

KLEINWORT HAMBROS

INCOME

MODEL PORTFOLIO SOLUTIONS

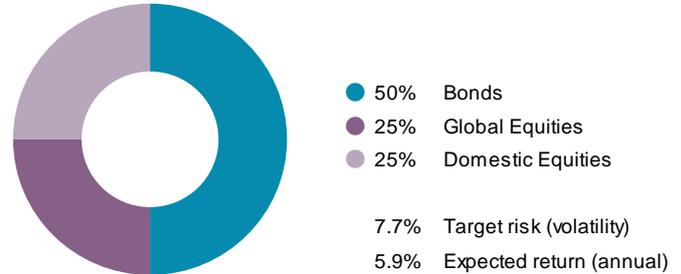
This document is designed for professional intermediaries only and is not intended for client use.

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	0 to 75
Credit	0 to 50
Equities	25 to 75
Real estate	0 to 10
Commodities	0 to 10
Alternative strategies	0 to 10

HISTORICAL REFERENCE ALLOCATION



WHAT DOES THIS MODEL DO?

This model seeks to generate a sustainable income return. The historical reference allocation above shows how a portfolio has typically been constructed to achieve the stated risk and return figures.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

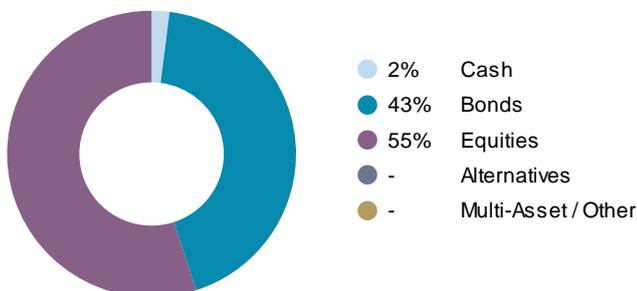
Over the quarter the portfolio rose in value by 1.9%, behind its ARC peer group, which returned 2.4%. This was mainly due to Income being out of favour in the UK market with few funds outperforming the FTSE All Share. The IA UK Equity Income sector returned 3.0% compared to the FTSE All Share's return of 5.0%.

Despite this, the portfolio's equity allocation added the most value, benefiting from the strength of the UK Market over the quarter though the global equity income funds also added value. Standard Life UK Equity Income Unconstrained (+6.2%), Liontrust Macro Equity Income (+4.0%) and Royal London UK Equity Income (+3.4%) performed well. Elsewhere Artemis Global Income (+5.4%) was worthy of mention.

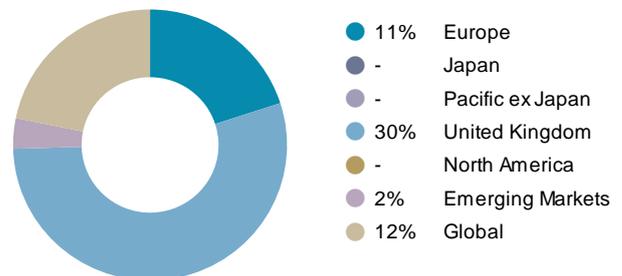
Our fixed income investments delivered a modest return, driven by the government bond allocation, though our short duration positioning was a modest detractor. The credit exposure delivered a small positive return, but lagged on a relative basis.

Over the quarter we took profits from our European equity exposure, trimming JOHCM Continental European, adding the proceeds to our existing holdings of Standard Life UK Equity Income Unconstrained and Liontrust Macro Equity Income. We also removed the exposure to the Bloomberg Commodities benchmark, using the process to add a new holding of Invesco Sterling Bond Fund to increase the overall yield of the portfolio.

CURRENT ASSET ALLOCATION



EQUITY ALLOCATION



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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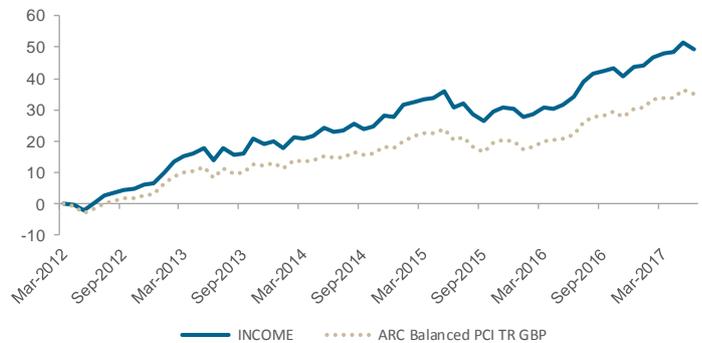
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RISK RATING 3

TOP 10 HOLDINGS

	(%)
Lyxor FTSE Actuaries UK Gilts0-5Y(DR)ETF	8.0
PIMCO Global Investment Grade Credit Fund	7.0
Standard Life European Equity Income	7.0
Artemis Global Income	7.0
Artemis Income Fund	6.0
Liontrust Macro Equity Income Fund	6.0
Royal London UK Equity Income Fund	6.0
Standard Life UK Equity Income Unconstrained	6.0
Threadneedle UK Equity Income Fund	6.0
Lyxor FTSE Actuaries UK Gilts ETF	5.0

PERFORMANCE CHART



PERFORMANCE

	YTD*	3 months*	1 year*	Inception*
INCOME	7.0	1.9	7.0	53.8
ARC PCI**	6.8	2.4	6.8	39.4
+ / -	0.1	-0.5	0.1	14.4
Volatility***	-	-	3.4	5.7

	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
INCOME	12.6	6.4	2.0	10.5	7.0
ARC PCI**	9.2	4.5	1.9	8.6	6.8

* to 31 December 2017

** ARC Balanced 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)	3.4%
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

Important Information – please read

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Financial promotion

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Investment Performance

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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It has been approved and issued in the United Kingdom by SG Kleinwort Hambros Bank Limited which is authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority. The firm reference number is 119250. The company is incorporated in England and Wales under number 964058 and its registered address is 5th Floor, 8 St James's Square, London SW1Y 4JU.

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