Socially responsible outshines mainstream

It's fair to say global markets have experienced one of the most volatile starts to a year, suffering some of the worst performance since the 2008 financial crisis, owing to the global spread of the coronavirus. While mainstream indices such as the FTSE 100 have seen one-day declines in the region of 7%, socially responsible investments have proven their resilience and capital preservation characteristics throughout this market turmoil. With this in mind, we would like to update you on the performance of TAM Ethical portfolios since the beginning of the year.

Performance of a representative portfolio as at 9th March 2020

Portfolio	Portfolio YTD (%)	Benchmark YTD (%)	Relative YTD (%)
Ethical Defensive GBP	-0.86	-3.21	2.36
Ethical Cautious GBP	-3.93	-7.52	3.58
Ethical Balanced GBP	-5.67	-10.65	4.98
Ethical Growth GBP	-7.96	-14.71	6.74
Ethical Adventurous GBP	-10.04	-17.66	7.61

Source: TAM Asset Management Ltd. Past performance is not a guide to future returns and investors may get back less than their original investment.

The figures above show TAM Ethical portfolios have all protected capital so far this year, through highly volatile markets. We owe this to the diversified nature of the portfolios, across regions, styles and market caps, as well as the ESG bias, which has enabled many of our funds to avoid significant stock specific drawdowns.

The largest contributors to performance have come from the portfolios' global equity positions, as well as the direct exposure to Emerging Market and US equities. This includes our positions in the Baillie Gifford Positive Change Fund, Vontobel Sustainable Emerging Market Leaders Fund and Brown Advisory US Sustainable Growth Fund.

The portfolios' allocation to high quality corporate debt has also contributed to performance relative to the cash benchmark, as well as the position in physical gold which has been a strong return driver as investors have flooded into safe haven assets, driving their prices higher.

We have remained active in light of the volatility, making reductions to equities in the region of around 5%, by taking profits from strong performing European and global equity funds. We also added a new sustainable unconstrained multi-asset fund to portfolios at the beginning of March, which has an absolute-return like target and a strong emphasis on capital preservation.

As with all other TAM portfolios, reductions have been made to equities over the course of this year, as we navigate through the volatility stemming from the spread of the coronavirus. This has included taking profits from European and US equity positions which had performed very well for portfolios.

Whilst we remain long-term in our investment views, and would encourage you to do the same, the recent performance of our socially-conscious portfolios during testing times for markets highlights the benefits of investing in long-term structural growth themes which are often less sensitive to short-term market movements which can enable your portfolio to rise from storms such as these, relatively unscathed.

TAM EUROPE ASSET MANAGEMENT

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