

TEKLA HEALTHCARE
OPPORTUNITIES FUND



Semiannual Report

March 31, 2021

TEKLA HEALTHCARE OPPORTUNITIES FUND

Distribution policy: The Fund has implemented a managed distribution policy (the Policy) that provides for monthly distributions at a rate set by the Board of Trustees. Under the current Policy, the Fund intends to make monthly distributions at a rate of \$0.1125 per share to shareholders of record. The Policy would result in a return of capital to shareholders, if the amount of the distribution exceeds the Fund's net investment income and realized capital gains. A return of capital may occur, for example, when some or all of the money that you invested in the Fund is paid back to you. A return of capital distribution does not necessarily reflect the Fund's investment performance and should not be confused with "yield" or "income."

The amounts and sources of distributions reported in the Fund's notices pursuant to Section 19(a) of the Investment Company Act of 1940 are only estimates and are not being provided for tax reporting purposes. The actual amounts and sources of the amounts for tax reporting purposes will depend upon the Fund's investment experience during its fiscal year and may be subject to changes based on tax regulations. The Fund will send you a Form 1099-DIV for the calendar year that tells you how to report distributions for federal income tax purposes.

You should not draw any conclusions about the Fund's investment performance from the amount of distributions pursuant to the Policy or from the terms of the Policy. The Policy has been established by the Trustees and may be changed or terminated by them without shareholder approval. The Trustees regularly review the Policy and the frequency and rate of distributions considering the purpose and effect of the Policy, the financial market environment, and the Fund's income, capital gains and capital available to pay distributions. The suspension or termination of the Policy could have the effect of creating a trading discount or widening an existing trading discount. At this time there are no reasonably foreseeable circumstances that might cause the Trustees to terminate the Policy.

Consider these risks before investing: As with any investment company that invests in equity securities, the Fund is subject to market risk—the possibility that the prices of equity securities will decline over short or extended periods of time. As a result, the value of an investment in the Fund's shares will fluctuate with the market generally and market sectors in particular. You could lose money over short or long periods of time. Political and economic news can influence marketwide trends and can cause disruptions in the U.S. or world financial markets. Other factors may be ignored by the market as a whole but may cause movements in the price of one company's stock or the stock of companies in one or more industries. All of these factors may have a greater impact on initial public offerings and emerging company shares. Different types of equity securities tend to shift into and out of favor with investors, depending on market and economic conditions. The performance of funds that invest in equity securities of healthcare companies may at times be better or worse than the performance of funds that focus on other types of securities or that have a broader investment style.

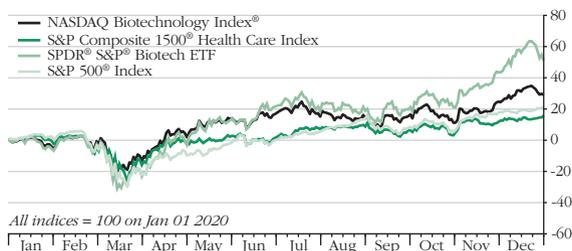
TEKLA HEALTHCARE OPPORTUNITIES FUND

Dear Shareholders,

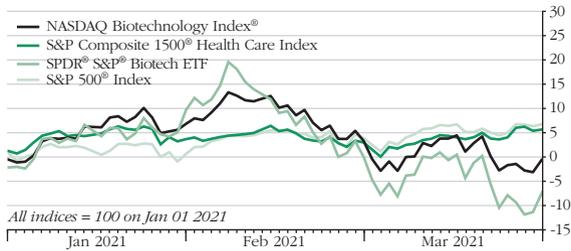
I think it is obvious in the United States and around the world that, over the last year, the COVID-19 epidemic has been the dominating factor in nearly everyone's lives, family and job, as well as in all aspects of the economy and markets. We have not been surprised by the volatility of these things but admit to not expecting what felt like an inexorable upward move in the market during the worst months of the pandemic. We report herein on the period September 30, 2020 to March 31, 2021. Fund performance for that period is described elsewhere in this report. But given the dynamics of the last year, we feel that we should speak to the bigger, Covid-related picture in our commentary.

As you may well be aware, in the first part of 2020 nearly all equity markets, we see as related to the Fund declined—some as much as 30%—in response to the infections, quarantines and deaths reported. However, those same markets rebounded impressively through the rest of the calendar year producing very positive results for calendar year 2020. For example, the S&P 500® Index* (“SPX”) net advanced 18% in 2020. The broad S&P Composite 1500® Health Care Index* (“S15HLTH”) trailed the SPX but still advanced approximately 14%. Interestingly, the NASDAQ Biotechnology Index®* (“NBI”) advanced approximately 26%. The SPDR® S&P® Biotech ETF* (“XBI”), which tracks an index dominated by small-and mid-cap biotech companies, advanced approximately 48%, quite a dramatic result.

Much has been made of the markets' 2020 advance. They have opined in great detail on this subject. In short, we think it is generally accepted that financial stimulus provided by the government and the promise of low interest rates promulgated by the Federal Reserve allowed and/or encouraged investment in the stock market (and in risk assets in particular) in preference to other asset classes.



The first quarter of 2021 has been quite a different story. Things have been a bit more complicated. The broad SPX and S15HLTH advanced 6% and 3%, respectively with only moderate volatility in the first quarter of calendar year 2021. By contrast, the NBI and XBI have been much more volatile. The NBI was up almost 14% by early February but retraced this entire gain ending the quarter down fractionally. The small- and mid-cap focused XBI was up almost 24% by early February and retreated even more dramatically, declining by 22% in less than two months to end the quarter down by a few percent.



The question of course is what happened to cause this situation and, more importantly, where are we going. From a personal point of view, we have all had a horrific year. More than thirty-two million Americans have contracted COVID-19 and well more than 500,000 individuals have died. Millions of children have had access to education reduced or eliminated. Millions of people have lost their jobs and we expect that hundreds of thousands of businesses have closed forever. Much of this loss cannot be recovered.

Having said this, we also need to evaluate where we are and where we expect to be as shareholders of the Fund. From a healthcare fund point of view, the view is a little more nuanced. From our perspective, COVID-19 arrived out of the blue. As described above, markets declined precipitously. Almost immediately, 200 companies started working on covid vaccines and therapeutics. Miraculously, biopharma partnered with the U.S. and other governments to approve multiple vaccines in a year (compared to a typical ten year development cycle).

In parallel, we witnessed a vitriolic election cycle that changed a good deal of how government governs. We saw civil unrest that rivaled what we observed in the 1960's. A work from home world was created largely out of whole cloth. Simplistically, the economy unwound and then apparently rewound.

A year later we find ourselves with still high unemployment, Covid case rates still dramatically higher than when we all went home, approaching 50% of the adult population vaccinated with herd immunity anticipated

by some experts within the next few months, a push to get back to school and to work, a separate and opposing push to continue working from home, a Federal Reserve committed to low interest rate for the foreseeable future, a government committed to continued stimulus and to increasing the safety net, the stock market higher than it was a year ago and what seems like generally positive sentiment. Whew!!

With respect to healthcare, what has all this produced? It was a banner, if volatile (particularly in the first quarter of 2021) year, for healthcare stock performance, a year of record investment in the sector, approximately 100 new biotech IPOs, an apparently less cooperative FDA, a hint (or more) of drug pricing pressure, first quarter company reporting results that look promising, healthcare trading at the biggest discount to the SPX in many years and, perhaps not surprisingly, quite a bit of uncertainty about where healthcare goes from here.

Having said all this, our view is pretty simple. We are fundamental analysts. We see attractive valuations, lots of innovation and a favorable macro environment (with low cost of capital and many companies well-funded). We think a fair analysis of all this is that it may well be a bumpy ride, but over any reasonable timeframe we see way more possibility for upside opportunity for the sector than for any extended downside pain.

Be well,

Daniel R. Omstead

Daniel R. Omstead
President and Portfolio Manager



TEKLA HEALTHCARE OPPORTUNITIES FUND

Fund Essentials

Objective of the Fund

The Fund's investment objective is to seek current income and long-term capital appreciation.

Description of the Fund

Tekla Healthcare Opportunities Fund ("THQ") is a non-diversified closed-end healthcare fund traded on the New York Stock Exchange under the ticker THQ. THQ employs a versatile growth and income investment strategy investing across all healthcare sub-sectors and across a company's full capital structure.

Investment Philosophy

Tekla Capital Management LLC, the Investment Adviser to the Fund, believes that:

- Aging demographics and adoption of new medical products and services may provide long-term tailwinds for healthcare companies
- Late stage biotechnology product pipeline could lead to significant increases in biotechnology sales
- Investment opportunity spans 11 sub-sectors including biotechnology, healthcare technology, managed care and healthcare REITs
- Robust M&A activity in healthcare may create additional investment opportunities

Fund Overview and Characteristics as of 3/31/21

Market Price ¹	\$21.73
NAV ²	\$22.50
Premium/(Discount)	-3.42%
Average 30 Day Volume	118,471
Net Assets	\$930,345,180
Managed Assets	\$1,155,345,180
Leverage Outstanding	\$225,000,000
Total Leverage Ratio ³	19.47%
Ticker	THQ
NAV Ticker	XTHQX
Commencement of Operations Date	7/31/14
Fiscal Year to Date Distributions per Share	\$0.68

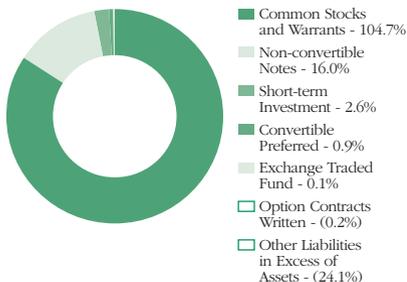
¹ The closing price at which the Fund's shares were traded on the exchange.

² Per-share dollar value of the Fund, calculated by dividing the total value of all the securities in its portfolio, plus any other assets and less liabilities, by the number of Fund shares outstanding.

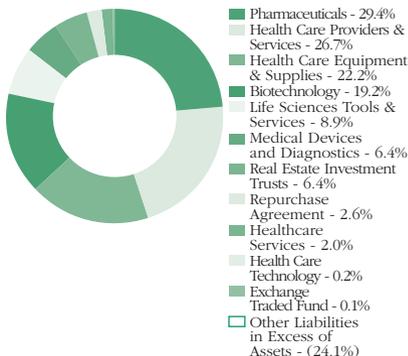
³ As a percentage of managed assets.

Holdings of the Fund (Data is based on net assets)

Asset Allocation as of 3/31/21



Sector Diversification as of 3/31/21



This data is subject to change on a daily basis.

