MONTHLY HOUSE VIEWS

July 2020

Getting warmer

The first half of 2020 is now behind us, but it is a period indelibly etched into our collective memories. We entered this year cantering towards the eleventh year of a bull market, a long rally seemingly impervious to its own impermanence. Of course, it all came to a shuddering halt as the breadth of the Coronavirus pandemic began to register.

The first quarter saw global equities (i.e. MSCI AC World index) fall by 20.4%. Volatility was at an all-time peak; in March, the global equities index moved by more than 3% in any direction 11 times out of 22 trading days. Context is important: prior to 2020, the last time global equities moved by +/- 3% in a single day was in 2016. In this environment – with critical unknowns as to the Coronavirus health consequences or the length of imposed lockdowns – we reduced risk across multi-asset strategies. The drawdown (peak-to-trough loss) in global equity markets at the end of trading on 17-March was about 30%, in line with the average drawdown in global equities over history. Our chief concern at the time was a larger than average drawdown – in 2000 and 2008, drawdowns were about 50%; in 1929, it was over 80%. We also added to defensive positions already held in portfolios, such as gold and government bonds, and braced for whatever came next.

And what came next was nearly as surprising. Despite widespread lockdowns, near-total economic stasis, surging unemployment and a terrible toll in illness and death, the second quarter witnessed a powerful rally in risk assets, with global equities rising by 17.7%. With the benefit of hindsight, we can synthesise the underpinnings of the rally into two distinct categories.

- First, at the end of March, *one of the key unknowns was the length of the lockdowns*. In our KHIC Flash Update dated 20-March, we noted: "*…economic sudden stops will prove a critical variable: if it is weeks or even a few months, recoveries can be expected to be quick; if the stop lasts longer, there will likely be permanent economic damage*." **We now know the lockdowns – where enacted and complied with – worked well and mostly remained in the "few months" range.** There was also much better news on the discovery and efficacy of therapeutics and a possible vaccine. All of this has allowed for a controlled exit from lockdown, and a tepid resumption of economic activity.
- Second, governments and central banks unleashed hitherto unthinkable levels of fiscal spending and monetary stimulus to help stabilise economies and provide liquidity to financial markets, backstopping wages and cashflows across entire economies. Once again, with the benefit of hindsight, **it is clear it was "enough" to underpin the powerful fillip in markets.** It is not without long-term consequences: government debt levels are post-World War II highs and central banks have inadvertently become enormous players in financial markets. Nonetheless, huge government intervention was called for to prevent a near-term collapse, and governments have delivered.

The critical question today, at the advent of the third quarter, is where do markets go from here? Surely, very few would have been able to answer that question with any accuracy at the start of the first quarter or the second. Indeed, volatility remains high, the Coronavirus is still surging across much of the globe – including in the US, the world's anchor economy. Interestingly, while risk-assets have rallied given the reasons above, safe-haven assets have been equally well bid, with gold trading above $1,800 – a near-decade high – and government bond yields near all-time lows.

It is exactly at times such as these – where uncertainty and imperfect information rule the roost – we must rely on the investment principles which underpin our investment process. Those principles are to get the big decisions right (i.e. the broad weight of risk assets versus safety assets in portfolios); to take risk only when it is likely to be well rewarded (i.e. when valuations for risk assets are attractive); and to avoid large losses (i.e. as they are harder to recover from than shallower losses). At present, this is how we view the world through the lens of our investment process which considers the economic regime plus valuation, momentum, and sentiment signals from markets:

