

# Kames Capital Unit Trust Annual Report and Financial Statements for the year ended 31 March 2019

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# Kames Capital Unit Trust

## Contents

Trust Information*	2
Report of the Authorised Fund Manager*	3
Statements of Responsibility	4
Authorised Fund Manager's Statement*	4
Trustee's Report	5
Independent Auditors' Report to the Unitholders of Kames Capital Unit Trust	6
Kames Property Income Feeder (Income) Fund	8
Kames Property Income Feeder (Accumulation) Fund	18
Accounting Policies	28
Further Information (Unaudited)*	31

\*Collectively these comprise the Authorised Fund 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 (non-executive director)  
Martin Davis  
Stephen Jones  
Sarah Russell  
David Watson (non-executive director)

### Secretary of the Authorised Fund Manager

Alison Talbot

### Registrar

Northern Trust Global Services plc\*\* †  
50 Bank Street  
London  
E14 5NT

### Property Manager<sup>†††</sup>

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

### Trustee

National Westminster Bank plc\*\*\* ††  
Trustee & Depositary Services  
Second Floor  
Drummond House  
1 Redheughs Avenue  
Edinburgh  
EH12 9RH

Citibank Europe plc, UK Branch\*\*\* ††  
Citigroup Centre  
Canada Square  
Canary Wharf  
London  
E14 5LB

### 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

\* 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 and the Prudential Regulation Authority.

†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.

††With effective date 28 March 2019, the Depositary of the Kames Capital Unit Trust was changed from National Westminster Bank plc to Citibank Europe plc.

†††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 (the "Feeder Funds") trading as at 31 March 2019. The number of sub-funds may be increased and decreased in the future. The Trust was launched for those investors unable to invest directly in the Kames Property Income Fund (the "Master Fund").

### 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 annual financial statements for the year ended 31 March 2019.

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 year 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

#### Change of Trustee

With effect from 28 March 2019 NatWest Trustee and Depositary Services Limited was replaced as Trustee 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 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 year that give a true and fair view of the financial affairs of the Trust and of its net revenue and the net capital gains/loss for the year.

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  
17 July 2019

# Kames Capital Unit Trust

## Trustee's Report

**To the Unitholders of Kames Capital Unit Trust (the "Trust") for the year ended 31 March 2019.**

The Trustee is responsible for the safekeeping of all property of the Trust 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 Trustee to take reasonable care to ensure that the Trust is managed and operated in accordance with the Financial Conduct Authority's Collective Investment Schemes Sourcebook ("the Sourcebook"), the Financial Services and Markets Act 2000, as amended, and the Trust Deed and the Prospectus of the Trust, concerning: the pricing of and dealing in Trust Units; the application of income of the scheme; and the Trust investment portfolio and borrowing activities.

Having carried out procedures and enquiries considered duly necessary to discharge our responsibilities as Trustee of the scheme, based on information and explanations provided to us, we believe that, in all material respects, the Manager:

- (i) has carried out the issue, sale, redemption and cancellation, and calculation of the price of the scheme's units and the application of the scheme's income in accordance with the Sourcebook, the Trust Deed and Prospectus;
- (ii) has observed the investment and borrowing powers and restrictions applicable to the scheme; and
- (iii) has, otherwise, ensured the proper operation of the Trust.

Citibank Europe Plc, UK Branch  
London

17 July 2019

# Kames Capital Unit Trust

## Independent Auditors' report to the Unitholders of Kames Capital Unit Trust

### Report on the financial statements

#### Opinion

In our opinion, Kames Capital Unit Trust's financial statements:

- give a true and fair view of the financial position of the Trust and each of the sub-funds as at 31 March 2019 and of the net revenue and the net capital losses on the scheme property of the Authorised Unit Trust and each of the sub-funds for the year then ended; and
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law), the Statement of Recommended Practice for UK Authorised Funds, the Collective Investment Schemes sourcebook and the Trust Deed.

Kames Capital Unit Trust (the "Trust") is an Authorised Unit Trust with 2 sub-funds. The financial statements of the Trust comprise the financial statements of each of the sub-funds. We have audited the financial statements, included within the Annual Report and Financial Statements (the "Annual Report"), which comprise: the balance sheets as at 31 March 2019; the statements of total return, the statements of change in net assets attributable to unitholders for the year then ended; the distribution tables; and the notes to the financial statements, which include a description of the significant accounting policies.

#### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Independence

We remained independent of the Trust in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

#### Conclusions relating to going concern

ISAs (UK) require us to report to you when:

- the Authorised Fund Manager's use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Authorised Fund Manager has not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Trust's or any of the sub-funds' ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

We have nothing to report in respect of the above matters.

However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the company's or the sub-fund's ability to continue as a going concern. For example, the terms on which the United Kingdom may withdraw from the European Union are not clear, and it is difficult to evaluate all of the potential implications on the Trust's business and the wider economy.

#### Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The Authorised Fund Manager is responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

#### Authorised Fund Manager's Report

In our opinion, the information given in the Report of the Authorised Fund Manager for the financial year for which the financial statements are prepared is consistent with the financial statements.

# Kames Capital Unit Trust

## Independent Auditors' report to the Unitholders of Kames Capital Unit Trust (continued)

### Responsibilities for the financial statements and the audit

#### Responsibilities of the Authorised Fund Manager for the financial statements

As explained more fully in the Statement of Authorised Fund Manager's Responsibilities set out on page 4, the Authorised Fund Manager is responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The Authorised Fund Manager is also responsible for 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.

In preparing the financial statements, the Authorised Fund Manager is responsible for assessing the Trust's and each of the 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 the Authorised Fund Manager either intends to wind up or terminate the Trust or individual sub-fund, or has no realistic alternative but to do so.

#### Auditors' responsibilities for the audit of the financial statements

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 an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a 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 the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditors' report.

#### Use of this report

This report, including the opinions, has been prepared for and only for the Trust's unitholders as a body in accordance with paragraph 4.5.12 of the Collective Investment Schemes sourcebook and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

### Other required reporting

#### Opinion on matter required by the Collective Investment Schemes sourcebook

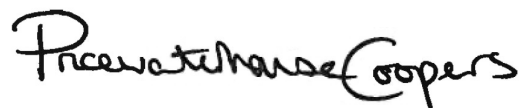
In our opinion, we have obtained all the information and explanations we consider necessary for the purposes of the audit.

#### Collective Investment Schemes sourcebook exception reporting

Under the Collective Investment Schemes sourcebook we are also required to report to you if, in our opinion:

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

We have no exceptions to report arising from this responsibility.



PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
Edinburgh

17 July 2019



# 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 "Master Fund"), which invests mainly in commercial property.

### Investment policy

The sub-fund will invest solely in the Master 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 Master Fund, but who are unable to invest directly into the Master 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 Master 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 Master Fund's returns.
- The Master 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 Master 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 Master 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 Master Fund, the review of investment activity below relates directly to the Master Fund.

### Review of investment activities\*

Over the year as a whole the UK commercial property market delivered reasonable returns, which surpassed the expectations of most commentators. Property was the top performing asset class over the year. The returns were driven by income combined with rental growth and yield compression in some segments of the market. The top performing area was the industrial sector which continued to attract investor demand but weakness in the retail market started to weigh on market returns.

