

HC KLEINWORT HAMBROS MULTI ASSET BALANCED FUND

Market commentary

Bond yields have continued to fall, driven by political risk, namely the US / China trade war but also, closer to home, Brexit, as well as slowing economies. August saw a remarkable first in this market – the sale of German 30-year Bunds at a negative yield.

More widely across the world, monetary conditions have been loosened, partly by central banks, with the Federal Reserve cutting rates by 25bp. This loosening of policy coupled with increasing signs that governments are starting to loosen fiscal policy could form the basis for economic activity to stabilise and lead indicators to start a recovery towards the end of the year.

In contrast, Europe continues to slow, particularly industrial activity in Germany. Lead indicators suggest the malaise will continue for the rest of this year.

The fund's equity exposure was a negative contributor over the month, though its fixed income and alternative allocations offset some of this weakness. Equities delivered a negative performance with the US, UK and emerging markets allocations being the weakest. It was a difficult month for global equities which declined 1.5% over month in sterling terms. Against this backdrop it was not surprising that none of the equity funds delivered a positive return. The best came from BlackRock Continental European Flexible and Jupiter European Growth that both lost less than 1%.

The bond allocation added value, with both credit and government bonds adding value, though high yield credit was broadly flat.

In alternatives the hedged gold position delivered the biggest return, though it was impacted by the weakness of sterling. From the trading strategies Lyxor Epsilon and Sandler delivered the best performances up 2.9% and 2.6% respectively, Lyxor Tiedemann was broadly flat.

Definitions

Alternatives are investments that have a low correlation to equity and bond markets.

Credit refers to the funds combined exposures of Investment Grade and High Yield Credit.

Government bonds are loans to governments, which pay interest over their lifetime and are repaid at a given date.

Hedged refers to the removal of a risk we don't want to take, in this case we have removed the fluctuations of the US Dollar/Sterling exchange rate.

High Yield Credit is the same as Investment Grade Credit, though the borrowers have a lower credit quality. The level of interest paid is higher than Investment Grade Credit to compensate for the additional credit risk the lenders are taking.

Investment Grade Credit refers to loans to companies that pay interest over their lifetime and are repaid at a given date. The level of interest paid is higher than government bonds to compensate for the additional credit risk the lenders are taking.

Yield is the income from an investment, usually stated as a percentage of the value of the investment.

Fund details

Benchmark

Morningstar GBP Moderate Allocation Category

Fund classes

Income and Accumulation

Fund size as at 31 August 2019

£42.1 million

Base currency

Sterling

Price listing

FT

Bloomberg ticker

Income units – CFENBAI LN
Accumulation units – CFENBAA LN

Domicile

UK

Launch date

16 July 2006

Pricing frequency

Daily

Structure

FCA Authorised Non-UCITs scheme

Dividend distribution dates

31 May

Investment Manager

SG Kleinwort Hambros Bank Limited

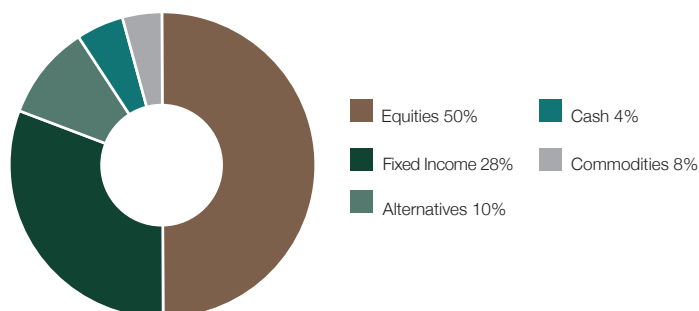
Authorised Corporate Director

Host Capital Limited

Auditor

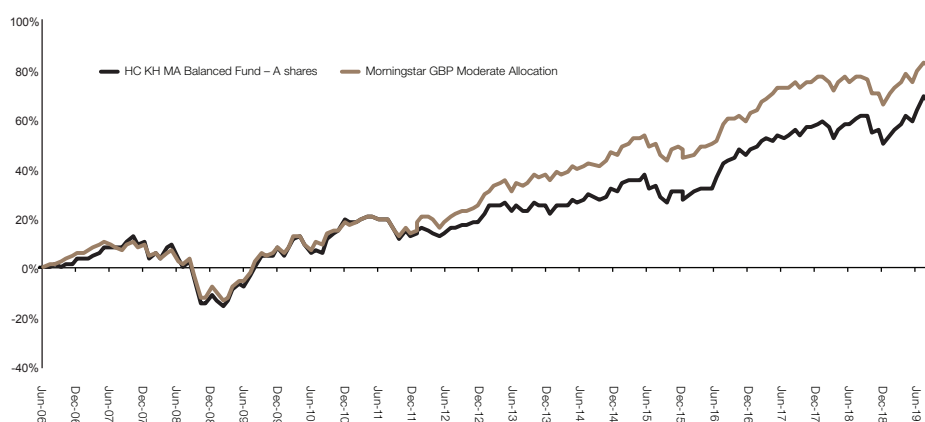
Grant Thornton

Asset allocation



Source for all data: Kleinwort Hambros (as at 31 August 2019). Actual weighting and investment allocations are subject to change on an ongoing basis and may not be exactly as shown. Investors should understand the different asset classes which make up the strategy as they have different risk characteristics.

