

# KLEINWORT HAMBROS

RISK RATING 4

## GROWTH

### MODEL PORTFOLIO SOLUTIONS

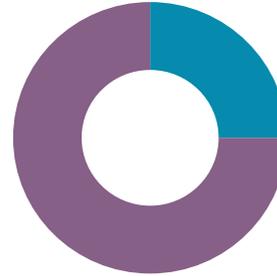
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#### ASSET ALLOCATION RANGES

The allocation to asset class asset class will typically fall within these ranges:

Asset class	Range (%)
Cash	0 to 25
Government bonds	0 to 50
Credit	0 to 25
Equities	50 to 95
Real estate	0 to 12
Commodities	0 to 12
Alternative strategies	0 to 12

#### HISTORICAL REFERENCE ALLOCATION



- 25% Bonds
- 75% Global Equities
- - Domestic Equities
- 11.4% Target risk (volatility)
- 6.8% Expected return (annual)

#### WHAT DOES THIS MODEL DO?

This model seeks to achieve capital growth in excess of inflation. The historical reference allocation above shows how a portfolio has typically been constructed to achieve the stated risk and return figures.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

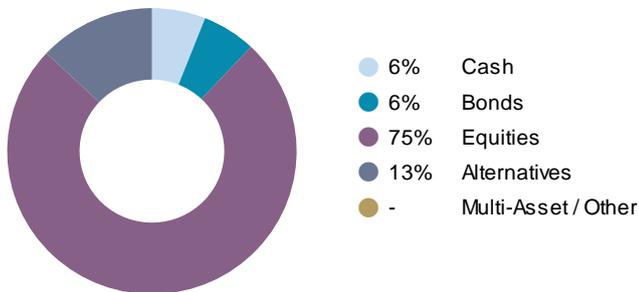
Over the quarter the portfolio returned 7.8% outperforming its ARC peer group which rose 6.4%. It was also encouraging to see the strategy make up most of its losses and relative underperformance to the ARC peer group suffered in Q4 2018. Not surprisingly it was the portfolio's equity allocation driving its positive performance, though this was well supported by the fixed income allocation and to a lesser extent the alternatives which delivered small positive returns.

Global equity markets rallied strongly in Q1 2019 after the sell-off in Q4 2018. The MSCI World returned 9.9%, though the US market was slightly stronger returning 11.1% in sterling terms. The portfolio's significant exposure to the US market was a major positive driver of returns. Fidelity American Growth (+15.4%) outperformed the US market over the period. All other equity markets delivered positive returns with the following outperforming their respective benchmarks; Threadneedle UK Equity (+10.0%), Fidelity Emerging Markets (+10.8%), Baillie Gifford Japanese (+9.1%) and BlackRock Continental European Flexible (+12.9%)

The fixed income investments were a positive contributor over the quarter with both government bonds and credit exposures adding value, benefiting from the change in interest rate expectations towards the end of the period. The high yield implementation added the most value, with UBAM Global High Yield returning 5.2%. The only slight weakness was our short duration exposure in the government bond positioning, which did not participate in the markets broad rally. Alternatives produced a small positive return driven by the alternative trading strategies, with gold being a modest detractor. Lyxor Epsilon Global trend (+5.5%) was the best performer, benefiting from its long European Bond positioning.

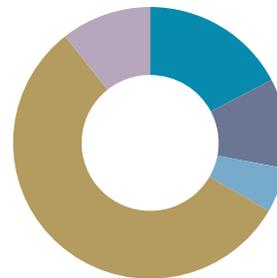
In January we decided to remove Alegbris Financial Credit fund from the portfolio as it added more risk than we had expected. The proceeds were held in cash to increase the portfolio's defensive potential. In February we decided to hedge some of our US Dollar exposure into sterling as there was an increasing possibility that sterling could rally from its historic lows if any certainty arose from the Brexit process. To do this we switched our gold and part of our S&P 500 ETF exposures into sterling hedged versions.

#### CURRENT ASSET ALLOCATION



- 6% Cash
- 6% Bonds
- 75% Equities
- 13% Alternatives
- - Multi-Asset / Other

#### EQUITY ALLOCATION



- 13% Europe
- 8% Japan
- - Pacific ex Japan
- 4% United Kingdom
- 42% North America
- 8% Emerging Markets
- - Global

Source: Kleinwort Hambros as at 31 Mar 2019

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

# KLEINWORT HAMBROS

## GROWTH

### MODEL PORTFOLIO SOLUTIONS

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RISK RATING  
4

#### TOP 10 HOLDINGS

	(%)
iShares S&P 500 ETF	10.0
Lyxor S&P 500 ETF	10.0
iShares S&P 500 GBP Hedged ETF	8.0
Fidelity American Growth	7.0
Legg Mason ClearBridge US Aggressive Growth	7.0
GBP Cash Deposit	6.0
JOHCM Continental European Fund	5.0
Baillie Gifford WW Japanese Fund	4.0
Jupiter European Fund	4.0
BGF Continental European Flexible Fund	4.0

#### PERFORMANCE CHART



#### PERFORMANCE

	YTD*	3 months*	1 year*	5 year*	Inception*
GROWTH	-3.8	7.8	7.2	36.6	86.7
ARC PCI**	-5.6	6.4	4.7	23.3	52.6
+ / -	1.9	1.4	2.5	13.3	34.1
Volatility***	-	-	9.8	7.8	8.0

	Mar 2014 to Mar 2015	Mar 2015 to Mar 2016	Mar 2016 to Mar 2017	Mar 2017 to Mar 2018	Mar 2018 to Mar 2019
GROWTH	10.1	-2.8	23.1	3.5	7.2
ARC PCI**	9.0	-2.4	15.8	1.3	4.7

\* to 31 March 2019

\*\* ARC Steady Growth 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.

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. The performance chart represents the cumulative performance since inception, against the cumulative return in %.

Source: ARC, Morningstar, Bloomberg and Kleinwort Hambros as at 31 Mar 2019

#### YIELD, FEES AND CHARGES

Yield (gross)	0.9%
Kleinwort Hambros annual management charge (via platforms)	0.35% plus VAT

#### Available Platforms:

Ascentric  
AXA Elevate  
Novia  
Transact  
Aviva  
Nucleus  
Standard Life

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