



MPS Review

RBC Brewin Dolphin

RBC Brewin Dolphin MPS Cautious Higher Equity Passive Plus

February 2024



**Brewin
Dolphin**

For professional advisers only

Defaqto MPS Reviews

This document is designed to provide the reader with a quantitative overview of the portfolio reviewed. The review then goes on to examine information of a more qualitative nature, which has been obtained through an interview process with the portfolio manager/s.

The qualitative information covers specific areas including the portfolio manager's philosophy, their people, and the processes they employ. Additional information is also provided on their research capability, the resources they have at their disposal and how they manage risk. All of this information goes towards creating this comprehensive Portfolio Review.

Defaqto Ratings

Ratings to help advisers and their clients make better informed decisions

The Defaqto experts have created a range of ratings to help advisers find the best product or proposition for their clients.



Show at a glance how a portfolio family performs in comparison to the rest of the market.



Demonstrate the comprehensiveness of products across a range of areas, from pensions to DFMs.



An overall assessment of service – by advisers for advisers.

Suitability ratings to support compliant advice

Defaqto have created a set of ten Risk Profiles, and four Income Risk Profiles with corresponding ratings to which portfolios are mapped using a robust process. This helps advisers to evidence suitability for their clients in both the accumulation and decumulation phase:



MPS Review

RBC Brewin Dolphin
RBC Brewin Dolphin MPS Cautious Higher Equity Passive Plus
Patrick Norwood CFA



Brewin
Dolphin

Executive summary



This portfolio is part of a range of seven portfolios, with expected risk and return varying through the range.

There are 31 investment professionals behind these portfolios.

The portfolio's strategic asset allocation is based on the results of an optimisation process.

The portfolio is tactically adjusted each month to take account of key changes in financial markets as well as RBC Brewin Dolphin's latest investment views.

Equity and bond positions are implemented using third party passive funds. The 'Plus' element of the portfolio

refers to the active nature of the asset allocation process and active manager selection within the alternative investments.

RBC Brewin Dolphin introduced a new segregated mandate in February 2022, the MI Select Managers Alternatives fund, to access alternative assets in the portfolio at an even lower cost.

As well as quantitative screening and qualitative due diligence, responsible investment is integrated across all of RBC Brewin Dolphin's research and all of the managers selected for inclusion in the portfolio are UNPRI signatories.

Investment objective

The portfolio's objective is to provide outperformance of the IA Mixed Investment 0-35% Shares over the medium to long-term. Returns will be generated through both capital growth and income, with a bias towards developed and liquid capital markets. The risk will be diversified by holding collective investments. The management of the portfolio aims to meet the objective conservatively by taking managed risk through fund selection and asset allocation.

About RBC Brewin Dolphin

The firm's origins can be traced back to 1762. They have been managing client's discretionary portfolios in partnership with advisers for more than 30 years.

In September 2022, Brewin Dolphin formally became part of the RBC group of companies, creating a wealth manager covering the UK, Channel Islands and Ireland with over £50 billion in assets under management, the majority of which is under discretion.

RBC Brewin Dolphin has more than 30 regional offices and over 2,100 employees and offers personalised wealth management services from bespoke,

discretionary investment to retirement planning and tax-efficient investing.

In addition to bespoke discretionary management, RBC Brewin Dolphin offers seven Active MPS, seven Passive Plus MPS and five Sustainable MPS, with expected risk and return varying through each range. They also have two fund ranges, the multi-asset Voyager fund range, which consists of six risk-rated multi-asset funds and the MI Select Managers fund range which spans five asset classes, three equity funds, one bond fund and an alternatives fund.



Quantitative review



The quantitative data that appears over the following pages has been generated by Defaqto using a combination of third-party and proprietary data sources and data provided by the asset manager. The information reflects the availability of data as at the dates highlighted.

All information reflects the investment solution specified in the information and classification table below.

