

# WS KLEINWORT HAMBROS FIXED INCOME FUND

## Market commentary

Sterling fixed income markets more or less stood still in April. The yield on the ten-year British government bond stood at 0.84% at the start and the end of the month. Most economic and company news was positive during the month but with the annual rate of inflation in the year to March being recorded at 0.7% there is little reason for the Bank of England to move interest rates despite the concerns expressed – particularly in the United States – about inflation risks. Corporate bonds continued to perform somewhat better than government ones, which is not surprising given the combination of positive news and abundant levels of liquidity. We made no change to the strategy in April: duration, which measures interest rate risk, was kept somewhat shorter than the duration of the benchmark as we believe that bond yields are likely to move slowly higher as the recovery take hold; we continue to be overweight corporate credit relative to government bonds as we believe that investors will continue to be attracted to a sector which offers higher yields and generally improving creditworthiness. Within the corporate sector we retain the exposure to the subordinated debt of financial companies as we believe the increased risk is more than offset by higher expected returns.

Looking ahead, if inflation starts to rise faster than we expect we are likely to shorten the duration of the portfolio to protect against the rate rises which would then look likely.

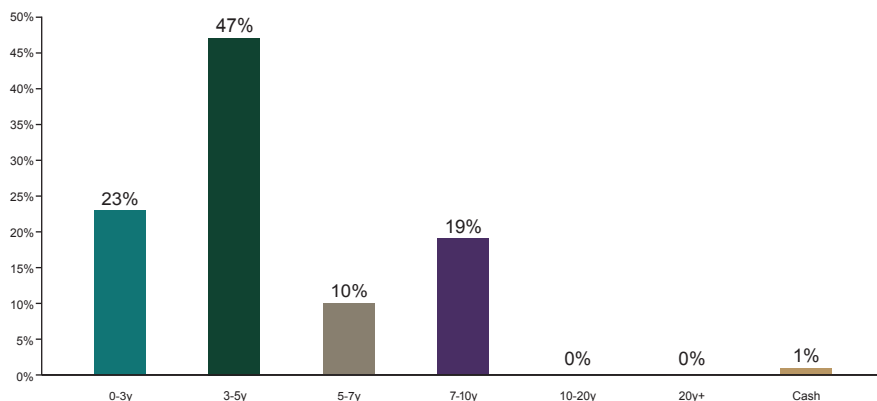
## Definitions

**Corporate bond:** Refers to loans to companies that pay interest over their lifetime and are repaid at a given date. The level of interest paid is higher than government bonds to compensate for the additional credit risk the lenders are taking.

**Fixed income:** This is a type of investment that will pay the investor a fixed payment on a fixed schedule until it's maturity date. At maturity the investor will be paid the principal amount invested. The two main types of fixed income investments are Government bonds and Corporate Bonds.

**Government bond:** Are loans to governments, which pay interest over their lifetime and are repaid at a given date.

## Fund maturity profile as at 30 April 2021



Source for all data: Kleinwort Hambros (as at 30 April 2021).

