

KLEINWORT HAMBROS

BALANCED

MODEL PORTFOLIO SOLUTIONS

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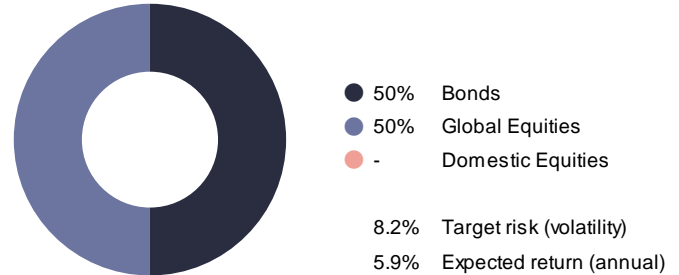
RISK RATING 4

ASSET ALLOCATION RANGES

The allocation to asset class will typically fall within these ranges:

Asset class	Range (%)
Cash	0 to 25
Government bonds	0 to 75
Credit	0 to 50
Equities	25 to 75
Real estate	0 to 10
Commodities	0 to 10
Alternative strategies	0 to 10

HISTORICAL REFERENCE ALLOCATION



WHAT DOES THIS STRATEGY DO?

This strategy seeks to preserve purchasing power relative to inflation over a period of 5-7 years. The historical reference allocation above shows how a portfolio has typically been constructed to achieve its objective. However, the risks and returns of different assets are not static over time and historical returns are not a guide to future returns. This strategy therefore uses Kleinwort Hambros' dynamic asset allocation to invest in a wider range of asset classes in response to changing market and economic conditions. The strategy's current indicative asset class ranges are detailed above, and may vary over time.

PERFORMANCE UPDATE

Over the quarter the portfolio returned 4.6%, behind its ARC peer group which rose 5.9%. Markets continued to fall in October as investors digested rising Covid-19 cases and tough restrictions, including lockdowns, as governments strove to contain the second wave of the pandemic. This changed in November with the arrival of three vaccines, with high efficacy levels, and the election of Joe Biden as President of the US; though not control of the Senate. Both were taken positively by markets, generating a strong equity rally into the year end.

The portfolio's equity allocation was the principle driver of returns, led by its US, European and emerging market positions, though it was well supported by its bond positioning. The alternatives exposure was modestly positive over the period. The lack of UK exposure was the principle driver of its shortfall.

Global equity markets rose significantly, with the MSCI World rising 7.8% over the quarter. The best performances came from emerging markets up 13.2%, though UK, European and Asian markets all returned over 9% in the quarter. The S&P 500 was a laggard in sterling terms rising 5.9%, impacted by the strength of sterling. All of the managers delivered positive absolute returns, with a number significantly outperforming their respective benchmarks. These were Robeco US Premium Equities, JOHCM Continental European, BlackRock Continental European Flexible, Fidelity Emerging Markets and Hermes Asia ex Japan.

The fixed income investments performed well, benefiting from the strength of credit markets, with the best returns coming from Invesco Stirling Bond and PIMCO Global Investment Grade Credit. Government bonds also delivered a modest positive return.

The Alternatives were modestly positive over the quarter, driven by the trading strategies, in particular Lyxor Epsilon and Lyxor Tiedemann. The gold position was broadly flat, benefiting from our decision to hedge to sterling, given its relative strength over the quarter.

In November we increased the equity allocation by 3% to 50%. This was funded by reducing the cash balance. This increased our emerging markets allocation adding a new holding of Hermes Asia ex Japan to the portfolio.

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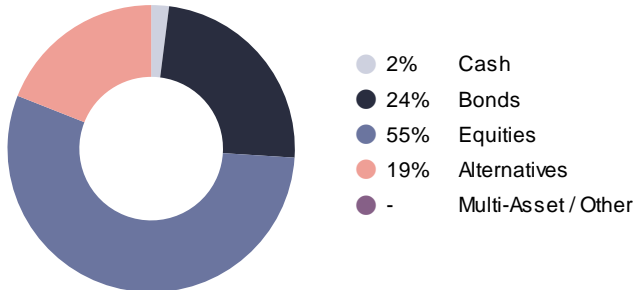
RISK RATING 3

BALANCED

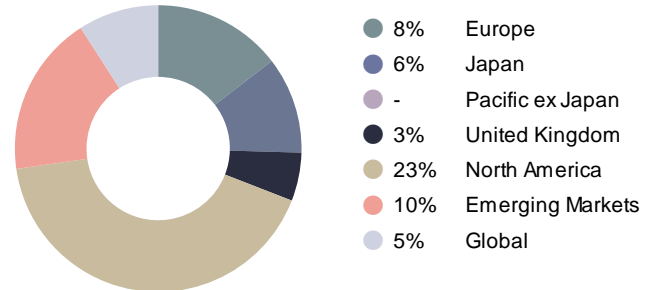
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CURRENT ASSET ALLOCATION



