



# RBC Brewin Dolphin Sustainable MPS Balanced

31 March 2024

## Investment objective and overview

The portfolio aims to maximise returns from income and capital growth from a portfolio of funds which exclude exposure to companies with significant revenue from controversial sectors. Subject to the primary objective, the portfolio seeks exposure to companies that have a positive societal or environmental impact.

All funds in the portfolio go through a robust Environmental, Social, Governance (ESG) selection process which consists of three parts:

**Exclusions:** funds that seek to exclude companies that derive significant revenue from tobacco, controversial weapons, thermal coal, gambling, and adult entertainment\*.

**ESG Leaders:** funds that are industry leaders in integrating ESG factors into investment decisions and stewardship activities, and

**Impactful companies:** funds that invest in companies which contribute positively and measurably to social and/or environmental challenges

We measure our approach by assessing alignment with the United Nations' Sustainable Development Goals (SDGs).

\* Involvement is defined as greater than 10% of sales in the listed areas.

## Performance

March 2024	1Mth	3Mths	6Mths	YTD	1Yr	2Yr	2022	2023	SI (p.a) <sup>1</sup>
SMPS Balanced	2.32	3.28	9.77	3.28	8.32	5.87	-11.48	8.53	3.01
IA Mixed Investment: 40-85% Shares	2.77	4.14	10.15	4.14	10.11	5.02	-10.18	8.10	2.58
Relative	-0.45	-0.87	-0.38	-0.87	-1.79	0.85	-1.30	0.42	0.43

Source: MorningStar.

All income is reinvested. Performance is shown inclusive of underlying fund charges and gross of RBC Brewin Dolphin's investment management charge. Since Inception (SI) - <sup>1</sup>Inception Date of 26/04/2021, quoted on an annualised basis.

