

11 August 2020

## UNEVEN GLOBAL PANDEMIC RECOVERY LEAVES REGIONAL OPPORTUNITIES FOR INVESTORS

The world will remain distorted by the economic and social impacts of the coronavirus until an effective vaccine is widely available, says Terence Moll, Head of Investment Strategy at 7IM.

Most major economies shut down at some stage between March and April, to slow the spread of the virus and give their health systems the chance to cope. The global economy will weather the storm and eventually emerge in reasonable shape.

But regional disparities in the pandemic response and ensuing recovery provide investors with opportunities, according to Moll.

“The virus is a complicated problem that requires ongoing policy changes and planning, rather than a single, one-off solution,” says Moll. “New Zealand got it right; Brazil is floundering. Often, countries struggled at first but are now managing the virus far better.

“The recovery will be uneven in most countries. Many households will be cautious about spending, government support schemes for their populations will begin to run out soon, and virus-sensitive activities like aeroplane travel, restaurants and concerts may not recover fully for years.

“The good news is that those economies that brought the virus under control early have been opening up the fastest – like China, the Czech Republic and New Zealand. The International Monetary Fund (IMF) thinks that China will grow by one per cent this year. If that materialises, it will be its weakest growth number in forty years but one of the strongest in the world.

“Second waves of the virus are less worrisome in Europe and East Asia. Health systems are more prepared to handle COVID-19 patients, and treatments being developed give them more ammunition. Moreover, governments are monitoring the spread of the virus and should be warned if it surges. They’re unlikely to lockdown economies again, but will tighten the social distancing and other rules if necessary.”

The IMF expects the developed economies to contract by a massive eight per cent this year, by far the worst number on record. The world economy is likely to contract by five per cent. Next year should be much better, but there’s a great deal of pain to overcome first, says Moll. Governments, in turn, have had to adjust to the reality of COVID-19.

“Curiously, markets have been strong since the third week of March. The FTSE 100 rallied by nine per cent in the second quarter, and other developed markets were up by more than that. Why? Probably because investors expect that the economic recovery will be V-shaped. What falls hard must bounce hard, right?

“But the USA is in trouble and may not participate in a recovery that emerges elsewhere. The worst-afflicted areas in the north-east, like New York and New Jersey, are under control. But the disease is spreading in the south and west, led by Florida and Texas.

“If it becomes endemic in the USA and some developing countries, then the post-1945 story of globalisation, travel and relatively free movement between countries could come under threat.

# PRESS RELEASE



Finally, Moll explains how 7IM is positioning with such regional differences in mind.

“The 7IM portfolios are positioned for an erratic and uneven global recovery. With yields ultra-low, we are gloomy about government bonds, and prefer a select group of alternative strategies that are mildly defensive and should earn decent returns over a year or two.

“Our exposure to equities is broadly positive. In the US we have a fairly defensive thematic exposure, preferring healthcare companies and quality industrials to the broader index. In Europe we like dividends, which we believe sold off too much earlier this year. Moving east, we like Asian high yield for its exposure to economic growth.”

**Ends**

**For further information, please contact:**

**Henry Chan**  
**Head of Communications & Content**  
Seven Investment Management  
Henry.Chan@7im.co.uk  
0203 823 8696  
07786 000 313

**Adam Walmsley**  
**PR & Social Media Manager**  
Seven Investment Management  
Adam.Walmsley@7im.co.uk  
0203 823 8727  
07790 655 584

**Notes to Editors:**

## **About 7IM**

It all began in 2002, with seven of us in a basement establishing 7IM because we couldn't find anywhere we wanted to invest our families' money. Our assets under management now stand at around £14bn, and we have moved from 'basement' to 'Bishopsgate' in the City of London.

We manage money aiming to meet people's medium to long term return expectations. Fundamentally, we believe in active asset allocation in both active and passive investments (where we were one of the first to offer actively managed passive portfolios). We build global portfolios based on that allocation, and include alternative assets where appropriate to manage the risk reward trade off. Active currency management is also at the core of what we do.

