COMPANY NUMBER SC212159

KAMES CAPITAL MANAGEMENT LIMITED

STRATEGIC REPORT, DIRECTORS' REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2019

COMPANY INFORMATION

Chairman	Martin M A Davis (resigned 23 September 2019) Stephen J M Jones (appointed 23 September 2019)
Directors	Martin M A Davis, MBA, DIP, MRS (Chief Executive) (resigned 23 September 2019) Alison J Talbot LLB (resigned 23 December 2019) Stephen J M Jones, BA (appointed Chief Executive 23 September 2019) Gordon M Syme LLB (appointed 6 March 2020)
Secretary	Alison Talbot LLB (resigned 23 December 2019) Gordon M Syme LLB (appointed 17 January 2020)
Company Number	SC212159
Registered Office	Kames House 3 Lochside Crescent Edinburgh Park Edinburgh EH12 9SA
Independent Auditors	PricewaterhouseCoopers LLP Atria One 144 Morrison Street Edinburgh EH3 8EX

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STRATEGIC REPORT
FOR THE YEAR ENDED 31 DECEMBER 2019

Principal and ongoing activity

The Kames Capital Management Limited ("the Company") performs the services of Appointed Representative for the Scottish Equitable Pooled Funds and Mobius Life Pooled Funds. The Company is incorporated and domiciled in Scotland.

Business model and strategy

Kames Capital's aim is to use our investment management expertise to help people achieve a lifetime of financial security. Kames Capital consists of Kames Capital Holdings Limited, Kames Capital Plc and Kames Capital Management Limited.

Kames Capital remains dedicated to active management. We have capabilities in fixed income, equities, property, multi-asset and cash investing and invest to meet a range of client objectives, including growth, income, total return and absolute return. We are also a leader in sustainable investing.

Kames Capital is part of Aegon Asset Management, an international group of investment management businesses owned by Aegon NV, one of the world's leading providers of financial services. As part of Aegon Asset Management we can offer our clients access to the best products and services from Kames Capital and our sister companies across the group. We manage investments on behalf of UK and international clients, including pension funds, financial advisers, financial institutions, charities, wealth managers, family offices and individuals.

Market environment

Equity markets responded to the dramatic sell off in Quarter 4 2018 by delivering strong returns across all geographies throughout 2019. World equities rose 28%, led by US equities (31%) and European stocks (27%). The robust rally on Quarter 1 was primarily driven by central banks indicating they would supply yet more stimulus in an attempt to keep the economic expansion intact. The response from equity investors indicated their positivity. From the end of Quarter 1 to the end of the year markets were broadly flat with few periods of increased volatility as trade negotiations between the US and China continued and as macroeconomic indicators deteriorated.

Despite the performance of equity markets, Government bond yields fell, and as at the end of September, while the MSCI World Index was up 18%, the 20+ Year Treasury Index was up 20%. However as we entered Quarter 4, equities drove higher still and bond prices started to fall back as US and Eurozone manufacturing business surveys picked up slightly although remaining weak overall. At the same time the service sector business surveys also picked up. This increase, as well as the resilience of overall employment helped to retain market confidence. In December the Conservative Party won a significant majority in the first winter general election in a generation. This victory removed the threat of nationalisation for some utility companies and led to a sector rally of 6%. In addition this victory removed a great geopolitical uncertainty as it led to the passing of the European Union Withdrawal Bill.

Regulatory environment

During 2019 we finalised our Brexit planning by making various notifications to maintain the sale of our Irish funds into the UK through the FCA's temporary permissions regime. Client facing operations for EU clients were also moved to our Dutch affiliate in the Hague as we made arrangements to serve our clients in a manner that would provide protection from a hard Brexit. The agreement of a memorandum of understanding between the FCA and ESMA in early 2019 gave comfort that the provision of investment management to European clients, such as our Irish fund range, would be unaffected by the outcome of Brexit. Specific to the UK, we completed work on the clarity of fund objectives for our FCA authorised fund range. Work also began on our assessment of value which is due to be delivered in 2020. The extension of the Senior Managers & Certification Regime to solo-regulated firms was implemented in December and, like the Market Study, work continues into 2020 to implement the final parts of this change before the relevant deadline. Regulatory obligations on asset stewardship and responsible investing also begun with the coming into force of the UK implementation of the updated Shareholder Rights Directive in June, which has some cross-over with the new UK Stewardship code for 2020. Further developments related to stewardship, fund liquidity and responsible investing are expected in 2020 and beyond.

Review of the Company's business

The Company delivered profit for the year of £305k (2018: £331k). The Company did not pay a dividend during the year (2018: £nil). The Board of Directors consider the results to be satisfactory given circumstances. The Directors do not recommend payment of a final dividend (2018: £nil).

Net assets at the end of the year were £4,247k (2018: £3,942k). This was in line with Directors' expectations.

On 23 September Martin Davis resigned as Chairman and Director of the company. Alison Talbot resigned as Company Secretary and Director on 23rd December. Gordon M Syme was appointed Company Secretary on 17 January 2020 and as a Director on 6 March 2020. Stephen Jones was appointed Chairman on 23 September and continued to serve as a Director throughout the year and up until the date of signing the financial statements.

Development and Performance of the Company's business during the financial year

The following review covers the results of Kames Capital Management Limited.

