

Standard Life Equity Income Trust plc Manager presentation

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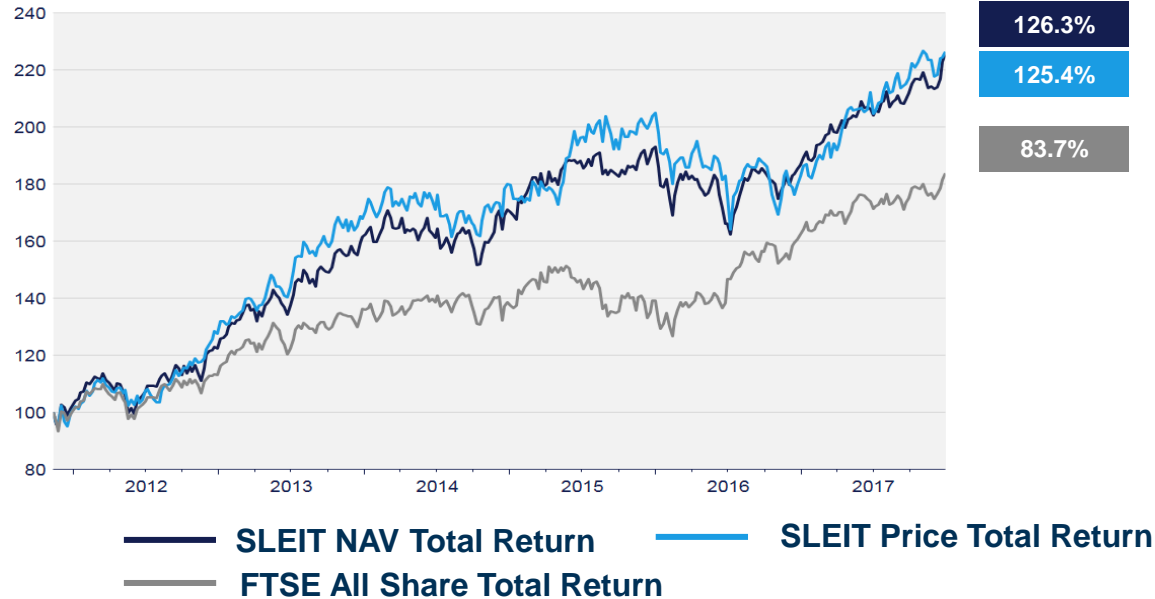
Year to 30 September 2017 highlights

	30 Sept 2017	30 Sept 2016	Year on year change (%)	Total Return (%)
NAV per share	478.6p	431.5p	10.9	14.7
Share price	459.6p	412.4p	11.5	15.9
FTSE All-Share Index	4049.89	3,755.34	7.8	11.9
Revenue (£000s)	10,173	8,997	13.1	
Revenue EPS	19.23p	17.92p	10.0	
DPS	17.10p	15.40p	11.0	
No. of shares in issue (m)	49.163	45.283	8.6	
	Year to 30 Sept 2017	Year to 30 Sept 2016		
Ongoing Charges Ratio	0.87%	0.96%		

