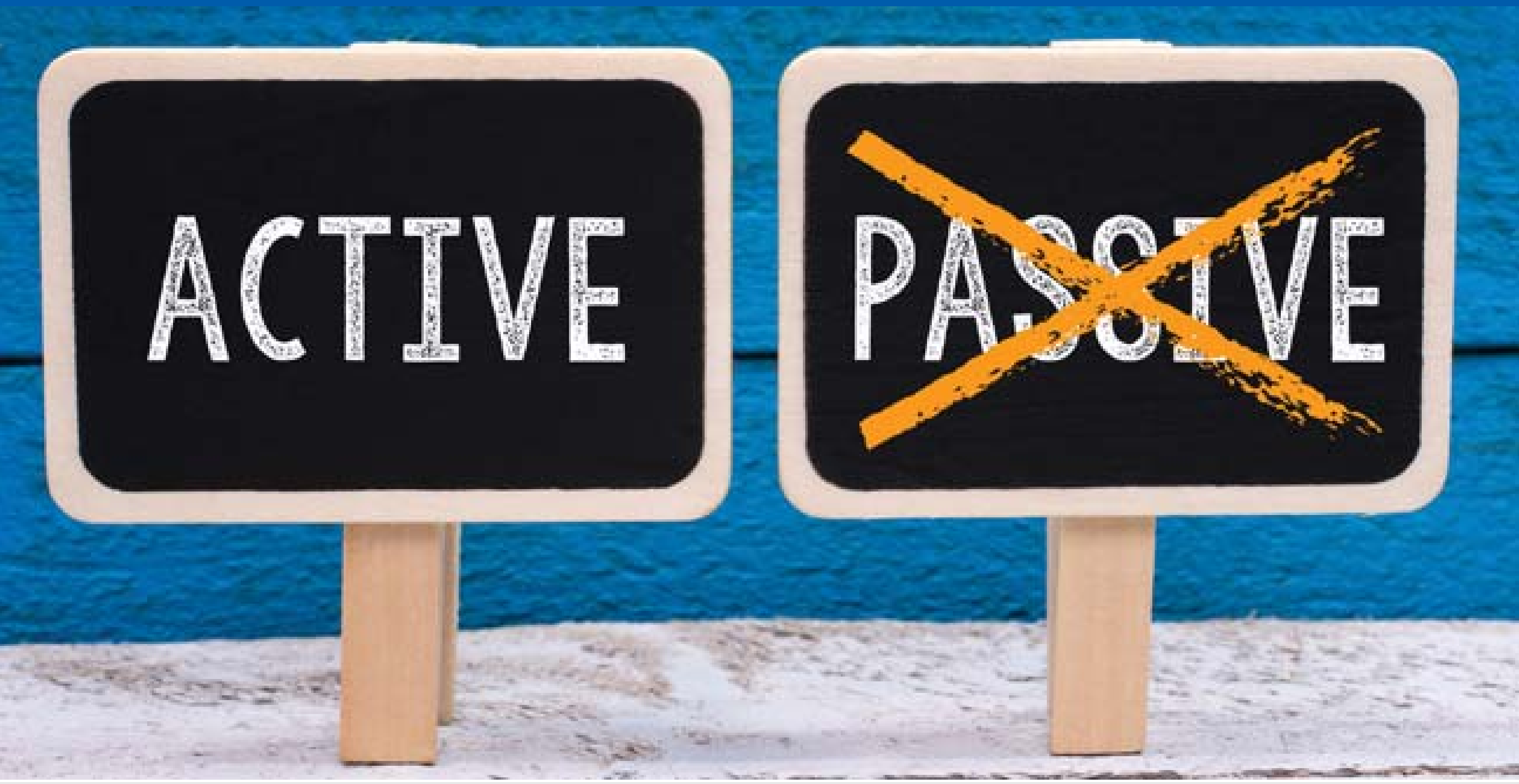
TAM INTERNATIONAL INVESTMENT NOTE



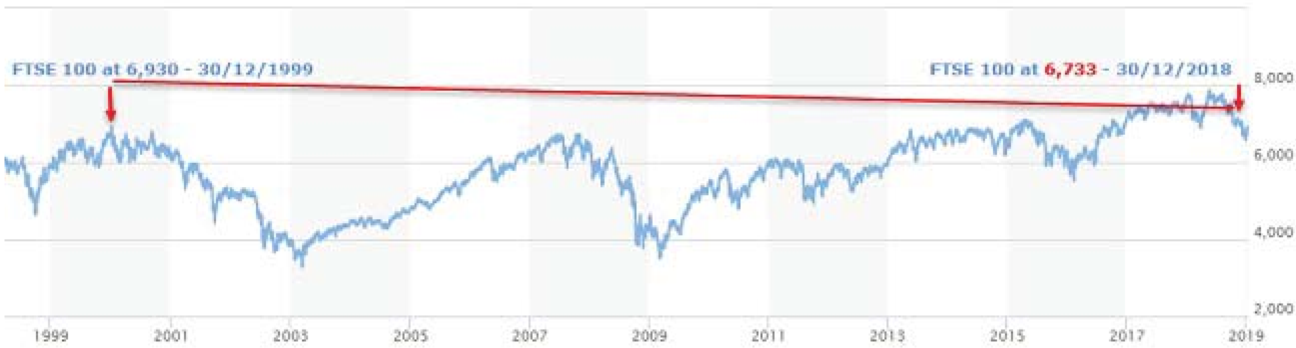
Active management is dead, long live active management!

Think back to the turn of the millennium, what were you doing? More than likely cracking open the bubbles to see in the dawn of a new era, perhaps some of us were fretting over the infamous Y2K computer meltdown heralded at the stroke of midnight!

I think most would agree, since 31st December 1999 we have embarked on an era of exponential growth which has seen unprecedented gains across healthcare, gender equality and advances in technology which continue to develop the very essence of how the human race interacts with one another. Not to mention driverless cars and flying taxis! Interestingly, 100 years on, we look set to enter another roaring 20's era.

Tacking back to the reason why you are reading an investment article - looking at the UK stock market, to me, stands to reason that investing your capital across the UK's top 100 companies over the last 18 years of global growth should have been a highly lucrative trade, surely?

Well, on 30th December 1999 the FTSE 100 (an index of the UK's 100 largest companies) closed at 6,930 points. On 30th December 2018 the very same FTSE 100 index closed at 6,733 points. Of course, this doesn't take into account dividends but nonetheless is noticeable. It doesn't take a genius to realise UK large cap markets for 18 years have gone nowhere, actually negative to the tune of 2.9%. Hardly a winning endorsement of generating long term returns from the UK's top 100 largest and most stable companies.



It's actually the investors who remain big believers in the power of ETFs that need to take heed here. Investing in a readily available FTSE 100 ETF, whilst being cheap, would have generated you a loss of more than 2.9% over 10 years, after fees. As anyone in asset management will tell you, making a negative return for clients over 18 years, is a profound failure.

