

The fund aims to provide income and some capital growth over the longer term by investing in UK equities. The fund typically holds a concentrated portfolio of stocks and may also hold a proportion in bonds to supplement the income of the fund. The fund is actively managed by our investment team, who will select stocks, without reference to index weight or size, to try to take advantage of opportunities they have identified. Due to the unconstrained nature of the fund investors must be willing to accept a relatively high degree of stock specific risk.

Past performance is not a guide to future returns and future returns are not guaranteed. The price of assets and the income from them may go down as well as up and cannot be guaranteed; an investor may receive back less than their original investment. The fund may use derivatives to reduce risk or cost, or to generate additional capital or income at low risk. Usage of derivatives is monitored to ensure that the fund is not exposed to excessive or unintended risks. The value of assets held within the fund may rise and fall as a result of exchange rate fluctuations.

OEIC Fund

Equity Fund

Monthly

Fund Manager	Thomas Moore	Base Currency	GBP
Fund Manager Start	1 Jan 2009	No. of Holdings	58
Launch Date	22 Feb 2007		
IA Sector	IA UK Equity Income		
Benchmark	IA UK Equity Income Sector		
Current Fund Size	£1149.9m		

This document is intended for use by individuals who are familiar with investment terminology. To help you understand this fund and for a full explanation of specific risks and the overall risk profile of this fund and the shareclasses within it, please refer to the Key Investor Information Documents and Prospectus which are available on our website – [www.standardlifeinvestments.com](http://www.standardlifeinvestments.com).

Standard Life Investments has not considered the suitability of investment against your individual needs and risk tolerance. If you are in any doubt as to whether this fund is suitable for you, you should seek advice. An adviser is likely to charge for advice. We are unable to provide investment advice.

## Fund Information \*

### Composition by Sector

	Fund %
Financials	36.9
Consumer Services	18.2
Industrials	16.1
Consumer Goods	11.2
Technology	6.0
Basic Materials	5.3
Oil & Gas	2.4
Utilities	1.6
Telecommunications	1.3
Cash and Other	1.0

### Composition by Market Capitalisation (Ex Cash)

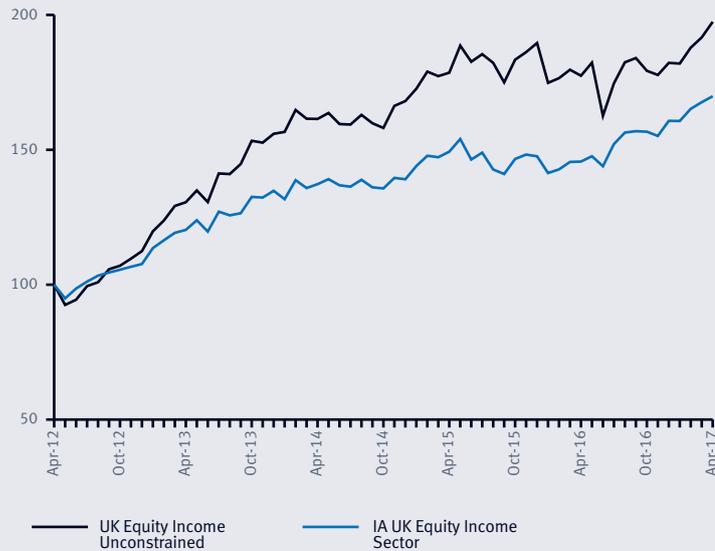
	Fund %
FTSE UK 100	41.8
FTSE UK 250	42.6
FTSE Small Cap	10.5
Not In Index	5.1

### Top Ten Holdings

Stocks	Fund %
Aviva	4.5
Close Brothers	3.5
Micro Focus	3.4
Imperial Tobacco	3.2
Rio Tinto	3.0
National Express	2.8
Sage	2.6
Saga Group	2.6
Prudential	2.4
L&G	2.4
Assets in top ten holdings	30.4

## Fund Performance \*

### Price Indexed



The performance of the fund has been calculated over the stated period using bid to bid basis for a UK basic rate tax payer. The performance shown is based on an Annual Management Charge (AMC) of 0.80%. You may be investing in another shareclass with a higher AMC. The charges for different share classes are shown on the next page. For details of your actual charges please contact your financial adviser or refer to the product documentation.

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

### Year on Year Performance

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

	Year to 31/03/2017 (%)	Year to 31/03/2016 (%)	Year to 31/03/2015 (%)	Year to 31/03/2014 (%)	Year to 31/03/2013 (%)
Retail Fund Performance	6.0	0.3	8.7	23.8	28.2
Institutional Fund Performance	6.7	1.3	9.8	25.0	29.4
Platform One	6.4	1.1	9.5	24.7	n/a
IA UK Equity Income Sector	15.2	-1.2	8.4	13.9	18.6

### Cumulative Performance

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

	6 Months (%)	1 Year (%)	3 Years (%)	5 Years (%)
Retail Fund Performance	9.8	10.6	19.2	88.5
Institutional Fund Performance	10.1	11.3	22.3	97.4
Platform One	10.0	11.0	21.4	n/a
IA UK Equity Income Sector	8.4	16.6	23.8	69.9

Note: Past Performance is not a guide to future performance. The price of shares and the income from them may go down as well as up and cannot be guaranteed; an investor may receive back less than their original investment.

