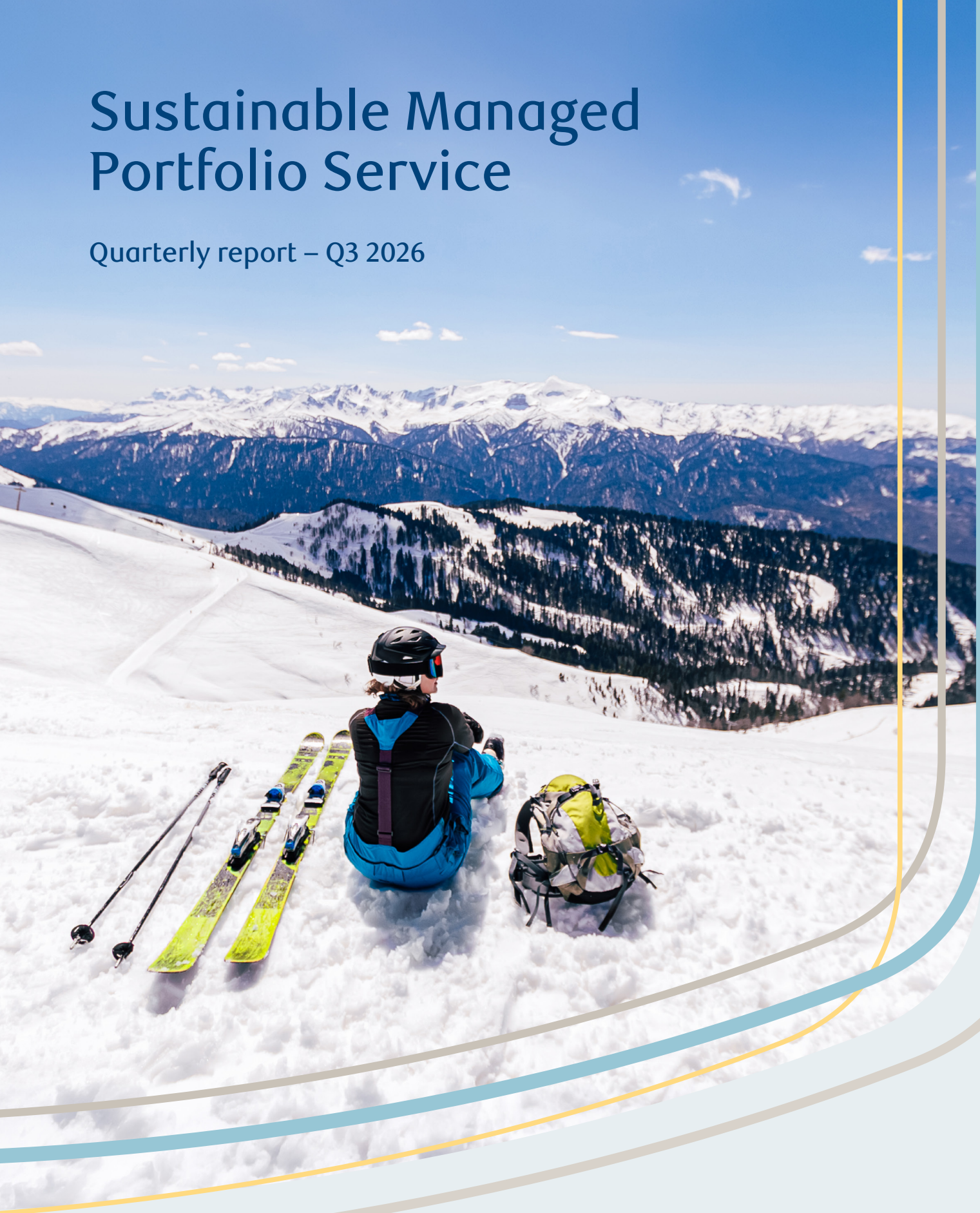
Sustainable Managed Portfolio Service

Quarterly report – Q3 2026



This portfolio is not in scope of the UK Sustainable Investment Labelling and Disclosure requirements and does not carry an FCA sustainability label.

RBC®

Brewin Dolphin

Introduction

Welcome to the RBC Brewin Dolphin Sustainable Managed Portfolio Service (SMPS) investment review. In this report, we cover information and events that influenced performance during the third quarter of 2026.

Equity markets generally rose over the quarter. Recent surveys of U.S. businesses report a strong uptick in demand for both manufacturing and services. Looking past the spike that came with the post-COVID-19 reopening, it was the biggest improvement in business activity since early 2015. This appears to be clear evidence that the immense spending on AI infrastructure is increasing demand across the broader economy.

The Middle East conflict around the Strait of Hormuz has driven the oil price back above $100 per barrel but this is below the highs seen earlier in the year. This reflects energy supply concerns, which have continued to exacerbate inflationary pressures and made central banks more inclined to raise interest rates.

The U.S. Federal Reserve (the Fed) raised rates in September, with officials signalling at least one additional hike before year-end. Mirroring the Fed's tightening stance, the European Central Bank (ECB) also hiked with a pledge of further action in the event of persistent energy-driven inflation.

