

# KLEINWORT HAMBROS

## INCOME

### MODEL PORTFOLIO SOLUTIONS

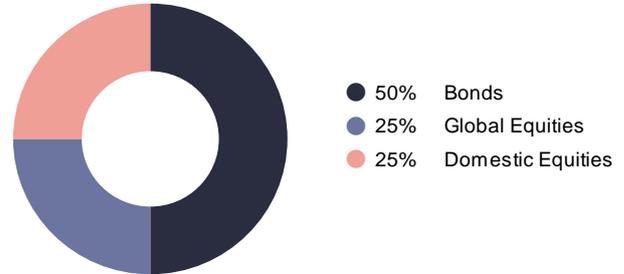
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#### ASSET ALLOCATION RANGES

The allocation to 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#### HISTORICAL REFERENCE ALLOCATION



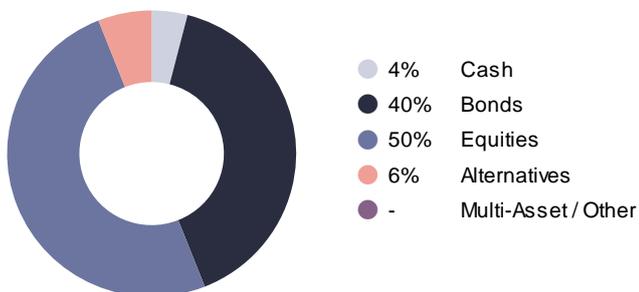
#### WHAT DOES THIS MODEL DO?

The primary investment objective of the Income strategy is to deliver an attractive and growing level of income over time. While capital growth is secondary, it aims to grow client's capital ahead of inflation over the long term. The strategy aims to generate a real return ahead of inflation, while accepting a relatively moderate level of risk similar to the long-run historical risks of investing in a blended portfolio of 50% bonds and 50% equities.

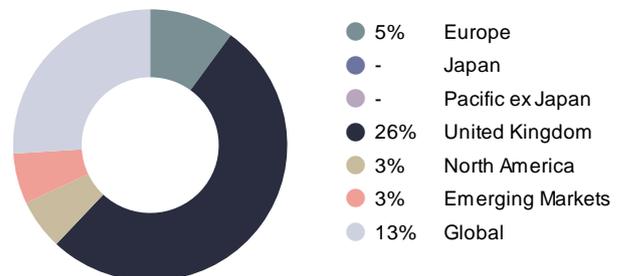
#### PERFORMANCE UPDATE

Over the quarter the portfolio returned 2.7% outperforming its ARC peer group which rose 2.5%. The increased overseas equity allocation over recent years continues to offset weakness in the UK market. The portfolio currently generates a gross yield of 3.7%. The portfolio's overseas equity allocation was the principle driver of returns, though this was supported by the fixed income and the alternatives exposures which both delivered smaller positive returns. 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 UK Market lagged global markets up 3.3% though income was again out of favour with investors; the average return of the IA UK Equity Income sector was 1.9%. Not surprisingly it was the portfolio's exposure to global markets which drove its returns overall. BNY Global Income (+9.9%), Standard Life European Equity Income (+6.1%) and Aviva US Equity Income (+5.1%) were of note. The UK funds overall performed just ahead of the average of the IA UK Equity Income Sector, with Artemis Income (+3.5%) and Liontrust Macro Equity Income (+3.2%) being the standout performers. The fixed income investments were a strong contributor over the quarter with both government bonds and credit exposures adding value. Credit added the most value, with Pimco Global Investment Grade (+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 the quarter we did increase our duration exposure. Within alternatives HICL (+3.8%) was the best performer with International Public Partnerships broadly flat. These are held for their high income & lack of correlation with equity markets, offering a degree of downside protection. The only change made was a modest reduction in the cash balance to increase our government bond exposure and our duration exposure.

#### 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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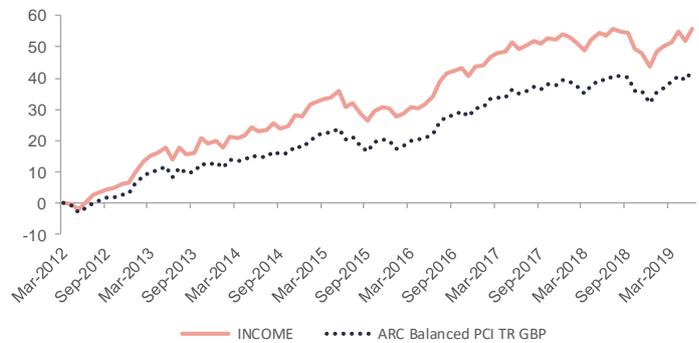
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RISK RATING 3

## TOP 10 HOLDINGS

	(%)
Invesco Sterling Bond	7.0
PIMCO Global Investment Grade Credit Fund	7.0
Artemis Global Income	7.0
Lyxor FTSE Actuaries UK Gilts 0-5Y ETF	6.0
Fidelity MoneyBuilder Income Gross Fund	6.0
Artemis Income Fund	6.0
Royal London UK Equity Income Fund	6.0
Threadneedle UK Equity Income Fund	6.0
BNY Mellon Global Income Fund	6.0
Lyxor FTSE Actuaries UK Gilts ETF	5.0

## PERFORMANCE CHART



## PERFORMANCE

	YTD*	3 months*	1 year*	5 year*	Inception*
INCOME	8.3	2.7	1.4	26.5	55.7
ARC PCI**	7.8	2.5	2.3	23.9	42.4
+ / -	0.5	0.2	-0.8	2.6	13.3
Volatility***	-	-	7.5	5.8	6.0

	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
INCOME	6.1	2.9	11.2	2.8	1.4
ARC PCI**	4.7	1.6	10.6	3.0	2.3

\* to 30 June 2019

\*\* 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)	3.8%
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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