

FOR IMMEDIATE RELEASE

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WHEN SHOULD I RUIN MY CHILDREN? 7IM ON CHRISTMAS SPENDING AND INVESTING

Whilst Christmas is more of a time for spending on your children, rather than saving, it is also true that many presents don't get much mileage beyond Christmas Day. This often throws the issue of investing for children into relief as parents assess the debris, and at least *some* of the money, that might have been better spent (or invested) elsewhere.

Seven Investment Management (7IM) looks at **seven financial and psychological barriers** when it comes to long-term investing for children, but also to passing on wealth more generally:

- 1. Young children**
Childcare and mortgage costs are very significant barriers.
- 2. Teens – won't knuckle down?**
"I don't want a teenage child getting too much too young. They won't knuckle down and study....and who knows, may even turn to 'sex, drugs and rock 'n' roll!'"
- 3. 20's - never get a job**
"Well I know what I was like in my twenties; there is no way I'm giving my children money – they'll never get themselves a job."
- 4. 30's - what about divorce?**
"Not sure who they are going to marry, and if I lose half of my hard earned money to their ex's then I would have been better off waiting for 'death and taxes'."
- 5. 40's - too late to do any good**
"Well it seems a little late now, they have a house, a family and seem happy."
- 6. 50's - not used to money, too much too old**
"I might need my money for long term care....."
- 7. Wait! I could give money to Grandchildren**
"Grandchildren: WAIT! They are too young..... teens – drugs..." and here we go again.

Little and regularly can be the answer

Michael Martin, Relationship Manager, 7IM said: "Everyone wants their children to have a good Christmas with lots of toys, but most of us have felt that slightly sheepish, sinking buyer's remorse over maybe one expensive gadget or AI toy too many. Whether you are high net worth individual or just about managing, waste is never a good feeling, but even smaller sums can be put to work over the long term.

"By way of illustration, an annual lump sum of £100 each year invested over 18 years in a fund targeting 6% a year (although there are never any guarantees), if all went to plan, would have grown to £3,090. Not enough for a deposit on a first property – but surely a good starting point. Globally diversified, multi assets funds can be a good way to spread investment risk. And it doesn't have to be all about the money – if you involve your children, they can begin to learn to understand compounding, tax efficiency and diversification.

"For parents who are lucky enough to worry about passing on their wealth, the answer again is to give little and often to ensure your children are used to, and receive, money commensurate to the funds they will inherit. This is to prepare them for the life ahead. Think about the implication of inheriting a lump sum similar to a lottery win and see how they turn out, with no education or preparation. Don't spoil them now or spoil them in later life, just be sensible and gift regularly. And talk about money and investments."

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. 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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