

# 7IM INVESTMENT FUNDS

Annual Report and Financial Statements  
for the year ended 30 November 2018

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7IM Cautious Fund  
7IM Moderately Cautious Fund  
7IM Balanced Fund  
7IM Moderately Adventurous Fund  
7IM Adventurous Fund  
7IM Sustainable Balance Fund  
7IM AAP Income Fund  
7IM AAP Moderately Cautious Fund  
7IM AAP Balanced Fund  
7IM AAP Moderately Adventurous Fund  
7IM AAP Adventurous Fund



# 7IM INVESTMENT FUNDS

## DIRECTORY

### Authorised Corporate Director ('ACD')

Seven Investment Management LLP  
3rd Floor  
55 Bishopsgate  
London EC2N 3AS  
(Authorised and regulated by the Financial Conduct Authority)

#### *Address for correspondence:*

Seven Investment Management LLP  
PO Box 3733  
Royal Wootton Bassett  
Swindon SN4 4BG

### Management Committee of the ACD

H. Bathgate (appointed 1 August 2018)  
P. Bungey  
A. Montgomery (appointed 1 August 2018)  
J. Routledge  
S. Sanderson

T. Sheridan  
V. Smith  
C. Sparrow  
M. Surguy (appointed 8 October 2018)  
J. Urquhart Stewart

### Sub-Investment Manager

Sarasin & Partners LLP is the sub-investment manager providing investment advisory services for the 7IM Sustainable Balance Fund.

### Sub-Adviser

Morningstar Investment Europe Limited is the sub-adviser providing investment advisory services for the following sub-funds:

7IM Cautious Fund	7IM AAP Moderately Cautious Fund
7IM Moderately Cautious Fund	7IM AAP Balanced Fund
7IM Balanced Fund	7IM AAP Moderately Adventurous Fund
7IM Moderately Adventurous Fund	7IM AAP Adventurous Fund
7IM Adventurous Fund	

### Depository

Northern Trust Global Services SE  
50 Bank Street  
Canary Wharf  
London E14 5NT  
(Authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority)

### Registrar & Administrator

Northern Trust Global Services SE  
50 Bank Street  
Canary Wharf  
London E14 5NT  
(Authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority)

### Independent Auditor

KPMG LLP  
15 Canada Square  
London E14 5GL

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## 7IM INVESTMENT FUNDS

### AUTHORISED STATUS

7IM Investment Funds ('the Company') is an Open-Ended Investment Company with variable capital incorporated in England and Wales under registered number IC000278 and authorised by the Financial Conduct Authority with effect from 28 November 2003. The Company has an unlimited duration.

The Company is a UCITS Scheme.

Shareholders are not liable for the debts of the Company. Shareholders are not liable to make any further payment to the Company after they have paid the price on purchase of the shares.

### REMUNERATION DISCLOSURE

The provisions of the Undertaking in Collective Investments Schemes Directive ("UCITS V") took effect on 18 March 2016. That legislation requires the Authorised Corporate Director ('ACD'), Seven Investment Management LLP, to establish and maintain remuneration policies for its staff which are consistent with and promote sound and effective risk management.

The ACD's remuneration policies are the responsibility of a Remuneration Committee which includes the Non-Executive Chairman and all Non-Executives. The Remuneration Committee has established a remuneration policy which sets out a framework for determining the level of fixed and variable remuneration of staff, including maintaining an appropriate balance between the two.

Arrangements for variable remuneration are calculated primarily by reference to the performance of each individual. The policies are designed to reward high performance, to directly link to the ACD's profitability, and to form part of overall compensation in relation to market competitors.

All staff are employed by the ACD with none employed directly by the UCITS scheme.

The total remuneration of those individuals who are fully or partly involved in the activities of the UCITS scheme for the financial year ending 31 December 2017, is analysed below:

Fixed Remuneration	£2,366,484
Variable Remuneration	£729,950
<b>Total</b>	<b>£3,096,434</b>
FTE Number of staff:	24

Two of the staff members included in the total remuneration figures above are considered to be senior management whilst there are eight staff members whose actions are considered to have a material impact on the risk profile of the fund. The table below provides an alternative analysis of the remuneration data.

Aggregate remuneration of:

Senior management	£516,250
Staff whose actions may have a material impact on the funds	£1,222,988
Other	£1,357,196
<b>Total</b>	<b>£3,096,434</b>

The staff members included in the above analysis support all the UCITS funds managed by the ACD. It is not considered feasible or useful to attempt to apportion these figures to individual funds.

The management has reviewed the general principles of the Remuneration Policy and its application in the last year which has resulted in no material changes to the Policy.

### SUB-FUND CROSS-HOLDINGS

No sub-fund held shares in any other sub-fund within the ICVC during the current or prior year.

# 7IM INVESTMENT FUNDS

## **DIRECTOR'S STATEMENT**

This report has been prepared in accordance with the requirements of the Collective Investment Schemes Sourcebook as issued and amended by the Financial Conduct Authority.

C. Sparrow  
On behalf of Seven Investment Management LLP  
ACD of 7IM Investment Funds  
28 February 2019



## 7IM INVESTMENT FUNDS

### STATEMENT OF ACD'S RESPONSIBILITIES IN RELATION TO THE FINANCIAL STATEMENTS

The Collective Investment Schemes sourcebook published by the FCA ('the COLL Rules') requires the Authorised Corporate Director ('ACD') to prepare financial statements for each annual accounting period which give a true and fair view of the financial position of the Company and of the net income and net gains or losses on the property of the Company for the period.

In preparing the financial statements the ACD is responsible for:

- selecting suitable accounting policies and then apply them consistently;
- making judgements and estimates that are reasonable and prudent;
- following UK accounting standards, including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland;
- complying with the disclosure requirements of the Statement of Recommended Practice for UK Authorised Funds issued by the Investment Management Association in May 2014;
- keeping proper accounting records which enable it to demonstrate that the financial statements as prepared comply with the above requirements;
- assessing the Company and its sub-funds' ability to continue as a going concern, disclosing, as applicable, matters related to going concern;
- using the going concern basis of accounting unless they either intend to liquidate the Company or its sub-funds or to cease operations, or have no realistic alternative but to do so;
- such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; and
- taking reasonable steps for the prevention and detection of fraud and irregularities.

The ACD is responsible for the management of the Company in accordance with its Instrument of Incorporation, the Prospectus and the COLL Rules.

## 7IM INVESTMENT FUNDS

### **STATEMENT OF THE DEPOSITARY'S RESPONSIBILITIES IN RESPECT OF THE SCHEME AND REPORT OF THE DEPOSITARY TO THE SHAREHOLDERS OF THE 7IM INVESTMENT FUNDS ("THE COMPANY") FOR THE YEAR ENDED 30 NOVEMBER 2018**

The Depositary must ensure that the Company is managed in accordance with the Financial Conduct Authority's Collective Investment Schemes Sourcebook, the Open-Ended Investment Companies Regulations 2001 (SI 2001/1228), as amended, the Financial Services and Markets Act 2000, as amended, (together 'the Regulations'), the Company's Instrument of Incorporation and Prospectus (together 'the Scheme documents') as detailed below.

The Depositary must in the context of its role act honestly, fairly, professionally, independently and in the interests of the Company and its investors.

The Depositary is responsible for the safekeeping of all custodial assets and maintaining a record of all other assets of the Company in accordance with the Regulations.

The Depositary must ensure that:

- the Company's cash flows are properly monitored and that cash of the Company is booked into the cash accounts in accordance with the Regulations;
- the sale, issue, repurchase, redemption and cancellation of shares are carried out in accordance with the Regulations;
- the value of shares of the Company are calculated in accordance with the Regulations;
- any consideration relating to transactions in the Company's assets is remitted to the Company within the usual time limits;
- the Company's income is applied in accordance with the Regulations; and
- the instructions of the Authorised Fund Manager ('the AFM'), which is the UCITS Management Company, are carried out (unless they conflict with the Regulations).

### **REPORT OF THE DEPOSITARY**

The Depositary also has a duty to take reasonable care to ensure that Company is managed in accordance with the Regulations and Scheme documents in relation to the investment and borrowing powers applicable to the Company.

Having carried out such procedures as we consider necessary to discharge our responsibilities as Depositary of the Company, it is our opinion, based on the information available to us and the explanations provided, that in all material respects the Company, acting through the AFM:

- (i) has carried out the issue, sale, redemption and cancellation, and calculation of the price of the Company's shares and the application of the Company's income in accordance with the Regulations and the Scheme documents of the Company; and
- (ii) has observed the investment and borrowing powers and restrictions applicable to the Company.

Northern Trust Global Services SE  
UK Trustee and Depositary Services  
28 February 2019

## 7IM INVESTMENT FUNDS

### INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF 7IM INVESTMENT FUNDS (‘THE COMPANY’)

#### Opinion

We have audited the financial statements of the Company for the year ended 30 November 2018, which comprise the Statements of Total Return, the Statements of Changes in Net Assets Attributable to Shareholders, the Balance Sheets, the Related Notes and the Distribution Tables for each of the Company's sub funds listed on pages 1 to 3 and the accounting policies set out on pages 10 to 14.

In our opinion the financial statements:

- give a true and fair view, in accordance with UK Accounting standards, including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland, of the financial position of each of the sub-funds as at 30 November 2018 and of the net revenue/deficit of revenue and the net capital gains/net capital losses on the property of each of the sub-funds for the year then ended; and
- have been properly prepared in accordance with the Instrument of Incorporation, the Statement of Recommended Practice relating to Authorised Funds, and the COLL Rules.

#### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (“ISAs (UK)”) and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the Company in accordance with, UK ethical requirements including the FRC Ethical Standard.

We have received all the information and explanations which we consider necessary for the purposes of our audit and we believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

#### The impact of uncertainties due to Britain exiting the European Union on our audit

Uncertainties related to the effects of Brexit are relevant to understanding our audit of the financial statements. All audits assess and challenge the reasonableness of estimates made by the directors and related disclosures and the appropriateness of the going concern basis of preparation of the financial statements. All of these depend on assessments of the future economic environment and the Company's future prospects and performance.

Brexit is one of the most significant economic events for the UK, and at the date of this report its effects are subject to unprecedented levels of uncertainty of outcomes, with the full range of possible effects unknown. We applied a standardised firm-wide approach in response to that uncertainty when assessing the Company's future prospects and performance. However, no audit should be expected to predict the unknowable factors or all possible future implications for a company and this is particularly the case in relation to Brexit.

#### Going concern

The Authorised Corporate Director has prepared the financial statements on the going concern basis as they do not intend to liquidate the Company or its sub-funds or to cease their operations, and as they have concluded that the Company and its sub-funds' financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over their ability to continue as a going concern for at least a year from the date of approval of the financial statements (“the going concern period”).

We are required to report to you if we have concluded that the use of the going concern basis of accounting is inappropriate or there is an undisclosed material uncertainty that may cast significant doubt over the use of that basis for a period of at least a year from the date of approval of the financial statements. In our evaluation of the Authorised Corporate Director's conclusions, we considered the inherent risks to the company's and its sub-funds' business model, including the impact of Brexit, and analysed how those risks might affect the company's and its sub-funds' financial resources or ability to continue operations over the going concern period. We have nothing to report in these respects.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the absence of reference to a material uncertainty in this auditor's report is not a guarantee that the Company or its sub-funds will continue in operation.

#### Other information

The Authorised Corporate Director is responsible for the other information, which comprises the Authorised Corporate Director's Report. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except as explicitly stated below, any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

## 7IM INVESTMENT FUNDS

### INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF 7IM INVESTMENT FUNDS ('THE COMPANY') (CONTINUED)

#### Other information (continued)

- we have not identified material misstatements in the other information; and
- in our opinion the information given in Authorised Corporate Director's Report for the financial year is consistent with the financial statements.

#### Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where under the COLL Rules we are required to report to you if, in our opinion:

- proper accounting records for the Company have not been kept; or
- the financial statements are not in agreement with the accounting records.

#### Authorised Corporate Director's Seven Investment Management LLP's responsibilities

As explained more fully in their statement set out on page 6 the Authorised Corporate Director is responsible for: the preparation of financial statements that give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the Company and its sub-funds' ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the Company or its sub-funds or to cease operations, or have no realistic alternative but to do so.

#### Auditor's responsibilities

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRCI's website at [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities).

#### The purpose of our audit work and to whom we owe our responsibilities

This report is made solely to the Company's shareholders, as a body, in accordance with Rule 4.5.12 of the Collective Investment Schemes sourcebook ('the COLL Rules') issued by the Financial Conduct Authority under the Open-Ended Investment Companies Regulations 2001. Our audit work has been undertaken so that we might state to the Company's shareholders those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's shareholders as a body, for our audit work, for this report, or for the opinions we have formed.

Paul McKechnie  
**for and on behalf of KPMG LLP, Statutory Auditor**  
Chartered Accountants  
15 Canada Square  
London  
E14 5GL  
United Kingdom  
28 February 2019

# 7IM INVESTMENT FUNDS

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 November 2018

### 1. Statement of Compliance

The Financial Statements have been prepared in compliance with UK Financial Reporting Standard 102 (FRS 102) and in accordance with the Statement of Recommended Practice for UK Authorised Funds issued by the Investment Association in May 2014 (2014 SORP).

### 2. Summary of Significant Accounting Policies

#### (a) Basis of Preparation

The Financial Statements have been prepared on a going concern basis, under the historical cost convention as modified by the revaluation of certain financial assets and liabilities measured at fair value through profit or loss.

The Company has adopted FRS 102 and the 2014 SORP. The principal accounting policies that have been applied consistently during the accounting year are set out below.

#### (b) Functional and Presentation Currency

The functional and presentation currency of the Company is sterling.

#### (c) Recognition of revenue

Dividends on quoted equities and preference shares are recognised when the securities are quoted ex-dividend.

Distributions from collective investment schemes are recognised when the schemes are quoted ex-distribution. Equalisation returned with the distribution is deducted from the cost of the investment in the scheme and does not form part of the distributable revenue.

Reportable income from funds with 'Reporting Fund' status for UK tax purposes is recognised when the information is made available by the reporting fund.

Deemed distributions from FCP's (Fonds de Commun de Placement) are calculated on a daily basis and are included in revenue.

Revenue from unquoted equity investments is recognised when the dividend is declared.

Revenue on debt securities is accounted for on an effective interest basis.

The treatment of the returns from derivatives depends upon the nature of the transaction. Both motive and circumstances are used to determine whether returns should be treated as capital or revenue.

Rebates of annual management charges (AMC rebates) from underlying investments are accounted for on an accruals basis and are recognised as revenue or capital in line with the allocation of the annual management charge between capital and revenue of the underlying investments.

Revenue from stock lending is accounted for net of associated costs and is recognised on an accruals basis.

Interest on bank and other cash deposits is recognised on an accruals basis.

Revenue is recognised gross of any withholding taxes but excludes attributable tax credits. All expenses, except for those relating to the purchase and sale of investments and stamp duty reserve tax, are charged initially against revenue.

#### (d) Treatment of stock and special dividends

The ordinary element of stock received in lieu of cash dividends is credited to capital in the first instance followed by a transfer to revenue of the cash equivalent being offered and this forms part of the distributable revenue of the Fund.

Special dividends are reviewed on a case by case basis in determining whether the dividend is to be treated as revenue or capital. Amounts recognised as revenue will form part of the distributable revenue. Amounts recognised as capital are deducted from the cost of the investment. The tax accounting treatment follows the treatment of the principal amount.

#### (e) Treatment of expenses

All expenses, except for those relating to the purchase and sale of investments and stamp duty reserve tax, are charged initially against revenue for UK Corporation tax purposes, on an accruals basis.

Expenses incurred by tax transparent funds are recognised when the information is made available by the reporting fund.

## 7IM INVESTMENT FUNDS

### NOTES TO THE FINANCIAL STATEMENTS (continued) for the year ended 30 November 2018

#### 2. Summary of Significant Accounting Policies (continued)

(f) *Capped expenses*

Other expenses (excluding the ACD's periodic charge) payable out of the property of the sub-funds, which exceed 0.20% of the AAP Moderately Cautious Sub-fund, the AAP Balanced Sub-fund, the AAP Moderately Adventurous Sub-fund and the AAP Adventurous Sub-fund are met by the Investment Manager.

(g) *Allocation of revenue and expenses to multiple share classes*

Any revenue or expense not directly attributable to a particular share class will normally be allocated pro-rata to the net assets of the relevant share classes unless a different allocation method is more appropriate.

All share classes are ranked pari passu and have no particular rights or terms attached, including rights on winding up.

(h) *Taxation*

Corporation tax is provided at 20% on taxable revenue, after deduction of allowable expenses.

Offshore income gains, from funds without reporting status, are liable to corporation tax at 20% and any resulting charge is against capital.

Where overseas tax has been deducted from overseas revenue that tax can, in some instances, be set off against the corporation tax payable by way of double tax relief and where this is the case the offset is reflected in the tax charge.

Deferred tax is provided using the liability method on all timing differences arising on the treatment of certain items for taxation and accounting purposes, calculated at the rate at which it is anticipated the timing differences will reverse. Deferred tax assets are recognised only when, on the basis of available evidence, it is more likely than not that there will be taxable profits in the future against which the deferred tax asset can be offset.

Stamp duty reserve tax suffered on surrender of shares is deducted from capital.

(i) *Distribution policy*

For the purpose of calculating the distribution, the ACD's periodic charge and investment advisory fees are deducted from the sub-funds in the following proportions:

	ACD's Periodic Charge		Investment Advisory Fee	
	Capital	Revenue	Capital	Revenue
	%	%	%	%
7IM Cautious Fund	100	-	-	100
7IM Moderately Cautious Fund	100	-	100	-
7IM Balanced Fund	50	50	50	50
7IM Moderately Adventurous Fund	-	100	-	100
7IM Adventurous Fund	-	100	-	100
7IM Sustainable Balance Fund	100	-	n/a	n/a
7IM AAP Income Fund	100	-	n/a	n/a
7IM AAP Moderately Cautious Fund	100	-	100	-
7IM AAP Balanced Fund	50	50	50	50
7IM AAP Moderately Adventurous Fund	-	100	-	100
7IM AAP Adventurous Fund	-	100	-	100

For all sub-funds except the 7IM AAP Income Fund, the other expenses are charged against revenue with the exception of costs associated with the purchase and sales of investments and stamp duty reserve tax. All other expenses of the 7IM AAP Income Fund are charged against capital.

Where charges are transferred to capital, this will increase the amount of revenue available for distribution; however, will erode capital and constrain capital growth.

Interim distributions may be made at the ACD's discretion. Final distributions are made in accordance with the COLL Sourcebook.

If at the end of the accounting year any share class within a sub-fund is in deficit, then funds will be transferred to cover the shortfall from capital.

Distributions which have remained unclaimed by shareholders for more than six years are credited to the capital property of the sub-fund.

## 7IM INVESTMENT FUNDS

### NOTES TO THE FINANCIAL STATEMENTS (continued) for the year ended 30 November 2018

#### 2. Summary of Significant Accounting Policies (continued)

##### (j) Basis of valuation of investments

All investments are valued at their fair value as at 12.00pm UK time on 30 November 2018, being the last business day of the financial year. The fair value for non-derivative securities is bid market price. The fair value for derivative instruments is the cost of closing out the contract at the balance sheet date.

Quoted investments are valued at fair value which generally is the bid price, excluding any accrued interest in the case of debt securities. Accrued interest on debt securities is included in revenue.

Collective investment schemes are valued at quoted bid prices for dual priced funds and at quoted prices for single priced funds, on the last business day of the accounting period.

Open forward currency contracts are valued based on the difference between the contract value and the market value adjusted by the prevailing spot rate and swap curve.

Structured products are valued at the fair value, where a price can only be obtained from the issuer the value is confirmed by an independent price provider by reference to the terms as defined in the term sheet of the structured product.

The market value of over the counter (OTC) derivatives is determined based on valuation pricing models which take into account relevant market inputs as well as the time values, liquidity and volatility factors underlying the positions.

For investments for which there is no quoted price or for which the quoted price is unreliable, fair value is determined by the ACD, taking into account, where appropriate, latest dealing prices, valuations from reliable sources, financial performance, maturity of the Company and other relevant factors.

##### (k) Exchange rates

Transactions in foreign currencies are recorded in sterling at the rate ruling at the date of the transactions. Assets and liabilities expressed in foreign currencies at the end of the accounting period are translated into sterling at 12.00pm UK time on 30 November 2018, being the last business day of the financial year.

##### (l) Dilution levy

The ACD may require a dilution levy on the purchase and redemption of shares if, in its opinion, the existing shareholders (for purchases) or remaining shareholders (for redemptions) might otherwise be adversely affected. For example, the dilution levy may be charged in the following circumstances: where the scheme property of a sub-fund is in continual decline; where a sub-fund is experiencing large levels of net purchases relative to its size; on 'large deals' (typically being a purchase or redemption of shares to a size exceeding 5% of the Net Asset Value of the relevant sub-fund); in any case where the ACD is of the opinion that the interests of existing or remaining shareholders require the imposition of a dilution levy.

##### (m) Stock lending

The sub-funds are permitted to enter into stock lending transactions for the purpose of the generation of additional revenue for that sub-fund. The specific method of stock lending permitted is of the kind described in section 263B of the Taxation of Chargeable Gains Act 1992, under which the lender transfers securities to the borrower otherwise than by way of sale and the borrower is to transfer those securities, or securities of the same type and amount, back to the lender at a later date. There is a 25% limit on the value of the scheme property of a sub-fund which may be the subject of stock lending transactions.

Collateral must be obtained by the Depositary in a form which is acceptable to the Depositary, adequate and sufficiently immediate; the collateral must at all times be at least equal to the value of the securities transferred by the Depositary under the stock lending agreement. Collateral provided in respect of stock lending activity is held by an independent collateral custodian.

The sub-funds maintain the beneficial entitlement to any security on loan and therefore will receive a manufactured dividend, equal to the on loan position, from the borrower for any dividends declared by the security during the on loan period.

## 7IM INVESTMENT FUNDS

### NOTES TO THE FINANCIAL STATEMENTS (continued) for the year ended 30 November 2018

#### 3. Risk Management Policies

In pursuing the investment objective a number of financial instruments are held which may comprise securities and other investments, cash balances and debtors and creditors that arise directly from operations. Derivatives, such as futures or forward currency contracts, may be utilised for investment, efficient portfolio management and hedging purposes.

The main risks from the sub-funds' holding of financial instruments, together with the ACD's policy for managing these risks, are set out below:

The ACD has put in place a Risk Management Policy and Procedures Document ('RMPPD') that sets out the risks that may impact a fund and how the ACD seeks, where appropriate, to manage, monitor and mitigate those risks, and in particular those risks associated with the use of derivatives. The RMPPD sets out both the framework and the risk mitigations operated by the ACD in managing the identified risks of the fund.

##### (a) Credit risk

Credit risk is the risk that a counterparty may be unable or unwilling to make a payment or fulfil contractual obligations. This may be in terms of an actual default or by deterioration in counterparty's credit quality.

Certain transactions in securities that the sub-funds enter into expose it to the risk that the counterparty will not deliver the investment for a purchase, or cash for a sale after the sub-funds have fulfilled its obligations. As part of its due diligence process, the ACD undertakes a review of the controls, including initial and ongoing due diligence and business volumes placed with each counterparty. In cases which are dependent on the counterparty settling at the transaction's maturity date, the ACD has policies in place which set out the minimum credit quality expected of a market counterparty or deposit taker at the outset of the transaction.

The bond investments held are exposed to credit risk which reflects the ability of the issuer to meet its obligations. All bonds in which the sub-funds invest are investment grade listed bonds or government securities which are generally lower risk. The sub-funds may be indirectly exposed to interest rate risk in respect of their investments in other collective investment schemes.

A sub-fund's maximum exposure to credit risk, not taking account of the value of any collateral or other securities held, in the event that counterparties fail to perform their obligations as at the period end in relation to each class of recognised financial assets, is the carrying amount of these assets.

##### (b) Liquidity risk

Liquidity risk is the risk that a sub-fund will be unable to meet its obligations as they fall due. The main liability of the sub-funds' is the cancellation of any shares that investors want to sell. Investments may have to be sold to fund such cancellations should insufficient cash be held at the bank to meet this obligation.

To reduce liquidity risk the Portfolio Manager will ensure that a substantial portion of the sub-funds' assets consist of cash and readily realisable investments.

All financial liabilities are payable in one year or less, or on demand.

##### (c) Market risk

Market risk is the risk that fair value or future cash flows of financial instruments will fluctuate due to changes in market variables such as interest rates, foreign exchange rates or market prices.

The sub-funds can be exposed to market risks by virtue of the financial instruments that the sub-funds invest in. The Portfolio Manager monitors the investments on a continuing basis on behalf of the sub-funds by adhering to investment guidelines and avoiding excessive exposure to one particular issuer can limit stock specific risk. Subject to compliance with the investment objective, spreading exposure across a broad range of global stocks can mitigate market risk.

##### (d) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The value of fixed interest securities may be affected by changes in interest rates, either globally or locally. Changes in the rate of return in one asset class may influence the valuation basis of other classes. The amount of revenue receivable from floating rate investments and bank balances or payable on bank overdrafts will be affected by fluctuations in interest rates.



## 7IM INVESTMENT FUNDS

### NOTES TO THE FINANCIAL STATEMENTS (continued) for the year ended 30 November 2018

#### 3. Risk Management Policies (continued)

##### (d) *Interest rate risk (continued)*

Investment in collective investment schemes exposes the sub-fund to indirect interest rate risk to the extent that they invest in interest bearing securities, the returns from which will be affected by fluctuations in interest rates.

The level of risk a sub-fund is exposed to is monitored on an ongoing basis. The risk function monitors a series of risk metrics including but not limited to: duration, key rate duration, sensitivity analysis and stress tests. This ensures the sub-fund is exposed to risks which are consistent with its mandate set out in the Prospectus.

##### (e) *Foreign currency risk*

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

Assets denominated in currencies other than sterling will provide direct exposure to currency risk as a consequence of the movement in foreign exchange rates when calculating the sterling equivalent value. Forward currency contracts are employed by the Portfolio Manager, where deemed appropriate, to mitigate the foreign exchange risk. Investment in collective investment schemes may provide indirect exposure to currency risk as a consequence of the movement in foreign exchange rates.

##### (f) *Other price risk*

Other price risk is the risk that the price of a financial instrument will fluctuate due to changes in market conditions influencing, directly or indirectly, the value of the instrument.

The sub-funds' investment portfolio is exposed to price fluctuations, which are monitored by the ACD in pursuance of the investment objective and policy. The risk is generally regarded as consisting of two elements – stock specific risk and market risk.

##### (g) *Derivatives*

The Investment Manager may employ more sophisticated derivatives longer term in the pursuit of the investment objectives of a Sub-fund and in accordance with its risk management policy. This means that the net asset value of a Sub-fund may at times be highly volatile (in the absence of compensating investment techniques). However, it is the Investment Manager's intention that the Sub-fund owing to its portfolio composition, or the portfolio management techniques used, will not have volatility over and above the general market volatility of the markets of their underlying investments. The risk profile of a Sub-fund may be higher than it would otherwise have been as a consequence of the use of derivatives as described above.

The Investment Manager may also employ derivatives for the purposes of hedging with the aim of reducing the risk profile of a Sub-fund, or reducing costs, or generating additional capital or revenue, in accordance with Efficient Portfolio Management (EPM).

To the extent that derivative instruments are utilised for hedging purposes, the risk of loss to a Sub-fund may be increased where the value of the derivative instrument and the value of the security or position which it is hedging are insufficiently correlated.

# 7IM CAUTIOUS FUND

## ACD'S REPORT

for the year ended 30 November 2018

### Investment Objective and Policy

7IM Cautious Fund (the 'Sub-fund') aims to provide a long-term total return, by way of income with some capital appreciation. There may be moderate risk to capital, but the Sub-fund will be managed with the intention of limiting volatility to relatively low levels in normal circumstances. As a consequence, long-term return expectations may be lower than for higher risk portfolios. There is no guarantee that a positive return will be delivered.

The Sub-fund will seek to achieve its objective through direct or indirect investment in a range of asset classes, which may include government and corporate bonds, cash, near cash and equities as well as in alternative asset classes (such as real estate, private equity and close-ended funds). Investment in these alternative asset classes would be largely (and in the case of real estate, only) achieved indirectly through investing in collective investment schemes, certificates and derivatives.

While bonds, cash and near cash and other income generating assets are likely to represent the main part of the Sub-fund's investment exposure, this may also include assets with scope for capital growth in real terms, and assets with scope for greater volatility.

The Sub-fund may use derivatives for investment purposes as well as for Efficient Portfolio Management.

There is no guarantee that a positive return will be delivered.

### Investment Manager's Report

#### Performance Report

In the reporting period 1 December 2017 to 30 November 2018, the portfolio delivered a total return of (1.11)%<sup>1</sup>.

#### Investment Background

Back in January, investors were excited because growth was strong across the world, following a remarkably stable 2017. The S&P 500 began the year with six consecutive highs and it looked as though nothing could go wrong. Then everything changed. Global equities plunged by 9% over two weeks in early February, and fell by another 10% in October. Most markets have been much jumpier and more erratic this year than in super-quiet 2017. This rise in volatility, though, looks like a return to normal – and doesn't particularly worry us. Indeed, equity volatility in 2018 has been slightly below its long term average.

It's clear that investors became far more cautious as the year progressed. In some cases, the caution is warranted. For example, the huge tech stocks known as the FANGs (Facebook, Amazon, Netflix and Google) plunged between June and November 2018 as their valuations returned to more realistic levels. In other cases, interesting assets were unfairly punished, creating potential buying opportunities. Emerging market equities and European dividends are two recent examples.

Regarding fundamentals, we saw little change through the year. The world economy is growing at a healthy 3.6%, according to the IMF. Europe and the US are slowing but are in fair shape. In both the US and UK unemployment has fallen, inflation is stable and wages are rising. Global earnings per share growth in 2018 will be an impressive 16%. For all the talk of rate hikes, there were only four by major Western central banks through the year (three in the US and one in Europe), and monetary policy in both regions remains loose. Rates are trending up, as they should, but are far from worrying.

Some commentators claim that weak equity markets in 2018 reflected fragile and slowing global growth and company earnings, blaming factors like interest rate hikes, the US-China trade dispute, Brexit and Eurozone politics. We are not convinced. We think the world economy is in good shape.

It's hard to know why large numbers of investors across the world suddenly began selling. Big algorithmic traders probably played a part, unrelated to any economic or financial fundamentals.

Investors won't remember 2018 with any fondness. But it wasn't nearly as bad as the headlines would have you believe.

#### Portfolio Review

During the year, we increased exposure to equity on the view that equity risk would be better rewarded than some other risk assets given our optimistic outlook for continuing global growth. We brought the UK equity exposure back up to target and increased the allocations to US and European equities. We took some downside risk protection in European equity buying a put, which we were able to sell at a profit when European equity sold off shortly afterwards.

