

**Kames Capital Unit Trust  
Interim Report and Financial Statements  
for the period from 1 April 2018 to  
30 September 2018 (unaudited)**

# Kames Capital Unit Trust

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\*Collectively these comprise the Managers' Report. Information specific to the sub-funds is detailed within its respective section.

# Kames Capital Unit Trust

## Trust Information

### Authorised Fund Manager (Manager)

Kames Capital plc\*  
Kames House  
3 Lochside Crescent  
Edinburgh Park  
Edinburgh  
EH12 9SA

### Directors of the Manager

Arnab Banerji  
Gregory Cooper<sup>††</sup>  
Martin Davis  
Stephen Jones  
Sarah Russell  
David Watson

### Secretary of the Authorised Fund Manager

Alison Talbot<sup>†††</sup>

### Registrar

Northern Trust Global Services plc\*\* <sup>††††</sup>  
50 Bank Street  
London  
E14 5NT

### Property Manager<sup>†††††</sup>

Savills (UK) Limited  
33 Margaret Street  
London  
W1G 0JD

### Trustee

National Westminster Bank Limited<sup>\*\*\*</sup> <sup>†</sup>  
Trustee & Depositary Services  
Second Floor  
Drummond House  
1 Redheughs Avenue  
Edinburgh  
EH12 9RH

### Custodian

Citibank N.A. London Branch\*\*  
Citigroup Centre  
Canada Square  
Canary Wharf  
London  
E14 5LB

### Independent Auditors

PricewaterhouseCoopers LLP  
Atria One  
144 Morrison Street  
Edinburgh  
EH3 8EX

### Independent Valuer<sup>†††††</sup>

CBRE Limited  
Henrietta House  
Henrietta Place  
London  
W1G 0NB

\* Kames Capital is authorised and regulated by the Financial Conduct Authority as a Alternative Investment Fund Manager as of 21 July 2014.

\*\*Authorised and regulated by the Financial Conduct Authority.

\*\*\*Authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority.

<sup>†</sup>With effect from 31 October 2018 the appointed Trustee for Kames Capital Unit Trust changed from National Westminster Bank plc to National Westminster Bank Limited.

<sup>††</sup>Gregory Cooper resigned as a Director of Kames Capital plc on 21 December 2017.

<sup>†††</sup>Alison Talbot was appointed secretary of the Authorised Fund Manager on 18 November 2010.

<sup>††††</sup>With effect from 3 April 2018 the appointed Transfer Agent and Registrar for the Kames Capital Unit Trust changed legal name from Northern Trust Global Services Limited to Northern Trust Global Services Plc.

<sup>†††††</sup>For the property investment held within the master fund Kames Property Income Fund.

# Kames Capital Unit Trust

## Report of the Authorised Fund Manager

### The Trust

Kames Capital Unit Trust (the "Trust") is an umbrella Trust, with 2 sub-funds trading as at 30 September 2018. The number of sub-funds may be increased and decreased in the future.

### Authorised Status

The Trust is a Collective Investment Scheme as defined in the Financial Services and Markets Act 2000 which is categorised as a Non-UCITS Retail Scheme (NURS). The Trust was authorised by the Financial Conduct Authority (FCA) on 26 February 2014 and is governed by the Trust Deed. The Trust is an Alternative Investment Fund (AIF) for the purposes of the FCA Rules. The Trust was granted AIF status on 21 July 2014.

### The Financial Statements

We are pleased to present the interim financial statements for the period ended 30 September 2018.

As required by the Regulations, information for each of the sub-funds has been included in these financial statements. For each sub-fund we have provided a detailed description of the strategy that was adopted during the period under review.

### Sub-fund cross holdings

At the end of period none of the units in the sub-funds listed on page 1 (contents page) were held by any other sub-funds of the company.

### Changes to the Prospectus

With effect from 31 October 2018, National Westminster Bank Plc (the "Retiring Trustee") as Trustee for Kames Capital Unit Trust (the "Trust") was replaced by a new Trustee, NatWest Trustee and Depositary Services Limited (the "New Trustee"). This replacement was necessitated by an internal reorganisation of the Royal Bank of Scotland Group (the "RBSG") carried out to comply with ring-fencing legislation intended to strengthen the financial system in the UK. Both the Retiring Trustee and the New Trustee are part of the RBSG. The New Trustee is authorised and regulated by the Financial Conduct Authority and has all necessary permissions to act as Trustee for the Trust.

