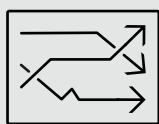


abrdn Emerging Markets Equity Income Fund

Quarterly Commentary

Quarter ended September 30, 2024

Fund performance



The Fund gained 9.84%¹ over the quarter, outperforming the benchmark's return of 8.88%². Stock selection in China was the main driver of relative returns, supported by the off-benchmark position in Hong Kong and stock picks in India. This helped to offset losses from our off-benchmark holdings in Kazakhstan and the Netherlands.

Following China's wide-ranging stimulus measures towards the quarter-end, investors rotated from value names into growth and quality, which benefitted our holdings. Sectors like utilities, banks and energy – prior winners of the value trade – trailed, while previously beaten-down sectors such as consumer and real estate did well.

Most of the top contributors for the quarter were therefore Chinese holdings, including internet giants Alibaba and Tencent, and pan-Asian insurer AIA. Battery maker Contemporary Amperex Technology also rallied alongside Sungrow Power Supply, which reported strong second-quarter numbers that resulted in revenue and net profit for the first half exceeding market expectations. Consumer-focused names such as Anta Sports, Midea Group and Tongcheng Travel added further value, though not holding Meituan detracted.

Meanwhile, Indian stocks saw some of their upward momentum knocked off as investors shifted focus towards China. Encouragingly, most of our holdings proved resilient. Not holding index bellwether Reliance Industries was also favourable.

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 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 Emerging Markets Net Index is an unmanaged index considered representative of stocks of developing countries. 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 Emerging Markets Equity Income Fund, Inc. - Portfolio Holdings](#)

In South Korea, HD Korea Shipbuilding & Offshore Engineering and lender Shinhan Financial outperformed on good results. Conversely, engineering, procurement and construction operator Samsung E&A fell amid the lack of expected project wins in the third quarter and worries that weaker oil prices could affect the pipeline project for its petrochemical business.

Meanwhile, Kazakh financial technology company Kaspi.kz corrected sharply following a short-seller report in September that targeted the super-app. Kaspi issued a brief rebuttal on the same day as the report before publishing a more detailed response the following week to assuage investor concerns. We have spoken to the firm to tackle the issues raised and remain confident in its robust fundamentals.

Among our tech holdings, Samsung Electronics sold off in risk-off trading in Korea amid heightened global macro uncertainties. In Taiwan, MediaTek fell on US recession concerns, while Taiwan Semiconductor Manufacturing Co detracted. ASM International declined as memory names came under pressure on concerns that the cycle may be nearing a peak. Tech names also suffered from a rotation into Chinese equities following the stimulus announcements.

In Latin America, Brazil boosted relative gains, but Mexico was a drag. Regional e-commerce player MercadoLibre posted strong results that beat market consensus – both top line and bottom line – at a time when other global peers are seeing softness in growth and margins.

Finally, tensions in the Middle East rose materially at the quarter-end, with a higher risk now of an all-out war. Markets have been relatively sanguine about the impact. We would expect our relatively small positions in Saudi Arabia and the United Arab Emirates to benefit from potentially higher oil prices.



Performance

The latest available performance figures have been calculated net-of-fees in U.S. dollars for the period:

Cumulative and annualized total return as of 09/30/24 (%)

	NAV	Market Price	MSCI Emerging Markets Net
1 month	6.95	6.07	6.68
3 months	9.39	8.68	8.72
Year to date	16.46	16.43	16.86
1 year	26.19	26.99	26.05
3 years (p.a.)	-3.49	-5.30	0.40
5 years (p.a.)	2.70	2.11	5.75
10 years (p.a.)	1.81	1.13	4.02
Since inception (p.a.)	8.24	7.67	n/a*

* There is no since inception figure for the MSCI Emerging Markets Index (Net) because the inception date of the Index is December 29, 2000.

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Market review

Emerging market equities staged a late rally to close higher over the quarter, outpacing developed markets. Investors cheered as the US Federal Reserve (Fed) kickstarted its easing cycle with a half-point rate cut in September, which prompted several emerging market central banks to lower rates.