Source: Standard Life Investments, 30 September 2017

SLEIT performance track record

SLEIT performance against market and during manager tenure



- SLEIT performance benefiting from index-agnostic investment approach

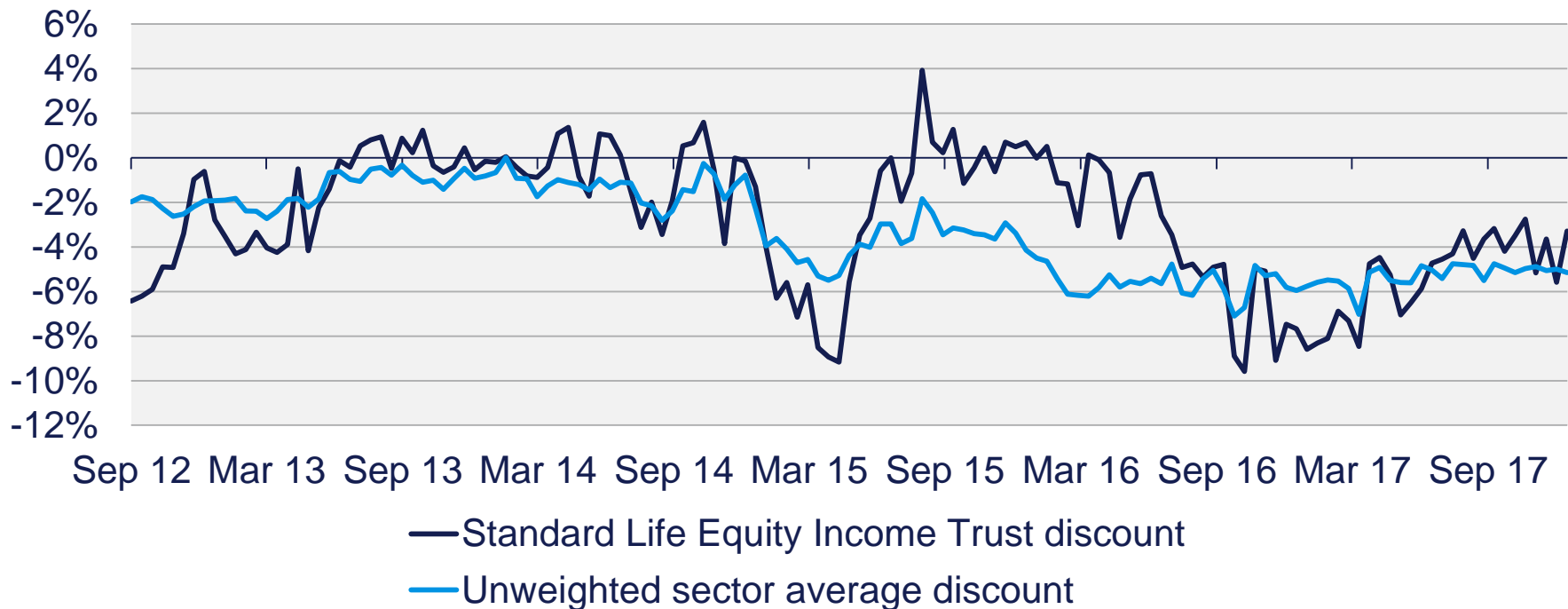
- Process identifying stocks with potential for rapid dividend growth and yield compression
- Differentiated portfolio with limited reliance on FTSE 100 mega-caps and bond proxies

Thomas Moore appointed manager on 11 November 2011

Source: Thomson Reuters DataStream – total return, Standard Life Investments, 31 December 2017

Outperformance since change in investment approach in 2011

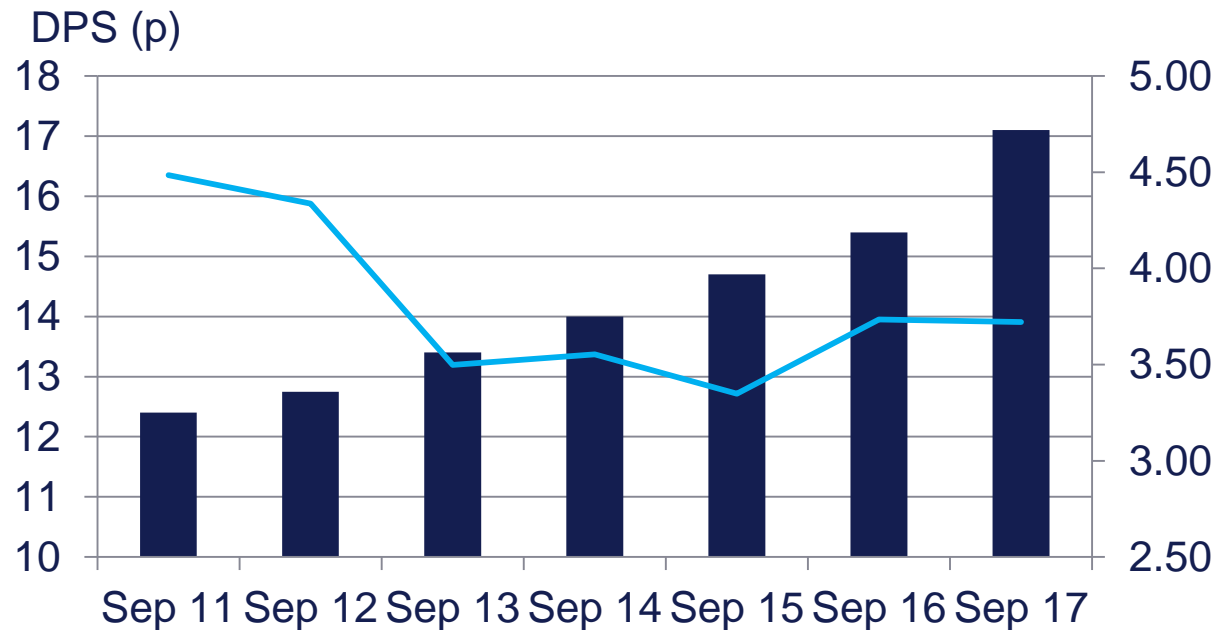
SLEIT discount relative to the UK Equity Income unweighted sector average since September 2012



