aberdeen Investments

abrdn High Income Opportunities Fund

Quarterly Commentary

Quarter ended March 31, 2025

Fund performance

The abrdn High Income Opportunities Fund returned 0.88% (Institutional Class shares, net of fees), underperforming the I.C.E. BofA US High Yield Index, which returned 0.94% during the quarter.[1]

The building materials sector was a notable detractor from performance relative to the benchmark. Within this sector, Cornerstone Building Brands was softer in sympathy with weak earnings from a competitor and continued to be under pressure despite a lack of other news. The consumer products sector, including MajorDrive Holdings, was also unfavourable. Conversely, unsecured bonds and especially our exposure to Pemex contributed to performance. The chemical sector, including Consolidated Energy Finance and the gaming sector, including Affinity Gaming, were also beneficial. While Affinity Gaming has been volatile for several months, we maintain our conviction in the regional gaming operator.

In terms of ratings, non-rated and lower quality CCC-rated bonds weighed on performance. Conversely, BB and B-rated bonds were favourable.

Total Returns (as of 03/31/25)

	Class A w/o sales charges	Institutional Class	Benchmark
10 Years (p.a.)	3.07	3.33	4.92
5 Years (p.a.)	6.51	6.82	6.79
3 Years (p.a.)	4.04	4.35	5.01
1 Year	6.29	6.55	7.60
Year to Date	0.69	0.88	0.94
3 Months	0.69	0.88	0.94
1 month	-1.47	-1.32	-1.07

Benchmark: ICE BofA US High Yield Constrained (Unhedged) from 08/18/2023. ICE BofA Global High Yield Constrained (Hedged to USD) from 12/17/2002 to 8/17/2023.

PAST PERFORMANCE DOES NOT GUARANTEE FUTURE RESULTS. The performance data quoted represents past performance and current returns may be lower or higher. Class A shares have up to a 0.25% front-end sales charge and a 0.25% 12b-1 fee. The investment return and principal value will fluctuate so that an investor's shares, when redeemed, may be worth more or less than the original cost. To obtain performance information current to the most recent month-end, which may be higher or lower than the performance shown above, please call 866-667-9231 or go to **aberdeeninvestments.com/us/literature**.

Performance information for periods prior to August 18, 2023 does not reflect the Fund's current investment strategy. Please consult the Fund's prospectus for more detail.

Total returns assume the reinvestment of all distributions. Total returns may reflect a waiver of part of the Fund's fees for certain periods since inception, without which returns would have been lower. Indexes are unmanaged and provided for comparison purposes only. No fees or expenses are reflected. You cannot invest directly in an index.

NOT FDIC INSURED * NO BANK GUARANTEE * MAY LOSE VALUE

[1] The ICE BofA Global High Yield Constrained Index tracks the performance of U.S. dollar-, Canadian dollar-, British pound- and euro-denominated below-investment-grade corporate debt publicly issued in the major domestic or eurobond markets. Indexes are unmanaged and have been provided for comparison purposes only. No fees or expenses are reflected. You cannot invest directly in an index. Index performance is not an indication of the performance of the Fund itself.

For current holdings information, please visit **abrdn High Income Opportunities Fund - Portfolio Holdings**

Market review

The global high-yield asset class ended the first quarter slightly higher.

High-yield assets started the year off on a positive note as the combination of tighter corporate bond spreads and lower government bond yields were favorable for returns. With President Trump taking office in January, there was no shortage of market-moving daily headlines, as investors looked to make sense of the potential impact on corporates from the new administration. After testing cycle lows during January, credit spreads widened out marginally into month end.

As the quarter progressed, the political headline barrage continued in the US, leading to volatility around both rates and spreads. While markets appeared to be numb to the rhetoric from the White House, economic data started to show traces of weakness in February. This led to falling rates in the US as markets increasingly priced in more interest-rate cuts from the Federal Reserve (Fed). Investors in search of clarity on the intentions of the Trump administration's tariff policy were left unsatisfied in March, with the resulting uncertainty reflected in high-yield credit spreads. Throughout the month, investors looked to rotate into higher quality holdings in an effort to become more defensive.