During the course of 2019, subject to relevant approvals being obtained, it is anticipated that NatWest Trustee and Depositary Services Limited will be replaced as Trustee and Depositary for Kames Capital Unit Trust by Citibank Europe Plc, UK Branch. Citibank Europe Plc, UK Branch is a branch of Citibank Europe Plc, a public limited company that is domiciled in Ireland. Citibank Europe Plc is authorised to carry on trustee and depositary business by the Central Bank of Ireland and, in respect of its UK branch, the Prudential Regulation Authority.

# Kames Capital Unit Trust

## Statements of Responsibility

### Statement of Authorised Fund Manager's Responsibilities

The Rules of the Financial Conduct Authority's Collective Investment Schemes Sourcebook require the Manager to prepare financial statements for each accounting period that give a true and fair view of the financial affairs of the Trust and of its net revenue and the net capital gains/losses for the period.

In preparing the financial statements the Manager is required to:

- comply with the Prospectus and applicable accounting standards, subject to any material departures which are required to be disclosed and explained in the financial statements;
- comply with the Statement of Recommended Practice for Authorised Funds issued by the Investment Management Association (IMA) in May 2014;
- select suitable accounting policies and then apply them consistently;
- follow generally accepted accounting principles (UK accounting standards and applicable law) including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland;
- make judgements and estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Trust will continue in operation for the foreseeable future; and
- take reasonable steps for the prevention and detection of fraud, error, and non-compliance with law or regulations.

The Manager is required to keep proper accounting records and to manage the Trust in accordance with the Regulations and the Trust Deed.

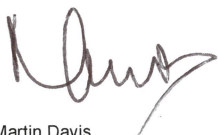
The report has been prepared in accordance with the Financial Conduct Authority's Collective Investment Schemes sourcebook.

### Statement of the Trustees' Responsibilities in respect of the financial statements of the Trust

The Trustee is responsible for the safekeeping of all property of the Trust (other than tangible moveable property) that is entrusted to it. It is the duty of the Trustee to take reasonable care to ensure that the Trust is managed in accordance with the Regulations, in relation to the pricing of, and dealings in, units in the Trust and in relation to the revenue of the Trust.

### Authorised Fund Manager's Statement

In accordance with the requirements of the Financial Conduct Authority's Collective Investment Schemes sourcebook, we hereby certify the report on behalf of the Board of Kames Capital plc.



Martin Davis



Stephen Jones

Edinburgh  
23 November 2018

# Kames Capital Unit Trust

## Kames Property Income Feeder (Income) Fund

### Investment objective

The investment objective is to provide income with potential for capital growth by investing in the Kames Property Income Fund (the "Fund"), which invests mainly in commercial property.

### Investment policy

The sub-fund will invest solely in the Fund. Cash may be held from time to time for the purposes of efficient portfolio management.

### Risk profile

The sub-fund is designed for retail and institutional investors seeking pooled exposure from investments mainly in commercial property in the British Isles through the Fund, but who are unable to invest directly into the Fund, and who are comfortable with a medium level of investment risk. In most cases, we expect the sub-fund to be held as part of a diversified portfolio which may include other assets such as bonds, equities and cash. Unit prices will fluctuate and may fall significantly in value. Consequently, it is important to understand that the sub-fund should be viewed as a longer term investment.

Investors should be aware of the following risk factors:

- Investment property is not as liquid as other asset classes such as bonds or equities. Investors may not be able to switch or cash-in their Investment when they want to because property in the Fund may not always be readily saleable.
- Investment property transaction charges are higher than those which apply in other asset classes. High volumes of transactions would have a material impact on the Fund's returns.
- The Fund's Investment portfolio is exposed to market price fluctuations. Property valuations are a matter of the independent valuer's opinion rather than fact.
- The yield from the Investment property may be negatively affected by tenant failure or availability of supply in the sector.

The Fund is actively managed and exposed to a range of risks, which are listed and defined in the Kames Property Investments Prospectus. The most material risks from this list also appear in our Key Investor Information documents (KIID) where they are summarised in an easy-to-read format. You can find both of these documents on our website at [www.kamescapital.com](http://www.kamescapital.com).

