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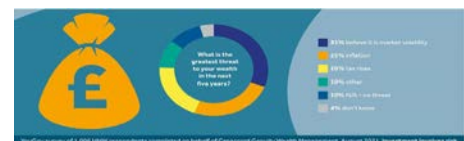
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# One, two, three: the present TAM investment stance

**Lester Petch, CEO, TAM Europe Asset Management explains.**

**Step One...** The last 8 years, ignoring a hiccup over the pandemic, has been driven by American Growth stocks. Big Tech and high growth were all you really needed to own to post strong gains. The likes of Apple, Facebook, Netflix, and Google powered the American market to peaks. Amazon threw its hat in the ring in the pandemic as the consumer went mad for the delights of home delivery of all manner of goods. It was and remains an unprecedented era and it's not over yet. The stocks rushed to unparalleled PE multiples only to not disappoint and see earnings come through. Almost a golden era? But is the easy money on the price?

**Step Two...** Into the pandemic as we have seen the tide turned. Strong interest was shown in old industry, recovery stocks and post pandemic investment opportunities. The phrase "Value Investing" was heard in a non-derogatory sense for the first time in years as the final quarter 2020 and into 2021 saw a fast and furious rally in value stocks. The Growth investors were caught out and lived off their not insubstantial historic gains.

Whilst the easy money is already in the price, possibly here also there are, as always, pockets of opportunity which could point the way to a positive year end - alongside Step One and Step Two (value and growth), there could well be the elusive "third step" of this 2021 market.

**Step Three...** We refer to "high quality" stocks. Sounds simple, but these are companies whose share prices are not fully bottomed out, so they are not value, yet they don't have all their earnings pegged in a decade's time, so are not pure growth. These are companies, profitable now, in industries where competition is scarce, have low levels of debt, robust earnings and importantly, achieve an excellent level of annual growth rate. These companies thrive in a market where easy money has been made and investors go on the hunt for companies who can thrive in all environments. We may term these as "mid-cycle" investment opportunities - which is, coincidentally, exactly where the current market is heading.

The second direction which is catching our "mid-cycle" focus is dividend investing. A style of investing almost

outlawed in 2020, is coming roaring back as companies start to repair balance sheets and recover lost revenues to such an extent that they can begin paying profits back to shareholders - which is one of the core pillars of how the stock market started.

My point for raising the three steps at present is that no one area has proved the outright winner in the last 6-12 months, but a balanced approach is needed more than ever. Neither Growth nor Value are dead, there will be periods of strength. TAM has added in these Step Three opportunities alongside our value and growth barbell approach which we adopted at the outset of the year.

It is critical to recognise that this isn't a one-horse race but more a three-step game, which will be critical for TAM to continue enhancing and outperforming, but also for protecting assets through what is becoming an increasingly rich and unpredictable market.

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## Editorial Comment



## Autumn Conference Series

**Y**ou hopefully saw my email last week confirming that the schedule of webinars is now finalised and the programme available within our new Autumn Conference Hub: [here](#). To access that, you will need your new Members' Hub password, communicated to you last week. There are 7 webinars, each one at 10am (UK time) on a Wednesday from 13th October to 24th November. These events will run for 60 to 70 minutes depending on the content and there is a mix of keynote speeches, presentations, Ted Talks and a panel session. They will also be available as Video on Demand. You can register for the events via the above link or directly [here](#). CPD is available for each webinar, whether you watch them live or on demand.

Regards

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