

# Brewin Dolphin Pension Fund

## Implementation Statement for year ended 5 April 2023

### Purpose

This Implementation Statement provides information on how, and the extent to which, the Trustees of the Brewin Dolphin Pension Fund (“the Fund”) have followed the policies documented in their Statement of Investment Principles (“SIP”) during the year ended 5 April 2023 (“the reporting year”). In addition, the Statement provides commentary on any voting behaviour and significant votes cast during the reporting year.

### Latest review of the Statement of Investment Principles

During the reporting year, the Fund’s SIP was updated in June 2022. The Fund’s SIP was also updated shortly after the year-end, in May 2023, but the relevant changes will be discussed in the Implementation Statement for the year ending 5 April 2024.

This means that the version of the SIP dated June 2022 was applicable for the majority of the reporting year, but the September 2021 SIP would have been applicable for the first two months of the reporting year.

A key feature of the September 2021 SIP was that the Trustees wanted to align their overall investment strategy to their policy on environmental, social and governance (ESG) issues. Further, and in light of new regulations which took effect from 1 October 2020, the Trustees’ approach to stewardship was covered in some detail, along with an explanation of the incentives used to encourage investment managers to align their investment strategy with the Trustees’ policies and to ensure that decisions are based on long term performance.

The June 2022 SIP slightly revised the investment objective relating to members being offered suitable investment choices based on flexibility, risk assessment, type of investment and performance. That objective was updated to acknowledge that the Trustees should offer members suitable investment choices based on sustainability issues as well. To meet this revised objective, the Trustees introduced the Sustainable Growth Portfolio in April 2022, providing members with an investment choice with a direct focus on ESG and sustainability issues.

There have been no policy additions or removals over the reporting year. The policies below remain in the updated Statement of Investment Principles dated June 2022:

Policy addition	Commentary
Exercise of rights (including voting rights) attaching to investments	As the Fund invests in a number of pooled funds, the Trustees acknowledge that they cannot directly influence the policies and practices of the companies in which the pooled funds invest. They have therefore delegated responsibility for the exercise of rights (including voting rights) attached to the Fund’s investments to the Investment Manager and the managers of the underlying funds. This delegation only applies in relation to the investment decisions made by the Investment Manager on members’ behalf, including in relation to the Default Balanced Fund.
Undertaking of engagement activities in respect of the investments	The Trustees encourage the Investment Manager to engage with investee companies and funds and vote whenever it is practical to do so on financially material matters such as strategy, capital structure, conflicts of interest policies, risks (including climate change), social and environmental impact and corporate governance as part of their decision-making processes. The Trustees require the Investment Manager to report on significant votes made on behalf of the Trustees.  If the Trustees become aware of the Investment Manager engaging with the underlying issuers of debt or equity in ways that they deem inadequate or that the results of such engagement are mis-