Source: Standard Life Investments, 08 January 2018

The Trust is trading at a narrower discount than the unweighted sector average

SLEIT track record of dividend growth and yield

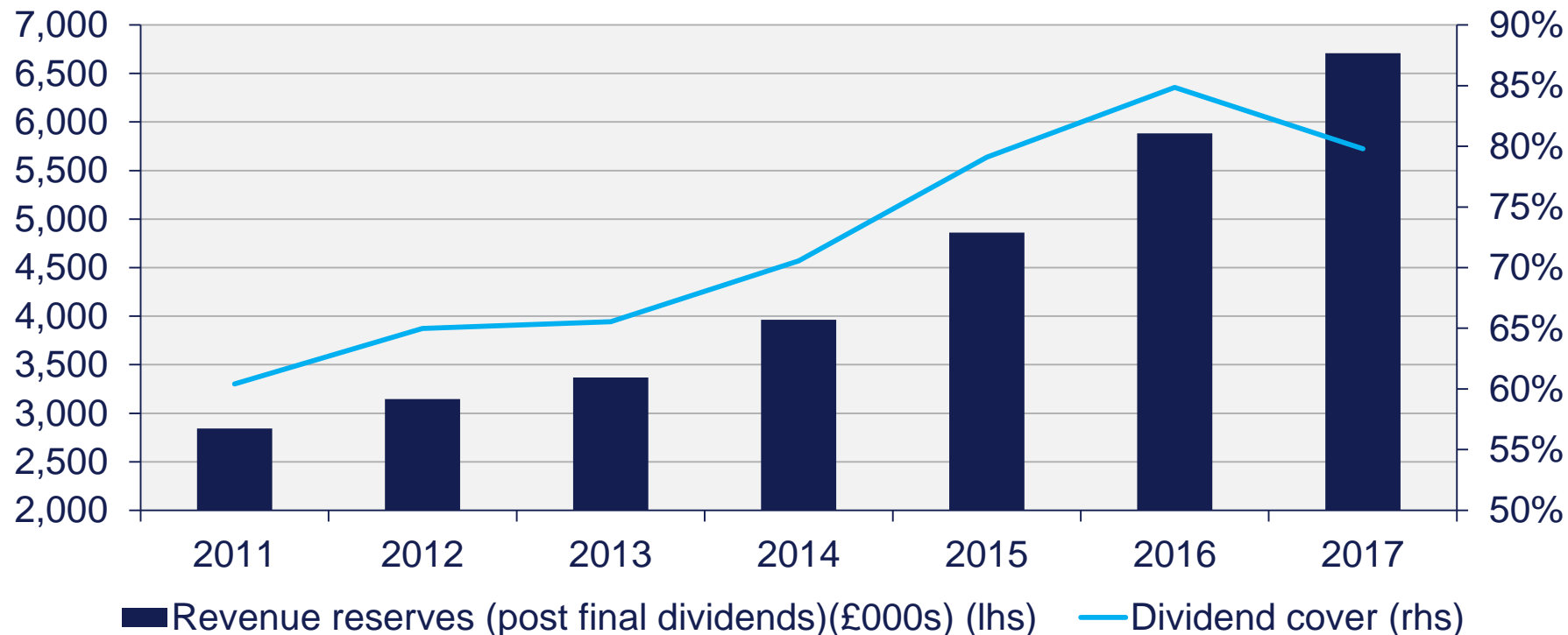


	Sep 2011	Sep 2017	% change
DPS	12.4	17.1	37.9%
Share price	276.5	459.6	66.2%
Yield	4.5%	3.7%	

■ DPS (lhs) — Standard Life Equity Income yield (%) (rhs)

