

ESG Review

RBC Brewin Dolphin

Sustainable MPS Income Higher Equity

June 2023



Brewin
Dolphin

For professional advisers only

Contents

Key facts Page 3

Fund information

ESG policy and alignment

Levels of ESG investing

Sustainable Development Goals

ESG factors

Environmental Page 4

Social

Governance

Levels of ESG investing

ESG integration Page 5

Sustainability focus

Impact focus

Top 10 holdings

Sustainable Development Goals Page 6

Engagement with corporates and/or funds

Resources

RBC Brewin Dolphin’s ESG policy

ESG Review



Brewin
Dolphin

RBC Brewin Dolphin
Sustainable MPS Income Higher Equity
Patrick Norwood, CFA

Key facts

- The portfolio aims to maximise returns from income and capital growth from a portfolio of funds which exclude exposure to controversial sectors. Subject to the primary objective, the portfolio seeks exposure to companies that have a positive societal or environmental impact.
- No investment will be made in a fund that holds any company which derives more than 10% of its revenue from tobacco, controversial weapons, thermal coal, gambling or adult entertainment. Investment is into funds that are considered industry leaders in integrating ESG factors.
- Reporting of the portfolio’s MSCI ESG Score, Carbon Intensity and SDG alignment is included on its monthly factsheet.

Fund information

Launch Date	April 2021
Manager	Team approach
Domicile	UK
Assets	Active
Approach	Return Focused
Type	MPS

UN PRI signatory*	Yes
UK Stewardship Code signatory	Yes
Defaqto Diamond Rating Type	-
Diamond Rating	-

*UN Principles for Responsible Investment (PRI)

ESG policy and alignment

Exclusions: Yes

RBC Brewin Dolphin Sustainable MPS Income Higher Equity offers a portfolio of funds that looks to balance risk/return objectives with sustainable investment. All funds are considered and are initially screened to ensure no holding derives more than 10% of its revenue or sales from 5 controversial areas; tobacco, controversial weapons, thermal coal, gambling and adult entertainment.

consider to be ESG leaders, using their fund research to satisfy themselves that the fund managers are doing what they say they do and that there is no ‘greenwashing’ taking place. They analyse the active ownership policy of fund managers to verify they have thorough and proactive engagement on ESG topics. Investment in funds holding positive environmental or social impact is also favoured.

RBC Brewin Dolphin (RBC BD) look to invest in funds that they

Levels of ESG investing



For full details, please refer to p5

Sustainable Development Goals (SDG) focus



ESG factors

Environmental

Less than 1%	Between 1% and 10%	More than 10%
--------------	--------------------	---------------

Environmental Exposures	Product Involvement
Fossil Fuel	-
GMO	-
Nuclear	0.8%
Oil Sands Extraction	-
Palm Oil	-
Pesticides	-
Thermal Coal	-

There is only one exposure to note here - nuclear - and this is relatively small (nuclear is not part of RBC BD's exclusion policy).

Source: Based on availability of Morningstar ESG data as at 31 December 2022

Social

Social Exposures	Product
Adult Entertainment	-
Alcohol	0.7%
Animal Testing (Pharmaceutical)	8.8%
Animal Testing (Other)	4.5%
Controversial Weapons	-
Fur and Specialty Leather	-
Gambling	-
Military Contracting	0.7%
Small Arms	-
Tobacco	-

The only social exposure to note is animal testing, split using RBC BD's estimates into pharmaceutical and 'other'. Pharmaceutical exposure comes from underlying holdings in healthcare and pharmaceuticals. RBC BD have explained that the majority of the 'other' is related to underlying companies with sales to China, where certain products must be tested on animals by law. Animal testing is not in RBC BD's exclusion policy.

It is important to note that these figures relate to overall portfolio exposure to companies and not the sales or revenue of those underlying companies.

The other categories have no exposure, apart from relatively small amounts to alcohol and military contracting (which are not part of RBC BD's exclusion policy).

Source: Based on availability of Morningstar ESG data as at 31 December 2022

Governance

RBC BD initially screen funds using Morningstar Sustainalytics and Moody's ESG before meeting with the fund managers. RBC BD state that these meetings often concentrate on any controversial areas that have been flagged during their research and they will challenge the fund manager if necessary.

Once investment has been made into a fund, fund holdings have to be disclosed to RBC BD on a monthly basis and they will have, at the very least, an annual face to face meeting with the fund manager. On a biweekly basis, RBC BD monitor

alignment to their exclusionary policy with any conflict being flagged immediately to the fund manager. In the absence of a successful resolution, the fund will be removed from the 'buy list' and RBC BD will divest as soon as practicable.

Additionally, RBC BD perform a screen using Sustainalytics and Moody's ESG for any controversies in the underlying holdings. Where a significant controversy is identified, RBC BD will engage with the fund manager to understand their perspective.

Levels of ESG investing

Within this section, we look at the various levels of ESG across the portfolio. We use the IA responsible investment framework across three classifications: ESG integration, sustainability focus and impact (exclusions are covered on p3).