	aligned with the Trustees' expectation, then the Trustees will feed this back to the Investment Manager, but may, ultimately, consider terminating the relationship with the Investment Manager.
Incentives for asset managers to align their investment strategy and decisions with the Trustees' investment policies	<p>The Trustees consider the arrangements with the Investment Manager to be aligned with the Fund's overall strategic objectives. The Investment Manager's mandate is governed by strict parameters established by RBC Brewin Dolphin and its Asset Allocation Committee and approved by the Trustees.</p> <p>The amounts allocated to any individual category or security will be influenced by the overall benchmark and objectives, varied through the Investment Manager's tactical asset allocation preferences at any time, within the parameters referred to above.</p> <p>The Trustees will ensure that the Fund's assets are wholly invested in regulated markets to maximise their security.</p> <p>The Investment Manager is incentivised to perform in line with expectations for their specific mandate as their continued involvement as Investment Manager for the Fund's investment strategy is dependent upon them doing so. The Investment Manager is therefore subject to performance monitoring and reviews based on a number of factors linked to the Trustees' expectations.</p>
Incentives for asset managers to make decisions based on medium to long term financial and non-financial performance assessments of an issuer of debt or equity and to engage with the issuer in order to improve performance over the medium to long term	<p>The Trustees encourage the Investment Manager to make decisions in the long term interests of the Fund. The Trustees expect engagement with management of the underlying issuers of debt or equity and the exercising of voting rights on the basis that such engagement can be expected to help the Investment Manager to mitigate risk and improve long term returns.</p> <p>The Trustees also require the Investment Manager to take ESG factors and climate change risks into consideration within their decision-making, where possible, as the Trustees believe these factors could have a material financial impact in the long-term. The Trustees therefore make decisions about the retention of the Investment Manager, accordingly.</p>
How the method and time horizon of the evaluation of an asset manager's performance and the remuneration for their services are in line with the Trustees' investment policies	<p>The Trustees receive regular performance monitoring reports from the Investment Manager, which consider performance over the quarter, one year and three year periods, and since inception. In addition, the Investment Adviser carries out annual independent reviews of the Investment Manager over a three year period. Monitoring over the longer term, in this way, is particularly aligned with the Trustees taking a long term perspective on investment performance.</p> <p>This monitoring helps to determine the Investment Manager's ongoing role in implementing the investment strategy. If there are concerns, the Trustees may carry out a more in-depth review. The Investment Manager is also required to attend every Trustees' meeting, to answer any questions that arise from the performance monitoring.</p> <p>The current Investment Manager's remuneration is not linked to the assets under management as no fees are levied directly on the invested funds, themselves. The Trustees are therefore regularly reminded of the additional importance to be attributed to considering the Investment Manager's performance (both in terms of pure investment performance and the value provided in other governance aspects), when considering the Investment Manager's ongoing involvement with the Fund. If consideration is given to changing Investment Manager, the ongoing charging structure would become a higher priority.</p>

The monitoring of “portfolio turnover costs” incurred by the asset manager and how the Trustees define and monitor targeted portfolio or turnover range	The Trustees will consider monitoring turnover only when deemed appropriate in the context of their wider performance monitoring. The Trustees understand that the Investment Manager’s turnover costs are negligible and therefore these are not specifically monitored.
The duration of the arrangement with the asset manager	The appointment of the Investment Manager is expected to be long-term, but the Trustees will review the appointment of the Investment Manager in accordance with their responsibilities. If the Trustees are not satisfied with the performance of the Investment Manager they will ask the Investment Manager to take steps to rectify the situation. If the Investment Manager still does not meet the Trustees’ requirements, they will remove the Investment Manager and appoint another.
Delegating monitoring/management of ESG/climate change risks	Delegating the ongoing monitoring and management of ESG risks and those related to climate change to RBC Brewin Dolphin, the Fund’s investment manager, in relation to the investment decisions it makes on members’ behalf. The Trustees require the investment manager to take ESG and climate change risks into consideration within its decision-making, subject to the investment constraints set by RBC Brewin Dolphin’s Asset Allocation Committee.
Approach to non-financial matters	Non-financial matters should not be taken into account by the investment manager in the selection, retention and realisation of investments made on members’ behalf, including in relation to the Default Balanced Fund.

## Investment-related activity during the reporting year

### Member interests

Conflicts of interest were taken into consideration. It was noted and accepted that as well as acting as Trustees, certain individuals were employees and shareholders of RBC Brewin Dolphin. The new Trustees were also made aware of this, including where they themselves may have certain conflicts of interest. Any such conflicts of interest were deemed to be manageable.

### New Investment Fund

During the reporting year, the Trustees introduced a new fund to provide members with an investment choice more aligned to long-term sustainability criteria. This Sustainable Growth Portfolio has a risk category of 7 and all employed members were given the chance to change their investment selection such that they could contribute to the new fund within the reporting year commencing on 6 April 2022.

### Investment governance

The Trustees are responsible for the governance and investment of the Fund’s assets. At each quarterly Trustees’ meeting, the Investment Manager provided the Trustees with his investment management report and performance statistics, which contained the quarterly, annual and 3-year performance figures for the Default Balanced, Long-Dated Bond, Cash, Growth and Balanced Higher Equity Funds. Quarterly and since-inception performance figures have also been provided for the recently introduced Sustainable Growth Portfolio, in the absence of any longer-term performance figures. In each case, performance was shown relative to the appropriate benchmark. Market outlook (on

topics such as the conflict between Russia and Ukraine and the political landscape) was discussed with the Trustees, including the Investment Manager's thoughts on de/re-risking or making tactical tilts within each fund. The Trustees are also informed of the latest MSCI ESG ratings and scores for all of the available funds with the exception of the Cash and Long-Dated Bond Funds on a regular basis.

