

MARKET INSIGHT**In the thick of it: A view from the TAM execution desk**

Investment managers have had to grapple with strong market forces in Q1 as volatility spiked to levels not seen since the 2007-2008 financial crisis, leading to tough and time sensitive decision making for asset allocators. The following quarters have also kept investment teams on their toes as we saw a strong rebound in asset prices while uncertainty over political events and the global pandemic remain high. Having a strategy to navigate these markets is nothing without a team to execute - meaning those at the sharp end of dealing and trading investments have also had their work cut out for them in 2020 just as much as the TAM investment managers.

Amidst a deteriorating market in Q1, non-key workers were told to work from home due to the worsening pandemic, creating what could have been a perfect storm for some managing client money: A substantial increase in dealing volume combined with major disruption to working conditions. TAM have always proactively planned for these 'Black Swan' events, both from an investment perspective and an operational one to ensure client capital is protected and communication kept consistent. February and March tested both aspects almost simultaneously.

In order to remain on the front foot at TAM, Investment Management work closely with the Pershing's Dealing Team and continually monitor liquidity as a risk metric, so that both investment and dealing teams are ready to act rapidly should markets or client request necessitate. You can see evidence of the need for such planning in the 2020 'Dash for Cash' we witnessed in February and March as market participants de-risked their portfolios by selling down all asset types in quick succession. In such conditions, being able to execute a strategy quickly and accurately becomes paramount to protecting client interests.

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While disaster can strike in markets, we also plan for disasters in the physical world. We last tested (successfully!) our ability to operate entirely from outside the office in September last year. As the nation contemplated how we would adapt to working from home, having pre-tested systems and processes from remote locations allowed us the time to focus on the Investments and liquidity for clients rather than internet connections and spare keyboards when it mattered the most.

As the Dealing Team processed nearly double their typical dealing volumes in Q1, TAM's execution agent, Pershing, also delivered when it mattered the most. Our holdings in exchange traded securities (ETFs), were purchased and sold at premium exit and entry prices compared to the long run average in trading these investments. Pershing always uphold a high standard of best execution, but to deliver top tier price improvements when times were toughest really underlines their institutional strength and highlights another reason why TAM's clients remain in the best possible hands.

TAM has also built on our own Dealing Team's capacity since the onset of this global health crisis, not only to be more prepared for market uncertainty, but to help support the business as it grows throughout 2020. One team member completed their training amidst 2020's Q1 volatility which was the very epitome of a baptism of fire. Soon after, another team member was hired, trained and made ready for action, all remotely throughout national lockdown and the persistent high volatility in markets.

As many of our readers will well know, working from home, and starting new jobs from home, unreliable domestic internet connections have all created the need for teams to increasingly support each other throughout these new challenges. TAM also increased cross-training between our Investment Management, Dealing and Operational teams, allowing for greater coverage, communication and strategy should we still have more challenges to face in 2020 and beyond.

While growing the Dealing Team in number and spirit, we have also been expanding our offerings within the ESG market, the Sharia market and the opening of a fully operational European office to which we are pleased to say will benefit from the same experienced dealing and execution services that the TAM UK clients benefit from. One thing 2020 has taught us on the dealing desk is the long term global trends towards disruptive things like demand for online services, modern working practices and ESG investing have been accelerated this year, and our Dealing Team remains recharged to tackle these market forces as they move through our portfolios to keep bringing TAM clients the best possible outcome.

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