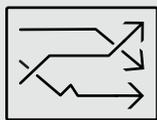


Fund performance



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

uniQure detracted as regulatory uncertainty resurfaced around its Huntington's disease gene therapy program as the Food and Drug Administration raised questions regarding trial design and comparability. Inspire Medical Systems also weighed on performance as concerns emerged around procedure growth. Expectations became elevated after a period of strong performance, but as growth assumptions moderated, the stock experienced multiple compression. EyePoint was negative as investors discounted the binary risk associated with upcoming 'phase 3' data in retinal disease. Competition within retinal therapeutics remains intense, contributing to uncertainty around ultimate differentiation.

Conversely, Veradermics contributed as investor confidence increased around its extended-release oral minoxidil program for androgenetic alopecia, a form of hair loss. If successful, this could materially expand the addressable market. Tectonic Therapeutic performed strongly as investors placed greater value on its G-protein coupled receptors-targeting biologics platform, which aims to unlock a historically difficult but highly validated class of drug targets. Vaxcyte was also beneficial as its next-generation pneumococcal vaccine program gained traction and visibility. As development progresses, investor focus shifted toward the magnitude of potential market share capture rather than just regulatory success. We view Vaxcyte as a differentiated story within vaccines, where innovation can meaningfully reshape an established market.

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 March 31, 2026 (%)

| | NAV | Market price |
|-----------------|-------|--------------|
| Quarter to date | -0.71 | -2.80 |
| Year to date | -0.71 | -2.80 |
| 1 year | 28.11 | 24.66 |
| 3 years (p.a.) | 12.21 | 13.20 |
| 5 years (p.a.) | 6.39 | 4.55 |
| 10 years (p.a.) | 8.06 | 7.01 |

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 | 0.99 |
| Other Expenses | 0.12 |
| Operating Expenses | 1.11 |

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 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 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.

For current holdings information, please visit [abrdn Healthcare Investors - Portfolio Holdings](#)



Market review

U.S. equities were relatively resilient earlier in the quarter but ended it sharply lower. Uncertainty over tariffs and softer economic data weighed on sentiment over the period, while the Iran war was the main driver of the March sell-off.

The conflict in the Middle East led to airspace closures and the blockage of most oil shipments via the Strait of Hormuz. Crude oil prices rose sharply, raising concerns over oil supply and higher inflation.

In key tariff updates, the Supreme Court revoked a large portion of the US administration's trade tariffs, prompting President Trump to impose a 10% global tariff in place of those revoked. He then sought to increase this to a 15% global tariff, raising uncertainty.

During the quarter, the US Federal Reserve (Fed) kept the federal funds target range at 3.50%–3.75%. The Fed's latest 'dot plot' showed that policymakers projected one rate cut in 2026, while investors expected rates to remain on hold. President Trump also nominated former Fed governor Kevin Warsh to become Fed Chair from May 2026, pending Senate approval.

The U.S. healthcare sector declined in absolute terms and underperformed US equities as investors rotated towards more cyclical and value-oriented areas of the market. Nonetheless, the sector continued to benefit from relatively resilient earnings and structural growth drivers, including ageing demographics and innovation in areas such as GLP-1 therapies, medical technology and diagnostics. While policy and reimbursement uncertainty persisted, particularly around US drug pricing and regulatory timelines, company-specific fundamentals and a steady pipeline of clinical and product catalysts continued to support the sector.

Activity

Fund activity reflected a more selective and measured repositioning toward innovation-driven healthcare opportunities.

We participated in a number of the same themes seen across the broader U.S. healthcare strategies, particularly within small- and medium (SMID)-cap biotechnology segment. However, we placed greater emphasis on position sizing and risk calibration, focusing on companies where we believe the risk and reward balance is most favorable.

Portfolio changes included targeted additions to innovation-oriented companies alongside reductions in positions due to lower conviction or weakened near-term catalyst profile. Activity was more incremental, reflecting the strategy's emphasis on controlled exposure to higher-volatility segments of the market.

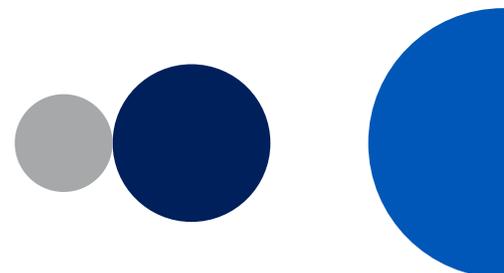
Outlook & strategy

We believe U.S. healthcare is better positioned than it has been in several years. The sector's prolonged period of underperformance has reset expectations and valuations, particularly within small- and mid-cap biotechnology and innovation-focused companies. While policy and regulatory uncertainty remains part of the landscape, recent market action suggests investors are once again willing to differentiate between companies with strong fundamentals and those with less clear paths to value creation.

The long-term drivers for U.S. healthcare remain compelling. Demographic trends, unmet medical need, and continued scientific progress across areas such as obesity, oncology, rare disease, and diagnostics continue to support durable demand. At the same time, 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.

Our positioning across the U.S. Healthcare strategies reflects these dynamics. 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

Investments in HQT 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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