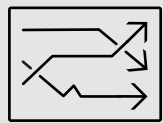


### Fund performance



The equity portion of the Fund fell (gross of fees) but outperformed its benchmark over the quarter.<sup>1</sup>

Among the positive contributors, uniQure shares performed well after the company received a Food and Drug Administration (FDA) Breakthrough Therapy designation for AMT-130 in Huntington's, reflecting strong clinical efficacy data and accelerating regulatory progress. Alnylam Pharmaceuticals delivered strong first-quarter revenue growth of 28% year on year, driven by continued advancement and commercial strength in its ribonucleic acid interference therapeutic portfolio. GRAIL demonstrated solid commercial traction with its multi-cancer early detection tests, supported by successful Pathfinder 2 clinical study results and integration with key healthcare platforms.

Among the detractors, Sarepta Therapeutics shares fell sharply after a second patient death associated with Elevidys gene therapy prompted increased scrutiny from the FDA and the suspension of dosing activities. UnitedHealth Group shares fell sharply after the company unexpectedly lowered earnings guidance because of higher medical costs and increased regulatory scrutiny over Medicare billing practices. Regeneron Pharmaceuticals reported weaker-than-anticipated second-quarter earnings, missing both earnings per share and revenue forecasts due to escalating manufacturing costs and heightened competition in key markets.

### 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 June 30, 2025 (%)

	NAV	Market price
Quarter to date	-0.17	-1.26
Year to date	-0.90	3.34
1 year	-1.18	1.57
3 years (p.a.)	6.41	5.09
5 years (p.a.)	3.07	3.89
10 years (p.a.)	2.51	1.51

**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).

<sup>1</sup> 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

We initiated a position in Humana, a managed-care company, after its shares had underperformed earlier in the year. The decision reflected the company's stable Medicare Advantage franchise and record of double-digit earnings growth, along with demographic trends and recent membership gains.

We added Codexis, a small-cap company, as a new holding after a significant downturn in its share price. The investment reflected developments in its enzyme engineering pipeline, with particular focus on the company's core biocatalyst technology used in pharmaceutical manufacturing and gene therapy development, as well as anticipated new partnerships and product opportunities.

We also initiated a position in Acadia Healthcare, which operates psychiatric hospitals and treatment centres, to gain exposure to behavioural health services. The company was added as a mid-cap holding with improving fundamentals. The decision reflected factors such as moderating labour cost pressures and sustained demand for mental health services.

Meanwhile, we sold our holdings in Stryker, HCA Healthcare and Medpace Holdings after periods of strong share-price performance. The disposals also reflected sector reallocation, a shift away from large-cap providers, and broader portfolio strategy considerations.

## Market review

US equities ended the quarter notably higher. Investor sentiment was initially weighed down in April by President Trump's sweeping tariff policies. Although a 90-day pause was later announced for most of these tariffs, China remained subject to US duties of over 100%. However, equities recovered somewhat towards the end of April on hopes of a de-escalation in tensions. In May, the US and China agreed at talks in Geneva to implement substantial reciprocal tariff reductions for 90 days. This temporary agreement was reaffirmed at the US-China trade talks in London in June. Investors' focus then shifted to rising tensions in the Middle East after Israel launched strikes against Iran in response to its nuclear programme, with the US then carrying out large-scale airstrikes on Iranian nuclear facilities. However, a US-brokered ceasefire between Israel and Iran eased tensions somewhat.

The performance of the US healthcare sector lagged that of US equities over the quarter. Cyclical sectors fared relatively well as easing US-China trade tensions led to reduced economic and geopolitical uncertainty. These sectors included information technology, communication services, industrials and consumer discretionary. Meanwhile, apart from healthcare, other defensive sectors, including consumer staples, real estate and utilities, also underperformed as investors became less risk averse as global trade tensions eased. In addition, healthcare stocks faced headwinds from regulatory uncertainty, including proposed Medicaid work requirements and uncertainty in biotechnology regulation and funding. Energy was another laggard as oil prices spent much of the quarter in decline before rebounding towards the end of the period due to Middle East tensions to finish only slightly lower.

## 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 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 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.

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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