

Form ADV Part 2A

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Kames Capital plc

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This brochure provides information about the qualifications and business practices of Kames Capital plc. If you have any questions about the contents of this brochure, please contact us at 011 44 131 338 4748 and/or visit www.kamescapital.com. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority. Additional information about Kames Capital plc is also available on the SEC's website at www.adviserinfo.sec.gov

Kames Capital plc is a registered investment adviser. Registration as an investment adviser does not imply any level of skill or training.

We **invest** more

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Item 2 Material changes

This form is updated annually or more frequently as required. The last full review occurred on 19 February 2019.

There are no material items to report.

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Item 4 Advisory business

A Firm overview

Kames Capital plc (“Kames Capital”) is a UK domiciled specialist investment management business. From our offices in Edinburgh and London we manage \$41.87 billion (£37.24 billion)* on behalf of approximately 111 clients internationally, including wealth managers, financial institutions, pension funds, charities and financial advisers. Kames Capital has been a registered investment adviser with the SEC since September 2017 and offers its services to U.S. domiciled institutions, pension funds and financial advisers.

Kames Capital was incorporated in Scotland on 21 September 1988 as Dunwilco (131) Limited, changing name to Scottish Equitable Investment Management Limited on 16 June 1989, and then Aegon Asset Management UK plc on 28 December 2000. It became Kames Capital on 1 September 2011.

Kames Capital is a wholly owned subsidiary of Kames Capital Holdings Limited and an indirect wholly owned subsidiary of Aegon N.V.

Kames Capital is part of a broader investment firm using the brand name Aegon Asset Management, a group of asset managers affiliated with Aegon N.V. References to Aegon Asset Management includes varied affiliated business units including Aegon USA Investment Management LLC, trading as Aegon Asset Management US, and Aegon USA Realty Advisors LLC (“Aegon Real Assets”), each an SEC registered investment advisor, and various unregistered foreign affiliates, including Aegon Asset Management Asia LTD, Aegon Asset Management Central and Eastern Europe, Aegon Asset Management Pan-Europe BV, Aegon Asset Management Value Hub B.V., Aegon España S.A.U. de Seguros y Reaseguros, Aegon Industrial Fund Management Co. LTD, Aegon Investment Management BV (“AIM”), La Banque Postale Asset Management SA, Pelargoes Capital BV, and Saemor Capital BV. Each of these affiliates is licensed to offer services in various jurisdictions. Though legally distinct, the Aegon Asset Management affiliates function as a global business and, through the use of distinct investment platforms, delivers products and services globally. We believe that this globally integrated model helps us better serve our clients’ needs. Through its affiliation with Aegon Asset Management group companies, Kames Capital has access to global resources that augment and complement its own investment expertise. For additional information regarding Kames Capital’s legal and governance structures, refer to Item 10, Other Financial Industry Activities and Affiliations.

*Source: Kames Capital as at 31 December 2019.

B Advisory services

Kames Capital offers separately managed accounts in a range of investment strategies, covering asset classes including fixed income, equities and multi-asset.

C Tailoring services to client needs

Our dedicated client management team works closely with clients to provide a high-quality service and to understand and meet their reporting needs.

Kames Capital manages portfolios on a discretionary basis and will establish a separate Investment Management Agreement for each separately managed account, or pooled investment vehicle. This includes mutually-agreed investment guidelines and restrictions such as investing in certain securities or types of securities. These restrictions are then centrally documented and recorded on our order management system, which includes automated restriction monitoring.

Kames Capital provides portfolio consulting services to unit investment trusts (UITs). A UIT is a registered investment company that holds a portfolio of securities that generally does not change during the life of the UIT (generally two to five years) except that the sponsor of the UIT may sell portfolio securities under certain narrowly defined circumstances. As portfolio consultant to UITs, we construct a portfolio of securities that we believe is well suited to satisfy the investment objective of the UIT, however all investment and trading decisions are made by the sponsor of the UIT, which retains discretion for all UIT portfolio transactions.

Monthly and quarterly reporting is available to all institutional clients. Any additional reporting requirements can be discussed and agreed with the appointed Client Director as part of the account opening process.

D Wrap fee program

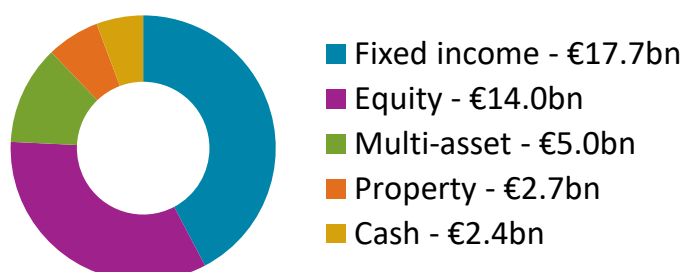
Kames Capital does not provide portfolio management services to any wrap fee programs.

E Assets under management

Kames Capital's regulatory assets under management attributable to US clients are currently zero. As at 31 December 2019, the firm's total assets under management for clients outside the US were \$41.87 billion.

The chart below reflects Kames' assets under management by asset class.

For a description of the strategies available in the U.S., refer to Item 8.A. Methods of analysis, investment strategies and risk of loss.



Source: Kames Capital as at 31 December 2019.

Item 5 Fees and compensation

A Fee schedule

Kames Capital charges investment management fees consistent with the terms agreed in the client-specific Investment Management Agreement (IMA) in the form of an Annual Management Charge (AMC). Fees are typically based on clients' assets under management and are negotiable. Our standard fee structure for managing segregated investment portfolios is categorised by the specific investment strategy.

B Client billing

Clients are invoiced for investment management fees due to Kames Capital. We do not deduct fees from clients' assets.

Typically, the management fee is calculated and accrued monthly and payable quarterly in arrears but client specific arrangements can be accommodated.

C Other fees and expenses

Kames Capital investment management fees are exclusive of brokerage commissions, transaction fees and other related costs and expenses that are typically incurred by clients.

Clients may also incur additional fees when account assets are invested in mutual funds, ETFs and other pooled investment vehicles. These vehicles charge internal management fees, which are disclosed in their respective offering documents. No portion of these fees offset the fees Kames Capital charges for its services.