The Board of the Company monitors key management information on a quarterly basis to track business performance. This information includes investment performance, assets under management, revenues, expenses, headcount and available capital vs requirement. Assets under management (AUM) increased by 1.9% to £0.61bn (2018: 15.1% decrease, £0.59bn) due to positive market movements offsetting outflows. Operating profit has decreased by 11.9% (2018: 62.3% reduction) due to a reduction in management charges retained by the company. Expenses have decreased by 9.4% (2018: increased by 17.3%). The total average number of Kames Capital Management Limited employees during the year remained stable (2018: reduced by 5.4%) at 1.9 FTEs.

Kames Capital Management Limited remains dedicated to its activities of acting as Appointed Representative of the Scottish Equitable Pooled Funds and Mobius Life Pooled Funds for the foreseeable future.

Future Development

The main operational priority for the Kames Group in 2019 was to deliver a successful consolidation of the leadership team and business functions with our Dutch sister company Aegon Investment Management BV, whilst maintaining two distinct legal entities. Creating a single leadership team has allowed us to strengthen our product proposition and share and implement best practice.

Following further resignations within our Fixed Income team, we intend to leverage this augmented product expertise to improve the results of the business while the fixed income proposition stabilises and rebuilds. We managed to retain a number of at risk clients and have implemented management actions to secure the futures of key investment and sales staff over the short to medium term.

At the outset of 2020 the primary commercial priorities for the Kames Group are to return the business to profit through increased third party sales and lowering the operational cost of delivery. Simultaneously we will embark upon a programme of full cooperation with sister companies throughout Aegon Asset Management following the new strategy announced in December 2019.

Creating this single, truly global, asset management company will allow us to strengthen our product proposition, reach new markets, implement best practice and deliver operational efficiencies.
We continue to see strong interest across our product range, especially in our multi asset and equity income strategies as well as sustainable equity. Further, now that stability has returned to the fixed income team, we are confident of accelerating third party flows into our offerings in this space.

During the first quarter of 2020, the impacts of the COVID-19 pandemic have significantly impacted both economic markets and established ways of working within the Company and the wider group within which it operates. As the Company's assets under management are primarily in fixed income investments it is expected that the levels of volatility experienced in their value and the accompanying impacts on the Company's fee revenue will be relatively limited. Cost saving measures have been implemented within the Kames Capital Group. The directors believe that the identified cost savings will materially offset any lost revenue. Further detail is provided in note 14 – Post Balance Sheet events.

Description of the principal risks and uncertainties facing the Company
The Company operates a formal risk management framework to assess risk and mitigating controls. In addition the Company reviews risk as part of its Internal Capital Adequacy Assessment Process (ICAAP). The Directors consider that the Company is subject largely to market risk, reputational risk, product risk, regulatory risk and operational risk. We operate a policy which is designed to ensure that after taking account of mitigating actions the Company maintains a level of capital that is appropriate for the risks it faces.

- Credit and Counterparty Risk considers the risk that the failure of a counterparty to meet its obligations leads to a financial loss to the company, both through the loss of any monies owed to the company by the counterparty and the cost of re-instating economic exposure in the case of counterparty default.
- Market Risk considers the risk that adverse movements in market values, such as foreign exchange rates, interest rates and equity prices will affect the firm's income or the value of its assets and liabilities.
- Business Risk considers the risk of losses due to failed or inadequate strategy execution, marketing and sales practices, distribution channels, pricing, investment return, handling of customer complaints or late reaction to changes in the business environment.
- Concentration Risk considers the risk that results from a lack of diversification. The risk can arise from an uneven distribution of counterparties in credit or any other business relationships or from a concentration in business sectors or geographical regions.
- Group Risk considers the risk that the company is adversely affected by its relationships, place in the structure or the obligations (financial and non-financial) placed upon it by Aegon Asset Management and/or the wider Aegon Group.
- Liquidity Risk considers the risk that the company does not have sufficient liquid financial resources to meet its obligations as they fall due.
- Operational Risk considers the risk of loss resulting from inadequate or failed internal processes, people and systems, or from external events.

The Company is not exposed to significant financial instrument risk. Credit risk is significantly reduced as assets are primarily cash and short term deposits, which are placed with major banks of acceptable credit standing (A-rated or higher), and inter-company receivables from Aegon companies.

Corporate governance and capital management

Consistent with the governance framework promulgated by Aegon Asset Management (AAM) for the AAM group, the Company has established a governance framework for monitoring and overseeing strategy, conduct of business standards and operations of the business across the Company. This includes a clearly stated corporate organisational structure, appropriate delegated authorities and independent internal audit and risk management functions. Risk management for the Company operated within this governance framework.

Kames Capital Management Limited is a wholly owned subsidiary of Kames Capital Plc, an entity regulated by the Financial Conduct Authority (FCA). The Company does not have individual capital requirements, but is included within the scope of consolidated capital supervision.

The Company considers its components of capital to be its Issued Share Capital and Retained Earnings. The Company's objective in managing its capital is to ensure that there are adequate resources to meet the Company's liabilities as they fall due, and to allocate capital efficiently to support growth with excess capital distributed to shareholders where appropriate. The Company's capital is managed on a consolidated basis with that of other companies in the Kames Group (Kames Capital Holdings Limited, Kames Capital Plc and Kames Capital Management Limited). The Company manages its capital by measuring its resources and cash available on a regular basis. The Company's capital position and the movement in this from the prior year are disclosed within the Statement of Changes in Equity.

