

FOR IMMEDIATE RELEASE

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## **7IM ON UK INFLATION DATA: BEATEN UP OR BETTER OFF?**

**Seven Investment Management (7IM)** comments on today's UK inflation data, which surprised many by hitting a one year low, and also comments on prospects for the UK as it prepares to leave the EU in March next year.

**Justin Urquhart Stewart, Co Founder and Head of Corporate Development, 7IM** said: "With inflation lower, UK consumers should be feeling better off and not so beaten up. With better earnings reported yesterday, and with better inflation, we can all be better off – at last. But don't roll out the bunting yet – any heightened consumer spending is likely to ring alarm bells for the Bank of England."

### **Rate hike?**

**Jack Turner, Research Analyst, Seven Investment Management (7IM)** said: "With UK inflation dropping back – something that was always on the cards after Sterling's weakness fell out of the year on year calculations, UK consumers are hopefully past the point of maximum pain. Weaker inflation reduces the likelihood of a rate hike in May, but it is also worth remembering that signs of rising real incomes, combined with stronger earnings growth, will increase the case for interest rate hikes – the Bank of England has a difficult balancing act."

"Whilst the futures market was predicting around an 85% chance of a May rate hike before the inflation data came out, that probability has only come down a few percentage points, to around 82%. In other words, we're still odds on for a May rate hike."

### **Outlook for Brexit Britain?**

**Ben Kumar, Investment Manager, Seven Investment Management (7IM)** said: "It is hard to see Brexit being a positive for UK equities whilst negotiations are going on, and it is even harder to work out what a post-Brexit regulatory environment might look like. Despite the view that economic growth would have been higher without Brexit, it is nevertheless realised growth that we are concerned with, not missed potential. Like a farmer gathering a crop, we're thinking about what we have, rather than what we might have had if it hadn't been such a bad summer. When we look at what we do have, we are in a strong global growth environment in which the UK should benefit. That's more important than policy for now."

"Whilst we remain underweight UK, there are reasons to be cheerful. In the UK mid cap space valuations have looked better this year. With regard to large cap UK equities, we believe the positive global growth cycle will have a more positive impact on earnings and valuations than is currently expected – the index gets almost 75% of its revenues from abroad. If you are going to have to learn to swim in new waters (Brexit), you might as well do it in a shallow pool with lots of lifeguards (strong global growth, led by multiple regions)."

### **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 266 of us.

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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