



Annual Report

**Standard Life Investment
Company**

**Annual Report & Financial Statements
For the year ended 28 February 2018**

Standard Life Investment Company Annual Report & Financial Statements

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Company Information

Dear investor,

I am pleased to enclose your copy of the Report and Accounts for the Standard Life Investment Company. These reports cover the 12-month period from 1 March 2017 to 28 February 2018.

Market background

It was a relatively auspicious 12 months for financial markets. Equities in particular powered ahead, with several major indices reaching record highs, including the UK's FTSE 100 Index and the S&P 500 Index in the US.

Positive market momentum during the period was largely driven by the improving health of the global economy, as the scars of the global financial crisis appeared to be finally fading. Importantly, Europe, which had long been a laggard, appeared to turn the corner in terms of its economic recovery. Political developments remained prevalent, but after the rollercoaster ride of the previous year, 2017 proved a more sedate affair. Although many of us were poised to see a continuation of the anti-establishment and populist political trends that shaped 2016, many of these feared possibilities failed to materialise and long-term shocks were largely avoided. As we move through 2018, however, the prospects of rising inflation and higher interest rates have somewhat dampened investor sentiment.

For a more in-depth look at markets, please refer to the enclosed global overview.

Fund performance

Against a market backdrop that favoured risk assets, a number of our fixed income funds struggled in performance terms. However, the majority of our funds delivered positive absolute returns and more than half also outperformed their benchmarks.

A number of the funds recorded top-quartile performance (top 25% of funds in their peer group) during the period, including the UK Equity High Income, UK Equity High Alpha, Global Advantage, Global Emerging Market Equity Income and the Global Emerging Market Equities Funds. Several more delivered top-decile performance (top 10% of funds in their peer group), namely the UK

Smaller Companies and the UK Ethical Funds. The standout performers of the period, however, were the Global Smaller Companies Fund and the UK Opportunities Fund, which were ranked third and first percentile in their peer groups, respectively.

We have provided more details on the performance of the funds in the individual reports.

Source: Morningstar and Factset bid-to-bid, for the 12-month period to 28/02/18.

Keeping you informed

You can keep up to date with the performance of your investments by visiting www.standardlifeinvestments.com/ukfactsheets. Alternatively, if you would rather speak to us, please contact our Investor Servicing Centre on 0345 113 6966 or +44 (0) 1268 44 5488 (non-UK callers). The Centre is open Monday to Friday between 9am and 5.30pm (UK time).

I hope you find these report and accounts informative. Thank you for continuing to invest with us.

Yours sincerely,

Jacqueline Lowe
Head of UK Distribution

Standard Life Investment Company				
Head Office	Director	Authorised Corporate Director (ACD)	Board of Directors of the ACD	Secretary of the ACD
1 George Street Edinburgh EH2 2LL	The Authorised Corporate Director (ACD) is Standard Life Investments (Mutual Funds) Limited which is the sole director and is authorised and regulated by the Financial Conduct Authority for investment business.	Standard Life Investments (Mutual Funds) Limited 1 George Street Edinburgh EH2 2LL	A S Acheson S Campbell S A Fitzgerald J Lowe L Scott D E Thomas S Wemyss	H.S. Kidd

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Company Information

(Continued)

Standard Life Investment Company			
Depository	Independent Auditor	Registrar	Investment Adviser
Citibank Europe plc UK Branch 1 North Wall Quay Dublin 1	KPMG LLP 15 Canada Square Canary Wharf London E14 5GL	Standard Life Investments (Mutual Funds) Limited 1 George Street Edinburgh EH2 2LL	Standard Life Investments Limited 1 George Street Edinburgh EH2 2LL

Merger of Aberdeen Asset Management and Standard Life

Prior to the 14 August 2017, the Authorised Corporate Director, Standard Life Investments (Mutual Funds) Limited and the Investment Advisor Standard Life Investments were subsidiaries of Standard Life plc. On 14 August 2017, Standard Life plc and Aberdeen Asset Management plc, completed a merger to form Standard Life Aberdeen plc.

Standard Life Investment Company Annual Report & Financial Statements

Statement of the Authorised Corporate Director's responsibilities

The Collective Investment Schemes sourcebook published by the FCA, ("the COLL Rules") require the Authorised Corporate Director ("ACD") to prepare financial statements for each annual accounting period which give a true and fair view of the financial position of the Company and of the net income and net gains or losses on the property of the Company for the period.

In preparing the financial statements the ACD is responsible for:

- ▶ selecting suitable accounting policies and then applying them consistently;
- ▶ making judgements and estimates that are reasonable and prudent;
- ▶ following UK accounting standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*;
- ▶ complying with the disclosure requirements of the Statement of Recommended Practice for UK Authorised Funds issued by the Investment Management Association in May 2014;
- ▶ keeping proper accounting records which enable it to demonstrate that the financial statements as prepared comply with the above requirements;
- ▶ assessing the Company and its sub-funds' ability to continue as a going concern, disclosing, as applicable, matters related to going concern;
- ▶ using the going concern basis of accounting unless they either intend to liquidate the Company or its sub-funds or to cease operations, or have no realistic alternative but to do so;
- ▶ such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; and
- ▶ taking reasonable steps for the prevention and detection of fraud and irregularities.

The ACD is responsible for the management of the Company in accordance with its Instrument of Incorporation, the Prospectus and the COLL Rules.

Standard Life Investment Company Annual Report & Financial Statements

Authorised Corporate Director's Report

The ACD is Standard Life Investments (Mutual Funds) Limited which is the sole director, authorised and regulated by the Financial Conduct Authority, for investment business.

Standard Life Investment Company ("the Company") is an Open-Ended Investment Company with variable capital under Regulation 12 (Authorisation) of the Open-Ended Investment Companies Regulations 2001 ("the Regulations"). The shareholders are not liable for the debts of the Company.

Standard Life Investment Company is structured as an umbrella company. Each sub-fund ("Fund") has the investment powers equivalent to those of a securities company.

Standard Life Investment Company is a protected cell company. As such the assets and liabilities of individual Funds are ringfenced, with assets of a particular Fund not to be used to discharge the liabilities of, or claims against, the Umbrella company or any other Fund.

The following items within each sub-fund report form part of the Authorised Corporate Director's report: Investment Report, Comparative Tables, Ongoing Charges Figure, Portfolio Statement and Treatment by Corporate Shareholders.

Distributions are made from positive net revenue where gross revenue exceeds expenses and tax. The total return consists of investment and currency gains and losses in addition to net revenue. In situations where Funds have a negative total return but a positive net revenue position, there will be a distribution.

Material differences may arise between a Fund's net revenue after tax and its distribution if the ACD's periodic charge and transaction costs are borne by the capital property of the Fund for distribution purposes. The expenses in the Statement of Total Return includes these expenses even if they are met from the capital property of the Fund. In such cases, the amount a Fund has to distribute will exceed its net revenue and this is detailed in the notes to the financial statements where it occurs.

Names and addresses of the ACD, Independent Auditor, Registrar and Investment Advisor are contained on page 4 of the Annual Report and Financial Statements. The investment objectives of each Fund, how they were achieved and investment activities during the period are disclosed within the individual Funds' reports.

The Prospectus for the Company is available online at standardlifeinvestments.com.

The ACD has elected to dispense with the holding of an Annual General Meeting for the Company for this and all future years. Shareholders have been given sixty days' written notice of this election in accordance with The Open-Ended Investment Companies (Amendment) Regulations 2005. In the future, the Company may launch other Funds.

I hereby certify the Annual Report and Financial Statements on behalf of the Directors of Standard Life Investments (Mutual Funds) Limited.



Director
Standard Life Investments (Mutual Funds) Limited, Edinburgh
28 June 2018

Standard Life Investment Company Annual Report & Financial Statements

Statement of the Depositary's Responsibilities in Respect of the Scheme and Report of the Depositary to the Shareholders of the Standard life Investment Company ("the Company") for the year ended 28 February 2018

The Depositary is responsible for the safekeeping of all the property of the Company (other than tangible moveable property) which is entrusted to it and ensuring proper registration of tangible moveable property, and for the collection of income arising from all such scheme property.

It is the duty of the Depositary to take reasonable care to ensure that the Company is managed and operated by the Authorised Corporate Director in accordance with the Financial Conduct Authority's Collective Investment Schemes Sourcebook ("the Sourcebook"), the Open-Ended Investment Companies Regulations 2001 (SI 2001/1228) (the OEIC Regulations), the Company's Instrument of Incorporation, and the Prospectus, as appropriate, concerning: the pricing of and dealing in Shares in the Company; the application of income of the Company; and the investment portfolio and borrowing activities of the Company.

Having carried out procedures and enquiries considered duly necessary to discharge our responsibilities as Depositary of the Company, based on information and explanations provided to us, we believe that, in all material respects, the Company, acting through the Authorised Corporate Director:

- (i) has carried out the issue, sale, redemption and cancellation, and calculation of the price of the Company's shares and the application of the Company's income in accordance with the Sourcebook, and where applicable, the OEIC regulations, the Company's Instrument of Incorporation, and the Prospectus;
- (ii) has observed the investment and borrowing powers and restrictions applicable to the Company; and
- (iii) has, otherwise, ensured the proper operation of the Company.

Citibank Europe plc
UK Branch, London
27 June 2018

Standard Life Investment Company Annual Report & Financial Statements

Independent auditor's report to the shareholders of Standard Life Investment Company ('the Company')

Opinion

We have audited the financial statements of the Company for the year ended 28 February 2018 which comprise the Statements of Total Return, the Statements of Changes in Net Assets Attributable to Shareholders, the Balance Sheets, the Related Notes and Distribution Tables for each of the Company's sub-funds listed on the Contents page and the accounting policies set out on pages 11 to 12.

In our opinion the financial statements:

- ▶ give a true and fair view, in accordance with UK accounting standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*, of the financial position of each of the sub-funds as at 28 February 2018 and of the net revenue/deficit of revenue and the net capital gains/net capital losses on the property of each of the sub-funds for the year then ended; and
- ▶ have been properly prepared in accordance with the Instrument of Incorporation, the Statement of Recommended Practice relating to Authorised Funds, and the COLL Rules.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the Company in accordance with, UK ethical requirements including the FRC Ethical Standard.

We have received all the information and explanations which we consider necessary for the purposes of our audit and we believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

Going concern

We are required to report to you if we have concluded that the use of the going concern basis of accounting is inappropriate or there is an undisclosed material uncertainty that may cast significant doubt over the use of that basis for a period of at least twelve months from the date of approval of the financial statements. We have nothing to report in these respects for all funds except from Global Emerging Markets Equity Unconstrained Fund.

Emphasis of matter - non-going concern basis of preparation

In respect of Global Emerging Markets Equity Unconstrained Fund we draw attention to the disclosure made in accounting policy (a) "Basis of accounting" to the financial statements which explains that the financial statements of the sub-funds have not been prepared on the going concern basis for the reason set out in that note. Our opinion is not modified in respect of this matter.

Other information

The Authorised Corporate Director is responsible for the other information presented in the Annual Report together with the financial statements. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except as explicitly stated below, any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- ▶ we have not identified material misstatements in the other information; and
- ▶ in our opinion the information given in the Authorised Corporate Director's Report is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where under the COLL Rules we are required to report to you if, in our opinion:

- ▶ proper accounting records for the Company have not been kept; or
- ▶ the financial statements are not in agreement with the accounting records.

Authorised Corporate Director's Standard Life Investments (Mutual Funds) Limited responsibilities

As explained more fully in their statement set out on page 3 the Authorised Corporate Director is responsible for: the preparation of financial statements which give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the Company and its sub-funds' ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the Company or its sub-funds or to cease operations, or have no realistic alternative but to do so (as explained in accounting policy (a) the Authorised Corporate Director does not believe that it is appropriate to prepare the financial statements of Global Emerging Markets Equity Unconstrained Fund on a going concern).

Standard Life Investment Company Annual Report & Financial Statements

Independent auditor's report to the shareholders of Standard Life Investment Company ('the Company')

(Continued)

Auditor's responsibilities

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

The purpose of our audit work and to whom we owe our responsibilities

This report is made solely to the Company's shareholders, as a body, in accordance with Rule 4.5.12 of the Collective Investment Schemes sourcebook ('the COLL Rules') issued by the Financial Conduct Authority under the Open-Ended Investment Companies Regulations 2001. Our audit work has been undertaken so that we might state to the Company's shareholders those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's shareholders as a body, for our audit work, for this report, or for the opinions we have formed.

Jatin Patel
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
15 Canada Square
Canary Wharf
London
E14 5GL
28 June 2018

Standard Life Investment Company Annual Report & Financial Statements

Investment Report

1 March 2017 - 28 February 2018

Global Overview

Global equities delivered impressive returns over the past 12 months, with several major indices hitting record highs. The improving global economy, robust corporate profits and fluctuating commodity prices dictated sentiment. Politics also played a huge role, notably the ongoing reverberations from the UK's EU referendum and elections across Europe (including the UK, Germany and France). However, 2018 started on a weaker foot, with investors concerned that rising inflation would lead to higher interest rates.

After a subdued start, global equity markets embarked on a strong rally on expectations that President Trump's agenda would boost global growth and lift inflation. Meanwhile, the populist wave that some commentators thought Brexit would unleash across Europe failed to materialise, with pro-EU parties winning in the Dutch, Austrian and French elections. As we moved into the summer, investors took heart from favourable global economic trends and better-than-expected corporate earnings results. Importantly, the recovery finally broadened out to include Europe.

Meanwhile, export-dependent emerging markets were the standout performers over the review period, as global trading activity picked up. As a consequence of the increasingly positive global growth outlook, several central banks are now gradually reducing their monetary support programmes. In the US, President Trump passed his much-vaunted \$1.3 trillion tax-cut plan at the close of 2017, giving one final boost to equity markets. However, the stimulus package and strong US labour data raised concerns that inflation would climb, necessitating higher interest rates. Volatility returned to markets and equities suffered a pronounced sell-off.

Individual market overviews

Despite political and economic uncertainty, **UK equities** enjoyed a positive 12 months. In June, the market wobbled following the surprise outcome of the 'snap' general election. Prime Minister Theresa May had called the vote to strengthen her hand in Brexit negotiations, but this backfired, resulting in a hung parliament. In December, the UK and the European Union (EU) reached agreement on stage one of Brexit talks relating to citizens' rights, the financial settlement and the Irish border. This helped to underpin positive investor sentiment. Turning to the UK economy, the effects of a weak pound finally started to manifest in higher inflation, which hit a six-year high of 3.1% in November. As a result, the Bank of England (BoE) decided to raise interest rates, taking the borrowing cost to 0.5%.

US equities went from strength to strength over the 12-month period, with indices hitting a series of all-time highs. Economic data improved as the year unfolded, with unemployment and manufacturing numbers all pointing to robust growth. Overall, the economy grew by 2.3% in 2017, up from 1.5% the previous year. Against this backdrop, the US Federal Reserve (Fed) raised interest rates three times. It also announced it would start to reduce the size of its balance sheet as part of its retreat from monetary stimulus. In

December, markets received an additional boost after Congress agreed a comprehensive tax-cut bill. This optimism supported markets through much of January, although concerns about inflation and higher interest rates weighed on sentiment in February.

European equities delivered robust returns over the last 12 months. This was against an uncertain political backdrop, with numerous elections across Europe. However, ongoing policy measures from the European Central Bank (ECB) and a notable improvement in European economic data provided market support. As we entered 2018, bourses tumbled on fears of rising inflation and higher interest rates, notably in the US.

The **Japanese equity market** had an impressive 12 months, although it suffered a sharp sell-off late in the period. The market started the period positively as the yen weakened significantly on the prospect of higher US interest rates, prompting investors to buy export-driven stocks likely to benefit. Domestic corporate data was also encouraging; the country's corporate reporting season concluded in May, with the majority of companies reporting better-than-expected earnings. Sabre-rattling on the Korean peninsula briefly interrupted the positive newsflow, but a raft of good earnings releases from a number of Japanese companies steadied investor sentiment. The announcement of US tax reform also boosted a number of companies that sell their goods and services overseas. However, concerns about US protectionist trade policies and fears the Bank of Japan may start to normalise monetary policy caused markets to retreat at the end of January. This continued into February, with the yen climbing as traders sought safe havens in volatile trading conditions.

Asian equities had an excellent review period and outperformed developed markets. This was thanks to improving economic conditions (notably in China), heightened demand for commodities later in the year and positive corporate results. Fortunes in China steadily improved over the year, culminating in better-than-expected fourth-quarter GDP of 6.8% (year-on-year). Meanwhile, the 19th National Council announced plans to reduce financial risk, while pushing for greater efficiency and quality across the economy. Perhaps the biggest news, however, was Chinese leader Xi Jinping's decision to end presidential term limits, paving the way for him to remain in office indefinitely. However, after strong performance over much of the period, Asia Pacific markets followed their developed peers into negative territory in February 2018, caused by the prospect of higher US interest rates.

Bond markets

The commitment of central banks to stimulate economic growth, alongside increased geopolitical risks, provided some support for **government bonds**. However, an increase in inflation expectations towards the end of the period prompted a sharp reassessment of risk by investors, pushing government bond yields markedly higher. Meanwhile, **corporate bond markets** made positive progress over the period, buoyed by the increasing sustainability of the global economic recovery and robust corporate earnings.

Standard Life Investment Company Annual Report & Financial Statements

Investment Report

1 March 2017 - 28 February 2018 (Continued)

Outlook for equities

Despite recent equity market volatility, prospects for the world economy look good for the rest of 2018 and into 2019. Lower unemployment in many countries is supporting consumer spending, while healthier banking systems and more upbeat business confidence are encouraging companies to invest. US tax cuts and spending increases should materially boost US economic growth too. Although central banks are raising interest rates (in the US and UK) or withdrawing some monetary support (in Europe and China) they are doing so gradually. A potential problems, however, is whether low-level trade conflicts between the US and China become more serious.

Outlook for bonds

We expect more bond market volatility than we saw in 2017 and the short-term outlook will be determined by the path and speed of interest rate changes. From a fundamental perspective, credit remains on an improving trend, supported by a strong global economy and ongoing improvements in the European banking sector. Furthermore, US tax reform should lead to lower issuance and some corporate deleveraging.

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Ethical Funds Advisory Group Report

Standard Life Investments is responsible for managing several ethical Funds. The Funds are managed according to clearly defined investment mandates and the range of available investments is underpinned by established policies and independent research data on their ethical credentials.

The Standard Life Ethical Funds Advisory Group

The Standard Life Ethical Funds Advisory Group is chaired by the Group Chief Operating Officer of Standard Life. It comprises of investors in Standard Life's Ethical Funds and senior Standard Life group managers with involvement in managing and marketing the Funds and their associated products. The Committee generally meets twice a year and is responsible for ensuring that Standard Life's Ethical Policy for these Funds is applied correctly, that the Policy continues to reflect the concerns of investors in the Ethical Funds and that the processes supporting the application of the Policy are robust.

This involves:

- ▶ considering current ethical issues and trends and the implications for the Funds;
- ▶ reviewing investment and marketing reports;
- ▶ ensuring that Standard Investments' process for ethical investment is observed;
- ▶ reviewing and addressing customer queries; and
- ▶ commissioning market and customer research on ethical issues.

Funds' criteria

The ethical Funds are invested according to the positive and negative criteria set out in the Ethical Policy. The Funds do not invest in companies that fail the negative criteria and favour investment in companies that meet the positive criteria.

Issues arising

The Group discussed a number of issues during the period relating to companies' individual approaches to corporate responsibility. The Group assessed the feedback from its annual client survey. In addition, due consideration was given to reviewing the most recent changes to the policy and the Group's Terms of Reference. Topics discussed by the Group included animal testing, animal welfare and intensive farming, human rights and labour issues such as zero-hour contracts. In addition, the Group discussed environmental issues including deforestation, fossil fuel disinvestment and carbon footprinting. Standard Life Investments actively participated and sponsored Good Money Week during 2016, which promotes ethical and values based investment options.

Voting record - Standard Life Investments UK Ethical Fund

We voted against remuneration resolutions at the AGMs of NMC Health, Restaurant, Servolec, Shire and Telecom Plus. We also voted against remuneration resolutions at a later SGM of NMC

Health. We also abstained on remuneration resolutions at Boohoo.com, Fevertree Drinks, NMC Health and Prudential over remuneration concerns. In the case of Prudential, in light of our long standing concerns we also abstained on the re-election of members of the remuneration committee. In the case of Fevertree we abstained on the re-election of the remuneration committee Chairman as this AIMlisted company did not provide either a remuneration report or a remuneration policy resolution for shareholders to vote on as previously requested by us.

A director who is also Chairman of Standard Life Group was standing for election to the Barclays board. While we believed his appointment to the board to be positive we felt it most appropriate to abstain on this resolution in recognition of our conflict of interest.

At AGMs of Accesso Technology Group and Gamma Communications, we abstained on an authority to issue shares on a non-pre-emptive basis, as the amount sought did not reflect best practice.

At the AGM of Mitchells & Butlers we voted against the re-election of four non-executive directors to reflect concerns that they were the representatives of major shareholders who appeared to be increasing their representation and influence over the board.

At the AGM of TUI we voted against the discharge of the chairman of the supervisory board as the company had not addressed our previously expressed expectation that consisted with the UK Governance Code they would provide shareholders with a remuneration report resolution to vote on. This was compounded by concerns about remuneration practices during the year.

Investor opinion

Investors in the Ethical Funds continue to make a valuable contribution to the Committee's understanding of ethical concerns, in particular through participation of investors on the Advisory Group and the annual survey of investors' views.

Further information

If you would like to find out more about the Standard Life Investments Ethical Funds Advisory Group please visit www.standardlifeinvestments.com/ethical_investing/our_ethical_committee/index.html. For any additional information, please write to Amanda Young, Secretary to the Ethical Funds Advisory Group, Standard Life Investments, 1 George Street, Edinburgh, EH2 2LL or e-mail esg_investment@standardlife.com.

Amanda Young
Secretary to the Ethical Funds Advisory Group
28 June 2018

Standard Life Investment Company Annual Report & Financial Statements

Accounting Policies for all sub-Funds

a. Basis of Preparation

- I. The financial statements have been prepared on a going concern basis in accordance with the Statement of Recommended Practice (SORP) for Authorised Funds issued by the Investment Management Association (IMA) in May 2014. All of the sub-funds are presented on a going concern basis with the exception of the Global Emerging Markets Equity Unconstrained Fund ("the Terminating Fund") which the Authorised Corporate Director intends to terminate once all its residual assets and liabilities are settled (see Going Concern sub-heading below for details).
- II. The financial statements have been prepared under the historical cost basis, as modified by the revaluation of investments, and in accordance with the Financial Conduct Authority's Collective Investment Schemes Sourcebook.

Going Concern

The Global Emerging Markets Equity Unconstrained Fund ("the Terminating Fund") closed on 14 January 2016. It is the intention of the ACD to terminate this Fund at a later date once the residual assets and liabilities are settled. As a result the financial statements of this Fund have been prepared on a basis other than going concern. In applying this basis of preparation, the assets and liabilities of the Terminating Fund continue to be stated at their fair values which materially equate to their residual values. No further adjustments were necessary in the Terminating Fund's financial statements to reduce assets to their realisable values, to provide for liabilities arising from the termination and to reclassify fixed assets and long-term liabilities as current assets and liabilities. No liabilities have been recorded for costs of the termination of the Fund as the intention is that the ACD will bear any such costs which may arise.

The principal accounting policies, which have been applied consistently throughout the year, are set out below and, where necessary, have been updated to include any policies to reflect the presentation of the Terminating Fund's financial statements as at 28 February 2018 on a basis other than going concern.

b. Revenue

- I. Dividend revenue is recognised when the securities are first quoted on an ex-dividend basis.
- II. Interest from fixed interest securities, interest rate swaps and short-term deposits is recognised on a daily accruals basis.
- III. Underwriting commission is recognised as part of the income property of the Funds unless it has been necessary to take up all or part of the shares underwritten in which case an appropriate proportion is deducted from the cost of those shares.
- IV. Where stocks are received in lieu of cash dividends the value of that dividend is recognised in the gross revenue of the Fund. Where enhanced scrip dividends are received the value of the enhancement is not recognised as revenue within the Funds but is recognised in capital. Any ordinary element of scrip dividends received is treated as revenue and will form part of the distribution.
- V. Revenue from debt securities is accounted for on an effective yield basis in accordance with the policy detailed below (see note (i)).
- VI. Special dividends are treated as either revenue or capital depending on the nature of each individual case.
- VII. Equalisation from collective investment scheme distributions is treated as a return of capital, within the Funds.

c. Treatment of management expenses

- I. The ACD's periodic charges are charged to the income property of the Funds (with the exception of the UK Equity High Alpha Fund (capital), the UK Equity High Income Fund (capital), the Corporate Bond Fund (capital), the Global Emerging Markets Equity Income Fund (income in respect of accumulation shares and capital in respect of income shares), Global Equity Income Fund (income in respect of accumulation shares and capital in respect of income shares), the UK Smaller Companies Fund (income in respect of accumulation shares and capital in respect of income shares) and the European Equity Income Fund (income in respect of accumulation shares and capital in respect of income shares) American Equity Income Fund (income in respect of accumulation shares and capital in respect of income shares)).
- II. Handling charges are borne by the capital property of the Fund for distribution purposes.

Standard Life Investment Company Annual Report & Financial Statements

Accounting Policies for all sub-Funds

(Continued)

d. Distribution policy

- I. All of the net revenue available for distribution at the end of both the interim (where applicable) and final distribution periods will be distributed to shareholders or reinvested in the Fund.
- II. Where the ACD has discretion about the extent to which income and expenses are recognised within the distributable income property of the Fund, the approach adopted, at all times, will be governed by the aim of maximising the total return to shareholders through limiting avoidable taxation costs.
- III. Where expenses are in capital, this will increase the distribution with a corresponding reduction to capital. For the purposes of calculating the distribution, on these classes, the effect of tax reliefs between capital and income will be removed.

e. Basis of valuation of investments

- I. The listed investments of the Fund have been valued at bid price at the close of business on the reporting date. Unquoted investments are valued based on the Manager's opinion of fair value, the intention of which is to estimate market value.
- II. Any open positions in derivative contracts or forward foreign currency transactions at the year-end are included in the Balance Sheet at their mark to market value.

f. Exchange rates

- I. Assets and liabilities denominated in foreign currencies are translated into Sterling at the prevailing exchange rates on the reporting date.
- II. Income receipts denominated in foreign currencies are translated into Sterling at the prevailing exchange rates when the income is received.

g. Taxation

- I. Tax is calculated using the marginal basis i.e. the tax effect of income and expenditure is allocated between capital and revenue on the same basis as the particular item to which it relates.
- II. Deferred tax is provided for on all timing differences that have originated but not reversed by the balance sheet date. Deferred tax is not recognised on permanent differences. Deferred tax assets are only recognised where it is more likely than not that there will be suitable taxable profits against which the future reversal of underlying timing differences can be deducted.
- III. Withholding tax on accrued overseas dividends is netted off against accrued revenue in the debtors note. The tax charge relating to the movement in withholding tax on accrued overseas dividends is disclosed as current tax.

h. Derivatives

The Funds may enter into permitted transactions such as derivative contracts or forward foreign currency transactions. Where the transactions are used to protect or enhance revenue, the revenue and expenses are included within net revenue in the statement of total return. Where the transactions are undertaken to protect or

enhance investments, the gains/losses are treated as capital and included within gains/losses on investments in the statement of total return.

i. Effective yield

- I. The Funds apply the concept of effective yield in daily pricing and for the periodic distribution of revenue, in accordance with the IMA SORP May 2014.
- II. Effective yield as defined by the IMA SORP, is an income calculation that takes into account amortisation of any discount or premium on the purchase price over the remaining life of the security.
- III. Applying effective yield to the income calculation may result in either higher or lower revenue than would be recognised on a coupon basis.
- IV. Where the Funds holds more bonds purchased at a discount to their par value, revenue is likely to be higher. Where the Fund holds more bonds purchased at a premium, revenue is likely to be lower. This will affect the distributions of the Funds.

j. Equalisation

In order that each shareholder in the same share class shall receive the same rate of distribution per share the buying price of each share contains an amount called equalisation. This is equivalent to the net of distributable income less expenses accrued in the Fund at the time of purchase. As part of the distribution payment the average amount of this equalisation is returned to Group 2 shareholders. The equalisation element of the distribution to Group 2 shareholders is treated as a repayment of capital and is therefore not liable to income tax. This amount should, however, be deducted from the cost of the shares for capital gains tax purposes.

k. Cash

Cash comprises bank balances, as well as any short term deposits and cash held as collateral.

l. Hedged share classes

The Japanese Equity Growth Fund offered hedged share classes. Hedged share classes in this Fund use a range of financial instruments with the intention of mitigating the risk of sterling-yen exchange rate volatility. These share classes closed on 14 December 2017.

m. Prior year restatement

Prior-year collateral cash has been reclassified to be in line with the current-year presentation, being removed from creditors and included within cash and cash equivalents.

The prior year comparatives for the currency exposure and interest rate risk tables in Note 15 of each Fund, have been restated to include short term debtors and creditors.

n. Dilution

In certain circumstances the ACD may apply a dilution adjustment on subscriptions and redemptions of shares. If applied, the dilution adjustment is paid to the fund. See Prospectus for full details.

Standard Life Investment Company

Annual Report & Financial Statements

AAA Income Fund

Investment Report

Fund Information	
Fund Manager	Daniel McKernan and Ross Hutchison
Launch Date	6 April 1999
Benchmark	iBoxx GBP Non-Gilts AAA rated Index

Investment activity

Trading was relatively limited over the period. In the primary market, we participated in new issues from New York Life, Aareal Bank, Westpac Banking and Wellcome Trust. The latter was a 100-year bond that came with a 2.5% yield. Other than this, purchase activity was limited to Temasek, KfW and adding to our position in the Meadowhall 2032 bond. We also purchased a 100-year bond from University of Oxford.

Sales included European Investment Bank, Stadshypotek, KfW and Nationwide bonds.

Investment objective

The objective of the Fund is to provide a competitive level of income. Capital appreciation is of secondary importance.

Investment policy

The investment policy of the Fund is to invest in a portfolio consisting mostly of sterling fixed interest securities. Investment will predominantly be made in securities with a credit rating of "AAA" from major rating agencies such as Standard & Poor's, Moody's and Fitch. Up to 20% of the Fund may be invested in UK government bonds which are excluded from the rating criteria. The Fund may also invest in other transferable securities, money-market instruments, deposits, cash and near cash, derivatives and collective investment schemes.

Risk

The Fund tends to have quite a concentrated number of holdings, however the high credit quality nature of the portfolio affords investors a high degree of protection from the risk of default. Whilst the level of income provision is likely to be relatively stable, the investor must be able to accept temporary capital losses due to the volatile nature of the investments, and should therefore have an investment time horizon of 3 to 5 years.

Performance

The AAA Income Fund returned -0.6% during the period, in comparison with the benchmark index (iBoxx Sterling Non-Gilts AAA rated Index) which returned 1.8%. Please note Fund returns are net of fees, while benchmark returns are gross. (Source: Morningstar, basic rate taxpayer, bid to bid basis. Benchmark source: Factset).

At an individual security level, a significant contributor to performance was our off-benchmark holding in Qatar-owned Canary Wharf Finance after the resolution of a legal dispute over early redemption compensation went in favour of bondholders. A sizeable underweight position in the German government-owned development bank KfW was another significant positive for performance. Meanwhile, an overweight position in secured debt from Trafford Centre added to performance.

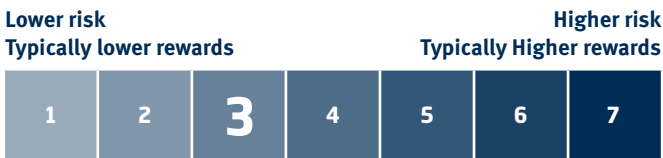
However, there was a negative contribution from an overweight position in Wellcome Trust. Also detracting from performance was our off-benchmark position in UK gilts in what was a generally pro risk environment.

Standard Life Investment Company Annual Report & Financial Statements

AAA Income Fund

Investment Report (Continued)

Synthetic Risk & Reward Indicator



This indicator reflects the volatility of the Fund’s share price over the last five years which in turn reflects the volatility of the underlying assets in which the Fund invests. Historical data may not be a reliable indication of the future.

The current rating, which is the same for all share classes, is not guaranteed and may change if the volatility of the assets in which the Fund invests changes. The lowest rating does not mean risk free.

All investment involves risk. This Fund offers no guarantee against loss or that the Fund’s objective will be attained.

For further information on the risks that may not be fully captured by the risk and reward indicator, please refer to the current Key Investor Information Document (KIID).

Cautionary note

It should be remembered that past performance is not a guide to future performance. The value of investments may go down as well as up and, therefore, investors may not get back the amount originally invested.

Standard Life Investment Company

Annual Report & Financial Statements

AAA Income Fund

Comparative Tables

	2018 pence per share	2017 pence per share	2016 pence per share
Retail accumulation			
Change in net assets per share			
Opening net asset value per share	94.89	91.08	90.36
Return before operating charges*	0.50	5.01	2.06
Operating charges**	(0.98)	(0.98)	(1.01)
Return after operating charges*	(0.48)	4.03	1.05
Distributions	(1.32)	(1.38)	(1.63)
Retained distributions on accumulation share	1.32	1.16	1.30
Closing net asset value per share	94.41	94.89	91.08
* after direct transaction costs of:***	0.00	0.00	0.00
Performance+			
Return after charges	-0.51%	4.42%	1.16%
Other information			
Closing net asset value (£'000)	10,220	15,178	17,559
Closing number of shares	10,824,918	15,996,508	19,279,060
Operating charges****	1.03%	1.04%	1.13%
Direct transaction costs***	0.00%	0.00%	0.00%
Prices			
Highest share price	96.92	98.46	91.98
Lowest share price	93.85	90.28	87.81

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**** The operating charges percentage is the equivalent of the ongoing charges figure per the prior year accounts. It shows the annualised operating expenses of the share class as a percentage of the average net asset value of the class over the same period. The Registrar fees of 0.08% ceased to be charged effective 1 April 2016.

+ The performance figures are calculated by taking the value of the shareclass per the financial statements compared to the value per the financial statements in the prior year. This figure may differ from the performance figure quoted in the Investment Report. The Investment Report performance figure is calculated using the last available published price for a given shareclass in the period compared to the equivalent for the prior period. The published price may contain an adjustment for dilution in accordance with the Fund pricing policy, while the price per the financial statements values the Fund on a bid-price basis. The financial statements shareclass valuation is based on close of business market prices on the last day of the period, again this may differ from the intra-day pricing point of the Fund which is used in the published shareclass price.

Standard Life Investment Company

Annual Report & Financial Statements

AAA Income Fund

Comparative Tables (Continued)

	2018 pence per share	2017 pence per share	2016 pence per share
Institutional accumulation			
Change in net assets per share			
Opening net asset value per share	101.76	97.32	96.17
Return before operating charges*	0.53	5.35	2.20
Operating charges**	(0.63)	(0.62)	(0.60)
Return after operating charges*	(0.10)	4.73	1.60
Distributions	(1.85)	(1.90)	(2.22)
Retained distributions on accumulation share	1.85	1.61	1.77
Closing net asset value per share	101.66	101.76	97.32
* after direct transaction costs of:***	0.00	0.00	0.00
Performance+			
Return after charges	-0.10%	4.86%	1.66%
Other information			
Closing net asset value (£'000)	9,247	17,399	16,779
Closing number of shares	9,095,565	17,098,285	17,240,634
Operating charges****	0.61%	0.62%	0.63%
Direct transaction costs***	0.00%	0.00%	0.00%
Prices			
Highest share price	104.2	105.4	97.99
Lowest share price	101.1	96.49	93.58

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Standard Life Investment Company

Annual Report & Financial Statements

AAA Income Fund

Comparative Tables (Continued)

	2018 pence per share	2017 pence per share	2016 pence per share
Retail income			
Change in net assets per share			
Opening net asset value per share	57.57	55.95	56.31
Return before operating charges*	0.33	3.06	1.28
Operating charges**	(0.60)	(0.60)	(0.63)
Return after operating charges*	(0.27)	2.46	0.65
Distributions	(0.80)	(0.84)	(1.01)
Closing net asset value per share	56.50	57.57	55.95
* after direct transaction costs of:***	0.00	0.00	0.00
Performance+			
Return after charges	-0.47%	4.40%	1.15%
Other information			
Closing net asset value (£'000)	2,826	3,126	4,036
Closing number of shares	5,001,772	5,429,353	7,214,343
Operating charges****	1.03%	1.04%	1.13%
Direct transaction costs***	0.00%	0.00%	0.00%
Prices			
Highest share price	58.50	60.28	57.38
Lowest share price	56.40	55.46	54.38

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Standard Life Investment Company

Annual Report & Financial Statements

AAA Income Fund

Comparative Tables (Continued)

	2018 pence per share	2017 pence per share	2016 pence per share
Institutional income			
Change in net assets per share			
Opening net asset value per share	57.96	56.32	56.69
Return before operating charges*	0.32	3.10	1.28
Operating charges**	(0.36)	(0.36)	(0.35)
Return after operating charges*	(0.04)	2.74	0.93
Distributions	(1.05)	(1.10)	(1.30)
Closing net asset value per share	56.87	57.96	56.32
* after direct transaction costs of:***	0.00	0.00	0.00
Performance+			
Return after charges	-0.07%	4.87%	1.64%
Other information			
Closing net asset value (£'000)	8,970	50,801	36,798
Closing number of shares	15,771,866	87,654,799	65,336,120
Operating charges****	0.61%	0.62%	0.63%
Direct transaction costs***	0.00%	0.00%	0.00%
Prices			
Highest share price	58.96	60.72	57.78
Lowest share price	56.83	55.84	54.79

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Standard Life Investment Company

Annual Report & Financial Statements

AAA Income Fund

Comparative Tables (Continued)

	2018 pence per share	2017 pence per share	2016 pence per share
Retail CAT accumulation			
Change in net assets per share			
Opening net asset value per share	95.65	91.79	90.97
Return before operating charges*	0.52	5.04	2.07
Operating charges**	(0.96)	(0.95)	(0.90)
Return after operating charges*	(0.44)	4.09	1.17
Distributions	(1.37)	(1.43)	(1.75)
Retained distributions on accumulation share	1.37	1.20	1.40
Closing net asset value per share	95.21	95.65	91.79
* after direct transaction costs of:***	0.00	0.00	0.00
Performance+			
Return after charges	-0.46%	4.46%	1.29%
Other information			
Closing net asset value (£'000)	28,208	30,408	31,307
Closing number of shares	29,627,127	31,789,183	34,108,812
Operating charges****	1.00%	1.00%	1.00%
Direct transaction costs***	0.00%	0.00%	0.00%
Prices			
Highest share price	97.72	99.24	92.61
Lowest share price	94.64	90.99	88.44

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Standard Life Investment Company

Annual Report & Financial Statements

AAA Income Fund

Comparative Tables (Continued)

	2018 pence per share	2017 pence per share	2016 pence per share
Standard Life income			
Change in net assets per share			
Opening net asset value per share	54.30	52.77	53.07
Return before operating charges*	0.25	2.86	1.21
Operating charges**	(0.02)	(0.02)	(0.03)
Return after operating charges*	0.23	2.84	1.18
Distributions	(1.25)	(1.31)	(1.48)
Closing net asset value per share	53.28	54.30	52.77
* after direct transaction costs of:***	0.00	0.00	0.00
Performance+			
Return after charges	0.42%	5.38%	2.22%
Other information			
Closing net asset value (£'000)	1	1	1
Closing number of shares	2,000	2,000	2,000
Operating charges****	0.03%	0.04%	0.05%
Direct transaction costs***	0.00%	0.00%	0.00%
Prices			
Highest share price	55.30	56.95	54.12
Lowest share price	53.28	52.33	51.38

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Standard Life Investment Company

Annual Report & Financial Statements

AAA Income Fund

Comparative Tables (Continued)

	2018 pence per share	2017 pence per share	2016 pence per share
Retail CAT income			
Change in net assets per share			
Opening net asset value per share	57.94	56.31	56.70
Return before operating charges*	0.32	3.08	1.26
Operating charges**	(0.58)	(0.58)	(0.56)
Return after operating charges*	(0.26)	2.50	0.70
Distributions	(0.82)	(0.87)	(1.09)
Closing net asset value per share	56.86	57.94	56.31
* after direct transaction costs of:***	0.00	0.00	0.00
Performance+			
Return after charges	-0.45%	4.44%	1.23%
Other information			
Closing net asset value (£'000)	5,479	6,037	7,283
Closing number of shares	9,636,126	10,419,027	12,934,255
Operating charges****	1.00%	1.00%	1.00%
Direct transaction costs***	0.00%	0.00%	0.00%
Prices			
Highest share price	58.89	60.67	57.78
Lowest share price	56.77	55.82	54.74

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Standard Life Investment Company

Annual Report & Financial Statements

AAA Income Fund

Comparative Tables (Continued)

	2018 pence per share	2017 pence per share	2016 pence per share
Standard Life accumulation			
Change in net assets per share			
Opening net asset value per share	74.02	70.49	69.38
Return before operating charges*	0.38	3.89	1.59
Operating charges**	(0.08)	(0.09)	(0.09)
Return after operating charges*	0.30	3.80	1.50
Distributions	(1.73)	(1.75)	(1.95)
Retained distributions on accumulation share	1.73	1.48	1.56
Closing net asset value per share	74.32	74.02	70.49
* after direct transaction costs of:***	0.00	0.00	0.00
Performance+			
Return after charges	0.41%	5.39%	2.16%
Other information			
Closing net asset value (£'000)	149	181	66
Closing number of shares	199,922	244,273	93,019
Operating charges****	0.11%	0.12%	0.13%
Direct transaction costs***	0.00%	0.00%	0.00%
Prices			
Highest share price	75.96	76.46	70.96
Lowest share price	73.79	69.90	67.60

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Standard Life Investment Company

Annual Report & Financial Statements

AAA Income Fund

Comparative Tables (Continued)

	2018 pence per share	2017 pence per share	2016 pence per share
Institutional regulated accumulation			
Change in net assets per share			
Opening net asset value per share	74.08	70.73	69.78
Return before operating charges*	0.39	3.90	1.60
Operating charges**	(0.31)	(0.31)	(0.30)
Return after operating charges*	0.08	3.59	1.30
Distributions	(1.50)	(1.53)	(1.75)
Retained distributions on accumulation share	1.50	1.29	1.40
Closing net asset value per share	74.16	74.08	70.73
* after direct transaction costs of:***	0.00	0.00	0.00
Performance+			
Return after charges	0.11%	5.08%	1.86%
Other information			
Closing net asset value (£'000)	3,803	5,092	8,002
Closing number of shares	5,128,376	6,873,651	11,314,077
Operating charges****	0.41%	0.42%	0.43%
Direct transaction costs***	0.00%	0.00%	0.00%
Prices			
Highest share price	75.91	76.64	71.21
Lowest share price	73.71	70.12	67.93

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Standard Life Investment Company Annual Report & Financial Statements

AAA Income Fund

Comparative Tables (Continued)

	2018 pence per share	2017 pence per share	2016 pence per share
Standard Life B accumulation			
Change in net assets per share			
Opening net asset value per share	75.99	72.29	71.04
Return before operating charges*	0.41	3.99	1.67
Operating charges**	0.00	0.00	0.00
Return after operating charges*	0.41	3.99	1.67
Distributions	(1.85)	(1.88)	(2.10)
Retained distributions on accumulation share	1.85	1.59	1.68
Closing net asset value per share	76.40	75.99	72.29
* after direct transaction costs of:***	0.00	0.00	0.00
Performance+			
Return after charges	0.54%	5.52%	2.35%
Other information			
Closing net asset value (£'000)	3	3	3
Closing number of shares	4,000	4,000	4,000
Operating charges****	0.00%	0.00%	0.00%
Direct transaction costs***	0.00%	0.00%	0.00%
Prices			
Highest share price	78.04	78.45	72.76
Lowest share price	75.76	71.68	69.25

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Standard Life Investment Company

Annual Report & Financial Statements

AAA Income Fund

Comparative Tables (Continued)

	2018 pence per share	2017 pence per share	2016 pence per share
Platform 1 accumulation			
Change in net assets per share			
Opening net asset value per share	60.11	57.52	56.87
Return before operating charges*	0.32	3.15	1.29
Operating charges**	(0.40)	(0.40)	(0.38)
Return after operating charges*	(0.08)	2.75	0.91
Distributions	(1.06)	(1.09)	(1.28)
Retained distributions on accumulation share	1.06	0.93	1.02
Closing net asset value per share	60.03	60.11	57.52
* after direct transaction costs of:***	0.00	0.00	0.00
Performance+			
Return after charges	-0.14%	4.78%	1.60%
Other information			
Closing net asset value (£'000)	7,685	8,228	7,458
Closing number of shares	12,801,026	13,688,218	12,965,885
Operating charges****	0.66%	0.67%	0.68%
Direct transaction costs***	0.00%	0.00%	0.00%
Prices			
Highest share price	61.52	62.26	57.91
Lowest share price	59.67	57.02	55.32

** The operating charges include all costs borne by the Fund, except for direct transaction costs.

*** The direct transaction costs are made up of: fees and commissions paid to agents, advisers, brokers and dealers, levies by regulatory agencies and securities exchanges as well as transfer taxes and duties.

**** The operating charges percentage is the equivalent of the ongoing charges figure per the prior year accounts. It shows the annualised operating expenses of the share class as a percentage of the average net asset value of the class over the same period.

+ The performance figures are calculated by taking the value of the shareclass per the financial statements compared to the value per the financial statements in the prior year. This figure may differ from the performance figure quoted in the Investment Report. The Investment Report performance figure is calculated using the last available published price for a given shareclass in the period compared to the equivalent for the prior period. The published price may contain an adjustment for dilution in accordance with the Fund pricing policy, while the price per the financial statements values the Fund on a bid-price basis. The financial statements shareclass valuation is based on close of business market prices on the last day of the period, again this may differ from the intra-day pricing point of the Fund which is used in the published shareclass price.

Standard Life Investment Company

Annual Report & Financial Statements

AAA Income Fund

Comparative Tables (Continued)

	2018 pence per share	2017 pence per share	2016 pence per share
Platform 1 income			
Change in net assets per share			
Opening net asset value per share	54.86	53.32	53.66
Return before operating charges*	0.29	2.92	1.22
Operating charges**	(0.36)	(0.37)	(0.36)
Return after operating charges*	(0.07)	2.55	0.86
Distributions	(0.96)	(1.01)	(1.20)
Closing net asset value per share	53.83	54.86	53.32
* after direct transaction costs of:***	0.00	0.00	0.00
Performance+			
Return after charges	-0.13%	4.78%	1.60%
Other information			
Closing net asset value (£'000)	3,530	12,609	8,072
Closing number of shares	6,557,599	22,982,935	15,139,280
Operating charges****	0.66%	0.67%	0.68%
Direct transaction costs***	0.00%	0.00%	0.00%
Prices			
Highest share price	55.81	57.48	54.69
Lowest share price	53.79	52.86	51.86

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**** The operating charges percentage is the equivalent of the ongoing charges figure per the prior year accounts. It shows the annualised operating expenses of the share class as a percentage of the average net asset value of the class over the same period.

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Standard Life Investment Company

Annual Report & Financial Statements

AAA Income Fund

Comparative Tables (Continued)

	2018 pence per share	2017 pence per share	2016 pence per share
Institutional S accumulation++			
Change in net assets per share			
Opening net asset value per share	53.81	51.40	50.00
Return before operating charges*	0.26	2.79	1.55
Operating charges**	(0.21)	(0.21)	(0.07)
Return after operating charges*	0.05	2.58	1.48
Distributions	(1.07)	(1.09)	(0.42)
Retained distributions on accumulation share	1.07	0.92	0.34
Closing net asset value per share	53.86	53.81	51.40
* after direct transaction costs of:***	0.00	0.00	0.00
Performance+			
Return after charges	0.10%	5.02%	2.96%
Other information			
Closing net asset value (£'000)	6,200	1	12
Closing number of shares	11,511,712	2,200	23,795
Operating charges****	0.39%	0.40%	0.41%
Direct transaction costs***	0.00%	0.00%	0.00%
Prices			
Highest share price	55.12	55.69	51.74
Lowest share price	53.53	50.96	49.52

** The operating charges include all costs borne by the Fund, except for direct transaction costs.

*** The direct transaction costs are made up of: fees and commissions paid to agents, advisers, brokers and dealers, levies by regulatory agencies and securities exchanges as well as transfer taxes and duties.

**** The operating charges percentage is the equivalent of the ongoing charges figure per the prior year accounts. It shows the annualised operating expenses of the share class as a percentage of the average net asset value of the class over the same period.

+ The performance figures are calculated by taking the value of the shareclass per the financial statements compared to the value per the financial statements in the prior year. This figure may differ from the performance figure quoted in the Investment Report. The Investment Report performance figure is calculated using the last available published price for a given shareclass in the period compared to the equivalent for the prior period. The published price may contain an adjustment for dilution in accordance with the Fund pricing policy, while the price per the financial statements values the Fund on a bid-price basis. The financial statements shareclass valuation is based on close of business market prices on the last day of the period, again this may differ from the intra-day pricing point of the Fund which is used in the published shareclass price.

++ Share class launched on 3 November 2015.

Standard Life Investment Company

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AAA Income Fund

Comparative Tables (Continued)

	2018 pence per share	2017 pence per share	2016 pence per share
Institutional S income**			
Change in net assets per share			
Opening net asset value per share	52.53	51.05	50.00
Return before operating charges*	0.30	2.80	1.54
Operating charges**	(0.21)	(0.21)	(0.07)
Return after operating charges*	0.09	2.59	1.47
Distributions	(1.07)	(1.11)	(0.42)
Closing net asset value per share	51.55	52.53	51.05
* after direct transaction costs of:***	0.00	0.00	0.00
Performance+			
Return after charges	0.17%	5.07%	2.94%
Other information			
Closing net asset value (£'000)	94,522	44,842	20,797
Closing number of shares	183,354,619	85,358,318	40,736,005
Operating charges****	0.39%	0.40%	0.41%
Direct transaction costs***	0.00%	0.00%	0.00%
Prices			
Highest share price	53.47	55.06	51.65
Lowest share price	51.54	50.62	49.52

** The operating charges include all costs borne by the Fund, except for direct transaction costs.

*** The direct transaction costs are made up of: fees and commissions paid to agents, advisers, brokers and dealers, levies by regulatory agencies and securities exchanges as well as transfer taxes and duties.

**** The operating charges percentage is the equivalent of the ongoing charges figure per the prior year accounts. It shows the annualised operating expenses of the share class as a percentage of the average net asset value of the class over the same period.

+ The performance figures are calculated by taking the value of the shareclass per the financial statements compared to the value per the financial statements in the prior year. This figure may differ from the performance figure quoted in the Investment Report. The Investment Report performance figure is calculated using the last available published price for a given shareclass in the period compared to the equivalent for the prior period. The published price may contain an adjustment for dilution in accordance with the Fund pricing policy, while the price per the financial statements values the Fund on a bid-price basis. The financial statements shareclass valuation is based on close of business market prices on the last day of the period, again this may differ from the intra-day pricing point of the Fund which is used in the published shareclass price.

++ Share class launched on 3 November 2015.

Standard Life Investment Company

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AAA Income Fund

Portfolio Statement as at 28 February 2018

Holding	Investment	Market value £'000	Percentage of total net assets
Bonds (93.60%)		174,163	96.31
Euro Denominated Bonds (1.44%)		3,737	2.07
Corporate Bonds (1.44%)		2,819	1.56
between 5 and 10 years to maturity			
1,300,000	Taurus 2015-2 DEU 0.8% 2026	1,064	0.59
between 10 and 15 years to maturity			
1,650,000	Microsoft 3.125% 2028	1,755	0.97
Government Bonds (0.00%)		918	0.51
between 10 and 15 years to maturity			
1,000,000	Temasek 1.5% 2028	918	0.51
Sterling Denominated Bonds (84.68%)		162,787	90.02
Corporate Bonds (60.69%)		113,329	62.67
less than 5 years to maturity			
530,000	Aareal Bank 1% 2020	527	0.29
4,000,000	Bank Nederlandse Gemeenten 1% 2022	3,949	2.18
7,571,000	Bank Nederlandse Gemeenten 5.375% 2021	8,573	4.74
4,000,000	Barclays 4.25% 2022	4,432	2.45
2,100,000	Coventry Building Society 4.625% 2018	2,111	1.17
1,000,000	Coventry Building Society FRN 2020	1,004	0.56
1,000,000	KFW 0.375% 2020	982	0.54
1,390,000	KFW 0.875% 2022	1,371	0.76
2,600,000	KFW 5.55% 2021	2,969	1.64
750,000	Lloyds Bank 0.72663% 2019	752	0.42
940,000	Lloyds Bank 1.75% 2022	953	0.53
1,190,000	New York Life Global Funding 1% 2021	1,171	0.65
1,000,000	Penarth Master Issuer 0.76281% 2022	1,003	0.55
750,000	Royal Bank of Canada 1.125% 2021	743	0.41
1,000,000	Swedbank Hypotek 0.57025% 2018	1,000	0.55
5,025,000	Wellcome Trust 4.75% 2021	5,573	3.08
1,440,000	Westpac Banking 1% 2022	1,413	0.78

Standard Life Investment Company

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AAA Income Fund

Portfolio Statement as at 28 February 2018 (Continued)

Holding	Investment	Market value £'000	Percentage of total net assets
Corporate Bonds (continued)			
between 5 and 10 years to maturity			
4,900,000	Abbey National 5.75% 2026	6,292	3.48
700,000	Bank of Scotland 4.875% 2024	836	0.46
1,925,000	BL Superstores 4.482% 2025	1,004	0.56
3,100,000	Clydesdale Bank 4.625% 2026	3,720	2.06
5,048,000	Commonwealth Bank of Australia 3% 2026	5,470	3.02
2,320,000	Credit Foncier 5.5% 2027	2,981	1.65
1,000,000	Johnson & Johnson 5.5% 2024	1,235	0.68
1,265,000	KFW 5.5% 2025	1,609	0.89
1,174,000	Lloyds Bank 4.875% 2027	1,448	0.80
2,000,000	Lloyds Bank 5.125% 2025	2,430	1.34
2,000,000	National Australia Bank 3% 2026	2,168	1.20
3,400,000	Nationwide Building Society 5.625% 2026	4,352	2.41
3,477,000	Royal Bank of Scotland 5.125% 2024	4,132	2.28
between 10 and 15 years to maturity			
800,000	Broadgate Financing 4.851% 2033	993	0.55
5,130,000	Broadgate Financing 4.949% 2031	3,806	2.11
1,595,000	Canary Wharf Finance 6.455% 2033	469	0.26
1,760,000	KFW 5.75% 2032	2,597	1.44
1,700,000	KFW 6% 2028	2,389	1.32
2,380,000	Lloyds Bank 6% 2029	3,257	1.80
6,980,000	Meadowhall Finance 4.986% 2032	6,492	3.59
2,000,000	Nederlandse Waterschapsbank 5.375% 2032	2,774	1.53
between 15 and 25 years to maturity			
610,000	Broadgate Financing 4.821% 2036	785	0.43
2,650,000	SLM Student Loan Trust 5.15% 2039	2,578	1.43
1,333,000	Temasek 5.125% 2040	1,932	1.07
990,000	Trafford Centre 6.5% 2033	1,147	0.63
3,000,000	Trafford Centre FRN 2038	2,850	1.58
1,300,000	Wellcome Trust 4.625% 2036	1,732	0.96
greater than 25 years to maturity			
680,000	University of Cambridge 3.75% 2052	912	0.51
1,000,000	University of Oxford 2.544% 2117	995	0.55
521,000	Wellcome Trust 2.517% 2118	514	0.28
630,000	Wellcome Trust 4% 2059	904	0.50

Standard Life Investment Company

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AAA Income Fund

Portfolio Statement as at 28 February 2018 (Continued)

Holding	Investment	Market value £'000	Percentage of total net assets
Government Bonds (23.99%)		49,458	27.35
less than 5 years to maturity			
1,900,000	European Investment Bank 1.125% 2021	1,898	1.05
800,000	European Investment Bank 2.25% 2020	821	0.45
2,800,000	European Investment Bank 4.25% 2021	3,110	1.72
740,000	European Investment Bank 5.375% 2019	774	0.43
1,200,000	International Bank for Reconstruction & Development 1.375% 2020	1,211	0.67
1,500,000	KFW 1.125% 2019	1,508	0.84
1,430,000	KFW 1.625% 2020	1,452	0.80
1,000,000	UK (Govt of) 4.75% 2020	1,081	0.60
between 5 and 10 years to maturity			
740,000	European Investment Bank 0.875% 2023	717	0.40
2,000,000	European Investment Bank 1% 2026	1,891	1.05
4,741,000	European Investment Bank 5.5% 2025	5,991	3.31
1,670,000	UK (Govt of) 2.75% 2024	1,829	1.01
between 10 and 15 years to maturity			
750,000	European Bank for Reconstruction & Development 5.625% 2028	1,024	0.56
2,250,000	European Investment Bank 4.5% 2029	2,833	1.57
2,900,000	European Investment Bank 5.625% fixed to floating 2032	4,193	2.32
1,200,000	European Investment Bank 6% 2028	1,680	0.93
1,750,000	Tenn Valley Authority 5.625% 2032	2,372	1.31
980,000	UK (Govt of) 6% 2028	1,410	0.78
between 15 and 25 years to maturity			
3,210,000	European Investment Bank 3.875% 2037	4,118	2.28
3,000,000	European Investment Bank 5% 2039	4,490	2.48
greater than 25 years to maturity			
1,500,000	European Investment Bank 4.5% 2044	2,214	1.22
1,700,000	European Investment Bank 4.625% fixed to floating 2054	2,841	1.57
Swedish Krona Denominated Bonds (3.08%)		0	0.00
Corporate Bonds (3.08%)		0	0.00

Standard Life Investment Company

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AAA Income Fund

Portfolio Statement as at 28 February 2018 (Continued)

Holding	Investment	Market value £'000	Percentage of total net assets
US Dollar Denominated Bonds (4.40%)		7,639	4.22
Corporate Bonds (4.40%)		7,639	4.22
less than 5 years to maturity			
2,500,000	Aareal Bank 1.875% 2019	1,800	0.99
between 5 and 10 years to maturity			
1,300,000	Johnson & Johnson 2.45% 2026	887	0.49
between 15 and 25 years to maturity			
3,250,000	Johnson & Johnson 5.95% 2037	3,042	1.68
2,680,000	Microsoft 3.5% 2035	1,910	1.06
Collective Investment Schemes (5.09%)		4,245	2.35
15,748	Standard Life CNAV Euro Liquidity Fund	14	0.01
4,230,643	Standard Life CNAV Sterling Liquidity Fund	4,231	2.34
Derivatives (-0.92%)		193	0.10
Forward Currency Contracts (-0.06%)		(279)	(0.16)
	Buy GBP 3,798,347 Sell EUR 4,315,122 09/05/2018	(30)	(0.02)
	Buy GBP 7,806,819 Sell USD 11,148,193 09/05/2018	(259)	(0.14)
	Buy USD 225,749 Sell GBP 159,516 09/05/2018	4	0.00
	Buy USD 303,307 Sell GBP 213,920 09/05/2018	6	0.00
Futures (0.01%)		29	0.02
96	Long Australian 10 Year Bond Future 15/03/2018	18	0.01
38	Long Euro Bond Future 08/03/2018	(57)	(0.03)
9	Long Long Gilt Bond Future 27/06/2018	1	0.00
162	Long US 5 Year Note Bond Future 29/06/2018	(20)	(0.01)
(252)	Short Australian 3 Year Bond Future 15/03/2018	(58)	(0.03)
(187)	Short Euro-Bobl Bond Future 08/03/2018	135	0.07
(50)	Short US 10 Year Note Bond Future 20/06/2018	10	0.01
(69)	Short US 10 Year Ultra Bond Future 20/06/2018	5	0.00
(47)	Short US Long Bond Future (CBT) 20/06/2018	(5)	0.00

Standard Life Investment Company

Annual Report & Financial Statements

AAA Income Fund

Portfolio Statement as at 28 February 2018 (Continued)

Holding	Investment	Market value £'000	Percentage of total net assets
Interest Rate Swaps (-0.87%)		443	0.24
GBP 507,210	Pay fixed 1.063% receive floating GBP-LIBOR 29/08/2067	6	0.00
GBP 507,210	Pay fixed 1.081% receive floating GBP-LIBOR 30/08/2067	5	0.00
GBP 522,580	Pay fixed 1.096% receive floating GBP-LIBOR 30/08/2067	4	0.00
GBP 98,000	Pay fixed 1.102% receive floating GBP-LIBOR 30/08/2067	1	0.00
GBP 416,750	Pay fixed 1.122% receive floating GBP-LIBOR 04/09/2067	2	0.00
GBP 416,750	Pay fixed 1.14243% receive floating GBP-LIBOR 05/09/2067	1	0.00
AUD 13,524,752	Pay floating AUD-BBR-BBSW receive fixed 2.8075% 07/03/2021	41	0.02
AUD 13,524,752	Pay floating AUD-BBR-BBSW receive fixed 2.815% 07/03/2021	42	0.02
AUD 14,250,496	Pay floating AUD-BBR-BBSW receive fixed 2.829% 08/03/2021	47	0.03
CAD 16,597,000	Pay floating CAD-BA-CDOR receive fixed 2.425% 10/01/2021	(3)	0.00
CAD 16,800,000	Pay floating CAD-BA-CDOR receive fixed 2.5% 25/01/2021	9	0.01
GBP 4,000,000	Pay floating GBP-LIBOR receive fixed 2.6% 25/10/2023	288	0.16
Total investment assets and liabilities		178,601	98.76
Net other assets		2,242	1.24
Total Net Assets		180,843	100.00

All investments are listed on recognised stock exchanges and are approved securities, regulated collective investment scheme or approved derivatives within the meaning of the FCA rules unless otherwise stated.

The percentage figures in brackets show the comparative holding as at 28 February 2017.

Market
value
£'000

Reconciliation of assets and liabilities to the Balance Sheet

Investment assets as per the Balance Sheet	179,033
Investment liabilities	(432)
Net investment assets	178,601
Net other assets	2,242
Total Net Assets	180,843

Standard Life Investment Company

Annual Report & Financial Statements

AAA Income Fund

Financial Statements

Statement of Total Return

for the year ended 28 February 2018

	Notes	£'000	2018 £'000	£'000	2017 £'000
Income:					
Net capital (losses)/gains	2		(3,491)		4,468
Revenue	4	4,712		4,864	
Expenses	5	(1,197)		(1,258)	
Interest payable and similar charges	6	(116)		(302)	
Net revenue before taxation		3,399		3,304	
Taxation	7	0		0	
Net revenue after taxation			3,399		3,304
Total return before distributions			(92)		7,772
Distributions	8		(3,399)		(3,304)
Change in net assets attributable to shareholders from investment activities			(3,491)		4,468

Statement of Change in Net Assets Attributable to Shareholders

for the year ended 28 February 2018

	£'000	2018 £'000	£'000	2017 £'000
Opening net assets attributable to shareholders		193,906		158,173
Amounts receivable on the issue of shares	71,620		58,023	
Amounts payable on the cancellation of shares	(82,305)		(27,924)	
		(10,685)		30,099
Dilution adjustment		(1)		65
Change in net assets attributable to shareholders from investment activities (see above)		(3,491)		4,468
Retained distribution on accumulation shares		1,113		1,101
Unclaimed distributions		1		0
Closing net assets attributable to shareholders		180,843		193,906

Standard Life Investment Company

Annual Report & Financial Statements

AAA Income Fund

Financial Statements (Continued)

Balance Sheet

as at 28 February 2018

	Notes	£'000	2018 £'000	£'000	2017 £'000
Assets:					
Fixed assets:					
Investment assets			179,033		192,101
Current assets:					
Debtors	9	3,036		3,281	
Cash and bank balances	10	206		2,186	
			3,242		5,467
Total assets			182,275		197,568
Liabilities:					
Investment liabilities			(432)		(2,516)
Creditors	11	(337)		(521)	
Distribution payable		(663)		(625)	
			(1,000)		(1,146)
Total liabilities			(1,432)		(3,662)
Net assets attributable to shareholders			180,843		193,906

Standard Life Investment Company

Annual Report & Financial Statements

AAA Income Fund

Notes to the Financial Statements

1 Accounting Policies

Please refer to pages 11 to 12 for note on accounting policies.

2 Net Capital (Losses)/Gains

	2018 £'000	2017 £'000
Non-derivative securities	(4,490)	6,427
Derivative contracts	464	626
Forward currency contracts	551	(2,692)
Other (losses)/gains	(10)	112
Handling charges taken from the capital account	(6)	(5)
Net capital (losses)/gains	(3,491)	4,468

3 Purchases, Sales and Transaction Costs

There are no transaction costs associated with the purchases or sales of bonds, collective investment schemes and derivatives during the year, or in the prior year.

Bonds are dealt on a spread agreed between buyer and seller with reference to the expected cashflows and current credit profiles.

Collective investments operate within the terms of the offer document or prospectus. Typically we do not invest into funds that require an initial charge to be made. The underlying price contains an estimation of cost known as a dilution levy which is applied from time to time.

Derivatives are dealt on a spread agreed between buyer and seller with reference to the underlying investment.

During the year the total purchases and sales across different major assets classes are as per below table.

	2018 £'000	2017 £'000
Purchases		
Bonds	18,549	39,888
Sales		
Bonds	19,641	18,983

The Fund suffers a number of explicit costs as disclosed in the notes and Fund history. The Fund also suffers implicit costs an example is market spread. The spread represents the costs of providing liquidity in a market. It is subject to change based on volume - active markets have a lower spread between bid (the price you receive) and offer (the price you pay).

At the balance sheet date the average portfolio dealing spread (i.e. the spread between bid and offer prices expressed as a percentage of the offer price) was 0.37% (2017: 0.58%), this is representative of the average spread on the assets held during the year.

4 Revenue

	2018 £'000	2017 £'000
Interest on debt securities	4,695	4,833
Bank interest	17	31
Total revenue	4,712	4,864

Standard Life Investment Company Annual Report & Financial Statements

AAA Income Fund

Notes to the Financial Statements (Continued)

5 Expenses

	2018 £'000	2017 £'000
Payable to the Authorised Corporate Director, associates of the Authorised Corporate Director and agents of either of them:		
Authorised Corporate Director's periodic charge	1,000	1,084
Dealing charge	30	21
Registration fees	112	102
	<u>1,142</u>	<u>1,207</u>
Payable to the Depositary or associates of the Depositary, and agents of either of them:		
Depositary's fees	30	26
Safe custody fee	14	14
	<u>44</u>	<u>40</u>
Other:		
Audit fee	11	11
Total expenses	<u>1,197</u>	<u>1,258</u>

6 Interest Payable and Similar Charges

	2018 £'000	2017 £'000
Interest payable	1	1
Derivative expense	115	301
Total interest payable & similar charges	<u>116</u>	<u>302</u>

7 Taxation

	2018 £'000	2017 £'000
(a) Analysis of charge in year		
Total current tax (note 7b)	<u>0</u>	<u>0</u>
(b) Factors affecting current tax charge for the year		
The tax assessed for the year is lower than the standard rate of corporation tax for Open-Ended Investment Companies 'OEICs' (20%). The differences are explained below:		
Net revenue before taxation	3,399	3,304
Corporation tax at 20% (2017: 20%)	680	661
Effects of:		
Distributions treated as tax deductible	(680)	(661)
Current tax charge for year (note 7a)	<u>0</u>	<u>0</u>

Authorised Open-Ended Investment Companies are exempt from tax on capital gains in the UK. Therefore, any capital gain is not included in the above reconciliation.

Standard Life Investment Company

Annual Report & Financial Statements

AAA Income Fund

Notes to the Financial Statements (Continued)

8 Distributions

The distributions takes account of income received on the issue of shares and income deducted on the cancellation of shares and comprise:

	2018 £'000	2017 £'000
First interim distribution	815	854
Second interim distribution	810	887
Third interim distribution	787	821
Final distribution	979	793
	<hr/> 3,391	<hr/> 3,355
Add: Income deducted on cancellation of shares	259	67
Deduct: Income received on issue of shares	(251)	(118)
Net distribution for the year	<hr/> 3,399	<hr/> 3,304

Details of the distribution per share are set out in this Fund's distribution tables.

9 Debtors

	2018 £'000	2017 £'000
Amounts receivable from the ACD for the issue of shares	19	112
Accrued revenue	3,017	3,133
Accrued interest receivable on interest rate swap contracts	0	36
Total debtors	<hr/> 3,036	<hr/> 3,281

10 Cash and Bank Balances

	2018 £'000	2017 £'000
Amounts held at futures clearing houses and brokers	177	642
Cash and bank balances	43	1,570
Collateral cash	(14)	(26)
Total cash and bank balances	<hr/> 206	<hr/> 2,186

11 Creditors

	2018 £'000	2017 £'000
Amounts payable to the ACD for cancellation of shares	243	394
Accrued expenses payable to ACD	77	102
Other accrued expenses	12	11
Accrued Expenses payable to the Depository	5	5
Accrued interest payable on interest rate swap contracts	0	9
Total creditors	<hr/> 337	<hr/> 521

Standard Life Investment Company

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AAA Income Fund

Notes to the Financial Statements (Continued)

12 Related Party Transactions

Standard Life Investments (Mutual Funds) Limited, as Authorised Corporate Director (ACD), is a related party and acts as principal in respect of all transactions of shares in the Fund.

The aggregate monies received through issue and paid on cancellation of shares are disclosed in the statement of change in net assets attributable to shareholders.

Any amounts due from or due to Standard Life Investments (Mutual Funds) Limited at the end of the accounting year are disclosed in notes 9 and 11.

Amounts payable to Standard Life Investments (Mutual Funds) Limited, in respect of periodic charge and registration services, are disclosed in note 5 and any amounts due at the year end in note 11.

The Fund holds 4,230,643 shares (2017: 9,864,670) in Standard Life CNAV Sterling Liquidity Fund as detailed in the portfolio statement, the total purchase cost of these investments during the year was £44,746,000 (2017: £58,327,000), the total sales proceeds were £50,380,000 (2017: £48,491,000).

The Fund holds 15,748 shares (2017: 181) in Standard Life CNAV Euro Liquidity Fund as detailed in the portfolio statement, the total purchase cost of these investments during the year was €753,000 (2017: €1,696,000), the total sales proceeds were €737,000 (2017: €1,696,000).

	2018 £'000	2017 £'000
Transactions during the year with Standard Life Aberdeen group companies are as follows:		
Sale of shares by Fund	1,669	1,584
Purchase of shares by Fund	2,873	4,740
Distributions made by Fund	64	95
The percentage value of the Fund held by Standard Life Aberdeen group companies is:	2.3%	2.6%

13 Shares in issue reconciliation

	Opening shares 2017	Creations during the year	Cancellations during the year	Conversions during the year	Closing shares 2018
Retail accumulation	15,996,508	84,565	(4,741,089)	(515,066)	10,824,918
Institutional accumulation	17,098,285	75,927	(1,788,626)	(6,290,021)	9,095,565
Retail income	5,429,353	154,311	(462,791)	(119,101)	5,001,772
Institutional income	87,654,799	2,094,435	(8,908,461)	(65,068,907)	15,771,866
Retail CAT accumulation	31,789,183	163,451	(2,288,157)	(37,350)	29,627,127
Standard Life income	2,000	0	0	0	2,000
Retail CAT income	10,419,027	3,565	(786,490)	24	9,636,126
Standard Life accumulation	244,273	134,481	(178,832)	0	199,922
Institutional regulated accumulation	6,873,651	2,018,552	(3,763,827)	0	5,128,376
Standard Life B accumulation	4,000	0	0	0	4,000
Platform 1 accumulation	13,688,218	1,533,136	(2,942,392)	522,064	12,801,026
Platform 1 income	22,982,935	3,271,110	(19,996,716)	300,270	6,557,599
Institutional S accumulation	2,200	285,235	(904,988)	12,129,265	11,511,712
Institutional S income	85,358,318	37,912,112	(11,631,431)	71,715,620	183,354,619

Standard Life Investment Company

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AAA Income Fund

Notes to the Financial Statements (Continued)

14 Fair Value Hierarchy

	2018 £'000	2018 £'000	2018 £'000	2017 £'000	2017 £'000	2017 £'000
Fair value of investment assets	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
Bonds	4,320	169,843	0	72,226	109,300	0
Collective Investment Schemes	0	4,245	0	0	9,865	0
Derivatives	170	455	0	156	554	0
Total investment assets	4,490	174,543	0	72,382	119,719	0
Derivatives	(140)	(292)	0	(152)	(2,364)	0
Total investment liabilities	(140)	(292)	0	(152)	(2,364)	0

The three levels of the fair value hierarchy under FRS 102 are described below:

Level 1: Unadjusted quoted market prices in active markets that are accessible at the measurement date for the identical unrestricted assets or liabilities.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices).

Level 3: Inputs for asset or liability that are not based on observable market data (unobservable inputs).

15 Risk Management Policies & Numerical Disclosures

In accordance with the investment objectives, the Funds may hold certain financial instruments. These comprise:

- securities held in accordance with the investment objective and policies;
- cash and short-term debtors and creditors arising directly from operations; and
- derivatives.

The main risks arising from the Fund's financial instruments are market price, foreign currency, interest rate, credit and liquidity risk.

The policies for managing these risks are summarised below and have been applied consistently throughout the year, and prior year.

a. Market price risk

Each Fund's investment portfolio is exposed to market price fluctuation which are monitored by the Fund Manager in pursuance of the investment objectives and policies. Adherence to investment guidelines and to investment and borrowing powers mitigate the risk of excessive exposure to any particular type of security or issuer.

In the current market conditions certain securities have become difficult to price. For these securities, reliance has therefore been placed on single broker prices. This has not resulted in any adjustment to the financial statements.

Value at Risk (VaR) is a measure of the maximum potential loss to the Fund due to market risk. More particularly, VaR measures the maximum potential loss at a given confidence level (probability) over a specific time period under normal market conditions.

2018	Minimum	Maximum	Average
VaR 99% 1 Month	2.26%	3.02%	2.59%
2017	Minimum	Maximum	Average
VaR 99% 1 Month	2.53%	3.13%	2.86%

Standard Life Investment Company

Annual Report & Financial Statements

AAA Income Fund

Notes to the Financial Statements (Continued)

15 Risk Management Policies & Numerical Disclosures (continued)

At the year end date, there was a 1% chance of the portfolio value falling (or rising) more than 2.43%, £4,397,000 (2017: 2.99%, £5,669,000) in one month period.

This calculation is generally determined by the use of an industry recognised medium term risk model, typically based on 3-5 year history. The method assumes normal market conditions and that the portfolio remains unchanged.

b. Foreign currency risk

A proportion of the net assets of the Fund are denominated in currencies other than Sterling, therefore the balance sheet and total returns can be affected by currency movements. In certain circumstances, the Fund Manager may seek to manage exposure to currency movements by using forward currency contracts.

The Fund does not hedge or otherwise seek to avoid currency movement risk on accrued revenue.

Income received in foreign currencies is converted into Sterling at the exchange rates ruling when the income is received.

Currency exposure

The net foreign currency monetary exposure comprises:

	Net foreign currency monetary assets/(liabilities)	
	2018	2017
	£'000	£'000
Australian Dollar	89	0
Canadian Dollar	6	0
Euro	52	(58)
Swedish Krona	0	(23)
US Dollar	(3)	(86)

c. Interest rate risk

Interest receivable on bank deposits or payable on bank overdrafts will be affected by fluctuations in interest rates. The Fund Manager continuously reviews interest rates and inflation expectations. The assessment of this may result in a change in investment strategy.

Bond yields are affected by market and economic conditions, including inflation rates and government policy. An analysis of the interest rates and maturity of bond listings is detailed below.

In addition, changes to prevailing rates or changes in expectations of future rates may result in an increase or decrease in the value of the securities held. In general, if interest rates rise, the income potential of the Fund also rises but the value of fixed rate securities will decline (along with certain expenses calculated by reference to the assets of the Fund). A decline in interest rates will, in general, have the opposite effect.

Standard Life Investment Company

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AAA Income Fund

Notes to the Financial Statements (Continued)

15 Risk Management Policies & Numerical Disclosures (continued)

The interest rate risk profile of the Fund's net financial assets and liabilities is:

	Floating rate financial assets/(liabilities) £'000	Fixed rate financial assets £'000	Financial assets/ (liabilities) not carrying interest £'000	Total £'000
2018				
Currency				
UK Sterling	13,617	153,888	13,193	180,698
Australian Dollar	(2)	130	(39)	89
Canadian Dollar	0	6	0	6
Euro	1,105	2,674	(3,726)	53
US Dollar	0	7,639	(7,642)	(3)
2017				
Currency				
UK Sterling	10,356	164,232	19,485	194,073
Euro	32	2,787	(2,877)	(58)
Swedish Krona	0	5,966	(5,989)	(23)
US Dollar	0	8,542	(8,628)	(86)

d. Credit risk

All cash exposures are carefully managed to ensure that money is placed on deposit with counterparties that meet the minimum credit rating deemed appropriate for this Fund. In certain circumstances, the Fund Manager may deliberately invest in securities (e.g. corporate bonds) with a well defined and published credit rating. In this case the Fund would be deliberately taking credit risk in order to seek additional rewards.

	Bid market value 2018 £'000	Bid market value 2017 £'000
Credit Rating Analysis		
Investment Grade Bonds	174,163	181,526
Total Value of Bonds	174,163	181,526

Standard Life Investment Company

Annual Report & Financial Statements

AAA Income Fund

Notes to the Financial Statements (Continued)

15 Risk Management Policies & Numerical Disclosures (continued)

e. Financial Derivatives Instrument Risk

At the year end the Fund held derivatives for the purposes of efficient portfolio management or to meet the Fund's investment objectives. These types of transaction can introduce market exposure greater than the market value of the instrument. These transactions exchange benefits with a third party at a future date creating both counterparty and concentration risk. The Investment Adviser's policies for managing these risks are outlined in the Fund's prospectus.

At the balance sheet date the Fund had the following exposures:

	2018 £'000	2017 £'000
Market Exposure		
Forward Currency Contracts	12,277	21,648
Futures	79,995	36,431
Interest Rate Swaps	48,742	22,100
Total Market Exposure	141,014	80,179

The total market exposure is the sum of the notional derivative contracts on a gross basis with no offsetting.

Counterparty Exposure

Derivative instruments involve an agreement to exchange a benefit at a future date. This introduces counterparty risk where an agreement is bilateral (between two parties) and concentration risk where a clearing broker operates on an exchange. Where the counterparty or clearing broker is not solvent the market exposure obtained would be lost.

Exposure is reduced by the exchange of margin on a daily basis for cleared derivatives and by the collateral held/pledged on a bilateral transaction.

	2018			2017		
	Collateral (held)/ pledged £'000	Margin at clearing broker £'000	Market value of derivatives £'000	Collateral (held)/ pledged £'000	Margin at clearing broker £'000	Market value of derivatives £'000
Counterparty or clearer						
Bank of America Merrill Lynch	0	0	4	0	0	23
BNP Paribas	0	0	(30)	0	0	0
Goldman Sachs	0	691	175	(128)	509	86
HSBC	99	0	(259)	(101)	0	(233)
Morgan Stanley	(286)	0	288	(413)	0	442
Royal Bank of Canada	(14)	0	15	0	0	3
Royal Bank of Scotland	0	0	0	0	640	4
UBS	0	0	0	2,223	0	(2,131)
Total	(201)	691	193	1,581	1,149	(1,806)

Margin exchanged or collateral held or pledged is in the form of high quality liquid assets e.g. cash/gilts. Positions are fully collateralised at all times. Restrictions are placed on the right of either party to reuse collateral assets.

f. Liquidity risk

The Fund's assets comprise mainly readily realisable securities. The main liabilities of the Fund are the redemption of any shares that investors wish to sell and the settlement of stock purchases. The Fund Manager reviews the cash and liability position continuously, and should an increase in liquidity be required, the Fund Manager will sell securities.

Standard Life Investment Company Annual Report & Financial Statements

AAA Income Fund

Distribution Tables

for the three months ended 31 May 2017

Group 1 - shares purchased prior to 1 March 2017

Group 2 - shares purchased between 1 March 2017 and 31 May 2017

	Net Income 2017 pence per share	Equalisation 2017 pence per share	Distribution paid 2017 pence per share	Distribution paid 2016 pence per share
Retail accumulation				
Group 1	0.3088	-	0.3088*	0.3079
Group 2	0.1832	0.1256	0.3088*	0.3079
Institutional accumulation				
Group 1	0.4401	-	0.4401*	0.4172
Group 2	0.2507	0.1894	0.4401*	0.4172
Retail income				
Group 1	0.1880	-	0.1880**	0.1894
Group 2	0.0509	0.1371	0.1880**	0.1894
Institutional income				
Group 1	0.2510	-	0.2510**	0.2417
Group 2	0.1516	0.0994	0.2510**	0.2417
Retail CAT accumulation				
Group 1	0.3189	-	0.3189*	0.3217
Group 2	0.2059	0.1130	0.3189*	0.3217
Standard Life income				
Group 1	0.3030	-	0.3030**	0.2916
Group 2	-	-	-	-
Retail CAT income				
Group 1	0.1932	-	0.1932**	0.1974
Group 2	0.1087	0.0845	0.1932**	0.1974
Standard Life accumulation				
Group 1	0.4147	-	0.4147*	0.3735
Group 2	0.3516	0.0631	0.4147*	0.3735
Institutional regulated accumulation				
Group 1	0.3585	-	0.3585*	0.3318
Group 2	0.1326	0.2259	0.3585*	0.3318

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AAA Income Fund

Distribution Tables (Continued)

	Net Income 2017 pence per share	Equalisation 2017 pence per share	Distribution paid 2017 pence per share	Distribution paid 2016 pence per share
Standard Life B accumulation				
Group 1	0.4485	-	0.4485*	0.4024
Group 2	-	-	-	-
Platform 1 accumulation				
Group 1	0.2527	-	0.2527*	0.2407
Group 2	0.1355	0.1172	0.2527*	0.2407
Platform 1 income				
Group 1	0.2306	-	0.2306**	0.2235
Group 2	0.1267	0.1039	0.2306**	0.2235
Institutional S accumulation				
Group 1	0.2450	-	0.2450*	0.2464
Group 2	-	-	-	-
Institutional S income				
Group 1	0.2580	-	0.2580**	0.2420
Group 2	0.1169	0.1411	0.2580**	0.2420

* Distribution accumulated on 31 May 2017

** Distribution paid on 31 July 2017

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AAA Income Fund

Distribution Tables (Continued)

for the three months ended 31 August 2017

Group 1 - shares purchased prior to 1 June 2017

Group 2 - shares purchased between 1 June 2017 and 31 August 2017

	Net Income 2017 pence per share	Equalisation 2017 pence per share	Distribution paid 2017 pence per share	Distribution paid 2016 pence per share
Retail accumulation				
Group 1	0.3017	-	0.3017*	0.2928
Group 2	0.1400	0.1617	0.3017*	0.2928
Institutional accumulation				
Group 1	0.4335	-	0.4335*	0.3993
Group 2	0.1322	0.3013	0.4335*	0.3993
Retail income				
Group 1	0.1818	-	0.1818**	0.1789
Group 2	0.0689	0.1129	0.1818**	0.1789
Institutional income				
Group 1	0.2464	-	0.2464**	0.2302
Group 2	-	0.2464	0.2464**	0.2302
Retail CAT accumulation				
Group 1	0.3134	-	0.3134*	0.3006
Group 2	0.1811	0.1323	0.3134*	0.3006
Standard Life income				
Group 1	0.2975	-	0.2975**	0.2768
Group 2	-	-	-	-
Retail CAT income				
Group 1	0.1892	-	0.1892**	0.1842
Group 2	0.1167	0.0725	0.1892**	0.1842
Standard Life accumulation				
Group 1	0.4097	-	0.4097*	0.3654
Group 2	0.3352	0.0745	0.4097*	0.3654
Institutional regulated accumulation				
Group 1	0.3524	-	0.3524*	0.3200
Group 2	0.0973	0.2551	0.3524*	0.3200

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AAA Income Fund

Distribution Tables (Continued)

	Net Income 2017 pence per share	Equalisation 2017 pence per share	Distribution paid 2017 pence per share	Distribution paid 2016 pence per share
Standard Life B accumulation				
Group 1	0.4395	-	0.4395*	0.3912
Group 2	-	-	-	-
Platform 1 accumulation				
Group 1	0.2477	-	0.2477*	0.2298
Group 2	0.1287	0.1190	0.2477*	0.2298
Platform 1 income				
Group 1	0.2249	-	0.2249**	0.2120
Group 2	0.1311	0.0938	0.2249**	0.2120
Institutional S accumulation				
Group 1	0.2454	-	0.2454*	0.2240
Group 2	0.0254	0.2200	0.2454*	-
Institutional S income				
Group 1	0.2510	-	0.2510**	0.2322
Group 2	0.1174	0.1336	0.2510**	0.2322

* Distribution accumulated on 31 August 2017

** Distribution paid on 31 October 2017

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AAA Income Fund

Distribution Tables (Continued)

for the three months ended 30 November 2017

Group 1 - shares purchased prior to 1 September 2017

Group 2 - shares purchased between 1 September 2017 and 30 November 2017

	Net Income 2017 pence per share	Equalisation 2017 pence per share	Distribution paid 2017 pence per share	Distribution paid 2016 pence per share
Retail accumulation				
Group 1	0.3055	-	0.3055*	0.2577
Group 2	0.1784	0.1271	0.3055*	0.2577
Institutional accumulation				
Group 1	0.4355	-	0.4355*	0.3617
Group 2	0.2237	0.2118	0.4355*	0.3617
Retail income				
Group 1	0.1847	-	0.1847**	0.1581
Group 2	0.1013	0.0834	0.1847**	0.1581
Institutional income				
Group 1	0.2468	-	0.2468**	0.2086
Group 2	0.1362	0.1106	0.2468**	0.2086
Retail CAT accumulation				
Group 1	0.3170	-	0.3170*	0.2654
Group 2	0.1988	0.1182	0.3170*	0.2654
Standard Life income				
Group 1	0.2960	-	0.2960**	0.2452
Group 2	-	-	-	-
Retail CAT income				
Group 1	0.1908	-	0.1908**	0.1617
Group 2	0.1144	0.0764	0.1908**	0.1617
Standard Life accumulation				
Group 1	0.4123	-	0.4123*	0.3371
Group 2	-	-	-	0.3371

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AAA Income Fund

Distribution Tables (Continued)

	Net Income 2017 pence per share	Equalisation 2017 pence per share	Distribution paid 2017 pence per share	Distribution paid 2016 pence per share
Institutional regulated accumulation				
Group 1	0.3558	-	0.3558*	0.2931
Group 2	0.0573	0.2985	0.3558*	0.2931
Standard Life B accumulation				
Group 1	0.4455	-	0.4455*	0.3640
Group 2	-	-	-	-
Platform 1 accumulation				
Group 1	0.2501	-	0.2501*	0.2080
Group 2	0.1545	0.0956	0.2501*	0.2080
Platform 1 income				
Group 1	0.2268	-	0.2268**	0.1903
Group 2	0.1509	0.0759	0.2268**	0.1903
Institutional S accumulation				
Group 1	0.2610	-	0.2610*	0.2040
Group 2	0.1516	0.1094	0.2610*	-
Institutional S income				
Group 1	0.2530	-	0.2530**	0.2109
Group 2	0.1194	0.1336	0.2530**	0.2109

* Distribution accumulated on 30 November 2017

** Distribution paid on 31 January 2018

Standard Life Investment Company Annual Report & Financial Statements

AAA Income Fund

Distribution Tables (Continued)

for the three months ended 28 February 2018

Group 1 - shares purchased prior to 1 December 2017

Group 2 - shares purchased between 1 December 2017 and 28 February 2018

	Net Income 2018 pence per share	Equalisation 2018 pence per share	Distribution payable 2018 pence per share	Distribution paid 2017 pence per share
Retail accumulation				
Group 1	0.4059	-	0.4059*	0.3054
Group 2	0.2130	0.1929	0.4059*	0.3054
Institutional accumulation				
Group 1	0.5429	-	0.5429*	0.4309
Group 2	0.2219	0.3210	0.5429*	0.4309
Retail income				
Group 1	0.2439	-	0.2439**	0.1863
Group 2	0.1073	0.1366	0.2439**	0.1863
Institutional income				
Group 1	0.3054	-	0.3054**	0.2462
Group 2	0.1225	0.1829	0.3054**	0.2462
Retail CAT accumulation				
Group 1	0.4171	-	0.4171*	0.3158
Group 2	0.1842	0.2329	0.4171*	0.3158
Standard Life income				
Group 1	0.3560	-	0.3560**	0.2920
Group 2	-	-	-	-
Retail CAT income				
Group 1	0.2502	-	0.2502**	0.1929
Group 2	0.1400	0.1102	0.2502**	0.1929
Standard Life accumulation				
Group 1	0.4902	-	0.4902*	0.4030
Group 2	0.4576	0.0326	0.4902*	0.4030

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AAA Income Fund

Distribution Tables (Continued)

	Net Income 2018 pence per share	Equalisation 2018 pence per share	Distribution payable 2018 pence per share	Distribution paid 2017 pence per share
Institutional regulated accumulation				
Group 1	0.4326	-	0.4326*	0.3492
Group 2	0.3790	0.0536	0.4326*	-
Standard Life B accumulation				
Group 1	0.5167	-	0.5167*	0.4350
Group 2	-	-	-	-
Platform 1 accumulation				
Group 1	0.3132	-	0.3132*	0.2467
Group 2	0.1402	0.1730	0.3132*	0.2467
Platform 1 income				
Group 1	0.2823	-	0.2823**	0.2254
Group 2	0.0911	0.1912	0.2823**	0.2254
Institutional S accumulation				
Group 1	0.3170	-	0.3170*	0.2450
Group 2	0.1866	0.1304	0.3170*	-
Institutional S income				
Group 1	0.3053	-	0.3053**	0.2500
Group 2	0.1872	0.1181	0.3053**	0.2500
* Distribution accumulated on 28 February 2018				
** Distribution payable on 30 April 2018				

Standard Life Investment Company Annual Report & Financial Statements

American Equity Income Fund

Investment Report

Fund Information	
Fund Manager	Scott Eun
Launch Date	15 June 2016
Benchmark	S&P 500 Index

Investment objective

The objective of the Fund is to generate a combination of income and capital appreciation over the longer term.

Investment policy

The investment policy of the Fund is to invest mainly in equities and equity type investments of companies incorporated or domiciled in the US or which, in the opinion of the ACD, derive a significant proportion of their revenue or profits from US operations or have a significant proportion of their assets there. "Equity type investments" will include convertible stocks, stock exchange listed warrants, Depositary Receipts and any other such investments which entitle the holder to subscribe for or convert into the equity of the company and/or where the share price performance is, in the opinion of the ACD, influenced significantly by the stock market performance of the company's ordinary shares. Additionally, the Fund may also invest in equities and equity type investments of companies listed in the US or incorporated, domiciled or listed in Canada or Latin America. The Fund may also invest in other transferable securities, money-market instruments, deposits, cash and near cash, derivatives (for the purpose of efficient portfolio management (including hedging)) and collective investment schemes.

Risk

The Fund is intended for investors who wish to participate in the potential for income and capital growth opportunities afforded by the main US markets. The investor must be able to accept significant temporary losses due to the volatile nature of equity and currency markets, and should therefore have an investment time horizon of at least 5 years.

Performance

For the period under review, the Fund returned 1.48% (before 0.75% annual management charges), compared to the S&P 500 Index total return of 5.76% (sources: Fund - Morningstar, basic-rate taxpayer, bid-to-bid basis; benchmark - Factset).

Performance during this period was meaningfully impacted by the strong performance of non-dividend paying stocks, in which the fund is not mandated to invest. Nearly 40% of the underperformance can be attributed to not owning companies such as Amazon, Netflix, Facebook, and Google which were strong performers in the benchmark index. The largest negative return in the year was from our zero-weighting in Amazon.

Biopharmaceutical company Abbvie was one of the top performers, as it gained clarity on the sustainability of its intellectual property for its top-selling drug. The shares were further boosted by news of strong clinical data for key pipeline drugs. Multinational technology firm Cisco Systems also contributed meaningfully. Investors rewarded the company for its strong results combined with its ability to adjust its business model and remain relevant amid a secular change in its key markets. Similarly, Mastercard delivered a positive return after reporting above-forecast revenue growth. This was driven in particular by growth in cross-border payments, as the company focuses on affluent emerging market customers. Leading video games producer Activision Blizzard was a top contributor. The firm demonstrated how the industry can transition towards higher-margin digital sales through varied sources of monetisation, relying less on volumes of video games sold.

Kraft Heinz was a weak performer as it failed to follow up its previously completed acquisition with another deal that could deliver value-enhancing synergies. Moreover, food-related stocks in general were under pressure on concerns about Amazon increasing its presence in grocery retailing. Newell Brands missed financial expectations after suffering inventory destocking from retailers, while also failing to reinvigorate sales in the company they bought in 2016. Pharmaceutical company Allergan suffered from the loss of intellectual property protection in a few key products.

Investment activity

During the year, we built a position in Johnson & Johnson, a solid dividend payer for whom markets were underestimating upcoming performance from its pharmaceutical division. We also purchased rail operator CSX, where management changes pushed the drive to prioritise increased efficiencies and lower costs. We added chemicals company DowDuPont, which is seeking to eliminate its conglomerate-discount by spinning into three separate companies. We also bought NextEra Energy, the world's largest renewable energy generator. The firm's growth prospects look increasingly favourable as renewables become directly competitive with conventional energy sources.

Sales included Wells Fargo which we reduced in favour of exposure to money-center banks. Subsequent Fed actions to curtail balance sheet growth prompted us to exit the position completely. We sold Merck & Co on news of a positive catalyst for important data on their key cancer drug, and ahead of competitive data that could impact sentiment. In the consumer sector, we sold Colgate-Palmolive and Philip Morris International after fundamentals at both companies began to weaken. This contributed to a reduction in the Fund's exposure to consumer staples, while exposure to financials increased over the year, reflecting better stock-specific opportunities in that sector.

Standard Life Investment Company

Annual Report & Financial Statements

American Equity Income Fund

Investment Report (Continued)

Synthetic Risk & Reward Indicator



This indicator reflects the volatility of the Fund’s share price over the last five years which in turn reflects the volatility of the underlying assets in which the Fund invests. Historical data may not be a reliable indication of the future. Where the share class does not have a history of five years, an alternative share class or a representative benchmark has been used to show how the Fund price may have behaved over the period.

The current rating, which is the same for all share classes, is not guaranteed and may change if the volatility of the assets in which the Fund invests changes. The lowest rating does not mean risk free.

All investment involves risk. This Fund offers no guarantee against loss or that the Fund’s objective will be attained.

For further information on the risks that may not be fully captured by the risk and reward indicator, please refer to the current Key Investor Information Document (KIID).

Cautionary note

It should be remembered that past performance is not a guide to future performance. The value of investments may go down as well as up and, therefore, investors may not get back the amount originally invested.

Standard Life Investment Company

Annual Report & Financial Statements

American Equity Income Fund

Comparative Tables

	2018 pence per share	2017 pence per share
Retail accumulation++		
Change in net assets per share		
Opening net asset value per share	63.74	50.00
Return before operating charges*	0.78	14.52
Operating charges**	(0.86)	(0.78)
Return after operating charges*	(0.08)	13.74
Distributions	(0.37)	(0.24)
Retained distributions on accumulation share	0.37	0.24
Closing net asset value per share	63.66	63.74
* after direct transaction costs of:***	0.06	0.01
Performance+		
Return after charges	-0.13%	27.48%
Other information		
Closing net asset value (£'000)	18	4
Closing number of shares	27,330	6,171
Operating charges****	1.35%	1.34%
Direct transaction costs***	0.09%	0.02%
Prices		
Highest share price	66.19	63.84
Lowest share price	60.23	48.37

** The operating charges include all costs borne by the Fund, except for direct transaction costs.

*** The direct transaction costs are made up of: fees and commissions paid to agents, advisers, brokers and dealers, levies by regulatory agencies and securities exchanges as well as transfer taxes and duties.

**** The operating charges percentage is the equivalent of the ongoing charges figure per the prior year accounts. It shows the annualised operating expenses of the share class as a percentage of the average net asset value of the class over the same period.

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++Share class launched on 16 June 2016.

Standard Life Investment Company

Annual Report & Financial Statements

American Equity Income Fund

Comparative Tables (Continued)

	2018 pence per share	2017 pence per share
Institutional accumulation++		
Change in net assets per share		
Opening net asset value per share	63.95	50.00
Return before operating charges*	0.77	14.46
Operating charges**	(0.56)	(0.51)
Return after operating charges*	0.21	13.95
Distributions	(0.66)	(0.43)
Retained distributions on accumulation share	0.66	0.43
Closing net asset value per share	64.16	63.95
* after direct transaction costs of:***	0.06	0.01
Performance+		
Return after charges	0.33%	27.90%
Other information		
Closing net asset value (£'000)	29,159	28,999
Closing number of shares	45,445,743	45,345,254
Operating charges****	0.88%	0.87%
Direct transaction costs***	0.09%	0.02%
Prices		
Highest share price	66.67	64.05
Lowest share price	60.69	48.38

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++Share class launched on 16 June 2016.

Standard Life Investment Company

Annual Report & Financial Statements

American Equity Income Fund

Comparative Tables (Continued)

	2018 pence per share	2017 pence per share
Retail income++		
Change in net assets per share		
Opening net asset value per share	62.94	50.00
Return before operating charges*	0.79	14.49
Operating charges**	(0.84)	(0.77)
Return after operating charges*	(0.05)	13.72
Distributions	(1.19)	(0.78)
Closing net asset value per share	61.70	62.94
* after direct transaction costs of:***	0.05	0.01
Performance+		
Return after charges	-0.08%	27.44%
Other information		
Closing net asset value (£'000)	8	1
Closing number of shares	12,698	2,200
Operating charges****	1.35%	1.34%
Direct transaction costs***	0.09%	0.02%
Prices		
Highest share price	64.71	63.29
Lowest share price	58.60	48.37

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++Share class launched on 16 June 2016.

Standard Life Investment Company

Annual Report & Financial Statements

American Equity Income Fund

Comparative Tables (Continued)

	2018 pence per share	2017 pence per share
Institutional income++		
Change in net assets per share		
Opening net asset value per share	63.13	50.00
Return before operating charges*	0.75	14.40
Operating charges**	(0.55)	(0.50)
Return after operating charges*	0.20	13.90
Distributions	(1.16)	(0.77)
Closing net asset value per share	62.17	63.13
* after direct transaction costs of:***	0.05	0.01
Performance+		
Return after charges	0.32%	27.80%
Other information		
Closing net asset value (£'000)	24,208	24,836
Closing number of shares	38,941,637	39,342,021
Operating charges****	0.88%	0.87%
Direct transaction costs***	0.09%	0.02%
Prices		
Highest share price	64.92	63.48
Lowest share price	59.02	48.38

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++Share class launched on 16 June 2016.

Standard Life Investment Company

Annual Report & Financial Statements

American Equity Income Fund

Comparative Tables (Continued)

2018
pence per share

Standard Life income++

Change in net assets per share

Opening net asset value per share	50.00
Return before operating charges*	(0.58)
Operating charges**	(0.02)
Return after operating charges*	(0.60)
Distributions	(0.86)
Closing net asset value per share	48.54
* after direct transaction costs of:***	0.04

Performance+

Return after charges	-1.20%
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Other information

Closing net asset value (£'000)	10,786
Closing number of shares	22,223,059
Operating charges****	0.05%
Direct transaction costs***	0.09%

Prices

Highest share price	50.59
Lowest share price	46.06

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+++ Share class launched on 15 March 2017.

Standard Life Investment Company

Annual Report & Financial Statements

American Equity Income Fund

Comparative Tables (Continued)

	2018 pence per share	2017 pence per share
Standard Life accumulation++		
Change in net assets per share		
Opening net asset value per share	64.31	50.00
Return before operating charges*	0.78	14.38
Operating charges**	(0.08)	(0.07)
Return after operating charges*	0.70	14.31
Distributions	(1.15)	(0.96)
Retained distributions on accumulation share	1.15	0.96
Closing net asset value per share	65.01	64.31
* after direct transaction costs of:***	0.06	0.01
Performance+		
Return after charges	1.09%	28.64%
Other information		
Closing net asset value (£'000)	71	28
Closing number of shares	109,605	43,243
Operating charges****	0.13%	0.12%
Direct transaction costs***	0.09%	0.02%
Prices		
Highest share price	67.49	64.41
Lowest share price	61.47	48.38

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++Share class launched on 16 June 2016.

Standard Life Investment Company

Annual Report & Financial Statements

American Equity Income Fund

Comparative Tables (Continued)

	2018 pence per share	2017 pence per share
Platform 1 accumulation++		
Change in net assets per share		
Opening net asset value per share	63.94	50.00
Return before operating charges*	0.78	14.47
Operating charges**	(0.59)	(0.53)
Return after operating charges*	0.19	13.94
Distributions	(0.63)	(0.43)
Retained distributions on accumulation share	0.63	0.43
Closing net asset value per share	64.13	63.94
* after direct transaction costs of:***	0.06	0.01
Performance+		
Return after charges	0.30%	27.88%
Other information		
Closing net asset value (£'000)	69	11
Closing number of shares	107,901	16,816
Operating charges****	0.93%	0.92%
Direct transaction costs***	0.09%	0.02%
Prices		
Highest share price	66.64	64.04
Lowest share price	60.66	48.38

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++Share class launched on 16 June 2016.

Standard Life Investment Company

Annual Report & Financial Statements

American Equity Income Fund

Comparative Tables (Continued)

	2018 pence per share	2017 pence per share
Platform 1 income++		
Change in net assets per share		
Opening net asset value per share	63.14	50.00
Return before operating charges*	0.74	14.46
Operating charges**	(0.58)	(0.53)
Return after operating charges*	0.16	13.93
Distributions	(1.16)	(0.79)
Closing net asset value per share	62.14	63.14
* after direct transaction costs of:***	0.05	0.01
Performance+		
Return after charges	0.25%	27.86%
Other information		
Closing net asset value (£'000)	9	2
Closing number of shares	14,526	3,562
Operating charges****	0.93%	0.92%
Direct transaction costs***	0.09%	0.02%
Prices		
Highest share price	64.93	63.50
Lowest share price	58.99	48.38

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++Share class launched on 16 June 2016.

Standard Life Investment Company

Annual Report & Financial Statements

American Equity Income Fund

Comparative Tables (Continued)

	2018 pence per share	2017 pence per share
Institutional S accumulation++		
Change in net assets per share		
Opening net asset value per share	58.24	50.00
Return before operating charges*	0.76	8.65
Operating charges**	(0.44)	(0.41)
Return after operating charges*	0.32	8.24
Distributions	(0.73)	(0.30)
Retained distributions on accumulation share	0.73	0.30
Closing net asset value per share	58.56	58.24
* after direct transaction costs of:***	0.05	0.01
Performance+		
Return after charges	0.55%	16.48%
Other information		
Closing net asset value (£'000)	1	1
Closing number of shares	2,200	2,200
Operating charges****	0.76%	0.75%
Direct transaction costs***	0.09%	0.02%
Prices		
Highest share price	60.83	58.32
Lowest share price	55.39	50.00

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++Share class launched on 16 June 2016.

Standard Life Investment Company

Annual Report & Financial Statements

American Equity Income Fund

Comparative Tables (Continued)

	2018 pence per share	2017 pence per share
Institutional S income++		
Change in net assets per share		
Opening net asset value per share	57.76	50.00
Return before operating charges*	0.76	8.63
Operating charges**	(0.43)	(0.41)
Return after operating charges*	0.33	8.22
Distributions	(1.08)	(0.46)
Closing net asset value per share	57.01	57.76
* after direct transaction costs of:***	0.05	0.01
Performance+		
Return after charges	0.57%	16.44%
Other information		
Closing net asset value (£'000)	1	1
Closing number of shares	2,200	2,200
Operating charges****	0.76%	0.75%
Direct transaction costs***	0.09%	0.02%
Prices		
Highest share price	59.47	58.08
Lowest share price	54.12	50.00

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++++ Share class launched on 19 September 2016.

Standard Life Investment Company

Annual Report & Financial Statements

American Equity Income Fund

Portfolio Statement as at 28 February 2018

Holding	Investment	Market value £'000	Percentage of total net assets
North American Equities (96.83%)		63,593	98.85
19,475	AbbVie	1,637	2.54
9,384	Accenture	1,096	1.70
20,501	Activision Blizzard	1,088	1.69
4,563	Acuity Brands	472	0.73
26,155	AIG	1,088	1.69
7,493	Allegion	457	0.71
5,512	Allergan	617	0.96
23,022	Allison Transmission	662	1.03
23,002	Altria	1,051	1.63
13,237	American Tower	1,339	2.08
9,849	Anadarko Petroleum	408	0.63
4,819	Anthem	823	1.28
18,195	Apple	2,352	3.66
75,444	Bank of America	1,757	2.73
8,491	Broadcom	1,519	2.36
7,311	Celanese	535	0.83
54,597	CenturyLink	700	1.09
17,461	Chevron	1,418	2.20
57,375	Cisco Systems	1,865	2.90
27,253	Citigroup	1,493	2.32
28,982	CMS Energy	893	1.39
56,184	Comcast	1,476	2.29
28,312	CSX	1,103	1.72
27,625	Devon Energy	615	0.96
27,718	DowDuPont	1,413	2.20
9,539	Eli Lilly	533	0.83
2,875	Equinix	818	1.27
7,436	Evercore Partners	502	0.78
12,488	First Republic Bank	841	1.31
6,093	General Dynamics	984	1.53
17,544	General Motors	501	0.78
5,632	Goldman Sachs	1,073	1.67
17,602	Halliburton	593	0.92
30,148	Hanesbrands	424	0.66
9,051	Home Depot	1,197	1.86
17,496	Intercontinental Exchange	928	1.44
21,565	Johnson & Johnson	2,033	3.16
18,663	JPMorgan Chase	1,563	2.43
9,237	Knight-Swift Transportation	323	0.50

Standard Life Investment Company

Annual Report & Financial Statements

American Equity Income Fund

Portfolio Statement as at 28 February 2018 (Continued)

		Market value £'000	Percentage of total net assets
Holding	Investment		
North American Equities (continued)			
14,746	Kraft Heinz	717	1.11
2,902	Lear	393	0.61
3,712	Lockheed Martin	949	1.48
54,213	Marvell Technology	925	1.44
14,700	Mastercard	1,875	2.91
11,654	McDonald's	1,334	2.07
17,206	Medtronic	997	1.55
43,211	Microsoft	2,941	4.57
36,995	Mondelez	1,179	1.83
11,464	NextEra Energy	1,266	1.97
13,782	Occidental Petroleum	656	1.02
11,588	PepsiCo	923	1.44
48,682	Pfizer	1,283	1.99
5,403	Raytheon	853	1.33
22,919	Restaurant Brands International	975	1.52
18,811	Schwab (Charles)	724	1.13
21,415	Steel Dynamics	719	1.12
20,272	SunTrust Banks	1,027	1.60
12,478	Time Warner	842	1.31
10,446	United Health	1,714	2.66
32,077	Verizon Communications	1,111	1.73
Collective Investment Schemes (2.63%)		778	1.21
778,081	Standard Life CNAV Sterling Liquidity Fund	778	1.21
Total Investment assets and liabilities		64,371	100.06
Net other liabilities		(41)	(0.06)
Total Net Assets		64,330	100.00

All investments are listed on recognised stock exchanges and are approved securities, or regulated collective investment schemes within the meaning of the FCA rules unless otherwise stated.

The percentage figures in brackets show the comparative holding as at 28 February 2017.

Standard Life Investment Company

Annual Report & Financial Statements

American Equity Income Fund

Financial Statements

Statement of Total Return

for the year ended 28 February 2018

	Notes	£'000	2018 £'000	£'000	2017* £'000
Income:					
Net capital (losses)/gains	2		(190)		11,483
Revenue	4	1,284		809	
Expenses	5	(468)		(313)	
Interest payable and similar charges		0		(1)	
Net revenue before taxation		816		495	
Taxation	6	(172)		(115)	
Net revenue after taxation			644		380
Total return before distributions			454		11,863
Distributions	7		(849)		(502)
Change in net assets attributable to shareholders from investment activities			(395)		11,361

Statement of Change in Net Assets Attributable to Shareholders

for the year ended 28 February 2018

	£'000	2018 £'000	£'000	2017* £'000
Opening net assets attributable to shareholders		53,883		0
Amounts receivable on the issue of shares	14,464		50,753	
Amounts payable on the cancellation of shares	(3,937)		(8,469)	
		10,527		42,284
Dilution adjustment		15		27
Change in net assets attributable to shareholders from investment activities (see above)		(395)		11,361
Retained distribution on accumulation shares		300		211
Closing net assets attributable to shareholders		64,330		53,883

*for the period 16 June 2016 to 28 February 2017

Standard Life Investment Company

Annual Report & Financial Statements

American Equity Income Fund

Financial Statements (Continued)

Balance Sheet

as at 28 February 2018

	Notes	£'000	2018 £'000	£'000	2017 £'000
Assets:					
Fixed assets:					
Investment assets			64,371		53,592
Current assets:					
Debtors	8	172		2,738	
Cash and bank balances		23		32	
			195		2,770
Total assets			64,566		56,362
Liabilities:					
Creditors	9	(104)		(2,377)	
Distribution payable		(132)		(102)	
			(236)		(2,479)
Total liabilities			(236)		(2,479)
Net assets attributable to shareholders			64,330		53,883

Standard Life Investment Company

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American Equity Income Fund

Notes to the Financial Statements

1 Accounting Policies

Please refer to pages 11 to 12 for note on accounting policies.

2 Net Capital (Losses)/Gains

	2018 £'000	2017* £'000
Non-derivative securities	(156)	11,591
Forward currency contracts	4	(989)
Other (losses)/gains	(32)	887
Handling charges taken from the capital account	(6)	(6)
Net capital (losses)/gains	(190)	11,483

3 Purchases, Sales and Transaction Costs

There are no transaction costs associated with the purchases or sales of collective investment schemes and derivatives during the year, or in the prior year.

Collective investments operate within the terms of the offer document or prospectus. Typically we do not invest into Funds that require an initial charge to be made. The underlying price contains an estimation of cost known as a dilution levy which is applied from time to time.

Derivatives are dealt on a spread agreed between buyer and seller with reference to the underlying investment.

During the year the total purchases and sales across different major assets classes are as per below table.

	2018 £'000	2017* £'000
Equity Purchases, Sales and Transaction Costs		
Purchases		
Purchases before transaction costs	47,593	71,479
Commissions	25	22
Total purchase transaction costs	25	22
Purchases including transaction costs	47,618	71,501
Sales		
Gross sales before transaction costs	36,056	30,910
Commissions	(25)	(14)
Taxes & Other Fees	(1)	(1)
Total sale transaction costs	(26)	(15)
Total sales net of transaction costs	36,030	30,895

*for the period 16 June 2016 to 28 February 2017

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Notes to the Financial Statements (Continued)

3 Purchases, Sales and Transaction Costs (continued)

	2018 % Transaction	2017* % Transaction
Equity Transaction Cost as a % of total Purchases & Sales		
Purchases		
Commissions	0.05%	0.03%
Sales		
Commissions	0.07%	0.05%
Taxes & Other Fees	0.00%	0.00%

	2018 % Average NAV	2017* % Average NAV
Equity Purchases, Sales Analysis to Average NAV		
Purchases		
Commissions	0.04%	0.04%
Sales		
Commissions	0.04%	0.03%

During the year the total purchases and sales across different major asset classes are as per below table.

	2018 £'000	2017* £'000
Purchase		
Equities	47,618	71,501
Sales		
Equities	36,030	30,895

The Fund suffers a number of explicit costs as disclosed in the notes and Fund history. The Fund also suffers implicit costs an example is market spread, the spread represents the costs of providing liquidity in a market. It therefore is subject to change based on volume, active markets have a lower spread the difference between; bid the price you receive and offer the price you pay.

At the balance sheet date the average portfolio dealing spread (i.e. the spread between bid and offer prices expressed as a percentage of the offer price) was 0.20% (2017: 0.30%), this is representative of the average spread on the assets held during the year.

4 Revenue

	2018 £'000	2017* £'000
Overseas dividends	1,279	803
Bank interest	5	6
Total revenue	1,284	809

*for the period 16 June 2016 to 28 February 2017

Standard Life Investment Company

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American Equity Income Fund

Notes to the Financial Statements (Continued)

5 Expenses

	2018 £'000	2017* £'000
Payable to the Authorised Corporate Director, associates of the Authorised Corporate Director and agents of either of them:		
Authorised Corporate Director's periodic charge	404	269
Registration fees	43	29
	<u>447</u>	<u>298</u>
Payable to the Depositary or associates of the Depositary, and agents of either of them:		
Depositary's fees	10	6
Safe custody fee	3	1
	<u>13</u>	<u>7</u>
Other:		
Audit fee	8	8
Total expenses	<u>468</u>	<u>313</u>

6 Taxation

	2018 £'000	2017* £'000
(a) Analysis of charge in year		
Overseas taxes	172	115
Total current tax (note 6b)	<u>172</u>	<u>115</u>

(b) Factors affecting current tax charge for the year

The tax assessed for the year is lower than the standard rate of corporation tax for authorised Open-Ended Investment Companies 'OEICs' (20%). The differences are explained below:

Net revenue before taxation	816	495
Corporation tax at 20% (2017: 20%)	163	99
Effects of:		
Revenue not subject to taxation	(250)	(156)
Overseas taxes	172	115
Overseas tax expensed	0	(1)
Excess allowable expenses	87	59
Revenue taxable in other periods	0	(1)
Current tax charge for year (note 6a)	<u>172</u>	<u>115</u>

Authorised Open-Ended Investment Companies are exempt from tax on capital gains in the UK. Therefore, any capital gain is not included in the above reconciliation.

*for the period 16 June 2016 to 28 February 2017

Standard Life Investment Company

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Notes to the Financial Statements (Continued)

6 Taxation (continued)

(c) Factors that may affect future tax charge

At the year end, after offset against revenue taxable on receipt, there is a potential deferred tax liability of £146,000 (2017: £59,000) due to surplus expenses. It is unlikely that the Fund will generate sufficient taxable profits to utilise these amounts and therefore no deferred tax liability has been recognised in the year or the prior year.

7 Distributions

The distributions takes account of income received on the issue of shares and income deducted on the cancellation of shares and comprise:

	2018 £'000	2017* £'000
First interim distribution	214	0
Second interim distribution	218	137
Third interim distribution	241	194
Final distribution	180	163
	<hr/> 853	<hr/> 494
Add: Income deducted on cancellation of shares	8	18
Deduct: Income received on issue of shares	(12)	(10)
Net distribution for the year	<hr/> 849	<hr/> 502
Details of the distribution per share are set out in this Fund's distribution tables.		
Net revenue after taxation	644	380
Annual ACD charge to capital	185	110
Registration fees taken from the capital account	20	12
Total distributions	<hr/> 849	<hr/> 502

* For the period from 16 June 2016 to 28 February 2017

8 Debtors

	2018 £'000	2017 £'000
Amounts receivable from the ACD for the issue of shares	0	1
Sales awaiting settlement	61	2,645
Accrued revenue	111	92
Total debtors	<hr/> 172	<hr/> 2,738

Standard Life Investment Company

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Notes to the Financial Statements (Continued)

9 Creditors

	2018 £'000	2017 £'000
Amounts payable to the ACD for cancellation of shares	0	32
Purchases awaiting settlement	60	2,302
Accrued expenses payable to ACD	34	33
Other accrued expenses	8	8
Accrued Expenses payable to the Depository	2	2
Total creditors	104	2,377

10 Related Party Transactions

Standard Life Investments (Mutual Funds) Limited, as Authorised Corporate Director (ACD), is a related party and acts as principal in respect of all transactions of shares in the Fund.

The aggregate monies received through issue and paid on cancellation of shares are disclosed in the statement of change in net assets attributable to shareholders.

Any amounts due from or due to Standard Life Investments (Mutual Funds) Limited at the end of the accounting year are disclosed in notes 8 and 9.

Amounts payable to Standard Life Investments (Mutual Funds) Limited, in respect of periodic charge and registration services, are disclosed in note 5 and any amounts due at the year end in note 9.

The Fund holds 778,081 shares (2017: 1,419,460) in Standard Life CNAV Sterling Liquidity Fund as detailed in the portfolio statement, the total purchase cost of these investments during the year was £10,175,000 (2017: £10,207,000), the total sales proceeds were £10,816,000 (2017: £8,792,000).

	2018 £'000	2017 £'000
Transactions during the year with Standard Life Aberdeen group companies are as follows:		
Sale of shares by Fund	14,216	51,076
Purchase of shares by Fund	3,854	8,819
Distributions made by Fund	849	331
The percentage value of the Fund held by Standard Life Aberdeen group companies is:	99.7%	99.9%

Standard Life Investment Company

Annual Report & Financial Statements

American Equity Income Fund

Notes to the Financial Statements (Continued)

11 Shares in issue reconciliation

	Opening shares 2017	Creations during the year	Cancellations during the year	Closing shares 2018
Retail accumulation	6,171	22,747	(1,588)	27,330
Institutional accumulation	45,345,254	136,835	(36,346)	45,445,743
Retail income	2,200	17,220	(6,722)	12,698
Institutional income	39,342,021	5,768,634	(6,169,018)	38,941,637
Standard Life income	0	22,225,402	(2,343)	22,223,059
Standard Life accumulation	43,243	86,137	(19,775)	109,605
Platform 1 accumulation	16,816	186,673	(95,588)	107,901
Platform 1 income	3,562	21,821	(10,857)	14,526
Institutional S accumulation	2,200	0	0	2,200
Institutional S income	2,200	0	0	2,200

12 Fair Value Hierarchy

	2018 £'000 Level 1	2018 £'000 Level 2	2018 £'000 Level 3	2017 £'000 Level 1	2017 £'000 Level 2	2017 £'000 Level 3
Fair value of investment assets						
Equities	63,593	0	0	52,173	0	0
Collective Investment Schemes	0	778	0	0	1,419	0
Total investment assets	63,593	778	0	52,173	1,419	0

The three levels of the fair value hierarchy under FRS 102 are described below:

Level 1: Unadjusted quoted market prices in active markets that are accessible at the measurement date for the identical unrestricted assets or liabilities.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices).

Level 3: Inputs for asset or liability that are not based on observable market data (unobservable inputs).

Standard Life Investment Company

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American Equity Income Fund

Notes to the Financial Statements (Continued)

13 Risk Management Policies & Numerical Disclosures

In accordance with the investment objectives, the Fund may hold certain financial instruments. These comprise:

- securities held in accordance with the investment objective and policies;
- cash and short-term debtors and creditors arising directly from operations; and
- derivatives.

The main risks arising from the Fund's financial instruments are market price, foreign currency, interest rate, credit and liquidity risk.

The policies for managing these risks are summarised below and have been applied consistently throughout the year, and prior year.

a. Market price risk

Each Fund's investment portfolio is exposed to market price fluctuation which are monitored by the Fund Manager in pursuance of the investment objectives and policies. Adherence to investment guidelines and to investment and borrowing powers mitigate the risk of excessive exposure to any particular type of security or issuer.

An increase or decrease in market values will therefore have a direct effect on the value of the investment assets in the portfolio and therefore a proportionate effect on the value of the Fund.

A five per cent increase in the value of the Fund's portfolio would have the effect of increasing the return and net assets as at 28 February by £3,218,550 (2017: £2,679,600). A five per cent decrease would have an equal and opposite effect.

b. Foreign currency risk

A proportion of the net assets of the Fund are denominated in currencies other than Sterling, therefore the balance sheet and total returns can be affected by currency movements. In certain circumstances, the Fund Manager may seek to manage exposure to currency movements by using forward currency contracts.

The Fund does not hedge or otherwise seek to avoid currency movement risk on accrued revenue.

Income received in foreign currencies is converted into Sterling at the exchange rates ruling when the income is received.

A five per cent increase in the value of the Fund's foreign currency exposure would have the effect of increasing the return and net assets as at 28 February by £3,186,250 (2017: £2,613,900). A five per cent decrease would have an equal and opposite effect.

Currency exposure

The net foreign currency monetary exposure comprises:

	Net foreign currency monetary assets	
	2018	2017
	£'000	£'000
US Dollar	63,725	51,231
Canadian Dollar	0	615

Standard Life Investment Company

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American Equity Income Fund

Notes to the Financial Statements (Continued)

13 Risk Management Policies & Numerical Disclosures (continued)

c. Interest rate risk

Interest receivable on bank deposits or payable on bank overdrafts will be affected by fluctuations in interest rates. The Fund Manager continuously reviews interest rates and inflation expectations. The assessment of this may result in a change in investment strategy.

In addition, changes to prevailing rates or changes in expectations of future rates may result in an increase or decrease in the value of the securities held. In general, if interest rates rise, the income potential of the Fund also rises but the value of fixed rate securities will decline (along with certain expenses calculated by reference to the assets of the Fund). A decline in interest rates will, in general, have the opposite effect.

The interest rate risk profile of the Fund's net financial assets and liabilities is:

	Floating rate financial assets	Financial assets not carrying interest	Total
	£'000	£'000	£'000
2018			
Currency			
UK Sterling	1,558	(953)	605
US Dollar	21	63,704	63,725
2017			
Currency			
UK Sterling	1,427	610	2,037
Canadian Dollar	0	615	615
US Dollar	24	51,207	51,231

d. Credit risk

All cash exposures are carefully managed to ensure that money is placed on deposit with counterparties that meet the minimum credit rating deemed appropriate for this Fund. In certain circumstances, the Fund Manager may deliberately invest in securities (e.g. corporate bonds) with a well defined and published credit rating. In this case the Fund would be deliberately taking credit risk in order to seek additional rewards.

e. Liquidity risk

The Fund's assets comprise mainly readily realisable securities. The main liabilities of the Fund are the redemption of any shares that investors wish to sell and the settlement of stock purchases. The Fund Manager reviews the cash and liability position continuously, and should an increase in liquidity be required, the Fund Manager will sell securities.

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American Equity Income Fund

Distribution Tables

for the three months ended 31 May 2017

Group 1 - shares purchased prior to 1 March 2017

Group 2 - shares purchased between 1 March 2017 and 31 May 2017

	Net Income 2017 pence per share	Equalisation 2017 pence per share	Distribution paid 2017 pence per share	Distribution paid 2016 pence per share
Retail accumulation				
Group 1	0.1130	-	0.1130*	-
Group 2	0.0460	0.0670	0.1130*	-
Institutional accumulation				
Group 1	0.1886	-	0.1886*	-
Group 2	0.1118	0.0768	0.1886*	-
Retail income				
Group 1	0.3219	-	0.3219**	-
Group 2	-	-	-	-
Institutional income				
Group 1	0.3167	-	0.3167**	-
Group 2	0.1904	0.1263	0.3167**	-
Standard Life income				
Group 1	0.1952	-	0.1952**	-
Group 2	-	-	-	-
Standard Life accumulation				
Group 1	0.3108	-	0.3108*	-
Group 2	0.2058	0.1050	0.3108*	-
Platform 1 accumulation				
Group 1	0.1815	-	0.1815*	-
Group 2	0.1368	0.0447	0.1815*	-
Platform 1 income				
Group 1	0.3201	-	0.3201**	-
Group 2	0.1271	0.1930	0.3201**	-

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American Equity Income Fund

Distribution Tables (Continued)

	Net Income 2017 pence per share	Equalisation 2017 pence per share	Distribution paid 2017 pence per share	Distribution paid 2016 pence per share
Institutional S accumulation				
Group 1	0.2052	-	0.2052*	-
Group 2	-	-	-	-
Institutional S income				
Group 1	0.2939	-	0.2939**	-
Group 2	-	-	-	-

* Distribution accumulated on 31 May 2017

** Distribution paid on 31 July 2017

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American Equity Income Fund

Distribution Tables (Continued)

for the three months ended 31 August 2017

Group 1 - shares purchased prior to 1 June 2017

Group 2 - shares purchased between 1 June 2017 and 31 August 2017

	Net Income 2017 pence per share	Equalisation 2017 pence per share	Distribution paid 2017 pence per share	Distribution paid 2016 pence per share
Retail accumulation				
Group 1	0.1236	-	0.1236*	0.0640
Group 2	-	-	-	0.0640
Institutional accumulation				
Group 1	0.1982	-	0.1982*	0.1144
Group 2	0.1024	0.0958	0.1982*	0.1144
Retail income				
Group 1	0.3281	-	0.3281**	0.2151
Group 2	-	-	-	-
Institutional income				
Group 1	0.3251	-	0.3251**	0.2101
Group 2	0.1520	0.1731	0.3251**	0.2101
Standard Life income				
Group 1	0.2532	-	0.2532**	-
Group 2	0.1522	0.1010	0.2532**	-
Standard Life accumulation				
Group 1	0.3210	-	0.3210*	0.2105
Group 2	0.0855	0.2355	0.3210*	-
Platform 1 accumulation				
Group 1	0.1920	-	0.1920*	0.1175
Group 2	0.0906	0.1014	0.1920*	-
Platform 1 income				
Group 1	0.3280	-	0.3280**	0.2151
Group 2	0.1880	0.1400	0.3280**	-

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American Equity Income Fund

Distribution Tables (Continued)

	Net Income 2017 pence per share	Equalisation 2017 pence per share	Distribution paid 2017 pence per share	Distribution paid 2016 pence per share
Institutional S accumulation				
Group 1	0.2127	-	0.2127*	-
Group 2	0.0906	0.1014	0.1920*	-
Institutional S income				
Group 1	0.2995	-	0.2995**	-
Group 2	0.1880	0.1400	0.3280**	-

* Distribution accumulated on 31 August 2017

** Distribution paid on 31 October 2017

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American Equity Income Fund

Distribution Tables (Continued)

for the three months ended 30 November 2017

Group 1 - shares purchased prior to 1 September 2017

Group 2 - shares purchased between 1 September 2017 and 30 November 2017

	Net Income 2017 pence per share	Equalisation 2017 pence per share	Distribution paid 2017 pence per share	Distribution paid 2016 pence per share
Retail accumulation				
Group 1	0.0909	-	0.0909*	0.1013
Group 2	0.0761	0.0148	0.0909*	-
Institutional accumulation				
Group 1	0.1640	-	0.1640*	0.1818
Group 2	0.0472	0.1168	0.1640*	-
Retail income				
Group 1	0.2995	-	0.2995**	0.3071
Group 2	0.1432	0.1563	0.2995**	-
Institutional income				
Group 1	0.2889	-	0.2889**	0.3034
Group 2	0.1614	0.1275	0.2889**	0.3034
Standard Life income				
Group 1	0.2329	-	0.2329**	-
Group 2	0.2142	0.0187	0.2329**	-
Standard Life accumulation				
Group 1	0.2912	-	0.2912*	0.4819
Group 2	0.1704	0.1208	0.2912*	0.4819
Platform 1 accumulation				
Group 1	0.1445	-	0.1445*	0.1833
Group 2	0.0864	0.0581	0.1445*	0.1833
Platform 1 income				
Group 1	0.2931	-	0.2931**	0.3115
Group 2	0.1752	0.1179	0.2931**	0.3115

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American Equity Income Fund

Distribution Tables (Continued)

	Net Income 2017 pence per share	Equalisation 2017 pence per share	Distribution paid 2017 pence per share	Distribution paid 2016 pence per share
Institutional S accumulation				
Group 1	0.1822	-	0.1822*	0.1527
Group 2	-	-	-	-
Institutional S income				
Group 1	0.2654	-	0.2654**	0.2227
Group 2	-	-	-	-

* Distribution accumulated on 30 November 2017

** Distribution paid on 31 January 2018

Standard Life Investment Company

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American Equity Income Fund

Distribution Tables (Continued)

for the three months ended 28 February 2018

Group 1 - shares purchased prior to 1 December 2017

Group 2 - shares purchased between 1 December 2017 and 28 February 2018

	Net Income 2018 pence per share	Equalisation 2018 pence per share	Distribution payable 2018 pence per share	Distribution paid 2017 pence per share
Retail accumulation				
Group 1	0.0472	-	0.0472*	0.0763
Group 2	0.0356	0.0116	0.0472*	0.0763
Institutional accumulation				
Group 1	0.1070	-	0.1070*	0.1336
Group 2	0.0789	0.0281	0.1070*	-
Retail income				
Group 1	0.2405	-	0.2405**	0.2593
Group 2	0.0871	0.1534	0.2405**	-
Institutional income				
Group 1	0.2335	-	0.2335**	0.2589
Group 2	0.1344	0.0991	0.2335**	0.2589
Standard Life income				
Group 1	0.1822	-	0.1822**	-
Group 2	-	-	-	-
Standard Life accumulation				
Group 1	0.2283	-	0.2283*	0.2656
Group 2	-	-	-	0.2656
Platform 1 accumulation				
Group 1	0.1096	-	0.1096*	0.1272
Group 2	0.0718	0.0378	0.1096*	0.1272
Platform 1 income				
Group 1	0.2230	-	0.2230**	0.2630
Group 2	0.1007	0.1223	0.2230**	0.2630

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American Equity Income Fund

Distribution Tables (Continued)

	Net Income 2018 pence per share	Equalisation 2018 pence per share	Distribution payable 2018 pence per share	Distribution paid 2017 pence per share
Institutional S accumulation				
Group 1	0.1309	-	0.1309*	0.1478
Group 2	-	-	-	-
Institutional S income				
Group 1	0.2177	-	0.2177**	0.2355
Group 2	-	-	-	-

* Distribution accumulated on 28 February 2018

** Distribution payable on 30 April 2018

Treatment by Corporate Shareholders (Unaudited)

Corporate shareholders should account for the current year's dividends shown in the distribution table as follows:

	1st Interim Dividend Distribution	2nd Interim Dividend Distribution	3rd Interim Dividend Distribution	Final Dividend Distribution
Treat as a UK corporate dividend	100.00%	100.00%	100.00%	100.00%
Treat as an annual payment net of Income tax at 20%	0.00%	0.00%	0.00%	0.00%

Standard Life Investment Company

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American Equity Unconstrained Fund

Investment Report

Fund Information	
Fund Manager	Jeff Morris
Launch Date	16 November 1998
Benchmark	IA North America Sector

Investment objective

The objective of the Fund is to provide capital appreciation. It is intended that income will not be a prime consideration.

Investment policy

The investment policy of the Fund is to invest mostly in equities and equity type investments of companies listed on a US or Canadian stock exchange or which, in the opinion of the ACD, carry on a substantial part of their operations in the USA or Canada. Additionally, up to 20% of the Fund may from time-to-time be invested in equities and equity type investments of companies which in the opinion of the ACD carry on a significant part of their operations in Latin America (including Central America). "Equity type investments" will include convertible stocks, stock exchange listed warrants, Depositary Receipts and any other such investments which entitle the holder to subscribe for or convert into the equity of the company and/or where the share price performance is, in the opinion of the ACD, influenced significantly by the stock market performance of the company's ordinary shares. The Fund will not be restricted by index weightings, sector constraints or company size. The Fund may also invest in other transferable securities, money-market instruments, deposits, cash and near cash, derivatives and collective investment schemes.

Risk

Up to 100% of the scheme property of the Fund may be invested in transferable securities which are warrants. If more than 5% of the scheme property of the Fund is invested in warrants the net asset value of the Fund may, at times, be highly volatile.

Performance

For the period under review, the Fund returned -0.7% (platform 1, accumulation shares), compared to the IA North America Sector return of 5.6% (source: Morningstar, basic-rate taxpayer, bid-to-bid basis).

It was a challenging year for the Fund, with poor stock selection in the consumer discretionary, financials and consumer staples sectors outweighing positive choices elsewhere in the portfolio.

US consumer group Newell Brands was the largest detractor from performance during the period. The company reported disappointing financial results due to a retail client de-stocking its inventory, the fallout from customer bankruptcies and production delays due to hurricane damage. Newell's management subsequently announced that it was selling the commercial brands of Jarden (the company it bought) and would instead focus on

consumer brands. We downgraded the stock on the back of this news and have since sold the position. A position in Kraft Heinz also weighed on relative Fund performance. The company's recent results were slightly disappointing on the revenue side, as organic sales declined in a tough market environment. Margins were also slightly weaker. Meanwhile, investors expressed concerns about the Amazon/Whole Foods merger. This is clearly a challenge; however, we still expect positive synergies from the Kraft Heinz merger, while there is scope for the company to undertake earnings-appreciative deals. As such, we continue to hold the stock. Positions in Acuity Brands, Element Fleet Management and our lack of exposure to Amazon also adversely affected relative returns.

On a more positive note, discount retailer Dollar Tree performed well after it reported solid results that confirmed ongoing strength in same-store sales. There has also been some traction at its recently-purchased Family Dollar brand. Going forward, we see margins improving ahead of expectations as synergies from the deal start to come through. A position in Rockwell Collins boosted Fund returns after it received a takeover bid from United Technologies. Additional highlights included UnitedHealth, Raytheon and Knight Transportation.

Investment activity

Despite a disappointing year, the Fund has performed well over the medium to long term. This has been achieved through our fundamental company-specific investment approach. As such, while we acknowledge that the last 12 months were difficult for the Fund, we are confident that maintaining discipline in our investment approach will allow the Fund to deliver the performance our clients expect as we move through 2018 and beyond.

We bought Mastercard, the operator of the global payment network. We are positive on the outlook and profitability enhancement driven by the growth of e-commerce in the business mix, mobile point-of-sale, business-to-business payments and opportunities in emerging markets. Scale and longevity of these opportunities is not fully priced in despite a premium multiple. In other moves, we added Bank of America given it is attractively priced for rising interest rates; and Equinix, which offered good value given the growth potential in cloud exchanges and data centres.

In terms of sales, we took profits in both Allegion (security products) and Allison Transmission (automatic transmission maker) after respective strong runs. We exited JP Morgan, as we believe the bank's prospects for improving industry fundamentals are already reflected in its valuation. Lastly, we sold Philip Morris International due to increasing risk that proposed regulatory changes regarding the nicotine levels of cigarettes in the US could spread to overseas markets.

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American Equity Unconstrained Fund

Investment Report (Continued)

Synthetic Risk & Reward Indicator



This indicator reflects the volatility of the Fund’s share price over the last five years which in turn reflects the volatility of the underlying assets in which the Fund invests. Historical data may not be a reliable indication of the future.

The current rating, which is the same for all share classes, is not guaranteed and may change if the volatility of the assets in which the Fund invests changes. The lowest rating does not mean risk free.

All investment involves risk. This Fund offers no guarantee against loss or that the Fund’s objective will be attained.

For further information on the risks that may not be fully captured by the risk and reward indicator, please refer to the current Key Investor Information Document (KIID).

Cautionary note

It should be remembered that past performance is not a guide to future performance. The value of investments may go down as well as up and, therefore, investors may not get back the amount originally invested.

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American Equity Unconstrained Fund

Comparative Tables

	2018 pence per share	2017 pence per share	2016 pence per share
Retail accumulation			
Change in net assets per share			
Opening net asset value per share	142.42	103.12	101.81
Return before operating charges*	0.05	40.95	2.98
Operating charges**	(1.90)	(1.65)	(1.67)
Return after operating charges*	(1.85)	39.30	1.31
Closing net asset value per share	140.57	142.42	103.12
* after direct transaction costs of:***	0.10	0.06	0.04
Performance+			
Return after charges	-1.30%	38.11%	1.29%
Other information			
Closing net asset value (£'000)	30,807	36,665	29,672
Closing number of shares	21,915,755	25,744,063	28,775,542
Operating charges****	1.32%	1.33%	1.62%
Direct transaction costs***	0.07%	0.05%	0.04%
Prices			
Highest share price	149.1	143.0	108.0
Lowest share price	134.5	103.1	92.08

** The operating charges include all costs borne by the Fund, except for direct transaction costs.

*** The direct transaction costs are made up of: fees and commissions paid to agents, advisers, brokers and dealers, levies by regulatory agencies and securities exchanges as well as transfer taxes and duties.

**** The operating charges percentage is the equivalent of the ongoing charges figure per the prior year accounts. It shows the annualised operating expenses of the share class as a percentage of the average net asset value of the class over the same period. The ACD periodic charge was reduced from 1.50% to 1.30% which became effective on 1 April 2016. The Registrar fees of 0.08% also ceased to be charged effective 1 April 2016.

+ The performance figures are calculated by taking the value of the shareclass per the financial statements compared to the value per the financial statements in the prior year. This figure may differ from the performance figure quoted in the Investment Report. The Investment Report performance figure is calculated using the last available published price for a given shareclass in the period compared to the equivalent for the prior period. The published price may contain an adjustment for dilution in accordance with the Fund pricing policy, while the price per the financial statements values the Fund on a bid-price basis. The financial statements shareclass valuation is based on close of business market prices on the last day of the period, again this may differ from the intra-day pricing point of the Fund which is used in the published shareclass price.

Standard Life Investment Company

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American Equity Unconstrained Fund

Comparative Tables (Continued)

	2018 pence per share	2017 pence per share	2016 pence per share
Institutional accumulation			
Change in net assets per share			
Opening net asset value per share	165.91	119.53	117.09
Return before operating charges*	0.05	47.62	3.47
Operating charges**	(1.44)	(1.24)	(1.03)
Return after operating charges*	(1.39)	46.38	2.44
Distributions	(0.59)	(0.30)	(0.24)
Retained distributions on accumulation share	0.59	0.30	0.24
Closing net asset value per share	164.52	165.91	119.53
* after direct transaction costs of:***	0.12	0.07	0.05
Performance+			
Return after charges	-0.84%	38.80%	2.08%
Other information			
Closing net asset value (£'000)	100,804	113,245	71,138
Closing number of shares	61,270,507	68,255,146	59,515,101
Operating charges****	0.85%	0.86%	0.87%
Direct transaction costs***	0.07%	0.05%	0.04%
Prices			
Highest share price	174.4	166.6	124.9
Lowest share price	157.3	119.5	106.7

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Standard Life Investment Company

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American Equity Unconstrained Fund

Comparative Tables (Continued)

	2018 pence per share	2017 pence per share	2016 pence per share
Retail income			
Change in net assets per share			
Opening net asset value per share	70.50	51.05	50.00
Return before operating charges*	0.03	20.27	1.46
Operating charges**	(0.94)	(0.82)	(0.41)
Return after operating charges*	(0.91)	19.45	1.05
Closing net asset value per share	69.59	70.50	51.05
* after direct transaction costs of:***	0.05	0.03	0.00
Performance+			
Return after charges	-1.29%	38.10%	2.10%
Other information			
Closing net asset value (£'000)	1,083	1,171	1,131
Closing number of shares	1,556,474	1,661,470	2,215,965
Operating charges****	1.32%	1.33%	1.62%
Direct transaction costs***	0.07%	0.05%	0.00%
Prices			
Highest share price	73.79	70.80	53.47
Lowest share price	66.56	51.05	45.58

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American Equity Unconstrained Fund

Comparative Tables (Continued)

	2018 pence per share	2017 pence per share	2016 pence per share
Standard Life income			
Change in net assets per share			
Opening net asset value per share	147.17	106.09	104.16
Return before operating charges*	0.05	42.47	3.08
Operating charges**	(0.04)	(0.04)	(0.04)
Return after operating charges*	0.01	42.43	3.04
Distributions	(1.78)	(1.35)	(1.11)
Closing net asset value per share	145.40	147.17	106.09
* after direct transaction costs of:***	0.11	0.07	0.04
Performance+			
Return after charges	0.01%	39.99%	2.92%
Other information			
Closing net asset value (£'000)	3	3	2
Closing number of shares	2,000	2,000	2,000
Operating charges****	0.02%	0.03%	0.04%
Direct transaction costs***	0.07%	0.05%	0.04%
Prices			
Highest share price	155.8	149.1	111.8
Lowest share price	140.7	106.0	95.66

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Standard Life Investment Company

Annual Report & Financial Statements

American Equity Unconstrained Fund

Comparative Tables (Continued)

	2018 pence per share	2017 pence per share	2016 pence per share
Standard Life accumulation			
Change in net assets per share			
Opening net asset value per share	145.29	103.88	101.04
Return before operating charges*	0.01	41.55	2.96
Operating charges**	(0.15)	(0.14)	(0.12)
Return after operating charges*	(0.14)	41.41	2.84
Distributions	(1.62)	(1.21)	(0.98)
Retained distributions on accumulation share	1.62	1.21	0.98
Closing net asset value per share	145.15	145.29	103.88
* after direct transaction costs of:***	0.11	0.07	0.04
Performance+			
Return after charges	-0.10%	39.86%	2.81%
Other information			
Closing net asset value (£'000)	2,000	1,668	511
Closing number of shares	1,378,064	1,148,155	491,552
Operating charges****	0.10%	0.11%	0.12%
Direct transaction costs***	0.07%	0.06%	0.04%
Prices			
Highest share price	153.7	145.9	108.4
Lowest share price	138.8	103.9	92.7

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**** The operating charges percentage is the equivalent of the ongoing charges figure per the prior year accounts. It shows the annualised operating expenses of the share class as a percentage of the average net asset value of the class over the same period.

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American Equity Unconstrained Fund

Comparative Tables (Continued)

	2018 pence per share	2017 pence per share	2016 pence per share
Platform 1 accumulation			
Change in net assets per share			
Opening net asset value per share	122.68	88.43	86.70
Return before operating charges*	0.03	35.22	2.54
Operating charges**	(1.12)	(0.97)	(0.81)
Return after operating charges*	(1.09)	34.25	1.73
Distributions	(0.37)	(0.17)	(0.13)
Retained distributions on accumulation share	0.37	0.17	0.13
Closing net asset value per share	121.59	122.68	88.43
* after direct transaction costs of:***	0.09	0.05	0.04
Performance+			
Return after charges	-0.89%	38.73%	2.00%
Other information			
Closing net asset value (£'000)	43,610	42,714	29,617
Closing number of shares	35,865,920	34,817,781	33,492,877
Operating charges****	0.90%	0.91%	0.92%
Direct transaction costs***	0.07%	0.05%	0.05%
Prices			
Highest share price	128.87	123.20	92.43
Lowest share price	116.28	88.43	78.94

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American Equity Unconstrained Fund

Comparative Tables (Continued)

	2018 pence per share	2017 pence per share
Institutional S accumulation++		
Change in net assets per share		
Opening net asset value per share	66.29	50.00
Return before operating charges*	0.03	16.68
Operating charges**	(0.52)	(0.39)
Return after operating charges*	(0.49)	16.29
Distributions	(0.29)	(0.18)
Retained distributions on accumulation share	0.29	0.18
Closing net asset value per share	65.80	66.29
* after direct transaction costs of:***	0.05	0.03
Performance+		
Return after charges	-0.74%	32.58%
Other information		
Closing net asset value (£'000)	2	1
Closing number of shares	2,965	2,200
Operating charges****	0.78%	0.79%
Direct transaction costs***	0.07%	0.05%
Prices		
Highest share price	69.72	66.56
Lowest share price	62.91	49.60

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**** The operating charges percentage is the equivalent of the ongoing charges figure per the prior year accounts. It shows the annualised operating expenses of the share class as a percentage of the average net asset value of the class over the same period.

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++Share class launched on 26 April 2016.

Standard Life Investment Company

Annual Report & Financial Statements

American Equity Unconstrained Fund

Portfolio Statement as at 28 February 2018

Holding	Investment	Market value £'000	Percentage of total net assets
North American Equities (95.78%)		176,819	99.16
Canada (3.60%)		2,973	1.67
28,010	Alimentation Couche-Tard 'B'	990	0.56
239,544	Element Financial	656	0.37
31,181	Restaurant Brands International	1,327	0.74
United States (92.18%)		173,846	97.49
20,670	Abbvie	1,738	0.97
30,838	Activision Blizzard	1,637	0.92
30,601	Acuity Brands	3,165	1.78
32,437	Adobe	4,923	2.76
152,514	AIG	6,347	3.56
9,747	Alphabet 'C'	7,815	4.38
34,955	Altria	1,596	0.90
63,937	American Tower	6,465	3.63
8,257	Anthem	1,411	0.79
71,641	Bank of America	1,669	0.93
6,181	Boeing	1,625	0.91
286,552	Boston Scientific	5,667	3.18
28,871	Broadcom	5,164	2.90
43,593	Cavium	2,814	1.58
22,194	Celanese	1,624	0.91
22,929	Celgene	1,450	0.81
65,894	Centurylink	845	0.47
75,554	Cisco Systems	2,456	1.38
67,878	Citigroup	3,717	2.08
91,583	CMS Energy	2,822	1.58
227,852	Comcast	5,988	3.36
34,575	CSX	1,348	0.76
40,759	Delphi Technologies	1,413	0.79
107,297	Devon Energy	2,388	1.34
88,590	Dollar Tree	6,599	3.70
136,720	DowDuPont	6,972	3.91
16,261	Electronic Arts	1,460	0.82
16,778	EOG Resources	1,235	0.69
19,734	Equinix	5,614	3.15
23,555	Evercore Partners	1,590	0.89
35,237	Facebook	4,560	2.56
95,725	First Data	1,085	0.61
100,706	First Republic Bank	6,783	3.80

Standard Life Investment Company

Annual Report & Financial Statements

American Equity Unconstrained Fund

Portfolio Statement as at 28 February 2018 (Continued)

Holding	Investment	Market value £'000	Percentage of total net assets
United States (continued)			
41,585	FLIR	1,482	0.83
37,968	Fortune Brands Home & Security	1,672	0.94
13,231	General Dynamics	2,136	1.20
15,383	Goldman Sachs	2,932	1.64
56,699	Halliburton	1,909	1.07
17,997	Intercontinental Exchange	954	0.54
18,067	Johnson & Johnson	1,703	0.96
69,621	Kraft Heinz	3,387	1.90
13,634	Lear	1,846	1.04
146,835	Marvell Technology	2,504	1.40
62,771	Mastercard	8,008	4.49
57,542	McDonald's	6,587	3.69
27,837	Mohawk Industries	4,846	2.72
44,485	Mondelez	1,417	0.79
11,385	NextEra Energy	1,257	0.71
15,953	Norfolk Southern	1,610	0.90
28,865	Owens Corning	1,703	0.95
24,831	Raytheon	3,919	2.20
66,120	Schwab (Charles)	2,544	1.43
27,568	Steel Dynamics	925	0.52
31,079	SunTrust Banks	1,575	0.88
42,317	United Health	6,945	3.89
Collective Investment Schemes (2.25%)		1,419	0.80
1,419,199	Standard Life CNAV Sterling Liquidity Fund	1,419	0.80
Total Investment assets and liabilities		178,238	99.96
Net other assets		71	0.04
Total Net Assets		178,309	100.00

All investments are listed on recognised stock exchanges and are approved securities, or regulated collective investment schemes within the meaning of the FCA rules unless otherwise stated.

The percentage figures in brackets show the comparative holding as at 28 February 2017.

Standard Life Investment Company

Annual Report & Financial Statements

American Equity Unconstrained Fund

Financial Statements

Statement of Total Return

for the year ended 28 February 2018

	Notes	£'000	2018 £'000	£'000	2017 £'000
Income:					
Net capital (losses)/gains	2		(1,504)		51,934
Revenue	4	2,633		2,012	
Expenses	5	(1,844)		(1,567)	
Interest payable and similar charges		(2)		(1)	
Net revenue before taxation		787		444	
Taxation	6	(253)		(275)	
Net revenue after taxation			534		169
Total return before distributions			(970)		52,103
Distributions	7		(574)		(263)
Change in net assets attributable to shareholders from investment activities			(1,544)		51,840

Statement of Change in Net Assets Attributable to Shareholders

for the year ended 28 February 2018

	£'000	2018 £'000	£'000	2017 £'000
Opening net assets attributable to shareholders		195,467		132,071
Amounts receivable on the issue of shares	17,767		49,045	
Amounts payable on the cancellation of shares	(33,917)		(37,778)	
		(16,150)		11,267
Dilution adjustment		19		7
Change in net assets attributable to shareholders from investment activities (see above)		(1,544)		51,840
Retained distribution on accumulation shares		517		282
Closing net assets attributable to shareholders		178,309		195,467

Standard Life Investment Company

Annual Report & Financial Statements

American Equity Unconstrained Fund

Financial Statements (Continued)

Balance Sheet

as at 28 February 2018

	Notes	£'000	2018 £'000	£'000	2017 £'000
Assets:					
Fixed assets:					
Investment assets			178,238		191,616
Current assets:					
Debtors	8	190		4,472	
Cash and bank balances		93		1,911	
			283		6,383
Total assets			178,521		197,999
Liabilities:					
Creditors	9	(212)		(2,514)	
Bank overdrafts		0		(18)	
			(212)		(2,532)
Total liabilities			(212)		(2,532)
Net assets attributable to shareholders			178,309		195,467

Standard Life Investment Company

Annual Report & Financial Statements

American Equity Unconstrained Fund

Notes to the Financial Statements

1 Accounting Policies

Please refer to pages 11 to 12 for note on accounting policies.

2 Net Capital (Losses)/Gains

	2018 £'000	2017 £'000
Non-derivative securities	(1,156)	52,148
Forward currency contracts	13	63
Other losses	(349)	(266)
Handling charges taken from the capital account	(12)	(11)
Net capital (losses)/gains	(1,504)	51,934

3 Purchases, Sales and Transaction Costs

There are no transaction costs associated with the purchases or sales, collective investment schemes and derivatives during the year, or in the prior year.

Collective investments operate within the terms of the offer document or prospectus. Typically we do not invest into Funds that require an initial charge to be made. The underlying price contains an estimation of cost known as a dilution levy which is applied from time to time.

Derivatives are dealt on a spread agreed between buyer and seller with reference to the underlying investment.

During the year the total purchases and sales across different major assets classes are as per below table.

	2018 £'000	2017 £'000
Equity Purchases, Sales and Transaction Costs		
Purchases		
Purchases before transaction costs	135,886	89,860
Commissions	62	38
Total purchase transaction costs	62	38
Purchases including transaction costs	135,948	89,898
Sales		
Gross Sales before transaction costs	145,058	87,755
Commissions	(77)	(51)
Taxes & Other Fees	0	(2)
Total sale transaction costs	(77)	(53)
Total sales net of transaction costs	144,981	87,702

	2018 % Transaction	2017 % Transaction
Equity Transaction Cost as a % of total Purchases & Sales		
Purchases		
Commissions	0.05%	0.04%
Sales		
Commissions	0.05%	0.06%

Standard Life Investment Company

Annual Report & Financial Statements

American Equity Unconstrained Fund

Notes to the Financial Statements (Continued)

3 Purchases, Sales and Transaction Costs (continued)

	2018 % Average NAV	2017 % Average NAV
Equity Purchases, Sales Analysis to Average NAV		
Purchases		
Commissions	0.03%	0.02%
Sales		
Commissions	0.04%	0.03%

During the year the total purchases and sales across different major asset classes are as per below table.

	2018 £'000	2017 £'000
Purchase		
Equities	135,948	89,898
Sales		
Equities	144,981	87,702

The Fund suffers a number of explicit costs as disclosed in the notes and Fund history. The Fund also suffers implicit costs an example is market spread, the spread represents the costs of providing liquidity in a market. It therefore is subject to change based on volume, active markets have a lower spread the difference between; bid the price you receive and offer the price you pay.

At the balance sheet date the average portfolio dealing spread (i.e. the spread between bid and offer prices expressed as a percentage of the offer price) was 0.21% (2017: 0.31%), this is representative of the average spread on the assets held during the year.

4 Revenue

	2018 £'000	2017 £'000
Overseas dividends	2,611	1,992
Bank interest	22	20
Total revenue	2,633	2,012

Standard Life Investment Company

Annual Report & Financial Statements

American Equity Unconstrained Fund

Notes to the Financial Statements (Continued)

5 Expenses

	2018 £'000	2017 £'000
Payable to the Authorised Corporate Director, associates of the Authorised Corporate Director and agents of either of them:		
Authorised Corporate Director's periodic charge	1,657	1,407
Dealing charge	22	16
Registration fees	129	106
	<u>1,808</u>	<u>1,529</u>
Payable to the Depositary or associates of the Depositary, and agents of either of them:		
Depositary's fees	21	22
Safe custody fee	8	7
	<u>29</u>	<u>29</u>
Other:		
Professional fees	0	2
Audit fee	7	7
	<u>7</u>	<u>9</u>
Total expenses	<u>1,844</u>	<u>1,567</u>

6 Taxation

	2018 £'000	2017 £'000
(a) Analysis of charge in year		
Overseas taxes	253	275
Total current tax (note 6b)	<u>253</u>	<u>275</u>
(b) Factors affecting current tax charge for the year		
The tax assessed for the year is different to the standard rate of corporation tax for Open-Ended Investment Companies 'OEICs' (20%). The differences are explained below:		
Net revenue before taxation	787	444
Corporation tax at 20% (2017: 20%)	<u>157</u>	<u>89</u>
Effects of:		
Revenue not subject to taxation	(495)	(349)
Overseas taxes	253	275
Overseas tax expensed	(3)	(7)
Excess allowable expenses	346	268
Revenue taxable in other periods	(5)	(1)
Current tax charge for year (note 6a)	<u>253</u>	<u>275</u>

(c) Factors that may affect future tax charge

At the year end, after offset against revenue taxable on receipt, there is a potential deferred tax asset of £1,497,000 (2017: £1,156,000) due to surplus expenses. It is unlikely that the Fund will generate sufficient taxable profits to utilise these amounts and therefore no deferred tax asset has been recognised in the year or the prior year.

Standard Life Investment Company

Annual Report & Financial Statements

American Equity Unconstrained Fund

Notes to the Financial Statements (Continued)

7 Distributions

The distributions takes account of income received on the issue of shares and income deducted on the cancellation of shares and comprise:

	2018 £'000	2017 £'000
Distribution	517	282
Add: Income deducted on cancellation of shares	97	26
Deduct: Income received on issue of shares	(40)	(45)
Net distribution for the year	574	263

Details of the distribution per share are set out in this Fund's distribution tables.

Net revenue after taxation	534	169
Shortfall transfer from capital to revenue	40	94
Total distributions	574	263

8 Debtors

	2018 £'000	2017 £'000
Amounts receivable from the ACD for the issue of shares	23	295
Sales awaiting settlement	0	4,027
Accrued revenue	167	149
Dilution levy receivable from the ACD	0	1
Total debtors	190	4,472

9 Creditors

	2018 £'000	2017 £'000
Amounts payable to the ACD for cancellation of shares	72	12
Purchases awaiting settlement	0	2,353
Accrued expenses payable to ACD	126	136
Other accrued expenses	8	8
Accrued Expenses payable to the Depository	6	5
Total creditors	212	2,514

Standard Life Investment Company

Annual Report & Financial Statements

American Equity Unconstrained Fund

Notes to the Financial Statements (Continued)

10 Related Party Transactions

Standard Life Investments (Mutual Funds) Limited, as Authorised Corporate Director (ACD), is a related party and acts as principal in respect of all transactions of shares in the Fund.

The aggregate monies received through issue and paid on cancellation of shares are disclosed in the statement of change in net assets attributable to shareholders.

Any amounts due from or due to Standard Life Investments (Mutual Funds) Limited at the end of the accounting year are disclosed in notes 8 and 9.

Amounts payable to Standard Life Investments (Mutual Funds) Limited, in respect of periodic charge and registration services, are disclosed in note 5 and any amounts due at the year end in note 9.

The Fund holds 1,419,199 shares (2017: 4,396,799) in Standard Life CNAV Sterling Liquidity Fund as detailed in the portfolio statement, the total purchase cost of these investments during the year was £65,167,206 (2017: £59,139,000), the total sales proceeds were £68,144,806 (2017: £54,757,000).

	2018 £'000	2017 £'000
Transactions during the year with Standard Life Aberdeen group companies are as follows:		
Sale of shares by Fund	4,330	39,736
Purchase of shares by Fund	18,749	24,187
Distributions made by Fund	245	157
The percentage value of the Fund held by Standard Life Aberdeen group companies is:	53.9%	55.6%

11 Shares in Issue Reconciliation

	Opening shares 2017	Creations during the year	Cancellations during the year	Conversions during the year	Closing shares 2018
Retail accumulation	25,744,063	835,372	(4,075,716)	(587,964)	21,915,755
Institutional accumulation	68,255,146	3,329,472	(10,532,497)	218,386	61,270,507
Retail income	1,661,470	165,795	(270,791)	0	1,556,474
Standard Life income	2,000	0	0	0	2,000
Standard Life accumulation	1,148,155	513,428	(280,061)	(3,458)	1,378,064
Platform 1 accumulation	34,817,781	7,477,988	(6,819,884)	390,035	35,865,920
Institutional S accumulation	2,200	765	0	0	2,965

12 Fair Value Hierarchy

	2018 £'000	2018 £'000	2018 £'000	2017 £'000	2017 £'000	2017 £'000
Fair value of investment assets	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
Equities	176,819	0	0	187,219	0	0
Collective Investment Schemes	0	1,419	0	0	4,397	0
Total investment assets	176,819	1,419	0	187,219	4,397	0

Standard Life Investment Company

Annual Report & Financial Statements

American Equity Unconstrained Fund

Notes to the Financial Statements (Continued)

12 Fair Value Hierarchy (continued)

The three levels of the fair value hierarchy under FRS 102 are described below:

Level 1: Unadjusted quoted market prices in active markets that are accessible at the measurement date for the identical unrestricted assets or liabilities.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices).

Level 3: Inputs for asset or liability that are not based on observable market data (unobservable inputs).

13 Risk Management Policies & Numerical Disclosures

In accordance with the investment objectives, the Fund may hold certain financial instruments. These comprise:

- securities held in accordance with the investment objective and policies;
- cash and short-term debtors and creditors arising directly from operations; and
- derivatives.

The main risks arising from the Fund's financial instruments are market price, foreign currency, interest rate, credit and liquidity risk.

