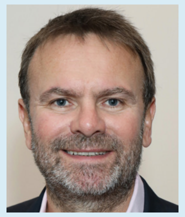
Editorial Comment



Happy New Year!

I hope you had a great Christmas and wish you all the very best for 2024.

We start the new year in much the same way as we ended 2023, planning on how we can support you professionally over the next 12 months. As always, a great deal of this will involve training and educational services, not least the events that we will organise and hold.

Firstly, there will be a new series of **Masterclass Seminars and Webinars**. We are already working on these and hope to finalise dates in the very near future. These are likely to be held in late February and/or throughout March.

Following soon after those will be our **Annual Conference** in London. Hopefully you are already aware that this will be on the 24th May.

Regards *Paul*

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Hang on in there, the market is on the mend

TAM Europe Asset Management explains.

Most investors will know, the best remedy for poor market performance is a good uptick in returns. One of the more reliable pillars of investing is the idea that prices and performance are usually mean reverting. Bluntly speaking, what goes down must, at some juncture, come back up again.

Another well-known investment fact is that sitting in cash when the market has those rare but incredibly good months of performance can drastically detract from the long-term returns in any portfolio. To sit on the sidelines is a great idea when markets are going down but then suddenly, it isn't such a good thing. Certainly, a cautionary tale for those who have chosen to sit in cash accounts with the intention of "timing the market" for their re-entry.

2023 has largely been a year of lacklustre performance with just 7 behemoth tech stocks in the US delivering virtually all of the market performance. Investors have seemingly piled into these AI related investments believing they represented both the cutting edge of an AI led future, wrapped up in mega sized companies which are too big to fail. We've heard that one before!

Sadly, these 7 stocks occupy so much of the S&P500 that their collective performance has served to give rise to the mirage of a broad stock market in rally mode. In actual fact its those 7 stocks that have done all the heavy lifting and the other 493 have barely participated or are negative. Hardly a positive story. Any significant performance has been derived from heavy concentration risk.

In short, if you have not been invested heavily into this narrow band of star struck stocks then your portfolio gains have been nothing short of lacklustre, and if you have, then ask yourself what level of risk has been taken to achieve such a result. If we were sitting here writing an investment note to you saying we had placed the fate of our clients' hard earned cash in the hands of just 7 stocks this year, we would expect to be managing significantly less in 2024, and for good reason! The risk taken may have indeed produced positive relative returns but the risk levels to achieve that would be possibly catastrophic to long-term gains.

The angst amongst investment managers and advisers has been palpable, not only to keep a balanced portfolio of high-quality investments when it has been only 7 individual stocks really rallying, but also managing that tightrope of communication that a proper, well-rounded portfolio includes investments in fantastic companies across multiple markets, not just buying 7. No easy task when that gilded strategy of long-term, high-quality investments has fallen foul to a high street savings account.

Going back to our earlier point about sitting on the sidelines in cash, as if to prove a point, right at the perfect moment in time, the market delivered November's "everything rally" in which almost everything everywhere went up, and in some areas, they went up high!

In terms of performance, only once in the last 40 years has the month of November delivered such stellar gains, and only in the wake of the great financial crash in 2008 did we see a rally of similar scope and scale. Why did it come about and is this the end already of the fabled "Santa Rally"? It would seem not if December is anything to go by.

After a year of soggy returns, it was the turn of the bond market to be in the driving seat for November, with some areas up over 6% in a month! Equities were by no means absent, with broad gains coming across global markets with notable moves in markets that benefit from a weak dollar. When one considers that a high street savings account give savers 5% (ish) per year, we saw November's rally beat that in some areas… in just one month. It pays to keep the faith.

Months like November are a critical reminder, and an even more critical pay back to those who have stayed the course this year and remained invested when others were sat in cash. December is palpably following behind that as we write. Portfolios for calendar 2023 are likely to make positive returns across all risk profiles and our investment team is seeing some real value areas popping up on the investment map to generate good returns in 2024. Areas under the microscope for 2024 include high-quality corporate bonds, emerging market and Asian equities, Japanese equities and UK small and mid-sized companies to name a few, and the list is growing.

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