Portfolio information and classification

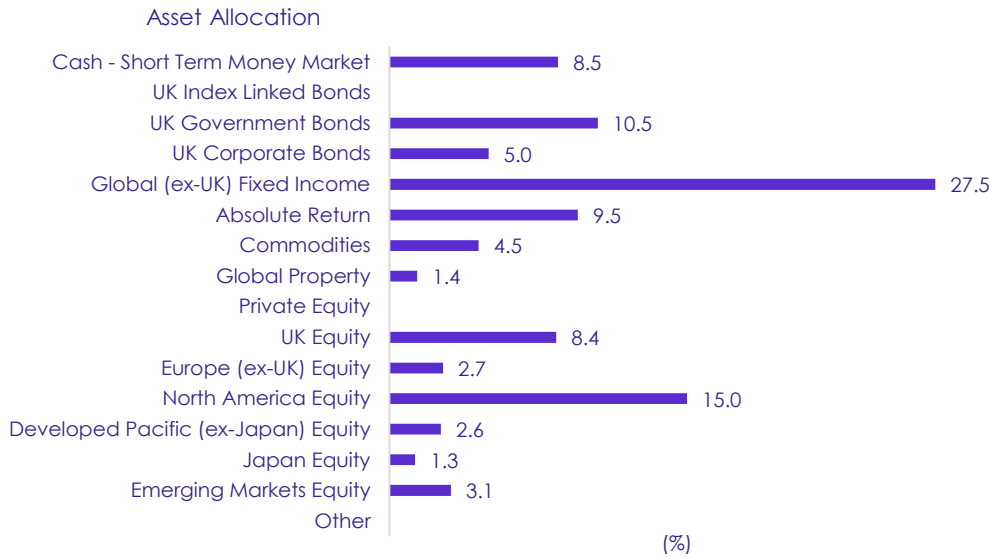
Launch Date	9 September 2019	Category ¹	Defaqto Risk Rating 3 Portfolios
Portfolio Manager	Team approach	Diamond Rating Type	DFM MPS Family
Domicile	GBR	Diamond Rating	Not rated
Assets	-	<i>¹The category used in all comparative analysis, over the following pages.</i>	
Investment Style	Return Focused		
Type	Model Portfolio		

Portfolio size and fees

AUM	£13.4m
Performance Date	31 December 2023
Total Costs	0.39%

Source: Defaqto, 31 December 2023

Asset allocation



Source: Defaqto, 31 December 2023

Note

This asset allocation chart is drawn using the 16 asset classes (including 'other') that we use in Defaqto Engage.

This may differ slightly from the asset allocation described by the asset manager, due to various asset class roll-up and mapping variances.