Sentiment was also buoyed by China's aggressive monetary and fiscal stimulus measures, including direct liquidity support for the stock market and efforts to support direct consumption and the struggling property sector.

The quarter was not without its challenges, however. The unwinding of the Japanese yen carry trade rattled markets in August and a pause in the global tech rally weighed on technology-heavy markets.

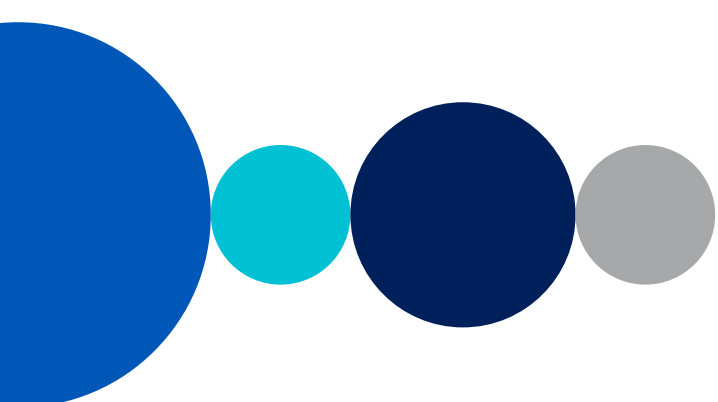
Across regions, emerging Asia fared best. Chinese equities entered a bull market, as did some smaller markets in South-East Asia. Latin America lagged. Gulf bourses closed mixed amid lower oil prices and fears of a widening conflict in the Middle East.

Activity

In emerging Asia, we added South Korea-based SK Hynix, which is becoming a leader in the development of high-bandwidth memory chips, a crucial enabler of artificial intelligence. We also introduced Cholamandalam Financial, which offers significant exposure to Indian consumer lending, and participated in Chinese appliance maker Midea Group's H-share initial public offering.

Elsewhere in the Middle East, we initiated Abu Dhabi Islamic Bank, a beneficiary of the region's structural growth trends.

We sold ASML, China Tourism Group Duty Free, Dino Polska, TotalEnergies and TOTVS.



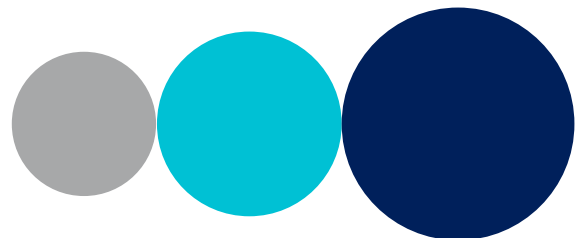
Outlook

The outlook for emerging markets is constructive. Emerging markets have delivered on earnings in recent years, supported by relatively stable macroeconomic conditions. However, market performance had lagged due to prolonged weakness in China. This trend is shifting in light of the Fed's easing cycle and China's latest round of comprehensive stimulus support.

Declining US interest rates would allow emerging market central banks more room to undertake further monetary easing. Lower rates, disinflation trends and structural tailwinds can support emerging market countries and companies. Further, a weaker US dollar can benefit regions like ASEAN and Latin America.

China's recent policy announcements indicate a significant shift compared to measures since 2021, with new demand-side initiatives and expectations of more substantive actions. The uneven economic recovery has the potential to become more sustainable, which could trigger a breakout for Chinese equities. Meanwhile, India's long-term prospects remain bright, backed by significant transformations in physical and digital infrastructure, a resilient macro backdrop and positive demographics.

Emerging market valuations remain attractive, both historically and compared to the US. Our portfolio companies are delivering results, which we believe the market will reward. These businesses exhibit quality characteristics such as sustainable free cash flow, earnings growth, pricing power and low debt levels. We remain confident in our holdings and their ability to navigate market crosswinds.



Important information

Past performance is no guarantee of future results.

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.

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.

Fixed income securities are subject to certain risks including, but not limited to: interest rate (changes in interest rates may cause a decline in the market value of an investment), credit (changes in the financial condition of the issuer, borrower, counterparty, or underlying collateral), prepayment (debt issuers may repay or refinance their loans or obligations earlier than anticipated), and extension (principal repayments may not occur as quickly as anticipated, causing the expected maturity of a security to increase).

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