TEKLA HEALTHCARE OPPORTUNITIES FUND

Largest Holdings by Issuer (Excludes Short-Term Investments)

As of March 31, 2021

(Unaudited)

<u>Issuer – Sector</u>	<u>% of Net Assets</u>
Johnson & Johnson – <i>Pharmaceuticals</i>	7.8%
UnitedHealth Group, Inc. – <i>Health Care Providers & Services</i>	7.0%
Anthem, Inc. – <i>Health Care Providers & Services</i>	5.6%
Abbott Laboratories – <i>Health Care Equipment & Supplies</i>	5.6%
AbbVie, Inc. – <i>Biotechnology</i>	5.2%
Bristol-Myers Squibb Co. – <i>Pharmaceuticals</i>	4.5%
Cigna Corp. – <i>Health Care Providers & Services</i>	4.4%
Merck & Co., Inc. – <i>Pharmaceuticals</i>	4.1%
Medtronic plc – <i>Health Care Equipment & Supplies</i>	3.9%
Thermo Fisher Scientific, Inc. – <i>Life Sciences Tools & Services</i>	3.8%
Eli Lilly & Co. – <i>Pharmaceuticals</i>	3.5%
Amgen, Inc. – <i>Biotechnology</i>	3.3%
Danaher Corp. – <i>Medical Devices and Diagnostics</i>	3.1%
Pfizer, Inc. – <i>Pharmaceuticals</i>	2.9%
Gilead Sciences, Inc. – <i>Biotechnology</i>	2.8%
Stryker Corp. – <i>Health Care Equipment & Supplies</i>	2.7%
CVS Health Corp. – <i>Health Care Providers & Services</i>	2.4%
Zimmer Biomet Holdings, Inc. – <i>Health Care Equipment & Supplies</i>	2.3%
Horizon Therapeutics plc – <i>Pharmaceuticals</i>	1.8%
HCA Healthcare, Inc. – <i>Health Care Providers & Services</i>	1.7%

Portfolio Highlights as of March 31, 2021

Among other investments, Tekla Healthcare Opportunities Fund's performance benefitted in the past six months by the following:

Waters Corp. (WAT) is a leading global supplier of analytical instruments, consumables and services to life science, industrial and academic organizations conducting research. The Company's stock rose in the period with renewed growth in its liquid chromatography business due to a successful replacement initiative as well as strong early customer adoption of its new e-commerce platform. The Fund held an overweight position.

DENTSPLY Sirona, Inc. (XRAY) is a multinational company that manufactures and distributes dental supplies, dental equipment and dental software. The COVID-19 pandemic pressured dental patient

volumes, but the Company did a good job navigating these volume headwinds. In our view, recent acquisitions and divestitures and a renewed focus on operating efficiencies position the Company for stronger top and bottom line growth. The stock appreciated significantly following better than expected Q4 earnings and 2021 guidance that was ahead of investor expectations. The Fund had an overweight position during this period.

Illumina, Inc. (ILMN) is a multinational company that manufactures and sells devices for large-scale genetic sequencing. In September 2020, the Company announced an acquisition of a privately held cancer diagnostics company. The initial stock reaction was negative due to concerns over near-term earnings dilution. Sentiment became more positive, however, as the market appeared to appreciate the longer-term revenue potential of the potential acquisition. The stock outperformed in Q4 while we held an overweight position.

Among other examples, Tekla Healthcare Opportunities Fund's performance was negatively impacted by the following investments:

UnitedHealth Group, Inc. (UNH) is a large diversified managed care company with exposure in the commercial, Medicare and Medicaid markets. The vertically integrated company also operates a large PBM (Pharmacy Benefit Manager), has expansive care delivery capabilities and offers a broad suite of healthcare IT solutions. The Fund was underweight UNH, which had a strong positive return during this reporting period.

Johnson & Johnson (JNJ) is a large multinational healthcare conglomerate with pharmaceutical, medical device, and consumer divisions. The stock outperformed over the period with strong sales from products such as Darzalex for multiple myeloma, COVID-19 related recovery in the medical device market, and EUA approval of the Company's single-dose COVID-19 vaccine. The fund was underweight during this period.

Catalent, Inc. (CALT) is a large contract manufacturing organization that is involved in endeavors ranging from early stage product formulation to end market production. As one of the key manufacturers of COVID-19 vaccines, the Company outperformed in the period while we were net underweight the stock.

Fund Performance

THQ is a closed-end fund which invests predominantly in healthcare companies. Subject to regular consideration, the Trustees of THQ have instituted a policy of making monthly distributions to shareholders.

The Fund invests in equity and debt of healthcare companies. The Fund seeks to benefit from the earnings growth of the healthcare industry while capturing income. Income is derived from multiple sources including equity dividends, fixed income coupons, real estate investment trust distributions, convertible securities coupons and selective equity covered call writing premiums. In order to accomplish its objectives, THQ often holds a majority of its assets in equities. Allocation of assets to various healthcare sectors can vary significantly as can the percentage of the portfolio which is overwritten.

The Fund may invest up to 20 percent of managed assets, measured at the time of investment, in the debt of healthcare companies. It may also invest up to 25 percent of managed assets in healthcare REITs. The Fund may also hold up to 30 percent of managed assets in convertible securities and may invest a portion of its assets in restricted securities. In order to generate additional “current” income THQ often sells (or writes) calls against a material portion of its equity assets. The portion of equity assets overwritten can vary, but usually represents less than 20 percent of managed assets. At times, the overwritten portion of assets is materially less than 20 percent of managed assets. The use of covered calls is intended to produce “current” income, but may limit upside in bullish markets. The Fund may also use leverage to enhance yield. The Fund may incur leverage up to 20 percent of managed assets at the time of borrowing. “Managed Assets” means the total assets of the Fund (including any assets attributable to borrowings for investment purposes) minus the sum of the Fund’s accrued liabilities (other than liabilities representing borrowings for investment purposes).

The Fund considers investments in companies of all sizes and in all healthcare subsectors, including but not limited to, biotechnology, pharmaceuticals, healthcare equipment, healthcare supplies, life science tools and services, healthcare distributors, managed healthcare, healthcare technology, and healthcare facilities. The Fund emphasizes innovation, investing both in public and pre-public venture companies. The Fund considers its pre-public and other restricted investments to be a differentiating characteristic. Among the various healthcare subsectors, THQ has considered the biotechnology subsector, including both pre-public and public companies, to be a key contributor to the healthcare

sector. The Fund holds biotech assets, including both public and pre-public, often representing 15-30% of net assets.

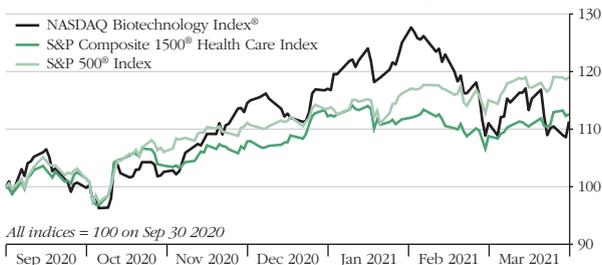
There is no commonly published index which matches the investment strategy of THQ. With respect to the Fund's equity investments, THQ often holds 15-30% of its managed assets, measured at the time of investment, in biotechnology., the S15HLTH consists of approximately 170 companies representing most or all of the healthcare subsectors in which THQ typically invests; biotechnology often represents 15-20% of this index. By contrast, the NBI, which contains over 270 constituents, is much more narrowly constructed. The vast majority of this index is comprised of biotechnology, pharmaceutical and life science tools companies. In recent years, biotechnology has often represented 72-82% of the NBI. Neither the S15HLTH nor NBI indices contain any material amount of pre-public company assets.

The S&P 500[®] Health Care Corporate Bond Index* ("SP5HCBIT") measures the performance of U.S. corporate debt issued by constituents in the healthcare sector of the SPX. This index is generally reflective of the debt assets in which THQ invests though the Fund invests in the SPX debt components as well as those of smaller capitalization companies.

The S&P Composite 1500[®] Health Care REITs Index* ("S15HCRT") is comprised of U.S. publicly traded REITs in the healthcare sector. This index is generally reflective of the REITs in which THQ invests.

Given the circumstances, we present both NAV and stock returns for the Fund in comparison to several commonly published indices. We note that THQ is a dynamically configured multi-asset class healthcare growth and income fund. There is no readily available index comprised of similar characteristics to THQ and to which THQ can directly be compared. Therefore, we provide returns for a number of indices representing the major components of THQ's assets. Having said this, we note that there are no readily available indices representing the covered call strategy employed by THQ or the restricted security components of THQ.

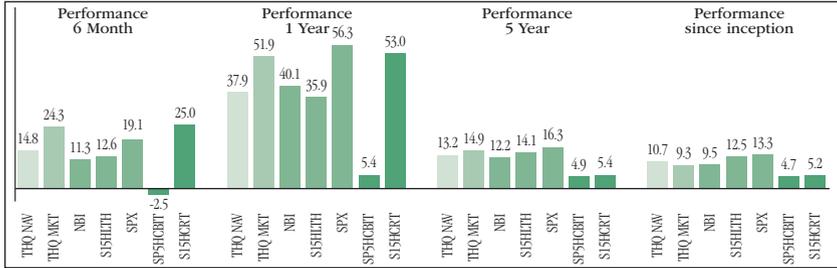
6 Month Index Performance Ending March 31, 2021



Fund Performance for the Period Ended March 31, 2021

Period	THQ NAV	THQ MKT	NBI	S15HLTH	SPX	SP5HCBIT
6 month	14.77	24.26	11.34	12.58	19.06	-2.48
1 year	37.85	51.85	40.12	35.94	56.33	5.44
5 year	13.18	14.86	12.21	14.12	16.28	4.87
Inception	10.73	9.32	9.47	12.47	13.32	4.73

Inception date July 29,2014



All performance over one-year has been annualized.

Performance data quoted represents past performance, which is no guarantee of future results, and current performance may be lower or higher than the figures shown. The NAV total return takes into account the Fund's total annual expenses and does not reflect transaction charges. If transaction charges were reflected, NAV total return would be reduced. All distributions are assumed to be reinvested either in accordance with the dividend reinvestment plan (DRIP) for market price returns or NAV for NAV returns. Until the DRIP price is available from the Plan Agent, the market price returns reflect the reinvestment at the closing market price on the last business day of the month. Once the DRIP is available around mid-month, the market price returns are updated to reflect reinvestment at the DRIP price.

*The trademarks NASDAQ Biotechnology Index®, S&P Composite 1500® Health Care Index, S&P 500® Index, S&P 500® Health Care Corporate Bond Index, SPDR® S&P® Biotech ETF and S&P Composite 1500® Health Care REITs Index referenced in this report are the property of their respective owners. These trademarks are not owned by or associated with the Fund or its service providers, including Tekla Capital Management LLC.