For full details of the fund's objective, policy, investment and borrowing powers and details of the risks investors need to be aware of, please refer to the prospectus.

For a full description of those eligible to invest in each share class please refer to the relevant prospectus.

#### Definitions

Cash and Other - may include bank and building society deposits, other money market instruments such as Certificates of Deposits (CDs), Floating Rate Notes (FRNs) including Asset Backed Securities (ABSs), Money Market Funds and allowances for tax, dividends and interest due if appropriate.

Composition by Market Capitalisation - Not in index is the sum of holdings outwith the FTSE All Share. This may include new issues, AIM listed and other LSE listed stocks.

## Investment Review and Outlook

### Market review

Politics again took centre stage in April, as Prime Minister Theresa May announced a general election, to take place in June. Investors initially took the view that a strengthening of the prime minister's position could result in a more positive Brexit outcome. This led to a rally in sterling and UK domestic stocks. However, the UK equity market fell slightly overall, on the basis that sustained sterling strength would lead to downgrades to earnings forecasts.

### Activity

We purchased shares in Royal Dutch Shell which was last held by the Fund in 2012. Management activity, including asset sales and cost management, have resulted in improved cash generation and increased our conviction that the dividend is sustainable. The yield of around 7% would act as a support for the share price if the market becomes confident in the sustainability of the dividend.

We also bought Ladbrokes Coral, which is set to benefit from consolidation and margin improvement in its online business. We believe that the stock could respond positively to clarity on fixed-odds betting terminal regulation.

On the other side of the ledger, we reduced our exposure to Vodafone, where sluggish revenue growth

combined with tight dividend cover and possible future capex requirements leaves limited room for error. We also took some profits from Rio Tinto.

### Performance

Holding Micro Focus was beneficial for the Fund. The software company's shares rallied on the announcement of the successful syndication of new and existing debt, to finance its acquisition of HP Software at lower-than-expected interest rates. Micro Focus also reported an increase in the amount of capital being returned to shareholders, underlining the cash flow and dividend credentials of the stock.

Close Brothers boosted the Fund's returns too, as the market responded positively to encouraging results that highlighted ongoing loan growth in banking; positive net flows in asset management; and a recovery in trading at Winterflood, the company's trading services arm. Our holding in brick manufacturer Ibstock also contributed to performance: the market responded to supportive volume and pricing data and the prospect of capacity expansion, all of which is set to drive growth in cash flows and dividends.

However, our holding in Rio Tinto detracted from the performance of the Fund, due to a sharp fall in the price of iron ore. Not holding Lloyds Banking Group also had an adverse effect, as its quarterly results highlighted

encouraging trends in credit quality and net interest margins.

### Outlook & Strategy

The recent shift in the market's focus from macro to micro-level analysis has resulted in more benign market conditions and a recovery in many of our small and mid-cap holdings.

Growth in both the UK economy and in corporate earnings remains far more resilient than had been anticipated immediately after the EU referendum.

Having underperformed after the referendum, due to fears of an economic recession, we see the potential for a significant recovery in the valuation of UK domestic stocks. Conversely, there appears to be more limited potential for many overseas-earning large-cap stocks to outperform, given their high valuations.

While political events can cause short-term swings in valuations, we remain convinced that a successful approach to income investing will involve a focus on stock-level fundamentals. Most important will be the ability of companies to generate the cash flows that are used to pay dividends. On this basis we are encouraged by the strong cash flow and dividend announcements of our underlying holdings, and we remain confident about the total return prospects of the Fund.

## Other Fund Information

	Retail Acc	Retail Inc	Institutional Acc	Institutional Inc
Lipper	65066669	65066670	65066671	65066672
Bloomberg	SLEIURA LN	SLEIURI LN	SLEIUUA LN	SLEIUUI LN
ISIN	GB00B1LBSR16	GB00B1LBSS23	GB00B1LBST30	GB00B1LBVS51
SEDOL	B1LBSR1	B1LBSS2	B1LBST3	B1LBVS5

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

	Interim	Annual	Valuation Point	7:30 am
Reporting Dates	30 Apr	31 Oct	Type of Share	Income & Accumulation
XD Dates	30 Apr	31 Oct	ISA Option	Yes
Payment Dates (Income)	30 Jun	28 (29) Feb		

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

The Ongoing Charge Figure (OCF) is the overall cost shown as a percentage of the value of the assets of the Fund. It is made up of the Annual Management Charge (AMC) shown above and the other expenses taken from the Fund over the last annual reporting period. It does not include any initial charges or the cost of buying and selling stocks for the Fund. The OCF can help you compare the costs and expenses of different funds.

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0345 113 69 66.

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