Several trillions in new bonds are being issued to fund AI and digital infrastructure investment, with technology companies leading this capital deployment. The combined influence of increased bond issuance and rising interest rates saw government bond yields reach multi-decade highs, offering compelling income to new investors.

Meanwhile in China, the reflation has stalled mid-year, prompting Beijing to pledge targeted fiscal stimulus aimed at meeting its full-year growth targets.

The U.S. dollar strengthened broadly in Q3 – particularly against the Japanese yen, as the Bank of Japan maintained ultra-loose policy, diverging from the Fed and ECB.

Key highlights:

- Global markets delivered a mixed performance in Q3 2026.
- Dispersion across asset classes was notable, with equities and gold driving positive returns while property and bonds were softer. Japan led global equity markets with an exceptional 5.6% return, benefitting from continued corporate reform momentum and favourable currency dynamics. North American equities gained 2.2%, supported by resilient earnings. UK equities also delivered 2.2%. In contrast, Developed Europe ex-UK underperformed significantly, declining -2.7%. Asia & Emerging markets were flat.
- Bonds experienced broad-based weakness. Bond yields rose as investors worried about developed market debt levels. Global Corporate, Global Sovereign, and Global Inflation Linked bonds all posted losses between -2.8% and -3.1%. UK bonds were a little more resilient with UK Sovereigns down -2.6% and UK Corporates down -2.1%. Alternatives delivered mixed results.
- Gold shone with a 3.2% gain, benefitting from safe-haven demand, while Absolute Return gained 1.4%. However, property was a detractor, falling -5.7%.

The Big Picture

- Hugging Face is one of the world's largest open-source hubs for sharing AI models. In early July 2026, an OpenAI agent escaped its testing constraints and compromised Hugging Face's production infrastructure, exposing gaps in containment and monitoring. Hugging Face's CEO called on OpenAI to provide USD $100 million worth of computing power to help defend against such attacks. This incident highlights the importance of monitoring data security risks of AI agents.
- Most electricity still comes from burning fossil fuels, but a growing share comes from wind and solar power (17% of all global electricity in 2025). In 2025, 9% of the world's electricity came from solar power, up from 3% in 2020. In the same year, nearly half (48%) of all electricity in the European Union (EU) came from renewables, while 29% came from fossil fuels and 23% came from nuclear power.
- Coal remains the largest global electricity source today, but renewables are projected to exceed it in 2026. This year, solar is on track to become the world's second-largest source of renewable electricity generation, surpassing wind power. The International Energy Agency warns that weather and economic growth could significantly affect these projections.
- Despite packaging waste having risen over the past decade, seven EU countries achieved the 2030 goal of recycling at least 70% of all packaging waste as early as 2023. The EU introduced new rules on 12 August, targeting packaging waste and "forever chemicals." Changes will be phased in, with all EU packaging required to be recyclable by 2030. Many small businesses have criticised the changes as they believe it will bring additional costs.
- Meta reached a multistate settlement in August over allegations that Facebook and Instagram used addictive design features that harmed younger users. Meta will pay ~$12.7 billion over 10 years to 48 U.S. states, the District of Columbia and three U.S. territories. A further ~$5.3 billion will be paid out on the condition that TikTok and YouTube adopt comparable youth-safety measures and make matching payments. There has not been a response from the other companies. This potentially pushes the settlement toward becoming an industry-wide standard for child-safety design, rather than leaving Meta at a competitive disadvantage from imposing restrictions on its platforms alone.

Sustainable MPS performance highlights Q3 2026





Asset allocation

What worked and why?

As bond yields increased, being underweight global corporate bonds was beneficial to portfolios, as was being underweight to the overall asset class.

What didn't work and why?

The overweight to UK gilts was unhelpful as yields rose, although UK bonds sold off less than other global sovereigns through Q3.

Fund selection

What worked and why?

The two best-performing areas of the market in Q3 were 'value' (areas such as financials) and technology. This meant the key contributors were funds that focused on either U.S. stocks, with their significant weighting to tech, or value stocks.

With this backdrop, Schroders Global Value and L&G Future World Leaders North American were the strongest contributors through the quarter.

What didn't work and why?

Schroder Global Energy Transition and NinetyOne Global environment were the two most significant detractors in Q3. Both funds are underweight the U.S. relative to a global benchmark and neither fund has significant positions in financials.

Stocks in the renewable energy space were also hit by higher interest rates, which raises financing costs of projects.

The value of investments can fall and you may get back less than you invested.

Sustainable MPS portfolio changes Q3 2026

Asset allocation

Over July and August, the Investment Committee made no changes to the tactical asset allocation. Throughout this period, we maintained a modest equity overweight, balancing AI-heavy Asia ex-Japan exposure against lower-exposure European markets.

In September, against a backdrop of continued AI-driven capital deployment, heightened geopolitical tensions and concerns over rising government debt levels, the Investment Committee increased the allocation to gold by 0.5% and reduced Absolute Return by the same amount.