Client assets are maintained by independent custodians, and clients pay all custody fees directly to their custodian.

D Advance payment of fees

Kames Capital calculates invoices in arrears. No fees are paid in advance.

E Compensation for the sale of securities or other investment products

Kames Capital does not receive compensation for the sale of securities or investment products held within the underlying mandates we run for our clients.

Kames Capital aligns the interests of employees with those of clients via our long-term incentive performance plan. Part of our remuneration package includes eligibility for a discretionary bonus. Our sales team receive bonuses based on introducing new clients.

Our remuneration package ensures that our investment professionals are focused on a range of Key Performance Indicators which align the interests of staff with our clients' interests, incentivising us to continue to meet our client needs.

Item 6 Performance-based fees and side-by-side management

Client portfolios may include a performance-based fee when it is negotiated between the client and Kames Capital and documented in the Investment Management Agreement (IMA). Although each performance fee is calculated differently in line with client specifications, it will generally stipulate a base rate, a participation rate and a maximum fee. The participation rate specifies the percentage of an account's capital gains or capital appreciation that will be paid as a fee to Kames Capital. Kames Capital will structure a performance-fee or incentive-fee arrangement subject to Section 205(a)(1) of the Investment Advisers Act of 1940 (the "Act"), as amended, and in accordance with the available exemptions thereunder, including the exemptions set forth in Rule 205-3 under the Act.

There are inherent conflicts of interest in the side-by-side management of performance fee and non-performance fee accounts. Performance-fee arrangements create an incentive for an adviser to take risks in managing assets that would not otherwise be taken in the absence of such arrangements. Similarly larger accounts could be favoured because they generate more revenue for the adviser. We strive to mitigate these potential conflicts through policies and procedures designed to ensure all clients are treated equitably over time, and through employee education. See Item 12, Brokerage Practices - Trade Aggregation and Allocation, for additional information about Kames Capital's trade aggregation and allocation practices.

Item 7 Types of clients

Kames Capital manages assets on behalf of clients internationally, including public funds, pension plans, financial institutions, endowments, foundations, wealth managers, family offices and individuals. Kames Capital typically requires a minimum investment, which may differ depending upon the particular investment strategy, product or client type.

Item 8 Methods of analysis, investment strategies and risk of loss

A Analysis and investment strategies

The foundations of our investment philosophy are the strong collaborative working relationships between our different asset class investment professionals, and a disciplined investment process which we believe ensures rigorous idea-testing and efficient portfolio construction.

Within each asset class there are a number of variations depending upon the objective of the mandate (e.g. income, total return, absolute return) or geographical remit (e.g. UK equity or globally diversified).

Teamwork is critical so that input and views are incorporated from a variety of sources, and from different perspectives. This means our decisions are fully informed and carried out with deep conviction. Timely decision making and implementation is key, and this is aided by our tight team structure and regular meetings.

We do not normally separate the roles of investment manager and analyst, which can create an unnecessary barrier between portfolio management and research. Both roles are equally important and combining these shortens lines of communication across the team.

By having both research and investment management roles, our investment professionals' market knowledge extends beyond their area of expertise. Having a broad understanding of the market ensures that our investment professionals challenge the views from other specialist areas. It also ensures that every member of the team contributes to our research and remains focused on the needs of our clients. This is important to foster the collegiate culture which is at the heart of our process. The research managed, generated and shared across certain Aegon Asset Management affiliates is referred to as the Global Research Platform.

Our investment process promotes rigorous challenge and debate and our team structure encourages this. Each team member contributes to our agreed strategy and their ideas can be used to benefit other portfolios. When managing portfolios we always allocate at least two managers, which provides dedicated resource and challenge at portfolio level and strong succession planning.

Key elements of our process

Our process focuses on identifying the best investment ideas and provides a forum for constructive engagement across the relevant investment teams. Our Analysis Framework is the cornerstone of our research process and forms the basis of our analysis. We analyse opportunities and risks under four principal headings: Fundamentals, Valuations, Technicals and Sentiment (Sentiment only applies in the case of Fixed Income strategies (which may include Multi-asset), and the process under each heading may differ according to strategy). ESG factors are considered as part of our robust FVTS analysis.

We use these four quadrants (or three where relevant) to assess all opportunities. Once each quadrant is rated, these are combined to give an overall score. The ratings and their supporting research form the input to our strategy sessions; this framework ensures research is carried out and documented consistently.

With respect to Multi-asset strategies, we have co-managers of a Multi-asset team, based in Edinburgh and The Hague respectively. Team members based in Edinburgh and The Hague work closely together and cross-team contact takes place daily. The full team reviews global markets and discusses trade ideas weekly by conference call. Portfolios are formally reviewed monthly and the entire team meets face-to-face at least once a quarter.

Kames Capital also has access to, and at the Portfolio Managers discretion, utilizes as part of the overall investment process, research generated by Aegon Asset Management affiliates, Aegon AM US, a wholly owned US-based affiliate of Kames Capital that is registered as an investment adviser with the SEC and Aegon Investment Management BV ("AIM"), an investment adviser licensed and domiciled in the Netherlands as part of a participating affiliate arrangement. The participating affiliate arrangement is described further in Item 10.C Other Financial Industry Activities and Affiliations –Relationships and arrangement affiliates.

Below we have provided an illustration of the investment strategies we offer. The objective, performance target and restrictions can be tailored to our clients' requirements.

Fixed income strategies

Strategy name	Objective
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Strategic global bond	The investment objective is to maximise total return (income plus capital) by investing primarily in global debt instruments in any currency, ranging from AAA government bonds through to high yield and emerging market bonds. The reference index for this strategy is Bloomberg Barclays Global Aggregate Index USD hedged.
Global high yield bond	The investment objective is to maximise total return (income plus capital) by investing primarily in high yield bonds in any currency, which may be government or corporate, and which may be at a fixed or floating rate, rated or unrated. Selected investment grade bonds and cash may also be held. The reference index for this strategy is the BofA Merrill Lynch Global High Yield Constrained USD Hedged.
Global absolute return bond	The investment objective is to generate positive absolute returns for investors over a rolling 3 year period irrespective of market conditions. The strategy will seek to achieve its investment objective by investing in global debt instruments in any currency, ranging from AAA government bonds through to high yield and emerging market bonds. The benchmark for this strategy is LIBOR USD 3 Months.
Global investment grade bond	The investment objective is to maximise total return (income plus capital) by investing primarily in investment grade government and corporate bonds in any currency which may be at a fixed or floating rate, rated or unrated. Selected high yield bonds and cash may also be held. The benchmark for this strategy is the Bloomberg Barclays Capital Global Aggregate Corporate Index USD Hedged.

