

**Kames Capital ICVC
Interim Report (unaudited)
to 31 January 2020**

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Kames Capital ICVC

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*Collectively these pages together with the investment reports of the individual sub-funds comprise the Authorised Corporate Directors' Report. Information specific to each sub-fund is detailed within its respective section.

Kames Capital ICVC

Company Information

Authorised Corporate Director (ACD), Investment Manager

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

Directors of the ACD

Arnab Banerji (non-executive director)
Martin Davis†
Stephen Jones
Sarah Russell (non-executive director)††
David Watson (non-executive director)
Jane Daniel†††

Research Provider

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Independent Auditor

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*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.

***EIRIS Services Limited provides research on investments for the Kames Ethical Corporate Bond Fund, the Kames Ethical Cautious Managed Fund and the Kames Ethical Equity Fund.

†Martin Davis resigned as a Director of Kames Capital plc on 23 September 2019.

††Sarah Russell resigned as a Director of Kames Capital plc on 26 September 2019.

†††Jane Daniel was appointed as a Director of Kames Capital plc on 12 December 2019.

§Aegon Asset Management is undertaking a rebranding exercise to align all of its brands, including Kames Capital, and during 2020 a new governance structure will be put in place, together with a rebranding expected to take place sometime after mid-2020.

Kames Capital ICVC

Report of the Authorised Corporate Director

The Company

Kames Capital ICVC ("the Company") is an Open-Ended Investment Company (OEIC) with variable capital, incorporated in Scotland on 27 April 1999. It is governed by the OEIC Regulations, the Collective Investment Schemes Sourcebook (COLL) and its Instrument of Incorporation. The registered number of the Company is SI000009.

The Company is authorised by the Financial Conduct Authority (FCA) as complying with the conditions necessary for it to enjoy rights conferred by the EU Directive on Undertakings for Collective Investment in Transferable Securities (UCITS).

The objective of the Company is to invest the Scheme Property in transferable securities, money market instruments, derivative instruments and forward transactions, deposits, units and shares in collective investment schemes, cash and near cash in accordance with COLL applicable to the Company and each sub-fund according to the types of authorisation of the Company with the aim of spreading investment risk and giving its Shareholders the benefit of the results of the management of that property.

The shareholders have no interest in the Scheme Property, and are not liable for the debts of the Company.

The Company is an umbrella company with 15 sub-funds trading as at 31 January 2020. The number of sub-funds may be increased or decreased in the future.

Authorised Status

Kames Capital ICVC is a Company with variable capital under regulation 12 (Authorisation) of the OEIC regulations 2001, incorporated in Scotland, a UCITS scheme and authorised by the FCA on 14 April 1999.

The Financial Statements

We are pleased to present the interim report and financial statements for the period ended 31 January 2020.

As required by the OEIC 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. A summary of global market trends covering the six months ended 31 January 2020 can be found within the market review on page xx.

Sub-fund cross holdings

At the period end none of the shares in the sub-funds of the Company were held by any of the sub-funds of the Company.

Changes to the Prospectus

On 7 August 2019, the following changes were made to the Prospectus:

1. There were a number of amendments in relation to Fund Benchmarks and Fund Objectives made as a result of the FCA's Asset Management Market Study and final recommendations issued on 4 February 2019. All updates are provided within the Kames Capital ICVC Prospectus which is available on our website at www.kamescapital.com.
2. Amendments to the instrument of incorporation of the Scheme to reflect:
 - a) Changes to the wording of the clause entitled "investment in government and public securities" as set out in the draft instrument of incorporation provided to the Financial Conduct Authority on 20 June 2019; and
 - b) That all sub-funds of the Scheme may invest in a maximum of 10% in other collective investment schemes.
3. Various updates to the tax allowances and rates.
4. A statement to confirm clarification that the Northern Trust entity (TA) is the UK Branch.
5. Various updates to the performance figures – including comparisons against the new Target and Comparator Benchmarks.

On 7 September 2019, the following changes were made to the Prospectus:

1. Amendments to the instrument of incorporation and prospectus of the Scheme to reflect that the Authorised Corporate Director may compulsorily convert shares to another class of shares in the same fund where to do so is considered by the Authorised Corporate Director to be in the best interests of shareholders.
2. Amendments to the prospectus of the Scheme to reflect the approved changes to the investment policies of: Kames Diversified Monthly Income Fund; Kames Ethical Cautious Managed Fund; and Kames Ethical Equity Fund (being those changes which were subject to 60 days' notice).

On 3 February 2020, the D share classes across the Kames Capital ICVC were closed following a mandatory conversion of all shareholders into the existing B share class.

ACD Fee changes

- On 1 January 2020, the Kames Sterling Corporate Bond Fund B Share Class was lowered from 0.50% to 0.35%.
- On 1 January 2020, the Kames Sterling Corporate Bond Fund S Share Class was lowered from 0.35% to 0.25%.
- On 1 January 2020, the Kames Strategic Bond Fund B Share Class was lowered from 0.75% to 0.55%.
- On 1 January 2020, the Kames Strategic Bond Fund S Share Class was lowered from 0.50% to 0.45%.
- On 1 January 2020, the Kames High Yield Bond Fund B Share Class was lowered from 0.75% to 0.55%.
- On 1 January 2020, the Kames High Yield Bond Fund S Share Class was lowered from 0.50% to 0.45%.
- On 1 January 2020, the Kames Investment Grade Bond Fund B Share Class was lowered from 0.75% to 0.50%.
- On 1 January 2020, the Kames Investment Grade Bond Fund S Share Class was lowered from 0.50% to 0.40%.
- On 1 January 2020, the Kames Ethical Corporate Bond Fund B Share Class was lowered from 0.50% to 0.45%.

Kames Capital ICVC

Report of the Authorised Corporate Director (continued)

Investment Approach

Kames Capital plc (the Authorised Corporate Director “the ACD”) combines the role of fund manager and analyst. No one in our investment team makes decisions in isolation; therefore all sector and stock ratings are challenged and debated as a group. Each analyst is also responsible for managing portfolios, but ultimately the team is responsible for the performance of all sub-funds. Our approach ensures that the focus is on overall performance, and not simply that of an individual sector.

The team’s detailed analysis of economies, industries and companies enables the fund managers to make independent, informed decisions. By conducting thorough fundamental analysis backed by sophisticated quantitative tools, the team can identify companies whose prospects are not reflected in their current share price.

The ACD is committed to maintaining a highly professional investment team. We avoid over-reliance on individuals, and promote the development and strengthening of specialist teams. This leads to co-operation between team members, encouraging them to share their best ideas, and this ensures that investors benefit in the form of consistent returns.

The fund management team aims to add value by adopting a detailed and rigorous approach to investment research, in particular by developing local market expertise. In addition, team members are able to draw on the investment expertise of other AEGON Group units outside the UK.

Synthetic Risk and Reward Indicator

	1	2	3	4	5	6	7
	Lower risk/ potentially lower rewards				Higher risk/potentially higher rewards		
Sterling Corporate Bond Fund			X				
UK Equity Fund					X		
UK Equity Income Fund					X		
UK Equity Absolute Return Fund			X				
UK Smaller Companies Fund					X		
UK Opportunities Fund					X		
Strategic Bond Fund			X				
Global Equity Fund					X		
High Yield Bond Fund			X				
Investment Grade Bond Fund			X				
Ethical Corporate Bond Fund			X				
Ethical Equity Fund					X		
Ethical Cautious Managed Fund				X			
Diversified Growth Fund				X			
Diversified Monthly Income Fund				X			

The Synthetic Risk and Reward Indicator (SRRI) shows the risk of investing in a sub-fund, based on the rate at which its value has changed in the past. The sub-fund's category is not guaranteed and may change over time. It is calculated using historical data, which may not be a reliable indication for the future. Category 1 does not mean 'risk free'. Full details of risks are disclosed in the section 'Risk Factors' in the Prospectus. For more information on the sub-funds risk and reward profiles please refer to the Key Investor Information Document (KIID) for the relevant share class. These are available from www.kamescapital.com or by contacting us. All share classes of each sub-fund produce the same risk rating.

Kames Capital ICVC

Market Review for the six months ended 31 January 2020

Global equity markets were relatively strong during the six months under review, but ended the period relatively flat in sterling terms. In dollar terms, however, the MSCI World AC index made a more respectable gain of 7.7%, which highlights the impact of currency moves over the period. For much of the period, political instability, the US-China trade war and ongoing uncertainty around Brexit all impacted share prices. However, better-than-expected economic data, particularly in the US, and signals from a number of central banks that interest rates would remain low provided some support to equity markets.

In December, investors welcomed both the phase-one trade agreement between the US and China and the UK Conservative Party's emphatic election victory, which brought a sense of certainty and settled the question of whether or not Brexit would happen. In January 2020, however, all-new sources of volatility arrived in the form of the Coronavirus outbreak in China and increasing tensions between the US and Iran. As a result, share prices ended the period under pressure.

Technology was best performing sector during the past six months, while many of the generally more defensive sectors also performed well, particularly utilities. Conversely, many cyclical sectors struggled, most notably energy and basic materials.

Bond markets also performed well over the six-month period with both government and corporate bonds generating solid returns in sterling terms. Central bank action again supported the market; at the start of the period the US Federal Reserve cut rates for the first time in over a decade, while the ECB cut its deposit rate to an unprecedented -0.5% and announced its intention to restart quantitative easing. Corporate bond markets received an additional boost from a strong positive technical backdrop; investors' ongoing search for yield ensured demand for the asset class remained high.

Government bonds came under pressure towards the end of 2019 as the support provided by central banks, coupled with the more positive geopolitical backdrop, boosted riskier assets. However, by the end of January, a measure of risk-aversion again gripped markets as news of the coronavirus in China spread.

Kames Capital ICVC

Authorised Corporate Director'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.



Stephen Jones

Edinburgh
25 March 2020

Kames Capital ICVC

Accounting Policies

Basis of accounting

The interim financial statements have been prepared on the historical cost basis, as modified by the evaluation of investments, in compliance with FRS 102 and in accordance with the Statement of Recommended Practice for Authorised Funds (SORP) issued by the Investment Association in May 2014.

Changes to accounting policies

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

Kames Sterling Corporate Bond Fund

Fund objective

The investment objective is to provide a combination of income and capital growth over any 7 year period.

Risk profile

The sub-fund is designed for retail and institutional investors seeking pooled exposure to the sterling corporate bond market 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, property and cash. While investors will normally be able to liquidate their holdings on a daily basis, 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.

The sub-fund is actively managed and exposed to a range of risks, which are listed and defined in the Kames Capital ICVC 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.

Performance*

The Kames Sterling Corporate Bond Fund returned 4.70% compared to the peer group median return of 3.93%. The peer group is the Investment Association Sterling Corporate Bond sector.

Strategy review**

Bond markets performed well over the six-month period with both government and corporate bonds generating solid returns in sterling terms. Central bank action again supported the market; at the start of the period the US Federal Reserve cut rates for the first time in over a decade, and the ECB cut its deposit rate to an unprecedented -0.5% and announced its intention to restart quantitative easing. Geopolitical events also supported markets, with the ongoing US/China trade war and Brexit both to the fore. Corporate bond markets also received an additional boost from a strong positive technical backdrop; investors' ongoing search for yield ensured demand for the asset class remained high.

Government bonds came under pressure towards the end of 2019 as the support provided by central banks, coupled with a more positive geopolitical backdrop, boosted riskier assets. However, by the end of January, a measure of risk-aversion again gripped markets as news of the coronavirus in China spread.

The sub-fund's robust performance over the period was due to strong bond selection and sector allocation, while duration (a measure of interest rate risk) was mixed. We increased slightly our interest rate risk position during the first half of the period in recognition of the significant political issues that were dominating at that time. This position detracted slightly given the decisive outcome in UK general election and the more 'risk-on' environment overall. However, our position worked well in January as the market adopted a more cautious approach.

Our exposure to bonds issued by financial institutions was a key positive, with our weighting in both banks and insurance companies performing very well. This was, in part, due to the Conservative party's victory in the UK election.

Within bond selection we took a disciplined approach and invested where we saw good opportunities, and reduced or exited positions we felt no longer offered good value. Actively managing our holdings during what was a volatile period in markets was a strong positive contributor to performance. Among the highlights were Virgin Money, Santander UK and Yorkshire Building Society. The position in legacy subordinated bonds from Royal Bank of Scotland also performed well following the early redemption of similar bonds from other European banks. Elsewhere, in the collateralised sector our holding in bonds from UK ports operator THPA performed well after the company announced that it was considering a refinance of the transaction.

By the end of the period we reduced the level of risk slightly in the fund and continued to focus of disciplined bond selection.

*Source: Lipper, % growth, income re-invested at pay date, NAV-NAV, GBP, net of Basic Rate Tax. Index returns are gross of Basic Rate Tax.

Investors are invited to compare the sub-fund's performance against the performance of other funds within the Investment Association Sterling Corporate Bond Sector. Comparison of the sub-fund against this Sector will give investors an indication of how the sub-fund is performing compared with funds investing in a similar but not identical investment universe. This comparison should be performed over at least a 7 year period to provide the most useful long term comparison.

**General references to markets and indices are to be considered as general market commentary only and (i) are not to be considered as a comparison of sub-fund performance against a benchmark (unless otherwise disclosed as such); and (ii) the index or indices do not operate as a performance target and the sub-fund's portfolio is not constrained by the index or indices.

Kames Sterling Corporate Bond Fund

Portfolio Statement

The sub-fund's investments as at 31 January 2020

Holdings	Investment	Market valuation £'000	Total net assets %
	Sterling Denominated Bonds (31 July 2019 99.04%)	269,270	93.19
	Asset Backed Security (31 July 2019 12.79%)	33,700	11.66
1,500,000	Arqiva Financing 4.882% 31/12/2032	1,501	0.52
3,100,000	Canary Wharf Finance II 6.8% 22/04/2030	2,303	0.80
1,500,000	Channel Link Enterprises Finance 3.848% 30/06/2050	1,831	0.63
1,900,000	Connect M77/GSO 5.404% 31/03/2034	1,621	0.56
1,700,000	Dignity Finance 3.5456% 31/12/2034	1,482	0.51
2,000,000	Income Contingent Student Loans 2 2007-2009 2.5% 24/07/2058	1,903	0.66
3,000,000	Intu Debenture 5.562% 31/12/2027	1,964	0.68
4,735,000	Premier Transmission Financing 5.2022% 31/03/2030	3,187	1.10
1,100,000	TC Dudgeon Ofco 3.158% 12/11/2038	1,221	0.42
4,900,000	Telereal Secured Finance 4.01% 10/12/2031	3,978	1.38
4,000,000	Telereal Securitisation 4.9741% 10/09/2027	2,705	0.93
2,600,000	Telereal Securitisation 6.1645% 10/12/2031	2,999	1.04
3,300,000	Tesco Property Finance No.2 6.0517% 13/10/2039	3,693	1.28
2,900,000	White City Property Finance 5.1202% 17/04/2035	3,312	1.15
	Corporate Bonds (31 July 2019 81.51%)	230,793	79.87
2,600,000	Anheuser-Busch InBev 2.25% 24/05/2029	2,750	0.95
2,100,000	APT Pipelines 3.5% 22/03/2030	2,374	0.82
1,800,000	APT Pipelines 4.25% 26/11/2024	2,043	0.71
1,700,000	Arqiva Financing 5.34% 30/06/2030	2,109	0.73
1,500,000	AT&T 4.375% 14/09/2029	1,811	0.63
2,100,000	Aviva 6.875% 20/05/2058	3,149	1.09
2,700,000	AXA 5.453% Perpetual	3,095	1.07
1,700,000	Bank of America 7% 31/07/2028	2,421	0.84
2,000,000	Bank of America 8.125% 02/06/2028	2,909	1.01
2,300,000	Bank of Nova Scotia 1.375% 12/05/2023	2,316	0.80
2,300,000	Barclays 2.375% 06/10/2023	2,346	0.81
1,500,000	Barclays 7.125% Perpetual	1,558	0.54
1,100,000	Barclays 9.25% Perpetual	1,243	0.43
1,700,000	Berkshire Hathaway Finance 2.375% 19/06/2039	1,876	0.65
2,500,000	BG Energy Capital 5.125% 01/12/2025	3,055	1.06
3,000,000	BPCE 5.25% 16/04/2029	3,783	1.31
2,300,000	British Land 5.264% 24/09/2035	3,204	1.11
2,500,000	BUPA Finance 6.125% Perpetual	2,560	0.89
2,100,000	Cadent Finance 2.125% 22/09/2028	2,195	0.76
1,500,000	Cadent Finance 2.625% 22/09/2038	1,618	0.56
2,300,000	Channel Link Enterprises Finance 3.043% 30/06/2050	2,462	0.85
2,200,000	Citigroup 1.75% 23/10/2026	2,219	0.77
1,600,000	Citigroup 6.8% 25/06/2038	2,758	0.95
800,000	Close Brothers 2.75% 26/04/2023	835	0.29
2,407,000	Cooperatieve Rabobank 6.91% Perpetual	3,703	1.28
1,800,000	CPUK Finance 7.239% 28/02/2024	2,170	0.75
2,900,000	Danske Bank 2.25% 14/01/2028	2,945	1.02
3,200,000	Deutsche Bank 1.75% 16/12/2021	3,199	1.11
1,400,000	Drax Finco 4.25% 01/05/2022	1,421	0.49
2,400,000	DS Smith 2.875% 26/07/2029	2,534	0.88
3,400,000	E.ON International Finance 6.375% 07/06/2032	5,028	1.74
2,200,000	Electricite de France 5.875% 18/07/2031	3,116	1.08
2,200,000	Enterprise Inns 6% 06/10/2023	2,211	0.77
1,650,000	Esure 6.75% 19/12/2024	1,690	0.58
2,300,000	Fidelity National Information Services 3.36% 21/05/2031	2,620	0.91
2,000,000	Fiserv 3% 01/07/2031	2,200	0.76
1,600,000	Ford Motor Credit 4.535% 06/03/2025	1,716	0.59
2,000,000	General Electric 5.25% 07/12/2028	2,511	0.87
2,300,000	GLH Hotels 7.875% 20/06/2022	2,492	0.86
2,000,000	Goldman Sachs 6.875% 18/01/2038	3,114	1.08
1,300,000	Grainger 3.375% 24/04/2028	1,424	0.49
1,500,000	HBOS Sterling Finance Jersey 7.881% Perpetual	2,357	0.82

Kames Sterling Corporate Bond Fund

Portfolio Statement (continued)

Holdings	Investment	Market valuation £'000	Total net assets %
	Corporate Bonds (continued)		
2,300,000	Heathrow Funding 4.625% 31/10/2046	3,421	1.18
1,700,000	HSBC 3% 29/05/2030	1,848	0.64
2,600,000	HSBC 4.75% 24/03/2046	3,470	1.20
2,300,000	HSBC Capital 5.844% Perpetual	3,173	1.10
1,200,000	Incommunities 3.25% 21/03/2049	1,513	0.52
1,200,000	ING Groep 3% 18/02/2026	1,297	0.45
2,600,000	innogy Finance 4.75% 31/01/2034	3,449	1.19
2,800,000	Intesa Sanpaolo 2.5% 15/01/2030	2,859	0.99
2,950,000	Intesa Sanpaolo 5.25% 28/01/2022	3,160	1.09
1,500,000	Investec 4.5% 05/05/2022	1,590	0.55
2,500,000	Juneau Investments 5.9% 22/02/2021	2,565	0.89
1,500,000	KFW 5.75% 07/06/2032	2,343	0.81
1,300,000	Legal & General 5.125% 14/11/2048	1,501	0.52
5,000,000	Lehman Brothers 6% 25/01/2013*	87	0.03
1,200,000	Logicor 1.875% 17/11/2026	1,228	0.42
700,000	Logicor Financing 2.75% 15/01/2030	719	0.25
1,400,000	Lunar Funding I 5.494% 29/07/2020	1,425	0.49
1,800,000	McDonald's 2.95% 15/03/2034	2,019	0.70
1,700,000	MPT Operating Partnership 3.692% 06/05/2028	1,808	0.63
2,400,000	National Express 2.5% 11/11/2023	2,489	0.86
1,000,000	National Grid Electricity Transmission 2.75% 06/02/2035	1,137	0.39
1,400,000	National Grid Gas 1.375% 02/07/2031	1,391	0.48
2,000,000	NGG Finance 5.625% 18/06/2073	2,271	0.79
3,000,000	NIE Finance 2.5% 27/10/2025	3,173	1.10
2,000,000	Northern Powergrid Yorkshire 4.375% 05/07/2032	2,599	0.90
1,500,000	Orange 3.25% 15/01/2032	1,716	0.59
1,500,000	Orange 5.75% Perpetual	1,660	0.57
800,000	Orsted 2.5% 16/05/2033	876	0.30
2,600,000	Orsted 5.75% 09/04/2040	4,206	1.46
1,700,000	Partnership Assurance 9.5% 24/03/2025	1,723	0.60
1,600,000	Pension Insurance 8% 23/11/2026	2,055	0.71
1,800,000	Phoenix 6.625% 18/12/2025	2,135	0.74
700,000	Places for People Homes 3.625% 22/11/2028	784	0.27
600,000	Provident Financial 7% 04/06/2023	640	0.22
1,800,000	Prudential 5.625% 20/10/2051	2,123	0.73
2,500,000	Prudential 5.7% 19/12/2063	3,081	1.07
1,400,000	Quadgas Finance 3.375% 17/09/2026	1,509	0.52
1,500,000	RAC 4.87% 06/05/2026	1,558	0.54
2,100,000	Rothsay Life 3.375% 07/12/2029	2,167	0.75
1,400,000	Sainsbury's Bank 6% 23/11/2027	1,473	0.51
1,200,000	Scottish Hydro Electric Transmission 2.25% 27/09/2035	1,251	0.43
2,000,000	Scottish Widows 5.5% 16/06/2023	2,230	0.77
2,500,000	SP Manweb 4.875% 20/09/2027	3,122	1.08
1,600,000	SSE 3.875% Perpetual	1,616	0.56
2,700,000	Stagecoach 4% 29/09/2025	2,920	1.01
2,800,000	Thames Water Utilities Finance 2.625% 24/01/2032	2,973	1.03
1,800,000	Thames Water Utilities Finance 5.75% 13/09/2030	1,961	0.68
2,000,000	Trafford Centre Finance 4.75% 28/04/2024	2,156	0.75
2,400,000	Unite 3.5% 15/10/2028	2,677	0.93
1,900,000	Verizon Communications 1.875% 19/09/2030	1,923	0.67
1,500,000	Verizon Communications 2.5% 08/04/2031	1,609	0.56
1,300,000	Vinci 2.75% 15/09/2034	1,505	0.52
1,900,000	Virgin Money UK 7.875% 14/12/2028	2,214	0.77
1,800,000	Volkswagen International Finance 4.125% 17/11/2031	2,110	0.73
2,400,000	Wells Fargo 3.5% 12/09/2029	2,772	0.96
1,700,000	Western Power Distribution 3.5% 16/10/2026	1,845	0.64
1,500,000	Western Power Distribution 3.625% 06/11/2023	1,604	0.55
1,500,000	Westfield Stratford City Finance NO 2 1.642% 04/08/2026	1,542	0.53
1,900,000	Wm Morrison Supermarkets 2.5% 10/01/2031	1,962	0.68
2,300,000	Yorkshire Building Society 3.5% 21/04/2026	2,550	0.88
2,500,000	Yorkshire Water Finance 3.75% 22/03/2046	2,608	0.90
2,000,000	Zurich Finance (UK) 6.625% Perpetual	2,262	0.78

Kames Sterling Corporate Bond Fund

Portfolio Statement (continued)

Holdings	Investment	Market valuation £'000	Total net assets %
	Government Bonds (31 July 2019 4.74%)	4,777	1.66
1,600,000	European Investment Bank 6% 07/12/2028	2,303	0.80
1,100,000	United Kingdom Gilt 1.5% 22/07/2047	1,225	0.43
1,100,000	United Kingdom Gilt 1.75% 07/09/2037	1,249	0.43
	Derivatives and Futures Contracts (31 July 2019 (0.17)%)	317	0.11
	Futures Contracts (31 July 2019 (0.17)%)	317	0.11
97	Long Gilt Future Contract March 2020	317	0.11
	Portfolio of investments	269,587	93.30
	Net other assets	19,368	6.70
	Total net assets attributable to shareholders	288,955	100.00

Analysis of investments by asset class

	Market value £'000	Value of investments %
Bonds	269,270	93.19
Derivatives	317	0.11
Portfolio of investments	269,587	93.30
Net other assets	19,368	6.70
Total net assets attributable to shareholders	288,955	100.00

The comparative percentage figures in brackets are at 31 July 2019.

All investments are approved securities being either officially listed in a member state or traded on or under the rules of an eligible securities market, unless otherwise stated.

*Unlisted, suspended and delisted securities within the meaning of the FCA's COLL.

Kames Sterling Corporate Bond Fund

Statement of Total Return for the six months ended 31 January 2020

		31 January 2020		31 January 2019
	£'000	£'000	£'000	£'000
Income				
Net capital gains/(losses)		9,060		(3,860)
Revenue	5,140		8,164	
Expenses	(913)		(1,347)	
Interest payable and similar charges	(6)		-	
Net revenue before taxation	4,221		6,817	
Taxation	-		-	
Net revenue after taxation		4,221		6,817
Total return before distributions		13,281		2,957
Distributions		(4,237)		(6,817)
Change in net assets attributable to shareholders from investment activities		9,044		(3,860)

Statement of Change in Net Assets Attributable to Shareholders for the six months ended 31 January 2020

		31 January 2020		31 January 2019
	£'000	£'000	£'000	£'000
Opening net assets attributable to shareholders*		367,014		488,290
Amounts receivable on creation of shares	11,333		20,134	
Amounts payable on cancellation of shares	(100,955)		(102,793)	
		(89,622)		(82,659)
Dilution adjustment		348		319
Change in net assets attributable to shareholders from investment activities		9,044		(3,860)
Retained distribution on accumulation shares		2,169		2,742
Unclaimed distributions		2		3
Closing net assets attributable to shareholders		288,955		404,835

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

Kames Sterling Corporate Bond Fund

Balance Sheet as at 31 January 2020

	31 January 2020		31 July 2019	
	£'000	£'000	£'000	£'000
Assets				
Fixed assets:				
Investments		269,587		363,472
Current assets:				
Debtors	3,619		6,015	
Cash and bank balances	20,160		2,235	
		<u>23,779</u>		<u>8,250</u>
Total assets		293,366		371,722
Liabilities				
Investment liabilities		-		611
Creditors				
Bank overdrafts	86		-	
Distributions payable	925		1,380	
Other creditors	3,400		2,717	
		<u>4,411</u>		<u>4,708</u>
Total liabilities		4,411		4,708
Net assets attributable to shareholders		288,955		367,014

Kames Sterling Corporate Bond Fund

Distribution Tables

Share Class A Accumulation

Period end	Pay date	Group	Net Revenue	Equalisation*	Total Payable	Streaming Franked	Streaming Unfranked	2018/9 Total Payable
31/10/19	31/12/19	Group 1	0.4746	N/A	0.4746	0.00%	100.00%	0.4797
		Group 2	0.3067	0.1679				
31/01/20	31/03/20	Group 1	0.4852	N/A	0.4852	0.00%	100.00%	0.4841
		Group 2	0.2260	0.2592				

Share Class A Income

Period end	Pay date	Group	Net Revenue	Equalisation*	Total Payable	Streaming Franked	Streaming Unfranked	2018/9 Total Payable
31/10/19	31/12/19	Group 1	0.1931	N/A	0.1931	0.00%	100.00%	0.2000
		Group 2	0.0756	0.1175				
31/01/20	31/03/20	Group 1	0.1962	N/A	0.1962	0.00%	100.00%	0.2005
		Group 2	0.0693	0.1269				

Share Class B Accumulation

Period end	Pay date	Group	Net Revenue	Equalisation*	Total Payable	Streaming Franked	Streaming Unfranked	2018/9 Total Payable
31/10/19	31/12/19	Group 1	0.6235	N/A	0.6235	0.00%	100.00%	0.6181
		Group 2	0.3516	0.2719				
31/01/20	31/03/20	Group 1	0.6486	N/A	0.6486	0.00%	100.00%	0.6229
		Group 2	0.3178	0.3308				

Share Class B Income

Period end	Pay date	Group	Net Revenue	Equalisation*	Total Payable	Streaming Franked	Streaming Unfranked	2018/9 Total Payable
31/10/19	31/12/19	Group 1	0.2399	N/A	0.2399	0.00%	100.00%	0.2447
		Group 2	0.1192	0.1207				
31/01/20	31/03/20	Group 1	0.2476	N/A	0.2476	0.00%	100.00%	0.2448
		Group 2	0.1020	0.1456				

Share Class D Accumulation

Period end	Pay date	Group	Net Revenue	Equalisation*	Total Payable	Streaming Franked	Streaming Unfranked	2018/9 Total Payable
31/10/19	31/12/19	Group 1	0.8707	N/A	0.8707	0.00%	100.00%	0.8709
		Group 2	0.3769	0.4938				
31/01/20	31/03/20	Group 1	0.8895	N/A	0.8895	0.00%	100.00%	0.8783
		Group 2	0.2082	0.6813				

Share Class D Income

Period end	Pay date	Group	Net Revenue	Equalisation*	Total Payable	Streaming Franked	Streaming Unfranked	2018/9 Total Payable
31/10/19	31/12/19	Group 1	0.7280	N/A	0.7280	0.00%	100.00%	0.7482
		Group 2	0.2204	0.5076				
31/01/20	31/03/20	Group 1	0.7394	N/A	0.7394	0.00%	100.00%	0.7538
		Group 2	0.2211	0.5183				

All distributions above are in pence per share unless specifically stated.

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

Kames Sterling Corporate Bond Fund

Distribution Tables (continued)

Share Class G Accumulation**

Period end	Pay date	Group	Net Revenue	Equalisation*	Total Payable	Streaming Franked	Streaming Unfranked	2018/9 Total Payable
31/10/19	31/12/19	Group 1	-	-	-	-	-	1.3853
		Group 2	-	-	-	-	-	
31/01/20	31/03/20	Group 1	-	-	-	-	-	1.3961
		Group 2	-	-	-	-	-	

Share Class S Accumulation

Period end	Pay date	Group	Net Revenue	Equalisation*	Total Payable	Streaming Franked	Streaming Unfranked	2018/9 Total Payable
31/10/19	31/12/19	Group 1	0.7897	N/A	0.7897	0.00%	100.00%	0.7787
		Group 2	0.7897	0.0000				
31/01/20	31/03/20	Group 1	0.8157	N/A	0.8157	0.00%	100.00%	0.7851
		Group 2	0.5668	0.2489				

Share Class S Income

Period end	Pay date	Group	Net Revenue	Equalisation*	Total Payable	Streaming Franked	Streaming Unfranked	2018/9 Total Payable
31/10/19	31/12/19	Group 1	0.7517	N/A	0.7517	0.00%	100.00%	0.7645
		Group 2	0.3462	0.4055				
31/01/20	31/03/20	Group 1	0.7711	N/A	0.7711	0.00%	100.00%	0.7648
		Group 2	0.3405	0.4306				

All distributions above are in pence per share unless specifically stated.

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

**Share class closed on 31 October 2019.

Kames Sterling Corporate Bond Fund

Net asset value

	Net asset value of share class £'000	Net asset value per share p	Shares in issue
As of 31 January 2020	288,955		
A Accumulation shares	46,611	85.41	54,571,025
A Income shares	5,063	34.35	14,736,976
B Accumulation shares	110,347	92.25	119,618,625
B Income shares	48,834	34.97	139,646,611
D Accumulation shares	1,227	141.37	868,017
D Income shares	544	116.73	466,401
S Accumulation shares	2,559	110.90	2,307,258
S Income shares	73,770	104.02	70,915,616

Kames Sterling Corporate Bond Fund

Ongoing charges figure

	31 January 2020	31 July 2019
A Accumulation shares		
ACD's periodic charge	1.00%	1.00%
Other expenses	0.06%	0.05%
Ongoing charges figure	1.06%	1.05%
A Income shares		
ACD's periodic charge	1.00%	1.00%
Other expenses	0.06%	0.05%
Ongoing charges figure	1.06%	1.05%
B Accumulation shares*		
ACD's periodic charge	0.35%	0.50%
Other expenses	0.06%	0.05%
Ongoing charges figure	0.41%	0.55%
B Income shares*		
ACD's periodic charge	0.35%	0.50%
Other expenses	0.06%	0.05%
Ongoing charges figure	0.41%	0.55%
D Accumulation shares		
ACD's periodic charge	0.75%	0.75%
Other expenses	0.06%	0.05%
Ongoing charges figure	0.81%	0.80%
D Income shares		
ACD's periodic charge	0.75%	0.75%
Other expenses	0.06%	0.05%
Ongoing charges figure	0.81%	0.80%
G Accumulation shares**		
ACD's periodic charge	-	0.50%
Other expenses	-	0.05%
Ongoing charges figure	-	0.55%
S Accumulation shares***		
ACD's periodic charge	0.25%	0.35%
Other expenses	0.06%	0.05%
Ongoing charges figure	0.31%	0.40%
S Income shares***		
ACD's periodic charge	0.25%	0.35%
Other expenses	0.06%	0.05%
Ongoing charges figure	0.31%	0.40%

The ongoing charges figure (OCF) is calculated as the ratio of the total ongoing charges to the average net asset value of the sub-fund over the period. The OCF is made up of the ACD'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 B share class expense changed from 0.50% to 0.35% on 1 January 2020.

**Share class closed on 31 October 2019.

***The S share class expense changed from 0.35% to 0.25% on 1 January 2020.

Total purchases and sales

	Total purchases £'000	Total sales £'000
6 months to 31.01.2019	109,888	164,184
6 months to 31.01.2020	55,065	156,918

Kames Sterling Corporate Bond Fund

Revenue record

	Accounting year	Net revenue per share p
A Accumulation shares (pence)	2018	1.90
	2019	1.92
	2020	0.96
A Income shares (pence)	2018	0.81
	2019	0.79
	2020	0.39
B Accumulation shares (pence)	2018	2.45
	2019	2.48
	2020	1.27
B Income shares (pence)	2018	0.99
	2019	0.97
	2020	0.49
D Accumulation shares (pence)	2018	3.45
	2019	3.49
	2020	1.76
D Income shares (pence)	2018	3.01
	2019	2.98
	2020	1.47
G Accumulation shares (pence)*	2018	5.48
	2019	5.57
	2020	-
S Accumulation shares (pence)**	2018	1.82
	2019	3.13
	2020	1.61
S Income shares (pence)**	2018	1.81
	2019	3.04
	2020	1.52

*Share class was closed on 31 October 2019.

**Share class launched on 19 December 2017.

Kames UK Equity Fund

Fund objective

The investment objective is to provide a combination of income and capital growth over any 7 year period.

Risk profile

The sub-fund is designed for retail and institutional investors seeking pooled exposure to the UK equity market and who are comfortable with a higher 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, property and cash. While investors will normally be able to liquidate their holdings on a daily basis, 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.

The sub-fund is actively managed and exposed to a range of risks, which are listed and defined in the Kames Capital ICVC 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.

Performance*

The Kames UK Equity Fund returned 3.62% compared to the peer group median return of 2.15%. The peer group is the IA UK All Companies sector.

Strategy review**

The UK equity market was volatile during the past six months, ending the period relatively flat in sterling terms. For much of the period, ongoing uncertainty around Brexit and concerns over global trade impacted share prices. However, better-than-expected economic data and news that interest rates would remain low provided some support to equities.

In December, investors welcomed both the phase-one trade agreement between the US and China and the UK Conservative Party's emphatic election victory, which brought a sense of certainty and settled the question of whether or not Brexit would happen. In January 2020, however, all-new sources of volatility arrived in the form of the Coronavirus outbreak in China and increasing tensions between the US and Iran. As a result, share prices ended the period under pressure.

Many of the generally more defensive sectors performed well for much of the period, particularly utilities. Conversely, many cyclical sectors struggled, most notably oil & gas and basic materials.

The sub-fund outperformed its peer group median during the period. Stock selection accounted for the majority of the outperformance, while sector allocation marginally detracted. At the sector level, positive contributors included banks and software & computer services. Our underweight exposure to oil & gas producers also added value. These positive allocations were partially offset by not owning any gas, water & multi-utilities and tobacco stocks, and being overweight beverages.

Among the best-performing stocks were a number of our global-growth plays, such as technology company Aveva, a global leader in engineering and industrial software, identity-management business GB Group and construction company Balfour Beatty. Global multimedia company Entertainment One also added value, following an all-cash bid from Hasbro in August. Many of our domestically-focused names benefited from the definitive result of the general election, including Just, which specialises in retirement products, and real-estate investment trust Secure Income REIT.

Beverages company Diageo was among the sub-fund's top detractors, as the market moved away from quality defensive names. Also within the wider consumer discretionary sector, not owning British American Tobacco was the largest detractor. Other detractors included video games support services business Keywords Studios – although Keywords' management recently reported strong levels of organic growth, the extra investment required to fulfil demand is impacting margins. Lastly, insurance company Prudential hurt returns, despite progress with demerging plans.

At quarter-end, the sub-fund maintained overweight positions in technology (particularly software & computer services), and industrials, and underweight positions in financials (particularly banks) and utilities.

*Source: Lipper, % growth, income re-invested at pay date, NAV-NAV, GBP, net of Basic Rate Tax. Index returns are gross of Basic Rate Tax.

Investors are invited to compare the sub-fund's performance against the performance of other funds within the Investment Association All UK Companies Sector. Comparison of the sub-fund against this Peer Group will give investors an indication of how the sub-fund is performing compared with funds investing in a similar but not identical investment universe. This comparison should be performed over at least a 7 year period to provide the most useful long term comparison.

**General references to markets and indices are to be considered as general market commentary only and (i) are not to be considered as a comparison of sub-fund performance against a benchmark (unless otherwise disclosed as such); and (ii) the index or indices do not operate as a performance target and the sub-fund's portfolio is not constrained by the index or indices.