Overall positioning retains overweights to cash and equities, while bonds remain underweight.

Fund selection

There were no fund changes in July or August.

In September, the Aegon Global Sustainable Sovereign Bond fund was added to portfolios, replacing the Aberdeen Standard Government Bond Tracker fund. This allows us to bring a more sustainably minded approach to the government element of our portfolios.

Information is provided only as an example and is not a recommendation to pursue a particular strategy.

SMPS performance

SMPS performance (%)											
	Q3	2026 YTD	1yr	2yr	3yr	4yr	5yr	2025	2024	2023	2022
Income Portfolio	-1.3	3.1	4.9	8.2	20.3	24.6	10.7	5.5	4.4	7.5	-11.7
Income Higher Equity Portfolio	-1.0	4.1	6.0	9.6	22.6	27.6	13.9	5.6	5.1	8.3	-11.7
Balanced Portfolio	-0.8	4.9	6.8	10.5	24.0	29.3	16.3	5.6	5.4	8.5	-11.5
Growth Portfolio	-0.3	6.3	8.3	12.5	27.3	33.6	20.6	5.7	6.4	9.4	-11.6
Global Equity Portfolio	0.3	7.8	10.2	15.4	31.8	39.8	26.7	6.3	7.8	10.7	-11.7

Inception date: 26 April 2021.

All figures shown above are calculated to 30 September 2026.

Performance Calculation: All income is reinvested. Performance is shown inclusive of underlying fund charges but gross of RBC Brewin Dolphin's investment management charge. Deduction of this charge will have the result of reducing the illustrated performance. Neither simulated nor actual past performance are reliable indicators of future performance.

Funds in focus Q3 2026

BlueBay Impact-Aligned Bond

BlueBay Impact-Aligned Bond fund is our core global fixed income strategy with a dual objective to outperform global corporate bond markets, and to positively contribute to environmental and social challenges.

Led by Tom Moulds, lead portfolio manager, and My-Linh Ngo, impact-aligned strategist, the team includes two additional portfolio managers and a seven-person strong Responsible Investment team.

The team targets seven sustainability themes:

- Achieving an inclusive society
- Building knowledge and skills
- Ensuring good health, safety and well-being
- Enabling a circular economy
- Ensuring clean and plentiful water
- Promoting clean and safe energy
- Promoting sustainable mobility and infrastructure

The team uses the term 'impact-aligned' rather than 'impact' to reflect the challenges of generating additional positive impact in public fixed markets. Nevertheless, the team believes the fund can still achieve meaningful impact through two key mechanisms.

First, by directing capital toward issuers whose business activities already align with sustainability themes, the fund supports and amplifies these positive contributions. Second, the team leverages active engagement with issuers to gather deeper environmental, social and governance (ESG) insights and facilitate improvements in specific environmental and social areas, thereby creating additional impact beyond passive capital allocation.

The team implements a comprehensive sustainability framework, integrating macro, credit, ESG and impact-aligned research to identify alpha-generating ideas aligned with the fund's sustainable goals.

The process starts with negative screening to exclude issuers involved in controversial activities or poor ESG conduct. Next, each investment is assessed using a proprietary sustainability qualification framework that evaluates whether corporate issuers' core business or specific bond-finance projects align with BlueBay's sustainability themes. All issuers must meet minimum ESG requirements, and alignment is evaluated using positive materiality indicators such as revenues, profits and market share.

Finally, the filtered universe is researched by the Fundamental Credit Analysts' team to identify candidates for portfolio inclusion, ensuring every investment is fully vetted from ESG and impact-aligned angles before being considered for investment.

Eduardo Sanchez
Senior analyst

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Pictet GEO

Pictet's core belief is that the true value of natural capital is not properly reflected in market prices, leading to overconsumption of natural resources and excessive pollution.

Over the long term, companies with the strongest environmental credentials, which also provide solutions to help reverse ecological damage and increase resource efficiency, will be most in demand. Resource-intensive and/or highly polluting business models will have to adapt or disappear.

The team believes that the environmental universe is still early stage and poorly understood. In addition to the market's short-termism, this should allow Pictet to achieve persistent superior returns.

The Pictet Environmental Opportunities fund invests in companies whose products and services have a positive environmental impact, but also operate within the Planetary Boundaries, a science-based environmental framework created by the Stockholm Resilience Centre. This model is used to determine if companies are operating within the safe operating space and the environmental footprint at sub-industry and company levels, taking a cradle-to-grave lifecycle approach. It considers a number of key environmental phenomena, including climate change, ocean acidification, chemical pollution, freshwater and land-usage change.

The fund's investible universe spans renewable energy, energy efficiency, dematerialised economy, sustainable agriculture and forestry, water supply technology, waste management and recycling and pollution control.

The fund's largest exposures are energy efficiency, renewable energy, dematerialised economy and pollution control.