<sup>1</sup> Calculated using 7IM Cautious C Acc shares, published prices. Source: NTRS

## 7IM CAUTIOUS FUND

### ACD'S REPORT (continued) for the year ended 30 November 2018

#### Investment Manager's Report (continued)

We had an allocation to small cap in the US in the early part of the period but as the year progressed we took the view that the smaller cap end of the US equity market had become fully valued and took profits from this exposure to Russell 2000 stocks, but topped up the US equity holdings to make sure this was up to target allocation.

Among alternatives, we reduced exposure to both alternative strategies as we had less conviction that this asset class could produce the returns we expected and reduced exposure to private equity which we thought looked fully valued.

We reduced the gold holding on the view that it had not provided the risk diversification we had been expecting so we bought exposure to an enhanced commodity index which provides a broader exposure to commodities. We increased exposure to infrastructure which is an asset class that is fairly uncorrelated with financial markets and pays a good dividend. Towards the end of the period, we invested in EuroStoxx 50 dividends 2020 which are less risky than the EuroStoxx 50 equity and so an appropriate investment for lower risk profiles.

Within fixed income, high yield spreads narrowed at the end of 2017 meaning an overweight to high yield was no longer justified on valuation grounds, so we took profits. We largely switched out of Sterling Corporate bonds into Global Corporate bonds where valuations looked more compelling. Following discussions around the tactical asset allocation, we transitioned from holding US Treasuries to a position more reflective of the global government bond index. This also had the advantage of moving the Sub-fund further towards the strategic asset allocation.

In terms of Brexit-related risk, although we believe a No Deal is unlikely, the Investment Team continues to conduct scenario analysis and the potential effects of different Brexit outcomes on the funds. These stress tests are conducted by the independent risk team and assume market reactions in a No Deal scenario similar to that post the Referendum result in 2016. The outcome of this analysis did not produce any results which caused concern. In addition, the Investment Team have looked at the exposure of the 7IM funds to the UK. In this exercise, we focused on the country to which the asset class has exposure, via sales or economic exposure rather than country of listing. We looked at the Strategic Asset Allocation, Tactical Asset Allocation and where possible the actual holdings data of the multi-manager (MM) portfolios. The results demonstrated to us that our current overall exposure is no more than 20% for any fund.

To protect the Sub-fund from an upside Brexit surprise, we increased the sterling allocation funding this from the euro FX position, feeling that sterling looked cheap.

#### Investment Outlook

2018 was tough for financial markets; we think 2019 will be far more normal – and perhaps even boring, in a positive kind of way. The world economy is in fair shape and the risks that the media shouts about are widely exaggerated. In our experience, economic reality – the reality of company sales, employment, government spending, domestic and foreign trade – is remarkably stable over time. It's like a supertanker in motion that can't be diverted easily. By contrast, investors are far more erratic. You can view investor sentiment as cycling around the economic fundamentals: sometimes investors are overly optimistic (greedy), as in January 2018, sometimes they're too pessimistic (fearful), as in February 2016. We think this familiar cycle is in action at the moment, and that investors are too pessimistic. Our goal as investment managers is to focus on the long term and not get caught up in these cycles of investor greed or fear. We expect investor sentiment and markets to recover in 2019 and are positioned accordingly – slightly overweight equities, with a bias towards the US, and negative on bonds and credit.

To global growth: the world economy is slowing a little but should grow comfortably through 2019-20. We don't see the big danger signs that might destabilise it, e.g. soaring interest rates or a financial crisis. China's growth is easing, as it should, but is unlikely to crash anytime soon. World inflation is running at around 2.7%, and is under control. It's not far from the 2% target in the US and UK, and even Japan might be clawing out of its disinflationary mire. Interest rates are normalising in the US, which is healthy, and are set to rise in most countries in 2019. Therefore, we think the world economy is in a 'Goldilocks' phase – neither too hot nor too cold. Goldilocks is usually good for companies: we expect global earnings per share to rise in 2019 and 2020.

The contrasting investor concern seems to be driven by a focus on risks and threats that have been exaggerated, such as US recession, trade wars and the UK political situation.

US recessions have often been associated with equity crashes in the past and some commentators fear recession in 2019. We are not overly worried: the US is currently growing at around 2.5%; from these levels it normally takes at least two years for growth to turn negative. Moreover, the usual imbalances associated with recession – soaring inflation, housing crunch, commodity price shock – are largely absent. We think US recession is unlikely before late 2020, at the earliest.

## 7IM CAUTIOUS FUND

**ACD'S REPORT** (continued)  
for the year ended 30 November 2018

### **Investment Manager's Report** (continued)

Concerning trade wars, tariffs have been implemented on about 2.5% of world imports, corresponding to less than 0.6% of world GDP. They're certainly a negative for growth, but on a tiny scale thus far. While they could get much worse, we think the US and China will reach some compromise that won't harm their economies (and their people) too much.

In the UK, Brexit is a shambles and we do worry that the UK could end up with a No Deal – which actually would be a Terrible Deal – in March 2019. But it's in the interests of both the UK and the EU to reach a broadly sensible outcome. We think a deal will materialise that's not too painful for the UK. Regarding the possibility of a Corbyn government, we think Mr Corbyn's bark is worse than his bite. If he came to power he'd be so constrained by the range of views within his party, by business pressures and by economic constraints that he'd not be able to do much that would derail the UK's financial markets. Therefore, we are relatively optimistic that investors will see less pain in 2019 than they have over the last few months.

Seven Investment Management LLP  
Investment Manager  
February 2019

## 7IM CAUTIOUS FUND

### FUND INFORMATION

The Comparative Tables on pages 19 to 22 give the performance of each active share class in the Sub-fund.

The 'Return after charges' disclosed in the Comparative Tables is calculated as the return after operating charges per share divided by the opening net asset value per share. It differs from the Sub-fund's performance disclosed in the ACD's report, which is calculated based on the latest published price.

Portfolio transaction costs are incurred when investments are bought or sold by a sub-fund in order to achieve the investment objective. These transaction costs affect an investor in different ways depending on whether they are joining, leaving or continuing with their investment in the sub-fund.

Direct transaction costs include broker commission and taxes. Broker commission includes the fee paid to a broker to execute the trades.

In addition, there are indirect portfolio transaction costs arising from the 'dealing spread' – the difference between the buying and selling prices of underlying investments in the portfolio. Unlike shares whereby broker commissions and stamp duty are paid by the sub-fund on each transaction, other types of investments (such as bonds, money instruments, derivatives, collective investment schemes) do not have separately identifiable transaction costs; these costs form part of the dealing spread. Dealing spreads vary considerably depending on the transaction value and money market sentiment.

# 7IM CAUTIOUS FUND

## FUND INFORMATION (continued)

### Comparative Tables

#### Class C Income

	30.11.18 (pence per share)	30.11.17 (pence per share)	30.11.16 (pence per share)
<b>Change in Net Asset Value Per Share</b>			
Opening net asset value per share	100.26	98.49	95.06
Return before operating charges*	(0.14)	3.93	5.76
Operating charges (calculated on average price)	(0.81)	(0.86)	(0.88)
Return after operating charges*	(0.95)	3.07	4.88
Distributions on income shares	(1.39)	(1.30)	(1.45)
Closing net asset value per share	97.92	100.26	98.49
* After direct transaction costs of: <sup>1</sup>	0.01	0.01	0.01

#### Performance

Return after charges <sup>2</sup>	(0.95)%	3.12%	5.13%
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#### Other Information

Closing net asset value (£'000)	17,803	20,581	21,288
Closing number of shares	18,181,801	20,527,220	21,614,651
Operating charges <sup>3</sup>	0.81%	0.85%	0.91%
Direct transaction costs	0.01%	0.01%	0.01%

#### Prices

Highest share price	101.60	101.52	100.54
Lowest share price	98.22	98.35	91.05

<sup>1</sup> Direct transaction costs are stated after deducting the proportion of the amounts collected from dilution adjustments or dilution levies that relate to direct transaction costs. A negative transaction costs figure might arise where there is a timing difference between inflows and the settlement of the resultant purchases.

<sup>2</sup> The return after charges is calculated as the return after operating charges per share divided by the opening net asset value per share.

<sup>3</sup> Operating charges, otherwise known as the OCF is the ratio of the Sub-fund's total disclosable costs (excluding securities lending fees and overdraft interest) to the average net assets of the Sub-fund. The OCF is intended to provide a reliable figure which gives the most accurate measure of what it costs to invest in a Sub-fund and is calculated based on the last period's figures. Included within the OCF are synthetic costs which includes the OCF of the underlying funds weighted on the basis of their investment proportion. A detailed breakdown of the OCF per share class is shown on page 23.

# 7IM CAUTIOUS FUND

## FUND INFORMATION (continued)

### Comparative Tables (continued)

#### Class C Accumulation

	30.11.18 (pence per share)	30.11.17 (pence per share)	30.11.16 (pence per share)
<b>Change in Net Asset Value Per Share</b>			
Opening net asset value per share	103.87	100.77	95.83
Return before operating charges*	(0.16)	3.98	5.83
Operating charges (calculated on average price)	(0.84)	(0.88)	(0.89)
Return after operating charges*	(1.00)	3.10	4.94
Distributions	(1.45)	(1.34)	(1.47)
Retained distributions on accumulation shares	1.45	1.34	1.47
Closing net asset value per share	102.87	103.87	100.77
* After direct transaction costs of: <sup>1</sup>	0.01	0.01	0.01

#### Performance

Return after charges <sup>2</sup>	(0.96)%	3.08%	5.15%
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#### Other Information

Closing net asset value (£'000)	17,941	17,976	12,488
Closing number of shares	17,440,235	17,305,717	12,392,356
Operating charges <sup>3</sup>	0.81%	0.85%	0.91%
Direct transaction costs	0.01%	0.01%	0.01%

#### Prices

Highest share price	105.27	104.46	101.92
Lowest share price	102.46	100.58	91.79

<sup>1</sup> Direct transaction costs are stated after deducting the proportion of the amounts collected from dilution adjustments or dilution levies that relate to direct transaction costs. A negative transaction costs figure might arise where there is a timing difference between inflows and the settlement of the resultant purchases.

<sup>2</sup> The return after charges is calculated as the return after operating charges per share divided by the opening net asset value per share.

<sup>3</sup> Operating charges, otherwise known as the OCF is the ratio of the Sub-fund's total disclosable costs (excluding securities lending fees and overdraft interest) to the average net assets of the Sub-fund. The OCF is intended to provide a reliable figure which gives the most accurate measure of what it costs to invest in a Sub-fund and is calculated based on the last period's figures. Included within the OCF are synthetic costs which includes the OCF of the underlying funds weighted on the basis of their investment proportion. A detailed breakdown of the OCF per share class is shown on page 23.

# 7IM CAUTIOUS FUND

## FUND INFORMATION (continued)

### Comparative Tables (continued)

#### Class S Income

	30.11.18 (pence per share)	30.11.17 (pence per share)	30.11.16 (pence per share)
<b>Change in Net Asset Value Per Share</b>			
Opening net asset value per share	100.84	98.86	95.24
Return before operating charges*	(0.20)	3.90	5.71
Operating charges (calculated on average price)	(0.56)	(0.61)	(0.64)
Return after operating charges*	(0.76)	3.29	5.07
Distributions on income shares	(1.40)	(1.31)	(1.45)
Closing net asset value per share	98.68	100.84	98.86
* After direct transaction costs of: <sup>1</sup>	0.01	0.01	0.01

#### Performance

Return after charges <sup>2</sup>	(0.75)%	3.33%	5.32%
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#### Other Information

Closing net asset value (£'000)	374	240	160
Closing number of shares	378,476	238,208	162,284
Operating charges <sup>3</sup>	0.56%	0.60%	0.66%
Direct transaction costs	0.01%	0.01%	0.01%

#### Prices

Highest share price	102.21	102.12	100.89
Lowest share price	98.98	98.72	91.26

<sup>1</sup> Direct transaction costs are stated after deducting the proportion of the amounts collected from dilution adjustments or dilution levies that relate to direct transaction costs. A negative transaction costs figure might arise where there is a timing difference between inflows and the settlement of the resultant purchases.

<sup>2</sup> The return after charges is calculated as the return after operating charges per share divided by the opening net asset value per share.

<sup>3</sup> Operating charges, otherwise known as the OCF is the ratio of the Sub-fund's total disclosable costs (excluding securities lending fees and overdraft interest) to the average net assets of the Sub-fund. The OCF is intended to provide a reliable figure which gives the most accurate measure of what it costs to invest in a Sub-fund and is calculated based on the last period's figures. Included within the OCF are synthetic costs which includes the OCF of the underlying funds weighted on the basis of their investment proportion. A detailed breakdown of the OCF per share class is shown on page 23.



# 7IM CAUTIOUS FUND

## FUND INFORMATION (continued)

### Comparative Tables (continued)

#### Class S Accumulation

	30.11.18 (pence per share)	30.11.17 (pence per share)	30.11.16 (pence per share)
<b>Change in Net Asset Value Per Share</b>			
Opening net asset value per share	104.32	101.00	95.87
Return before operating charges*	(0.21)	3.94	5.79
Operating charges (calculated on average price)	(0.59)	(0.62)	(0.65)
Return after operating charges*	(0.80)	3.32	5.13
Distributions	(1.45)	(1.34)	(1.47)
Retained distributions on accumulation shares	1.45	1.34	1.47
Closing net asset value per share	103.52	104.32	101.00
* After direct transaction costs of: <sup>1</sup>	0.01	0.01	0.01

#### Performance

Return after charges <sup>2</sup>	(0.77)%	3.29%	5.35%
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#### Other Information

Closing net asset value (£'000)	5,370	5,004	2,080
Closing number of shares	5,187,795	4,796,349	2,059,042
Operating charges <sup>3</sup>	0.56%	0.60%	0.66%
Direct transaction costs	0.01%	0.01%	0.01%

#### Prices

Highest share price	105.84	104.90	102.13
Lowest share price	103.00	100.82	91.86

<sup>1</sup> Direct transaction costs are stated after deducting the proportion of the amounts collected from dilution adjustments or dilution levies that relate to direct transaction costs. A negative transaction costs figure might arise where there is a timing difference between inflows and the settlement of the resultant purchases.

<sup>2</sup> The return after charges is calculated as the return after operating charges per share divided by the opening net asset value per share.

<sup>3</sup> Operating charges, otherwise known as the OCF is the ratio of the Sub-fund's total disclosable costs (excluding securities lending fees and overdraft interest) to the average net assets of the Sub-fund. The OCF is intended to provide a reliable figure which gives the most accurate measure of what it costs to invest in a Sub-fund and is calculated based on the last period's figures. Included within the OCF are synthetic costs which includes the OCF of the underlying funds weighted on the basis of their investment proportion. A detailed breakdown of the OCF per share class is shown on page 23.

## 71M CAUTIOUS FUND

### FUND INFORMATION (continued)

#### Ongoing Charges Figures

As at 30 November 2018

	<b>Class C</b>	<b>Class S</b>
ACD's periodic charge	0.50%	0.25%
Other expenses	0.20%	0.20%
	<hr/>	<hr/>
	0.70%	0.45%
Collective investment scheme costs	0.11%	0.11%
Ongoing Charges Figure	<hr/>	<hr/>
	0.81%	0.56%

As at 30 November 2017

	<b>Class C</b>	<b>Class S</b>
ACD's periodic charge	0.50%	0.25%
Other expenses	0.21%	0.21%
	<hr/>	<hr/>
	0.71%	0.46%
Collective investment scheme costs	0.14%	0.14%
Ongoing Charges Figure	<hr/>	<hr/>
	0.85%	0.60%

The Ongoing Charges Figure ('OCF') represents the total operating expenses of the Sub-fund, expressed as a percentage of the average net assets during the accounting year.

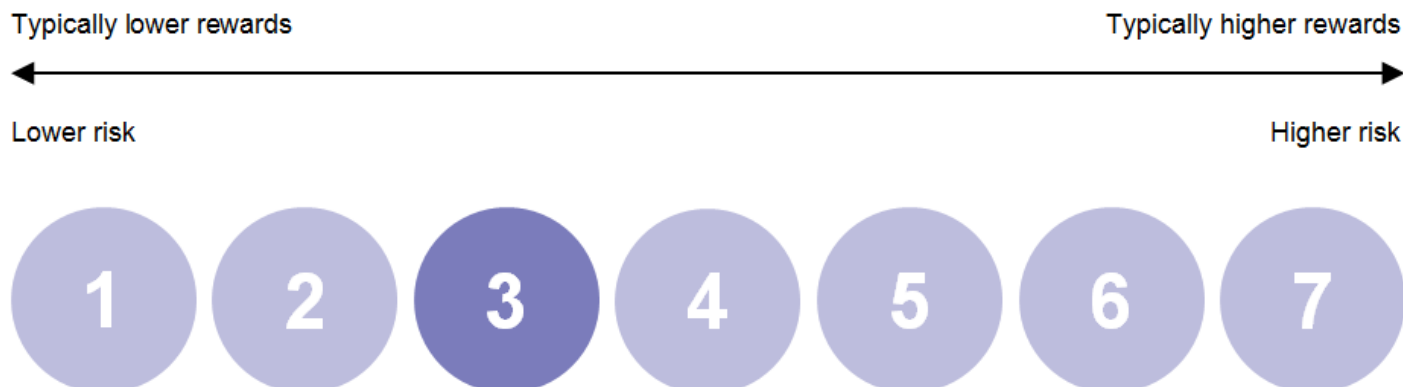
The collective investment scheme costs represent the OCFs, or a reasonable substitute, of the underlying funds which are held as portfolio investments. Their inclusion has been calculated on a weighted basis against the Sub-fund's net assets at the balance sheet date.

The Sub-fund undertakes securities lending and receives 70% of the revenue generated and the remaining 30% is received by Northern Trust as the securities lending agent. As securities lending revenue sharing does not increase the costs of running the Sub-fund, this has been excluded from the Other expenses and thus excluded from the Ongoing Charges Figures.

## 7IM CAUTIOUS FUND

### FUND INFORMATION (continued)

#### Synthetic Risk and Reward Indicator



This indicator shows how much a sub-fund has risen and fallen in the past, and therefore how much a fund's returns have varied. It is a measure of a fund's volatility. The higher a sub-fund's past volatility the higher the number on the scale and the greater the risk that investors in that sub-fund may have made losses as well as gains. The lowest number on the scale does not mean that a sub-fund is risk free.

This indicator is based on historical data and may not be a reliable indication of the future risk profile of this Sub-fund. The risk and reward profile shown is not guaranteed to remain the same and may change over time.

The risk and reward indicator shown above is as at the date of publication of the annual report and financial statements, the risk and reward indicator as at the year end date 30 November 2018 was 3.

#### Fund performance to 30 November 2018 (%)

	1 year	3 years
7IM Cautious Fund <sup>1 2</sup>	(1.11)	7.00

<sup>1</sup> The Sub-fund launched 24 April 2015.

<sup>2</sup> Source: Bloomberg

The performance of the Sub-fund is based on the published price per 'C' Accumulation share which includes reinvested income.

Details of the distributions per share for the period are shown in the Distribution Tables on pages 42 and 43.

# 7IM CAUTIOUS FUND

## PORTFOLIO STATEMENT

as at 30 November 2018

Holding	Portfolio of Investment	Value £	30.11.18 %
<b>ALTERNATIVES 18.46% (28.62%)</b>			
<b>Alternative Strategies 11.14% (18.16%)</b>			
12,121	Angel Oak Multi-Strategy Income Fund <sup>1</sup>	959,282	2.31
429	Bank of America Merrill Lynch Vortex Alpha Index 29/09/2020 <sup>2</sup>	352,764	0.85
900,000	BNP Paribas DR Alpha ex-Agriculture & Livestock Index 2021 <sup>2</sup>	712,238	1.72
910,000	Credit Suisse International ARP Custom 7 Index <sup>2</sup>	628,688	1.52
1,825,374	F&C Global Equity Market Neutral 3 Acc <sup>1</sup>	1,122,423	2.71
310	Goldman Sachs International Warrants 31/12/2049 <sup>2</sup>	3	–
65,736	Neuberger Berman Multi Asset Risk Premia Fund 'I4' Acc <sup>1</sup>	461,257	1.11
(9)	S&P 500 Index Put Options 1950 Mar 2019 <sup>3</sup>	(3,105)	(0.01)
9	S&P 500 Index Put Options 2600 Mar 2019 <sup>3</sup>	41,560	0.10
319	Societe Generale Warrants 29/11/2018 <sup>2</sup>	–	–
402,217	UK Mortgages	345,907	0.83
		<b>4,621,017</b>	<b>11.14</b>
<b>Commodities 3.84% (8.00%)</b>			
1,045,000	BNP Paribas Enhanced Benchmark Commodity Index 2023 <sup>2</sup>	774,635	1.87
8,794	Source Physical Gold P-ETC <sup>1</sup>	819,900	1.97
		<b>1,594,535</b>	<b>3.84</b>
<b>Infrastructure 2.88% (1.50%)</b>			
230,168	BBGI	354,459	0.85
300,051	HICL Infrastructure	485,482	1.17
226,710	International Public Partnerships	356,388	0.86
		<b>1,196,329</b>	<b>2.88</b>
<b>Real Estate 0.60% (0.96%)</b>			
213,465	LXI REIT	248,687	0.60
<b>CASH 4.17% (11.30%)</b>			
146	Goldman Sachs Sterling Liquid Reserves <sup>1</sup>	146	–
1,728,000	Northern Trust Global Sterling Fund <sup>1</sup>	1,728,000	4.17
		<b>1,728,146</b>	<b>4.17</b>
<b>DEBT SECURITIES 69.08% (51.24%)</b>			
<b>Convertible Bonds 3.02% (2.89%)</b>			
10,308	NN (L) Global Convertible Opportunities Acc <sup>1</sup>	1,251,715	3.02
<b>Corporate Bonds 0.75% (0.74%)</b>			
£300,000	Nationwide Building Society 5.625% 2019	309,650	0.75
<b>Emerging Market Bonds 4.06% (4.05%)</b>			
1,993,195	Legal & General Emerging Markets Government Bond Local Currency Index Fund Acc <sup>1</sup>	1,269,665	3.06
635,462	Legal & General Emerging Markets Government Bond USD Index Fund <sup>1</sup>	414,512	1.00
		<b>1,684,177</b>	<b>4.06</b>
<b>Gilts 8.19% (3.89%)</b>			
£265,000	European Investment Bank 4.25% 2021	288,718	0.70

## 7IM CAUTIOUS FUND

### PORTFOLIO STATEMENT (continued)

as at 30 November 2018

Holding	Portfolio of Investment	Value £	30.11.18 %
	<b>Gilts (continued)</b>		
£250,000	Kingdom of Belgium 1.125% 2018	250,025	0.60
£225,000	Network Rail Infrastructure Finance 4.625% 2020	238,221	0.57
£200,000	Tennessee Valley Authority 5.35% 2021	218,852	0.53
£121,000	UK Gilt 2.00% 2025	128,541	0.31
£300,000	UK Gilt 3.75% 2020	315,720	0.76
£640,000	UK Gilt 4.00% 2022	705,871	1.70
£250,000	UK Gilt 4.25% 2046	367,353	0.88
£210,000	UK Gilt 4.25% 2055	334,845	0.81
£400,000	UK Gilt 4.50% 2034	551,280	1.33
		<b>3,399,426</b>	<b>8.19</b>
	<b>Global Corporate Bonds 11.45% (2.62%)</b>		
2,414,352	BlackRock Overseas Corporate Bond Tracker <sup>1</sup>	3,561,170	8.58
11,145	Robeco QI Global Multi-Factor Credits <sup>1</sup>	1,189,078	2.87
		<b>4,750,248</b>	<b>11.45</b>
	<b>Global Government Bonds 13.64% (13.83%)</b>		
4,398,476	BlackRock Overseas Government Bond Index Fund <sup>1</sup>	<b>5,660,838</b>	<b>13.64</b>
	<b>Global High Yield Bonds 2.57% (6.04%)</b>		
781,162	Alcentra European Floating Rate Income	771,788	1.86
6	Most Diversified TOBAM Anti-Benchmark Global High Yield <sup>1</sup>	46,807	0.11
2,540	Robeco Quant High Yield <sup>1</sup>	249,047	0.60
		<b>1,067,642</b>	<b>2.57</b>
	<b>Global Inflation Linked Bonds 5.30% (0.00%)</b>		
218,326	iShares Global Inflation-Linked Bond Index <sup>1</sup>	<b>2,198,833</b>	<b>5.30</b>
	<b>Short Term Sterling Bonds 18.77% (7.47%)</b>		
£380,000	Bank of Nova Scotia FRN 2023	377,747	0.91
£100,000	Bayerische Landesbank 1.25% 2021	99,282	0.24
£400,000	Deutsche Bahn Finance 2.75% 2022	417,325	1.01
£300,000	Dexia Credit Local FRN 2019	300,083	0.72
£400,000	DNB Bank 4.25% 2020	412,246	0.99
£400,000	FMS Wertmanagement 0.875% 2022	396,060	0.95
£250,000	International Bank for Reconstruction & Development 5.4% 2021	276,695	0.67
£500,000	Kreditanstalt fuer Wiederaufbau 1.00% 2022	494,870	1.19
£150,000	Landeskreditbank 1.125% 2021	149,836	0.36
£250,000	Landwirtschaftlich 1.50% 2019	251,301	0.61
£200,000	Leeds Building Society 4.875% 2020	213,842	0.52
£300,000	Municipality Finance 1.25% 2019	300,216	0.72
£400,000	Municipality Finance 1.25% 2022	400,452	0.97
£300,000	National Australia Bank 5.125% 2021	329,363	0.79
£300,000	Nederlandse Waterschapsbank 1.00% 2019	299,912	0.72
£300,000	NRW Bank 1.00% 2022	296,930	0.72
£400,000	Oesterreichische 1.125% 2022	397,348	0.96
£360,000	Rabobank Nederland 4.875% 2023	403,474	0.97
£200,000	Reseau Ferre de France 5.5% 2021	224,393	0.54
£300,000	Santander UK FRN 2020	299,832	0.72
£400,000	Santander UK FRN 2022	398,033	0.96
£300,000	Svenska Handelsbanken 4.00% 2019	301,046	0.73

## 7IM CAUTIOUS FUND

### PORTFOLIO STATEMENT (continued) as at 30 November 2018

Holding	Portfolio of Investment	Value £	30.11.18 %
<b>Short Term Sterling Bonds (continued)</b>			
£300,000	Swedbank FRN 2019	300,681	0.72
£450,000	Westpac Banking FRN 2023	447,176	1.08
		<b>7,788,143</b>	<b>18.77</b>
<b>Sterling Corporate Bonds 1.33% (9.71%)</b>			
£300,000	European Investment Bank 0.875% 2021	298,596	0.72
£250,000	Shell International Finance 2% 2019	251,640	0.61
		<b>550,236</b>	<b>1.33</b>
<b>EQUITY 8.86% (8.59%)</b>			
<b>Europe (ex UK) 2.07% (2.07%)</b>			
762,715	7IM European (ex UK) Equity Value Fund 'Z' Inc <sup>1,4</sup>	845,240	2.04
122	Euro Stoxx 50 Equity Index Futures December 2020 <sup>3</sup>	11,964	0.03
		<b>857,204</b>	<b>2.07</b>
<b>Japan -0.05% (0.32%)</b>			
0	CF Morant Wright Nippon Yield <sup>1</sup>	2	–
15	TOPIX Index Futures December 2018 <sup>3</sup>	(20,786)	(0.05)
		<b>(20,784)</b>	<b>(0.05)</b>
<b>North America 3.03% (3.13%)</b>			
967,830	7IM US Equity Value Fund 'Z' Inc <sup>1,4</sup>	1,337,058	3.22
11	S&P 500 E-mini Futures December 2018 <sup>3</sup>	(78,095)	(0.19)
		<b>1,258,963</b>	<b>3.03</b>
<b>United Kingdom 3.81% (3.07%)</b>			
1,601,366	7IM UK Equity Value Fund 'Z' Inc <sup>1,4</sup>	1,659,656	4.00
24	FTSE 100 Index Futures December 2018 <sup>3</sup>	(77,994)	(0.19)
		<b>1,581,662</b>	<b>3.81</b>
<b>FORWARD CURRENCY CONTRACTS -0.69% (0.63%)</b>			
€840,000	Vs £(740,518) Expiry 15.02.2019	10,384	0.02
€(3,450,000)	Vs £3,092,856 Expiry 15.02.2019	8,796	0.02
€(750,000)	Vs £670,772 Expiry 15.02.2019	324	–
€(340,000)	Vs £301,965 Expiry 15.02.2019	(1,971)	–
¥(100,000,000)	Vs £685,730 Expiry 21.12.2018	(5,567)	(0.01)
¥(75,000,000)	Vs £505,630 Expiry 21.12.2018	(12,843)	(0.03)
US\$(600,000)	Vs £464,755 Expiry 18.01.2019	(4,426)	(0.01)
US\$(15,790,000)	Vs £12,006,418 Expiry 18.01.2019	(340,860)	(0.82)
¥176,700,000	Vs £(1,204,417) Expiry 21.12.2018	17,104	0.04
US\$1,500,000	Vs £(1,142,808) Expiry 18.01.2019	30,145	0.07
US\$730,000	Vs £(559,388) Expiry 18.01.2019	11,449	0.03

## 7IM CAUTIOUS FUND

### PORTFOLIO STATEMENT (continued) as at 30 November 2018

Holding	Portfolio of Investment	Value £	30.11.18 %
	<b>FORWARD CURRENCY CONTRACTS (continued)</b>		
US\$643,000	Vs £(503,192) Expiry 18.01.2019	(387)	–
		<b>(287,852)</b>	<b>(0.69)</b>
	<b>Portfolio of investment</b>	<b>41,438,815</b>	<b>99.88</b>
	Net other assets	49,106	0.12
	<b>Net assets</b>	<b>41,487,921</b>	<b>100.00</b>

Comparative figures shown in brackets relate to 30 November 2017.

All investments are ordinary shares listed on a regulated market unless stated otherwise.

