

abrdn Healthcare Opportunities Fund



Quarter ended September 30, 2025



Fund performance



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

Expense ratios

Fiscal year ended March 30 (%)

Annual Expenses	Percent of Net Assets	Percent of Managed Assets
Management Fees	1.25	1.00
Other Expenses	0.17	0.14
Operating Expenses (net of fee waiver)	1.42	1.14
Leverage Costs	1.68	1.34
Total Expenses	3.28	2.62
Total Expenses before Fee Waiver	3.28	2.62

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 1.44% 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). Leverage Costs include interest, fees, and other other up front/offering costs associated with the leverage struture for the Fund. Gross Operating Expenses include the Fee Waiver and Leverage Costs.

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	3.68	-2.96
Year to date	-2.07	-0.04
1 Year	-12.19	-12.29
3 years (p.a.)	5.39	8.04
5 years (p.a.)	5.73	7.44
10 years (p.a.)	7.91	9.07

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. abrah 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.

For current holdings information, please visit abrdn Healthcare Opportunities Fund - Portfolio Holdings



¹ The Fund's blended benchmark comprises 80% S&P Composite 1500 Healthcare Index, 15% S&P 500 HealthCare Corporate Bond Index and 5% S&P Composite 1500 Health Care REITS Index.

The S&P Composite 1500 Healthcare 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.

The S&P 500 Healthcare Corporate Bond Index includes securities of those companies listed on the S&P 500 Bond Index classified according to the Industry Classification Benchmark as healthcare. The S&P 500 Bond Index is an unmanaged index that comprises the corporate debt of those companies listed on the S&P 500 Index, which is considered representative of the U.S. stock market.

The S&P Composite 1500 Healthcare REITS Index includes securities of those companies listed on the S&P Composite 1500 Index classified according to the Industry Classification Benchmark as healthcare REITs.

Indexes are unmanaged and have been provided for comparison purposes only. No fees or expenses are reflected. You cannot invest directly in an index.

Absolute performance was supported by gains in biotechnology, large-cap pharmaceuticals and diversified healthcare tools. Although healthcare underperformed broader markets, stock selection in innovation-driven therapeutics helped to offset some of the weakness.

Detractors included Inspire Medical Systems and Intuitive Surgical, both of which underperformed due to normalising elective procedures and hospital budget constraints. ARS Pharmaceuticals also lagged due to slower product launch metrics.

Positive contributors included AbbVie, which posted double-digit growth in Skyrizi and Rinvoq, with management reaffirming an expansion in margins despite inflationary pressures. Cytokinetics benefited from optimism surrounding its cardiomyopathy franchise and increased regulatory clarity. Thermo Fisher Scientific gained from renewed interest in life-science tools and contract manufacturing.

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 guarter 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.

Activity

The Fund initiated or added to CVS Health, uniQure, Arcus Biosciences, Lucid Diagnostics, Abivax and InspireMD, emphasising clinical innovation and diversified platforms. We trimmed AbbVie and Cytokinetics, redeploying the proceeds into high-conviction therapeutics. No major equity sales occurred. We reassessed our venture capital and convertible bond positions, maintaining a disciplined approach focused on upcoming catalysts. The portfolio remained balanced across large-cap defensives, mid-cap growth stocks and select early-stage innovators.

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

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.

Investments in THQ 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 quarantee future results.

This commentary is for informational purposes only, and is not intended as an offer or recommendation with respect to the purchase or sale of any security, option, future or other derivatives in such securities.

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