- **Economic Regime:** Despite significant economic data surprises on the upside, the global economy is on track to suffer its deepest recession since World War II in 2020 according to the World Bank's latest forecast (8-June), with global output set to contract by 5.2%. Per capita income will fall in the largest proportion of countries globally since 1870. While they are opening, advanced economies are still projected to shrink by 7% this year. In perfect conditions, a rebound may begin as soon as the third quarter. *Our inhouse Leading Economic Macro Indicator (LEMI) has just registered an uptick from a regime of "contraction" into one of "recovery", a favourable environment for risk-taking. However, given unusual noise around the indicators at present, we are awaiting further confirmation of economic stabilisation over the coming months.*
- **Valuations:** Valuations for equities – the largest source of risk and return in most strategies – remain challenging on absolute terms. The US equity market, equal to nearly 60% of the global total, is currently trading at a forward price-to-earnings multiple of 22x, the highest since 2002. That is expensive. However, with rates near zero, there is a good case for a higher than usual tolerance to valuations, particularly for large-cap companies that appear to be immune to the business cycle ("secular growth"). Moreover, when compared to cash or government bonds, *equities still have a clear advantage in terms of long-term expected returns. Therefore, while equities are expensive, there are few alternatives amongst the core asset classes.*
- **Momentum:** The second-quarter surge in equity markets is a case in point of why momentum is a critical factor in our asset allocation process. Markets don't have to follow expectations, or even logic, and trends themselves can prove to be self-fulfilling. We view momentum on a slow-moving, month-end basis as it helps avoid whipsaw in oscillating markets, guiding us to take advantage of trends that have *sufficient* strength. *As of the end of June, the global equity market just tipped into positive territory on the ten-month moving average metric that we favour. Should this be sustained, we will view it positively for risk-taking.*
- **Sentiment:** Sentiment for risk assets has oscillated wildly over the last few months. Of the indicators we follow, some, such as the S&P 500 net speculative positions imply some bullishness. Others, such as the ten-year US treasury net speculative positions, imply more bearishness. *Overall, we are in neutral territory.*

Bottom Line

Taking all the above into account, the Kleinwort Hambros Investment Committee has chosen, for now, to remain cautiously positioned in its risk allocations. Risk assets remain volatile (e.g. VIX near 30, well above its long-term average) and thus more unpredictable than usual; they are also expensive on most measures. ***Nonetheless, we note the economic regime and the momentum signals we follow have shifted towards increasing risk***. These signals are often subject to reversal and far from perfect – this is especially true today given economic, policy and corporate earnings volatility. *Nonetheless, should these signals continue to be supportive, we may seek to add risk in the months ahead.* Should they reverse, or any of our other signals deteriorate, we may stay our hand or even lower our risk positions.

In any event, whatever the third and fourth quarter of this already extraordinary year will bring, our portfolios will be guided by our process, ready to capture upside or protect on the downside.

OUR ASSET ALLOCATION

The table below presents the latest conclusions of the KH Investment Committee:

			Summary house views					
			Strong UW	UW	N	OW	Strong OW	Change since last KHIC
EQUITY		GLOBAL EQUITY		■				
		United States				■		
		Eurozone			■			
		United Kingdom			■			
		Japan			■			
		Emerging		■				
FIXED INCOME	SOVEREIGN	GLOBAL RATES				■		
		U.S. Treasuries				■		
		German Bunds				■		
		UK Gilts				■		
		EM Government Bonds ($)				■		
		Duration USD*				■		
		Duration EUR*				■		
		Duration GBP*				■		
	CORPORATE	US Investment Grade		■				
		Eurozone Investment Grade		■				
		UK Investment Grade		■				
		High Yield	■					
FOREX		EURUSD			■			
		JPYUSD			■			
		GBPUSD				■		
		EM FX (vs. USD)		■				
ALTERNATIVE		COMMODITIES				■		
		Brent		■				
		Gold					■	
		ALT. STRATEGIES			■			
		L/S Equity				■		
		Event-Driven				■		
		FI Arbitrage		■				
		Global Macro		■				
		CTAs				■		

	Positioning	*Duration
O/W	Overweight	Long – 7+ years
N	Neutral	Intermediate – 5-7 years
U/W	Underweight	Short – up to 5 years

Source: Kleinwort Hambros 07-July-2020

*Duration: short = Up to 5 years, medium = 5-7 years, long = 7+ years. HY = High Yield bonds (higher return but greater risks), IG = Investment Grade bonds (higher quality but lower return)

EQUITIES	
United States	The US is facing a surge in Coronavirus cases which will act as a headwind to the fragile economic recovery. Nonetheless, reimposition of a nationwide lockdown appears unlikely. It is also the centre of the global technology industry, which is driving global equity momentum. We are Overweight.
Europe	Business confidence surveys have rebounded sharply reflecting the shift from lockdown to gradual reopening. Nonetheless, the economy is still in contraction. We are Neutral.
UK	Lockdown restrictions are only now beginning to be lifted – well after most other European peers. There is also the ongoing post-Brexit status vis-à-vis the EU which remains to be managed. Nonetheless, there is value and some life being breathed into beaten-down energy and financials sectors. We are Neutral.
Japan	The government's support package for the economy is the largest on offer among advanced economies as a percentage of GDP and lockdown measures have been less restrictive than elsewhere. We are Neutral.
Emerging (EM)	China's equity market is one of the few to be showing positive performance year-to-date. However, Brazil, India and Russia are facing deep recessions. We remain Underweight for the time being.

