

TAM ESG Investment Process

Our investment managers follow a rigorous process when selecting funds for all TAM model portfolios, including our ESG portfolios. Our investment process begins with a quarterly investment committee meeting to discuss our macroeconomic outlook for each asset class. This top-down discussion drives the asset allocation across our entire range of models.

We will then conduct extensive research into the universe of funds within a specific asset class, and for our ESG models, this universe is made up of ethical and socially responsible funds, although we will also compare ESG-focused funds with non-ESG funds, as they should be performing well against the wider market, as well as their peer group. We conduct quantitative analysis based on various performance metrics and portfolio characteristics in order to narrow down our universe into a list of our top three funds. We will then conduct more thorough analysis, which involves one-on-one meetings with fund managers, followed by detailed analysis looking further into the fund's investment process, portfolio positioning and performance, as well as how well the fund integrates into our overall model.

The team will only select a fund that has proven to deliver on its ethical mandate, adhering to their stringent and comprehensive investment process which screens stocks to ensure only companies with ethical business or activities are included.

There is a blend of ESG investment styles incorporated into our TAM ESG portfolios, including negatively and positively screened funds, as well as impact investments. We want to take full advantage of the developments that have taken place in the ethical market in order to deliver a broader and more diverse ethical investment strategy. Our aim is to appeal to a wide range of socially responsible investors and provide portfolios that best suit their ethical, as well as financial requirements.

A full review of our funds is conducted semi-annually, which involves a meeting with the fund manager or product specialist. We also conduct a monthly fund review meeting which looks at the performance of all the funds in our models to ensure they are performing as we expect on a month-by-month basis. A fund is usually sold if our macroeconomic outlook for that specific asset class has materially changed or if the fund is underperforming its benchmark and peers for a sustained period of time.

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