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6 JUNE 2018

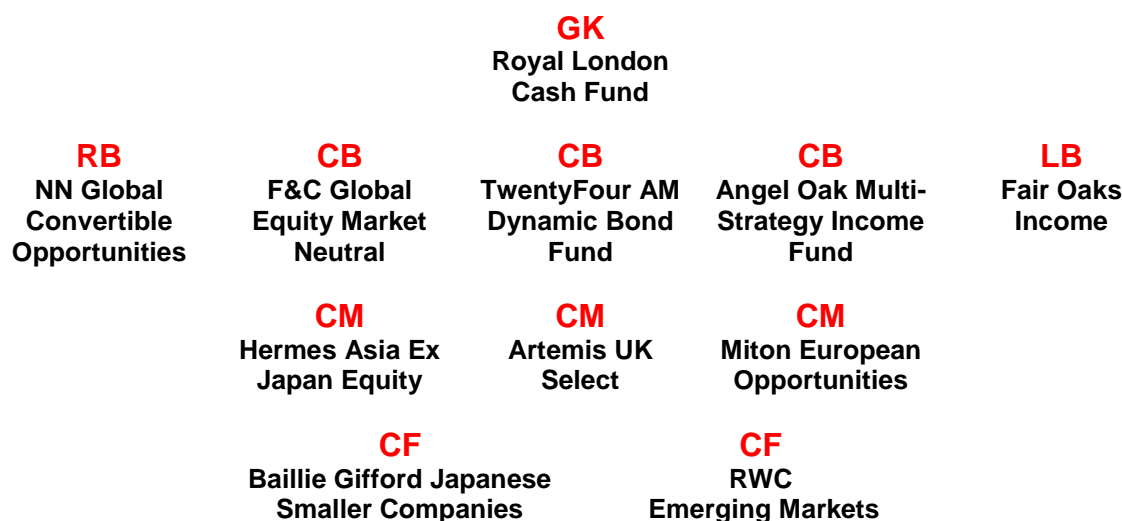
7IM's WORLD CUP LINE-UP FROM MULTI MANAGER TEAM

With the World Cup set to kick off on 14 June in Russia, the deadline for announcing squads has passed. It's now time for managers to pick their starting line-up, choosing just 11 names who could be on the pitch when the referee blows the whistle.

In the fund management world, the **Seven Investment Management (7IM)** multi manager team shares its thoughts on who could form a team from the broad squad of investments that 7IM uses across its funds.

The referee wants to flag at this point that any references to specific investments are included for information purposes only and are not intended to provide investment recommendations to individual investors as they may not be suitable. And there's always scope for injuries!

Following a favoured 5-3-2 formation, this is the line-up that 7IM could field:



In the goal

Sporting the usual number one shirt that goalies wear is the **Royal London Cash Plus Fund**. You need a reliable defence and cash is typically a good starting point.

Damian Barry, Senior Investment Manager at 7IM, said: "This fund is managed with an aim of delivering more than market cash rates, by investing in high quality bonds. It is a strong defensive play for those that want experienced hands across a balance of money markets and short term bonds."

Defensive line-up

7IM is also looking to include a sweeper – not used as much in the modern game, this player can usually read the game effortlessly and help mitigate potential risks. One choice for this would be the **TwentyFour AM Dynamic Bond Fund**.

Tony Lawrence, Senior Investment Manager at 7IM, said: "This is an unconstrained long-only bond fund, with flexible exposures to bank debt, high yield, investment grade, sovereigns, emerging markets and asset backed securities. It aims to be an all-round performer that tries to deliver a performance across lots of different environments. It fits in well with our current concerns about interest rates. The fund

holds floating rate debt, where payments rise alongside interest rates, and also looks to provide higher yields than conventional short dated bonds.”

Meanwhile, it is the full-backs who often have to take on a more proactive role in supporting the team’s performance than used to be the case, while still adding a defensive quality when things take a turn for the worse. This led 7IM to consider the selection of the **NN Global Convertible Opportunities** and the **Fair Oaks Income** funds.

Our centre-backs try to deliver when others around them are under pressure. They complement each other, and help support each other throughout the match. For **7IM**, key players include the **F&C Global Equity Market Neutral Fund** and the **Angel Oak Multi-Strategy Income Fund**.

