


Seven Investment Management's purchase of Tcam provides more evidence of its UK private client ambitions and growth potential

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At first sight Seven Investment Management's (7IM) purchase for an unspecified sum of Edinburgh-based Tcam, the private client investment management firm spun out of Turcan Connell, a Scottish law firm, doesn't appear to have significant implications for the UK wealth management market.

Both firms are hardly giants, especially if the focus is restricted to the private client discretionary asset management sector.

Seven Investment Management currently has around £3 billion of private client discretionary assets. Tcam's £1.1 billion will boost these by just over a third to over £4 billion. Even so, however, total private client assets will remain relatively modest within the context of the UK market overall.

The deal will certainly have implications for the Scottish wealth management market, however.

With Glasgow-based Speirs and Jeffrey likely to acquire a new owner the pool of independent Scottish wealth managers, especially those with a discretionary investment management capability, will have been significantly reduced during 2018.

And the remaining firms which include Haddington-based McInroy and Wood and Edinburgh-based Cornelian Asset Management and Murray Asset Management are all relatively small.

Nonetheless, the merger provides further evidence of 7IM's ambitions and ability to grow.

Launched in 2002 as a private client investment manager by former Barclays employees Tom Sheridan and Justin Urquhart Stewart and now majority owned by Caledonia Investments, 7IM has both grown and diversified its range of activities.

The firm currently manages a family of 20 equity and multi-asset funds as well as operating an investment platform for execution only customers.

More significantly 7IM has grown organically rather than through acquisition. Indeed the purchase of Tcam is its first acquisition.

Seven Investment Management generated £58.26 million of revenue for the year to 31 December 2016, according to its most recent set of accounts, as well as reporting profits and total comprehensive income available for distribution of £12.12 million.

Total assets under management and administration currently amount to around £12.5 billion.

Adding the £8.29 million of revenues reported by Tcam for the year to 31 March 2017 would boost revenues to around £66.5 million on a pro-rata basis. But the likelihood is combined revenues may be nearer £70 million if both firms benefited from the big hike in asset values experienced during 2016.

This would still keep 7IM outside the top tier of UK wealth management firms. But the gap would be getting narrower.

All this assumes, of course, that its new acquisition works.

There will be opportunities for cost savings. Seven has maintained an office in Leith since its inception. And Tcam has a London office.

And the two firms know each other well according to Alex Montgomery, one of Tcam's joint chief executives, who will become a 7IM partner along with other Tcam partners.