The Company is not regulated by the FCA, however it maintains capital in line with the Capital Requirements Directive (CRD) via consolidated COREP reporting. Following review by the Executive of the adequacy of its capital position, the Company reports to the FCA and the Board on a quarterly basis. The company has complied with all externally imposed capital requirements throughout the year. The Directors operate a policy which is designed to ensure that the Company maintains a level of capital that is appropriate for the risks it faces. The Kames Group prepares an ICAAP document at least annually or more regularly if circumstances require, which sets out the amount of risk assessed capital the Kames Group is required to hold. Disclosures relating to the ICAAP are contained within the Pillar 3 section of the Kames Group website:

http://www.kamescapital.com/disclosures.aspx

Country by Country Reporting under CRD IV

Under the terms of CRD IV the company is required to complete Country by Country Reporting on a consolidated basis along with other companies in the Kames Group and make this report available on its website. The company is required to report:-

- The location of the institution and any related subsidiaries and branches
- Turnover
- Average number of employees on a full time equivalent basis
- Profit or loss before tax
- Corporation tax paid
- Public subsidies received

Disclosures relating to Country by Country Reporting are contained within the Company's website

http://www.kamescapital.com/disclosures.aspx

Risk and Financial Instruments within the Statement of Financial Position

The Company has a very simple Statement of Financial Position consisting largely of cash, current assets and current liabilities.

The Company's capital consists of Issued Share Capital and Retained Earnings.

Of the risks which the company is exposed to those with a Statement of Financial Position impact are :-

Credit and Counterparty Risk

The Company offers standard industry credit terms to clients and has an appetite for limited credit risk for this purpose. Aged items exceeding these terms are monitored against set thresholds for acceptable overdue debts. Action is taken to recover such debtors (through deduction from client assets if appropriate). The Company's main sources of non-client related credit risk are other Aegon Group companies. These are considered inherent in the business activities of the Company.

The Company's cash balances are held by a number of counterparties. Bankruptcy or insolvency of these counterparties may cause the Company's rights with respect to the cash balances to be delayed or limited. The Company operates a counterparty management policy which sets tolerance limits over the cash holdings based on the credit rating of the counterparty. The Company monitors the credit quality of the relevant counterparties and should the credit quality or the financial position of these counterparties deteriorate significantly the Company would move the cash holdings over to another bank.

Market Risk

The Company does not hold investments and does not have foreign currency exposure and is therefore not exposed to Market Risk.

Liquidity Risk

The Company has a low tolerance for liquidity risk. It operates a liquidity risk management policy setting out minimum threshold levels. Its liquidity position is reported to key management personnel on a quarterly basis. The Company's assets are in cash or short term deposits and invoices are settled as they fall due without the need to realise illiquid assets. Shortfalls are tolerated only for very short periods. Such situations are managed by borrowing from the Company's bank.

This report was approved by the Board of Directors and authorised for issue on 24 April 2020
Signed on its behalf by

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Stephen JM Jones
Director

DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2019

The Directors present their report and the audited financial statements for the year ended 31 December 2019.

Structure of these financial statements
The Company's financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union as they apply to the financial statements of the Company for the year ended 31 December 2019 and applied in accordance with the Companies Act 2006.

Results and Dividends
Details of the results for the year and proposed dividends can be found within the Strategic Report.

Future developments
Details of the future developments of the company can be found within the Strategic Report.

Financial Risk Management
Details of the company's financial risk management can be found within the Strategic Report.

Directors and their Interests
The Directors who were in office during the year and up to the date of signing the financial statements are shown on page 1. On 23 September 2019 Martin M A Davis resigned as Chairman and Director. On 23 December 2019 Alison J Talbot resigned as Company Secretary and Director. Stephen Jones was appointed as Chairman on 23 September 2019 and served as a Director throughout the year. Gordon M Syme was appointed as Company Secretary on 17 January 2020 and as a Director on 6 March 2020.

The Directors have declared that they had no interest in the share capital of the Company in the year to 31 December 2019.

Each of the Directors has been granted a qualifying third party indemnity by the Company, in terms of the relevant sections of the Companies Act 2006 which was in force for the period from 1 January 2019 to the date of signing of the financial statements.

Going Concern
The Directors have considered the performance of the Company in 2019, its Statement of Financial Position as at 31 December 2019, its future plan and its approach to capital and risk management. The Directors consider that the Company has adequate resources to continue to operate for the foreseeable future. Accordingly, they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

Independent Auditors
The independent auditors, PricewaterhouseCoopers LLP, have indicated their willingness to remain in office and have been reappointed by the Directors for 2020.

STRATEGIC REPORT
FOR THE YEAR ENDED 31 DECEMBER 2019

Statement of disclosure of information to auditors
The Directors who held office at the date of approval of this report confirm that, so far as they are each aware, there is no relevant audit information of which the auditors are unaware; and each Director has taken all steps that they ought to have taken as Director to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

The financial statements on pages 13 to 32 were approved by the Board of Directors on 24 April 2020 and signed on its behalf by

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Stephen J M Jones
Director

KAMES CAPITAL MANAGEMENT LIMITED

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulation.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable IFRSs as adopted by the European Union have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006.

