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Taking a step back and being
a safe pair of hands

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Markets over the last month have become noticeably more volatile than in Q1 which is hard to believe. This step up in fear and selling seems to be based around the idea that central banks are now actually raising rates rather than just talking about it. The war in Ukraine has exacerbated this volatility and supercharged inflation expectations which is, in turn, feeding the flames of fear around investing into this market.

This scenario is most negative for bonds as interest rises erode the value of owning them. Likewise, growth stocks come under serious pressure in a rate hiking market. We can see this with the Nasdaq, which at the time of the writing is down over 20% whilst the normal S&P500 is only down 8.5%. It seems that anything which did well prior to 2019 is now firmly at the bottom of the pile.

As growth stocks come down, one might have expected investors to now be switching to value investing (a move which TAM made long ago). It would appear from speaking with our peers, many of whom have been heavily invested into high growth funds for the last decade (Fundsmith and Ballie Gifford), that they have been somewhat reluctant to sell these holdings and are thus down over 10% at the end of Q1.

Conversely, TAM's portfolios were down in the region of 2-6% over the first quarter. This is not because we saw the writing on the wall but more that TAM has, and always will be, a cautious manager and a safe pair of hands in a crisis.

Nothing demonstrates this better than looking at TAM's performance against the wider IA Mixed investment sector which consists of the majority of our competitors.

clients' portfolios. This very cheap and highly effective ETF is down just 3.4% when the actual S&P500 is down 8.5%.

Further to this, we decreased equity exposure and increased precious metals exposure a week before the invasion of Ukraine, and we insulated clients' portfolios with healthy levels of commodities and alternative hedge fund style investments which have all returned handsomely.

Of course, this piece is not intended to detract from the negative performance seen in clients' portfolios this year and no one takes these negative markets more seriously than TAM. We do however think it's worth framing this small level of underperformance against competitors offering a similar balanced investment option, suffering larger losses because of their focus on returns rather than protection.

To conclude, the focus points for clients worrying about their invested wealth is to remain calm, remain sanguine about the fact that markets do move in fits and starts, and to remember that what does go down can come back up.

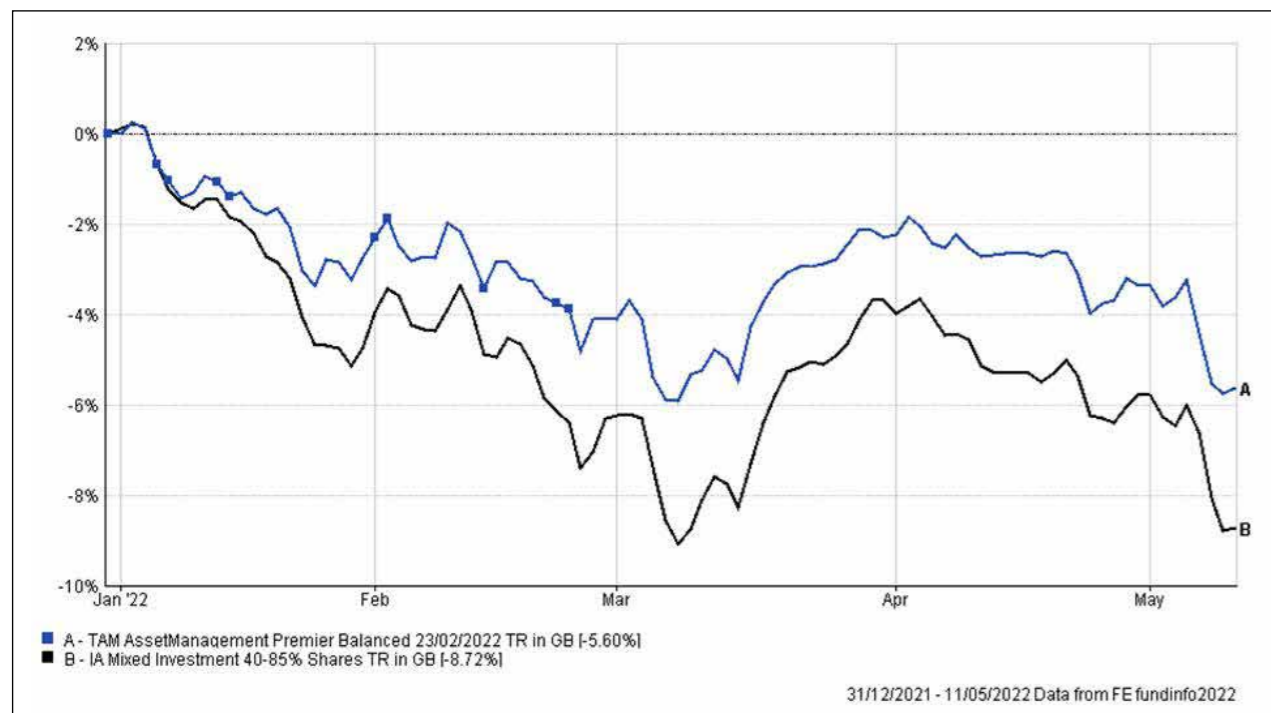
TAM's investments are geared to invest clients' money simply, clearly, and importantly into the very best and highest quality companies we can find. If we can do this whilst trying to protect clients' assets in times of volatility, then we believe this delivers the best of both worlds.

We also believe that successful investing is often less about correctly predicting the outcome of every risky market scenario, and more about owning what you know to be a great investment, holding it for the longer-term and getting rewarded for it.

To that end, whilst we are cognisant that things are becoming

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The thoughts of James Penny, CIO, TAM Europe Asset Management.



To my earlier comment about when TAM started buying value stocks which are now in such high demand - we have been investing into value funds since the first vaccine came out in November 2020. The fund we have been buying is mainly the Pzena Global Value fund and this year it's up 1.5% when the wider market is down nearly 9%.

Likewise, TAM made a switch into an S&P500 Value ETF and put it, along with Pzena, as the largest part of

more volatile, we are also hugely positive for the future of this market. Over the longer-term, this short-term shock to markets is just a great opportunity to own more high-quality companies which we believe will become the winners of tomorrow's market.

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