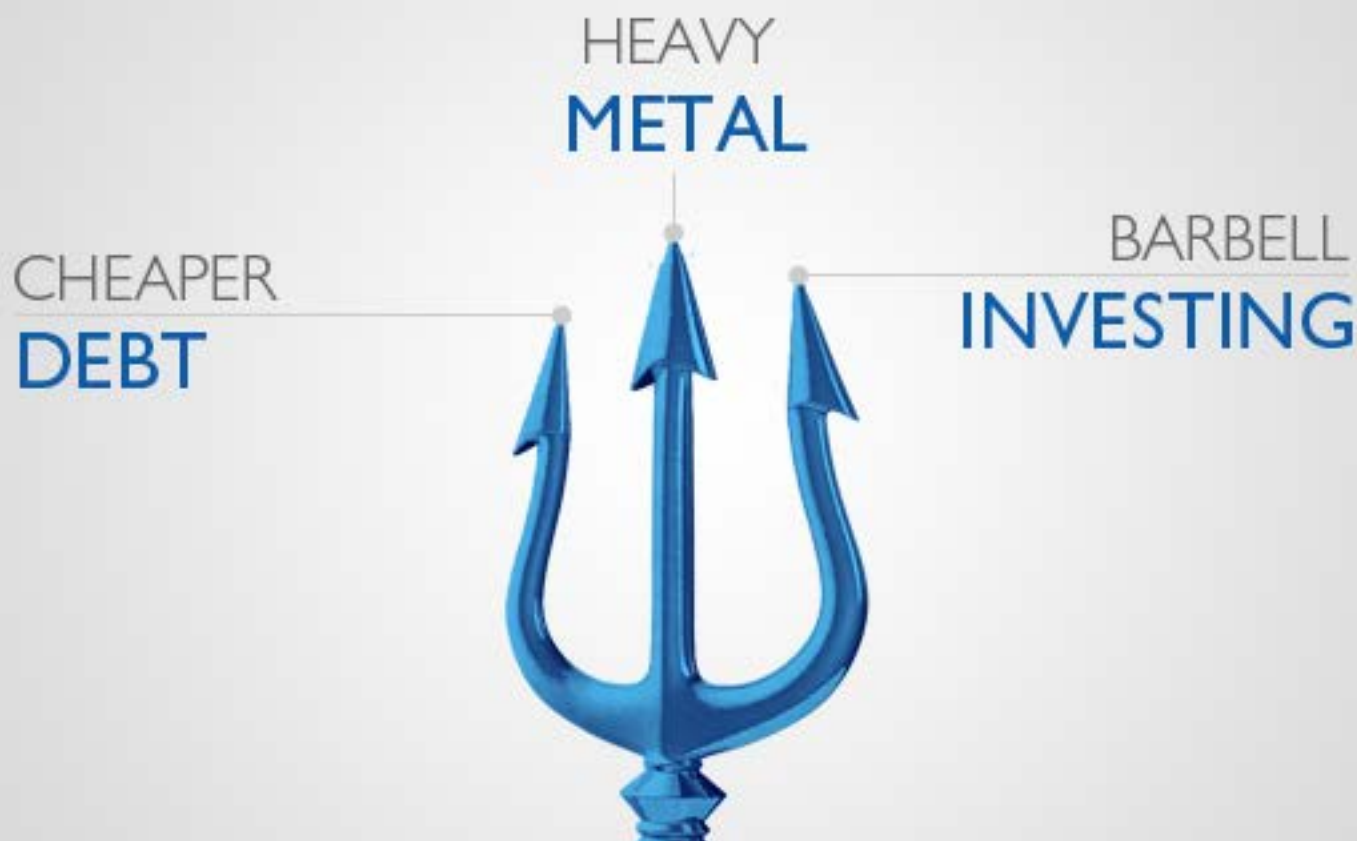


MARKET INSIGHT



TAM's three-pronged approach

TAM Asset Management's 2019 investment performance has, to date, outperformed its benchmark while maintaining a lower risk profile. This has been achieved with an overall cost reduction in headline fees back to clients. This trifecta of high returns, low volatility and cheaper fees makes TAM's investment portfolios some of the most cost effective, actively managed investment solutions on the market. We have chosen three investment examples to share with our investors to demonstrate how we are achieving this.

