MONTHLY HOUSE VIEWS

November 2020

Fireworks for the guys on Fox

The US election – an event of furious speculation and prognostication – has passed. Pollsters have been confounded once again – expectations were for a landslide Democratic victory – despite their efforts to "correct" for their similar failure four years prior. In the immediate aftermath there is no declared winner. Moreover, the outcome is yet to be announced in some critical swing states, and is bitterly challenged in others where the incumbent President has been declared a loser.

Had this outcome been known in advance via a magic crystal ball, how would one have reasonably expected markets to react? In truth, few would have forecast the +1.2%, +1.8 and +2.2% gains for the S&P 500 that occurred on the day prior, the day of and the day after the 4 November election. Ex-post explanations abound: a divided Congress should lead to policy "moderation" on all sides; tax rates can't be hiked without a Democratic senate; with the election over, cooler heads will finally agree to the stalled fiscal stimulus package. Ex-post analysis is easy. In any event, the election is not over, and neither is the short-term volatility**. Nonetheless, we have always maintained – based on evidence – the impossibility of divining geopolitical outcomes, and the double-impossibility of knowing the subsequent market impact.**

Let us be clear: we remain deeply attentive to the developments in the US but prefer to focus on the things we can measure and which have actual efficacy when it comes to guiding us as investors. After all, the US remains the world's largest single economy and home to well over half of the global equity market capitalisation. Therefore, **economic activity there acts as an anchor for growth elsewhere and sets the pace for asset price returns globally.** This pandemic-ravaged year may well be the most fascinating in the States' economic history; it certainly is record breaking. US GDP grew 7.4% in the third quarter, by far the strongest ever recorded (the previous record was 3.9% in 1950). Nonetheless, after falling 1.3% in Q1 and 9% in Q2, the economy remains 3.5% smaller than at the end of 2019. For comparison, GDP shrank 4% over the entire six quarters of the Great Recession of 2008/09.

This reveals a US economy – and by extension the world – at a nuanced and delicately poised juncture. Effectively, the US is no longer in recession, and by the headline GDP figure experiencing a breath-taking surge. However, it is also still far below its pre-Coronavirus peak, with high unemployment and underemployment, and major dislocations. For example, US consumer spending on services in Q3 was an annualised $660 billion lower than in late 2019, while spending on goods was up $325 billion. Overall, spending remains about 3% percent below pre-pandemic levels.

Of course, the real driving factor behind much of what is being witnessed in the data remains the course of the ongoing Covid-19 pandemic, not the election. Unsurprisingly, there is a high degree of nuance here too. In the week ending October 28, there were on average 75,561 cases per day in the US, the highest at any point in this crisis and a 41% surge from two weeks earlier. Yet, at the same time, the number of hospitalisations was 11 for every 100,000 Americans, well below the peak of 18 recorded in the spring. Deaths, thankfully, remain lower still – the seven-day average to October 28 is 786 compared with highs of 2,232 in April.

There are two key questions which will determine the outcome for the economy. One, will rising hospitalisations overwhelm health systems, forcing a lockdown? Two, even if they do not overwhelm the health infrastructure, will the rising hospitalisations lead to increased deaths? If the answer to either question is "yes", this may well lead to a similar lockdown of the US economy as we saw in April and May and a likely fall back into recession. If the answer to both is "no", the economy will continue to recover, albeit slowly and unevenly with widely divergent outcomes for various sectors.

There are some critical reasons for optimism. Regarding the first question, there is clear evidence from China, Taiwan, Korea, Japan, Australia and New Zealand (to name a few), where countries can regain relative control from troubling Covid-19 transmission. In the US, a marked improvement can come from basic steps such as increased mask-usage, which may become less politicised now that the election is over. A more enduring return to something resembling normal will require effective "track-and-trace" procedures. If countries ranging from Canada to Vietnam can do it, so can the US (and the UK for that matter).

As to the second question, reports suggest that death rates among hospitalised patients in New York have dropped from 25-30% in the spring to 3-8% in recent months, and a similar trend has been observed across Europe[1]. A combination of factors have contributed to the improved outcomes for hospital patients, chiefly the lessons learned by doctors during the first wave and the development of better treatment protocols using steroid drugs and non-drug interventions.

Bottom Line

Our base case remains that we will see slow, uneven growth but no double-dip US recession as full lockdowns will not be repeated. Of course, if hospitalisations or deaths become unbearable, a full US lockdown may become inevitable, and our view for the US will have proven too optimistic. Countries such as the UK, Germany and France, which have instituted new lockdowns in late-October, give us plenty of reason to question our base case.