Equity strategies

Strategy name	Objective
Global equity income	The investment objective is to provide income and capital growth by investing in the global equities market. The strategy will aim to deliver a yield higher than that generally available from investment in global equities. The benchmark for this strategy is MSCI ACWI.
Global sustainable equity	The investment objective is to maximise total return (income plus capital) by investing directly in a portfolio of global equity securities which meet predefined sustainability criteria. The benchmark for this strategy is MSCI ACWI.
Global equity market neutral	The investment objective is to generate positive absolute returns over a rolling 3 year period irrespective of market conditions by investing in the global equities market by investing in companies listed or traded on a recognised market. The benchmark for this strategy is LIBOR USD 1 Month.

Multi-asset strategies

Strategy name	Objective
Diversified growth	The investment objective is to maximise total return (income plus capital) at a lower risk than global equity markets by investing in a diversified portfolio of global assets. The benchmark for this strategy is US Consumer Price Index (CPI).
Diversified income	The investment objective is to provide income with the potential for capital growth by investing in a diversified portfolio of global assets.

Investing in securities involves risk of loss that clients should be prepared to bear.

B Material risks

Investing in securities or derivatives involves a risk of loss that clients should be prepared to bear. Kames Capital cannot guarantee it will achieve client investment objectives, that a client will receive a return on its investment, or any performance results. All investments include the potential for loss of the principal amount invested and unrealized profits. Clients should be prepared to bear such losses. Past performance is not an indication or guarantee of future performance.

The discussion below is of a general nature and is intended to describe various risk factors which may be associated with an investment. These are not intended to be exhaustive and there may be other considerations that should be taken into account in relation to an investment. Clients should take all steps necessary in terms of internal or external advice or governance before considering an investment. Past performance is not an indication or guarantee of future performance.

The following risks are relevant to the strategies listed above:

Legal & Compliance Risk: The risk that losses occur resulting from non-voluntary legal liabilities, inadequate legal documentation; or products, services, people and actions failing to deliver the reasonable expectations of its customers and other stakeholders; or failure to comply with laws, regulations and internal company rules and policies, as well as late identification of significant and potential legal and regulatory developments.

Libor Replacement Risk: Various securities use the London Interbank Offered Rate (LIBOR) as a reference or benchmark rate. LIBOR is the average offered rate for various maturities of short-term loans between certain international banks. LIBOR is expected to be phased out by the end of 2021. While the effect of the phase out cannot yet be determined, it may result in, among other things, increased volatility or illiquidity in markets for instruments based on LIBOR and changes in the value of such instruments.

Operational Risk: The risk of loss resulting from inadequate or failed internal processes, people, and systems, or from external events.

Pandemic Risk: The global financial markets periodically have experienced and may continue to experience significant volatility resulting from pandemics. Such outbreaks are disruptive and may result in travel and border restrictions, quarantines, supply chain disruptions, lower consumer demand and general market uncertainty. The full extent of such impacts cannot necessarily be predicted and may exacerbate other pre-existing political, social and economic risks in certain countries. The risk of pandemics may lead to significant uncertainty and volatility in the financial markets. The value of investments made by Kames could be adversely affected by impacts caused by pandemics that may arise in the future.

Systems & Business Disruption Risk: The risk of losses due to inadequate or failed business continuity planning, back-up and recovery, fall-back arrangements, information security, IT maintenance and change management, identification of relevant technological developments and other technical causes for systems related failures and errors.

IT & Cybersecurity Risk. The information and technology systems of Kames and of key service providers to Kames may be vulnerable to potential damage or interruption from computer viruses, network failures, computer and telecommunication failures, infiltration by unauthorised persons and security breaches, usage errors by their respective professionals, power outages and natural disasters. Although Kames has implemented various measures designed to manage risks relating to these types of events, if these systems are compromised, become inoperable for extended periods of time or cease to function properly, it may be necessary for Kames to make a significant investment to fix or replace them and to seek to remedy the effect of these issues. The failure of these systems and/or of disaster recovery plans for any reason could cause significant interruptions in the operation of Kames and/or the portfolios it manages and result in a failure to maintain the security, confidentiality or privacy of sensitive data, including personal information.

General Risk: Investments in securities are subject to normal market fluctuations and other risks inherent in investing in securities. The value of investments and the income from them, can go down as well as up and an investor may not get back the amount they invested. An investment in a portfolio should not constitute a substantial proportion of an investment portfolio and may not be appropriate for all investors. Due to adverse market movements the portfolio may become valueless.

Credit Risk: An issuer of bonds may be unable to make payments due to the investor (known as a default). The value of bonds may fall as default becomes more likely. Both default and expected default may cause the portfolio value to fall. High yield bonds generally offer higher returns because of their higher default risk and investment grade bonds generally offer lower returns because of their lower default risk.

Liquidity Risk: The portfolio value may fall if some investments, especially in smaller companies or high yield bonds, become more difficult to trade or value due to market conditions or a lack of supply and demand.

Counterparty Risk: Investments such as derivatives are made using financial contracts with third parties. Those third parties may fail to meet their obligations due to events beyond our control, and therefore the value of the investment could fall because of: (i) loss of monies owed by the counterparty; and/or (ii) the cost of replacement financial contracts.

Economic and Political Risk: Investments in countries which have less developed political, economic and legal systems and which provide fewer investor protections. Difficulties in buying, selling, safekeeping or valuing investments in such countries may reduce the value of the portfolio.