The potential impact of Brexit had an increasing influence on the UK commercial property market over the year. Occupational and investment markets both slowed in the last six months as occupiers delayed decisions, whilst transaction volumes were well below the long term average as investors were increasingly cautious about the outlook.

Industrial and regional office markets offered income stability plus rental growth over the year. However, value falls in the retail market had an increasing impact on property returns. After 25 consecutive months of positive capital performance, the IPD Balanced Monthly Index recorded a negative capital return in November 2018 and in each of the subsequent four months, as falls in retail segments outweighed the positive returns from business space segments.

As at the end of March 2019, the Fund had gathered £711.35 million in assets under management. Approximately £560.09 million is invested in direct property, £12.58 million is invested in REITs and the remainder is held in cash. Our REIT holdings are Londonmetric Property, Hansteen, Assura, Tritax Big Box REIT, LXi REIT and Secure Income REIT.

Investment transactions over the year reflected the direction of cashflow into/out of the fund. In the first half of the year the Fund was in net inflow and made 25 acquisitions across all major sectors maintaining the portfolio's diversification by geography, tenant exposure and lease length. In the second half of the year the Fund saw net outflows and liquidity fell below the target level of 20%. There were 16 sales in Q1 2019 to increase liquidity.

A number of asset management initiatives were completed over the course of the year with a few notable highlights. At Unum House, Bristol, the Fund completed a letting of the whole building to Desklodge Ltd. Desklodge took a 12-year lease at £589,006 per annum with an RPI-linked rent review at years 5 and 10.

At Golate House & Westgate House, Cardiff, the Fund completed the lease renewal of the National Probation Service's lease of Westgate House. The tenant has taken a new 10 year lease with a break at year 5 at £261,367 per annum, an increase of 13% on the rent previously paid by the tenant.

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

# Kames Capital Unit Trust

## Kames Property Income Feeder (Income) Fund

### Outlook

The structural forces that have shaped the UK property market in recent years are set to continue in 2019 and will drive performance prospects. Inevitably, the influence of an advanced market cycle and Brexit will weigh on the outlook, with ongoing uncertainty around the UK's trading relationship with the EU depressing economic activity.

Yield-driven investor demand should continue in the low interest rate environment but return prospects for the property sector will weaken compared to 2017 and 2018 as some of the market's support turns gradually less favourable. Income will be the main driver of performance in 2019. Funds that generate higher income returns, maintain that income and, where possible, grow their income, are expected to deliver the best performance.

More than ever, building fundamentals will influence relative performance as they determine tenant retention levels, contribute to the maintenance of low vacancy rates and deliver income stability. This will ensure portfolios are sufficiently defensive in a market with macro-economic or geopolitical headwinds.

In those market segments and locations still experiencing rental growth, asset management will provide opportunities for managers to capture that growth and convert it into income. This will be through refurbishments to upgrade the specifications of buildings, rent reviews, lease renewals and lease re-gears.

At a sector level, the trajectory for occupier markets has been established for some time and will continue to play out in 2019. Clarity on Brexit negotiations will amplify, subdue or delay the impact of these structural themes, but are unlikely to alter the long term outlook for each sector.

We expect returns to moderate in 2019 and income will be the main driver of performance. Well-located buildings in core locations, with specifications that meet evolving occupier requirements, will attract and retain tenants and offer resilient income streams. This will be a key differentiator as late cycle risks emerge and occupier markets weaken in the face of sluggish domestic economic fundamentals. With risk-averse investors already shunning sectors and assets with elevated income risks, buildings with steady income streams will offer more downside capital protection plus greater liquidity.

### Performance\*

The Master Fund returned (2.37)% over the 12 months to 31 March 2019, compared to 1.81% 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 Master Fund's below benchmark performance over the year reflects the impact of the price swing to bid price last year. On 20 December 2018 the fund pricing was adjusted from creation basis to cancellation basis, so that the pricing methodology reflects the cost of selling assets; this price swing negatively impacted fund performance. The Master Fund's exposure to REITs was more volatile given the turbulence within equity markets, and delivered a neutral return over the year. The Master Fund sold the majority of its REITs holdings in December and January to reduce this volatility.

Longer-term performance (ie, over three years) remains strong with the Fund delivering above benchmark performance.

The Kames Property Income Feeder (Income) returned (3.32)%.

\*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	2019	2018
As at 31 March 2019	B Net Inc	B Net Inc
Manager's periodic charge	0.75%	0.75%
Other fund operating expenses	0.01%	0.02%
Synthetic OCF	0.08%	0.10%
Ongoing charges figure (OCF)*	0.84%	0.87%
Synthetic property expense ratio (PER)**	0.81%	0.52%
Real estate expense ratio (OCF + PER)***	1.65%	1.39%

\*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 year. 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 year, except for those payments that are explicitly excluded by regulations.

\*\*The Synthetic 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 year.

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

# Kames Property Income Feeder (Income) Fund

## Comparative table

<b>B Net Income units</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>
	<b>(pence per unit)</b>	<b>(pence per unit)</b>	<b>(pence per unit)</b>
<b>Change in net asset value per unit</b>			
Opening net assets per unit	104.95	104.10	106.20
Return before operating charges and property expenses*	3.90	7.12	4.21
Operating charges	(0.87)	(0.94)	(1.00)
Property expenses	(0.87)	(0.56)	(0.60)
Return after operating charges and property expenses*	2.16	5.62	2.61
Distributions	(4.53)	(4.77)	(4.71)
Retained distributions on accumulation units	-	-	-
Closing net assets per unit	102.58	104.95	104.10
*after transaction costs of:	(0.77)	(0.08)	(1.16)
<b>Performance</b>			
Return after charges	2.06%	5.40%	(2.46)%
<b>Other information</b>			
Closing net asset value (£'000)	143,374	129,684	104,047
Closing number of units	139,767,345	123,572,025	99,951,357
Operating charges	0.84%	0.87%	0.94%
Property expenses	0.81%	0.52%	0.56%
Direct transaction costs <sup>†</sup>	(0.72)%	(0.07)%	(1.08)%
<b>Prices</b>			
Highest unit price	110.30	112.19	115.32
Lowest unit price	101.51	108.66	96.55

<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 31 March 2019

Holding	Investment	Market value £'000	Total net assets %
135,203,870	<b>Collective Investment Schemes (31 March 2018: 100.29%)</b>		
	Kames Property Income Fund - Share Class F Gross Income	143,823	100.31
	<b>Portfolio of investments</b>	<b>143,823</b>	<b>100.31</b>
	Net other liabilities	(449)	(0.31)
	<b>Total net assets attributable to unitholders</b>	<b>143,374</b>	<b>100.00</b>

## Kames Property Income Feeder (Income) Fund

### Statement of Total Return for the year ended 31 March 2019

			2019		2018
	Note	£'000	£'000	£'000	£'000
<b>Income</b>					
Net capital (losses)/gains	4		(2,890)		699
Revenue	5	7,211		6,339	
Expenses	6	(1,055)		(895)	
Interest payable and similar charges		(1)		(1)	
<b>Net revenue before taxation</b>		<b>6,155</b>		<b>5,443</b>	
Taxation	7	(1,149)		(1,021)	
Net revenue after taxation			5,006		4,422
Total return before distributions			2,116		5,121
Distributions	8		(6,062)		(5,318)
<b>Change in net assets attributable to unitholders from investment activities</b>			<b>(3,946)</b>		<b>(197)</b>

