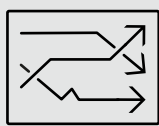


### Fund performance



The Fund gained (gross of fees) but underperformed the Russell 2000 Index.

At the stock level, Corcept Therapeutics detracted from performance. The company's shares dropped sharply after its hypercortisolism drug failed to secure FDA approval, raising concerns about pipeline strength and future growth prospects. Stride was also unfavourable. Its shares fell as technology implementation issues fuelled customer churn and pressured full-year projections. Meanwhile, e.l.f. Beauty's shares fell after the company reported a decline in organic sales and guided for slower growth, reflecting tough comparisons against last year's significant distribution gains.

Conversely, Alphatec's shares rose and contributed to performance after a strong earnings report highlighted accelerating sales, market share gains in the spine segment and improved profitability. Aritzia was also positive. Its shares gained as demand accelerated through the quarter, with new store openings and a mobile application launch reinforcing prospects for sustained growth. Meanwhile, Viavi Solutions' shares rose after the company reported strong third-quarter results and successfully completed the acquisition of a high-speed Ethernet testing business, expanding its exposure to data-centre end markets.

### Cumulative and annualized total return as of December 31, 2025 (%)

	Fund (NAV)	Market Price	Benchmark
10 Years (p.a.)	10.40	10.41	8.85
5 Years (p.a.)	6.94	6.95	7.59
3 Years (p.a.)	13.73	13.75	14.34
1 Year	11.90	11.96	12.81
Year to Date	11.90	11.96	12.81
3 months	1.64	1.66	2.19
1 month	-2.46	-2.35	-0.58

**Benchmark:** Russell 2000 Index from February 29, 2024. Russell 2500 Index from December 1, 2020 to February 29, 2024. S&P 500 Index from November 15, 2017 to December 1, 2020. FTSE 3-Month T-Bill Index from Inception to November 15, 2017.

Performance represents past performance; current returns may be lower or higher. Past performance does not guarantee future results. The investment return and principal value will fluctuate so that an investor's shares, when redeemed may be worth more or less than the original cost. All returns reflect reinvested dividends and capital gains distributions, but do not reflect the deduction of taxes that an investor would pay on distributions or redemptions. To obtain performance through the most recent month end, call 1-844-383-7289.

The abrdn Focused U.S. Small Cap Active ETF acquired the assets and liabilities of the predecessor mutual fund, the abrdn Focused U.S. Small Cap Equity Fund, on February 18, 2025. As a result of the transaction, the Fund adopted the accounting and performance history of its predecessor mutual fund. Performance results including NAV and Market Price returns shown prior to February 18, 2025 reflect the performance of the Institutional Class shares of the predecessor mutual fund.

Performance information for periods prior to February 29, 2024 does not reflect the current investment strategy. Returns prior to December 3, 2021 reflect a predecessor fund's performance. Please consult the Fund's prospectus for more detail. Returns prior to May 22, 2013 reflect the performance of a prior, unaffiliated adviser.

### Expense ratios (%)

Gross/Net Expense Ratio	2.12/0.65
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For current holdings information, please visit [abrdn Focused U.S. Small Cap Active ETF \(AFSC\) - Portfolio Holdings](#)



## Market review

US small caps rose over the quarter, but lagged the broader US equities asset class.

The US Federal Reserve (Fed) delivered two 25-basis-point cuts during the quarter, first in October and again in December, lowering the federal funds target range to 3.50%–3.75% as it maintained its data-dependent approach. At the December meeting, the Fed also unexpectedly announced that it would expand its balance sheet by purchasing short-term Treasuries to support market liquidity. Throughout the period, policymakers continued to emphasise the importance of returning inflation, as measured by the core Personal Consumption Expenditures (PCE) Price Index, to 2% while placing greater weight on signs of labour market softening. The decisions occurred amid some internal dissent and, earlier in the quarter, political pressure for faster easing. Even so, the Fed's 'dot plot' – the chart showing each policymakers' projected path for interest rates – indicated that the central bank expects to cut rates only once in 2026, whereas investors are pricing in another two reductions.