In the case of certain strategies there may be exposure to emerging markets and investors should be aware of risks attached to investing in such markets, which could have an impact on performance. In particular, the following risks should be noted:

- **Settlement, Credit and Liquidity Risks:** The trading and settlement practices of some of the stock exchanges or markets which may be invested in may not be the same as those in more developed markets, which may increase settlement risk and/or result in delays in realising investments. Those exchanges and markets may also have substantially less volume and generally be less liquid than those in more developed markets. In addition, an account will be exposed to credit risk on parties with whom it trades and will bear the risk of settlement default.
- **Regulatory Risks and Accounting Standards:** Disclosure and regulatory standards may be less stringent in certain securities markets than they are in developed countries and there may be less publicly available information on the issuers than is published by or about issuers in such developed countries. Consequently some of the publicly available information may be incomplete and/or inaccurate. In some countries the legal infrastructure and accounting and reporting standards do not provide the same degree of shareholder protection or information to investors as would generally apply in many developed countries. In particular, greater reliance may be placed by the auditors on representations from the management of a company and there may be less independent verification of information than would apply in many developed countries. The valuation of assets, depreciation, exchange differences, deferred taxation, contingent liabilities and consolidation may also be treated differently from international accounting standards.
- **Political Risks:** The performance of a Strategy may be affected by changes in economic and market conditions, uncertainties such as political developments, changes in government policies, the imposition of restrictions on the transfer of capital and in legal, regulatory and tax requirements. A Strategy may also be exposed to risks of expropriation, nationalisation and confiscation of assets and changes in legislation relating to the level of foreign ownership.
- **Custody Risks:** Local custody services remain underdeveloped in many emerging market countries and there is a transaction and custody risk involved in dealing in such markets. In certain circumstances recovery of some of its assets may not be possible or may be delayed. Such circumstances may include uncertainty relating to, or the retroactive application of legislation, the imposition of exchange controls or improper registration of title. In some emerging market countries evidence of title to shares is maintained in book-entry form by an independent registrar who may not be subject to effective government supervision, which increases the risk of the registration of holdings of shares in such markets being lost through fraud, negligence or mere oversight on the part of such independent registrars. The costs borne in investing and holding investments in such markets will generally be higher than in organised securities markets.

- **Holding Concentration Risk:** Holding a limited number of underlying investments means a change in the value of any one investment has more impact on the portfolio value. Certain strategies may be concentrated in a limited number of positions which increases potential gain but also potential loss.
- **Issuer Concentration risk:** Some accounts may invest more than 35% of their value in securities issued by a single Government or other Public issuer. Holding a limited number of underlying investments means a change in the value of any one investment has more impact on the value of an investment. This increases potential gain but also potential loss.

Derivatives: Certain strategies may employ the use of derivatives. The value of derivatives depends on the performance of an underlying asset. Small changes in the price of that asset can cause larger changes in the value of the derivative due to leverage. Leverage introduced through derivatives has the potential to increase gains but may also lead to increased loss in comparison to direct ownership of the underlying asset without the use of a derivative.

The prices of derivatives, including futures and options, are volatile. In addition, the portfolio is subject to the risk of the failure of any of the exchanges on which we trade on their behalf or of their clearing houses and in certain cases the counterparties with whom the trades are carried out.

The portfolio may purchase and sell options on securities and currencies on a variety of securities exchanges and over-the-counter markets. The seller of a put option which is uncovered (i.e., the seller has a short position in the underlying security or currency) assumes the risk of an increase in the market price of the underlying security or currency above the sales price (in establishing the short position) of the underlying security or currency plus the premium received, and gives up the opportunity for gain on the underlying security or currency below the exercise price of the option. If the seller of the put option owns a put option covering an equivalent number of shares with an exercise price equal to or greater than the exercise price of the put written, the position is fully hedged if the option owned expires at the same time or later than the option written. The seller of an uncovered put option assumes the risk of a decline in the market price of the underlying security or currency below the exercise price of the option. The buyer of a put option assumes the risk of losing its entire investment in the put option. If the buyer of the put holds the underlying security or currency, the loss on the put will be offset in whole or in part by any gain on the underlying security or currency.

The seller of a call option which is covered (e.g., the seller holds the underlying security or currency) assumes the risk of decline in the market price of the underlying security or currency below the value of the underlying security or currency less the premium received, and gives up the opportunity for gain on the underlying security or currency above the exercise price of the option. The seller of an uncovered call option assumes the risk of a theoretically unlimited increase in the market price of the underlying security or currency above the exercise price of the option. The buyer of the call option assumes the risk of losing its entire investment in the call option. If the buyer of the call sells short the underlying security or currency, the loss on the call will be offset, in whole or in part, by any gain on the short sale of the underlying security or currency. In entering into a closing purchase transaction, the portfolio may be subject to the risk of loss to the extent that the premium paid for entering into a closing purchase transaction exceeds the premium received when the option was written.

Due to the nature of futures, cash to meet margin monies will be held by a broker with whom the portfolio has an open position. In the event of the insolvency or bankruptcy of the broker, there can be no guarantee that such monies will be returned to the portfolio.

Where the portfolios enter into swap arrangements and derivative techniques, they will be exposed to the risk that the counterparty may default on its obligations to perform under the relevant contract. In the event of a bankruptcy or insolvency of a counterparty, the portfolios could experience delays in liquidating the position and may incur significant losses. There is also a possibility that on-going derivative transactions will be terminated unexpectedly as a result of events outside the control of Kames Capital, for instance, bankruptcy, supervening illegality or a change in the tax or accounting laws relative to those transactions at the time the agreement was originated. In accordance with standard industry practice, it is Kames Capital's policy to net exposures of each portfolio against its counterparties.

Since many derivatives have a leverage component, adverse changes in the value or level of the underlying asset, rate or index can result in a loss substantially greater than the amount invested in the derivative itself. Certain derivatives have the potential for unlimited loss regardless of the size of the initial investment. If there

is a default by the other party to any such transaction, there will be contractual remedies; however, exercising such contractual rights may involve delays or costs which could result in the value of the total assets of the related portfolio being less than if the transaction had not been entered. The swap market has grown substantially in recent years with a large number of banks and investment banking firms acting both as principals and as agents utilising standardised swap documentation. As a result, the swap market has become liquid but there can be no assurance that a liquid secondary market will exist at any specified time for any particular swap. Derivatives do not always perfectly or even highly correlate or track the value of the securities, rates or indices they are designed to track. Consequently, Kames Capital's use of derivative techniques may not always be an effective means of achieving, and sometimes could be counter-productive to, the portfolio's investment objective. An adverse price movement in a derivative position may require cash payments of variation margin by the portfolio that might in turn require, if there is insufficient cash available in the portfolio, the sale of investments under disadvantageous conditions.

