PRESS RELEASE

SEVEN Investment Management

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BECAUSE I'M HAPPY – 7IM ON HOW TO FIGHT YOUR INSTINCTS TO HELP ACHIEVE FINANCIAL HAPPINESS

Last year, scientists identified 14 July as the day when Britain is at its most content. Well-being soars with the rising temperatures, the chance to spend more time outdoors with family and friends, exams are over and school is nearly, if not already, out.

Most people leave their annual financial review to the dog end days of winter, so it's not surprising if they often end up overly cautious. Another time to rethink your approach to money and achieve wealth health could arguably be when the spirits are higher.

Seven Investment Management (7IM) share seven tips on how to be more money happy.

1. **Don't be a hare, be a tortoise!**

Justin Urquhart Stewart, Co-founder and Head of Corporate Development, 7IM, said: "When it comes to finances, human instinct can sometimes be our worst enemy. We have to learn to be more positive and what better time to do it than the height of summer? Lots of people get put off saving because they think relatively smaller amounts will make little difference. They don't bother joining the race because they're tortoises. But over the long term, it's very often the investment tortoises that win.

"Invest £100 a month over 30 years at 5% annual growth and the £36,000 you'll put away could turn into around £80,000 if all went to plan, although there are never any guarantees. The sleepy hare that leaves it until the last 10 years will have to put in over £500 a month to get even close to that potential figure."

2. **If you can't keep up with the Joneses, move house!**

Sophie Kilvert, Relationship Manager, 7IM, said: "Lots of psychological research has shown that we can't help trying to keep up with the Joneses. Research in Canada shows that when someone wins the lottery there is eventually an increase in bankruptcies in their neighbourhood. It seems that it doesn't matter how much money you've got, if your neighbours have more you may struggle to be happy and you'll find yourself under pressure to spend when you should save. If you can't keep up with the Joneses, the answer may well be to move next door to the Smiths instead!"

3. **Do you really want that Bentley?**

Michael Martin, Relationship Manager, Seven Investment Management (7IM) said: "When people come into a lot of money, such as a lump sum on retirement, one common instinct is to make an extravagant and visible splurge. But a big change does not always bring happiness. One client wanted to buy her husband a Bentley as a surprise when they retired, because he'd always wanted one. I urged caution – you might think you've always wanted a Bentley, but the reality can be very different. Sudden and very overt wealth can be a game changer – friends can treat you differently – a highway to misery. My client double checked with her husband, who confirmed he definitely didn't want a Bentley really. Fabulous holidays were the order of the day, instead."

4. **Get beach ready with some waste-watching**

Sophie Kilvert added: "One of the great advantages of doing a financial review each year is that you'll not only realise how much harder you need to save, you can almost always find ways to make savings. A few hours spent poring over your bank account, reviewing mobile phone contracts, insurance policies and switching energy providers can save you hundreds. Some of that can go into regular saving, but the exercise may free up some cash for your holiday too. Good financial planning is all about finding a balance between saving for tomorrow and living today."

5. **Hold your winners?**

Dr Alessandro Laurent, Senior Investment Manager, 7IM, who runs 7IM's systematic funds, using algorithms designed to remove the human instinct from investment management said:

"Most of our poor investment decision making comes down to fear. Academic research has shown that we worry about a loss twice as much as we enjoy an investment gain. We tend to sell our winners and hold on to losers – on one hand we fear not crystallising a win, on the other we fear failure and hope that a loss may eventually turn around. But there can be an opportunity cost to holding on to duds – the money could potentially be much better invested elsewhere. Keeping winners can often be a better long-term strategy."

6. **Drop the anchor**

Alessandro Laurent added: "Another challenge is 'anchoring'. Recent and past experiences – particularly if traumatic – strongly influence people's decisions. After a big market crash, investors tend to overestimate the likely occurrence of another imminent disaster. Ten years later, the effects of the global financial crisis are still palpable. At every market correction many investors and financial pundits advocate the beginning of another severe crash similar to – if not worse than – the one experienced in 2008. Try to put the depressing headlines into perspective and confront your fears with rational exuberance."

7. **Be bolder when you're older**

Matthew Yeates, Investment Manager, 7IM said: "Lots of investors as they get older and closer to retirement reduce risk in their portfolios. They fear that a market tumble will knock a hole in their retirement plans and they don't have much working life left to make up any losses."

A **7IM** discussion paper, '*Challenging Traditional Attitudes towards Risk and Retirement*', questioned that theory, showing that in the majority of scenarios this approach had flaws.

Yeates added: "The problem is that we're all living longer and retirement money has to stretch so much further than it used to. Whilst not advocating excessive risk taking, it is worth remembering that as retirement approaches, our investments are generally at their highest and the effect of compounding returns is at its most powerful. Keeping your money working hard is worth thinking about."

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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.