

## Welcome



**Martin Davis**  
Chief Executive

Kames Capital is a specialist investment management business. From our offices in Edinburgh and London we manage £49.3 billion (€57.8 billion) on behalf of UK and international clients – including pension funds, government agencies, financial institutions, wealth managers, family offices and financial advisers.

Investment management is our only business, ensuring we have no competing priorities or distractions. We are active managers with capabilities in fixed income, equities, property, multi-asset, absolute return and ethical investing.

We have a stable and experienced team of 100 investment professionals, who have an average experience of 19 years, of which an average of eight years has been spent with Kames Capital. They have managed portfolios across numerous market cycles and have the skill and judgment to make the right investment decisions for our clients.

Our investment managers are supported by experienced and deeply-resourced teams in strategy, risk management, dealing and performance measurement.

A robust business platform is an essential part of managing a successful investment management business. Our 335 employees include experienced teams in client servicing, operations, finance, human resources, sales and marketing. We also partner with external providers which are among the best in their respective fields, offering access to market-leading operational capabilities.

We hope you find this document useful and that it prompts you to find out more about our business. For more information, please contact your usual Kames Capital representative, or visit [www.kamescapital.com](http://www.kamescapital.com).

## Key facts about Kames Capital

<b>Principal offices</b>	<ul style="list-style-type: none"> <li>Edinburgh (head office)</li> <li>London</li> </ul>	
<b>Total employees</b>	335	
<b>Investment professionals</b>	100	
<b>Total funds under management</b>	£49.3 billion (€57.8 billion) as at 31 December 2016	
<b>Investment capabilities</b>	<b>Fixed income</b>	<b>Equities</b>
	<b>Property</b>	<b>Multi-asset</b>
	<b>Absolute return</b>	<b>Ethical</b>
<b>Our clients</b>	<ul style="list-style-type: none"> <li>Pension funds</li> <li>Government agencies</li> <li>Insurance companies</li> <li>Banks</li> </ul>	<ul style="list-style-type: none"> <li>Family offices</li> <li>Wealth managers</li> <li>Financial advisers</li> <li>Individuals</li> </ul>
<b>Ownership</b>	A wholly-owned subsidiary of the Aegon NV Group	
<b>Website</b>	<a href="http://www.kamescapital.com">www.kamescapital.com</a>	
<b>Twitter</b>	<a href="http://www.twitter.com/kamescapital">www.twitter.com/kamescapital</a>	
<b>LinkedIn</b>	<a href="http://linkedin.com/company/kames-capital">linkedin.com/company/kames-capital</a>	
<b>Investment views</b>	<a href="http://www.kamesviewpoint.com">www.kamesviewpoint.com</a>	

## Corporate history



Kames House, Edinburgh



The Leadenhall Building, London

Kames Capital's heritage dates to 1831, when the Scottish Equitable Life Assurance Society was founded. Below we set out the key milestones in our corporate history:

1831	Formation of Scottish Equitable Life Assurance Society.
1994	Scottish Equitable sells 40% stake to Aegon NV to realise future ambitions.
1998	Scottish Equitable Asset Management established as dedicated investment business. Aegon NV raises stake in Scottish Equitable to 100%.
2001	Scottish Equitable Asset Management re-brands as Aegon Asset Management.
2011	Launch of Kames Capital, the new name for Aegon Asset Management UK.
2012	Relocation to Kames House, our new head office in Edinburgh.
2015	New London office opens in The Leadenhall Building