## MSCI ESG Ratings

ESG Quality Score **7.3**

**MSCI**  
ESG RATINGS **AA**

CCC | B | BB | BBB | A | **AA** | AAA

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## Risk Ratings

**DYNAMIC PLANNER** PROFILED **5**

**FinaMetrica**  
Risk Tolerance Profiling  
OK Risk 58-69

**RISK RATING**  
**6**  
defaqto

**Synaptic**  
Risk Rating  
**3.4**  
1-5

**MORNINGSTAR**  
Risk Score **3.6**

**ev**  
Risk 1-5 3  
Risk 1-7 4  
Risk 1-10 5

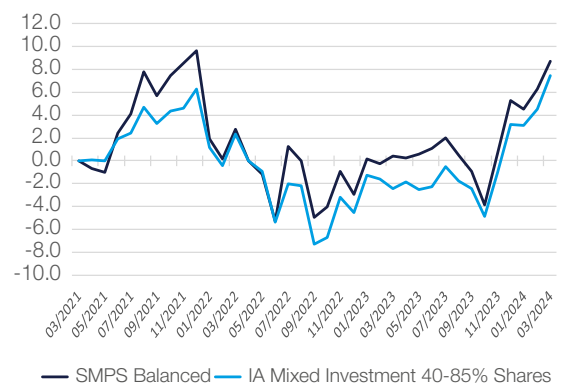
**Oxford Risk** 3 / 5  
4 / 7

## Key Information

Inception date: 26 April 2021

Estimated annual yield: 1.15%

Investment Management Charge: 0.30%



### Economic Commentary

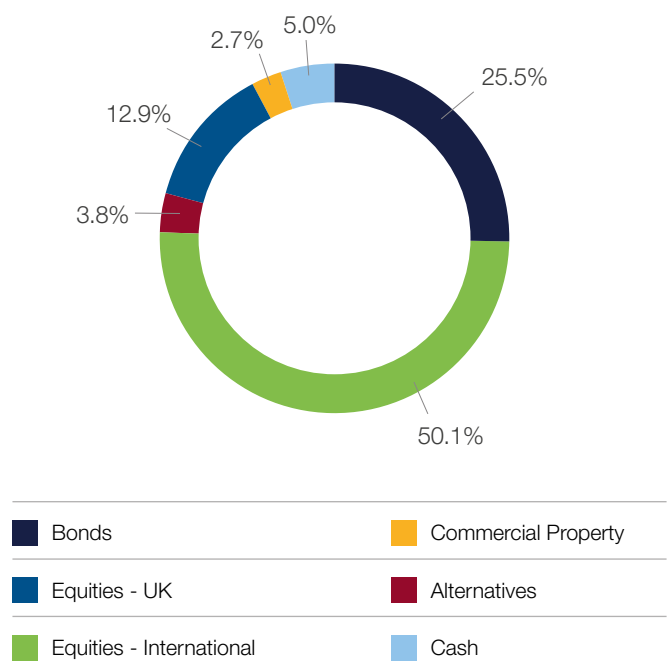
Global equity markets continued to rally in March, supported by strong economic data and expectations of rate cuts later in the year. US equities posted the strongest first quarter since 2019, while Japan's Nikkei 225 index and Europe's Stoxx 600 index broke fresh record highs in March. The rally in Q1 has been impressive, as traders have scaled back rate cut expectations in the US, pushing US ten-year treasury yields to a four-month high of 4.3%. It vindicates the idea that the equity rally is supported by fundamental strength in corporate earnings and that the economy is resilient despite tight monetary conditions. Indeed, we saw a few encouraging developments in March that are worth noting. First, the Citi global economic surprise indicator, which measures economic data relative to analysts' expectations, has reached a one-year high.

Second, manufacturing business surveys in the UK, US and China are back to expansion, signalling a cyclical recovery in a sector that has been contracting for much of the past 18 to 24 months. Third, inflation is trending down. In particular, the eurozone consumer price index (CPI) has slowed to just 2.4% in March. This provides confidence that major developed economies' inflation will slow in a synchronised way, which will ultimately allow central banks to ease policy. Fourth, the Federal Reserve has continued to guide the markets for three rate cuts for 2024. Finally, the US equity rally has broadened out with cyclical sectors catching up with technology's gains in the first quarter. The rotation in market leadership and broadening out of gains are generally seen as healthy developments.

### Portfolio Holdings as at 31 March 2024

Brown Advisory US Sustainable Growth	10.00%
Stewart Investors Asia Pacific Leaders Sustainability	7.20%
RobecoSAM Global SDG Credits	7.00%
TB Evenlode Income	6.50%
Royal London Sustainable Leaders Trust	6.40%
Schroder Global Sustainable Value	6.00%
L&G All Stocks Gilt Index Trust	6.00%
CT Responsible Global Equity	5.00%
Pictet Global Environmental Opportunities	5.00%
L&G Global ex UK Inflation Bond	5.00%
ASI Global Government Bond Tracker	4.50%
Liontrust Sustainable Future US Growth	4.30%
Schroder Global Energy Transition	4.00%
Ninety One Global Environment	3.50%
TB Evenlode Global Income	3.30%
Royal London Ethical Bond	3.00%
BlackRock ICS Sterling Liquidity Premier	3.00%
Schroder Global Cities Real Estate	2.70%
Cash	2.00%
Baillie Gifford Positive Change	1.80%
BNY Mellon Sustainable Global Dynamic Bond	1.50%
Muzinich Global Tactical Credit	1.20%
Trium ESG Emissions Improvers	1.10%

### Asset Allocation



### Our ESG partners



### Carbon Intensity

Carbon Intensity measures a portfolio's exposure to carbon intensive businesses and is a recommended metric for assessing Carbon Risk by the Task Force on Climate Related Financial Disclosures (TCFD). It is calculated as a weighted average of each portfolio companies total Scope 1(1) and Scope 2(2) Carbon Emissions divided by their annual Sales, with a lower score representing less (better) Carbon Intensity.

Comparisons of Carbon Intensity figures should be made with caution, as generally companies in the sectors with the highest Carbon Emissions (such as Utilities) also have the highest potential for reducing their Carbon Emissions. We believe it is important to encourage these reductions in carbon emissions where they have the potential for highest impact.