<sup>1</sup> Collective investment scheme

<sup>2</sup> Structured product

<sup>3</sup> Derivative contract

<sup>4</sup> Related party holding (see note 12 of the Financial Statements)

<b>Credit Quality</b>	<b>30.11.18 %</b>	<b>30.11.17 %</b>
Investment grade debt securities	29.04	28.54
Non-rated debt securities	5.96	6.59
Other investments	64.88	65.25
Net other assets/(liabilities)	0.12	(0.38)
	<b>100.00</b>	<b>100.00</b>

## 7IM CAUTIOUS FUND

### STATEMENT OF TOTAL RETURN

for the year ended 30 November 2018

	Notes	£	30.11.18 £	£	30.11.17 £
Income					
Net capital (losses)/gains	4		(814,490)		819,150
Revenue	5	756,508		681,885	
Expenses	6	(271,215)		(261,419)	
Interest payable and similar charges	8	(1,271)		(2,841)	
Net revenue before taxation for the year		484,022		417,625	
Taxation	7	(44,948)		(61,659)	
Net revenue after taxation for the year			439,074		355,966
<b>Total return before distributions</b>			(375,416)		1,175,116
Distributions	8		(601,277)		(521,464)
<b>Change in net assets attributable to shareholders from investment activities</b>			(976,693)		653,652

### STATEMENT OF CHANGE IN NET ASSETS ATTRIBUTABLE TO SHAREHOLDERS

for the year ended 30 November 2018

	£	30.11.18 £	£	30.11.17 £
<b>Opening net assets attributable to shareholders</b>		43,801,093		36,015,651
Amounts received on creation of shares <sup>1</sup>	14,940,204		21,986,783	
Amounts paid on cancellation of shares <sup>1</sup>	(16,610,479)		(15,122,991)	
		(1,670,275)		6,863,792
Change in net assets attributable to shareholders from investment activities		(976,693)		653,652
Retained distribution on accumulation shares		333,796		267,998
<b>Closing net assets attributable to shareholders</b>		41,487,921		43,801,093

<sup>1</sup>Stated at mid-market price.

The notes on pages 31 to 41 are an integral part of these Financial Statements.



## 7IM CAUTIOUS FUND

### BALANCE SHEET

as at 30 November 2018

	Notes	30.11.18 £	30.11.17 £
<b>ASSETS</b>			
Fixed assets:			
Investments		41,984,849	44,019,559
Current assets:			
Debtors	9	422,444	352,017
Cash and bank balances	10	672,911	431,578
<b>Total assets</b>		<b>43,080,204</b>	<b>44,803,154</b>
<b>LIABILITIES</b>			
Investment liabilities		(546,034)	(52,005)
Creditors:			
Bank overdrafts	10	(401,314)	(616,241)
Distribution payable		(129,626)	(143,435)
Other creditors	11	(515,309)	(190,380)
<b>Total liabilities</b>		<b>(1,592,283)</b>	<b>(1,002,061)</b>
<b>Net assets attributable to shareholders</b>		<b>41,487,921</b>	<b>43,801,093</b>

The notes on pages 31 to 41 are an integral part of these Financial Statements.

# 7IM CAUTIOUS FUND

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 November 2018

### 1 Statement of Compliance

The Sub-fund's Financial Statements have been prepared on the same basis as the Statement of Compliance disclosed on page 10.

### 2 Summary of Significant Accounting Policies

The Sub-fund's Financial Statements have been prepared on the same basis as the Summary of Significant Accounting Policies disclosed on pages 10 to 12.

### 3 Risk Management Policies

The Sub-fund's Risk Management Policies are the same as the Risk Management Policies disclosed on pages 13 to 14.

### 4 Net capital (losses)/gains

	<b>30.11.18</b>	<b>30.11.17</b>
	£	£
The net capital (losses)/gains during the year comprise:		
Non-derivative securities	172,760	(238,590)
Derivative contracts	(155,013)	400,421
Forward currency contracts	(867,723)	511,784
Currency gains	41,577	150,205
Transaction charges	(13,850)	(14,539)
AMC rebates from underlying investments	7,759	9,869
Net capital (losses)/gains	<u>(814,490)</u>	<u>819,150</u>

### 5 Revenue

	<b>30.11.18</b>	<b>30.11.17</b>
	£	£
Non-taxable dividends	280,943	181,745
Taxable dividends	263,166	323,518
Unfranked interest	203,613	160,267
AMC rebates from underlying investments	4,656	15,912
Bank interest	551	433
Stock lending revenue <sup>1</sup>	3,579	10
Total revenue	<u>756,508</u>	<u>681,885</u>

<sup>1</sup> Stock lending revenue is disclosed net of the security agent's share of income.

## 7IM CAUTIOUS FUND

### NOTES TO THE FINANCIAL STATEMENTS (continued) for the year ended 30 November 2018

#### 6 Expenses

	30.11.18 £	30.11.17 £
Payable to the ACD, associates of the ACD and agents of either of them:		
ACD's periodic charge	200,813	192,306
Other expenses	5,489	5,490
	<u>206,302</u>	<u>197,796</u>
Payable to the Depositary, associates of the Depositary and agents of either of them:		
Depositary's fees	7,726	7,478
Market risk fees	6,000	6,000
Safe custody and other bank charges	22,427	21,027
	<u>36,153</u>	<u>34,505</u>
Other Expenses:		
Advisory fees	3,154	1,727
Audit fee	8,760	8,760
Dealing and exchange fees	4,557	5,302
FCA and other Regulatory fees	300	275
Legal and professional fees	1,978	829
Printing, postage and distribution costs	5,073	6,509
Risk analysis fees	4,938	5,716
	<u>28,760</u>	<u>29,118</u>
Total expenses	<u>271,215</u>	<u>261,419</u>

## 7IM CAUTIOUS FUND

### NOTES TO THE FINANCIAL STATEMENTS (continued) for the year ended 30 November 2018

#### 7 Taxation

	30.11.18 £	30.11.17 £
<i>a) Analysis of charge for the year</i>		
Corporation tax at 20%	41,835	58,079
Overseas tax	3,096	3,580
Irrecoverable CIS income tax	17	–
	<hr/>	<hr/>
Current tax charge (note 7b)	44,948	61,659
	<hr/>	<hr/>
Total taxation	44,948	61,659

#### *b) Factors affecting current tax charge for the year*

The tax assessed for the year differs from the standard rate of corporation tax in the UK for an authorised fund (20%) (2017: 20%) for the reasons explained below.

Net revenue before taxation	484,022	417,625
Corporation tax at 20%	96,804	83,525
Effects of:		
AMC rebates taken to capital	1,552	1,974
Double taxation relief expensed	(339)	(270)
Franked CIS revenue	(20,510)	(11,224)
Franked REIT income	(528)	(323)
Irrecoverable CIS income tax w/off	17	–
Movement in revenue accruals	199	(1,539)
Non-taxable dividends	(29,517)	(23,748)
Non-taxable overseas dividends	(3,532)	–
Offshore CIS revenue	(2,294)	–
Overseas tax	3,096	3,580
Tax effect on non-reporting offshore funds	–	9,684
	<hr/>	<hr/>
Current tax charge (note 7a)	44,948	61,659

#### *c) Deferred tax*

There is no deferred tax provision in the current year (2017: none).

#### 8 Distributions

The distributions take account of revenue received on the issue of shares and revenue deducted on cancellation of shares, and comprise:

	30.11.18 £	30.11.17 £
Interim	305,085	246,870
Final	294,712	300,622
	<hr/>	<hr/>
	599,797	547,492
Add: Revenue deducted on cancellation of shares	58,877	61,058
Deduct: Revenue received on issue of shares	(57,397)	(87,086)
	<hr/>	<hr/>
Net distributions for the year	601,277	521,464
Interest payable and similar charges	1,271	2,841
	<hr/>	<hr/>
Total distribution	602,548	524,305

## 7IM CAUTIOUS FUND

### NOTES TO THE FINANCIAL STATEMENTS (continued) for the year ended 30 November 2018

#### 8 Distributions (continued)

Details of the distributions per share are set out in the table on pages 42 and 43.

Distributions represented by:

Net revenue after taxation	439,074	355,966
Allocations to capital:		
Expenses, net of tax relief	162,202	165,503
Net movement in revenue account	1	(5)
Net distributions for the year	<u>601,277</u>	<u>521,464</u>

#### 9 Debtors

	30.11.18 £	30.11.17 £
Amounts receivable for issue of shares	136,244	154,254
Sales awaiting settlement	59,519	–
Accrued revenue	214,578	175,145
Income tax recoverable	1,213	5,336
AMC rebates from underlying investments	10,647	17,192
Withholding tax recoverable	–	2
Prepaid expenses	–	88
Currency deals awaiting settlement	243	–
Total debtors	<u>422,444</u>	<u>352,017</u>

#### 10 Cash and bank balances

	30.11.18 £	30.11.17 £
Cash and bank balances	493,155	361,760
Cash held at clearing houses	179,756	69,818
Total cash and bank balances	<u>672,911</u>	<u>431,578</u>
Bank overdrafts	(400,913)	(361,243)
Cash overdraft at clearing houses	(401)	(254,998)
Total bank overdrafts	<u>(401,314)</u>	<u>(616,241)</u>

#### 11 Other Creditors

	30.11.18 £	30.11.17 £
Amounts payable for cancellation of shares	416,487	77,640
Purchases awaiting settlement	20,429	20,537
Accrued expenses	36,558	34,129
Corporation tax payable	41,835	58,074
Total other creditors	<u>515,309</u>	<u>190,380</u>

## 7IM CAUTIOUS FUND

### NOTES TO THE FINANCIAL STATEMENTS (continued) for the year ended 30 November 2018

#### 12 Related party transactions

ACD's periodic charge and other expenses payable to 7IM (the 'ACD') are disclosed in note 6.

The aggregate monies received by the ACD through the issue of shares and paid on cancellation of shares are disclosed in the Statement of Change in Net Assets Attributable to Shareholders on page 29.

The Sub-fund has the following shareholdings in the 7IM Specialist Investment Funds ICVC:

	<b>Held at 30.11.18</b>	<b>Held at 30.11.17</b>
7IM European (ex UK) Equity Value Fund 'Z' Inc	762,715	752,687
7IM UK Equity value Fund 'Z' Inc	1,601,366	1,270,681
7IM US Equity Value Fund 'Z' Inc	967,830	103,011

A shareholder may be able to exercise significant influence over the financial and operating policies of the Sub-fund and as such is deemed to be a related party. At the balance sheet date the following shareholder held in excess of 20% of the shares in issue of the Sub-fund:

Liverpool Victoria Friendly Society Limited	33.00% (2017: 36.31%)
Pershing Nominees Limited	38.50% (2017: 33.72%)

Where the Sub-fund invests in another sub-fund of the ICVC or any other collective investment scheme managed by the ACD it is referenced in the Portfolio Statement of the Sub-fund.

#### 13 Classes of Shares

The Sub-fund has two share classes: 'C' and 'S'. The annual management charge on each class are as follows:

Class C	0.50%
Class S	0.25%

The following table shows the shares in issue during the year:

<b>Class</b>	<b>Opening Shares</b>	<b>Shares Created</b>	<b>Shares Liquidated</b>	<b>Shares Converted</b>	<b>Closing Shares</b>
Class C Income	20,527,220	1,859,322	(4,788,457)	583,716	18,181,801
Class C Accumulation	17,305,717	11,320,070	(10,625,978)	(559,574)	17,440,235
Class S Income	238,208	192,406	(52,138)	–	378,476
Class S Accumulation	4,796,349	1,141,700	(750,254)	–	5,187,795

#### 14 Contingent liabilities and commitments

There are no contingent liabilities or unrecorded outstanding commitments at the balance sheet date (2017: none).

#### 15 Risks Disclosures

The main risks from the Sub-fund's holding of financial instruments, together with the ACD's policy for managing these risks are detailed in note 3 on pages 13 to 14. Further analysis and numeric disclosure of interest rate risk, foreign currency risk and derivatives are shown on the next page.

## 7IM CAUTIOUS FUND

### NOTES TO THE FINANCIAL STATEMENTS (continued) for the year ended 30 November 2018

#### 15 Risks Disclosures (continued)

##### i. Interest rate risk

The table below shows the direct interest rate risk profile:

Interest rate exposure as at 30 November 2018

	<b>Floating Rate Financial Assets £</b>	<b>Fixed Rate Financial Assets £</b>	<b>Financial Assets not carrying interest £</b>	<b>Total £</b>
Euro	15	–	762,866	762,881
Japanese yen	7,484	–	1,221,521	1,229,005
US dollar	720,020	1,839,637	8,442,589	11,002,246
Pound sterling	4,425,778	9,923,904	37,772,630	52,122,312
	<b>5,153,297</b>	<b>11,763,541</b>	<b>48,199,606</b>	<b>65,116,444</b>

	<b>Floating Rate Financial Liabilities £</b>	<b>Financial Liabilities not carrying interest £</b>	<b>Total £</b>
Euro	(36)	(4,058,444)	(4,058,480)
Japanese yen	–	(1,230,554)	(1,230,554)
US dollar	(382)	(12,897,659)	(12,898,041)
Pound sterling	(400,896)	(5,040,552)	(5,441,448)
	<b>(401,314)</b>	<b>(23,227,209)</b>	<b>(23,628,523)</b>

Interest rate exposure as at 30 November 2017

	<b>Floating Rate Financial Assets £</b>	<b>Fixed Rate Financial Assets £</b>	<b>Financial Assets not carrying interest £</b>	<b>Total £</b>
Euro	–	–	588,891	588,891
Japanese yen	–	–	1,675,167	1,675,167
US dollar	1,151,235	7,134,638	10,366,659	18,652,532
Pound sterling	6,980,247	5,499,034	29,927,478	42,406,759
	<b>8,131,482</b>	<b>12,633,672</b>	<b>42,558,195</b>	<b>63,323,349</b>

	<b>Floating Rate Financial Liabilities £</b>	<b>Financial Liabilities not carrying interest £</b>	<b>Total £</b>
Euro	–	(873,496)	(873,496)
US dollar	(1,491)	(16,110,179)	(16,111,670)
Pound sterling	(614,750)	(1,922,340)	(2,537,090)
	<b>(616,241)</b>	<b>(18,906,015)</b>	<b>(19,522,256)</b>

The floating rate financial assets and liabilities comprise bank balances and bank overdraft positions which earn or pay interest at rates linked to the Bank of England base rate or its international equivalents, index-linked securities that earn interest at rates adjusted by changes in the UK Retail Prices Index (RPI) or its international equivalent and collective

## 7IM CAUTIOUS FUND

### NOTES TO THE FINANCIAL STATEMENTS (continued) for the year ended 30 November 2018

#### 15 Risks Disclosures (continued)

##### i. Interest rate risk (continued)

investment schemes that pay UK interest distributions.

Currency	Fixed Rate Financial Assets			
	Weighted average interest rate		Weighted average period for which rate is fixed	
	30.11.18	30.11.17	30.11.18	30.11.17
	%	%	Years	Years
Pound sterling	1.29	0.92	5	2
US dollar	0.36	1.68	3	7

The average effective duration of the Sub-fund's portfolio is a measure of the sensitivity of the fair value of the Sub-fund's bond portfolio (excludes all other investments) to changes in market interest rates. As at 30 November 2018, the weighted average effective duration was 3.75 years (30 November 2017 1.94 years).

##### ii. Foreign currency risk

The table below shows the direct foreign currency risk profile:

Foreign currency risk exposure as at 30 November 2018

Currency	Monetary Exposure £	Non-Monetary Exposure £	Total £
Euro	(21)	(3,295,578)	(3,295,599)
Japanese yen	7,484	(9,033)	(1,549)
US dollar	258,544	(2,154,339)	(1,895,795)
	266,007	(5,458,950)	(5,192,943)
Pound sterling	1,511,244	45,169,620	46,680,864
Net assets	1,777,251	39,710,670	41,487,921

Foreign currency risk exposure as at 30 November 2017

Currency	Monetary Exposure £	Non-Monetary Exposure £	Total £
Euro	–	(284,605)	(284,605)
Japanese yen	–	1,675,167	1,675,167
US dollar	354	2,540,508	2,540,862
	354	3,931,070	3,931,424
Pound sterling	4,780,980	35,088,689	39,869,669
Net assets	4,781,334	39,019,759	43,801,093

##### iii. Derivatives

The derivatives held by the Sub-fund during the year were for the purposes of meeting the investment objectives of the Sub-fund and for efficient portfolio management.

The Sub-fund must at any time, be capable of meeting all of its payment and delivery obligations incurred in respect of its Financial Derivatives Instruments transactions. The Investment Manager uses a risk management technique known as absolute value-at-risk ('VaR') to measure the Sub-fund's global exposure. VaR is an advanced risk measurement methodology used to assess the Sub-fund's global exposure as set out in the Sub-fund's Risk Management Process.

The Sub-fund measures risk using the absolute value at risk approach. The Sub-fund's expected level of leverage (calculated as the sum of the notionals) under normal market circumstances is expected to be generally in the range of 100% to 230% of the Sub-fund's Net Asset Value and is not expected to exceed 360%. It is possible that there may be higher leverage levels from time to time during abnormal market conditions.



## 7IM CAUTIOUS FUND

### NOTES TO THE FINANCIAL STATEMENTS (continued) for the year ended 30 November 2018

#### 15 Risks Disclosures (continued)

##### iii. Derivatives (continued)

The lowest, highest and average leverage utilisation in the accounting year ended 30 November 2018 was 162%, 260% and 183% respectively (30 November 2017: 122%, 281% and 174% respectively).

VaR is calculated for the funds under the parametric method. The time horizon for the calculation is 1 day, using a 99% confidence level. The methodology is derived from MSCI's Barra risk engine and blends the VaR produced from two different risk models, namely MSCI Barra Integrated Model: Long Version (BIM303L) and MSCI Barra Ultra-Short Model (BIM303 51d HL). The former applies a 1 year half-life (exponential weighting) for calculating volatilities and 3 years for correlations; the latter applies a 10 week half-life for both volatilities and correlations. Both models natively cover around 104K global equity securities; 500K sovereign and corporate bonds; 900k municipal, 2,200K structured products (MBS/ABS/CMO); around 290k mutual funds; 161 currencies, 34 commodities.

The reported VaR is calculated formulaically as follows:  $VaR = 0.3 * VaR(BIM303L) + 0.7 * MAX[VaR(BIM303L), VaR(BIM303\ 51d\ HL)]$ .

The Barra models map individual portfolio positions onto the Barra set of risk factors in order to backfill for a time series of volatility. The VaR numbers calculated by BIM303L and BIM303 51d HL are derived from daily volatility numbers, multiplied by an appropriate 99% confidence interval scaling factor under the assumption of a normal distribution.

The types of derivatives held at the balance sheet date were forward foreign currency contracts, future contracts and put options. Details of individual contracts are disclosed in the Portfolio Statement and the total position by counterparty at the balance sheet date was as follows:

<b>Counterparty</b>	<b>30.11.18</b> £	<b>30.11.17</b> £
<b>Options</b>		
Chicago Board Options Exchange	38,455	7,289
<b>Futures Contracts</b>		
Chicago Mercantile Exchange	–	35,182
Eurex Deutschland	11,964	12,513
International Monetary Market	(78,095)	–
London International Financial Future Exchange	(77,994)	(3,987)
Osaka Securities Exchange	(20,786)	138,646
<b>Forward Currency Contracts</b>		
Northern Trust	(287,852)	276,659
<b>Total net exposure<sup>1</sup></b>	<b>(414,308)</b>	<b>466,302</b>

<sup>1</sup>Net exposure represents the mark to market value of derivative contracts less any cash collateral held. Positive exposure represents the Sub-fund's exposure to that counterparty.

## 7IM CAUTIOUS FUND

### NOTES TO THE FINANCIAL STATEMENTS (continued) for the year ended 30 November 2018

#### 15 Risks Disclosures (continued)

##### iv. Fair value

In the opinion of the ACD, there is no material difference between the value of the financial assets and liabilities, as shown in the balance sheet, and their fair value.

Investments are categorised into the following levels based on their fair value measurement:

##### Level 1

The unadjusted quoted price in an active market for identical instruments that the entity can access at the measurement date.

##### Level 2

Valuation techniques using observable inputs other than quoted prices within Level 1 (i.e. developed using market data).

##### Level 3

Valuation techniques using unobservable inputs (i.e. for which market data is unavailable).

	Level 1 £	Level 2 £	Level 3 £	Total £
<b>30 November 2018</b>				
<b>Assets</b>				
Bonds	2,403,610	12,112,170	–	14,515,780
Collective Investment Schemes	819,900	23,954,729	–	24,774,629
Derivatives	53,524	78,202	–	131,726
Equities	2,562,711	3	–	2,562,714
<b>Total</b>	<b>5,839,745</b>	<b>36,145,104</b>	<b>–</b>	<b>41,984,849</b>
<b>Liabilities</b>				
Derivatives	(179,980)	(366,054)	–	(546,034)
<b>30 November 2017</b>				
<b>Assets</b>				
Bonds	5,851,235	9,534,545	–	15,385,780
Collective Investment Schemes	3,504,795	18,422,132	–	21,926,927
Derivatives	193,631	324,676	–	518,307
Equities	4,718,692	1,469,853	–	6,188,545
<b>Total</b>	<b>14,268,353</b>	<b>29,751,206</b>	<b>–</b>	<b>44,019,559</b>
<b>Liabilities</b>				
Derivatives	(3,987)	(48,018)	–	(52,005)

## 7IM CAUTIOUS FUND

### NOTES TO THE FINANCIAL STATEMENTS (continued) for the year ended 30 November 2018

#### 16 Purchases, Sales and Transaction Costs

The following tables show portfolio transactions and their associated transaction costs. For more information about the nature of these costs please refer to the additional portfolio transaction cost information on page 18.

Analysis of direct transaction costs for the year ended 30 November 2018:

	Principal £'000	Commissions £'000	Taxes £'000	Total Transaction Costs £'000	Commissions % of principal	Taxes % of principal
<b>Purchases</b>						
Bonds	8,668	–	–	–	–	–
Collective Investment Schemes	48,665	–	–	–	–	–
Derivatives	201	–	–	–	–	–
Equities	2,397	1	–	1	0.04	–
<b>Total</b>	<b>59,931</b>	<b>1</b>	<b>–</b>	<b>1</b>	<b>0.04</b>	<b>–</b>
<b>Sales</b>						
Bonds	9,521	–	–	–	–	–
Collective Investment Schemes	43,361	–	–	–	–	–
Derivatives	881	–	–	–	–	–
Equities	7,307	(2)	–	(2)	0.03	–
<b>Total</b>	<b>61,070</b>	<b>(2)</b>	<b>–</b>	<b>(2)</b>	<b>0.03</b>	<b>–</b>
<b>Total as a percentage of the average NAV</b>		<b>0.01%</b>	<b>0.00%</b>	<b>0.01%</b>		

## 7IM CAUTIOUS FUND

### NOTES TO THE FINANCIAL STATEMENTS (continued) for the year ended 30 November 2018

#### 16 Purchases, Sales and Transaction Costs (continued)

Analysis of direct transaction costs for the year ended 30 November 2017:

	Principal £'000	Commissions £'000	Taxes £'000	Total Transaction Costs £'000	Commissions % of principal	Taxes % of principal
<b>Purchases</b>						
Bonds	11,565	–	–	–	–	–
Collective Investment Schemes	42,260	–	–	–	–	–
Derivatives	989	–	–	–	–	–
Equities	8,835	1	–	1	0.01	–
<b>Total</b>	<b>63,649</b>	<b>1</b>	<b>–</b>	<b>1</b>	<b>0.01</b>	<b>–</b>
<b>Sales</b>						
Bonds	3,721	–	–	–	–	–
Collective Investment Schemes	42,676	–	–	–	–	–
Derivatives	–	–	–	–	–	–
Equities	7,886	(2)	–	(2)	0.03	–
<b>Total</b>	<b>54,283</b>	<b>(2)</b>	<b>–</b>	<b>(2)</b>	<b>0.03</b>	<b>–</b>
<b>Total as a percentage of the average NAV</b>		<b>0.01%</b>	<b>0.00%</b>	<b>0.01%</b>		

#### Average portfolio dealing spread

As at the balance sheet date, the average portfolio dealing spread was 0.13% (2017: 0.17%) based on close of business prices. This spread represents the difference between the values determined respectively by reference to the bid and offer prices of investments expressed as a percentage of the value determined by reference to the offer price.

#### 17 Post Balance Sheet Events

There have been no significant events since the year end that impact the Sub-fund and require disclosure in the financial statements.

# 7IM CAUTIOUS FUND

## DISTRIBUTION TABLES

for the year ended 30 November 2018

### Interim - in pence per share

Group 1 - Shares purchased prior to 1 December 2017

Group 2 - Shares purchased on or after 1 December 2017 and on or before 31 May 2018

	<b>Net Revenue</b>	<b>Equalisation</b>	<b>Paid 31.07.18</b>	<b>Paid 31.07.17</b>
<b>Class C Income</b>				
Group 1	0.6939	–	0.6939	0.6108
Group 2	0.3744	0.3195	0.6939	0.6108

	<b>Net Revenue</b>	<b>Equalisation</b>	<b>Allocated 31.07.18</b>	<b>Allocated 31.07.17</b>
<b>Class C Accumulation</b>				
Group 1	0.7189	–	0.7189	0.6251
Group 2	0.3339	0.3850	0.7189	0.6251

	<b>Net Revenue</b>	<b>Equalisation</b>	<b>Paid 31.07.18</b>	<b>Paid 31.07.17</b>
<b>Class S Income</b>				
Group 1	0.6957	–	0.6957	0.6135
Group 2	0.3263	0.3694	0.6957	0.6135

	<b>Net Revenue</b>	<b>Equalisation</b>	<b>Allocated 31.07.18</b>	<b>Allocated 31.07.17</b>
<b>Class S Accumulation</b>				
Group 1	0.7218	–	0.7218	0.6266
Group 2	0.3915	0.3303	0.7218	0.6266

### Final - in pence per share

Group 1 - Shares purchased prior to 1 June 2018

Group 2 - Shares purchased on or after 1 June 2018 and on or before 30 November 2018

	<b>Net Revenue</b>	<b>Equalisation</b>	<b>Paid 31.01.19</b>	<b>Paid 31.01.18</b>
<b>Class C Income</b>				
Group 1	0.6983	–	0.6983	0.6907
Group 2	0.4424	0.2559	0.6983	0.6907

	<b>Net Revenue</b>	<b>Equalisation</b>	<b>Allocated 31.01.19</b>	<b>Allocated 31.01.18</b>
<b>Class C Accumulation</b>				
Group 1	0.7286	–	0.7286	0.7106
Group 2	0.3242	0.4044	0.7286	0.7106

## 7IM CAUTIOUS FUND

### DISTRIBUTION TABLES (continued) for the year ended 30 November 2018

	<b>Net Revenue</b>	<b>Equalisation</b>	<b>Paid 31.01.19</b>	<b>Paid 31.01.18</b>
<b>Class S Income</b>				
Group 1	0.7035	–	0.7035	0.6943
Group 2	0.2951	0.4084	0.7035	0.6943
	<b>Net Revenue</b>	<b>Equalisation</b>	<b>Allocated 31.01.19</b>	<b>Allocated 31.01.18</b>
<b>Class S Accumulation</b>				
Group 1	0.7328	–	0.7328	0.7133
Group 2	0.2344	0.4984	0.7328	0.7133

#### Equalisation

Equalisation applies only to shares purchased during the distribution period (Group 2 shares). It represents the accrued revenue included in the purchase price of the shares. After averaging it is returned with the distribution as a capital repayment. It is not liable to Income Tax but must be deducted from the cost of the shares for Capital Gains Tax purposes.

# 7IM MODERATELY CAUTIOUS FUND

## ACD'S REPORT

for the year ended 30 November 2018

### Investment Objective and Policy

7IM Moderately Cautious Fund (the 'Sub-fund') aims to provide a total return, substantially by way of income though with some capital appreciation. There may be a moderate risk to capital. The Sub-fund invests predominantly in a range of collective investment vehicles and securities managed by selected fund managers. While income-generating assets are likely to represent a significant part of the portfolio, the portfolio may also include assets with scope for capital growth in real terms. The Sub-fund may use different asset classes, with a substantial proportion in fixed interest.

Investment may also be made in warrants, deposits, cash and near cash, money market instruments, other transferable securities, derivatives and forward transactions and other investments to the extent that each is permitted in the stated investment and borrowing powers of the company.

There is no guarantee that a positive return will be delivered.

### Investment Manager's Report

#### Performance Report

In the reporting period 1 December 2017 to 30 November 2018, the portfolio delivered a total return of (3.67)%<sup>1</sup>.

#### Investment Background

Back in January, investors were excited because growth was strong across the world, following a remarkably stable 2017. The S&P 500 began the year with six consecutive highs and it looked as though nothing could go wrong. Then everything changed. Global equities plunged by 9% over two weeks in early February, and fell by another 10% in October. Most markets have been much jumpier and more erratic this year than in super-quiet 2017. This rise in volatility, though, looks like a return to normal – and doesn't particularly worry us. Indeed, equity volatility in 2018 has been slightly below its long term average.

It's clear that investors became far more cautious as the year progressed. In some cases the caution is warranted. For example, the huge tech stocks known as the FANGs (Facebook, Amazon, Netflix and Google) plunged between June and November 2018 as their valuations returned to more realistic levels. In other cases interesting assets were unfairly punished, creating potential buying opportunities. Emerging market equities and European dividends are two recent examples.

Regarding fundamentals, we saw little change through the year. The world economy is growing at a healthy 3.6%, according to the IMF. Europe and the US are slowing but are in fair shape. In both the US and UK unemployment has fallen, inflation is stable and wages are rising. Global earnings per share growth in 2018 will be an impressive 16%. For all the talk of rate hikes, there were only four by major Western central banks through the year (three in the US and one in Europe), and monetary policy in both regions remains loose. Rates are trending up, as they should, but are far from worrying.

Some commentators claim that weak equity markets in 2018 reflected fragile and slowing global growth and company earnings, blaming factors like interest rate hikes, the US-China trade dispute, Brexit and Eurozone politics. We are not convinced. We think the world economy is in good shape.

It's hard to know why large numbers of investors across the world suddenly began selling. Big algorithmic traders probably played a part, unrelated to any economic or financial fundamentals.

Investors won't remember 2018 with any fondness. But it wasn't nearly as bad as the headlines would have you believe.

#### Portfolio Review

During the year we increased exposure to equity on the view that equity risk would be better rewarded than some other risk assets given our optimistic outlook for continuing global growth. As part of the strategy of increasing the active weighting in the multi manager funds we bought Artemis, Polar, and Threadneedle UK Funds and added to the existing holding of Majedie; funded from the sale of Jupiter where we had lost conviction in the manager and the sale of FTSE futures, bringing the UK equity exposure back up to target. We also added to the Japan equity positions to increase active weights. We reduced exposure to European equity selling the Henderson and reducing the holding of Old Mutual Smaller Companies Europe Fund, feeling that the growth prospects for this area were less good than they had been. We took some protection of downside risk in European equity buying put, which we were able to sell at a profit when European equity sold off shortly afterwards. We had an allocation to small cap in the US in the early part of the period but as the year progressed we took the view that the smaller cap end of the US equity market had become fully valued and took profits from this exposure to

<sup>1</sup> Calculated using 7IM Moderately Cautious C Acc shares, NAV return. Source: NTRS

## 7IM MODERATELY CAUTIOUS FUND

**ACD'S REPORT** (continued)  
for the year ended 30 November 2018

### **Investment Manager's Report** (continued)

Russell 2000 stocks, but topped up the US equity holdings to make sure this was up to target allocation. Towards the end of the period there was a sharp equity drawdown. This sell-off in markets presented an opportunity to increase our exposure to the US as we thought it seemed technically driven and not reflected in fundamentals. The trade was funded from cash and also through the sale of short-term sterling bonds.

