the Fed was behind the curve. As such, interest-rate sensitive sectors outperformed, with REITs being the second best subsector within the S&P 500 Index. Additionally, capital markets and transaction markets continued to thaw with a few large transactions materialising improving price discovery.

European listed real estate underperformed the global index during the quarter. The underperformance can be attributed to the reversal in sentiment regarding the expected amount of interest rate cuts in 2024. The more highly indebted continental European stocks lagged the typically better-capitalised UK market. Despite the interest-rate cut announcements, investors remained concerned over the ongoing inflationary environment and the uncertainties around the elections in the UK and France. Several companies tapped shareholders for equity. Valuations, on average, were down, with the exception primarily of office landlords, where a lack of rental momentum left them exposed to yield expansion.

Meanwhile, in Asia Pacific, listed real estate markets continued to be affected by concerns over the rising rate trajectory combined with a slowing services economy, labour markets and spending across the world's key economies. Japan was a relative underperformer as the central bank hiked interest rates driving a rally in the Japanese yen (JPY), forcing a global unwind in the JPY carry trade and forced liquidations. Hong Kong's developers continued to underperform as all key real estate sectors deteriorated. Its residential sector's demand evaporated further amid higher rates and piling inventories, which continued to drag on buyer sentiment. Additionally, supply continued to outstrip demand in the office sector. Retail spending suffered after mainland arrivals peaked and Hong Kong residents continued to flock to Shenzhen for their discretionary spending.

Outlook & strategy

We believe the sector is still well positioned for relative performance, particularly if the Fed successfully navigates a 'soft landing'. REITs have historically performed well in the six to 12 months following the start of an easing cycle, which is expected to commence in the coming months. REITs are trading at attractive valuations versus the broader equity market. Operationally, we believe REITs will likely experience low to mid-single digit net-operating-income growth as demand continues to soften slightly from strong levels. The biggest risks to this outlook would be either a hard landing, which would further curtail net-operating-income growth due to weaker economic activity or interest rates remaining higher than currently expected. As a result, we continue to believe that active portfolio management focused on sectors with strong underlying supply and demand fundamentals, high-quality assets, and healthy balance sheets could drive outperformance in the coming months.

Accordingly, we are focusing on those sectors and companies where we see opportunity to increase rents both in the near term and with supportive structural tailwinds into the future even if economic activity remains relatively weak. We increased the positioning in the Fund to more offensive oriented and some economically sensitive sectors that could benefit from increased expectations of rate cuts and a soft landing. We think that listed real estate could see fewer downward earnings revisions than those in the broader equity markets over the next 12-18 months.

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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.

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