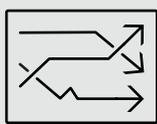


Fund performance



The equity portion of the Fund rose (gross of fees) but slightly 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 structure 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 December 31, 2025 (%)

	NAV	Market price
Quarter to date	9.87	13.86
Year to date	7.59	13.81
1 Year	7.59	13.81
3 years (p.a.)	4.81	8.91
5 years (p.a.)	5.88	7.29
10 years (p.a.)	8.12	9.38

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.

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.

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



Performance was weighed down by several stock-specific detractors. Zoetis detracted after lowering guidance, reflecting softer demand across certain animal health categories and prompting a near-term reset in growth expectations despite the strength of its long-term franchise. Acadia Healthcare underperformed amid concerns over elevated legal and liability costs, which reduced earnings visibility and weighed on investor confidence, reflecting broader caution towards healthcare services providers facing regulatory and cost pressures. Abbott Laboratories also detracted after a weaker-than-expected earnings update, as softness in nutrition and diagnostics more than offset strength elsewhere, reinforcing concerns around margin pressure and post-pandemic growth normalization.

Positive contributions were led by Eli Lilly, which was the Fund's strongest contributor as confidence continued to build around the long-term opportunity in obesity and diabetes. Investors increasingly viewed the company as structurally advantaged, supported by scale, manufacturing investment, and pipeline breadth, driving sustained outperformance. Merck also performed well as confidence grew in the durability of Keytruda cash flows and the company's ability to reinforce its growth outlook through acquisitions and late-stage pipeline progress, helping to address upcoming patent expiries. Intuitive Surgical contributed positively as procedure growth remained resilient and investor confidence increased in the long-term adoption of robotic-assisted surgery, supported by strong recurring revenue dynamics and continued expansion of the installed base.

Market review

The U.S. healthcare sector in 2025 was marked by frustration followed by a gradual shift towards cautious optimism. The sector lagged the broader market as investors favored large-cap technology and artificial intelligence-driven growth, while healthcare faced persistent policy, reimbursement, and regulatory uncertainty. By late summer, valuations had fallen sharply relative to the S&P 500 Index.

An inflection point came in April, when new U.S. tariffs under President Donald Trump's administration triggered a sharp sell-off, particularly in small- and mid-cap (SMID-cap) biotechnology and innovation-focused companies.

As tariff concerns stabilized and financing conditions improved, SMID-cap biotechnology rebounded, supported by company-specific execution and clinical progress. Regulatory uncertainty persisted, including U.S. Food and Drug Administration (FDA) staffing reductions, reinforcing the importance of selectivity.

By the fourth quarter, momentum improved meaningfully. U.S. Federal Reserve rate cuts supported longer-duration growth assets, and healthcare emerged as a stronger-performing sector. Pharmaceuticals and biotechnology led gains, while renewed mergers and acquisitions (M&A) activity further underpinned confidence.

Activity

Activity in the fourth quarter focused on repositioning towards higher-upside healthcare opportunities, particularly within SMID-cap innovation, while trimming larger-cap exposures and reassessing fixed-income positioning. New positions included BioCryst, CareDx, Disc Medicine, Praxis, Bodesix, Veradermics, and exposure to Perceptive Capital Solutions aligned with Freenome, reflecting a focus on diagnostics, rare disease, and oncology innovation.

Positions in Johnson & Johnson, Pfizer, ResMed, Veradigm, BioMarin, Exact Sciences, Perrigo, LivaNova, Veracyte, Galera Therapeutics, and IMAB were sold, driven by relative valuation considerations, reduced conviction, and capital reallocation towards higher-upside opportunities. Bond exposure was also modestly reduced, with capital tilted incrementally towards equities where return potential was more compelling.

Outlook & strategy

As we enter 2026, 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 SMID-cap biotechnology and innovation-focused companies. While policy and regulatory uncertainty remains part of the landscape, recent market action suggests that 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 needs, and continued scientific progress across areas such as obesity, oncology, rare disease, and diagnostics continue to support durable demand. At the same time, renewed M&A 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 Fund 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 and maintain allocations to healthcare-related fixed income, with modest adjustments to bond exposure over the period. 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

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 guarantee future results.

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