Source: Thomson Reuters DataStream, September 2017

SLEIT revenue reserves and dividend cover

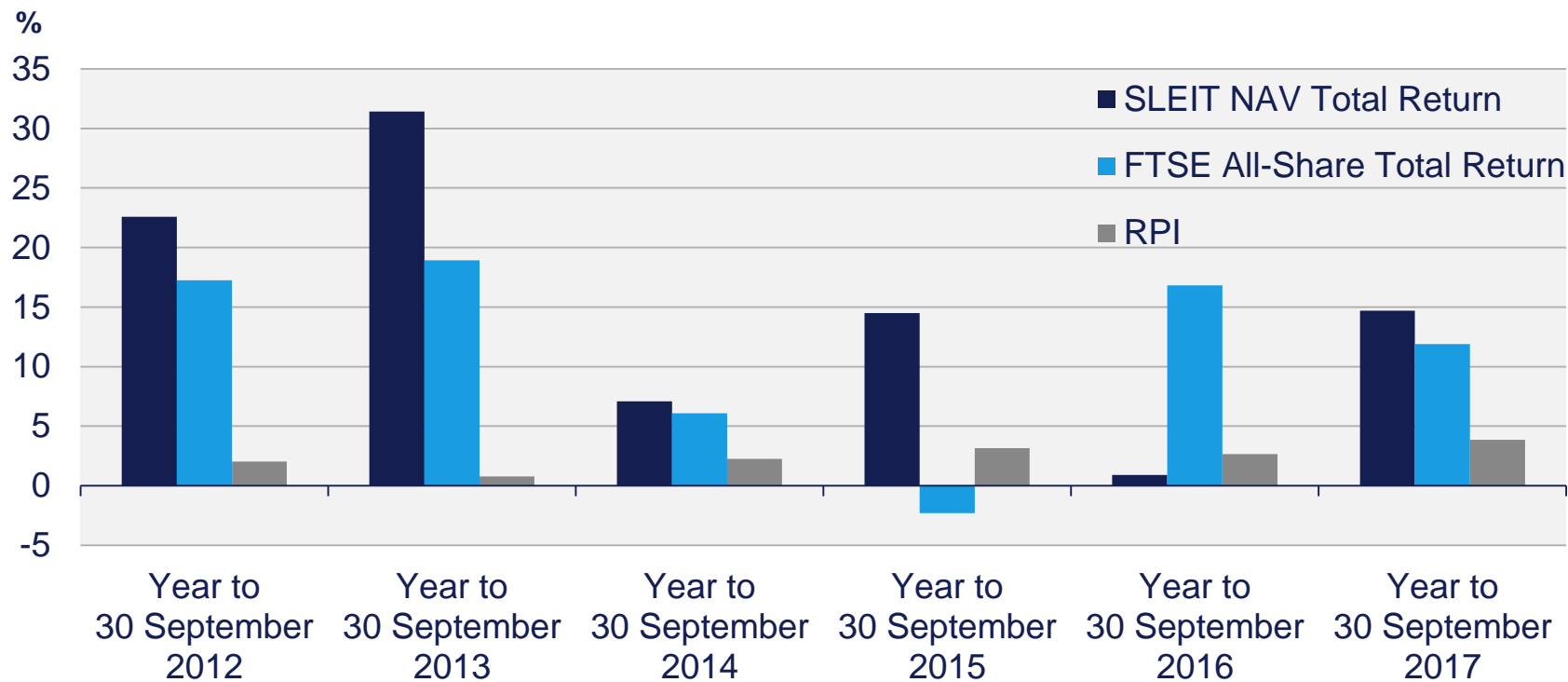


Source: Standard Life Investments. 30 September 2017

Company objectives

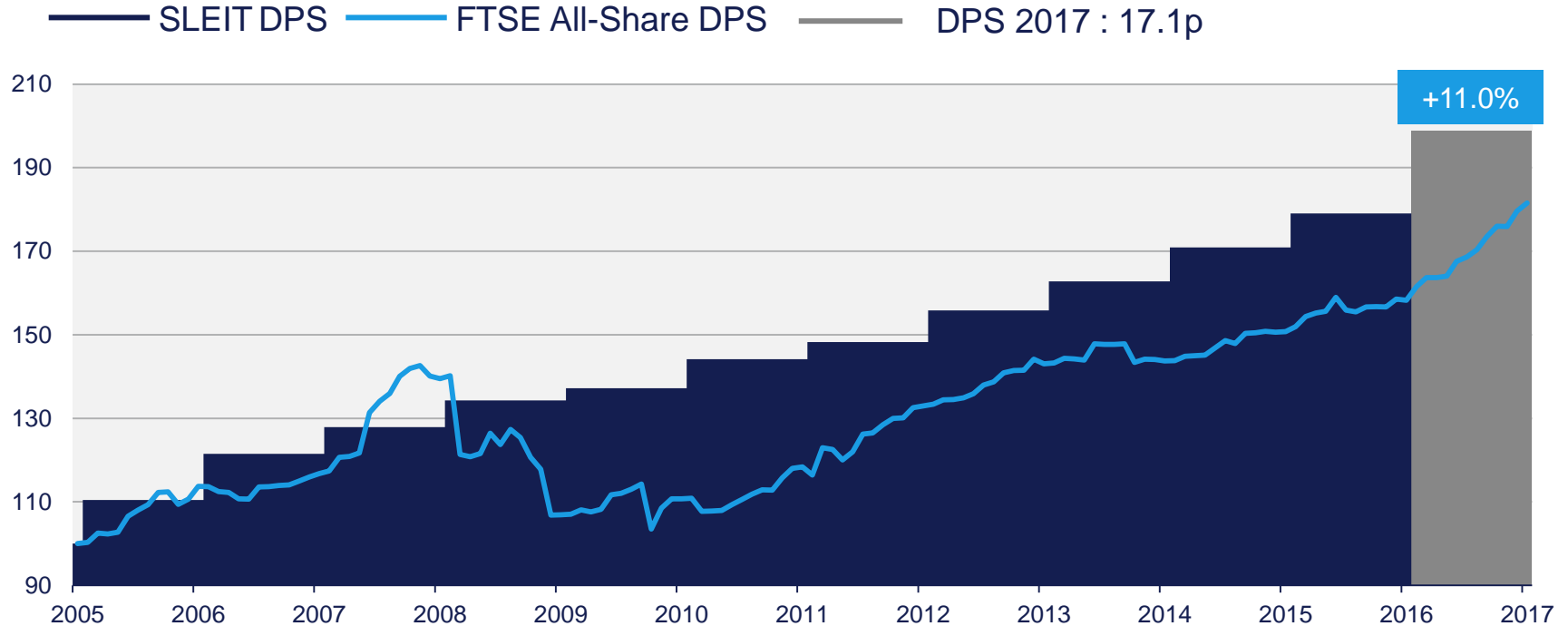
- “To provide shareholders with an above average income from their equity investment while also providing real growth in capital and income”
- To achieve the investment objective by investing in a diversified portfolio consisting mainly of quoted UK equities