7IM provides investment services to professional wealth managers, planners, advisers and private investors. These include: discretionary investment management, a range of multi-asset portfolios, an investment and open architecture trading platform and a fantastic app, 7IMagine, which brings client portfolios to life.

## **Multigenerational investing**

Seven Investment Management LLP is authorised and regulated by the Financial Conduct Authority, the Jersey Financial Services Commission and the Guernsey Financial Services Commission. Member of the London Stock Exchange. Registered office: 55 Bishopsgate, London EC2N 3AS. Registered in England and Wales No. OC378740.

# PRESS RELEASE



We do our best to pass on economies of scale, reducing fees so more investors within a family save with us. Grandparents, through to parents and their children can invest as individuals with one charging structure – whether they live under the same roof or not.

A story of continuous innovation.

In 2013, we launched 7IMagine, an app allowing investors and advisers to keep up to date with their portfolio. The brainchild of some clients – professional ‘gamers’ uninspired by their paper statements – 7IMagine was enriched in February 2016, with My Future. Again using gaming technology, My Future allows advisers and investors to capture details about family or individual finances, including any number of streams of income, properties, other assets and expenses, to help identify how sustainable their finances are and if / when their retirement income will run out.

## Our funds

- Our **AAP fund range (Asset Allocated Passive)** is populated largely with passive structures to keep costs to a minimum. Asset allocation is actively managed to help exploit opportunities and reduce risk across the spectrum: **7IM AAP Adventurous, 7IM AAP Moderately Adventurous, 7IM AAP Balanced, 7IM AAP Moderately Cautious, 7IM Cautious and 7IM AAP Income**. Some of these risk profiles have funds domiciled in both Dublin (with UK reporting status) as well as the UK.
- Our **Multi-Manager fund range** invests in a range of active and passive vehicles. Costs still matter, but if we think an actively managed fund can outperform a passive alternative we have the freedom to choose it. Asset allocation is actively managed. There are different funds for different profiles: **7IM Adventurous, 7IM Moderately Adventurous, 7IM Balanced and 7IM Moderately Cautious**. Again, some of these risk profiles have funds domiciled in both Dublin (with UK reporting status) as well as the UK.
- We also have a selection of funds designed to meet specific needs, such as the **7IM Personal Injury Fund**, the **7IM Real Return Fund** or the SRI focussed **7IM Sustainable Balance Fund**.

## Our Model Portfolios

The 7IM Model Portfolios are a range of risk rated portfolios and are available within our discretionary investment services and standalone on the 7IM platform and other platforms. The Models use the same investment process and asset allocation as our funds.

Our range of Model Portfolios are available across the risk profiles: **7IM Adventurous Model Portfolio, 7IM Moderately Adventurous Model Portfolio, 7IM Balanced Model Portfolio, 7IM Moderately Cautious Model Portfolio, 7IM Cautious Model Portfolio and 7IM Income Model Portfolio**.

In 2019, we launched **7IM Pathway**, a diversified range of passive multi asset model portfolios underpinned by our robust Strategic Asset Allocation (SAA) process. The Pathway Model Portfolios differ from our traditional offering and are built purely using a streamlined version of 7IM’s robust (SAA).

The 7IM funds and Model Portfolios are available through the 7IM Discretionary and Platform as well as on other platforms.

Important information: The information contained in this document does not constitute investment advice and if you are in any doubt about the suitability of the investment or service, you should consult a professional financial adviser. The value of investments, and the income from them, can fall as well as rise and you may not get back the full amount invested. Seven Investment Management LLP is authorised and regulated by the Financial Conduct Authority, the Jersey Financial Services Commission and the Guernsey Financial Services Commission. Member of the London Stock Exchange. Registered office: 55 Bishopsgate, London EC2N 3AS. Registered in England and Wales No. OC378740.

# PRESS RELEASE