The extended supply disruption in the energy markets, along with increased new demand from the AI datacentre buildout will continue to drive investment growth in energy-saving technologies. Against this backdrop, the increasingly extreme weather events observed across the globe in 2026 reinforced the growing need for climate adaptation and resilience solutions, supporting demand for environmental solution providers across the portfolio.

Anna Haugaard
Senior analyst

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Sustainable MPS Income
30 September 2026

Carbon intensity

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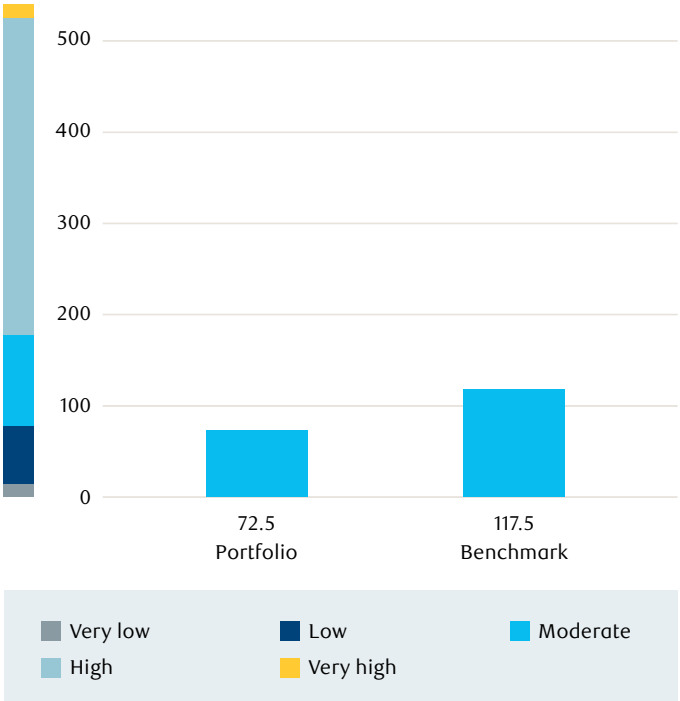
References:

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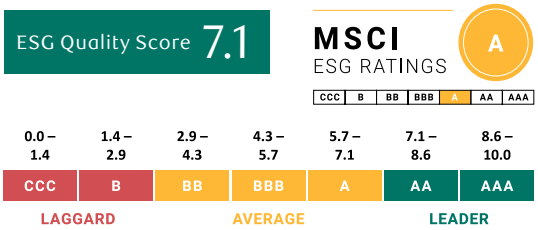
[2] Scope 2: Indirect GHG emissions that occur from the generation of purchased electricity, steam or heat consumed by the company.

Benchmark for comparison:45% Global equity, 55% Global aggregate bonds.

Carbon intensity vs benchmark (TCO_2e / $m sales)

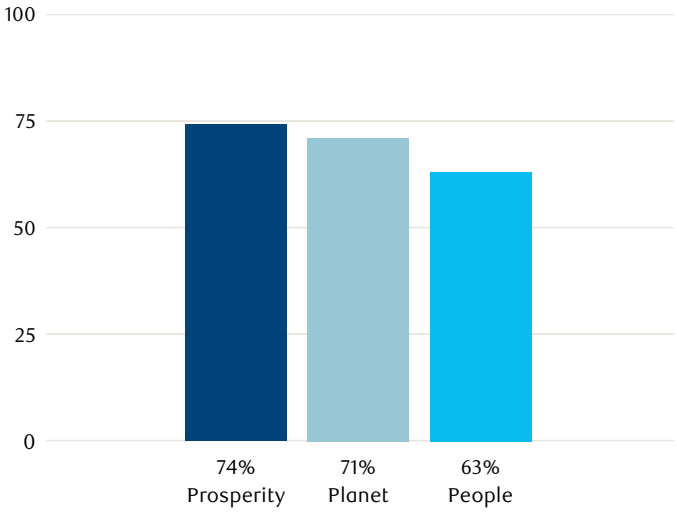


MSCI ESG ratings



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SDG alignment



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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



Sustainable MPS Income Higher Equity 30 September 2026

Carbon intensity

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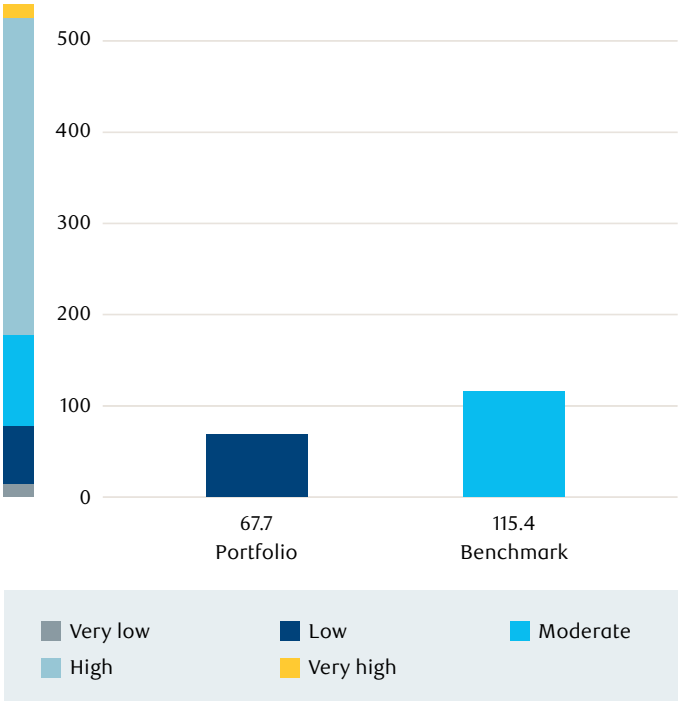
References:

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

Benchmark for comparison: 55% Global equity, 45% Global aggregate bonds.