Objective: Deliver real growth in capital



Source: Thomson Reuters DataStream, Standard Life Investments, 30 September 2017

Objective: Deliver above average income

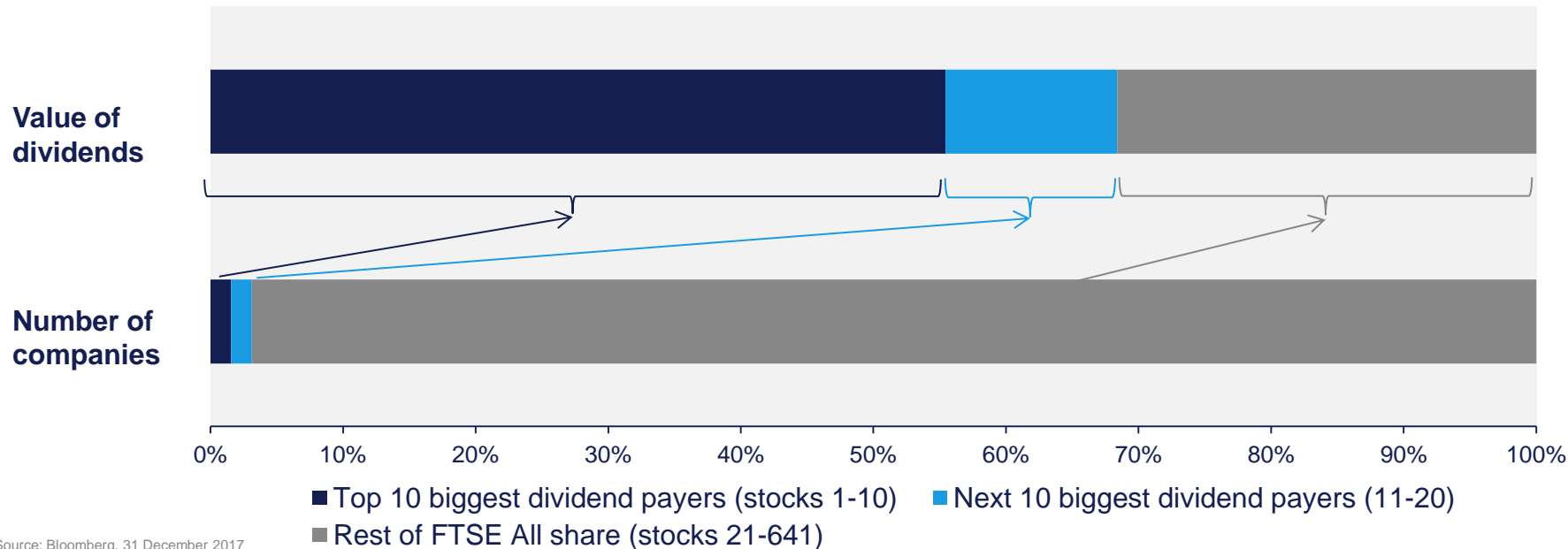


Source: Standard Life Investments, SLEIT, Thomson Reuters DataStream, 30 September 2017. Indexed to September 2005

SLEIT's consistent DPS growth reflects growing portfolio cash flows

Index has heavy dividend concentration in a few mega-caps

FTSE All Share dividend concentration (2017)



