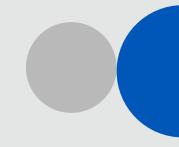


# abrdn World Healthcare Fund

## **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.<sup>1</sup>

### **Expense ratios**

### Fiscal year ended September 30 (%)

Annual Expenses	Percent of Net Assets	Percent of Managed Assets
Management Fees	1.25	1.19
Other Expenses	0.24	0.23
Fee Waiver	0.00	0.00
Operating Expenses	1.49	1.42
Leverage Costs	1.71	1.63
Total Expenses	3.20	3.05
Total Expenses before Fee Waiver	3.20	3.05

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 1.51% 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).

### 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	27.58	26.46
Year to date	24.52	25.56
1 year	12.40	7.31
3 years (p.a.)	14.04	11.48
5 years (p.a.)	9.02	8.55
Since inception (p.a.)	6.62	6.03

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 World Healthcare Fund - Portfolio Holdings



<sup>&</sup>lt;sup>1</sup> The Fund's blended benchmark comprises 80% S&P Global 1200 Healthcare Index, 15% S&P 500 Healthcare Corporate Bond Index, 5% S&P Composite 1500 Healthcare REITS Index.

The S&P Global 1200 Healthcare Index includes securities of those companies listed on the S&P Global 1200 Index classified according to the Industry Classification Benchmark as healthcare. The S&P Global 1200 Index is an unmanaged index considered representative of the global equity market, which captures roughly 70% of global market capitalization.

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. 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.

The Fund delivered strong absolute and relative performance in the third quarter, driven by robust stock selection in biotechnology, large-cap pharmaceuticals and select diagnostics. The Fed's rate cut in September improved risk appetite, supporting gains in innovative therapeutics, despite healthcare lagging broader equity indices. Abivax rose after reporting encouraging clinical trial results for obefazimod, its treatment for ulcerative colitis, and completing a successful capital raise that reduced financing risk. Meanwhile, uniQure benefited from renewed optimism in gene therapy, with progress in its CSL Behring collaboration and programmes for Huntington's disease and epilepsy. AbbVie posted double-digit growth in Skyrizi and Rinvoq, with management reaffirming an expansion in margins despite inflationary pressures.

Detractors were limited, with modest underperformance from Inspire Medical Systems and Intuitive Surgical due to normalising elective procedures and hospital budget constraints. Also, diagnostics company DiaSorin weakened slightly amid uneven test volumes and subdued small-cap sentiment.

### Market review

Global equities ended the quarter higher, supported by strong corporate earnings and the US Federal Reserve (Fed)'s widely anticipated first 25 basis-point rate cut of the year in September. Early tariff-related jitters faded as hopes for broader trade agreements between the US and its key trading partners built, and sentiment was lifted by the 90-day extension of the US-China tariff truce to 10 November. Softer US labour market data and signs of easing inflation strengthened investor conviction that the Fed could implement further interest-rate cuts in the coming months, driving government bond yields lower. A cautiously dovish message from Fed Chair Jerome Powell reinforced this view, and he reaffirmed the central bank's independence shortly before President Trump sought to dismiss Governor Lisa Cook over alleged mortgage fraud.

Although President Trump announced 100% tariffs on branded and patented pharmaceutical imports, the level was lower than the 200-250% initially feared; moreover, companies building manufacturing facilities in the US are exempt, while existing EU-US trade arrangements already cap European pharmaceutical tariffs at 15%. In late September, President Trump announced a Gaza peace plan endorsed by Israel but still under review by Hamas, with no immediate effect on markets or policy. At the end of the quarter, the US government partially shut down for the first time in nearly seven years after Democrats and Republicans failed to reach a funding deal, forcing hundreds of thousands of federal workers into furlough and halting key government services. The resulting loss of output and income is expected to weigh on short-term growth, while delays to key data releases could weigh on investor confidence.

The performance of the global healthcare sector notably lagged that of global equities over the quarter. Cyclical sectors such as communication services, information technology, materials 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 also drew support from improved US-China trade sentiment after the extension of a 90-day tariff freeze, while 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 global 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**

Portfolio activity focused on adding high-conviction companies at attractive valuations. New positions were initiated in CVS Health, Diasorin, Renalytix, Alcon, Diaceutics, Prenetics Global and OSE Immuno, targeting undervalued franchises with clear catalysts. The Fund reduced exposure to smaller biotechnology holdings with delayed catalysts, reallocating capital to companies like AbbVie and Novo Nordisk to lock in gains while maintaining core exposure. This modestly increased weightings in diagnostics and diversified healthcare while retaining a biotechnology tilt.

## **Outlook & strategy**

As the global trade shock has moderated and the risk of a tariff spiral has receded, the probability of a US recession has fallen. However, uncertainty has not dissipated, with US trade and fiscal policy likely to persist as sources of volatility both for the global economy and financial markets. We therefore reiterate the importance of exposure to a diverse set of high-quality global opportunities.

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.

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#### 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 THW 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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