The policies for managing these risks are summarised below and have been applied consistently throughout the year, and prior year.

a. Market price risk

Each Fund's investment portfolio is exposed to market price fluctuation which are monitored by the Fund Manager in pursuance of the investment objectives and policies. Adherence to investment guidelines and to investment and borrowing powers mitigate the risk of excessive exposure to any particular type of security or issuer.

An increase or decrease in market values will therefore have a direct effect on the value of the investment assets in the portfolio and therefore a proportionate effect on the value of the Fund.

A five per cent increase in the value of the Fund's portfolio would have the effect of increasing the return and net assets as at 28 February by £8,911,900 (2017: £9,580,800). A five per cent decrease would have an equal and opposite effect.

b. Foreign currency risk

A proportion of the net assets of the Fund are denominated in currencies other than Sterling, therefore the balance sheet and total returns can be affected by currency movements. In certain circumstances, the Fund Manager may seek to manage exposure to currency movements by using forward currency contracts.

The Fund does not hedge or otherwise seek to avoid currency movement risk on accrued revenue.

Income received in foreign currencies is converted into Sterling at the exchange rates ruling when the income is received.

A five per cent increase in the value of the Fund's foreign currency exposure would have the effect of increasing the return and net assets as at 28 February by £8,850,350 (2017: £9,339,450). A five per cent decrease would have an equal and opposite effect.

Currency exposure

The net foreign currency monetary exposure comprises:

	Net foreign currency monetary assets	
	2018 £'000	2017 £'000
Canadian Dollar	2,973	7,045
Euro	4	4
US Dollar	174,030	179,874

Standard Life Investment Company

Annual Report & Financial Statements

American Equity Unconstrained Fund

Notes to the Financial Statements (Continued)

13 Risk Management Policies & Numerical Disclosures (continued)

c. Interest rate risk

Interest receivable on bank deposits or payable on bank overdrafts will be affected by fluctuations in interest rates. The Fund Manager continuously reviews interest rates and inflation expectations. The assessment of this may result in a change in investment strategy.

In addition, changes to prevailing rates or changes in expectations of future rates may result in an increase or decrease in the value of the securities held. In general, if interest rates rise, the income potential of the Fund also rises but the value of fixed rate securities will decline (along with certain expenses calculated by reference to the assets of the Fund). A decline in interest rates will, in general, have the opposite effect.

The interest rate risk profile of the Fund's net financial assets and liabilities is:

	Floating rate financial assets/ (liabilities) £'000	Financial assets/ (liabilities) not carrying interest £'000	Total £'000
2018			
Currency			
UK Sterling	1,491	(189)	1,302
Canadian Dollar	0	2,973	2,973
Euro	4	0	4
US Dollar	17	174,013	174,030
2017			
Currency			
UK Sterling	6,302	2,242	8,544
Canadian Dollar	0	7,045	7,045
Euro	4	0	4
US Dollar	(18)	179,892	179,874

d. Credit risk

All cash exposures are carefully managed to ensure that money is placed on deposit with counterparties that meet the minimum credit rating deemed appropriate for this Fund. In certain circumstances, the Fund Manager may deliberately invest in securities (e.g. corporate bonds) with a well defined and published credit rating. In this case the Fund would be deliberately taking credit risk in order to seek additional rewards.

e. Liquidity risk

The Fund's assets comprise mainly readily realisable securities. The main liabilities of the Fund are the redemption of any shares that investors wish to sell and the settlement of stock purchases. The Fund Manager reviews the cash and liability position continuously, and should an increase in liquidity be required, the Fund Manager will sell securities.

Standard Life Investment Company

Annual Report & Financial Statements

American Equity Unconstrained Fund

Distribution Tables

for the year ended 28 February 2018

Group 1 - shares purchased prior to 1 March 2017

Group 2 - shares purchased between 1 March 2017 and 28 February 2018

	Net Income 2018 pence per share	Equalisation 2018 pence per share	Distribution payable 2018 pence per share	Distribution paid 2017 pence per share
Retail accumulation				
Group 1	-	-	0.0000*	-
Group 2	-	-	0.0000*	-
Institutional accumulation				
Group 1	0.5883	-	0.5883*	0.3047
Group 2	0.2467	0.3416	0.5883*	0.3047
Retail income				
Group 1	-	-	0.0000**	-
Group 2	-	-	0.0000**	-
Standard Life income				
Group 1	1.7770	-	1.7770**	1.3468
Group 2	-	-	-	-
Standard Life accumulation				
Group 1	1.6240	-	1.6240*	1.2090
Group 2	1.3370	0.2870	1.6240*	1.2090
Platform 1 accumulation				
Group 1	0.3727	-	0.3727*	0.1723
Group 2	0.0566	0.3161	0.3727*	0.1723
Institutional S accumulation				
Group 1	0.2910	-	0.2910*	0.1828
Group 2	-	0.2910	0.2910*	-

* Distribution accumulated on 28 February 2018

** Distribution payable on 30 April 2018

Standard Life Investment Company

Annual Report & Financial Statements

American Equity Unconstrained Fund

Distribution Tables (Continued)

Treatment by Corporate Shareholders (Unaudited)	
Corporate shareholders should account for the current year's dividend shown in the distribution table as follows:	
	Final Dividend Distribution
Treat as a UK corporate dividend	100.00%
Treat as an annual payment net of Income tax at 20%	0.00%

Standard Life Investment Company Annual Report & Financial Statements

Asia Pacific Growth Fund

Investment Report

Fund Information	
Fund Manager	William Malcolm
Launch Date	16 November 1998
Benchmark	IA Asia Pacific excluding Japan Sector

Investment objective

The objective of the Fund is to provide capital appreciation. It is intended that income will not be a prime consideration.

Investment policy

The investment policy of the Fund is to invest mostly in equities and equity type investments of companies other than Japanese companies listed on any stock exchange in the Asia/Pacific Basin Area or which, in the opinion of the ACD, carry on a significant part of their operations in the Asia/Pacific Basin Area. "Equity type investments" will include convertible stocks, stock exchange listed warrants, Depositary Receipts and any other such investments which entitle the holder to subscribe for or convert into the equity of the company and/or where the share price performance is, in the opinion of the ACD, influenced significantly by the stock market performance of the company's ordinary shares.

The Fund may also invest in other transferable securities, money-market instruments, deposits, cash and near cash, derivatives and collective investment schemes.

Risk

The nature of the portfolio affords investors a focused investment approach, whilst affording proper diversification of mainly Asian Pacific equity exposure. The investor must be able to accept significant temporary losses due to the volatile nature of equity and currency markets, and should therefore have an investment time horizon of at least 5 years.

Performance

For the period under review, the Fund returned 16.3% (platform 1, accumulation), compared to the MSCI AC Pacific Free ex Japan return of 15.2% (source: Morningstar, basic-rate taxpayer, bid-to-bid basis).

A position in China's Ping An Insurance performed well, thanks to a combination of rising stock markets and an improving investor view of new business opportunities that raised expectations for the company's future profitability. Holding China Lodging boosted the Fund performance. The company continued to benefit from an improving business environment, with rising occupancy and room rates. Elsewhere, Indian air-conditioning manufacturer Voltas announced upbeat revenue numbers and surprisingly strong profits. Additional highlights included Minth, Samsung Electronics and SK Hynix.

On the downside, Indonesian fuel distributor and port operator AKR Corporindo proved disappointing on softer volumes. Also, the rising oil price has placed short-term pressure on margin expectations. Chinese pharmaceuticals business Dawnrays declined on a lack of newsflow, its small-cap nature and an underwhelming drug pipeline versus its larger peers. National Australia Bank fell on concerns that macro prudential measures to slow the property market will hit revenue growth. We have sold the holding. Positions in Karoon Gas, Texhong Textile Group, Vipshop and Nexen Tire also disappointed.

Activity

We bought shares in KB Financial, a Korean bank that is enjoying an improvement in margins and a more positive credit outlook. Furthermore, cost-cutting and one of the highest capital levels among the Korean banks place it in a favourable position. In China, we purchased Angel Yeast, as we think it has the ability to continue expanding market share (domestically and overseas) and margins via its superior scale, technology, distribution and sourcing. Australian auto parts distributor Bapcor was also added to the portfolio. Growth is being driven by its ongoing trade and store rollout, while it is enjoying synergy benefits from recent acquisitions. These should, in our view, lead to circa 20% earnings growth per annum over the next three years, while the stock is trading at an attractive price.

Turning to sales, we removed Woori Bank in favour of KB Financial. In particular, we had concerns about Woori's relatively low capital position and the risks posed by acquisition. Also in Korea, we exited Nexen Tire given its inability to fully pass on rising input costs due to stronger competition and disappointing demand. Lastly, Vipshop, the internet flash-sale retailer, was sold as an increase in both competition and expenses have been problematic for profitability.

Standard Life Investment Company

Annual Report & Financial Statements

Asia Pacific Growth Fund

Investment Report (Continued)

Synthetic Risk & Reward Indicator



This indicator reflects the volatility of the Fund’s share price over the last five years which in turn reflects the volatility of the underlying assets in which the Fund invests. Historical data may not be a reliable indication of the future.

The current rating, which is the same for all share classes, is not guaranteed and may change if the volatility of the assets in which the Fund invests changes. The lowest rating does not mean risk free.

All investment involves risk. This Fund offers no guarantee against loss or that the Fund’s objective will be attained. For further information on the risks that may not be fully captured by the risk and reward indicator, please refer to the current Key Investor Information Document (KIID).

Cautionary note

It should be remembered that past performance is not a guide to future performance. The value of investments may go down as well as up and, therefore, investors may not get back the amount originally invested.

Standard Life Investment Company

Annual Report & Financial Statements

Asia Pacific Growth Fund

Comparative Tables

	2018 pence per share	2017 pence per share	2016 pence per share
Retail accumulation			
Change in net assets per share			
Opening net asset value per share	308.79	215.70	245.99
Return before operating charges*	53.53	96.86	(26.03)
Operating charges**	(5.08)	(3.77)	(4.26)
Return after operating charges*	48.45	93.09	(30.29)
Distributions	(2.55)	(3.17)	(2.62)
Retained distributions on accumulation share	2.55	3.17	2.62
Closing net asset value per share	357.24	308.79	215.70
* after direct transaction costs of:***	0.63	0.93	0.93
Performance+			
Return after charges	15.69%	43.16%	-12.31%
Other information			
Closing net asset value (£'000)	14,990	13,919	11,456
Closing number of shares	4,195,975	4,507,554	5,310,930
Operating charges****	1.49%	1.50%	1.82%
Direct transaction costs***	0.19%	0.35%	0.40%
Prices			
Highest share price	373.1	311.4	278.1
Lowest share price	304.6	215.7	198.7

** The operating charges include all costs borne by the Fund, except for direct transaction costs.

*** The direct transaction costs are made up of: fees and commissions paid to agents, advisers, brokers and dealers, levies by regulatory agencies and securities exchanges as well as transfer taxes and duties.

**** The operating charges percentage is the equivalent of the ongoing charges figure per the prior year accounts. It shows the annualised operating expenses of the share class as a percentage of the average net asset value of the class over the same period. The ACD periodic charge was reduced from 1.50% to 1.30% which became effective on 1 April 2016. The Registrar fees of 0.08% also ceased to be charged effective 1 April 2016.

+ The performance figures are calculated by taking the value of the shareclass per the financial statements compared to the value per the financial statements in the prior year. This figure may differ from the performance figure quoted in the Investment Report. The Investment Report performance figure is calculated using the last available published price for a given shareclass in the period compared to the equivalent for the prior period. The published price may contain an adjustment for dilution in accordance with the Fund pricing policy, while the price per the financial statements values the Fund on a bid-price basis. The financial statements shareclass valuation is based on close of business market prices on the last day of the period, again this may differ from the intra-day pricing point of the Fund which is used in the published shareclass price.

Standard Life Investment Company

Annual Report & Financial Statements

Asia Pacific Growth Fund

Comparative Tables (Continued)

	2018 pence per share	2017 pence per share	2016 pence per share
Institutional accumulation			
Change in net assets per share			
Opening net asset value per share	351.75	244.50	276.78
Return before operating charges*	61.09	110.40	(29.45)
Operating charges**	(3.98)	(3.15)	(2.83)
Return after operating charges*	57.11	107.25	(32.28)
Distributions	(4.74)	(5.10)	(4.93)
Retained distributions on accumulation share	4.74	5.10	4.93
Closing net asset value per share	408.86	351.75	244.50
* after direct transaction costs of:***	0.72	1.07	1.05
Performance+			
Return after charges	16.24%	43.87%	-11.66%
Other information			
Closing net asset value (£'000)	31,394	27,062	14,449
Closing number of shares	7,678,325	7,693,532	5,909,351
Operating charges****	1.02%	1.03%	1.07%
Direct transaction costs***	0.19%	0.35%	0.40%
Prices			
Highest share price	426.7	354.7	313.2
Lowest share price	347.2	244.5	224.4

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Standard Life Investment Company

Annual Report & Financial Statements

Asia Pacific Growth Fund

Comparative Tables (Continued)

	2018 pence per share	2017 pence per share	2016 pence per share
Retail income++			
Change in net assets per share			
Opening net asset value per share	73.23	51.69	50.00
Return before operating charges*	12.69	23.19	2.26
Operating charges**	(1.21)	(0.90)	(0.46)
Return after operating charges*	11.48	22.29	1.80
Distributions	(0.60)	(0.75)	(0.11)
Closing net asset value per share	84.11	73.23	51.69
* after direct transaction costs of:***	0.15	0.22	0.10
Performance+			
Return after charges	15.68%	43.12%	3.60%
Other information			
Closing net asset value (£'000)	1,437	1,345	1,799
Closing number of shares	1,708,776	1,837,054	3,481,442
Operating charges****	1.49%	1.50%	1.82%
Direct transaction costs***	0.19%	0.34%	0.19%
Prices			
Highest share price	88.47	74.60	55.28
Lowest share price	72.28	51.69	48.22

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++ Share class launched 7 September 2015.

Standard Life Investment Company

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Asia Pacific Growth Fund

Comparative Tables (Continued)

	2018 pence per share	2017 pence per share	2016 pence per share
Standard Life income			
Change in net assets per share			
Opening net asset value per share	129.12	90.98	105.16
Return before operating charges*	22.61	41.29	(11.20)
Operating charges**	(0.28)	(0.23)	(0.24)
Return after operating charges*	22.33	41.06	(11.44)
Distributions	(3.00)	(2.92)	(2.75)
Closing net asset value per share	148.45	129.12	90.97
* after direct transaction costs of:***	0.27	0.40	0.40
Performance+			
Return after charges	17.29%	45.13%	-10.88%
Other information			
Closing net asset value (£'000)	3	3	2
Closing number of shares	2,115	2,115	2,115
Operating charges****	0.19%	0.20%	0.24%
Direct transaction costs***	0.19%	0.35%	0.40%
Prices			
Highest share price	157.9	133.1	119.1
Lowest share price	127.7	90.98	85.64

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Standard Life Investment Company

Annual Report & Financial Statements

Asia Pacific Growth Fund

Comparative Tables (Continued)

	2018 pence per share	2017 pence per share	2016 pence per share
Standard Life accumulation			
Change in net assets per share			
Opening net asset value per share	127.39	87.89	98.74
Return before operating charges*	22.20	39.81	(10.55)
Operating charges**	(0.39)	(0.31)	(0.30)
Return after operating charges*	21.81	39.50	(10.85)
Distributions	(2.78)	(2.67)	(2.47)
Retained distributions on accumulation share	2.78	2.67	2.47
Closing net asset value per share	149.20	127.39	87.89
* after direct transaction costs of:***	0.26	0.39	0.38
Performance+			
Return after charges	17.12%	44.94%	-10.99%
Other information			
Closing net asset value (£'000)	774	528	312
Closing number of shares	518,800	414,670	354,986
Operating charges****	0.27%	0.28%	0.32%
Direct transaction costs***	0.19%	0.35%	0.40%
Prices			
Highest share price	155.6	128.4	111.8
Lowest share price	125.9	87.89	80.35

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Standard Life Investment Company

Annual Report & Financial Statements

Asia Pacific Growth Fund

Comparative Tables (Continued)

	2018 pence per share	2017 pence per share	2016 pence per share
Platform 1 accumulation			
Change in net assets per share			
Opening net asset value per share	92.46	64.30	72.83
Return before operating charges*	16.05	29.03	(7.75)
Operating charges**	(1.10)	(0.87)	(0.78)
Return after operating charges*	14.95	28.16	(8.53)
Distributions	(1.19)	(1.30)	(1.26)
Retained distributions on accumulation share	1.19	1.30	1.26
Closing net asset value per share	107.41	92.46	64.30
* after direct transaction costs of:***	0.19	0.28	0.28
Performance+			
Return after charges	16.17%	43.79%	-11.71%
Other information			
Closing net asset value (£'000)	10,630	10,325	8,546
Closing number of shares	9,896,216	11,166,191	13,289,835
Operating charges****	1.07%	1.08%	1.12%
Direct transaction costs***	0.19%	0.35%	0.40%
Prices			
Highest share price	112.1	93.23	82.41
Lowest share price	91.26	64.30	59.03

** The operating charges include all costs borne by the Fund, except for direct transaction costs.

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Standard Life Investment Company

Annual Report & Financial Statements

Asia Pacific Growth Fund

Portfolio Statement as at 28 February 2018

Holding	Investment	Market value £'000	Percentage of total net assets
Pacific Basin Equities (95.85%)		57,111	96.43
Australia (21.50%)		10,477	17.69
61,306	Aristoccat	853	1.44
118,120	Australia & New Zealand Bank	1,939	3.27
93,039	Bapcor	302	0.51
66,263	BHP Billiton	983	1.66
77,654	Challenger	549	0.93
4,362	CSL	402	0.68
6,423,912	FAR	272	0.46
111,277	Goodman	513	0.87
663,064	Karoon Gas Australia	429	0.73
1,195,662	Metals X	592	1.00
99,972	QBE Insurance	576	0.97
244,366	Syrah Resources	470	0.79
77,599	Treasury Wine Estates	759	1.28
205,903	Westgold Resources	185	0.31
94,973	Westpac Banking	1,653	2.79
China (22.98%)		16,349	27.60
18,512	Alibaba	2,495	4.21
120,436	Angel Yeast	428	0.72
154,924	Anta Sports Products	558	0.94
3,820	Baidu	699	1.18
1,982,552	China Construction Bank	1,497	2.53
4,641	China Lodging	511	0.86
266,738	China Merchants Bank	816	1.38
801,155	China Petroleum	468	0.79
14,256	Ctrip.com ADR	476	0.80
624,698	Dali Foods	432	0.73
369,095	Haitian International	816	1.38
669,523	Huaneng Power	302	0.51
25,901	JD.com ADR	887	1.50
149,480	Mint	641	1.08
1,169	NetEase	249	0.42
164,758	Ping An Insurance	1,275	2.15
85,253	Tencent	3,417	5.77
4,752,000	Tianhe Chemicals*	-	0.00
467,439	Weichai Power	382	0.65

Standard Life Investment Company

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Asia Pacific Growth Fund

Portfolio Statement as at 28 February 2018 (Continued)

		Market value £'000	Percentage of total net assets
Holding	Investment		
Hong Kong (15.70%)		7,934	13.40
157,910	AIA	960	1.62
194,123	Bank of China (Hong Kong)	711	1.20
424,000	China High Precision Automation*	-	0.00
147,000	China Metal Recycling*	-	0.00
86,273	China Mobile	587	0.98
241,093	China Resources Land	625	1.06
161,326	CK Asset Holdings	1,012	1.71
27,830	CK Hutchison	253	0.43
2,102,303	Dawnrays Pharmaceutical	829	1.40
184,307	Hang Lung Properties	320	0.54
49,043	Orient Overseas	333	0.56
144,501	Sands China	590	1.00
2,570,134	Shun Tak	770	1.30
470,598	SITC	371	0.63
603,694	Texhong Textile	573	0.97
India (8.03%)		3,904	6.59
53,796	Axis Bank	315	0.52
8,679	Bajaj	263	0.44
103,381	Coal India	359	0.61
63,402	Cyient	449	0.76
198,800	ITC	587	0.99
49,036	Larsen & Toubro	720	1.22
101,544	Tejas Networks	394	0.67
120,526	Voltas	817	1.38
Indonesia (1.53%)		687	1.16
1,554,109	AKR Corporindo	499	0.84
100,198	United Tractors	188	0.32
New Zealand (0.64%)		-	-

Standard Life Investment Company

Annual Report & Financial Statements

Asia Pacific Growth Fund

Portfolio Statement as at 28 February 2018 (Continued)

		Market value £'000	Percentage of total net assets
Holding	Investment		
Singapore (2.81%)		2,413	4.08
352,136	Capitaland	699	1.18
49,275	DBS	774	1.31
61,422	United Overseas Bank	940	1.59
South Korea (13.40%)		7,696	12.99
4,531	Hyundai Motor (Preference)	296	0.50
15,136	ING Life Insurance Korea	531	0.90
17,975	KB Financial	770	1.30
22,427	KT	419	0.71
39,888	Nexen Tire	318	0.54
1,194	Samsung Electronics	1,883	3.18
750	Samsung Electronics (Preference)	1,003	1.69
3,021	Samsung SDI	346	0.58
15,790	Shinhan Finance	501	0.84
18,946	SK Hynix	975	1.65
26,952	Woory Industrial	654	1.10
Taiwan (8.26%)		5,241	8.85
329,935	Cathay Financial	447	0.75
146,000	Formosa Plastic	374	0.63
358,511	Hon Hai Precision	785	1.33
226,136	Macronix	244	0.41
71,952	President Chain Store	527	0.89
468,405	Taiwan Semiconductors Manufacturing	2,864	4.84
Thailand (1.00%)		2,410	4.07
180,070	Advanced Info Service	825	1.39
121,515	Kasikornbank	652	1.10
48,915	PTT	642	1.09
715,366	Star Petroleum Refining	291	0.49

Standard Life Investment Company

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Asia Pacific Growth Fund

Portfolio Statement as at 28 February 2018 (Continued)

Holding	Investment	Market value £'000	Percentage of total net assets
Collective Investment Scheme (2.44%)		1,363	2.30
1,363,009	Standard Life CNAV Sterling Liquidity Fund	1,363	2.30
Total Investment assets and liabilities		58,474	98.73
Net other assets		754	1.27
Total Net Assets		59,228	100.00

All investments are listed on recognised stock exchanges and are approved securities or regulated collective investment schemes within the meaning of the FCA rules unless otherwise stated.

The percentage figures in brackets show the comparative holding as at 28 February 2017.

* Delisted.

Standard Life Investment Company

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Asia Pacific Growth Fund

Financial Statements

Statement of Total Return

for the year ended 28 February 2018

	Notes	£'000	2018 £'000	£'000	2017 £'000
Income:					
Net capital gains	2		7,715		13,933
Revenue	4	1,342		1,170	
Expenses	5	(634)		(463)	
Interest payable and similar charges	6	(2)		(2)	
Net revenue before taxation		706		705	
Taxation	7	(83)		(64)	
Net revenue after taxation			623		641
Total return before distributions			8,338		14,574
Distributions	8		(623)		(641)
Change in net assets attributable to shareholders from investment activities			7,715		13,933

Statement of Change in Net Assets Attributable to Shareholders

for the year ended 28 February 2018

	£'000	2018 £'000	£'000	2017 £'000
Opening net assets attributable to shareholders		53,182		36,564
Amounts receivable on the issue of shares	2,760		12,494	
Amounts payable on the cancellation of shares	(5,043)		(10,569)	
		(2,283)		1,925
Dilution adjustment		11		68
Change in net assets attributable to shareholders from investment activities (see above)		7,715		13,933
Retained distribution on accumulation shares		603		692
Closing net assets attributable to shareholders		59,228		53,182

Standard Life Investment Company

Annual Report & Financial Statements

Asia Pacific Growth Fund

Financial Statements (Continued)

Balance Sheet

as at 28 February 2018

	Notes	£'000	2018 £'000	£'000	2017 £'000
Assets:					
Fixed assets:					
Investment assets			58,474		52,275
Current assets:					
Debtors	9	124		673	
Cash and bank balances	10	812		497	
			936		1,170
Total assets			59,410		53,445
Liabilities:					
Creditors	11	(171)		(249)	
Bank overdrafts		(1)		(14)	
Distribution payable		(10)		0	
			(182)		(263)
Total liabilities			(182)		(263)
Net assets attributable to shareholders			59,228		53,182

Standard Life Investment Company

Annual Report & Financial Statements

Asia Pacific Growth Fund

Notes to the Financial Statements

1 Accounting Policies

Please refer to pages 11 to 12 for note on accounting policies.

2 Net Capital Gains

	2018 £'000	2017 £'000
Non-derivative securities	7,848	13,899
Forward currency contracts	(2)	(4)
Other (losses)/gains	(106)	74
Handling charges taken from the capital account	(25)	(36)
Net capital gains	7,715	13,933

3 Purchases, Sales and Transaction Costs

There are no transaction costs associated with the purchases or sales of collective investment schemes and derivatives during the year, or in the prior year.

Collective investments operate within the terms of the offer document or prospectus. Typically we do not invest into Funds that require an initial charge to be made. The underlying price contains an estimation of cost known as a dilution levy which is applied from time to time.

Derivatives are dealt on a spread agreed between buyer and seller with reference to the underlying investment.

During the year the total purchases and sales across different major assets classes are as per below table.

	2018 £'000	2017 £'000
Equity Purchases, Sales and Transaction Costs		
Purchases		
Purchases before transaction costs	21,684	33,830
Commissions	34	48
Taxes & Other Fees	6	19
Total purchase transaction costs	40	67
Purchases including transaction costs	21,724	33,897
Sales		
Gross sales before transaction costs	23,479	32,342
Commissions	(39)	(56)
Taxes & Other Fees	(26)	(40)
Total sale transaction costs	(65)	(96)
Total sales net of transaction costs	23,414	32,246

Standard Life Investment Company

Annual Report & Financial Statements

Asia Pacific Growth Fund

Notes to the Financial Statements (Continued)

3 Purchases, Sales and Transaction Costs (continued)

	2018 % Transaction	2017 % Transaction
Equity Transaction Cost as a % of total Purchases & Sales		
Purchases		
Commissions	0.16%	0.14%
Taxes & Other Fees	0.03%	0.06%
Sales		
Commissions	0.17%	0.17%
Taxes & Other Fees	0.11%	0.12%
	2018 % Average NAV	2017 % Average NAV
Equity Purchases, Sales Analysis to Average NAV		
Purchases		
Commissions	0.06%	0.11%
Taxes & Other Fees	0.01%	0.04%
Sales		
Commissions	0.07%	0.13%
Taxes & Other Fees	0.05%	0.09%

During the year the total purchases and sales across different major asset classes are as per below table.

	2018 £'000	2017 £'000
Purchase		
Equities	21,724	33,897
Sales		
Equities	23,414	32,246

The Fund suffers a number of explicit costs as disclosed in the notes and Fund history. The Fund also suffers implicit costs an example is market spread, the spread represents the costs of providing liquidity in a market. It therefore is subject to change based on volume, active markets have a lower spread the difference between; bid the price you receive and offer the price you pay.

At the balance sheet date the average portfolio dealing spread (i.e. the spread between bid and offer prices expressed as a percentage of the offer price) was 0.82% (2017: 0.84%), this is representative of the average spread on the assets held during the year.

Standard Life Investment Company

Annual Report & Financial Statements

Asia Pacific Growth Fund

Notes to the Financial Statements (Continued)

4 Revenue

	2018 £'000	2017 £'000
UK dividends	48	25
Overseas dividends	1,292	1,143
Bank interest	2	1
Dividend reinvestments	0	1
Total revenue	1,342	1,170

5 Expenses

	2018 £'000	2017 £'000
Payable to the Authorised Corporate Director, associates of the Authorised Corporate Director and agents of either of them:		
Authorised Corporate Director's periodic charge	512	396
Dealing charge	5	5
Registration fees	33	23
	550	424
Payable to the Depositary or associates of the Depositary, and agents of either of them:		
Depositary's fees	12	7
Safe custody fee	27	17
	39	24
Other:		
Professional fees	29	17
Audit fee	16	7
Expenses reimbursed from Ignis fund merger	0	(9)
	45	15
Total expenses	634	463

6 Interest Payable and Similar Charges

	2018 £'000	2017 £'000
Interest payable	2	2
Total interest payable & similar charges	2	2

Standard Life Investment Company

Annual Report & Financial Statements

Asia Pacific Growth Fund

Notes to the Financial Statements (Continued)

7 Taxation

	2018 £'000	2017 £'000
(a) Analysis of charge in year		
Overseas taxes	83	64
Total current tax (note 7b)	83	64
(b) Factors affecting current tax charge for the year		
The tax assessed for the year is lower than the standard rate of corporation tax for Open-Ended Investment Companies 'OEICs' (20%). The differences are explained below:		
Net revenue before taxation	706	705
Corporation tax at 20% (2017: 20%)	141	141
Effects of:		
Revenue not subject to taxation	(260)	(228)
Overseas taxes	83	64
Excess allowable expenses	119	88
Overseas tax expense relief	0	(1)
Current tax charge for year (note 7a)	83	64

Authorised Open-Ended Investment Companies are exempt from tax on capital gains in the UK. Therefore, any capital gain is not included in the above reconciliation.

(c) Factors that may affect future tax charge

At the year end, after offset against revenue taxable on receipt, there is a potential deferred tax liability of £526,000 (2017: £407,000) due to surplus expenses. It is unlikely that the Fund will generate sufficient taxable profits to utilise these amounts and therefore no deferred tax liability has been recognised in the year or the prior year.

8 Distributions

The distributions takes account of income received on the issue of shares and income deducted on the cancellation of shares and comprise:

	2018 £'000	2017 £'000
Distribution	614	706
Add: Income deducted on cancellation of shares	30	86
Deduct: Income received on issue of shares	(21)	(151)
Net distribution for the year	623	641

Details of the distribution per share are set out in this Fund's distribution tables.

Standard Life Investment Company

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Asia Pacific Growth Fund

Notes to the Financial Statements (Continued)

9 Debtors

	2018 £'000	2017 £'000
Amounts receivable from the ACD for the issue of shares	7	24
Sales awaiting settlement	0	515
Accrued revenue	117	134
Total debtors	124	673

10 Cash and Bank Balances

	2018 £'000	2017 £'000
Cash and bank balances	812	497
Total cash and bank balances	812	497

11 Creditors

	2018 £'000	2017 £'000
Amounts payable to the ACD for cancellation of shares	117	19
Purchases awaiting settlement	0	175
Accrued expenses payable to ACD	43	38
Accrued expenses payable to the Depositary or associates of the Depositary	8	9
Other accrued expenses	3	8
Total creditors	171	249

12 Related Party Transactions

Standard Life Investments (Mutual Funds) Limited, as Authorised Corporate Director (ACD), is a related party and acts as principal in respect of all transactions of shares in the Fund.

The aggregate monies received through issue and paid on cancellation of shares are disclosed in the statement of change in net assets attributable to shareholders.

Any amounts due from or due to Standard Life Investments (Mutual Funds) Limited at the end of the accounting year are disclosed in notes 9 and 11.

Amounts payable to Standard Life Investments (Mutual Funds) Limited, in respect of periodic charge and registration services, are disclosed in note 5 and any amounts due at the year end in note 11.

The Fund holds 1,363,009 shares (2017: 1,299,768) in Standard Life CNAV Sterling Liquidity Fund as detailed in the portfolio statement, the total purchase cost of these investments during the year was £11,625,000 (2017: £12,984,000), the total sales proceeds were £11,562,000 (2017: £11,684,000).

	2018 £'000	2017 £'000
Transactions during the year with Standard Life Aberdeen group companies are as follows:		
Sale of shares by Fund	118	10,156
Purchase of shares by Fund	53	2,545
Distributions made by Fund	169	304
The percentage value of the Fund held by Standard Life Aberdeen group companies is:	45.5%	43.1%

Standard Life Investment Company

Annual Report & Financial Statements

Asia Pacific Growth Fund

Notes to the Financial Statements (Continued)

13 Shares in Issue Reconciliation

	Opening shares 2017	Creations during the year	Cancellations during the year	Conversions during the year	Closing shares 2018
Retail accumulation	4,507,554	181,792	(315,222)	(178,149)	4,195,975
Institutional accumulation	7,693,532	98,790	(157,023)	43,026	7,678,325
Retail income	1,837,054	229,896	(356,178)	(1,996)	1,708,776
Standard Life income	2,115	0	0	0	2,115
Standard Life accumulation	414,670	143,708	(39,578)	0	518,800
Platform 1 accumulation	11,166,191	684,845	(2,386,508)	431,688	9,896,216

14 Fair Value Hierarchy

	2018 £'000 Level 1	2018 £'000 Level 2	2018 £'000 Level 3	2017 £'000 Level 1	2017 £'000 Level 2	2017 £'000 Level 3
Fair value of investment assets						
Equities	57,111	0	0	50,975	0	0
Collective Investment Schemes	0	1,363	0	0	1,300	0
Total investment assets	57,111	1,363	0	50,975	1,300	0

The three levels of the fair value hierarchy under FRS 102 are described below:

Level 1: Unadjusted quoted market prices in active markets that are accessible at the measurement date for the identical unrestricted assets or liabilities.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices).

Level 3: Inputs for asset or liability that are not based on observable market data (unobservable inputs).

* Investment in Standard Life CNAV Sterling Liquidity Fund is included in the above table within 'Collective Investment Scheme' in line with disclosure within the portfolio statement. In accordance with the AIFMD requirements, the Fund has treated the investment in the Standard Life CNAV Sterling Liquidity Fund disclosed within the Portfolio Statement as cash equivalents for the purposes of the Balance Sheet disclosure.

15 Risk Management Policies & Numerical Disclosures

In accordance with the investment objectives, the Fund may hold certain financial instruments. These comprise:

- securities held in accordance with the investment objective and policies;
- cash and short-term debtors and creditors arising directly from operations; and
- derivatives.

The main risks arising from the Fund's financial instruments are market price, foreign currency, interest rate, credit and liquidity risk.

The policies for managing these risks are summarised below and have been applied consistently throughout the year, and prior year.

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Asia Pacific Growth Fund

Notes to the Financial Statements (Continued)

15 Risk Management Policies & Numerical Disclosures (continued)

a. Market price risk

Each Fund's investment portfolio is exposed to market price fluctuation which are monitored by the Fund Manager in pursuance of the investment objectives and policies. Adherence to investment guidelines and to investment and borrowing powers mitigate the risk of excessive exposure to any particular type of security or issuer.

An increase or decrease in market values will therefore have a direct effect on the value of the investment assets in the portfolio and therefore a proportionate effect on the value of the Fund.

A five per cent increase in the value of the Fund's portfolio would have the effect of increasing the return and net assets as at 28 February by £2,923,700 (2017: £2,613,750). A five per cent decrease would have an equal and opposite effect.

b. Foreign currency risk

A proportion of the net assets of the Fund are denominated in currencies other than Sterling, therefore the balance sheet and total returns can be affected by currency movements. In certain circumstances, the Fund Manager may seek to manage exposure to currency movements by using forward currency contracts.

The Fund does not hedge or otherwise seek to avoid currency movement risk on accrued revenue.

Income received in foreign currencies is converted into Sterling at the exchange rates ruling when the income is received.

A five per cent increase in the value of the Fund's foreign currency exposure would have the effect of increasing the return and net assets as at 28 February by £2,852,950 (2017: £2,517,350). A five per cent decrease would have an equal and opposite effect.

Currency exposure

The net foreign currency monetary exposure comprises:

	Net foreign currency monetary assets	
	2018	2017
	£'000	£'000
Australian Dollar	9,501	10,365
China Renminbi	428	0
Hong Kong Dollar	18,538	16,052
Indian Rupee	3,904	4,310
Indonesian Rupiah	687	812
New Zealand Dollar	0	343
Singapore Dollar	2,413	1,493
South Korean Won	7,805	6,800
Taiwan Dollar	5,799	4,696
Thai Baht	2,410	530
US Dollar	5,574	4,618

c. Interest rate risk

Interest receivable on bank deposits or payable on bank overdrafts will be affected by fluctuations in interest rates. The Fund Manager continuously reviews interest rates and inflation expectations. The assessment of this may result in a change in investment strategy.

In addition, changes to prevailing rates or changes in expectations of future rates may result in an increase or decrease in the value of the securities held. In general, if interest rates rise, the income potential of the Fund also rises but the value of fixed rate securities will decline (along with certain expenses calculated by reference to the assets of the Fund). A decline in interest rates will, in general, have the opposite effect.

Standard Life Investment Company

Annual Report & Financial Statements

Asia Pacific Growth Fund

Notes to the Financial Statements (Continued)

15 Risk Management Policies & Numerical Disclosures (continued)

The interest rate risk profile of the Fund's net financial assets and liabilities is:

	Floating rate financial assets/(liabilities) £'000	Financial assets/(liabilities) not carrying interest £'000	Total £'000
2018			
Currency			
Australian Dollar	(1)	9,502	9,501
China Renminbi	0	428	428
Hong Kong Dollar	0	18,538	18,538
Indian Rupee	0	3,904	3,904
Indonesian Rupiah	0	687	687
Singapore Dollar	0	2,413	2,413
South Korean Won	0	7,805	7,805
Taiwan Dollar	558	5,241	5,799
Thai Baht	0	2,410	2,410
UK Sterling	1,365	804	2,169
US Dollar	252	5,322	5,574
2017			
Currency			
Australian Dollar	24	10,341	10,365
Hong Kong Dollar	0	16,052	16,052
Indian Rupee	35	4,275	4,310
Indonesian Rupiah	0	812	812
New Zealand Dollar	0	343	343
Singapore Dollar	0	1,493	1,493
South Korean Won	0	6,800	6,800
Taiwan Dollar	303	4,393	4,696
Thai Baht	0	530	530
UK Sterling	1,300	1,863	3,163
US Dollar	135	4,483	4,618

Standard Life Investment Company

Annual Report & Financial Statements

Asia Pacific Growth Fund

Notes to the Financial Statements (Continued)

15 Risk Management Policies & Numerical Disclosures (continued)

d. Credit risk

All cash exposures are carefully managed to ensure that money is placed on deposit with counterparties that meet the minimum credit rating deemed appropriate for this Fund. In certain circumstances, the Fund Manager may deliberately invest in securities (e.g. corporate bonds) with a well defined and published credit rating. In this case the Fund would be deliberately taking credit risk in order to seek additional rewards.

e. Liquidity risk

The Fund's assets comprise mainly readily realisable securities. The main liabilities of the Fund are the redemption of any shares that investors wish to sell and the settlement of stock purchases. The Fund Manager reviews the cash and liability position continuously, and should an increase in liquidity be required, the Fund Manager will sell securities.

Standard Life Investment Company

Annual Report & Financial Statements

Asia Pacific Growth Fund

Distribution Tables

for the year ended 28 February 2018

Group 1 - shares purchased prior to 1 March 2017

Group 2 - shares purchased between 1 March 2017 and 28 February 2018

	Net Income 2018 pence per share	Equalisation 2018 pence per share	Distribution payable 2018 pence per share	Distribution paid 2017 pence per share
Retail accumulation				
Group 1	2.5495	-	2.5495*	3.1669
Group 2	1.1321	1.4174	2.5495*	3.1669
Institutional accumulation				
Group 1	4.7384	-	4.7384*	5.1038
Group 2	0.8418	3.8966	4.7384*	5.1038
Retail income				
Group 1	0.6043	-	0.6043**	0.7525
Group 2	-	0.6043	0.6043**	0.7525
Standard Life income				
Group 1	2.9997	-	2.9997**	2.9151
Group 2	-	-	-	-
Standard Life accumulation				
Group 1	2.7826	-	2.7826*	2.6724
Group 2	1.5096	1.2730	2.7826*	2.6724
Platform 1 accumulation				
Group 1	1.1926	-	1.1926*	1.3016
Group 2	0.4275	0.7651	1.1926*	1.3016

* Distribution accumulated on 28 February 2018

** Distribution payable on 30 April 2018

Standard Life Investment Company

Annual Report & Financial Statements

Asia Pacific Growth Fund

Distribution Tables (Continued)

Treatment by Corporate Shareholders (Unaudited)	
Corporate shareholders should account for the current year's dividend shown in the distribution table as follows:	
	Final Dividend Distribution
Treat as a UK corporate dividend	100.00%
Treat as an annual payment net of Income tax at 20%	0.00%

Standard Life Investment Company

Annual Report & Financial Statements

Corporate Bond Fund

Investment Report

Fund Information	
Fund Manager	Adam Walker
Launch Date	31 October 2015
Benchmark	IA £ Corporate Bond Sector

Objective

The objective of the Fund is to provide a return from income and capital appreciation.

Policy

The investment policy of the Fund is to invest mostly in sterling fixed interest securities issued by corporations. The Fund may also invest in other transferable securities, money-market instruments, deposits, cash and near cash, derivatives (for the purpose of efficient portfolio management (including hedging)) and collective investment schemes.

Risk Profile

The diversified nature of the portfolio makes it suitable for investors wishing to achieve a broad spread of mainly corporate bond exposure, which provides a degree of protection from default risk, and who do not desire a high degree of stock specific risk. Whilst the income generated should remain relatively stable, the investor must be able to accept some fluctuations in the income due to the higher risk nature of some of the securities held in the Fund. The investor must also be able to accept temporary capital losses due to the volatile nature of the markets in which the Fund invests, and should therefore have an investment time horizon of at least 5 years.

Performance

The Corporate Bond Fund returned 1.6% during the period, in comparison with the IA Corporate Bond Sector return of 1.8% (source: Morningstar, basic rate taxpayer, bid to bid basis. Please note the Fund return is net of fees, whereas the benchmark return is gross).

The high yield-rated supermarket chain Tesco made a positive contribution to relative performance as better-than-expected results provided further evidence that its turnaround strategy was taking hold. Furthermore, the company announced a tender to buy back existing debt, which allowed our holdings to rally. Our exposure to subordinated financial bonds was strong, most notably HSBC. Favoured names in the insurance sector, Prudential and Direct Line, also performed well.

A significant underperformer over the period was Provident Financial following a profit warning. Its admission that the Financial Conduct Authority was investigating a product sold by its Vanquis Banks business also dented sentiment. In the generally risk-on environment, our off-benchmark to the AAA rated European Investment Bank proved a drag on returns.

Investment activity

In the first half of the period, we participated in a sterling deal from Anheusers-Busch InBev and a secured deal from the operators of the Channel Tunnel, Channel Link. We also used the long-anticipated new issue from British American Tobacco to move overweight in an issuer that had underperformed year-to-date. Meanwhile, in the secondary market, we continued to add to our exposure to AT&T as we believed valuations were still attractive. One other purchase of note was a senior bond of Barclays. We funded this with proceeds from the sale of one of the bank's subordinated bonds, a switch that allowed us to move up the capital structure without sacrificing yield.

Turning to sales, we trimmed our position in Enel's long-dated BBB rated bonds that had performed very well in recent months. We also reduced our holding of long-dated subordinated bonds of Prudential and continued to reduce or exit off-benchmark positions in US dollar-denominated investment grade bonds, including Comcast, Charter and CVS. The US market had outperformed the sterling-denominated market and no longer looked cheap on a relative basis.

In the second half of the period, we participated in a BBB rated deal from the UK student accommodation owner and operator Liberty Living, as well as a debut deal from Tritax Big Box REIT which came with an attractive new issue premium. Meanwhile, in the secondary market, we took advantage of the underperformance of long-dated bonds to lengthen our duration in EDF. We also purchased Swiss Re subordinated bonds, a fundamentally strong issuer that we felt had been harshly treated by investors following the hurricane season in the US and Caribbean. Sales included the ongoing disposal of our small holding in Provident Financial, the troubled UK consumer lender.

Standard Life Investment Company Annual Report & Financial Statements

Corporate Bond Fund

Investment Report (Continued)

Synthetic Risk & Reward Indicator



This indicator reflects the volatility of the Fund’s share price over the last five years which in turn reflects the volatility of the underlying assets in which the Fund invests. Historical data may not be a reliable indication of the future. As the Fund does not have a five year price history, we have used an internally produced bespoke blended benchmark to show how the Fund price may have behaved over the period prior to the launch of the Fund.

The current rating, which is the same for all share classes, is not guaranteed and may change if the volatility of the assets in which the Fund invests changes. The lowest rating does not mean risk free.

All investment involves risk. This Fund offers no guarantee against loss or that the Fund’s objective will be attained.

For further information on the risks that may not be fully captured by the risk and reward indicator, please refer to the current Key Investor Information Document (KIID).

Cautionary note

It should be remembered that past performance is not a guide to future performance. The value of investments may go down as well as up and, therefore, investors may not get back the amount originally invested.

Standard Life Investment Company

Annual Report & Financial Statements

Corporate Bond Fund

Comparative Tables

	2018 pence per share	2017 pence per share	2016 pence per share
Retail accumulation			
Change in net assets per share			
Opening net asset value per share	333.39	295.25	301.89
Return before operating charges*	9.51	43.32	(4.50)
Operating charges**	(3.51)	(3.30)	(1.23)
Return after operating charges*	6.00	40.02	(5.73)
Distributions	(11.30)	(12.48)	(4.54)
Retained distributions on accumulation share	11.30	10.60	3.63
Closing net asset value per share	339.39	333.39	295.25
* after direct transaction costs of:***	0.00	0.00	0.00
Performance+			
Return after charges	1.80%	13.55%	-1.90%
Other information			
Closing net asset value (£'000)	54,664	57,174	55,927
Closing number of shares	16,106,661	17,149,234	18,942,025
Operating charges****	1.03%	1.02%	1.22%
Direct transaction costs***	0.00%	0.00%	0.00%
Prices			
Highest share price	348.0	341.2	306.4
Lowest share price	333.4	297.9	294.5

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+ The performance figures are calculated by taking the value of the shareclass per the financial statements compared to the value per the financial statements in the prior year. This figure may differ from the performance figure quoted in the Investment Report. The Investment Report performance figure is calculated using the last available published price for a given shareclass in the period compared to the equivalent for the prior period. The published price may contain an adjustment for dilution in accordance with the Fund pricing policy, while the price per the financial statements values the Fund on a bid-price basis. The financial statements shareclass valuation is based on close of business market prices on the last day of the period, again this may differ from the intra-day pricing point of the Fund which is used in the published shareclass price.

Standard Life Investment Company

Annual Report & Financial Statements

Corporate Bond Fund

Comparative Tables (Continued)

	2018 pence per share	2017 pence per share	2016 pence per share
Institutional accumulation			
Change in net assets per share			
Opening net asset value per share	55.48	48.91	50.00
Return before operating charges*	1.59	7.20	(0.88)
Operating charges**	(0.35)	(0.32)	(0.10)
Return after operating charges*	1.24	6.88	(0.98)
Distributions	(1.88)	(2.07)	(0.54)
Retained distributions on accumulation share	1.88	1.76	0.43
Closing net asset value per share	56.72	55.48	48.91
* after direct transaction costs of:***	0.00	0.00	0.00
Performance+			
Return after charges	2.23%	14.07%	-1.96%
Other information			
Closing net asset value (£'000)	112,647	120,701	100,650
Closing number of shares	198,603,341	217,540,007	205,774,920
Operating charges****	0.61%	0.60%	0.62%
Direct transaction costs***	0.00%	0.00%	0.00%
Prices			
Highest share price	58.12	56.66	50.69
Lowest share price	55.49	49.35	48.78

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Standard Life Investment Company

Annual Report & Financial Statements

Corporate Bond Fund

Comparative Tables (Continued)

	2018 pence per share	2017 pence per share	2016 pence per share
Retail income			
Change in net assets per share			
Opening net asset value per share	104.99	96.05	99.42
Return before operating charges*	3.01	14.01	(1.47)
Operating charges**	(1.09)	(1.06)	(0.40)
Return after operating charges*	1.92	12.95	(1.87)
Distributions	(3.51)	(4.01)	(1.50)
Closing net asset value per share	103.40	104.99	96.05
* after direct transaction costs of:***	0.00	0.00	0.00
Performance+			
Return after charges	1.83%	13.48%	-1.88%
Other information			
Closing net asset value (£'000)	39,096	43,138	48,269
Closing number of shares	37,810,618	41,087,437	50,252,895
Operating charges****	1.03%	1.02%	1.22%
Direct transaction costs***	0.00%	0.00%	0.00%
Prices			
Highest share price	108.1	110.1	100.6
Lowest share price	103.4	96.92	96.66

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Standard Life Investment Company

Annual Report & Financial Statements

Corporate Bond Fund

Comparative Tables (Continued)

	2018 pence per share	2017 pence per share	2016 pence per share
Institutional income			
Change in net assets per share			
Opening net asset value per share	53.05	48.32	50.00
Return before operating charges*	1.53	7.07	(0.82)
Operating charges**	(0.33)	(0.32)	(0.10)
Return after operating charges*	1.20	6.75	(0.92)
Distributions	(1.78)	(2.02)	(0.76)
Closing net asset value per share	52.47	53.05	48.32
* after direct transaction costs of:***	0.00	0.00	0.00
Performance+			
Return after charges	2.26%	13.97%	-1.84%
Other information			
Closing net asset value (£'000)	5,800	13,923	10,053
Closing number of shares	11,055,336	26,243,677	20,804,811
Operating charges****	0.61%	0.60%	0.62%
Direct transaction costs***	0.00%	0.00%	0.00%
Prices			
Highest share price	54.72	55.52	50.51
Lowest share price	52.47	48.77	48.62

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Standard Life Investment Company

Annual Report & Financial Statements

Corporate Bond Fund

Comparative Tables (Continued)

	2018 pence per share	2017 pence per share	2016 pence per share
Standard Life income			
Change in net assets per share			
Opening net asset value per share	53.45	48.41	50.00
Return before operating charges*	1.56	7.14	(0.81)
Operating charges**	(0.02)	(0.05)	(0.02)
Return after operating charges*	1.54	7.09	(0.83)
Distributions	(1.81)	(2.05)	(0.76)
Closing net asset value per share	53.18	53.45	48.41
* after direct transaction costs of:***	0.00	0.00	0.00
Performance+			
Return after charges	2.88%	14.65%	-1.66%
Other information			
Closing net asset value (£'000)	4,017	1	1
Closing number of shares	7,552,845	2,200	2,200
Operating charges****	0.03%	0.10%	0.12%
Direct transaction costs***	0.00%	0.00%	0.00%
Prices			
Highest share price	55.31	55.76	50.54
Lowest share price	53.19	48.85	48.71

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Standard Life Investment Company

Annual Report & Financial Statements

Corporate Bond Fund

Comparative Tables (Continued)

	2018 pence per share	2017 pence per share	2016 pence per share
Standard Life accumulation			
Change in net assets per share			
Opening net asset value per share	55.90	49.01	50.00
Return before operating charges*	1.58	7.27	(0.82)
Operating charges**	(0.06)	(0.05)	(0.02)
Return after operating charges*	1.52	7.22	(0.84)
Distributions	(1.91)	(2.13)	(0.76)
Retained distributions on accumulation share	1.91	1.80	0.61
Closing net asset value per share	57.42	55.90	49.01
* after direct transaction costs of:***	0.00	0.00	0.00
Performance+			
Return after charges	2.72%	14.73%	-1.68%
Other information			
Closing net asset value (£'000)	9	6	1
Closing number of shares	16,138	10,695	2,200
Operating charges****	0.11%	0.10%	0.12%
Direct transaction costs***	0.00%	0.00%	0.00%
Prices			
Highest share price	58.79	56.89	50.72
Lowest share price	55.88	49.45	48.87

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Standard Life Investment Company

Annual Report & Financial Statements

Corporate Bond Fund

Comparative Tables (Continued)

	2018 pence per share	2017 pence per share	2016 pence per share
Platform 1 accumulation			
Change in net assets per share			
Opening net asset value per share	144.42	127.41	130.02
Return before operating charges*	4.11	18.73	(1.93)
Operating charges**	(0.97)	(0.91)	(0.29)
Return after operating charges*	3.14	17.82	(2.22)
Distributions	(4.90)	(5.39)	(1.97)
Retained distributions on accumulation share	4.90	4.58	1.58
Closing net asset value per share	147.56	144.42	127.41
* after direct transaction costs of:***	0.00	0.00	0.00
Performance+			
Return after charges	2.17%	13.99%	-1.71%
Other information			
Closing net asset value (£'000)	13,434	15,359	15,191
Closing number of shares	9,104,179	10,634,850	11,923,027
Operating charges****	0.66%	0.65%	0.67%
Direct transaction costs***	0.00%	0.00%	0.00%
Prices			
Highest share price	151.2	147.5	132.0
Lowest share price	144.4	128.6	127.1

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Standard Life Investment Company

Annual Report & Financial Statements

Corporate Bond Fund

Comparative Tables (Continued)

	2018 pence per share	2017 pence per share	2016 pence per share
Platform 1 income			
Change in net assets per share			
Opening net asset value per share	116.51	106.17	109.69
Return before operating charges*	3.35	15.54	(1.62)
Operating charges**	(0.78)	(0.75)	(0.24)
Return after operating charges*	2.57	14.79	(1.86)
Distributions	(3.91)	(4.45)	(1.66)
Closing net asset value per share	115.17	116.51	106.17
* after direct transaction costs of:***	0.00	0.00	0.00
Performance+			
Return after charges	2.21%	13.93%	-1.70%
Other information			
Closing net asset value (£'000)	13,659	15,583	11,750
Closing number of shares	11,860,227	13,374,729	11,067,320
Operating charges****	0.66%	0.65%	0.67%
Direct transaction costs***	0.00%	0.00%	0.00%
Prices			
Highest share price	120.1	122.0	111.0
Lowest share price	115.2	107.1	106.8

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Standard Life Investment Company

Annual Report & Financial Statements

Corporate Bond Fund

Portfolio Statement as at 28 February 2018

Holding	Investment	Market value £'000	Percentage of total net assets
Bonds (96.36%)		239,347	98.36
Euro Denominated Bonds (2.29%)		4,043	1.66
Corporate Bonds (2.29%)		4,043	1.66
less than 5 years to maturity			
1,000,000	Teva Pharmaceutical 0.375% 2020	855	0.35
between 5 and 10 years to maturity			
1,830,000	Platin 1426 5.375% 2023	1,605	0.66
Perpetual			
1,800,000	Iberdrola 1.875% Perpetual	1,583	0.65
Sterling Denominated Bonds (90.43%)		229,252	94.21
Corporate Bonds (87.40%)		215,114	88.40
less than 5 years to maturity			
3,008,000	AA Bond 2.875% 2022	2,903	1.19
2,530,000	Bank of America 5.5% 2019	2,718	1.12
1,280,000	Bank of Nova Scotia 1.25% 2022	1,257	0.52
929,000	Barclays 10% 2021	1,141	0.47
1,360,000	BMW 0.875% 2022	1,309	0.54
490,000	British American Tobacco 1.75% 2021	492	0.20
720,000	CPUK 2.666% 2020	733	0.30
1,010,000	Daimler 1.5% 2022	1,003	0.41
2,600,000	Deutsche Bank 1.875% 2020	2,603	1.07
340,000	FCE Bank 2.727% 2022	348	0.14
2,000,000	Heathrow Funding 6% 2020	2,178	0.89
2,250,000	JPMorgan Chase 1.875% 2020	2,281	0.94
2,000,000	Merrill Lynch 5.5% 2021	2,254	0.93
1,000,000	National Australia Bank 1.375% 2022	984	0.40
2,040,000	Nationwide Building Society 2.25% 2022	2,100	0.86
2,000,000	NatWest 6.5% 2021	2,288	0.94
800,000	New York Life Global Funding 1% 2021	787	0.32
2,000,000	Royal Bank of Scotland 6.625% 2018	2,062	0.85
420,000	Severn Trent 1.125% 2021	413	0.17
1,500,000	Telefonica Emisiones 5.289% 2022	1,725	0.71
3,000,000	Tesco 6.125% 2022	3,395	1.40
590,000	Volkswagen Financial Services 1.5% 2021	585	0.24
2,000,000	Volkswagen Financial Services 1.75% 2020	2,007	0.82

Standard Life Investment Company

Annual Report & Financial Statements

Corporate Bond Fund

Portfolio Statement as at 28 February 2018 (Continued)

Holding	Investment	Market value £'000	Percentage of total net assets
Corporate Bonds (continued)			
1,790,000	Volkswagen Financial Services 1.75% 2022	1,772	0.73
2,500,000	Wells Fargo 2.125% 2022	2,513	1.03
610,000	Yorkshire Water 6.5876% 2022	740	0.30
between 5 and 10 years to maturity			
1,260,000	AA Bond 2.75% 2023	1,180	0.48
530,000	Akelius Residential Property 2.375% 2025	509	0.21
1,785,000	Anglian Water 5% 2023	1,883	0.77
1,700,000	Asciano Finance 5% 2023	1,886	0.78
1,030,000	Bank of America 2.3% 2025	1,028	0.42
2,120,000	Barclays 3.125% 2024	2,166	0.89
2,000,000	Barclays 3.25% 2027	2,020	0.83
1,250,000	BP 2.03% 2025	1,245	0.51
640,000	British American Tobacco 2.125% 2025	622	0.26
1,700,000	CPUK 3.588% 2025	1,789	0.74
330,000	CYBG 3.125% 2025	332	0.14
1,200,000	CYBG 5% 2026	1,256	0.52
2,400,000	Enel 5.625% 2024	2,853	1.17
1,190,000	Go-Ahead 2.5% 2024	1,166	0.48
2,000,000	Heathrow Funding 7.125% 2024	2,463	1.01
2,000,000	Highbury Finance 7.017% 2023	1,716	0.71
2,000,000	Imperial Brands 5.5% 2026	2,395	0.98
1,750,000	Intu (SGS) Finance 4.125% 2023	1,901	0.78
1,750,000	Koninklijke KPN 5% 2026	2,018	0.83
370,000	Liberty Living 2.625% 2024	369	0.15
1,500,000	Lloyds Bank 7.625% 2025	1,959	0.80
1,217,000	Lloyds Bank 9.625% 2023	1,613	0.66
780,000	Lloyds Banking Group 2.25% 2024	768	0.32
500,000	London & Quadrant Housing Trust 2.625% 2026	504	0.21
960,000	Morgan Stanley 2.625% 2027	954	0.39
2,000,000	Morrison (Wm) 3.5% 2026	2,100	0.86
1,043,000	Nationwide Building Society 3.25% 2028	1,115	0.46
940,000	Principality Building Society 2.375% 2023	928	0.38
1,500,000	Rabobank 5.25% 2027	1,761	0.72
2,170,000	Saga 3.375% 2024	2,048	0.84
1,710,000	Santander UK Group 3.625% 2026	1,828	0.75
890,000	Shaftesbury Chinatown 2.348% 2027	854	0.35
1,500,000	Society of Lloyd's 4.75% 2024	1,670	0.69
460,000	Stagecoach Group 4% 2025	486	0.20
760,000	Thames Water 2.875% 2027	732	0.30
1,150,000	Thames Water 3.5% 2028	1,215	0.50

Standard Life Investment Company

Annual Report & Financial Statements

Corporate Bond Fund

Portfolio Statement as at 28 February 2018 (Continued)

Holding	Investment	Market value £'000	Percentage of total net assets
Corporate Bonds (continued)			
490,000	Vicinity Centres 3.375% 2026	513	0.21
700,000	Wells Fargo 2% 2025	682	0.28
1,500,000	Wells Fargo 5.25% 2023	1,715	0.70
1,400,000	Yorkshire Building Society 4.125% 2024	1,450	0.60
between 10 and 15 years to maturity			
1,350,000	Abbey National 3.875% 2029	1,528	0.63
1,460,000	Anheuser-Busch InBev 2.25% 2029	1,386	0.57
560,000	Annington Funding 3.184% 2029	556	0.23
1,700,000	Arqiva 4.882% 2032	1,887	0.78
1,200,000	Barclays 3.25% 2033	1,155	0.47
500,000	CRH 4.125% 2029	558	0.23
2,260,000	Delamare 5.5457% 2029	2,297	0.94
830,000	Digital Stout Holding 3.3% 2029	830	0.34
500,000	DONG Energy 4.875% 2032	607	0.25
2,400,000	HSBC 2.625% 2028	2,381	0.98
1,500,000	HSBC 6.75% 2028	1,959	0.80
1,700,000	HSBC Bank 5.375% 2030	2,014	0.83
580,000	Land Securities 2.399% 2029	580	0.24
1,500,000	London & Quadrant Housing Trust 2.25% 2029	1,419	0.58
2,600,000	Longstone Finance 4.791% 2030	1,878	0.77
3,700,000	Longstone Finance 4.896% 2031	4,117	1.69
1,110,000	National Grid 2.125% 2028	1,052	0.43
2,600,000	Premiertel 6.175% 2032	2,670	1.10
1,500,000	Rabobank 4.625% 2029	1,696	0.70
1,210,000	Severn Trent 2.75% 2031	1,196	0.49
528,507	Shaftesbury Carnaby 2.487% 2031	499	0.21
1,000,000	Statoil 6.125% 2028	1,336	0.55
2,705,000	Telereal 6.1645% 2031	3,064	1.26
1,500,000	Thames Water 5.75% 2030	1,691	0.70
320,000	Tritax Big Box REIT 3.125% 2031	313	0.13
1,450,000	Western Power 5.75% 2032	1,899	0.78
1,500,000	Yorkshire Building Society 3.375% 2028	1,490	0.61
1,435,000	Yorkshire Power 7.25% 2028	2,019	0.83
between 15 and 25 years to maturity			
2,300,000	America Movil 4.948% 2033	2,806	1.15
490,000	Annington Funding 3.685% 2034	498	0.20
3,000,000	AT&T 5.2% 2033	3,573	1.47
1,510,000	Aviva 6.125% 2036	1,774	0.73
2,000,000	Broadgate Financing 5.098% 2035	2,198	0.90

Standard Life Investment Company

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Corporate Bond Fund

Portfolio Statement as at 28 February 2018 (Continued)

Holding	Investment	Market value £'000	Percentage of total net assets
Corporate Bonds (continued)			
1,350,000	Citigroup 6.8% 2038	2,084	0.86
1,750,000	Connect 5.404% 2034	1,431	0.59
446,000	Direct Line 9.25% 2042	562	0.23
1,000,000	DONG Energy 5.75% 2040	1,412	0.58
1,000,000	E.ON Finance 5.875% 2037	1,385	0.57
2,500,000	E.ON Finance 6.75% 2039	3,806	1.56
1,500,000	Enel 5.75% 2040	2,020	0.83
1,500,000	Eversholt 3.529% 2042	1,479	0.61
1,500,000	Eversholt 6.697% 2035	1,956	0.80
1,000,000	Gatwick 5.75% 2037	1,348	0.55
300,000	Land Securities 2.625% 2037	295	0.12
570,000	Motability Operations 3.625% 2036	633	0.26
1,500,000	Munich Re 6.625% fixed to floating 2042	1,758	0.72
1,500,000	RMPA Services 5.337% 2038	1,473	0.61
1,000,000	RWE 6.125% 2039	1,427	0.59
1,110,000	Segro 2.875% 2037	1,075	0.44
3,000,000	Southern Water 4.5% 2038	3,222	1.32
1,200,000	Tesco 5.744% 2040	1,339	0.55
241,000	Vattenfall 6.875% 2039	379	0.16
1,250,000	Yorkshire Water 6.375% 2039	1,909	0.78
greater than 25 years to maturity			
2,000,000	AT&T 4.875% 2044	2,344	0.96
1,620,000	Aviva 5.125% 2050	1,751	0.72
2,000,000	British American Tobacco 2.25% 2052	1,572	0.65
470,000	Channel Link 3.043% 2050	460	0.19
650,000	Dignity 4.6956% 2049	657	0.27
1,000,000	EDF 5.125% 2050	1,242	0.51
1,200,000	EDF 6% 2114	1,659	0.68
450,000	Heathrow Funding 2.75% 2049	404	0.17
2,000,000	NGG 5.625% fixed to floating 2073	2,239	0.92
590,000	Penarian Housing Finance 3.212% 2052	577	0.24
2,000,000	Prudential 5% 2055	2,163	0.89
1,750,000	RL Finance 6.125% fixed to floating 2043	1,977	0.81
1,400,000	Vodafone 3% 2056	1,181	0.49
520,000	Wellcome Trust 2.517% 2118	513	0.21
Perpetual			
2,000,000	Aviva 6.125% fixed to floating Perpetual	2,234	0.92
1,500,000	EDF 5.875% fixed to floating Perpetual	1,526	0.63
2,000,000	EDF 6% Perpetual	2,081	0.86

Standard Life Investment Company

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Corporate Bond Fund

Portfolio Statement as at 28 February 2018 (Continued)

Holding	Investment	Market value £'000	Percentage of total net assets
Corporate Bonds (continued)			
1,500,000	ELM 6.3024% fixed to floating Perpetual	1,575	0.65
1,300,000	HSBC 5.844% fixed to floating Perpetual	1,666	0.68
800,000	Lloyds Banking Group 7% fixed to floating Perpetual	843	0.35
990,000	Pennon 2.875% Perpetual	994	0.41
1,200,000	RWE 7% fixed to floating Perpetual	1,254	0.52
Government Bonds (3.03%)		14,138	5.81
less than 5 years to maturity			
990,000	Province of Alberta Canada 1% 2021	977	0.40
between 10 and 15 years to maturity			
2,000,000	European Investment Bank 5.625% fixed to floating 2032	2,892	1.19
1,500,000	European Investment Bank 6% 2028	2,100	0.86
750,000	UK (Govt of) 4.25% 2032	985	0.41
between 15 and 25 years to maturity			
1,500,000	UK (Govt of) 1.75% 2037	1,462	0.60
1,000,000	UK (Govt of) 4.25% 2036	1,366	0.56
greater than 25 years to maturity			
2,000,000	UK (Govt of) 1.5% 2047	1,820	0.75
2,000,000	UK (Govt of) 3.25% 2044	2,536	1.04
US Dollar Denominated Bonds (3.64%)		6,052	2.49
Corporate Bonds (3.64%)		6,052	2.49
between 5 and 10 years to maturity			
1,970,000	UBS 4.125% 2026	1,447	0.59
Perpetual			
1,520,000	HSBC 6% Perpetual	1,127	0.46
1,390,000	HSBC 6.875% Perpetual	1,079	0.45
1,200,000	Swedbank 5.5% Perpetual	888	0.37
2,158,000	UBS 5% Perpetual	1,511	0.62
Collective Investment Schemes (2.50%)		1,122	0.46
47,797	Standard Life CNAV Euro Liquidity Fund	42	0.02
1,079,977	Standard Life CNAV Sterling Liquidity Fund	1,080	0.44

Standard Life Investment Company

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Corporate Bond Fund

Portfolio Statement as at 28 February 2018 (Continued)

Holding	Investment	Market value £'000	Percentage of total net assets
Derivatives (-0.01%)		234	0.10
Forward Currency Contracts (-0.01%)		147	0.06
	Buy EUR 102,344 Sell GBP 91,151 03/01/2018	(1)	-
	Buy EUR 1,103,439 Sell GBP 984,601 03/01/2018	(8)	-
	Buy EUR 1,165,229 Sell GBP 1,027,205 03/01/2018	4	0.00
	Buy EUR 4,558,352 Sell GBP 4,030,759 03/01/2018	4	0.00
	Buy EUR 4,711,167 Sell GBP 4,166,566 03/01/2018	4	-
	Buy GBP 82,599 Sell EUR 93,128 03/01/2018	-	-
	Buy GBP 108,873 Sell EUR 123,874 03/01/2018	(1)	-
	Buy GBP 1,617,489 Sell EUR 1,830,000 03/01/2018	(2)	-
	Buy GBP 8,564,153 Sell EUR 9,593,528 03/01/2018	72	0.03
	Buy GBP 4,041,718 Sell EUR 4,558,352 06/01/2018	(5)	-
	Buy GBP 279,394 Sell USD 375,904 03/01/2018	7	-
	Buy GBP 897,404 Sell USD 1,249,830 03/01/2018	(10)	-
	Buy GBP 1,511,828 Sell USD 2,158,000 03/01/2018	(54)	(0.02)
	Buy GBP 6,525,793 Sell USD 8,707,754 03/01/2018	206	0.08
	Buy GBP 6,011,023 Sell USD 8,417,729 06/01/2018	(73)	(0.03)
	Buy USD 176,120 Sell GBP 127,171 03/01/2018	1	-
	Buy USD 441,150 Sell GBP 327,490 03/01/2018	(7)	-
	Buy USD 459,291 Sell GBP 342,080 03/01/2018	(9)	-
	Buy USD 944,219 Sell GBP 700,935 03/01/2018	(15)	(0.01)
	Buy USD 2,052,979 Sell GBP 1,530,611 03/01/2018	(41)	(0.02)
	Buy USD 8,417,729 Sell GBP 6,034,725 03/01/2018	75	0.03
Futures (0.00%)		87	0.04
150	Long Long Gilt Bond Future 27/06/2018	87	0.04
Total investment assets and liabilities		240,703	98.92
Net other assets		2,623	1.08
Total Net Assets		243,326	100.00

All investments are listed on recognised stock exchanges and are approved securities, regulated collective investment schemes or approved derivatives within the meaning of the FCA rules unless otherwise stated.

The percentage figures in brackets show the comparative holding as at 28 February 2017.

Standard Life Investment Company

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Corporate Bond Fund

Portfolio Statement as at 28 February 2018 (Continued)

Market
value
£'000

Reconciliation of assets and liabilities to the Balance Sheet

Investment assets as per the Balance Sheet	240,929
Investment liabilities	(226)
Net investment assets	240,703
Net other assets	2,623
Total Net Assets	243,326

Standard Life Investment Company

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Corporate Bond Fund

Financial Statements

Statement of Total Return

for the year ended 28 February 2018

	Notes	£'000	2018 £'000	£'000	2017 £'000
Income:					
Net capital (losses)/gains	2		(1,259)		26,290
Revenue	4	8,766		10,606	
Expenses	5	(2,007)		(2,094)	
Interest payable and similar charges	6	0		(4)	
Net revenue before taxation		6,759		8,508	
Taxation	7	0		0	
Net revenue after taxation			6,759		8,508
Total return before distributions			5,500		34,798
Distributions	8		(8,699)		(10,549)
Change in net assets attributable to shareholders from investment activities			(3,199)		24,249

Statement of Change in Net Assets Attributable to Shareholders

for the year ended 28 February 2018

	£'000	2018 £'000	£'000	2017 £'000
Opening net assets attributable to shareholders		265,885		241,842
Amounts receivable on the issue of shares	6,795		36,047	
Amounts payable on the cancellation of shares	(32,456)		(42,780)	
		(25,661)		(6,733)
Dilution adjustment		76		96
Change in net assets attributable to shareholders from investment activities (see above)		(3,199)		24,249
Retained distribution on accumulation shares		6,225		6,431
Closing net assets attributable to shareholders		243,326		265,885

Standard Life Investment Company

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Corporate Bond Fund

Financial Statements (Continued)

Balance Sheet

as at 28 February 2018

	Notes	£'000	2018 £'000	£'000	2017 £'000
Assets:					
Fixed assets:					
Investment assets			240,929		262,860
Current assets:					
Debtors	9	3,508		4,368	
Cash and bank balances	10	1		104	
			3,509		4,472
Total assets			244,438		267,332
Liabilities:					
Investment liabilities			(226)		(33)
Creditors	11	(365)		(373)	
Distribution payable		(521)		(1,041)	
			(886)		(1,414)
Total liabilities			(1,112)		(1,447)
Net assets attributable to shareholders			243,326		265,885

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Corporate Bond Fund

Notes to the Financial Statements

1 Accounting Policies

Please refer to pages 11 to 12 for note on accounting policies.

2 Net Capital (Losses)/Gains

	2018 £'000	2017 £'000
Non-derivative securities	(1,501)	28,292
Derivative contracts	(118)	31
Forward currency contracts	366	(2,139)
Other gains	0	111
Handling charges taken from the capital account	(6)	(5)
Net capital (losses)/gains	(1,259)	26,290

3 Purchases, Sales and Transaction Costs

There are no transaction costs associated with the purchases or sales of bonds, collective investment schemes and derivatives during the year, or in the prior year.

Collective investments operate within the terms of the offer document or prospectus. Typically we do not invest into Funds that require an initial charge to be made. The underlying price contains an estimation of cost known as a dilution levy which is applied from time to time.

Bonds are dealt on a spread agreed between buyer and seller with reference to the expected cashflows and current credit profiles.

Derivatives are dealt on a spread agreed between buyer and seller with reference to the underlying investment.

During the year the total purchases and sales across different major assets classes are as per below table.

	2018 £'000	2017 £'000
Purchases		
Bonds	82,478	100,263
Sales		
Bonds	96,188	104,978

The Fund suffers a number of explicit costs as disclosed in the notes and Fund history. The Fund also suffers implicit costs an example is market spread, the spread represents the costs of providing liquidity in a market. It therefore is subject to change based on volume, active markets have a lower spread the difference between; bid the price you receive and offer the price you pay.

At the balance sheet date the average portfolio dealing spread (i.e. the spread between bid and offer prices expressed as a percentage of the offer price) was 0.72% (2017: 0.86%), this is representative of the average spread on the assets held during the year.

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Corporate Bond Fund

Notes to the Financial Statements (Continued)

4 Revenue

	2018 £'000	2017 £'000
Interest on debt securities	8,734	10,571
Bank interest	32	35
Total revenue	8,766	10,606

5 Expenses

	2018 £'000	2017 £'000
Payable to the Authorised Corporate Director, associates of the Authorised Corporate Director and agents of either of them:		
Authorised Corporate Director's periodic charge	1,796	1,880
Dealing charge	15	16
Registration fees	129	143
	1,940	2,039
Payable to the Depositary or associates of the Depositary, and agents of either of them:		
Depositary's fees	38	27
Safe custody fees	19	17
	57	44
Other:		
Audit fee	10	11
Total expenses	2,007	2,094

6 Interest Payable and Similar Charges

	2018 £'000	2017 £'000
Interest payable	0	4
Total interest payable & similar charges	0	4

Standard Life Investment Company

Annual Report & Financial Statements

Corporate Bond Fund

Notes to the Financial Statements (Continued)

7 Taxation

	2018 £'000	2017 £'000
(a) Analysis of charge in year		
Total current tax (note 7b)	0	0
(b) Factors affecting current tax charge for the year		
The tax assessed for the year is lower than the standard rate of corporation tax for Open-Ended Investment Companies 'OEICs' (20%). The differences are explained below:		
Net revenue before taxation	6,759	8,508
Corporation tax at 20% (2017: 20%)	1,352	1,702
Effects of:		
Distributions treated as tax deductible	(1,352)	(1,702)
Current tax charge for year (note 7a)	0	0

Authorised Open-Ended Investment Companies are exempt from tax on capital gains in the UK. Therefore, any capital gain is not included in the above reconciliation.

8 Distributions

The distributions takes account of income received on the issue of shares and income deducted on the cancellation of shares and comprise:

	2018 £'000	2017 £'000
First interim distribution	2,248	2,709
Second interim distribution	2,187	2,657
Third interim distribution	2,083	2,603
Final distribution	2,013	2,455
	8,531	10,424
Add: Income deducted on cancellation of shares	184	196
Deduct: Income received on issue of shares	(16)	(71)
Net distribution for the year	8,699	10,549

Details of the distribution per share are set out in this Fund's distribution tables.

Net revenue after taxation	6,759	8,508
Annual ACD charge to capital	1,796	1,880
Undistributed revenue brought forward	0	2
Registration fees taken from the capital account	130	143
Dealing Charges taken from the capital account	14	16
Total distributions	8,699	10,549

Standard Life Investment Company

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Corporate Bond Fund

Notes to the Financial Statements (Continued)

9 Debtors

	2018 £'000	2017 £'000
Amounts receivable from the ACD for the issue of shares	1	4
Accrued revenue	3,507	4,364
Total debtors	3,508	4,368

10 Cash and Bank Balances

	2018 £'000	2017 £'000
Amounts held at futures clearing houses and brokers	311	103
Cash and bank balances	2	221
Collateral cash	(312)	(220)
Total cash and bank balances	1	104

11 Creditors

	2018 £'000	2017 £'000
Amounts payable to the ACD for cancellation of shares	207	201
Accrued expenses payable to ACD	140	153
Other accrued expenses	11	11
Accrued Expenses payable to the Depository	7	8
Total creditors	365	373

12 Related Party Transactions

Standard Life Investments (Mutual Funds) Limited, as Authorised Corporate Director (ACD), is a related party and acts as principal in respect of all transactions of shares in the Fund.

The aggregate monies received through issue and paid on cancellation of shares are disclosed in the statement of change in net assets attributable to shareholders.

Any amounts due from or due to Standard Life Investments (Mutual Funds) Limited at the end of the accounting year are disclosed in notes 9 and 11.

Amounts payable to Standard Life Investments (Mutual Funds) Limited, in respect of periodic charge and registration services, are disclosed in note 5 and any amounts due at the year end in note 11.

The Fund holds 1,079,977 shares (2017: 6,627,447) in Standard Life CNAV Sterling Liquidity Fund as detailed in the portfolio statement, the total purchase cost of these investments during the year was £74,078,294 (2017: £99,706,000), the total sales proceeds were £79,625,764 (2017: £98,213,000).

The Fund holds 47,797 shares (2017: nil) in Standard Life CNAV Euro Liquidity Fund as detailed in the portfolio statement, the total purchase cost of these investments during the year was €832,129 (2017: nil), the total sales proceeds were €784,332 (2017: nil).

Standard Life Investment Company

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Corporate Bond Fund

Notes to the Financial Statements (Continued)

12 Related Party Transactions (continued)

	2018 £'000	2017 £'000
Transactions during the year with Standard Life Aberdeen group companies are as follows:		
Sale of shares by Fund	13,120	22,197
Purchase of shares by Fund	11,671	18,758
Distributions made by Fund	6,298	3,951
The percentage value of the Fund held by Standard Life Aberdeen group companies is:	50.0%	44.3%

13 Shares in issue reconciliation

	Opening shares 2017	Creations during the year	Cancellations during the year	Conversions during the year	Closing shares 2018
Retail accumulation	17,149,234	85,085	(1,099,376)	(28,282)	16,106,661
Institutional accumulation	217,540,007	417,765	(19,544,972)	190,541	198,603,341
Retail income	41,087,437	370,515	(3,526,185)	(121,149)	37,810,618
Institutional income	26,243,677	178,996	(15,480,062)	112,725	11,055,336
Standard Life income	2,200	7,550,645	0	0	7,552,845
Standard Life accumulation	10,695	36,347	(30,904)	0	16,138
Platform 1 accumulation	10,634,850	648,886	(2,214,190)	34,633	9,104,179
Platform 1 income	13,374,729	344,549	(1,863,281)	4,230	11,860,227

14 Fair Value Hierarchy

	2018 £'000	2018 £'000	2018 £'000	2017 £'000	2017 £'000	2017 £'000
Fair value of investment assets	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
Bonds	9,146	230,201	0	11,089	245,144	0
Collective Investment Schemes	0	1,122	0	0	6,627	0
Derivatives	87	373	0	0	0	0
Total investment assets	9,233	231,696	0	11,089	251,771	0
Derivatives	0	(226)	0	0	(33)	0
Total investment liabilities	0	(226)	0	0	(33)	0

The three levels of the fair value hierarchy under FRS 102 are described below:

Level 1: Unadjusted quoted market prices in active markets that are accessible at the measurement date for the identical unrestricted assets or liabilities.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices).

Level 3: Inputs for asset or liability that are not based on observable market data (unobservable inputs).

Standard Life Investment Company

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Corporate Bond Fund

Notes to the Financial Statements (Continued)

15 Risk Management Policies & Numerical Disclosures

In accordance with the investment objectives, the Fund may hold certain financial instruments. These comprise:

- securities held in accordance with the investment objective and policies;
- cash and short-term debtors and creditors arising directly from operations; and
- derivatives.

The main risks arising from the Fund's financial instruments are market price, foreign currency, interest rate, credit and liquidity risk.

The policies for managing these risks are summarised below and have been applied consistently throughout the year, and prior year.

a. Market price risk

Each Fund's investment portfolio is exposed to market price fluctuation which are monitored by the Fund Manager in pursuance of the investment objectives and policies. Adherence to investment guidelines and to investment and borrowing powers mitigate the risk of excessive exposure to any particular type of security or issuer.

In the current market conditions certain securities have become difficult to price. For these securities, reliance has therefore been placed on single broker prices. This has not resulted in any adjustment to the financial statements.

An increase or decrease in market values will therefore have a direct effect on the value of the investment assets in the portfolio and therefore a proportionate effect on the value of the Fund.

Value at Risk (VaR) is a measure of the maximum potential loss to the Fund due to market risk. More particularly, VaR measures the maximum potential loss at a given confidence level (probability) over a specific time period under normal market conditions.

2018	Minimum	Maximum	Average
VaR 99% 1 Month	2.81%	3.29%	3.06%
2017	Minimum	Maximum	Average
VaR 99% 1 Month	2.78%	3.42%	3.09%

At the year end date, there was a 1% chance of the portfolio value falling (or rising) more than 3.19%, £7,762,111 (2017: 3.19%, £8,384,000) in one month period.

This calculation is generally determined by the use of an industry recognised medium term risk model, typically based on 3-5 year history. The method assumes normal market conditions and that the portfolio remains unchanged.

b. Foreign currency risk

A proportion of the net assets of the Fund are denominated in currencies other than Sterling, therefore the balance sheet and total returns can be affected by currency movements. In certain circumstances, the Fund Manager may seek to manage exposure to currency movements by using forward currency contracts.

The Fund does not hedge or otherwise seek to avoid currency movement risk on accrued revenue.

Income received in foreign currencies is converted into Sterling at the exchange rates ruling when the income is received.

Currency exposure

The net foreign currency monetary exposure comprises:

	Net foreign currency monetary assets/(liabilities)	
	2018	2017
	£'000	£'000
Euro	22	(124)
US Dollar	52	(49)

Standard Life Investment Company

Annual Report & Financial Statements

Corporate Bond Fund

Notes to the Financial Statements (Continued)

15 Risk Management Policies & Numerical Disclosures (continued)

c. Interest rate risk

Interest receivable on bank deposits or payable on bank overdrafts will be affected by fluctuations in interest rates. The Fund Manager continuously reviews interest rates and inflation expectations. The assessment of this may result in a change in investment strategy.

Bond yields are affected by market and economic conditions, including inflation rates and government policy. An analysis of the interest rates and maturity of bond listings is detailed below.

In addition, changes to prevailing rates or changes in expectations of future rates may result in an increase or decrease in the value of the securities held. In general, if interest rates rise, the income potential of the Fund also rises but the value of fixed rate securities will decline (along with certain expenses calculated by reference to the assets of the Fund). A decline in interest rates will, in general, have the opposite effect.

The interest rate risk profile of the Fund's net financial assets and liabilities is:

	Floating rate financial assets/(liabilities) £'000	Fixed rate financial assets £'000	Financial assets/ (liabilities) not carrying interest £'000	Total £'000
2018				
Currency				
UK Sterling	35,153	195,223	12,876	243,252
Euro	1,584	2,459	(4,021)	22
US Dollar	4,605	1,447	(6,000)	52
2017				
Currency				
UK Sterling	6,951	239,690	19,417	266,058
Euro	0	5,034	(5,158)	(124)
US Dollar	0	11,510	(11,559)	(49)

d. Credit risk

All cash exposures are carefully managed to ensure that money is placed on deposit with counterparties that meet the minimum credit rating deemed appropriate for this Fund. In certain circumstances, the Fund Manager may deliberately invest in securities (e.g. corporate bonds) with a well defined and published credit rating. In this case the Fund would be deliberately taking credit risk in order to seek additional rewards.

	Bid market value 2018 £'000	Bid market value 2017 £'000
Credit Rating Analysis		
Investment Grade Bonds	215,870	214,328
Below Investment Grade Bonds	19,699	39,035
Unrated Bonds	3,778	2,871
Total Value of Bonds	239,347	256,234

Standard Life Investment Company

Annual Report & Financial Statements

Corporate Bond Fund

Notes to the Financial Statements (Continued)

15 Risk Management Policies & Numerical Disclosures (continued)

e. Financial Derivatives Instrument Risk

At the year end the Fund held derivatives for the purposes of efficient portfolio management or to meet the Fund's investment objectives. These types of transaction can introduce market exposure greater than the market value of the instrument. These transactions exchange benefits with a third party at a future date creating both counterparty and concentration risk. The Investment Adviser's policies for managing these risks are outlined in the Fund's prospectus.

At the balance sheet date the Fund had the following exposures:

	2018 £'000	2017 £'000
Market Exposure		
Forward Currency Contracts	48,871	17,225
Futures	18,162	0
Total Market Exposure	67,033	17,225

The total market exposure is the sum of the notional derivative contracts on a gross basis with no offsetting.

Counterparty Exposure

Derivative instruments involve an agreement to exchange a benefit at a future date. This introduces counterparty risk where an agreement is bilateral (between two parties) and concentration risk where a clearing broker operates on an exchange. Where the counterparty or clearing broker is not solvent the market exposure obtained would be lost.

Exposure is reduced by the exchange of margin on a daily basis for cleared derivatives and by the collateral held/pledged on a bilateral transaction.

	2018			2017		
	Collateral (held)/ pledged £'000	Margin at clearing broker £'000	Market value of derivatives £'000	Collateral (held)/ pledged £'000	Margin at clearing broker £'000	Market value of derivatives £'000
Counterparty or clearer						
Bank of America Merrill Lynch	19	0	(18)	0	0	0
BNP Paribas	0	0	4	0	0	(20)
Citigroup	(42)	0	64	0	0	0
Deutsche Bank	0	0	(1)	0	0	0
Goldman Sachs	0	398	87	0	0	0
Lloyds	0	0	(10)	0	0	0
Royal Bank of Canada	0	0	(54)	220	0	0
Royal Bank of Scotland	0	0	0	0	102	0
Societe Generale	(270)	0	206	0	0	(13)
Statestreet	0	0	(2)	0	0	0
UBS	0	0	(42)	0	0	0
Total	(293)	398	234	220	102	(33)

Margin exchanged or collateral held or pledged is in the form of high quality liquid assets e.g. cash/gilts. Positions are fully collateralised at all times. Restrictions are placed on the right of either party to reuse collateral assets.

f. Liquidity risk

The Fund's assets comprise mainly readily realisable securities. The main liabilities of the Fund are the redemption of any shares that investors wish to sell and the settlement of stock purchases. The Fund Manager reviews the cash and liability position continuously, and should an increase in liquidity be required, the Fund Manager will sell securities.

Standard Life Investment Company

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Corporate Bond Fund

Distribution Tables

for the three months ended 31 May 2017

Group 1 - shares purchased prior to 1 March 2017

Group 2 - shares purchased between 1 March 2017 and 31 May 2017

	Net Income 2017 pence per share	Equalisation 2017 pence per share	Distribution paid 2017 pence per share	Distribution paid 2016 pence per share
Retail accumulation				
Group 1	2.8731	-	2.8731*	2.5161
Group 2	1.8151	1.0580	2.8731*	2.5161
Institutional accumulation				
Group 1	0.4784	-	0.4784*	0.4178
Group 2	0.2862	0.1922	0.4784*	0.4178
Retail income				
Group 1	0.9048	-	0.9048**	0.8186
Group 2	0.3714	0.5334	0.9048**	0.8186
Institutional income				
Group 1	0.4575	-	0.4575**	0.4124
Group 2	0.2649	0.1926	0.4575**	0.4124
Standard Life income				
Group 1	0.4600	-	0.4600**	0.4196
Group 2	-	-	-	-
Standard Life accumulation				
Group 1	0.4830	-	0.4830*	0.4193
Group 2	0.0212	0.4618	0.4830*	0.4193
Platform 1 accumulation				
Group 1	1.2452	-	1.2452*	1.0864
Group 2	0.6216	0.6236	1.2452*	1.0864
Platform 1 income				
Group 1	1.0045	-	1.0045**	0.9054
Group 2	0.4485	0.5560	1.0045**	0.9054

* Distribution accumulated on 31 May 2017

** Distribution paid on 31 July 2017

Standard Life Investment Company

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Corporate Bond Fund

Distribution Tables (Continued)

for the three months ended 31 August 2017

Group 1 - shares purchased prior to 1 June 2017

Group 2 - shares purchased between 1 June 2017 and 31 August 2017

	Net Income 2017 pence per share	Equalisation 2017 pence per share	Distribution paid 2017 pence per share	Distribution paid 2016 pence per share
Retail accumulation				
Group 1	2.8347	-	2.8347*	2.5188
Group 2	1.4074	1.4273	2.8347*	2.5188
Institutional accumulation				
Group 1	0.4725	-	0.4725*	0.4181
Group 2	0.1030	0.3695	0.4725*	0.4181
Retail income				
Group 1	0.8851	-	0.8851**	0.8130
Group 2	0.4077	0.4774	0.8851**	0.8130
Institutional income				
Group 1	0.4480	-	0.4480**	0.4098
Group 2	0.3314	0.1166	0.4480**	0.4098
Standard Life income				
Group 1	0.4600	-	0.4600**	0.4120
Group 2	-	-	-	-
Standard Life accumulation				
Group 1	0.4779	-	0.4779*	0.4432
Group 2	0.2392	0.2387	0.4779*	0.4432
Platform 1 accumulation				
Group 1	1.2290	-	1.2290*	1.0884
Group 2	0.4114	0.8176	1.2290*	1.0884
Platform 1 income				
Group 1	0.9835	-	0.9835**	0.9000
Group 2	0.3973	0.5862	0.9835**	0.9000

* Distribution accumulated on 31 August 2017

** Distribution paid on 31 October 2017

Standard Life Investment Company

Annual Report & Financial Statements

Corporate Bond Fund

Distribution Tables (Continued)

for the three months ended 30 November 2017

Group 1 - shares purchased prior to 1 September 2017

Group 2 - shares purchased between 1 September 2017 and 30 November 2017

	Net Income 2017 pence per share	Equalisation 2017 pence per share	Distribution paid 2017 pence per share	Distribution paid 2016 pence per share
Retail accumulation				
Group 1	2.7879	-	2.7879*	2.4903
Group 2	1.3451	1.4428	2.7879*	2.4903
Institutional accumulation				
Group 1	0.4650	-	0.4650*	0.4139
Group 2	0.2376	0.2274	0.4650*	0.4139
Retail income				
Group 1	0.8635	-	0.8635**	0.7978
Group 2	0.3625	0.5010	0.8635**	0.7978
Institutional income				
Group 1	0.4374	-	0.4374**	0.4026
Group 2	0.1313	0.3061	0.4374**	0.4026
Standard Life income				
Group 1	0.4459	-	0.4459**	0.4080
Group 2	0.3841	0.0618	0.4459**	-
Standard Life accumulation				
Group 1	0.4713	-	0.4713*	0.4287
Group 2	0.3930	0.0783	0.4713*	0.4287
Platform 1 accumulation				
Group 1	1.2106	-	1.2106*	1.0774
Group 2	0.6867	0.5239	1.2106*	1.0774
Platform 1 income				
Group 1	0.9603	-	0.9603**	0.8839
Group 2	0.4252	0.5351	0.9603**	0.8839

* Distribution accumulated on 30 November 2017

** Distribution paid on 31 January 2018

Standard Life Investment Company

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Corporate Bond Fund

Distribution Tables (Continued)

for the three months ended 28 February 2018

Group 1 - shares purchased prior to 1 December 2017

Group 2 - shares purchased between 1 December 2017 and 28 February 2018

	Net Income 2018 pence per share	Equalisation 2018 pence per share	Distribution payable 2018 pence per share	Distribution paid 2017 pence per share
Retail accumulation				
Group 1	2.8031	-	2.8031*	3.0700
Group 2	1.7881	1.0150	2.8031*	3.0700
Institutional accumulation				
Group 1	0.4682	-	0.4682*	0.5106
Group 2	0.3383	0.1299	0.4682*	0.5106
Retail income				
Group 1	0.8610	-	0.8610**	0.9772
Group 2	0.3771	0.4839	0.8610**	0.9772
Institutional income				
Group 1	0.4368	-	0.4368**	0.4930
Group 2	-	-	-	0.4930
Standard Life income				
Group 1	0.4424	-	0.4424**	0.5000
Group 2	-	-	-	-
Standard Life accumulation				
Group 1	0.4760	-	0.4760*	0.5122
Group 2	0.1412	0.3348	0.4760*	0.5122
Platform 1 accumulation				
Group 1	1.2180	-	1.2180*	1.3290
Group 2	0.6642	0.5538	1.2180*	1.3290
Platform 1 income				
Group 1	0.9585	-	0.9585**	1.0889
Group 2	0.2725	0.6860	0.9585**	1.0889

* Distribution accumulated on 28 February 2018

** Distribution payable on 30 April 2018

Standard Life Investment Company

Annual Report & Financial Statements

Emerging Market Debt Fund

Investment Report

Fund Information	
Fund Manager	Kleran Curtis and Mark Baker
Launch Date	24 October 2012
Benchmark	JP Morgan EMBI Global Diversified Index

Investment objective

The objective of the Fund is to provide a return from both capital appreciation and income.

Investment policy

The investment policy of the Fund is to invest primarily in bonds issued by Emerging Market countries and companies listed on an emerging market stock exchange or which, in the opinion of the ACD, carry on a substantial part of their operations in emerging market countries. The Fund may also invest in other transferable securities, money-market instruments, deposits, cash and near cash, derivatives (including currency forwards, interest rate and credit default swaps) and collective investment schemes.

Risk profile

The fund is intended for investors who are seeking exposure primarily from emerging market bonds. The investor must be able to accept temporary capital losses due to the volatile nature of the emerging market bond markets, and should therefore have an investment time horizon of at least 5 years.

Performance

The Emerging Market Debt Fund returned -5.2% over the reporting period compared with a -5.7% return from the JP Morgan EMBI Global Diversified Index (Fund return source: Morningstar, basic rate taxpayer, bid-to-bid basis, net of fees and index return source: Factset, gross).

Argentina, one of our largest positions, made a strong contribution to returns. The economy is finally starting to recover following the adoption of new economic policies under the administration of President Mauricio Macri. With a flexible exchange rate and renewed access to capital markets, foreign exchange reserves have also begun to build. There is scope for faster progress on adjusting the fiscal position but the overall story remains a positive one.

Another large risk position is Kazakhstan and this also outperformed over the period. In recent years, authorities there have adjusted to a lower oil price environment by embracing orthodox economic policies, notably allowing the exchange rate to float to preserve a prudent fiscal position. The sovereign balance sheet remains very strong with ample foreign exchange reserves. We also benefited from overweight positions in a number of African commodity exporters, such as Angola and Nigeria.

However, positions in Indonesia, Paraguay, Uruguay and Peru detracted from returns.

Investment activity

In the first half of the period, we moved to lock-in recent strong performance by switching from longer-dated bonds to the five-to-seven year area of credit curves in Kazakhstan, Paraguay and Pemex. We sold our position in the Export-Import Bank of India as the strength in US Treasuries had allowed its bonds to rally. In Ukraine, the credit curve had flattened so we reduced positions in the long end of the curve and switched into shorter-dated bonds. In the primary market, we participated in the new issues of Brazil's state-owned development bank, BNDES, and sovereign bonds of Guatemala, Egypt, Jamaica, Iraq and Senegal. We also extended the scale of our overweight positions in some of our more high-conviction holdings, including Argentina and Ukraine. However, we moved to reduce our position in Mexican sovereign bonds as spreads reached their tightest levels in three years.

As the period progressed, we participated in new issues in Brazil, Jordan and China. The latter of these was the first Chinese sovereign bond to be issued in international markets for 13 years. Elsewhere in Asia, we added to our position in Mongolia, where the recovery in commodity prices was brightening the economic outlook. In the Americas, we added exposure in the Caribbean through Dominican Republic, which screened as good value relative to peers, and to the Bahamas via an attractively priced new issue. However, we reduced our overweight position in Central America by selling Honduras (political risk following a disputed election result) bringing El Salvador back to market weight and trimming our overweight exposure to Costa Rica.

Standard Life Investment Company

Annual Report & Financial Statements

Emerging Market Debt Fund

Investment Report (Continued)

Synthetic Risk & Reward Indicator



This indicator reflects the volatility of the Fund’s share price over the last five years which in turn reflects the volatility of the underlying assets in which the Fund invests. Historical data may not be a reliable indication of the future.

The current rating, which is the same for all share classes, is not guaranteed and may change if the volatility of the assets in which the Fund invests changes. The lowest rating does not mean risk free.

All investment involves risk. This Fund offers no guarantee against loss or that the Fund’s objective will be attained. For further information on the risks that may not be fully captured by the risk and reward indicator, please refer to the current Key Investor Information Document (KIID).

Cautionary note

It should be remembered that past performance is not a guide to future performance. The value of investments may go down as well as up and, therefore, investors may not get back the amount originally invested.

Standard Life Investment Company

Annual Report & Financial Statements

Emerging Market Debt Fund

Comparative Tables

	2018 pence per share	2017 pence per share	2016 pence per share
Retail accumulation			
Change in net assets per share			
Opening net asset value per share	71.54	57.34	54.08
Return before operating charges*	(2.70)	15.26	4.48
Operating charges**	(0.88)	(0.81)	(0.80)
Return after operating charges*	(3.58)	14.45	3.68
Distributions	(2.37)	(2.50)	(2.12)
Retained distributions on accumulation share	2.37	2.25	1.70
Closing net asset value per share	67.96	71.54	57.34
* after direct transaction costs of:***	0.00	0.00	0.00
Performance+			
Return after charges	-5.00%	25.20%	6.80%
Other information			
Closing net asset value (£'000)	1,901	1,976	873
Closing number of shares	2,796,510	2,762,034	1,522,540
Operating charges****	1.24%	1.24%	1.48%
Direct transaction costs***	0.00%	0.00%	0.00%
Prices			
Highest share price	73.18	73.60	58.10
Lowest share price	66.24	56.99	50.70

** The operating charges include all costs borne by the Fund, except for direct transaction costs.

*** The direct transaction costs are made up of: fees and commissions paid to agents, advisers, brokers and dealers, levies by regulatory agencies and securities exchanges as well as transfer taxes and duties.

**** The operating charges percentage is the equivalent of the ongoing charges figure per the prior year accounts. It shows the annualised operating expenses of the share class as a percentage of the average net asset value of the class over the same period. The ACD periodic charge was reduced from 1.50% to 1.30% which became effective on 1 April 2016. The Registrar fees of 0.08% also ceased to be charged effective 1 April 2016.

+ The performance figures are calculated by taking the value of the shareclass per the financial statements compared to the value per the financial statements in the prior year. This figure may differ from the performance figure quoted in the Investment Report. The Investment Report performance figure is calculated using the last available published price for a given shareclass in the period compared to the equivalent for the prior period. The published price may contain an adjustment for dilution in accordance with the Fund pricing policy, while the price per the financial statements values the Fund on a bid-price basis. The financial statements shareclass valuation is based on close of business market prices on the last day of the period, again this may differ from the intra-day pricing point of the Fund which is used in the published shareclass price.

Standard Life Investment Company

Annual Report & Financial Statements

Emerging Market Debt Fund

Comparative Tables (Continued)

	2018 pence per share	2017 pence per share	2016 pence per share
Institutional accumulation			
Change in net assets per share			
Opening net asset value per share	73.36	58.53	54.52
Return before operating charges*	(2.80)	15.63	4.92
Operating charges**	(0.56)	(0.52)	(0.40)
Return after operating charges*	(3.36)	15.11	4.52
Distributions	(2.77)	(2.89)	(2.57)
Retained distributions on accumulation share	2.77	2.61	2.06
Closing net asset value per share	70.00	73.36	58.53
* after direct transaction costs of:***	0.00	0.00	0.00
Performance+			
Return after charges	-4.58%	25.82%	8.29%
Other information			
Closing net asset value (£'000)	7,300	1,099	544
Closing number of shares	10,428,518	1,498,809	928,762
Operating charges****	0.77%	0.77%	0.73%
Direct transaction costs***	0.00%	0.00%	0.00%
Prices			
Highest share price	75.06	75.32	59.03
Lowest share price	68.22	58.18	51.58

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Standard Life Investment Company

Annual Report & Financial Statements

Emerging Market Debt Fund

Comparative Tables (Continued)

	2018 pence per share	2017 pence per share	2016 pence per share
Retail income			
Change in net assets per share			
Opening net asset value per share	60.10	52.34	50.82
Return before operating charges*	(2.87)	8.49	3.16
Operating charges**	(0.73)	(0.73)	(0.75)
Return after operating charges*	(3.60)	7.76	2.41
Distributions	(1.32)	0.00	(0.89)
Closing net asset value per share	55.18	60.10	52.34
* after direct transaction costs of:***	0.00	0.00	0.00
Performance+			
Return after charges	-5.99%	14.83%	4.74%
Other information			
Closing net asset value (£'000)	3	1	1
Closing number of shares	5,386	2,000	2,000
Operating charges****	1.24%	1.24%	1.48%
Direct transaction costs***	0.00%	0.00%	0.00%
Prices			
Highest share price	61.47	65.01	54.61
Lowest share price	54.70	52.00	47.72

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Standard Life Investment Company

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Emerging Market Debt Fund

Comparative Tables (Continued)

	2018 pence per share	2017 pence per share	2016 pence per share
Institutional income			
Change in net assets per share			
Opening net asset value per share	63.17	52.28	50.75
Return before operating charges*	(2.33)	13.90	4.26
Operating charges**	(0.48)	(0.46)	(0.37)
Return after operating charges*	(2.81)	13.44	3.89
Distributions	(2.38)	(2.55)	(2.36)
Closing net asset value per share	57.98	63.17	52.28
* after direct transaction costs of:***	0.00	0.00	0.00
Performance+			
Return after charges	-4.45%	25.71%	7.67%
Other information			
Closing net asset value (£'000)	1,912	25,226	9,403
Closing number of shares	3,297,876	39,933,727	17,987,082
Operating charges****	0.77%	0.77%	0.73%
Direct transaction costs***	0.00%	0.00%	0.00%
Prices			
Highest share price	64.60	66.17	54.57
Lowest share price	57.61	51.96	47.80

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Standard Life Investment Company

Annual Report & Financial Statements

Emerging Market Debt Fund

Comparative Tables (Continued)

	2018 pence per share	2017 pence per share	2016 pence per share
Standard Life income			
Change in net assets per share			
Opening net asset value per share	63.21	52.30	50.75
Return before operating charges*	(2.32)	13.94	4.28
Operating charges**	(0.02)	(0.02)	0.00
Return after operating charges*	(2.34)	13.92	4.28
Distributions	(3.11)	(3.01)	(2.73)
Closing net asset value per share	57.76	63.21	52.30
* after direct transaction costs of:***	0.00	0.00	0.00
Performance+			
Return after charges	-3.70%	26.62%	8.43%
Other information			
Closing net asset value (£'000)	1	3,365	2,785
Closing number of shares	2,000	5,323,927	5,323,927
Operating charges****	0.04%	0.04%	0.00%
Direct transaction costs***	0.00%	0.00%	0.00%
Prices			
Highest share price	64.85	66.29	54.61
Lowest share price	57.66	52.00	47.96

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Standard Life Investment Company

Annual Report & Financial Statements

Emerging Market Debt Fund

Comparative Tables (Continued)

	2018 pence per share	2017 pence per share	2016 pence per share
Standard Life accumulation			
Change in net assets per share			
Opening net asset value per share	74.95	59.45	55.32
Return before operating charges*	(2.87)	15.92	4.77
Operating charges**	(0.09)	(0.08)	(0.04)
Return after operating charges*	(2.96)	15.84	4.73
Distributions	(3.33)	(3.40)	(2.97)
Retained distributions on accumulation share	3.33	3.06	2.37
Closing net asset value per share	71.99	74.95	59.45
* after direct transaction costs of:***	0.00	0.00	0.00
Performance+			
Return after charges	-3.95%	26.64%	8.55%
Other information			
Closing net asset value (£'000)	94,518	133,697	93,971
Closing number of shares	131,284,934	178,378,134	158,065,008
Operating charges****	0.12%	0.12%	0.08%
Direct transaction costs***	0.00%	0.00%	0.00%
Prices			
Highest share price	76.95	76.77	59.96
Lowest share price	70.15	59.11	52.26

** The operating charges include all costs borne by the Fund, except for direct transaction costs.

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Standard Life Investment Company

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Emerging Market Debt Fund

Comparative Tables (Continued)

	2018 pence per share	2017 pence per share	2016 pence per share
Platform 1 accumulation			
Change in net assets per share			
Opening net asset value per share	73.22	58.46	54.69
Return before operating charges*	(2.79)	15.59	4.71
Operating charges**	(0.59)	(0.55)	(0.43)
Return after operating charges*	(3.38)	15.04	4.28
Distributions	(2.73)	(2.84)	(2.54)
Retained distributions on accumulation share	2.73	2.56	2.03
Closing net asset value per share	69.84	73.22	58.46
* after direct transaction costs of:***	0.00	0.00	0.00
Performance+			
Return after charges	-4.62%	25.73%	7.83%
Other information			
Closing net asset value (£'000)	6,345	9,314	2,652
Closing number of shares	9,085,190	12,721,665	4,536,840
Operating charges****	0.82%	0.82%	0.78%
Direct transaction costs***	0.00%	0.00%	0.00%
Prices			
Highest share price	74.90	75.20	58.94
Lowest share price	68.06	58.10	51.52

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Standard Life Investment Company

Annual Report & Financial Statements

Emerging Market Debt Fund

Comparative Tables (Continued)

	2018 pence per share	2017 pence per share	2016 pence per share
Platform 1 income			
Change in net assets per share			
Opening net asset value per share	63.21	52.43	50.77
Return before operating charges*	(2.32)	13.81	4.40
Operating charges**	(0.51)	(0.49)	(0.39)
Return after operating charges*	(2.83)	13.32	4.01
Distributions	(2.34)	(2.54)	(2.35)
Closing net asset value per share	58.04	63.21	52.43
* after direct transaction costs of:***	0.00	0.00	0.00
Performance+			
Return after charges	-4.48%	25.41%	7.90%
Other information			
Closing net asset value (£'000)	4,388	3,250	1,119
Closing number of shares	7,559,876	5,140,846	2,133,722
Operating charges****	0.82%	0.82%	0.78%
Direct transaction costs***	0.00%	0.00%	0.00%
Prices			
Highest share price	64.66	66.22	54.58
Lowest share price	57.66	52.00	47.83

** The operating charges include all costs borne by the Fund, except for direct transaction costs.

*** The direct transaction costs are made up of: fees and commissions paid to agents, advisers, brokers and dealers, levies by regulatory agencies and securities exchanges as well as transfer taxes and duties.

**** The operating charges percentage is the equivalent of the ongoing charges figure per the prior year accounts. It shows the annualised operating expenses of the share class as a percentage of the average net asset value of the class over the same period.

+ The performance figures are calculated by taking the value of the shareclass per the financial statements compared to the value per the financial statements in the prior year. This figure may differ from the performance figure quoted in the Investment Report. The Investment Report performance figure is calculated using the last available published price for a given shareclass in the period compared to the equivalent for the prior period. The published price may contain an adjustment for dilution in accordance with the Fund pricing policy, while the price per the financial statements values the Fund on a bid-price basis. The financial statements shareclass valuation is based on close of business market prices on the last day of the period, again this may differ from the intra-day pricing point of the Fund which is used in the published shareclass price.

Standard Life Investment Company

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Emerging Market Debt Fund

Comparative Tables (Continued)

	2018 pence per share	2017 pence per share	2016 pence per share
Institutional S accumulation			
Change in net assets per share			
Opening net asset value per share	72.11	57.45	53.66
Return before operating charges*	(2.75)	15.39	4.64
Operating charges**	(0.45)	(0.43)	(0.33)
Return after operating charges*	(3.20)	14.96	4.31
Distributions	(2.83)	(2.94)	(2.60)
Retained distributions on accumulation share	2.83	2.64	2.08
Closing net asset value per share	68.91	72.11	57.45
* after direct transaction costs of:***	0.00	0.00	0.00
Performance+			
Return after charges	-4.44%	26.04%	8.03%
Other information			
Closing net asset value (£'000)	2	2	1
Closing number of shares	2,200	2,200	2,200
Operating charges****	0.65%	0.65%	0.61%
Direct transaction costs***	0.00%	0.00%	0.00%
Prices			
Highest share price	73.84	73.99	57.94
Lowest share price	67.17	57.11	50.60

** The operating charges include all costs borne by the Fund, except for direct transaction costs.

*** The direct transaction costs are made up of: fees and commissions paid to agents, advisers, brokers and dealers, levies by regulatory agencies and securities exchanges as well as transfer taxes and duties.

**** The operating charges percentage is the equivalent of the ongoing charges figure per the prior year accounts. It shows the annualised operating expenses of the share class as a percentage of the average net asset value of the class over the same period.

+ The performance figures are calculated by taking the value of the shareclass per the financial statements compared to the value per the financial statements in the prior year. This figure may differ from the performance figure quoted in the Investment Report. The Investment Report performance figure is calculated using the last available published price for a given shareclass in the period compared to the equivalent for the prior period. The published price may contain an adjustment for dilution in accordance with the Fund pricing policy, while the price per the financial statements values the Fund on a bid-price basis. The financial statements shareclass valuation is based on close of business market prices on the last day of the period, again this may differ from the intra-day pricing point of the Fund which is used in the published shareclass price.

Standard Life Investment Company

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Emerging Market Debt Fund

Comparative Tables (Continued)

	2018 pence per share	2017 pence per share	2016 pence per share
Institutional S income			
Change in net assets per share			
Opening net asset value per share	63.24	52.33	50.76
Return before operating charges*	(2.32)	13.92	4.34
Operating charges**	(0.42)	(0.39)	(0.31)
Return after operating charges*	(2.74)	13.53	4.03
Distributions	(2.44)	(2.62)	(2.46)
Closing net asset value per share	58.06	63.24	52.33
* after direct transaction costs of:***	0.00	0.00	0.00
Performance+			
Return after charges	-4.33%	25.86%	7.94%
Other information			
Closing net asset value (£'000)	1	1	1
Closing number of shares	2,200	2,200	2,200
Operating charges****	0.65%	0.65%	0.61%
Direct transaction costs***	0.00%	0.00%	0.00%
Prices			
Highest share price	64.69	66.25	54.59
Lowest share price	57.73	52.01	47.88

** The operating charges include all costs borne by the Fund, except for direct transaction costs.

*** The direct transaction costs are made up of: fees and commissions paid to agents, advisers, brokers and dealers, levies by regulatory agencies and securities exchanges as well as transfer taxes and duties.

**** The operating charges percentage is the equivalent of the ongoing charges figure per the prior year accounts. It shows the annualised operating expenses of the share class as a percentage of the average net asset value of the class over the same period.

+ The performance figures are calculated by taking the value of the shareclass per the financial statements compared to the value per the financial statements in the prior year. This figure may differ from the performance figure quoted in the Investment Report. The Investment Report performance figure is calculated using the last available published price for a given shareclass in the period compared to the equivalent for the prior period. The published price may contain an adjustment for dilution in accordance with the Fund pricing policy, while the price per the financial statements values the Fund on a bid-price basis. The financial statements shareclass valuation is based on close of business market prices on the last day of the period, again this may differ from the intra-day pricing point of the Fund which is used in the published shareclass price.

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Emerging Market Debt Fund

Portfolio Statement as at 28 February 2018

Holding	Investment	Market value £'000	Percentage of total net assets
Bonds (82.68%)		106,768	91.75
Euro Denominated Bonds (0.00%)		1,234	1.06
Government Bonds (0.00%)		1,234	1.06
less than 5 years to maturity			
1,327,000	Provincia de Buenos 5.375% 2023	1,234	1.06
Malaysia Ringgit Denominated Bonds (0.00%)		2,469	2.12
Government Bonds (0.00%)		2,469	2.12
less than 5 years to maturity			
13,089,000	Malaysian (Government of) 4.378% 2019	2,469	2.12
Uruguayan Peso Denominated Bonds (0.00%)		928	0.80
Government Bonds (0.00%)		928	0.80
less than 5 years to maturity (0.00%)			
35,437,000	Uruguay (Republic of) 9.875% 2022	928	0.80
US Dollar Denominated Bonds (82.68%)		102,137	87.77
Corporate Bonds (3.65%)		3,725	3.20
between 5 and 10 years to maturity			
3,970,000	Petroleos Mexicanos 6.5% 2027	3,080	2.65
between 15 and 25 years to maturity			
3,547,000	Petróleos de Venezuela 5.5% 2037	645	0.55
Government Bonds (79.03%)		98,412	84.57
less than 5 years to maturity			
4,621,000	Argentina (Republic of) 6.875% 2021	3,550	3.05
3,512,000	Egypt (Arab Republic of) 6.125% 2022	2,641	2.27
2,150,000	Hungary Government International Bond 5.375% 2023	1,688	1.45
3,024,000	Kenya (Republic of) 5.875% 2019	2,252	1.94
1,483,000	Lebanon (Republic of) 5.15% 2018	1,072	0.92
2,075,000	Mongolia (Governemnt of) 10.875% 2021	1,756	1.51
3,355,000	Morocco (Govt of) 4.25% 2022	2,496	2.14
5,244,000	Paraguay (Republic of) 4.625% 2023	3,901	3.35

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Emerging Market Debt Fund

Portfolio Statement as at 28 February 2018 (Continued)

Holding	Investment	Market value £'000	Percentage of total net assets
Government Bonds (continued)			
1,367,000	Serbia (Republic of) 4.875% 2020	1,015	0.87
2,838,000	Serbia (Republic of) 7.25% 2021	2,286	1.96
2,850,000	Third Pakistan International 5.625% 2022	2,026	1.74
2,593,000	Uruguay (Republic of) 8% 2022	2,200	1.89
2,938,000	Vietnam (Socialist Republic of) 6.75% 2020	2,258	1.94
between 5 and 10 years to maturity			
2,866,000	Angola (Republic of) 9.5% 2025	2,326	2.00
1,972,000	Argentina (Republic of) 6.875% 2027	1,454	1.25
2,211,000	Belarus (Republic of) 6.875% 2023	1,715	1.47
2,006,000	Brasil (Fed Rep of) 4.25% 2025	1,451	1.25
1,381,000	Brazil (Fed Rep of) 4.625% 2028	986	0.85
1,430,000	Brazil (Fed Rep of) 6% 2026	1,136	0.98
3,220,000	China (Republic of) 2.625% 2027	2,253	1.94
2,013,000	Colombia (Republic of) 4.5% 2026	1,503	1.29
3,493,000	Croatia (Republic of) 5.5% 2023	2,708	2.33
3,018,000	Dominican Republic 5.5% 2025	2,259	1.94
2,428,000	El Salvador (Republic of) 5.875% 2025	1,714	1.47
1,506,000	Honduras (Republic of) 6.25% 2027	1,133	0.97
919,000	Indonesia (Republic of) 3.875% 2024	662	0.57
2,579,000	Indonesia (Republic of) 4.125% 2025	1,880	1.62
952,000	Ivory Coast 5.375% 2024	682	0.59
2,508,000	Kazakhstan (Republic of) 4.85% 2027	1,819	1.56
3,081,000	Lebanon (Republic of) 6.65% 2024	2,165	1.86
3,334,000	Mexico (United Mexican States) 3.75% 2028	2,318	1.99
1,389,000	Mongolia (Government of) 5.625% 2023	1,000	0.86
1,029,000	Namibia (Republic of) 5.25% 2025	748	0.64
3,153,000	Perusahaan Penerbit SBSN Indonesia III 4.55% 2026	2,338	2.01
151,000	Senegal (Republic of) 6.25% 2024	114	0.10
2,179,000	Sri Lanka (Republic of) 6.85% 2025	1,656	1.42
647,000	Ukraine (Republic of) 7.75% 2023	492	0.42
2,319,000	Ukraine (Republic of) 7.75% 2026	1,729	1.49
2,774,700	Venezuela (Republic of) 11.75% 2026	579	0.50
between 10 and 15 years to maturity			
1,504,000	Bahamas(Commonwealth of) 6% 2028	1,135	0.98
746,000	Nigeria (Fed Rep of) 7.143% 2030	556	0.48
2,337,000	Panama (Republic of) 3.875% 2028	1,711	1.47
3,369,000	South Africa (Republic of) 4.3% 2028	2,300	1.98
3,175,000	Ukraine (Republic of) 7.375% 2032	2,236	1.92

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Emerging Market Debt Fund

Portfolio Statement as at 28 February 2018 (Continued)

Holding	Investment	Market value £'000	Percentage of total net assets
Government Bonds (continued)			
between 15 and 25 years to maturity			
2,266,000	Indonesia (Republic of) 5.25% 2042	1,729	1.49
2,052,000	Ivory Coast 6.125% 2033	1,437	1.23
2,970,000	Peru (Republic of) 8.75% 2033	3,255	2.80
2,612,000	Senegal (Republic of) 6.25% 2033	1,879	1.61
greater than 25 years to maturity			
1,900,000	Argentina (Republic of) 7.125% 2117	1,293	1.11
1,236,000	Brazil (Fed Rep of) 5% 2045	801	0.69
2,690,000	Dominican Republic International Bond 7.45% 2044	2,245	1.93
1,729,000	Egypt (Arab Republic of) 8.5% 2047	1,405	1.21
3,141,000	Kazakhstan (Republic of) 4.875% 2044	2,319	1.99
301,000	Kenya (Republic of) 8.25% 2048	224	0.19
1,238,000	Nigeria (Fed Rep of) 7.625% 2047	922	0.79
1,787,000	Oman (Government of) 6.75% 2048	1,289	1.11
1,984,000	Saudi Arabia (Kingdom of) 4.625% 2047	1,386	1.19
3,405,000	Uruguay Government International Bond 4.125% 2045	2,329	2.00
Collective Investment Scheme (0.00%)		0	0.00
1	Standard Life CNAV Euro Liquidity Fund	0	0.00
73	Standard Life CNAV Sterling Liquidity Fund	0	0.00
Derivatives (0.00%)		6	0.00
Forward Currency Contracts (0.00%)		6	0.00
	Buy EUR 416,168 Sell USD 520,444 26/04/2018	(8)	(0.01)
	Buy EUR 1,959,000 Sell USD 2,357,414 26/10/2018	57	0.05
	Buy INR 2,261,612 Sell USD 35,062 25/04/2018	0	0.00
	Buy USD 2,355,560 Sell EUR 1,959,000 26/10/2018	(57)	(0.05)
	Buy USD 2,419,024 Sell EUR 1,959,000 26/04/2018	14	0.01
Total investment assets and liabilities		106,774	91.75
Net other assets		9,597	8.25
Total Net Assets		116,371	100.00

All investments are listed on recognised stock exchanges and are approved securities, regulated collective investment schemes or approved derivatives within the meaning of the FCA rules unless otherwise stated.

The percentage figures in brackets show the comparative holding as at 28 February 2017.

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Emerging Market Debt Fund

Financial Statements

Statement of Total Return

for the year ended 28 February 2018

	Notes	£'000	2018 £'000	£'000	2017 £'000
Income:					
Net capital (losses)/gains	2		(14,064)		29,044
Revenue	4	7,761		8,291	
Expenses	5	(406)		(411)	
Interest payable and similar charges	6	(11)		(87)	
Net revenue before taxation		7,344		7,793	
Taxation	7	0		0	
Net revenue after taxation			7,344		7,793
Total return before distributions			(6,720)		36,837
Distributions	8		(7,344)		(7,793)
Change in net assets attributable to shareholders from investment activities			(14,064)		29,044

Statement of Change in Net Assets Attributable to Shareholders

for the year ended 28 February 2018

	£'000	2018 £'000	£'000	2017 £'000
Opening net assets attributable to shareholders		177,931		111,350
Amounts receivable on the issue of shares	25,437		62,067	
Amounts payable on the cancellation of shares	(78,924)		(30,505)	
		(53,487)		31,562
Dilution adjustment		204		132
Change in net assets attributable to shareholders from investment activities (see above)		(14,064)		29,044
Retained distribution on accumulation shares		5,787		5,843
Closing net assets attributable to shareholders		116,371		177,931

Standard Life Investment Company

Annual Report & Financial Statements

Emerging Market Debt Fund

Financial Statements (Continued)

Balance Sheet

as at 28 February 2018

	Notes	£'000	2018 £'000	£'000	2017 £'000
Assets:					
Fixed assets:					
Investment assets			106,839		147,118
Current assets:					
Debtors	9	2,477		6,984	
Cash and bank balances		7,284		28,543	
			9,761		35,527
Total assets			116,600		182,645
Liabilities:					
Investment liabilities			(65)		0
Creditors	10	(42)		(4,058)	
Distribution payable		(122)		(656)	
			(164)		(4,714)
Total liabilities			(229)		(4,714)
Net assets attributable to shareholders			116,371		177,931

Standard Life Investment Company

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Emerging Market Debt Fund

Notes to the Financial Statements

1 Accounting Policies

Please refer to pages 11 to 12 for note on accounting policies.

2 Net Capital (Losses)/Gains

	2018 £'000	2017 £'000
Non-derivative securities	(12,823)	26,630
Forward currency contracts	(84)	364
Other (losses)/gains	(1,145)	2,064
Handling charges taken from the capital account	(12)	(14)
Net capital (losses)/gains	(14,064)	29,044

3 Purchases, Sales and Transaction Costs

There are no transaction costs associated with the purchases or sales of bonds, collective investment schemes and derivatives during the year, or in the prior year.

Bonds are dealt on a spread agreed between buyer and seller with reference to the expected cashflows and current credit profiles.

Collective investments operate within the terms of the offer document or prospectus. Typically we do not invest into Funds that require an initial charge to be made. The underlying price contains an estimation of cost known as a dilution levy which is applied from time to time.

Derivatives are dealt on a spread agreed between buyer and seller with reference to the underlying investment.

During the year the total purchases and sales across different major assets classes are as per below table.

	2018 £'000	2017 £'000
Purchases		
Bonds	249,488	327,297
Sales		
Bonds	276,477	307,041

The Fund suffers a number of explicit costs as disclosed in the notes and Fund history. The Fund also suffers implicit costs an example is market spread, the spread represents the costs of providing liquidity in a market. It therefore is subject to change based on volume, active markets have a lower spread the difference between; bid (the price you receive) and offer (the price you pay).

At the balance sheet date the average portfolio dealing spread (i.e. the spread between bid and offer prices expressed as a percentage of the offer price) was 0.51% (2017: 0.61%), this is representative of the average spread on the assets held during the year.

4 Revenue

	2018 £'000	2017 £'000
Interest on debt securities	7,602	8,154
Bank interest	159	137
Total revenue	7,761	8,291

Standard Life Investment Company

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Emerging Market Debt Fund

Notes to the Financial Statements (Continued)

5 Expenses

	2018 £'000	2017 £'000
Payable to the Authorised Corporate Director, associates of the Authorised Corporate Director and agents of either of them:		
Authorised Corporate Director's periodic charge	220	271
Dealing charge	6	4
Registration fees	129	127
	<u>355</u>	<u>402</u>
Payable to the Depositary or associates of the Depositary, and agents of either of them:		
Depositary's fees	28	25
Safe custody fee	12	8
	<u>40</u>	<u>33</u>
Other:		
Audit fee	11	11
Sundry expenses refund	0	(35)
	<u>11</u>	<u>(24)</u>
Total expenses	<u>406</u>	<u>411</u>

6 Interest Payable and Similar Charges

	2018 £'000	2017 £'000
Interest payable	11	87
Total interest payable & similar charges	<u>11</u>	<u>87</u>

7 Taxation

	2018 £'000	2017 £'000
(a) Analysis of charge in year		
Total current tax (note 7b)	<u>0</u>	<u>0</u>
(b) Factors affecting current tax charge for the year		
The tax assessed for the year is lower than the standard rate of corporation tax for Open-Ended Investment Companies 'OEICs' (20%). The differences are explained below:		
Net revenue before taxation	<u>7,344</u>	<u>7,793</u>
Corporation tax at 20% (2017: 20%)	<u>1,469</u>	<u>1,559</u>
Effects of:		
Distributions treated as tax deductible	<u>(1,469)</u>	<u>(1,559)</u>
Current tax charge for year (note 7a)	<u>0</u>	<u>0</u>

Authorised Open-Ended Investment Companies are exempt from tax on capital gains in the UK. Therefore, any capital gain is not included in the above reconciliation.

Standard Life Investment Company

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Emerging Market Debt Fund

Notes to the Financial Statements (Continued)

8 Distributions

The distributions takes account of income received on the issue of shares and income deducted on the cancellation of shares and comprise:

	2018 £'000	2017 £'000
Interim distribution	3,952	4,016
Final distribution	2,535	3,990
	6,487	8,006
Add: Income deducted on cancellation of shares	1,084	369
Deduct: Income received on issue of shares	(227)	(582)
Net distribution for the year	7,344	7,793

Details of the distribution per share are set out in this Fund's distribution tables.

9 Debtors

	2018 £'000	2017 £'000
Amounts receivable from the ACD for the issue of shares	167	553
Sales awaiting settlement	756	4,405
Accrued revenue	1,554	1,987
United Kingdom income tax recoverable	0	39
Total debtors	2,477	6,984

10 Creditors

	2018 £'000	2017 £'000
Amounts payable to the ACD for cancellation of shares	6	2
Purchases awaiting settlement	0	4,008
Accrued expenses payable to ACD	19	32
Other accrued expenses	11	11
Accrued Expenses payable to the Depository	6	5
Total creditors	42	4,058

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Emerging Market Debt Fund

Notes to the Financial Statements (Continued)

11 Related Party Transactions

Standard Life Investments (Mutual Funds) Limited, as Authorised Corporate Director (ACD), is a related party and acts as principal in respect of all transactions of shares in the Fund.

The aggregate monies received through issue and paid on cancellation of shares are disclosed in the statement of change in net assets attributable to shareholders.

Any amounts due from or due to Standard Life Investments (Mutual Funds) Limited at the end of the accounting year are disclosed in notes 9 and 10.

Amounts payable to Standard Life Investments (Mutual Funds) Limited, in respect of periodic charge and registration services, are disclosed in note 5 and any amounts due at the year end in note 10.

The Fund holds 73 shares (2017: 63) in Standard Life CNAV Sterling Liquidity Fund as detailed in the portfolio statement, the total purchase cost of these investments during the year was £110,010 (2017: £240,000), the total sales proceeds were £110,000 (2017: £240,000).

The Fund holds 1 shares (2017: nil) in Standard Life CNAV Euro Liquidity Fund as detailed in the portfolio statement, the total purchase cost of these investments during the year was nil (2017: nil), the total sales proceeds were nil (2017: €150,000).

	2018 £'000	2017 £'000
Transactions during the year with Standard Life Aberdeen group companies are as follows:		
Sale of shares by Fund	21,670	14,096
Purchase of shares by Fund	58,552	1,342
Distributions made by Fund	5,248	5,550
The percentage value of the Fund held by Standard Life Aberdeen group companies is:	82.0%	77.7%

12 Shares in Issue Reconciliation

	Opening shares 2017	Creations during the year	Cancellations during the year	Conversions during the year	Closing shares 2018
Retail accumulation	2,762,034	1,342,117	(1,018,841)	(288,800)	2,796,510
Institutional accumulation	1,498,809	9,992,101	(1,062,392)	0	10,428,518
Retail income	2,000	3,386	(347,072)	347,072	5,386
Institutional income	39,933,727	3,734,764	(40,370,615)	0	3,297,876
Standard Life income	5,323,927	16,951,943	(22,273,870)	0	2,000
Standard Life accumulation	178,378,134	225,040	(47,315,608)	(2,632)	131,284,934
Platform 1 accumulation	12,721,665	2,157,367	(5,802,638)	8,796	9,085,190
Platform 1 income	5,140,846	4,188,000	(1,758,547)	(10,423)	7,559,876
Institutional S accumulation	2,200	0	0	0	2,200
Institutional S income	2,200	0	0	0	2,200

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Annual Report & Financial Statements

Emerging Market Debt Fund

Notes to the Financial Statements (Continued)

13 Fair Value Hierarchy

	2018 £'000	2018 £'000	2018 £'000	2017 £'000	2017 £'000	2017 £'000
Fair value of investment assets	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
Bonds	0	106,768	0	0	147,117	0
Derivatives	0	71	0	0	1	0
Total investment assets	0	106,839	0	0	147,118	0
Derivatives	0	(65)	0	0	0	0
Total investment liabilities	0	(65)	0	0	0	0

The three levels of the fair value hierarchy under FRS 102 are described below:

Level 1: Unadjusted quoted market prices in active markets that are accessible at the measurement date for the identical unrestricted assets or liabilities.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices).

Level 3: Inputs for asset or liability that are not based on observable market data (unobservable inputs).

14 Risk Management Policies & Numerical Disclosures

In accordance with the investment objectives, the Fund may hold certain financial instruments. These comprise:

- securities held in accordance with the investment objective and policies;
- cash and short-term debtors and creditors arising directly from operations; and
- derivatives.

The main risks arising from the Fund's financial instruments are market price, foreign currency, interest rate, credit and liquidity risk.

The policies for managing these risks are summarised below and have been applied consistently throughout the year, and prior year.

a. Market price risk

Each Fund's investment portfolio is exposed to market price fluctuation which are monitored by the Fund Manager in pursuance of the investment objectives and policies. Adherence to investment guidelines and to investment and borrowing powers mitigate the risk of excessive exposure to any particular type of security or issuer.

In the current market conditions certain securities have become difficult to price. For these securities, reliance has therefore been placed on single broker prices. This has not resulted in any adjustment to the financial statements.

An increase or decrease in market values will therefore have a direct effect on the value of the investment assets in the portfolio and therefore a proportionate effect on the value of the Fund.

Value at Risk (VaR) is a measure of the maximum potential loss to the Fund due to market risk. More particularly, VaR measures the maximum potential loss at a given confidence level (probability) over a specific time period under normal market conditions.

2018	Minimum	Maximum	Average
VaR 99% 1 Month	6.93%	8.12%	7.51%
2017	Minimum	Maximum	Average
VaR 99% 1 Month	5.91%	8.89%	7.73%

At the year end date, there was a 1% chance of the portfolio value falling (or rising) more than 6.97%, £8,111,039 (2017: 8.36%, £12,299,000) in one month period.

This calculation is generally determined by the use of an industry recognised medium term risk model, typically based on 3-5 year history. The method assumes normal market conditions and that the portfolio remains unchanged.

Standard Life Investment Company

Annual Report & Financial Statements

Emerging Market Debt Fund

Notes to the Financial Statements (Continued)

14 Risk Management Policies & Numerical Disclosures (continued)

b. Foreign currency risk

A proportion of the net assets of the Fund are denominated in currencies other than Sterling, therefore the balance sheet and total returns can be affected by currency movements. In certain circumstances, the Fund Manager may seek to manage exposure to currency movements by using forward currency contracts.

The Fund does not hedge or otherwise seek to avoid currency movement risk on accrued revenue.

Income received in foreign currencies is converted into Sterling at the exchange rates ruling when the income is received.

Currency exposure

An increase or decrease in a particular foreign currency exchange rate will have a proportionate effect on the value of the Fund.

The net foreign currency monetary exposure comprises:

	Net foreign currency monetary assets/(liabilities)	
	2018	2017
	£'000	£'000
Euro	(92)	0
Indian Rupee	26	34
Malaysian Ringgit	2,496	0
Mexican Peso	0	1
Uruguay Peso	945	0
US Dollar	112,885	147,640

c. Interest rate risk

Interest receivable on bank deposits or payable on bank overdrafts will be affected by fluctuations in interest rates. The Fund Manager continuously reviews interest rates and inflation expectations. The assessment of this may result in a change in investment strategy.

Bond yields are affected by market and economic conditions, including inflation rates and government policy. An analysis of the interest rates and maturity of bond listings is detailed below.

In addition, changes to prevailing rates or changes in expectations of future rates may result in an increase or decrease in the value of the securities held. In general, if interest rates rise, the income potential of the Fund also rises but the value of fixed rate securities will decline (along with certain expenses calculated by reference to the assets of the Fund). A decline in interest rates will, in general, have the opposite effect.

The interest rate risk profile of the Fund's net financial assets and liabilities is:

	Floating rate financial assets £'000	Fixed rate financial assets £'000	Financial assets/ (liabilities) not carrying interest £'000	Total £'000
2018				
Currency				
UK Sterling	108	0	3	111
Euro	146	1,234	(1,472)	(92)
Indian Rupee	0	0	26	26
Malaysian Ringgit	0	2,469	27	2,496
Uruguay Peso	0	928	17	945
US Dollar	7,031	101,493	4,361	112,885

Standard Life Investment Company

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Emerging Market Debt Fund

Notes to the Financial Statements (Continued)

14 Risk Management Policies & Numerical Disclosures (continued)

	Floating rate financial assets £'000	Fixed rate financial assets £'000	Financial assets/ (liabilities) not carrying interest £'000	Total £'000
2017				
Currency				
UK Sterling	28,538	0	1,718	30,256
Australian Dollar	0	0	34	34
Hong Kong Dollar	1	0	0	1
US Dollar	4	147,117	519	147,640

d. Credit risk

All cash exposures are carefully managed to ensure that money is placed on deposit with counterparties that meet the minimum credit rating deemed appropriate for this Fund. In certain circumstances, the Fund Manager may deliberately invest in securities (e.g. corporate bonds) with a well defined and published credit rating. In this case the Fund would be deliberately taking credit risk in order to seek additional rewards.

	Bid market value 2018 £'000	Bid market value 2017 £'000
Credit Rating Analysis		
Investment Grade Bonds	75,841	38,911
Below Investment Grade Bonds	28,674	108,206
Unrated Bonds	2,253	0
Total Value of Bonds	106,768	147,117

This Fund holds 'Over the Counter' (OTC) derivatives and Term deposits. These type of transactions gives rise to counterparty risk whereby the other party to the transaction may fail to fulfil their contractual obligations. Effective monitoring of counterparty credit risk is an important element of the management of the Fund, using the experience of the ACD's Credit Committee to carefully review counterparties transacted with.

Collateral requirements are actively managed, ensuring cash or securities are pledged against the performance of a contract where necessary. This mitigates any potential negative impact on the Fund in the unlikely event of a counterparty default. Whether or not each position is collateralised depends on whether a net liability is held with each counterparty, the specific agreements with individual counterparties and de minimis thresholds. As such there will be instances where the Fund is not required to hold collateral.

e. Liquidity risk

The Fund's assets comprise mainly readily realisable securities. The main liabilities of the Fund are the redemption of any shares that investors wish to sell and the settlement of stock purchases. The Fund Manager reviews the cash and liability position continuously, and should an increase in liquidity be required, the Fund Manager will sell securities.

Standard Life Investment Company

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Emerging Market Debt Fund

Distribution Tables

for the six months ended 31 August 2017

Group 1 - shares purchased prior to 1 March 2017

Group 2 - shares purchased between 1 March 2017 and 31 August 2017

	Net Income 2017 pence per share	Equalisation 2017 pence per share	Distribution paid 2017 pence per share	Distribution paid 2016 pence per share
Retail accumulation				
Group 1	1.2268	-	1.2268*	0.9893
Group 2	0.6795	0.5473	1.2268*	0.9893
Institutional accumulation				
Group 1	1.4329	-	1.4329*	1.1408
Group 2	0.8723	0.5606	1.4329*	1.1408
Retail income				
Group 1	-	-	0.0000**	-
Group 2	-	-	0.0000**	-
Institutional income				
Group 1	1.2342	-	1.2342**	1.0188
Group 2	0.6089	0.6253	1.2342**	1.0188
Standard Life income				
Group 1	1.4704	-	1.4704**	1.1864
Group 2	0.6830	0.7874	1.4704**	-
Standard Life accumulation				
Group 1	1.7129	-	1.7129*	1.3279
Group 2	0.8329	0.8800	1.7129*	1.3279
Platform 1 accumulation				
Group 1	1.4127	-	1.4127*	1.1260
Group 2	0.7112	0.7015	1.4127*	1.1260

Standard Life Investment Company

Annual Report & Financial Statements

Emerging Market Debt Fund

Distribution Tables (Continued)

	Net Income 2017 pence per share	Equalisation 2017 pence per share	Distribution paid 2017 pence per share	Distribution paid 2016 pence per share
Platform 1 income				
Group 1	1.2193	-	1.2193**	1.0077
Group 2	0.5057	0.7136	1.2193**	1.0077
Institutional S accumulation				
Group 1	1.4650	-	1.4650*	1.1640
Group 2	-	-	-	-
Institutional S income				
Group 1	1.2750	-	1.2750**	1.0400
Group 2	-	-	-	-

* Distribution accumulated on 31 August 2017

** Distribution paid on 31 October 2017

Standard Life Investment Company

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Emerging Market Debt Fund

Distribution Tables (Continued)

for the six months ended 28 February 2018

Group 1 - shares purchased prior to 1 September 2017

Group 2 - shares purchased between 1 September 2017 and 28 February 2018

	Net Income 2018 pence per share	Equalisation 2018 pence per share	Distribution payable 2018 pence per share	Distribution paid 2017 pence per share
Retail accumulation				
Group 1	1.1389	-	1.1389*	1.2623
Group 2	0.5178	0.6211	1.1389*	1.2623
Institutional accumulation				
Group 1	1.3390	-	1.3390*	1.4687
Group 2	0.5958	0.7432	1.3390*	1.4687
Retail income				
Group 1	1.3227	-	1.3227**	-
Group 2	0.8772	0.4455	1.3227**	-
Institutional income				
Group 1	1.1431	-	1.1431**	1.2741
Group 2	0.5758	0.5673	1.1431**	1.2741
Standard Life income				
Group 1	1.6380	-	1.6380	1.5248
Group 2	1.5048	0.1332	1.6380**	-
Standard Life accumulation				
Group 1	1.6160	-	1.6160*	1.7352
Group 2	0.5741	1.0419	1.6160*	1.7352
Platform 1 accumulation				
Group 1	1.3194	-	1.3194*	1.4319
Group 2	0.7102	0.6092	1.3194*	1.4319

Standard Life Investment Company

Annual Report & Financial Statements

Emerging Market Debt Fund

Distribution Tables (Continued)

	Net Income 2018 pence per share	Equalisation 2018 pence per share	Distribution payable 2018 pence per share	Distribution paid 2017 pence per share
Platform 1 income				
Group 1	1.1159	-	1.1159**	1.2767
Group 2	0.5540	0.5619	1.1159**	1.2767
Institutional S accumulation				
Group 1	1.3640	-	1.3640*	1.4800
Group 2	-	-	-	-
Institutional S income				
Group 1	1.1600	-	1.1600**	1.3150
Group 2	-	-	-	-

* Distribution accumulated on 28 February 2018

** Distribution payable on 30 April 2018

Standard Life Investment Company Annual Report & Financial Statements

Europe EX UK Smaller Companies Fund

Investment Report

Fund Information	
Fund Manager	Andrew Paisley
Launch Date	1 November 2007
Benchmark	Euromoney Smaller Europe excluding UK Index

Investment objective

The objective of the Fund is to provide capital appreciation. It is intended that income will not be a prime consideration.

Investment policy

The investment policy of the Fund is to invest primarily in equities and equity type investments of smaller companies listed on European markets (which might include emerging markets of Europe), excluding the UK, or companies that derive a significant proportion of their revenues or profits from European operations or have a significant proportion of their assets there. "Equity type investments" will include convertible stocks, stock exchange listed warrants, Depositary Receipts and any other such investments which entitle the holder to subscribe for or convert into the equity of the company and/or where the share price performance is, in the opinion of the ACD, influenced significantly by the stock market performance of the company's ordinary shares. The Fund may also invest in other transferable securities, moneymarket instruments, deposits, cash and near cash, derivatives (for the purpose of efficient portfolio management (including hedging)) and collective investment schemes.

Risk

The Fund is intended for investors who wish to participate in the potential capital growth opportunities afforded by investing in an actively managed portfolio of primarily smaller companies from European equity markets (which might include emerging markets of Europe), excluding the UK. The focused nature of the portfolio makes it suitable for investors who are willing to accept a relatively high degree of stock specific risk. The investor must be able to accept significant temporary losses due to the volatile nature of this area of European equity markets, and should therefore have an investment time horizon of at least 5 years.

Performance

For the period under review, the Fund returned 21.0% (platform 1, accumulation shares), compared to the IA European Smaller Companies Sector return of 20.5% (source: Morningstar, basic-rate taxpayer, bid-to-bid basis).

The holding in Nemetschek, which develops software for architects, engineers and the construction industry, was the best performing stock. The company issued a positive performance update in relation to the 2017 results, which were some way ahead of market expectations. The business enjoyed an extremely strong end to the year, with a marked increase in profitability. Nemetschek remains well-placed to exploit the growth in the building information modelling market, with companies attracted by the benefits of digitisation within the supply chain as a way to improve efficiencies and reduce contract risks. Elsewhere, a position in Italian financial services company FincoBank boosted the Fund's returns. The business is seeing stronger-than-expected revenue growth across the board. In particular, it is benefiting from a shortage of good-quality investment advice for wealthy private clients in Italy. Additional highlights included OHB, Norma Group and Jungheinrich.

By contrast, a position in automotive fasteners maker Bulten disappointed after its 2017 numbers revealed a delay in contract ramp-ups. This was due to changes to its client model coming through slightly later than originally expected. Nonetheless, the next few years will be a period of accelerated growth for the business as new contracts come on stream, giving clearer revenue visibility. We also think Bulten's outsourcing model will continue to help it win market share from vehicle manufacturers. Borregaard was relatively weak following results that indicated difficulties within the European concrete market. The company is allocating volume to other areas in order to compensate, and we believe that its problems are short term in nature. The longer-term investment case remains intact, with the firm looking to increase capacity over the next three years. Holdings in Porr, Intrum Justitia and Implen also disappointed.

Activity

We purchased French perfume company Interparfum. The business is founder-managed and the CEO is the largest shareholder. The group has an excellent long-term track record, with a strong investment pipeline over the next couple of years; however, the potential for accelerated growth is not fully factored into analyst forecasts. In addition, the group has significant net cash on its balance sheet, which gives optionality around further brand purchases. We started a new holding in Swiss firm Bachem. The business is a market-leader in the provision of services to pharmaceuticals groups involved in the development of new drugs based on peptide technology. This is a market that is likely to expand significantly, with Bachem well-positioned to benefit from this structural trend. The original founder of the business retains a significant shareholding and is involved in the management of the group. We view this as a positive factor.

Earlier in the year, we exited our holding in wind turbine maker Gamesa, following its merger with the wind-asset segment of Siemens. Gamesa has been a good performer for the Fund; however, the market capitalisation of the combined entity takes it outside our investable universe. We also sold Finnish packaging manufacturer Huhtamaki, as the outlook for margin and top-line growth no longer looked attractive.

Standard Life Investment Company

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Europe EX UK Smaller Companies Fund

Investment Report (Continued)

Synthetic Risk & Reward Indicator



This indicator reflects the volatility of the Fund’s share price over the last five years which in turn reflects the volatility of the underlying assets in which the Fund invests. Historical data may not be a reliable indication of the future. The current rating, which is the same for all share classes, is not guaranteed and may change if the volatility of the assets in which the Fund invests changes. The lowest rating does not mean risk free.

All investment involves risk. This Fund offers no guarantee against loss or that the Fund’s objective will be attained.

For further information on the risks that may not be fully captured by the risk and reward indicator, please refer to the current Key Investor Information Document (KIID).

Cautionary note

It should be remembered that past performance is not a guide to future performance. The value of investments may go down as well as up and, therefore, investors may not get back the amount originally invested.

Standard Life Investment Company

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Europe EX UK Smaller Companies Fund

Comparative Tables

	2018 pence per share	2017 pence per share	2016 pence per share
Retail accumulation++			
Change in net assets per share			
Opening net asset value per share	244.11	196.36	186.75
Return before operating charges*	50.84	50.84	10.65
Operating charges**	(3.87)	(3.09)	(1.04)
Return after operating charges*	46.97	47.75	9.61
Distributions	(2.80)	(2.39)	0.00
Retained distributions on accumulation share	2.80	2.39	0.00
Closing net asset value per share	291.08	244.11	196.36
* after direct transaction costs of:***	0.16	0.17	(0.01)
Performance+			
Return after charges	19.24%	24.32%	5.15%
Other information			
Closing net asset value (£'000)	6,511	5,791	4,860
Closing number of shares	2,236,689	2,372,248	2,474,999
Operating charges****	1.38%	1.37%	1.62%
Direct transaction costs***	0.06%	0.08%	-0.01%
Prices			
Highest share price	304.5	250.6	203.6
Lowest share price	247.1	195.4	181.3

** The operating charges include all costs borne by the Fund, except for direct transaction costs.

*** The direct transaction costs are made up of: fees and commissions paid to agents, advisers, brokers and dealers, levies by regulatory agencies and securities exchanges as well as transfer taxes and duties.

**** The operating charges percentage is the equivalent of the ongoing charges figure per the prior year accounts. It shows the annualised operating expenses of the share class as a percentage of the average net asset value of the class over the same period. The ACD periodic charge was reduced from 1.50% to 1.30% which became effective on 1 April 2016. The Registrar fees of 0.08% also ceased to be charged effective 1 April 2016.

+ The performance figures are calculated by taking the value of the shareclass per the financial statements compared to the value per the financial statements in the prior year. This figure may differ from the performance figure quoted in the Investment Report. The Investment Report performance figure is calculated using the last available published price for a given shareclass in the period compared to the equivalent for the prior period. The published price may contain an adjustment for dilution in accordance with the Fund pricing policy, while the price per the financial statements values the Fund on a bid-price basis. The financial statements shareclass valuation is based on close of business market prices on the last day of the period, again this may differ from the intra-day pricing point of the Fund which is used in the published shareclass price.

++ From the launch of the Share class on 23 October 2015.

Standard Life Investment Company

Annual Report & Financial Statements

Europe EX UK Smaller Companies Fund

Comparative Tables (Continued)

	2018 pence per share	2017 pence per share	2016 pence per share
Institutional accumulation++			
Change in net assets per share			
Opening net asset value per share	66.38	53.14	50.00
Return before operating charges*	13.85	13.79	3.29
Operating charges**	(0.70)	(0.55)	(0.15)
Return after operating charges*	13.15	13.24	3.14
Distributions	(0.94)	(0.80)	0.00
Retained distributions on accumulation share	0.94	0.80	0.00
Closing net asset value per share	79.53	66.38	53.14
* after direct transaction costs of:***	0.04	0.05	0.00
Performance+			
Return after charges	19.81%	24.92%	6.28%
Other information			
Closing net asset value (£'000)	17,005	11,197	13,289
Closing number of shares	21,382,004	16,866,638	25,008,088
Operating charges****	0.91%	0.90%	0.87%
Direct transaction costs***	0.06%	0.08%	-0.01%
Prices			
Highest share price	83.16	68.03	55.04
Lowest share price	67.23	52.90	49.04

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++ From the launch of the Share class on 23 October 2015.

Standard Life Investment Company

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Europe EX UK Smaller Companies Fund

Comparative Tables (Continued)

	2018 pence per share	2017 pence per share	2016 pence per share
Standard Life accumulation++			
Change in net assets per share			
Opening net asset value per share	67.09	53.30	50.00
Return before operating charges*	14.02	13.88	3.32
Operating charges**	(0.13)	(0.09)	(0.02)
Return after operating charges*	13.89	13.79	3.30
Distributions	(1.31)	(1.05)	(0.04)
Retained distributions on accumulation share	1.31	1.05	0.04
Closing net asset value per share	80.98	67.09	53.30
* after direct transaction costs of:***	0.04	0.05	0.00
Performance+			
Return after charges	20.70%	25.87%	6.60%
Other information			
Closing net asset value (£'000)	752	389	1
Closing number of shares	929,088	579,447	2,200
Operating charges****	0.16%	0.15%	0.12%
Direct transaction costs***	0.06%	0.08%	-0.01%
Prices			
Highest share price	84.62	68.55	55.14
Lowest share price	68.01	53.07	49.17

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++ From the launch of the Share class on 23 October 2015.

Standard Life Investment Company

Annual Report & Financial Statements

Europe EX UK Smaller Companies Fund

Comparative Tables (Continued)

	2018 pence per share	2017 pence per share	2016 pence per share
Platform 1 accumulation++			
Change in net assets per share			
Opening net asset value per share	260.77	208.84	198.16
Return before operating charges*	54.37	54.21	11.31
Operating charges**	(2.89)	(2.28)	(0.63)
Return after operating charges*	51.48	51.93	10.68
Distributions	(3.60)	(3.08)	0.00
Retained distributions on accumulation share	3.60	3.08	0.00
Closing net asset value per share	312.25	260.77	208.84
* after direct transaction costs of:***	0.17	0.19	(0.01)
Performance+			
Return after charges	19.74%	24.87%	5.39%
Other information			
Closing net asset value (£'000)	37,775	28,419	16,937
Closing number of shares	12,097,728	10,898,444	8,110,113
Operating charges****	0.96%	0.95%	0.92%
Direct transaction costs***	0.06%	0.08%	-0.01%
Prices			
Highest share price	326.5	267.3	216.3
Lowest share price	264.1	207.9	192.7

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++ From the launch of the Share class on 23 October 2015.

Standard Life Investment Company

Annual Report & Financial Statements

Europe EX UK Smaller Companies Fund

Portfolio Statement as at 28 February 2018

Holding	Investment	Market value £'000	Percentage of total net assets
European Equities (ex UK) (95.65%)		59,538	95.96
Austria (3.49%)		907	1.46
35,464	BUWOG	907	1.46
Denmark (0.00%)		919	1.48
20,156	SimCorp	919	1.48
Finland (6.31%)		2,275	3.67
53,871	Kesko 'B'	2,275	3.67
France (17.60%)		9,975	16.08
10,116	Eurazeo	702	1.13
18,560	Interparfums	577	0.93
28,680	LISI	927	1.49
20,745	Nexity	943	1.52
22,792	Orpea	1,989	3.21
58,587	Plastic Omnium	2,002	3.23
27,401	Teleperformance	2,835	4.57
Germany (27.75%)		18,512	29.84
3,069	Cewe Stiftung & Co	228	0.37
13,265	CTS Eventim	471	0.76
17,639	Grenke	1,398	2.25
64,193	Jungheinrich	2,275	3.67
39,211	Nemetschek	2,929	4.72
37,829	NORMA	2,026	3.27
30,289	OHB	1,085	1.75
94,829	Patrizia Immobilien	1,553	2.50
3,114	Rational	1,466	2.36
16,163	Sixt	1,238	1.99
79,501	Takkt	1,513	2.44
63,012	Vib Vermoegen	1,166	1.88
5,136	Xing	1,164	1.88

Standard Life Investment Company

Annual Report & Financial Statements

Europe EX UK Smaller Companies Fund

Portfolio Statement as at 28 February 2018 (Continued)

		Market value £'000	Percentage of total net assets
Holding	Investment		
Ireland (6.14%)		3,623	5.84
1,940,249	Hibernia REIT	2,439	3.93
121,281	Irish Continental	605	0.98
114,808	Origin Enterprises	579	0.93
Italy (6.70%)		10,091	16.27
66,686	Banca Generali	1,610	2.60
13,744	Diasorin	820	1.32
50,000	DoBank	507	0.82
63,147	Fila	1,086	1.75
273,095	FinecoBank	2,445	3.94
64,203	Interpump	1,553	2.50
45,120	MARR	873	1.41
251,506	OVS	1,197	1.93
Luxembourg (0.00%)		1,815	2.92
26,182	Stabilus	1,815	2.92
Netherlands (4.77%)		2,472	3.98
46,755	Corbion	1,056	1.70
99,808	Wessanen	1,416	2.28
Norway (3.39%)		661	1.07
96,396	Borregaard	661	1.07
Spain (2.58%)		656	1.06
62,623	Credit Suisse	656	1.06

Standard Life Investment Company

Annual Report & Financial Statements

Europe EX UK Smaller Companies Fund

Portfolio Statement as at 28 February 2018 (Continued)

			Market value £'000	Percentage of total net assets
Holding	Investment			
Sweden (9.80%)			3,810	6.14
144,117	Bulten		1,391	2.24
78,433	Bygghmax		322	0.52
26,365	Intrum Justitia		596	0.96
68,542	Troax		1,501	2.42
Switzerland (7.12%)			3,822	6.15
4,406	Bachem		442	0.71
19,758	Implenia		1,077	1.73
9,892	Komax		2,303	3.71
Collective Investment Schemes (5.03%)			2,349	3.79
386,269	Standard Life CNAV Euro Liquidity Fund		342	0.55
2,007,380	Standard Life CNAV Sterling Liquidity Fund		2,007	3.24
Total Investment assets			61,887	99.75
Net other assets			156	0.25
Total Net Assets			62,043	100.00

All investments are listed on recognised stock exchanges and are approved securities, or regulated collective investment schemes within the meaning of the FCA rules unless otherwise stated.

The percentage figures in brackets show the comparative holding as at 28 February 2017.

Standard Life Investment Company

Annual Report & Financial Statements

Europe EX UK Smaller Companies Fund

Financial Statements

Statement of Total Return

for the year ended 28 February 2018

	Notes	£'000	2018 £'000	£'000	2017 £'000
Income:					
Net capital gains	2		8,829		8,694
Revenue	4	1,075		880	
Expenses	5	(550)		(413)	
Interest payable and similar charges	6	0		(1)	
Net revenue before taxation		525		466	
Taxation	7	(73)		(64)	
Net revenue after taxation			452		402
Total return before distributions			9,281		9,096
Distributions	8		(643)		(570)
Change in net assets attributable to shareholders from investment activities			8,638		8,526

Statement of Change in Net Assets Attributable to Shareholders

for the year ended 28 February 2018

	£'000	2018 £'000	£'000	2017 £'000
Opening net assets attributable to shareholders		45,796		35,087
Amounts receivable on the issue of shares	12,103		16,529	
Amounts payable on the cancellation of shares	(5,205)		(14,931)	
		6,898		1,598
Dilution adjustment		29		57
Change in net assets attributable to shareholders from investment activities (see above)		8,638		8,526
Retained distribution on accumulation shares		682		528
Closing net assets attributable to shareholders		62,043		45,796

Standard Life Investment Company

Annual Report & Financial Statements

Europe EX UK Smaller Companies Fund

Financial Statements (Continued)

Balance Sheet

as at 28 February 2018

	Notes	£'000	2018 £'000	£'000	2017 £'000
Assets:					
Fixed assets:					
Investment assets			61,887		46,108
Current assets:					
Debtors	9	196		85	
Cash and bank balances	10	42		31	
			238		116
Total assets			62,125		46,224
Liabilities:					
Creditors	11	(82)		(428)	
			(82)		(428)
Total liabilities			(82)		(428)
Net assets attributable to shareholders			62,043		45,796

Standard Life Investment Company

Annual Report & Financial Statements

Europe EX UK Smaller Companies Fund

Notes to the Financial Statements

1 Accounting Policies

Please refer to pages 11 to 12 for note on accounting policies.

2 Net Capital Gains

	2018 £'000	2017 £'000
Non-derivative securities	8,822	8,630
Other gains	17	74
Handling charges taken from the capital account	(10)	(10)
Net capital gains	8,829	8,694

3 Purchases, Sales and Transaction Costs

	2018 £'000	2017 £'000
Equity Purchases, Sales and Transaction Costs		
Purchases		
Purchases before transaction costs	11,834	12,544
Commissions	15	15
Taxes & Other Fees	11	16
Total purchase transaction costs	26	31
Purchases including transaction costs	11,860	12,575
Sales		
Gross Sales before transaction costs	4,978	10,669
Commissions	(7)	(19)
Total sale transaction costs	(7)	(19)
Total sales net of transaction costs	4,971	10,650

	2018 % Transaction	2017 % Transaction
Equity Transaction Cost as a % of total Purchases & Sales		
Purchases		
Commissions	0.13%	0.12%
Taxes & Other Fees	0.09%	0.13%
Sales		
Commissions	0.14%	0.18%

Standard Life Investment Company

Annual Report & Financial Statements

Europe EX UK Smaller Companies Fund

Notes to the Financial Statements (Continued)

3 Purchases, Sales and Transaction Costs (continued)

	2018 % Average NAV	2017 % Average NAV
Equity Purchases, Sales Analysis to Average NAV		
Purchases		
Commissions	0.03%	0.03%
Taxes & Other Fees	0.02%	0.04%
Sales		
Commissions	0.01%	0.04%

During the year the total purchases and sales across different major asset classes are as per below table.

	2018 £'000	2017 £'000
Purchase		
Equities	11,860	12,575
Sales		
Equities	4,971	10,650

The Fund suffers a number of explicit costs as disclosed in the notes and Fund history. The Fund also suffers implicit costs an example is market spread, the spread represents the costs of providing liquidity in a market. It therefore is subject to change based on volume, active markets have a lower spread the difference between; bid the price you receive and offer the price you pay.

At the balance sheet date the average portfolio dealing spread (i.e. the spread between bid and offer prices expressed as a percentage of the offer price) was 0.75% (2017: 0.77%), this is representative of the average spread on the assets held during the year.

4 Revenue

	2018 £'000	2017 £'000
Overseas dividends	1,065	871
Bank interest	9	8
Other	1	1
Total revenue	1,075	880

Standard Life Investment Company

Annual Report & Financial Statements

Europe EX UK Smaller Companies Fund

Notes to the Financial Statements (Continued)

5 Expenses

	2018 £'000	2017 £'000
Payable to the ACD associates of the ACD and agents of either of them:		
ACD periodic charge	456	351
Dealing charge	17	13
Registration fees	41	30
	<u>514</u>	<u>394</u>
Payable to the Depositary or associates of the Depositary, and agents of either of them:		
Depositary's fees	11	7
Safe custody fee	5	3
	<u>16</u>	<u>10</u>
Other:		
Professional fees	3	1
Audit fee*	17	8
	<u>20</u>	<u>9</u>
Total expenses	<u>550</u>	<u>413</u>

* Audit fees for the year were £8,665 (2017: £8,413) inc VAT

6 Interest Payable and Similar Charges

	2018 £'000	2017 £'000
Interest payable	0	1
Total interest payable & similar charges	<u>0</u>	<u>1</u>

7 Taxation

	2018 £'000	2017 £'000
(a) Analysis of charge in year		
Overseas taxes	73	64
Total current tax (note 7b)	<u>73</u>	<u>64</u>
(b) Factors affecting current tax charge for the year		
The tax assessed for the year is lower than the standard rate of corporation tax for Open-Ended Investment Companies 'OEICs' (20%). The differences are explained below:		
Net revenue before taxation	<u>525</u>	<u>466</u>
Corporation tax at 20% (2017: 20%)	105	93
Effects of:		
Revenue not subject to taxation	(213)	(174)
Overseas taxes	73	64
Excess allowable expenses	108	81
Current tax charge for year (note 7a)	<u>73</u>	<u>64</u>

Standard Life Investment Company

Annual Report & Financial Statements

Europe EX UK Smaller Companies Fund

Notes to the Financial Statements (Continued)

7 Taxation (continued)

Authorised Open-Ended Investment Companies are exempt from tax on capital gains in the UK. Therefore, any capital gain is not included in the above reconciliation.

