

TAM Europe Asset Management A.V., S.A.U.
Sustainability-related Disclosures – TAM ESG Portfolios
Article 10 – SFDR Website Disclosure
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TAM Europe Asset Management A.V., S.A.U.

TAM Europe Asset Management A.V., S.A. is authorised and regulated by the Comisión Nacional del Mercado de Valores (CNMV), No. 295.

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Introduction

This document contains information relating to the environmental and social characteristics of TEAM's range of TAM ESG portfolios. It is a requirement of Article 10 of the EU Sustainable Finance Disclosure Regulation (SFDR) that Financial Market Participants publish certain information on their website for each financial product referred to in Article 8 (Financial products that promote, among other characteristics, environmental and/or social characteristics, provided that the companies in which investments are made follow good governance practices) and Article 9 (Financial products that have sustainable investment as their objective).

There are 5 TAM ESG portfolios available to clients of TEAM, ranging from 'Defensive' to 'Adventurous'. Whilst the risk profile and portfolio weightings of these portfolios vary, the environmental and social characteristics they promote; their investment strategy; and the methodologies used for the assessment, monitoring, and measuring of them are the same.

To help deliver a broader and more diverse investment strategy, TAM incorporates a blend of environmental, social, and sustainable investment styles into our ESG portfolios. This means that where TEAM refers to "sustainable investing" in the literature for our ESG portfolios, it is used as an umbrella term to describe the varied investment styles and strategies that can be used for sustainable or socially responsible investing. It is not in accordance with the SFDR definition of "sustainable investment" which we have set out in full in our 'Sustainability-related Disclosures' document for all TEAM products. Nor do we imply that TAM's portfolios have a sustainable objective as defined in Article 9 of the SFDR. More information on the different styles of sustainable investing can be found in the ESG Infographic [on the website here](#), and the ESG Investment Proposal.

TEAM's Sustainability-related Disclosures document for all TEAM's products can be found [on the website here](#).

Summary

TAM Europe Asset Management (TEAM) is the European arm of TAM Asset Management Ltd (TAM) which is based in the United Kingdom. TEAM is a discretionary fund manager (DFM) offering a range of Environmental, Social and Governance (ESG) model portfolios for clients whose primary objective is capital preservation and growth, but who would also like to invest in a socially responsible manner. TEAM is not affiliated with any fund providers or groups; investment funds are selected on a “best of breed” basis.

TAM’s ESG portfolios promote environmental and social characteristics but do not have sustainable investment as their objective. The portfolios promote environmental and social characteristics by selecting industry leading funds that invest specifically in opportunities aimed at addressing some of our planet’s and society’s most pressing issues and are supporting the transition to a sustainable economy. We have not designated a reference benchmark for the purpose of assessing the environmental and/or social characteristics promoted by our ESG portfolios.

The investment team screen the ESG investment universe for the most consistent funds and managers to enable them to select “best of breed” funds for our portfolios. Only funds that have proven to deliver on their environmental, social, or sustainable mandate will be considered for ESG portfolios. Risk management and capital preservation remain core to our investment process. We incorporate a blend of ESG investment styles as we want to take full advantage of the developments that have taken place in the sustainable investing arena to deliver a broader and more diverse investment strategy.

As a DFM, our model portfolios do not contain direct holdings; their investments comprise solely UCITS compliant funds. These must all follow good governance practices and have proven their environmental, social and/or sustainable performance to be considered for investment.

Attainment of the environmental, social and/or sustainable mandate is monitored by TEAM’s investment team, which is overseen by our Global Compliance Committee. The investment team use data collected from external providers in conjunction with internal research and proprietary due diligence for both fund selection and monitoring. All funds require approval from the Global Investment Committee prior to investment into one of our portfolios.

ESG portfolios invest in funds that support environmental, social and/or sustainable themes. The investment team have developed their own quantitative and qualitative metrics to measure how environmental and/or social characteristics and sustainable objectives are met using a combination of third-party data and internal research and due diligence.

The environmental and social characteristics promoted by the portfolios are not affected by data limitations as we supplement external data through our own research.

Our DFM model offers us little scope for direct engagement with underlying investee companies since we invest in collective funds. However, as part of the fund selection process, our investment team engages with fund managers to better understand their environmental, social, or sustainable values and seek clarification of their engagement framework and procedures.

No sustainable investment objective

While TAM's ESG portfolios promote environmental and social characteristics, they do not have sustainable investment, as defined in the SFDR, as their objective. Whilst we may invest in funds that do have this as their objective, TEAM does not commit to having a minimum percentage of these "Article 9" funds in its portfolios.

Environmental or social characteristics of the financial product

TAM's portfolios promote environmental and social characteristics by investing in UCITS compliant funds that have sound ESG practices and are investing specifically in opportunities aimed at solving our planet's and society's most pressing issues. We incorporate a blend of environmental, social, and sustainable investment styles into our model ESG portfolios.

