

Kleinwort Hambros Elite Sterling Fixed Income Fund A GBP Inc

Morningstar Rating™

★★★

Investment Objective

The Fund seeks to produce returns by way of income with the possibility of capital growth over the medium to long term with low volatility through a portfolio of fixed income and cash investments.

Fund Manager Commentary

This year's rally in 10 yr Treasury yields has petered out following the slump in first quarter growth and fading inflation. Yields on the 10yr benchmark UK Gilt fell from 1.65% in February to end May at 1.23%. Interest rates were left unchanged at 0.5% by The Bank of England (BoE). Given that Gross Domestic Product (GDP) slumped to 0.1% in the first quarter, the BoE slashed its 2018 growth forecast to 1.4%, down from 1.8% in February. UK wages rose at an annual rate of 2.9% in the first quarter compared with last year. It represents a tick up in regular pay of 0.4% after inflation. Indeed, while unemployment remains at its lowest since 1975 at 4.2%, real wages are languishing at 6.5% below their 2008 peak. UK inflation fell to an annual rate of 2.4% in April. It has steadily fallen from a peak of 3.1% in November as the impact from the post-Brexit plunge in the currency peters out. Core inflation has also been declining; it fell to 2.1%, well below the 2.7% in January. With prices falling and a subdued economic backdrop, plans for a BoE rate hike remain firmly on ice. The fund was up 0.2% on the month.

Risk Measures

3-Yr Alpha	-	3-Yr Sharpe Ratio	0.44
3-Yr Beta	-	3-Yr Std Dev	3.33
R-Squared	-	3-Yr Risk	bel
Information Ratio	-		avg
Tracking Error	-	5-Yr Risk	bel
5-Yr Max Drawdown-3.38			avg
		10-Yr Risk	Avg

Calculations use GBP Diversified Bond (where applicable)

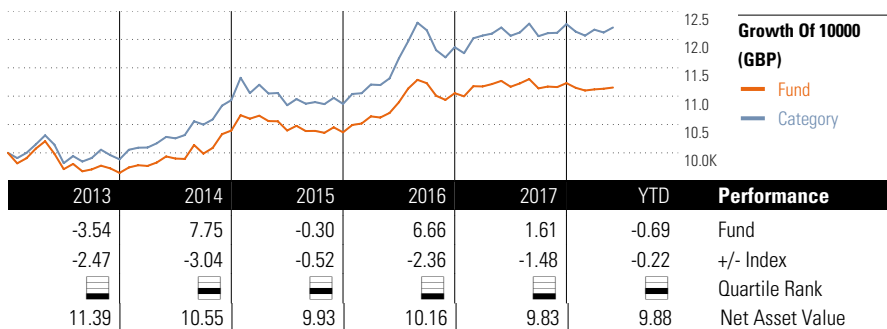
Morningstar Fixed Income Style Box™

	Effective Duration (Y)	3.90
	Effective Maturity (Y)	-
	Avg Credit Quality	BBB

Interest Rate Sensitivity

Morningstar® Category

GBP Diversified Bond



Trailing Returns	Return %	+/-Idx	Quarterly Returns	1st qtr	2nd qtr	3rd qtr	4th qtr
(31 May 2018)			2018	-0.99	-	-	-
1 Month	0.19	-0.54	2017	1.08	-0.05	-0.25	0.83
3 Months	0.47	-0.71	2016	2.72	2.33	3.10	-1.57
6 Months	-0.07	-0.89	2015	2.52	-2.45	-0.07	-0.24
1 Year	-1.04	-0.95	2014	1.27	1.34	0.88	4.08
3 Years Annualised	1.84	-1.83					
5 Years Annualised	2.24	-1.96					

