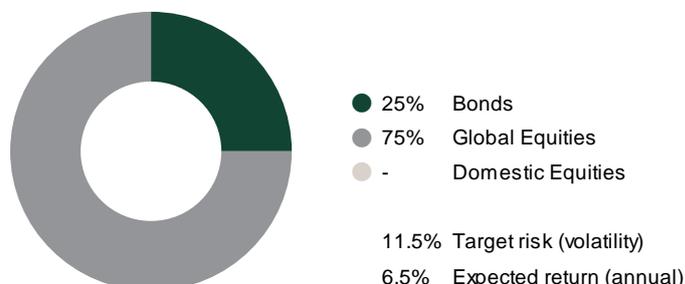


Asset allocation ranges

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Historical Reference Allocation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 generate a blend of capital growth and income. The historical reference allocation above shows how a portfolio has typically been constructed to achieve the stated risk and return figures.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

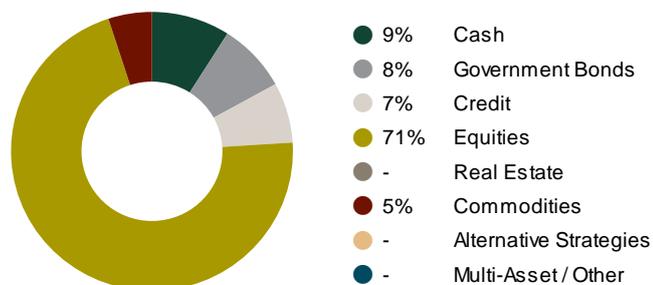
Over the quarter the portfolio rose in value by 4.4%, significantly outperforming its ARC peer group, which returned 2.7%. The portfolio's equity allocation added the most value, benefiting from the strength of global equity markets in sterling terms over the quarter. We also saw positive returns from our commodities exposure.

The strongest performance came from the US; in particular Aviva US Equity Income (+12.6%) and Fidelity US Index (+10.7%). Though this was well supported by Standard Life European Equity Income (+3.1%), Threadneedle UK (+3.1%) and Polar Capital Emerging Markets Income (+2.2%).

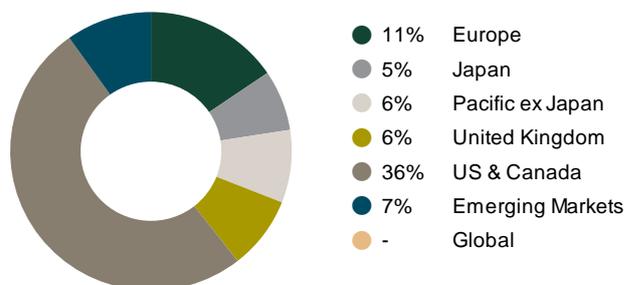
Our fixed income investments fell in value, with the exception of the High Yield Credit position that recorded a small positive return.

In the first half of the year we made a number of changes to the asset allocation and implementation of the portfolio. However, we made no changes to the asset allocation over this quarter; which proved the correct action to take. We did take 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



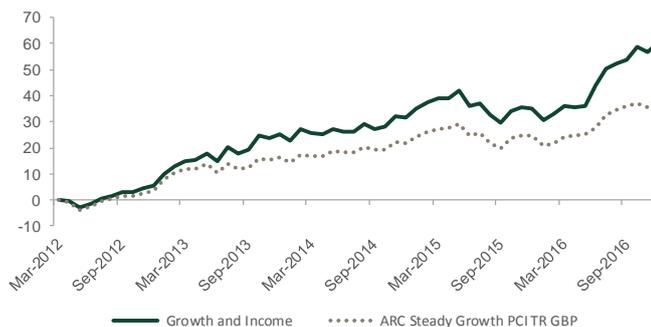
Equity allocation



Top 10 holdings

	(%)
Fidelity Index US Fund	10.0
SPDR® S&P US Dividend Aristocrats ETF	10.0
GBP Cash Deposit	9.0
Aviva Investors US Equity Income Fund II	7.0
Standard Life European Equity Income	7.0
Polar Capital Emerging Markets Income Fund	7.0
Threadneedle UK Equity Income Fund	6.0
Fidelity American Growth	6.0
Schroder Asian Income Fund	6.0
Tokio Marine Japanese Equity Focus	5.0

Performance Chart



Performance

	YTD*	3 months*	1 year*	Inception*
Growth and Incr	18.8	4.4	18.8	60.6
ARC PCI**	12.0	2.7	12.0	39.5
+ / -	6.8	1.7	6.8	21.2
Volatility***	-	-	8.9	7.7

* 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)	1.9%
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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