On the other hand, we could also prove to be too conservative, given each day we get closer to an eventual vaccine which could be widely distributed as early as by Q2 2021. Even without one, China and much of East Asia – countries which range across the socio-political spectrum – appear to be in a "post-pandemic, new normal", so there is a possible path of strong economic growth even without a panacea.

Over the third quarter, **we have begun adding to risk assets** following our reduction during the seismic ructions in markets early in the year. As always, we are guided by our investment process, one pillar of which is the economic regime we are in. **Nonetheless, we remain underweight risk assets compared to our benchmarks**. We recognise that the current market backdrop remains more uncertain than usual and volatility is still elevated – therefore **we are treading cautiously, even as we are increasingly optimistic**.

[1] Death Rates Have Dropped for Seriously Ill Covid Patients. *The New York Times*. 29-October-2020. (https://www.nytimes.com/2020/10/29/health/Covid-survival-rates.html?searchResultPosition=1)

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

	Positioning	*Duration
O/W	Overweight	Long – 7-10 years
N	Neutral	Intermediate – 5-7 years
U/W	Underweight	Short – 3-5 years

Source: Kleinwort Hambros 05-November-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 recent sell-off shaved some froth from lofty valuations and fundamentals of large-cap companies that are able to robustly grow turnover in spite of the ongoing hostile business environment remain supportive. We are Overweight.
Europe	The increasing number of new Covid-19 case and reimposed lockdowns are likely to weigh further on business confidence. We are Neutral.
UK	With the introduction of a new lockdown to subdue the second wave of Coronavirus infections, we do not expect the UK's attractive valuations to hold much sway with investors. We remain Neutral.
Japan	The Japanese equity market is attractively valued, and momentum is positive. Furthermore, the safe-haven characteristics of the Yen provide some buffer against market volatility. We are Overweight.
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.

FIXED INCOME	
Sovereigns	Given the extremely low (or negative) rate environment on offer from developed market sovereigns, their traditional role as income generators and shock absorbers has been somewhat diminished. We are Neutral.
Duration*	We retain a medium-to-long duration position across most portfolios as a bulwark against wide volatility in risk assets.
Investment Grade**	Absolute yields remain low, but the asset class offers a reasonably compelling pick-up over government bonds. We remain Underweight.
High Yield**	High Yield bonds remain more vulnerable to economic challenges, especially the weakest issuers. We are Underweight.
Emerging debt (in $)	Yield spreads have narrowed considerably from their peaks in recent months. While the yield on offer is compelling, we no long feel it warrants the credit risk that EM issuers carry. We are Underweight.

CURRENCIES	
EUR/USD	The single currency remains supported due to persisting dollar weakness. We expect a gradual ascent from current levels.
GBP/USD	Despite Brexit headwinds sterling has performed robustly. The dollar is losing faith, which should boost the pound.
EUR/GBP	The current lockdowns and Brexit deadlock make it very cumbersome to pick a winner. We remain neutral.
USD/JPY	The Yen may have lost some of its safe-haven appeal, however considering the fall in US yields we favour JPY from here.
Emerging	As the virus continues to wreak havoc, it's difficult to see a sustained rebound in emerging currencies.

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 demand shows little sign of flagging, despite reaching record highs in the summer. It also remains a critical risk hedge, and we remain Overweight.
Oil	We expect oil prices to trade sideways in coming months at best and have no direct exposure.
Income producing Alts.	Attractive opportunities exist in infrastructure, selected real estate and specialist lenders for Target Return and income-focused strategies.

Source: Kleinwort Hambros 05-November-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)

FIXED INCOME

Selectivity is Key

Government bonds remain unattractive, offering negligible or negative yields to investors. "Credit" markets, i.e. corporate debt, offer more value but great selectivity is required. We maintain a preference for Investment Grade (IG) issuers over High Yield (HY) and Emerging Markets (EM) ones.

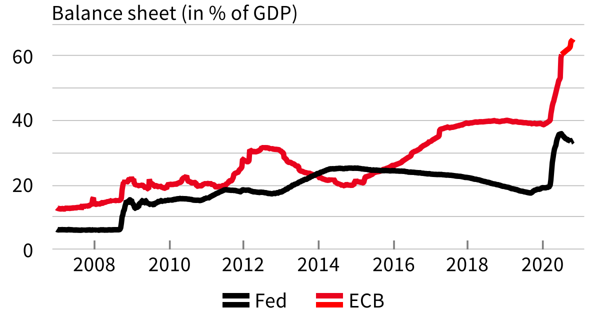
The combination of muted inflation and active central bank buying are likely to keep sovereign bond yields at historically low levels. This will continue to encourage investors to seek higher returns in credit markets. Our preference remains for higher-quality corporate bonds over HY. IG bonds offer positive yields after taking inflation into account and bear much less credit risk than lower-quality HY where many issuers run the increased risk of default amidst the fallout of the Covid-19 pandemic.