(c) Factors that may affect future tax charge

At the year end, after offset against revenue taxable on receipt, there is a potential deferred tax asset of £211,000 (2017: £103,000) due to surplus expenses. It is unlikely that the Fund will generate sufficient taxable profits to utilise these amounts and therefore no deferred tax asset has been recognised in the year or the prior year.

8 Distributions

The distributions takes account of income received on the issue of shares and income deducted on the cancellation of shares and comprise:

	2018 £'000	2017 £'000
Interim distribution	681	462
Final distribution	1	66
	682	528
Add: Income deducted on cancellation of shares	9	122
Deduct: Income received on issue of shares	(48)	(80)
Net distribution for the year	643	570
Details of the distribution per share are set out in this Fund's distribution tables.		
Net revenue after taxation	452	402
Shortfall transfer from capital to revenue	191	168
Total distributions	643	570

9 Debtors

	2018 £'000	2017 £'000
Amounts receivable from the ACD for the issue of shares	128	9
Accrued revenue	1	0
Foreign withholding tax recoverable	67	76
Total debtors	196	85

10 Cash and Bank Balances

	2018 £'000	2017 £'000
Cash and bank balances	42	31
Total cash and bank balances	42	31

Standard Life Investment Company

Annual Report & Financial Statements

Europe EX UK Smaller Companies Fund

Notes to the Financial Statements (Continued)

11 Creditors

	2018 £'000	2017 £'000
Amounts payable to the ACD for cancellation of shares	0	385
Purchases awaiting settlement	28	0
Accrued expenses payable to the ACD	43	32
Accrued expenses payable to the Depositary or associates of the Depositary	3	3
Other accrued expenses	8	8
Total creditors	82	428

12 Related Party Transactions

Standard Life Investments (Mutual Funds) Limited, as Authorised Corporate Director (ACD), is a related party and acts as principal in respect of all transactions of shares in the Fund.

The aggregate monies received through issue and paid on cancellation of shares are disclosed in the statement of change in net assets attributable to shareholders.

Any amounts due from or due to Standard Life Investments (Mutual Funds) Limited at the end of the accounting year are disclosed in notes 9 and 11.

Amounts payable to Standard Life Investments (Mutual Funds) Limited, in respect of periodic charge and registration services, are disclosed in note 5 and any amounts due at the year end in note 11.

The Fund holds 2,007,380 shares (2017: 1,947,000) in Standard Life CNAV Sterling Liquidity Fund as detailed in the portfolio statement, the total purchase cost of these investments during the year was £13,607,068 (2017: £15,196,000), the total sales proceeds were £13,546,466 (2017: £14,854,000).

The Fund holds 386,269 shares (2017: 419,122) in Standard Life CNAV Euro Liquidity Fund as detailed in the portfolio statement, the total purchase cost of these investments during the year was €856,005 (2017: €3,255,000), the total sales proceeds were €888,857 (2017: €2,836,000).

	2018 £'000	2017 £'000
Transactions during the year with Standard Life Aberdeen group companies are as follows:		
Sale of shares by Fund	1,102	1,071
Purchase of shares by Fund	138	5,770
Distributions made by Fund	334	121
The percentage value of the Fund held by Standard Life Aberdeen group companies is:	24.0%	23.7%

13 Shares in Issue Reconciliation

	Opening shares 2017	Creations during the year	Cancellations during the year	Conversions during the year	Closing shares 2018
Retail accumulation	2,372,248	225,984	(331,207)	(30,336)	2,236,689
Institutional accumulation	16,866,638	4,479,810	(27,221)	62,777	21,382,004
Standard Life accumulation	579,447	428,251	(78,610)	0	929,088
Platform 1 accumulation	10,898,444	2,572,187	(1,385,260)	12,357	12,097,728

Standard Life Investment Company

Annual Report & Financial Statements

Europe EX UK Smaller Companies Fund

Notes to the Financial Statements (Continued)

14 Fair Value Hierarchy

	2018	2018	2018	2017	2017	2017
	£'000	£'000	£'000	£'000	£'000	£'000
Fair value of investment assets	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
Equities	59,538	0	0	43,803	0	0
Collective Investment Schemes	0	2,349	0	0	2,305	0
Total investment assets	59,538	2,349	0	43,803	2,305	0

The three levels of the fair value hierarchy under FRS 102 are described below:

Level 1: Unadjusted quoted market prices in active markets that are accessible at the measurement date for the identical unrestricted assets or liabilities.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices).

Level 3: Inputs for asset or liability that are not based on observable market data (unobservable inputs).

15 Risk Management Policies & Numerical Disclosures

In accordance with the investment objectives, the Fund may hold certain financial instruments. These comprise:

- securities held in accordance with the investment objective and policies;
- cash and short-term debtors and creditors arising directly from operations; and
- derivatives.

The main risks arising from the Fund's financial instruments are market price, foreign currency, interest rate, credit and liquidity risk.

The policies for managing these risks are summarised below and have been applied consistently throughout the year, and prior year.

a. Market price risk

Each Fund's investment portfolio is exposed to market price fluctuation which are monitored by the Fund Manager in pursuance of the investment objectives and policies. Adherence to investment guidelines and to investment and borrowing powers mitigate the risk of excessive exposure to any particular type of security or issuer.

An increase or decrease in market values will therefore have a direct effect on the value of the investment assets in the portfolio and therefore a proportionate effect on the value of the Fund.

A five per cent increase in the value of the Fund's portfolio would have the effect of increasing the return and net assets as at 28 February by £3,094,350 (2017: £2,305,400). A five per cent decrease would have an equal and opposite effect.

b. Foreign currency risk

A proportion of the net assets of the Fund are denominated in currencies other than Sterling, therefore the balance sheet and total returns can be affected by currency movements. In certain circumstances, the Fund Manager may seek to manage exposure to currency movements by using forward currency contracts.

The Fund does not hedge or otherwise seek to avoid currency movement risk on accrued revenue.

Income received in foreign currencies is converted into Sterling at the exchange rates ruling when the income is received.

A five per cent increase in the value of the Fund's foreign currency exposure would have the effect of increasing the return and net assets as at 28 February by £2,997,950 (2017: £2,213,350). A five per cent decrease would have an equal and opposite effect.

Standard Life Investment Company

Annual Report & Financial Statements

Europe EX UK Smaller Companies Fund

Notes to the Financial Statements (Continued)

15 Risk Management Policies & Numerical Disclosures (continued)

Currency exposure

The net foreign currency monetary exposure comprises:

	Net foreign currency monetary assets	
	2018 £'000	2017 £'000
Danish Krone	920	0
Euro	50,685	34,518
Norwegian Krone	670	1,552
Swedish Krona	3,827	4,506
Swiss Franc	3,857	3,271

c. Interest rate risk

Interest receivable on bank deposits or payable on bank overdrafts will be affected by fluctuations in interest rates. The Fund Manager continuously reviews interest rates and inflation expectations. The assessment of this may result in a change in investment strategy.

In addition, changes to prevailing rates or changes in expectations of future rates may result in an increase or decrease in the value of the securities held. In general, if interest rates rise, the income potential of the Fund also rises but the value of fixed rate securities will decline (along with certain expenses calculated by reference to the assets of the Fund). A decline in interest rates will, in general, have the opposite effect.

The interest rate risk profile of the Fund's net financial assets and liabilities is:

	Floating rate financial assets £'000	Financial assets not carrying interest £'000	Total £'000
2018			
Currency			
UK Sterling	2,009	75	2,084
Danish Krone	0	920	920
Euro	343	50,342	50,685
Norwegian Krone	0	670	670
Swedish Krona	17	3,810	3,827
Swiss Franc	22	3,835	3,857
2017			
Currency			
UK Sterling	1,949	0	1,949
Euro	359	34,159	34,518
Norwegian Krone	0	1,552	1,552
Swedish Krona	17	4,489	4,506
Swiss Franc	11	3,260	3,271

Standard Life Investment Company

Annual Report & Financial Statements

Europe EX UK Smaller Companies Fund

Notes to the Financial Statements (Continued)

15 Risk Management Policies & Numerical Disclosures (continued)

d. Credit risk

All cash exposures are carefully managed to ensure that money is placed on deposit with counterparties that meet the minimum credit rating deemed appropriate for this Fund. In certain circumstances, the Fund Manager may deliberately invest in securities (e.g. corporate bonds) with a well defined and published credit rating. In this case the Fund would be deliberately taking credit risk in order to seek additional rewards.

e. Liquidity risk

The Fund's assets comprise mainly readily realisable securities. The main liabilities of the Fund are the redemption of any shares that investors wish to sell and the settlement of stock purchases. The Fund Manager reviews the cash and liability position continuously, and should an increase in liquidity be required, the Fund Manager will sell securities.

Standard Life Investment Company Annual Report & Financial Statements

Europe EX UK Smaller Companies Fund

Distribution Tables

for the six months ended 31 August 2017

Group 1 - shares purchased prior to 1 March 2017

Group 2 - shares purchased between 1 March 2017 and 31 August 2017

	Net Income 2017 pence per share	Equalisation 2017 pence per share	Distribution paid 2017 pence per share	Distribution paid 2016 pence per share
Retail accumulation				
Group 1	2.7983	-	2.7983*	2.0346
Group 2	0.4062	2.3921	2.7983*	2.0346
Institutional accumulation				
Group 1	0.9366	-	0.9366*	0.7024
Group 2	0.5878	0.3488	0.9366*	0.7024
Standard Life accumulation				
Group 1	1.2263	-	1.2263*	0.9265
Group 2	0.7191	0.5072	1.2263*	0.9265
Platform 1 accumulation				
Group 1	3.6015	-	3.6015*	2.7033
Group 2	1.4422	2.1593	3.6015*	2.7033

* Distribution accumulated on 31 August 2017

Standard Life Investment Company

Annual Report & Financial Statements

Europe EX UK Smaller Companies Fund

Distribution Tables (Continued)

for the six months ended 28 February 2018

Group 1 - shares purchased prior to 1 September 2017

Group 2 - shares purchased between 1 September 2017 and 28 February 2018

	Net Income 2018 pence per share	Equalisation 2018 pence per share	Distribution paid 2018 pence per share	Distribution paid 2017 pence per share
Retail accumulation				
Group 1	-	-	0.0000*	0.3515
Group 2	-	-	0.0000*	0.3515
Institutional accumulation				
Group 1	-	-	0.0000*	0.0955
Group 2	-	-	0.0000*	0.0955
Standard Life accumulation				
Group 1	0.0788	-	0.0788*	0.1247
Group 2	0.0641	0.0147	0.0788*	0.1247
Platform 1 accumulation				
Group 1	-	-	0.0000*	0.3754
Group 2	-	-	0.0000*	0.3754

* Distribution accumulated on 28 February 2018

Treatment by Corporate Shareholders (Unaudited)

Corporate shareholders should account for the current year's dividends shown in the distribution table as follows:

	Interim Dividend Distribution	Final Dividend Distribution
Treat as a UK corporate dividend	100.00%	100.00%
Treat as an annual payment net of Income tax at 20%	0.00%	0.00%

Standard Life Investment Company Annual Report & Financial Statements

European Equity Growth Fund

Investment Report

Fund Information	
Fund Manager	Jonathan Fearon
Launch Date	16 November 1998
Benchmark	IA Europe Excluding UK Sector

Investment objective

The objective of the Fund is to provide capital appreciation. It is intended that income will not be a prime consideration.

Investment policy

The investment policy of the Fund is to invest mostly in equities and equity type investments of companies listed on the main European markets or which, in the opinion of the ACD, carry on a significant part of their operations in Europe (including the UK). Up to 10% of the Fund may be invested in smaller emerging European markets, as included in the MSCI Emerging Markets Index from time-to-time. "Equity type investments" will include convertible stocks, stock exchange listed warrants, Depositary Receipts and any other such investments which entitle the holder to subscribe for or convert into the equity of the company and/or where the share price performance is, in the opinion of the ACD, influenced significantly by the stock market performance of the company's ordinary shares.

The Fund may also invest in other transferable securities, money-market instruments, deposits, cash and near cash, derivatives and collective investment schemes.

Risk

The Fund is intended for investors a focused investment approach, with an emphasis on stock selection whilst affording proper diversification of mainly European Equity exposure. The investor must be able to accept significant temporary losses due to the volatile nature of equity and currency markets, and should therefore have an investment time horizon of at least 5 years.

Performance

For the period under review, the Fund returned 14.6%, against the IMA Europe (ex UK) sector return 13.6% (source: Morningstar, basic rate taxpayer, bid to bid basis, retail accumulation share class).

A position in luxury brands group Kering performed well, as it continued to enjoy positive momentum with its core brands, notably Gucci. Meanwhile, Wirecard found its shares in demand after it reported robust top-line growth thanks to structural drivers as well as market positioning. Elsewhere, Credit Suisse boosted investors' confidence that it can trim costs and reduce non-core losses. The company should also benefit from improving fundamentals in its wealth management business. Additional highlights included Umicore, Amundi and ASML Holdings.

On the downside, Irish materials group CRH suffered from its dollar earnings and doubts about its acquisition policy. Shares in Spanish retailer Inditex fell after it was de-rated on worries about sales at physical stores. This was despite good online performance and its pre-emptive decision to adjust its portfolio of shops. Vestas Wind Systems proved disappointing amid worries about the regulatory environment and pricing pressure in the US. Positions in Merck, TechnipFMC and Flow Traders also weighed on relative Fund returns.

Investment activity

We established a position in Bayer, whose share price did not reflect the upside from its deal with Monsanto. UBS Group was another new holding, given the improving outlook for its wealth management business and more attractive capital return. We invested in polymers company Covestro, as tightness in its end markets is expected to drive earnings upgrades; and Total, given our desire to increase the Fund's exposure to oil-related stocks in tandem with a better outlook for the oil price.

Sales include Deutsche Post, whose valuation looked full following a period of strong performance. We trimmed our holding in software solutions provider SAP, as foreign exchange fluctuations hampered the scope for stronger profits. We sold Deutsche Telekom amid concerns about its US business and slower-than-expected growth in Germany. In other activity, we removed financial services company AIB Group: its stock had done well but began to look fully valued; and took profits in food company Kerry Group, whose share price was re-rated.

Standard Life Investment Company

Annual Report & Financial Statements

European Equity Growth Fund

Investment Report (Continued)

Synthetic Risk & Reward Indicator



This indicator reflects the volatility of the Fund’s share price over the last five years which in turn reflects the volatility of the underlying assets in which the Fund invests. Historical data may not be a reliable indication of the future.

The current rating, which is the same for all share classes, is not guaranteed and may change if the volatility of the assets in which the Fund invests changes. The lowest rating does not mean risk free.

All investment involves risk. This Fund offers no guarantee against loss or that the Fund’s objective will be attained. For further information on the risks that may not be fully captured by the risk and reward indicator, please refer to the current Key Investor Information Document (KIID).

Cautionary note

It should be remembered that past performance is not a guide to future performance. The value of investments may go down as well as up and, therefore, investors may not get back the amount originally invested.

Standard Life Investment Company

Annual Report & Financial Statements

European Equity Growth Fund

Comparative Tables

	2018 pence per share	2017 pence per share	2016 pence per share
Retail accumulation			
Change in net assets per share			
Opening net asset value per share	177.36	141.84	148.35
Return before operating charges*	26.24	37.73	(4.08)
Operating charges**	(2.69)	(2.21)	(2.43)
Return after operating charges*	23.55	35.52	(6.51)
Distributions	(3.33)	(2.98)	(1.22)
Retained distributions on accumulation share	3.33	2.98	1.22
Closing net asset value per share	200.91	177.36	141.84
* after direct transaction costs of:***	0.27	0.21	0.16
Performance+			
Return after charges	13.28%	25.04%	-4.39%
Other information			
Closing net asset value (£'000)	40,637	37,016	32,481
Closing number of shares	20,227,024	20,870,914	22,898,934
Operating charges****	1.36%	1.38%	1.65%
Direct transaction costs***	0.14%	0.13%	0.11%
Prices			
Highest share price	209.1	180.2	159.1
Lowest share price	178.7	140.9	131.7

** The operating charges include all costs borne by the Fund, except for direct transaction costs.

*** The direct transaction costs are made up of: fees and commissions paid to agents, advisers, brokers and dealers, levies by regulatory agencies and securities exchanges as well as transfer taxes and duties.

**** The operating charges percentage is the equivalent of the ongoing charges figure per the prior year accounts. It shows the annualised operating expenses of the share class as a percentage of the average net asset value of the class over the same period. The ACD periodic charge was reduced from 1.50% to 1.30% which became effective on 1 April 2016. The Registrar fees of 0.08% also ceased to be charged effective 1 April 2016.

+ The performance figures are calculated by taking the value of the shareclass per the financial statements compared to the value per the financial statements in the prior year. This figure may differ from the performance figure quoted in the Investment Report. The Investment Report performance figure is calculated using the last available published price for a given shareclass in the period compared to the equivalent for the prior period. The published price may contain an adjustment for dilution in accordance with the Fund pricing policy, while the price per the financial statements values the Fund on a bid-price basis. The financial statements shareclass valuation is based on close of business market prices on the last day of the period, again this may differ from the intra-day pricing point of the Fund which is used in the published shareclass price.

Standard Life Investment Company

Annual Report & Financial Statements

European Equity Growth Fund

Comparative Tables (Continued)

	2018 pence per share	2017 pence per share	2016 pence per share
Institutional accumulation			
Change in net assets per share			
Opening net asset value per share	205.93	163.89	170.11
Return before operating charges*	30.49	43.72	(4.69)
Operating charges**	(2.05)	(1.68)	(1.53)
Return after operating charges*	28.44	42.04	(6.22)
Distributions	(4.95)	(4.36)	(2.66)
Retained distributions on accumulation share	4.95	4.36	2.66
Closing net asset value per share	234.37	205.93	163.89
* after direct transaction costs of:***	0.32	0.24	0.18
Performance+			
Return after charges	13.81%	25.65%	-3.66%
Other information			
Closing net asset value (£'000)	60,307	49,460	63,173
Closing number of shares	25,731,533	24,018,034	38,546,640
Operating charges****	0.89%	0.91%	0.90%
Direct transaction costs***	0.14%	0.13%	0.11%
Prices			
Highest share price	243.4	209.2	182.5
Lowest share price	207.7	163.0	152.2

** The operating charges include all costs borne by the Fund, except for direct transaction costs.

*** The direct transaction costs are made up of: fees and commissions paid to agents, advisers, brokers and dealers, levies by regulatory agencies and securities exchanges as well as transfer taxes and duties.

**** The operating charges percentage is the equivalent of the ongoing charges figure per the prior year accounts. It shows the annualised operating expenses of the share class as a percentage of the average net asset value of the class over the same period.

+ The performance figures are calculated by taking the value of the shareclass per the financial statements compared to the value per the financial statements in the prior year. This figure may differ from the performance figure quoted in the Investment Report. The Investment Report performance figure is calculated using the last available published price for a given shareclass in the period compared to the equivalent for the prior period. The published price may contain an adjustment for dilution in accordance with the Fund pricing policy, while the price per the financial statements values the Fund on a bid-price basis. The financial statements shareclass valuation is based on close of business market prices on the last day of the period, again this may differ from the intra-day pricing point of the Fund which is used in the published shareclass price.

Standard Life Investment Company

Annual Report & Financial Statements

European Equity Growth Fund

Comparative Tables (Continued)

	2018 pence per share	2017 pence per share	2016 pence per share
Retail income++			
Change in net assets per share			
Opening net asset value per share	61.17	49.76	50.00
Return before operating charges*	9.05	13.23	0.59
Operating charges**	(0.93)	(0.77)	(0.83)
Return after operating charges*	8.12	12.46	(0.24)
Distributions	(1.15)	(1.05)	0.00
Closing net asset value per share	68.14	61.17	49.76
* after direct transaction costs of:***	0.09	0.07	0.06
Performance+			
Return after charges	13.27%	25.04%	-0.48%
Other information			
Closing net asset value (£'000)	1,568	1,485	1,253
Closing number of shares	2,300,629	2,427,006	2,517,734
Operating charges****	1.36%	1.38%	1.65%
Direct transaction costs***	0.14%	0.12%	0.12%
Prices			
Highest share price	72.08	63.22	52.77
Lowest share price	61.63	49.42	46.21

** The operating charges include all costs borne by the Fund, except for direct transaction costs.

*** The direct transaction costs are made up of: fees and commissions paid to agents, advisers, brokers and dealers, levies by regulatory agencies and securities exchanges as well as transfer taxes and duties.

**** The operating charges percentage is the equivalent of the ongoing charges figure per the prior year accounts. It shows the annualised operating expenses of the share class as a percentage of the average net asset value of the class over the same period. The ACD periodic charge was reduced from 1.50% to 1.30% which became effective on 1 April 2016. The Registrar fees of 0.08% also ceased to be charged effective 1 April 2016.

+ The performance figures are calculated by taking the value of the shareclass per the financial statements compared to the value per the financial statements in the prior year. This figure may differ from the performance figure quoted in the Investment Report. The Investment Report performance figure is calculated using the last available published price for a given shareclass in the period compared to the equivalent for the prior period. The published price may contain an adjustment for dilution in accordance with the Fund pricing policy, while the price per the financial statements values the Fund on a bid-price basis. The financial statements shareclass valuation is based on close of business market prices on the last day of the period, again this may differ from the intra-day pricing point of the Fund which is used in the published shareclass price.

++Share class launched on 4 September 2015.

Standard Life Investment Company

Annual Report & Financial Statements

European Equity Growth Fund

Comparative Tables (Continued)

	2018 pence per share	2017 pence per share	2016 pence per share
Standard Life income			
Change in net assets per share			
Opening net asset value per share	96.23	78.16	82.48
Return before operating charges*	14.31	20.97	(2.26)
Operating charges**	(0.06)	(0.07)	(0.06)
Return after operating charges*	14.25	20.90	(2.32)
Distributions	(3.22)	(2.83)	(2.00)
Closing net asset value per share	107.26	96.23	78.16
* after direct transaction costs of:***	0.15	0.12	0.09
Performance+			
Return after charges	14.81%	26.74%	-2.81%
Other information			
Closing net asset value (£'000)	2	2	2
Closing number of shares	2,156	2,156	2,156
Operating charges****	0.06%	0.08%	0.07%
Direct transaction costs***	0.14%	0.14%	0.11%
Prices			
Highest share price	114.6	100.5	88.58
Lowest share price	97.16	77.90	74.40

** The operating charges include all costs borne by the Fund, except for direct transaction costs.

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**** The operating charges percentage is the equivalent of the ongoing charges figure per the prior year accounts. It shows the annualised operating expenses of the share class as a percentage of the average net asset value of the class over the same period.

+ The performance figures are calculated by taking the value of the shareclass per the financial statements compared to the value per the financial statements in the prior year. This figure may differ from the performance figure quoted in the Investment Report. The Investment Report performance figure is calculated using the last available published price for a given shareclass in the period compared to the equivalent for the prior period. The published price may contain an adjustment for dilution in accordance with the Fund pricing policy, while the price per the financial statements values the Fund on a bid-price basis. The financial statements shareclass valuation is based on close of business market prices on the last day of the period, again this may differ from the intra-day pricing point of the Fund which is used in the published shareclass price.

Standard Life Investment Company

Annual Report & Financial Statements

European Equity Growth Fund

Comparative Tables (Continued)

	2018 pence per share	2017 pence per share	2016 pence per share
Standard Life accumulation			
Change in net assets per share			
Opening net asset value per share	149.42	118.02	121.59
Return before operating charges*	22.15	31.61	(3.39)
Operating charges**	(0.23)	(0.21)	(0.18)
Return after operating charges*	21.92	31.40	(3.57)
Distributions	(4.86)	(4.15)	(2.81)
Retained distributions on accumulation share	4.86	4.15	2.81
Closing net asset value per share	171.34	149.42	118.02
* after direct transaction costs of:***	0.23	0.18	0.13
Performance+			
Return after charges	14.67%	26.61%	-2.94%
Other information			
Closing net asset value (£'000)	1,250	845	515
Closing number of shares	729,425	565,287	436,533
Operating charges****	0.14%	0.16%	0.15%
Direct transaction costs***	0.14%	0.13%	0.11%
Prices			
Highest share price	177.8	151.6	130.6
Lowest share price	150.8	117.6	109.5

** The operating charges include all costs borne by the Fund, except for direct transaction costs.

*** The direct transaction costs are made up of: fees and commissions paid to agents, advisers, brokers and dealers, levies by regulatory agencies and securities exchanges as well as transfer taxes and duties.

**** The operating charges percentage is the equivalent of the ongoing charges figure per the prior year accounts. It shows the annualised operating expenses of the share class as a percentage of the average net asset value of the class over the same period.

+ The performance figures are calculated by taking the value of the shareclass per the financial statements compared to the value per the financial statements in the prior year. This figure may differ from the performance figure quoted in the Investment Report. The Investment Report performance figure is calculated using the last available published price for a given shareclass in the period compared to the equivalent for the prior period. The published price may contain an adjustment for dilution in accordance with the Fund pricing policy, while the price per the financial statements values the Fund on a bid-price basis. The financial statements shareclass valuation is based on close of business market prices on the last day of the period, again this may differ from the intra-day pricing point of the Fund which is used in the published shareclass price.

Standard Life Investment Company

Annual Report & Financial Statements

European Equity Growth Fund

Comparative Tables (Continued)

	2018 pence per share	2017 pence per share	2016 pence per share
Platform 1 accumulation			
Change in net assets per share			
Opening net asset value per share	92.29	73.48	76.32
Return before operating charges*	13.66	19.61	(2.12)
Operating charges**	(0.97)	(0.80)	(0.72)
Return after operating charges*	12.69	18.81	(2.84)
Distributions	(2.17)	(1.91)	(1.15)
Retained distributions on accumulation share	2.17	1.91	1.15
Closing net asset value per share	104.98	92.29	73.48
* after direct transaction costs of:***	0.14	0.11	0.08
Performance+			
Return after charges	13.75%	25.60%	-3.72%
Other information			
Closing net asset value (£'000)	10,144	8,604	7,723
Closing number of shares	9,662,134	9,322,855	10,510,109
Operating charges****	0.94%	0.96%	0.95%
Direct transaction costs***	0.14%	0.13%	0.11%
Prices			
Highest share price	109.1	93.74	81.89
Lowest share price	93.05	73.07	68.23

** The operating charges include all costs borne by the Fund, except for direct transaction costs.

*** The direct transaction costs are made up of: fees and commissions paid to agents, advisers, brokers and dealers, levies by regulatory agencies and securities exchanges as well as transfer taxes and duties.

**** The operating charges percentage is the equivalent of the ongoing charges figure per the prior year accounts. It shows the annualised operating expenses of the share class as a percentage of the average net asset value of the class over the same period.

+ The performance figures are calculated by taking the value of the shareclass per the financial statements compared to the value per the financial statements in the prior year. This figure may differ from the performance figure quoted in the Investment Report. The Investment Report performance figure is calculated using the last available published price for a given shareclass in the period compared to the equivalent for the prior period. The published price may contain an adjustment for dilution in accordance with the Fund pricing policy, while the price per the financial statements values the Fund on a bid-price basis. The financial statements shareclass valuation is based on close of business market prices on the last day of the period, again this may differ from the intra-day pricing point of the Fund which is used in the published shareclass price.

Standard Life Investment Company

Annual Report & Financial Statements

European Equity Growth Fund

Portfolio Statement as at 28 February 2018

Holding	Investment	Market value £'000	Percentage of total net assets
European Equities (ex UK) (99.24%)		112,725	98.96
Austria (0.00%)		1,446	1.27
36,353	BAWAG Group	1,446	1.27
Belgium (2.93%)		2,724	2.39
66,495	Umicore	2,724	2.39
Denmark (10.87%)		8,021	7.04
1,228	A.P. Moller-Maersk	1,463	1.28
57,120	Ambu	803	0.70
104,442	Danske Bank	3,058	2.69
43,386	Novo Nordisk	1,641	1.44
13,900	Pandora	1,056	0.93
Finland (1.99%)		-	-
France (18.72%)		21,353	18.75
26,536	Airbus	2,310	2.03
30,397	Amundi	1,806	1.58
124,307	AXA	2,845	2.50
16,443	Essilor	1,570	1.38
7,378	Kering	2,534	2.22
14,289	Michelin	1,602	1.41
146,032	Orange	1,801	1.58
17,000	Orpea	1,483	1.30
26,621	Renault	2,107	1.85
11,621	Thales	942	0.83
56,599	Total	2,353	2.07
Germany (15.17%)		24,206	21.25
35,427	BASF	2,712	2.38
33,410	Bayer	2,842	2.50
19,290	Covestro	1,591	1.40
320,497	E.ON	2,371	2.08
39,359	Fresenius	2,340	2.05
70,198	Infineon Technology	1,392	1.22

Standard Life Investment Company

Annual Report & Financial Statements

European Equity Growth Fund

Portfolio Statement as at 28 February 2018 (Continued)

Holding	Investment	Market value £'000	Percentage of total net assets
Germany (continued)			
23,238	Merck	1,691	1.48
45,356	Scout24	1,454	1.28
27,601	Siemens	2,647	2.32
97,412	ThyssenKrupp	1,924	1.69
98,997	TUI	1,526	1.34
19,599	Wirecard	1,716	1.51
Ireland (6.73%)		7,559	6.64
73,606	CRH	1,770	1.55
99,532	Glanbia	1,278	1.12
18,113	Kerry	1,321	1.16
13,919	Paddy Power Betfair	1,179	1.04
140,375	Ryanair	2,011	1.77
Italy (3.78%)		4,547	3.99
438,189	Enel	1,854	1.63
142,686	Mediobanca	1,244	1.09
63,169	Prysmian Spa	1,449	1.27
Netherlands (6.95%)		9,318	8.18
20,376	Akzo Nobel	1,438	1.26
18,016	ASML	2,571	2.26
66,321	ASR Nederland	2,169	1.91
46,789	Philips Lighting	1,348	1.18
34,410	Randstad	1,792	1.57
Portugal (1.67%)		1,628	1.43
123,687	Galp Energia	1,628	1.43
Spain (5.75%)		8,077	7.09
712,721	Banco Santander	3,575	3.14
153,041	Bankinter	1,228	1.08
48,430	Grupo ACS	1,214	1.06
93,243	Inditex	2,060	1.81

Standard Life Investment Company

Annual Report & Financial Statements

European Equity Growth Fund

Portfolio Statement as at 28 February 2018 (Continued)

		Market value £'000	Percentage of total net assets
Holding	Investment		
Sweden (8.35%)		8,831	7.75
101,599	Assa Abloy	1,654	1.45
77,821	Essity	1,554	1.36
229,282	Nordea Bank	1,900	1.67
111,987	Securitas	1,400	1.23
126,807	Swedbank	2,323	2.04
Switzerland (15.30%)		15,015	13.18
142,291	Credit Suisse	1,919	1.68
58,629	Nestle	3,389	2.98
2,511	Partners	1,325	1.16
19,949	Roche	3,360	2.95
184,446	UBS	2,560	2.25
10,277	Zurich	2,462	2.16
Collective Investment Schemes (1.03%)		1,638	1.44
1,638,161	Standard Life CNAV Sterling Liquidity Fund	1,638	1.44
Total Investment assets		114,363	100.40
Net other Liabilities		(455)	(0.40)
Total Net Assets		113,908	100.00

All investments are listed on recognised stock exchanges and are approved securities, or regulated collective investments schemes within the meaning of the FCA rules unless otherwise stated.

The percentage figures in brackets show the comparative holding as at 28 February 2017.

Standard Life Investment Company

Annual Report & Financial Statements

European Equity Growth Fund

Financial Statements

Statement of Total Return

for the year ended 28 February 2018

	Notes	£'000	2018 £'000	£'000	2017 £'000
Income:					
Net capital gains	2		11,318		20,291
Revenue	4	3,168		3,398	
Expenses	5	(1,177)		(1,072)	
Interest payable and similar charges	6	(3)		(3)	
Net revenue before taxation		1,988		2,323	
Taxation	7	213		158	
Net revenue after taxation			2,201		2,481
Total return before distributions			13,519		22,772
Distributions	8		(2,201)		(2,481)
Change in net assets attributable to shareholders from investment activities			11,318		20,291

Statement of Change in Net Assets Attributable to Shareholders

for the year ended 28 February 2018

	£'000	2018 £'000	£'000	2017 £'000
Opening net assets attributable to shareholders		97,412		105,146
Amounts receivable on the issue of shares	8,669		6,695	
Amounts payable on the cancellation of shares	(5,694)		(36,656)	
		2,975		(29,961)
Dilution adjustment		11		64
Change in net assets attributable to shareholders from investment activities (see above)		11,318		20,291
Retained distribution on accumulation shares		2,192		1,872
Closing net assets attributable to shareholders		113,908		97,412

Standard Life Investment Company

Annual Report & Financial Statements

European Equity Growth Fund

Financial Statements (Continued)

Balance Sheet

as at 28 February 2018

	Notes	£'000	2018 £'000	£'000	2017 £'000
Assets:					
Fixed assets:					
Investment assets			114,363		96,671
Current assets:					
Debtors	9	333		1,212	
Cash and bank balances	10	44		37	
			377		1,249
Total assets			114,740		97,920
Liabilities:					
Creditors	11	(805)		(483)	
Bank overdrafts		0		(25)	
Distribution payable		(27)		0	
			(832)		(508)
Total liabilities			(832)		(508)
Net assets attributable to shareholders			113,908		97,412

Standard Life Investment Company

Annual Report & Financial Statements

European Equity Growth Fund

Notes to the Financial Statements

1 Accounting Policies

Please refer to pages 11 to 12 for note on accounting policies.

2 Net Capital Gains

	2018 £'000	2017 £'000
Non-derivative securities	11,274	20,295
Forward currency contracts	(1)	(6)
Other gains	61	23
Handling charges taken from the capital account	(16)	(21)
Net capital gains	11,318	20,291

3 Purchases, Sales and Transaction Costs

There are no transaction costs associated with the purchases or sales of bonds, collective investment schemes and derivatives during the year, or in the prior year.

Collective investments operate within the terms of the offer document or prospectus. Typically we do not invest into Funds that require an initial charge to be made. The underlying price contains an estimation of cost known as a dilution levy which is applied from time to time.

During the year the total purchases and sales across different major assets classes are as per below table.

	2018 £'000	2017 £'000
Equity Purchases, Sales and Transaction Costs		
Purchases		
Purchases before transaction costs	52,486	37,444
Commissions	53	47
Taxes & Other Fees	56	45
Total purchase transaction costs	109	92
Purchases including transaction costs	52,595	37,536
Sales		
Gross Sales before transaction costs	46,839	63,943
Commissions	(46)	(54)
Total sale transaction costs	(46)	(54)
Total sales net of transaction costs	46,793	63,889

Standard Life Investment Company

Annual Report & Financial Statements

European Equity Growth Fund

Notes to the Financial Statements (Continued)

3 Purchases, Sales and Transaction Costs (continued)

	2018 % Transaction	2017 % Transaction
Equity Transaction Cost as a % of total Purchases & Sales		
Purchases		
Commissions	0.10%	0.13%
Taxes & Other Fees	0.11%	0.12%
Sales		
Commissions	0.10%	0.08%

	2018 % Average NAV	2017 % Average NAV
Equity Purchases, Sales Analysis to Average NAV		
Purchases		
Commissions	0.05%	0.05%
Taxes & Other Fees	0.05%	0.04%
Sales		
Commissions	0.04%	0.05%

During the year the total purchases and sales across different major asset classes are as per below table.

	2018 £'000	2017 £'000
Purchase		
Equities	52,595	37,536
Sales		
Equities	46,793	63,889

The Fund suffers a number of explicit costs as disclosed in the notes and Fund history. The Fund also suffers implicit costs an example is market spread, the spread represents the costs of providing liquidity in a market. It therefore is subject to change based on volume, active markets have a lower spread the difference between; bid the price you receive and offer the price you pay.

At the balance sheet date the average portfolio dealing spread (i.e. the spread between bid and offer prices expressed as a percentage of the offer price) was 0.71% (2017: 0.70%), this is representative of the average spread on the assets held during the year.

4 Revenue

	2018 £'000	2017 £'000
Overseas dividends	2,972	3,302
Bank interest	196	96
Total revenue	3,168	3,398

Standard Life Investment Company

Annual Report & Financial Statements

European Equity Growth Fund

Notes to the Financial Statements (Continued)

5 Expenses

	2018 £'000	2017 £'000
Payable to the Authorised Corporate Director, associates of the Authorised Corporate Director and agents of either of them:		
Authorised Corporate Director's periodic charge	1,067	955
Dealing charge	4	4
Registration fees	56	54
	<u>1,127</u>	<u>1,013</u>
Payable to the Depositary or associates of the Depositary, and agents of either of them:		
Depositary's fees	21	18
Safe custody fee	13	11
	<u>34</u>	<u>29</u>
Other:		
Professional fees	8	17
Audit fee	8	8
Sundry Expenses	0	5
	<u>16</u>	<u>30</u>
Total expenses	<u>1,177</u>	<u>1,072</u>

6 Interest Payable and Similar Charges

	2018 £'000	2017 £'000
Interest payable	3	3
Total interest payable & similar charges	<u>3</u>	<u>3</u>

7 Taxation

	2018 £'000	2017 £'000
(a) Analysis of charge in year		
Overseas taxes	(213)	(158)
Total current tax (note 7b)	<u>(213)</u>	<u>(158)</u>

Standard Life Investment Company

Annual Report & Financial Statements

European Equity Growth Fund

Notes to the Financial Statements (Continued)

7 Taxation (continued)

(b) Factors affecting current tax charge for the year

The tax assessed for the year is lower than the standard rate of corporation tax for Open-Ended Investment Companies 'OEICs' (20%). The differences are explained below:

Net revenue before taxation	1,988	2,323
Corporation tax at 20% (2017: 20%)	398	465
Effects of:		
Revenue not subject to taxation	(582)	(649)
Overseas taxes	(213)	(158)
Overseas tax expensed	(2)	(2)
Excess allowable expenses	186	186
Current tax charge for year (note 7a)	(213)	(158)

Authorised Open-Ended Investment Companies are exempt from tax on capital gains in the UK. Therefore, any capital gain is not included in the above reconciliation.

(c) Factors that may affect future tax charges

The fund has not recognised a deferred tax asset of £1,367,000 (2017: £1,181,000) arising as a result of having surplus expenses. It is unlikely that the Fund will generate sufficient taxable profits to utilise these amounts and therefore no deferred tax asset has been recognised in the year or the prior year.

8 Distributions

The distributions takes account of income received on the issue of shares and income deducted on the cancellation of shares and comprise:

	2018 £'000	2017 £'000
Distribution	2,219	1,897
Add: Income deducted on cancellation of shares	88	711
Deduct: Income received on issue of shares	(106)	(127)
Net distribution for the year	2,201	2,481

Details of the distribution per share are set out in this Fund's distribution tables.

9 Debtors

	2018 £'000	2017 £'000
Amounts receivable from the ACD for the issue of shares	21	22
Sales awaiting settlement	0	881
Foreign withholding tax recoverable	312	309
Total debtors	333	1,212

10 Cash and Bank Balances

	2018 £'000	2017 £'000
Cash and bank balances	44	37
Total cash and bank balances	44	37

Standard Life Investment Company

Annual Report & Financial Statements

European Equity Growth Fund

Notes to the Financial Statements (Continued)

11 Creditors

	2018 £'000	2017 £'000
Amounts payable to the ACD for cancellation of shares	263	73
Purchases awaiting settlement	441	321
Accrued expenses payable to ACD	87	76
Other accrued expenses	8	8
Accrued Expenses payable to the Depository	6	5
Total creditors	805	483

12 Related Party Transactions

Standard Life Investments (Mutual Funds) Limited, as Authorised Corporate Director (ACD), is a related party and acts as principal in respect of all transactions of shares in the Fund.

The aggregate monies received through issue and paid on cancellation of shares are disclosed in the statement of change in net assets attributable to shareholders.

Any amounts due from or due to Standard Life Investments (Mutual Funds) Limited at the end of the accounting year are disclosed in notes 9 and 11.

Amounts payable to Standard Life Investments (Mutual Funds) Limited, in respect of periodic charge and registration services, are disclosed in note 5 and any amounts due at the year end in note 11.

The Fund holds 1,638,161 shares (2017: 999,642) in Standard Life CNAV Sterling Liquidity Fund as detailed in the portfolio statement, the total purchase cost of these investments during the year was £23,789,452 (2017: £34,460,000), the total sales proceeds were £23,150,933 (2017: £33,465,000).

	2018 £'000	2017 £'000
Transactions during the year with Standard Life Aberdeen group companies are as follows:		
Sale of shares by Fund	5,155	4,684
Purchase of shares by Fund	445	21,898
Distributions made by Fund	900	1,117
The percentage value of the Fund held by Standard Life Aberdeen group companies is:	48.2%	45.0%

13 Shares in Issue Reconciliation

	Opening shares 2017	Creations during the year	Cancellations during the year	Conversions during the year	Closing shares 2018
Retail accumulation	20,870,914	772,658	(1,225,335)	(191,213)	20,227,024
Institutional accumulation	24,018,034	2,218,008	(531,302)	26,793	25,731,533
Retail income	2,427,006	81,731	(208,108)	0	2,300,629
Standard Life income	2,156	0	0	0	2,156
Standard Life accumulation	565,287	256,410	(92,272)	0	729,425
Platform 1 accumulation	9,322,855	1,352,523	(1,320,159)	306,915	9,662,134

Standard Life Investment Company

Annual Report & Financial Statements

European Equity Growth Fund

Notes to the Financial Statements (Continued)

14 Fair Value Hierarchy

	2018 £'000	2018 £'000	2018 £'000	2017 £'000	2017 £'000	2017 £'000
Fair value of investment assets	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
Equities	112,725	0	0	95,671	0	0
Collective Investment Schemes	0	1,638	0	0	1,000	0
Total investment assets	112,725	1,638	0	95,671	1,000	0

The three levels of the fair value hierarchy under FRS 102 are described below:

Level 1: Unadjusted quoted market prices in active markets that are accessible at the measurement date for the identical unrestricted assets or liabilities.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices).

Level 3: Inputs for asset or liability that are not based on observable market data (unobservable inputs).

15 Risk Management Policies & Numerical Disclosures

In accordance with the investment objectives, the Fund may hold certain financial instruments. These comprise:

- securities held in accordance with the investment objective and policies;
- cash and short-term debtors and creditors arising directly from operations; and
- derivatives.

The main risks arising from the Fund's financial instruments are market price, foreign currency, interest rate, credit and liquidity risk.

The policies for managing these risks are summarised below and have been applied consistently throughout the year, and prior year.

a. Market price risk

Each Fund's investment portfolio is exposed to market price fluctuation which are monitored by the Fund Manager in pursuance of the investment objectives and policies. Adherence to investment guidelines and to investment and borrowing powers mitigate the risk of excessive exposure to any particular type of security or issuer.

An increase or decrease in market values will therefore have a direct effect on the value of the investment assets in the portfolio and therefore a proportionate effect on the value of the Fund.

A five per cent increase in the value of the Fund's portfolio would have the effect of increasing the return and net assets as at 28 February by £5,718,150 (2017: £4,833,550). A five per cent decrease would have an equal and opposite effect.

b. Foreign currency risk

A proportion of the net assets of the Fund are denominated in currencies other than Sterling, therefore the balance sheet and total returns can be affected by currency movements. In certain circumstances, the Fund Manager may seek to manage exposure to currency movements by using forward currency contracts.

The Fund does not hedge or otherwise seek to avoid currency movement risk on accrued revenue.

Income received in foreign currencies is converted into Sterling at the exchange rates ruling when the income is received.

A five per cent increase in the value of the Fund's foreign currency exposure would have the effect of increasing the return and net assets as at 28 February by £5,631,650 (2017: £4,812,700). A five per cent decrease would have an equal and opposite effect.

Standard Life Investment Company

Annual Report & Financial Statements

European Equity Growth Fund

Notes to the Financial Statements (Continued)

15 Risk Management Policies & Numerical Disclosures (continued)

Currency exposure

The net foreign currency monetary exposure comprises:

	Net foreign currency monetary assets	
	2018	2017
	£'000	£'000
Danish Krone	8,120	10,726
Euro	80,559	62,328
Swedish Krona	8,831	8,134
Swiss Franc	15,123	14,905

c. Interest rate risk

Interest receivable on bank deposits or payable on bank overdrafts will be affected by fluctuations in interest rates. The Fund Manager continuously reviews interest rates and inflation expectations. The assessment of this may result in a change in investment strategy.

In addition, changes to prevailing rates or changes in expectations of future rates may result in an increase or decrease in the value of the securities held. In general, if interest rates rise, the income potential of the Fund also rises but the value of fixed rate securities will decline (along with certain expenses calculated by reference to the assets of the Fund). A decline in interest rates will, in general, have the opposite effect.

The interest rate risk profile of the Fund's net financial assets and liabilities is:

	Floating rate financial assets	Financial assets/ (liabilities) not carrying interest	Total
	£'000	£'000	£'000
2018			
Currency			
UK Sterling	1,639	(364)	1,275
Danish Krone	0	8,120	8,120
Euro	43	80,516	80,559
Swedish Krona	0	8,831	8,831
Swiss Franc	0	15,123	15,123
2017			
Currency			
UK Sterling	1,001	318	1,319
Danish Krone	0	10,726	10,726
Euro	36	62,292	62,328
Swedish Krona	0	8,134	8,134
Swiss Franc	0	14,905	14,905

d. Credit risk

All cash exposures are carefully managed to ensure that money is placed on deposit with counterparties that meet the minimum credit rating deemed appropriate for this Fund. In certain circumstances, the Fund Manager may deliberately invest in securities (e.g. corporate bonds) with a well defined and published credit rating. In this case the Fund would be deliberately taking credit risk in order to seek additional rewards.

e. Liquidity risk

The Fund's assets comprise mainly readily realisable securities. The main liabilities of the Fund are the redemption of any shares that investors wish to sell and the settlement of stock purchases. The Fund Manager reviews the cash and liability position continuously, and should an increase in liquidity be required, the Fund Manager will sell securities.

Standard Life Investment Company Annual Report & Financial Statements

European Equity Growth Fund

Distribution Tables

for the year ended 28 February 2018

Group 1 - shares purchased prior to 1 March 2017

Group 2 - shares purchased between 1 March 2017 and 28 February 2018

	Net Income 2018 pence per share	Equalisation 2018 pence per share	Distribution payable 2018 pence per share	Distribution paid 2017 pence per share
Retail accumulation				
Group 1	3.3283	-	3.3283*	2.9817
Group 2	0.2338	3.0945	3.3283*	2.9817
Institutional accumulation				
Group 1	4.9514	-	4.9514*	4.3617
Group 2	3.2155	1.7359	4.9514*	4.3617
Retail income				
Group 1	1.1482	-	1.1482**	1.0459
Group 2	0.3459	0.8023	1.1482**	1.0459
Standard Life income				
Group 1	3.2151	-	3.2151**	2.8305
Group 2	-	-	-	-
Standard Life accumulation				
Group 1	4.8587	-	4.8587*	4.1541
Group 2	2.6193	2.2394	4.8587*	4.1541
Platform 1 accumulation				
Group 1	2.1670	-	2.1670*	1.9140
Group 2	0.2891	1.8779	2.1670*	1.9140

* Distribution accumulated on 28 February 2018

** Distribution payable on 30 April 2018

Treatment by Corporate Shareholders (Unaudited)

Corporate shareholders should account for the current year's dividend shown in the distribution table as follows:

	Final Dividend Distribution
Treat as a UK corporate dividend	100.00%
Treat as an annual payment net of Income tax at 20%	0.00%

Standard Life Investment Company

Annual Report & Financial Statements

European Equity Income Fund

Investment Report

Fund Information	
Fund Manager	Will James
Launch Date	3 April 2009
Benchmark	IA Europe (ex UK) Sector

Investment objective

The objective of the Fund is to provide a high level of income with some capital appreciation over the longer term.

Investment policy

The investment policy of the Fund is to invest mostly in high yielding equities and equity type investments of European Companies or companies which, in the opinion of the ACD, carry on a substantial part of their operations in Europe. A significant proportion of the Fund may also be invested in fixed interest securities. "Equity type investments" will include convertible stocks, stock exchange listed warrants, Depositary Receipts and any other such investments which entitle the holder to subscribe for or convert into the equity of the company and/or where the share price performance is, in the opinion of the ACD, influenced significantly by the stock market performance of the company's ordinary shares. "European companies" will include companies incorporated in Europe or companies listed on a European stock exchange which may not be incorporated in Europe or have the majority of their economic activity in Europe.

The Fund may also invest in other transferable securities, money-market instruments, deposits, cash and near cash, derivatives and collective investment schemes.

Risk

The Fund is intended for investors who wish to participate in the opportunity to achieve a high level of income with some capital appreciation over the longer term afforded by investing in an actively managed portfolio of mainly European equities. The investor must be able to accept significant temporary losses due to the volatile nature of equity and currency markets and should therefore have an investment time horizon of at least 5 years.

Performance

For the period under review, the Fund returned 13.5%, compared to the 13.6% return from the IMA Europe (ex UK) sector benchmark (source: Morningstar, basic-rate taxpayer, bid-to-bid basis, retail accumulation share class).

A position in ASML Holdings performed well after it announced strong full-year results. News of a higher dividend and additional share buybacks was also well-received by investors. A growing acceptance of its EUV (extreme ultraviolet lithography) technology means the company is now set to be the gold standard in the manufacture of semiconductor lithography machines. Leading asset manager Amundi was another standout performer. The company is experiencing strong inflows, while investors are starting to recognise upside potential from its Pioneer acquisition. Travel group TUI found its shares in demand after issuing a trading update that extended growth assumptions to 10%, with a 4% dividend that is set to increase. Additional highlights included Umicore, Mediobanca and ASR Nederland.

On the downside, Nokia struggled after it released disappointing results. However, given that this was largely because of one-offs, the market reaction seems overdone and so we continue to hold the stock. Jewellery manufacturer and retailer Pandora was a negative contributor to performance, given fears about the company's core product offering. Having spoken to management, we opted to retain our position in the company as we felt that the dip in sales was due to poor promotional campaigns and a gap in new product innovation. Meanwhile, shares in Swedbank fell after its earnings results failed to deliver the scope for upgrades analysts were seeking, while (misplaced) comments regarding the property market were construed negatively. Positions in Nokia, CRH and Nordea Bank also disappointed.

Activity

Siltronic we added German-listed manufacturer of silicon wafers for the semiconductor industry. We expect to see significant operating leverage this year, as wafer pricing remains elevated thanks to favourable supply/demand dynamics. In addition, competitor behaviour suggests capacity discipline should last longer than market participants are currently pricing. The stock trades at a discount to its larger Japanese peers, although we expect this gap to narrow. BAWAG is a small, well-run Austrian bank with a focus on online operations. It has excess capital on its balance sheet, which it intends to use to consolidate the fractured German banking sector – a move that could result in profitable synergies. If BAWAG fails to strike any deals, the company said it will return the excess cash to shareholders, bolstering its already attractive 5% dividend growth. We bought Telenor, a Norwegian telecoms firm with good emerging market exposure. It is focusing on the cost side of the business and is restructuring, which will result in improved dividends and share buybacks.

In other activity, we sold Atlantia after our analyst downgraded the stock, citing concerns that its deal to buy Spain's Abertis could grind on. We also concluded the sale of Vestas Wind Systems. This has been a good performer, with strong dividend growth and share buybacks. However, competition has intensified, putting pressure on its margins. Finally, we exited BIC due to unhelpful industry trends; the position was closed before BIC downgraded its sales guidance.

Standard Life Investment Company

Annual Report & Financial Statements

European Equity Income Fund

Investment Report (Continued)

Synthetic Risk & Reward Indicator



The current rating, which is the same for all share classes, is not guaranteed and may change if the volatility of the assets in which the Fund invests changes. The lowest rating does not mean risk free.

All investment involves risk. This Fund offers no guarantee against loss or that the Fund’s objective will be attained.

For further information on the risks that may not be fully captured by the risk and reward indicator, please refer to the current Key Investor Information Document (KIID).

This indicator reflects the volatility of the Fund’s share price over the last five years which in turn reflects the volatility of the underlying assets in which the Fund invests. Historical data may not be a reliable indication of the future.

Cautionary note

It should be remembered that past performance is not a guide to future performance. The value of investments may go down as well as up and, therefore, investors may not get back the amount originally invested.

Standard Life Investment Company

Annual Report & Financial Statements

European Equity Income Fund

Comparative Tables

	2018 pence per share	2017 pence per share	2016 pence per share
Retail accumulation			
Change in net assets per share			
Opening net asset value per share	118.42	96.88	98.88
Return before operating charges*	16.04	22.99	(0.42)
Operating charges**	(1.73)	(1.45)	(1.58)
Return after operating charges*	14.31	21.54	(2.00)
Distributions	(3.12)	(3.06)	(2.08)
Retained distributions on accumulation share	3.12	3.06	2.08
Closing net asset value per share	132.73	118.42	96.88
* after direct transaction costs of:***	0.23	0.21	0.15
Performance+			
Return after charges	12.08%	22.23%	-2.02%
Other information			
Closing net asset value (£'000)	11,322	12,272	12,658
Closing number of shares	8,530,134	10,363,333	13,065,708
Operating charges****	1.33%	1.32%	1.60%
Direct transaction costs***	0.17%	0.19%	0.15%
Prices			
Highest share price	137.4	120.8	106.4
Lowest share price	119.3	96.88	90.98

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+ The performance figures are calculated by taking the value of the shareclass per the financial statements compared to the value per the financial statements in the prior year. This figure may differ from the performance figure quoted in the Investment Report. The Investment Report performance figure is calculated using the last available published price for a given shareclass in the period compared to the equivalent for the prior period. The published price may contain an adjustment for dilution in accordance with the Fund pricing policy, while the price per the financial statements values the Fund on a bid-price basis. The financial statements shareclass valuation is based on close of business market prices on the last day of the period, again this may differ from the intra-day pricing point of the Fund which is used in the published shareclass price.

Standard Life Investment Company

Annual Report & Financial Statements

European Equity Income Fund

Comparative Tables (Continued)

	2018 pence per share	2017 pence per share	2016 pence per share
Institutional accumulation			
Change in net assets per share			
Opening net asset value per share	124.68	101.49	102.82
Return before operating charges*	16.89	24.17	(0.46)
Operating charges**	(1.19)	(0.98)	(0.87)
Return after operating charges*	15.70	23.19	(1.33)
Distributions	(3.92)	(3.78)	(2.83)
Retained distributions on accumulation share	3.92	3.78	2.83
Closing net asset value per share	140.38	124.68	101.49
* after direct transaction costs of:***	0.24	0.22	0.16
Performance+			
Return after charges	12.59%	22.85%	-1.29%
Other information			
Closing net asset value (£'000)	360,986	235,219	222,818
Closing number of shares	257,153,773	188,662,761	219,536,428
Operating charges****	0.86%	0.85%	0.85%
Direct transaction costs***	0.17%	0.19%	0.16%
Prices			
Highest share price	145.3	127.2	110.8
Lowest share price	125.7	101.5	95.28

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Standard Life Investment Company

Annual Report & Financial Statements

European Equity Income Fund

Comparative Tables (Continued)

	2018 pence per share	2017 pence per share	2016 pence per share
Retail income			
Change in net assets per share			
Opening net asset value per share	85.36	72.90	77.10
Return before operating charges*	11.48	16.88	(0.26)
Operating charges**	(1.22)	(1.06)	(1.20)
Return after operating charges*	10.26	15.82	(1.46)
Distributions	(3.43)	(3.36)	(2.74)
Closing net asset value per share	92.19	85.36	72.90
* after direct transaction costs of:***	0.16	0.16	0.12
Performance+			
Return after charges	12.02%	21.70%	-1.89%
Other information			
Closing net asset value (£'000)	2,674	3,598	4,347
Closing number of shares	2,900,990	4,215,305	5,962,312
Operating charges****	1.33%	1.32%	1.60%
Direct transaction costs***	0.17%	0.20%	0.16%
Prices			
Highest share price	96.12	87.44	82.97
Lowest share price	86.01	70.98	68.78

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Standard Life Investment Company

Annual Report & Financial Statements

European Equity Income Fund

Comparative Tables (Continued)

	2018 pence per share	2017 pence per share	2016 pence per share
Institutional income			
Change in net assets per share			
Opening net asset value per share	90.18	76.64	80.44
Return before operating charges*	12.14	17.80	(0.29)
Operating charges**	(0.84)	(0.72)	(0.67)
Return after operating charges*	11.30	17.08	(0.96)
Distributions	(3.63)	(3.54)	(2.84)
Closing net asset value per share	97.85	90.18	76.64
* after direct transaction costs of:***	0.17	0.16	0.12
Performance+			
Return after charges	12.53%	22.29%	-1.19%
Other information			
Closing net asset value (£'000)	597,881	503,374	574,099
Closing number of shares	610,995,938	558,175,031	749,124,351
Operating charges****	0.86%	0.85%	0.85%
Direct transaction costs***	0.17%	0.19%	0.15%
Prices			
Highest share price	101.9	92.33	86.67
Lowest share price	90.92	74.75	72.29

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Standard Life Investment Company

Annual Report & Financial Statements

European Equity Income Fund

Comparative Tables (Continued)

	2018 pence per share	2017 pence per share	2016 pence per share
Standard Life income			
Change in net assets per share			
Opening net asset value per share	96.29	80.46	83.76
Return before operating charges*	12.93	18.65	(0.38)
Operating charges**	(0.03)	(0.02)	(0.01)
Return after operating charges*	12.90	18.63	(0.39)
Distributions	(3.87)	(2.80)	(2.91)
Closing net asset value per share	105.32	96.29	80.46
* after direct transaction costs of:***	0.18	0.16	0.13
Performance+			
Return after charges	13.40%	23.15%	-0.47%
Other information			
Closing net asset value (£'000)	12,908	4	3
Closing number of shares	12,255,981	4,000	4,000
Operating charges****	0.03%	0.02%	0.02%
Direct transaction costs***	0.17%	0.18%	0.16%
Prices			
Highest share price	109.4	98.44	90.34
Lowest share price	97.20	55.52	75.85

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Standard Life Investment Company

Annual Report & Financial Statements

European Equity Income Fund

Comparative Tables (Continued)

	2018 pence per share	2017 pence per share	2016 pence per share
Standard Life accumulation			
Change in net assets per share			
Opening net asset value per share	131.56	106.12	106.78
Return before operating charges*	17.81	25.56	(0.55)
Operating charges**	(0.15)	(0.12)	(0.11)
Return after operating charges*	17.66	25.44	(0.66)
Distributions	(5.23)	(4.97)	(3.65)
Retained distributions on accumulation share	5.23	4.97	3.65
Closing net asset value per share	149.22	131.56	106.12
* after direct transaction costs of:***	0.25	0.21	0.17
Performance+			
Return after charges	13.42%	23.97%	-0.62%
Other information			
Closing net asset value (£'000)	21,820	22,157	1,385,435
Closing number of shares	14,622,355	16,842,286	1,305,474,768
Operating charges****	0.11%	0.10%	0.10%
Direct transaction costs***	0.17%	0.17%	0.16%
Prices			
Highest share price	154.3	134.0	115.2
Lowest share price	132.8	106.1	99.66

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Standard Life Investment Company

Annual Report & Financial Statements

European Equity Income Fund

Comparative Tables (Continued)

	2018 pence per share	2017 pence per share	2016 pence per share
Platform 1 accumulation			
Change in net assets per share			
Opening net asset value per share	93.05	75.78	76.81
Return before operating charges*	12.61	18.04	(0.34)
Operating charges**	(0.94)	(0.77)	(0.69)
Return after operating charges*	11.67	17.27	(1.03)
Distributions	(2.87)	(2.78)	(2.07)
Retained distributions on accumulation share	2.87	2.78	2.07
Closing net asset value per share	104.72	93.05	75.78
* after direct transaction costs of:***	0.18	0.17	0.12
Performance+			
Return after charges	12.54%	22.79%	-1.34%
Other information			
Closing net asset value (£'000)	85,026	66,618	77,061
Closing number of shares	81,197,406	71,595,346	101,685,261
Operating charges****	0.91%	0.90%	0.90%
Direct transaction costs***	0.17%	0.20%	0.16%
Prices			
Highest share price	108.4	94.90	82.74
Lowest share price	93.80	75.78	71.14

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Standard Life Investment Company

Annual Report & Financial Statements

European Equity Income Fund

Comparative Tables (Continued)

	2018 pence per share	2017 pence per share	2016 pence per share
Platform 1 income			
Change in net assets per share			
Opening net asset value per share	77.95	66.28	69.61
Return before operating charges*	10.48	15.39	(0.26)
Operating charges**	(0.76)	(0.66)	(0.61)
Return after operating charges*	9.72	14.73	(0.87)
Distributions	(3.13)	(3.06)	(2.46)
Closing net asset value per share	84.54	77.95	66.28
* after direct transaction costs of:***	0.15	0.14	0.10
Performance+			
Return after charges	12.47%	22.22%	-1.25%
Other information			
Closing net asset value (£'000)	66,948	67,972	63,329
Closing number of shares	79,189,716	87,195,532	95,552,791
Operating charges****	0.91%	0.90%	0.90%
Direct transaction costs***	0.17%	0.19%	0.15%
Prices			
Highest share price	88.02	79.81	74.99
Lowest share price	78.59	64.63	62.52

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Standard Life Investment Company

Annual Report & Financial Statements

European Equity Income Fund

Comparative Tables (Continued)

	2018 pence per share	2017 pence per share	2016 pence per share
Institutional S accumulation			
Change in net assets per share			
Opening net asset value per share	68.22	55.44	56.07
Return before operating charges*	9.84	13.24	(0.22)
Operating charges**	(0.57)	(0.46)	(0.41)
Return after operating charges*	9.27	12.78	(0.63)
Distributions	(5.81)	(2.17)	(1.62)
Retained distributions on accumulation share	5.81	2.17	1.62
Closing net asset value per share	77.49	68.22	55.44
* after direct transaction costs of:***	0.13	0.12	0.09
Performance+			
Return after charges	13.32%	23.05%	-1.12%
Other information			
Closing net asset value (£'000)	2	2	1
Closing number of shares	2,200	2,200	2,200
Operating charges****	0.74%	0.73%	0.73%
Direct transaction costs***	0.17%	0.19%	0.16%
Prices			
Highest share price	79.59	69.59	60.43
Lowest share price	68.79	55.42	52.04

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Standard Life Investment Company

Annual Report & Financial Statements

European Equity Income Fund

Comparative Tables (Continued)

	2018 pence per share	2017 pence per share	2016 pence per share
Institutional A income++			
Change in net assets per share			
Opening net asset value per share	60.16	51.03	53.51
Return before operating charges*	6.06	11.91	(0.20)
Operating charges**	(1.01)	(0.41)	(0.38)
Return after operating charges*	5.05	11.50	(0.58)
Distributions	(2.36)	(2.37)	(1.90)
Closing net asset value per share	62.85	60.16	51.03
* after direct transaction costs of:***	0.11	0.11	0.08
Performance+			
Return after charges	8.39%	22.54%	-1.08%
Other information			
Closing net asset value (£'000)	1	1	1
Closing number of shares	2,200	2,200	2,200
Operating charges****	1.61%	1.60%	1.60%
Direct transaction costs***	0.17%	0.19%	0.15%
Prices			
Highest share price	65.60	61.58	57.68
Lowest share price	58.81	49.81	48.14

** The operating charges include all costs borne by the Fund, except for direct transaction costs.

*** The direct transaction costs are made up of: fees and commissions paid to agents, advisers, brokers and dealers, levies by regulatory agencies and securities exchanges as well as transfer taxes and duties.

**** The operating charges percentage is the equivalent of the ongoing charges figure per the prior year accounts. It shows the annualised operating expenses of the share class as a percentage of the average net asset value of the class over the same period.

+ The performance figures are calculated by taking the value of the shareclass per the financial statements compared to the value per the financial statements in the prior year. This figure may differ from the performance figure quoted in the Investment Report. The Investment Report performance figure is calculated using the last available published price for a given shareclass in the period compared to the equivalent for the prior period. The published price may contain an adjustment for dilution in accordance with the Fund pricing policy, while the price per the financial statements values the Fund on a bid-price basis. The financial statements shareclass valuation is based on close of business market prices on the last day of the period, again this may differ from the intra-day pricing point of the Fund which is used in the published shareclass price.

++ Share class launched on 25 January 2016.

Standard Life Investment Company

Annual Report & Financial Statements

European Equity Income Fund

Comparative Tables (Continued)

	2018 pence per share	2017 pence per share	2016 pence per share
Institutional S income++			
Change in net assets per share			
Opening net asset value per share	58.37	49.94	50.00
Return before operating charges*	10.11	11.61	0.12
Operating charges**	(0.49)	(0.88)	(0.07)
Return after operating charges*	9.62	10.73	0.05
Distributions	(2.54)	(2.30)	(0.11)
Closing net asset value per share	65.45	58.37	49.94
* after direct transaction costs of:***	0.12	0.11	0.01
Performance+			
Return after charges	16.46%	21.49%	0.10%
Other information			
Closing net asset value (£'000)	1	1	1
Closing number of shares	2,200	2,200	2,200
Operating charges****	0.74%	0.73%	0.73%
Direct transaction costs***	0.17%	0.20%	0.01%
Prices			
Highest share price	68.05	59.79	51.45
Lowest share price	60.68	48.59	47.01

** The operating charges include all costs borne by the Fund, except for direct transaction costs.

*** The direct transaction costs are made up of: fees and commissions paid to agents, advisers, brokers and dealers, levies by regulatory agencies and securities exchanges as well as transfer taxes and duties.

**** The operating charges percentage is the equivalent of the ongoing charges figure per the prior year accounts. It shows the annualised operating expenses of the share class as a percentage of the average net asset value of the class over the same period.

+ The performance figures are calculated by taking the value of the shareclass per the financial statements compared to the value per the financial statements in the prior year. This figure may differ from the performance figure quoted in the Investment Report. The Investment Report performance figure is calculated using the last available published price for a given shareclass in the period compared to the equivalent for the prior period. The published price may contain an adjustment for dilution in accordance with the Fund pricing policy, while the price per the financial statements values the Fund on a bid-price basis. The financial statements shareclass valuation is based on close of business market prices on the last day of the period, again this may differ from the intra-day pricing point of the Fund which is used in the published shareclass price.

++ Share class launched on 25 January 2016.

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European Equity Income Fund

Portfolio Statement as at 28 February 2018

Holding	Investment	Market value £'000	Percentage of total net assets
Bonds (1.59%)		24,114	2.08
Euro Denominated Bonds (1.59%)		24,114	2.08
less than 5 years to maturity			
25,700,000	Bayer 5.625% Convertible 2019	24,114	2.08
European Equities (98.10%)		1,129,484	97.41
Austria (0.00%)		13,962	1.21
350,994	BAWAG Group	13,962	1.21
Belgium (4.15%)		50,372	4.34
208,549	Anheuser-Busch InBev	16,149	1.39
835,383	Umicore	34,223	2.95
Denmark (11.06%)		138,587	11.95
345,013	Coloplast	21,353	1.84
1,139,356	Danske Bank	33,362	2.88
1,015,669	Novo Nordisk	38,410	3.31
168,615	Pandora	12,809	1.10
1,646,080	Scandinavian Tobacco Group	23,542	2.03
527,415	Tryg	9,111	0.79
Finland (9.54%)		85,706	7.39
630,485	Kesko	26,621	2.29
506,435	Kone	19,061	1.64
4,248,187	Nokia	17,964	1.55
311,198	Nokian Renkaat	10,391	0.90
282,037	Sampo	11,669	1.01
France (14.24%)		140,449	12.11
151,103	Airbus	13,153	1.13
294,678	Amundi	17,508	1.51
1,010,274	AXA	23,126	2.00
84,301	LVMH	18,394	1.59
1,832,389	Orange	22,603	1.95
684,535	Total	28,455	2.45
239,141	Vinci	17,210	1.48

Standard Life Investment Company

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European Equity Income Fund

Portfolio Statement as at 28 February 2018 (Continued)

		Market value £'000	Percentage of total net assets
Holding	Investment		
Germany (10.14%)		150,740	13.00
152,063	BASF	11,640	1.00
280,696	Covestro	23,152	2.00
642,519	Deutsche Post	21,425	1.85
3,145,929	E.ON	23,275	2.01
235,344	Siemens	22,570	1.94
109,841	Siltronic	11,799	1.02
158,048	Symrise	9,351	0.81
1,786,234	TUI	27,528	2.37
Ireland (3.36%)		49,558	4.27
2,969,421	AIB	13,813	1.19
442,981	CRH	10,654	0.92
296,191	Paddy Power Betfair	25,091	2.16
Italy (6.38%)		88,050	7.60
6,574,184	Enel	27,811	2.40
7,287,414	Intesa Sanpaolo	19,971	1.73
594,382	MARR	11,501	0.99
3,299,285	Mediobanca	28,767	2.48
Netherlands (9.19%)		74,372	6.41
223,439	ASML	31,893	2.75
553,384	ASR Nederland	18,095	1.56
1,240,213	CNH Industrial	12,230	1.05
421,974	Philips Lighting	12,154	1.05
Portugal (2.46%)		-	-
Norway (0.00%)		21,756	1.88
1,325,666	Telenor	21,756	1.88
Spain (6.23%)		84,347	7.27
5,133,231	Banco Santander	25,745	2.22
2,726,299	Bankinter	21,884	1.89
637,145	Inditex	14,077	1.21
1,740,018	Repsol	22,641	1.95

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European Equity Income Fund

Portfolio Statement as at 28 February 2018 (Continued)

		Market value £'000	Percentage of total net assets
Holding	Investment		
Sweden (12.15%)		147,350	12.71
886,217	Atlas Copco	27,581	2.38
573,656	Essity	11,457	0.99
1,840,108	Nordea Bank	15,245	1.32
1,305,718	Svenska Cellulosa	9,422	0.81
1,379,020	Swedbank	25,258	2.18
896,512	Swedish Match	27,745	2.39
2,228,828	Volvo	30,642	2.64
Switzerland (9.20%)		84,235	7.27
319,044	Nestle	18,445	1.59
58,577	Partners	30,905	2.67
145,593	Zurich	34,885	3.01
Collective Investment Schemes (0.05%)		813	0.07
558,970	Standard Life EUR CNAV Liquidity Fund	495	0.04
318,111	Standard Life GBP CNAV Liquidity Fund	318	0.03
Total investment assets and liabilities		1,154,411	99.56
Net other assets		5,158	0.44
Total Net Assets		1,159,569	100.00

All investments are listed on recognised stock exchanges and are approved securities and regulated collective investment schemes within the meaning of the FCA rules unless otherwise stated.

The percentage figures in brackets show the comparative holding as at 28 February 2017.

Standard Life Investment Company

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European Equity Income Fund

Financial Statements

Statement of Total Return

for the year ended 28 February 2018

	Notes	£'000	2018 £'000	£'000	2017 £'000
Income:					
Net capital gains	2		90,665		203,827
Revenue	4	40,511		57,143	
Expenses	5	(9,477)		(8,161)	
Interest payable and similar charges	6	(10)		(12)	
Net revenue before taxation		31,024		48,970	
Taxation	7	(421)		(1,923)	
Net revenue after taxation			30,603		47,047
Total return before distributions			121,268		250,874
Distributions	8		(36,130)		(52,294)
Change in net assets attributable to shareholders from investment activities			85,138		198,580

Statement of Change in Net Assets Attributable to Shareholders

for the year ended 28 February 2018

	£'000	2018 £'000	£'000	2017 £'000
Opening net assets attributable to shareholders		911,218		2,339,753
Amounts receivable on the issue of shares	258,504		156,738	
Amounts payable on the cancellation of shares	(108,261)		(1,795,116)	
		150,243		(1,638,378)
Dilution adjustment		141		11
Stamp duty reserve tax		(4)		0
Change in net assets attributable to shareholders from investment activities (see above)		85,138		198,580
Retained distribution on accumulation shares		12,833		11,252
Closing net assets attributable to shareholders		1,159,569		911,218

Standard Life Investment Company

Annual Report & Financial Statements

European Equity Income Fund

Financial Statements (Continued)

Balance Sheet

as at 28 February 2018

	Notes	£'000	2018 £'000	£'000	2017 £'000
Assets:					
Fixed assets:					
Investment assets			1,154,411		908,888
Current assets:					
Debtors	9	16,461		11,429	
Cash and bank balances	10	2		3	
			16,463		11,432
Total assets			1,170,874		920,320
Liabilities:					
Creditors	11	(8,078)		(6,914)	
Distribution payable		(3,227)		(2,188)	
			(11,305)		(9,102)
Total liabilities			(11,305)		(9,102)
Net assets attributable to shareholders			1,159,569		911,218

Standard Life Investment Company

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European Equity Income Fund

Notes to the Financial Statements

1 Accounting Policies

Please refer to pages 11 to 12 for note on accounting policies.

2 Net Capital Gains

	2018 £'000	2017 £'000
Non-derivative securities	89,890	211,803
Forward currency contracts	(3)	19
Other gains/(losses)	815	(7,958)
Handling charges taken from the capital account	(37)	(37)
Net capital gains	90,665	203,827

3 Purchases, Sales and Transaction Costs

There are no transaction costs associated with the purchases or sales of bonds, collective investment schemes and derivatives during the year, or in the prior year.

Collective investments operate within the terms of the offer document or prospectus. Typically we do not invest into Funds that require an initial charge to be made. The underlying price contains an estimation of cost known as a dilution levy which is applied from time to time.

Bonds are dealt on a spread agreed between buyer and seller with reference to the expected cashflows and current credit profiles.

Derivatives are dealt on a spread agreed between buyer and seller with reference to the underlying investment.

During the year the total purchases and sales across different major assets classes are as per below table.

	2018 £'000	2017 £'000
Equity Purchases, Sales and Transaction Costs		
Purchases		
Purchases before transaction costs	740,962	638,760
Commissions	770	823
Taxes & Other Fees	522	434
Total purchase transaction costs	1,292	1,257
Purchases including transaction costs	742,254	640,017
Sales		
Gross sales before transaction costs	598,652	2,234,401
Commissions	(652)	(844)
Total sale transaction costs	(652)	(844)
Total sales net of transaction costs	598,000	2,233,557

Standard Life Investment Company

Annual Report & Financial Statements

European Equity Income Fund

Notes to the Financial Statements (Continued)

3 Purchases, Sales and Transaction Costs (continued)

	2018 % Transaction	2017 % Transaction
Equity Transaction Cost as a % of total Purchases & Sales		
Purchases		
Commissions	0.10%	0.13%
Taxes & Other Fees	0.07%	0.07%
Sales		
Commissions	0.11%	0.04%
	2018 % Average NAV	2017 % Average NAV
Equity Purchases, Sales Analysis to Average NAV		
Purchases		
Commissions	0.07%	0.07%
Taxes & Other Fees	0.05%	0.03%
Sales		
Commissions	0.06%	0.07%

During the year the total purchases and sales across different major asset classes are as per below table.

	2018 £'000	2017 £'000
Purchase		
Bonds	11,047	14,605
Equities	742,254	654,622
Sales		
Bonds	0	38,142
Equities	598,000	2,271,699

The Fund suffers a number of explicit costs as disclosed in the notes and Fund history. The Fund also suffers implicit costs an example is market spread, the spread represents the costs of providing liquidity in a market. It therefore is subject to change based on volume, active markets have a lower spread the difference between; bid the price you receive and offer the price you pay.

At the balance sheet date the average portfolio dealing spread (i.e. the spread between bid and offer prices expressed as a percentage of the offer price) was 0.62% (2017: 0.61%), this is representative of the average spread on the assets held during the year.

4 Revenue

	2018 £'000	2017 £'000
Overseas dividends	38,803	56,600
Interest on debt securities	1,072	358
Bank interest	636	185
Total revenue	40,511	57,143

Standard Life Investment Company

Annual Report & Financial Statements

European Equity Income Fund

Notes to the Financial Statements (Continued)

5 Expenses

	2018 £'000	2017 £'000
Payable to the Authorised Corporate Director, associates of the Authorised Corporate Director and agents of either of them:		
Authorised Corporate Director's periodic charge	8,263	7,023
Dealing charge	78	69
Registration fees	879	844
	<u>9,220</u>	<u>7,936</u>
Payable to the Depositary or associates of the Depositary, and agents of either of them:		
Depositary's fees	81	63
Safe custody fee	126	149
	<u>207</u>	<u>212</u>
Other:		
Professional fees	41	5
Audit fee	9	8
	<u>50</u>	<u>13</u>
Total expenses	<u>9,477</u>	<u>8,161</u>

6 Interest Payable and Similar Charges

	2018 £'000	2017 £'000
Interest payable	10	12
Total interest payable & similar charges	<u>10</u>	<u>12</u>

7 Taxation

	2018 £'000	2017 £'000
(a) Analysis of charge in year		
Overseas taxes	421	1,923
Total current tax (note 7b)	<u>421</u>	<u>1,923</u>

Standard Life Investment Company

Annual Report & Financial Statements

European Equity Income Fund

Notes to the Financial Statements (Continued)

7 Taxation (continued)

	2018 £'000	2017 £'000
(b) Factors affecting current tax charge for the year		
The tax assessed for the year is lower than the standard rate of corporation tax for Open-Ended Investment Companies 'OEICs' (20%). The differences are explained below:		
Net revenue before taxation	31,024	48,970
Corporation tax at 20% (2017: 20%)	6,205	9,794
Effects of:		
Revenue not subject to taxation	(7,644)	(11,066)
Overseas taxes	421	1,920
Overseas tax expensed	(18)	(35)
Excess allowable expenses	1,457	1,310
Current tax charge for year (note 7a)	421	1,923

Authorised Open-Ended Investment Companies are exempt from tax on capital gains in the UK. Therefore, any capital gain is not included in the above reconciliation.

(c) Factors that may affect future tax charge

At the year end, after offset against revenue taxable on receipt, there is a potential deferred tax asset of £5,674,178 (2017: £4,218,000) due to surplus expenses. It is unlikely that the Fund will generate sufficient taxable profits to utilise these amounts and therefore no deferred tax asset has been recognised in the year or the prior year.

8 Distributions

The distributions takes account of income received on the issue of shares and income deducted on the cancellation of shares and comprise:

	2018 £'000	2017 £'000
First interim distribution	25,530	29,392
Second interim distribution	4,069	3,822
Third interim distribution	3,236	3,073
Final distribution	4,521	2,808
	37,356	39,095
Add: Income deducted on cancellation of shares	244	13,872
Deduct: Income received on issue of shares	(1,470)	(673)
Net distribution for the year	36,130	52,294

Standard Life Investment Company

Annual Report & Financial Statements

European Equity Income Fund

Notes to the Financial Statements (Continued)

8 Distributions (continued)

Details of the distribution per share are set out in this Fund's distribution tables.

	2018 £'000	2017 £'000
Net revenue after taxation	30,603	47,047
Annual ACD charge to capital	4,967	4,714
Undistributed revenue brought forward	(1)	2
Undistributed revenue carried forward	0	(1)
Registration fees taken from the capital account	526	498
Dealing charges taken from the capital account	35	33
Share Class Deficit	0	1
Total distributions	36,130	52,294

9 Debtors

	2018 £'000	2017 £'000
Amounts receivable from the ACD for the issue of shares	971	944
Sales awaiting settlement	9,996	5,571
Accrued revenue	1,589	193
Foreign withholding tax recoverable	3,905	4,721
Total debtors	16,461	11,429

10 Cash and Bank Balances

	2018 £'000	2017 £'000
Cash and bank balances	2	3
Total cash and bank balances	2	3

11 Creditors

	2018 £'000	2017 £'000
Amounts payable to the ACD for cancellation of shares	3,240	1,519
Purchases awaiting settlement	4,065	4,758
Accrued expenses payable to ACD	724	581
Accrued expenses payable to the Depositary or associates of the Depositary	32	34
Other accrued expenses	3	8
Corporation tax payable	14	14
Total creditors	8,078	6,914

Standard Life Investment Company

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European Equity Income Fund

Notes to the Financial Statements (Continued)

12 Related Party Transactions

Standard Life Investments (Mutual Funds) Limited, as Authorised Corporate Director (ACD), is a related party and acts as principal in respect of all transactions of shares in the Fund.

The aggregate monies received through issue and paid on cancellation of shares are disclosed in the statement of change in net assets attributable to shareholders.

Any amounts due from or due to Standard Life Investments (Mutual Funds) Limited at the end of the accounting year are disclosed in notes 9 and 11.

Amounts payable to Standard Life Investments (Mutual Funds) Limited, in respect of periodic charge and registration services, are disclosed in note 5 and any amounts due at the year end in note 11.

The Fund holds 318,111 shares (2017: 315,578) in Standard Life CNAV Sterling Liquidity Fund as detailed in the portfolio statement, the total purchase cost of these investments during the year was £175,839,258 (2017: £148,121,000), the total sales proceeds were £175,836,725 (2017: £147,820,000).

The Fund holds 558,970 shares (2017: 196,436) in Standard Life CNAV Euro Liquidity Fund as detailed in the portfolio statement, the total purchase cost of these investments during the year was €202,482,634 (2017: €512,947,000), the total sales proceeds were €202,120,101 (2017: €512,751,000).

	2018 £'000	2017 £'000
Transactions during the year with Standard Life Aberdeen group companies are as follows:		
Sale of shares by Fund	139,676	112,649
Purchase of shares by Fund	11,234	1,542,727
Distributions made by Fund	8,996	6,448
The percentage value of the Fund held by Standard Life Aberdeen group companies is:	31.0%	21.7%

13 Shares in Issue Reconciliation

	Opening shares 2017	Creations during the year	Cancellations during the year	Conversions during the year	Closing shares 2018
Retail accumulation	10,363,333	838,620	(1,605,761)	(1,066,058)	8,530,134
Institutional accumulation	188,662,761	86,040,572	(7,379,261)	(10,170,299)	257,153,773
Retail income	4,215,305	276,940	(721,735)	(869,520)	2,900,990
Institutional income	558,175,031	91,703,004	(39,856,319)	974,222	610,995,938
Standard Life income	4,000	12,251,981	0	0	12,255,981
Standard Life accumulation	16,842,286	308,134	(2,528,065)	0	14,622,355
Platform 1 accumulation	71,595,346	14,679,158	(5,958,219)	881,121	81,197,406
Platform 1 income	87,195,532	8,678,993	(17,374,014)	689,205	79,189,716
Institutional S accumulation	2,200	0	(17,719,330)	17,719,330	2,200
Institutional A income	2,200	0	0	0	2,200
Institutional S income	2,200	0	(614,817)	614,817	2,200

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European Equity Income Fund

Notes to the Financial Statements (Continued)

14 Fair Value Hierarchy

	2018 £'000	2018 £'000	2018 £'000	2017 £'000	2017 £'000	2017 £'000
Fair value of investment assets	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
Bonds	0	24,114	0	0	14,446	0
Equities	1,129,484	0	0	893,959	0	0
Collective Investment Schemes	0	813	0	0	483	0
Total investment assets	1,129,484	24,927	0	893,959	14,929	0

The three levels of the fair value hierarchy under FRS 102 are described below:

Level 1: Unadjusted quoted market prices in active markets that are accessible at the measurement date for the identical unrestricted assets or liabilities.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices).

Level 3: Inputs for asset or liability that are not based on observable market data (unobservable inputs).

* Investment in Standard Life CNAV Sterling Liquidity Fund is included in the above table within 'Collective Investment Scheme' in line with disclosure within the portfolio statement. In accordance with the AIFMD requirements, the Fund has treated the investment in the Standard Life CNAV Sterling Liquidity Fund disclosed within the Portfolio Statement as cash equivalents for the purposes of the Balance Sheet disclosure.

15 Risk Management Policies & Numerical Disclosures

In accordance with the investment objectives, the Fund may hold certain financial instruments. These comprise:

- securities held in accordance with the investment objective and policies;
- cash and short-term debtors and creditors arising directly from operations; and
- derivatives.

The main risks arising from the Fund's financial instruments are market price, foreign currency, interest rate, credit and liquidity risk. The policies for managing these risks are summarised below and have been applied consistently throughout the year, and prior year.

a. Market price risk

Each Fund's investment portfolio is exposed to market price fluctuation which are monitored by the Fund Manager in pursuance of the investment objectives and policies. Adherence to investment guidelines and to investment and borrowing powers mitigate the risk of excessive exposure to any particular type of security or issuer.

An increase or decrease in market values will therefore have a direct effect on the value of the investment assets in the portfolio and therefore a proportionate effect on the value of the Fund.

A five per cent increase in the value of the Fund's portfolio would have the effect of increasing the return and net assets as at 28 February by £57,720,550 (2017: £45,444,400). A five per cent decrease would have an equal and opposite effect.

b. Foreign currency risk

A proportion of the net assets of the Fund are denominated in currencies other than Sterling, therefore the balance sheet and total returns can be affected by currency movements. In certain circumstances, the Fund Manager may seek to manage exposure to currency movements by using forward currency contracts.

The Fund does not hedge or otherwise seek to avoid currency movement risk on accrued revenue.

Income received in foreign currencies is converted into Sterling at the exchange rates ruling when the income is received.

A five per cent increase in the value of the Fund's foreign currency exposure would have the effect of increasing the return and net assets as at 28 February by £58,276,150 (2017: £45,428,750). A five per cent decrease would have an equal and opposite effect.

Standard Life Investment Company

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European Equity Income Fund

Notes to the Financial Statements (Continued)

15 Risk Management Policies & Numerical Disclosures (continued)

Currency exposure

The net foreign currency monetary exposure comprises:

	Net foreign currency monetary assets	
	2018	2017
	£'000	£'000
Danish Krone	140,423	100,815
Euro	771,634	613,249
Norwegian Krone	21,757	0
Swedish Krona	147,350	110,671
Swiss Franc	84,360	83,840

c. Interest rate risk

Interest receivable on bank deposits or payable on bank overdrafts will be affected by fluctuations in interest rates. The Fund Manager continuously reviews interest rates and inflation expectations. The assessment of this may result in a change in investment strategy.

In addition, changes to prevailing rates or changes in expectations of future rates may result in an increase or decrease in the value of the securities held. In general, if interest rates rise, the income potential of the Fund also rises but the value of fixed rate securities will decline (along with certain expenses calculated by reference to the assets of the Fund). A decline in interest rates will, in general, have the opposite effect.

The interest rate risk profile of the Fund's net financial assets and liabilities is:

	Floating rate financial assets	Fixed rate financial assets	Financial assets/ (liabilities) not carrying interest	Total
	£'000	£'000	£'000	£'000
2018				
Currency				
UK Sterling	319	0	(6,274)	(5,955)
Danish Krone	0	0	140,423	140,423
Euro	496	24,114	747,024	771,634
Norwegian Krone	0	0	21,757	21,757
Swedish Krona	0	0	147,350	147,350
Swiss Franc	0	0	84,360	84,360
2017				
Currency				
UK Sterling	318	0	2,327	2,645
Danish Krone	0	0	100,815	100,815
Euro	169	14,446	598,632	613,249
Swedish Krona	0	0	110,671	110,671
Swiss Franc	0	0	83,840	83,840

d. Credit risk

All cash exposures are carefully managed to ensure that money is placed on deposit with counterparties that meet the minimum credit rating deemed appropriate for this Fund. In certain circumstances, the Fund Manager may deliberately invest in securities (e.g. corporate bonds) with a well defined and published credit rating. In this case the Fund would be deliberately taking credit risk in order to seek additional rewards. At the year end, the Fund invested in one bond as disclosed in the portfolio statement. This has no material increase on the credit risk of the fund.

Standard Life Investment Company Annual Report & Financial Statements

European Equity Income Fund

Notes to the Financial Statements (Continued)

15 Risk Management Policies & Numerical Disclosures (continued)

e. Liquidity risk

The Fund's assets comprise mainly readily realisable securities. The main liabilities of the Fund are the redemption of any shares that investors wish to sell and the settlement of stock purchases. The Fund Manager reviews the cash and liability position continuously, and should an increase in liquidity be required, the Fund Manager will sell securities.

Standard Life Investment Company

Annual Report & Financial Statements

European Equity Income Fund

Distribution Tables

for the three months ended 31 May 2017

Group 1 - shares purchased prior to 1 March 2017

Group 2 - shares purchased between 1 March 2017 and 31 May 2017

	Net Income 2017 pence per share	Equalisation 2017 pence per share	Distribution paid 2017 pence per share	Distribution paid 2016 pence per share
Retail accumulation				
Group 1	2.7165	-	2.7165*	2.6917
Group 2	1.5050	1.2115	2.7165*	2.6917
Institutional accumulation				
Group 1	3.0166	-	3.0166*	2.9715
Group 2	1.7092	1.3074	3.0166*	2.9715
Retail income				
Group 1	2.2517	-	2.2517**	2.2908
Group 2	1.2225	1.0292	2.2517**	2.2908
Institutional income				
Group 1	2.3802	-	2.3802**	2.4102
Group 2	1.0875	1.2927	2.3802**	2.4102
Standard Life income				
Group 1	2.5482	-	2.5482**	2.5111
Group 2	-	-	-	2.5111
Standard Life accumulation				
Group 1	3.4475	-	3.4475*	3.3224
Group 2	2.7711	0.6764	3.4475*	3.3224
Platform 1 accumulation				
Group 1	2.2389	-	2.2389*	2.2087
Group 2	1.0098	1.2291	2.2389*	2.2087
Platform 1 income				
Group 1	2.0573	-	2.0573**	2.0842
Group 2	1.0887	0.9686	2.0573**	2.0842
Institutional S accumulation				
Group 1	1.6762	-	1.6762*	1.6510
Group 2	-	-	-	-

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European Equity Income Fund

Distribution Tables (Continued)

	Net Income 2017 pence per share	Equalisation 2017 pence per share	Distribution paid 2017 pence per share	Distribution paid 2016 pence per share
Institutional A income++				
Group 1	1.5443	-	1.5443**	1.5668
Group 2	-	-	-	-
Institutional S income++				
Group 1	1.5934	-	1.5934**	1.6060
Group 2	-	-	-	-

* Distribution accumulated on 31 May 2017

** Distribution paid on 31 July 2017

Standard Life Investment Company

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European Equity Income Fund

Distribution Tables (Continued)

for the three months ended 31 August 2017

Group 1 - shares purchased prior to 1 June 2017

Group 2 - shares purchased between 1 June 2017 and 31 August 2017

	Net Income 2017 pence per share	Equalisation 2017 pence per share	Distribution paid 2017 pence per share	Distribution paid 2016 pence per share
Retail accumulation				
Group 1	0.1410	-	0.1410*	0.2048
Group 2	0.0184	0.1226	0.1410*	0.2048
Institutional accumulation				
Group 1	0.3141	-	0.3141*	0.3478
Group 2	0.1011	0.2130	0.3141*	0.3478
Retail income				
Group 1	0.4027	-	0.4027**	0.4054
Group 2	0.1487	0.2540	0.4027**	0.4054
Institutional income				
Group 1	0.4260	-	0.4260**	0.4273
Group 2	0.1421	0.2839	0.4260**	0.4273
Standard Life income				
Group 1	0.4457	-	0.4457**	0.1676
Group 2	0.3864	0.0593	0.4457**	-
Standard Life accumulation				
Group 1	0.5949	-	0.5949*	0.7136
Group 2	0.1333	0.4616	0.5949*	0.7136
Platform 1 accumulation				
Group 1	0.2209	-	0.2209*	0.2503
Group 2	0.0222	0.1987	0.2209*	0.2503
Platform 1 income				
Group 1	0.3677	-	0.3677**	0.3694
Group 2	0.1381	0.2296	0.3677**	0.3694
Institutional S accumulation				
Group 1	0.1982	-	0.1982*	0.2288
Group 2	-	-	-	-

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European Equity Income Fund

Distribution Tables (Continued)

	Net Income 2017 pence per share	Equalisation 2017 pence per share	Distribution paid 2017 pence per share	Distribution paid 2016 pence per share
Institutional A income++				
Group 1	0.2719	-	0.2719**	0.2804
Group 2	-	-	-	-
Institutional S income++				
Group 1	0.2781	-	0.2781**	0.2877
Group 2	-	-	-	-

* Distribution accumulated on 31 August 2017

** Distribution paid on 31 October 2017

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European Equity Income Fund

Distribution Tables (Continued)

for the three months ended 30 November 2017

Group 1 - shares purchased prior to 1 September 2017

Group 2 - shares purchased between 1 September 2017 and 30 November 2017

	Net Income 2017 pence per share	Equalisation 2017 pence per share	Distribution paid 2017 pence per share	Distribution paid 2016 pence per share
Retail accumulation				
Group 1	0.0581	-	0.0581*	0.0919
Group 2	0.0579	0.0002	0.0581*	0.0919
Institutional accumulation				
Group 1	0.2158	-	0.2158*	0.2900
Group 2	0.1793	0.0365	0.2158*	0.2390
Retail income				
Group 1	0.3370	-	0.3370**	0.3371
Group 2	0.3033	0.0337	0.3370**	0.3371
Institutional income				
Group 1	0.3573	-	0.3573**	0.3559
Group 2	0.2260	0.1313	0.3573**	0.3559
Standard Life income				
Group 1	0.3828	-	0.3828**	0.1248
Group 2	0.3819	0.0009	0.3828**	-
Standard Life accumulation				
Group 1	0.5110	-	0.5110*	0.4426
Group 2	0.2861	0.2249	0.5110*	0.4426
Platform 1 accumulation				
Group 1	0.1478	-	0.1478*	0.1667
Group 2	0.1153	0.0325	0.1478*	0.1667
Platform 1 income				
Group 1	0.3086	-	0.3086**	0.3077
Group 2	0.2032	0.1054	0.3086**	0.3077
Institutional S accumulation				
Group 1	0.1490	-	0.1490*	0.1575
Group 2	-	-	-	-

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European Equity Income Fund

Distribution Tables (Continued)

	Net Income 2017 pence per share	Equalisation 2017 pence per share	Distribution paid 2017 pence per share	Distribution paid 2016 pence per share
Institutional A income++				
Group 1	0.2290	-	0.2290**	0.2226
Group 2	-	-	-	-
Institutional S income++				
Group 1	0.3554	-	0.3554**	0.2392
Group 2	-	-	-	-

* Distribution accumulated on 30 November 2017

** Distribution paid on 31 January 2018

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European Equity Income Fund

Distribution Tables (Continued)

for the three months ended 28 February 2018

Group 1 - shares purchased prior to 1 December 2017

Group 2 - shares purchased between 1 December 2017 and 28 February 2018

	Net Income 2018 pence per share	Equalisation 2018 pence per share	Distribution payable 2018 pence per share	Distribution paid 2017 pence per share
Retail accumulation				
Group 1	0.2000	-	0.2000*	0.0745
Group 2	0.1395	0.0605	0.2000*	0.0745
Institutional accumulation				
Group 1	0.3742	-	0.3742*	0.2216
Group 2	0.2330	0.1412	0.3742*	0.2216
Retail income				
Group 1	0.4376	-	0.4376**	0.3255
Group 2	0.1878	0.2498	0.4376**	0.3255
Institutional income				
Group 1	0.4642	-	0.4642**	0.3432
Group 2	0.2310	0.2332	0.4642**	0.3432
Standard Life income				
Group 1	0.4951	-	0.4951**	-
Group 2	-	-	-	-
Standard Life accumulation				
Group 1	0.6755	-	0.6755*	0.4960
Group 2	0.4350	0.2405	0.6755*	0.4960
Platform 1 accumulation				
Group 1	0.2661	-	0.2661*	0.1538
Group 2	0.1534	0.1127	0.2661*	0.1538
Platform 1 income				
Group 1	0.4011	-	0.4011**	0.2971
Group 2	0.2290	0.1721	0.4011**	0.2971

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European Equity Income Fund

Distribution Tables (Continued)

	Net Income 2018 pence per share	Equalisation 2018 pence per share	Distribution payable 2018 pence per share	Distribution paid 2017 pence per share
Institutional S accumulation				
Group 1	3.6136	-	3.6136*	0.1330
Group 2	-	-	-	-
Institutional A income++				
Group 1	0.3168	-	0.3168**	0.2273
Group 2	-	-	-	-
Institutional S income++				
Group 1	0.3063	-	0.3063**	0.2329
Group 2	-	-	-	-

* Distribution accumulated on 28 February 2018

** Distribution payable on 30 April 2018

Treatment by Corporate Shareholders (Unaudited)

Corporate shareholders should account for the current year's dividends shown in the distribution table as follows:

	1st Interim Dividend Distribution	2nd Interim Dividend Distribution	3rd Interim Dividend Distribution	Final Dividend Distribution
Treat as a UK corporate dividend	100%	100%	100%	100%
Treat as an annual payment net of Income tax at 20%	0%	0%	0%	0%

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Global Advantage Fund

Investment Report

Fund Information	
Fund Manager	Multi Asset Investing Team
Launch Date	26 September 1990
Benchmark	IA Mixed Investment 40-85% Shares Sector

Investment objective

The objective of the Fund is to provide capital appreciation. It is intended that income will not be a prime consideration.

Investment policy

The investment policy of the Fund is to invest mostly in global equities, equity type investments and fixed interest securities. "Equity type investments" will include convertible stocks, stock exchange listed warrants, Depositary Receipts and any other such investments which entitle the holder to subscribe for or convert into the equity of the company and/or where the share price performance is, in the opinion of the ACD, influenced significantly by the stock market performance of the company's ordinary shares.

The Fund may also invest in other transferable securities, money-market instruments, deposits, cash and near cash, derivatives and collective investment schemes.

Risk

The Fund is intended for investors who wish to participate in the potential capital growth opportunities afforded by investing in an actively managed portfolio of mainly UK and global equities, together with strategic holdings in fixed interest securities. The diversified nature of the portfolio makes it suitable for investors wishing to achieve a broad spread of equity and fixed interest exposure, and who do not desire a high degree of stock specific risk.

The investor must be able to accept significant temporary losses due to the volatile nature of equity, bond and currency markets, and should therefore have an investment time horizon of at least 5 years.

Performance

During the period under review, the Fund returned 7.26% (platform 1, accumulation), compared with the IA Mixed Investment 40-85% Shares Sector return of 5.26% (source: Morningstar, basic rate taxpayer, bid-to-bid basis).

In the UK, NMC Health was among the top performers, fuelled by ongoing growth momentum in its Middle Eastern operations. Also beneficial was our off-benchmark position in biopharmaceutical firm Hutchison China Meditech ('Chi-Med') which was boosted by positive newsflow relating to its drugs pipeline and its successful listing on the Nasdaq Global Select Market. Our large position in online gaming company GVC delivered positive returns on the back of above-forecast results. Negative contributors included services

outsourcer Mitie which, after a series of profit warnings, became the focus of a regulatory investigation. Patent disputes and the unexpected resignation of the CFO hurt pharmaceutical company Shire, while shares in office rental firm IWG suffered after a proposed merger with a Canadian consortium was aborted.

In the European equity portfolio, online payments company Wirecard contributed positively, as the successful closure of its US acquisition dispelled the fraud allegations made against the firm in 2016. Luxury group Kering outperformed on continued strong progress of its key Gucci brand, while demand for electric vehicles and raised guidance propelled materials technology firm Umicore higher. Building materials company CRH detracted from performance, as poor weather and the weak US dollar gave rise to concerns about its US business. Energy services provider Technip was afflicted by serious sector-wide corporate governance issues, while Merck was hampered by continued poor performance in its materials business.

US engineering giant General Electric contributed positively, as investors overlooked a disappointing set of results to focus on management's stronger-than-expected outlook statement. Similarly, Mastercard moved higher after raising its earnings forecasts for this year and next, while a takeover bid boosted aviation company Rockwell Collins. Negative contributors included positions in Element Fleet Management and retailer Newell Brands, both companies delivering disappointing results. Concerns about competition from Amazon/Whole Foods dragged Kraft Heinz lower.

Turning to the bond portfolio, at the start of the review period, the Fund was positioned to reflect our expectation that bond yields would rise (bond prices fall), following another rate hike in the US and the expansionary effects of President Trump's spending plans. Contrary to our expectations, bond yields moved lower but, through well-timed strategy changes and relative-value decisions, we were largely able to counter these moves. Through the summer, bond markets were buffeted by geopolitical risks against a backdrop of generally improving global economic data. We took advantage of market moves to reduce several positions including our US inflation, UK yield curve steepener and European yield curve strategies. In August, we realigned the portfolio to focus more on the risk of rising interest rates in the Eurozone and the UK.

The final quarter of 2017 brought further divergence between core government bond markets. UK yields fell despite the Bank of England's November rate rise, while yields in Europe moved higher, as above-forecast growth fuelled expectations that the European Central Bank would gradually withdraw from bond-buying. US yields rose slightly, as government shutdowns were averted and significant tax cuts approved. The Fund started 2018 on a sound footing, as the strengthening global economy drove interest rate expectations and bond yields higher across most markets. We remain positioned for marginally higher yields globally, with an underweight stance in US and European bonds, versus more positive outlooks for Australian and UK bonds.

Standard Life Investment Company

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Global Advantage Fund

Investment Report (Continued)

Investment activity

In the UK, we bought IWG, which is the largest player in the growing flexible workspace market. We also added online gaming firm 888, whose proprietary technology allows it to grow revenue faster than peers and enhances its appeal as a potential bid target. We purchased Bovis, in anticipation that its new chief executive can successfully turn the business around. Sales included clothing retailer Supergroup where, despite continued expansion abroad and online, organic growth is slowing and margins are under pressure. We exited Worldpay after it was acquired by Vantiv, and engineering solutions provider Senior on valuation grounds.

Italian machinery firm Interpump was among our European purchases. Consensus estimates appeared too low given results from peers like Caterpillar and Parker Hannifin. We bought shares in Allianz, expecting the insurer to raise its guidance on the back of strong life and asset management operations. Moreover, the company's robust financial position offers scope for further returns to shareholders. Similarly, we bought Santander, which has addressed its capital issues and should benefit from the improving Spanish economy. We sold software giant SAP as valuations offer little scope for upside unless profitability improves, which is increasingly unlikely given the ongoing transition to cloud-based computing. We exited energy services company TechnipFMC where our concerns about corporate governance outweigh any leverage from rising oil prices. We sold jewellery retailer Pandora as we believe potential upside from product innovation is outweighed by risks stemming from its tardy online response and excessive pricing.

In the US, we bought Mastercard, anticipating healthy multi-year earnings growth as the world shifts from cash to electronic payments. We purchased Adobe Systems, which is well-positioned to take advantage of strong growth in digital media software, and is able to exert pricing power if necessary. We added DowDuPont, as we envisage significant upside from the upcoming spin-off and are confident management will deliver the promised level of synergies. Sales included Mobileye after it was bought by Intel in August 2017 for its pre-eminent autonomous vehicle technology. We reduced Apple from an overweight position to neutral. With the positive catalysts of a new iPhone cycle and the benefits of US tax reform now in the price, there is a mounting risk that the new high-end iPhone disappoints. We sold auto components company Visteon and booked profits, as consensus estimates were largely aligned with our own.

Synthetic Risk & Reward Indicator



This indicator reflects the volatility of the Fund's share price over the last five years which in turn reflects the volatility of the underlying assets in which the Fund invests. Historical data may not be a reliable indication of the future.

The current rating, which is the same for all share classes, is not guaranteed and may change if the volatility of the assets in which the Fund invests changes. The lowest rating does not mean risk free.

All investment involves risk. This Fund offers no guarantee against loss or that the Fund's objective will be attained. For further information on the risks that may not be fully captured by the risk and reward indicator, please refer to the current Key Investor Information Document (KIID).

Cautionary note

It should be remembered that past performance is not a guide to future performance. The value of investments may go down as well as up and, therefore, investors may not get back the amount originally invested.

Standard Life Investment Company

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Global Advantage Fund

Comparative Tables

	2018 pence per share	2017 pence per share	2016 pence per share
Retail accumulation			
Change in net assets per share			
Opening net asset value per share	161.12	132.74	139.14
Return before operating charges*	11.62	29.89	(4.54)
Operating charges**	(1.75)	(1.51)	(1.86)
Return after operating charges*	9.87	28.38	(6.40)
Distributions	(1.77)	(1.98)	(0.19)
Retained distributions on accumulation share	1.77	1.98	0.19
Closing net asset value per share	170.99	161.12	132.74
* after direct transaction costs of:***	0.20	0.17	0.15
Performance+			
Return after charges	6.13%	21.38%	-4.60%
Other information			
Closing net asset value (£'000)	343,182	342,826	302,145
Closing number of shares	200,707,517	212,772,079	227,630,696
Operating charges****	1.03%	1.03%	1.36%
Direct transaction costs***	0.12%	0.12%	0.11%
Prices			
Highest share price	178.9	161.1	145.6
Lowest share price	160.2	132.4	122.3

** The operating charges include all costs borne by the Fund, except for direct transaction costs.

*** The direct transaction costs are made up of: fees and commissions paid to agents, advisers, brokers and dealers, levies by regulatory agencies and securities exchanges as well as transfer taxes and duties.

**** The operating charges percentage is the equivalent of the ongoing charges figure per the prior year accounts. It shows the annualised operating expenses of the share class as a percentage of the average net asset value of the class over the same period. The Registrar fees of 0.08% ceased to be charged effective 1 April 2016.

+ The performance figures are calculated by taking the value of the shareclass per the financial statements compared to the value per the financial statements in the prior year. This figure may differ from the performance figure quoted in the Investment Report. The Investment Report performance figure is calculated using the last available published price for a given shareclass in the period compared to the equivalent for the prior period. The published price may contain an adjustment for dilution in accordance with the Fund pricing policy, while the price per the financial statements values the Fund on a bid-price basis. The financial statements shareclass valuation is based on close of business market prices on the last day of the period, again this may differ from the intra-day pricing point of the Fund which is used in the published shareclass price.

Standard Life Investment Company

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Global Advantage Fund

Comparative Tables (Continued)

	2018 pence per share	2017 pence per share	2016 pence per share
Institutional accumulation			
Change in net assets per share			
Opening net asset value per share	179.17	146.94	152.88
Return before operating charges*	12.93	33.22	(5.02)
Operating charges**	(1.16)	(0.99)	(0.92)
Return after operating charges*	11.77	32.23	(5.94)
Distributions	(2.76)	(2.93)	(0.77)
Retained distributions on accumulation share	2.76	2.93	0.77
Closing net asset value per share	190.94	179.17	146.94
* after direct transaction costs of:***	0.22	0.19	0.16
Performance+			
Return after charges	6.57%	21.93%	-3.89%
Other information			
Closing net asset value (£'000)	26,616	28,232	24,881
Closing number of shares	13,939,416	15,756,745	16,931,991
Operating charges****	0.61%	0.61%	0.61%
Direct transaction costs***	0.12%	0.12%	0.11%
Prices			
Highest share price	199.6	179.2	160.1
Lowest share price	178.2	146.6	135.3

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Global Advantage Fund

Comparative Tables (Continued)

	2018 pence per share	2017 pence per share	2016 pence per share
Retail income			
Change in net assets per share			
Opening net asset value per share	107.97	90.10	95.28
Return before operating charges*	7.78	20.23	(3.78)
Operating charges**	(1.17)	(1.02)	(1.27)
Return after operating charges*	6.61	19.21	(5.05)
Distributions	(1.18)	(1.34)	(0.13)
Closing net asset value per share	113.40	107.97	90.10
* after direct transaction costs of:***	0.13	0.12	0.10
Performance+			
Return after charges	6.12%	21.32%	-5.30%
Other information			
Closing net asset value (£'000)	1,626	1,575	1,209
Closing number of shares	1,434,162	1,458,283	1,342,427
Operating charges****	1.03%	1.03%	1.36%
Direct transaction costs***	0.12%	0.12%	0.11%
Prices			
Highest share price	119.0	108.0	99.71
Lowest share price	107.4	89.92	83.11

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Global Advantage Fund

Comparative Tables (Continued)

	2018 pence per share	2017 pence per share	2016 pence per share
Institutional income			
Change in net assets per share			
Opening net asset value per share	106.40	88.77	93.90
Return before operating charges*	7.69	19.98	(4.10)
Operating charges**	(0.69)	(0.59)	(0.56)
Return after operating charges*	7.00	19.39	(4.66)
Distributions	(1.64)	(1.76)	(0.47)
Closing net asset value per share	111.76	106.40	88.77
* after direct transaction costs of:***	0.13	0.12	0.10
Performance+			
Return after charges	6.58%	21.84%	-4.96%
Other information			
Closing net asset value (£'000)	570	390	364
Closing number of shares	509,755	366,257	409,844
Operating charges****	0.61%	0.61%	0.61%
Direct transaction costs***	0.12%	0.12%	0.11%
Prices			
Highest share price	117.5	106.8	98.36
Lowest share price	105.9	88.62	82.17

** The operating charges include all costs borne by the Fund, except for direct transaction costs.

*** The direct transaction costs are made up of: fees and commissions paid to agents, advisers, brokers and dealers, levies by regulatory agencies and securities exchanges as well as transfer taxes and duties.

**** The operating charges percentage is the equivalent of the ongoing charges figure per the prior year accounts. It shows the annualised operating expenses of the share class as a percentage of the average net asset value of the class over the same period.

+ The performance figures are calculated by taking the value of the shareclass per the financial statements compared to the value per the financial statements in the prior year. This figure may differ from the performance figure quoted in the Investment Report. The Investment Report performance figure is calculated using the last available published price for a given shareclass in the period compared to the equivalent for the prior period. The published price may contain an adjustment for dilution in accordance with the Fund pricing policy, while the price per the financial statements values the Fund on a bid-price basis. The financial statements shareclass valuation is based on close of business market prices on the last day of the period, again this may differ from the intra-day pricing point of the Fund which is used in the published shareclass price.

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Global Advantage Fund

Comparative Tables (Continued)

	2018 pence per share	2017 pence per share	2016 pence per share
Retail CAT accumulation			
Change in net assets per share			
Opening net asset value per share	121.81	100.30	104.77
Return before operating charges*	8.78	22.62	(3.43)
Operating charges**	(1.29)	(1.11)	(1.04)
Return after operating charges*	7.49	21.51	(4.47)
Distributions	(1.37)	(1.55)	(0.32)
Retained distributions on accumulation share	1.37	1.55	0.32
Closing net asset value per share	129.30	121.81	100.30
* after direct transaction costs of:***	0.15	0.13	0.11
Performance+			
Return after charges	6.15%	21.45%	-4.27%
Other information			
Closing net asset value (£'000)	193,732	192,167	167,660
Closing number of shares	149,834,853	157,756,768	167,159,023
Operating charges****	1.01%	1.01%	1.01%
Direct transaction costs***	0.12%	0.12%	0.11%
Prices			
Highest share price	135.3	121.8	109.7
Lowest share price	121.1	100.1	92.38

** The operating charges include all costs borne by the Fund, except for direct transaction costs.

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**** The operating charges percentage is the equivalent of the ongoing charges figure per the prior year accounts. It shows the annualised operating expenses of the share class as a percentage of the average net asset value of the class over the same period.

+ The performance figures are calculated by taking the value of the shareclass per the financial statements compared to the value per the financial statements in the prior year. This figure may differ from the performance figure quoted in the Investment Report. The Investment Report performance figure is calculated using the last available published price for a given shareclass in the period compared to the equivalent for the prior period. The published price may contain an adjustment for dilution in accordance with the Fund pricing policy, while the price per the financial statements values the Fund on a bid-price basis. The financial statements shareclass valuation is based on close of business market prices on the last day of the period, again this may differ from the intra-day pricing point of the Fund which is used in the published shareclass price.

Standard Life Investment Company

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Global Advantage Fund

Comparative Tables (Continued)

	2018 pence per share	2017 pence per share	2016 pence per share
Standard Life accumulation			
Change in net assets per share			
Opening net asset value per share	74.36	60.68	62.87
Return before operating charges*	5.33	13.75	(2.12)
Operating charges**	(0.09)	(0.07)	(0.07)
Return after operating charges*	5.24	13.68	(2.19)
Distributions	(1.50)	(1.55)	(0.44)
Retained distributions on accumulation share	1.50	1.55	0.44
Closing net asset value per share	79.60	74.36	60.68
* after direct transaction costs of:***	0.09	0.08	0.07
Performance+			
Return after charges	7.05%	22.54%	-3.48%
Other information			
Closing net asset value (£'000)	2,368	2,222	1,647
Closing number of shares	2,975,576	2,987,920	2,714,536
Operating charges****	0.11%	0.11%	0.11%
Direct transaction costs***	0.12%	0.12%	0.11%
Prices			
Highest share price	83.18	74.36	65.87
Lowest share price	73.97	60.58	55.88

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Standard Life Investment Company

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Global Advantage Fund

Comparative Tables (Continued)

	2018 pence per share	2017 pence per share	2016 pence per share
Platform 1 accumulation			
Change in net assets per share			
Opening net asset value per share	84.72	69.52	72.36
Return before operating charges*	6.11	15.71	(2.37)
Operating charges**	(0.59)	(0.51)	(0.47)
Return after operating charges*	5.52	15.20	(2.84)
Distributions	(1.26)	(1.35)	(0.35)
Retained distributions on accumulation share	1.26	1.35	0.35
Closing net asset value per share	90.24	84.72	69.52
* after direct transaction costs of:***	0.10	0.09	0.08
Performance+			
Return after charges	6.52%	21.86%	-3.92%
Other information			
Closing net asset value (£'000)	14,297	12,142	9,701
Closing number of shares	15,842,864	14,331,917	13,953,992
Operating charges****	0.66%	0.66%	0.66%
Direct transaction costs***	0.12%	0.12%	0.11%
Prices			
Highest share price	94.36	84.72	75.79
Lowest share price	84.27	69.37	64.02

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Global Advantage Fund

Comparative Tables (Continued)

	2018 pence per share	2017 pence per share	2016 pence per share
Platform 1 income			
Change in net assets per share			
Opening net asset value per share	78.02	65.09	68.85
Return before operating charges*	5.63	14.66	(2.99)
Operating charges**	(0.54)	(0.47)	(0.45)
Return after operating charges*	5.09	14.19	(3.44)
Distributions	(1.16)	(1.26)	(0.32)
Closing net asset value per share	81.95	78.02	65.09
* after direct transaction costs of:***	0.10	0.09	0.07
Performance+			
Return after charges	6.52%	21.80%	-5.00%
Other information			
Closing net asset value (£'000)	1,238	1,121	837
Closing number of shares	1,510,487	1,436,941	1,285,616
Operating charges****	0.66%	0.66%	0.66%
Direct transaction costs***	0.12%	0.13%	0.10%
Prices			
Highest share price	86.14	78.32	72.12
Lowest share price	77.65	64.98	60.23

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Standard Life Investment Company

Annual Report & Financial Statements

Global Advantage Fund

Portfolio Statement as at 28 February 2018

Holding	Investment	Market value £'000	Percentage of total net assets
Bonds (10.55%)		59,240	10.14
European Denominated Bonds (0.10%)		374	0.06
Corporate Bonds (0.10%)		374	0.06
less than 5 years to maturity			
100,000	Arion Banki 2.5% 2019	91	0.01
between 5 and 10 years to maturity			
100,000	UBS 4.75% 2026	98	0.02
Perpetual			
100,000	BNP Paribas 4.875% Perpetual	91	0.01
100,000	EDF 4.125% Perpetual	94	0.02
Sterling Denominated Bonds (10.14%)		48,930	8.38
Corporate Bonds (6.01%)		24,391	4.18
less than 5 years to maturity			
100,000	Abbey National 1.875% 2020	101	0.02
120,000	Arqiva 4.04% 2020	125	0.02
45,000	Atlantia 6.25% 2022	53	0.01
150,000	Bank of America 6.125% 2021	173	0.03
40,000	Bank of Scotland 9.375% 2021	49	0.01
100,000	Barclays 4.25% 2022	111	0.02
100,000	British American Tobacco 1.75% 2021	100	0.02
100,000	British Sky Broadcasting 2.875% 2020	104	0.02
100,000	BUPA 3.375% 2021	105	0.02
100,000	Close Brothers 3.875% 2021	106	0.02
60,000	Commerzbank 6.625% 2019	64	0.01
150,000	Co-Operative Bank 4.75% 2021	163	0.03
100,000	CPUK 2.666% 2020	102	0.02
100,000	Credit Suisse 3% 2022	104	0.02
140,000	Daimler 2.375% 2021	144	0.02
100,000	Deutsche Bank 1.875% 2020	100	0.02
80,000	Enel 6.25% 2019	85	0.01
100,000	First Hydro 9% 2021	123	0.02
300,000	FMS Wertmanagement 1.125% 2019	301	0.05
100,000	Friends Life 8.25% 2022	125	0.02

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Global Advantage Fund

Portfolio Statement as at 28 February 2018 (Continued)

Holding	Investment	Market value £'000	Percentage of total net assets
Corporate Bonds (continued)			
174,000	General Electric 6.25% 2020	194	0.03
100,000	Global Switch 4.375% 2022	111	0.02
182,000	Heathrow Funding 6.25% 2018	187	0.03
100,000	Intesa Sanpaolo SpA 5.25% 01/28/2022	112	0.02
75,000	John Lewis 8.375% 2019	81	0.01
100,000	JPMorgan Chase 1.875% 2020	101	0.02
50,000	Lend Lease Europe 6.125% 2021	57	0.01
75,000	London Stock Exchange 9.125% 2019	84	0.01
150,000	LVMH 1% 2022	148	0.02
100,000	National Australia Bank 1.375% 2022	98	0.02
100,000	Nationwide Building Society 2.25% 2022	103	0.02
150,000	New York Life Global Funding 1% 2021	148	0.02
60,000	Northern Powergrid 7.25% 2022	74	0.01
69,000	Petróleos Mexicanos 8.25% 2022	85	0.01
55,000	RCI Banque 3% 2019	56	0.01
100,000	RWE 5.5% 2022	115	0.02
100,000	Scania 1.875% 2022	100	0.02
100,000	SPI Australia Assets 5.125% 2021	109	0.02
62,000	Volkswagen Financial Services 1.5% 2021	62	0.01
100,000	Volkswagen Financial Services 1.625% 2022	99	0.02
150,000	Western Power 5.25% 2023	173	0.03
72,000	Xstrata 7.375% 2020	81	0.01
between 5 and 10 years to maturity			
100,000	AA Bond 2.75% 2023	94	0.02
100,000	Abbey National 5.75% 2026	128	0.02
150,000	ABP 6.25% 2026	187	0.03
100,000	Akelius Residential Property 2.375% 2025	96	0.02
100,000	APT Pipelines 4.25% 2024	109	0.02
50,000	AT&T 5.5% 2027	60	0.01
150,000	Barclays 3.125% 2024	153	0.03
180,000	Barclays 3.25% 2027	182	0.03
115,000	Barclays 5.75% fixed to floating 2026	135	0.02
100,000	Bazalgette Finance 2.375% 2027	97	0.02
190,000	BP 2.03% 2025	189	0.03
70,000	Citigroup 5.15% 2026	83	0.01
100,000	Citigroup 5.875% 2024	118	0.02
100,000	Close Brothers 2.75% 2026	101	0.02
100,000	Clydesdale Bank 4.625% 2026	120	0.02
100,000	Credit Agricole 7.375% 2023	126	0.02

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Global Advantage Fund

Portfolio Statement as at 28 February 2018 (Continued)

Holding	Investment	Market value £'000	Percentage of total net assets
Corporate Bonds (continued)			
100,000	CYBG 3.125% 2025	101	0.02
210,000	Enel 5.625% 2024	250	0.04
100,000	FirstGroup 6.875% 2024	124	0.02
100,000	Gatwick 6.125% 2028	124	0.02
69,000	Hammerson 6% fixed to floating 2026	84	0.01
153,000	Heathrow Funding 6.75% 2026	201	0.03
100,000	Heathrow Funding 7.125% 2024	123	0.02
50,000	Iberdrola 7.375% 2024	64	0.01
200,000	Intu (SGS) Finance 4.125% 2023	217	0.04
97,000	Land Securities 5.391% 2027	118	0.02
100,000	Liberty Living 2.625% 2024	100	0.02
100,000	Lloyds Bank 4.875% 2027	123	0.02
153,000	Lloyds Bank 5.125% 2025	186	0.03
118,000	Lloyds Bank 7.625% 2025	154	0.03
100,000	London & Quadrant Housing Trust 2.625% 2026	101	0.02
100,000	MetLife Global Funding I 3.5% 2026	109	0.02
100,000	Morgan Stanley 2.625% 2027	99	0.02
100,000	Nationwide Building Society 3.25% 2028	107	0.02
50,000	Orange 5.25% 2025	60	0.01
150,000	Royal Bank of Scotland 5.125% 2024	178	0.03
210,000	Santander UK Group 3.625% 2026	224	0.04
100,000	Scentre Management 3.875% 2026	110	0.02
100,000	Shaftesbury Chinatown 2.348% 2027	96	0.02
100,000	Society of Lloyd's 4.75% 2024	111	0.02
117,000	Southern Gas Networks 4.875% 2023	134	0.02
100,000	Stagecoach Group 4% 2025	106	0.02
100,000	Thames Water 2.875% 2027	96	0.02
100,000	Thames Water 3.5% 2028	106	0.02
89,000	United Utilities 5.625% 2027	113	0.02
69,000	Vodafone 5.625% fixed to floating 2025	84	0.01
100,000	Wells Fargo 5.25% 2023	114	0.02
100,000	Western Power Distribution 3.625% 2023	106	0.02
100,000	Yorkshire Building Society 4.125% 2024	104	0.02
between 10 and 15 years to maturity			
280,000	Anheuser-Busch InBev 2.25% 2029	266	0.05
100,000	Annington Funding 3.184% 2029	99	0.02
100,000	APT Pipelines 3.5% 2030	102	0.02
100,000	Arqiva 4.882% 2032	111	0.02
150,000	AT&T 4.375% 2029	167	0.03

Standard Life Investment Company

Annual Report & Financial Statements

Global Advantage Fund

Portfolio Statement as at 28 February 2018 (Continued)

Holding	Investment	Market value £'000	Percentage of total net assets
Corporate Bonds (continued)			
100,000	Bank of America 7% 2028	140	0.02
110,000	Barclays 3.25% 2033	106	0.02
100,000	BPCE 5.25% 2029	118	0.02
100,000	Broadgate Financing 4.851% 2033	124	0.02
35,000	Canary Wharf Finance 6.455% 2033	10	0.00
100,000	CRH 4.125% 2029	112	0.02
100,000	Digital Stout Holding 3.3% 2029	100	0.02
160,000	DONG Energy 4.875% 2032	194	0.03
150,000	E.On Finance 6.375% 2032	206	0.03
100,000	Great Rolling Stock 6.5% 2031	115	0.02
100,000	HSBC 2.625% 2028	99	0.02
209,000	HSBC Bank 5.375% 2030	248	0.04
110,000	Imperial Brands 4.875% 2032	129	0.02
100,000	Land Securities 2.399% 2029	100	0.02
110,000	London & Quadrant Housing Trust 2.25% 2029	104	0.02
97,000	McDonald's 5.875% 2032	129	0.02
100,000	National Grid 2.125% 2028	95	0.02
100,000	Rabobank 4.625% 2029	113	0.02
83,000	RWE 6.25% 2030	110	0.02
100,000	Shaftesbury Carnaby 2.487% 2031	94	0.02
87,000	Southern Gas Networks 4.875% 2029	105	0.02
100,000	Telefonica Emisiones 5.445% 2029	122	0.02
100,000	Telereal Secured 4.01% 2033	86	0.01
174,000	Thames Water 5.75% 2030	196	0.03
100,000	Time Warner Cable 5.75% 2031	116	0.02
140,000	Western Power 5.75% 2032	183	0.03
100,000	Yorkshire Building Society 3.375% 2028	99	0.02
50,000	Yorkshire Power 7.25% 2028	70	0.01
between 15 and 25 years to maturity			
100,000	Affinity Sutton 4.25% 2042	121	0.02
100,000	Annington Funding 3.685% 2034	102	0.02
111,000	Aspire Defence 4.674% 2040 'A'	127	0.02
59,000	Aspire Defence 4.674% 2040 'B'	67	0.01
100,000	AT&T 3.55% 2037	101	0.02
100,000	AT&T 7% 2040	148	0.02
200,000	Aviva 6.625% fixed to floating 2041	226	0.04
150,000	British American Tobacco 6% 2034	203	0.03
50,000	Citigroup 6.8% 2038	77	0.01
120,000	Direct Line 9.25% 2042	151	0.03

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Global Advantage Fund

Portfolio Statement as at 28 February 2018 (Continued)

Holding	Investment	Market value £'000	Percentage of total net assets
Corporate Bonds (continued)			
100,000	Dwr Cymru Financing 2.5% 2036	97	0.02
100,000	E.ON Finance 5.875% 2037	138	0.02
100,000	EDF 5.5% 2037	124	0.02
70,000	Enel 5.75% 2040	94	0.02
100,000	Eversholt 3.529% 2042	99	0.02
120,000	Eversholt 6.697% 2035	157	0.03
100,000	Gatwick 5.75% 2037	135	0.02
120,000	General Electric 5.375% 2040	156	0.03
100,000	GlaxoSmithKline 5.25% 2033	133	0.02
50,000	GlaxoSmithKline 5.25% 2042	70	0.01
70,000	Greene King 5.702% fixed to floating 2034	66	0.01
161,000	Greene King FRN 2033	129	0.02
69,000	HSBC 5.375% 2033	87	0.01
188,000	HSBC 6% 2040	249	0.04
100,000	Innogy 4.75% 2034	119	0.02
100,000	John Lewis 4.25% 2034	104	0.02
110,000	Land Securities 2.625% 2037	108	0.02
150,000	Lloyds Bank 6.5% 2040	232	0.04
100,000	Motability Operations 3.625% 2036	111	0.02
100,000	Munich Re 6.625% fixed to floating 2042	117	0.02
100,000	National Grid 2.625% 2038	93	0.02
138,000	Northumbrian Water 5.125% 2042	185	0.03
131,000	Octagon Healthcare 5.333% 2035	135	0.02
139,000	Orange 5.625% 2034	183	0.03
94,969	Peel 8.375% 2040	139	0.02
129,000	QBE Insurance 6.115% 2042	144	0.02
41,000	RMPA Services 5.337% 2038	40	0.01
42,000	RSA Insurance 9.375% fixed to floating 2039	46	0.01
100,000	SSE 6.25% fixed to floating 2038	146	0.02
150,000	Telereal 4.0902% fixed to floating 2033	157	0.03
210,000	Thames Water 5.125% 2037	268	0.05
50,000	Vattenfall 6.875% 2039	79	0.01
100,000	Veolia Environment 6.125% 2037	143	0.02
50,000	Wells Fargo 4.625% 2035	62	0.01
50,000	Western Power 5.75% 2040	70	0.01
greater than 25 years to maturity			
100,000	Affordable Housing 2.893% 2043	111	0.02
100,000	AT&T 4.875% 2044	117	0.02
100,000	Aviva 5.125% 2050	108	0.02

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Global Advantage Fund

Portfolio Statement as at 28 February 2018 (Continued)

			Market value £'000	Percentage of total net assets
Holding	Investment			
Corporate Bonds (continued)				
100,000	AXA 5.625% 2054		116	0.02
100,000	BPHA 4.816% 2044		128	0.02
100,000	British American Tobacco 2.25% 2052		79	0.01
100,000	Centrica 4.25% 2044		113	0.02
50,000	Channel Link 6.341% 2046		57	0.01
150,000	Dignity 4.6956% 2049		152	0.03
200,000	EDF 5.125% 2050		248	0.04
100,000	EDF 6% 2114		138	0.02
50,000	Engie 5% 2060		78	0.01
100,000	Heathrow Funding 2.75% 2049		90	0.02
100,000	Heathrow Funding 4.625% 2046		124	0.02
100,000	Legal & General 5.5% 2064		109	0.02
100,000	NGG 5.625% fixed to floating 2073		112	0.02
100,000	Paragon 3.625% 2047		108	0.02
100,000	Peabody Capital 4.625% 2053		134	0.02
100,000	Prudential 5.7% fixed to floating 2063		113	0.02
110,000	RL Finance 6.125% fixed to floating 2043		124	0.02
100,000	SSE 3.625% 2077		103	0.02
100,000	Vodafone 3% 2056		84	0.01
120,000	Vodafone 3.375% 2049		109	0.02
100,000	Wellcome Trust 2.517% 2118		99	0.02
100,000	Wheatley 4.375% 2044		118	0.02
Perpetual				
100,000	Assicurazioni Generali 6.416% fixed to floating Perpetual		108	0.02
105,000	Aviva 5.9021% fixed to floating Perpetual		112	0.02
111,000	Axa 5.453% fixed to floating Perpetual		123	0.02
100,000	EDF 5.875% fixed to floating Perpetual		102	0.02
32,000	Legal & General 5.875% fixed to floating Perpetual		33	0.01
100,000	Orange 5.75% fixed to floating Perpetual		111	0.02
100,000	Pennon 2.875% Perpetual		100	0.02
100,000	SSE 3.875% fixed to floating Perpetual		103	0.02
Government Bonds (4.13%)			24,539	4.20
less than 5 years to maturity				
352,000	European Investment Bank 1.5% 2019		355	0.06
376,000	KFW 1.375% 2021		379	0.06
492,000	UK (Govt of) 0.5% 2022		481	0.08
377,000	UK (Govt of) 1.5% 2021		384	0.07

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Global Advantage Fund

Portfolio Statement as at 28 February 2018 (Continued)

Holding	Investment	Market value £'000	Percentage of total net assets
Government Bonds (continued)			
787,000	UK (Govt of) 1.75% 2019	799	0.14
824,000	UK (Govt of) 1.75% 2022	851	0.15
547,000	UK (Govt of) 2% 2020	563	0.10
424,000	UK (Govt of) 3.75% 2020	455	0.08
483,000	UK (Govt of) 3.75% 2021	531	0.09
81,000	UK (Govt of) 3.75% Index-Linked 2019	85	0.01
670,000	UK (Govt of) 4% 2022	751	0.13
576,000	UK (Govt of) 4.75% 2020	623	0.11
between 5 and 10 years to maturity			
273,000	UK (Govt of) 0.75% 2023	267	0.05
969,000	UK (Govt of) 1.25% 2027	945	0.16
463,000	UK (Govt of) 1.5% 2026	466	0.08
560,000	UK (Govt of) 2% 2025	588	0.10
483,000	UK (Govt of) 2.25% 2023	512	0.09
473,000	UK (Govt of) 2.75% 2024	518	0.09
1,007,000	UK (Govt of) 4.25% 2027	1,257	0.21
613,000	UK (Govt of) 5% 2025	766	0.13
between 10 and 15 years to maturity			
610,434	UK (Govt of) 4.25% 2032	802	0.14
577,773	UK (Govt of) 4.75% 2030	780	0.13
455,000	UK (Govt of) 6% 2028	655	0.11
between 15 and 25 years to maturity			
175,000	UK (Govt of) 1.75% 2037	171	0.03
527,000	UK (Govt of) 4.25% 2036	720	0.12
496,000	UK (Govt of) 4.25% 2039	701	0.12
321,152	UK (Govt of) 4.25% 2040	460	0.08
714,000	UK (Govt of) 4.5% 2034	985	0.17
644,613	UK (Govt of) 4.5% 2042	972	0.17
612,781	UK (Govt of) 4.75% 2038	914	0.15
greater than 25 years to maturity			
463,927	UK (Govt of) 1.5% 2047	422	0.07
182,228	UK (Govt of) 1.75% 2057	183	0.03
423,263	UK (Govt of) 2.5% 2065	537	0.09
356,797	UK (Govt of) 3.25% 2044	453	0.08
476,065	UK (Govt of) 3.5% 2045	633	0.11
383,016	UK (Govt of) 3.5% 2068	621	0.11
430,610	UK (Govt of) 3.75% 2052	643	0.11

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Global Advantage Fund

Portfolio Statement as at 28 February 2018 (Continued)

Holding	Investment	Market value £'000	Percentage of total net assets
Government Bonds (continued)			
304,032	UK (Govt of) 4% 2060	512	0.09
326,577	UK (Govt of) 4.25% 2046	495	0.08
348,678	UK (Govt of) 4.25% 2049	548	0.09
448,024	UK (Govt of) 4.25% 2055	756	0.13
US Dollar Denominated Bonds (0.31%)		9,936	1.70
Corporate Bonds (0.26%)		775	0.13
between 5 and 10 years to maturity			
220,000	Charter Communications 4.908% 2025	164	0.03
200,000	UBS 4.125% 2026	147	0.02
between 15 and 25 years to maturity			
100,000	CVS Health 4.875% 2035	75	0.01
112,000	Kinder Morgan 5.3% 2034	84	0.01
Perpetual			
200,000	HSBC 6.875% Perpetual	155	0.03
200,000	Swedbank 6% Perpetual	150	0.03
Government Bonds (0.05%)		9,161	1.57
between 5 and 10 years to maturity			
9,800,000	US Treasury 1.75% Index-Linked 2028	9,161	1.57
Equities (62.18%)		370,706	63.52
European Equities (ex UK) (14.91%)		122,763	21.03
Belgium (0.60%)		1,718	0.30
41,940	Umicore	1,718	0.30
Denmark (1.54%)		8,817	1.51
839	A.P. Moller-Maersk	1,000	0.17
100,115	Ambu	1,407	0.24
76,763	Danske Bank	2,248	0.38
59,708	Novo Nordisk	2,258	0.39
54,137	Tryg	935	0.16
18,357	Vestas Wind Systems	969	0.17

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Portfolio Statement as at 28 February 2018 (Continued)

		Market value £'000	Percentage of total net assets
Holding	Investment		
Finland (0.20%)		-	-
France (2.82%)		18,980	3.25
20,991	Airbus	1,827	0.31
23,234	Amundi	1,380	0.24
8,576	Atos	823	0.14
103,040	AXA	2,359	0.40
3,681	Kering	1,264	0.22
14,864	Michelin	1,666	0.29
111,334	Orange	1,373	0.24
12,181	Orpea	1,063	0.18
13,265	Renault	1,050	0.18
62,941	Suez	631	0.11
10,426	Teleperformance	1,079	0.18
10,012	Thales	811	0.14
56,514	TOTAL	2,349	0.40
18,127	Vinci	1,305	0.22
Germany (2.35%)		17,159	2.94
12,956	Allianz	2,201	0.38
23,425	Bayer	1,993	0.34
13,839	Covestro	1,141	0.20
50,528	Deutsche Post	1,685	0.29
150,153	E.ON	1,111	0.19
24,928	Fresenius	1,482	0.25
63,090	Infineon Technology	1,251	0.22
14,712	Merck & Co	1,071	0.18
24,653	Rocket Internet	537	0.09
29,117	Scout24	934	0.16
6,567	Siltronic	705	0.12
83,702	ThyssenKrupp	1,653	0.28
15,935	Wirecard	1,395	0.24
Ireland (0.96%)		8,542	1.46
12,908	Allegion	788	0.14
124,710	CRH	2,997	0.51
48,234	Glanbia	619	0.10
15,888	Kerry	1,159	0.20
24,412	Medtronic	1,415	0.24
109,136	Ryanair	1,564	0.27

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Portfolio Statement as at 28 February 2018 (Continued)

		Market value £'000	Percentage of total net assets
Holding	Investment		
Italy (0.64%)		4,742	0.81
377,587	Enel	1,597	0.27
33,951	Interpump	821	0.14
499,790	Intesa Sanpaolo	1,370	0.24
41,583	Prysmian	954	0.16
Luxembourg (0.00%)		1,059	0.18
42,365	ArcelorMittal	1,059	0.18
Netherlands (1.05%)		21,371	3.66
14,685	ASML	2,096	0.36
48,763	ASR Nederland	1,594	0.27
34,375	Philips Lighting	990	0.17
29,885	Randstad	1,556	0.27
73,374	RELX	1,094	0.19
209,211	Royal Dutch Shell 'A'	4,813	0.82
375,687	Royal Dutch Shell 'B'	8,718	1.49
35,942	Wessanen	510	0.09
Norway (0.00%)		1,196	0.21
72,882	Telenor	1,196	0.21
Portugal (0.20%)		591	0.10
44,934	Galp Energia	591	0.10
Spain (0.85%)		7,717	1.32
26,110	Amadeus	1,400	0.24
547,644	Banco Santander	2,747	0.47
175,524	Bankinter	1,409	0.24
37,578	Grupo ACS	942	0.16
55,161	Inditex	1,219	0.21

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Portfolio Statement as at 28 February 2018 (Continued)

		Market value £'000	Percentage of total net assets
Holding	Investment		
Sweden (1.34%)		7,569	1.30
74,994	Assa Abloy	1,221	0.21
30,819	Lundin Petroleum	527	0.09
84,848	Securitas	1,061	0.18
132,176	Svenska Cellulosa	954	0.17
96,536	Swedbank	1,768	0.30
58,971	Thule Group	930	0.16
80,593	Volvo	1,108	0.19
Switzerland (2.36%)		23,302	3.99
76,481	Coca-Cola HBC	1,823	0.31
137,061	Credit Suisse	1,848	0.32
864,793	Glencore	3,341	0.57
1,520,987	IWG	3,565	0.61
27,681	Julius Baer	1,310	0.22
53,001	Nestle	3,064	0.52
1,998	Partners	1,054	0.18
17,163	Roche	2,891	0.50
10,347	Temenos	881	0.15
124,212	UBS	1,724	0.30
7,517	Zurich	1,801	0.31
North American Equities (17.91%)		108,070	18.52
Bermuda (0.00%)		922	0.16
54,033	Marvell Technology	922	0.16
Canada (0.33%)		1,101	0.19
23,132	Alimentation Couche-Tard 'B'	817	0.14
103,424	Element Financial	284	0.05

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Portfolio Statement as at 28 February 2018 (Continued)

Holding	Investment	Market value £'000	Percentage of total net assets
United States (17.58%)		106,047	18.17
22,408	Abbvie	1,884	0.32
15,232	Activision Blizzard	808	0.14
10,928	Acuity Brands	1,130	0.19
12,699	Adobe	1,927	0.33
40,859	AIG	1,700	0.29
5,873	Allergan	657	0.11
27,405	Allison Transmission	788	0.14
6,307	Alphabet 'A'	5,053	0.87
3,238	Amazon.com	3,554	0.61
18,914	American Tower	1,913	0.33
6,290	Anthem	1,074	0.18
33,473	Apple	4,327	0.74
103,483	Bank of America	2,410	0.41
5,932	Boeing	1,560	0.27
84,415	Boston Scientific	1,670	0.29
10,628	Broadcom	1,901	0.33
20,252	Cavium	1,307	0.22
11,854	Celanese	868	0.15
15,444	Celgene	977	0.17
43,859	Centurylink	562	0.10
24,596	Chevron	1,997	0.34
54,982	Cisco Systems	1,787	0.31
41,836	Citigroup	2,291	0.39
7,761	CME	936	0.16
59,351	CMS Energy	1,829	0.31
115,278	Comcast	3,030	0.52
41,408	CSX	1,614	0.28
45,067	Devon Energy	1,003	0.17
27,023	Dollar Tree	2,013	0.35
45,495	DowDuPont	2,320	0.40
8,354	Electronic Arts	750	0.13
11,617	Eli Lilly	649	0.11
11,303	EOG Resources	832	0.14
6,493	Equinix	1,847	0.32
15,828	Evercore Partners	1,068	0.18
24,736	Facebook	3,201	0.55
77,910	First Data	883	0.15
28,489	First Republic Bank	1,919	0.33

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Portfolio Statement as at 28 February 2018 (Continued)

Holding	Investment	Market value £'000	Percentage of total net assets
United States (continued)			
22,927	Fortune Brands Home & Security	1,009	0.17
7,473	General Dynamics	1,207	0.21
8,260	Goldman Sachs	1,574	0.27
29,641	Halliburton	998	0.17
42,782	Hanesbrands	602	0.10
13,963	Home Depot	1,847	0.32
27,732	Johnson & Johnson	2,614	0.45
15,537	Knight-Swift Transportation	543	0.09
24,784	Kraft Heinz	1,206	0.21
4,731	Lear	641	0.11
19,783	Mastercard	2,524	0.43
23,017	McDonald's	2,635	0.45
17,914	Merck & Co	705	0.12
7,448	Mohawk Industries	1,297	0.22
44,854	Mondelez	1,429	0.24
10,098	NextEra Energy	1,115	0.19
7,333	Norfolk Southern	740	0.13
24,404	PepsiCo	1,944	0.33
70,201	Pfizer	1,850	0.32
10,479	Raytheon	1,654	0.28
40,152	Schwab (Charles)	1,545	0.26
115,984	Shire	3,605	0.62
24,633	Steel Dynamics	827	0.14
21,426	SunTrust Banks	1,086	0.19
17,420	Time Warner	1,175	0.20
12,878	TJX	773	0.13
17,444	United Health	2,863	0.49
United Kingdom Equities (29.36%)		139,873	23.97
Basic Materials (3.14%)		7,254	1.24
82,613	Anglo American	1,471	0.25
58,947	Johnson Matthey	1,847	0.32
783,256	Petra Diamonds	482	0.08
87,998	Rio Tinto (UK listing)	3,454	0.59

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Portfolio Statement as at 28 February 2018 (Continued)

Holding	Investment	Market value £'000	Percentage of total net assets
Consumer Goods (5.53%)		29,476	5.05
64,328	Bellway	2,004	0.35
1,337,889	Boohoo.com*	2,483	0.43
313,269	Bovis Homes	3,289	0.56
185,197	British American Tobacco	7,954	1.36
263,693	Countryside Properties	827	0.14
30,787	Delphi Technologies	1,067	0.18
1,783,500	Dixons Carphone	3,505	0.60
49,845	Fever Tree Drinks*	1,237	0.21
171,239	Inchcape	1,161	0.20
337,232	JD Sports	1,292	0.22
46,666	Reckitt Benckiser	2,695	0.46
333,383	Redrow	1,962	0.34
Consumer Services (2.59%)		15,689	2.69
1,356,736	888 Holdings	3,872	0.67
2,056,191	Enterprise Inns	2,558	0.44
293,445	Greene King	1,531	0.26
440,132	GVC	3,928	0.67
1,026,032	ITV	1,641	0.28
828,009	Ladbrokes	1,362	0.23
325,971	Mitchells & Butlers	797	0.14
Financials (6.37%)		39,996	6.85
760,566	Aviva	3,844	0.66
64,938	Close Brothers	1,019	0.17
814,757	CLS Holdings	1,780	0.31
961,143	Grainger	2,622	0.45
2,220,788	Hansteen REIT	2,936	0.50
1,557,978	HSBC	11,171	1.91
1,025,237	International Personal Finance	1,940	0.33
28,676	London Stock Exchange	1,155	0.20
465,322	Onesavings Bank	1,900	0.33
114,035	Phoenix	895	0.15
209,266	Prudential	3,830	0.66
303,676	Standard Chartered (UK listing)	2,462	0.42
1,310,182	Standard Life	4,442	0.76

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Portfolio Statement as at 28 February 2018 (Continued)

		Market value £'000	Percentage of total net assets
Holding	Investment		
Health Care (3.27%)		11,783	2.02
34,574	AstraZeneca	1,651	0.28
76,339	Genus	1,664	0.28
39,061	Hutchison China MediTech*	1,852	0.32
127,124	NMC Healthcare	4,363	0.75
2,175,686	Sinclair Pharma*	505	0.09
761,527	Spire Healthcare	1,748	0.30
Industrials (3.32%)		16,908	2.90
261,962	Aggreko	1,957	0.34
53,577	Ashtead	1,132	0.19
445,631	Essentra	1,994	0.34
2,047,093	Mitie Group	3,218	0.55
420,384	Polypipe	1,640	0.28
462,796	RPC	3,720	0.64
449,031	Smith (DS)	2,153	0.37
185,501	Vesuvius	1,094	0.19
Oil & Gas (3.21%)		12,459	2.14
1,702,369	BP	8,088	1.39
1,343,180	Cairn Energy	2,513	0.43
227,283	Hunting	1,382	0.24
261,640	Tullow Oil	476	0.08
Technology (0.33%)		-	-
Telecommunications (1.20%)		4,243	0.73
2,082,873	Vodafone	4,243	0.73
Utilities (0.40%)		2,065	0.35
279,070	National Grid	2,065	0.35

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Global Advantage Fund

Portfolio Statement as at 28 February 2018 (Continued)

Holding	Investment	Market value £'000	Percentage of total net assets
Collective Investment Schemes (25.24%)		143,377	24.57
80,486,938	SLTM Japan Trust	37,934	6.50
25,053,463	SLTM Pacific Basin Trust	39,685	6.80
246,796	SLI Emerging Market Local Currency Debt SICAV	2,990	0.51
5,857,265	SLI Global Bond SICAV	50,916	8.72
626,334	SLI Global High Yield Bond SICAV	7,784	1.34
403,516	SLI Global REIT Focus SICAV	4,068	0.70
Exchange Traded Fund (0.67%)		-	-
Derivatives (0.02%)		868	0.15
Credit Default Swaps ((0.02)%)		(17)	0.00
USD 3,567,870	Sell CDX Emerging Markets Series 28 20/12/2022 1%	(17)	0.00
Forward Currency Contracts (0.00%)		(328)	(0.06)
	Buy EUR 10,756 Sell GBP 9,562 03/05/2018	0	0.00
	Buy GBP 383,597 Sell EUR 438,191 03/05/2018	(5)	0.00
	Buy GBP 779,007 Sell USD 1,115,341 03/05/2018	(28)	(0.01)
	Buy GBP 8,970,677 Sell USD 12,804,395 02/05/2018	(296)	(0.05)
	Buy USD 23,138 Sell GBP 16,649 03/05/2018	0	0.00
	Buy USD 133,150 Sell GBP 95,814 02/05/2018	1	0.00
Futures (0.04%)		1,213	0.21
6	Long Australia 10 Year Bond Future 15/03/2018	0	0.00
538	Long E-mini Msci Emerging Market Index Future 16/03/2018	1,277	0.22
3	Long Long Gilt Future 27/06/2018	1	0.00
32	Long Euro Stoxx 50 Index Future 16/03/2018	(46)	(0.01)
15	Long US 2 Year Note Future 29/06/2018	(1)	0.00
(2)	Short Euro Bond Future 08/03/2018	6	0.00
(4)	Short Euro-OAT Future 08/03/2018	11	0.00
(219)	Short FTSE 100 Future 16/03/2018	349	0.06
(54)	Short Long Gilt Future 27/06/2018	(31)	0.00
(151)	Short S&P 500 Index Emini Future 16/03/2018	(366)	(0.06)
(18)	Short Topix Index Future 08/03/2018	9	0.00
(14)	Short US 5 Year Note Future 29/06/2018	2	0.00
(7)	Short US 10 Year Note Future 20/06/2018	1	0.00

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Portfolio Statement as at 28 February 2018 (Continued)

Holding	Investment	Market value £'000	Percentage of total net assets
Futures (continued)			
(7)	Short US 10 Year Ultra Future 20/06/2018	1	0.00
(2)	Short US Long Bond Future (CBT) 20/06/2018	0	0.00
Total investment assets and liabilities		574,191	98.38
Net other assets		9,438	1.62
Total Net Assets		583,629	100.00

All investments are listed on recognised stock exchanges and are approved securities, regulated collective investment schemes, or approved derivatives within the meaning of the FCA rules unless otherwise stated.

The percentage figures in brackets show the comparative holding as at 28 February 2017.

*AIM listed

	Market value £'000
Reconciliation of assets and liabilities to the Balance Sheet	
Investment assets as per the Balance Sheet	574,981
Investment liabilities	(790)
Net investment assets	574,191
Net other assets	9,438
Total Net Assets	583,629

Standard Life Investment Company

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Global Advantage Fund

Financial Statements

Statement of Total Return

for the year ended 28 February 2018

	Notes	£'000	2018 £'000	£'000	2017 £'000
Income:					
Net capital gains	2		28,868		98,125
Revenue	4	12,574		13,141	
Expenses	5	(5,790)		(5,412)	
Interest payable and similar charges	6	(3)		(3)	
Net revenue before taxation		6,781		7,726	
Taxation	7	(350)		(81)	
Net revenue after taxation			6,431		7,645
Total return before distributions			35,299		105,770
Distributions	8		(6,431)		(7,645)
Change in net assets attributable to shareholders from investment activities			28,868		98,125

Statement of Change in Net Assets Attributable to Shareholders

for the year ended 28 February 2018

	£'000	2018 £'000	£'000	2017 £'000
Opening net assets attributable to shareholders		580,675		508,444
Amounts receivable on the issue of shares	8,690		6,777	
Amounts payable on the cancellation of shares	(41,000)		(40,254)	
		(32,310)		(33,477)
Dilution adjustment		81		83
Change in net assets attributable to shareholders from investment activities (see above)		28,868		98,125
Retained distribution on accumulation shares		6,315		7,500
Closing net assets attributable to shareholders		583,629		580,675

Standard Life Investment Company

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Global Advantage Fund

Financial Statements (Continued)

Balance Sheet

as at 28 February 2018

	Notes	£'000	2018 £'000	£'000	2017 £'000
Assets:					
Fixed assets:					
Investment assets			574,981		573,895
Current assets:					
Debtors	9	2,159		11,916	
Cash and bank balances	10	7,931		5,163	
			10,090		17,079
Total assets			585,071		590,974
Liabilities:					
Investment liabilities			(790)		(1,006)
Creditors	11	(637)		(9,275)	
Distribution payable		(15)		(18)	
			(652)		(9,293)
Total liabilities			(1,442)		(10,299)
Net assets attributable to shareholders			583,629		580,675

Standard Life Investment Company

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Global Advantage Fund

Notes to the Financial Statements

1 Accounting Policies

Please refer to pages 11 to 12 for note on accounting policies.

2 Net Capital Gains

	2018 £'000	2017 £'000
Non-derivative securities	26,481	99,687
Derivative contracts	2,578	(993)
Forward currency contracts	(204)	(335)
Other gains/(losses)	44	(204)
Handling charges taken from the capital account	(31)	(30)
Net capital gains	28,868	98,125

3 Purchases, Sales and Transaction Costs

There are no transaction costs associated with the purchases or sales of bonds, collective investment schemes and derivatives during the year, or in the prior year.

Bonds are dealt on a spread agreed between buyer and seller with reference to the expected cashflows and current credit profiles.

Collective investments operate within the terms of the offer document or prospectus. Typically we do not invest into Funds that require an initial charge to be made. The underlying price contains an estimation of cost known as a dilution levy which is applied from time to time.

Derivatives are dealt on a spread agreed between buyer and seller with reference to the underlying investment.

During the year the total purchases and sales across different major assets classes are as per below table.

	2018 £'000	2017 £'000
Equity Purchases, Sales and Transaction Costs		
Purchases		
Purchases before transaction costs	190,001	153,063
Commissions	157	134
Taxes & Other Fees	365	381
Total purchase transaction costs	522	515
Purchases including transaction costs	190,523	153,578

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Global Advantage Fund

Notes to the Financial Statements (Continued)

3 Purchases, Sales and Transaction Costs (continued)

Sales

Gross sales before transaction costs	204,760	171,756
Commissions	(163)	(143)
Taxes & Other Fees	(2)	(2)
Total sale transaction costs	(165)	(145)
Total sales net of transaction costs	204,595	171,611

	2018	2017
	% Transaction	% Transaction

Equity Transaction Cost as a % of total Purchases & Sales

Purchases

Commissions	0.08%	0.09%
Taxes & Other Fees	0.19%	0.25%

Sales

Commissions	0.08%	0.08%
Taxes & Other Fees	0.00%	0.00%

	2018	2017
	% Average NAV	% Average NAV

Equity Purchases, Sales Analysis to Average NAV

Purchases

Commissions	0.03%	0.02%
Taxes & Other Fees	0.06%	0.07%

Sales

Commissions	0.03%	0.03%
Taxes & Other Fees	0.00%	0.00%

During the year the total purchases and sales across different major asset classes are as per below table.

	2018	2017
	£'000	£'000

Purchase

Bonds	24,036	42,972
Equities	190,523	153,578
Collective investment schemes	0	14,329

Sales

Bonds	24,841	30,060
Equities	204,595	171,611
Collective investment schemes	11,105	19,400

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Global Advantage Fund

Notes to the Financial Statements (Continued)

3 Purchases, Sales and Transaction Costs (continued)

The Fund suffers a number of explicit costs as disclosed in the notes and Fund history. The Fund also suffers implicit costs an example is market spread, the spread represents the costs of providing liquidity in a market. It therefore is subject to change based on volume, active markets have a lower spread the difference between; bid the price you receive and offer the price you pay.

At the balance sheet date the average portfolio dealing spread (i.e. the spread between bid and offer prices expressed as a percentage of the offer price) was 0.65% (2017: 0.71%), this is representative of the average spread on the assets held during the year.

4 Revenue

	2018 £'000	2017 £'000
UK dividends	5,183	5,576
Overseas dividends	4,908	4,096
Franked dividend distributions	502	781
Interest distributions	0	381
Interest on debt securities	1,344	1,690
Derivative revenue	1	0
Bank interest	27	186
ACD fee rebate on collective investment scheme holdings	609	431
Total revenue	12,574	13,141

5 Expenses

	2018 £'000	2017 £'000
Payable to the Authorised Corporate Director, associates of the Authorised Corporate Director and agents of either of them:		
Authorised Corporate Director's periodic charge	5,649	5,272
Dealing charge	7	6
Registration fees	35	54
	5,691	5,332
Payable to the Depositary or associates of the Depositary, and agents of either of them:		
Depositary's fees	64	50
Safe custody fee	21	19
	85	69
Other:		
Professional fees	3	0
Audit fee	11	11
	14	11
Total expenses	5,790	5,412

Standard Life Investment Company

Annual Report & Financial Statements

Global Advantage Fund

Notes to the Financial Statements (Continued)

6 Interest Payable and Similar Charges

	2018 £'000	2017 £'000
Interest payable	3	3
Total interest payable & similar charges	3	3

7 Taxation

	2018 £'000	2017 £'000
(a) Analysis of charge in year		
Overseas taxes	350	81
Total current tax (note 7b)	350	81

(b) Factors affecting current tax charge for the year

The tax assessed for the year is lower than the standard rate of corporation tax for Open-Ended Investment Companies 'OEICs' (20%). The differences are explained below:

Net revenue before taxation	6,781	7,726
Corporation tax at 20% (2017: 20%)	1,356	1,545
Effects of:		
Overseas taxes	350	81
Overseas tax expensed	(2)	(156)
Excess allowable expenses	740	523
Revenue taxable in other periods	(1)	(1)
UK dividends	(1,128)	(1,115)
Non taxable overseas dividends	(965)	(796)
Current tax charge for year (note 7a)	350	81

Authorised Open-Ended Investment Companies are exempt from tax on capital gains in the UK. Therefore, any capital gain is not included in the above reconciliation.

(c) Factors that may affect future tax charge

At the year end, after offset against revenue taxable on receipt, there is a potential deferred tax asset of £4,442,000 (2017: £3,703,000) due to surplus expenses. It is unlikely that the Fund will generate sufficient taxable profits to utilise these amounts and therefore no deferred tax asset has been recognised in the year or the prior year.

Standard Life Investment Company

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Global Advantage Fund

Notes to the Financial Statements (Continued)

8 Distributions

The distributions takes account of income received on the issue of shares and income deducted on the cancellation of shares and comprise:

	2018 £'000	2017 £'000
Interim distribution	4,281	4,585
Final distribution	2,074	2,958
	6,355	7,543
Add: Income deducted on cancellation of shares	102	121
Deduct: Income received on issue of shares	(26)	(19)
Net distribution for the year	6,431	7,645

Details of the distribution per share are set out in this Fund's distribution tables.

9 Debtors

	2018 £'000	2017 £'000
Amounts receivable from the ACD for the issue of shares	48	68
Sales awaiting settlement	457	9,602
Accrued revenue	1,407	2,043
Foreign withholding tax recoverable	247	172
Accrued rebate of Management fees on underlying investments	0	31
Total debtors	2,159	11,916

10 Cash and Bank Balances

	2018 £'000	2017 £'000
Amounts held at futures clearing houses and brokers	1,377	1,793
Cash and bank balances	6,554	3,370
Total cash and bank balances	7,931	5,163

11 Creditors

	2018 £'000	2017 £'000
Amounts payable to the ACD for cancellation of shares	181	406
Purchases awaiting settlement	0	8,144
Accrued expenses payable to ACD	433	425
Accrued expenses payable to the Depositary or associates of the Depositary	12	13
Other accrued expenses	11	11
Payable on swap CDX	0	276
Total creditors	637	9,275

Standard Life Investment Company

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Notes to the Financial Statements (Continued)

12 Related Party Transactions

Standard Life Investments (Mutual Funds) Limited, as Authorised Corporate Director (ACD), is a related party and acts as principal in respect of all transactions of shares in the Fund.

The aggregate monies received through issue and paid on cancellation of shares are disclosed in the statement of change in net assets attributable to shareholders.

Any amounts due from or due to Standard Life Investments (Mutual Funds) Limited at the end of the accounting year are disclosed in notes 9 and 11.

Amounts payable to Standard Life Investments (Mutual Funds) Limited, in respect of periodic charge and registration services, are disclosed in note 5 and any amounts due at the year end in note 11.

The Fund holds investments in Standard Life Investments collective investment schemes; these are disclosed in the portfolio statement.

