BRANCH INVESTMENT ACCOUNT WITH RBC BREWIN DOLPHIN

Summary

Legion Scotland opened an account in 2017 with Brewin Dolphin in order to enable Legion Branches to pool their long-term reserves and have the assets actively managed in order to generate returns ahead of that available on cash deposits over the long-term.

Who is RBC Brewin Dolphin?

RBC Brewin Dolphin is one of the UK and Ireland's leading wealth managers and can trace its origins back to 1762. They are one of the UK's leading providers of bespoke charity investment management services with offices across the UK, Ireland and the Channel Islands. The company has been providing bespoke services to charities and not-for-profit organisations, private clients, pension funds and trusts for generations and focus on working with clients to provide investment solutions to meet their individual needs.

Brewin Dolphin was an independent company until 2022 when the business was taken over by Royal Bank of Canada (RBC). RBC Brewin Dolphin is now a trading name of RBC Europe within the RBC family. As part of RBC, the company is able to draw on the strength of a well-capitalised global financial institution (RBC has an AA- credit rating from Standard & Poor's) to continue to improve services to clients and drive further innovation.

The individuals within RBC Brewin Dolphin with specific responsibility for the Branches investments are the dedicated Scottish Charity Team.

How will the funds be invested?

The Branch Account has been set up to hold cash reserves that it is anticipated will not be required over the short term (**this is not to be used as a current account, so Branches should not consider investing funds that they will require access to for at least a period of 12 months and ideally 3 years**).

The Trustees have considered the RBC Brewin Dolphin 'Guide to Risk categories for Charities' which discusses risk and volatility and categorises risk within 10 categories. Investment management services are offered within categories 3 (very low investment risk) to 8 (high investment risk).

Having considered the current market environment, it has been agreed that Risk Category 4, will be the approach adopted for the Branch Account. This level of risk is for clients where preserving the value of the investment remains important as is maintaining the real value of the investments against inflation. The portfolio is likely to be evenly balanced between equities and fixed income investments. The amount that is invested in equities is such that the portfolio is likely to experience some market volatility in exchange for the potential for increased levels of return. RBC Brewin Dolphin continually monitor the balance of assets within the strategy to ensure that it remains suitable.

Why should the portfolio be considered against retaining funds in a bank account?

Since the introduction of the portfolio, interest rates offered by banks have been extremely low although this has changed in the past year, and we have seen some significantly better rates available. It is the responsibility of the branch officials to maximise returns available on charity funds and they need to look at all options available.

RBC Brewin Dolphin have calculated that a Risk Level 4 mandate has an expected return from a combination of income and capital of 6.4% per annum. It is estimated that 2.7% of this return will come from income with the rest coming from capital growth. It is important to stress that the return would not be guaranteed at 6.4% each year, but RBC Brewin Dolphin believe this to be a reasonable expectation for performance on an annualised basis over the long term.

What about fees and management costs?

All costs incurred for management of the portfolio are met from any growth and therefore borne by those investing in the portfolio, however it should be noted that spreading the costs between the branches involved will of course be less than an individual branch investing directly.

What is the risk and returns involved?

As with any type of investment there is an element of "risk and reward" As previously stated we have opted for a fairly cautious approach with RBC Brewin Dolphin to return 2.7% annually in dividends, in addition to achieving portfolio annual growth of approximately 3.7%. The returns from income have been relatively steady and predictable. However, the growth element has been affected by covid and other world influences in recent years. RBC Brewin Dolphin are confident of a return to anticipated growth in the near future which we continue to monitor. In essence branches should be aware these investments are not guaranteed, could go up as well as down, and these risks need to be taken into account although historically they have more than out-performed bank deposits, hence the need for a long term approach.

How is income paid to Branches and how do we know how our investment is performing?

Each branch that has invested receive a share of dividend income each month and it is normally paid at the end of the financial year. Branches have the option to receive the dividend income as cash or they can re-invest the amount in the portfolio. Branches can contact us at any time during the year to check the status of their investment. The portfolio value changes daily so branches should bear that in mind.

How do we invest funds and are they accessible?

All of the investments within the Branches portfolio are traded on a daily basis which means that all of the funds are readily realisable and are not subject to any lock in periods. Additionally, there are no costs involved in adding or taking funds out of the portfolio. However, our investment managers have asked that we give as much notice as possible for the addition or withdrawal of monies so that this can be taken into account in the management of the investments. It should be noted that although the funds remain accessible that market volatility will mean that the value of the underlying assets will fluctuate through time.

If you have any queries?

Should you wish to discuss this opportunity further please do not hesitate to contact the Accounts Manager, Lorna Kane on 0131 550 1548. Representatives from RBC Brewin Dolphin are available to answer any questions that you may have.

Risk warning

This information has been provided to Legion Scotland only and should not be distributed in whole or in part to any third parties.

The value of your investment or any income from it may fall and you may get back less than you invested. Past performance is not a guide to future performance. Performance is shown before charges which will have the effect of reducing the illustrated performance. Any forward-looking estimates are based on reasonable assumptions based on objective data and are no guarantee of future performance. No investment is suitable for all people and should you have any doubt about this service please contact us.

The information contained in this presentation has been taken from public sources and is believed to be reliable and accurate, but without further investigation cannot be warranted as to accuracy or completeness.

The opinions expressed in this presentation are not necessarily the views held throughout RBC Brewin Dolphin.

We or a connected person may have positions in or options on the securities mentioned herein or may buy, sell, or offer to make a purchase or sale of such securities from time to time. In addition, we reserve the right to act as a principal or agent with regard to the sale or purchase of any security mentioned in this document. For further information, please refer to our conflicts policy which is available on request or can be accessed via our website at www.brewin.co.uk.

If you invest in currencies other than your own, fluctuations in currency value will mean that the value of your investment will move independently of the underlying asset.

We will only be bound by specific investment restrictions which have been requested by you and agreed by us.

RBC Brewin Dolphin is authorised and regulated by the Financial Conduct Authority.

This document is for information purposes only and should not be considered investment advice.

Restricted advice

Whilst RBC Brewin Dolphin looks across a wide range of financial products and services in order to meet your needs and objectives, we will not review all retail investment products in the market. As such we offer a 'Restricted Advice' service.

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