### Structure

The Kames Capital Unit Trust was launched for investors who are unable to invest directly in the Fund for operational or other reasons. The Kames Capital Unit Trust is comprised of two sub-funds; Kames Property Income Feeder (Accumulation) Fund and Kames Property Income Feeder (Income) Fund.

The Kames Property Income Feeder (Income) Fund gives investors the opportunity to invest indirectly into an income share class in the Fund (F Gross Income), where distributions of the net revenue from the Fund are paid out in cash each month.

As the Kames Capital Unit Trust invests solely in the underlying Fund, the review of investment activity below relates directly to the Fund.

### Review of investment activities\*

The last six months has been characterised by a lack of available stock, with investment demand outweighing supply. Property continues to offer an attractive spread over bond yields so, for income focused investors, it offers relative value and is sustaining investment demand for the asset class. Overall levels of supply and demand plus structural change, particularly in retail and industrials, are influencing where this demand is focused. Capital is being targeted towards sectors and locations offering robust income returns with growth potential. Increasingly, investors are becoming more discriminating and starting to shun those assets and market segments where risks to income stability are elevated.

Cashflow over the last six months has been positive with the Fund receiving an average net inflow of £15 million per month. As at the end of September 2018, the Fund had gathered £754.31 million in assets under management. Approximately £603.88 million is invested in direct property, £41.25 million is invested in REITs and the remainder is held in cash. The Fund's principle REIT holdings have been expanded to include Derwent London, British Land, Land Securities, Great Portland Estates, Hansteen, Londonmetric Property, Tritax Big Box, Secure Income and Assura.

Eighty-two properties have now been acquired, with the holdings diversified by geography, sector, tenant exposure and lease length. There have been 25 purchases over the period, investing a net total of £89.367 million. Purchases include a portfolio of pubs and restaurants located across the South East of England, car showrooms in Cardiff and Newbury and a portfolio of industrial estates. There were no sales during the period.

A number of asset management initiatives were completed. At Unum House, Bristol the Fund completed the letting of a 28,000 sq ft office building to Desklodge Ltd in a transaction that demonstrates the strength of the Bristol office market. Desklodge agreed to take a 12-year lease of the entire building at an annual rent of £596,000 based on £20.50 per sq ft. Acquired as a vacant building in August 2017 for £2.8m the property is located close to Bristol Temple Meads station in an area of the city that is being transformed by public and private sector regeneration initiatives. The transaction reduced the Fund's void rate by 1.7% and generated significant added value which saw the property's value double in less than 12 months.

At 120 Buchanan Street, Glasgow the Fund completed the outstanding rent review of the Diesel unit from October 2017. The rent has increased by 24% from £303,200 per annum to £376,500 per annum. The increase in rent reflects the rental growth that the street has experienced over the last five years as it has established itself as the prime location for flagship stores in Glasgow. Encouragingly, there are very few vacant units on the street and there are indications that rental values could rise further.

At 1-9 Wimbledon Hill Road the Fund settled the outstanding rent review effective from October 2016 at £395,000 per annum. This is an increase of 16% on the previous rent of £340,000 per annum that was being paid by the tenant, HSBC.

\*For the property investment held within the master fund Kames Property Income Fund.

# Kames Capital Unit Trust

## Kames Property Income Feeder (Income) Fund

### Outlook

It is becoming increasingly clear that we are at an advanced stage in the cycle. Occupier markets, lending and development conditions remain supportive, but return expectations are reducing as yield compression comes to an end and rental growth slows.

The outlook for the market is therefore for steady, if unspectacular, returns over the next few years. Income return will be the main driver of performance with a slight rise in rents being offset by a modest rise in yields as interest rates trend upwards. The uncertainty that remains over the UK's future trading relationship with the EU is likely to lead to cautious occupier market demand and hence weaker rental growth. Encouragingly however, the probability of a severe market correction remains low with valuations supported by a healthy spread of around 370bps between property and gilt yields whilst development and lending conditions remain relatively benign.

At a sector level the outlook is polarised. Industrial and regional office markets are both characterised by a lack of available space in core locations combined with robust levels of occupational demand. This is creating income stability and the conditions for rental growth.

