

KLEINWORT HAMBROS

CAUTIOUS

MODEL PORTFOLIO SOLUTIONS

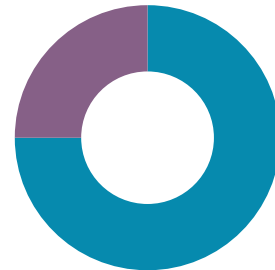
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ASSET ALLOCATION RANGES

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

Asset class	Range (%)
Cash	0 to 25
Government bonds	25 to 90
Credit	0 to 50
Equities	0 to 50
Real estate	0 to 10
Commodities	0 to 10
Alternative strategies	0 to 10

HISTORICAL REFERENCE ALLOCATION



- 75% Bonds
- 25% Global Equities
- - Domestic Equities
- 5.7% Target risk (volatility)
- 4.9% Expected return (annual)

WHAT DOES THIS MODEL DO?

This model 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 The historical reference allocation above shows how a portfolio has typically been constructed to achieve the stated risk and return figures.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

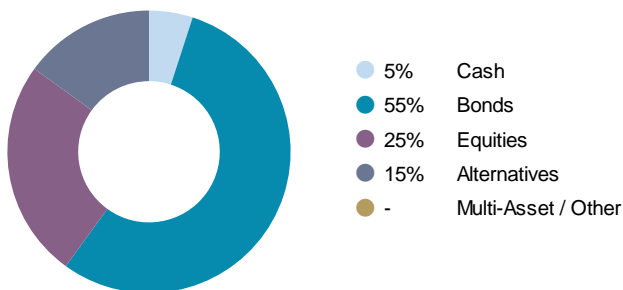
Over the quarter the portfolio returned 0.9%, outperforming its ARC peer group, which remained unchanged over the period. The portfolio's equity allocation added the most value, benefiting from the strength of the US market over the quarter. Gold was a modest detractor.

Global equity markets were driven higher by the continued strength of US equities. Elsewhere, only the European and Japanese markets delivered meaningful positive returns. The worst performance came from the UK market which fell 0.8%. Performances of note were; Tokio Marine Japanese Equity Focus (+5.6%) and Hermes Asia ex-Japan Equity (+3.1%), both outperforming their respective benchmarks.

The fixed income investments remained flat overall. Government bonds were modest detractors as markets digested the increased probability of future rate rises, though partially mitigated by our short duration call. Our credit exposure's positive performance, in both investment grade and high yield offset this shortfall.

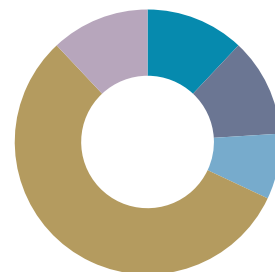
We decided to reduce cash and our government bond exposure in order to add to alternative strategies, which will increase the portfolio's downside protection. We also made some changes to our investment grade credit exposure in order to remove our short duration bias.

CURRENT ASSET ALLOCATION



- 5% Cash
- 55% Bonds
- 25% Equities
- 15% Alternatives
- - Multi-Asset / Other

EQUITY ALLOCATION



- 3% Europe
- 3% Japan
- - Pacific ex Japan
- 2% United Kingdom
- 14% North America
- 3% Emerging Markets
- - Global

Source: Kleinwort Hambros as at 30 Sept 2018

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

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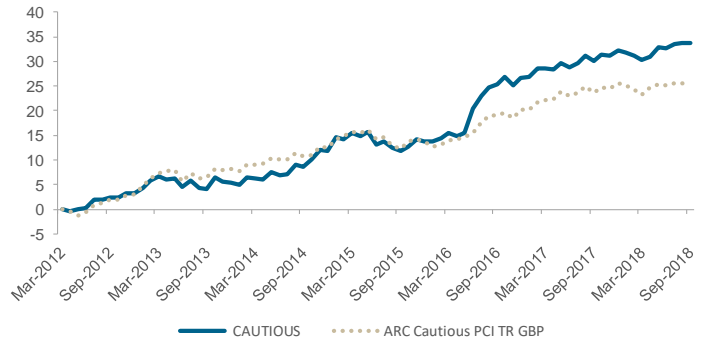
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RISK RATING 2

TOP 10 HOLDINGS

	(%)
Lyxor FTSE Actuaries UK Gilts 0-5Y ETF	11.0
Fidelity Index US Fund	9.0
H2O MultiAggregate Fund	7.0
Invesco Sterling Bond Fund	7.0
M&G Corporate Bond Feeder Fund	7.0
PIMCO Global Investment Grade Credit Fund	7.0
GBP Cash Deposit	5.0
Lyxor FTSE Actuaries UK Gilts ETF	5.0
Fidelity American Growth	5.0
iShares Physical Gold ETC	4.0

PERFORMANCE CHART



PERFORMANCE

	YTD*	3 months*	1 year*	Inception*
CAUTIOUS	1.3	0.9	2.9	33.8
ARC PCI**	-0.3	0.0	1.1	25.1
+ / -	1.5	0.9	1.7	8.7
Volatility***	-	-	2.7	3.6

	Sep 2013 to Sep 2014	Sep 2014 to Sep 2015	Sep 2015 to Sep 2016	Sep 2016 to Sep 2017	Sep 2017 to Sep 2018
CAUTIOUS	4.5	3.0	12.0	3.8	2.9
ARC PCI**	4.0	1.4	6.1	3.9	0.9

* to 30 September 2018

** ARC Cautious 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; the deduction of fees, commissions and other charges will reduce the performance outlined above.

Latest quarter of ARC performance data are based on ARC estimates.

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.

Source: ARC, Morningstar, Bloomberg and Kleinwort Hambros as at 30 Sept 2018



YIELD, FEES AND CHARGES

Yield (gross)	1.8%
Kleinwort Hambros annual management charge (via platforms)	0.35% plus VAT

Available Platforms:

Ascentric
AXA Elevate
Novia
Transact
Aviva
Nucleus
Standard Life

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