## Fund details

### Long term benchmark

50% BofAML 1-10 Sterling Corp Index /  
50% BofAML 1-10 UK Gilt Index

### Fund classes available

A Class

### Fund size as at 30 April 2021

£36.6 million

### Base currency

Sterling

### Price listing

Bloomberg

### Bloomberg ticker

Income units – CFEFIAI LN  
Accumulation units – CFEFIAA LN

### Domicile

UK

### Minimum initial investment

£50,000

### Launch date

28 March 2011

### Pricing frequency

Daily

### Current Gross Yield

1.9%

### Structure

FCA Authorised UCITs scheme

### Dividend distribution dates

30 April, 30 June, 30 September  
and 31 December

### Investment Manager

SG Kleinwort Hambros Bank Limited

### Authorised Corporate Director

Waystone Management (UK) Limited

### Auditor

Grant Thornton

## Single year fund performance (5 years ending April)

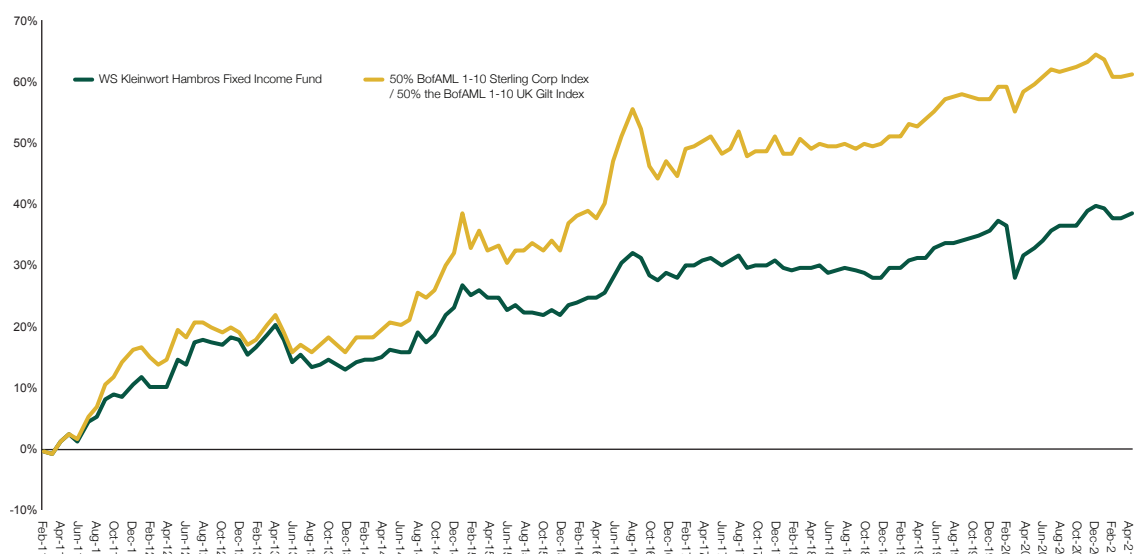
Apr 16 – Apr 17	Apr 17 – Apr 18	Apr 18 – Apr 19	Apr 19 – Apr 20	Apr 20 – Apr 21
4.8%	-0.7%	1.3%	0.1%	5.2%

## Fund performance (%)

	Since launch*	5 years*	4 years*	3 years*	2 years*	1 year*	6 months*	3 months*	1 month*
WS KH Fixed Income Fund	38.0%	11.0%	5.9%	6.7%	5.3%	5.2%	1.3%	-0.7%	0.4%

\*To 30 April 2021.

## Bi-monthly cumulative performance (month-end prices)



Source for all data: Kleinwort Hambros (as at 30 April 2021). Calculation basis: Sterling, bid to bid, total return. All returns in Sterling unless stated otherwise. Fund returns are actual returns after all fees and expenses are deducted. Past performance should not be seen as an indication of future performance.

## Composite credit ratings\*

	% of fund
AAA	3.4%
AA+	4.3%
AA	0.7%
AA-	31.0%
A+	4.1%
A-	4.3%
BBB+	17.9%
BBB	4.8%
BBB-	16.1%
BB+	1.6%
BB	4.2%
B+	1.9%
Unrated	4.7%
Cash	1.0%

\*The composite rating of a security is taken from Bloomberg and derived from the combined credit ratings of all rating agencies that rate that particular security, such as Standard & Poor's (S&P), Moody's Investors Service, Fitch ratings etc.

## Performance table (%)

	2011*	2012	2013**	2014	2015	2016	2017	2018***	2019	2020	2021****
WS KH Fixed Income Fund	10.7%	6.4%	-4.1%	8.9%	-1.0%	5.6%	1.5%	-2.0%	5.7%	3.2%	-1.0%
50% BofAML 1-10 Sterling Corp Index / 50% the BofAML 1-10 UK Gilt Index	16.1%	2.7%	-2.9%	13.9%	0.4%	10.8%	2.7%	-0.8%	4.8%	4.4%	-1.8%

\* Launch date 28-Mar-2011.

\*\*Pre April 2013 the benchmark was FTSE Govt All Stocks

\*\*\* Pre May 18 the benchmark was Barcap Sterling Aggregate Bond Index

\*\*\*\* 2021 – Year to date

## Fees and charges

KH Fixed Inc Fund			
Initial charge*	7.00%	Ongoing charges figure**	0.90%***
Performance fee	0.00%	Exit Penalty	0.00%

\* May be waived for clients of SG Kleinwort Hambros.

\*\* This includes fund administration charges. The ongoing charge is reduced to 0.65% for the institutional share class when assets of over GBP 5 million are in SG Kleinwort Hambros managed funds.

\*\*\* Calculated as at 30-Apr-20. This amount may fluctuate according to fund size and underlying holdings.

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