

**Kames Capital Unit Trust
Interim Report and Financial Statements
for the period from 1 April 2016 to
30 September 2016 (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

Manager*

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

Trustee

National Westminster Bank plc***
Trustee & Depositary Services
Younger Building
1st Floor, 3 Redheughs Avenue
Edinburgh
EH12 9RH

Directors of the Manager

Arnab Banerji
Gregory Cooper
Martin Davis
Stephen Jones
Sarah Russell
David Watson

Custodian

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

Registrar

BNY Mellon (International) Limited**
BNY Mellon House
Ingrave Road
Brentwood
Essex
CM15 8TG

Independent Auditor

PricewaterhouseCoopers LLP
Atria One
144 Morrison Street
Edinburgh
EH3 8EX

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

Independent Valuer††

Jones Lang LaSalle Limited
30 Warwick Street
London
W1B 5NH

Property Manager††

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

*Kames Capital plc is an Alternative Investment Fund Manager for the purposes of the Financial Conduct Authority rules.

**Authorised and regulated by the Financial Conduct Authority and a member of the Investment Association.

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

† With effective date 3rd October 2016, the Registrar of the Kames Capital Unit Trust was changed from BNY Mellon to Northern Trust.

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

Kames Capital Unit Trust

Report of the Manager

The Trust

Kames Capital Unit Trust (the "Trust") is an umbrella Trust, with 2 sub-funds trading as at 30 September 2016. The number of sub-funds may be increased and decreased in the future.

The unitholders are not liable for the debts of the Trust.

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. 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 Trust has an unlimited duration.

The Financial Statements

We are pleased to present the interim financial statements for the period ended 30 September 2016.

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.

Kames Capital Unit Trust

Statements of Responsibility

Statement of 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 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 Association ("IA") in May 2014;
- select suitable accounting policies and then apply them consistently;
- 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 Depositary 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.

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.

Gregory Cooper

Stephen Jones

Edinburgh
18 November 2016

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.

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 have been dominated by the run-up to, and the fallout from, the UK referendum on membership of the European Union (EU), held on 23 June. In keeping with the first three months of the year, transaction volumes were down in the period leading up to the vote, with a large number of investors adopting a 'wait and see' approach. Notwithstanding this, the market as a whole expected a vote to remain in the EU, with investment activity anticipated to pick up once that decision had been confirmed.

The UK's ultimate decision to leave the EU caught many by surprise and created significant challenges within the property market. Sizeable redemptions were witnessed by all retail property funds, as well as some funds in the institutional space. In several cases, these rapid redemption requests could not be accommodated by pre-existing cash levels and funds were forced to suspend trading to allow time to sell sufficient direct property holdings.

A further challenge resulted from the lack of comparable evidence within the investment market immediately after 23 June. Independent valuers adopt a comparables-based approach to property valuation, and with very limited transactional data at valuation points immediately following the vote, they were forced to include an uncertainty clause within their valuation certificates. In essence, the valuers felt that property values were lower as a result of the UK's decision to leave the EU, but were unable to quantify that fall without evidence. Given the uncertainty clause, and these exceptional market circumstances, the onus fell on fund managers to apply fair value adjustments (FVAs) to their direct property portfolios (thus protecting investors in a fund from other investors exiting the fund at inflated levels).

In the case of the Kames Property Income Fund, we took a conscious decision to build up a greater than normal weighting of liquid assets, i.e. cash and REITs. We at Kames, like the rest of the market, expected a referendum vote to remain in the EU but, with the downside of an exit vote being greater than the upside of stay vote, it was considered prudent to increase the Fund's liquid holdings. We effectively hedged this with further acquisitions lined up to complete shortly after the vote, in the event of a decision to remain in the EU. Following the 'leave' vote, the excess cash and REIT levels were instead used to pay down redemption requests prior to implementing a property sales programme. The approach adopted allowed the Fund to remain open during this difficult period. We believe that the Fund's focus on smaller, more liquid lot sizes of £3-20 million also stood it in good stead. As noted below, all sales undertaken by the Fund during this time were ahead of, or at, pre-23 June valuation levels.