Tony Lawrence, Senior Investment Manager at 7IM, added: “The convertible bond fund from NN offers us senior unsecured bonds that are convertible into shares at a fixed price. They typically have short durations, offering downside protection with equity upside participation. We like this fund’s thematic approach, which allows them to look to focus on the big picture, rather than a tactical, traditional sector approach, given these often have a diverse set of return drivers.

“Looking at **Fair Oaks Income**, meanwhile, this is a closed ended investment company in the specialist debt sector focussing primarily on high quality US floating rate senior secured loans. The closed ended structure is a useful vehicle to access these types of assets due to the illiquid nature of the underlying assets.

“For our centre-backs, one option is the **F&C Global Equity Market Neutral Fund**, a systematically driven fund that has a dispassionate approach, reducing the risk of human error and is therefore a supporting member of the line-up. It is very much about absolute returns too, so is designed to not be too temperamental. Meanwhile, the team behind the **Angel Oak Multi-Strategy Income Fund** are specialist investors in residential mortgage backed securities. A stronger US economy and buoyant housing market make for an interesting opportunity in mortgage loans where we believe the default risk is low.”

Who made midfield?

At least one midfielder is there to help make sure that we don’t follow the typical direction of play, and aims to balance out attack and defence. For **7IM**, funds that seek to offer this role include the **Hermes Asia Ex Japan Equity**. While Asian players are often seen as taking on more risk, this fund is more defensively run by a contrarian, who looks for undervalued quality stocks. This leads to a differentiated portfolio, including investments in smaller business in Asia, rather than large global companies.

Also potentially joining Hermes in the centre of the park is the **Artemis UK Select Fund**, a box-to-box addition with an unconstrained approach.

Completing the potential midfield line-up is the **Miton European Opportunities Fund**, a new signing in 2017, adding some extra diversification to the team. This fund’s managers try to find companies ‘off the beaten track’ with great growth potential, and hence hold a significant weight in medium sized businesses.

Commenting on the proposed midfield positions, **Damian Barry, Senior Investment Manager, 7IM**, stated: “With the **Hermes Asia Ex Japan Equity Fund**, Jonathan Pines seeks to buy companies that create value over a cycle and his companies are typically trading at a significant discount to their intrinsic value. Target companies are trading cheap relative to their quality, with a focus on protecting against absolute capital loss, making this the perfect defensive complement to the portfolio and allowing other managers to fully express themselves. The portfolio typically has a value bias, an emphasis that we like.

“Meanwhile we believe that the **Artemis UK Select Fund** is a good, strategic, all weather fund. It is unconstrained in terms of market cap, and its ability to ‘short’ means it can often profit from falling markets.

“Last, but not least, we’ve included the **Miton European Opportunities Fund**. Here, we like the ability of this manager to identify companies with superior medium-term earnings growth. They are benchmark

agnostic, which means they tend to own a large number of medium sized companies. They travel widely to find companies off the beaten track.”

Helping to drive results

Like football, investing is ultimately a results-driven business, so you need to include people you believe you can rely on to put it in the back of the net. Two ideas for strikers, who are looking to consistently outperform their peer group, include the **Baillie Gifford Japanese Smaller Companies Fund** and the **RWC Emerging Markets Fund**, a pairing that combines a small and fast (growing) option with a fund which aims to be in the right place at the right time.

Tony Lawrence, Senior Investment Manager, 7IM said: “Billie Gifford specialises in high growth companies, many of which tend to be disruptors – innovative businesses targeting large end markets, making this a preferred ‘attack’ position. Their stocks tend to have little sell side research, so they can seek out hidden gems. They are also able to exploit longer term trends such as Japan’s changing demographics.

“Last but definitely not least, as a potential final pick is the **RWC Emerging Markets Fund**. This invests across the full breadth of developing economies, looking for strong growth characteristics that has not yet fed through to the share price. The application of thorough macro research steers the fund away from regions where risk is underappreciated by the market and towards countries embarking on positive change, all the while still focussing on identifying great stocks.”

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 £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

Seven Investment Management LLP is authorised and regulated by the Financial Conduct Authority and by 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.

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. Our investment managers may at any time hold a position in the funds mentioned in this publication in their personal capacity. We have in place procedures to manage any conflicts appropriately. 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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