Now, looking at an active manager over the same 18-year period, also investing in the UK's top 100 companies has, according to our research of UK large company funds running in 1999, generated a return in the range of 170% – 200%, which is quite astounding considering the collective performance of the FTSE 100 is negative. Even adding back dividend accretion does not account for the solid out-performance of active managers.

Just to compound the point I am trying to make, if I also include a UK multi cap manager who can invest across large, mid and small sized companies into the mix, this percentage return can be up in the 900% range!

This illustrates the stark reality that, over 18 years, the long-term advantages of owning an active manager who not only owns the right stocks at the right times, but through company specific research also avoids the stock blow ups that could generate an investor a serious increase in capital growth over that of the passive investor.

I am not sure about you, but as someone who's long term pension pot is invested into stock markets, paying an additional half a percentage point for an active manager to help deliver this kind of outperformance over 18 years seems like a very reasonable trade off.

TAM Asset Management's goal as an active investment manager is to simply give its clients a portfolio which consists of what we believe, to be the best selection of active fund managers from across the globe. This is in order to provide our clients with a broad and diversified investment portfolio which will not only gives its investors access to managers delivering those 900% returns, but also managers seeking to defend capital for when times get tough.

As investors, if 2018's markets have taught us anything, it's that investments can go down as well as up and choosing a passive, cost effective portfolio in these uncertain times could remove that all-important active element which might make all the difference.

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