Sovereigns

US. In recent weeks, investors have speculated that a Biden presidency might mean a more inflationary policy mix, pushing 10-year Treasury yields up to around 0.85%. However, unemployment remains high and current levels of activity are well below potential, meaning that inflationary pressures should remain muted in coming quarters. The Fed should remain an active buyer of Treasuries – indeed, we expect its programmes will be increased by early next year – meaning that yields are unlikely to break much above recent highs for now.

UK. To limit the economic fallout following the announcement of a second lockdown in the UK, the Bank of England (BoE) has increased the size of its asset purchase programme in November by £150bn to £895bn. BoE policymakers did leave the door open for more action if needed, but the minutes did not give any mention of taking rates into negative territory, which remains unlikely for now. Nonetheless, continued buying should help keep sovereign ("Gilt") yields close to zero.

Central banks set to continue their asset purchases



Source: SGPB, Bloomberg, 30/10/2020

Eurozone. Recent weakness in the region's equity markets linked to the worsening pandemic has seen government bond yields dip again, in particular among core issuers led by Germany. Periphery "spreads" (i.e. the difference in yields between 10-year German bunds and Italian, Spanish or Portuguese bonds) remain very tight, still boosted by the forthcoming Next Generation EU stimulus fund. However, with yields already at lows and spreads extremely tight, there is limited upside potential for Eurozone sovereign bonds.

Credit

US. Yields on IG corporate bonds have fallen below 2.0%, close to August's all-time low of 1.8%. Demand has been strong given the attractive yield spread over Treasuries, and investors have been comforted by the Fed's Corporate Credit Facility asset purchases. Bond issuance has risen sharply to all-time highs – as borrowers rush to take advantage of low borrowing costs – but has been easily absorbed by the market. However, the downturn in the economy is likely to mean rising default risk for the riskier categories of HY debt – we still prefer IG credit.

UK. With more BoE purchases mooted, IG credit in sterling should continue to attract buyers with spreads of around 130 basis points over Gilts. However, the combined effect of pandemic restrictions and lingering uncertainty on the future UK/EU trade regime means we continue to prefer IG over HY.

Eurozone. Although solid, IG issuance in euros is well below last year's levels, in large part because financial borrowers have scaled back their borrowing requirements. On the other hand, the ECB has emerged as a substantial buyer of corporate credit in its various asset purchase programmes, helping keep IG credit spreads extremely tight. Like in the US, high-quality corporate bonds do offer positive yields – both in nominal terms and after inflation.

Emerging Market (EM) debt

This year's crisis has not been kind to some EM borrowers – Argentina, Ecuador and Lebanon have defaulted while Turkey's credit default swaps (a measure of credit risk) have doubled so far this year. Lack of fiscal spending power as well as rampant inflation put many EM governments in a precarious position amidst the continuously spreading Covid-19 pandemic. As a result, the risks outweigh the arguably attractive yield pick-up and we remain Underweight.

EQUITIES

Stormy Waters, but momentum remains positive

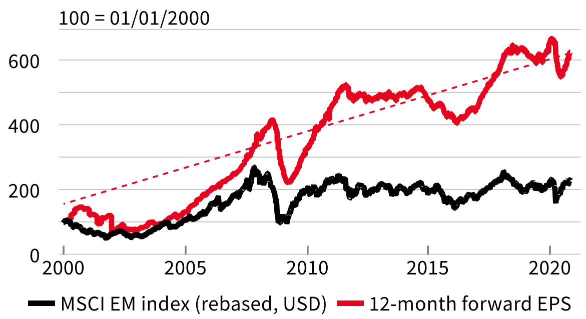
With Covid-19 infections spiking and governments imposing new restrictions on activity, global equities came under selling pressure in late October. We expect a vigorous policy response from central banks and governments which should help limit downside for equity markets.

US. With over 60% of S&P 500 members having reported, Q3 earnings have surprised on the upside – 86% of reports so far have come in ahead of expectations. This being said, the fourth quarter is likely to see the recovery slow as pandemic control measures are reinforced. Moreover, a close-run contest for the White House could see legal challenges and recounts, exacerbating market volatility. Nevertheless, we do not expect a double-dip recession.

