

# KLEINWORT HAMBROS

## INCOME

### MODEL PORTFOLIO SOLUTIONS

This document is designed for professional intermediaries only and is not intended for client use.

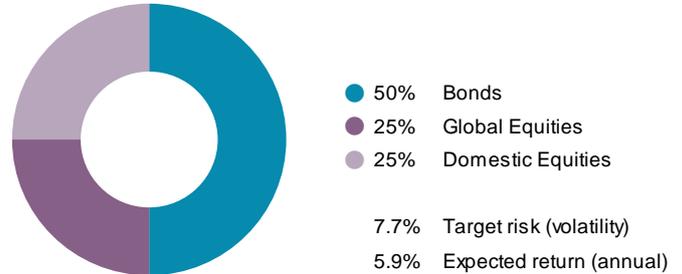
RISK RATING 3

#### 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#### HISTORICAL REFERENCE ALLOCATION



#### WHAT DOES THIS MODEL DO?

This model seeks to generate a sustainable income return. The historical reference allocation above shows how a portfolio has typically been constructed to achieve the stated risk and return figures. The expected return figure shown above is calculated based on a composite benchmark, is not simulated and is based on a longer time-frame including different market conditions. While, 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

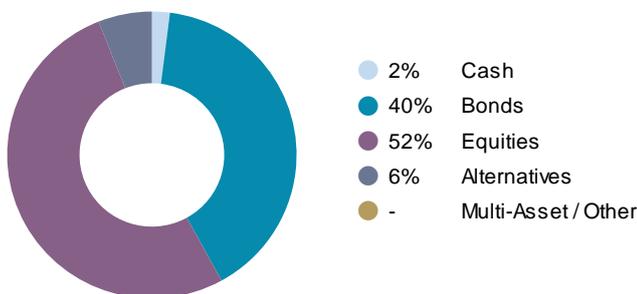
Over the quarter the portfolio fell 6.9% behind its ARC peer group which declined 5.9%. The biggest detractor was the portfolio's equity allocation. Fixed income was a small detractor and alternatives were broadly flat over the quarter. The portfolio currently generates a gross yield of 3.8%

Global equity markets sold off in Q4, led by the US market. There was plenty to spook markets though the key issues were the uncertainty over the Fed's rate policy and the ongoing US-China tariff wars. There was no place to hide, the "best" performances came from Asia and emerging markets only down c. 7% and c. 5% respectively over the quarter. The portfolio's largest equity exposure is to the UK, which remains the best source of income. This continued to suffer from the shadow of Brexit that shows no sign of lifting, though its gross dividend yield of 4.3% is starting to offer some downside protection.

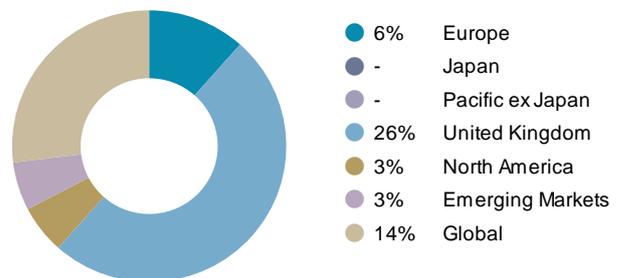
The fixed income investments delivered a small negative return driven by the weakness of our credit exposure both investment grade and high yield. Governments on the other hand were marginally up over the quarter as investors sought safety.

We reduced our government bond exposure using the proceeds to add holdings of two listed infrastructure funds, HICL and International Public Partnerships to the portfolio. With the aim of increasing diversification and increasing modestly the income it produces. In November we modestly increased the US allocation by reducing the UK.

#### CURRENT ASSET ALLOCATION



#### EQUITY ALLOCATION



Source: Kleinwort Hambros as at 31 Dec 2018

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

# KLEINWORT HAMBROS

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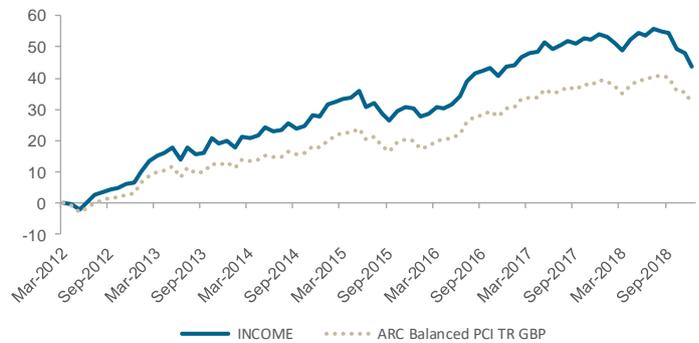
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RISK RATING  
3

#### TOP 10 HOLDINGS

	(%)
Invesco Sterling Bond	7.0
M&G Corporate Bond Feeder Fund	7.0
Artemis Global Income	7.0
Newton Global Income Fund	7.0
Standard Life European Equity Income	6.0
Artemis Income Fund	6.0
Royal London UK Equity Income Fund	6.0
Threadneedle UK Equity Income Fund	6.0
Lyxor FTSE Actuaries UK Gilts 0-5Y ETF	6.0
PIMCO Global Investment Grade Credit Fund	5.0

#### PERFORMANCE CHART



#### PERFORMANCE

	YTD*	3 months*	1 year*	5 year*	Inception*
INCOME	-6.5	-6.9	-6.5	19.9	43.8
ARC PCI**	-5.1	-5.9	-5.1	17.1	32.1
+ / -	-1.4	-1.0	-1.4	2.8	11.7
Volatility***	-	-	5.8	5.7	5.9

	Dec 2013 to Dec 2014	Dec 2014 to Dec 2015	Dec 2015 to Dec 2016	Dec 2016 to Dec 2017	Dec 2017 to Dec 2018
INCOME	6.4	2.0	10.5	7.0	-6.5
ARC PCI**	4.5	1.9	8.6	6.7	-5.1

\* to 31 December 2018

\*\* 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; 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 31 Dec 2018

#### YIELD, FEES AND CHARGES

Yield (gross)	3.8%
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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This document is a financial promotion

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