



# Breaking the Binary:

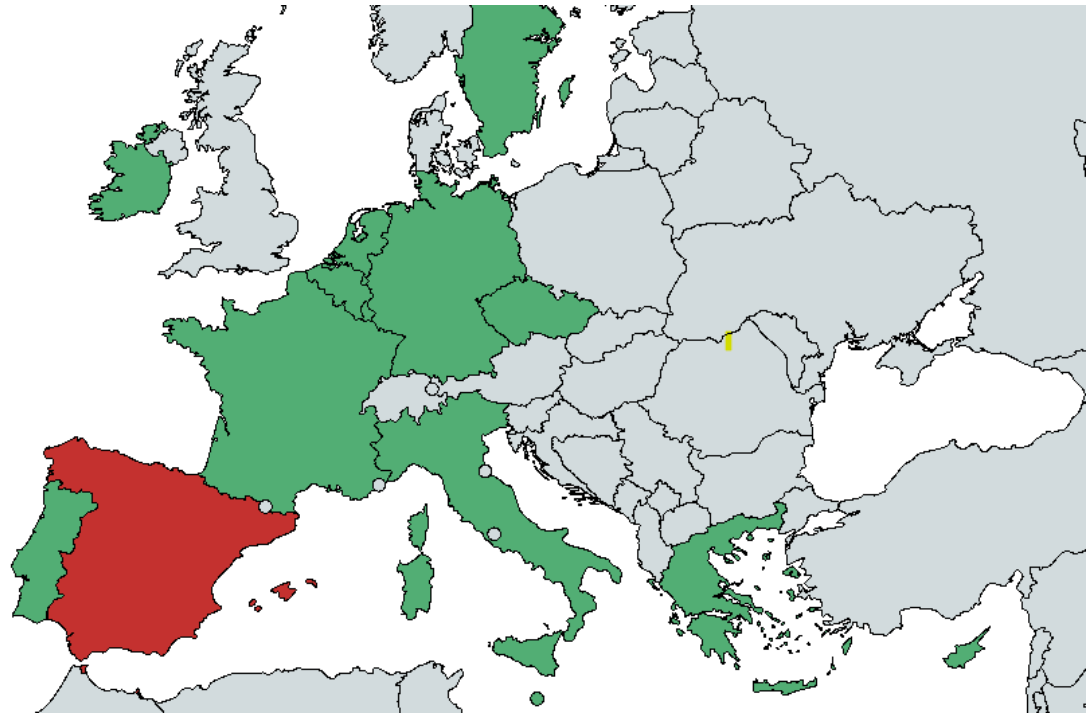
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A Smarter Take on Active vs Passive