Kames Capital will, on request, provide supplementary information to clients in relation to the risk management methods employed by the relevant strategy including the quantitative limits that are applied and any recent developments in the risk and yield characteristics of the main categories of investments.

Over-the-Counter Markets Risk: Where any securities are acquired on over-the-counter markets, there is no guarantee that a fair value of such securities will be realised due to their tendency to have limited liquidity and comparatively high price volatility.

Foreign Exchange Risk: Certain strategies may have foreign exchange risk. Investments may be denominated in a range of currencies which differ from the base currency. Fluctuations in these currencies may increase the risk of losses to the portfolio where hedging is not used or is incomplete or unsuccessful.

Unquoted Investments (or Private Securities): Subject to the investment restrictions applicable to the mandate, the portfolio may invest a portion of its assets in unquoted investments. Such investments will be valued at the probable realisation value. Estimates of the probable realisation value of such investments are inherently difficult to establish and are the subject of substantial uncertainty. There is an inherent conflict of interest between the involvement of Kames Capital in determining the valuation price of a client's investments and Kames Capital's other responsibilities and fee entitlement.

Tax: The income and gains from assets may suffer withholding tax which may not be reclaimable in the countries where such income and gains arise. If this position changes in the future and the application of a lower rate results in a repayment to the relevant client, the client's account will not be re-stated.

Securities lending: Where a client enters into stock-lending agreements, repurchase agreements or reverse repurchase agreements arrangements for Efficient Portfolio Management purposes there are risks in the exposure to market movements if recourse has to be had to collateral, or if there is fraud or negligence on the part of the lending agent. In addition there is an operational risk associated with marking to market daily valuations (where this is carried out) and there are the potential stability risks of providers of collateral. The principal risk in such stock-lending agreements, repurchase agreements or reverse repurchase agreements is the insolvency of the borrower. In this event the portfolio could experience delays in recovering the securities and such event could possibly result in capital losses.

Market Risk: Some of the recognised exchanges may prove to be illiquid or highly volatile from time to time and this may affect the price at which each client may liquidate positions. Clients should also note that the securities of small-capitalisation companies are less liquid and this may result in price fluctuations.

Risks associated with investment in collective investment schemes: A strategy may invest in one or more collective investment schemes including schemes managed by Kames Capital or its affiliates. As an investor in a collective investment scheme, an investor will bear its pro rata portion of the expenses, including management and/or other fees. These fees would be in addition to the management fees and other expenses which are borne directly.

C Recommendations of particular types of securities

Kames Capital does not limit the types of securities it may recommend to clients and generally recommends a diversified portfolio.

Item 9 Disciplinary information

Registered investment advisers are required to disclose all material facts regarding any legal or disciplinary events. Kames Capital has no material legal or disciplinary information to disclose.

Item 10 Other financial industry activities and affiliations

Kames Capital is a direct wholly-owned subsidiary of Kames Capital Holdings Limited. Kames Capital Holdings Limited, and in turn Kames Capital, are indirect wholly-owned subsidiaries of Aegon N.V.

Kames Capital's day-to-day affairs are overseen by a local Board of Managers and managed by local officers. While maintaining local leadership, accountability, oversight and control, Kames Capital operates with the Aegon Asset Management global framework. Within that global framework, the global management board and various committees of Aegon Asset Management provide management and oversight of the global activities and operations of Aegon Asset Management.

A Registration as a broker-dealer or registered representative

Neither Kames Capital nor any of its management persons are registered or have a registration pending as a broker-dealer or registered representative.

B Registration as a futures commission merchant, commodity pool operator, commodities trading advisor or associated person

Kames Capital is not registered as a futures commission merchant, commodity pool operator, commodities trading advisor or associated person.

C Relationships and arrangement affiliates

Globally, certain affiliates (e.g. Aegon Asset Management Asia, Aegon Asset Management Pan-Europe BV, Aegon Investment Management B.V.) assist Kames Capital in various capacities including identifying prospective clients, understanding the regulatory requirements in certain foreign jurisdictions, and managing client relationships.

In the US, Aegon USA Investment Management LLC (Aegon AM US), a group company, provides administration and sales support to Kames Capital.

In particular Aegon AM US:

- Provides an additional line of approval for all marketing material to be used in the US;
- Provides compliance support with respect to Kames Capital's compliance with US regulations and requirements; and
- Provides sales support for the strategies of Kames Capital which are marketed in the US.

Kames Capital serves as investment adviser to an insurance company (Scottish Equitable plc) which is an affiliate part of the Aegon family of companies.

As mentioned in Item 8A, Analysis and investment strategies, Kames Capital collaborates on the management of its Multi-asset strategies) with Aegon Investment Management B.V. (AIM BV), another Group company. AIM BV is not registered with the SEC or any State authorities. In addition, Kames Capital, Aegon AM US, and AIM BV share a Global Research Platform. Kames Capital may share investment research, and recommendations on corporate and sovereign debt issuers and securities with certain AIM BV and Aegon AM US personnel. The inputs from AIM BV to Kames Capital are facilitated through a Global Sharing Agreement. AIM and Aegon AM personnel, with respect to their global research activities, are considered Kames Capital

associated persons, and are subject to certain of Kames Capital's compliance policies and procedures (and related monitoring by Kames Capital and AIM). Kames Capital maintains a list of the employees for each affiliate that Kames Capital has deemed an associated person, which Kames Capital will make available to current and prospective clients upon request

Kames Capital, Aegon AM US and AIM independently manage investment strategies that separately utilize and depend on the Global Research Platform. Conflicts of interest, or at least the appearance of conflicts, will arise when portfolio managers from each firm invest or trade in the same securities or issuers on behalf of their respective clients. These conflicts can include advance access to investment research that results in the preferential treatment or the possibility of preferential allocation of securities trading opportunities that have limited availability.

Kames Capital has developed compliance policies and monitoring designed to reasonably ensure that the activities performed by associated persons comply with applicable regulatory requirements and address material conflicts of interest.