Directors' confirmations
In the case of each director in office at the date the Directors' Report is approved:

- so far as the director is aware, there is no relevant audit information of which the company's auditors are unaware; and
- they have taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

Independent auditors' report to the members of Kames Capital Management Limited

Report on the audit of the financial statements

Opinion

In our opinion, Kames Capital Management Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2019 and of its profit and cash flows for the year then ended;
- have been properly prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Strategic Report, Directors' Report and Financial Statements (the "Annual Report"), which comprise: the statement of financial position as at 31 December 2019; the statement of comprehensive income, the cash flow statement, the statement of changes in equity; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the company's ability to continue as a going concern.

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

With respect to the Strategic Report and Directors' Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on the responsibilities described above and our work undertaken in the course of the audit, ISAs (UK) require us also to report certain opinions and matters as described below.

Strategic Report and Directors' Report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic Report and Directors' Report for the year ended 31 December 2019 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic Report and Directors' Report.

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Statement of Directors' Responsibilities set out on page 10, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report.

Use of this report

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Other required reporting

Companies Act 2006 exception reporting

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the company, or returns adequate for our audit have not been received from branches not visited by us; or
- certain disclosures of directors' remuneration specified by law are not made; or
- the financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

James Houston (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Edinburgh
24 April 2020

KAMES CAPITAL MANAGEMENT LIMITED

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2019
COMPANY NUMBER SC212159

	Note	2019 £000's	2018 £000's
Revenue	2	957	1,067
Administrative expenses	3	(625)	(690)
Operating profit		332	377
Investment income	4	43	23
Profit before tax		375	400
Tax charge	5	(70)	(69)
Profit for the year		305	331
Total comprehensive income for the year		305	331

The profit for the year relates wholly to continuing activities.

The profit for the year is attributable to the equity shareholders of the Company.

There is no Other Comprehensive income for 2019 (2018: £nil).

The notes on pages 17 to 32 are an integral part of these financial statements.

KAMES CAPITAL MANAGEMENT LIMITED

STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2019
COMPANY NUMBER SC212159

	Note	2019 £000's	2018 £000's
Non-current assets			
Deferred tax	6	25	31
Trade and other receivables	7	92	100
		117	131
Current assets			
Trade and other receivables	7	393	484
Cash and short term deposits	8	8,027	7,764
		8,420	8,248
Total assets		8,537	8,379
Current liabilities			
Corporation tax payable		65	13
Trade and other payables	9	4,061	4,245
		4,126	4,258
Non-current liabilities			
Trade and other payables	9	164	179
Total liabilities		4,290	4,437
Net assets		4,247	3,942
Capital and reserves			
Issued capital	10	1,000	1,000
Retained earnings		3,247	2,942
Total equity		4,247	3,942

The notes on pages 17 to 32 are an integral part of these financial statements.

The financial statements were approved for issue by the Board on 24 April 2020 and signed on its behalf by

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Stephen JM Jones
Director

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2019
COMPANY NUMBER SC212159

	Issued capital £000's	**Retained earnings £000's**	**Total equity £000's**
At 1 January 2019	**1,000**	**2,942**	**3,942**
Profit and total comprehensive income for the year	-	305	305
At 31 December 2019	**1,000**	**3,247**	**4,247**

	Issued capital £000's	Retained earnings £000's	Total Equity £000's
At 1 January 2018	1,000	2,611	3,611
Profit and total comprehensive income for the year	-	331	331
At 31 December 2018	**1,000**	**2,942**	**3,942**

All equity is attributable to equity shareholders of the Company.

The Company did not recognise any income or expense directly in equity (2018: £nil).

The notes on pages 17 to 32 are an integral part of these financial statements.

CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2019
COMPANY NUMBER SC212159

	Note	2019 £000's	2018 £000's
Operating activities			
Profit before tax		**375**	400
Adjustment to reconcile profit before tax to net cash inflow from operating activities:			
Decrease in trade and other receivables		**99**	80
(Decrease)/Increase in trade and other payables		**(198)**	1,280
Income tax paid		**(13)**	(3)
Net cash flow generated from operating activities		**263**	1,757
Net Increase in cash and cash equivalents		**263**	1,757
Cash and cash equivalents at 1 January		**7,764**	6,007
Cash and cash equivalents at 31 December	**8**	**8,027**	7,764

The cash flow statement is prepared according to the indirect method.

Included in net increase in cash and cash equivalents is interest received £43k (2018:£23k), all of which originates from operating activities.

The notes on pages 17 to 32 are an integral part of these financial statements.

1. Accounting Policies

1.1. Basis of preparation

The Company is a company limited by shares incorporated and domiciled in the UK.

The Company's financial statements have been prepared on a going concern basis and in accordance with International Financial Reporting Standards (IFRS) and IFRS Interpretations Committee (IFRS IC) as adopted by the European Union and the Companies Act 2006 applicable to companies reporting under IFRS. The financial statements have been prepared under the historic cost convention.

The financial statements of Kames Capital Management Limited were authorised for issue in accordance with a resolution of the directors on 24 April 2020.

The functional currency and presentational currency of the company are both pounds sterling (GBP). Amounts displayed within these financial statements are rounded into thousands (£000s).

1.1.1. Adoption of new IFRS accounting standards

New standards and amendments to standards become effective at the date specified by the IFRS-EU (International Financial Reporting Standard as adopted by the European Union), but may allow companies to opt for an earlier adoption date. In 2019, the following amendments to existing standards issued by the IASB became mandatory, but are not currently relevant or do not significantly impact the financial position or financial statements:

- IFRS 16 Leases,
- IFRIC 23 Uncertainty over Tax Treatments,
- Annual Improvements 2015-2017; and
- Amendment to IAS 19 Plan amendment, curtailment or settlement.

