



A world of opportunity

Global emissions must fall by 33% from 2010 levels by 2030 to limit climate change to the 2C limit agreed in the 2015 Paris Agreement. They are still increasing. Estimates of critically needed financing total \$3-6 trillion per year, all the way to 2050. The current investment is a fractional \$630 billion. A summer of extreme weather events brought the brutal reality to our doorsteps, with devastating consequences across the world. Climate change is here, today. We are dangerously close to a now or never moment to save our planet.

Historically, some may have tacitly viewed the result of incorporating sustainability into investing as a sliding scale, with financial returns at one end and philanthropy at the other, with everyone's motivations deriving a differing combination of those objectives. Financial returns reducing in importance, the greener one's portfolio becomes.

This may have felt the case in 2022 as we reflect on a year of headlines showing the sustainable winners of tomorrow becoming the biggest losers of today, as a speculative bubble in some corners of the sustainable market unwound. I am sure that some have resigned themselves back to the belief that one must choose between doing good or making money.

With that in mind, if I was to tell you that, within your TAM portfolio, you could invest to generate a genuine positive impact by financing companies and projects who are providing real world solutions to the world's most critical issues, your first thought may be that this is "fantastic", in principle. But, now more than ever, as we deal with the cost-of-living crisis, our focus would inevitably shift more towards the financial side of this perceived sliding scale.

But it may just be that in pursuing financial returns, you find yourself looking at the same opportunities that generate the most positive impact for our society. There is a huge chance to both preserve and build capital by investing in the transition to a more sustainable and just economy. Now, more than ever.

TAM's investable universe for our ESG portfolios are the funds which provide access to the assets which we believe are contributing the most to a sustainable future. The long-term tailwinds for these strategies have always been incredibly robust, but 2023, in various ways, has supercharged the investment case to a point where it can no longer be ignored.

When discussing climate change, the conversation naturally drifts towards renewable energy, so this seems the best place to start. Soaring energy prices, as the truth unravelled about just how insecure our energy mix is following Russia's invasion of Ukraine, has put the transition to solar and wind power at the top of the world's agenda. We have begun to see this urgency materialise through much needed legislation, with major powers like the US making huge strides in their climate financing agenda. Evidenced primarily by the Inflation Reduction Act, the single largest investment in climate & energy in American history. TAM are particularly bullish on this part of the market, with solar power expected to surpass coal by 2027. Furthermore, the overall portion of energy generated by renewables is expected to increase more than fourfold by 2050. There is a generational opportunity to invest in this transition across the whole supply chain, with TAM's ESG portfolios holding a wide selection of companies ranging from those that are leaders in renewable energy production, all the way to those involved with infrastructure and storage. All of whom, TAM believe, are poised to lead in this transition.

Despite our excitement around this particular facet of building a sustainable economy, investing heavily in this one theme would overexpose our clients to a small subset of the market. Our reluctance to do this is not just from a risk management perspective but also in our understanding of the whole picture. The growth drivers in this transition are much greater than just in renewable energy.

Looking to 2023, the theme we are most excited about is the growing awareness, legislation and investment directed at the urgent need to protect our nature and biodiversity. The World Wide Fund for Nature (WWF) have found that the studied population of wildlife has declined by almost 70%, on average, since 1970. With the World Economic Forum finding more than half of the world's GDP (global output) is moderately or highly dependent on nature, the incredible species we share our planet with need to be protected for many reasons – but not all realise for our survival. We hope the current discussions in Montreal at COP15 will pave the way to reach the ambitious target of reversing biodiversity loss by 2030 and restoring natural ecosystems by 2050.

Again, TAM are invested into this theme through both a specific natural capital fund as well as through a series of positive impact and sustainable strategies. These are just two of the themes TAM are incredibly excited about for 2023 and beyond.

The opportunities don't stop there. TAM have made the decision that all new funds in the portfolio will have to be SFDR Article 9 compliant, or equivalent as a minimum, as we transition to a dual mandate of not just financial returns but positive impact too. In doing this, we have committed to only investing your money in the industry's most green and sustainable strategies. At a time where greenwashing has become a real issue, we aim to separate ourselves above the noise by only investing in those funds which have been accredited as the best in sustainability. To show our commitment to this, we have partnered with impact and sustainability specialists Clarity AI. This will take our impact reporting and ESG credentials to a new level, providing third party assessment and collation of just how much good your money is doing. In order to provide a dual mandate, we must make impact as important as returns, and in adding this innovative tool to our armoury we are doing just that.

Despite sometimes feeling like a call to donate to a just cause, investing in a sustainable future is not a solely philanthropic pursuit. Evidence is rapidly mounting that today is an incredible opportunity to invest in this transition. The asset management industry has accelerated rapidly in the last decade in terms of how you can invest to make a positive contribution to solving these critical issues.


This innovation has been multi-faceted, with the array of funds available meaning we can invest for genuine positive impact while staying diversified and protected when short-term sentiment takes hold of these corners of the market. So much so that an ESG Balanced portfolio is on track to beat its mainstream benchmark in 2022. Achieving this in a tough year for sustainable investing shows that using a DFM like TAM can be a fantastic way to invest in these generational opportunities. Navigating market movements while staying at the forefront of the market for long term growth and impact. All while staying disciplined to our active approach, committed to offering an affordable, accessible model portfolio.

TAM believe that the companies driving and providing positive impact in building a sustainable economy may just be those companies that lead the next bull market. A wall of assets and rapidly growing awareness fuelling the notion that, with TAM's help, you can contribute to a sustainable future whilst making money.



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