FIXED INCOME	
Sovereigns	Government bonds remain unattractive from a yield and valuation perspective, but they are critical in dampening portfolio volatility. Moreover, with inflation well below target and central banks continuing to buy large amounts of government bonds, long rates are unlikely to rise significantly.
Duration*	We have medium-to-long duration positions across most portfolios as a bulwark against wide volatility in risk assets.
Investment Grade**	Spreads have come down markedly since the height of the pandemic fears. However, absolute yields remain low.
High Yield**	Given the current macroeconomic backdrop, HY issuers remain vulnerable, and dependent on policy support. We are Underweight.
Emerging debt (in $)	Yield spreads have narrowed but are well above the pre-virus levels. In addition, many EM issuers have supportive fundamentals. We remain Overweight.

CURRENCIES	
EUR/USD	The uptrend has slowed, and the currency cross is now fighting with the 1.1200 level on the downside.
GBP/USD	Brexit risks are back in the frame; however, we are Neutral on sterling over the next three months.
EUR/GBP	The bullish breakout is under threat, at the current overbought levels above 0.9000.
USD/JPY	Gold is in high demand, but the yen remains on the bench for now as a safe-haven.
Emerging	We expect the USD to continue to do well versus EM, as virus cases increase in vulnerable developing countries.

ALTERNATIVES	
Hedge funds	We prefer strategies which can hold their own in bear markets, such as Merger Arbitrage, trend followers and Equity long/short.
Gold	Gold continues to register new eight-year highs on robust demand from central banks and ETF investors.
Oil	Oil prices may retrace some of recent gains as demand remains rather sluggish.
Income producing Alts.	Attractive opportunities exist in infrastructure, selected real estate and specialist lenders for Target Return and income-focused strategies.

Source: Kleinwort Hambros 07-July-2020

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FIXED INCOME

Slowly turning the corner?

As we enter the third quarter, the trough in economic growth is likely behind us, although recovery will only be gradual and uncertainty remains high. Central bank purchases continue to keep rates and yield differentials ("spreads") low, with new issuance slowing from the current pace.

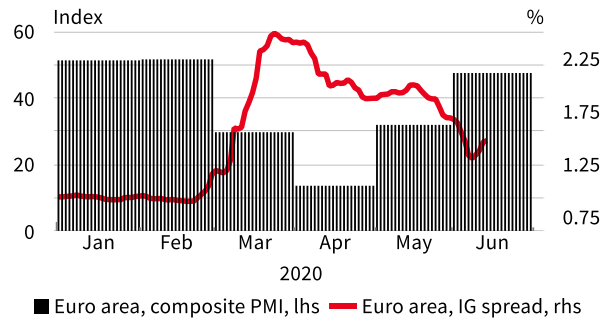
Sovereigns

US. The Fed will maintain a very accommodative stance for the foreseeable future. At its last monetary policy meeting, it updated its projections for the Fed Funds rate for the first time since December (March forecasts were skipped as policy-makers scrambled to address the COVID-19 crisis). Rates are expected to remain at current levels until at least 2022, a projection reinforced by a strong message from Chair Powell saying that they are not even "thinking about thinking about raising rates". Short rates will therefore remain well anchored at low levels. Also, with inflation well below target, growth is unlikely to recover quickly, and with central bank continuing to buy large amounts of government bonds, long rates are unlikely to rise significantly.

UK. As expected, the Bank of England (BoE) increased the size of asset purchases by £100bn to a whopping £745bn overall. With low risk of inflation on the horizon and continuing reassurances for easier monetary and fiscal policy to support the tentatively opening economy, yields are expected to remain low in the medium- to long term. We remain Overweight.