At the same time, the retail sector is adjusting to the structural changes that have led to several recent high profile failures. Retailers that have been unable to respond to changing shopping habits and the rise of e-commerce are struggling and this is feeding through to sentiment towards the sector. In future, we expect successful bricks and mortar retailing to be focused on dominant locations that can position themselves as high-engagement leisure destinations or convenience focused schemes in densely populated catchment areas.

As the market moves into a period of lower returns, the successful managers will be those able to deliver sustainable income returns from portfolios that balance defensive stability with opportunities to capture the upswing in occupational markets. The key will be to focus on well-located buildings in markets with strong fundamentals. By owning and creating buildings that meet evolving occupier requirements, managers will benefit from greater income resilience and long-term performance prospects.

### Performance\*

The Fund returned 1.56% over the 6 months to 30 September 2018, compared to 2.30% for the tailored peer group median.

The median represents the median of the sample of eight comparable funds, chosen by Kames Capital plc based on similarity of fund, structure and strategy.

The Kames Property Income Feeder (Income) returned 1.03%.

The F&C UK Property Fund was added to the peer group during the period' per the investor managers commentary as provided by Kames.

\*For the property investment held within the master fund Kames Property Income Fund.

### Authorised status

The Trust is a Non-UCITS Retail Scheme, in accordance with the classifications of the Collective Investment Schemes Sourcebook of the Financial Conduct Authority. The sub-fund is an Alternative Investment Fund (AIF) for the purposes of the FCA rules.

### Expense ratios

As at 30 September 2018	B Net Inc
Manager's periodic charge	0.75%
Other Fund operating expenses	0.01%
Synthetic OCF	0.08%
Ongoing Charges Figure (OCF)*	0.84%
Property Expense Ratio (PER)**	0.71%
Real Estate Expense Ratio (OCF + PER)***	1.55%

\* The Ongoing Charges Figures (OCF) is calculated as the ratio of the total expenses to the average net asset value of the sub-fund over the period. The OCF is made up of the Manager's periodic charge and other operating costs deducted from the assets of the sub-fund during the period, except for those payments that are explicitly excluded by regulations.

\*\*The Property Expense Ratio (PER) reflects any additional costs associated with the day-to-day operation of the direct property assets and is presented as a percentage of average net assets over the period.

\*\*\*The Real Estate Expense Ratio represents the aggregate charges of the feeder (the "sub-fund") and its qualifying master scheme (the "Fund").

### Performance Information

As at 30 September 2018	B Net Inc
Closing net asset value (£'000)	145,188
Closing number of units	140,525,196
Net asset value per share	103.32
Direct transaction costs <sup>†</sup>	(1.05)%

<sup>†</sup>In line with the requirements of the 2014 Statement of Recommended Practice for authorised funds, direct transaction costs are stated after the proportion of the amounts collected from dilution adjustments in relation to direct transaction costs. These costs might appear positive or negative depending on the timing of investment activity within the Fund. The current negative charge reflects the fact that the Fund has collected a dilution adjustment but has not yet incurred all costs of fully investing the portfolio.

# Kames Property Income Feeder (Income) Fund

## Portfolio Statement

The sub-fund's investments as at 30 September 2018

Holding	Investment	Market value £'000	Total net assets %
136,432,625	<b>Collective Investment Schemes (31 March 2018: 100.29%)</b>		
	Kames Property Income Fund - Share Class F Gross Income	145,634	100.31
	<b>Portfolio of investments</b>	<b>145,634</b>	<b>100.31</b>
	Net other liabilities	(446)	(0.31)
	<b>Total net assets attributable to unitholders</b>	<b>145,188</b>	<b>100.00</b>



# Kames Property Income Feeder (Income) Fund

## Statement of Total Return for the six months ended 30 September 2018

		2018		2017
	£'000	£'000	£'000	£'000
<b>Income</b>				
Net capital (losses)/gains		(2,566)		446
Revenue	3,572		2,964	
Expenses	(518)		(423)	
Interest payable and similar charges	-		(1)	
<b>Net revenue before taxation</b>	<b>3,054</b>		<b>2,540</b>	
Taxation	(574)		(470)	
Net revenue after taxation		2,480		2,070
Total return before distributions		(86)		2,516
Distributions		(2,998)		(2,494)
<b>Change in net assets attributable to unitholders from investment activities</b>		<b>(3,084)</b>		<b>22</b>

