Optimistic for a post-pandemic year

The thoughts of Tom Worthington, European Manager, TAM Europe Asset Management.

I am confident that we are all in the same boat in wishing that 2022 will be the post-pandemic year. With many Western countries surpassing the 70% vaccination milestone, the bulk of the hospitalisations are those who are not vaccinated. The multiple variants that have been announced in recent months also seem less effective at forcing patients onto respirators.

The various Covid setbacks are likely to be stifled as new protocols are set in place and antivirals become integrated into the population, so one should reasonably expect these Covid frustrations to lessen.

According to JP Morgan research, there is an excess build-up of capital both within residential households and corporations. This surplus of funds may be an indicator of increased spending in 2022. Additionally, as governments start to wind up economic support for individuals and corporations, there will be a need for increased spending to fill the said void.

The hope of this reflationary tilt is a positive one, notwithstanding a relatively volatile market while investors find their footing once again and re-trial the market sectors.

One cannot comment on the recession of the pandemic without instating oil. From a delinquent price of 38 Dollars a barrel in May 2020 to more than doubling at the time of writing at 80 Dollars a barrel.

Emerging markets (EM) are likely to lag slightly as the gates open into 2022, however, like an experienced sprinter, EM have the potential to pick up pace and outshine other markets towards Q3 and Q4 as they catch up on the vaccine roll out.

With 2022 looking to be a dallying bull market, many fund managers will be combing through the market for growth, hinging on the fund's narrative, diversification into these ransacking strategies is momentous to a healthy portfolio. For this reason, it is more essential than ever to consider an active fund of funds manager for your client's needs, and here are a few reasons why.

Research
Searching for value in the market is a key feature of using a quality fund house. For example, JP Morgan has a research team of more than 850 people in 26 countries providing them with immense capability to rummage through value in the market.

Access to funds
Accessibility is an instrumental part of running a healthy portfolio. There are institutional funds and managers that require a minimum allocation of funds for access, and this can sometimes leave individual investors unqualified to enter some market strategies.

Fund classes
While many of the mainstream strategies have retail classes, these lower monetary facilitating classes often create more expense for the client.

Reaction time
When dealing in a dynamic market one must be as swift and precise as a Japanese swordsman. Moving a client's assets amidst market turmoil may be troublesome and timely and require permissions and signatures from both parties.

Relationships
While advisers have solid and well-founded relationships with their clients, it is extremely doubtful that a fund manager has the time in a busy schedule to be able to speak to his retail investors.

Research and re-balancing
Both relatively simple words, albeit a much more time-consuming practice when it comes to dealing with a client portfolio. One can never conduct enough research into the funds that the clients are buying.

Macro view/risk
One has to contemplate each client risk profile and purchase the appropriate funds for that particular risk profile, again this can be an immensely time-consuming task.

Cost
TAM's AMC is just 30bp. Yes, this is an additional portfolio cost, but when you consider most retail class funds are 75bp and TAM's OCF currently sits at around 40bp, it is still more cost-effective to use a managed portfolio.

