

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 bonds to supplement the income of the fund. The fund is actively managed by our investment team, who will select stocks, without reference to index weight or size, to try to take advantage of opportunities they have identified. Due to the unconstrained nature of the fund investors must be willing to accept a relatively high degree of stock specific risk.

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	Thomas Moore	Base Currency	GBP
Fund Manager Start	1 Jan 2009	No. of Holdings	62
Launch Date	22 Feb 2007		
IA Sector	IA UK Equity Income		
Benchmark	IA UK Equity Income Sector		
Current Fund Size	£1393.7m		

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	38.5
Industrials	15.4
Oil & Gas	13.2
Consumer Services	11.7
Basic Materials	7.9
Consumer Goods	5.5
Technology	2.6
Cash and Other	2.2
Health Care	1.5
Utilities	0.9
Telecommunications	0.6

Composition by Market Capitalisation (Ex Cash)

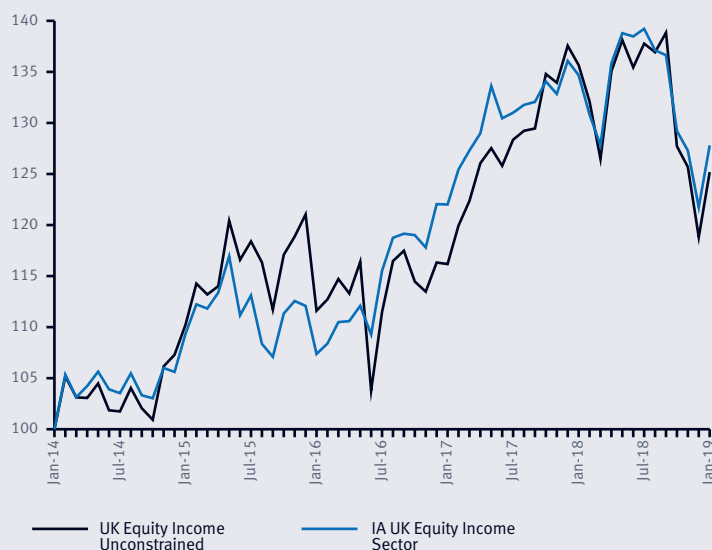
	Fund %
FTSE UK 100	41.9
FTSE UK 250	36.5
FTSE Small Cap	13.5
Not In Index	8.1

Top Ten Holdings

Stocks	Fund %
John Laing	4.5
Royal Dutch Shell	4.4
Rio Tinto	3.4
Anglo American	3.0
Close Brothers	3.0
BP	3.0
HSBC	2.8
National Express	2.6
Aviva	2.4
GVC Holdings	2.3
Assets in top ten holdings	31.4

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 0.80%. 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	-14.1	17.6	-4.6	11.7	6.7
Institutional Fund Performance	-13.6	18.3	-3.9	12.8	7.8
Platform One	-13.9	18.0	-4.1	12.5	7.5
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	-9.4	-8.3	10.1	20.4
Institutional Fund Performance	-9.1	-7.7	12.2	25.2
Platform One	-9.2	-8.0	11.3	23.6
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 All-Share 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.

The price of Brent crude oil bounced back after a shaky end to 2018. It climbed over 17%, ending January around the US\$62 mark. This led to a healthy month for a number of oil & gas companies.

Sterling climbed against other major currencies, as investors responded to political developments that suggested a lower probability of a no-deal Brexit. That said, the stronger pound negatively affected companies with significant overseas earnings.

Activity

We started a new holding in packaging business DS Smith. The company offers an attractive valuation and exposure to structural tailwinds, such as e-commerce. We also added to a position in Imperial Brands. The tobacco company's share price has been weak recently on fears of potential new competition. At the current valuation, investors are pricing in a dividend cut. However, we see this as unlikely. Imperial is gaining momentum in the vaping market with the potential to be a leader in this area. Increased US regulations for new products have raised the barrier to

entry, therefore deterring new entrants. Moreover, recent management guidance has driven earnings upgrades, which should drive the share price higher.

We took profits in furniture retailer Dunelm. The investment case has evolved as anticipated and is now reflected in its valuation. Dunelm's success can be attributed to management's focus on self-help. It enabled the business to overcome headwinds faced elsewhere in the retail industry. We also took profits in mining company Anglo American. It has performed well as investors gained confidence in the management team's focus on capital discipline and returns. This had become a big position in the Fund. We rotated the proceeds into stocks with more compelling valuation upside.

Performance

The Fund outperformed its peer group in January.

Dunelm and DFS were the two largest contributors to performance. Both companies reported encouraging trading updates. It was a reminder that many UK domestic companies are thriving despite the uncertainty surrounding Brexit. DFS' results indicated that the business is growing its market share.

Staffline was the biggest detractor to performance. The share price suffered when the company announced a delay to the publication of its results. This related to an investigation of procedures in its recruitment division.

Outlook & Strategy

The unconstrained nature of the Fund increases the investable universe beyond the large-cap hunting ground of traditional income funds. This

increases the potential to further diversify the income sources and improve the potential for higher returns.

The Fund's positions are based upon high conviction stock-specific insights. We use our Focus on Change investment process to identify companies with: (1) improving cash flows and dividends and (2) the potential for valuation re-rating. We see this as a powerful combination that can drive significant total return over time.

We see a sharp divergence in valuations across the UK equity market. Turbulent macroeconomic newsflow is leading to many opportunities.

The Fund is exposed to three themes.

1. Global yield
2. Domestic opportunities
3. Uncorrelated value

The economic and political outlook is uncertain. Out of this uncertainty, stock-level opportunities emerge. Despite higher volatility in share prices, we are encouraged by the strength of the Fund's income generation. It is one of the key benefits of our index-agnostic approach to UK equity income investing. The recent sell-off has driven the Fund's yield to levels not seen since 2009. We believe this reflects gloomy macro sentiment rather than stock-level fundamentals.

Looking ahead, we expect solid cash flow generation to support continued delivery of dividend growth. This should result in capital growth as share prices respond to positive company announcements.

Other Fund Information

	Retail Acc	Retail Inc	Institutional Acc	Institutional Inc
Lipper	65066669	65066670	65066671	65066672
Bloomberg	SLEIURA LN	SLEIURI LN	SLEIUIA LN	SLEIUII LN
ISIN	GB00B1LBSR16	GB00B1LBSS23	GB00B1LBST30	GB00B1LBSV51
SEDOL	B1LBSR1	B1LBSS2	B1LBST3	B1LBSV5

	Platform One Acc	Platform One Inc
Lipper	68165436	68165437
Bloomberg	SLUEP1A LN	SLUEP1I LN
ISIN	GB00B79X9673	GB00B7G8Q193
SEDOL	B79X967	B7G8Q19

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

	Retail	Institutional	Platform One
Initial Charge	4.00%	0.00%	0.00%
Annual Management Charge	1.50%	0.80%	1.00%
Ongoing Charges Figure	1.52%	0.90%	1.15%

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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