

PROFESSIONAL ADVISERS ONLY

Investing for the greater good

What's in the 7IM Responsible Choice
Model Portfolios, and why?

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.

For professional advisers only – not to be distributed to retail investors.

Some funds make a difference

Factsheets and top ten holdings are a vital part in understanding an investment. But they don't give you the full picture. They don't tell you the story behind the holdings, what the investments are supporting or tell you those who are making the investment decisions.

In this document, we bring the 7IM Responsible Choice Model Portfolios to life, detailing where the holdings sit on our responsible investing spectrum and show you who is making the investment decisions, in order to help you understand the difference your investment is making.



Get to know the team behind our responsible products

Our Sustainable Balance fund has been running since 2007 and is the longest running sustainable multi-asset fund in the DP peer group

By contrast, many new funds and managers in the space don't even have three-year track records. We've been active Environmental, Social and Governance (ESG) investors for a long time, which gives us a unique insight into how it works – and how to spot problem areas and 'greenwashing'.

We're also specialists in multi-asset investing. Our investment team has decades of experience in this space. We have developed our strategy and processes over time and are used to dealing with whatever happens in the markets. Now, with, your clients

can access our experience and expertise in responsible and multi-asset investing, with a choice of risk-rated portfolios designed to fit their needs and goals.

Meet the team



Wenqian Zeng

Junior ESG Investment Analyst

Wen joined the Investment Team in March 2023 as a Junior ESG Investment Analyst, having worked for a year as a graduate actuarial and investment consultant for pension schemes.

Wen graduated with a Masters in Climate Change, Management and Finance from Imperial College Business School. Prior to that, she completed an undergraduate degree from the London School of Economics.



Jack Turner

Head of ESG Portfolio Management

Jack has been a member of the 7IM Investment Team since 2016 and has been instrumental in driving forward ESG integration across the investment process. He is lead portfolio manager on the Responsible Choice Model Portfolios and the Sustainable Balance Fund.

About responsible investing

At 7IM, we consider there to be four main approaches that fall within the term responsible investing. These sit within a spectrum of increasing levels of screening.



On the following pages, you'll see a reference to which area of the responsible investing spectrum each holding sits within.

Regnan Global Equity Impact Solutions

Why did we include it?

The Regnan team has an innovative way of classifying and measuring impact, which reassures us that we are getting exposure to companies that are providing benefits to society and the environment. Their process for selecting companies involves identifying solutions to issues outlined in the UN's Sustainable Development Goals, and then investing in companies that are delivering solutions.

Impact



Driving positive change

The fund companies like:

Hoffman Green Cement Technologies

Hoffman Green Cement Technologies is an innovative cement manufacturing company that uses an approach that cuts emissions by one fifth compared to traditional cement. This technology will have a significant positive environmental impact as cement production makes up 8% of the world's greenhouse gas emissions. Currently, there are few decarbonisation options, meaning that the sector is coming under increased pressure to innovate.

Afya

Afya is a US-listed Brazilian education company focused on training doctors, with a key part of its offering focusing on digital solutions. Afya is particularly important in contributing towards an increase in the number of physicians in Brazil, particularly in more remote regions. Due to its size, Brazil has a very low level of medical density despite the population ageing fast.

From the manager:

The Regnan Global Equity Impact Solutions strategy is a solutions-first strategy.

The fund is focused on investing in mission-driven businesses that address underserved environmental and social challenges and deliver real, systematic change for the better. The team aspire to demonstrate that investing for impact not only makes good environmental and social sense, it also makes good financial sense.

Source: www.regnan-johcm.com

Threadneedle UK Social Bond Fund

Why did we include it?

The Threadneedle UK Social Bond Fund differs from other sustainable finance funds in the fact that they achieve the right balance between positive impact and returns. The fund doesn't just invest in ESG labelled Social bonds, which can be low yielding, but also traditional bonds from issuers in impactful sectors such as social care or affordable housing.

Impact



Driving positive change

The fund companies like:

Social housing

The lack of quality affordable housing remains a major social challenge for the UK. ONS data shows between 1997 and 2017, median house prices increased by 259%, while median earnings only increased 68% over the same period. The Threadneedle fund holds bonds from 24 Housing Associations. In total, these organisations own and manage 722,510 regulated properties. The fund accesses two social housing companies in particular; Accent Group, which is looking to deliver 2,000 affordable homes between 2019 and 2024 and Longhurst Group, which is aiming to deliver 700 homes per year, 600 of which will be for affordable rent and shared ownership.

Construction of NHS hospitals

The Threadneedle UK Social Bond Fund holds bonds that have supported the construction and financing of an NHS hospital in Peterborough and the operation of the Norfolk and Norwich University Hospital. This university hospital employs 6,500 people and provides healthcare services to the people of Norfolk, as well as training to a wide range of health professionals.

From the manager:

The Threadneedle UK Social Bond Fund was launched in 2014 and is designed to balance the three main elements of social outcome, liquidity and financial return.

This approach offers UK corporate bond risk-return characteristics with the attainment of demonstrable social alpha. This is achieved through specific bond selection based upon proprietary fundamental social analysis.

Source:

www.columbiathreadneedle.co.uk/en/intm/

Ninety One Global Environment

Why did we include it?