Kames UK Equity Fund

Portfolio Statement

The sub-fund's investments as at 31 January 2020

Holding	Investment	Market valuation £'000	Total net assets %
	Equities (31 July 2019 98.78%)	191,758	100.17
	Basic Materials (31 July 2019 9.22%)	17,026	8.89
169,100	Anglo American	3,357	1.75
1,445,641	Glencore	3,216	1.68
134,204	Rio Tinto	5,480	2.86
1,473,047	Synthomer	4,973	2.60
	Consumer Goods (31 July 2019 16.11%)	27,556	14.39
72,630	Bellway	2,894	1.51
141,947	Britvic	1,313	0.68
102,046	Burberry	1,992	1.04
1,305,479	Cairn Homes	1,339	0.70
146,009	Coca-Cola	4,066	2.12
281,542	Diageo	8,473	4.43
282,190	Hilton Food	2,974	1.55
255,057	Tate & Lyle	2,022	1.06
54,766	Unilever	2,483	1.30
	Consumer Services (31 July 2019 11.15%)	21,701	11.34
37,213	4imprint	1,228	0.64
291,962	Ascential	1,066	0.56
197,900	easyJet	2,756	1.44
96,969	Future	1,239	0.65
288,413	Informa	2,234	1.17
244,989	Just Eat	2,109	1.10
286,876	RELX	5,772	3.01
1,817,370	S4 Capital	3,426	1.79
1,028,650	Wm Morrison Supermarkets	1,871	0.98
	Financials (31 July 2019 16.46%)	36,477	19.06
983,039	Barclays	1,651	0.86
298,722	Beazley	1,616	0.84
952,599	Foxtons	791	0.41
464,978	HSBC	2,565	1.34
71,525	IntegraFin	354	0.19
3,199,827	Just	2,494	1.30
54,111	London Stock Exchange	4,239	2.22
390,495	LSL Property Services	1,187	0.62
565,774	M&G	1,358	0.71
747,850	Phoenix	5,668	2.96
404,074	Prudential	5,461	2.85
1,074,432	Secure Income REIT	5,050	2.64
399,579	Standard Chartered	2,521	1.32
1,506,618	Triam Investors 1	1,522	0.80
	Health Care (31 July 2019 11.67%)	24,140	12.61
169,498	AstraZeneca	12,582	6.57
99,687	Dechra Pharmaceuticals	2,833	1.48
348,971	GlaxoSmithKline	6,225	3.25
136,500	HIKMA Pharmaceutical	2,500	1.31
	Industrials (31 July 2019 14.53%)	29,745	15.54
88,871	Avon Rubber	2,213	1.16
622,879	BAE Systems	3,932	2.05
1,585,932	Balfour Beatty	4,212	2.20
283,708	Bodycote	2,429	1.27
80,654	Clarkson	2,351	1.23
59,944	Ferguson	4,076	2.13
541,580	Forterra	1,779	0.93
110,240	Hill & Smith	1,565	0.82

Kames UK Equity Fund

Portfolio Statement (continued)

Holding	Investment	Market valuation £'000	Total net assets %
	Industrials (continued)		
367,267	Ienergizer	925	0.48
319,423	Meggitt	2,157	1.13
430,747	Rentokil Initial	2,011	1.05
1,157,463	Strix	2,095	1.09
634,447	TMO Fund Raising*	-	-
	Oil & Gas (31 July 2019 11.46%)	16,330	8.53
1,291,273	BP	5,897	3.08
716,207	Cairn Energy	1,213	0.63
1,005,404	Diversified Gas & Oil	905	0.47
298,994	Great Eastern Energy GDR	79	0.04
133,235	Indus Gas	384	0.20
184,878	Royal Dutch Shell 'A'	3,687	1.93
208,322	Royal Dutch Shell 'B'	4,165	2.18
	Technology (31 July 2019 6.89%)	14,365	7.50
240,000	Avast	1,019	0.53
131,164	Aveva	6,448	3.37
971,605	GB Group	6,898	3.60
	Telecommunications (31 July 2019 1.29%)	4,418	2.31
135,000	Gamma Communications	1,883	0.98
1,698,100	Vodafone	2,535	1.33
	Derivatives and Futures Contracts (31 July 2019 0.00%)	-	-
	Futures Contracts (31 July 2019 0.00%)	-	-
	Portfolio of investments	191,758	100.17
	Net other liabilities	(324)	(0.17)
	Total net assets attributable to shareholders	191,434	100.00

The comparative percentage figures in brackets are at 31 July 2019.

All investments are approved securities being either officially listed in a member state or traded on or under the rules of an eligible securities market, unless otherwise stated.

As all holdings are equity shares there is no analysis of the portfolio by asset class.

*Unlisted, suspended and delisted securities within the meaning of the COLL.

Kames UK Equity Fund

Statement of Total Return for the six months ended 31 January 2020

		31 January 2020		31 January 2019
	£'000	£'000	£'000	£'000
Income				
Net capital gains/(losses)		4,038		(29,862)
Revenue	2,856		2,845	
Expenses	(782)		(843)	
Interest payable and similar charges	(1)		(1)	
Net revenue before taxation	2,073		2,001	
Taxation	(33)		(17)	
Net revenue after taxation		<u>2,040</u>		<u>1,984</u>
Total return before distributions		6,078		(27,878)
Distributions		<u>(110)</u>		<u>(62)</u>
Change in net assets attributable to shareholders from investment activities		5,968		(27,940)

Statement of Change in Net Assets Attributable to Shareholders for the six months ended 31 January 2020

		31 January 2020		31 January 2019
	£'000	£'000	£'000	£'000
Opening net assets attributable to shareholders*		197,261		229,930
Amounts receivable on creation of shares	1,518		2,024	
Amounts payable on cancellation of shares	(13,352)		(10,504)	
		(11,834)		(8,480)
Dilution adjustment		39		27
Change in net assets attributable to shareholders from investment activities		<u>5,968</u>		<u>(27,940)</u>
Closing net assets attributable to shareholders		191,434		193,537

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

Kames UK Equity Fund

Balance Sheet as at 31 January 2020

	31 January 2020		31 July 2019	
	£'000	£'000	£'000	£'000
Assets				
Fixed assets:				
Investments		191,758		194,864
Current assets:				
Debtors	1,395		1,394	
Cash and bank balances	<u>367</u>		<u>1,612</u>	
		<u>1,762</u>		<u>3,006</u>
Total assets		193,520		197,870
Liabilities				
Creditors				
Distributions payable		-	37	
Other creditors	<u>2,086</u>		<u>572</u>	
Total liabilities		<u>2,086</u>		<u>609</u>
Net assets attributable to shareholders		191,434		197,261

Kames UK Equity Fund

Net asset value

	Net asset value of share class £'000	Net asset value per share p	Shares in issue
As of 31 January 2020	191,434		
A Accumulation shares	32,001	282.58	11,324,270
A Income shares	538	152.93	351,713
B Accumulation shares	157,626	325.03	48,496,132
B Income shares	1,152	1,464.18	78,657
D Accumulation shares	102	164.51	62,081
D Income shares	15	144.21	10,715

Kames UK Equity Fund

Ongoing charges figure

	31 January 2020	31 July 2019
A Accumulation shares		
ACD's periodic charge	1.50%	1.50%
Other expenses	0.05%	0.06%
Ongoing charges figure	1.55%	1.56%
A Income shares		
ACD's periodic charge	1.50%	1.50%
Other expenses	0.05%	0.06%
Ongoing charges figure	1.55%	1.56%
B Accumulation shares		
ACD's periodic charge	0.60%	0.60%
Other expenses	0.05%	0.06%
Ongoing charges figure	0.65%	0.66%
B Income shares		
ACD's periodic charge	0.60%	0.60%
Other expenses	0.05%	0.06%
Ongoing charges figure	0.65%	0.66%
D Accumulation shares		
ACD's periodic charge	1.00%	1.00%
Other expenses	0.05%	0.06%
Ongoing charges figure	1.05%	1.06%
D Income shares		
ACD's periodic charge	1.00%	1.00%
Other expenses	0.05%	0.06%
Ongoing charges figure	1.05%	1.06%
E Accumulation shares*		
ACD's periodic charge	-	1.50%
Other expenses	-	0.06%
Ongoing charges figure	-	1.56%

The ongoing charges figure (OCF) is calculated as the ratio of the total ongoing charges to the average net asset value of the sub-fund over the period. The OCF is made up of the ACD'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.

*Share class closed on 31 October 2019.

Total purchases and sales

	Total purchases £'000	Total sales £'000
6 months to 31.01.2019	68,638	70,725
6 months to 31.01.2020	26,981	34,195

Kames UK Equity Fund

Revenue record

	Accounting year	Net revenue per share p
A Accumulation shares (pence)	2018	4.03
	2019	4.22
	2020	-
A Income shares (pence)	2018	2.25
	2019	2.32
	2020	-
B Accumulation shares (pence)	2018	7.38
	2019	7.51
	2020	-
B Income shares (pence)	2018	34.83
	2019	34.67
	2020	-
D Accumulation shares (pence)	2018	3.12
	2019	3.21
	2020	-
D Income shares (pence)	2018	2.85
	2019	2.87
	2020	-
E Accumulation shares (pence)*	2018	2.41
	2019	2.52
	2020	-

*Share class closed on 31 October 2019.

Kames UK Equity Income Fund

Fund objective

The investment objective is to achieve an income return along with the potential for some long-term (more than 7 years) capital growth.

Risk profile

The sub-fund is designed for retail and institutional investors seeking pooled exposure to the UK equity market and who are comfortable with a higher 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, property and cash. While investors will normally be able to liquidate their holdings on a daily basis, 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.

The sub-fund is actively managed and exposed to a range of risks, which are listed and defined in the Kames Capital ICVC 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.

Performance*

The Kames UK Equity Income Fund returned 3.65% compared to the peer group median return of 3.52%. The peer group is the Investment Association UK Equity Income sector.

Strategy review**

The UK equity market was volatile during the past six months, ending the period relatively flat in sterling terms. For much of the period, ongoing uncertainty around Brexit and concerns over global trade impacted share prices. However, better-than-expected economic data and news that interest rates would remain low provided some support to equities.

In December, investors welcomed both the phase-one trade agreement between the US and China and the UK Conservative Party's emphatic election victory, which brought a sense of certainty and settled the question of whether or not Brexit would happen. In January 2020, however, all-new sources of volatility arrived in the form of the Coronavirus outbreak in China and increasing tensions between the US and Iran. As a result, share prices ended the period under pressure. Many of the generally more defensive sectors performed well for much of the period, particularly utilities. Conversely, many cyclical sectors struggled, most notably oil & gas and basic materials.

Given our income strategy, we generally positioned the sub-fund with an overweight to defensive yield areas of the UK equity market and focused on good quality companies with strong cash generative businesses. During the period, however, we did increase the sub-fund's exposure to both our domestic and cyclical exposures, with additions in areas like housebuilders, mining, and industrials. The subsequent election result was a big boost for many of our holdings – as reflected across the diverse range of stocks that added value over the period.

Our overweight exposure to the utilities sector added value, given this area of the market remained relatively calm in the volatile conditions. Our underweight in the oil & gas sector was also beneficial, as was our slight underweight to basic materials.

The main driver of the sub-fund's outperformance against the peer group median was stock selection. Among the standout performers was Entertainment One, which surged after announcing an agreed offer from Hasbro. Our holding in utility companies Pennon and SSE performed very well as they benefited from the election result and the reduced risk of nationalisation. Within the housebuilding sector, Taylor Wimpey and Bellway contributed positively, given the more settled political outlook and the ongoing strong demand for housing. Within the financial sector, the holdings in both Phoenix and Legal & General were also positive, again due to the election result. The former received an additional boost from a large M&A deal (ReAssure), which will remove a key competitor and will deliver more synergies and cash. Finally, in the real estate arena our exposure to Unite (a provider of purpose built student accommodation aided overall performance).

We continue to focus on defensive yield from good quality companies with strong cash generative businesses.

*Source: Lipper, % growth, income re-invested at pay date, NAV-NAV, GBP, net of Basic Rate Tax. Index returns are gross of Basic Rate Tax. Investors are invited to compare the sub-fund's performance against the performance of other funds within the Investment Association UK Equity Income Sector. Comparison of the sub-fund against this Peer Group will give investors an indication of how the sub-fund is performing compared with funds investing in a similar but not identical investment universe. This comparison should be performed over at least a 7 year period to provide the most useful long term comparison.

**General references to markets and indices are to be considered as general market commentary only and (i) are not to be considered as a comparison of sub-fund's performance against a benchmark (unless otherwise disclosed as such); and (ii) the index or indices do not operate as a performance target and the sub-fund's portfolio is not constrained by the index or indices.

Kames UK Equity Income Fund

Portfolio Statement

The sub-fund's investments as at 31 January 2020

Holding	Investment	Market valuation £'000	Total net assets %
	Equities (31 July 2019 96.45%)	54,687	99.86
	Basic Materials (31 July 2019 6.83%)	4,136	7.55
92,994	Anglo American	1,846	3.37
52,274	Mondi	808	1.47
36,303	Rio Tinto	1,482	2.71
	Consumer Goods (31 July 2019 14.20%)	7,657	13.98
25,217	Bellway	1,005	1.84
14,339	Berkeley	751	1.37
30,686	British American Tobacco	1,030	1.88
90,250	Britvic	835	1.52
40,471	Coca-Cola	1,127	2.06
34,566	Diageo	1,040	1.90
9,984	Reckitt Benckiser	627	1.14
577,700	Taylor Wimpey	1,242	2.27
	Consumer Services (31 July 2019 11.89%)	5,057	9.24
140,390	Auto Trader	789	1.44
37,977	Greggs	855	1.56
95,817	Informa	742	1.36
38,755	RELX	780	1.43
548,945	Tesco	1,355	2.47
294,512	Wm Morrison Supermarkets	536	0.98
	Financials (31 July 2019 27.30%)	16,859	30.79
321,535	Aviva	1,281	2.34
583,098	Barclays	979	1.79
151,974	Beazley	822	1.50
507,198	Direct Line Insurance	1,713	3.13
305,846	HSBC	1,687	3.08
104,079	John Laing	369	0.67
533,011	Legal & General	1,628	2.97
2,350,355	Lloyds Banking	1,334	2.44
456,070	Londonmetric Property	1,038	1.90
322,304	M&G	773	1.41
260,745	Phoenix	1,976	3.61
214,533	Sabre Insurance	661	1.21
185,025	Secure Income REIT	870	1.59
155,107	Standard Life Aberdeen	467	0.85
99,233	Unite	1,261	2.30
	Health Care (31 July 2019 8.83%)	4,827	8.81
22,550	AstraZeneca	1,674	3.05
176,745	GlaxoSmithKline	3,153	5.76
	Industrials (31 July 2019 11.63%)	8,361	15.27
32,765	Ashtead	804	1.47
238,336	BAE Systems	1,504	2.75
45,006	Bodycote	385	0.70
281,254	DS Smith	958	1.75
173,819	Essentra	728	1.33
15,980	Ferguson	1,087	1.99
73,062	IMI	806	1.47
134,700	Meggitt	910	1.66
207,494	Morgan Advanced Materials	647	1.18
293,789	Strix	532	0.97

Kames UK Equity Income Fund

Portfolio Statement (continued)

Holding	Investment	Market valuation £'000	Total net assets %
	Oil & Gas (31 July 2019 12.18%)	5,012	9.15
622,057	BP	2,841	5.19
173,050	Diversified Gas & Oil	156	0.28
100,752	Royal Dutch Shell 'B'	2,015	3.68
	Utilities (31 July 2019 3.59%)	2,778	5.07
134,655	Pennon	1,492	2.72
85,253	SSE	1,286	2.35
	Portfolio of investments	54,687	99.86
	Net other assets	74	0.14
	Total net assets attributable to shareholders	54,761	100.00

The comparative percentage figures in brackets are at 31 July 2019.

All investments are approved securities being either officially listed in a member state or traded on or under the rules of an eligible securities market, unless otherwise stated.

As all holdings are equity shares there is no analysis of the portfolio by asset class.

Kames UK Equity Income Fund

Statement of Total Return for the six months ended 31 January 2020

		31 January 2020		31 January 2019
	£'000	£'000	£'000	£'000
Income				
Net capital gains/(losses)		1,039		(5,333)
Revenue	1,038		954	
Expenses	<u>(246)</u>		<u>(228)</u>	
Net revenue before taxation	792		726	
Taxation	<u>(6)</u>		<u>(5)</u>	
Net revenue after taxation		<u>786</u>		<u>721</u>
Total return before distributions		1,825		(4,612)
Distributions		<u>(1,032)</u>		<u>(949)</u>
Change in net assets attributable to shareholders from investment activities		793		(5,561)

Statement of Change in Net Assets Attributable to Shareholders for the six months ended 31 January 2020

		31 January 2020		31 January 2019
	£'000	£'000	£'000	£'000
Opening net assets attributable to shareholders*		53,083		54,137
Amounts receivable on creation of shares	277		170	
Amounts payable on cancellation of shares	<u>(209)</u>		<u>(181)</u>	
		68		(11)
Change in net assets attributable to shareholders from investment activities		793		(5,561)
Retained distribution on accumulation shares		<u>817</u>		<u>744</u>
Closing net assets attributable to shareholders		54,761		49,309

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

Kames UK Equity Income Fund

Balance Sheet as at 31 January 2020

	31 January 2020		31 July 2019	
	£'000	£'000	£'000	£'000
Assets				
Fixed assets:				
Investments		54,687		51,196
Current assets:				
Debtors	118		151	
Cash and bank balances	<u>62</u>		<u>1,896</u>	
		<u>180</u>		<u>2,047</u>
Total assets		54,867		53,243
Liabilities				
Creditors				
Distributions payable	50		92	
Other creditors	<u>56</u>		<u>68</u>	
Total liabilities		<u>106</u>		<u>160</u>
Net assets attributable to shareholders		54,761		53,083

Kames UK Equity Income Fund

Distribution Tables

Share Class A Accumulation

Period end	Pay date	Group	Net Revenue	Equalisation*	Total Payable	Streaming Franked	Streaming Unfranked	2018/9 Total Payable
31/10/19	31/12/19	Group 1	3.7340	N/A	3.7340	100.00%	0.00%	3.2125
		Group 2	2.4097	1.3243				
31/01/20	31/03/20	Group 1	1.1329	N/A	1.1329	100.00%	0.00%	1.2422
		Group 2	0.2351	0.8978				

Share Class A Income

Period end	Pay date	Group	Net Revenue	Equalisation*	Total Payable	Streaming Franked	Streaming Unfranked	2018/9 Total Payable
31/10/19	31/12/19	Group 1	2.4383	N/A	2.4383	100.00%	0.00%	2.1986
		Group 2	0.4558	1.9825				
31/01/20	31/03/20	Group 1	0.7285	N/A	0.7285	100.00%	0.00%	0.8392
		Group 2	0.1233	0.6052				

Share Class B Accumulation

Period end	Pay date	Group	Net Revenue	Equalisation*	Total Payable	Streaming Franked	Streaming Unfranked	2018/9 Total Payable
31/10/19	31/12/19	Group 1	3.9901	N/A	3.9901	100.00%	0.00%	3.4021
		Group 2	2.3073	1.6828				
31/01/20	31/03/20	Group 1	1.2134	N/A	1.2134	100.00%	0.00%	1.3186
		Group 2	0.3376	0.8758				

Share Class B Income

Period end	Pay date	Group	Net Revenue	Equalisation*	Total Payable	Streaming Franked	Streaming Unfranked	2018/9 Total Payable
31/10/19	31/12/19	Group 1	2.6058	N/A	2.6058	100.00%	0.00%	2.3286
		Group 2	0.7609	1.8449				
31/01/20	31/03/20	Group 1	0.7804	N/A	0.7804	100.00%	0.00%	0.8909
		Group 2	0.1791	0.6013				

All distributions above are in pence per share unless specifically stated.

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

Kames UK Equity Income Fund

Net asset value

	Net asset value of share class £'000	Net asset value per share p	Shares in issue
As of 31 January 2020	54,761		
A Accumulation shares	7,420	258.04	2,875,357
A Income shares	4,763	165.23	2,882,786
B Accumulation shares	35,979	276.79	12,998,848
B Income shares	6,599	177.26	3,722,424

Kames UK Equity Income Fund

Ongoing charges figure

	31 January 2020	31 July 2019
A Accumulation shares		
ACD's periodic charge	1.50%	1.50%
Other expenses	0.12%	0.09%
Ongoing charges figure	1.62%	1.59%
A Income shares		
ACD's periodic charge	1.50%	1.50%
Other expenses	0.12%	0.09%
Ongoing charges figure	1.62%	1.59%
B Accumulation shares		
ACD's periodic charge	0.60%	0.60%
Other expenses	0.12%	0.09%
Ongoing charges figure	0.72%	0.69%
B Income shares		
ACD's periodic charge	0.60%	0.60%
Other expenses	0.12%	0.09%
Ongoing charges figure	0.72%	0.69%

The ongoing charges figure (OCF) is calculated as the ratio of the total ongoing charges to the average net asset value of the sub-fund over the period. The OCF is made up of the ACD'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.

Total purchases and sales

	Total purchases £'000	Total sales £'000
6 months to 31.01.2019	8,056	8,803
6 months to 31.01.2020	14,223	11,771

Kames UK Equity Income Fund

Revenue record

	Accounting year	Net revenue per share p
A Accumulation shares (pence)	2018	11.47
	2019	11.33
	2020	4.87
A Income shares (pence)	2018	8.09
	2019	7.63
	2020	3.17
B Accumulation shares (pence)	2018	12.08
	2019	12.04
	2020	5.20
B Income shares (pence)	2018	8.52
	2019	8.11
	2020	3.39

Kames UK Equity Absolute Return Fund

Fund objective

The investment objective is to achieve a positive absolute return over any 36 month period in all market conditions. By investing in the sub-fund, capital is at risk. There is no guarantee that the sub-fund will deliver positive returns over this, or any, time period.

Risk profile

The sub-fund is designed for retail and institutional investors seeking an absolute return through pooled exposure to the UK equity market and who are comfortable with a higher 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, property and cash. While investors will normally be able to liquidate their holdings on a daily basis, 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.

The sub-fund is actively managed and exposed to a range of risks, which are listed and defined in the Kames Capital ICVC 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.

Performance*

The Kames UK Equity Absolute Return Fund returned 4.07% compared to the Sterling Over Night Index Average (SONIA) 1 month return of 0.36%.

Strategy review**

The UK equity market was volatile during the period and posted a relatively flat return in sterling terms. For much of the period, ongoing uncertainty around Brexit and concerns over global trade impacted share prices. However, better-than-expected economic data and news that interest rates would remain low provided some support to equities.

In December, investors welcomed both the phase-one trade agreement between the US and China and the UK Conservative Party's emphatic election victory, which brought a sense of certainty and settled the question of whether or not Brexit would happen. In January 2020, however, all-new sources of volatility arrived in the form of the Coronavirus outbreak in China and increasing tensions between the US and Iran. As a result, share prices ended the period under pressure.

Both our short book and our long book added value during the period. The Best Ideas component was particularly strong, as a result of good stock selection and positioning. Key growth stock Aveva (UK software company) was among the largest contributors to performance, due to strong earnings momentum and a higher valuation. A number of our long UK domestic value holdings also added value, particularly Bellway (property developer) and Just (retirement products and services), due to reduced political uncertainty.

These positives in Best Ideas were offset to some degree by a number of UK domestic long and short positions. Shorts in a couple of retailers both rallied decisively on better-than-expected results. Detractors in the long book included video games support services business Keywords Studios. Management at Keywords recently reported strong levels of organic growth, but the extra investment required to fulfil demand is impacting margins.

Themes generally underperformed, though individual themes had vastly different returns. Our short balance sheet risk component, for example, detracted from performance, as high-beta UK-domestic constituents outperformed following the decisive result of the UK election. Poor performance could also be found in the short momentum hedge component.

At the other end of the spectrum, our M&A theme added value, with disruptive media agency S4 Capital significantly outperforming the market. The company continues to benefit from accretive acquisitions and exceptional organic growth.

Pair trades made a small negative contribution over the period. Although the sub-fund had success with a relative value pair in recruitment, pairs in food retail and software hurt returns. Underperformance in our food-retail pair was driven by industry data showing Wm Morrison Supermarkets (our long position) losing market share. The pair was closed toward the end of the period. Our software pair weighed on returns when the short position released a strong trading statement and raised earnings guidance.

*Source: Lipper, % growth, income re-invested at pay date, NAV-NAV, GBP, net of Basic Rate Tax. Index returns are gross of Basic Rate Tax. Investors are invited to compare the sub-fund's performance against the Sterling Over Night Index Average (SONIA) 1 month. Comparison against this rate will allow investors to determine whether the sub-fund has delivered total returns in excess of cash. SONIA gives an indication of what a cash investment could have provided. This comparison should be performed over at least a 36 month period to provide the most appropriate comparison.

**General references to markets and indices are to be considered as general market commentary only and (i) are not to be considered as a comparison of sub-fund performance against a benchmark (unless otherwise disclosed as such); and (ii) the index or indices do not operate as a performance target and the sub-fund's portfolio is not constrained by the index or indices.

Kames UK Equity Absolute Return Fund

Portfolio Statement

The sub-fund's investments as at 31 January 2020

Holding	Investment	Market valuation £'000	Total net assets %
	Equities (31 July 2019 9.21%)	2,408	7.16
	Basic Materials (31 July 2019 0.41%)	-	-
	Consumer Services (31 July 2019 3.07%)	670	1.99
355,157	S4 Capital	669	1.99
91,730	Trainline	1	-
	Financials (31 July 2019 3.98%)	1,136	3.38
153,591	Secure Income REIT	722	2.15
410,276	Triam Investors 1	414	1.23
	Industrials (31 July 2019 1.75%)	602	1.79
35,232	Network International	214	0.64
214,718	Strix	388	1.15
	Derivatives and Futures Contracts (31 July 2019 0.80%)	140	0.42
	Contracts for Difference (31 July 2019 0.90%)	102	0.31
7,841	4imprint	(4)	(0.01)
(308,420)	AA	27	0.08
16,008	Anglo American	(28)	(0.08)
(105,956)	AO World	13	0.04
118,564	Ascential	(46)	(0.14)
20,235	Ashtead	(25)	(0.08)
(8,300)	ASOS	9	0.03
5,742	AstraZeneca	(13)	(0.04)
89,044	Auto Trader	(15)	(0.04)
132,196	Avast	(111)	(0.33)
16,584	Aveva	(4)	(0.01)
(169,738)	Bakkavor	2	0.01
193,857	Balfour Beatty	12	0.04
16,612	Bellway	24	0.07
(22,090)	Bunzl	30	0.09
10,348	Coca-Cola	4	0.01
(20,649)	Computacenter	(21)	(0.06)
(245,608)	ConvaTec	(2)	(0.01)
6,225	Craneware	(30)	(0.09)
3,338	Croda International	(3)	(0.01)
(61,699)	Daily Mail & General Trust	16	0.05
(9,052)	DCC	34	0.10
10,098	Dechra Pharmaceuticals	(23)	(0.07)
(65,062)	Dignity	7	0.02
169,051	DS Smith	(31)	(0.09)
(16,922)	Experian	(12)	(0.04)
(8,269)	Fever-Tree Drinks	43	0.13
22,000	Gamma Communications	9	0.03
51,749	GB Group	(18)	(0.05)
48,336	Grafton	8	0.03
(113,088)	Hammerson	36	0.11
(13,528)	Hargreaves Lansdown	14	0.04
(317,911)	Hays	55	0.16
22,198	HIKMA Pharmaceutical	(17)	(0.05)
61,764	IG	(13)	(0.04)
9,886	IntegraFin	3	0.01
(10,350)	InterContinental Hotels	35	0.10
(11,924)	Intertek	(1)	-
(128)	iShares FTSE 250	54	0.16
147,593	John Laing	(44)	(0.13)
10,882	Johnson Matthey	(36)	(0.11)
(53,148)	Jupiter Fund Management	2	0.01
389,436	Just	29	0.09

Kames UK Equity Absolute Return Fund

Portfolio Statement (continued)

Holding	Investment	Market valuation £'000	Total net assets %
Contracts for Difference (continued)			
23,767	Just Eat	(7)	(0.02)
(11,013)	Keywords Studios	16	0.05
(247,693)	Kingfisher	22	0.06
30,283	Knights	(7)	(0.02)
(52,460)	Majestic Wine	6	0.02
327,068	Man Group	(15)	(0.04)
(131,763)	Marks & Spencer	13	0.04
95,955	Meggitt	(18)	(0.05)
(96,131)	NewRiver REIT	6	0.02
(32,630)	Ocado	37	0.11
109,873	PageGroup	(36)	(0.11)
(59,197)	Pearson	30	0.09
85,929	Phoenix	14	0.04
(8,168)	Renishaw	15	0.05
20,668	Ricardo	(10)	(0.03)
7,689	Rio Tinto	(34)	(0.10)
(62,613)	Rolls-Royce	8	0.02
(12,353)	Royal Dutch Shell 'A'	33	0.10
108,127	Sabre Insurance	10	0.03
(15,192)	Schroders	8	0.02
(21,168)	Segro	(7)	(0.02)
(155,510)	SIG	1	-
(20,402)	Smith & Nephew	8	0.02
29,869	Softcat	1	-
(5,818)	Spirax-Sarco Engineering	(1)	-
(82,000)	Sports Direct International	16	0.05
(34,524)	St James's Place	(2)	(0.01)
(59,153)	SuperGroup	33	0.10
101,670	Synthomer	14	0.04
(205,301)	TalkTalk Telecom	(7)	(0.02)
31,476	Team17	22	0.06
44,324	UDG Healthcare	(24)	(0.07)
8,514	Ultra Electronics	1	-
231,231	Vectura	(2)	(0.01)
(69,741)	Vesuvius	22	0.06
89,031	Watches of Switzerland	(6)	(0.02)
21,994	Weir	(27)	(0.08)
	Futures Contracts (31 July 2019 (0.10)%)	38	0.11
(17)	FTSE 100 Future Contract March 2020	38	0.11
	Portfolio of investments*	2,548	7.58
	Net other assets	31,077	92.42
	Total net assets attributable to shareholders	33,625	100.00

Analysis of investments by asset class

	Market value £'000	Value of investments %
Equities	2,408	7.16
Derivatives	140	0.42
Portfolio of investments*	2,548	7.58
Net other assets	31,077	92.42
Total net assets attributable to shareholders	33,625	100.00

The comparative percentage figures in brackets are at 31 July 2019.

All investments are approved securities being either officially listed in a member state or traded on or under the rules of an eligible securities market, unless otherwise stated.

*Includes investment liabilities.

Kames UK Equity Absolute Return Fund

Statement of Total Return for the six months ended 31 January 2020

	31 January 2020		31 January 2019	
	£'000	£'000	£'000	£'000
Income				
Net capital gains/(losses)		1,485		(304)
Revenue	353		445	
Expenses	(160)		(230)	
Interest payable and similar charges	(341)		(412)	
Net expense before taxation	(148)		(197)	
Taxation	-		-	
Net expense after taxation		(148)		(197)
Total return before distributions		1,337		(501)
Distributions		-		-
Change in net assets attributable to shareholders from investment activities		1,337		(501)

Statement of Change in Net Assets Attributable to Shareholders for the six months ended 31 January 2020

	31 January 2020		31 January 2019	
	£'000	£'000	£'000	£'000
Opening net assets attributable to shareholders*		33,588		54,981
Amounts receivable on creation of shares	7,346		8,058	
Amounts payable on cancellation of shares	(8,648)		(17,311)	
		(1,302)		(9,253)
Dilution adjustment		2		31
Change in net assets attributable to shareholders from investment activities		1,337		(501)
Closing net assets attributable to shareholders		33,625		45,258

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

Kames UK Equity Absolute Return Fund

Balance Sheet as at 31 January 2020

	31 January 2020		31 July 2019	
	£'000	£'000	£'000	£'000
Assets				
Fixed assets:				
Investments		3,248		4,110
Current assets:				
Debtors	339		175	
Cash and bank balances	31,047		34,993	
		<u>31,386</u>		<u>35,168</u>
Total assets		34,634		39,278
Liabilities				
Investment liabilities		700		749
Creditors				
Bank overdrafts	1		273	
Other creditors	308		4,668	
		<u>1,009</u>		<u>5,690</u>
Total liabilities		1,009		5,690
Net assets attributable to shareholders		33,625		33,588

Kames UK Equity Absolute Return Fund

Net asset value

	Net asset value of share class £'000	Net asset value per share p	Shares in issue
As of 31 January 2020	33,625		
A Accumulation shares	455	112.07	405,849
B Accumulation shares	33,080	120.43	27,467,528
D Accumulation shares	90	107.81	83,592

Kames UK Equity Absolute Return Fund

Ongoing charges figure

	31 January 2020	31 July 2019
A Accumulation shares		
ACD's periodic charge	1.55%	1.55%
Other expenses	0.09%	0.07%
Ongoing charges figure	1.64%	1.62%
B Accumulation shares		
ACD's periodic charge	0.80%	0.80%
Other expenses	0.09%	0.07%
Ongoing charges figure	0.89%	0.87%
D Accumulation shares		
ACD's periodic charge	1.05%	1.05%
Other expenses	0.09%	0.07%
Ongoing charges figure	1.14%	1.12%

The ongoing charges figure (OCF) is calculated as the ratio of the total ongoing charges to the average net asset value of the sub-fund over the period. The OCF is made up of the ACD'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.

Total purchases and sales

	Total purchases £'000	Total sales £'000
6 months to 31.01.2019	1,199	827
6 months to 31.01.2020	74	1,012

Kames UK Equity Absolute Return Fund

Revenue record

	Accounting year	Net revenue per share p
A Accumulation shares (pence)	2018	-
	2019	-
	2020	-
B Accumulation shares (pence)	2018	-
	2019	-
	2020	-
D Accumulation shares (pence)	2018	-
	2019	-
	2020	-

Kames UK Smaller Companies Fund

Fund objective

The investment objective is to provide a combination of income and capital growth over any 7 year period.

Risk profile

The sub-fund is designed for retail and institutional investors seeking pooled exposure to UK smaller companies stocks and who are comfortable with a higher 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, property and cash. While investors will normally be able to liquidate their holdings on a daily basis, unit prices will fluctuate and may fall significantly in value.

The sub-fund is actively managed and exposed to a range of risks, which are listed and defined in the Kames Capital ICVC 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.

Performance*

The Kames UK Smaller Companies Fund returned 15.18% compared to the peer group median return of 13.73%. The peer group is the Investment Association UK Smaller Companies sector.

Strategy review**

The UK equity market was volatile during the past six months, ending the period relatively flat in sterling terms. For much of the period, ongoing uncertainty around Brexit and concerns over global trade impacted share prices. However, better-than-expected economic data and news that interest rates would remain low provided some support to equities.

In December, investors welcomed both the phase-one trade agreement between the US and China and the UK Conservative Party's emphatic election victory, which brought a sense of certainty and settled the question of whether or not Brexit would happen. In January 2020, however, all-new sources of volatility arrived in the form of the Coronavirus outbreak in China and increasing tensions between the US and Iran. As a result, share prices ended the period under pressure.

Smaller companies significantly outperformed their large-cap peers during the period, as the more domestically focused UK small-cap market reacted positively to the certainty delivered by the election and lead economic indicators, which showed signs of stabilising.

The sub-fund outperformed its peer group median over the period. The majority of the outperformance was driven by stock selection, though sector selection also added value. The sub-fund's overweight positions in the software & computer services, mobile telecommunications and personal goods industries performed particularly well. Elsewhere, our underweight exposure to the oil & gas and basic materials sectors added value. Conversely, an overweight position in pharmaceuticals detracted from performance.

At the stock level, video-games developer Team17 and real-estate investment trust Workspace were the top-performing holdings during the period. Also adding value was global multimedia company Entertainment One, which surged after announcing an agreed offer from Hasbro at a 26% premium. The position was sold during the fourth quarter, following Hasbro's bid.

Shares of housebuilder Countryside Properties, which has exposure to the south-east housing market, as well as structural-growth social housing and partnership housing, rallied in the second half of the period. The company achieved its full-year targets and re-rated on the election result, which may ease the freeze in secondary-housing transactions. Other positives included our sole holding in the telecommunications sector, Gamma Communications, which continues to benefit from ongoing upgrade momentum.

Stocks that detracted from performance included support-services company Keywords Studios, which fell as a result of bearish sentiment following a poor set of results. New holding Future also hurt returns. However, the media company made an earnings-enhancing acquisition, which we believe can add value in the months and years ahead. Future has been successful at acquiring traditional publishing businesses and enhancing returns through increasing online monetisation. Lastly, health care companies Dechra Pharmaceuticals and Huntsworth were among the sub-fund's worst performing holdings of the past six months.

We continue to favour business models with a strong competitive proposition, solid margins, strong balance sheets, long-term growth and upgrade potential.

*Source: Lipper, % growth, income re-invested at pay date, NAV-NAV, GBP, net of Basic Rate Tax. Index returns are gross of Basic Rate Tax. Investors are invited to compare the sub-fund's performance against the performance of other funds within this Peer Group. Comparison of the sub-fund against this Peer Group will give investors an indication of how the sub-fund is performing compared with funds investing in a similar but not identical investment universe. This comparison should be performed over at least a 7 year period to provide the most useful long term comparison.

**General references to markets and indices are to be considered as general market commentary only and (i) are not to be considered as a comparison of sub-fund performance against a benchmark (unless otherwise disclosed as such); and (ii) the index or indices do not operate as a performance target and the sub-fund's portfolio is not constrained by the index or indices.

Kames UK Smaller Companies Fund

Portfolio Statement

The sub-fund's investments as at 31 January 2020

Holding	Investment	Market valuation £'000	Total net assets %
	Equities (31 July 2019 98.00%)	287,784	99.69
	Basic Materials (31 July 2019 2.45%)	7,295	2.53
980,558	Synthomer	3,310	1.15
179,999	Victrex	3,985	1.38
	Consumer Goods (31 July 2019 10.96%)	35,932	12.45
315,302	A.G. Barr	1,904	0.66
402,039	Bovis Homes	5,544	1.92
1,062,198	Cairn Homes	1,089	0.38
849,011	Countryside Properties	4,142	1.44
726,129	Hilton Food	7,653	2.65
1,130,088	Hotel Chocolat Group	5,255	1.82
231,420	IG Design	1,842	0.64
819,853	Sumo	1,570	0.54
986,325	Team17	4,912	1.70
541,469	Watches of Switzerland	2,021	0.70
	Consumer Services (31 July 2019 13.59%)	37,729	13.07
193,895	4imprint	6,399	2.22
806,722	City Pub	1,517	0.52
279,196	Dunelm	3,233	1.12
318,240	Fuller Smith & Turner	3,023	1.05
237,059	Future	3,030	1.05
209,440	Greggs	4,717	1.63
2,252,654	Huntsworth	1,464	0.51
470,000	Joules	877	0.30
575,000	Mitchells & Butlers	2,297	0.80
610,493	Moneysupermarket.com	1,987	0.69
280,243	On the Beach	1,092	0.38
904,263	Patisserie*	-	-
1,391,860	Pebble	2,155	0.75
1,810,128	S4 Capital	3,412	1.18
535,724	Trainline	2,526	0.87
	Financials (31 July 2019 19.59%)	63,946	22.15
179,561	AJ Bell	699	0.24
240,000	Alpha FX	3,156	1.09
236,208	Aquis Exchange	874	0.30
2,438,255	Brewin Dolphin	8,773	3.04
1,351,322	CLS	3,662	1.27
202,790	Foxtons	168	0.06
1,566,920	IntegraFin	7,748	2.68
1,275,949	John Laing	4,527	1.57
2,816,168	Just	2,195	0.76
640,000	LSL Property Services	1,946	0.68
143,236	Mortgage Advice Bureau	1,129	0.39
679,107	OneSavings Bank	2,896	1.00
533,406	Paragon	2,707	0.94
882,707	Secure Income REIT	4,149	1.44
1,267,915	Tatton Asset Management	3,423	1.19
686,786	Unite	8,729	3.02
589,683	Workspace	7,165	2.48
	Health Care (31 July 2019 8.88%)	22,183	7.68
456,224	Abcam	6,355	2.20
761,281	Advanced Medical Solutions	2,143	0.74
355,796	Dechra Pharmaceuticals	10,112	3.50
324,076	UDG Healthcare	2,431	0.84
1,221,372	Vectura	1,142	0.40

Kames UK Smaller Companies Fund

Portfolio Statement (continued)

Holding	Investment	Market valuation £'000	Total net assets %
	 Industrials (31 July 2019 25.47%) 	 74,494 	 25.80
53,401	AB Dynamics	1,170	0.41
99,671	Avon Rubber	2,482	0.86
553,440	Bodycote	4,737	1.64
818,690	Boku	686	0.24
122,037	Clarkson	3,557	1.23
165,939	Diploma	3,231	1.12
812,269	Forterra	2,668	0.92
742,253	Grafton	6,825	2.36
257,708	Hill & Smith	3,659	1.27
491,026	Howden Joinery	3,379	1.17
578,450	Keystone Law	3,343	1.16
97,276	Keywords Studios	1,197	0.41
1,127,354	Knights	4,927	1.71
509,263	Marshalls	4,018	1.39
405,000	Midwich	2,138	0.74
237,965	PayPoint	2,375	0.82
426,109	Polypipe	2,310	0.80
25,138	Renishaw	999	0.35
356,776	Ricardo	2,747	0.95
1,062,950	Robert Walters	6,356	2.20
484,070	RWS	2,774	0.96
678,525	Sanne	4,071	1.41
1,376,054	Strix	2,491	0.86
65,771	TMO Fund Raising*	-	-
104,330	Ultra Electronics	2,354	0.82
	 Oil & Gas (31 July 2019 3.45%) 	 6,989 	 2.42
1,410,115	Cairn Energy	2,389	0.83
893,686	Diversified Gas & Oil	804	0.28
304,389	Great Eastern Energy GDR	80	0.03
379,259	Hunting	1,161	0.40
89,049	Indus Gas	256	0.09
2,292,587	Premier Oil	2,299	0.79
	 Technology (31 July 2019 10.68%) 	 29,358 	 10.17
62,500	Craneware	1,184	0.41
1,677,661	Dotdigital	1,896	0.66
601,152	FDM	5,891	2.04
1,725,857	GB Group	12,254	4.25
1,380,781	Learning Technologies	2,146	0.74
518,829	Softcat	5,987	2.07
	 Telecommunications (31 July 2019 2.93%) 	 9,858 	 3.42
706,658	Gamma Communications	9,858	3.42
	 Portfolio of investments 	 287,784 	 99.69
	Net other assets	898	0.31
	 Total net assets attributable to shareholders 	 288,682 	 100.00

The comparative percentage figures in brackets are at 31 July 2019.

