

FOR IMMEDIATE RELEASE

19 SEPTEMBER 2018

7IM: ETHICAL INVESTING – 50 SHADES OF GREEN

With **Good Money Week** approaching from 29 September to 5 October, celebrating sustainable and ethical options in the world of savings and investments, **Seven Investment Management (7IM)** takes a closer look at this area.

Does it compromise returns? What are the options? What might the future for the sector hold? And with passive and active products on the table, what do investors need to bear in mind?

This month's '[Asset Management in the UK](#)' report from the **Investment Association** paints a mixed picture of investor interest in ethical investing – whilst there have been some 'green shoots' of growing interest over the last two years, investment into UK funds categorised as 'Ethical' is proportionately unchanged over the last 10 years.

Think autumn, not green!

Camilla Ritchie, who has lead on the **7IM Sustainable Balance Fund** since its launch over 10 years ago, and tackled some of the [ethical jargon](#) in the sector before, said:

"It is encouraging to see signs of growing interest, but as an industry we need to do a far better education job. Any 'google' search of 'ethical investment' will bring up countless images of green shoots, with the implication being that ethical and green always go hand in hand – and that's even before we get started on the jargon.

"Ethical investment is much more autumnal than that – there are many shades of green, and investors need to do their homework. I look at assets where the underlying companies, countries and institutions score well on social and environmental grounds. A company that scores well on green credentials, for example, may fall short when it comes to their employment practices, and so may not make it onto the radar. Investors need to think carefully about what they want out of 'ethical' investing, so need to look at what rules the manager applies."

The past and the future

On performance of the sector, **Camilla Ritchie** added: "Many of the funds with a social responsible investing remit have been around long enough to demonstrate that the approach need not be limiting of returns. It is an approach that can actually enhance returns. Bad employment practices, for example, can have implications for a company's share price, so screening these types of companies out can make sense on all sorts of grounds.

"So what does the future hold? As the war on plastic has begun in earnest, the war on sugar is likely to come increasingly into focus too and may start to play a greater role in Social Responsible Investing type portfolios, as obesity comes into the limelight along with the health implications (as well as the cost to the public purse)."

Active or passive?

There are only a couple of handfuls of diversified ETFs with a sustainable/ ethical focus – not as many as some might think. There are a number of regional equity ETFs and some corporate bond ETFs which are sustainable, and an option for investors with an eye on cost who are not aiming to 'beat' a market.

There are also a number of ETFs that track the Equileap Gender Equality index, which has a particular focus on gender diversity, but this may not be sustainable or ethical enough for some investors. This again illustrates some of the complexities investors need to be aware of.

Camilla Ritchie said: “7IM Sustainable Balance Fund takes a hybrid approach, investing in direct equities through to bonds, investment companies and ETFs. But for me, ETFs are simply a cost effective tool to tilt the asset allocation, without disturbing the direct equity positioning. This is because the fund is actively managed, but we also make tactical quarterly asset allocation calls.”

Range of assets in investment company sector

Camilla Ritchie has a range of investment company sectors on her radar, including the **Sector Specialist: Infrastructure – Renewable Energy**, and **social housing** focussed investment companies:

“The Infrastructure – Renewable Energy investment company sector is still a young sector (only three out of eight have a five year performance track record), but what was once small has grown very quickly and it is now not far behind the much more mainstream AIC UK All Companies sector in terms of assets under management.

“Solar and wind installation costs have come down to the extent that the sector can now stand on its own two feet without government subsidies. Political risks remain – as the way share prices reacted to Labour’s John McDonnell’s comments on nationalising infrastructure assets demonstrated. But we like this sector and are long term holders.

“I have also been keen to support some of the social infrastructure investment company launches such as Civitas Social Housing and Residential Secure Income. It’s early days for some of these companies, which have an important long-term social infrastructure goals – patience is very much key.”

The reference to specific securities and sectors is not intended to be and should not be taken as a recommendation to invest in them.

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 £14.3bn (more than doubling since 2013), and we have moved from 'basement' to 'Bishopsgate' in the City of London. There are now around 266 of us.

We manage money aiming to meet people's medium to long term return expectations.

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

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 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. 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 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**.
- 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 and the Jersey Financial Services Commission. Member of the London Stock Exchange. Registered office: 55 Bishopsgate, London EC2N 3AS. Registered in England and Wales No. OC378740.

www.7im.co.uk

Want to stop receiving these emails? You can unsubscribe from this list by clicking [here](#).

To view our privacy policy, [click here](#).