The above new standards and amendments to existing standards have been endorsed by the European Union. None of the above new standards and amendments have a material impact on the results of the company.

The following new reform, will not become mandatory until 2020 but was early adopted by the Company, and will not significantly impact the financial position or financial statements:

- Interest Rate Benchmark Reform

1.1.2 Future adoption of new IFRS accounting standards

The following standards and amendments to existing standards, published prior to 1 January 2020, were not early adopted by the company, but will be applied in future years:

- Amendments to References to the Conceptual Framework in IFRS Standards,
- Amendment to IFRS 3 Business Combinations; and
- Amendments to IAS 1 and IAS 8 Definition of Material.

The above list of amendments has not yet been endorsed by the European Union.

The following new standards and amendments to the existing standard and interpretations, published prior to 1 January 2019, which are not yet effective for or early adopted by the Company, will not significantly impact the financial position or financial statements:

- IFRS 17 Insurance contracts,
- Amendment to IFRS 9 Financial instruments on prepayment features with negative compensation; and
- Amendments to IAS 28 Long-term Interests in Associates and Joint Ventures.

1.2. Significant accounting judgements, estimates and assumptions

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the Statement of Financial Position date and the amounts reported for revenues and expenses during the year. However, the nature of estimation means that actual outcomes could differ from those estimates.

Taxes

Deferred tax assets are recognised for all unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future profits together with future tax planning strategies.

Deferred tax assets also exist in respect of timing differences relating to the payment of deferred bonus or Long Term Incentive Plan (LTIP) incentives to employees.

The Company has deferred tax balances amounting to £25k (2018: £31k).

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

1.3. Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received, excluding VAT. The following specific recognition criteria must also be met before revenue is recognised:

Revenue and other operating income

Revenue, which wholly arose in the United Kingdom, represents fees in respect of services provided as Appointed Representative of the Scottish Equitable and Mobius Life Pooled Funds.

Revenue comprises the following:

i) Appointed Representative of the Scottish Equitable Pooled Funds and Mobius Life Pooled Funds

Fee income is derived from providing services as Appointed Representative of the Scottish Equitable Pooled Funds and Mobius Life's Pooled Funds. Income is accrued on a monthly basis based on the underlying terms of each client's individual contract at the fair value of the amount receivable.

ii) Loyalty Bonus

Loyalty Bonus payments are made to customers of the Scottish Equitable Pooled Funds. Such payments are recognised over the period in which the related services are provided.

iii) Interest Income

Interest income is recognised on an accruals basis.

1.4. Deferred transaction costs

Incremental costs, such as initial commission, that are directly attributable to securing future investment management services are recognised as an asset if they can be identified separately and measured reliably and if it is probable that they will be recovered. This is reported within prepayments and accrued income.

The deferred transaction costs are amortised over a period of four years in line with fee income, unless there is evidence that another method better represents the provision of services under the contract.

1.5. Deferred revenue

Initial fees, margins and front-end loadings paid by clients, for future investment management services, are deferred and recognised as revenue when the related services are rendered. This is reported within accruals and deferred revenue.

The deferred revenue is amortised over a period of four years in line with fee income, unless there is evidence that another method better represents the provision of services under the contract.

1.6. Taxation

Current income tax

Current income tax assets and liabilities for the current period and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities, or paid to or recovered from other Aegon group companies in respect of group relief surrendered or received. The tax rates and laws used to compute the amount are those that are enacted or substantively enacted by the statement of financial position date.

Current income tax relating to items recognised directly in equity is recognised in equity and not in the statement of comprehensive income.

Deferred income tax

Deferred income tax is provided using the liability method on temporary differences at the statement of financial position date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred income tax liabilities are recognised for all taxable temporary differences except:

- When the deferred income tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss, and
- In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, when the timing of the reversal of the temporary differences can

be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred income tax assets are recognised for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised except:

- When the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor the taxable profit or loss; and
- In respect of deductible temporary differences associated with investments in subsidiaries, associates and interest in joint ventures, deferred income tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred income tax assets is reviewed at each Statement of Financial Position date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred income tax assets are reassessed at each Statement of Financial Position date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the Statement of Financial Position date.

Deferred income tax relating to items recognised directly in equity is recognised directly in equity and not in the statement of comprehensive income.

Deferred income tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred income tax relates to the same taxable entity and the same taxation authority.

1.7. Trade and other receivables

Trade receivables, which generally have 30 day terms, are recognised and carried at the lower of their original invoice's value and recoverable amount. Where the time value of money is material, receivables are carried at amortised cost. Provision is made when there is objective evidence that the Company will not be able to recover balances in full.

1.8. Cash and cash equivalents

Cash and short-term deposits in the Statement of Financial Position comprise cash at banks and in hand and short-term deposits with an original maturity of three months or less.

For the purpose of the Cash Flow Statement, cash and cash equivalents consist of cash and cash equivalents as defined above.

1.9. Trade and Other Payables

Trade and other payables other than LTIP generally arise as a result of transactions with other Aegon group entities. They are recognised and carried at the higher of the original invoice's value and the payable amount.