All investments are approved securities being either officially listed in a member state or traded on or under the rules of an eligible securities market, unless otherwise stated.

As all holdings are equity shares there is no analysis of the portfolio by asset class.

*Unlisted, suspended and delisted securities within the meaning of the COLL.

Kames UK Smaller Companies Fund

Statement of Total Return for the six months ended 31 January 2020

		31 January 2020		31 January 2019
	£'000	£'000	£'000	£'000
Income				
Net capital gains/(losses)		35,530		(47,096)
Revenue	3,050		3,012	
Expenses	(1,126)		(1,163)	
Interest payable and similar charges	(1)		(1)	
Net revenue before taxation	1,923		1,848	
Taxation	(20)		(3)	
Net revenue after taxation		1,903		1,845
Total return before distributions		37,433		(45,251)
Distributions		(39)		(39)
Change in net assets attributable to shareholders from investment activities		37,394		(45,290)

Statement of Change in Net Assets Attributable to Shareholders for the six months ended 31 January 2020

		31 January 2020		31 January 2019
	£'000	£'000	£'000	£'000
Opening net assets attributable to shareholders*		263,677		317,818
Amounts receivable on creation of shares	3,107		2,960	
Amounts payable on cancellation of shares	(15,574)		(17,860)	
		(12,467)		(14,900)
Dilution adjustment		78		103
Change in net assets attributable to shareholders from investment activities		37,394		(45,290)
Closing net assets attributable to shareholders		288,682		257,731

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

Kames UK Smaller Companies Fund

Balance Sheet as at 31 January 2020

	31 January 2020		31 July 2019	
	£'000	£'000	£'000	£'000
Assets				
Fixed assets:				
Investments		287,784		258,410
Current assets:				
Debtors	1,673		1,080	
Cash and bank balances	<u>450</u>		<u>5,052</u>	
		<u>2,123</u>		<u>6,132</u>
Total assets		289,907		264,542
Liabilities				
Creditors				
Other creditors	<u>1,225</u>		<u>865</u>	
Total liabilities		<u>1,225</u>		<u>865</u>
Net assets attributable to shareholders		288,682		263,677

Kames UK Smaller Companies Fund

Net asset value

	Net asset value of share class £'000	Net asset value per share p	Shares in issue
As of 31 January 2020	288,682		
A Accumulation shares	17,091	397.27	4,302,208
B Accumulation shares	271,554	432.31	62,814,723
D Accumulation shares	37	240.87	15,425

Kames UK Smaller Companies Fund

Ongoing charges figure

	31 January 2020	31 July 2019
A Accumulation shares		
ACD's periodic charge	1.50%	1.50%
Other expenses	0.04%	0.04%
Ongoing charges figure	1.54%	1.54%
B Accumulation shares		
ACD's periodic charge	0.75%	0.75%
Other expenses	0.04%	0.04%
Ongoing charges figure	0.79%	0.79%
D Accumulation shares		
ACD's periodic charge	1.00%	1.00%
Other expenses	0.04%	0.04%
Ongoing charges figure	1.04%	1.04%

The ongoing charges figure (OCF) is calculated as the ratio of the total ongoing charges to the average net asset value of the sub-fund over the period. The OCF is made up of the ACD'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.

Total purchases and sales

	Total purchases £'000	Total sales £'000
6 months to 31.01.2019	61,298	79,943
6 months to 31.01.2020	43,009	49,166

Kames UK Smaller Companies Fund

Revenue record

	Accounting year	Net revenue per share p
A Accumulation shares (pence)	2018	2.59
	2019	2.70
	2020	-
B Accumulation shares (pence)	2018	5.64
	2019	5.70
	2020	-
D Accumulation shares (pence)	2018	2.63
	2019	2.67
	2020	-

Kames UK Opportunities Fund

Fund objective

The investment objective is to provide a combination of income and capital growth over any 7 year period.

Risk profile

The sub-fund will target retail and institutional investors seeking pooled exposure to the UK equity market and who are comfortable with a higher 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, property and cash. While investors will normally be able to liquidate their holdings on a daily basis, 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.

The sub-fund is actively managed and exposed to a range of risks, which are listed and defined in the Kames Capital ICVC 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.

Performance*

The Kames UK Opportunities Fund returned 11.10% compared to the peer group median return of 2.15%. The peer group is the Investment Association UK All Companies sector.

Strategy review**

The UK equity market was volatile during the past six months, ending the period relatively flat in sterling terms. For much of the period, ongoing uncertainty around Brexit and concerns over global trade impacted share prices. However, better-than-expected economic data and news that interest rates would remain low provided some support to equities.

In December, investors welcomed both the phase-one trade agreement between the US and China and the UK Conservative Party's emphatic election victory, which brought a sense of certainty and settled the question of whether or not Brexit would happen. In January 2020, however, all-new sources of volatility arrived in the form of the Coronavirus outbreak in China and increasing tensions between the US and Iran. As a result, share prices ended the period under pressure.

Many of the generally more defensive sectors performed well for much of the period, particularly utilities. Conversely, many cyclical sectors struggled, most notably oil & gas and basic materials.

Both sector allocation and stock selection added value to sub-fund performance over the period. At a sector level, positive contributions came primarily from software & computer services, life insurance and food producers. The underweight exposure to oil & gas producers also was a relative gain. These positive allocations were partially offset by being overweight beverages and underweight tobacco and utilities.

Stock selection was the key driver of the sub-fund's strong outperformance against the peer group. Entertainment One, which surged after announcing an agreed offer from Hasbro. The top positive stock contributors included internationally-exposed growth play Aveva, which re-assured on trading. More domestically-focused stocks that added value to the sub-fund included Gamma Communications, which is growing its European exposure. Domestic names in general benefited from the decisive result in the UK general election.

The underweight in Royal Dutch Shell also added value, particularly towards the end of the period when the market began to worry about the coronavirus outbreak in China and the near-term demand for oil. Equally, our lack of exposure to HSBC added value as the period came to an end, again due to the impact of the virus in Asia.

*Source: Lipper, % growth, income re-invested at pay date, NAV-NAV, GBP, net of Basic Rate Tax. Index returns are gross of Basic Rate Tax. Investors are invited to compare the sub-fund's performance against the performance of other funds within the Investment Association All UK Companies Sector. Comparison of the sub-fund against this Peer Group will give investors an indication of how the sub-fund is performing compared with funds investing in a similar but not identical investment universe. This comparison should be performed over at least a 7 year period to provide the most useful long term comparison.

**General references to markets and indices are to be considered as general market commentary only and (i) are not to be considered as a comparison of sub-fund performance against a benchmark (unless otherwise disclosed as such); and (ii) the index or indices do not operate as a performance target and the sub-fund's portfolio is not constrained by the index or indices.

Kames UK Opportunities Fund

Portfolio Statement

The sub-fund's investments as at 31 January 2020

Holding	Investment	Market valuation £'000	Total net assets %
	Equities (31 July 2019 98.83%)	128,585	97.17
	Basic Materials (31 July 2019 9.58%)	7,692	5.81
119,313	Rio Tinto	4,872	3.68
835,415	Synthomer	2,820	2.13
	Consumer Goods (31 July 2019 17.55%)	20,755	15.68
140,450	Burberry	2,742	2.07
169,580	Coca-Cola	4,723	3.57
1,039,855	Countryside Properties	5,072	3.83
68,092	Diageo	2,049	1.55
238,857	Hilton Food	2,518	1.90
785,082	Hotel Chocolat Group	3,651	2.76
	Consumer Services (31 July 2019 13.66%)	17,552	13.26
71,748	4imprint	2,368	1.79
234,147	easyJet	3,261	2.46
1,204,221	Huntsworth	783	0.59
157,540	Just Eat	1,356	1.03
264,975	RELX	5,331	4.03
1,181,084	S4 Capital	2,226	1.68
472,345	Trainline	2,227	1.68
	Financials (31 July 2019 16.10%)	24,197	18.29
541,870	IntegraFin	2,680	2.03
893,179	John Laing	3,169	2.39
2,367,620	Just	1,846	1.40
41,488	London Stock Exchange	3,250	2.46
1,337,212	M&G	3,209	2.43
223,695	Prudential	3,023	2.28
799,807	Secure Income REIT	3,759	2.84
516,899	Standard Chartered	3,261	2.46
	Health Care (31 July 2019 9.73%)	14,460	10.93
187,357	Abcam	2,610	1.97
56,849	AstraZeneca	4,220	3.19
149,088	Dechra Pharmaceuticals	4,237	3.20
185,232	HIKMA Pharmaceutical	3,393	2.57
	Industrials (31 July 2019 18.93%)	22,804	17.23
122,098	Avon Rubber	3,040	2.30
1,033,775	Balfour Beatty	2,746	2.07
185,126	Bodycote	1,585	1.20
147,510	Diploma	2,872	2.17
50,566	Ferguson	3,438	2.60
407,676	Grafton	3,749	2.83
15,452	Keywords Studios	190	0.14
452,894	Meggitt	3,059	2.31
455,172	Rentokil Initial	2,125	1.61
	Oil & Gas (31 July 2019 3.15%)	3,527	2.67
1,582,173	Cairn Energy	2,680	2.03
940,786	Diversified Gas & Oil	847	0.64
	Technology (31 July 2019 7.67%)	13,271	10.03
903,823	Avast	3,839	2.90
108,267	Aveva	5,322	4.02
578,923	GB Group	4,110	3.11

Kames UK Opportunities Fund

Portfolio Statement (continued)

Holding	Investment	Market valuation £'000	Total net assets %
	Telecommunications (31 July 2019 2.46%)	4,327	3.27
310,176	Gamma Communications	4,327	3.27
	Portfolio of investments	128,585	97.17
	Net other assets	3,741	2.83
	Total net assets attributable to shareholders	132,326	100.00

The comparative percentage figures in brackets are at 31 July 2019.

All investments are approved securities being either officially listed in a member state or traded on or under the rules of an eligible securities market, unless otherwise stated.

As all holdings are equity shares there is no analysis of the portfolio by asset class.

Kames UK Opportunities Fund

Statement of Total Return for the six months ended 31 January 2020

		31 January 2020		31 January 2019
	£'000	£'000	£'000	£'000
Income				
Net capital gains/(losses)		12,734		(20,092)
Revenue	1,174		927	
Expenses	<u>(552)</u>		<u>(526)</u>	
Net revenue before taxation	622		401	
Taxation	<u>(20)</u>		<u>(2)</u>	
Net revenue after taxation		<u>602</u>		<u>399</u>
Total return before distributions		13,336		(19,693)
Distributions		<u>(36)</u>		<u>(2)</u>
Change in net assets attributable to shareholders from investment activities		13,300		(19,695)

Statement of Change in Net Assets Attributable to Shareholders for the six months ended 31 January 2020

		31 January 2020		31 January 2019
	£'000	£'000	£'000	£'000
Opening net assets attributable to shareholders*		128,100		136,230
Amounts receivable on creation of shares	806		967	
Amounts payable on cancellation of shares	<u>(9,908)</u>		<u>(1,913)</u>	
		(9,102)		(946)
Dilution adjustment		28		-
Change in net assets attributable to shareholders from investment activities		<u>13,300</u>		<u>(19,695)</u>
Closing net assets attributable to shareholders		132,326		115,589

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

Kames UK Opportunities Fund

Balance Sheet as at 31 January 2020

	31 January 2020		31 July 2019	
	£'000	£'000	£'000	£'000
Assets				
Fixed assets:				
Investments		128,585		126,596
Current assets:				
Debtors	722		3,748	
Cash and bank balances	<u>3,564</u>		<u>1,120</u>	
		<u>4,286</u>		<u>4,868</u>
Total assets		132,871		131,464
Liabilities				
Creditors				
Other creditors	<u>545</u>		<u>3,364</u>	
Total liabilities		<u>545</u>		<u>3,364</u>
Net assets attributable to shareholders		132,326		128,100

Kames UK Opportunities Fund

Net asset value

	Net asset value of share class £'000	Net asset value per share p	Shares in issue
As of 31 January 2020	132,326		
A Accumulation shares	8,592	209.24	4,106,427
B Accumulation shares	123,680	227.12	54,454,864
D Accumulation shares	54	181.75	29,622

Kames UK Opportunities Fund

Ongoing charges figure

	31 January 2020	31 July 2019
A Accumulation shares		
ACD's periodic charge	1.50%	1.50%
Other expenses	0.05%	0.05%
Ongoing charges figure	1.55%	1.55%
B Accumulation shares		
ACD's periodic charge	0.75%	0.75%
Other expenses	0.05%	0.05%
Ongoing charges figure	0.80%	0.80%
D Accumulation shares		
ACD's periodic charge	1.00%	1.00%
Other expenses	0.05%	0.05%
Ongoing charges figure	1.05%	1.05%

The ongoing charges figure (OCF) is calculated as the ratio of the total ongoing charges to the average net asset value of the sub-fund over the period. The OCF is made up of the ACD'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.

Total purchases and sales

	Total purchases £'000	Total sales £'000
6 months to 31.01.2019	63,715	67,066
6 months to 31.01.2020	33,231	43,960

Kames UK Opportunities Fund

Revenue record

	Accounting year	Net revenue per share p
A Accumulation shares (pence)	2018	1.53
	2019	0.78
	2020	-
B Accumulation shares (pence)	2018	3.19
	2019	2.30
	2020	-
D Accumulation shares (pence)	2018	2.15
	2019	1.45
	2020	-

Kames Strategic Bond Fund

Fund objective

The investment objective is to provide a combination of income and capital growth over any 7 year period.

Risk profile

The sub-fund is designed for retail and institutional investors seeking pooled exposure to global bond markets 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, property and cash. While investors will normally be able to liquidate their holdings on a daily basis, 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.

The sub-fund is actively managed and exposed to a range of risks, which are listed and defined in the Kames Capital ICVC 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.

Performance*

The Kames Strategic Bond Fund returned 4.85% compared to the peer group median return of 3.18%. The peer group is the Investment Association Sterling Strategic Bond sector.

Strategy review**

Bond markets performed well over the six-month period with both government and corporate bonds generating solid returns in sterling terms. Central bank action again supported the market; at the start of the period the US Federal Reserve cut rates for the first time in over a decade, while the ECB cut its deposit rate to an unprecedented -0.5% and announced its intention to restart quantitative easing. Geopolitical events also supported markets, with the ongoing US/China trade war and Brexit both to the fore. Corporate bond markets received an additional boost from a strong positive technical backdrop; investors' ongoing search for yield ensured demand for the asset class remained high.

Government bonds came under pressure towards the end of 2019 as the support provided by central banks, coupled with the more positive geopolitical backdrop, boosted riskier assets. However, by the end of January, a measure of risk-aversion again gripped markets as news of the coronavirus in China spread.

At the beginning of the period, we positioned the sub-fund to benefit from further declines in interest rates. We therefore tended to hold a higher-than-average level of duration (a measure of interest rate risk). We did, however, actively manage the shape of this position and looked to add value through identifying relative value opportunities between regional markets. Within corporate bonds we continued to be exposed to parts of the market where we anticipate to see either solid fundamentals able to withstand a deteriorating macro environment, or to assets that would benefit from central bank support.

This meant we held a bias towards investment grade bonds over their high yield counterparts, and a preference for corporate bonds over government debt. Overall, our positioning added value, with stock selection a key driver of the fund's strong relative performance.

It was, however, a volatile period, particularly towards the end of 2019 when the more 'risk-friendly' backdrop caused government bonds to underperform. Our duration stance therefore struggled at this time although it subsequently added value as we moved into 2020 and government bonds recovered.

Our exposure to corporate bonds performed well. The ECB's decision to restart its quantitative easing programme clearly offered support to this area of the market, while the decisive result in the UK general election, and the softening of US/China trade war rhetoric also boosted the sector.

Stock selection, however, was the dominant contributor to the sub-fund's outperformance over the period, particularly from bonds issued by financial institutions (banks and insurance companies). Our exposure to high yield bonds also contributed positively although we were careful to focus on solid names with proven track records of positive cash flow, and avoided the riskier areas of the market.

*Source: Lipper, % growth, income re-invested at pay date, NAV-NAV, GBP, net of Basic Rate Tax. Index returns are gross of Basic Rate Tax.

Investors are invited to compare the sub-fund's performance against the performance of other funds within the Investment Association Strategic Bond Sector. Comparison of the sub-fund against this Peer Group will give investors an indication of how the sub-fund is performing compared with funds investing in a similar but not identical investment universe. This comparison should be performed over at least a 7 year period to provide the most useful long term comparison.

**General references to markets and indices are to be considered as general market commentary only and (i) are not to be considered as a comparison of sub-fund performance against a benchmark (unless otherwise disclosed as such); and (ii) the index or indices do not operate as a performance target and the sub-fund's portfolio is not constrained by the index or indices.

Kames Strategic Bond Fund

Portfolio Statement

The sub-fund's investments as at 31 January 2020

Holding	Investment	Market valuation £'000	Total net assets %
	Euro Denominated Bonds (31 July 2019 29.54%)	47,509	20.78
	Corporate Bonds (31 July 2019 23.09%)	47,509	20.78
1,800,000	Abanca Corp Bancaria 6.125% 18/01/2029	1,726	0.75
1,900,000	Abertis Infraestructuras 1.625% 15/07/2029	1,628	0.71
1,900,000	Adient Global 3.5% 15/08/2024	1,529	0.67
1,900,000	Aeroporti di Roma 1.625% 06/08/2027	1,640	0.72
700,000	Algeco Global Finance 6.5% 15/02/2023	585	0.26
2,000,000	ARD Finance 5% 30/06/2027	1,709	0.75
1,200,000	Banca Monte dei Paschi di Siena 3.625% 24/09/2024	1,060	0.46
1,300,000	Banca Monte dei Paschi di Siena 10.5% 23/07/2029	1,332	0.58
1,600,000	Banco de Sabadell 6.5% Perpetual	1,421	0.62
1,800,000	Banco Santander 5.25% Perpetual	1,630	0.71
1,400,000	CaixaBank 5.25% Perpetual	1,236	0.54
2,100,000	CBR Fashion Finance 5.125% 01/10/2022	1,797	0.79
1,600,000	CPI Property 4.375% Perpetual	1,418	0.62
2,100,000	DKT Finance 7% 17/06/2023	1,849	0.81
500,000	Ellaktor Value 6.375% 15/12/2024	431	0.19
1,400,000	Ellaktor Value 6.375% SNR 15/12/2024	1,206	0.53
1,400,000	Eurofins Scientific 2.875% Perpetual	1,160	0.51
1,500,000	Intesa Sanpaolo 6.25% Perpetual	1,410	0.62
2,000,000	National Bank of Greece 8.25% 18/07/2029	1,954	0.85
1,100,000	NN Group 4.5% Perpetual	1,058	0.46
1,500,000	Paprec 4% 31/03/2025	1,152	0.50
1,700,000	Platin 1426 5.375% 15/06/2023	1,417	0.62
2,100,000	Sazka 4.125% 20/11/2024	1,829	0.80
1,800,000	Stichting AK Rabobank Certificaten 6.5% Perpetual	2,000	0.87
2,600,000	Tenneco 4.875% 15/04/2022	2,186	0.96
2,500,000	Teva Pharmaceutical Finance Netherlands II 1.125% 15/10/2024	1,866	0.82
1,400,000	Teva Pharmaceutical Finance Netherlands II 6% 31/01/2025	1,259	0.55
1,500,000	Trivium Packaging Finance 3.75% 15/08/2026	1,319	0.58
2,700,000	UniCredit 2.731% 15/01/2032	2,326	1.02
1,800,000	UniCredit 7.5% Perpetual	1,796	0.78
2,700,000	Volkswagen International Finance 4.625% Perpetual	2,580	1.13
	Government Bonds (31 July 2019 6.45%)	-	-
	Sterling Denominated Bonds (31 July 2019 43.48%)	100,653	44.01
	Asset Backed Security (31 July 2019 3.57%)	6,816	2.98
1,200,000	Dignity Finance 4.6956% 31/12/2049	1,031	0.45
1,200,000	Income Contingent Student Loans 2 2007-2009 2.5% 24/07/2058	1,142	0.50
3,100,000	Telereal Secured Finance 4.01% 10/12/2031	2,517	1.10
1,900,000	Tesco Property Finance No.2 6.0517% 13/10/2039	2,126	0.93
	Corporate Bonds (31 July 2019 33.10%)	87,380	38.21
1,700,000	Anglian Water Services Financing 2.625% 15/06/2027	1,740	0.76
1,100,000	Aroundtown 3.625% 10/04/2031	1,220	0.53
1,800,000	Aroundtown 4.75% Perpetual	1,906	0.83
2,100,000	Arqiva Broadcast Finance 6.75% 30/09/2023	2,230	0.98
2,000,000	Arqiva Financing 5.34% 30/06/2030	2,481	1.09
1,200,000	AT&T 5.2% 18/11/2033	1,586	0.69
1,300,000	Aviva 6.875% 20/05/2058	1,949	0.85
1,700,000	AXA 5.453% Perpetual	1,949	0.85
1,246,000	Channel Link Enterprises Finance 3.043% 30/06/2050	1,334	0.58
600,000	Cheltenham & Gloucester 11.75% Perpetual	1,228	0.54
1,900,000	Citigroup Capital XVIII 1.68188% 28/06/2067	1,786	0.78
1,602,000	Cooperatieve Rabobank 6.91% Perpetual	2,464	1.08
1,000,000	CPUK Finance 4.25% 28/08/2022	1,016	0.44
1,200,000	Danske Bank 2.25% 14/01/2028	1,219	0.53

Kames Strategic Bond Fund

Portfolio Statement (continued)

Holding	Investment	Market valuation £'000	Total net assets %
Corporate Bonds (continued)			
1,600,000	DS Smith 2.875% 26/07/2029	1,689	0.74
1,200,000	E.ON International Finance 6.75% 27/01/2039	2,026	0.89
1,000,000	EI Group 7.5% 15/03/2024	1,068	0.47
1,400,000	Electricite de France 6% Perpetual	1,573	0.69
1,900,000	Fidelity National Information Services 2.25% 12/03/2029	1,965	0.86
1,600,000	Ford Motor Credit 4.535% 06/03/2025	1,716	0.75
1,400,000	General Electric 4.875% 18/09/2037	1,671	0.73
950,000	Goldman Sachs 6.875% 18/01/2038	1,479	0.65
1,100,000	Grainger 3.375% 24/04/2028	1,205	0.53
1,795,000	HBOS Sterling Finance Jersey 7.881% Perpetual	2,820	1.23
1,900,000	Heathrow Funding 7.125% 14/02/2024	2,311	1.01
1,100,000	HSBC 6.25% 30/01/2041	1,685	0.74
1,900,000	HSBC Capital 5.844% Perpetual	2,621	1.15
1,700,000	Intesa Sanpaolo 2.5% 15/01/2030	1,736	0.76
1,500,000	Legal & General 3.75% 26/11/2049	1,558	0.68
1,500,000	Legal & General 5.5% 27/06/2064	1,846	0.81
1,400,000	Logicor Financing 2.75% 15/01/2030	1,437	0.63
2,500,000	Mclaren Finance 5% 01/08/2022	2,423	1.06
1,200,000	Miller Homes 5.5% 15/10/2024	1,246	0.54
1,100,000	MPT Operating Partnership 3.692% 06/05/2028	1,170	0.51
1,300,000	National Grid Electricity Transmission 2% 16/09/2038	1,336	0.58
800,000	National Grid Gas 1.375% 02/07/2031	795	0.35
129,000	National Westminster Bank 11.5% Perpetual	217	0.09
506,000	Nationwide Building Society 6.25% Perpetual	562	0.25
13,687	Nationwide Building Society 10.25% Perpetual	2,339	1.02
2,300,000	Pinnacle Bidco 6.375% 15/02/2025	2,411	1.05
1,800,000	Prudential 5% 20/07/2055	2,058	0.90
1,700,000	Rothesay Life 3.375% 07/12/2029	1,755	0.77
1,300,000	Sainsbury's Bank 6% 23/11/2027	1,368	0.60
1,200,000	Santander UK 6.5% 21/10/2030	1,508	0.66
1,900,000	SSE 3.875% Perpetual	1,919	0.84
1,400,000	SSE 6.25% 27/08/2038	2,211	0.97
1,800,000	Telefonica Emisiones 5.445% 08/10/2029	2,375	1.04
1,600,000	Unite 3.5% 15/10/2028	1,784	0.78
1,400,000	Virgin Money UK 7.875% 14/12/2028	1,631	0.71
2,100,000	Virgin Money UK 8% Perpetual	2,238	0.98
1,400,000	Western Power Distribution 3.5% 16/10/2026	1,520	0.66
Government Bonds (31 July 2019 6.81%)		6,457	2.82
6,300,000	United Kingdom Gilt 1% 22/04/2024	6,457	2.82
Swedish Krona Denominated Bonds (31 July 2019 0.00%)		5,093	2.23
Government Bonds (31 July 2019 0.00%)		5,093	2.23
60,000,000	Sweden Government Bond 0.75% 11/12/2029	5,093	2.23
United States Dollar Denominated Bonds (31 July 2019 24.60%)		66,823	29.23
Corporate Bonds (31 July 2019 20.45%)		50,004	21.87
1,800,000	AerCap 5.875% 10/10/2079	1,447	0.63
2,100,000	Allergan Funding 4.55% 15/03/2035	1,839	0.81
2,000,000	AT&T 4.5% 03/09/2048	1,711	0.75
1,300,000	Barclays 6.278% Perpetual	1,173	0.51
2,000,000	Becton Dickinson 4.685% 15/12/2044	1,873	0.82
1,400,000	Berry Global 5.625% 15/07/2027	1,132	0.50
2,200,000	BP Capital Markets America 4.234% 06/11/2028	1,909	0.84
1,400,000	CK Hutchison International 19 II 2.75% 09/06/2029	1,074	0.47
1,400,000	Connect Finco 6.75% 10/01/2026	1,121	0.49
1,400,000	Drax Finco 6.625% 01/11/2025	1,123	0.49
1,500,000	Dresdner Funding Trust I 8.151% 30/06/2031	1,559	0.68

Kames Strategic Bond Fund

Portfolio Statement (continued)

Holding	Investment	Market valuation £'000	Total net assets %
Corporate Bonds (continued)			
2,400,000	Electricite de France 4.5% 12/04/2069	2,003	0.88
812,000	Enviva Partners 6.5% 15/01/2026	655	0.29
2,200,000	Fresenius Medical Care US Finance III 3.75% 15/06/2029	1,765	0.77
1,100,000	GEMS Menasa Cayman 7.125% 31/07/2026	872	0.38
2,100,000	General Electric 2.89363% 15/03/2023	1,605	0.70
2,300,000	Global Aircraft Leasing 6.5% 15/09/2024	1,788	0.78
500,000	HVB Funding Trust 8.741% 30/06/2031	532	0.23
1,300,000	JPMorgan Chase 4.6% Perpetual	1,005	0.44
2,660,000	JPMorgan Chase 5.73575% Perpetual	2,035	0.89
1,200,000	Lloyds Banking 6.657% Perpetual	1,119	0.49
2,800,000	McDonald's 3.625% 09/01/2049	2,265	0.99
1,400,000	Owens-Brockway Glass Container 5.875% 15/08/2023	1,139	0.50
1,600,000	Panther BF Aggregator 2 8.5% 15/05/2027	1,305	0.57
1,700,000	Petroleos Mexicanos 6.5% 13/03/2027	1,397	0.61
1,500,000	Prime Security Services Borrower 6.25% 15/01/2028	1,127	0.49
1,000,000	RBS Capital Trust II 6.425% Perpetual	1,078	0.47
1,900,000	Royal Bank of Scotland 4.64988% Perpetual	1,442	0.63
900,000	Royal Bank of Scotland 7.648% Perpetual	986	0.43
1,500,000	Standard Chartered 7.014% Perpetual	1,399	0.61
1,600,000	Swiss Re Finance Luxembourg 4.25% Perpetual	1,250	0.55
2,200,000	Swiss Re Finance Luxembourg 5% 04/02/2049	1,899	0.83
3,000,000	Tullow Oil 7% 01/03/2025	1,866	0.82
2,900,000	UniCredit 5.861% 19/06/2032	2,360	1.03
1,400,000	XPO Logistics 6.75% 15/08/2024	1,151	0.50
Government Bonds (31 July 2019 4.15%)		16,819	7.36
14,250,000	US Treasury Inflation Indexed Bond 0.25% 15/07/2029	11,268	4.93
5,900,000	US Treasury Inflation Indexed Bond 1% 15/02/2048	5,551	2.43
Derivatives and Futures Contracts (31 July 2019 (3.68)%)		(6,814)	(2.98)
Credit Default Swaps (31 July 2019 (1.92)%)		(6,480)	(2.83)
54,000,000	Barclays Buy Protection Itraxx EUR Snr Fin S32 5-yr December 2024	(1,122)	(0.49)
29,000,000	Barclays Sell Protection Itraxx EUR Main S32 10-yr December 2029	197	0.09
68,000,000	BNP Paribas Buy Protection Markit CDX Hy Cdsi S33 5-yr December 2024	(4,613)	(2.02)
27,000,000	JPMorgan Buy Protection Itraxx EUR Xover S32 5-yr December 2024	(2,936)	(1.28)
30,000,000	JPMorgan Sell Protection Markit CDX Hy Cdsi S33 5-yr December 2024	1,994	0.87
Forward Foreign Exchange Contracts (31 July 2019 (1.54)%)		27	0.01
	Bought EUR 3,200,000 Sold GBP 2,739,440 12/03/2020	(45)	(0.02)
	Bought GBP 42,129,460 Sold EUR 49,925,000 12/03/2020	98	0.04
	Bought GBP 1,278,295 Sold EUR 1,500,000 12/03/2020	15	0.01
	Bought GBP 1,523,984 Sold EUR 1,800,000 12/03/2020	9	-
	Bought GBP 850,844 Sold EUR 1,000,000 12/03/2020	9	-
	Bought GBP 255,018 Sold EUR 300,000 12/03/2020	2	-
	Bought GBP 1,011,080 Sold EUR 1,200,000 12/03/2020	1	-
	Bought GBP 5,040,423 Sold SEK 62,000,000 12/03/2020	157	0.07
	Bought GBP 1,147,678 Sold USD 1,500,000 12/03/2020	11	-
	Bought GBP 1,323,298 Sold USD 1,750,000 12/03/2020	(3)	-
	Bought GBP 75,011,587 Sold USD 99,125,000 12/03/2020	(102)	(0.04)
	Bought USD 4,000,000 Sold GBP 3,038,734 12/03/2020	(8)	-
	Bought USD 1,000,000 Sold GBP 767,031 12/03/2020	(9)	-
	Bought USD 3,000,000 Sold GBP 2,291,583 12/03/2020	(18)	(0.01)
	Bought USD 1,750,000 Sold GBP 1,349,664 12/03/2020	(24)	(0.01)
	Bought USD 6,750,000 Sold GBP 5,180,776 12/03/2020	(66)	(0.03)

Kames Strategic Bond Fund

Portfolio Statement (continued)

Holding	Investment	Market valuation £'000	Total net assets %
	Futures Contracts (31 July 2019 (0.22)%)	(361)	(0.16)
140	Australia 10 Year Bond Future Contract March 2020	127	0.06
135	EURO BOBL Future Contract March 2020	95	0.04
(95)	EURO Bund Future Contract March 2020	(228)	(0.10)
(32)	EURO BUXL 30 Year Bond Future Contract March 2020	(183)	(0.08)
30	Long Gilt Future Contract March 2020	99	0.04
595	US 5 Year Note Future Contract March 2020	705	0.31
35	US 10 Year Note Future Contract March 2020	87	0.04
(195)	US 10 Year Ultra Future Contract March 2020	(446)	(0.20)
(79)	US Ultra Bond (CBT) Future Contract March 2020	(617)	(0.27)
	Portfolio of investments*	213,264	93.27
	Net other assets	15,398	6.73
	Total net assets attributable to shareholders	228,662	100.00

Analysis of investments by asset class

	Market value £'000	Value of investment %
Bonds	220,078	96.25
Derivatives	(6,814)	(2.98)
Portfolio of investments*	213,264	93.27
Net other assets	15,398	6.73
Total net assets attributable to shareholders	228,662	100.00

The comparative percentage figures in brackets are at 31 July 2019.

All investments are approved securities being either officially listed in a member state or traded on or under the rules of an eligible securities market, unless otherwise stated.

*Includes investment liabilities.

Kames Strategic Bond Fund

Statement of Total Return for the six months ended 31 January 2020

	31 January 2020		31 January 2019	
	£'000	£'000	£'000	£'000
Income				
Net capital gains/(losses)		9,102		(3,251)
Revenue	4,333		5,374	
Expenses	(1,010)		(1,363)	
Interest payable and similar charges	(1,251)		(581)	
Net revenue before taxation	2,072		3,430	
Taxation	(6)		(19)	
Net revenue after taxation		2,066		3,411
Total return before distributions		11,168		160
Distributions		(2,066)		(3,413)
Change in net assets attributable to shareholders from investment activities		9,102		(3,253)

Statement of Change in Net Assets Attributable to Shareholders for the six months ended 31 January 2020

	31 January 2020		31 January 2019	
	£'000	£'000	£'000	£'000
Opening net assets attributable to shareholders*		259,060		317,370
Amounts receivable on creation of shares	11,301		52,551	
Amounts payable on cancellation of shares	(52,334)		(68,834)	
		(41,033)		(16,283)
Dilution adjustment		155		-
Change in net assets attributable to shareholders from investment activities		9,102		(3,253)
Retained distribution on accumulation shares		1,378		2,166
Closing net assets attributable to shareholders		228,662		300,000

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

Kames Strategic Bond Fund

Balance Sheet as at 31 January 2020

	31 January 2020		31 July 2019	
	£'000	£'000	£'000	£'000
Assets				
Fixed assets:				
Investments		223,684		254,514
Current assets:				
Debtors	11,364		8,583	
Cash and bank balances	11,496		13,876	
		<u>22,860</u>	<u>13,876</u>	<u>22,459</u>
Total assets		246,544		276,973
Liabilities				
Investment liabilities		10,420		11,159
Creditors				
Distributions payable	283		440	
Other creditors	7,179		6,314	
		<u>17,882</u>	<u>6,314</u>	<u>17,913</u>
Total liabilities		17,882		17,913
Net assets attributable to shareholders		228,662		259,060

Kames Strategic Bond Fund

Distribution Tables

Share Class A Accumulation

Period end	Pay date	Group	Net Revenue	Equalisation*	Total Payable	Streaming Franked	Unfranked	2018/9 Total Payable
31/10/19	31/12/19	Group 1	0.6827	N/A	0.6827	0.00%	100.00%	0.8220
		Group 2	0.1829	0.4998				
31/01/20	31/03/20	Group 1	0.6284	N/A	0.6284	0.00%	100.00%	0.8637
		Group 2	0.2060	0.4224				

Share Class A Income

Period end	Pay date	Group	Net Revenue	Equalisation*	Total Payable	Streaming Franked	Unfranked	2018/9 Total Payable
31/10/19	31/12/19	Group 1	0.4224	N/A	0.4224	0.00%	100.00%	0.5181
		Group 2	0.2370	0.1854				
31/01/20	31/03/20	Group 1	0.3876	N/A	0.3876	0.00%	100.00%	0.5416
		Group 2	0.1182	0.2694				

Share Class B Accumulation

Period end	Pay date	Group	Net Revenue	Equalisation*	Total Payable	Streaming Franked	Unfranked	2018/9 Total Payable
31/10/19	31/12/19	Group 1	0.6020	N/A	0.6020	0.00%	100.00%	0.6767
		Group 2	0.2655	0.3365				
31/01/20	31/03/20	Group 1	0.5931	N/A	0.5931	0.00%	100.00%	0.7020
		Group 2	0.3070	0.2861				

Share Class B Income

Period end	Pay date	Group	Net Revenue	Equalisation*	Total Payable	Streaming Franked	Unfranked	2018/9 Total Payable
31/10/19	31/12/19	Group 1	0.5773	N/A	0.5773	0.00%	100.00%	0.6644
		Group 2	0.2955	0.2818				
31/01/20	31/03/20	Group 1	0.5663	N/A	0.5663	0.00%	100.00%	0.6844
		Group 2	0.2481	0.3182				

Share Class D Accumulation

Period end	Pay date	Group	Net Revenue	Equalisation*	Total Payable	Streaming Franked	Unfranked	2018/9 Total Payable
31/10/19	31/12/19	Group 1	0.4956	N/A	0.4956	0.00%	100.00%	0.5737
		Group 2	0.3652	0.1304				
31/01/20	31/03/20	Group 1	0.4636	N/A	0.4636	0.00%	100.00%	0.5985
		Group 2	0.0710	0.3926				

Share Class D Income

Period end	Pay date	Group	Net Revenue	Equalisation*	Total Payable	Streaming Franked	Unfranked	2018/9 Total Payable
31/10/19	31/12/19	Group 1	0.4339	N/A	0.4339	0.00%	100.00%	0.5131
		Group 2	0.1708	0.2631				
31/01/20	31/03/20	Group 1	0.4045	N/A	0.4045	0.00%	100.00%	0.5314
		Group 2	0.2011	0.2034				

All distributions above are in pence per share unless specifically stated.