## Statement of Change in Net Assets Attributable to Unitholders for the six months ended 30 September 2018

		2018		2017
	£'000	£'000	£'000	£'000
Opening net assets attributable to unitholders*		129,684		104,047
Amounts receivable on creation of units	31,472		23,775	
Amounts payable on cancellation of units	(12,884)		(11,352)	
		18,588		12,423
Change in net assets attributable to unitholders from investment activities		(3,084)		22
<b>Closing net assets attributable to unitholders</b>		<b>145,188</b>		<b>116,492</b>

\*The opening net assets attributable to unitholders for the current period do not equal the closing net assets attributable to unitholders for the comparative period as they are not consecutive periods.

# Kames Property Income Feeder (Income) Fund

## Balance Sheet as at 30 September 2018

	30 September		31 March	
	2018		2018	
	£'000	£'000	£'000	£'000
<b>Assets</b>				
Fixed assets:				
Investments		145,634		130,056
Current assets:				
Debtors	1,563		1,773	
Cash and bank balances	109		-	
		<u>1,672</u>		<u>1,773</u>
Total assets		147,306		131,829
<b>Liabilities</b>				
Creditors				
Bank overdrafts	-		345	
Distribution payable on income units	546		506	
Other creditors	<u>1,572</u>		<u>1,294</u>	
Total liabilities		<u>2,118</u>		<u>2,145</u>
<b>Net assets attributable to unitholders</b>		<b>145,188</b>		<b>129,684</b>

# Kames Property Income Feeder (Income) Fund

## Distribution Tables

The Fund pays 12 distributions to its unitholders each year on the last calendar day of each month ("pay date"). Those distributions are based on the net distributable income for the previous month and are paid to those unitholders on the register on the last day of the previous month ("period end").

Unit Class B Net Income								
Period end	Pay date	Group	Net Revenue	Equalisation*	Net Distribution	Streaming		2017 Net Distribution
						Unfranked	Franked	
30/04/18	31/05/18	Group 1	0.3553	N/A	0.3553	95.96%	4.04%	0.3335
		Group 2	0.1600	0.1953				
31/05/18	30/06/18	Group 1	0.4524	N/A	0.4524	82.35%	17.65%	0.4619
		Group 2	0.1956	0.2568				
30/06/18	31/07/18	Group 1	0.3857	N/A	0.3857	95.01%	4.99%	0.4038
		Group 2	0.2125	0.1732				
31/07/18	31/08/18	Group 1	0.3682	N/A	0.3682	94.18%	5.82%	0.3652
		Group 2	0.1648	0.2034				
31/08/18	30/09/18	Group 1	0.3755	N/A	0.3755	92.49%	7.51%	0.3995
		Group 2	0.1154	0.2601				
30/09/18	31/10/18	Group 1	0.3889	N/A	0.3889	96.82%	3.18%	0.3971
		Group 2	0.1941	0.1948				

\*Equalisation applies only to units purchased during the distribution period (Group 2 shares). It is the average amount of revenue included in the purchase price of all Group 2 units and is refunded to holders of these units as a return of capital. Being a capital repayment, it is not liable to income tax but must be deducted from the cost of the units for capital gains tax purposes.

# Kames Capital Unit Trust

## Kames Property Income Feeder (Accumulation) Fund

### Investment objective

The investment objective is to provide income with potential for capital growth by investing in the Kames Property Income Fund (the "Fund"), which invests mainly in commercial property.

### Investment policy

The sub-fund will invest solely in the Fund. Cash may be held from time to time for the purposes of efficient portfolio management.

### Risk profile

The sub-fund is designed for retail and institutional investors seeking pooled exposure from investments mainly in commercial property in the British Isles through the Fund, but who are unable to invest directly into the Fund, and who are comfortable with a medium level of investment risk. In most cases, we expect the sub-fund to be held as part of a diversified portfolio which may include other assets such as bonds, equities and cash. Unit prices will fluctuate and may fall significantly in value. Consequently, it is important to understand that the sub-fund should be viewed as a longer term investment.