TEKLA HEALTHCARE OPPORTUNITIES FUND

SCHEDULE OF INVESTMENTS

MARCH 31, 2021

(Unaudited)

SHARES	CONVERTIBLE PREFERRED (Restricted) ^(a) ^(b) - 0.9% of Net Assets	VALUE
	<i>Biotechnology - 0.8%</i>	
294,259	Oculus SA, Series B2, 6.00% ^(c)	\$2,592,182
2,538,462	Rainier Therapeutics, Inc. Series A, 6.00%	254
1,470,588	Rainier Therapeutics, Inc. Series B, 6.00%	273,529
3,596,396	Rallybio Holdings, LLC Series B	5,000,069
		7,866,034
	<i>Health Care Equipment & Supplies - 0.1%</i>	
163,405	IO Light Holdings, Inc. Series A2	629,224
	TOTAL CONVERTIBLE PREFERRED (Cost \$10,865,544)	8,495,258
PRINCIPAL AMOUNT	NON-CONVERTIBLE NOTES - 16.0% of Net Assets	
	<i>Biotechnology - 3.6%</i>	
\$3,245,000	AbbVie, Inc., 3.20% due 05/14/26	3,505,686
5,303,000	AbbVie, Inc., 4.25% due 11/14/28	6,039,461
10,000,000	Amgen, Inc., 3.63% due 05/15/22	10,242,154
2,200,000	Amgen, Inc., 3.20% due 11/02/27	2,380,954
840,000	Biogen, Inc., 3.63% due 09/15/22	877,919
10,000,000	Gilead Sciences, Inc., 2.95% due 03/01/27	10,626,609
		33,672,783
	<i>Health Care Equipment & Supplies - 1.8%</i>	
2,100,000	Abbott Laboratories, 3.40% due 11/30/23	2,249,088
2,413,000	Becton, Dickinson and Co., 3.70% due 06/06/27	2,657,569
1,558,000	Medtronic plc., 3.50% due 03/15/25	1,708,222
3,500,000	Stryker Corp., 3.65% due 03/07/28	3,853,093
6,000,000	Zimmer Biomet Holdings, Inc., 4.25% due 08/15/35	6,235,276
		16,703,248
	<i>Health Care Providers & Services - 5.9%</i>	
10,500,000	Anthem, Inc., 3.50% due 08/15/24	11,350,689
2,975,000	Anthem, Inc., 4.10% due 03/01/28	3,344,165
2,325,000	Anthem, Inc., 4.65% due 08/15/44	2,762,001
2,100,000	Cigna Corp., 3.50% due 06/15/24	2,262,722
1,504,000	Cigna Corp., 4.38% due 10/15/28	1,712,674

The accompanying notes are an integral part of these financial statements.

TEKLA HEALTHCARE OPPORTUNITIES FUND

SCHEDULE OF INVESTMENTS

MARCH 31, 2021

(Unaudited, continued)

PRINCIPAL AMOUNT	<i>Health Care Providers & Services - continued</i>	VALUE
\$8,250,000	Cigna Corp., 6.13% due 11/15/41	\$11,248,564
286,000	CVS Health Corp., 3.70% due 03/09/23	303,512
2,031,000	CVS Health Corp., 4.30% due 03/25/28	2,305,795
2,100,000	CVS Health Corp., 4.78% due 03/25/38	2,478,932
3,700,000	CVS Health Corp., 5.05% due 03/25/48	4,528,006
2,750,000	Tenet Healthcare Corp., 4.63% due 07/15/24	2,796,062
2,100,000	UnitedHealth Group, Inc., 2.88% due 12/15/21	2,138,578
1,460,000	UnitedHealth Group, Inc., 3.85% due 06/15/28	1,638,089
4,970,000	UnitedHealth Group, Inc., 3.88% due 12/15/28	5,598,703
		54,468,492
	<i>Healthcare Services - 0.2%</i>	
2,100,000	Laboratory Corporation of America Holdings, 3.60% due 02/01/25	2,272,050
	<i>Life Sciences Tools & Services - 0.3%</i>	
2,100,000	Thermo Fisher Scientific, Inc., 3.20% due 08/15/27	2,274,009
	<i>Pharmaceuticals - 4.2%</i>	
4,750,000	AstraZeneca plc, 6.45% due 09/15/37 ^(c)	6,729,050
7,500,000	Bristol-Myers Squibb Co., 3.20% due 06/15/26	8,154,817
2,100,000	Bristol-Myers Squibb Co., 3.40% due 07/26/29	2,292,916
2,200,000	Johnson & Johnson, 2.90% due 01/15/28	2,377,525
4,200,000	Merck & Co., Inc., 2.80% due 05/18/23	4,420,988
2,100,000	Merck & Co., Inc., 2.75% due 02/10/25	2,235,047
4,000,000	Merck & Co., Inc., 3.40% due 03/07/29	4,391,671
8,100,000	Pfizer, Inc., 3.45% due 03/15/29	8,884,544
		39,486,558
	TOTAL NON-CONVERTIBLE NOTES	
	(Cost \$138,184,423)	148,877,140
	COMMON STOCKS AND WARRANTS - 104.7%	
SHARES	of Net Assets	
	<i>Biotechnology - 14.8%</i>	
356,969	AbbVie, Inc. ^(d)	38,631,185
35,125	Alexion Pharmaceuticals, Inc. ^(b)	5,370,964
72,998	Amgen, Inc.	18,162,632
123,052	Atreca, Inc. ^(b)	1,886,387

The accompanying notes are an integral part of these financial statements.

TEKLA HEALTHCARE OPPORTUNITIES FUND

SCHEDULE OF INVESTMENTS

MARCH 31, 2021

(Unaudited, continued)

SHARES	<i>Biotechnology - continued</i>	VALUE
34,813	Biogen, Inc. ^(b)	\$9,738,937
22,538	Exact Sciences Corp. ^{(b) (d)}	2,970,058
314,917	Exelixis, Inc. ^{(b) (d)}	7,113,975
364,646	Galera Therapeutics, Inc. ^(b)	3,216,178
242,432	Gilead Sciences, Inc. ^(d)	15,668,380
43,738	I-Mab ^{(b) (e)}	2,119,981
31,649	Incyte Corp. ^(b)	2,572,114
25,000	Intercept Pharmaceuticals, Inc. ^(b)	577,000
85,555	Iovance Biotherapeutics, Inc. ^(b)	2,708,671
34,093	Nektar Therapeutics ^(b)	681,860
159,754	Pieris Pharmaceuticals, Inc. ^(b)	410,568
40,496	Pieris Pharmaceuticals, Inc., Series A Warrants (expiration 06/08/21, exercise price \$3.00) ^{(a) (b)}	4,860
20,248	Pieris Pharmaceuticals, Inc., Series B Warrants (expiration 06/08/21, exercise price \$2.00) ^{(a) (b)}	9,719
24,874	Regeneron Pharmaceuticals, Inc. ^{(b) (d)}	11,768,884
21,700	REGENXBIO, Inc. ^(b)	740,187
32,000	Sarepta Therapeutics, Inc. ^{(b) (d)}	2,384,960
50,981	Vertex Pharmaceuticals, Inc. ^(b)	10,955,307
		137,692,807
	<i>Health Care Equipment & Supplies - 20.4%</i>	
416,743	Abbott Laboratories ^(d)	49,942,481
38,207	Becton, Dickinson and Co.	9,290,032
193,637	DENTSPLY Sirona, Inc. ^(d)	12,355,977
36,864	DexCom, Inc. ^{(b) (d)}	13,248,553
176,958	Edwards Lifesciences Corp. ^(b)	14,800,767
17,402	Hologic, Inc. ^(b)	1,294,361
14,106	IDEXX Laboratories, Inc. ^(b)	6,902,207
289,893	Medtronic plc ^(d)	34,245,060
55,587	STERIS plc	10,588,212
86,868	Stryker Corp. ^(d)	21,159,307
1,600	Teleflex, Inc.	664,736
95,634	Zimmer Biomet Holdings, Inc. ^(d)	15,309,091
		189,800,784
	<i>Health Care Providers & Services - 20.9%</i>	
20,815	1Life Healthcare, Inc. ^(b)	813,450
19,808	Addus HomeCare Corp. ^(b)	2,071,719
14,989	Amedisys, Inc. ^{(b) (d)}	3,968,937
97,240	Anthem, Inc. ^(d)	34,904,298
29,523	Charles River Laboratories International, Inc. ^{(b) (d)}	8,556,651
108,321	Cigna Corp. ^(d)	26,185,518
108,835	Community Health Systems, Inc. ^{(b) (d)}	1,471,449

The accompanying notes are an integral part of these financial statements.

TEKLA HEALTHCARE OPPORTUNITIES FUND

SCHEDULE OF INVESTMENTS

MARCH 31, 2021

(Unaudited, continued)

SHARES	<i>Health Care Providers & Services - continued</i>	VALUE
171,121	CVS Health Corp.	\$12,873,433
19,912	Five Star Senior Living, Inc. ^(b)	121,861
82,117	HCA Healthcare, Inc. ^(d)	15,465,916
22,519	Humana, Inc. ^(d)	9,441,091
27,264	Molina Healthcare, Inc. ^{(b)(d)}	6,373,233
117,522	Owens & Minor, Inc. ^(d)	4,417,652
82,194	R1 RCM, Inc. ^(b)	2,028,548
60,336	Tenet Healthcare Corp. ^{(b)(d)}	3,137,472
149,747	UnitedHealth Group, Inc. ^(d)	55,716,366
48,966	Universal Health Services, Inc. ^(d)	6,531,575
		194,079,169
	<i>Health Care Technology - 0.2%</i>	
12,497	Teladoc Health, Inc. ^{(b)(d)}	2,271,330
	<i>Healthcare Services - 1.8%</i>	
67,290	Centene Corp. ^(b)	4,300,504
49,365	Laboratory Corporation of America Holdings ^{(b)(d)}	12,589,556
		16,890,060
	<i>Life Sciences Tools & Services - 8.6%</i>	
39,625	Agilent Technologies, Inc.	5,037,923
7,600	Bio-Techne Corp.	2,902,668
28,888	Illumina, Inc. ^{(b)(d)}	11,094,725
6,650	Mettler-Toledo International, Inc. ^(b)	7,685,339
18,335	PerkinElmer, Inc.	2,352,197
25,068	PRA Health Sciences, Inc. ^(b)	3,843,676
73,599	Thermo Fisher Scientific, Inc. ^(d)	33,589,112
48,060	Waters Corp. ^{(b)(d)}	13,657,210
		80,162,850
	<i>Medical Devices and Diagnostics - 6.4%</i>	
6,886	Align Technology, Inc. ^(b)	3,728,976
143,612	Boston Scientific Corp. ^(b)	5,550,604
127,691	Danaher Corp. ^(d)	28,740,690
13,277	Intuitive Surgical, Inc. ^(b)	9,810,906
60,787	ResMed, Inc. ^(d)	11,793,894
		59,625,070
	<i>Pharmaceuticals - 25.2%</i>	
1,642,302	Assertio Holdings, Inc. ^(b)	1,120,871
505,337	Bristol-Myers Squibb Co. ^(d)	31,901,925
80,025	Catalent, Inc. ^{(b)(d)}	8,427,433
172,078	Eli Lilly & Co. ^(d)	32,147,612
180,231	Horizon Therapeutics plc ^(b)	16,588,461

The accompanying notes are an integral part of these financial statements.

