

FOR IMMEDIATE RELEASE

1 MAY 2018

7IM: SELL IN MAY AND GO AWAY, OR STAY THE COURSE?

“Sell in May and go Away, don’t come back ‘til St Ledgers Day” is a saying as old as the hills – or at least as old as when senior traders abandoned London en masse for Ascot, Wimbledon, Henley and Lord’s.

Volumes fell and prices weakened during this time, not picking up until after the second week in September. But few live like that nowadays and what was then a prolonged holiday would today more likely be an unpaid sabbatical – and considerably rarer at that!

But whilst some old sayings have a grain of truth, how does this financial mantra stack up today? Not convincingly, according to research by **Seven Investment Management (7IM)**, which shows that the summer months (30 April – 14 September) have been in positive territory 60% of the time over the last thirty years.

Sell in May versus staying the course

7IM ran some analysis and ‘set up’ its own horse race, looking at the FTSE All Share from 31 December 1987 to 31 December 2017 under two scenarios. One scenario – ‘Staying the Course’ – looked at the FTSE All Share’s performance assuming it had been left alone. The other scenario – ‘Churney’s Friend’ – saw the FTSE All Share sold down on 30 April each year and reinvested on 14 September, after the world’s oldest classic horserace has run its course.

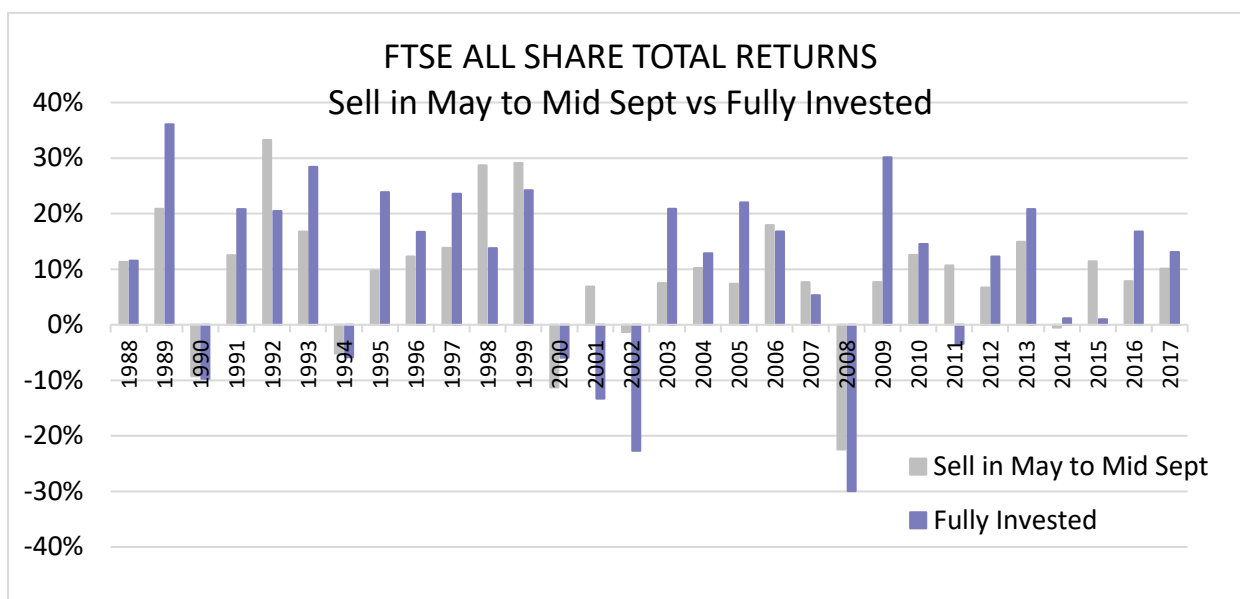
The scenario which was sold on 30 April and not reinvested until September, ‘Churney’s Friend’, saw an annualised performance of 8.6% to the end of December 2017. But the scenario which followed the ‘buy and hold’ approach – Staying the Course – saw an annualised performance of 9.3%.

Whilst not at first glance a significant difference, cumulatively, over 30 years, it stacks up. Over the 30 years, the buy and hold strategy – Staying the Course - is up 1,349%, compared to 1,100% for ‘Churney’s Friend’, which followed a scenario of selling over summer.

Justin Urquhart Stewart, Co-founder and Head of Corporate Development, 7IM said: “We grow up surrounded by rules. I remember as a child being told that I had to finish my dinner before I could have any pudding – an instruction I could never fathom and which as an adult I frequently ignore.

“Enter adulthood, and there’s no shortage of rules there, either. Some are more mantras than rules, as with the infamous ‘Sell in May and go away.’ It’s definitely time this rule was put to bed – and with no supper, let alone pudding.

“There’s no evidence to suggest summer is a particularly bad time for markets – it has been in positive territory 60% of the time over the last 30 years. In those three decades, the FTSE All Share has seen an annualised average return of 0.63% between 30 April – 14 September, and if you strip out 2001 and 2002, two particularly bad years that had nothing to do with the ‘sell in May’ narrative, the figure is 2.16%. So the bottom line is that time in the market is your friend, not trying to time the market, due to the positive effects of compounding. What might not look like a huge difference, over time, adds up.”



Source: FTSE All Share data is from Bloomberg (7IM calculations). Annualised and cumulative total returns are from 31 December 1987 to 31 December 2017. The value of investments may fluctuate in price or value and you may get back less than the amount originally invested. Past performance is not a guide to the future.

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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 £12.5bn (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 funds domiciled in both Dublin (with UK reporting status) as well as the UK.
- 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 funds domiciled in both Dublin (with UK reporting status) as well as the UK.
- 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 and the Jersey Financial Services Commission. Member of the London Stock Exchange. Registered office: 55 Bishopsgate, London EC2N 3AS. Registered in England and Wales No. OC378740.

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