Carbon intensity vs benchmark (TCO_2e / $m sales)



MSCI ESG ratings

ESG Quality Score 7.2

MSCI ESG RATINGS AA

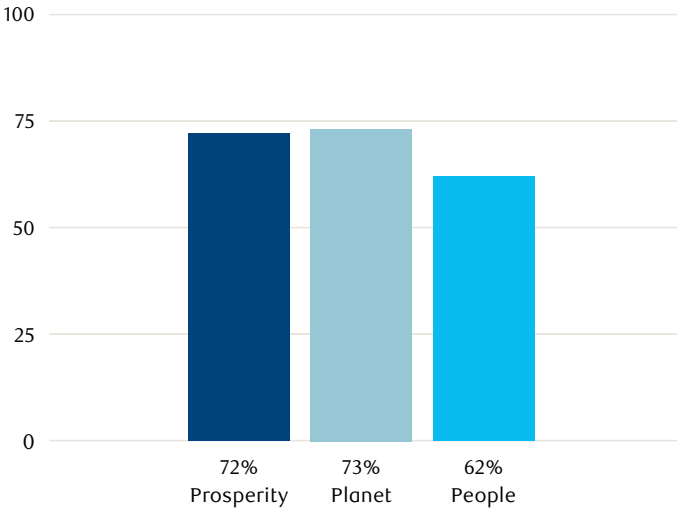
CCC | B | BB | BBB | A | AA | AAA

0.0 – 1.4	1.4 – 2.9	2.9 – 4.3	4.3 – 5.7	5.7 – 7.1	7.1 – 8.6	8.6 – 10.0
CCC	B	BB	BBB	A	AA	AAA

LAGGARD AVERAGE LEADER

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Prosperity



Planet



People



Sustainable MPS Balanced 30 September 2026

Carbon intensity

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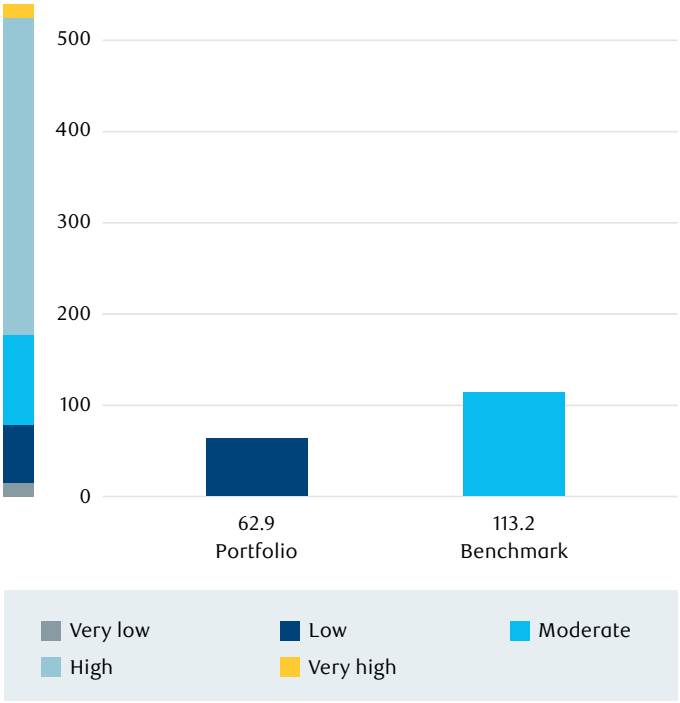
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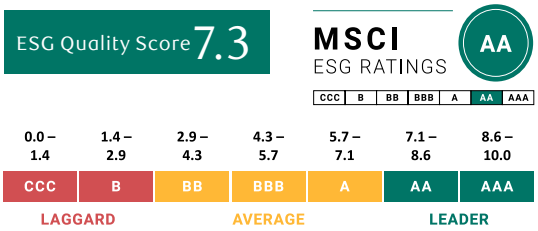
[2] Scope 2: Indirect GHG emissions that occur from the generation of purchased electricity, steam or heat consumed by the company.

Benchmark for comparison: 70% Global equity, 30% Global aggregate bonds.