The manager applied a series of FVAs to the direct property portfolio which, at their peak, totalled a 10% discount to the valuation levels as at 30 June. As new evidence came to light and market sentiment gradually improved, the FVA discounts were reduced. At the end of September, the valuers removed their uncertainty clause and the remaining FVA was simultaneously removed.

Since 23 June, the IPD Monthly index has shown a fall in property values of approximately 5%. Whilst we have witnessed relatively wide variations between sectors, regions, property types, quality and lot sizes, the scale of the falls have not been as significant as some market commentators had forecast. The underlying occupational markets by and large remain healthy, reflective of good demand and supply dynamics. In addition, debt levels are significantly below those seen at the point of the downturn in 2007-2009. It is thought that these factors, combined with the weight of money to be invested within the property sector and the devaluation of sterling have resulted in a relatively swift stabilisation in property prices across the majority of markets. Uncertainty undoubtedly remains, with the UK's EU exit negotiations yet to commence, but the attractive income return offered by property in an exceptionally low income environment, suggests that property is likely to remain attractive to long-term investors.

Cashflows over the last six months have unsurprisingly been volatile compared to previous periods. After a period of continued inflows up to 23 June, a period of substantial net outflows followed for 4-5 weeks. This trend reversed in August, with cashflows turning positive over the last 7-8 weeks of the period under review. As at the end of September, the Fund's assets under management stood at around £425 million. Approximately £315 million is invested in direct property, £3 million is invested in REITs and £103 million in cash. At this point, our REIT holdings comprise small investments in London Metric and Derwent London only.

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

Kames Capital Unit Trust

Kames Property Income Feeder (Income) Fund

Review of investment activities (continued)*

There are 38 properties currently held within the Fund following the sale of four properties over the last six months. The Fund completed the sale of the Tesco unit on Princes Street, Edinburgh in April ahead of valuation and then went on to conclude the sale of three properties after the referendum. Leisure units let to Mecca Bingo in Wood Green, London and York were sold at premiums to their pre-23 June valuations of around 15% and 7% respectively. The Mitchells & Butlers restaurant on Mosley Street in Newcastle was sold at its pre-23 June valuation level. The managers believe these sales to represent an excellent result for the Fund, in what were difficult market conditions.

Asset management initiatives continue to be pursued, with no noticeable impact after 23 June. At Lockmeadow Leisure Park in Maidstone two new lettings and a lease extension have been agreed since the referendum.

Looking ahead we expect total returns to be driven by income. We do however anticipate some continued scope for capital value increases through the successful completion of asset management initiatives on elements of the direct portfolio. Whilst rental growth is likely to be more limited in the 'Brexit' world, we do expect to see some rental increases in specific markets.

The Fund's strategy remains largely unchanged, with a bias towards good secondary (active value) properties. This is balanced with an allocation to prime (core) properties and REITs/cash for liquidity purposes. Looking ahead, buying activity is likely to be focused on the core part of the portfolio, as we seek to replenish this element of the portfolio following the sale of the properties mentioned above. Our target lot size range will be £3-10 million which is where the greatest liquidity was witnessed over the summer months. Given wider macro-economic uncertainty, the managers anticipate holding above average cash weightings for the foreseeable future.

Performance*

The Kames Property Income Fund showed a total return of (6.63)% over the six months to end of September 2016, compared to (7.16)% for the peer group median. This reflects a fall in direct property and REIT values, as well as a move from a creation to cancellation pricing basis in the period after 23 June 2016.

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.

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

Kames Property Income Feeder (Income) Fund

Expense ratios (unaudited)

As at 30 September 2016	B Net Inc
Manager's periodic charge	0.75%
Fund operating expenses	0.12%
Ongoing Charges Figure (OCF)*	0.87%
Property Expense Ratio (PER)**	0.47%
Real Estate Expense Ratio (OCF + PER)***	1.34%

* 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 (unaudited)

As at 30 September 2016	B Net Inc
Closing net asset value (£'000)	89,192
Closing number of units	88,381,800
Net asset value per share	100.92
Direct transaction costs [†]	(0.67)%

[†]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 (unaudited)

The sub-fund's investments as at 30 September 2016

Holding	Investment	Market value £'000	Total net assets %
Collective Investment Schemes (31 March 2016: 99.93%)			
86,384,265	Kames Property Income Fund - Share Class F Gross Income	88,718	99.47
Portfolio of investments		88,718	99.47
	Net other assets	474	0.53
Total net assets attributable to unitholders		89,192	100.00