1.10. Long term Incentive Plan (LTIP)

The LTIP meets the definition of employee benefits as defined in IAS 19. It is a defined contribution plan and the contributions are payable by the Company based on achievement of targets in specified calendar years. The cost of the scheme is recognised as an expense and liability upon achievement of the targets. The Company pays the set amount to an independent employee benefits trust in the year following recognition of the contribution. Once the contribution has been made, the Company has no ability to recover any amount paid to the trust.

2. Revenue

	2019 £000's	2018 £000's
Management Fees	**1,011**	1,212
Loyalty Bonus	**(54)**	(145)
Total Fees	**957**	1,067

Revenue represents fees receivable from other Aegon N.V. subsidiary companies in respect of the provision of Appointed Representative services for the Scottish Equitable and Mobius Life Pooled funds by the Company. Loyalty Bonuses are paid to customers of the Scottish Equitable Pooled Funds in respect of their continued investment in those funds.
For terms and conditions relating to related party transactions, refer to note 13.

3. Administrative expenses

Administrative expenses were £625k (2018: £690k) which include £612k (2018: £666k) relating to recharges to the Company by Aegon UK Corporate Services Limited, a fellow subsidiary of Aegon N.V. For terms and conditions relating to related party transactions, refer to note 13.

Aegon UK Corporate Services Limited employs all staff whose costs are included in administrative expenses.

Details of Directors' emoluments for the year ended 31 December 2019 can be found in the parent company financial statements of Kames Capital Plc. The highest paid Director is disclosed in the accounts of Kames Capital Plc. Total Directors Emoluments attributed to Kames Capital Management Limited are £21k (2018:£21k).

During the year audit fees of £1k were accrued by the Company (2018: £1k)

The amount of operating lease rentals paid in the year was £11k (2018: £16k).

4. Investment Income

	2019 £000's	2018 £000's
Cash and short term deposits income	**43**	23
	43	23

5. Tax charge

(a) Current year tax charge

	2019 £000's	2018 £000's
UK current tax		
Corporation tax for the year	(64)	(13)
Total current tax charge	(64)	(13)
UK deferred tax		
Origination and reversal of temporary differences	(7)	(63)
Change in deferred tax rate	1	7
Total deferred tax charge	(70)	(56)
Total tax charge reported in the statement of comprehensive income	(70)	(69)

The current tax rate of 19% which has been effective since 1 April 2017 was enacted by Finance (No 2) Act on 26 October 2015. The Finance Act 2016, enacted on 6 September 2016, included a future reduction in the corporation tax rate from 19% to 17% with effect from 1 April 2020.

The impact of these reductions in tax rates on the deferred tax balances have been included in the above figures and the deferred tax tables.

In the Spring Budget 2020, the Government announced the corporation tax rate would remain at 19% from 1 April 2020 rather than reducing to 17%. Applying the revised tax rate would have the effect of increasing the net deferred tax asset position by £3k.

(b) Reconciliation of tax charge

	2019 £000's	2018 £000's
Accounting profit before tax	375	400
Tax charge calculated using weighted average applicable statutory rates	(71)	(76)
Impact of change in deferred tax rate	1	7
Total tax charge reported in the statement of comprehensive income	(70)	(69)

The weighted average applicable tax rate of 2019 is 19.00% (2018: 19.00%).

6. Deferred Taxation

Recognised deferred tax
Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when income taxes relate to the same fiscal authority. The amounts are as follows:

	2019 £000's	2018 £000's
Deferred tax assets comprise		
Incentive plans	9	14
Deferred acquisition costs/ Deferred initial margin	16	17
	25	31

	2019 £000's	2018 £000's
Deferred tax assets		
At 1 January	31	87
Change in deferred tax rate	1	7
Other amounts recorded in statement of comprehensive income	(7)	(63)
At 31 December	25	31

7. Trade and other receivables

	2019 £000's	2018 £000's
Non-current trade and other receivables		
Prepayments and accrued income	92	100
Current trade and other receivables		
Amounts owed by fellow Aegon N.V. subsidiary undertakings	362	452
Prepayments and accrued income	31	32
	393	484
	485	584

For terms and conditions relating to related party transactions, refer to note 13.

8. Cash and short term deposits

	2019 £000's	2018 £000's
Short term deposits	**8,027**	7,764
	8,027	7,764

Cash at banks earns interest at floating rates based on daily bank deposit rates. Short term deposits are made for varying periods of between one day and three months, depending on the immediate cash requirements of the Company, and earn interest at the respective short-term deposit rates. The fair value of cash and short term deposits is £8,027k (2018: £7,764k).

The Company only deposits cash surpluses with major banks of acceptable credit standing (A- rated or higher).

9. Trade and other payables

	2019 £000's	2018 £000's
Current trade and other payables		
Payables to fellow Aegon N.V. subsidiary undertakings	**3,926**	4,146
LTIP payable to employee trust	**38**	24
Accruals and deferred income	**97**	75
	4,061	4,245
Non-current trade and other payables		
Accruals and deferred income	**164**	179
	164	179
	4,225	4,424

Terms and conditions of the above financial liabilities:

- For terms and conditions relating to related parties, refer to note 13.
- Trade payables are non-interest bearing and are normally settled in 30 days.
- The LTIP payable is non-interest bearing and normally settled 3 months after the year end.