D Foreign financial regulatory authority

Kames Capital is authorised and regulated by the Financial Conduct Authority in the United Kingdom.

Item 11 Code of ethics, participation or interest in client transactions and personal trading

A Standard of Conduct

In line with 204a(1) of the Investment Advisers Act Kames Capital has adopted a Code of Ethics ("the Code") for its officers, directors, employees and control persons ("Supervised Persons") that sets forth Kames Capital's standards of conduct and requires compliance with federal securities laws. The Code is based on the principle that Supervised Persons owe a fiduciary duty to Kames Capital's clients, including the duties of honesty, good faith, and fair dealing.

Kames Capital's Supervised Persons are subject to Code requirements specifically related to personal securities transactions and must conduct their personal trading activities in a manner that does not violate federal securities laws, interfere with client accounts, or otherwise take unfair advantage of client relationships. Similarly, certain personnel of some of Kames Capital affiliates (including AIM, Aegon AM US) are also treated as Access Persons if they provide Kames Capital with investment research, and recommendations through the Global Research Platform. Accordingly Kames Access Persons, may not:

- a. Profit, or cause others to profit, based on his or her knowledge of completed or contemplated client transactions;
- b. Engage in fraudulent conduct in connection with the trading of securities in a client account;
or
- c. Personally benefit by causing a client to act, or fail to act, in making investment decisions.

To further mitigate potential conflicts of interest, the Code imposes restrictions on personal securities transactions in which Access Persons have a beneficial interest, including preclearance and holding-period requirements for certain reportable securities.

Kames Capital's Supervised Persons have an ethical and legal obligation to avoid conflict-of-interest situations, disclose potential conflicts, and seek clarification when warranted in line with Kames Capital's Conflict of Interest Policy. Kames Capital has also adopted policies that place restrictions on the giving or receipt of payments, donations, political contributions, gifts or entertainment or other non-monetary benefits to or from third parties that could constitute some form of inducement.

To that end, Kames Capital's Supervised Persons must comply with restrictions and reporting requirements related to the offering or receipt of gifts and entertainment. Supervised Persons must also obtain pre-approval for outside business activities that could conflict with their duties to Kames Capital or its clients.

Conducting our business with integrity, openness and clarity is critically important to us and no single factor is more critical to our success than working diligently at every level and in every role within our organisation.

A copy of Kames' Code of Ethics is available on request.

B Principal trading

Kames Capital manages accounts on behalf of related persons but does not generally engage in transactions where it acts as principal for an affiliate's account, buying securities from or selling securities to an unrelated client's account. If Kames Capital engages in these principal trades, it will do so in compliance with Section 206(3) of the Act (noting this does not constitute principal trading in terms of business carried out in the United Kingdom).

Cross trades may present a conflict due to the firm representing both the buyer and the seller. Only where there is a benefit to all the clients concerned and where it is permitted by the client and law or regulation, will Kames Capital consider a cross trade. Kames Capital will not undertake cross trades for any US clients.

C Conflicts of interest in personal trading

Subject to the restrictions imposed on personal securities transactions within the Code, including blackout and minimum holding periods and preclearance requirements, Supervised Persons are permitted to transact in the same securities for their personal accounts as the firm purchases or sells on behalf of its clients. Supervised Persons also have the opportunity to invest in certain public or private investment vehicles (directly or through their individually managed pension accounts) that are advised or sub-advised by Kames Capital.

Kames Capital utilises a Compliance System which requires Supervised Persons to obtain preclearance prior to undertaking a personal trade. Permission is only granted for a limited period and will take into account any open client orders. Additionally, Supervised Persons are required to use pre-approved broker accounts for trading and complete an annual attestation on security holdings, and declare their adherence to the Code of Ethics.

Item 12 Brokerage practices

A Broker-dealer selection process

Kames Capital has discretionary authority to select broker-dealers used to place client trades unless otherwise specified by the client.

We retain a list of approved brokers in our order management system. Brokers are approved based on a number of factors, including their ability to:

- Execute a trade promptly, accurately and cost effectively
- Provide a timely order execution report
- Maintain client anonymity
- Complete a trade
- Maximise the opportunity for price improvement
- Search for and obtain liquidity to minimise market impact and accommodate unusual market conditions
- Communicate with us effectively.

All new counterparties suggested must either be proposed or supported by the Kames Capital Plc Dealing Desk. The proposal includes a business case, anticipated volumes and measures of financial strength.

If the proposal is accepted by the Head of the department, they will sponsor the nomination. Due Diligence checks will be carried out, to determine, amongst other things, credit-strength and relevant registrations. Following which, the proposal will be tabled at the Investment Management Portfolio Risk & Control Committee (IMPRCC) for consideration and approval.

If the counterparty is approved, the Central Dealing team request information from the proposed counterparty, notably terms of business and any static supplementary questionnaires required by Regulatory Consulting or Operations.

Only when all relevant documentation has been signed-off and the counterparty has been added to the approved broker list are we free to conduct trading with the new counterparty.

We constantly review our counterparties both for trading and research performance as well as general operational performance.

In terms of additional reviews, an annual review will be conducted by Investment Management on trading activity of approved counterparties. In addition, the Middle Office team reviews the credit ratings for each counterparty and monitors any changes over time.

Kames Capital does not have affiliated broker-dealers nor do we recommend any broker-dealers to our clients.

Research and soft dollars

The principal service Kames Capital provides to its clients is the provision of investment management. In providing that service, we will execute orders on behalf of our clients. When executing orders, we must ensure that we consistently obtain the best possible results, taking into account the different execution factors so far as they apply to each asset class.

Kames Capital will only engage in soft dollar arrangements that would fall within the safe harbor indicated in Section 28(e) of the Exchange Act or as otherwise allowed by applicable laws and regulations.

In recognition of the potential conflict of interest arising from purchasing a bundled service from brokers and in line with requirements in the Markets in Financial Instruments Directive (MiFID) II, research services are no

longer paid for by client commission but Kames Capital now assumes responsibility for payment of non-execution services from brokers. Such arrangements are overseen and governed by the Investment Research, Execution and Oversight Committee.

Brokerage for client referrals

Kames Capital does not consider client referrals in selecting a broker-dealer or directing transactions to a broker-dealer.