The latest Chair's Statement was discussed and produced in September 2022. Using a methodology prescribed by XPS, the Trustees re-assessed and again concluded that the Fund offered good value for members. Specifically, the Trustees commissioned a Value for Members Assessment report during the reporting year. The report was discussed at the September 2022 meeting, and considered the value for members from a wide perspective, including: charges and transactional costs, range of funds available, lifestyling, security of assets, employer contributions and other factors. This assessment showed the Fund to provide good value for members overall, as well as highlighting areas for further consideration by the Trustees.

During the previous reporting year, the Trustees agreed to close the Trustee Investment Plans held with external providers in order to reduce risk and an ongoing governance burden. As at the reporting year end, the withdrawals from these legacy arrangements were in progress but had not all been completed.

The Trustees produced the annual Implementation Statement which showed how, and the extent to which, they have followed the policies within their SIP and how voting has been carried out during the year. The Statement was signed off in September 2022, and was made available on the publicly available external RBC Brewin Dolphin website.

## Investment manager review

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To assess the performance of the Investment Manager, XPS's independent investment monitoring report was presented, which is prepared annually in respect of the Default Balanced Fund, the Growth Fund and the Balanced Higher Equity Fund. The report compared the performance of the three funds with comparative funds available in the market, in recognition of the selected benchmarks. The Trustees were pleased with the relative performance of the three funds in the context of the wider market.

## Professional advice

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To educate the Trustees on unfamiliar topics, professional advice was given throughout the reporting year by XPS, which included:

- Investment strategy review: This overview of the Fund's investment arrangements provided the Trustees with an in-depth analysis of various considerations, including alignment with the Trustees' views and beliefs, membership analytics, the default strategy and self-select options.

## Trustee training

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Training was undertaken online, using materials provided by the Pensions Regulator under Code of Practice 7: Trustee Knowledge and Understanding ("TKU"). Trustees' training records were logged and all Trustees confirmed that they had either completed The Pension Regulator's Trustee toolkit, or were in the process of reviewing new or outstanding modules, with a view to completing them imminently.

## Other relevant activity

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During the reporting year, the Trustees were in the process of reviewing the objectives by which they intend to assess the investment services provided by XPS.

Fund factsheets were also updated during the year, on a quarterly basis, and made available to members.

## The Trustees' investment policies

The Trustees' SIP documents various investment policies for the Fund on the topics listed in the table below; the table also provides commentary on how, and the extent to which, the various policies were followed during the reporting year.

Policy	How the policy was followed	The extent to which the policy was followed
Kinds of investments to be held (June 2022 SIP: 'Alignment of incentives' section of 04 Investment Strategy)	The policy was followed by the Investment Manager adhering to the constraints set by RBC Brewin Dolphin's Asset Allocation Committee	The Trustees' policy was followed throughout the reporting year, in accordance with the constraints set
Balance between different investments (June 2022 SIP: 'Alignment of incentives' section of 04 Investment Strategy, and detailed in Appendix B)	The policy was followed by the Investment Manager adhering to the constraints set by RBC Brewin Dolphin's Asset Allocation Committee	The Trustees' policy was followed throughout the reporting year, in accordance with the constraints set
Risks (measurement and management) (June 2022 SIP: 'Investment Manager' section of 06 Monitoring)	The policy was followed by scrutiny of the reporting provided at each Trustees' meeting by the Investment Manager.	The Trustees' policy was followed in full
Expected return (June 2022 SIP: 'Investment Manager' section of 06 Monitoring)	The policy was followed by evidence being provided of positive performance of the funds managed by the Investment Manager	The Trustees' policy was only partially followed over the reporting year; performance of the Default Balanced Fund, the Growth Fund, the Cash Fund and the Balanced Higher Equity Fund all lagged behind benchmark performance over the 12 month period. The performance of the Sustainable GrowthPortfolio , while introduced during the reporting period, marginally lagged behind its benchmark since inception.
Realisation of investments (June 2022 SIP: 'Liquidity' section of 04 Investment Strategy )	None of the above investment-related activities applied specifically in relation to this policy, but it was followed by the Investment Manager's continued adherence to the constraints set by RBC Brewin Dolphin's Asset Allocation Committee	The Trustees' policy was followed in full
ESG (June 2022 SIP: 'Environmental, social and governance issues' section of 09 Other Issues)	The policy was met by the Investment Manager understanding the need to consider and manage ESG risks to the extent possible (albeit it was acknowledged that that extent was limited during the reporting year). The Trustees introduced a new Sustainable Growth Portfolio to align with their revised, ESG-related objective.	The Trustees' policy was met to an extent deemed to be satisfactory