### Statement of Change in Net Assets Attributable to Unitholders for the year ended 31 March 2019

		2019		2018
	£'000	£'000	£'000	£'000
Opening net assets attributable to unitholders		129,684		104,047
Amounts receivable on creation of units	54,045		48,967	
Amounts payable on cancellation of units	(36,409)		(23,133)	
		17,636		25,834
Change in net assets attributable to unitholders from investment activities		(3,946)		(197)
<b>Closing net assets attributable to unitholders</b>		<b>143,374</b>		<b>129,684</b>

## Kames Property Income Feeder (Income) Fund

### Balance Sheet as at 31 March 2019

			2019		2018
	Note	£'000	£'000	£'000	£'000
<b>Assets</b>					
Fixed assets:					
Investments			143,823		130,056
Current assets:					
Debtors	9	1,000		1,773	
Cash and bank balances	10	<u>116</u>		<u>-</u>	
			<u>1,116</u>		<u>1,773</u>
Total assets			144,939		131,829
<b>Liabilities</b>					
Creditors					
Bank overdrafts	11	-		345	
Distribution payable		480		506	
Other creditors	12	<u>1,085</u>		<u>1,294</u>	
Total liabilities			<u>1,565</u>		<u>2,145</u>
<b>Net assets attributable to unitholders</b>			<b>143,374</b>		<b>129,684</b>

# Kames Property Income Feeder (Income) Fund

## Notes to the Financial Statements

### 1 Accounting policies

The applicable accounting policies for the sub-fund are available on page 28.

### 2 Distribution policies

The applicable distribution policies for the sub-fund are available on page 28.

### 3 Risk management risks

The applicable risk management policies for the sub-fund are available on pages 29 and 30.

### 4 Net capital (losses)/gains

Net capital (losses)/gains comprise:

	2019	2018
	£'000	£'000
(Losses)/gains on non-derivative securities	(2,890)	699
<b>Net capital (losses)/gains</b>	<b>(2,890)</b>	<b>699</b>

Total realised losses for the year were £17,000 (31 March 2018: gains of £331,000) and the movement in unrealised losses were £2,873,000 (31 March 2018: gains of £368,000). Where realised gains/(losses) include amounts arising in previous periods, a corresponding (loss)/gain is included in unrealised gains/(losses).

### 5 Revenue

	2019	2018
	£'000	£'000
Franked component of dividend distribution from collective investment schemes	409	337
Interest distributions from collective investment schemes	116	60
Property income distributions	6,686	5,940
Bank and term deposit interest	-	2
<b>Total revenue</b>	<b>7,211</b>	<b>6,339</b>

### 6 Expenses\*†

	2019	2018
	£'000	£'000
<b>Payable to the Manager, associates of the Manager and agents of either of them:</b>		
Manager's periodic charge	1,034	874
Registration fees	21	21
<b>Total expenses</b>	<b>1,055</b>	<b>895</b>

\*All expenditure stated above is inclusive of irrecoverable VAT where applicable.

†Audit Fee: The audit fee (excluding VAT) incurred during the year was £76,896 (31 March 2018: £65,714). The fee is borne by the Kames Property Income Fund and includes £11,670 (excluding VAT) (31 March 2018: £11,330) charged for the audit of the Kames Property Income Feeder (Income) Fund and Kames Property Income Feeder (Accumulation) Fund. These funds are feeder funds within the master feeder structure of the Kames Property Authorised Investment Fund (PAIF).

### 7 Taxation

#### a) Analysis of charge in the year

	2019	2018
	£'000	£'000
<b>Current tax:</b>		
UK corporation tax on profits in the year	1,149	1,021
<b>Current tax charge for the year</b>	<b>1,149</b>	<b>1,021</b>

#### b) Factors affecting tax charge for the year

The tax assessed for the year is lower than the standard rate of corporation tax for Authorised Unit Trusts of 20% (31 March 2018: 20%).

The differences are explained below:

	2019	2018
	£'000	£'000
Net revenue before taxation	6,155	5,443
Corporation tax 20% (2018: 20%)	1,231	1,089
Effects of:		
Revenue not subject to taxation	(82)	(68)
<b>Current tax charge for the year</b>	<b>1,149</b>	<b>1,021</b>

# Kames Property Income Feeder (Income) Fund

## Notes to the Financial Statements (continued)

### 8 Distributions

#### a) Distributions

The distributions take account of amounts receivable on the issue of units and amounts deductible on the cancellation of units, and comprise:

	2019	2018
	£'000	£'000
Interim distributions	5,629	4,854
Final distribution	480	506
	<b>6,109</b>	<b>5,360</b>
Add: amounts deductible on cancellation of units	62	43
Less: amounts receivable on creation of units	(109)	(85)
<b>Distributions</b>	<b>6,062</b>	<b>5,318</b>

Details of the distributions are set out in the table on page 17.

#### b) Movement between net revenue and distribution

	2019	2018
	£'000	£'000
Net revenue after taxation	5,006	4,422
Expenses transferred to capital	1,056	896
<b>Distributions</b>	<b>6,062</b>	<b>5,318</b>

### 9 Debtors

	2019	2018
	£'000	£'000
Accrued revenue	567	610
Amounts receivable from the creation of units	285	1,163
Sales awaiting settlement	148	-
<b>Debtors</b>	<b>1,000</b>	<b>1,773</b>

### 10 Cash and bank balances

	2019	2018
	£'000	£'000
Cash and bank balances	116	-
<b>Cash and bank balances</b>	<b>116</b>	<b>-</b>

### 11 Bank overdrafts

	2019	2018
	£'000	£'000
Bank overdrafts	-	345
<b>Bank overdrafts</b>	<b>-</b>	<b>345</b>

### 12 Other creditors

	2019	2018
	£'000	£'000
Accrued expenses*	90	88
Amounts payable for cancellation of units	381	408
Corporation tax payable	562	518
Purchases awaiting settlement	52	280
<b>Other creditors</b>	<b>1,085</b>	<b>1,294</b>

\*Includes accrued Manager's periodic charge of £86,000 (31 March 2018: £81,000).



# Kames Property Income Feeder (Income) Fund

## Notes to the Financial Statements (continued)

### 13 Related Parties

The Manager's periodic charge paid to Kames Capital plc, (the Manager) are shown in Note 6 and details of amounts received and paid on units issued and cancelled are shown in the Statement of Change in Net Assets Attributable to Unitholders. The balance due to the Manager in respect of these transactions as at 31 March 2019 is £182,000 (31 March 2018: £674,000 due from the Manager), a breakdown can be found in Notes 9 and 12. At the year-end 28.94% (31 March 2018: 33.14%) of the units in issue were owned by AEGON Group or AEGON UK companies.

