

FOR IMMEDIATE RELEASE

21 MARCH 2018

## 7IM: GREEN EGGS AND HAM, JARGON AND SUSTAINABLE INVESTING

### - 7IM highlights key areas ripe for demystification

In Dr Seuss's children's classic *Green Eggs and Ham*, first published in 1960, Sam pesters Joey to try a plate of green eggs and ham, to be told "I do not like green eggs and ham. I do not like them, Sam-I-am."

However, it seems that green eggs have become a whole lot more palatable, if sales of Waitrose's avocado shaped Easter eggs are anything to go by.

But whilst 'green', or perhaps more accurately 'sustainable' investing has come a long way and Dr Seuss excelled in simplicity, sustainable investing is a still far from being jargon free – does it need to become more accessible to investors?

Camilla Ritchie, who has led on the **7IM Sustainable Balance Fund** since launch over 10 years ago, thinks multi asset managers have more tools at their disposal than ever. This includes the rise of ethical ETFs, through to social housing and renewable infrastructure investment companies, and long income REITs, all of which Ritchie has utilised. Yet there has been little progress when it comes to investment jargon.

### Pitfalls for the unwary

**Camilla Ritchie, Senior Investment Manager, 7IM** said: "Whilst sustainable investing has come a long way, it is just as guilty of using too much jargon as the wider investment industry, ironically given its credentials. Many investors are likely to have their head spinning with acronyms – ESG, SRI and SDGs are just a few. And then there's the seemingly interchangeable labels like 'sustainable', 'responsible' and 'impact' investing, all with important distinctions which are in danger of being lost on the many. There are other pitfalls for the unwary, too: 'green bonds', for example, are not always issued by 'green' companies and it's really important that investors are able to make sense of these distinctions. We have a long way to go."

### 7IM has highlighted areas ripe for demystification:

#### ESG – Environmental, Social & Governance

ESG criteria is a set of standards by which to judge a company's operations. '*Environmental*' criteria are used to gauge the impact of the firm's operations on the environment. '*Social*' criteria are open to greater interpretation, but include sensitivity towards the communities in which the business operates, from human rights to responsible employment practices. Lastly, '*Governance*' criteria refer to company best practice, such as its internal controls, leadership, executive pay and shareholder rights.

#### SRI – Socially Responsible Investing

Whether an investment is considered socially responsible depends on the nature of the business. For example, those who invest on an SRI basis will exclude companies involved in unacceptable business areas. The approach also actively seeks out companies who are engaged in positive social policies. There are no specific guidelines, but fund managers who

focus on SRI tend to lay out a set of relevant criteria, which can usually be found in the fund prospectus.

## SDGs – Sustainable Development Goals

These are a collection of 17 goals set by the United Nations in September 2015. Although interrelated, each goal has specific targets to be achieved over the next 15 years. These are:



## Impact Investing

This is a form of investing which tends to use the Sustainable Development Goals as a base. The idea is to invest in companies which have a positive impact on society pointing to one or more of the Sustainable Development Goals – e.g. quality education – or by serving a need which is not currently met. Unlike ESG (Environmental, Social and Governance) goals, however, which focus on a company's operations, impact investing looks to the goods and services that the company provides. The aim is to generate both a social and a financial return.

## Green Bonds

These are tax efficient bonds that companies issue to finance sustainable projects. If a company is undertaking a project aimed at energy efficiency, for example, it has access to a cheaper source of financing. The aim is to make such projects more attractive for companies to undertake. It's worth being aware though that just because a company issues a green bond it doesn't mean that the business as a whole is green. Theoretically, a company could have poor employment practices, but still issue a green bond to finance a renewable energy project.

\*The reference to specific funds is not intended to be and should not be taken as a recommendation.

## 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 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. Member of the London Stock Exchange. Registered office: 55 Bishopsgate, London EC2N 3AS. Registered in England and Wales No. OC378740.

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