

# KLEINWORT HAMBROS

## CAUTIOUS

### MODEL PORTFOLIO SOLUTIONS

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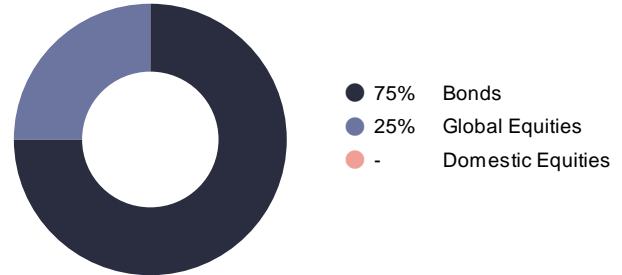
RISK RATING 2

#### ASSET ALLOCATION RANGES

The allocation to 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#### HISTORICAL REFERENCE ALLOCATION



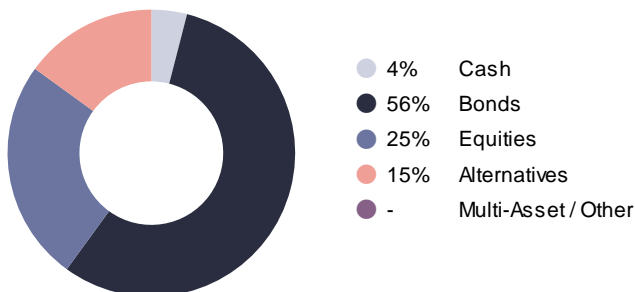
#### WHAT DOES THIS MODEL DO?

The primary investment objective of the Cautious strategy is to preserve purchasing power relative to the rate of inflation, while accepting a relatively lower level of risk similar to the long-run historical risks of investing in a blended portfolio of 75% bonds and 25% equities.

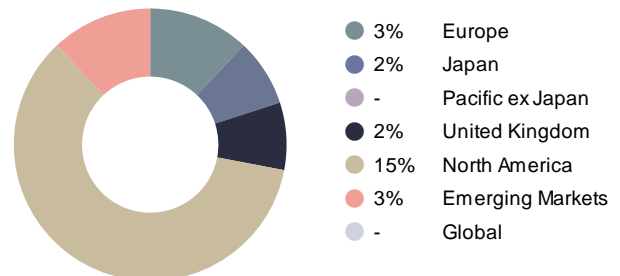
#### PERFORMANCE UPDATE

Over the quarter the portfolio returned 3.4% significantly outperforming its ARC peer group which rose 1.7%. It was encouraging to see the strategy's strong performance in Q1 continue into Q2. The portfolio's equity allocation was the principle driver of returns, though this was well supported by the fixed income exposure and to a lesser extent the alternatives which delivered a smaller positive return. Global equity markets continued in their upward trajectory, with the MSCI World returning 6.5%, though the US market was slightly stronger returning 6.6% in sterling terms. The portfolio's significant exposure to the US market was a major positive driver of returns, though this was well supported by its European allocation. Fidelity American Growth (+7.0%) outperformed the US market over the period. All other equity markets delivered positive returns with the following outperforming their respective benchmarks; Threadneedle UK Equity (+3.8%), Fidelity Emerging Markets (+10.8%), Baillie Gifford Japanese (+4.4%), Fidelity Emerging Markets (+7.3%) and BlackRock Continental European Flexible (+10.4%). The fixed income investments were a significant contributor over Q2 with both government bonds and credit exposures adding value. Credit added the most value, with H20 MultiAggregate (+3.2%) the best. The only slight weakness was our short duration exposure in the government bond positioning, which did not participate in the markets broad rally, though over Q2 we did increase our duration exposure. Alternatives produced a small positive return driven by its gold exposure and Lyxor Epsilon both returning 8.0% over the quarter. The other alternative trading strategies Lyxor Sandler and Lyxor Tiedemann both delivered small positive returns. Over the quarter we switched Fidelity American Growth into a new holding of Loomis Sayles US Growth Equity. It was a hard decision to sell the fidelity fund which has been a long term holding, but the new fund give us a better exposure to growth in the US market. In June we also modestly reduced cash to increase our government bond exposure and our duration positioning. There was much debate over the future of holding of H20 Multi Aggregate, due to issues with other funds the manager manages. We decided to retain the holding as it was not affected by the issues facing other funds in the H20 range. A review of the underlying investments did not suggest any problems should we need to redeem our holding. This issue now appears to have passed.

#### CURRENT ASSET ALLOCATION



#### EQUITY ALLOCATION



Source: Kleinwort Hambros as at 30 June 2019. Actual weighting and investment allocations are subject to change on an ongoing basis and may not be exactly as shown.

## KLEINWORT HAMBROS

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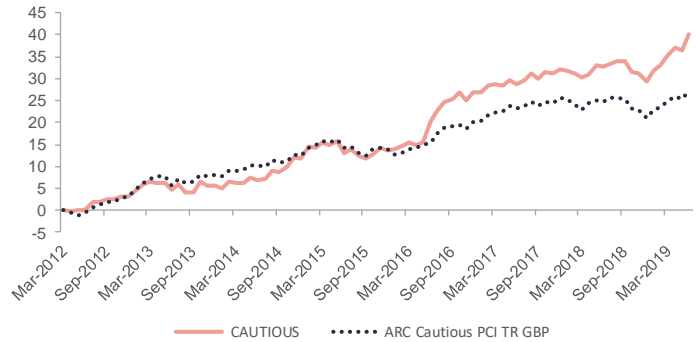
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RISK RATING 2

## TOP 10 HOLDINGS

	(%)
Lyxor FTSE Actuaries UK Gilts 0-5Y ETF	10.0
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H2O MultiAggregate Fund	7.0
Invesco Sterling Bond	7.0
iShares Core £ Corp Bond ETF	7.0
PIMCO Global Investment Grade Credit Fund	7.0
Lyxor S&P 500 ETF	7.0
Loomis Sayles US Growth Equity Fund	5.0
GBP Cash Deposit	4.0
UBAM Global High Yield Solution Fund	4.0

## PERFORMANCE CHART



## PERFORMANCE

	YTD*	3 months*	1 year*	5 year*	Inception*
CAUTIOUS	8.2	3.4	5.6	31.1	40.0
ARC PCI**	5.2	1.7	1.9	15.5	27.2
+ / -	3.1	1.7	3.7	15.6	12.8
Volatility***	-	-	4.5	4.0	3.8

	Jun 2014 to Jun 2015	Jun 2015 to Jun 2016	Jun 2016 to Jun 2017	Jun 2017 to Jun 2018	Jun 2018 to Jun 2019
CAUTIOUS	5.8	6.5	6.9	3.0	5.6
ARC PCI**	3.6	1.3	6.5	1.4	1.9

\* to 30 June 2019

\*\* 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)	1.8%
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. The performance chart represents the cumulative performance since inception, against the cumulative return in %.

Source: ARC, Morningstar, Bloomberg and Kleinwort Hambros as at 30 June 2019

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