The ultimate controlling party of Kames Capital plc is Aegon N.V. and the transactions associated with Aegon N.V., its subsidiaries and other funds managed by Kames Capital Plc are as follows:

- a) The aggregate value of purchases and sales transactions was £56,407,000 (31 March 2018: £47,296,000) and the balance outstanding at the year end was £200,000 (31 March 2018: £280,000).
- b) Revenue receivable for the year was £7,211,000 (31 March 2018: £6,337,000) and the balance outstanding at the year end was £567,000 (31 March 2018: £610,000).
- c) The aggregate value of investments held at the year end was £143,823,000 (31 March 2018: £130,056,000).
- d) The audit fees charged for the year of £11,670 (31 March 2018: £11,330) are shown in Note 6 and are paid by the Kames Property Income Fund on behalf of the Feeder sub-funds.

### 14 Contingent assets and liabilities

There were no contingent assets or liabilities present in the sub-fund as at 31 March 2019 (31 March 2018: Nil).

### 15 Financial instruments

The risks associated with the Fund are market, concentration, valuation, liquidity, and counterparty risk. Narrative disclosures are on pages 29 and 30.

### 16 Direct transaction costs

Due to the nature of the investments held, no transaction costs or taxes were incurred on the sub-fund's purchases or sales during the current year ended 31 March 2019. The total purchases for the year amounted to £36,532,000 (31 March 2018: £36,132,000) and the total sales amounted to £19,875,000 (31 March 2018: £11,164,000). There is no corporate actions/in species in this fund.

There is no average dealing spread on the sub-fund at 31 March 2019.

### 17 Unit classes

The sub-fund currently has 1 unit class; B. The Manager's periodic charge on the unit class is as follows:

B unit class: 0.75%

The net asset value of each unit class, the net asset value per unit, and the number of units in each class are given in the comparative tables on page 10. The distribution per unit class is given in the distribution tables on page 17. All unit classes have the same rights on winding up.

#### Unit class movement reconciliation

31.03.2019	Opening	Issued	Redeemed	Converted	Closing
Unit Class B Net Income	123,572,025	50,498,497	(34,303,177)	-	139,767,345

### 18 Fair value

The fair value hierarchy is intended to prioritise the inputs that are used to measure the fair value of assets and liabilities. The fair value hierarchy has the following levels:

Level 1 - Unadjusted quoted price in an active market for an identical instrument;

Level 2 - Valuation techniques using observable inputs other than quoted prices within level 1;

Level 3 - Valuation techniques using unobservable inputs.

Valuation technique	2019 £'000	2018 £'000
Unadjusted quoted price in an active market for an identical instrument	-	-
Valuation techniques using observable inputs other than quoted prices within level 1	143,823	130,056
Valuation techniques using unobservable inputs	-	-
	<b>143,823</b>	<b>130,056</b>

### 19 Post balance sheet events

Since 31 March 2019 the Fund has completed the sale of Tewkesbury Industrial Estate on 26 April for £3,750,000. Didcot Radley House exchanged on 17 June 2019 for £2,450,000 due to complete on 17 August 2019.

# 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		2017/18 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				
31/10/18	30/11/18	Group 1	0.3848	N/A	0.3848	96.06%	3.94%	0.4287
		Group 2	0.1949	0.1899				
30/11/18	31/12/18	Group 1	0.3682	N/A	0.3682	96.19%	3.81%	0.3908
		Group 2	0.2066	0.1616				
31/12/18	31/01/19	Group 1	0.3438	N/A	0.3438	92.05%	7.95%	0.3936
		Group 2	0.1798	0.1640				
31/01/19	28/02/19	Group 1	0.4037	N/A	0.4037	81.97%	18.03%	0.4067
		Group 2	0.1544	0.2493				
28/02/19	31/03/19	Group 1	0.3561	N/A	0.3561	91.81%	8.19%	0.3759
		Group 2	0.1599	0.1962				
31/03/19	30/04/19	Group 1	0.3433	N/A	0.3433	89.50%	10.50%	0.4097
		Group 2	0.1529	0.1904				

\*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 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 "Master Fund"), which invests mainly in commercial property.

### Investment policy

The sub-fund will invest solely in the Master 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 Master Fund, but who are unable to invest directly into the Master 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 Master 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 Master Fund's returns.
- The Master 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 Master 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 (Accumulation) Fund gives investors the opportunity to invest indirectly into an accumulation share class in the Master Fund (F Gross Accumulation), where distributions of the net revenue from the Master Fund are automatically reinvested.

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\*

Over the year as a whole the UK commercial property market delivered reasonable returns, which surpassed the expectations of most commentators. Property was the top performing asset class over the year. The returns were driven by income combined with rental growth and yield compression in some segments of the market. The top performing area was the industrial sector which continued to attract investor demand but weakness in the retail market started to weigh on market returns.

The potential impact of Brexit had an increasing influence on the UK commercial property market over the year. Occupational and investment markets both slowed in the last six months as occupiers delayed decisions, whilst transaction volumes were well below the long term average as investors were increasingly cautious about the outlook.

Industrial and regional office markets offered income stability plus rental growth over the year. However, value falls in the retail market had an increasing impact on property returns. After 25 consecutive months of positive capital performance, the IPD Balanced Monthly Index recorded a negative capital return in November 2018 and in each of the subsequent four months, as falls in retail segments outweighed the positive returns from business space segments.

As at the end of March 2019, the Fund had gathered £711.35 million in assets under management. Approximately £560.09 million is invested in direct property, £12.58 million is invested in REITs and the remainder is held in cash. Our REIT holdings are Londonmetric Property, Hansteen, Assura, Tritax Big Box REIT, LXi REIT and Secure Income REIT.

Investment transactions over the year reflected the direction of cashflow into/out of the fund. In the first half of the year the Fund was in net inflow and made 25 acquisitions across all major sectors maintaining the portfolio's diversification by geography, tenant exposure and lease length. In the second half of the year the Fund saw net outflows and liquidity fell below the target level of 20%. There were 16 sales in Q1 2019 to increase liquidity.

A number of asset management initiatives were completed over the course of the year with a few notable highlights. At Unum House, Bristol, the Fund completed a letting of the whole building to Desklodge Ltd. Desklodge took a 12-year lease at £589,006 per annum with an RPI-linked rent review at years 5 and 10.

At Golate House & Westgate House, Cardiff, the Fund completed the lease renewal of the National Probation Service's lease of Westgate House. The tenant has taken a new 10 year lease with a break at year 5 at £261,367 per annum, an increase of 13% on the rent previously paid by the tenant.

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

# Kames Capital Unit Trust

## Kames Property Income Feeder (Accumulation) Fund

### Outlook

The structural forces that have shaped the UK property market in recent years are set to continue in 2019 and will drive performance prospects. Inevitably, the influence of an advanced market cycle and Brexit will weigh on the outlook, with ongoing uncertainty around the UK's trading relationship with the EU depressing economic activity.

Yield-driven investor demand should continue in the low interest rate environment but return prospects for the property sector will weaken compared to 2017 and 2018 as some of the market's support turns gradually less favourable. Income will be the main driver of performance in 2019. Funds that generate higher income returns, maintain that income and, where possible, grow their income, are expected to deliver the best performance.

More than ever, building fundamentals will influence relative performance as they determine tenant retention levels, contribute to the maintenance of low vacancy rates and deliver income stability. This will ensure portfolios are sufficiently defensive in a market with macro-economic or geopolitical headwinds.

In those market segments and locations still experiencing rental growth, asset management will provide opportunities for managers to capture that growth and convert it into income. This will be through refurbishments to upgrade the specifications of buildings, rent reviews, lease renewals and lease re-gears.