Investments in ESG portfolios include dedicated funds investing for: climate change mitigation and adaption; the sustainable use and protection of water and marine resources; the transition to a circular economy; pollution control; and the protection and restoration of biodiversity and ecosystems. We also invest in funds that take wider-encompassing approaches and target broad sustainability through green and impact investing, with mandates such as mitigating the obesity epidemic and eliminating communicable diseases. Funds investing in companies focused on cybersecurity, global efficiencies, healthcare, human rights, renewable energy, social equality, strong corporate governance, and sustainable food sources are also likely to be found in our ESG Portfolios.

Investment strategy

Risk management and capital preservation remain core to our investment process. TAM use diversification across asset class, geographical focus, strategy, fund manager and underlying funds to spread risk and exposure. The investment team adopt a multi-manager approach to our portfolios and choose specialist managers for different investment disciplines. The advantage of this diversified approach is that portfolios will be exposed to the investment styles, strategies, and positioning of different, often top, investment specialists. TEAM is not affiliated to any fund providers or groups; fund investments are selected on a "best of breed" basis.

Our investment process begins with a quarterly investment committee meeting to discuss the macroeconomic outlook for each asset class and to determine the tactical and strategic direction. This top-down discussion drives the asset allocation across our range of models and provides the framework for fund selection.

The team then conduct extensive quantitative research into the ESG universe, which is made up of ethical, sustainable, and socially responsible funds. We also compare ESG funds with non-ESG funds as we are interested in funds that are performing well against the wider market, as well as their peer group. We use numerous databases, filters, and screens to highlight funds that may be of interest to our investment team. Our analysts then conduct peer-group analysis and desk-based research to produce a targeted group of funds we believe worthy of further investigation.

We incorporate a blend of ESG investment styles into our portfolios as we want to take full advantage of the developments that have taken place in the sustainable investing arena to deliver a broader and more diverse investment strategy. The team conduct quantitative analysis based on a variety of performance

metrics. Whilst all funds must support environmental, social, or sustainable themes, the evaluation metrics used to assess the fund's performance are not the same for each fund we research, as funds within a DFM model historically all have a different role to play to achieve the proper level of diversification.

We exclude funds that we determine to be in breach of accepted international standards and funds that derive revenue above certain thresholds from involvement in industries or activities, such as: animal testing for cosmetic purposes; armaments; fossil fuels; gambling; nuclear power; adult entertainment; and tobacco.

Once the quantitative analysis is complete, the top funds, usually capped at three, go through a process of qualitative analysis. This involves one-to-one meetings with the managers of the funds, followed by detailed analysis looking further into the fund's objectives, investment process, portfolio positioning, the experience and expertise of the fund managers and their performance, as well as how well the fund integrates into TAM's overall model. The assessments are undertaken by TEAM's investment team and all funds must be approved by the Global Investment Committee prior to investment.

Alongside the positive environmental and social impact that the funds must generate, the fund managers must also have high standards of governance and adhere to the Stewardship Code and the Principles for Responsible Investment. Good governance practices are always assessed by our investment team prior to investment and are reviewed on an ongoing basis at bi-annual meetings. We assess whether the fund houses stand by their investment principles and obtain clarification on how ESG factors are integrated into their approach. As part of these assessments we seek evidence of sound management structures and tax compliance. We also request further information on employee relations and their remuneration policy.

Proportion of investments

Our DFM model offers us little scope for direct engagement with underlying investee companies since we invest in collective funds. Our ESG portfolios currently contain solely UCITS compliant Article 8 and Article 9 funds (or equivalent) that have been selected for their ESG credentials and contribute to an environmental, social, or sustainable theme. The "or equivalent" above refers to funds that aren't marketed in Europe and are therefore not subject to the classification requirements of the SFDR. In these instances, the fund will have been issued by a fund house whose overall strategy for that range of investments is classified as Article 8 or Article 9, and the strategy of the fund selected is therefore the same.

Whilst all funds currently held within our ESG portfolios are issued by houses that market at least one investment vehicle in Europe whose strategy complies with the requirements of Article 8 or Article 9, TEAM reserves the right to consider funds issued by fund houses that do not market in Europe and are consequently not in scope of the SFDR, provided the investment strategy of the fund meets the ESG investment criteria of TEAM and the fund has proven to deliver on its environmental, social or sustainable mandate.

TAM's ESG portfolios adopt a blend of investment styles and assign no minimum proportion of the portfolio to any specific environmental, social, or sustainable theme. TAM typically has an initial 10% maximum allocated to any one investment and minimum/maximum limits allocated to asset classes, which are detailed in the factsheets for each profile.

In normal market conditions the portfolios will hold approximately 5% in cash for diversification and liquidity management purposes. However, this is not a fixed limit. Capital preservation remains key to TEAM's approach, so these levels may be higher in times of high volatility and for de-risking purposes.