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The Fund is actively managed and exposed to a range of risks, which are listed and defined in the Kames Property Investments Prospectus. The most material risks from this list also appear in our Key Investor Information documents (KIID) where they are summarised in an easy-to-read format. You can find both of these documents on our website at [www.kamescapital.com](http://www.kamescapital.com).

### Structure

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The Kames Property Income Feeder (Accumulation) Fund gives investors the opportunity to invest indirectly into an accumulation share class in the Fund (F Gross Accumulation), where distributions of the net revenue from the Fund are automatically reinvested.

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\*For the property investment held within the master fund Kames Property Income Fund.

# Kames Capital Unit Trust

## Kames Property Income Feeder (Accumulation) Fund

### Outlook

It is becoming increasingly clear that we are at an advanced stage in the cycle. Occupier markets, lending and development conditions remain supportive, but return expectations are reducing as yield compression comes to an end and rental growth slows.

The outlook for the market is therefore for steady, if unspectacular, returns over the next few years. Income return will be the main driver of performance with a slight rise in rents being offset by a modest rise in yields as interest rates trend upwards. The uncertainty that remains over the UK's future trading relationship with the EU is likely to lead to cautious occupier market demand and hence weaker rental growth. Encouragingly however, the probability of a severe market correction remains low with valuations supported by a healthy spread of around 370bps between property and gilt yields whilst development and lending conditions remain relatively benign.

At a sector level the outlook is polarised. Industrial and regional office markets are both characterised by a lack of available space in core locations combined with robust levels of occupational demand. This is creating income stability and the conditions for rental growth.

At the same time, the retail sector is adjusting to the structural changes that have led to several recent high profile failures. Retailers that have been unable to respond to changing shopping habits and the rise of e-commerce are struggling and this is feeding through to sentiment towards the sector. In future, we expect successful bricks and mortar retailing to be focused on dominant locations that can position themselves as high-engagement leisure destinations or convenience focused schemes in densely populated catchment areas.

As the market moves into a period of lower returns, the successful managers will be those able to deliver sustainable income returns from portfolios that balance defensive stability with opportunities to capture the upswing in occupational markets. The key will be to focus on well-located buildings in markets with strong fundamentals. By owning and creating buildings that meet evolving occupier requirements, managers will benefit from greater income resilience and long-term performance prospects.

### Performance\*

The Fund returned 1.56% over the 6 months to 30 September 2018, compared to 2.30% for the tailored peer group median.

The median represents the median of the sample of eight comparable funds, chosen by Kames Capital plc based on similarity of fund, structure and strategy.

The Kames Property Income Feeder (Accumulation) returned 1.17%.

The F&C UK Property Fund was added to the peer group during the period' per the investor managers commentary as provided by Kames.

\*For the property investment held within the master fund Kames Property Income Fund.

### Authorised status

The Trust is a Non-UCITS Retail Scheme, in accordance with the classifications of the Collective Investment Schemes Sourcebook of the Financial Conduct Authority. The sub-fund is an Alternative Investment Fund (AIF) for the purposes of the FCA rules.

### Expense ratios

As at 30 September 2018	B Net Acc
Manager's periodic charge	0.75%
Other Fund operating expenses	0.01%
Synthetic OCF	0.08%
Ongoing Charges Figure (OCF)*	0.84%
Property Expense Ratio (PER)**	0.71%
Real Estate Expense Ratio (OCF + PER)***	1.55%

\* The Ongoing Charges Figures (OCF) is calculated as the ratio of the total expenses to the average net asset value of the sub-fund over the period. The OCF is made up of the Manager's periodic charge and other operating costs deducted from the assets of the Sub-fund during the period, except for those payments that are explicitly excluded by regulations.

\*\*The Property Expense Ratio (PER) reflects any additional costs associated with the day-to-day operation of the direct property assets and is presented as a percentage of average net assets over the period.

\*\*\*The Real Estate Expense Ratio represents the aggregate charges of the feeder (the "sub-fund") and its qualifying master scheme (the "Fund").