We disposed of the Lazard Emerging Markets Equities Fund to invest in the RWC Emerging Markets Fund where we had a higher conviction in the manager. We also moved out of the Goldman Sachs India Fund; an off-benchmark allocation which we had introduced because we had a strong conviction in the manager and expected the Modi government to be good for financial markets. Indian equities outperformed the broader EM Index and the outlook for India is positive but not more so than broader EM. We also felt there was potential for short-term volatility with the Indian election in April 2019 and so we exited the holdings in the two more adventurous risk profiles to take a good profit.

Among alternatives, we reduced exposure to the alternatives market neutral strategies as we lost conviction in this asset class. Later on we exited the holding of Zebra Equity Beta Neutral as our conviction in the investment manager in this fund had fallen further and also sold the holding of IP Group where poor performance and a view that the fund no longer fitted in with our evolving security selection process led us to exit the holding.

The gold holding had not performed as well as we had expected in recent turbulent financial markets and we saw more scope for risk diversification from holding a more broadly diversified commodity product in the form of a structured note on the BNP Enhanced Commodity Index.

We decided to add back some real estate exposure and bought into a holding in the BlackRock Global Property Securities Fund, which as well as being a low cost fund, is exposed to some of the more interesting alternative property sectors such as Speciality and Hotel & Lodging REITS in the FTSE EPRA/NAREIT Developed Index which we believe will outperform traditional property sectors such as office, industrial and retail.

Within fixed income, high yield spreads narrowed at the end of 2017 meaning the overweight was no longer justified, so we took profits from the holding selling the holding of Babson US High Yield. We bought the BlackRock Global Inflation Linked Bond Fund to bring the exposure into line with tactical targets. We also trimmed exposure to Emerging Markets Debt to bring in line with new targets. Following discussions around the tactical asset allocation, we continued the transition from holding US Treasuries to a position more reflective of the global government bond index. This also had the advantage of moving the Sub-fund further towards the strategic asset allocation.

In terms of Brexit-related risk, although we believe a No Deal is unlikely, the Investment Team continues to conduct scenario analysis and the potential effects of different Brexit outcomes on the funds. These stress tests are conducted by the independent risk team and assume market reactions in a No Deal scenario similar to that post the Referendum result in 2016. The outcome of this analysis did not produce any results which caused concern. In addition, the Investment Team have looked at the exposure of the 7IM funds to the UK. In this exercise, we focused on the country to which the asset class has exposure, via sales or economic exposure rather than country of listing. We looked at the Strategic Asset Allocation, Tactical Asset Allocation and where possible the actual holdings data of the multi-manager (MM) portfolios. The results demonstrated to us that our current overall exposure is no more than 20% for any fund.

To protect the Sub-fund from an upside Brexit surprise, we increased the sterling allocation funding this from the euro FX position, feeling that sterling looked cheap.

### **Investment Outlook**

2018 was tough for financial markets; we think 2019 will be far more normal – and perhaps even boring, in a positive kind of way. The world economy is in fair shape and the risks that the media shouts about are widely exaggerated. In our experience, economic reality – the reality of company sales, employment, government spending, domestic and foreign trade – is remarkably stable over time. It's like a supertanker in motion that can't be diverted easily. By contrast, investors are far more erratic. You can view investor sentiment as cycling around the economic fundamentals: sometimes investors are overly optimistic (greedy), as in January 2018, sometimes they're too pessimistic (fearful), as in February 2016. We think this familiar cycle is in action at the moment, and that investors are too pessimistic. Our goal as investment managers is to focus on the long term and not get caught up in these cycles of investor greed or fear. We expect investor sentiment and markets to recover in 2019 and are positioned accordingly – slightly overweight equities, with a bias towards the US, and negative on bonds and credit.

To global growth: the world economy is slowing a little but should grow comfortably through 2019-20. We don't see the big danger signs that might destabilise it, e.g. soaring interest rates or a financial crisis. China's growth is easing, as it should, but is unlikely to crash anytime soon. World inflation is running at around 2.7%, and is under control. It's not far from the



## 7IM MODERATELY CAUTIOUS FUND

**ACD'S REPORT** (continued)  
for the year ended 30 November 2018

### **Investment Manager's Report** (continued)

2% target in the US and UK, and even Japan might be clawing out of its disinflationary mire. Interest rates are normalising in the US, which is healthy, and are set to rise in most countries in 2019. Therefore, we think the world economy is in a 'Goldilocks' phase – neither too hot nor too cold. Goldilocks is usually good for companies: we expect global earnings per share to rise in 2019 and 2020.

The contrasting investor concern seems to be driven by a focus on risks and threats that have been exaggerated, such as US recession, trade wars and the UK political situation. US recessions have often been associated with equity crashes in the past and some commentators fear recession in 2019. We are not overly worried: the US is currently growing at around 2.5%; from these levels it normally takes at least two years for growth to turn negative. Moreover, the usual imbalances associated with recession – soaring inflation, housing crunch, commodity price shock – are largely absent. We think US recession is unlikely before late 2020, at the earliest.

Concerning trade wars, tariffs have been implemented on about 2.5% of world imports, corresponding to less than 0.6% of world GDP. They're certainly a negative for growth, but on a tiny scale thus far. While they could get much worse, we think the US and China will reach some compromise that won't harm their economies (and their people) too much.

In the UK, Brexit is a shambles and we do worry that the UK could end up with a No Deal – which actually would be a Terrible Deal – in March 2019. But it's in the interests of both the UK and the EU to reach a broadly sensible outcome. We think a deal will materialise that's not too painful for the UK. Regarding the possibility of a Corbyn government, we think Mr Corbyn's bark is worse than his bite. If he came to power he'd be so constrained by the range of views within his party, by business pressures and by economic constraints that he'd not be able to do much that would derail the UK's financial markets. Therefore we are relatively optimistic that investors will see less pain in 2019 than they have over the last few months.

Seven Investment Management LLP  
Investment Manager  
February 2019

## 7IM MODERATELY CAUTIOUS FUND

### FUND INFORMATION

The Comparative Tables on pages 48 to 56 give the performance of each active share class in the Sub-fund.

The 'Return after charges' disclosed in the Comparative Tables is calculated as the return after operating charges per share divided by the opening net asset value per share. It differs from the Sub-fund's performance disclosed in the ACD's report, which is calculated based on the latest published price.

Portfolio transaction costs are incurred when investments are bought or sold by a sub-fund in order to achieve the investment objective. These transaction costs affect an investor in different ways depending on whether they are joining, leaving or continuing with their investment in the sub-fund.

Direct transaction costs include broker commission and taxes. Broker commission includes the fee paid to a broker to execute the trades.

In addition, there are indirect portfolio transaction costs arising from the 'dealing spread' – the difference between the buying and selling prices of underlying investments in the portfolio. Unlike shares whereby broker commissions and stamp duty are paid by the sub-fund on each transaction, other types of investments (such as bonds, money instruments, derivatives, collective investment schemes) do not have separately identifiable transaction costs; these costs form part of the dealing spread. Dealing spreads vary considerably depending on the transaction value and money market sentiment.

# 7IM MODERATELY CAUTIOUS FUND

## FUND INFORMATION (continued)

### Comparative Tables

#### Class A Income

	30.11.18 (pence per share)	30.11.17 (pence per share)	30.11.16 (pence per share)
<b>Change in Net Asset Value Per Share</b>			
Opening net asset value per share	137.39	135.05	133.11
Return before operating charges*	(2.68)	7.36	6.87
Operating charges (calculated on average price)	(2.49)	(2.48)	(2.38)
Return after operating charges*	(5.17)	4.88	4.49
Distributions on income shares	(2.43)	(2.54)	(2.55)
Closing net asset value per share	129.79	137.39	135.05
* After direct transaction costs of: <sup>1</sup>	0.03	0.01	0.03

#### Performance

Return after charges <sup>2</sup>	(3.76)%	3.61%	3.38%
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#### Other Information

Closing net asset value (£'000)	58	67	66
Closing number of shares	44,365	48,565	48,565
Operating charges <sup>3</sup>	1.83%	1.79%	1.79%
Direct transaction costs	0.02%	0.01%	0.03%

#### Prices

Highest share price	139.44	140.13	139.22
Lowest share price	130.26	134.68	132.59

<sup>1</sup> Direct transaction costs are stated after deducting the proportion of the amounts collected from dilution adjustments or dilution levies that relate to direct transaction costs. A negative transaction costs figure might arise where there is a timing difference between inflows and the settlement of the resultant purchases.

<sup>2</sup> The return after charges is calculated as the return after operating charges per share divided by the opening net asset value per share.

<sup>3</sup> Operating charges, otherwise known as the OCF is the ratio of the Sub-fund's total disclosable costs (excluding securities lending fees and overdraft interest) to the average net assets of the Sub-fund. The OCF is intended to provide a reliable figure which gives the most accurate measure of what it costs to invest in a Sub-fund and is calculated based on the last period's figures. Included within the OCF are synthetic costs which includes the OCF of the underlying funds weighted on the basis of their investment proportion. A detailed breakdown of the OCF per share class is shown on page 57.

# 7IM MODERATELY CAUTIOUS FUND

## FUND INFORMATION (continued)

### Comparative Tables (continued)

#### Class A Accumulation

	30.11.18 (pence per share)	30.11.17 (pence per share)	30.11.16 (pence per share)
<b>Change in Net Asset Value Per Share</b>			
Opening net asset value per share	181.34	175.00	167.91
Return before operating charges*	(3.56)	9.57	10.12
Operating charges (calculated on average price)	(3.30)	(3.23)	(3.03)
Return after operating charges*	(6.86)	6.34	7.09
Distributions	(3.24)	(3.30)	(3.25)
Retained distributions on accumulation shares	3.24	3.30	3.25
Closing net asset value per share	174.48	181.34	175.00
* After direct transaction costs of: <sup>1</sup>	0.04	0.02	0.04

#### Performance

Return after charges <sup>2</sup>	(3.78)%	3.62%	4.22%
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#### Other Information

Closing net asset value (£'000)	1,736	2,634	2,510
Closing number of shares	994,737	1,452,468	1,434,139
Operating charges <sup>3</sup>	1.83%	1.79%	1.79%
Direct transaction costs	0.02%	0.01%	0.03%

#### Prices

Highest share price	184.03	182.96	178.62
Lowest share price	173.31	174.52	157.10

<sup>1</sup> Direct transaction costs are stated after deducting the proportion of the amounts collected from dilution adjustments or dilution levies that relate to direct transaction costs. A negative transaction costs figure might arise where there is a timing difference between inflows and the settlement of the resultant purchases.

<sup>2</sup> The return after charges is calculated as the return after operating charges per share divided by the opening net asset value per share.

<sup>3</sup> Operating charges, otherwise known as the OCF is the ratio of the Sub-fund's total disclosable costs (excluding securities lending fees and overdraft interest) to the average net assets of the Sub-fund. The OCF is intended to provide a reliable figure which gives the most accurate measure of what it costs to invest in a Sub-fund and is calculated based on the last period's figures. Included within the OCF are synthetic costs which includes the OCF of the underlying funds weighted on the basis of their investment proportion. A detailed breakdown of the OCF per share class is shown on page 57.

# 7IM MODERATELY CAUTIOUS FUND

## FUND INFORMATION (continued)

### Comparative Tables (continued)

#### Class B Accumulation

	30.11.18 (pence per share)	30.11.17 (pence per share)	30.11.16 (pence per share)
<b>Change in Net Asset Value Per Share</b>			
Opening net asset value per share	187.01	180.12	172.48
Return before operating charges*	(3.81)	9.75	10.32
Operating charges (calculated on average price)	(2.94)	(2.86)	(2.68)
Return after operating charges*	(6.75)	6.89	7.64
Distributions	(3.28)	(3.40)	(3.26)
Retained distributions on accumulation shares	3.28	3.40	3.26
Closing net asset value per share	180.26	187.01	180.12
* After direct transaction costs of: <sup>1</sup>	0.04	0.02	0.05

#### Performance

Return after charges <sup>2</sup>	(3.61)%	3.83%	4.43%
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#### Other Information

Closing net asset value (£'000)	44,492	52,412	58,829
Closing number of shares	24,681,729	28,025,680	32,660,217
Operating charges <sup>3</sup>	1.58%	1.54%	1.54%
Direct transaction costs	0.02%	0.01%	0.03%

#### Prices

Highest share price	189.87	188.60	183.81
Lowest share price	179.19	179.64	161.44

<sup>1</sup> Direct transaction costs are stated after deducting the proportion of the amounts collected from dilution adjustments or dilution levies that relate to direct transaction costs. A negative transaction costs figure might arise where there is a timing difference between inflows and the settlement of the resultant purchases.

<sup>2</sup> The return after charges is calculated as the return after operating charges per share divided by the opening net asset value per share.

<sup>3</sup> Operating charges, otherwise known as the OCF is the ratio of the Sub-fund's total disclosable costs (excluding securities lending fees and overdraft interest) to the average net assets of the Sub-fund. The OCF is intended to provide a reliable figure which gives the most accurate measure of what it costs to invest in a Sub-fund and is calculated based on the last period's figures. Included within the OCF are synthetic costs which includes the OCF of the underlying funds weighted on the basis of their investment proportion. A detailed breakdown of the OCF per share class is shown on page 57.

# 7IM MODERATELY CAUTIOUS FUND

## FUND INFORMATION (continued)

### Comparative Tables (continued)

#### Class C Income

	30.11.18 (pence per share)	30.11.17 (pence per share)	30.11.16 (pence per share)
<b>Change in Net Asset Value Per Share</b>			
Opening net asset value per share	147.81	144.72	140.89
Return before operating charges*	(3.06)	7.74	8.29
Operating charges (calculated on average price)	(1.95)	(1.92)	(1.83)
Return after operating charges*	(5.01)	5.82	6.46
Distributions on income shares	(2.58)	(2.73)	(2.63)
Closing net asset value per share	140.22	147.81	144.72
* After direct transaction costs of: <sup>1</sup>	0.03	0.01	0.04

#### Performance

Return after charges <sup>2</sup>	(3.39)%	4.02%	4.58%
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#### Other Information

Closing net asset value (£'000)	53,895	68,670	76,948
Closing number of shares	38,437,646	46,457,626	53,171,094
Operating charges <sup>3</sup>	1.33%	1.29%	1.29%
Direct transaction costs	0.02%	0.01%	0.03%

#### Prices

Highest share price	150.12	150.66	149.07
Lowest share price	140.87	144.32	131.92

<sup>1</sup> Direct transaction costs are stated after deducting the proportion of the amounts collected from dilution adjustments or dilution levies that relate to direct transaction costs. A negative transaction costs figure might arise where there is a timing difference between inflows and the settlement of the resultant purchases.

<sup>2</sup> The return after charges is calculated as the return after operating charges per share divided by the opening net asset value per share.

<sup>3</sup> Operating charges, otherwise known as the OCF is the ratio of the Sub-fund's total disclosable costs (excluding securities lending fees and overdraft interest) to the average net assets of the Sub-fund. The OCF is intended to provide a reliable figure which gives the most accurate measure of what it costs to invest in a Sub-fund and is calculated based on the last period's figures. Included within the OCF are synthetic costs which includes the OCF of the underlying funds weighted on the basis of their investment proportion. A detailed breakdown of the OCF per share class is shown on page 57.

# 7IM MODERATELY CAUTIOUS FUND

## FUND INFORMATION (continued)

### Comparative Tables (continued)

#### Class C Accumulation

	30.11.18 (pence per share)	30.11.17 (pence per share)	30.11.16 (pence per share)
<b>Change in Net Asset Value Per Share</b>			
Opening net asset value per share	192.69	185.21	177.00
Return before operating charges*	(4.04)	9.95	10.52
Operating charges (calculated on average price)	(2.55)	(2.47)	(2.31)
Return after operating charges*	(6.59)	7.48	8.21
Distributions	(3.38)	(3.51)	(3.34)
Retained distributions on accumulation shares	3.38	3.51	3.34
Closing net asset value per share	186.10	192.69	185.21
* After direct transaction costs of: <sup>1</sup>	0.04	0.02	0.05

#### Performance

Return after charges <sup>2</sup>	(3.42)%	4.04%	4.64%
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#### Other Information

Closing net asset value (£'000)	134,437	146,004	146,498
Closing number of shares	72,241,194	75,772,663	79,096,648
Operating charges <sup>3</sup>	1.33%	1.29%	1.29%
Direct transaction costs	0.02%	0.01%	0.03%

#### Prices

Highest share price	195.69	194.23	188.97
Lowest share price	185.07	184.72	165.74

<sup>1</sup> Direct transaction costs are stated after deducting the proportion of the amounts collected from dilution adjustments or dilution levies that relate to direct transaction costs. A negative transaction costs figure might arise where there is a timing difference between inflows and the settlement of the resultant purchases.

<sup>2</sup> The return after charges is calculated as the return after operating charges per share divided by the opening net asset value per share.

<sup>3</sup> Operating charges, otherwise known as the OCF is the ratio of the Sub-fund's total disclosable costs (excluding securities lending fees and overdraft interest) to the average net assets of the Sub-fund. The OCF is intended to provide a reliable figure which gives the most accurate measure of what it costs to invest in a Sub-fund and is calculated based on the last period's figures. Included within the OCF are synthetic costs which includes the OCF of the underlying funds weighted on the basis of their investment proportion. A detailed breakdown of the OCF per share class is shown on page 57.

# 7IM MODERATELY CAUTIOUS FUND

## FUND INFORMATION (continued)

### Comparative Tables (continued)

#### Class D Income

	30.11.18 (pence per share)	30.11.17 (pence per share)	30.11.16 (pence per share)
<b>Change in Net Asset Value Per Share</b>			
Opening net asset value per share	139.66	137.28	134.29
Return before operating charges*	(2.65)	7.48	7.94
Operating charges (calculated on average price)	(2.54)	(2.52)	(2.40)
Return after operating charges*	(5.19)	4.96	5.54
Distributions on income shares	(2.53)	(2.58)	(2.55)
Closing net asset value per share	131.94	139.66	137.28
* After direct transaction costs of: <sup>1</sup>	0.03	0.01	0.03

#### Performance

Return after charges <sup>2</sup>	(3.72)%	3.61%	4.12%
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#### Other Information

Closing net asset value (£'000)	290	575	648
Closing number of shares	219,681	411,844	471,894
Operating charges <sup>3</sup>	1.83%	1.79%	1.79%
Direct transaction costs	0.02%	0.01%	0.03%

#### Prices

Highest share price	141.73	142.44	141.51
Lowest share price	132.42	136.89	125.59

<sup>1</sup> Direct transaction costs are stated after deducting the proportion of the amounts collected from dilution adjustments or dilution levies that relate to direct transaction costs. A negative transaction costs figure might arise where there is a timing difference between inflows and the settlement of the resultant purchases.

<sup>2</sup> The return after charges is calculated as the return after operating charges per share divided by the opening net asset value per share.

<sup>3</sup> Operating charges, otherwise known as the OCF is the ratio of the Sub-fund's total disclosable costs (excluding securities lending fees and overdraft interest) to the average net assets of the Sub-fund. The OCF is intended to provide a reliable figure which gives the most accurate measure of what it costs to invest in a Sub-fund and is calculated based on the last period's figures. Included within the OCF are synthetic costs which includes the OCF of the underlying funds weighted on the basis of their investment proportion. A detailed breakdown of the OCF per share class is shown on page 57.



# 7IM MODERATELY CAUTIOUS FUND

## FUND INFORMATION (continued)

### Comparative Tables (continued)

#### Class D Accumulation

	30.11.18 (pence per share)	30.11.17 (pence per share)	30.11.16 (pence per share)
<b>Change in Net Asset Value Per Share</b>			
Opening net asset value per share	181.05	174.73	167.65
Return before operating charges*	(3.59)	9.55	10.09
Operating charges (calculated on average price)	(3.29)	(3.23)	(3.01)
Return after operating charges*	(6.88)	6.32	7.08
Distributions	(3.21)	(3.29)	(3.25)
Retained distributions on accumulation shares	3.21	3.29	3.25
Closing net asset value per share	174.17	181.05	174.73
* After direct transaction costs of: <sup>1</sup>	0.04	0.02	0.04

#### Performance

Return after charges <sup>2</sup>	(3.80)%	3.62%	4.22%
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#### Other Information

Closing net asset value (£'000)	10,226	11,924	12,137
Closing number of shares	5,871,098	6,586,197	6,946,470
Operating charges <sup>3</sup>	1.83%	1.79%	1.79%
Direct transaction costs	0.02%	0.01%	0.03%

#### Prices

Highest share price	183.74	182.67	178.34
Lowest share price	173.04	174.25	156.86

<sup>1</sup> Direct transaction costs are stated after deducting the proportion of the amounts collected from dilution adjustments or dilution levies that relate to direct transaction costs. A negative transaction costs figure might arise where there is a timing difference between inflows and the settlement of the resultant purchases.

<sup>2</sup> The return after charges is calculated as the return after operating charges per share divided by the opening net asset value per share.

<sup>3</sup> Operating charges, otherwise known as the OCF is the ratio of the Sub-fund's total disclosable costs (excluding securities lending fees and overdraft interest) to the average net assets of the Sub-fund. The OCF is intended to provide a reliable figure which gives the most accurate measure of what it costs to invest in a Sub-fund and is calculated based on the last period's figures. Included within the OCF are synthetic costs which includes the OCF of the underlying funds weighted on the basis of their investment proportion. A detailed breakdown of the OCF per share class is shown on page 57.

# 7IM MODERATELY CAUTIOUS FUND

## FUND INFORMATION (continued)

### Comparative Tables (continued)

#### Class S Income

	30.11.18 (pence per share)	30.11.17 (pence per share)	30.11.16 (pence per share)
<b>Change in Net Asset Value Per Share</b>			
Opening net asset value per share	108.20	105.72	102.72
Return before operating charges*	(2.30)	5.61	6.00
Operating charges (calculated on average price)	(1.16)	(1.13)	(1.08)
Return after operating charges*	(3.46)	4.48	4.92
Distributions on income shares	(1.89)	(2.00)	(1.92)
Closing net asset value per share	102.85	108.20	105.72
* After direct transaction costs of: <sup>1</sup>	0.02	0.01	0.03

#### Performance

Return after charges <sup>2</sup>	(3.20)%	4.24%	4.79%
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#### Other Information

Closing net asset value (£'000)	1,970	2,292	1,679
Closing number of shares	1,915,628	2,117,915	1,588,333
Operating charges <sup>3</sup>	1.08%	1.04%	1.04%
Direct transaction costs	0.02%	0.01%	0.03%

#### Prices

Highest share price	109.93	110.24	108.88
Lowest share price	103.38	105.44	96.22

<sup>1</sup> Direct transaction costs are stated after deducting the proportion of the amounts collected from dilution adjustments or dilution levies that relate to direct transaction costs. A negative transaction costs figure might arise where there is a timing difference between inflows and the settlement of the resultant purchases.

<sup>2</sup> The return after charges is calculated as the return after operating charges per share divided by the opening net asset value per share.

<sup>3</sup> Operating charges, otherwise known as the OCF is the ratio of the Sub-fund's total disclosable costs (excluding securities lending fees and overdraft interest) to the average net assets of the Sub-fund. The OCF is intended to provide a reliable figure which gives the most accurate measure of what it costs to invest in a Sub-fund and is calculated based on the last period's figures. Included within the OCF are synthetic costs which includes the OCF of the underlying funds weighted on the basis of their investment proportion. A detailed breakdown of the OCF per share class is shown on page 57.

# 7IM MODERATELY CAUTIOUS FUND

## FUND INFORMATION (continued)

### Comparative Tables (continued)

#### Class S Accumulation

	30.11.18 (pence per share)	30.11.17 (pence per share)	30.11.16 (pence per share)
<b>Change in Net Asset Value Per Share</b>			
Opening net asset value per share	116.27	111.54	106.38
Return before operating charges*	(2.50)	5.93	6.28
Operating charges (calculated on average price)	(1.25)	(1.20)	(1.12)
Return after operating charges*	(3.75)	4.73	5.16
Distributions	(2.04)	(2.11)	(2.00)
Retained distributions on accumulation shares	2.04	2.11	2.00
Closing net asset value per share	112.52	116.27	111.54
* After direct transaction costs of: <sup>1</sup>	0.02	0.01	0.03

#### Performance

Return after charges <sup>2</sup>	(3.23)%	4.24%	4.85%
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#### Other Information

Closing net asset value (£'000)	22,789	27,571	31,587
Closing number of shares	20,254,251	23,711,808	28,318,980
Operating charges <sup>3</sup>	1.08%	1.04%	1.04%
Direct transaction costs	0.02%	0.01%	0.03%

#### Prices

Highest share price	118.12	117.15	113.78
Lowest share price	111.95	111.25	99.65

<sup>1</sup> Direct transaction costs are stated after deducting the proportion of the amounts collected from dilution adjustments or dilution levies that relate to direct transaction costs. A negative transaction costs figure might arise where there is a timing difference between inflows and the settlement of the resultant purchases.

<sup>2</sup> The return after charges is calculated as the return after operating charges per share divided by the opening net asset value per share.

<sup>3</sup> Operating charges, otherwise known as the OCF is the ratio of the Sub-fund's total disclosable costs (excluding securities lending fees and overdraft interest) to the average net assets of the Sub-fund. The OCF is intended to provide a reliable figure which gives the most accurate measure of what it costs to invest in a Sub-fund and is calculated based on the last period's figures. Included within the OCF are synthetic costs which includes the OCF of the underlying funds weighted on the basis of their investment proportion. A detailed breakdown of the OCF per share class is shown on page 57.

## 7IM MODERATELY CAUTIOUS FUND

### FUND INFORMATION (continued)

#### Ongoing Charges Figures

As at 30 November 2018

	<b>Class A</b>	<b>Class B</b>	<b>Class C</b>	<b>Class D</b>	<b>Class S</b>
ACD's periodic charge	1.40%	1.15%	0.90%	1.40%	0.65%
Other expenses	0.07%	0.07%	0.07%	0.07%	0.07%
	<b>1.47%</b>	<b>1.22%</b>	<b>0.97%</b>	<b>1.47%</b>	<b>0.72%</b>
Collective investment scheme costs	0.36%	0.36%	0.36%	0.36%	0.36%
Ongoing Charges Figure	<b>1.83%</b>	<b>1.58%</b>	<b>1.33%</b>	<b>1.83%</b>	<b>1.08%</b>

As at 30 November 2017

	<b>Class A</b>	<b>Class B</b>	<b>Class C</b>	<b>Class D</b>	<b>Class S</b>
ACD's periodic charge	1.40%	1.15%	0.90%	1.40%	0.65%
Other expenses	0.08%	0.08%	0.08%	0.08%	0.08%
	<b>1.48%</b>	<b>1.23%</b>	<b>0.98%</b>	<b>1.48%</b>	<b>0.73%</b>
Collective investment scheme costs	0.31%	0.31%	0.31%	0.31%	0.31%
Ongoing Charges Figure	<b>1.79%</b>	<b>1.54%</b>	<b>1.29%</b>	<b>1.79%</b>	<b>1.04%</b>

The Ongoing Charges Figure ('OCF') represents the total operating expenses of the Sub-fund, expressed as a percentage of the average net assets during the accounting year.

The collective investment scheme costs represent the OCFs, or a reasonable substitute, of the underlying funds which are held as portfolio investments. Their inclusion has been calculated on a weighted basis against the Sub-fund's net assets at the balance sheet date.

The Sub-fund undertakes securities lending and receives 70% of the revenue generated and the remaining 30% is received by Northern Trust as the securities lending agent. As securities lending revenue sharing does not increase the costs of running the Sub-fund, this has been excluded from the Other expenses and thus excluded from the Ongoing Charges Figures

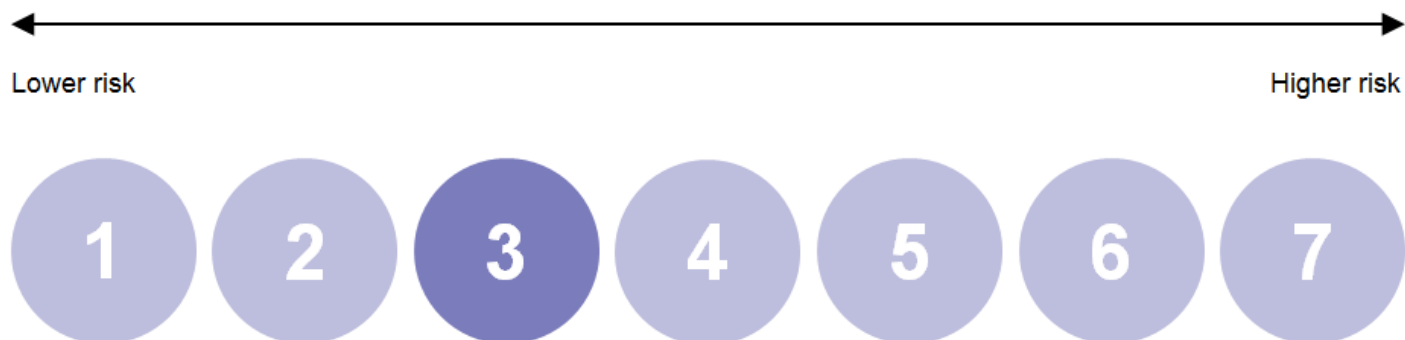
## 7IM MODERATELY CAUTIOUS FUND

### FUND INFORMATION (continued)

#### Synthetic Risk and Reward Indicator

Typically lower rewards

Typically higher rewards



This indicator shows how much a sub-fund has risen and fallen in the past, and therefore how much a fund's returns have varied. It is a measure of a fund's volatility. The higher a sub-fund's past volatility the higher the number on the scale and the greater the risk that investors in that sub-fund may have made losses as well as gains. The lowest number on the scale does not mean that a sub-fund is risk free.

This indicator is based on historical data and may not be a reliable indication of the future risk profile of this Sub-fund. The risk and reward profile shown is not guaranteed to remain the same and may change over time.

The risk and reward indicator shown above is as at the date of publication of the annual report and financial statements, the risk and reward indicator as at the year end date 30 November 2018 was 3.

#### Fund performance to 30 November 2018 (%)

	1 year	3 years	5 years
7IM Moderately Cautious Fund <sup>1</sup>	(3.67)	4.95	12.43

<sup>1</sup> Source: Bloomberg

The performance of the Sub-fund is based on the published price per 'C' Accumulation share which includes reinvested income.

Details of the distributions per share for the period are shown in the Distribution Tables on pages 80 to 82.