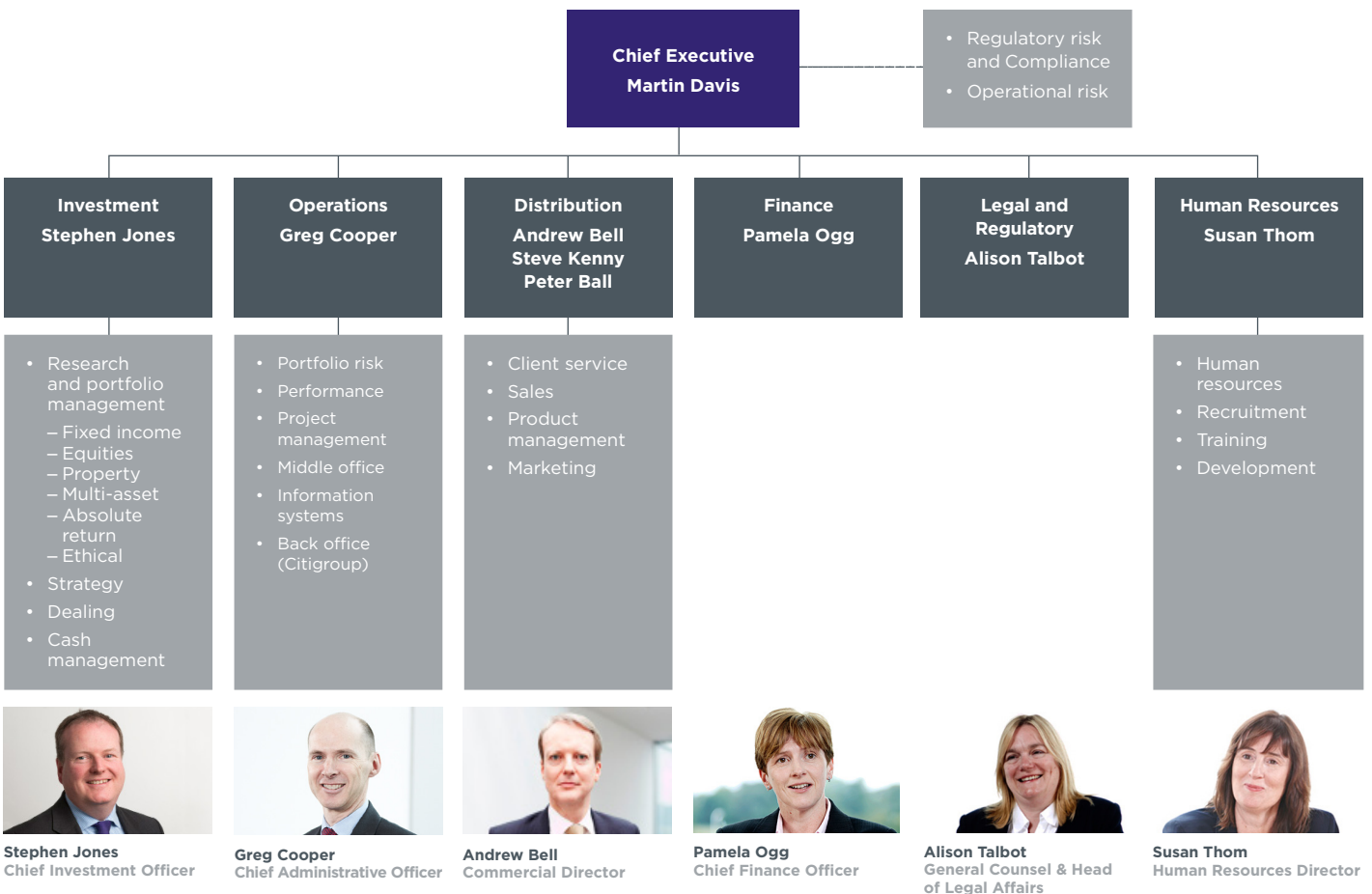
Our change of name to Kames Capital in 2011 reflects our Scottish heritage, our ambition for the business and our commitment to excellence in everything we do. Our identity is helping us to build awareness of our capabilities in the UK and international markets, while continuing to enable us to attract and retain talented people and offer them a challenging and rewarding place to build a career.

## Ownership

Kames Capital is a wholly-owned subsidiary of Aegon NV, one of the world's leading financial services businesses and an international provider of life assurance, pensions and investments. Aegon NV is a committed and supportive owner, providing Kames Capital with the resources and autonomy to focus on delivering for clients.

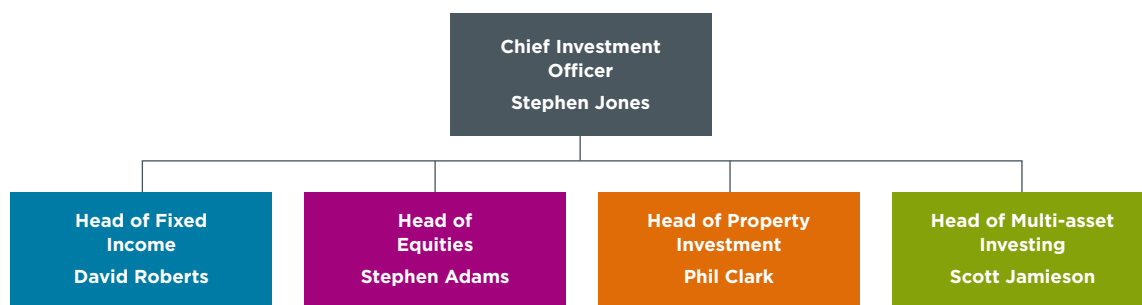
## How we are organised

We have a robust business platform which includes experienced teams in investment, risk management, client service, operations, finance and sales. We also partner with a range of third-party operational providers which offer us access to market-leading capabilities.