Eurozone. As expected, last month's German Constitutional Court ruling did not push the ECB to scale back asset purchases. Instead, these were increased by a further €600bn to be implemented by mid-2021. Moreover, with €315bn purchased as of 19-June, the ECB still has more than a trillion euros to buy over the next year within its asset purchasing programs, a remarkable total that will keep short and long rates low for some time.

Recovery will be slow but the worst may be behind us



Source: SGPB, Macrobond, Bloomberg, 26/06/2020

Credit

US. Decisive action from the Fed has helped credit markets even more than expected despite the economic slowdown and deteriorating fundamentals. Nonetheless, with the economy likely to turn the corner in Q3, IG bonds can be expected to remain stable given central bank purchases, lower issuance and investor appetite for yield. On HY bonds, we still believe markets are too complacent about economic risks and potential defaults, and we remain Underweight.

UK. IG spreads decreased in June in line with their euro and dollar counterparts. Although risks to economic growth and Brexit uncertainties remain, BoE asset purchases still provide support.

Eurozone. Despite the challenging economic environment, credit spreads have held up better than expected. IG markets have been able to absorb significant amounts of newly issued bonds (mainly in the non-financial, ECB-eligible sectors). Despite the economic contraction and sharp increases in balance sheet leverage, we expect this remarkable appetite for IG bonds to persist for several reasons. First, the trough in economic growth will likely soon be behind us, although recovery will be slow. Second, the increase in corporate leverage is likely to start to reverse, as improving earnings enable companies start repairing balance sheets. Third, as a result, new issuance will slow in the second half of the year. Lastly, the ECB will remain a significant buyer of bonds. HY bonds remain more vulnerable to the economic challenges, especially the weakest issuers.

Emerging debt

After widening sharply in March, EM spreads have steadily recovered part of the lost ground, helped by central bank easing worldwide. While risks to economic growth remain high as the virus is still spreading rapidly through large economies such as Brazil, Russia, Mexico or India, many EM issuers have supportive fundamentals. We remain Overweight.

EQUITIES

Opportunities balanced by risks

Abundant liquidity, vast fiscal support and gradual easing of lockdown restrictions have revived risk appetite – this has helped global equities recover over two-thirds of peak-to-trough losses despite dramatic downward revisions to expected earnings. Looking ahead, markets face a number of risks – COVID-19 remains – and valuations are rather demanding.

US. US equities remain the best performer among developed markets year-to-date, although other regions have begun to catch up recently. The outperformance has been driven by decisive central bank support and an overweight to major technology and internet platform companies within its indices. Indeed, the top nine stocks by market capitalisation now represent some 27% of the S&P500 index, a record-high concentration risk. Moreover, the plunge in expected earnings – down 19.7% over the past three months – has pushed the forward price/earnings ratio (PER) to 22 times, the highest since 2002. The pandemic continues to spread rapidly across southern and western states while political uncertainty is likely to rise ahead of November's elections; a spike in Sino-US tensions also cannot be ignored. These risks are counterweighed for now by strong policy support, which is driving upward momentum, leaving us Overweight.

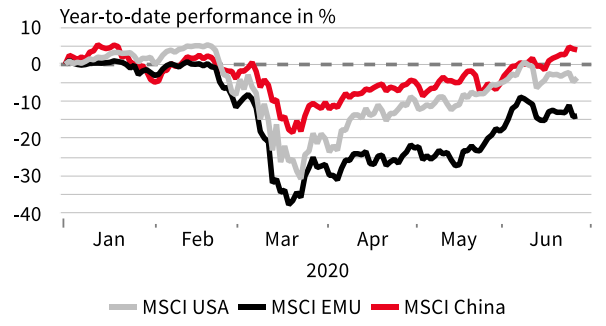
UK. UK equities have continued trailing other European markets since the beginning of the year. Following a hard hit to public health, the UK is only now tentatively easing out of a three-and-a-half months COVID lockdown – significantly later than its Continental cousins. Further, the premature wrap-up of Brexit talks earlier this month indicate significant headwinds to negotiations around the future relationship with the bloc. Much of this uncertainty is reflected in current prices, leaving UK equities looking cheap compared to cyclically-adjusted earnings; we remain Neutral.