# 7IM MODERATELY CAUTIOUS FUND

## PORTFOLIO STATEMENT

as at 30 November 2018

Holding	Portfolio of Investment	Value £	30.11.18 %
	<b>ALTERNATIVES 14.56% (25.84%)</b>		
	<b>Alternative Strategies 12.72% (19.93%)</b>		
134,231	Angel Oak Multi-Strategy Income Fund <sup>1</sup>	10,623,007	3.94
3,700,000	BNP Paribas DR Alpha ex-Agriculture & Livestock Index 2021 <sup>2</sup>	2,928,091	1.08
2,391,773	Dexion Absolute EUR <sup>3</sup>	–	–
9,614,951	F&C Global Equity Market Neutral 3 Acc <sup>1</sup>	5,912,233	2.19
3,080	Goldman Sachs International Euro Stoxx 50 Index Warrants 31/12/2049 <sup>2</sup>	31	–
56,914	Legg Mason Western Assets Macro Opportunities Bond USD Acc <sup>1</sup>	5,523,153	2.05
257,750	Neuberger Berman Global Bond Absolute Return <sup>1</sup>	2,647,093	0.98
508,095	Neuberger Berman Multi Asset Risk Premia Fund 'I4' Acc <sup>1</sup>	3,565,228	1.32
(65)	S&P 500 Index Put Options 1950 Mar 2019 <sup>4</sup>	(22,423)	(0.01)
65	S&P 500 Index Put Options 2600 Mar 2019 <sup>4</sup>	300,157	0.11
3,079	Societe Generale GBP/USD Warrants 29/11/2018 <sup>2</sup>	–	–
3,312,366	UK Mortgages	2,848,635	1.06
		<b>34,325,205</b>	<b>12.72</b>
	<b>Commodities 1.84% (5.91%)</b>		
6,681,000	BNP Paribas Enhanced Benchmark Commodity Index 2023 <sup>2</sup>	4,952,477	1.84
	<b>CASH 3.87% (6.62%)</b>		
10,453,000	Northern Trust Global Sterling Fund <sup>1</sup>	10,453,000	3.87
	<b>DEBT SECURITIES 56.23% (48.75%)</b>		
	<b>Convertible Bonds 3.22% (3.16%)</b>		
71,583	NN (L) Global Convertible Opportunities Acc <sup>1</sup>	8,692,101	3.22
	<b>Emerging Market Bonds 6.03% (7.14%)</b>		
117,467	Babson Capital Emerging Markets Local Debt <sup>1</sup>	8,954,375	3.32
8,858,759	Legal & General Emerging Markets Government Bond USD Index Fund <sup>1</sup>	5,778,568	2.14
2,330	TCW Emerging Markets <sup>1</sup>	1,543,996	0.57
		<b>16,276,939</b>	<b>6.03</b>
	<b>Gilts 6.00% (4.69%)</b>		
£2,000,000	Export Development Canada 1.875% 2018	2,000,700	0.74
£1,000,000	Kingdom of Belgium 1.125% 2018	1,000,102	0.37
£2,000,000	Tennessee Valley Authority 5.35% 2021	2,188,524	0.81
£2,200,000	UK Gilt 4.00% 2022	2,426,431	0.90
£1,350,000	UK Gilt 4.25% 2046	1,983,705	0.73
£2,100,000	UK Gilt 4.25% 2055	3,348,454	1.24
£2,360,000	UK Gilt 4.50% 2034	3,252,552	1.21
		<b>16,200,468</b>	<b>6.00</b>
	<b>Global Corporate Bonds 8.27% (3.12%)</b>		
94,726	Legg Mason Western Asset Structured Opportunities Fund USD Acc <sup>1</sup>	9,531,967	3.53
78,836	PFS TwentyFour Dynamic Bond <sup>1</sup>	8,428,787	3.12
391,794	PIMCO Global Investors Income Fund <sup>1</sup>	4,361,797	1.62
		<b>22,322,551</b>	<b>8.27</b>
	<b>Global Government Bonds 12.03% (12.34%)</b>		
€1,095,000	Bundesrepublik Deutschland 0.25% 2027	986,547	0.37

## 7IM MODERATELY CAUTIOUS FUND

### PORTFOLIO STATEMENT (continued)

as at 30 November 2018

Holding	Portfolio of Investment	Value £	30.11.18 %
	<b>Global Government Bonds (continued)</b>		
€1,700,000	Bundesrepublik Deutschland 2.25% 2021	1,633,736	0.61
€280,000	Bundesrepublik Deutschland 2.5% 2046	343,698	0.13
€320,000	Bundesrepublik Deutschland 4% 2037	444,087	0.16
€1,239,000	France Government 3% 2022	1,230,233	0.46
€378,000	France Government 5.75% 2032	547,607	0.20
€568,000	French Republic 2.75% 2027	605,616	0.22
€344,000	French Republic 3.25% 2045	420,756	0.16
€1,140,000	Italy Buoni Polien 3.75% 2021	1,075,409	0.40
€240,000	Italy Buoni Polien 5% 2040	249,262	0.09
€492,000	Italy Buoni Polien 5.25% 2029	517,253	0.19
€457,000	Italy Buoni Polien 6% 2031	513,174	0.19
¥703,000,000	Japan Government 0.1% 2021	4,882,226	1.81
¥350,000,000	Japan Government 0.1% 2027	2,433,452	0.90
¥342,000,000	Japan Government 0.4% 2036	2,332,921	0.86
¥179,000,000	Japan Government 0.9% 2057	1,220,426	0.45
€205,000	Spain Government 4.7% 2041	255,064	0.09
€222,000	Spain Government 5.75% 2032	290,016	0.11
€616,000	Spain Government 5.85% 2022	649,188	0.24
€291,000	Spain Government 6% 2029	368,305	0.14
US\$3,270,000	US Treasury Notes 2% 2026	2,383,941	0.88
US\$5,560,000	US Treasury Notes 2.375% 2023	4,276,152	1.58
US\$2,520,000	US Treasury Notes 2.5% 2045	1,688,834	0.63
US\$3,950,000	US Treasury Notes 3.5% 2020	3,127,551	1.16
		<b>32,475,454</b>	<b>12.03</b>
	<b>Global High Yield Bonds 5.71% (6.03%)</b>		
68,376	Babson Capital US High Yield Bond <sup>1</sup>	6,734,119	2.50
1,115,750	Blackstone GSO Loan Financing (Jersey)	825,588	0.31
5,652,431	Carador Income	2,791,871	1.03
1,456,969	CVC Credit Partners European Opportunities GBP	1,624,520	0.60
5,194,409	Fair Oaks Income 2017	3,441,219	1.27
		<b>15,417,317</b>	<b>5.71</b>
	<b>Global Inflation Linked Bonds 4.02% (0.00%)</b>		
1,077,323	iShares Global Inflation-Linked Bond Index <sup>1</sup>	<b>10,850,092</b>	<b>4.02</b>
	<b>Short Term Sterling Bonds 7.76% (8.11%)</b>		
£2,620,000	Bank Nederlandse Gemeenten 1.00% 2022	2,596,210	0.96
£1,930,000	Bank Nederlandse Gemeenten 5.75% 2019	1,941,345	0.72
£650,000	Coventry Building Society FRN 2020	650,532	0.24
£3,000,000	FMS Wertmanagement 0.875% 2022	2,970,450	1.10
£1,781,000	Kommunalbanken 1.125% 2022	1,771,653	0.66
£3,000,000	Lloyds Bank 1.75% 2022	3,031,590	1.12
£1,500,000	National Australia Bank 5.125% 2021	1,646,817	0.61
£2,700,000	Rabobank Nederland 2.25% 2022	2,741,556	1.02
£2,000,000	Reseau Ferre de France 5.5% 2021	2,243,930	0.83
£1,312,000	Westpac Securities NZ 2.50% 2021	1,335,613	0.50
		<b>20,929,696</b>	<b>7.76</b>
	<b>Sterling Corporate Bonds 3.19% (4.16%)</b>		
£600,000	ABN Amro Bank 1% 2020	593,796	0.22
53,711	PFS TwentyFour Monument Bond <sup>1</sup>	5,988,023	2.22

# 7IM MODERATELY CAUTIOUS FUND

## PORTFOLIO STATEMENT (continued)

as at 30 November 2018

Holding	Portfolio of Investment	Value £	30.11.18 %
	<b>Sterling Corporate Bonds (continued)</b>		
£2,000,000	Shell International Finance 2% 2019	2,013,120	0.75
		<b>8,594,939</b>	<b>3.19</b>
	<b>EQUITY 26.03% (18.78%)</b>		
	<b>Asia &amp; Emerging Markets 2.98% (2.12%)</b>		
70,703	BlackRock Global Funds - Asian Growth Leaders <sup>1</sup>	705,089	0.26
1,614,573	Hermes Asia Ex-Japan Equity 'F' <sup>1</sup>	4,035,142	1.50
19,911	RWC Global Emerging Markets <sup>1</sup>	3,303,146	1.22
		<b>8,043,377</b>	<b>2.98</b>
	<b>Europe (ex UK) 2.22% (5.05%)</b>		
1,621,751	CF Miton European Opportunities <sup>1</sup>	2,696,324	1.00
2,235	Continental European Selection <sup>1</sup>	2,337,843	0.87
783	Euro Stoxx 50 Equity Index Futures December 2020 <sup>4</sup>	76,784	0.03
56,118	Old Mutual European (Ex UK) Smaller Acc <sup>1</sup>	870,154	0.32
		<b>5,981,105</b>	<b>2.22</b>
	<b>Japan 5.12% (3.32%)</b>		
85,351	Baillie Gifford Japanese Smaller Companies Fund 'B' Acc <sup>1</sup>	4,320,446	1.60
829,462	CF Morant Wright Nippon Yield <sup>1</sup>	3,640,757	1.35
3,170,874	GLG Japan CoreAlpha <sup>1</sup>	5,843,920	2.17
		<b>13,805,123</b>	<b>5.12</b>
	<b>North America 2.79% (3.33%)</b>		
19	Abiomed	4,944	–
3,611	Activision Blizzard	148,771	0.06
1,389	Adobe Systems	271,244	0.10
482	Affiliated Managers	42,158	0.02
155	Agnc Investment	2,153	–
152	Allergan	18,495	0.01
143	Alphabet 'C'	121,999	0.05
861	Altria	37,754	0.01
22	Amazon.com	28,860	0.01
346	American International Group	11,784	0.01
1,947	Amgen	308,803	0.12
525	Annaly Capital Management	4,137	–
113	Anthem	25,886	0.01
743	Apple	104,585	0.04
455	Applied Materials	13,035	0.01
103	Aptiv	5,774	–
24	Assurant	1,840	–
59	AvalonBay Communities	8,699	–
113	Best Buy	5,673	–
425	Biogen	108,804	0.04
91	Boeing	24,428	0.01
23	Booking Holdings	33,633	0.01
87	Broadcom	16,082	0.01
1,323	Cadence Design Systems	45,763	0.02
1,497	Capital One Financial	104,279	0.04
1,870	Celgene	102,846	0.04
1,940	Chevron	180,752	0.07



## 7IM MODERATELY CAUTIOUS FUND

### PORTFOLIO STATEMENT (continued)

as at 30 November 2018

Holding	Portfolio of Investment	Value £	30.11.18 %
	<b>North America (continued)</b>		
254	Cigna	44,312	0.02
2,622	Cisco Systems	97,315	0.04
1,137	Citigroup	57,844	0.02
361	Citizens Financial Group	10,197	–
377	Colgate-Palmolive	18,627	0.01
10,651	Comcast 'A'	329,175	0.12
758	ConocoPhillips	39,745	0.02
43	Continental Resources	1,563	–
2,011	CSX Corporation	113,139	0.04
65	Cummins	7,551	–
93	CVS Health	5,832	–
299	Dell Technologies 'V'	24,846	0.01
39	Duke Energy	2,678	–
177	Eaton	10,548	–
3,146	eBay	72,786	0.03
126	Electronic Arts	8,534	–
435	Eli Lilly & Company	39,888	0.02
4,697	Emerson Electric	247,868	0.09
225	EOG Resources	18,607	0.01
104	Estee Lauder	11,537	–
2,585	Evergy	119,228	0.04
923	Exxon Mobil	57,211	0.02
214	F5 Networks	29,113	0.01
952	FNF	24,765	0.01
1,463	Ford Motor	10,747	–
1,735	Fortinet	100,523	0.04
17,664	Freeport-McMoRan	163,553	0.06
98	Gap	2,047	–
32	Garrett Motion	290	–
173	General Motors	4,987	–
5,025	Gilead Sciences	274,513	0.10
191	HCP	4,313	–
344	Honeywell International	39,311	0.02
923	Humana	238,967	0.09
6,403	Intel	239,403	0.09
1,645	Intuit	269,790	0.10
44	JM Smucker	3,568	–
4,699	Juniper Networks	105,290	0.04
170	Kimco Realty	2,122	–
650	Kinder Morgan	8,597	–
59	KLA-Tencor	4,472	–
729	Las Vegas Sands	31,120	0.01
249	Liberty Global	4,754	–
63	Liberty Property Trust	2,193	–
2,518	Lincoln National	123,324	0.05
136	LyondellBasell Industries	9,918	–
117	Maxim Integrated Products	5,076	–
743	Merck & Co	45,384	0.02
394	MetLife	13,712	0.01
5,961	Michael Kors Holdings	204,651	0.08
8,693	Micron Technology	258,371	0.10
267	Microsoft	23,064	0.01
1,003	Molson Coors Brewing	50,586	0.02
785	Mondelez International	27,406	0.01
123	NetApp	6,499	–
213	Newell Rubbermaid	3,974	–

## 7IM MODERATELY CAUTIOUS FUND

### PORTFOLIO STATEMENT (continued)

as at 30 November 2018

Holding	Portfolio of Investment	Value £	30.11.18 %
	<b>North America (continued)</b>		
214	Newmont Mining	5,426	–
309	NextEra Energy	42,909	0.02
628	Nike	36,602	0.01
4,479	Occidental Petroleum	249,040	0.09
248	OGE Energy	7,563	–
1,424	Oracle	53,477	0.02
41	Palo Alto Networks	5,662	–
3,494	Pentair	116,284	0.04
2,575	Pfizer	91,876	0.03
233	PG&E	4,892	–
707	Philip Morris International	48,218	0.02
2,755	PNC Financial Services Group	288,697	0.11
921	Procter & Gamble	67,023	0.03
127	Prologis	6,689	–
1,098	Prudential Financial	79,946	0.03
626	Qualcomm	28,520	0.01
24	Ralph Lauren	2,094	–
491	Regions Financial	6,240	–
52	Robert Half International	2,518	–
50	Rockwell Automation	6,733	–
79	Royal Caribbean Cruises	6,913	–
162	S&P 500 E-mini Futures December 2018 <sup>4</sup>	(935,089)	(0.35)
334	Salesforce.com	36,597	0.01
78	Skyworks Solutions	4,355	–
67	Southwest Airlines	2,796	–
11,633	Synchrony Financial	236,764	0.09
62	Synopsys	4,351	–
4,136	Target	230,747	0.09
4,918	T-Mobile	264,735	0.10
2,440	Union Pacific	287,865	0.11
296	UnitedHealth	65,570	0.02
1,269	Unum	36,195	0.01
80	Valero Energy	4,984	–
28,573	Vereit	170,699	0.06
598	VMware	75,651	0.03
4,478	Walgreens Boots Alliance	297,855	0.11
1,397	Wal-Mart Stores	106,547	0.04
122	Western Digital	4,353	–
746	WestRock	27,103	0.01
		<b>7,538,015</b>	<b>2.79</b>
	<b>United Kingdom 12.92% (4.96%)</b>		
7,570	Anglo American	119,273	0.04
38,144	Antofagasta	308,661	0.11
796,600	Artemis UK Select <sup>1</sup>	4,056,925	1.50
1,927	Associated British Foods	47,038	0.02
1,871	AstraZeneca	115,104	0.04
57,004	Auto Trader Group	250,248	0.09
85,411	Aviva	345,829	0.13
1,303	Babcock International	7,505	–
5,220	Barratt Developments	23,939	0.01
592	Berkeley Group	18,932	0.01
10,180	BHP	154,146	0.06
156,707	BP	815,190	0.30
3,616	British American Tobacco	98,735	0.04

## 7IM MODERATELY CAUTIOUS FUND

### PORTFOLIO STATEMENT (continued)

as at 30 November 2018

Holding	Portfolio of Investment	Value £	30.11.18 %
<b>United Kingdom (continued)</b>			
4,288	British Land	23,790	0.01
1,938	Bunzl	47,326	0.02
2,225	Burberry	39,716	0.02
3,231	Carnival	148,141	0.06
80,479	Centrica	110,699	0.04
53,614	ConvaTec	81,386	0.03
2,297	Diageo	64,948	0.02
26,003	Direct Line Insurance Group	84,848	0.03
59,585	G4S	115,595	0.04
27,092	GlaxoSmithKline	434,014	0.16
62,194	HSBC Holdings	410,729	0.15
16,403	Imperial Tobacco Group	391,786	0.15
1,228	Intertek Group	58,698	0.02
85,643	J Sainsbury	261,211	0.10
3,866	Land Securities	31,423	0.01
91,405	Legal & General Group	223,942	0.08
3,718	London Stock Exchange	150,728	0.06
3,623,317	Majedie UK Focus <sup>1</sup>	7,091,194	2.63
55,000	Marks & Spencer	163,185	0.06
9,275	Mediclinic International	33,269	0.01
54,666	Meggitt	283,935	0.11
2,360	Micro Focus International	36,486	0.01
16,232	National Grid	135,586	0.05
6,932	Pearson	67,074	0.03
14,104	Persimmon	269,668	0.10
613,188	Polar Capital Funds - UK Value Opportunities <sup>1</sup>	6,683,754	2.48
4,753	Randgold Resources	301,720	0.11
854	Reckitt Benckiser Group	56,261	0.02
16,759	RELX	276,440	0.10
5,232	Rio Tinto	187,044	0.07
13,303	Royal Dutch Shell 'A'	315,880	0.12
20,260	Royal Dutch Shell 'B'	488,469	0.18
51,746	Royal Mail	164,708	0.06
629	Schroders	16,033	0.01
4,885	Shire	219,336	0.08
16,971	Smith & Nephew	241,582	0.09
26,715	St James's Place	268,352	0.10
6,231	Standard Chartered	37,436	0.01
44,303	Taylor Wimpey	59,366	0.02
74,685	Tesco	147,839	0.06
1,554,450	Threadneedle UK Extended Alpha Fund <sup>1</sup>	7,512,344	2.78
5,906	Travis Perkins	64,759	0.02
175	Unilever	7,489	–
239,188	Vodafone Group	402,075	0.15
126,217	WM Morrison Supermarkets	301,091	0.11
1,204	WPP	10,340	–
		<b>34,883,220</b>	<b>12.92</b>
<b>FORWARD CURRENCY CONTRACTS -0.94% (0.80%)</b>			
€5,325,000	Vs £(4,729,303) Expiry 15.02.2019	30,877	0.01
€(15,350,000)	Vs £13,760,968 Expiry 15.02.2019	39,135	0.01
€(4,700,000)	Vs £4,166,085 Expiry 15.02.2019	(35,389)	(0.01)
¥(130,000,000)	Vs £886,102 Expiry 21.12.2018	(12,584)	–
¥(1,000,000,000)	Vs £6,857,300 Expiry 21.12.2018	(55,665)	(0.02)
¥(1,100,000,000)	Vs £7,415,897 Expiry 21.12.2018	(188,364)	(0.07)

## 7IM MODERATELY CAUTIOUS FUND

### PORTFOLIO STATEMENT (continued)

as at 30 November 2018

Holding	Portfolio of Investment	Value £	30.11.18 %
<b>FORWARD CURRENCY CONTRACTS (continued)</b>			
US\$(1,146,643)	Vs £898,225 Expiry 06.12.2018	(639)	–
US\$(128,840,000)	Vs £97,967,501 Expiry 18.01.2019	(2,781,282)	(1.03)
¥300,000,000	Vs £(2,061,768) Expiry 21.12.2018	12,122	–
US\$16,000,000	Vs £(12,174,058) Expiry 18.01.2019	337,433	0.13
US\$3,600,000	Vs £(2,750,416) Expiry 18.01.2019	64,670	0.02
US\$7,000,000	Vs £(5,409,917) Expiry 18.01.2019	63,860	0.02
		<b>(2,525,826)</b>	<b>(0.94)</b>
	<b>Portfolio of investment</b>	<b>269,215,253</b>	<b>99.75</b>
	Net other assets	678,071	0.25
	<b>Net assets</b>	<b>269,893,324</b>	<b>100.00</b>

Comparative figures shown in brackets relate to 30 November 2017.

All investments are ordinary shares listed on a regulated market unless stated otherwise.

<sup>1</sup> Collective investment scheme

<sup>2</sup> Structured product

<sup>3</sup> Delisted security

<sup>4</sup> Derivative contract

Credit Quality	30.11.18 %	30.11.17 %
Investment grade debt securities	26.76	26.41
Non-rated debt securities	2.92	4.47
Other investments	70.07	69.26
Net other assets/(liabilities)	0.25	(0.14)
	<b>100.00</b>	<b>100.00</b>

## 7IM MODERATELY CAUTIOUS FUND

### STATEMENT OF TOTAL RETURN

for the year ended 30 November 2018

	Notes	£	30.11.18 £	£	30.11.17 £
Income					
Net capital (losses)/gains	4		(12,693,766)		10,029,430
Revenue	5	6,042,776		7,164,841	
Expenses	6	(2,943,006)		(3,323,537)	
Interest payable and similar charges	8	(16,833)		(18,071)	
Net revenue before taxation for the year		3,082,937		3,823,233	
Taxation	7	(203,446)		(797,755)	
Net revenue after taxation for the year			2,879,491		3,025,478
<b>Total return before distributions</b>			(9,814,275)		13,054,908
Distributions	8		(5,134,923)		(5,942,776)
<b>Change in net assets attributable to shareholders from investment activities</b>			(14,949,198)		7,112,132

### STATEMENT OF CHANGE IN NET ASSETS ATTRIBUTABLE TO SHAREHOLDERS

for the year ended 30 November 2018

	£	30.11.18 £	£	30.11.17 £
<b>Opening net assets attributable to shareholders</b>		312,149,187		330,902,122
Amounts received on creation of shares <sup>1</sup>	44,617,027		50,947,027	
Amounts paid on cancellation of shares <sup>1</sup>	(75,874,147)		(81,274,584)	
		(31,257,120)		(30,327,557)
Change in net assets attributable to shareholders from investment activities		(14,949,198)		7,112,132
Retained distribution on accumulation shares		3,950,455		4,462,490
<b>Closing net assets attributable to shareholders</b>		269,893,324		312,149,187

<sup>1</sup>Stated at mid-market price.

The notes on pages 68 to 79 are an integral part of these Financial Statements.

# 7IM MODERATELY CAUTIOUS FUND

## BALANCE SHEET

as at 30 November 2018

	Notes	30.11.18 £	30.11.17 £
<b>ASSETS</b>			
Fixed assets:			
Investments		273,246,688	313,079,190
Current assets:			
Debtors	9	2,706,612	2,519,197
Cash and bank balances	10	3,479,327	4,776,670
<b>Total assets</b>		<b>279,432,627</b>	<b>320,375,057</b>
<b>LIABILITIES</b>			
Investment liabilities		(4,031,435)	(500,510)
Creditors:			
Bank overdrafts	10	(1,902,014)	(4,787,927)
Distribution payable		(575,601)	(799,028)
Other creditors	11	(3,030,253)	(2,138,405)
<b>Total liabilities</b>		<b>(9,539,303)</b>	<b>(8,225,870)</b>
<b>Net assets attributable to shareholders</b>		<b>269,893,324</b>	<b>312,149,187</b>

The notes on pages 68 to 79 are an integral part of these Financial Statements.

# 7IM MODERATELY CAUTIOUS FUND

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 November 2018

### 1 Statement of Compliance

The Sub-fund's Financial Statements have been prepared on the same basis as the Statement of Compliance disclosed on page 10.

### 2 Summary of Significant Accounting Policies

The Sub-fund's Financial Statements have been prepared on the same basis as the Summary of Significant Accounting Policies disclosed on pages 10 to 12.

### 3 Risk Management Policies

The Sub-fund's Risk Management Policies are the same as the Risk Management Policies disclosed on pages 13 to 14.

### 4 Net capital (losses)/gains

	<b>30.11.18</b>	<b>30.11.17</b>
	<b>£</b>	<b>£</b>
The net capital (losses)/gains during the year comprise:		
Non-derivative securities	(5,537,090)	2,987,215
Derivative contracts	143,222	(24,849)
Forward currency contracts	(7,945,275)	5,282,473
Currency gains	630,428	1,757,421
Transaction charges	(29,936)	(28,583)
AMC rebates from underlying investments	44,885	55,753
Net capital (losses)/gains	<u>(12,693,766)</u>	<u>10,029,430</u>

### 5 Revenue

	<b>30.11.18</b>	<b>30.11.17</b>
	<b>£</b>	<b>£</b>
Non-taxable dividends	2,285,289	1,893,640
Taxable dividends	2,308,495	3,856,479
Unfranked interest	1,367,846	1,374,891
AMC rebates from underlying investments	52,470	27,543
Bank interest	2,866	3,653
Stock lending revenue <sup>1</sup>	25,810	8,635
Total revenue	<u>6,042,776</u>	<u>7,164,841</u>

<sup>1</sup> Stock lending revenue is disclosed net of the security agent's share of income.

## 7IM MODERATELY CAUTIOUS FUND

### NOTES TO THE FINANCIAL STATEMENTS (continued) for the year ended 30 November 2018

#### 6 Expenses

	30.11.18	30.11.17
	£	£
Payable to the ACD, associates of the ACD and agents of either of them:		
ACD's periodic charge	2,780,210	3,084,987
Other expenses	8,848	9,156
	<u>2,789,058</u>	<u>3,094,143</u>
Payable to the Depositary, associates of the Depositary and agents of either of them:		
Depositary's fees	41,542	45,579
Market risk fees	6,000	6,000
Safe custody and other bank charges	35,539	31,524
	<u>83,081</u>	<u>83,103</u>
Other Expenses:		
Advisory fees	27,679	92,237
Audit fee	8,760	8,760
Dealing and exchange fees	15,643	20,712
FCA and other Regulatory fees	300	275
Legal and professional fees	2,417	830
Printing, postage and distribution costs	11,130	17,762
Risk analysis fees	4,938	5,715
	<u>70,867</u>	<u>146,291</u>
Total expenses	<u>2,943,006</u>	<u>3,323,537</u>



## 7IM MODERATELY CAUTIOUS FUND

### NOTES TO THE FINANCIAL STATEMENTS (continued) for the year ended 30 November 2018

#### 7 Taxation

	<b>30.11.18</b>	<b>30.11.17</b>
	<b>£</b>	<b>£</b>
<i>a) Analysis of charge for the year</i>		
Corporation tax at 20%	165,753	758,878
Overseas tax	37,693	38,877
	<hr/>	<hr/>
Current tax charge (note 7b)	203,446	797,755
	<hr/>	<hr/>
Total taxation	203,446	797,755
<i>b) Factors affecting current tax charge for the year</i>		
The tax assessed for the year differs from the standard rate of corporation tax in the UK for an authorised fund (20%) (2017: 20%) for the reasons explained below.		
Net revenue before taxation	3,082,937	3,823,233
	<hr/>	<hr/>
Corporation tax at 20%	616,587	764,647
Effects of:		
AMC rebates taken to capital	8,977	11,151
Double taxation relief expensed	(2,668)	(2,574)
Franked CIS revenue	(116,541)	(81,783)
Franked REIT income	–	(141)
Movement in revenue accruals	488	(4,826)
Non-taxable dividends	(335,319)	(260,526)
Offshore CIS revenue	–	(31,458)
Overseas tax	37,693	38,877
Tax effect on non-reporting offshore funds	–	364,388
Tax on stock dividends	(5,771)	–
	<hr/>	<hr/>
Current tax charge (note 7a)	203,446	797,755

#### *c) Deferred tax*

There is no deferred tax provision in the current year (2017: none).

#### 8 Distributions

The distributions take account of revenue received on the issue of shares and revenue deducted on cancellation of shares, and comprise:

	<b>30.11.18</b>	<b>30.11.17</b>
	<b>£</b>	<b>£</b>
Interim	2,303,775	2,368,705
Final	2,733,685	3,449,026
	<hr/>	<hr/>
	5,037,460	5,817,731
Add: Revenue deducted on cancellation of shares	243,840	343,839
Deduct: Revenue received on issue of shares	(146,377)	(218,794)
	<hr/>	<hr/>
Net distributions for the year	5,134,923	5,942,776
Interest payable and similar charges	16,833	18,071
	<hr/>	<hr/>
Total distribution	5,151,756	5,960,847

## 7IM MODERATELY CAUTIOUS FUND

### NOTES TO THE FINANCIAL STATEMENTS (continued) for the year ended 30 November 2018

#### 8 Distributions (continued)

Details of the distributions per share are set out in the table on pages 80 to 82.

Distributions represented by:		
Net revenue after taxation	2,879,491	3,025,478
Allocations to capital:		
Expenses, net of tax relief	2,255,288	2,552,931
Equalisation on conversions <sup>1</sup>	120	(27)
Net movement in revenue account	24	6
Tax relief on Non Reporting Offshore Funds	–	364,388
Net distributions for the year	<u>5,134,923</u>	<u>5,942,776</u>

<sup>1</sup>Where an investor converts to a class with a higher income yield, the investor will pay or receive an equalisation as if they had held the new class throughout the period from the last distribution to the conversion date. The yield differential at the point of conversion is an equalisation which will be offset by capital erosion for the converted investor.

#### 9 Debtors

	<b>30.11.18</b>	<b>30.11.17</b>
	£	£
Amounts receivable for issue of shares	402,735	966,489
Sales awaiting settlement	898,975	–
Accrued revenue	1,324,768	1,405,143
Income tax recoverable	–	2,042
AMC rebates from underlying investments	46,362	109,329
Withholding tax recoverable	33,772	36,106
Prepaid expenses	–	88
Total debtors	<u>2,706,612</u>	<u>2,519,197</u>

#### 10 Cash and bank balances

	<b>30.11.18</b>	<b>30.11.17</b>
	£	£
Cash and bank balances	1,913,453	4,760,556
Cash held at clearing houses	1,565,874	16,114
Total cash and bank balances	<u>3,479,327</u>	<u>4,776,670</u>
Bank overdrafts	(1,894,901)	(4,569,868)
Cash overdraft at clearing houses	(7,113)	(218,059)
Total bank overdrafts	<u>(1,902,014)</u>	<u>(4,787,927)</u>

## 7IM MODERATELY CAUTIOUS FUND

### NOTES TO THE FINANCIAL STATEMENTS (continued) for the year ended 30 November 2018

#### 11 Other Creditors

	<b>30.11.18</b>	<b>30.11.17</b>
	<b>£</b>	<b>£</b>
Amounts payable for cancellation of shares	583,128	958,081
Purchases awaiting settlement	2,031,392	188,855
Accrued expenses	248,456	287,391
Corporation tax payable	165,753	704,078
Currency deals awaiting settlement	1,524	–
Total other creditors	<u>3,030,253</u>	<u>2,138,405</u>

#### 12 Related party transactions

ACD's periodic charge and other expenses payable to 7IM (the 'ACD') are disclosed in note 6.