# Who's TAM Europe?

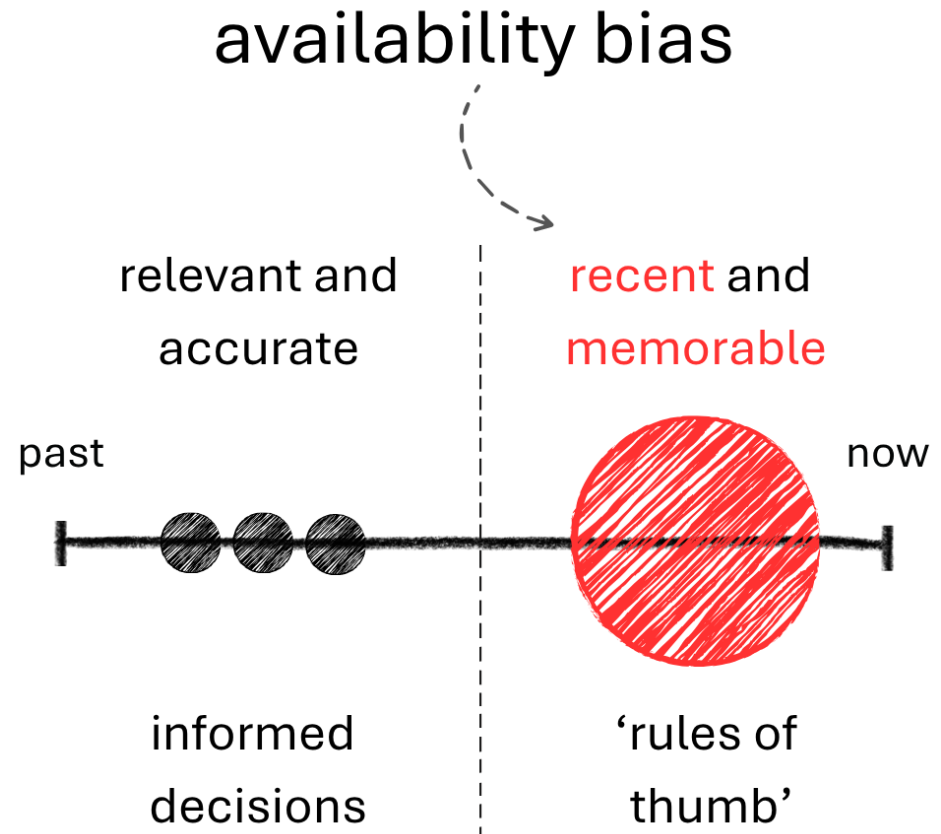
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- Directly regulated by the **CNMV** since 2020.
- Based in **Alicante & Mallorca**.
- Helping clients of IFAs for the last **20** years.



# Is our memory too short?

- **90%** of active asset managers in public markets underperform their benchmark over a ten-year period.



# The investment theory

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Information



Benchmark  
Quality



Liquidity

# Concentration matters

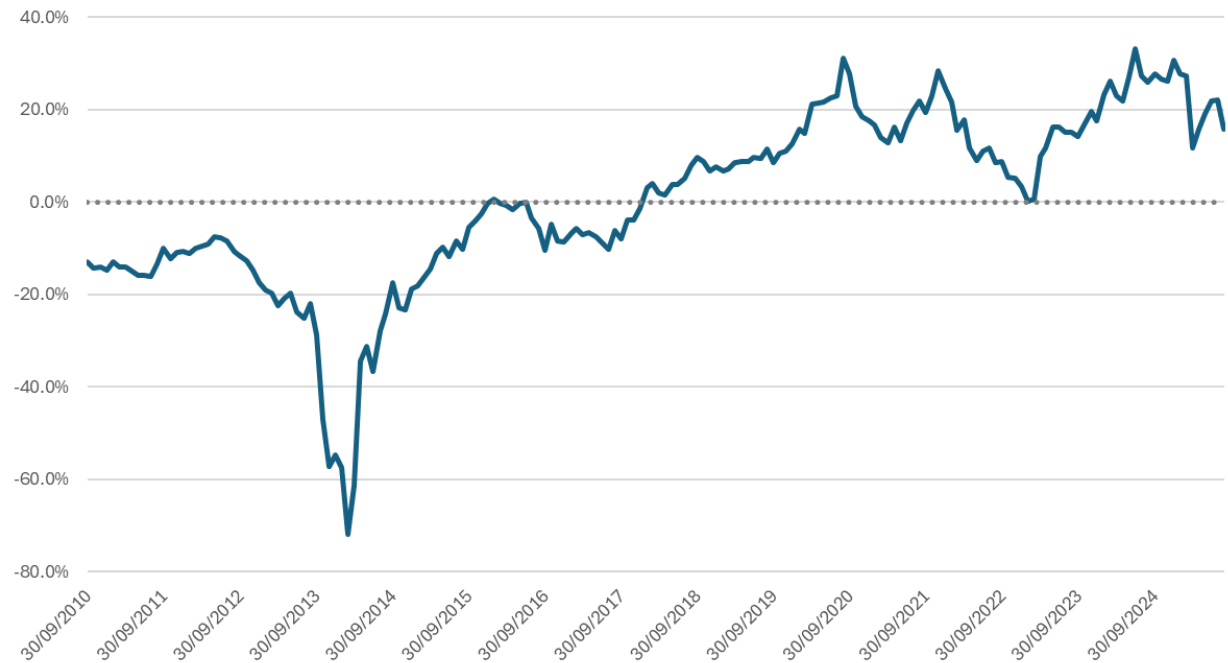
Concentrated rallies:

Active < Passive

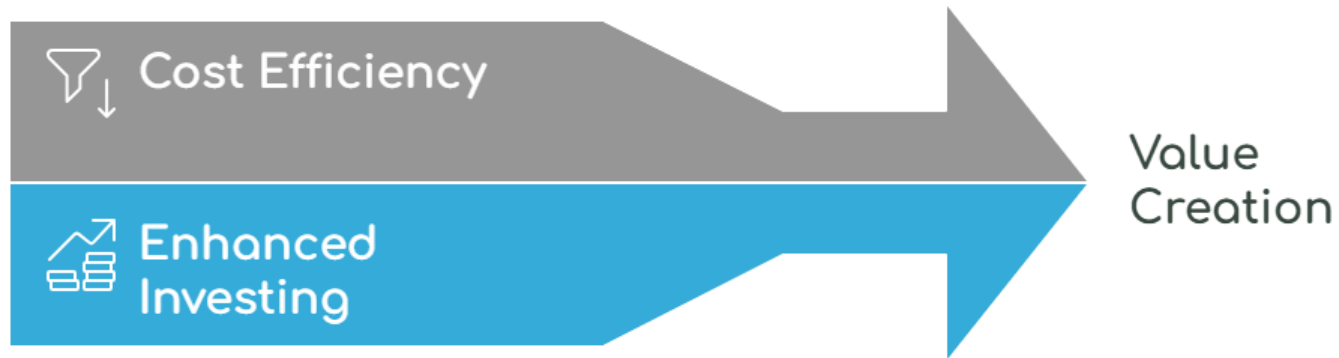
Broad rallies:

Active > Passive

S&P 500 - Market Cap Weight vs. Equal Weight (5 Year)



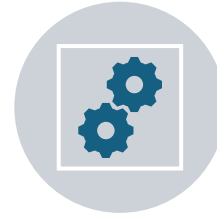
# What's the alternative?



