



ASSET  
MANAGEMENT

**TAM Asset Management Limited**  
**ESG Principles of Investing Policy**  
**January 2020**

**TAM Asset Management Limited**

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TAM's ESG Principles of Investing are core to the way TAM evaluates its existing and future investments, which collectively make up our model portfolio service. Analysis of fund ESG principles runs side-by-side to our traditional analysis of performance and risk. The topic of ESG eligibility at TAM can be viewed through various lenses.

On a top line level, the investment team review the ESG policies of the institution they are investing with. This is to ensure the individual fund management companies with which TAM invests its client's capital are all adhering to appropriate levels of all three components of the ESG principals – Environmental, Social and Governance. Monitoring at this top level is vital from a risk-mitigation perspective, which is why TAM conduct this analysis regardless of whether they are looking at ESG-focused investments or not. This process is key to TAM's commitment to be a responsible steward of their client's capital.

Whilst ESG at a corporate level is paramount, it is not the only factor that requires attention when investing. TAM's investment managers investigate the specific ESG principles of the funds they invest with, to ensure the same values are being filtered down to individual fund investment processes. It is important at this juncture to stress that there cannot be a tacit assumption that if an institution's ESG credentials are watertight, so are that of the component funds.

Often, funds and fund managers possess wide reaching investment mandates with the ability to invest into areas of the market which have no influence put upon them by the institutions that own the fund. Whilst this level of autonomy at a fund level is commonplace and can often lead to increased levels of performance, it remains key that investors recognise that a fund's ESG principles can differ from that of the parent house.

At a fund level, TAM looks to see evidence within the day-to-day research and selection process that each company invested in has had its ESG factors properly vetted. These may include factors such as gender equality, board membership splits, workforce treatment, management efficiency, climate footprint and any plans to reduce this. TAM also commits to looking for evidence from managers and research teams of companies that fail the fund's ESG policy and look to evaluate how the fund marks these opportunities for immediate exclusion, but also notes the plan for future development.

This analysis goes a step further when considering funds to be added to TAM's dedicated Ethical models, which include funds specifically focused on delivering environmental, social and governance outcomes. In this case, the assessment of ESG factors, including negative and/or

positive screens, should be central to the fund's investment process and TAM are particularly careful to avoid funds which are simply greenwashing.

TAM supports the notion that just because a company fails an ESG screen, it should not be permanently blacklisted. TAM favours funds with an ESG policy of committing to work with these failed companies to push real change from the inside-out to develop their ESG policies. They believe if all funds could push for greater ESG adherence in failing companies, capital markets would, holistically, be a much more responsible universe to invest in.

TAM's investment team conduct regular reviews of these ESG policies to ensure the fund is always operating in accordance to it. These written reviews, including the questions and responses from the fund managers, are recorded in TAM's investment logs for each existing investment as well as prospective investments.

Finally, and where applicable, TAM's investment team will also consider any factor that, in their judgment, will affect the trustworthiness of the funds ability to maintain these ESG credentials. This may include house risk, high fund manager or team turnover, irregular risk patterns, high fees, unclear or misleading liquidity projections and scenarios where the fund house has been purchased by another entity.

Collectively the above areas represent TAM's commitment to upholding the ESG Principles of Investing. TAM believe this approach ensures that client assets remain invested with responsible, ESG-minded corporate entities, but also that TAM as an entity, is participating in the drive to reshape the collective investment market towards a more responsible future.