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

Kames Strategic Bond Fund

Distribution Tables (continued)

Share Class S Accumulation

Period end	Pay date	Group	Net Revenue	Equalisation*	Total Payable	Streaming Franked	Unfranked	2018/9 Total Payable
31/10/19	31/12/19	Group 1	0.5632	N/A	0.5632	0.00%	100.00%	0.6184
		Group 2	0.3132	0.2500				
31/01/20	31/03/20	Group 1	0.5431	N/A	0.5431	0.00%	100.00%	0.6425
		Group 2	0.2584	0.2847				

Share Class S Income

Period end	Pay date	Group	Net Revenue	Equalisation*	Total Payable	Streaming Franked	Unfranked	2018/9 Total Payable
31/10/19	31/12/19	Group 1	0.5470	N/A	0.5470	0.00%	100.00%	0.6163
		Group 2	0.2960	0.2510				
31/01/20	31/03/20	Group 1	0.5248	N/A	0.5248	0.00%	100.00%	0.6351
		Group 2	0.1324	0.3924				

All distributions above are in pence per share unless specifically stated.

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

Kames Strategic Bond Fund

Net asset value

	Net asset value of share class £'000	Net asset value per share p	Shares in issue
As of 31 January 2020	228,662		
A Accumulation shares	52,384	213.14	24,577,567
A Income shares	1,411	131.05	1,077,095
B Accumulation shares	87,631	136.41	64,239,805
B Income shares	47,724	129.67	36,803,876
D Accumulation shares	770	130.07	591,706
D Income shares	432	113.04	382,291
S Accumulation shares	24,130	112.26	21,495,290
S Income shares	14,180	107.94	13,136,063

Kames Strategic Bond Fund

Ongoing charges figure

	31 January 2020	31 July 2019
A Accumulation shares		
ACD's periodic charge	1.25%	1.25%
Other expenses	0.04%	0.05%
Ongoing charges figure	1.29%	1.30%
A Income shares		
ACD's periodic charge	1.25%	1.25%
Other expenses	0.04%	0.05%
Ongoing charges figure	1.29%	1.30%
B Accumulation shares*		
ACD's periodic charge	0.55%	0.75%
Other expenses	0.04%	0.05%
Ongoing charges figure	0.59%	0.80%
B Income shares*		
ACD's periodic charge	0.55%	0.75%
Other expenses	0.04%	0.05%
Ongoing charges figure	0.59%	0.80%
D Accumulation shares		
ACD's periodic charge	1.00%	1.00%
Other expenses	0.04%	0.05%
Ongoing charges figure	1.04%	1.05%
D Income shares		
ACD's periodic charge	1.00%	1.00%
Other expenses	0.04%	0.05%
Ongoing charges figure	1.04%	1.05%
S Accumulation shares**		
ACD's periodic charge	0.45%	0.50%
Other expenses	0.04%	0.05%
Ongoing charges figure	0.49%	0.55%
S Income shares**		
ACD's periodic charge	0.45%	0.50%
Other expenses	0.04%	0.05%
Ongoing charges figure	0.49%	0.55%

The ongoing charges figure (OCF) is calculated as the ratio of the total ongoing charges to the average net asset value of the sub-fund over the period. The OCF is made up of the ACD'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 B Share class expense changed from 0.75% to 0.55% on 1 January 2020.

**The S Share class expense changed from 0.50% to 0.45% on 1 January 2020.

Total purchases and sales

	Total purchases £'000	Total sales £'000
6 months to 31.01.2019	344,596	352,850
6 months to 31.01.2020	355,635	386,384

Kames Strategic Bond Fund

Revenue record

	Accounting year	Net revenue per share p
A Accumulation shares (pence)	2018	3.21
	2019	3.61
	2020	1.31
A Income shares (pence)	2018	2.05
	2019	2.26
	2020	0.81
B Accumulation shares (pence)	2018	2.64
	2019	2.92
	2020	1.20
B Income shares (pence)	2018	2.63
	2019	2.84
	2020	1.14
D Accumulation shares (pence)	2018	2.25
	2019	2.50
	2020	0.96
D Income shares (pence)	2018	2.03
	2019	2.21
	2020	0.84
S Accumulation shares (pence)*	2018	0.33
	2019	2.65
	2020	1.11
S Income shares (pence)*	2018	0.33
	2019	2.62
	2020	1.07

* Share class launched on 22 May 2018.

Kames Global Equity Fund

Fund objective

The investment objective is to provide a combination of income and capital growth over any 7 year period.

Risk profile

The sub-fund is designed for retail and institutional investors seeking pooled exposure to the global equity market and who are comfortable with a higher 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 e.g. bonds, equities, property and cash. While investors will normally be able to liquidate their holdings on a daily basis, 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.

The sub-fund is actively managed and exposed to a range of risks, which are listed and defined in the Kames Capital ICVC 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.

Performance*

The Kames Global Equity Fund returned 0.41% compared to the peer group median return of (0.12)%. The peer group is the Investment Association Global sector.

Strategy review**

Global equity markets were volatile during the past six months, ending the period relatively flat in sterling terms. For much of the period, political instability, the US-China trade war and ongoing uncertainty around Brexit all impacted share prices. However, better-than-expected economic data, particularly in the US, and signals from a number of central banks that interest rates would remain low provided some support to equity markets.

In December, investors welcomed both the phase-one trade agreement between the US and China and the UK Conservative Party's emphatic election victory, which brought a sense of certainty and settled the question of whether or not Brexit would happen. In January 2020, however, all-new sources of volatility arrived in the form of the Coronavirus outbreak in China and increasing tensions between the US and Iran. As a result, share prices ended the period under pressure.

Technology was best performing sector during the past six months, while many of the generally more defensive sectors also performed well, particularly utilities. Conversely, many cyclical sectors struggled, most notably energy and basic materials.

The sub-fund outperformed both its peer group median during the period. As oil prices fell, the sub-fund benefited significantly from its underweight position in energy stocks. Elsewhere, in the information technology sector, our overweight exposure to the semiconductor and software industries added value, offset to some degree by a lack of exposure to the technology hardware & peripherals industry. Other detractors included our zero weighting in pharmaceuticals.

At the stock level, engineering software provider Ansys was the largest positive contributor. The company offers a market-leading range of products and continues to execute well on its growth plans. Also among technology stocks, IT services company Perficient added value – the company announced the acquisition of award winning digital healthcare marketing and technology consultancy, MedTouch LLC, at the end of the period. Elsewhere, Ireland-based building-insulation company Kingspan helped returns, following a strong year for the European buildings materials sector.

Consumer finance business Green Dot was the largest single detractor from performance. The company has released poor results in recent quarters and disappointing guidance. Another financials stock that weighed on returns was insurer James River Group, which terminated contracts with its largest customer and made adverse accounting adjustments to policies written in prior years. We terminated our position during the third quarter. Other detractors included environmental-services company Badger Daylighting and US household-products business Church & Dwight.

At period-end, the industrials (particularly the commercial services & supplies industry) and consumer discretionary sectors were the most significant overweight positions. The sub-fund was underweight financials (particularly banks), communication services and energy.

*Source: Lipper, % growth, income re-invested at pay date, NAV-NAV, GBP, net of Basic Rate Tax. Index returns are gross of Basic Rate Tax. Investors are invited to compare the sub-fund's performance against the performance of other funds within the Investment Association Global Sector. Comparison of the sub-fund against this Sector will give investors an indication of how the sub-fund is performing compared with funds investing in a similar but not identical investment universe. This comparison should be performed over at least a 7 year period to provide the most useful long term comparison.

**General references to markets and indices are to be considered as general market commentary only and (i) are not to be considered as a comparison of sub-fund performance against a benchmark (unless otherwise disclosed as such); and (ii) the index or indices do not operate as a performance target and the sub-fund's portfolio is not constrained by the index or indices.

Kames Global Equity Fund

Portfolio Statement

The sub-fund's investments as at 31 January 2020

Holding	Investment	Market valuation £'000	Total net assets %
	Equities (31 July 2019 97.27%)	79,189	95.00
	Australia (31 July 2019 1.03%)	3,927	4.71
20,298	Cochlear	2,448	2.94
53,339	Domino's Pizza	1,479	1.77
	Canada (31 July 2019 3.52%)	1,116	1.34
56,578	Badger Daylighting	1,116	1.34
	China (31 July 2019 5.80%)	4,046	4.85
550,000	A-Living Services	1,397	1.68
216,000	Anta Sports Products	1,437	1.72
1,559,000	Uni-President China	1,212	1.45
	Denmark (31 July 2019 1.04%)	-	-
	France (31 July 2019 1.71%)	1,982	2.38
10,396	Teleperformance	1,982	2.38
	Germany (31 July 2019 4.11%)	2,783	3.34
36,167	CTS Eventim	1,715	2.06
20,651	Nemetschek	1,068	1.28
	Hong Kong (31 July 2019 0.00%)	-	-
128,000	China High Precision Automation*	-	-
	Ireland (31 July 2019 2.51%)	2,478	2.97
52,976	Kingspan	2,478	2.97
	Israel (31 July 2019 0.00%)	1,514	1.82
20,410	SolarEdge Technologies	1,514	1.82
	Italy (31 July 2019 5.58%)	4,891	5.87
69,684	Amplifon	1,504	1.80
18,210	Diasorin	1,699	2.04
178,842	Technogym	1,688	2.03
	Japan (31 July 2019 10.83%)	5,766	6.92
30,100	BrainPad	1,315	1.58
23,100	Hoya	1,713	2.06
27,700	JINS Holdings	1,495	1.79
95,800	Systema	1,243	1.49
	Mexico (31 July 2019 2.01%)	1,438	1.72
836,071	Bolsa Mexicana de Valores	1,438	1.72
	Norway (31 July 2019 2.43%)	1,550	1.86
69,290	Tomra Systems	1,550	1.86
	South Korea (31 July 2019 1.22%)	-	-
	Switzerland (31 July 2019 5.51%)	4,289	5.15
66,482	Coca-Cola	1,852	2.22
6,085	Geberit	2,437	2.93
	Taiwan (31 July 2019 0.00%)	1,231	1.48
52,000	ASPEED Technology	1,231	1.48
	Thailand (31 July 2019 1.76%)	-	-

Kames Global Equity Fund

Portfolio Statement (continued)

Holding	Investment	Market valuation £'000	Total net assets %
	United Kingdom (31 July 2019 4.00%)	5,180	6.21
513,218	Auto Trader	2,883	3.46
110,257	Softcat	1,272	1.52
303,565	Synthomer	1,025	1.23
68,000	TMO Renewables*	-	-
	United States (31 July 2019 44.21%)	36,998	44.38
51,848	Amdocs	2,828	3.39
16,635	Ansys	3,461	4.15
14,793	Burlington Stores	2,441	2.93
48,723	Church & Dwight	2,743	3.29
96,120	Construction Partners	1,224	1.47
21,846	CSW Industrials	1,258	1.51
15,993	ESCO Technologies	1,165	1.40
22,350	Haemonetics	1,820	2.18
7,638	MarketAxess	2,052	2.46
70,046	MaxLinear	1,035	1.24
52,764	Perficient	1,987	2.38
102,187	Photronics	990	1.19
38,532	Progress Software	1,319	1.58
126,144	Sonos	1,313	1.57
9,402	SVB Financial	1,714	2.06
24,734	Teradyne	1,237	1.48
39,141	Tetra Tech	2,541	3.05
31,844	Vectrus	1,347	1.62
39,190	Viad	1,932	2.32
214,314	Zix	1,097	1.32
63,173	Zumiez	1,494	1.79
	Portfolio of investments	79,189	95.00
	Net other assets	4,170	5.00
	Total net assets attributable to shareholders	83,359	100.00

The comparative percentage figures in brackets are at 31 July 2019.

All investments are approved securities being either officially listed in a member state or traded on or under the rules of an eligible securities market, unless otherwise stated.

As all holdings are equity shares there is no analysis of the portfolio by asset class.

*Unlisted, suspended and delisted securities within the meaning of the COLL.

Kames Global Equity Fund

Statement of Total Return for the six months ended 31 January 2020

		31 January 2020		31 January 2019
	£'000	£'000	£'000	£'000
Income				
Net capital losses		(89)		(12,068)
Revenue	190		312	
Expenses	(354)		(368)	
Interest payable and similar charges	(1)		(3)	
Net expense before taxation	(165)		(59)	
Taxation	(12)		(26)	
Net expense after taxation		(177)		(85)
Total return before distributions		(266)		(12,153)
Distributions		-		-
Change in net assets attributable to shareholders from investment activities		(266)		(12,153)

Statement of Change in Net Assets Attributable to Shareholders for the six months ended 31 January 2020

		31 January 2020		31 January 2019
	£'000	£'000	£'000	£'000
Opening net assets attributable to shareholders*		83,924		85,304
Amounts receivable on creation of shares	7,989		14,677	
Amounts payable on cancellation of shares	(8,288)		(11,516)	
		(299)		3,161
Dilution adjustment		-		25
Change in net assets attributable to shareholders from investment activities		(266)		(12,153)
Closing net assets attributable to shareholders		83,359		76,337

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

Kames Global Equity Fund

Balance Sheet as at 31 January 2020

	31 January 2020		31 July 2019	
	£'000	£'000	£'000	£'000
Assets				
Fixed assets:				
Investments		79,189		81,636
Current assets:				
Debtors	146		297	
Cash and bank balances	4,118		3,760	
		<u>4,264</u>	<u>3,760</u>	
				<u>4,057</u>
Total assets		83,453		85,693
Liabilities				
Creditors				
Other creditors	94		1,769	
	<u>94</u>		<u>1,769</u>	
Total liabilities		94		1,769
Net assets attributable to shareholders		83,359		83,924

Kames Global Equity Fund

Net asset value

	Net asset value of share class £'000	Net asset value per share p	Shares in issue
As of 31 January 2020	83,359		
A Accumulation shares	6,052	208.40	2,904,245
B Accumulation shares	75,687	243.10	31,133,405
D Accumulation shares	35	229.70	15,452
S Accumulation shares	1,585	106.96	1,481,500

Kames Global Equity Fund

Ongoing charges figure

	31 January 2020	31 July 2019
A Accumulation shares		
ACD's periodic charge	1.50%	1.50%
Other expenses	0.06%	0.09%
Ongoing charges figure	1.56%	1.59%
B Accumulation shares		
ACD's periodic charge	0.75%	0.75%
Other expenses	0.06%	0.09%
Ongoing charges figure	0.81%	0.84%
D Accumulation shares		
ACD's periodic charge	1.00%	1.00%
Other expenses	0.06%	0.09%
Ongoing charges figure	1.06%	1.09%
E Accumulation shares*		
ACD's periodic charge	-	1.50%
Other expenses	-	0.09%
Ongoing charges figure	-	1.59%
S Accumulation shares		
ACD's periodic charge	0.40%	0.40%
Other expenses	0.06%	0.09%
Ongoing charges figure	0.46%	0.49%

The ongoing charges figure (OCF) is calculated as the ratio of the total ongoing charges to the average net asset value of the sub-fund over the period. The OCF is made up of the ACD'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.

*Share class closed on 31 October 2019.

Total purchases and sales

	Total purchases £'000	Total sales £'000
6 months to 31.01.2019	42,665	41,639
6 months to 31.01.2020	33,729	36,155

Kames Global Equity Fund

Revenue record

	Accounting year	Net revenue per share p
A Accumulation shares (pence)	2018	-
	2019	-
	2020	-
B Accumulation shares (pence)	2018	1.67
	2019	0.52
	2020	-
D Accumulation shares (pence)	2018	1.05
	2019	-
	2020	-
E Accumulation shares (pence)*	2018	-
	2019	-
	2020	-
S Accumulation shares (pence)**	2018	0.76
	2019	0.58
	2020	-

*Share class closed on 31 October 2019.

**Share class launched on 19 December 2017.

Kames High Yield Bond Fund

Fund objective

The investment objective is to provide a combination of income and capital growth over any 7 year period.

Risk profile

The sub-fund is designed for retail and institutional investors seeking pooled exposure to the high yield bond market 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, property and cash. While investors will normally be able to liquidate their holdings on a daily basis, 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.

The sub-fund is actively managed and exposed to a range of risks, which are listed and defined in the Kames Capital ICVC 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.

Performance*

The Kames High Yield Bond Fund returned 4.32% compared to the peer group median return of 3.07%. The peer group is the Investment Association Sterling High Yield sector.

Strategy review**

Bond markets performed well over the six-month period with both government and corporate bonds generating solid returns in sterling terms. Central bank action again supported the market; at the start of the period the US Federal Reserve cut rates for the first time in over a decade, while the ECB cut its deposit rate to an unprecedented -0.5% and announced its intention to restart quantitative easing. Geopolitical events also supported markets, with the ongoing US/China trade war and Brexit both to the fore. Corporate bond markets received an additional boost from a strong positive technical backdrop; investors' ongoing search for yield ensured demand for the asset class remained high.

Government bonds came under pressure towards the end of 2019 as the support provided by central banks, coupled with the more positive geopolitical backdrop, boosted riskier assets such as high yield. However, by the end of January, a measure of risk-aversion again gripped markets as news of the coronavirus in China spread.

Throughout the period we took a relatively cautious approach by focusing on BB and single B-rated bonds. At the same time we remained extremely selective in CCC-rated debt; the majority of our limited exposure to this area of the market tended to be in issuers where we had underlying fundamental confidence in the company. We were very active in both the primary and secondary markets and looked for opportunities to recycle existing bonds into better opportunities, often in the same issuer.

Our positioning added value to the sub-fund overall. Our decision, quite early in the period, to recycle BB-rated positions that had performed well into new opportunities in single B-rated bonds was beneficial (typically our 'sweet spot' for investing was in the 5-7 year maturity area).

However, the main driver of the sub-fund's relative outperformance was disciplined issue selection. Our exposure to bonds issued by financial institutions (particularly banks and insurance) contributed positively, as did our exposure to select technology and auto industry names. Among the standout performers were our holdings in lower-rated debt from Danske Bank and Cooperatieve Rabobank. We also benefited from our exposure to bonds from Adient Global, which produces seat systems for the auto industry. We conducted an in-depth fundamental review of the name and opened a position prior to the company releasing its results. When the results were subsequently published, they were better-than-expected, and therefore benefited fund performance.

Bonds issued by Teva Pharmaceuticals also added some value after the company performed well due to improved visibility around legal liabilities; the market began to worry less about the ongoing opioid and price fixing litigation.

We continue to focus on disciplined issue selection as a mean to add value to the sub-fund. We remain cautious overall and continue to select companies that we believe can persist through the cycle.

*Source: Lipper, % growth, income re-invested at pay date, NAV-NAV, GBP, net of Basic Rate Tax. Index returns are gross of Basic Rate Tax. Investors are invited to compare the sub-fund's performance against the performance of other funds within the Investment Association Sterling High Yield Bond Sector. Comparison of the sub-fund against this Sector will give investors an indication of how the sub-fund is performing compared with funds investing in a similar but not identical investment universe. This comparison should be performed over at least a 7 year period to provide the most useful long term comparison.

**General references to markets and indices are to be considered as general market commentary only and (i) are not to be considered as a comparison of sub-fund performance against a benchmark (unless otherwise disclosed as such); and (ii) the index or indices do not operate as a performance target and the sub-fund's portfolio is not constrained by the index or indices.

Kames High Yield Bond Fund

Portfolio Statement

The sub-fund's investments as at 31 January 2020

Holding	Investment	Market valuation £'000	Total net assets %
	Canadian Dollar Denominated Bonds (31 July 2019 1.48%)	5,325	1.19
	Corporate Bonds (31 July 2019 1.48%)	5,325	1.19
8,500,000	Quebecor Media 6.625% 15/01/2023	5,325	1.19
	Euro Denominated Bonds (31 July 2019 42.05%)	216,060	48.49
	Corporate Bonds (31 July 2019 42.05%)	216,060	48.49
5,400,000	Adient Global 3.5% 15/08/2024	4,346	0.97
2,600,000	Algeco Global Finance 6.5% 15/02/2023	2,172	0.49
7,500,000	ARD Finance 5% 30/06/2027	6,407	1.44
4,200,000	Assemblin Financing 5% 15/05/2025	3,572	0.80
3,700,000	Banca Monte dei Paschi di Siena 3.625% 24/09/2024	3,269	0.73
1,700,000	Banca Monte dei Paschi di Siena 8% 22/01/2030	1,484	0.33
6,800,000	Banco Bilbao Vizcaya Argentaria 5.875% Perpetual	6,163	1.38
4,200,000	Bankia 6.375% Perpetual	3,898	0.87
3,800,000	Bayer 3.125% 11/12/2079	3,342	0.75
7,800,000	Catalent Pharma Solutions 4.75% 15/12/2024	6,699	1.50
6,700,000	CBR Fashion Finance 5.125% 01/10/2022	5,734	1.29
2,900,000	Cogent Communications 4.375% 30/06/2024	2,499	0.56
6,800,000	CPI Property 4.375% Perpetual	6,025	1.35
4,400,000	DEMIRE Deutsche Mittelstand Real Estate 1.875% 15/10/2024	3,744	0.84
7,850,000	DKT Finance 7% 17/06/2023	6,913	1.55
4,600,000	eircom Finance 3.5% 15/05/2026	4,009	0.90
4,400,000	El Corte Ingles 3% 15/03/2024	3,811	0.86
1,700,000	Ellaktor Value 6.375% 15/12/2024	1,464	0.33
3,200,000	Ellaktor Value 6.375% SNR 15/12/2024	2,756	0.62
8,600,000	Energizer Gamma Acquisition 4.625% 15/07/2026	7,546	1.69
2,500,000	Grifols 3.2% 01/05/2025	2,137	0.48
4,500,000	Guala Closures 3.5% 15/04/2024	3,815	0.86
2,800,000	Infineon Technologies 2.875% Perpetual	2,434	0.55
5,900,000	Intertrust Group 3.375% 15/11/2025	5,164	1.16
7,000,000	InterXion 4.75% 15/06/2025	6,311	1.42
4,900,000	Intrum 2.75% 15/07/2022	2,082	0.47
5,600,000	IQVIA 3.25% 15/03/2025	4,780	1.07
2,500,000	Iron Mountain 3% 15/01/2025	2,124	0.48
7,400,000	LHC3 4.125% 15/08/2024	6,390	1.43
5,700,000	LHMC Finco 2 7.25% 10/02/2025	4,927	1.11
2,500,000	LKQ European 3.625% 01/04/2026	2,175	0.49
2,300,000	Nexi 1.75% 31/10/2024	1,962	0.44
2,500,000	Nidda BondCo 5% 30/09/2025	2,123	0.48
4,600,000	Nidda Healthcare 3.5% 30/09/2024	3,911	0.88
3,900,000	OI European 2.875% 15/02/2025	3,362	0.75
4,200,000	Panther BF Aggregator 2 4.375% 15/05/2026	3,635	0.82
6,800,000	Paprec 4% 31/03/2025	5,221	1.17
4,700,000	Platin 1426 5.375% 15/06/2023	3,919	0.88
3,300,000	RESIDOMO Sro 3.375% 15/10/2024	2,861	0.64
2,600,000	Sazka 3.875% 15/02/2027	2,181	0.49
3,900,000	Sazka 4.125% 20/11/2024	3,396	0.76
3,900,000	Sisal Pay 3.875% 17/12/2026	3,303	0.74
5,100,000	Stichting AK Rabobank Certificaten 6.5% Perpetual	5,666	1.27
6,200,000	Summer (BC) A 9.25% 31/10/2027	5,387	1.21
5,350,000	Superior Industries International 6% 15/06/2025	4,420	0.99
2,500,000	Swissport Financing 9% 15/02/2025	2,211	0.50
6,600,000	Tenneco 4.875% 15/04/2022	5,550	1.25
4,900,000	Teva Pharmaceutical Finance Netherlands II 1.125% 15/10/2024	3,657	0.82
3,900,000	Teva Pharmaceutical Finance Netherlands II 6% 31/01/2025	3,508	0.79
5,600,000	Trivium Packaging Finance 3.75% 15/08/2026	4,925	1.11
6,100,000	UniCredit 6.625% Perpetual	5,631	1.26
8,600,000	Verisure Midholding 5.75% 01/12/2023	7,407	1.66
3,800,000	Volkswagen International Finance 4.625% Perpetual	3,632	0.81

Kames High Yield Bond Fund

Portfolio Statement (continued)

Holding	Investment	Market valuation £'000	Total net assets %
	Sterling Denominated Bonds (31 July 2019 16.64%)	52,435	11.77
	Asset Backed Security (31 July 2019 0.87%)	-	-
	Corporate Bonds (31 July 2019 15.77%)	52,435	11.77
7,700,000	Arqiva Broadcast Finance 6.75% 30/09/2023	8,176	1.84
3,900,000	Barclays 6.375% Perpetual	4,322	0.97
4,000,000	CPUK Finance 4.25% 28/08/2022	4,066	0.91
4,300,000	EI Group 7.5% 15/03/2024	4,591	1.03
6,700,000	Mclaren Finance 5% 01/08/2022	6,493	1.46
4,300,000	Miller Homes 5.5% 15/10/2024	4,466	1.00
32,000	Nationwide Building Society 10.25% Perpetual	5,470	1.23
6,900,000	Pinnacle Bidco 6.375% 15/02/2025	7,232	1.62
3,100,000	TalkTalk Telecom 5.375% 15/01/2022	3,142	0.71
4,200,000	Virgin Money UK 8% Perpetual	4,477	1.00
	United States Dollar Denominated Bonds (31 July 2019 44.08%)	157,649	35.38
	Corporate Bonds (31 July 2019 44.08%)	157,649	35.38
5,700,000	AerCap 5.875% 10/10/2079	4,584	1.03
6,700,000	Aker 5.875% 31/03/2025	5,330	1.20
3,000,000	Algeco Global Finance 2 10% 15/08/2023	2,245	0.50
5,200,000	Berry Global 5.625% 15/07/2027	4,203	0.94
6,700,000	Cheniere Energy Partners 5.25% 01/10/2025	5,238	1.18
1,500,000	Citigroup 4.7% perpetual	1,159	0.26
2,800,000	Commerzbank 7% Perpetual	2,300	0.52
6,800,000	Connect Finco 6.75% 10/01/2026	5,445	1.22
4,900,000	Credit Suisse 7.5% Perpetual	4,107	0.92
1,800,000	DKT Finance 9.375% 17/06/2023	1,457	0.33
3,000,000	Drax Finco 6.625% 01/11/2025	2,406	0.54
5,100,000	EnQuest 7% 15/04/2022	3,387	0.76
2,897,000	Enviva Partners 6.5% 15/01/2026	2,338	0.52
2,700,000	FMG Resources August 2006 4.75% 15/05/2022	2,103	0.47
4,400,000	Frontier Communications 8.5% 01/04/2026	3,426	0.77
6,200,000	GEMS Menasa Cayman 7.125% 31/07/2026	4,915	1.10
5,900,000	Genesis Energy 5.625% 15/06/2024	4,362	0.98
9,300,000	Global Aircraft Leasing 6.5% 15/09/2024	7,230	1.62
3,000,000	Goodyear Tire & Rubber 5.125% 15/11/2023	2,313	0.52
3,800,000	Greif 6.5% 01/03/2027	3,101	0.70
2,800,000	Greystar Real Estate Partners 5.75% 01/12/2025	2,202	0.49
4,900,000	Hilcorp Energy 6.25% 01/11/2028	3,266	0.73
5,800,000	IHS Netherlands 8% 18/09/2027	4,758	1.07
2,400,000	Intesa Sanpaolo 5.017% 26/06/2024	1,933	0.43
4,700,000	Ithaca Energy North Sea 9.375% 15/07/2024	3,721	0.84
2,400,000	JPMorgan Chase 4.6% Perpetual	1,855	0.42
3,650,000	KFC / Pizza Hut / Taco Bell 5% 01/06/2024	2,848	0.64
8,400,000	Live Nation Entertainment 4.875% 01/11/2024	6,580	1.48
5,400,000	MARB BondCo 6.875% 19/01/2025	4,318	0.97
3,300,000	MPT Operating Partnership 5.25% 01/08/2026	2,633	0.59
7,800,000	Owens-Brockway Glass Container 5.875% 15/08/2023	6,346	1.42
3,000,000	Panther BF Aggregator 2 8.5% 15/05/2027	2,447	0.55
7,600,000	Par Petroleum / Petroleum Finance 7.75% 15/12/2025	5,961	1.34
7,300,000	Prime Security Services Borrower 6.25% 15/01/2028	5,486	1.23
5,088,000	Prime Security Services Borrower 9.25% 15/05/2023	4,043	0.91
4,400,000	Radiology Partners 9.25% 02/01/2028	3,480	0.78
4,200,000	SBA Communications 4.875% 15/07/2022	3,227	0.72
2,200,000	Swedbank 5.625% Perpetual	1,759	0.39
9,000,000	Tullow Oil 7% 01/03/2025	5,599	1.26
6,600,000	Vermilion Energy 5.625% 15/03/2025	4,807	1.08
5,310,000	Williams Scotsman International 7.875% 15/12/2022	4,199	0.94
5,800,000	XPO Logistics 6.125% 01/09/2023	4,532	1.02

Kames High Yield Bond Fund

Portfolio Statement (continued)

Holding	Investment	Market valuation £'000	Total net assets %
	Derivatives and Futures Contracts (31 July 2019 (2.44)%)	287	0.06
	Forward Foreign Exchange Contracts (31 July 2019 (2.44)%)	287	0.06
2,200,000	Bought CAD 2,200,000 Sold GBP 1,285,794 12/03/2020	(25)	(0.01)
1,100,000	Bought EUR 1,100,000 Sold GBP 931,737 12/03/2020	(6)	-
6,580,947	Bought GBP 6,580,946 Sold CAD 11,500,000 12/03/2020	(8)	-
202,525,200	Bought GBP 202,525,200 Sold EUR 240,000,000 12/03/2020	472	0.10
3,839,801	Bought GBP 3,839,800 Sold EUR 4,500,000 12/03/2020	51	0.01
5,595,291	Bought GBP 5,595,291 Sold EUR 6,600,000 12/03/2020	39	0.01
3,742,306	Bought GBP 3,742,305 Sold EUR 4,400,000 12/03/2020	38	0.01
3,296,890	Bought GBP 3,296,889 Sold USD 4,300,000 12/03/2020	39	0.01
162,482,318	Bought GBP 162,482,318 Sold USD 214,800,000 12/03/2020	(287)	(0.07)
700,000	Bought USD 700,000 Sold GBP 530,926 12/03/2020	-	-
600,000	Bought USD 600,000 Sold GBP 457,192 12/03/2020	(3)	-
1,000,000	Bought USD 1,000,000 Sold GBP 763,820 12/03/2020	(6)	-
2,500,000	Bought USD 2,500,000 Sold GBP 1,911,154 12/03/2020	(17)	-
	Portfolio of investments*	431,756	96.89
	Net other assets	13,839	3.11
	Total net assets attributable to shareholders	445,595	100.00

Analysis of investments by asset class

	Market value £'000	Value of investments %
Bonds	431,469	96.83
Derivatives	287	0.06
Portfolio of investments*	431,756	96.89
Net other assets	13,839	3.11
Total net assets attributable to shareholders	445,595	100.00

The comparative percentage figures in brackets are at 31 July 2019.

All investments are approved securities being either officially listed in a member state or traded on or under the rules of an eligible securities market, unless otherwise stated.

*Includes investment liabilities.

Kames High Yield Bond Fund

Statement of Total Return for the six months ended 31 January 2020

	31 January 2020		31 January 2019	
	£'000	£'000	£'000	£'000
Income				
Net capital gains/(losses)		9,270		(11,591)
Revenue	11,740		18,173	
Expenses	(1,889)		(2,961)	
Interest payable and similar charges	(51)		(46)	
Net revenue before taxation	9,800		15,166	
Taxation	-		-	
Net revenue after taxation		9,800		15,166
Total return before distributions		19,070		3,575
Distributions		(11,740)		(18,173)
Change in net assets attributable to shareholders from investment activities		7,330		(14,598)

Statement of Change in Net Assets Attributable to Shareholders for the six months ended 31 January 2020

	31 January 2020		31 January 2019	
	£'000	£'000	£'000	£'000
Opening net assets attributable to shareholders*		491,297		771,414
Amounts receivable on creation of shares	44,937		35,796	
Amounts payable on cancellation of shares	(106,213)		(233,924)	
		(61,276)		(198,128)
Dilution adjustment		233		693
Change in net assets attributable to shareholders from investment activities		7,330		(14,598)
Retained distribution on accumulation shares		8,010		11,166
Unclaimed distributions		1		-
Closing net assets attributable to shareholders		445,595		570,547

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

Kames High Yield Bond Fund

Balance Sheet as at 31 January 2020

	31 January 2020		31 July 2019	
	£'000	£'000	£'000	£'000
Assets				
Fixed assets:				
Investments		432,108		512,784
Current assets:				
Debtors	6,979		11,303	
Cash and bank balances	16,164		17,056	
		<u>23,143</u>		<u>28,359</u>
Total assets		455,251		541,143
Liabilities				
Investment liabilities		352		12,617
Creditors				
Bank overdrafts	-		19,629	
Distributions payable	593		694	
Other creditors	8,711		16,906	
		<u>9,656</u>		<u>49,846</u>
Total liabilities		9,656		49,846
Net assets attributable to shareholders		445,595		491,297

Kames High Yield Bond Fund

Distribution Tables

Share Class A Accumulation

Period end	Pay date	Group	Net Revenue	Equalisation*	Total Payable	Streaming Franked	Streaming Unfranked	2018/9 Total Payable
31/08/19	30/09/19	Group 1	0.5856	N/A	0.5856	0.00%	100.00%	0.5383
		Group 2	0.3611	0.2245				
30/09/19	31/10/19	Group 1	0.5429	N/A	0.5429	0.00%	100.00%	0.5778
		Group 2	0.2776	0.2653				
31/10/19	30/11/19	Group 1	0.5856	N/A	0.5856	0.00%	100.00%	0.6145
		Group 2	0.3313	0.2543				
30/11/19	31/12/19	Group 1	0.6088	N/A	0.6088	0.00%	100.00%	0.5554
		Group 2	0.2117	0.3971				
31/12/19	31/01/20	Group 1	0.5865	N/A	0.5865	0.00%	100.00%	0.5772
		Group 2	0.3686	0.2179				
31/01/20	29/02/20	Group 1	0.6131	N/A	0.6131	0.00%	100.00%	0.5187
		Group 2	0.1953	0.4178				

Share Class A Income

Period end	Pay date	Group	Net Revenue	Equalisation*	Total Payable	Streaming Franked	Streaming Unfranked	2018/9 Total Payable
31/08/19	30/09/19	Group 1	0.2223	N/A	0.2223	0.00%	100.00%	0.2154
		Group 2	0.1382	0.0841				
30/09/19	31/10/19	Group 1	0.2052	N/A	0.2052	0.00%	100.00%	0.2305
		Group 2	0.1159	0.0893				
31/10/19	30/11/19	Group 1	0.2204	N/A	0.2204	0.00%	100.00%	0.2438
		Group 2	0.0936	0.1268				
30/11/19	31/12/19	Group 1	0.2283	N/A	0.2283	0.00%	100.00%	0.2200
		Group 2	0.1019	0.1264				
31/12/19	31/01/20	Group 1	0.2190	N/A	0.2190	0.00%	100.00%	0.2269
		Group 2	0.0967	0.1223				
31/01/20	29/02/20	Group 1	0.2278	N/A	0.2278	0.00%	100.00%	0.2030
		Group 2	0.0913	0.1365				

Share Class B Accumulation

Period end	Pay date	Group	Net Revenue	Equalisation*	Total Payable	Streaming Franked	Streaming Unfranked	2018/9 Total Payable
31/08/19	30/09/19	Group 1	1.2731	N/A	1.2731	0.00%	100.00%	1.1643
		Group 2	0.4876	0.7855				
30/09/19	31/10/19	Group 1	1.1804	N/A	1.1804	0.00%	100.00%	1.2504
		Group 2	0.6559	0.5245				
31/10/19	30/11/19	Group 1	1.2743	N/A	1.2743	0.00%	100.00%	1.3304
		Group 2	0.4906	0.7837				
30/11/19	31/12/19	Group 1	1.3256	N/A	1.3256	0.00%	100.00%	1.2029
		Group 2	0.7157	0.6099				
31/12/19	31/01/20	Group 1	1.2774	N/A	1.2774	0.00%	100.00%	1.2506
		Group 2	0.7190	0.5584				
31/01/20	29/02/20	Group 1	1.3344	N/A	1.3344	0.00%	100.00%	1.1242
		Group 2	0.4116	0.9228				

All distributions above are in pence per share unless specifically stated.