Portfolio 31 May 2018

Asset Allocation	% Port.	Fixed Income Sector Weightings	%
Equities	0.00	Government	40.29
Fixed Income	95.77	Corporate	56.61
Real Estate	0.00	Securitized	5.61
Cash	-2.51	Municipal	-
Other	6.74	Cash & Equivalents	-2.51
		Derivative	-
Top 10 Countries	% Fixed Income	Credit Quality	%
United Kingdom	51.97	AAA	15.74
Supranational	15.73	BBB	29.08
United States	13.75	AA	29.97
France	8.09	BB	4.10
Canada	6.69	A	14.07
		B	1.47
Ireland	2.15	Below B	0.00
Netherlands	1.62	Not Rated	5.58
Top 10 Holdings	% Port.	Coupon Range	%
United Kingdom of Great Britain and...	7.43	0 PIK	0.00
European Investment Bank 0.87%2020-02-1	5.71	0 to 4	59.02
United Kingdom of Great Britain and...	5.06	4 to 6	29.17
European Investment Bank 0.82%2021-05-2	4.07	6 to 8	10.42
Toyota 1.125% 07/09/20212021-09-07	3.88	8 to 10	0.00
		10 to 12	0.00
Unilever 1.375% 15/09/242024-09-15	3.82	Over 12	1.40
Discovery Communications, LLC...	3.70	Maturity Range	%
The Toronto-Dominion Bank 0.93%2023-01-	3.60	1 to 3	16.30
B.A.T. Capital Corporation 2.12%2025-08-1!	3.38	3 to 5	35.04
United Kingdom of Great Britain and...	3.32	5 to 7	26.76
Assets in Top 10 Holdings %	43.98	7 to 10	12.94
		10 to 15	2.26
Top 5 Instruments and Issuers	% Fixed Income	15 to 20	0.00
Corporate Bond	49.87	20 to 30	0.00
Government	22.42	Over 30	3.70
Government Related	17.87		
Convertible	6.74		
Covered Bond	3.60		

Data as of: 31 May 2018

Due to an inconsistency between decimal places used by the Investment Manager and the reporting mechanism, on rare occasions minor rounding differences may occur in the representation of percentages.

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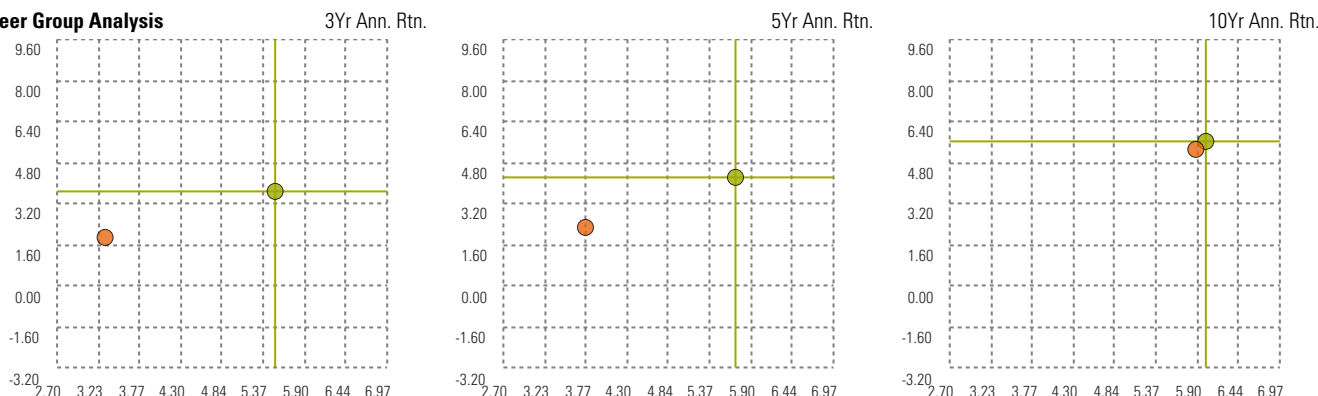
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Morningstar® Category

GBP Diversified Bond

Peer Group Analysis



3 Yr Standard Deviation

● Fund

5 Yr Standard Deviation

● Category Average

10 Yr Standard Deviation

Operations

Net Asset Value (31 May 2018)	10.6508 GBP	Inception Date	25 Apr 2006
Total Net Assets (mil)	23.14 GBP	Fund Manager	Mark Able
Inc/Acc	Inc	Manager Start Date	17 Sep 2015
In-house ISA scheme	No	Domicile	Guernsey
UCITS	No	Currency	Pound Sterling
ISIN	GB00B13QQM54	Legal Status	Open Ended Protected Cell Company
Bloomberg Code	KBESILB GU	Fund Company	SG Kleinwort Hambros Bank (CI) Limited
SEDOL	B13QQM5	Phone	01534 815555
Minimum Initial Purchase	50,000	Website	https://www.kleinworthambros.com/en/
Minimum Additional Purchase	5,000	Email	offshorefunds@jtcgroup.com
Ongoing Charge*	1.07%	Address	SG Kleinwort Hambros
Sales Charges - up to	0.00%		PO Box 78
Dividend Paying Frequency	Quarterly		SG Hambros House
Dividend Yield (%)	2.84%		18 Esplanade
Dividend Declared	Jan Apr Jul Oct		St Helier
Online Valuations	Available		Jersey
Distribution Status	Yes		JE4 8PQ
Pricing Frequency	Weekly		

*calculated as at 31-Jul-2017. This amount may fluctuate according to fund size and underlying holdings.

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