The Ninety One Global Environment Fund invests in companies that provide or benefit from solutions to climate change. The investable Universe is created by the investment team and is based on decarbonisation revenues. This means they invest in companies that have an economic link to sustainable decarbonisation. It is a high-conviction fund with a concentrated portfolio of 20-40 stocks.

Climate Change Solutions

A huge amount of investment is needed to help slow climate change and mitigate its negative impacts. This fund gives us exposure to the structural growth enablers and beneficiaries of a cleaner world. These will include manufacturers of renewable technology or companies that are improving their production processes to make them greener and more sustainable.

The fund companies like:

Vestas

Vestas is one of the main companies aligned with the clean energy theme. It is considered one of the largest wind companies in the world. It offers a range of products across three wind turbine platforms. It specialises in onshore and offshore wind and has installations around the world.

NextEra Energy

NextEra Energy is the world's largest generator of electricity from wind and solar, a market leader in battery storage and the market leader in North American renewable energy. The company is likely to be a big beneficiary from new US climate legislation that has been designed to boost cleaner energy investment.

Thematic



Environmental
and social
opportunities

From the manager:

The Global Environment Fund provides access to a broad range of companies poised to thrive in the low-carbon economy, offering long-term structural growth opportunities. A high-conviction approach, proprietary universe, and concentrated portfolio, set it apart from broad equity benchmarks.

Source:

<https://ninetyone.com/en/united-kingdom/funds-strategies/global-environment-fund>

Amundi MSCI European SRI

Why did we include it?

The Amundi MSCI European SRI Fund gives us low cost exposure to the MSCI Europe SRI filtered Ex Fossil Fuel Index. This index selects the top 25% of companies in each sector based on their MSCI ESG rating.

This approach gives us exposure across a range of different sectors, including the best companies in sectors that are often underrepresented in sustainable offering such as Utilities, Energy and Materials.

This means broad market exposure whilst still focusing on strong ESG characteristics.

The index also excludes businesses that have exposure to controversial activities such as Nuclear Power, Tobacco and Gambling to name a few.

Ethical



Excluding negative activities

The fund companies like:

Siemens AG

The methodology used in the fund favours companies that are managing the ESG risks that they face. One of the largest holdings in the fund is the German industrial company Siemens AG. The company puts great emphasis on its ambitions to improve its sustainability credentials and was one of the first industrial companies of its size to commit to carbon neutrality by 2030. Siemens AG gets a much larger proportion of its revenues from clean technology compared to sector peers, making it a great addition to the fund.

ASML

Another large holding in the fund is the tech company ASML. The company specialises in making lithography systems, machines that make semiconductors. ASML is a market leader in the production of these machines and is used by all the major semiconductor makers, meaning their technology is used in the production of everyday items such as smart phones, TVs and cars. The company scores well on ESG factors with sector leading scores in human capital development and corporate behaviour.

From the manager:

As a pioneer in sustainable investing, Amundi is delighted to see growing interest from investors in ESG solutions. It is also encouraging to see that use of ETFs to implement these strategies is continuing to rise.

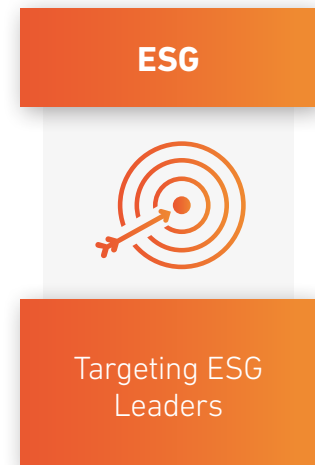
Source:

www.amundi-etf.co.uk/professional/Amundi-ETF

First Sentier Global Property Securities

Why did we include it?

We really like the bottom up approach the management team uses to integrate ESG into its valuation framework. ESG factors feed into their valuation methodology, meaning a lower ESG score will reduce their forward-looking return expectations for the proposed investment. The team has been using the process since 2013. The team at First Sentier includes experts located across the world's major property markets and has an average industry experience of 18 years.



The fund companies like:

Global Property Securities

The team aims to invest in high quality urban real estate in high barrier to entry markets in the world's most bustling cities. The team has an adaptable investment style meaning they can react to changes in real estate demand.

The team has reduced some office space exposure due to the threat from the 'work from home' thematic however they still have an 11% exposure to office buildings. Much of this exposure is to "A" grade suburban offices, which are a likely beneficiary of decentralisation and the WFH thematic. This trend could see tenants increasingly adopting 'hub and spoke' models by leasing high quality office buildings at lower occupancy costs closer to where workers live, in the suburbs and city fringes.

They also have exposure to medical offices and life science laboratories. They believe these assets are very well placed given their essential nature, particularly amid heightened investment into healthcare systems. These holdings highlight the ability of the team to adapt to changing themes in the real estate market.

From the manager:

Responsible Investment has been deeply ingrained in our team culture and investment process and philosophy for over a decade. We firmly believe it is our responsibility to influence ESG outcomes where possible in our activities. We believe that investing responsibly not only helps effectuate positive change for society; it also enhances the long-term risk-adjusted returns delivered to investors.

Source: www.firstsentierinvestors.com/uk/en/intermediary/our-funds/infrastructure-real-estate/global-property/responsible-investment.html

For more information about
7IM's services or products,
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.

05.24