The aggregate monies received by the ACD through the issue of shares and paid on cancellation of shares are disclosed in the Statement of Change in Net Assets Attributable to Shareholders on page 66.

7IM and its associates (including other authorized investment funds managed by 7IM) had no shareholdings in the Sub-fund (2017:none).

A shareholder may be able to exercise significant influence over the financial and operating policies of the Sub-fund and as such is deemed to be a related party. At the balance sheet date the following shareholder held in excess of 20% of the shares in issue of the Sub-fund:

Pershing Nominees Limited 34.01% (2017: 30.99%)

Where the Sub-fund invests in another sub-fund of the ICVC or any other collective investment scheme managed by the ACD it is referenced in the Portfolio Statement of the Sub-fund.

#### 13 Classes of Shares

The Sub-fund has five share classes: 'A', 'B', 'C', 'D', and 'S'. The annual management charge on each class are as follows:

Class A	1.40%
Class B	1.15%
Class C	0.90%
Class D	1.40%
Class S	0.65%

The following table shows the shares in issue during the year:

<b>Class</b>	<b>Opening Shares</b>	<b>Shares Created</b>	<b>Shares Liquidated</b>	<b>Shares Converted</b>	<b>Closing Shares</b>
Class A Income	48,565	–	(4,200)	–	44,365
Class A Accumulation	1,452,468	11,063	(465,498)	(3,296)	994,737
Class B Accumulation	28,025,680	1,043,975	(4,387,926)	–	24,681,729
Class C Income	46,457,626	1,953,133	(9,964,645)	(8,468)	38,437,646
Class C Accumulation	75,772,663	18,374,010	(21,309,980)	(595,499)	72,241,194
Class D Income	411,844	1,925	(194,088)	–	219,681
Class D Accumulation	6,586,197	1,126,156	(1,841,255)	–	5,871,098
Class S Income	2,117,915	97,412	(433,107)	133,408	1,915,628
Class S Accumulation	23,711,808	2,199,565	(6,536,409)	879,287	20,254,251

## 7IM MODERATELY CAUTIOUS FUND

### NOTES TO THE FINANCIAL STATEMENTS (continued) for the year ended 30 November 2018

#### 14 Contingent liabilities and commitments

There are no contingent liabilities or unrecorded outstanding commitments at the balance sheet date (2017: none).

#### 15 Risks Disclosures

The main risks from the Sub-fund's holding of financial instruments, together with the ACD's policy for managing these risks are detailed in note 3 on pages 13 to 14. Further analysis and numeric disclosure of interest rate risk, foreign currency risk and derivatives are shown below.

##### i. Interest rate risk

The table below shows the direct interest rate risk profile:

Interest rate exposure as at 30 November 2018

	<b>Floating Rate Financial Assets £</b>	<b>Fixed Rate Financial Assets £</b>	<b>Financial Assets not carrying interest £</b>	<b>Total £</b>
Danish krone	–	–	5,005	5,005
Euro	283,908	10,129,951	5,784,124	16,197,983
Japanese yen	–	10,869,025	2,079,383	12,948,408
Norwegian krone	–	–	138	138
Swiss franc	13,328	–	23,540	36,868
US dollar	868,511	19,357,046	106,963,332	127,188,889
Pound sterling	13,417,112	39,086,547	229,590,081	282,093,740
	<hr/> 14,582,859	<hr/> 79,442,569	<hr/> 344,445,603	<hr/> 438,471,031

	<b>Floating Rate Financial Liabilities £</b>	<b>Financial Liabilities not carrying interest £</b>	<b>Total £</b>
Euro	(285,143)	(17,923,305)	(18,208,448)
Japanese yen	–	(15,415,911)	(15,415,911)
Swiss franc	(13,328)	–	(13,328)
US dollar	(860,725)	(102,605,159)	(103,465,884)
Pound sterling	(742,819)	(30,731,317)	(31,474,136)
	<hr/> (1,902,015)	<hr/> (166,675,692)	<hr/> (168,577,707)

## 7IM MODERATELY CAUTIOUS FUND

### NOTES TO THE FINANCIAL STATEMENTS (continued) for the year ended 30 November 2018

#### 15 Risks Disclosures (continued)

##### i. Interest rate risk (continued)

Interest rate exposure as at 30 November 2017

	<b>Floating Rate Financial Assets £</b>	<b>Fixed Rate Financial Assets £</b>	<b>Financial Assets not carrying interest £</b>	<b>Total £</b>
Danish krone	–	–	254,151	254,151
Euro	270,948	–	10,013,902	10,284,850
Japanese yen	–	–	10,611,989	10,611,989
Norwegian krone	–	–	16,874	16,874
Swedish krona	–	–	116,282	116,282
Swiss franc	54,491	–	724,309	778,800
US dollar	10,404,688	41,899,485	112,552,711	164,856,884
Pound sterling	26,731,789	42,470,533	230,582,113	299,784,435
	<b>37,461,916</b>	<b>84,370,018</b>	<b>364,872,331</b>	<b>486,704,265</b>

	<b>Floating Rate Financial Liabilities £</b>	<b>Financial Liabilities not carrying interest £</b>	<b>Total £</b>
Euro	(270,023)	(9,073,699)	(9,343,722)
Japanese yen	–	(3,179,007)	(3,179,007)
Swiss franc	(12,785)	–	(12,785)
US dollar	(662,728)	(140,871,269)	(141,533,997)
Pound sterling	(3,842,391)	(16,643,176)	(20,485,567)
	<b>(4,787,927)</b>	<b>(169,767,151)</b>	<b>(174,555,078)</b>

The floating rate financial assets and liabilities comprise bank balances and bank overdraft positions which earn or pay interest at rates linked to the Bank of England base rate or its international equivalents, index-linked securities that earn interest at rates adjusted by changes in the UK Retail Prices Index (RPI) or its international equivalent and collective investment schemes that pay UK interest distributions.

<b>Currency</b>	<b>Fixed Rate Financial Assets</b>			
	<b>Weighted average interest rate</b>		<b>Weighted average period for which rate is fixed</b>	
	<b>30.11.18 %</b>	<b>30.11.17 %</b>	<b>30.11.18 Years</b>	<b>30.11.17 Years</b>
Euro	0.86	–	9	–
Japanese yen	0.15	–	11	–
Pound sterling	1.45	1.09	8	3
US dollar	1.99	1.66	6	7

The average effective duration of the Sub-fund's portfolio is a measure of the sensitivity of the fair value of the Sub-fund's bond portfolio (excludes all other investments) to changes in market interest rates. As at 30 November 2018, the weighted average effective duration was 3.07 years (30 November 2017 2.24 years).

## 7IM MODERATELY CAUTIOUS FUND

### NOTES TO THE FINANCIAL STATEMENTS (continued) for the year ended 30 November 2018

#### 15 Risks Disclosures (continued)

##### ii. Foreign currency risk

The table below shows the direct foreign currency risk profile:

Foreign currency risk exposure as at 30 November 2018

Currency	Monetary Exposure £	Non-Monetary Exposure £	Total £
Danish krone	5,005	–	5,005
Euro	120,338	(2,130,802)	(2,010,464)
Japanese yen	5,494	(2,472,997)	(2,467,503)
Norwegian krone	138	–	138
Swiss franc	23,540	–	23,540
US dollar	79,489	23,643,516	23,723,005
	234,004	19,039,717	19,273,721
Pound sterling	10,897,067	239,722,536	250,619,603
Net assets	11,131,071	258,762,253	269,893,324

Foreign currency risk exposure as at 30 November 2017

Currency	Monetary Exposure £	Non-Monetary Exposure £	Total £
Danish krone	4,402	249,749	254,151
Euro	9,584	931,544	941,128
Japanese yen	–	7,432,982	7,432,982
Norwegian krone	3,083	13,791	16,874
Swedish krona	117	116,165	116,282
Swiss franc	61,110	704,905	766,015
US dollar	310,714	23,012,173	23,322,887
	389,010	32,461,309	32,850,319
Pound sterling	19,835,496	259,463,372	279,298,868
Net assets	20,224,506	291,924,681	312,149,187

##### iii. Derivatives

The derivatives held by the Sub-fund during the year were for the purposes of meeting the investment objectives of the Sub-fund and for efficient portfolio management.

The Sub-fund must at any time, be capable of meeting all of its payment and delivery obligations incurred in respect of its Financial Derivatives Instruments transactions. The Investment Manager uses a risk management technique known as absolute value-at-risk ('VaR') to measure the Sub-fund's global exposure. VaR is an advanced risk measurement methodology used to assess the Sub-fund's global exposure as set out in the Sub-fund's Risk Management Process.

The Sub-fund measures risk using the absolute value at risk approach. The Sub-fund's expected level of leverage (calculated as the sum of the notionals) under normal market circumstances is expected to be generally in the range of 100% to 230% of the Sub-fund's Net Asset Value and is not expected to exceed 360%. It is possible that there may be higher leverage levels from time to time during abnormal market conditions.

The lowest, highest and average leverage utilisation in the accounting year ended 30 November 2018 was 160%, 290% and 188% respectively (30 November 2017: 133%, 310% and 187% respectively).

## 7IM MODERATELY CAUTIOUS FUND

### NOTES TO THE FINANCIAL STATEMENTS (continued) for the year ended 30 November 2018

#### 15 Risks Disclosures (continued)

##### iii. Derivatives (continued)

VaR is calculated for the funds under the parametric method. The time horizon for the calculation is 1 day, using a 99% confidence level. The methodology is derived from MSCI's Barra risk engine and blends the VaR produced from two different risk models, namely MSCI Barra Integrated Model: Long Version (BIM303L) and MSCI Barra Ultra-Short Model (BIM303 51d HL). The former applies a 1 year half-life (exponential weighting) for calculating volatilities and 3 years for correlations; the latter applies a 10 week half-life for both volatilities and correlations. Both models natively cover around 104K global equity securities; 500K sovereign and corporate bonds; 900k municipal, 2,200K structured products (MBS/ABS/CMO); around 290k mutual funds; 161 currencies, 34 commodities.

The reported VaR is calculated formulaically as follows:  $VaR = 0.3 * VaR(BIM303L) + 0.7 * MAX[VaR(BIM303L), VaR(BIM303\ 51d\ HL)]$ .

The Barra models map individual portfolio positions onto the Barra set of risk factors in order to backfill for a time series of volatility. The VaR numbers calculated by BIM303L and BIM303 51d HL are derived from daily volatility numbers, multiplied by an appropriate 99% confidence interval scaling factor under the assumption of a normal distribution.

The types of derivatives held at the balance sheet date were forward foreign currency contracts, future contracts and put options. Details of individual contracts are disclosed in the Portfolio Statement and the total position by counterparty at the balance sheet date was as follows:

<b>Counterparty</b>	<b>30.11.18</b> £	<b>30.11.17</b> £
<b>Options</b>		
Chicago Board Options Exchange	277,734	75,808
<b>Futures Contracts</b>		
Chicago Mercantile Exchange	–	237,481
Eurex Deutschland	76,784	(29,930)
International Monetary Market	(935,089)	–
London International Financial Future Exchange	–	(62,088)
Osaka Securities Exchange	–	346,445
<b>Forward Currency Contracts</b>		
Northern Trust	(2,525,826)	2,482,250
<b>Total net exposure<sup>1</sup></b>	<b>(3,106,397)</b>	<b>3,049,966</b>

<sup>1</sup> Net exposure represents the mark to market value of derivative contracts less any cash collateral held. Positive exposure represents the Sub-fund's exposure to that counterparty.

## 7IM MODERATELY CAUTIOUS FUND

### NOTES TO THE FINANCIAL STATEMENTS (continued) for the year ended 30 November 2018

#### 15 Risks Disclosures (continued)

##### iv. Fair value

In the opinion of the ACD, there is no material difference between the value of the financial assets and liabilities, as shown in the balance sheet, and their fair value.

Investments are categorised into the following levels based on their fair value measurement:

##### Level 1

The unadjusted quoted price in an active market for identical instruments that the entity can access at the measurement date.

##### Level 2

Valuation techniques using observable inputs other than quoted prices within Level 1 (i.e. developed using market data).

##### Level 3

Valuation techniques using unobservable inputs (i.e. for which market data is unavailable).

	Level 1 £	Level 2 £	Level 3 £	Total £
<b>30 November 2018</b>				
<b>Assets</b>				
Bonds	41,924,023	38,169,079	–	80,093,102
Collective Investment Schemes	–	162,684,577	–	162,684,577
Derivatives	376,941	548,097	–	925,038
Equities	29,543,940	31	–	29,543,971
<b>Total</b>	<b>71,844,904</b>	<b>201,401,784</b>	<b>–</b>	<b>273,246,688</b>
<b>Liabilities</b>				
Derivatives	<b>(957,512)</b>	<b>(3,073,923)</b>	<b>–</b>	<b>(4,031,435)</b>
<b>30 November 2017</b>				
<b>Assets</b>				
Bonds	39,946,682	56,454,583	–	96,401,265
Collective Investment Schemes	21,276,037	153,526,894	–	174,802,931
Derivatives	659,734	2,890,741	–	3,550,475
Equities	28,900,447	9,424,072	–	38,324,519
<b>Total</b>	<b>90,782,900</b>	<b>222,296,290</b>	<b>–</b>	<b>313,079,190</b>
<b>Liabilities</b>				
Derivatives	<b>(92,018)</b>	<b>(408,492)</b>	<b>–</b>	<b>(500,510)</b>



## 7IM MODERATELY CAUTIOUS FUND

### NOTES TO THE FINANCIAL STATEMENTS (continued) for the year ended 30 November 2018

#### 16 Purchases, Sales and Transaction Costs

The following tables show portfolio transactions and their associated transaction costs. For more information about the nature of these costs please refer to the additional portfolio transaction cost information on page 47.

Analysis of direct transaction costs for the year ended 30 November 2018:

	Principal £'000	Commissions £'000	Taxes £'000	Total Transaction Costs £'000	Commissions % of principal	Taxes % of principal
<b>Purchases</b>						
Bonds	68,964	–	–	–	–	–
Collective Investment Schemes	235,927	–	–	–	–	–
Derivatives	445	–	–	–	–	–
Equities	27,842	5	53	58	0.02	0.19
<b>Total</b>	<b>333,178</b>	<b>5</b>	<b>53</b>	<b>58</b>	<b>0.02</b>	<b>0.19</b>

	Principal £'000	Commissions £'000	Taxes £'000	Total Transaction Costs £'000	Commissions % of principal	Taxes % of principal
<b>Sales</b>						
Bonds	83,994	–	–	–	–	–
Collective Investment Schemes	224,820	–	–	–	–	–
Derivatives	4,846	–	–	–	–	–
Equities	46,335	(6)	–	(6)	0.01	–
<b>Total</b>	<b>359,995</b>	<b>(6)</b>	<b>–</b>	<b>(6)</b>	<b>0.01</b>	<b>–</b>

<b>Total as a percentage of the average NAV</b>	<b>0.00%</b>	<b>0.02%</b>	<b>0.02%</b>
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# 7IM MODERATELY CAUTIOUS FUND

## DISTRIBUTION TABLES

for the year ended 30 November 2018

### Interim - in pence per share

Group 1 - Shares purchased prior to 1 December 2017

Group 2 - Shares purchased on or after 1 December 2017 and on or before 31 May 2018

	Net Revenue	Equalisation	Paid 31.07.18	Paid 31.07.17
<b>Class A Income</b>				
Group 1	1.1057	–	1.1057	1.0415
Group 2	1.1057	–	1.1057	1.0415
			<b>Allocated 31.07.18</b>	<b>Allocated 31.07.17</b>
<b>Class A Accumulation</b>				
Group 1	1.4649	–	1.4649	1.3573
Group 2	0.9202	0.5447	1.4649	1.3573
			<b>Allocated 31.07.18</b>	<b>Allocated 31.07.17</b>
<b>Class B Accumulation</b>				
Group 1	1.4767	–	1.4767	1.3433
Group 2	1.1985	0.2782	1.4767	1.3433
			<b>Allocated 31.07.18</b>	<b>Allocated 31.07.17</b>
<b>Class C Income</b>				
Group 1	1.1488	–	1.1488	1.0776
Group 2	0.7850	0.3638	1.1488	1.0776
			<b>Allocated 31.07.18</b>	<b>Allocated 31.07.17</b>
<b>Class C Accumulation</b>				
Group 1	1.4979	–	1.4979	1.3793
Group 2	0.8640	0.6339	1.4979	1.3793
			<b>Allocated 31.07.18</b>	<b>Allocated 31.07.17</b>
<b>Class D Income</b>				
Group 1	1.1239	–	1.1239	1.0612
Group 2	0.7599	0.3640	1.1239	1.0612
			<b>Allocated 31.07.18</b>	<b>Allocated 31.07.17</b>
<b>Class D Accumulation</b>				
Group 1	1.4605	–	1.4605	1.3493
Group 2	0.9271	0.5334	1.4605	1.3493
			<b>Allocated 31.07.18</b>	<b>Allocated 31.07.17</b>

## 7IM MODERATELY CAUTIOUS FUND

### DISTRIBUTION TABLES (continued) for the year ended 30 November 2018

	<b>Net Revenue</b>	<b>Equalisation</b>	<b>Paid 31.07.18</b>	<b>Paid 31.07.17</b>
<b>Class S Income</b>				
Group 1	0.8428	–	0.8428	0.7877
Group 2	0.3284	0.5144	0.8428	0.7877
	<b>Net Revenue</b>	<b>Equalisation</b>	<b>Allocated 31.07.18</b>	<b>Allocated 31.07.17</b>
<b>Class S Accumulation</b>				
Group 1	0.9071	–	0.9071	0.8310
Group 2	0.6577	0.2494	0.9071	0.8310
<b>Final - in pence per share</b>				
Group 1 - Shares purchased prior to 1 June 2018				
Group 2 - Shares purchased on or after 1 June 2018 and on or before 30 November 2018				
	<b>Net Revenue</b>	<b>Equalisation</b>	<b>Paid 31.01.19</b>	<b>Paid 31.01.18</b>
<b>Class A Income</b>				
Group 1	1.3214	–	1.3214	1.4952
Group 2	1.3214	–	1.3214	1.4952
	<b>Net Revenue</b>	<b>Equalisation</b>	<b>Allocated 31.01.19</b>	<b>Allocated 31.01.18</b>
<b>Class A Accumulation</b>				
Group 1	1.7793	–	1.7793	1.9398
Group 2	1.3478	0.4315	1.7793	1.9398
	<b>Net Revenue</b>	<b>Equalisation</b>	<b>Allocated 31.01.19</b>	<b>Allocated 31.01.18</b>
<b>Class B Accumulation</b>				
Group 1	1.8010	–	1.8010	2.0614
Group 2	1.1319	0.6691	1.8010	2.0614
	<b>Net Revenue</b>	<b>Equalisation</b>	<b>Paid 31.01.19</b>	<b>Paid 31.01.18</b>
<b>Class C Income</b>				
Group 1	1.4358	–	1.4358	1.6498
Group 2	1.0860	0.3498	1.4358	1.6498
	<b>Net Revenue</b>	<b>Equalisation</b>	<b>Allocated 31.01.19</b>	<b>Allocated 31.01.18</b>
<b>Class C Accumulation</b>				
Group 1	1.8866	–	1.8866	2.1217
Group 2	1.2369	0.6497	1.8866	2.1217

## 7IM MODERATELY CAUTIOUS FUND

### DISTRIBUTION TABLES (continued) for the year ended 30 November 2018

	<b>Net Revenue</b>	<b>Equalisation</b>	<b>Paid 31.01.19</b>	<b>Paid 31.01.18</b>
<b>Class D Income</b>				
Group 1	1.4047	–	1.4047	1.5188
Group 2	1.0565	0.3482	1.4047	1.5188
			<b>Allocated 31.01.19</b>	<b>Allocated 31.01.18</b>
<b>Class D Accumulation</b>				
Group 1	1.7481	–	1.7481	1.9449
Group 2	1.4288	0.3193	1.7481	1.9449
			<b>Paid 31.01.19</b>	<b>Paid 31.01.18</b>
<b>Class S Income</b>				
Group 1	1.0462	–	1.0462	1.2082
Group 2	0.6566	0.3896	1.0462	1.2082
			<b>Allocated 31.01.19</b>	<b>Allocated 31.01.18</b>
<b>Class S Accumulation</b>				
Group 1	1.1372	–	1.1372	1.2831
Group 2	0.6792	0.4580	1.1372	1.2831

#### Equalisation

Equalisation applies only to shares purchased during the distribution period (Group 2 shares). It represents the accrued revenue included in the purchase price of the shares. After averaging it is returned with the distribution as a capital repayment. It is not liable to Income Tax but must be deducted from the cost of the shares for Capital Gains Tax purposes.

# 7IM BALANCED FUND

## ACD'S REPORT

for the year ended 30 November 2018

### Investment Objective and Policy

7IM Balanced Fund (the 'Sub-fund') aims to provide a balance of income and capital appreciation. There may be some risk to capital. The Sub-fund invests predominantly in a range of collective investment vehicles and securities managed by selected fund manager. The Sub-fund will comprise a mixture of income-generating assets and assets with scope for capital growth in real terms. The Sub-fund may use different asset classes, with investment primarily in equities and fixed interest with no long-term preponderance to either class.

Investment may also be made in warrants, deposits, cash and near cash, money market instruments, other transferable securities, derivatives and forward transactions and other investments to the extent that each is permitted in the stated investment and borrowing powers of the company.

There is no guarantee that a positive return will be delivered.

### Investment Manager's Report

#### Performance Report

In the reporting period, 1 December 2017 to 30 November 2018, the portfolio delivered a total return of (3.23)%<sup>1</sup>.

#### Investment Background

Back in January, investors were excited because growth was strong across the world, following a remarkably stable 2017. The S&P 500 began the year with six consecutive highs and it looked as though nothing could go wrong. Then everything changed. Global equities plunged by 9% over two weeks in early February, and fell by another 10% in October. Most markets have been much jumpier and more erratic this year than in super-quiet 2017. This rise in volatility, though, looks like a return to normal – and doesn't particularly worry us. Indeed, equity volatility in 2018 has been slightly below its long term average.

It's clear that investors became far more cautious as the year progressed. In some cases the caution is warranted. For example, the huge tech stocks known as the FANGs (Facebook, Amazon, Netflix and Google) plunged between June and November 2018 as their valuations returned to more realistic levels. In other cases interesting assets were unfairly punished, creating potential buying opportunities. Emerging market equities and European dividends are two recent examples.

Regarding fundamentals, we saw little change through the year. The world economy is growing at a healthy 3.6%, according to the IMF. Europe and the US are slowing but are in fair shape. In both the US and UK unemployment has fallen, inflation is stable and wages are rising. Global earnings per share growth in 2018 will be an impressive 16%. For all the talk of rate hikes, there were only four by major Western central banks through the year (three in the US and one in Europe), and monetary policy in both regions remains loose. Rates are trending up, as they should, but are far from worrying.

Some commentators claim that weak equity markets in 2018 reflected fragile and slowing global growth and company earnings, blaming factors like interest rate hikes, the US-China trade dispute, Brexit and Eurozone politics. We are not convinced. We think the world economy is in good shape.

It's hard to know why large numbers of investors across the world suddenly began selling. Big algorithmic traders probably played a part, unrelated to any economic or financial fundamentals.

Investors won't remember 2018 with any fondness. But it wasn't nearly as bad as the headlines would have you believe.

#### Portfolio Review

During the year we increased exposure to equity on the view that equity risk would be better rewarded than some other risk assets given our optimistic outlook for continuing global growth. As part of the strategy of increasing the active weighting in the multi manager funds we bought Artemis, Polar, and Threadneedle UK Funds and added to the existing holding of Majedie; funded from the sale of Jupiter where we had lost conviction in the manager and the sale of FTSE futures, bringing the UK equity exposure back up to target. We also added to the Japan equity positions to increase active weights. We reduced exposure to European equity selling the Henderson Fund, feeling that the growth prospects for this area were less good than they had been. We took some downside risk protection in European equity buying a put, which we were able to sell at a profit when European equity sold off shortly afterwards. We had an allocation to small cap in the US in the early part of the period but as the year progressed we took the view that the smaller cap end of the US equity market had become fully valued and took profits from this exposure to Russell 2000 stocks, but topped up the US equity holdings to make sure this was up to target allocation. Towards the end of the period there was a sharp equity drawdown.

<sup>1</sup>Calculated using 7IM Balanced Fund C Acc shares, published prices. Source: NTRS

## 7IM BALANCED FUND

### ACD'S REPORT (continued) for the year ended 30 November 2018

#### Investment Manager's Report (continued)

This sell-off in markets presented an opportunity to increase our exposure to the US as we thought it seemed technically driven and not reflected in fundamentals. The trade was funded from cash and also through the sale of short-term sterling bonds.

We disposed of the Lazard Emerging Markets Equities Fund to invest in the RWC Emerging Markets Fund where we had a higher conviction in the manager. We also moved out of the Goldman Sachs India Fund; an off-benchmark allocation which we had introduced because we had a strong conviction in the manager and expected the Modi government to be good for financial markets. Indian equities outperformed the broader EM Index and the outlook for India is positive but not more so than broader EM. We also felt there was potential for short-term volatility with the Indian election in April 2019 and so we exited the holdings in the two more adventurous risk profiles to take a good profit.

Among alternatives, we reduced exposure to the alternatives market neutral strategies as we lost conviction in this asset class. Later on we exited the holding of Zebra Equity Beta Neutral as our conviction in the investment manager in this fund had fallen further and also sold the holding of IP Group where poor performance and a view that the fund no longer fitted in with our evolving security selection process led us to exit the holding.

The gold holding had not performed as well as we had expected in recent turbulent financial markets and we saw more scope for risk diversification from holding a more broadly diversified commodity product in the form of a structured note on the BNP Enhanced Commodity Index.

We decided to add back some real estate exposure and bought into a holding in the BlackRock Global Property Securities Fund, which as well as being a low cost fund, is exposed to some of the more interesting alternative property sectors such as Speciality and Hotel & Lodging REITS in the FTSE EPRA/NAREIT Developed Index which we believe will outperform traditional property sectors such as office, industrial and retail.

Within fixed income, high yield spreads narrowed at the end of 2017 meaning the overweight was no longer justified, so we took profits from the holding selling the holding of Babson US High Yield. We bought the BlackRock Global Inflation Linked Bond Fund to bring the exposure into line with tactical targets. We also trimmed exposure to Emerging Markets Debt to bring in line with new targets. Following discussions around the tactical asset allocation, we continued the transition from holding US Treasuries to a position more reflective of the global government bond index. This also had the advantage of moving the Sub-fund further towards the strategic asset allocation.

In terms of Brexit-related risk, although we believe a No Deal is unlikely, the Investment Team continues to conduct scenario analysis and the potential effects of different Brexit outcomes on the funds. These stress tests are conducted by the independent risk team and assume market reactions in a No Deal scenario similar to that post the Referendum result in 2016. The outcome of this analysis did not produce any results which caused concern. In addition, the Investment Team have looked at the exposure of the 7IM funds to the UK. In this exercise, we focused on the country to which the asset class has exposure, via sales or economic exposure rather than country of listing. We looked at the Strategic Asset Allocation, Tactical Asset Allocation and where possible the actual holdings data of the multi-manager (MM) portfolios. The results demonstrated to us that our current overall exposure is no more than 20% for any fund.

To protect the Sub-fund from an upside Brexit surprise, we increased the sterling allocation funding this from the euro FX position, feeling that sterling looked cheap.

#### Investment Outlook

2018 was tough for financial markets; we think 2019 will be far more normal – and perhaps even boring, in a positive kind of way. The world economy is in fair shape and the risks that the media shouts about are widely exaggerated. In our experience, economic reality – the reality of company sales, employment, government spending, domestic and foreign trade – is remarkably stable over time. It's like a supertanker in motion that can't be diverted easily. By contrast, investors are far more erratic. You can view investor sentiment as cycling around the economic fundamentals: sometimes investors are overly optimistic (greedy), as in January 2018, sometimes they're too pessimistic (fearful), as in February 2016. We think this familiar cycle is in action at the moment, and that investors are too pessimistic. Our goal as investment managers is to focus on the long term and not get caught up in these cycles of investor greed or fear. We expect investor sentiment and markets to recover in 2019 and are positioned accordingly – slightly overweight equities, with a bias towards the US, and negative on bonds and credit.

## 7IM BALANCED FUND

**ACD'S REPORT** (continued)  
for the year ended 30 November 2018

### **Investment Manager's Report** (continued)

To global growth: the world economy is slowing a little but should grow comfortably through 2019-20. We don't see the big danger signs that might destabilise it, e.g. soaring interest rates or a financial crisis. China's growth is easing, as it should, but is unlikely to crash anytime soon. World inflation is running at around 2.7%, and is under control. It's not far from the 2% target in the US and UK, and even Japan might be clawing out of its disinflationary mire. Interest rates are normalising in the US, which is healthy, and are set to rise in most countries in 2019. Therefore, we think the world economy is in a 'Goldilocks' phase – neither too hot nor too cold. Goldilocks is usually good for companies: we expect global earnings per share to rise in 2019 and 2020.

The contrasting investor concern seems to be driven by a focus on risks and threats that have been exaggerated, such as US recession, trade wars and the UK political situation.

US recessions have often been associated with equity crashes in the past and some commentators fear recession in 2019. We are not overly worried: the US is currently growing at around 2.5%; from these levels it normally takes at least two years for growth to turn negative. Moreover, the usual imbalances associated with recession – soaring inflation, housing crunch, commodity price shock – are largely absent. We think US recession is unlikely before late 2020, at the earliest.

Concerning trade wars, tariffs have been implemented on about 2.5% of world imports, corresponding to less than 0.6% of world GDP. They're certainly a negative for growth, but on a tiny scale thus far. While they could get much worse, we think the US and China will reach some compromise that won't harm their economies (and their people) too much.

In the UK, Brexit is a shambles and we do worry that the UK could end up with a No Deal – which actually would be a Terrible Deal – in March 2019. But it's in the interests of both the UK and the EU to reach a broadly sensible outcome. We think a deal will materialise that's not too painful for the UK. Regarding the possibility of a Corbyn government, we think Mr Corbyn's bark is worse than his bite. If he came to power he'd be so constrained by the range of views within his party, by business pressures and by economic constraints that he'd not be able to do much that would derail the UK's financial markets. Therefore we are relatively optimistic that investors will see less pain in 2019 than they have over the last few months.

Seven Investment Management LLP  
Investment Manager  
February 2019



## 7IM BALANCED FUND

### FUND INFORMATION

The Comparative Tables on pages 87 to 95 give the performance of each active share class in the Sub-fund.

The 'Return after charges' disclosed in the Comparative Tables is calculated as the return after operating charges per share divided by the opening net asset value per share. It differs from the Sub-fund's performance disclosed in the ACD's report, which is calculated based on the latest published price.

