

TAM INTERNATIONAL INVESTMENT NOTE

Trumped, by the state of Florida!

The US electorate have spoken and the world is a more volatile place this morning. Is it the dawn of Mad Max... or simply the dawn of a new era in politics? For the second time in 2016, and after the shock of the Brexit vote, an electorate has overturned the establishment and made it clear (well by a simple majority) that the road ahead needs to be considered differently. It lay ultimately with the state of Florida to give the Free World its new leader – who would have thought that?

What does that mean for TAM investors? Is it time to panic sell? Are we set to lose significant value in portfolios and has the global economy found a new sinkhole in which to plunge? Do we fear the next 12-24 months? The answer is NO. So what do we see?

1. Firstly we must be open and say that this result will generate a serious amount of initial unease and volatility over the next few days or couple of weeks which may be significant... but will in time fade.
2. The establishment in the US has taken a hit and that includes the powerhouses of the east and west coasts of the United States where the economic strength firmly lies. This means that the brokers and bankers will feel more unease than the world at large – if that's possible.
3. I don't write often, but I have said many times that volatility breeds opportunity and this is no exception. Any weakness in global markets will give us a medium term buying opportunity and that weakness is already unfolding unsurprisingly.

4. We had already moved underweight equities and in fact only yesterday had seasoned investors querying why we had nearly 15% cash “lying around”.
5. We had added a position in gold across some portfolio which should see gains but perhaps will be slightly offset by a weaker US dollar. It is a traditional safe haven nonetheless.
6. However, we will not be surprised to see a quick steadying of the ship in a financial sense. It will sink in that the economy does not change overnight and that corporate profits are not impeded by a Trump victory. Why would they? He is a Republican after all. We anticipate sanity will return and markets to regain any lost ground, if indeed there is much.
7. The “risk on” investors who bet on a Clinton victory are selling and the “risk off” investors who were waiting for the unthinkable are waiting for them to sell. Equilibrium will be found slightly lower and weak sellers will be out of the game.
8. This sell off will present a good selective opportunity to buy, so watch this space.

In conclusion, after Brexit, nothing surprises us. This is of course a more global event that will rattle on until balance between “risk on” investors is matched by the “risk off” who see opportunity appear.

As weakness unfolds we will look to commit cash presently on the sidelines at propitious levels and if gold surges, look to sell that position. The long term is a series of short terms and volatility is often the key to buying assets at good levels. We are confident the medium term is far from bleak and that the shock presently reverberating around the world will be temporary.

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