TEKLA HEALTHCARE OPPORTUNITIES FUND

SCHEDULE OF INVESTMENTS

MARCH 31, 2021

(Unaudited, continued)

SHARES	<i>Pharmaceuticals - continued</i>	VALUE
34,487	IQVIA Holdings, Inc. ^{(b) (d)}	\$6,660,819
429,341	Johnson & Johnson ^(d)	70,562,193
63,831	McKesson Corp. ^(d)	12,449,598
356,818	Merck & Co., Inc.	27,507,100
28,292	Perrigo Co. plc	1,144,977
510,963	Pfizer, Inc.	18,512,190
263,504	Teva Pharmaceutical Industries Ltd. ^{(b) (d) (e)}	3,040,836
25,361	Zoetis, Inc.	3,993,850
		234,057,865
	 <i>Real Estate Investment Trusts - 6.4%</i>	
293,879	Diversified Healthcare Trust REIT	1,404,742
31,668	Global Medical REIT, Inc.	415,167
11,370	Healthcare Realty Trust, Inc.	344,738
13,749	Healthcare Trust of America, Inc.	379,197
66,791	Healthpeak Properties, Inc.	2,119,946
135,390	LTC Properties, Inc.	5,648,471
266,557	Medical Properties Trust, Inc.	5,672,333
5,596	National Health Investors, Inc.	404,479
160,373	New Senior Investment Group, Inc.	999,124
235,358	Omega Healthcare Investors, Inc.	8,621,164
326,992	Physicians Realty Trust	5,777,949
419,879	Sabra Health Care REIT, Inc.	7,289,099
3,075	Universal Health Realty Income Trust	208,424
156,416	Ventas, Inc.	8,343,229
161,599	Welltower, Inc.	11,575,336
		59,203,398
	 TOTAL COMMON STOCKS AND WARRANTS	
	(Cost \$819,499,654)	973,783,333
	 EXCHANGE TRADED FUND - 0.1% of Net Assets	
10,055	Health Care Select Sector SPDR Fund	1,173,821
	 TOTAL EXCHANGE TRADED FUND	
	(Cost \$988,500)	1,173,821

The accompanying notes are an integral part of these financial statements.

TEKLA HEALTHCARE OPPORTUNITIES FUND

SCHEDULE OF INVESTMENTS

MARCH 31, 2021

(Unaudited, continued)

PRINCIPAL AMOUNT	SHORT-TERM INVESTMENT - 2.6% of Net Assets	VALUE
\$24,179,000	Repurchase Agreement, Fixed Income Clearing Corp., repurchase value \$24,179,000, 0.00%, dated 03/31/21, due 04/01/21 (collateralized by U.S. Treasury Bond 4.75%, due 2/15/37, market value \$24,662,669)	\$24,179,000
	TOTAL SHORT-TERM INVESTMENT (Cost \$24,179,000)	24,179,000
NUMBER OF CONTRACTS (100 SHARES EACH)/ NOTIONAL AMOUNT (\$)	OPTION CONTRACTS WRITTEN - (0.2)% of Net Assets	
	<i>Call Option Contracts Written - (0.2)%</i>	
814/(9,768,000)	Abbott Laboratories Apr21 120 Call	(157,102)
350/(3,675,000)	AbbVie, Inc. Apr21 105 Call	(138,250)
346/(3,806,000)	AbbVie, Inc. Apr21 110 Call	(33,908)
14/(392,000)	Amedisys, Inc. Apr21 280 Call	(2,730)
42/(1,470,000)	Anthem, Inc. Apr21 350 Call	(60,690)
45/(1,620,000)	Anthem, Inc. Apr21 360 Call	(52,200)
989/(6,181,250)	Bristol-Myers Squibb Co. Apr21 62.5 Call	(150,328)
118/(1,357,000)	Catalent, Inc. Apr21 115 Call	(11,800)
29/(841,000)	Charles River Laboratories International, Inc. Apr21 290 Call	(29,435)
29/(870,000)	Charles River Laboratories International, Inc. Apr21 300 Call	(14,500)
220/(5,500,000)	Cigna Corp. Apr21 250 Call	(41,800)
161/(177,100)	Community Health Systems, Inc. Apr21 11 Call	(45,885)
250/(5,500,000)	Danaher Corp. Apr21 220 Call	(200,000)
97/(630,500)	DENTSPLY Sirona, Inc. Apr21 65 Call	(7,760)
36/(1,296,000)	DexCom, Inc. Apr21 360 Call	(43,128)
36/(1,368,000)	DexCom, Inc. Apr21 380 Call	(12,600)
170/(3,230,000)	Eli Lilly & Co. Apr21 190 Call	(45,900)
21/(294,000)	Exact Sciences Corp. Apr21 140 Call	(4,200)
304/(729,600)	Exelixis, Inc. Apr21 24 Call	(12,160)
312/(780,000)	Exelixis, Inc. Apr21 25 Call	(6,240)
479/(3,113,500)	Gilead Sciences, Inc. Apr21 65 Call	(43,110)

The accompanying notes are an integral part of these financial statements.

TEKLA HEALTHCARE OPPORTUNITIES FUND

SCHEDULE OF INVESTMENTS

MARCH 31, 2021

(Unaudited, continued)

**NUMBER OF
CONTRACTS
(100 SHARES
EACH)/
NOTIONAL**

AMOUNT (\$)

Call Option Contracts Written - continued

VALUE

90/(1,755,000)	HCA Healthcare, Inc. Apr21 195 Call	\$(19,170)
81/(1,620,000)	HCA Healthcare, Inc. Apr21 200 Call	(6,318)
38/(1,577,000)	Humana, Inc. Apr21 415 Call	(42,560)
26/(1,092,000)	Humana, Inc. Apr21 420 Call	(26,780)
43/(1,849,000)	Illumina, Inc. Apr21 430 Call	(3,440)
43/(1,892,000)	Illumina, Inc. Apr21 440 Call	(4,838)
83/(1,618,500)	IQVIA Holdings, Inc. Apr21 195 Call	(33,200)
272/(4,488,000)	Johnson & Johnson Apr21 165 Call	(55,760)
48/(1,152,000)	Laboratory Corporation of America Holdings Apr21 240 Call	(88,800)
48/(1,200,000)	Laboratory Corporation of America Holdings Apr21 250 Call	(52,800)
32/(608,000)	McKesson Corp. Apr21 190 Call	(26,800)
32/(624,000)	McKesson Corp. Apr21 195 Call	(17,440)
285/(3,420,000)	Medtronic plc Apr21 120 Call	(45,600)
285/(3,562,500)	Medtronic plc Apr21 125 Call	(7,695)
13/(312,000)	Molina Healthcare, Inc. Apr21 240 Call	(5,070)
118/(472,000)	Owens & Minor, Inc. Apr21 40 Call	(12,980)
24/(1,140,000)	Regeneron Pharmaceuticals, Inc. Apr21 475 Call	(28,080)
24/(1,188,000)	Regeneron Pharmaceuticals, Inc. Apr21 495 Call	(9,840)
29/(551,000)	ResMed, Inc. Apr21 190 Call	(12,760)
61/(549,000)	Sarepta Therapeutics, Inc. Apr21 90 Call	(3,355)
83/(1,992,000)	Stryker Corp. Apr21 240 Call	(56,440)
83/(2,075,000)	Stryker Corp. Apr21 250 Call	(18,260)
23/(460,000)	Teladoc Health, Inc. Apr21 200 Call	(4,830)
175/(1,050,000)	Tenet Healthcare Corp. Apr21 60 Call	(4,900)
380/(418,000)	Teva Pharmaceutical Industries Ltd. Apr21 11 Call	(29,640)
370/(444,000)	Teva Pharmaceutical Industries Ltd. Apr21 12 Call	(6,660)
141/(6,486,000)	Thermo Fisher Scientific, Inc. Apr21 460 Call	(135,360)
69/(2,553,000)	UnitedHealth Group, Inc. Apr21 370 Call	(79,350)
67/(2,546,000)	UnitedHealth Group, Inc. Apr21 380 Call	(33,232)
35/(490,000)	Universal Health Services, Inc. Apr21 140 Call	(4,375)

The accompanying notes are an integral part of these financial statements.

TEKLA HEALTHCARE OPPORTUNITIES FUND

SCHEDULE OF INVESTMENTS

MARCH 31, 2021

(Unaudited, continued)

NUMBER OF CONTRACTS (100 SHARES EACH)/ NOTIONAL AMOUNT (\$)	<i>Call Option Contracts Written - continued</i>	VALUE
46/(1,288,000)	Waters Corp. Apr21 280 Call	\$(39,330)
94/(1,551,000)	Zimmer Biomet Holdings, Inc. Apr21 165 Call	(23,500)
94/(1,598,000)	Zimmer Biomet Holdings, Inc. Apr21 170 Call	(6,110)
	TOTAL CALL OPTION CONTRACTS WRITTEN	
	(Premiums received (\$1,992,024))	(2,058,999)
	TOTAL INVESTMENTS - 124.1%	
	(Cost \$991,725,097)	1,154,449,553
	OTHER LIABILITIES IN EXCESS OF ASSETS - (24.1)%	(224,104,373)
	NET ASSETS - 100%	<u>\$930,345,180</u>

(a) Security fair valued using significant unobservable inputs. See Investment Valuation and Fair Value Measurements.

(b) Non-income producing security.

(c) Foreign security.

(d) A portion of security is pledged as collateral for call options written.

(e) American Depository Receipt

The accompanying notes are an integral part of these financial statements.

TEKLA HEALTHCARE OPPORTUNITIES FUND

STATEMENT OF ASSETS AND LIABILITIES

MARCH 31, 2021

(Unaudited)

ASSETS:

Investments, at value (cost \$993,717,121)	\$1,156,508,552
Cash	81
Dividends and interest receivable	2,131,479
Receivable for investments sold	3,264
Prepaid expenses	151,921
Other assets (see Note 1)	<u>182,222</u>
Total assets	<u>1,158,977,519</u>

LIABILITIES:

Accrued advisory fee	908,980
Accrued investor support service fees	45,449
Accrued shareholder reporting fees	68,580
Loan Payable	225,000,000
Options written, at value (premium received \$1,992,024)	2,058,999
Income distribution payable	94,019
Interest payable	362,769
Accrued other	<u>93,543</u>
Total liabilities	<u>228,632,339</u>

Commitments and Contingencies (see Note 1)

NET ASSETS \$930,345,180

SOURCES OF NET ASSETS:

Shares of beneficial interest, par value \$.01 per share, unlimited number of shares authorized, amount paid in on 41,340,447 shares issued and outstanding	\$413,404
Additional paid-in-capital	791,580,962
Total distributable earnings (loss)	<u>138,350,814</u>

Total net assets (equivalent to \$22.50 per share
based on 41,340,447 shares outstanding) \$930,345,180

The accompanying notes are an integral part of these financial statements.