### Performance Information

As at 30 September 2018	B Net Acc
Closing net asset value (£'000)	277,587
Closing number of units	218,261,424
Net asset value per share	127.18
Direct transaction costs <sup>†</sup>	(1.05)%

<sup>†</sup>In line with the requirements of the 2014 Statement of Recommended Practice for authorised funds, direct transaction costs are stated after the proportion of the amounts collected from dilution adjustments in relation to direct transaction costs. These costs might appear positive or negative depending on the timing of investment activity within the Fund. The current negative charge reflects the fact that the fund has collected a dilution adjustment but has not yet incurred all costs of fully investing the portfolio.

# Kames Property Income Feeder (Accumulation) Fund

## Portfolio Statement

The sub-fund's investments as at 30 September 2018

Holding	Investment	Market value £'000	Total net assets %
204,202,629	<b>Collective Investment Schemes (31 March 2018: 100.45%)</b>		
	Kames Property Income Fund - Share Class F Gross Accumulation	278,856	100.46
	<b>Portfolio of investments</b>	<b>278,856</b>	<b>100.46</b>
	Net other liabilities	(1,269)	(0.46)
	<b>Total net assets attributable to unitholders</b>	<b>277,587</b>	<b>100.00</b>

## Kames Property Income Feeder (Accumulation) Fund

### Statement of Total Return for the six months ended 30 September 2018

		2018		2017
	£'000	£'000	£'000	£'000
<b>Income</b>				
Net capital (losses)/gains		(5,003)		296
Revenue	6,878		5,054	
Expenses	(987)		(714)	
Interest payable and similar charges	-		(1)	
<b>Net revenue before taxation</b>	<b>5,891</b>		<b>4,339</b>	
Taxation	(1,107)		(803)	
Net revenue after taxation		4,784		3,536
Total return before distributions		(219)		3,832
Distributions		(5,771)		(4,251)
<b>Change in net assets attributable to unitholders from investment activities</b>		<b>(5,990)</b>		<b>(419)</b>

### Statement of Change in Net Assets Attributable to Unitholders for the six months ended 30 September 2018

		2018		2017
	£'000	£'000	£'000	£'000
Opening net assets attributable to unitholders*		237,392		164,001
Amounts receivable on creation of units	74,326		62,266	
Amounts payable on cancellation of units	(33,975)		(28,747)	
		40,351		33,519
Change in net assets attributable to unitholders from investment activities		(5,990)		(419)
Retained distribution on accumulation units		5,834		4,330
<b>Closing net assets attributable to unitholders</b>		<b>277,587</b>		<b>201,431</b>

\*The opening net assets attributable to unitholders for the current period do not equal the closing net assets attributable to unitholders for the comparative period as they are not consecutive periods.

## Kames Property Income Feeder (Accumulation) Fund

### Balance Sheet as at 30 September 2018

	30 September		31 March	
	2018		2018	
	£'000	£'000	£'000	£'000
<b>Assets</b>				
Investments		278,856		238,457
Current assets:				
Debtors	1,417		1,629	
Cash and bank balances	14		-	
	<u>14</u>	<u>1,431</u>	<u>-</u>	<u>1,629</u>
Total assets		280,287		240,086
<b>Liabilities</b>				
Creditors				
Bank overdrafts	-		20	
Other creditors	2,700		2,674	
	<u>2,700</u>	<u>2,700</u>	<u>2,674</u>	<u>2,694</u>
Total liabilities		2,700		2,694
<b>Net assets attributable to unitholders</b>		<b>277,587</b>		<b>237,392</b>



# Kames Property Income Feeder (Accumulation) Fund

## Distribution Tables

The Fund pays 12 distributions to its unitholders each year on the last calendar day of each month ("pay date"). Those distributions are based on the net distributable income for the previous month and are paid to those unitholders on the register on the last day of the previous month ("period end").

