

24 January 2020

<CLIENT NAME>
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<POSTCODE>

Kames Capital (ICVC) fund share class conversions

Dear Sir / Madam

I am writing to inform you that Kames Capital plc, as the authorised corporate director, is planning to convert a number of A share classes in some of its funds into the existing B share classes of the same funds. This is in accordance with the Prospectus and the principles set out in the FCA's Finalised Guidance FG18/3. The table attached to this letter highlights the funds that are impacted by this share class conversion. It includes funds that some of your underlying clients are invested in.

Please note, these share class conversions will not have a detrimental impact on your clients' investment with Kames Capital. It is important, however, that you read the following information and inform your clients about these changes.

Why are we proposing to convert some of our share classes?

We constantly review our fund range to ensure the products and share classes we offer reflect the needs of our clients. The A and B share classes are identical share classes of the same fund, but with a different annual management charge. We have reviewed the proposed conversions to ensure they are consistent with investors' best interests and are fair.

As the table below highlights, converting the A share classes into the B share classes for the funds shown will reduce the annual management charge applied by Kames. I would also like to take this opportunity to inform you that, as part of our overall product review, we will be reducing the annual management charge on the remaining B share class of the Kames Diversified Growth Fund from 0.55% to 0.50%. The new, reduced AMC for this fund will take effect from 1 April 2020. Please note that this notice of conversion for all of the affected funds does not constitute financial advice.

Following the date of the proposed conversion, we are expecting to close the A share classes within a reasonable timescale.

When will the conversion take place?

We plan to convert existing investments in the A share classes for the funds highlighted in the table at 12 noon (UK time) on Friday 24 April 2020, to the appropriate B share classes on the same day.

What happens next?

You do not need to take any action and a response to this letter is not required. We will automatically implement the share class conversions on the date stated above, if no alternative instructions have been received.

Following the dispatch of the shareholder notice, which we anticipate to be on or around 21 February 2020, investors will have the following options, all of which are free of charge:

- 1) Investors can switch their investment into another fund or other fund(s) within the Kames Capital (ICVC) fund range. We will need to receive this instruction before 11.59am (UK time) on Friday 24 April 2020.
- 2) Investors can redeem their A class holdings prior to the conversion date.
- 3) Investors can convert their A class holdings into the fund's B class equivalent in advance of 24 April 2020.
- 4) Do nothing and we will convert all A class holdings into class B of that fund on 24 April 2020.

Dealing instructions can continue to be placed by fax to 0207 643 3938 or through the usual dealing method.

Information on our B share classes, including the Key Investor Information Documents, is available at www.kamescapital.com.

If your clients have a holding in the A share class of an impacted fund, their regular investments and any top-up instructions they submit, instructing investment in the A class, will continue to be processed until 11.59am (UK time) on Friday 24 April 2020. Any holdings in the A class on this date will be converted to the B class of that fund. Unless we receive alternative instructions, all further regular investments shall be invested in their class B equivalent, following the conversion taking place.

There is no option to remain in the A share classes after 24 April 2020 as the share classes will be closing and any dealing instructions received after 11.59am (UK time) on Friday 24 April involving the A class will be rejected.

Are there costs associated with the closure and conversions of the share classes?

All costs associated with the conversions and subsequent share class closures will be met by Kames Capital.

Contact info

If you have any questions please talk to your usual contact at Kames Capital. Alternatively, you can call us on 0800 358 3009. Please note that we are unable to provide advice on which course of action you or your clients should take.

Thank you for investing with Kames Capital.

Yours faithfully



Stephen Jones
CEO of Kames Capital

Authorised Signatory for Kames Capital Plc

ICVC share class closures

Fund	Share class	ISIN	AMC	Conversion to share class:	ISIN	New AMC
Kames Diversified Growth*	A Acc	GB00B4TLTY88	1.00%	B Acc	GB00B625LX43	0.50%*
Kames Diversified Monthly Income	A Acc	GB00BJFLQX53	1.25%	B Acc	GB00BJFLQY60	0.55%
Kames Diversified Monthly Income	A Inc	GB00BJFLR098	1.25%	B Inc	GB00BJFLR106	0.55%
Kames Ethical Cautious Managed	A Inc	GB00B1N9DW38	1.25%	B Inc	GB00B7TCPG66	0.75%
Kames Ethical Cautious Managed	A Acc	GB00B1N9DX45	1.25%	B Acc	GB00B7V2CD05	0.75%
Kames Ethical Corporate Bond	A Inc	GB0005342422	1.00%	B Inc	GB00B0C4RP31	0.45%
Kames Ethical Corporate Bond	A Acc	GB0005342646	1.00%	B Acc	GB00B018K352	0.45%
Kames Ethical Equity	A Acc	GB0007452484	1.50%	B Acc	GB0007450884	0.75%
Kames Global Equity	A Acc	GB0007254229	1.50%	B Acc	GB0007274516	0.75%
Kames High Yield Bond	A Inc	GB0031425126	1.25%	B Inc	GB00B1N9DY51	0.55%
Kames High Yield Bond	A Acc	GB0031425233	1.25%	B Acc	GB0031425563	0.55%
Kames Investment Grade Bond	A Acc	GB00B140FR45	1.25%	B Acc	GB00B141C763	0.50%
Kames Investment Grade Bond	A Inc	GB00B1419R57	1.25%	B Inc	GB00B142F707	0.50%
Kames Sterling Corporate Bond	A Inc	GB0007450330	1.00%	B Inc	GB0031599870	0.35%
Kames Sterling Corporate Bond	A Acc	GB0007450447	1.00%	B Acc	GB0007451635	0.35%
Kames Strategic Bond	A Inc	GB0033988436	1.25%	B Inc	GB00B00MY367	0.55%
Kames Strategic Bond	A Acc	GB0033988543	1.25%	B Acc	GB00B3ZLQW29	0.55%
Kames UK Equity Absolute Return	A Acc	GB00B504CH73	1.55%	B Acc	GB00B4XS8040	0.80%
Kames UK Equity	A Acc	GB0007450223	1.50%	B Acc	GB0007451411	0.60%
Kames UK Equity	A Inc	GB00B58F7C21	1.50%	B Inc	GB0030522683	0.60%
Kames UK Equity Income	A Inc	GB00B4ZMYN93	1.50%	B Inc	GB00B4ZMYG27	0.60%
Kames UK Equity Income	A Acc	GB00B504GY29	1.50%	B Acc	GB00B4ZMVX86	0.60%
Kames UK Opportunities	A Acc	GB00B1N9DR84	1.50%	B Acc	GB00B1N9DS91	0.75%
Kames UK Smaller Companies	A Acc	GB00B142FH03	1.50%	B Acc	GB00B142FS18	0.75%

Data in table as at 22 January 2020

*The current AMC on the Kames Diversified Growth Fund is 0.55%. This charge will drop to 0.50% on 1 April 2020. The reduction is part of our overall product review to ensure we are offering our clients value for money within each fund.