Kames Property Income Feeder (Income) Fund

Statement of Total Return for the six months ended 30 September 2016 (unaudited)

	£'000	2016 £'000	£'000	2015 £'000
Income				
Net capital (losses)/gains		(11,643)		2,011
Revenue	2,881		3,136	
Expenses	(378)		(391)	
Net revenue before taxation	2,503		2,745	
Taxation	(481)		(510)	
Net revenue after taxation		2,022		2,235
Total return before distributions		(9,621)		4,246
Distributions		(2,401)		(2,547)
Change in net assets attributable to unitholders from investment activities		(12,022)		1,699

Statement of Change in Net Assets Attributable to Unitholders for the six months ended 30 September 2016 (unaudited)

	£'000	2016 £'000	£'000	2015 £'000
Opening net assets attributable to unitholders*		122,187		87,248
Movement due to creation and cancellation of units:				
Amounts receivable on creation of units	8,976		40,376	
Amounts payable on cancellation of units	(29,949)		(985)	
		(20,973)		39,391
Change in net assets attributable to unitholders from investment activities		(12,022)		1,699
Closing net assets attributable to unitholders		89,192		128,338

*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 2016 (unaudited)

	30 September 2016		31 March 2016	
	£'000	£'000	£'000	£'000
Assets				
Fixed assets:				
Investments		88,718		122,107
Current assets:				
Debtors	949		1,000	
Cash and bank balances	932		585	
		1,881		1,585
Total assets		90,599		123,692
Liabilities				
Creditors				
Distribution payable on income units	367		570	
Other creditors	1,040		935	
Total liabilities		1,407		1,505
Net assets attributable to unitholders		89,192		122,187

Kames Property Income Feeder (Income) Fund

Distribution Tables (unaudited)

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 (Unaudited)		2015 Net Distribution
						Unfranked	Franked	
30/04/16	31/05/16	Group 1	0.3398	N/A	0.3398	97.02%	2.98%	0.4122
		Group 2	0.1509	0.1889				
31/05/16	30/06/16	Group 1	0.3885	N/A	0.3885	97.33%	2.67%	0.3842
		Group 2	0.2131	0.1754				
30/06/16	31/07/16	Group 1	0.4096	N/A	0.4096	94.37%	5.63%	0.4504
		Group 2	0.2273	0.1823				
31/07/16	31/08/16	Group 1	0.4189	N/A	0.4189	93.08%	6.92%	0.4673
		Group 2	0.2027	0.2162				
31/08/16	30/09/16	Group 1	0.4843	N/A	0.4843	96.34%	3.66%	0.4299
		Group 2	0.1906	0.2937				
30/09/16	31/10/16	Group 1	0.4153	N/A	0.4153	91.84%	8.16%	0.4264
		Group 2	0.2129	0.2024				

*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'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.

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 Fund (F Gross Accumulation), where distributions of the net revenue from the 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*

The last six months have been dominated by the run-up to, and the fallout from, the UK referendum on membership of the European Union (EU), held on 23 June. In keeping with the first three months of the year, transaction volumes were down in the period leading up to the vote, with a large number of investors adopting a 'wait and see' approach. Notwithstanding this, the market as a whole expected a vote to remain in the EU, with investment activity anticipated to pick up once that decision had been confirmed.

The UK's ultimate decision to leave the EU caught many by surprise and created significant challenges within the property market. Sizeable redemptions were witnessed by all retail property funds, as well as some funds in the institutional space. In several cases, these rapid redemption requests could not be accommodated by pre-existing cash levels and funds were forced to suspend trading to allow time to sell sufficient direct property holdings.

A further challenge resulted from the lack of comparable evidence within the investment market immediately after 23 June. Independent valuers adopt a comparables-based approach to property valuation, and with very limited transactional data at valuation points immediately following the vote, they were forced to include an uncertainty clause within their valuation certificates. In essence, the valuers felt that property values were lower as a result of the UK's decision to leave the EU, but were unable to quantify that fall without evidence. Given the uncertainty clause, and these exceptional market circumstances, the onus fell on fund managers to apply fair value adjustments (FVAs) to their direct property portfolios (thus protecting investors in a fund from other investors exiting the fund at inflated levels).