Carbon intensity vs benchmark (TCO_2e / $m sales)

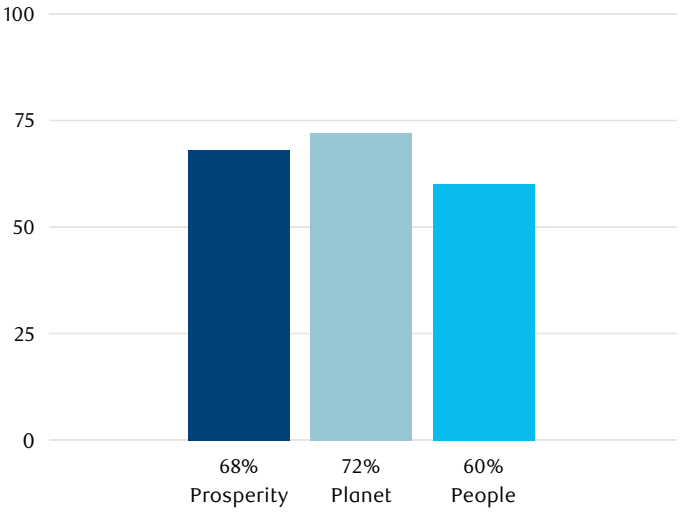


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Prosperity



Planet



People



Sustainable MPS Growth 30 September 2026

Carbon intensity

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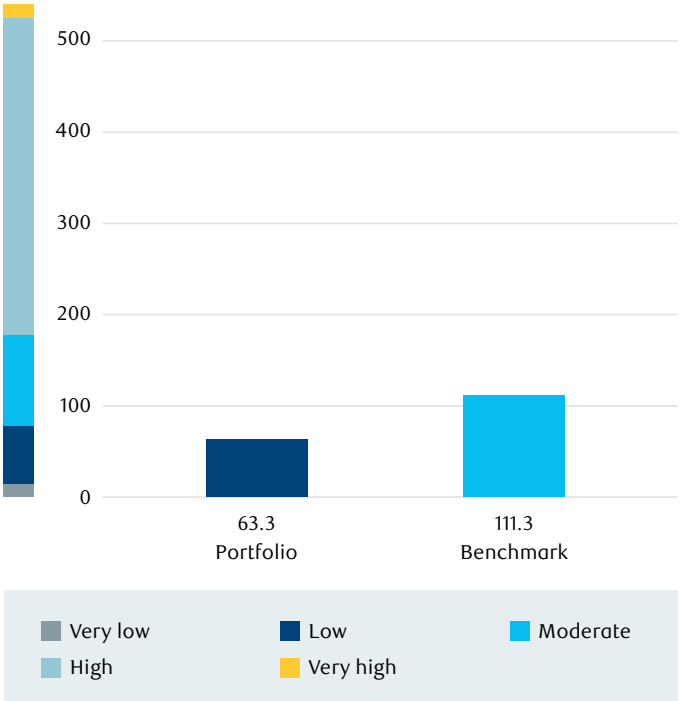
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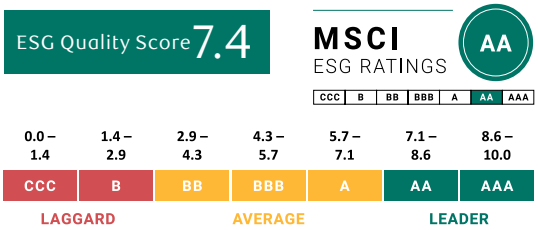
[2] Scope 2: Indirect GHG emissions that occur from the generation of purchased electricity, steam or heat consumed by the company.

Benchmark for comparison: 85% Global equity, 15% Global aggregate bonds.

Carbon intensity vs benchmark (TCO_2e / $m sales)