TEKLA HEALTHCARE OPPORTUNITIES FUND

STATEMENT OF OPERATIONS

SIX MONTHS ENDED MARCH 31, 2021

(Unaudited)

INVESTMENT INCOME:

Dividend income (net of foreign tax of \$4,782)	\$8,162,762
Interest and other income	2,221,580
Total investment income	<u>10,384,342</u>

EXPENSES:

Advisory fees	5,471,636
Interest expense	1,067,850
Investor support service fees	273,582
Administration fees	94,057
Custodian fees	83,168
Shareholder reporting	76,460
Trustees' fees and expenses	71,176
Legal fees	65,460
Auditing fees	36,139
Transfer agent fees	14,473
Other (see Note 2)	175,724
Total expenses	<u>7,429,725</u>

Net investment income	<u>2,954,617</u>
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REALIZED AND UNREALIZED GAIN (LOSS):

Net realized gain (loss) on:

Investments	7,458,577
Closed or expired option contracts written	3,068,097
Net realized gain	<u>10,526,674</u>

Change in unrealized appreciation (depreciation) on:

Investments	106,690,591
Option contracts written	(350,561)
Change in unrealized appreciation (depreciation)	<u>106,340,030</u>
Net realized and unrealized gain (loss)	<u>116,866,704</u>

Net increase in net assets resulting from operations	<u>\$119,821,321</u>
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The accompanying notes are an integral part of these financial statements.

TEKLA HEALTHCARE OPPORTUNITIES FUND

STATEMENTS OF CHANGES IN NET ASSETS

	Six months ended March 31, 2021 <u>(Unaudited)</u>	Year ended September 30, 2020 <u></u>
NET INCREASE (DECREASE) IN NET ASSETS RESULTING FROM OPERATIONS:		
Net investment income	\$2,954,617	\$5,178,227
Net realized gain	10,526,674	45,199,506
Change in net unrealized appreciation	<u>106,340,030</u>	<u>66,264,829</u>
Net increase in net assets resulting from operations	<u>119,821,321</u>	<u>116,642,562</u>
DISTRIBUTIONS TO SHAREHOLDERS (See Note 1):		
Distributions	<u>(27,904,802)*</u>	<u>(55,862,704)</u>
Total distributions	<u>(27,904,802)</u>	<u>(55,862,704)</u>
CAPITAL SHARE TRANSACTIONS:		
Fund shares repurchased (0 and 122,213 shares, respectively) (see Note 1)	<u>—</u>	<u>(2,037,314)</u>
Total capital share transactions	<u>—</u>	<u>(2,037,314)</u>
Net increase in net assets	<u>91,916,519</u>	<u>58,742,544</u>
NET ASSETS:		
Beginning of period	<u>838,428,661</u>	<u>779,686,117</u>
End of period	<u>\$930,345,180</u>	<u>\$838,428,661</u>

* A portion of this distribution may be deemed a tax return of capital at year end.

The accompanying notes are an integral part of these financial statements.

TEKLA HEALTHCARE OPPORTUNITIES FUND

STATEMENT OF CASH FLOWS SIX MONTHS ENDED MARCH 31, 2021 (Unaudited)

CASH FLOWS FROM OPERATING ACTIVITIES:	
Purchases of portfolio securities	(\$327,523,664)
Net maturities of short-term investments	31,060,000
Sales of portfolio securities	292,638,639
Proceeds from option contracts written	6,112,740
Interest income received	2,665,124
Dividend income received	8,004,933
Other operating receipts (expenses paid)	<u>(7,697,217)</u>
Net cash provided from operating activities	<u>5,260,555</u>
CASH FLOWS FROM FINANCING ACTIVITIES:	
Cash distributions paid	<u>(27,908,030)</u>
Net cash used for financing activities	<u>(27,908,030)</u>
NET DECREASE IN CASH	(22,647,475)
CASH AT BEGINNING OF PERIOD	<u>22,647,556</u>
CASH AT END OF SIX MONTHS	<u><u>\$81</u></u>
RECONCILIATION OF NET INCREASE IN NET ASSETS RESULTING FROM OPERATIONS TO NET CASH PROVIDED FROM OPERATING ACTIVITIES:	
Net increase in net assets resulting from operations	\$119,821,321
Purchases of portfolio securities	(327,523,664)
Net maturities of short-term investments	31,060,000
Sales of portfolio securities	292,638,639
Proceeds from option contracts written	6,112,740
Accretion of discount	229,770
Net realized (gain) loss on investments and options	(10,526,674)
Increase in net unrealized (appreciation) depreciation on investments and options	(106,340,030)
Decrease in dividends and interest receivable	55,945
Increase in accrued expenses	1,166
Decrease in prepaid expenses and interest payable	<u>(268,658)</u>
Net cash provided from operating activities	<u><u>\$5,260,555</u></u>
Cash paid for interest	\$1,066,411

The accompanying notes are an integral part of these financial statements.

TEKLA HEALTHCARE OPPORTUNITIES FUND

FINANCIAL HIGHLIGHTS

	Six months ended March 31, 2021 (Unaudited)	Years ended September 30,				
		2020	2019	2018	2017	2016
OPERATING PERFORMANCE FOR A SHARE OUTSTANDING THROUGHOUT EACH PERIOD						
Net asset value per share, beginning of period	\$20.28	\$18.80	\$21.11	\$20.12	\$19.14	\$18.77
Net investment income ⁽¹⁾	0.07	0.13	0.07	0.13	0.16	0.18
Net realized and unrealized gain (loss)	<u>2.83</u>	<u>2.69</u>	<u>(1.06)</u>	<u>2.15</u>	<u>2.16</u>	<u>1.78</u>
Total increase (decrease) from investment operations	<u>2.90</u>	<u>2.82</u>	<u>(0.99)</u>	<u>2.28</u>	<u>2.32</u>	<u>1.96</u>
Distributions to shareholders from:						
Net investment income	(0.68)	(0.71)	(0.15)	(0.58)	(1.03)	(1.37) ⁽²⁾
Net realized capital gains	<u>—</u>	<u>(0.64)</u>	<u>(1.20)</u>	<u>(0.77)</u>	<u>(0.32)</u>	<u>(0.28)</u> ⁽²⁾
Total distributions	<u>(0.68)</u>	<u>(1.35)</u>	<u>(1.35)</u>	<u>(1.35)</u>	<u>(1.35)</u>	<u>(1.65)</u>
Increase resulting from shares repurchased ⁽¹⁾	<u>—</u>	<u>0.01</u>	<u>0.03</u>	<u>0.06</u>	<u>0.01</u>	<u>0.06</u>
Net asset value per share, end of period	<u>\$22.50</u>	<u>\$20.28</u>	<u>\$18.80</u>	<u>\$21.11</u>	<u>\$20.12</u>	<u>\$19.14</u>
Per share market value, end of period	\$21.73	\$18.09	\$17.46	\$18.74	\$18.57	\$17.48
Total investment return at market value	24.26%*	11.71%	0.63%	9.00%	14.85%	18.25%
Total investment return at net asset value	14.77%*	16.30%	(3.81%)	13.32%	13.64%	12.44%
RATIOS						
Net investment income to average net assets	0.66%**	0.63%	0.39%	0.69%	0.86%	0.96%
Expenses to average net assets	1.67%**	2.05%	2.42%	2.21%	2.03%	1.88%
Expenses, excluding interest expense, to average net assets	1.43%**	1.48%	1.50%	1.49%	1.51%	1.50%
SUPPLEMENTAL DATA						
Net assets at end of period (in millions)	\$930	\$838	\$780	\$888	\$876	\$837
Portfolio turnover rate	26.45%*	59.42%	55.92%	39.59%	36.22%	48.24%
Senior securities (loan facility) outstanding (in millions)	\$225	\$225	\$225	\$225	\$225	\$225
Asset coverage ratio on revolving credit facility at period end	513%	473%	447%	495%	489%	472%
Asset coverage per \$1,000 on revolving credit facility at period end	\$5,135	\$4,726	\$4,465	\$4,948	\$4,892	\$4,720

* Not annualized.

** Annualized.

(1) Computed using average shares outstanding.

(2) Amount previously presented incorrectly as solely distributions from income has been revised to reflect the proper classification.

The accompanying notes are an integral part of these financial statements.

TEKLA HEALTHCARE OPPORTUNITIES FUND

NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2021

(Unaudited)

(1) Organization and Significant Accounting Policies

Tekla Healthcare Opportunities Fund (the Fund) is a Massachusetts business trust formed on April 2, 2014 and registered under the Investment Company Act of 1940 as a non-diversified closed-end management investment company. The Fund commenced operations on July 31, 2014. The Fund's investment objective is to seek current income and long-term capital appreciation through investments in U.S. and non-U.S. companies in the healthcare industry (including equity securities, debt securities and pooled investment vehicles). The Fund invests primarily in securities of public and private companies believed by the Fund's Investment Adviser, Tekla Capital Management LLC (the Adviser), to have significant potential for above-average growth. The Fund may invest in private companies and other restricted securities, including private investments in public equity and venture capital investments, if these securities would currently comprise 10% or less of Managed Assets.

The preparation of these financial statements requires the use of certain estimates by management in determining the Fund's assets, liabilities, revenues and expenses. Actual results could differ from these estimates and such differences could be material. The following is a summary of significant accounting policies followed by the Fund, which are in conformity with accounting principles generally accepted in the United States of America (GAAP). The Fund is an investment company and follows accounting and reporting guidance in the Financial Accounting Standards Board Accounting Standards Codification 946. Events or transactions occurring after March 31, 2021, through the date that the financial statements were issued, have been evaluated in the preparation of these financial statements.

The impact of the COVID-19 outbreak on the financial performance of the Fund's investments will depend on future developments, including the duration and spread of the outbreak and related advisories and restrictions. These developments and the impact of COVID-19 on the financial markets and the overall economy are highly uncertain and cannot be predicted. If the financial markets and/or the overall economy are impacted for an extended period, the Fund's future investment results may be materially adversely affected.

Investment Valuation

Shares of publicly traded companies listed on national securities exchanges or trading in the over-the-counter market are typically valued at the last sale price, as of the close of trading, generally 4 p.m., Eastern Time. The Board of Trustees of the Fund (the Trustees) has established and approved fair valuation policies

TEKLA HEALTHCARE OPPORTUNITIES FUND

NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2021

(continued)

and procedures with respect to securities for which quoted prices may not be available or which do not reflect fair value. Convertible, corporate and government bonds are valued using a third-party pricing service. Convertible bonds are valued using this pricing service only on days when there is no sale reported. Puts and calls generally are valued at the close of regular trading on the securities or commodities exchange on which they are primarily traded. Options on securities generally are valued at their last bid price in the case of exchange traded options or, in the case of OTC-traded options, the average of the last bid price as obtained from two or more dealers unless there is only one dealer, in which case that dealer's price is used. Forward foreign currency contracts are valued on the basis of the value of the underlying currencies at the prevailing currency exchange rate. Restricted securities of companies that are publicly traded are typically valued based on the closing market quote on the valuation date adjusted for the impact of the restriction as determined in good faith by the Adviser also using fair valuation policies and procedures approved by the Trustees described below. Non-exchange traded warrants of publicly traded companies are generally valued using the Black-Scholes model, which incorporates both observable and unobservable inputs. Short-term investments with a maturity of 60 days or less are generally valued at amortized cost, which approximates fair value.