## Our investment capabilities

We have a 100-strong investment team, which has an average investment experience of 19 years, of which an average of eight years has been spent with Kames Capital. This reflects our blend of internally-developed staff and experienced external appointments.



The table below illustrates our key products and services by asset class. These include our specialist absolute return and ethical funds, where the management is fully integrated within our fixed income and equities teams.

		Client funds*	Key investment strategies and services	
<b>Fixed income</b>	28	£25.1 billion (€29.4 billion)	<ul style="list-style-type: none"> <li>Investment grade bonds</li> <li>High yield bonds</li> <li>Strategic bond</li> </ul>	<ul style="list-style-type: none"> <li>Core plus</li> <li>Absolute return</li> <li>Specialist ethical</li> </ul>
<b>Equities</b>	30	£15.3 billion (€18.0 billion)	<ul style="list-style-type: none"> <li>UK all companies</li> <li>UK smaller companies</li> <li>UK unconstrained</li> <li>Global equity</li> </ul>	<ul style="list-style-type: none"> <li>Global equity income</li> <li>Absolute return</li> <li>Specialist ethical</li> </ul>
<b>Property</b>	20	£2.5 billion (€2.9 billion)	<ul style="list-style-type: none"> <li>Direct investment</li> <li>Indirect (multi-manager)</li> </ul>	<ul style="list-style-type: none"> <li>Advisory service</li> <li>Specialist healthcare</li> </ul>
<b>Multi-asset</b>	17	£4.7 billion (€5.6 billion)	<ul style="list-style-type: none"> <li>Diversified growth</li> </ul>	<ul style="list-style-type: none"> <li>Diversified income</li> </ul>

\*Source: Kames Capital as at 31 December 2016. In addition, Kames Capital manages £1.8 billion (€2.1 billion) in cash. Multi-asset team includes nine members based in The Hague who are employees of Aegon Asset Management.

We manage a range of segregated and pooled portfolios for UK and international investors. Our pooled funds include institutional pension funds, UK-domiciled OEIC, Dublin-registered OEIC and specialist property funds.

Our fund managers are ultimately responsible for the investment risks within their portfolios. Their aim is to ensure that we take sufficient but not excessive levels of investment risk to meet our clients' performance targets, while staying within permitted risk tolerances.

We have a strong risk culture across all levels of the organisation. We set clear responsibilities for different aspects of risk management, with monitoring and control that is independent of our fund managers.

Below we summarise our investment capabilities across each of the six areas in which we focus:

## Fixed income



**David Roberts**  
Head of Fixed Income



We invest across the full spectrum of credit, high-yield, strategic bonds, government securities, index-linked, absolute return and specialist ethical investments.

Our 28-strong fixed income team is stable and experienced, with an average of 16 years' investment experience, of which an average of seven years has been spent with Kames Capital.

We have an active approach, managing concentrated portfolios that reflect our investment convictions. We target six main sources of performance: asset allocation, duration, yield curve, stock selection, sector selection and rating selection.



## Equities



**Stephen Adams**  
Head of Equities



Our equities team manages a range of actively managed UK, regional and global equity portfolios. Our stable team of 30 investment professionals has an average investment experience of 19 years, of which an average of 10 years has been spent with Kames Capital.

We manage multi-cap, smaller companies, absolute return, ethical and unconstrained funds investing in UK equities. We also have a growing reputation in international equities, where we manage a range of globally diversified funds to meet growth and income objectives.

## Property



**Phil Clark**  
Head of Property Investment



Our London-based team of 20 property investors is one of the most experienced in the UK market, with an average of 20 years' experience. The team is headed by Phil Clark, one of the UK's leading property investors.

We have expertise in:

1. Direct property investment – segregated and pooled portfolios.
2. Indirect Property Service – multi-manager solutions for institutional investors, including an advisory service.
3. Specialist funds – working with selected partners in areas such as healthcare.



## Multi-asset



**Scott Jamieson**  
Head of Multi-asset Investing



Our 17-strong multi-asset team in Edinburgh and The Hague has an average investment experience of 20 years. Our multi-asset portfolios blend a range of asset classes to meet the investment objectives and risk profiles of our clients. They capitalise upon our proven capabilities in different asset classes, including fixed income, equities and property.

Our strategies include the Kames Diversified Growth Fund, a multi-asset diversified growth portfolio with the flexibility to invest across a wide range of assets, including government bonds, corporate bonds, equities, property and currencies.

In February 2014 we launched the Kames Diversified Monthly Income Fund, which aims to provide an attractive and sustainable level of income by investing in a multi-asset portfolio of yield-generating investments.

