

# Forward-thinking: a blessing or a curse?

**TAM Europe Asset Management take a look.**

A 'technology push innovation' is when you invent something and then hope people will want it. A 'technology pull innovation' is first figuring out what people want and then trying to invent it. The same concepts can be applied to the provision of investment services.

Tim Harford, the renowned economist, speaks of technology pull innovations in his recent podcast where he discusses the 'adjacent possible'. The 'adjacent possible' is a kind of shadow future, hovering on the edges of the present state of things, a map of all the ways in which the present can reinvent itself. He quotes Sir Clive Sinclair,

himself an innovator who some might argue was ahead of his time, who notes that the 'adjacent possible' "captures both the limits and the creative potential of change and innovation."

The reason I mention this podcast is that in it there is an explanation of how the process works: "An idea occurs to someone that transports us forward... those ideas almost always end up failing, in the short-term, precisely because we have skipped ahead."

But these ideas are where the future lies. We like to think of TAM as a 'technology pull' innovator. Thanks to TAM's forward-

thinking CEO, Lester Petch, TAM offers a state-of-the-art client platform; it offers ESG and Sharia model portfolios; it offers a pioneering automated charitable giving initiative; and finally it has available a proven, cost effective non-advised online investment management platform.

We believe these innovations of TAM put us ahead of the curve.

We have been helping advisers and their clients for almost 20 years, enhancing many IFA firms' efficiency and profitability. We act with the utmost transparency and integrity, in strict compliance with applicable regulation. TAM:

- Was the first UK DFM to apply for an EU licence, obtaining our licence before the Brexit deal was done
- Offers competitive AMC rates and transparent, verified OCFs – increasing returns for your clients
- Competitive performance and tightly controlled risk

For further information contact **Tom Worthington** – [tom.worthington@tameurope.com](mailto:tom.worthington@tameurope.com) or tel: **+34 688 988 686**.

*I will be on the road for most of May between France, Spain, Portugal and Malta, so please feel free to reach out and arrange a catch up.*



**Rathbones discusses how innovative companies are finding sustainable ways to feed the world.**

## Growing change

The global food system faces serious demand and supply-side challenges. Global food production has increased substantially over the past 50 years, making food more affordable even as the world's population has doubled. These gains have been driven by the industrialisation and globalisation of food production and supply chains. But, they have significantly increased greenhouse gas emissions and deforestation, as well as degrading soils and ecosystems.

Farming faces multiple challenges. There will be nearly 10 billion people on earth by 2050 — there's a huge shortfall between the amount of food produced today and what will be needed to feed everyone by then. But intensive farming has damaged the land. COVID-19 and the war in Ukraine remind us of the fragility of long supply chains. We are seeing a structural shift in the number of companies helping to feed the world more sustainably.

### Food 2.0

Many firms are responding to the need to shift away from diets that are bad for us and for the planet and to capitalise on opportunities in plant-based foods and milks. Some are focused on grains like soybeans and seitan, as well as oat and nut milks. Others are developing next-generation protein-rich meat alternatives and 'cultured' (lab-grown) meat.

We think many 'alt protein' stocks are trading too speculatively and their business models are a little untested. But the huge

surge in popular demand for plant-based milks, for example, shows there's a big addressable market of people keen to embrace 'food 2.0' and its potential climate and health benefits.

Many companies are developing innovative production methods augmented by data-driven technologies that could play a major role in the transition to more environmentally friendly farming. Vertical techniques allow crops to be grown in multiple layers on top of each other in virtually any location (including underground tunnels and disused buildings). Hydroponic vertical farming enables crops to be grown in soil-free liquid nutrients, while aeroponic approaches allow them to be grown in nutrient-supplemented air or mist. It's still early days for many of these companies so it's hard to determine which may emerge as the eventual winners, but the growth potential in their market is huge.

Simple technologies (like smart-phones and solar water pumps) can lead to more sustainable farming. Several companies are developing innovative machinery and equipment, including robotics for precision weeding and crop fertilisation, self-driving tractors, drones and satellites. It's a mature market and some big firms have gained sizeable market shares. But smaller start-ups are emerging. We believe firms that have mastered precision agriculture will be able to take advantage of technologies in their infancy, like complex gene editing of crops and robots to harvest them.

### Tackling food loss and waste

Many firms ranging from large multi-national food producers, retailers and supermarkets to niche specialists are working across the food ecosystem to tackle the world's food loss and waste problem. Less loss and waste could ease pressures to produce more to feed a growing population. In turn, this could have a dramatic impact on efforts to limit climate change.

Nutrition and life science companies are developing preservatives to increase shelf-life and protect against bacteria. Warehousing and logistics providers are offering intelligent fulfilment solutions. Outside the global food giants, private companies and not-for-profits are recycling waste food and distributing surplus food. It's difficult to identify which could grow into the global mega-caps of tomorrow but see potential in this market.

Our food resources play a critical role in the health of our planet, but the global sustainability agenda has focused on energy. A food revolution has begun even if it still has a long way to go. For now, farming and the food industry are highly fragmented. Smaller private companies and not-for-profits are driving some of the more innovative approaches to overhauling our food ecosystem. We expect these dynamics to shift over the medium to longer term as larger companies spend more on research and development and acquire younger leaders in the space.

For further information contact **Chris Wanless** – [Chris.Wanless@rathbones.com](mailto:Chris.Wanless@rathbones.com) or tel: **+44 (0)7584 349 482**.