Convertible preferred shares, warrants or convertible note interests in private companies and other restricted securities, as well as shares of publicly traded companies for which market quotations are not readily available, such as stocks for which trading has been halted or for which there are no current day sales, or which do not reflect fair value, are typically valued in good faith, based upon the recommendations made by the Adviser pursuant to fair valuation policies and procedures approved by the Trustees.

The Adviser has a Valuation Sub-Committee comprised of senior management which reports to the Valuation Committee of the Board at least quarterly. Each fair value determination is based on a consideration of relevant factors, including both observable and unobservable inputs. Observable and unobservable inputs the Adviser considers may include (i) the existence of any contractual restrictions on the disposition of securities; (ii) information obtained from the company, which may include an analysis of the company's financial statements, products, intended markets or technologies; (iii) the price of the same or similar security negotiated at arm's length in an issuer's completed subsequent round of financing; (iv) the price and extent of public trading in similar securities of

TEKLA HEALTHCARE OPPORTUNITIES FUND

NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2021

(continued)

the issuer or of comparable companies; or (v) a probability and time value adjusted analysis of contractual terms. Where available and appropriate, multiple valuation methodologies are applied to confirm fair value. Significant unobservable inputs identified by the Adviser are often used in the fair value determination. A significant change in any of these inputs may result in a significant change in the fair value measurement. Due to the uncertainty inherent in the valuation process, such estimates of fair value may differ significantly from the values that would have been used had a ready market for the investments existed, and differences could be material. Additionally, changes in the market environment and other events that may occur over the life of the investments may cause the gains or losses ultimately realized on these investments to be different from the valuations used at the date of these financial statements.

Options on Securities

An option contract is a contract in which the writer (seller) of the option grants the buyer of the option, upon payment of a premium, the right to purchase from (call option) or sell to (put option) the writer a designated instrument at a specified price within a specified period of time. Certain options, including options on indices, will require cash settlement by the Fund if the option is exercised. The Fund enters into option contracts in order to hedge against potential adverse price movements in the value of portfolio assets, as a temporary substitute for selling selected investments, to lock in the purchase price of a security or currency which it expects to purchase in the near future, as a temporary substitute for purchasing selected investments, or to enhance potential gain or to gain or hedge exposure to financial market risk.

The Fund's obligation under an exchange traded written option or investment in an exchange traded purchased option is valued at the last sale price or in the absence of a sale, the mean between the closing bid and asked prices. Gain or loss is recognized when the option contract expires, is exercised or is closed.

If the Fund writes a covered call option, the Fund foregoes, in exchange for the premium, the opportunity to profit during the option period from an increase in the market value of the underlying security above the exercise price. If the Fund writes a put option it accepts the risk of a decline in the market value of the underlying security below the exercise price. Over-the-counter options have the risk of the potential inability of counterparties to meet the terms of their contracts. The Fund's maximum exposure to purchased options is limited to the premium initially paid. In addition, certain risks may arise

TEKLA HEALTHCARE OPPORTUNITIES FUND

NOTES TO FINANCIAL STATEMENTS

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(continued)

upon entering into option contracts including the risk that an illiquid secondary market will limit the Fund's ability to close out an option contract prior to the expiration date and that a change in the value of the option contract may not correlate exactly with changes in the value of the securities or currencies hedged.

All options on securities and securities indices written by the Fund are required to be covered. When the Fund writes a call option, this means that during the life of the option the Fund may own or have the contractual right to acquire the securities subject to the option or may maintain with the Fund's custodian in a segregated account appropriate liquid securities in an amount at least equal to the market value of the securities underlying the option. The prices provided by a pricing service take into account broker dealer market price quotations for institutional size trading in similar groups of securities, yields or securities with similar characteristics, security quantity, maturity, coupon and other security characteristics as well as any developments related to the specific securities. The pricing service may use a matrix approach, regarding securities with similar characteristics to determine the valuation for a security. When the Fund writes a put option, this means that the Fund will maintain with the Fund's custodian in a segregated account appropriate liquid securities in an amount at least equal to the exercise price of the option.

The average number of outstanding call options written for the six months ended March 31, 2021 were 4,458.

Derivatives not accounted for as hedging instruments under ASC 815	Statement of Assets and Liabilities Location	Statement of Operations Location
Equity Contracts	Liabilities, investments, at value	Net realized gain (loss) on closed or expired option contracts written
	\$2,058,999	\$3,068,097
		Change in unrealized appreciation (depreciation) on option contracts written
		(\$350,561)

Other Assets

Other assets in the Statement of Assets and Liabilities consists of amounts due to the Fund at various times in the future in connection with the sale of the investment in one private company.

TEKLA HEALTHCARE OPPORTUNITIES FUND

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Investment Transactions and Income

Investment transactions are recorded on a trade date basis. Gains and losses from sales of investments are recorded using the “identified cost” method. Interest income is recorded on the accrual basis, adjusted for amortization of premiums and accretion of discounts. Dividend income is recorded on the ex-dividend date, less any foreign taxes withheld. Upon notification from issuers, some of the dividend income received may be redesignated as a reduction of cost of the related investment if it represents a return of capital.

The aggregate cost of purchases and proceeds from sales of investment securities (other than short-term investments) for the six months ended March 31, 2021 totaled \$284,945,826 and \$289,429,057, respectively.

Repurchase Agreements

In managing short-term investments the Fund may from time to time enter into transactions in repurchase agreements. In a repurchase agreement, the Fund’s custodian takes possession of the underlying collateral securities from the counterparty, the market value of which is at least equal to the principal, including accrued interest, of the repurchase transaction at all times. In the event of default or bankruptcy by the other party to the agreement, realization and/or retention of the collateral by the Fund may be delayed. The Fund may enter into repurchase transactions with any broker, dealer, registered clearing agency or bank. Repurchase agreement transactions are not counted for purposes of the limitations imposed on the Fund’s investment in debt securities.

Distribution Policy

Pursuant to a Securities and Exchange Commission exemptive order the Fund may make periodic distributions that include capital gains as frequently as 12 times in any one taxable year in respect of its common shares, and the Fund has implemented a managed distribution policy (the Policy) providing for monthly distributions at a rate set by the Trustees. Under the current Policy, the Fund intends to make monthly distributions at a rate of \$0.1125 per share to shareholders of record. If taxable income and net long-term realized gains exceed the amount required to be distributed under the Policy, the Fund will at a minimum make distributions necessary to comply with the requirements of the Internal Revenue Code. The Policy has been established by the Trustees and may be changed by them without shareholder approval. The Trustees regularly review the Policy and the frequency and distribution rate considering the purpose and effect of the Policy, the financial market environment, and the Fund’s income, capital gains and capital available to pay distributions.

TEKLA HEALTHCARE OPPORTUNITIES FUND

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Share Repurchase Program

In March 2021, the Trustees approved the renewal of the repurchase program to allow the Fund to repurchase up to 12% of its outstanding shares in the open market for a one-year period ending July 14, 2022. Prior to this renewal, in March 2020, the Trustees approved the renewal of the share repurchase program to allow the Fund to repurchase up to 12% of its outstanding shares for a one-year period ending July 14, 2021. The share repurchase program is intended to enhance shareholder value and potentially reduce the discount between the market price of the Fund's shares and the Fund's net asset value.

During the six months ended March 31, 2021, the Fund did not repurchase any shares through the repurchase program.

During the year ended September 30, 2020, the Fund repurchased 122,213 shares at a total cost of \$2,037,314. The weighted average discount per share between the cost of repurchase and the net asset value applicable to such shares at the date of repurchase was 12.76%.

Federal Taxes

It is the Fund's policy to comply with the requirements of the Internal Revenue Code applicable to regulated investment companies and to distribute to its shareholders substantially all of its taxable income and its net realized capital gains, if any. Therefore, no Federal income or excise tax provision is required.

As of March 31, 2021, the Fund had no uncertain tax positions that would require financial statement recognition or disclosure. The Fund's federal tax returns are subject to examination by the Internal Revenue Service for a period of three years.

Distributions

The Fund records all distributions to shareholders on the ex-dividend date. Such distributions are determined in conformity with income tax regulations, which may differ from GAAP. These differences include temporary and permanent differences from losses on wash sale transactions, distributions from real estate investment trusts, foreign currency gains and losses, book to tax difference due to merger, losses disallowed on straddles and premium amortization accruals. Reclassifications are made to the Fund's capital accounts to reflect income and gains available for distribution under income tax regulations.

The cumulative distributions paid this fiscal year-to-date are currently estimated to be from the following sources: net investment income, net realized short-term

TEKLA HEALTHCARE OPPORTUNITIES FUND

NOTES TO FINANCIAL STATEMENTS

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(continued)

capital gains, net realized long-term capital gains, and return of capital or other capital source. The amounts and sources of distributions are only estimates and not being provided for tax reporting purposes. The actual amounts and sources of the amounts for tax reporting purposes will depend upon the Fund's investment experience during the remainder of its fiscal year and may be subject to changes based on tax regulations.

Statement of Cash Flows

The cash and restricted cash amount shown in the Statement of Cash Flows is the amount included in the Fund's Statement of Assets and Liabilities and represents cash and restricted cash on hand at March 31, 2021.

Commitments and Contingencies

Under the Fund's organizational documents, its officers and Trustees may be indemnified against certain liabilities and expenses arising out of the performance of their duties to the Fund. Additionally, in the normal course of business, the Fund enters into agreements with service providers that may contain indemnification clauses. The Fund's maximum exposure under these agreements is unknown as this would involve future claims that may be made against the Fund that have not yet occurred. However, based on experience, the Fund expects the risk of loss to be remote.

Loan Payable

The Fund maintains a \$225,000,000 line of credit with the Bank of Nova Scotia (the "Line of Credit") which expires on January 28, 2022. As of March 31, 2021, the Fund had drawn down \$225,000,000 from the Line of Credit, which was the maximum borrowing outstanding during the period. The Fund is charged interest at the rate of 0.75% above the relevant LIBOR rate adjusted by the Statutory Reserve Rate for borrowing (per annum). The Fund is also charged a commitment fee on the daily unused balance of the line of credit at the rate of 0.10% (per annum). Per the Line of Credit agreement, the Fund paid an upfront fee of 0.05% on the total line of credit balance, which is being amortized through January 29, 2022. The Fund pledges its investment securities as the collateral for the line of credit per the terms of the agreement. The weighted average interest rate and the average outstanding loan payable for the period from October 1, 2020 to March 31, 2021 were 0.9378% and \$225,000,000, respectively. The stated carrying amount of the line of credit approximates its fair value based upon the short term nature of the borrowings and the interest rates being based upon the market terms. The borrowings under the line of

TEKLA HEALTHCARE OPPORTUNITIES FUND

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credit would be considered as Level 2 in the fair value hierarchy (See Note 3) at March 31, 2021.

Investor Support Services

The Fund has retained Destra Capital Advisors LLC (Destra) to provide investor support services in connection with the ongoing operation of the Fund. The Fund pays Destra a fee in an annual amount equal to 0.05% of the average aggregate daily value of the Fund's Managed Assets pursuant to the investor support services agreement.