US equities are hardly cheap, trading at 22.7 times forecast earnings. Much of this year's positive performance has been generated by a small number of expensive mega-cap technology and internet stocks – the IT sector index is currently trading at an 80% premium compared to the last 10 years. While these companies are clearly well-positioned to thrive in today's challenging circumstances, recent sell-offs in the sector raise further concerns about the sustainability of their exorbitant valuations. We continue to prefer a broader exposure to growth-oriented names across the market.

UK. October spelled another challenging month for UK equities. Talk of the lack of firm progress on the country's future trade regime with the EU dominated the news temporarily, before the prime minister's announcement of a second lock-down induced further anxiety into an already uncertain economic environment. We still expect a limited-scope deal before year-end but there is little time left for companies to adjust while dealing with the impact of re-imposed economic restrictions.

The gap between prices and earnings favours Emerging Markets



Source: SGPB, Macrobond, IBES, 30/10/2020

The extension of the furlough scheme and the BoE's asset purchasing programme should prevent any further economic deterioration as valuations in the market remain attractive compared to their overseas counterparts. We remain Neutral.

Eurozone. After keeping pace with US equities in the initial rebound from March's lows, Eurozone stocks have resumed their underperformance. There have been fewer positive Q3 earnings surprises than in the States and reports have only outstripped expectations by 3.5%. Moreover, the pandemic has taken a clear turn for the worse across the region, leading to new restrictions which are likely to crimp growth for months ahead. Nonetheless we expect the ECB to ease again in December limiting downside risks for regional equities and remain Neutral.

Japan. Tokyo has kept pace with global equities so far this year, demonstrating resilience during the selloffs in September and October. The country has coped well with the pandemic and the recession should be shallower than in other advanced economies. Japan is well-placed to benefit from growth in China, earnings should bounce strongly next year and the ratio of prices to cyclically-adjusted earnings remains close to multi-decade lows. We are Overweight.

Emerging Markets. EM equities have failed to rise above their 2007 highs in recent years while earnings have continued their upward trend and analysts expect a strong 33% bounce in earnings in 2021, following a relatively shallow 9% decline this year. Most of this resilience comes from Asia, in particular from China, South Korea and Taiwan, the only three EM where earnings are expected to rise this year. We are cognizant of the growing gap between earnings and prices, and this is attractive. Nonetheless, for the time being we prefer to gain our exposure to Asian/Chinese growth via the relative safety of Japanese equities and remain Underweight.

CURRENCIES

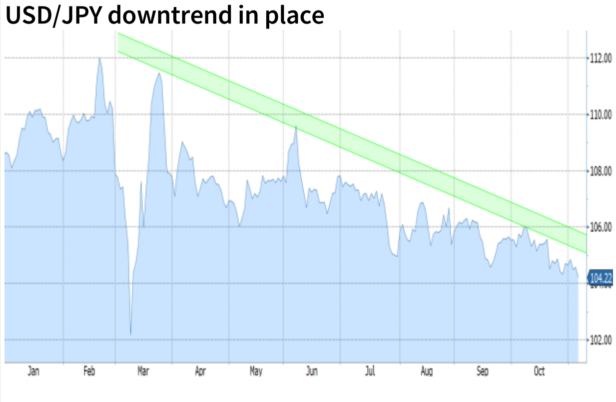
Investors question the appeal of the dollar

Volatility remains surprisingly low, and it is status quo in the FX markets. The dollar hasn't recruited many supporters, and with further fiscal and monetary easing on the way next year this is unlikely to change.

Dollar Index. We had all been waiting for at least a minor USD correction, but it never came. US 10-year yields ticked up in October, however this has not been reflected in the price of the dollar. There has been a lot of talk about the dollar's days as the world's reserve currency being over. We think this is premature, however the current yield dynamics do not put the green back in a favourable light. As for the election, does the dollar really care about who wins? Probably not. In either scenario, we expect further stimulus to put the lid on USD strength. Immediate FX moves throughout the election period are likely to be somewhat volatile, and trading a particular direction is not for the faint hearted.

GBP/USD. Moves in Cable have been uninspiring, with the cross confined to a 3% range between 1.2800 and 1.3200 throughout the month of October. The recently announced England wide lockdown has done little to affect the pound, and Brexit headlines have also taken a back seat. We are optimistic about the pound's future since the US dollar is likely to face headwinds in either US election outcome. The Bank of England recently increased quantitate easing (QE) by £150 billion, which counter-intuitively is likely to boost the pound's prospects, as the UK economy gets the additional support it needs. We must not forget, however, that a no-deal Brexit remains a real risk and we have decided to keep our views unchanged at 1.3200 for Q1 2021, and 1.3700 for Q4 2021.