	They also requested and received information from MSCI in relation to the ESG credentials of all of the available fund options, with the exception of the Cash Fund and the Long-Dated Bond Fund.	
Non-financial matters (June 2022 SIP: 'Environmental, social and governance issues' section of 09 Other Issues)	None of the above investment-related activities applied specifically in relation to this policy	The Trustees' policy was met in full
Exercise of rights (including voting rights) (June 2022 SIP: 'Voting policy' section of 09 Other Issues)	It was not possible to adhere to this policy, as discussed below	The Trustees' policy was followed to the extent deemed possible
Undertaking of engagement activities (June 2022 SIP: 'Voting policy' section of 09 Other Issues)	During the reporting year, there was no practical way for the Investment Manager to engage with investee companies and funds	The Trustees' policy was followed to the extent deemed possible
Incentives for asset managers to align their investment strategy and decisions with the Trustees' investment policies (June 2022 SIP: 'Alignment of incentives' section of 04 Investment Strategy)	The policy was followed by the Investment Manager adhering to the constraints set by RBC Brewin Dolphin's Asset Allocation Committee; and by the Trustees' monitoring processes.	The Trustees' policy was followed in full
Incentives for asset managers to make decisions based on medium to long term financial and non-financial performance assessments of an issuer of debt or equity and to engage with the issuer in order to improve performance over the medium to long term (June 2022 SIP: 'Engagement Policy' section of 04 Investment Strategy)	The policy was followed by scrutiny of the reporting provided at each Trustees' meeting by the Investment Manager.	The Trustees' policy was followed to the extent deemed possible
Evaluation of an asset manager's performance	The policy was followed by monitoring the Investment Manager's performance as described in the SIP and by acknowledgement that there	The Trustees' policy was met in full

and the remuneration for their services (June 2022 SIP: 'Investment Manager' section of 06 Monitoring)	had been no changes to remuneration arrangements	
Monitoring of "portfolio turnover costs" (June 2022 SIP: 'Portfolio turnover costs' section of 06 Monitoring)	The Trustees consider monitoring turnover only when deemed appropriate in the context of their wider performance monitoring	The Trustees understand that the Investment Manager's turnover costs are currently negligible and therefore these were not specifically monitored during the reporting year
Duration of the arrangement with the asset manager (June 2022 SIP: 'Investment Manager duration' section of 06 Monitoring)	The Trustees had no reason to ask the Investment Manager to take steps to rectify a situation in relation to investment performance	The Trustees were satisfied with the Investment Manager's performance over the year (noting the more favourable performance figures over the longer term), and therefore no further steps were required and the Trustees' policy was met in full

## Voting

Unlike in previous reporting years, the Fund sold out of its holdings in investment trusts and hence the Trustees were not in a position to be able to participate in any voting activity. Further, the Trustees were satisfied that votes cast by underlying managers would not be deemed significant by virtue of the size of each underlying holding in relation to the size of the Default Balanced Fund, the Growth Fund, the Sustainable Growth Portfolio and the Balanced Higher Equity Fund as a whole.

### Registration

XPS Pensions Consulting Limited, Registered No. 2459442. XPS Investment Limited, Registered No. 6242672. XPS Pensions Limited, Registered No. 3842603. XPS Administration Limited, Registered No. 9428346. XPS Pensions (RL) Limited, Registered No. 5817049. XPS Pensions (Trigon) Limited, Registered No. 12085392. Penfida Limited, Registered No, 08020393. All registered at: Phoenix House, 1 Station Hill, Reading, RG1 1NB.

### Authorisation

XPS Investment Limited is authorised and regulated by the Financial Conduct Authority for investment and general insurance business (FCA Register No. 528774).