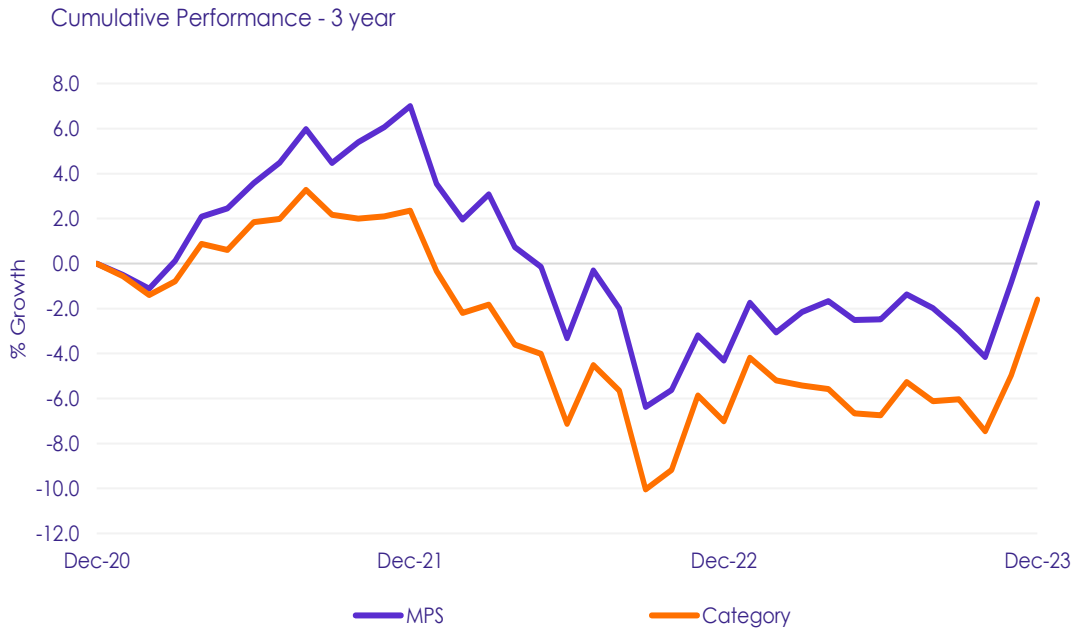
Top 10 holdings

Assets in Top 10 Holdings (%) 91.9

Name	% of assets
MI Select Managers Alternative	18.0
Fidelity Index US	15.1
HSBC Global Corporate Bond Index	14.0
HSBC Global Government Bond Index	11.5
Fidelity Index UK	6.6
L&G Global ex UK Inflation Bond	6.5
BlackRock ICS Sterling Liquidity	6.5
Vanguard UK Government Bond Index	6.0
iShares Corporate Bond Index	5.0
Vanguard FTSE Dev Europe ex UK	2.7

Source: Defaqto, 31 December 2023

Performance



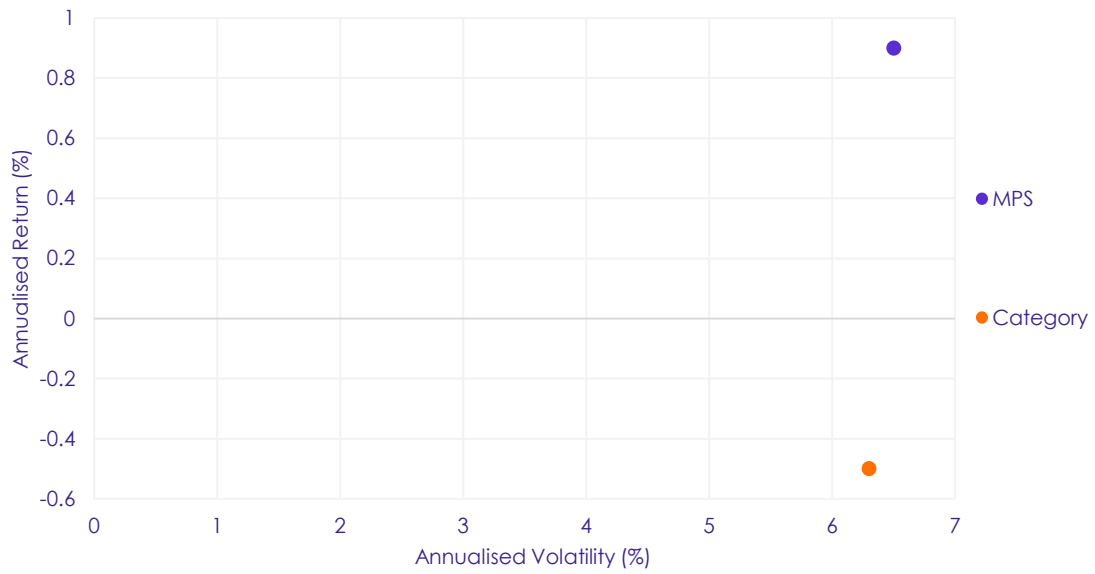
Annual Performance



	2019	2020	2021	2022	2023
■ MPS	0.0%	3.2%	7.0%	-10.6%	7.3%
■ Category	9.0%	7.0%	2.3%	-9.1%	5.8%

Risk

Risk vs Return- 3 year



Source: Defaqto, 31 December 2023

Drawdown

Last 36 Months	
Max Drawdown	-12.5%
Positive Months	20
Negative Months	16
Worst Month	-4.5%