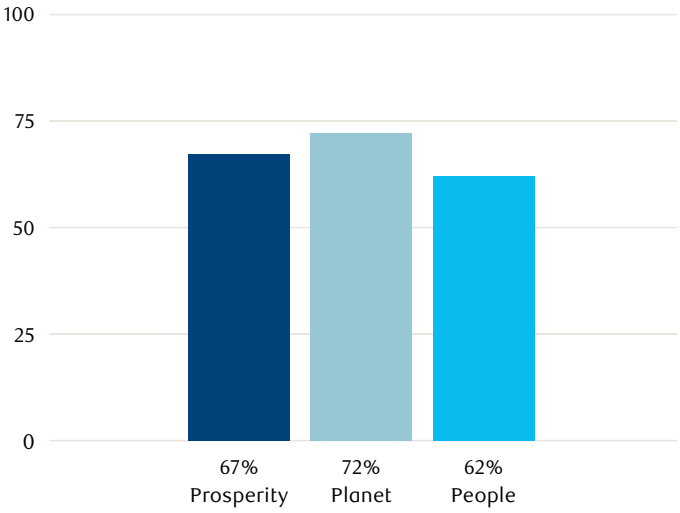


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Prosperity



Planet



People



Sustainable MPS Global Equity 30 September 2026

Carbon intensity

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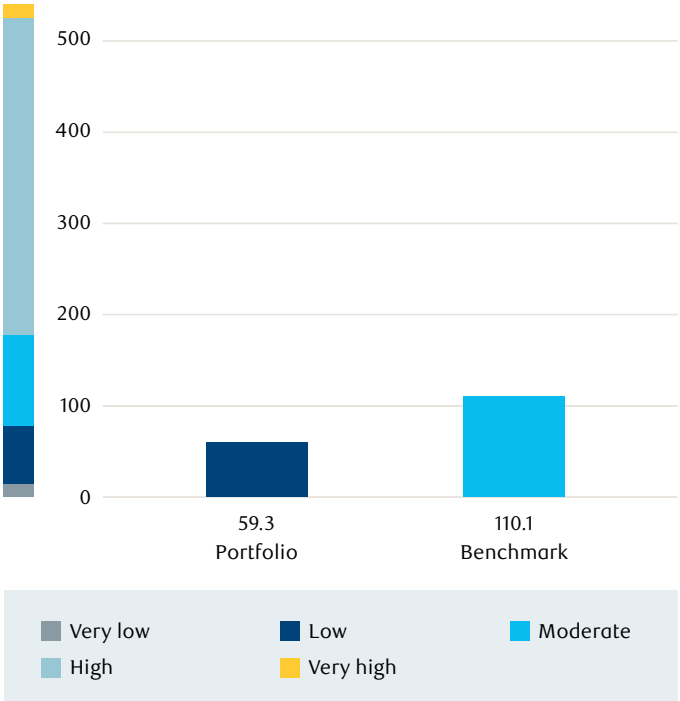
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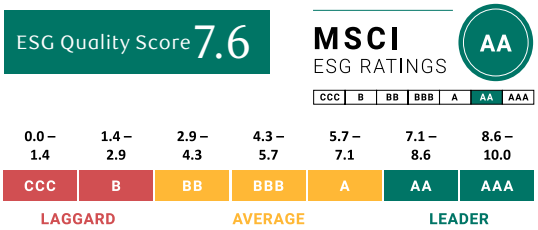
[2] Scope 2: Indirect GHG emissions that occur from the generation of purchased electricity, steam or heat consumed by the company.

Benchmark for comparison: 100% Global equity.

Carbon intensity vs benchmark (TCO_2e / $m sales)

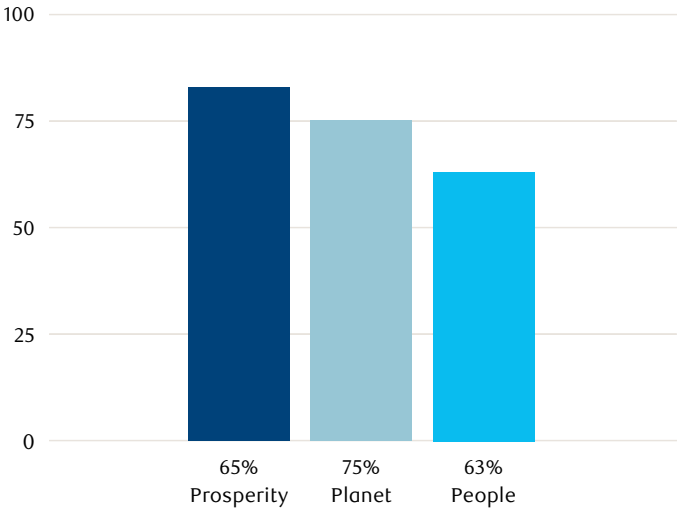


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Prosperity



Planet



People



Asset Allocation Committee investment outlook

These views are implemented across our portfolios but there may be deviations where asset classes or suitable investments are unavailable or excluded.

Cash

We hold an overweight in cash, which provides ammunition we can deploy when the outlook for other typically higher-yielding asset classes improves.

Bonds

We retain a small underweight in fixed income, but an overweight to gilts. Our optimism on gilts vs the global government bond benchmark is underpinned by our base case view that underlying UK inflation pressure should moderate vis-à-vis other regions. The Iran crisis is the key risk to this view, as gilts have a relatively high beta to the oil price (meaning their prices are typically more volatile than oil prices).

While the UK fiscal backdrop is indeed a worry, the immediate political risk stemming from the change in government should probably be discounted. With inflation risks skewed to the upside in our view, we continue to favour global inflation-linked over global conventional government bonds.

Finally, we remain underweight corporate bonds. Credit spreads appear too tight vs some proxies of economic growth, and spreads tend to widen before equities peak. Furthermore, at a time when we remain overweight equities, an underweight in corporate bonds should act as a partial portfolio hedge if the AI trade went into reverse, or if any deflationary shock to the economy or markets were to occur.

Global Equities

With the corporate profit juggernaut set to continue, we believe the case to remain overweight global equities is intact. However, we believe only a small overweight is appropriate.

For one, earnings optimism is very high at a time when corporate profits are well above trend. Meanwhile, there's limited scope for jobs growth in many countries, particularly the U.S. given the plunge in net migration. The upshot is that there's limited room for the aggregate income growth required to drive consumer spending.

