

28 February 2019

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 £766.0m

Base Currency GBP

No. of Holdings 52

**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](http://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

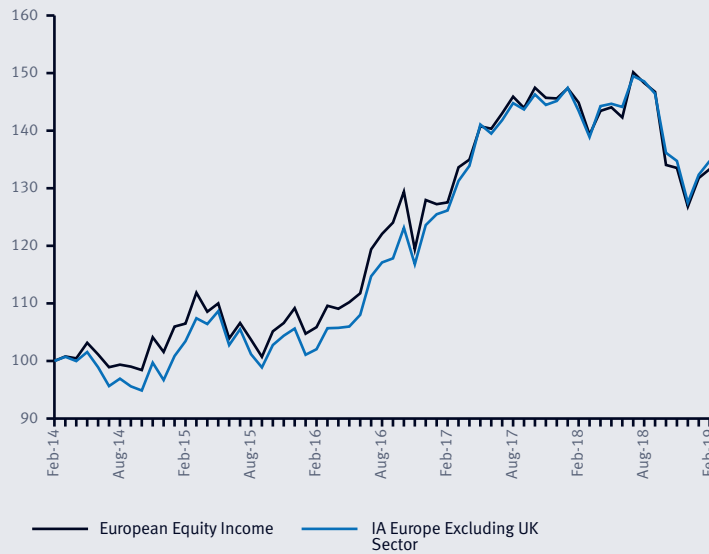
	Fund %
France	13.3
Switzerland	11.6
Sweden	11.1
Denmark	10.7
Netherlands	10.1
Italy	9.6
Germany	8.1
Finland	7.5
Spain	6.4
Norway	5.5
Belgium	2.6
Ireland	1.9
Austria	1.7
Cash and Other	-0.1

### Top Ten Holdings

Stocks	Fund %
Total	4.0
Zurich Insurance Group	3.5
Novo Nordisk	3.3
Roche	3.2
Enel	3.0
Swedish Match	3.0
ASML	3.0
AXA	2.8
Airbus	2.8
Partners Group	2.8
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 0.75%. 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	-10.3	-8.4	24.2	29.5
Institutional Fund Performance	-10.1	-8.0	25.9	33.3
Platform One	-10.1	-8.0	25.7	33.0
IA Europe Excluding UK Sector	-9.3	-6.1	32.1	34.7

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

European equities delivered positive returns for February. A raft of good corporate results and optimism over a US-China trade deal lifted sentiment. The rally eventually ran out of steam, with disappointing economic data and continued political uncertainty. Overall, the weakest industries were leisure goods, real estate and utilities. Cyclical industrial companies were the top performers, including electronic equipment, mining and aerospace.

### Activity

Lundin Petroleum was a new position. The Swedish oil exploration and production operator owns assets focused on the Norwegian North Sea. It has a major stake in one of the largest oil fields in the region – the low-cost Johan Svedrup field. It has a strong production profile that is driving high cash generation, underpinning its dividend trajectory. The Dutch nutrition and material science company DSM was also purchased. We believe investors have not fully appreciated the increasing significance of a shift in focus to nutritional inputs. We consider the business model to have defensive-cyclical qualities. While its share price was resilient during the recent sell-off, we believe it will participate in any upswing given the cyclical parts of the business. We built exposure to Bayer,

despite the drag from legacy issues in the US relating to the Monsanto purchase. The life science division is performing better than implied by the current price. After a period of underperformance, there are signs that the share price is stabilising. Investors' concerns have resulted in attractive valuation and yield measures.

Selling activity involved disposing of Wartsila. While this Finish engineering business is well positioned in its field, the dividend growth potential has diminished. Another sale of note was Italian food distributor Marr. The company's valuation and dividend are now relatively unattractive in the context of the investment case. The sales were used to finance the purchases above.

### Fund performance

The Fund underperformed the market.

Swedbank had a negative impact. It was affected by claims it has facilitated money laundering similar to the Danske Bank scandal, despite reassurances of having robust controls in place. TUI Group was another holding that dragged on performance. The travel business guided its earnings lower despite a positive update in December. We believe investors are over-reacting. Ambu, whose recent success has been based on single-use

endoscopes suffered profit taking on little newsflow other than management reduced its stake in the company.

Mediobanca added value. Good results demonstrated that the Italian bank continues to win market share. Similarly, the Italian bank FincoBank also posted good results as it continues to benefit from the dislocation of the Italian banking industry. Lastly, Dutch paints business Akzo Nobel rewarded investors by returning cash via share buyback programme. We remain confident it can maintain its profit margins.

### Outlook & Strategy

Concerns around trade tensions, Brexit and risks in Europe continue to dominate headlines. However, companies suggest that underlying demand remains reasonable. There are reasons to be more cautious about markets. However, cash flows and dividends are healthy, and valuations have become more attractive. Volatility has reared its head again. This should be seen as an opportunity to demonstrate the effectiveness of our active equity income strategy. Overall, we are finding opportunities across the market spectrum. This underpins our confidence in the Fund's positioning and the expected dividend growth trajectory.

## 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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