SLTM Limited, as a member of the Standard Life Aberdeen group, is a related party. Investments in SLTM Limited Funds are disclosed in the portfolio statement.

A portion of the management fee rebate received by the Fund is from other Standard Life Aberdeen Group companies related to investments in funds managed by those Standard Life Aberdeen Group companies. During the period £609,000 (2017: £431,000) has been recognised and is included in the total rebate amounts in note 4. The balance due to the Fund at the period end in respect of this amounted to £nil (2017: £31,000) and is included in the total rebate amount disclosed in note 9.

13 Shares in issue reconciliation

	Opening shares 2017	Creations during the year	Cancellations during the year	Conversions during the year	Closing shares 2018
Retail accumulation	212,772,079	44,751	(11,603,380)	(505,933)	200,707,517
Institutional accumulation	15,756,745	561,254	(2,548,524)	169,941	13,939,416
Retail income	1,458,283	31,158	(201,360)	146,081	1,434,162
Institutional income	366,257	190,567	(47,069)	0	509,755
Retail CAT accumulation	157,756,768	2,279,228	(10,129,398)	(71,745)	149,834,853
Standard Life accumulation	2,987,920	79,329	(91,673)	0	2,975,576
Platform 1 accumulation	14,331,917	3,347,063	(2,331,498)	495,382	15,842,864
Platform 1 income	1,436,941	433,456	(386,867)	26,957	1,510,487

14 Fair Value Hierarchy

	2018 £'000 Level 1	2018 £'000 Level 2	2018 £'000 Level 3	2017 £'000 Level 1	2017 £'000 Level 2	2017 £'000 Level 3
Fair value of investment assets						
Bonds	33,343	25,897	0	25,169	36,284	0
Equities	370,703	3	0	360,918	0	0
Collective Investment Schemes	0	143,377	0	0	150,458	0
Derivatives	1,657	1	0	1,061	5	0
Total investment assets	405,703	169,278	0	387,148	186,747	0
Derivatives	(444)	(346)	0	(816)	(190)	0
Total investment liabilities	(444)	(346)	0	(816)	(190)	0

Standard Life Investment Company

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Global Advantage Fund

Notes to the Financial Statements (Continued)

14 Fair Value Hierarchy (continued)

The three levels of the fair value hierarchy under FRS 102 are described below:

Level 1: Unadjusted quoted market prices in active markets that are accessible at the measurement date for the identical unrestricted assets or liabilities.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices).

Level 3: Inputs for asset or liability that are not based on observable market data (unobservable inputs).

15 Risk Management Policies & Numerical Disclosures

In accordance with the investment objectives, the Fund may hold certain financial instruments. These comprise:

- securities held in accordance with the investment objective and policies;
- cash and short-term debtors and creditors arising directly from operations; and
- derivatives.

The main risks arising from the Fund's financial instruments are market price, foreign currency, interest rate, credit and liquidity risk.

The policies for managing these risks are summarised below and have been applied consistently throughout the year, and prior year.

a. Market price risk

Each Fund's investment portfolio is exposed to market price fluctuation which are monitored by the Fund Manager in pursuance of the investment objectives and policies. Adherence to investment guidelines and to investment and borrowing powers mitigate the risk of excessive exposure to any particular type of security or issuer.

In the current market conditions certain securities have become difficult to price. For these securities, reliance has therefore been placed on single broker prices. This has not resulted in any adjustment to the financial statements.

Value at Risk (VaR) is a measure of the maximum potential loss to the Fund due to market risk. More particularly, VaR measures the maximum potential loss at a given confidence level (probability) over a specific time period under normal market conditions.

2018	Minimum	Maximum	Average
VaR 99% 1 Month	5.95%	6.74%	6.28%
2017	Minimum	Maximum	Average
VaR 99% 1 Month	5.78%	6.90%	6.40%

At the year end date, there was a 1% chance of the portfolio value falling (or rising) more than 6.15%, £35,922,000 (2017: 6.72%, £38,507,000) in one month period.

This calculation is generally determined by the use of an industry recognised medium term risk model, typically based on 3-5 year history. The method assumes normal market conditions and that the portfolio remains unchanged.

b. Foreign currency risk

A proportion of the net assets of the Fund are denominated in currencies other than Sterling, therefore the balance sheet and total returns can be affected by currency movements. In certain circumstances, the Fund Manager may seek to manage exposure to currency movements by using forward currency contracts.

The Fund does not hedge or otherwise seek to avoid currency movement risk on accrued revenue.

Income received in foreign currencies is converted into Sterling at the exchange rates ruling when the income is received.

Standard Life Investment Company

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Global Advantage Fund

Notes to the Financial Statements (Continued)

15 Risk Management Policies & Numerical Disclosures (continued)

Currency exposure

The net foreign currency monetary exposure comprises:

	Net foreign currency monetary assets/(liabilities)	
	2018	2017
	£'000	£'000
Australian Dollar	(3)	0
Canadian Dollar	1,101	1,879
Danish Krone	8,890	9,094
Euro	68,818	64,037
Japanese Yen	9	0
Norwegian Krone	1,196	0
Swedish Krona	7,569	7,757
Swiss Franc	14,644	13,664
US Dollar	166,948	170,923

c. Interest rate risk

Interest receivable on bank deposits or payable on bank overdrafts will be affected by fluctuations in interest rates. The Fund Manager continuously reviews interest rates and inflation expectations. The assessment of this may result in a change in investment strategy.

In addition, changes to prevailing rates or changes in expectations of future rates may result in an increase or decrease in the value of the securities held. In general, if interest rates rise, the income potential of the Fund also rises but the value of fixed rate securities will decline (along with certain expenses calculated by reference to the assets of the Fund). A decline in interest rates will, in general, have the opposite effect.

The interest rate risk profile of the Fund's net financial assets and liabilities is:

	Floating rate financial assets/ (liabilities)	Fixed rate financial assets	Financial assets not carrying interest	Total
2018	£'000	£'000	£'000	£'000
Currency				
UK Sterling	10,955	45,894	257,607	314,456
Australian Dollar	(3)	0	0	(3)
Canadian Dollar	0	0	1,101	1,101
Danish Krone	0	0	8,890	8,890
Euro	180	182	68,456	68,818
Japanese Yen	0	0	9	9
Norwegian Krone	0	0	1,196	1,196
Swedish Krona	0	0	7,569	7,569
Swiss Franc	0	0	14,644	14,644
US Dollar	180	9,781	156,988	166,949

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Global Advantage Fund

Notes to the Financial Statements (Continued)

15 Risk Management Policies & Numerical Disclosures (continued)

	Floating rate financial assets/ (liabilities) £'000	Fixed rate financial assets £'000	Financial assets not carrying interest £'000	Total £'000
2017				
Currency				
UK Sterling	4,223	58,571	250,527	313,321
Canadian Dollar	0	0	1,879	1,879
Danish Krone	0	0	9,094	9,094
Euro	953	519	62,565	64,037
Swedish Krona	0	0	7,757	7,757
Swiss Franc	5	0	13,659	13,664
US Dollar	879	1,484	168,560	170,923

d. Credit risk

All cash exposures are carefully managed to ensure that money is placed on deposit with counterparties that meet the minimum credit rating deemed appropriate for this Fund. In certain circumstances, the Fund Manager may deliberately invest in securities (e.g. corporate bonds) with a well defined and published credit rating. In this case the Fund would be deliberately taking credit risk in order to seek additional rewards.

	Bid market value 2018 £'000	Bid market value 2017 £'000
Credit Rating Analysis		
Investment Grade Bonds	58,248	60,170
Below Investment Grade Bonds	107	442
Unrated Bonds	881	841
Total Value of Bonds	<u>59,236</u>	<u>61,453</u>

Standard Life Investment Company

Annual Report & Financial Statements

Global Advantage Fund

Notes to the Financial Statements (Continued)

15 Risk Management Policies & Numerical Disclosures (continued)

e. Financial Derivatives Instrument Risk

At the year end the Fund held derivatives for the purposes of efficient portfolio management or to meet the Fund's investment objectives. These types of transaction can introduce market exposure greater than the market value of the instrument. These transactions exchange benefits with a third party at a future date creating both counterparty and concentration risk. The Investment Adviser's policies for managing these risks are outlined in the Fund's prospectus.

At the balance sheet date the Fund had the following exposures:

	2018 £'000	2017 £'000
Market Exposure		
Credit Default Swaps	2,589	2,956
Forward Currency Contracts	10,585	3,524
Futures	70,034	68,649
Total Market Exposure	80,619	72,173

The total market exposure is the sum of the notional derivative contracts on a gross basis with no offsetting.

Counterparty Exposure

Derivative instruments involve an agreement to exchange a benefit at a future date. This introduces counterparty risk where an agreement is bilateral (between two parties) and concentration risk where a clearing broker operates on an exchange. Where the counterparty or clearing broker is not solvent the market exposure obtained would be lost.

Exposure is reduced by the exchange of margin on a daily basis for cleared derivatives and by the collateral held/pledged on a bilateral transaction.

	2018			2017		
	Collateral (held)/ pledged £'000	Margin at clearing broker £'000	Market value of derivatives £'000	Collateral (held)/ pledged £'000	Margin at clearing broker £'000	Market value of derivatives £'000
Counterparty or clearer						
BNP Paribas	0	0	(17)	516	0	(145)
Credit Agricole	0	0	0	0	0	2
Goldman Sachs	0	2,576	1,213	0	0	0
HSBC	113	0	(295)	0	0	(4)
Morgan Stanley	0	0	0	0	0	(41)
Royal Bank of Canada	0	0	(33)	0	0	0
Royal Bank of Scotland	0	0	0	0	2,041	245
UBS	0	0	0	0	0	3
Total	113	1,370	868	516	2,041	60

Margin exchanged or collateral held or pledged is in the form of high quality liquid assets e.g. cash/gilts. Positions are fully collateralised at all times. Restrictions are placed on the right of either party to reuse collateral assets.

f. Liquidity risk

The Fund's assets comprise mainly readily realisable securities. The main liabilities of the Fund are the redemption of any shares that investors wish to sell and the settlement of stock purchases. The Fund Manager reviews the cash and liability position continuously, and should an increase in liquidity be required, the Fund Manager will sell securities.

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Global Advantage Fund

Distribution Tables

for the six months ended 31 August 2017

Group 1 - shares purchased prior to 1 March 2017

Group 2 - shares purchased between 1 March 2017 and 31 August 2017

	Net Income 2017 pence per share	Equalisation 2017 pence per share	Distribution paid 2017 pence per share	Distribution paid 2016 pence per share
Retail accumulation				
Group 1	1.1933	-	1.1933*	1.1913
Group 2	0.5756	0.6177	1.1933*	1.1913
Institutional accumulation				
Group 1	1.7205	-	1.7205*	1.6900
Group 2	0.9350	0.7855	1.7205*	1.6900
Retail income				
Group 1	0.8000	-	0.8000**	0.8085
Group 2	0.4474	0.3526	0.8000**	0.8085
Institutional income				
Group 1	1.0222	-	1.0222**	1.0209
Group 2	0.2414	0.7808	1.0222**	1.0209
Retail CAT accumulation				
Group 1	0.9190	-	0.9190*	0.9416
Group 2	0.4739	0.4451	0.9190*	0.9416
Standard Life accumulation				
Group 1	0.8883	-	0.8883*	0.8399
Group 2	0.6258	0.2625	0.8883*	0.8399
Platform 1 accumulation				
Group 1	0.7913	-	0.7913*	0.7810
Group 2	0.3843	0.4070	0.7913*	0.7810
Platform 1 income				
Group 1	0.7290	-	0.7290**	0.7311
Group 2	-	0.7290	0.7290**	0.7311

* Distribution accumulated on 31 August 2017

** Distribution paid on 31 October 2017

Standard Life Investment Company

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Global Advantage Fund

Distribution Tables (Continued)

for the six months ended 28 February 2018

Group 1 - shares purchased prior to 1 September 2017

Group 2 - shares purchased between 1 September 2017 and 28 February 2018

	Net Income 2018 pence per share	Equalisation 2018 pence per share	Distribution payable 2018 pence per share	Distribution paid 2017 pence per share
Retail accumulation				
Group 1	0.5745	-	0.5745*	0.7901
Group 2	0.4282	0.1463	0.5745*	0.7901
Institutional accumulation				
Group 1	1.0429	-	1.0429*	1.2359
Group 2	0.6821	0.3608	1.0429*	1.2359
Retail income				
Group 1	0.3823	-	0.3823**	0.5321
Group 2	0.2533	0.1290	0.3823**	0.5321
Institutional income				
Group 1	0.6142	-	0.6142**	0.7383
Group 2	0.2826	0.3316	0.6142**	0.7383
Retail CAT accumulation				
Group 1	0.4461	-	0.4461*	0.6101
Group 2	0.3116	0.1345	0.4461*	0.6101
Standard Life accumulation				
Group 1	0.6136	-	0.6136	0.7074
Group 2	0.4255	0.1881	0.6136	0.7074
Platform 1 accumulation				
Group 1	0.4704	-	0.4704*	0.5650
Group 2	0.2713	0.1991	0.4704*	0.5650
Platform 1 income				
Group 1	0.4295	-	0.4295**	0.5270
Group 2	0.1538	0.2757	0.4295**	0.5270

* Distribution accumulated on 28 February 2018

** Distribution payable on 30 April 2018

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Global Advantage Fund

Distribution Tables (Continued)

Treatment by Corporate Shareholders (Unaudited)		
Corporate shareholders should account for the current year's dividends shown in the distribution table as follows:		
	Interim Dividend Distribution	Final Dividend Distribution
Treat as a UK corporate dividend	100.00%	100.00%
Treat as an annual payment net of Income tax at 20%	0.00%	0.00%

Standard Life Investment Company Annual Report & Financial Statements

Global Emerging Markets Equity Fund

Investment Report

Fund Information	
Fund Manager	Alistair Way
Launch Date	28 May 2012
Benchmark	IA Global Emerging Markets Sector

Investment objective

The objective of the Fund is to provide capital appreciation. It is intended that income will not be a prime consideration.

Investment policy

The investment policy of the Fund is to invest mainly in equities and equity type investments of companies listed on an emerging market stock exchange or which, in the opinion of the ACD, carry on a substantial part of their operations in emerging market countries. "Equity type investments" will include convertible stocks, stock exchange listed warrants, Depositary Receipts and any other such investments which entitle the holder to subscribe for or convert into the equity of the company and/or where the share price performance is, in the opinion of the ACD, influenced significantly by the stock market performance of the company's ordinary shares.

The Fund may also invest in other transferable securities, money-market instruments, deposits, cash and near cash, derivatives and collective investment schemes.

Risk

The Fund is intended for investors who wish to participate in the potential capital growth opportunities afforded by investing in an actively managed portfolio of companies mainly from global emerging market countries. The investor must be able to accept significant temporary losses due to the volatile nature of this area of global equity markets, and should therefore have an investment time horizon of at least 5 years.

Performance

For the period under review, the Fund returned 23.7% (platform 1, accumulation shares), compared with the return of 16.7% from the IA Global Emerging Markets benchmark (source: Morningstar, basic-rate taxpayer, bid-to-bid basis).

Globaltrans, the Russian rail freight forwarder, announced earnings well in excess of consensus thanks to much stronger gondola pricing. The company has also increased its payout ratio, implying a current dividend yield around 8%. Holding China Lodging boosted the Fund's performance. The company continued to benefit from an improving business environment, with rising occupancy and room rates. In South Korea, we had good returns from ING Life Insurance – this 2017 IPO is still being discovered by the market and the company has strong competitive advantages against bigger rivals thanks to the structure of its distribution network, consisting of a young and incentivised salesforce. Additional highlights included FirstRand, Dali Foods and zero exposure to Steinhoff.

On the downside, online travel agent Ctrip.com suffered downgrades as it continued to remove bundled products such as travel insurance from its site. We view this as a temporary adjustment to Ctrip's earnings base rather than a slowdown in medium-term growth and are keeping faith in the company. Indonesian fuel distribution firm AKR Corporindo fell because of weak Q3 numbers that showed a surprising element of margin pressure from its state-owned rival. We think this as a short-term factor and so continue to hold the stock. A position in Ginko, the Taiwanese contact lens manufacturer, disappointed amid rising competition from China and brand damage from a suspension in production. We no longer carry the stock. Holdings in Nexen Tire, KT Corporation and JBS also disappointed.

Investment activity

We bought shares in KB Financial, a South Korean bank that is enjoying an improvement in margins and a more positive credit outlook. Furthermore, cost-cutting and one of the highest capital levels among the South Korean banks place it in a favourable position. In China, we purchased Angel Yeast, as we think it has the ability to continue expanding market share (domestically and overseas) and margins via its superior scale, technology, distribution and sourcing. We started a new position in United Laboratories, a Chinese antibiotics and insulin producer that we have been tracking for many years. After a sustained period of disappointment, we are now seeing strong signs of progress in its insulin franchise, where it is the first Chinese company to have second and third-generation insulin offerings. This should open up significant domestic potential in a market dominated by large foreign players, while the valuation is at a marked discount to that of competitors such as Tonghua Dongbao.

Turning to sales, we removed Woori Bank as we had concerns about its relatively low capital position and the risks posed by acquisitions (the proceeds were used to buy KB Financial). We sold out of Indonesian mining equipment company United Tractors, taking advantage of a strong share price run despite some uncertainty over the end-coal markets. Rounding off, we reduced exposure to our longstanding Chinese auto components company Minth, although the stock remains on the 'Winners List'. Continued excellent performance has narrowed the gap between our view and consensus. Trading on 11x book, management's guidance for 2020 is now a small premium to the sector, although there is potential for an increase in guidance if some of the new business initiatives pay off.

Standard Life Investment Company Annual Report & Financial Statements

Global Emerging Markets Equity Fund

Investment Report (Continued)

Synthetic Risk & Reward Indicator



This indicator reflects the volatility of the Fund’s share price over the last five years which in turn reflects the volatility of the underlying assets in which the Fund invests. Historical data may not be a reliable indication of the future.

The current rating, which is the same for all share classes, is not guaranteed and may change if the volatility of the assets in which the Fund invests changes. The lowest rating does not mean risk free.

All investment involves risk. This Fund offers no guarantee against loss or that the Fund’s objective will be attained.

For further information on the risks that may not be fully captured by the risk and reward indicator, please refer to the current Key Investor Information Document (KIID).

Cautionary note

It should be remembered that past performance is not a guide to future performance. The value of investments may go down as well as up and, therefore, investors may not get back the amount originally invested.

Standard Life Investment Company

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Global Emerging Markets Equity Fund

Comparative Tables

	2018 pence per share	2017 pence per share	2016 pence per share
Retail accumulation			
Change in net assets per share			
Opening net asset value per share	74.78	51.65	60.20
Return before operating charges*	17.96	24.05	(7.58)
Operating charges**	(1.18)	(0.92)	(0.97)
Return after operating charges*	16.78	23.13	(8.55)
Distributions	(0.67)	(0.47)	(0.26)
Retained distributions on accumulation share	0.67	0.47	0.26
Closing net asset value per share	91.56	74.78	51.65
* after direct transaction costs of:***	0.15	0.19	0.14
Performance+			
Return after charges	22.44%	44.78%	-14.20%
Other information			
Closing net asset value (£'000)	54,194	27,491	16,288
Closing number of shares	59,186,585	36,760,921	31,538,374
Operating charges****	1.40%	1.41%	1.72%
Direct transaction costs***	0.18%	0.29%	0.25%
Prices			
Highest share price	94.08	75.92	67.42
Lowest share price	74.58	51.65	47.79

** The operating charges include all costs borne by the Fund, except for direct transaction costs.

*** The direct transaction costs are made up of: fees and commissions paid to agents, advisers, brokers and dealers, levies by regulatory agencies and securities exchanges as well as transfer taxes and duties.

**** The operating charges percentage is the equivalent of the ongoing charges figure per the prior year accounts. It shows the annualised operating expenses of the share class as a percentage of the average net asset value of the class over the same period. The ACD periodic charge was reduced from 1.50% to 1.30% which became effective on 1 April 2016. The Registrar fees of 0.08% also ceased to be charged effective 1 April 2016.

+ The performance figures are calculated by taking the value of the shareclass per the financial statements compared to the value per the financial statements in the prior year. This figure may differ from the performance figure quoted in the Investment Report. The Investment Report performance figure is calculated using the last available published price for a given shareclass in the period compared to the equivalent for the prior period. The published price may contain an adjustment for dilution in accordance with the Fund pricing policy, while the price per the financial statements values the Fund on a bid-price basis. The financial statements shareclass valuation is based on close of business market prices on the last day of the period, again this may differ from the intra-day pricing point of the Fund which is used in the published shareclass price.

Standard Life Investment Company

Annual Report & Financial Statements

Global Emerging Markets Equity Fund

Comparative Tables (Continued)

	2018 pence per share	2017 pence per share	2016 pence per share
Institutional accumulation			
Change in net assets per share			
Opening net asset value per share	77.34	53.17	61.47
Return before operating charges*	18.52	24.80	(7.74)
Operating charges**	(0.81)	(0.63)	(0.56)
Return after operating charges*	17.71	24.17	(8.30)
Distributions	(1.07)	(0.82)	(0.75)
Retained distributions on accumulation share	1.07	0.82	0.75
Closing net asset value per share	95.05	77.34	53.17
* after direct transaction costs of:***	0.16	0.19	0.13
Performance+			
Return after charges	22.90%	45.46%	-13.50%
Other information			
Closing net asset value (£'000)	103,793	65,832	56,433
Closing number of shares	109,202,645	85,117,250	106,144,058
Operating charges****	0.93%	0.94%	0.97%
Direct transaction costs***	0.18%	0.28%	0.22%
Prices			
Highest share price	97.63	78.46	68.90
Lowest share price	77.13	53.17	48.98

** The operating charges include all costs borne by the Fund, except for direct transaction costs.

*** The direct transaction costs are made up of: fees and commissions paid to agents, advisers, brokers and dealers, levies by regulatory agencies and securities exchanges as well as transfer taxes and duties.

**** The operating charges percentage is the equivalent of the ongoing charges figure per the prior year accounts. It shows the annualised operating expenses of the share class as a percentage of the average net asset value of the class over the same period.

+ The performance figures are calculated by taking the value of the shareclass per the financial statements compared to the value per the financial statements in the prior year. This figure may differ from the performance figure quoted in the Investment Report. The Investment Report performance figure is calculated using the last available published price for a given shareclass in the period compared to the equivalent for the prior period. The published price may contain an adjustment for dilution in accordance with the Fund pricing policy, while the price per the financial statements values the Fund on a bid-price basis. The financial statements shareclass valuation is based on close of business market prices on the last day of the period, again this may differ from the intra-day pricing point of the Fund which is used in the published shareclass price.

Standard Life Investment Company

Annual Report & Financial Statements

Global Emerging Markets Equity Fund

Comparative Tables (Continued)

	2018 pence per share	2017 pence per share	2016 pence per share
Standard Life accumulation			
Change in net assets per share			
Opening net asset value per share	68.06	46.43	53.35
Return before operating charges*	16.37	21.74	(6.81)
Operating charges**	(0.14)	(0.11)	(0.11)
Return after operating charges*	16.23	21.63	(6.92)
Distributions	(1.52)	(1.16)	(1.00)
Retained distributions on accumulation share	1.52	1.16	1.00
Closing net asset value per share	84.29	68.06	46.43
* after direct transaction costs of:***	0.14	0.17	0.12
Performance+			
Return after charges	23.85%	46.59%	-12.97%
Other information			
Closing net asset value (£'000)	1,101	820	381
Closing number of shares	1,305,745	1,204,527	821,317
Operating charges****	0.18%	0.19%	0.22%
Direct transaction costs***	0.18%	0.29%	0.24%
Prices			
Highest share price	86.54	69.06	59.90
Lowest share price	67.96	46.43	42.66

** The operating charges include all costs borne by the Fund, except for direct transaction costs.

*** The direct transaction costs are made up of: fees and commissions paid to agents, advisers, brokers and dealers, levies by regulatory agencies and securities exchanges as well as transfer taxes and duties.

**** The operating charges percentage is the equivalent of the ongoing charges figure per the prior year accounts. It shows the annualised operating expenses of the share class as a percentage of the average net asset value of the class over the same period.

+ The performance figures are calculated by taking the value of the shareclass per the financial statements compared to the value per the financial statements in the prior year. This figure may differ from the performance figure quoted in the Investment Report. The Investment Report performance figure is calculated using the last available published price for a given shareclass in the period compared to the equivalent for the prior period. The published price may contain an adjustment for dilution in accordance with the Fund pricing policy, while the price per the financial statements values the Fund on a bid-price basis. The financial statements shareclass valuation is based on close of business market prices on the last day of the period, again this may differ from the intra-day pricing point of the Fund which is used in the published shareclass price.

Standard Life Investment Company

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Global Emerging Markets Equity Fund

Comparative Tables (Continued)

	2018 pence per share	2017 pence per share	2016 pence per share
Standard Life B accumulation			
Change in net assets per share			
Opening net asset value per share	80.35	54.74	62.76
Return before operating charges*	19.32	25.63	(7.98)
Operating charges**	(0.02)	(0.02)	(0.04)
Return after operating charges*	19.30	25.61	(8.02)
Distributions	(1.90)	(1.47)	(1.25)
Retained distributions on accumulation share	1.90	1.47	1.25
Closing net asset value per share	99.65	80.35	54.74
* after direct transaction costs of:***	0.17	0.20	0.14
Performance+			
Return after charges	24.02%	46.78%	-12.78%
Other information			
Closing net asset value (£'000)	93,910	75,794	51,872
Closing number of shares	94,239,710	94,324,663	94,768,458
Operating charges****	0.02%	0.02%	0.06%
Direct transaction costs***	0.18%	0.29%	0.24%
Prices			
Highest share price	102.3	81.53	70.47
Lowest share price	80.26	54.74	50.21

** The operating charges include all costs borne by the Fund, except for direct transaction costs.

*** The direct transaction costs are made up of: fees and commissions paid to agents, advisers, brokers and dealers, levies by regulatory agencies and securities exchanges as well as transfer taxes and duties.

**** The operating charges percentage is the equivalent of the ongoing charges figure per the prior year accounts. It shows the annualised operating expenses of the share class as a percentage of the average net asset value of the class over the same period.

+ The performance figures are calculated by taking the value of the shareclass per the financial statements compared to the value per the financial statements in the prior year. This figure may differ from the performance figure quoted in the Investment Report. The Investment Report performance figure is calculated using the last available published price for a given shareclass in the period compared to the equivalent for the prior period. The published price may contain an adjustment for dilution in accordance with the Fund pricing policy, while the price per the financial statements values the Fund on a bid-price basis. The financial statements shareclass valuation is based on close of business market prices on the last day of the period, again this may differ from the intra-day pricing point of the Fund which is used in the published shareclass price.

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Global Emerging Markets Equity Fund

Comparative Tables (Continued)

	2018 pence per share	2017 pence per share	2016 pence per share
Platform 1 accumulation			
Change in net assets per share			
Opening net asset value per share	76.85	52.86	61.15
Return before operating charges*	18.40	24.65	(7.70)
Operating charges**	(0.85)	(0.66)	(0.59)
Return after operating charges*	17.55	23.99	(8.29)
Distributions	(1.02)	(0.78)	(0.71)
Retained distributions on accumulation share	1.02	0.78	0.71
Closing net asset value per share	94.40	76.85	52.86
* after direct transaction costs of:***	0.16	0.19	0.14
Performance+			
Return after charges	22.84%	45.38%	-13.56%
Other information			
Closing net asset value (£'000)	3,177	2,125	1,165
Closing number of shares	3,365,337	2,765,540	2,203,471
Operating charges****	0.98%	0.99%	1.02%
Direct transaction costs***	0.18%	0.28%	0.24%
Prices			
Highest share price	96.98	77.97	68.54
Lowest share price	76.64	52.86	48.71

** The operating charges include all costs borne by the Fund, except for direct transaction costs.

*** The direct transaction costs are made up of: fees and commissions paid to agents, advisers, brokers and dealers, levies by regulatory agencies and securities exchanges as well as transfer taxes and duties.

**** The operating charges percentage is the equivalent of the ongoing charges figure per the prior year accounts. It shows the annualised operating expenses of the share class as a percentage of the average net asset value of the class over the same period.

+ The performance figures are calculated by taking the value of the shareclass per the financial statements compared to the value per the financial statements in the prior year. This figure may differ from the performance figure quoted in the Investment Report. The Investment Report performance figure is calculated using the last available published price for a given shareclass in the period compared to the equivalent for the prior period. The published price may contain an adjustment for dilution in accordance with the Fund pricing policy, while the price per the financial statements values the Fund on a bid-price basis. The financial statements shareclass valuation is based on close of business market prices on the last day of the period, again this may differ from the intra-day pricing point of the Fund which is used in the published shareclass price.

Standard Life Investment Company

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Global Emerging Markets Equity Fund

Portfolio Statement as at 28 February 2018

Holding	Investment	Market value £'000	Percentage of total net assets
Europe, Middle East & Africa Equities (11.32%)		38,203	14.92
Egypt (0.18%)		-	-
Georgia (0.55%)		2,016	0.79
59,511	Bank of Georgia	2,016	0.79
Hungary (1.04%)		2,693	1.05
82,630	OTP Bank	2,693	1.05
Nigeria (0.27%)		790	0.31
622,344	Seplat Petroleum Development	790	0.31
Russia (5.11%)		13,733	5.36
391,381	Globaltrans Investment	3,107	1.21
100,405	Mail.Ru	2,612	1.02
134,647	MMC Norilsk Nickel	1,948	0.76
450,884	Rosneft Oil	1,918	0.75
280,172	Sberbank of Russia ADR	4,148	1.62
South Africa (3.38%)		14,564	5.69
935,449	Firststrand	4,251	1.66
24,687	Naspers	4,965	1.94
69,047	Sasol	1,762	0.69
358,390	Vodacom	3,586	1.40
Switzerland (0.00%)		932	0.36
29,810	Luxoft	932	0.36
Turkey (0.79%)		3,475	1.36
379,736	AEFES	1,859	0.73
72,474	Tupras	1,616	0.63

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Annual Report & Financial Statements

Global Emerging Markets Equity Fund

Portfolio Statement as at 28 February 2018 (Continued)

		Market value £'000	Percentage of total net assets
Holding	Investment		
Latin American Equities (17.01%)		35,141	13.71
Argentina (0.81%)		-	-
Brazil (8.80%)		20,785	8.11
119,139	Azul	2,659	1.04
471,978	Banco Bradesco (Preference)	4,088	1.59
234,685	Banco do Brasil	2,191	0.86
355,872	Cielo	1,919	0.75
197,053	CVC Brasil Operadora	2,471	0.96
433,144	Cyrela Brazil Realty	1,484	0.58
928,600	T4F Entretenimento	1,850	0.72
157,153	Telefonica Brasil (Preference)	1,778	0.69
232,994	Vale	2,345	0.92
Chile (1.13%)		2,395	0.93
14,533,411	Enel Americas	2,395	0.93
Mexico (3.86%)		6,500	2.54
397,789	FEMSA	2,662	1.04
1,281,836	PLA Administradora Industrial	1,381	0.54
957,284	Unifin Financiera	2,457	0.96
Panama (1.13%)		2,242	0.87
22,737	Copa Holdings	2,242	0.87
Peru (1.28%)		3,219	1.26
20,474	Credicorp	3,219	1.26
Pacific Basin Equities (69.41%)		170,058	66.38
Australia (1.35%)		2,081	0.81
915,372	Karoon Gas Australia	593	0.23
774,009	Syrah Resources	1,488	0.58

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Global Emerging Markets Equity Fund

Portfolio Statement as at 28 February 2018 (Continued)

		Market value £'000	Percentage of total net assets
Holding	Investment		
China (24.15%)		71,067	27.74
82,408	Alibaba Group Holding ADR	11,108	4.34
647,054	Angel Yeast	2,302	0.90
687,106	ANTA Sports Products	2,473	0.97
16,399	Baidu	3,002	1.17
7,881,369	China Construction Bank	5,950	2.32
23,239	China Lodging	2,560	1.00
97,993	Ctrip.com ADR	3,269	1.28
4,161,906	Dali Foods	2,880	1.12
1,150,151	Haitian International	2,544	0.99
2,509,540	Huaneng Power	1,129	0.44
108,292	JD.com ADR	3,705	1.45
519,697	Mint	2,229	0.87
576,783	Ping An Insurance	4,461	1.74
370,881	Tencent	14,867	5.80
6,850,000	Tianhe Chemicals*	0	0.00
140,375	Vipshop	1,772	0.69
2,630,425	Weichai Power	2,152	0.84
522,260	Xiabu Xiabu	711	0.28
2,111,771	Yangzijiang Shipbuilding	1,738	0.68
563,296	Zhuzhou CSR Times Electric	2,215	0.86
Hong Kong (5.59%)		6,705	2.62
649,777	China Metal Recycling*	0	0.00
386,225	China Mobile	2,628	1.03
753,121	China Resources Land	1,952	0.76
15,055,020	Rexlot	71	0.03
7,527,510	Rexlot Holdings Ltd	7	0.00
2,735,185	United Laboratories	2,047	0.80
India (7.24%)		21,721	8.48
179,266	Apollo Hospitals	2,394	0.93
424,197	Axis Bank	2,489	0.97
1,172,101	Bharat Heavy Electric	1,173	0.46
547,334	Coal India	1,898	0.74
327,645	IRB Infrastructure Developer	833	0.32
979,841	ITC	2,892	1.13

Standard Life Investment Company

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Global Emerging Markets Equity Fund

Portfolio Statement as at 28 February 2018 (Continued)

			Market value £'000	Percentage of total net assets
Holding	Investment			
India (continued)				
181,722	Larsen & Toubro		2,669	1.04
1,396,003	Power Finance		1,634	0.64
280,585	Tech Mahindra		1,916	0.75
466,785	Tejas Networks		1,811	0.71
296,671	Voltas		2,012	0.79
Indonesia (2.20%)			2,720	1.06
5,414,256	AKR Corporindo		1,736	0.68
12,179,406	Media Nusantara		984	0.38
Malaysia (0.47%)			-	-
Philippines (0.90%)			-	-
Singapore (0.00%)			1,480	0.58
186,889	Sea		1,480	0.58
South Korea (17.99%)			34,539	13.48
69,725	ING Life Insurance Korea		2,449	0.96
27,873	Innocean Worldwide		1,205	0.47
79,182	KB Financial		3,391	1.33
96,430	KT		1,800	0.70
10,042	LG Chemical Preference KRW 5000		1,443	0.56
161,944	Nexen Tire		1,291	0.50
11,130	POSCO		2,693	1.05
23,553	S&T Motiv Co		700	0.27
5,691	Samsung Electronics		8,975	3.50
2,770	Samsung Electronics (Preference)		3,704	1.45
157,029	Samsung Engineering		1,684	0.66
65,374	SK Hynix		3,365	1.31
75,807	Woory Industrial		1,839	0.72

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Global Emerging Markets Equity Fund

Portfolio Statement as at 28 February 2018 (Continued)

		Market value £'000	Percentage of total net assets
Holding	Investment		
Taiwan (8.70%)		21,180	8.27
712,389	Chicony Electronics Co	1,273	0.50
191,733	Cub Elecparts	1,642	0.64
1,139,723	Hon Hai Precision	2,496	0.98
1,561,861	Macronix	1,685	0.66
513,295	Pegatron	957	0.37
247,524	President Chain Store	1,812	0.71
1,685,579	Taiwan Semiconductors Manufacturing	10,308	4.02
496,942	Wistron NeWeb	1,007	0.39
Thailand (0.82%)		8,565	3.34
546,768	Advanced Info Service	2,503	0.98
578,845	Kasikornbank	3,105	1.21
225,202	PTT	2,957	1.15
Collective Investment Schemes (1.44%)		9,776	3.82
9,776,382	Standard Life CNAV Sterling Liquidity Fund	9,776	3.82
Total Investment assets and liabilities		253,178	98.83
Net other assets		2,997	1.17
Total Net Assets		256,175	100.00

All investments are listed on recognised stock exchanges and are approved securities, regulated collective investment schemes or approved derivatives within the meaning of the FCA rules unless otherwise stated.

The percentage figures in brackets show the comparative holding as at 28 February 2017.

* Delisted

Standard Life Investment Company

Annual Report & Financial Statements

Global Emerging Markets Equity Fund

Financial Statements

Statement of Total Return

for the year ended 28 February 2018

	Notes	£'000	2018 £'000	£'000	2017 £'000
Income:					
Net capital gains	2		39,954		54,606
Revenue	4	4,864		3,599	
Expenses	5	(1,326)		(924)	
Interest payable and similar charges	6	(3)		(5)	
Net revenue before taxation		3,535		2,670	
Taxation	7	(421)		(401)	
Net revenue after taxation			3,114		2,269
Total return before distributions			43,068		56,875
Distributions	8		(3,115)		(2,353)
Change in net assets attributable to shareholders from investment activities			39,953		54,522

Statement of Change in Net Assets Attributable to Shareholders

for the year ended 28 February 2018

	£'000	2018 £'000	£'000	2017 £'000
Opening net assets attributable to shareholders		172,062		126,139
Amounts receivable on the issue of shares	44,244		20,648	
Amounts payable on the cancellation of shares	(3,649)		(31,711)	
		40,595		(11,063)
Dilution adjustment		157		168
Change in net assets attributable to shareholders from investment activities (see above)		39,953		54,522
Retained distribution on accumulation shares		3,408		2,296
Closing net assets attributable to shareholders		256,175		172,062

Standard Life Investment Company

Annual Report & Financial Statements

Global Emerging Markets Equity Fund

Financial Statements (Continued)

Balance Sheet

as at 28 February 2018

	Notes	£'000	2018 £'000	£'000	2017 £'000
Assets:					
Fixed assets:					
Investment assets			253,178		170,655
Current assets:					
Debtors	9	965		846	
Cash and bank balances	10	2,966		1,105	
			3,931		1,951
Total assets			257,109		172,606
Liabilities:					
Creditors	11	(934)		(132)	
Bank overdrafts		0		(412)	
			(934)		(544)
Total liabilities			(934)		(544)
Net assets attributable to shareholders			256,175		172,062

Standard Life Investment Company

Annual Report & Financial Statements

Global Emerging Markets Equity Fund

Notes to the Financial Statements

1 Accounting Policies

Please refer to pages 11 to 12 for note on accounting policies.

2 Net Capital Gains

	2018 £'000	2017 £'000
Non-derivative securities	40,615	54,381
Forward currency contracts	12	1
Other (losses)/gains	(633)	261
Handling charges taken from the capital account	(40)	(37)
Net capital gains	39,954	54,606

3 Purchases, Sales and Transaction Costs

There are no transaction costs associated with the purchases or sales of bonds, collective investment schemes and derivatives during the year, or in the prior year.

Collective investments operate within the terms of the offer document or prospectus. Typically we do not invest into Funds that require an initial charge to be made. The underlying price contains an estimation of cost known as a dilution levy which is applied from time to time.

Derivatives are dealt on a spread agreed between buyer and seller with reference to the underlying investment.

During the year the total purchases and sales across different major assets classes are as per below table.

	2018 £'000	2017 £'000
Equity Purchases, Sales and Transaction Costs		
Purchases		
Purchases before transaction costs	92,264	95,656
Commissions	156	173
Taxes & Other Fees	57	38
Total purchase transaction costs	213	211
Purchases including transaction costs	92,477	95,867
Sales		
Gross Sales before transaction costs	58,038	108,140
Commissions	(95)	(173)
Taxes & Other Fees	(80)	(118)
Total sale transaction costs	(175)	(291)
Total sales net of transaction costs	57,863	107,849

Standard Life Investment Company

Annual Report & Financial Statements

Global Emerging Markets Equity Fund

Notes to the Financial Statements (Continued)

3 Purchases, Sales and Transaction Costs (continued)

	2018 % Transaction	2017 % Transaction
Equity Transaction Cost as a % of total Purchases & Sales		
Purchases		
Commissions	0.17%	0.18%
Taxes & Other Fees	0.06%	0.04%
Sales		
Commissions	0.16%	0.16%
Taxes & Other Fees	0.14%	0.11%
	2018 % Average NAV	2017 % Average NAV
Equity Purchases, Sales Analysis to Average NAV		
Purchases		
Commissions	0.07%	0.11%
Taxes & Other Fees	0.03%	0.02%
Sales		
Commissions	0.04%	0.11%
Taxes & Other Fees	0.04%	0.08%

During the year the total purchases and sales across different major asset classes are as per below table.

	2018 £'000	2017 £'000
Purchase		
Equities	92,477	95,867
Sales		
Equities	57,863	107,849

The Fund suffers a number of explicit costs as disclosed in the notes and Fund history. The Fund also suffers implicit costs an example is market spread, the spread represents the costs of providing liquidity in a market. It therefore is subject to change based on volume, active markets have a lower spread the difference between; bid the price you receive and offer the price you pay.

At the balance sheet date the average portfolio dealing spread (i.e. the spread between bid and offer prices expressed as a percentage of the offer price) was 0.91% (2017: 0.93%), this is representative of the average spread on the assets held during the year.

Standard Life Investment Company

Annual Report & Financial Statements

Global Emerging Markets Equity Fund

Notes to the Financial Statements (Continued)

4 Revenue

	2018 £'000	2017 £'000
UK dividends	268	41
Overseas dividends	4,579	3,544
Bank interest	17	8
Dividend reinvestments	0	6
Total revenue	4,864	3,599

5 Expenses

	2018 £'000	2017 £'000
Payable to the Authorised Corporate Director, associates of the Authorised Corporate Director and agents of either of them:		
Authorised Corporate Director's periodic charge	1,154	795
Dealing charge	1	1
Registration fees	70	53
	1,225	849
Payable to the Depositary or associates of the Depositary, and agents of either of them:		
Depositary's fees	14	13
Safe custody fee	75	52
	89	65
Other:		
Professional fees	9	7
Audit fee	3	3
	12	10
Total expenses	1,326	924

6 Interest Payable and Similar Charges

	2018 £'000	2017 £'000
Interest payable	3	5
Total interest payable & similar charges	3	5

Standard Life Investment Company

Annual Report & Financial Statements

Global Emerging Markets Equity Fund

Notes to the Financial Statements (Continued)

7 Taxation

	2018 £'000	2017 £'000
(a) Analysis of charge in year		
Corporation tax	0	84
Overseas taxes	421	317
Overseas taxes prior year adjustment	0	1
Total current tax (note 7b)	421	402
(b) Factors affecting current tax charge for the year		
The tax assessed for the year is lower than the standard rate of corporation tax for Open-Ended Investment Companies 'OEICs' (20%). The differences are explained below:		
Net revenue before taxation	3,535	2,670
Corporation tax at 20% (2017: 20%)	707	534
Effects of:		
Revenue not subject to taxation	(887)	(650)
Overseas taxes	421	317
Overseas tax expensed	(10)	(3)
Excess allowable expenses	197	136
Revenue taxable in other periods	(7)	(15)
Taxation on offshore income gains taken from the capital account	0	84
Non Taxable Dividend Reinvestments	0	(1)
Current tax charge for year (note 7a)	421	402

Authorised Open-Ended Investment Companies are exempt from tax on capital gains in the UK. Therefore, any capital gain is not included in the above reconciliation.

(d) Factors that may affect future tax charge

At the year end, after offset against revenue taxable on receipt, there is a potential deferred tax asset of £844,000 (2017: £654,000) due to surplus expenses. It is unlikely that the Fund will generate sufficient taxable profits to utilise these amounts and therefore no deferred tax asset has been recognised in the year or the prior year.

8 Distributions

The distributions takes account of income received on the issue of shares and income deducted on the cancellation of shares and comprise:

	2018 £'000	2017 £'000
Distribution	3,407	2,297
Add: Income deducted on cancellation of shares	23	199
Deduct: Income received on issue of shares	(315)	(143)
Net distribution for the year	3,115	2,353

Standard Life Investment Company

Annual Report & Financial Statements

Global Emerging Markets Equity Fund

Notes to the Financial Statements (Continued)

8 Distributions (continued)

Details of the distribution per share are set out in this Fund's distribution tables.

Net revenue after taxation	3,114	2,269
Taxation on offshore income gains taken from the capital account	0	84
Undistributed revenue carried forward	1	0
Total distributions	3,115	2,353

9 Debtors

	2018 £'000	2017 £'000
Amounts receivable from the ACD for the issue of shares	381	36
Sales awaiting settlement	0	53
Accrued revenue	577	734
Expenses reimbursement receivable from the ACD	7	23
Total debtors	965	846

10 Cash and Bank Balances

	2018 £'000	2017 £'000
Cash and bank balances	2,966	1,105
Total cash and bank balances	2,966	1,105

11 Creditors

	2018 £'000	2017 £'000
Amounts payable to the ACD for cancellation of shares	113	30
Purchases awaiting settlement	673	0
Accrued expenses payable to ACD	117	70
Accrued expenses payable to the Depositary or associates of the Depositary	27	24
Other accrued expenses	4	8
Total creditors	934	132

12 Related Party Transactions

Standard Life Investments (Mutual Funds) Limited, as Authorised Corporate Director (ACD), is a related party and acts as principal in respect of all transactions of shares in the Fund.

The aggregate monies received through issue and paid on cancellation of shares are disclosed in the statement of change in net assets attributable to shareholders.

Any amounts due from or due to Standard Life Investments (Mutual Funds) Limited at the end of the accounting year are disclosed in notes 9 and 11.

Amounts payable to Standard Life Investments (Mutual Funds) Limited, in respect of periodic charge and registration services, are disclosed in note 5 and any amounts due at the year end in note 11.

The Fund holds 9,776,382 shares (2017: 2,480,770) in Standard Life CNAV Sterling Liquidity Fund as detailed in the portfolio statement, the total purchase cost of these investments during the year was £66,756,015 (2017: £278,882,000), the total sales proceeds were £59,460,403 (2017: £262,248,000).

Standard Life Investment Company

Annual Report & Financial Statements

Global Emerging Markets Equity Fund

Notes to the Financial Statements (Continued)

12 Related Party Transactions (continued)

	2018 £'000	2017 £'000
Transactions during the year with Standard Life Aberdeen group companies are as follows:		
Sale of shares by Fund	42,112	25,716
Purchase of shares by Fund	2,710	20,117
Distributions made by Fund	3,289	2,233
The percentage value of the Fund held by Standard Life Aberdeen group companies is:	97.9%	97.2%

13 Shares in issue reconciliation

	Opening shares 2017	Creations during the year	Cancellations during the year	Closing shares 2018
Retail accumulation	36,760,921	25,088,930	(2,663,266)	59,186,585
Institutional accumulation	85,117,250	24,415,278	(329,883)	109,202,645
Standard Life accumulation	1,204,527	269,557	(168,339)	1,305,745
Standard Life B accumulation	94,324,663	101,385	(186,338)	94,239,710
Platform 1 accumulation	2,765,540	1,618,525	(1,018,728)	3,365,337

14 Fair Value Hierarchy

	2018 £'000	2018 £'000	2018 £'000	2017 £'000	2017 £'000	2017 £'000
Fair value of investment assets	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
Equities	243,402	0	0	168,174	0	0
Collective Investment Schemes	0	9,776	0	0	2,481	0
Total investment assets	243,402	9,776	0	168,174	2,481	0

The three levels of the fair value hierarchy under FRS 102 are described below:

Level 1: Unadjusted quoted market prices in active markets that are accessible at the measurement date for the identical unrestricted assets or liabilities.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices).

Level 3: Inputs for asset or liability that are not based on observable market data (unobservable inputs).

15 Risk Management Policies & Numerical Disclosures

In accordance with the investment objectives, the Fund may hold certain financial instruments. These comprise:

- securities held in accordance with the investment objective and policies;
- cash and short-term debtors and creditors arising directly from operations; and
- derivatives.

The main risks arising from the Fund's financial instruments are market price, foreign currency, interest rate, credit and liquidity risk.

The policies for managing these risks are summarised below and have been applied consistently throughout the year, and prior year.

Standard Life Investment Company

Annual Report & Financial Statements

Global Emerging Markets Equity Fund

Notes to the Financial Statements (Continued)

15 Risk Management Policies & Numerical Disclosures (continued)

a. Market price risk

Each Fund's investment portfolio is exposed to market price fluctuation which are monitored by the Fund Manager in pursuance of the investment objectives and policies. Adherence to investment guidelines and to investment and borrowing powers mitigate the risk of excessive exposure to any particular type of security or issuer.

An increase or decrease in market values will therefore have a direct effect on the value of the investment assets in the portfolio and therefore a proportionate effect on the value of the Fund.

A five per cent increase in the value of the Fund's portfolio would have the effect of increasing the return and net assets as at 28 February by £12,658,900 (2017: £8,532,750). A five per cent decrease would have an equal and opposite effect.

b. Foreign currency risk

A proportion of the net assets of the Fund are denominated in currencies other than Sterling, therefore the balance sheet and total returns can be affected by currency movements. In certain circumstances, the Fund Manager may seek to manage exposure to currency movements by using forward currency contracts.

The Fund does not hedge or otherwise seek to avoid currency movement risk on accrued revenue.

Income received in foreign currencies is converted into Sterling at the exchange rates ruling when the income is received.

A five per cent increase in the value of the Fund's foreign currency exposure would have the effect of increasing the return and net assets as at 28 February by £12,173,250 (2017: £8,430,100). A five per cent decrease would have an equal and opposite effect.

Currency exposure

The net foreign currency monetary exposure comprises:

	Net foreign currency monetary assets	
	2018	2017
	£'000	£'000
Australian Dollar	2,081	2,315
Brazilian Real	17,736	15,139
Chilean Peso	2,395	1,949
China Renminbi	2,302	0
Euro	84	81
Hong Kong Dollar	48,167	32,599
Hungarian Forint	2,693	1,784
Indian Rupee	21,741	12,448
Indonesian Rupiah	2,720	3,792
Malaysian Ringgit	0	814
Mexican Peso	6,697	6,699
Philippines Peso	0	1,545
Russian Ruble	1,918	1,420
Singapore Dollar	1,738	0
South Africa Rand	14,564	5,811
South Korean Won	34,976	30,958
Taiwan Dollar	22,014	15,519
Thai Baht	8,565	1,417
Turkish Lira	3,475	1,367
US Dollar	49,599	32,160

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Global Emerging Markets Equity Fund

Notes to the Financial Statements (Continued)

15 Risk Management Policies & Numerical Disclosures (continued)

c. Interest rate risk

Interest receivable on bank deposits or payable on bank overdrafts will be affected by fluctuations in interest rates. The Fund Manager continuously reviews interest rates and inflation expectations. The assessment of this may result in a change in investment strategy.

The interest rate risk profile of the Fund's net financial assets and liabilities is:

	Floating rate financial assets/(liabilities)	Financial assets not carrying interest	Total
	£'000	£'000	£'000
2018			
Currency			
UK Sterling	9,779	2,931	12,710
Australian Dollar	0	2,081	2,081
Brazilian Real	0	17,736	17,736
Chilean Peso	0	2,395	2,395
China Renminbi	0	2,302	2,302
Euro	84	0	84
Hong Kong Dollar	0	48,167	48,167
Hungarian Forint	0	2,693	2,693
Indian Rupee	20	21,721	21,741
Indonesian Rupiah	0	2,720	2,720
Mexican Peso	197	6,500	6,697
Russian Ruble	0	1,918	1,918
Singapore Dollar	0	1,738	1,738
South Africa Rand	0	14,564	14,564
South Korean Won	(1)	34,977	34,976
Taiwan Dollar	834	21,180	22,014
Thai Baht	0	8,565	8,565
Turkish Lira	0	3,475	3,475
US Dollar	1,829	47,770	49,599

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Global Emerging Markets Equity Fund

Notes to the Financial Statements (Continued)

15 Risk Management Policies & Numerical Disclosures (continued)

	Floating rate financial assets/(liabilities)	Financial assets not carrying interest	Total
2017	£'000	£'000	£'000
Currency			
UK Sterling	2,481	1,764	4,245
Australian Dollar	0	2,315	2,315
Brazilian Real	408	14,731	15,139
Chilean Peso	0	1,949	1,949
Euro	81	0	81
Hong Kong Dollar	0	32,599	32,599
Hungarian Forint	0	1,784	1,784
Indian Rupee	0	12,448	12,448
Indonesian Rupiah	0	3,792	3,792
Malaysian Ringgit	0	814	814
Mexican Peso	77	6,622	6,699
Philippines Peso	0	1,545	1,545
Russian Ruble	0	1,420	1,420
South Africa Rand	0	5,811	5,811
South Korean Won	0	30,958	30,958
Taiwan Dollar	538	14,981	15,519
Thai Baht	0	1,417	1,417
Turkish Lira	0	1,367	1,367
US Dollar	(411)	32,571	32,160

d. Credit risk

All cash exposures are carefully managed to ensure that money is placed on deposit with counterparties that meet the minimum credit rating deemed appropriate for this Fund. In certain circumstances, the Fund Manager may deliberately invest in securities (e.g. corporate bonds) with a well defined and published credit rating. In this case the Fund would be deliberately taking credit risk in order to seek additional rewards.

e. Liquidity risk

The Fund's assets comprise mainly readily realisable securities. The main liabilities of the Fund are the redemption of any shares that investors wish to sell and the settlement of stock purchases. The Fund Manager reviews the cash and liability position continuously, and should an increase in liquidity be required, the Fund Manager will sell securities.

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Global Emerging Markets Equity Fund

Distribution Tables

for the three months ended 28 February 2018

Group 1 - shares purchased prior to 1 March 2017

Group 2 - shares purchased between 1 March 2017 and 28 February 2018

	Net Income 2018 pence per share	Equalisation 2018 pence per share	Distribution paid 2018 pence per share	Distribution paid 2017 pence per share
Retail accumulation				
Group 1	0.6651	-	0.6651*	0.4740
Group 2	0.1964	0.4687	0.6651*	0.4740
Institutional accumulation				
Group 1	1.0673	-	1.0673*	0.8176
Group 2	0.3200	0.7473	1.0673*	0.8176
Standard Life accumulation				
Group 1	1.5157	-	1.5157*	1.1561
Group 2	0.6849	0.8308	1.5157*	1.1561
Standard Life B accumulation				
Group 1	1.9035	-	1.9035*	1.4749
Group 2	0.5292	1.3743	1.9035*	1.4749
Platform 1 accumulation				
Group 1	1.0181	-	1.0181*	0.7793
Group 2	0.2872	0.7309	1.0181*	0.7793

* Distribution accumulated on 28 February 2018

Treatment by Corporate Shareholders (Unaudited)

Corporate shareholders should account for the current year's dividend shown in the distribution table as follows:

	Final Dividend Distribution
Treat as a UK corporate dividend	100.00%
Treat as an annual payment net of Income tax at 20%	0.00%

Standard Life Investment Company Annual Report & Financial Statements

Global Emerging Markets Equity Income Fund Investment Report

Fund Information	
Fund Manager	Mathew Williams
Launch Date	13 December 2012
Benchmark	IA Global Emerging Markets Sector

Investment Objective

The objective of the Fund is to provide a high level of income with some capital appreciation over the longer term.

Investment Policy

The investment policy of the Fund is to invest mainly in high yielding equities, equity type investments and fixed interest securities of companies listed on an emerging market stock exchange or which, in the opinion of the ACD, carry on a substantial part of their operations in emerging market countries. "Equity type investments" will include convertible stocks, stock exchange listed warrants, Depositary Receipts and any other such investments which entitle the holder to subscribe for or convert into the equity of the company and/or where the share price performance is, in the opinion of the ACD, influenced significantly by the stock market performance of the company's ordinary shares. The Fund may also invest in other transferable securities, money-market instruments, deposits, cash and near cash, derivatives and collective investment schemes.

Risk

The Fund is intended for investors who wish to participate in the opportunity to achieve a high level of income with some capital appreciation over the longer term afforded by investing in an actively managed portfolio of mainly global emerging market equities. The investor must be able to accept significant temporary losses due to the volatile nature of this area of global equity markets, and should therefore have an investment time horizon of at least 5 years.

Performance Review

Over the year under review, the Fund returned 24.9% (platform 1, accumulation shares), compared with the 16.7% return from the IA Global Emerging Markets sector benchmark (source: Morningstar, basic-rate taxpayer, bid-to-bid basis).

Holding China Lodging boosted the Fund's performance. The company continued to benefit from an improving business environment, with rising occupancy and room rates. Shares in Globaltrans, the Russian rail freight forwarder, climbed after it announced earnings well in excess of consensus thanks to much stronger gondola pricing. The company has also increased its payout ratio, implying a current dividend yield around 8%. In South Korea, we had good returns from ING Life Insurance – this 2017 IPO is still being discovered by the market and the company has strong competitive advantages against bigger rivals thanks to the structure of its distribution network, consisting of a young and incentivised salesforce. Additional highlights included Minth, FirstRand and CVS Brasil.

By contrast, online travel agent Ctrip.com suffered downgrades as it continued to remove bundled products such as travel insurance from its site. We view this as a temporary adjustment to Ctrip's earnings base rather than a slowdown in medium-term growth and are keeping faith in the company. Meanwhile, Indonesian fuel distributor and port operator AKR Corporindo struggled due to softer volumes, while the rising oil price placed short-term pressure on its margin expectations. A position in Ginko, the Taiwanese contact lens manufacturer, disappointed amid rising competition from China and brand damage from a suspension in production. We no longer carry the stock. Holdings in Nexen Tire, KT Corporation and JBS further weighed on Fund returns.

Activity

We started a new holding in Brazilian housebuilder Cyrela Brazil Realty. This sector has been disastrous for investors for years owing to debt-funded expansion strategies in a tough pricing environment. However, the company is now focusing on cashflow rather than growth, moving out of certain geographies and selling down inventories. Management thinks it can return Rs 2 billion cash to investors over the next few years against a current market capitalisation of Rs 6 billion. A fresh idea for the new year was Weichai Power, a Chinese manufacturer of truck diesel engines and components. The investment angle here is that the company is diversifying from the cyclical truck business to warehouse automation solutions where it has strong competitive niches and there should be more stable growth.

By contrast, we sold Samsung SDI. This has been a good performer for the Fund but evidence is emerging that our non-consensus angle on small OLED penetration is incorrect – sales for Apple's expensive iPhone X have been disappointing and there is not enough evidence that consumers are prepared to pay a big premium for a better screen to support our thesis that OLED will become mass-market. We exited Indonesian mining equipment company United Tractors, taking advantage of a strong share price run despite some uncertainty over end-coal markets.

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Global Emerging Markets Equity Income Fund

Investment Report (Continued)

Synthetic Risk & Reward Indicator



This indicator reflects the volatility of the Fund’s share price over the last five years which in turn reflects the volatility of the underlying assets in which the Fund invests. Historical data may not be a reliable indication of the future. The current rating, which is the same for all share classes, is not guaranteed and may change if the volatility of the assets in which the Fund invests changes. The lowest rating does not mean risk free.

All investment involves risk. This Fund offers no guarantee against loss or that the Fund’s objective will be attained. For further information on the risks that may not be fully captured by the risk and reward indicator, please refer to the current Key Investor Information Document (KIID).

Cautionary note

It should be remembered that past performance is not a guide to future performance. The value of investments may go down as well as up and, therefore, investors may not get back the amount originally invested.

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Global Emerging Markets Equity Income Fund

Comparative Tables

	2018 pence per share	2017 pence per share	2016 pence per share
Retail accumulation			
Change in net assets per share			
Opening net asset value per share	68.06	48.21	55.16
Return before operating charges*	17.46	20.69	(6.05)
Operating charges**	(1.09)	(0.84)	(0.90)
Return after operating charges*	16.37	19.85	(6.95)
Distributions	(1.10)	(1.02)	(1.05)
Retained distributions on accumulation share	1.10	1.02	1.05
Closing net asset value per share	84.43	68.06	48.21
* after direct transaction costs of:***	0.12	0.18	0.18
Performance+			
Return after charges	24.05%	41.17%	-12.60%
Other information			
Closing net asset value (£'000)	3,243	1,508	699
Closing number of shares	3,841,015	2,215,097	1,450,249
Operating charges****	1.39%	1.40%	1.68%
Direct transaction costs***	0.16%	0.30%	0.34%
Prices			
Highest share price	86.32	70.10	61.48
Lowest share price	68.23	48.60	44.99

** The operating charges include all costs borne by the Fund, except for direct transaction costs.

*** The direct transaction costs are made up of: fees and commissions paid to agents, advisers, brokers and dealers, levies by regulatory agencies and securities exchanges as well as transfer taxes and duties.

**** The operating charges percentage is the equivalent of the ongoing charges figure per the prior year accounts. It shows the annualised operating expenses of the share class as a percentage of the average net asset value of the class over the same period. The ACD periodic charge was reduced from 1.50% to 1.30% which became effective on 1 April 2016. The Registrar fees of 0.08% also ceased to be charged effective 1 April 2016.

+ The performance figures are calculated by taking the value of the shareclass per the financial statements compared to the value per the financial statements in the prior year. This figure may differ from the performance figure quoted in the Investment Report. The Investment Report performance figure is calculated using the last available published price for a given shareclass in the period compared to the equivalent for the prior period. The published price may contain an adjustment for dilution in accordance with the Fund pricing policy, while the price per the financial statements values the Fund on a bid-price basis. The financial statements shareclass valuation is based on close of business market prices on the last day of the period, again this may differ from the intra-day pricing point of the Fund which is used in the published shareclass price.

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Global Emerging Markets Equity Income Fund

Comparative Tables (Continued)

	2018 pence per share	2017 pence per share	2016 pence per share
Institutional accumulation			
Change in net assets per share			
Opening net asset value per share	70.15	49.44	56.03
Return before operating charges*	18.07	21.28	(6.09)
Operating charges**	(0.74)	(0.57)	(0.50)
Return after operating charges*	17.33	20.71	(6.59)
Distributions	(1.51)	(1.33)	(1.38)
Retained distributions on accumulation share	1.51	1.33	1.38
Closing net asset value per share	87.48	70.15	49.44
* after direct transaction costs of:***	0.13	0.19	0.18
Performance+			
Return after charges	24.70%	41.89%	-11.76%
Other information			
Closing net asset value (£'000)	264,336	119,826	57,049
Closing number of shares	302,155,108	170,813,671	115,388,940
Operating charges****	0.92%	0.93%	0.93%
Direct transaction costs***	0.16%	0.31%	0.33%
Prices			
Highest share price	89.40	72.13	62.49
Lowest share price	70.41	49.84	45.82

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Global Emerging Markets Equity Income Fund

Comparative Tables (Continued)

	2018 pence per share	2017 pence per share	2016 pence per share
Retail income			
Change in net assets per share			
Opening net asset value per share	60.07	43.84	51.81
Return before operating charges*	15.40	18.59	(5.58)
Operating charges**	(0.95)	(0.75)	(0.83)
Return after operating charges*	14.45	17.84	(6.41)
Distributions	(1.85)	(1.61)	(1.56)
Closing net asset value per share	72.67	60.07	43.84
* after direct transaction costs of:***	0.11	0.16	0.17
Performance+			
Return after charges	24.06%	40.69%	-12.37%
Other information			
Closing net asset value (£'000)	85	37	26
Closing number of shares	117,611	60,922	57,878
Operating charges****	1.39%	1.40%	1.68%
Direct transaction costs***	0.16%	0.30%	0.34%
Prices			
Highest share price	74.62	62.43	57.69
Lowest share price	60.31	44.22	41.76

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**** The operating charges percentage is the equivalent of the ongoing charges figure per the prior year accounts. It shows the annualised operating expenses of the share class as a percentage of the average net asset value of the class over the same period. The ACD periodic charge was reduced from 1.50% to 1.30% which became effective on 1 April 2016. The Registrar fees of 0.08% also ceased to be charged effective 1 April 2016.

+ The performance figures are calculated by taking the value of the shareclass per the financial statements compared to the value per the financial statements in the prior year. This figure may differ from the performance figure quoted in the Investment Report. The Investment Report performance figure is calculated using the last available published price for a given shareclass in the period compared to the equivalent for the prior period. The published price may contain an adjustment for dilution in accordance with the Fund pricing policy, while the price per the financial statements values the Fund on a bid-price basis. The financial statements shareclass valuation is based on close of business market prices on the last day of the period, again this may differ from the intra-day pricing point of the Fund which is used in the published shareclass price.

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Global Emerging Markets Equity Income Fund

Comparative Tables (Continued)

	2018 pence per share	2017 pence per share	2016 pence per share
Institutional income			
Change in net assets per share			
Opening net asset value per share	61.86	44.93	52.68
Return before operating charges*	15.88	19.09	(5.65)
Operating charges**	(0.64)	(0.51)	(0.47)
Return after operating charges*	15.24	18.58	(6.12)
Distributions	(1.90)	(1.65)	(1.63)
Closing net asset value per share	75.20	61.86	44.93
* after direct transaction costs of:***	0.11	0.17	0.17
Performance+			
Return after charges	24.64%	41.35%	-11.62%
Other information			
Closing net asset value (£'000)	29,048	14,482	9,108
Closing number of shares	38,630,011	23,408,331	20,271,944
Operating charges****	0.92%	0.93%	0.93%
Direct transaction costs***	0.16%	0.31%	0.34%
Prices			
Highest share price	77.18	64.19	58.72
Lowest share price	62.15	45.32	42.62

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Global Emerging Markets Equity Income Fund

Comparative Tables (Continued)

	2018 pence per share	2017 pence per share	2016 pence per share
Standard Life income			
Change in net assets per share			
Opening net asset value per share	63.95	46.06	53.58
Return before operating charges*	16.47	19.61	(5.80)
Operating charges**	(0.07)	(0.06)	(0.05)
Return after operating charges*	16.40	19.55	(5.85)
Distributions	(1.97)	(1.66)	(1.67)
Closing net asset value per share	78.38	63.95	46.06
* after direct transaction costs of:***	0.12	0.17	0.18
Performance+			
Return after charges	25.65%	42.44%	-10.92%
Other information			
Closing net asset value (£'000)	8,239	1	1
Closing number of shares	10,511,712	2,200	2,200
Operating charges****	0.09%	0.10%	0.10%
Direct transaction costs***	0.16%	0.30%	0.35%
Prices			
Highest share price	80.39	66.20	59.79
Lowest share price	64.33	46.46	43.51

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Global Emerging Markets Equity Income Fund

Comparative Tables (Continued)

	2018 pence per share	2017 pence per share	2016 pence per share
Standard Life accumulation			
Change in net assets per share			
Opening net asset value per share	72.01	50.41	56.74
Return before operating charges*	18.61	21.71	(6.23)
Operating charges**	(0.14)	(0.11)	(0.10)
Return after operating charges*	18.47	21.60	(6.33)
Distributions	(2.11)	(1.78)	(1.75)
Retained distributions on accumulation share	2.11	1.78	1.75
Closing net asset value per share	90.48	72.01	50.41
* after direct transaction costs of:***	0.13	0.19	0.19
Performance+			
Return after charges	25.65%	42.85%	-11.16%
Other information			
Closing net asset value (£'000)	432,014	343,786	240,645
Closing number of shares	477,458,683	477,401,155	477,350,532
Operating charges****	0.17%	0.18%	0.18%
Direct transaction costs***	0.16%	0.30%	0.34%
Prices			
Highest share price	92.46	73.88	63.32
Lowest share price	72.39	50.82	46.53

** The operating charges include all costs borne by the Fund, except for direct transaction costs.

*** The direct transaction costs are made up of: fees and commissions paid to agents, advisers, brokers and dealers, levies by regulatory agencies and securities exchanges as well as transfer taxes and duties.

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Global Emerging Markets Equity Income Fund

Comparative Tables (Continued)

	2018 pence per share	2017 pence per share	2016 pence per share
Platform 1 accumulation			
Change in net assets per share			
Opening net asset value per share	69.95	49.32	55.92
Return before operating charges*	18.01	21.23	(6.07)
Operating charges**	(0.78)	(0.60)	(0.53)
Return after operating charges*	17.23	20.63	(6.60)
Distributions	(1.46)	(1.30)	(1.33)
Retained distributions on accumulation share	1.46	1.30	1.33
Closing net asset value per share	87.18	69.95	49.32
* after direct transaction costs of:***	0.13	0.19	0.18
Performance+			
Return after charges	24.63%	41.83%	-11.80%
Other information			
Closing net asset value (£'000)	25,189	8,218	5,924
Closing number of shares	28,892,663	11,748,944	12,010,606
Operating charges****	0.97%	0.98%	0.98%
Direct transaction costs***	0.16%	0.31%	0.33%
Prices			
Highest share price	89.10	71.95	62.38
Lowest share price	70.20	49.72	45.72

** The operating charges include all costs borne by the Fund, except for direct transaction costs.

*** The direct transaction costs are made up of: fees and commissions paid to agents, advisers, brokers and dealers, levies by regulatory agencies and securities exchanges as well as transfer taxes and duties.

**** The operating charges percentage is the equivalent of the ongoing charges figure per the prior year accounts. It shows the annualised operating expenses of the share class as a percentage of the average net asset value of the class over the same period.

+ The performance figures are calculated by taking the value of the shareclass per the financial statements compared to the value per the financial statements in the prior year. This figure may differ from the performance figure quoted in the Investment Report. The Investment Report performance figure is calculated using the last available published price for a given shareclass in the period compared to the equivalent for the prior period. The published price may contain an adjustment for dilution in accordance with the Fund pricing policy, while the price per the financial statements values the Fund on a bid-price basis. The financial statements shareclass valuation is based on close of business market prices on the last day of the period, again this may differ from the intra-day pricing point of the Fund which is used in the published shareclass price.

Standard Life Investment Company

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Global Emerging Markets Equity Income Fund

Comparative Tables (Continued)

	2018 pence per share	2017 pence per share	2016 pence per share
Platform 1 income			
Change in net assets per share			
Opening net asset value per share	61.72	44.85	52.62
Return before operating charges*	15.88	19.07	(5.65)
Operating charges**	(0.69)	(0.54)	(0.49)
Return after operating charges*	15.19	18.53	(6.14)
Distributions	(1.92)	(1.66)	(1.63)
Closing net asset value per share	74.99	61.72	44.85
* after direct transaction costs of:***	0.11	0.17	0.17
Performance+			
Return after charges	24.61%	41.32%	-11.67%
Other information			
Closing net asset value (£'000)	22,727	5,325	1,788
Closing number of shares	30,308,721	8,627,680	3,987,310
Operating charges****	0.97%	0.98%	0.98%
Direct transaction costs***	0.16%	0.31%	0.34%
Prices			
Highest share price	76.97	64.06	58.64
Lowest share price	62.01	45.24	42.56

** The operating charges include all costs borne by the Fund, except for direct transaction costs.

*** The direct transaction costs are made up of: fees and commissions paid to agents, advisers, brokers and dealers, levies by regulatory agencies and securities exchanges as well as transfer taxes and duties.

**** The operating charges percentage is the equivalent of the ongoing charges figure per the prior year accounts. It shows the annualised operating expenses of the share class as a percentage of the average net asset value of the class over the same period.

+ The performance figures are calculated by taking the value of the shareclass per the financial statements compared to the value per the financial statements in the prior year. This figure may differ from the performance figure quoted in the Investment Report. The Investment Report performance figure is calculated using the last available published price for a given shareclass in the period compared to the equivalent for the prior period. The published price may contain an adjustment for dilution in accordance with the Fund pricing policy, while the price per the financial statements values the Fund on a bid-price basis. The financial statements shareclass valuation is based on close of business market prices on the last day of the period, again this may differ from the intra-day pricing point of the Fund which is used in the published shareclass price.

Standard Life Investment Company

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Global Emerging Markets Equity Income Fund

Portfolio Statement as at 28 February 2018

Holding	Investment	Market value £'000	Percentage of total net assets
Europe, Middle East & Africa Equities (17.62%)		144,163	18.38
Curacao (0.75%)		6,926	0.88
35,837,924	Safaricom	6,926	0.88
Cyprus (0.71%)		-	-
Egypt (0.13%)		-	-
Georgia (0.66%)		7,255	0.92
214,121	Bank of Georgia	7,255	0.92
Hungary (1.72%)		11,657	1.49
2,752,809	Magyar Telekom	3,527	0.45
249,491	OTP Bank	8,130	1.04
Jersey (0.48%)		2,011	0.26
1,349,789	Centamin	2,011	0.26
Nigeria (0.24%)		3,034	0.39
2,388,761	Seplat Petroleum Development	3,034	0.39
Romania (0.67%)		4,187	0.53
472,826	Fondul Proprietatea	4,187	0.53
Russia (6.09%)		46,072	5.87
1,351,749	Globaltrans Investment	10,733	1.37
73,925,087	Inter RAO	3,536	0.45
169,305	LUKOIL	8,159	1.04
388,628	MMC Norilsk Nickel	5,621	0.72
648,535	Rosneft Oil	2,759	0.35
3,125,947	Sberbank of Russia (Preference)	9,137	1.16
516,559	Severstal	6,127	0.78

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Global Emerging Markets Equity Income Fund

Portfolio Statement as at 28 February 2018 (Continued)

Holding	Investment	Market value £'000	Percentage of total net assets
South Africa (5.19%)		51,314	6.55
3,671,633	Firststrand	16,683	2.13
4,718,735	MMI	6,331	0.81
65,609	Naspers	13,195	1.68
166,299	Sasol	4,244	0.54
571,554	Vodacom	5,720	0.73
1,279,447	Woolworths Holdings	5,141	0.66
Turkey (0.98%)		11,707	1.49
452,434	AEFES	2,215	0.28
326,623	Tupras	7,280	0.93
149,456	Turk Traktor	2,212	0.28
Latin American Equities (13.95%)		122,961	15.67
Argentina (0.00%)		4,002	0.51
48,815	Banco Macro	4,002	0.51
Brazil (8.19%)		71,043	9.05
243,153	Azul	5,426	0.69
1,272,299	Banco Bradesco (Preference)	11,020	1.40
1,167,432	Cielo	6,296	0.80
444,390	CVC Brasil Operadora	5,571	0.71
933,275	Cyrela Brazil Realty	3,198	0.41
2,665,125	Itaúsa	7,811	1.00
62,634	Itausa - Investimentos Itau	76	0.01
1,974,430	Petrobras Distribuidora	9,744	1.23
900,198	Petrol Brasileiros (Preference)	4,308	0.55
307,722	Smiles Fidelidade	5,775	0.74
1,213,014	TAESA	5,552	0.71
293,133	Telefonica Brasil (Preference)	3,317	0.42
293,039	Vale	2,949	0.38
Chile (0.00%)		7,746	0.99
47,016,090	Enel Americas	7,746	0.99

Standard Life Investment Company

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Global Emerging Markets Equity Income Fund

Portfolio Statement as at 28 February 2018 (Continued)

Holding	Investment	Market value £'000	Percentage of total net assets
Mexico (3.68%)		27,492	3.50
904,516	FEMSA	6,051	0.77
1,645,940	Grupo Financiero Banorte	7,155	0.91
2,393,313	Grupo México	5,877	0.75
4,543,538	PLA Administradora Industrial	4,896	0.62
1,368,520	Unifin Financiera	3,513	0.45
Panama (0.55%)		3,132	0.40
31,766	Copa Holdings	3,132	0.40
Peru (1.53%)		9,546	1.22
60,726	Credicorp	9,546	1.22
Pacific Basin Equities (66.94%)		500,625	63.77
Australia (0.46%)		2,439	0.31
1,268,642	Syrah Resources	2,439	0.31
China (22.18%)		218,471	27.83
217,151	Alibaba Group Holding ADR	29,270	3.73
1,066,195	Angel Yeast	3,793	0.48
2,805,904	ANTA Sports Products	10,097	1.29
48,557	Baidu	8,890	1.13
27,167,284	China Construction Bank	20,510	2.61
2,596,903	China Life Insurance	5,588	0.71
91,621	China Lodging	10,094	1.29
3,957,471	China Merchants Bank	12,112	1.54
3,885,322	China Petroleum	2,270	0.29
11,958,872	Dali Foods	8,274	1.05
4,145,131	Haitian International	9,169	1.17
8,090,552	Huaneng Power	3,639	0.46
2,123,021	Minth	9,107	1.16
24,892	NetEase	5,299	0.68
2,353,427	Ping An Insurance	18,204	2.32
6,269,945	Red Star Macalline	5,443	0.69
704,663	Sunny Optical Technology	8,529	1.09
1,073,723	Tencent	43,041	5.48
14,664,682	Tianhe Chemicals	0	0.00
6,286,415	Weichai Power	5,142	0.66

Standard Life Investment Company

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Global Emerging Markets Equity Income Fund

Portfolio Statement as at 28 February 2018 (Continued)

Holding	Investment	Market value £'000	Percentage of total net assets
Hong Kong (5.35%)		23,422	2.98
22,038,000	China Lumena New Materials*	0	0.00
88,800	China Metal Recycling**	0	0.00
1,159,965	China Mobile	7,891	1.01
1,547,853	China Resources Land	4,013	0.51
2,828,000	Dawnrays Pharmaceutical	1,115	0.14
10,774,537	SITC	8,494	1.08
2,010,276	Texhong Textile	1,909	0.24
India (8.53%)		47,440	6.04
271,158	Bajaj	8,217	1.05
1,790,311	Coal India	6,210	0.79
580,599	Cyient	4,108	0.52
2,060,000	IRB InvIT	1,934	0.25
1,617,618	ITC	4,774	0.61
494,486	Larsen & Toubro	7,262	0.93
2,269,815	Power Finance	2,656	0.33
987,697	Voltas	6,699	0.85
1,554,960	Yes Bank	5,580	0.71
Indonesia (2.43%)		18,837	2.40
14,326,032	AKR Corporindo	4,594	0.59
21,655,889	Bank Mandiri	9,489	1.20
2,529,378	United Tractors	4,754	0.61
Macau (0.00%)		6,708	0.85
1,640,147	Sands China	6,708	0.85
Malaysia (0.56%)		4,210	0.54
8,738,323	UOA Development	4,210	0.54

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Global Emerging Markets Equity Income Fund

Portfolio Statement as at 28 February 2018 (Continued)

Holding	Investment	Market value £'000	Percentage of total net assets
Philippines (0.94%)		-	-
South Korea (13.61%)		81,405	10.37
276,728	ING Life Insurance Korea	9,718	1.24
263,710	KB Financial	11,294	1.44
22,049	LG Chemical Preference KRW 5000	3,170	0.40
24,576	POSCO	5,946	0.76
24,357	Samsung Electronics (Preference)	32,567	4.15
234,446	Shinhan Finance	7,440	0.95
174,130	SK Hynix	8,963	1.14
95,089	Woory Industrial	2,307	0.29
Taiwan (11.02%)		68,729	8.76
1,359,364	Chicony Electronics Co	2,430	0.31
737,522	Cub Elecparts	6,316	0.81
3,500,209	Hon Hai Precision	7,666	0.98
2,819,229	Macronix	3,042	0.39
642,822	President Chain Store	4,706	0.60
1,613,940	Realtek	4,654	0.59
5,947,091	Taiwan Semiconductors Manufacturing	36,368	4.63
1,750,906	Wistron NeWeb	3,547	0.45
Thailand (1.86%)		28,964	3.69
773,378	Advanced Info Service	3,540	0.45
703,625	Kasikornbank	3,774	0.48
562,900	PTT	7,392	0.94
18,862,836	Star Petroleum Refining	7,676	0.98
7,486,616	Supalai	3,999	0.51
5,641,933	Taokaenoi Food & Marketing PCL	2,583	0.33

Standard Life Investment Company

Annual Report & Financial Statements

Global Emerging Markets Equity Income Fund

Portfolio Statement as at 28 February 2018 (Continued)

Holding	Investment	Market value £'000	Percentage of total net assets
Collective Investment Schemes (0.49%)		9,255	1.18
9,255,388	Standard Life CNAV Sterling Liquidity Fund	9,255	1.18
Total Investment assets and liabilities		777,004	98.99
Net other assets		7,877	1.00
Total Net Assets		784,881	100.00

All investments are listed on recognised stock exchanges and are approved securities or regulated collective investment schemes within the meaning of the FCA rules unless otherwise stated.

The percentage figures in brackets show the comparative holding as at 28 February 2017.

* Suspended

**Delisted

Standard Life Investment Company

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Global Emerging Markets Equity Income Fund

Financial Statements

Statement of Total Return

for the year ended 28 February 2018

	Notes	£'000	2018 £'000	£'000	2017 £'000
Income:					
Net capital gains	2		125,740		129,089
Revenue	4	19,188		13,647	
Expenses	5	(2,953)		(1,610)	
Interest payable and similar charges		(4)		(32)	
Net revenue before taxation		16,231		12,005	
Taxation	6	(1,637)		(1,147)	
Net revenue after taxation			14,594		10,858
Total return before distributions			140,334		139,947
Distributions	7		(14,899)		(10,993)
Change in net assets attributable to shareholders from investment activities			125,435		128,954

Statement of Change in Net Assets Attributable to Shareholders

for the year ended 28 February 2018

	£'000	2018 £'000	£'000	2017 £'000
Opening net assets attributable to shareholders		493,183		315,240
Amounts receivable on the issue of shares	157,959		72,418	
Amounts payable on the cancellation of shares	(6,650)		(34,587)	
		151,309		37,831
Dilution adjustment		676		287
Change in net assets attributable to shareholders from investment activities (see above)		125,435		128,954
Retained distribution on accumulation shares		14,278		10,871
Closing net assets attributable to shareholders		784,881		493,183

Standard Life Investment Company

Annual Report & Financial Statements

Global Emerging Markets Equity Income Fund

Financial Statements (Continued)

Balance Sheet

as at 28 February 2018

	Notes	£'000	2018 £'000	£'000	2017 £'000
Assets:					
Fixed assets:					
Investment assets			777,004		488,238
Current assets:					
Debtors	8	2,616		2,653	
Cash and bank balances	9	7,318		2,724	
			9,934		5,377
Total assets			786,938		493,615
Liabilities:					
Creditors	10	(1,805)		(335)	
Bank overdrafts		0		(1)	
Distribution payable		(252)		(96)	
			(2,057)		(432)
Total liabilities			(2,057)		(432)
Net assets attributable to shareholders			784,881		493,183

Standard Life Investment Company

Annual Report & Financial Statements

Global Emerging Markets Equity Income Fund

Notes to the Financial Statements

1 Accounting Policies

Please refer to pages 11 to 12 for note on accounting policies.

2 Net Capital Gains

	2018 £'000	2017 £'000
Non-derivative securities	126,827	128,276
Forward currency contracts	1	(335)
Other (losses)/gains	(1,030)	1,215
Handling charges taken from the capital account	(58)	(67)
Net capital gains	125,740	129,089

3 Purchases, Sales and Transaction Costs

There are no transaction costs associated with the purchases or sales of collective investment schemes and derivatives during the year, or in the prior year.

Collective investments operate within the terms of the offer document or prospectus. Typically we do not invest into Funds that require an initial charge to be made. The underlying price contains an estimation of cost known as a dilution levy which is applied from time to time.

During the year the total purchases and sales across different major assets classes are as per below table.

	2018 £'000	2017 £'000
Equity Purchases, Sales and Transaction Costs		
Purchases		
Purchases before transaction costs	289,923	324,109
Commissions	378	522
Taxes & Other Fees	176	170
Total purchase transaction costs	554	692
Purchases including transaction costs	290,477	324,801
Sales		
Gross Sales before transaction costs	135,864	271,989
Commissions	(231)	(424)
Taxes & Other Fees	(243)	(280)
Total sale transaction costs	(474)	(704)
Total sales net of transaction costs	135,390	271,285

Standard Life Investment Company

Annual Report & Financial Statements

Global Emerging Markets Equity Income Fund

Notes to the Financial Statements (Continued)

3 Purchases, Sales and Transaction Costs (continued)

	2018 % Transaction	2017 % Transaction
Equity Transaction Cost as a % of total Purchases & Sales		
Purchases		
Commissions	0.13%	0.16%
Taxes & Other Fees	0.06%	0.05%
Sales		
Commissions	0.17%	0.16%
Taxes & Other Fees	0.18%	0.10%
	2018 % Average NAV	2017 % Average NAV
Equity Purchases, Sales Analysis to Average NAV		
Purchases		
Commissions	0.06%	0.12%
Taxes & Other Fees	0.03%	0.04%
Sales		
Commissions	0.04%	0.10%
Taxes & Other Fees	0.04%	0.07%

During the year the total purchases and sales across different major asset classes are as per below table.

	2018 £'000	2017 £'000
Purchase		
Equities	290,477	324,801
Sales		
Equities	135,390	271,285

The Fund suffers a number of explicit costs as disclosed in the notes and Fund history. The Fund also suffers implicit costs an example is market spread, the spread represents the costs of providing liquidity in a market. It therefore is subject to change based on volume, active markets have a lower spread the difference between; bid the price you receive and offer the price you pay.

At the balance sheet date the average portfolio dealing spread (i.e. the spread between bid and offer prices expressed as a percentage of the offer price) was 0.97% (2017: 1.00%), this is representative of the average spread on the assets held during the year.

4 Revenue

	2018 £'000	2017 £'000
UK dividends	1,398	159
Overseas dividends	17,757	13,472
Bank interest	33	16
Total revenue	19,188	13,647

Standard Life Investment Company

Annual Report & Financial Statements

Global Emerging Markets Equity Income Fund

Notes to the Financial Statements (Continued)

5 Expenses

	2018 £'000	2017 £'000
Payable to the Authorised Corporate Director, associates of the Authorised Corporate Director and agents of either of them:		
Authorised Corporate Director's periodic charge	1,918	924
Dealing charge	15	5
Registration fees	516	338
	<u>2,449</u>	<u>1,267</u>
Payable to the Depositary or associates of the Depositary, and agents of either of them:		
Depositary's fees	54	40
Safe custody fee	432	277
	<u>486</u>	<u>317</u>
Other:		
Professional fees	10	19
Audit fee	8	7
	<u>18</u>	<u>26</u>
Total expenses	<u>2,953</u>	<u>1,610</u>

6 Taxation

	2018 £'000	2017 £'000
(a) Analysis of charge in year		
Overseas taxes	1,637	1,147
Total current tax (note 6b)	<u>1,637</u>	<u>1,147</u>
(b) Factors affecting current tax charge for the year		
The tax assessed for the year is different from the standard rate of corporation tax for Open-Ended Investment Companies 'OEICs' (20%). The differences are explained below:		
Net revenue before taxation	<u>16,231</u>	<u>12,005</u>
Corporation tax at 20% (2017: 20%)	3,246	2,401
Effects of:		
Revenue not subject to taxation	(3,372)	(2,385)
Overseas taxes	1,637	1,147
Overseas tax expensed	(42)	(20)
Excess allowable expenses	249	92
Revenue taxable in other periods	(81)	(88)
Current tax charge for year (note 6a)	<u>1,637</u>	<u>1,147</u>

Authorised Open-Ended Investment Companies are exempt from tax on capital gains in the UK. Therefore, any capital gain is not included in the above reconciliation.

Standard Life Investment Company

Annual Report & Financial Statements

Global Emerging Markets Equity Income Fund

Notes to the Financial Statements (Continued)

6 Taxation (continued)

(c) Factors that may affect future tax charge

At the year end, after offset against revenue taxable on receipt, there is a potential deferred tax asset of £241,000 (2017: £171,000) due to surplus expenses. It is unlikely that the Fund will generate sufficient taxable profits to utilise these amounts and therefore no deferred tax asset has been recognised in the year or the prior year.

7 Distributions

The distributions takes account of income received on the issue of shares and income deducted on the cancellation of shares and comprise:

	2018 £'000	2017 £'000
First interim distribution	3,342	3,143
Second interim distribution	6,973	4,530
Third interim distribution	2,603	1,637
Final distribution	2,454	2,066
	<hr/> 15,372	<hr/> 11,376
Add: Income deducted on cancellation of shares	21	68
Deduct: Income received on issue of shares	(494)	(451)
Net distribution for the year	<hr/> 14,899	<hr/> 10,993

Details of the distribution per share are set out in this Fund's distribution tables.

Net revenue after taxation	14,594	10,858
Annual ACD charge to capital	269	120
Undistributed revenue brought forward	1	1
Undistributed revenue carried forward	(1)	(1)
Registration fees taken from the capital account	29	13
Dealing charges taken from the capital account	7	2
Total distributions	<hr/> 14,899	<hr/> 10,993

8 Debtors

	2018 £'000	2017 £'000
Amounts receivable from the ACD for the issue of shares	239	246
Sales awaiting settlement	0	375
Accrued revenue	2,377	2,031
Dilution levy receivable from the ACD	0	1
Total debtors	<hr/> 2,616	<hr/> 2,653

9 Cash and Bank Balances

	2018 £'000	2017 £'000
Cash and bank balances	<hr/> 7,318	<hr/> 2,724
Total cash and bank balances	<hr/> 7,318	<hr/> 2,724

Standard Life Investment Company

Annual Report & Financial Statements

Global Emerging Markets Equity Income Fund

Notes to the Financial Statements (Continued)

10 Creditors

	2018 £'000	2017 £'000
Amounts payable to the ACD for cancellation of shares	64	38
Purchases awaiting settlement	1,402	67
Accrued expenses payable to ACD	244	117
Accrued expenses payable to the Depositary or associates of the Depositary	0	71
Other accrued expenses	5	9
Accrued Expenses payable to the Depositary	90	0
Withholding tax payable	0	33
Total creditors	1,805	335

11 Related Party Transactions

Standard Life Investments (Mutual Funds) Limited, as Authorised Corporate Director (ACD), is a related party and acts as principal in respect of all transactions of shares in the Fund.

The aggregate monies received through issue and paid on cancellation of shares are disclosed in the statement of change in net assets attributable to shareholders.

Any amounts due from or due to Standard Life Investments (Mutual Funds) Limited at the end of the accounting year are disclosed in notes 8 and 10.

Amounts payable to Standard Life Investments (Mutual Funds) Limited, in respect of periodic charge and registration services, are disclosed in note 5 and any amounts due at the year end in note 10.

The Fund holds 9,255,388 shares (2017: 2,403,372) in Standard Life CNAV Sterling Liquidity Fund as detailed in the portfolio statement, the total purchase cost of these investments during the year was £185,761,000 (2017: £117,227,000), the total sales proceeds were £178,909,000 (2017: £114,837,000).

	2018 £'000	2017 £'000
Transactions during the year with Standard Life Aberdeen group companies are as follows:		
Sale of shares by Fund	98,212	61,943
Purchase of shares by Fund	1,341	22,806
Distributions made by Fund	13,358	10,781
The percentage value of the Fund held by Standard Life Aberdeen group companies is:	88.9%	94.7%

12 Shares in Issue Reconciliation

	Opening shares 2017	Creations during the year	Cancellations during the year	Conversions during the year	Closing shares 2018
Retail accumulation	2,215,097	2,571,136	(941,965)	(3,253)	3,841,015
Institutional accumulation	170,813,671	133,035,669	(1,733,085)	38,853	302,155,108
Retail income	60,922	103,534	(46,845)	0	117,611
Institutional income	23,408,331	19,109,155	(3,887,475)	0	38,630,011
Standard Life income	2,200	10,509,512	0	0	10,511,712
Standard Life accumulation	477,401,155	64,448	(6,920)	0	477,458,683
Platform 1 accumulation	11,748,944	18,373,158	(1,193,612)	(35,827)	28,892,663
Platform 1 income	8,627,680	22,710,509	(1,029,468)	0	30,308,721

Standard Life Investment Company

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Global Emerging Markets Equity Income Fund

Notes to the Financial Statements (Continued)

13 Fair Value Hierarchy

	2018 £'000	2018 £'000	2018 £'000	2017 £'000	2017 £'000	2017 £'000
Fair value of investment assets	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
Equities	767,749	0	0	485,835	0	0
Collective Investment Schemes	0	9,255	0	0	2,403	0
Total investment assets	767,749	9,255	0	485,835	2,403	0

The three levels of the fair value hierarchy under FRS 102 are described below:

Level 1: Unadjusted quoted market prices in active markets that are accessible at the measurement date for the identical unrestricted assets or liabilities.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices).

Level 3: Inputs for asset or liability that are not based on observable market data (unobservable inputs).

14 Risk Management Policies & Numerical Disclosures

In accordance with the investment objectives, the Fund may hold certain financial instruments. These comprise:

- securities held in accordance with the investment objective and policies;
- cash and short-term debtors and creditors arising directly from operations; and
- derivatives.

The main risks arising from the Fund's financial instruments are market price, foreign currency, interest rate, credit and liquidity risk.

The policies for managing these risks are summarised below and have been applied consistently throughout the year, and prior year.

a. Market price risk

Each Fund's investment portfolio is exposed to market price fluctuation which are monitored by the Fund Manager in pursuance of the investment objectives and policies. Adherence to investment guidelines and to investment and borrowing powers mitigate the risk of excessive exposure to any particular type of security or issuer.

An increase or decrease in market values will therefore have a direct effect on the value of the investment assets in the portfolio and therefore a proportionate effect on the value of the Fund.

A five per cent increase in the value of the Fund's portfolio would have the effect of increasing the return and net assets as at 28 February by £38,852,200 (2017: £24,411,900). A five per cent decrease would have an equal and opposite effect.

b. Foreign currency risk

A proportion of the net assets of the Fund are denominated in currencies other than Sterling, therefore the balance sheet and total returns can be affected by currency movements. In certain circumstances, the Fund Manager may seek to manage exposure to currency movements by using forward currency contracts.

The Fund does not hedge or otherwise seek to avoid currency movement risk on accrued revenue.

Income received in foreign currencies is converted into Sterling at the exchange rates ruling when the income is received.

A five per cent increase in the value of the Fund's foreign currency exposure would have the effect of increasing the return and net assets as at 28 February by £38,186,850 (2017: £24,207,450). A five per cent decrease would have an equal and opposite effect.

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Global Emerging Markets Equity Income Fund

Notes to the Financial Statements (Continued)

14 Risk Management Policies & Numerical Disclosures (continued)

Currency exposure

The net foreign currency monetary exposure comprises:

	Net foreign currency monetary assets	
	2018	2017
	£'000	£'000
Australian Dollar	2,439	2,273
Brazilian Real	65,281	40,386
Chilean Peso	7,746	0
China Renminbi	3,793	0
Hong Kong Dollar	191,256	114,775
Hungarian Forint	11,657	8,509
Indian Rupee	47,598	42,039
Indonesian Rupiah	19,021	12,168
Malaysian Ringgit	4,210	2,751
Mexican Peso	27,874	18,156
Philippines Peso	0	4,641
Russian Ruble	21,559	21,581
South Africa Rand	51,314	25,664
South Korean Won	82,708	67,119
Taiwan Dollar	74,958	54,345
Thai Baht	28,964	9,191
Turkish Lira	11,707	4,850
US Dollar	111,652	53,360

c. Interest rate risk

Interest receivable on bank deposits or payable on bank overdrafts will be affected by fluctuations in interest rates. The Fund Manager continuously reviews interest rates and inflation expectations. The assessment of this may result in a change in investment strategy.

The interest rate risk profile of the Fund's net financial assets and liabilities is:

	Floating rate financial assets £'000	Financial assets not carrying interest £'000	Total £'000
2018			
Currency			
UK Sterling	18,519	2,625	21,144
Australian Dollar	0	2,439	2,439
Brazilian Real	1	65,280	65,281
Chilean Peso	0	7,746	7,746
China Renminbi	0	3,793	3,793
Hong Kong Dollar	0	191,256	191,256
Hungarian Forint	0	11,657	11,657
Indian Rupee	158	47,440	47,598
Indonesian Rupiah	184	18,837	19,021

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Notes to the Financial Statements (Continued)

14 Risk Management Policies & Numerical Disclosures (continued)

	Floating rate financial assets £'000	Financial assets not carrying interest £'000	Total £'000
2018			
Currency			
Malaysian Ringgit	0	4,210	4,210
Mexican Peso	382	27,492	27,874
Russian Ruble	0	21,559	21,559
South Africa Rand	0	51,314	51,314
South Korean Won	0	82,708	82,708
Taiwan Dollar	6,229	68,729	74,958
Thai Baht	0	28,964	28,964
Turkish Lira	0	11,707	11,707
US Dollar	356	111,296	111,652
2017			
Currency			
UK Sterling	2,402	8,973	11,375
Australian Dollar	0	2,273	2,273
Brazilian Real	0	40,386	40,386
Hong Kong Dollar	1	114,774	114,775
Hungarian Forint	0	8,509	8,509
Indian Rupee	0	42,039	42,039
Indonesian Rupiah	209	11,959	12,168
Malaysian Ringgit	0	2,751	2,751
Mexican Peso	0	18,156	18,156
Philippines Peso	0	4,641	4,641
Russian Ruble	0	21,581	21,581
South Africa Rand	0	25,664	25,664
South Korean Won	0	67,119	67,119
Taiwan Dollar	2	54,343	54,345
Thai Baht	0	9,191	9,191
Turkish Lira	0	4,850	4,850
US Dollar	2,512	50,848	53,360

d. Credit risk

All cash exposures are carefully managed to ensure that money is placed on deposit with counterparties that meet the minimum credit rating deemed appropriate for this Fund. In certain circumstances, the Fund Manager may deliberately invest in securities (e.g. corporate bonds) with a well defined and published credit rating. In this case the Fund would be deliberately taking credit risk in order to seek additional rewards.

e. Liquidity risk

The Fund's assets comprise mainly readily realisable securities. The main liabilities of the Fund are the redemption of any shares that investors wish to sell and the settlement of stock purchases. The Fund Manager reviews the cash and liability position continuously, and should an increase in liquidity be required, the Fund Manager will sell securities.

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Distribution Tables

for the three months ended 31 May 2017

Group 1 - shares purchased prior to 1 March 2017

Group 2 - shares purchased between 1 March 2017 and 31 May 2017

	Net Income 2017 pence per share	Equalisation 2017 pence per share	Distribution paid 2017 pence per share	Distribution paid 2016 pence per share
Retail accumulation				
Group 1	0.2498	-	0.2498*	0.3427
Group 2	0.1896	0.0602	0.2498*	0.3427
Institutional accumulation				
Group 1	0.3436	-	0.3436*	0.4263
Group 2	0.2187	0.1249	0.3436*	0.4263
Retail income				
Group 1	0.4242	-	0.4242**	0.4736
Group 2	0.0873	0.3369	0.4242**	0.4736
Institutional income				
Group 1	0.4368	-	0.4368**	0.4869
Group 2	0.1680	0.2688	0.4368**	0.4869
Standard Life income				
Group 1	0.4582	-	0.4582**	0.4853
Group 2	-	-	-	-
Standard Life accumulation				
Group 1	0.4940	-	0.4940*	0.5196
Group 2	0.1644	0.3296	0.4940*	0.5196
Platform 1 accumulation				
Group 1	0.3333	-	0.3333*	0.4099
Group 2	0.1502	0.1831	0.3333*	0.4099
Platform 1 income				
Group 1	0.4357	-	0.4357**	0.4864
Group 2	0.2125	0.2232	0.4357**	0.4864

* Distribution accumulated on 31 May 2017

** Distribution paid on 31 July 2017

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Global Emerging Markets Equity Income Fund

Distribution Tables (Continued)

for the three months ended 31 August 2017

Group 1 - shares purchased prior to 1 June 2017

Group 2 - shares purchased between 1 June 2017 and 31 August 2017

	Net Income 2017 pence per share	Equalisation 2017 pence per share	Distribution paid 2017 pence per share	Distribution paid 2016 pence per share
Retail accumulation				
Group 1	0.6789	-	0.6789*	0.5194
Group 2	0.1672	0.5117	0.6789*	0.5194
Institutional accumulation				
Group 1	0.7927	-	0.7927*	0.5602
Group 2	0.3273	0.4654	0.7927*	0.5602
Retail income				
Group 1	0.8142	-	0.8142**	0.5962
Group 2	-	0.8142	0.8142**	0.5962
Institutional income				
Group 1	0.8379	-	0.8379**	0.6117
Group 2	0.4544	0.3835	0.8379**	0.6117
Standard Life income				
Group 1	0.8217	-	0.8217**	0.6065
Group 2	-	-	-	-
Standard Life accumulation				
Group 1	0.9155	-	0.9155*	0.6575
Group 2	0.4214	0.4941	0.9155*	-
Platform 1 accumulation				
Group 1	0.7818	-	0.7818*	0.5461
Group 2	0.3814	0.4004	0.7818*	0.5461
Platform 1 income				
Group 1	0.8399	-	0.8399**	0.6128
Group 2	0.3885	0.4514	0.8399**	0.6128

* Distribution accumulated on 31 August 2017

** Distribution paid on 31 October 2017

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Distribution Tables (Continued)

for the three months ended 30 November 2017

Group 1 - shares purchased prior to 1 September 2017

Group 2 - shares purchased between 1 September 2017 and 30 November 2017

	Net Income 2017 pence per share	Equalisation 2017 pence per share	Distribution paid 2017 pence per share	Distribution paid 2016 pence per share
Retail accumulation				
Group 1	0.0805	-	0.0805*	0.0752
Group 2	-	0.0805	0.0805*	0.0752
Institutional accumulation				
Group 1	0.1766	-	0.1766*	0.1487
Group 2	-	0.1766	0.1766*	0.1487
Retail income				
Group 1	0.3016	-	0.3016**	0.2494
Group 2	0.0324	0.2692	0.3016**	0.2494
Institutional income				
Group 1	0.3028	-	0.3028**	0.2541
Group 2	0.0226	0.2802	0.3028**	0.2541
Standard Life income				
Group 1	0.4056	-	0.4056**	0.2524
Group 2	0.1801	0.2255	0.4056**	-
Standard Life accumulation				
Group 1	0.3812	-	0.3812*	0.2649
Group 2	-	0.3812	0.3812*	0.2649
Platform 1 accumulation				
Group 1	0.1610	-	0.1610*	0.1443
Group 2	-	0.1610	0.1610*	0.1443
Platform 1 income				
Group 1	0.3234	-	0.3234**	0.2593
Group 2	0.0245	0.2989	0.3234**	0.2593

* Distribution accumulated on 30 November 2017

** Distribution paid on 31 January 2018

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Distribution Tables (Continued)

for the three months ended 28 February 2018

Group 1 - shares purchased prior to 1 December 2017

Group 2 - shares purchased between 1 December 2017 and 28 February 2018

	Net Income 2018 pence per share	Equalisation 2018 pence per share	Distribution payable 2018 pence per share	Distribution paid 2017 pence per share
Retail accumulation				
Group 1	0.0913	-	0.0913*	0.0777
Group 2	0.0499	0.0414	0.0913*	0.0777
Institutional accumulation				
Group 1	0.2010	-	0.2010*	0.1903
Group 2	0.1812	0.0198	0.2010*	0.1903
Retail income				
Group 1	0.3132	-	0.3132**	0.2876
Group 2	0.1532	0.1600	0.3132**	-
Institutional income				
Group 1	0.3255	-	0.3255**	0.2959
Group 2	0.1917	0.1338	0.3255**	0.2959
Standard Life income				
Group 1	0.2799	-	0.2799**	0.3198
Group 2	-	-	-	-
Standard Life accumulation				
Group 1	0.3218	-	0.3218*	0.3394
Group 2	0.2601	0.0617	0.3218*	0.3394
Platform 1 accumulation				
Group 1	0.1871	-	0.1871*	0.1961
Group 2	0.1044	0.0827	0.1871*	0.1961
Platform 1 income				
Group 1	0.3186	-	0.3186**	0.3047
Group 2	0.1773	0.1413	0.3186**	0.3047

* Distribution accumulated on 28 February 2018

** Distribution payable on 30 April 2018

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Distribution Tables (Continued)

Treatment by Corporate Shareholders (Unaudited)

Corporate shareholders should account for the current year's dividends shown in the distribution table as follows:

	1st Interim Dividend Distribution	2nd Interim Dividend Distribution	3rd Interim Dividend Distribution	Final Dividend Distribution
Treat as a UK corporate dividend	97.09%	100.00%	100.00%	100.00%
Treat as an annual payment net of Income tax at 20%	2.91%	0.00%	0.00%	0.00%

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Global Emerging Markets Equity Unconstrained Fund

Investment Report

Fund Information	
Launch Date	21 October 2014
Closure Date	14 January 2016

All shares in the Fund were redeemed and cancelled. The Fund will formally terminate at a later date after all residual assets and liabilities are settled. The Fund is not open to new investors.

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Global Emerging Markets Equity Unconstrained Fund

Comparative Tables

	Closure 2016+++ pence per share	28 February 2015++ pence per share
Retail accumulation		
Change in net assets per share		
Opening net asset value per share	49.17	50.00
Return before operating charges*	(8.18)	0.17
Operating charges**	(0.91)	(1.00)
Return after operating charges*	(9.09)	(0.83)
Redemption Value of shares at 14 January	40.08	0.00
Closing net asset value per share	0.00	49.17
Retained distributions on accumulation share	0.00	0.00
* after direct transaction costs of:***	0.20	0.11
Performance+		
Return after charges	-18.49%	-1.66%
Other information		
Closing net asset value (£'000)	0	1
Closing number of shares	0	2,200
Operating charges****	1.98%	1.99%
Direct transaction costs***	0.43%	0.22%
Prices		
Highest share price	54.64	52.03
Lowest share price	38.50	46.73

** The operating charges include all costs borne by the Fund, except for direct transaction costs.

*** The direct transaction costs are made up of: fees and commissions paid to agents, advisers, brokers and dealers, levies by regulatory agencies and securities exchanges as well as transfer taxes and duties.

**** The operating charges percentage is the equivalent of the ongoing charges figure per the prior year accounts. It shows the annualised operating expenses of the share class as a percentage of the average net asset value of the class over the same period.

+ The performance figures are calculated by taking the value of the share class per the financial statements compared to the value per the financial statements in the prior year. This figure may differ from the performance figure quoted in the Investment Report. The Investment Report performance figure is calculated using the last available published price for a given share class in the period compared to the equivalent for the prior period. The published price may contain an adjustment for dilution in accordance with the Fund pricing policy, while the price per the financial statements values the Fund on a bid-price basis. The financial statements share class valuation is based on close of business market prices on the last day of the period, again this may differ from the intra-day pricing point of the Fund which is used in the published share class price.

++ From launch of the Fund on 21 October 2014.

+++ To closure of the Fund on 14 January 2016.

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Comparative Tables (Continued)

	Closure 2016+++ pence per share	28 February 2015++ pence per share
Institutional accumulation		
Change in net assets per share		
Opening net asset value per share	49.32	50.00
Return before operating charges*	(8.37)	(0.18)
Operating charges**	(0.45)	(0.50)
Return after operating charges*	(8.82)	(0.68)
Redemption Value of shares at 14 January	(40.50)	0.00
Closing net asset value per share	0.00	49.32
Retained distributions on accumulation share	0.00	0.03
* after direct transaction costs of:***	0.00	0.11
Performance+		
Return after charges	-17.88%	-1.36%
Other information		
Closing net asset value (£'000)	0	20,685
Closing number of shares	0	41,943,230
Operating charges****	0.98%	0.99%
Direct transaction costs***	0.45%	0.22%
Prices		
Highest share price	54.84	52.07
Lowest share price	38.77	46.79

** The operating charges include all costs borne by the Fund, except for direct transaction costs.

*** The direct transaction costs are made up of: fees and commissions paid to agents, advisers, brokers and dealers, levies by regulatory agencies and securities exchanges as well as transfer taxes and duties.

**** The operating charges percentage is the equivalent of the ongoing charges figure per the prior year accounts. It shows the annualised operating expenses of the share class as a percentage of the average net asset value of the class over the same period.

+ The performance figures are calculated by taking the value of the share class per the financial statements compared to the value per the financial statements in the prior year. This figure may differ from the performance figure quoted in the Investment Report. The Investment Report performance figure is calculated using the last available published price for a given share class in the period compared to the equivalent for the prior period. The published price may contain an adjustment for dilution in accordance with the Fund pricing policy, while the price per the financial statements values the Fund on a bid-price basis. The financial statements share class valuation is based on close of business market prices on the last day of the period, again this may differ from the intra-day pricing point of the Fund which is used in the published share class price.

++ From launch of the Fund on 21 October 2014.

+++ To closure of the Fund on 14 January 2016.

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Comparative Tables (Continued)

	Closure 2016+++ pence per share	28 February 2015++ pence per share
Standard Life accumulation		
Change in net assets per share		
Opening net asset value per share	49.46	50.00
Return before operating charges*	(8.48)	(0.44)
Operating charges**	(0.08)	(0.10)
Return after operating charges*	(8.56)	(0.54)
Redemption Value of shares at 14 January	(40.90)	0.00
Closing net asset value per share	0.00	49.46
Retained distributions on accumulation share	0.00	0.18
* after direct transaction costs of:***	0.20	0.11
Performance+		
Return after charges	-17.31%	-1.08%
Other information		
Closing net asset value (£'000)	0	18
Closing number of shares	0	35,982
Operating charges****	0.18%	0.19%
Direct transaction costs***	0.43%	0.22%
Prices		
Highest share price	55.05	52.12
Lowest share price	39.04	46.85

** The operating charges include all costs borne by the Fund, except for direct transaction costs.

*** The direct transaction costs are made up of: fees and commissions paid to agents, advisers, brokers and dealers, levies by regulatory agencies and securities exchanges as well as transfer taxes and duties.

**** The operating charges percentage is the equivalent of the ongoing charges figure per the prior year accounts. It shows the annualised operating expenses of the share class as a percentage of the average net asset value of the class over the same period.

+ The performance figures are calculated by taking the value of the share class per the financial statements compared to the value per the financial statements in the prior year. This figure may differ from the performance figure quoted in the Investment Report. The Investment Report performance figure is calculated using the last available published price for a given share class in the period compared to the equivalent for the prior period. The published price may contain an adjustment for dilution in accordance with the Fund pricing policy, while the price per the financial statements values the Fund on a bid-price basis. The financial statements share class valuation is based on close of business market prices on the last day of the period, again this may differ from the intra-day pricing point of the Fund which is used in the published share class price.

++ From launch of the Fund on 21 October 2014.

+++ To closure of the Fund on 14 January 2016.

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Comparative Tables (Continued)

	Closure 2016+++ pence per share	28 February 2015++ pence per share
Platform 1 accumulation		
Change in net assets per share		
Opening net asset value per share	49.29	50.00
Return before operating charges*	(8.33)	(0.09)
Operating charges**	(0.57)	(0.62)
Return after operating charges*	(8.90)	(0.71)
Redemption Value of shares at 14 January	(40.39)	0.00
Closing net asset value per share	0.00	49.29
* after direct transaction costs of:***	0.20	0.11
Performance+		
Return after charges	-18.06%	-1.42%
Other information		
Closing net asset value (£'000)	0	41
Closing number of shares	0	83,855
Operating charges****	1.23%	1.24%
Direct transaction costs***	0.43%	0.22%
Prices		
Highest share price	54.80	52.07
Lowest share price	38.71	46.78

** The operating charges include all costs borne by the Fund, except for direct transaction costs.

*** The direct transaction costs are made up of: fees and commissions paid to agents, advisers, brokers and dealers, levies by regulatory agencies and securities exchanges as well as transfer taxes and duties.

**** The operating charges percentage is the equivalent of the ongoing charges figure per the prior year accounts. It shows the annualised operating expenses of the share class as a percentage of the average net asset value of the class over the same period.

+ The performance figures are calculated by taking the value of the share class per the financial statements compared to the value per the financial statements in the prior year. This figure may differ from the performance figure quoted in the Investment Report. The Investment Report performance figure is calculated using the last available published price for a given share class in the period compared to the equivalent for the prior period. The published price may contain an adjustment for dilution in accordance with the Fund pricing policy, while the price per the financial statements values the Fund on a bid-price basis. The financial statements share class valuation is based on close of business market prices on the last day of the period, again this may differ from the intra-day pricing point of the Fund which is used in the published share class price.

++ From launch of the Fund on 21 October 2014.

+++ To closure of the Fund on 14 January 2016.

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Portfolio Statement as at 28 February 2018

		Bid-market value £'000	Percentage of total net assets
Holding	Investment		
China (0.00%)		0	0.00
5,196,000	Tianhe Chemicals*	0	0.00
Total investment assets		0	0.00
Net other assets		0	0.00
Total Net Assets		0	0.00

All investments are listed on recognised stock exchanges and are approved securities within the meaning of the FCA rules unless otherwise stated.

The percentage figures in brackets show the comparative holding as at 28 February 2017.

* Suspended

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Financial Statements

Statement of Total Return

for the year ended 28 February 2018

	Note	£'000	2018 £'000	£'000	2017 £'000
Income:					
Net capital losses	2		0		(7)
Revenue	4	0		18	
Expenses	5	0		(10)	
Net revenue before taxation		0		8	
Taxation	6	0		(5)	
Net revenue after taxation			0		3
Total return before distributions			0		(4)
Distributions	7		0		0
Change in net assets attributable to shareholders from investment activities			0		(4)

Statement of Change in Net Assets Attributable to Shareholders

for the year ended 28 February 2018

	£'000	2018 £'000	£'000	2017 £'000
Opening net assets attributable to shareholders		0		0
Amounts receivable on issue of shares	0		0	
Amounts payable on cancellation of shares	0		0	
		0		0
Dilution adjustment		0		0
Change in net assets attributable to shareholders from investment activities (see above)		0		(4)
Change in provision for Fund closure		0		4
Closing net assets attributable to shareholders		0		0

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Financial Statements (Continued)

Balance Sheet

as at 28 February 2018

	Note	£'000	2018 £'000	£'000	2017 £'000
Assets:					
Current assets:					
Debtors		0		0	
Cash and bank balances		4		9	
			4		9
Total assets			4		9
Liabilities:					
Creditors	8	(4)		(9)	
			(4)		(9)
Total liabilities			(4)		(9)
Net assets attributable to shareholders			0		0

Standard Life Investment Company

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Global Emerging Markets Equity Unconstrained Fund

Notes to the Financial Statements

1 Accounting policies

Please refer to pages 11 to 12 for notes on accounting policies.

2 Net Capital Losses

	2018 £'000	2017 £'000
Non-derivative securities	0	(6)
Handling charges taken from the capital account	0	(1)
Net capital losses	0	(7)

3 Transaction Costs

	2018 £'000	2017 £'000
Equity Purchases, Sales and Transaction Costs		
Purchases in year before transaction costs	0	0
Commissions	0	0
Taxes & Other Fees	0	0
Total purchase transaction costs	0	0
Purchases including transaction costs	0	0
Gross sales before transaction costs	0	0
Commissions	0	0
Taxes & Other Fees	0	0
Total sale transaction costs	0	0
Total sales net of transaction costs	0	0

	2018 % Transaction	2017 % Transaction
Equity Transaction Cost as a % of total Purchases & Sales		
Purchases		
Commissions	0.00%	0.00%
Taxes & Other Fees	0.00%	0.00%
Sales		
Commissions	0.00%	0.00%
Taxes & Other Fees	0.00%	0.00%

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Global Emerging Markets Equity Unconstrained Fund

Notes to the Financial Statements (Continued)

3 Transaction Costs (continued)

	2018 % Average NAV	2017 % Average NAV
Equity Purchases, Sales Analysis to Average NAV		
Purchases		
Commissions	0.00%	0.00%
Taxes & Other Fees	0.00%	0.00%
Sales		
Commissions	0.00%	0.00%
Taxes & Other Fees	0.00%	0.00%

During the year the total purchases and sales across different major assets classes are as per below table.

	2018 £'000	2017 £'000
Purchases		
Equities	0	0
Sales		
Equities	0	0

4 Revenue

	2018 £'000	2017 £'000
Overseas dividends	0	17
Other	0	1
Total revenue	0	18

5 Expenses

	2018 £'000	2017 £'000
Other:		
Audit fee	8	8
Legal expenses	0	2
Total expenses	8	10

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Global Emerging Markets Equity Unconstrained Fund

Notes to the Financial Statements (Continued)

6 Taxation

	2018 £'000	2017 £'000
(a) Analysis of charge in the year		
Overseas withholding tax	0	5
Total taxation	0	5
(b) Factors affecting current tax charge for year		
The tax assessed for the year is lower than the standard rate of corporation tax for Open-Ended Investment Companies 'OEICs' (20%). The differences are explained below:		
Net revenue before taxation	0	8
Corporation tax at 20% (2017: 20%)	0	1
Effects of:		
Non taxable overseas dividends	0	(3)
Overseas withholding tax	0	5
Excess allowable expenses	0	2
Current tax charge (Note 6(a))	0	5

Authorised Open-Ended Investment Companies are exempt from tax on capital gains in the UK. Therefore, any capital return is not included in the above reconciliation.

(c) Factors that may affect future tax charge

At the year end, after offset against revenue taxable on receipt, there is a potential deferred tax asset of £51,000 (2017: £51,000) due to surplus expenses. It is unlikely that the Fund will generate sufficient axable profits to utilise these amounts and therefore no deferred tax asset has been recognised in the year or the prior year.

7 Distributions

(a) The distribution takes account of income received on the issue of shares and income deducted on the cancellation of shares and comprises:

	2018 £'000	2017 £'000
Net distribution for the year	0	0

Details of the distribution per share are set out in this Fund's distribution tables.

(b) Difference between net revenue and distribution

Net revenue after taxation for the year	0	3
Add: Revenue transferred to capital	0	(3)
Net distribution for the year	0	0

8 Creditors

	2017 £'000	2016 £'000
Other accrued expenses	2	8
Residual payment due in respect of ongoing Fund closure	2	1
Total creditors	4	9

Standard Life Investment Company Annual Report & Financial Statements

Global Equity Income Fund

Investment Report

Fund Information	
Fund Manager	Kevin Troup
Launch Date	1 May 1986
Benchmark	IA Global Equity Income Sector

Investment objective

The objective of the Fund is to provide income with some capital appreciation over the longer term.

Investment policy

The investment policy of the Fund is to invest mostly in a focused portfolio of high yielding global equities, equity type investments and fixed interest securities. "Equity type investments" will include convertible stocks, stock exchange listed warrants, Depositary Receipts and any other such investments which entitle the holder to subscribe for or convert into the equity of the company and/or where the share price performance is, in the opinion of the ACD, influenced significantly by the stock market performance of the company's ordinary shares. The Fund may also invest in other transferable securities, money-market instruments, deposits, cash and near cash, derivatives and collective investment schemes.

Risk

The diversified nature of the portfolio makes it suitable for investors wishing to achieve a broad spread of equity exposure at a country and sector level. The investor must be able to accept significant temporary losses due to the volatile nature of equity markets and should therefore have an investment time horizon of at least 5 years.

Performance Review

During the period under review, the Fund returned 1.6% (platform 1, accumulation shares), compared with the IA Global Equity Income sector return of 4.4% (source: Morningstar, basic-rate taxpayer, bid-to-bid basis).

It was a challenging year for the Fund, with poor stock selection in the consumer discretionary, consumer staples, financial and industrials sectors outweighing positive choices elsewhere in the portfolio.

US consumer group Newell Brands struggled after it issued a profit warning. This was due to a retail client de-stocking its inventory, the fallout from customer bankruptcies and production delays due to hurricane damage. Newell's management responded by announcing that it was selling the commercial brands of Jarden (the company it bought) and would instead focus on consumer brands. This was a surprise to us and we have since sold the position. A position in Kraft Heinz weighed on relative Fund performance. The company's recent results were slightly disappointing on the revenue side, as organic sales declined in a tough market environment. Margins were also slightly weaker. Meanwhile, investors also expressed concerns about the Amazon/Whole Foods

merger. This is clearly a challenge; however, we still expect positive synergies from the Kraft Heinz merger, while there is scope for the company to undertake earnings-appreciative deals. As such, we continue to hold the stock. Positions in Altria Group, Babcock and our lack of exposure to Amazon also weighed on relative returns.

On a more positive note, the Fund's holding in ASR Nederland performed well. The company, which is among the top-five insurers in the Netherlands, writes a mixture of life and non-life business. Our original investment case was based on the strength of its balance sheet at a time of significant change in the Dutch insurance market. This gave it an advantage over weaker rivals such as Aegon and Achmea. After initial scepticism, market participants have started to appreciate these factors and the share price has climbed in response. In the US, pharmaceutical group Abbvie performed well thanks to strong Q4 results. Its 2018 guidance was also more positive than forecast, driven by robust operational metrics and the prospective lift from tax reforms. Additional positives included Cisco Systems, TUI and Anta Sports.

Investment activity

Despite a challenging year, the Fund has performed well over the medium to long-term. This performance has been achieved through our fundamental company-specific investment approach. Overall, we aim to deliver a premium level of income, and look to grow that income stream over the medium term, while also delivering some capital growth. As such, while we acknowledge that last year was difficult, we think that by building a portfolio based on our company insights, we can deliver for our clients as we move through 2018 and beyond.

With that in mind, we recently purchased shares in Marvell Technology, a US-listed semiconductor company. We believe that consensus forecasts are not accurately modelling the potential revenue synergies from its deal to acquire Cavium, a company that has similar end-markets but little customer overlap. We therefore see potential for higher revenue growth and margin expansion. This should lead to earnings upgrades and the stock re-rating. Siltronic is a German-listed manufacturer of silicon wafers for the semiconductor industry. Our non-consensus view is that we expect to see significant operating leverage this year, as wafer pricing remains elevated thanks to favourable supply/demand dynamics. In addition, competitor behaviour suggests capacity discipline should last longer than market participants are currently pricing.

On the sell side, we exited Activision Blizzard after a strong run for this US games software firm. The digital distribution investment angle allowing better margins and in-game monetisation revenue is now better understood by investors, and the once-marginal eSports offering is now perceived as a clear positive. We therefore took profits ahead of a more competitive year in 2018, which will see the launch of numerous 'triple-A' game titles. In Korea, we started to sell leading telecoms company KT Corporation. Its fourth-quarter earnings release showed that, in order to avoid direct regulator-set tariffs, the company had to offer far more generous concessions to the government than we previously envisaged. This demonstrated how challenging it is to forecast earnings in the sector and so we will use our capital elsewhere.

Standard Life Investment Company

Annual Report & Financial Statements

Global Equity Income Fund

Investment Report (Continued)

Synthetic Risk & Reward Indicator



This indicator reflects the volatility of the Fund’s share price over the last five years which in turn reflects the volatility of the underlying assets in which the Fund invests. Historical data may not be a reliable indication of the future.

The current rating, which is the same for all share classes, is not guaranteed and may change if the volatility of the assets in which the Fund invests changes. The lowest rating does not mean risk free.

All investment involves risk. This Fund offers no guarantee against loss or that the Fund’s objective will be attained. For further information on the risks that may not be fully captured by the risk and reward indicator, please refer to the current Key Investor Information Document (KIID).

Cautionary note

It should be remembered that past performance is not a guide to future performance. The value of investments may go down as well as up and, therefore, investors may not get back the amount originally invested.

Standard Life Investment Company

Annual Report & Financial Statements

Global Equity Income Fund

Comparative Tables

	2018 pence per share	2017 pence per share	2016 pence per share
Retail accumulation - Founder			
Change in net assets per share			
Opening net asset value per share	258.98	206.34	203.13
Return before operating charges*	5.01	55.16	5.43
Operating charges**	(2.78)	(2.52)	(2.22)
Return after operating charges*	2.23	52.64	3.21
Distributions	(4.28)	(4.91)	(4.03)
Retained distributions on accumulation share	4.28	4.91	4.03
Closing net asset value per share	261.21	258.98	206.34
* after direct transaction costs of:***	0.35	0.36	0.24
Performance+			
Return after charges	0.86%	25.51%	1.58%
Other information			
Closing net asset value (£'000)	87,965	95,292	83,119
Closing number of shares	33,675,927	36,794,983	40,282,194
Operating charges****	1.04%	1.08%	1.08%
Direct transaction costs***	0.13%	0.15%	0.12%
Prices			
Highest share price	276.1	258.8	216.9
Lowest share price	251.9	207.1	189.6

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Standard Life Investment Company

Annual Report & Financial Statements

Global Equity Income Fund

Comparative Tables (Continued)

	2018 pence per share	2017 pence per share	2016 pence per share
Institutional accumulation - Founder			
Change in net assets per share			
Opening net asset value per share	281.47	223.29	218.83
Return before operating charges*	5.44	59.77	5.86
Operating charges**	(1.81)	(1.59)	(1.40)
Return after operating charges*	3.63	58.18	4.46
Distributions	(5.88)	(6.42)	(5.35)
Retained distributions on accumulation share	5.88	6.42	5.35
Closing net asset value per share	285.10	281.47	223.29
* after direct transaction costs of:***	0.38	0.39	0.26
Performance+			
Return after charges	1.29%	26.06%	2.04%
Other information			
Closing net asset value (£'000)	7,718	8,176	6,541
Closing number of shares	2,707,210	2,904,760	2,929,398
Operating charges****	0.62%	0.63%	0.63%
Direct transaction costs***	0.13%	0.15%	0.12%
Prices			
Highest share price	301.2	281.5	233.7
Lowest share price	274.8	224.1	204.6

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Global Equity Income Fund

Comparative Tables (Continued)

	2018 pence per share	2017 pence per share	2016 pence per share
Retail income - Founder			
Change in net assets per share			
Opening net asset value per share	83.97	69.03	70.02
Return before operating charges*	1.68	18.18	1.86
Operating charges**	(0.89)	(0.83)	(0.75)
Return after operating charges*	0.79	17.35	1.11
Distributions	(2.24)	(2.41)	(2.10)
Closing net asset value per share	82.52	83.97	69.03
* after direct transaction costs of:***	0.11	0.12	0.08
Performance+			
Return after charges	0.94%	25.13%	1.59%
Other information			
Closing net asset value (£'000)	861	811	620
Closing number of shares	1,043,788	965,803	898,658
Operating charges****	1.04%	1.08%	1.08%
Direct transaction costs***	0.13%	0.16%	0.11%
Prices			
Highest share price	88.15	84.36	74.76
Lowest share price	79.94	69.33	64.10

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Standard Life Investment Company

Annual Report & Financial Statements

Global Equity Income Fund

Comparative Tables (Continued)

	2018 pence per share	2017 pence per share	2016 pence per share
Institutional income - Founder			
Change in net assets per share			
Opening net asset value per share	85.98	70.38	71.06
Return before operating charges*	1.69	18.55	1.91
Operating charges**	(0.55)	(0.49)	(0.45)
Return after operating charges*	1.14	18.06	1.46
Distributions	(2.28)	(2.46)	(2.14)
Closing net asset value per share	84.84	85.98	70.38
* after direct transaction costs of:***	0.12	0.12	0.08
Performance+			
Return after charges	1.33%	25.66%	2.05%
Other information			
Closing net asset value (£'000)	261	624	662
Closing number of shares	307,376	726,255	940,629
Operating charges****	0.62%	0.63%	0.63%
Direct transaction costs***	0.13%	0.15%	0.11%
Prices			
Highest share price	90.37	86.37	75.92
Lowest share price	82.16	70.68	65.35

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Global Equity Income Fund

Comparative Tables (Continued)

	2018 pence per share	2017 pence per share	2016 pence per share
Standard Life income			
Change in net assets per share			
Opening net asset value per share	85.49	69.57	69.84
Return before operating charges*	2.27	18.36	1.85
Operating charges**	(0.04)	(0.04)	(0.03)
Return after operating charges*	2.23	18.32	1.82
Distributions	(2.14)	(2.40)	(2.09)
Closing net asset value per share	85.58	85.49	69.57
* after direct transaction costs of:***	0.11	0.12	0.08
Performance+			
Return after charges	2.61%	26.33%	2.61%
Other information			
Closing net asset value (£'000)	2	14,756	12,007
Closing number of shares	2,000	17,260,431	17,260,431
Operating charges****	0.04%	0.05%	0.05%
Direct transaction costs***	0.13%	0.15%	0.11%
Prices			
Highest share price	90.43	85.89	74.66
Lowest share price	83.75	69.87	64.56

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Global Equity Income Fund

Comparative Tables (Continued)

	2018 pence per share	2017 pence per share	2016 pence per share
Standard Life accumulation			
Change in net assets per share			
Opening net asset value per share	83.59	66.72	65.06
Return before operating charges*	2.52	16.97	1.75
Operating charges**	(0.11)	(0.10)	(0.09)
Return after operating charges*	2.41	16.87	1.66
Distributions	(2.21)	(1.85)	(1.92)
Retained distributions on accumulation share	2.21	1.85	1.92
Closing net asset value per share	86.00	83.59	66.72
* after direct transaction costs of:***	0.11	0.12	0.08
Performance+			
Return after charges	2.88%	25.28%	2.55%
Other information			
Closing net asset value (£'000)	400	379	242
Closing number of shares	465,580	453,131	362,224
Operating charges****	0.12%	0.13%	0.13%
Direct transaction costs***	0.13%	0.16%	0.12%
Prices			
Highest share price	90.78	84.46	69.53
Lowest share price	82.75	66.97	60.99

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Standard Life Investment Company

Annual Report & Financial Statements

Global Equity Income Fund

Comparative Tables (Continued)

	2018 pence per share	2017 pence per share	2016 pence per share
Retail accumulation			
Change in net assets per share			
Opening net asset value per share	96.58	77.19	76.41
Return before operating charges*	1.87	20.57	2.04
Operating charges**	(1.33)	(1.18)	(1.26)
Return after operating charges*	0.54	19.39	0.78
Distributions	(1.30)	(1.57)	(1.09)
Retained distributions on accumulation share	1.30	1.57	1.09
Closing net asset value per share	97.12	96.58	77.19
* after direct transaction costs of:***	0.13	0.13	0.09
Performance+			
Return after charges	0.56%	25.12%	1.02%
Other information			
Closing net asset value (£'000)	9,443	10,461	7,730
Closing number of shares	9,721,951	10,831,093	10,014,192
Operating charges****	1.34%	1.35%	1.63%
Direct transaction costs***	0.13%	0.15%	0.12%
Prices			
Highest share price	102.7	96.51	81.52
Lowest share price	93.67	77.48	71.11

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Standard Life Investment Company

Annual Report & Financial Statements

Global Equity Income Fund

Comparative Tables (Continued)

	2018 pence per share	2017 pence per share	2016 pence per share
Institutional accumulation			
Change in net assets per share			
Opening net asset value per share	100.28	79.75	78.35
Return before operating charges*	1.93	21.32	2.10
Operating charges**	(0.90)	(0.79)	(0.70)
Return after operating charges*	1.03	20.53	1.40
Distributions	(1.84)	(2.07)	(1.71)
Retained distributions on accumulation share	1.84	2.07	1.71
Closing net asset value per share	101.31	100.28	79.75
* after direct transaction costs of:***	0.14	0.14	0.09
Performance+			
Return after charges	1.03%	25.74%	1.79%
Other information			
Closing net asset value (£'000)	7,143	5,080	2,614
Closing number of shares	7,050,840	5,065,519	3,277,574
Operating charges****	0.87%	0.88%	0.88%
Direct transaction costs***	0.13%	0.15%	0.11%
Prices			
Highest share price	107.1	100.2	83.67
Lowest share price	97.68	80.05	73.19

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Standard Life Investment Company

Annual Report & Financial Statements

Global Equity Income Fund

Comparative Tables (Continued)

	2018 pence per share	2017 pence per share	2016 pence per share
Retail income			
Change in net assets per share			
Opening net asset value per share	81.87	67.50	68.85
Return before operating charges*	1.61	17.73	1.83
Operating charges**	(1.12)	(1.01)	(1.12)
Return after operating charges*	0.49	16.72	0.71
Distributions	(2.15)	(2.35)	(2.06)
Closing net asset value per share	80.21	81.87	67.50
* after direct transaction costs of:***	0.11	0.12	0.08
Performance+			
Return after charges	0.60%	24.77%	1.03%
Other information			
Closing net asset value (£'000)	325	719	567
Closing number of shares	405,525	878,112	839,443
Operating charges****	1.34%	1.35%	1.63%
Direct transaction costs***	0.13%	0.16%	0.12%
Prices			
Highest share price	85.86	82.24	73.47
Lowest share price	77.69	67.79	62.70

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Standard Life Investment Company

Annual Report & Financial Statements

Global Equity Income Fund

Comparative Tables (Continued)

	2018 pence per share	2017 pence per share	2016 pence per share
Institutional income			
Change in net assets per share			
Opening net asset value per share	84.93	69.68	70.53
Return before operating charges*	1.67	18.36	1.88
Operating charges**	(0.75)	(0.68)	(0.62)
Return after operating charges*	0.92	17.68	1.26
Distributions	(2.26)	(2.43)	(2.11)
Closing net asset value per share	83.59	84.93	69.68
* after direct transaction costs of:***	0.11	0.12	0.08
Performance+			
Return after charges	1.08%	25.37%	1.79%
Other information			
Closing net asset value (£'000)	907	1,376	765
Closing number of shares	1,085,499	1,619,975	1,098,556
Operating charges****	0.87%	0.88%	0.88%
Direct transaction costs***	0.13%	0.15%	0.11%
Prices			
Highest share price	89.19	85.32	75.33
Lowest share price	80.97	69.98	64.70

** The operating charges include all costs borne by the Fund, except for direct transaction costs.

*** The direct transaction costs are made up of: fees and commissions paid to agents, advisers, brokers and dealers, levies by regulatory agencies and securities exchanges as well as transfer taxes and duties.

**** The operating charges percentage is the equivalent of the ongoing charges figure per the prior year accounts. It shows the annualised operating expenses of the share class as a percentage of the average net asset value of the class over the same period.

+ The performance figures are calculated by taking the value of the shareclass per the financial statements compared to the value per the financial statements in the prior year. This figure may differ from the performance figure quoted in the Investment Report. The Investment Report performance figure is calculated using the last available published price for a given shareclass in the period compared to the equivalent for the prior period. The published price may contain an adjustment for dilution in accordance with the Fund pricing policy, while the price per the financial statements values the Fund on a bid-price basis. The financial statements shareclass valuation is based on close of business market prices on the last day of the period, again this may differ from the intra-day pricing point of the Fund which is used in the published shareclass price.

Standard Life Investment Company

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Global Equity Income Fund

Comparative Tables (Continued)

	2018 pence per share	2017 pence per share	2016 pence per share
Platform 1 accumulation			
Change in net assets per share			
Opening net asset value per share	98.16	78.10	76.78
Return before operating charges*	1.89	20.88	2.04
Operating charges**	(0.93)	(0.82)	(0.72)
Return after operating charges*	0.96	20.06	1.32
Distributions	(1.75)	(1.98)	(1.64)
Retained distributions on accumulation share	1.75	1.98	1.64
Closing net asset value per share	99.12	98.16	78.10
* after direct transaction costs of:***	0.13	0.14	0.09
Performance+			
Return after charges	0.98%	25.69%	1.72%
Other information			
Closing net asset value (£'000)	24,759	23,869	13,826
Closing number of shares	24,977,958	24,315,599	17,701,367
Operating charges****	0.92%	0.93%	0.93%
Direct transaction costs***	0.13%	0.16%	0.12%
Prices			
Highest share price	104.8	98.09	81.98
Lowest share price	95.57	78.40	71.70

** The operating charges include all costs borne by the Fund, except for direct transaction costs.

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**** The operating charges percentage is the equivalent of the ongoing charges figure per the prior year accounts. It shows the annualised operating expenses of the share class as a percentage of the average net asset value of the class over the same period.

+ The performance figures are calculated by taking the value of the shareclass per the financial statements compared to the value per the financial statements in the prior year. This figure may differ from the performance figure quoted in the Investment Report. The Investment Report performance figure is calculated using the last available published price for a given shareclass in the period compared to the equivalent for the prior period. The published price may contain an adjustment for dilution in accordance with the Fund pricing policy, while the price per the financial statements values the Fund on a bid-price basis. The financial statements shareclass valuation is based on close of business market prices on the last day of the period, again this may differ from the intra-day pricing point of the Fund which is used in the published shareclass price.

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Global Equity Income Fund

Comparative Tables (Continued)

	2018 pence per share	2017 pence per share	2016 pence per share
Platform 1 income			
Change in net assets per share			
Opening net asset value per share	84.61	69.45	70.33
Return before operating charges*	1.67	18.31	1.88
Operating charges**	(0.79)	(0.72)	(0.65)
Return after operating charges*	0.88	17.59	1.23
Distributions	(2.25)	(2.43)	(2.11)
Closing net asset value per share	83.24	84.61	69.45
* after direct transaction costs of:***	0.11	0.12	0.08
Performance+			
Return after charges	1.04%	25.33%	1.75%
Other information			
Closing net asset value (£'000)	7,065	7,356	4,575
Closing number of shares	8,487,064	8,694,031	6,587,762
Operating charges****	0.92%	0.93%	0.93%
Direct transaction costs***	0.13%	0.15%	0.11%
Prices			
Highest share price	88.85	85.00	75.12
Lowest share price	80.63	69.75	64.49

** The operating charges include all costs borne by the Fund, except for direct transaction costs.

*** The direct transaction costs are made up of: fees and commissions paid to agents, advisers, brokers and dealers, levies by regulatory agencies and securities exchanges as well as transfer taxes and duties.

**** The operating charges percentage is the equivalent of the ongoing charges figure per the prior year accounts. It shows the annualised operating expenses of the share class as a percentage of the average net asset value of the class over the same period.

+ The performance figures are calculated by taking the value of the shareclass per the financial statements compared to the value per the financial statements in the prior year. This figure may differ from the performance figure quoted in the Investment Report. The Investment Report performance figure is calculated using the last available published price for a given shareclass in the period compared to the equivalent for the prior period. The published price may contain an adjustment for dilution in accordance with the Fund pricing policy, while the price per the financial statements values the Fund on a bid-price basis. The financial statements shareclass valuation is based on close of business market prices on the last day of the period, again this may differ from the intra-day pricing point of the Fund which is used in the published shareclass price.

Standard Life Investment Company

Annual Report & Financial Statements

Global Equity Income Fund

Comparative Tables (Continued)

	2018 pence per share	2017 pence per share	2016 pence per share
Institutional A accumulation++			
Change in net assets per share			
Opening net asset value per share	63.22	50.61	50.00
Return before operating charges*	1.26	13.54	0.68
Operating charges**	(1.07)	(0.93)	(0.07)
Return after operating charges*	0.19	12.61	0.61
Distributions	(0.67)	(0.89)	(0.06)
Retained distributions on accumulation share	0.67	0.89	0.06
Closing net asset value per share	63.41	63.22	50.61
* after direct transaction costs of:***	0.09	0.09	0.01
Performance+			
Return after charges	0.30%	24.92%	1.22%
Other information			
Closing net asset value (£'000)	1	1	1
Closing number of shares	2,200	2,200	2,200
Operating charges****	1.62%	1.63%	1.63%
Direct transaction costs***	0.13%	0.16%	0.02%
Prices			
Highest share price	67.08	63.18	51.29
Lowest share price	61.17	50.80	46.76

** The operating charges include all costs borne by the Fund, except for direct transaction costs.

*** The direct transaction costs are made up of: fees and commissions paid to agents, advisers, brokers and dealers, levies by regulatory agencies and securities exchanges as well as transfer taxes and duties.

**** The operating charges percentage is the equivalent of the ongoing charges figure per the prior year accounts. It shows the annualised operating expenses of the share class as a percentage of the average net asset value of the class over the same period.

+ The performance figures are calculated by taking the value of the shareclass per the financial statements compared to the value per the financial statements in the prior year. This figure may differ from the performance figure quoted in the Investment Report. The Investment Report performance figure is calculated using the last available published price for a given shareclass in the period compared to the equivalent for the prior period. The published price may contain an adjustment for dilution in accordance with the Fund pricing policy, while the price per the financial statements values the Fund on a bid-price basis. The financial statements shareclass valuation is based on close of business market prices on the last day of the period, again this may differ from the intra-day pricing point of the Fund which is used in the published shareclass price.

++ Shareclass launched on 27 January 2016.

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Global Equity Income Fund

Portfolio Statement as at 28 February 2018

Holding	Investment	Market value £'000	Percentage of total net assets
Emerging Market Equities (0.51%)		2,731	1.86
Brazil (0.51%)		2,731	1.86
331,931	Banco Bradesco	2,731	1.86
European Equities (23.27%)		35,570	24.22
Denmark (3.91%)		4,014	2.73
52,692	Danske Bank	1,543	1.05
32,524	Pandora	2,471	1.68
Finland (2.13%)		5,748	3.91
57,587	Kesko	2,432	1.65
46,755	Kone	1,760	1.20
367,919	Nokia	1,556	1.06
France (2.22%)		5,676	3.87
111,644	AXA	2,556	1.74
14,801	Michelin	1,659	1.13
118,409	Orange	1,461	1.00
Germany (1.92%)		2,747	1.87
82,632	Infineon Technology	1,638	1.12
10,325	Siltronic	1,109	0.75
Ireland (1.81%)		2,529	1.72
29,859	Paddy Power Betfair	2,529	1.72
Italy (1.31%)		2,165	1.47
511,822	Enel	2,165	1.47
Netherlands (1.42%)		4,541	3.09
74,243	ASR Nederland	2,428	1.65
73,342	Philips Lighting	2,113	1.44

Standard Life Investment Company

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Global Equity Income Fund

Portfolio Statement as at 28 February 2018 (Continued)

			Market value £'000	Percentage of total net assets
Holding	Investment			
Portugal (2.24%)			2,552	1.74
193,914	Galp Energia		2,552	1.74
Sweden (3.36%)			3,751	2.56
267,301	Nordea Bank		2,215	1.51
83,843	Swedbank		1,536	1.05
Switzerland (2.95%)			1,847	1.26
7,708	Zurich		1,847	1.26
Japanese Equities (5.39%)			10,664	7.26
2,087	GLP J-REIT		1,600	1.09
393,589	JXTG Holdings		1,756	1.20
502,702	Mitsubishi UFJ Financial		2,606	1.77
15,237	Murata Manufacturing		1,553	1.06
161,695	Orix		2,100	1.43
34,582	Seven & I		1,049	0.71
North American Equities (53.34%)			68,718	46.79
Bermuda (0.00%)			2,354	1.60
138,006	Marvell Technology		2,354	1.60
Canada (0.00%)			351	0.24
128,154	Element Financial		351	0.24

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Global Equity Income Fund

Portfolio Statement as at 28 February 2018 (Continued)

Holding	Investment	Market value £'000	Percentage of total net assets
United States (51.54%)		66,013	44.95
37,447	Abbvie	3,148	2.14
25,225	AIG	1,050	0.71
3,109	Alphabet 'A'	2,491	1.70
51,463	Altria	2,350	1.60
25,815	American Tower	2,611	1.78
17,848	Apple	2,307	1.57
20,157	Broadcom	3,606	2.46
24,883	Chevron	2,020	1.37
77,622	Cisco Systems	2,523	1.72
80,713	CMS Energy	2,487	1.69
42,948	Comcast	1,129	0.77
37,158	CSX	1,448	0.99
57,781	DowDuPont	2,946	2.01
23,724	Eli Lilly	1,326	0.90
5,755	Equinix	1,637	1.11
40,948	First Republic Bank	2,758	1.88
23,219	Fortune Brands Home & Security	1,022	0.70
33,484	Johnson & Johnson	3,156	2.15
40,197	JPMorgan Chase	3,365	2.29
55,895	Kraft Heinz	2,719	1.85
22,670	McDonald's	2,595	1.77
27,294	Medtronic	1,582	1.08
37,825	Merck	1,488	1.01
100,508	Newell Rubbermaid	1,873	1.27
30,523	Pepsi	2,431	1.65
112,317	Pfizer	2,960	2.02
43,342	Philip Morris	3,257	2.22
22,716	United Health	3,728	2.54
Pacific Basin Equities (6.17%)		8,314	5.66
Australia (2.10%)		3,476	2.37
284,534	Challenger	2,013	1.37
149,531	Treasury Wine Estates	1,463	1.00
China (0.74%)		1,285	0.87
357,009	ANTA Sports Products	1,285	0.87
8,100,000	Tianhe Chemicals*	-	-

Standard Life Investment Company

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Global Equity Income Fund

Portfolio Statement as at 28 February 2018 (Continued)

Holding	Investment	Market value £'000	Percentage of total net assets
South Korea (0.82%)		1,273	0.87
132,145	KT Corporation	1,273	0.87
Taiwan (1.74%)		2,280	1.55
372,770	Taiwan Semiconductors Manufacturing	2,280	1.55
UK Equities (5.69%)		18,589	12.67
Consumer Goods (1.11%)		2,981	2.03
581,963	Greencore	1,033	0.70
126,197	TUI	1,948	1.33
Financials (0.00%)		2,739	1.87
149,680	Prudential	2,739	1.87
Industrials (2.37%)		7,249	4.94
131,229	Aggreko	981	0.67
238,224	Babcock International	1,552	1.06
28,448	Ferguson	1,463	1.00
88,300	CRH	2,120	1.44
236,286	Smith (DS)	1,133	0.77
Oil & Gas (1.25%)		3,134	2.14
376,143	BP	1,787	1.22
64,420	TechnipFMC	1,347	0.92

Standard Life Investment Company

Annual Report & Financial Statements

Global Equity Income Fund

Portfolio Statement as at 28 February 2018 (Continued)

Holding	Investment	Market value £'000	Percentage of total net assets
Telecommunications (0.96%)		2,486	1.69
1,220,207	Vodafone	2,486	1.69
Total Investment assets		144,586	98.46
Net other assets		2,264	1.54
Total Net Assets		146,850	100.00

All investments are listed on recognised stock exchanges and are approved securities, or approved derivatives within the meaning of the FCA rules unless otherwise stated.

The percentage figures in brackets show the comparative holding as at 28 February 2017.

* Delisted

	Market value £'000
Reconciliation of assets and liabilities to the Balance Sheet	
Investment assets as per the Balance Sheet	144,586
Net other assets	2,264
Total Net Assets	146,850

Standard Life Investment Company

Annual Report & Financial Statements

Global Equity Income Fund

Financial Statements

Statement of Total Return

for the year ended 28 February 2018

	Notes	£'000	2018 £'000	£'000	2017 £'000
Income:					
Net capital (losses)/gains	2		(698)		33,170
Revenue	4	4,835		5,466	
Expenses	5	(1,548)		(1,428)	
Interest payable and similar charges		(2)		(2)	
Net revenue before taxation		3,285		4,036	
Taxation	6	(457)		(326)	
Net revenue after taxation			2,828		3,710
Total return before distributions			2,130		36,880
Distributions	7		(2,925)		(3,795)
Change in net assets attributable to shareholders from investment activities			(795)		33,085

Statement of Change in Net Assets Attributable to Shareholders

for the year ended 28 February 2018

	£'000	2018 £'000	£'000	2017 £'000
Opening net assets attributable to shareholders		168,900		133,269
Amounts receivable on the issue of shares	12,513		35,326	
Amounts payable on the cancellation of shares	(36,164)		(35,993)	
		(23,651)		(667)
Dilution adjustment		27		100
Change in net assets attributable to shareholders from investment activities (see above)		(795)		33,085
Retained distribution on accumulation shares		2,369		3,113
Closing net assets attributable to shareholders		146,850		168,900

Standard Life Investment Company

Annual Report & Financial Statements

Global Equity Income Fund

Financial Statements (Continued)

Balance Sheet

as at 28 February 2018

	Notes	£'000	2018 £'000	£'000	2017 £'000
Assets:					
Fixed assets:					
Investment assets			144,586		165,602
Current assets:					
Debtors	8	2,259		3,146	
Cash and bank balances		1,940		1,417	
			4,199		4,563
Total assets			148,785		170,165
Liabilities:					
Creditors	9	(1,887)		(1,131)	
Bank overdrafts		(3)		0	
Distribution payable		(45)		(134)	
			(1,935)		(1,265)
Total liabilities			(1,935)		(1,265)
Net assets attributable to shareholders			146,850		168,900

Standard Life Investment Company

Annual Report & Financial Statements

Global Equity Income Fund

Notes to the Financial Statements

1 Accounting Policies

Please refer to pages 11 to 12 for note on accounting policies.

2 Net Capital (Losses)/Gains

	2018 £'000	2017 £'000
Non-derivative securities	(638)	33,104
Forward currency contracts	(5)	(14)
Other (losses)/gains	(39)	101
Handling charges taken from the capital account	(16)	(21)
Net capital (losses)/gains	(698)	33,170

3 Purchases, Sales and Transaction Costs

There are no transaction costs associated with the purchases or sales of collective investment schemes and derivatives during the year, or in the prior year.

Collective investments operate within the terms of the offer document or prospectus. Typically we do not invest into Funds that require an initial charge to be made. The underlying price contains an estimation of cost known as a dilution levy which is applied from time to time.

Bonds are dealt on a spread agreed between buyer and seller with reference to the expected cashflows and current credit profiles.

Derivatives are dealt on a spread agreed between buyer and seller with reference to the underlying investment.

During the year the total purchases and sales across different major assets classes are as per below table.

	2018 £'000	2017 £'000
Equity Purchases, Sales and Transaction Costs		
Purchases		
Purchases before transaction costs	66,189	105,127
Commissions	56	101
Taxes & Other Fees	94	98
Total purchase transaction costs	150	199
Purchases including transaction costs	66,339	105,326
Sales		
Gross sales before transaction costs	86,752	104,255
Commissions	(58)	(105)
Taxes & Other Fees	(5)	(13)
Total sale transaction costs	(63)	(118)
Total sales net of transaction costs	86,689	104,137

Standard Life Investment Company

Annual Report & Financial Statements

Global Equity Income Fund

Notes to the Financial Statements (Continued)

3 Purchases, Sales and Transaction Costs (continued)

	2018 % Transaction	2017 % Transaction
Equity Transaction Cost as a % of total Purchases & Sales		
Purchases		
Commissions	0.08%	0.10%
Taxes & Other Fees	0.14%	0.09%
Sales		
Commissions	0.07%	0.10%
Taxes & Other Fees	0.01%	0.01%
	2018 % Average NAV	2017 % Average NAV
Equity Purchases, Sales Analysis to Average NAV		
Purchases		
Commissions	0.03%	0.06%
Taxes & Other Fees	0.06%	0.06%
Sales		
Commissions	0.04%	0.06%
Taxes & Other Fees	0.00%	0.01%

During the year the total purchases and sales across different major asset classes are as per below table.

	2018 £'000	2017 £'000
Equity Transaction Cost as a % of total Purchases & Sales		
Purchase		
Equities	66,339	105,326
Sales		
Equities	86,689	104,137

The Fund suffers a number of explicit costs as disclosed in the notes and Fund history. The Fund also suffers implicit costs an example is market spread, the spread represents the costs of providing liquidity in a market. It therefore is subject to change based on volume, active markets have a lower spread the difference between; bid the price you receive and offer the price you pay.

At the balance sheet date the average portfolio dealing spread (i.e. the spread between bid and offer prices expressed as a percentage of the offer price) was 0.50% (2017: 0.50%), this is representative of the average spread on the assets held during the year.

4 Revenue

	2018 £'000	2017 £'000
UK dividends	431	846
Overseas dividends	4,399	4,591
Bank interest	5	29
Total revenue	4,835	5,466

Standard Life Investment Company

Annual Report & Financial Statements

Global Equity Income Fund

Notes to the Financial Statements (Continued)

5 Expenses

	2018 £'000	2017 £'000
Payable to the Authorised Corporate Director, associates of the Authorised Corporate Director and agents of either of them:		
Authorised Corporate Director's periodic charge	1,439	1,285
Dealing charge	17	13
Registration fees	40	77
	<u>1,496</u>	<u>1,375</u>
Payable to the Depositary or associates of the Depositary, and agents of either of them:		
Depositary's fees	24	22
Safe custody fee	16	16
	<u>40</u>	<u>38</u>
Other:		
Professional fees	4	0
Audit fee	8	9
Legal Expenses	0	6
	<u>12</u>	<u>15</u>
Total expenses	<u>1,548</u>	<u>1,428</u>

6 Taxation

	2018 £'000	2017 £'000
(a) Analysis of charge in year		
Overseas taxes	457	326
Total current tax (note 6b)	<u>457</u>	<u>326</u>
(b) Factors affecting current tax charge for the year		
The tax assessed for the year is lower than the standard rate of corporation tax for Open-Ended Investment Companies 'OEICs' (20%). The differences are explained below:		
Net revenue before taxation	<u>3,285</u>	<u>4,036</u>
Corporation tax at 20% (2017: 20%)	657	807
Effects of:		
Revenue not subject to taxation	(894)	(841)
Overseas taxes	457	326
Overseas tax expensed	(10)	(11)
Excess allowable expenses	257	218
Revenue taxable in other periods	(10)	(4)
UK dividends	0	(169)
Current tax charge for year (note 6a)	<u>457</u>	<u>326</u>

Authorised Open-Ended Investment Companies are exempt from tax on capital gains in the UK. Therefore, any capital gain is not included in the above reconciliation.

Standard Life Investment Company

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Global Equity Income Fund

Notes to the Financial Statements (Continued)

6 Taxation (continued)

(c) Factors that may affect future tax charges

The fund has not recognised a deferred tax asset of £1,889,000 (2017: £1,642,000) due to surplus expenses. It is unlikely the Fund will generate sufficient taxable profits to utilise these amounts and therefore no deferred tax asset has been recognised in the year or the prior year.

7 Distributions

The distributions takes account of income received on the issue of shares and income deducted on the cancellation of shares and comprise:

	2018 £'000	2017 £'000
First interim distribution	1,428	1,672
Second interim distribution	772	962
Third interim distribution	352	619
Final distribution	353	566
	<hr/> 2,905	<hr/> 3,819
Add: Income deducted on cancellation of shares	54	121
Deduct: Income received on issue of shares	(34)	(145)
Net distribution for the year	<hr/> 2,925	<hr/> 3,795
Details of the distribution per share are set out in this Fund's distribution tables.		
Net revenue after taxation	2,828	3,710
Shortfall transfer from capital to revenue	0	2
ACD periodic charge taken from the capital account	86	73
Registration fees taken from the capital account	11	7
Dealing charges taken from the capital account	0	3
Total distributions	<hr/> 2,925	<hr/> 3,795

8 Debtors

	2018 £'000	2017 £'000
Amounts receivable from the ACD for the issue of shares	25	160
Sales awaiting settlement	1,772	2,423
Accrued revenue	361	462
Foreign withholding tax recoverable	101	101
Total debtors	<hr/> 2,259	<hr/> 3,146

Standard Life Investment Company

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Global Equity Income Fund

Notes to the Financial Statements (Continued)

9 Creditors

	2018 £'000	2017 £'000
Amounts payable to the ACD for cancellation of shares	98	352
Purchases awaiting settlement	1,666	649
Accrued expenses payable to ACD	108	112
Other accrued expenses	8	8
Accrued Expenses payable to the Depository	7	9
Dilution levy payable to the ACD	0	1
Total creditors	1,887	1,131

10 Related Party Transactions

Standard Life Investments (Mutual Funds) Limited, as Authorised Corporate Director (ACD), is a related party and acts as principal in respect of all transactions of shares in the Fund.

The aggregate monies received through issue and paid on cancellation of shares are disclosed in the statement of change in net assets attributable to shareholders.

Any amounts due from or due to Standard Life Investments (Mutual Funds) Limited at the end of the accounting year are disclosed in notes 8 and 9.

Amounts payable to Standard Life Investments (Mutual Funds) Limited, in respect of periodic charge and registration services, are disclosed in note 5 and any amounts due at the year end in note 9.

	2018 £'000	2017 £'000
Transactions during the year with Standard Life Aberdeen group companies are as follows:		
Sale of shares by Fund	16,422	20,732
Purchase of shares by Fund	32,461	22,230
Distributions made by Fund	305	901
The percentage value of the Fund held by Standard Life Aberdeen group companies is:	6.3%	14.6%

11 Shares in Issue Reconciliation

	Opening shares 2017	Creations during the year	Cancellations during the year	Conversions during the year	Closing shares 2018
Retail accumulation - Founder	36,794,983	105,667	(2,584,751)	(639,972)	33,675,927
Institutional accumulation - Founder	2,904,760	150,446	(484,871)	136,875	2,707,210
Retail income - Founder	965,803	70,001	(18,315)	26,299	1,043,788
Institutional income - Founder	726,255	134,431	(553,310)	0	307,376
Standard Life income	17,260,431	0	(17,258,431)	0	2,000
Standard Life accumulation	453,131	43,561	(31,112)	0	465,580
Retail accumulation	10,831,093	1,131,231	(2,216,951)	(23,422)	9,721,951
Institutional accumulation	5,065,519	2,130,387	(950,961)	805,895	7,050,840
Retail income	878,112	283,035	(669,854)	(85,768)	405,525
Institutional income	1,619,975	228,119	(780,873)	18,278	1,085,499
Platform 1 accumulation	24,315,599	4,189,826	(3,999,486)	472,019	24,977,958
Platform 1 income	8,694,031	2,038,631	(2,310,221)	64,623	8,487,064
Institutional A accumulation	2,200	0	0	0	2,200

Standard Life Investment Company

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Global Equity Income Fund

Notes to the Financial Statements (Continued)

12 Fair Value Hierarchy

	2018 £'000	2018 £'000	2018 £'000	2017 £'000	2017 £'000	2017 £'000
Fair value of investment assets	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
Equities	144,586	0	0	165,602	0	0
Total investment assets	144,586	0	0	165,602	0	0

The three levels of the fair value hierarchy under FRS 102 are described below:

Level 1: Unadjusted quoted market prices in active markets that are accessible at the measurement date for the identical unrestricted assets or liabilities.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices).

Level 3: Inputs for asset or liability that are not based on observable market data (unobservable inputs).

* Investment in Standard Life CNAV Sterling Liquidity Fund is included in the above table within 'Collective Investment Scheme' in line with disclosure within the portfolio statement. In accordance with the AIFMD requirements, the Fund has treated the investment in the Standard Life CNAV Sterling Liquidity Fund disclosed within the Portfolio Statement as cash equivalents for the purposes of the Balance Sheet disclosure.

13 Risk Management Policies & Numerical Disclosures

In accordance with the investment objectives, the Fund may hold certain financial instruments. These comprise:

- securities held in accordance with the investment objective and policies;
- cash and short-term debtors and creditors arising directly from operations; and
- derivatives.

The main risks arising from the Fund's financial instruments are market price, foreign currency, interest rate, credit and liquidity risk.