10. Issued Capital

	2019 £000's	2018 £000's
Authorised share capital		
10,000,002 Ordinary shares of £1 each (2018 :10,000,002)	**10,000**	10,000
Allotted, called up and fully paid		
1,000,002 Ordinary shares of £1 each (2018: 1,000,002)	**1,000**	1,000

Information on capital management and risk management is included in the Strategic Report within the 'Corporate governance and capital management' and 'Risk and Financial Instruments within the Statement of Financial Position' sections.

11. Capital Commitments, contingent liabilities and charges

Obligations under leases:
The Kames Group has entered into three commercial leases. The first lease duration is 12 years, with the lease expected to run until the twelfth anniversary of date of entry in 2015. The second lease duration is 10 years with the lease expected to run until the tenth anniversary of date of entry in 2012. The third lease duration is 11 years with the lease expected to be terminated at the next available break point in 2021.
As the entity entering into the lease is Kames Capital Plc the future minimum rentals payable under non-cancellable operating leases have been disclosed within the audited financial statements of that entity for 2019.

There are no contingent liabilities or charges at the year end. (2018: £nil).

12. Risk Management

General

The Company is exposed to financial risks. The main financial risks are credit risk, liquidity risk and market risk, with the principal elements of market risk being interest rate risk and equity price risk. The Company is not exposed to significant currency risk other than through indirect exposure to changes in the value of the funds it manages and hence its fee income. This risk is managed in the same way as the company manages market risk. The Risk and Financial Instruments within the Statement of Financial Position section of the Strategic Report describes the Company's general approach to risk management and the management of financial risks.

Credit Risk

Credit risk is the risk that a counterparty to a financial instrument will fail to discharge an obligation or commitment that it has entered into with the Company. The carrying amounts of financial assets best represent the maximum credit risk exposure at the balance sheet date.

At the reporting date the Company's financial assets exposed to credit risk amounted to the following:

	2019	2018
	£000s	£000s
Cash and cash equivalents	**8,027**	7,764
Interest and other receivables	**485**	584

The Company is exposed to credit risk on standard industry credit available to clients and has an appetite for limited credit risk for this purpose. Aged items exceeding these terms are monitored against set thresholds for acceptable overdue debts. Action is taken to recover such debts (through deduction from client assets if appropriate). On a quarterly basis credit risk is quantified using the CRD IV Standardised Approach and reported to the Board of Directors who review this in light of the Kames Group's credit risk appetite.

The Company's main sources of non-client related credit risk are HMRC, or other Aegon Group companies. These are considered inherent in the business activities of the Company. The Company does not hold financial instruments which give rise to concentrations of risk. Details of these balances are listed under note 8.

Cash and cash equivalents are held with financial institutions with the following short term credit ratings provided by Standard and Poor's:-

	2019	2018
	£000's	£000's
A-1	**8,027**	7,655
A-2	**-**	109
Total	**8,027**	7,764

The Company's cash balances are currently held by a number of counterparties. Bankruptcy or insolvency of any of these counterparties may cause the company's rights with respect to the cash balances to be delayed or limited. The Company operates a counterparty management policy which sets tolerance limits over the cash holdings based upon the credit rating of the counterparty. The Company monitors the credit quality of the relevant counterparties and should the credit quality or the financial position of these counterparties deteriorate significantly the Company would move the cash holdings over to another bank.

There were no significant concentrations of credit risk to counterparties at 31 December 2019 or 31 December 2018.

Liquidity Risk

The Company has only limited exposure to liquidity risk as balances are held in cash and short term deposits. It operates a liquidity risk management policy setting out minimum threshold levels. Amounts due are settled without the need to realise illiquid assets. Details of these balances are listed under note 8.

The table below summarises the maturity profile of the Company's financial liabilities at 31 December 2019 and 2018 based on contractual undiscounted payments.

Maturity Analysis

As at 31 December 2019

	On Demand £000	Less than 3 months £000	3 to 12 months £000	1 to 5 yrs years £000	>5 yrs years £000	Total £000
Non Derivative Financial Liabilities						
Trade and other payables	-	3,940	121	164	-	4,225

As at 31 December 2018

	On Demand £000	Less than 3 months £000	3 to 12 months £000	1 to 5 yrs years £000	>5 yrs years £000	Total £000
Non Derivative Financial Liabilities						
Trade and other payables	-	4,162	83	179	-	4,424

Market Risk

Results of the Company's sensitivity analyses are presented throughout this section to show the estimated sensitivity of Profit after tax for the year and Shareholder's Equity to various scenarios. For interest rate risk and equity price risk, the analysis shows how these measures would have been affected by changes in the relevant risk variables that were reasonably possible at the reporting date. In performing the analyses and determining the impact for the financial year, the assumption is made that the financial instrument exposures at the Statement of Financial Position date were in existence for a full year. For each sensitivity test, the impact of a reasonably possible change in a single factor is shown.

The sensitivities do not reflect what the results for the year would have been if risk variables had been different, because, for financial instruments, the analysis is based on the exposures in existence at the reporting date rather than on those that actually occurred during the year. The analysis does not take into account the impact of future new business, which is an important component of the Company's future earnings. It also does not consider all instruments available to management to respond to changes in the financial environment. Furthermore, the results of the analyses cannot be extrapolated for wider variations since effects are not always linear. No risk management process can clearly predict future results.