Portfolio transaction costs are incurred when investments are bought or sold by a sub-fund in order to achieve the investment objective. These transaction costs affect an investor in different ways depending on whether they are joining, leaving or continuing with their investment in the sub-fund.

Direct transaction costs include broker commission and taxes. Broker commission includes the fee paid to a broker to execute the trades.

In addition, there are indirect portfolio transaction costs arising from the 'dealing spread' – the difference between the buying and selling prices of underlying investments in the portfolio. Unlike shares whereby broker commissions and stamp duty are paid by the sub-fund on each transaction, other types of investments (such as bonds, money instruments, derivatives, collective investment schemes) do not have separately identifiable transaction costs; these costs form part of the dealing spread. Dealing spreads vary considerably depending on the transaction value and money market sentiment.

## 7IM BALANCED FUND

### FUND INFORMATION (continued)

#### Comparative Tables

##### Class A Income

	30.11.18 (pence per share)	30.11.17 (pence per share)	30.11.16 (pence per share)
<b>Change in Net Asset Value Per Share</b>			
Opening net asset value per share	177.99	169.10	160.54
Return before operating charges*	(3.01)	14.14	13.26
Operating charges (calculated on average price)	(3.31)	(3.26)	(2.89)
Return after operating charges*	(6.32)	10.88	10.37
Distributions on income shares	(2.05)	(1.99)	(1.81)
Closing net asset value per share	169.62	177.99	169.10
* After direct transaction costs of: <sup>1</sup>	0.05	0.04	0.06

#### Performance

Return after charges <sup>2</sup>	(3.55)%	6.43%	6.46%
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#### Other Information

Closing net asset value (£'000)	10	25	24
Closing number of shares	6,058	13,952	13,952
Operating charges <sup>3</sup>	1.86%	1.85%	1.84%
Direct transaction costs	0.03%	0.02%	0.04%

#### Prices

Highest share price	182.44	180.41	173.80
Lowest share price	169.19	168.53	145.19

<sup>1</sup> Direct transaction costs are stated after deducting the proportion of the amounts collected from dilution adjustments or dilution levies that relate to direct transaction costs. A negative transaction costs figure might arise where there is a timing difference between inflows and the settlement of the resultant purchases.

<sup>2</sup> The return after charges is calculated as the return after operating charges per share divided by the opening net asset value per share.

<sup>3</sup> Operating charges, otherwise known as the OCF is the ratio of the Sub-fund's total disclosable costs (excluding securities lending fees and overdraft interest) to the average net assets of the Sub-fund. The OCF is intended to provide a reliable figure which gives the most accurate measure of what it costs to invest in a Sub-fund and is calculated based on the last period's figures. Included within the OCF are synthetic costs which includes the OCF of the underlying funds weighted on the basis of their investment proportion. A detailed breakdown of the OCF per share class is shown on page 96.

## 7IM BALANCED FUND

### FUND INFORMATION (continued)

#### Comparative Tables (continued)

##### Class A Accumulation

	30.11.18 (pence per share)	30.11.17 (pence per share)	30.11.16 (pence per share)
<b>Change in Net Asset Value Per Share</b>			
Opening net asset value per share	208.44	195.83	183.83
Return before operating charges*	(3.56)	16.40	15.39
Operating charges (calculated on average price)	(3.88)	(3.79)	(3.39)
Return after operating charges*	(7.44)	12.61	12.00
Distributions	(2.37)	(2.31)	(2.12)
Retained distributions on accumulation shares	2.37	2.31	2.12
Closing net asset value per share	201.00	208.44	195.83
* After direct transaction costs of: <sup>1</sup>	0.06	0.04	0.07

#### Performance

Return after charges <sup>2</sup>	(3.57)%	6.44%	6.53%
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#### Other Information

Closing net asset value (£'000)	8,581	9,735	9,890
Closing number of shares	4,269,324	4,670,392	5,050,400
Operating charges <sup>3</sup>	1.86%	1.85%	1.84%
Direct transaction costs	0.03%	0.02%	0.04%

#### Prices

Highest share price	213.66	209.76	199.95
Lowest share price	199.12	195.17	166.26

<sup>1</sup> Direct transaction costs are stated after deducting the proportion of the amounts collected from dilution adjustments or dilution levies that relate to direct transaction costs. A negative transaction costs figure might arise where there is a timing difference between inflows and the settlement of the resultant purchases.

<sup>2</sup> The return after charges is calculated as the return after operating charges per share divided by the opening net asset value per share.

<sup>3</sup> Operating charges, otherwise known as the OCF is the ratio of the Sub-fund's total disclosable costs (excluding securities lending fees and overdraft interest) to the average net assets of the Sub-fund. The OCF is intended to provide a reliable figure which gives the most accurate measure of what it costs to invest in a Sub-fund and is calculated based on the last period's figures. Included within the OCF are synthetic costs which includes the OCF of the underlying funds weighted on the basis of their investment proportion. A detailed breakdown of the OCF per share class is shown on page 96.

# 7IM BALANCED FUND

## FUND INFORMATION (continued)

### Comparative Tables (continued)

#### Class B Accumulation

	30.11.18 (pence per share)	30.11.17 (pence per share)	30.11.16 (pence per share)
<b>Change in Net Asset Value Per Share</b>			
Opening net asset value per share	215.48	201.93	189.08
Return before operating charges*	(3.70)	16.93	15.88
Operating charges (calculated on average price)	(3.48)	(3.38)	(3.03)
Return after operating charges*	(7.18)	13.55	12.85
Distributions	(2.67)	(2.59)	(2.37)
Retained distributions on accumulation shares	2.67	2.59	2.37
Closing net asset value per share	208.30	215.48	201.93
* After direct transaction costs of: <sup>1</sup>	0.06	0.04	0.07

#### Performance

Return after charges <sup>2</sup>	(3.33)%	6.71%	6.80%
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#### Other Information

Closing net asset value (£'000)	86,272	104,516	112,453
Closing number of shares	41,417,260	48,504,664	55,689,540
Operating charges <sup>3</sup>	1.61%	1.60%	1.59%
Direct transaction costs	0.03%	0.02%	0.04%

#### Prices

Highest share price	220.96	216.81	206.13
Lowest share price	206.35	201.26	171.10

<sup>1</sup> Direct transaction costs are stated after deducting the proportion of the amounts collected from dilution adjustments or dilution levies that relate to direct transaction costs. A negative transaction costs figure might arise where there is a timing difference between inflows and the settlement of the resultant purchases.

<sup>2</sup> The return after charges is calculated as the return after operating charges per share divided by the opening net asset value per share.

<sup>3</sup> Operating charges, otherwise known as the OCF is the ratio of the Sub-fund's total disclosable costs (excluding securities lending fees and overdraft interest) to the average net assets of the Sub-fund. The OCF is intended to provide a reliable figure which gives the most accurate measure of what it costs to invest in a Sub-fund and is calculated based on the last period's figures. Included within the OCF are synthetic costs which includes the OCF of the underlying funds weighted on the basis of their investment proportion. A detailed breakdown of the OCF per share class is shown on page 96.

## 7IM BALANCED FUND

### FUND INFORMATION (continued)

#### Comparative Tables (continued)

##### Class C Income

	30.11.18 (pence per share)	30.11.17 (pence per share)	30.11.16 (pence per share)
<b>Change in Net Asset Value Per Share</b>			
Opening net asset value per share	184.57	174.84	165.49
Return before operating charges*	(3.14)	14.64	13.82
Operating charges (calculated on average price)	(2.51)	(2.47)	(2.23)
Return after operating charges*	(5.65)	12.17	11.59
Distributions on income shares	(2.47)	(2.44)	(2.24)
Closing net asset value per share	176.45	184.57	174.84
* After direct transaction costs of: <sup>1</sup>	0.05	0.04	0.06

##### Performance

Return after charges <sup>2</sup>	(3.06)%	6.96%	7.00%
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##### Other Information

Closing net asset value (£'000)	76,923	91,495	97,622
Closing number of shares	43,594,267	49,573,035	55,834,894
Operating charges <sup>3</sup>	1.36%	1.35%	1.34%
Direct transaction costs	0.03%	0.02%	0.04%

##### Prices

Highest share price	189.33	187.21	179.78
Lowest share price	176.13	174.26	149.82

<sup>1</sup> Direct transaction costs are stated after deducting the proportion of the amounts collected from dilution adjustments or dilution levies that relate to direct transaction costs. A negative transaction costs figure might arise where there is a timing difference between inflows and the settlement of the resultant purchases.

<sup>2</sup> The return after charges is calculated as the return after operating charges per share divided by the opening net asset value per share.

<sup>3</sup> Operating charges, otherwise known as the OCF is the ratio of the Sub-fund's total disclosable costs (excluding securities lending fees and overdraft interest) to the average net assets of the Sub-fund. The OCF is intended to provide a reliable figure which gives the most accurate measure of what it costs to invest in a Sub-fund and is calculated based on the last period's figures. Included within the OCF are synthetic costs which includes the OCF of the underlying funds weighted on the basis of their investment proportion. A detailed breakdown of the OCF per share class is shown on page 96.

## 7IM BALANCED FUND

### FUND INFORMATION (continued)

#### Comparative Tables (continued)

##### Class C Accumulation

	30.11.18 (pence per share)	30.11.17 (pence per share)	30.11.16 (pence per share)
<b>Change in Net Asset Value Per Share</b>			
Opening net asset value per share	222.70	208.18	194.44
Return before operating charges*	(3.83)	17.47	16.37
Operating charges (calculated on average price)	(3.04)	(2.95)	(2.63)
Return after operating charges*	(6.87)	14.52	13.74
Distributions	(2.99)	(2.92)	(2.65)
Retained distributions on accumulation shares	2.99	2.92	2.65
Closing net asset value per share	215.83	222.70	208.18
* After direct transaction costs of: <sup>1</sup>	0.06	0.04	0.07

#### Performance

Return after charges <sup>2</sup>	(3.08)%	6.97%	7.07%
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#### Other Information

Closing net asset value (£'000)	447,014	483,320	465,086
Closing number of shares	207,118,730	217,027,649	223,404,762
Operating charges <sup>3</sup>	1.36%	1.35%	1.34%
Direct transaction costs	0.03%	0.02%	0.04%

#### Prices

Highest share price	228.45	224.04	212.46
Lowest share price	213.79	207.50	176.04

<sup>1</sup> Direct transaction costs are stated after deducting the proportion of the amounts collected from dilution adjustments or dilution levies that relate to direct transaction costs. A negative transaction costs figure might arise where there is a timing difference between inflows and the settlement of the resultant purchases.

<sup>2</sup> The return after charges is calculated as the return after operating charges per share divided by the opening net asset value per share.

<sup>3</sup> Operating charges, otherwise known as the OCF is the ratio of the Sub-fund's total disclosable costs (excluding securities lending fees and overdraft interest) to the average net assets of the Sub-fund. The OCF is intended to provide a reliable figure which gives the most accurate measure of what it costs to invest in a Sub-fund and is calculated based on the last period's figures. Included within the OCF are synthetic costs which includes the OCF of the underlying funds weighted on the basis of their investment proportion. A detailed breakdown of the OCF per share class is shown on page 96.

## 7IM BALANCED FUND

### FUND INFORMATION (continued)

#### Comparative Tables (continued)

##### Class D Income

	30.11.18 (pence per share)	30.11.17 (pence per share)	30.11.16 (pence per share)
<b>Change in Net Asset Value Per Share</b>			
Opening net asset value per share	178.65	169.73	161.15
Return before operating charges*	(3.00)	14.20	13.38
Operating charges (calculated on average price)	(3.33)	(3.28)	(2.96)
Return after operating charges*	(6.33)	10.92	10.42
Distributions on income shares	(2.06)	(2.00)	(1.84)
Closing net asset value per share	170.26	178.65	169.73
* After direct transaction costs of: <sup>1</sup>	0.05	0.04	0.06

##### Performance

Return after charges <sup>2</sup>	(3.54)%	6.43%	6.47%
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##### Other Information

Closing net asset value (£'000)	693	2,091	2,102
Closing number of shares	406,805	1,170,597	1,238,217
Operating charges <sup>3</sup>	1.86%	1.85%	1.84%
Direct transaction costs	0.03%	0.02%	0.04%

##### Prices

Highest share price	183.12	181.08	174.44
Lowest share price	169.84	169.16	145.74

<sup>1</sup> Direct transaction costs are stated after deducting the proportion of the amounts collected from dilution adjustments or dilution levies that relate to direct transaction costs. A negative transaction costs figure might arise where there is a timing difference between inflows and the settlement of the resultant purchases.

<sup>2</sup> The return after charges is calculated as the return after operating charges per share divided by the opening net asset value per share.

<sup>3</sup> Operating charges, otherwise known as the OCF is the ratio of the Sub-fund's total disclosable costs (excluding securities lending fees and overdraft interest) to the average net assets of the Sub-fund. The OCF is intended to provide a reliable figure which gives the most accurate measure of what it costs to invest in a Sub-fund and is calculated based on the last period's figures. Included within the OCF are synthetic costs which includes the OCF of the underlying funds weighted on the basis of their investment proportion. A detailed breakdown of the OCF per share class is shown on page 96.

## 7IM BALANCED FUND

### FUND INFORMATION (continued)

#### Comparative Tables (continued)

##### Class D Accumulation

	30.11.18 (pence per share)	30.11.17 (pence per share)	30.11.16 (pence per share)
<b>Change in Net Asset Value Per Share</b>			
Opening net asset value per share	208.58	195.96	183.96
Return before operating charges*	(3.56)	16.41	15.38
Operating charges (calculated on average price)	(3.88)	(3.79)	(3.38)
Return after operating charges*	(7.44)	12.62	12.00
Distributions	(2.37)	(2.31)	(2.11)
Retained distributions on accumulation shares	2.37	2.31	2.11
Closing net asset value per share	201.14	208.58	195.96
* After direct transaction costs of: <sup>1</sup>	0.06	0.04	0.07

#### Performance

Return after charges <sup>2</sup>	(3.57)%	6.44%	6.52%
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#### Other Information

Closing net asset value (£'000)	16,042	18,029	19,364
Closing number of shares	7,975,230	8,643,529	9,881,581
Operating charges <sup>3</sup>	1.86%	1.85%	1.84%
Direct transaction costs	0.03%	0.02%	0.04%

#### Prices

Highest share price	213.81	209.90	200.09
Lowest share price	199.25	195.31	166.38

<sup>1</sup> Direct transaction costs are stated after deducting the proportion of the amounts collected from dilution adjustments or dilution levies that relate to direct transaction costs. A negative transaction costs figure might arise where there is a timing difference between inflows and the settlement of the resultant purchases.

<sup>2</sup> The return after charges is calculated as the return after operating charges per share divided by the opening net asset value per share.

<sup>3</sup> Operating charges, otherwise known as the OCF is the ratio of the Sub-fund's total disclosable costs (excluding securities lending fees and overdraft interest) to the average net assets of the Sub-fund. The OCF is intended to provide a reliable figure which gives the most accurate measure of what it costs to invest in a Sub-fund and is calculated based on the last period's figures. Included within the OCF are synthetic costs which includes the OCF of the underlying funds weighted on the basis of their investment proportion. A detailed breakdown of the OCF per share class is shown on page 96.



## 7IM BALANCED FUND

### FUND INFORMATION (continued)

#### Comparative Tables (continued)

##### Class S Income

	30.11.18 (pence per share)	30.11.17 (pence per share)	30.11.16 (pence per share)
<b>Change in Net Asset Value Per Share</b>			
Opening net asset value per share	117.18	110.90	104.83
Return before operating charges*	(2.00)	9.29	8.76
Operating charges (calculated on average price)	(1.30)	(1.28)	(1.15)
Return after operating charges*	(3.30)	8.01	7.61
Distributions on income shares	(1.74)	(1.73)	(1.54)
Closing net asset value per share	112.14	117.18	110.90
* After direct transaction costs of: <sup>1</sup>	0.03	0.02	0.04

##### Performance

Return after charges <sup>2</sup>	(2.82)%	7.22%	7.26%
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##### Other Information

Closing net asset value (£'000)	10,165	11,018	11,674
Closing number of shares	9,064,288	9,402,313	10,527,344
Operating charges <sup>3</sup>	1.11%	1.10%	1.09%
Direct transaction costs	0.03%	0.02%	0.04%

##### Prices

Highest share price	120.24	118.96	114.07
Lowest share price	112.04	110.53	94.95

<sup>1</sup> Direct transaction costs are stated after deducting the proportion of the amounts collected from dilution adjustments or dilution levies that relate to direct transaction costs. A negative transaction costs figure might arise where there is a timing difference between inflows and the settlement of the resultant purchases.

<sup>2</sup> The return after charges is calculated as the return after operating charges per share divided by the opening net asset value per share.

<sup>3</sup> Operating charges, otherwise known as the OCF is the ratio of the Sub-fund's total disclosable costs (excluding securities lending fees and overdraft interest) to the average net assets of the Sub-fund. The OCF is intended to provide a reliable figure which gives the most accurate measure of what it costs to invest in a Sub-fund and is calculated based on the last period's figures. Included within the OCF are synthetic costs which includes the OCF of the underlying funds weighted on the basis of their investment proportion. A detailed breakdown of the OCF per share class is shown on page 96.

## 7IM BALANCED FUND

### FUND INFORMATION (continued)

#### Comparative Tables (continued)

##### Class S Accumulation

	30.11.18 (pence per share)	30.11.17 (pence per share)	30.11.16 (pence per share)
<b>Change in Net Asset Value Per Share</b>			
Opening net asset value per share	123.88	115.51	107.62
Return before operating charges*	(2.13)	9.70	9.07
Operating charges (calculated on average price)	(1.38)	(1.33)	(1.18)
Return after operating charges*	(3.51)	8.37	7.89
Distributions	(1.85)	(1.81)	(1.59)
Retained distributions on accumulation shares	1.85	1.81	1.59
Closing net asset value per share	120.37	123.88	115.51
* After direct transaction costs of: <sup>1</sup>	0.03	0.02	0.04

#### Performance

Return after charges <sup>2</sup>	(2.83)%	7.25%	7.33%
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#### Other Information

Closing net asset value (£'000)	75,179	71,058	76,685
Closing number of shares	62,458,901	57,360,620	66,386,884
Operating charges <sup>3</sup>	1.11%	1.10%	1.09%
Direct transaction costs	0.03%	0.02%	0.04%

#### Prices

Highest share price	127.13	124.60	117.86
Lowest share price	119.22	115.14	97.48

<sup>1</sup> Direct transaction costs are stated after deducting the proportion of the amounts collected from dilution adjustments or dilution levies that relate to direct transaction costs. A negative transaction costs figure might arise where there is a timing difference between inflows and the settlement of the resultant purchases.

<sup>2</sup> The return after charges is calculated as the return after operating charges per share divided by the opening net asset value per share.

<sup>3</sup> Operating charges, otherwise known as the OCF is the ratio of the Sub-fund's total disclosable costs (excluding securities lending fees and overdraft interest) to the average net assets of the Sub-fund. The OCF is intended to provide a reliable figure which gives the most accurate measure of what it costs to invest in a Sub-fund and is calculated based on the last period's figures. Included within the OCF are synthetic costs which includes the OCF of the underlying funds weighted on the basis of their investment proportion. A detailed breakdown of the OCF per share class is shown on page 96.

## 7IM BALANCED FUND

### FUND INFORMATION (continued)

#### Ongoing Charges Figures

As at 30 November 2018

	<b>Class A</b>	<b>Class B</b>	<b>Class C</b>	<b>Class D</b>	<b>Class S</b>
ACD's periodic charge	1.40%	1.15%	0.90%	1.40%	0.65%
Other expenses	0.04%	0.04%	0.04%	0.04%	0.04%
	1.44%	1.19%	0.94%	1.44%	0.69%
Collective investment scheme costs	0.42%	0.42%	0.42%	0.42%	0.42%
Ongoing Charges Figure	1.86%	1.61%	1.36%	1.86%	1.11%

As at 30 November 2017

	<b>Class A</b>	<b>Class B</b>	<b>Class C</b>	<b>Class D</b>	<b>Class S</b>
ACD's periodic charge	1.40%	1.15%	0.90%	1.40%	0.65%
Other expenses	0.06%	0.06%	0.06%	0.06%	0.06%
	1.46%	1.21%	0.96%	1.46%	0.71%
Collective investment scheme costs	0.39%	0.39%	0.39%	0.39%	0.39%
Ongoing Charges Figure	1.85%	1.60%	1.35%	1.85%	1.10%

The Ongoing Charges Figure ('OCF') represents the total operating expenses of the Sub-fund, expressed as a percentage of the average net assets during the accounting year.

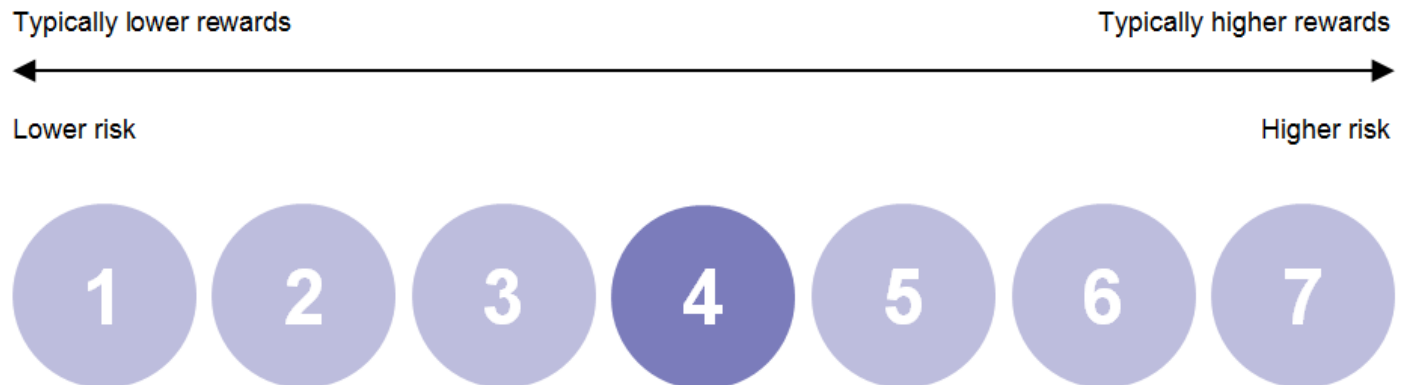
The collective investment scheme costs represent the OCFs, or a reasonable substitute, of the underlying funds which are held as portfolio investments. Their inclusion has been calculated on a weighted basis against the Sub-fund's net assets at the balance sheet date.

The Sub-fund undertakes securities lending and receives 70% of the revenue generated and the remaining 30% is received by Northern Trust as the securities lending agent. As securities lending revenue sharing does not increase the costs of running the Sub-fund, this has been excluded from the Other expenses and thus excluded from the Ongoing Charges Figures.

# 7IM BALANCED FUND

## FUND INFORMATION (continued)

### Synthetic Risk and Reward Indicator



This indicator shows how much a sub-fund has risen and fallen in the past, and therefore how much a fund's returns have varied. It is a measure of a fund's volatility. The higher a sub-fund's past volatility the higher the number on the scale and the greater the risk that investors in that sub-fund may have made losses as well as gains. The lowest number on the scale does not mean that a sub-fund is risk free.

This indicator is based on historical data and may not be a reliable indication of the future risk profile of this Sub-fund. The risk and reward profile shown is not guaranteed to remain the same and may change over time.

The risk and reward indicator shown above is as at the date of publication of the annual report and financial statements, the risk and reward indicator as at the year end date 30 November 2018 was 4.

### Fund performance to 30 November 2018 (%)

	1 year	3 years	5 years
7IM Balanced Fund <sup>1</sup>	(3.23)	10.89	20.15

<sup>1</sup> Source: Bloomberg

The performance of the Sub-fund is based on the published price per 'C' Accumulation share which includes reinvested income.

Details of the distributions per share for the period are shown in the Distribution Tables on pages 120 to 122.

# 7IM BALANCED FUND

## PORTFOLIO STATEMENT

as at 30 November 2018

Holding	Portfolio of Investment	Value	30.11.18
		£	%
	<b>ALTERNATIVES 14.74% (22.53%)</b>		
	<b>Alternative Strategies 11.25% (16.65%)</b>		
261,988	Angel Oak Multi-Strategy Income Fund <sup>1</sup>	20,733,733	2.88
8,000,000	BNP Paribas DR Alpha ex-Agriculture & Livestock Index 2021 <sup>2</sup>	6,331,007	0.88
7,270,085	Dexion Absolute EUR <sup>3</sup>	–	–
24,373,723	F&C Global Equity Market Neutral 3 Acc <sup>1</sup>	14,987,402	2.08
11,720	Goldman Sachs International Warrants 31/12/2049 <sup>2</sup>	117	–
97,326	Legg Mason Western Assets Macro Opportunities Bond USD Acc <sup>1</sup>	9,444,948	1.31
624,932	Neuberger Berman Multi Asset Risk Premia Fund 'I4' Acc <sup>1</sup>	4,385,057	0.61
3,661	NN (L) Multi Asset Factor Opportunities 'I' <sup>1</sup>	17,381,236	2.41
(165)	S&P 500 Index Put Options 1950 Mar 2019 <sup>4</sup>	(56,919)	(0.01)
165	S&P 500 Index Put Options 2600 Mar 2019 <sup>4</sup>	761,937	0.10
11,723	Societe Generale Warrants 29/11/2018 <sup>2</sup>	29,308	–
8,279,449	UK Mortgages	7,120,326	0.99
		<b>81,118,152</b>	<b>11.25</b>
	<b>Commodities 1.98% (5.88%)</b>		
19,220,000	BNP Paribas Enhanced Benchmark Commodity Index 2023 <sup>2</sup>	<b>14,247,360</b>	<b>1.98</b>
	<b>Real Estate 1.51% (0.00%)</b>		
5,159,087	iShares Global Property Securities Index <sup>1</sup>	<b>10,906,309</b>	<b>1.51</b>
	<b>CASH 1.39% (3.31%)</b>		
9,979,000	Northern Trust Global Sterling Fund <sup>1</sup>	<b>9,979,000</b>	<b>1.39</b>
	<b>DEBT SECURITIES 38.33% (33.59%)</b>		
	<b>Convertible Bonds 2.18% (2.01%)</b>		
129,175	NN (L) Global Convertible Opportunities Acc <sup>1</sup>	<b>15,685,367</b>	<b>2.18</b>
	<b>Emerging Market Bonds 6.65% (8.12%)</b>		
386,616	Babson Capital Emerging Markets Local Debt <sup>1</sup>	29,471,349	4.09
18,227,221	Legal & General Emerging Markets Government Bond USD Index Fund <sup>1</sup>	11,889,616	1.65
9,964	TCW Emerging Markets <sup>1</sup>	6,601,442	0.91
		<b>47,962,407</b>	<b>6.65</b>
	<b>Gilts 3.58% (0.65%)</b>		
£1,600,000	Export Development Canada 1.875% 2018	1,600,560	0.22
£2,000,000	Nordic Investment Bank 5.25% 2019	2,082,076	0.29
£4,440,000	UK Gilt 4.00% 2022	4,896,978	0.68
£2,700,000	UK Gilt 4.25% 2046	3,967,410	0.55
£4,220,000	UK Gilt 4.25% 2055	6,728,798	0.93
£4,740,000	UK Gilt 4.50% 2034	6,532,668	0.91
		<b>25,808,490</b>	<b>3.58</b>
	<b>Global Corporate Bonds 4.59% (2.39%)</b>		
144,625	Legg Mason Western Asset Structured Opportunities Fund USD Acc <sup>1</sup>	14,553,171	2.02
173,589	PFS TwentyFour Dynamic Bond <sup>1</sup>	18,559,404	2.57
		<b>33,112,575</b>	<b>4.59</b>

## 7IM BALANCED FUND

### PORTFOLIO STATEMENT (continued)

as at 30 November 2018

Holding	Portfolio of Investment	Value	30.11.18
		£	%
	<b>Global Government Bonds 7.13% (8.05%)</b>		
€1,738,000	Bundesrepublik Deutschland 0.25% 2027	1,565,861	0.22
€2,824,000	Bundesrepublik Deutschland 2.25% 2021	2,713,923	0.38
€489,000	Bundesrepublik Deutschland 2.5% 2046	600,245	0.08
€597,000	Bundesrepublik Deutschland 4% 2037	828,500	0.12
€1,968,000	France Government 3% 2022	1,954,075	0.27
€601,000	France Government 5.75% 2032	870,667	0.12
€902,000	French Republic 2.75% 2027	961,736	0.13
€546,000	French Republic 3.25% 2045	667,828	0.09
€1,780,000	Italy Buoni Polien 3.75% 2021	1,679,147	0.23
€360,000	Italy Buoni Polien 5% 2040	373,892	0.05
€783,000	Italy Buoni Polien 5.25% 2029	823,189	0.12
€727,000	Italy Buoni Polien 6% 2031	816,361	0.11
¥1,115,000,000	Japan Government 0.1% 2021	7,743,501	1.08
¥530,000,000	Japan Government 0.1% 2027	3,684,941	0.51
¥543,000,000	Japan Government 0.4% 2036	3,704,024	0.51
¥278,000,000	Japan Government 0.9% 2057	1,895,410	0.26
€326,000	Spain Government 4.7% 2041	405,613	0.06
€353,000	Spain Government 5.75% 2032	461,152	0.06
€979,000	Spain Government 5.85% 2022	1,031,746	0.14
€462,000	Spain Government 6% 2029	584,732	0.08
US\$5,000,000	US Treasury Notes 1.625% 2026	3,567,993	0.50
US\$8,850,000	US Treasury Notes 2.375% 2023	6,806,465	0.95
US\$4,000,000	US Treasury Notes 2.5% 2045	2,680,690	0.37
US\$6,300,000	US Treasury Notes 3.5% 2020	4,988,246	0.69
		<b>51,409,937</b>	<b>7.13</b>
	<b>Global High Yield Bonds 4.08% (5.16%)</b>		
134,914	Babson Capital US High Yield Bond <sup>1</sup>	13,287,264	1.84
1,977,620	Blackstone GSO Loan Financing (Jersey)	1,463,319	0.20
20,235,328	Carador Income	9,994,712	1.39
2,526,754	CVC Credit Partners European Opportunities GBP	2,817,331	0.39
2,799,576	Fair Oaks Income 2017	1,854,678	0.26
		<b>29,417,304</b>	<b>4.08</b>
	<b>Global Inflation Linked Bonds 2.01% (0.00%)</b>		
1,441,536	iShares Global Inflation-Linked Bond Index <sup>1</sup>	<b>14,518,203</b>	<b>2.01</b>
	<b>Short Term Sterling Bonds 4.08% (1.74%)</b>		
£4,810,000	Bank Nederlandse Gemeenten 5.75% 2019	4,838,273	0.67
£1,200,000	Barclays Bank 4.25% 2022	1,302,235	0.18
£1,500,000	Coventry Building Society FRN 2020	1,501,227	0.21
£7,000,000	Dexia Credit Local 0.875% 2021	6,899,977	0.96
£2,150,000	Municipality Finance 1.25% 2022	2,152,432	0.30
£1,000,000	National Australia Bank 5.125% 2021	1,097,878	0.15
£2,550,000	Nederlandse Waterschapsbank 2% Senior Notes 2018	2,551,836	0.35
£1,200,000	Reseau Ferre de France 5.5% 2021	1,346,358	0.19
£470,000	Royal Bank of Canada FRN 2021	470,654	0.07
£3,829,000	Svenska Handelsba 2.375% 2022	3,901,318	0.54
£3,350,000	Yorkshire Building Society	3,341,357	0.46
		<b>29,403,545</b>	<b>4.08</b>

