

May
2019

European Equity Income Fund

Aberdeen Standard
Investments

31 May 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 £730.4m

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.

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

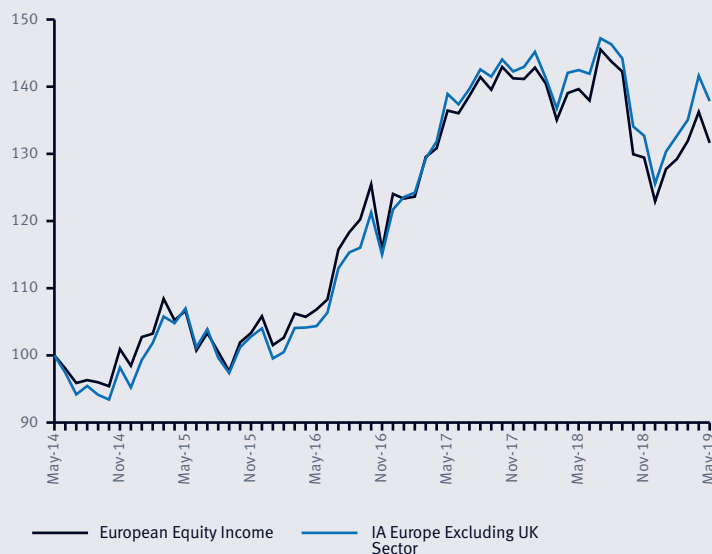
	Fund %
France	15.2
Switzerland	12.1
Germany	11.3
Sweden	10.3
Netherlands	10.2
Denmark	8.9
Italy	8.8
Norway	6.6
Finland	6.2
Spain	5.8
Ireland	1.6
Belgium	1.5
Austria	1.4
Cash and Other	0.1

Top Ten Holdings

Stocks	Fund %
Total	4.1
Novo Nordisk	3.5
Zurich Insurance Group	3.3
Enel	3.2
Roche	3.2
Telenor	3.1
Partners Group	2.9
Nestle	2.8
Swedish Match	2.7
Airbus	2.7
Assets in top ten holdings	31.5

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 31/03/2019 (%)	Year to 31/03/2018 (%)	Year to 31/03/2017 (%)	Year to 31/03/2016 (%)	Year to 31/03/2015 (%)
Retail Fund Performance	-2.7	3.8	21.3	-2.8	10.2
Institutional Fund Performance	-2.3	4.2	21.9	-2.0	11.0
Platform One	-2.3	4.2	21.9	-2.1	10.9
IA Europe Excluding UK Sector	-1.2	5.8	24.2	-1.6	6.6

Cumulative Performance

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

	6 Months (%)	1 Year (%)	3 Years (%)	5 Years (%)
Retail Fund Performance	1.5	-6.1	21.5	27.9
Institutional Fund Performance	1.7	-5.7	23.2	31.6
Platform One	1.6	-5.8	23.0	31.3
IA Europe Excluding UK Sector	3.9	-3.2	32.1	37.9

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.

Market Review

May was a weak month for European stocks, as the strong start to the year stalled abruptly. However, it outperformed the world index, which lost 5.16% (in euro terms). Share prices were affected by intensifying global trade worries and downbeat economic data. Renewed concerns about Italy's budget deficit also weighed on sentiment.

European economic data disappointed. The European Commission cut its 2019 growth forecasts for the euro area. This included slashing German growth predictions from 1.1% to 0.5%. In Italy, concerns mounted that the government's 2020 budget deficit would again break European Union (EU) rules. Forecasters expect it to swell from 2.5% of GDP to 3.5%, owing to a slowing economy. However, the news came as the right-wing League party won a third of Italy's seats in the European elections. The victory all but guarantees another budget clash between Rome and Brussels. Italy's banks bore the brunt of the subsequent stock market sell off.

Pro-European parties held their ground across the continent in the EU elections, despite growing pressure from populists and nationalists. The traditional centrist parties on both the left and the right struggled.

In the equity markets, defensive areas of the market outperformed, as did beneficiaries of lower interest rates such as real estate and utilities. Cyclical sectors, such as industrials and mining suffered the most, as did anything exposed to China and trade-tariff risk.

Activity

Buying included initiating a new position in the German residential property company Vonovia. The business has an attractive long-term growth opportunity in German residential real estate. Rents and asset values are too low on both a fundamental basis and compared to international markets. On selling activity, we exited the holding in semiconductor manufacturer Siltronic following receipt of the dividend. We believe the demand outlook is weakening, driving concerns about pricing of silicon wafers.

Fund performance

The Fund underperformed the market during the month. The Italian banking group FinecoBank's shares were marked down after a share-placement by its biggest shareholder Unicredit. However, this gives the online lender full independence and greater flexibility to pursue its own growth strategy. Another weak performer was Umicore. The chemical business is positioning itself as a supplier to electric vehicle makers, particularly in China. It gave a disappointing trading update, caused by several coinciding factors. These included a drop in auto sales in China, weaker cobalt pricing and fires at energy storage systems. Moreover, investors started to fret about the capital expenditure needed for its electric vehicle strategy. CNH Industrial also weighed on the Fund's return. The automotive-focused manufacturer was dragged down by the intensifying US-China trade dispute. It was noteworthy the company re-initiated a share buyback programme given how low its valuation had fallen.

On the upside, Telenor was the top contributor. The Nordic telecom firm outperformed after announcing it was to merge its Asian assets with a competitor Axiata of Malaysia. This should drive attractive cost savings and reduce the discount on its shares from its conglomerate status. Lastly, another positive was Norwegian seafood company Mowi. The business benefited from a potential shortage of salmon. In addition, the effect of Chinese swine flu worries is supportive for the company given the likely demand for protein replacements.

Outlook & Strategy

Markets entered the summer period with heightened concerns about the potential impact of unresolved geopolitical issues – the US-China trade dispute, Brexit and European political upheaval. This has lowered both growth assumptions and bond yields. Thus, even if the aforementioned issues are resolved, it is becoming clearer we are in a late-cycle environment. These issues are muddled further by polarised valuations between 'value' and 'growth' companies. As a result, the likelihood of ongoing bouts of volatility remains high. The recent market upheaval reinforces the view that an equity income strategy offers some comfort for investors in a world of persistently low yields and elevated risks.

While we had reduced the risk in the Fund due to the US-China trade war, it proved insufficient given the sharp market reversal in May. However, the current market level now offers a historically high range of diverse income opportunities.

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	GB00B7LG0W70	GB00B71L0M27
SEDOL	B7LG0W7	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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