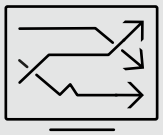
aberdeen Investments

abrdn Life Sciences Investors

Quarterly Commentary

Quarter ended September 30, 2026

Fund performance



The equity portion of the Fund fell (gross of fees) and underperformed its benchmark, the NASDAQ Biotechnology Index.[1]

The index's gain was unusually narrow. A handful of stocks largely drove its performance, with Moderna (mRNA vaccines and medicines) alone accounting for about a third of it after positive Phase 3 data for its personalized cancer vaccine in melanoma. Owning many of the sharpest movers are, in our view, hard to justify, based on earnings, cash flow or other measures. Therefore, not owning Moderna, Gilead and Illumina accounted for much of our gap. Our private and venture holdings, which are not in the benchmark, also cost us. On the plus side, our overweights in Crinetics (drugs for endocrine diseases) and GRAIL (multi-cancer early detection blood test) helped, and being underweight to Alnylam (RNA interference drugs) and Vertex also worked in our favor.

We remain confident in how the portfolio is built and in our stock selection. The Fund is a concentrated, actively managed portfolio with meaningful private holdings, and it looks very different from the index. That will sometimes lead to quarters like this one, when a narrow market leaves us well behind.

In absolute terms, Immunic (oral drug for multiple sclerosis) was a notable detractor across its common stock and warrants. The stock fell with the market rather than on any change in the fundamentals. We continue to hold it ahead of Phase 3 data in multiple sclerosis expected in late 2026 or early 2027. The other large detractors were Equillium (immunology drugs), Xenon Pharmaceuticals (drugs for epilepsy and depression) and Structure Therapeutics (oral obesity drugs).

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 September 30, 2026 (%)

	NAV	Market price
Quarter to date	-8.37	-3.59
Year to date	17.81	22.63
1 year	29.72	36.62
3 years (p.a.)	24.45	29.75
5 years (p.a.)	10.41	9.54
10 years (p.a.)	10.33	10.39

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. abrdn Inc. (the "Adviser") became the Fund's adviser on October 27, 2023.

For periods prior to that date, the returns reflect performance information from a prior, unaffiliated adviser. The Fund is subject to investment risk, including the possible loss of principal. Returns for periods less than one year are not annualized.

Expense ratios

Fiscal year ended September 30 (%)

Annual Expenses	Percent of Net Assets
Management Fees	1.05
Other Expenses	0.18
Operating Expenses	1.24

Effective upon the close of business on October 27, 2023, the Adviser as Adviser of the Fund, entered into a written contract with the Fund to limit the total ordinary operating expenses of the Fund (excluding leverage costs, interest, taxes, brokerage commissions, acquired fund fees and expenses and any non-routine expenses) from exceeding 1.36% of the average daily net assets of the Fund on an annualized basis for two years (the "Expense Limitation Agreement").The Expense Limitation Agreement terminated on October 27, 2025. For the fiscal year ended September 30, 2025 the Adviser did not waive any Fund's expenses pursuant to the Expense Limitation Agreement.

[1] The NASDAQ Biotechnology Index is a modified capitalization-weighted index that includes securities of NASDAQ-listed companies classified according to the Industry Classification Benchmark as biotechnology or pharmaceuticals.

For current holdings information, please visit **abrdn Life Sciences Investors - Portfolio Holdings**

Crinetics was the biggest contributor after Vertex agreed to buy it. GRAIL's shares performed strongly going into the food and drug administration (FDA) advisory committee review of its Galleri test. Tempus AI (AI-driven genomic testing and data) and our private milestone interest in NeuroVance also contributed. Diagnostics and genomic testing was the strongest area.

Market review

US equities edged higher over the quarter despite rising interest rates and periodic volatility around technology valuations. The Federal Reserve raised its policy rate amid persistent inflation pressures, while economic activity remained resilient and labour-market data softened towards quarter end.

The US healthcare sector outperformed the broader US equity market. Resilient corporate earnings and positive clinical results supported gains in pharmaceuticals and biotechnology, alongside continued acquisition activity. Medical technology also benefited from robust underlying demand. Healthcare-policy uncertainty, particularly around US drug pricing and reimbursement, continued to weigh on sentiment. Investors also remained sensitive to competitive pressures, clinical setbacks and companies' ability to translate promising pipelines into sustained revenue growth, contributing to uneven performance within the sector. Stock-level dispersion remained high.