EQUITY ALLOCATION



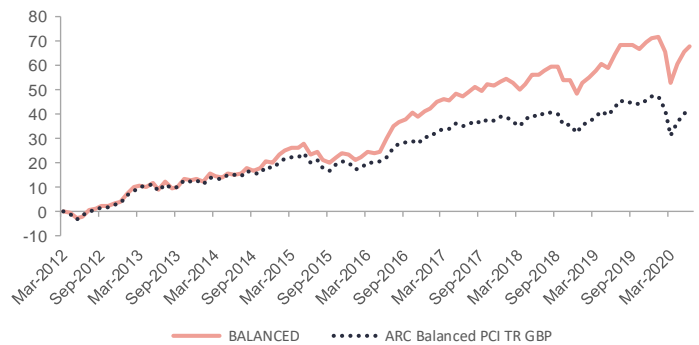
Source: Kleinwort Hambros as at 31 Dec 2020

Actual weighting and investment allocations are subject to change on an ongoing basis and may not be exactly as shown.

TOP 10 HOLDINGS

Holdings	(%)
Lyxor FTSE Actuaries UK Gilts ETF	11.0
Lyxor S&P 500 ETF	10.0
WisdomTree Physical Gold GBP Hedged ETC	9.0
Invesco Sterling Bond Fund	7.0
PIMCO Global Investment Grade Credit Fund	6.0
BGF Continental European Flexible Fund	6.0
Baillie Gifford WW Japanese Fund	6.0
Federated Hermes Asia ex-Japan Eq	6.0
Loomis Sayles US Growth Equity Fund	5.0
Pictet Global Environmental Opportunities Fund	5.0

PERFORMANCE CHART



Past performance should not be seen as an indication of future performance. Performance net of underlying fund fees but gross of Kleinwort Hambros's annual management charge, platform fees and advisor charges. The deduction of such fees and charges will reduce the gross performance shown above.

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RISK RATING 3

PERFORMANCE

	YTD*	3 months*	1 year*	5 year*	Inception*
BALANCED	6.0	4.6	6.0	46.8	81.4
ARC PCI**	3.5	5.4	3.5	27.3	52.9
+ / -	2.4	-0.8	2.4	19.6	28.6
Volatility***	-	-	11.8	7.3	6.6

	Dec 2015 to Dec 2016	Dec 2016 to Dec 2017	Dec 2017 to Dec 2018	Dec 2018 to Dec 2019	Dec 2019 to Dec 2020
BALANCED	14.5	8.6	-3.4	15.3	6.0
ARC PCI**	8.6	6.7	-5.1	11.7	4.3

* to 31 December 2020

** ARC Balanced PCI TR GBP

*** Annualised data

Notes: model launch date 01/04/2012; performance net of underlying fund fees but gross of Kleinwort Hambros's annual management charge, platform fees and advisor charges; Latest quarter of ARC performance data are based on ARC estimates. The deduction of such fees and charges will reduce the gross performance shown above.

YIELD, FEES AND CHARGES

Yield (gross)	1.0%
Kleinwort Hambros annual management charge (via platforms)	0.35% plus VAT

Available Platforms:

AXA Elevate
Novia
Transact
Standard Life Elevate



TARGET MARKET

Target Market Category	Suitable for ... ✓	Not suitable for ... X
Client categorisation	Retail	-
Knowledge & Experience	Basic	-
Capacity for loss	Required	Clients who cannot bear loss
Risk tolerance	Medium	-
Objectives	<ul style="list-style-type: none"> ▪ Growth ▪ Long term 	<ul style="list-style-type: none"> ▪ Capital Preservation ▪ Short/Medium term
Distribution	Advised or Discretionary	Execution Only

Past performance should not be seen as an indication of future performance. Investments may be subject to market fluctuations and the price and value of investments and the income derived from them can go down as well as up. The tax benefits and liabilities will depend on individual circumstances and may change in the future. The performance chart represents the cumulative performance since inception, against the cumulative return in %. Estimated yield is calculated based on distributed 12-month historic yield data and reflects the actual cash distribution yield, which may change.

Source: ARC, Morningstar, Bloomberg and Kleinwort Hambros as at 31 December 2020.

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This document is a financial promotion

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Marketing

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