

PRESS RELEASE



March 2007

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New 7IM Ethical Fund

Seven Investment Management (7IM) launches new Ethical fund as part of OEIC range.

From a fashionable accessory for some, to a life ethic for others, the investor attitude has changed radically just in the past three years. A growing number of investors are now seeing an ethical attitude as core to their investment and financial principles. As a result therefore of this direct client and wealth manager demand, 7IM has designed and launched its first ethical portfolio to form part of its OEIC range. In keeping with 7IM's requirements, the portfolio will be managed on an institutional style with the 7IM core and overlay structure. 7IM have thus been searching to find the highest calibre of institutional manager to run the core of this mandate in order to provide both the capability and expertise often not found in the retail world.

Following this evaluation 7IM is delighted to announce that this core will be managed by the highly respected investment team at Sarasin Chiswell led by Henry Boucher, with a smaller proportion operated as an overlay by 7IM's own investment team led by their Chief Investment Officer, Ros Price.

Tom Sheridan, CEO of 7IM said "From our early days we have always had a demand from clients and their wealth managers to provide an ethical investment, and I am delighted to be able to launch this new Fund with such respected investment managers as Sarasin Chiswell. This will provide a logical adjunct to our existing range of OEIC portfolios and provide access from as little as £1000 to the institutional capabilities of Sarasin Chiswell."

The original range of 7IM risk rated OEICs were launched in January 2004 and have grown to a total of over £690 million under management (and these form part of the total of £1.5 billion under management and administration by 7IM).

Ros Price CIO 7IM commenting on the unique 7IM overlay explained "to complement the intuitional management of Sarasin Chiswell, we at 7IM then provide an overlay to the core portfolio. This allows us to not only introduce additional asset classes but also to provide a flexibility and tilt to the portfolio to reflect the changing economic and investment circumstances of the moment."

Alan Ashton, investment analyst at Paradigm Norton Financial Planning, commends the decision of Seven Investment Management to add an ethical option to their OEIC range. "This provides Paradigm Norton with an ideal investment vehicle as a core holding for those of our clients choosing ethically screened portfolios. We are happy to recommend it as such."

Details of the Portfolio Disciplines:

Portfolio Composition

The new 7IM Ethical OEIC is a mix of 3 portfolios – one equity, one fixed interest securities (totalling 85-90% of the portfolio) chosen by Sarasin Chiswell, with a portfolio containing a tactical overlay of assets (10-15%) chosen by 7IM. The split of equity to fixed income will be around 50/50, with a ‘balanced’ risk profile.

Investment objective

To achieve long-term out-performance relative to the blended benchmark, in return for an appropriate degree of risk, by investing in companies, bonds of companies, countries and institutions that score well on social and environmental criteria. Together these criteria are referred to as the ‘sustainability’ of an investment.

The 7IM Tactical Overlay

The 7IM tactical overlay works in exactly the same way as for the risk rated 7IM OEIC funds. However, the universe of available additional asset classes is likely to be smaller as each choice must pass the Sustainability screen as set out by Sarasin Chiswell. The overlay accounts for 10-15% of the portfolio.

Portfolio Benchmark

The overall benchmark for the portfolio is a combination of 50% FT All Share Index and 50% FT All Stocks. (A blend of 30% of the FTSE All Share Index and 70% of the FTSE World (ex UK) Index is applied to the equity portfolio. The FTSE Actuaries All Gilts British Government Fixed Interest index is applied to the fixed interest portfolio.)

Investment Guidelines – Equity Portfolio

The equity portfolio will invest globally and consist of 50-70 securities, with the focus on large Caps but Mid-/Small-Caps may also be used. The equity portfolio may hold up to 3% in cash but this will be held to facilitate trading rather than as an active asset class choice. Structured products and derivatives can be used as long as the Sustainability criteria are met.

Investment Guidelines – Fixed Interest Portfolio

The fixed interest portfolio has no minimum number of securities but the quota of holdings in any one single non-sovereign or non-supranational issuer may not exceed 5% of the total value of the fixed interest portfolio. No single government or supranational holding may exceed 30% of the value of the fixed interest portfolio.

The majority of the fixed interest portfolio will be invested in Sterling-denominated issues. However, investment in other major bond markets is permitted for the purposes of additional diversification, with forward foreign currency contracts sometimes used to limit or remove currency risk. Exposure to non-Sterling assets will be limited to 20% of the value of the fixed interest portfolio.

Investment Philosophy

The key measure in the positioning of the potential investee companies, countries and institutions is the sustainability rating.

Securities are assessed on the basis of better than average company specific qualities, applying familiar quantitative and qualitative criteria. Social analysis is based on a stakeholder approach and examines a company’s relationship with its suppliers, capital providers, the general public, its employees, clients and competitors, based on the criteria of health, participation, distribution of wealth, knowledge and controversial activities.

The choice and weighting of the individual bonds are based on financial criteria (credit rating, liquidity, yield etc.) For public-sector issuers (primarily governments), a Sustainability rating is created by reviewing the impact of policy on society and the natural environment. The frequency and depth of individual poverty and social exclusion

in the country is measured, along with the consumption of resources and the environmental impact per head of population.

Governments' efficiency at translating available economic performance into quality of life is also measured. The efficiency rating produced gives a picture of the efforts a country is making to de-couple the quality of life of its citizens from material wealth and environmental impact. (Quality of life is defined by a set of criteria ranging from education to public health and a country's foreign relations.)

Because some certain products and manufacturing processes are so high-risk that they are not rated as being compatible with sustainable development, companies from certain industries or with significant exposure to certain activities are precluded from the outset:

- Tobacco Industry,
- Armaments,
- Pornography,
- Nuclear Power Generation,
- Chlorine, Agrochemicals and GMOs in agriculture.

Information for the sustainability analysis is gathered from a wide selection of sources:

- Publicly available information on companies, public-sector issuers and institutions
- Research reports from NGOs, academics, interest groups and other third parties
- Industry-specific catalogue of criteria containing 140 data points
- Company visits and management contacts
- Information from specialist research institutions
- Daily monitoring of several hundred newspapers through news services
- Specialised electronic media and the internet

Sarasin Chiswell normal client size

Sarasin Chiswell will normally take direct clients with the following minimum portfolio sizes:

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| Investment through a single or combination of our in-house Investment Funds | £250,000 |
| Investment through their in house funds supplemented with 3 rd party specialist funds | £500,000 |
| Fully segregated portfolios | £5,000,000 |

With the 7IM Ethical OEIC, the expertise of both Sarasin Chiswell and 7IM are brought to focus on the portfolios and clients can buy invest from as little as £1,000.

For more information, please contact:

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