Half-yearly cumulative performance (month-end prices)



Single year fund performance (5 years ending August)

Aug 14 – Aug 15	Aug 15 – Aug 16	Aug 16 – Aug 17	Aug 17 – Aug 18	Aug 18 – Aug 19
-0.7%	11.8%	8.2%	4.0%	3.2%

Fund performance to 31 August 2019 (%)

Since launch	5 years	4 years	3 years	2 years	1 year	6 months	3 months	1 month
67.4	29.0	29.9	16.2	7.4	3.2	6.9	4.9	-1.4

Source for all data: Kleinwort Hambros (as at 31 August 2019). Calculation basis: Sterling, bid to bid, total return. All returns in Sterling unless stated otherwise. Fund returns are actual returns after all fees and expenses are deducted. Actual weighting and investment allocations are subject to change on an ongoing basis and may not be exactly as shown. **Past performance should not be seen as an indication of future performance.**

Monthly returns (%)

A Shares	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Year
2006							0.6%	0.3%	-0.1%	0.5%	0.6%	1.4%	3.3%
2007	0.3%	-0.1%	0.6%	1.9%	2.1%	0.1%	-0.1%	-0.5%	2.4%	2.1%	-2.9%	0.9%	6.9%
2008	-5.7%	2.0%	-2.6%	4.6%	0.8%	-5.2%	-2.9%	2.6%	-7.4%	-10.5%	-0.3%	3.9%	-20.0%
2009	-2.2%	-3.1%	2.5%	6.0%	2.3%	-0.9%	4.7%	3.8%	4.3%	-0.2%	0.4%	3.1%	22.1%
2010	-2.5%	3.0%	3.2%	0.4%	-2.6%	-3.2%	1.3%	-1.1%	5.7%	1.7%	1.3%	3.8%	11.1%
2011	-1.1%	0.3%	0.6%	0.7%	-0.1%	-0.2%	-0.7%	-3.8%	-3.1%	3.3%	-1.7%	1.1%	-4.7%
2012	0.9%	1.1%	-1.1%	-0.7%	-1.5%	1.1%	2.1%	0.4%	0.6%	0.0%	0.6%	0.4%	3.9%
2013	3.1%	2.0%	0.7%	-0.5%	1.3%	-3.3%	2.7%	-2.4%	0.1%	3.0%	-1.4%	0.1%	5.4%
2014	-2.2%	2.7%	-0.6%	0.5%	1.8%	-0.9%	0.4%	2.0%	-1.3%	0.4%	2.7%	-0.7%	4.7%
2015	2.5%	1.0%	0.4%	0.0%	1.1%	-3.8%	0.6%	-3.3%	-1.5%	3.1%	0.5%	-0.7%	-0.3%
2016	-2.0%	2.1%	1.3%	-0.2%	-0.3%	3.6%	4.4%	1.1%	0.8%	2.2%	-1.7%	1.8%	13.6%
2017	0.5%	1.8%	0.6%	-0.6%	1.6%	-0.6%	0.8%	1.0%	-1.2%	2.2%	-0.2%	0.9%	6.8%
2018	0.4%	-1.2%	-2.6%	1.8%	2.0%	0.0%	1.3%	0.8%	-0.3%	-3.8%	0.6%	-3.9%	-5.2%
2019	2.1%	2.0%	1.2%	2.5%	-1.8%	3.2%	3.0%	-1.4%					11.3%*

* 2019 - Year To Date

Yearly figures compounded

Descriptive stats from launch date to 31 August 2019

	HC KH Multi Asset Balanced A	Morningstar GBP Moderate Allocation Category	MSCI AC World Net TR (GBP)
Annualised rate of return (ROR)	4.0%	4.6%	9.1%
Annualised volatility	8.1%	7.0%	13.4%
Sharpe ratio	0.3%	0.4	0.7%
Percent of positive months	62.7%	65.8%	64.6%
Maximum drawdown	-25.7%	-21.5%	-34.7%
Best month (%)	6.0%	4.6%	9.4%
Worst month (%)	-10.5%	-8.9%	-11.6%

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Fees and charges

Equity Income Fund			
Initial charge*	7.00%	Ongoing charges figure**	2.45%***
Performance fee	0.00%	Exit Penalty	0.00%

* May be waived for clients of SG Kleinwort Hambros.

** This includes fund administration charges. The ongoing charge is reduced to 1.48% for the institutional share class when assets of over GBP 5 million are in SG Kleinwort Hambros managed funds.

*** Calculated as at 30-Sep-2018. This amount may fluctuate according to fund size and underlying holdings.

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