At a sector level, the trajectory for occupier markets has been established for some time and will continue to play out in 2019. Clarity on Brexit negotiations will amplify, subdue or delay the impact of these structural themes, but are unlikely to alter the long term outlook for each sector.

We expect returns to moderate in 2019 and income will be the main driver of performance. Well-located buildings in core locations, with specifications that meet evolving occupier requirements, will attract and retain tenants and offer resilient income streams. This will be a key differentiator as late cycle risks emerge and occupier markets weaken in the face of sluggish domestic economic fundamentals. With risk-averse investors already shunning sectors and assets with elevated income risks, buildings with steady income streams will offer more downside capital protection plus greater liquidity.

### Performance\*

The Master Fund returned (2.37)% over the 12 months to 31 March 2019, compared to 1.81% for the tailored peer group median.

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

The Master Fund's below benchmark performance over the year reflects the impact of the price swing to bid price last year. On 20 December 2018 the fund pricing was adjusted from creation basis to cancellation basis, so that the pricing methodology reflects the cost of selling assets; this price swing negatively impacted fund performance. The Master Fund's exposure to REITs was more volatile given the turbulence within equity markets, and delivered a neutral return over the year. The Master Fund sold the majority of its REITs holdings in December and January to reduce this volatility.

Longer-term performance (ie, over three years) remains strong with the Fund delivering above benchmark performance.

The Kames Property Income Feeder (Accumulation) returned (3.15)%.

\*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	2019	2018
As at 31 March 2019	B Net Acc	B Net Acc
Manager's periodic charge	0.75%	0.75%
Other fund operating expenses	0.01%	0.01%
Synthetic OCF	0.08%	0.10%
Ongoing charges figure (OCF)*	0.84%	0.86%
Synthetic property expense ratio (PER)**	0.81%	0.52%
Real estate expense ratio (OCF + PER)***	1.65%	1.38%

\*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 year. 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 year, except for those payments that are explicitly excluded by regulations.

\*\*The Synthetic 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 year.

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

# Kames Property Income Feeder (Accumulation) Fund

## Comparative table

<b>B Net Accumulation units</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>
	<b>(pence per unit)</b>	<b>(pence per unit)</b>	<b>(pence per unit)</b>
<b>Change in net asset value per unit</b>			
Opening net assets per unit	126.31	119.64	116.52
Return before operating charges and property expenses*	4.84	8.43	4.91
Operating charges	(1.06)	(1.10)	(1.12)
Property expenses	(1.08)	(0.66)	(0.67)
Return after operating charges and property expenses*	2.70	6.67	3.12
Distributions	(5.56)	(5.60)	(5.29)
Retained distributions on accumulation units	5.56	5.60	5.29
Closing net assets per unit	129.01	126.31	119.64
*after direct transaction costs of:	(0.95)	(0.09)	(1.30)
<b>Performance</b>			
Return after charges	2.14%	5.58%	2.68%
<b>Other information</b>			
Closing net asset value (£'000)	273,962	237,392	164,001
Closing number of units	212,358,614	187,941,888	137,082,301
Operating charges	0.84%	0.86%	0.94%
Property expenses	0.81%	0.52%	0.56%
Direct transaction costs <sup>†</sup>	(0.72)%	(0.07)%	(1.09)%
<b>Prices</b>			
Highest unit price	134.68	131.86	127.89
Lowest unit price	126.50	124.77	106.98

<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 31 March 2019

Holding	Investment	Market value £'000	Total net assets %
	<b>Collective Investment Schemes (31 March 2018: 100.45%)</b>		
197,178,542	Kames Property Income Fund - Share Class F Gross Accumulation	275,192	100.45
	<b>Portfolio of investments</b>	<b>275,192</b>	<b>100.45</b>
	Net other liabilities	(1,230)	(0.45)
	<b>Total net assets attributable to unitholders</b>	<b>273,962</b>	<b>100.00</b>

# Kames Property Income Feeder (Accumulation) Fund

## Statement of Total Return for the year ended 31 March 2019

			2019		2018
	Note	£'000	£'000	£'000	£'000
<b>Income</b>					
Net capital (losses)/gains	4		(5,372)		562
Revenue	5	13,743		11,079	
Expenses	6	(1,990)		(1,546)	
Interest payable and similar charges		(1)		(1)	
<b>Net revenue before taxation</b>		<b>11,752</b>		<b>9,532</b>	
Taxation	7	(2,195)		(1,789)	
Net revenue after taxation			9,557		7,743
Total return before distributions			4,185		8,305
Distributions	8		(11,548)		(9,290)
<b>Change in net assets attributable to unitholders from investment activities</b>			<b>(7,363)</b>		<b>(985)</b>

## Statement of Change in Net Assets Attributable to Unitholders for the year ended 31 March 2019

		2019		2018
	£'000	£'000	£'000	£'000
Opening net assets attributable to unitholders		237,392		164,001
Amounts receivable on creation of units	130,799		134,649	
Amounts payable on cancellation of units	(98,468)		(69,715)	
		32,331		64,934
Change in net assets attributable to unitholders from investment activities		(7,363)		(985)
Retained distribution on accumulation units		11,602		9,442
<b>Closing net assets attributable to unitholders</b>		<b>273,962</b>		<b>237,392</b>

## Kames Property Income Feeder (Accumulation) Fund

### Balance Sheet as at 31 March 2019

			2019		2018
	Note	£'000	£'000	£'000	£'000
<b>Assets</b>					
Investments			275,192		238,457
Current assets:					
Debtors	9	2,160		1,629	
Cash and bank balances	10	<u>5</u>		<u>-</u>	
			<u>2,165</u>		<u>1,629</u>
Total assets			277,357		240,086
<b>Liabilities</b>					
Creditors					
Bank overdrafts	11	-		20	
Other creditors	12	<u>3,395</u>		<u>2,674</u>	
Total liabilities			<u>3,395</u>		<u>2,694</u>
<b>Net assets attributable to unitholders</b>			<b>273,962</b>		<b>237,392</b>



# Kames Property Income Feeder (Accumulation) Fund

## Notes to the Financial Statements

### 1 Accounting policies

The applicable accounting policies for the sub-fund are available on page 28.

### 2 Distribution policies

The applicable distribution policies for the sub-fund are available on page 28.

### 3 Risk management risks

The applicable risk management policies for the sub-fund are available on pages 29 and 30.

### 4 Net capital (losses)/gains

Net capital (losses)/gains comprise:

	2019	2018
	£'000	£'000
(Losses)/gains on non-derivative securities	(5,372)	562
<b>Net capital (losses)/gains</b>	<b>(5,372)</b>	<b>562</b>

Total realised losses for the year were £251,000 (31 March 2018: gains of £668,000) and the movement in unrealised losses were £5,121,000 (31 March 2018: £106,000). Where realised gains/(losses) include amounts arising in previous periods, a corresponding (loss)/gain is included in unrealised gains/(losses).

