

# We are a product of our environment

**Suggests TAM Asset Management.**

This is a well coined phrase used to describe wayward individuals, however, this acclaimed diagnosis does read true for a more diverse audience. The ESG market can certainly be categorised as such in Q1 of this year.

ESG thus far this year has been a product of its environment. Many sustainability funds aim to change the future by impacting the present. I am referring of course to the rocky start that ESG has endured so far this year. With Equity markets finishing amid the top asset classes in Q1, why is it that ESG has taken the brunt amidst a late Q1 rally?

Largely, ESG as forementioned focuses on changing the future, this means that many ESG classed funds depend on the growth sector, over weighted so if compared to traditional funds in the same risk category. This is predominantly due to the investment strategy of ESG funds and the new social trends appearing as a result of many countries easing lock down restrictions.

People are now thinking primarily in the short

term, with investors looking for short-term gains in a cyclical rotation occurring in the market. Fears around inflation has investors nervous about bonds and growth stocks. With short term gains in the crosshairs of many, ESG may be put on the back burner.

## **With every cloud there is a silver lining**

Professional investors know that a market must eventually come down. The fact that ESG has adjusted is a broadly positive indicator that it is now a healthy and established market, as it is behaving more like a traditional asset class.

As we all know, a fund manager's dream is to buy in at every all-time low. This however would require a Doc with a questionable hair style along with a willingness to break the UK speed limit by 18 mph. This does nonetheless raise the potential for a well-priced market avenue for investors new to ESG, or indeed a pound cost averaging opportunity for those investors already

established in the ESG market.

At the time of writing, Gold has also taken a 100 dollar downturn which further highlights investors' short-term view of moving assets away from long-term growth goals.

Assuming that global economies continue to mature out of the lockdown trend, this is a good time to look to the future and what better way to establish a permanent future than to support a global ESG stance? This short-term surge will have been exacerbated by the second stimulus package released in February. Nonetheless, this market trend indicates that ESG and long-term growth markets could be a solid choice as part of a client's portfolio over the coming years.

## **The new normal**

With the admirable roll of the vaccine witnessed in the UK, more and more countries look likely to follow suit in 2021. This in turn should see the more developed countries' trade increase as travel corridors starts to re-establish.

Nationwide lockdowns have also created an interesting exercise for companies to embrace remote working, more and more large organisations are announcing the permanent continuation of some of their workforce as remote. This in turn means that now more than ever, investors want to stay cautious of property, in particular commercial property.

Regardless of my prior comments regarding the pricing of the growth market, it is still a pillar of TAM's investment strategy to allow for liquidity within client portfolios to allow a fluid management of the client assets. Whilst the long-term growth of property value may seem attractive to some investors, it creates a sticking point within many historical growth portfolios.

For more information on TAM's ESG or growth portfolios available through our UK and local European offices, please contact

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## Food security and sustainability: impact investing

minimising of water usage due to the hydronic growing process. This is especially true for countries and areas where water is in short supply. Vertical farming may also eliminate the need for pesticides, allowing for more organic crops to be grown. Seasonality is no longer an issue, as they can produce fruits and vegetables 365 days a year.

One of the pioneers in this field is SMARTKAS™, a Dutch Agri-Tech business which has brought together a number of key technologies including LED lighting, AI, drones and water usage to deliver a quick to market, food security business case.

Their solutions are globally deployable, conscious towards sparing water, preventing soil erosion and improving the health and well-being of the population, all in a green and sustainable way. With an initial target of five European cities for a total CAPEX of EUR 25,000,000, SMARTKAS™ offers a unique opportunity for investors to benefit through a directly measurable impact investment but also from high productivity agricultural. Dr. David Meszaros, the CEO of SMARTKAS™, and one of Forbes 30 under 30 in 2021, has created a unique business model which has the very real possibility to become a global player in food security solutions.

The projected acceleration in population in the near future will create extraordinary challenges as well as opportunities in answering the question how to feed so many people and how to do it sustainably? Perhaps we should reach out to Sir Bob and see if his anthemic "feed the world" message has solved any of these issues. Perhaps Dr. David might offer a better solution.

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