

KLEINWORT HAMBROS

BALANCED

MODEL PORTFOLIO SOLUTIONS

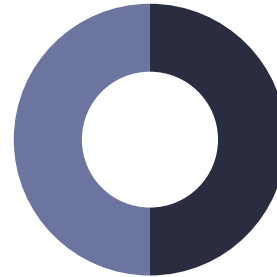
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ASSET ALLOCATION RANGES

The allocation to asset class 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HISTORICAL REFERENCE ALLOCATION



- 50% Bonds
- 50% Global Equities
- - Domestic Equities
- 8.2% Target risk (volatility)
- 5.9% Expected return (annual)

WHAT DOES THIS STRATEGY DO?

This model seeks to achieve close to long-term equity returns with a moderate level of risk. The historical reference allocation above shows how a portfolio has typically been constructed to achieve the stated risk and return figures. However, the risks and returns of different assets are not static over time and historical returns are not a guide to future returns. This model 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 model's current indicative asset class ranges are detailed above, and may vary over time.

PERFORMANCE UPDATE

Over the quarter the portfolio returned 3.2% well ahead of its ARC peer group which rose 0.8%. Markets continued to recover from their mid-March lows as sentiment improved, though at a slower rate than in the second quarter as many countries continued to see an increase in new Covid-19 cases. Global markets were broadly flat in September as investors digested increasing restrictions to keep the virus under control.

The portfolio's equity allocation was the principle driver of returns, led by its US, Japanese and emerging market positions, though it was well supported by its alternative positioning. The bond exposure was broadly flat over the period.

Global equity markets continue to rise, with the MSCI World rising 3.2% over the quarter. The FTSE All Share lagged global markets falling 2.9% with emerging markets the best up 4.7%. All but one of the managers delivered positive absolute returns, with a number significantly outperforming their respective benchmarks. These were Loomis Sayles US Growth Equity, BlackRock Continental European Flexible, AXA Framlington UK Fund, Fidelity Emerging Markets and Baillie Gifford Japanese.

The fixed income investments were broadly flat the quarter. Government bonds were weak as investors started to price in future rate rises. Though this was offset by the continued strength of the portfolios credit allocation, with positive returns from Invesco Sterling Bond and Neuberger Berman Short Duration Emerging Market Debt.

The Alternatives performed well, delivering a positive absolute return driven by the gold position which returned 5.4%. The trading strategies also added value returning 1.2% overall.

In September we finally decided to increase the portfolio's equity allocation to 47%, from 42%. Given the faster than expected recovery in economic activity, taking a long term view, we considered it appropriate to reduce our significant equity underweight. We increased the allocation to US and Japanese equities, funded by a reduction in the gilt positions and the sale of Neuberger Berman Short Duration Emerging Market Debt.

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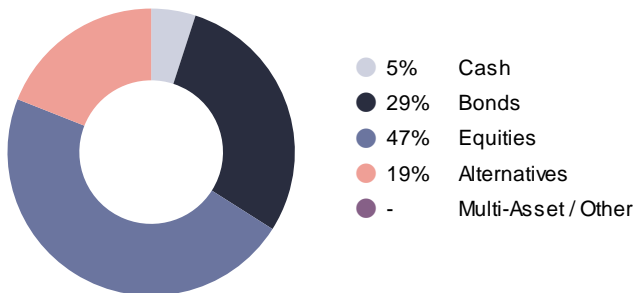
RISK RATING 3

BALANCED

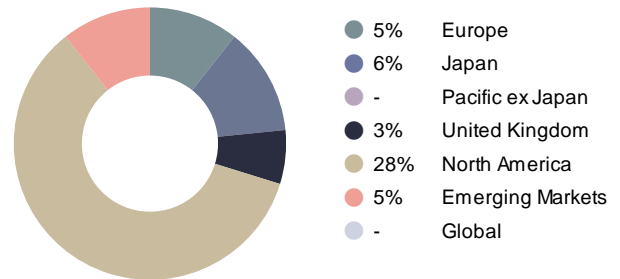
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CURRENT ASSET ALLOCATION



EQUITY ALLOCATION



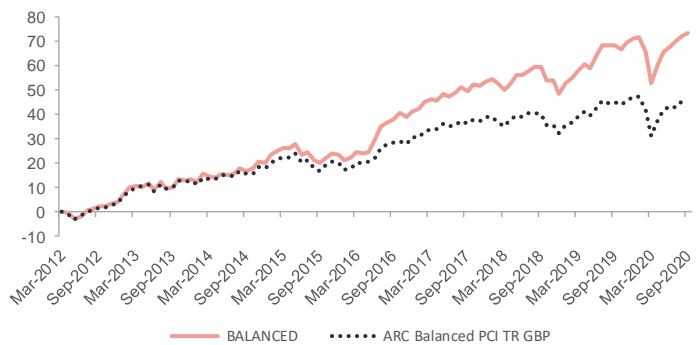
Source: Kleinwort Hambros as at 30 September 2020

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

TOP 10 HOLDINGS

	(%)
Lyxor FTSE Actuaries UK Gilts ETF	13.0
Lyxor S&P 500 ETF	10.0
WisdomTree Physical Gold GBP Hedged ETC	9.0
Invesco Sterling Bond Fund	7.0
iShares S&P 500 ETF	7.0
Loomis Sayles US Growth Equity Fund	7.0
Baillie Gifford WW Japanese Fund	6.0
PIMCO Global Investment Grade Credit Fund	6.0
GBP Cash Deposit	5.0
BGF Continental European Flexible 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	1.4	3.2	3.2	44.7	73.5
ARC PCI**	-1.9	0.8	-0.3	24.2	44.9
+ / -	3.2	2.4	3.5	20.5	28.7
Volatility***	-	-	11.3	7.1	6.6

	Sep 2015 to Sep 2016	Sep 2016 to Sep 2017	Sep 2017 to Sep 2018	Sep 2018 to Sep 2019	Sep 2019 to Sep 2020
BALANCED	15.0	8.6	6.5	5.4	3.2
ARC PCI**	10.0	6.1	3.1	3.6	-0.3

* to 30 June 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.

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 30 September 2020

YIELD, FEES AND CHARGES

Yield (gross)	1.2%
Kleinwort Hambros annual management charge (via platforms)	0.35% plus VAT

Available Platforms:

AXA Elevate
Novia
Transact
Standard Life



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Marketing

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