### 5 Revenue

	2019	2018
	£'000	£'000
Franked component of dividend distribution from collective investment schemes	776	587
Interest distributions from collective investment schemes	219	106
Property income distributions	12,748	10,385
Bank interest	-	1
<b>Total revenue</b>	<b>13,743</b>	<b>11,079</b>

### 6 Expenses\*†

	2019	2018
	£'000	£'000
<b>Payable to the Manager, associates of the Manager and agents of either of them:</b>		
Manager's periodic charge	1,969	1,525
Registration fees	21	21
<b>Total expenses</b>	<b>1,990</b>	<b>1,546</b>

\* All expenditure stated above is inclusive of irrecoverable VAT where applicable.

† Audit Fee: The audit fee (excluding VAT) incurred during the year was £76,896 (31 March 2018: £65,714). The fee is borne by the Kames Property Income Fund and includes £11,670 (excluding VAT) (31 March 2018: £11,330) charged for the audit of the Kames Property Income Feeder (Income) Fund and Kames Property Income Feeder (Accumulation) Fund. These funds are feeder funds within the master feeder structure of the Kames Property Authorised Investment Fund (PAIF).

### 7 Taxation

#### a) Analysis of charge in the year

	2019	2018
	£'000	£'000
<b>Current tax:</b>		
UK corporation tax on profits in the year	2,195	1,789
<b>Current tax charge for the year</b>	<b>2,195</b>	<b>1,789</b>

#### b) Factors affecting tax charge for the year

The tax assessed for the year is lower than the standard rate of corporation tax for Authorised Unit Trusts of 20% (31 March 2018: 20%).

The differences are explained below:

	2019	2018
	£'000	£'000
Net revenue before taxation	11,752	9,532
Corporation tax 20% (2018: 20%)	2,350	1,906
Effects of:		
Revenue not subject to taxation	(155)	(117)
<b>Current tax charge for the year</b>	<b>2,195</b>	<b>1,789</b>

# Kames Property Income Feeder (Accumulation) Fund

## Notes to the Financial Statements (continued)

### 8 Distributions

#### a) Distributions

The distributions take account of amounts receivable on the issue of units and amounts deductible on the cancellation of units, and comprise:

	2019	2018
	£'000	£'000
Interim distributions	10,687	8,518
Final distribution	915	924
	<b>11,602</b>	<b>9,442</b>
Add: amounts deductible on cancellation of units	172	141
Less: amounts receivable on creation of units	(226)	(293)
<b>Distributions</b>	<b>11,548</b>	<b>9,290</b>

Details of the distributions are set out in the table on page 27.

#### b) Movement between net revenue and distribution

	2019	2018
	£'000	£'000
Net revenue after taxation	9,557	7,743
Expenses transferred to capital	1,991	1,547
<b>Distributions</b>	<b>11,548</b>	<b>9,290</b>

### 9 Debtors

	2019	2018
	£'000	£'000
Amounts receivable on creation of units	1,514	1,629
Sales awaiting settlement	646	-
<b>Debtors</b>	<b>2,160</b>	<b>1,629</b>

### 10 Cash and bank balances

	2019	2018
	£'000	£'000
Cash and bank balances	5	-
<b>Cash and bank balances</b>	<b>5</b>	<b>-</b>

### 11 Bank overdrafts

	2019	2018
	£'000	£'000
Bank overdrafts	-	20
<b>Bank overdrafts</b>	<b>-</b>	<b>20</b>

### 12 Other creditors

	2019	2018
	£'000	£'000
Accrued expenses*	170	157
Amounts payable for cancellation of units	2,162	904
Corporation tax payable	1,063	918
Purchases awaiting settlement	-	695
<b>Other creditors</b>	<b>3,395</b>	<b>2,674</b>

\*Includes accrued Manager's periodic charge of £166,000 (31 March 2018: £150,000).

# Kames Property Income Feeder (Accumulation) Fund

## Notes to the Financial Statements (continued)

### 13 Related Parties

The Manager's periodic charge paid to Kames Capital plc, (the Manager) are shown in Note 6 and details of amounts received and paid on units issued and cancelled are shown in the Statement of Change in Net Assets Attributable to Unitholders. The balance due to the Manager in respect of these transactions as at 31 March 2019 is £814,000 (31 March 2018: £575,000 due from the Manager), a breakdown can be found in Notes 9 and 12. At the year-end 14.47% (31 March 2018: 16.33%) of the units in issue were owned by AEGON Group or AEGON UK companies.

The ultimate controlling party of Kames Capital plc is Aegon N.V. and the transactions associated with Aegon N.V., its subsidiaries and other funds managed by Kames Capital Plc are as follows:

- a) The aggregate value of purchases and sales transactions was £104,788,000 (31 March 2018: £116,716,000) and the balance outstanding at the year end was £646,000 (31 March 2018: £695,000).
- b) Revenue receivable for the year was £13,743,000 (31 March 2018: £11,078,000) and the balance outstanding at the year end was £1,081,000 (31 March 2018: £1,113,000).
- c) The aggregate value of investments held at the year end was £275,192,000 (31 March 2018: £238,457,000).
- d) The audit fees charged for the year of £11,670 (31 March 2018: £11,330) are shown in Note 6 and are paid by the Kames Property Income Fund on behalf of the Feeder sub-funds.

### 14 Contingent assets and liabilities

There were no contingent assets or liabilities present in the sub-fund as at 31 March 2019 (31 March 2018: Nil).

### 15 Financial instruments

The risks associated with the Fund are market, concentration, valuation, liquidity, and counterparty risk. Narrative disclosures are on pages 29 and 30.

### 16 Direct transaction costs

Due to the nature of the investments held, no transaction costs or taxes were incurred on the sub-fund's purchases or sales during the current year ended 31 March 2019. The total purchases for the year amounted to £66,547,000 (31 March 2018: £89,300,000) and the total sales amounted to £38,241,000 (31 March 2018: £27,416,000). There is no corporate actions/in species in this fund.

There is no average dealing spread on the sub-fund at 31 March 2019.

### 17 Unit classes

The sub-fund currently has 1 unit class; B. The Manager's periodic charge on each unit class is as follows:

B unit class: 0.75%

The net asset value of each unit class, the net asset value per unit, and the number of units in each class are given in the comparative tables on page 20. The distribution per unit class is given in the distribution tables on page 27. All unit classes have the same rights on winding up.

#### Unit class movement reconciliation

31.03.2019	Opening	Issued	Redeemed	Converted	Closing
Unit Class B Net Accumulation	187,941,888	99,512,468	(75,095,742)	-	212,358,614

### 18 Fair value

The fair value hierarchy is intended to prioritise the inputs that are used to measure the fair value of assets and liabilities. The fair value hierarchy has the following levels:

Level 1 - Unadjusted quoted price in an active market for an identical instrument;

Level 2 - Valuation techniques using observable inputs other than quoted prices within level 1;

Level 3 - Valuation techniques using unobservable inputs.

Valuation technique	2019 £'000	2018 £'000
Unadjusted quoted price in an active market for an identical instrument	-	-
Valuation techniques using observable inputs other than quoted prices within level 1	275,192	238,457
Valuation techniques using unobservable inputs	-	-
	<b>275,192</b>	<b>238,457</b>

### 19 Post balance sheet events

Since 31 March 2019 the Fund has completed the sale of Tewkesbury Industrial Estate on 26 April for £3,750,000. Didcot Radley House exchanged on 17 June 2019 for £2,450,000 due to complete on 17 August 2019.