Heavy Metal: Early into the Merian Gold and Silver Fund

TAM was very successful and early in its investment into precious metals. TAM took an exposure to gold bullion with a position in a gold bullion exchange traded commodity vehicle. It proved a propitious buy at very good levels and has yielded 20-30% gains on this investment across all portfolios holding it. TAM went further by supplementing this position with an investment into a fund seeking to own the equities of companies exposed to the gold industry (mining, refining, transporting and distributing) in the form of Blackrock Gold and General. With this position returning investors nearly 40% over 12 months TAM began to take profits for its clients.

TAM believed that the wider market, on trade war fears and recessionary indicators, would continue to buy into the precious metals rally and thus broadened its strategy to enable existing clients to take supernormal profits from the success so far, whilst being able to partake in what TAM saw as the next leg of the rally, by purchasing an underutilised fund – Merian Gold and Silver.

With silver tending to lag the price of gold, TAM sought to initiate positions in both physical silver funds for some risk classes and/or by taking a position in one of the only daily traded UCITS funds offering investors access to the equity of companies exposed to both gold and silver companies. True to form, silver has seen a large rally off the back of gold and clients' positions now sit on circa 20%+ gains.

Cheaper Debt: Same High Quality for Half the Price

Growing tired of the iShares high cost UK Government debt ETF, TAM's investment team reached out to the marketplace to seek a more value-oriented option. Invesco supported TAM with the offer and provided for investment an ETF aimed at the institutional UK market with TAM acting as a core investor. This was achieved with a 65% reduction in the underlying fees to the client on the investment. Since then TAM have been using this ETF to build its UK debt position at one of the cheapest rates available anywhere.

Despite the low yields in the Government Debt markets, TAM's investment team only see the momentum moving in favour of the defensive capabilities of what these investments hold. The bonus is that we can now achieve this for our clients - the defensive attributes of the Gilt market - with a product 65% cheaper than the one we used before.

Barbell Investing: 2+2 = 5? (Liontrust UK Special Situations / Lindsell Train UK Equity)

TAM has taken another step towards insulating its domestic equity exposure via investing into a strong performer - the Liontrust UK Special Situations Fund. This investment focuses on high quality companies at value pricing. Whilst this approach is not original, the fund's long-term numbers put the strategy into the top few UK investment managers with an impressive 5 year return that is 35% ahead of the FTSE All Share with one of the lowest risk scores. This sort of high outperformance with markedly lower risk firmly reinforces the message that, in UK equities, active management still is a necessity.

In the models, TAM has sought to bar bell this higher quality, lower risk investment with that of Lindsell Train's flagship UK All Companies Fund which, whilst grabbing the headlines for asset inflows, remains top dog in terms of performance over 5 years. The fund achieves this via taking stakes in ultra-long-term investments within the UK mega cap space and usually doesn't shy away from taking large positions in specific sectors, with little emphasis on securing the best price for its target stocks because the long-term growth projections look so good.

With a higher risk to the FTSE All Share as a result of this investment approach, and a higher concentration to mega cap stocks, the fund exhibits a larger fluctuation when markets become volatile than that of Liontrust. By combining the two strategies, TAM has been able to blend a high-growth, high-price strategy which has been in vogue over the last decade with a risk averse, diversified and price conscious investment that seeks to protect capital when markets become volatile. What serves to supercharge this combination is that the individual managers of both strategies have some of the top investment track records over all time periods, which ensures that TAM not only owns a more diversified spread of UK assets, but they are managed by some of, if not the best names in UK active investing.

This document is not to be construed as investment advice for individual investors. The funds quoted above have been invested into after extensive due-diligence, and form part of a broader, diversified investment portfolio which effectively spreads fund-specific risk.

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