KLEINWORT HAMBROS

RISK RATING 2

CAUTIOUS

MODEL PORTFOLIO SOLUTIONS

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

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	25 to 90
Credit	0 to 50
Equities	0 to 50
Real estate	0 to 10
Commodities	0 to 10
Alternative strategies	0 to 10

HISTORICAL REFERENCE ALLOCATION

- 75% Bonds
- 25% Global Equities
- - Domestic Equities

5.7% Target risk (volatility)

4.9% Expected return (annual)

WHAT DOES THIS MODEL DO?

This model seeks to preserve purchasing power relative to inflation over a period of 5-7 years. The historical reference allocation above shows how a portfolio has typically been constructed to achieve the stated risk and return figures. However, 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

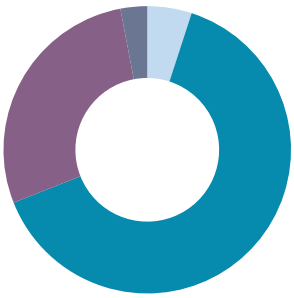
Over the quarter the portfolio rose in value by 1.6%, ahead of its ARC peer group, which returned 1.3%. The portfolio's equity allocation added the most value, benefiting from the strength of the Japanese market over the quarter, though the fixed income positions also added value.

The strongest equity performance came from the Japanese market, though the US and emerging markets also added value. Of note were: Tokio Marine Japanese Equity Focus (+9.8%), Fidelity Emerging Markets (+6.5%), Fidelity American Growth (+3.1%) and Fidelity Index US (+6.5%).

Our fixed income investments delivered a modest return, driven by the government bond allocation, though our short duration positioning was a modest detractor. The credit exposure delivered a small positive return, but lagged on a relative basis.

Over the quarter we took profits from our European equity exposure, trimming BGF Continental European Flexible, using the proceeds to increase the US equity allocation by adding to the holding of Fidelity Index US.

CURRENT ASSET ALLOCATION



- 5% Cash
- 64% Bonds
- 28% Equities
- 3% Alternatives
- - Multi-Asset / Other

EQUITY ALLOCATION

- 6% Europe
- 2% Japan
- - Pacific ex Japan
- 3% United Kingdom
- 14% North America
- 3% Emerging Markets
- - Global

Source: Kleinwort Hambros as at 31 Dec 2017

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

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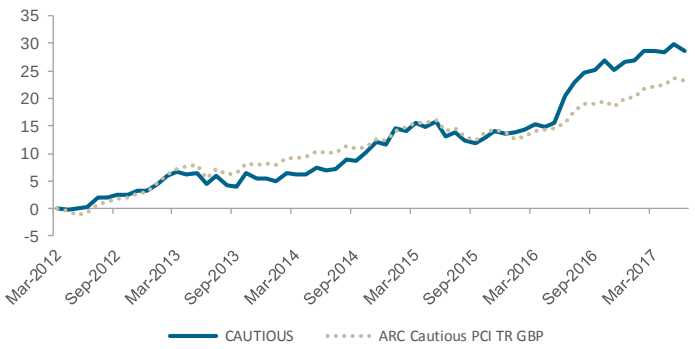
TOP 10 HOLDINGS

	(%)
Lyxor FTSE Actuaries UK Gilts0-5Y(DR)ETF	13.0
Lyxor FTSE Actuaries UK Gilts ETF	9.0
Fidelity Index US Fund	9.0
iShares £ Ultrashort Bond ETF	8.0
Smith & Williamson Short-Dated Corporate Bond	8.0
JPM Global Corporate Bond Fund	7.0
PIMCO Global Investment Grade Credit Fund	7.0
Lyxor FTSE Actr UK Glt Infl Lnkd(DR)ETF	6.0
JOHCM Continental European	6.0
GBP Cash Deposit	5.0

PERFORMANCE CHART



DYNAMIC PLANNER™ PROFILED 3

PERFORMANCE

	YTD*	3 months*	1 year*	Inception*
CAUTIOUS	4.3	1.6	4.3	32.2
ARC PCI**	4.4	1.3	4.4	25.3
+ / -	-0.1	0.3	-0.1	6.8
Volatility***	-	-	2.7	3.7

	Dec 2012 to Dec 2013	Dec 2013 to Dec 2014	Dec 2014 to Dec 2015	Dec 2015 to Dec 2016	Dec 2016 to Dec 2017
CAUTIOUS	2.2	6.0	1.8	11.5	4.3
ARC PCI**	5.0	4.0	1.3	5.5	4.4

* to 31 December 2017

** ARC Cautious 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; Latest quarter of ARC performance data are based on ARC estimates.

YIELD, FEES AND CHARGES

Yield (gross)	2.1%
Kleinwort Hambros annual management charge (via platforms)	0.35% plus VAT

Available Platforms:

Ascentric
AXA Elevate
Novia
Transact
Aviva
Nucleus
Standard Life

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 2017

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Financial promotion

This document is a financial promotion

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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. Capital may be at risk and clients may not get back the amount invested. Changes in inflation, interest rates and the rate of exchange may have an adverse effect on the value, price and income of investments. 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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SOCIETE GENERALE GROUP

BUILDING TEAM SPIRIT
TOGETHER