# 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		2017/18 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				
31/10/18	30/11/18	Group 1	0.4740	N/A	0.4740	96.09%	3.91%	0.5051
		Group 2	0.2515	0.2225				
30/11/18	31/12/18	Group 1	0.4551	N/A	0.4551	96.20%	3.80%	0.4657
		Group 2	0.2234	0.2317				
31/12/18	31/01/19	Group 1	0.4271	N/A	0.4271	92.04%	7.96%	0.4670
		Group 2	0.2287	0.1984				
31/01/19	28/02/19	Group 1	0.5027	N/A	0.5027	81.90%	18.10%	0.4836
		Group 2	0.2564	0.2463				
28/02/19	31/03/19	Group 1	0.4448	N/A	0.4448	91.81%	8.19%	0.4492
		Group 2	0.1828	0.2620				
31/03/19	30/04/19	Group 1	0.4308	N/A	0.4308	89.43%	10.57%	0.4915
		Group 2	0.2331	0.1977				

\*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 units for capital gains tax purposes.

# Kames Capital Unit Trust

## Accounting Policies

### 1 Accounting policies

#### a) Basis of accounting

These financial statements have been prepared under the historical cost basis, as modified by the revaluation of investments. The Financial Statements have been prepared in accordance with The Financial Reporting Standard ("FRS 102") and the Statement of Recommended Practice ("SORP") for Financial Statements of Authorised Funds issued by the Investment Management Association (now known as the Investment Association) in May 2014, the Financial Conduct Authority's Collect Investment Schemes Sourcebook ("COLL") and the Trust's Trust Deed. The financial statements have been prepared on a going concern basis.

#### b) Basis of valuation of investments

The Trust invests all or substantially all of its capital in Class F share classes of the Kames Property Income Fund (the "Master Fund"). This is valued at fair value, which is deemed to be the net asset value per unit reported in the comparative table in the Master Funds Annual Report and Financial Statements at the end of the current accounting year.

#### c) Revenue

Income from the Master Fund is recognised on an accruals basis by reference to the amount of distributable income in the underlying investment and treated as revenue. Income received in respect of purchases of the investment during the accounting period will include an element of equalisation which includes the average amount of distributed income included in the price paid for the shares. The equalisation is treated as a return of capital for taxation purposes and is not included in the distributable income.

Revenue is accrued in the Feeder Funds on a daily basis derived from the income accrued in the Master Fund, in lieu of the reporting income which is adjusted for in the subsequent accounting year when it is made available. Estimated income is calculated by looking through to the revenue of the Master Fund. Reporting revenue for the previous period is recognised in the accounting year when it is made available. Any difference adjusted for between the reporting income on the Master Fund and the estimated revenue from the Master Fund is recognised in the accounting year when it is made available.

Distributions received from the Master Fund are in three streams (dividend, interest and property).

Deposit interest and other revenue are accounted for on an accruals basis.

#### d) Expenses

All expenses relating to the purchase and sale of investments are deemed to be a capital expense and as such are included in the cost of purchase or net proceeds from the sale of investments.

The Manager's periodic charge and all other expenses are initially charged to the revenue property of the Trust, and are accounted for on an accruals basis. These are then transferred to capital on an accruals basis for the purpose of calculating any distribution as detailed in the distribution policies.

#### e) Taxation

Provision for Corporation Tax is based at the current rate, as appropriate, on the excess of taxable revenue over allowable expenses.

Income received from the Master Fund is taxed depending on the income stream. Property Income Distributions (PID) are received net of tax at 20%, interest distributions are received gross and dividend distributions are received gross.

Deferred taxation is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay less or receive more tax. Deferred tax assets are recognised only to the extent that the Manager considers that it will be more likely than not that there will be taxable profits from which underlying timing differences can be deducted.

#### f) Cash flow statement

The sub-funds are not required to produce a cash flow statement as it meets the exemption criteria set out in the FRS102.7.IA.

### 2 Distribution policies

#### a) Distribution policy

If at the end of the accounting period, revenue exceeds expenses and tax, the net revenue of the sub-funds is available to be distributed to unitholders. Should expenses and taxation exceed revenue, there will be no distribution and the shortfall will be met from capital. Where a transfer is made between the revenue and capital of the same class it is acceptable not to take into account marginal tax relief in determining the distribution.

Income is distributed, at unit class level, to the unitholders in accordance with the sub-funds' prospectus on a monthly basis.

Revenue attributable to accumulation unitholders is retained at the end of the distribution period and represents a reinvestment of revenue.

#### b) Expenses

The Kames Property Income Feeder (Income) Fund and the Kames Property Income Feeder (Accumulation) Fund deduct the Manager's periodic charge and Registrar fees from capital for the purposes of calculating any distribution. This may constrain capital growth.

#### c) Equalisation

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 units for capital gains tax purposes.

# Kames Capital Unit Trust

## Accounting Policies (continued)

### 3 Risk management policies

The risk management systems to which the Kames Risk and Operations teams have access for independent monitoring and risk measurement purposes include:

- Thinkfolio for liquidity monitoring;
- Our valuers provide market and property sector information that allows monitoring concentration and liquidity risk. Fund manager review and agreement of property valuations is required for the monitoring of valuation risk;
- Bloomberg for market data and price checking.

The sub-funds invest solely in the Kames Property Income Fund (the "Master Fund").

The main risks arising from financial instruments and the Manager's policies for managing these risks are stated below.

#### Market risk

Market risk is the potential for change in market value of instruments due to adverse movements in property, equity, bond, commodity, currency and other market prices, indices or interest rates or changes in the anticipated or calculated volatility of these movements.

Market risk is managed at the level of the sub-fund.

The majority of the market risk exposure of the sub-fund is to directly-held commercial properties. This risk exposure is managed by the Master Fund's Authorised Corporate Director (ACD) through diversification between core and active value strategies.

The market risk arising from investing in collective investment schemes and property related equities will be minimal as these assets will form a small part of the portfolio and standard statistical risk modelling is used where market data is available. We will monitor the level of investment in those asset types and where deemed appropriate we will perform standard statistical risk modelling where market data is available.

#### Concentration risk

Concentration risk is the risk of a portfolio being too concentrated in particular positions or too exposed to certain issuers. Highly concentrated positions can exacerbate market, liquidity, and counterparty risk.

Concentration risk is managed at the level of the Master Fund.

The Master Fund's assets are invested mainly in direct properties. As such the Master Fund is exposed to concentration risk through its investment strategy. To manage this risk, the Master Fund's direct portfolio is diversified geographically and by sector e.g. retail or industrial.

#### Valuation risk

Valuation risk is managed at the level of the Master Fund.

This is the risk that an asset is overvalued and is worth less than expected when it matures or is sold. Immovable property and immovable property-related assets are inherently difficult to value due to the individual nature of each property. As a result, valuations are subject to uncertainty and are a matter of an independent valuer's opinion and not fact. There is no assurance that the estimates resulting from the valuation process will reflect the actual sales price even where a sale occurs shortly after the valuation date.

To manage this risk, properties are valued in accordance with Royal Institution of Chartered Surveyors Valuation - Professional Standards (June 2017) on a monthly basis.

