

PROFESSIONAL ADVISERS ONLY

7IM Sustainable Balance

Embracing future growth

Succeeding together

7iM

Capital at risk

You should be aware that the value of investments may go up and down and you may receive back less than you invested originally.

Past performance is not a guide to future returns.

7IM may hold positions in some or all of the securities mentioned here either in 7IM funds as part of widely diversified portfolios or via the third party funds in which we invest. Any reference to specific investments are included for information purposes only and are not intended to provide stock recommendation or investment recommendations to individual investors.

Some funds make a difference

Not only to the people who invest in them, but to the wider world too.

7IM Sustainable Balance is one of those funds. It's designed to embrace – and support – the world's economic growth in the long run, investing in companies that demonstrate positive and sustainable conduct.

At 7IM, we're passionate about responsible investment and corporate behaviour. We've long believed that sustainability matters, and there's good evidence to show that environmental, social and governance (ESG) issues can influence company and investment returns.

As part of our responsibility, not only to our clients but as a corporate citizen, we have signed up to the UN Principles for Responsible Investment (PRI). Well before the Covid-19 pandemic, we were cutting our travel emissions and reducing our carbon footprint. And our programme of charity and community work has been running for many years.

Long-time investors in a better future

Many investment businesses that talk about responsible investing are relatively new to the area. Not us. We've been running the 7IM Sustainable Balance fund since 2007. That gives us a successful track record of performance over 15 years, when many funds cannot even be assessed over three.

The fund's Investment Team are long-time advocates of responsible investing. Head of Portfolio Management, Jack Turner and Head of Investment Strategy and ESG, Terence Moll are highly experienced in ESG issues and genuinely interested in making a difference.



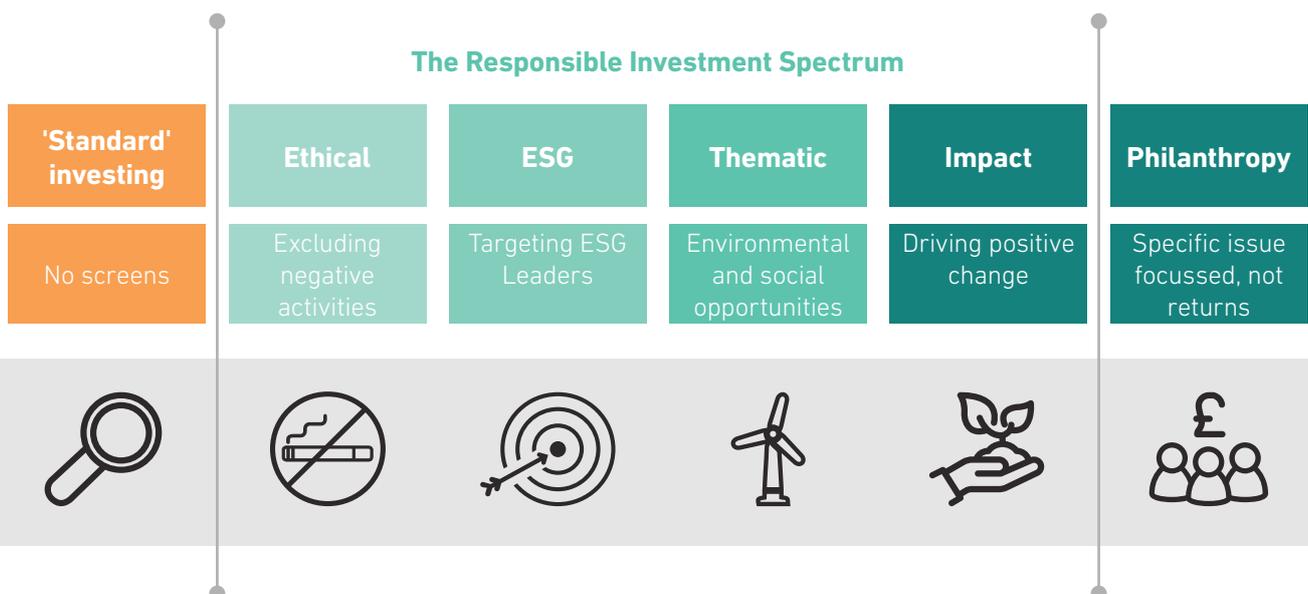
A fund for the future: portfolio construction

At the heart of the 7IM Sustainable Balance portfolio are three rigorous processes we use across all our funds and products:

- Strategic Asset Allocation (SAA), to set the long-term plan
- Tactical Asset Allocation (TAA), to find opportunities to enhance returns
- Risk Management

We believe these processes provide the fundamentals of a well-diversified investment portfolio.

Onto these robust foundations, we apply our responsible investing approach. We see this as covering a spectrum – from the avoidance of poor ethical practices to the search for a positive long-term impact on the world.



