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TRUMP'S FIRST YEAR: WILL CASINO OWNER LAND ON RED OR BLACK?

President Trump's first year in office also saw the first calendar year in the S&P 500's history with no negative months, according to **Seven Investment Management (7IM)**.

Nevertheless, the performance of the S&P 500 during **Trump's** first year in office, whilst up an impressive 19.97% since his inauguration on January 20th 2017 until the end of December 2017, is a long way short of its performance during **Barrack Obama's** first year (44.73%). Obama's presidency also coincided with one of the longest bull markets on record.

But the most successful run of performance for the S&P 500 of modern times during a presidency is during **Democrat Bill Clinton's** tenure, according to research by **7IM**, who presided over a 263.25% rise in the S&P 500 during his term in office – an annualised return of 17.49%.

Justin Urquhart Stewart, Co-founder and Head of Corporate Development, Seven Investment Management (7IM), said: "It's debatable how much influence any president has on markets. Trump has been a casino owner – he'll know more than anyone about timing and fortune. It remains to be seen whether he's a lucky or unlucky president; or in other words, whether he will land on red or black, or indeed with a red face or black eye.

"If he delivered 19.97% throughout every year of his term in office he would easily beat all his recent predecessors, but that's a tough ask for anyone. The bull market is now approaching its tenth year. The global economy continues to recover and Trump's tax reforms have been well received by markets, but only the most optimistic person would imagine that the strong growth posted in Trump's first year is sustainable."

George W Bush's Presidency saw the worst run of performance for the S&P 500 – inheriting the aftermath of the technology crash at the beginning of his term and then falling foul of the 2007/8 financial crisis at the end.

Performance of S&P 500

President	Term in office	Year one	Whole term (total return)	Annualised return
Reagan	Jan 81-89	-7.78%	207.55%	15.07%
Bush Snr	Jan 89-93	22.44%	72.43%	14.58%
Clinton	Jan 93-01	12.52%	263.25%	17.49%
Bush Jnr	Jan 01-09	-14.89%	-30.62%	-4.46%
Obama	Jan 09-17	44.73%	234.85%	16.29%
Trump	Jan 17-	19.97%		19.97%

Stephen Penfold, Senior Investment Manager, 7IM said: "US economic data over the fourth quarter of last year was incredibly strong, propelling the US economic surprise index to its highest ever. Whether this is because of, or in spite of Trump may be a moot point. But there's no denying that consumer and business confidence has been buoyed further by Trump's tax reform bill. This should particularly benefit smaller companies, and whilst we remain slightly

underweight the US on valuation grounds, the exposure we do have is tilted towards smaller companies, which we think are a purer way to play to the strength of the US economy.”

A surge in technology stocks has helped lift the S&P 500. The so-called FAANG stocks had an outstanding 2017 and between them these stocks represent 10.8% of the S&P 500.

Looking ahead, 7IM expects to see a return to value. **Dr Alessandro Laurent, Senior Investment Manager, 7IM** added: “Increasing interest rates or interest rate normalisation (like we have in the US) should be beneficial for value stocks as investors focus less on future potential earnings growth, as these will be discounted at higher rates, and more on current revenues.”

Ends

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Notes to Editors:

S&P 500 data is from 7IM using Bloomberg.

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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