

DMS KLEINWORT HAMBROS GROWTH FUND

Market commentary

February witnessed the very sharp rise seen in government bond yields across most Western economies. In both the US and the UK, the 10-year yield rose by around 50bps to 1.40% and 0.83% respectively.

The UK closed 2020 with a stronger-than-expected December, resulting in a GDP contraction of 9.9%. However, whilst GDP will fall in Q1 2021, it is likely to only be by around 2% with many of the real-time economic indicators such as mobility traffic and job vacancies very resilient.

The US's economic profile is very similar to that of the UK at the moment where activity is picking up quite quickly as case numbers fall. Pent up demand from consumers coinciding with the largest stimulus package in history will make attempts to contain rising bond yields difficult.

The fund's decline was driven by its Alternatives allocation, though positive returns from its equity positions partially offset this. The fund's Asian and US equity allocations delivered strong returns, though the remaining regions all added value. While most funds delivered positive returns the following also outperformed their benchmark, Federated Hermes Asia Ex-Japan, Robeco US Premium Equities, Jupiter UK Alpha, Threadneedle UK and AXA Framlington UK Equity.

Within alternatives gold was the major detractor, with the trading strategies 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.

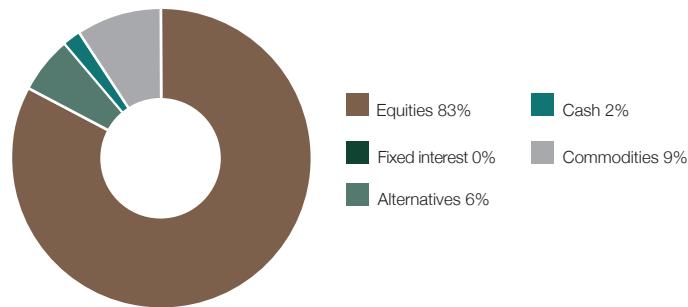
Government bonds are loans to governments, which pay interest over their lifetime and are repaid at a given date.

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.

Asset allocation



Source for all data: Kleinwort Hambros (as at 28 February 2021). 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.

Fund details

Benchmark

Morningstar EAA Fund GBP
Moderately Adventurous Allocation

Fund classes available

A Class

Fund size as at 28 February 2021

£72.3 million

Base currency

Sterling

Price listing

Bloomberg

Bloomberg ticker

Income units – CFKBCAI LN
Accumulation units – CFKBCAA LN

Domicile

UK

Minimum initial investment – Class A

£100,000

Minimum subsequent investment

£500

Launch date

27 July 1998

Pricing frequency

Daily

Structure

FCA Authorised UCITs scheme.
(Fund changed from a Unit Trust to an OEIC on 30 Nov 2009)

Dividend distribution dates

30 June

Wrappers

ISA, SIPP

Investment Manager

SG Kleinwort Hambros Bank Limited

Authorised Corporate Director

DMS Investment Management Services (UK) Limited

Auditor

Grant Thornton

Top ten holdings

	% of fund
Lyxor Core Morningstar US	9.9%
Wisdomtree Hedged Metal	8.8%
Ishares S&P 500 Acc	8.1%
Baillie Gifford WW Japan	7.6%
Pictet Global	6.8%
Blackrock Lux SA Eur Flex	6.6%
Loomis Sayles US Growth	6.4%
Hermes Asia Ex Japan	5.9%
Fidelity Emg Markets	5.7%
Robeco Capital Growth	5.5%

Source for all data: Kleinwort Hambros (as at 28 February 2021). Actual weighting and investment allocations are subject to change on an ongoing basis and may not be exactly as shown.

Single year fund performance (5 years ending February)

Feb 16 – Feb 17	Feb 17 – Feb 18	Feb 18 – Feb 19	Feb 19 – Feb 20	Feb 20 – Feb 21
16.8%	1.9%	-0.2%	6.1%	10.8%

Performance table %

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021*
DMS KH Growth Fund	10.9%	10.3%	-29.6%	26.3%	13.0%	-4.2%	7.9%	13.3%	-0.6%	2.3%	13.7%	6.9%	-7.4%	16.9%	5.9%	-0.2%
Morningstar EAA Fund GBP Moderately Adventurous Allocation	8.8%	3.3%	-20.7%	19.2%	11.9%	-5.8%	10.5%	14.8%	5.2%	2.3%	13.4%	10.0%	-6.5%	15.7%	5.3%	0.2%

*Figures are as at 31 December, except 2021 - Year to Date

All performance figures compounded monthly

Source for all data: Kleinwort Hambros (as at 28 February 2021). 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. Investors should understand the different asset classes which make up the strategy as they have different risk characteristics. **Past performance should not be seen as an indication of future performance.**

Fees and charges

Growth Fund			
Initial charge*	5.00%	Ongoing charges figure**	2.06%***
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 1.31% for the institutional share class when assets of over GBP 5 million are in SG Kleinwort Hambros managed funds.

*** Calculated as at 30-Apr-2020. This amount may fluctuate according to fund size and underlying holdings.

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Marketing

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