Source: Bloomberg, 31 December 2017

Unconstrained approach provides diversification

Index-agnostic approach broadens the investable universe

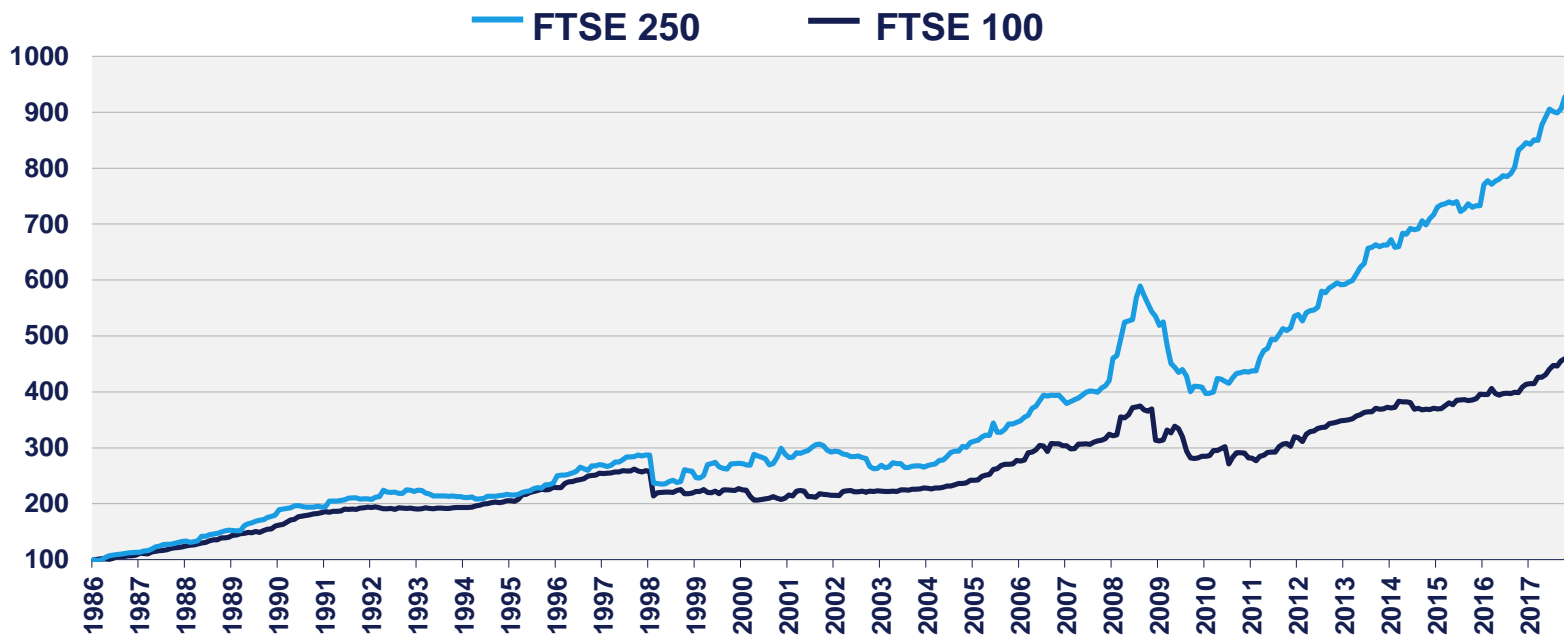
FTSE 100 companies cutting dividends – 2014 to 2017



Source: Thomson Reuters DataStream, 01 November 2017

FTSE 100 dividend cover under pressure from weakening fundamentals

SLEIT benefiting from exposure to FTSE 250 dividend growth



Source: Standard Life Investments, 01 November 2017

Index-agnostic approach gives portfolio broader access to UK Market

Support for mega-caps from currency is set to diminish

- Mega-cap stocks generate the bulk of their earnings overseas, so Sterling's 2016 devaluation provided a significant currency benefit, reducing the pressure on dividend cover
- At \$1.36/£, the currency is touching the highest level since the EU referendum in June 2016. This means that megacaps are no longer benefitting from a currency tailwind
- Conversely, the basing of Sterling will provide a dual benefit to UK domestic companies – improving the outlook for real wages and reducing gross margin pressure
- As investors feel more comfortable about owning UK domestic companies, we expect their valuations to move higher, from very depressed levels