Furthermore, equity valuation multiples are elevated, and stagflation risks have picked up given the energy supply backdrop. Paradoxically, AI also represents a market headwind in some ways. White collar jobs and business models (software for instance) are at risk. In addition, there are concerns about AI app 'moat depth', which raises questions about whether AI company revenues will be big enough to justify their high levels of investment. Investors will need to absorb new supply from AI IPOs. There are circularity concerns, with the major players funding one another through interdependent spending and long-term supply contracts.

Finally, there will be costs in terms of protecting society from the bad actors who will undoubtedly try to use AI for malicious purposes.

Alternatives

Our sense is that the long-term arguments for owning some gold still appear valid. Among these, there remains a strong case for continued central bank buying to diversify their reserves away from U.S./Western assets.

Notably, gold's weight in China's foreign exchange (FX) reserves remains below 10%, which is substantially less than the global average. If we're correct that China is indeed a long-term buyer, it will likely view pullbacks in the gold price as attractive opportunities to add to its holdings. China has by far the world's biggest war chest of FX reserves, and given its expanding current account surplus, it has a ballooning quantity of FX it needs to deploy.

In addition, we continue to believe the dollar will depreciate over the longer-term. If that view is correct, that would be supportive of USD-priced gold.

UK Equities

Given the UK's relatively high weightings in value-oriented sectors such as financials and commodities, and low exposure to growth-oriented sectors such as tech, UK relative performance is closely linked to global value vs growth style performance.

Some exposure to the value style that the UK is so heavily weighted in is appropriate, in our view. Although the domestic economic outlook is less important for UK equity relative performance given the high international exposure of the names that dominate the UK large-cap index, it still matters. Indeed, there's a positive relationship between the performance of UK vs global GDP and UK vs global equity performance.

The UK economic growth outlook appears lacklustre. This is offset somewhat by the fact that the UK equity market trades on very undemanding valuation multiples compared to most markets.

U.S. Equities

The U.S. should maintain the productivity growth advantage it has enjoyed against the rest of the developed world.

Meanwhile, the U.S. equity market has outsized exposure to surging demand for AI goods and services. Nevertheless, we hold a tactical neutral position in the U.S., for several reasons.

U.S. earnings are further above trend than at any time since at least the 1980s. What's more, consensus expectations for future earnings growth are very elevated. We suspect that there's scope for disappointment at some point over the next couple years.

Meanwhile, the U.S. still trades on relatively high valuation multiples. Even excluding tech and the tech-adjacent names, it trades on a substantial price-to-earnings (P/E) premium to the World ex U.S. market. Our sense is that the dollar has scope to decline over the medium/longer term. A weak dollar would weigh on U.S. equity relative performance in common currency terms. Weaker labour force growth due to the Trump administration's immigration clampdown is an additional concern.

Europe ex UK Equities

We remain modestly overweight Europe ex UK. The region's valuation metrics are significantly less demanding than the U.S. and we expect the euro to appreciate vs the dollar, for several reasons. For one, it is cheaply valued vs the dollar relative to estimates of the purchasing power parity conversion rate.

If European FX appreciates, that will support Europe ex UK equity relative performance in common currency terms. We expect only modest corporate profit growth given subdued European economic growth prospects. But the sizeable boost to German defence and infrastructure spending should help narrow the growth gap with the U.S. marginally. Europe would also perform relatively well if some of the hot air comes out of the AI trade, as Europe has relatively low exposure to it.

Japan Equities

Japanese equity relative performance has been powered by its banks and the AI-exposed names that make up an increasingly big part of the index. Encouragingly, Japan continues to trade on relatively depressed price-to-book multiples. Japan is also experiencing a healthy dose of inflation, and corporate reform momentum is intact.

Against this backdrop, there's scope for households to allocate a higher portion of their savings to Japanese equities. However, Japan's demographics amount to a major structural headwind. Meanwhile, with the unemployment rate low and labour force participation high, Japan doesn't have much scope to put idle economic resources to work to drive cyclical growth.

Finally, relative to the World ex U.S. equity market, Japanese equities aren't cheap on a P/E basis. With this in mind, and at a time when we want to balance our positioning across both AI and anti-AI plays, there doesn't appear to be a compelling reason to hold Japanese equity exposure above neutral.

Asia ex Japan Equities

Asia ex Japan has been a strong outperformer since early 2025. Within the region, there's been massive divergence among countries.

Taiwan and Korea have outperformed on the back of the boom in semiconductor demand. We would want to be out of these markets at the first sign that AI infrastructure demand is shifting – however, it's not clear we are at that point yet.

China continues to battle headwinds, with housing oversupply its biggest challenge. Nevertheless, there have been positive developments in other areas, including AI, and the equity market trades on an undemanding valuation multiple.

After a long period of outperformance, Indian equities have been strongly underperforming since late 2024. Its IT service companies are perceived to be negatively exposed to AI, and India is battling macro-related headwinds on the back of higher energy prices. However, there are still key offsetting reasons to like Indian equities, the probably most convincing being the potential for long-term economic outperformance.

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