The policies for managing these risks are summarised below and have been applied consistently throughout the year, and prior year.

a. Market price risk

Each Fund's investment portfolio is exposed to market price fluctuation which are monitored by the Fund Manager in pursuance of the investment objectives and policies. Adherence to investment guidelines and to investment and borrowing powers mitigate the risk of excessive exposure to any particular type of security or issuer.

An increase or decrease in market values will therefore have a direct effect on the value of the investment assets in the portfolio and therefore a proportionate effect on the value of the Fund.

A five per cent increase in the value of the Fund's portfolio would have the effect of increasing the return and net assets as at 28 February by £7,229,300 (2017: £8,280,100). A five per cent decrease would have an equal and opposite effect.

b. Foreign currency risk

A proportion of the net assets of the Fund are denominated in currencies other than Sterling, therefore the balance sheet and total returns can be affected by currency movements. In certain circumstances, the Fund Manager may seek to manage exposure to currency movements by using forward currency contracts.

The Fund does not hedge or otherwise seek to avoid currency movement risk on accrued revenue.

Income received in foreign currencies is converted into Sterling at the exchange rates ruling when the income is received.

A five per cent increase in the value of the Fund's foreign currency exposure would have the effect of increasing the return and net assets as at 28 February by £6,412,750 (2017: £7,316,650). A five per cent decrease would have an equal and opposite effect.

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Notes to the Financial Statements (Continued)

13 Risk Management Policies & Numerical Disclosures (continued)

Currency exposure

The net foreign currency monetary exposure comprises:

	Net foreign currency monetary assets	
	2018	2017
	£'000	£'000
Australian Dollar	2,814	3,554
Brazilian Real	2,780	1,082
Canadian Dollar	351	0
Danish Krone	4,080	6,607
Euro	26,074	19,195
Hong Kong Dollar	1,285	1,252
Japanese Yen	10,706	9,110
Swedish Krona	4,198	5,674
Swiss Franc	1,885	4,975
Taiwan Dollar	2,332	3,783
US Dollar	71,750	88,789

c. Interest rate risk

Interest receivable on bank deposits or payable on bank overdrafts will be affected by fluctuations in interest rates. The Fund Manager continuously reviews interest rates and inflation expectations. The assessment of this may result in a change in investment strategy.

In addition, changes to prevailing rates or changes in expectations of future rates may result in an increase or decrease in the value of the securities held. In general, if interest rates rise, the income potential of the Fund also rises but the value of fixed rate securities will decline (along with certain expenses calculated by reference to the assets of the Fund). A decline in interest rates will, in general, have the opposite effect.

The interest rate risk profile of the Fund's net financial assets and liabilities is:

2018	Floating rate financial assets £'000	Financial assets	
		not carrying interest £'000	Total £'000
Currency			
UK Sterling	1,573	17,022	18,595
Australian Dollar	40	2,774	2,814
Brazilian Real	0	2,780	2,780
Canadian Dollar	0	351	351
Danish Krone	0	4,080	4,080
Euro	213	25,861	26,074
Hong Kong Dollar	0	1,285	1,285
Japanese Yen	0	10,706	10,706
Swedish Krona	0	4,198	4,198
Swiss Franc	38	1,847	1,885
Taiwan Dollar	52	2,280	2,332
US Dollar	21	71,729	71,750

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Notes to the Financial Statements (Continued)

13 Risk Management Policies & Numerical Disclosures (continued)

	Floating rate financial assets	Financial assets not carrying interest	Total
2017	£'000	£'000	£'000
Currency			
UK Sterling	116	24,763	24,879
Australian Dollar	0	3,554	3,554
Brazilian Real	0	1,082	1,082
Danish Krone	0	6,607	6,607
Euro	210	18,985	19,195
Hong Kong Dollar	0	1,252	1,252
Japanese Yen	0	9,110	9,110
Swedish Krona	0	5,674	5,674
Swiss Franc	0	4,975	4,975
Taiwan Dollar	852	2,931	3,783
Uzbekistani Som	239	88,550	88,789

d. Credit risk

All cash exposures are carefully managed to ensure that money is placed on deposit with counterparties that meet the minimum credit rating deemed appropriate for this Fund. In certain circumstances, the Fund Manager may deliberately invest in securities (e.g. corporate bonds) with a well defined and published credit rating. In this case the Fund would be deliberately taking credit risk in order to seek additional rewards.

e. Liquidity risk

The Fund's assets comprise mainly readily realisable securities. The main liabilities of the Fund are the redemption of any shares that investors wish to sell and the settlement of stock purchases. The Fund Manager reviews the cash and liability position continuously, and should an increase in liquidity be required, the Fund Manager will sell securities.

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Distribution Tables

for the three months ended 31 May 2017

Group 1 - shares purchased prior to 1 March 2017

Group 2 - shares purchased between 1 March 2017 and 31 May 2017

	Net Income 2017 pence per share	Equalisation 2017 pence per share	Distribution paid 2017 pence per share	Distribution paid 2016 pence per share
Retail accumulation - Founder				
Group 1	2.0900	-	2.0900*	2.2080
Group 2	1.0942	0.9958	2.0900*	2.2080
Institutional accumulation - Founder				
Group 1	2.5738	-	2.5738*	2.6391
Group 2	1.0861	1.4877	2.5738*	2.6391
Retail income - Founder				
Group 1	0.8916	-	0.8916**	0.9208
Group 2	0.2304	0.6612	0.8916**	-
Institutional income - Founder				
Group 1	0.9134	-	0.9134**	0.9384
Group 2	0.3219	0.5915	0.9134**	0.9384
Standard Life income				
Group 1	0.9089	-	0.9089**	0.9075
Group 2	-	-	-	-
Standard Life accumulation				
Group 1	0.8811	-	0.8811*	0.8619
Group 2	0.3678	0.5133	0.8811*	0.8619
Retail accumulation				
Group 1	0.7053	-	0.7053*	0.7486
Group 2	0.3730	0.3323	0.7053*	0.7486
Institutional accumulation				
Group 1	0.8528	-	0.8528*	0.8898
Group 2	0.3777	0.4751	0.8528*	0.8898
Retail income				
Group 1	0.8690	-	0.8690**	0.9001
Group 2	0.3596	0.5094	0.8690**	0.9001

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Global Equity Income Fund

Distribution Tables (Continued)

	Net Income 2017 pence per share	Equalisation 2017 pence per share	Distribution paid 2017 pence per share	Distribution paid 2016 pence per share
Institutional income				
Group 1	0.9020	-	0.9020**	0.8898
Group 2	0.6735	0.2285	0.9020**	0.8898
Platform 1 accumulation				
Group 1	0.8222	-	0.8222*	0.8614
Group 2	0.4684	0.3538	0.8222*	0.8614
Platform 1 income				
Group 1	0.8985	-	0.8985**	0.9255
Group 2	0.4723	0.4262	0.8985**	0.9255
Institutional A accumulation				
Group 1	0.4211	-	0.4211*	0.4654
Group 2	-	-	-	-

* Distribution accumulated on 31 May 2017

** Distribution paid on 31 July 2017

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Global Equity Income Fund

Distribution Tables (Continued)

for the three months ended 31 August 2017

Group 1 - shares purchased prior to 1 June 2017

Group 2 - shares purchased between 1 June 2017 and 31 August 2017

	Net Income 2017 pence per share	Equalisation 2017 pence per share	Distribution paid 2017 pence per share	Distribution paid 2016 pence per share
Retail accumulation - Founder				
Group 1	1.0822	-	1.0822*	1.1720
Group 2	0.4418	0.6404	1.0822*	1.1720
Institutional accumulation - Founder				
Group 1	1.4910	-	1.4910*	1.5672
Group 2	0.4238	1.0672	1.4910*	1.5672
Retail income - Founder				
Group 1	0.5675	-	0.5675**	0.5880
Group 2	0.2294	0.3381	0.5675**	-
Institutional income - Founder				
Group 1	0.5778	-	0.5778**	0.6014
Group 2	0.1981	0.3797	0.5778**	0.6014
Standard Life income				
Group 1	0.5671	-	0.5671**	0.5886
Group 2	-	-	-	-
Standard Life accumulation				
Group 1	0.5543	-	0.5543*	0.5650
Group 2	0.2515	0.3028	0.5543*	0.5650
Retail accumulation				
Group 1	0.3281	-	0.3281*	0.3837
Group 2	0.1124	0.2157	0.3281*	0.3837
Institutional accumulation				
Group 1	0.4706	-	0.4706*	0.5043
Group 2	0.1947	0.2759	0.4706*	0.5043
Retail income				
Group 1	0.5523	-	0.5523**	0.5742
Group 2	0.1055	0.4468	0.5523**	0.5742

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Global Equity Income Fund

Distribution Tables (Continued)

	Net Income 2017 pence per share	Equalisation 2017 pence per share	Distribution paid 2017 pence per share	Distribution paid 2016 pence per share
Institutional income				
Group 1	0.5726	-	0.5726**	0.5962
Group 2	0.1261	0.4465	0.5726**	0.5962
Platform 1 accumulation				
Group 1	0.4418	-	0.4418*	0.4826
Group 2	0.1665	0.2753	0.4418*	0.4826
Platform 1 income				
Group 1	0.5720	-	0.5720**	0.5933
Group 2	0.2332	0.3388	0.5720**	0.5933
Institutional A accumulation				
Group 1	0.1607	-	0.1607*	0.2213
Group 2	-	-	-	-

* Distribution accumulated on 31 August 2017

** Distribution paid on 31 October 2017

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Global Equity Income Fund

Distribution Tables (Continued)

for the three months ended 30 November 2017

Group 1 - shares purchased prior to 1 September 2017

Group 2 - shares purchased between 1 September 2017 and 30 November 2017

	Net Income 2017 pence per share	Equalisation 2017 pence per share	Distribution paid 2017 pence per share	Distribution paid 2016 pence per share
Retail accumulation - Founder				
Group 1	0.5455	-	0.5455*	0.7621
Group 2	0.3267	0.2188	0.5455*	0.7621
Institutional accumulation - Founder				
Group 1	0.9008	-	0.9008*	1.1039
Group 2	0.4161	0.4847	0.9008*	1.1039
Retail income - Founder				
Group 1	0.3873	-	0.3873**	0.4480
Group 2	0.1394	0.2479	0.3873**	-
Institutional income - Founder				
Group 1	0.3971	-	0.3971**	0.4560
Group 2	0.2534	0.1437	0.3971**	0.4560
Standard Life income				
Group 1	0.0395	-	0.0395**	0.4652
Group 2	-	-	-	-
Standard Life accumulation				
Group 1	0.3856	-	0.3856*	0.4261
Group 2	0.2335	0.1521	0.3856*	0.4261
Retail accumulation				
Group 1	0.1282	-	0.1282*	0.2168
Group 2	0.0724	0.0558	0.1282*	0.2168
Institutional accumulation				
Group 1	0.2555	-	0.2555*	0.3357
Group 2	0.1406	0.1149	0.2555*	0.3357
Retail income				
Group 1	0.3770	-	0.3770**	0.4374
Group 2	0.1318	0.2452	0.3770**	0.4374

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Global Equity Income Fund

Distribution Tables (Continued)

	Net Income 2017 pence per share	Equalisation 2017 pence per share	Distribution paid 2017 pence per share	Distribution paid 2016 pence per share
Institutional income				
Group 1	0.3919	-	0.3919**	0.4540
Group 2	0.1566	0.2353	0.3919**	0.4540
Platform 1 accumulation				
Group 1	0.2373	-	0.2373*	0.3171
Group 2	0.1377	0.0996	0.2373*	0.3171
Platform 1 income				
Group 1	0.3903	-	0.3903**	0.4509
Group 2	0.1982	0.1921	0.3903**	0.4509
Institutional A accumulation				
Group 1	0.0463	-	0.0463*	0.1063
Group 2	-	-	-	-

* Distribution accumulated on 30 November 2017

** Distribution paid on 31 January 2018

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Global Equity Income Fund

Distribution Tables (Continued)

for the three months ended 28 February 2018

Group 1 - shares purchased prior to 1 December 2017

Group 2 - shares purchased between 1 December 2017 and 28 February 2018

	Net Income 2018 pence per share	Equalisation 2018 pence per share	Distribution payable 2018 pence per share	Distribution paid 2017 pence per share
Retail accumulation - Founder				
Group 1	0.5622	-	0.5622*	0.7638
Group 2	0.4113	0.1509	0.5622*	0.7638
Institutional accumulation - Founder				
Group 1	0.9183	-	0.9183*	1.1111
Group 2	0.5990	0.3193	0.9183*	1.1111
Retail income - Founder				
Group 1	0.3890	-	0.3890**	0.4502
Group 2	0.2705	0.1185	0.3890**	-
Institutional income - Founder				
Group 1	0.3926	-	0.3926**	0.4612
Group 2	0.1385	0.2541	0.3926**	0.4612
Standard Life income				
Group 1	0.6285	-	0.6285**	0.4350
Group 2	-	-	-	-
Standard Life accumulation				
Group 1	0.3853	-	0.3853*	-
Group 2	0.2092	0.1761	0.3853*	-
Retail accumulation				
Group 1	0.1343	-	0.1343*	0.2170
Group 2	0.1028	0.0315	0.1343*	0.2170
Institutional accumulation				
Group 1	0.2617	-	0.2617*	0.3383
Group 2	0.1807	0.0810	0.2617*	0.3383
Retail income				
Group 1	0.3512	-	0.3512**	0.4403
Group 2	0.2319	0.1193	0.3512**	0.4403

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Global Equity Income Fund

Distribution Tables (Continued)

	Net Income 2018 pence per share	Equalisation 2018 pence per share	Distribution payable 2018 pence per share	Distribution paid 2017 pence per share
Institutional income				
Group 1	0.3936	-	0.3936**	0.4546
Group 2	0.2116	0.1820	0.3936**	0.4546
Platform 1 accumulation				
Group 1	0.2438	-	0.2438*	0.3207
Group 2	0.1742	0.0696	0.2438*	0.3207
Platform 1 income				
Group 1	0.3921	-	0.3921**	0.4557
Group 2	0.2706	0.1215	0.3921**	0.4557
Institutional A accumulation				
Group 1	0.0377	-	0.0377*	0.1008
Group 2	-	-	-	-

* Distribution accumulated on 28 February 2018

** Distribution payable on 30 April 2018

Treatment by Corporate Shareholders (Unaudited)

Corporate shareholders should account for the current year's dividends shown in the distribution table as follows:

	1st Interim Dividend Distribution	2nd Interim Dividend Distribution	3rd Interim Dividend Distribution	Final Dividend Distribution
Treat as a UK corporate dividend	100.00%	100.00%	100.00%	100.00%
Treat as an annual payment net of Income tax at 20%	0.00%	0.00%	0.00%	0.00%

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Global Equity Unconstrained Fund Investment Report

Fund Information	
Fund Manager	Mikhail Zverev
Launch Date	16 November 1998
Benchmark	IA Global Sector

Investment objective

The objective of the Fund is to provide capital appreciation. It is intended that income will not be a prime consideration.

Investment policy

The investment policy of the Fund is to invest mostly in global equities and equity type investments. "Equity type investments" will include convertible stocks, stock exchange listed warrants, Depositary Receipts and any other such investments which entitle the holder to subscribe for or convert into the equity of the company and/or where the share price performance is, in the opinion of the ACD, influenced significantly by the stock market performance of the company's ordinary shares. The Fund will not be restricted by index weightings, sector constraints or company size. The Fund may also invest in other transferable securities, money-market instruments, deposits, cash and near cash, derivatives and collective investment schemes.

Risk

The nature of the portfolio affords investors a focused investment approach, with an emphasis on stock selection whilst affording proper diversification of mainly global equity exposure. The investor must be able to accept significant temporary losses due to the volatile nature of equity and currency markets, and should therefore have an investment time horizon of at least 5 years.

Performance Review

During the period under review, the Fund returned 3.7% (platform 1, accumulation shares), compared with the IA Global Sector return of 8.3% (source: Morningstar, basic-rate taxpayer, bid-to-bid basis).

It was a challenging year for the Fund, with poor stock selection in the consumer discretionary, materials and consumer staples sectors outweighing positive choices elsewhere in the portfolio.

US consumer group Newell Brands struggled after it issued a profit warning. This was due to a retail client de-stocking its inventory, the fallout from customer bankruptcies and production delays due to hurricane damage. Newell's management responded by announcing that it was selling the commercial brands of Jarden (the company it bought) and would instead focus on consumer brands. This was a surprise to us and we have since sold the position. A position in Kraft Heinz weighed on relative Fund performance. The company's recent results were slightly disappointing on the revenue side, as organic sales declined in a tough market

environment. Margins were also slightly weaker. Meanwhile, investors also expressed concerns about the Amazon/Whole Foods merger. This is clearly a challenge; however, we still expect positive synergies from the Kraft Heinz merger, while there is scope for the company to undertake earnings-appreciative deals. As such, we continue to hold the stock. Positions in Acuity Brands, Shire and Celgene also disappointed.

On a more positive note, UK-listed payments company Worldpay performed well after US peer Vantiv made a bid for the company at a 20% premium. The deal will help fill a gap in both companies' portfolios, opening up the US for Worldpay and the UK/Europe for Vantiv. Market participants liked the deal and the share price climbed, allowing us to take some profits from our position. We still hold the stock in the portfolio. Similarly, shares in C. R. Bard, a US-listed medical technology company, climbed on M&A activity. Our investment case was that the company would supersede organic growth expectations through product innovation and investments in emerging markets. This has come to fruition, and C.R. Bard received a takeover bid from Becton Dickinson for a 25% premium. Additional highlights included Orpea, Banco BPM and Anta Sports.

Investment activity

Despite a disappointing year, the Fund has performed well over the medium to long-term. This has been achieved through our fundamental company-specific investment approach. As such, while we acknowledge that the last 12 months were difficult for the Fund, we think that by building a portfolio based on our company insights, we can deliver for our clients as we move through 2018 and beyond.

With that in mind, we purchased shares in Marvell Technology, a US-listed semiconductor company. We believe that consensus forecasts are not accurately modelling the potential revenue synergies from its deal to acquire Cavium, a company that has similar end-markets but little customer overlap. We therefore see potential for higher revenue growth and margin expansion. This should lead to earnings upgrades and the stock re-rating. We initiated a position in Finnish lift/escalator group Kone, as we see an inflection point in Chinese orders that should lead to higher-than-forecast volumes and pricing. New technologies also mean the company should be able to increase the conversion ratio of its maintenance contracts in China (currently 55% versus 90% in the US/Europe). As a result, our analyst thinks 20% upgrades to EBIT (earnings before interest and taxes) over the next two years are possible.

By contrast, we exited US-listed auto parts manufacturer Visteon, as our investment thesis relating to higher margins and improving backlog has come through and is priced into the value of the company. We sold Yamaha, the Japanese manufacturer of musical instruments and audio equipment. Our original case centred on improved pricing in its instruments business. This has been playing out and the stock was in the ascendancy. However, we are concerned by its retail channel disruption in some markets, as buyers switch to e-commerce and inventory management becomes an issue. This reduces our level of conviction in Yamaha, so we closed the holding.

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Global Equity Unconstrained Fund

Investment Report (Continued)

Synthetic Risk & Reward Indicator



This indicator reflects the volatility of the Fund’s share price over the last five years which in turn reflects the volatility of the underlying assets in which the Fund invests. Historical data may not be a reliable indication of the future. The current rating, which is the same for all share classes, is not guaranteed and may change if the volatility of the assets in which the Fund invests changes. The lowest rating does not mean risk free.

All investment involves risk. This Fund offers no guarantee against loss or that the Fund’s objective will be attained. For further information on the risks that may not be fully captured by the risk and reward indicator, please refer to the current Key Investor Information Document (KIID).

Cautionary note

It should be remembered that past performance is not a guide to future performance. The value of investments may go down as well as up and, therefore, investors may not get back the amount originally invested.

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Global Equity Unconstrained Fund

Comparative Tables

	2018 pence per share	2017 pence per share	2016 pence per share
Retail accumulation			
Change in net assets per share			
Opening net asset value per share	125.60	101.19	101.81
Return before operating charges*	5.33	25.98	1.14
Operating charges**	(1.81)	(1.57)	(1.76)
Return after operating charges*	3.52	24.41	(0.62)
Distributions	(0.07)	(0.02)	0.00
Retained distributions on accumulation share	0.07	0.02	0.00
Closing net asset value per share	129.12	125.60	101.19
* after direct transaction costs of:***	0.25	0.21	0.21
Performance+			
Return after charges	2.80%	24.12%	-0.61%
Other information			
Closing net asset value (£'000)	21,234	26,232	21,469
Closing number of shares	16,445,186	20,885,808	21,216,138
Operating charges****	1.38%	1.38%	1.72%
Direct transaction costs***	0.19%	0.18%	0.21%
Prices			
Highest share price	136.6	125.5	108.9
Lowest share price	122.2	101.3	91.48

** The operating charges include all costs borne by the Fund, except for direct transaction costs.

*** The direct transaction costs are made up of: fees and commissions paid to agents, advisers, brokers and dealers, levies by regulatory agencies and securities exchanges as well as transfer taxes and duties.

**** The operating charges percentage is the equivalent of the ongoing charges figure per the prior year accounts. It shows the annualised operating expenses of the share class as a percentage of the average net asset value of the class over the same period. The ACD periodic charge was reduced from 1.60% to 1.35% which became effective on 1 April 2016. The Registrar fees of 0.08% also ceased to be charged effective 1 April 2016.

+ The performance figures are calculated by taking the value of the shareclass per the financial statements compared to the value per the financial statements in the prior year. This figure may differ from the performance figure quoted in the Investment Report. The Investment Report performance figure is calculated using the last available published price for a given shareclass in the period compared to the equivalent for the prior period. The published price may contain an adjustment for dilution in accordance with the Fund pricing policy, while the price per the financial statements values the Fund on a bid-price basis. The financial statements shareclass valuation is based on close of business market prices on the last day of the period, again this may differ from the intra-day pricing point of the Fund which is used in the published shareclass price.

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Comparative Tables (Continued)

	2018 pence per share	2017 pence per share	2016 pence per share
Institutional accumulation			
Change in net assets per share			
Opening net asset value per share	141.40	113.36	113.14
Return before operating charges*	5.99	29.21	1.27
Operating charges**	(1.35)	(1.17)	(1.05)
Return after operating charges*	4.64	28.04	0.22
Distributions	(0.77)	(0.51)	(0.45)
Retained distributions on accumulation share	0.77	0.51	0.45
Closing net asset value per share	146.04	141.40	113.36
* after direct transaction costs of:***	0.29	0.23	0.23
Performance+			
Return after charges	3.28%	24.74%	0.19%
Other information			
Closing net asset value (£'000)	35,225	43,192	38,100
Closing number of shares	24,119,704	30,546,058	33,610,097
Operating charges****	0.91%	0.91%	0.92%
Direct transaction costs***	0.19%	0.18%	0.20%
Prices			
Highest share price	154.4	141.4	121.5
Lowest share price	137.7	113.5	102.4

** The operating charges include all costs borne by the Fund, except for direct transaction costs.

*** The direct transaction costs are made up of: fees and commissions paid to agents, advisers, brokers and dealers, levies by regulatory agencies and securities exchanges as well as transfer taxes and duties.

**** The operating charges percentage is the equivalent of the ongoing charges figure per the prior year accounts. It shows the annualised operating expenses of the share class as a percentage of the average net asset value of the class over the same period.

+ The performance figures are calculated by taking the value of the shareclass per the financial statements compared to the value per the financial statements in the prior year. This figure may differ from the performance figure quoted in the Investment Report. The Investment Report performance figure is calculated using the last available published price for a given shareclass in the period compared to the equivalent for the prior period. The published price may contain an adjustment for dilution in accordance with the Fund pricing policy, while the price per the financial statements values the Fund on a bid-price basis. The financial statements shareclass valuation is based on close of business market prices on the last day of the period, again this may differ from the intra-day pricing point of the Fund which is used in the published shareclass price.

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Comparative Tables (Continued)

	2018 pence per share	2017 pence per share	2016 pence per share
Retail income			
Change in net assets per share			
Opening net asset value per share	63.20	50.92	50.00
Return before operating charges*	2.69	13.08	1.36
Operating charges**	(0.91)	(0.79)	(0.44)
Return after operating charges*	1.78	12.29	0.92
Distributions	(0.04)	(0.01)	0.00
Closing net asset value per share	64.94	63.20	50.92
* after direct transaction costs of:***	0.13	0.11	0.05
Performance+			
Return after charges	2.82%	24.14%	1.84%
Other information			
Closing net asset value (£'000)	1,169	998	522
Closing number of shares	1,800,393	1,578,522	1,025,620
Operating charges****	1.38%	1.38%	1.72%
Direct transaction costs***	0.19%	0.19%	0.10%
Prices			
Highest share price	68.75	63.20	54.64
Lowest share price	61.50	50.95	46.03

** The operating charges include all costs borne by the Fund, except for direct transaction costs.

*** The direct transaction costs are made up of: fees and commissions paid to agents, advisers, brokers and dealers, levies by regulatory agencies and securities exchanges as well as transfer taxes and duties.

**** The operating charges percentage is the equivalent of the ongoing charges figure per the prior year accounts. It shows the annualised operating expenses of the share class as a percentage of the average net asset value of the class over the same period. The ACD periodic charge was reduced from 1.60% to 1.35% which became effective on 1 April 2016. The Registrar fees of 0.08% also ceased to be charged effective 1 April 2016.

+ The performance figures are calculated by taking the value of the shareclass per the financial statements compared to the value per the financial statements in the prior year. This figure may differ from the performance figure quoted in the Investment Report. The Investment Report performance figure is calculated using the last available published price for a given shareclass in the period compared to the equivalent for the prior period. The published price may contain an adjustment for dilution in accordance with the Fund pricing policy, while the price per the financial statements values the Fund on a bid-price basis. The financial statements shareclass valuation is based on close of business market prices on the last day of the period, again this may differ from the intra-day pricing point of the Fund which is used in the published shareclass price.

Standard Life Investment Company

Annual Report & Financial Statements

Global Equity Unconstrained Fund

Comparative Tables (Continued)

	2018 pence per share	2017 pence per share	2016 pence per share
Standard Life accumulation			
Change in net assets per share			
Opening net asset value per share	120.23	95.62	94.67
Return before operating charges*	5.09	24.73	1.06
Operating charges**	(0.14)	(0.12)	(0.11)
Return after operating charges*	4.95	24.61	0.95
Distributions	(1.67)	(1.29)	(1.14)
Retained distributions on accumulation share	1.67	1.29	1.14
Closing net asset value per share	125.18	120.23	95.62
* after direct transaction costs of:***	0.25	0.20	0.19
Performance+			
Return after charges	4.12%	25.74%	1.00%
Other information			
Closing net asset value (£'000)	4,353	4,598	2,775
Closing number of shares	3,477,046	3,824,593	2,902,285
Operating charges****	0.11%	0.11%	0.12%
Direct transaction costs***	0.19%	0.18%	0.20%
Prices			
Highest share price	132.2	120.2	102.3
Lowest share price	117.2	95.71	86.19

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Standard Life Investment Company

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Global Equity Unconstrained Fund

Comparative Tables (Continued)

	2018 pence per share	2017 pence per share	2016 pence per share
Institutional regulated accumulation			
Change in net assets per share			
Opening net asset value per share	125.73	100.39	99.80
Return before operating charges*	5.33	25.92	1.11
Operating charges**	(0.67)	(0.58)	(0.52)
Return after operating charges*	4.66	25.34	0.59
Distributions	(1.22)	(0.90)	(0.80)
Retained distributions on accumulation share	1.22	0.90	0.80
Closing net asset value per share	130.39	125.73	100.39
* after direct transaction costs of:***	0.26	0.21	0.20
Performance+			
Return after charges	3.71%	25.24%	0.59%
Other information			
Closing net asset value (£'000)	93,641	107,010	74,092
Closing number of shares	71,817,992	85,108,939	73,803,761
Operating charges****	0.51%	0.51%	0.52%
Direct transaction costs***	0.19%	0.19%	0.20%
Prices			
Highest share price	137.8	125.7	107.5
Lowest share price	122.5	100.5	90.68

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Global Equity Unconstrained Fund

Comparative Tables (Continued)

	2018 pence per share	2017 pence per share	2016 pence per share
Platform 1 accumulation			
Change in net assets per share			
Opening net asset value per share	102.76	82.47	82.39
Return before operating charges*	4.37	21.23	0.92
Operating charges**	(1.09)	(0.94)	(0.84)
Return after operating charges*	3.28	20.29	0.08
Distributions	(0.46)	(0.28)	(0.24)
Retained distributions on accumulation share	0.46	0.28	0.24
Closing net asset value per share	106.04	102.76	82.47
* after direct transaction costs of:***	0.21	0.17	0.17
Performance+			
Return after charges	3.19%	24.60%	0.10%
Other information			
Closing net asset value (£'000)	59,414	68,168	63,244
Closing number of shares	56,032,293	66,333,207	76,691,451
Operating charges****	1.01%	1.01%	1.02%
Direct transaction costs***	0.19%	0.18%	0.20%
Prices			
Highest share price	112.1	102.8	88.38
Lowest share price	100.1	82.53	74.52

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Annual Report & Financial Statements

Global Equity Unconstrained Fund

Comparative Tables (Continued)

	2018 pence per share	2017 pence per share	2016 pence per share
Institutional S accumulation			
Change in net assets per share			
Opening net asset value per share	62.96	50.45	50.00
Return before operating charges*	2.67	13.00	0.89
Operating charges**	(0.57)	(0.49)	(0.44)
Return after operating charges*	2.10	12.51	0.45
Distributions	(0.38)	(0.25)	0.00
Retained distributions on accumulation share	0.38	0.25	0.00
Closing net asset value per share	65.06	62.96	50.45
* after direct transaction costs of:***	0.13	0.11	0.10
Performance+			
Return after charges	3.34%	24.80%	0.90%
Other information			
Closing net asset value (£'000)	13,585	14,012	7,111
Closing number of shares	20,880,448	22,256,548	14,095,434
Operating charges****	0.86%	0.86%	0.87%
Direct transaction costs***	0.19%	0.19%	0.20%
Prices			
Highest share price	68.79	62.96	54.05
Lowest share price	61.31	50.49	45.58

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**** The operating charges percentage is the equivalent of the ongoing charges figure per the prior year accounts. It shows the annualised operating expenses of the share class as a percentage of the average net asset value of the class over the same period.

+ The performance figures are calculated by taking the value of the shareclass per the financial statements compared to the value per the financial statements in the prior year. This figure may differ from the performance figure quoted in the Investment Report. The Investment Report performance figure is calculated using the last available published price for a given shareclass in the period compared to the equivalent for the prior period. The published price may contain an adjustment for dilution in accordance with the Fund pricing policy, while the price per the financial statements values the Fund on a bid-price basis. The financial statements shareclass valuation is based on close of business market prices on the last day of the period, again this may differ from the intra-day pricing point of the Fund which is used in the published shareclass price.

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Global Equity Unconstrained Fund

Comparative Tables (Continued)

	2018 pence per share	2017 pence per share	2016 pence per share
Institutional A accumulation			
Change in net assets per share			
Opening net asset value per share	62.00	50.09	50.00
Return before operating charges*	2.67	12.87	0.16
Operating charges**	(1.12)	(0.96)	(0.07)
Return after operating charges*	1.55	11.91	0.09
Distributions	0.00	(0.01)	0.00
Retained distributions on accumulation share	0.00	0.01	0.00
Closing net asset value per share	63.55	62.00	50.09
* after direct transaction costs of:***	0.13	0.10	0.01
Performance+			
Return after charges	2.50%	23.78%	0.18%
Other information			
Closing net asset value (£'000)	1	1	1
Closing number of shares	2,200	2,200	2,200
Operating charges****	1.71%	1.71%	1.72%
Direct transaction costs***	0.19%	0.18%	0.02%
Prices			
Highest share price	67.30	62.00	50.84
Lowest share price	60.32	50.12	45.28

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**** The operating charges percentage is the equivalent of the ongoing charges figure per the prior year accounts. It shows the annualised operating expenses of the share class as a percentage of the average net asset value of the class over the same period.

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Standard Life Investment Company

Annual Report & Financial Statements

Global Equity Unconstrained Fund

Portfolio Statement as at 28 February 2018

Holding	Investment	Market value £'000	Percentage of total net assets
Emerging Market Equities (2.20%)		4,465	1.95
Brazil (2.20%)		4,465	1.95
542,681	Banco Bradesco	4,465	1.95
European Equities (22.82%)		80,990	35.43
Belgium (0.00%)		2,849	1.25
69,535	Umicore	2,849	1.25
Denmark (6.65%)		6,070	2.66
79,902	Pandora	6,070	2.66
Finland (0.00%)		4,401	1.92
116,921	Kone	4,401	1.92
France (2.56%)		9,947	4.35
362,929	Orange	4,477	1.96
62,693	ORPEA	5,470	2.39
Germany (4.02%)		12,355	5.40
316,819	Infineon Technology	6,282	2.75
189,405	Scout24	6,073	2.65
Ireland (4.73%)		21,141	9.25
219,798	CRH	5,286	2.31
333,665	Glanbia	4,283	1.87
68,472	Paddy Power Betfair	5,776	2.53
404,566	Ryanair	5,796	2.54
Italy (0.60%)		5,856	2.56
255,316	Prysmian	5,856	2.56
Netherlands (0.00%)		6,442	2.82
197,002	ASR Nederland	6,442	2.82

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Global Equity Unconstrained Fund

Portfolio Statement as at 28 February 2018 (Continued)

Holding	Investment	Market value £'000	Percentage of total net assets
Portugal (1.98%)		-	-
Sweden (2.28%)		6,358	2.78
767,449	Nordea Bank	6,358	2.78
Switzerland (0.00%)		5,571	2.44
108,302	Ferguson	5,571	2.44
Japanese Equities (2.18%)		9,957	4.35
1,292,773	JXTG Holdings	5,767	2.52
114,306	Mitsui Mining & Smelting	4,190	1.83
North American Equities (53.56%)		112,100	49.03
Bermuda (0.00%)		5,473	2.39
320,878	Marvell Technology	5,473	2.39
Canada (4.26%)		4,643	2.03
131,376	Alimentation Couche-Tard 'B'	4,643	2.03
United States (49.30%)		101,984	44.61
51,009	Acuity Brands	5,276	2.31
6,191	Alphabet 'C'	4,964	2.17
49,631	American Tower	5,019	2.20
306,198	Boston Scientific	6,056	2.65
24,259	Broadcom	4,339	1.90
20,104	Cavium	1,298	0.57
52,986	Celgene	3,350	1.46
88,927	Citigroup	4,870	2.13
163,722	Comcast	4,303	1.88
43,702	Concho Resources	4,784	2.09
154,055	CSX	6,004	2.63
65,950	Dollar Tree	4,913	2.15
35,171	Facebook	4,552	1.99
84,037	First Republic Bank	5,660	2.47
137,550	Halliburton	4,632	2.03
108,699	Hess	3,581	1.57
121,047	Knight-Swift Transportation	4,230	1.85

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Global Equity Unconstrained Fund

Portfolio Statement as at 28 February 2018 (Continued)

Holding	Investment	Market value £'000	Percentage of total net assets
United States (continued)			
92,997	Kraft Heinz	4,524	1.98
45,571	Mastercard	5,814	2.54
41,994	NextEra Energy	4,637	2.03
34,710	United Health	5,696	2.49
59,916	Worldpay	3,482	1.52
Pacific Basin Equities (11.00%)		11,756	5.15
Australia (2.15%)		6,143	2.69
627,909	Treasury Wine Estates	6,143	2.69
China (8.85%)		980	0.43
29,371	Ctrip.com ADR	980	0.43
23,966,000	Tianhe Chemicals*	0	0.00
Hong Kong (0.00%)		0	0.00
1,055,400	China Metal Recycling*	0	0.00
South Korea (0.00%)		4,633	2.03
2,938	Samsung Electronics	4,633	2.03
UK Equities (6.85%)		10,534	4.61
Financials (0.00%)		5,808	2.54
317,395	Prudential	5,808	2.54
Health Care (2.43%)		4,726	2.07
152,041	Shire	4,726	2.07
Industrials (4.42%)		0	0.00
Collective Investment Schemes (1.98%)		2,217	0.97
2,217,228	Standard Life CNAV Sterling Liquidity Fund	2,217	0.97
Total Investment assets and liabilities		232,019	101.49
Net other liabilities		(3,397)	(1.49)
Total Net Assets		228,622	100.00

All investments are listed on recognised stock exchanges and are approved securities, or regulated collective investment schemes within the meaning of the FCA rules unless otherwise stated.

The percentage figures in brackets show the comparative holding as at 28 February 2017.

* Delisted

Standard Life Investment Company

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Global Equity Unconstrained Fund

Financial Statements

Statement of Total Return

for the year ended 28 February 2018

	Notes	£'000	2018 £'000	£'000	2017 £'000
Income:					
Net capital gains	2		7,574		54,017
Revenue	4	3,732		3,569	
Expenses	5	(2,121)		(2,024)	
Interest payable and similar charges		(2)		(5)	
Net revenue before taxation		1,609		1,540	
Taxation	6	21		(277)	
Net revenue after taxation			1,630		1,263
Total return before distributions			9,204		55,280
Distributions	7		(1,630)		(1,291)
Change in net assets attributable to shareholders from investment activities			7,574		53,989

Statement of Change in Net Assets Attributable to Shareholders

for the year ended 28 February 2018

	£'000	2018 £'000	£'000	2017 £'000
Opening net assets attributable to shareholders		264,211		207,314
Amounts receivable on the issue of shares	24,677		51,313	
Amounts payable on the cancellation of shares	(69,411)		(49,686)	
		(44,734)		1,627
Dilution adjustment		107		63
Change in net assets attributable to shareholders from investment activities (see above)		7,574		53,989
Retained distribution on accumulation shares		1,464		1,218
Closing net assets attributable to shareholders		228,622		264,211

Standard Life Investment Company

Annual Report & Financial Statements

Global Equity Unconstrained Fund

Financial Statements (Continued)

Balance Sheet

as at 28 February 2018

	Notes	£'000	2018 £'000	£'000	2017 £'000
Assets:					
Fixed assets:					
Investment assets			232,019		265,781
Current assets:					
Debtors	8	10,892		1,778	
Cash and bank balances		5		479	
			10,897		2,257
Total assets			242,916		268,038
Liabilities:					
Creditors	9	(14,290)		(3,827)	
Bank overdrafts		(3)		-	
Distribution payable		(1)		-	
			(14,294)		(3,827)
Total liabilities			(14,294)		(3,827)
Net assets attributable to shareholders			228,622		264,211

Standard Life Investment Company

Annual Report & Financial Statements

Global Equity Unconstrained Fund

Notes to the Financial Statements

1 Accounting Policies

Please refer to pages 11 to 12 for note on accounting policies.

2 Net Capital Gains

	2018 £'000	2017 £'000
Non-derivative securities	7,652	54,027
Forward currency contracts	(22)	(83)
Other (losses)/gains	(39)	98
Handling charges taken from the capital account	(17)	(25)
Net capital gains	7,574	54,017

3 Purchases, Sales and Transaction Costs

There are no transaction costs associated with the purchases or sales of collective investment schemes and derivatives during the year, or in the prior year.

Collective investments operate within the terms of the offer document or prospectus. Typically we do not invest into Funds that require an initial charge to be made. The underlying price contains an estimation of cost known as a dilution levy which is applied from time to time.

Derivatives are dealt on a spread agreed between buyer and seller with reference to the underlying investment.

During the year the total purchases and sales across different major assets classes are as per below table.

	2018 £'000	2017 £'000
Equity Purchases, Sales and Transaction Costs		
Purchases		
Purchases before transaction costs	153,025	191,313
Commissions	138	208
Taxes & Other Fees	216	83
Total purchase transaction costs	354	291
Purchases including transaction costs	153,379	191,604
Sales		
Gross Sales before transaction costs	191,887	190,844
Commissions	(133)	(190)
Taxes & Other Fees	(19)	(18)
Total sale transaction costs	(152)	(208)
Total sales net of transaction costs	191,735	190,636

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Global Equity Unconstrained Fund

Notes to the Financial Statements (Continued)

3 Purchases, Sales and Transaction Costs (continued)

	2018 % Transaction	2017 % Transaction
Equity Transaction Cost as a % of total Purchases & Sales		
Purchases		
Commissions	0.09%	0.11%
Taxes & Other Fees	0.14%	0.04%
Sales		
Commissions	0.07%	0.10%
Taxes & Other Fees	0.01%	0.01%
	2018 % Average NAV	2017 % Average NAV
Equity Purchases, Sales Analysis to Average NAV		
Purchases		
Commissions	0.05%	0.08%
Taxes & Other Fees	0.08%	0.03%
Sales		
Commissions	0.05%	0.08%
Taxes & Other Fees	0.01%	0.01%

During the year the total purchases and sales across different major asset classes are as per below table.

	2018 £'000	2017 £'000
Purchase		
Equities	153,379	191,604
Sales		
Equities	191,735	190,636

The Fund suffers a number of explicit costs as disclosed in the notes and Fund history. The Fund also suffers implicit costs an example is market spread, the spread represents the costs of providing liquidity in a market. It therefore is subject to change based on volume, active markets have a lower spread the difference between; bid the price you receive and offer the price you pay.

At the balance sheet date the average portfolio dealing spread (i.e. the spread between bid and offer prices expressed as a percentage of the offer price) was 0.61% (2017: 0.59%), this is representative of the average spread on the assets held during the year.

Standard Life Investment Company

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Global Equity Unconstrained Fund

Notes to the Financial Statements (Continued)

4 Revenue

	2018 £'000	2017 £'000
UK dividends	108	255
Overseas dividends	3,613	3,293
Bank interest	11	21
Total revenue	3,732	3,569

5 Expenses

	2018 £'000	2017 £'000
Payable to the Authorised Corporate Director, associates of the Authorised Corporate Director and agents of either of them:		
Authorised Corporate Director's periodic charge	1,827	1,741
Dealing charge	38	37
Registration fees	187	184
	2,052	1,962
Payable to the Depositary or associates of the Depositary, and agents of either of them:		
Depositary's fees	32	30
Safe custody fee	28	23
	60	53
Other:		
Professional fees	2	2
Audit fee	7	7
	9	9
Total expenses	2,121	2,024

6 Taxation

	2018 £'000	2017 £'000
(a) Analysis of charge in year		
Overseas taxes	(21)	277
Total current tax (note 6b)	(21)	277

Standard Life Investment Company

Annual Report & Financial Statements

Global Equity Unconstrained Fund

Notes to the Financial Statements (Continued)

6 Taxation (continued)

(b) Factors affecting current tax charge for the year

The tax assessed for the year is lower than standard rate of corporation tax for Open-Ended Investment Companies 'OEICs' (20%). The differences are explained below:

Net revenue before taxation	1,609	1,540
Corporation tax at 20% (2017: 20%)	322	308
Effects of:		
Revenue not subject to taxation	(670)	(661)
Overseas taxes	(21)	277
Overseas tax expensed	(10)	(7)
Excess allowable expenses	381	360
Revenue taxable in other periods	(23)	0
Current tax charge for year (note 6a)	(21)	277

Authorised Open-Ended Investment Companies are exempt from tax on capital gains in the UK. Therefore, any capital gain is not included in the above reconciliation.

(c) Factors that may affect future tax charge

At the year end, after offset against revenue taxable on receipt, there is a potential deferred tax asset of £1,574,000 (2017: £1,216,000) due to surplus expenses. It is unlikely that the Fund will generate sufficient taxable profits to utilise these amounts and therefore no deferred tax asset has been recognised in the year or the prior year.

7 Distributions

The distribution takes account of income received on the issue of shares and income deducted on the cancellation of shares and comprise:

	2018 £'000	2017 £'000
Distribution	1,464	1,218
Add: Income deducted on cancellation of shares	270	203
Deduct: Income received on issue of shares	(104)	(130)
Net distribution for the year	1,630	1,291

Details of the distribution per share are set out in this Fund's distribution tables.

Share class deficit	-	28
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8 Debtors

	2018 £'000	2017 £'000
Amounts receivable from the ACD for the issue of shares	398	158
Sales awaiting settlement	9,973	1,251
Accrued revenue	390	267
Foreign withholding tax recoverable	131	102
Total debtors	10,892	1,778

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Global Equity Unconstrained Fund

Notes to the Financial Statements (Continued)

9 Creditors

	2018 £'000	2017 £'000
Amounts payable to the ACD for cancellation of shares	2,131	287
Purchases awaiting settlement	12,001	3,362
Accrued expenses payable to ACD	140	157
Accrued expenses payable to the Depository	9	13
Other accrued expenses	9	8
Total creditors	14,290	3,827

10 Related Party Transactions

Standard Life Investments (Mutual Funds) Limited, as Authorised Corporate Director (ACD), is a related party and acts as principal in respect of all transactions of shares in the Fund.

The aggregate monies received through issue and paid on cancellation of shares are disclosed in the statement of change in net assets attributable to shareholders.

Any amounts due from or due to Standard Life Investments (Mutual Funds) Limited at the end of the accounting year are disclosed in notes 8 and 9.

Amounts payable to Standard Life Investments (Mutual Funds) Limited, in respect of periodic charge and registration services, are disclosed in note 5 and any amounts due at the year end in note 9.

The Fund holds 2,217,228 shares (2017: 5,239,025) in Standard Life CNAV Sterling Liquidity Fund as detailed in the portfolio statement, the total purchase cost of these investments during the year was £80,675,000 (2017: £109,442,000), the total sales proceeds were £83,697,000 (2017: £104,223,000).

	2018 £'000	2017 £'000
Transactions during the year with Standard Life Aberdeen group companies are as follows:		
Sale of shares by Fund	8,314	25,811
Purchase of shares by Fund	24,788	15,538
Distributions made by Fund	547	493
The percentage value of the Fund held by Standard Life Aberdeen group companies is:	41.9%	40.5%

11 Shares in issue reconciliation

	Opening shares 2017	Creations during the year	Cancellations during the year	Conversions during the year	Closing shares 2018
Retail accumulation	20,885,808	749,178	(4,388,873)	(800,927)	16,445,186
Institutional accumulation	30,546,058	5,725,568	(13,124,002)	972,080	24,119,704
Retail income	1,578,522	722,806	(286,176)	(214,759)	1,800,393
Standard Life accumulation	3,824,593	324,501	(672,048)	0	3,477,046
Institutional regulated accumulation	85,108,939	5,190,274	(18,481,221)	0	71,817,992
Platform 1 accumulation	66,333,207	2,945,208	(12,997,185)	(248,937)	56,032,293
Institutional S accumulation	22,256,548	4,461,892	(5,870,456)	32,464	20,880,448
Institutional A accumulation	2,200	0	0	0	2,200

Standard Life Investment Company

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Global Equity Unconstrained Fund

Notes to the Financial Statements (Continued)

12 Fair Value Hierarchy

	2018 £'000	2018 £'000	2018 £'000	2017 £'000	2017 £'000	2017 £'000
Fair value of investment assets	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
Equities	229,802	0	0	260,542	0	0
Collective Investment Schemes	0	2,217	0	0	5,239	0
Total investment assets	229,802	2,217	0	260,542	5,239	0

The three levels of the fair value hierarchy under FRS 102 are described below:

Level 1: Unadjusted quoted market prices in active markets that are accessible at the measurement date for the identical unrestricted assets or liabilities.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices).

Level 3: Inputs for asset or liability that are not based on observable market data (unobservable inputs).

13 Risk Management Policies & Numerical Disclosures

In accordance with the investment objectives, the Fund may hold certain financial instruments. These comprise:

- securities held in accordance with the investment objective and policies;
- cash and short-term debtors and creditors arising directly from operations; and
- derivatives.

The main risks arising from the Fund's financial instruments are market price, foreign currency, interest rate, credit and liquidity risk. The policies for managing these risks are summarised below and have been applied consistently throughout the year, and prior year.

a. Market price risk

Each Fund's investment portfolio is exposed to market price fluctuation which are monitored by the Fund Manager in pursuance of the investment objectives and policies. Adherence to investment guidelines and to investment and borrowing powers mitigate the risk of excessive exposure to any particular type of security or issuer.

An increase or decrease in market values will therefore have a direct effect on the value of the investment assets in the portfolio and therefore a proportionate effect on the value of the Fund.

A five per cent increase in the value of the Fund's portfolio would have the effect of increasing the return and net assets as at 28 February by £11,600,950 (2017: £13,289,050). A five per cent decrease would have an equal and opposite effect.

b. Foreign currency risk

A proportion of the net assets of the Fund are denominated in currencies other than Sterling, therefore the balance sheet and total returns can be affected by currency movements. In certain circumstances, the Fund Manager may seek to manage exposure to currency movements by using forward currency contracts.

The Fund does not hedge or otherwise seek to avoid currency movement risk on accrued revenue.

Income received in foreign currencies is converted into Sterling at the exchange rates ruling when the income is received.

A five per cent increase in the value of the Fund's foreign currency exposure would have the effect of increasing the return and net assets as at 28 February by £10,272,600 (2017: £12,118,300). A five per cent decrease would have an equal and opposite effect.

Standard Life Investment Company

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Global Equity Unconstrained Fund

Notes to the Financial Statements (Continued)

13 Risk Management Policies & Numerical Disclosures (continued)

Currency exposure

The net foreign currency monetary exposure comprises:

	Net foreign currency monetary assets	
	2018	2017
	£'000	£'000
Australian Dollar	6,144	5,675
Brazilian Real	4,579	5,801
Canadian Dollar	4,643	11,263
Danish Krone	9,715	17,586
Euro	55,929	37,433
Hong Kong Dollar	0	4,965
Japanese Yen	9,957	5,755
South Korean Won	5,725	6,697
Swedish Krona	5,020	5,802
Swiss Franc	1	0
Taiwan Dollar	0	336
US Dollar	103,739	140,752

c. Interest rate risk

Interest receivable on bank deposits or payable on bank overdrafts will be affected by fluctuations in interest rates. The Fund Manager continuously reviews interest rates and inflation expectations. The assessment of this may result in a change in investment strategy.

The interest rate risk profile of the Fund's net financial assets and liabilities is:

	Floating rate financial assets/(liabilities)	Financial assets not carrying interest	Total
	£'000	£'000	£'000
2018			
Currency			
UK Sterling	2,214	20,956	23,170
Australian Dollar	0	6,144	6,144
Brazilian Real	0	4,579	4,579
Canadian Dollar	0	4,643	4,643
Danish Krone	0	9,715	9,715
Euro	0	55,929	55,929
Japanese Yen	0	9,957	9,957
South Korean Won	0	5,725	5,725
Swedish Krona	0	5,020	5,020
Swiss Franc	0	1	1
US Dollar	5	103,734	103,739

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Global Equity Unconstrained Fund

Notes to the Financial Statements (Continued)

13 Risk Management Policies & Numerical Disclosures (continued)

	Floating rate financial assets/(liabilities) £'000	Financial assets not carrying interest £'000	Total £'000
2017			
Currency			
UK Sterling	5,342	16,804	22,146
Australian Dollar	0	5,675	5,675
Brazilian Real	0	5,801	5,801
Canadian Dollar	0	11,263	11,263
Danish Krone	0	17,586	17,586
Euro	0	37,433	37,433
Hong Kong Dollar	0	4,965	4,965
Japanese Yen	0	5,755	5,755
Korean Won	0	6,697	6,697
Swedish Krona	0	5,802	5,802
Taiwan Dollar	336	0	336
US Dollar	41	140,711	140,752

d. Credit risk

All cash exposures are carefully managed to ensure that money is placed on deposit with counterparties that meet the minimum credit rating deemed appropriate for this Fund. In certain circumstances, the Fund Manager may deliberately invest in securities (e.g. corporate bonds) with a well defined and published credit rating. In this case the Fund would be deliberately taking credit risk in order to seek additional rewards.

e. Liquidity risk

The Fund's assets comprise mainly readily realisable securities. The main liabilities of the Fund are the redemption of any shares that investors wish to sell and the settlement of stock purchases. The Fund Manager reviews the cash and liability position continuously, and should an increase in liquidity be required, the Fund Manager will sell securities.

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Distribution Tables

for the year ended 28 February 2018

Group 1 - shares purchased prior to 1 March 2017

Group 2 - shares purchased between 1 March 2017 and 28 February 2018

	Net Income 2018 pence per share	Equalisation 2018 pence per share	Distribution payable 2018 pence per share	Distribution paid 2017 pence per share
Retail accumulation				
Group 1	0.0680	-	0.0680*	0.0180
Group 2	-	0.0680	0.0680*	0.0180
Institutional accumulation				
Group 1	0.7747	-	0.7747*	0.5089
Group 2	0.2506	0.5241	0.7747*	0.5089
Retail income				
Group 1	0.0365	-	0.0365**	-
Group 2	-	0.0365	0.0365**	-
Standard Life accumulation				
Group 1	1.6692	-	1.6692*	1.2932
Group 2	1.2181	0.4511	1.6692*	1.2932
Institutional regulated accumulation				
Group 1	1.2162	-	1.2162*	0.9033
Group 2	0.4045	0.8117	1.2162*	0.9033
Platform 1 accumulation				
Group 1	0.4556	-	0.4556*	0.2775
Group 2	0.0926	0.3630	0.4556*	0.2775
Institutional S accumulation				
Group 1	0.3778	-	0.3778*	0.2548
Group 2	0.1233	0.2545	0.3778*	0.2548
Institutional A accumulation				
Group 1	-	-	0.0000*	-
Group 2	-	-	-	-

* Distribution accumulated on 28 February 2018

** Distribution payable on 30 April 2018

Standard Life Investment Company

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Global Equity Unconstrained Fund

Distribution Tables (Continued)

Treatment by Corporate Shareholders (Unaudited)	
Corporate shareholders should account for the current year's dividend shown in the distribution table as follows:	
	Final Dividend Distribution
Treat as a UK corporate dividend	100.00%
Treat as an annual payment net of Income tax at 20%	0.00%

Standard Life Investment Company Annual Report & Financial Statements

Global Smaller Companies Fund

Investment Report

Fund Information	
Fund Manager	Alan Rowsell
Launch Date	19 January 2012
Benchmark	IA Global Sector

Investment objective

The objective of the Fund is to provide capital appreciation. It is intended that income will not be a prime consideration.

Investment policy

The investment policy of the Fund is to invest mainly in global smaller company equities (excluding Investment Trusts) and equity type investments. "Equity type investments" will include convertible stocks, stock exchange listed warrants, Depositary Receipts and any other such investments which entitle the holder to subscribe for or convert into the equity of the company and/or where the share price performance is, in the opinion of the ACD, influenced significantly by the stock market performance of the company's ordinary shares. The Fund may also invest in other transferable securities, money-market instruments, deposits, cash and near cash, derivatives and collective investment schemes.

Risk

The focused nature of the portfolio makes it suitable for investors who are willing to accept a relatively high degree of stock specific risk. The investor must be able to accept significant temporary losses due to the volatile nature of this area of global equity markets, and should therefore have an investment time horizon of at least 5 years.

Performance Review

During the period under review, the Fund returned 20.3% (platform 1, accumulation shares), compared to the IA Global sector return of 8.3% (source: Morningstar, basic-rate taxpayer, bid-to-bid basis).

Align Technology was one of the Fund's best performers thanks to strong third-quarter results, which saw revenues and profits up 38% and 60% respectively. The company continues to successfully sell clear dental aligners to help people straighten their teeth. The positive surprise has been international sales and the teenage market. NMC Health, which operates hospitals and clinics in the UAE, was the second biggest contributor. It recently announced it was buying an operator of hospitals and clinics in Saudi Arabia, while it will also take a stake in a cosmetic surgery company. These deals will expand its target market and increase revenues. Indeed, the shares have performed so well that this is now a large-cap company on the London Stock Exchange; as such, it is time for us to sell the company and recycle the proceeds into small-cap opportunities. Additional highlights included Sunny Optical, Fever-Tree Drinks and Finecobank.

Financial Engines was a poor performer on the back of disappointing results. The company announced a price cut for its portfolio optimization tool, which suggests competition is a problem. This surprised market participants and indicated that the company's competitive advantage is not as strong as we thought. As a result, we decided to sell our position. Superior Energy Services underperformed as oil prices remained weak. This disappointed investors who were hoping for a stronger acceleration in its earnings. However, the business continues to make good progress, seeing rising demand for its services, especially in US shale drilling. Positions in Forum Energy, Balchem and HMS also disappointed.

Investment activity

We bought a new position in Grubhub. This US company has the market-leading position in the online takeaway sector. We see more and more people ordering food online so we believe this is a secular growth market. Grubhub's first-mover advantage and its scale give it a strong competitive lead. Staying in the US, we also purchased Paylocity, a software provider for managing companies' payroll. We see it taking market share from smaller, regional players as well as from the large incumbent providers thanks to its integrated, cloud-based solution. Avigilon is a Canadian security company that provides video surveillance systems, video analytics and access control solutions. There is positive change occurring at the company in the form of the launch of Avigilon Blue, a new subscription-based cloud service platform for security and surveillance. Also, demand for video analytics is strong and Avigilon seems to have a clear competitive advantage in this area.

We sold Middleby, the US kitchen equipment manufacturer. We have owned the stock for over five years and profited handsomely from our position; however, organic growth has turned negative in the last three quarters and the outlook is uncertain. Restaurant chains are prioritising spending on technology, such as online ordering, rather than kitchen equipment and the trend towards home delivery is reducing the rate of new restaurant growth. We also exited lower-conviction positions in Poya and Pressance. The former is a discount retailer in Taiwan that has been delivering disappointing sales for several months now so it was time to exit. Pressance is a Japanese home builder that specialises in condos outside of the Tokyo area. It has traded sideways for most of this year and we see more upside in the new names we have purchased.

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Global Smaller Companies Fund

Investment Report (Continued)

Synthetic Risk & Reward Indicator



This indicator reflects the volatility of the Fund’s share price over the last five years which in turn reflects the volatility of the underlying assets in which the Fund invests. Historical data may not be a reliable indication of the future.

The current rating, which is the same for all share classes, is not guaranteed and may change if the volatility of the assets in which the Fund invests changes. The lowest rating does not mean risk free.

All investment involves risk. This Fund offers no guarantee against loss or that the Fund’s objective will be attained.

For further information on the risks that may not be fully captured by the risk and reward indicator, please refer to the current Key Investor Information Document (KIID).

Cautionary note

It should be remembered that past performance is not a guide to future performance. The value of investments may go down as well as up and, therefore, investors may not get back the amount originally invested.

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Global Smaller Companies Fund

Comparative Tables

	2018 pence per share	2017 pence per share	2016 pence per share
Retail accumulation			
Change in net assets per share			
Opening net asset value per share	107.54	79.45	75.07
Return before operating charges*	23.17	29.48	5.79
Operating charges**	(1.78)	(1.39)	(1.41)
Return after operating charges*	21.39	28.09	4.38
Closing net asset value per share	128.93	107.54	79.45
* after direct transaction costs of:***	0.15	0.09	0.14
Performance+			
Return after charges	19.89%	35.36%	5.83%
Other information			
Closing net asset value (£'000)	145,052	105,843	77,633
Closing number of shares	112,501,094	98,418,296	97,709,121
Operating charges****	1.47%	1.48%	1.81%
Direct transaction costs***	0.13%	0.10%	0.18%
Prices			
Highest share price	131.8	108.2	82.53
Lowest share price	105.6	79.45	71.91

** The operating charges include all costs borne by the Fund, except for direct transaction costs.

*** The direct transaction costs are made up of: fees and commissions paid to agents, advisers, brokers and dealers, levies by regulatory agencies and securities exchanges as well as transfer taxes and duties.

**** The operating charges percentage is the equivalent of the ongoing charges figure per the prior year accounts. It shows the annualised operating expenses of the share class as a percentage of the average net asset value of the class over the same period. The ACD periodic charge was reduced from 1.70% to 1.45% which became effective on 1 April 2016. The Registrar fees of 0.08% also ceased to be charged effective 1 April 2016.

+ The performance figures are calculated by taking the value of the shareclass per the financial statements compared to the value per the financial statements in the prior year. This figure may differ from the performance figure quoted in the Investment Report. The Investment Report performance figure is calculated using the last available published price for a given shareclass in the period compared to the equivalent for the prior period. The published price may contain an adjustment for dilution in accordance with the Fund pricing policy, while the price per the financial statements values the Fund on a bid-price basis. The financial statements shareclass valuation is based on close of business market prices on the last day of the period, again this may differ from the intra-day pricing point of the Fund which is used in the published shareclass price.

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Global Smaller Companies Fund

Comparative Tables (Continued)

	2018 pence per share	2017 pence per share	2016 pence per share
Institutional accumulation			
Change in net assets per share			
Opening net asset value per share	112.02	82.30	77.10
Return before operating charges*	24.19	30.65	5.98
Operating charges**	(1.21)	(0.93)	(0.78)
Return after operating charges*	22.98	29.72	5.20
Distributions	0.00	(0.13)	(0.03)
Retained distributions on accumulation share	0.00	0.13	0.03
Closing net asset value per share	135.00	112.02	82.30
* after direct transaction costs of:***	0.16	0.10	0.14
Performance+			
Return after charges	20.51%	36.11%	6.74%
Other information			
Closing net asset value (£'000)	173,783	96,400	54,817
Closing number of shares	128,729,440	86,059,286	66,603,122
Operating charges****	0.95%	0.96%	0.96%
Direct transaction costs***	0.13%	0.10%	0.17%
Prices			
Highest share price	137.9	112.7	84.86
Lowest share price	110.1	82.30	74.16

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Global Smaller Companies Fund

Comparative Tables (Continued)

	2018 pence per share	2017 pence per share	2016 pence per share
Standard Life accumulation			
Change in net assets per share			
Opening net asset value per share	117.14	85.34	79.27
Return before operating charges*	25.37	31.91	6.16
Operating charges**	(0.14)	(0.11)	(0.09)
Return after operating charges*	25.23	31.80	6.07
Distributions	(1.06)	(1.00)	(0.74)
Retained distributions on accumulation share	1.06	1.00	0.74
Closing net asset value per share	142.37	117.14	85.34
* after direct transaction costs of:***	0.17	0.10	0.15
Performance+			
Return after charges	21.54%	37.26%	7.66%
Other information			
Closing net asset value (£'000)	49,909	23,863	10,305
Closing number of shares	35,055,625	20,371,898	12,075,210
Operating charges****	0.10%	0.11%	0.11%
Direct transaction costs***	0.13%	0.10%	0.18%
Prices			
Highest share price	145.3	117.8	87.33
Lowest share price	115.3	85.34	76.56

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Global Smaller Companies Fund

Comparative Tables (Continued)

	2018 pence per share	2017 pence per share	2016 pence per share
Platform 1 accumulation			
Change in net assets per share			
Opening net asset value per share	107.84	79.31	74.37
Return before operating charges*	23.27	29.52	5.77
Operating charges**	(1.28)	(0.99)	(0.83)
Return after operating charges*	21.99	28.53	4.94
Distributions	0.00	(0.03)	0.00
Retained distributions on accumulation share	0.00	0.03	0.00
Closing net asset value per share	129.83	107.84	79.31
* after direct transaction costs of:***	0.15	0.09	0.14
Performance+			
Return after charges	20.39%	35.97%	6.64%
Other information			
Closing net asset value (£'000)	163,376	88,789	35,368
Closing number of shares	125,842,301	82,337,004	44,591,353
Operating charges****	1.05%	1.06%	1.06%
Direct transaction costs***	0.13%	0.10%	0.18%
Prices			
Highest share price	132.7	108.5	81.84
Lowest share price	106.0	79.31	71.50

** The operating charges include all costs borne by the Fund, except for direct transaction costs.

*** The direct transaction costs are made up of: fees and commissions paid to agents, advisers, brokers and dealers, levies by regulatory agencies and securities exchanges as well as transfer taxes and duties.

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Comparative Tables (Continued)

	2018 pence per share	2017 pence per share	2016 pence per share
Institutional S accumulation			
Change in net assets per share			
Opening net asset value per share	82.16	60.27	56.36
Return before operating charges*	17.75	22.45	4.38
Operating charges**	(0.73)	(0.56)	(0.47)
Return after operating charges*	17.02	21.89	3.91
Distributions	(0.12)	(0.22)	(0.13)
Retained distributions on accumulation share	0.12	0.22	0.13
Closing net asset value per share	99.18	82.16	60.27
* after direct transaction costs of:***	0.12	0.07	0.10
Performance+			
Return after charges	20.72%	36.32%	6.94%
Other information			
Closing net asset value (£'000)	312,360	159,682	77,384
Closing number of shares	314,935,186	194,358,447	128,406,109
Operating charges****	0.78%	0.79%	0.79%
Direct transaction costs***	0.13%	0.10%	0.17%
Prices			
Highest share price	101.3	82.63	62.04
Lowest share price	80.77	60.27	54.26

** The operating charges include all costs borne by the Fund, except for direct transaction costs.

*** The direct transaction costs are made up of: fees and commissions paid to agents, advisers, brokers and dealers, levies by regulatory agencies and securities exchanges as well as transfer taxes and duties.

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Comparative Tables (Continued)

	2018 pence per share	2017 pence per share	2016 pence per share
Institutional A accumulation			
Change in net assets per share			
Opening net asset value per share	70.54	52.27	50.00
Return before operating charges*	15.22	19.38	2.35
Operating charges**	(1.41)	(1.11)	(0.08)
Return after operating charges*	13.81	18.27	2.27
Closing net asset value per share	84.35	70.54	52.27
* after direct transaction costs of:***	0.10	0.06	0.01
Performance+			
Return after charges	19.58%	34.95%	4.54%
Other information			
Closing net asset value (£'000)	2	2	1
Closing number of shares	2,200	2,200	2,200
Operating charges****	1.80%	1.81%	1.81%
Direct transaction costs***	0.13%	0.10%	0.01%
Prices			
Highest share price	86.27	70.97	52.74
Lowest share price	69.27	52.27	48.02

** The operating charges include all costs borne by the Fund, except for direct transaction costs.

*** The direct transaction costs are made up of: fees and commissions paid to agents, advisers, brokers and dealers, levies by regulatory agencies and securities exchanges as well as transfer taxes and duties.

**** The operating charges percentage is the equivalent of the ongoing charges figure per the prior year accounts. It shows the annualised operating expenses of the share class as a percentage of the average net asset value of the class over the same period.

+ The performance figures are calculated by taking the value of the shareclass per the financial statements compared to the value per the financial statements in the prior year. This figure may differ from the performance figure quoted in the Investment Report. The Investment Report performance figure is calculated using the last available published price for a given shareclass in the period compared to the equivalent for the prior period. The published price may contain an adjustment for dilution in accordance with the Fund pricing policy, while the price per the financial statements values the Fund on a bid-price basis. The financial statements shareclass valuation is based on close of business market prices on the last day of the period, again this may differ from the intra-day pricing point of the Fund which is used in the published shareclass price.

Standard Life Investment Company

Annual Report & Financial Statements

Global Smaller Companies Fund

Portfolio Statement as at 28 February 2018

Holding	Investment	Market value £'000	Percentage of total net assets
Emerging Market Equities (1.32%)		-	-
Mexico (1.32%)		-	-
European Equities (16.99%)		165,492	19.60
Austria (0.76%)		0	0.00
France (2.71%)		17,642	2.09
170,489	Teleperformance	17,642	2.09
Germany (5.66%)		53,302	6.31
240,721	Grenke	19,081	2.26
562,360	Jungheinrich	19,932	2.36
191,264	Nemetschek	14,289	1.69
Ireland (1.67%)		9,762	1.16
7,766,331	Hibernia REIT	9,762	1.16
Italy (3.67%)		68,534	8.12
1,335,233	DoBank	13,533	1.60
2,573,190	FinecoBank	23,040	2.73
889,456	Interpump	21,510	2.55
2,196,630	OVS	10,451	1.24
Netherlands (1.53%)		13,692	1.62
964,967	Wessanen	13,692	1.62
Sweden (0.99%)		2,560	0.30
116,889	Troax	2,560	0.30
Japanese Equities (11.23%)		100,963	11.95
110,000	Disco	18,854	2.23
267,760	GM0 Payment Gateway	16,318	1.93
788,639	Japan Lifeline	18,721	2.22
718,633	MonotaRO	16,839	1.99
677,770	Pigeon	20,053	2.37
537,711	Start Today	10,178	1.21

Standard Life Investment Company

Annual Report & Financial Statements

Global Smaller Companies Fund

Portfolio Statement as at 28 February 2018 (Continued)

Holding	Investment	Market value £'000	Percentage of total net assets
North American Equities (44.28%)		334,585	39.61
128,397	ABIOMED	24,980	2.96
537,718	Alarm.com	14,100	1.67
111,703	Align Technology	21,283	2.52
150,231	Aspen Technology	8,425	1.00
186,270	Balchem	10,176	1.20
462,244	Cognex	18,019	2.13
1,085,568	Evolent Health	11,542	1.37
1,115,971	Forum Energy Technologies	9,152	1.08
391,028	GrubHub	28,209	3.34
358,253	Hain Celestial	9,043	1.07
325,326	HEICO	20,209	2.39
773,350	HMS	9,003	1.07
517,535	LKQ	14,829	1.76
122,694	MarketAxess Holdings	18,023	2.13
224,718	Maximus	10,921	1.29
391,786	Paylocity	13,299	1.58
289,259	Service Corporation International	7,854	0.93
817,467	Superior Energy	5,073	0.60
280,053	Texas Capital Bank	18,333	2.17
162,976	Visteon	14,649	1.73
244,456	Wabtec	14,433	1.71
359,351	Wageworks	13,666	1.62
315,714	Wintrust	19,364	2.29
Pacific Basin Equities (11.88%)		89,310	10.58
Australia (3.65%)		17,200	2.04
4,235,620	ALS	17,200	2.04
China (4.93%)		59,725	7.07
352,214	51job	16,716	1.98
2,304,313	Shenzhou	16,520	1.95
1,958,305	Sunny Optical Technology	23,702	2.81
2,046,946	Xiabu Xiabu	2,787	0.33

Standard Life Investment Company

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Global Smaller Companies Fund

Portfolio Statement as at 28 February 2018 (Continued)

		Market value £'000	Percentage of total net assets
Holding	Investment		
Taiwan (3.30%)		12,385	1.47
1,002,394	Voltronic Power Technology	12,385	1.47
UK Equities (11.43%)		112,039	13.27
Consumer Goods (3.93%)		43,228	5.12
1,045,238	Fever Tree Drinks	25,943	3.07
4,510,903	JD Sports	17,285	2.05
Consumer Services (3.36%)		36,169	4.28
1,934,081	CVS	20,598	2.44
4,776,598	Domino's Pizza	15,571	1.84
Industrials (0.00%)		17,047	2.02
3,835,153	RWS	17,047	2.02
Technology (1.48%)		15,595	1.85
3,673,769	GB	15,595	1.85
Health Care (2.66%)		0	0.00
Collective Investment Schemes (2.15%)		26,479	3.14
26,479,311	Standard Life CNAV Sterling Liquidity Fund	26,479	3.14
Total Investment assets		828,868	98.15
Net other assets		15,614	1.85
Total Net Assets		844,482	100.00

All investments are listed on recognised stock exchanges and are approved securities, or approved derivatives within the meaning of the FCA rules unless otherwise stated.

The percentage figures in brackets show the comparative holding as at 28 February 2017.

Standard Life Investment Company

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Global Smaller Companies Fund

Financial Statements

Statement of Total Return

for the year ended 28 February 2018

	Notes	£'000	2018 £'000	£'000	2017 £'000
Income:					
Net capital gains	2		111,030		104,692
Revenue	4	5,396		3,901	
Expenses	5	(6,203)		(3,577)	
Interest payable and similar charges	6	(7)		(3)	
Net (expense)/revenue before taxation		(814)		321	
Taxation	7	60		(204)	
Net (expense)/revenue after taxation			(754)		117
Total return before distributions			110,276		104,809
Distributions	8		(254)		(486)
Change in net assets attributable to shareholders from investment activities			110,022		104,323

Statement of Change in Net Assets Attributable to Shareholders

for the year ended 28 February 2018

	£'000	2018 £'000	£'000	2017 £'000
Opening net assets attributable to shareholders		474,579		255,508
Amounts receivable on the issue of shares	304,011		139,275	
Amounts payable on the cancellation of shares	(45,819)		(25,712)	
		258,192		113,563
Dilution adjustment		949		414
Change in net assets attributable to shareholders from investment activities (see above)		110,022		104,323
Retained distribution on accumulation shares		740		771
Closing net assets attributable to shareholders		844,482		474,579

Standard Life Investment Company

Annual Report & Financial Statements

Global Smaller Companies Fund

Financial Statements (Continued)

Balance Sheet

as at 28 February 2018

	Notes	£'000	2018 £'000	£'000	2017 £'000
Assets:					
Fixed assets:					
Investment assets			828,868		471,150
Current assets:					
Debtors	9	7,204		4,029	
Cash and bank balances	10	9,959		414	
			17,163		4,443
Total assets			846,031		475,593
Liabilities:					
Creditors	11	(1,549)	(1,549)	(1,014)	(1,014)
Total liabilities			(1,549)		(1,014)
Net assets attributable to shareholders			844,482		474,579

Standard Life Investment Company

Annual Report & Financial Statements

Global Smaller Companies Fund

Notes to the Financial Statements

1 Accounting Policies

Please refer to pages 11 to 12 for note on accounting policies.

2 Net Capital Gains

	2018 £'000	2017 £'000
Non-derivative securities	111,067	104,455
Forward currency contracts	(4)	130
Other (losses)/gains	(15)	119
Handling charges taken from the capital account	(18)	(12)
Net capital gains	111,030	104,692

3 Purchases, Sales and Transaction Costs

Collective investments operate within the terms of the offer document or prospectus. Typically we do not invest into Funds that require an initial charge to be made. The underlying price contains an estimation of cost known as a dilution levy which is applied from time to time.

	2018 £'000	2017 £'000
Equity Purchases, Sales and Transaction Costs		
Purchases		
Purchases before transaction costs	441,788	264,372
Commissions	342	296
Taxes & Other Fees	198	105
Total purchase transaction costs	540	401
Purchases including transaction costs	442,328	264,773
Sales		
Gross Sales before transaction costs	212,229	153,832
Commissions	(233)	(107)
Taxes & Other Fees	(39)	(18)
Total sale transaction costs	(272)	(125)
Total sales net of transaction costs	211,957	153,707

Standard Life Investment Company

Annual Report & Financial Statements

Global Smaller Companies Fund

Notes to the Financial Statements (Continued)

3 Purchases, Sales and Transaction Costs (continued)

	2018 % Transaction	2017 % Transaction
Equity Transaction Cost as a % of total Purchases & Sales		
Purchases		
Commissions	0.08%	0.11%
Taxes & Other Fees	0.04%	0.04%
Sales		
Commissions	0.11%	0.07%
Taxes & Other Fees	0.02%	0.01%
	2018 % Average NAV	2017 % Average NAV
Equity Purchases, Sales Analysis to Average NAV		
Purchases		
Commissions	0.05%	0.08%
Taxes & Other Fees	0.03%	0.03%
Sales		
Commissions	0.04%	0.03%
Taxes & Other Fees	0.01%	0.01%

During the year the total purchases and sales across different major asset classes are as per below table.

	2018 £'000	2017 £'000
Purchase		
Equities	442,328	264,773
Sales		
Equities	211,957	153,707

The Fund suffers a number of explicit costs as disclosed in the notes and Fund history. The Fund also suffers implicit costs an example is market spread, the spread represents the costs of providing liquidity in a market. It therefore is subject to change based on volume, active markets have a lower spread the difference between; bid the price you receive and offer the price you pay.

At the balance sheet date the average portfolio dealing spread (i.e. the spread between bid and offer prices expressed as a percentage of the offer price) was 0.66% (2017: 0.68%), this is representative of the average spread on the assets held during the year.

Standard Life Investment Company

Annual Report & Financial Statements

Global Smaller Companies Fund

Notes to the Financial Statements (Continued)

4 Revenue

	2018 £'000	2017 £'000
UK dividends	616	731
Overseas dividends	4,733	3,107
Bank interest	47	40
Dividend reinvestments	0	23
Total revenue	5,396	3,901

5 Expenses

	2018 £'000	2017 £'000
Payable to the Authorised Corporate Director, associates of the Authorised Corporate Director and agents of either of them:		
Authorised Corporate Director's periodic charge	5,529	3,212
Dealing charge	131	64
Registration fees	416	213
	6,076	3,489
Payable to the Depositary or associates of the Depositary, and agents of either of them:		
Depositary's fees	54	36
Safe custody fee	63	39
	117	75
Other:		
Professional fees	2	0
Audit fee	8	9
Legal expenses	0	4
	10	13
Total expenses	6,203	3,577

6 Interest Payable and Similar Charges

	2018 £'000	2017 £'000
Interest payable	7	3
Total interest payable & similar charges	7	3

Standard Life Investment Company

Annual Report & Financial Statements

Global Smaller Companies Fund

Notes to the Financial Statements (Continued)

7 Taxation

	2018 £'000	2017 £'000
(a) Analysis of charge in year		
Overseas taxes	(60)	204
Total current tax (note 7b)	(60)	204
(b) Factors affecting current tax charge for the year		
The tax assessed for the year is lower than the standard rate of corporation tax for Open-Ended Investment Companies 'OEICs' (20%). The differences are explained below:		
Net (expense)/revenue before taxation	(814)	321
Corporation tax at 20% (2017: 20%)	(163)	64
Effects of:		
Revenue not subject to taxation	(1,070)	(759)
Overseas taxes	(60)	204
Excess allowable expenses	1,233	700
Non Taxable Dividend Reinvestments	0	(5)
Current tax charge for year (note 7a)	(60)	204

Authorised Open-Ended Investment Companies are exempt from tax on capital gains in the UK. Therefore, any capital gain is not included in the above reconciliation.

(c) Factors that may affect future tax charge

At the year end, after offset against revenue taxable on receipt, there is a potential deferred tax asset of £3,732,000 (2017: £2,499,000) due to surplus expenses. It is unlikely that the Fund will generate sufficient taxable profits to utilise these amounts and therefore no deferred tax asset has been recognised in the year or the prior year.

8 Distributions

The distributions takes account of income received on the issue of shares and income deducted on the cancellation of shares and comprise:

	2018 £'000	2017 £'000
Distribution	740	770
Add: Income deducted on cancellation of shares	73	44
Deduct: Income received on issue of shares	(559)	(328)
Net distribution for the year	254	486

Details of the distribution per share are set out in this Fund's distribution tables.

Net revenue after taxation	(754)	117
Shortfall transfer from capital to revenue	1,008	369
Total distributions	254	486

Standard Life Investment Company

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Global Smaller Companies Fund

Notes to the Financial Statements (Continued)

9 Debtors

	2018 £'000	2017 £'000
Amounts receivable from the ACD for the issue of shares	5,856	3,549
Sales awaiting settlement	1,053	0
Accrued revenue	186	379
Foreign withholding tax recoverable	109	101
Total debtors	7,204	4,029

10 Cash and Bank Balances

	2018 £'000	2017 £'000
Cash and bank balances	9,959	414
Total cash and bank balances	9,959	414

11 Creditors

	2018 £'000	2017 £'000
Amounts payable to the ACD for cancellation of shares	93	69
Purchases awaiting settlement	850	581
Accrued expenses payable to ACD	571	341
Other accrued expenses	15	8
Accrued Expenses payable to the Depository	20	15
Total creditors	1,549	1,014

12 Related Party Transactions

Standard Life Investments (Mutual Funds) Limited, as Authorised Corporate Director (ACD), is a related party and acts as principal in respect of all transactions of shares in the Fund.

The aggregate monies received through issue and paid on cancellation of shares are disclosed in the statement of change in net assets attributable to shareholders.

Any amounts due from or due to Standard Life Investments (Mutual Funds) Limited at the end of the accounting year are disclosed in notes 9 and 11.

Amounts payable to Standard Life Investments (Mutual Funds) Limited, in respect of periodic charge and registration services, are disclosed in note 5 and any amounts due at the year end in note 11.

The Fund holds 26,479,311 shares (2017: 10,199,100) in Standard Life CNAV Sterling Liquidity Fund as detailed in the portfolio statement, the total purchase cost of these investments during the year was £270,534,417 (2017: £146,303,000), the total sales proceeds were £254,254,206 (2017: £136,134,000).

	2018 £'000	2017 £'000
Transactions during the year with Standard Life Aberdeen group companies are as follows:		
Sale of shares by Fund	43,838	6,864
Purchase of shares by Fund	7,794	19,370
Distributions made by Fund	73	0
The percentage value of the Fund held by Standard Life Aberdeen group companies is:	11.7%	9.5%

Standard Life Investment Company

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Global Smaller Companies Fund

Notes to the Financial Statements (Continued)

13 Shares in issue reconciliation

	Opening shares 2017	Creations during the year	Cancellations during the year	Conversions during the year	Closing shares 2018
Retail accumulation	98,418,296	19,471,358	(3,793,120)	(1,595,440)	112,501,094
Institutional accumulation	86,059,286	35,007,369	(4,898,021)	12,560,806	128,729,440
Standard Life accumulation	20,371,898	17,150,042	(2,466,315)	0	35,055,625
Platform 1 accumulation	82,337,004	60,106,403	(3,911,820)	(12,689,286)	125,842,301
Institutional S accumulation	194,358,447	128,340,157	(9,367,174)	1,603,756	314,935,186
Institutional A accumulation	2,200	0	0	0	2,200

14 Fair Value Hierarchy

	2018 £'000	2018 £'000	2018 £'000	2017 £'000	2017 £'000	2017 £'000
Fair value of investment assets	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
Equities	802,389	0	0	460,951	0	0
Collective Investment Schemes	0	26,479	0	0	10,199	0
Total investment assets	802,389	26,479	0	460,951	10,199	0

The three levels of the fair value hierarchy under FRS 102 are described below:

Level 1: Unadjusted quoted market prices in active markets that are accessible at the measurement date for the identical unrestricted assets or liabilities.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices).

Level 3: Inputs for asset or liability that are not based on observable market data (unobservable inputs).

15 Risk Management Policies & Numerical Disclosures

In accordance with the investment objectives, the Fund may hold certain financial instruments. These comprise:

- securities held in accordance with the investment objective and policies;
- cash and short-term debtors and creditors arising directly from operations; and
- derivatives.

The main risks arising from the Fund's financial instruments are market price, foreign currency, interest rate, credit and liquidity risk.

The policies for managing these risks are summarised below and have been applied consistently throughout the year, and prior year.

a. Market price risk

Each Fund's investment portfolio is exposed to market price fluctuation which are monitored by the Fund Manager in pursuance of the investment objectives and policies. Adherence to investment guidelines and to investment and borrowing powers mitigate the risk of excessive exposure to any particular type of security or issuer.

An increase or decrease in market values will therefore have a direct effect on the value of the investment assets in the portfolio and therefore a proportionate effect on the value of the Fund.

A five per cent increase in the value of the Fund's portfolio would have the effect of increasing the return and net assets as at 28 February by £41,443,400 (2017: £23,557,500). A five per cent decrease would have an equal and opposite effect.

Standard Life Investment Company

Annual Report & Financial Statements

Global Smaller Companies Fund

Notes to the Financial Statements (Continued)

15 Risk Management Policies & Numerical Disclosures (continued)

b. Foreign currency risk

A proportion of the net assets of the Fund are denominated in currencies other than Sterling, therefore the balance sheet and total returns can be affected by currency movements. In certain circumstances, the Fund Manager may seek to manage exposure to currency movements by using forward currency contracts.

The Fund does not hedge or otherwise seek to avoid currency movement risk on accrued revenue.

Income received in foreign currencies is converted into Sterling at the exchange rates ruling when the income is received.

A five per cent increase in the value of the Fund's foreign currency exposure would have the effect of increasing the return and net assets as at 28 February by £35,037,600 (2017: £20,362,250). A five per cent decrease would have an equal and opposite effect.

Currency exposure

The net foreign currency monetary exposure comprises:

	Net foreign currency monetary assets	
	2018	2017
	£'000	£'000
Australian Dollar	17,200	17,324
Euro	163,965	75,985
Hong Kong Dollar	42,159	23,391
Japanese Yen	101,140	53,636
Mexican Peso	0	6,282
Swedish Krona	2,560	4,677
Taiwan Dollar	21,628	15,965
US Dollar	352,100	213,104

c. Interest rate risk

Interest receivable on bank deposits or payable on bank overdrafts will be affected by fluctuations in interest rates. The Fund Manager continuously reviews interest rates and inflation expectations. The assessment of this may result in a change in investment strategy.

In addition, changes to prevailing rates or changes in expectations of future rates may result in an increase or decrease in the value of the securities held. In general, if interest rates rise, the income potential of the Fund also rises but the value of fixed rate securities will decline (along with certain expenses calculated by reference to the assets of the Fund). A decline in interest rates will, in general, have the opposite effect.

Standard Life Investment Company

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Global Smaller Companies Fund

Notes to the Financial Statements (Continued)

15 Risk Management Policies & Numerical Disclosures (continued)

The interest rate risk profile of the Fund's net financial assets and liabilities is:

	Floating rate financial assets £'000	Financial assets not carrying interest £'000	Total £'000
2018			
Currency			
UK Sterling	26,525	117,205	143,730
Australian Dollar	0	17,200	17,200
Euro	924	163,041	163,965
Hong Kong Dollar	0	42,159	42,159
Japanese Yen	0	101,140	101,140
Swedish Krona	0	2,560	2,560
Taiwan Dollar	8,191	13,437	21,628
US Dollar	800	351,300	352,100
2017			
Currency			
UK Sterling	10,205	54,010	64,215
Australian Dollar	0	17,324	17,324
Euro	106	75,879	75,985
Hong Kong Dollar	0	23,391	23,391
Japanese Yen	0	53,636	53,636
Mexican Peso	0	6,282	6,282
Swedish Krona	0	4,677	4,677
Taiwan Dollar	278	15,687	15,965
US Dollar	24	213,080	213,104

d. Credit risk

All cash exposures are carefully managed to ensure that money is placed on deposit with counterparties that meet the minimum credit rating deemed appropriate for this Fund. In certain circumstances, the Fund Manager may deliberately invest in securities (e.g. corporate bonds) with a well defined and published credit rating. In this case the Fund would be deliberately taking credit risk in order to seek additional rewards.

e. Liquidity risk

The Fund's assets comprise mainly readily realisable securities. The main liabilities of the Fund are the redemption of any shares that investors wish to sell and the settlement of stock purchases. The Fund Manager reviews the cash and liability position continuously, and should an increase in liquidity be required, the Fund Manager will sell securities.

Standard Life Investment Company Annual Report & Financial Statements

Global Smaller Companies Fund

Distribution Tables

for the year ended 28 February 2018

Group 1 - shares purchased prior to 1 March 2017

Group 2 - shares purchased between 1 March 2017 and 28 February 2018

	Net Income 2018 pence per share	Equalisation 2018 pence per share	Distribution paid 2018 pence per share	Distribution paid 2017 pence per share
Retail accumulation				
Group 1	-	-	0.0000*	0.0000
Group 2	-	-	-	0.0000
Institutional accumulation				
Group 1	-	-	0.0000*	0.1329
Group 2	-	-	-	0.1329
Standard Life accumulation				
Group 1	1.0623	-	1.0623*	0.9972
Group 2	0.3548	0.7075	1.0623*	0.9972
Platform 1 accumulation				
Group 1	-	-	0.0000*	0.0348
Group 2	-	-	-	0.0348
Institutional S accumulation				
Group 1	0.1167	-	0.1167*	0.2183
Group 2	-	0.1167	0.1167*	0.2183
Institutional A accumulation				
Group 1	-	-	0.0000*	0.0000
Group 2	-	-	-	0.0000

* Distribution accumulated on 28 February 2018

Treatment by Corporate Shareholders (Unaudited)

Corporate shareholders should account for the current year's dividends shown in the distribution table as follows:

	Final Dividend Distribution
Treat as a UK corporate dividend	100.00%
Treat as an annual payment net of Income tax at 20%	0.00%

Standard Life Investment Company

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Higher Income Fund

Investment Report

Fund Information

Fund Manager	Fraser Duff
Launch Date	7 February 2000
Benchmark	BofA ML Eur/GBP Fixed & Floating Non Fin High Yd 3% Const Index (hedged to GBP)

Investment objective

The objective of the Fund is to provide a high level of income. Capital appreciation is of secondary importance.

Investment policy

The investment policy of the Fund is to invest mostly in Sterling and Euro denominated high yielding corporate bonds to give a significantly higher income than that generally available on UK Government bonds. The Fund may also invest in Government and public securities and other interest bearing securities anywhere in the world as well as other transferable securities, money-market instruments, deposits, cash and near cash, derivatives and collective investment schemes.

Risk

Due to the volatile nature of the assets held and the corresponding risk of default, the investor must be able to accept significant temporary losses to their capital and the possibility of fluctuations in the income level, and should therefore have an investment time horizon of at least 5 years.

Performance

The Higher Income Fund returned 3.5% during the period, in comparison with the Bank of America Merrill Lynch EUR/GBP Fixed & Floating Non Fin High Yield 3% Const Index (hedged to GBP) return of 4.6%. (Fund return source: Morningstar, basic rate taxpayer, bid-to-bid basis, net of fees. Benchmark Return Source: Merrill Lynch, gross).

An overweight position in the generic drugs producer Teva Pharmaceutical had a detrimental impact on performance as the company suffered from pricing pressures in the generic drugs sector and consequent rating downgrades. Another negative contributor to performance was our zero weighting in Spanish engineering and construction company OHL. The bonds performed strongly following the announcement of an asset disposal that commanded a considerably higher value than expected.

However, our zero-weighting in UK fashion retailer New Look contributed positively after the company posted a poor set of trading results. Similarly, having no exposure to the troubled Croatian supermarket chain Agrokor was beneficial as its bonds continued to slide. We also had a zero weighting in the Italian construction company Astaldi, which fell markedly on liquidity concerns.

Investment activity

In the first half of the period, we took a new position in Scandinavian debt collector Intrum Justitia. The purpose of the deal was to raise finance to fund the acquisition of a competitor, Lindorff, in which we held a large off-benchmark holding. The bonds performed well post-launch and we were happy to book a profit shortly after purchase. Meanwhile, UK travel and insurance company Saga issued debt in the high-yield market for the first time and we participated in the deal. We also got involved in a number of US dollar-denominated new issues from companies such as SNF Floerger, Nova Chemicals and HCA Healthcare. Regarding sales, we took profits in Virgin Media and ZF Friedrichshafen and reduced our large overweight holdings in both companies in the process. We also used the continued strength of financial bonds to rotate our holdings into more defensive banks, such as HSBC and Danske Bank.

As the period progressed, we remained selective in our participation in the primary market; deals purchased included debut issues from Adler Real Estate, CBR Fashion and Pinewood Studios. We also took part in the refinancing deals from Thomas Cook, Dufry and Empark. In the secondary market, we increased our position in longer-dated Telecom Italia bonds. We believed there would be attractive upside from spread compression if the company gets upgraded. In order to limit our duration exposure, we have hedged the majority of the position's duration. Elsewhere, we moved to an overweight position in Teva Pharmaceutical, the Israeli generic drug manufacturer, after the debt sold off sharply following its downgrade to high yield. In terms of selling activity, we took profits on our holdings in Royal Bank of Scotland additional tier one debt and Kennedy Wilson. We also reduced our holdings in the debt collector sector.

Synthetic Risk & Reward Indicator

Lower risk Typically lower rewards				Higher risk Typically Higher rewards		
1	2	3	4	5	6	7

This indicator reflects the volatility of the Fund's share price over the last five years which in turn reflects the volatility of the underlying assets in which the Fund invests. Historical data may not be a reliable indication of the future.

The current rating, which is the same for all share classes, is not guaranteed and may change if the volatility of the assets in which the Fund invests changes. The lowest rating does not mean risk free.

All investment involves risk. This Fund offers no guarantee against loss or that the Fund's objective will be attained.

For further information on the risks that may not be fully captured by the risk and reward indicator, please refer to the current Key Investor Information Document (KIID).

Standard Life Investment Company Annual Report & Financial Statements

Higher Income Fund

Investment Report (Continued)

Cautionary note

It should be remembered that past performance is not a guide to future performance. The value of investments may go down as well as up and, therefore, investors may not get back the amount originally invested.

Standard Life Investment Company

Annual Report & Financial Statements

Higher Income Fund

Comparative Tables

	2018 pence per share	2017 pence per share	2016 pence per share
Retail accumulation			
Change in net assets per share			
Opening net asset value per share	128.17	113.23	117.03
Return before operating charges*	5.40	17.00	(1.44)
Operating charges**	(1.35)	(1.25)	(1.30)
Return after operating charges*	4.05	15.75	(2.74)
Distributions	(4.03)	(5.19)	(5.28)
Retained distributions on accumulation share	4.03	4.38	4.22
Closing net asset value per share	132.22	128.17	113.23
* after direct transaction costs of:***	0.00	0.00	0.00
Performance+			
Return after charges	3.16%	13.91%	-2.34%
Other information			
Closing net asset value (£'000)	101,617	111,071	112,174
Closing number of shares	76,854,653	86,659,908	99,064,656
Operating charges****	1.03%	1.02%	1.11%
Direct transaction costs***	0.00%	0.00%	0.00%
Prices			
Highest share price	133.7	128.1	118.5
Lowest share price	128.1	113.6	116.1

** The operating charges include all costs borne by the Fund, except for direct transaction costs.

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**** The operating charges percentage is the equivalent of the ongoing charges figure per the prior year accounts. It shows the annualised operating expenses of the share class as a percentage of the average net asset value of the class over the same period. The Registrar fees of 0.08% also ceased to be charged effective 1 April 2016.

+ The performance figures are calculated by taking the value of the shareclass per the financial statements compared to the value per the financial statements in the prior year. This figure may differ from the performance figure quoted in the Investment Report. The Investment Report performance figure is calculated using the last available published price for a given shareclass in the period compared to the equivalent for the prior period. The published price may contain an adjustment for dilution in accordance with the Fund pricing policy, while the price per the financial statements values the Fund on a bid-price basis. The financial statements shareclass valuation is based on close of business market prices on the last day of the period, again this may differ from the intra-day pricing point of the Fund which is used in the published shareclass price.

Standard Life Investment Company

Annual Report & Financial Statements

Higher Income Fund

Comparative Tables (Continued)

	2018 pence per share	2017 pence per share	2016 pence per share
Institutional accumulation			
Change in net assets per share			
Opening net asset value per share	135.49	119.37	122.97
Return before operating charges*	5.72	17.95	(1.51)
Operating charges**	(0.99)	(0.91)	(0.88)
Return after operating charges*	4.73	17.04	(2.39)
Distributions	(4.71)	(5.90)	(6.05)
Retained distributions on accumulation share	4.71	4.98	4.84
Closing net asset value per share	140.22	135.49	119.37
* after direct transaction costs of:***	0.00	0.00	0.00
Performance+			
Return after charges	3.49%	14.27%	-1.94%
Other information			
Closing net asset value (£'000)	22,356	23,587	22,445
Closing number of shares	15,943,301	17,409,176	18,803,026
Operating charges****	0.71%	0.70%	0.71%
Direct transaction costs***	0.00%	0.00%	0.00%
Prices			
Highest share price	141.7	135.4	124.5
Lowest share price	135.5	119.7	122.2

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Standard Life Investment Company Annual Report & Financial Statements

Higher Income Fund

Comparative Tables (Continued)

	2018 pence per share	2017 pence per share	2016 pence per share
Retail income			
Change in net assets per share			
Opening net asset value per share	48.75	44.61	47.82
Return before operating charges*	2.04	6.65	(0.55)
Operating charges**	(0.51)	(0.49)	(0.53)
Return after operating charges*	1.53	6.16	(1.08)
Distributions	(1.51)	(2.02)	(2.13)
Closing net asset value per share	48.77	48.75	44.61
* after direct transaction costs of:***	0.00	0.00	0.00
Performance+			
Return after charges	3.14%	13.81%	-2.26%
Other information			
Closing net asset value (£'000)	59,415	71,985	74,966
Closing number of shares	121,821,600	147,664,768	168,028,922
Operating charges****	1.03%	1.02%	1.11%
Direct transaction costs***	0.00%	0.00%	0.00%
Prices			
Highest share price	49.93	49.05	48.41
Lowest share price	48.74	44.75	46.81

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Standard Life Investment Company

Annual Report & Financial Statements

Higher Income Fund

Comparative Tables (Continued)

	2018 pence per share	2017 pence per share	2016 pence per share
Institutional income			
Change in net assets per share			
Opening net asset value per share	48.76	44.63	47.83
Return before operating charges*	2.05	6.62	(0.54)
Operating charges**	(0.35)	(0.33)	(0.34)
Return after operating charges*	1.70	6.29	(0.88)
Distributions	(1.67)	(2.16)	(2.32)
Closing net asset value per share	48.79	48.76	44.63
* after direct transaction costs of:***	0.00	0.00	0.00
Performance+			
Return after charges	3.49%	14.09%	-1.84%
Other information			
Closing net asset value (£'000)	33,078	36,352	29,872
Closing number of shares	67,801,187	74,550,707	66,938,974
Operating charges****	0.71%	0.70%	0.71%
Direct transaction costs***	0.00%	0.00%	0.00%
Prices			
Highest share price	49.97	49.10	48.44
Lowest share price	48.76	44.76	46.83

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Standard Life Investment Company

Annual Report & Financial Statements

Higher Income Fund

Comparative Tables (Continued)

	2018 pence per share	2017 pence per share	2016 pence per share
Standard Life income			
Change in net assets per share			
Opening net asset value per share	49.79	45.56	48.83
Return before operating charges*	2.02	6.80	(0.56)
Operating charges**	(0.02)	(0.01)	(0.01)
Return after operating charges*	2.00	6.79	(0.57)
Distributions	(2.06)	(2.56)	(2.70)
Closing net asset value per share	49.73	49.79	45.56
* after direct transaction costs of:***	0.00	0.00	0.00
Performance+			
Return after charges	4.02%	14.90%	-1.17%
Other information			
Closing net asset value (£'000)	4,424	42,647	39,026
Closing number of shares	8,895,749	85,660,288	85,660,288
Operating charges****	0.03%	0.02%	0.03%
Direct transaction costs***	0.00%	0.00%	0.00%
Prices			
Highest share price	51.00	50.20	49.49
Lowest share price	49.73	45.70	47.81

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Standard Life Investment Company

Annual Report & Financial Statements

Higher Income Fund

Comparative Tables (Continued)

	2018 pence per share	2017 pence per share	2016 pence per share
Standard Life accumulation			
Change in net assets per share			
Opening net asset value per share	108.73	95.31	97.71
Return before operating charges*	4.59	14.35	(1.21)
Operating charges**	(0.12)	(0.10)	(0.11)
Return after operating charges*	4.47	14.25	(1.32)
Distributions	(4.46)	(5.35)	(5.41)
Retained distributions on accumulation share	4.46	4.52	4.33
Closing net asset value per share	113.20	108.73	95.31
* after direct transaction costs of:***	0.00	0.00	0.00
Performance+			
Return after charges	4.11%	14.95%	-1.35%
Other information			
Closing net asset value (£'000)	99,104	66,236	40,076
Closing number of shares	87,545,460	60,918,174	42,048,753
Operating charges****	0.11%	0.10%	0.11%
Direct transaction costs***	0.00%	0.00%	0.00%
Prices			
Highest share price	114.4	108.7	99.01
Lowest share price	108.7	95.59	97.34

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Standard Life Investment Company

Annual Report & Financial Statements

Higher Income Fund

Comparative Tables (Continued)

	2018 pence per share	2017 pence per share	2016 pence per share
Institutional regulated accumulation			
Change in net assets per share			
Opening net asset value per share	196.75	172.90	177.68
Return before operating charges*	8.31	26.01	(2.20)
Operating charges**	(0.83)	(0.75)	(0.73)
Return after operating charges*	7.48	25.26	(2.93)
Distributions	(7.46)	(9.12)	(9.28)
Retained distributions on accumulation share	7.46	7.71	7.43
Closing net asset value per share	204.23	196.75	172.90
* after direct transaction costs of:***	0.00	0.00	0.00
Performance+			
Return after charges	3.80%	14.61%	-1.65%
Other information			
Closing net asset value (£'000)	40,845	43,244	44,441
Closing number of shares	19,999,402	21,979,079	25,703,639
Operating charges****	0.41%	0.40%	0.41%
Direct transaction costs***	0.00%	0.00%	0.00%
Prices			
Highest share price	206.4	196.7	180.0
Lowest share price	196.8	173.4	176.8

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Standard Life Investment Company Annual Report & Financial Statements

Higher Income Fund

Comparative Tables (Continued)

	2018 pence per share	2017 pence per share	2016 pence per share
Standard Life B accumulation			
Change in net assets per share			
Opening net asset value per share	92.11	80.68	82.64
Return before operating charges*	3.88	12.14	(1.02)
Operating charges**	0.00	0.00	(0.01)
Return after operating charges*	3.88	12.14	(1.03)
Distributions	(3.87)	(4.61)	(4.66)
Retained distributions on accumulation share	3.87	3.90	3.73
Closing net asset value per share	95.99	92.11	80.68
* after direct transaction costs of:***	0.00	0.00	0.00
Performance+			
Return after charges	4.21%	15.05%	-1.25%
Other information			
Closing net asset value (£'000)	4	4	3
Closing number of shares	4,000	4,000	4,000
Operating charges****	0.00%	0.00%	0.01%
Direct transaction costs***	0.00%	0.00%	0.00%
Prices			
Highest share price	96.97	92.08	83.74
Lowest share price	92.13	80.91	82.36

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Standard Life Investment Company

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Higher Income Fund

Comparative Tables (Continued)

	2018 pence per share	2017 pence per share	2016 pence per share
Platform 1 accumulation			
Change in net assets per share			
Opening net asset value per share	71.27	62.82	64.74
Return before operating charges*	3.01	9.44	(0.80)
Operating charges**	(0.56)	(0.51)	(0.49)
Return after operating charges*	2.45	8.93	(1.29)
Distributions	(2.44)	(3.07)	(3.15)
Retained distributions on accumulation share	2.44	2.59	2.52
Closing net asset value per share	73.72	71.27	62.82
* after direct transaction costs of:***	0.00	0.00	0.00
Performance+			
Return after charges	3.44%	14.22%	-1.99%
Other information			
Closing net asset value (£'000)	36,946	34,401	28,482
Closing number of shares	50,113,614	48,267,563	45,341,576
Operating charges****	0.76%	0.75%	0.76%
Direct transaction costs***	0.00%	0.00%	0.00%
Prices			
Highest share price	74.52	71.24	65.55
Lowest share price	71.26	63.00	64.33

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Standard Life Investment Company

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Higher Income Fund

Comparative Tables (Continued)

	2018 pence per share	2017 pence per share	2016 pence per share
Platform 1 income			
Change in net assets per share			
Opening net asset value per share	57.55	52.67	56.45
Return before operating charges*	2.42	7.84	(0.64)
Operating charges**	(0.44)	(0.42)	(0.43)
Return after operating charges*	1.98	7.42	(1.07)
Distributions	(1.95)	(2.54)	(2.71)
Closing net asset value per share	57.58	57.55	52.67
* after direct transaction costs of:***	0.00	0.00	0.00
Performance+			
Return after charges	3.44%	14.09%	-1.90%
Other information			
Closing net asset value (£'000)	47,891	49,111	41,905
Closing number of shares	83,172,570	85,335,487	79,564,734
Operating charges****	0.76%	0.75%	0.76%
Direct transaction costs***	0.00%	0.00%	0.00%
Prices			
Highest share price	58.98	57.95	57.17
Lowest share price	57.55	52.83	55.27

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Standard Life Investment Company

Annual Report & Financial Statements

Higher Income Fund

Comparative Tables (Continued)

	2018 pence per share	2017 pence per share	2016 pence per share
Institutional S accumulation			
Change in net assets per share			
Opening net asset value per share	61.30	53.97	55.52
Return before operating charges*	2.58	8.09	(0.65)
Operating charges**	(0.37)	(0.34)	(0.33)
Return after operating charges*	2.21	7.75	(0.98)
Distributions	(2.22)	(2.74)	(2.82)
Retained distributions on accumulation share	2.22	2.32	2.25
Closing net asset value per share	63.51	61.30	53.97
* after direct transaction costs of:***	0.00	0.00	0.00
Performance+			
Return after charges	3.61%	14.36%	-1.77%
Other information			
Closing net asset value (£'000)	1	1	1
Closing number of shares	2,200	2,200	2,200
Operating charges****	0.59%	0.58%	0.59%
Direct transaction costs***	0.00%	0.00%	0.00%
Prices			
Highest share price	64.17	61.28	56.24
Lowest share price	61.30	54.13	55.22

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Standard Life Investment Company

Annual Report & Financial Statements

Higher Income Fund

Comparative Tables (Continued)

	2018 pence per share	2017 pence per share	2016 pence per share
Institutional S income			
Change in net assets per share			
Opening net asset value per share	52.79	48.30	51.78
Return before operating charges*	2.23	7.20	(0.58)
Operating charges**	(0.32)	(0.30)	(0.31)
Return after operating charges*	1.91	6.90	(0.89)
Distributions	(1.89)	(2.41)	(2.59)
Closing net asset value per share	52.81	52.79	48.30
* after direct transaction costs of:***	0.00	0.00	0.00
Performance+			
Return after charges	3.62%	14.29%	-1.72%
Other information			
Closing net asset value (£'000)	1	1	1
Closing number of shares	2,200	2,200	2,200
Operating charges****	0.59%	0.58%	0.59%
Direct transaction costs***	0.00%	0.00%	0.00%
Prices			
Highest share price	54.07	53.16	52.46
Lowest share price	52.79	48.44	50.70

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Standard Life Investment Company

Annual Report & Financial Statements

Higher Income Fund

Comparative Tables (Continued)

	2018 pence per share	2017 pence per share	2016 pence per share
Institutional A accumulation++			
Change in net assets per share			
Opening net asset value per share	56.37	49.63	50.00
Return before operating charges*	2.02	7.68	(0.27)
Operating charges**	(0.64)	(0.59)	(0.05)
Return after operating charges*	1.38	7.09	(0.32)
Distributions	(1.72)	(2.24)	(0.26)
Retained distributions on accumulation share	1.72	1.89	0.21
Closing net asset value per share	57.75	56.37	49.63
* after direct transaction costs of:***	0.00	0.00	0.00
Performance+			
Return after charges	2.45%	14.29%	-0.64%
Other information			
Closing net asset value (£'000)	1	1	1
Closing number of shares	2,200	2,200	2,200
Operating charges****	1.11%	1.10%	1.11%
Direct transaction costs***	0.00%	0.00%	0.00%
Prices			
Highest share price	58.39	56.00	50.21
Lowest share price	56.01	49.78	49.01

** The operating charges include all costs borne by the Fund, except for direct transaction costs.

*** The direct transaction costs are made up of: fees and commissions paid to agents, advisers, brokers and dealers, levies by regulatory agencies and securities exchanges as well as transfer taxes and duties.

**** The operating charges percentage is the equivalent of the ongoing charges figure per the prior year accounts. It shows the annualised operating expenses of the share class as a percentage of the average net asset value of the class over the same period.

+ The performance figures are calculated by taking the value of the shareclass per the financial statements compared to the value per the financial statements in the prior year. This figure may differ from the performance figure quoted in the Investment Report. The Investment Report performance figure is calculated using the last available published price for a given shareclass in the period compared to the equivalent for the prior period. The published price may contain an adjustment for dilution in accordance with the Fund pricing policy, while the price per the financial statements values the Fund on a bid-price basis. The financial statements shareclass valuation is based on close of business market prices on the last day of the period, again this may differ from the intra-day pricing point of the Fund which is used in the published shareclass price.

++ Shareclass launched on 25 January 2016.

Standard Life Investment Company

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Comparative Tables (Continued)

	2018 pence per share	2017 pence per share	2016 pence per share
Institutional A income++			
Change in net assets per share			
Opening net asset value per share	54.05	49.43	50.00
Return before operating charges*	3.37	7.42	(0.26)
Operating charges**	(0.61)	(0.58)	(0.05)
Return after operating charges*	2.76	6.84	(0.31)
Distributions	(2.21)	(2.22)	(0.26)
Closing net asset value per share	54.60	54.05	49.43
* after direct transaction costs of:***	0.00	0.00	0.00
Performance+			
Return after charges	5.11%	13.84%	-0.62%
Other information			
Closing net asset value (£'000)	1	13	1
Closing number of shares	2,200	24,766	2,200
Operating charges****	1.11%	1.10%	1.11%
Direct transaction costs***	0.00%	0.00%	0.00%
Prices			
Highest share price	55.35	54.48	50.21
Lowest share price	54.01	49.58	49.01

** The operating charges include all costs borne by the Fund, except for direct transaction costs.

*** The direct transaction costs are made up of: fees and commissions paid to agents, advisers, brokers and dealers, levies by regulatory agencies and securities exchanges as well as transfer taxes and duties.

**** The operating charges percentage is the equivalent of the ongoing charges figure per the prior year accounts. It shows the annualised operating expenses of the share class as a percentage of the average net asset value of the class over the same period.

+ The performance figures are calculated by taking the value of the shareclass per the financial statements compared to the value per the financial statements in the prior year. This figure may differ from the performance figure quoted in the Investment Report. The Investment Report performance figure is calculated using the last available published price for a given shareclass in the period compared to the equivalent for the prior period. The published price may contain an adjustment for dilution in accordance with the Fund pricing policy, while the price per the financial statements values the Fund on a bid-price basis. The financial statements shareclass valuation is based on close of business market prices on the last day of the period, again this may differ from the intra-day pricing point of the Fund which is used in the published shareclass price.

++ Shareclass launched on 25 January 2016.

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Portfolio Statement as at 28 February 2018

Holding	Investment	Market value £'000	Percentage of total net assets
Bonds (93.75%)		414,440	92.98
Australian Dollar Denominated Bonds (2.02%)		2,823	0.63
Corporate Bonds (2.02%)		1,647	0.37
less than 5 years to maturity			
2,850,000	Anglo American Capital 5.75% 2018	1,647	0.37
Government Bonds (1.08%)		1,176	0.26
between 5 and 10 years to maturity			
2,000,000	Australia (Commonwealth of) 3.25% 2025	1,176	0.26
Euro Denominated Bonds (55.71%)		258,339	57.96
Corporate Bonds (55.71%)		258,339	57.96
less than 5 years to maturity			
1,850,000	ADLER Real Estate 1.5% 2021	1,640	0.37
1,400,000	Areva 3.25% 2020	1,297	0.29
1,305,000	Ball 3.5% 2020	1,250	0.28
445,000	CBR Fashion Finance 5.125% 2022	367	0.08
5,350,000	CNH Industrial Finance Europe 2.875% 2021	5,136	1.15
1,575,000	Crown European 2.25% 2023	1,411	0.32
4,660,000	DEA Finance 7.5% 2022	4,534	1.02
900,000	EC Finance 2.375% 2022	807	0.18
4,775,000	eDreams ODIGEO 8.5% 2021	4,400	0.99
1,800,000	Elis 1.875% 2023	1,607	0.36
2,150,000	Fiat Chrysler 4.75% 2022	2,143	0.48
418,000	Fiat Chrysler 6.25% 2018	370	0.08
3,550,000	Fiat Chrysler 6.625% 2018	3,148	0.71
1,100,000	FMC Finance VIII 5.25% 2019	1,046	0.24
3,140,000	FMC Finance VIII 6.5% 2018	2,877	0.65
700,000	Guala Closures 4.75% 2021	621	0.14
1,800,000	HSBC 5.25% 2022	1,783	0.40
6,600,000	IHO Verwaltungs 2.75% 2021	5,950	1.34
2,200,000	International Game Technology 4.125% 2020	2,051	0.46
1,650,000	Interxion 6% 2020	1,502	0.34
1,830,000	IPD 3 4.5% 2022	1,649	0.37
1,050,000	IPD 3 4.5% 2022	948	0.21
1,395,000	IPD 3 FRN 2022	1,250	0.28
3,500,000	JH Holding Finance PIK 8.25% 2022	3,271	0.73
2,000,000	Matterhorn Telecom 3.875% 2022	1,797	0.40
4,200,000	Merlin Entertainments 2.75% 2022	3,847	0.86

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Higher Income Fund

Portfolio Statement as at 28 February 2018 (Continued)

Holding	Investment	Market value £'000	Percentage of total net assets
Corporate Bonds (continued)			
5,470,000	MPT Operating Partnership 4% 2022	5,286	1.19
1,700,000	Numericable 5.375% 2022	1,536	0.34
2,960,000	O-I 6.75% 2020	2,993	0.67
3,040,000	Paprec 5.25% 2022	2,761	0.62
3,525,000	ProGroup 5.125% 2022	3,201	0.72
2,850,000	Sappi Papier 3.375% 2022	2,561	0.57
2,240,000	Schaeffler Finance 2.5% 2020	2,003	0.45
1,800,000	Smurfit Kappa 4.125% 2020	1,708	0.38
900,000	Tesco 1.375% 2019	810	0.18
2,150,000	Tesco 2.125% 2020	1,983	0.45
1,245,000	ThyssenKrupp 1.375% 2022	1,112	0.25
2,000,000	TUI 2.125% 2021	1,844	0.41
2,730,000	UniCredit 6.95% 2022	2,970	0.67
1,900,000	Volvo 3.25% 2021	1,809	0.41
1,900,000	Wind Tre 2.625% 2023	1,528	0.34
1,900,000	ZF North America Capital 2.25% 2019	1,719	0.39
between 5 and 10 years to maturity			
3,490,000	Ardagh Packaging 2.75% 2024	3,128	0.70
1,340,000	Ardagh Packaging 4.125% 2023	1,243	0.28
1,550,000	Arena 2.75% 2023	1,382	0.31
940,000	Arena 2.875% 2024	848	0.19
2,750,000	Avantor 4.75% 2024	2,417	0.54
680,000	Ball 4.375% 2023	679	0.15
3,335,000	Catalent Pharma Solutions 4.75% 2024	3,123	0.70
2,090,000	Crown 3.375% 2025	1,920	0.43
967,000	CTC BondCo 5.25% 2025	855	0.19
2,400,000	Dufry 4.5% 2023	2,223	0.50
2,510,000	Dufry One 2.5% 2024	2,252	0.51
2,030,000	Equinix 2.875% 2025	1,777	0.40
3,040,000	Grifols 3.2% 2025	2,712	0.61
865,000	HP Pelzer 4.125% 2024	779	0.17
3,800,000	IHO Verwaltungs 3.25% 2023	3,476	0.78
2,315,000	IHO Verwaltungs 3.75% 2026	2,159	0.48
3,390,000	Ineos Finance 4% 2023	3,072	0.69
2,920,000	Intralot Capital 5.25% 2024	2,595	0.58
1,600,000	Intrum Justitia 3.125% 2024	1,375	0.31
3,010,000	Kleopatra Holdings 1 SCA 8.5% 2023	2,455	0.55
940,000	La Financiere Atalian 4% 2024	859	0.19
1,850,000	LGE 7.125% 2024	1,767	0.40

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Higher Income Fund

Portfolio Statement as at 28 February 2018 (Continued)

Holding	Investment	Market value £'000	Percentage of total net assets
Corporate Bonds (continued)			
1,980,000	MPT Operating Partnership 3.325% 2025	1,813	0.41
5,055,000	Nassa Topco 2.875% 2024	4,512	1.01
1,150,000	Netflix 3.625% 2027	1,022	0.23
675,000	NH Hotel 3.75% 2023	625	0.14
3,660,000	Nidda Healthcare 3.5% 2024	3,246	0.73
3,260,000	Nomad Foods Bondco 3.25% 2024	2,932	0.66
3,149,000	Platin 1426 5.375% 2023	2,762	0.62
4,330,000	Quintiles 3.25% 2025	3,864	0.87
2,720,000	Quintiles IMS 3.5% 2024	2,485	0.56
1,800,000	SMCP 5.875% 2023	918	0.21
1,695,000	Smurfit Kappa 2.75% 2025	1,561	0.35
4,870,000	SPCM 2.875% 2023	4,368	0.98
3,135,000	Superior Industries 6% 2025	2,702	0.61
2,400,000	Telenet Finance V Luxembourg SCA 6.75% 2024	2,250	0.50
5,295,000	Teva Pharmaceutical 1.125% 2024	3,887	0.87
8,050,000	Teva Pharmaceutical 1.25% 2023	6,347	1.42
5,600,000	Thomas Cook Finance 2 3.875% 2023	5,050	1.13
895,000	Unilabs Subholding 5.75% 2025	801	0.18
4,872,000	Unitymedia 3.5% 2027	4,537	1.02
6,600,000	Unitymedia 3.75% 2027	6,154	1.38
6,855,000	Unitymedia 4% 2025	6,400	1.44
1,000,000	Unitymedia 4.625% 2026	968	0.22
3,113,000	Valeant Pharmaceuticals 4.5% 2023	2,406	0.54
5,000,000	ZF North America Capital 2.75% 2023	4,737	1.06
6,000,000	Ziggo 4.25% 2027	5,353	1.20
between 10 and 15 years to maturity			
5,500,000	Telecom Italia Finance SA 7.75% 01/24/2033	7,242	1.62
3,185,000	Teva Pharmaceutical 1.625% 2028	2,188	0.49
1,542,000	Unitymedia 6.25% 01/15/2029	1,545	0.35
greater than 25 years to maturity			
5,000,000	Enel 6.5% 2074	4,655	1.04
850,000	Koninklijke KPN NV 6.125%	775	0.17
1,800,000	Mitsubishi UFJ Financial FRN 2050	1,263	0.28
3,000,000	Origin Energy 4% fixed to floating 2074	2,779	0.62
2,300,000	Origin Energy 7.875% fixed to floating 2071	2,082	0.47

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Portfolio Statement as at 28 February 2018 (Continued)

Holding	Investment	Market value £'000	Percentage of total net assets
Corporate Bonds (continued)			
Perpetual			
3,500,000	ABN Amro 5.75% Perpetual	3,400	0.76
180,000	British Airways 6.75% Perpetual	4,175	0.94
3,630,000	Nykredit Realkredit 6.25% Perpetual	3,536	0.79
4,100,000	Solvay 5.118% Perpetual	4,053	0.91
1,000,000	Solvay 5.869% Perpetual	1,056	0.24
2,250,000	Volkswagen 5.125% Perpetual	2,268	0.51
Sterling Denominated Bonds (26.63%)		122,195	27.42
Corporate Bonds (26.63%)		122,195	27.42
less than 5 years to maturity			
9,597,000	Arqiva 9.5% 2020	9,897	2.22
4,015,000	B&M European Value Retail 4.125% 2022	4,135	0.93
800,000	Boparan Finance PLC 5.25% 07/15/2019	796	0.18
400,000	Co-Operative 6.875% 2020	436	0.10
2,015,000	CPUK 4.25% 2022	2,035	0.46
100,000	Danske Bank 5.375% fixed to floating 2021	102	0.02
5,788,000	Entertainment One 6.875% 2022	6,167	1.38
840,000	Garfunkelux Holdco 3 8.5% 2022	863	0.19
1,875,000	Grainger 5% 2020	2,021	0.45
3,600,000	Heathrow Funding 5.375% 2019	3,789	0.85
430,000	Jagaur Land Rover 2.75% 2021	433	0.10
1,151,000	Jaguar Land Rover 5% 2022	1,234	0.28
500,000	Kennedy Wilson Europe Real Estate 3.95% 2022	520	0.12
1,615,000	Moto Finance 4.5% 2022	1,625	0.36
514,000	Old Mutual PLC 8% 44261	589	0.13
3,000,000	TalkTalk 5.375% 2022	2,955	0.66
4,250,000	Tesco 6.125% 2022	4,810	1.08
2,200,000	Unique Pub Finance 6.452% 2021	1,146	0.26
between 5 and 10 years to maturity			
1,915,000	Anglian Water 5% 2023	2,020	0.45
1,550,000	Arrow Global 5.125% 2024	1,565	0.35
1,500,000	Heathrow Finance 3.875% 2027	1,459	0.33
1,671,000	Mitchells & Butlers 5.965% 2025	601	0.13
1,500,000	Petrobras 6.25% 2026	1,612	0.36
2,042,000	Pinewood 3.75% 2023	2,071	0.46
2,063,000	Pinnacle Bidco 6.375% 2025	2,083	0.47

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Higher Income Fund

Portfolio Statement as at 28 February 2018 (Continued)

Holding	Investment	Market value £'000	Percentage of total net assets
Corporate Bonds (continued)			
4,280,000	Saga 3.375% 2024	4,039	0.91
1,166,000	Spirit Issuer FRN 2027	1,217	0.27
500,000	Telecom Italia 5.875% 2023	571	0.13
2,500,000	Tesco 5% 2023	2,748	0.62
1,200,000	Vantiv 3.875% 2025	1,188	0.27
1,400,000	Virgin Media 5% 2027	1,402	0.31
4,890,000	Virgin Media 5.5% 2025	4,536	1.02
4,780,000	Virgin Media 6% 2025	5,427	1.22
2,335,000	ZPG 3.75% 2023	2,311	0.52
between 10 and 15 years to maturity			
2,000,000	Telereal FRN 2033	1,855	0.42
between 15 and 25 years to maturity			
1,825,000	Allied Irish Bank 12.5% 2035	1,323	0.30
1,300,000	Tesco 6.0517% 2039	1,331	0.30
greater than 25 years to maturity			
3,643,000	BHP Billiton 6.5% 2077	4,235	0.95
2,270,000	Enel 6.625% fixed to floating 2076	2,584	0.58
1,800,000	Enel 7.75% 2075	2,049	0.46
2,800,000	Koninklijke KPN 6.875% 2073	3,027	0.68
3,020,000	Pennon 2.875% 2066	3,031	0.68
Perpetual			
1,500,000	Bank of Scotland 12% Perpetual	1,890	0.42
2,800,000	CYBG 8% Perpetual	2,975	0.67
1,000,000	Lloyds Bank 13% fixed to floating Perpetual	1,843	0.41
773,000	Lloyds Bank FRN Perpetual	1,028	0.23
1,300,000	Nationwide Building Society 6.875% Perpetual	1,363	0.31
2,500,000	RWE 7% fixed to floating Perpetual	2,613	0.59
1,040,000	Santander UK Group 7.375% Perpetual	1,171	0.26
10,400,000	Telefonica 6.75% Perpetual	11,474	2.57

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Higher Income Fund

Portfolio Statement as at 28 February 2018 (Continued)

Holding	Investment	Market value £'000	Percentage of total net assets
US Dollar Denominated Bonds (8.31%)		31,083	6.97
Corporate Bonds (8.31%)		31,083	6.97
less than 5 years to maturity			
2,250,000	Altice 7.75% 2022	1,523	0.34
2,300,000	Fresenius Medical Care 4.125% 2020	1,702	0.38
400,000	Fresenius US Finance II 4.25% 2021	298	0.07
2,281,000	IHO Verwaltungs 4.125% 2021	1,651	0.37
500,000	Jaguar Land Rover 4.125% 2018	364	0.08
2,600,000	Jaguar Land Rover 4.25% 2019	1,896	0.42
1,092,000	Nostrum Oil & Gas Finance 8% 2022	819	0.18
2,000,000	Samvardhana Motherson Automotive Systems 4.875% 2021	1,475	0.33
1,800,000	Tullow Oil 6.25% 2022	1,323	0.30
1,250,000	Valeant Pharmaceuticals 6.5% 2022	943	0.21
1,000,000	ZF North America Capital 4% 2020	738	0.17
1,000,000	ZF North America Capital 4.5% 2022	744	0.17
between 5 and 10 years to maturity			
1,500,000	Altice Finco SA 8.125% 01/15/2024	1,113	0.25
1,656,000	Arch Merger Sub 8.5% 2025	1,154	0.26
3,500,000	CCO 5.125% 2027	2,446	0.55
1,500,000	Conduent Finance 10.5% 2024	1,282	0.29
2,165,000	NOVA Chemicals 4.875% 2024	1,552	0.35
1,400,000	Teva Pharmaceutical 2.8% 2023	889	0.20
2,350,000	Valeant Pharmaceuticals 7% 2024	1,795	0.40
2,300,000	VTR Finance BV 6.875% 01/15/2024	1,740	0.39
greater than 25 years to maturity			
3,350,000	BHP Billiton 6.25% 2075	2,585	0.58
2,440,000	Credit Agricole 7.875% 2049	1,977	0.44
Perpetual			
1,535,000	UBS 5% Perpetual	1,074	0.24
Collective Investment Schemes (5.93%)		22,442	5.04
16,486	Standard Life CNAV Euro Liquidity Fund	15	0.01
22,427,391	Standard Life CNAV Sterling Liquidity Fund	22,427	5.03

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Higher Income Fund

Portfolio Statement as at 28 February 2018 (Continued)

Holding	Investment	Market value £'000	Percentage of total net assets
Derivatives ((0.41)%)		(1,383)	(0.31)
Credit Default Swaps ((0.23)%)		0	0.00
Forward Currency Contracts ((0.14)%)		(1,624)	(0.36)
	Buy EUR 3,276,425 Sell GBP 2,889,184 29/03/2018	14	0.00
	Buy GBP 2,852,237 Sell AUD 5,070,926 29/03/2018	(538)	(0.12)
	Buy GBP 260,794 Sell EUR 295,444 29/03/2018	(11)	0.00
	Buy GBP 646,995 Sell EUR 736,126 29/03/2018	(1,083)	(0.24)
	Buy GBP 264,532,931 Sell EUR 299,794,115 29/03/2018	(1)	0.00
	Buy GBP 33,411,651 Sell USD 46,846,141 29/03/2018	(5)	0.00
Futures ((0.04)%)		241	0.05
(18)	Short Euro-Bobl Future 08/03/2018	10	0.00
(46)	Short Euro Bond Future 08/03/2018	149	0.03
(44)	Short Euro-BTP Bond Future 08/03/2018	82	0.02
Total investment assets and liabilities		435,499	97.71
Net other assets		10,185	2.29
Total Net Assets		445,684	100.00

All investments are listed on recognised stock exchanges and are approved securities, regulated collective investment schemes or approved derivatives within the meaning of the FCA rules unless otherwise stated.

The percentage figures in brackets are show the comparative holding as at 28 February 2017.

	Market value £'000
Reconciliation of assets and liabilities to the Balance Sheet	
Investment assets as per the Balance Sheet	437,137
Investment liabilities	(1,638)
Net investment assets	435,499
Net other assets	10,185
Total Net Assets	445,684

Standard Life Investment Company

Annual Report & Financial Statements

Higher Income Fund

Financial Statements

Statement of Total Return

for the year ended 28 February 2018

	Notes	£'000	2018 £'000	£'000	2017 £'000
Income:					
Net capital gains	2		263		39,796
Revenue	4	19,197		24,371	
Expenses	5	(3,095)		(3,144)	
Interest payable and similar charges	6	(51)		(16)	
Net revenue before taxation		16,051		21,211	
Taxation	7	0		(22)	
Net revenue after taxation			16,051		21,189
Total return before distributions			16,314		60,985
Distributions	8		(16,051)		(21,189)
Change in net assets attributable to shareholders from investment activities			263		39,796

Statement of Change in Net Assets Attributable to Shareholders

for the year ended 28 February 2018

	£'000	2018 £'000	£'000	2017 £'000
Opening net assets attributable to shareholders		478,655		433,395
Amounts receivable on the issue of shares	50,216		50,042	
Amounts payable on the cancellation of shares	(94,073)		(55,164)	
		(43,857)		(5,122)
Dilution adjustment		302		124
Change in net assets attributable to shareholders from investment activities (see above)		263		39,796
Retained distribution on accumulation shares		10,319		10,460
Unclaimed distributions		2		2
Closing net assets attributable to shareholders		445,684		478,655

Standard Life Investment Company

Annual Report & Financial Statements

Higher Income Fund

Financial Statements (Continued)

Balance Sheet

as at 28 February 2018

	Notes	£'000	2018 £'000	£'000	2017 £'000
Assets					
Fixed assets:					
Investment assets			437,137		477,208
Current assets:					
Debtors	9	6,047		10,332	
Cash and bank balances	10	7,071		5,879	
			13,118		16,211
Total assets			450,255		493,419
Liabilities:					
Investment liabilities			(1,638)		(2,032)
Creditors	11	(1,835)		(9,993)	
Distribution payable		(1,098)		(2,739)	
			(2,933)		(12,732)
Total liabilities			(4,571)		(14,764)
Net assets attributable to shareholders			445,684		478,655

Standard Life Investment Company

Annual Report & Financial Statements

Higher Income Fund

Notes to the Financial Statements

1 Accounting Policies

Please refer to pages 11 to 12 for note on accounting policies.

2 Net Capital Gains

	2018 £'000	2017 £'000
Non-derivative securities	5,551	69,729
Derivative contracts	(388)	(909)
Forward currency contracts	(4,908)	(29,953)
Other gains	34	951
Handling charges taken from the capital account	(26)	(22)
Net capital gains	263	39,796

3 Purchases, Sales and Transaction Costs

There are no transaction costs associated with the purchases or sales of bonds, collective investment schemes and derivatives during the year, or in the prior year.

Collective investments operate within the terms of the offer document or prospectus. Typically we do not invest into Funds that require an initial charge to be made. The underlying price contains an estimation of cost known as a dilution levy which is applied from time to time.

Bonds are dealt on a spread agreed between buyer and seller with reference to the expected cashflows and current credit profiles.

Derivatives are dealt on a spread agreed between buyer and seller with reference to the underlying investment.

During the year the total purchases and sales across different major assets classes are as per below table.

	2018 £'000	2017 £'000
Purchases		
Bonds	340,887	215,048
Equities	0	1,645
Purchases	340,887	216,693
Sales		
Bonds	378,631	255,695
Equities	0	7,824
Sales	378,631	263,519

The Fund suffers a number of explicit costs as disclosed in the notes and Fund history. The Fund also suffers implicit costs an example is market spread, the spread represents the costs of providing liquidity in a market. It therefore is subject to change based on volume, active markets have a lower spread the difference between; bid the price you receive and offer the price you pay.

At the balance sheet date the average portfolio dealing spread (i.e. the spread between bid and offer prices expressed as a percentage of the offer price) was 0.71% (2017: 0.76%), this is representative of the average spread on the assets held during the year.

Standard Life Investment Company

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Higher Income Fund

Notes to the Financial Statements (Continued)

4 Revenue

	2018 £'000	2017 £'000
Overseas dividends	268	257
Interest on debt securities	18,822	23,978
Bank interest	107	136
Total revenue	19,197	24,371

5 Expenses

	2018 £'000	2017 £'000
Payable to the Authorised Corporate Director, associates of the Authorised Corporate Director and agents of either of them:		
Authorised Corporate Director's periodic charge	2,734	2,809
Dealing charge	43	40
Registration fees	217	202
	2,994	3,051
Payable to the Depositary or associates of the Depositary, and agents of either of them:		
Depositary's fees	56	48
Safe custody fee	34	34
	90	82
Other:		
Audit fee	11	11
Total expenses	3,095	3,144

6 Interest Payable and Similar Charges

	2018 £'000	2017 £'000
Interest payable	51	16
Total interest payable & similar charges	51	16

Standard Life Investment Company

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Higher Income Fund

Notes to the Financial Statements (Continued)

7 Taxation

	2018 £'000	2017 £'000
(a) Analysis of charge in year		
Corporation tax	0	4
Double taxation relief	0	(4)
Overseas taxes	0	22
Total current tax (note 7b)	0	22
(b) Factors affecting current tax charge for the year		
The tax assessed for the year is lower than the standard rate of corporation tax for Open-Ended Investment Companies 'OEICs' (20%). The differences are explained below:		
Net revenue before taxation	16,051	21,211
Corporation tax at 20% (2017: 20%)	3,211	4,242
Effects of:		
Revenue not subject to taxation	(54)	(31)
Overseas taxes	0	18
Distributions treated as tax deductible	(3,157)	(4,207)
Current tax charge for year (note 7a)	0	22

8 Distributions

The distributions takes account of income received on the issue of shares and income deducted on the cancellation of shares and comprise:

	2018 £'000	2017 £'000
First interim distribution	4,501	5,573
Second interim distribution	4,440	5,987
Third interim distribution	3,514	4,977
Final distribution	3,548	4,682
	16,003	21,219
Add: Income deducted on cancellation of shares	340	271
Deduct: Income received on issue of shares	(292)	(301)
Net distribution for the year	16,051	21,189

Details of the distribution per share are set out in this Fund's distribution tables.

Standard Life Investment Company

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Higher Income Fund

Notes to the Financial Statements (Continued)

9 Debtors

	2018 £'000	2017 £'000
Amounts receivable from the ACD for the issue of shares	5	333
Sales awaiting settlement	263	3,518
Accrued revenue	5,779	6,479
Dilution levy receivable from the ACD	0	2
Total debtors	6,047	10,332

10 Cash and Bank Balances

	2018 £'000	2017 £'000
Amounts held at futures clearing houses and brokers	(86)	290
Cash and bank balances	5,112	8,721
Collateral cash	2,045	(3,132)
Total cash and bank balances	7,071	5,879

11 Creditors

	2018 £'000	2017 £'000
Amounts payable to the ACD for cancellation of shares	566	611
Dilution levy	0	1
Purchases awaiting settlement	1,023	9,120
Accrued expenses payable to ACD	221	236
Other accrued expenses	11	11
Accrued Expenses payable to the Depository	14	14
Total creditors	1,835	9,993

Standard Life Investment Company

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Higher Income Fund

Notes to the Financial Statements (Continued)

12 Related Party Transactions

Standard Life Investments (Mutual Funds) Limited, as Authorised Corporate Director (ACD), is a related party and acts as principal in respect of all transactions of shares in the Fund.

The aggregate monies received through issue and paid on cancellation of shares are disclosed in the statement of change in net assets attributable to shareholders.

Any amounts due from or due to Standard Life Investments (Mutual Funds) Limited at the end of the accounting year are disclosed in notes 9 and 11.

Amounts payable to Standard Life Investments (Mutual Funds) Limited, in respect of periodic charge and registration services, are disclosed in note 5 and any amounts due at the year end in note 11.

The Fund holds 22,427,391 shares (2017: 25,230,365) in Standard Life CNAV Sterling Liquidity Fund as detailed in the portfolio statement, the total purchase cost of these investments during the year was £135,550,000 (2017: £167,101,000), the total sales proceeds were £138,353,000 (2017: £141,964,000).

The Fund holds 16,486 shares (2017: 3,728,763) in Standard Life CNAV Euro Liquidity Fund as detailed in the portfolio statement, the total purchase cost of these investments during the year was €31,808,000 (2017: €43,403,000), the total sales proceeds were €35,520,000 (2017: €39,675,000).

	2018 £'000	2017 £'000
Transactions during the year with Standard Life Aberdeen group companies are as follows:		
Sale of shares by Fund	66,489	21,813
Purchase of shares by Fund	82,546	13,310
Distributions made by Fund	4,129	7,039
The percentage value of the Fund held by Standard Life Aberdeen group companies is:	38.5%	37.4%

13 Shares in issue reconciliation

	Opening shares 2017	Creations during the year	Cancellations during the year	Conversions during the year	Closing shares 2018
Retail accumulation	86,659,908	482,233	(9,123,324)	(1,164,164)	76,854,653
Institutional accumulation	17,409,176	703,570	(2,390,067)	220,622	15,943,301
Retail income	147,664,768	1,497,206	(13,880,366)	(13,460,008)	121,821,600
Institutional income	74,550,707	3,297,895	(11,211,287)	1,163,872	67,801,187
Standard Life income	85,660,288	(1)	(76,764,538)	0	8,895,749
Standard Life accumulation	60,918,174	27,106,356	(479,070)	0	87,545,460
Institutional regulated accumulation	21,979,079	1,337,193	(3,316,870)	0	19,999,402
Standard Life B accumulation	4,000	0	0	0	4,000
Platform 1 accumulation	48,267,563	5,179,496	(4,778,109)	1,444,664	50,113,614
Platform 1 income	85,335,487	1,975,029	(14,828,904)	10,690,958	83,172,570
Institutional S accumulation	2,200	0	0	0	2,200
Institutional S income	2,200	0	0	0	2,200
Institutional A accumulation	2,200	0	0	0	2,200
Institutional A income	24,766	0	(22,566)	0	2,200

Standard Life Investment Company

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Higher Income Fund

Notes to the Financial Statements (Continued)

14 Fair Value Hierarchy

	2018 £'000	2018 £'000	2018 £'000	2017 £'000	2017 £'000	2017 £'000
Fair value of investment assets	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
Bonds	0	414,440	0	0	448,787	0
Collective Investment Schemes	0	22,442	0	0	28,414	0
Derivatives	241	14	0	5	2	0
Total investment assets	241	436,896	0	5	477,203	0
Derivatives	0	(1,638)	0	(194)	(1,838)	0
Total investment liabilities	0	(1,638)	0	(194)	(1,838)	0

The three levels of the fair value hierarchy under FRS 102 are described below:

Level 1: Unadjusted quoted market prices in active markets that are accessible at the measurement date for the identical unrestricted assets or liabilities.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices).

Level 3: Inputs for asset or liability that are not based on observable market data (unobservable inputs).

15 Risk Management Policies & Numerical Disclosures

In accordance with the investment objectives, the Fund may hold certain financial instruments. These comprise:

- securities held in accordance with the investment objective and policies;
- cash and short-term debtors and creditors arising directly from operations; and
- derivatives.

The main risks arising from the Fund's financial instruments are market price, foreign currency, interest rate, credit and liquidity risk.

The policies for managing these risks are summarised below and have been applied consistently throughout the year, and prior year.

a. Market price risk

Each Fund's investment portfolio is exposed to market price fluctuation which are monitored by the Fund Manager in pursuance of the investment objectives and policies. Adherence to investment guidelines and to investment and borrowing powers mitigate the risk of excessive exposure to any particular type of security or issuer.

In the current market conditions certain securities have become difficult to price. For these securities, reliance has therefore been placed on single broker prices. This has not resulted in any adjustment to the financial statements.

Value at Risk (VaR) is a measure of the maximum potential loss to the Fund due to market risk. More particularly, VaR measures the maximum potential loss at a given confidence level (probability) over a specific time period under normal market conditions.

Standard Life Investment Company

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Higher Income Fund

Notes to the Financial Statements (Continued)

15 Risk Management Policies & Numerical Disclosures (continued)

2018	Minimum	Maximum	Average
VaR 99% 1 Month	0.70%	0.92%	0.80%

2017	Minimum	Maximum	Average
VaR 99% 1 Month	0.90%	1.24%	1.08%

At the year end date, there was a 1% chance of the portfolio value falling (or rising) more than 0.80%, £3,484,000 (2017: 0.90%, £4,277,000) in one month period.

This calculation is generally determined by the use of an industry recognised medium term risk model, typically based on 3-5 year history. The method assumes normal market conditions and that the portfolio remains unchanged.

b. Foreign currency risk

A proportion of the net assets of the Fund are denominated in currencies other than Sterling, therefore the balance sheet and total returns can be affected by currency movements. In certain circumstances, the Fund Manager may seek to manage exposure to currency movements by using forward currency contracts.

The Fund does not hedge or otherwise seek to avoid currency movement risk on accrued revenue.

Income received in foreign currencies is converted into Sterling at the exchange rates ruling when the income is received.

Currency exposure

The net foreign currency monetary exposure comprises:

	Net foreign currency monetary assets/(liabilities)	
	2018	2017
	£'000	£'000
Australian Dollar	(4)	86
Euro	(810)	15,634
US Dollar	(479)	(1,240)

c. Interest rate risk

Interest receivable on bank deposits or payable on bank overdrafts will be affected by fluctuations in interest rates. The Fund Manager continuously reviews interest rates and inflation expectations. The assessment of this may result in a change in investment strategy.

Bond yields are affected by market and economic conditions, including inflation rates and government policy. An analysis of the interest rates and maturity of bond listings is detailed below.

In addition, changes to prevailing rates or changes in expectations of future rates may result in an increase or decrease in the value of the securities held. In general, if interest rates rise, the income potential of the Fund also rises but the value of fixed rate securities will decline (along with certain expenses calculated by reference to the assets of the Fund). A decline in interest rates will, in general, have the opposite effect.

Standard Life Investment Company

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Higher Income Fund

Notes to the Financial Statements (Continued)

15 Risk Management Policies & Numerical Disclosures (continued)

The interest rate risk profile of the Fund's net financial assets and liabilities is:

	Floating rate financial assets £'000	Fixed rate financial assets £'000	Financial assets/ (liabilities) not carrying interest £'000	Total £'000
2018				
Currency				
UK Sterling	71,693	76,983	298,301	446,977
Australian Dollar	0	2,823	(2,827)	(4)
Euro	32,025	227,434	(260,269)	(810)
US Dollar	7,550	25,447	(33,476)	(479)
2017				
Currency				
UK Sterling	36,782	118,807	308,586	464,175
Australian Dollar	0	14,859	(14,773)	86
Euro	17,156	258,962	(260,484)	15,634
US Dollar	0	39,643	(40,883)	(1,240)

d. Credit risk

All cash exposures are carefully managed to ensure that money is placed on deposit with counterparties that meet the minimum credit rating deemed appropriate for this Fund. In certain circumstances, the Fund Manager may deliberately invest in securities (e.g. corporate bonds) with a well defined and published credit rating. In this case the Fund would be deliberately taking credit risk in order to seek additional rewards.

	Bid market value 2018 £'000	Bid market value 2017 £'000
Credit Rating Analysis		
Investment Grade Bonds	141,016	41,387
Below Investment Grade Bonds	269,130	404,600
Unrated Bonds	4,294	2,800
Total Value of Bonds	414,440	448,787

Standard Life Investment Company

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Higher Income Fund

Notes to the Financial Statements (Continued)

15 Risk Management Policies & Numerical Disclosures (continued)

e. Financial Derivatives Instrument Risk

At the year end the Fund held derivatives for the purposes of efficient portfolio management or to meet the Fund's investment objectives. These types of transaction can introduce market exposure greater than the market value of the instrument. These transactions exchange benefits with a third party at a future date creating both counterparty and concentration risk. The Investment Adviser's policies for managing these risks are outlined in the Fund's prospectus.

At the balance sheet date the Fund had the following exposures:

	2018 £'000	2017 £'000
Market Exposure		
Forward Currency Contracts	306,247	326,552
Futures	13,910	8,224
Interest Rate Swaps	0	8,339
Total Market Exposure	320,157	343,115

The total market exposure is the sum of the notional derivative contracts on a gross basis with no offsetting.

Counterparty Exposure

Derivative instruments involve an agreement to exchange a benefit at a future date. This introduces counterparty risk where an agreement is bilateral (between two parties) and concentration risk where a clearing broker operates on an exchange. Where the counterparty or clearing broker is not solvent the market exposure obtained would be lost.

Exposure is reduced by the exchange of margin on a daily basis for cleared derivatives and by the collateral held/pledged on a bilateral transaction.

	2018			2017		
	Collateral (held)/ pledged £'000	Margin at clearing broker £'000	Market value of derivatives £'000	Collateral (held)/ pledged £'000	Margin at clearing broker £'000	Market value of derivatives £'000
Counterparty or clearer						
Bank of America Merrill Lynch	0	0	14	0	0	0
BNP Paribas	0	0	0	420	0	(511)
Credit Agricole	0	0	0	0	0	(66)
Deutsche Bank	0	0	0	0	0	(65)
Goldman Sachs	0	164	241	0	0	(594)
HSBC	(15)	0	(555)	(3,183)	0	(13)
JP Morgan	0	0	0	560	0	(579)
Lloyds	0	0	(1,083)	0	0	0
Morgan Stanley	0	0	0	0	0	0
Royal Bank of Canada	2,060	0	0	0	0	(1)
Royal Bank of Scotland	0	0	0	(1,140)	101	(189)
StateStreet	0	0	0	0	0	(7)
UBS	0	0	0	210	0	0
Total	2,045	164	(1,383)	(3,133)	101	(2,025)

Margin exchanged or collateral held or pledged is in the form of high quality liquid assets e.g. cash/gilts. Positions are fully collateralised at all times. Restrictions are placed on the right of either party to reuse collateral assets.

f. Liquidity risk

The Fund's assets comprise mainly readily realisable securities. The main liabilities of the Fund are the redemption of any shares that investors wish to sell and the settlement of stock purchases. The Fund Manager reviews the cash and liability position continuously, and should an increase in liquidity be required, the Fund Manager will sell securities.

Standard Life Investment Company Annual Report & Financial Statements

Higher Income Fund

Distribution Tables

for the three months ended 31 May 2017

Group 1 - shares purchased prior to 1 March 2017

Group 2 - shares purchased between 1 March 2017 and 31 May 2017

	Net Income 2017 pence per share	Equalisation 2017 pence per share	Distribution paid 2017 pence per share	Distribution paid 2016 pence per share
Retail accumulation				
Group 1	1.0770	-	1.0770*	1.1016
Group 2	0.5770	0.5000	1.0770*	1.1016
Institutional accumulation				
Group 1	1.2493	-	1.2493*	1.2492
Group 2	0.7249	0.5244	1.2493*	1.2492
Retail income				
Group 1	0.4097	-	0.4097**	0.4341
Group 2	0.1804	0.2293	0.4097**	0.4341
Institutional income				
Group 1	0.4496	-	0.4496**	0.4671
Group 2	0.2082	0.2414	0.4496**	0.4671
Standard Life income				
Group 1	0.5455	-	0.5455**	0.5427
Group 2	-	-	-	-
Standard Life accumulation				
Group 1	1.1697	-	1.1697*	1.1190
Group 2	0.2921	0.8776	1.1697*	1.1190
Institutional regulated accumulation				
Group 1	1.9649	-	1.9649*	1.9196
Group 2	0.9885	0.9764	1.9649*	1.9196
Standard Life B accumulation				
Group 1	1.0130	-	1.0130*	0.9626
Group 2	-	-	-	-
Platform 1 accumulation				
Group 1	0.6480	-	0.6480*	0.6508
Group 2	0.3586	0.2894	0.6480*	0.6508

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Higher Income Fund

Distribution Tables (Continued)

	Net Income 2017 pence per share	Equalisation 2017 pence per share	Distribution paid 2017 pence per share	Distribution paid 2016 pence per share
Platform 1 income				
Group 1	0.5233	-	0.5233**	0.5457
Group 2	0.2676	0.2557	0.5233**	0.5457
Institutional S accumulation				
Group 1	0.5900	-	0.5900*	0.5800
Group 2	-	-	-	-
Institutional S income				
Group 1	0.5350	-	0.5350**	0.5381
Group 2	-	-	-	-
Institutional A accumulation				
Group 1	0.4750	-	0.4750*	0.4864
Group 2	-	-	-	-
Institutional A income				
Group 1	0.7063	-	0.7063**	0.4828
Group 2	-	-	-	-
* Distribution accumulated on 31 May 2017				
** Distribution paid on 31 July 2017				

Standard Life Investment Company

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Higher Income Fund

Distribution Tables (Continued)

for the three months ended 31 August 2017

Group 1 - shares purchased prior to 1 June 2017

Group 2 - shares purchased between 1 June 2017 and 31 August 2017

	Net Income 2017 pence per share	Equalisation 2017 pence per share	Distribution paid 2017 pence per share	Distribution paid 2016 pence per share
Retail accumulation				
Group 1	1.0906	-	1.0906*	1.1681
Group 2	0.6454	0.4452	1.0906*	1.1681
Institutional accumulation				
Group 1	1.2662	-	1.2662*	1.3157
Group 2	0.7292	0.5370	1.2662*	1.3157
Retail income				
Group 1	0.4114	-	0.4114**	0.4562
Group 2	0.0544	0.3570	0.4114**	0.4562
Institutional income				
Group 1	0.4517	-	0.4517**	0.4875
Group 2	0.2547	0.1970	0.4517**	0.4875
Standard Life income				
Group 1	0.5481	-	0.5481**	0.5646
Group 2	-	-	-	-
Standard Life accumulation				
Group 1	1.1873	-	1.1873*	1.1797
Group 2	0.9391	0.2482	1.1873*	1.1797
Institutional regulated accumulation				
Group 1	1.9932	-	1.9932*	2.0203
Group 2	1.8586	0.1346	1.9932*	2.0203
Standard Life B accumulation				
Group 1	1.0285	-	1.0285*	1.0110
Group 2	-	-	-	-

Standard Life Investment Company Annual Report & Financial Statements

Higher Income Fund

Distribution Tables (Continued)

	Net Income 2017 pence per share	Equalisation 2017 pence per share	Distribution paid 2017 pence per share	Distribution paid 2016 pence per share
Platform 1 accumulation				
Group 1	0.6568	-	0.6568*	0.6853
Group 2	0.3648	0.2920	0.6568*	0.6853
Platform 1 income				
Group 1	0.5257	-	0.5257**	0.5694
Group 2	0.1932	0.3325	0.5257**	0.5694
Institutional S accumulation				
Group 1	0.5850	-	0.5850*	0.6080
Group 2	-	-	-	-
Institutional S income				
Group 1	0.5250	-	0.5250**	0.5189
Group 2	-	-	-	-
Institutional A accumulation				
Group 1	0.4850	-	0.4850*	0.5080
Group 2	-	-	-	-
Institutional A income				
Group 1	0.7350	-	0.7350**	0.5000
Group 2	-	-	-	-
* Distribution accumulated on 31 August 2017				
** Distribution paid on 31 October 2017				

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Higher Income Fund

Distribution Tables (Continued)

for the three months ended 30 November 2017

Group 1 - shares purchased prior to 1 September 2017

Group 2 - shares purchased between 1 September 2017 and 30 November 2017

	Net Income 2017 pence per share	Equalisation 2017 pence per share	Distribution paid 2017 pence per share	Distribution paid 2016 pence per share
Retail accumulation				
Group 1	0.9275	-	0.9275*	0.9689
Group 2	0.3921	0.5354	0.9275*	0.9689
Institutional accumulation				
Group 1	1.0947	-	1.0947*	1.1074
Group 2	0.6168	0.4779	1.0947*	1.1074
Retail income				
Group 1	0.3471	-	0.3471**	0.3750
Group 2	0.1092	0.2379	0.3471**	0.3750
Institutional income				
Group 1	0.3869	-	0.3869**	0.4065
Group 2	0.1898	0.1971	0.3869**	0.4065
Standard Life income				
Group 1	0.4885	-	0.4885**	0.4814
Group 2	-	-	-	-
Standard Life accumulation				
Group 1	1.0503	-	1.0503*	1.0135
Group 2	0.8810	0.1693	1.0503*	1.0135
Institutional regulated accumulation				
Group 1	1.7452	-	1.7452*	1.7211
Group 2	0.8394	0.9058	1.7452*	1.7211
Standard Life B accumulation				
Group 1	0.9132	-	0.9132*	0.8744
Group 2	-	-	-	-
Platform 1 accumulation				
Group 1	0.5661	-	0.5661*	0.5758
Group 2	0.2629	0.3032	0.5661*	0.5758

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Higher Income Fund

Distribution Tables (Continued)

	Net Income 2017 pence per share	Equalisation 2017 pence per share	Distribution paid 2017 pence per share	Distribution paid 2016 pence per share
Platform 1 income				
Group 1	0.4491	-	0.4491**	0.4730
Group 2	0.2525	0.1966	0.4491**	0.4730
Institutional S accumulation				
Group 1	0.5054	-	0.5054*	0.4960
Group 2	-	-	-	-
Institutional S income				
Group 1	0.4040	-	0.4040**	0.4600
Group 2	-	-	-	-
Institutional A accumulation				
Group 1	0.3609	-	0.3609*	0.4160
Group 2	-	-	-	-
Institutional A income				
Group 1	0.3890	-	0.3890**	0.4080
Group 2	-	-	-	-
* Distribution accumulated on 30 November 2017				
** Distribution paid on 31 January 2018				

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Higher Income Fund

Distribution Tables (Continued)

for the three months ended 28 February 2018

Group 1 - shares purchased prior to 1 December 2017

Group 2 - shares purchased between 1 December 2017 and 28 February 2018

	Net Income 2018 pence per share	Equalisation 2018 pence per share	Distribution payable 2018 pence per share	Distribution paid 2017 pence per share
Retail accumulation				
Group 1	0.9326	-	0.9326*	1.1397
Group 2	0.3877	0.5449	0.9326*	1.1397
Institutional accumulation				
Group 1	1.0996	-	1.0996*	1.3101
Group 2	0.5541	0.5455	1.0996*	1.3101
Retail income				
Group 1	0.3464	-	0.3464**	0.4383
Group 2	0.0927	0.2537	0.3464**	0.4383
Institutional income				
Group 1	0.3856	-	0.3856**	0.4589
Group 2	0.1725	0.2131	0.3856**	0.4589
Standard Life income				
Group 1	0.4806	-	0.4806**	0.5694
Group 2	-	-	-	-
Standard Life accumulation				
Group 1	1.0536	-	1.0536*	1.2098
Group 2	0.5647	0.4889	1.0536*	1.2098
Institutional regulated accumulation				
Group 1	1.7530	-	1.7530*	2.0447
Group 2	0.6174	1.1356	1.7530*	2.0447
Standard Life B accumulation				
Group 1	0.9165	-	0.9165*	1.0475
Group 2	-	-	-	-
Platform 1 accumulation				
Group 1	0.5690	-	0.5690*	0.6806
Group 2	0.2882	0.2808	0.5690*	0.6806

Standard Life Investment Company Annual Report & Financial Statements

Higher Income Fund

Distribution Tables (Continued)

	Net Income 2018 pence per share	Equalisation 2018 pence per share	Distribution payable 2018 pence per share	Distribution paid 2017 pence per share
Platform 1 income				
Group 1	0.4479	-	0.4479**	0.5554
Group 2	0.2510	0.1969	0.4479**	0.5554
Institutional S accumulation				
Group 1	0.5368	-	0.5368*	0.6350
Group 2	-	-	-	-
Institutional S income				
Group 1	0.4290	-	0.4290**	0.5150
Group 2	-	-	-	-
Institutional A accumulation				
Group 1	0.3995	-	0.3995*	0.4750
Group 2	-	-	-	-
Institutional A income				
Group 1	0.3831	-	0.3831**	0.4793
Group 2	-	-	-	-
* Distribution accumulated on 28 February 2018				
** Distribution payable on 30 April 2018				

Standard Life Investment Company Annual Report & Financial Statements

Investment Grade Corporate Bond Fund

Investment Report

Fund Information	
Fund Manager	Daniel McKernan and Mark Munro
Launch Date	20 September 1998
Benchmark	iBoxx Sterling Corporate and Collateralised Index

Investment objective

The objective of the Fund is to provide a high level of income which is compatible with maintaining the security of capital.

Investment policy

The investment policy of the Fund is to invest mostly in sterling fixed interest securities issued by corporations. The Fund may also invest in other transferable securities, money-market instruments, deposits, cash and near cash, derivatives and collective investment schemes.

Risk

The nature of the portfolio affords investors a focused investment approach, whilst diversification across mainly investment grade corporate bond exposure provides a degree of protection from the risk of default. Whilst the level of income provision is likely to be relatively stable, the investor must be able to accept temporary capital losses due to the volatile nature of the bond markets, and should therefore have an investment time horizon of at least 5 years.

Performance

The Corporate Bond Fund returned 1.1% during the period, in comparison with the IA Corporate Bond Sector return of 1.8% (source: Morningstar, basic rate taxpayer, bid to bid basis. Please note the Fund return is net of fees, whereas the benchmark return is gross).

Our exposure to subordinated insurance bonds was strong across the board, most notably Prudential, Generali and AXA. Meanwhile, in a generally strong period for French bonds, Credit Logement added to relative performance.

However, our off-benchmark exposure to UK gilts detracted from performance in what was a generally pro-risk environment. Two other holdings of note that struggled were Dignity and Provident Financial. Dignity is a funeral operator that came suffered due to pricing pressures in the sector, while Provident Financial is a consumer lender that issued a number of profit warnings amid organisational and regulatory turmoil.

Investment activity

In the primary market, we participated in a sterling deal from Anheuser-Busch InBev and a secured deal from the operators of the Channel Tunnel, Channel Link. Other deals of note included a BBB rated deal from the UK student accommodation owner and operator Liberty Living, as well as a debut deal from Tritax Big Box REIT which came with an attractive new issue premium. We also took part in a deal from Bazalgette, the infrastructure provider responsible for the Thames Tideway Tunnel, and a 100-year deal from Wellcome Trust.

Meanwhile, in the secondary market, we continued to add to our exposure to AT&T, Vodafone and Time Warner Cable, all issuers that we held a high degree of conviction in. In the fourth quarter of 2017, we took advantage of the underperformance of long-dated bonds to lengthen the duration of our exposure to EDF. Purchases late in the period included long-dated sterling bonds of Great Rolling Stock, Eversholt and Centrica.

From a sales perspective, during the first half of the period we took profits on euro-denominated RBS senior holding company debt that had performed very strongly since we purchased it earlier in the year. We continued to reduce or exit off-benchmark positions in US dollar-denominated investment grade bonds, including Reynolds and Anheuser-Busch InBev, which had outperformed sterling debt. The Anheuser disposal allowed us to raise proceeds to buy its sterling-denominated new issue. Later on, we sold bonds of Intesa SanPaolo and Enel in advance of the Italian elections that would take place in early March.

Synthetic Risk & Reward Indicator

Lower risk Typically lower rewards			Higher risk Typically Higher rewards			
1	2	3	4	5	6	7

This indicator reflects the volatility of the Fund's share price over the last five years which in turn reflects the volatility of the underlying assets in which the Fund invests. Historical data may not be a reliable indication of the future.

The current rating, which is the same for all share classes, is not guaranteed and may change if the volatility of the assets in which the Fund invests changes. The lowest rating does not mean risk free.

All investment involves risk. This Fund offers no guarantee against loss or that the Fund's objective will be attained.

For further information on the risks that may not be fully captured by the risk and reward indicator, please refer to the current Key Investor Information Document (KIID).

Cautionary note

It should be remembered that past performance is not a guide to future performance. The value of investments may go down as well as up and, therefore, investors may not get back the amount originally invested.