Monitoring of environmental or social characteristics

TEAM's investment team use a combination of data gathered from third party providers and internal research. The environmental or social characteristics promoted are monitored by the investment team, which is overseen by the Global Investment Committee. All investments are monitored on an ongoing basis and a formal review of all underlying funds takes place monthly. Each constituent fund is also subject to a bi-annual review meeting where a member of the investment team meets with a representative of the fund's investment team. During this meeting the investment team conduct their own qualitative risk assessment, encompassing financial metrics and potential risks pertaining to changes in the investment team, changes in process, ESG considerations and risk at the firm level. Face-to-face manager meetings and due diligence are vital for ensuring the funds deliver on their environmental, social, or sustainable mandate.

In December 2022 TAM became a client of Clarity AI, a globally recognised and award-winning sustainability technology platform which allows us to assess and monitor various Societal Impact areas, such as: ESG risk, Policies and Controversies; Exposures; Climate; ESG Impact, Alignment with the United Nations Social Development Goals (UN SDGs); and Impact Highlights. This can be done at portfolio, fund, and constituent stock level. Going forward, TAM will incorporate Clarity AI's scoring systems into both the fund selection and fund monitoring processes.

Methodologies

TAM's ESG portfolios invest in funds that have supportive environmental, social and/or sustainable themes. The investment team has developed their own qualitative and quantitative metrics to measure how the social or environmental characteristics promoted by the constituent funds and/or the sustainable objectives are met.

The ESG quality of fund managers and exclusions based on revenue thresholds of the funds are assessed and monitored on an ongoing basis using a combination of data provided by independent third-party providers and internal research on funds and managers, including face-to-face meetings with fund managers and comprehensive due diligence.

Whilst TAM's ESG portfolios do not have a sustainable objective or promote any specific environmental or social theme, clients are able to view what percentage of their portfolio is invested into each constituent fund via the online client portal. This provides clients with a description of the fund manager and a summary of the supportive environmental, social, or sustainable aim/objective of each fund.

Data sources and processing

The investment team follows a rigorous process when selecting funds for our ESG portfolios, conducting extensive research into the universe of environmental, social, and sustainable investments. TEAM seeks to combine quantitative techniques with an added focus upon qualitative analysis. To achieve this objective our investment team screens, evaluates and ultimately selects the fund managers used within our clients' portfolios. We use various external data sources to identify the ESG characteristics, exclusion criteria, and sustainable objectives of the constituent funds including, but not limited to: Clarity AI; Morningstar; FE Analytics; Bloomberg and Fund Library. These are supplemented by comprehensive internal research

and engagement with the fund providers. TEAM uses an evidence-based approach, so the investment team uses varied data and information when evaluating each fund.

As noted earlier, TEAM now employ the services of Clarity AI. This state-of-the-art sustainability assessment tool aims to quantify ESG characteristics from negative exclusions to impact. They use seven providers to peel back what each fund is investing in at a constituent stock level. This enables us to access directly our own raw data to make sure the funds we are researching are accurately presenting their sustainability credentials and it offers us a platform to engage with these funds on behalf of our clients.

The data is not based on estimates made by TEAM; if we are unable to complete our research and our assessment of potential eligibility from the third-party data we have obtained, we will request additional information from the fund provider directly. If this information is not provided, the fund will not be eligible for inclusion in an ESG portfolio.

Limitations to methodologies and data

Whilst complete data may not be available from external providers for all funds invested in by our ESG portfolios, the environmental and social characteristics promoted are not affected by data limitations as we supplement external data through internal research.

Due-diligence

The investment team uses a combination of external data obtained from third party providers and proprietary due diligence for every fund and fund manager.

Once a fund has been shortlisted as potentially eligible for investment, a full assessment is undertaken. Prior to investing in any fund, TAM's investment team meet with a representative of the fund's investment team to gather additional information, both financial and non-financial, on their approach to governance and to obtain a deeper understanding of the environmental, social, or sustainable theme of the fund. During this initial meeting the investment team will conduct comprehensive due diligence on the fund provider, including clarification of the fund manager's policies regarding ESG considerations, engagement, and due diligence procedures. For those funds that are selected for inclusion, the investment team conduct ongoing bi-annual reviews via face-to-face meetings.

All funds must be approved by the Global Investment Committee prior to investment into any of our portfolios.

Engagement policies

TEAM accesses asset classes for its clients through collective investments which are selected for inclusion in the portfolios by the investment management team. Based on TAM's business model as an investor in collectives, there is little scope for direct engagement with the underlying investee companies held by a collective fund. However, as part of the fund selection and ongoing review processes, our investment team engage with fund managers to better understand their environmental, social, or sustainable values. We seek clarification of the fund managers' engagement framework, including information on how they engage with their investee companies to increase awareness of sustainability risks, and their procedures regarding sustainability-related controversies in investee companies.

During these meeting, the investment team also seek evidence of good quality management, adherence to the Stewardship Code and the Principles for Responsible Investment, and details of the fund manager's ESG considerations and how they assess ESG factors.

Designated reference benchmark

TAM does not have a designated reference benchmark for its ESG portfolios to measure whether they attain the environmental and/or social characteristics that the portfolios promote.