

abrdn Healthcare Investors

Quarterly Commentary

Quarter ended September 30, 2025



Fund performance



The equity portion of the Fund rose (gross of fees) and outperformed its benchmark over the quarter.¹

The Fund's outperformance was driven by strong stock selection in biotechnology, particularly in ribonucleic acid (RNA), gene therapy and cardiometabolic or raredisease exposures. Although healthcare underperformed broader markets, the Fund's focus on high-conviction therapeutics delivered gains. In terms of individual stocks, uniQure advanced on improved gene-therapy sentiment, supported by progress in its CSL Behring collaboration and programmes for Huntington's disease and epilepsy. Alnylam Pharmaceuticals rose on continued Amvuttra uptake and progress across its cardiometabolic RNA platform, with reaffirmed growth targets. Cytokinetics benefited from optimism surrounding its cardiomyopathy franchise and increased regulatory clarity.

Detractors included ARS Pharmaceuticals, which lagged due to slower product launch metrics, and Inspire Medical Systems, which underperformed amid normalising elective procedures and hospital budget constraints. Vertex Pharmaceuticals also weakened, as profit-taking and competitive concerns in cystic fibrosis weighed on sentiment.

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, 2025 (%)

	NAV	Market price
Quarter to date	19.19	22.86
Year to date	18.12	26.96
1 year	10.90	13.47
3 years (p.a.)	12.81	14.68
5 years (p.a.)	6.57	8.48
10 years (p.a.)	5.98	6.04

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	0.97	
Other Expenses	0.15	
Operating Expenses	1.12	

Effective upon the close of business on October 27, 2023, the Adviser 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 1.17% of the average daily net assets of the Fund on an annualized basis for twelve months (the "Expense Limitation Agreement"). The Expense Limitation Agreement may not be terminated before October 27, 2025, without the approval of the Fund's trustees who are not "interested persons" of the Fund (as defined in the 1940 Act).

 $For current \, holdings \, information, \, please \, visit \, {\bf abrdn} \, {\bf Healthcare} \, {\bf Investors} \, {\bf -Portfolio} \, {\bf Holdings} \, {\bf -Portfolio} \, {\bf -Portfoli$



¹ The Fund's blended benchmark comprises 80% NASDAQ Biotechnology Index and 20% S&P Composite 1500 Health Care Index. 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. The S&P Composite 1500 Health Care Index includes securities of those companies listed on the S&P Composite 1500 Index classified according to the Industry Classification Benchmark as healthcare. The S&P Composite 1500 Index is a broad market portfolio representing the large-mid- and small-cap segments of the U.S. equity market. Indexes are unmanaged and have been provided for comparison purposes only. No fees or expenses are reflected. You cannot invest directly in an index.

Activity

New positions were initiated in CVS Health, Jazz Pharmaceuticals, Arcus Biosciences, Aquestive Therapeutics, Equillium, Abivax and InspireMD, targeting diversified cash flows and clinical catalysts. Additions included large-cap and small- and mid-cap companies such as Boston Scientific, Bristol Myers Squibb and Sarepta Therapeutics, where valuations or pipeline momentum were attractive. Holdings in Teva Pharmaceutical Industries, Halozyme Therapeutics and others were sold to recycle capital into higher-conviction companies. The portfolio tilted further towards late-stage therapeutics while maintaining diversified exposure.

Market review

US equities performed well over the quarter. The mid-August extension of the US-China tariff truce helped support sentiment, while new agreements with the European Union and Japan reduced tariffs on most of their products to 15%. However, optimism was tempered by President Trump's announcement of 100% tariffs on branded and patented pharmaceutical imports and higher duties on goods from Canada, India and Brazil, alongside expanded steel and aluminium tariffs. Monetary policy also shaped investor sentiment. The US Federal Reserve (Fed) lowered the federal funds rate by 25 basis points to 4.00%-4.25%, describing it as a "risk management" cut. Chair Jerome Powell reaffirmed the Fed's independence and commitment to returning inflation to target while noting signs of a softer labour market. The quarter ended with a partial US government shutdown after Congress failed to agree a funding deal, weighing on short-term growth and delaying key data releases.

The performance of the US healthcare sector notably lagged that of the broader US equity market over the quarter. Cyclical sectors such as communication services, information technology and consumer discretionary outperformed as investors rotated towards growth areas given softening economic data and slowing inflation, which fuelled expectations of interest-rate cuts. Materials underperformed the broader market despite improved US-China trade sentiment after the extension of a 90-day tariff freeze, as weakness in domestic industrial demand offset any benefit, although higher gold prices reflected ongoing economic and geopolitical uncertainty. In contrast, defensive sectors including consumer staples, utilities and real estate underperformed as risk appetite increased. Financials and industrials likewise underperformed, held back by softer economic data and waning business confidence. Energy broadly matched the performance of US equities, with oil prices ending flat as signs of softening demand, reflected in rising crude inventories, were offset by geopolitical tensions that raised supply concerns.

Outlook & strategy

Uncertainty continues to cloud the macroeconomic, geopolitical and market outlook. A combination of shifting fiscal and monetary policies along with structural changes in global trade dynamics has created an increasingly volatile market environment. Much of the focus remains on the Trump administration's tariff strategy and its potential implications for economic growth and inflation. However, the broader macroeconomic backdrop is further complicated by labour-market data revisions, proposed tax cuts, widening budget deficits, evolving interest-rate policy, healthcare reform and a range of other policy initiatives that may have both intended and unintended consequences. Given the rapidly evolving landscape, market participants are struggling to build meaningful conviction around the trajectory of both domestic and international economies.

In general, the near- and long-term outlooks for healthcare companies remain favourable. Long-term demographic trends of an aging population should continue to support the growing demand for new healthcare products and therapies. Due to the healthcare sector's generally defensive characteristics, its relative underperformance in the short term should position it favourably, especially if the US and global economies slow down.





Important Information

Investments in HQH 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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