

31 December 2018

The fund aims to provide long term growth by investing mainly in the shares of smaller companies listed on the UK stock market. 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	Harry Nimmo	Base Currency	GBP
Fund Manager Start	6 Jan 1997	No. of Holdings	53
Launch Date	6 Jan 1997		
IA Sector	IA UK Smaller Companies		
Benchmark	IA UK Smaller Companies Sector		
Current Fund Size	£1296.9m		

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 %
Industrials	24.4
Consumer Services	17.5
Consumer Goods	13.3
Technology	11.4
Financials	10.6
Health Care	9.0
Cash and Other	8.4
Telecommunications	5.4

Composition by Market Capitalisation (Ex Cash)

	Fund %
FTSE UK 100	1.5
FTSE UK 250	44.8
FTSE Small Cap	15.8
Not In Index	37.9

Top Ten Holdings

Stocks	Fund %
Cranswick	3.7
Dechra Pharmaceuticals	3.7
Gamma Communications	3.3
Hilton Food	3.2
Fever Tree	3.1
Abcam	3.1
RWS Holdings	3.1
Workspace	3.0
Diploma	2.8
GB Group	2.7
Assets in top ten holdings	31.7

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	-11.2	30.6	3.3	28.2	-8.5
Institutional Fund Performance	-10.8	31.3	3.9	29.2	-7.8
Platform One	-10.9	31.1	3.8	29.1	-7.9
IA UK Smaller Companies Sector	-11.8	27.2	8.5	14.9	-1.6

Cumulative Performance

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

	6 Months (%)	1 Year (%)	3 Years (%)	5 Years (%)
Retail Fund Performance	-17.7	-11.2	19.9	40.5
Institutional Fund Performance	-17.5	-10.8	21.7	45.0
Platform One	-17.6	-10.9	21.3	44.2
IA UK Smaller Companies Sector	-16.1	-11.8	21.7	37.5

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.

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.

Investment Review and Outlook

Market review

UK equities endured a difficult December, with both small- and large-caps finishing in negative territory. The former trailed the latter in terms of performance.

Festive cheer was in short supply for the UK retail sector, with a number of big-name index constituents disappointing in the run-up to Christmas. The share prices for supermarkets Tesco and Sainsbury's fell due to lower-than-expected footfall in the busy pre-Christmas period. Further to this, falling demand for retail property has contributed to a slowdown in UK construction.

The pound fell to its lowest level for almost two years. In turn, this boosted the share price performance of several companies with significant exports and overseas trading interests. A weaker pound makes profits earned in other currencies worth more when translated back to sterling.

Additionally, the price of Brent crude oil fell once more, finishing December below \$54 a barrel. This resulted in share price weakness within the energy sector.

Activity

We took part in AJ Bell's initial public offering. This founder-owned company

provides online investment platforms and stockbroker services. AJ Bell is a high-quality firm and a market leader in its field. Investors agree and the stock has climbed since it listed. One of the cornerstones of our process is meeting companies face-to-face. This gives us an in-depth insight into the businesses in which we invest. With that in mind, we increased our holding in Telecoms Plus after meeting its management team. This is a dynamic multi-utility company, with a strong competitive position that should drive future growth. We sold financial platform service provider Integrafina to fund the deal. We continued to exit our remaining shares in NMC Health. This has been successful stock for the Fund. So much so, that the company is now classed as a large-cap and therefore no longer appropriate for the Fund's mandate.

Performance

In keeping with the wider market, the Fund finished in negative territory over the period, trailing its benchmark.

Shares in JD Sports fell along with the wider UK retail sector, with investors responding to the poor festive period. Meanwhile, online retailer Boohoo.com sold-off after rival firm ASOS announced a profit warning. However, in January Boohoo upped its full-year revenue outlook driven by a 44% rise in sales over the four months to end-

December. Additionally, revenues rose by 33%, which supports our view that the ASOS-linked share price fall was an overreaction. Optical products group Gooch & Housego also affected relative Fund returns. The company delivered good numbers, but investors appear more concerned about the cyclical nature of the industry.

By contrast, concrete paving firm Marshalls performed well. It continues to trade strongly relative to its peers in the industry, with profits up. Ten-pin alley bowling operator Hollywood Bowl also boosted Fund returns. The company specialises in buying tired properties and turning them around into profitable enterprises. It is also enjoying strong growth from its core business. Our holding in AJ Bell was a highlight, for the aforementioned reasons.

Outlook & Strategy

UK markets are likely to be volatile as Brexit negotiations reach a critical stage. We remain happy with the portfolio, with sizeable number of our holdings scoring well on the Matrix (our proprietary quants research tool). By continuing to concentrate on quality and sustainable growth stocks, we believe the Fund can continue to generate positive relative returns with less risk and greater resilience at times of general market uncertainty.

Other Fund Information

	Retail Acc	Retail Inc	Institutional Acc	Institutional Inc
Lipper	60011545	n/a	60011544	68225275
Bloomberg	SLUKSMA LN	SLUKSRI LN	SLUKSAA LN	SLUKSII LN
ISIN	GB0004331236	GB00BYQNBS53	GB0004333497	GB00B8K1GG67
SEDOL	433123	BYQNBS5	433349	B8K1GG6

	Platform One Acc	Platform One Inc
Lipper	68165310	n/a
Bloomberg	SKUKPLA LN	n/a
ISIN	GB00B7FBH943	n/a
SEDOL	B7FBH94	n/a

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

	Retail	Institutional	Platform One
Initial Charge	4.00%	0.00%	0.00%
Annual Management Charge	1.35%	0.80%	0.85%
Ongoing Charges Figure	1.36%	0.89%	0.99%

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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