Portfolio themes

Our 7IM portfolio themes represent positions where we see strong stand-alone investment cases. We have seven of these at present:

- 01 The world is getting older
- 02 The global climate is changing
- 03 We are consuming in different ways
- 04 Everything is becoming more automated
- 05 It's all about big data and cloud storage

Stock selection

One of 7IM's guiding investment principles is that we collaborate with specialist third parties. This brings an extra layer of impartiality and expertise to our decisions, which benefits our clients. Following that principle, we use Sarasin & Partners LLP – well-known experts in sustainable investing and stewardship – to actively manage sustainable equities for the fund.



Sustainability matters. Many people are worried about global warming and the future of the planet. The media and politicians talk about the environment, human rights, inequality and the responsibilities of business. And there is good reason to believe that ESG – environmental, social and governmental – issues can influence company and investment returns in the long run.”

Terence Moll, Head of Investment Strategy and ESG, 7IM

Embracing positive conduct and themes

The selection processes for 7IM Sustainable Balance screen out the negative, and then actively seek the positive.

We exclude



Companies in acceptable industries that behave badly, with poor records on, e.g. environment, labour practices, human rights and corporate governance.



Companies with significant revenue exposure to:
Adult entertainment, alcohol, arms, gambling, GMOs in agriculture, nuclear power generation and tobacco.

We look for



Companies showing positive ethical conduct on, e.g. environment, labour practices, human rights, corporate governance.



A 'theme universe' of future growth areas that are driving investment returns long term:
Ageing, automation, climate change, digitalisation, evolving consumption.

Embracing positive conduct and themes

Continued

Emerging Market Green Bonds

Green bonds have been one of the big success stories from the recent wave of ESG investing. The first green bond was issued by the European Investment Bank in 2007 and issuance has surged since then. Green bonds are revolutionising the way companies and sovereigns can raise finance for environmental projects. We had been looking at green bonds as a theme to allocate through 2021 but had been put off by funds that invest in the area. We decided to focus on green bonds issued in emerging markets. The yields on offer were much higher and arguably the impact case was stronger than that in developed markets. Buying emerging market green bonds can be an effective way of having a positive economic and environmental impact on these countries. They have much to do to transition to a low carbon economy, and their green bonds issues are a way of helping with this transition.

Portfolio themes: The world's future growth areas

CASE STUDY: RENEWABLE ENERGY

One future growth area we've identified is renewable energy. The rollout of wind and solar electricity is gathering pace, driven by demand, technical advances and economies of scale. The rollout of wind and solar electricity is gathering pace, driven by demand, technical advances and economies of scale. We have investments in the Sustainable Balance that are at the forefront of new technologies that will help with the green energy transition. These include The Renewables Infrastructure Group and Greencoat UK Wind which both specialise in offshore wind projects.

CASE STUDY: HEALTHCARE

An ageing population is driving long-term growth in healthcare and pharmaceuticals. Alongside well-known corporates AstraZeneca, GlaxoSmithKline and Smith & Nephew, our holdings include Illumina. Illumina is a leading developer in genetic sequencing. These developments are enabling medical studies which were not imaginable even a few years ago.

A track record of outperformance

We have a long history of successful responsible investing. That experience has fed into the fund's performance history. Since inception, the 7IM Sustainable Balance fund has returned 75%, versus the comparative benchmark's 65% and is ranked in the first quartile over 10 years*.

7IM Sustainable Balance v comparative benchmark



Source: 7IM/FE. Returns as at 31 December 2022 net of charges

Discrete Performance	Q4 2021 – Q4 2022 (%)	Q4 2020 – Q4 2021 (%)	Q4 2019 – Q4 2020 (%)	Q4 2018 – Q4 2019 (%)	Q4 2017 – Q4 2018 (%)
7IM Sustainable Balance C Share class	-11.72	5.55	8.29	12.83	-3.25
IA Mixed Investment 20-60% Shares	-9.47	7.20	3.51	11.84	-5.10

*as at 31 December 2022

A track record of outperformance

Continued

A key driver of our performance is risk – or rather, the management of it.

Robust risk management was one of 7IM's founding principles, and remains central to our SAA and TAA. Responsible investing adds another layer of risk management.

A focus on ESG ratings means a focus on companies that are managed well and plan sustainably for the future. This adds a tilt towards quality and growth, which, in our view, can reduce risk and enhance returns. These enhanced returns are evident in our performance track record.

Want to know more?

For more information about how 7IM Sustainable Balance could help your clients invest responsibly and meet their investment goals, get in touch with us at:

E bdmsupport@7im.co.uk

T 020 3823 8829

For more information about the
7IM Sustainable Balance fund,
get in touch on:



020 7760 8777



www.7im.co.uk

For professional advisers only, not to be distributed to retail clients.

Seven Investment Management LLP is authorised and regulated by the Financial Conduct Authority.
Member of the London Stock Exchange. Registered office: 1 Angel Court, London EC2R 7HJ.
Registered in England and Wales number OC378740.

06.23