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

Kames High Yield Bond Fund

Distribution Tables (continued)

Share Class B Income

Period end	Pay date	Group	Net Revenue	Equalisation*	Total Payable	Streaming Franked	Streaming Unfranked	2018/9 Total Payable
31/08/19	30/09/19	Group 1	0.4261	N/A	0.4261	0.00%	100.00%	0.4110
		Group 2	0.2383	0.1878				
30/09/19	31/10/19	Group 1	0.3935	N/A	0.3935	0.00%	100.00%	0.4397
		Group 2	0.2275	0.1660				
31/10/19	30/11/19	Group 1	0.4230	N/A	0.4230	0.00%	100.00%	0.4661
		Group 2	0.2275	0.1955				
30/11/19	31/12/19	Group 1	0.4382	N/A	0.4382	0.00%	100.00%	0.4189
		Group 2	0.2280	0.2102				
31/12/19	31/01/20	Group 1	0.4204	N/A	0.4204	0.00%	100.00%	0.4342
		Group 2	0.2298	0.1906				
31/01/20	29/02/20	Group 1	0.4378	N/A	0.4378	0.00%	100.00%	0.3879
		Group 2	0.1757	0.2621				

Share Class D Accumulation

Period end	Pay date	Group	Net Revenue	Equalisation*	Total Payable	Streaming Franked	Streaming Unfranked	2018/9 Total Payable
31/08/19	30/09/19	Group 1	0.5686	N/A	0.5686	0.00%	100.00%	0.5213
		Group 2	0.3337	0.2349				
30/09/19	31/10/19	Group 1	0.5271	N/A	0.5271	0.00%	100.00%	0.5597
		Group 2	0.1273	0.3998				
31/10/19	30/11/19	Group 1	0.5687	N/A	0.5687	0.00%	100.00%	0.5954
		Group 2	0.3411	0.2276				
30/11/19	31/12/19	Group 1	0.5917	N/A	0.5917	0.00%	100.00%	0.5383
		Group 2	0.2061	0.3856				
31/12/19	31/01/20	Group 1	0.5699	N/A	0.5699	0.00%	100.00%	0.5595
		Group 2	0.1307	0.4392				
31/01/20	29/02/20	Group 1	0.5956	N/A	0.5956	0.00%	100.00%	0.5028
		Group 2	0.2287	0.3669				

Share Class D Income

Period end	Pay date	Group	Net Revenue	Equalisation*	Total Payable	Streaming Franked	Streaming Unfranked	2018/9 Total Payable
31/08/19	30/09/19	Group 1	0.4158	N/A	0.4158	0.00%	100.00%	0.4020
		Group 2	0.0849	0.3309				
30/09/19	31/10/19	Group 1	0.3840	N/A	0.3840	0.00%	100.00%	0.4300
		Group 2	0.2976	0.0864				
31/10/19	30/11/19	Group 1	0.4124	N/A	0.4124	0.00%	100.00%	0.4550
		Group 2	0.3267	0.0857				
30/11/19	31/12/19	Group 1	0.4273	N/A	0.4273	0.00%	100.00%	0.4095
		Group 2	0.1358	0.2915				
31/12/19	31/01/20	Group 1	0.4099	N/A	0.4099	0.00%	100.00%	0.4241
		Group 2	0.2712	0.1387				
31/01/20	29/02/20	Group 1	0.4271	N/A	0.4271	0.00%	100.00%	0.3792
		Group 2	0.3085	0.1186				

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Kames High Yield Bond Fund

Distribution Tables (continued)

Share Class S Accumulation

Period end	Pay date	Group	Net Revenue	Equalisation*	Total Payable	Streaming Franked	Streaming Unfranked	2018/9 Total Payable
31/08/19	30/09/19	Group 1	0.4690	N/A	0.4690	0.00%	100.00%	0.4279
		Group 2	0.1895	0.2795				
30/09/19	31/10/19	Group 1	0.4350	N/A	0.4350	0.00%	100.00%	0.4595
		Group 2	0.1691	0.2659				
31/10/19	30/11/19	Group 1	0.4691	N/A	0.4691	0.00%	100.00%	0.4889
		Group 2	0.1848	0.2843				
30/11/19	31/12/19	Group 1	0.4886	N/A	0.4886	0.00%	100.00%	0.4421
		Group 2	0.2707	0.2179				
31/12/19	31/01/20	Group 1	0.4710	N/A	0.4710	0.00%	100.00%	0.4599
		Group 2	0.1883	0.2827				
31/01/20	29/02/20	Group 1	0.4926	N/A	0.4926	0.00%	100.00%	0.4136
		Group 2	0.2038	0.2888				

Share Class S Income

Period end	Pay date	Group	Net Revenue	Equalisation*	Total Payable	Streaming Franked	Streaming Unfranked	2018/9 Total Payable
31/08/19	30/09/19	Group 1	0.4318	N/A	0.4318	0.00%	100.00%	0.4153
		Group 2	0.2395	0.1923				
30/09/19	31/10/19	Group 1	0.3989	N/A	0.3989	0.00%	100.00%	0.4445
		Group 2	0.2860	0.1129				
31/10/19	30/11/19	Group 1	0.4284	N/A	0.4284	0.00%	100.00%	0.4697
		Group 2	0.3333	0.0951				
30/11/19	31/12/19	Group 1	0.4444	N/A	0.4444	0.00%	100.00%	0.4236
		Group 2	0.2675	0.1769				
31/12/19	31/01/20	Group 1	0.4263	N/A	0.4263	0.00%	100.00%	0.4385
		Group 2	0.2917	0.1346				
31/01/20	29/02/20	Group 1	0.4469	N/A	0.4469	0.00%	100.00%	0.3945
		Group 2	0.0535	0.3934				

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Kames High Yield Bond Fund

Net asset value

	Net asset value of share class £'000	Net asset value per share p	Shares in issue
As of 31 January 2020	445,595		
A Accumulation shares	34,354	139.94	24,549,410
A Income shares	11,516	51.77	22,244,869
B Accumulation shares	274,064	304.95	89,871,829
B Income shares	117,196	99.49	117,798,817
D Accumulation shares	1,449	136.01	1,065,349
D Income shares	1,994	96.94	2,056,824
S Accumulation shares	1,095	112.46	973,426
S Income shares	3,927	100.91	3,891,803

Kames High Yield Bond Fund

Ongoing charges figure

	31 January 2020	31 July 2019
A Accumulation shares		
ACD's periodic charge	1.25%	1.25%
Other expenses	0.04%	0.04%
Ongoing charges figure	1.29%	1.29%
A Income shares		
ACD's periodic charge	1.25%	1.25%
Other expenses	0.04%	0.04%
Ongoing charges figure	1.29%	1.29%
B Accumulation shares*		
ACD's periodic charge	0.55%	0.75%
Other expenses	0.04%	0.04%
Ongoing charges figure	0.59%	0.79%
B Income shares*		
ACD's periodic charge	0.55%	0.75%
Other expenses	0.04%	0.04%
Ongoing charges figure	0.59%	0.79%
D Accumulation shares		
ACD's periodic charge	1.00%	1.00%
Other expenses	0.04%	0.04%
Ongoing charges figure	1.04%	1.04%
D Income shares		
ACD's periodic charge	1.00%	1.00%
Other expenses	0.04%	0.04%
Ongoing charges figure	1.04%	1.04%
S Accumulation shares**		
ACD's periodic charge	0.45%	0.50%
Other expenses	0.04%	0.04%
Ongoing charges figure	0.49%	0.54%
S Income shares**		
ACD's periodic charge	0.45%	0.50%
Other expenses	0.04%	0.04%
Ongoing charges figure	0.49%	0.54%

The ongoing charges figure (OCF) is calculated as the ratio of the total ongoing charges to the average net asset value of the sub-fund over the period. The OCF is made up of the ACD'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 B share class expense changed from 0.75% to 0.55% on 1 January 2020.

** The S share class expense changed from 0.50% to 0.45% on 1 January 2020.

Total purchases and sales

	Total purchases £'000	Total sales £'000
6 months to 31.01.2019	110,941	294,872
6 months to 31.01.2020	152,454	213,644

Kames High Yield Bond Fund

Revenue record

	Accounting year	Net revenue per share p
A Accumulation shares (pence)	2018	5.96
	2019	6.85
	2020	3.52
A Income shares (pence)	2018	2.45
	2019	2.68
	2020	1.32
B Accumulation shares (pence)	2018	12.86
	2019	14.85
	2020	7.67
B Income shares (pence)	2018	4.66
	2019	5.12
	2020	2.54
D Accumulation shares (pence)	2018	5.77
	2019	6.64
	2020	3.42
D Income shares (pence)	2018	4.56
	2019	5.00
	2020	2.48
S Accumulation shares (pence)*	2018	2.98
	2019	5.47
	2020	2.83
S Income shares (pence)*	2018	2.95
	2019	5.18
	2020	2.58

*Share class launched on 19 December 2017.

Kames Investment Grade Bond Fund

Fund objective

The investment objective is to provide a combination of income and capital growth over any 7 year period.

Risk profile

The sub-fund is designed for retail and institutional investors seeking pooled exposure to the investment grade bond market 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, property and cash. While investors will normally be able to liquidate their holdings on a daily basis, 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.

The sub-fund is actively managed and exposed to a range of risks, which are listed and defined in the Kames Capital ICVC 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.

Performance*

The Kames Investment Grade Bond Fund returned 4.45% compared to the peer group median return of 3.93%. The peer group is the Investment Association Sterling Corporate Bond sector.

Strategy review**

Bond markets performed well over the six-month period with both government and corporate bonds generating solid returns in sterling terms. Central bank action again supported the market; at the start of the period the US Federal Reserve cut rates for the first time in over a decade, while the ECB cut its deposit rate to an unprecedented -0.5% and announced its intention to restart quantitative easing. Geopolitical events also supported markets, with the ongoing US/China trade war and Brexit both to the fore. Corporate bond markets received an additional boost from a strong positive technical backdrop; investors' ongoing search for yield ensured demand for the asset class remained high.

Government bonds came under pressure towards the end of 2019 as the support provided by central banks, coupled with the more positive geopolitical backdrop, boosted riskier assets. However, by the end of January, a measure of risk-aversion again gripped markets as news of the coronavirus in China spread.

We began the period with marginally short duration position (a measure of interest rate risk) although continued to actively adjust the level of this position as the domestic political agenda unfolded. We also focused on assessing both the primary and secondary markets for attractively priced opportunities both within the sterling market and across the dollar and euro markets.

Overall, our position worked well for the sub-fund with duration management and regional credit allocation adding value. In sector terms our exposure to financial sectors such as banks and insurance were the standout performers. Disciplined issue selection, however, was the most significant driver of the sub-fund's outperformance against the peer group median.

The sub-fund was generally well-positioned for the improvement in market sentiment towards the end of 2019. As the backdrop became more constructive, we reduced our cash weighting and bought select UK financial names in the secondary market and added some additional risk through the primary market. The sub-fund also made use of its non-sterling flexibility, participating in new deals from EDF and Abbvie (both issued in dollars in November), and Boston Scientific and Bayer (both issued in euros in the same month). These positions added value to performance as they subsequently performed well.

Many of our existing holdings also contributed positively, given the more accommodative backdrop. Among the main highlights were some of our insurance company and bank holdings. For example, the exposure to Pension Insurance and Phoenix performed well, as did mainstream UK banks such as Lloyds Banking, Barclays and Nationwide Building Society.

We reduced the sub-fund's overall credit risk at the end of the period as valuations had become less attractive on a short-term basis.

*Source: Lipper, % growth, income re-invested at pay date, NAV-NAV, GBP, net of Basic Rate Tax. Index returns are gross of Basic Rate Tax. Investors are invited to compare the sub-fund's performance against the performance of other funds within the Investment Association Sterling Corporate Bond Sector. Comparison of the sub-fund against this Sector will give investors an indication of how the sub-fund is performing compared with funds investing in a similar but not identical investment universe. This comparison should be performed over at least a 7 year period to provide the most useful long term comparison.

**General references to markets and indices are to be considered as general market commentary only and (i) are not to be considered as a comparison of sub-fund performance against a benchmark (unless otherwise disclosed as such); and (ii) the index or indices do not operate as a performance target and the sub-fund's portfolio is not constrained by the index or indices.

Kames Investment Grade Bond Fund

Portfolio Statement

The sub-fund's investments as at 31 January 2020

Holding	Investment	Market valuation £'000	Total net assets %
	Euro Denominated Bonds (31 July 2019 3.72%)	33,181	6.21
	Asset Backed Security (31 July 2019 0.26%)	1,787	0.33
2,000,000	Channel Link Enterprises Finance 2.706% 30/06/2050	1,787	0.33
	Corporate Bonds (31 July 2019 3.46%)	31,394	5.88
2,600,000	Banco de Sabadell 6.5% Perpetual	2,309	0.43
3,400,000	Bankia 6.375% Perpetual	3,155	0.59
3,400,000	Boston Scientific 0.625% 12/01/2027	2,876	0.54
3,000,000	Caixa Geral de Depositos 10.75% Perpetual	2,977	0.56
900,000	CyrusOne 1.45% 22/01/2027	767	0.14
4,300,000	Danske Bank 1.375% 02/12/2030	3,654	0.69
3,400,000	FCC Servicios Medio Ambiente Holding 1.661% 12/04/2026	2,952	0.55
3,900,000	JPMorgan Chase 1.047% 11/04/2032	3,372	0.63
1,750,000	Mediobanca Banca di Credito Finanziario 1.125% 23/04/2025	1,492	0.28
3,800,000	Takeda Pharmaceutical 3% 21/11/2030	3,877	0.73
4,600,000	UniCredit 2.731% 15/01/2032	3,963	0.74
	Sterling Denominated Bond (31 July 2019 87.27%)	448,019	83.90
	Asset Backed Security (31 July 2019 12.29%)	70,846	13.27
4,000,000	Arqiva Financing 4.882% 31/12/2032	4,003	0.75
9,000,000	Bishopsgate Asset Finance 4.808% 14/08/2044	8,363	1.57
7,100,000	Canary Wharf Finance II 6.8% 22/04/2030	5,274	0.99
6,000,000	Connect M77/GSO 5.404% 31/03/2034	5,118	0.96
2,700,000	Dignity Finance 4.6956% 31/12/2049	2,320	0.43
3,300,000	Income Contingent Student Loans 2 2007-2009 2.5% 24/07/2058	3,141	0.59
8,700,000	Longstone Finance 4.791% 19/04/2030	5,529	1.04
4,160,000	Meadowhall Finance 4.986% 12/01/2032	3,610	0.68
6,800,000	Mitchells & Butlers Finance 5.574% 15/12/2030	3,057	0.57
9,300,000	Telereal Secured Finance 4.01% 10/12/2031	7,550	1.41
5,100,000	Telereal Securitisation 5.9478% 10/12/2031	4,658	0.87
5,600,000	Tesco Property Finance No.2 6.0517% 13/10/2039	6,267	1.17
4,000,000	Trafford Centre Finance 6.5% 28/07/2033	4,389	0.82
6,625,000	White City Property Finance 5.1202% 17/04/2035	7,567	1.42
	Corporate Bonds (31 July 2019 69.51%)	351,872	65.89
3,000,000	AMP Group Finance Services 6.875% 23/08/2022	3,233	0.61
6,000,000	Anglian Water Services Financing 2.625% 15/06/2027	6,143	1.15
4,800,000	Anglian Water Services Financing 4.5% 22/02/2026	5,407	1.01
2,800,000	Anheuser-Busch InBev 2.25% 24/05/2029	2,961	0.55
3,700,000	APT Pipelines 3.5% 22/03/2030	4,184	0.78
2,300,000	Arqiva Financing 5.34% 30/06/2030	2,853	0.53
1,500,000	AT&T 4.25% 01/06/2043	1,833	0.34
1,000,000	AT&T 5.2% 18/11/2033	1,322	0.25
4,200,000	AXA 5.453% Perpetual	4,814	0.90
3,500,000	Bank of America 8.125% 02/06/2028	5,091	0.95
6,000,000	Bazalgette Finance 2.375% 29/11/2027	6,468	1.21
4,100,000	Berkshire Hathaway Finance 2.375% 19/06/2039	4,524	0.85
4,000,000	BG Energy Capital 5.125% 01/12/2025	4,888	0.92
5,500,000	BUPA Finance 5% 08/12/2026	6,406	1.20
6,000,000	Cadent Finance 2.625% 22/09/2038	6,471	1.21
3,000,000	Centrica 7% 19/09/2033	4,649	0.87
1,855,000	Channel Link Enterprises Finance 3.043% 30/06/2050	1,985	0.37
4,800,000	Citigroup 1.75% 23/10/2026	4,841	0.91
3,195,000	Cooperatieve Rabobank 6.91% Perpetual	4,915	0.92
2,000,000	Coventry Building Society 1.5% 23/01/2023	2,017	0.38
4,400,000	Danske Bank 2.25% 14/01/2028	4,468	0.84
5,000,000	DS Smith 2.875% 26/07/2029	5,278	0.99
4,000,000	E.ON International Finance 5.875% 30/10/2037	6,116	1.15
2,000,000	E.ON International Finance 6.375% 07/06/2032	2,958	0.55

Kames Investment Grade Bond Fund

Portfolio Statement (continued)

Holding	Investment	Market valuation £'000	Total net assets %
Corporate Bonds (continued)			
2,000,000	Eastern Power Networks 2.125% 25/11/2033	2,080	0.39
2,000,000	Electricite de France 5.5% 17/10/2041	3,061	0.57
3,200,000	Esure 6.75% 19/12/2024	3,277	0.61
6,000,000	Fidelity National Information Services 3.36% 21/05/2031	6,835	1.28
6,000,000	Firstgroup 6.875% 18/09/2024	7,107	1.33
2,600,000	Fiserv 3% 01/07/2031	2,860	0.54
3,000,000	Ford Motor Credit 4.535% 06/03/2025	3,218	0.60
4,800,000	Goldman Sachs 6.875% 18/01/2038	7,473	1.40
3,700,000	HBOS Sterling Finance Jersey 7.881% Perpetual	5,813	1.09
2,000,000	HSBC 7% 07/04/2038	3,049	0.57
5,800,000	InterContinental Hotels 2.125% 24/08/2026	5,920	1.11
5,000,000	Intesa Sanpaolo 2.5% 15/01/2030	5,105	0.96
3,000,000	Investec 4.25% 24/07/2028	3,134	0.59
6,500,000	Juneau Investments 5.9% 22/02/2021	6,670	1.25
3,500,000	KFW 5.75% 07/06/2032	5,467	1.02
4,000,000	Legal & General 3.75% 26/11/2049	4,155	0.78
2,700,000	Legal & General 5.125% 14/11/2048	3,117	0.58
4,900,000	Logicor 1.875% 17/11/2026	5,016	0.94
3,300,000	Lunar Funding I 5.494% 29/07/2020	3,359	0.63
4,400,000	Metropolitan Life Global Funding I 1.625% 21/09/2029	4,475	0.84
2,900,000	Motability Operations 2.375% 14/03/2032	3,156	0.59
4,800,000	MPT Operating Partnership 3.692% 06/05/2028	5,104	0.96
4,300,000	National Express 2.5% 11/11/2023	4,459	0.83
2,600,000	National Grid Electricity Transmission 1.375% 16/09/2026	2,622	0.49
2,400,000	National Grid Electricity Transmission 2% 16/09/2038	2,466	0.46
2,400,000	National Grid Electricity Transmission 2.75% 06/02/2035	2,730	0.51
2,800,000	National Grid Gas 1.375% 02/07/2031	2,782	0.52
1,650,000	Nationwide Building Society 5.769% Perpetual	1,728	0.32
3,000,000	Nationwide Building Society 7.859% Perpetual	3,685	0.69
4,200,000	New York Life Global Funding 1.25% 17/12/2026	4,236	0.79
5,000,000	NIE Finance 2.5% 27/10/2025	5,288	0.99
3,400,000	Orsted 2.5% 16/05/2033	3,725	0.70
2,400,000	Partnership Assurance 9.5% 24/03/2025	2,433	0.46
3,400,000	Pension Insurance 8% 23/11/2026	4,367	0.82
3,400,000	Phoenix 6.625% 18/12/2025	4,032	0.76
4,500,000	Prudential 5% 20/07/2055	5,146	0.96
2,000,000	Prudential 6.25% 20/10/2068	2,471	0.46
3,600,000	Quadgas Finance 3.375% 17/09/2026	3,881	0.73
2,800,000	RAC 4.87% 06/05/2026	2,909	0.54
4,400,000	Rothesay Life 3.375% 07/12/2029	4,541	0.85
2,600,000	Sainsbury's Bank 6% 23/11/2027	2,736	0.51
4,500,000	Santander UK 2.92% 08/05/2026	4,737	0.89
2,600,000	Scottish Hydro Electric Transmission 2.25% 27/09/2035	2,711	0.51
4,000,000	Severn Trent Utilities Finance 2.75% 05/12/2031	4,504	0.84
3,000,000	Southern Gas Networks 2.5% 03/02/2025	3,185	0.60
4,000,000	SSE 6.25% 27/08/2038	6,317	1.18
4,200,000	Telereal Securitisation 4.0902% 10/12/2033	4,325	0.81
2,000,000	Thames Water Utilities Finance 2.625% 24/01/2032	2,124	0.40
3,000,000	Thames Water Utilities Finance 2.875% 05/03/2027	3,079	0.58
5,000,000	Transport for London 4% 07/04/2064	8,367	1.56
5,000,000	UBS Jersey 8.75% 18/12/2025	6,763	1.27
5,000,000	Unite 3.5% 15/10/2028	5,576	1.04
3,900,000	Verizon Communications 1.875% 19/09/2030	3,948	0.74
3,600,000	Virgin Money UK 7.875% 14/12/2028	4,195	0.79
2,500,000	Wells Fargo 5.25% 01/08/2023	2,828	0.53
8,000,000	Western Power Distribution 3.5% 16/10/2026	8,683	1.63
4,100,000	Wm Morrison Supermarkets 2.5% 10/01/2031	4,235	0.79
6,500,000	Yorkshire Water Finance 3.75% 22/03/2046	6,782	1.27
Government Bonds (31 July 2019 5.47%)		25,301	4.74
14,000,000	European Investment Bank 2.5% 31/10/2022	14,689	2.75
10,000,000	European Investment Bank 5.375% 07/06/2021	10,612	1.99

Kames Investment Grade Bond Fund

Portfolio Statement (continued)

Holding	Investment	Market valuation £'000	Total net assets %
	United States Dollar Denominated Bonds (31 July 2019 7.29%)	39,132	7.33
	Corporate Bonds (31 July 2019 7.29%)	39,132	7.33
800,000	APT Pipelines 4.25% 15/07/2027	669	0.12
3,000,000	Barclays 6.278% Perpetual	2,707	0.51
4,000,000	Bayer US Finance II 4.25% 15/12/2025	3,345	0.63
4,800,000	BP Capital Markets 3.279% 19/09/2027	3,881	0.73
4,000,000	Commerzbank 8.125% 19/09/2023	3,559	0.67
3,000,000	Credit Agricole 3.25% 14/01/2030	2,347	0.44
5,000,000	Electricite de France 4.5% 12/04/2069	4,172	0.78
1,200,000	Imperial Brands Finance 3.5% 26/07/2026	941	0.18
3,638,000	JPMorgan Chase 5.73575% FRN Perpetual	2,783	0.52
4,000,000	McDonald's 3.5% 01/03/2027	3,297	0.62
2,000,000	Swiss Re Finance Luxembourg 4.25% Perpetual	1,562	0.29
2,200,000	Swiss Re Finance Luxembourg 5% 04/02/2049	1,899	0.35
4,500,000	Takeda Pharmaceutical 5% 26/11/2028	4,075	0.76
5,000,000	Total Capital International 2.434% 10/01/2025	3,895	0.73
	Derivatives and Futures Contracts (31 July 2019 (0.06%))	256	0.05
	Forward Foreign Exchange Contracts (31 July 2019 (0.29%))	(40)	(0.01)
	Bought EUR 8,900,000 Sold GBP 7,621,277 12/03/2020	(128)	(0.02)
	Bought GBP 32,590,839 Sold EUR 38,650,000 12/03/2020	52	0.01
	Bought GBP 3,837,082 Sold EUR 4,500,000 12/03/2020	49	0.01
	Bought GBP 1,455,462 Sold EUR 1,700,000 12/03/2020	24	-
	Bought GBP 770,190 Sold EUR 900,000 12/03/2020	12	-
	Bought GBP 847,996 Sold EUR 1,000,000 12/03/2020	6	-
	Bought GBP 2,141,269 Sold USD 2,800,000 12/03/2020	20	-
	Bought GBP 1,892,670 Sold USD 2,500,000 12/03/2020	(2)	-
	Bought GBP 2,566,165 Sold USD 3,400,000 12/03/2020	(10)	-
	Bought GBP 35,628,106 Sold USD 47,100,000 12/03/2020	(63)	(0.01)
	Futures Contracts (31 July 2019 0.23%)	296	0.06
200	Long Gilt Future Contract March 2020	682	0.13
(175)	US 10 Year Ultra Future Contract March 2020	(386)	(0.07)
	Swaptions (31 July 2019 0.00%)	-	-
100,000,000	Call Swaption GBP February 2030 UBS	-	-
	Portfolio of investments*	520,588	97.49
	Net other assets	13,409	2.51
	Total net assets attributable to shareholders	533,997	100.00

Analysis of investments by asset class

	Market value £'000	Value of investment %
Bonds	520,332	97.44
Derivatives	256	0.05
Portfolio of investments*	520,588	97.49
Net other assets	13,409	2.51
Total net assets attributable to shareholders	533,997	100.00

The comparative percentage figures in brackets are at 31 July 2019.

All investments are approved securities being either officially listed in a member state or traded on or under the rules of an eligible securities market, unless otherwise stated.

*Includes investment liabilities.

Kames Investment Grade Bond Fund

Statement of Total Return for the six months ended 31 January 2020

	31 January 2020		31 January 2019	
	£'000	£'000	£'000	£'000
Income				
Net capital gains/(losses)		17,673		(22,631)
Revenue	9,674		22,747	
Expenses	(2,537)		(5,496)	
Interest payable and similar charges	(65)		(14)	
Net revenue before taxation	7,072		17,237	
Taxation	(12)		(54)	
Net revenue after taxation		7,060		17,183
Total return before distributions		24,733		(5,448)
Distributions		(7,060)		(17,196)
Change in net assets attributable to shareholders from investment activities		17,673		(22,644)

Statement of Change in Net Assets Attributable to Shareholders for the six months ended 31 January 2020

	31 January 2020		31 January 2019	
	£'000	£'000	£'000	£'000
Opening net assets attributable to shareholders*		746,249		1,487,017
Amounts receivable on creation of shares	28,553		123,789	
Amounts payable on cancellation of shares	(264,014)		(615,989)	
		(235,461)		(492,200)
Dilution adjustment		811		1,261
Change in net assets attributable to shareholders from investment activities		17,673		(22,644)
Retained distribution on accumulation shares		4,725		8,959
Closing net assets attributable to shareholders		533,997		982,393

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

Kames Investment Grade Bond Fund

Balance Sheet as at 31 January 2020

	31 January 2020		31 July 2019	
	£'000	£'000	£'000	£'000
Assets				
Fixed assets:				
Investments		521,177		735,555
Current assets:				
Debtors	10,773		13,086	
Cash and bank balances	19,956		6,152	
		<u>30,729</u>		<u>19,238</u>
Total assets		551,906		754,793
Liabilities				
Investment liabilities		589		2,600
Creditors				
Distribution payable	705		1,239	
Other creditors	16,615		4,705	
		<u>17,909</u>		<u>8,544</u>
Total liabilities		17,909		8,544
Net assets attributable to shareholders		533,997		746,249

Kames Investment Grade Bond Fund

Distribution Tables

Share Class A Accumulation

Period end	Pay date	Group	Net Revenue	Equalisation*	Total Payable	Streaming Franked	Streaming Unfranked	2018/9 Total Payable
31/10/19	31/12/19	Group 1	0.8069	N/A	0.8069	0.00%	100.00%	0.9265
		Group 2	0.3250	0.4819				
31/01/20	31/03/20	Group 1	0.8344	N/A	0.8344	0.00%	100.00%	0.8748
		Group 2	0.2249	0.6095				

Share Class A Income

Period end	Pay date	Group	Net Revenue	Equalisation*	Total Payable	Streaming Franked	Streaming Unfranked	2018/9 Total Payable
31/10/19	31/12/19	Group 1	0.5423	N/A	0.5423	0.00%	100.00%	0.6350
		Group 2	0.3771	0.1652				
31/01/20	31/03/20	Group 1	0.5584	N/A	0.5584	0.00%	100.00%	0.5965
		Group 2	0.2275	0.3309				

Share Class B Accumulation

Period end	Pay date	Group	Net Revenue	Equalisation*	Total Payable	Streaming Franked	Streaming Unfranked	2018/9 Total Payable
31/10/19	31/12/19	Group 1	1.1062	N/A	1.1062	0.00%	100.00%	1.2112
		Group 2	0.5815	0.5247				
31/01/20	31/03/20	Group 1	1.1829	N/A	1.1829	0.00%	100.00%	1.1558
		Group 2	0.4572	0.7257				

Share Class B Income

Period end	Pay date	Group	Net Revenue	Equalisation*	Total Payable	Streaming Franked	Streaming Unfranked	2018/9 Total Payable
31/10/19	31/12/19	Group 1	0.7029	N/A	0.7029	0.00%	100.00%	0.7888
		Group 2	0.3945	0.3084				
31/01/20	31/03/20	Group 1	0.7475	N/A	0.7475	0.00%	100.00%	0.7462
		Group 2	0.3984	0.3491				

Share Class D Accumulation

Period end	Pay date	Group	Net Revenue	Equalisation*	Total Payable	Streaming Franked	Streaming Unfranked	2018/9 Total Payable
31/10/19	31/12/19	Group 1	0.6815	N/A	0.6815	0.00%	100.00%	0.7623
		Group 2	0.3887	0.2928				
31/01/20	31/03/20	Group 1	0.7031	N/A	0.7031	0.00%	100.00%	0.7240
		Group 2	0.3202	0.3829				

Share Class D Income

Period end	Pay date	Group	Net Revenue	Equalisation*	Total Payable	Streaming Franked	Streaming Unfranked	2018/9 Total Payable
31/10/19	31/12/19	Group 1	0.5745	N/A	0.5745	0.00%	100.00%	0.6568
		Group 2	0.0804	0.4941				
31/01/20	31/03/20	Group 1	0.5898	N/A	0.5898	0.00%	100.00%	0.6203
		Group 2	0.2400	0.3498				

All distributions above are in pence per share unless specifically stated.

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

Kames Investment Grade Bond Fund

Distribution Tables (continued)

Share Class S Accumulation

Period end	Pay date	Group	Net Revenue	Equalisation*	Total Payable	Streaming Franked	Streaming Unfranked	2018/9 Total Payable
31/10/19	31/12/19	Group 1	0.6513	N/A	0.6513	0.00%	100.00%	0.7006
		Group 2	0.3535	0.2978				
31/01/20	31/03/20	Group 1	0.6800	N/A	0.6800	0.00%	100.00%	0.6717
		Group 2	0.3863	0.2937				

Share Class S Income

Period end	Pay date	Group	Net Revenue	Equalisation*	Total Payable	Streaming Franked	Streaming Unfranked	2018/9 Total Payable
31/10/19	31/12/19	Group 1	0.6231	N/A	0.6231	0.00%	100.00%	0.6885
		Group 2	0.3564	0.2667				
31/01/20	31/03/20	Group 1	0.6461	N/A	0.6461	0.00%	100.00%	0.6543
		Group 2	0.3923	0.2538				

All distributions above are in pence per share unless specifically stated.

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

Kames Investment Grade Bond Fund

Net asset value

	Net asset value of share class £'000	Net asset value per share p	Shares in issue
As of 31 January 2020	533,997		
A Accumulation shares	80,496	194.50	41,385,342
A Income shares	15,356	129.61	11,847,856
B Accumulation shares	310,047	206.47	150,167,213
B Income shares	62,149	129.73	47,907,704
D Accumulation shares	3,015	143.36	2,102,983
D Income shares	652	119.66	545,301
S Accumulation shares	17,937	109.24	16,419,678
S Income shares	44,345	103.21	42,964,878

Kames Investment Grade Bond Fund

Ongoing charges figure

	31 January 2020	31 July 2019
A Accumulation shares		
ACD's periodic charge	1.25%	1.25%
Other expenses	0.03%	0.03%
Ongoing charges figure	1.28%	1.28%
A Income shares		
ACD's periodic charge	1.25%	1.25%
Other expenses	0.03%	0.03%
Ongoing charges figure	1.28%	1.28%
B Accumulation shares*		
ACD's periodic charge	0.50%	0.75%
Other expenses	0.03%	0.03%
Ongoing charges figure	0.53%	0.78%
B Income shares*		
ACD's periodic charge	0.50%	0.75%
Other expenses	0.03%	0.03%
Ongoing charges figure	0.53%	0.78%
D Accumulation shares		
ACD's periodic charge	1.00%	1.00%
Other expenses	0.03%	0.03%
Ongoing charges figure	1.03%	1.03%
D Income shares		
ACD's periodic charge	1.00%	1.00%
Other expenses	0.03%	0.03%
Ongoing charges figure	1.03%	1.03%
S Accumulation shares**		
ACD's periodic charge	0.40%	0.50%
Other expenses	0.03%	0.03%
Ongoing charges figure	0.43%	0.53%
S Income shares**		
ACD's periodic charge	0.40%	0.50%
Other expenses	0.03%	0.03%
Ongoing charges figure	0.43%	0.53%

The ongoing charges figure (OCF) is calculated as the ratio of the total ongoing charges to the average net asset value of the sub-fund over the period. The OCF is made up of the ACD'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 B share class expense changed from 0.75% to 0.50% on 1 January 2020.

**The S share class expense changed from 0.50% to 0.40% on 1 January 2020.

Total purchases and sales

	Total purchases £'000	Total sales £'000
6 months to 31.01.2019	523,008	948,580
6 months to 31.01.2020	204,651	426,890

Kames Investment Grade Bond Fund

Revenue record

	Accounting year	Net revenue per share p
A Accumulation shares (pence)	2018	3.85
	2019	3.52
	2020	1.64
A Income shares (pence)	2018	2.67
	2019	2.39
	2020	1.10
B Accumulation shares (pence)	2018	4.98
	2019	4.66
	2020	2.29
B Income shares (pence)	2018	3.30
	2019	3.00
	2020	1.45
D Accumulation shares (pence)	2018	3.15
	2019	2.91
	2020	1.38
D Income shares (pence)	2018	2.75
	2019	2.49
	2020	1.16
S Accumulation shares (pence)*	2018	1.71
	2019	2.71
	2020	1.33
S Income shares (pence)*	2018	1.70
	2019	2.63
	2020	1.27

*Share class launched on 19 December 2017.

Kames Ethical Corporate Bond Fund

Fund objective

The investment objective is to provide a combination of income and capital growth over any 7 year period.

Risk profile

The sub-fund is designed for retail and institutional investors seeking pooled exposure to the sterling corporate bond market while pursuing an ethical investment policy which excludes unethical activity. Investors in this Fund should be 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, property and cash. While investors will normally be able to liquidate their holdings on a daily basis, 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.

The sub-fund is actively managed and exposed to a range of risks, which are listed and defined in the Kames Capital ICVC 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.

Performance*

The Kames Ethical Corporate Bond Fund returned 4.16% compared to the peer group median return of 3.93%. The peer group is the Investment Association Sterling Corporate Bond sector.

Strategy review**

Bond markets performed well over the six-month period with both government and corporate bonds generating solid returns in sterling terms. Central bank action again supported the market; at the start of the period the US Federal Reserve cut rates for the first time in over a decade, and the ECB cut its deposit rate to an unprecedented -0.5% and announced its intention to restart quantitative easing. Geopolitical events also supported markets, with the ongoing US/China trade war and Brexit both to the fore. Corporate bond markets also received an additional boost from a strong positive technical backdrop; investors' ongoing search for yield ensured demand for the asset class remained high.

Government bonds came under pressure towards the end of 2019 as the support provided by central banks, coupled with a more positive geopolitical backdrop, boosted riskier assets. However, by the end of January, a measure of risk-aversion again gripped markets as news of the coronavirus in China spread.

Throughout the period the sub-fund tended to limit the amount of credit risk in the and therefore it held a relatively defensive stance. We were, however, very active in the new issue market and took advantage of some attractive new issuance when opportunities arose. While volatile, our positioning added value overall. Towards the end of 2019, however, the sub-fund came under pressure as the market backdrop improved, due partly to the decisive victory for the Conservative party in the UK general election. In terms of interest rate risk management, we did not move our position significantly; we retained a short-to-neutral stance relative to peers throughout the period.

Issue selection proved to be the main positive contributor to overall performance. Among the best performing holdings was Tees and Hartlepool Port Authority. During the period the company announced its intention to refinance its debt at favourable terms to bondholders, which prompted a material appreciation in the price of the bonds. Elsewhere, our exposure to bonds issued by UK financial institutions performed very well, with perceptions over the improving Brexit situation bolstering sentiment towards this area of the market. Highlights included holdings in Yorkshire Building Society, Virgin Money, Phoenix and Aviva.

*Source: Lipper, % growth, income re-invested at pay date, NAV-NAV, GBP, net of Basic Rate Tax. Index returns are gross of Basic Rate Tax.

Investors are invited to compare the sub-fund's performance against the performance of other funds within the Investment Association Sterling Corporate Bond Sector. Comparison of the sub-fund against this Sector will give investors an indication of how the sub-fund is performing compared with funds investing in a similar but not identical investment universe and comprising ethical and nonethically screened funds, demonstrating the value of the sub-fund's ethical screen against non-ethically screened funds. This comparison should be performed over at least a 7 year period to provide the most useful long term comparison.

**General references to markets and indices are to be considered as general market commentary only and (i) are not to be considered as a comparison of sub-fund performance against a benchmark (unless otherwise disclosed as such); and (ii) the index or indices do not operate as a performance target and the sub-fund's portfolio is not constrained by the index or indices.

