

FOR IMMEDIATE RELEASE

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7IM Q1 PLATFORM PURCHASES: IS SUSTAINABLE INVESTING HITTING THE MAINSTREAM?

- ‘Sister funds’ feature – investment company and open ended funds run by the same manager along similar lines
- ETF selections suggest passives could be a preferred route for US exposure amongst some advisers

Seven Investment Management (7IM) today publishes the highest adviser 7IM platform purchases by value in Q1 2018 for funds, investment companies and ETFs. Model portfolio selections continued to account for a significant number of purchases (63%).

Interestingly, for the first time since **7IM** started publishing this data in Q2 2017, a sustainable fund features in the top 10 funds – **Liontrust Sustainable Future Corporate Bond 2**. It is also noteworthy that two ‘sister funds’ appear in the tables – **Jupiter European Opportunities**, an investment company, and **Jupiter European**, an open ended fund – both of which are managed by Alexander Darwall.

Funds

Camilla Ritchie, Senior Investment Manager, 7IM, who leads on the **7IM Sustainable Balance Fund**, said: “There has been much talk in the industry about whether sustainable investing is starting to hit the mainstream. The fact that a fund focussed on sustainability has made the tables during the all-important ‘ISA season’ suggests a resounding yes, something that is very encouraging to see.”

Tony Lawrence, Senior Investment Manager, 7IM added: “It is interesting to see Royal London UK Equity Income at the top of the funds table. The UK Equity Income sector has struggled for a couple of years when compared against its All Companies cousin, but for five years this fund has consistently been one of the better performers – it’s only really been beaten by those dabbling more heavily in smaller companies. It’s also interesting to see Majedie feature too – we rate their UK investment team highly.”

Investment trusts

Simon Moore, Senior Investment Manager, 7IM said: “There are a number of ‘sister funds’ out there – investment companies and open ended funds run along similar lines with the same fund manager behind them. There’s often debate about which version investors might prefer, but in the case of Jupiter European Opportunities and Jupiter European, it appears that advisers like both, with each featuring in the tables. Since the investment company version is trading close to its net asset value, there is no screaming ‘discount’ opportunity at time of writing. Instead it is a classic story of ‘different horses for different courses’ – it will depend on which structure you like the most.

“More generally, it is interesting to see that whilst alternatives – Property, Private Equity and Infrastructure – still very much feature, Q1 2018 saw a higher proportion of more mainstream adviser selections. Five out of ten are in more generalist sectors such as Global, Flexible Investment and Europe. It is also interesting to see so many investment companies with defensive characteristics featuring – RIT Capital Partners and Ruffer Investment Company, who have regularly featured in the tables, are joined by Personal Asset Trust.”

ETFs

Peter Sleep, Senior Investment Manager, 7IM, said: “US focussed ETFs feature prominently. Many investors believe that it is hard to find consistently outperforming active managers in the US and therefore prefer to buy ETFs and save their active manager budget for markets such as Emerging Markets, which are less efficient and less well researched.

“The top three are what you might call idiosyncratic. iShares, the market leader in ETFs comes second with a commodity exchange traded product. The top of the pops is a non-core issuer in HSBC, but a core market – the S&P 500. Number three is one of a breed of smart beta ETFs – from little known issuer First Trust. First Trust is a well-known company in the US and has been in Europe for five years or so. Think of First Trust as being a bit like Meghan Markle – they have not been in Europe that long, but have built up a loyal following.”

Platform purchases generally

Verona Smith, Head of Platform, 7IM said: “Model portfolio selections continue to account for a significant proportion of adviser purchases – 63% in Q1 2018, which was some ten percentage points up on Q4 last year, reflecting a continued eye on costs, but also a trend towards outsourcing.”

Most bought funds, investment companies and ETFs by value via the 7IM platform in Q1 2018

Top 10 funds	Top 10 investment companies	Top 10 ETFs – includes one Exchange Traded Certificate (ETC)
ROYAL LONDON UNIT TRUST MANAGERS UK EQUITY INCOME M GBP DIS NAV	F&C PRIVATE EQUITY TRUST ORD GBP0.01	HSBC ETFS PLC S&P 500 UCITS ETF
BAILLIE GIFFORD & CO PACIFIC B NAV INC	RIT CAPITAL PARTNERS ORD GBP1	ISHARES PHYSICAL METALS PLC ISHARES PHYSICAL GOLD ETC USD (GBP) ACC
JUPITER UNIT TRUST MANAGERS UK SPECIAL SITUATIONS I INC	3I INFRASTRUCTURE ORD NPV	FIRST TRUST GLOBAL FUNDS PLC US EQUITY INCOME UCITS ETF A USD
MAJEDIE ASSET MANAGEMENT LTD UK EQUITY FUNDCLASS X INCOME	JUPITER EUROPEAN OPPORTUNITIES TST ORD GBP0.01	SSGA SPDR ETFS EUROPE II PLC BB SPDR BARCLAYS 1-5YEAR GILT EUR
MAN FUND MANAGEMENT UK LIMITED MAN GLG STRATEGIC BOND PROF INC GRS	PERSONAL ASSETS TRUST ORD GBP12.50	ISHARES CORE GBP CORP BD UCITS ETF GBP DIST
7IM AAP BALANCED S ACC	STANDARD LIFE INVEST PROP INC TRUST ORD GBP0.01	ISHARES III PLC UK GILTS 0-5YR UCITS ETF GBP DIST
LIONTRUST INVESTMENTS LIMITED SUSTAINABLE FUTURE CORP BD 2 GBP GRS INC	SCHRODER REAL ESTATE INV TRUST LTD ORD SHS NPV	ISHARES UK DIVIDEND UCITS ETF GBP DIST

JUPITER UNIT TRUST MANAGERS EUROPEAN I INC	RUFFER INVESTMENT CO RED PTG PEF SHS GBP0.0001	ISHARES II PLC LISTED PRIVATE EQUITY UCITS ETF GBP
DIMENSIONAL FUNDS ICVC GLOBAL SHORT-DATED BOND ACC NAV	SCOTTISH MORTGAGE INV TRUST ORD GBP0.05	ISHARES IV PLC US EQTY BYBCK ACHIEV UCITS ETF ACC
VANGUARD INVESTMENTS UK LTD LIFESTRATEGY 60 PERCENTAGE EQTY ACC NAV	WORLDWIDE HEALTHCARE TRUST ORD GBP0.25	ISHARES III PLC GLOBAL AGGREGAT BD UCITS ETF GBP HDG DIS

Whilst this table shows adviser purchases and excludes 7IM Discretionary flows, 7IM may hold positions in some or all of the securities mentioned here, either in 7IM funds or via the third party funds in which we invest. This information is not intended to provide specific stock or investment recommendations to individual investors.

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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