TAM Sustainable World Updates

We are delighted to announce that TAM's Dan Babington was named as the Best Sustainable Wealth Manager/Fund Selector at the Investment Week Sustainable Investment Awards. We were also thrilled to see the T. Rowe Price Global Impact Credit fund picked up awards for Best Sustainable Bond Fund and Best Impact Fund. TAM were founding investors in this strategy and as such have access at a discounted share class. Further, it was fantastic to see the Royal Mint Responsibly Sourced Physical Gold ETC, which we hold in our portfolios, win Best Sustainable Investment ETF. As well as the team behind the Janus Henderson US Sustainable Equity team pick up the prize for Best Sustainable Global Equity Fund for their global product.

Q3 also saw TAM Sustainable World's Portfolio Manager Dan Babington sit down with Asset TV. He explains his personal challenges which led him to pursue a career in sustainability focused investing. He breaks down what it takes to be a fund in the Sustainable World portfolios, what the future of Sustainable investing looks like and what the biggest challenge for investors will be in the coming years. You can watch it here.

Lastly, we were pleased to see TAM Asset Management highly commended in the 'Best ESG Provider' category by MoneyFacts. We were also commended in the 'Best Ethical Discretionary Fund Manager' category. You can see the other finalists here.

Q3 Market Review

The third quarter marked a turning point for global markets and sustainability-focused investors. Inflation pressures eased, central banks adopted a more supportive stance, and equities advanced steadily after April's turbulence. Global equities were broadly positive, led by the US where the S&P 500 rose 9.7% to new highs, while UK and European markets gained 5.7% and 4.7%. Emerging markets were standout performers, climbing 12.6% on a weaker dollar and stronger growth, particularly across Asia where green infrastructure and digital inclusion remain key opportunities. The rally has also broadened beyond big tech, with value, small-caps, and companies enabling the low-carbon transition taking the lead, creating a healthier, more balanced environment. Our blend of thematic, improver, and impact strategies balanced growth with resilience. Fixed income stabilised, with bond portfolios up 2.4% as investors favoured high-quality corporate and sustainability-linked debt over government bonds. Precious metals outperformed strongly again, with gold up 18% and silver up 33%, reflecting both diversification benefits and rising demand from clean-tech industries.

Q4 Outlook

As we enter the final stretch of 2025, global markets remain in strong momentum. Economic conditions are broadly supportive: growth is steady, corporate earnings are rising, and consumer demand remains firm. Investor enthusiasm around artificial intelligence, clean innovation, and infrastructure investment continues to fuel sentiment. While U.S. equity valuations look stretched, especially in technology, momentum remains powerful and could extend into 2026. The upcoming earnings season will be key. TAM expects the rally to broaden beyond U.S. tech, with opportunities in smaller global companies, select U.K. stocks, and emerging markets. Portfolios are positioned through high-quality global and U.S. ex-tech strategies managed by skilled stock pickers. We remain mindful that markets are climbing even as growth slows and gold prices strengthen. Inflation and employment data will guide central banks, with any inflation surprise likely to spark volatility. We stay fully invested while maintaining protection through diversification. In fixed income, we favour short-dated corporate and sustainability-linked bonds, complemented by allocations to gold, silver, transition-related commodities, and government bonds.

Portfolio Positioning

> ***There were no new trades in the month of September given our current asset allocation is delivering on our macro view. We are also pleased with our fund selection, leaning into managers with considerable industry experience.***

Our US holdings remain at benchmark levels in the view that the market remains strong with considerable momentum in secular technology growth. The US has a considerable lead on the rest of the world so valuations in the highest quality names are justified, in our view. Given a sustainable mandate, we do not own all names in the S&P 500, but our avoid harm and do good mandate leads to healthy allocations to the names we see as poised to lead well into the future. In the UK market, we hold an overweight position, attracted by historically low valuations. In emerging markets, we also stayed overweight, especially in South America and India – this has delivered strong performance for the quarter.

We are avoiding pure-play solar and wind developers, seeing them as too risky. Instead, we invest through active managers that spread exposure across the electrification and efficiency chain. Looking forward, we believe the most reliable long-term growth will come from the quality side of the energy transition. Those companies focused on electrification, efficiency, and grid modernisation because their earnings are more stable, and they benefit from long-term trends like data-heavy infrastructure and carbon-cutting goals. Pure-play renewables may need clearer US policy or lower interest rates to truly shine again. For now, our strategy of balancing stability and transition opportunities through diversified exposures seems sound.

TAM's Sustainable World portfolios are built on four pillars: Avoid Harm, Do Good, Drive Change, and Deliver Financial Returns. The following examples highlight how each principle is applied in practice this month.

Avoiding Harm

This month we caught up with our Global Value Manager and were pleased to see their sustainability process strengthening since we first invested in 2022. We revisited their exclusion policy, particularly important for value managers exposed to cyclical sectors. Companies deriving 5%+ of revenue from alcohol, tobacco, gambling, adult entertainment, or fossil fuel extraction are excluded, with 10% limits for thermal coal or oil-based power generation. Firms involved in controversial or nuclear weapons face zero tolerance, alongside those breaching UN Global Compact or OECD Guidelines. These exclusions help avoid high ESG-risk sectors while focusing on companies delivering positive social and environmental outcomes. All funds in our Sustainable World range apply similar principles, with TAM assessing each manager's thresholds, data integrity, and adherence to policy.

Doing Good

TAM delivers on this pillar by investing in strategies that create measurable environmental and social benefits alongside strong financial returns. A prime example is the World Bank Amazon Reforestation-Linked Bond, which directs capital to restore biodiversity, support local communities, and protect vital carbon sinks.

Such instruments show how fixed income can fund tangible impact - linking investor returns to real sustainability outcomes like reforestation and ecosystem recovery. By allocating to outcome-based and sustainability-linked bonds, TAM ensures client capital helps tackle challenges such as deforestation, climate change, and inequality while maintaining disciplined, risk-adjusted performance. This reflects how TAM's Sustainable World portfolios do good, by financing solutions that deliver positive change without sacrificing returns.

Driving Change

TAM is proud to remain a signatory of the CCLA Corporate Mental Health Benchmark, reflecting our belief that meaningful sustainability must extend to human wellbeing. The benchmark assesses how major listed companies manage and support mental health across their workforce, focusing on governance, culture, and performance. By participating, TAM joins other responsible investors in engaging with companies to improve disclosure, reduce stigma, and promote healthier, more inclusive workplaces. This collaborative initiative has already led to improved reporting standards and stronger mental health strategies among large employers. The CCLA Benchmark now covers over 150 global companies, representing $10 trillion in market capitalisation. Through active stewardship and partnership with CCLA, TAM helps drive systemic change in corporate behaviour. Demonstrating that investing responsibly means advancing both people and planet.

Delivering Financial Returns

The best performing fund within the portfolios for the third quarter came from silver bullion**.** Historically undervalued relative to gold, TAM have had high conviction which has played out perfectly this year with another 30% in Q3. Given the metal's unique role in the energy transition as a crucial component in photovoltaic solar panels, usage in electric vehicles (EVs) batteries, charging infrastructure, and electronic control systems, we see continued upside potential from not only its relationship with gold but also its sustainability credentials.

In second place, was our Responsibly Sourced Gold exposure which was hitting new all-time highs again at the end of the quarter. This position was followed closely by our dedicated Emerging Markets strategy which continues to go from strength to strength following its addition to the portfolios this year.

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