Interest Rate Risk

The sensitivity analysis in the table below shows an estimate of the effect of a parallel shift in the yield curve on Profit for the year and Shareholders' Equity. The effect of an increase in the yield curve would be to reduce the overall asset valuations thereby reducing fee income earned. The converse applies for a reduction in yield. As assets are not held within the Statement of Financial Position of the Company the only equity impact of this change is on Fee Income earned and is carried directly through the Statement of Comprehensive Income to impact Retained Profits.

	Impact on profit for the year	Impact on Capital and Reserves
	2019	2019
Immediate change	£000's	£000's
Shift up 100 basis points	(11)	(11)
Shift down 100 basis points	12	12

	Impact on profit for the year	Impact on Capital and Reserves
	2018	2018
Immediate change	£000's	£000's
Shift up 100 basis points	(6)	(6)
Shift down 100 basis points	7	7

Equity price risk

The sensitivity analysis of Profit for the year and Shareholders' Equity to changes in equity prices is presented in the table below. The sensitivity of Profit for the year and Shareholders' Equity primarily reflects changes in the value of Assets under Management leading to corresponding increases or decreases in fee income and therefore profits.

	Impact on profit for the year	Impact on Capital and Reserves
	2019	2019
Immediate change	£000's	£000's
Equity increase 10%	10	10
Equity decrease 10%	(10)	(10)

	Impact on profit for the year	Impact on Capital and Reserves
	2018	2018
Immediate change	£000's	£000's
Equity increase 10%	6	6
Equity decrease 10%	(6)	(6)

13. Related party transactions

(a) Immediate parent undertaking and controlling party

The immediate parent undertaking is Kames Capital Plc which, is registered in Scotland. Copies of Kames Capital Plc financial statements are available from the Company Secretary, Kames Capital Plc, Kames House, 3 Lochside Crescent, Edinburgh Park, Edinburgh, EH12 9SA.

(b) Ultimate parent undertaking

The ultimate parent undertaking and controlling party is Aegon N.V., which is incorporated in the Netherlands. Aegon N.V. is the parent undertaking of the largest group of undertakings to consolidate these financial statements at 31 December 2019. The consolidated financial statements of Aegon N.V. are available from the Company Secretary, Kames Capital Plc, Kames House, 3 Lochside Crescent, Edinburgh Park, Edinburgh, EH12 9SA.

Aegon Asset Management Holding B.V. is the parent undertaking of the smallest group of undertakings to consolidate these financial statements. The consolidated financial statements of Aegon Asset Management Holding B.V. can be obtained from the Company Secretary, Kames Capital Plc, Kames House, 3 Lochside Crescent, Edinburgh Park, Edinburgh, EH12 9SA.

(c) Year end balances and transactions with related parties

The Company provides Appointed Representative services for the Scottish Equitable Pooled funds to other members of the Aegon N.V. Group at prices which are agreed from time to time between the Company and the recipients of the service, taking into account the size and nature of the service (see note 2 for total amount of such transactions). Income for these services is derived from providing services as Appointed Representative for the Scottish Equitable Pooled funds. For further detail of these transactions refer to note 2.

Administrative expenses are recharged to the Company at cost plus a 5% mark-up by Aegon UK Corporate Services Limited, a fellow subsidiary of Aegon N.V. (see note 3 for total amount of such transactions).

Outstanding balances are unsecured, interest free and cash settlement is generally expected within 30 days of invoice. The Company has not provided or benefited from any guarantees for any related party receivables or payables. During the year ended 31 December 2019 the Company has not made any provision for doubtful debt relating to amounts owed by related parties (2018: £nil).

Year end balances for related party transactions are detailed in notes 7 and 9.

(d) Compensation of key management personnel (including directors)

	2019 £000's	2018 £000's
Short term employee benefits	**14**	12
Post employment employee benefits	**-**	1
Other long term benefits	**4**	8
	18	21

One director received a payment for termination of loss of office during the year. The share of this payment allocated to the Company was £1k (2018 : £nil).

14. Post balance sheet events

Deferred Tax

The deferred tax balances in Note 6 have been calculated using the future tax rate in force at the balance sheet date, being 17%. On 11 March 2020, the government announced that the Finance Act 2020 will increase the tax rate to 19% from 1 April 2020. Applying the revised tax rate would have the effect of increasing the net deferred tax asset position by £3k.

COVID-19

Since January 2020, the coronavirus disease (COVID-19) outbreak is causing disruption to society, impacting the Company, its employees, suppliers and customers. The Company has invoked its business continuity plans to help ensure the safety of and well-being of its staff, as well as its capacity to support its customers and maintain its business operations, while maintaining our financial and operational resilience.

Financial markets have been severely impacted by significant decreases in interest rates, equity markets and commodity prices, and by credit spreads widening. Governments and central banks are responding to this crisis with aid packages and further quantitative easing. At the date of this report the depth and length of this crisis is unknown. The Company is continuously monitoring the market and economic turbulence that has arisen as a consequence of the COVID-19 outbreak. The most significant risks the Company faces are related to financial markets (particularly credit, equity and interest rates).

In light of the COVID-19 outbreak and in concluding these financial statements, the Company has performed an updated capital and liquidity assessment for the business taking into account experience since year-end 2019 up to the date of these Accounts. It shows the business remains within the target capital management zone and is within our liquidity risk appetite. Going forward, because of the far-reaching measures governments around the world are taking to control the impact of this pandemic, we expect income to be impacted by these measures. At the date of this report it remains too early to tell what the impact of these measures will be on the Company's income. Lower interest rates are also likely to impact the profitability of the Company depending on the market response.