Kames Ethical Corporate Bond Fund

Portfolio Statement

The sub-fund's investments as at 31 January 2020

Holdings	Investment	Market valuation £'000	Total net assets %
	Sterling Denominated Bonds (31 July 2019 93.22%)	463,017	95.08
	Asset Backed Security (31 July 2019 13.61%)	63,339	13.01
2,900,000	Alpha Schools Highland Project 4.792% 31/01/2036	2,678	0.55
3,250,000	Arqiva Financing 4.882% 31/12/2032	3,252	0.67
5,500,000	Canary Wharf Finance II 6.8% 22/04/2030	4,085	0.84
3,400,000	Channel Link Enterprises Finance 3.848% 30/06/2050	4,150	0.85
3,000,000	Dignity Finance 4.6956% 31/12/2049	2,578	0.53
2,400,000	Great Rolling Stock 6.875% 27/07/2035	2,227	0.46
1,500,000	Greater Gabbard 4.137% 29/11/2032	1,473	0.30
2,000,000	High Speed Rail Finance No.1 4.375% 01/11/2038	2,665	0.55
2,100,000	Income Contingent Student Loans 2 2007-2009 2.5% 24/07/2058	1,999	0.41
2,500,000	Meadowhall Finance 4.986% 12/01/2032	2,169	0.44
1,000,000	Paragon 3.625% 21/01/2047	1,246	0.26
1,300,000	Penarian Housing Finance 3.212% 07/06/2052	1,493	0.31
2,500,000	Premier Transmission Financing 5.2022% 31/03/2030	1,683	0.34
2,000,000	Sustainable Communities for Leeds Finance 5.069% 30/09/2032	2,118	0.43
2,400,000	TC Dudgeon Ofto 3.158% 12/11/2038	2,663	0.55
4,900,000	Telereal Secured Finance 4.01% 10/12/2031	3,978	0.82
2,250,000	Telereal Securitisation 5.9478% 10/12/2031	2,055	0.42
2,800,000	Telereal Securitisation 6.1645% 10/12/2031	3,230	0.66
3,000,000	Trafford Centre Finance 6.5% 28/07/2033	3,292	0.68
1,200,000	Trafford Centre Finance 7.03% 28/01/2029	759	0.16
5,300,000	Transport for London 5% 31/03/2035	7,269	1.49
4,300,000	White City Property Finance 5.1202% 17/04/2035	4,912	1.01
1,400,000	Wods Transmission 3.446% 24/08/2034	1,365	0.28
	Corporate Bonds (31 July 2019 79.03%)	396,793	81.48
1,000,000	ABN AMRO Bank 1% 30/06/2020	1,000	0.21
4,000,000	ABP Finance 6.25% 14/12/2026	5,005	1.03
900,000	Accent Capital 2.625% 18/07/2049	1,030	0.21
900,000	Affinity Water Programme Finance 4.5% 31/03/2036	1,243	0.26
4,000,000	American International 5% 26/04/2023	4,471	0.92
2,500,000	AMP Group Finance Services 6.875% 23/08/2022	2,694	0.55
3,000,000	Anglian Water Services Financing 1.625% 10/08/2025	3,055	0.63
1,200,000	Anglian Water Services Financing 2.75% 26/10/2029	1,326	0.27
1,200,000	APT Pipelines 3.5% 22/03/2030	1,357	0.28
4,000,000	APT Pipelines 4.25% 26/11/2024	4,540	0.93
3,500,000	Aroundtown 3.25% 18/07/2027	3,772	0.77
1,600,000	Aroundtown 3.625% 10/04/2031	1,774	0.36
1,500,000	Arqiva Financing 5.34% 30/06/2030	1,861	0.38
4,750,000	Aviva 6.875% 20/05/2058	7,123	1.46
3,000,000	AXA 5.625% 16/01/2054	3,764	0.77
1,800,000	AXA 7.125% 15/12/2020	1,889	0.39
4,000,000	Bank of Montreal 1.5% 18/12/2024	4,060	0.83
3,500,000	Bank of Montreal 1.625% 21/06/2022	3,564	0.73
3,500,000	Bank of Nova Scotia 0.75% 14/09/2021	3,492	0.72
3,700,000	Bank of Nova Scotia 1.375% 12/05/2023	3,726	0.77
1,000,000	Bank of Nova Scotia 1.75% 23/12/2022	1,024	0.21
3,000,000	Bank of Scotland Capital Funding 7.754% Perpetual	3,233	0.66
3,500,000	Bazalgette Finance 2.375% 29/11/2027	3,773	0.77
3,100,000	Blend Funding 3.459% 21/09/2047	3,865	0.79
4,100,000	BPCE 5.25% 16/04/2029	5,171	1.06
700,000	British Land 5.264% 24/09/2035	975	0.20
2,500,000	British Land 5.357% 31/03/2028	3,153	0.65
600,000	Cadent Finance 2.125% 22/09/2028	627	0.13
3,000,000	Cadent Finance 2.625% 22/09/2038	3,235	0.66
3,800,000	Canadian Imperial Bank of Commerce 1.625% 25/09/2025	3,834	0.79
1,400,000	Circle Anglia Social Housing 7.25% 12/11/2038	2,586	0.53
2,000,000	Clarion Funding 1.875% 22/01/2035	2,030	0.42
800,000	Close Brothers 2.75% 26/04/2023	835	0.17

Kames Ethical Corporate Bond Fund

Portfolio Statement (continued)

Holding	Investment	Market valuation £'000	Total net assets %
Corporate Bonds (continued)			
1,000,000	Close Brothers Finance 2.75% 19/10/2026	1,070	0.22
1,300,000	CNP Assurances 7.375% 30/09/2041	1,427	0.29
1,800,000	Cooperatieve Rabobank 4% 19/09/2022	1,943	0.40
4,400,000	Cooperatieve Rabobank 5.25% 14/09/2027	5,426	1.11
1,629,000	Cooperatieve Rabobank 6.91% Perpetual	2,506	0.51
3,400,000	Coventry Building Society 1.875% 24/10/2023	3,482	0.72
1,675,000	Coventry Building Society 5.875% 28/09/2022	1,880	0.39
1,200,000	CPUK Finance 4.25% 28/08/2022	1,220	0.25
3,700,000	CPUK Finance 7.239% 28/02/2024	4,460	0.92
2,000,000	CYBG 9.25% Perpetual	2,307	0.47
1,500,000	Deutsche Bahn Finance 2.75% 20/06/2022	1,566	0.32
2,300,000	Deutsche Telekom International Finance 7.625% 15/06/2030	3,551	0.73
3,500,000	Digital Stout 3.75% 17/10/2030	4,028	0.83
2,400,000	DS Smith 2.875% 26/07/2029	2,534	0.52
1,900,000	Esure 6.75% 19/12/2024	1,946	0.40
3,500,000	Euroclear Bank 1.25% 30/09/2024	3,530	0.73
1,700,000	Firstgroup 5.25% 29/11/2022	1,848	0.38
3,700,000	Fiserv 3% 01/07/2031	4,071	0.84
3,000,000	Freshwater Finance 4.607% 17/10/2036	4,109	0.84
900,000	Futures Treasury 3.375% 08/02/2044	1,126	0.23
2,200,000	GLH Hotels 7.875% 20/06/2022	2,384	0.49
3,000,000	Grainger 3.375% 24/04/2028	3,287	0.68
2,000,000	Great Places Housing 4.75% 22/10/2042	2,884	0.59
1,300,000	Grosvenor UK Finance 6.5% 29/09/2026	1,691	0.35
3,300,000	HBOS Sterling Finance Jersey 7.881% Perpetual	5,184	1.06
1,500,000	Incommunities 3.25% 21/03/2049	1,891	0.39
4,900,000	ING Groep 3% 18/02/2026	5,297	1.09
3,900,000	Investec 4.25% 24/07/2028	4,074	0.84
4,000,000	Kelda Finance No.3 5.75% 17/02/2020	4,002	0.82
9,500,000	KFW 5% 09/06/2036	15,222	3.13
5,500,000	KFW 5.5% 18/06/2025	6,855	1.41
3,600,000	Land Securities Capital Markets 1.974% 08/02/2024	3,699	0.76
6,800,000	LCR Finance 5.1% 07/03/2051	13,369	2.75
2,400,000	Legal & General 5.125% 14/11/2048	2,770	0.57
2,500,000	Legal & General 5.5% 27/06/2064	3,078	0.63
3,500,000	Legal & General 10% 23/07/2041	3,933	0.81
2,600,000	Liberty Living Finance 3.375% 28/11/2029	2,860	0.59
1,900,000	LiveWest Treasury 2.25% 10/10/2043	1,990	0.41
1,600,000	Lloyds Banking 6.5% 17/09/2040	2,784	0.57
3,100,000	Logicor 1.875% 17/11/2026	3,173	0.65
2,300,000	Lunar Funding I 5.75% 18/10/2033	3,398	0.70
1,100,000	Motability Operations 2.375% 14/03/2032	1,197	0.25
2,030,000	Motability Operations 3.625% 10/03/2036	2,553	0.52
2,000,000	Muenchener Rueckversicherungs 6.625% 26/05/2042	2,240	0.46
1,200,000	National Express 2.375% 20/11/2028	1,234	0.25
1,800,000	National Express 2.5% 11/11/2023	1,867	0.38
1,200,000	National Grid Electricity Transmission 2.75% 06/02/2035	1,365	0.28
2,200,000	National Grid Gas 1.375% 02/07/2031	2,186	0.45
2,700,000	Nationwide Building Society 1% 24/01/2023	2,696	0.55
2,500,000	Nationwide Building Society 5.769% Perpetual	2,618	0.54
700,000	Nationwide Building Society 5.875% Perpetual	764	0.16
2,500,000	NGG Finance 5.625% 18/06/2073	2,839	0.58
4,100,000	Northern Powergrid Yorkshire 4.375% 05/07/2032	5,328	1.09
1,900,000	Notting Hill Housing Trust 3.75% 20/12/2032	2,264	0.47
2,400,000	OP Corporate Bank 2.5% 20/05/2022	2,479	0.51
1,600,000	Orange 3.25% 15/01/2032	1,830	0.38
1,400,000	Orange 5.75% Perpetual	1,550	0.32
3,200,000	Orsted 2.5% 16/05/2033	3,506	0.72
2,500,000	Orsted 4.875% 12/01/2032	3,356	0.69
3,600,000	Pennon 2.875% Perpetual	3,606	0.74
3,000,000	Phoenix 4.125% 20/07/2022	3,154	0.65
2,800,000	Phoenix Life 7.25% Perpetual	2,920	0.60

Kames Ethical Corporate Bond Fund

Portfolio Statement (continued)

Holdings	Investment	Market valuation £'000	Total net assets %
Corporate Bonds (continued)			
2,100,000	Places For People Homes 3.625% 22/11/2028	2,351	0.48
2,400,000	Porterbrook Rail Finance 6.5% 20/10/2020	2,485	0.51
3,200,000	Prudential 5.625% 20/10/2051	3,774	0.78
1,800,000	Prudential 5.7% 19/12/2063	2,218	0.46
1,400,000	RAC 4.87% 06/05/2026	1,454	0.30
1,400,000	RL Finance No.2 6.125% 30/11/2043	1,589	0.33
5,000,000	Royal Bank of Scotland 2.875% 19/09/2026	5,258	1.08
3,400,000	Sainsbury's Bank 6% 23/11/2027	3,578	0.73
3,300,000	Santander UK 5.875% 14/08/2031	3,980	0.82
1,900,000	Scottish Hydro Electric Transmission 2.25% 27/09/2035	1,981	0.41
2,300,000	Segro 2.875% 11/10/2037	2,590	0.53
2,500,000	Severn Trent Utilities Finance 1.125% 07/09/2021	2,503	0.51
3,000,000	Severn Trent Utilities Finance 3.625% 16/01/2026	3,379	0.69
3,100,000	Skipton Building Society 1.75% 30/06/2022	3,129	0.64
600,000	Southern Gas Networks 2.5% 03/02/2025	637	0.13
3,000,000	Southern Gas Networks 4.875% 05/10/2023	3,410	0.70
4,000,000	SSE 3.875% Perpetual	4,039	0.83
4,000,000	Stagecoach 4% 29/09/2025	4,326	0.89
4,300,000	Svenska Handelsbanken 1.625% 18/06/2022	4,366	0.90
1,800,000	Swan Housing Capital 3.625% 05/03/2048	2,082	0.43
1,600,000	Thames Water Utilities Finance 2.625% 24/01/2032	1,699	0.35
1,400,000	Thames Water Utilities Finance 3.5% 25/02/2028	1,573	0.32
4,500,000	Transport for London 3.875% 23/07/2042	6,187	1.27
2,400,000	Unite 3.5% 15/10/2028	2,677	0.55
1,700,000	Unite USAF II 3.921% 30/06/2025	1,899	0.39
3,000,000	Vicinity Centres 3.375% 07/04/2026	3,263	0.67
4,100,000	Virgin Money UK 4% 09/03/2027	4,437	0.91
1,100,000	Wales & West Utilities Finance 3% 03/08/2038	1,300	0.27
1,250,000	Wales & West Utilities Finance 4.625% 13/12/2023	1,426	0.29
111,000	Wales & West Utilities Finance 6.25% 30/11/2021	122	0.02
2,700,000	Welltower 4.8% 20/11/2028	3,285	0.67
2,000,000	Wessex Water Services Finance 4% 24/09/2021	2,095	0.43
2,100,000	Westfield Stratford City Finance NO 2 1.642% 04/08/2026	2,159	0.44
1,000,000	WM Treasury 4.625% 03/12/2042	1,452	0.30
3,400,000	Yorkshire Building Society 3.5% 21/04/2026	3,769	0.77
1,200,000	Yorkshire Water Finance 2.75% 18/04/2041	1,333	0.27
1,250,000	Yorkshire Water Finance 3.625% 01/08/2029	1,468	0.30
2,900,000	Yorkshire Water Finance 3.75% 22/03/2046	3,026	0.62
Government Bonds (31 July 2019 0.58%)		2,885	0.59
2,900,000	International Bank for Reconstruction & Development 0.375% 15/06/2021	2,885	0.59
Portfolio of investments		463,017	95.08
Net other assets		23,976	4.92
Total net assets attributable to shareholders		486,993	100.00

Analysis of investments by asset class

	Market value £'000	Value of investments %
Bonds	463,017	95.08
Portfolio of investments	463,017	95.08
Net other assets	23,976	4.92
Total net assets attributable to shareholders	486,993	100.00

The comparative percentage figures in brackets are at 31 July 2019.

All investments are approved securities being either officially listed in a member state or traded on or under the rules of an eligible securities market, unless otherwise stated.

Kames Ethical Corporate Bond Fund

Statement of Total Return for the six months ended 31 January 2020

		31 January 2020		31 January 2019
	£'000	£'000	£'000	£'000
Income				
Net capital gains/(losses)		12,572		(3,357)
Revenue	7,816		8,263	
Expenses	(1,574)		(1,557)	
Net revenue before taxation	6,242		6,706	
Taxation	-		-	
Net revenue after taxation		6,242		6,706
Total return before distributions		18,814		3,349
Distributions		(6,243)		(6,706)
Change in net assets attributable to shareholders from investment activities		12,571		(3,357)

Statement of Change in Net Assets Attributable to Shareholders for the six months ended 31 January 2020

		31 January 2020		31 January 2019
	£'000	£'000	£'000	£'000
Opening net assets attributable to shareholders*		500,007		457,424
Amounts receivable on creation of shares	49,333		69,569	
Amounts payable on cancellation of shares	(78,700)		(43,350)	
		(29,367)		26,219
Dilution adjustment		111		-
Change in net assets attributable to shareholders from investment activities		12,571		(3,357)
Retained distribution on accumulation shares		3,671		4,164
Closing net assets attributable to shareholders		486,993		484,450

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

Kames Ethical Corporate Bond Fund

Balance Sheet as at 31 January 2020

	31 January 2020		31 July 2019	
	£'000	£'000	£'000	£'000
Assets				
Fixed assets:				
Investments		463,017		466,101
Current assets:				
Debtors	6,680		7,052	
Cash and bank balances	19,544		29,103	
		<u>26,224</u>		<u>36,155</u>
Total assets		489,241		502,256
Liabilities				
Creditors				
Distributions payable	1,252		1,279	
Other creditors	996		970	
		<u>2,248</u>		<u>2,249</u>
Total liabilities		2,248		2,249
Net assets attributable to shareholders		486,993		500,007

Kames Ethical Corporate Bond Fund

Distribution Tables

Share Class A Accumulation

Period end	Pay date	Group	Net Revenue	Equalisation*	Total Payable	Streaming Franked	Streaming Unfranked	2018/9 Total Payable
31/10/19	31/12/19	Group 1	1.2434	N/A	1.2434	0.00%	100.00%	1.3366
		Group 2	0.7114	0.5320				
31/01/20	31/03/20	Group 1	1.2742	N/A	1.2742	0.00%	100.00%	1.3005
		Group 2	0.6316	0.6426				

Share Class A Income

Period end	Pay date	Group	Net Revenue	Equalisation*	Total Payable	Streaming Franked	Streaming Unfranked	2018/9 Total Payable
31/10/19	31/12/19	Group 1	0.6401	N/A	0.6401	0.00%	100.00%	0.7048
		Group 2	0.2312	0.4089				
31/01/20	31/03/20	Group 1	0.6525	N/A	0.6525	0.00%	100.00%	0.6816
		Group 2	0.4047	0.2478				

Share Class B Accumulation

Period end	Pay date	Group	Net Revenue	Equalisation*	Total Payable	Streaming Franked	Streaming Unfranked	2018/9 Total Payable
31/10/19	31/12/19	Group 1	1.3542	N/A	1.3542	0.00%	100.00%	1.4124
		Group 2	0.6262	0.7280				
31/01/20	31/03/20	Group 1	1.3933	N/A	1.3933	0.00%	100.00%	1.3814
		Group 2	0.6913	0.7020				

Share Class B Income

Period end	Pay date	Group	Net Revenue	Equalisation*	Total Payable	Streaming Franked	Streaming Unfranked	2018/9 Total Payable
31/10/19	31/12/19	Group 1	0.7080	N/A	0.7080	0.00%	100.00%	0.7601
		Group 2	0.3240	0.3840				
31/01/20	31/03/20	Group 1	0.7237	N/A	0.7237	0.00%	100.00%	0.7379
		Group 2	0.3396	0.3841				

Share Class D Accumulation

Period end	Pay date	Group	Net Revenue	Equalisation*	Total Payable	Streaming Franked	Streaming Unfranked	2018/9 Total Payable
31/10/19	31/12/19	Group 1	0.8032	N/A	0.8032	0.00%	100.00%	0.8495
		Group 2	0.3305	0.4727				
31/01/20	31/03/20	Group 1	0.8221	N/A	0.8221	0.00%	100.00%	0.8289
		Group 2	0.4199	0.4022				

Share Class D Income

Period end	Pay date	Group	Net Revenue	Equalisation*	Total Payable	Streaming Franked	Streaming Unfranked	2018/9 Total Payable
31/10/19	31/12/19	Group 1	0.6667	N/A	0.6667	0.00%	100.00%	0.7240
		Group 2	0.2511	0.4156				
31/01/20	31/03/20	Group 1	0.6784	N/A	0.6784	0.00%	100.00%	0.7018
		Group 2	0.3004	0.3780				

All distributions above are in pence per share unless specifically stated.

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

Kames Ethical Corporate Bond Fund

Net asset value

	Net asset value of share class £'000	Net asset value per share p	Shares in issue
As of 31 January 2020	486,993		
A Accumulation shares	106,661	235.41	45,308,509
A Income shares	3,246	119.89	2,707,214
B Accumulation shares	190,886	208.45	91,573,851
B Income shares	182,312	107.53	169,545,410
D Accumulation shares	2,604	136.38	1,909,739
D Income shares	1,284	111.84	1,148,492

Kames Ethical Corporate Bond Fund

Ongoing charges figure

	31 January 2020	31 July 2019
A Accumulation shares		
ACD's periodic charge	1.00%	1.00%
Other expenses	0.04%	0.04%
Ongoing charges figure	1.04%	1.04%
A Income shares		
ACD's periodic charge	1.00%	1.00%
Other expenses	0.04%	0.04%
Ongoing charges figure	1.04%	1.04%
B Accumulation shares*		
ACD's periodic charge	0.45%	0.50%
Other expenses	0.04%	0.04%
Ongoing charges figure	0.49%	0.54%
B Income shares*		
ACD's periodic charge	0.45%	0.50%
Other expenses	0.04%	0.04%
Ongoing charges figure	0.49%	0.54%
D Accumulation shares		
ACD's periodic charge	0.75%	0.75%
Other expenses	0.04%	0.04%
Ongoing charges figure	0.79%	0.79%
D Income shares		
ACD's periodic charge	0.75%	0.75%
Other expenses	0.04%	0.04%
Ongoing charges figure	0.79%	0.79%

The ongoing charges figure (OCF) is calculated as the ratio of the total ongoing charges to the average net asset value of the sub-fund over the period. The OCF is made up of the ACD'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 B share class expense changed from 0.50% to 0.45% on 1 January 2020.

Total purchases and sales

	Total purchases £'000	Total sales £'000
6 months to 31.01.2019	66,767	49,579
6 months to 31.01.2020	61,483	76,215

Kames Ethical Corporate Bond Fund

Revenue record

	Accounting year	Net revenue per share p
A Accumulation shares (pence)	2018	5.46
	2019	5.26
	2020	2.52
A Income shares (pence)	2018	2.93
	2019	2.75
	2020	1.29
B Accumulation shares (pence)	2018	5.73
	2019	5.59
	2020	2.75
B Income shares (pence)	2018	3.14
	2019	2.98
	2020	1.43
D Accumulation shares (pence)	2018	3.46
	2019	3.35
	2020	1.63
D Income shares (pence)	2018	3.00
	2019	2.83
	2020	1.35

Kames Ethical Equity Fund

Fund objective

The investment objective is to provide a combination of income and capital growth over any 7 year period.

Risk profile

The sub-fund is designed for retail and institutional investors seeking pooled exposure to UK equity stocks while pursuing an ethical investment policy which excludes unethical activity. Investors in this sub-fund should be comfortable with a higher 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 equities, bonds, property and cash. While investors will normally be able to liquidate their holdings on a daily basis, 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.

The sub-fund is actively managed and exposed to a range of risks, which are listed and defined in the Kames Capital ICVC 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.

Performance*

The Kames Ethical Equity Fund returned 11.80% compared to the peer group median return of 2.15%. The peer group is the Investment Association UK All Companies sector.

Strategy review**

Global equity markets were volatile during the past six months, ending the period relatively flat in sterling terms. For much of the period, political instability in many markets, the US-China trade war and ongoing uncertainty around Brexit all impacted share prices. However, better-than-expected economic data, particularly in the US, and signals from a number of central banks that interest rates would remain low provided some support to equity markets.

In December, investors welcomed both the phase one agreement between the US and China and the UK Conservative Party's emphatic election victory, which brought a sense of certainty and settled the question of whether or not Brexit would happen. In January 2020, however, all-new sources of volatility arrived, in the form of the Coronavirus outbreak in China and increasing tensions between the US and Iran. As a result, share prices ended the period under pressure.

Many of the generally more defensive sectors performed well for much of the period, particularly utilities. Conversely, many cyclical sectors struggled, most notably oil & gas and basic materials.

The sub-fund significantly outperformed its peer group median during the period. Stock selection accounted for the majority of the outperformance, though sector selection also added value. In particular, our overweight position in support services and software & computer services contributed positively. Another positive was our lack of exposure to the mining industry, primarily due to the ethical criteria. This was offset to some degree by having no exposure to the pharmaceuticals industry, which performed well and therefore detracted from relative performance.

Among the best performing stocks were a number of our global growth plays, such as technology company Aveva, a global leader in engineering and industrial software, and Diploma (a supplier of specialist technical products and services), which traded in line with expectations and announced a number of accretive bolt-on acquisitions. Global multimedia company Entertainment One also added value, following an all-cash bid from Hasbro in August. Within the domestically-focused names, utilities company Pennon and housebuilder Countryside Properties performed well.

Stocks held that fared less well included John Laing, a private investor and operator in public infrastructure, and video games support services business Keywords Studios. Although Keywords' management recently reported strong levels of organic growth, the investment required to fulfil demand is impacting margins.

At period-end, key sector overweight positions included software & computer services, media, support services and financial services. Resources (oil & gas producers and mining), banks, consumer goods and traditional defensive sectors remain the most notable underweight positions, driven primarily by the sub-fund's ethical criteria.

*Source: Lipper, % growth, income re-invested at pay date, NAV-NAV, GBP, net of Basic Rate Tax. Index returns are gross of Basic Rate Tax.

Investors are invited to compare the sub-fund's performance against the performance of other funds within the Investment Association All UK Companies Sector. Comparison of the sub-fund against this Sector will give investors an indication of how sub-fund is performing compared with funds investing in a similar but not identical investment universe and comprising ethical and non-ethically screened funds, demonstrating the value of the sub-fund's ethical screen against non-ethically screened funds. This comparison should be performed over at least a 7 year period to provide the most useful long term comparison.

**General references to markets and indices are to be considered as general market commentary only and (i) are not to be considered as a comparison of sub-fund performance against a benchmark (unless otherwise disclosed as such); and (ii) the index or indices do not operate as a performance target and the sub-fund's portfolio is not constrained by the index or indices.

Kames Ethical Equity Fund

Portfolio Statement

The sub-fund's investments as at 31 January 2020

Holding	Investment	Market valuation £'000	Total net assets %
	Equities (31 July 2019 94.99%)	548,646	95.34
	Basic Materials (31 July 2019 1.89%)	7,959	1.38
359,470	Victrex	7,959	1.38
	Consumer Goods (31 July 2019 8.99%)	61,088	10.61
558,729	A.G. Barr	3,375	0.59
285,178	Bellway	11,362	1.97
666,000	Coca-Cola	18,548	3.22
2,169,202	Countryside Properties	10,581	1.84
1,670,000	Tate & Lyle	13,236	2.30
1,067,963	Watches of Switzerland	3,986	0.69
	Consumer Services (31 July 2019 16.60%)	82,014	14.25
100,000	4imprint	3,300	0.57
1,503,141	Ascential	5,486	0.95
1,714,554	Auto Trader	9,632	1.67
460,000	Dunelm	5,327	0.93
3,208,006	Huntsworth	2,085	0.36
1,373,506	Informa	10,639	1.85
609,880	Just Eat	5,250	0.91
1,439,437	Moneysupermarket.com	4,684	0.81
1,414,076	RELX	28,451	4.95
1,518,621	Trainline	7,160	1.25
	Financials (31 July 2019 23.32%)	148,623	25.83
451,624	AJ Bell	1,759	0.31
2,046,717	Brewin Dolphin	7,364	1.28
237,606	Derwent London	9,761	1.70
192,402	Hargreaves Lansdown	3,318	0.58
1,573,731	Impax Environmental Markets	5,178	0.90
214,852	IntegraFin	1,062	0.18
3,657,980	John Laing	12,979	2.25
7,880,838	Just	6,143	1.07
3,630,142	Legal & General	11,086	1.93
139,000	London Stock Exchange	10,889	1.89
1,872,862	M&G	4,495	0.78
827,569	Paragon	4,200	0.73
1,759,371	Phoenix	13,334	2.32
1,187,862	Prudential	16,054	2.79
180,129	Rathbone Brothers	3,549	0.62
131,705	Schroders	4,230	0.73
1,929,155	Secure Income REIT	9,067	1.57
2,093,750	Standard Life Aberdeen	6,311	1.10
1,403,910	Unite	17,844	3.10
	Health Care (31 July 2019 1.02%)	5,674	0.99
2,015,667	Advanced Medical Solutions	5,674	0.99
	Industrials (31 July 2019 22.59%)	123,587	21.48
300,000	Ashtead	7,362	1.28
239,325	Clarkson	6,976	1.21
910,000	Diploma	17,718	3.08
2,244,509	DS Smith	7,645	1.33
165,000	Ferguson	11,220	1.95
1,400,000	Grafton	12,873	2.24
1,155,000	Howden Joinery	7,949	1.38
32,175	Keywords Studios	396	0.07
937,677	Network International	5,692	0.99

Kames Ethical Equity Fund

Portfolio Statement (continued)

Holding	Investment	Market valuation £'000	Total net assets %
Industrials (continued)			
456,718	Oxford Instruments	7,033	1.22
478,188	PayPoint	4,772	0.83
1,045,411	Polypipe	5,666	0.98
73,358	Renishaw	2,915	0.51
1,311,064	Robert Walters	7,840	1.36
885,584	Sanne	5,314	0.92
365,000	Spectris	9,654	1.68
1,415,469	Strix	2,562	0.45
710,400	TMO Fund Raising*	-	-
Oil & Gas (31 July 2019 1.80%)			
Technology (31 July 2019 12.50%)			
2,598,009	Avast	11,036	1.92
460,000	Aveva	22,614	3.93
125,000	Craneware	2,369	0.41
477,543	FDM	4,680	0.81
2,720,930	GB Group	19,319	3.36
1,200,000	Sage	8,858	1.54
1,027,476	Softcat	11,857	2.06
Telecommunications (31 July 2019 3.86%)			
2,850,000	BT	4,586	0.79
1,084,135	Gamma Communications	15,124	2.63
Utilities (31 July 2019 2.42%)			
1,016,560	Pennon	11,263	1.96
530,146	SSE	7,995	1.39
Portfolio of investments		548,646	95.34
Net other assets		26,810	4.66
Total net assets attributable to shareholders		575,456	100.00

The comparative percentage figures in brackets are at 31 July 2019.

All investments are approved securities being either officially listed in a member state or traded on or under the rules of an eligible securities market, unless otherwise stated.

As all holdings are equity shares there is no analysis of the portfolio by asset class.

*Unlisted, suspended and delisted securities within the meaning of the COLL.

Kames Ethical Equity Fund

Statement of Total Return for the six months ended 31 January 2020

		31 January 2020		31 January 2019
	£'000	£'000	£'000	£'000
Income				
Net capital gains/(losses)		54,347		(77,174)
Revenue	6,274		6,986	
Expenses	(2,542)		(2,611)	
Interest payable and charges	(1)		-	
Net revenue before taxation	3,731		4,375	
Taxation	(11)		(5)	
Net revenue after taxation		<u>3,720</u>		<u>4,370</u>
Total return before distributions		58,067		(72,804)
Distributions		<u>(94)</u>		<u>(61)</u>
Change in net assets attributable to shareholders from investment activities		57,973		(72,865)

Statement of Change in Net Assets Attributable to Shareholders for the six months ended 31 January 2020

		31 January 2020		31 January 2019
	£'000	£'000	£'000	£'000
Opening net assets attributable to shareholders*		542,647		607,857
Amounts receivable on creation of shares	45,869		39,443	
Amounts payable on cancellation of shares	(71,033)		(48,856)	
		(25,164)		(9,413)
Change in net assets attributable to shareholders from investment activities		<u>57,973</u>		<u>(72,865)</u>
Closing net assets attributable to shareholders		575,456		525,579

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

Kames Ethical Equity Fund

Balance Sheet as at 31 January 2020

		31 January 2020		31 July 2019
	£'000	£'000	£'000	£'000
Assets				
Fixed assets:				
Investments		548,646		515,470
Current assets:				
Debtors	3,089		4,769	
Cash and bank balances	27,110		25,132	
		<u>30,199</u>		<u>29,901</u>
Total assets		578,845		545,371
Liabilities				
Creditors				
Distributions payable	-		972	
Other creditors	3,389		1,752	
		<u>3,389</u>		<u>2,724</u>
Total liabilities		3,389		2,724
Net assets attributable to shareholders		575,456		542,647

Kames Ethical Equity Fund

Net asset value

	Net asset value of share class £'000	Net asset value per share p	Shares in issue
As of 31 January 2020	575,456		
A Accumulation shares	113,381	214.87	52,767,759
B Accumulation shares	404,346	250.10	161,676,524
B Income shares	54,321	172.79	31,436,944
D Accumulation shares	3,408	190.55	1,788,365

Kames Ethical Equity Fund

Ongoing charges figure

	31 January 2020	31 July 2019
A Accumulation shares		
ACD's periodic charge	1.50%	1.50%
Other expenses	0.03%	0.03%
Ongoing charges figure	1.53%	1.53%
B Accumulation shares		
ACD's periodic charge	0.75%	0.75%
Other expenses	0.03%	0.03%
Ongoing charges figure	0.78%	0.78%
B Income shares		
ACD's periodic charge	0.75%	0.75%
Other expenses	0.03%	0.03%
Ongoing charges figure	0.78%	0.78%
D Accumulation shares		
ACD's periodic charge	1.00%	1.00%
Other expenses	0.03%	0.03%
Ongoing charges figure	1.03%	1.03%

The ongoing charges figure (OCF) is calculated as the ratio of the total ongoing charges to the average net asset value of the sub-fund over the period. The OCF is made up of the ACD'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.

Total purchases and sales

	Total purchases £'000	Total sales £'000
6 months to 31.01.2019	126,543	142,400
6 months to 31.01.2020	73,516	94,649

Kames Ethical Equity Fund

Revenue record

	Accounting year	Net revenue per share p
A Accumulation shares (pence)	2018	2.62
	2019	2.27
	2020	-
B Accumulation shares (pence)	2018	4.72
	2019	4.24
	2020	-
B Income shares (pence)	2018	3.39
	2019	2.99
	2020	-
D Accumulation shares (pence)	2018	3.18
	2019	2.83
	2020	-

Kames Ethical Cautious Managed Fund

Fund objective

The investment objective is to provide a combination of income and capital growth over any 7 year period.

Risk profile

The sub-fund is designed for retail and institutional investors seeking pooled exposure to a mixture of UK equities and sterling fixed income securities, while pursuing an ethical investment policy which excludes unethical activity. Investors in this sub-fund should be comfortable with a higher 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, property and cash. While investors will normally be able to liquidate their holdings on a daily basis, 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.

The sub-fund is actively managed and exposed to a range of risks, which are listed and defined in the Kames Capital ICVC 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.

Performance*

The Kames Ethical Cautious Managed Fund returned 7.22% compared to the peer group median return of 1.27%. The peer group is the Investment Association Mixed Investment 20-60% Shares sector.

Strategy review**

Global equity markets were volatile during the past six months, ending the period relatively flat in sterling terms. For much of the period, political instability in many markets, the US-China trade war and ongoing uncertainty around Brexit all impacted share prices. However, better-than-expected economic data, particularly in the US, and signals from a number of central banks that interest rates would remain low provided some support to equity markets.

In December, investors welcomed both the phase one agreement between the US and China and the UK Conservative Party's emphatic election victory, which brought a sense of certainty and settled the question of whether or not Brexit would happen. In January 2020, however, all-new sources of volatility arrived, in the form of the Coronavirus outbreak in China and increasing tensions between the US and Iran. As a result, share prices ended the period under pressure.

Bond markets performed well over the six-month period with both government and corporate bonds generating solid returns in sterling terms. Central bank action again supported the market while geopolitical events also supported markets. Corporate bond markets received an additional boost from a strong positive technical backdrop; investors' ongoing search for yield ensured demand for the asset class remained high.

The equity portfolio within the fund performed strongly with stock selection the main driver. In sector terms, our overweight positions in support services and software & computer services contributed positively. Our lack of exposure to the mining industry was also beneficial. Among the best performing stocks were a number of our global growth plays, such as technology company Aveva and Diploma (a supplier of specialist technical products and services). Global multimedia company Entertainment One also added value, following an all-cash bid from Hasbro in August. Within the domestically focused names, utilities company Pennon and housebuilder Countryside Properties performed well.

Within the fixed income portfolio, we tended to limit the amount of credit risk and therefore it held a relatively defensive stance. We were, however, very active in the new issue market and took advantage of some attractive new issuance when opportunities arose. While volatile, our positioning added value overall. Issue selection proved to be the main positive contributor to overall performance. Among the best performing holdings was Tees and Hartlepool Port Authority. Elsewhere, our exposure to bonds issued by UK financial institutions performed very well, with perceptions over the improving Brexit situation bolstering sentiment towards this area of the market. Highlights included holdings in Yorkshire Building Society, Virgin Money, Phoenix and Aviva.

*Source: Lipper, % growth, income re-invested at pay date, NAV-NAV, GBP, net of Basic Rate Tax. Index returns are gross of Basic Rate Tax. Investors are invited to compare the sub-fund's performance against the performance of other funds within the Investment Association All UK Companies Sector. Comparison of the sub-fund against this Sector will give investors an indication of how sub-fund is performing compared with funds investing in a similar but not identical investment universe and comprising ethical and non-ethically screened funds, demonstrating the value of the sub-fund's ethical screen against non-ethically screened funds. This comparison should be performed over at least a 7 year period to provide the most useful long term comparison.

**General references to markets and indices are to be considered as general market commentary only and (i) are not to be considered as a comparison of sub-fund performance against a benchmark (unless otherwise disclosed as such); and (ii) the index or indices do not operate as a performance target and the sub-fund's portfolio is not constrained by the index or indices.

Kames Ethical Cautious Managed Fund

Portfolio Statement

The sub-fund's investments as at 31 January 2020

Holding	Investment	Market valuation £'000	Total net assets %
	Sterling Denominated Bonds (31 July 2019 45.73%)	192,493	44.90
	Asset Backed Security (31 July 2019 3.84%)	15,930	3.71
240,000	Alpha Schools Highland Project 4.792% 31/01/2036	222	0.05
1,700,000	Arqiva Financing 4.882% 31/12/2032	1,701	0.40
1,370,000	Bishopsgate Asset Finance 4.808% 14/08/2044	1,273	0.30
152,000	Dignity Finance 3.5456% 31/12/2034	133	0.03
1,100,000	Dignity Finance 4.6956% 31/12/2049	945	0.22
1,350,000	Greater Gabbard 4.137% 29/11/2032	1,325	0.31
1,500,000	High Speed Rail Finance No.1 4.375% 01/11/2038	1,999	0.47
400,000	Paragon 3.625% 21/01/2047	499	0.12
1,800,000	Quadrant Housing Finance 7.93% 10/02/2033	2,419	0.56
400,000	Sustainable Communities for Leeds Finance 5.069% 30/09/2032	424	0.10
500,000	TC Dudgeon Ofto 3.158% 12/11/2038	555	0.13
1,500,000	Telereal Secured Finance 4.01% 10/12/2031	1,218	0.28
800,000	Telereal Securitisation 4.9741% 10/09/2027	541	0.13
160,000	Telereal Securitisation 6.1645% 10/12/2031	185	0.04
700,000	Trafford Centre Finance 6.5% 28/07/2033	768	0.18
720,000	Trafford Centre Finance 7.03% 28/01/2029	455	0.10
1,300,000	Wods Transmission 3.446% 24/08/2034	1,268	0.29
	Corporate Bonds (31 July 2019 41.89%)	176,563	41.19
900,000	ABN AMRO Bank 1% 30/06/2020	900	0.21
1,800,000	ABN AMRO Bank 2.375% 07/12/2021	1,848	0.43
1,100,000	ABP Finance 6.25% 14/12/2026	1,376	0.32
1,000,000	American International 5% 26/04/2023	1,118	0.26
650,000	AMP Group Finance Services 6.875% 23/08/2022	701	0.16
700,000	APT Pipelines 3.5% 22/03/2030	791	0.18
800,000	APT Pipelines 4.25% 26/11/2024	908	0.21
1,700,000	Aroundtown 3.25% 18/07/2027	1,832	0.43
600,000	ASIF II 6.375% 05/10/2020	621	0.15
150,000	Aviva 5.9021% Perpetual	152	0.04
1,000,000	Aviva 6.125% Perpetual	1,101	0.26
1,600,000	AXA 5.625% 16/01/2054	2,007	0.47
2,800,000	Bank of Montreal 1.625% 21/06/2022	2,851	0.67
1,000,000	Bank of Scotland Capital Funding 7.754% Perpetual	1,078	0.25
1,000,000	Bazalgette Finance 2.375% 29/11/2027	1,078	0.25
1,800,000	Blend Funding 3.459% 21/09/2047	2,244	0.52
1,700,000	BPCE 5.25% 16/04/2029	2,144	0.50
1,490,000	BPHA Finance 4.816% 11/04/2044	2,233	0.52
400,000	British Land 5.264% 24/09/2035	557	0.13
488,000	British Land 5.357% 31/03/2028	615	0.14
1,200,000	Cadent Finance 2.625% 22/09/2038	1,294	0.30
800,000	Close Brothers Finance 2.75% 19/10/2026	856	0.20
800,000	CNP Assurances 7.375% 30/09/2041	878	0.21
300,000	Cooperatieve Rabobank 4.625% 13/01/2021	310	0.07
900,000	Cooperatieve Rabobank 5.25% 14/09/2027	1,110	0.26
500,000	Cooperatieve Rabobank 6.91% Perpetual	769	0.18
900,000	Coventry Building Society 1.875% 24/10/2023	922	0.22
1,400,000	CPUK Finance 7.239% 28/02/2024	1,688	0.39
6,100,000	Deutsche Bahn Finance 2.75% 20/06/2022	6,370	1.49
4,100,000	Deutsche Bahn Finance 3.125% 24/07/2026	4,635	1.08
650,000	Deutsche Telekom International Finance 6.5% 08/04/2022	726	0.17
656,000	Deutsche Telekom International Finance 7.625% 15/06/2030	1,013	0.24
2,400,000	Digital Stout 4.75% 13/10/2023	2,679	0.62
246,000	Direct Line Insurance 9.25% 27/04/2042	287	0.07
800,000	Electricity North West 8.875% 25/03/2026	1,141	0.27
2,000,000	EMH Treasury 4.5% 29/01/2044	2,858	0.67
800,000	Esure 6.75% 19/12/2024	819	0.19
500,000	Fiserv 3% 01/07/2031	550	0.13
1,200,000	Freshwater Finance 4.607% 17/10/2036	1,644	0.38

Kames Ethical Cautious Managed Fund

Portfolio Statement (continued)