Eurozone. Economies across the region have begun to ease lockdown restrictions in stages without sparking a sizable increase in new confirmed cases for now. Business confidence surveys have rebounded sharply, reflecting the shift from lockdown to gradual reopening, and fiscal and monetary policies remain extraordinarily easy, helping foster risk appetite. Moreover, there remains the possibility that the European Council will approve the proposed €750bn recovery fund at its mid-July summit, thereby paving the way for joint EU bond issuance and revenue raising and extending grants to member states which have been weakened by the crisis. Nonetheless, Europe has long disappointed on the green shoots of promise, leaving us Neutral.

Japan. Tokyo has proved resilient, helped no doubt by consensus expectations of +8.5% earnings growth. The government's support package for the economy is the largest on offer among advanced economies as a percentage of GDP and lockdown measures have been less restrictive than elsewhere. Moreover, the market is trading close to decade lows on cyclically-adjusted PER. However, here too, a series of reversals and past disappointments leave us Neutral.

Emerging Markets. The International Monetary Fund has recently downgraded its GDP projections, cutting -1.9 percentage points (pp) from the 2020 outlook for advanced economies and -2.0pp from emerging markets. The most resilient economy should remain China – the IMF expects growth of 1.0% rather than +1.2% – which should help economies across the region. Indeed, China's equity market is one of the few to be showing positive performance year-to-date. Elsewhere however, Brazil and Russia are facing deep recessions led by surges in Coronavirus cases, and whole swathes of the EM complex are reeling from low oil prices. Overall, we remain Underweight.

China's resilient equity market



Source: SGPB, Macrobond, 26/06/2020

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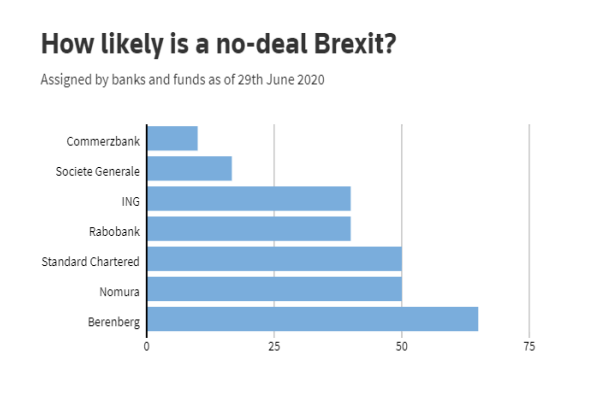
CURRENCIES

Remember Brexit

The pound is grappling with Brexit risks that have re-emerged from the depths, with moves elsewhere in G10 currencies less eventful.

GBP/USD. At the start of June, the pound ignored the warnings from the Bank of England, and the concerns around a no Brexit deal. In fact, GBP/USD shot up to over 1.2800, catching many market participants off guard. This move was partly fuelled by US dollar selling, but also Brexit risks seemed to be way down the list of priorities. Recent analysis done by banks put a less than 50% chance on no trade deal. However, recently, sterling has become much more aware of the risks, especially at a time when the economy is on the back foot. In the second half of June, GBP/USD appeared more nervous, with the currency cross falling to almost 1.2200 at the end of the month. EU and UK negotiators have their work cut out in order to formalise the future relationship before the 31-December deadline, and to avoid an extension. There is little doubt a no deal would be damaging to the UK and the pound, at least in the short-term. The UK government has unveiled a comprehensive Infrastructure plan, which will cost billions of pounds, but we wouldn't expect this to support GBP on an ongoing basis. Overall, we anticipate increased headwinds for the pound to account for the Brexit risks, and we have lowered our forecasts slightly to 1.2500 for the fourth quarter of this year



EUR/USD. We remain cautious on this currency pair, which up until recently had been benefitting from the swift recovery in equity markets and the unprecedented monetary and fiscal stimulus in Europe. COVID-19 appears to be contained on the continent, however we have now moved into the next phase of managing local outbreaks, and governments are badgering away trying to implement air-bridges to support trade and tourism. Economically, we fear there is more pain to come, and over the next few months we expect EUR/USD to be trading close to the 1.1000 level.

