



OUT!

“Look, I think it’s entirely sensible for David Cameron to stay on. But as long as he’s gone by 10am, I’m happy.”

Nigel Farage 7am, 24th June 2016

“I will do everything I can as Prime Minister to steady the ship over the coming weeks and months but I do not think it would be right for me to try to be the captain that steers our country to its next destination. This is not a decision I've taken lightly but I do believe it's in the national interest to have a period of stability and then the new leadership required. There is no need for a precise timetable today but in my view we should aim to have a new prime minister in place by the start of the Conservative Party conference in October.”

David Cameron, 9am, 24th June 2016

If it was yesterday's rain that stopped people voting then God is a Brexiteer. The turnout at 72% was high but questions are being asked about the impact of heavy rain in key areas in London where some polling stations had to relocate. Nevertheless, the result is firmly in favour of Brexit and markets were quick to reverse the gains from the last few days when the Remain camp appeared to have pulled ahead. The Tokyo stock market played its familiar role of panic selling with a cool 7.92% off the Nikkei 225 and Europe and London followed suit with the FTSE100 off 7% before recovering some poise as the morning progressed. The Nikkei recovered around a third of its loss in the London futures market.

Sterling had a good go at falling more than 10%, reaching \$1.32 against the US dollar but recouped around half. These moves are not terribly surprising given the way the derivatives markets were positioned prior to the result but Governor of the Bank of England, Mark Carney, appeared early in the morning to reassure markets that they would take any necessary measures to secure economic and financial stability. The European Central bank made similar overtones but with an emphasis on ensuring liquidity.

At TAM, we believed there was a greater chance of Brexit than many suspected and had adopted a defensive position ahead of the referendum. We now have easily the highest cash positions in client portfolios that we have ever had and are looking for opportunities to invest. We think we could well be in a new era where huge long term value is to be found on weak days in the weeks ahead. But it will be a volatile time as we come to terms with the new normal and the implications for stocks, bonds and the economy as a whole.

Our CEO, Lester Petch, and members of the TAM investment team have lived and invested through more stock market crises than we care to remember and far from panicking, there is a genuine sense of opportunity for our long term investment strategies. As Harold Macmillan might've put it "Events, dear boy, events", and they are moving quickly as we write. As well as keeping an eye on markets, the politics are being shaken up, starting with the resignation of David Cameron. We will have plenty to write about over the next few days and will keep you updated on our actions in client portfolios.

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