

31 January 2019

The fund aims to provide income and some capital growth over the longer term by investing in UK equities. 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	Iain Pyle	Base Currency	GBP
Fund Manager Start	16 Apr 2018	No. of Holdings	61
Launch Date	1 May 1986		
IA Sector	IA UK Equity Income		
Benchmark	IA UK Equity Income Sector		
Current Fund Size	£515.3m		

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 Sector

	Fund %
Financials	25.8
Oil & Gas	19.1
Consumer Goods	12.8
Industrials	8.5
Basic Materials	8.4
Consumer Services	8.3
Health Care	7.8
Utilities	4.2
Telecommunications	3.7
Cash and Other	1.4

Composition by Market Capitalisation (Ex Cash)

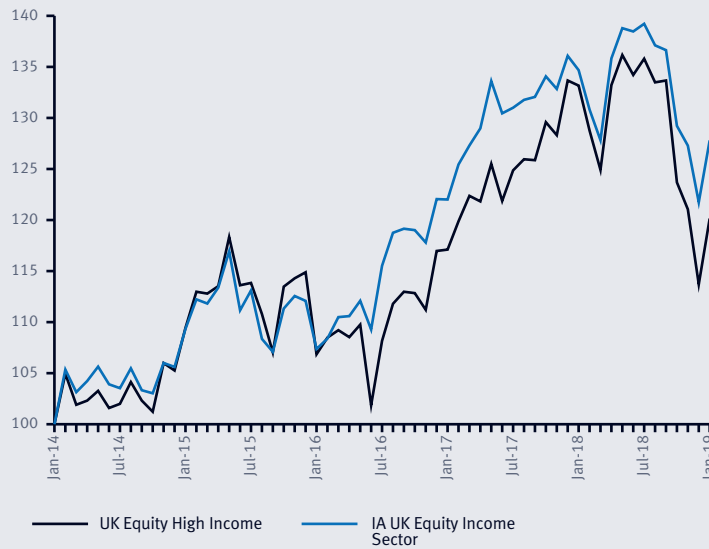
	Fund %
FTSE UK 100	69.2
FTSE UK 250	21.4
FTSE Small Cap	1.6
Not In Index	7.8

Top Ten Holdings

Stocks	Fund %
Royal Dutch Shell	7.9
BP	7.0
HSBC	6.2
British American Tobacco	4.4
Vodafone	3.7
BHP Billiton	3.6
GlaxoSmithKline	3.6
Prudential	3.3
Glencore	3.1
National Grid	3.0
Assets in top ten holdings	45.8

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	-15.3	13.7	1.3	8.3	3.0
Institutional Fund Performance	-14.9	14.3	1.8	9.1	3.8
Platform One	-15.0	14.2	1.8	9.0	3.7
IA UK Equity Income Sector	-10.5	11.5	8.9	6.1	3.2

Cumulative Performance

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

	6 Months (%)	1 Year (%)	3 Years (%)	5 Years (%)
Retail Fund Performance	-11.7	-10.2	10.8	16.6
Institutional Fund Performance	-11.5	-9.8	12.4	20.1
Platform One	-11.5	-9.8	12.3	19.8
IA UK Equity Income Sector	-8.2	-5.1	19.0	27.8

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.

Composition by Market Capitalisation - Not in index is the sum of holdings outwith the FTSE All Share. This may include new issues, AIM listed and other LSE listed stocks.

Market Review

UK equities made a robust start to the year, with the FTSE 350 Index rising 4.2%. Several issues initially sent investors running for safety. These included the US/China trade dispute, global growth fears and higher interest rates. However, the month ended in a much more positive fashion. The most significant development was the emergence of a possible trade deal. Moreover, comments from the US Federal Reserve indicated a slower pace of interest rate hikes than expected. This encouraged equity markets around the globe.