EUR/GBP. The uptrend in EUR/GBP is contained between 0.9000-0.9200. The currency cross is overbought from a technical perspective, however the reversal down to below the 0.9000 support may take some time to play out. Brexit woes are likely to affect the pound more than the euro, however in our view the currency cross is already over-stretched at current levels. Therefore, we expect the cross to continue trading near current levels, and we forecast a move down to 0.8800 over the next three months.

USD/JPY. We have seen some spikes in volatility, however the yen has spent most of its time close to 107.50 versus the dollar. The current spot level is not far from the 107.00 market consensus forecast for the third quarter of this year. Risk sentiment has been by and large positive. Although, when investors have run for safety, they have been flooding into gold, and so far, the yen has been the less favourable safe-haven option.

EM currencies. It is still too early to paint a positive picture for emerging markets currencies. South American currencies, and currencies reliant on commodities such as the South African Rand, remain vulnerable. The Brazilian Real is down 25% against the US dollar since the start of the year, and we would expect the US dollar to come out on top versus most EM currencies.

ALTERNATIVES

Diversification benefits

Oil prices may retrace some of recent gains as demand remains rather sluggish. Gold continues to register new eight-year highs on robust demand from central banks and ETF investors. We prefer hedge fund strategies which hold their own in bear markets, such as Merger Arbitrage, trend followers and Equity long/short.

Commodities

Oil

Oil prices have continued their recovery from the late-April crisis which saw US crude trade briefly in negative territory. With activity gradually resuming across many countries, oil demand has begun to recover. OPEC and its allies have committed to extend their 9.7 million barrels per day (mb/d) output cuts until end-July, after which they will gradually taper to 7.7mb/d by year-end. With US output down by 2.1mb/d since late February, oversupply is down from March and April levels.

The marked weakness in oil prices in recent quarters and the ongoing shift towards renewable energy sources have called into question the viability of long-term oil and gas reserves. For example, BP recently announced it had cut its estimate of average oil prices for the 2020 to 2050 period by 27%. The company now expects that some of its reserves will never be produced and plans to write off up to $17.5bn of oil and gas assets. We expect that oil demand will remain rather sluggish and that excess stocks will only clear gradually.

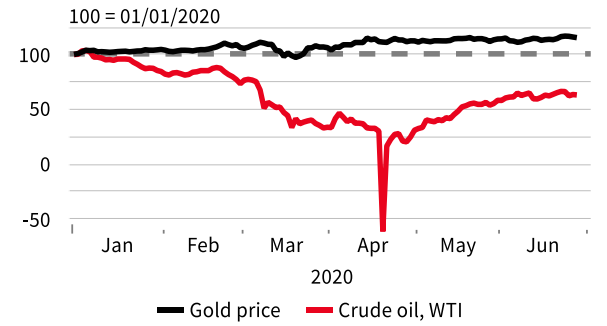
Gold

Gold prices have continued to gain ground, up almost 20% year-to-date to over $1,800 per ounce, helped by the collapse in inflation-adjusted government bond yields into negative territory. Gold's big disadvantage for investors – it offers no yield – has become irrelevant for now.

Market demand has remained strong so far this year, as investors fear that many currencies will be debased by COVID-19 monetary easing. Inflows into ETFs have triggered purchases of 623 tonnes (t) of gold so far this year, already exceeding the highest previous annual total of 591t in 2009. Given the rally in prices, assets in gold ETFs have almost doubled over the past 12 months. Central banks have added 211t in gold reserves so far this year and remain keen to buy more – according to a World Gold Council survey, 20% of central banks intend to add to their gold holdings this year, up from 8% in 2019.

Given these dynamics, gold continues to represent an attractive store of value and a useful source of diversification in portfolios. We remain Overweight.

Gold continues to outperform



Source: SGPB, Macrobond, 26/06/2020

Hedge funds

Prefer Merger Arbitrage type strategies

Hedge funds can help in unstable market conditions, but selectivity is key. We prefer strategies which hold their own in bear markets, such as Merger Arbitrage, trend followers and Equity long/short. These strategies provide relatively safe, uncorrelated sources of returns from equities, our most significant allocation across balanced and growth multi-asset strategies. These investments have been a positive contributors of returns – and lowered risk – especially during periods of volatility. In the recent market volatility, our hedge fund selections have all held their own and performed exactly as we would have wished them to.