## Absolute return



Our seven absolute return funds seek to achieve a positive return for investors regardless of market conditions. They include three absolute return bond funds and four equity market neutral funds. These capture the best opportunities in bond and equity markets while focusing on managing risk and preserving capital.





## Ethical



We aim to be a responsible investor. We ensure that we identify and understand the key environmental, social and governance risks for each of the companies, industries and sectors that we invest in. We do this because evidence suggests that companies which rank among the leaders in governance and sustainability tend to outperform as investments over the long term.

We launched our first ethical equity fund in 1989. Since then, we have broadened our ethical capabilities to include ethical corporate bond and cautious managed funds. Today we are distinctive among fund providers in offering such a broad suite of ethical products. All three ethical funds we manage are designed to meet the needs of clients who wish to make investment decisions based on strong ethical principles. For more information visit [www.kamescapital.com/ethical](http://www.kamescapital.com/ethical).

## Corporate governance and responsible investing

We manage our business within a robust control environment to ensure we effectively safeguard our clients' assets. We have dedicated management committees which oversee business risk management, business continuity and human resource practices.

We support the principles of the Financial Reporting Council's Combined Code on Corporate Governance and also equivalent guidance from overseas.

Our approach to responsible investment is consistent with the UK Stewardship Code. This sets out good practice principles on engagement with investee companies which UK-based institutional investors should aspire to. A statement outlining our compliance with The Code's Principles are available at [www.kamescapital.com/responsible](http://www.kamescapital.com/responsible), together with our Responsible Investment Policy.



We are also a signatory to the United Nations backed Principles for Responsible Investment, the principal international investor initiative to drive the integration of environmental, social and governance issues into investment decision making. The initiative places a formal requirement on signatories to be active, responsible shareholders and to report annually on their activities and progress.

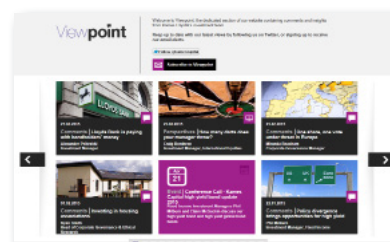
## Why we are distinctive

<p><b>1. Our focus</b></p>	<p>Investment management is our only business, ensuring we have no competing priorities or distractions. We focus only on the areas in which we believe we can offer our clients a compelling proposition - fixed income, equities, property, multi-asset, absolute return and ethical investing.</p>
<p><b>2. Investment excellence</b></p>	<p>We are truly active managers with a high conviction approach to investing. We blend a top-down perspective with fundamental bottom-up analysis.</p> <p>Combining the roles of fund manager and analyst shortens lines of communication across the team and ensures that everyone contributes to research and remains focused on the needs of our clients.</p> <p>Our investment processes are robust and disciplined. We aim to outperform in a range of market conditions. Only the ideas in which we have the highest conviction are included in portfolios, while our strong risk culture ensures that we take the right level of investment risk on behalf of our clients.</p>
<p><b>3. Depth of experience</b></p>	<p>We attract and retain good people. Our 100 investment professionals have an average experience of 19 years. They have managed portfolios across numerous market cycles and have the skill and judgment to make the right investment decisions for our clients. Our senior management team has substantial operational experience.</p>
<p><b>4. Autonomous strength</b></p>	<p>Kames Capital is a successful business with a committed and supportive owner in Aegon NV, one of the world's leading financial services groups. We have the resources and autonomy to build a business with low operational risk that consistently delivers for our clients.</p>
<p><b>5. Alignment of interests</b></p>	<p>We have a risk-based approach to everything we do. Our policies and procedures align our interests directly with those of our clients. We only succeed if our clients succeed.</p>

## Our investment views

Viewpoint is the dedicated section of our website containing comments and insights from Kames Capital's investment team.

To access visit [www.kamesviewpoint.com](http://www.kamesviewpoint.com).



## Contacts

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[www.linkedin.com/company/kames-capital](https://www.linkedin.com/company/kames-capital)



[www.kamesviewpoint.com](http://www.kamesviewpoint.com)

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**Past performance is not a guide to future performance. The value of investments and the income from them may go down as well as up and is not guaranteed.**

Opinions expressed represent our understanding of the current and historical positions of the market and are not an investment recommendation or advice. Any securities and related trading strategies referenced may or may not be held/used in any strategy/portfolio. Any Opinions and/or example trades/securities are only present for the purposes of promoting Kames Capital's investment management capabilities. Sources, both internal and external, used are deemed reliable by Kames Capital at the time of writing.

This document is accurate at the time of writing and is subject to change without notification.

Content is accurate as at 31 January 2017 but is subject to change without notice.

All data is sourced to Kames Capital unless otherwise stated.

Kames Capital plc is authorised and regulated by the Financial Conduct Authority.  
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