Unit Class B Net Accumulation								
Period end	Pay date	Group	Net Revenue	Equalisation*	Net Distribution	Streaming		2017 Net Distribution
						Unfranked	Franked	
30/04/18	31/05/18	Group 1	0.4277	N/A	0.4277	96.01%	3.99%	0.3831
		Group 2	0.2232	0.2045				
31/05/18	30/06/18	Group 1	0.5465	N/A	0.5465	82.44%	17.56%	0.5328
		Group 2	0.2305	0.3160				
30/06/18	31/07/18	Group 1	0.4679	N/A	0.4679	95.06%	4.94%	0.4678
		Group 2	0.2646	0.2033				
31/07/18	31/08/18	Group 1	0.4477	N/A	0.4477	94.19%	5.81%	0.4230
		Group 2	0.2283	0.2194				
31/08/18	30/09/18	Group 1	0.4600	N/A	0.4600	92.49%	7.51%	0.4665
		Group 2	0.2369	0.2231				
30/09/18	31/10/18	Group 1	0.4770	N/A	0.4770	96.84%	3.16%	0.4660
		Group 2	0.2620	0.2150				

\*Equalisation applies only to units purchased during the distribution period (Group 2 units). It is the average amount of revenue included in the purchase price of all Group 2 units and is refunded to holders of these units as a return of capital. Being a capital repayment, it is not liable to income tax but must be deducted from the cost of the shares for capital gains tax purposes.

# Kames Capital Unit Trust

## Accounting Policies

### 1 Accounting policies

These financial statements have been prepared on the same basis as the audited financial statements for the year ended 31 March 2018. The Financial Statements have been prepared in accordance with FRS102 and the Statement of Recommended Practice (SORP) for Authorised Funds, issued by the Investment Management Association (now known as the Investment Association) in May 2014.

### 2 Changes to Accounting Policies

There have been no changes in the accounting policies since the previous financial statements.

# Kames Capital Unit Trust

## Further Information

### Base currency

The Trust's base currency is Sterling.

### Units

The sub-funds may have up to four unit classes, B, F, Q and S class. Further information on investment limits, management charges, and currency denomination is available from the Manager on request. The sub-funds may offer different types of units within the classes.

Income units - Investors with this type of unit receive income payments from their unitholding periodically.

Accumulation units - With this type of unit all income earned on investments will be reinvested into the sub-fund.

### Valuation point

The valuation point for the sub-funds is midday on each dealing day. The sub-funds deals on a forward basis.

## Buying and selling units

### Buying

New investors or existing unitholders (in other Kames Capital funds) who wish to purchase units may do so by contacting their IFA, stockbroker, banker or solicitor who will provide you with an application form. Once an application form, with completed declarations, has been accepted and processed, you can telephone our dealing team on 0800 358 3009 to place future orders.

### Selling

You can sell your units back to the Manager at the next quoted price, on the dealing day following receipt of your instructions. You will then receive your contract note, and within 3 business days of our receipt of the completed statement of renunciation you will receive monies for the amount due.

Units may normally be bought or sold on any working day between 8.30am and 5.30pm.

You may also save on a regular basis from as little as £50 a month. Contributions will be made by direct debit.

A unit exchange service may, at the Manager's discretion, be available in respect of investment amounts of £250 or more.

## Alternative Investment Fund Managers Directive

### Leverage

In accordance with the Alternative Investment Funds Management Directive (AIFMD) the Alternative Investment Fund Manager (AIFM) is required to disclose the leverage of the Alternative Investment Fund (AIF). Leverage is defined as any method by which the Fund increases its exposure through borrowing or the use of derivatives. The Kames Property Income Feeder (Income) Fund and the Kames Property Income Feeder (Accumulation) Fund were not leveraged during the performance period.

### Liquidity

In accordance with the AIFMD the AIFM is required to disclose the percentage of the AIF's assets which are subject to special arrangements arising from their illiquid nature. The Kames Property Income Feeder (Income) Fund and the Kames Property Income Feeder (Accumulation) Fund had no such assets during the performance period.

### Risk

In accordance with the AIFMD the AIFM is required to disclose the current risk profile of the AIF and the risk management systems employed by the AIFM to manage those risks. These disclosures have been made within the main body of this document.

Further details on our services and products are available from our Customer Services Team whom you can call free on 0800 45 44 22 or on our website at [www.kamescapital.com](http://www.kamescapital.com).

# Kames Capital Unit Trust

## Who to contact

### Investors

**email:**            **kames@ntrs.com**

**telephone:**    **0800 358 3009**

Our investor helpdesk is open from 8.30am to 5.30pm (Monday to Friday).

To improve customer service, and for training purposes, calls may be recorded.

**[www.kamescapital.com](http://www.kamescapital.com)**