

31 December 2018

The fund aims to provide income and some capital growth over the longer term by investing predominantly in the shares of companies listed on European stock markets, excluding the UK. The fund typically holds a concentrated portfolio of stocks and may also hold a proportion in government, corporate and other bonds to supplement the income of the fund. The fund is actively managed by our investment team, who will select stocks to try to take advantage of opportunities they have identified.

Past performance is not a guide to future returns and future returns are not guaranteed. The price of assets and the income from them may go down as well as up and cannot be guaranteed; an investor may receive back less than their original investment. The fund may use derivatives to reduce risk or cost, or to generate additional capital or income at low risk. Usage of derivatives is monitored to ensure that the fund is not exposed to excessive or unintended risks. The value of assets held within the fund may rise and fall as a result of exchange rate fluctuations.

OEIC Fund

Equity Fund

Monthly

Fund Manager Will James

Fund Manager Start 3 Apr 2009

Launch Date 3 Apr 2009

Performance IA Europe excluding UK

Benchmark

Risk Benchmark IA Europe excluding UK Sector

Current Fund Size £767.2m

Base Currency GBP

No. of Holdings 51

This document is intended for use by individuals who are familiar with investment terminology. To help you understand this fund and for a full explanation of specific risks and the overall risk profile of this fund and the shareclasses within it, please refer to the Key Investor Information Documents and Prospectus which are available on our website – www.standardlifeinvestments.com.

Aberdeen Standard Investments has not considered the suitability of investment against your individual needs and risk tolerance. If you are in any doubt as to whether this fund is suitable for you, you should seek advice. An adviser is likely to charge for advice. We are unable to provide investment advice.

Fund Information *

Composition by Country

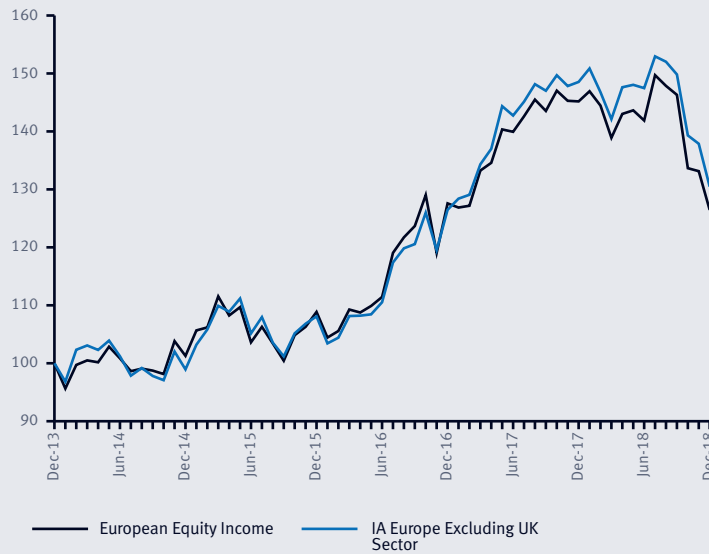
	Fund %
Sweden	12.9
France	12.1
Denmark	11.0
Switzerland	10.2
Italy	9.8
Netherlands	8.7
Finland	8.6
Spain	8.3
Germany	7.5
Norway	3.8
Belgium	2.5
Ireland	2.3
Austria	1.6
Cash and Other	0.7

Top Ten Holdings

Stocks	Fund %
Total	3.6
Zurich Insurance Group	3.5
Enel	3.2
Novo Nordisk	3.2
ASML	2.9
Swedish Match	2.7
Swedbank	2.7
Roche	2.6
Telenor	2.6
Bankinter	2.5
Assets in top ten holdings	29.5

Fund Performance *

Price Indexed



The performance of the fund has been calculated over the stated period using bid to bid basis for a UK basic rate tax payer. The performance shown is based on an Annual Management Charge (AMC) of 0.75%. You may be investing in another shareclass with a higher AMC. The charges for different share classes are shown on the next page. For details of your actual charges please contact your financial adviser or refer to the product documentation.

Source: Aberdeen Standard Investments (Fund) and Morningstar (Sector)

Year on Year Performance

Source: Aberdeen Standard Investments (Fund) and Morningstar (Sector)

	Year to 31/12/2018 (%)	Year to 31/12/2017 (%)	Year to 31/12/2016 (%)	Year to 31/12/2015 (%)	Year to 31/12/2014 (%)
Retail Fund Performance	-13.3	13.2	16.6	6.7	0.5
Institutional Fund Performance	-12.9	13.8	17.2	7.5	1.3
Platform One	-13.0	13.8	17.1	7.5	1.2
IA Europe Excluding UK Sector	-12.2	17.4	17.0	9.3	-1.1

Cumulative Performance

Source: Aberdeen Standard Investments (Fund) and Morningstar (Sector)

	6 Months (%)	1 Year (%)	3 Years (%)	5 Years (%)
Retail Fund Performance	-11.1	-13.3	14.4	22.7
Institutional Fund Performance	-10.9	-12.9	16.2	26.5
Platform One	-10.9	-13.0	16.0	26.1
IA Europe Excluding UK Sector	-11.5	-12.2	20.7	30.5

Note: Past Performance is not a guide to future performance. The price of shares and the income from them may go down as well as up and cannot be guaranteed; an investor may receive back less than their original investment.