Directed brokerage

When trading financial instruments on behalf of our clients we will normally use our discretion to decide which financial instruments to trade, the size and speed at which we wish to trade, the venues on which those instruments will be available and how to access those venues. Kames Capital is willing to consider alternative arrangements should a client wish to direct brokerage and Kames Capital recommends the client appoints a third party to administer the scheme. However, clients may instruct Kames Capital to execute a specific order or group of orders in a certain way. Depending on the specifics of the order the client has given Kames Capital, we may not be able to achieve Best Execution because the order may prevent us from doing so. In those circumstances, we will try to achieve the best possible results we can whilst following our client's order.

If a client directs brokerage we may not be able to aggregate orders. Aggregating orders may avoid delays in execution and keep costs to a minimum, accordingly, we may group orders together so that trades for a numbers of clients in a certain instrument are executed together. In all cases, we will treat our clients fairly when aggregating orders. If aggregated orders cannot be fully executed, the financial instruments will be allocated to clients in proportion to the size of the relevant client's interest comparative to the size of the original order.

Trade Aggregation and Allocation

Kames Capital allocates investment opportunities among clients in a manner intended to result in fair and equitable treatment to clients over time. Factors that influence a decision to allocate investment opportunities among client accounts may include but are not limited to:

- account investment objectives, guidelines, and constraints;
- current account holdings, including asset class, sector, industry, and issuer concentrations, both on an absolute basis and relative to the account's benchmark;
- desired risk profiles of the account, including credit quality, maturity, or duration distributions, and the impact the proposed investment would have on these measures;
- cash availability and future cash flow expectations;
- legal, regulatory, and similar factors; and
- allocation considerations based on criteria such as round-lot provisions or minimum transaction size.

Accounts that Kames Capital manage may trade in the same securities. Given this, Kames Capital typically combines transactions for different clients into aggregated orders. This practice can enable the firm to seek more favourable executions and net prices. Portfolio managers can use any method to allocate transactions among participating accounts, provided the method is consistent with Kames Capital's policy, is appropriately documented and, over time, no client is unduly favoured over another.

Trade Errors

Consistent with its fiduciary duties, Kames Capital's policy is to take the utmost care in making and implementing investment decisions for client accounts. To the extent that trade errors occur, Kames Capital seeks to ensure the client's best interests are served when correcting such errors. Kames Capital makes its determinations regarding trade errors on a case-by-case basis, in its discretion, based on factors it considers reasonable, including regulatory requirements and business practices.

A trade error generally is compensable by Kames Capital when it is a mistake (whether an action or inaction), in Kames Capital's reasonable view, that deviates from the applicable standard of care in managing an account. Kames Capital has adopted trade error policies and procedures to guide the resolution of, and to help prevent the recurrence of, such errors.

Kames Capital will determine the amount to be reimbursed, if any, based on what it considers reasonable in light of all facts and circumstances related to such errors.

Item 13 Review of accounts

Investment managers have discretion over clients' portfolios and review the performance and risk on a daily basis, with more frequent reviews depending on the level of activity, change and volatility within each portfolio.

Client guidelines and restrictions are coded into the Front Office order management system and monitored by the Portfolio Risk Team.

The Chief Investment Officer (CIO) chairs monthly Investment Policy Meetings where investment managers discuss market developments and challenge and debate our core views.

The CIO also chairs monthly performance and risk oversight meetings which are attended by investment managers representing each of the investment areas, as well as by a member of the Portfolio Risk Team. The meetings include discussion on recent and long-term performance against benchmark and risk positioning in both absolute terms and against benchmark.

We have an independent oversight framework which ensures that investment managers take appropriate risks and comply with all client guidelines and regulatory requirements.

Client management

Our dedicated client management team works closely with clients to provide a high-quality service and to understand and meet their reporting needs.

Client meetings

All clients have a designated client service contact who will manage the take-on process and the administration of the account. A Client Director will report formally at regular investment and relationship meetings (usually twice per year), along with the portfolio manager or investment specialist. They will also report regularly by telephone.

For these meetings, tailored presentations will be prepared and Kames Capital will work closely with clients to ensure content covers all information requirements.

Reporting

Monthly and quarterly reporting is available to all institutional clients. Any additional reporting requirements can be discussed with the appointed Client Director as part of the account opening process.

Standard reporting includes:

- Statement of transactions (quarterly and annual) within 5 to 10 business days of period end
- Monthly performance and valuation reports within 15 business days of month end
- Quarterly investment reports
- AAF01/06 internal controls report (a UK internal controls report)
- Custody reconciliations completed with third-party

- All reports are available via PDF documents sent by email or hard copy reports sent by post.

Client satisfaction

We monitor client satisfaction against key performance indicators, measured through a combination of regular contact and formal reviews.

We also conduct a client survey which enables us to benchmark our services against competitors. By engaging with our clients in this way we receive honest, constructive feedback that we can act upon.

Item 14 Client referrals and other compensation

A Client Referrals

Kames Capital has entered into compensation arrangements with its affiliate, Aegon USA Investment Management, LLC which acts as solicitor. Such arrangements will at all times be maintained in compliance with Rule 206(4)-3 under the Act. Kames Capital compensates solicitors based on a percentage of the management fee it earns from the account a solicitor has introduced, a one-time fee, or a combination of these. These arrangements do not increase the fees charged by Kames Capital to any client.

Payment of solicitation compensation can cause a solicitor to recommend Kames Capital over another adviser that does not pay solicitation compensation. When a solicitor receives compensation from Kames Capital, such solicitor will have a conflict in advising clients with respect to hiring Kames Capital as an investment adviser. Further, solicitors might receive different amounts of compensation with respect to different Kames Capital strategies and therefore have incentives to favour one or more strategies over others.

Kames Capital and its affiliates also receive client referrals from unaffiliated consultants retained by investors. While Kames Capital does not directly compensate consultants, Kames Capital may from time to time make payments to these consultants to participate in conferences sponsored by the consultants in order to, among other things, obtain information about industry trends and investor investment needs. Any of these activities are intended to enhance the quality of service Kames Capital provides for its clients and does not impair compliance with our fiduciary duty.

