

2020 - Stewardship & Engagement Report

This report details the stewardship and engagement activities of RBC Brewin Dolphin (RBCBD) Ireland's newly constituted stewardship committee which was established as a standalone committee on the 30th of September 2020. For further information on stewardship and engagement preceding this date please refer to RBC Brewin Dolphin's Group Stewardship & Engagement Report.

RBC BD Ireland make no material distinction between our engagement on behalf of institutional and retail clients and our Engagement Policy forms part of our overall Stewardship Policy and arrangements.

Voting

Shares in companies and investment trusts often give shareholders the right to vote on matters such as corporate governance, policy and remuneration. Where we act as discretionary investment manager for clients, we are generally considered the 'legal owner' of our clients' investments. As such, we are given the opportunity to vote on our underlying clients' behalf (as the 'beneficial owners') in respect of their investment of capital.

Whilst technically being the legal owners of the shares, our clients have the opportunity to express their view by directly instructing their investment manager. This allows clients with shares held in our nominee companies to exercise their votes as they consider appropriate.

In practice most clients who elect to have a discretionary service (whereby we make buy and sell investment decisions on their behalf without prior consultation or approval), tend not to submit voting instructions to us so, in the closing days before each AGM, we vote on the balance of each shareholding.

Where RBC BD Ireland (rather than our clients) vote, we take the following approach.

- Firstly, our Group Research & Strategy team consider how to vote on each core holding.
- Secondly, they review the opinion of our third-party proxy research service provider, currently Institutional Shareholder Services (ISS), who provide them with a recommendation in respect of the vote.
- Ultimately our Group Research & Strategy team's decision is final and we do not necessarily follow ISS's recommendation or automatically follow the investee company's Board.

On occasion we may be alerted to vote on a non-core holding. This may, for example, be prompted by our monitoring or engagement with the company, or by a particular client or investment manager. In such cases our Group Research & Strategy team will vote taking into account ISS's recommendation, but not necessarily following it.

If our decision is contentious, meaning that the voting position taken may attract public scrutiny, then the recommendation is escalated to the Wealth Governance Committee (which oversees our Stewardship Committee).

In instances, where we are not prompted to vote on a non-core holding, we ordinarily abstain from voting. As a firm with a long investment tail, this represents a large number of holdings of modest value in which our influence is likely to be limited.

An alternative approach would be to have a voting policy which extends to cover those securities as well, however we do not believe in voting against the firm's Management without engagement.

Our voting record for the past year is noted below with annual reporting on voting to be published going forward.

Voting Activity

In total, RBC Brewin Dolphin Ireland voted at 9 AGMs and EGMs since the 30th of September 2020 with 2 of these votes relating to non-core holdings.

There were no occasions, having carefully considered the proposals made by a company and the independent advice of ISS, where we elected to vote against any resolutions.

In most instances both our independent advisor and internal view accord with the resolutions proposed by the companies we are invested in, but there are exceptions. Ultimately, we will come to our own view and do not necessarily follow either Management or ISS recommendations.

In the past year ISS have advised us to vote differently from Management on 2 occasions. On both occasions we did not deem it appropriate to vote against Management.

Due to the favourable tax treatment of UK listed investment trusts for private taxable investors we generally have large positions in these investment vehicles. The ability to raise additional capital without pre-emptive rights is often marked as a contentious item for consideration by ISS due to the potential dilution effects for existing shareholders.

We have generally considered it to be in the interests of our clients that placings take place, despite the modest dilution they caused. That is because the companies involved have demonstrated a strong and opportunistic track record of raising additional funds at a premium to their prevailing net asset value. The additional funds placed have increased the liquidity of the investment for existing investors while minimising the level of dilution due to the price premium. In addition, due to the size of our position we are often provided the opportunity to participate in these placings on behalf of our clients.

While investors in placings generally achieved modest discounts to the prevailing market price the share price reactions post the capital raises were generally positive following the successful deployment of the additional capital.

We noted that Management have often participated in placings, but usually to a modest extent relative to their existing holdings. The choice of a placing over a rights issue generally diluted their own stakes and this created reasonable alignment between Management and existing shareholders. We supported placings through our voting activity on that basis.

Direct and Collective Engagement

At no point during the last quarter of the year did we actively engage with our investment companies on a direct or collective basis. We hope to pursue a more active role in the coming year and will look to engage and consult with companies if deemed appropriate or if approached by the company's investor relations.

Escalations

Sometimes it is necessary to escalate matters within the investee company and take a more proactive approach. We will escalate matters if we are planning on voting against management and ISS at a company meeting. At no point during the last quarter was any escalation required.

Voting Record

Month	Meeting Type	Company	Voting Result	All/Partial
Sep-20	EGM	BB Healhtcare	In favour	All
Sep-20	AGM	Polar Capital Technology	In favour	All
Sep-20	AGM	Total Produce	In favour	All
Oct-20	EGM	Unilever	In favour	All
Oct-20	AGM	Baillie Gifford US Growth Trust	In favour	All
Oct-20	EGM	Aquila Renewables	In favour	All
Oct-20	EGM	Supermarket Income	In favour	All
Nov-20	AGM	Baillie Gifford Japan	In favour	All
Dec-20	AGM	AVI Global Trust	In favour	All