A partial US government shutdown began at the start of October after lawmakers failed to reach a funding agreement and persisted for 43 days, the longest in US history, before a temporary deal was approved. The prolonged stand-off furloughed hundreds of thousands of federal workers, disrupted key government services and delayed the release of important economic data, weighing on near-term growth and investor confidence. Although the shutdown ended in November, its effects continued into December as several releases were postponed or cancelled, limiting visibility on underlying economic momentum.

The third-quarter earnings season concluded with results broadly exceeding expectations.

## Activity

We initiated several positions. Alphatec Holdings is an innovator in spinal procedures. We believe its unique solutions address limitations in traditional approaches and position the company for sustained market share growth.

AZZ is a leading provider of metal coating solutions for construction, infrastructure and industrial end markets. We believe AZZ is well positioned to benefit from secular demand tied to grid modernisation, domestic manufacturing reshoring and accelerating data-centre development.

CarGurus is a multinational automotive platform that connects consumers and dealers. With a leading digital marketplace, expanding product suite and increasing dealer engagement, we believe CarGurus is well positioned to deepen customer relationships and drive sustained growth.

Everus Construction Group is a leading provider of specialised engineering and construction contracting services and the company stands to benefit from large-scale domestic infrastructure investments.

Helios Technologies is an industrial technology company specialising in highly engineered motion control solutions. We believe the company's improved execution could continue to drive margin expansion, well-positioning it to benefit from a cyclical recovery across major industrial end-markets.

Kiniksa Pharmaceuticals is a biotechnology company developing innovative treatments for rare diseases. The company's leading therapy for autoimmune conditions continues to see strong growth, with encouraging progress within its pipeline.

OneSpaWorld is the leading provider of health and wellness services to cruise operators. We believe the company's strong labour management, logistics capabilities and continuous operational improvement can drive sustained growth.

Supernus Pharmaceuticals is a specialty pharmaceutical company focused on the treatment of diseases in the central nervous system. We believe the company could benefit from its differentiated products in attention-deficit/hyperactivity disorder and Parkinson's disease.

Conversely, we sold our positions in Integer, La-Z-Boy, Merit Medical Systems, NMI Holdings, REV Group, SM Energy, Stride, WSFS Financial and Vertex.

## Outlook & strategy

Despite the recent market turbulence, we remain optimistic about the long-term outlook for domestic small-cap stocks. Secular trends such as increased infrastructure investment, accelerating technological innovation and the reshoring of supply chains present compelling opportunities for smaller companies. At the same time, the strategy's emphasis on higher-quality businesses offers a level of resilience that helps mitigate macroeconomic headwinds. By combining structural tailwinds with a disciplined focus on quality, we are confident in the strategy's ability to identify companies capable of navigating volatile markets and growing sustainably through economic cycles.

## Important Information

**Investors should carefully consider the investment objectives, risks, fees, charges, and expenses of an ETF before investing. The summary and full prospectuses contain this and other information about the ETF and should be read carefully before investing. To obtain a prospectus for the ETF, contact us at 1-844-383-7289 or [click here](#).**

Investing in ETFs involves risk, including possible loss of principal. There is no assurance that the investment objective of any fund will be achieved. ETF shares are bought and sold at market price (not NAV) and are not individually redeemed from the Fund. As a result, an investor may pay more than net asset value when buying and receive less than net asset value when selling. In addition, brokerage commissions will reduce returns. Fund shares are not individually redeemable directly with the Fund but blocks of shares may be acquired from the Fund and tendered for redemption to the Fund by certain institutional investors in Creation Units.

The value of a security may decline for reasons directly related to the issuer, such as management performance, financial leverage and reduced demand for the issuer's goods or services. The stock or other security of a company may not perform as well as expected, and may decrease in value, because of factors related to the company, to the industry in which the company is engaged, or to the market as a whole. The Fund is subject to the risk that the Adviser or Subadviser may make poor security selections. Funds that invest a greater proportion of their assets in the securities of a smaller number of issuers will be subject to greater volatility with respect to their investments than funds that invest in a larger number of securities. Securities of smaller companies are usually less stable in price and less liquid than those of larger, more established companies. Therefore, they generally involve greater risk.

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