Standard Life Investment Company

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Investment Grade Corporate Bond Fund

Comparative Tables

	2018 pence per share	2017 pence per share	2016 pence per share
Retail accumulation			
Change in net assets per share			
Opening net asset value per share	149.83	134.29	138.90
Return before operating charges*	2.89	17.65	(2.26)
Operating charges**	(1.56)	(1.47)	(1.50)
Return after operating charges*	1.33	16.18	(3.76)
Distributions	(4.01)	(4.23)	(4.27)
Retained distributions on accumulation share	4.01	3.59	3.42
Closing net asset value per share	151.16	149.83	134.29
* after direct transaction costs of:***	-	-	-
Performance+			
Return after charges	0.89%	12.05%	-2.71%
Other information			
Closing net asset value (£'000)	101,050	123,395	130,231
Closing number of shares	66,848,383	82,358,563	96,979,685
Operating charges****	1.02%	1.02%	1.10%
Direct transaction costs***	0.00%	0.00%	0.00%
Prices			
Highest share price	155.4	154.4	142.1
Lowest share price	150.0	134.1	133.0

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Standard Life Investment Company

Annual Report & Financial Statements

Investment Grade Corporate Bond Fund

Comparative Tables (Continued)

	2018 pence per share	2017 pence per share	2016 pence per share
Institutional accumulation			
Change in net assets per share			
Opening net asset value per share	160.45	143.29	147.64
Return before operating charges*	3.10	18.86	(2.43)
Operating charges**	(0.98)	(0.92)	(0.87)
Return after operating charges*	2.12	17.94	(3.30)
Distributions	(4.95)	(5.18)	(5.29)
Retained distributions on accumulation share	4.95	4.40	4.24
Closing net asset value per share	162.57	160.45	143.29
* after direct transaction costs of:***	-	-	-
Performance+			
Return after charges	1.32%	12.52%	-2.24%
Other information			
Closing net asset value (£'000)	78,174	356,671	322,644
Closing number of shares	48,085,444	222,287,009	225,161,925
Operating charges****	0.60%	0.60%	0.60%
Direct transaction costs***	0.00%	0.00%	0.00%
Prices			
Highest share price	167.0	165.0	151.0
Lowest share price	160.2	143.1	141.9

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Standard Life Investment Company

Annual Report & Financial Statements

Investment Grade Corporate Bond Fund

Comparative Tables (Continued)

	2018 pence per share	2017 pence per share	2016 pence per share
Retail income			
Change in net assets per share			
Opening net asset value per share	63.41	58.23	61.78
Return before operating charges*	1.23	7.63	(1.00)
Operating charges**	(0.65)	(0.63)	(0.66)
Return after operating charges*	0.58	7.00	(1.66)
Distributions	(1.68)	(1.82)	(1.89)
Closing net asset value per share	62.31	63.41	58.23
* after direct transaction costs of:***	-	-	-
Performance+			
Return after charges	0.91%	12.02%	-2.69%
Other information			
Closing net asset value (£'000)	31,957	36,053	38,104
Closing number of shares	51,286,468	56,861,501	65,437,393
Operating charges****	1.02%	1.02%	1.10%
Direct transaction costs***	0.00%	0.00%	0.00%
Prices			
Highest share price	65.15	66.54	63.19
Lowest share price	62.32	58.17	58.04

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Standard Life Investment Company

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Investment Grade Corporate Bond Fund

Comparative Tables (Continued)

	2018 pence per share	2017 pence per share	2016 pence per share
Institutional income			
Change in net assets per share			
Opening net asset value per share	63.16	58.00	61.53
Return before operating charges*	1.23	7.60	(0.99)
Operating charges**	(0.38)	(0.37)	(0.36)
Return after operating charges*	0.85	7.23	(1.35)
Distributions	(1.94)	(2.07)	(2.18)
Closing net asset value per share	62.07	63.16	58.00
* after direct transaction costs of:***	-	-	-
Performance+			
Return after charges	1.35%	12.47%	-2.19%
Other information			
Closing net asset value (£'000)	141,799	124,272	97,190
Closing number of shares	228,440,123	196,750,215	167,562,223
Operating charges****	0.60%	0.60%	0.60%
Direct transaction costs***	0.00%	0.00%	0.00%
Prices			
Highest share price	64.97	66.33	62.96
Lowest share price	62.08	57.94	57.87

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Investment Grade Corporate Bond Fund

Comparative Tables (Continued)

	2018 pence per share	2017 pence per share	2016 pence per share
Standard Life income			
Change in net assets per share			
Opening net asset value per share	51.45	47.24	50.13
Return before operating charges*	1.00	6.21	(0.82)
Operating charges**	(0.01)	(0.01)	(0.01)
Return after operating charges*	0.99	6.20	(0.83)
Distributions	(1.88)	(1.99)	(2.06)
Closing net asset value per share	50.56	51.45	47.24
* after direct transaction costs of:***	-	-	-
Performance+			
Return after charges	1.92%	13.12%	-1.66%
Other information			
Closing net asset value (£'000)	20,677	41,009	37,657
Closing number of shares	40,896,870	79,707,426	79,707,426
Operating charges****	0.02%	0.02%	0.02%
Direct transaction costs***	0.00%	0.00%	0.00%
Prices			
Highest share price	53.00	54.08	51.30
Lowest share price	50.56	47.20	47.18

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Annual Report & Financial Statements

Investment Grade Corporate Bond Fund

Comparative Tables (Continued)

	2018 pence per share	2017 pence per share	2016 pence per share
Standard Life accumulation			
Change in net assets per share			
Opening net asset value per share	86.72	77.11	79.14
Return before operating charges*	1.67	10.17	(1.31)
Operating charges**	(0.09)	(0.08)	(0.08)
Return after operating charges*	1.58	10.09	(1.39)
Distributions	(3.15)	(3.21)	(3.23)
Retained distributions on accumulation share	3.15	2.73	2.59
Closing net asset value per share	88.30	86.72	77.11
* after direct transaction costs of:***	-	-	-
Performance+			
Return after charges	1.82%	13.09%	-1.76%
Other information			
Closing net asset value (£'000)	344	223	256
Closing number of shares	388,929	257,452	331,864
Operating charges****	0.10%	0.10%	0.10%
Direct transaction costs***	0.00%	0.00%	0.00%
Prices			
Highest share price	90.65	88.96	80.98
Lowest share price	86.61	77.03	76.35

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Standard Life Investment Company

Annual Report & Financial Statements

Investment Grade Corporate Bond Fund

Comparative Tables (Continued)

	2018 pence per share	2017 pence per share	2016 pence per share
Institutional regulated accumulation			
Change in net assets per share			
Opening net asset value per share	149.23	133.04	136.87
Return before operating charges*	2.87	17.54	(2.27)
Operating charges**	(0.61)	(0.57)	(0.53)
Return after operating charges*	2.26	16.97	(2.80)
Distributions	(4.95)	(5.11)	(5.17)
Retained distributions on accumulation share	4.95	4.33	4.14
Closing net asset value per share	151.49	149.23	133.04
* after direct transaction costs of:***	-	-	-
Performance+			
Return after charges	1.51%	12.76%	-2.05%
Other information			
Closing net asset value (£'000)	1,236	1,428	1,351
Closing number of shares	815,908	956,484	1,015,129
Operating charges****	0.40%	0.40%	0.40%
Direct transaction costs***	0.00%	0.00%	0.00%
Prices			
Highest share price	155.6	153.3	140.0
Lowest share price	149.0	132.9	131.7

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Annual Report & Financial Statements

Investment Grade Corporate Bond Fund

Comparative Tables (Continued)

	2018 pence per share	2017 pence per share	2016 pence per share
Standard Life B accumulation			
Change in net assets per share			
Opening net asset value per share	86.64	76.99	78.96
Return before operating charges*	1.67	10.14	(1.31)
Operating charges**	0.00	0.00	0.00
Return after operating charges*	1.67	10.14	(1.31)
Distributions	(3.23)	(3.29)	(3.30)
Retained distributions on accumulation share	3.23	2.80	2.64
Closing net asset value per share	88.31	86.64	76.99
* after direct transaction costs of:***	-	-	-
Performance+			
Return after charges	1.92%	13.17%	-1.66%
Other information			
Closing net asset value (£'000)	2,626	2,882	5,558
Closing number of shares	2,974,079	3,326,293	7,219,727
Operating charges****	0.00%	0.00%	0.00%
Direct transaction costs***	0.00%	0.00%	0.00%
Prices			
Highest share price	90.65	88.84	80.76
Lowest share price	86.53	76.88	76.20

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Annual Report & Financial Statements

Investment Grade Corporate Bond Fund

Comparative Tables (Continued)

	2018 pence per share	2017 pence per share	2016 pence per share
Platform 1 accumulation			
Change in net assets per share			
Opening net asset value per share	67.55	60.35	62.21
Return before operating charges*	1.30	7.95	(1.02)
Operating charges**	(0.45)	(0.42)	(0.40)
Return after operating charges*	0.85	7.53	(1.42)
Distributions	(2.07)	(2.15)	(2.20)
Retained distributions on accumulation share	2.07	1.82	1.76
Closing net asset value per share	68.40	67.55	60.35
* after direct transaction costs of:***	-	-	-
Performance+			
Return after charges	1.26%	12.48%	-2.28%
Other information			
Closing net asset value (£'000)	24,929	25,648	20,966
Closing number of shares	36,443,885	37,968,755	34,740,466
Operating charges****	0.65%	0.65%	0.65%
Direct transaction costs***	0.00%	0.00%	0.00%
Prices			
Highest share price	70.28	69.48	63.64
Lowest share price	67.44	60.28	59.76

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Standard Life Investment Company

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Investment Grade Corporate Bond Fund

Comparative Tables (Continued)

	2018 pence per share	2017 pence per share	2016 pence per share
Platform 1 income			
Change in net assets per share			
Opening net asset value per share	58.61	53.82	57.10
Return before operating charges*	1.15	7.06	(0.92)
Operating charges**	(0.39)	(0.37)	(0.36)
Return after operating charges*	0.76	6.69	(1.28)
Distributions	(1.77)	(1.90)	(2.00)
Closing net asset value per share	57.60	58.61	53.82
* after direct transaction costs of:***	-	-	-
Performance+			
Return after charges	1.30%	12.43%	-2.24%
Other information			
Closing net asset value (£'000)	16,732	17,096	17,339
Closing number of shares	29,047,825	29,168,512	32,214,215
Operating charges****	0.65%	0.65%	0.65%
Direct transaction costs***	0.00%	0.00%	0.00%
Prices			
Highest share price	60.28	61.54	58.42
Lowest share price	57.60	53.77	53.69

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Annual Report & Financial Statements

Investment Grade Corporate Bond Fund

Comparative Tables (Continued)

	2018 pence per share	2017 pence per share	2016 pence per share
Institutional S accumulation			
Change in net assets per share			
Opening net asset value per share	61.39	54.74	56.28
Return before operating charges*	1.20	7.22	(0.87)
Operating charges**	(0.27)	(0.25)	(0.24)
Return after operating charges*	0.93	6.97	(1.11)
Distributions	(1.98)	(2.10)	(2.17)
Retained distributions on accumulation share	1.98	1.78	1.74
Closing net asset value per share	62.32	61.39	54.74
* after direct transaction costs of:***	-	-	-
Performance+			
Return after charges	1.51%	12.73%	-1.97%
Other information			
Closing net asset value (£'000)	1	1	1
Closing number of shares	2,200	2,200	2,200
Operating charges****	0.43%	0.43%	0.43%
Direct transaction costs***	0.00%	0.00%	0.00%
Prices			
Highest share price	64.03	63.07	57.56
Lowest share price	61.31	54.66	54.18

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Investment Grade Corporate Bond Fund

Comparative Tables (Continued)

	2018 pence per share	2017 pence per share	2016 pence per share
Institutional S income			
Change in net assets per share			
Opening net asset value per share	54.95	50.46	53.52
Return before operating charges*	1.09	6.63	(0.82)
Operating charges**	(0.24)	(0.23)	(0.22)
Return after operating charges*	0.85	6.40	(1.04)
Distributions	(1.80)	(1.91)	(2.02)
Closing net asset value per share	54.00	54.95	50.46
* after direct transaction costs of:***	-	-	-
Performance+			
Return after charges	1.55%	12.68%	-1.94%
Other information			
Closing net asset value (£'000)	1	1	1
Closing number of shares	2,200	2,200	2,200
Operating charges****	0.43%	0.43%	0.43%
Direct transaction costs***	0.00%	0.00%	0.00%
Prices			
Highest share price	56.54	57.71	54.76
Lowest share price	54.00	50.41	50.36

** The operating charges include all costs borne by the Fund, except for direct transaction costs.

*** The direct transaction costs are made up of: fees and commissions paid to agents, advisers, brokers and dealers, levies by regulatory agencies and securities exchanges as well as transfer taxes and duties.

**** The operating charges percentage is the equivalent of the ongoing charges figure per the prior year accounts. It shows the annualised operating expenses of the share class as a percentage of the average net asset value of the class over the same period.

+ The performance figures are calculated by taking the value of the shareclass per the financial statements compared to the value per the financial statements in the prior year. This figure may differ from the performance figure quoted in the Investment Report. The Investment Report performance figure is calculated using the last available published price for a given shareclass in the period compared to the equivalent for the prior period. The published price may contain an adjustment for dilution in accordance with the Fund pricing policy, while the price per the financial statements values the Fund on a bid-price basis. The financial statements shareclass valuation is based on close of business market prices on the last day of the period, again this may differ from the intra-day pricing point of the Fund which is used in the published shareclass price.

Standard Life Investment Company

Annual Report & Financial Statements

Investment Grade Corporate Bond Fund

Comparative Tables (Continued)

	2018 pence per share	2017 pence per share	2016 pence per share
Institutional A accumulation++			
Change in net assets per share			
Opening net asset value per share	55.55	49.77	50.00
Return before operating charges*	0.96	6.61	(0.15)
Operating charges**	(0.62)	(0.59)	(0.05)
Return after operating charges*	0.34	6.02	(0.20)
Distributions	(1.47)	(1.25)	(0.17)
Retained distributions on accumulation share	1.47	1.01	0.14
Closing net asset value per share	55.89	55.55	49.77
* after direct transaction costs of:***	-	-	-
Performance+			
Return after charges	0.60%	12.10%	-0.40%
Other information			
Closing net asset value (£'000)	1	1	1
Closing number of shares	2,200	2,200	2,200
Operating charges****	1.10%	1.10%	1.10%
Direct transaction costs***	0.00%	0.00%	0.00%
Prices			
Highest share price	57.47	57.18	50.16
Lowest share price	55.30	49.67	49.25

** The operating charges include all costs borne by the Fund, except for direct transaction costs.

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**** The operating charges percentage is the equivalent of the ongoing charges figure per the prior year accounts. It shows the annualised operating expenses of the share class as a percentage of the average net asset value of the class over the same period.

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++ Share class launched on 25 January 2016.

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Investment Grade Corporate Bond Fund

Comparative Tables (Continued)

	2018 pence per share	2017 pence per share	2016 pence per share
Institutional A income++			
Change in net assets per share			
Opening net asset value per share	54.01	49.60	50.00
Return before operating charges*	1.07	6.23	(0.18)
Operating charges**	(0.60)	(0.58)	(0.05)
Return after operating charges*	0.47	5.65	(0.23)
Distributions	(1.40)	(1.24)	(0.17)
Closing net asset value per share	53.08	54.01	49.60
* after direct transaction costs of:***	-	-	-
Performance+			
Return after charges	0.87%	11.39%	-0.46%
Other information			
Closing net asset value (£'000)	1	1	1
Closing number of shares	2,200	2,200	2,200
Operating charges****	1.10%	1.10%	1.10%
Direct transaction costs***	0.00%	0.00%	0.00%
Prices			
Highest share price	55.51	56.68	50.16
Lowest share price	53.08	49.55	49.25

** The operating charges include all costs borne by the Fund, except for direct transaction costs.

*** The direct transaction costs are made up of: fees and commissions paid to agents, advisers, brokers and dealers, levies by regulatory agencies and securities exchanges as well as transfer taxes and duties.

**** The operating charges percentage is the equivalent of the ongoing charges figure per the prior year accounts. It shows the annualised operating expenses of the share class as a percentage of the average net asset value of the class over the same period.

+ The performance figures are calculated by taking the value of the shareclass per the financial statements compared to the value per the financial statements in the prior year. This figure may differ from the performance figure quoted in the Investment Report. The Investment Report performance figure is calculated using the last available published price for a given shareclass in the period compared to the equivalent for the prior period. The published price may contain an adjustment for dilution in accordance with the Fund pricing policy, while the price per the financial statements values the Fund on a bid-price basis. The financial statements shareclass valuation is based on close of business market prices on the last day of the period, again this may differ from the intra-day pricing point of the Fund which is used in the published shareclass price.

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Investment Grade Corporate Bond Fund

Portfolio Statement as at 28 February 2018

Holding	Investment	Market value £'000	Percentage of total net assets
Bonds (98.48%)		414,636	98.83
Euro Denominated Bonds (1.36%)		5,665	1.35
Corporate Bonds (1.36%)		5,665	1.35
between 5 and 10 years to maturity			
893,000	UBS 4.75% 2026	874	0.21
Perpetual			
1,616,000	BNP Paribas 4.875% Perpetual	1,473	0.35
1,200,000	Rabobank 6.625% Perpetual	1,225	0.29
700,000	TOTAL 2.625% Perpetual	639	0.15
1,600,000	Volkswagen 2.7% Perpetual	1,454	0.35
Sterling Denominated Bonds (93.32%)		398,445	94.97
Corporate Bonds (90.48%)		392,768	93.61
less than 5 years to maturity			
1,841,000	AA Bond 2.875% 2022	1,777	0.42
130,000	Abbey National 1.875% 2020	131	0.03
1,273,000	Atlantia 6.25% 2022	1,501	0.36
650,000	Bank of Scotland 9.375% 2021	792	0.19
729,000	Barclays 4.25% 2022	808	0.19
2,233,000	British American Tobacco 1.75% 2021	2,242	0.53
1,277,000	BUPA 3.375% 2021	1,346	0.32
1,786,000	Close Brothers 3.875% 2021	1,895	0.45
1,670,000	Commerzbank 6.625% 2019	1,783	0.43
1,697,000	Co-Operative Bank 4.75% 2021	1,840	0.44
1,535,000	Coventry 5.875% 2022	1,806	0.43
2,510,000	CPUK 2.666% 2020	2,554	0.61
1,638,000	Credit Suisse 3% 2022	1,703	0.41
1,786,000	Daimler 2.375% 2021	1,833	0.44
1,572,000	Danske Bank 5.375% fixed to floating 2021	1,605	0.38
2,700,000	Deutsche Bank 1.875% 2020	2,704	0.64
1,158,000	ENW Finance 6.125% 2021	1,326	0.32
990,000	FCE Bank 2.727% 2022	1,013	0.24
2,020,000	First Hydro 9% 2021	2,491	0.59
1,047,000	Friends Life 8.25% 2022	1,308	0.31
1,071,000	G4S 7.75% fixed to floating 2019	1,150	0.27
982,000	General Electric 5.5% 2021	1,094	0.26
1,500,000	Glencore 6% 2022	1,715	0.41
1,992,000	Global Switch 4.375% 2022	2,206	0.53
894,000	Imperial Brands 9% fixed to floating 2022	1,131	0.27

Standard Life Investment Company

Annual Report & Financial Statements

Investment Grade Corporate Bond Fund

Portfolio Statement as at 28 February 2018 (Continued)

Holding	Investment	Market value £'000	Percentage of total net assets
Corporate Bonds (continued)			
1,100,000	Intesa Sanpaolo SpA 5.25% 2022	1,232	0.29
1,200,000	Kennedy Wilson Europe Real Estate 3.95% 2022	1,248	0.30
1,787,000	Lend Lease Europe 6.125% 2021	2,030	0.48
1,161,000	London Stock Exchange 9.125% 2019	1,307	0.31
2,045,000	LVMH 1% 2022	2,011	0.48
1,715,000	Merrill Lynch 5.5% 2021	1,933	0.46
1,022,000	Metlife 5.25% 2020	1,109	0.26
1,295,000	MetLife Global Funding I 2.625% 2022	1,345	0.32
1,786,000	National Express 6.625% 2020	1,981	0.47
1,313,000	Nationwide Building Society 2.25% 2022	1,352	0.32
1,000,000	Petróleos Mexicanos 8.25% 2022	1,228	0.29
4,100,000	RWE 5.5% 2022	4,731	1.13
549,000	Scania 1.875% 2022	548	0.13
1,214,000	SPI Australia Assets 5.125% 2021	1,326	0.32
1,100,000	Telefonica Emisiones 5.289% 2022	1,265	0.30
1,200,000	Telefonica Emisiones 5.597% 2020	1,297	0.31
1,473,000	Volkswagen Financial Services 1.5% 2021	1,461	0.35
1,200,000	Volkswagen Financial Services 1.625% 2022	1,188	0.28
1,447,000	Wessex Water 4% 2021	1,565	0.37
2,349,000	Westpac Banking 2.625% 2022	2,444	0.58
between 5 and 10 years to maturity			
920,000	AA Bond 2.75% 2023	862	0.21
1,599,000	ABP 6.25% 2026	1,992	0.48
1,375,000	Akelius Residential Property 2.375% 2025	1,322	0.31
831,000	America Movil 5% 2026	986	0.23
572,000	Anglian Water 4.5% 2027	668	0.16
1,639,000	Asciano Finance 5% 2023	1,819	0.43
2,500,000	AT&T 5.5% 2027	3,009	0.72
1,339,000	Bank of Scotland 4.875% 2024	1,599	0.38
2,352,000	Barclays 3.125% 2024	2,403	0.57
3,000,000	Barclays 3.25% 2027	3,029	0.72
665,000	Barclays 5.75% fixed to floating 2026	780	0.19
1,340,000	Bazalgette Finance 2.375% 2027	1,300	0.31
1,071,000	BP 2.03% 2025	1,066	0.25
1,474,000	British American Tobacco 7.25% 2024	1,867	0.44
1,798,000	Citigroup 5.875% 2024	2,122	0.51
1,880,000	Commonwealth Bank of Australia 3% 2026	2,037	0.49
1,300,000	Credit Agricole 7.375% 2023	1,636	0.39
2,304,000	CYBG 3.125% 2025	2,321	0.55
3,010,000	Enel 5.625% 2024	3,578	0.85

Standard Life Investment Company

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Investment Grade Corporate Bond Fund

Portfolio Statement as at 28 February 2018 (Continued)

Holding	Investment	Market value £'000	Percentage of total net assets
Corporate Bonds (continued)			
2,651,000	Eversholt 6.359% 2025	3,308	0.79
1,216,000	FirstGroup 6.875% 2024	1,509	0.36
700,000	Gatwick 6.125% 2028	867	0.21
1,384,000	Go-Ahead 2.5% 2024	1,356	0.32
3,000,000	Heathrow Funding 6.75% 2026	3,943	0.94
1,786,000	Heathrow Funding 7.125% 2024	2,199	0.52
1,938,000	Intu (SGS) Finance 4.125% 2023	2,105	0.50
1,786,000	Intu Debenture 5.562% 2027	1,788	0.43
1,079,000	John Lewis 6.125% 2025	1,275	0.30
714,000	Land Securities 5.391% 2027	867	0.21
630,000	Liberty Living 2.625% 2024	628	0.15
1,917,000	Lloyds Bank 5.125% 2025	2,329	0.56
1,715,000	Lloyds Bank 5.75% fixed to floating 2025	1,861	0.44
2,948,000	Lloyds Bank 7.625% 2025	3,849	0.92
1,161,000	London & Quadrant Housing Trust 2.625% 2026	1,170	0.28
1,036,000	MetLife Global Funding I 3.5% 2026	1,131	0.27
2,018,000	Morgan Stanley 2.625% 2027	2,006	0.48
1,346,000	Nationwide Building Society 3.25% 2028	1,439	0.34
1,080,000	Northern Powergrid Yorkshire 2.5% 2025	1,100	0.26
3,042,000	Royal Bank of Scotland 5.125% 2024	3,615	0.86
3,500,000	Santander UK Group 3.625% 2026	3,741	0.89
1,429,000	Scentre Management 3.875% 2026	1,572	0.38
1,375,000	Shaftesbury Chinatown 2.348% 2027	1,319	0.31
1,000,000	Society of Lloyd's 4.75% 2024	1,113	0.27
810,000	SP Manweb 4.875% 2027	964	0.23
1,482,000	Stagecoach Group 4% 2025	1,567	0.37
1,461,000	Telereal 4.9741% 2033	1,148	0.27
1,120,000	Thames Water 1.875% 2024	1,086	0.26
1,930,000	Thames Water 2.875% 2027	1,859	0.44
1,600,000	Thames Water 3.5% 2028	1,691	0.40
1,050,000	THPA Finance 7.127% 2024	674	0.16
760,000	Tritax Big Box REIT 2.625% 2026	751	0.18
1,903,000	United Utilities 5.625% 2027	2,421	0.58
1,518,000	Wells Fargo 2% 2025	1,479	0.35
1,956,000	Western Power Distribution 3.625% 2023	2,072	0.49
between 10 and 15 years to maturity			
1,205,000	Abbey National 3.875% 2029	1,364	0.33
895,000	Anglian Water 6.625% 2029	1,235	0.29
2,822,000	Anheuser-Busch InBev 2.25% 2029	2,679	0.64
2,215,000	Annington Funding 3.184% 2029	2,198	0.52

Standard Life Investment Company

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Investment Grade Corporate Bond Fund

Portfolio Statement as at 28 February 2018 (Continued)

Holding	Investment	Market value £'000	Percentage of total net assets
Corporate Bonds (continued)			
2,152,000	APT Pipelines 3.5% 2030	2,196	0.52
1,223,000	Arqiva 4.882% 2032	1,358	0.32
2,130,000	Arqiva 5.34% 2030	2,470	0.59
2,400,000	Bank of America 7% 2028	3,353	0.80
1,543,000	Barclays 3.25% 2033	1,485	0.35
1,300,000	BPCE 5.25% 2029	1,536	0.37
1,085,000	Canary Wharf Finance 6.455% 2033	319	0.08
1,295,000	CRH 4.125% 2029	1,445	0.34
2,400,000	Digital Stout Holding 3.3% 2029	2,400	0.57
1,616,000	E.On Finance 6.375% 2032	2,221	0.53
900,000	Great Rolling Stock 6.5% 2031	1,032	0.25
700,000	Greater Gabbard 4.137% 2032	710	0.17
2,572,000	HSBC 2.625% 2028	2,552	0.61
3,044,000	HSBC Bank 5.375% 2030	3,606	0.86
528,000	Imperial Brands 4.875% 2032	620	0.15
846,000	Koninklijke KPN 5.75% 2029	1,044	0.25
3,269,000	Land Securities 2.399% 2029	3,270	0.78
100,000	Lloyds Bank 6% 2029	137	0.03
1,313,000	London & Quadrant Housing Trust 2.25% 2029	1,242	0.30
1,515,000	Meadowhall Finance 4.986% 2032	1,409	0.34
1,697,000	Mitchells & Butlers 5.574% 2030	896	0.21
1,018,000	Notting Hill Housing Trust 3.75% 2032	1,103	0.26
1,375,000	Rabobank 4.625% 2029	1,555	0.37
1,064,000	RWE 6.25% 2030	1,406	0.34
2,367,000	Severn Trent 2.75% 2031	2,339	0.56
1,200,000	Shaftesbury Carnaby 2.487% 2031	1,133	0.27
1,443,000	Southern Gas Networks 4.875% 2029	1,743	0.42
1,200,000	Telefonica Emisiones 5.445% 2029	1,468	0.35
1,535,000	Telereal 5.5534% 2033	1,505	0.36
1,201,000	Telereal FRN 2033	1,114	0.27
1,599,000	Telereal Secured 4.01% 2033	1,377	0.33
640,000	Thames Water 5.75% 2030	722	0.17
1,607,000	Time Warner Cable 5.75% 2031	1,862	0.44
1,787,000	Western Power 5.75% 2032	2,340	0.56
2,150,000	Yorkshire Building Society 3.375% 2028	2,136	0.51
between 15 and 25 years to maturity			
1,938,000	Affinity Water 3.278% 2042	2,063	0.49
1,339,000	Anheuser-Busch InBev 2.85% 2037	1,286	0.31
1,241,000	Annington Funding 3.685% 2034	1,260	0.30
1,558,000	Aspire Defence 4.674% 2040 'A'	1,776	0.42

Standard Life Investment Company

Annual Report & Financial Statements

Investment Grade Corporate Bond Fund

Portfolio Statement as at 28 February 2018 (Continued)

Holding	Investment	Market value £'000	Percentage of total net assets
Corporate Bonds (continued)			
1,384,000	Aspire Defence 4.674% 2040 'B'	1,577	0.38
1,911,000	AT&T 3.55% 2037	1,926	0.46
2,800,000	AT&T 7% 2040	4,135	0.99
2,050,000	Aviva 6.125% 2036	2,408	0.57
2,224,000	Aviva 6.625% fixed to floating 2041	2,508	0.60
1,300,000	British American Tobacco 5.75% 2040	1,783	0.43
626,000	British American Tobacco 6% 2034	846	0.20
1,115,000	Broadgate Financing 4.821% 2036	1,435	0.34
2,675,000	Broadgate Financing 5.098% 2035	2,940	0.70
360,000	Canary Wharf Finance 5.952% 2037	506	0.12
1,000,000	Citigroup 6.8% 2038	1,543	0.37
1,791,000	Direct Line 9.25% 2042	2,256	0.54
1,577,000	DONG Energy 5.75% 2040	2,227	0.53
976,000	Dwr Cymru Financing 2.5% 2036	947	0.23
2,150,000	E.ON Finance 6.75% 2039	3,273	0.78
900,000	EDF 5.5% 2037	1,120	0.27
1,884,000	Enel 5.75% 2037	2,491	0.59
1,554,000	Eversholt 3.529% 2042	1,533	0.37
320,000	Eversholt 6.697% 2035	417	0.10
1,439,000	Gatwick 5.75% 2037	1,940	0.46
1,524,000	GE Capital 8% 2039	2,544	0.61
1,500,000	GlaxoSmithKline 5.25% 2033	1,991	0.47
2,224,000	Greene King 5.702% fixed to floating 2034	2,093	0.50
2,117,000	Greene King FRN 2033	1,696	0.40
911,000	Gwynt y Môr 2.778% 2034	847	0.20
200,000	Heathrow Funding 5.875% 2041	282	0.07
1,518,000	HSBC 5.375% 2033	1,904	0.45
2,950,000	HSBC 6% 2040	3,905	0.93
1,098,000	John Lewis 4.25% 2034	1,138	0.27
2,005,000	Lloyds Bank 6.5% 2040	3,098	0.74
893,000	London & Quadrant Housing Trust 4.625% 2033	1,072	0.26
1,400,000	Munich Re 6.625% fixed to floating 2042	1,641	0.39
2,429,000	National Grid 2.625% 2038	2,262	0.54
1,340,000	Northumbrian Water 5.125% 2042	1,794	0.43
2,000,000	Octagon Healthcare 5.333% 2035	2,063	0.49
1,873,000	Orange 5.625% 2034	2,469	0.59
1,580,000	Peel 8.375% 2040	2,316	0.55
2,957,000	QBE Insurance 6.115% 2042	3,306	0.79
1,875,000	RMPA Services 5.337% 2038	1,842	0.44
1,701,000	SSE 6.25% fixed to floating 2038	2,488	0.59
1,054,000	Telereal 4.0902% fixed to floating 2033	1,103	0.26

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Investment Grade Corporate Bond Fund

Portfolio Statement as at 28 February 2018 (Continued)

Holding	Investment	Market value £'000	Percentage of total net assets
Corporate Bonds (continued)			
790,000	Thames Water 4.375% 2034	912	0.22
2,000,000	Thames Water 5.5% 2041	2,724	0.65
1,071,000	Time Warner Cable LLC 5.25% 2042	1,206	0.29
998,000	Vattenfall 6.875% 2039	1,568	0.37
1,550,000	Veolia Environment 6.125% 2037	2,210	0.53
2,254,000	Wal-Mart 5.625% 2034	3,168	0.76
greater than 25 years to maturity			
1,475,000	AT&T 4.25% 2043	1,579	0.38
2,486,000	Aviva 5.125% 2050	2,687	0.64
893,000	AXA 5.625% 2054	1,035	0.25
1,246,000	BPHA 4.816% 2044	1,599	0.38
2,322,000	British American Tobacco 2.25% 2052	1,825	0.44
1,303,000	Centrica 4.25% 2044	1,478	0.35
2,200,000	Channel Link 3.043% 2050	2,155	0.51
884,000	Channel Link 6.341% 2046	1,003	0.24
983,000	Circle Anglia 5.2% 2044	1,347	0.32
1,200,000	Dignity 4.6956% 2049	1,213	0.29
1,600,000	EDF 5.125% 2050	1,986	0.47
2,700,000	EDF 6% 2114	3,732	0.89
300,000	Engie 5% 2060	466	0.11
2,420,000	Heathrow Funding 4.625% 2046	2,991	0.71
400,000	Legal & General 5.375% 2045	441	0.11
400,000	Legal & General 5.5% 2064	438	0.10
1,634,000	NGG 5.625% fixed to floating 2073	1,830	0.44
1,107,000	Notting Hill Housing Trust 4.375% 2054	1,373	0.33
1,671,000	Peabody Capital 4.625% 2053	2,233	0.53
1,161,000	Penarian Housing Finance 3.212% 2052	1,135	0.27
1,000,000	Prudential 5% 2055	1,082	0.26
2,200,000	RL Finance 6.125% fixed to floating 2043	2,485	0.59
820,000	SSE 3.625% 2077	844	0.20
1,442,000	Tolkien Funding Sukuk 1.43283% 2052	1,442	0.34
2,117,000	Vodafone 3% 2056	1,785	0.43
2,510,000	Vodafone 3.375% 2049	2,283	0.54
887,000	Wellcome Trust 2.517% 2118	876	0.21
1,509,000	Wheatley 4.375% 2044	1,773	0.42
Perpetual			
1,400,000	Assicurazioni Generali 6.269% fixed to floating Perpetual	1,542	0.37
1,048,000	Aviva 5.9021% fixed to floating Perpetual	1,115	0.27
3,000,000	Aviva 6.125% fixed to floating Perpetual	3,350	0.80

Standard Life Investment Company

Annual Report & Financial Statements

Investment Grade Corporate Bond Fund

Portfolio Statement as at 28 February 2018 (Continued)

		Market value £'000	Percentage of total net assets
Holding	Investment		
Corporate Bonds (continued)			
1,598,000	Axa 5.453% fixed to floating Perpetual	1,777	0.42
2,900,000	EDF 6% Perpetual	3,017	0.72
1,353,000	Legal & General 5.875% fixed to floating Perpetual	1,398	0.33
2,474,000	Pennon 2.875% Perpetual	2,483	0.59
1,938,000	SSE 3.875% fixed to floating Perpetual	1,999	0.48
Government Bonds (2.84%)		5,677	1.36
between 5 and 10 years to maturity			
1,515,000	UK (Govt of) 5% 2025	1,894	0.45
between 10 and 15 years to maturity			
750,000	UK (Govt of) 6% 2028	1,079	0.26
between 15 and 25 years to maturity			
1,300,000	UK (Govt of) 4.5% 2034	1,795	0.43
greater than 25 years to maturity			
600,000	UK (Govt of) 4.25% 2046	909	0.22
US Dollar Denominated Bonds (3.80%)		10,526	2.51
Corporate Bonds (3.80%)		10,526	2.51
between 5 and 10 years to maturity			
2,900,000	Charter Communications 4.908% 2025	2,164	0.52
1,396,000	UBS 4.125% 2026	1,025	0.24
Perpetual			
900,000	HSBC 6% Perpetual	667	0.16
1,822,000	HSBC 6.875% Perpetual	1,415	0.34
2,255,000	SEB 5.75% Perpetual	1,673	0.40
1,600,000	Swedbank 5.5% Perpetual	1,184	0.28
3,200,000	Swedbank 6% Perpetual	2,398	0.57
Collective Investment Schemes (0.36%)		205	0.05
260	Standard Life CNAV Euro Liquidity Fund	-	-
204,680	Standard Life CNAV Sterling Liquidity Fund	205	0.05

Standard Life Investment Company

Annual Report & Financial Statements

Investment Grade Corporate Bond Fund

Portfolio Statement as at 28 February 2018 (Continued)

Holding	Investment	Market value £'000	Percentage of total net assets
Derivatives (-0.06%)		(177)	(0.04)
Forward Currency Contracts (-0.09%)		(354)	(0.08)
	Buy EUR 137,085 Sell GBP 121,875 05/09/2018	-	-
	Buy GBP 5,807,869 Sell EUR 6,598,045 05/09/2018	(45)	(0.01)
	Buy GBP 664,844 Sell USD 933,525 05/09/2018	(11)	0.00
	Buy GBP 1,193,280 Sell USD 1,666,686 05/09/2018	(12)	0.00
	Buy GBP 8,603,194 Sell USD 12,285,422 05/09/2018	(286)	(0.07)
Futures (0.03%)		177	0.04
100	Long Long Gilt Bond Future 27/06/2018	58	0.01
(34)	Short Euro Bond Future 08/03/2018	110	0.03
(40)	Short US 10 Year Note Bond Future 20/06/2018	9	0.00
Total investment assets and liabilities		414,664	98.84
Net other assets		4,864	1.16
Total Net Assets		419,528	100.00

All investments are listed on recognised stock exchanges and are approved securities, regulated collective investment schemes or approved derivatives within the meaning of the FCA rules unless otherwise stated.

The percentage figures in brackets show the comparative holding as at 28 February 2017.

	Market value £'000
Reconciliation of assets and liabilities to the Balance Sheet	
Investment assets as per the Balance Sheet	415,018
Investment liabilities	(354)
Net investment assets	414,664
Net other assets	4,864
Total Net Assets	419,528

Standard Life Investment Company

Annual Report & Financial Statements

Investment Grade Corporate Bond Fund

Financial Statements

Statement of Total Return

for the year ended 28 February 2018

	Notes	£'000	2018 £'000	2017 £'000
Income:				
Net capital (losses)/gains	2		(8,789)	58,927
Revenue	4	23,349		28,358
Expenses	5	(4,284)		(4,751)
Interest payable and similar charges		(4)		(2)
Net revenue before taxation		19,061		23,605
Taxation	6	0		(31)
Net revenue after taxation			19,061	23,574
Total return before distributions			10,272	82,501
Distributions	7		(19,061)	(23,575)
Change in net assets attributable to shareholders from investment activities			(8,789)	58,926

Statement of Change in Net Assets Attributable to Shareholders

for the year ended 28 February 2018

	£'000	2018 £'000	2017 £'000
Opening net assets attributable to shareholders		728,681	671,300
Amounts receivable on the issue of shares	60,032		58,558
Amounts payable on the cancellation of shares	(371,973)		(74,161)
		(311,941)	(15,603)
Dilution adjustment		987	93
Change in net assets attributable to shareholders from investment activities (see above)		(8,789)	58,926
Retained distribution on accumulation shares		10,588	13,962
Unclaimed distributions		2	3
Closing net assets attributable to shareholders		419,528	728,681

Standard Life Investment Company

Annual Report & Financial Statements

Investment Grade Corporate Bond Fund

Financial Statements (Continued)

Balance Sheet

as at 28 February 2018

	Notes	£'000	2018 £'000	£'000	2017 £'000
Assets:					
Fixed assets:					
Investment assets			415,018		720,614
Current assets:					
Debtors	8	6,892		12,862	
Cash and bank balances	9	233		2,299	
			7,125		15,161
Total assets			422,143		735,775
Liabilities:					
Investment liabilities			(354)		(832)
Creditors	10	(682)		(3,561)	
Distribution payable		(1,579)		(2,701)	
			(2,261)		(6,262)
Total liabilities			(2,615)		(7,094)
Net assets attributable to shareholders			419,528		728,681

Standard Life Investment Company

Annual Report & Financial Statements

Investment Grade Corporate Bond Fund

Notes to the Financial Statements

1 Accounting Policies

Please refer to pages 11 to 12 for note on accounting policies.

2 Net Capital (Losses)/Gains

	2018 £'000	2017 £'000
Non-derivative securities	(9,616)	62,881
Derivative contracts	(237)	1,795
Forward currency contracts	1,267	(5,834)
Other (losses)/gains	(192)	93
Handling charges taken from the capital account	(11)	(8)
Net capital (losses)/gains	(8,789)	58,927

3 Purchases, Sales and Transaction Costs

There are no transaction costs associated with the purchases or sales of bonds, collective investment schemes and derivatives during the year, or in the prior year.

Collective investments operate within the terms of the offer document or prospectus. Typically we do not invest into Funds that require an initial charge to be made. The underlying price contains an estimation of cost known as a dilution levy which is applied from time to time.

Bonds are dealt on a spread agreed between buyer and seller with reference to the expected cashflows and current credit profiles.

Derivatives are dealt on a spread agreed between buyer and seller with reference to the underlying investment.

During the year the total purchases and sales across different major assets classes are as per below table.

	2018 £'000	2017 £'000
Purchases		
Bonds	137,584	138,093
Sales		
Bonds	427,901	136,922

The Fund suffers a number of explicit costs as disclosed in the notes and Fund history. The Fund also suffers implicit costs an example is market spread, the spread represents the costs of providing liquidity in a market. It therefore is subject to change based on volume, active markets have a lower spread the difference between; bid the price you receive and offer the price you pay.

At the balance sheet date the average portfolio dealing spread (i.e. the spread between bid and offer prices expressed as a percentage of the offer price) was 0.74% (2017: 0.91%), this is representative of the average spread on the assets held during the year.

Standard Life Investment Company

Annual Report & Financial Statements

Investment Grade Corporate Bond Fund

Notes to the Financial Statements (Continued)

4 Revenue

	2018 £'000	2017 £'000
Overseas dividends	0	209
Interest on debt securities	23,336	28,124
Bank interest	13	18
Net interest received from interest rate swaps	0	7
Total revenue	23,349	28,358

5 Expenses

	2018 £'000	2017 £'000
Payable to the Authorised Corporate Director, associates of the Authorised Corporate Director and agents of either of them:		
Authorised Corporate Director's periodic charge	3,774	4,188
Dealing charge	21	22
Registration fees	366	421
	4,161	4,631
Payable to the Depositary or associates of the Depositary, and agents of either of them:		
Depositary's fees	65	56
Safe custody fee	48	53
	113	109
Other:		
Audit fee	11	11
Subsidised Fees	(1)	0
	10	11
Total expenses	4,284	4,751

6 Taxation

	2018 £'000	2017 £'000
(a) Analysis of charge in year		
Overseas taxes	0	31
Total current tax (note 6b)	0	31

Standard Life Investment Company

Annual Report & Financial Statements

Investment Grade Corporate Bond Fund

Notes to the Financial Statements (Continued)

(b) Factors affecting current tax charge for the year

The tax assessed for the year is the same as the standard rate of corporation tax for Open-Ended Investment Companies 'OEICs' (20%). The differences are explained below:

Net revenue before taxation	19,061	23,605
Corporation tax at 20% (2017: 20%)	3,812	4,721
Effects of:		
Overseas taxes	0	31
Overseas tax expensed	0	(6)
Distributions treated as tax deductible	(3,812)	0
Interest distributions	0	(4,715)
Current tax charge for year (note 6a)	0	31

Authorised Open-Ended Investment Companies are exempt from tax on capital gains in the UK. Therefore, any capital gain is not included in the above reconciliation.

7 Distributions

The distributions takes account of income received on the issue of shares and income deducted on the cancellation of shares and comprise:

	2018 £'000	2017 £'000
First interim distribution	5,754	5,958
Second interim distribution	5,698	6,002
Third interim distribution	3,273	5,797
Final distribution	3,026	5,641
	17,751	23,398
Add: Income deducted on cancellation of shares	1,556	328
Deduct: Income received on issue of shares	(246)	(151)
Net distribution for the year	19,061	23,575

Details of the distribution per share are set out in this Fund's distribution tables.

Net revenue after taxation	19,061	23,574
Undistributed revenue brought forward	0	1
Total distributions	19,061	23,575

8 Debtors

	2018 £'000	2017 £'000
Amounts receivable from the ACD for the issue of shares	73	250
Accrued revenue	6,819	12,612
Total debtors	6,892	12,862

Standard Life Investment Company

Annual Report & Financial Statements

Investment Grade Corporate Bond Fund

Notes to the Financial Statements (Continued)

9 Cash and Bank Balances

	2018 £'000	2017 £'000
Amounts held at futures clearing houses and brokers	173	654
Cash and bank balances	60	1,645
Total cash and bank balances	233	2,299

10 Creditors

	2018 £'000	2017 £'000
Amounts payable to the ACD for cancellation of shares	436	3,177
Accrued expenses payable to ACD	224	357
Accrued expenses payable to the Depositary or associates of the Depositary	11	16
Other accrued expenses	11	11
Total creditors	682	3,561

11 Related Party Transactions

Standard Life Investments (Mutual Funds) Limited, as Authorised Corporate Director (ACD), is a related party and acts as principal in respect of all transactions of shares in the Fund.

The aggregate monies received through issue and paid on cancellation of shares are disclosed in the statement of change in net assets attributable to shareholders.

Any amounts due from or due to Standard Life Investments (Mutual Funds) Limited at the end of the accounting year are disclosed in notes 8 and 10.

Amounts payable to Standard Life Investments (Mutual Funds) Limited, in respect of periodic charge and registration services, are disclosed in note 5 and any amounts due at the year end in note 10.

The Fund holds 204,680 shares (2017: 2,650,896) in Standard Life CNAV Sterling Liquidity Fund as detailed in the portfolio statement, the total purchase cost of these investments during the year was £281,192,813 (2017: £27,845,000), the total sales proceeds were £283,639,028 (2017: £87,845,000).

The Fund holds 260 shares (2017: 541) in Standard Life CNAV Euro Liquidity Fund as detailed in the portfolio statement, the total purchase cost of these investments during the year was €2,873,460 (2017: €114,181,000), the total sales proceeds were €2,873,707 (2017: €111,543,000).

	2018 £'000	2017 £'000
Transactions during the year with Standard Life Aberdeen group companies are as follows:		
Sale of shares by Fund	47,455	11,478
Purchase of shares by Fund	351,331	23,880
Distributions made by Fund	3,249	11,306
The percentage value of the Fund held by Standard Life Aberdeen group companies is:	23.6%	54.6%

Standard Life Investment Company

Annual Report & Financial Statements

Investment Grade Corporate Bond Fund

Notes to the Financial Statements (Continued)

12 Shares in issue reconciliation

	Opening shares 2017	Creations during the year	Cancellations during the year	Conversions during the year	Closing shares 2018
Retail accumulation	82,358,563	172,093	(14,939,976)	(742,297)	66,848,383
Institutional accumulation	222,287,009	2,842,952	(176,457,107)	(587,410)	48,085,444
Retail income	56,861,501	91,316	(5,231,844)	(434,505)	51,286,468
Institutional income	196,750,215	76,385,722	(46,643,724)	1,947,910	228,440,123
Standard Life income	79,707,426	0	(38,810,556)	0	40,896,870
Standard Life accumulation	257,452	164,025	(32,548)	0	388,929
Institutional regulated accumulation	956,484	12,082	(152,658)	0	815,908
Standard Life B accumulation	3,326,293	194,435	(546,649)	0	2,974,079
Platform 1 accumulation	37,968,755	1,554,479	(3,935,542)	856,193	36,443,885
Platform 1 income	29,168,512	3,315,491	(4,368,011)	931,833	29,047,825
Institutional S accumulation	2,200	0	0	0	2,200
Institutional S income	2,200	0	0	0	2,200
Institutional A accumulation	2,200	0	0	0	2,200
Institutional A income	2,200	0	0	0	2,200

13 Fair Value Hierarchy

	2018 £'000	2018 £'000	2018 £'000	2017 £'000	2017 £'000	2017 £'000
Fair value of investment assets	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
Bonds	5,677	408,959	0	20,675	696,865	0
Collective Investment Schemes	0	205	0		2,651	0
Derivatives	177	0	0	403	20	0
Total investment assets	5,854	409,164	0	21,078	699,536	0
Derivatives	0	(354)	0	(174)	(658)	0
Total investment liabilities	0	(354)	0	(174)	(658)	0

The three levels of the fair value hierarchy under FRS 102 are described below:

Level 1: Unadjusted quoted market prices in active markets that are accessible at the measurement date for the identical unrestricted assets or liabilities.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices).

Level 3: Inputs for asset or liability that are not based on observable market data (unobservable inputs).

Standard Life Investment Company

Annual Report & Financial Statements

Investment Grade Corporate Bond Fund

Notes to the Financial Statements (Continued)

14 Risk Management Policies & Numerical Disclosures

In accordance with the investment objectives, the Fund may hold certain financial instruments. These comprise:

- securities held in accordance with the investment objective and policies;
- cash and short-term debtors and creditors arising directly from operations; and
- derivatives.

The main risks arising from the Fund's financial instruments are market price, foreign currency, interest rate, credit and liquidity risk.

The policies for managing these risks are summarised below and have been applied consistently throughout the year, and prior year.

a. Market price risk

Each Fund's investment portfolio is exposed to market price fluctuation which are monitored by the Fund Manager in pursuance of the investment objectives and policies. Adherence to investment guidelines and to investment and borrowing powers mitigate the risk of excessive exposure to any particular type of security or issuer.

In the current market conditions certain securities have become difficult to price. For these securities, reliance has therefore been placed on single broker prices. This has not resulted in any adjustment to the financial statements.

An increase or decrease in market values will therefore have a direct effect on the value of the investment assets in the portfolio and therefore a proportionate effect on the value of the Fund.

Value at Risk (VaR) is a measure of the maximum potential loss to the Fund due to market risk. More particularly, VaR measures the maximum potential loss at a given confidence level (probability) over a specific time period under normal market conditions.

2018	Minimum	Maximum	Average
VaR 99% 1 Month	3.33%	3.86%	3.61%
2017	Minimum	Maximum	Average
VaR 99% 1 Month	3.08%	3.97%	3.60%

At the year end date, there was a 1% chance of the portfolio value falling (or rising) more than 3.33%, £13,957,167 (2017: 3.86%, £2,778,4000) in one month period.

This calculation is generally determined by the use of an industry recognised medium term risk model, typically based on 3-5 year history. The method assumes normal market conditions and that the portfolio remains unchanged.

b. Foreign currency risk

A proportion of the net assets of the Fund are denominated in currencies other than Sterling, therefore the balance sheet and total returns can be affected by currency movements. In certain circumstances, the Fund Manager may seek to manage exposure to currency movements by using forward currency contracts.

The Fund does not hedge or otherwise seek to avoid currency movement risk on accrued revenue.

Income received in foreign currencies is converted into Sterling at the exchange rates ruling when the income is received.

Standard Life Investment Company

Annual Report & Financial Statements

Investment Grade Corporate Bond Fund

Notes to the Financial Statements (Continued)

14 Risk Management Policies & Numerical Disclosures (continued)

Currency exposure

An increase or decrease in a particular foreign currency exchange rate will have a proportionate affect on the value of the Fund. The Fund's net foreign currency exposure is shown in the table below.

A proportion of the net assets of the Fund are denominated in currencies other than Sterling, therefore the balance sheet and total returns can be affected by currency movements. In certain circumstances, the Fund Manager may seek to manage exposure to currency movements by using forward currency contracts.

The net foreign currency monetary exposure comprises:

	Net foreign currency monetary assets/(liabilities)	
	2018 £'000	2017 £'000
Euro	92	(214)
US Dollar	(59)	1,553

c. Interest rate risk

Interest receivable on bank deposits or payable on bank overdrafts will be affected by fluctuations in interest rates. The Fund Manager continuously reviews interest rates and inflation expectations. The assessment of this may result in a change in investment strategy.

Bond yields are affected by market and economic conditions, including inflation rates and government policy. An analysis of the interest rates and maturity of bond listings is detailed below.

In addition, changes to prevailing rates or changes in expectations of future rates may result in an increase or decrease in the value of the securities held. In general, if interest rates rise, the income potential of the Fund also rises but the value of fixed rate securities will decline (along with certain expenses calculated by reference to the assets of the Fund). A decline in interest rates will, in general, have the opposite effect.

The interest rate risk profile of the Fund's net financial assets and liabilities is:

	Floating rate financial assets £'000	Fixed rate financial assets £'000	Financial assets/ (liabilities) not carrying interest £'000	Total £'000
2018				
Currency				
UK Sterling	51,841	347,040	20,614	419,495
Euro	5,666	0	(5,574)	92
US Dollar	7,338	3,189	(10,586)	(59)
2017				
Currency				
UK Sterling	9,912	673,389	44,041	727,342
Euro	2,889	7,013	(10,116)	(214)
US Dollar	1,642	27,645	(27,734)	1,553

d. Credit risk

All cash exposures are carefully managed to ensure that money is placed on deposit with counterparties that meet the minimum credit rating deemed appropriate for this Fund. In certain circumstances, the Fund Manager may deliberately invest in securities (e.g. corporate bonds) with a well defined and published credit rating. In this case the Fund would be deliberately taking credit risk in order to seek additional rewards.

Standard Life Investment Company

Annual Report & Financial Statements

Investment Grade Corporate Bond Fund

Notes to the Financial Statements (Continued)

14 Risk Management Policies & Numerical Disclosures (continued)

	Bid market value 2018 £'000	Bid market value 2017 £'000
Credit Rating Analysis		
Investment Grade Bonds	401,642	682,502
Below Investment Grade Bonds	1,542	13,145
Unrated Bonds	11,452	21,893
Total Value of Bonds	414,636	717,540

e. Financial Derivatives Instrument Risk

At the year end the Fund held derivatives for the purposes of efficient portfolio management or to meet the Fund's investment objectives. These types of transaction can introduce market exposure greater than the market value of the instrument. These transactions exchange benefits with a third party at a future date creating both counterparty and concentration risk. The Investment Adviser's policies for managing these risks are outlined in the Fund's prospectus.

At the balance sheet date the Fund had the following exposures:

	2018 £'000	2017 £'000
Market Exposure		
Forward Currency Contracts	16,734	43,952
Futures	20,391	48,446
Total Market Exposure	37,125	92,398

The total market exposure is the sum of the notional derivative contracts on a gross basis with no offsetting.

Counterparty Exposure

Derivative instruments involve an agreement to exchange a benefit at a future date. This introduces counterparty risk where an agreement is bilateral (between two parties) and concentration risk where a clearing broker operates on an exchange. Where the counterparty or clearing broker is not solvent the market exposure obtained would be lost.

Exposure is reduced by the exchange of margin on a daily basis for cleared derivatives and by the collateral held/pledged on a bilateral transaction.

	2018			2017		
	Collateral (held)/ pledged £'000	Margin at clearing broker £'000	Market value of derivatives £'000	Collateral (held)/ pledged £'000	Margin at clearing broker £'000	Market value of derivatives £'000
Counterparty or clearer						
Bank of America Merrill Lynch	0	0	(12)	0	0	0
BNP Paribas	0	0	(45)	0	0	0
Citigroup	0	0	0	0	0	11
Credit Agricole	0	0	0	0	0	9
Goldman Sachs	0	350	177	2	0	0
HSBC	103	0	(286)	414	0	(658)
Morgan Stanley	0	0	(11)	0	0	0
Royal Bank of Scotland	0	0	0	0	881	229
Total	103	350	(177)	416	881	(409)

Margin exchanged or collateral held or pledged is in the form of high quality liquid assets e.g. cash/gilts. Positions are fully collateralised at all times. Restrictions are placed on the right of either party to reuse collateral assets.

f. Liquidity risk

The Fund's assets comprise mainly readily realisable securities. The main liabilities of the Fund are the redemption of any shares that investors wish to sell and the settlement of stock purchases. The Fund Manager reviews the cash and liability position continuously, and should an increase in liquidity be required, the Fund Manager will sell securities.

Standard Life Investment Company

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Investment Grade Corporate Bond Fund

Distribution Tables

for the three months ended 31 May 2017

Group 1 - shares purchased prior to 1 March 2017

Group 2 - shares purchased between 1 March 2017 and 31 May 2017

	Net Income 2017 pence per share	Equalisation 2017 pence per share	Distribution paid 2017 pence per share	Distribution paid 2016 pence per share
Retail accumulation				
Group 1	1.0237	-	1.0237*	0.8558
Group 2	0.5415	0.4822	1.0237*	0.8558
Institutional accumulation				
Group 1	1.2687	-	1.2687*	1.0474
Group 2	0.7184	0.5503	1.2687*	1.0474
Retail income				
Group 1	0.4332	-	0.4332**	0.3713
Group 2	0.2031	0.2031	0.4062**	0.3713
Institutional income				
Group 1	0.4994	-	0.4994**	0.4240
Group 2	0.2219	0.2775	0.4994**	0.4240
Standard Life income				
Group 1	0.4832	-	0.4832**	0.4026
Group 2	-	-	-	-
Standard Life accumulation				
Group 1	0.7966	-	0.7966*	0.6443
Group 2	0.6514	0.1452	0.7966*	0.6443
Institutional regulated accumulation				
Group 1	1.2562	-	1.2562*	1.0279
Group 2	-	-	-	-
Standard Life B accumulation				
Group 1	0.8173	-	0.8173*	0.6584
Group 2	0.2096	0.6077	0.8173*	0.6584
Platform 1 accumulation				
Group 1	0.5255	-	0.5255*	0.4348
Group 2	0.2126	0.3129	0.5255*	0.4348

Standard Life Investment Company

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Investment Grade Corporate Bond Fund

Distribution Tables (Continued)

	Net Income 2017 pence per share	Equalisation 2017 pence per share	Distribution paid 2017 pence per share	Distribution paid 2016 pence per share
Platform 1 income				
Group 1	0.4560	-	0.4560**	0.3879
Group 2	0.2611	0.1949	0.4560**	0.3879
Institutional S accumulation				
Group 1	0.5300	-	0.5300*	0.4120
Group 2	-	-	-	-
Institutional S income				
Group 1	0.4750	-	0.4750**	0.3880
Group 2	-	-	-	-
Institutional A accumulation				
Group 1	0.3845	-	0.3845*	0.3200
Group 2	-	-	-	-
Institutional A income				
Group 1	0.3700	-	0.3700**	0.3196
Group 2	-	-	-	-

* Distribution accumulated on 31 May 2017

** Distribution paid on 31 July 2017

Standard Life Investment Company

Annual Report & Financial Statements

Investment Grade Corporate Bond Fund

Distribution Tables (Continued)

for the three months ended 31 August 2017

Group 1 - shares purchased prior to 1 June 2017

Group 2 - shares purchased between 1 June 2017 and 31 August 2017

	Net Income 2017 pence per share	Equalisation 2017 pence per share	Distribution paid 2017 pence per share	Distribution paid 2016 pence per share
Retail accumulation				
Group 1	1.0102	-	1.0102*	0.8696
Group 2	0.6198	0.3904	1.0102*	0.8696
Institutional accumulation				
Group 1	1.2573	-	1.2573*	1.0625
Group 2	0.7708	0.4865	1.2573*	1.0625
Retail income				
Group 1	0.4247	-	0.4247**	0.3746
Group 2	0.1963	0.2284	0.4247**	0.3746
Institutional income				
Group 1	0.4913	-	0.4913**	0.4270
Group 2	0.2414	0.2499	0.4913**	0.4270
Standard Life income				
Group 1	0.4759	-	0.4759**	0.4086
Group 2	-	-	-	-
Standard Life accumulation				
Group 1	0.7928	-	0.7928*	0.6586
Group 2	0.0803	0.7125	0.7928*	0.6586
Institutional regulated accumulation				
Group 1	1.2470	-	1.2470*	1.0468
Group 2	0.4723	0.7747	1.2470*	1.0468
Standard Life B accumulation				
Group 1	0.8148	-	0.8148*	0.6755
Group 2	-	-	-	0.6755
Platform 1 accumulation				
Group 1	0.5205	-	0.5205*	0.4407
Group 2	0.2453	0.2752	0.5205*	0.4407

Standard Life Investment Company

Annual Report & Financial Statements

Investment Grade Corporate Bond Fund

Distribution Tables (Continued)

	Net Income 2017 pence per share	Equalisation 2017 pence per share	Distribution paid 2017 pence per share	Distribution paid 2016 pence per share
Platform 1 income				
Group 1	0.4482	-	0.4482**	0.3903
Group 2	0.1738	0.2744	0.4482**	0.3903
Institutional S accumulation				
Group 1	0.4929	-	0.4929*	0.4429
Group 2	-	-	-	-
Institutional S income				
Group 1	0.4450	-	0.4450**	0.3996
Group 2	-	-	-	-
Institutional A accumulation				
Group 1	0.3850	-	0.3850*	0.3170
Group 2	-	-	-	-
Institutional A income				
Group 1	0.3631	-	0.3631**	0.3127
Group 2	-	-	-	-

* Distribution accumulated on 31 August 2017

** Distribution paid on 31 October 2017

Standard Life Investment Company

Annual Report & Financial Statements

Investment Grade Corporate Bond Fund

Distribution Tables (Continued)

for the three months ended 30 November 2017

Group 1 - shares purchased prior to 1 September 2017

Group 2 - shares purchased between 1 September 2017 and 30 November 2017

	Net Income 2017 pence per share	Equalisation 2017 pence per share	Distribution paid 2017 pence per share	Distribution paid 2016 pence per share
Retail accumulation				
Group 1	1.0059	-	1.0059*	0.8341
Group 2	0.6340	0.3719	1.0059*	0.8341
Institutional accumulation				
Group 1	1.2152	-	1.2152*	1.0260
Group 2	0.7410	0.4742	1.2152*	1.0260
Retail income				
Group 1	0.4204	-	0.4204**	0.3582
Group 2	0.2728	0.1476	0.4204**	0.3582
Institutional income				
Group 1	0.4859	-	0.4859**	0.4084
Group 2	0.2642	0.2217	0.4859**	0.4084
Standard Life income				
Group 1	0.4683	-	0.4683**	0.3937
Group 2	-	-	-	-
Standard Life accumulation				
Group 1	0.7915	-	0.7915*	0.6396
Group 2	0.0286	0.7629	0.7915*	0.6396
Institutional regulated accumulation				
Group 1	1.2427	-	1.2427*	1.0127
Group 2	-	-	-	-
Standard Life B accumulation				
Group 1	0.8121	-	0.8121*	0.6551
Group 2	0.5869	0.2252	0.8121*	0.6551
Platform 1 accumulation				
Group 1	0.5187	-	0.5187*	0.4253
Group 2	0.2417	0.2770	0.5187*	0.4253

Standard Life Investment Company

Annual Report & Financial Statements

Investment Grade Corporate Bond Fund

Distribution Tables (Continued)

	Net Income 2017 pence per share	Equalisation 2017 pence per share	Distribution paid 2017 pence per share	Distribution paid 2016 pence per share
Platform 1 income				
Group 1	0.4434	-	0.4434**	0.3752
Group 2	0.2287	0.2147	0.4434**	0.3752
Institutional S accumulation				
Group 1	0.4886	-	0.4886*	0.4280
Group 2	-	-	-	-
Institutional S income				
Group 1	0.4600	-	0.4600**	0.3680
Group 2	-	-	-	-
Institutional A accumulation				
Group 1	0.3359	-	0.3359*	0.3160
Group 2	-	-	-	-
Institutional A income				
Group 1	0.3472	-	0.3472**	0.3040
Group 2	-	-	-	-

* Distribution accumulated on 30 November 2017

** Distribution paid on 31 January 2018

Standard Life Investment Company

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Investment Grade Corporate Bond Fund

Distribution Tables (Continued)

for the three months ended 28 February 2018

Group 1 - shares purchased prior to 1 December 2017

Group 2 - shares purchased between 1 December 2017 and 28 February 2018

	Net Income 2018 pence per share	Equalisation 2018 pence per share	Distribution payable 2018 pence per share	Distribution paid 2017 pence per share
Retail accumulation				
Group 1	0.9675	-	0.9675*	1.0276
Group 2	0.4241	0.5434	0.9675*	1.0276
Institutional accumulation				
Group 1	1.2114	-	1.2114*	1.2624
Group 2	0.3689	0.8425	1.2114*	1.2624
Retail income				
Group 1	0.4014	-	0.4014**	0.4383
Group 2	0.1321	0.2693	0.4014**	0.4383
Institutional income				
Group 1	0.4656	-	0.4656**	0.4995
Group 2	0.2427	0.2229	0.4656**	0.4995
Standard Life income				
Group 1	0.4537	-	0.4537**	0.4807
Group 2	-	-	-	-
Standard Life accumulation				
Group 1	0.7678	-	0.7678*	0.7860
Group 2	0.4763	0.2915	0.7678*	0.7860
Institutional regulated accumulation				
Group 1	1.2036	-	1.2036*	1.2460
Group 2	-	-	-	-
Standard Life B accumulation				
Group 1	0.7896	-	0.7896*	0.8076
Group 2	0.5967	0.1929	0.7896*	-
Platform 1 accumulation				
Group 1	0.5010	-	0.5010*	0.5234
Group 2	0.2586	0.2424	0.5010*	0.5234

Standard Life Investment Company

Annual Report & Financial Statements

Investment Grade Corporate Bond Fund

Distribution Tables (Continued)

	Net Income 2018 pence per share	Equalisation 2018 pence per share	Distribution payable 2018 pence per share	Distribution paid 2017 pence per share
Platform 1 income				
Group 1	0.4250	-	0.4250**	0.4580
Group 2	0.2975	0.1275	0.4250**	0.4580
Institutional S accumulation				
Group 1	0.4718	-	0.4718*	0.5000
Group 2	-	-	-	-
Institutional S income				
Group 1	0.4222	-	0.4222**	0.4700
Group 2	-	-	-	-
Institutional A accumulation				
Group 1	0.3686	-	0.3686*	0.0576
Group 2	-	-	-	-
Institutional A income				
Group 1	0.3150	-	0.3150**	0.0726
Group 2	-	-	-	-
* Distribution accumulated on 28 February 2018				
** Distribution payable on 30 April 2018				

Standard Life Investment Company Annual Report & Financial Statements

Japanese Equity Growth Fund Investment Report

Fund Information	
Fund Manager	Sumitomo Mitsui Trust Bank
Launch Date	16 November 1998
Benchmark	IA Japan Sector

Investment objective

The objective of the Fund is to provide capital appreciation. It is intended that income will not be a prime consideration.

Investment policy

The investment policy of the Fund is to invest mostly in equities and equity type investments of companies listed on a Japanese stock exchange or which, in the opinion of the ACD, carry on a substantial part of their operations in Japan. "Equity type investments" will include convertible stocks, stock exchange listed warrants, Depositary Receipts and other such investments which entitle the holder to subscribe for or convert into the equity of the company and/or where the share price performance is, in the opinion of the ACD, influenced significantly by the stock market performance of the company's ordinary shares.

The Fund may also invest in other transferable securities, money-market instruments, deposits, cash and near cash, derivatives and collective investment schemes.

Risk

The nature of the portfolio affords investors a focused investment approach, whilst affording proper diversification of mainly Japanese Equity exposure. The investor must be able to accept significant temporary losses due to the volatile nature of equity and currency markets, and should therefore have an investment time horizon of at least 5 years.

Performance

For the period under review, the Fund returned 18.42% (platform 1, accumulation), compared to a return of 13.23% from the IA Japan sector benchmark (source: Morningstar, basic-rate taxpayer, bid-to-bid basis).

At a sector level, our underweight position in the consumer discretionary sector proved advantageous. At stock level, top-performers included Sony Corp, whose robust results endorsed the company's recent cost-cutting strategy and fuelled material earnings upgrades. Similarly, Yamaha contributed positively as price hikes for its musical instruments led to above-forecast sales and improved guidance. Shares in Nintendo were boosted by better-than-expected demand for its new Switch games console.

NTT Data dragged on performance, as its results revealed a lack of meaningful margin improvement in its overseas segment, while investors questioned the quality of recently signed domestic public & social infrastructure projects. Seibu Holdings delivered a negative return on weak hotel visitor numbers and room rates. Additionally,

the yen's appreciation is likely to deter overseas tourists from visiting Japan. Elsewhere, energy group JXTG Holdings' results disappointed, with a difficult comparison against its strong outperformance a year ago.

Investment activity

We added Suzuki Motor, one of Japan's largest light-car manufacturers. As well as benefiting from robust demand in the European Union and Asia, Suzuki is successfully growing autos sales in India following the expansion of its distribution network. We also bought heavy electrical machinery manufacturer Fuji Electric. We expect Fuji's earnings to grow following the change in business focus from custom-made, multiple-product distribution towards standardised, energy-efficient systems. Fuji has an expanding client base for its power semiconductors in the auto sector while, in the services sector, there is growing demand for its process-automation equipment and vending machines.

During the year, we sold Shinetsu Chemical, where the share price largely reflected our positive investment thesis, limiting further upside. We exited Murata Manufacturing, as our investment case was undermined by problems in the company's new electric parts production process. We estimated that a recovery in production would take time, dragging down earnings. We reduced our position size in Mitsui Mining and Smelting, as disappointing sales momentum for its clients' new smartphones prompted concerns this might lead to falling demand for Mitsui's quality copper foil.

Synthetic Risk & Reward Indicator

Lower risk Typically lower rewards				Higher risk Typically Higher rewards		
1	2	3	4	5	6	7

This indicator reflects the volatility of the Fund's share price over the last five years which in turn reflects the volatility of the underlying assets in which the Fund invests. Historical data may not be a reliable indication of the future.

The current rating, which is the same for all share classes, is not guaranteed and may change if the volatility of the assets in which the Fund invests changes. The lowest rating does not mean risk free.

All investment involves risk. This Fund offers no guarantee against loss or that the Fund's objective will be attained. For further information on the risks that may not be fully captured by the risk and reward indicator, please refer to the current Key Investor Information Document (KIID).

Cautionary note

It should be remembered that past performance is not a guide to future performance. The value of investments may go down as well as up and, therefore, investors may not get back the amount originally invested.

Standard Life Investment Company

Annual Report & Financial Statements

Japanese Equity Growth Fund

Comparative Tables

	2018 pence per share	2017 pence per share	2016 pence per share
Retail accumulation			
Change in net assets per share			
Opening net asset value per share	90.59	71.22	69.51
Return before operating charges*	17.71	20.47	2.88
Operating charges**	(1.31)	(1.10)	(1.17)
Return after operating charges*	16.40	19.37	1.71
Distributions	(0.09)	(0.05)	0.00
Retained distributions on accumulation share	0.09	0.05	0.00
Closing net asset value per share	106.99	90.59	71.22
* after direct transaction costs of:***	0.08	0.09	0.08
Performance+			
Return after charges	18.10%	27.20%	2.46%
Other information			
Closing net asset value (£'000)	6,027	3,694	2,958
Closing number of shares	5,632,797	4,078,189	4,152,483
Operating charges****	1.34%	1.34%	1.62%
Direct transaction costs***	0.09%	0.11%	0.11%
Prices			
Highest share price	111.7	92.55	76.92
Lowest share price	88.22	71.11	64.12

** The operating charges include all costs borne by the Fund, except for direct transaction costs.

*** The direct transaction costs are made up of: fees and commissions paid to agents, advisers, brokers and dealers, levies by regulatory agencies and securities exchanges as well as transfer taxes and duties.

**** The operating charges percentage is the equivalent of the ongoing charges figure per the prior year accounts. It shows the annualised operating expenses of the share class as a percentage of the average net asset value of the class over the same period. The ACD periodic charge was reduced from 1.50% to 1.30% which became effective on 1 April 2016. The Registrar fees of 0.08% also ceased to be charged effective 1 April 2016.

+ The performance figures are calculated by taking the value of the shareclass per the financial statements compared to the value per the financial statements in the prior year. This figure may differ from the performance figure quoted in the Investment Report. The Investment Report performance figure is calculated using the last available published price for a given shareclass in the period compared to the equivalent for the prior period. The published price may contain an adjustment for dilution in accordance with the Fund pricing policy, while the price per the financial statements values the Fund on a bid-price basis. The financial statements shareclass valuation is based on close of business market prices on the last day of the period, again this may differ from the intra-day pricing point of the Fund which is used in the published shareclass price.

Standard Life Investment Company

Annual Report & Financial Statements

Japanese Equity Growth Fund

Comparative Tables (Continued)

	2018 pence per share	2017 pence per share	2016 pence per share
Institutional accumulation			
Change in net assets per share			
Opening net asset value per share	105.55	82.60	80.01
Return before operating charges*	20.68	23.78	3.32
Operating charges**	(0.98)	(0.83)	(0.73)
Return after operating charges*	19.70	22.95	2.59
Distributions	(0.64)	(0.52)	(0.38)
Retained distributions on accumulation share	0.64	0.52	0.38
Closing net asset value per share	125.25	105.55	82.60
* after direct transaction costs of:***	0.10	0.11	0.09
Performance+			
Return after charges	18.66%	27.78%	3.24%
Other information			
Closing net asset value (£'000)	153,258	141,051	96,213
Closing number of shares	122,365,074	133,630,422	116,481,947
Operating charges****	0.87%	0.87%	0.87%
Direct transaction costs***	0.09%	0.12%	0.11%
Prices			
Highest share price	130.7	107.7	88.62
Lowest share price	102.9	82.52	74.33

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Standard Life Investment Company

Annual Report & Financial Statements

Japanese Equity Growth Fund

Comparative Tables (Continued)

	2018 pence per share	2017 pence per share	2016 pence per share
Standard Life income			
Change in net assets per share			
Opening net asset value per share	63.33	49.76	48.41
Return before operating charges*	12.48	14.40	2.03
Operating charges**	(0.02)	(0.02)	(0.02)
Return after operating charges*	12.46	14.38	2.01
Distributions	(0.97)	(0.81)	(0.66)
Closing net asset value per share	74.82	63.33	49.76
* after direct transaction costs of:***	0.06	0.07	0.06
Performance+			
Return after charges	19.67%	28.90%	4.15%
Other information			
Closing net asset value (£'000)	2	1	1
Closing number of shares	2,286	2,286	2,286
Operating charges****	0.04%	0.04%	0.04%
Direct transaction costs***	0.09%	0.12%	0.12%
Prices			
Highest share price	78.98	65.24	53.68
Lowest share price	61.78	49.75	42.25

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Standard Life Investment Company

Annual Report & Financial Statements

Japanese Equity Growth Fund

Comparative Tables (Continued)

	2018 pence per share	2017 pence per share	2016 pence per share
Standard Life accumulation			
Change in net assets per share			
Opening net asset value per share	67.98	52.80	50.76
Return before operating charges*	13.37	15.25	2.10
Operating charges**	(0.08)	(0.07)	(0.06)
Return after operating charges*	13.29	15.18	2.04
Distributions	(0.97)	(0.80)	(0.63)
Retained distributions on accumulation share	0.97	0.80	0.63
Closing net asset value per share	81.27	67.98	52.80
* after direct transaction costs of:***	0.06	0.07	0.06
Performance+			
Return after charges	19.55%	28.75%	4.02%
Other information			
Closing net asset value (£'000)	194,847	159,708	123,169
Closing number of shares	239,763,994	234,944,925	233,269,640
Operating charges****	0.12%	0.12%	0.12%
Direct transaction costs***	0.09%	0.11%	0.11%
Prices			
Highest share price	84.69	69.17	56.27
Lowest share price	66.31	52.79	47.42

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Standard Life Investment Company

Annual Report & Financial Statements

Japanese Equity Growth Fund

Comparative Tables (Continued)

	2018 pence per share	2017 pence per share	2016 pence per share
Platform 1 accumulation			
Change in net assets per share			
Opening net asset value per share	96.33	75.41	73.09
Return before operating charges*	18.85	21.72	3.02
Operating charges**	(0.93)	(0.80)	(0.70)
Return after operating charges*	17.92	20.92	2.32
Distributions	(0.46)	(0.44)	(0.30)
Retained distributions on accumulation share	0.46	0.44	0.30
Closing net asset value per share	114.25	96.33	75.41
* after direct transaction costs of:***	0.09	0.10	0.09
Performance+			
Return after charges	18.60%	27.74%	3.17%
Other information			
Closing net asset value (£'000)	1,366	6,674	5,283
Closing number of shares	1,195,173	6,928,080	7,005,365
Operating charges****	0.92%	0.92%	0.92%
Direct transaction costs***	0.09%	0.11%	0.12%
Prices			
Highest share price	119.2	98.29	80.95
Lowest share price	93.86	75.34	67.87

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Standard Life Investment Company

Annual Report & Financial Statements

Japanese Equity Growth Fund

Comparative Tables (Continued)

	2018 pence per share	2017 pence per share	2016 pence per share
JEG GBP Retail A Hedged++			
Change in net assets per share			
Opening net asset value per share	62.30	56.49	62.81
Return before operating charges*	15.42	6.59	(5.26)
Operating charges**	(0.72)	(0.78)	(1.06)
Return after operating charges*	14.70	5.81	(6.32)
Redemption value of shares at 14 December	(77.00)		
Closing net asset value per share	0.00	62.30	56.49
* after direct transaction costs of:***	0.05	0.07	0.07
Performance+			
Return after charges	0.00%	10.29%	-10.06%
Other information			
Closing net asset value (£'000)	0.00	6	11
Closing number of shares	0.00	9,817	19,279
Operating charges****	1.34%	1.34%	1.62%
Direct transaction costs***	0.09%	0.12%	0.11%
Prices			
Highest share price	0.00	63.60	70.92
Lowest share price	0.00	51.68	52.34

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++ Shareclass closed 14 December 2017.

Standard Life Investment Company

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Japanese Equity Growth Fund

Comparative Tables (Continued)

	2018 pence per share	2017 pence per share	2016 pence per share
JEG GBP Institutional A Hedged++			
Change in net assets per share			
Opening net asset value per share	63.39	57.31	63.11
Return before operating charges*	16.11	6.60	(5.22)
Operating charges**	(0.50)	(0.52)	(0.58)
Return after operating charges*	15.61	6.08	(5.80)
Distributions	0.00	(0.29)	(0.24)
Redemption Value of shares at 14 December	(79.00)		
Closing net asset value per share	0.00	63.39	57.31
* after direct transaction costs of:***	0.05	0.07	0.07
Performance+			
Return after charges	0.00%	10.61%	-9.19%
Other information			
Closing net asset value (£'000)	0.00	24	65
Closing number of shares	0.00	38,646	113,943
Operating charges****	0.87%	0.87%	0.87%
Direct transaction costs***	0.09%	0.12%	0.11%
Prices			
Highest share price	0.00	64.70	71.59
Lowest share price	0.00	52.57	53.07

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++ Shareclass closed 14 December 2017.

Standard Life Investment Company

Annual Report & Financial Statements

Japanese Equity Growth Fund

Comparative Tables (Continued)

	2018 pence per share	2017 pence per share	2016 pence per share
JEG GBP Retail Platform A Hedged++			
Change in net assets per share			
Opening net asset value per share	64.72	58.60	63.46
Return before operating charges*	16.80	6.68	(4.25)
Operating charges**	(0.52)	(0.56)	(0.61)
Return after operating charges*	16.28	6.12	(4.86)
Distributions	0.00	(0.29)	(0.12)
Redemption value of shares at 14 December	(81.00)		
Closing net asset value per share	0.00	64.72	58.60
* after direct transaction costs of:***	0.05	0.07	0.08
Performance+			
Return after charges	0.00%	10.44%	-7.66%
Other information			
Closing net asset value (£'000)	0.00	113	46
Closing number of shares	0.00	175,088	78,521
Operating charges****	0.92%	0.92%	0.92%
Direct transaction costs***	0.09%	0.12%	0.12%
Prices			
Highest share price	0.00	66.06	72.80
Lowest share price	0.00	53.60	54.18

** The operating charges include all costs borne by the Fund, except for direct transaction costs.

*** The direct transaction costs are made up of: fees and commissions paid to agents, advisers, brokers and dealers, levies by regulatory agencies and securities exchanges as well as transfer taxes and duties.

**** The operating charges percentage is the equivalent of the ongoing charges figure per the prior year accounts. It shows the annualised operating expenses of the share class as a percentage of the average net asset value of the class over the same period.

+ The performance figures are calculated by taking the value of the shareclass per the financial statements compared to the value per the financial statements in the prior year. This figure may differ from the performance figure quoted in the Investment Report. The Investment Report performance figure is calculated using the last available published price for a given shareclass in the period compared to the equivalent for the prior period. The published price may contain an adjustment for dilution in accordance with the Fund pricing policy, while the price per the financial statements values the Fund on a bid-price basis. The financial statements shareclass valuation is based on close of business market prices on the last day of the period, again this may differ from the intra-day pricing point of the Fund which is used in the published shareclass price.

++ Shareclass closed 14 December 2017.

Standard Life Investment Company

Annual Report & Financial Statements

Japanese Equity Growth Fund

Portfolio Statement as at 28 February 2018

		Market value £'000	Percentage of total net assets
Holding	Investment		
Japanese Equities (97.62%)		349,755	98.38
263,200	Asahi	9,828	2.76
183,100	Asahi Intecc	4,726	1.33
186,600	Chugai Pharmaceutical	7,031	1.98
654,300	Dai-ichi Life Insurance	9,486	2.67
349,900	Daiwa House Industry	9,462	2.66
24,900	Disco	4,268	1.20
42,200	Fanuc	7,839	2.19
1,602,000	Fuji Electric	8,913	2.51
238,700	Fuji Oil	5,163	1.45
153,700	Furukawa Electric	6,137	1.73
419,400	JGC	7,017	1.97
2,062,000	JXTG Holdings	9,199	2.59
232,900	Koei Tecmo Holdings	3,502	0.99
459,500	Komatsu	12,236	3.44
374,800	Kyowa Hakko Kirin	5,784	1.63
149,800	Kyudenko	5,049	1.42
40,600	LINE	1,200	0.34
195,800	M3	5,567	1.57
471,700	Marui	6,612	1.86
512,000	Mitsubishi	10,500	2.95
3,361,000	Mitsubishi UFJ Financial	17,426	4.90
387,500	Mitsui Fudosan	6,793	1.91
53,000	Mitsui Mining & Smelting	1,943	0.55
42,500	Nintendo	14,185	3.99
186,500	Nissan Chemical	5,397	1.52
1,071,200	NTT Data	8,095	2.28
31,600	Pola Orbis	969	0.27
466,900	Recruit	8,223	2.31
484,200	Renesas Electronics	4,071	1.15
1,587,700	Resona	6,608	1.86
654,200	Ricoh	5,139	1.45
126,100	ROHM Semiconductor	9,752	2.74
26,900	Ryohin Keikaku	6,706	1.89
451,100	Seibu Holdings	5,603	1.58
131,000	Shima Seiki Manufacturing	6,380	1.79
234,800	Shionogi	8,929	2.51
121,000	Showa Denko	4,370	1.23
181,500	Softbank	10,980	3.09
484,500	Sony	17,920	5.04

Standard Life Investment Company

Annual Report & Financial Statements

Japanese Equity Growth Fund

Portfolio Statement as at 28 February 2018 (Continued)

Holding	Investment	Market value £'000	Percentage of total net assets
Japanese Equities (continued)			
254,100	SUMCO	4,981	1.40
884,000	Sumitomo Bakelite	5,658	1.59
259,800	Suzuki Motor	10,859	3.05
111,800	TDK	7,429	2.09
214,400	THK	6,817	1.92
56,700	Tokyo Electron	8,120	2.28
246,600	Yamaha	7,925	2.23
491,900	Yamato Holdings	8,958	2.52
Derivatives (0.00%)		0	0.00
Forward Currency Contracts (0.00%)		0	0.00
Buy GBP 4,751 Sell JPY 713,771 15/03/2018		0	0.00
Total investment assets and liabilities		349,755	98.38
Net other assets		5,745	1.62
Total Net Assets		355,500	100.00

All investments are listed on recognised stock exchanges and are approved securities, or approved derivatives within the meaning of the FCA rules unless otherwise stated.

The percentage figures in brackets show the comparative holding as at 28 February 2017.

Standard Life Investment Company

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Japanese Equity Growth Fund

Financial Statements

Statement of Total Return

for the year ended 28 February 2018

	Notes	£'000	2018 £'000	£'000	2017 £'000
Income:					
Net capital gains	2		55,717		56,799
Revenue	4	5,216		3,786	
Expenses	5	(1,516)		(1,079)	
Interest payable and similar charges	6	(1)		(2)	
Net revenue before taxation		3,699		2,705	
Taxation	7	(531)		(370)	
Net revenue after taxation			3,168		2,335
Total return before distributions			58,885		59,134
Distributions	8		(3,170)		(2,335)
Change in net assets attributable to shareholders from investment activities			55,715		56,799

Statement of Change in Net Assets Attributable to Shareholders

for the year ended 28 February 2018

	£'000	2018 £'000	£'000	2017 £'000
Opening net assets attributable to shareholders		311,271		227,746
Amounts receivable on the issue of shares	17,320		79,296	
Amounts payable on the cancellation of shares	(31,901)		(55,237)	
		(14,581)		24,059
Dilution adjustment		(13)		65
Change in net assets attributable to shareholders from investment activities (see above)		55,715		56,799
Retained distribution on accumulation shares		3,108		2,602
Closing net assets attributable to shareholders		355,500		311,271

Standard Life Investment Company

Annual Report & Financial Statements

Japanese Equity Growth Fund

Financial Statements (Continued)

Balance Sheet

as at 28 February 2018

	Notes	£'000	2018 £'000	£'000	2017 £'000
Assets:					
Fixed assets:					
Investment assets			349,755		303,852
Current assets:					
Debtors	9	1,596		5,895	
Cash and bank balances		5,541		7,333	
			7,137		13,228
Total assets			356,892		317,080
Liabilities:					
Investment liabilities			0		(2)
Creditors	10	(1,392)		(5,807)	
			(1,392)		(5,807)
Total liabilities			(1,392)		(5,809)
Net assets attributable to shareholders			355,500		311,271

Standard Life Investment Company

Annual Report & Financial Statements

Japanese Equity Growth Fund

Notes to the Financial Statements

1 Accounting Policies

Please refer to pages 11 to 12 for note on accounting policies.

2 Net Capital Gains

	2018 £'000	2017 £'000
Non-derivative securities	55,776	56,676
Forward currency contracts	1	(28)
Other (losses)/gains	(27)	176
Handling charges taken from the capital account	(33)	(25)
Net capital gains	55,717	56,799

3 Purchases, Sales and Transaction Costs

There are no transaction costs associated with the purchases or sales of bonds, collective investment schemes and derivatives during the year, or in the prior year.

Derivatives are dealt on a spread agreed between buyer and seller with reference to the underlying investment.

During the year the total purchases and sales across different major assets classes are as per below table.

	2018 £'000	2017 £'000
Equity Purchases, Sales and Transaction Costs		
Purchases		
Purchases before transaction costs	278,799	307,991
Commissions	138	152
Total purchase transaction costs	138	152
Purchases including transaction costs	278,937	308,143
Sales		
Gross sales before transaction costs	288,953	287,407
Commissions	(144)	(144)
Total sale transaction costs	(144)	(144)
Total sales net of transaction costs	288,809	287,263
Equity Transaction Cost as a % of total Purchases & Sales		
Purchases		
Commissions	0.05%	0.05%
Sales		
Commissions	0.05%	0.05%

Standard Life Investment Company

Annual Report & Financial Statements

Japanese Equity Growth Fund

Notes to the Financial Statements (Continued)

3 Purchases, Sales and Transaction Costs (continued)

	2018 % Average NAV	2017 % Average NAV
Equity Purchases, Sales Analysis to Average NAV		
Purchases		
Commissions	0.04%	0.06%
Sales		
Commissions	0.04%	0.06%

During the year the total purchases and sales across different major asset classes are as per below table.

	2018 £'000	2017 £'000
Purchase		
Equities	278,937	308,143
Sales		
Equities	288,809	287,263

The Fund suffers a number of explicit costs as disclosed in the notes and Fund history. The Fund also suffers implicit costs an example is market spread, the spread represents the costs of providing liquidity in a market. It therefore is subject to change based on volume, active markets have a lower spread the difference between; bid the price you receive and offer the price you pay.

At the balance sheet date the average portfolio dealing spread (i.e. the spread between bid and offer prices expressed as a percentage of the offer price) was 0.30% (2017: 0.30%), this is representative of the average spread on the assets held during the year.

4 Revenue

	2018 £'000	2017 £'000
Overseas dividends	5,216	3,786
Total revenue	5,216	3,786

Standard Life Investment Company

Annual Report & Financial Statements

Japanese Equity Growth Fund

Notes to the Financial Statements (Continued)

5 Expenses

	2018 £'000	2017 £'000
Payable to the Authorised Corporate Director, associates of the Authorised Corporate Director and agents of either of them:		
Authorised Corporate Director's periodic charge	1,172	821
Dealing charge	1	3
Registration fees	260	190
	<u>1,433</u>	<u>1,014</u>
Payable to the Depositary or associates of the Depositary, and agents of either of them:		
Depositary's fees	34	26
Safe custody fee	36	26
	<u>70</u>	<u>52</u>
Other:		
Professional fees	5	6
Audit fee	8	7
	<u>13</u>	<u>13</u>
Total expenses	<u>1,516</u>	<u>1,079</u>

6 Interest Payable and Similar Charges

	2018 £'000	2017 £'000
Interest payable	1	2
Total interest payable & similar charges	<u>1</u>	<u>2</u>

7 Taxation

	2018 £'000	2017 £'000
(a) Analysis of charge in year		
Overseas taxes	531	370
Total current tax (note 7b)	<u>531</u>	<u>370</u>

(b) Factors affecting current tax charge for the year

The tax assessed for the year is lower than the standard rate of corporation tax for Open-Ended Investment Companies 'OEICs' (20%). The differences are explained below:

Net revenue before taxation	3,699	2,705
Corporation tax at 20% (2017: 20%)	740	541
Effects of:		
Revenue not subject to taxation	(1,043)	(757)
Overseas taxes	531	370
Excess allowable expenses	303	216
Current tax charge for year (note 7a)	<u>531</u>	<u>370</u>

Authorised Open-Ended Investment Companies are exempt from tax on capital gains in the UK. Therefore, any capital gain is not included in the above reconciliation.

Standard Life Investment Company

Annual Report & Financial Statements

Japanese Equity Growth Fund

Notes to the Financial Statements (Continued)

7 Taxation (continued)

(c) Factors that may affect future tax charge

At the year end, after offset against revenue taxable on receipt, there is a potential deferred tax asset of £1,405,000 (2017: £1,102,000) due to surplus expenses. It is unlikely that the Fund will generate sufficient taxable profits to utilise these amounts and therefore no deferred tax asset has been recognised in the year or the prior year.

8 Distributions

The distributions takes account of income received on the issue of shares and income deducted on the cancellation of shares and comprise:

	2018 £'000	2017 £'000
Distribution	3,108	2,602
Add: Income deducted on cancellation of shares	173	316
Deduct: Income received on issue of shares	(111)	(583)
Net distribution for the year	3,170	2,335

Details of the distribution per share are set out in this Fund's distribution tables.

Net revenue after taxation	3,168	2,335
Shortfall transfer from capital to revenue	2	
Total distributions	3,170	2,335

9 Debtors

	2018 £'000	2017 £'000
Amounts receivable from the ACD for the issue of shares	35	15
Sales awaiting settlement	1,258	5,606
Accrued revenue	303	274
Total debtors	1,596	5,895

10 Creditors

	2018 £'000	2017 £'000
Amounts payable to the ACD for cancellation of shares	42	135
Purchases awaiting settlement	1,222	5,546
Accrued expenses payable to ACD	109	104
Other accrued expenses	9	9
Accrued Expenses payable to the Depository	10	13
Total creditors	1,392	5,807

Standard Life Investment Company

Annual Report & Financial Statements

Japanese Equity Growth Fund

Notes to the Financial Statements (Continued)

11 Related Party Transactions

Standard Life Investments (Mutual Funds) Limited, as Authorised Corporate Director (ACD), is a related party and acts as principal in respect of all transactions of shares in the Fund.

The aggregate monies received through issue and paid on cancellation of shares are disclosed in the statement of change in net assets attributable to shareholders.

Any amounts due from or due to Standard Life Investments (Mutual Funds) Limited at the end of the accounting year are disclosed in notes 9 and 10.

Amounts payable to Standard Life Investments (Mutual Funds) Limited, in respect of periodic charge and registration services, are disclosed in note 5 and any amounts due at the year end in note 10.

	2018 £'000	2017 £'000
Transactions during the year with Standard Life Aberdeen group companies are as follows:		
Sale of shares by Fund	14,563	75,513
Purchase of shares by Fund	19,320	44,539
Distributions made by Fund	3,057	2,470
The percentage value of the Fund held by Standard Life Aberdeen group companies is:	96.4%	94.9%

12 Shares in issue reconciliation

	Opening shares 2017	Creations during the year	Cancellations during the year	Conversions during the year	Closing shares 2018
Retail accumulation	4,078,189	2,354,415	(791,150)	(8,657)	5,632,797
Institutional accumulation	133,630,422	2,497,966	(13,765,446)	2,132	122,365,074
Standard Life income	2,286	0	0	0	2,286
Standard Life accumulation	234,944,925	14,199,128	(9,372,776)	(7,283)	239,763,994
Platform 1 accumulation	6,928,080	687,867	(6,431,742)	10,968	1,195,173
JEG GBP Retail A Hedged	9,817	739	(10,556)	0	0
JEG GBP Institutional A Hedged	38,646	1,693,253	(1,731,899)	0	0
JEG GBP Retail Platform A Hedged	175,088	241,528	(416,616)	0	0

Standard Life Investment Company

Annual Report & Financial Statements

Japanese Equity Growth Fund

Notes to the Financial Statements (Continued)

13 Fair Value Hierarchy

	2018 £'000	2018 £'000	2018 £'000	2017 £'000	2017 £'000	2017 £'000
Fair value of investment assets	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
Equities	349,755	0	0	303,852	0	0
Total investment assets	349,755	0	0	303,852	0	0
Derivatives	0	0	0	0	(2)	0
Total investment liabilities	0	0	0	0	(2)	0

The three levels of the fair value hierarchy under FRS 102 are described below:

Level 1: Unadjusted quoted market prices in active markets that are accessible at the measurement date for the identical unrestricted assets or liabilities.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices).

Level 3: Inputs for asset or liability that are not based on observable market data (unobservable inputs).

14 Risk Management Policies & Numerical Disclosures

In accordance with the investment objectives, the Fund may hold certain financial instruments. These comprise:

- securities held in accordance with the investment objective and policies;
- cash and short-term debtors and creditors arising directly from operations; and
- derivatives.

The main risks arising from the Fund's financial instruments are market price, foreign currency, interest rate, credit and liquidity risk.

The policies for managing these risks are summarised below and have been applied consistently throughout the year, and prior year.

a. Market price risk

Each Fund's investment portfolio is exposed to market price fluctuation which are monitored by the Fund Manager in pursuance of the investment objectives and policies. Adherence to investment guidelines and to investment and borrowing powers mitigate the risk of excessive exposure to any particular type of security or issuer.

Value at Risk (VaR) is a measure of the maximum potential loss to the Fund due to market risk. More particularly, VaR measures the maximum potential loss at a given confidence level (probability) over a specific time period under normal market conditions.

2018	Minimum	Maximum	Average
VaR 99% 1 Month	8.51%	11.24%	9.76%
2017	Minimum	Maximum	Average
VaR 99% 1 Month	10.99%	11.91%	11.38%

At the year end date, there was a 1% chance of the portfolio value falling (or rising) more than 10.56%, £37,541,000 (2017: 11.47%, £34,852,000) in one month period.

This calculation is generally determined by the use of an industry recognised medium term risk model, typically based on 3-5 year history. The method assumes normal market conditions and that the portfolio remains unchanged.

Standard Life Investment Company

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Japanese Equity Growth Fund

Notes to the Financial Statements (Continued)

14 Risk Management Policies & Numerical Disclosures (continued)

b. Foreign currency risk

A proportion of the net assets of the Fund are denominated in currencies other than Sterling, therefore the balance sheet and total returns can be affected by currency movements. In certain circumstances, the Fund Manager may seek to manage exposure to currency movements by using forward currency contracts.

The Fund does not hedge or otherwise seek to avoid currency movement risk on accrued revenue.

Income received in foreign currencies is converted into Sterling at the exchange rates ruling when the income is received.

Currency exposure

The net foreign currency monetary exposure comprises:

	Net foreign currency monetary assets	
	2018	2017
	£'000	£'000
Japanese Yen	352,982	308,156

c. Interest rate risk

Interest receivable on bank deposits or payable on bank overdrafts will be affected by fluctuations in interest rates. The Fund Manager continuously reviews interest rates and inflation expectations. The assessment of this may result in a change in investment strategy.

The interest rate risk profile of the Fund's net financial assets and liabilities is:

	Floating rate financial assets	Financial assets/ (liabilities) not carrying interest	Total
	£'000	£'000	£'000
2018			
Currency			
UK Sterling	2,648	(130)	2,518
Japanese Yen	2,893	350,089	352,982
2017			
Currency			
UK Sterling	2,858	257	3,115
Japanese Yen	4,476	303,680	308,156

d. Credit risk

All cash exposures are carefully managed to ensure that money is placed on deposit with counterparties that meet the minimum credit rating deemed appropriate for this Fund. In certain circumstances, the Fund Manager may deliberately invest in securities (e.g. corporate bonds) with a well defined and published credit rating. In this case the Fund would be deliberately taking credit risk in order to seek additional rewards.

This Fund holds 'Over the Counter' (OTC) derivatives and Term deposits. These type of transactions gives rise to counterparty risk whereby the other party to the transaction may fail to fulfil their contractual obligations. Effective monitoring of counterparty credit risk is an important element of the management of the Fund, using the experience of the ACD's Credit Committee to carefully review counterparties transacted with.

e. Liquidity risk

The Fund's assets comprise mainly readily realisable securities. The main liabilities of the Fund are the redemption of any shares that investors wish to sell and the settlement of stock purchases. The Fund Manager reviews the cash and liability position continuously, and should an increase in liquidity be required, the Fund Manager will sell securities.

Standard Life Investment Company

Annual Report & Financial Statements

Japanese Equity Growth Fund

Distribution Tables

for the year ended 28 February 2018

Group 1 - shares purchased prior to 1 March 2017

Group 2 - shares purchased between 1 March 2017 and 28 February 2018

	Net Income 2018 pence per share	Equalisation 2018 pence per share	Distribution payable 2018 pence per share	Distribution paid 2017 pence per share
Retail accumulation				
Group 1	0.0899	-	0.0899*	0.0460
Group 2	-	0.0899	0.0899*	0.0460
Institutional accumulation				
Group 1	0.6394	-	0.6394*	0.5235
Group 2	0.1420	0.4974	0.6394*	0.5235
Standard Life income				
Group 1	0.9707	-	0.9707**	0.8147
Group 2	-	-	-	-
Standard Life accumulation				
Group 1	0.9654	-	0.9654*	0.7959
Group 2	0.4234	0.5420	0.9654*	0.7959
Platform 1 accumulation				
Group 1	0.4634	-	0.4634*	0.4365
Group 2	-	0.4634	0.4634*	0.4365
JEG GBP Retail A Hedged				
Group 1	-	-	0.0000**	-
Group 2	-	-	0.0000**	-
JEG GBP Institutional A Hedged				
Group 1	-	-	0.0000**	0.2872
Group 2	-	-	0.0000**	0.2872
JEG GBP Retail Platform A Hedged				
Group 1	-	-	0.0000**	0.2861
Group 2	-	-	0.0000**	0.2861

* Distribution accumulated on 28 February 2018

** Distribution payable on 30 April 2018

Standard Life Investment Company

Annual Report & Financial Statements

Japanese Equity Growth Fund

Distribution Tables (Continued)

Treatment by Corporate Shareholders (Unaudited)	
Corporate shareholders should account for the current year's dividend shown in the distribution table as follows:	
	Final Dividend Distribution
Treat as a UK corporate dividend	100.00%
Treat as an annual payment net of Income tax at 20%	0.00%

Standard Life Investment Company

Annual Report & Financial Statements

Short Duration Credit Fund

Investment Report

Fund Information	
Fund Manager	Daniel McKernan and Mark Munro
Launch Date	1 May 2003
Benchmark	Barclays Sterling Collateralised & Corporate Index (hedged to 2 year duration)

Investment objective

The objective of the Fund is to provide a total return from income and capital appreciation.

Investment policy

The investment policy of the Fund is to invest mostly in fixed interest securities issued by corporations. The Fund may also invest in Government and public securities and other interest bearing securities anywhere in the world as well as other transferable securities, money-market instruments, deposits, cash and near cash, derivatives and collective investment schemes. The ACD will use derivatives to reduce the Fund's exposure to interest rate risk with the aim of reducing duration exposure to around two years.

Risk

The diversified nature of the portfolio makes it suitable for investors wishing to achieve a broad spread of mainly corporate bond exposure, which provides a degree of protection from default risk, and who do not desire a high degree of stock specific risk. Whilst the income generated should remain relatively stable, the investor must be able to accept some fluctuations in the income due to the higher risk nature of some of the securities held in the fund. The investor must also be able to accept temporary capital losses due to the volatile nature of bond markets, and should therefore have an investment time horizon of at least 5 years.

Performance

The Short Duration Credit Fund returned 2.0% during the period, in comparison with its benchmark index (Barclays £ Collateralised & Corp Index hedged to 2 years duration) which returned 3.0%. Please note Fund returns are net of fees, while benchmark returns are gross. (Source: Morningstar, basic rate taxpayer, bid to bid basis. Benchmark source: Factset).

The high yield-rated supermarket chain Tesco made a positive contribution to relative performance as better-than-expected results provided further evidence that its turnaround strategy was taking hold. Our exposure to a corporate hybrid bond of EDF was also strong. Meanwhile, another subordinated bond from a French issuer, this time Credit Logement, performed well.

A significant underperformer over the period was Provident Financial following a profit warning. Its admission that the Financial Conduct Authority was investigating a product sold by its Vanquis Banks business also dented sentiment. In the generally risk-on environment, our off-benchmark to the AAA rated European Investment Bank proved a drag on returns.

Another underperformer was Dignity; a funeral operator that came suffered due to pricing pressures in the sector.

Investment activity

In the early part of the period, we participated in deals from Anheuser-Busch InBev, Severn Trent Water, LVMH, Coventry Building Society, Thames Water and Go-Ahead Group. In the secondary market, we continued to add to our exposure to AT&T as we believed valuations were still attractive and increased our positions in high-quality issuers, such as National Grid. Turning to sales, the prospect of a more shareholder-friendly style at General Electric, and lower credit ratings as a consequence, prompted us to reduce our exposure. We also trimmed our exposure to the high-yield rated Swedish debt collector Intrum Justitia. Finally, after The AA issued a profit warning, we took steps to trim our position in its bonds; however, we remained comfortable with the company's long-term prospects.

As the period progressed, we took part in new issues from Principality Building Society, Scania, Newriver REIT, Dufry and Nidda Healthcare. We also participated in a debut deal from Tritax Big Box REIT, which came to the market at an attractive discount. In the secondary market, long-dated debt (10+ years) has lagged the wider UK market, and in some instances clearly underperformed, so we added to long-dated holdings in Heathrow and Eversholt. Thames Water was another position we added to following a credit rating downgrade and a bout of spread widening. Meanwhile, the continued outperformance of insurers prompted us to trim our position in longer-dated Legal & General bonds.

Standard Life Investment Company

Annual Report & Financial Statements

Short Duration Credit Fund

Investment Report (Continued)

Synthetic Risk & Reward Indicator



This indicator reflects the volatility of the Fund’s share price over the last five years which in turn reflects the volatility of the underlying assets in which the Fund invests. Historical data may not be a reliable indication of the future.

The current rating, which is the same for all share classes, is not guaranteed and may change if the volatility of the assets in which the Fund invests changes. The lowest rating does not mean risk free.

All investment involves risk. This Fund offers no guarantee against loss or that the Fund’s objective will be attained. For further information on the risks that may not be fully captured by the risk and reward indicator, please request the current Key Investor Information Document (KIID).

Cautionary note

It should be remembered that past performance is not a guide to future performance. The value of investments may go down as well as up and, therefore, investors may not get back the amount originally invested.

Standard Life Investment Company

Annual Report & Financial Statements

Short Duration Credit Fund

Comparative Tables

	2018 pence per share	2017 pence per share	2016 pence per share
Retail accumulation			
Change in net assets per share			
Opening net asset value per share	86.39	79.67	83.43
Return before operating charges*	2.84	7.82	(2.53)
Operating charges**	(0.91)	(0.87)	(0.92)
Return after operating charges*	1.93	6.95	(3.45)
Distributions	(1.13)	(1.46)	(1.56)
Retained distributions on accumulation share	1.13	1.23	1.25
Closing net asset value per share	88.32	86.39	79.67
* after direct transaction costs of:***	0.00	0.00	0.00
Performance+			
Return after charges	2.24%	8.72%	-4.14%
Other information			
Closing net asset value (£'000)	12,128	13,640	13,019
Closing number of shares	13,732,668	15,789,150	16,341,487
Operating charges****	1.03%	1.03%	1.11%
Direct transaction costs***	0.00%	0.00%	0.00%
Prices			
Highest share price	89.34	87.05	84.31
Lowest share price	86.71	80.34	79.78

** The operating charges include all costs borne by the Fund, except for direct transaction costs.

*** The direct transaction costs are made up of: fees and commissions paid to agents, advisers, brokers and dealers, levies by regulatory agencies and securities exchanges as well as transfer taxes and duties.

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Standard Life Investment Company

Annual Report & Financial Statements

Short Duration Credit Fund

Comparative Tables (Continued)

	2018 pence per share	2017 pence per share	2016 pence per share
Institutional accumulation			
Change in net assets per share			
Opening net asset value per share	90.84	83.47	87.07
Return before operating charges*	2.99	8.21	(2.67)
Operating charges**	(0.57)	(0.54)	(0.53)
Return after operating charges*	2.42	7.67	(3.20)
Distributions	(1.58)	(1.91)	(2.00)
Retained distributions on accumulation share	1.58	1.61	1.60
Closing net asset value per share	93.26	90.84	83.47
* after direct transaction costs of:***	0.00	0.00	0.00
Performance+			
Return after charges	2.67%	9.19%	-3.68%
Other information			
Closing net asset value (£'000)	153,601	176,086	185,003
Closing number of shares	164,704,343	193,837,930	221,636,428
Operating charges****	0.61%	0.61%	0.61%
Direct transaction costs***	0.00%	0.00%	0.00%
Prices			
Highest share price	94.30	91.53	88.02
Lowest share price	91.18	84.17	83.58

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Standard Life Investment Company

Annual Report & Financial Statements

Short Duration Credit Fund

Comparative Tables (Continued)

	2018 pence per share	2017 pence per share	2016 pence per share
Retail income			
Change in net assets per share			
Opening net asset value per share	53.55	50.11	53.26
Return before operating charges*	1.76	4.89	(1.61)
Operating charges**	(0.56)	(0.54)	(0.58)
Return after operating charges*	1.20	4.35	(2.19)
Distributions	(0.70)	(0.91)	(0.96)
Closing net asset value per share	54.05	53.55	50.11
* after direct transaction costs of:***	0.00	0.00	0.00
Performance+			
Return after charges	2.24%	8.68%	-4.11%
Other information			
Closing net asset value (£'000)	4,534	5,210	5,862
Closing number of shares	8,388,567	9,727,711	11,699,103
Operating charges****	1.03%	1.03%	1.11%
Direct transaction costs***	0.00%	0.00%	0.00%
Prices			
Highest share price	54.83	54.20	53.75
Lowest share price	53.75	50.53	50.35

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Standard Life Investment Company

Annual Report & Financial Statements

Short Duration Credit Fund

Comparative Tables (Continued)

	2018 pence per share	2017 pence per share	2016 pence per share
Institutional income			
Change in net assets per share			
Opening net asset value per share	53.47	50.04	53.20
Return before operating charges*	1.77	4.89	(1.62)
Operating charges**	(0.33)	(0.32)	(0.32)
Return after operating charges*	1.44	4.57	(1.94)
Distributions	(0.92)	(1.14)	(1.22)
Closing net asset value per share	53.99	53.47	50.04
* after direct transaction costs of:***	0.00	0.00	0.00
Performance+			
Return after charges	2.69%	9.13%	-3.65%
Other information			
Closing net asset value (£'000)	18,628	27,864	28,726
Closing number of shares	34,504,839	52,107,430	57,405,687
Operating charges****	0.61%	0.61%	0.61%
Direct transaction costs***	0.00%	0.00%	0.00%
Prices			
Highest share price	54.80	54.18	53.76
Lowest share price	53.67	50.46	50.35

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Standard Life Investment Company

Annual Report & Financial Statements

Short Duration Credit Fund

Comparative Tables (Continued)

	2018 pence per share	2017 pence per share	2016 pence per share
Standard Life income			
Change in net assets per share			
Opening net asset value per share	31.37	29.08	30.91
Return before operating charges*	0.99	2.53	(0.94)
Operating charges**	(0.01)	(0.01)	(0.01)
Return after operating charges*	0.98	2.52	(0.95)
Distributions	(0.70)	(0.23)	(0.88)
Closing net asset value per share	31.65	31.37	29.08
* after direct transaction costs of:***	0.00	0.00	0.00
Performance+			
Return after charges	3.12%	8.67%	-3.07%
Other information			
Closing net asset value (£'000)	1	1	3,692
Closing number of shares	2,000	2,000	12,697,297
Operating charges****	0.03%	0.03%	0.03%
Direct transaction costs***	0.00%	0.00%	0.00%
Prices			
Highest share price	32.14	31.61	31.26
Lowest share price	31.49	29.32	29.29

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Standard Life Investment Company

Annual Report & Financial Statements

Short Duration Credit Fund

Comparative Tables (Continued)

	2018 pence per share	2017 pence per share	2016 pence per share
Standard Life accumulation			
Change in net assets per share			
Opening net asset value per share	91.88	84.08	87.37
Return before operating charges*	3.05	8.27	(2.71)
Operating charges**	(0.10)	(0.10)	(0.09)
Return after operating charges*	2.95	8.17	(2.80)
Distributions	(2.07)	(2.37)	(2.45)
Retained distributions on accumulation share	2.07	2.00	1.96
Closing net asset value per share	94.83	91.88	84.08
* after direct transaction costs of:***	0.00	0.00	0.00
Performance+			
Return after charges	3.21%	9.72%	-3.20%
Other information			
Closing net asset value (£'000)	227	59	103
Closing number of shares	239,295	63,963	122,565
Operating charges****	0.11%	0.11%	0.11%
Direct transaction costs***	0.00%	0.00%	0.00%
Prices			
Highest share price	95.85	92.59	88.35
Lowest share price	92.23	84.78	84.14

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Standard Life Investment Company

Annual Report & Financial Statements

Short Duration Credit Fund

Comparative Tables (Continued)

	2018 pence per share	2017 pence per share	2016 pence per share
Platform 1 accumulation			
Change in net assets per share			
Opening net asset value per share	62.51	57.46	59.97
Return before operating charges*	2.05	5.65	(1.85)
Operating charges**	(0.42)	(0.40)	(0.39)
Return after operating charges*	1.63	5.25	(2.24)
Distributions	(1.05)	(1.29)	(1.35)
Retained distributions on accumulation share	1.05	1.09	1.08
Closing net asset value per share	64.14	62.51	57.46
* after direct transaction costs of:***	0.00	0.00	0.00
Performance+			
Return after charges	2.60%	9.14%	-3.74%
Other information			
Closing net asset value (£'000)	22,960	21,723	14,990
Closing number of shares	35,796,026	34,751,705	26,085,029
Operating charges****	0.66%	0.66%	0.66%
Direct transaction costs***	0.00%	0.00%	0.00%
Prices			
Highest share price	64.86	62.98	60.62
Lowest share price	62.74	57.94	57.53

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Standard Life Investment Company

Annual Report & Financial Statements

Short Duration Credit Fund

Comparative Tables (Continued)

	2018 pence per share	2017 pence per share	2016 pence per share
Platform 1 income			
Change in net assets per share			
Opening net asset value per share	55.26	51.70	54.96
Return before operating charges*	1.81	5.07	(1.67)
Operating charges**	(0.37)	(0.36)	(0.36)
Return after operating charges*	1.44	4.71	(2.03)
Distributions	(0.92)	(1.15)	(1.23)
Closing net asset value per share	55.78	55.26	51.70
* after direct transaction costs of:***	0.00	0.00	0.00
Performance+			
Return after charges	2.61%	9.11%	-3.69%
Other information			
Closing net asset value (£'000)	11,034	8,406	7,697
Closing number of shares	19,780,460	15,210,706	14,887,335
Operating charges****	0.66%	0.66%	0.66%
Direct transaction costs***	0.00%	0.00%	0.00%
Prices			
Highest share price	56.61	55.97	55.55
Lowest share price	55.47	52.14	52.02

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Standard Life Investment Company

Annual Report & Financial Statements

Short Duration Credit Fund

Portfolio Statement as at 28 February 2018

Holding	Investment	Market value £'000	Percentage of total net assets
Bonds (93.54%)		201,686	90.40
Euro Denominated Bonds (5.23%)		11,197	5.02
Corporate Bonds (5.23%)		11,197	5.02
less than 5 years to maturity			
1,060,000	Islandsbanki 1.75% 2020	973	0.43
580,000	Landsbankinn 1.375% 2022	528	0.24
790,000	Landsbankinn 1.625% 2021	725	0.32
1,100,000	Teva Pharmaceutical 0.375% 2020	940	0.42
605,000	UniCredit 6.95% 2022	658	0.29
between 5 and 10 years to maturity			
800,000	CaixaBank 3.5% 2027	755	0.34
800,000	CaixaBank 5% 2023	731	0.33
580,000	Dufry One 2.5% 2024	520	0.23
500,000	Nidda Healthcare 3.5% 2024	443	0.20
975,000	Quintiles 3.25% 2025	870	0.39
800,000	Quintiles IMS 3.5% 2024	731	0.33
517,000	Unitymedia 4% 2025	483	0.22
Perpetual			
800,000	Aareal Bank 7.625% fixed to floating Perpetual	771	0.35
1,100,000	ABN Amro 5.75% Perpetual	1,069	0.48
1,100,000	Volkswagen 2.7% Perpetual	1,000	0.45
Sterling Denominated Bonds (82.39%)		184,393	82.65
Corporate Bonds (81.42%)		183,645	82.31
less than 5 years to maturity			
774,000	AA Bond 2.875% 2022	747	0.33
1,170,000	Abbey National 1.875% 2020	1,183	0.53
1,454,000	Arqiva 4.04% 2035	1,517	0.68
185,000	Arqiva 9.5% 2020	191	0.09
1,050,000	Bank of America 6.125% 2021	1,209	0.54
1,150,000	Bank of Montreal 1.375% 2021	1,140	0.51
1,600,000	Bank of Nova Scotia 1.25% 2022	1,572	0.70
430,000	Bank of Scotland 9.375% 2021	524	0.23
900,000	Banque Federative du Credit Mutuel 1.375% 2021	893	0.40
400,000	BMW 0.875% 2022	385	0.17
500,000	BMW 1.875% 2020	505	0.23
1,040,000	British American Tobacco 1.75% 2021	1,044	0.47

Standard Life Investment Company

Annual Report & Financial Statements

Short Duration Credit Fund

Portfolio Statement as at 28 February 2018 (Continued)

		Market value £'000	Percentage of total net assets
Holding	Investment		
Corporate Bonds (continued)			
900,000	BUPA 3.375% 2021	949	0.43
800,000	Close Brothers 3.875% 2021	849	0.38
500,000	Co-operative Bank 4.75% 2021	542	0.24
710,000	Coventry Building Society 1% 2020	705	0.32
1,010,000	CPUK 2.666% 2020	1,028	0.46
800,000	Credit Suisse 3% 2022	832	0.37
850,000	Daimler 2.375% 2021	872	0.39
1,100,000	Deutsche Bank 1.875% 2020	1,101	0.49
350,000	E.ON Finance 6% 2019	377	0.17
1,270,000	Electricity Supply Board 6.5% 2020	1,393	0.62
200,000	FCE Bank 2.727% 2022	205	0.09
550,000	First Hydro 9% 2021	678	0.30
976,000	Friends Life 8.25% 2022	1,219	0.55
800,000	GE Capital 5.875% 2020	885	0.40
769,000	Global Switch 4.375% 2022	851	0.38
700,000	Heathrow Funding 6.25% 2018	719	0.32
450,000	Iberdrola 6.078% 2022	527	0.24
800,000	Imperial Brands 7.75% 2019	866	0.39
1,087,000	Innogy 6.5% 2021	1,248	0.56
600,000	Jagaur Land Rover 2.75% 2021	604	0.27
1,520,000	John Lewis 8.375% 2019	1,633	0.73
620,000	Kennedy Wilson Europe Real Estate 3.95% 2022	645	0.29
770,000	Lend Lease Europe 6.125% 2021	875	0.39
370,000	Lloyds Bank 0.72663% 2019	371	0.17
1,910,000	Lloyds Bank 1.75% 2022	1,937	0.87
700,000	London Stock Exchange 9.125% 2019	788	0.35
630,000	LVMH 1% 2054	620	0.28
540,000	Marks & Spencer 6.125% 2021	618	0.28
280,000	Merrill Lynch 5.5% 2021	316	0.14
500,000	MetLife 5.25% 2020	543	0.24
800,000	MetLife Global Funding I 1.125% 2021	787	0.35
840,000	MetLife Global Funding I 2.625% 2022	873	0.39
670,000	National Australia Bank 0.875% 2020	663	0.30
2,000,000	National Grid 1.125% 2021	1,966	0.88
920,000	Nationwide Building Society 2.25% 2022	947	0.42
800,000	New York Life Global Funding 1% 2021	787	0.35
524,000	OP Corporate Bank 2.5% 2022	542	0.24
392,000	Petróleos Mexicanos 8.25% 2022	481	0.22
700,000	RELX 2.75% 2019	712	0.32
580,000	Scania 1.875% 2022	579	0.26

Standard Life Investment Company

Annual Report & Financial Statements

Short Duration Credit Fund

Portfolio Statement as at 28 February 2018 (Continued)

Holding	Investment	Market value £'000	Percentage of total net assets
Corporate Bonds (continued)			
800,000	Scentre 2.375% 2022	817	0.37
640,000	Severn Trent 1.125% 2021	630	0.28
1,020,000	Swedbank 1.25% 2021	1,008	0.45
1,000,000	Thames Water 7.75% 2019	1,062	0.48
1,200,000	Unique Pub Finance 6.452% 2021	625	0.28
580,000	Volkswagen Financial Services 1.5% 2021	575	0.26
1,000,000	Volkswagen Financial Services 1.625% 2022	990	0.44
880,000	Volkswagen Financial Services 1.75% 2020	883	0.40
650,000	Western Power 5.25% 2023	748	0.34
1,110,000	Westpac Banking 2.625% 2022	1,155	0.52
between 5 and 10 years to maturity			
400,000	AA Bond 2.75% 2023	375	0.17
1,090,000	ABP 6.25% 2026	1,358	0.61
750,000	AIG 5% 2023	848	0.38
600,000	APT Pipelines 4.25% 2024	656	0.29
200,000	Arrow Global 5.125% 2024	202	0.09
900,000	AT&T 5.5% 2027	1,083	0.49
660,000	Bank of America 2.3% 2025	659	0.30
700,000	Barclays 2.375% 2023	697	0.31
860,000	Barclays 3.125% 2024	879	0.39
1,259,000	Barclays 3.25% 2027	1,271	0.57
880,000	BP 2.03% 2025	876	0.39
640,000	British American Tobacco 2.125% 2025	622	0.28
440,000	BUPA 2% 2024	435	0.19
500,000	Citigroup 5.15% 2026	595	0.27
1,000,000	Citigroup 5.875% 2024	1,180	0.53
380,000	Close Brothers 2.75% 2026	384	0.17
1,100,000	Clydesdale Bank 4.625% 2026	1,320	0.59
650,000	Credit Agricole 7.375% 2023	818	0.37
1,000,000	CYBG 5% 2026	1,047	0.47
454,000	Enel 5.625% 2024	540	0.24
545,000	Eversholt 6.359% 2025	680	0.30
750,000	FirstGroup 6.875% 2024	931	0.42
1,800,000	GE Capital 5.125% 2023	2,056	0.92
585,000	GlaxoSmithKline 3.375% 2027	636	0.29
960,000	Go-Ahead 2.5% 2024	940	0.42
1,590,000	Heathrow Funding 6.75% 2026	2,089	0.94
788,000	HSBC 2.256% 2026	769	0.34
720,000	Imperial Brands 5.5% 2026	862	0.39

Standard Life Investment Company

Annual Report & Financial Statements

Short Duration Credit Fund

Portfolio Statement as at 28 February 2018 (Continued)

Holding	Investment	Market value £'000	Percentage of total net assets
Corporate Bonds (continued)			
380,000	ING 6.875% fixed to floating 2023	385	0.17
1,260,000	Intu (SGS) Finance 4.125% 2023	1,369	0.61
1,320,000	John Lewis 6.125% 2025	1,560	0.70
900,000	Koninklijke KPN 5% 2026	1,038	0.46
285,000	Lloyds Bank 5.75% fixed to floating 2025	309	0.14
400,000	Lloyds Bank 9.625% 2023	530	0.24
790,000	Lloyds Banking Group 2.25% 2024	778	0.35
360,000	London Power Networks 5.125% 2023	414	0.19
1,900,000	Mitchells & Butlers 5.965% 2025	683	0.31
900,000	Morgan Stanley 2.625% 2027	895	0.40
600,000	Nationwide Building Society 3.25% 2028	642	0.29
340,000	Northern Powergrid Yorkshire 2.5% 2025	346	0.15
540,000	Northumbrian Water 1.625% 2026	504	0.23
493,000	Orange 5.25% 2025	592	0.27
400,000	Porterbrook Rail 7.125% 2026	529	0.24
880,000	Principality Building Society 2.375% 2023	869	0.39
820,000	Saga 3.375% 2024	774	0.35
1,000,000	Santander UK Group 3.625% 2026	1,069	0.48
249,000	Severn Trent 6.125% 2024	302	0.14
348,000	South Eastern Power Networks 5.5% 2026	423	0.19
610,000	Southern Gas Networks 4.875% 2023	698	0.31
700,000	Stagecoach Group 4% 2025	740	0.33
1,150,000	Telefonica Emisiones 5.375% 2026	1,356	0.61
650,000	Thames Water 2.375% 2023	636	0.27
1,210,000	Thames Water 3.5% 2028	1,279	0.57
600,000	Thames Water 4% 2025	660	0.30
600,000	THPA Finance 7.127% 2024	385	0.17
500,000	Unique Pub Finance 5.659% 2027	434	0.19
800,000	Unite (USAF) II 3.921% 2025	884	0.40
610,000	United Utilities 5.625% 2027	776	0.35
350,000	Vicinity Centres 3.375% 2026	366	0.16
1,000,000	Wells Fargo 2% 2025	974	0.44
1,480,000	Western Power Distribution 3.625% 2023	1,568	0.70
1,326,000	Yorkshire Building Society 4.125% 2024	1,373	0.62
between 10 and 15 years to maturity			
654,000	America Movil 5.75% 2030	832	0.37
400,000	Anglian Water 6.293% 2030	549	0.25
930,000	Anheuser-Busch InBev 2.25% 2029	883	0.40
440,000	Annington Funding 3.184% 2029	437	0.20

Standard Life Investment Company

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Short Duration Credit Fund

Portfolio Statement as at 28 February 2018 (Continued)

Holding	Investment	Market value £'000	Percentage of total net assets
Corporate Bonds (continued)			
984,000	AT&T 4.375% 2029	1,095	0.49
500,000	Bank of America 7% 2028	699	0.31
1,187,000	Barclays 3.25% 2033	1,142	0.51
575,000	Centrica 4.375% 2029	655	0.29
510,000	CRH 4.125% 2029	569	0.25
830,000	Digital Stout Holding 3.3% 2029	830	0.37
1,040,000	DONG Energy 4.875% 2032	1,263	0.57
1,244,000	E.ON Finance 6.375% 2032	1,710	0.77
390,000	Great Rolling Stock 6.5% 2031	447	0.20
1,787,000	Heathrow Funding 6.45% fixed to floating 2033	2,465	1.10
900,000	HSBC 2.625% 2028	893	0.40
820,000	Integrated Accommodation Services 6.48% 2029	659	0.30
600,000	Legal & General 5.875% 2031	799	0.36
880,000	London & Quadrant Housing Trust 2.25% 2029	833	0.37
800,000	Meadowhall Finance 4.986% 2032	744	0.33
550,000	Orange 8.125% 2028	820	0.37
326,000	Prudential 5.875% 2029	423	0.19
500,000	Rabobank 4.55% 2029	604	0.27
380,000	Rabobank 4.625% 2029	430	0.19
185,000	RWE 6.25% 2030	244	0.11
550,000	Telereal FRN 2033	510	0.23
640,000	Telereal Secured 4.01% 2033	551	0.25
367,000	Thames Water 5.75% 2030	414	0.19
260,000	Tritax Big Box REIT 3.125% 2031	255	0.11
1,100,000	Vodafone 5.9% 2032	1,410	0.63
505,000	Western Power 5.75% 2032	661	0.30
750,000	Westfield America Management Ltd 2.625% 2029	737	0.33
840,000	Yorkshire Building Society 3.375% 2028	834	0.37
between 15 and 25 years to maturity			
400,000	Aegon 6.625% 2039	606	0.27
480,000	Annington Funding 3.685% 2034	487	0.22
947,000	Aspire Defence 4.674% 2040 'B'	1,079	0.48
1,073,000	AT&T 3.55% 2037	1,081	0.48
1,040,000	Aviva 6.625% fixed to floating 2041	1,173	0.53
900,000	British American Tobacco 5.75% 2040	1,235	0.55
950,000	British American Tobacco 6% 2034	1,284	0.58
1,200,000	Broadgate Financing 5.098% 2035	1,319	0.59
484,000	Citigroup 7.375% 2039	800	0.36
1,245,000	Direct Line 9.25% 2042	1,568	0.70

Standard Life Investment Company

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Short Duration Credit Fund

Portfolio Statement as at 28 February 2018 (Continued)

Holding	Investment	Market value £'000	Percentage of total net assets
Corporate Bonds (continued)			
500,000	EDF 5.5% 2041	634	0.28
600,000	EDF 6.125% 2034	798	0.36
1,000,000	Enel 5.75% 2040	1,347	0.60
610,000	Eversholt 3.529% 2042	602	0.27
950,000	Eversholt 6.697% 2035	1,239	0.56
1,250,000	Gatwick 4.625% 2024	1,467	0.66
400,000	Great Rolling Stock 6.875% 2035	408	0.18
1,870,000	Greene King FRN 2033	1,498	0.67
900,000	HSBC 5.375% 2033	1,129	0.51
770,000	HSBC 6% 2040	1,019	0.46
250,000	Land Securities 2.625% 2037	246	0.11
400,000	Lloyds Bank 6.5% 2040	618	0.28
500,000	London & Quadrant Housing Trust 4.625% 2033	600	0.27
300,000	Marston's 5.641% 2035	274	0.12
1,000,000	Munich Re 6.625% fixed to floating 2042	1,172	0.53
940,000	National Grid 2.625% 2038	875	0.39
500,000	Northumbrian Water 5.125% 2042	670	0.30
1,499,000	QBE Insurance 6.115% 2042	1,676	0.75
1,186,000	RMPA Services 5.337% 2038	1,165	0.52
600,000	RWE 6.125% 2039	856	0.38
300,000	Severn Trent 4.875% 2042	389	0.17
960,000	Southern Water 4.5% 2038	1,031	0.46
500,000	SSE 6.25% fixed to floating 2038	731	0.33
295,000	Telereal 4.0902% fixed to floating 2033	309	0.14
1,200,000	Tesco 5.744% 2040	1,339	0.60
50,000	Vattenfall 6.875% 2039	79	0.04
greater than 25 years to maturity			
2,177,000	AT&T 4.875% 2044	2,551	1.14
950,000	Aviva 5.125% 2050	1,027	0.46
700,000	Centrica 4.25% 2044	794	0.36
1,021,000	Dignity 4.6956% 2049	1,032	0.46
672,000	NGG 5.625% fixed to floating 2073	752	0.34
590,000	Penarian Housing Finance 3.212% 2052	577	0.26
660,000	Prudential 5% 2055	714	0.32
500,000	RL Finance 6.125% fixed to floating 2043	565	0.25
360,000	SSE 3.625% 2077	371	0.17
760,000	Tolkien Funding Sukuk 1.43283% 2052	760	0.34
1,000,000	Vodafone 3.375% 2049	910	0.41
560,000	Wheatley 4.375% 2044	658	0.29

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Short Duration Credit Fund

Portfolio Statement as at 28 February 2018 (Continued)

Holding	Investment	Market value £'000	Percentage of total net assets
Corporate Bonds (continued)			
Perpetual			
400,000	Assicurazioni Generali 6.416% fixed to floating Perpetual	432	0.19
500,000	Aviva 6.125% fixed to floating Perpetual	558	0.25
1,114,000	AXA 6.772% fixed to floating Perpetual	1,190	0.53
700,000	EDF 5.875% fixed to floating Perpetual	712	0.32
1,099,000	HBOS 6.461% Perpetual	1,132	0.51
450,000	Lloyds Bank FRN Perpetual	599	0.27
425,000	Lloyds Banking Group 7.625% fixed to floating Perpetual	486	0.22
2,000,000	National Capital Trust I 5.62% Perpetual	2,048	0.92
460,000	Orange 5.75% fixed to floating Perpetual	509	0.23
990,000	Pennon 2.875% Perpetual	994	0.45
1,703,000	Royal Bank of Scotland 9.5% Perpetual	1,765	0.79
800,000	SSE 3.875% fixed to floating Perpetual	825	0.37
Government Bonds (0.97%)		748	0.34
between 15 and 25 years to maturity			
500,000	European Investment Bank 5% 2039	748	0.34
US Dollar Denominated Bonds (5.92%)		6,096	2.73
Corporate Bonds (5.35%)		6,096	2.73
less than 5 years to maturity			
1,199,000	CVS Health 3.5% 2022	867	0.39
826,000	UBS 2.45% 2020	590	0.26
430,000	Valeant Pharmaceuticals 6.5% 2022	325	0.15
between 5 and 10 years to maturity			
965,000	Glencore 4.125% 2023	711	0.32
720,000	SPCM 4.875% 2025	516	0.23
Perpetual			
1,100,000	Credit Agricole 7.875% Perpetual	891	0.40
800,000	HSBC 6.875% Perpetual	621	0.28
1,200,000	SMFG Preferred Capital FRN Perpetual	895	0.40
870,000	Societe Generale 7.375% Perpetual	680	0.30

Standard Life Investment Company

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Short Duration Credit Fund

Portfolio Statement as at 28 February 2018 (Continued)

Holding	Investment	Market value £'000	Percentage of total net assets
Government Bonds (0.57%)		-	-
Collective Investment Schemes (4.53%)		15,697	7.04
932,618	SLI Total Return Credit SICAV	11,078	4.97
6	Standard Life CNAV EUR Liquidity Fund	0	0
4,619,047	Standard Life CNAV Sterling Liquidity Fund	4,619	2.07
Derivatives (4.05%)		(5,454)	(2.45)
Credit Default Swaps (-0.30%)		(905)	(0.41)
EUR 9,000,000	Buy iTraxx Europe Series 28 20/12/2022 0%	(905)	(0.41)
Forward Currency Contracts (0.22%)		126	0.06
	Buy GBP 11,431,746 Sell EUR 12,868,208 17/04/2018	24	0.01
	Buy GBP 959,274 Sell USD 1,299,066 17/04/2018	19	0.01
	Buy GBP 5,418,110 Sell USD 7,368,725 17/04/2018	83	0.04
Interest Rate Swaps (-3.97%)		(4,675)	(2.10)
GBP 3,000,000	Pay fixed 0.9175% receive floating GBP-LIBOR 06/09/2034	345	0.15
GBP 12,000,000	Pay fixed 0.943% receive floating GBP-LIBOR 06/06/2021	95	0.04
GBP 7,200,000	Pay fixed 1.022% receive floating GBP-LIBOR 14/06/2027	348	0.16
GBP 5,250,000	Pay fixed 1.2775% receive floating GBP-LIBOR 25/03/2020	(43)	(0.02)
GBP 18,500,000	Pay fixed 1.329% receive floating GBP-LIBOR 14/04/2020	(161)	(0.07)
GBP 9,000,000	Pay fixed 1.335% receive floating GBP-LIBOR 06/06/2026	134	0.06
GBP 5,000,000	Pay fixed 1.3742% receive floating GBP-LIBOR 10/11/2027	90	0.04
GBP 1,750,000	Pay fixed 1.4075% receive floating GBP-LIBOR 03/04/2042	100	0.04
GBP 2,140,000	Pay fixed 1.4475% receive floating GBP-LIBOR 17/12/2019	(20)	(0.01)
GBP 4,900,000	Pay fixed 1.521% receive floating GBP-LIBOR 18/02/2020	(49)	(0.02)
GBP 1,900,000	Pay fixed 1.595% receive floating GBP-LIBOR 25/03/2025	(22)	(0.01)
GBP 2,700,000	Pay fixed 1.59625% receive floating GBP-LIBOR 21/05/2020	(39)	(0.02)
GBP 8,300,000	Pay fixed 1.608% receive floating GBP-LIBOR 28/08/2020	(101)	(0.05)
GBP 1,400,000	Pay fixed 1.8986% receive floating GBP-LIBOR 11/02/2019	(15)	(0.01)
GBP 160,000	Pay fixed 1.9025% receive floating GBP-LIBOR 25/03/2045	(9)	0
GBP 2,200,000	Pay fixed 1.906% receive floating GBP-LIBOR 18/02/2025	(63)	(0.03)
GBP 7,300,000	Pay fixed 1.945% receive floating GBP-LIBOR 30/01/2019	(85)	(0.04)
GBP 2,190,000	Pay fixed 1.995% receive floating GBP-LIBOR 08/04/2019	(40)	(0.02)
GBP 3,300,000	Pay fixed 2.035% receive floating GBP-LIBOR 21/05/2025	(135)	(0.06)
GBP 1,500,000	Pay fixed 2.045% receive floating GBP-LIBOR 30/04/2019	(28)	(0.01)

Standard Life Investment Company

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Short Duration Credit Fund

Portfolio Statement as at 28 February 2018 (Continued)

Holding	Investment	Market value £'000	Percentage of total net assets
Interest Rate Swaps (continued)			
GBP 5,100,000	Pay fixed 2.135% receive floating GBP-LIBOR 05/08/2019	(94)	(0.04)
GBP 330,000	Pay fixed 2.2275% receive floating GBP-LIBOR 17/12/2034	(27)	(0.01)
GBP 260,000	Pay fixed 2.258% receive floating GBP-LIBOR 18/02/2045	(33)	(0.01)
GBP 140,000	Pay fixed 2.275% receive floating GBP-LIBOR 17/12/2044	(19)	(0.01)
GBP 600,000	Pay fixed 2.6075% receive floating GBP-LIBOR 10/11/2034	(84)	(0.04)
GBP 280,000	Pay fixed 2.6675% receive floating GBP-LIBOR 10/11/2044	(62)	(0.03)
GBP 3,200,000	Pay fixed 2.68875% receive floating GBP-LIBOR 05/08/2024	(249)	(0.11)
GBP 1,150,000	Pay fixed 2.761% receive floating GBP-LIBOR 30/04/2024	(98)	(0.04)
GBP 6,000,000	Pay fixed 2.78% receive floating GBP-LIBOR 26/03/2024	(530)	(0.24)
GBP 7,050,000	Pay fixed 2.78% receive floating GBP-LIBOR 30/01/2024	(558)	(0.25)
GBP 6,300,000	Pay fixed 2.955% receive floating GBP-LIBOR 09/01/2024	(567)	(0.25)
GBP 600,000	Pay fixed 3.07125% receive floating GBP-LIBOR 05/08/2044	(183)	(0.08)
GBP 3,200,000	Pay fixed 3.253% receive floating GBP-LIBOR 30/01/2034	(715)	(0.32)
GBP 160,000	Pay fixed 3.275% receive floating GBP-LIBOR 17/06/2044	(56)	(0.03)
GBP 250,000	Pay fixed 3.276% receive floating GBP-LIBOR 30/04/2044	(89)	(0.04)
GBP 2,600,000	Pay fixed 3.31% receive floating GBP-LIBOR 30/01/2044	(916)	(0.41)
GBP 2,900,000	Pay fixed 3.365% receive floating GBP-LIBOR 09/01/2034	(697)	(0.31)
Total investment assets and liabilities		211,929	94.99
Net other assets		11,184	5.01
Total Net Assets		223,113	100.00

All investments are listed on recognised stock exchanges and are approved securities, or approved derivatives within the meaning of the FCA rules unless otherwise stated.

The percentage figures in brackets show the comparative holding as at 28 February 2017.

	Market value £'000
Reconciliation of assets and liabilities to the Balance Sheet	
Investment assets as per the Balance Sheet	218,621
Investment liabilities	(6,692)
Net investment assets	211,929
Net other assets	11,184
Total Net Assets	223,113

Standard Life Investment Company

Annual Report & Financial Statements

Short Duration Credit Fund

Financial Statements

Statement of Total Return

for the year ended 28 February 2018

	Notes	£'000	2018 £'000	2017 £'000
Income:				
Net capital gains	2		2,399	17,406
Revenue	4	7,584		9,222
Expenses	5	(3,481)		(3,496)
Interest payable and similar charges	6	(4)		(4)
Net revenue before taxation		4,099		5,722
Taxation	7	0		0
Net revenue after taxation			4,099	5,722
Total return before distributions			6,498	23,128
Distributions	8		(4,099)	(5,723)
Change in net assets attributable to shareholders from investment activities			2,399	17,405

Statement of Change in Net Assets Attributable to Shareholders

for the year ended 28 February 2018

	£'000	2018 £'000	2017 £'000
Opening net assets attributable to shareholders		252,989	259,092
Amounts receivable on the issue of shares	25,278		30,716
Amounts payable on the cancellation of shares	(61,005)		(58,273)
		(35,727)	(27,557)
Dilution adjustment		86	75
Change in net assets attributable to shareholders from investment activities (see above)		2,399	17,405
Retained distribution on accumulation shares		3,365	3,973
Unclaimed distributions		1	1
Closing net assets attributable to shareholders		223,113	252,989

Standard Life Investment Company

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Short Duration Credit Fund

Financial Statements (Continued)

Balance Sheet

as at 28 February 2018

	Notes	£'000	2018 £'000	£'000	2017 £'000
Assets					
Fixed assets:					
Investment assets			218,621		248,946
Current assets:					
Debtors	9	4,009		6,107	
Cash and bank balances	10	7,552		10,992	
			11,561		17,099
Total assets			230,182		266,045
Liabilities:					
Investment liabilities			(6,692)		(11,093)
Creditors	11	(250)		(1,164)	
Bank overdrafts		(1)		(354)	
Distribution payable		(126)		(445)	
			(377)		(1,963)
Total liabilities			(7,069)		(13,056)
Net assets attributable to shareholders			223,113		252,989

Standard Life Investment Company

Annual Report & Financial Statements

Short Duration Credit Fund

Notes to the Financial Statements

1 Accounting Policies

Please refer to pages 11 to 12 for note on accounting policies.

2 Net Capital Gains

	2018 £'000	2017 £'000
Non-derivative securities	(2,250)	21,954
Derivative contracts	4,224	(639)
Forward currency contracts	495	(3,877)
Other losses	(58)	(19)
Handling charges taken from the capital account	(12)	(13)
Net capital gains	2,399	17,406

3 Purchases, Sales and Transaction Costs

There are no transaction costs associated with the purchases or sales of bonds, collective investment schemes and derivatives during the year, or in the prior year.

Collective investments operate within the terms of the offer document or prospectus. Typically we do not invest into Funds that require an initial charge to be made. The underlying price contains an estimation of cost known as a dilution levy which is applied from time to time.

Bonds are dealt on a spread agreed between buyer and seller with reference to the expected cashflows and current credit profiles.

Derivatives are dealt on a spread agreed between buyer and seller with reference to the underlying investment.

During the year the total purchases and sales across different major assets classes are as per below table.

	2018 £'000	2017 £'000
Purchases		
Bonds	65,543	83,690
Sales		
Bonds	96,218	110,950

The Fund suffers a number of explicit costs as disclosed in the notes and Fund history. The Fund also suffers implicit costs an example is market spread. The spread represents the costs of providing liquidity in a market. It therefore is subject to change based on volume, active markets have a lower spread the difference between; bid the price you receive and offer the price you pay.

At the balance sheet date the average portfolio dealing spread (i.e. the spread between bid and offer prices expressed as a percentage of the offer price) was 0.60% (2017: 1.16%), this is representative of the average spread on the assets held during the year.

Standard Life Investment Company

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Short Duration Credit Fund

Notes to the Financial Statements (Continued)

4 Revenue

	2018 £'000	2017 £'000
Interest on debt securities	7,545	9,163
Bank interest	39	59
Total revenue	7,584	9,222

5 Expenses

	2018 £'000	2017 £'000
Payable to the Authorised Corporate Director, associates of the Authorised Corporate Director and agents of either of them:		
Authorised Corporate Director's periodic charge	1,315	1,436
Dealing charge	16	14
Registration fees	183	201
	1,514	1,651
Payable to the Depositary or associates of the Depositary, and agents of either of them:		
Depositary's fees	36	34
Safe custody fee	17	19
	53	53
Other:		
Audit fee	11	13
Net interest paid on interest rate swaps	1,903	1,779
	1,914	1,792
Total expenses	3,481	3,496

6 Interest Payable and Similar Charges

	2018 £'000	2017 £'000
Interest payable	4	4
Total interest payable & similar charges	4	4

Standard Life Investment Company

Annual Report & Financial Statements

Short Duration Credit Fund

Notes to the Financial Statements (Continued)

7 Taxation

	2018 £'000	2017 £'000
(a) Analysis of charge in year		
Total current tax (note 7b)	0	0
(b) Factors affecting current tax charge for the year		
The tax assessed for the year is the same as the standard rate of corporation tax for Open-Ended Investment Companies 'OEICs' (20%). The differences are explained below:		
Net revenue before taxation	4,099	5,722
Corporation tax at 20% (2017: 20%)	820	1,144
Effects of:		
Distributions treated as tax deductible	(820)	0
Interest distributions	0	(1,144)
Current tax charge for year (note 7a)	0	0

8 Distributions

The distributions takes account of income received on the issue of shares and income deducted on the cancellation of shares and comprise:

	2018 £'000	2017 £'000
First interim distribution	1,157	1,601
Second interim distribution	1,071	1,507
Third interim distribution	901	1,369
Final distribution	835	1,143
	3,964	5,620
Add: Income deducted on cancellation of shares	185	169
Deduct: Income received on issue of shares	(50)	(66)
Net distribution for the year	4,099	5,723

Details of the distribution per share are set out in this Fund's distribution tables.

9 Debtors

	2018 £'000	2017 £'000
Amounts receivable from the ACD for the issue of shares	593	87
Sales awaiting settlement	0	1,837
Accrued revenue	3,416	4,023
Accrued interest receivable on interest rate swap contracts	0	160
Total debtors	4,009	6,107

Standard Life Investment Company

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Short Duration Credit Fund

Notes to the Financial Statements (Continued)

10 Cash and Bank Balances

	2018 £'000	2017 £'000
Amounts held at futures clearing houses and brokers	7,249	10,699
Cash and bank balances	303	293
Total cash and bank balances	7,552	10,992

11 Creditors

	2018 £'000	2017 £'000
Amounts payable to the ACD for cancellation of shares	126	111
Purchases awaiting settlement	0	408
Accrued expenses payable to ACD	106	120
Accrued expenses payable to the Depositary or associates of the Depositary	0	8
Other accrued expenses	11	11
Accrued Expenses payable to the Depositary	7	0
Accrued interest payable on interest rate swap contracts	0	506
Total creditors	250	1,164

12 Related Party Transactions

Standard Life Investments (Mutual Funds) Limited, as Authorised Corporate Director (ACD), is a related party and acts as principal in respect of all transactions of shares in the Fund.

The aggregate monies received through issue and paid on cancellation of shares are disclosed in the statement of change in net assets attributable to shareholders.

Any amounts due from or due to Standard Life Investments (Mutual Funds) Limited at the end of the accounting year are disclosed in notes 9 and 11.

Amounts payable to Standard Life Investments (Mutual Funds) Limited, in respect of periodic charge and registration services, are disclosed in note 5 and any amounts due at the year end in note 11.

The Fund holds 932,618 shares (2017: 932,618) in SLI Total Return Credit SICAV as detailed in the portfolio statement, the total purchase cost of these investments during the year was £0 (2017: £1,000,000), the total sales proceeds were £0 (2017: £0).

The Fund holds 4,619,047 shares (2017: 400,931) in Standard Life CNAV Sterling Liquidity Fund as detailed in the portfolio statement, the total purchase cost of these investments during the year was £81,611,440 (2017: £87,208,000), the total sales proceeds were £77,393,325 (2017: £86,820,000).

The Fund holds 6 shares (2017: 415,934) in Standard Life CNAV Euro Liquidity Fund as detailed in the portfolio statement, the total purchase cost of these investments during the year was €1,697,315 (2017: €6,999,000), the total sales proceeds were €2,113,243 (2017: €6,583,000).

	2018 £'000	2017 £'000
Transactions during the year with Standard Life Aberdeen group companies are as follows:		
Sale of shares by Fund	4,061	20,793
Purchase of shares by Fund	43,487	47,456
Distributions made by Fund	2,303	3,482
The percentage value of the Fund held by Standard Life Aberdeen group companies is:	65.2%	71.2%

Standard Life Investment Company

Annual Report & Financial Statements

Short Duration Credit Fund

Notes to the Financial Statements (Continued)

13 Shares in issue reconciliation

	Opening shares 2017	Creations during the year	Cancellations during the year	Conversions during the year	Closing shares 2018
Retail accumulation	15,789,150	1,768,008	(3,576,616)	(247,874)	13,732,668
Institutional accumulation	193,837,930	12,752,652	(41,882,331)	(3,908)	164,704,343
Retail income	9,727,711	233,902	(1,231,543)	(341,503)	8,388,567
Institutional income	52,107,430	3,397,642	(21,044,416)	44,183	34,504,839
Standard Life income	2,000	0	0	0	2,000
Standard Life accumulation	63,963	179,379	(4,047)	0	239,295
Platform 1 accumulation	34,751,705	9,039,344	(8,342,714)	347,691	35,796,026
Platform 1 income	15,210,706	6,325,280	(2,043,473)	287,947	19,780,460

14 Fair Value Hierarchy

	2018 £'000 Level 1	2018 £'000 Level 2	2018 £'000 Level 3	2017 £'000 Level 1	2017 £'000 Level 2	2017 £'000 Level 3
Fair value of investment assets						
Bonds	0	201,686	0	2,465	234,188	0
Collective Investment Schemes	0	15,697	0	0	11,451	0
Derivatives	0	1,238	0	0	842	0
Total investment assets	0	218,621	0	2,465	246,481	0
Derivatives	0	(6,692)	0	0	(11,093)	0
Total investment liabilities	0	(6,692)	0	0	(11,093)	0

The three levels of the fair value hierarchy under FRS 102 are described below:

Level 1: Unadjusted quoted market prices in active markets that are accessible at the measurement date for the identical unrestricted assets or liabilities.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices).

Level 3: Inputs for asset or liability that are not based on observable market data (unobservable inputs).

* Investment in Standard Life CNAV Sterling Liquidity Fund is included in the above table within 'Collective Investment Scheme' in line with disclosure within the portfolio statement. In accordance with the AIFMD requirements, the Fund has treated the investment in the Standard Life CNAV Sterling Liquidity Fund disclosed within the Portfolio Statement as cash equivalents for the purposes of the Balance Sheet disclosure.

15 Risk Management Policies & Numerical Disclosures

In accordance with the investment objectives, the Fund may hold certain financial instruments. These comprise:

- securities held in accordance with the investment objective and policies;
- cash and short-term debtors and creditors arising directly from operations; and
- derivatives.

The main risks arising from the Fund's financial instruments are market price, foreign currency, interest rate, credit and liquidity risk.

The policies for managing these risks are summarised below and have been applied consistently throughout the year, and prior year.

Standard Life Investment Company

Annual Report & Financial Statements

Short Duration Credit Fund

Notes to the Financial Statements (Continued)

15 Risk Management Policies & Numerical Disclosures (continued)

a. Market price risk

Each Fund's investment portfolio is exposed to market price fluctuation which are monitored by the Fund Manager in pursuance of the investment objectives and policies. Adherence to investment guidelines and to investment and borrowing powers mitigate the risk of excessive exposure to any particular type of security or issuer.

In the current market conditions certain securities have become difficult to price. For these securities, reliance has therefore been placed on single broker prices. This has not resulted in any adjustment to the financial statements.

An increase or decrease in market values will therefore have a direct effect on the value of the investment assets in the portfolio and therefore a proportionate effect on the value of the Fund.

Value at Risk (VaR) is a measure of the maximum potential loss to the Fund due to market risk. More particularly, VaR measures the maximum potential loss at a given confidence level (probability) over a specific time period under normal market conditions.

2018	Minimum	Maximum	Average
VaR 99% 1 Month	1.17%	1.56%	1.35%
2017	Minimum	Maximum	Average
VaR 99% 1 Month	1.24%	1.69%	1.49%

At the year end date, there was a 1% chance of the portfolio value falling (or rising) more than 1.17%, £2,611,080 (2017: 1.61%, £3,853,000) in one month period.

This calculation is generally determined by the use of an industry recognised medium term risk model, typically based on 3-5 year history. The method assumes normal market conditions and that the portfolio remains unchanged.

b. Foreign currency risk

A proportion of the net assets of the Fund are denominated in currencies other than Sterling, therefore the balance sheet and total returns can be affected by currency movements. In certain circumstances, the Fund Manager may seek to manage exposure to currency movements by using forward currency contracts.

The Fund does not hedge or otherwise seek to avoid currency movement risk on accrued revenue.

Income received in foreign currencies is converted into Sterling at the exchange rates ruling when the income is received.

Currency exposure

An increase or decrease in a particular foreign currency exchange rate will have a proportionate affect on the value of the Fund. The Fund's net foreign currency exposure is show in the table below.

A proportion of the net assets of the Fund are denominated in currencies other than Sterling, therefore the balance sheet and total returns can be affected by currency movements. In certain circumstances, the Fund Manager may seek to manage exposure to currency movements by using forward currency contracts.

The Fund does not hedge or otherwise seek to avoid currency movement risk on accrued revenue.

Income received in foreign currencies is converted into Sterling at the exchange rates ruling when the income is received.

An increase or decrease in a particular foreign currency exchange rate will have a proportionate effect on the value of the Fund.

The net foreign currency monetary exposure comprises:

	Net foreign currency monetary assets/(liabilities)	
	2018	2017
	£'000	£'000
Euro	(955)	(197)
US Dollar	205	(228)

Standard Life Investment Company

Annual Report & Financial Statements

Short Duration Credit Fund

Notes to the Financial Statements (Continued)

15 Risk Management Policies & Numerical Disclosures (continued)

c. Interest rate risk

Interest receivable on bank deposits or payable on bank overdrafts will be affected by fluctuations in interest rates. The Fund Manager continuously reviews interest rates and inflation expectations. The assessment of this may result in a change in investment strategy.

Bond yields are affected by market and economic conditions, including inflation rates and government policy. An analysis of the interest rates and maturity of bond listings is detailed below.

In addition, changes to prevailing rates or changes in expectations of future rates may result in an increase or decrease in the value of the securities held. In general, if interest rates rise, the income potential of the Fund also rises but the value of fixed rate securities will decline (along with certain expenses calculated by reference to the assets of the Fund). A decline in interest rates will, in general, have the opposite effect.

The interest rate risk profile of the Fund's net financial assets and liabilities is:

	Floating rate financial assets/ (liabilities) £'000	Fixed rate financial assets £'000	Financial assets/ (liabilities) not carrying interest £'000	Total £'000
2018				
Currency				
UK Sterling	34,613	156,975	32,275	223,863
Euro	1,839	9,358	(12,152)	(955)
US Dollar	3,389	3,008	(6,192)	205
2017				
Currency				
UK Sterling	(9,234)	219,166	43,482	253,414
Euro	0	13,333	(13,530)	(197)
US Dollar	293	14,849	(15,370)	(228)

d. Credit risk

All cash exposures are carefully managed to ensure that money is placed on deposit with counterparties that meet the minimum credit rating deemed appropriate for this Fund. In certain circumstances, the Fund Manager may deliberately invest in securities (e.g. corporate bonds) with a well defined and published credit rating. In this case the Fund would be deliberately taking credit risk in order to seek additional rewards.

	Bid market value 2018 £'000	Bid market value 2017 £'000
Credit Rating Analysis		
Investment Grade Bonds	177,832	202,933
Below Investment Grade Bonds	19,668	27,722
Unrated Bonds	4,186	5,998
Total Value of Bonds	201,686	236,653

Standard Life Investment Company

Annual Report & Financial Statements

Short Duration Credit Fund

Notes to the Financial Statements (Continued)

15 Risk Management Policies & Numerical Disclosures (continued)

e. Financial Derivatives Instrument Risk

At the year end the Fund held derivatives for the purposes of efficient portfolio management or to meet the Fund's investment objectives. These types of transaction can introduce market exposure greater than the market value of the instrument. These transactions exchange benefits with a third party at a future date creating both counterparty and concentration risk. The Investment Adviser's policies for managing these risks are outlined in the Fund's prospectus.

At the balance sheet date the Fund had the following exposures:

	2018 £'000	2017 £'000
Market Exposure		
Credit Default Swaps	7,967	7,685
Forward Currency Contracts	17,684	42,053
Interest Rate Swaps	139,810	156,680
Total Market Exposure	165,461	206,418

The total market exposure is the sum of the notional derivative contracts on a gross basis with no offsetting.

Counterparty Exposure

Derivative instruments involve an agreement to exchange a benefit at a future date. This introduces counterparty risk where an agreement is bilateral (between two parties) and concentration risk where a clearing broker operates on an exchange. Where the counterparty or clearing broker is not solvent the market exposure obtained would be lost.

Exposure is reduced by the exchange of margin on a daily basis for cleared derivatives and by the collateral held/pledged on a bilateral transaction.

	2018			2017		
	Collateral (held)/ pledged	Margin at clearing broker	Market value of derivatives	Collateral (held)/ pledged	Margin at clearing broker	Market value of derivatives
	£'000	£'000	£'000	£'000	£'000	£'000
Counterparty or clearer						
Barclays	290	0	(296)	720	0	(672)
BNP Paribas	0	0	0	800	0	(796)
Citigroup	180	0	(101)	400	0	(273)
Deutsche Bank	590	0	(611)	920	0	(939)
Goldman Sachs	0	2,074	(22)	(400)	394	427
HSBC	290	0	(241)	460	0	(478)
Morgan Stanley	670	0	(812)	1,839	0	(1,814)
Royal Bank of Canada	0	0	0	0	0	(1)
Royal Bank of Scotland	0	0	0	0	0	0
StateStreet	(140)	0	83	0	0	(3)
Societe General	0	0	0	(354)	0	337
UBS	3,350	0	(3,454)	5,920	0	(6,039)
Total	5,230	2,074	(5,454)	10,305	394	(10,251)

Margin exchanged or collateral held or pledged is in the form of high quality liquid assets e.g. cash/gilts. Positions are fully collateralised at all times. Restrictions are placed on the right of either party to reuse collateral assets.

f. Liquidity risk

The Fund's assets comprise mainly readily realisable securities. The main liabilities of the Fund are the redemption of any shares that investors wish to sell and the settlement of stock purchases. The Fund Manager reviews the cash and liability position continuously, and should an increase in liquidity be required, the Fund Manager will sell securities.