# The market has evolved



**Factor Tilting.** Overweighting certain factors e.g. value, momentum, quality



**Smart Beta Strategies.** Rules based index tracking strategy to capture specific risk premia e.g. volatility

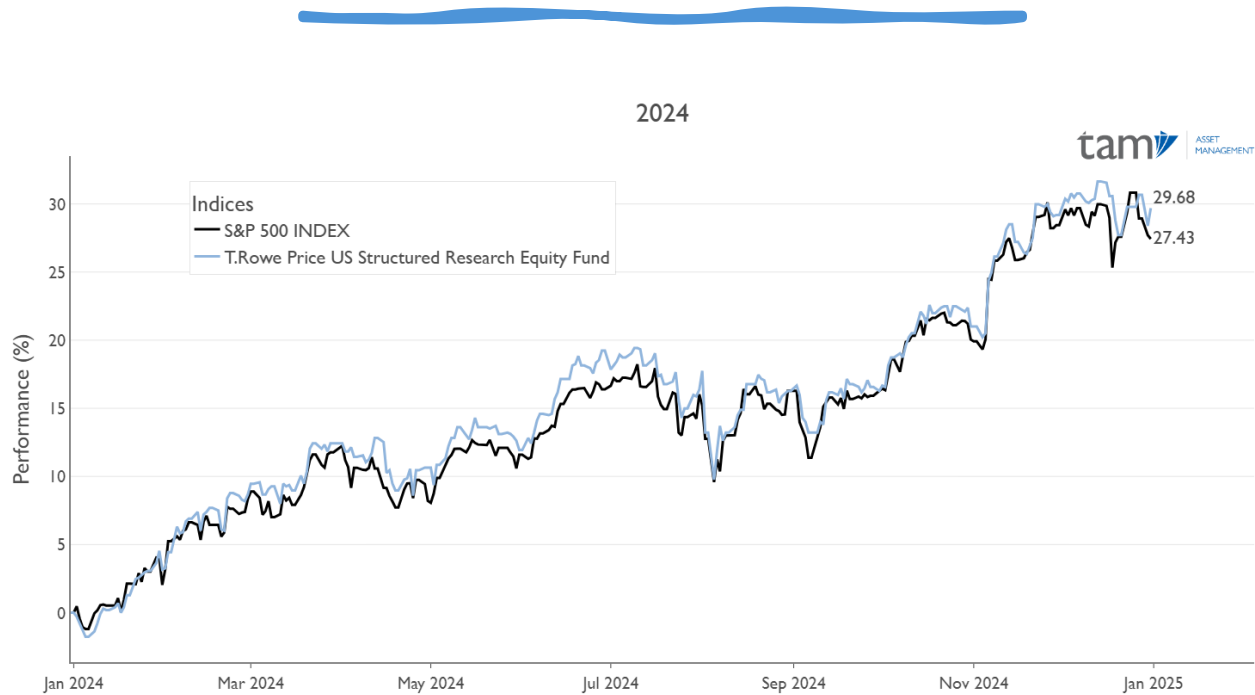


**Optimised Indexing.** Slightly adjusting index holdings using quantitative models to improve risk-adjusted returns



**Fundamental Weighting.** Overweighting securities based on fundamental research.

# What 'enhanced' funds look like



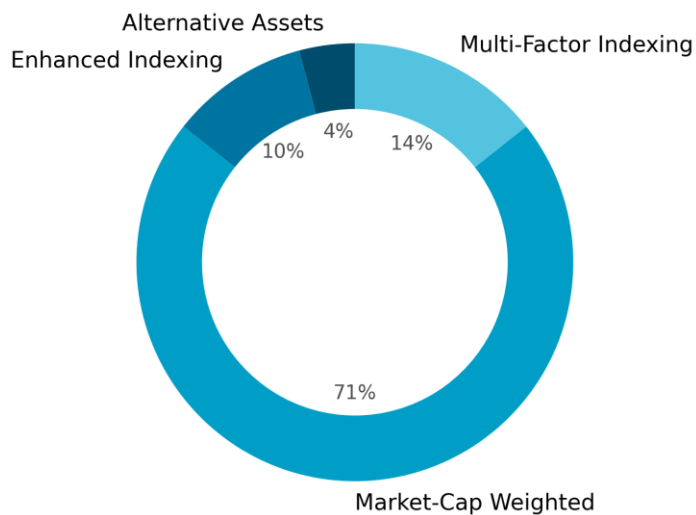
# What 'enhanced' funds look like



# An 'enhanced' portfolio strategy

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## Strategy Composition



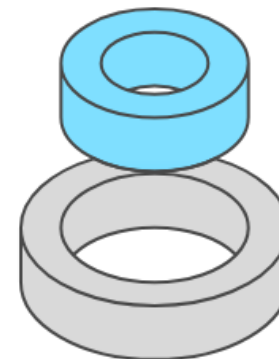
## Enhanced Products

Aiming to modestly outperform a traditional index



## Active Management

Active oversight making tactical adjustments suited for the market landscape



# Summary

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Enhanced passive is a **hybrid** solution that blends active and passive

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**Cost effective**—available for **less than 0.35%**, including OCF

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**Accessible**—can be implemented across platforms and bond wrappers in euro (€), sterling (£) and dollar (\$)

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**Long-term focus**—clients should expect lower transaction costs



## **TAM Europe Asset Management**

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