In the case of the Kames Property Income Fund, we took a conscious decision to build up a greater than normal weighting of liquid assets, i.e. cash and REITs. We at Kames, like the rest of the market, expected a referendum vote to remain in the EU but, with the downside of an exit vote being greater than the upside of stay vote, it was considered prudent to increase the Fund's liquid holdings. We effectively hedged this with further acquisitions lined up to complete shortly after the vote, in the event of a decision to remain in the EU. Following the 'leave' vote, the excess cash and REIT levels were instead used to pay down redemption requests prior to implementing a property sales programme. The approach adopted allowed the Fund to remain open during this difficult period. We believe that the Fund's focus on smaller, more liquid lot sizes of £3-20 million also stood it in good stead. As noted below, all sales undertaken by the Fund during this time were ahead of, or at, pre-23 June valuation levels.

The manager applied a series of FVAs to the direct property portfolio which, at their peak, totalled a 10% discount to the valuation levels as at 30 June. As new evidence came to light and market sentiment gradually improved, the FVA discounts were reduced. At the end of September, the valuers removed their uncertainty clause and the remaining FVA was simultaneously removed.

Since 23 June, the IPD Monthly index has shown a fall in property values of approximately 5%. Whilst we have witnessed relatively wide variations between sectors, regions, property types, quality and lot sizes, the scale of the falls have not been as significant as some market commentators had forecast. The underlying occupational markets by and large remain healthy, reflective of good demand and supply dynamics. In addition, debt levels are significantly below those seen at the point of the downturn in 2007-2009. It is thought that these factors, combined with the weight of money to be invested within the property sector and the devaluation of sterling have resulted in a relatively swift stabilisation in property prices across the majority of markets. Uncertainty undoubtedly remains, with the UK's EU exit negotiations yet to commence, but the attractive income return offered by property in an exceptionally low income environment, suggests that property is likely to remain attractive to long-term investors.

Cashflows over the last six months have unsurprisingly been volatile compared to previous periods. After a period of continued inflows up to 23 June, a period of substantial net outflows followed for 4-5 weeks. This trend reversed in August, with cashflows turning positive over the last 7-8 weeks of the period under review. As at the end of September, the Fund's assets under management stood at around £425 million. Approximately £315 million is invested in direct property, £3 million is invested in REITs and £103 million in cash. At this point, our REIT holdings comprise small investments in London Metric and Derwent London only.

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

Kames Capital Unit Trust

Kames Property Income Feeder (Accumulation) Fund

Review of investment activities (continued)*

There are 38 properties currently held within the Fund following the sale of four properties over the last six months. The Fund completed the sale of the Tesco unit on Princes Street, Edinburgh in April ahead of valuation and then went on to conclude the sale of three properties after the referendum. Leisure units let to Mecca Bingo in Wood Green, London and York were sold at premiums to their pre-23 June valuations of around 15% and 7% respectively. The Mitchells & Butlers restaurant on Mosley Street in Newcastle was sold at its pre-23 June valuation level. The managers believe these sales to represent an excellent result for the Fund, in what were difficult market conditions.

Asset management initiatives continue to be pursued, with no noticeable impact after 23 June. At Lockmeadow Leisure Park in Maidstone two new lettings and a lease extension have been agreed since the referendum.

Looking ahead we expect total returns to be driven by income. We do however anticipate some continued scope for capital value increases through the successful completion of asset management initiatives on elements of the direct portfolio. Whilst rental growth is likely to be more limited in the 'Brexit' world, we do expect to see some rental increases in specific markets.

The Fund's strategy remains largely unchanged, with a bias towards good secondary (active value) properties. This is balanced with an allocation to prime (core) properties and REITs/cash for liquidity purposes. Looking ahead, buying activity is likely to be focused on the core part of the portfolio, as we seek to replenish this element of the portfolio following the sale of the properties mentioned above. Our target lot size range will be £3-10 million which is where the greatest liquidity was witnessed over the summer months. Given wider macro-economic uncertainty, the managers anticipate holding above average cash weightings for the foreseeable future.

Performance*

The Kames Property Income Fund showed a total return of (6.63)% over the six months to end of September 2016, compared to (7.16)% for the peer group median. This reflects a fall in direct property and REIT values, as well as a move from a creation to cancellation pricing basis in the period after 23 June 2016.