Holding	Investment	Market valuation £'000	Total net assets %
Corporate Bonds (continued)			
550,000	GLH Hotels 7.875% 20/06/2022	596	0.14
1,800,000	Great Places Housing 4.75% 22/10/2042	2,595	0.61
1,800,000	Hammerson 3.5% 27/10/2025	1,900	0.44
8,200,000	International Bank for Reconstruction & Development 1% 19/12/2022	8,271	1.93
2,000,000	International Bank for Reconstruction & Development 5.4% 07/06/2021	2,119	0.49
200,000	International Bank for Reconstruction & Development 5.75% 07/06/2032	313	0.07
1,200,000	Investec 4.25% 24/07/2028	1,254	0.29
1,000,000	Kelda Finance No.3 5.75% 17/02/2020	1,000	0.23
8,300,000	KFW 0.875% 15/03/2022	8,327	1.94
200,000	KFW 4.875% 15/03/2037	319	0.07
1,000,000	KFW 5% 10/09/2024	1,191	0.28
6,500,000	KFW 5.5% 18/06/2025	8,102	1.89
3,000,000	KFW 5.55% 07/06/2021	3,190	0.74
2,500,000	KFW 6% 07/12/2028	3,607	0.84
1,800,000	Land Securities Capital Markets 1.974% 08/02/2024	1,850	0.43
1,000,000	Legal & General 5.5% 27/06/2064	1,231	0.29
700,000	Legal & General 10% 23/07/2041	787	0.18
1,300,000	Liberty Living Finance 3.375% 28/11/2029	1,430	0.33
1,100,000	Lloyds Banking 2.25% 16/10/2024	1,136	0.26
812,000	Lunar Funding I 5.75% 18/10/2033	1,200	0.28
900,000	Martlet Homes 3% 09/05/2052	1,078	0.25
700,000	Motability Operations 3.625% 10/03/2036	880	0.21
1,200,000	Motability Operations 5.375% 28/06/2022	1,330	0.31
600,000	Myriad Capital 4.75% 20/12/2043	878	0.21
1,100,000	National Express 2.5% 11/11/2023	1,141	0.27
1,000,000	National Grid Gas 1.375% 02/07/2031	994	0.23
8,000,000	Network Rail Infrastructure Finance 3% 07/09/2023	8,644	2.02
8,300,000	Nordic Bank 0.625% 02/11/2021	8,272	1.93
400,000	Northern Powergrid Yorkshire 4.375% 05/07/2032	520	0.12
600,000	OP Corporate Bank 2.5% 20/05/2022	620	0.15
1,600,000	Orange 5.75% Perpetual	1,771	0.41
700,000	Orsted 4.875% 12/01/2032	940	0.22
1,000,000	Orsted 5.75% 09/04/2040	1,618	0.38
800,000	Pennon 2.875% Perpetual	801	0.19
2,200,000	Phoenix 4.125% 20/07/2022	2,313	0.54
800,000	Places for People Homes 3.625% 22/11/2028	896	0.21
500,000	Porterbrook Rail Finance 6.5% 20/10/2020	518	0.12
300,000	Prudential 5% 20/07/2055	343	0.08
500,000	Prudential 5.7% 19/12/2063	616	0.14
1,000,000	RAC 4.87% 06/05/2026	1,039	0.24
1,400,000	Royal Bank of Scotland 2.875% 19/09/2026	1,472	0.34
1,500,000	Sainsbury's Bank 6% 23/11/2027	1,578	0.37
1,000,000	Santander 3.625% 14/01/2026	1,101	0.26
800,000	Scottish Hydro Electric Transmission 2.25% 27/09/2035	834	0.19
1,700,000	Severn Trent Utilities Finance 3.625% 16/01/2026	1,915	0.45
1,900,000	Skipton Building Society 1.75% 30/06/2022	1,918	0.45
800,000	Southern Gas Networks 2.5% 03/02/2025	849	0.20
900,000	Southern Gas Networks 4.875% 05/10/2023	1,023	0.24
1,800,000	SSE 3.875% Perpetual	1,818	0.42
2,000,000	Stagecoach 4% 29/09/2025	2,163	0.50
1,200,000	Thames Water Kemble Finance 5.875% 15/07/2022	1,246	0.29
600,000	Thames Water Utilities Finance 3.5% 25/02/2028	674	0.16
1,000,000	THFC Funding No.3 5.2% 11/10/2043	1,555	0.36
6,200,000	Transport for London 2.125% 24/04/2025	6,562	1.53
1,900,000	Transport for London 3.875% 23/07/2042	2,612	0.61
600,000	UNITE USAF II 3.921% 30/06/2025	670	0.16
500,000	Wales & West Utilities Finance 3% 03/08/2038	591	0.14
800,000	Wales & West Utilities Finance 4.625% 13/12/2023	913	0.21
59,000	Wales & West Utilities Finance 6.25% 30/11/2021	65	0.02
1,600,000	Wessex Water Services Finance 4% 24/09/2021	1,676	0.39
2,100,000	Yorkshire Building Society 3.5% 21/04/2026	2,328	0.54
600,000	Yorkshire Water Finance 2.75% 18/04/2041	666	0.16

Kames Ethical Cautious Managed Fund

Portfolio Statement (continued)

Holding	Investment	Market valuation £'000	Total net assets %
	Equities (31 July 2019 48.80%)	216,313	50.46
	Basic Materials (31 July 2019 0.94%)	2,947	0.69
133,087	Victrex	2,947	0.69
	Consumer Goods (31 July 2019 4.53%)	22,819	5.32
211,524	A.G. Barr	1,278	0.30
107,512	Bellway	4,283	1.00
256,500	Coca-Cola	7,144	1.66
700,307	Countryside Properties	3,416	0.80
655,000	Tate & Lyle	5,192	1.21
403,411	Watches of Switzerland	1,506	0.35
	Consumer Services (31 July 2019 8.53%)	31,672	7.39
38,000	4imprint	1,254	0.29
597,578	Ascential	2,181	0.51
747,968	Auto Trader	4,202	0.98
172,000	Dunelm	1,992	0.46
1,435,876	Huntsworth	933	0.22
529,521	Informa	4,102	0.96
227,270	Just Eat	1,956	0.46
514,084	Moneysupermarket.com	1,673	0.39
527,998	RELX	10,623	2.48
584,449	Trainline	2,756	0.64
	Financials (31 July 2019 12.49%)	60,823	14.19
179,833	AJ Bell	700	0.16
763,316	Brewin Dolphin	2,746	0.64
89,894	Derwent London	3,693	0.86
77,503	Hargreaves Lansdown	1,337	0.31
324,843	Impax Environmental Markets	1,069	0.25
76,239	IntegraFin	377	0.09
1,366,840	John Laing	4,850	1.13
3,554,666	Just	2,771	0.65
1,319,094	Legal & General	4,028	0.94
50,250	London Stock Exchange	3,937	0.92
654,198	M&G	1,570	0.37
298,051	Paragon	1,513	0.35
670,670	Phoenix	5,083	1.19
454,198	Prudential	6,138	1.43
92,941	Rathbone Brothers	1,831	0.43
61,342	Schroders	1,970	0.46
933,788	Secure Income REIT	4,389	1.02
934,375	Standard Life Aberdeen	2,816	0.66
1,209,166	Tatton Asset Management	3,265	0.76
530,264	Unite	6,740	1.57
	Health Care (31 July 2019 0.51%)	2,174	0.51
772,248	Advanced Medical Solutions	2,174	0.51
	Industrials (31 July 2019 11.46%)	48,972	11.42
130,000	Ashtead	3,190	0.74
87,494	Clarkson	2,550	0.59
340,000	Diploma	6,620	1.54
876,218	DS Smith	2,984	0.70
60,500	Ferguson	4,114	0.96
500,000	Grafton	4,597	1.07
455,000	Howden Joinery	3,131	0.73

Kames Ethical Cautious Managed Fund

Portfolio Statement (continued)

Holding	Investment	Market valuation £'000	Total net assets %
Industrials (continued)			
12,591	Keywords Studios	155	0.04
349,982	Network International	2,124	0.50
182,928	Oxford Instruments	2,817	0.66
225,620	PayPoint	2,252	0.52
406,580	Polypipe	2,204	0.51
28,995	Renishaw	1,152	0.27
536,140	Robert Walters	3,206	0.75
357,407	Sanne	2,144	0.50
137,500	Spectris	3,637	0.85
1,157,379	Strix	2,095	0.49
22,000	TMO Renewables*	-	-
Oil & Gas (31 July 2019 0.96%)		-	-
Technology (31 July 2019 6.18%)		31,244	7.29
950,419	Avast	4,037	0.94
177,000	Aveva	8,701	2.03
51,750	Craneware	981	0.23
189,972	FDM	1,862	0.43
1,052,069	GB Group	7,470	1.74
480,000	Sage	3,543	0.83
402,970	Softcat	4,650	1.09
Telecommunications (31 July 2019 1.99%)		7,756	1.81
1,110,000	BT	1,786	0.42
427,933	Gamma Communications	5,970	1.39
Utilities (31 July 2019 1.21%)		7,906	1.84
443,703	Pennon	4,916	1.14
198,295	SSE	2,990	0.70
Portfolio of investments		408,806	95.36
Net other assets		19,882	4.64
Total net assets attributable to shareholders		428,688	100.00

Analysis of investments by asset class

	Market value £'000	Value of investment %
Equities	216,313	50.46
Bonds	192,493	44.90
Portfolio of investments	408,806	95.36
Net other assets	19,882	4.64
Total net assets attributable to shareholders	428,688	100.00

The comparative percentage figures in brackets are at 31 July 2019.

All investments are approved securities being either officially listed in a member state or traded on or under the rules of an eligible securities market, unless otherwise stated.

*Unlisted, suspended and delisted securities within the meaning of the FCA's COLL.

Kames Ethical Cautious Managed Fund

Statement of Total Return for the six months ended 31 January 2020

		31 January 2020		31 January 2019
	£'000	£'000	£'000	£'000
Income				
Net capital gains/(losses)		24,576		(39,985)
Revenue	5,360		6,808	
Expenses	(1,765)		(2,115)	
Interest payable and similar charges	(1)		-	
Net revenue before taxation	3,594		4,693	
Taxation	(252)		(305)	
Net revenue after taxation		<u>3,342</u>		<u>4,388</u>
Total return before distributions		27,918		(35,597)
Distributions		<u>(3,342)</u>		<u>(4,388)</u>
Change in net assets attributable to shareholders from investment activities		24,576		(39,985)

Statement of Change in Net Assets Attributable to Shareholders for the six months ended 31 January 2020

		31 January 2020		31 January 2019
	£'000	£'000	£'000	£'000
Opening net assets attributable to shareholders*		442,604		552,470
Amounts receivable on creation of shares	18,477		32,280	
Amounts payable on cancellation of shares	(59,880)		(74,633)	
		(41,403)		(42,353)
Dilution adjustment		127		129
Change in net assets attributable to shareholders from investment activities		24,576		(39,985)
Retained distribution on accumulation shares		<u>2,784</u>		<u>3,686</u>
Closing net assets attributable to shareholders		428,688		473,947

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

Kames Ethical Cautious Managed Fund

Balance Sheet as at 31 January 2020

	31 January 2020		31 July 2019	
	£'000	£'000	£'000	£'000
Assets				
Fixed assets:				
Investments		408,806		418,402
Current assets:				
Debtors	3,637		4,795	
Cash and bank balances	18,422		22,274	
		<u>22,059</u>		<u>27,069</u>
Total assets		430,865		445,471
Liabilities				
Creditors				
Distributions payable	186		329	
Other creditors	1,991		2,538	
		<u>2,177</u>		<u>2,867</u>
Total liabilities		2,177		2,867
Net assets attributable to shareholders		428,688		442,604

Kames Ethical Cautious Managed Fund

Distribution Tables

Share Class A Accumulation

Period end	Pay date	Group	Net Revenue	Equalisation*	Total Payable	Streaming Franked	Streaming Unfranked	2018/9 Total Payable
31/10/19	31/12/19	Group 1	0.6944	N/A	0.6944	89.94%	10.06%	0.7620
		Group 2	0.2378	0.4566				
31/01/20	31/03/20	Group 1	0.4118	N/A	0.4118	97.40%	2.60%	0.4188
		Group 2	0.1366	0.2752				

Share Class A Income

Period end	Pay date	Group	Net Revenue	Equalisation*	Total Payable	Streaming Franked	Streaming Unfranked	2018/9 Total Payable
31/10/19	31/12/19	Group 1	0.5395	N/A	0.5395	89.80%	10.20%	0.6005
		Group 2	0.2122	0.3273				
31/01/20	31/03/20	Group 1	0.3186	N/A	0.3186	97.39%	2.61%	0.3287
		Group 2	0.1811	0.1375				

Share Class B Accumulation

Period end	Pay date	Group	Net Revenue	Equalisation*	Total Payable	Streaming Franked	Streaming Unfranked	2018/9 Total Payable
31/10/19	31/12/19	Group 1	0.6529	N/A	0.6529	71.23%	28.77%	0.7001
		Group 2	0.2409	0.4120				
31/01/20	31/03/20	Group 1	0.4506	N/A	0.4506	66.20%	33.80%	0.4379
		Group 2	0.2142	0.2364				

Share Class B Income

Period end	Pay date	Group	Net Revenue	Equalisation*	Total Payable	Streaming Franked	Streaming Unfranked	2018/9 Total Payable
31/10/19	31/12/19	Group 1	0.5749	N/A	0.5749	71.33%	28.67%	0.6279
		Group 2	0.2435	0.3314				
31/01/20	31/03/20	Group 1	0.3949	N/A	0.3949	66.21%	33.79%	0.3910
		Group 2	0.1824	0.2125				

Share Class D Accumulation

Period end	Pay date	Group	Net Revenue	Equalisation*	Total Payable	Streaming Franked	Streaming Unfranked	2018/9 Total Payable
31/10/19	31/12/19	Group 1	0.6477	N/A	0.6477	79.46%	20.54%	0.7018
		Group 2	0.2718	0.3759				
31/01/20	31/03/20	Group 1	0.4191	N/A	0.4191	78.85%	21.15%	0.4151
		Group 2	0.1127	0.3064				

Share Class D Income

Period end	Pay date	Group	Net Revenue	Equalisation*	Total Payable	Streaming Franked	Streaming Unfranked	2018/9 Total Payable
31/10/19	31/12/19	Group 1	0.5724	N/A	0.5724	79.89%	20.11%	0.6303
		Group 2	0.0652	0.5072				
31/01/20	31/03/20	Group 1	0.3688	N/A	0.3688	78.64%	21.36%	0.3713
		Group 2	0.1894	0.1794				

All distributions above are in pence per share unless specifically stated.

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

Kames Ethical Cautious Managed Fund

Net asset value

	Net asset value of share class £'000	Net asset value per share p	Shares in issue
As of 31 January 2020	428,688		
A Accumulation shares	25,260	196.31	12,867,007
A Income shares	1,949	151.60	1,285,586
B Accumulation shares	339,539	146.12	232,376,736
B Income shares	57,871	127.67	45,330,129
D Accumulation shares	3,131	161.78	1,935,298
D Income shares	938	141.99	660,882

Kames Ethical Cautious Managed Fund

Ongoing charges figure

	31 January 2020	31 July 2019
A Accumulation shares		
ACD's periodic charge	1.25%	1.25%
Other expenses	0.04%	0.04%
Ongoing charges figure	1.29%	1.29%
A Income shares		
ACD's periodic charge	1.25%	1.25%
Other expenses	0.04%	0.04%
Ongoing charges figure	1.29%	1.29%
B Accumulation shares		
ACD's periodic charge	0.75%	0.75%
Other expenses	0.04%	0.04%
Ongoing charges figure	0.79%	0.79%
B Income shares		
ACD's periodic charge	0.75%	0.75%
Other expenses	0.04%	0.04%
Ongoing charges figure	0.79%	0.79%
D Accumulation shares		
ACD's periodic charge	1.00%	1.00%
Other expenses	0.04%	0.04%
Ongoing charges figure	1.04%	1.04%
D Income shares		
ACD's periodic charge	1.00%	1.00%
Other expenses	0.04%	0.04%
Ongoing charges figure	1.04%	1.04%

The ongoing charges figure (OCF) is calculated as the ratio of the total ongoing charges to the average net asset value of the sub-fund over the period. The OCF is made up of the ACD'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.

Total purchases and sales

	Total purchases £'000	Total sales £'000
6 months to 31.01.2019	79,019	113,008
6 months to 31.01.2020	23,120	56,703

Kames Ethical Cautious Managed Fund

Revenue record

	Accounting year	Net revenue per share p
A Accumulation shares (pence)	2018	2.99
	2019	2.58
	2020	1.11
A Income shares (pence)	2018	2.38
	2019	2.02
	2020	0.86
B Accumulation shares (pence)	2018	2.75
	2019	2.44
	2020	1.10
B Income shares (pence)	2018	2.50
	2019	2.18
	2020	0.97
D Accumulation shares (pence)	2018	2.75
	2019	2.42
	2020	1.07
D Income shares (pence)	2018	2.50
	2019	2.16
	2020	0.94

Kames Diversified Growth Fund

Fund objective

The investment objective is to deliver a total return (capital growth plus income) that exceeds the UK Retail Prices Index by at least 4% per annum over any 5 year period. By investing in the sub-fund, capital is at risk. There is no guarantee that the sub-fund will deliver positive returns over this, or any, time period.

Risk profile

The sub-fund is designed for retail and institutional investors seeking to mitigate the effects of inflation over the longer term and who are comfortable with a medium to high level of investment risk. In most cases, we expect the sub-fund to be held as part of a diversified portfolio including other assets e.g. bonds, other equities, property and cash. While investors will normally be able to liquidate their holdings on a daily basis, 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.

The sub-fund is actively managed and exposed to a range of risks, which are listed and defined in the Kames Capital ICVC 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.

Performance*

The Kames Diversified Growth Fund returned 4.53% (based on net and noon prices) compared to the benchmark return of 2.76%. The benchmark is the UK Retail Price Index + 4%.

Strategy review**

Global equity markets were volatile during the past six months, ending the period relatively flat in sterling terms. For much of the period, political instability, the US-China trade war and ongoing uncertainty around Brexit all impacted share prices. However, better-than-expected economic data, particularly in the US, and signals from a number of central banks that interest rates would remain low provided some support to equity markets.

In December, investors welcomed both the phase-one trade agreement between the US and China and the UK Conservative Party's emphatic election victory, which brought a sense of certainty and settled the question of whether or not Brexit would happen. In January 2020, however, all-new sources of volatility arrived in the form of the Coronavirus outbreak in China and increasing tensions between the US and Iran. As a result, share prices ended the period under pressure.

The sub-fund outperformed its benchmark during the six-month period. The alternatives and currency allocations delivered the bulk of the positive performance. Conversely, the credit allocation delivered a negative return.

Within alternatives, strong performance could be found among our renewable energy and infrastructure investments, as many of our holdings demonstrated attractive cash flows and benefited from increasing investor focus on 'sustainable' investments. The largest positive contributions came from 3i Infrastructure (UK infrastructure) Greencoat UK Wind (UK wind), HICL Infrastructure (UK infrastructure) and Enagas (Spanish gas network). Our holding in 3i Infrastructure was reduced during the period, following strong performance.

Performance in credit was mixed, with emerging markets debt and high yield detracting from performance. Conversely, bank credit and the relative safe haven of investment grade added value. In equities, both the global value and growth components underperformed the wider equity market, as volatility increased, particularly in the last month of the period. However, a number of the sub-fund's best performing holdings could be found in the growth component, including technology companies Photronics, Taiwan Semiconductor Manufacturing and Ansys. Generally, eurozone and emerging markets futures performed well.

We increased our cash and alternatives holdings slightly during the period. Within alternatives, we increased exposure to renewable energy through European securities – we expect the long-term growth outlook for this segment to offer a significant investment opportunity.

The equity value sleeve was reduced and the emerging markets allocation sold, due to mixed economic data and the outbreak of the Coronavirus in China.

*Source: Lipper, % growth, income re-invested at pay date, NAV-NAV, GBP, net of Basic Rate Tax. Index returns are gross of Basic Rate Tax.

UK RPI is selected as a commonly accepted measure of UK inflation. We consider that exceeding RPI by at least 4% over 5 years is an attractive return and therefore an appropriate target benchmark in relation to which the sub-fund is managed. Comparison of the sub-fund's performance against the target benchmark will allow investors to determine whether and to what extent the sub-fund has delivered returns in excess of inflation. Any comparison of the sub-fund's performance against this benchmark should be performed over a 5 year period to provide the most useful medium term comparison.

**General references to markets and indices are to be considered as general market commentary only and (i) are not to be considered as a comparison of sub-fund performance against a benchmark (unless otherwise disclosed as such); and (ii) the index or indices do not operate as a performance target and the sub-fund's portfolio is not constrained by the index or indices.

Kames Diversified Growth Fund

Portfolio Statement

The sub-fund's investments as at 31 January 2020

Holding	Investment	Market valuation £'000	Total net assets %
	Euro Denominated Bonds (31 July 2019 6.34%)	21,571	4.88
	Corporate Bonds (31 July 2019 6.34%)	21,571	4.88
2,000,000	Banco Bilbao Vizcaya Argentaria 5.875% Perpetual	1,812	0.41
2,000,000	Banco Santander 5.25% Perpetual	1,811	0.41
1,500,000	Banco Santander 5.481% Perpetual	1,266	0.29
2,600,000	Bankia 6% Perpetual	2,344	0.53
1,600,000	CaixaBank 6.75% Perpetual	1,536	0.35
2,500,000	Eurofins Scientific 3.25% Perpetual	2,074	0.47
1,800,000	Platin 1426 5.375% 15/06/2023	1,501	0.34
1,700,000	Summer (BC) B 5.75% 31/10/2026	1,490	0.34
3,000,000	Teva Pharmaceutical Finance Netherlands II 1.125% 15/10/2024	2,239	0.50
1,100,000	Teva Pharmaceutical Finance Netherlands II 6% 31/01/2025	989	0.22
2,400,000	UniCredit 6.625% Perpetual	2,215	0.50
2,400,000	Volkswagen International Finance 4.625% Perpetual	2,294	0.52
	Mexican Peso Denominated Bonds (31 July 2019 1.17%)	6,251	1.41
	Government Bonds (31 July 2019 1.17%)	6,251	1.41
143,000,000	Mexican Bonos 7.75% 13/11/2042	6,251	1.41
	Sterling Denominated Bonds (31 July 2019 2.75%)	11,283	2.55
	Corporate Bonds (31 July 2019 2.75%)	11,283	2.55
1,500,000	Barclays 7.125% Perpetual	1,720	0.39
900,000	Mclaren Finance 5% 01/08/2022	872	0.20
1,400,000	MPT Operating Partnership 3.692% 06/05/2028	1,489	0.34
1,000,000	Pension Insurance 7.375% Perpetual	1,207	0.27
1,500,000	Pension Insurance 8% 23/11/2026	1,927	0.43
1,600,000	Prudential 5% 20/07/2055	1,830	0.41
2,100,000	Virgin Money UK 8% Perpetual	2,238	0.51
	United States Dollar Denominated Bonds (31 July 2019 13.87%)	63,029	14.24
	Corporate Bonds (31 July 2019 5.09%)	16,203	3.66
1,600,000	Citigroup 4.7% perpetual	1,237	0.28
1,200,000	Commerzbank 7% Perpetual	986	0.22
1,600,000	Credit Suisse 7.5% Perpetual	1,377	0.31
1,300,000	HSBC 6.875% Perpetual	1,033	0.23
1,900,000	ING Groep 6.75% FRN Perpetual	1,586	0.36
2,500,000	JPMorgan Chase 4.6% Perpetual	1,933	0.44
1,800,000	Phoenix 5.625% Perpetual	1,415	0.32
2,700,000	Prime Security Services Borrower 6.25% 15/01/2028	2,029	0.46
1,800,000	RBS Capital Trust II 6.425% Perpetual	1,940	0.44
2,000,000	Swedbank 6% Perpetual	1,591	0.36
1,350,000	Williams Scotsman International 6.875% 15/08/2023	1,076	0.24
	Government Bonds (31 July 2019 8.78%)	46,826	10.58
7,000,000	Brazilian Government International Bond 4.625% 13/01/2028	5,868	1.32
2,400,000	Indonesia Government Bond 5.35% 02/11/2049	2,380	0.54
7,700,000	Mexican Bonos 4.5% 22/04/2029	6,540	1.48
2,400,000	Republic of South Africa Government Bond 5.875% 22/06/2030	1,983	0.45
2,700,000	Turkey Government International Bond 7.375% 05/02/2025	2,313	0.52
2,400,000	Turkey Government International Bond 7.625% 26/04/2029	2,115	0.48
28,300,000	US Treasury Bond 2.875% 15/05/2049	25,627	5.79
	Equities (31 July 2019 60.62%)	273,990	61.93
	Basic Materials (31 July 2019 0.74%)	4,927	1.11
28,813	Albemarle	1,756	0.39
37,695	Nucor	1,358	0.31
20,400	Shin-Etsu Chemical	1,813	0.41

Kames Diversified Growth Fund

Portfolio Statement (continued)

Holding	Investment	Market valuation £'000	Total net assets %
	Consumer Goods (31 July 2019 2.73%)	14,481	3.27
45,226	Activision Blizzard	2,005	0.45
369,000	Anta Sports Products	2,455	0.56
100,301	Coca-Cola	2,793	0.63
101,210	Nomad Foods	1,549	0.35
160,915	Sonos	1,675	0.38
234,892	Technogym	2,218	0.50
2,296,000	Uni-President China	1,786	0.40
	Consumer Services (31 July 2019 2.88%)	13,748	3.11
543,723	Auto Trader	3,055	0.69
14,631	Burlington Stores	2,414	0.55
47,947	CTS Eventim	2,273	0.51
64,478	Domino's Pizza	1,788	0.40
45,593	Viad	2,247	0.51
83,375	Zumiez	1,971	0.45
	Financials (31 July 2019 36.61%)	139,686	31.58
2,102,155	3i Infrastructure	6,517	1.47
11,325	Allianz	2,057	0.47
2,700,000	Banco Espirito Santo*	-	-
2,629,940	Bilfinger Berger Global Infrastructure SICAV	4,366	0.99
2,062,424	Bluefield Solar Income Fund	2,681	0.61
215,917	Burford Capital	1,360	0.31
512,000	CapitaLand	1,030	0.23
744,000	China Overseas Land & Investment	1,835	0.41
189,500	CK Asset	929	0.21
163,300	DBS	2,303	0.52
144,105	Deutsche Wohnen	4,630	1.05
2,156,651	Foresight Solar Fund	2,502	0.57
3,114,933	GCP Infrastructure Investments	3,981	0.90
280,849	Granite Point Mortgage Trust	3,893	0.88
5,130,154	Greencoat Renewables	5,197	1.17
7,469,707	Greencoat UK Wind	10,607	2.40
3,317,119	HICL Infrastructure	5,891	1.33
5,162,085	International Public Partnerships	8,621	1.95
5,443	Japan Hotel REIT	2,785	0.63
1,991,398	John Laing	7,065	1.60
3,574,857	John Laing Environmental Assets Group	4,200	0.95
18,490	JPMorgan Chase	1,856	0.42
5,667,200	Land & Houses	1,283	0.29
373,829	Macquarie Korea Infrastructure Fund	2,760	0.62
11,824	MarketAxess	3,177	0.72
104,839	Mitsui Fudosan	2,132	0.48
42,375	Morgan Stanley	1,679	0.38
263,382	New Residential Investment	3,345	0.76
3,826,163	NextEnergy Solar Fund	4,515	1.02
4,031,484	Nimrod Sea Assets*	12	-
971,360	Octopus Renewables Infrastructure Trust	1,047	0.24
6,722,206	Renewables Infrastructure	8,846	2.00
131,308	Segro	1,195	0.27
215,863	Starwood Property Trust	4,200	0.95
3,809,200	Supalai	1,502	0.34
2,205,342	Syncona	4,708	1.06
168,866	TPG RE Finance Trust	2,620	0.59
3,150,186	Tritax Big Box REIT	4,398	0.99
391,130	Two Harbors Investment	4,525	1.02
778,600	UOL	3,436	0.78
	Health Care (31 July 2019 1.85%)	12,393	2.80
22,003	Cochlear	2,654	0.60
19,852	Diasorin	1,853	0.42
123,645	GlaxoSmithKline	2,206	0.50

Kames Diversified Growth Fund

Portfolio Statement (continued)

Holding	Investment	Market valuation £'000	Total net assets %
	Health Care (continued)		
23,133	Haemonetics	1,884	0.43
25,000	JINS Holdings	1,349	0.30
82,700	Takeda Pharmaceutical	2,447	0.55
	Industrials (31 July 2019 8.48%)	36,477	8.25
217,565	Atlantia	4,042	0.91
390,000	Delta Electronics	1,401	0.32
25,885	Eiffage	2,278	0.52
118,534	Ferrovial	2,855	0.65
6,167	Geberit	2,470	0.56
47,171	Johnson Controls International	1,411	0.32
58,090	Kingspan	2,718	0.61
93,900	Komatsu	1,621	0.37
8,115	Lockheed Martin	2,634	0.59
755,700	Sydney Airport	3,205	0.72
11,544	Teleperformance	2,201	0.50
41,858	Tetra Tech	2,718	0.61
56,144	Vinci	4,729	1.07
3,520,710	Zhejiang Expressway	2,194	0.50
	Oil & Gas (31 July 2019 1.46%)	1,997	0.45
26,915	SolarEdge Technologies	1,997	0.45
	Technology (31 July 2019 4.01%)	25,165	5.69
50,639	Amdocs	2,762	0.63
18,909	Ansys	3,934	0.89
40,700	BrainPad	1,778	0.40
7,122	Broadcom	1,648	0.37
53,662	Intel	2,601	0.59
127,953	MaxLinear	1,891	0.43
36,097	Nemetschek	1,866	0.42
64,666	Perficient	2,436	0.55
158,099	Softcat	1,824	0.41
147,100	Systema	1,908	0.43
313,242	Taiwan Semiconductor Manufacturing	2,517	0.57
	Telecommunications (31 July 2019 0.69%)	2,057	0.46
72,114	AT&T	2,057	0.46
	Utilities (31 July 2019 1.17%)	23,059	5.21
424,000	CLP	3,362	0.76
155,133	Enagas	3,170	0.72
419,105	Enel	2,768	0.63
322,817	Iberdrola	2,679	0.60
489,498	National Grid	4,922	1.11
42,940	Orsted	3,540	0.80
99,266	RWE	2,618	0.59
	Collective Investment Schemes (31 July 2019 9.30%)	26,345	5.96
179,032	iShare EM Local Government Bond	8,084	1.83
209,353	iShares JPMorgan USD EM Bond UCITS ETF	18,261	4.13
	Derivatives and Futures Contracts (31 July 2019 (1.27)%)	688	0.16
	Forward Foreign Exchange Contracts (31 July 2019 (1.29)%)	688	0.16
	Bought EUR 3,650,000 Sold GBP 3,122,590 14/02/2020	(53)	(0.01)
	Bought EUR 5,200,000 Sold GBP 4,427,030 14/02/2020	(53)	(0.01)
	Bought GBP 6,408,597 Sold AUD 12,360,000 14/02/2020	132	0.03
	Bought GBP 1,327,556 Sold AUD 2,500,000 14/02/2020	58	0.01
	Bought GBP 1,523,195 Sold CAD 2,660,000 14/02/2020	(2)	-
	Bought GBP 891,951 Sold CHF 1,120,000 14/02/2020	11	-
	Bought GBP 1,915,847 Sold CHF 2,487,000 14/02/2020	(41)	(0.01)

Kames Diversified Growth Fund

Portfolio Statement (continued)

Holding	Investment	Market valuation £'000	Total net assets %
Forward Foreign Exchange Contracts (continued)			
	Bought GBP 2,134,850 Sold DKK 18,900,000 14/02/2020	7	-
	Bought GBP 67,722,234 Sold EUR 80,271,000 14/02/2020	207	0.05
	Bought GBP 22,918,992 Sold EUR 27,200,000 14/02/2020	41	0.01
	Bought GBP 2,227,256 Sold EUR 2,600,000 14/02/2020	40	0.01
	Bought GBP 1,832,820 Sold EUR 2,160,000 14/02/2020	16	0.01
	Bought GBP 3,628,645 Sold EUR 4,300,000 14/02/2020	12	-
	Bought GBP 2,258,722 Sold EUR 2,700,000 14/02/2020	(12)	-
	Bought GBP 19,881,544 Sold EUR 23,800,000 14/02/2020	(136)	(0.03)
	Bought GBP 1,328,833 Sold HKD 13,500,000 14/02/2020	11	-
	Bought GBP 12,479,327 Sold HKD 128,890,000 14/02/2020	(105)	(0.02)
	Bought GBP 18,018,796 Sold JPY 2,565,300,000 14/02/2020	57	0.01
	Bought GBP 4,458,920 Sold JPY 640,000,000 14/02/2020	(22)	(0.01)
	Bought GBP 2,888,973 Sold KRW 4,480,000,000 12/02/2020	52	0.01
	Bought GBP 1,265,781 Sold NOK 15,250,000 14/02/2020	11	-
	Bought GBP 25,717,510 Sold SGD 46,100,000 14/02/2020	105	0.03
	Bought GBP 3,065,795 Sold THB 122,500,000 14/02/2020	85	0.02
	Bought GBP 16,559,978 Sold TWD 655,800,000 12/02/2020	188	0.04
	Bought GBP 3,139,590 Sold USD 4,100,000 14/02/2020	30	0.01
	Bought GBP 1,835,041 Sold USD 2,400,000 14/02/2020	15	-
	Bought GBP 2,879,966 Sold USD 3,800,000 14/02/2020	(2)	-
	Bought GBP 173,464,319 Sold USD 228,750,000 14/02/2020	(5)	-
	Bought GBP 1,637,375 Sold USD 2,200,000 14/02/2020	(31)	(0.01)
	Bought IDR 236,110,000,000 Sold GBP 12,728,220 12/02/2020	230	0.05
	Bought INR 1,198,000,000 Sold GBP 12,727,783 12/02/2020	(53)	(0.01)
	Bought JPY 2,547,000,000 Sold GBP 17,881,452 14/02/2020	(47)	(0.01)
	Bought MXN 53,400,000 Sold GBP 2,081,945 14/02/2020	54	0.01
	Bought NOK 15,500,000 Sold GBP 1,337,804 14/02/2020	(63)	(0.01)
	Bought USD 3,600,000 Sold GBP 2,778,764 14/02/2020	(49)	(0.01)
	Options (31 July 2019 0.02%)	-	-
	Portfolio of investments**	403,157	91.13
	Net other assets	39,235	8.87
	Total net assets attributable to shareholders	442,392	100.00

Analysis of investments by asset class

	Market value £'000	Value of investments %
Equities	273,990	61.93
Bonds	102,134	23.08
Collective Investment Schemes	26,345	5.96
Derivatives	688	0.16
Portfolio of investments**	403,157	91.13
Net other assets	39,235	8.87
Total net assets attributable to shareholders	442,392	100.00

The comparative percentage figures in brackets are at 31 July 2019.

All investments are approved securities being either officially listed in a member state or traded on or under the rules of an eligible securities market, unless otherwise stated.

*Unlisted, suspended and delisted securities within the meaning of the FCA's COLL.

**Includes investment liabilities.

Kames Diversified Growth Fund

Balance Sheet as at 31 January 2020

	31 January 2020		31 July 2019	
	£'000	£'000	£'000	£'000
Assets				
Fixed assets:				
Investments		403,831		391,154
Current assets:				
Debtors	1,536		3,201	
Cash and bank balances	40,677		27,819	
		<u>42,213</u>		<u>31,020</u>
Total assets		446,044		422,174
Liabilities				
Investment liabilities		674		10,647
Creditors				
Other creditors	2,978		1,402	
Total liabilities		<u>3,652</u>		<u>12,049</u>
Net assets attributable to shareholders		442,392		410,125

Kames Diversified Growth Fund

Statement of Total Return for the six months ended 31 January 2020

		31 January 2020		31 January 2019
	£'000	£'000	£'000	£'000
Income				
Net capital gains/(losses)		13,192		(24,062)
Revenue	6,696		6,670	
Expenses	(1,264)		(1,127)	
Interest payable and similar charges	(10)		(19)	
Net revenue before taxation	5,422		5,524	
Taxation	(613)		(558)	
Net revenue after taxation		4,809		4,966
Total return before distributions		18,001		(19,096)
Distributions		(4,809)		(4,966)
Change in net assets attributable to shareholders from investment activities		13,192		(24,062)

Statement of Change in Net Assets Attributable to Shareholders for the six months ended 31 January 2020

		31 January 2020		31 January 2019
	£'000	£'000	£'000	£'000
Opening net assets attributable to shareholders*		410,125		381,290
Amounts receivable on creation of shares	15,177		26,302	
Amounts payable on cancellation of shares	(975)		(2,410)	
		14,202		23,892
Dilution adjustment		47		91
Change in net assets attributable to shareholders from investment activities		13,192		(24,062)
Retained distribution on accumulation shares		4,826		5,090
Closing net assets attributable to shareholders		442,392		386,301

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

Kames Diversified Growth Fund

Distribution Tables

Share Class A Accumulation

Period end	Pay date	Group	Net Revenue	Equalisation*	Total Payable	Franked	Streaming Unfranked Non-Foreign	Unfranked Foreign	2018/9 Total Payable
31/10/19	31/12/19	Group 1	0.7370	N/A	0.7370	71.94%	16.04%	12.02%	0.7873
		Group 2	0.4506	0.2864					
31/01/20	31/03/20	Group 1	0.7123	N/A	0.7123	62.86%	20.15%	16.99%	0.8840
		Group 2	0.4783	0.2340					

Share Class B Accumulation

Period end	Pay date	Group	Net Revenue	Equalisation*	Total Payable	Franked	Streaming Unfranked Non-Foreign	Unfranked Foreign	2018/9 Total Payable
31/10/19	31/12/19	Group 1	0.9406	N/A	0.9406	60.87%	28.95%	10.18%	0.9931
		Group 2	0.7383	0.2023					
31/01/20	31/03/20	Group 1	0.9210	N/A	0.9210	53.13%	32.52%	14.35%	1.0900
		Group 2	0.4470	0.4740					

Share Class D Accumulation

Period end	Pay date	Group	Net Revenue	Equalisation*	Total Payable	Franked	Streaming Unfranked Non-Foreign	Unfranked Foreign	2018/9 Total Payable
31/10/19	31/12/19	Group 1	0.6889	N/A	0.6889	65.30%	23.31%	11.39%	0.7285
		Group 2	0.6889	0.0000					
31/01/20	31/03/20	Group 1	0.6712	N/A	0.6712	57.02%	27.55%	15.43%	0.8093
		Group 2	0.6712	0.0000					

All distributions above are in pence per share unless specifically stated.

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

Kames Diversified Growth Fund

Net asset value

	Net asset value of share class £'000	Net asset value per share p	Shares in issue
As of 31 January 2020	442,392		
A Accumulation shares	688	158.00	435,358
B Accumulation shares	441,655	170.41	259,166,320
D Accumulation shares	49	133.88	36,865

Kames Diversified Growth Fund

Ongoing charges figure

	31 January 2020	31 July 2019
A Accumulation shares		
ACD's periodic charge	1.00%	1.00%
Other expenses	0.04%	0.04%
Ongoing charges figure	1.04%	1.04%
B Accumulation shares		
ACD's periodic charge	0.55%	0.55%
Other expenses	0.04%	0.04%
Ongoing charges figure	0.59%	0.59%
D Accumulation shares		
ACD's periodic charge	0.75%	0.75%
Other expenses	0.04%	0.04%
Ongoing charges figure	0.79%	0.79%

The ongoing charges figure (OCF) is calculated as the ratio of the total ongoing charges to the average net asset value of the sub-fund over the period. The OCF is made up of the ACD'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.

Total purchases and sales

	Total purchases £'000	Total sales £'000
6 months to 31.01.2019	276,810	249,996
6 months to 31.01.2020	225,834	201,397

Kames Diversified Growth Fund

Revenue record

	Accounting year	Net revenue per share p
A Accumulation shares (pence)	2018	3.91
	2019	3.85
	2020	1.45
B Accumulation shares (pence)	2018	4.74
	2019	4.71
	2020	1.86
D Accumulation shares (pence)	2018	3.59
	2019	3.50
	2020	1.36

Kames Diversified Monthly Income Fund

Fund Objective

The investment objective is to generate income with a target yield of approximately 5% per annum, with the potential for capital growth over the medium term (being any 5 year period). By investing in the sub-fund, capital is at risk. There is no guarantee that the sub-fund will generate this, or any other level of income or returns.

Risk profile

The sub-fund is designed for retail and institutional investors seeking regular income and who are comfortable with a medium to high level of investment risk. In most cases, we expect the sub-fund to be held as part of a diversified portfolio including other assets e.g. bonds, equities, property and cash. While investors will normally be able to liquidate their holdings on a daily basis, 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.