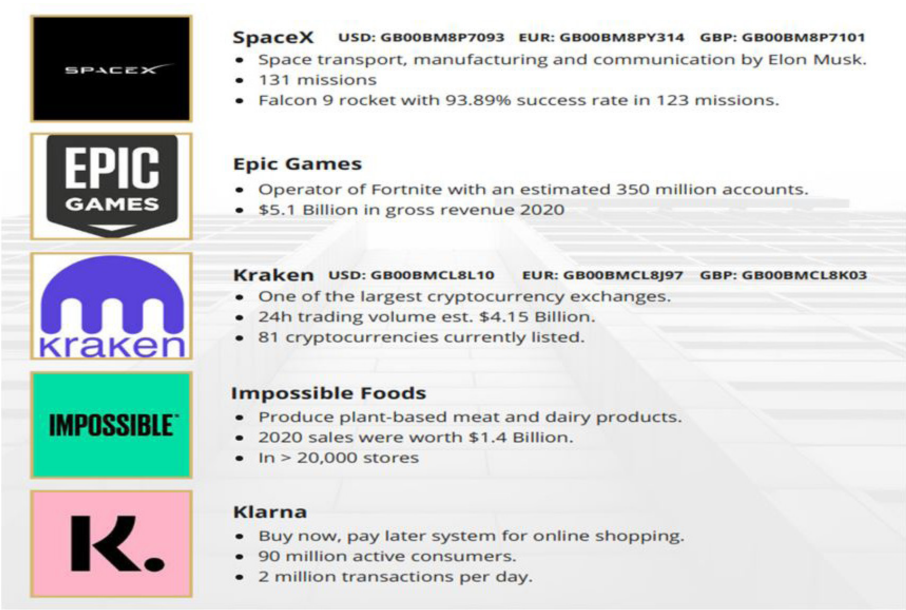
TAM has built solid relationships with all the funds we deal with, giving us access to super-institutional share classes which sometimes are as low as 6bp (no, I didn't miss a zero). TAM Europe's CIO James Penny conducts over 200 meetings with fund managers a year. With a team of experts monitoring their macro view of the market every day, it allows for fast paced and quick rebalancing of portfolios.

With a team of professionals monitoring the markets and making the decisions for advisers, it allows you more time to create and build relationships with new and existing clients, and ultimately build your business (and even enjoy a cheeky round of golf?).

For more information please contact **Tom Worthington – tom.worthington@tameurope.com**

Get in early: Liquidity Event Certificates and the next big thing

Bedford Row Capital discusses.



Source: MTN Funding PLC.

Fortunes are made in Private Equity. Big names like Blackstone, Carlyle, KKR and Apollo are as well-known names in the investment world as the retail fund world (like Vanguard, Fidelity and Blackrock). The numbers are not as big; Blackrock is probably 10 times bigger than Blackstone (funny that though and I think there is some history between these two firms which explains the names). The returns are much much bigger. PE firms can show spectacular returns when the investee companies IPO. Sexy returns for the ultra-hard work it takes to makes a billion-dollar IPO succeed. Good for them but how can this be good for FEIFA members otherwise it is just academic and inaccessible. Not any more.

The launch in Q4 last year of Liquidity Event Certificates, or LEVCX, brings together these two strong investment theses in an accessible format; Global brand development and IPOs. LEVCX is essentially a very simple structured product. Investors are provided with a choice of a handful of carefully selected, multi-billion valuation businesses which are household names and still private. What is the play? Get in before IPO and get out after IPO. Quick turnaround, short term play in companies which are in the "last mile" before they go public.

When structured products first took hold in the advisory community over 20 years ago, the purpose was to provide access to assets or opportunities which were not available in the mainstream through tracker funds. LEVCX continues that long established tradition by opening a door to the specialised world of PE firms. By focussing on household names, investors can relate better to known brands depending on their own views. A vegan game player could allocate to Impossible Foods and Epic. A techy would jump at SpaceX (whose valuation has gone up by around 20% in the last six months) or Kraken. A savvy investor who understands consumer purchasing dynamics would see Klarna as the next big financial services brand (and with a current valuation of over $40Bn is heading in that direction). Until IPO, LEVCX valuations will track the underlying company's valuation so investors have the chance to profit even before IPO whenever that will occur.

What have we missed? The below shows the difference in return between accessing pre-IPO and returns post IPO (once already public). Sexy stuff.

LEVCX are listed and tradable daily on the Deutsche Borse. Available for suitable investors only and only for advisers who understand the risks and potential returns of structured products. Then again, given the knowledge within FEIFA, this type of simplified structure product could be a part of all portfolios. **www.levcx.com** for more information. Structured products like this are too rarely available as they offer a genuine diversification play. Investing in LEVCX will not make clients as wealthy as the partners in PE firms but why should they have all the fun.

Sexy stuff for sure.

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	Pre-IPO Investor Avg.	IPO Investor Avg.
Airbnb	220%	15%
Snowflake	540%	19%
Palantir	775%	20%
Beyond Meat	507%	20%

Source: MTN Funding PLC and Skywing.