tam | *enhanced passive*

ENHANCED PASSIVE
INVESTMENT PORTFOLIOS

WHY TAM ENHANCED PASSIVE?

The TAM Enhanced Passive service has been developed by their experienced active management team, utilising their expert fund and exchange traded fund (ETF) research capabilities. The risk-graded model portfolios comprise a blend of active management and "best in class" investment selection of passive and enhanced passive investments.

As a result, clients benefit from increased diversification via the alternatives market, superior volatility management and capital preservation. Here, we compare TAM's enhanced passive approach to the more traditional strategies offered by larger discretionary managers.

ACTIVE MANAGEMENT

Markets appear to be entering an era of high inflation for the first time in 50 years, with a backdrop of negativity towards high growth, low earning companies, a potential recession, human conflict, and a bond market rapidly repricing to this new environment. With the markets likely to be more uncertain and volatile than they have been over the past five years, investors may wish to consider using active managers such as TAM, whose Enhanced Passive service has been designed to outperform.

Whilst using a larger provider may have a strong long-term track record, the sheer size and scale of their portfolios can result in the range lacking the agility to meet this rapidly changing market head on. This could compromise their ability to deliver the levels of protection, optimisation, and active management that clients are looking for.

MORE THAN EQUITIES AND BONDS

The TAM Enhanced Passive service uses the research capabilities of its fully active portfolio management to delve into the best opportunities from across the full 'alternatives' suite, such as commodities (baskets and specifics), precious metals, infrastructure, and property to name a few. The entire equity and bond ETF market is also analysed to uncover enhanced strategies that deliver significant outperformance over a standard index tracking ETF.

Larger providers may be restricted to using the passive ETF investment products managed in house, which is a potential significant barrier to using "best in class" investments to optimise a client's investment position and, importantly, manage risk and volatility.

THE LOW VOLATILITY OPTION

TAM's Enhanced Passive service performed resiliently during the 2022 market volatility because of its active management, diversification, and tactical use of enhanced passive ETFs. The active management element of the strategy was instrumental in avoiding some of the market's traps in 2022. This resulted in a smoother return profile, lower volatility, and significantly improved capital preservation qualities, which proved to be critical to clients.

The delivery of diversification and capital preservation by larger providers could be inhibited by virtue of their size and scale, combined with less active management. Whilst traditional passive strategies could achieve results and positive performance during long straight bull markets, they will inevitably suffer in times when portfolios and clients need to quickly adapt to the changing environment. In this respect, TAM's Enhanced Passive service could be a much more efficient investment vehicle for minimising downside risk and preserving capital.

TAKING CONTROL

TAM's core strategic asset allocation, which governs the top-down investment direction for the enhanced passive portfolios, is derived from Amber River's group strategic asset allocation provided by Redington. In this respect, TAM's Enhanced Passive service will incorporate both the adviser and client expectations into their own award-winning investment models.

Larger providers will almost certainly have many layers of management and decision makers. Individual institutions invested into their strategies will therefore more than likely have little to no sway on direction, investment techniques or positioning. TAM's commitment to engaging with investors on their Enhanced Passive service will enable a much deeper level of information sharing between managers, advisers, and clients, which we believe larger managers may struggle to match due to their size and scale.

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