

FOR IMMEDIATE RELEASE

9 JUNE 2017

7IM ELECTION RESULT COMMENT: THE BIG HUNG OVER

Seven Investment Management (7IM) have responded to this morning's election result.

Justin Urquhart Stewart, Co Founder and Head of Corporate development, 7IM said:
"HMS Britain is rudderless, directionless and shortly leaderless. Not a good strategy for the economy."

"The Captain is likely to be tipped over the side and we will need to find a new credible commander, not just to lead us through the Brexit negotiations but also through the next election which in all likelihood could be in the next two years."

"Investors hold hard and remember the importance of your compounded returns of your dividends on your broadly diversified portfolio."

Chris Darbyshire, Chief Investment Officer, 7IM said: "Another year, another British political upheaval. 2015 had everyone expecting a hung parliament and we got a Conservative majority. 2016 gave us the delights of Brexit. 2017 completes the hat trick."

"A Conservative government majority might just be manageable if the Irish Unionists continue to co-operate, and if Sinn Fein sticks to its usual approach of not taking up its seats. That explanation alone shows how fragile a continuing Conservative government could be – held hostage on domestic policy changes by the promise of support on Brexit. A Labour-led minority government would likely not be any stronger, pulled between a Soft and a Hard Brexit. Coalitions have been suggested, but it seems very unlikely that the Liberal Democrats will repeat their 2010 error of choosing a side, and the same is probably true of the SNP."

"The Pound dropped almost immediately following the exit poll, falling from US\$1.295 down to \$1.275, where it stayed throughout the course of the night. Although this level is higher than the \$1.255 when the election was called on 17 April, this is more a reflection of the weakness in the US Dollar over that period. Against a broader range of currencies such as Yen and Euro, Sterling is now weaker than when the election was called."

"Over the course of last night, our portfolios will have benefitted from the non-Sterling exposure we have – around 25% in the Balanced portfolio. We see no need to change our position. In the very short term, increased uncertainty over the immediate direction of Brexit negotiations seems likely. Will the Tory Eurosceptic wing have a larger say, or will the voice of the opposition and Remain-voting Tory MPs be heard? And, more pressingly, who will turn up to the first negotiation meeting in just 11 days (Nick Clegg now has some spare time on his hands...)? We believe that these factors explains Sterling's overnight reaction."

"However, it will soon become apparent that expectations for Brexit have become softer, suggesting that the Pound can resume its upwards progress. Voters have rejected May's undefined Brexit vision, unaccompanied as it was by a compelling domestic manifesto. The large Remain minority proved itself to be a significant voting bloc. Remain-leaning Scottish MPs and voters have suddenly become very important to the government. Negotiations with the EU may have to be delayed, increasing the necessity for a transition deal that should cushion the impact of Brexit on the economy. While this result makes negotiations with the EU more complicated and difficult in the short-term, it almost certainly makes the likely outcome softer. After all, it couldn't get much harder than the current path, and a soft, Norway-style Brexit

represents the path of least resistance both for the British nation and for our biggest trading partner.”

Ends

For further information, please contact:

Jemma Jackson
PR Manager, 7IM
jemma.jackson@7im.co.uk
020 3823 8696
07776 204 610

Notes to Editors:

About 7IM

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 £11bn (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.

Radical common sense

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 Unconstrained 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. Like the Asset Allocated Passive (AAP) funds, the entire asset allocation is fulfilled with ‘Smart Passive’ market cap weighted passive instruments (for example UK and US equities) which track those markets and systematic instruments. 7IM undertake the due diligence on the passive securities (such as counterparty risk and concentration). 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 it is not an invitation or inducement to engage in investment activity. 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.

www.7im.co.uk