New Accounting Pronouncement

In October 2020, the SEC adopted new regulations governing the use of derivatives by registered investment companies. Rule 18f-4 will impose limits on the amount of derivatives a fund could enter into, eliminate the asset segregation framework currently used by funds to comply with Section 18 of the 1940 Act, and require funds whose use of derivatives is more than a limited specified exposure to establish and maintain a derivatives risk management program and appoint a derivatives risk manager. While the new rule became effective February 19, 2021, funds will not be required to fully comply with the new rule until August 19, 2022. It is not currently clear what impact, if any, the new rule will have on the availability, liquidity or performance of derivatives. When fully implemented, the new rule may require changes in how a fund will use derivatives, may adversely affect a fund's performance and may increase costs related to a fund's use of derivatives.

(2) Investment Advisory and Other Affiliated Fees

The Fund has entered into an Investment Advisory Agreement (the Advisory Agreement) with the Adviser. Pursuant to the terms of the Advisory Agreement, the Fund pays the Adviser a monthly fee at the rate when annualized of 1.00% of the average daily value of the Fund's Managed Assets. Managed Assets means the total assets of the Fund minus the Fund's liabilities other than the loan payable.

The Fund has entered into a Services Agreement (the Agreement) with the Adviser. Pursuant to the terms of the Agreement, the Fund reimburses the Adviser for certain services related to a portion of the payment of salary and provision of benefits to the Fund's Chief Compliance Officer. During the six months ended March 31, 2021, these payments amounted to \$50,742 and are included in the Other category of expenses in the Statement of Operations, together

TEKLA HEALTHCARE OPPORTUNITIES FUND

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with insurance and other expenses incurred to unaffiliated entities. Expenses incurred pursuant to the Agreement as well as certain expenses paid for by the Adviser are allocated to the Fund in an equitable fashion as approved by the Trustees or officers of the Fund who are also officers of the Adviser.

The Fund pays compensation to Independent Trustees in the form of a retainer, attendance fees and additional compensation to Board and Committee chairpersons. The Fund does not pay compensation directly to Trustees or officers of the Fund who are also officers of the Adviser.

(3) Fair Value Measurements

The Fund uses a three-tier hierarchy to prioritize the assumptions, referred to as inputs, used in valuation techniques to measure fair value. The three-tier hierarchy of inputs is summarized in the three broad levels. Level 1 includes quoted prices in active markets for identical investments. Level 2 includes prices determined using other significant observable inputs (including quoted prices for similar investments, interest rates, credit risk, etc.). The independent pricing vendor may value bank loans and debt securities at an evaluated bid price by employing methodologies that utilize actual market transactions, broker-supplied valuations, and/or other methodologies designed to identify the market value for such securities and such securities are considered Level 2 in the fair value hierarchy. Level 3 includes prices determined using significant unobservable inputs (including the Fund's own assumptions in determining the fair value of investments). These inputs or methodology used for valuing securities are not necessarily an indication of the risk associated with investing in those securities.

For the period ended March 31, 2021, there were no transfers between levels.

The following is a summary of the levels used as of March 31, 2021 to value the Fund's net assets.

Assets at Value	Level 1	Level 2	Level 3	Total
Convertible Preferred				
Biotechnology	\$—	\$—	\$7,866,034	\$7,866,034
Health Care Equipment & Supplies	—	—	629,224	629,224
Non-convertible Notes				
Biotechnology	—	33,672,783	—	33,672,783
Health Care Equipment & Supplies	—	16,703,248	—	16,703,248
Health Care Providers & Services	—	54,468,492	—	54,468,492
Healthcare Services	—	2,272,050	—	2,272,050
Life Sciences Tools & Services	—	2,274,009	—	2,274,009
Pharmaceuticals	—	39,486,558	—	39,486,558

TEKLA HEALTHCARE OPPORTUNITIES FUND

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Assets at Value	Level 1	Level 2	Level 3	Total
Common Stocks and Warrants				
Biotechnology	\$137,678,228	\$—	\$14,579	\$137,692,807
Health Care Equipment & Supplies	189,800,784	—	—	189,800,784
Health Care Providers & Services	194,079,169	—	—	194,079,169
Health Care Technology	2,271,330	—	—	2,271,330
Healthcare Services	16,890,060	—	—	16,890,060
Life Sciences Tools & Services	80,162,850	—	—	80,162,850
Medical Devices and Diagnostics	59,625,070	—	—	59,625,070
Pharmaceuticals	234,057,865	—	—	234,057,865
Real Estate Investment Trusts	59,203,398	—	—	59,203,398
Exchange Traded Fund	1,173,821	—	—	1,173,821
Short-term Investment	—	24,179,000	—	24,179,000
Other Assets	—	—	182,222	182,222
Total	<u>\$974,942,575</u>	<u>\$173,056,140</u>	<u>\$8,692,059</u>	<u>\$1,156,690,774</u>
Liabilities				
Option Contracts Written	(\$2,058,999)	\$—	\$—	(\$2,058,999)
Total	<u>(\$2,058,999)</u>	<u>\$—</u>	<u>\$—</u>	<u>(\$2,058,999)</u>

The following is a reconciliation of Level 3 assets for which significant unobservable inputs were used to determine fair value.

Investments in Securities	Balance as of September 30, 2020	Net realized gain (loss) and change in unrealized appreciation (depreciation)	Cost of purchases and conversions	Proceeds from sales and conversions	Net transfers into (out of) Level 3	Balance as of March 31, 2021
Convertible Preferred						
Biotechnology	\$11,757,099	\$17,589,364	\$1,406	(\$21,481,835)	\$—	\$7,866,034
Health Care Equipment & Supplies	629,223	1	—	—	—	629,224
Convertible Notes						
Biotechnology	649,617	(430,334)	—	(219,283)	—	—
Common Stock and Warrants						
Biotechnology	18,426	(3,847)	—	—	—	14,579
Other Assets	—	—	182,222	—	—	182,222
Total	<u>\$13,054,365</u>	<u>\$17,155,184</u>	<u>\$183,628</u>	<u>(\$21,701,118)</u>	<u>\$—</u>	<u>\$8,692,059</u>
Net change in unrealized appreciation (depreciation) from investments still held as of March 31, 2021						\$201,710

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The following is a quantitative disclosure about significant unobservable inputs used in the determination of the fair value of Level 3 assets.

	Fair Value at March 31, 2021	Valuation Technique	Unobservable Input	Range (Weighted Average)
Common Stock and Warrants	\$14,579	Income approach, Black-Scholes	Discount for lack of marketability	20.00% (20.00%)
Convertible Preferred	77,733	Probability adjusted value	Probability of events Timing of events	20.00% (20.00%) 0.25 (0.25) years
	2,865,965	Market approach	(a)	N/A
	5,551,560	Recent transactions	(b)	N/A
Other Assets	182,222	Probability adjusted value	Probability of events Timing of events	20.00% (20.00%) 0.50 (0.50)years
	<u>\$8,692,059</u>			

(a) There is no quantitative information to provide as this method of measure is investment specific.

(b) The valuation technique used as a basis to approximate fair value of these investments is based on subsequent financing rounds.

(4) Private Companies and Other Restricted Securities

The Fund may invest in private companies and other restricted securities if these securities would currently comprise 10% or less of Managed Assets. The value of these securities represented 1% of the Fund's Managed Assets at March 31, 2021.

The following table details the acquisition date, cost, carrying value per unit, and value of the Fund's private companies and other restricted securities at March 31, 2021. The Fund on its own does not have the right to demand that such securities be registered.

Security (#)	Acquisition Date	Cost	Carrying Value per Unit	Value
IO Light Holdings, Inc. Series A2 Cvt. Pfd	04/30/20†	\$628,047	\$3.85	\$629,224
Oculus SA, Series B2, Cvt. Pfd	01/16/19	2,477,246	8.81	2,592,182
Rainier Therapeutics, Inc. Series A, Cvt. Pfd	01/19/16, 10/24/16	1,651,433	0.00††	254
Series B, Cvt. Pfd	03/03/17	1,100,200	0.19	273,529
Rallybio Holdings, LLC Series B Cvt. Pfd	03/27/20	5,008,618	1.39	5,000,069
		<u>\$10,865,544</u>		<u>\$8,495,258</u>

(#) See Schedule of Investments and corresponding footnotes for more information on each issuer.

† Interest received as part of a corporate action for a previously owned security.

†† Carrying value per unit is greater than \$0.00 but less than \$0.01

TEKLA HEALTHCARE OPPORTUNITIES FUND

INVESTMENT ADVISORY AGREEMENT APPROVAL

The Investment Advisory Agreement (the Advisory Agreement) between the Fund and the Adviser continues in effect so long as its continuance is approved at least annually by (i) the Trustees of the Fund and (ii) a majority of the Trustees of the Fund who are not interested persons (the Independent Trustees), by vote cast in person at a meeting called for the purpose of voting on such approval.

After considering the matter in a meeting held on March 18, 2021, the Board, and the Independent Trustees voting separately, determined that the terms of the Advisory Agreement are fair and reasonable and approved the continuance of the Advisory Agreement as being in the best interests of the Fund and its shareholders. In making its determination, the Board considered materials that were specifically prepared by the Adviser and by an independent data provider at the request of the Board and Fund counsel for purposes of the contract review process, including comparisons of (i) the Fund's performance to a blend of equity, debt and REIT benchmarks and to a peer universe of other investment companies, (ii) the Fund's expenses and expense ratios to those of a peer group of other investment companies, and (iii) the Adviser's profitability with respect to its services for the Fund to the profitability of other investment advisers. The Trustees took into account that substantially all of the Adviser's business consists of providing investment management services to Tekla Healthcare Opportunities Fund, Tekla Life Sciences Investors, Tekla Healthcare Investors and Tekla World Healthcare Fund and the Adviser does not derive any significant benefit from its relationship with the Fund other than receipt of advisory fees pursuant to the Advisory Agreement, market research and potential marketing exposure for the Adviser. The Board also received and reviewed information throughout the year about the portfolio performance, the investment strategy, the portfolio management team and various fees and expenses of the Fund. In their deliberations, the Independent Trustees had the opportunity to meet privately without representatives of the Adviser present and were represented throughout the process by counsel to the Independent Trustees and the Fund.

In approving the Advisory Agreement, the Board considered, among other things, the nature, extent, and quality of the services to be provided by the Adviser, the investment performance of the Fund and the Adviser, the costs of services provided and profits realized by the Adviser and its affiliates, and whether fee levels reflect any economies of scale for the benefit of Fund shareholders and the extent to which economies of scale would be realized as the

TEKLA HEALTHCARE OPPORTUNITIES FUND

INVESTMENT ADVISORY AGREEMENT APPROVAL

(continued)

Fund grows. The Board reviewed information about the foregoing factors and considered changes, if any, in such information since its previous approval. The Board also evaluated the financial strength of the Adviser and the capability of the personnel of the Adviser, specifically the strength and background of its investment analysts. Fund counsel provided the Board with the statutory and regulatory requirements for approval and disclosure of investment advisory agreements. The Board, including the Independent Trustees, evaluated all of the foregoing and, considering all factors together, determined in the exercise of its business judgment that the continuance of the Advisory Agreement is in the best interests of the Fund and its shareholders. The following provides more detail on certain factors considered by the Trustees and the Board's conclusions with respect to each such factor.