USD/JPY downtrend in place



EUR/USD. European equities had a particularly bad October, but the single currency has paid little notice for the most part. We have been watching the 1.1600 level closely, which we see as a key support level. EUR/USD almost touched this level but has since rebounded from that region. New European lockdowns are being enforced, but this appears to be largely priced into both equities and the euro. Short term momentum indicators point to the currency cross being in neutral territory. Election volatility could push the euro around, however, moves might be underwhelming unless uncertainties about the outcome trigger unrest. Overall, we stick with our forecast of 1.1800 for the start of next year.

EUR/GBP. The 0.9000 level seems to be the magic number the cross is gravitating towards. A downtrend has been in place since the middle of September, which we would expect to send the cross down below 0.9000. On the downside, the key support level to monitor over the coming months is 0.8865, which is the lowest level since the middle of May.

USD/JPY. The Yen has been benefitting from the fall in US real yields, more than it has been from risk aversion. USD/JPY has fallen 5.75% this year, but has so far managed to hold above the 104.00 level. After the election is firmly behind us, we anticipate further weakness in the US dollar, which could take us down to lows not seen since February this year, close to 102.00.

Emerging. The dollar weakness against its G10 counterparts is not being replicated in the emerging world. Commodity currencies remain particularly vulnerable, including the Brazilian Real, which is down 29% against the dollar since the start of the year. The Turkish Lira has been the latest casualty of relentless selling and volatility. Since August USD/TRY has risen by 22%, due mainly to the unconventional monetary policy in the country and rising geo-political tensions in the region.

ALTERNATIVES

Oil remains pressured

Oil should trade sideways in the coming months. Gold demand shows little sign of flagging, despite higher prices, and we remain Overweight. We prefer hedge fund strategies which hold their own in bear markets, such as Merger Arbitrage, trend followers and Equity long/short.

Commodities

Oil

Crude oil prices have continued to weaken, with Brent dipping below $40 per barrel in recent weeks. The latest wave of Covid-19 infections has led to new restrictions on activity, and mobility and travel are likely to remain depressed in months ahead. The International Energy Agency expects total global demand to fall faster than supply this year (-8.4 m barrels per day (mb/d) versus -7.1 mb/d, respectively).

The current output cap set by OPEC and Russia is due to increase by 1.9 mb/d from January 1 and Libya – which is not bound by the agreement – is currently ramping up production, adding perhaps another 0.7-1.0 mb/d to 2021 supply. It would be difficult for the market to absorb these additional volumes and we expect the next OPEC/Russia meeting to agree to maintain output cuts.

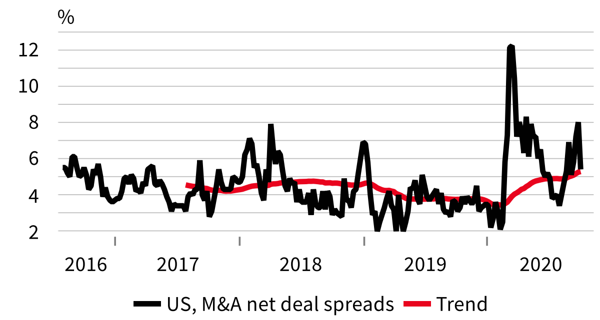
All in all, oil inventories should continue to build again, keeping downward pressure on crude prices in the months to come.

Gold

Gold prices have continued their consolidation after reaching overbought all-time highs in early August at $2,060 per ounce. Q3 mine output bounced after Q2's 10% fall but remains down 3% year-on year (YoY). In partial response, gold recycling activity recovered to reach the highest quarterly total since 2012.

However, demand for gold dropped 19% year-on-year in Q3 as Covid-19 severely disrupted the jewellery sector. With many retailers closed and celebrations like weddings postponed, demand for jewellery was down 29% YoY, taking aggregate demand below 1,000 tonnes (t) in the first three quarters for the first time this century. Central banks also turned modest net sellers of gold in Q3 – on closer inspection however, it transpires that most of the sales were conducted by only two countries, Turkey and Uzbekistan. On the other hand, investment demand remained robust, up 21% YoY – buying of bars and coins jumped 49% to 222t while inflows to ETFs generated 273t of purchases, up 5% on Q3 2019. We believe jewellery demand will recover as Asia emerges from Covid-19 restrictions. In addition to the supply and demand dynamics, we continue to Overweight gold for its diversification benefits and upside potential.

Remain Overweight on Merger Arbitrage



Source: SGPB, Macrobond, 30/10/2020

Hedge funds

Preference for 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 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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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

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