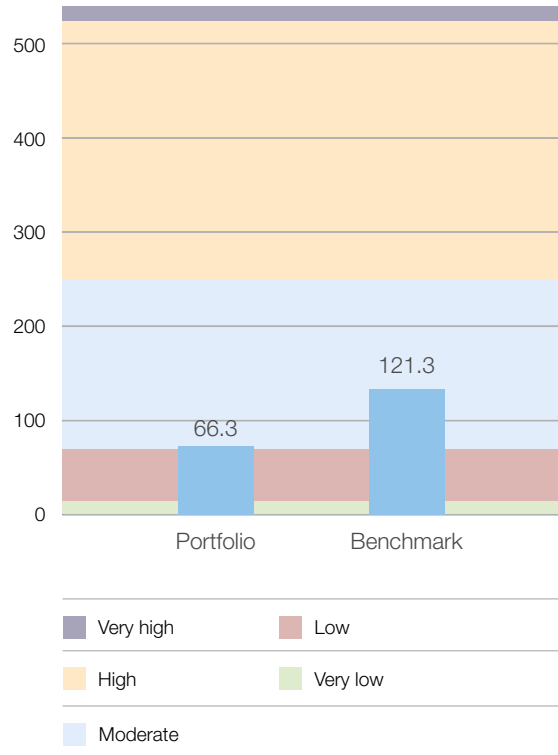
#### References:

(1) Scope 1: All direct GHG emissions from sources owned or controlled by the company (e.g. emissions from combustion in owned boilers, furnaces).

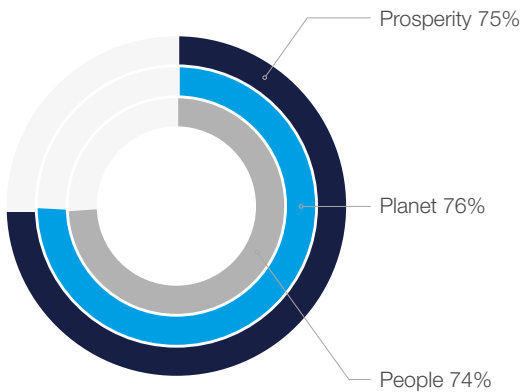
(2) Scope 2: Indirect GHG emissions that occur from the generation of purchased electricity, steam or heat consumed by the company.

Benchmark for comparison: 70% MSCI ACWI, 30% Bloomberg Barclays Global Aggregate

### Carbon Intensity vs Benchmark (TCO2e / \$m sales)



### SDG Alignment



The UN SDG Alignment provides a framework for considering a broad set of seventeen sustainability issues. Although not intended for investment purposes, it provides a useful context for measuring a portfolio's alignment with these goals.

We select 12 of these SDGs and place them into three sustainability themes: People, Planet, and Prosperity, with each sustainability theme consisting of four SDG goals. We use fund alignment data from MSCI to measure the alignment of the portfolio to each of our three sustainability themes. To calculate this, we take a weighted average of each fund's alignment to each of the three sustainability themes.

For instance, if Fund A is a 10% holding in the portfolio, and within the People theme is aligned with both "Zero Hunger" and "Gender Equality" but not the other two SDGs, then the fund will contribute 5% to the overall score of the People theme: 2.5% through Gender Equality and 2.5% through "Zero Hunger".

#### Prosperity



#### Planet



#### People



## Stewardship and engagement - our partners



### THE INVESTOR FORUM

A community interest company set up to help investors work collectively to escalate material issues with the Boards of UK-listed companies.

Via the Investor Forum, we have supported engagements on a range of issues including microplastic pollution, and the licensing of UK garment manufacturers.



An investor initiative to ensure the world's largest corporate greenhouse gas emitters take necessary action on climate change.

As an active participant, we are part of the group engagement with Berkshire Hathaway.



Columbia Threadneedle Investments is our ESG collective engagement partner for global companies. By pooling our assets with others to create a single powerful investor voice, we increase our influence to effect positive change. We are engaging with Columbia Threadneedle Investments on our priorities for 2023 which include climate change, environmental stewardship and labour standards.

## Awards



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The Sustainable MPS model portfolios promote investment into firms with positive environmental, social and good governance characteristics, but they do not have sustainable investing targets. Due to the sustainable focus of this portfolio, there are companies and sectors in which we are unable to invest, meaning the portfolio's performance may be lower than that of an unconstrained investment portfolio with the same benchmark.

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