Standard Life Investment Company

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Short Duration Credit Fund

Distribution Tables

for the three months ended 31 May 2017

Group 1 - shares purchased prior to 1 March 2017

Group 2 - shares purchased between 1 March 2017 and 31 May 2017

	Net Income 2017 pence per share	Equalisation 2017 pence per share	Distribution paid 2017 pence per share	Distribution paid 2016 pence per share
Retail accumulation				
Group 1	0.3121	-	0.3121*	0.3247
Group 2	0.1600	0.1521	0.3121*	0.3247
Institutional accumulation				
Group 1	0.4255	-	0.4255*	0.4180
Group 2	0.3019	0.1236	0.4255*	0.4180
Retail income				
Group 1	0.1934	-	0.1934**	0.2043
Group 2	0.1134	0.0800	0.1934**	0.2043
Institutional income				
Group 1	0.2504	-	0.2504**	0.2505
Group 2	0.1317	0.1187	0.2504**	0.2505
Standard Life income				
Group 1	0.2060	-	0.2060**	0.1808
Group 2	-	-	-	-
Standard Life accumulation				
Group 1	0.5475	-	0.5475*	0.5090
Group 2	0.4426	0.1049	0.5475*	0.5090
Platform 1 accumulation				
Group 1	0.2848	-	0.2848*	0.2818
Group 2	0.1676	0.1172	0.2848*	0.2818
Platform 1 income				
Group 1	0.2518	-	0.2518**	0.2535
Group 2	0.1046	0.1472	0.2518**	0.2535

* Distribution accumulated on 31 May 2017

** Distribution paid on 31 July 2017

Standard Life Investment Company

Annual Report & Financial Statements

Short Duration Credit Fund

Distribution Tables (Continued)

for the three months ended 31 August 2017

Group 1 - shares purchased prior to 1 June 2017

Group 2 - shares purchased between 1 June 2017 and 31 August 2017

	Net Income 2017 pence per share	Equalisation 2017 pence per share	Distribution paid 2017 pence per share	Distribution paid 2016 pence per share
Retail accumulation				
Group 1	0.2885	-	0.2885*	0.3018
Group 2	0.1277	0.1608	0.2885*	0.3018
Institutional accumulation				
Group 1	0.4022	-	0.4022*	0.3918
Group 2	0.1545	0.2477	0.4022*	0.3918
Retail income				
Group 1	0.1783	-	0.1783**	0.1890
Group 2	0.0537	0.1246	0.1783**	0.1890
Institutional income				
Group 1	0.2356	-	0.2356**	0.2337
Group 2	0.0844	0.1512	0.2356**	0.2337
Standard Life income				
Group 1	0.1690	-	0.1690**	-
Group 2	-	-	-	-
Standard Life accumulation				
Group 1	0.5263	-	0.5263*	0.4822
Group 2	0.4309	0.0954	0.5263*	0.4822
Platform 1 accumulation				
Group 1	0.2686	-	0.2686*	0.2636
Group 2	0.1288	0.1398	0.2686*	0.2636
Platform 1 income				
Group 1	0.2366	-	0.2366**	0.2359
Group 2	0.1273	0.1093	0.2366**	0.2359

* Distribution accumulated on 31 August 2017

** Distribution paid on 31 October 2017

Standard Life Investment Company

Annual Report & Financial Statements

Short Duration Credit Fund

Distribution Tables (Continued)

for the three months ended 30 November 2017

Group 1 - shares purchased prior to 1 September 2017

Group 2 - shares purchased between 1 September 2017 and 30 November 2017

	Net Income 2017 pence per share	Equalisation 2017 pence per share	Distribution paid 2017 pence per share	Distribution paid 2016 pence per share
Retail accumulation				
Group 1	0.2795	-	0.2795*	0.2937
Group 2	0.1411	0.1384	0.2795*	0.2937
Institutional accumulation				
Group 1	0.3937	-	0.3937*	0.3808
Group 2	0.2161	0.1776	0.3937*	0.3808
Retail income				
Group 1	0.1719	-	0.1719**	0.1850
Group 2	0.0595	0.1124	0.1719**	0.1850
Institutional income				
Group 1	0.2296	-	0.2296**	0.2292
Group 2	0.1134	0.1162	0.2296**	0.2292
Standard Life income				
Group 1	0.1625	-	0.1625**	-
Group 2	-	-	-	-
Standard Life accumulation				
Group 1	0.5150	-	0.5150*	0.5104
Group 2	0.3947	0.1203	0.5150*	0.5104
Platform 1 accumulation				
Group 1	0.2609	-	0.2609*	0.2602
Group 2	0.1736	0.0873	0.2609*	0.2602
Platform 1 income				
Group 1	0.2286	-	0.2286**	0.2301
Group 2	0.1049	0.1237	0.2286**	0.2301

* Distribution accumulated on 30 November 2017

** Distribution paid on 31 January 2018

Standard Life Investment Company

Annual Report & Financial Statements

Short Duration Credit Fund

Distribution Tables (Continued)

for the three months ended 28 February 2018

Group 1 - shares purchased prior to 1 December 2017

Group 2 - shares purchased between 1 December 2017 and 28 February 2018

	Net Income 2018 pence per share	Equalisation 2018 pence per share	Distribution payable 2018 pence per share	Distribution paid 2017 pence per share
Retail accumulation				
Group 1	0.2466	-	0.2466*	0.3072
Group 2	0.0894	0.1572	0.2466*	0.3072
Institutional accumulation				
Group 1	0.3575	-	0.3575*	0.4195
Group 2	0.1310	0.2265	0.3575*	0.4195
Retail income				
Group 1	0.1515	-	0.1515**	0.1900
Group 2	0.0666	0.0849	0.1515**	0.1900
Institutional income				
Group 1	0.2079	-	0.2079**	0.2458
Group 2	0.1332	0.0747	0.2079**	0.2458
Standard Life income				
Group 1	0.1580	-	0.1580**	-
Group 2	-	-	-	-
Standard Life accumulation				
Group 1	0.4810	-	0.4810*	0.4950
Group 2	0.1064	0.3746	0.4810*	0.4950
Platform 1 accumulation				
Group 1	0.2379	-	0.2379*	0.2794
Group 2	0.1199	0.1180	0.2379*	0.2794
Platform 1 income				
Group 1	0.2076	-	0.2076**	0.2457
Group 2	0.0926	0.1150	0.2076**	0.2457

* Distribution accumulated on 28 February 2018

** Distribution payable on 30 April 2018

Standard Life Investment Company

Annual Report & Financial Statements

UK Equity Growth Fund

Investment Report

Fund Information	
Fund Manager	Iain Pyle
Launch Date	1 May 1986
Benchmark	IA UK All Companies Sector

Investment objective

The objective of the Fund is to provide capital appreciation. It is intended that income will not be a prime consideration.

Investment policy

The investment policy of the Fund is to invest mostly in equities and equity type investments of companies listed on a UK stock exchange or which, in the opinion of the ACD, carry on a substantial part of their operations in the UK. "Equity type investments" will include convertible stocks, stock exchange listed warrants, Depositary Receipts and any other such investments which entitle the holder to subscribe for or convert into the equity of the company and/or where the share price performance is, in the opinion of the ACD, influenced significantly by the stock market performance of the company's ordinary shares. The Fund may also invest in other transferable securities, money-market instruments, deposits, cash and near cash, derivatives and collective investment schemes.

Risk

The concentrated nature of the portfolio makes it suitable for investors who are willing to accept a relatively high degree of stock specific risk. The investor must be able to accept significant temporary losses due to the volatile nature of equity markets, and should therefore have an investment time horizon of at least 5 years.

Performance

During the period under review, the Fund returned 6.71% compared with the IA UK All Companies sector average return of 6.73% (source: Morningstar, basic-rate taxpayer, platform one share class, bid-to-bid basis).

The Fund marginally underperformed its peer group over the last year. Pharmaceutical company Shire made the largest negative contribution towards returns, given concerns around its positioning in the haemophilia market and its long-term strategy. Although these concerns were valid, we believed that the shares priced in a worst-case scenario and therefore looked good value. Construction company Kier Group also detracted from returns, as its shares fell back towards the end of 2017 because of concerns around the performance of UK property. Serviced office provider IWG was another underperformer when it warned over profits because of a weaker environment for London office rentals, with increasing competition and slowing demand.

On the upside, Emirates-based healthcare chain NMC Health added to returns over the year, with the announcement of further expansion into Saudi Arabia moving the stock higher. Drinks company Fever-Tree was another strong performer, as it continued to deliver robust growth and win market share. In the mining sector, Anglo American and Glencore were positive as commodity prices rose. We subsequently took profits in both positions. Finally, UK housebuilder Bellway performed well as it continued to post solid results. A cut in stamp duty for first-time buyers also helped.

Activity

Activity during the period included starting a holding in IQE, which makes compound semiconductors used in 3D visual sensors. Its stock is highly rated but the company can grow revenues significantly, as it expands capacity. We also invested in medical equipment manufacturer Smith & Nephew following a positive meeting with the chief financial officer. The company has the ability to increase margins and deliver improved growth from Asia. Elsewhere, we added to our holding in Standard Chartered, where a management change is starting to drive results, and British American Tobacco, where the development of next-generation products offers potential for increased profitability.

Turning to sales, we exited our position in cruise ship company Carnival. Its shares had performed well and reflected more optimistic views on cruise demand and rates. We also sold drinks giant Diageo as its stock became fully valued and we preferred exposure to the consumer staples sector elsewhere. Meanwhile, we sold advertising company WPP after a profit warning. It continues to struggle in the face of a structural decline in the use of advertising agencies and the transition to online marketing.

Standard Life Investment Company

Annual Report & Financial Statements

UK Equity Growth Fund

Investment Report (Continued)

Synthetic Risk & Reward Indicator



This indicator reflects the volatility of the Fund’s share price over the last five years which in turn reflects the volatility of the underlying assets in which the Fund invests. Historical data may not be a reliable indication of the future.

The current rating, which is the same for all share classes, is not guaranteed and may change if the volatility of the assets in which the Fund invests changes. The lowest rating does not mean risk free.

All investment involves risk. This Fund offers no guarantee against loss or that the Fund’s objective will be attained.

For further information on the risks that may not be fully captured by the risk and reward indicator, please request the current Key Investor Information Document (KIID).

Cautionary note

It should be remembered that past performance is not a guide to future performance. The value of investments may go down as well as up and, therefore, investors may not get back the amount originally invested.

Standard Life Investment Company

Annual Report & Financial Statements

UK Equity Growth Fund

Comparative Tables

	2018 pence per share	2017 pence per share	2016 pence per share
Retail accumulation			
Change in net assets per share			
Opening net asset value per share	320.79	279.57	305.07
Return before operating charges*	20.31	45.07	(20.77)
Operating charges**	(4.44)	(3.85)	(4.73)
Return after operating charges*	15.87	41.22	(25.50)
Distributions	(7.45)	(7.77)	(5.90)
Retained distributions on accumulation share	7.45	7.77	5.90
Closing net asset value per share	336.66	320.79	279.57
* after direct transaction costs of:***	0.77	0.43	0.40
Performance+			
Return after charges	4.95%	14.74%	-8.36%
Other information			
Closing net asset value (£'000)	97,856	102,038	99,831
Closing number of shares	29,067,158	31,808,234	35,708,486
Operating charges****	1.32%	1.32%	1.60%
Direct transaction costs***	0.23%	0.15%	0.14%
Prices			
Highest share price	361.5	323.0	315.7
Lowest share price	318.5	246.2	252.6

** The operating charges include all costs borne by the Fund, except for direct transaction costs.

*** The direct transaction costs are made up of: fees and commissions paid to agents, advisers, brokers and dealers, levies by regulatory agencies and securities exchanges as well as transfer taxes and duties.

**** The operating charges percentage is the equivalent of the ongoing charges figure per the prior year accounts. It shows the annualised operating expenses of the share class as a percentage of the average net asset value of the class over the same period. The ACD periodic charge was reduced from 1.50% to 1.30% which became effective on 1 April 2016. The Registrar fees of 0.08% also ceased to be charged effective 1 April 2016.

+ The performance figures are calculated by taking the value of the shareclass per the financial statements compared to the value per the financial statements in the prior year. This figure may differ from the performance figure quoted in the Investment Report. The Investment Report performance figure is calculated using the last available published price for a given shareclass in the period compared to the equivalent for the prior period. The published price may contain an adjustment for dilution in accordance with the Fund pricing policy, while the price per the financial statements values the Fund on a bid-price basis. The financial statements shareclass valuation is based on close of business market prices on the last day of the period, again this may differ from the intra-day pricing point of the Fund which is used in the published shareclass price.

Standard Life Investment Company

Annual Report & Financial Statements

UK Equity Growth Fund

Comparative Tables (Continued)

	2018 pence per share	2017 pence per share	2016 pence per share
Institutional accumulation			
Change in net assets per share			
Opening net asset value per share	373.67	324.06	350.97
Return before operating charges*	23.67	52.49	(24.01)
Operating charges**	(3.34)	(2.88)	(2.90)
Return after operating charges*	20.33	49.61	(26.91)
Distributions	(10.54)	(10.71)	(9.37)
Retained distributions on accumulation share	10.54	10.71	9.37
Closing net asset value per share	394.00	373.67	324.06
* after direct transaction costs of:***	0.90	0.49	0.44
Performance+			
Return after charges	5.44%	15.31%	-7.67%
Other information			
Closing net asset value (£'000)	114,211	112,234	107,976
Closing number of shares	28,987,527	30,034,976	33,319,754
Operating charges****	0.85%	0.85%	0.85%
Direct transaction costs***	0.23%	0.14%	0.13%
Prices			
Highest share price	422.8	376.2	363.9
Lowest share price	371.2	285.9	292.7

** The operating charges include all costs borne by the Fund, except for direct transaction costs.

*** The direct transaction costs are made up of: fees and commissions paid to agents, advisers, brokers and dealers, levies by regulatory agencies and securities exchanges as well as transfer taxes and duties.

**** The operating charges percentage is the equivalent of the ongoing charges figure per the prior year accounts. It shows the annualised operating expenses of the share class as a percentage of the average net asset value of the class over the same period.

+ The performance figures are calculated by taking the value of the shareclass per the financial statements compared to the value per the financial statements in the prior year. This figure may differ from the performance figure quoted in the Investment Report. The Investment Report performance figure is calculated using the last available published price for a given shareclass in the period compared to the equivalent for the prior period. The published price may contain an adjustment for dilution in accordance with the Fund pricing policy, while the price per the financial statements values the Fund on a bid-price basis. The financial statements shareclass valuation is based on close of business market prices on the last day of the period, again this may differ from the intra-day pricing point of the Fund which is used in the published shareclass price.

Standard Life Investment Company

Annual Report & Financial Statements

UK Equity Growth Fund

Comparative Tables (Continued)

	2018 pence per share	2017 pence per share	2016 pence per share
Standard Life income			
Change in net assets per share			
Opening net asset value per share	66.53	59.36	66.25
Return before operating charges*	4.23	9.68	(4.56)
Operating charges**	(0.02)	(0.01)	(0.01)
Return after operating charges*	4.21	9.67	(4.57)
Distributions	(2.48)	(2.50)	(2.32)
Closing net asset value per share	68.26	66.53	59.36
* after direct transaction costs of:***	0.16	0.09	0.09
Performance+			
Return after charges	6.33%	16.29%	-6.90%
Other information			
Closing net asset value (£'000)	1	1	1
Closing number of shares	2,000	2,000	2,000
Operating charges****	0.02%	0.02%	0.02%
Direct transaction costs***	0.23%	0.14%	0.11%
Prices			
Highest share price	75.83	69.46	68.83
Lowest share price	66.18	52.52	55.69

** The operating charges include all costs borne by the Fund, except for direct transaction costs.

*** The direct transaction costs are made up of: fees and commissions paid to agents, advisers, brokers and dealers, levies by regulatory agencies and securities exchanges as well as transfer taxes and duties.

**** The operating charges percentage is the equivalent of the ongoing charges figure per the prior year accounts. It shows the annualised operating expenses of the share class as a percentage of the average net asset value of the class over the same period.

+ The performance figures are calculated by taking the value of the shareclass per the financial statements compared to the value per the financial statements in the prior year. This figure may differ from the performance figure quoted in the Investment Report. The Investment Report performance figure is calculated using the last available published price for a given shareclass in the period compared to the equivalent for the prior period. The published price may contain an adjustment for dilution in accordance with the Fund pricing policy, while the price per the financial statements values the Fund on a bid-price basis. The financial statements shareclass valuation is based on close of business market prices on the last day of the period, again this may differ from the intra-day pricing point of the Fund which is used in the published shareclass price.

Standard Life Investment Company

Annual Report & Financial Statements

UK Equity Growth Fund

Comparative Tables (Continued)

	2018 pence per share	2017 pence per share	2016 pence per share
Standard Life accumulation			
Change in net assets per share			
Opening net asset value per share	120.81	103.98	111.78
Return before operating charges*	7.66	16.94	(7.69)
Operating charges**	(0.13)	(0.11)	(0.11)
Return after operating charges*	7.53	16.83	(7.80)
Distributions	(4.37)	(4.27)	(3.81)
Retained distributions on accumulation share	4.37	4.27	3.81
Closing net asset value per share	128.34	120.81	103.98
* after direct transaction costs of:***	0.29	0.16	0.15
Performance+			
Return after charges	6.23%	16.19%	-6.98%
Other information			
Closing net asset value (£'000)	1,875	1,795	1,558
Closing number of shares	1,460,721	1,485,592	1,498,694
Operating charges****	0.10%	0.10%	0.10%
Direct transaction costs***	0.23%	0.15%	0.14%
Prices			
Highest share price	137.6	121.6	116.1
Lowest share price	120.1	91.98	93.89

** The operating charges include all costs borne by the Fund, except for direct transaction costs.

*** The direct transaction costs are made up of: fees and commissions paid to agents, advisers, brokers and dealers, levies by regulatory agencies and securities exchanges as well as transfer taxes and duties.

**** The operating charges percentage is the equivalent of the ongoing charges figure per the prior year accounts. It shows the annualised operating expenses of the share class as a percentage of the average net asset value of the class over the same period.

+ The performance figures are calculated by taking the value of the shareclass per the financial statements compared to the value per the financial statements in the prior year. This figure may differ from the performance figure quoted in the Investment Report. The Investment Report performance figure is calculated using the last available published price for a given shareclass in the period compared to the equivalent for the prior period. The published price may contain an adjustment for dilution in accordance with the Fund pricing policy, while the price per the financial statements values the Fund on a bid-price basis. The financial statements shareclass valuation is based on close of business market prices on the last day of the period, again this may differ from the intra-day pricing point of the Fund which is used in the published shareclass price.

Standard Life Investment Company

Annual Report & Financial Statements

UK Equity Growth Fund

Comparative Tables (Continued)

	2018 pence per share	2017 pence per share	2016 pence per share
Institutional regulated accumulation			
Change in net assets per share			
Opening net asset value per share	115.52	99.72	107.52
Return before operating charges*	7.29	16.22	(7.38)
Operating charges**	(0.49)	(0.42)	(0.42)
Return after operating charges*	6.80	15.80	(7.80)
Distributions	(3.80)	(3.80)	(3.36)
Retained distributions on accumulation share	3.80	3.80	3.36
Closing net asset value per share	122.32	115.52	99.72
* after direct transaction costs of:***	0.28	0.15	0.14
Performance+			
Return after charges	5.89%	15.84%	-7.25%
Other information			
Closing net asset value (£'000)	3	2	2
Closing number of shares	2,000	2,000	2,000
Operating charges****	0.40%	0.40%	0.40%
Direct transaction costs***	0.23%	0.14%	0.13%
Prices			
Highest share price	131.2	116.3	111.6
Lowest share price	114.8	88.13	90.05

** The operating charges include all costs borne by the Fund, except for direct transaction costs.

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**** The operating charges percentage is the equivalent of the ongoing charges figure per the prior year accounts. It shows the annualised operating expenses of the share class as a percentage of the average net asset value of the class over the same period.

+ The performance figures are calculated by taking the value of the shareclass per the financial statements compared to the value per the financial statements in the prior year. This figure may differ from the performance figure quoted in the Investment Report. The Investment Report performance figure is calculated using the last available published price for a given shareclass in the period compared to the equivalent for the prior period. The published price may contain an adjustment for dilution in accordance with the Fund pricing policy, while the price per the financial statements values the Fund on a bid-price basis. The financial statements shareclass valuation is based on close of business market prices on the last day of the period, again this may differ from the intra-day pricing point of the Fund which is used in the published shareclass price.

Standard Life Investment Company

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UK Equity Growth Fund

Comparative Tables (Continued)

	2018 pence per share	2017 pence per share	2016 pence per share
Platform 1 accumulation			
Change in net assets per share			
Opening net asset value per share	75.85	65.81	71.32
Return before operating charges*	4.81	10.66	(4.89)
Operating charges**	(0.72)	(0.62)	(0.62)
Return after operating charges*	4.09	10.04	(5.51)
Distributions	(2.10)	(2.14)	(1.87)
Retained distributions on accumulation share	2.10	2.14	1.87
Closing net asset value per share	79.94	75.85	65.81
* after direct transaction costs of:***	0.18	0.10	0.09
Performance+			
Return after charges	5.39%	15.26%	-7.73%
Other information			
Closing net asset value (£'000)	11,368	11,948	10,885
Closing number of shares	14,220,474	15,751,888	16,538,292
Operating charges****	0.90%	0.90%	0.90%
Direct transaction costs***	0.23%	0.15%	0.13%
Prices			
Highest share price	85.79	76.36	73.93
Lowest share price	75.35	58.06	59.45

** The operating charges include all costs borne by the Fund, except for direct transaction costs.

*** The direct transaction costs are made up of: fees and commissions paid to agents, advisers, brokers and dealers, levies by regulatory agencies and securities exchanges as well as transfer taxes and duties.

**** The operating charges percentage is the equivalent of the ongoing charges figure per the prior year accounts. It shows the annualised operating expenses of the share class as a percentage of the average net asset value of the class over the same period.

+ The performance figures are calculated by taking the value of the shareclass per the financial statements compared to the value per the financial statements in the prior year. This figure may differ from the performance figure quoted in the Investment Report. The Investment Report performance figure is calculated using the last available published price for a given shareclass in the period compared to the equivalent for the prior period. The published price may contain an adjustment for dilution in accordance with the Fund pricing policy, while the price per the financial statements values the Fund on a bid-price basis. The financial statements shareclass valuation is based on close of business market prices on the last day of the period, again this may differ from the intra-day pricing point of the Fund which is used in the published shareclass price.

Standard Life Investment Company

Annual Report & Financial Statements

UK Equity Growth Fund

Comparative Tables (Continued)

	2018 pence per share	2017 pence per share	2016 pence per share
Institutional A accumulation++			
Change in net assets per share			
Opening net asset value per share	58.17	50.83	50.00
Return before operating charges*	3.68	8.19	0.90
Operating charges**	(0.97)	(0.85)	(0.07)
Return after operating charges*	2.71	7.34	0.83
Distributions	(1.18)	(1.28)	(0.13)
Retained distributions on accumulation share	1.18	1.28	0.13
Closing net asset value per share	60.88	58.17	50.83
* after direct transaction costs of:***	0.14	0.08	0.01
Performance+			
Return after charges	4.66%	14.44%	1.66%
Other information			
Closing net asset value (£'000)	1	1	1
Closing number of shares	2,200	2,200	2,200
Operating charges****	1.60%	1.60%	1.60%
Direct transaction costs***	0.23%	0.15%	0.01%
Prices			
Highest share price	65.41	58.57	50.93
Lowest share price	57.74	44.74	45.92

** The operating charges include all costs borne by the Fund, except for direct transaction costs.

*** The direct transaction costs are made up of: fees and commissions paid to agents, advisers, brokers and dealers, levies by regulatory agencies and securities exchanges as well as transfer taxes and duties.

**** The operating charges percentage is the equivalent of the ongoing charges figure per the prior year accounts. It shows the annualised operating expenses of the share class as a percentage of the average net asset value of the class over the same period.

+ The performance figures are calculated by taking the value of the shareclass per the financial statements compared to the value per the financial statements in the prior year. This figure may differ from the performance figure quoted in the Investment Report. The Investment Report performance figure is calculated using the last available published price for a given shareclass in the period compared to the equivalent for the prior period. The published price may contain an adjustment for dilution in accordance with the Fund pricing policy, while the price per the financial statements values the Fund on a bid-price basis. The financial statements shareclass valuation is based on close of business market prices on the last day of the period, again this may differ from the intra-day pricing point of the Fund which is used in the published shareclass price.

++ Share class launched on 25 January 2016.

Standard Life Investment Company

Annual Report & Financial Statements

UK Equity Growth Fund

Portfolio Statement as at 28 February 2018

Holding	Investment	Market value £'000	Percentage of total net assets
United Kingdom Equities (98.59%)		221,882	98.48
Basic Materials (11.31%)		22,666	10.06
234,876	Anglo American	4,182	1.85
239,990	BHP Billiton	3,561	1.58
1,305,958	Glencore	5,045	2.24
55,066	Johnson Matthey	1,726	0.77
182,973	Rio Tinto	7,183	3.19
131,932	Vedanta Resources	969	0.43
Consumer Goods (14.30%)		40,689	18.05
132,051	Bellway	4,113	1.82
709,895	Boohoo.com	1,318	0.58
290,932	British American Tobacco	12,496	5.55
464,849	Countryside Properties	1,458	0.65
781,046	Dixons Carphone	1,535	0.68
196,309	Fever Tree Drinks	4,872	2.16
134,359	Imperial Brands	3,518	1.56
222,493	Inchcape	1,509	0.67
639,804	JD Sports	2,452	1.09
106,123	Reckitt Benckiser	6,129	2.72
218,997	Redrow	1,289	0.57
Consumer Services (15.44%)		13,813	6.13
822,379	888 Holdings	2,347	1.04
281,138	GVC	2,509	1.11
1,770,436	Ladbroke	2,912	1.29
681,981	Mitchells & Butlers	1,667	0.75
195,010	RELX	2,911	1.29
34,307	Rightmove	1,467	0.65
Financials (23.24%)		49,643	22.03
988,831	Aviva	4,997	2.22
964,603	Barclays	2,059	0.91
242,254	Close Brothers	3,801	1.69
2,034,001	HSBC	14,584	6.47
626,621	John Laing	1,697	0.75
2,690,507	Lloyds Banking	1,851	0.82
42,917	London Stock Exchange	1,728	0.77

Standard Life Investment Company

Annual Report & Financial Statements

UK Equity Growth Fund

Portfolio Statement as at 28 February 2018 (Continued)

Holding	Investment	Market value £'000	Percentage of total net assets
Financials (continued)			
501,149	Onesaving Bank	2,047	0.91
303,899	Phoenix	2,386	1.06
428,097	Prudential	7,834	3.48
506,779	Standard Chartered	4,108	1.82
912,543	Virgin Money	2,551	1.13
Health Care (6.44%)		30,657	13.61
102,538	AstraZeneca	4,896	2.17
104,051	Dechra Pharmaceuticals	2,618	1.16
134,470	Genus	2,931	1.30
464,388	GlaxoSmithKline	6,070	2.69
467,167	Indivior	1,780	0.79
126,658	NMC Healthcare	4,347	1.93
201,188	Shire	6,254	2.78
138,916	Smith & Nephew	1,761	0.79
Industrials (9.85%)		19,117	8.49
192,949	Aggreko	1,442	0.64
341,752	BAE Systems	1,979	0.88
113,335	CRH	2,721	1.21
48,612	Ferguson	2,501	1.11
692,536	IWG	1,623	0.72
212,661	Kier	2,203	0.98
500,867	Polypipe	1,954	0.87
251,189	RPC	2,019	0.90
456,665	Smith (DS)	2,190	0.97
82,273	Vesuvius	485	0.21
Oil & Gas (10.04%)		31,521	13.99
2,503,627	BP	11,895	5.28
750,525	Cairn Energy	1,404	0.62
379,144	Royal Dutch Shell 'A'	8,722	3.87
273,335	Royal Dutch Shell 'B'	6,343	2.82
767,036	Tullow Oil	1,394	0.62
287,685	Wood Group	1,763	0.78

Standard Life Investment Company

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UK Equity Growth Fund

Portfolio Statement as at 28 February 2018 (Continued)

		Market value £'000	Percentage of total net assets
Holding	Investment		
Technology (1.38%)		3,470	1.54
1,233,133	IQE	1,578	0.70
273,313	Sage	1,892	0.84
Telecommunications (4.15%)		6,555	2.91
3,218,133	Vodafone	6,555	2.91
Utilities (2.44%)		3,751	1.67
506,828	National Grid	3,751	1.67
Collective Investment Schemes (0.55%)		2,617	1.16
2,616,917	Standard Life GBP CNAV Liquidity Fund	2,617	1.16
Total Investment assets		224,499	99.64
Net other assets		816	0.36
Total Net Assets		225,315	100.00

All investments are listed on recognised stock exchanges and are approved securities or regulated collective investment schemes within the meaning of the FCA rules unless otherwise stated.

The percentage figures in brackets show the comparative holding as at 28 February 2017.

Standard Life Investment Company

Annual Report & Financial Statements

UK Equity Growth Fund

Financial Statements

Statement of Total Return

for the year ended 28 February 2018

	Notes	£'000	2018 £'000	£'000	2017 £'000
Income:					
Net capital gains	2		6,090		23,618
Revenue	4	8,279		8,820	
Expenses	5	(2,443)		(2,322)	
Interest payable and similar charges	6	0		(1)	
Net revenue before taxation		5,836		6,497	
Taxation	7	(60)		(92)	
Net revenue after taxation			5,776		6,405
Total return before distributions			11,866		30,023
Distributions	8		(5,776)		(6,405)
Change in net assets attributable to shareholders from investment activities			6,090		23,618

Statement of Change in Net Assets Attributable to Shareholders

for the year ended 28 February 2018

	£'000	2018 £'000	£'000	2017 £'000
Opening net assets attributable to shareholders		228,019		220,254
Amounts receivable on the issue of shares	3,047		9,185	
Amounts payable on the cancellation of shares	(17,471)		(31,213)	
		(14,424)		(22,028)
Dilution adjustment		48		86
Change in net assets attributable to shareholders from investment activities (see above)		6,090		23,618
Retained distribution on accumulation shares		5,582		6,089
Closing net assets attributable to shareholders		225,315		228,019

Standard Life Investment Company

Annual Report & Financial Statements

UK Equity Growth Fund

Financial Statements (Continued)

Balance Sheet

as at 28 February 2018

	Notes	£'000	2018 £'000	£'000	2017 £'000
Assets:					
Fixed assets:					
Investment assets			224,499		226,054
Current assets:					
Debtors	9	1,101		1,414	
Cash and bank balances	10	69		888	
			1,170		2,302
Total assets			225,669		228,356
Liabilities:					
Creditors	11	(354)		(337)	
			(354)		(337)
Total liabilities			(354)		(337)
Net assets attributable to shareholders			225,315		228,019

Standard Life Investment Company

Annual Report & Financial Statements

UK Equity Growth Fund

Notes to the Financial Statements

1 Accounting Policies

Please refer to pages 11 to 12 for note on accounting policies.

2 Net Capital Gains

	2018 £'000	2017 £'000
Non-derivative securities	6,088	23,612
Other gains	5	9
Handling charges taken from the capital account	(3)	(3)
Net capital gains	6,090	23,618

3 Purchases, Sales and Transaction Costs

There are no transaction costs associated with the purchases or sales of bonds, collective investment schemes and derivatives during the year, or in the prior year.

Collective investments operate within the terms of the offer document or prospectus. Typically we do not invest into Funds that require an initial charge to be made. The underlying price contains an estimation of cost known as a dilution levy which is applied from time to time.

During the year the total purchases and sales across different major assets classes are as per below table.

	2018 £'000	2017 £'000
Equity Purchases, Sales and Transaction Costs		
Purchases		
Purchases before transaction costs	91,634	46,018
Commissions	75	47
Taxes & Other Fees	368	209
Total purchase transaction costs	443	256
Purchases including transaction costs	92,077	46,274
Sales		
Gross Sales before transaction costs	101,173	64,448
Commissions	(90)	(68)
Total sale transaction costs	(90)	(68)
Total sales net of transaction costs	101,083	64,380

	2018 % Transaction	2017 % Transaction
Equity Transaction Cost as a % of total Purchases & Sales		
Purchases		
Commissions	0.08%	0.10%
Taxes & Other Fees	0.40%	0.45%
Sales		
Commissions	0.09%	0.11%

Standard Life Investment Company

Annual Report & Financial Statements

UK Equity Growth Fund

Notes to the Financial Statements (Continued)

3 Purchases, Sales and Transaction Costs (continued)

	2018 % Average NAV	2017 % Average NAV
Equity Purchases, Sales Analysis to Average NAV		
Purchases		
Commissions	0.03%	0.02%
Taxes & Other Fees	0.16%	0.10%
Sales		
Commissions	0.04%	0.03%

During the year the total purchases and sales across different major asset classes are as per below table.

	2018 £'000	2017 £'000
Purchase		
Equities	92,077	46,274
Sales		
Equities	101,083	64,380

The Fund suffers a number of explicit costs as disclosed in the notes and Fund history. The Fund also suffers implicit costs an example is market spread, the spread represents the costs of providing liquidity in a market. It therefore is subject to change based on volume, active markets have a lower spread the difference between; bid the price you receive and offer the price you pay.

At the balance sheet date the average portfolio dealing spread (i.e. the spread between bid and offer prices expressed as a percentage of the offer price) was 1.18% (2017: 1.16%), this is representative of the average spread on the assets held during the year.

4 Revenue

	2018 £'000	2017 £'000
UK dividends	7,287	7,758
Overseas dividends	978	1,050
Bank interest	14	12
Total revenue	8,279	8,820

Standard Life Investment Company

Annual Report & Financial Statements

UK Equity Growth Fund

Notes to the Financial Statements (Continued)

5 Expenses

	2018 £'000	2017 £'000
Payable to the Authorised Corporate Director, associates of the Authorised Corporate Director and agents of either of them:		
Authorised Corporate Director's periodic charge	2,286	2,171
Dealing charge	6	6
Registration fees	104	102
	<u>2,396</u>	<u>2,279</u>
Payable to the Depositary or associates of the Depositary, and agents of either of them:		
Depositary's fees	34	29
Safe custody fee	6	6
	<u>40</u>	<u>35</u>
Other:		
Audit fee	7	8
Total expenses	<u>2,443</u>	<u>2,322</u>

6 Interest Payable and Similar Charges

	2018 £'000	2017 £'000
Derivative expense	0	1
Total interest payable & similar charges	<u>0</u>	<u>1</u>

7 Taxation

	2018 £'000	2017 £'000
(a) Analysis of charge in year		
Overseas taxes	60	92
Total current tax (note 7b)	<u>60</u>	<u>92</u>

(b) Factors affecting current tax charge for the year

The tax assessed for the year is lower than the standard rate of corporation tax for Open-Ended Investment Companies 'OEICs' (20%). The differences are explained below:

Net revenue before taxation	5,836	6,497
Corporation tax at 20% (2017: 20%)	1,167	1,300
Effects of:		
Revenue not subject to taxation	(1,653)	(1,552)
Overseas taxes	60	92
Excess allowable expenses	486	462
Non taxable overseas dividends	0	(210)
Current tax charge for year (note 7a)	<u>60</u>	<u>92</u>

Standard Life Investment Company

Annual Report & Financial Statements

UK Equity Growth Fund

Notes to the Financial Statements (Continued)

7 Taxation (continued)

Authorised Open-Ended Investment Companies are exempt from tax on capital gains in the UK. Therefore, any capital gain is not included in the above reconciliation.

(c) Factors that may affect future tax charge

At the year end, after offset against revenue taxable on receipt, there is a potential deferred tax asset of £11,457,000 (2017: £10,971,000) due to surplus expenses. It is unlikely that the Fund will generate sufficient taxable profits to utilise these amounts and therefore no deferred tax asset has been recognised in the year or the prior year.

8 Distributions

The distributions takes account of income received on the issue of shares and income deducted on the cancellation of shares and comprise:

	2018 £'000	2017 £'000
Distribution	5,582	6,089
Add: Income deducted on cancellation of shares	234	436
Deduct: Income received on issue of shares	(40)	(120)
Net distribution for the year	5,776	6,405

Details of the distribution per share are set out in this Fund's distribution tables.

9 Debtors

	2018 £'000	2017 £'000
Amounts receivable from the ACD for the issue of shares	11	15
Accrued revenue	1,048	1,360
Foreign withholding tax recoverable	42	39
Total debtors	1,101	1,414

10 Cash and Bank Balances

	2018 £'000	2017 £'000
Cash and bank balances	69	888
Total cash and bank balances	69	888

11 Creditors

	2018 £'000	2017 £'000
Amounts payable to the ACD for cancellation of shares	162	144
Accrued expenses payable to ACD	180	181
Other accrued expenses	8	8
Accrued Expenses payable to the Depository	4	4
Total creditors	354	337

Standard Life Investment Company

Annual Report & Financial Statements

UK Equity Growth Fund

Notes to the Financial Statements (Continued)

12 Related Party Transactions

Standard Life Investments (Mutual Funds) Limited, as Authorised Corporate Director (ACD), is a related party and acts as principal in respect of all transactions of shares in the Fund.

The aggregate monies received through issue and paid on cancellation of shares are disclosed in the statement of change in net assets attributable to shareholders.

Any amounts due from or due to Standard Life Investments (Mutual Funds) Limited at the end of the accounting year are disclosed in notes 9 and 11.

Amounts payable to Standard Life Investments (Mutual Funds) Limited, in respect of periodic charge and registration services, are disclosed in note 5 and any amounts due at the year end in note 11.

The Fund holds 2,616,917 shares (2017: 1,253,906) in Standard Life CNAV Sterling Liquidity Fund as detailed in the portfolio statement, the total purchase cost of these investments during the year was £61,551,000 (2017: £7,486,000), the total sales proceeds were £60,188,000 (2017: £8,145,000).

	2018 £'000	2017 £'000
Transactions during the year with Standard Life Aberdeen group companies are as follows:		
Sale of shares by Fund	907	6,304
Purchase of shares by Fund	4,625	14,234
Distributions made by Fund	2,086	2,883
The percentage value of the Fund held by Standard Life Aberdeen group companies is:	48.0%	44.3%

13 Shares in issue reconciliation

	Opening shares 2017	Creations during the year	Cancellations during the year	Conversions during the year	Closing shares 2018
Retail accumulation	31,808,234	296,034	(2,660,854)	(376,256)	29,067,158
Institutional accumulation	30,034,976	92,186	(1,218,991)	79,356	28,987,527
Standard Life income	2,000	0	0	0	2,000
Standard Life accumulation	1,485,592	42,901	(67,772)	0	1,460,721
Institutional regulated accumulation	2,000	0	0	0	2,000
Platform 1 accumulation	15,751,888	401,893	(3,130,259)	1,196,952	14,220,474
Institutional A accumulation	2,200	0	0	0	2,200

14 Fair Value Hierarchy

	2018 £'000	2018 £'000	2018 £'000	2017 £'000	2017 £'000	2017 £'000
Fair value of investment assets	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
Equities	221,882	0	0	224,800	0	0
Collective Investment Schemes	0	2,617	0	0	1,254	0
Total investment assets	221,882	2,617	0	224,800	1,254	0

Standard Life Investment Company

Annual Report & Financial Statements

UK Equity Growth Fund

Notes to the Financial Statements (Continued)

14 Fair Value Hierarchy (continued)

The three levels of the fair value hierarchy under FRS 102 are described below:

Level 1: Unadjusted quoted market prices in active markets that are accessible at the measurement date for the identical unrestricted assets or liabilities.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices).

Level 3: Inputs for asset or liability that are not based on observable market data (unobservable inputs).

15 Risk Management Policies & Numerical Disclosures

In accordance with the investment objectives, the Fund may hold certain financial instruments. These comprise:

- securities held in accordance with the investment objective and policies;
- cash and short-term debtors and creditors arising directly from operations; and
- derivatives.

The main risks arising from the Fund's financial instruments are market price, foreign currency, interest rate, credit and liquidity risk.

The policies for managing these risks are summarised below and have been applied consistently throughout the year, and prior year.

a. Market price risk

Each Fund's investment portfolio is exposed to market price fluctuation which are monitored by the Fund Manager in pursuance of the investment objectives and policies. Adherence to investment guidelines and to investment and borrowing powers mitigate the risk of excessive exposure to any particular type of security or issuer.

An increase or decrease in market values will therefore have a direct effect on the value of the investment assets in the portfolio and therefore a proportionate effect on the value of the Fund.

A five per cent increase in the value of the Fund's portfolio would have the effect of increasing the return and net assets as at 28 February by £11,224,950 (2017: £11,302,700). A five per cent decrease would have an equal and opposite effect.

b. Foreign currency risk

A proportion of the net assets of the Fund are denominated in currencies other than Sterling, therefore the balance sheet and total returns can be affected by currency movements. In certain circumstances, the Fund Manager may seek to manage exposure to currency movements by using forward currency contracts.

The Fund does not hedge or otherwise seek to avoid currency movement risk on accrued revenue.

Income received in foreign currencies is converted into Sterling at the exchange rates ruling when the income is received.

A five per cent increase in the value of the Fund's foreign currency exposure would have the effect of increasing the return and net assets as at 28 February by £39,850 (2017: £3,400). A five per cent decrease would have an equal and opposite effect.

Currency exposure

The net foreign currency monetary exposure comprises:

	Net foreign currency monetary assets	
	2018 £'000	2017 £'000
Euro	79	49
US Dollar	718	19

Standard Life Investment Company

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UK Equity Growth Fund

Notes to the Financial Statements (Continued)

15 Risk Management Policies & Numerical Disclosures (continued)

c. Interest rate risk

Interest receivable on bank deposits or payable on bank overdrafts will be affected by fluctuations in interest rates. The Fund Manager continuously reviews interest rates and inflation expectations. The assessment of this may result in a change in investment strategy.

In addition, changes to prevailing rates or changes in expectations of future rates may result in an increase or decrease in the value of the securities held. In general, if interest rates rise, the income potential of the Fund also rises but the value of fixed rate securities will decline (along with certain expenses calculated by reference to the assets of the Fund). A decline in interest rates will, in general, have the opposite effect.

The interest rate risk profile of the Fund's net financial assets and liabilities is:

	Floating rate financial assets £'000	Financial assets not carrying interest £'000	Total £'000
2018			
Currency			
Euro	50	29	79
UK Sterling	2,619	221,899	224,518
US Dollar	17	701	718
2017			
Currency			
Euro	49	0	49
UK Sterling	2,074	225,922	227,996
US Dollar	19	0	19

d. Credit risk

All cash exposures are carefully managed to ensure that money is placed on deposit with counterparties that meet the minimum credit rating deemed appropriate for this Fund. In certain circumstances, the Fund Manager may deliberately invest in securities (e.g. corporate bonds) with a well defined and published credit rating. In this case the Fund would be deliberately taking credit risk in order to seek additional rewards.

e. Liquidity risk

The Fund's assets comprise mainly readily realisable securities. The main liabilities of the Fund are the redemption of any shares that investors wish to sell and the settlement of stock purchases. The Fund Manager reviews the cash and liability position continuously, and should an increase in liquidity be required, the Fund Manager will sell securities.

Standard Life Investment Company

Annual Report & Financial Statements

UK Equity Growth Fund

Distribution Tables

for the year ended 28 February 2018

Group 1 - shares purchased prior to 1 March 2017

Group 2 - shares purchased between 1 March 2017 and 28 February 2018

	Net Income 2018 pence per share	Equalisation 2018 pence per share	Distribution payable 2018 pence per share	Distribution paid 2017 pence per share
Retail accumulation				
Group 1	7.4476	-	7.4476*	7.7743
Group 2	3.8709	3.5767	7.4476*	7.7743
Institutional accumulation				
Group 1	10.5372	-	10.5372*	10.7074
Group 2	5.6895	4.8477	10.5372*	10.7074
Standard Life income				
Group 1	2.4750	-	2.4750**	2.4950
Group 2	-	-	-	-
Standard Life accumulation				
Group 1	4.3733	-	4.3733*	4.2689
Group 2	3.1280	1.2453	4.3733*	4.2689
Institutional regulated accumulation				
Group 1	3.7960	-	3.7960*	3.7986
Group 2	-	-	-	-
Platform 1 accumulation				
Group 1	2.0987	-	2.0987*	2.1398
Group 2	1.0318	1.0669	2.0987*	2.1398
Institutional A accumulation				
Group 1	1.1840	-	1.1840*	1.2770
Group 2	-	-	-	-

* Distribution accumulated on 28 February 2018

** Distribution payable on 30 April 2018

Treatment by Corporate Shareholders (Unaudited)

Corporate shareholders should account for the current year's dividend shown in the distribution table as follows:

	Final Dividend Distribution
Treat as a UK corporate dividend	100.00%
Treat as an annual payment net of Income tax at 20%	0.00%

Standard Life Investment Company Annual Report & Financial Statements

UK Equity High Alpha Fund

Investment Report

Fund Information	
Fund Manager	Henry Flockhart
Launch Date	31 January 1992
Benchmark	IA UK All Companies Sector

Investment objective

The objective of the Fund is to maximise returns whilst maintaining a balance between capital appreciation and income.

Investment policy

The investment policy of the Fund is to invest mostly in UK equities and equity type investments of companies listed on the UK stock exchange or which, in the opinion of the ACD, carry on a substantial part of their operations in the UK. "Equity type investments" will include convertible stocks, stock exchange listed warrants, Depositary Receipts and any other such investments which entitle the holder to subscribe for or convert into the equity of the company and/or where the share price performance is, in the opinion of the ACD, influenced significantly by the stock market performance of the company's ordinary shares. The Fund may also invest in fixed interest securities as well as in other transferable securities, money-market instruments, deposits, cash and near cash, derivatives and collective investment schemes.

Risk

The Fund is intended for investors who wish to participate in the potential capital growth opportunities afforded by investing in an actively managed portfolio of mainly UK equities. The diversified nature of the portfolio makes it suitable for investors wishing to achieve a broad spread of UK equity exposure. The investor must be able to accept significant temporary losses due to the volatile nature of equity markets, and should therefore have an investment time horizon of at least 5 years.

Performance

During the period under review, the Fund returned 11.62%, compared to the IA UK All Companies sector average return of 6.73% (source: Morningstar, basic-rate taxpayer, platform one share class, bid-to-bid basis).

Online gambling group GVC Holdings and betting firm Ladbrokes Coral were among the Fund's best performers during the year when the former bid for the latter at a significant share price premium. GVC believes the combined group will be able to generate superior growth in addition to cost synergies. British bank Aldermore Group also made a positive contribution to returns after it agreed to a recommended cash offer from FirstRand. Elsewhere, fashion retailer SuperGroup added to returns when it benefited from the reappraisal of its long-term growth potential on its expansion overseas and brand extension into sports leisure products.

Turning to the negatives, Dixons Carphone was the largest detractor from performance. Trading in the group's core Curry's brand was resilient but the lack of a new 'feature' phone from Apple or Samsung led to a cut in earnings forecasts from Carphone Warehouse. Shire also hurt returns after the biopharmaceuticals company announced a strategy review into the neuroscience business. Finally, car dealership Lookers detracted from returns. Investors became increasingly concerned over trading resilience compounded by the impact of Brexit on consumer confidence and the price of imported autos from Europe.

Activity

We established several new positions during the period, including Charter Court Financial Services and British American Tobacco. At its IPO, Charter Court traded at an attractive discount to peers One Savings Bank and Aldermore. The bank is well-positioned to grow ahead of market expectations, with a well-invested IT system, toughening regulation that increases barriers to entry and a strong market. British American Tobacco shares traded at an attractive discount to its sector peers. We are positive on growth of new-generation products where the company has a lead over peers such as Imperial Tobacco. Meanwhile, we bought metal flow engineering services provider Vesuvius. In our view, investors have underestimated business growth in India and China, and market share gains in the US. Earnings upgrades are likely, with high operational leverage in the business and improved management focus on margins.

Regarding sales, we sold Grainger and Hansteen as the property companies no longer offered an attractive discount to net asset value. We also sold high-street retailer Next after a significant share rally; and software company Sage, after its removal from our winners list.

Standard Life Investment Company

Annual Report & Financial Statements

UK Equity High Alpha Fund

Investment Report (Continued)

Synthetic Risk & Reward Indicator



This indicator reflects the volatility of the Fund’s share price over the last five years which in turn reflects the volatility of the underlying assets in which the Fund invests. Historical data may not be a reliable indication of the future. The current rating, which is the same for all share classes, is not guaranteed and may change if the volatility of the assets in which the Fund invests changes. The lowest rating does not mean risk free.

All investment involves risk. This Fund offers no guarantee against loss or that the Fund’s objective will be attained. For further information on the risks that may not be fully captured by the risk and reward indicator, please request the current Key Investor Information Document (KIID).

Cautionary note

It should be remembered that past performance is not a guide to future performance. The value of investments may go down as well as up and, therefore, investors may not get back the amount originally invested.

Standard Life Investment Company

Annual Report & Financial Statements

UK Equity High Alpha Fund

Comparative Tables

	2018 pence per share	2017 pence per share	2016 pence per share
Retail accumulation			
Change in net assets per share			
Opening net asset value per share	201.76	176.36	186.08
Return before operating charges*	22.42	27.83	(6.74)
Operating charges**	(2.83)	(2.43)	(2.98)
Return after operating charges*	19.59	25.40	(9.72)
Distributions	(6.10)	(5.86)	(5.44)
Retained distributions on accumulation share	6.10	5.86	5.44
Closing net asset value per share	221.35	201.76	176.36
* after direct transaction costs of:***	1.29	1.43	0.84
Performance+			
Return after charges	9.71%	14.40%	-5.22%
Other information			
Closing net asset value (£'000)	57,513	56,504	54,097
Closing number of shares	25,982,641	28,005,376	30,675,269
Operating charges****	1.32%	1.32%	1.61%
Direct transaction costs***	0.60%	0.78%	0.45%
Prices			
Highest share price	235.9	201.8	198.8
Lowest share price	201.2	156.4	156.4

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+ The performance figures are calculated by taking the value of the shareclass per the financial statements compared to the value per the financial statements in the prior year. This figure may differ from the performance figure quoted in the Investment Report. The Investment Report performance figure is calculated using the last available published price for a given shareclass in the period compared to the equivalent for the prior period. The published price may contain an adjustment for dilution in accordance with the Fund pricing policy, while the price per the financial statements values the Fund on a bid-price basis. The financial statements shareclass valuation is based on close of business market prices on the last day of the period, again this may differ from the intra-day pricing point of the Fund which is used in the published shareclass price.

Standard Life Investment Company

Annual Report & Financial Statements

UK Equity High Alpha Fund

Comparative Tables (Continued)

	2018 pence per share	2017 pence per share	2016 pence per share
Institutional accumulation			
Change in net assets per share			
Opening net asset value per share	204.14	177.56	185.90
Return before operating charges*	22.73	28.16	(6.74)
Operating charges**	(1.85)	(1.58)	(1.60)
Return after operating charges*	20.88	26.58	(8.34)
Distributions	(6.19)	(5.91)	(5.45)
Retained distributions on accumulation share	6.19	5.91	5.45
Closing net asset value per share	225.02	204.14	177.56
* after direct transaction costs of:***	1.31	1.45	0.82
Performance+			
Return after charges	10.23%	14.97%	-4.49%
Other information			
Closing net asset value (£'000)	108,606	102,202	94,964
Closing number of shares	48,265,529	50,063,989	53,483,528
Operating charges****	0.85%	0.85%	0.86%
Direct transaction costs***	0.60%	0.78%	0.44%
Prices			
Highest share price	239.7	204.1	199.0
Lowest share price	203.9	153.9	157.40

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Standard Life Investment Company

Annual Report & Financial Statements

UK Equity High Alpha Fund

Comparative Tables (Continued)

	2018 pence per share	2017 pence per share	2016 pence per share
Retail income			
Change in net assets per share			
Opening net asset value per share	95.55	86.17	93.58
Return before operating charges*	10.50	13.38	(3.22)
Operating charges**	(1.32)	(1.17)	(1.48)
Return after operating charges*	9.18	12.21	(4.70)
Distributions	(2.86)	(2.83)	(2.71)
Closing net asset value per share	101.87	95.55	86.17
* after direct transaction costs of:***	0.61	0.69	0.40
Performance+			
Return after charges	9.61%	14.17%	-5.02%
Other information			
Closing net asset value (£'000)	47,248	46,761	45,348
Closing number of shares	46,379,591	48,937,297	52,623,096
Operating charges****	1.32%	1.32%	1.61%
Direct transaction costs***	0.60%	0.78%	0.44%
Prices			
Highest share price	109.0	96.06	99.77
Lowest share price	94.49	73.63	76.83

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UK Equity High Alpha Fund

Comparative Tables (Continued)

	2018 pence per share	2017 pence per share	2016 pence per share
Institutional income			
Change in net assets per share			
Opening net asset value per share	69.47	62.35	67.19
Return before operating charges*	7.65	9.72	(2.32)
Operating charges**	(0.62)	(0.55)	(0.57)
Return after operating charges*	7.03	9.17	(2.89)
Distributions	(2.08)	(2.05)	(1.95)
Closing net asset value per share	74.42	69.47	62.35
* after direct transaction costs of:***	0.44	0.50	0.30
Performance+			
Return after charges	10.12%	14.71%	-4.30%
Other information			
Closing net asset value (£'000)	702	692	498
Closing number of shares	942,915	995,511	799,531
Operating charges****	0.85%	0.85%	0.86%
Direct transaction costs***	0.60%	0.78%	0.45%
Prices			
Highest share price	79.54	69.80	71.77
Lowest share price	68.81	53.37	55.57

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UK Equity High Alpha Fund

Comparative Tables (Continued)

	2018 pence per share	2017 pence per share	2016 pence per share
Standard Life income			
Change in net assets per share			
Opening net asset value per share	110.05	97.65	104.37
Return before operating charges*	12.18	15.75	(3.65)
Operating charges**	(0.03)	(0.02)	(0.03)
Return after operating charges*	12.15	15.73	(3.68)
Distributions	(3.34)	(3.33)	(3.04)
Closing net asset value per share	118.86	110.05	97.65
* after direct transaction costs of:***	0.74	0.77	0.47
Performance+			
Return after charges	11.04%	16.11%	-3.53%
Other information			
Closing net asset value (£'000)	7,939	2	2,076
Closing number of shares	6,679,128	2,000	2,126,410
Operating charges****	0.02%	0.02%	0.03%
Direct transaction costs***	0.60%	0.76%	0.45%
Prices			
Highest share price	126.9	110.5	111.7
Lowest share price	109.3	84.07	86.99

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Standard Life Investment Company

Annual Report & Financial Statements

UK Equity High Alpha Fund

Comparative Tables (Continued)

	2018 pence per share	2017 pence per share	2016 pence per share
Standard Life accumulation			
Change in net assets per share			
Opening net asset value per share	238.89	206.22	214.35
Return before operating charges*	26.68	32.89	(7.89)
Operating charges**	(0.26)	(0.22)	(0.24)
Return after operating charges*	26.42	32.67	(8.13)
Distributions	(7.26)	(6.89)	(6.30)
Retained distributions on accumulation share	7.26	6.89	6.30
Closing net asset value per share	265.31	238.89	206.22
* after direct transaction costs of:***	1.54	1.69	0.98
Performance+			
Return after charges	11.06%	15.84%	-3.79%
Other information			
Closing net asset value (£'000)	512	432	422
Closing number of shares	193,167	181,035	204,832
Operating charges****	0.10%	0.10%	0.11%
Direct transaction costs***	0.60%	0.78%	0.46%
Prices			
Highest share price	282.3	238.2	229.9
Lowest share price	239.2	179.2	182.1

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Standard Life Investment Company

Annual Report & Financial Statements

UK Equity High Alpha Fund

Comparative Tables (Continued)

	2018 pence per share	2017 pence per share	2016 pence per share
Platform 1 accumulation			
Change in net assets per share			
Opening net asset value per share	92.48	80.48	84.32
Return before operating charges*	10.30	12.76	(3.07)
Operating charges**	(0.89)	(0.76)	(0.77)
Return after operating charges*	9.41	12.00	(3.84)
Distributions	(2.80)	(2.68)	(2.47)
Retained distributions on accumulation share	2.80	2.68	2.47
Closing net asset value per share	101.89	92.48	80.48
* after direct transaction costs of:***	0.60	0.65	0.38
Performance+			
Return after charges	10.18%	14.91%	-4.55%
Other information			
Closing net asset value (£'000)	10,594	9,571	9,162
Closing number of shares	10,397,625	10,349,773	11,384,316
Operating charges****	0.90%	0.90%	0.91%
Direct transaction costs***	0.60%	0.77%	0.45%
Prices			
Highest share price	108.5	92.48	90.26
Lowest share price	92.34	69.73	71.36

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Standard Life Investment Company

Annual Report & Financial Statements

UK Equity High Alpha Fund

Comparative Tables (Continued)

	2018 pence per share	2017 pence per share	2016 pence per share
Platform 1 income			
Change in net assets per share			
Opening net asset value per share	80.34	72.14	77.79
Return before operating charges*	8.85	11.24	(2.69)
Operating charges**	(0.76)	(0.67)	(0.70)
Return after operating charges*	8.09	10.57	(3.39)
Distributions	(2.41)	(2.37)	(2.26)
Closing net asset value per share	86.02	80.34	72.14
* after direct transaction costs of:***	0.51	0.58	0.35
Performance+			
Return after charges	10.07%	14.65%	-4.36%
Other information			
Closing net asset value (£'000)	2,058	2,046	1,837
Closing number of shares	2,392,256	2,545,980	2,546,676
Operating charges****	0.90%	0.90%	0.91%
Direct transaction costs***	0.60%	0.78%	0.46%
Prices			
Highest share price	91.95	80.73	83.08
Lowest share price	79.56	61.74	64.29

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Standard Life Investment Company

Annual Report & Financial Statements

UK Equity High Alpha Fund

Portfolio Statement as at 28 February 2018

		Market value £'000	Percentage of total net assets
Holding	Investment		
UK Equities (95.94%)		229,489	97.58
Basic Materials (12.28%)		22,268	9.47
167,754	Anglo American	2,987	1.27
308,482	BHP Billiton	4,578	1.95
1,546,787	Glencore	5,975	2.54
35,236	Johnson Matthey	1,104	0.47
175,616	Rio Tinto	6,894	2.93
154,312	Synthomer	730	0.31
Consumer Goods (19.82%)		51,021	21.70
74,060	Bellway	2,307	0.98
8,928	British American Tobacco	383	0.16
410,160	Countryside Properties	1,286	0.55
1,587,842	Crest Nicholson	7,558	3.21
4,518,892	Dixons Carphone	8,882	3.78
159,942	Imperial Brands	4,188	1.78
740,422	Inchcape	5,020	2.14
1,528,987	JD Sports	5,859	2.49
5,671,773	Lookers	5,008	2.13
81,832	Reckitt Benckiser	4,726	2.01
126,238	Redrow	743	0.32
108,451	SuperGroup	1,856	0.79
572,089	Tate & Lyle	3,205	1.36
Consumer Services (17.53%)		32,591	13.86
1,407,235	888 Holdings	4,016	1.71
1,056,864	Cineworld	2,503	1.06
4,054,265	Enterprise Inns	5,044	2.14
198,228	Go-Ahead	3,033	1.29
354,073	Greene King	1,848	0.79
615,891	GVC	5,497	2.34
4,107,843	Ladbrokes	6,757	2.87
538,207	Marston's	558	0.24
1,364,732	Mitchells & Butlers	3,335	1.42

Standard Life Investment Company

Annual Report & Financial Statements

UK Equity High Alpha Fund

Portfolio Statement as at 28 February 2018 (Continued)

Holding	Investment	Market value £'000	Percentage of total net assets
Financials (10.41%)		45,950	19.54
2,905,778	Aldermore	9,031	3.84
1,238,414	Aviva	6,259	2.66
242,779	Close Brothers	3,810	1.62
541,154	HSBC	3,880	1.65
3,467,272	Lloyds Banking Group	2,385	1.02
2,449,629	Onesavings Bank	10,004	4.25
151,725	Phoenix	1,191	0.51
323,114	Prudential	5,913	2.51
428,872	Standard Chartered	3,477	1.48
Health Care (8.85%)		9,272	3.94
298,281	Shire	9,272	3.94
Industrials (12.38%)		24,596	10.46
390,888	Aggreko	2,921	1.24
262,583	Howdens Joinery	1,166	0.50
687,963	Mitie Group	1,081	0.46
207,328	Morgan Sindall	2,554	1.09
281,939	Robert Walters	1,878	0.80
1,246,289	RPC	10,018	4.26
271,150	Smith (DS)	1,300	0.55
623,326	Vesuvius	3,678	1.56
Oil & Gas (5.47%)		29,873	12.69
2,100,654	BP	9,980	4.24
654,966	Royal Dutch Shell 'B'	15,198	6.46
716,343	Tullow Oil	1,302	0.55
553,702	Wood Group (John)	3,393	1.44
Technology (3.66%)		0	0.00
Telecommunications (5.54%)		8,397	3.57
4,122,153	Vodafone	8,397	3.57
Utilities (0.00%)		5,521	2.35
745,959	National Grid	5,521	2.35

Standard Life Investment Company

Annual Report & Financial Statements

UK Equity High Alpha Fund

Portfolio Statement as at 28 February 2018 (Continued)

Holding	Investment	Market value £'000	Percentage of total net assets
Collective Investment Schemes (3.79%)		2,513	1.07
2,513,018	Standard Life CNAV Sterling Liquidity Fund	2,513	1.07
Total Investment assets and liabilities		232,002	98.65
Net other assets		3,170	1.35
Total Net Assets		235,172	100.00

All investments are listed on recognised stock exchanges and are approved securities, or regulated collective investment schemes within the meaning of the FCA rules unless otherwise stated.

The percentage figures in brackets show the comparative holding as at 28 February 2017.

Standard Life Investment Company

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UK Equity High Alpha Fund

Financial Statements

Statement of Total Return

for the year ended 28 February 2018

	Notes	£'000	2018 £'000	£'000	2017 £'000
Income:					
Net capital gains	2		17,275		24,741
Revenue	4	6,555		6,717	
Expenses	5	(2,421)		(2,249)	
Interest payable and similar charges		(1)		0	
Net revenue before taxation		4,133		4,468	
Taxation	6	(14)		(28)	
Net revenue after taxation			4,119		4,440
Total return before distributions			21,394		29,181
Distributions	7		(6,494)		(6,646)
Change in net assets attributable to shareholders from investment activities			14,900		22,535

Statement of Change in Net Assets Attributable to Shareholders

for the year ended 28 February 2018

	£'000	2018 £'000	£'000	2017 £'000
Opening net assets attributable to shareholders		218,210		208,405
Amounts receivable on the issue of shares	11,986		9,498	
Amounts payable on the cancellation of shares	(15,008)		(27,309)	
		(3,022)		(17,811)
Dilution adjustment		85		18
Change in net assets attributable to shareholders from investment activities (see above)		14,900		22,535
Retained distribution on accumulation shares		4,999		5,063
Closing net assets attributable to shareholders		235,172		218,210

Standard Life Investment Company

Annual Report & Financial Statements

UK Equity High Alpha Fund

Financial Statements (Continued)

Balance Sheet

as at 28 February 2018

	Notes	£'000	2018 £'000	£'000	2017 £'000
Assets:					
Fixed assets:					
Investment assets			232,002		217,622
Current assets:					
Debtors	8	3,668		1,134	
Cash and bank balances	9	67		234	
			3,735		1,368
Total assets			235,737		218,990
Liabilities:					
Creditors	10	(373)		(440)	
Distribution payable		(192)		(340)	
			(565)		(780)
Total liabilities			(565)		(780)
Net assets attributable to shareholders			235,172		218,210

Standard Life Investment Company

Annual Report & Financial Statements

UK Equity High Alpha Fund

Notes to the Financial Statements

1 Accounting Policies

Please refer to pages 11 to 12 for note on accounting policies.

2 Net Capital Gains

	2018 £'000	2017 £'000
Non-derivative securities	17,259	24,740
Other gains	19	5
Handling charges taken from the capital account	(3)	(4)
Net capital gains	17,275	24,741

3 Purchases, Sales and Transaction Costs

There are no transaction costs associated with the purchases or sales of bonds, collective investment schemes and derivatives during the year, or in the prior year.

Collective investments operate within the terms of the offer document or prospectus. Typically we do not invest into Funds that require an initial charge to be made. The underlying price contains an estimation of cost known as a dilution levy which is applied from time to time.

Bonds are dealt on a spread agreed between buyer and seller with reference to the expected cashflows and current credit profiles.

Derivatives are dealt on a spread agreed between buyer and seller with reference to the underlying investment.

During the year the total purchases and sales across different major assets classes are as per below table.

	2018 £'000	2017 £'000
Equity Purchases, Sales and Transaction Costs		
Purchases		
Purchases before transaction costs	223,507	244,640
Commissions	196	246
Taxes & Other Fees	994	1,083
Total purchase transaction costs	1,190	1,329
Purchases including transaction costs	224,697	245,969
Sales		
Gross Sales before transaction costs	222,011	263,654
Commissions	(185)	(289)
Taxes & Other Fees	(1)	(1)
Total sale transaction costs	(186)	(290)
Total sales net of transaction costs	221,825	263,364

Standard Life Investment Company

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UK Equity High Alpha Fund

Notes to the Financial Statements (Continued)

3 Purchases, Sales and Transaction Costs (continued)

	2018 % Transaction	2017 % Transaction
Equity Transaction Cost as a % of total Purchases & Sales		
Purchases		
Commissions	0.09%	0.10%
Taxes & Other Fees	0.44%	0.44%
Sales		
Commissions	0.08%	0.11%
Taxes & Other Fees	0.00%	0.00%
	2018 % Average NAV	2017 % Average NAV
Equity Purchases, Sales Analysis to Average NAV		
Purchases		
Commissions	0.08%	0.12%
Taxes & Other Fees	0.44%	0.52%
Sales		
Commissions	0.08%	0.14%
Taxes & Other Fees	0.00%	0.00%

During the year the total purchases and sales across different major asset classes are as per below table.

	2018 £'000	2017 £'000
Purchase		
Equities	224,697	150,438
Sales		
Equities	221,825	204,284

The Fund suffers a number of explicit costs as disclosed in the notes and Fund history. The Fund also suffers implicit costs an example is market spread, the spread represents the costs of providing liquidity in a market. It therefore is subject to change based on volume, active markets have a lower spread the difference between; bid the price you receive and offer the price you pay.

At the balance sheet date the average portfolio dealing spread (i.e. the spread between bid and offer prices expressed as a percentage of the offer price) was 1.16% (2017: 1.15%), this is representative of the average spread on the assets held during the year.

Standard Life Investment Company

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UK Equity High Alpha Fund

Notes to the Financial Statements (Continued)

4 Revenue

	2018 £'000	2017 £'000
UK dividends	5,671	6,034
Overseas dividends	857	653
Bank interest	27	30
Total revenue	6,555	6,717

5 Expenses

	2018 £'000	2017 £'000
Payable to the ACD, associates of the ACD and agents of either of them:		
ACD's periodic charge	2,272	2,107
Dealing charge	6	6
Registration fees	97	94
	2,375	2,207
Payable to the Depositary or associates of the Depositary, and agents of either of them:		
Depositary's fees	34	28
Safe custody fees	5	5
	39	33
Other:		
Audit fee	7	8
Legal expenses	0	1
	7	9
Total expenses	2,421	2,249

Standard Life Investment Company

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UK Equity High Alpha Fund

Notes to the Financial Statements (Continued)

6 Taxation

	2018 £'000	2017 £'000
(a) Analysis of charge in year		
Overseas taxes	14	28
Total current tax (note 6b)	14	28
(b) Factors affecting current tax charge for the year		
The tax assessed for the year is lower than the standard rate of corporation tax for Open-Ended Investment Companies 'OEICs' (20%). The differences are explained below:		
Net revenue before taxation	4,133	4,468
Corporation tax at 20% (2017: 20%)	827	894
Effects of:		
Revenue not subject to taxation	(1,300)	(1,338)
Excess allowable expenses	473	444
Overseas withholding tax	14	28
Current tax charge for year (note 6a)	14	28

Authorised Open-Ended Investment Companies are exempt from tax on capital gains in the UK. Therefore, any capital gain is not included in the above reconciliation.

(c) Factors that may affect future tax charge

At the year end, after offset against revenue taxable on receipt, there is a potential deferred tax liability of £2,792,000 (2017: £2,319,000) due to surplus expenses. It is unlikely that the Fund will generate sufficient taxable profits to utilise these amounts and therefore no deferred tax liability has been recognised in the year or the prior year.

7 Distributions

The distributions takes account of income received on the issue of shares and income deducted on the cancellation of shares and comprise:

	2018 £'000	2017 £'000
First interim distribution	1,844	2,594
Second interim distribution	2,058	1,200
Third interim distribution	1,825	1,285
Final distribution	775	1,489
	6,502	6,568
Add: Income deducted on cancellation of shares	48	98
Deduct: Income received on issue of shares	(56)	(20)
Net distribution for the year	6,494	6,646

Details of the distribution per share are set out in this Fund's distribution tables.

Standard Life Investment Company

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UK Equity High Alpha Fund

Notes to the Financial Statements (Continued)

8 Debtors

	2018 £'000	2017 £'000
Amounts receivable from the ACD for the issue of shares	41	565
Sales awaiting settlement	3,098	386
Accrued revenue	500	672
Foreign withholding tax recoverable	29	20
Total debtors	3,668	1,134

9 Cash and Bank Balances

	2018 £'000	2017 £'000
Cash and bank balances	67	234
Total cash and bank balances	67	234

10 Creditors

	2018 £'000	2017 £'000
Amounts payable to the ACD for cancellation of shares	177	252
Accrued expenses payable to the ACD	184	176
Accrued expenses payable to the Depositary or associates of the Depositary	4	4
Other accrued expenses	8	8
Total creditors	373	440

11 Related Party Transactions

Standard Life Investments (Mutual Funds) Limited, as Authorised Corporate Director (ACD), is a related party and acts as principal in respect of all transactions of shares in the Fund.

The aggregate monies received through issue and paid on cancellation of shares are disclosed in the statement of change in net assets attributable to shareholders.

Any amounts due from or due to Standard Life Investments (Mutual Funds) Limited at the end of the accounting year are disclosed in notes 8 and 10.

Amounts payable to Standard Life Investments (Mutual Funds) Limited, in respect of periodic charge and registration services, are disclosed in note 5 and any amounts due at the year end in note 10.

The Fund holds 2,513,018 shares (2017: 8,263,020) in Standard Life CNAV Sterling Liquidity Fund as detailed in the portfolio statement, the total purchase cost of these investments during the year was £104,414,288 (2017: £109,894,000), the total sales proceeds were £110,164,290 (2017: £101,653,000).

	2018 £'000	2017 £'000
Transactions during the year with Standard Life Aberdeen group companies are as follows:		
Sale of shares by Fund	8,164	6,304
Purchase of shares by Fund	4,155	14,234
Distributions made by Fund	2,513	2,883
The percentage value of the Fund held by Standard Life Aberdeen group companies is:	49.8%	44.3%

Standard Life Investment Company

Annual Report & Financial Statements

UK Equity High Alpha Fund

Notes to the Financial Statements (Continued)

12 Shares in issue reconciliation

	Opening shares 2017	Creations during the year	Cancellations during the year	Conversions during the year	Closing shares 2018
Retail accumulation	28,005,376	125,868	(1,918,259)	(230,344)	25,982,641
Institutional accumulation	50,063,989	83,961	(1,968,712)	86,291	48,265,529
Retail income	48,937,297	1,172,338	(3,567,910)	(162,134)	46,379,591
Institutional income	995,511	103,548	(261,091)	104,947	942,915
Standard Life income	2,000	6,677,128	0	0	6,679,128
Standard Life accumulation	181,035	24,723	(12,591)	0	193,167
Platform 1 accumulation	10,349,773	1,319,396	(1,558,989)	287,445	10,397,625
Platform 1 income	2,545,980	170,034	(453,369)	129,611	2,392,256

13 Fair Value Hierarchy

	2018 £'000	2018 £'000	2018 £'000	2017 £'000	2017 £'000	2017 £'000
Fair value of investment assets	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
Equities	229,488	0	0	209,359	0	0
Collective Investment Schemes	0	2,513	0	0	8,263	0
Total investment assets	229,488	2,513	0	209,359	8,263	0

The three levels of the fair value hierarchy under FRS 102 are described below:

Level 1: Unadjusted quoted market prices in active markets that are accessible at the measurement date for the identical unrestricted assets or liabilities.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices).

Level 3: Inputs for asset or liability that are not based on observable market data (unobservable inputs).

Standard Life Investment Company

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UK Equity High Alpha Fund

Notes to the Financial Statements (Continued)

14 Risk Management Policies & Numerical Disclosures

In accordance with the investment objectives, the Fund may hold certain financial instruments. These comprise:

- securities held in accordance with the investment objective and policies;
- cash and short-term debtors and creditors arising directly from operations; and
- derivatives.

The main risks arising from the Fund's financial instruments are market price, foreign currency, interest rate, credit and liquidity risk.

The policies for managing these risks are summarised below and have been applied consistently throughout the year, and prior year.

a. Market price risk

Each Fund's investment portfolio is exposed to market price fluctuation which are monitored by the Fund Manager in pursuance of the investment objectives and policies. Adherence to investment guidelines and to investment and borrowing powers mitigate the risk of excessive exposure to any particular type of security or issuer.

An increase or decrease in market values will therefore have a direct effect on the value of the investment assets in the portfolio and therefore a proportionate effect on the value of the Fund.

A five per cent increase in the value of the Fund's portfolio would have the effect of increasing the return and net assets as at 28 February by £11,600,100 (2017: £10,881,100). A five per cent decrease would have an equal and opposite effect.

b. Foreign currency risk

A proportion of the net assets of the Fund are denominated in currencies other than Sterling, therefore the balance sheet and total returns can be affected by currency movements. In certain circumstances, the Fund Manager may seek to manage exposure to currency movements by using forward currency contracts.

The Fund does not hedge or otherwise seek to avoid currency movement risk on accrued revenue.

Income received in foreign currencies is converted into Sterling at the exchange rates ruling when the income is received.

A five per cent increase in the value of the Fund's foreign currency exposure would have the effect of increasing the return and net assets as at 28 February by £24,900 (2017: £3,100). A five per cent decrease would have an equal and opposite effect.

Currency exposure

An increase or decrease in a particular foreign currency exchange rate will have a proportionate effect on the value of the Fund. The Fund's net foreign currency exposure is shown in the table below.

A proportion of the net assets of the Fund are denominated in currencies other than Sterling, therefore the balance sheet and total returns can be affected by currency movements. In certain circumstances, the Fund Manager may seek to manage exposure to currency movements by using forward currency contracts.

The Fund does not hedge or otherwise seek to avoid currency movement risk on accrued revenue.

Income received in foreign currencies is converted into Sterling at the exchange rates ruling when the income is received.

An increase or decrease in a particular foreign currency exchange rate will have a proportionate effect on the value of the Fund.

The net foreign currency monetary exposure comprises:

	Net foreign currency monetary assets	
	2018	2017
	£'000	£'000
Euro	91	59
US Dollar	407	3

Standard Life Investment Company

Annual Report & Financial Statements

UK Equity High Alpha Fund

Notes to the Financial Statements (Continued)

14 Risk Management Policies & Numerical Disclosures (continued)

c. Interest rate risk

Interest receivable on bank deposits or payable on bank overdrafts will be affected by fluctuations in interest rates. The Fund Manager continuously reviews interest rates and inflation expectations. The assessment of this may result in a change in investment strategy.

In addition, changes to prevailing rates or changes in expectations of future rates may result in an increase or decrease in the value of the securities held. In general, if interest rates rise, the income potential of the Fund also rises but the value of fixed rate securities will decline (along with certain expenses calculated by reference to the assets of the Fund). A decline in interest rates will, in general, have the opposite effect.

The interest rate risk profile of the Fund's net financial assets and liabilities is:

	Floating rate financial assets £'000	Financial assets not carrying interest £'000	Total £'000
2018			
Currency			
UK Sterling	2,515	232,159	234,674
Euro	62	29	91
US Dollar	4	403	407
2017			
Currency			
UK Sterling	8,435	209,713	218,148
Euro	59	0	59
US Dollar	3	0	3

d. Credit risk

All cash exposures are carefully managed to ensure that money is placed on deposit with counterparties that meet the minimum credit rating deemed appropriate for this Fund. In certain circumstances, the Fund Manager may deliberately invest in securities (e.g. corporate bonds) with a well defined and published credit rating. In this case the Fund would be deliberately taking credit risk in order to seek additional rewards.

This Fund holds term deposits. This type of transaction gives rise to counterparty risk whereby the other party to the transaction may fail to fulfil their contractual obligations. Effective monitoring of counterparty credit risk is an important element of the management of the Fund, using the experience of the ACD's Credit Committee to carefully review counterparties transacted with.

e. Liquidity risk

The Fund's assets comprise mainly readily realisable securities. The main liabilities of the Fund are the redemption of any shares that investors wish to sell and the settlement of stock purchases. The Fund Manager reviews the cash and liability position continuously, and should an increase in liquidity be required, the Fund Manager will sell securities.

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UK Equity High Alpha Fund

Distribution Tables

for the three months ended 31 May 2017

Group 1 - shares purchased prior to 1 March 2017

Group 2 - shares purchased between 1 March 2017 and 31 May 2017

	Net Income 2017 pence per share	Equalisation 2017 pence per share	Distribution paid 2017 pence per share	Distribution paid 2016 pence per share
Retail accumulation				
Group 1	1.7237	-	1.7237*	2.2438
Group 2	1.0262	0.6975	1.7237*	2.2438
Institutional accumulation				
Group 1	1.7451	-	1.7451*	2.2609
Group 2	1.1553	0.5898	1.7451*	2.2609
Retail income				
Group 1	0.8159	-	0.8159**	1.0965
Group 2	0.3275	0.4884	0.8159**	1.0965
Institutional income				
Group 1	0.5937	-	0.5937**	0.7939
Group 2	0.3905	0.2032	0.5937**	0.7939
Standard Life income				
Group 1	0.9431	-	0.9431**	1.3339
Group 2	-	-	-	1.3339
Standard Life accumulation				
Group 1	2.0443	-	2.0443*	2.6281
Group 2	1.9595	0.0848	2.0443*	2.6281
Platform 1 accumulation				
Group 1	0.7904	-	0.7904*	1.0246
Group 2	0.5462	0.2442	0.7904*	1.0246
Platform 1 income				
Group 1	0.6864	-	0.6864**	0.9184
Group 2	0.3649	0.3215	0.6864**	0.9184

* Distribution accumulated on 31 May 2017

** Distribution paid on 31 July 2017

Standard Life Investment Company

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UK Equity High Alpha Fund

Distribution Tables (Continued)

for the three months ended 31 August 2017

Group 1 - shares purchased prior to 1 June 2017

Group 2 - shares purchased between 1 June 2017 and 31 August 2017

	Net Income 2017 pence per share	Equalisation 2017 pence per share	Distribution paid 2017 pence per share	Distribution paid 2016 pence per share
Retail accumulation				
Group 1	1.9394	-	1.9394*	1.0688
Group 2	1.3991	0.5403	1.9394*	1.0688
Institutional accumulation				
Group 1	1.9663	-	1.9663*	1.0784
Group 2	0.5783	1.3880	1.9663*	1.0784
Retail income				
Group 1	0.9112	-	0.9112**	0.5158
Group 2	0.5978	0.3134	0.9112**	0.5158
Institutional income				
Group 1	0.6638	-	0.6638**	0.3741
Group 2	0.4164	0.2474	0.6638**	0.3741
Standard Life income				
Group 1	1.0591	-	1.0591**	0.5899
Group 2	-	-	-	-
Standard Life accumulation				
Group 1	2.3084	-	2.3084*	1.2567
Group 2	1.8823	0.4261	2.3084*	1.2567
Platform 1 accumulation				
Group 1	0.8907	-	0.8907*	0.4887
Group 2	0.6263	0.2644	0.8907*	0.4887
Platform 1 income				
Group 1	0.7672	-	0.7672**	0.4327
Group 2	0.5161	0.2511	0.7672**	0.4327

* Distribution accumulated on 31 August 2017

** Distribution paid on 31 October 2017

Standard Life Investment Company

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UK Equity High Alpha Fund

Distribution Tables (Continued)

for the three months ended 30 November 2017

Group 1 - shares purchased prior to 1 September 2017

Group 2 - shares purchased between 1 September 2017 and 30 November 2017

	Net Income 2017 pence per share	Equalisation 2017 pence per share	Distribution paid 2017 pence per share	Distribution paid 2016 pence per share
Retail accumulation				
Group 1	1.7101	-	1.7101*	1.1677
Group 2	0.9830	0.7271	1.7101*	1.1677
Institutional accumulation				
Group 1	1.7355	-	1.7355*	1.1795
Group 2	0.1819	1.5536	1.7355*	1.1795
Retail income				
Group 1	0.7958	-	0.7958**	0.5604
Group 2	0.2862	0.5096	0.7958**	0.5604
Institutional income				
Group 1	0.5796	-	0.5796**	0.4067
Group 2	0.2175	0.3621	0.5796**	0.4067
Standard Life income				
Group 1	0.9400	-	0.9400**	0.6444
Group 2	0.1040	0.8360	0.9400**	0.6444
Standard Life accumulation				
Group 1	2.0397	-	2.0397*	1.3763
Group 2	1.3514	0.6883	2.0397*	1.3763
Platform 1 accumulation				
Group 1	0.7860	-	0.7860*	0.5345
Group 2	0.3733	0.4127	0.7860*	0.5345
Platform 1 income				
Group 1	0.6710	-	0.6710**	0.4705
Group 2	0.1610	0.5100	0.6710**	0.4705

* Distribution accumulated on 30 November 2017

** Distribution paid on 31 January 2018

Standard Life Investment Company

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UK Equity High Alpha Fund

Distribution Tables (Continued)

for the three months ended 28 February 2018

Group 1 - shares purchased prior to 1 December 2017

Group 2 - shares purchased between 1 December 2017 and 28 February 2018

	Net Income 2018 pence per share	Equalisation 2018 pence per share	Distribution payable 2018 pence per share	Distribution paid 2017 pence per share
Retail accumulation				
Group 1	0.7283	-	0.7283*	1.3754
Group 2	0.5065	0.2218	0.7283*	1.3754
Institutional accumulation				
Group 1	0.7397	-	0.7397*	1.3909
Group 2	0.4423	0.2974	0.7397*	1.3909
Retail income				
Group 1	0.3365	-	0.3365**	0.6559
Group 2	0.1960	0.1405	0.3365**	0.6559
Institutional income				
Group 1	0.2469	-	0.2469**	0.4766
Group 2	0.1918	0.0551	0.2469**	0.4766
Standard Life income				
Group 1	0.3966	-	0.3966**	0.7572
Group 2	0.3252	0.0714	0.3966**	-
Standard Life accumulation				
Group 1	0.8723	-	0.8723*	1.6262
Group 2	0.6434	0.2289	0.8723*	1.6262
Platform 1 accumulation				
Group 1	0.3355	-	0.3355*	0.6301
Group 2	0.1755	0.1600	0.3355*	0.6301
Platform 1 income				
Group 1	0.2841	-	0.2841**	0.5513
Group 2	0.1429	0.1412	0.2841**	0.5513

* Distribution accumulated on 28 February 2018

** Distribution payable on 30 April 2018

Standard Life Investment Company

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UK Equity High Alpha Fund

Distribution Tables (Continued)

Treatment by Corporate Shareholders (Unaudited)

Corporate shareholders should account for the current year's dividends shown in the distribution table as follows:

	1st Interim Dividend Distribution	2nd Interim Dividend Distribution	3rd Interim Dividend Distribution	Final Dividend Distribution
Treat as a UK corporate dividend	100.00%	100.00%	100.00%	100.00%
Treat as an annual payment net of Income tax at 20%	0.00%	0.00%	0.00%	0.00%

Standard Life Investment Company Annual Report & Financial Statements

UK Equity High Income Fund

Investment Report

Fund Information	
Fund Manager	Karen Robertson
Launch Date	1 May 1986
Benchmark	IA UK Equity Income Sector

Investment objective

The objective of the Fund is to provide a high level of income with some capital appreciation over the longer term.

Investment policy

The investment policy of the Fund is to invest in the UK mostly in high yielding equities and equity type investments of companies listed on a UK stock exchange or which, in the opinion of the ACD, carry on a substantial part of their operations in the UK. A significant proportion of the Fund may be invested in fixed interest securities. "Equity type investments" will include convertible stocks, stock exchange listed warrants, Depositary Receipts and any other such investments which entitle the holder to subscribe for or convert into the equity of the company and/or where the share price performance is, in the opinion of the ACD, influenced significantly by the stock market performance of the company's ordinary shares. The Fund may also invest in other transferable securities, money-market instruments, deposits, cash and near cash, derivatives and collective investment schemes.

Risk

The Fund is intended for investors who wish to participate in the opportunity to achieve a high level of income with the potential of some capital appreciation afforded by investing in an actively managed portfolio of mainly high yielding UK equities. The concentrated nature of the portfolio makes it suitable for investors who are willing to accept a moderate degree of stock specific risk. The investor must be able to accept significant temporary losses due to the volatile nature of equity markets, and should therefore have an investment time horizon of at least 5 years.

Performance

During the period under review, the Fund returned 7.38% compared to the IA UK Equity Income sector average return of 4.27% (source: Morningstar, basic-rate taxpayer, platform one share class, bid-to-bid basis).

Premium drinks mixer company Fever-Tree was among the standout performers during the year. It consistently added to returns on positive news, including an office opening in the US to manage its distribution network directly. Betting company Ladbrokes Coral also added to returns when it received a bid approach from GVC Holdings. We also hold GVC, which further boosted performance. Elsewhere, the Fund's holding in mining stock Anglo American outperformed on the back of strong commodity prices, growing market expectations on earnings momentum and an increasingly attractive yield profile.

On the downside, Saga declined following disappointments in its insurance business. However, we continue to like the stock given an attractive valuation, the expected improvement in the profitability of its travel business and a strong dividend yield. Construction, services and property group Kier also underperformed as other stocks in the sector, such as Carillion and Interserve, suffered earnings downgrades. We remain positive on Kier given its broader market exposure. Finally, not holding Sky detracted from returns after its share price rose following an additional bid approach from Comcast.

Activity

Recent purchases include buying packaging and paper group Mondi. It is starting to receive earnings upgrades from higher paper prices, while its strong balance sheet suggests scope for the return of capital to shareholders. We also established a new holding in engineered ceramics firm Vesuvius. A recovery in foundry and steel markets, which provides a helpful backdrop for margins, drove this move. Furthermore, steel revenue growth forecasts are conservative as the market underestimates share gains in the US, as well as growth in India and China. In another move, we added to energy company National Grid, whose shares suffered because of political concerns. However, it is now attractively valued, with potential upside from regulatory decisions in the US.

Regarding sales, we took profits in financial services company Hargreaves Lansdown following strong performance. We also sold business-to-business events organiser UBM, which had performed well following the announcement of its merger with Informa. Meanwhile, we trimmed our holdings in packaging company DS Smith and soft drinks company Britvic following good performance. We also have some concerns over the potential impact of the UK sugar tax on Britvic's sales volumes.

Standard Life Investment Company

Annual Report & Financial Statements

UK Equity High Income Fund

Investment Report (Continued)

Synthetic Risk & Reward Indicator



This indicator reflects the volatility of the Fund’s share price over the last five years which in turn reflects the volatility of the underlying assets in which the Fund invests. Historical data may not be a reliable indication of the future.

The current rating, which is the same for all share classes, is not guaranteed and may change if the volatility of the assets in which the Fund invests changes. The lowest rating does not mean risk free.

All investment involves risk. This Fund offers no guarantee against loss or that the Fund’s objective will be attained.

For further information on the risks that may not be fully captured by the risk and reward indicator, please request the current Key Investor Information Document (KIID).

Cautionary note

It should be remembered that past performance is not a guide to future performance. The value of investments may go down as well as up and, therefore, investors may not get back the amount originally invested.

Standard Life Investment Company

Annual Report & Financial Statements

UK Equity High Income Fund

Comparative Tables

	2018 pence per share	2017 pence per share	2016 pence per share
Retail accumulation			
Change in net assets per share			
Opening net asset value per share	238.36	213.87	228.53
Return before operating charges*	16.45	27.38	(11.09)
Operating charges**	(3.29)	(2.89)	(3.57)
Return after operating charges*	13.16	24.49	(14.66)
Distributions	(9.96)	(10.03)	(9.41)
Retained distributions on accumulation share	9.96	10.03	9.41
Closing net asset value per share	251.52	238.36	213.87
* after direct transaction costs of:***	0.38	0.32	0.14
Performance+			
Return after charges	5.52%	11.45%	-6.41%
Other information			
Closing net asset value (£'000)	68,077	75,943	84,469
Closing number of shares	27,066,578	31,860,354	39,495,594
Operating charges****	1.31%	1.31%	1.59%
Direct transaction costs***	0.15%	0.15%	0.06%
Prices			
Highest share price	269.8	238.6	236.4
Lowest share price	237.6	189.1	196.5

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+ The performance figures are calculated by taking the value of the shareclass per the financial statements compared to the value per the financial statements in the prior year. This figure may differ from the performance figure quoted in the Investment Report. The Investment Report performance figure is calculated using the last available published price for a given shareclass in the period compared to the equivalent for the prior period. The published price may contain an adjustment for dilution in accordance with the Fund pricing policy, while the price per the financial statements values the Fund on a bid-price basis. The financial statements shareclass valuation is based on close of business market prices on the last day of the period, again this may differ from the intra-day pricing point of the Fund which is used in the published shareclass price.

Standard Life Investment Company

Annual Report & Financial Statements

UK Equity High Income Fund

Comparative Tables (Continued)

	2018 pence per share	2017 pence per share	2016 pence per share
Institutional accumulation			
Change in net assets per share			
Opening net asset value per share	265.72	237.24	251.56
Return before operating charges*	18.35	30.54	(12.23)
Operating charges**	(2.37)	(2.06)	(2.09)
Return after operating charges*	15.98	28.48	(14.32)
Distributions	(11.13)	(11.16)	(10.40)
Retained distributions on accumulation share	11.13	11.16	10.40
Closing net asset value per share	281.70	265.72	237.24
* after direct transaction costs of:***	0.42	0.36	0.15
Performance+			
Return after charges	6.01%	12.00%	-5.69%
Other information			
Closing net asset value (£'000)	195,927	145,063	149,301
Closing number of shares	69,550,690	54,593,197	62,931,362
Operating charges****	0.84%	0.84%	0.84%
Direct transaction costs***	0.15%	0.15%	0.06%
Prices			
Highest share price	302.0	265.9	260.8
Lowest share price	265.0	210.1	217.9

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Standard Life Investment Company

Annual Report & Financial Statements

UK Equity High Income Fund

Comparative Tables (Continued)

	2018 pence per share	2017 pence per share	2016 pence per share
Retail income			
Change in net assets per share			
Opening net asset value per share	83.91	78.72	87.84
Return before operating charges*	5.77	9.89	(4.19)
Operating charges**	(1.14)	(1.05)	(1.35)
Return after operating charges*	4.63	8.84	(5.54)
Distributions	(3.47)	(3.65)	(3.58)
Closing net asset value per share	85.07	83.91	78.72
* after direct transaction costs of:***	0.13	0.12	0.05
Performance+			
Return after charges	5.52%	11.23%	-6.31%
Other information			
Closing net asset value (£'000)	72,420	76,307	79,129
Closing number of shares	85,131,399	90,939,439	100,523,376
Operating charges****	1.31%	1.31%	1.59%
Direct transaction costs***	0.15%	0.15%	0.06%
Prices			
Highest share price	92.77	85.44	90.92
Lowest share price	83.65	69.58	73.63

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Standard Life Investment Company

Annual Report & Financial Statements

UK Equity High Income Fund

Comparative Tables (Continued)

	2018 pence per share	2017 pence per share	2016 pence per share
Institutional income			
Change in net assets per share			
Opening net asset value per share	93.53	87.30	96.67
Return before operating charges*	6.44	11.04	(4.62)
Operating charges**	(0.82)	(0.75)	(0.79)
Return after operating charges*	5.62	10.29	(5.41)
Distributions	(3.88)	(4.06)	(3.96)
Closing net asset value per share	95.27	93.53	87.30
* after direct transaction costs of:***	0.15	0.13	0.06
Performance+			
Return after charges	6.01%	11.79%	-5.60%
Other information			
Closing net asset value (£'000)	36,939	41,165	121,961
Closing number of shares	38,771,540	44,012,526	139,702,048
Operating charges****	0.84%	0.84%	0.84%
Direct transaction costs***	0.15%	0.15%	0.06%
Prices			
Highest share price	103.8	95.22	100.30
Lowest share price	93.30	77.31	81.63

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UK Equity High Income Fund

Comparative Tables (Continued)

	2018 pence per share	2017 pence per share	2016 pence per share
Standard Life income			
Change in net assets per share			
Opening net asset value per share	67.13	62.14	68.26
Return before operating charges*	4.62	7.90	(3.31)
Operating charges**	(0.01)	(0.01)	(0.01)
Return after operating charges*	4.61	7.89	(3.32)
Distributions	(2.79)	(2.90)	(2.80)
Closing net asset value per share	68.95	67.13	62.14
* after direct transaction costs of:***	0.11	0.09	0.04
Performance+			
Return after charges	6.87%	12.70%	-4.86%
Other information			
Closing net asset value (£'000)	50,320	80,860	74,848
Closing number of shares	72,979,527	120,456,846	120,456,846
Operating charges****	0.01%	0.01%	0.01%
Direct transaction costs***	0.15%	0.14%	0.06%
Prices			
Highest share price	75.07	68.32	70.90
Lowest share price	67.04	55.17	58.08

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UK Equity High Income Fund

Comparative Tables (Continued)

	2018 pence per share	2017 pence per share	2016 pence per share
Standard Life accumulation			
Change in net assets per share			
Opening net asset value per share	155.19	137.51	144.80
Return before operating charges*	10.72	17.81	(7.16)
Operating charges**	(0.15)	(0.13)	(0.13)
Return after operating charges*	10.57	17.68	(7.29)
Distributions	(6.52)	(6.49)	(6.00)
Retained distributions on accumulation share	6.52	6.49	6.00
Closing net asset value per share	165.76	155.19	137.51
* after direct transaction costs of:***	0.25	0.21	0.09
Performance+			
Return after charges	6.81%	12.86%	-5.03%
Other information			
Closing net asset value (£'000)	656	570	229
Closing number of shares	395,824	367,557	166,622
Operating charges****	0.09%	0.09%	0.09%
Direct transaction costs***	0.15%	0.15%	0.06%
Prices			
Highest share price	177.5	155.3	150.3
Lowest share price	155.0	122.1	126.3

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Annual Report & Financial Statements

UK Equity High Income Fund

Comparative Tables (Continued)

	2018 pence per share	2017 pence per share	2016 pence per share
Institutional regulated accumulation			
Change in net assets per share			
Opening net asset value per share	291.72	259.28	273.71
Return before operating charges*	20.15	33.49	(13.37)
Operating charges**	(1.21)	(1.05)	(1.06)
Return after operating charges*	18.94	32.44	(14.43)
Distributions	(12.24)	(12.22)	(11.33)
Retained distributions on accumulation share	12.24	12.22	11.33
Closing net asset value per share	310.66	291.72	259.28
* after direct transaction costs of:***	0.46	0.39	0.17
Performance+			
Return after charges	6.49%	12.51%	-5.27%
Other information			
Closing net asset value (£'000)	51,500	56,194	57,908
Closing number of shares	16,577,787	19,263,296	22,333,918
Operating charges****	0.39%	0.39%	0.39%
Direct transaction costs***	0.15%	0.15%	0.06%
Prices			
Highest share price	332.8	291.9	284.1
Lowest share price	291.1	229.9	238.1

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UK Equity High Income Fund

Comparative Tables (Continued)

	2018 pence per share	2017 pence per share	2016 pence per share
Platform 1 accumulation			
Change in net assets per share			
Opening net asset value per share	84.89	75.83	80.47
Return before operating charges*	5.86	9.76	(3.93)
Operating charges**	(0.80)	(0.70)	(0.71)
Return after operating charges*	5.06	9.06	(4.64)
Distributions	(3.55)	(3.57)	(3.32)
Retained distributions on accumulation share	3.55	3.57	3.32
Closing net asset value per share	89.95	84.89	75.83
* after direct transaction costs of:***	0.13	0.11	0.05
Performance+			
Return after charges	5.96%	11.95%	-5.77%
Other information			
Closing net asset value (£'000)	39,597	42,734	43,099
Closing number of shares	44,022,322	50,342,377	56,837,141
Operating charges****	0.89%	0.89%	0.89%
Direct transaction costs***	0.15%	0.14%	0.06%
Prices			
Highest share price	96.43	84.96	83.40
Lowest share price	84.66	67.14	69.66

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Standard Life Investment Company

Annual Report & Financial Statements

UK Equity High Income Fund

Comparative Tables (Continued)

	2018 pence per share	2017 pence per share	2016 pence per share
Platform 1 income			
Change in net assets per share			
Opening net asset value per share	70.07	65.44	72.53
Return before operating charges*	4.83	8.26	(3.49)
Operating charges**	(0.65)	(0.59)	(0.63)
Return after operating charges*	4.18	7.67	(4.12)
Distributions	(2.91)	(3.04)	(2.97)
Closing net asset value per share	71.34	70.07	65.44
* after direct transaction costs of:***	0.11	0.10	0.04
Performance+			
Return after charges	5.97%	11.72%	-5.68%
Other information			
Closing net asset value (£'000)	36,126	40,364	54,599
Closing number of shares	50,637,905	57,602,045	83,429,856
Operating charges****	0.89%	0.89%	0.89%
Direct transaction costs***	0.15%	0.15%	0.06%
Prices			
Highest share price	77.76	71.34	75.18
Lowest share price	69.90	57.94	61.19

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Annual Report & Financial Statements

UK Equity High Income Fund

Comparative Tables (Continued)

	2018 pence per share	2017 pence per share	2016 pence per share
Institutional S accumulation			
Change in net assets per share			
Opening net asset value per share	63.97	57.09	60.51
Return before operating charges*	4.42	7.34	(2.96)
Operating charges**	(0.52)	(0.46)	(0.46)
Return after operating charges*	3.90	6.88	(3.42)
Distributions	(2.69)	(2.69)	(2.51)
Retained distributions on accumulation share	2.69	2.69	2.51
Closing net asset value per share	67.87	63.97	57.09
* after direct transaction costs of:***	0.10	0.09	0.04
Performance+			
Return after charges	6.10%	12.05%	-5.65%
Other information			
Closing net asset value (£'000)	1	1	1
Closing number of shares	2,200	2,200	2,200
Operating charges****	0.77%	0.77%	0.77%
Direct transaction costs***	0.15%	0.15%	0.07%
Prices			
Highest share price	72.73	64.03	62.73
Lowest share price	63.82	50.59	52.47

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Annual Report & Financial Statements

UK Equity High Income Fund

Comparative Tables (Continued)

	2018 pence per share	2017 pence per share	2016 pence per share
Institutional S income			
Change in net assets per share			
Opening net asset value per share	55.06	51.32	57.03
Return before operating charges*	3.78	6.53	(2.95)
Operating charges**	(0.44)	(0.40)	(0.43)
Return after operating charges*	3.34	6.13	(3.38)
Distributions	(2.28)	(2.39)	(2.33)
Closing net asset value per share	56.12	55.06	51.32
* after direct transaction costs of:***	0.09	0.08	0.04
Performance+			
Return after charges	6.07%	11.94%	-5.93%
Other information			
Closing net asset value (£'000)	90,042	97,835	1
Closing number of shares	160,439,922	177,696,746	2,200
Operating charges****	0.77%	0.77%	0.77%
Direct transaction costs***	0.15%	0.15%	0.07%
Prices			
Highest share price	61.16	56.05	58.92
Lowest share price	54.93	45.49	48.00

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Annual Report & Financial Statements

UK Equity High Income Fund

Comparative Tables (Continued)

	2018 pence per share	2017 pence per share	2016 pence per share
Institutional A accumulation++			
Change in net assets per share			
Opening net asset value per share	56.40	50.75	50.00
Return before operating charges*	3.88	6.48	0.82
Operating charges**	(0.94)	(0.83)	(0.07)
Return after operating charges*	2.94	5.65	0.75
Distributions	(2.36)	(2.38)	(0.28)
Retained distributions on accumulation share	2.36	2.38	0.28
Closing net asset value per share	59.34	56.40	50.75
* after direct transaction costs of:***	0.09	0.08	0.00
Performance+			
Return after charges	5.21%	11.13%	1.50%
Other information			
Closing net asset value (£'000)	1	1	1
Closing number of shares	2,200	2,200	2,200
Operating charges****	1.59%	1.59%	1.59%
Direct transaction costs***	0.15%	0.15%	0.00%
Prices			
Highest share price	63.70	56.46	51.67
Lowest share price	56.20	44.83	46.64

** The operating charges include all costs borne by the Fund, except for direct transaction costs.

*** The direct transaction costs are made up of: fees and commissions paid to agents, advisers, brokers and dealers, levies by regulatory agencies and securities exchanges as well as transfer taxes and duties.

**** The operating charges percentage is the equivalent of the ongoing charges figure per the prior year accounts. It shows the annualised operating expenses of the share class as a percentage of the average net asset value of the class over the same period.

+ The performance figures are calculated by taking the value of the shareclass per the financial statements compared to the value per the financial statements in the prior year. This figure may differ from the performance figure quoted in the Investment Report. The Investment Report performance figure is calculated using the last available published price for a given shareclass in the period compared to the equivalent for the prior period. The published price may contain an adjustment for dilution in accordance with the Fund pricing policy, while the price per the financial statements values the Fund on a bid-price basis. The financial statements shareclass valuation is based on close of business market prices on the last day of the period, again this may differ from the intra-day pricing point of the Fund which is used in the published shareclass price.

++ Share class launched 27 January 2016.

Standard Life Investment Company

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UK Equity High Income Fund

Comparative Tables (Continued)

	2018 pence per share	2017 pence per share	2016 pence per share
Institutional A income++			
Change in net assets per share			
Opening net asset value per share	53.66	50.47	50.00
Return before operating charges*	3.71	6.34	0.82
Operating charges**	(0.89)	(0.81)	(0.07)
Return after operating charges*	2.82	5.53	0.75
Distributions	(2.22)	(2.34)	(0.28)
Closing net asset value per share	54.26	53.66	50.47
* after direct transaction costs of:***	0.08	0.08	0.00
Performance+			
Return after charges	5.26%	10.96%	1.50%
Other information			
Closing net asset value (£'000)	84	83	1
Closing number of shares	154,848	154,848	2,200
Operating charges****	1.59%	1.59%	1.59%
Direct transaction costs***	0.15%	0.16%	0.00%
Prices			
Highest share price	59.20	54.65	51.67
Lowest share price	53.48	44.59	46.64

** The operating charges include all costs borne by the Fund, except for direct transaction costs.

*** The direct transaction costs are made up of: fees and commissions paid to agents, advisers, brokers and dealers, levies by regulatory agencies and securities exchanges as well as transfer taxes and duties.

**** The operating charges percentage is the equivalent of the ongoing charges figure per the prior year accounts. It shows the annualised operating expenses of the share class as a percentage of the average net asset value of the class over the same period.

+ The performance figures are calculated by taking the value of the shareclass per the financial statements compared to the value per the financial statements in the prior year. This figure may differ from the performance figure quoted in the Investment Report. The Investment Report performance figure is calculated using the last available published price for a given shareclass in the period compared to the equivalent for the prior period. The published price may contain an adjustment for dilution in accordance with the Fund pricing policy, while the price per the financial statements values the Fund on a bid-price basis. The financial statements shareclass valuation is based on close of business market prices on the last day of the period, again this may differ from the intra-day pricing point of the Fund which is used in the published shareclass price.

++ Share class launched 27 January 2016.

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UK Equity High Income Fund

Portfolio Statement as at 28 February 2018

		Market value £'000	Percentage of total net assets
Holding	Investment		
UK Equities (100.30%)		637,526	99.35
Basic Materials (8.60%)		72,899	11.36
1,241,897	Anglo American	22,111	3.44
5,845,067	Glencore	22,579	3.52
21,554	Lonmin	14	0.00
289,070	Mondi	5,497	0.86
578,233	Rio Tinto	22,698	3.54
Consumer Goods (16.80%)		121,418	18.92
374,734	Bellway	11,673	1.82
563,374	Bovis Homes	5,915	0.92
785,782	British American Tobacco	33,749	5.26
421,091	Britvic	2,853	0.45
1,571,384	Countryside Properties	4,928	0.77
4,806,668	Dixons Carphone	9,448	1.47
611,699	Fever Tree Drinks	15,182	2.37
338,859	Galliford Try	3,109	0.48
529,512	Imperial Brands	13,865	2.16
1,138,051	Inchcape	7,716	1.20
1,338,471	JD Sports	5,129	0.80
301,950	Persimmon	7,851	1.22
Consumer Services (16.03%)		72,604	11.31
3,172,840	Cineworld	7,513	1.17
1,697,431	Entertainment One	5,153	0.80
525,798	Greene King	2,744	0.43
1,047,612	GVC	9,350	1.46
524,530	IAG	3,223	0.50
3,583,019	ITV	5,731	0.89
6,406,920	Ladbrokes Coral	10,539	1.64
2,971,632	Mitchells & Butlers	7,263	1.13
1,061,351	Moneysupermarket.com	2,764	0.43
2,123,306	National Express	7,410	1.16
5,025,144	Saga	5,724	0.89
336,159	TUI	5,190	0.81

Standard Life Investment Company

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UK Equity High Income Fund

Portfolio Statement as at 28 February 2018 (Continued)

Holding	Investment	Market value £'000	Percentage of total net assets
Financials (23.37%)		156,309	24.36
3,146,793	Aviva	15,904	2.48
854,270	Beazley	4,438	0.69
573,110	Close Brothers	8,992	1.40
1,348,743	Direct Line	5,162	0.81
192,534	Hargreaves Lansdown	3,321	0.52
6,895,702	HSBC	49,442	7.71
1,035,574	IG	8,367	1.30
871,121	Investec	5,530	0.86
1,656,390	Jupiter Fund Management	8,481	1.32
1,938,830	Legal & General	5,089	0.79
10,746,509	Lloyds Banking Group	7,393	1.15
849,444	Phoenix	6,668	1.04
999,486	Prudential	18,291	2.85
1,138,655	Standard Chartered	9,231	1.44
Health Care (6.10%)		37,071	5.78
368,302	AstraZeneca	17,585	2.74
1,490,902	GlaxoSmithKline	19,486	3.04
Industrials (7.44%)		47,561	7.41
804,231	Aggreko	6,009	0.94
292,983	Bodycote	2,703	0.42
109,511	Ferguson	5,633	0.88
636,217	Kier	6,591	1.03
1,460,299	Marshalls	6,084	0.95
1,778,841	Melrose Industries	4,059	0.63
1,441,259	Polypipe	5,624	0.88
531,849	RPC	4,275	0.66
891,126	Smith (DS)	4,273	0.66
391,454	Vesuvius	2,310	0.36

Standard Life Investment Company

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UK Equity High Income Fund

Portfolio Statement as at 28 February 2018 (Continued)

		Market value £'000	Percentage of total net assets
Holding	Investment		
Oil & Gas (9.26%)		75,252	11.73
6,520,627	BP	30,979	4.83
904,020	Royal Dutch Shell 'A'	20,797	3.24
661,062	Royal Dutch Shell 'B'	15,340	2.39
1,923,345	Tullow Oil	3,496	0.55
757,169	Wood Group	4,640	0.72
Technology (0.92%)		3,436	0.54
496,266	Sage	3,436	0.54
Telecommunications (4.99%)		28,754	4.48
1,775,222	BT	4,256	0.66
12,026,406	Vodafone	24,498	3.82
Utilities (6.79%)		22,222	3.46
1,900,890	National Grid	14,068	2.19
453,834	Pennon	2,761	0.43
315,920	Severn Trent	5,393	0.84
Collective Investment Schemes (0.00%)		6,294	0.98
6,293,683	Standard Life CNAV Sterling Liquidity Fund	6,294	0.98
Total Investment assets		643,820	100.33
Net Other Liabilities		(2,130)	(0.33)
Total Net Assets		641,690	100.00

All investments are listed on recognised stock exchanges and are approved securities, or regulated collective investment schemes within the meaning of the FCA rules unless otherwise stated.

The percentage figures in brackets show the comparative holding as at 28 February 2017.

Standard Life Investment Company

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UK Equity High Income Fund

Financial Statements

Statement of Total Return

for the year ended 28 February 2018

	Notes	£'000	2018 £'000	£'000	2017 £'000
Income:					
Net capital gains	2		17,869		50,676
Revenue	4	26,520		30,454	
Expenses	5	(5,471)		(5,420)	
Interest payable and similar charges		(4)		(7)	
Net revenue before taxation		21,045		25,027	
Taxation	6	(184)		(256)	
Net revenue after taxation			20,861		24,771
Total return before distributions			38,730		75,447
Distributions	7		(26,243)		(30,111)
Change in net assets attributable to shareholders from investment activities			12,487		45,336

Statement of Change in Net Assets Attributable to Shareholders

for the year ended 28 February 2018

	£'000	2018 £'000	£'000	2017 £'000
Opening net assets attributable to shareholders		657,120		665,547
Amounts receivable on the issue of shares	67,016		139,150	
Amounts payable on the cancellation of shares	(109,787)		(207,685)	
		(42,771)		(68,535)
Dilution adjustment		539		158
Change in net assets attributable to shareholders from investment activities (see above)		12,487		45,336
Retained distribution on accumulation shares		14,311		14,611
Unclaimed distributions		4		3
Closing net assets attributable to shareholders		641,690		657,120

Standard Life Investment Company

Annual Report & Financial Statements

UK Equity High Income Fund

Financial Statements (Continued)

Balance Sheet

as at 28 February 2018

	Notes	£'000	2018 £'000	£'000	2017 £'000
Assets:					
Fixed assets:					
Investment assets			643,820		659,073
Current assets:					
Debtors	8	3,627		6,479	
Cash and bank balances	9	2		1,788	
			3,629		8,267
Total assets			647,449		667,340
Liabilities:					
Creditors	10	(1,023)		(4,439)	
Distribution payable		(4,736)		(5,781)	
			(5,759)		(10,220)
Total liabilities			(5,759)		(10,220)
Net assets attributable to shareholders			641,690		657,120

Standard Life Investment Company

Annual Report & Financial Statements

UK Equity High Income Fund

Notes to the Financial Statements

1 Accounting Policies

Please refer to pages 11 to 12 for note on accounting policies.

2 Net Capital Gains

	2018 £'000	2017 £'000
Non-derivative securities	17,847	50,659
Other gains	25	19
Handling charges taken from the capital account	(3)	(2)
Net capital gains	17,869	50,676

3 Purchases, Sales and Transaction Costs

	2018 £'000	2017 £'000
Equity Purchases, Sales and Transaction Costs		
Purchases		
Purchases before transaction costs	155,369	149,684
Commissions	111	137
Taxes & Other Fees	690	617
Total purchase transaction costs	801	754
Purchases including transaction costs	156,170	150,438
Sales		
Gross Sales before transaction costs	195,753	204,499
Commissions	(189)	(215)
Total sale transaction costs	(189)	(215)
Total sales net of transaction costs	195,564	204,284

	2018 % Transaction	2017 % Transaction
Equity Transaction Cost as a % of total Purchases & Sales		
Purchases		
Commissions	0.07%	0.09%
Taxes & Other Fees	0.46%	0.41%
Sales		
Commissions	0.10%	0.11%

Standard Life Investment Company

Annual Report & Financial Statements

UK Equity High Income Fund

Notes to the Financial Statements (Continued)

3 Purchases, Sales and Transaction Costs (continued)

	2018 % Average NAV	2017 % Average NAV
Equity Purchases, Sales Analysis to Average NAV		
Purchases		
Commissions	0.02%	0.02%
Taxes & Other Fees	0.10%	0.09%
Sales		
Commissions	0.03%	0.03%
Taxes & Other Fees	0	0

During the year the total purchases and sales across different major asset classes are as per below table.

	2018 £'000	2017 £'000
Purchase		
Equities	156,170	150,438
Sales		
Equities	195,564	204,284

The Fund suffers a number of explicit costs as disclosed in the notes and Fund history. The Fund also suffers implicit costs - an example is market spread. The spread represents the costs of providing liquidity in a market. It is subject to change based on volume - active markets have a lower spread between bid (the price you receive) and offer (the price you pay).

At the balance sheet date the average portfolio dealing spread (i.e. the spread between bid and offer prices expressed as a percentage of the offer price) was 1.18% (2017: 1.15%), this is representative of the average spread on the assets held during the year.

4 Revenue

	2018 £'000	2017 £'000
UK dividends	23,478	27,518
Overseas dividends	3,020	2,903
Bank interest	22	33
Total revenue	26,520	30,454

Standard Life Investment Company

Annual Report & Financial Statements

UK Equity High Income Fund

Notes to the Financial Statements (Continued)

5 Expenses

	2018 £'000	2017 £'000
Payable to the Authorised Corporate Director, associates of the Authorised Corporate Director and agents of either of them:		
Authorised Corporate Director's periodic charge	4,956	4,921
Dealing charge	69	63
Registration fees	358	356
	<u>5,383</u>	<u>5,340</u>
Payable to the Depositary or associates of the Depositary, and agents of either of them:		
Depositary's fees	66	55
Safe custody fee	17	17
	<u>83</u>	<u>72</u>
Other:		
Professional fees	(3)	0
Audit fee	8	8
	<u>5</u>	<u>8</u>
Total expenses	<u>5,471</u>	<u>5,420</u>

6 Taxation

	2018 £'000	2017 £'000
(a) Analysis of charge in year		
Overseas taxes	184	256
Total current tax (note 6b)	<u>184</u>	<u>256</u>

(b) Factors affecting current tax charge for the year

The tax assessed for the year is lower than the standard rate of corporation tax for Open-Ended Investment Companies 'OEICs' (20%). The differences are explained below:

Net revenue before taxation	21,045	25,027
Corporation tax at 20% (2017: 20%)	<u>4,209</u>	<u>5,006</u>
Effects of:		
Revenue not subject to taxation	(5,299)	(6,084)
Overseas taxes	184	256
Excess allowable expenses	<u>1,090</u>	<u>1,078</u>
Current tax charge for year (note 6a)	<u>184</u>	<u>256</u>

Authorised Open-Ended Investment Companies are exempt from tax on capital gains in the UK. Therefore, any capital gain is not included in the above reconciliation.

Standard Life Investment Company

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UK Equity High Income Fund

Notes to the Financial Statements (Continued)

6 Taxation (continued)

(c) Factors that may affect future tax charge

At the year end, after offset against revenue taxable on receipt, there is a potential deferred tax asset of £15,721,000 (2017: £14,631,000) due to surplus expenses. It is unlikely that the Fund will generate sufficient taxable profits to utilise these amounts and therefore no deferred tax asset has been recognised in the year or the prior year.

7 Distributions

The distributions takes account of income received on the issue of shares and income deducted on the cancellation of shares and comprise:

	2018 £'000	2017 £'000
Interim distribution	16,101	18,574
Final distribution	10,535	11,195
	<hr/> 26,636	<hr/> 29,769
Add: Income deducted on cancellation of shares	838	3,271
Deduct: Income received on issue of shares	(1,231)	(2,929)
Net distribution for the year	<hr/> 26,243	<hr/> 30,111
Details of the distribution per share are set out in this Fund's distribution tables.		
Net revenue after taxation	20,861	24,771
Annual ACD charge to capital	4,956	4,921
Registration fees taken from the capital account	357	356
Dealing charges taken from the capital account	69	63
Total distributions	<hr/> 26,243	<hr/> 30,111

8 Debtors

	2018 £'000	2017 £'000
Amounts receivable from the ACD for the issue of shares	45	1,992
Accrued revenue	3,416	4,335
Foreign withholding tax recoverable	166	139
Dilution levy receivable from the ACD	0	13
Total debtors	<hr/> 3,627	<hr/> 6,479

Standard Life Investment Company

Annual Report & Financial Statements

UK Equity High Income Fund

Notes to the Financial Statements (Continued)

9 Cash and Bank Balances

	2018 £'000	2017 £'000
Cash and bank balances	2	1,788
Total cash and bank balances	2	1,788

10 Creditors

	2018 £'000	2017 £'000
Amounts payable to the ACD for cancellation of shares	582	4,014
Purchases awaiting settlement	10	0
Accrued expenses payable to ACD	411	402
Other accrued expenses	11	8
Accrued Expenses payable to the Depository	9	8
Dilution levy payable to the ACD	0	7
Total creditors	1,023	4,439

11 Related Party Transactions

Standard Life Investments (Mutual Funds) Limited, as Authorised Corporate Director (ACD), is a related party and acts as principal in respect of all transactions of shares in the Fund.

The aggregate monies received through issue and paid on cancellation of shares are disclosed in the statement of change in net assets attributable to shareholders.

Any amounts due from or due to Standard Life Investments (Mutual Funds) Limited at the end of the accounting year are disclosed in notes 8 and 10.

Amounts payable to Standard Life Investments (Mutual Funds) Limited, in respect of periodic charge and registration services, are disclosed in note 5 and any amounts due at the year end in note 10.

The Fund holds 6,293,683 shares (2017: 431) in Standard Life CNAV Sterling Liquidity Fund as detailed in the portfolio statement, the total purchase cost of these investments during the year was £170,896,000 (2017: £125,668,000), the total sales proceeds were £164,603,000 (2017: £125,695,000).

	2018 £'000	2017 £'000
Transactions during the year with Standard Life Aberdeen group companies are as follows:		
Sale of shares by Fund	118,438	18,142
Purchase of shares by Fund	117,317	50,303
Distributions made by Fund	8,177	13,479
The percentage value of the Fund held by Standard Life Aberdeen group companies is:	49.6%	45.1%

Standard Life Investment Company

Annual Report & Financial Statements

UK Equity High Income Fund

Notes to the Financial Statements (Continued)

12 Shares in issue reconciliation

	Opening shares 2017	Creations during the year	Cancellations during the year	Conversions during the year	Closing shares 2018
Retail accumulation	31,860,354	99,809	(3,868,297)	(1,025,288)	27,066,578
Institutional accumulation	54,593,197	16,576,326	(1,568,663)	(50,170)	69,550,690
Retail income	90,939,439	2,696,767	(7,194,776)	(1,310,031)	85,131,399
Institutional income	44,012,526	1,478,175	(7,217,623)	498,462	38,771,540
Standard Life income	120,456,846	0	(47,477,319)	0	72,979,527
Standard Life accumulation	367,557	44,810	(16,543)	0	395,824
Institutional regulated accumulation	19,263,296	283,440	(2,968,949)	0	16,577,787
Platform 1 accumulation	50,342,377	526,753	(9,573,232)	2,726,424	44,022,322
Platform 1 income	57,602,045	1,700,179	(9,941,528)	1,277,209	50,637,905
Institutional S accumulation	2,200	0	0	0	2,200
Institutional S income	177,696,746	19,774,661	(37,031,485)	0	160,439,922
Institutional A accumulation	2,200	0	0	0	2,200
Institutional A income	154,848	0	0	0	154,848

13 Fair Value Hierarchy

	2018 £'000	2018 £'000	2018 £'000	2017 £'000	2017 £'000	2017 £'000
Fair value of investment assets	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
Equities	637,526	0	0	659,073	0	0
Collective Investment Schemes	0	6,294	0	0	0	0
Total investment assets	637,526	6,294	0	659,073	0	0

The three levels of the fair value hierarchy under FRS 102 are described below:

Level 1: Unadjusted quoted market prices in active markets that are accessible at the measurement date for the identical unrestricted assets or liabilities.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices).

Level 3: Inputs for asset or liability that are not based on observable market data (unobservable inputs).

Standard Life Investment Company

Annual Report & Financial Statements

UK Equity High Income Fund

Notes to the Financial Statements (Continued)

14 Risk Management Policies & Numerical Disclosures

In accordance with the investment objectives, the Fund may hold certain financial instruments. These comprise:

- securities held in accordance with the investment objective and policies;
- cash and short-term debtors and creditors arising directly from operations; and
- derivatives.

The main risks arising from the Fund's financial instruments are market price, foreign currency, interest rate, credit and liquidity risk.

The policies for managing these risks are summarised below and have been applied consistently throughout the year, and prior year.

a. Market price risk

Each Fund's investment portfolio is exposed to market price fluctuation which are monitored by the Fund Manager in pursuance of the investment objectives and policies. Adherence to investment guidelines and to investment and borrowing powers mitigate the risk of excessive exposure to any particular type of security or issuer.

An increase or decrease in market values will therefore have a direct effect on the value of the investment assets in the portfolio and therefore a proportionate effect on the value of the Fund.

A five per cent increase in the value of the Fund's portfolio would have the effect of increasing the return and net assets as at 28 February by £32,191,000 (2017: £32,953,650). A five per cent decrease would have an equal and opposite effect.

b. Foreign currency risk

A proportion of the net assets of the Fund are denominated in currencies other than Sterling, therefore the balance sheet and total returns can be affected by currency movements. In certain circumstances, the Fund Manager may seek to manage exposure to currency movements by using forward currency contracts.

The Fund does not hedge or otherwise seek to avoid currency movement risk on accrued revenue.

Income received in foreign currencies is converted into Sterling at the exchange rates ruling when the income is received.

A five per cent increase in the value of the Fund's foreign currency exposure would have the effect of increasing the return and net assets as at 28 February by £108,200 (2017: £0). A five per cent decrease would have an equal and opposite effect.

Currency exposure

The net foreign currency monetary exposure comprises:

	Net foreign currency monetary assets	
	2018	2017
	£'000	£'000
Euro	127	0
US Dollar	2,037	0

Standard Life Investment Company

Annual Report & Financial Statements

UK Equity High Income Fund

Notes to the Financial Statements (Continued)

14 Risk Management Policies & Numerical Disclosures (continued)

c. Interest rate risk

Interest receivable on bank deposits or payable on bank overdrafts will be affected by fluctuations in interest rates. The Fund Manager continuously reviews interest rates and inflation expectations. The assessment of this may result in a change in investment strategy.

The interest rate risk profile of the Fund's net financial assets and liabilities is:

	Floating rate financial assets £'000	Financial assets not carrying interest £'000	Total £'000
2018			
Currency			
UK Sterling	12,589	626,937	639,526
Euro	0	127	127
US Dollar	0	2,037	2,037
2017			
Currency			
UK Sterling	1,788	655,332	657,120

d. Credit risk

All cash exposures are carefully managed to ensure that money is placed on deposit with counterparties that meet the minimum credit rating deemed appropriate for this Fund. In certain circumstances, the Fund Manager may deliberately invest in securities (e.g. corporate bonds) with a well defined and published credit rating. In this case the Fund would be deliberately taking credit risk in order to seek additional rewards.

e. Liquidity risk

The Fund's assets comprise mainly readily realisable securities. The main liabilities of the Fund are the redemption of any shares that investors wish to sell and the settlement of stock purchases. The Fund Manager reviews the cash and liability position continuously, and should an increase in liquidity be required, the Fund Manager will sell securities.

Standard Life Investment Company Annual Report & Financial Statements

UK Equity High Income Fund

Distribution Tables

for the six months ended 31 August 2017

Group 1 - shares purchased prior to 1 March 2017

Group 2 - shares purchased between 1 March 2017 and 31 August 2017

	Net Income 2017 pence per share	Equalisation 2017 pence per share	Distribution paid 2017 pence per share	Distribution paid 2016 pence per share
Retail accumulation				
Group 1	5.8579	-	5.8579*	6.0036
Group 2	3.6675	2.1904	5.8579*	6.0036
Institutional accumulation				
Group 1	6.5384	-	6.5384*	6.6683
Group 2	0.9493	5.5891	6.5384*	6.6683
Retail income				
Group 1	2.0623	-	2.0623**	2.2097
Group 2	1.1342	0.9281	2.0623**	2.2097
Institutional income				
Group 1	2.3016	-	2.3016**	2.4538
Group 2	1.2177	1.0839	2.3016**	2.4538
Standard Life income				
Group 1	1.6555	-	1.6555**	1.7499
Group 2	-	-	-	-
Standard Life accumulation				
Group 1	3.8263	-	3.8263*	3.8717
Group 2	3.4742	0.3521	3.8263*	3.8717
Institutional regulated accumulation				
Group 1	7.1866	-	7.1866*	7.2955
Group 2	4.5418	2.6448	7.1866*	7.2955
Platform 1 accumulation				
Group 1	2.0885	-	2.0885*	2.1310
Group 2	1.2685	0.8200	2.0885*	2.1310
Platform 1 income				
Group 1	1.7241	-	1.7241**	1.8392
Group 2	0.5340	1.1901	1.7241**	1.8392

Standard Life Investment Company

Annual Report & Financial Statements

UK Equity High Income Fund

Distribution Tables (Continued)

	Net Income 2017 pence per share	Equalisation 2017 pence per share	Distribution paid 2017 pence per share	Distribution paid 2016 pence per share
Institutional S accumulation				
Group 1	1.5781	-	1.5781*	1.6068
Group 2	-	-	-	-
Institutional S income				
Group 1	1.3550	-	1.3550**	1.4447
Group 2	0.2569	1.0981	1.3550**	1.4447
Institutional A accumulation				
Group 1	1.3904	-	1.3904*	1.4263
Group 2	-	-	-	-
Institutional A income				
Group 1	1.3180	-	1.3180**	1.4175
Group 2	-	-	-	-

* Distribution accumulated on 31 August 2017

** Distribution paid on 31 October 2017

Standard Life Investment Company Annual Report & Financial Statements

UK Equity High Income Fund

Distribution Tables (Continued)

for the six months ended 28 February 2018

Group 1 - shares purchased prior to 1 September 2017

Group 2 - shares purchased between 1 September 2017 and 28 February 2018

	Net Income 2018 pence per share	Equalisation 2018 pence per share	Distribution payable 2018 pence per share	Distribution paid 2017 pence per share
Retail accumulation				
Group 1	4.1027	-	4.1027*	4.0299
Group 2	1.8580	2.2447	4.1027*	4.0299
Institutional accumulation				
Group 1	4.5930	-	4.5930*	4.4882
Group 2	2.2653	2.3277	4.5930*	4.4882
Retail income				
Group 1	1.4114	-	1.4114**	1.4428
Group 2	0.9059	0.5055	1.4114**	1.4428
Institutional income				
Group 1	1.5789	-	1.5789**	1.6068
Group 2	0.9408	0.6381	1.5789**	1.6068
Standard Life income				
Group 1	1.1378	-	1.1378**	1.1512
Group 2	-	-	-	-
Standard Life accumulation				
Group 1	2.6982	-	2.6982*	2.6171
Group 2	1.5769	1.1213	2.6982*	2.6171
Institutional regulated accumulation				
Group 1	5.0581	-	5.0581*	4.9231
Group 2	2.3729	2.6852	5.0581*	4.9231
Platform 1 accumulation				
Group 1	1.4659	-	1.4659*	1.4341
Group 2	1.0707	0.3952	1.4659*	1.4341
Platform 1 income				
Group 1	1.1822	-	1.1822**	1.2039
Group 2	0.7114	0.4708	1.1822**	1.2039

Standard Life Investment Company

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UK Equity High Income Fund

Distribution Tables (Continued)

	Net Income 2018 pence per share	Equalisation 2018 pence per share	Distribution payable 2018 pence per share	Distribution paid 2017 pence per share
Institutional S accumulation				
Group 1	1.1100	-	1.1100*	1.0819
Group 2	-	-	-	-
Institutional S income				
Group 1	0.9296	-	0.9296**	0.9457
Group 2	-	-	-	-
Institutional A accumulation				
Group 1	0.9704	-	0.9704*	0.9547
Group 2	-	-	-	-
Institutional A income				
Group 1	0.9012	-	0.9012**	0.9230
Group 2	-	-	-	-

* Distribution accumulated on 28 February 2018

** Distribution payable on 30 April 2018

Treatment by Corporate Shareholders (Unaudited)

Corporate shareholders should account for the current year's dividends shown in the distribution table as follows:

	Interim Dividend Distribution	Final Dividend Distribution
Treat as a UK corporate dividend	100.00%	100.00%
Treat as an annual payment net of Income tax at 20%	0.00%	0.00%

Standard Life Investment Company

Annual Report & Financial Statements

UK Equity Recovery Fund

Investment Report

Fund Information	
Fund Manager	Andrew Hunt
Launch Date	6 March 2009
Benchmark	IA UK All Companies Sector

Investment objective

The objective of the Fund is to provide capital appreciation. It is intended that income will not be a prime consideration.

Investment policy

The investment policy of the Fund is to invest mostly in equities and equity type investments of UK companies or companies which, in the opinion of the ACD, carry on a substantial part of their operations in the UK. "Equity type investments" will include convertible stocks, stock exchange listed warrants, Depositary Receipts and any other such investments which entitle the holder to subscribe for or convert into the equity of the company and/or where the share price performance is, in the opinion of the ACD, influenced significantly by the stock market performance of the company's ordinary shares. "UK companies" will include companies incorporated in the UK or companies listed on a UK stock exchange which may not be incorporated in the UK or have the majority of their economic activity in the UK. The Fund may also invest in other transferable securities, money-market instruments, deposits, cash and near cash, derivatives and collective investment schemes.

Risk

The Fund is intended for investors who wish to participate in the potential for capital growth opportunities afforded by investing in an actively managed portfolio of mainly "recovery" UK equities. The concentrated nature of the portfolio makes it suitable for investors who are willing to accept a relatively high degree of sector or stock specific risk. The investor must be able to accept significant temporary losses due to the volatile nature of equity markets and should therefore have an investment time horizon of at least 5 years.

Performance

During the period under review, the Fund returned 3.25% compared to the IA UK All Companies sector average return of 6.73% (source: Morningstar, basic-rate taxpayer, platform one share class, bid-to-bid basis).

The Fund underperformed the sector average over the last year, although longer-term performance remains intact. Indeed, the Fund remains in the first decile (top 10%) of its peer group over three and five years.

Stock-specific issues rather than anything thematic or industry-wide drove underperformance during the period under review. For example, support services and construction company Interserve was among the main detractors from returns. Its existing problems (high debt and a troubled legacy contract) continued to deteriorate. Petra Diamonds was also negative, as it struggled with operational setbacks at its mines. In the oil & gas services sector, Gulf Marine, Lamprell and Wood Group hindered performance, as orders were still to come back despite a turn in the oil price. We believe there should be significant upside when they do.

On the upside, trading platform Plus500 made the largest positive contribution towards returns. It continued to deliver positive results, with strong cash generation and excellent shareholder returns. Fears over regulatory threats also began to subside. Our holdings in the mining sector (including Anglo American and Glencore) also performed well. They benefited from a robust global economy and impressive self-help measures, such as cost cutting.

Investment activity

During the period, we continued to add to our holdings in the oil & gas sector, such as Nostrum Oil & Gas, Lamprell, Ophir Energy and Genel Energy. After a very long down-cycle, we see signs of cyclical recovery in energy markets, alongside management self-help initiatives. In all cases, we believe there is considerable share price upside. Other investments included public sector infrastructure project developer John Laing Group. It operates globally and has a strong reputation, while new project origination should be robust given infrastructure demands. We also bought bus and rail operator Go-Ahead Group, which had sold off because of difficulties in its legacy rail franchises. However, the rest of the business continues to perform well and it was attractively valued.

Turning to sales, we exited power cables manufacturer Volex after its share price doubled in six months following management's turnaround of the business and cashflow improvement. However, further progress could prove hard in an extremely competitive industry. We also reduced our holdings in Anglo American and Glencore after good performance. Our positions had become very large and valuations were less attractive, while the risks faced by international mining companies remain ever-present.

Standard Life Investment Company

Annual Report & Financial Statements

UK Equity Recovery Fund

Investment Report (Continued)

Synthetic Risk & Reward Indicator



This indicator reflects the volatility of the Fund’s share price over the last five years which in turn reflects the volatility of the underlying assets in which the Fund invests. Historical data may not be a reliable indication of the future.

The current rating, which is the same for all share classes, is not guaranteed and may change if the volatility of the assets in which the Fund invests changes. The lowest rating does not mean risk free.

All investment involves risk. This Fund offers no guarantee against loss or that the Fund’s objective will be attained. For further information on the risks that may not be fully captured by the risk and reward indicator, please request the current Key Investor Information Document (KIID).

Cautionary note

It should be remembered that past performance is not a guide to future performance. The value of investments may go down as well as up and, therefore, investors may not get back the amount originally invested.

Standard Life Investment Company

Annual Report & Financial Statements

UK Equity Recovery Fund

Comparative Tables

	2018 pence per share	2017 pence per share	2016 pence per share
Retail accumulation			
Change in net assets per share			
Opening net asset value per share	230.74	146.27	168.03
Return before operating charges*	7.48	87.12	(19.07)
Operating charges**	(3.29)	(2.65)	(2.69)
Return after operating charges*	4.19	84.47	(21.76)
Distributions	(2.37)	(1.50)	(1.69)
Retained distributions on accumulation share	2.37	1.50	1.69
Closing net asset value per share	234.93	230.74	146.27
* after direct transaction costs of:***	0.76	1.48	0.67
Performance+			
Return after charges	1.82%	57.75%	-12.95%
Other information			
Closing net asset value (£'000)	8,307	13,273	4,669
Closing number of shares	3,536,192	5,752,228	3,192,262
Operating charges****	1.40%	1.40%	1.73%
Direct transaction costs***	0.32%	0.78%	0.43%
Prices			
Highest share price	260.6	238.9	175.6
Lowest share price	219.5	145.7	124.9

** The operating charges include all costs borne by the Fund, except for direct transaction costs.

*** The direct transaction costs are made up of: fees and commissions paid to agents, advisers, brokers and dealers, levies by regulatory agencies and securities exchanges as well as transfer taxes and duties.

**** The operating charges percentage is the equivalent of the ongoing charges figure per the prior year accounts. It shows the annualised operating expenses of the share class as a percentage of the average net asset value of the class over the same period. The ACD periodic charge was reduced from 1.60% to 1.35% which became effective on 1 April 2016. The Registrar fees of 0.08% also ceased to be charged effective 1 April 2016.

+ The performance figures are calculated by taking the value of the shareclass per the financial statements compared to the value per the financial statements in the prior year. This figure may differ from the performance figure quoted in the Investment Report. The Investment Report performance figure is calculated using the last available published price for a given shareclass in the period compared to the equivalent for the prior period. The published price may contain an adjustment for dilution in accordance with the Fund pricing policy, while the price per the financial statements values the Fund on a bid-price basis. The financial statements shareclass valuation is based on close of business market prices on the last day of the period, again this may differ from the intra-day pricing point of the Fund which is used in the published shareclass price.

Standard Life Investment Company

Annual Report & Financial Statements

UK Equity Recovery Fund

Comparative Tables (Continued)

	2018 pence per share	2017 pence per share	2016 pence per share
Institutional accumulation			
Change in net assets per share			
Opening net asset value per share	244.89	154.47	176.03
Return before operating charges*	7.93	92.28	(20.04)
Operating charges**	(2.33)	(1.86)	(1.52)
Return after operating charges*	5.60	90.42	(21.56)
Distributions	(3.75)	(2.59)	(3.08)
Retained distributions on accumulation share	3.75	2.59	3.08
Closing net asset value per share	250.49	244.89	154.47
* after direct transaction costs of:***	0.81	1.53	0.70
Performance+			
Return after charges	2.29%	58.54%	-12.25%
Other information			
Closing net asset value (£'000)	3,632	21,314	13,596
Closing number of shares	1,450,022	8,703,435	8,800,926
Operating charges****	0.93%	0.93%	0.93%
Direct transaction costs***	0.32%	0.76%	0.43%
Prices			
Highest share price	277.6	253.5	184.3
Lowest share price	233.3	153.8	131.8

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Standard Life Investment Company

Annual Report & Financial Statements

UK Equity Recovery Fund

Comparative Tables (Continued)

	2018 pence per share	2017 pence per share	2016 pence per share
Standard Life income			
Change in net assets per share			
Opening net asset value per share	219.96	140.02	162.90
Return before operating charges*	7.04	83.99	(18.59)
Operating charges**	(0.11)	(0.08)	(0.08)
Return after operating charges*	6.93	83.91	(18.67)
Distributions	(5.22)	(3.97)	(4.21)
Closing net asset value per share	221.67	219.96	140.02
* after direct transaction costs of:***	0.73	1.40	0.65
Performance+			
Return after charges	3.15%	59.93%	-11.46%
Other information			
Closing net asset value (£'000)	8,450	5,044	3,211
Closing number of shares	3,811,752	2,293,217	2,293,217
Operating charges****	0.05%	0.05%	0.05%
Direct transaction costs***	0.32%	0.76%	0.43%
Prices			
Highest share price	251.3	231.7	170.8
Lowest share price	210.2	139.4	123.0

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UK Equity Recovery Fund

Comparative Tables (Continued)

	2018 pence per share	2017 pence per share	2016 pence per share
Standard Life accumulation			
Change in net assets per share			
Opening net asset value per share	261.18	163.44	184.76
Return before operating charges*	8.46	98.01	(21.10)
Operating charges**	(0.35)	(0.27)	(0.22)
Return after operating charges*	8.11	97.74	(21.32)
Distributions	(6.10)	(4.46)	(4.63)
Retained distributions on accumulation share	6.10	4.46	4.63
Closing net asset value per share	269.29	261.18	163.44
* after direct transaction costs of:***	0.87	1.49	0.74
Performance+			
Return after charges	3.11%	59.80%	-11.54%
Other information			
Closing net asset value (£'000)	1,263	1,155	9,931
Closing number of shares	469,084	442,293	6,076,580
Operating charges****	0.13%	0.13%	0.13%
Direct transaction costs***	0.32%	0.70%	0.43%
Prices			
Highest share price	298.2	270.3	193.7
Lowest share price	249.5	162.8	139.4

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Annual Report & Financial Statements

UK Equity Recovery Fund

Comparative Tables (Continued)

	2018 pence per share	2017 pence per share	2016 pence per share
Platform 1 accumulation			
Change in net assets per share			
Opening net asset value per share	122.41	77.31	88.18
Return before operating charges*	3.96	46.13	(10.03)
Operating charges**	(1.29)	(1.03)	(0.84)
Return after operating charges*	2.67	45.10	(10.87)
Distributions	(1.71)	(1.19)	(1.46)
Retained distributions on accumulation share	1.71	1.19	1.46
Closing net asset value per share	125.08	122.41	77.31
* after direct transaction costs of:***	0.40	0.85	0.35
Performance+			
Return after charges	2.18%	58.34%	-12.33%
Other information			
Closing net asset value (£'000)	21,628	27,764	1,443
Closing number of shares	17,291,663	22,680,694	1,867,239
Operating charges****	1.03%	1.03%	1.03%
Direct transaction costs***	0.32%	0.84%	0.43%
Prices			
Highest share price	138.7	126.7	92.30
Lowest share price	116.6	77.00	66.00

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Standard Life Investment Company

Annual Report & Financial Statements

UK Equity Recovery Fund

Portfolio Statement as at 28 February 2018

Holding	Investment	Market value £'000	Percentage of total net assets
UK Equities (100.04%)		42,762	98.81
Basic Materials (15.92%)		7,298	16.86
446,586	Acacia Mining	620	1.44
82,242	Anglo American	1,464	3.38
50,399	BHP Billiton	748	1.73
179,723	Glencore	694	1.60
466,675	Lonmin	298	0.69
1,485,973	Petra Diamonds	914	2.11
30,386	Rio Tinto	1,193	2.76
1,857,257	Sylvania Platinum	296	0.68
145,698	Vedanta Resources	1,071	2.47
Consumer Goods (14.14%)		3,686	8.52
3,622,004	Accrol	1,210	2.80
1,497,914	Debenhams	423	0.98
270,630	Dixons Carphone	532	1.23
197,828	Marks & Spencer	585	1.35
1,101,744	Topps Tiles	936	2.16
Consumer Services (22.41%)		6,389	14.76
946,124	Enterprise Inns	1,177	2.72
1,601,347	Flybe	703	1.62
44,626	Go-Ahead	683	1.58
214,791	SafeStyle	244	0.56
741,789	Saga	845	1.95
1,314,869	Thomas Cook	1,612	3.73
1,465,485	Trinity Mirror	1,125	2.60
Financials (20.03%)		9,960	23.02
215,272	Aviva	1,088	2.51
296,126	Barclays	632	1.46
77,376	CMC Markets	118	0.27
630,618	International Personal Finance	1,193	2.76
226,441	John Laing Group	613	1.42
644,176	Just Retirement	939	2.17

Standard Life Investment Company

Annual Report & Financial Statements

UK Equity Recovery Fund

Portfolio Statement as at 28 February 2018 (Continued)

			Market value £'000	Percentage of total net assets
Holding	Investment			
Financials (continued)				
105,313	Plus500		1,260	2.91
87,632	Provident Financial		859	1.99
209,662	Standard Chartered		1,700	3.93
557,500	Virgin Money		1,558	3.60
Health Care (0.00%)			710	1.64
22,853	Shire		710	1.64
Industrials (18.51%)			3,863	8.93
39,710	Aggreko		297	0.69
150,960	Babcock International		984	2.27
1,168,331	Interserve		642	1.48
104,857	Mitie Group		165	0.38
56,942	QinetiQ		117	0.27
184,081	Sthree		635	1.47
2,496,031	Utilitywise		1,023	2.37
Oil & Gas (5.02%)			10,856	25.08
1,838,299	BowLeven		550	1.27
296,628	Cairn Energy		555	1.28
723,338	Genel Energy		975	2.25
3,157,709	Gulf Marine Services		1,345	3.11
1,752,311	Lamprell		1,307	3.02
484,775	Nostrum Oil & Gas		1,398	3.23
2,056,586	Ophir Energy		1,080	2.50
374,952	Petrofac		1,694	3.91
613,955	Tullow Oil		1,116	2.58
136,405	Wood Group		836	1.93

Standard Life Investment Company

Annual Report & Financial Statements

UK Equity Recovery Fund

Portfolio Statement as at 28 February 2018 (Continued)

Holding	Investment	Market value £'000	Percentage of total net assets
Telecommunications (4.01%)		0	0.00
Collective Investment Schemes (2.11%)		837	1.93
837,373	Standard Life CNAV Sterling Liquidity Fund	837	1.93
Total investment assets		43,599	100.74
Net other liabilities		(319)	(0.74)
Total Net Assets		43,280	100.00

All investments are listed on recognised stock exchanges and are approved securities or regulated collective investment schemes within the meaning of the FCA rules unless otherwise stated.

The percentage figures in brackets show the comparative holding as at 28 February 2017.

Standard Life Investment Company

Annual Report & Financial Statements

UK Equity Recovery Fund

Financial Statements

Statement of Total Return

for the year ended 28 February 2018

	Notes	£'000	2018 £'000	£'000	2017 £'000
Income:					
Net capital gains	2		223		17,963
Revenue	4	1,053		940	
Expenses	5	(410)		(358)	
Interest payable and similar charges	6	0		(2)	
Net revenue before taxation		643		580	
Taxation	7	(7)		(9)	
Net revenue after taxation			636		571
Total return before distributions			859		18,534
Distributions	8		(636)		(571)
Change in net assets attributable to shareholders from investment activities			223		17,963

Statement of Change in Net Assets Attributable to Shareholders

for the year ended 28 February 2018

	£'000	2018 £'000	£'000	2017 £'000
Opening net assets attributable to shareholders		68,550		32,850
Amounts receivable on the issue of shares	13,937		38,662	
Amounts payable on the cancellation of shares	(40,109)		(21,720)	
		(26,172)		16,942
Dilution adjustment		217		193
Change in net assets attributable to shareholders from investment activities (see above)		223		17,963
Retained distribution on accumulation shares		462		602
Closing net assets attributable to shareholders		43,280		68,550

Standard Life Investment Company

Annual Report & Financial Statements

UK Equity Recovery Fund

Financial Statements (Continued)

Balance Sheet

as at 28 February 2018

	Notes	£'000	2018 £'000	£'000	2017 £'000
Assets:					
Fixed assets:					
Investment assets			43,599		70,026
Current assets:					
Debtors	9	114		1,401	
Cash and bank balances		22		22	
			136		1,423
Total assets			43,735		71,449
Liabilities:					
Creditors	10	(256)		(2,808)	
Distribution payable		(199)		(91)	
			(455)		(2,899)
Total liabilities			(455)		(2,899)
Net assets attributable to shareholders			43,280		68,550

Standard Life Investment Company

Annual Report & Financial Statements

UK Equity Recovery Fund

Notes to the Financial Statements

1 Accounting Policies

Please refer to pages 11 to 12 for note on accounting policies.

2 Net Capital Gains

	2018 £'000	2017 £'000
Non-derivative securities	226	17,964
Other (losses)/gains	(1)	2
Handling charges taken from the capital account	(2)	(3)
Net capital gains	223	17,963

3 Purchases, Sales and Transaction Costs

There are no transaction costs associated with the purchases or sales of collective investment schemes during the year, or in the prior year.

Collective investments operate within the terms of the offer document or prospectus. Typically we do not invest into funds that require an initial charge to be made. The underlying price contains an estimation of cost known as a dilution levy which is applied from time to time.

These implicit costs are not directly visible and cannot be accurately determined.

During the year the total purchases and sales across different major assets classes are as per below table.

	2018 £'000	2017 £'000
Purchases		
Purchases before transaction costs	25,018	60,735
Commissions	26	70
Taxes & Other Fees	74	270
Total purchase transaction costs	100	340
Purchases including transaction costs	25,118	61,075
Sales		
Gross Sales before transactions costs	51,200	43,285
Commissions	(38)	(59)
Total sale transaction costs	(38)	(59)
Total sales net of transaction costs	51,162	43,226

	2018 % Transaction	2017 % Transaction
Equity Transaction Cost as a % of total Purchases & Sales		
Purchases		
Commissions	0.10%	0.12%
Taxes & Other Fees	0.30%	0.44%
Sales		
Commissions	0.07%	0.14%

Standard Life Investment Company

Annual Report & Financial Statements

UK Equity Recovery Fund

Notes to the Financial Statements (Continued)

3 Purchases, Sales and Transaction Costs (continued)

	2018 % Average NAV	2017 % Average NAV
Equity Purchases, Sales Analysis to Average NAV		
Purchases		
Commissions	0.06%	0.16%
Taxes & Other Fees	0.17%	0.61%
Sales		
Commissions	0.09%	0.13%
Taxes & Other Fees	0.00%	0.00%

During the year the total purchases and sales across different major asset classes are as per below table.

	2018 £'000	2017 £'000
Purchase		
Equities	25,118	61,075
Sales		
Equities	51,162	43,226

The Fund suffers a number of explicit costs as disclosed in the notes and Fund history. The Fund also suffers implicit costs an example is market spread, the spread represents the costs of providing liquidity in a market. It therefore is subject to change based on volume - active markets have a lower spread between bid (the price you receive) and offer (the price you pay).

At the balance sheet date the average portfolio dealing spread (i.e. the spread between bid and offer prices expressed as a percentage of the offer price) was 1.36% (2017: 1.33%), this is representative of the average spread on the assets held during the year.

4 Revenue

	2018 £'000	2017 £'000
UK dividends	804	836
Overseas dividends	245	102
Bank interest	4	2
Total revenue	1,053	940

Standard Life Investment Company

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UK Equity Recovery Fund

Notes to the Financial Statements (Continued)

5 Expenses

	2018 £'000	2017 £'000
Payable to the Authorised Corporate Director, associates of the Authorised Corporate Director and agents of either of them:		
Authorised Corporate Director's periodic charge	359	310
Dealing charge	11	4
Registration fees	22	26
	<u>392</u>	<u>340</u>
Payable to the Depositary or associates of the Depositary, and agents of either of them:		
Depositary's fees	9	8
Safe custody fee	1	1
	<u>10</u>	<u>9</u>
Other:		
Audit fee	8	9
Total expenses	<u>410</u>	<u>358</u>

6 Interest Payable and Similar Charges

	2018 £'000	2017 £'000
Interest payable	0	2
Total interest payable & similar charges	<u>0</u>	<u>2</u>

7 Taxation

	2018 £'000	2017 £'000
(a) Analysis of charge in year		
Overseas taxes	7	9
Total current tax (note 7b)	<u>7</u>	<u>9</u>

(b) Factors affecting current tax charge for the year

The tax assessed for the year is lower than the standard rate of corporation tax for Open-Ended Investment Companies 'OEICs' (20%). The differences are explained below:

Net revenue before taxation	643	580
Corporation tax at 20% (2017: 20%)	<u>128</u>	<u>116</u>
Effects of:		
Revenue not subject to taxation	(183)	(188)
Overseas taxes	7	9
Excess allowable expenses	77	72
Revenue taxable in other periods	(22)	0
Current tax charge for year (note 7a)	<u>7</u>	<u>9</u>

Standard Life Investment Company

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UK Equity Recovery Fund

Notes to the Financial Statements (Continued)

7 Taxation (continued)

Authorised Open-Ended Investment Companies are exempt from tax on capital gains in the UK. Therefore, any capital gain is not included in the above reconciliation.

(c) Factors that may affect future tax charge

At the year end, after offset against revenue taxable on receipt, there is a potential deferred tax asset of £495,000 (2017: £440,000) due to surplus expenses. It is unlikely that the Fund will generate sufficient taxable profits to utilise these amounts and therefore no deferred tax asset has been recognised in the year or the prior year.

8 Distributions

The distributions takes account of income received on the issue of shares and income deducted on the cancellation of shares and comprise:

	2018 £'000	2017 £'000
Distribution	661	693
Add: Income deducted on cancellation of shares	119	230
Deduct: Income received on issue of shares	(144)	(352)
Net distribution for the year	636	571

Details of the distribution per share are set out in this Fund's distribution tables.

9 Debtors

	2018 £'000	2017 £'000
Amounts receivable from the ACD for the issue of shares	2	183
Sales awaiting settlement	0	1,179
Accrued revenue	111	39
Foreign withholding tax recoverable	1	0
Total debtors	114	1,401

10 Creditors

	2018 £'000	2017 £'000
Amounts payable to the ACD for cancellation of shares	167	621
Purchases awaiting settlement	52	2,127
Accrued expenses payable to ACD	28	50
Accrued expenses payable to the Depositary or associates of the Depositary	1	2
Other accrued expenses	8	8
Total creditors	256	2,808

Standard Life Investment Company

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UK Equity Recovery Fund

Notes to the Financial Statements (Continued)

11 Related Party Transactions

Standard Life Investments (Mutual Funds) Limited, as Authorised Corporate Director (ACD), is a related party and acts as principal in respect of all transactions of shares in the Fund.

The aggregate monies received through issue and paid on cancellation of shares are disclosed in the statement of change in net assets attributable to shareholders.

Any amounts due from or due to Standard Life Investments (Mutual Funds) Limited at the end of the accounting year are disclosed in notes 9 and 10.

Amounts payable to Standard Life Investments (Mutual Funds) Limited, in respect of periodic charge and registration services, are disclosed in note 5 and any amounts due at the year end in note 10.

The Fund holds 837,000 shares (2017: 1,447,000) in Standard Life CNAV Sterling Liquidity Fund as detailed in the portfolio statement, the total purchase cost of these investments during the year was £28,950,000 (2017: £25,954,000), the total sales proceeds were £29,560,000 (2017: £24,508,000).

	2018 £'000	2017 £'000
Transactions during the year with Standard Life Aberdeen group companies are as follows:		
Sale of shares by Fund	4,618	6,602
Purchase of shares by Fund	4,143	14,637
Distributions made by Fund	143	130
The percentage value of the Fund held by Standard Life Aberdeen group companies is:	31.7%	18.8%

12 Shares in Issue Reconciliation

	Opening shares 2017	Creations during the year	Cancellations during the year	Conversions during the year	Closing shares 2018
Retail accumulation	5,752,228	586,466	(2,551,617)	(250,885)	3,536,192
Institutional accumulation	8,703,435	783,604	(8,071,247)	34,230	1,450,022
Standard Life income	2,293,217	1,518,535	0	0	3,811,752
Standard Life accumulation	442,293	75,441	(48,650)	0	469,084
Platform 1 accumulation	22,680,694	5,184,389	(10,977,178)	403,758	17,291,663

13 Fair Value Hierarchy

	2018 £'000	2018 £'000	2018 £'000	2017 £'000	2017 £'000	2017 £'000
Fair value of investment assets	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
Equities	42,762	0	0	68,579	0	0
Collective Investment Schemes	0	837	0	0	1,447	0
Total investment assets	42,762	837	0	68,579	1,447	0

Standard Life Investment Company

Annual Report & Financial Statements

UK Equity Recovery Fund

Notes to the Financial Statements (Continued)

13 Fair Value Hierarchy (continued)

The three levels of the fair value hierarchy under FRS 102 are described below:

Level 1: Unadjusted quoted market prices in active markets that are accessible at the measurement date for the identical unrestricted assets or liabilities.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices).

Level 3: Inputs for asset or liability that are not based on observable market data (unobservable inputs).

14 Risk Management Policies & Numerical Disclosures

In accordance with the investment objectives, the Fund may hold certain financial instruments. These comprise:

- securities held in accordance with the investment objective and policies;
- cash and short-term debtors and creditors arising directly from operations; and
- derivatives.

The main risks arising from the Fund's financial instruments are market price, foreign currency, interest rate, credit and liquidity risk.

The policies for managing these risks are summarised below and have been applied consistently throughout the year, and prior year.

a. Market price risk

Each Fund's investment portfolio is exposed to market price fluctuation which are monitored by the Fund Manager in pursuance of the investment objectives and policies. Adherence to investment guidelines and to investment and borrowing powers mitigate the risk of excessive exposure to any particular type of security or issuer.

An increase or decrease in market values will therefore have a direct effect on the value of the investment assets in the portfolio and therefore a proportionate effect on the value of the Fund.

A five per cent increase in the value of the Fund's portfolio would have the effect of increasing the return and net assets as at 28 February by £2,179,950 (2017: £3,501,300). A five per cent decrease would have an equal and opposite effect.

b. Foreign currency risk

A proportion of the net assets of the Fund are denominated in currencies other than Sterling, therefore the balance sheet and total returns can be affected by currency movements. In certain circumstances, the Fund Manager may seek to manage exposure to currency movements by using forward currency contracts.

The Fund does not hedge or otherwise seek to avoid currency movement risk on accrued revenue

Income received in foreign currencies is converted into Sterling at the exchange rates ruling when the income is received

A five per cent increase in the value of the Fund's foreign currency exposure would have the effect of increasing the return and net assets as at 28 February by £6,550 (2017: £1,000). A five per cent decrease would have an equal and opposite effect.

Currency exposure

The net foreign currency monetary exposure comprises:

	Net foreign currency monetary assets	
	2018 £'000	2017 £'000
Euro	13	13
US Dollar	118	7

Standard Life Investment Company

Annual Report & Financial Statements

UK Equity Recovery Fund

Notes to the Financial Statements (Continued)

14 Risk Management Policies & Numerical Disclosures (continued)

c. Interest rate risk

Interest receivable on bank deposits or payable on bank overdrafts will be affected by fluctuations in interest rates. The Fund Manager continuously reviews interest rates and inflation expectations. The assessment of this may result in a change in investment strategy.

The interest rate risk profile of the Fund's net financial assets and liabilities is:

	Floating rate financial assets £'000	Financial assets not carrying interest £'000	Total £'000
2018			
Currency			
UK Sterling	839	42,310	43,149
Euro	13	0	13
US Dollar	7	111	118
2017			
Currency			
UK Sterling	1,449	67,081	68,530
Euro	13	0	13
US Dollar	7	0	7

d. Credit risk

All cash exposures are carefully managed to ensure that money is placed on deposit with counterparties that meet the minimum credit rating deemed appropriate for this Fund. In certain circumstances, the Fund Manager may deliberately invest in securities (e.g. corporate bonds) with a well defined and published credit rating. In this case the Fund would be deliberately taking credit risk in order to seek additional rewards.

e. Liquidity risk

The Fund's assets comprise mainly readily realisable securities. The main liabilities of the Fund are the redemption of any shares that investors wish to sell and the settlement of stock purchases. The Fund Manager reviews the cash and liability position continuously, and should an increase in liquidity be required the Fund Manager will sell securities.

Standard Life Investment Company Annual Report & Financial Statements

UK Equity Recovery Fund

Distribution Tables

for the year ended 28 February 2018

Group 1 - shares purchased prior to 1 March 2017

Group 2 - shares purchased between 1 March 2017 and 28 February 2018

	Net Income 2018 pence per share	Equalisation 2018 pence per share	Distribution payable 2018 pence per share	Distribution paid 2017 pence per share
Retail accumulation				
Group 1	2.3728	-	2.3728*	1.5049
Group 2	1.3658	1.0070	2.3728*	1.5049
Institutional accumulation				
Group 1	3.7516	-	3.7516*	2.5882
Group 2	1.8047	1.9469	3.7516*	2.5882
Standard Life income				
Group 1	5.2223	-	5.2223**	3.9725
Group 2	0.4906	4.7317	5.2223**	-
Standard Life accumulation				
Group 1	6.1000	-	6.1000*	4.4635
Group 2	4.3365	1.7635	6.1000*	4.4635
Platform 1 accumulation				
Group 1	1.7072	-	1.7072*	1.1938
Group 2	0.9464	0.7608	1.7072*	1.1938

* Distribution accumulated on 28 February 2018

** Distribution payable on 30 April 2018

Treatment by Corporate Shareholders (Unaudited)

Corporate shareholders should account for the current year's dividend shown in the distribution table as follows:

	Final Dividend Distribution
Treat as a UK corporate dividend	100.00%
Treat as an annual payment net of Income tax at 20%	0.00%

Standard Life Investment Company Annual Report & Financial Statements

UK Ethical Fund Investment Report

Fund Information	
Fund Manager	Lesley Duncan
Launch Date	20 September 1998
Benchmark	IA UK All Companies Ethical Subsector

Investment objective

The objective of the Fund is to provide capital appreciation. It is intended that income will not be a prime consideration.

Investment policy

The investment policy of the Fund is to invest mostly in equities and equity type investments of companies listed on a UK stock exchange or which, in the opinion of the ACD, carry on a substantial part of their operations in the UK. Investments will comply with certain ethical criteria. "Equity type investments" will include convertible stocks, stock exchange listed warrants, Depositary Receipts and any other such investments which entitle the holder to subscribe for or convert into the equity of the company and/or where the share price performance is, in the opinion of the ACD, influenced significantly by the stock market performance of the company's ordinary shares. The ethical criteria applicable to the Fund are set out in an Ethical Policy and may be amended from time-to-time as considered necessary. In addition to excluding such companies which fail to meet the prescribed ethical standards, the ACD will seek to include companies whose business activities are regarded as making a positive contribution in terms of preserving the environment or improving the quality and safety of human life. The Fund may also invest in other transferable securities, money-market instruments, deposits, cash and near cash, derivatives and collective investment schemes that each comply with the ethical criteria.

Risk

The Fund is intended for investors who wish to participate in the potential capital growth opportunities afforded by investing in an actively managed portfolio of mainly UK equities that comply with certain ethical criteria. The nature of the portfolio affords investors a focused investment approach, whilst affording proper diversification across ethically acceptable mainly UK equity exposure. The investor must be able to accept significant temporary losses due to both the volatile nature of equity markets, and the potentially restricted investment universe enforced by ethical criteria, and should therefore have an investment time horizon of at least 5 years.

Performance

During the period under review, the Fund returned 16.71% compared to the IA UK All Companies sector average return of 6.73% (source: Morningstar, basic-rate taxpayer, platform one share class, bid-to-bid basis).

Drinks company Fever-Tree provided the biggest boost to the Fund's returns over the last 12 months. It continued to take market share in the premium mixer business and delivered strong growth from its UK and international operations. UAE-based NMC Health also enhanced returns on good results and expansion into higher value-add services and new markets. Meanwhile, a lack of exposure to British American Tobacco was positive for the Fund, as its shares performed poorly after the US Food and Drug Administration announced plans to reduce nicotine levels in tobacco. Not holding GlaxoSmithKline was also beneficial due to a combination of factors, including weaker future sales expectations and dividend prospects.