In the UK, the reversal in performance of the retail sector was notable. It was driven by some high street companies, such as Next, delivering Christmas trading results ahead of cautious expectations. Sterling climbed against other major currencies, as investors responded to political developments that suggested a lower probability of a no-deal Brexit. The risk-on sentiment helped mid-caps to rally strongly, delivering a 7.1% returns, ahead of the 3.6% return of the FTSE 100 Index of large cap names.

Technology Hardware and Food & General Retail were the top performing sectors, while Mobile Telecommunications and Pharmaceutical & Biotechnology were the worst.

Activity

Changes to position in the Fund were limited. However, we used recent volatility to reduce some stocks that have performed well. The proceeds were recycled into some of the weaker positions where we now see superior yield and undemanding valuations.

Nevertheless, we built new positions where there was an opportunity to add high-quality names at attractive valuations.

Abcam was a new position. The company supplies antibodies for medical research and diagnostic use. It has a market-leading position in an expanding market. Abcam has a record of delivering consistent dividend growth backed by strong cash flow and low debt. We also added to St James' Place. This wealth adviser has demonstrated an ability to continuously grow assets under management. This gives them a degree of protection from market fluctuations. Add to this an attractive yield of 4.5%, and it has the potential to be a core holding for the Fund.

We decided to sell out of Sage. This was a recent reintroduction to the Fund in the second half of 2018. The shares looked undervalued for a subscription-based software business, with management change a catalyst for better performance. The shares outperformed and its valuation now looks reasonable. We think there are more attractive valuations and yields elsewhere.

Performance

In January, Fund outperformed its benchmark.

Kier was the largest contributor to performance. The shares rallied during the risk-on environments and after addressing pressure on its balance sheet. The company has faced challenges, including having to cut its dividend and needing to tackle a weak financial position. It is now set to move forward supported by an attractive

valuation. Other contributors to the Fund's return included a number of domestic names that rallied in the month. These included, Persimmon, Polypipe, Phoenix Group and Aviva. We also benefited from a position in RPC, which announced a confirmed offer from a private equity investor.

The largest detractor to performance was Vodafone. Investors remain sceptical that the company can maintain its dividend and deliver on its investment goals. We remain more confident, with management likely to manage the cost base to maintain the dividend. Not owning Rio Tinto and Lloyds Bank were slight drags on the Fund's relative return.

Outlook & Strategy

The outlook for 2019 is uncertain. Concerns about global growth are clouding the picture before we even start to think about UK politics. This has created attractive valuations and, most importantly for the Fund, high yields in many UK stocks. A large degree of negativity is now priced into equities. Our base case is that the UK avoids a no-deal exit from the EU and for the global economy to avoid a recession in 2019.

In terms of positioning, the Fund remains overweight in banks, life insurance, tobacco and mobile telecommunications – sectors where we see attractive income potential and undemanding valuations. We remain underweight 'bond proxies', such as beverages, pharmaceuticals and food producers. We also remain underweight in property given concerns about the potential impact of Brexit on rental growth and asset values.

Other Fund Information

	Retail Acc	Retail Inc	Institutional Acc	Institutional Inc
Lipper	60011537	60011536	60011535	60011534
Bloomberg	SLUKEHA LN	SLUKEHI LN	SLUKHIA LN	SLUKHII LN
ISIN	GB0004330931	GB0004330824	GB0004332978	GB0004332531
SEDOL	433093	433082	433297	433253

	Platform One Acc	Platform One Inc
Lipper	68165289	68165290
Bloomberg	SLURPLA LN	SLUKPLI LN
ISIN	GB00B7FTRJ84	GB00B558NM60
SEDOL	B7FTRJ8	B558NM6

	Interim	Annual	Valuation Point	12:00 (UK time)
Reporting Dates	31 Aug	28 (29) Feb	Type of Share	Income & Accumulation
XD Dates	31 Aug	28 (29) Feb	ISA Option	Yes
Payment Dates (Income)	31 Oct	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	1.31%	0.84%	0.89%

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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