Source: Defaqto, 31 December 2023

Liquidity

Days to liquidate holdings	% of portfolio
1 - 7 days	100
8 - 30 days	-
31 - 180 days	-
181 - 365 days	-
365+ days	-

Source: RBC Brewin Dolphin, 14 February 2024



Philosophy

The investment philosophy behind the portfolios in this range is based on the following key principles:

- Protection against inflation
- Balancing risk and return
- Investing in quality assets for the long term
- Diversification
- Seeking attractively valued growth opportunities
- Cost conscious

Responsible investment is integrated across all of RBC Brewin Dolphin's research, rather than being just for their Sustainable portfolios. ESG criteria are assessed in all cases as part of the fund due diligence process. This is also performed through active stewardship. The investment team at RBC Brewin Dolphin monitor portfolio holdings and engage directly with fund managers on investments in their funds that are assessed to be a material point of concern as part of their 'controversy tracking' process.

All of the managers selected for inclusion in the portfolio are UNPRI signatories. As part of that commitment these managers incorporate ESG factors into their investment decisions and are active investment owners.

For equities and bonds, third party passive funds are selected. In the case of alternatives, active management is preferred and RBC Brewin Dolphin utilise a 'segregated mandate' approach. The chosen ACD (Maitland Institutional) runs a segregated account and these segregated accounts are aggregated into a single fund. RBC Brewin Dolphin believe the advantages of this approach are: one less layer of costs; lower turnover; and a more bespoke approach where the assets are run according to an investment management agreement and lower fees can often be negotiated.

People

There are 31 investment professionals in the research area, averaging over 11 years of relevant industry experience per individual. The research area is primarily comprised of five teams: Equity Fund Selection, Direct Equity Research, Fixed Income and Alternatives Fund Selection, Investment Strategy and Central Investment Solutions. A full breakdown is visible in the organisation chart on the next page.

Davina Rich is the Head of Research, responsible for the first three teams above; and Guy Foster is Chief Strategist, responsible for the other two teams.

MPS (and fund) governance is split into three areas: investment governance, sustainability governance and

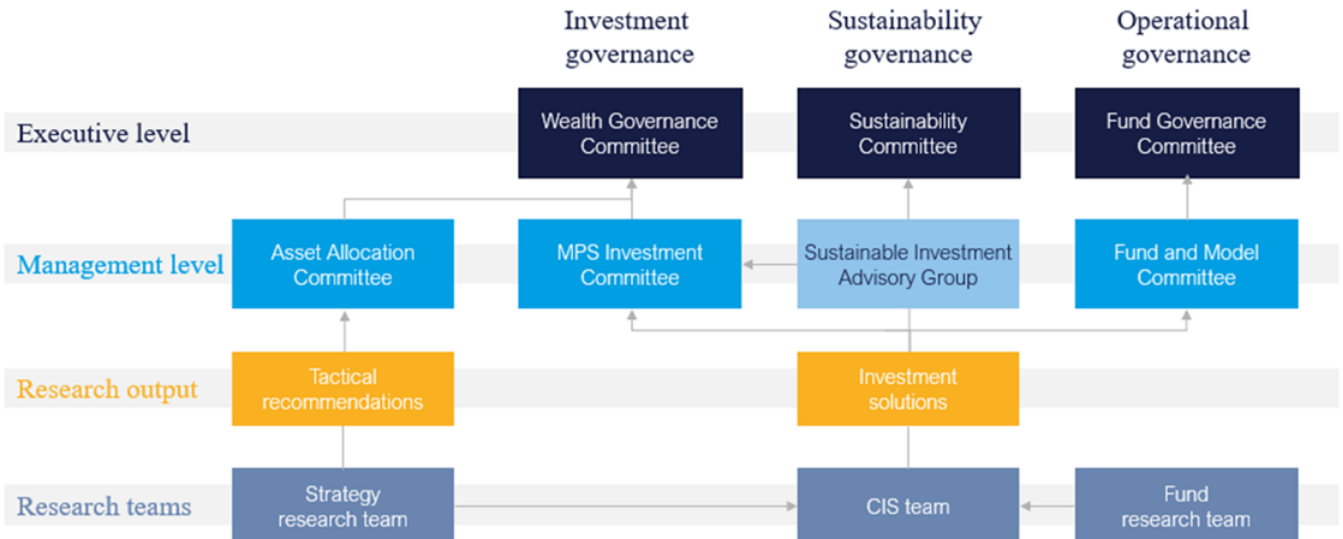
operational governance. At Exco level these are covered by the Wealth Governance Committee, Sustainability Committee and Fund Governance Committee respectively. At Management level they are covered by the MPS Investment Committee, Sustainable Investments Advisory Group and Fund & Model Committee.

