

FOR IMMEDIATE RELEASE

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## PREPARING FOR HIGHER INTEREST RATES? 7IM Q3 ADVISER PLATFORM PURCHASES: FUNDS, INVESTMENT COMPANIES, ETFs

**Seven Investment Management (7IM)** today publishes the highest adviser **7IM Platform** purchases in Q3 by value for funds, investment companies and ETFs. Many of this quarter's fund selections indicate that advisers may well be preparing client portfolios for potential interest rate rises ahead.

**Verona Smith, Head of Platform, 7IM** said: "Advisers continue to embrace model portfolios, which accounted for 47% of platform trades by value in quarter three, up from 38% in quarter two. This may well be reflected in some of the top ten rankings. Model portfolios are popular because they are a useful way for advisers to bring client portfolios to life."

### Fund Purchases

**Tony Lawrence, Investment Manager, 7IM** said: "The inclusion of two short dated bond funds in the top ten is interesting - advisers are clearly looking to protect investors from potential interest rate rises. Short dated bonds are a low risk, albeit lower return, approach to fixed income investing. It is also interesting to see Hermes Global Emerging Markets in the top ten. This is a fund with a phenomenal track record. We don't own it, but we rate the manager highly and this can be a useful way to access emerging markets in a well risk managed product."

### Investment Companies

**Alex Scott, Deputy Chief Investment Officer, 7IM** said: "The inclusion of NB Global Floating Rate Income in the top ten – a company we also hold in the 7IM Personal Injury Fund – suggests advisers are thinking about corporate debt assets in the context of potential interest rate rises. The fund is also currently trading on a small discount to net asset value. Advisers appear predominantly to be using investment companies to access alternative assets, and property continues to be a strong theme. We don't hold any of the property companies listed here, but have recently topped up our holding in **LXI REIT** in our 7IM Personal Injury Fund, a company we bought at IPO in February and which has inflation linked property assets. 7IM Sustainable Balance Fund holds **Civitas Social Housing** and **Residential Secure Income**."

### ETFs

**Peter Sleep, Senior Investment Manager, 7IM** said: "I think it is refreshing that the top three does not include one of the biggest firms such as iShares, Vanguard or State Street, although they still feature strongly. Top of the pops is the catchily named 'GO UCITS ETF Solutions plc Lombard Odier IM Global Corporate Bond ETF'. This is one of a new breed of ETFs where the bond manager attempts to filter out of the index some of the riskier bonds. The HSBC S&P 500 ETFs was top of the list in the last quarter and remains near the top. There are marginally cheaper S&P 500 ETFs, but HSBC's tracking is better than some of its big competitors. The BMO Barclays Global High Yield ETF is also attractive to many investors in that it is hedged into Sterling and it is also the cheapest global high yield ETF in the market at the moment. It is relatively new and reflects the trend for new products tending to price competitively in order to grab market share. This is bad for the older ETF issuers, but great for investors."

**Most bought funds, investment companies and ETFs by value via the 7IM platform in Q3 2017**

<b>Top 10 funds</b>	<b>Top 10 investment companies</b>	<b>Top 10 ETFs</b>
FIRST STATE INVESTMENTS (UK) GLOBAL LISTED INFRASTRUCTURE B GBP INC	PRIMARY HEALTH PROPERTIES PLC ORD GBP0.125	GO UCITS ETF SOLUTIONS PLC LOMBARD ODIER IM GBL COR BD FNDM GBP HD
7IM PERSONAL INJURY S ACC	SHIRES INCOME ORD GBP0.50	HSBC ETFS PLC S&P 500 UCITS ETF
7IM AAP BALANCED S ACC	EMPIRIC STUDENT PROP PLC GBP0.01	BMO UCITS ETF ICAV BARCLAYS GBL HIGH YLD BD GBP DIS HDG
7IM AAP MODERATELY ADVENTUROUS S ACC	RIT CAPITAL PARTNERS ORD GBP1	VANGUARD FUNDS PLC FTSE 100 ETF INC UCITS ETF
HERMES INVESTMENT MANAGEMENT GLOBAL EMERGING MARKETS F INC NAV	SCOTTISH MORTGAGE INV TRUST ORD GBP0.05	ISHARES PHYSICAL METALS PLC ISHARES PHYSICAL GOLD ETC USD (GBP) ACC
7IM AAP MODERATELY CAUTIOUS S ACC	SCHRODER REAL ESTATE INV TRUST LTD ORD SHS NPV	ISHARES II PLC UK PROPERTY UCITS ETF GBP DIST
DIMENSIONAL FUNDS ICVC GLOBAL SHORT-DATED BOND ACC NAV	NB GLOBAL FLOATING RATE INC FD LTD RED ORD NPV GBP	UBS (IRL) ETF PLC S&P 500 UCITS A DIS HDG TO GBP
CAPITA FINANCIAL MANAGERS TROJAN INCOME O INC NAV	TRITAX BIG BOX REIT PLC ORD GBP0.01	SSGA SPDR ETFS EUROPE II PLC SPDR BARCLAYS 1-5YEAR GILT UCITS ETF GBP
VANGUARD INVESTMENT SERIES GBL SHORT TERM BOND INDEX HEDGED ACC NAV	3I INFRASTRUCTURE ORD NPV	ISHARES CORE GBP CORP BD UCITS ETF GBP DIST
VANGUARD INVESTMENTS UK LTD LIFESTRATEGY 40 PERCENTAGE EQTY ACC NAV	F&C PRIVATE EQUITY TRUST ORD GBP0.01	UBS ETF SICAV MSCI EMU 100% HDG/GBP UCITS A GBP 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. The article is not intended to provide specific stock or investment recommendations to individual investors.

**Ends**

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

## 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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