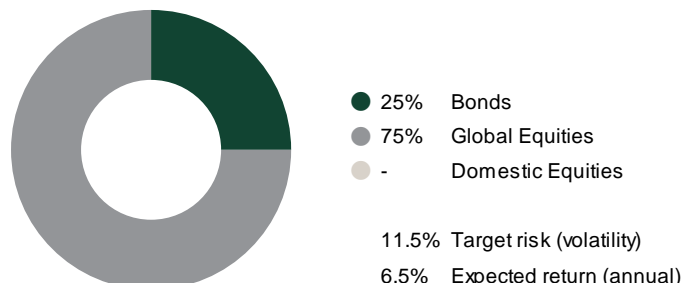


Asset allocation ranges

The allocation to broad asset class will typically fall within these ranges:

Asset class	Range (%)
Cash	0 to 25
Government bonds	0 to 50
Credit	0 to 25
Equities	50 to 95
Real estate	0 to 12
Commodities	0 to 12
Alternative strategies	0 to 12

Historical Reference Allocation



What does this Model do?

This model seeks to achieve capital growth in excess of inflation. The historical reference allocation above shows how a portfolio has typically been constructed to achieve the stated risk and return figures.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 Benson's 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

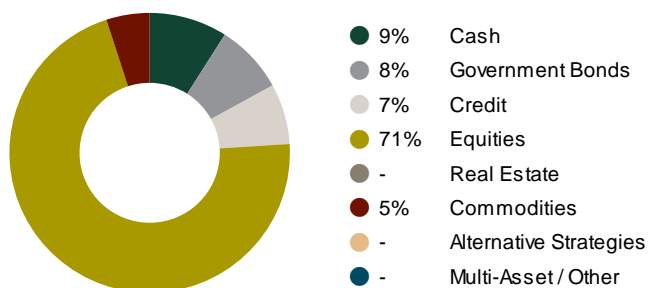
Over the quarter the portfolio rose in value by 4.2%, significantly outperforming its ARC peer group, which returned 2.7%. The portfolio's equity allocation added the most value, benefiting from the strength of global equity markets in sterling terms over the quarter. We also saw positive returns from our commodities exposure.

The strongest performance came from the US and Europe, though they were well supported by the UK, Japan and Asia. Fidelity US Index (+10.7%), JPM Europe Dynamic (+7.2%), Threadneedle UK (+3.1%), Tokio Marine Japanese Equity Focus (+2.0%) and Hermes Asia Ex Japan (+2.6%) all added value.

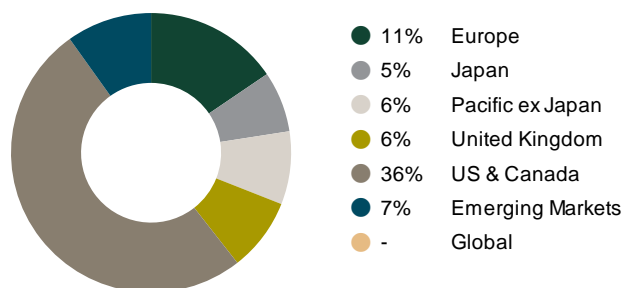
Our fixed income investments fell in value, with the exception of the High Yield Credit position that recorded a small positive return.

There were no changes to the strategy's overall asset allocation though we took profits from the commodities position that we added in April, converting it to a sterling hedged instrument as we considered sterling undervalued following its devaluation post Brexit.

Current asset allocation



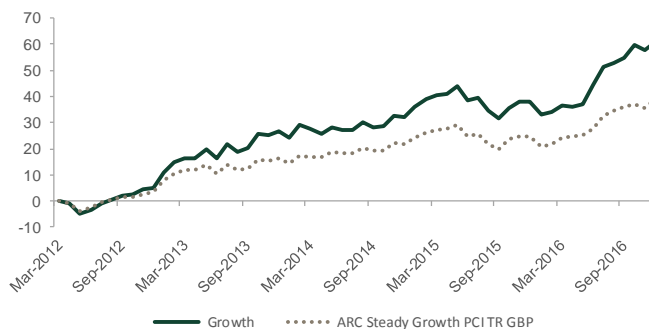
Equity allocation



Top 10 holdings

	(%)
Fidelity Index US Fund	10.0
iShares Core S&P 500 USD Acc	10.0
GBP Cash Deposit	9.0
Fidelity American Growth	7.0
Legg Mason ClearBridge US Aggressive Growth	7.0
JOHCM Continental European	7.0
Fidelity Inst Emerging Markets	7.0
Threadneedle UK Fund	6.0
Hermes Asia Ex Japan Equity	6.0
Tokio Marine Japanese Equity Focus	5.0

Performance Chart



Performance

	YTD*	3 months*	1 year*	Inception*
Growth	16.8	4.2	16.8	61.3
ARC PCI**	12.0	2.7	12.0	39.5
+ / -	4.8	1.5	4.8	21.9
Volatility***	-	-	9.5	8.4

* to 31 December 2016

** ARC Steady Growth PCI TR GBP

*** Annualised data

Notes: model launch data 01/04/2012; performance net of underlying fund fees but gross of Kleinwort Benson's annual management charge, platform fees and advisor charges; Latest quarter of ARC performance data are based on ARC estimates. Past performance is not an indicator of future returns.

Source: ARC, Morningstar, Bloomberg and Kleinwort Benson

Yield, fees and charges

Yield (gross)	0.9%
Kleinwort Benson's annual management charge (via platforms)	0.35% plus VAT

Available Platforms:

Ascentric
 AXA Elevate
 Novia
 Transact
 Aviva
 Nucleus
 Standard Life

General risk information

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