The dials represent zero, low, medium or high exposure relative to Defaqto's ESG Review universe. The exposures are calculated through our internal assessment of the underlying funds or holdings in the portfolio. The exposure boundaries used within each level are non-linear, for example, it is common to see higher levels of ESG integration relative to impact focus, so our threshold for impact focus is lower. The dials are not mutually exclusive.

ESG integration



ESG integration can be seen as a form of risk mitigation, where ESG risks are considered as part of traditional financial analysis. Around 75% of the portfolio is covered by funds with some form of ESG integration.

The remainder of the portfolio consists of other funds, including abrdn Global Government Bond Tracker, L&G Global ex-UK Inflation Bond and BlackRock ICS Sterling Liquidity Premier, which are held for portfolio diversification purposes.

Sustainability focus



Sustainability focus funds invest in assets with specific sustainability goals and/or themes.

RBC BD mainly focus on investing in funds that they consider to be 'ESG Leaders'. The objective of this portfolio is for growth and, as such, the majority of the portfolio is held in funds in this category.

These include Robeco SAM Global SDG Credits, Brown Advisory US Sustainable Growth and BMO Responsible Global Equity.

Impact focus



The final layer of RBC BD's investment philosophy is to select funds that invest in companies making a positive environmental or social impact. The funds that RBC BD have invested in which we would classify as having an impact focus are Pictet Global Environmental Opportunities, Ninety One Global Environment and Baillie Gifford Positive Change.

Top 10 holdings

Name	Classification	% of assets
RobecoSAM Global SDG Credits	Sustainability Focus	10.0
Brown Advisory US Sustainable Growth	Sustainability Focus	10.0
BMO Responsible Global Equity	Sustainability Focus	8.0
abrdn Global Government Bond Tracker	Risk Management	7.5
BNY Mellon Sustainable Global Dynamic Bond	Sustainability Focus	7.2
TB Evenlode Income	ESG Integration/Exclusions	7.0
Royal London Sustainable Leaders Trust	Sustainability Focus	6.5
Stewart Investors Asia Pacific Leaders	ESG Integration/Exclusions	5.5
L&G Global ex UK Inflation Bond	Risk Management	5.0
BlackRock ICS Sterling Liquidity Premier	Risk Management	4.5

Source: RBC Brewin Dolphin, 30/06/2023

Sustainable Development Goal (SDG) focus



Source: RBC Brewin Dolphin, May 2023

Engagement with corporates and/or funds

As referred to earlier in this document, RBC BD continually assess the funds they invest in. There is an 'SRI Buy List' from which the portfolio managers can select, and this is growing. Every fund on the buy list is reviewed on an ongoing basis to ensure that it still meets RBC BD's exclusion policies and that the fund manager is doing what they say they are doing.

RBC BD meet formally with each fund manager at least once per year, but typically more frequently. Meetings between the RBC BD team and the fund manager tend to concentrate on any controversial areas. They also ensure they meet with any extended part of the team, for instance designated ESG team members.

Resources

The team responsible for the Sustainable MPS range is split into two distinct areas. The first is the Fund Research Team, who are responsible for researching the funds and creating the 'SRI Buy List'. The Fund Research Team numbers six and they initially screen funds at sector level using both Morningstar Sustainalytics and Moody's ESG. Further internal research is then performed on the funds before a meeting with the manager is arranged.

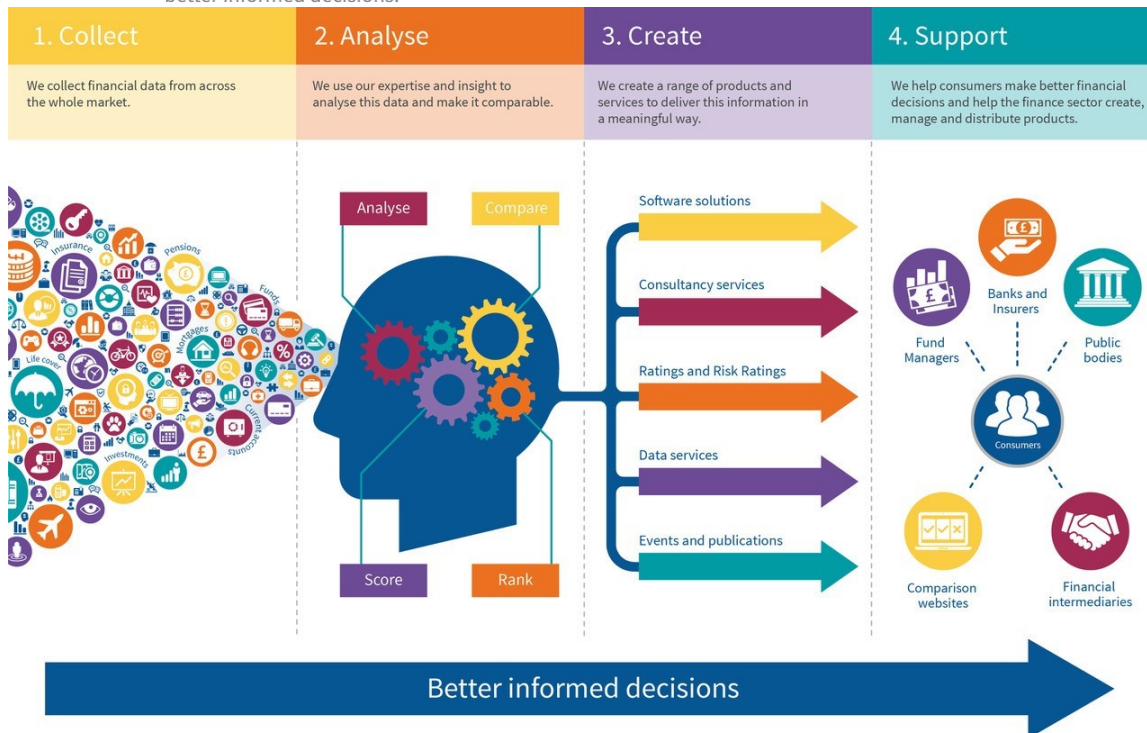
The Central Investment Solutions Team is responsible for managing the asset allocation and choosing which funds from the 'SRI Buy List' to invest in. There are various internal forums that have input into and oversight of the overall process, including the Sustainable Investment Advisory Group, the Fund and Model Committee, the MPS Investment Committee and the Asset Allocation Committee.