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.

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

Kames Property Income Feeder (Accumulation) Fund

Expense ratios (unaudited)

As at 30 September 2016	B Net Acc
Manager's periodic charge	0.75%
Fund operating expenses	0.12%
Ongoing Charges Figure (OCF)*	0.87%
Property Expense Ratio (PER)**	0.47%
Real Estate Expense Ratio (OCF + PER)***	1.34%

* 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 (unaudited)

As at 30 September 2016	B Net Acc
Closing net asset value (£'000)	155,437
Closing number of units	137,711,614
Net asset value per share	112.87
Direct transaction costs [†]	(0.67)%

[†]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 (unaudited)

The sub-fund's investments as at 30 September 2016

Holding	Investment	Market value £'000	Total net assets %
Collective Investment Schemes (31 March 2016: 100.18%)			
131,994,940	Kames Property Income Fund - Share Class F Gross Accumulation	155,119	99.80
	Portfolio of investments	155,119	99.80
	Net other assets	318	0.20
	Total net assets attributable to unitholders	155,437	100.00

Kames Property Income Feeder (Accumulation) Fund

Statement of Total Return for the six months ended 30 September 2016 (unaudited)

	£'000	2016 £'000	£'000	2015 £'000
Income				
Net capital (losses)/gains		(19,548)		917
Revenue	4,620		1,715	
Expenses	(603)		(216)	
Interest payable and similar charges	-		(1)	
Net revenue before taxation	4,017		1,498	
Taxation	(770)		(276)	
Net revenue after taxation		3,247		1,222
Total return before distributions		(16,301)		2,139
Distributions		(3,850)		(1,395)
Change in net assets attributable to unitholders from investment activities		(20,151)		744

Statement of Change in Net Assets Attributable to Unitholders for the six months ended 30 September 2016 (unaudited)

	£'000	2016 £'000	£'000	2015 £'000
Opening net assets attributable to unitholders*		186,239		42,751
Movement due to creation and cancellation of units:				
Amounts receivable on creation of units	33,344		34,533	
Amounts payable on cancellation of units	(47,807)		(3,119)	
		(14,463)		31,414
Change in net assets attributable to unitholders from investment activities		(20,151)		744
Retained distribution on accumulation units		3,812		1,464
Closing net assets attributable to unitholders		155,437		76,373

*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 2016 (unaudited)

	30 September 2016		31 March 2016	
	£'000	£'000	£'000	£'000
Assets				
Investments		155,119		186,575
Current assets:				
Debtors	363		452	
Cash and bank balances	1,178		351	
		1,541		803
Total assets		156,660		187,378
Liabilities				
Creditors				
Other creditors	1,223		1,139	
Total liabilities		1,223		1,139
Net assets attributable to unitholders		155,437		186,239

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 (Unaudited)		2015 Net Distribution
						Unfranked	Franked	
30/04/16	31/05/16	Group 1	0.3731	N/A	0.3731	97.03%	2.97%	0.4299
		Group 2	0.1571	0.2160				
31/05/16	30/06/16	Group 1	0.4279	N/A	0.4279	97.44%	2.56%	0.4056
		Group 2	0.2757	0.1522				
30/06/16	31/07/16	Group 1	0.4531	N/A	0.4531	94.37%	5.63%	0.4626
		Group 2	0.2530	0.2001				
31/07/16	31/08/16	Group 1	0.4656	N/A	0.4656	92.47%	7.53%	0.4917
		Group 2	0.2646	0.2010				
31/08/16	30/09/16	Group 1	0.5396	N/A	0.5396	96.35%	3.65%	0.4483
		Group 2	0.3083	0.2313				
30/09/16	31/10/16	Group 1	0.4655	N/A	0.4655	91.75%	8.25%	0.4549
		Group 2	0.3418	0.1237				

*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

These financial statements have been prepared on the same basis as the audited financial statements for the period ended 31 March 2016. The Financial Statements have been prepared in accordance with FRS102 and the Statement of Recommended Practice (SORP) for Authorised Funds, issued by the Investment Association (IA) 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 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.

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 accounting 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 accounting 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 358 3009 or on our website at 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