

FOR IMMEDIATE RELEASE

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FRENCH ELECTION FEVER: MARKET IS RESPONDING TO DIMINISHED TAIL RISK, SAYS 7IM

Yesterday's first round of voting in the French elections gives political pollsters some breathing space. They predicted the clear favourites would be Le Pen and Macron, and their success now provides greater certainty around the outcome in what has hitherto seemed like an increasingly uncertain world. However, if anything, the original polls leader Le Pen actually underperformed expectations. **Seven Investment Management (7IM)** today comments on the market reaction:

Alex Scott, Deputy Chief Investment Officer, 7IM said: "The last year has seen the idea gaining currency that polling was, up until yesterday, failing. However, our view was that from Brexit to the US, it was rather a failure of interpretation than the polls themselves. Clinton won the popular vote by a similar margin to that predicted. Trump triumphed due to the Electoral College structure and regional distribution of votes. Likewise, Brexit polling was actually very close, with several polls predicting a Leave win, but the anticipated late swing back to the status quo and Remain never materialised.

"Nevertheless, the polls were bang on in the case of France, with predictions out by less than a percentage point. The market, meanwhile, is now responding to diminished tail risk as it sees politics playing out in a much more familiar way: the existential threat to the EU is reduced given the predictions for Macron's success in the second round. What we are seeing, meanwhile, in France, the UK, the US and everywhere else in the world, is the divide between the countryside and cities playing out more than ever before.

"Markets will now start to focus on the role of the French President. It is a powerful role, but the power base will be an issue. Would, for example, Macron have enough of a legislative base post June's National Assembly to form a coalition? Nevertheless, the risk premium has fallen out of markets. We remain positive on Europe as a whole, and France too, and are overweight in our adventurous portfolios, with 13% of our assets in Continental Europe and a further 5% in the Euro, although we are more neutral in our cautious funds."

Ends

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Notes to editors

About Seven Investment Management:

7IM provides investment services to professional wealth managers, planners, advisers and investors. These include:

- Discretionary investment management with advice
- A range of multi-asset portfolios
- An investment and open architecture trading platform
- A fantastic app, 7IMagine, to bring the client portfolios to life.

7IM – a story of Continuous Innovation

Since 7IM launched back in early 2002, it has pioneered a continuous stream of developments regarding how investment services are provided and charged for. We could just provide a list of our awards but actually think it is more useful to tell you what we have done and what we have provided for clients and their planners - and there is still more to come.

January 2001 – First Sterling Online Wrap Account launched with ongoing Asset Allocation

January 2003 – First White Label live

January 2004 – 7IM OEIC live

July 2005 – 7IM Platform live

September 2005 – New 7IM Income Fund launched

February 2007 – 7IM Sustainable Balance Fund launched

December 2007 – 7IM gains its own FSA authorisation and new institutional investors

January 2008 – 7IM joins the London Stock Exchange

March 2008 – 7IM launches the AAP (Asset Allocated Passives) range of funds

October 2009 – 7IM introduces 3rd party multi manager funds into the DFM service

October 2009 – 7IM Personal Injury Fund launched

April 2011 – 7IM launches enhanced, 'on-demand' client reporting

January 2012 – 7IM Unconstrained Fund launched

June 2012 – 7IM launches Fixed Term Deposits

January 2013 – 7IM launches Asset Backed Lending

March 2013 – '7IMagine' launched

June 2013 - Assets under Management pass £5bn

October 2013 – 7IM launches preferred SIPPs with DP Pensions Ltd and Carey Pensions UK

October 2014 – Assets under Management pass £7bn

January 2015 – Assets under Management pass £8bn

March 2015 – In partnership with AXA Wealth, 7IM announces preferred Offshore Bond offering

June 2015 – Assets under Management pass £10bn

February 2016 – 7IM launches My Future a new feature of the 7IMagine app which allows advisers and clients to enter the details of their existing savings and pension contributions, as well as spending expectations in retirement to identify when their cash will run out.

August 2016 – 7IM launches a Windows version of the 7IMagine App which allows 7IMagine to be used on all Windows devices including Microsoft Surface Pro, Windows phones and PC's.

WWW.7IM.CO.UK