On the downside, not holding Royal Dutch Shell, BP and Glencore hurt performance when the oil price rallied on stronger-than-expected demand and lower-than-expected US shale production. Dixons Carphone also detracted from returns because of lower earnings expectations. Trading in its core Curry's brand was resilient but the lack of a new 'feature' phone from Apple or Samsung led to a cut in earnings forecasts from Carphone Warehouse. Finally, LED lighting products maker Luceco underperformed on a combination of currency headwinds, rising commodity prices and internal inventory accounting issues.

Activity

Purchases during the period included serviced office operator IWG, as revenue growth is returning after a period of restructuring. Its earnings profile is also attractive, offering double-digit earnings growth for the next few years. Elsewhere, we added to Standard Chartered as the bank continued to undergo a transformation, which was not reflected in the current valuation. We also added to Midwich Group after a good meeting with its management. The audio-visual company is rolling out an interesting global distribution strategy, focusing on the growth area of AV technology.

On the sales side, we exited our position in packaging and paper company Mondi, given a less attractive valuation, delays in its capital expenditure projects and concerns over pricing pressure in the fast-moving consumer goods market. We also sold airline IAG, as the valuation looked less attractive compared with revenue growth prospects. Other sales included payment processing company Worldpay following its approach from Vantiv; industrial conglomerate Essentra as the company failed our ethical screen; BT Group on regulatory and competitive headwinds; and Keller on uncertainty over the ability of its Asian business to revert to historic profit levels.

Standard Life Investment Company

Annual Report & Financial Statements

UK Ethical Fund

Investment Report (Continued)

Synthetic Risk & Reward Indicator



This indicator reflects the volatility of the Fund’s share price over the last five years which in turn reflects the volatility of the underlying assets in which the Fund invests. Historical data may not be a reliable indication of the future.

The current rating, which is the same for all share classes, is not guaranteed and may change if the volatility of the assets in which the Fund invests changes. The lowest rating does not mean risk free.

All investment involves risk. This Fund offers no guarantee against loss or that the Fund’s objective will be attained. For further information on the risks that may not be fully captured by the risk and reward indicator, please request the current Key Investor Information Document (KIID).

Cautionary note

It should be remembered that past performance is not a guide to future performance. The value of investments may go down as well as up and, therefore, investors may not get back the amount originally invested.

Standard Life Investment Company Annual Report & Financial Statements

UK Ethical Fund

Comparative Tables

	2018 pence per share	2017 pence per share	2016 pence per share
Retail accumulation			
Change in net assets per share			
Opening net asset value per share	153.91	135.50	135.00
Return before operating charges*	24.17	20.26	2.74
Operating charges**	(2.27)	(1.85)	(2.24)
Return after operating charges*	21.90	18.41	0.50
Distributions	(1.65)	(1.92)	(1.43)
Retained distributions on accumulation share	1.65	1.92	1.43
Closing net asset value per share	175.81	153.91	135.50
* after direct transaction costs of:***	0.17	0.22	0.18
Performance+			
Return after charges	14.23%	13.59%	0.37%
Other information			
Closing net asset value (£'000)	65,819	65,856	66,438
Closing number of shares	37,437,581	42,788,565	49,032,249
Operating charges****	1.32%	1.32%	1.60%
Direct transaction costs***	0.10%	0.16%	0.13%
Prices			
Highest share price	185.4	153.5	148.4
Lowest share price	155.7	116.5	126.3

** The operating charges include all costs borne by the Fund, except for direct transaction costs.

*** The direct transaction costs are made up of: fees and commissions paid to agents, advisers, brokers and dealers, levies by regulatory agencies and securities exchanges as well as transfer taxes and duties.

**** The operating charges percentage is the equivalent of the ongoing charges figure per the prior year accounts. It shows the annualised operating expenses of the share class as a percentage of the average net asset value of the class over the same period. The ACD periodic charge was reduced from 1.50% to 1.30% which became effective on 1 April 2016. The Registrar fees of 0.08% also ceased to be charged effective 1 April 2016.

+ The performance figures are calculated by taking the value of the shareclass per the financial statements compared to the value per the financial statements in the prior year. This figure may differ from the performance figure quoted in the Investment Report. The Investment Report performance figure is calculated using the last available published price for a given shareclass in the period compared to the equivalent for the prior period. The published price may contain an adjustment for dilution in accordance with the Fund pricing policy, while the price per the financial statements values the Fund on a bid-price basis. The financial statements shareclass valuation is based on close of business market prices on the last day of the period, again this may differ from the intra-day pricing point of the Fund which is used in the published shareclass price.

Standard Life Investment Company

Annual Report & Financial Statements

UK Ethical Fund

Comparative Tables (Continued)

	2018 pence per share	2017 pence per share	2016 pence per share
Institutional accumulation			
Change in net assets per share			
Opening net asset value per share	172.19	150.85	149.18
Return before operating charges*	27.07	22.67	2.99
Operating charges**	(1.64)	(1.33)	(1.32)
Return after operating charges*	25.43	21.34	1.67
Distributions	(2.75)	(2.91)	(2.75)
Retained distributions on accumulation share	2.75	2.91	2.75
Closing net asset value per share	197.62	172.19	150.85
* after direct transaction costs of:***	0.19	0.25	0.19
Performance+			
Return after charges	14.77%	14.15%	1.12%
Other information			
Closing net asset value (£'000)	73,555	64,951	62,622
Closing number of shares	37,219,549	37,719,481	41,512,514
Operating charges****	0.85%	0.85%	0.85%
Direct transaction costs***	0.10%	0.16%	0.12%
Prices			
Highest share price	208.3	171.7	164.9
Lowest share price	174.2	129.9	140.6

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**** The operating charges percentage is the equivalent of the ongoing charges figure per the prior year accounts. It shows the annualised operating expenses of the share class as a percentage of the average net asset value of the class over the same period.

+ The performance figures are calculated by taking the value of the shareclass per the financial statements compared to the value per the financial statements in the prior year. This figure may differ from the performance figure quoted in the Investment Report. The Investment Report performance figure is calculated using the last available published price for a given shareclass in the period compared to the equivalent for the prior period. The published price may contain an adjustment for dilution in accordance with the Fund pricing policy, while the price per the financial statements values the Fund on a bid-price basis. The financial statements shareclass valuation is based on close of business market prices on the last day of the period, again this may differ from the intra-day pricing point of the Fund which is used in the published shareclass price.

Standard Life Investment Company Annual Report & Financial Statements

UK Ethical Fund

Comparative Tables (Continued)

	2018 pence per share	2017 pence per share	2016 pence per share
Institutional income			
Change in net assets per share			
Opening net asset value per share	57.02	50.80	51.17
Return before operating charges*	8.97	7.65	1.02
Operating charges**	(0.55)	(0.45)	(0.45)
Return after operating charges*	8.42	7.20	0.57
Distributions	(0.91)	(0.98)	(0.94)
Closing net asset value per share	64.53	57.02	50.80
* after direct transaction costs of:***	0.06	0.08	0.07
Performance+			
Return after charges	14.77%	14.17%	1.11%
Other information			
Closing net asset value (£'000)	4,775	2,048	95
Closing number of shares	7,400,286	3,590,880	186,068
Operating charges****	0.85%	0.85%	0.85%
Direct transaction costs***	0.10%	0.15%	0.13%
Prices			
Highest share price	68.98	57.83	56.58
Lowest share price	57.71	43.76	48.23

** The operating charges include all costs borne by the Fund, except for direct transaction costs.

*** The direct transaction costs are made up of: fees and commissions paid to agents, advisers, brokers and dealers, levies by regulatory agencies and securities exchanges as well as transfer taxes and duties.

**** The operating charges percentage is the equivalent of the ongoing charges figure per the prior year accounts. It shows the annualised operating expenses of the share class as a percentage of the average net asset value of the class over the same period.

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Standard Life Investment Company Annual Report & Financial Statements

UK Ethical Fund

Comparative Tables (Continued)

	2018 pence per share	2017 pence per share	2016 pence per share
Standard Life accumulation			
Change in net assets per share			
Opening net asset value per share	190.91	165.99	162.93
Return before operating charges*	30.06	25.09	3.23
Operating charges**	(0.22)	(0.17)	(0.17)
Return after operating charges*	29.84	24.92	3.06
Distributions	(4.67)	(4.49)	(4.28)
Retained distributions on accumulation share	4.67	4.49	4.28
Closing net asset value per share	220.75	190.91	165.99
* after direct transaction costs of:***	0.21	0.27	0.21
Performance+			
Return after charges	15.63%	15.01%	1.88%
Other information			
Closing net asset value (£'000)	677	526	383
Closing number of shares	306,542	275,465	230,643
Operating charges****	0.10%	0.10%	0.10%
Direct transaction costs***	0.10%	0.16%	0.12%
Prices			
Highest share price	232.5	190.3	181.2
Lowest share price	193.2	143.3	154.7

** The operating charges include all costs borne by the Fund, except for direct transaction costs.

*** The direct transaction costs are made up of: fees and commissions paid to agents, advisers, brokers and dealers, levies by regulatory agencies and securities exchanges as well as transfer taxes and duties.

**** The operating charges percentage is the equivalent of the ongoing charges figure per the prior year accounts. It shows the annualised operating expenses of the share class as a percentage of the average net asset value of the class over the same period.

+ The performance figures are calculated by taking the value of the shareclass per the financial statements compared to the value per the financial statements in the prior year. This figure may differ from the performance figure quoted in the Investment Report. The Investment Report performance figure is calculated using the last available published price for a given shareclass in the period compared to the equivalent for the prior period. The published price may contain an adjustment for dilution in accordance with the Fund pricing policy, while the price per the financial statements values the Fund on a bid-price basis. The financial statements shareclass valuation is based on close of business market prices on the last day of the period, again this may differ from the intra-day pricing point of the Fund which is used in the published shareclass price.

Standard Life Investment Company Annual Report & Financial Statements

UK Ethical Fund

Comparative Tables (Continued)

	2018 pence per share	2017 pence per share	2016 pence per share
Institutional regulated accumulation			
Change in net assets per share			
Opening net asset value per share	114.47	99.83	98.28
Return before operating charges*	18.01	15.05	1.96
Operating charges**	(0.51)	(0.41)	(0.41)
Return after operating charges*	17.50	14.64	1.55
Distributions	(2.41)	(2.39)	(2.27)
Retained distributions on accumulation share	2.41	2.39	2.27
Closing net asset value per share	131.97	114.47	99.83
* after direct transaction costs of:***	0.13	0.16	0.13
Performance+			
Return after charges	15.29%	14.66%	1.58%
Other information			
Closing net asset value (£'000)	29,855	25,963	30,339
Closing number of shares	22,623,290	22,681,220	30,389,982
Operating charges****	0.40%	0.40%	0.40%
Direct transaction costs***	0.10%	0.15%	0.13%
Prices			
Highest share price	139.0	114.1	109.0
Lowest share price	115.8	86.11	93.04

** The operating charges include all costs borne by the Fund, except for direct transaction costs.

*** The direct transaction costs are made up of: fees and commissions paid to agents, advisers, brokers and dealers, levies by regulatory agencies and securities exchanges as well as transfer taxes and duties.

**** The operating charges percentage is the equivalent of the ongoing charges figure per the prior year accounts. It shows the annualised operating expenses of the share class as a percentage of the average net asset value of the class over the same period.

+ The performance figures are calculated by taking the value of the shareclass per the financial statements compared to the value per the financial statements in the prior year. This figure may differ from the performance figure quoted in the Investment Report. The Investment Report performance figure is calculated using the last available published price for a given shareclass in the period compared to the equivalent for the prior period. The published price may contain an adjustment for dilution in accordance with the Fund pricing policy, while the price per the financial statements values the Fund on a bid-price basis. The financial statements shareclass valuation is based on close of business market prices on the last day of the period, again this may differ from the intra-day pricing point of the Fund which is used in the published shareclass price.

Standard Life Investment Company Annual Report & Financial Statements

UK Ethical Fund

Comparative Tables (Continued)

	2018 pence per share	2017 pence per share	2016 pence per share
Platform 1 accumulation			
Change in net assets per share			
Opening net asset value per share	95.04	83.30	82.42
Return before operating charges*	14.94	12.52	1.65
Operating charges**	(0.96)	(0.78)	(0.77)
Return after operating charges*	13.98	11.74	0.88
Distributions	(1.47)	(1.56)	(1.47)
Retained distributions on accumulation share	1.47	1.56	1.47
Closing net asset value per share	109.02	95.04	83.30
* after direct transaction costs of:***	0.11	0.14	0.11
Performance+			
Return after charges	14.71%	14.09%	1.07%
Other information			
Closing net asset value (£'000)	117,020	93,729	80,152
Closing number of shares	107,333,852	98,616,894	96,215,186
Operating charges****	0.90%	0.90%	0.90%
Direct transaction costs***	0.10%	0.16%	0.13%
Prices			
Highest share price	114.9	94.77	91.09
Lowest share price	96.18	71.74	77.65

** The operating charges include all costs borne by the Fund, except for direct transaction costs.

*** The direct transaction costs are made up of: fees and commissions paid to agents, advisers, brokers and dealers, levies by regulatory agencies and securities exchanges as well as transfer taxes and duties.

**** The operating charges percentage is the equivalent of the ongoing charges figure per the prior year accounts. It shows the annualised operating expenses of the share class as a percentage of the average net asset value of the class over the same period.

+ The performance figures are calculated by taking the value of the shareclass per the financial statements compared to the value per the financial statements in the prior year. This figure may differ from the performance figure quoted in the Investment Report. The Investment Report performance figure is calculated using the last available published price for a given shareclass in the period compared to the equivalent for the prior period. The published price may contain an adjustment for dilution in accordance with the Fund pricing policy, while the price per the financial statements values the Fund on a bid-price basis. The financial statements shareclass valuation is based on close of business market prices on the last day of the period, again this may differ from the intra-day pricing point of the Fund which is used in the published shareclass price.

Standard Life Investment Company

Annual Report & Financial Statements

UK Ethical Fund

Comparative Tables (Continued)

	2018 pence per share	2017 pence per share	2016 pence per share
Platform 1 income			
Change in net assets per share			
Opening net asset value per share	57.01	50.80	51.17
Return before operating charges*	8.96	7.63	1.03
Operating charges**	(0.58)	(0.47)	(0.48)
Return after operating charges*	8.38	7.16	0.55
Distributions	(0.88)	(0.95)	(0.92)
Closing net asset value per share	64.51	57.01	50.80
* after direct transaction costs of:***	0.06	0.08	0.07
Performance+			
Return after charges	14.70%	14.09%	1.07%
Other information			
Closing net asset value (£'000)	4,624	2,361	893
Closing number of shares	7,167,920	4,141,545	1,757,929
Operating charges****	0.90%	0.90%	0.90%
Direct transaction costs***	0.10%	0.15%	0.13%
Prices			
Highest share price	68.93	57.79	56.55
Lowest share price	57.69	43.74	48.21

** The operating charges include all costs borne by the Fund, except for direct transaction costs.

*** The direct transaction costs are made up of: fees and commissions paid to agents, advisers, brokers and dealers, levies by regulatory agencies and securities exchanges as well as transfer taxes and duties.

**** The operating charges percentage is the equivalent of the ongoing charges figure per the prior year accounts. It shows the annualised operating expenses of the share class as a percentage of the average net asset value of the class over the same period.

+ The performance figures are calculated by taking the value of the shareclass per the financial statements compared to the value per the financial statements in the prior year. This figure may differ from the performance figure quoted in the Investment Report. The Investment Report performance figure is calculated using the last available published price for a given shareclass in the period compared to the equivalent for the prior period. The published price may contain an adjustment for dilution in accordance with the Fund pricing policy, while the price per the financial statements values the Fund on a bid-price basis. The financial statements shareclass valuation is based on close of business market prices on the last day of the period, again this may differ from the intra-day pricing point of the Fund which is used in the published shareclass price.

Standard Life Investment Company Annual Report & Financial Statements

UK Ethical Fund

Comparative Tables (Continued)

	2018 pence per share	2017 pence per share	2016 pence per share
Institutional A accumulation++			
Change in net assets per share			
Opening net asset value per share	57.24	50.52	50.00
Return before operating charges*	8.98	7.55	0.59
Operating charges**	(1.02)	(0.83)	(0.07)
Return after operating charges*	7.96	6.72	0.52
Distributions	(0.43)	(0.58)	0.00
Retained distributions on accumulation share	0.43	0.58	0.00
Closing net asset value per share	65.20	57.24	50.52
* after direct transaction costs of:***	0.06	0.08	0.01
Performance +			
Return after charges	13.91%	13.30%	1.04%
Other information			
Closing net asset value (£'000)	182	186	1
Closing number of shares	279,456	324,724	2,200
Operating charges****	1.60%	1.60%	1.60%
Direct transaction costs***	0.10%	0.15%	0.01%
Prices			
Highest share price	68.78	57.08	51.67
Lowest share price	57.90	43.41	47.11

** The operating charges include all costs borne by the Fund, except for direct transaction costs.

*** The direct transaction costs are made up of: fees and commissions paid to agents, advisers, brokers and dealers, levies by regulatory agencies and securities exchanges as well as transfer taxes and duties.

**** The operating charges percentage is the equivalent of the ongoing charges figure per the prior year accounts. It shows the annualised operating expenses of the share class as a percentage of the average net asset value of the class over the same period.

+ The performance figures are calculated by taking the value of the shareclass per the financial statements compared to the value per the financial statements in the prior year. This figure may differ from the performance figure quoted in the Investment Report. The Investment Report performance figure is calculated using the last available published price for a given shareclass in the period compared to the equivalent for the prior period. The published price may contain an adjustment for dilution in accordance with the Fund pricing policy, while the price per the financial statements values the Fund on a bid-price basis. The financial statements shareclass valuation is based on close of business market prices on the last day of the period, again this may differ from the intra-day pricing point of the Fund which is used in the published shareclass price.

++ Share class launched 25 January 2016.

Standard Life Investment Company

Annual Report & Financial Statements

UK Ethical Fund

Portfolio Statement as at 28 February 2018

		Market value £'000	Percentage of total net assets
Holding	Investment		
UK Equities (99.61%)		281,797	95.04
Basic Materials (2.09%)		0.00	0.00
Consumer Goods (19.07%)		66,437	22.41
342,224	Bellway	10,660	3.59
4,433,389	Boohoo.com*	8,228	2.78
1,512,711	Countryside Properties	4,744	1.60
1,406,393	Dixons Carphone	2,764	0.93
467,604	Fever Tree Drinks*	11,606	3.91
773,728	Inchcape	5,246	1.77
787,950	JD Sports	3,019	1.02
1,017,265	Joules*	3,347	1.13
2,110,764	Lookers	1,864	0.63
978,333	McCarthy & Stone	1,339	0.45
1,278,410	Redrow	7,524	2.54
221,167	SuperGroup	3,784	1.28
75,794	Ted Baker	2,312	0.78
Consumer Services (17.42%)		38,286	12.91
1,663,924	Centaur Media	825	0.28
1,905,010	Cineworld	4,511	1.52
363,534	CVS*	3,872	1.31
480,236	Dunelm	2,783	0.94
1,770,145	Entertainment One	5,374	1.81
1,881,712	ITE	3,116	1.05
623,721	ITV	998	0.34
372,088	Just Eat	3,262	1.10
1,009,628	Mitchells & Butlers	2,468	0.83
98,790	Rightmove	4,224	1.42
264,804	Tui	4,089	1.38
1,137,548	Wilmington	2,764	0.93
Financials (18.54%)		48,268	16.28
1,143,778	Aviva	5,781	1.95
926,995	Chesnara	3,657	1.23
480,699	Close Brothers	7,542	2.55
1,080,352	Grainger	2,947	1.00
737,332	International Personal Finance	1,395	0.47

Standard Life Investment Company

Annual Report & Financial Statements

UK Ethical Fund

Portfolio Statement as at 28 February 2018 (Continued)

Holding	Investment	Market value £'000	Percentage of total net assets
Financials (continued)			
909,765	OneSavings Bank	3,716	1.25
253,878	Phoenix	1,993	0.67
521,791	Prudential	9,549	3.22
243,972	St James's Place	2,815	0.95
604,092	Standard Chartered	4,897	1.65
1,422,410	Virgin Money	3,976	1.34
Health Care (3.14%)		14,921	5.03
508,584	Georgia Healthcare	1,673	0.56
386,007	NMC Healthcare	13,248	4.47
Industrials (21.84%)		69,329	23.38
316,492	Aggreko	2,365	0.80
455,894	Bodycote	4,206	1.42
59,267	DCC	3,929	1.32
286,156	Diploma	3,133	1.06
30,546	Ferguson	1,571	0.53
473,362	Grafton	3,619	1.22
1,961,588	Howdens Joinery	8,709	2.94
1,598,912	IWG	3,748	1.26
521,587	Marshalls	2,173	0.73
1,116,766	Melrose Industries	2,548	0.86
653,315	Midwich*	3,871	1.30
1,621,220	Mitie Group	2,549	0.86
1,334,122	Polypipe	5,206	1.76
302,056	Porvair	1,492	0.50
217,590	Ricardo	2,076	0.70
587,031	Robert Walters	3,910	1.32
1,003,044	Sanne Group	6,460	2.18
1,403,358	Smith (DS)	6,729	2.27
175,388	Vesuvius	1,035	0.35
Oil & Gas (0.26%)		4,553	1.53
525,586	Nostrum Oil & Gas	1,516	0.51
495,586	Wood Group	3,037	1.02

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UK Ethical Fund

Portfolio Statement as at 28 February 2018 (Continued)

		Market value £'000	Percentage of total net assets
Holding	Investment		
Technology (9.51%)		27,620	9.32
207,788	Accesso*	4,738	1.60
140,613	Aveva	4,055	1.37
234,917	EMIS*	1,713	0.58
444,939	FDM	3,826	1.29
507,315	Kainos	1,760	0.59
920,332	Sage	6,372	2.15
1,034,880	Sophos	5,156	1.74
Telecommunications (7.04%)		12,383	4.18
262,162	Gamma Communication*	1,820	0.62
220,769	Telecom Plus	2,755	0.93
3,833,200	Vodafone	7,808	2.63
Utilities (0.70%)		0.00	0.00
Total Investment assets and liabilities		281,797	95.04
Net other assets		14,710	4.96
Total Net Assets		296,507	100.00

All investments are listed on recognised stock exchanges and are approved securities, or regulated collective investment schemes within the meaning of the FCA rules unless otherwise stated.

The percentage figures in brackets show the comparative holding as at 28 February 2017.

* AIM listed.

Standard Life Investment Company

Annual Report & Financial Statements

UK Ethical Fund

Financial Statements

Statement of Total Return

for the year ended 28 February 2018

	Notes	£'000	2018 £'000	£'000	2017 £'000
Income:					
Net capital gains	2		32,903		28,029
Revenue	4	6,459		6,748	
Expenses	5	(2,631)		(2,304)	
Interest payable and similar charges	6	(1)		0	
Net revenue before taxation		3,827		4,444	
Taxation	7	(67)		(25)	
Net revenue after taxation			3,760		4,419
Total return before distributions			36,663		32,448
Distributions	8		(3,760)		(4,419)
Change in net assets attributable to shareholders from investment activities			32,903		28,029

Statement of Change in Net Assets Attributable to Shareholders

for the year ended 28 February 2018

	£'000	2018 £'000	£'000	2017 £'000
Opening net assets attributable to shareholders		255,620		240,923
Amounts receivable on the issue of shares	35,678		26,188	
Amounts payable on the cancellation of shares	(31,475)		(43,563)	
		4,203		(17,375)
Dilution adjustment		5		30
Change in net assets attributable to shareholders from investment activities (see above)		32,903		28,029
Retained distribution on accumulation shares		3,776		4,013
Closing net assets attributable to shareholders		296,507		255,620

Standard Life Investment Company

Annual Report & Financial Statements

UK Ethical Fund

Financial Statements (Continued)

Balance Sheet

as at 28 February 2018

	Notes	£'000	2018 £'000	£'000	2017 £'000
Assets:					
Fixed assets:					
Investment assets			281,797		254,618
Current assets:					
Debtors	9	554		433	
Cash and bank balances	10	14,525		1,672	
			15,079		2,105
Total assets			296,876		256,723
Liabilities:					
Creditors	11	(239)		(1,029)	
Distribution payable		(130)		(74)	
			(369)		(1,103)
Total liabilities			(369)		(1,103)
Net assets attributable to shareholders			296,507		255,620

Standard Life Investment Company

Annual Report & Financial Statements

UK Ethical Fund

Notes to the Financial Statements

1 Accounting Policies

Please refer to pages 11 to 12 for note on accounting policies.

2 Net Capital Gains

	2018 £'000	2017 £'000
Non-derivative securities	32,905	28,030
Other gains	0	2
Handling charges taken from the capital account	(2)	(3)
Net capital gains	32,903	28,029

3 Purchases, Sales and Transaction Costs

There are no transaction costs associated with the purchases or sales of bonds, collective investment schemes and derivatives during the year, or in the prior year.

Collective investments operate within the terms of the offer document or prospectus. Typically we do not invest into Funds that require an initial charge to be made. The underlying price contains an estimation of cost known as a dilution levy which is applied from time to time.

During the year the total purchases and sales across different major assets classes are as per below table.

	2018 £'000	2017 £'000
Equity Purchases, Sales and Transaction Costs		
Purchases		
Purchases before transaction costs	49,959	64,841
Commissions	41	64
Taxes & Other Fees	188	277
Total purchase transaction costs	229	341
Purchases including transaction costs	50,188	65,182
Sales		
Gross Sales before transaction costs	55,963	71,810
Commissions	(49)	(74)
Total sale transaction costs	(49)	(74)
Total sales net of transaction costs	55,914	71,736
	2018 % Transaction	2017 % Transaction
Equity Transaction Cost as a % of total Purchases & Sales		
Purchases		
Commissions	0.08%	0.10%
Taxes & Other Fees	0.38%	0.43%
Sales		
Commissions	0.09%	0.10%

Standard Life Investment Company

Annual Report & Financial Statements

UK Ethical Fund

Notes to the Financial Statements (Continued)

3 Purchases, Sales and Transaction Costs (continued)

	2018 % Average NAV	2017 % Average NAV
Equity Purchases, Sales Analysis to Average NAV		
Purchases		
Commissions	0.01%	0.03%
Taxes & Other Fees	0.07%	0.11%
Sales		
Commissions	0.02%	0.03%

During the year the total purchases and sales across different major asset classes are as per below table.

	2018 £'000	2017 £'000
Purchase		
Equities	50,188	65,182
Sales		
Equities	55,914	71,736

The Fund suffers a number of explicit costs as disclosed in the notes and Fund history. The Fund also suffers implicit costs an example is market spread, the spread represents the costs of providing liquidity in a market. It therefore is subject to change based on volume, active markets have a lower spread the difference between; bid the price you receive and offer the price you pay.

At the balance sheet date the average portfolio dealing spread (i.e. the spread between bid and offer prices expressed as a percentage of the offer price) was 1.46% (2017: 1.66%), this is representative of the average spread on the assets held during the year.

4 Revenue

	2018 £'000	2017 £'000
UK dividends	5,571	6,145
Overseas dividends	866	579
Bank interest	22	24
Total revenue	6,459	6,748

Standard Life Investment Company Annual Report & Financial Statements

UK Ethical Fund

Notes to the Financial Statements (Continued)

5 Expenses

	2018 £'000	2017 £'000
Payable to the Authorised Corporate Director, associates of the Authorised Corporate Director and agents of either of them:		
Authorised Corporate Director's periodic charge	2,350	2,063
Dealing charge	56	44
Registration fees	171	151
	<u>2,577</u>	<u>2,258</u>
Payable to the Depositary or associates of the Depositary, and agents of either of them:		
Depositary's fees	39	32
Safe custody fee	7	6
	<u>46</u>	<u>38</u>
Other:		
Audit fee	8	8
Total expenses	<u>2,631</u>	<u>2,304</u>

6 Interest Payable and Similar Charges

	2018 £'000	2017 £'000
Interest payable	1	0
Total interest payable & similar charges	<u>1</u>	<u>0</u>

7 Taxation

	2018 £'000	2017 £'000
(a) Analysis of charge in year		
Overseas taxes	67	25
Total current tax (note 7b)	<u>67</u>	<u>25</u>

(b) Factors affecting current tax charge for the year

The tax assessed for the year is lower than the standard rate of corporation tax for Open-Ended Investment Companies 'OEICs' (20%). The differences are explained below:

Net revenue before taxation	3,827	4,444
Corporation tax at 20% (2017: 20%)	<u>765</u>	<u>889</u>
Effects of:		
Revenue not subject to taxation	(1,287)	(1,345)
Overseas taxes	67	25
Excess allowable expenses	<u>522</u>	<u>456</u>
Current tax charge for year (note 7a)	<u>67</u>	<u>25</u>

Standard Life Investment Company

Annual Report & Financial Statements

UK Ethical Fund

Notes to the Financial Statements (Continued)

7 Taxation (continued)

Authorised Open-Ended Investment Companies are exempt from tax on capital gains in the UK. Therefore, any capital gain is not included in the above reconciliation.

(c) Factors that may affect future tax charge

At the year end, after offset against revenue taxable on receipt, there is a potential deferred tax asset of £4,934,000 (2017: £4,412,000) due to surplus expenses. It is unlikely that the Fund will generate sufficient taxable profits to utilise these amounts and therefore no deferred tax asset has been recognised in the year or the prior year.

8 Distributions

The distributions takes account of income received on the issue of shares and income deducted on the cancellation of shares and comprise:

	2018 £'000	2017 £'000
Distribution	3,906	4,087
Add: Income deducted on cancellation of shares	210	581
Deduct: Income received on issue of shares	(356)	(249)
Net distribution for the year	3,760	4,419

Details of the distribution per share are set out in this Fund's distribution tables.

9 Debtors

	2018 £'000	2017 £'000
Amounts receivable from the ACD for the issue of shares	387	123
Accrued revenue	94	288
Foreign withholding tax recoverable	73	22
Total debtors	554	433

10 Cash and Bank Balances

	2018 £'000	2017 £'000
Cash and bank balances	14,525	1,672
Total cash and bank balances	14,525	1,672

11 Creditors

	2018 £'000	2017 £'000
Amounts payable to the ACD for cancellation of shares	20	819
Purchases awaiting settlement	0	18
Accrued expenses payable to ACD	211	180
Other accrued expenses	3	8
Accrued Expenses payable to the Depository	5	4
Total creditors	239	1,029

Standard Life Investment Company

Annual Report & Financial Statements

UK Ethical Fund

Notes to the Financial Statements (Continued)

12 Related Party Transactions

Standard Life Investments (Mutual Funds) Limited, as Authorised Corporate Director (ACD), is a related party and acts as principal in respect of all transactions of shares in the Fund.

The aggregate monies received through issue and paid on cancellation of shares are disclosed in the statement of change in net assets attributable to shareholders.

Any amounts due from or due to Standard Life Investments (Mutual Funds) Limited at the end of the accounting year are disclosed in notes 9 and 11.

Amounts payable to Standard Life Investments (Mutual Funds) Limited, in respect of periodic charge and registration services, are disclosed in note 5 and any amounts due at the year end in note 11.

	2018 £'000	2017 £'000
Transactions during the year with Standard Life Aberdeen group companies are as follows:		
Sale of shares by Fund	7,700	3,400
Purchase of shares by Fund	3,804	11,298
Distributions made by Fund	580	464
The percentage value of the Fund held by Standard Life Aberdeen group companies is:	16.6%	11.4%

13 Shares in issue reconciliation

	Opening shares 2017	Creations during the year	Cancellations during the year	Conversions during the year	Closing shares 2018
Retail accumulation	42,788,565	1,668,461	(3,465,895)	(3,553,550)	37,437,581
Institutional accumulation	37,719,481	3,501,211	(3,740,309)	(260,834)	37,219,549
Institutional income	3,590,880	3,381,063	(1,263,053)	1,691,396	7,400,286
Standard Life accumulation	275,465	31,995	(918)	0	306,542
Institutional regulated accumulation	22,681,220	2,000,845	(2,058,775)	0	22,623,290
Platform 1 accumulation	98,616,894	9,940,308	(6,132,661)	4,909,311	107,333,852
Platform 1 income	4,141,545	3,119,710	(580,712)	487,377	7,167,920
Institutional A accumulation	324,724	107,241	(152,509)	0	279,456

14 Fair Value Hierarchy

	2018 £'000	2018 £'000	2018 £'000	2017 £'000	2017 £'000	2017 £'000
Fair value of investment assets	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
Equities	281,797	0	0	254,618	0	0
Total investment assets	281,797	0	0	254,618	0	0

The three levels of the fair value hierarchy under FRS 102 are described below:

Level 1: Unadjusted quoted market prices in active markets that are accessible at the measurement date for the identical unrestricted assets or liabilities.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices).

Level 3: Inputs for asset or liability that are not based on observable market data (unobservable inputs).

Standard Life Investment Company

Annual Report & Financial Statements

UK Ethical Fund

Notes to the Financial Statements (Continued)

15 Risk Management Policies & Numerical Disclosures

In accordance with the investment objectives, the Fund may hold certain financial instruments. These comprise:

- securities held in accordance with the investment objective and policies;
- cash and short-term debtors and creditors arising directly from operations; and
- derivatives.

The main risks arising from the Fund's financial instruments are market price, foreign currency, interest rate, credit and liquidity risk.

The policies for managing these risks are summarised below and have been applied consistently throughout the year, and prior year.

a. Market price risk

Each Fund's investment portfolio is exposed to market price fluctuation which are monitored by the Fund Manager in pursuance of the investment objectives and policies. Adherence to investment guidelines and to investment and borrowing powers mitigate the risk of excessive exposure to any particular type of security or issuer.

An increase or decrease in market values will therefore have a direct effect on the value of the investment assets in the portfolio and therefore a proportionate effect on the value of the Fund.

A five per cent increase in the value of the Fund's portfolio would have the effect of increasing the return and net assets as at 28 February by £14,089,850 (2017: £12,730,900). A five per cent decrease would have an equal and opposite effect.

b. Foreign currency risk

A proportion of the net assets of the Fund are denominated in currencies other than Sterling, therefore the balance sheet and total returns can be affected by currency movements. In certain circumstances, the Fund Manager may seek to manage exposure to currency movements by using forward currency contracts.

The Fund does not hedge or otherwise seek to avoid currency movement risk on accrued revenue.

Income received in foreign currencies is converted into Sterling at the exchange rates ruling when the income is received.

A five per cent increase in the value of the Fund's foreign currency exposure would have the effect of increasing the return and net assets as at 28 February by £4,400 (2017: £1,600). A five per cent decrease would have an equal and opposite effect.

Currency exposure

The net foreign currency monetary exposure comprises:

	Net foreign currency monetary assets	
	2018	2017
	£'000	£'000
Euro	88	32

c. Interest rate risk

Interest receivable on bank deposits or payable on bank overdrafts will be affected by fluctuations in interest rates. The Fund Manager continuously reviews interest rates and inflation expectations. The assessment of this may result in a change in investment strategy.

Standard Life Investment Company

Annual Report & Financial Statements

UK Ethical Fund

Notes to the Financial Statements (Continued)

15 Risk Management Policies & Numerical Disclosures (continued)

The interest rate risk profile of the Fund's net financial assets and liabilities is:

	Floating rate financial assets £'000	Financial assets not carrying interest £'000	Total £'000
2018			
Currency			
UK Sterling	14,491	281,928	296,419
Euro	33	55	88
2017			
Currency			
UK Sterling	1,640	253,948	255,588
Euro	32	0	32

(d) Credit risk

All cash exposures are carefully managed to ensure that money is placed on deposit with counterparties that meet the minimum credit rating deemed appropriate for this Fund. In certain circumstances, the Fund Manager may deliberately invest in securities (e.g. corporate bonds) with a well defined and published credit rating. In this case the Fund would be deliberately taking credit risk in order to seek additional rewards.

(e) Liquidity risk

The Fund's assets comprise mainly readily realisable securities. The main liabilities of the Fund are the redemption of any shares that investors wish to sell and the settlement of stock purchases. The Fund Manager reviews the cash and liability position continuously, and should an increase in liquidity be required, the Fund Manager will sell securities.

Standard Life Investment Company Annual Report & Financial Statements

UK Ethical Fund

Distribution Tables

for the year ended 28 February 2018

Group 1 - shares purchased prior to 1 March 2017

Group 2 - shares purchased between 1 March 2017 and 28 February 2018

	Net Income 2018 pence per share	Equalisation 2018 pence per share	Distribution payable 2018 pence per share	Distribution paid 2017 pence per share
Retail accumulation				
Group 1	1.6473	-	1.6473*	1.9179
Group 2	0.4213	1.2260	1.6473*	1.9179
Institutional accumulation				
Group 1	2.7526	-	2.7526*	2.9058
Group 2	0.7676	1.9850	2.7526*	2.9058
Institutional income				
Group 1	0.9116	-	0.9116**	0.9785
Group 2	0.1860	0.7256	0.9116**	0.9785
Standard Life accumulation				
Group 1	4.6709	-	4.6709*	4.4945
Group 2	3.1771	1.4938	4.6709*	4.4945
Institutional regulated accumulation				
Group 1	2.4114	-	2.4114*	2.3904
Group 2	0.9208	1.4906	2.4114*	2.3904
Platform 1 accumulation				
Group 1	1.4659	-	1.4659*	1.5614
Group 2	0.4505	1.0154	1.4659*	1.5614
Platform 1 income				
Group 1	0.8793	-	0.8793**	0.9521
Group 2	0.2513	0.6280	0.8793**	0.9521
Institutional A accumulation				
Group 1	0.4297	-	0.4297*	0.5775
Group 2	0.1310	0.2987	0.4297*	0.5775

* Distribution accumulated on 28 February 2018

** Distribution payable on 30 April 2018

Standard Life Investment Company

Annual Report & Financial Statements

UK Ethical Fund

Distribution Tables (Continued)

Treatment by Corporate Shareholders (Unaudited)

Corporate shareholders should account for the current year’s dividend shown in the distribution table as follows:

	Final Dividend Distribution
Treat as a UK corporate dividend	100.00%
Treat as an annual payment net of Income tax at 20%	0.00%

Standard Life Investment Company

Annual Report & Financial Statements

UK Gilt Fund

Investment Report

Fund Information	
Fund Manager	Liam O'Donnell
Launch Date	18 September 1998
Benchmark	IA UK Gilt Sector

Investment objective

The objective of the Fund is to provide a high level of income with capital appreciation being of secondary importance.

Investment policy

The investment policy of the Fund is to invest mostly in UK Government securities. The Fund may also invest in other fixed interest securities, other transferable securities, money-market instruments, deposits, cash and near cash, derivatives and collective investment schemes.

Risk

The Fund is intended for investors who wish to achieve a competitive level of income from investing predominantly in UK Government securities. Whilst the level of income provision is likely to be relatively stable, the investor must be able to accept temporary capital losses due to the volatile nature of the investments, and should therefore have an investment time horizon of 3 to 5 years.

Performance

The UK Gilt Fund returned -2.0% over the twelve months, in comparison with an IA UK Gilts sector return of -1.0% (source: Morningstar, basic rate taxpayer, bid to bid basis. Please note the Fund return is net of institutional fees, whereas the benchmark return is gross).

In the first half of the period, there was significant volatility between strategies in the portfolio and sharp fluctuations between markets. 10-year bond yield levels moved modestly higher but the gyrations along the yield curve made a single strategic view awkward. Exposure to Australian rates and US inflation were performance negatives, the former owing to a late investor panic on fears of a more hawkish Reserve Bank of Australia (RBA). Yield curve steepening strategies using swaps were modestly successful as was UK yield curve tactical trading. Swedish rates exposure versus German bunds was performance positive. As yields ground lower towards the end of the first half of the period, overall core positioning in Australian short-dated swaps performed poorly versus US 5-years. This reflected overdone US rate expectations and unease over the RBA's neutral stance.

In the second half of the period, the portfolio's overall duration stance started as a modest performance negative, although it started to add to performance as bond markets finally began to be more wary of the 2018 outlook. Valuations on French bonds moved very little since we altered exposure from an underweight in bunds and so were performance neutral. Having exposure to Australian rates was a strong performance positive.

Investment activity

In the first half of the period, a long-held position in 30-year US inflation through TIPS was trimmed at the start of the period. We also took profits on a trade on 1-year UK interest rates. The US yield curve continued to flatten in response to Fed rate hikes and we took a decision to oppose some of this move with 15-year rates sold into 5-year rates. An existing short position in 5-year UK inflation was increased in size. Duration was added to the portfolio through a direct purchase of US 30-year real yields. Profits were taken on this position as the period progressed. With the US curve having flattened dramatically, the decision was taken to tactically position for curve steepening in the 5-10 year area of the curve. In mid-August the overall duration underweight of the portfolio was realigned to focus more on the Eurozone.

In the second half of the period, we decided to oppose the continued flattening of the US yield curve, particularly at the short-dated end, given that the market had already priced in a December rate hike. A more cautious approach was taken in reaction to the strong performance of the long-dated end of the US curve. We opened a yield curve steepening position between 5-year and 30-year US Treasuries matched against a curve flattening strategy between 5-year and 30-year European bonds. Later, as the momentum in the US curve proved particularly strong, this positioning was closed.

Standard Life Investment Company

Annual Report & Financial Statements

UK Gilt Fund

Investment Report (Continued)

Synthetic Risk & Reward Indicator



This indicator reflects the volatility of the Fund’s share price over the last five years which in turn reflects the volatility of the underlying assets in which the Fund invests. Historical data may not be a reliable indication of the future.

The current rating, which is the same for all share classes, is not guaranteed and may change if the volatility of the assets in which the Fund invests changes. The lowest rating does not mean risk free.

All investment involves risk. This Fund offers no guarantee against loss or that the Fund’s objective will be attained. For further information on the risks that may not be fully captured by the risk and reward indicator, please request the current Key Investor Information Document (KIID).

Cautionary note

It should be remembered that past performance is not a guide to future performance. The value of investments may go down as well as up and, therefore, investors may not get back the amount originally invested.

Standard Life Investment Company

Annual Report & Financial Statements

UK Gilt Fund

Comparative Tables

	2018 pence per share	2017 pence per share	2016 pence per share
Retail accumulation			
Change in net assets per share			
Opening net asset value per share	76.79	72.94	70.45
Return before operating charges*	(0.77)	4.67	3.40
Operating charges**	(0.82)	(0.79)	(0.79)
Return after operating charges*	(1.59)	3.88	2.61
Distributions	(0.01)	(0.23)	(0.62)
Retained distributions on accumulation share	0.01	0.20	0.50
Closing net asset value per share	75.20	76.79	72.94
* after direct transaction costs of:***	0.00	0.00	0.00
Performance+			
Return after charges	-2.07%	5.32%	3.70%
Other information			
Closing net asset value (£'000)	5,511	4,390	5,651
Closing number of shares	7,327,607	5,717,216	7,747,402
Operating charges****	1.08%	1.05%	1.12%
Direct transaction costs***	0.00%	0.00%	0.00%
Prices			
Highest share price	77.87	81.23	73.60
Lowest share price	74.13	71.27	68.21

** The operating charges include all costs borne by the Fund, except for direct transaction costs.

*** The direct transaction costs are made up of: fees and commissions paid to agents, advisers, brokers and dealers, levies by regulatory agencies and securities exchanges as well as transfer taxes and duties.

**** The operating charges percentage is the equivalent of the ongoing charges figure per the prior year accounts. It shows the annualised operating expenses of the share class as a percentage of the average net asset value of the class over the same period. The Registrar fees of 0.08% ceased to be charged effective 1 April 2016.

+ The performance figures are calculated by taking the value of the shareclass per the financial statements compared to the value per the financial statements in the prior year. This figure may differ from the performance figure quoted in the Investment Report. The Investment Report performance figure is calculated using the last available published price for a given shareclass in the period compared to the equivalent for the prior period. The published price may contain an adjustment for dilution in accordance with the Fund pricing policy, while the price per the financial statements values the Fund on a bid-price basis. The financial statements shareclass valuation is based on close of business market prices on the last day of the period, again this may differ from the intra-day pricing point of the Fund which is used in the published shareclass price.

Standard Life Investment Company

Annual Report & Financial Statements

UK Gilt Fund

Comparative Tables (Continued)

	2018 pence per share	2017 pence per share	2016 pence per share
Institutional accumulation			
Change in net assets per share			
Opening net asset value per share	80.24	75.79	72.91
Return before operating charges*	(0.80)	5.01	3.54
Operating charges**	(0.53)	(0.49)	(0.46)
Return after operating charges*	(1.33)	4.52	3.08
Distributions	(0.34)	(0.69)	(1.01)
Retained distributions on accumulation share	0.34	0.62	0.81
Closing net asset value per share	78.91	80.24	75.79
* after direct transaction costs of:***	0.00	0.00	0.00
Performance+			
Return after charges	-1.66%	5.96%	4.22%
Other information			
Closing net asset value (£'000)	7,245	9,253	20,988
Closing number of shares	9,181,687	11,530,869	27,691,766
Operating charges****	0.66%	0.63%	0.62%
Direct transaction costs***	0.00%	0.00%	0.00%
Prices			
Highest share price	81.54	84.54	76.46
Lowest share price	77.77	74.10	70.70

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Standard Life Investment Company Annual Report & Financial Statements

UK Gilt Fund

Comparative Tables (Continued)

	2018 pence per share	2017 pence per share	2016 pence per share
Retail income			
Change in net assets per share			
Opening net asset value per share	48.70	46.36	45.09
Return before operating charges*	(0.49)	2.99	2.18
Operating charges**	(0.52)	(0.50)	(0.51)
Return after operating charges*	(1.01)	2.49	1.67
Distributions	(0.01)	(0.15)	(0.40)
Closing net asset value per share	47.68	48.70	46.36
* after direct transaction costs of:***	0.00	0.00	0.00
Performance+			
Return after charges	-2.07%	5.37%	3.70%
Other information			
Closing net asset value (£'000)	1,429	1,928	2,312
Closing number of shares	2,997,042	3,959,192	4,986,079
Operating charges****	1.08%	1.05%	1.12%
Direct transaction costs***	0.00%	0.00%	0.00%
Prices			
Highest share price	49.38	51.63	46.94
Lowest share price	47.01	45.30	43.67

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Standard Life Investment Company

Annual Report & Financial Statements

UK Gilt Fund

Comparative Tables (Continued)

	2018 pence per share	2017 pence per share	2016 pence per share
Institutional income			
Change in net assets per share			
Opening net asset value per share	48.70	46.36	45.08
Return before operating charges*	(0.48)	2.99	2.18
Operating charges**	(0.32)	(0.30)	(0.28)
Return after operating charges*	(0.80)	2.69	1.90
Distributions	(0.21)	(0.35)	(0.62)
Closing net asset value per share	47.69	48.70	46.36
* after direct transaction costs of:***	0.00	0.00	0.00
Performance+			
Return after charges	-1.64%	5.80%	4.21%
Other information			
Closing net asset value (£'000)	450	556	9,606
Closing number of shares	944,112	1,141,405	20,722,445
Operating charges****	0.66%	0.63%	0.62%
Direct transaction costs***	0.00%	0.00%	0.00%
Prices			
Highest share price	49.41	51.70	47.02
Lowest share price	47.11	45.32	43.71

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Standard Life Investment Company

Annual Report & Financial Statements

UK Gilt Fund

Comparative Tables (Continued)

	2018 pence per share	2017 pence per share	2016 pence per share
Standard Life accumulation			
Change in net assets per share			
Opening net asset value per share	87.15	82.07	78.64
Return before operating charges*	(0.87)	5.31	3.82
Operating charges**	(0.14)	(0.11)	(0.10)
Return after operating charges*	(1.01)	5.20	3.72
Distributions	(0.81)	(1.05)	(1.47)
Retained distributions on accumulation share	0.81	0.93	1.18
Closing net asset value per share	86.14	87.15	82.07
* after direct transaction costs of:***	0.00	0.00	0.00
Performance+			
Return after charges	-1.16%	6.34%	4.73%
Other information			
Closing net asset value (£'000)	1,887	1,538	904
Closing number of shares	2,189,815	1,764,338	1,101,696
Operating charges****	0.16%	0.13%	0.12%
Direct transaction costs***	0.00%	0.00%	0.00%
Prices			
Highest share price	88.81	91.70	82.78
Lowest share price	84.89	80.28	76.35

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Standard Life Investment Company

Annual Report & Financial Statements

UK Gilt Fund

Comparative Tables (Continued)

	2018 pence per share	2017 pence per share	2016 pence per share
Platform 1 accumulation			
Change in net assets per share			
Opening net asset value per share	59.30	56.12	54.01
Return before operating charges*	(0.59)	3.62	2.61
Operating charges**	(0.42)	(0.39)	(0.36)
Return after operating charges*	(1.01)	3.23	2.25
Distributions	(0.23)	(0.40)	(0.72)
Retained distributions on accumulation share	0.23	0.35	0.58
Closing net asset value per share	58.29	59.30	56.12
* after direct transaction costs of:***	0.00	0.00	0.00
Performance+			
Return after charges	-1.70%	5.76%	4.17%
Other information			
Closing net asset value (£'000)	7,418	9,694	7,253
Closing number of shares	12,726,899	16,347,876	12,924,236
Operating charges****	0.71%	0.68%	0.67%
Direct transaction costs***	0.00%	0.00%	0.00%
Prices			
Highest share price	60.25	62.58	56.61
Lowest share price	57.45	54.86	52.36

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Standard Life Investment Company

Annual Report & Financial Statements

UK Gilt Fund

Comparative Tables (Continued)

	2018 pence per share	2017 pence per share	2016 pence per share
Platform 1 income			
Change in net assets per share			
Opening net asset value per share	56.14	53.44	51.98
Return before operating charges*	(0.56)	3.45	2.50
Operating charges**	(0.40)	(0.37)	(0.35)
Return after operating charges*	(0.96)	3.08	2.15
Distributions	(0.21)	(0.38)	(0.69)
Closing net asset value per share	54.97	56.14	53.44
* after direct transaction costs of:***	0.00	0.00	0.00
Performance+			
Return after charges	-1.71%	5.76%	4.14%
Other information			
Closing net asset value (£'000)	1,812	2,359	2,363
Closing number of shares	3,296,797	4,202,417	4,422,099
Operating charges****	0.71%	0.68%	0.67%
Direct transaction costs***	0.00%	0.00%	0.00%
Prices			
Highest share price	56.95	59.60	54.19
Lowest share price	54.29	52.24	50.39

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Standard Life Investment Company

Annual Report & Financial Statements

UK Gilt Fund

Portfolio Statement as at 28 February 2018

Holding	Investment	Market value £'000	Percentage of total net assets
Bonds (98.72%)		25,464	98.88
Sterling Denominated Bonds (97.28%)		25,464	98.88
Government Bonds (97.28%)		25,464	98.88
less than 5 years to maturity			
354,000	European Investment Bank 1.5% 2019	357	1.39
405,000	UK (Govt of) 0.5% 2022	396	1.54
634,458	UK (Govt of) 1.25% 2018	637	2.47
597,000	UK (Govt of) 1.5% 2021	608	2.36
670,000	UK (Govt of) 1.75% 2019	680	2.64
658,000	UK (Govt of) 1.75% 2022	679	2.64
591,656	UK (Govt of) 2% 2020	609	2.36
452,000	UK (Govt of) 3.75% 2020	485	1.88
538,000	UK (Govt of) 3.75% 2021	591	2.30
528,000	UK (Govt of) 3.75% Index-Linked 2019	552	2.14
686,000	UK (Govt of) 4% 2022	769	2.99
662,000	UK (Govt of) 4.5% 2019	688	2.67
606,000	UK (Govt of) 4.75% 2020	655	2.54
434,340	UK (Govt of) 8% 2021	534	2.07
between 5 and 10 years to maturity			
269,000	UK (Govt of) 0.75% 2023	263	1.02
431,000	UK (Govt of) 1.25% 2027	421	1.63
494,000	UK (Govt of) 1.5% 2026	498	1.93
582,592	UK (Govt of) 2% 2025	611	2.37
531,210	UK (Govt of) 2.25% 2023	563	2.19
515,000	UK (Govt of) 2.75% 2024	564	2.19
257,000	UK (Govt of) 4.25% 2027	321	1.25
644,802	UK (Govt of) 5% 2025	806	3.13
between 10 and 15 years to maturity			
652,088	UK (Govt of) 4.25% 2032	856	3.33
618,087	UK (Govt of) 4.75% 2030	834	3.24
351,083	UK (Govt of) 6% 2028	505	1.96
between 15 and 25 years to maturity			
222,000	UK (Govt of) 1.75% 2037	216	0.84
546,096	UK (Govt of) 4.25% 2036	746	2.90
440,287	UK (Govt of) 4.25% 2039	623	2.42
340,163	UK (Govt of) 4.25% 2040	487	1.89
584,400	UK (Govt of) 4.5% 2034	807	3.13
586,702	UK (Govt of) 4.5% 2042	885	3.44
453,046	UK (Govt of) 4.75% 2038	676	2.62

Standard Life Investment Company

Annual Report & Financial Statements

UK Gilt Fund

Portfolio Statement as at 28 February 2018 (Continued)

Holding	Investment	Market value £'000	Percentage of total net assets
Government Bonds (continued)			
greater than 25 years to maturity			
400,428	UK (Govt of) 1.5% 2047	364	1.42
192,875	UK (Govt of) 1.75% 2057	194	0.75
354,278	UK (Govt of) 2.5% 2065	450	1.75
501,018	UK (Govt of) 3.25% 2044	635	2.46
507,653	UK (Govt of) 3.5% 2045	675	2.62
379,241	UK (Govt of) 3.5% 2068	614	2.39
517,087	UK (Govt of) 3.75% 2052	772	3.00
406,983	UK (Govt of) 4% 2060	686	2.66
424,292	UK (Govt of) 4.25% 2046	643	2.50
448,550	UK (Govt of) 4.25% 2049	705	2.74
476,403	UK (Govt of) 4.25% 2055	804	3.12
US Dollar Denominated Bonds (1.44%)		-	-
Collective Investment Schemes (0.55%)		74	0.29
73,949	Standard Life CNAV Sterling Liquidity Fund	74	0.29
Derivatives (0.02%)		20	0.08
Forward Currency Contracts (-0.05%)		-	-
Futures (-0.05%)		6	0.01
6	Long Australia 10 Year Bond Future 15/03/2018	2	0.01
2	Long Long Gilt Future 27/06/2018	1	0.00
17	Long US 2 Year Note Future 29/06/2018	(1)	(0.02)
(44)	Short Australia 3 Year Bond Future 15/03/2018	(11)	(0.04)
(1)	Short Euro Bond Future 08/03/2018	0	0.00
(5)	Short Euro-Oat Future 08/03/2018	10	0.04
(10)	Short US 10 Year Note Future 20/06/2018	2	0.01
(9)	Short US 10 Year Ultra Note Future 20/06/2018	1	0.00
(21)	Short US 5 Year Note Future 29/06/2018	2	0.01
Inflation Rate Swaps (-0.01%)		6	0.02
GBP 490,000	Pay floating UKRPI receive fixed 3.32% 15/01/2023	1	0.00
GBP 520,000	Pay floating UKRPI receive fixed 3.435% 15/05/2022	3	0.01
GBP 690,000	Pay floating UKRPI receive fixed 3.44% 15/11/2021	2	0.01

Standard Life Investment Company

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Portfolio Statement as at 28 February 2018 (Continued)

Holding	Investment	Market value £'000	Percentage of total net assets
Interest Rate Swaps (0.13%)		8	0.05
GBP 2,400,000	Pay fixed 1.015% receive floating GBP-LIBOR 18/01/2021	15	0.06
GBP 72,930	Pay fixed 1.063% receive floating GBP-LIBOR 29/08/2067	1	0.00
GBP 72,930	Pay fixed 1.081% receive floating GBP-LIBOR 30/08/2067	1	0.00
GBP 75,140	Pay fixed 1.096% receive floating GBP-LIBOR 30/08/2067	1	0.00
GBP 14,000	Pay fixed 1.102% receive floating GBP-LIBOR 30/08/2067	0	0.00
GBP 60,000	Pay fixed 1.122% receive floating GBP-LIBOR 04/09/2067	0	0.00
GBP 60,000	Pay fixed 1.14243% receive floating GBP-LIBOR 05/09/2067	0	0.00
GBP 200,000	Pay fixed 1.2665% receive floating GBP-LIBOR 04/10/2067	(2)	(0.01)
GBP 800,000	Pay fixed 1.58625% receive floating GBP-LIBOR 18/01/2029	9	0.03
GBP 205,000	Pay fixed 1.816% receive floating GBP-LIBOR 07/02/2030	(1)	0.00
GBP 205,000	Pay fixed 1.85% receive floating GBP-LIBOR 10/02/2030	(1)	0.00
AUD 2,660,000	Pay floating AUD-BBR-BBSW receive fixed 2.354% 01/03/2021	0	0.00
AUD 2,063,098	Pay floating AUD-BBR-BBSW receive fixed 2.8075% 07/03/2021	6	0.02
AUD 2,063,098	Pay floating AUD-BBR-BBSW receive fixed 2.815% 07/03/2021	6	0.03
AUD 2,173,804	Pay floating AUD-BBR-BBSW receive fixed 2.829% 08/03/2021	7	0.03
CAD 2,250,000	Pay floating CAD-BA-CDOR receive fixed 2.325% 03/01/2021	(3)	(0.01)
CAD 2,706,000	Pay floating CAD-BA-CDOR receive fixed 2.425% 10/01/2021	(1)	0.00
CAD 2,370,000	Pay floating CAD-BA-CDOR receive fixed 2.503% 30/01/2021	1	0.01
GBP 3,840,000	Pay floating GBP-LIBOR receive fixed 1.015% 18/01/2021	(24)	(0.09)
GBP 950,000	Pay floating GBP-LIBOR receive fixed 1.5% 07/02/2022	(1)	0.00
GBP 950,000	Pay floating GBP-LIBOR receive fixed 1.527% 10/02/2022	0	0.00
GBP 500,000	Pay floating GBP-LIBOR receive fixed 1.58625% 18/01/2029	(6)	(0.02)
Total investment assets and liabilities		25,558	99.25
Net other assets		194	0.75
Total Net Assets		25,752	100.00
All investments are listed on recognised stock exchanges and are approved securities, or approved derivatives within the meaning of the FCA rules unless otherwise stated.			
The percentage figures in brackets show the comparative holding as at 28 February 2017.			
		Market value £'000	
Reconciliation of assets and liabilities to the Balance Sheet			
Investment assets as per the Balance Sheet			25,609
Investment liabilities			(51)
Net investment assets			25,558
Net other assets			194
Total Net Assets			25,752

Standard Life Investment Company

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Statement of Total Return

for the year ended 28 February 2018

	Notes	£'000	2018 £'000	£'000	2017 £'000
Income:					
Net capital (losses)/gains	2		(584)		1,909
Revenue	4	297		915	
Expenses	5	(200)		(449)	
Interest payable and similar charges		0		(16)	
Net revenue before taxation		97		450	
Taxation	6	0		0	
Net revenue after taxation			97		450
Total return before distributions			(487)		2,359
Distributions	7		(97)		(450)
Change in net assets attributable to shareholders from investment activities			(584)		1,909

Statement of Change in Net Assets Attributable to Shareholders

for the year ended 28 February 2018

	£'000	2018 £'000	£'000	2017 £'000
Opening net assets attributable to shareholders		29,718		49,077
Amounts receivable on the issue of shares	4,406		97,887	
Amounts payable on the cancellation of shares	(7,878)		(119,771)	
		(3,472)		(21,884)
Dilution adjustment		8		175
Change in net assets attributable to shareholders from investment activities (see above)		(584)		1,909
Retained distribution on accumulation shares		82		441
Closing net assets attributable to shareholders		25,752		29,718

Standard Life Investment Company

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UK Gilt Fund

Financial Statements (Continued)

Balance Sheet

as at 28 February 2018

	Notes	£'000	2018 £'000	£'000	2017 £'000
Assets:					
Fixed assets:					
Investment assets			25,609		29,896
Current assets:					
Debtors	8	219		267	
Cash and bank balances	9	41		65	
			260		332
Total assets			25,869		30,228
Liabilities:					
Investment liabilities			(51)		(390)
Creditors	10	(49)		(111)	
Bank overdrafts		(12)		0	
Distribution payable		(5)		(9)	
			(66)		(120)
Total liabilities			(117)		(510)
Net assets attributable to shareholders			25,752		29,718

Standard Life Investment Company

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UK Gilt Fund

Notes to the Financial Statements

1 Accounting Policies

Please refer to pages 11 to 12 for note on accounting policies.

2 Net Capital (Losses)/Gains

	2018 £'000	2017 £'000
Non-derivative securities	(620)	1,804
Derivative contracts	34	267
Forward currency contracts	9	(162)
Other (losses)/gains	(1)	7
Handling charges taken from the capital account	(6)	(7)
Net capital (losses)/gains	(584)	1,909

3 Purchases, Sales and Transaction Costs

There are no transaction costs associated with the purchases or sales of bonds, collective investment schemes and derivatives during the year, or in the prior year.

Collective investments operate within the terms of the offer document or prospectus. Typically we do not invest into Funds that require an initial charge to be made. The underlying price contains an estimation of cost known as a dilution levy which is applied from time to time.

Bonds are dealt on a spread agreed between buyer and seller with reference to the expected cashflows and current credit profiles.

Derivatives are dealt on a spread agreed between buyer and seller with reference to the underlying investment.

During the year the total purchases and sales across different major assets classes are as per below table.

	2018 £'000	2017 £'000
Purchases		
Bonds	10,199	113,256
Sales		
Bonds	12,997	131,882

The Fund suffers a number of explicit costs as disclosed in the notes and Fund history. The Fund also suffers implicit costs an example is market spread, the spread represents the costs of providing liquidity in a market. It therefore is subject to change based on volume, active markets have a lower spread the difference between; bid the price you receive and offer the price you pay.

At the balance sheet date the average portfolio dealing spread (i.e. the spread between bid and offer prices expressed as a percentage of the offer price) was 0.20% (2017: 0.20%), this is representative of the average spread on the assets held during the year.

Standard Life Investment Company

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UK Gilt Fund

Notes to the Financial Statements (Continued)

4 Revenue

	2018 £'000	2017 £'000
Interest on debt securities	295	910
Bank interest	2	5
Total revenue	297	915

5 Expenses

	2018 £'000	2017 £'000
Payable to the Authorised Corporate Director, associates of the Authorised Corporate Director and agents of either of them:		
Authorised Corporate Director's periodic charge	159	369
Dealing charge	6	6
Registration fees	17	50
	182	425
Payable to the Depositary or associates of the Depositary, and agents of either of them:		
Depositary's fees	6	11
Safe custody fee	1	2
	7	13
Other:		
Audit fee	11	11
Total expenses	200	449

6 Taxation

	2018 £'000	2017 £'000
(a) Analysis of charge in year		
Total current tax (note 6b)	0	0

(b) Factors affecting current tax charge for the year

The tax assessed for the year is lower than the standard rate of corporation tax for Open-Ended Investment Companies 'OEICs' (20%). The differences are explained below:

Net revenue before taxation	97	450
Corporation tax at 20% (2017: 20%)	19	90
Effects of:		
Distributions treated as tax deductible	(19)	0
Interest distributions	0	(84)
UK Indexation relief	0	(6)
Current tax charge for year (note 6a)	0	0

Standard Life Investment Company

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UK Gilt Fund

Notes to the Financial Statements (Continued)

7 Distributions

The distributions takes account of income received on the issue of shares and income deducted on the cancellation of shares and comprise:

	2018 £'000	2017 £'000
Interim distribution	46	458
Final distribution	46	86
	92	544
Add: Income deducted on cancellation of shares	8	158
Deduct: Income received on issue of shares	(3)	(252)
Net distribution for the year	97	450

Details of the distribution per share are set out in this Fund's distribution tables.

8 Debtors

	2018 £'000	2017 £'000
Amounts receivable from the ACD for the issue of shares	5	9
Accrued revenue	214	258
Total debtors	219	267

9 Cash and Bank Balances

	2018 £'000	2017 £'000
Amounts held at futures clearing houses and brokers	40	63
Cash and bank balances	1	2
Total cash and bank balances	41	65

10 Creditors

	2018 £'000	2017 £'000
Amounts payable to the ACD for cancellation of shares	24	83
Dilution levy Payable to the ACD	0	1
Accrued expenses payable to ACD	13	15
Other accrued expenses	11	11
Accrued Expenses payable to the Depository	1	1
Total creditors	49	111

Standard Life Investment Company

Annual Report & Financial Statements

UK Gilt Fund

Notes to the Financial Statements (Continued)

11 Related Party Transactions

Standard Life Investments (Mutual Funds) Limited, as Authorised Corporate Director (ACD), is a related party and acts as principal in respect of all transactions of shares in the Fund.

The aggregate monies received through issue and paid on cancellation of shares are disclosed in the statement of change in net assets attributable to shareholders.

Any amounts due from or due to Standard Life Investments (Mutual Funds) Limited at the end of the accounting year are disclosed in notes 8 and 10.

Amounts payable to Standard Life Investments (Mutual Funds) Limited, in respect of periodic charge and registration services, are disclosed in note 5 and any amounts due at the year end in note 10.

The Fund holds 73,949 shares (2017: 162,442) in Standard Life CNAV Sterling Liquidity Fund as detailed in the portfolio statement, the total purchase cost of these investments during the year was £8,432,278 (2017: £30,943,000), the total sales proceeds were £8,520,771 (2017: £30,786,000).

	2018 £'000	2017 £'000
Transactions during the year with Standard Life Aberdeen group companies are as follows:		
Sale of shares by Fund	616	90,711
Purchase of shares by Fund	554	101,559
Distributions made by Fund	9	315
The percentage value of the Fund held by Standard Life Aberdeen group companies is:	12.2%	10.0%

12 Shares in issue reconciliation

	Opening shares 2017	Creations during the year	Cancellations during the year	Conversions during the year	Closing shares 2018
Retail accumulation	5,717,216	3,013,452	(1,083,295)	(319,766)	7,327,607
Institutional accumulation	11,530,869	113,525	(2,384,830)	(77,877)	9,181,687
Retail income	3,959,192	74,334	(1,020,152)	(16,332)	2,997,042
Institutional income	1,141,405	69,377	(266,670)	0	944,112
Standard Life accumulation	1,764,338	595,300	(169,823)	0	2,189,815
Platform 1 accumulation	16,347,876	1,474,500	(5,614,189)	518,712	12,726,899
Platform 1 income	4,202,417	342,725	(1,262,486)	14,141	3,296,797

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UK Gilt Fund

Notes to the Financial Statements (Continued)

13 Fair Value Hierarchy

	2018 £'000	2018 £'000	2018 £'000	2017 £'000	2017 £'000	2017 £'000
Fair value of investment assets	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
Bonds	25,107	357	0	29,340	0	0
Collective Investment Schemes	0	74	0	0	162	0
Derivatives	18	53	0	3	391	0
Total investment assets	25,125	484	0	29,343	553	0
Derivatives	(12)	(39)	0	(16)	(374)	0
Total investment liabilities	(12)	(39)	0	(16)	(374)	0

The three levels of the fair value hierarchy under FRS 102 are described below:

Level 1: Unadjusted quoted market prices in active markets that are accessible at the measurement date for the identical unrestricted assets or liabilities.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices).

Level 3: Inputs for asset or liability that are not based on observable market data (unobservable inputs).

14 Risk Management Policies & Numerical Disclosures

In accordance with the investment objectives, the Fund may hold certain financial instruments. These comprise:

- securities held in accordance with the investment objective and policies;
- cash and short-term debtors and creditors arising directly from operations; and
- derivatives.

The main risks arising from the Fund's financial instruments are market price, foreign currency, interest rate, credit and liquidity risk.

The policies for managing these risks are summarised below and have been applied consistently throughout the year, and prior year.

a. Market price risk

Each Fund's investment portfolio is exposed to market price fluctuation which are monitored by the Fund Manager in pursuance of the investment objectives and policies. Adherence to investment guidelines and to investment and borrowing powers mitigate the risk of excessive exposure to any particular type of security or issuer.

In the current market conditions certain securities have become difficult to price. For these securities, reliance has therefore been placed on single broker prices. This has not resulted in any adjustment to the financial statements.

An increase or decrease in market values will therefore have a direct effect on the value of the investment assets in the portfolio and therefore a proportionate effect on the value of the Fund.

Value at Risk (VaR) is a measure of the maximum potential loss to the Fund due to market risk. More particularly, VaR measures the maximum potential loss at a given confidence level (probability) over a specific time period under normal market conditions.

Standard Life Investment Company

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UK Gilt Fund

Notes to the Financial Statements (Continued)

14 Risk Management Policies & Numerical Disclosures (continued)

2018	Minimum	Maximum	Average
VaR 99% 1 Month	4.30%	5.14%	4.69%
2017	Minimum	Maximum	Average
VaR 99% 1 Month	4.27%	5.51%	5.00%

At the year end date, there was a 1% chance of the portfolio value falling (or rising) more than 4.33%, £1,114,162 (2017: 5.20%, £1,534,000) in one month period.

This calculation is generally determined by the use of an industry recognised medium term risk model, typically based on 3-5 year history. The method assumes normal market conditions and that the portfolio remains unchanged.

b. Foreign currency risk

A proportion of the net assets of the Fund are denominated in currencies other than Sterling, therefore the balance sheet and total returns can be affected by currency movements. In certain circumstances, the Fund Manager may seek to manage exposure to currency movements by using forward currency contracts.

The Fund does not hedge or otherwise seek to avoid currency movement risk on accrued revenue.

Income received in foreign currencies is converted into Sterling at the exchange rates ruling when the income is received.

Currency exposure

An increase or decrease in a particular foreign currency exchange rate will have a proportionate effect on the value of the Fund. The Fund's net foreign currency exposure is shown in the table below.

A proportion of the net assets of the Fund are denominated in currencies other than Sterling, therefore the balance sheet and total returns can be affected by currency movements. In certain circumstances, the Fund Manager may seek to manage exposure to currency movements by using forward currency contracts.

The Fund does not hedge or otherwise seek to avoid currency movement risk on accrued revenue.

Income received in foreign currencies is converted into Sterling at the exchange rates ruling when the income is received.

An increase or decrease in a particular foreign currency exchange rate will have a proportionate effect on the value of the Fund.

The net foreign currency monetary exposure comprises:

	Net foreign currency monetary assets/(liabilities)	
	2018	2017
	£'000	£'000
Australian Dollar	5	(1)
Canadian Dollar	(2)	0
Euro	3	15
Japanese Yen	0	1
Swedish Krona	0	22
US Dollar	12	(6)

c. Interest rate risk

Interest receivable on bank deposits or payable on bank overdrafts will be affected by fluctuations in interest rates. The Fund Manager continuously reviews interest rates and inflation expectations. The assessment of this may result in a change in investment strategy.

Bond yields are affected by market and economic conditions, including inflation rates and government policy. An analysis of the interest rates and maturity of bond listings is detailed below.

In addition, changes to prevailing rates or changes in expectations of future rates may result in an increase or decrease in the value of the securities held. In general, if interest rates rise, the income potential of the Fund also rises but the value of fixed rate securities will decline (along with certain expenses calculated by reference to the assets of the Fund). A decline in interest rates will, in general, have the opposite effect.

Standard Life Investment Company

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UK Gilt Fund

Notes to the Financial Statements (Continued)

14 Risk Management Policies & Numerical Disclosures (continued)

The interest rate risk profile of the Fund's net financial assets and liabilities is:

	Floating rate financial assets/ (liabilities) £'000	Fixed rate financial assets £'000	Financial assets/ (liabilities) not carrying interest £'000	Total £'000
2018				
Currency				
UK Sterling	181	25,464	89	25,734
Australian Dollar	(6)	0	11	5
Canadian Dollar	0	0	(2)	(2)
Euro	(6)	0	9	3
US Dollar	8	0	4	12
2017				
Currency				
UK Sterling	330	28,806	551	29,687
Australian Dollar	0	0	(1)	(1)
Euro	14	0	1	15
Japanese Yen	1	0	0	1
Swedish Krona	22	0	0	22
US Dollar	429	0	(435)	(6)

d. Credit risk

All cash exposures are carefully managed to ensure that money is placed on deposit with counterparties that meet the minimum credit rating deemed appropriate for this Fund. In certain circumstances, the Fund Manager may deliberately invest in securities (e.g. corporate bonds) with a well defined and published credit rating. In this case the Fund would be deliberately taking credit risk in order to seek additional rewards.

	Bid market value 2018 £'000	Bid market value 2017 £'000
Credit Rating Analysis		
Investment Grade Bonds	25,462	29,340
Total Value of Bonds	25,462	29,340

This Fund holds 'Over the Counter' (OTC) derivatives and Term deposits. These type of transactions gives rise to counterparty risk whereby the other party to the transaction may fail to fulfil their contractual obligations. Effective monitoring of counterparty credit risk is an important element of the management of the Fund, using the experience of the ACD's Credit Committee to carefully review counterparties transacted with.

Collateral requirements are actively managed, ensuring cash or securities are pledged against the performance of a contract where necessary. This mitigates any potential negative impact on the Fund in the unlikely event of a counterparty default. Whether or not each position is collateralised depends on whether a net liability is held with each counterparty, the specific agreements with individual counterparties and de minimis thresholds. As such there will be instances where the Fund is not required to hold collateral.

Standard Life Investment Company Annual Report & Financial Statements

UK Gilt Fund

Notes to the Financial Statements (Continued)

14 Risk Management Policies & Numerical Disclosures (continued)

e. Liquidity risk

The Fund's assets comprise mainly readily realisable securities. The main liabilities of the Fund are the redemption of any shares that investors wish to sell and the settlement of stock purchases. The Fund Manager reviews the cash and liability position continuously, and should an increase in liquidity be required, the Fund Manager will sell securities.

Standard Life Investment Company Annual Report & Financial Statements

UK Gilt Fund

Distribution Tables

for the six months ended 31 August 2017

Group 1 - shares purchased prior to 1 March 2017

Group 2 - shares purchased between 1 March 2017 and 31 August 2017

	Net Income 2017 pence per share	Equalisation 2017 pence per share	Distribution paid 2017 pence per share	Distribution paid 2016 pence per share
Retail accumulation				
Group 1	-	-	0.0000*	0.1342
Group 2	-	-	0.0000*	0.1342
Institutional accumulation				
Group 1	0.1640	-	0.1640*	0.2762
Group 2	0.0986	0.0654	0.1640*	0.2762
Retail income				
Group 1	-	-	0.0000**	0.0848
Group 2	-	-	0.0000**	0.0848
Institutional income				
Group 1	0.0995	-	0.0995**	0.1688
Group 2	0.0563	0.0432	0.0995**	0.1688
Standard Life accumulation				
Group 1	0.3986	-	0.3986*	0.4700
Group 2	0.2007	0.1979	0.3986*	0.4700
Platform 1 accumulation				
Group 1	0.1062	-	0.1062*	0.1925
Group 2	0.0460	0.0602	0.1062*	0.1925
Platform 1 income				
Group 1	0.1007	-	0.1007**	0.1839
Group 2	0.0182	0.0825	0.1007**	0.1839

* Distribution accumulated on 31 August 2017

** Distribution paid on 31 October 2017

Standard Life Investment Company Annual Report & Financial Statements

UK Gilt Fund

Distribution Tables (Continued)

for the six months ended 28 February 2018

Group 1 - shares purchased prior to 1 September 2017

Group 2 - shares purchased between 1 September 2017 and 28 February 2018

	Net Income 2018 pence per share	Equalisation 2018 pence per share	Distribution payable 2018 pence per share	Distribution paid 2017 pence per share
Retail accumulation				
Group 1	0.0084	-	0.0084*	0.0618
Group 2	-	0.0084	0.0084*	0.0618
Institutional accumulation				
Group 1	0.1806	-	0.1806*	0.3472
Group 2	0.0749	0.1057	0.1806*	0.3472
Retail income				
Group 1	0.0054	-	0.0054**	0.0390
Group 2	-	0.0054	0.0054**	0.0390
Institutional income				
Group 1	0.1096	-	0.1096**	0.1419
Group 2	0.0900	0.0196	0.1096**	0.1419
Standard Life accumulation				
Group 1	0.4102	-	0.4102*	0.4646
Group 2	0.2191	0.1911	0.4102*	0.4646
Platform 1 accumulation				
Group 1	0.1194	-	0.1194*	0.1553
Group 2	0.0543	0.0651	0.1194*	0.1553
Platform 1 income				
Group 1	0.1116	-	0.1116**	0.1477
Group 2	0.0377	0.0739	0.1116**	0.1477

* Distribution accumulated on 28 February 2018

** Distribution payable on 30 April 2018

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UK Opportunities Fund

Investment Report

Fund Information	
Fund Manager	Abby Glennie
Launch Date	25 November 2002
Benchmark	FTSE All Share Index (excluding FTSE 100 and Inv. Trusts)

Investment objective

The objective of the Fund is to provide capital growth over the longer term mainly through investment in small and medium size UK companies. It is intended that income will not be a prime consideration.

Investment policy

The investment policy of the Fund is to invest mostly in equities and equity type investments of companies listed on a UK stock exchange or which, in the opinion of the ACD, carry on a substantial part of their operations in the UK. "Equity type investments" will include convertible stocks, stock exchange listed warrants, Depositary Receipts and any other such investments which entitle the holder to subscribe for or convert into the equity of the company and/or where the share price performance is, in the opinion of the ACD, influenced significantly by the stock market performance of the company's ordinary shares. The Fund may also invest in other transferable securities, money-market instruments, deposits, cash and near cash, derivatives and collective investment schemes.

Risk

The Fund intended for investors who wish to participate in the potential capital growth opportunities afforded by investing in an actively managed portfolio of mainly small and medium size UK companies. The focused nature of the portfolio makes it suitable for investors who are willing to accept a relatively high degree of stock specific risk. The investor must be able to accept significant temporary losses due to the volatile nature of this area of the UK equity markets, and should therefore have an investment time horizon of at least 5 years.

Performance

During the period under review, the Fund returned 27.12% compared with the FTSE All-Share (ex 100 ex IT) Index return of 7.80% (source: Morningstar, basic-rate taxpayer, platform one share class, bid-to-bid basis).

The Fund delivered strong returns over the year and comfortably outperformed its benchmark. Companies that continue to prove themselves as long-term winners dominate the Fund's top holdings, with many posting buoyant results that led to earnings upgrades. For example, premium mixer drinks company Fever-Tree continued to take market share both in the UK and overseas, driven by product innovation. Meanwhile, earnings growth remained robust at NMC Health, with its focus on the United Arab Emirates supplemented by acquisitions in Saudi Arabia. Elsewhere, shares in First Derivatives continued to rally as it diversified its end markets, while online food order and delivery service Just Eat produced strong UK order numbers that boosted its shares.

On the downside, Cineworld detracted from returns when investors took the announcement of its purchase of US cinema chain Regal Entertainment negatively because of the need to raise a large amount of equity. However, investors have since become more comfortable with the attractions of this move into the US. Automotive classified advertising business Auto Trader also hindered performance, with its shares coming under pressure because of negative sentiment towards both new and used car markets.

Activity

Recent purchases within the portfolio include translation and intellectual property services company RWS Holdings. We believe its purchase of Czech translation provider Moravia is a transformational deal that takes RWS into a blue-chip customer base. We also bought specialist audio/visual solutions distributor Midwich given its strong track record of earnings upgrades with a combination of growth both organically and through acquisition. Online-only estate agent Purplebricks was another purchase as it continues to take market share. Its UK division is now profitable, while it has successfully launched in Australia and is launching in the US.

Regarding sales, we exited fashion retailer ASOS, as we lacked a real view on where we could see earnings upgrades, and mining company Anglo American, following a strong run. We also sold price comparison website MoneySuperMarket.com, where we saw no obvious catalysts to accelerate growth and limited scope for earnings upgrades.

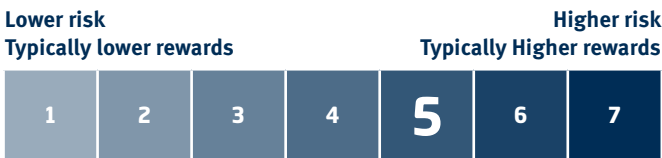
Standard Life Investment Company

Annual Report & Financial Statements

UK Opportunities Fund

Investment Report (Continued)

Synthetic Risk & Reward Indicator



This indicator reflects the volatility of the Fund’s share price over the last five years which in turn reflects the volatility of the underlying assets in which the Fund invests. Historical data may not be a reliable indication of the future.

The current rating, which is the same for all share classes, is not guaranteed and may change if the volatility of the assets in which the Fund invests changes. The lowest rating does not mean risk free.

All investment involves risk. This Fund offers no guarantee against loss or that the Fund’s objective will be attained.

For further information on the risks that may not be fully captured by the risk and reward indicator, please request the current Key Investor Information Document (KIID).

Cautionary note

It should be remembered that past performance is not a guide to future performance. The value of investments may go down as well as up and, therefore, investors may not get back the amount originally invested.

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UK Opportunities Fund

Comparative Tables

	2018 pence per share	2017 pence per share	2016 pence per share
Retail accumulation			
Change in net assets per share			
Opening net asset value per share	202.09	169.60	190.57
Return before operating charges*	56.80	34.90	(17.88)
Operating charges**	(3.14)	(2.41)	(3.09)
Return after operating charges*	53.66	32.49	(20.97)
Distributions	(0.97)	(0.68)	(0.38)
Retained distributions on accumulation share	0.97	0.68	0.38
Closing net asset value per share	255.75	202.09	169.60
* after direct transaction costs of:***	0.27	0.52	0.85
Performance+			
Return after charges	26.55%	19.16%	-11.00%
Other information			
Closing net asset value (£'000)	27,409	24,713	26,058
Closing number of shares	10,717,251	12,228,414	15,364,672
Operating charges****	1.33%	1.33%	1.61%
Direct transaction costs***	0.11%	0.29%	0.44%
Prices			
Highest share price	259.2	203.4	211.3
Lowest share price	205.5	151.0	160.7

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Standard Life Investment Company

Annual Report & Financial Statements

UK Opportunities Fund

Comparative Tables (Continued)

	2018 pence per share	2017 pence per share	2016 pence per share
Institutional accumulation			
Change in net assets per share			
Opening net asset value per share	226.42	189.07	210.87
Return before operating charges*	63.74	39.09	(19.97)
Operating charges**	(2.28)	(1.74)	(1.83)
Return after operating charges*	61.46	37.35	(21.80)
Distributions	(1.79)	(1.59)	(1.35)
Retained distributions on accumulation share	1.79	1.59	1.35
Closing net asset value per share	287.88	226.42	189.07
* after direct transaction costs of:***	0.30	0.58	0.94
Performance+			
Return after charges	27.14%	19.75%	-10.34%
Other information			
Closing net asset value (£'000)	8,968	7,244	7,344
Closing number of shares	3,115,232	3,199,274	3,884,185
Operating charges****	0.86%	0.86%	0.86%
Direct transaction costs***	0.11%	0.29%	0.44%
Prices			
Highest share price	291.7	227.9	234.3
Lowest share price	230.2	168.6	179.1

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Standard Life Investment Company

Annual Report & Financial Statements

UK Opportunities Fund

Comparative Tables (Continued)

	2018 pence per share	2017 pence per share	2016 pence per share
Retail income			
Change in net assets per share			
Opening net asset value per share	186.04	156.70	176.42
Return before operating charges*	52.20	32.19	(16.51)
Operating charges**	(2.88)	(2.22)	(2.86)
Return after operating charges*	49.32	29.97	(19.37)
Distributions	(0.89)	(0.63)	(0.35)
Closing net asset value per share	234.47	186.04	156.70
* after direct transaction costs of:***	0.25	0.48	0.78
Performance+			
Return after charges	26.51%	19.13%	-10.98%
Other information			
Closing net asset value (£'000)	793	741	909
Closing number of shares	338,039	398,252	580,119
Operating charges****	1.33%	1.33%	1.61%
Direct transaction costs***	0.11%	0.29%	0.44%
Prices			
Highest share price	237.7	187.3	195.6
Lowest share price	189.1	139.5	148.5

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Standard Life Investment Company

Annual Report & Financial Statements

UK Opportunities Fund

Comparative Tables (Continued)

	2018 pence per share	2017 pence per share	2016 pence per share
Institutional income			
Change in net assets per share			
Opening net asset value per share	189.86	159.76	179.27
Return before operating charges*	53.37	32.91	(16.82)
Operating charges**	(1.91)	(1.47)	(1.55)
Return after operating charges*	51.46	31.44	(18.37)
Distributions	(1.51)	(1.34)	(1.14)
Closing net asset value per share	239.81	189.86	159.76
* after direct transaction costs of:***	0.25	0.49	0.79
Performance+			
Return after charges	27.10%	19.68%	-10.25%
Other information			
Closing net asset value (£'000)	1,014	817	1,048
Closing number of shares	422,785	430,431	655,972
Operating charges****	0.86%	0.86%	0.86%
Direct transaction costs***	0.11%	0.29%	0.44%
Prices			
Highest share price	243.1	191.3	199.2
Lowest share price	193.1	142.5	151.4

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Standard Life Investment Company Annual Report & Financial Statements

UK Opportunities Fund

Comparative Tables (Continued)

	2018 pence per share	2017 pence per share	2016 pence per share
Standard Life income			
Change in net assets per share			
Opening net asset value per share	83.39	70.15	78.75
Return before operating charges*	23.49	14.47	(7.40)
Operating charges**	(0.03)	(0.02)	(0.02)
Return after operating charges*	23.46	14.45	(7.42)
Distributions	(1.48)	(1.21)	(1.18)
Closing net asset value per share	105.37	83.39	70.15
* after direct transaction costs of:***	0.11	0.22	0.35
Performance+			
Return after charges	28.13%	20.60%	-9.42%
Other information			
Closing net asset value (£'000)	2	2	1
Closing number of shares	2,000	2,000	2,000
Operating charges****	0.03%	0.03%	0.03%
Direct transaction costs***	0.11%	0.29%	0.44%
Prices			
Highest share price	107.2	84.34	87.68
Lowest share price	84.81	62.74	66.74

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Standard Life Investment Company

Annual Report & Financial Statements

UK Opportunities Fund

Comparative Tables (Continued)

	2018 pence per share	2017 pence per share	2016 pence per share
Standard Life accumulation			
Change in net assets per share			
Opening net asset value per share	244.42	202.58	224.24
Return before operating charges*	69.00	42.08	(21.41)
Operating charges**	(0.32)	(0.24)	(0.25)
Return after operating charges*	68.68	41.84	(21.66)
Distributions	(4.11)	(3.35)	(3.15)
Retained distributions on accumulation share	4.11	3.35	3.15
Closing net asset value per share	313.10	244.42	202.58
* after direct transaction costs of:***	0.33	0.63	1.00
Performance+			
Return after charges	28.10%	20.65%	-9.66%
Other information			
Closing net asset value (£'000)	600	394	314
Closing number of shares	191,798	161,185	154,941
Operating charges****	0.11%	0.11%	0.11%
Direct transaction costs***	0.11%	0.29%	0.44%
Prices			
Highest share price	317.0	245.9	249.6
Lowest share price	248.5	181.1	191.8

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Standard Life Investment Company

Annual Report & Financial Statements

UK Opportunities Fund

Comparative Tables (Continued)

	2018 pence per share	2017 pence per share	2016 pence per share
Institutional regulated accumulation			
Change in net assets per share			
Opening net asset value per share	159.47	132.57	147.19
Return before operating charges*	44.98	27.48	(14.01)
Operating charges**	(0.77)	(0.58)	(0.61)
Return after operating charges*	44.21	26.90	(14.62)
Distributions	(2.11)	(1.76)	(1.62)
Retained distributions on accumulation share	2.11	1.76	1.62
Closing net asset value per share	203.68	159.47	132.57
* after direct transaction costs of:***	0.21	0.41	0.65
Performance+			
Return after charges	27.72%	20.29%	-9.93%
Other information			
Closing net asset value (£'000)	81,184	69,326	68,835
Closing number of shares	39,859,492	43,471,885	51,923,342
Operating charges****	0.41%	0.41%	0.41%
Direct transaction costs***	0.11%	0.29%	0.44%
Prices			
Highest share price	206.3	160.5	163.7
Lowest share price	162.1	118.4	125.5

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Standard Life Investment Company

Annual Report & Financial Statements

UK Opportunities Fund

Comparative Tables (Continued)

	2018 pence per share	2017 pence per share	2016 pence per share
Platform 1 accumulation			
Change in net assets per share			
Opening net asset value per share	91.53	76.47	85.33
Return before operating charges*	25.77	15.81	(8.08)
Operating charges**	(0.98)	(0.75)	(0.78)
Return after operating charges*	24.79	15.06	(8.86)
Distributions	(0.67)	(0.60)	(0.50)
Retained distributions on accumulation share	0.67	0.60	0.50
Closing net asset value per share	116.32	91.53	76.47
* after direct transaction costs of:***	0.12	0.23	0.37
Performance+			
Return after charges	27.08%	19.69%	-10.38%
Other information			
Closing net asset value (£'000)	16,482	10,857	9,888
Closing number of shares	14,169,086	11,861,412	12,929,741
Operating charges****	0.91%	0.91%	0.91%
Direct transaction costs***	0.11%	0.28%	0.43%
Prices			
Highest share price	117.9	92.12	94.79
Lowest share price	93.06	68.20	72.43

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Standard Life Investment Company

Annual Report & Financial Statements

UK Opportunities Fund

Comparative Tables (Continued)

	2018 pence per share	2017 pence per share	2016 pence per share
Platform 1 income			
Change in net assets per share			
Opening net asset value per share	88.32	74.32	83.39
Return before operating charges*	24.81	15.30	(7.82)
Operating charges**	(0.94)	(0.72)	(0.76)
Return after operating charges*	23.87	14.58	(8.58)
Distributions	(0.65)	(0.58)	(0.49)
Closing net asset value per share	111.54	88.32	74.32
* after direct transaction costs of:***	0.12	0.23	0.36
Performance+			
Return after charges	27.03%	19.62%	-10.29%
Other information			
Closing net asset value (£'000)	1,715	1,030	960
Closing number of shares	1,537,274	1,166,544	1,291,766
Operating charges****	0.91%	0.91%	0.91%
Direct transaction costs***	0.11%	0.29%	0.43%
Prices			
Highest share price	113.1	88.99	92.64
Lowest share price	89.82	66.28	70.40

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Standard Life Investment Company Annual Report & Financial Statements

UK Opportunities Fund

Comparative Tables (Continued)

	2018 pence per share	2017 pence per share	2016 pence per share
Institutional A accumulation++			
Change in net assets per share			
Opening net asset value per share	58.01	48.82	50.00
Return before operating charges*	16.31	10.03	(1.11)
Operating charges**	(1.09)	(0.84)	(0.07)
Return after operating charges*	15.22	9.19	(1.18)
Distributions	(0.19)	(0.14)	0.00
Retained distributions on accumulation share	0.19	0.14	0.00
Closing net asset value per share	73.23	58.01	48.82
* after direct transaction costs of:***	0.08	0.15	0.02
Performance+			
Return after charges	26.24%	18.82%	-2.36%
Other information			
Closing net asset value (£'000)	2	1	1
Closing number of shares	2,200	2,200	2,200
Operating charges****	1.61%	1.61%	1.61%
Direct transaction costs***	0.11%	0.29%	0.04%
Prices			
Highest share price	74.24	58.39	50.82
Lowest share price	58.98	43.43	46.26

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++ Share class launched 26 January 2016

Standard Life Investment Company

Annual Report & Financial Statements

UK Opportunities Fund

Portfolio Statement as at 28 February 2018

Holding	Investment	Market value £'000	Percentage of total net assets
United Kingdom Equities (98.67%)		135,594	98.13
Basic Materials (2.19%)		-	-
Consumer Goods (15.90%)		24,366	17.64
74,519	Bellway	2,321	1.68
413,708	Countryside Properties	1,298	0.94
109,915	Cranswick	3,359	2.43
915,842	Eve Sleep*	1,149	0.83
226,956	Fever Tree Drinks*	5,633	4.08
788,730	Hotel Chocolat*	2,583	1.87
1,217,996	JD Sports	4,667	3.38
1,019,957	Joules*	3,356	2.43
Consumer Services (22.51%)		33,176	24.01
179,784	4Imprint	3,389	2.45
1,017,556	Auto Trader	3,713	2.69
1,144,270	Cineworld	2,710	1.96
401,030	CVS*	4,271	3.09
361,870	GVC	3,230	2.34
747,238	Hostelworld	2,989	2.16
571,104	Just Eat	5,007	3.63
435,916	Next Fifteen Communications*	1,935	1.40
738,479	On the Beach	4,246	3.07
9,870,319	Phorm	0.00	0.00
493,680	YouGov*	1,686	1.22
Financials (11.70%)		4,450	3.22
659,921	Purplebricks*	2,893	2.09
164,289	Workspace	1,557	1.13
Health Care (9.33%)		18,350	13.28
225,114	Dechra Pharmaceuticals	5,664	4.10
293,545	Eco Animal Health*	1,638	1.18
309,146	Georgia Healthcare	1,017	0.74
47,773	Hutchison China MediTech*	2,264	1.64
1,423,111	Medica	2,229	1.61
161,357	NMC Healthcare	5,538	4.01

Standard Life Investment Company Annual Report & Financial Statements

UK Opportunities Fund

Portfolio Statement as at 28 February 2018 (Continued)

		Market value £'000	Percentage of total net assets
Holding	Investment		
Industrials (26.57%)		37,727	27.30
588,605	Costain	2,602	1.88
224,365	Halma	2,701	1.96
126,210	Hill & Smith	1,532	1.11
243,813	Keywords Studios*	3,804	2.75
584,087	Marshalls	2,433	1.76
1,568,344	Melrose Industries	3,579	2.59
638,703	Midwich*	3,784	2.74
464,156	Porvair	2,293	1.66
388,284	RPC	3,121	2.26
915,235	RWS*	4,068	2.94
748,847	Sanne Group	4,823	3.49
1,438,986	Severfield	1,068	0.77
61,500	XP Power	1,919	1.39
Oil & Gas (1.16%)		947	0.69
506,140	Cairn Energy	947	0.69
Technology (9.31%)		16,578	11.99
107,662	Accesso*	2,455	1.78
318,747	Alfa Financial Software	1,465	1.06
199,680	Blue Prism*	3,183	2.30
402,026	FDM	3,457	2.50
132,069	First Derivatives*	5,005	3.62
238,617	GB*	1,013	0.73
Collective Investment Schemes (1.56%)		2,648	1.92
2,647,782	SLI GBP CNAV Sterling Liquidity Fund	2,648	1.92
Total Investment assets and liabilities		138,242	100.05
Net Other Liabilities		(73)	(0.05)
Total Net Assets		138,169	100.00

All investments are listed on recognised stock exchanges and are approved securities within the meaning of the FCA rules unless otherwise stated.

The percentage figures in brackets show the comparative holding as at 28 February 2017.

*AIM listed

Standard Life Investment Company

Annual Report & Financial Statements

UK Opportunities Fund

Financial Statements

Statement of Total Return

for the year ended 28 February 2018

	Notes	£'000	2018 £'000	£'000	2017 £'000
Income:					
Net capital gains	2		29,409		19,407
Revenue	4	2,001		1,904	
Expenses	5	(899)		(794)	
Interest payable and similar charges		0		(2)	
Net revenue before taxation		1,102		1,108	
Taxation	6	0		(13)	
Net revenue after taxation			1,102		1,095
Total return before distributions			30,511		20,502
Distributions	7		(1,156)		(1,115)
Change in net assets attributable to shareholders from investment activities			29,355		19,387

Statement of Change in Net Assets Attributable to Shareholders

for the year ended 28 February 2018

	£'000	2018 £'000	£'000	2017 £'000
Opening net assets attributable to shareholders		115,125		115,358
Amounts receivable on the issue of shares	11,253		2,539	
Amounts payable on the cancellation of shares	(18,732)		(23,318)	
		(7,479)		(20,779)
Dilution adjustment		46		117
Change in net assets attributable to shareholders from investment activities (see above)		29,355		19,387
Retained distribution on accumulation shares		1,122		1,042
Closing net assets attributable to shareholders		138,169		115,125

Standard Life Investment Company

Annual Report & Financial Statements

UK Opportunities Fund

Financial Statements (Continued)

Balance Sheet

as at 28 February 2018

	Notes	£'000	2018 £'000	£'000	2017 £'000
Assets:					
Fixed assets:					
Investment assets			138,242		115,391
Current assets:					
Debtors	8	55		134	
Cash and bank balances		30		29	
			85		163
Total assets			138,327		115,554
Liabilities:					
Creditors	9	(157)		(427)	
Distribution payable		(1)		(2)	
			(158)		(429)
Total liabilities			(158)		(429)
Net assets attributable to shareholders			138,169		115,125

Standard Life Investment Company

Annual Report & Financial Statements

UK Opportunities Fund

Notes to the Financial Statements

1 Accounting Policies

Please refer to pages 11 to 12 for note on accounting policies.

2 Net Capital Gains

	2018 £'000	2017 £'000
Non-derivative securities	29,409	19,408
Other gains	2	2
Handling charges taken from the capital account	(2)	(3)
Net capital gains	29,409	19,407

3 Purchases, Sales and Transaction Costs

There are no transaction costs associated with the purchases or sales of bonds, collective investment schemes and derivatives during the year, or in the prior year.

Bonds are dealt on a spread agreed between buyer and seller with reference to the expected cashflows and current credit profiles.

Collective investments operate within the terms of the offer document or prospectus. Typically we do not invest into funds that require an initial charge to be made. The underlying price contains an estimation of cost known as a dilution levy which is applied from time to time.

Derivatives are dealt on a spread agreed between buyer and seller with reference to the underlying investment.

During the year the total purchases and sales across different major assets classes are as per below table.

	2018 £'000	2017 £'000
Equity Purchases, Sales and Transaction Costs		
Purchases		
Purchases before transaction costs	45,290	57,478
Commissions	42	58
Taxes & Other Fees	60	201
Total purchase transaction costs	102	259
Purchases including transaction costs	45,392	57,737
Sales		
Gross Sales before transaction costs	52,850	76,528
Commissions	(44)	(80)
Total sale transaction costs	(44)	(80)
Total sales net of transaction costs	52,806	76,448

Standard Life Investment Company

Annual Report & Financial Statements

UK Opportunities Fund

Notes to the Financial Statements (Continued)

3 Purchases, Sales and Transaction Costs (continued)

	2018 % Transaction	2017 % Transaction
Equity Transaction Cost as a % of total Purchases & Sales		
Purchases		
Commissions	0.09%	0.10%
Taxes & Other Fees	0.13%	0.35%

Sales		
Commissions	0.08%	0.10%

	2018 % Average NAV	2017 % Average NAV
Equity Purchases, Sales Analysis to Average NAV		
Purchases		
Commissions	0.03%	0.05%
Taxes & Other Fees	0.05%	0.18%

Sales		
Commissions	0.03%	0.07%

During the year the total purchases and sales across different major asset classes are as per below table.

	2018 £'000	2017 £'000
Purchase		
Equities	45,392	57,737
Sales		
Equities	52,806	76,448

The Fund suffers a number of explicit costs as disclosed in the notes and Fund history. The Fund also suffers implicit costs an example is market spread, the spread represents the costs of providing liquidity in a market. It therefore is subject to change based on volume, active markets have a lower spread the difference between; bid the price you receive and offer the price you pay.

At the balance sheet date the average portfolio dealing spread (i.e. the spread between bid and offer prices expressed as a percentage of the offer price) was 1.87% (2017: 1.66%), this is representative of the average spread on the assets held during the year.

Standard Life Investment Company

Annual Report & Financial Statements

UK Opportunities Fund

Notes to the Financial Statements (Continued)

4 Revenue

	2018 £'000	2017 £'000
UK dividends	1,741	1,605
Overseas dividends	193	168
Bank interest	9	16
Property income distributions	58	115
Total revenue	2,001	1,904

5 Expenses

	2018 £'000	2017 £'000
Payable to the Authorised Corporate Director, associates of the Authorised Corporate Director and agents of either of them:		
Authorised Corporate Director's periodic charge	774	685
Dealing charge	8	6
Registration fees	82	72
	864	763
Payable to the Depositary or associates of the Depositary, and agents of either of them:		
Depositary's fees	24	20
Safe custody fee	3	3
	27	23
Other:		
Audit fee	8	8
Total expenses	899	794

6 Taxation

	2018 £'000	2017 £'000
(a) Analysis of charge in year		
Overseas taxes	0	13
Total current tax (note 6b)	0	13

Standard Life Investment Company

Annual Report & Financial Statements

UK Opportunities Fund

Notes to the Financial Statements (Continued)

6 Taxation (continued)

(b) Factors affecting current tax charge for the year

The tax assessed for the year is lower than the standard rate of corporation tax for Open-Ended Investment Companies 'OEICs' (20%). The differences are explained below:

Net revenue before taxation	1,102	1,108
Corporation tax at 20% (2017: 20%)	220	222
Effects of:		
Revenue not subject to taxation	(387)	(355)
Overseas taxes	0	13
Excess allowable expenses	167	133
Current tax charge for year (note 6a)	0	13

Authorised Open-Ended Investment Companies are exempt from tax on capital gains in the UK. Therefore, any capital gain is not included in the above reconciliation.

(c) Factors that may affect future tax charge

At the year end, after offset against revenue taxable on receipt, there is a potential deferred tax asset of £4,389,000 (2017: £17,665,000) due to surplus expenses. It is unlikely that the Fund will generate sufficient taxable profits to utilise these amounts and therefore no deferred tax asset has been recognised in the year or the prior year.

7 Distributions

The distributions takes account of income received on the issue of shares and income deducted on the cancellation of shares and comprise:

	2018 £'000	2017 £'000
Interim distribution	926	790
Final distribution	213	270
	1,139	1,060
Add: Income deducted on cancellation of shares	49	60
Deduct: Income received on issue of shares	(32)	(5)
Net distribution for the year	1,156	1,115

Details of the distribution per share are set out in this Fund's distribution tables.

Net revenue after taxation	1,102	1,095
Shortfall transfer from capital to revenue	54	20
Total distributions	1,156	1,115

Standard Life Investment Company

Annual Report & Financial Statements

UK Opportunities Fund

Notes to the Financial Statements (Continued)

8 Debtors

	2018 £'000	2017 £'000
Amounts receivable from the ACD for the issue of shares	49	12
Sales awaiting settlement	0	114
Accrued revenue	1	1
Foreign withholding tax recoverable	5	5
Dilution levy receivable from the ACD	0	2
Total debtors	55	134

9 Creditors

	2018 £'000	2017 £'000
Amounts payable to the ACD for cancellation of shares	76	337
Purchases awaiting settlement	0	20
Accrued expenses payable to ACD	70	59
Other accrued expenses	8	8
Accrued Expenses payable to the Depository	3	3
Total creditors	157	427

10 Related Party Transactions

Standard Life Investments (Mutual Funds) Limited, as Authorised Corporate Director (ACD), is a related party and acts as principal in respect of all transactions of shares in the Fund.

The aggregate monies received through issue and paid on cancellation of shares are disclosed in the statement of change in net assets attributable to shareholders.

Any amounts due from or due to Standard Life Investments (Mutual Funds) Limited at the end of the accounting year are disclosed in notes 8 and 9.

Amounts payable to Standard Life Investments (Mutual Funds) Limited, in respect of periodic charge and registration services, are disclosed in note 5 and any amounts due at the year end in note 9.

The Fund holds 2,647,782 shares (2017: 1,792,571) in Standard Life CNAV Sterling Liquidity Fund as detailed in the portfolio statement, the total purchase cost of these investments during the year was £39,484,211 (2017: £33,095,000), the total sales proceeds were £38,629,000 (2017: £32,467,000).

	2018 £'000	2017 £'000
Transactions during the year with Standard Life Aberdeen group companies are as follows:		
Sale of shares by Fund	4,439	680
Purchase of shares by Fund	12,529	14,773
Distributions made by Fund	721	799
The percentage value of the Fund held by Standard Life Aberdeen group companies is:	68.6%	70.5%

Standard Life Investment Company

Annual Report & Financial Statements

UK Opportunities Fund

Notes to the Financial Statements (Continued)

11 Shares in issue reconciliation

	Opening shares 2017	Creations during the year	Cancellations during the year	Conversions during the year	Closing shares 2018
Retail accumulation	12,228,414	255,762	(1,511,847)	(255,078)	10,717,251
Institutional accumulation	3,199,274	377,241	(486,399)	25,116	3,115,232
Retail income	398,252	15,875	(71,138)	(4,950)	338,039
Institutional income	430,431	58,286	(65,932)	0	422,785
Standard Life income	2,000	0	0	0	2,000
Standard Life accumulation	161,185	35,622	(5,009)	0	191,798
Institutional regulated accumulation	43,471,885	1,977,922	(5,590,315)	0	39,859,492
Platform 1 accumulation	11,861,412	4,039,587	(2,193,615)	461,702	14,169,086
Platform 1 income	1,166,544	552,105	(231,772)	50,397	1,537,274
Institutional A accumulation	2,200	0	0	0	2,200

12 Fair Value Hierarchy

	2018 £'000	2018 £'000	2018 £'000	2017 £'000	2017 £'000	2017 £'000
Fair value of investment assets	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
Equities	135,594	0	0	113,598	0	0
Collective Investment Schemes	0	2,648	0	0	1,793	0
Total investment assets	135,594	2,648	0	113,598	1,793	0

The three levels of the fair value hierarchy under FRS 102 are described below:

Level 1: Unadjusted quoted market prices in active markets that are accessible at the measurement date for the identical unrestricted assets or liabilities.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices).

Level 3: Inputs for asset or liability that are not based on observable market data (unobservable inputs).

13 Risk Management Policies & Numerical Disclosures

In accordance with the investment objectives, the Fund may hold certain financial instruments. These comprise:

- securities held in accordance with the investment objective and policies;
- cash and short-term debtors and creditors arising directly from operations; and
- derivatives.

The main risks arising from the Fund's financial instruments are market price, foreign currency, interest rate, credit and liquidity risk.

The policies for managing these risks are summarised below and have been applied consistently throughout the year, and prior year.

a. Market price risk

Each Fund's investment portfolio is exposed to market price fluctuation which are monitored by the Fund Manager in pursuance of the investment objectives and policies. Adherence to investment guidelines and to investment and borrowing powers mitigate the risk of excessive exposure to any particular type of security or issuer.

An increase or decrease in market values will therefore have a direct effect on the value of the investment assets in the portfolio and therefore a proportionate effect on the value of the Fund.

A five per cent increase in the value of the Fund's portfolio would have the effect of increasing the return and net assets as at 28 February by £6,912,000 (2017: £5,769,500). A five per cent decrease would have an equal and opposite effect.

Standard Life Investment Company

Annual Report & Financial Statements

UK Opportunities Fund

Notes to the Financial Statements (Continued)

13 Risk Management Policies & Numerical Disclosures (continued)

b. Foreign currency risk

A proportion of the net assets of the Fund are denominated in currencies other than Sterling, therefore the balance sheet and total returns can be affected by currency movements. In certain circumstances, the Fund Manager may seek to manage exposure to currency movements by using forward currency contracts.

The Fund does not hedge or otherwise seek to avoid currency movement risk on accrued revenue.

Income received in foreign currencies is converted into Sterling at the exchange rates ruling when the income is received.

Currency exposure

The net foreign currency monetary exposure comprises:

	Net foreign currency monetary assets	
	2018	2017
	£'000	£'000
Euro	33	27

c. Interest rate risk

Interest receivable on bank deposits or payable on bank overdrafts will be affected by fluctuations in interest rates. The Fund Manager continuously reviews interest rates and inflation expectations. The assessment of this may result in a change in investment strategy.

The interest rate risk profile of the Fund's net financial assets and liabilities is:

	Floating rate financial assets £'000	Financial assets not carrying interest £'000	Total £'000
2018			
Currency			
UK Sterling	2,650	135,486	138,136
Euro	28	5	33
2017			
Currency			
UK Sterling	1,795	113,303	115,098
Euro	27	0	27

d. Credit risk

All cash exposures are carefully managed to ensure that money is placed on deposit with counterparties that meet the minimum credit rating deemed appropriate for this Fund. In certain circumstances, the Fund Manager may deliberately invest in securities (e.g. corporate bonds) with a well defined and published credit rating. In this case the Fund would be deliberately taking credit risk in order to seek additional rewards.

e. Liquidity risk

The Fund's assets comprise mainly readily realisable securities. The main liabilities of the Fund are the redemption of any shares that investors wish to sell and the settlement of stock purchases. The Fund Manager reviews the cash and liability position continuously, and should an increase in liquidity be required, the Fund Manager will sell securities.

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UK Opportunities Fund

Distribution Tables

for the six months ended 31 August 2017

Group 1 - shares purchased prior to 1 March 2017

Group 2 - shares purchased between 1 March 2017 and 31 August 2017

	Net Income 2017 pence per share	Equalisation 2017 pence per share	Distribution paid 2017 pence per share	Distribution paid 2016 pence per share
Retail accumulation				
Group 1	0.9668	-	0.9668*	0.6818
Group 2	0.4505	0.5163	0.9668*	0.6818
Institutional accumulation				
Group 1	1.6838	-	1.6838*	1.2694
Group 2	0.5315	1.1523	1.6838*	1.2694
Retail income				
Group 1	0.8912	-	0.8912**	0.6268
Group 2	0.5448	0.3464	0.8912**	0.6268
Institutional income				
Group 1	1.4134	-	1.4134**	1.0726
Group 2	-	1.4134	1.4134**	1.0726
Standard Life income				
Group 1	1.0168	-	1.0168**	0.7760
Group 2	-	-	-	-
Standard Life accumulation				
Group 1	2.8565	-	2.8565*	2.1512
Group 2	1.4607	1.3958	2.8565*	2.1512
Institutional regulated accumulation				
Group 1	1.5928	-	1.5928*	1.2006
Group 2	0.7350	0.8578	1.5928*	1.2006
Platform 1 accumulation				
Group 1	0.6553	-	0.6553*	0.4937
Group 2	0.2432	0.4121	0.6553*	0.4937

Standard Life Investment Company

Annual Report & Financial Statements

UK Opportunities Fund

Distribution Tables (Continued)

	Net Income 2017 pence per share	Equalisation 2017 pence per share	Distribution paid 2017 pence per share	Distribution paid 2016 pence per share
Platform 1 income				
Group 1	0.6328	-	0.6328**	0.4799
Group 2	0.3039	0.3289	0.6328**	0.4799
Institutional A accumulation				
Group 1	0.1913	-	0.1913*	0.1400
Group 2	-	-	-	-

* Distribution accumulated on 31 August 2017

** Distribution paid on 31 October 2017

Standard Life Investment Company Annual Report & Financial Statements

UK Opportunities Fund

Distribution Tables (Continued)

for the six months ended 28 February 2018

Group 1 - shares purchased prior to 1 September 2017

Group 2 - shares purchased between 1 September 2017 and 28 February 2018

	Net Income 2018 pence per share	Equalisation 2018 pence per share	Distribution payable 2018 pence per share	Distribution paid 2017 pence per share
Retail accumulation				
Group 1	-	-	0.0000*	-
Group 2	-	-	-	-
Institutional accumulation				
Group 1	0.1033	-	0.1033*	0.3173
Group 2	-	0.1033	0.1033*	0.3173
Retail income				
Group 1	-	-	0.0000**	-
Group 2	-	-	0.0000**	-
Institutional income				
Group 1	0.0925	-	0.0925**	0.2672
Group 2	-	0.0925	0.0925**	0.2672
Standard Life income				
Group 1	0.4680	-	0.4680**	0.4316
Group 2	-	-	-	-
Standard Life accumulation				
Group 1	1.2539	-	1.2539*	1.1954
Group 2	0.5536	0.7003	1.2539*	1.1954
Institutional regulated accumulation				
Group 1	0.5122	-	0.5122*	0.5576
Group 2	0.0235	0.4887	0.5122*	0.5576
Platform 1 accumulation				
Group 1	0.0165	-	0.0165*	0.1069
Group 2	-	0.0165	0.0165*	0.1069

Standard Life Investment Company

Annual Report & Financial Statements

UK Opportunities Fund

Distribution Tables (Continued)

	Net Income 2018 pence per share	Equalisation 2018 pence per share	Distribution payable 2018 pence per share	Distribution paid 2017 pence per share
Platform 1 income				
Group 1	0.0196	-	0.0196**	0.1032
Group 2	-	0.0196	0.0196**	0.1032
Institutional A accumulation				
Group 1	-	-	0.0000*	-
Group 2	-	-	-	-

* Distribution accumulated on 28 February 2018

** Distribution payable on 30 April 2018

Treatment by Corporate Shareholders (Unaudited)

Corporate shareholders should account for the current year's dividends shown in the distribution table as follows:

	Interim Dividend Distribution	Final Dividend Distribution
Treat as a UK corporate dividend	100.00%	100.00%
Treat as an annual payment net of Income tax at 20%	0.00%	0.00%

Standard Life Investment Company Annual Report & Financial Statements

UK Smaller Companies Fund

Investment Report

Fund Information	
Fund Manager	Harry Nimmo
Launch Date	6 January 1997
Benchmark	IA UK Smaller Companies Sector

Investment objective

The objective of the Fund is to provide capital growth over the longer term through investment in smaller companies in the UK Equity market. It is intended that income will not be a prime consideration.

Investment policy

The investment policy of the Fund is to invest mostly in smaller companies in the UK Equity market (excluding Investment Trusts). Investments can be made in equities and equity type investments of companies listed on a UK stock exchange or which, in the opinion of the ACD, carry on a substantial part of their operations in the UK. "Equity type investments" will include convertible stocks, stock exchange listed warrants, Depositary Receipts and any other such investments which entitle the holder to subscribe for or convert into the equity of the company and/or where the share price performance is, in the opinion of the ACD, influenced significantly by the stock market performance of the company's ordinary shares. The Fund may also invest in other transferable securities, money-market instruments, deposits, cash and near cash, derivatives and collective investment schemes.

Risk

The Fund is intended for investors who wish to participate in the potential capital growth opportunities afforded by investing in an actively managed portfolio of mainly small companies in the UK equity market. The focused nature of the portfolio makes it suitable for investors who are willing to accept a relatively high degree of stock specific risk. The investor must be able to accept significant temporary losses due to the volatile nature of this area of the UK equity markets, and should therefore have an investment time horizon of at least 5 years.

Performance

During the period under review, the Fund returned 25.02%, compared with the IA UK Smaller Companies sector average return of 19.04% (source: Morningstar, basic-rate taxpayer, platform one share class, bid-to-bid basis).

NMC Health, which operates hospitals and clinics in the UAE, was the Fund's best performer as it generally performed well throughout the year. It also recently announced the purchase of an operator of hospitals and clinics in Saudi Arabia, while it will also take a stake in a cosmetic surgery company. These deals will expand its target market and increase revenues. Staying in the healthcare sector, both Dechra Pharmaceuticals and Abcam performed well. At the start of 2018, the former was buoyed by a positive market reaction to its acquisition of Dutch firm AST Farma, while the latter was rewarded after releasing a strong trading update. Elsewhere, a position in First Derivatives performed well thanks to ongoing enthusiasm for its Big Data products.

By contrast, our holding in MoneySuperMarket.com detracted from returns. The comparison website recently released sub-par results and indicated that it would have to invest more in its business. Meanwhile, not holding Fidessa Group adversely affected Fund performance after Temenos bid for the software and services company. Similarly, not holding security software/hardware group Sophos hurt relative returns after the company report better-than-expected results.

Activity

Activity during the period included buying shares in Safestore, the self-storage firm. Trading conditions are favourable, while the company scores highly on the Matrix (our quant-based research tool). Used-car supermarket Motorpoint Group was another purchase, with the company trading strongly and scoring well on the Matrix. Finally, we also built our holding in audio-visual firm Midwich after it delivered an improved trading update.

Regarding sales, we reduced our holding in NMC Health, as the company is now trading on the FTSE 100 Index and is therefore no longer suitable for our small-cap fund. This does demonstrate part of our ethos, however, whereby we seek to identify tomorrow's successful companies while they are still relatively small. We also took some profits in drinks company Fever-Tree and Smart Metering Systems. Meanwhile, we sold asset manager Brooks MacDonald after regulators forced the company to set aside more capital in order to address legacy issues relating to its 2012 acquisition of Spearpoint Capital.

Standard Life Investment Company

Annual Report & Financial Statements

UK Smaller Companies Fund

Investment Report (Continued)

Synthetic Risk & Reward Indicator



This indicator reflects the volatility of the Fund’s share price over the last five years which in turn reflects the volatility of the underlying assets in which the Fund invests. Historical data may not be a reliable indication of the future.

The current rating, which is the same for all share classes, is not guaranteed and may change if the volatility of the assets in which the Fund invests changes. The lowest rating does not mean risk free.

All investment involves risk. This Fund offers no guarantee against loss or that the Fund’s objective will be attained. For further information on the risks that may not be fully captured by the risk and reward indicator, please request the current Key Investor Information Document (KIID).

Cautionary note

It should be remembered that past performance is not a guide to future performance. The value of investments may go down as well as up and, therefore, investors may not get back the amount originally invested.

Standard Life Investment Company

Annual Report & Financial Statements

UK Smaller Companies Fund

Comparative Tables

	2018 pence per share	2017 pence per share	2016 pence per share
Retail accumulation			
Change in net assets per share			
Opening net asset value per share	580.09	500.23	438.17
Return before operating charges*	150.52	87.00	70.21
Operating charges**	(9.04)	(7.14)	(8.15)
Return after operating charges*	141.48	79.86	62.06
Distributions	(2.79)	(3.49)	(2.54)
Retained distributions on accumulation share	2.79	3.49	2.54
Closing net asset value per share	721.57	580.09	500.23
* after direct transaction costs of:***	0.28	0.46	0.43
Performance+			
Return after charges	24.39%	15.96%	14.16%
Other information			
Closing net asset value (£'000)	206,287	182,052	202,591
Closing number of shares	28,588,576	31,383,591	40,499,660
Operating charges****	1.36%	1.36%	1.69%
Direct transaction costs***	0.04%	0.09%	0.09%
Prices			
Highest share price	738.7	581.9	531.5
Lowest share price	587.2	451.5	431.9

** The operating charges include all costs borne by the Fund, except for direct transaction costs.

*** The direct transaction costs are made up of: fees and commissions paid to agents, advisers, brokers and dealers, levies by regulatory agencies and securities exchanges as well as transfer taxes and duties.

**** The operating charges percentage is the equivalent of the ongoing charges figure per the prior year accounts. It shows the annualised operating expenses of the share class as a percentage of the average net asset value of the class over the same period. The ACD periodic charge was reduced from 1.50% to 1.35% which became effective on 1 April 2016. The Registrar fees of 0.08% also ceased to be charged effective 1 April 2016.

+ The performance figures are calculated by taking the value of the shareclass per the financial statements compared to the value per the financial statements in the prior year. This figure may differ from the performance figure quoted in the Investment Report. The Investment Report performance figure is calculated using the last available published price for a given shareclass in the period compared to the equivalent for the prior period. The published price may contain an adjustment for dilution in accordance with the Fund pricing policy, while the price per the financial statements values the Fund on a bid-price basis. The financial statements shareclass valuation is based on close of business market prices on the last day of the period, again this may differ from the intra-day pricing point of the Fund which is used in the published shareclass price.

Standard Life Investment Company

Annual Report & Financial Statements

UK Smaller Companies Fund

Comparative Tables (Continued)

	2018 pence per share	2017 pence per share	2016 pence per share
Institutional accumulation			
Change in net assets per share			
Opening net asset value per share	680.15	583.50	507.04
Return before operating charges*	176.82	102.11	81.44
Operating charges**	(6.95)	(5.46)	(4.98)
Return after operating charges*	169.87	96.65	76.46
Distributions	(6.94)	(7.15)	(7.45)
Retained distributions on accumulation share	6.94	7.15	7.45
Closing net asset value per share	850.02	680.15	583.50
* after direct transaction costs of:***	0.33	0.53	0.50
Performance+			
Return after charges	24.98%	16.56%	15.08%
Other information			
Closing net asset value (£'000)	346,824	326,267	335,775
Closing number of shares	40,802,002	47,969,757	57,545,271
Operating charges****	0.89%	0.89%	0.89%
Direct transaction costs***	0.04%	0.09%	0.09%
Prices			
Highest share price	869.8	682.2	619.1
Lowest share price	688.7	527.6	500.0

** The operating charges include all costs borne by the Fund, except for direct transaction costs.

*** The direct transaction costs are made up of: fees and commissions paid to agents, advisers, brokers and dealers, levies by regulatory agencies and securities exchanges as well as transfer taxes and duties.

**** The operating charges percentage is the equivalent of the ongoing charges figure per the prior year accounts. It shows the annualised operating expenses of the share class as a percentage of the average net asset value of the class over the same period.

+ The performance figures are calculated by taking the value of the shareclass per the financial statements compared to the value per the financial statements in the prior year. This figure may differ from the performance figure quoted in the Investment Report. The Investment Report performance figure is calculated using the last available published price for a given shareclass in the period compared to the equivalent for the prior period. The published price may contain an adjustment for dilution in accordance with the Fund pricing policy, while the price per the financial statements values the Fund on a bid-price basis. The financial statements shareclass valuation is based on close of business market prices on the last day of the period, again this may differ from the intra-day pricing point of the Fund which is used in the published shareclass price.

Standard Life Investment Company

Annual Report & Financial Statements

UK Smaller Companies Fund

Comparative Tables (Continued)

	2018 pence per share	2017 pence per share	2016 pence per share
Retail income++			
Change in net assets per share			
Opening net asset value per share	57.23	50.32	50.00
Return before operating charges*	14.85	8.71	0.75
Operating charges**	(0.89)	(0.72)	(0.43)
Return after operating charges*	13.96	7.99	0.32
Distributions	(1.16)	(1.08)	(0.43)
Closing net asset value per share	70.03	57.23	50.32
* after direct transaction costs of:***	0.03	0.05	0.03
Performance+			
Return after charges	24.39%	15.88%	0.64%
Other information			
Closing net asset value (£'000)	8,389	6,769	6,640
Closing number of shares	11,979,379	11,826,530	13,194,522
Operating charges****	1.36%	1.36%	1.69%
Direct transaction costs***	0.04%	0.09%	0.05%
Prices			
Highest share price	72.88	58.49	53.93
Lowest share price	57.93	45.42	47.95

** The operating charges include all costs borne by the Fund, except for direct transaction costs.

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**** The operating charges percentage is the equivalent of the ongoing charges figure per the prior year accounts. It shows the annualised operating expenses of the share class as a percentage of the average net asset value of the class over the same period. The ACD periodic charge was reduced from 1.50% to 1.30% which became effective on 1 April 2016. The Registrar fees of 0.08% also ceased to be charged effective 1 April 2016.

+ The performance figures are calculated by taking the value of the shareclass per the financial statements compared to the value per the financial statements in the prior year. This figure may differ from the performance figure quoted in the Investment Report. The Investment Report performance figure is calculated using the last available published price for a given shareclass in the period compared to the equivalent for the prior period. The published price may contain an adjustment for dilution in accordance with the Fund pricing policy, while the price per the financial statements values the Fund on a bid-price basis. The financial statements shareclass valuation is based on close of business market prices on the last day of the period, again this may differ from the intra-day pricing point of the Fund which is used in the published shareclass price.

++ Share class launched 4 September 2016

Standard Life Investment Company

Annual Report & Financial Statements

UK Smaller Companies Fund

Comparative Tables (Continued)

	2018 pence per share	2017 pence per share	2016 pence per share
Institutional income			
Change in net assets per share			
Opening net asset value per share	75.36	65.89	58.50
Return before operating charges*	19.60	11.51	9.39
Operating charges**	(0.78)	(0.62)	(0.57)
Return after operating charges*	18.82	10.89	8.82
Distributions	(1.53)	(1.42)	(1.43)
Closing net asset value per share	92.65	75.36	65.89
* after direct transaction costs of:***	0.04	0.06	0.06
Performance+			
Return after charges	24.97%	16.53%	15.08%
Other information			
Closing net asset value (£'000)	13,638	8,363	5,170
Closing number of shares	14,721,013	11,097,979	7,846,096
Operating charges****	0.89%	0.89%	0.89%
Direct transaction costs***	0.04%	0.09%	0.09%
Prices			
Highest share price	96.36	77.01	71.43
Lowest share price	76.30	59.57	57.67

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Standard Life Investment Company

Annual Report & Financial Statements

UK Smaller Companies Fund

Comparative Tables (Continued)

	2018 pence per share	2017 pence per share	2016 pence per share
Standard Life income			
Change in net assets per share			
Opening net asset value per share	169.45	146.84	129.21
Return before operating charges*	44.14	25.76	20.81
Operating charges**	(0.02)	(0.01)	(0.01)
Return after operating charges*	44.12	25.75	20.80
Distributions	(3.40)	(3.14)	(3.17)
Closing net asset value per share	210.17	169.45	146.84
* after direct transaction costs of:***	0.08	0.14	0.13
Performance+			
Return after charges	26.04%	17.54%	16.10%
Other information			
Closing net asset value (£'000)	8,538	13,558	10,744
Closing number of shares	4,062,296	8,001,149	7,317,155
Operating charges****	0.01%	0.01%	0.01%
Direct transaction costs***	0.04%	0.09%	0.09%
Prices			
Highest share price	218.4	173.1	158.9
Lowest share price	171.7	133.1	127.4

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Standard Life Investment Company

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UK Smaller Companies Fund

Comparative Tables (Continued)

	2018 pence per share	2017 pence per share	2016 pence per share
Standard Life accumulation			
Change in net assets per share			
Opening net asset value per share	237.72	202.36	174.43
Return before operating charges*	61.97	35.55	28.10
Operating charges**	(0.25)	(0.19)	(0.17)
Return after operating charges*	61.72	35.36	27.93
Distributions	(4.61)	(4.20)	(4.13)
Retained distributions on accumulation share	4.61	4.20	4.13
Closing net asset value per share	299.44	237.72	202.36
* after direct transaction costs of:***	0.12	0.19	0.17
Performance+			
Return after charges	25.96%	17.47%	16.01%
Other information			
Closing net asset value (£'000)	6,271	4,541	3,115
Closing number of shares	2,094,218	1,910,423	1,539,526
Operating charges****	0.09%	0.09%	0.09%
Direct transaction costs***	0.04%	0.09%	0.09%
Prices			
Highest share price	306.2	238.4	214.4
Lowest share price	240.8	183.4	172.1

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Standard Life Investment Company

Annual Report & Financial Statements

UK Smaller Companies Fund

Comparative Tables (Continued)

	2018 pence per share	2017 pence per share	2016 pence per share
Institutional regulated accumulation			
Change in net assets per share			
Opening net asset value per share	341.45	291.81	252.56
Return before operating charges*	88.91	51.14	40.62
Operating charges**	(1.93)	(1.50)	(1.37)
Return after operating charges*	86.98	49.64	39.25
Distributions	(5.07)	(4.81)	(4.84)
Retained distributions on accumulation share	5.07	4.81	4.84
Closing net asset value per share	428.43	341.45	291.81
* after direct transaction costs of:***	0.17	0.27	0.25
Performance+			
Return after charges	25.47%	17.01%	15.54%
Other information			
Closing net asset value (£'000)	353,379	303,353	300,310
Closing number of shares	82,481,385	88,842,529	102,914,484
Operating charges****	0.49%	0.49%	0.49%
Direct transaction costs***	0.04%	0.09%	0.09%
Prices			
Highest share price	438.2	342.5	309.4
Lowest share price	345.8	264.2	249.1

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Standard Life Investment Company

Annual Report & Financial Statements

UK Smaller Companies Fund

Comparative Tables (Continued)

	2018 pence per share	2017 pence per share	2016 pence per share
Platform 1 accumulation			
Change in net assets per share			
Opening net asset value per share	100.90	86.67	75.39
Return before operating charges*	26.23	15.13	12.10
Operating charges**	(1.15)	(0.90)	(0.82)
Return after operating charges*	25.08	14.23	11.28
Distributions	(0.91)	(0.97)	(1.02)
Retained distributions on accumulation share	0.91	0.97	1.02
Closing net asset value per share	125.98	100.90	86.67
* after direct transaction costs of:***	0.05	0.08	0.07
Performance+			
Return after charges	24.86%	16.42%	14.96%
Other information			
Closing net asset value (£'000)	209,379	173,718	147,767
Closing number of shares	166,203,721	172,163,127	170,488,602
Operating charges****	0.99%	0.99%	0.99%
Direct transaction costs***	0.04%	0.09%	0.08%
Prices			
Highest share price	128.9	101.2	91.98
Lowest share price	102.2	78.34	74.34

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Standard Life Investment Company

Annual Report & Financial Statements

UK Smaller Companies Fund

Comparative Tables (Continued)

	2018 pence per share	2017 pence per share	2016 pence per share
Institutional S accumulation			
Change in net assets per share			
Opening net asset value per share	73.67	63.14	54.80
Return before operating charges*	19.16	11.04	8.81
Operating charges**	(0.65)	(0.51)	(0.47)
Return after operating charges*	18.51	10.53	8.34
Distributions	(0.85)	(0.85)	(0.88)
Retained distributions on accumulation share	0.85	0.85	0.88
Closing net asset value per share	92.18	73.67	63.14
* after direct transaction costs of:***	0.04	0.06	0.05
Performance+			
Return after charges	25.13%	16.68%	15.22%
Other information			
Closing net asset value (£'000)	266,107	195,925	206,704
Closing number of shares	288,679,049	265,946,108	327,394,185
Operating charges****	0.77%	0.77%	0.77%
Direct transaction costs***	0.04%	0.09%	0.08%
Prices			
Highest share price	94.31	73.89	66.98
Lowest share price	74.60	57.11	54.04

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Standard Life Investment Company

Annual Report & Financial Statements

UK Smaller Companies Fund

Comparative Tables (Continued)

	2018 pence per share	2017 pence per share	2016 pence per share
Institutional S income			
Change in net assets per share			
Opening net asset value per share	68.80	60.08	53.29
Return before operating charges*	17.90	10.50	8.55
Operating charges**	(0.61)	(0.49)	(0.45)
Return after operating charges*	17.29	10.01	8.10
Distributions	(1.40)	(1.29)	(1.31)
Closing net asset value per share	84.69	68.80	60.08
* after direct transaction costs of:***	0.03	0.06	0.05
Performance+			
Return after charges	25.13%	16.66%	15.20%
Other information			
Closing net asset value (£'000)	35,934	36,955	14,190
Closing number of shares	42,430,306	53,711,127	23,617,804
Operating charges****	0.77%	0.77%	0.77%
Direct transaction costs***	0.04%	0.09%	0.08%
Prices			
Highest share price	88.08	70.30	65.12
Lowest share price	69.67	54.34	52.54

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UK Smaller Companies Fund

Comparative Tables (Continued)

	2018 pence per share	2017 pence per share	2016 pence per share
Institutional A accumulation++			
Change in net assets per share			
Opening net asset value per share	59.20	51.21	50.00
Return before operating charges*	15.35	8.90	1.28
Operating charges**	(1.15)	(0.91)	(0.07)
Return after operating charges*	14.20	7.99	1.21
Distributions	(0.06)	(0.19)	0.00
Retained distributions on accumulation share	0.06	0.19	0.00
Closing net asset value per share	73.40	59.20	51.21
* after direct transaction costs of:***	0.03	0.05	0.00
Performance+			
Return after charges	23.99%	15.60%	2.42%
Other information			
Closing net asset value (£'000)	294	330	1
Closing number of shares	400,769	557,155	2,200
Operating charges****	1.69%	1.69%	1.69%
Direct transaction costs***	0.04%	0.09%	0.01%
Prices			
Highest share price	75.16	59.39	52.03
Lowest share price	59.91	46.18	48.38

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++ Shareclass launched 25 January 2016

Standard Life Investment Company

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UK Smaller Companies Fund

Portfolio Statement as at 28 February 2018

Holding	Investment	Market value £'000	Percentage of total net assets
UK Equities (96.37%)		1,425,298	97.95
Consumer Goods (21.78%)		279,367	19.20
7,070,264	Boohoo.com*	13,122	0.90
1,810,025	Cranswick	55,314	3.80
1,844,045	Fever Tree Drinks*	45,769	3.15
2,170,326	Greggs	25,914	1.78
4,663,988	Hilton Food	38,151	2.62
3,843,138	Hotel Chocolat*	12,586	0.87
13,785,040	JD Sports	52,824	3.63
1,170,069	Ted Baker	35,687	2.45
Consumer Services (9.73%)		178,590	12.27
1,884,064	4Imprint	35,515	2.44
3,335,036	CVS*	35,518	2.44
3,231,838	Dart Group*	26,065	1.79
2,823,300	Hollywood Bowl	5,816	0.40
2,388,968	Hostelworld	9,556	0.66
7,485,298	Moneysupermarket.com	19,492	1.34
7,124,189	Motorpoint	15,602	1.07
2,258,223	Next Fifteen Communications*	10,027	0.69
2,584,447	On the Beach	14,861	1.02
1,797,392	YouGov*	6,138	0.42
Financials (12.74%)		137,235	9.43
2,548,313	Big Yellow	21,164	1.45
532,777	Brooks Macdonald	10,815	0.74
2,160,107	IntegraFin	5,530	0.38
1,509,750	Mattioli Woods*	11,134	0.77
4,286,021	Paragon	20,899	1.44
4,195,423	Safestore	20,801	1.43
4,946,361	Workspace	46,892	3.22
Health Care (10.79%)		212,193	14.58
4,143,631	Abcam*	52,583	3.62
3,067,302	Dechra Pharmaceuticals	77,173	5.30
1,284,898	Eco Animal Health*	7,170	0.49
2,193,106	NMC Healthcare	75,267	5.17

Standard Life Investment Company

Annual Report & Financial Statements

UK Smaller Companies Fund

Portfolio Statement as at 28 February 2018 (Continued)

Holding	Investment	Market value £'000	Percentage of total net assets
Industrials (24.12%)		357,894	24.60
1,349,390	Costain	5,964	0.41
2,617,358	Diploma	28,660	1.97
1,245,531	Fisher (J) & Sons	19,430	1.34
1,494,407	Gooch & Housego*	21,071	1.45
2,831,478	Hill & Smith	34,374	2.36
1,596,048	James Halstead*	6,735	0.46
6,464,594	Marshalls	26,932	1.85
4,425,313	Midwich*	26,220	1.80
2,023,382	PayPoint	16,167	1.11
2,765,819	Ricardo	26,386	1.81
8,280,177	RWS*	36,805	2.53
7,064,057	Sanne Group	45,493	3.13
3,365,606	Smart Metering Systems*	23,963	1.65
1,272,236	XP Power	39,694	2.73
Technology (11.58%)		188,477	12.95
1,146,698	Accesso*	26,145	1.80
3,033,528	Alfa Financial Software	13,939	0.96
4,144,625	FDM	35,644	2.45
1,633,178	First Derivatives*	61,897	4.25
8,430,466	GB*	35,787	2.46
4,341,383	Kainos	15,065	1.03
Telecommunications (5.63%)		71,542	4.92
5,922,229	Gamma Communication	41,100	2.83
2,439,271	Telecom Plus	30,442	2.09
Collective Investment Schemes (5.04%)		32,508	2.24
32,508,154	Standard Life CNAV Sterling Liquidity Fund	32,508	2.24
Total Investment assets		1,457,806	100.19
Net other liabilities		(2,766)	(0.19)
Total Net Assets		1,455,040	100.00

All investments are listed on recognised stock exchanges and are approved securities and regulated collective investment schemes within the meaning of the FCA rules unless otherwise stated.

The percentage figures in brackets show the comparative holding as at 28 February 2017.

* AIM listed

Standard Life Investment Company

Annual Report & Financial Statements

UK Smaller Companies Fund

Financial Statements

Statement of Total Return

for the year ended 28 February 2018

	Notes	£'000	2018 £'000	£'000	2017 £'000
Income:					
Net capital gains	2		287,945		175,840
Revenue	4	24,612		25,772	
Expenses	5	(11,604)		(10,555)	
Interest payable and similar charges	6	(1)		(1)	
Net revenue before taxation		13,007		15,216	
Taxation	7	0		0	
Net revenue after taxation			13,007		15,216
Total return before distributions			300,952		191,056
Distributions	8		(13,495)		(15,553)
Change in net assets attributable to shareholders from investment activities			287,457		175,503

Statement of Change in Net Assets Attributable to Shareholders

for the year ended 28 February 2018

	£'000	2018 £'000	£'000	2017 £'000
Opening net assets attributable to shareholders		1,251,831		1,233,007
Amounts receivable on the issue of shares	80,558		124,685	
Amounts payable on the cancellation of shares	(177,337)		(294,990)	
		(96,779)		(170,305)
Dilution adjustment		636		803
Change in net assets attributable to shareholders from investment activities (see above)		287,457		175,503
Retained distribution on accumulation shares		11,895		12,823
Closing net assets attributable to shareholders		1,455,040		1,251,831

Standard Life Investment Company

Annual Report & Financial Statements

UK Smaller Companies Fund

Financial Statements (Continued)

Balance Sheet

as at 28 February 2018

	Notes	£'000	2018 £'000	£'000	2017 £'000
Assets:					
Fixed assets:					
Investment assets			1,457,806		1,269,534
Current assets:					
Debtors	9	4,006		2,544	
Cash and bank balances	10	20		4,317	
			4,026		6,861
Total assets			1,461,832		1,276,395
Liabilities:					
Creditors	11	(5,694)		(23,333)	
Distribution payable		(1,098)		(1,231)	
			(6,792)		(24,564)
Total liabilities			(6,792)		(24,564)
Net assets attributable to shareholders			1,455,040		1,251,831

Standard Life Investment Company

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UK Smaller Companies Fund

Notes to the Financial Statements

1 Accounting Policies

Please refer to pages 11 to 12 for note on accounting policies.

2 Net Capital Gains

	2018 £'000	2017 £'000
Non-derivative securities	287,945	175,842
Other gains	2	1
Handling charges taken from the capital account	(2)	(3)
Net capital gains	287,945	175,840

3 Purchases, Sales and Transaction Costs

There are no transaction costs associated with the purchases or sales of bonds, collective investment schemes and derivatives during the year, or in the prior year.

Collective investments operate within the terms of the offer document or prospectus. Typically we do not invest into Funds that require an initial charge to be made. The underlying price contains an estimation of cost known as a dilution levy which is applied from time to time.

Bonds are dealt on a spread agreed between buyer and seller with reference to the expected cashflows and current credit profiles.

During the year the total purchases and sales across different major assets classes are as per below table.

	2018 £'000	2017 £'000
Equity Purchases, Sales and Transaction Costs		
Purchases		
Purchases before transaction costs	127,924	231,180
Commissions	130	218
Taxes & Other Fees	318	639
Total purchase transaction costs	448	857
Purchases including transaction costs	128,372	232,037
Sales		
Gross Sales before transaction costs	197,537	379,400
Commissions	(132)	(274)
Total sale transaction costs	(132)	(274)
Total sales net of transaction costs	197,405	379,126
	2018 % Transaction	2017 % Transaction
Equity Transaction Cost as a % of total Purchases & Sales		
Purchases		
Commissions	0.10%	0.09%
Taxes & Other Fees	0.25%	0.28%
Sales		
Commissions	0.07%	0.07%

Standard Life Investment Company

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UK Smaller Companies Fund

Notes to the Financial Statements (Continued)

3 Purchases, Sales and Transaction Costs (continued)

	2018 % Average NAV	2017 % Average NAV
Equity Purchases, Sales Analysis to Average NAV		
Purchases		
Commissions	0.01%	0.02%
Taxes & Other Fees	0.02%	0.05%
Sales		
Commissions	0.01%	0.02%

During the year the total purchases and sales across different major asset classes are as per below table.

	2018 £'000	2017 £'000
Purchase		
Equities	128,372	232,037
Sales		
Equities	197,405	379,126

The Fund suffers a number of explicit costs as disclosed in the notes and Fund history. The Fund also suffers implicit costs an example is market spread, the spread represents the costs of providing liquidity in a market. It is subject to change based on volume - active markets have a lower spread the difference between bid (the price you receive) and offer (the price you pay).

At the balance sheet date the average portfolio dealing spread (i.e. the spread between bid and offer prices expressed as a percentage of the offer price) was 1.84% (2017: 1.79%), this is representative of the average spread on the assets held during the year.

4 Revenue

	2018 £'000	2017 £'000
UK dividends	20,924	22,884
Overseas dividends	1,795	1,432
Bank interest	133	184
Property income distributions	1,760	1,272
Total revenue	24,612	25,772

Standard Life Investment Company

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Notes to the Financial Statements (Continued)

5 Expenses

	2018 £'000	2017 £'000
Payable to the Authorised Corporate Director, associates of the Authorised Corporate Director and agents of either of them:		
Authorised Corporate Director's periodic charge	10,369	9,452
Dealing charge	179	150
Registration fees	927	849
	<u>11,475</u>	<u>10,451</u>
Payable to the Depositary or associates of the Depositary, and agents of either of them:		
Depositary's fees	85	65
Safe custody fee	36	31
	<u>121</u>	<u>96</u>
Other:		
Audit fee	8	8
Total expenses	<u>11,604</u>	<u>10,555</u>

6 Interest Payable and Similar Charges

	2018 £'000	2017 £'000
Interest payable	<u>1</u>	<u>1</u>
Total interest payable & similar charges	<u>1</u>	<u>1</u>

7 Taxation

	2018 £'000	2017 £'000
(a) Analysis of charge in year		
Total current tax (note 7b)	<u>0</u>	<u>0</u>
(b) Factors affecting current tax charge for the year		
The tax assessed for the year is lower than the standard rate of corporation tax for Open-Ended Investment Companies 'OEICs' (20%). The differences are explained below:		
Net revenue before taxation	<u>13,007</u>	<u>15,216</u>
Corporation tax at 20% (2017: 20%)	<u>2,602</u>	<u>3,043</u>
Effects of:		
Revenue not subject to taxation	(4,544)	(4,863)
Excess allowable expenses	<u>1,942</u>	<u>1,820</u>
Current tax charge for year (note 7a)	<u>0</u>	<u>0</u>

Authorised Open-Ended Investment Companies are exempt from tax on capital gains in the UK. Therefore, any capital gain is not included in the above reconciliation.

Standard Life Investment Company

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Notes to the Financial Statements (Continued)

7 Taxation (continued)

(c) Factors that may affect future tax charge

At the year end, after offset against revenue taxable on receipt, there is a potential deferred tax asset of £19,607,000 (2017: £17,665,000) due to surplus expenses. It is unlikely that the Fund will generate sufficient taxable profits to utilise these amounts and therefore no deferred tax asset has been recognised in the year or the prior year.

8 Distributions

The distributions takes account of income received on the issue of shares and income deducted on the cancellation of shares and comprise:

	2018 £'000	2017 £'000
Distribution	12,993	14,054
Add: Income deducted on cancellation of shares	1,062	2,474
Deduct: Income received on issue of shares	(560)	(975)
Net distribution for the year	13,495	15,553

Details of the distribution per share are set out in this Fund's distribution tables.

Net revenue after taxation	13,007	15,216
Annual ACD charge to capital	437	303
Registration fees taken from the capital account	39	26
Dealing charges taken from the capital account	12	8
Total distributions	13,495	15,553

9 Debtors

	2018 £'000	2017 £'000
Amounts receivable from the ACD for the issue of shares	1,272	1,826
Sales awaiting settlement	2,401	440
Accrued revenue	333	278
Total debtors	4,006	2,544

10 Cash and Bank Balances

	2018 £'000	2017 £'000
Cash and bank balances	20	4,317
Total cash and bank balances	20	4,317

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Notes to the Financial Statements (Continued)

11 Creditors

	2018 £'000	2017 £'000
Amounts payable to the ACD for cancellation of shares	516	22,425
Purchases awaiting settlement	4,234	70
Accrued expenses payable to ACD	917	818
Accrued expenses payable to the Depositary or associates of the Depositary	12	12
Other accrued expenses	15	8
Total creditors	5,694	23,333

12 Related Party Transactions

Standard Life Investments (Mutual Funds) Limited, as Authorised Corporate Director (ACD), is a related party and acts as principal in respect of all transactions of shares in the Fund.

The aggregate monies received through issue and paid on cancellation of shares are disclosed in the statement of change in net assets attributable to shareholders.

Any amounts due from or due to Standard Life Investments (Mutual Funds) Limited at the end of the accounting year are disclosed in notes 9 and 11.

Amounts payable to Standard Life Investments (Mutual Funds) Limited, in respect of periodic charge and registration services, are disclosed in note 5 and any amounts due at the year end in note 11.

The Fund holds 32,508,154 shares (2017: 63,149,067) in Standard Life CNAV Sterling Liquidity Fund as detailed in the portfolio statement, the total purchase cost of these investments during the year was £187,041,325 (2017: £294,867,000), the total sales proceeds were £217,682,237 (2017: £231,844,000).

	2018 £'000	2017 £'000
Transactions during the year with Standard Life Aberdeen group companies are as follows:		
Sale of shares by Fund	33,613	32,262
Purchase of shares by Fund	101,030	69,725
Distributions made by Fund	2,005	4,916
The percentage value of the Fund held by Standard Life Aberdeen group companies is:	36.1%	35.0%

Standard Life Investment Company

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Notes to the Financial Statements (Continued)

13 Shares in issue reconciliation

	Opening shares 2017	Creations during the year	Cancellations during the year	Conversions during the year	Closing shares 2018
Retail accumulation	31,383,591	249,010	(2,056,697)	(987,328)	28,588,576
Institutional accumulation	47,969,757	971,238	(7,939,594)	(199,399)	40,802,002
Retail income	11,826,530	1,323,038	(1,116,704)	(53,485)	11,979,379
Institutional income	11,097,979	1,518,131	(1,313,660)	3,418,563	14,721,013
Standard Life income	8,001,149	0	(3,938,853)	0	4,062,296
Standard Life accumulation	1,910,423	392,054	(208,259)	0	2,094,218
Institutional regulated accumulation	88,842,529	2,772,932	(9,134,076)	0	82,481,385
Platform 1 accumulation	172,163,127	6,453,418	(14,393,800)	1,980,976	166,203,721
Institutional S accumulation	265,946,108	38,733,818	(20,339,477)	4,338,600	288,679,049
Institutional S income	53,711,127	4,071,312	(14,378,111)	(974,022)	42,430,306
Institutional A accumulation	557,155	5,776	(162,162)	0	400,769

14 Fair Value Hierarchy

	2018 £'000	2018 £'000	2018 £'000	2017 £'000	2017 £'000	2017 £'000
Fair value of investment assets	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
Equities	1,425,298	0	0	1,206,385	0	0
Collective Investment Schemes	0	32,508	0	0	63,149	0
Total investment assets	1,425,298	32,508	0	1,206,385	63,149	0

The three levels of the fair value hierarchy under FRS 102 are described below:

Level 1: Unadjusted quoted market prices in active markets that are accessible at the measurement date for the identical unrestricted assets or liabilities.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices).

Level 3: Inputs for asset or liability that are not based on observable market data (unobservable inputs).

15 Risk Management Policies & Numerical Disclosures

In accordance with the investment objectives, the Fund may hold certain financial instruments. These comprise:

- securities held in accordance with the investment objective and policies;
- cash and short-term debtors and creditors arising directly from operations; and
- derivatives.

The main risks arising from the Fund's financial instruments are market price, foreign currency, interest rate, credit and liquidity risk.

The policies for managing these risks are summarised below and have been applied consistently throughout the year, and prior year.

a. Market price risk

Each Fund's investment portfolio is exposed to market price fluctuation which are monitored by the Fund Manager in pursuance of the investment objectives and policies. Adherence to investment guidelines and to investment and borrowing powers mitigate the risk of excessive exposure to any particular type of security or issuer.

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Notes to the Financial Statements (Continued)

15 Risk Management Policies & Numerical Disclosures (continued)

An increase or decrease in market values will therefore have a direct effect on the value of the investment assets in the portfolio and therefore a proportionate effect on the value of the Fund.

A five per cent increase in the value of the Fund's portfolio would have the effect of increasing the return and net assets as at 28 February by £72,890,300 (2017: £63,476,700). A five per cent decrease would have an equal and opposite effect.

b. Foreign currency risk

A proportion of the net assets of the Fund are denominated in currencies other than Sterling, therefore the balance sheet and total returns can be affected by currency movements. In certain circumstances, the Fund Manager may seek to manage exposure to currency movements by using forward currency contracts.

The Fund does not hedge or otherwise seek to avoid currency movement risk on accrued revenue.

Income received in foreign currencies is converted into Sterling at the exchange rates ruling when the income is received.

Currency exposure

The net foreign currency monetary exposure comprises:

	Net foreign currency monetary assets	
	2018	2017
	£'000	£'000
Euro	18	17

c. Interest rate risk

Interest receivable on bank deposits or payable on bank overdrafts will be affected by fluctuations in interest rates. The Fund Manager continuously reviews interest rates and inflation expectations. The assessment of this may result in a change in investment strategy.

The interest rate risk profile of the Fund's net financial assets and liabilities is:

	Floating rate financial assets £'000	Financial assets not carrying interest £'000	Total £'000
2018			
Currency			
UK Sterling	32,510	1,422,512	1,455,022
Euro	18	0	18
2017			
Currency			
UK Sterling	67,449	1,184,365	1,251,814
Euro	17	0	17

d. Credit risk

All cash exposures are carefully managed to ensure that money is placed on deposit with counterparties that meet the minimum credit rating deemed appropriate for this Fund. In certain circumstances, the Fund Manager may deliberately invest in securities (e.g. corporate bonds) with a well defined and published credit rating. In this case the Fund would be deliberately taking credit risk in order to seek additional rewards.

e. Liquidity risk

The Fund's assets comprise mainly readily realisable securities. The main liabilities of the Fund are the redemption of any shares that investors wish to sell and the settlement of stock purchases. The Fund Manager reviews the cash and liability position continuously, and should an increase in liquidity be required, the Fund Manager will sell securities.

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Distribution Tables

for the year ended 28 February 2018

Group 1 - shares purchased prior to 1 March 2017

Group 2 - shares purchased between 1 March 2017 and 28 February 2018

	Net Income 2018 pence per share	Equalisation 2018 pence per share	Distribution payable 2018 pence per share	Distribution paid 2017 pence per share
Retail accumulation				
Group 1	2.7900	-	2.7900*	3.4945
Group 2	0.4612	2.3288	2.7900*	3.4945
Institutional accumulation				
Group 1	6.9448	-	6.9448*	7.1461
Group 2	2.4186	4.5262	6.9448*	7.1461
Retail income				
Group 1	1.1622	-	1.1622**	1.0812
Group 2	0.4271	0.7351	1.1622**	1.0812
Institutional income				
Group 1	1.5332	-	1.5332**	1.4178
Group 2	0.4965	1.0367	1.5332**	1.4178
Standard Life income				
Group 1	3.4021	-	3.4021**	3.1415
Group 2	-	-	-	3.1415
Standard Life accumulation				
Group 1	4.6101	-	4.6101*	4.2024
Group 2	3.0457	1.5644	4.6101*	4.2024
Institutional regulated accumulation				
Group 1	5.0683	-	5.0683*	4.8148
Group 2	1.9241	3.1442	5.0683*	4.8148
Platform 1 accumulation				
Group 1	0.9140	-	0.9140*	0.9697
Group 2	0.2696	0.6444	0.9140*	0.9697
Institutional S accumulation				
Group 1	0.8548	-	0.8548*	0.8536
Group 2	0.2988	0.5560	0.8548*	0.8536

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UK Smaller Companies Fund

Distribution Tables (Continued)

	Net Income 2018 pence per share	Equalisation 2018 pence per share	Distribution payable 2018 pence per share	Distribution paid 2017 pence per share
Institutional S income				
Group 1	1.4012	-	1.4012**	1.2924
Group 2	0.4983	0.9029	1.4012**	1.2924
Institutional A accumulation				
Group 1	0.0597	-	0.0597*	0.1943
Group 2	-	0.0597	0.0597*	-

* Distribution accumulated on 28 February 2018

** Distribution payable on 30 April 2018

Treatment by Corporate Shareholders (Unaudited)

Corporate shareholders should account for the current year's dividend shown in the distribution table as follows:

	Final Dividend Distribution
Treat as a UK corporate dividend	100.00%
Treat as an annual payment net of Income tax at 20%	0.00%

Standard Life Investment Company Annual Report & Financial Statements

Further Information

Report and financial statements

The Annual Report is available online at standardlifeinvestments.com. The annual accounting year for the Funds finishes on the last day of February and the interim accounting period finishes on 31 August.

Prospectus

The Prospectus for Standard Life Investment Company is available online at standardlifeinvestments.com.

Prices

The most recent share prices are published daily online at standardlifeinvestments.com.

Cancellation Rights

Under certain circumstances, investors will have the right to cancel a deal. Please refer to the Prospectus for full details.

Buying and Selling Shares

Investors wishing to invest in any of the Funds can contact their usual Financial Adviser or telephone the ACD's Customer Information Team on 0345 113 6966 (or +44 (0)1268 44 5488 from outwith the UK) for information in how to invest.

Applications for shares can be made by sending a completed application form together with a cheque (a cheque need not be provided if paying by direct debit as below) made payable to the ACD at the address: Standard Life Investments (Mutual Funds) Limited, PO Box 12233, Chelmsford CM99 2EE. Applications for shares can also be made by telephone and must be followed by sending an application form and cheque (the latter need not be provided if paying by direct debit as below) made payable to the ACD at the address above.

Holders can sell some or all of their shares through their usual financial adviser or by writing to the ACD at the above address. In either case the holder's account number must be quoted and the request must be signed by the holder or all the joint holders if the shares are held in joint names.

Shares can also be sold by telephone, on any day that the ACD is open for business, on 0345 113 6966 (+44 (0)1268 44 5488), although the request must be confirmed in writing. Shares will be sold on a forward pricing basis and the investor will receive the price at the relevant valuation point on the day after the ACD receives the instructions (verbal or written, as the case may be).

Please refer to the Prospectus for full details.

Minimum Investment

The minimum initial investment in shares varies from Fund to Fund. Please refer to the Prospectus for full details.

Minimum Redemption

It is possible to sell all or part of a holding at any time. Please refer to the Prospectus for full details.

Switching

At any time, an investor may switch some or all of the shares in one class/Fund for shares in another class/Fund. Switching instructions can either be given by accessing your investments online at www.myaccountonline.co.uk/sli or by calling us on 0345 113 6966 (+44 (0) 1268 445 488).

UCITS

The Funds were certified under the Undertaking for Collective Investment in Transferable Securities (UCITS) directive, which allows the ACD to market the Funds in member States of the European Union subject to relevant local laws, specifically marketing laws.

Standard Life Investment Company Annual Report & Financial Statements

Remuneration Policy (unaudited)

Standard Life Investments (Mutual Funds) Limited, the ACD, and Standard Life Investments Limited, the investment adviser, are both subsidiaries of Standard Life Aberdeen plc.

The UCITS remuneration code (the “Code”) is effective for performance periods starting on or after 18 March 2016. For Standard Life Investments (Mutual Funds) Limited (SLI(MF)) this applies to variable pay of employees of Standard Life Aberdeen plc identified as UCITS V Material Risk Takers (MRTs) in respect of the performance period 1 January to 31 December 2017, awarded in March 2018. Our remuneration policy as set out below has been reviewed against the requirements of the Code.

SLI(MF) does not employ any direct staff. Details of Remuneration Policy and Procedures for employees of Standard Life Aberdeen plc classified as MRTs in accordance with European Securities and Markets Authority (ESMA) guidance, including, but not limited to, a description of how remuneration and benefits are calculated, the identities of persons responsible for awarding the remuneration and benefits including the composition of the Remuneration Committee can be found at the following link:

www.standardlifeaberndeen.com/remuneration-disclosure

A paper copy will be made available free of charge upon request at the registered office of the Company.

These details together with the information below satisfy the UCITS V remuneration disclosures for the year ended 31 December 2017.

Standard Life Aberdeen identifies certain individuals as Code Staff, in accordance with ESMA guidance in this regard. In accordance with these guidelines, Board members of SLI(MF), and staff that make up the key advisory committees, are identified as roles that have a material impact on the risk profile of SLI(MF) or the UCITS managed. Whilst the Board members direct the business this is done with the assistance of the committees, although the Board are ultimately responsible for risk management.

The Company has determined that the fixed remuneration payable is (a) consistent with sound and effective risk management and does not encourage risk-taking which is inconsistent with the risk profile, rules or instrument of incorporation of the Company and (b) in line with the business strategy, objectives, values and interests of the Company and the investors in the Company.

The detailed provisions of Article 14b of the Regulations and the related ESMA guidelines in relation to variable remuneration are considered for employees of Standard Life Aberdeen plc on an apportioned basis, to reflect duties for regulated firms in line with regulatory guidance.

During 2017 the following amounts were paid in fixed and variable remuneration to material risk takers. Fixed remuneration includes base salary and benefits. Fixed remuneration for committee members comprises fees. Variable remuneration includes 2017 annual bonus awards paid in March 2018 and the target value of long term incentive awards granted in 2018 (which were based on performance in 2017).

	2017 Material Risk Takers	2017 Senior Management	2017 Control Functions
Number of Code Staff ⁽¹⁾	8	23	5
Fixed Remuneration (£)	271,149	991,176	240,745
Variable Remuneration (£)	1,358,266	3,723,872	257,333
Total (£) ⁽²⁾	1,629,415	4,715,048	498,078

- 1) These figures reflect the material risk takers in respect of UCITS V SLI(MF). The number of individuals reported reflects ESMA guidelines. We undertake continual re-evaluation of material risk takers to align with the latest regulatory guidance.
- 2) The figures reflect the total remuneration paid to each MRT in relation to UCITS duties and has not been time apportioned to reflect the time spent on issues related to an individual UCITS.

Standard Life Investments Limited is registered in Scotland (SC123321) at 1 George Street, Edinburgh EH2 2LL.
Standard Life Investments Limited is authorised and regulated by the Financial Conduct Authority.
Calls may be monitored and/or recorded to protect both you and us and help with our training.
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