The returns available from investments in direct property depend on the amount of income earned and capital appreciation generated by the relevant property as well as expenses incurred. If the underlying properties do not generate sufficient revenues to meet their operating expenses, including capital expenditure, the direct property (and thus the Master Fund) will be adversely affected. The values of direct properties are driven by their expected yield and therefore the significant risk to the value is the Yield risk.

#### Yield risk

Valuation risk is managed at the level of the Master Fund.

This is the risk that income generated by the Master Fund fluctuates over time in response to changing market conditions. In terms of yields available from investments in direct property, if sufficient revenues are not generated to meet the operating expenses from the properties there is a risk that the Master Fund's revenue can be affected. The yield from the property may be affected by tenant failure or availability of supply in the sector. Similarly, should expenditure be incurred which is nonrecoverable from the tenant due to default or because a property is void, this will also impact the yield.

To manage this risk appropriate due diligence is conducted on all tenants and direct property purchases. This includes tenant covenant assessment and a full review of the underlying occupational market. Once assets are acquired, a proactive approach to asset management is adopted. This involves regular communication with existing tenants and the implementation of asset management initiatives such as letting strategies, rent reviews and lease extensions.

If the yield of every property within the Master Fund portfolio increased by 0.5% it is estimated that the net asset value of the Kames Property Income Feeder (Income) Fund would fall by £7,834,000. If the yields decreased by 0.5% it is estimated that the net asset value of the fund would rise by £9,097,000. These estimates are subject to the prevailing conditions at the time.

If the yield of every property within the Master Fund portfolio increased by 0.5% it is estimated that the net asset value of the Kames Property Income Feeder (Accumulation) Fund would fall by £14,991,000. If the yields decreased by 0.5% it is estimated that the net asset value of the fund would rise by £17,406,000. These estimates are subject to the prevailing conditions at the time.

# Kames Capital Unit Trust

## Accounting Policies (continued)

### 3 Risk management policies (continued)

#### Liquidity risk

Liquidity risk includes both market liquidity risk and funding risk. Market liquidity risk is the inability to trade an instrument at the desired price due to a lack of supply or market demand. Funding risk is where a fund has insufficient cash to meet its financial obligations.

Liquidity risk is primarily managed at the level of the Master Fund with the ability for the Feeder Fund to hold additional cash when necessary.

Investment property is not as liquid as other asset classes such as bonds or equities so investors may not be able to switch or cash-in their investment when they want to because property in the Master Fund may not always be readily saleable. As a result, the Manager reserves the right to defer payment of redemptions.

Liquidity risk is managed by holding at least 20% of the Master Fund in cash or liquid assets to meet redemption requests. In the event of difficult market conditions, the Manager may put into place a temporary borrowing facility.

All the creditors are payable within one year.

#### Interest rate risk

Interest rate risk is the risk that interest receivable will fluctuate as a result of changes in interest rates. Interest rate risk is managed by the fund manager through continuous review of interest rates inflation expectations.

The sub-funds invest cash in term deposits and as a result the exposure to floating interest rates is considered insignificant.

#### Counterparty risk

Counterparty risk is managed by applying limits to the aggregated counterparty exposures for the Master Fund with any cash held at the level of the Feeder Fund.

Counterparty risk in the Master Fund is managed by applying limits on the aggregate exposure taken to counterparties through cash, deposits, and money-market instruments. These limits are set in the FCA's rules and detailed in the prospectus.

Unless the counterparty is approved, the Master Fund cannot use the counterparty.

#### Leverage risk

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 sub-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.

#### Property default risk

Tenants in the Master Fund's properties may become unable to pay their rent. As a result, the Fund's income may be impacted and further costs incurred.

# Kames Capital Unit Trust

## Further Information (unaudited)

### 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 deal 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 a cheque 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.

### Securities Financial Transactions Regulations

None of the sub-funds in the Company currently undertakes securities financing transactions (as defined in Article 3 of Regulation (EU) 2015/2365) or uses total return swaps.

### 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).

### Remuneration Policy

Kames Capital Unit Trust is managed by Kames Capital Plc.

The Remuneration Committee of Kames Capital Plc has established a Remuneration Policy to ensure that the requirements of the AIFM Remuneration Code are met proportionately for all AIFM Remuneration Code Staff. This policy applies to Kames Capital Plc and the AIFs it manages.

Further information with respect to Kames Capital Plc remuneration policy is available in Kames Capital Plc's regulatory Pillar III disclosure (which are available on the responsible investing part of the Kames Capital website).



# Kames Capital Unit Trust

## Further Information (unaudited) (continued)

### Employee Remuneration Disclosure

The table below provides an overview of the following:

- Aggregate total remuneration paid by Kames Capital Plc to all Kames Capital Plc staff; and
- Aggregate total remuneration paid by Kames Capital Plc to Remuneration Code Staff

	Headcount	Total Remuneration £'000
Kames Capital Plc Staff	289	35,597
of which		
Fixed remuneration	289	22,158
Variable remuneration	289	13,439

Due to the nature of the business in which Kames Capital Plc operates, it is not possible to accurately allocate the time spent by each employee on AIFMD business. As such it has been deemed appropriate to disclose total remuneration information for Kames Capital Plc.

	Headcount	Total Remuneration £'000
Kames Capital Plc	8	5,375
of which		
Remuneration Code Staff	3	2,839
Other Code Staff	5	2,536

### AIFM activities

The following table provides an overview of the size and composition of the funds managed by Kames Capital Plc, including Kames Capital Unit Trust. This shows the total number of funds managed, the split between, and proportions of AIFs, UCITS and segregated mandates (money managed on behalf of other clients):

	Number of Funds	AUM £'000	% of AUM
Kames Capital Plc	35	44,498,454	100.00%
of which			
Alternative Investment Funds	2	3,013,490	6.77%
UCITS Funds	30	10,505,887	23.61%
Money managed on behalf of other clients	-	30,266,746	68.02%
Kames Capital Unit Trust*	3	712,331	1.60%

\* The figures stated for Kames Capital Investment Portfolios ICVC include the AUM invested through Kames Capital Unit Trust (i.e. the 2 feeder funds) as well as those invested directly in Kames Property Income Fund. These figures are presented to the nearest £million in line with all others in the table.

### Glossary

#### AIFM Remuneration Code Staff

Total remuneration will be reported for all AIFM Remuneration Code Staff as at the financial year-end. Broadly speaking, AIFM Remuneration Code Staff are those employees who are considered could have a material impact on the risk profile of Kames Capital Plc or any of the AIFs it manages (including Kames Capital QIF plc).

#### AuM

Assets under management are measured at fair market value on the relevant cut-off date. The latest available valuations are reported in the Annual Report & Accounts.

#### Other Code Staff

AIFM Remuneration Code Staff that are not considered Senior Management, per the definition below.

#### Senior Management

AIFM Remuneration Code Staff who are members of Kames Capital Plc board.

#### Total Remuneration

Total remuneration reported will be the sum of salary, cash bonus, any deferred annual bonus, the fair value of any long term incentive awards, plus the value (actual or estimated) of any pension or benefits in kind, awarded in respect of performance in the reportable financial year, i.e. 1 January 2018 – 31 December 2018.

# Kames Capital Unit Trust

## Who to contact

### Investors

**email:** [kames@ntrs.com](mailto: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)**