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The fog of war

The thoughts of TAM Europe Asset Management.

We are all painfully aware of the devastating situation in Ukraine and it feels somewhat inappropriate to discuss investments at such a deeply sensitive time. Unfortunately, the conflict has sparked a time of immense market volatility, and it is during such times that communication with clients is paramount.

While the war wages on and global powers trade punches through sanctions, there has been an air of eerie uncertainty flooding the financial markets, but there is one thing from this conflict that has arisen as concrete and certain: Volodymyr Zelensky and his infinite bravery has united Ukraine, the rest of Europe and NATO by standing up to the evils of a kleptocracy spearheaded by Vladimir Putin. It is a tragedy that the remarkable Ukrainian courage witnessed since the outbreak of war has been synonymous with death and loss, and TAM sincerely hope peace will prevail; our thoughts continue to be with the many families who have lost loved ones during this horrific period.

Given the ongoing cancellation of Russia by the rest of the world, both Russian companies and, indeed, multinational corporations with indirect Russian exposure (companies with revenues generated in Russia) have seen their share prices plummet. It is therefore no surprise that investors wish to know whether their investments have exposure to this volatility or not.

What direct Russia exposure does TAM have?

TAM is pleased to say that direct exposure to Russia in all the portfolios is less than 0.01%. This exposure derives from three positions, one in equity, one in fixed income and one in the multi-asset basket.

Vontobel Sustainable Emerging Market Leaders is an equity fund within the TAM ESG portfolios which has a 1.3% exposure to Russia. Although it is regretful that this fund has direct Russia exposure, after talks with the fund manager, we have been assured that as soon as the stocks are available

to be traded in a safe and responsible way, the appropriate actions will be taken to sell the positions, whilst simultaneously not sacrificing a sensible price for the stock during this period of heightened trading volatility.

In the fixed income space, TAM's Premier portfolios have Russia exposure through the Nomura Global Dynamic Bond fund. This comes in the form of a 0.51% position in Russian government debt. The debt position unsurprisingly has been written off by the market, causing very minimal losses to the fund.

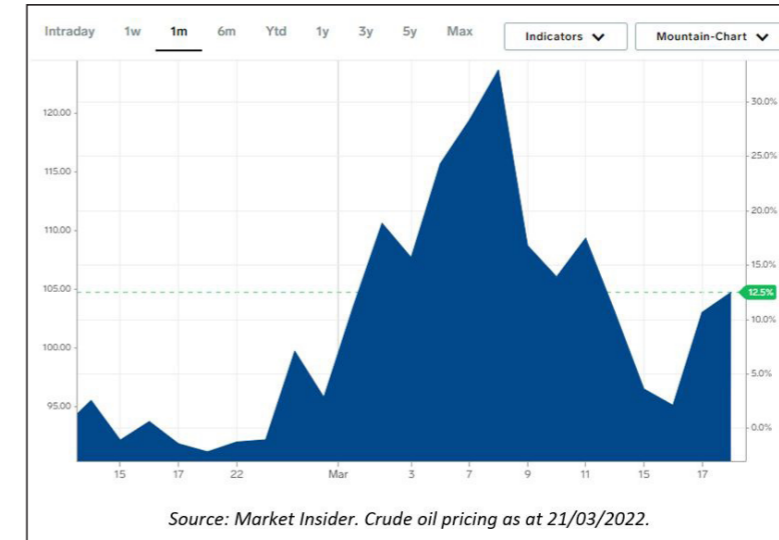
Lastly, the BNY Mellon Sustainable Real Return fund has a 0.17% equity exposure to a Russian recruitment company called HeadHunter. Although a minor position, after talks with the fund manager, it has been made clear that once the position is tradeable it will be exited immediately.

This active management from fund managers to become more risk-off in turbulent times is what TAM is encouraged to see and gives confidence in the team that even in the most uncertain times, the funds are still stable and capable of generating ongoing steady returns for clients.

Pricing in the market

The conflict is creating a pricing volatility which is difficult to predict. Some of this uncertainty comes from the largely contradicting news reports between the two countries. President Putin has essentially banned foreign press from reporting on the situation within Russia. It is therefore unclear what news the Russian population is actually receiving about the ongoing conflict, which can be identified in the above crude oil chart.

We speculate that the reports the western media outlets are receiving from boots on the ground in Ukraine are likely more accurate than those being broadcast by Russian state media. This will continue to create instability, not just to the geographical regions, but also to any markets linked



to the region and will further infect the global market with consumer fear across the world.

Moving forward

As markets navigate this volatile period, TAM remains an active manager, picking funds that we believe will not only preserve capital, but also generate returns in periods of negative sentiment. TAM's exposure to Russia was minimal prior to invasion, and has now been reduced even further, which should give clients the reassurance that TAM has, and will continue to monitor this situation, and other situations akin to this, very carefully.

You give we give

Perhaps a little light to shine through the current darkness is the incredible number of charities and organisations rallying support from people across the globe to campaign and fund-raise for the millions of Ukrainians desperately in need of aid.

You Give We Give is TAM's collaborative charity initiative that enables clients to donate a percentage of their annual investment gains to a registered charity entirely of their choice, with increased donations from TAM and any financial adviser that also wishes to donate.

If you think your clients may like to participate in You Give We Give and donate to one of the many charities currently providing aid to Ukraine then please get in touch with **Tom Worthington – tom.worthington@tameurope.com**



Editorial Comment



Our Conference approaches

Well, it seems that keeping our fingers firmly crossed may have paid off! Our **Annual Conference** is due to take place towards the end of this month and all the delegate places have been taken for some time. This will be our first annual (physical) conference since 2019!

Don't forget that we are also planning to hold **Masterclass Seminars and Webinars** in late May and throughout June. You can see details, including dates, [here](#).

Once again, there is much interesting content in this issue; not least a number of varied articles looking at several elements of sustainability and a couple of technical insights into utilising the benefits of life assurance products.

As always, I hope you enjoy it.

Regards

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