

# Managed Portfolio Solutions



 **Kleinwort Benson**

# A range of six sterling investment strategies with a choice of risk, return and income. A solution for everyone.

Our strategies seek to generate a real return exceeding the rate of inflation over the course of a five to seven year period, while targeting a level of risk similar to the long-run historical risks of investing in blended portfolios of bonds and equities.

The strategies may invest in a range of asset classes including cash, bonds, equities and alternative assets. The allocation to different asset classes may change over time to actively reflect the investment manager's expectations of performance over different time horizons. The strategies invest globally, but will typically express a bias to UK domestic assets.

## Cautious

Risk rating 2



### Historical Reference Allocation

- Bonds, 75%
- Global equities, 25%
- Domestic equities, 0%

Target risk (% volatility) 5.7  
Expected return (% annual) 5.5

### If £1,000 is invested for 10 years, based on our calculations:

- the projected target return is £1,712
- there is a 5% chance that the return could be greater than £2,010
- there is a 5% chance that the return could be less than £1,413

## Balanced

Risk rating 3



### Benchmark allocation

- Bonds, 50%
- Global equities, 50%
- Domestic equities, 0%

Target risk (% volatility) 8.3  
Expected return (% annual) 6.3

### If £1,000 is invested for 10 years, based on our calculations:

- the projected target return is £1,848
- there is a 5% chance that the return could be greater than £2,279
- there is a 5% chance that the return could be less than £1,416

## Income

Risk rating 3



### Benchmark allocation

- Bonds, 50%
- Global equities, 20%
- Domestic equities, 30%

Target risk (% volatility) 7.8  
Expected return (% annual) 6.3

### If £1,000 is invested for 10 years, based on our calculations:

- the projected target return is £1,846
- there is a 5% chance that the return could be greater than £2,254
- there is a 5% chance that the return could be less than £1,438

With a risk profile similar to the Balanced strategy, the Income strategy will invest with a preference for assets that distribute investment returns as income.

## Our risk ratings

Kleinwort Benson offers a range of investment strategies targeting different levels of risk. The strategies are risk-rated from 1 to 5, where 1 is intended to be the lowest level of risk and 5 the highest. Risk in this context is measured in terms of the annualised volatility of monthly returns. For each strategy, our target risk level is roughly equivalent to the long-run historical observed volatility of the benchmark allocation for that strategy.

Note that where we use the term “long-run” we are referring to 25 years of historical data.

## How we have calculated expected returns

For each strategy, we have shown an annualised per cent expected return as well as projections of what the return from £1,000 invested today may be over 10 years. For each strategy, the per cent expected return is the expected return from our current recommended asset allocation blended with the long-run historical realised return of the benchmark allocation. The blend is 50/50 and is intended to temper our nearer-term expectations with long-run historical returns.

The projections over 10 years are based on the blended expected return compounded over 10 years. The projections for 5 per cent chance (i.e., 5 per cent probability) best and worst returns are based on this mean expected return combined with the long-run historical realised volatility of the corresponding benchmark allocation.

### Growth

Risk rating 4



#### Benchmark allocation

- Bonds, 25%
- Global equities, 75%
- Domestic equities, 0%

Target risk (% volatility) 11.5  
Expected return (% annual) 7.1

#### If £1,000 is invested for 10 years, based on our calculations:

- the projected target return is £1,981
- there is a 5% chance that the return could be greater than £2,581
- there is a 5% chance that the return could be less than £1,380

### Growth and Income

Risk rating 4



#### Benchmark allocation

- Bonds, 25%
- Global equities, 30%
- Domestic equities, 45%

Target risk (% volatility) 10.8  
Expected return (% annual) 7.0

#### If £1,000 is invested for 10 years, based on our calculations:

- the projected target return is £1,976
- there is a 5% chance that the return could be greater than £2,535
- there is a 5% chance that the return could be less than £1,416

With a risk profile similar to the Growth strategy, the Growth and Income strategy will invest with a preference for assets that distribute investment returns as income.

### Aggressive

Risk rating 5



#### Benchmark allocation

- Bonds, 0%
- Global equities, 100%
- Domestic equities, 0%

Target risk (% volatility) 15.0  
Expected return (% annual) 8.0

#### If £1,000 is invested for 10 years, based on our calculations:

- the projected target return is £2,149
- there is a 5% chance that the return could be greater than £2,931
- there is a 5% chance that the return could be less than £1,367

## General risk information

The information in this publication is provided for information purposes only and does not take into account the investment objective, the financial situation or the individual needs of any particular person. It is not an offer to buy or sell any particular security or investment. This publication does not constitute advice. All potential investors should seek and obtain advice specific to their circumstances from a qualified financial adviser before making investment decisions. The value of investments, and the income from them, may fall as well as rise and the investor may not get back the amount initially invested. Past performance does not guarantee future performance. Fluctuations in exchange rates may cause the value of investments denominated in currencies other than sterling to fall or rise. The effects of charges and an investor's personal tax circumstances may reduce any returns. Tax treatment depends on an investor's individual circumstances and may be subject to change.

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## Contact details

Leigh Philpot

+44 (0)20 3207 7694

Leigh.Philpot@kleinwortbenson.com

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