There is also an Asset Allocation Committee, which determines the portfolio's strategic asset allocation and reviews the portfolio tactical asset allocation monthly.

Well resourced, experienced and diverse: 27 investment professionals averaging over 13 years of relevant industry experience

Davina Rich, CFA Head of Research				Guy Foster, CFA Chief Strategist	
Marina Chernyshova* Head of Research Governance	Gill Abid Team Assistant	Athanasia Karananou Head of Stewardship	Kelly Eva Stewardship Manager	Investment Strategy	
Equity Fund Selection Team		Direct Equity Team		Janet Mui*, CFA Head of Market Analysis	Paul Danis, CFA Head of Asset Allocation
Michael Paul*, CFA Head of Equity Funds Research		James Box Head of Equity Research		Darryl Tong Quantitative Strategist	
Anna Haugaard*, CFA Senior Analyst	Marcus Stuart-Smith Associate Analyst	Nik Stanojevic*, CFA Senior Analyst	Nicla Di Palma*, CFA, CAIA Senior Analyst	Central Investment Solutions	
Isabella Grace Research Assistant		Jeremy Galopin*, CFA Senior Analyst	Nishad Subramaniam, CFA, CA Senior Analyst	David Hood*, CFA Head of CIS	
Fixed Income and Alternatives		Joe Fentem, CFA Analyst	Alexander Moore, CFA Senior Analyst	Wendy Man*, CFA Portfolio Analyst	Berron Parker Portfolio Analyst and Developer
Shakhista Mukhamedova, CFA Head of FI & Alternatives	Oliver King, CFA Alternatives Associate Analyst	Harrison Bone, CFA Associate Analyst	Christina Lewis, CFA Associate Analyst	Tom Buffham*, CFA Portfolio Manager	Jack Collini, CFA Portfolio Manager
Caspar Viera Analyst				Diego Daprile Assistant Portfolio Analyst	

* ESG CFA qualification



Process

The investment process can be broken down into five stages: strategic asset allocation; tactical asset allocation; investment selection; portfolio construction; and implementation/ongoing risk monitoring.

1. Strategic asset allocation (SAA) is determined by the Asset Allocation Committee and Strategy Research Team, based on the results of an optimisation process. The return inputs for this are forward-looking views produced by the Strategy Research Team and reviewed by the Asset Allocation Committee. The risk inputs are based on past volatilities, using 40 years of monthly and 25 years of daily data. The SAA is reviewed annually and the inputs are updated to reflect RBC Brewin Dolphin's forecasts. Following this, changes may be made to the SAA to optimise the portfolio.

2. Tactical asset allocation. The portfolio is tactically adjusted each month to take account of key changes in financial markets as well as RBC Brewin Dolphin's latest investment views, looking roughly 12-18 months ahead. Any changes to the asset allocation are recommended by the Strategy Team. The portfolio is also kept in line with its risk profile.

3. Investment selection. Positions are implemented using third party funds/managers. Funds included in the portfolio will have been reviewed by the Fund Research Team and be on their 'buy list'.

The passive holdings, primarily equities and bonds, will usually be tracker funds (rather than ETFs). The choice of fund will depend on the index being tracked, its tracking error/difference and its replication method. In the case of the active holdings, mainly alternatives, the Fund Research Team start with a quantitative screen in order to identify potential managers. This is based on risk-adjusted performance on a discrete basis (to prevent one very good year or quarter flattering the numbers).