Outlook & strategy

Uncertainty has gripped financial markets and the passage of time has done little to clear the fog that surrounds the White House's ultimate intentions. Corporates and consumers alike are attempting to sort through the noise, but the collateral damage to confidence in all parts of the economy has had a noticeable impact on markets. While hard data on the economic front has held up well so far, the focus is clearly on where we go from here, as the environment has changed, throwing the efficacy of past economic data and prior-quarter corporate earnings into question. Forward looking guidance from corporate management teams should be the focus from here, but that too will likely be clouded by uncertainty, leaving investors with little in the way of tangible evidence to point to, as we navigate financial markets going forward.

Fortunately, within the high-yield market, corporate fundamentals are in a position to weather a storm, should one continue to materialise. Maturity runways have been cleared, liquidity is strong, and from a credit ratings perspective, the market is higher in quality than it has been historically. Valuations have backed up and are offering compelling investment cases for credits that have the ability to withstand a recession. While we expect that uncertainty will continue to define the investment backdrop over the coming months, we are seeing attractive opportunities within our market that could reward the patient investor.

Important information

The fund invests in emerging market equities and / or bonds. Investing in emerging markets involves a greater risk of loss than investing in more developed markets due to, among other factors, greater political, tax, economic, foreign exchange, liquidity and regulatory risks.

Potential losses that may arise from changes in the market conditions which in turn affect the market prices of the investments of the Fund.

The value of a security may decline for reasons directly related to the issuer, such as management performance, financial leverage and reduced demand for the issuer's goods or services.

The stock or other security of a company may not perform as well as expected, and may decrease in value, because of factors related to the company, to the industry in which the company is engaged, or to the market as a whole.

The Fund is subject to the risk that the Adviser or Subadviser may make poor security selections.

Foreign securities are more volatile, harder to price and less liquid than U.S. securities. They are subject to different accounting and regulatory standards, and currency exchange rate, political and economic risks.

The value of foreign currencies relative to the U.S. Dollar fluctuates in response to market, economic, political, regulatory, geopolitical or other conditions. Fluctuations in currency exchange rates may impact a Fund's returns more greatly to the extent the Fund does not hedge currency exposure or hedging techniques are unsuccessful.

The Fund is subject to the risk of concentrating investments in infrastructure-related companies, which makes it more susceptible to factors adversely affecting issuers within that industry than would a fund investing in a more diversified portfolio of securities. These risks include high interest costs in connection with capital construction programs and the costs associated with environmental and other regulations.

Investing in mutual funds involves risk, including possible loss of principal. There is no assurance that the investment objective of any fund will be achieved.

S&P Global Ratings is an international credit rating agency. S&P Global Ratings express the agency's opinion about the ability and willingness of an issuer, such as a corporation or state or city government, to meet its financial obligations in full and on time. Typically, ratings are expressed as letter grades that range, for example, from "AAA" to "D" to communicate the agency's opinion of relative level of credit risk. Ratings from "AA" to "CCC" may be modified by the addition of a plus (+) or minus (-) sign to show relative standing within the major rating categories.
Moody's Corp is an international credit rating agency. Moody's ratings express the agency's opinion about the ability and willingness of an issuer, such as a corporation or state or city government, to meet its financial obligations in full and on time. Moody's assigns a rating from "Aaa" to "C," with Aaa being the highest quality and C the lowest quality.
Fitch Ratings Inc. is an international credit rating agency. Fitch's ratings express the agency's opinion about the ability and willingness of an issuer, such as a corporation or state or city government, to meet its financial obligations in full and on time, and are expressed as letter grades that range from "AAA" to "D" to communicate each agency's opinion of relative level of credit risk. Ratings from "A"' to 'CCC' may be modified by the addition of a plus (+) or minus (-) sign to show relative standing within the major rating categories. The investment grade category is a rating from AAA to BBB-.

Investors should carefully consider a fund's investment objectives, risks, fees, charges and expenses before investing any money. To obtain this and other fund information, please call 866-667-9231 to request a summary prospectus and/or prospectus, or download at https://www.aberdeeninvestments.com/en-us. Please read the summary prospectus and/or prospectus carefully before investing any money.

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