The sub-fund is actively managed and exposed to a range of risks, which are listed and defined in the Kames Capital ICVC 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.

Performance*

The Kames Diversified Monthly Income Fund produced a total return of 5.34% over the six months to the end of January 2020.

The average monthly pence-per-share distribution over the most recent 12 months was 0.444 pence. The historic yield, based on the 12 most recent monthly distributions, was 4.69%.

Strategy review**

Global equity markets were volatile during the past six months, ending the period relatively flat in sterling terms. For much of the period, political instability, the US-China trade war and ongoing uncertainty around Brexit all impacted share prices. However, better-than-expected economic data, particularly in the US, and signals from a number of central banks that interest rates would remain low provided some support to equity markets.

In December, investors welcomed both the phase-one trade agreement between the US and China and the UK Conservative Party's emphatic election victory, which brought a sense of certainty and settled the question of whether or not Brexit would happen. In January 2020, however, all-new sources of volatility arrived in the form of the Coronavirus outbreak in China and increasing tensions between the US and Iran. As a result, share prices ended the period under pressure.

There was strong performance in a number of our equity sleeves during the period, most notably high dividend and global equity income. Among our high dividend names, Legal & General was a notable outperformer. The global equity income component of the sub-fund was home to some of our best-performing individual positions, including Taiwan Semiconductor Manufacturing, UK housebuilder Taylor Wimpey and Japanese financial services company ORIX. Conversely, our holding in Australian wine producer Treasury Wine Estates detracted from performance.

The sub-fund's exposure to alternative income-generating assets performed well and continued to provide good diversification benefits. Among the best performing areas within this sector was listed infrastructure, where National Grid was among our top-performing individual holdings.

Our weighting to renewable energy also added value, as investors continued to gravitate toward sustainable investments. Notable positives included Greencoat UK Wind and Renewables Infrastructure.

Our exposure to fixed income was more mixed. Our high yield holdings performed particularly poorly, as did government bonds, where two of our US Treasury investments were among the sub-fund's worst individual performers. In contrast, our weightings in investment grade and bank credit performed well.

We seek sustainable income investment opportunities wherever they may be. In today's market, attractive and dependable levels of income remain highly sought after. We believe that a diverse multi-asset portfolio can deliver our income target, capital growth and risk management through dynamic asset allocation and stock selection.

We will continue to invest in high-conviction stock ideas, always mindful of how we allocate resources in the prevailing market environment.

*Source: Lipper, % growth, income re-invested at pay date, NAV-NAV, GBP, net of Basic Rate Tax. Index returns are gross of Basic Rate Tax.

**General references to markets and indices are to be considered as general market commentary only and (i) are not to be considered as a comparison of sub-fund performance against a benchmark (unless otherwise disclosed as such); and (ii) the index or indices do not operate as a performance target and the sub-funds portfolio is not constrained by the index or indices.

Kames Diversified Monthly Income Fund

Portfolio Statement

The sub-fund's investments as at 31 January 2020

Holding	Investment	Market valuation £'000	Total net assets %
	Canadian Dollar Denominated Bonds (31 July 2019 0.00%)	438	0.05
	Corporate Bonds (31 July 2019 0.00%)	438	0.05
700,000	Quebecor Media 6.625% 15/01/2023	438	0.05
	Euro Denominated Bonds (31 July 2019 8.05%)	77,520	8.43
	Corporate Bonds (31 July 2019 8.05%)	77,520	8.43
1,800,000	Algeco Global Finance 6.5% 15/02/2023	1,504	0.16
2,600,000	ARD Finance 5% 30/06/2027	2,221	0.24
1,900,000	Assemblin Financing 5% 15/05/2025	1,616	0.18
4,000,000	Banca Monte dei Paschi di Siena 3.625% 24/09/2024	3,534	0.38
2,600,000	Banco Bilbao Vizcaya Argentaria 5.875% Perpetual	2,356	0.26
4,000,000	Banco Santander 5.25% Perpetual	3,622	0.39
4,300,000	Banco Santander 5.481% Perpetual	3,630	0.39
4,600,000	Bankia 6.375% Perpetual	4,269	0.46
3,100,000	Bayer 2.375% 11/12/2079	2,668	0.29
3,600,000	CaixaBank 6.75% Perpetual	3,456	0.38
2,000,000	CBR Fashion Finance 5.125% 01/10/2022	1,712	0.19
2,100,000	CyrusOne 1.45% 22/01/2027	1,790	0.19
2,400,000	DKT Finance 7% 17/06/2023	2,114	0.23
500,000	Ellaktor Value 6.375% 15/12/2024	431	0.05
3,500,000	Ellaktor Value 6.375% SNR 15/12/2024	3,014	0.33
3,428,000	Energizer Gamma Acquisition 4.625% 15/07/2026	3,008	0.33
2,100,000	Ethias 5% 14/01/2026	2,117	0.23
2,900,000	Eurofins Scientific 2.875% Perpetual	2,404	0.26
3,028,000	Eurofins Scientific 3.25% Perpetual	2,512	0.27
3,000,000	Federal-Mogul Financing 5% 15/07/2024	2,540	0.28
3,300,000	Nidda Healthcare 3.5% 30/09/2024	2,806	0.31
2,728,000	Panther BF Aggregator 2 4.375% 15/05/2026	2,361	0.26
2,907,000	Platin 1426 5.375% 15/06/2023	2,424	0.26
2,100,000	Sazka 3.875% 15/02/2027	1,762	0.19
2,300,000	Sazka 4.125% 20/11/2024	2,003	0.22
2,939,525	Stichting AK Rabobank Certificaten 6.5% Perpetual	3,266	0.36
4,000,000	Summer (BC) B 5.75% 31/10/2026	3,505	0.38
2,400,000	Teva Pharmaceutical Finance Netherlands II 6% 31/01/2025	2,159	0.23
3,600,000	UniCredit 6.625% Perpetual	3,323	0.36
3,400,000	UniCredit 7.5% Perpetual	3,393	0.37
	Indonesian Rupiah Denominated Bonds (31 July 2019 0.77%)	9,743	1.06
	Government Bonds (31 July 2019 0.77%)	9,743	1.06
72,000,000,000	Indonesia Government Bond 8.25% 15/07/2021	4,163	0.45
92,587,000,000	Indonesia Government Bond 8.375% 15/03/2024	5,580	0.61
	Mexican Peso Denominated Bonds (31 July 2019 1.15%)	17,995	1.96
	Government Bonds (31 July 2019 1.15%)	17,995	1.96
172,534,800	Mexican Bonos 6.5% 06/09/2022	6,911	0.75
100,000,000	Mexican Bonos 7.25% 12/09/2021	4,056	0.44
174,492,600	Mexican Bonos 8% 11/06/2020	7,028	0.77
	South African Rand Denominated Bonds (31 July 2019 0.76%)	4,971	0.54
	Government Bonds (31 July 2019 0.76%)	4,971	0.54
87,122,656	Republic of South Africa Government Bond 10.5% 21/12/2026	4,971	0.54
	Sterling Denominated Bonds (31 July 2019 7.75%)	66,070	7.19
	Asset Backed Security (31 July 2019 0.10%)	731	0.08
900,000	Telereal Secured Finance 4.01% 10/12/2031	731	0.08

Kames Diversified Monthly Income Fund

Portfolio Statement (continued)

Holding	Investment	Market Valuation £'000	Total net assets %
	Corporate Bonds (31 July 2019 7.65%)	65,339	7.11
2,700,000	Aroundtown 3.625% 10/04/2031	2,994	0.33
2,828,000	Arqiva Broadcast Finance 6.75% 30/09/2023	3,003	0.33
2,200,000	Aviva 6.875% 20/05/2058	3,299	0.36
3,100,000	AXA 5.453% Perpetual	3,554	0.39
3,200,000	Barclays 7.125% Perpetual	3,670	0.40
3,028,000	BUPA Finance 5% 08/12/2026	3,527	0.38
550,000	Cheltenham & Gloucester 11.75% Perpetual	1,125	0.12
1,200,000	Digital Stout 3.75% 17/10/2030	1,381	0.15
1,200,000	DS Smith 2.875% 26/07/2029	1,267	0.14
3,100,000	Fidelity National Information Services 2.25% 12/03/2029	3,206	0.35
2,100,000	HBOS Sterling Finance Jersey 7.881% Perpetual	3,299	0.36
2,680,000	HSBC Capital 5.844% Perpetual	3,697	0.40
2,107,000	Legal & General 5.5% 27/06/2064	2,594	0.28
3,107,000	Mclaren Finance 5% 01/08/2022	3,011	0.33
1,700,000	MPT Operating Partnership 3.692% 06/05/2028	1,808	0.20
18,000	Nationwide Building Society 10.25% Perpetual	3,077	0.33
2,200,000	Pension Insurance 7.375% Perpetual	2,656	0.29
2,828,000	Pension Insurance 8% 23/11/2026	3,633	0.40
3,450,000	Pinnacle Bidco 6.375% 15/02/2025	3,616	0.39
1,800,000	Prudential 5% 20/07/2055	2,058	0.22
1,807,000	Prudential 5.625% 20/10/2051	2,131	0.23
500,000	RAC 4.87% 06/05/2026	519	0.06
3,300,000	Virgin Money UK 8% Perpetual	3,518	0.38
2,300,000	Volkswagen International Finance 4.125% 17/11/2031	2,696	0.29
	United States Dollar Denominated Bonds (31 July 2019 21.74%)	207,518	22.58
	Corporate Bonds (31 July 2019 14.17%)	127,040	13.82
3,900,000	AerCap 5.875% 10/10/2079	3,136	0.34
2,800,000	Anheuser-Busch InBev Worldwide 5.45% 23/01/2039	2,766	0.30
4,614,000	APT Pipelines 4.25% 15/07/2027	3,856	0.42
4,100,000	Ardagh Packaging Finance 5.25% 15/08/2027	3,258	0.35
3,400,000	Ashtead Capital 4.125% 15/08/2025	2,650	0.29
3,000,000	AT&T 4.85% 03/01/2039	2,694	0.29
3,000,000	Banco Bilbao Vizcaya Argentaria 6.5% Perpetual	2,440	0.26
4,308,000	Bank of America 5.875% Perpetual	3,656	0.40
3,400,000	Bayer US Finance II 4.25% 15/12/2025	2,843	0.31
2,800,000	Berry Global 5.625% 15/07/2027	2,263	0.25
4,014,000	BNP Paribas 6.75% Perpetual	3,247	0.35
3,100,000	Citigroup 4.7% perpetual	2,396	0.26
2,100,000	CNAC HK Finbridge 4.625% 14/03/2023	1,682	0.18
1,800,000	Commerzbank 7% Perpetual	1,479	0.16
3,900,000	Connect Finco 6.75% 10/01/2026	3,123	0.34
3,200,000	Credit Suisse 7.5% Perpetual	2,753	0.30
3,203,000	Digital Realty Trust 3.7% 15/08/2027	2,632	0.29
2,500,000	DKT Finance 9.375% 17/06/2023	2,024	0.22
2,970,000	DP World 6.85% 02/07/2037	3,015	0.33
2,000,000	Drax Finco 6.625% 01/11/2025	1,604	0.17
1,633,000	Enviva Partners 6.5% 15/01/2026	1,318	0.14
2,000,000	Ford Motor Credit 4.389% 08/01/2026	1,565	0.17
3,400,000	Fresenius Medical Care US Finance III 3.75% 15/06/2029	2,727	0.30
5,400,000	GEMS Menasa Cayman 7.125% 31/07/2026	4,280	0.47
2,000,000	General Motors Financial 4.2% 01/03/2021	1,550	0.17
3,800,000	Imperial Brands Finance 3.5% 26/07/2026	2,981	0.32
4,814,000	ING Groep 6.75% Perpetual	4,019	0.44
2,800,000	International Business Machines 4.15% 15/05/2039	2,496	0.27
5,100,000	JPMorgan Chase 4.6% Perpetual	3,942	0.43
2,944,000	Live Nation Entertainment 4.875% 01/11/2024	2,306	0.25
3,550,000	MARB BondCo 6.875% 19/01/2025	2,838	0.31
3,407,000	MPT Operating Partnership 5.25% 01/08/2026	2,719	0.30
1,750,000	Par Petroleum / Petroleum Finance 7.75% 15/12/2025	1,373	0.15

Kames Diversified Monthly Income Fund

Portfolio Statement (continued)

Holding	Investment	Market Valuation £'000	Total net assets %
Corporate Bonds (continued)			
3,600,000	Phoenix 5.625% Perpetual	2,830	0.31
5,400,000	Prime Security Services Borrower 6.25% 15/01/2028	4,058	0.44
1,710,000	Reynolds American 5.7% 15/08/2035	1,562	0.17
5,000,000	Royal Bank of Scotland 8% Perpetual	4,436	0.48
3,800,000	Swedbank 6% Perpetual	3,023	0.33
4,200,000	Swiss Re Finance Luxembourg 4.25% Perpetual	3,280	0.36
1,700,000	Syngenta Finance 5.182% 24/04/2028	1,449	0.16
2,400,000	Takeda Pharmaceutical 5% 26/11/2028	2,174	0.24
4,700,000	Teva Pharmaceutical Finance 2.95% 18/12/2022	3,423	0.37
3,500,000	Trivium Packaging Finance 5.5% 15/08/2026	2,803	0.30
3,000,000	Tullow Oil 7% 01/03/2025	1,866	0.20
4,214,000	UBS Group Funding Switzerland 7% Perpetual	3,647	0.40
1,248,000	Vermilion Energy 5.625% 15/03/2025	909	0.10
1,286,000	Williams Scotsman International 6.875% 15/08/2023	1,025	0.11
1,826,000	Williams Scotsman International 7.875% 15/12/2022	1,444	0.16
1,800,000	XPO Logistics 6.75% 15/08/2024	1,480	0.16
Government Bonds (31 July 2019 7.57%)		80,478	8.76
7,473,000	Mexican Bonos 4.15% 28/03/2027	6,170	0.67
4,000,000	Turkey Government International Bond 7.25% 23/12/2023	3,377	0.37
6,832,000	Turkey Government International Bond 7.375% 05/02/2025	5,852	0.64
16,970,200	US Treasury Bond 1.125% 31/08/2021	12,821	1.40
17,000,000	US Treasury Bond 1.375% 31/08/2020	12,881	1.40
17,885,100	US Treasury Bond 2.125% 31/12/2022	13,883	1.51
15,927,400	US Treasury Bond 2.625% 15/08/2020	12,148	1.32
17,447,200	US Treasury Bond 2.625% 15/11/2020	13,346	1.45
Equities (31 July 2019 57.75%)		522,363	56.83
Basic Materials (31 July 2019 1.98%)		20,271	2.21
17,255	Air Products & Chemicals	3,124	0.34
391,542	Mondi	6,051	0.66
114,892	Rio Tinto	4,692	0.51
72,039	Shin-Etsu Chemical	6,404	0.70
Consumer Goods (31 July 2019 3.49%)		31,989	3.48
236,110	Anta Sports Products	1,571	0.17
49,764	Asahi Group	1,771	0.19
153,403	Bellway	6,112	0.66
125,013	Bridgestone	3,412	0.37
264,866	Britvic	2,450	0.27
65,713	Nestle	5,499	0.60
2,687,757	Taylor Wimpey	5,779	0.63
817,150	Treasury Wine Estates	5,395	0.59
Consumer Services (31 July 2019 1.33%)		14,529	1.58
99,320	Darden Restaurants	8,770	0.95
1,553,261	Sands China	5,759	0.63
Financials (31 July 2019 26.74%)		252,637	27.49
1,736,553	3i Infrastructure	5,383	0.59
40,875	Allianz	7,426	0.81
17,012	Altearea	2,960	0.32
4,644,975	Ascendas Real Estate Investment Trust	8,106	0.88
8,557,182	Ascott Residence Trust	5,993	0.65
3,507,176	Bilfinger Berger Global Infrastructure SICAV	5,822	0.63
1,977,700	CapitaLand	3,979	0.43
414,472	CK Asset	2,033	0.22
17,377	CME	2,862	0.31
420,323	DBS	5,927	0.65
206,469	Deutsche Wohnen	6,634	0.72
40,864	Digital Realty Trust	3,809	0.42

Kames Diversified Monthly Income Fund

Portfolio Statement (continued)

Holding	Investment	Market Valuation £'000	Total net assets %
Financials (continued)			
1,734,804	Grainger	5,135	0.56
362,345	Granite Point Mortgage Trust	5,022	0.55
5,819,367	Greencoat Renewables	5,895	0.64
9,694,832	Greencoat UK Wind	13,767	1.50
3,565,262	HICL Infrastructure	6,332	0.69
677,529	ING Groep	5,596	0.61
308,994	Inmobiliaria Colonial Socimi	3,141	0.34
3,521,297	International Public Partnerships	5,881	0.64
20,978	Japan Hotel REIT	10,733	1.17
4,075,391	John Laing Environmental Assets Group	4,789	0.52
50,539	JPMorgan Chase	5,073	0.55
4,463	Kenedix Residential Next Investment	6,722	0.73
15,171,800	Land & Houses	3,434	0.37
3,335,231	Legal & General	10,186	1.11
100,877	Macquarie	7,414	0.81
4,108	MCUBS MidCity Investment	3,663	0.40
355,228	New Residential Investment	4,511	0.49
4,676,358	NextEnergy Solar Fund	5,518	0.60
2,968,516	Nimrod Sea Assets*	9	-
772,701	ORIX	10,046	1.09
1,359,533	Phoenix	10,304	1.12
681,269	Ping An Insurance of China	5,904	0.64
10,660,114	Renewables Infrastructure	14,029	1.53
414,649	Sabra Health Care REIT	6,757	0.74
1,334,892	Secure Income REIT	6,274	0.68
102,560	Starwood Property Trust	1,996	0.22
192,020	TPG RE Finance Trust	2,979	0.32
4,752,160	Tritax Big Box REIT	6,634	0.72
348,270	Two Harbors Investment	4,029	0.44
1,148,702	UOL	5,069	0.55
15,423	Zurich Financial Services	4,861	0.53
Health Care (31 July 2019 3.28%)		29,726	3.23
56,652	AstraZeneca	4,205	0.46
340,326	GlaxoSmithKline	6,071	0.66
40,234	Johnson & Johnson	4,542	0.49
263,769	Pfizer	7,450	0.81
252,066	Takeda Pharmaceutical	7,458	0.81
Industrials (31 July 2019 10.17%)		78,260	8.51
18,275	Aena	2,566	0.28
383,889	Atlantia	7,132	0.78
598,000	Delta Electronics	2,147	0.23
350,944	Distribucion Integral Logista	5,966	0.65
4,041,563	DP Aircraft I	2,299	0.25
50,618	Eaton	3,627	0.39
54,023	Eiffage	4,755	0.52
159,661	Ferrovial	3,846	0.42
4,219,151	Infratil	11,154	1.21
227,200	Komatsu	3,922	0.42
21,173	Lockheed Martin	6,873	0.75
922,000	Simplo Technology	7,421	0.81
496,706	Swire Pacific 'A'	3,341	0.36
1,875,107	Swire Pacific 'B'	2,026	0.22
627,404	Sydney Airport	2,660	0.29
250,911	Transurban	1,999	0.22
77,472	Vinci	6,526	0.71
Oil & Gas (31 July 2019 1.43%)		8,095	0.88
2,391,671	PTT	2,517	0.27
279,710	Royal Dutch Shell 'A'	5,578	0.61

Kames Diversified Monthly Income Fund

Portfolio Statement (continued)

Holding	Investment	Market Valuation £'000	Total net assets %
	Technology (31 July 2019 5.82%)	40,876	4.45
40,639	Broadcom	9,403	1.02
269,706	Cisco Systems	9,401	1.02
127,111	Maxim Integrated Products	5,797	0.63
20,389	Microsoft	2,632	0.29
256,335	Taiwan Semiconductor Manufacturing	10,487	1.14
18,420	Tokyo Electron	3,156	0.35
	Telecommunications (31 July 2019 1.37%)	14,634	1.59
314,718	KDDI	7,194	0.78
4,056,168	Singapore Telecommunications	7,440	0.81
	Utilities (31 July 2019 2.14%)	31,346	3.41
481,000	CK Infrastructure	2,561	0.28
136,723	Enagas	2,794	0.30
338,277	Endesa	7,041	0.77
718,275	Enel	4,743	0.52
759,630	National Grid	7,639	0.83
24,058	NextEra Energy	4,892	0.53
1,003,901	Tilt Renewables	1,676	0.18
	Derivatives and Futures Contracts (31 July 2019 (1.02)%)	3,299	0.36
	Forward Foreign Exchange Contracts (31 July 2019 (0.84)%)	3,299	0.36
72,000,000	Bought BRL 72,000,000 Sold EUR 15,846,814 20/02/2020	(570)	(0.06)
2,400,000	Bought CHF 2,400,000 Sold GBP 1,852,142 07/02/2020	36	-
14,000,000	Bought EUR 14,000,000 Sold GBP 11,940,194 07/02/2020	(168)	(0.02)
52,410,000	Bought EUR 52,410,000 Sold GBP 44,357,880 07/02/2020	(287)	(0.03)
19,626,729	Bought GBP 19,626,728 Sold AUD 37,800,000 07/02/2020	431	0.05
	Bought GBP 9,179,771 Sold EUR 10,770,000 07/02/2020	123	0.01
	Bought GBP 3,646,879 Sold EUR 4,260,000 07/02/2020	65	0.01
	Bought GBP 3,583,737 Sold EUR 4,200,000 07/02/2020	52	0.01
	Bought GBP 3,041,529 Sold EUR 3,600,000 07/02/2020	14	-
	Bought GBP 3,455,886 Sold EUR 4,100,000 07/02/2020	8	-
	Bought GBP 3,448,205 Sold EUR 4,120,000 07/02/2020	(16)	-
	Bought GBP 95,553,662 Sold EUR 112,000,000 20/02/2020	1,333	0.14
	Bought GBP 17,898,554 Sold HKD 184,600,000 07/02/2020	(131)	(0.01)
	Bought GBP 4,457,449 Sold JPY 634,000,000 07/02/2020	19	-
	Bought GBP 26,560,908 Sold JPY 3,794,000,000 07/02/2020	-	-
	Bought GBP 3,709,533 Sold JPY 531,000,000 07/02/2020	(8)	-
	Bought GBP 4,298,459 Sold MXN 110,000,000 07/02/2020	(107)	(0.01)
	Bought GBP 20,610,566 Sold MXN 529,700,000 07/02/2020	(605)	(0.07)
	Bought GBP 11,957,087 Sold NZD 24,100,000 07/02/2020	127	0.01
	Bought GBP 56,804,517 Sold SGD 101,800,000 07/02/2020	237	0.03
	Bought GBP 1,819,842 Sold SGD 3,200,000 07/02/2020	42	-
	Bought GBP 6,607,731 Sold THB 264,000,000 07/02/2020	183	0.02
	Bought GBP 45,946,639 Sold TWD 1,791,000,000 27/02/2020	1,199	0.13
	Bought GBP 385,496,365 Sold USD 507,420,000 07/02/2020	633	0.07
	Bought GBP 9,200,019 Sold USD 12,000,000 07/02/2020	98	0.01
	Bought GBP 6,355,614 Sold USD 8,300,000 07/02/2020	60	0.01
	Bought GBP 2,753,129 Sold USD 3,600,000 07/02/2020	23	-
	Bought GBP 1,880,983 Sold USD 2,470,000 07/02/2020	8	-
	Bought GBP 12,116,705 Sold USD 16,000,000 07/02/2020	(19)	-
	Bought GBP 5,199,223 Sold ZAR 101,100,000 07/02/2020	92	0.01
	Bought IDR 196,000,000 Sold EUR 12,832,264 20/02/2020	(50)	(0.01)
	Bought INR 1,680,000,000 Sold EUR 21,236,253 20/02/2020	(109)	(0.01)
	Bought MXN 338,000,000 Sold CHF 17,329,124 20/02/2020	(134)	(0.01)
	Bought MXN 226,000,000 Sold EUR 10,784,004 20/02/2020	(40)	-
	Bought MXN 110,100,000 Sold GBP 4,427,599 07/02/2020	(18)	-

Kames Diversified Monthly Income Fund

Portfolio Statement (continued)

Holding	Investment	Market Valuation £'000	Total net assets %
	Forward Foreign Exchange Contracts (continued)		
	Bought USD 96,000,000 Sold EUR 86,269,158 20/02/2020	214	0.02
	Bought USD 6,780,000 Sold GBP 5,159,609 07/02/2020	(17)	-
	Bought USD 23,563,937 Sold KRW 27,300,000,000 20/02/2020	581	0.06
	Futures Contracts (31 July 2019 (0.18)%)	-	-
	Portfolio of investments**	909,917	99.00
	Net other assets	9,202	1.00
	Total net assets attributable to shareholders	919,119	100.00

Analysis of investments by asset class

	Market value £'000	Value of investment %
Equities	522,363	56.83
Bonds	384,255	41.81
Derivatives	3,299	0.36
Portfolio of investments**	909,917	99.00
Net other assets	9,202	1.00
Total net assets attributable to shareholders	919,119	100.00

The comparative percentage figures in brackets are at 31 July 2019.

All investments are approved securities being either officially listed in a member state or traded on or under the rules of an eligible securities market, unless otherwise stated.

*Unlisted, suspended and delisted securities within the meaning of the FCA's COLL.

**Includes investment liabilities.

Kames Diversified Monthly Income Fund

Statement of Total Return for the six months ended 31 January 2020

		31 January 2020		31 January 2019
	£'000	£'000	£'000	£'000
Income				
Net capital gains/(losses)		28,434		(5,751)
Revenue	19,868		13,387	
Expenses	(2,443)		(1,613)	
Interest payable and similar charges	(6)		(6)	
Net revenue before taxation	17,419		11,768	
Taxation	(2,419)		(1,432)	
Net revenue after taxation		15,000		10,336
Total return before distributions		43,434		4,585
Distributions		(15,792)		(10,784)
Change in net assets attributable to shareholders from investment activities		27,642		(6,199)

Statement of Change in Net Assets Attributable to Shareholders for the six months ended 31 January 2020

		31 January 2020		31 January 2019
	£'000	£'000	£'000	£'000
Opening net assets attributable to shareholders*		740,732		508,932
Amounts receivable on creation of shares	180,021		109,577	
Amounts payable on cancellation of shares	(38,909)		(32,867)	
		141,112		76,710
Dilution adjustment		458		307
Change in net assets attributable to shareholders from investment activities		27,642		(6,199)
Retained distribution on accumulation shares		9,175		7,472
Closing net assets attributable to shareholders		919,119		587,222

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

Kames Diversified Monthly Income Fund

Balance Sheet as at 31 January 2020

	31 January 2020		31 July 2019	
	£'000	£'000	£'000	£'000
Assets				
Fixed assets:				
Investments		912,196		727,048
Current assets:				
Debtors	15,348		6,764	
Cash and bank balances	3,396		32,958	
		<u>18,744</u>		<u>39,722</u>
Total assets		930,940		766,770
Liabilities				
Investment liabilities		2,279		8,895
Creditors				
Bank overdrafts	2,187		-	
Distributions payable	1,522		1,694	
Other creditors	5,833		15,449	
		<u>11,821</u>		<u>26,038</u>
Total liabilities		11,821		26,038
Net assets attributable to shareholders		919,119		740,732

Kames Diversified Monthly Income Fund

Distribution Tables

Share Class A Accumulation

Period end	Pay date	Group	Net Revenue	Equalisation*	Total Payable	Franked	Streaming Unfranked Non-Foreign	Unfranked Foreign	2018/9 Total Payable
31/08/19	30/09/19	Group 1	0.4173	N/A	0.4173	74.76%	25.24%	0.00%	0.4025
		Group 2	0.0591	0.3582					
30/09/19	31/10/19	Group 1	0.4265	N/A	0.4265	54.36%	22.20%	23.44%	0.4025
		Group 2	0.0000	0.4265					
31/10/19	30/11/19	Group 1	0.4385	N/A	0.4385	38.45%	55.02%	6.53%	0.4243
		Group 2	0.0000	0.4385					
30/11/19	31/12/19	Group 1	0.4637	N/A	0.4637	70.04%	29.96%	0.00%	0.4243
		Group 2	0.0000	0.4637					
31/12/19	31/01/20	Group 1	0.5197	N/A	0.5197	33.76%	39.94%	26.30%	0.4243
		Group 2	0.0000	0.5197					
31/01/20	29/02/20	Group 1	0.5508	N/A	0.5508	32.45%	64.77%	2.78%	0.5578
		Group 2	0.0000	0.5508					

Share Class A Income

Period end	Pay date	Group	Net Revenue	Equalisation*	Total Payable	Franked	Streaming Unfranked Non-Foreign	Unfranked Foreign	2018/9 Total Payable
31/08/19	30/09/19	Group 1	0.3128	N/A	0.3128	74.93%	25.07%	0.00%	0.3173
		Group 2	0.3128	0.0000					
30/09/19	31/10/19	Group 1	0.3188	N/A	0.3188	54.38%	22.11%	23.51%	0.3173
		Group 2	0.3188	0.0000					
31/10/19	30/11/19	Group 1	0.3268	N/A	0.3268	38.43%	55.68%	5.89%	0.3325
		Group 2	0.3268	0.0000					
30/11/19	31/12/19	Group 1	0.3445	N/A	0.3445	69.84%	30.16%	0.00%	0.3325
		Group 2	0.3445	0.0000					
31/12/19	31/01/20	Group 1	0.3849	N/A	0.3849	33.92%	39.47%	26.61%	0.3325
		Group 2	0.0000	0.3849					
31/01/20	29/02/20	Group 1	0.4065	N/A	0.4065	32.04%	66.08%	1.88%	0.4328
		Group 2	0.4065	0.0000					

Share Class B Accumulation

Period end	Pay date	Group	Net Revenue	Equalisation*	Total Payable	Franked	Streaming Unfranked Non-Foreign	Unfranked Foreign	2018/9 Total Payable
31/08/19	30/09/19	Group 1	0.4297	N/A	0.4297	66.99%	33.01%	0.00%	0.4121
		Group 2	0.0777	0.3520					
30/09/19	31/10/19	Group 1	0.4393	N/A	0.4393	47.76%	31.96%	20.28%	0.4121
		Group 2	0.0000	0.4393					
31/10/19	30/11/19	Group 1	0.4519	N/A	0.4519	29.15%	65.76%	5.09%	0.4348
		Group 2	0.0000	0.4519					
30/11/19	31/12/19	Group 1	0.4781	N/A	0.4781	60.83%	39.17%	0.00%	0.4348
		Group 2	0.0000	0.4781					
31/12/19	31/01/20	Group 1	0.5360	N/A	0.5360	29.07%	47.46%	23.47%	0.4348
		Group 2	0.0000	0.5360					
31/01/20	29/02/20	Group 1	0.5684	N/A	0.5684	24.11%	74.73%	1.16%	0.5724
		Group 2	0.0000	0.5684					

All distributions are in pence per share unless specifically stated.

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

Kames Diversified Monthly Income Fund

Distribution Tables (continued)

Share Class B Income

Period end	Pay date	Group	Net Revenue	Equalisation*	Total Payable	Franked	Streaming Unfranked Non-Foreign	Unfranked Foreign	2018/9 Total Payable
31/08/19	30/09/19	Group 1	0.3236	N/A	0.3236	67.03%	32.97%	0.00%	0.3259
		Group 2	0.0881	0.2355					
30/09/19	31/10/19	Group 1	0.3299	N/A	0.3299	47.71%	32.18%	20.11%	0.3259
		Group 2	0.0000	0.3299					
31/10/19	30/11/19	Group 1	0.3383	N/A	0.3383	29.30%	65.46%	5.24%	0.3418
		Group 2	0.0000	0.3383					
30/11/19	31/12/19	Group 1	0.3569	N/A	0.3569	60.87%	38.94%	0.19%	0.3418
		Group 2	0.0000	0.3569					
31/12/19	31/01/20	Group 1	0.3989	N/A	0.3989	29.13%	48.11%	22.76%	0.3418
		Group 2	0.0000	0.3989					
31/01/20	29/02/20	Group 1	0.4215	N/A	0.4215	24.10%	74.11%	1.79%	0.4456
		Group 2	0.0000	0.4215					

Share Class D Accumulation

Period end	Pay date	Group	Net Revenue	Equalisation*	Total Payable	Franked	Streaming Unfranked Non-Foreign	Unfranked Foreign	2018/9 Total Payable
31/08/19	30/09/19	Group 1	0.4257	N/A	0.4257	69.81%	30.19%	0.00%	0.4090
		Group 2	0.0000	0.4257					
30/09/19	31/10/19	Group 1	0.4351	N/A	0.4351	49.60%	25.84%	24.56%	0.4090
		Group 2	0.0000	0.4351					
31/10/19	30/11/19	Group 1	0.4475	N/A	0.4475	31.89%	58.44%	9.67%	0.4314
		Group 2	0.0000	0.4475					
30/11/19	31/12/19	Group 1	0.4734	N/A	0.4734	66.34%	33.66%	0.00%	0.4314
		Group 2	0.0000	0.4734					
31/12/19	31/01/20	Group 1	0.5307	N/A	0.5307	30.90%	50.41%	18.69%	0.4314
		Group 2	0.0000	0.5307					
31/01/20	29/02/20	Group 1	0.5626	N/A	0.5626	26.11%	67.99%	5.90%	0.5677
		Group 2	0.0000	0.5626					

Share Class D Income

Period end	Pay date	Group	Net Revenue	Equalisation*	Total Payable	Franked	Streaming Unfranked Non-Foreign	Unfranked Foreign	2018/9 Total Payable
31/08/19	30/09/19	Group 1	0.3198	N/A	0.3198	69.62%	30.38%	0.00%	0.3229
		Group 2	0.0000	0.3198					
30/09/19	31/10/19	Group 1	0.3260	N/A	0.3260	49.91%	28.49%	21.60%	0.3229
		Group 2	0.0000	0.3260					
31/10/19	30/11/19	Group 1	0.3343	N/A	0.3343	31.86%	62.95%	5.19%	0.3386
		Group 2	0.0000	0.3343					
30/11/19	31/12/19	Group 1	0.3525	N/A	0.3525	63.76%	36.24%	0.00%	0.3386
		Group 2	0.0000	0.3525					
31/12/19	31/01/20	Group 1	0.3940	N/A	0.3940	30.37%	44.01%	25.62%	0.3386
		Group 2	0.0000	0.3940					
31/01/20	29/02/20	Group 1	0.4162	N/A	0.4162	26.53%	73.21%	0.26%	0.4411
		Group 2	0.0000	0.4162					

All distributions are in pence per share unless specifically stated.

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

Kames Diversified Monthly Income Fund

Net asset value

	Net asset value of share class £'000	Net asset value per share p	Shares in issue
As of 31 January 2020	919,119		
A Accumulation shares	1,980	149.27	1,326,273
A Income shares	606	109.77	551,874
B Accumulation shares	506,152	154.06	328,535,729
B Income shares	409,876	113.82	360,103,348
D Accumulation shares	66	152.49	43,081
D Income shares	439	112.40	391,012

Kames Diversified Monthly Income Fund

Ongoing charges figure

	31 January 2020	31 July 2019
A Accumulation shares		
ACD's periodic charge	1.25%	1.25%
Other expenses	0.04%	0.04%
Ongoing charges figure	1.29%	1.29%
A Income shares		
ACD's periodic charge	1.25%	1.25%
Other expenses	0.04%	0.04%
Ongoing charges figure	1.29%	1.29%
B Accumulation shares		
ACD's periodic charge	0.55%	0.55%
Other expenses	0.04%	0.04%
Ongoing charges figure	0.59%	0.59%
B Income shares		
ACD's periodic charge	0.55%	0.55%
Other expenses	0.04%	0.04%
Ongoing charges figure	0.59%	0.59%
D Accumulation shares		
ACD's periodic charge	0.80%	0.80%
Other expenses	0.04%	0.04%
Ongoing charges figure	0.84%	0.84%
D Income shares		
ACD's periodic charge	0.80%	0.80%
Other expenses	0.04%	0.04%
Ongoing charges figure	0.84%	0.84%

The ongoing charges figure (OCF) is calculated as the ratio of the total ongoing charges to the average net asset value of the sub-fund over the period. The OCF is made up of the ACD'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.

Total purchases and sales

	Total purchases £'000	Total sales £'000
6 months to 31.01.2019	248,433	198,560
6 months to 31.01.2020	311,372	118,506

Kames Diversified Monthly Income Fund

Revenue record

	Accounting year	Net revenue per share p
A Accumulation shares (pence)	2018	7.08
	2019	6.98
	2020	2.82
A Income shares (pence)	2018	5.53
	2019	5.28
	2020	2.09
B Accumulation shares (pence)	2018	6.84
	2019	6.82
	2020	2.90
B Income shares (pence)	2018	5.55
	2019	5.28
	2020	2.17
D Accumulation shares (pence)	2018	6.88
	2019	6.84
	2020	2.88
D Income shares (pence)	2018	5.61
	2019	5.29
	2020	2.14

Further Information

Shares

Each sub-fund may have up to seven share class types, A, B, C, D, E, G and S class. Further information on investment limits, management charges and currency denomination is available from the ACD on request. The sub-funds may offer different types of shares within the classes.

Income shares – Investors with this type of share receive income payments from their shareholding periodically.

Accumulation shares – With this type of share all income earned on investments will be reinvested into the sub-fund.

Valuation point

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

Buying and selling shares

Buying

New investors or existing shareholders who wish to purchase shares may do so by contacting their IFA, stockbroker, banker or solicitor who will provide you with an application form or alternatively telephone our dealing team on 0800 358 3009 and place your order. No remittance is required at this stage; a contract note will be sent to you on the same day or the following business day after receipt of the purchase instructions.

Selling

You can sell your shares 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.

Shares may normally be bought or sold on any working day between 9am and 5pm.

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

A share exchange service may, at the ACD's discretion, be available in respect of investment amounts of £1,000 or more.

You may also choose to invest through the AEGON ISA.

Further details on our services and products are available from our Customer Services Team whom you can call free on 0800 358 3009.

Share class conversions

As a result of the Retail Distribution Review and a move from share classes with higher ACD's periodic charge, to share classes with lower ACD's periodic charge, it is important to bring to your attention the potential tax implications from converting between classes. Investment availability is detailed in the prospectus.

Kames Capital ICVC has seven share classes available: Our A class, typically carrying an ACD's periodic charge of 1.50%, our B class, typically carrying an ACD's periodic charge of 0.75%, our C class, typically carrying an ACD's periodic charge of 0.15%, our D class, typically carrying an ACD's periodic charge of 1.00%, our E class, typically carrying an ACD's periodic charge of 1.50%, our G class, typically carrying an ACD's periodic charge of 0.50%, and our S class, typically carrying an ACD's periodic charge of 0.55%.

Clients wishing and eligible to convert their holdings from the A class to the B class or D class should be aware that the B class or D class will have a higher income yield, as a result of lower ACD's periodic charge. To ensure the existing shareholders within the B or D class are not diluted by the transfer of a lower amount of revenue from the A class investor, the A class investor must convert a portion of capital to revenue in order to match the yield in the B or D class.

It should be noted that this will only apply to bond sub-funds, as revenue is received gross. Equity sub-funds are assumed to receive their revenue net, and suffer no additional taxation. This additional taxation can be mostly avoided by converting on a fund's Ex-Dividend (XD) Date after revenue has been counted for as distributed.

Securities Financial Transactions Regulations

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

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