PRESS RELEASE

SEVEN VII IM Investment Management

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7IM ISA TIPS: WRAP UP WELL FOR ISA SEASON

Seven Investment Management (7IM) share seven ISA season tips as the 5 April deadline looms for protecting investments from the biting chill of capital gains tax.

Wrapping up savings in an ISA makes completing tax returns a lot easier, because you don't have to declare them. But choosing the right investment strategy and investments is not so easy.

Unless stock markets change their course, **9 March 2018** looks set to mark 9 years of stockmarket gains. But as the bull run hurtles towards its 10th year, is it time to batten down the hatches, or embrace animal spirits? And for more cautious investors, does a cautious label match a cautious strategy? **7IM** shares some thoughts.

1. **Nine year bull run: time in the market is your friend – but be prepared for some fall outs**

Chris Justham, Relationship Manager, 7IM, said: "Whilst early February saw some stock market jitters, they were quickly shrugged off. Nevertheless, they are a reminder that markets don't go up in a straight line. The most important thing is to understand your appetite for risk and reward, because this can have a key influence on investment returns, both on the upside and the downside.

"This is all too easy to forget after an almost decade long bull run. Many advisers we speak to are having to remind their clients more than usual that markets do go down as well as up, and roller coaster rides are not for everyone. This is easier said than done given the spectacular gains we have seen over the last nine years.

"That said, it's also worth remembering that time in the market can help iron out some of the ups and downs. Essentially, time in the market can be your friend – even if it can be a volatile one."

2. **Don't think it's just a choice between cash and shares**

Justin Urquhart Stewart, Co-founder and Head of Corporate Development, 7IM, said: "Lots of people think about ISAs in terms of cash versus shares. They think they have a choice between the two, but funds vary enormously in terms of risk and reward. Multi asset funds can offer a diversified mix of equities, bonds, alternatives and other assets."

3. **Ignore what you've learned about reducing risk as you get older?**

Matthew Yeates, Quantitative Investment Manager, 7IM said: "Reducing investment risk as you approached retirement may have been appropriate when we all bought annuities and had shorter retirements, but that has changed for many of us. The point at which you retire is when your savings pot is usually at its biggest. That's when the power of compounded interest can make an astonishing difference to your wealth. Taking your foot off the gas at this stage and shifting into bonds and cash may be the last thing you should do. It might reduce investment risk, but it can undermine your long-term returns and therefore your ability to cope with other risks – like inflation and living much longer than expected."

4. **Avoid home bias – but don't underestimate the UK, either**

Sophie Kilvert, Relationship Manager, 7IM said: "Many of us have a home bias in our portfolios, and probably nine out of 10 new clients have predominantly UK focussed portfolios. These holdings might have been held for a long time, passed down through generations, or acquired through demutualisations. It can all add up to a 'home bias' and can potentially morph into a hotchpotch of holdings, too.

"We're probably all over exposed to the UK's economic fortunes already - through our jobs, our homes, and through our wages – paid in Sterling, which itself has experienced significant swings over the last couple of years. So, whilst it would be a mistake to ignore, or even underestimate the UK, global funds can spread risk."

5. **Look under the bonnet**

Sophie Kilvert says: "A lot of funds come with the word 'cautious' in their label, but make sure what's on the tin is aligned with what you want in it. Some funds are in the 20%-60% equity sector and may have towards the top of the range invested in equities, which drive returns, but also volatility. This is because even in a portfolio that is split 50-50 between bonds and equities, historically about 85% of the volatility will probably come from the equity components of the portfolio. If you want a cautious fund that's really cautious, you might want to look in the 0-35% equity sector."

6. **If you've got all you need, think about helping your children and grandchildren with their ISAs**

Michael Martin, Relationship Manager, 7IM, says: "I see so many clients who have fully utilised their ISA allowances, but who are taking no income from it, and have no need for it. Ultimately, they are just feathering their nest for the inheritance tax bill. Consider giving the money to your children and grandchildren via their ISAs and you may reduce the amount of inheritance tax (IHT) to be paid on your death. Live the seven years and it is out of your estate."

7. **Drip feed your money in**

Michael Martin, Relationship Manager, 7IM said: "If you're investing a large lump sum and are worried about doing it at precisely the wrong time, you can subscribe your full allowance to this year's ISA and then drip feed it piecemeal into the markets."

Ends

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Notes to Editors:

<u>About 7IM</u>

It all began in 2002, with seven of us in a basement establishing Seven Investment Management (7IM) because we couldn't find anywhere we wanted to invest our families' money. Our assets under management now stand at around £12bn (more than doubling since 2013), and we have moved from 'basement' to 'Bishopsgate' in the City of London. There are now around 240 of us.

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

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 an offshore version of the fund.
- 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. Again, 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 an offshore version of the fund.
- 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**.
- We also have a range of 'smart passive' funds known as the equity value funds. The range includes: the **7IM UK Equity Value Fund**, the **7IM US Equity Value Fund**, the **7IM European (ex. UK) Equity Value Fund** or the **7IM Emerging Markets Equity Value Fund**. These are entirely systematically managed based solely on company fundamentals, the aim being to outperform the relevant passive market cap-weighted alternative by selecting profitable, high-quality, cash-flow generating companies that trade at a discount to their intrinsic value.

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**.

The 7IM funds and Model Portfolios are available through the 7IM Discretionary, Managed Investment, Platform, and Self Invest services, 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. Member of the London Stock Exchange. Registered office: 55 Bishopsgate, London EC2N 3AS. Registered in England and Wales No. OC378740.

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