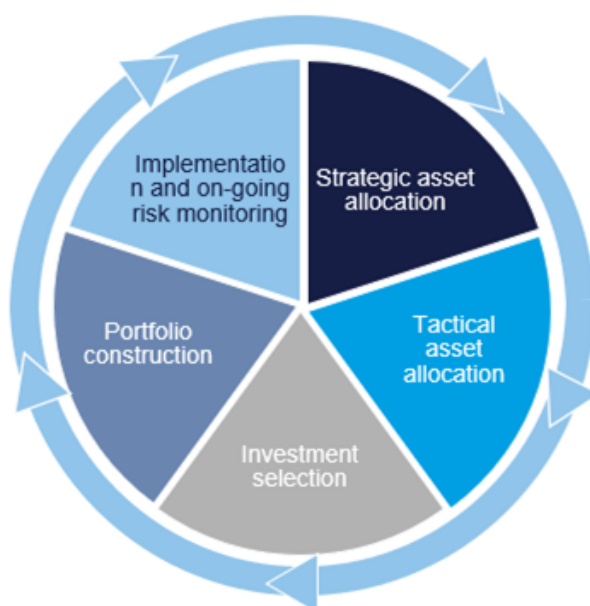
The Fund Research Team then go on to perform qualitative due diligence on the funds passing through the above screen in order to try and determine where the outperformance has come from and whether it is likely to be repeatable. This considers factors such as the financial strength, organisational integrity and stability of the investment firm as well as the key people and their support. Manager access and full portfolio transparency on a timely basis are also important to RBC Brewin Dolphin.

As mentioned in the 'philosophy' section, RBC Brewin Dolphin's fund research considers ESG factors, seeking to understand how fund managers integrate ESG into their fund decision-making as well as their approach to stewardship. For all the funds they cover, RBC Brewin Dolphin will engage with the managers on material ESG issues. The fund analysts work to ensure that fund managers engage with the companies they own in a constructive manner.

RBC Brewin Dolphin use MSCI to provide an independent ESG score for this and their other portfolios (a weighted average of the scores of the underlying funds which in turn are weighted averages of the MSCI scores of the underlying companies). This rating measures the portfolio's resilience to long-term, material ESG risks. It does not form part of the due diligence process but instead is information provided to clients.

4. Portfolio construction. Style Analytics 'skylines' are used to monitor the overall investment style. Manager turnover averages around 20%.

5. Implementation/ongoing risk monitoring. Managers are seen twice a year on average, with additional scrutiny if there have been any issues such as poor or unexpectedly good performance.



Risk management

This and the other portfolios are risk profiled by seven different risk profilers - Defaqto, Dynamic Planner, EV, Finametrica, Morningstar, Synaptic and Oxford Risk.

The MPS Investment Committee review portfolio risk as part of their monthly pack. Risk measures looked at include expected tail loss (all asset classes) and duration (bonds only).

The tactical asset allocation has a $\pm 7.5\%$ tolerance at a high asset class level (cash, bonds, equities and alternatives).

About Defaqto

Defaqto is a leading financial information, ratings and fintech business that supports financial institutions, intermediaries and consumers to make smarter financial decisions.

Maintaining the UK's largest financial product database, Defaqto uses proprietary research methodology to develop independent ratings, reviews, insights, and technology that raises industry standards, powers consumer choice, and helps the industry to meet evolving consumer needs.

If you would like more information, please contact sales@defaqto.com or call 01844 295 546.

© Defaqto Limited 2024. 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 Portfolio 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 portfolio which is the subject of this Portfolio Review (Purchasing the Investment).

This Portfolio 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 Portfolio Review, and Defaqto shall not be liable in any respect whatsoever to such clients or other persons if they do so. This Portfolio 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 Portfolio 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 Portfolio Review.

Defaqto does not offer investment advice or make recommendations regarding investments and nothing in this Portfolio 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 Portfolio 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 Portfolio 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 Portfolio Review to persuade or incite anyone to engage in any such investment activities.