

FOR IMMEDIATE RELEASE

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## **7IM SEED FUND US MICRO-CAP FUND RUN BY CONNECTICUT BASED BOUTIQUE FUND MANAGER**

November 8 will see the first anniversary of the 2016 US elections. Whilst ‘Trump hyperbole’ might be something that the world has had to get used to, US tax reform cleared the first major hurdle late last week as the Senate passed the budget resolution. This is potentially good news for US micro-caps, which have hitherto been hamstrung by a much less favourable regime.

**Seven Investment Management (7IM)**, who have previously tended to use passive managers to access the US, a market notoriously difficult in which to outperform, believe that the US is in the foothills of a better environment for active managers.

Earlier this summer, **7IM** co seeded the **THB US Opportunities UCITS Fund**, and have been **topping up this position since, most recently last week**. The manager, **Thomson Horstmann & Bryant (THB)** is a Connecticut based, 35 year old boutique firm that is 100% employee owned.

**THB** looks for high quality, self-funded companies with low debt, strong cash flow and low cost structures versus peers which are dominant players in market niches, from manufacturing through to leisure.

**Damian Barry, Senior Investment Manager, Seven Investment management (7IM)** said: “Bigger really has been better as far as US stocks have been concerned, with smaller companies, the Cinderellas of the US stockmarket, overlooked by FAANGs. We do not think this is a sustainable trend, but irrespective of this, we see more value in US micro-cap long term.

“**THB US Opportunities UCITS Fund** allows us to take opportunities in an undervalued, under researched part of the US market, 50% of which is not covered by analysts, creating inefficiencies and opportunities. THB are able to tread ground that analysts don’t have the time or inclination to cover, meeting companies the length and breadth of the US. Micro-caps had a brief boost following the election of Trump, but that euphoria has since subsided and US micro-caps have been out of favour. This is an interesting, contrarian time to get involved: micro-caps represent a purer way to play to the strength of the US economy compared to more multinational large caps.

“Whilst there’s no question micro-caps might be perceived as being at the riskier end of the spectrum, the companies identified by THB have low debt and are looking to grow organically, operating in profitable niches which look good from both a growth and value perspective, with a strong likelihood of M&A activity.

“US micro-caps are also potentially more immune to geo-political events than large caps, and we are entirely comfortable allocating a small proportion of our more adventurous multi manager funds, **7IM Adventurous Fund** and **7IM Moderately Adventurous Fund**, to this fund.”

**Christopher Cuesta, CEO, Thomson Horstmann & Bryant** said: “We believe now is a compelling time to invest in US micro-cap as the asset class is trading slightly above long term trough valuation levels while the US economic recovery is broadening, deregulation efforts are underway and tax reform is on the horizon. We are confident these pro-business forces combined with the dramatic recent rise in small business optimism will lead to an increase in

positive corporate activity such as mergers, acquisitions, and capital spending. The entrepreneurs who manage the companies we invest in are excited about the future and we share their optimism.”

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

## Ends

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## 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 £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.

### 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 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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