For full details of the fund's objective, policy, investment and borrowing powers and details of the risks investors need to be aware of, please refer to the prospectus.

For a full description of those eligible to invest in each share class please refer to the relevant prospectus.

The fund does not have an index-tracking objective.

Definitions

Cash and Other - may include bank and building society deposits, other money market instruments such as Certificates of Deposits (CDs), Floating Rate Notes (FRNs) including Asset Backed Securities (ABSs), Money Market Funds and allowances for tax, dividends and interest due if appropriate.

Investment Review and Outlook

Market review

December was challenging for European equities amid ongoing concerns about slowing corporate earnings and economic growth. The region's major markets all closed lower over the month. As a result, they posted losses for 2018 overall.

The Trump administration announced that it will impose steel and aluminium tariffs on the European Union, Canada and Mexico. This concerned investors and piled further pressure on the region, particular Germany. Its export-led economy is already suffering under the US-China trade dispute. Investors were also mindful of political risks that could destabilise the region. These include Brexit, Italy's precarious financial position and the potential for populist movements to hamper economic reform in France. Economic data underlined the region's challenges. In the third quarter, the Eurozone economy grew at its slowest pace since the first quarter of 2013. Both external demand and domestic consumption weakened.

In the risk-off environment that prevailed, the best performers were companies with defensive characteristics. In general, these businesses have a higher dividend yield and stable earnings. Such companies are in sectors that include utilities and telecoms. Cyclical companies, such as banks and industrials, were the weakest performers.

Activity

The only significant buying activity was the purchase of RWE, the German utility company. The pricing of the business now reflects its legacy coal business. The opportunity for the business to grow as it rebalances to renewables is underappreciated. This should drive attractive cash flow dynamics that should lead to higher dividends.

Covestro was the focus of selling activity. The German chemical company is sensitive to the economic cycle. Its profit margins are under pressure from increased competition and rising costs. We decided to exit the position.

Fund performance

The Fund outperformed the broader market over the month.

Banks, healthcare and mobile telecoms were the sectors that made the largest positive contributions to the Fund's return. However, holding back performance were the industrial transport, financial services and nonlife insurance sectors.

A holding that had a positive effect on the Fund's performance was the utility Enel. It had the double benefit of an attractive price and stable earnings during a spell of higher volatility. These defensive characteristics, and an earnings upgrade, helped the shares to do well. Ambu was another success

over the month. Negative news flow in the US on contaminated multi-use endoscopes increased confidence in the growth for its single-use products. Lastly, the Fund's holding in Nokia also added to relative performance. The move to 5G technology will benefit the company given its strengths in this area.

A position that held back performance was Deutsche Post. The company was the victim of growing fears of slower global and European economic growth. In a similar way, AXA is another company sensitive to both market volatility and a deteriorating credit environment. Finally, Iberdrola is a Spanish utility that weighed on relative performance that we did not own. It was a beneficiary of the market rotation into companies with defensive characteristics.

Outlook & Strategy

While trade tensions and Brexit will dominate headlines, underlying demand remains reasonable according to companies. There are reasons to be more cautious about markets, but fundamentals are healthy and valuations are attractive. The rise in volatility is an opportunity to show the effectiveness of our active equity income strategy.

Overall, the Fund is finding opportunities across the market. This gives us confidence in its positioning and the prospects for dividend growth.

Other Fund Information

	Retail Acc	Retail Inc	Institutional Acc	Institutional Inc
Lipper	65161884	65161885	65161882	65161883
Bloomberg	SLIEERA LN	SLIEERI LN	SLIEEIA LN	SLIEEII LN
ISIN	GB00B3L7S842	GB00B3L7S735	GB00B3L7SB79	GB00B3L7S958
SEDOL	B3L7S84	B3L7S73	B3L7SB7	B3L7S95

	Platform One Acc	Platform One Inc
Lipper	68165201	68165202
Bloomberg	SLIEP1A LN	SLIEEP1 LN
ISIN	GB00B7LGOW70	GB00B71L0M27
SEDOL	B7LGOW7	B71L0M2

	Interim	Annual	Valuation Point	12:00 (UK time)
Reporting Dates	31 Aug	28 (29) Feb	Type of Share	Income & Accumulation
XD Dates	31 May, 31 Aug, 30 Nov	28 (29) Feb	ISA Option	Yes
Payment Dates (Income)	31 Jul, 31 Oct, 31 Jan	30 Apr		

	Retail	Institutional	Platform One
Initial Charge	4.00%	0.00%	0.00%
Annual Management Charge	1.30%	0.75%	0.75%
Ongoing Charges Figure	1.33%	0.86%	0.91%

The Ongoing Charge Figure (OCF) is the overall cost shown as a percentage of the value of the assets of the Fund. It is made up of the Annual Management Charge (AMC) shown above and the other expenses taken from the Fund over the last annual reporting period. It does not include any initial charges or the cost of buying and selling stocks for the Fund. The OCF can help you compare the costs and expenses of different funds.

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