RBC Brewin Dolphin's ESG policy

RBC BD have a clear policy, which is open and available on their website. They consider themselves a 'good corporate citizen' and a 'responsible business' and state they have sustainability at the heart of their business and their investment decisions. Executive management are responsible for setting and reviewing their responsible investment strategy, which includes a strong focus on stewardship. Their annual stewardship report, also available on their website, goes into more detail.

About Defaqto

Defaqto is a leading financial information, ratings and fintech business. Its unbiased fund and product information provided as Star, Diamond and Service Ratings, coupled with its market-leading software solutions helps consumers, financial institutions and financial advisers make better informed decisions.



Defaqto has been operating for over 25 years and works independently. Defaqto employs over 60 analysts spending 400 hours a day monitoring the market, ensuring that the information provided is accurate and up to date.

Its independent fund and product information helps banks, insurers and fund managers with designing and promoting their propositions. Defaqto experts research, collect and continuously assess over 43,000 financial products in the UK of which nearly 10,000 are funds and fund families. Defaqto analyses over 18,000 funds including fund performance, risk-adjusted return ratios and costs and with Defaqto Engage, Defaqto's end-to-end financial planning tool, advisers can filter, sort, rank and analyse the options making the most suitable recommendation for their client.

In addition to its consumer-facing Star Ratings, Defaqto assists financial organisations in improving performance and better understanding the market through its suite of software solutions; Defaqto Engage, Matrix and Defaqto Compare. Defaqto's solutions are used across banking and insurance, Fund management, comparison websites and financial advisers.

© Defaqto Limited 2023. All rights reserved.

No part of this publication may be reprinted, reproduced or used in any form or by any electronic, mechanical, or other means, now known or hereafter invented, including photocopying and recording, or in any information storage or retrieval system without the express written permission of Defaqto. This ESG Review is for the professional use of professional financial advisers only, and is solely made to and directed at such financial advisers. It is intended to be used by them only to inform them in the independent financial advice they give to their clients, and then only if those financial advisers are not acting as agents for their clients or, at least, will not be acting as agents for their clients in purchasing an interest in the investment or fund which is the subject of this ESG Review (Purchasing the Investment).

This ESG Review is not for the use of, and is not made to, or directed at, the clients of professional financial advisers or anyone who may be considering purchasing the investment. No such clients or such other persons should rely on this ESG Review, and Defaqto shall not be liable in any respect whatsoever to such clients or other persons if they do so. This ESG Review was prepared by, and remains the copyright of, Defaqto.

Defaqto makes no warranties or representations regarding the accuracy or completeness of the information or views contained in this ESG Review. The views contained herein simply represent the views of Defaqto at the date of publication and both those views and the information set out herein may change without reference or notification to any recipient of this ESG Review.

Defaqto does not offer investment advice or make recommendations regarding investments and nothing in this ESG Review constitutes, is intended to constitute, or should be taken as, a recommendation or advice that any investment activity be undertaken by any person. Readers of this ESG Review must make their own independent assessment of whether it is appropriate to purchase the investment. Defaqto is not acting as financial adviser or in any fiduciary capacity in relation to any transaction in any investment. Nothing in this ESG Review constitutes, is intended to constitute, or should be taken as, financial promotion, any incentive or any inducement to engage in any investment activity whatsoever, including to purchase the investment. It is not the purpose or intention of this ESG Review to persuade or incite anyone to engage in any such investment activities.

Please contact your Defaqto Account Manager or call us on 01844 295546

defaqto.com/advisers

© Defaqto Limited 2023. All rights reserved.

No part of this publication may be reprinted, reproduced or used in any form or by any electronic, mechanical, or other means, now known or hereafter invented, including photocopying and recording, or in any information storage or retrieval system without the express written permission of the publisher. The publisher has taken all reasonable measures to ensure the accuracy of the information and ratings in this document and cannot accept responsibility or liability for errors or omissions from any information given and for any consequences arising.