FTSE 250 has lagged FTSE 100



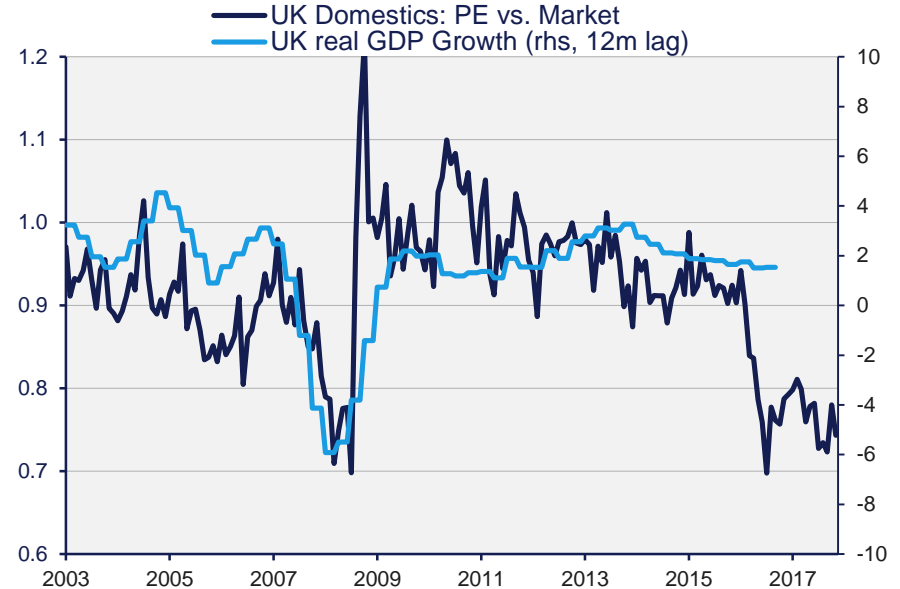
Source: Standard Life Investments, 12 January 2018

Shift from macro to micro set to drive rebound in FTSE 250

Implications of potential shift in market focus from macro to micro

- The uncertain political environment has resulted in a polarisation in valuation between sectors. Investors have crowded into large cap defensive stocks, while they have avoided small and mid-cap financial and cyclical stocks
- Stock-level opportunities tend to be most abundant when macro concerns cause investors to take their eyes off corporate fundamentals
- **As macro concerns fade, we expect share prices to respond to positive surprise in cash flows and dividends**

Domestic valuations – what's priced in?



Source: Standard Life Investments, Barclays, November 2017

Periods of heightened nervousness produce extremes in valuation

SLEIT portfolio characteristics

30 September 2017	FTSE 100	FTSE 250	Smaller companies
SLEIT portfolio allocation	38%	39%	23%
FTSE All Share	80%	16%	4%

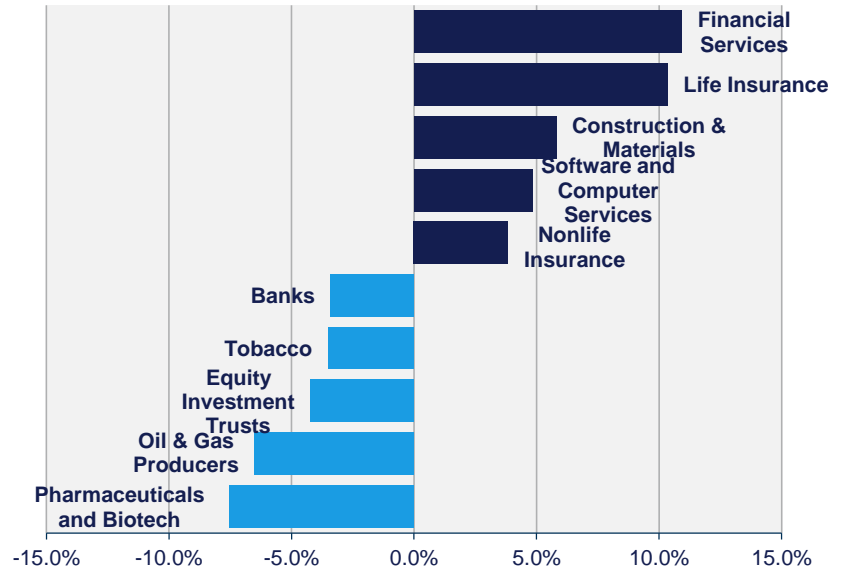
	SLEIT	UK Equity Income Sector Average
Gross assets	£266.0m	£450m
Dividend yield	3.7%	3.5%
5 year dividend growth (CAGR)	6.0%	4.3%
Discount	4.0%	5.6% (unweighted)
Net gearing	9.9%	7.0%
Number of stocks	50 to 70 stocks	
Active share	85.0%	
Beta	0.86	

Source: Standard Life Investments, 30 September 2017

Stock and sector positioning

Top 10 Holdings	%
Aviva	2.9
Prudential	2.7
Sage	2.7
BP	2.6
Micro Focus	2.6
Close Brothers	2.6
River & Mercantile	2.6
HSBC	2.5
Tyman	2.2
Royal Dutch Shell	2.2

