

KLEINWORT HAMBROS**INCOME**

MODEL PORTFOLIO SOLUTIONS

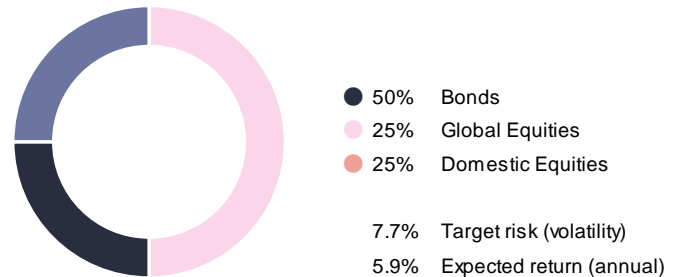
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RISK RATING 3

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HISTORICAL REFERENCE ALLOCATION**WHAT DOES THIS MODEL DO?**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 The historical reference allocation above shows how a portfolio has typically been constructed to achieve the stated risk and return figures.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 returned 2.8% ahead of its ARC peer group which rose 2.5%. The portfolio's equity allocation was the main driver of returns led by its US, global and European positions, though its Japanese exposure offset some of this strength. Its bond and alternatives allocations also delivered positive returns.

Global equity markets rose, with the MSCI World up 7.3% over the quarter. The best performances came from the European and US markets up 5.2% and 10.4% respectively, though all other regions, with the exception of emerging markets and Japan delivered positive returns. The appearance of the Omicron variant in November, followed by re-introduction of restrictions in many developed economies did slow economic growth. However, inflation continued to be the main issue worrying markets, with most economists now concluding it will be higher for longer, in main driven by "sticky wage" increases. The UK raised rates to 0.25% and while the US held theirs, but the fed minutes when published in January highlighted, they were expecting to raise rates in 2022.

All equity funds with exception of Jupiter Japan Income, which fell 3.6% though still outperforming its benchmark, delivered positive returns. The best came from Aviva Us Equity Income (+6.3%), BNY Mellon Global Income (+5.8%), Royal London UK Equity Income (+4.4%) and Schroder Asia Income (+3.4%)

The fixed income positioning modestly added value, driven by its government bond exposure, though its investment grade credit exposure declined, offsetting some of this. The Alternatives return benefited from the strong performance of HICL (+7.3%), GCP Infrastructure (+9.7%) and International Public Partnerships (+4.9%). Gold was performed strongly up 3.4%.

In October we reduced the duration of the government bond allocation to reduce the impact of any future interest rate rise.

KLEINWORT HAMBROS

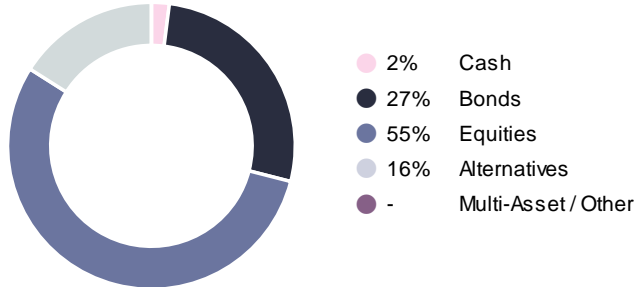
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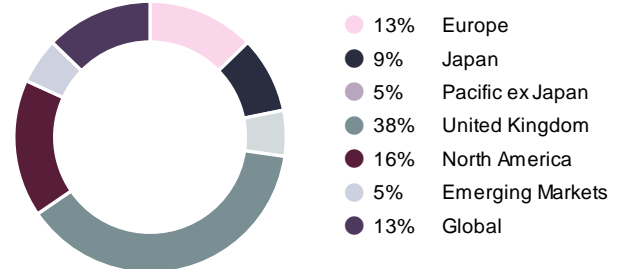
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CURRENT ASSET ALLOCATION



EQUITY ALLOCATION



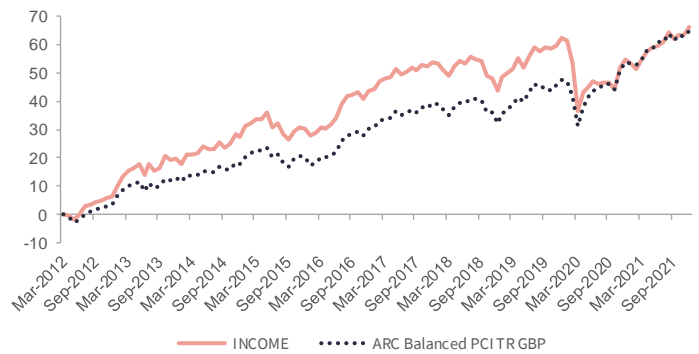
Source: Kleinwort Hambros as at 31 Dec 2021

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

TOP 10 HOLDINGS

	(%)
Invesco Sterling Bond Fund	7.0
Standard Life European Equity Income	7.0
BNY Mellon Global Income Fund	7.0
Lyxor FTSE Actuaries UK Gilts 0-5Y ETF	6.0
Lyxor FTSE Actuaries UK Gilts ETF	6.0
Artemis Income Fund	6.0
Royal London UK Equity Income Fund	6.0
Threadneedle UK Equity Income Fund	6.0
Fidelity MoneyBuilder Income Gross Fund	5.0
Lyxor S&P 500 ETF	5.0

PERFORMANCE CHART



Past performance should not be seen as an indication of future performance. Performance net of underlying fund fees but gross of Kleinwort Hambros's annual management charge, platform fees and advisor charges. The deduction of such fees and charges will reduce the gross performance shown above.

KLEINWORT HAMBROS

INCOME

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RISK RATING 3

PERFORMANCE

	YTD*	3 months*	1 year*	5 year*	Inception*
Income	7.6	2.8	7.6	15.6	66.2
ARC PCI**	7.1	2.3	7.1	26.3	64.9
+ / -	0.5	0.5	0.5	-10.8	1.4
Volatility***	-	-	4.6	8.0	7.2

	Dec 2016 to Dec 2017	Dec 2017 to Dec 2018	Dec 2018 to Dec 2019	Dec 2019 to Dec 2020	Dec 2020 to Dec 2021
Income	7.0	-6.5	12.9	-4.8	7.6
ARC PCI**	6.7	-5.1	11.7	4.3	7.9

* to 31 December 2021

** 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)	3.0%
Kleinwort Hambros annual management charge (via platforms)	0.35%

Available Platforms:

Elevate
Novia
Transact
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 %. Performance net of underlying fund fees but gross of Kleinwort Hambros's annual management charge, platform fees and advisor charges. The deduction of such fees and charges will reduce the gross performance shown above. Estimated yield is calculated based on distributed 12-month historic yield data and reflects the actual cash distribution yield, which may change.

Source: ARC, Morningstar, Bloomberg and Kleinwort Hambros as at 31 Dec 2021.

Target Market

Target Market Category	Suitable for ... ✓	Not suitable for ... X
Client categorisation	Retail	-
Knowledge & Experience	Basic	-
Capacity for loss	Required	Clients who cannot bear loss
Risk tolerance	Medium	-
Objectives	<ul style="list-style-type: none"> ▪ Growth ▪ Income ▪ Long term 	<ul style="list-style-type: none"> ▪ Capital Preservation ▪ Short/Medium term
Distribution	Advised or Discretionary	Execution Only

Source: Kleinwort Hambros as at 31 Dec 2021.

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