Item 15 Custody

Unaffiliated clients are responsible for selecting their custodians. Kames Capital does not act as a qualified custodian for client accounts and, in the normal course of its duties, does not take physical custody or control of client assets.

Clients should receive account statements at least quarterly from their custodian, which they should carefully review. Kames Capital urges clients to compare reporting received from Kames Capital with statements received directly from their custodian. Please note, Kames Capital reporting may vary from custodial statements due to accounting practices, reporting dates or valuation methodologies.

Item 16 Investment discretion

Kames Capital contracts with institutional clients to provide investment management services, which are documented in an Investment Management Agreement (IMA).

Typically, clients provide discretionary authority to Kames Capital to carry out all relevant activities required to provide the investment management service, subject to any requirements and restrictions detailed in the IMA.

Item 17 Voting client securities

A Proxy voting policy

For separately managed accounts the voting policy is completely individual to the client and the policy and procedure between the client and Kames Capital is agreed within the Investment Management Agreement (IMA).

Clients can choose to retain control of all proxy voting, to direct Kames Capital in how they wish to vote (whereby Kames Capital is responsible for the administration of voting), or to delegate voting to Kames Capital. Delegation particulars can be specified at client request.

Where Kames Capital is given discretion to vote, our Responsible Investment Policy provides a framework for the process involved, and our UK Stewardship Code Compliance Statement provides a framework for overseeing the performance of the companies in which we invest. In particular, it deals with our responsibilities, as set out by the Financial Reporting Council's UK Stewardship Code and our adherence to the Japanese Stewardship Code, although we endeavour to apply the same principles to all client holdings regardless of their listing or domicile.

We consider all shareholder resolutions put forward by the UK-listed companies in which we invest and any non-UK listed companies where we own greater than or equal to 0.1% of the issued share capital. Votes held by Kames Capital are used to promote the long-term interests of our clients as shareholders. When voting UK-listed companies this generally means the company must follow the UK Corporate Governance Code, which sets out best practices on corporate governance in the UK. However, we recognise that companies are not homogenous in this respect and we strongly support the "comply or explain" model of corporate governance. For this approach to work, companies have to be willing to provide good quality and detailed explanations of the reasons for deviation from established best practice.

When voting overseas, we follow the appropriate regional best practice, where this is defined. Where regional best practice is not defined, we look to international best practice codes such as the Organisation for Economic Co-Operation and Development (OECD) Principles of Corporate Governance.

Where we have a voting-related concern, within practical limits we contact the Company ahead of the meeting to discuss our concerns. When we vote against or abstain on an issue, we also write to the Company explaining why we have done so.

We use the voting advisory services of both The Investment Association (a United Kingdom financial services trade body) and ISS, although we review all governance issues on a case-by-case basis and in a pragmatic manner with input from both the RI team and our investment managers. Once we have made a decision, we use proxy agencies to cast the votes on our behalf. We strive to ensure that votes cast on our behalf by proxy agencies are done so in a manner that is consistent with our voting policies. Where appropriate, we may attend the general meetings of the companies in which we invest.

Our normal practice is to agree engagement and final voting decisions between both our RI team and the relevant investment manager in line with our Responsible Investment Policy. Where controversial issues are identified or there is disagreement, the issue is escalated to the desk head and in the case of a disagreement, the final arbiter is the Chief Investment Officer.

We endeavour to avoid lending securities during the proxy-voting period for each company we hold, in order to avoid the loss of shareholder votes which this would entail. Where we have lent securities, in accordance with best practice, we recall those securities to enable proxy voting.

Where we have lent securities, in accordance with best practice, we recall those securities to enable proxy voting.

Records

We record all votes cast and other relevant corporate governance actions in accordance with the SEC Investment Advisers Act Rule 204-2(c)(2). These records allow us to monitor each company's progress towards compliance with the appropriate governance codes and to demonstrate to our clients the approach

we have taken. In addition, our voting processes and stewardship activities are independently reviewed annually as part of our responsibilities under the review of internal controls (ISAE 3402). In addition, our engagement activities are formally reviewed each year as part of our obligations under the Principles for Responsible Investment.

Details of our Responsible Investment Policy (including our Proxy Voting Policy), as well as our engagement and voting activities are provided on our website at www.kamescapital.com/responsible.

Our engagement activities are formally reviewed each year as part of our obligations under the Principles for Responsible Investment and details of our engagement activity are regularly provided on our website at www.kamescapital.com/responsible.

Managing conflicts of interest

Asset management is Kames Capital's only business, ensuring we have no competing priorities or distractions. Our client-centred culture ensures that everyone in the business is committed to acting in the best interests of our investors.

We recognise that situations may arise that could lead to conflicts of interest. Such considerations are covered in our firm-wide Conflicts of Interest Policy. This policy is available at: www.kamescapital.com/responsible.

Our overriding principle when considering any such conflicts is Treating Customers Fairly (TCF). The obligations under TCF ensure that we identify our fiduciary responsibilities and act accordingly in the best interests of our clients.

Examples of conflicts of interest that may arise during our voting and stewardship activities include: when an investee company is also a client; where we own both debt and equity in a given company; or where directors of an investee company also sit on the board of Kames Capital or our parent company Aegon NV.

In such instances, we always prioritise the interests of clients. For those proxies involving a potential conflict of interest, the RI will inform the Chief Compliance Officer (CCO) and the CIO of the rationale for any decisions taken and the decision shall be recorded and report such matters to the Kames Investment Management Portfolio Risk Control Committee on a quarterly basis. Our legal and compliance teams may also be consulted as appropriate.

Kames Capital does not vote the shares that it holds in the listed entity Aegon NV.

B Alternative proxy voting arrangements

For separately managed accounts the voting policy is completely bespoke to the client and the policy and procedure between the client and Kames Capital is agreed within the Investment Management Agreement (IMA).

Item 18 Financial information

As a registered investment adviser Kames Capital is required to provide financial information and disclosures about its financial condition.

A Prepayment

Kames Capital does not require or solicit prepayment of its investment advisory fee, six months or more in advance.

B Discretionary authority

Kames Capital does not have financial commitments that impair its ability to meet contractual and fiduciary commitments to clients.

C Bankruptcy

Kames Capital has not been the subject of a bankruptcy petition at any time.