Overweight / Underweight sectors*

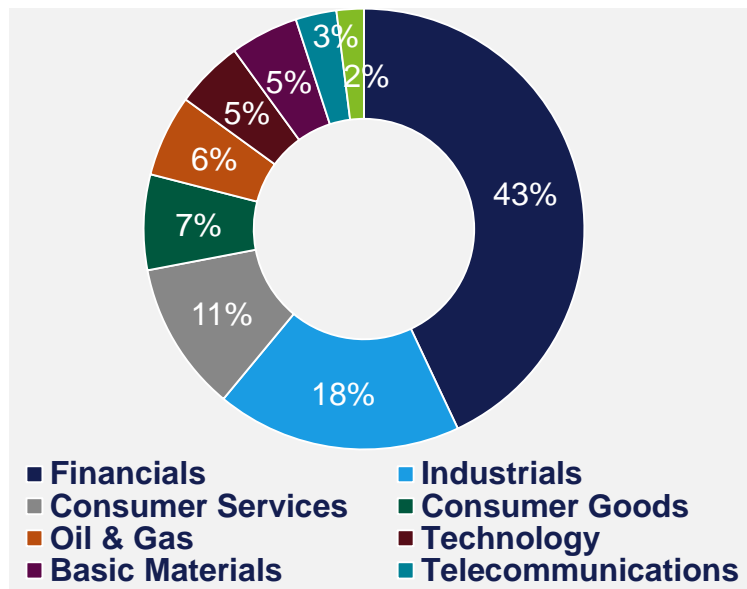


* Sector bet relative to FTSE All-Share index
Source: Standard Life Investments, 30 September 2017

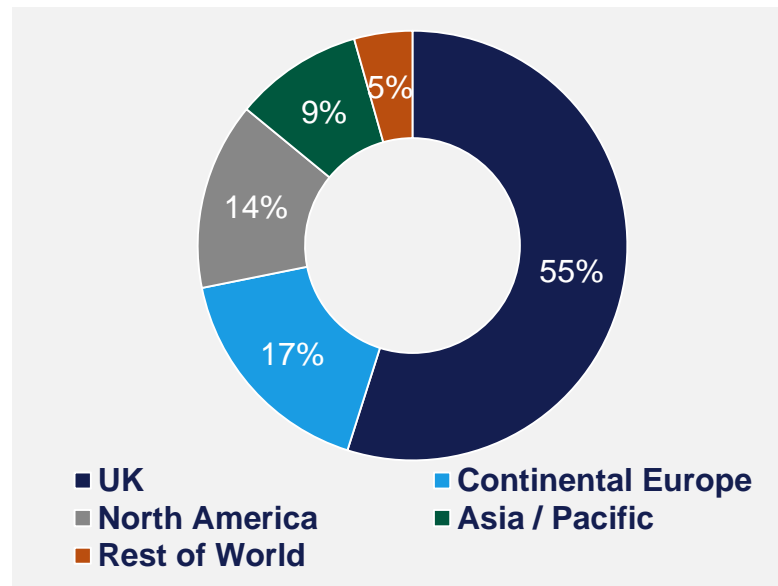
Conviction-based approach to UK Equity Income

Portfolio composition by sector and geography

Portfolio weightings by sector



Source of revenue by region



Source: Standard Life Investments, Factset (based on company accounts), 30 September 2017

Portfolio positioning reflects most compelling valuation opportunities

SLEIT – performance attribution and portfolio outlook

Stock contribution – 12 months to 30 September 2017

Top 5 contributors to absolute return	Absolute contribution (%)
Rio Tinto	1.3
River & Mercantile	1.2
Aviva	0.9
Prudential	0.9
Carnival	0.8

Bottom 5 contributors to absolute return	Absolute contribution (%)
BT Group	-0.8
Imperial Brands	-0.6
Babcock International	-0.4
Sage	-0.4
Connect	-0.3

Portfolio outlook

Key themes:

- **Financials:** Improving growth outlook under-valued
- **Resources:** Robust demand and capital discipline
- **Consumer :** Macro fear provides opportunity
- **Self-help:** Management turn-around situations

Key stock examples:

- Aviva, Prudential, Close, River & Mercantile, HSBC
- BP, Royal Dutch Shell, Rio Tinto
- Tyman, National Express
- Sage, Micro Focus, TP ICAP

Source: Standard Life Investments, 30 September 2017

Summary

- **SLEIT offers a differentiated, index-agnostic investment approach:**
 - Focus on sustainable dividend growth
 - Limited reliance on FTSE 100 mega-caps and bond proxies
- **Well-resourced, experienced UK equities team:**
 - Focus on Change investment process has been tried and tested
 - 61 strong equity team, including 13 specialising in FTSE 350 companies

Source: Standard Life Investments, 31 December 2017