The nature, extent and quality of the services to be provided by the Adviser. On a regular basis the Board considers the roles and responsibilities of the Adviser as a whole, along with specific portfolio management, support and trading functions the Adviser provides to the Fund. The Trustees considered the nature, extent and quality of the services provided by the Adviser to the Fund. The Trustees continue to be satisfied with the quality and value of the investment advisory services provided to the Fund by the Adviser, and, in particular, the management style and discipline followed by the Adviser and the quality of the Adviser's research, trading, portfolio management, compliance and administrative personnel. The Trustees also took into account the Adviser's significant investment in its business through the addition of portfolio management and administrative staff over the last several years and the Adviser's commitment to continue to build out its infrastructure as future circumstances require.

The investment performance of the Fund and the Adviser. On a regular basis the Board reviews performance information of the Fund and discusses the Fund's investment strategy with the Adviser. The Trustees reviewed performance information for the Fund for the one-, three- and five-year periods ended December 31, 2020, as compared to a blend of the S&P Composite 1500[®] Health Care Index (S15HLTH), the S&P 500[®] Health Care Corporate Bond Index (SP5HCBIT) and the S&P Composite 1500[®] Health Care REITs Index (S15HCRT) (Blended Benchmark) and a peer universe of other investment companies identified by an independent service provider engaged by the Independent Trustees. The Trustees noted that the performance information reviewed reflects a view of the Fund's performance only as of a certain date, and that the results might be significantly different if a different date was selected to generate the

TEKLA HEALTHCARE OPPORTUNITIES FUND

INVESTMENT ADVISORY AGREEMENT APPROVAL

(continued)

performance information. Additionally, the Trustees recognized that longer periods of performance for the Fund may be adversely and disproportionately affected by significant underperformance in one more recent period, and that such underperformance may be caused by a small number of investment decisions or positions.

The objective of the Fund is to provide both growth and income to investors by using a variety of healthcare assets. Growth, in large part, is to be provided by the Fund's ownership of the stock of a broad mix of healthcare companies. Such breadth is to be provided by representative ownership of stock in most or all of ten major healthcare subsectors represented in the S15HLTH. Income is to be provided by (i) ownership of a variety of assets including but not limited to a) dividend producing stocks of traditional healthcare companies and healthcare-related REITS, b) the corporate debt of a variety of healthcare companies and (ii) premium income from selling covered call options associated with healthcare companies. The Trustees considered that the performance associated with owning such a complex mix of assets by the Fund is likely to produce periods when the performance of the Fund would likely depart from the return associated with a single equity index. The Trustees thus considered that there may be periods when the Fund's NAV performance could be greater or lesser than that of relevant indices. The Trustees considered that determining such an exact combination of returns is difficult or impossible, given the general lack of appropriate component equity, debt, REIT, covered call and other indices.

The Trustees noted the Fund's strong absolute performance. In particular, the Trustees noted that on a net asset value basis as of December 31, 2020, the Fund returned 12.00% for the one-year period and had annualized returns of 12.30% for the three-year period and 10.41% for the five-year period. The Trustees also noted that on a net asset value basis, as of December 31, 2020, the Fund underperformed the Blended Benchmark for the one-year period and slightly underperformed the Blended Benchmark for each of the three- and five-year periods. The Trustees also noted that as of December 31, 2020, the Fund underperformed the peer universe average for the one- and three-year periods and slightly underperformed the peer universe average for the five-year period.

In considering the Fund's relative performance, the Trustees recognized that the Fund's unique strategy presents challenges when comparing the Fund's

TEKLA HEALTHCARE OPPORTUNITIES FUND

INVESTMENT ADVISORY AGREEMENT APPROVAL

(continued)

performance to a benchmark or group of comparable funds. In particular, the Trustees observed that the Fund's strategy contemplates ownership of a variety of healthcare-related asset classes. The Trustees noted that, as a result, all other things being equal, in periods when one asset class performs relatively better than another asset class, the Fund might be expected to underperform a particular benchmark and/or the peer universe and vice versa. Additionally, the Trustees noted that unlike the indices comprising the blended benchmark and most of the peer universe, the Fund may maintain a meaningful allocation to venture and restricted securities. In light of these differences, the Trustees recognized the more limited usefulness of these performance comparisons for the Fund.

The Trustees concluded they continue to be satisfied with the investment performance of the Fund and the Adviser.

The costs of services to be provided and profits to be realized by the Adviser from its relationship with the Fund. The Trustees considered the various services provided by the Adviser to the Fund and reviewed comparative information regarding the expenses and expense ratios of the Fund and a peer group of other investment companies identified by an independent service provider engaged by the Independent Trustees. The Trustees noted that the Adviser's fees are within the range of fees presented in the comparative information and noted that the Fund may maintain a meaningful allocation to venture and restricted securities, a portfolio management service that can warrant higher management fees than those charged by the Adviser to the Fund. The Trustees also considered financial information provided by the Adviser, including financial statements of the Adviser and a comparison of the Adviser's profitability with respect to its services for the Fund to the profitability of other investment advisers.

The Trustees noted that the fees charged by the Adviser are within a reasonable range of fees as compared to fees charged by other investment advisers for similar services, and the services provided by the Adviser and the amounts paid under the Advisory Agreement are at least comparable to the services rendered and fees charged by others for similar services to warrant a finding that fees to be paid by the Fund are fair. Based on the information provided to and evaluated by the Trustees, the Trustees concluded that the fees charged by the Adviser are fair and reasonable in light of the quality and nature of the

TEKLA HEALTHCARE OPPORTUNITIES FUND

INVESTMENT ADVISORY AGREEMENT APPROVAL

(continued)

services provided by the Adviser and that the profitability of the Adviser's relationship with the Fund has not been excessive.

Whether fee levels reflect economies of scale and the extent to which economies of scale would be realized as the Fund grows. The Trustees considered the advisory fee schedule in the Advisory Agreement and noted that it does not provide for breakpoints that might reduce the effective fee to the extent the Fund's net assets should increase. The Trustees determined that, given the closed-end structure of the Fund and the fact that, absent a rights offering or other secondary offering, any significant growth in assets generally will occur through appreciation in the value of the Fund's investment portfolio, the Fund's advisory fee schedule is satisfactory and fair.

TEKLA HEALTHCARE OPPORTUNITIES FUND

PRIVACY NOTICE: If you are a registered shareholder of the Fund, the Fund and Tekla Capital Management LLC, the Fund's investment adviser, may receive nonpublic personal information about you from the information collected by the transfer agent from your transactions in Fund shares. Any nonpublic personal information is not disclosed to third parties, except as permitted or required by law. In connection with servicing your account and effecting transactions, the information received may be shared with the investment adviser and non-affiliates, including transfer agents, custodians or other service companies. Access to your nonpublic personal information is restricted to employees who need to know that information to provide products or services to you. To maintain the security of your nonpublic personal information, physical, electronic, and procedural safeguards are in place that comply with federal standards. The policies and practices described above apply to both current and former shareholders.

If your Fund shares are held in "street name" at a bank or brokerage, we do not have access to your personal information and you should refer to your bank's or broker's privacy policies for a statement of the treatment of your personal information.

FOR MORE INFORMATION: A description of the Fund's proxy voting policies and procedures and information on how the Fund voted proxies relating to portfolio securities during the most recent 12-month period ended June 30 is available (i) without charge, upon request by calling 1-800-451-2597; (ii) by writing to Tekla Capital Management LLC at 100 Federal Street, 19th Floor, Boston, MA 02110; (iii) on the Fund's website at www.teklacap.com; and (iv) on the SEC's website at www.sec.gov.

The Fund's complete Schedule of Investments for the first and third quarters of its fiscal year will be filed with the SEC on Form N-PORT. This Schedule of Investments will also be available on the Fund's website at www.teklacap.com or the SEC's website at www.sec.gov.

You can find information regarding the Fund at the Fund's website, www.teklacap.com. The Fund regularly posts information to its website, including information regarding daily share pricing, distributions, press releases and links to the Fund's SEC filings. The Fund currently publishes and distributes quarterly fact cards, which include performance, portfolio holdings and sector information for each fiscal quarter. These fact cards will be available on the Fund's website and by request from the Fund's marketing and investor support services agent, Destra Capital Advisors, at 1-877-855-3434.

TEKLA HEALTHCARE OPPORTUNITIES FUND

DISTRIBUTION POLICY: The Fund has a managed distribution policy as described in the Notes to Financial Statements. For more information contact your financial adviser.

SHARE REPURCHASE PROGRAM: In March 2021, the Trustees reauthorized the share repurchase program to allow the Fund to repurchase up to 12% of its outstanding shares for a one-year period ending July 14, 2022.

PORTFOLIO MANAGEMENT: Daniel R. Omstead, Ph.D., Jason C. Akus, M.D./M.B.A., Timothy Gasperoni, M.B.A., Ph.D., Ashton L. Wilson, Christopher Abbott, Robert Benson, Richard Goss, Jack Liu, M.B.A., Ph.D., and Loretta Tse, Ph.D. are members of a team that analyzes investments on behalf of the Fund. Dr. Omstead exercises ultimate decision making authority with respect to investments.

HOUSEHOLDING: A number of banks, brokers and financial advisers have instituted “householding”. Under this practice, which has been approved by the SEC, only one copy of shareholder documents may be delivered to multiple shareholders who share the same address and satisfy other conditions. Householding is intended to reduce expenses and eliminate duplicate mailings of shareholder documents. If you do not want the mailing of your shareholder documents to be combined with those of other members of your household, please contact your bank, broker or financial adviser.

TEKLA HEALTHCARE OPPORTUNITIES FUND

New York Stock Exchange Symbol: THQ
NAV Symbol: XTHQX

100 Federal Street, 19th Floor
Boston, Massachusetts 02110
(617) 772-8500
www.teklacap.com

Officers

Daniel R. Omstead, Ph.D., President
Laura Woodward, CPA, Chief Compliance Officer,
Secretary and Treasurer

Trustees

Jeffrey A. Bailey
Rakesh K. Jain, Ph.D.
Thomas M. Kent, CPA
Daniel R. Omstead, Ph.D.
Oleg M. Pohotsky, M.B.A., J.D.
William S. Reardon, M.B.A.
Lucinda H. Stebbins, M.B.A.

Investment Adviser

Tekla Capital Management LLC

Administrator & Custodian

State Street Bank and Trust Company

Transfer Agent

Computershare, Inc.

Legal Counsel

Dechert LLP

Shareholders with questions regarding share transfers may call

1-800-426-5523

Daily net asset value may be obtained from
our website (www.teklacap.com) or by calling

617-772-8500