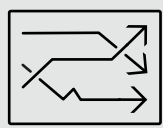


Fund performance



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

The top three detractors were Sarepta Therapeutics, Merck, and Tandem Diabetes Care. Sarepta underperformed after reporting a patient death due to acute liver failure linked to its lead gene therapy product, Elevidys, for Duchenne Muscular Dystrophy – a development that raised significant investor concern. Merck declined after news that it would slow shipments of its Gardasil vaccine to China in support of a local partner's inventory reduction efforts, which led to a sales decline during the fourth quarter of 2024. Tandem Diabetes Care fell after posting fourth-quarter earnings that missed analyst expectations, reflecting intensified competition in the insulin pump market.

The top three positive contributors were AbbVie, Abbott Laboratories and Eli Lilly. AbbVie rose on the back of stronger-than-expected fourth-quarter earnings, with continued growth in immunology drugs Skyrizi and Rinvoq offsetting declining Humira sales. Abbott gained after delivering robust fourth-quarter earnings and forward guidance, while investor concerns surrounding litigation tied to its infant formula operations began to ease. Eli Lilly outperformed the broader healthcare sector, supported by weaker-than-expected clinical data from competitor Novo Nordisk in the increasingly competitive obesity and diabetes 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 March 31, 2025 (%)

	NAV	Market price
Quarter to date	4.37	12.24
Year to date	4.37	12.24
1 Year	0.77	13.89
3 years (p.a.)	2.99	6.03
5 years (p.a.)	11.08	14.46
10 years (p.a.)	7.24	8.18

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](#)



Activity

During the first quarter of 2025, we made several changes to the portfolio. Generally speaking, the portfolio management team identified relative value differentials favoring smaller-cap equities over large-cap pharmaceutical and biotechnology companies. Additionally, concerns over pending tariffs led us to adopt a more cautious stance toward the large-cap pharmaceutical and biotechnology sector. Consequently, we initiated several positions in predominantly small- and mid-cap pre-commercial or early product launch companies. Examples of new initiations included Neurocrine Biosciences, Arrowhead Pharmaceuticals, NeoGenomics, ARS Pharmaceuticals, and Sera Prognostics. We also made a new investment in a pre-public, venture-backed company, Abcura.

We sold several positions for various reasons. Some sales were motivated by a lack of confidence in the companies' forward growth prospects, while some were as a result of share-price appreciation relative to broader healthcare equities. Examples of sold positions include Avantor, argenx, and Tempus AI.

Market review

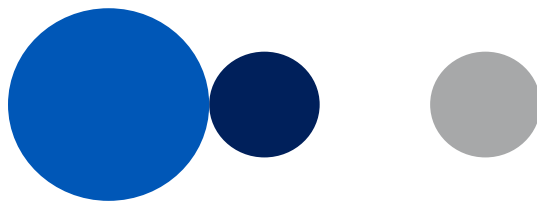
US equities ended the quarter notably down. Against a backdrop of lingering inflationary pressures and a relatively buoyant labour market, the US Federal Reserve (Fed) maintained the target range for the federal funds rate at 4.25–4.50% during the quarter. The central bank's chair, Jerome Powell, reiterated the Fed's commitment to sustainably lowering annual inflation – as measured by its preferred measure, the core Personal Consumption Expenditures Price Index – below the 2% target. However, the Fed aims to proceed cautiously, taking a data-dependent approach as it seeks greater clarity on underlying economic trends given persistently high inflation data and the potential inflationary impact of President Trump's policies, particularly his tariff announcements. Despite this, following some softer US economic data, investors are now factoring in the possibility that rates could be cut at a slightly faster pace than previously expected.

The performance of the US healthcare sector notably outpaced that of the S&P 500 Index over the quarter. This was due to the relatively defensive nature of healthcare stocks, along with other sectors such as utilities and real estate that also outperformed. Investor risk aversion increased amid concerns that President Trump's recent tariff announcements could prove inflationary and weigh on US economic growth. There were also heightened geopolitical tensions due to the ongoing wars in Ukraine and the Middle East. The energy sector outperformed too, supported by its perceived role as an inflation hedge, the Trump administration's 'energy dominance' policy, and heightened geopolitical tensions. Materials also fared well, as fears of a potential trade war and geopolitical uncertainty supported gold prices. Elsewhere, the consumer discretionary sector was the main laggard, reflecting mounting concerns about the health of the US consumer. Information technology also notably underperformed, as the prospect of interest rates staying higher for longer weighed on the sector, given its large weighting to growth companies whose future discounted earnings would be negatively affected.

Outlook & strategy

With Donald Trump securing his second term, uncertainty around election results has been replaced with policy ambiguity. Tax cuts and deregulation are supportive of GDP growth, but incremental tariffs and immigration restrictions could mute these gains. This combination of looser fiscal policy coupled with potential supply-side shocks raises inflation expectations. As a result, we expect Fed rate cuts to slow in 2025 while we await increased visibility over the policy agenda and its resulting impact on inflation.

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

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.

The information contained herein is current at the time of distribution, intended to be of general interest only and does not constitute legal or tax advice. Aberdeen does not warrant the accuracy, adequacy or completeness of the information and materials contained in this document and expressly disclaims liability for errors or omissions in such information and materials. Aberdeen reserves the right to make changes and corrections to its opinions expressed in this document at any time, without notice.

Some of the information in this document may contain projections or other forward-looking statements regarding future events or future financial performance of countries, markets or companies. These statements are only predictions and actual events or results may differ materially. The reader must make his/her own assessment of the relevance, accuracy and adequacy of the information contained in this document, and make such independent investigations as he/she may consider necessary or appropriate for the purpose of such assessment.

Any opinion or estimate contained in this document is made on a general basis and is not to be relied on by the reader as advice. Neither Aberdeen nor any of its agents have given any consideration to nor have they made any investigation of the investment objectives, financial situation or particular need of the reader, any specific person or group of persons. Accordingly, no warranty whatsoever is given and no liability whatsoever is accepted for any loss arising whether directly or indirectly as a result of the reader, any person or group of persons acting on any information, opinion or estimate contained in this document.

In the United States, Aberdeen is the marketing name for the following affiliated, registered investment advisers: abrdn Inc., abrdn Investments Ltd., and abrdn Asia Limited.

©2025 This material is owned by Aberdeen or one of its affiliates. This material is the property of Aberdeen and the content cannot be reproduced or used in any way without our authorization.

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.

For more information visit aberdeeninvestments.com

Ref. AA-210425-192246-5