Income Producing

In Target Return and income strategies, we are exploiting several niche investment opportunities in selected real estate (e.g. medical centres, student accommodation), infrastructure and specialist lending (e.g. pharmaceutical royalties, economic infrastructure).

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United Kingdom

SG Kleinwort Hambros Bank Limited is covered by the Financial Services Compensation Scheme ("FSCS"). The FSCS can pay compensation to eligible depositors or investors if a bank is unable to meet its financial obligations. Most depositors and investors – including most individuals and businesses – are covered by the scheme.
In relation to investment services compensation will be payable, however, only in circumstances where we have been in default to you of our obligations. It will not be available merely because your investments have not performed as well as you had expected unless we are somehow at fault.
For further information about the schemes (including the amounts covered and eligibility to claim) please contact your Private Banker or refer to the FSCS website: www.fscs.org.uk.

Channel Islands

SG Kleinwort Hambros Bank (CI) Limited is a participant in the Jersey Bank Depositors Compensation Scheme (the "JBDC Scheme"). The JBDC Scheme offers protection for eligible deposits of up to £50,000. The maximum total amount of compensation is capped at £100,000,000 in any five year period. Full details of the JBDC Scheme and banking groups covered are available on the States of Jersey website www.gov.je/dcs or on request.

SG Kleinwort Hambros Bank (CI) Limited – Guernsey Branch is a participant in the Guernsey Banking Deposit Compensation Scheme (the "GBDC Scheme"). The GBDC Scheme offers protection for "qualifying deposits" up to £50,000, subject to certain limitations. The maximum total amount of compensation is capped at £100,000,000 in any five year period. Full details are available on the GBDC Scheme's website www.dcs.gg or on request.

Please note the Channel Islands are not part of the UK and when you conduct business with SG Kleinwort Hambros Bank (CI) Limited you will not be eligible for: (a) the protections provided under the UK's Financial Services and Markets Act 2000 other than protections relating specifically to UK regulated mortgage business; or (b) referring complaints to the UK's Financial Ombudsman Service. However SG Kleinwort Hambros Bank (CI) Limited's UK regulated mortgage business is covered under the UK's Financial Services Compensation Scheme ("FSCS"). You may be entitled to compensation from the FSCS if SG Kleinwort Hambros Bank (CI) Limited cannot meet its obligations in relation to UK regulated mortgage business. This depends on the circumstances of the claim. For further information about the FSCS (including the amounts covered and eligibility to claim) please contact your Private Banker or refer to the FSCS website: www.fscs.org.uk.

Gibraltar

SG Kleinwort Hambros Bank (Gibraltar) Limited is a participant in the Gibraltar Deposit Guarantee Scheme (the "Deposit Scheme"). Most deposits denominated in currencies of the European Economic Area and Euros are covered. Further details of the Deposit Scheme are available on request or can be found at www.gdgb.gi. The Deposit Scheme does not apply to fiduciary deposits.

SG Kleinwort Hambros Bank (Gibraltar) Limited is a participant in the Gibraltar Investor Compensation Scheme (the "Investor Scheme"). [Payments under the Investor Scheme are limited to 90% of a client's total eligible investments which qualify for

compensation subject to a maximum payment to any one client of €20,000 (or the sterling equivalent).] [Note: include the limit wording if the document is not a Financial Promotion (limits not required for Financial Promotions/Advertisements.)] You may be entitled to compensation from the Investment Scheme if we cannot meet our obligations. Further details of the Investor Scheme are available on request or can be found at www.gics.gi. If you would not normally be classified as a retail client you may not be eligible for this scheme.

General

Kleinwort Hambros is part of Societe Generale Private Banking, which is part of the wealth management arm of the Societe Generale Group. Societe Generale is a French bank authorised in France by the Autorité de Contrôle Prudentiel et de Resolution, located at 61, rue Taitbout, 75436 Paris Cedex 09 and under the prudential supervision of the European Central Bank. It is also authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority.

Further information on the Kleinwort Hambros Group including additional legal and regulatory details can be found at: www.kleinworthambros.com