Activity

We sold nine positions, including Ionis (RNA-targeted medicines), Biohaven (neuroscience and immunology drugs), Amylyx (treatment for post-bariatric hypoglycemia), Corbus (cancer and obesity drugs), ARS Pharmaceuticals (nasal epinephrine for severe allergic reactions), LENZ Therapeutics (eye drop for age-related near-vision loss) and Assembly Biosciences (antiviral drugs). Some had reached what we saw as full value, and we took the risk off ahead of clinical events. Others came down to losing confidence in management after a series of negative revisions to estimates and expectations versus our original thesis. LENZ Therapeutics was a realized loss because the launch was weaker than we had modeled. Crinetics left the portfolio when Vertex closed its $85-per-share cash acquisition.

We started many new positions. Among key activity, we built a position in Tarsus Pharmaceuticals (eye care, with an approved treatment for eyelid mite infestation). It announced the acquisition of Alkeus, which adds a Phase 3 program in Stargardt disease, an inherited retinal disease, and it also reported positive Phase 3 data. We initiated BridgeBio Pharma (genetic disease drugs, including a heart drug for ATTR cardiomyopathy), which we built as the shares pulled back. We also took part in three private financings.

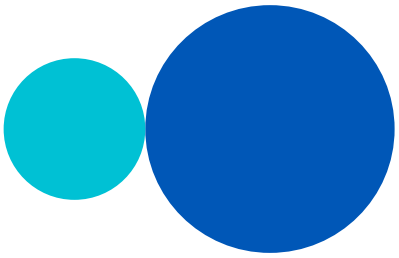
Outlook & strategy

We believe the opportunity set in US healthcare has become increasingly attractive following several years of relative underperformance and valuation compression. Expectations and valuations have been reset, particularly within small- and mid- (SMID) cap biotechnology and innovation-focused companies. Recent market action suggests investors are again willing to differentiate between companies with strong fundamentals and those with less clear paths to value creation.

The long-term drivers remain compelling. Demographic trends, unmet medical need and scientific progress across continue to support durable demand. Renewed mergers and acquisitions activity reflects the strategic imperative for larger companies to replenish pipelines and expand growth opportunities, which can provide an additional source of upside for well-positioned SMID-cap companies.

We are intentionally emphasizing SMID-cap innovation, where we believe the combination of reset valuations and improving sentiment creates attractive risk-adjusted opportunities. We continue to pair these positions with select large-cap holdings that offer durability and cash-flow support, while remaining disciplined around position sizing and binary risk.

Portfolio construction remains an important part of our approach. Alongside equity exposure, we continue to utilize tools such as covered call writing. This integrated strategy is designed to balance upside participation with risk management. Overall, we are encouraged by the improving tone in the sector and believe that a selective, active approach positions the portfolio well for the opportunities ahead.



Important Information

Derivatives are speculative and may hurt the Fund's performance. They present the risk of disproportionately increased losses and/or reduced gains when the financial asset or measure to which the derivative is linked changes in unexpected ways.

Investments in HQL may be subject to additional risks including limited operating history, security selection, concentration in the healthcare industries, pharmaceuticals sector, biotechnology industry, managed care sector, life science and tool industry, healthcare technology sector, healthcare services sector, healthcare supplies sector, healthcare facilities sector, healthcare equipment sector, healthcare distributors sector, healthcare REIT, interest rate, credit/default, non-investment grade securities, key personnel, discount to NAV, anti-takeover provisions, related party transactions, non-diversification, government intervention, market disruption, geopolitical, and potential conflicts of interest. Please see the Fund's most recent annual report for more information on risks applicable to the Fund. As of 9/30/2023, Tekla Capital Management LLC was the Fund's investment manager. Effective immediately after the market close on 10/27/2023, abrdn Inc. became the Fund's investment manager. Destra Capital Advisors LLC, a registered investment advisor, is providing secondary market servicing for the Fund.

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

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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