## 7IM BALANCED FUND

### PORTFOLIO STATEMENT (continued)

as at 30 November 2018

Holding	Portfolio of Investment	Value £	30.11.18 %
<b>Sterling Corporate Bonds 4.03% (5.47%)</b>			
£3,000,000	DNB Boligkreditt FRN 2020	3,001,800	0.42
£6,400,000	European Investment Bank 0.875% 2021	6,370,048	0.88
131,317	PFS TwentyFour Monument Bond <sup>1</sup>	14,640,132	2.03
£5,000,000	Royal Bank of Canada FRN 2019	5,005,350	0.70
		<b>29,017,330</b>	<b>4.03</b>
<b>EQUITY 44.40% (38.13%)</b>			
<b>Asia &amp; Emerging Markets 5.89% (7.42%)</b>			
6,389,851	Hermes Asia Ex-Japan Equity 'F' <sup>1</sup>	15,969,516	2.22
893,478	Mirae Asset Asia Great Consumer Equity 'I' <sup>1</sup>	10,472,362	1.45
96,599	RWC Global Emerging Markets <sup>1</sup>	16,025,050	2.22
		<b>42,466,928</b>	<b>5.89</b>
<b>Europe (ex UK) 7.38% (9.85%)</b>			
5,288	ABB	83,830	0.01
126,180	Aegon	547,032	0.08
236	Aena SME	29,750	–
488	AerCap	20,125	–
749	Ageas	28,499	–
17,702	Amadeus IT Group	1,009,051	0.14
1,081	Anheuser-Busch InBev	65,831	0.01
15	AP Moeller - Maersk 'A'	15,599	–
2,736	ArcelorMittal	48,041	0.01
2,857	Atlas Copco	54,003	0.01
1,698	Atlas Copco 'B'	29,721	–
197	Baloise	22,657	–
34	Barry Callebaut	45,780	0.01
12,231	Bayer	709,078	0.10
589	Bayerische Motoren Werke	33,054	0.01
10,764	Bayerische Motoren Werke 'A'	686,404	0.10
28,007	BNP Paribas	1,102,964	0.15
56,989	Boliden	1,001,690	0.14
6,931,263	CF Miton European Opportunities <sup>1</sup>	11,523,918	1.60
1,759	Compagnie De St-Gobain	50,933	0.01
11,144	Continental European Selection <sup>1</sup>	11,655,079	1.62
2,168	Covestro	96,677	0.01
2,666	Daimler	116,245	0.02
2,818	Danske Bank	43,664	0.01
199	Dassault Aviation	239,500	0.03
53,597	Deutsche Lufthansa	1,026,344	0.14
85,218	Deutsche Telekom	1,171,477	0.16
3,503	DNB	47,149	0.01
789	Eiffage	59,619	0.01
1,211	Endesa	21,203	–
67,575	Engie	752,431	0.10
60,752	Eni	773,838	0.11
12,609	Ericsson 'B'	83,361	0.01
(135)	Euro Stoxx 50 Equity Index Futures December 2018 <sup>4</sup>	158,864	0.02
5,389	Fiat Chrysler Automobiles	69,902	0.01
248	Genmab	29,539	–
4,733	H Lundbeck	151,876	0.02
884	Hexagon	34,922	0.01
1,923	Holcim	67,391	0.01
35,715	Iberdrola	209,760	0.03

## 7IM BALANCED FUND

### PORTFOLIO STATEMENT (continued) as at 30 November 2018

Holding	Portfolio of Investment	Value £	30.11.18 %
	<b>Europe (ex UK) (continued)</b>		
29,841	International Consolidated Airlines	186,275	0.03
1,714	Investor 'B'	58,034	0.01
825	Klepierre	21,057	–
45,432	Koninklijke Ahold Delhaize	919,403	0.13
331	L'Oreal	61,378	0.01
1,872	Muenchener Rueckversicherungs	319,840	0.04
1,199	NN Group	40,308	0.01
4,442	Nordea Bank	31,188	–
12,000	Novartis	857,096	0.12
722,274	Old Mutual European (Ex UK) Smaller Acc <sup>1</sup>	11,199,439	1.55
6,161	Pernod Ricard	777,462	0.11
2,604	Peugeot	44,375	0.01
565	Porsche Automobil	28,066	–
5,199	Renault	284,350	0.04
22,997	Repsol	311,831	0.04
5,360	Roche Holding	1,073,517	0.15
2,034	Sandvik	23,433	–
7,972	Sanofi	564,153	0.08
1,535	SES	25,521	–
2,670	Societe Generale	76,824	0.01
1,139	Swiss Life	350,930	0.05
310	Swiss Prime Site	20,006	–
7,189	Swiss Re	512,907	0.07
5,267	Terna Rete Elettrica Nazionale	23,200	–
5,413	Total	236,505	0.03
351	Ubisoft Entertainment	22,280	–
14,275	Uniper	292,063	0.04
19,718	UPM-Kymmene	419,950	0.06
3,037	Vestas Wind Systems	179,632	0.03
2,069	Vinci	142,063	0.02
134	Volkswagen	17,178	–
3,071	Volvo 'B'	33,153	0.01
1,116	Wolters Kluwer	53,367	0.01
398	Zurich Insurance Group	97,644	0.01
		<b>53,221,229</b>	<b>7.38</b>
	<b>Frontier Markets Equity 1.04% (1.01%)</b>		
624,546	Charlemagne Magna New Frontiers Fund 'G' Acc <sup>1</sup>	<b>7,453,426</b>	<b>1.04</b>
	<b>Japan 6.85% (5.56%)</b>		
306,360	Baillie Gifford Japanese Smaller Companies Fund 'B' Acc <sup>1</sup>	15,507,966	2.15
18,392,280	GLG Japan CoreAlpha <sup>1</sup>	33,896,971	4.70
		<b>49,404,937</b>	<b>6.85</b>
	<b>North America 6.22% (6.23%)</b>		
104	Abiomed	27,061	–
19,828	Activision Blizzard	816,904	0.11
7,633	Adobe Systems	1,490,574	0.21
2,651	Affiliated Managers	231,866	0.03
915	Agnc Investment	12,712	–
830	Allergan	100,993	0.01
784	Alphabet 'C'	668,862	0.09
4,729	Altria	207,364	0.03



## 7IM BALANCED FUND

### PORTFOLIO STATEMENT (continued) as at 30 November 2018

Holding	Portfolio of Investment	Value £	30.11.18 %
	<b>North America (continued)</b>		
116	Amazon.com	152,173	0.02
2,049	American International Group	69,783	0.01
10,690	Amgen	1,695,482	0.24
3,106	Annaly Capital Management	24,473	–
624	Anthem	142,945	0.02
4,084	Apple	574,866	0.08
2,493	Applied Materials	71,418	0.01
609	Aptiv	34,138	0.01
131	Assurant	10,041	–
338	AvalonBay Communities	49,837	0.01
621	Best Buy	31,179	–
2,336	Biogen	598,038	0.08
497	Boeing	133,413	0.02
130	Booking Holdings	190,098	0.03
479	Broadcom	88,545	0.01
7,271	Cadence Design Systems	251,506	0.04
8,223	Capital One Financial	572,806	0.08
10,274	Celgene	565,050	0.08
10,656	Chevron	992,833	0.14
1,398	Cigna	243,891	0.03
14,405	Cisco Systems	534,639	0.07
6,246	Citigroup	317,760	0.04
2,143	Citizens Financial Group	60,535	0.01
2,071	Colgate-Palmolive	102,324	0.01
58,497	Comcast 'A'	1,807,880	0.25
4,161	ConocoPhillips	218,179	0.03
232	Continental Resources	8,434	–
11,049	CSX	621,620	0.09
384	Cummins	44,608	0.01
510	CVS Health	31,997	–
1,642	Dell Technologies 'V'	136,445	0.02
215	Duke Energy	14,764	–
1,047	Eaton	62,393	0.01
17,281	eBay	399,814	0.06
741	Electronic Arts	50,188	0.01
2,389	Eli Lilly & Company	219,065	0.03
25,798	Emerson Electric	1,361,398	0.19
1,236	EOG Resources	102,213	0.01
603	Estee Lauder	66,890	0.01
14,193	Evergy	654,625	0.09
5,069	Exxon Mobil	314,195	0.04
1,174	F5 Networks	159,712	0.02
5,230	FNF	136,050	0.02
8,662	Ford Motor	63,632	0.01
9,533	Fortinet	552,324	0.08
97,018	Freeport-McMoRan	898,301	0.13
545	Gap	11,383	–
1,024	General Motors	29,520	–
27,595	Gilead Sciences	1,507,502	0.21
1,135	HCP	25,628	–
1,894	Honeywell International	216,440	0.03
5,066	Humana	1,311,599	0.18
35,167	Intel	1,314,868	0.18
9,064	Intuit	1,486,553	0.21
258	JM Smucker	20,919	–
25,811	Juniper Networks	578,344	0.08

## 7IM BALANCED FUND

### PORTFOLIO STATEMENT (continued)

as at 30 November 2018

Holding	Portfolio of Investment	Value £	30.11.18 %
	<b>North America (continued)</b>		
1,012	Kimco Realty	12,631	–
3,846	Kinder Morgan	50,868	0.01
345	KLA-Tencor	26,150	–
4,001	Las Vegas Sands	170,799	0.02
1,326	Liberty Global	25,314	–
376	Liberty Property Trust	13,086	–
13,833	Lincoln National	677,497	0.09
801	LyondellBasell Industries	58,416	0.01
691	Maxim Integrated Products	29,980	–
4,083	Merck & Co	249,397	0.04
2,162	MetLife	75,242	0.01
32,742	Michael Kors Holdings	1,124,086	0.16
47,750	Micron Technology	1,419,210	0.20
1,444	Microsoft	124,735	0.02
5,511	Molson Coors Brewing	277,948	0.04
4,316	Mondelez International	150,679	0.02
671	NetApp	35,452	0.01
1,221	Newell Rubbermaid	22,783	–
1,265	Newmont Mining	32,074	0.01
1,698	NextEra Energy	235,790	0.03
3,454	Nike	201,310	0.03
5,220	NXP Semiconductors	339,269	0.05
24,598	Occidental Petroleum	1,367,691	0.19
1,363	OGE Energy	41,569	0.01
7,823	Oracle	293,784	0.04
225	Palo Alto Networks	31,073	–
19,192	Pentair	638,730	0.09
14,146	Pfizer	504,731	0.07
1,263	PG&E	26,518	–
3,884	Philip Morris International	264,892	0.04
15,132	PNC Financial Services Group	1,585,686	0.22
5,061	Procter & Gamble	368,296	0.05
754	Prologis	39,713	0.01
6,031	Prudential Financial	439,121	0.06
3,440	Qualcomm	156,722	0.02
130	Ralph Lauren	11,343	–
2,913	Regions Financial	37,021	0.01
295	Robert Half International	14,284	–
295	Rockwell Automation	39,723	0.01
415	Royal Caribbean Cruises	36,317	0.01
462	S&P 500 E-mini Futures December 2018 <sup>4</sup>	(2,122,106)	(0.29)
1,837	Salesforce.com	201,285	0.03
445	Skyworks Solutions	24,847	–
365	Southwest Airlines	15,230	–
63,893	Synchrony Financial	1,300,402	0.18
367	Synopsys	25,755	–
22,712	Target	1,267,100	0.18
27,010	T-Mobile	1,453,945	0.20
13,404	Union Pacific	1,581,367	0.22
1,625	UnitedHealth	359,972	0.05
6,969	Unum	198,771	0.03
476	Valero Energy	29,657	–
156,929	Vereit	937,514	0.13
3,285	VMware	415,576	0.06
24,590	Walgreens Boots Alliance	1,635,606	0.23
7,671	Wal-Mart Stores	585,053	0.08

## 7IM BALANCED FUND

### PORTFOLIO STATEMENT (continued) as at 30 November 2018

Holding	Portfolio of Investment	Value £	30.11.18 %
<b>North America (continued)</b>			
718	Western Digital	25,618	–
4,097	WestRock	148,847	0.02
		<b>44,825,961</b>	<b>6.22</b>
<b>United Kingdom 17.02% (8.06%)</b>			
30,094	Anglo American	474,161	0.07
151,641	Antofagasta	1,227,079	0.17
3,719,615	Artemis UK Select <sup>1</sup>	18,943,255	2.63
7,660	Associated British Foods	186,981	0.03
7,439	AstraZeneca	457,647	0.06
226,706	Auto Trader Group	995,239	0.14
339,546	Aviva	1,374,822	0.19
5,372	Babcock International	30,943	–
21,010	Barratt Developments	96,352	0.01
2,378	Berkeley Group	76,048	0.01
40,470	BHP	612,797	0.09
622,979	BP	3,240,737	0.45
14,375	British American Tobacco	392,509	0.05
17,052	British Land	94,604	0.01
7,830	Bunzl	191,209	0.03
8,888	Burberry	158,651	0.02
12,756	Carnival	584,863	0.08
319,941	Centrica	440,079	0.06
213,137	ConvaTec Group	323,542	0.04
9,131	Diageo	258,179	0.04
103,376	Direct Line Insurance Group	337,316	0.05
66	FTSE 100 Index Futures December 2018 <sup>4</sup>	(235,169)	(0.03)
236,344	G4S	458,507	0.06
107,703	GlaxoSmithKline	1,725,402	0.24
247,251	HSBC Holdings	1,632,846	0.23
65,210	Imperial Tobacco Group	1,557,541	0.22
4,932	Intertek Group	235,750	0.03
340,464	J Sainsbury	1,038,415	0.14
15,385	Land Securities	125,049	0.02
363,375	Legal & General Group	890,269	0.12
14,781	London Stock Exchange	599,222	0.08
15,058,455	Majedie UK Focus <sup>1</sup>	29,470,903	4.09
218,650	Marks & Spencer	648,734	0.09
36,875	Mediclinic International	132,271	0.02
217,321	Meggitt	1,128,765	0.16
9,382	Micro Focus International	145,046	0.02
64,533	National Grid	539,044	0.07
27,557	Pearson	266,641	0.04
56,072	Persimmon	1,072,097	0.15
1,958,348	Polar Capital Funds - UK Value Opportunities <sup>1</sup>	21,345,990	2.96
18,897	Randgold Resources	1,199,581	0.17
3,398	Reckitt Benckiser Group	223,860	0.03
66,627	RELX	1,099,012	0.15
20,800	Rio Tinto	743,600	0.10
52,885	Royal Dutch Shell 'A'	1,255,754	0.17
80,542	Royal Dutch Shell 'B'	1,941,868	0.27
205,712	Royal Mail	654,781	0.09
2,579	Schroders	65,739	0.01
19,421	Shire	872,003	0.12
67,467	Smith & Nephew	960,393	0.13

## 7IM BALANCED FUND

### PORTFOLIO STATEMENT (continued) as at 30 November 2018

		Value £	30.11.18 %
<b>Holding</b>	<b>Portfolio of Investment</b>		
	<b>United Kingdom (continued)</b>		
106,206	St James's Place	1,066,839	0.15
24,774	Standard Chartered	148,842	0.02
176,122	Taylor Wimpey	236,003	0.03
296,903	Tesco	587,719	0.08
3,155,110	Threadneedle UK Extended Alpha Fund <sup>1</sup>	15,248,015	2.12
23,482	Travis Perkins	257,480	0.04
676	Unilever	28,929	–
950,876	Vodafone Group	1,598,423	0.22
501,767	WM Morrison Supermarkets	1,196,965	0.17
4,915	WPP	42,210	0.01
		<b>122,702,352</b>	<b>17.02</b>
	<b>PRIVATE EQUITY 1.18% (1.50%)</b>		
415,459	Pantheon International Participation	<b>8,475,364</b>	<b>1.18</b>
	<b>FORWARD CURRENCY CONTRACTS -0.68% (0.82%)</b>		
€(61,400,000)	Vs £55,043,872 Expiry 15.02.2019	156,542	0.02
€(6,600,000)	Vs £5,850,247 Expiry 15.02.2019	(49,695)	(0.01)
¥(2,300,000,000)	Vs £15,771,789 Expiry 21.12.2018	(128,030)	(0.02)
¥(2,750,000,000)	Vs £18,539,742 Expiry 21.12.2018	(470,910)	(0.06)
US\$(258,300,000)	Vs £196,406,439 Expiry 18.01.2019	(5,575,947)	(0.77)
¥800,000,000	Vs £(5,498,047) Expiry 21.12.2018	32,324	–
¥295,000,000	Vs £(2,010,770) Expiry 21.12.2018	28,555	–
US\$26,000,000	Vs £(19,782,845) Expiry 18.01.2019	548,328	0.08
US\$20,000,000	Vs £(15,387,989) Expiry 18.01.2019	251,375	0.04
US\$12,000,000	Vs £(9,168,053) Expiry 18.01.2019	215,566	0.03
US\$9,500,000	Vs £(7,342,030) Expiry 18.01.2019	86,667	0.01
US\$3,200,000	Vs £(2,489,310) Expiry 18.01.2019	12,989	–
		<b>(4,892,236)</b>	<b>(0.68)</b>
	<b>Portfolio of investment</b>	<b>716,243,940</b>	<b>99.36</b>
	Net other assets	4,634,872	0.64
	<b>Net assets</b>	<b>720,878,812</b>	<b>100.00</b>

Comparative figures shown in brackets relate to 30 November 2017.

All investments are ordinary shares listed on a regulated market unless stated otherwise.

<sup>1</sup> Collective investment scheme

<sup>2</sup> Structured product

<sup>3</sup> Delisted security

<sup>4</sup> Derivative contract

	30.11.18 %	30.11.17 %
<b>Credit Quality</b>		
Investment grade debt securities	16.79	14.11
Non-rated debt securities	2.86	4.05
Other investments	79.71	81.72
Net other assets	0.64	0.12
	<b>100.00</b>	<b>100.00</b>

## 7IM BALANCED FUND

### STATEMENT OF TOTAL RETURN

for the year ended 30 November 2018

	Notes	£	30.11.18 £	£	30.11.17 £
Income					
Net capital (losses)/gains	4		(29,875,287)		47,099,929
Revenue	5	15,105,547		15,808,675	
Expenses	6	(7,429,501)		(7,933,777)	
Interest payable and similar charges	8	(32,085)		(63,115)	
Net revenue before taxation for the year		7,643,961		7,811,783	
Taxation	7	(958,398)		(777,292)	
Net revenue after taxation for the year			6,685,563		7,034,491
<b>Total return before distributions</b>			(23,189,724)		54,134,420
Distributions	8		(10,292,485)		(10,661,074)
<b>Change in net assets attributable to shareholders from investment activities</b>			(33,482,209)		43,473,346

### STATEMENT OF CHANGE IN NET ASSETS ATTRIBUTABLE TO SHAREHOLDERS

for the year ended 30 November 2018

	£	30.11.18 £	£	30.11.17 £
<b>Opening net assets attributable to shareholders</b>		791,287,384		794,899,601
Amounts received on creation of shares <sup>1</sup>	117,139,602		109,686,788	
Amounts paid on cancellation of shares <sup>1</sup>	(162,954,226)		(165,828,881)	
		(45,814,624)		(56,142,093)
Change in net assets attributable to shareholders from investment activities		(33,482,209)		43,473,346
Retained distribution on accumulation shares		8,888,261		9,056,530
<b>Closing net assets attributable to shareholders</b>		720,878,812		791,287,384

<sup>1</sup>Stated at mid-market price.

The notes on pages 108 to 119 are an integral part of these Financial Statements.

## 7IM BALANCED FUND

### BALANCE SHEET

as at 30 November 2018

	Notes	30.11.18 £	30.11.17 £
<b>ASSETS</b>			
Fixed assets:			
Investments		724,882,716	792,169,016
Current assets:			
Debtors	9	5,693,124	3,061,405
Cash and bank balances	10	8,097,353	10,364,901
<b>Total assets</b>		<b>738,673,193</b>	<b>805,595,322</b>
<b>LIABILITIES</b>			
Investment liabilities		(8,638,776)	(1,866,772)
Creditors:			
Bank overdrafts	10	(2,998,302)	(7,264,337)
Distribution payable		(684,341)	(876,941)
Other creditors	11	(5,472,962)	(4,299,888)
<b>Total liabilities</b>		<b>(17,794,381)</b>	<b>(14,307,938)</b>
<b>Net assets attributable to shareholders</b>		<b>720,878,812</b>	<b>791,287,384</b>

The notes on pages 108 to 119 are an integral part of these Financial Statements.

# 7IM BALANCED FUND

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 November 2018

### 1 Statement of Compliance

The Sub-fund's Financial Statements have been prepared on the same basis as the Statement of Compliance disclosed on page 10.

### 2 Summary of Significant Accounting Policies

The Sub-fund's Financial Statements have been prepared on the same basis as the Summary of Significant Accounting Policies disclosed on pages 10 to 12.

### 3 Risk Management Policies

The Sub-fund's Risk Management Policies are the same as the Risk Management Policies disclosed on pages 13 to 14.

### 4 Net capital (losses)/gains

	<b>30.11.18</b>	<b>30.11.17</b>
	£	£
The net capital (losses)/gains during the year comprise:		
Non-derivative securities	(17,701,009)	35,164,473
Derivative contracts	2,326,808	(3,794,163)
Forward currency contracts	(16,166,370)	12,379,286
Currency gains	1,580,397	3,222,304
Transaction charges	(33,429)	(29,971)
AMC rebates from underlying investments	118,316	158,000
Net capital (losses)/gains	<u>(29,875,287)</u>	<u>47,099,929</u>

### 5 Revenue

	<b>30.11.18</b>	<b>30.11.17</b>
	£	£
Non-taxable dividends	7,941,563	7,832,439
Taxable dividends	4,963,329	5,878,528
Unfranked interest	1,963,993	1,966,523
AMC rebates from underlying investments	176,054	109,736
Bank interest	6,428	5,070
Stock lending revenue <sup>1</sup>	54,180	16,379
Total revenue	<u>15,105,547</u>	<u>15,808,675</u>

<sup>1</sup> Stock lending revenue is disclosed net of the security agent's share of income.

## 7IM BALANCED FUND

### NOTES TO THE FINANCIAL STATEMENTS (continued) for the year ended 30 November 2018

#### 6 Expenses

	30.11.18	30.11.17
	£	£
Payable to the ACD, associates of the ACD and agents of either of them:		
ACD's periodic charge	7,137,156	7,455,024
Other expenses	11,513	11,956
	<u>7,148,669</u>	<u>7,466,980</u>
Payable to the Depositary, associates of the Depositary and agents of either of them:		
Depositary's fees	99,157	104,697
Market risk fees	6,000	6,000
Safe custody and other bank charges	47,059	45,200
	<u>152,216</u>	<u>155,897</u>
Other Expenses:		
Advisory fees	72,690	234,536
Audit fee	8,760	8,760
Dealing and exchange fees	23,252	34,556
FCA and other Regulatory fees	300	275
Legal and professional fees	2,417	829
Printing, postage and distribution costs	16,257	26,229
Risk analysis fees	4,940	5,715
	<u>128,616</u>	<u>310,900</u>
Total expenses	<u>7,429,501</u>	<u>7,933,777</u>



## 7IM BALANCED FUND

### NOTES TO THE FINANCIAL STATEMENTS (continued) for the year ended 30 November 2018

#### 7 Taxation

	<b>30.11.18</b>	<b>30.11.17</b>
	<b>£</b>	<b>£</b>
<i>a) Analysis of charge for the year</i>		
Corporation tax at 20%	757,011	531,283
Overseas tax	201,387	246,009
	<hr/>	<hr/>
Current tax charge (note 7b)	958,398	777,292
	<hr/>	<hr/>
Total taxation	958,398	777,292
<i>b) Factors affecting current tax charge for the year</i>		
The tax assessed for the year differs from the standard rate of corporation tax in the UK for an authorised fund (20%) (2017: 20%) for the reasons explained below.		
Net revenue before taxation	7,643,961	7,811,783
	<hr/>	<hr/>
Corporation tax at 20%	1,528,792	1,562,357
Effects of:		
AMC rebates taken to capital	23,663	31,600
Double taxation relief expensed	(13,742)	(14,340)
Franked CIS revenue	(303,576)	(366,866)
Franked REIT income	(61)	(898)
Movement in revenue accruals	(347)	(11,679)
Non-taxable dividends	(977,022)	(1,075,129)
Offshore CIS revenue	(307,654)	(111,906)
Overseas tax	201,387	246,009
Tax effect on non-reporting offshore funds	806,958	518,144
	<hr/>	<hr/>
Current tax charge (note 7a)	958,398	777,292

#### *c) Deferred tax*

There is no deferred tax provision in the current year (2017: none).

#### 8 Distributions

The distributions take account of revenue received on the issue of shares and revenue deducted on cancellation of shares, and comprise:

	<b>30.11.18</b>	<b>30.11.17</b>
	<b>£</b>	<b>£</b>
Interim	4,643,563	3,969,210
Final	5,525,202	6,516,254
	<hr/>	<hr/>
	10,168,765	10,485,464
Add: Revenue deducted on cancellation of shares	428,161	530,066
Deduct: Revenue received on issue of shares	(304,441)	(354,456)
	<hr/>	<hr/>
Net distributions for the year	10,292,485	10,661,074
Interest payable and similar charges	32,085	63,115
	<hr/>	<hr/>
Total distribution	10,324,570	10,724,189

## 7IM BALANCED FUND

### NOTES TO THE FINANCIAL STATEMENTS (continued) for the year ended 30 November 2018

#### 8 Distributions (continued)

Details of the distributions per share are set out in the table on pages 120 to 122.

Distributions represented by:		
Net revenue after taxation	6,685,563	7,034,491
Allocations to capital:		
Expenses, net of tax relief	3,605,890	3,106,650
Equalisation on conversions <sup>1</sup>	1,212	1,618
Net movement in revenue account	(180)	171
Tax relief on Non Reporting Offshore Funds	–	518,144
Net distributions for the year	<u>10,292,485</u>	<u>10,661,074</u>

<sup>1</sup>Where an investor converts to a class with a higher income yield, the investor will pay or receive an equalisation as if they had held the new class throughout the period from the last distribution to the conversion date. The yield differential at the point of conversion is an equalisation which will be offset by capital erosion for the converted investor.

#### 9 Debtors

	<b>30.11.18</b>	<b>30.11.17</b>
	£	£
Amounts receivable for issue of shares	787,761	814,319
Sales awaiting settlement	2,315,648	–
Accrued revenue	2,254,666	1,794,783
AMC rebates from underlying investments	170,694	293,158
Withholding tax recoverable	164,355	159,057
Prepaid expenses	–	88
Total debtors	<u>5,693,124</u>	<u>3,061,405</u>

#### 10 Cash and bank balances

	<b>30.11.18</b>	<b>30.11.17</b>
	£	£
Cash and bank balances	3,035,698	7,533,218
Cash held at clearing houses	5,061,655	2,831,683
Total cash and bank balances	<u>8,097,353</u>	<u>10,364,901</u>
Bank overdrafts	(2,964,910)	(7,252,404)
Cash overdraft at clearing houses	(33,392)	(11,933)
Total bank overdrafts	<u>(2,998,302)</u>	<u>(7,264,337)</u>

## 7IM BALANCED FUND

### NOTES TO THE FINANCIAL STATEMENTS (continued) for the year ended 30 November 2018

#### 11 Other Creditors

	30.11.18	30.11.17
	£	£
Amounts payable for cancellation of shares	4,074,232	2,769,741
Purchases awaiting settlement	8,205	314,420
Accrued expenses	614,305	684,444
Corporation tax payable	757,011	531,283
Currency deals awaiting settlement	19,209	–
Total other creditors	<u>5,472,962</u>	<u>4,299,888</u>

#### 12 Related party transactions

ACD's periodic charge and other expenses payable to 7IM (the 'ACD') are disclosed in note 6.

The aggregate monies received by the ACD through the issue of shares and paid on cancellation of shares are disclosed in the Statement of Change in Net Assets Attributable to Shareholders on page 106.

A shareholder may be able to exercise significant influence over the financial and operating policies of the sub-fund and as such is deemed to be a related party. At the balance sheet date the following shareholder held in excess of 20% of the shares in issue of the sub-fund:

Pershing Nominees Limited	56.06% (2017: 53.34%)
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Where the Sub-fund invests in another Sub-fund of the ICVC or any other collective investment scheme managed by the ACD it is referenced in the Portfolio Statement of the Sub-fund.

#### 13 Classes of Shares

The Sub-fund has five share classes: 'A', 'B', 'C', 'D' and 'S'. The annual management charge on each class are as follows:

Class A	1.40%
Class B	1.15%
Class C	0.90%
Class D	1.40%
Class S	0.65%

The following table shows the shares in issue during the year:

Class	Opening Shares	Shares Created	Shares Liquidated	Shares Converted	Closing Shares
Class A Income	13,952	–	(7,894)	–	6,058
Class A Accumulation	4,670,392	47,557	(448,625)	–	4,269,324
Class B Accumulation	48,504,664	1,010,700	(8,098,104)	–	41,417,260
Class C Income	49,573,035	4,142,202	(10,762,271)	641,301	43,594,267
Class C Accumulation	217,027,649	39,880,236	(44,536,549)	(5,252,606)	207,118,730
Class D Income	1,170,597	2,061	(765,853)	–	406,805
Class D Accumulation	8,643,529	861,323	(1,529,622)	–	7,975,230
Class S Income	9,402,313	320,871	(707,709)	48,813	9,064,288
Class S Accumulation	57,360,620	13,145,062	(16,488,567)	8,441,786	62,458,901

## 7IM BALANCED FUND

### NOTES TO THE FINANCIAL STATEMENTS (continued) for the year ended 30 November 2018

#### 14 Contingent liabilities and commitments

There are no contingent liabilities or unrecorded outstanding commitments at the balance sheet date (2017: none).

#### 15 Risks Disclosures

The main risks from the Sub-fund's holding of financial instruments, together with the ACD's policy for managing these risks are detailed in note 3 on pages 13 to 14. Further analysis and numeric disclosure of interest rate risk, foreign currency risk and derivatives are shown below.

##### i. Interest rate risk

The table below shows the direct interest rate risk profile:

Interest rate exposure as at 30 November 2018

	Floating Rate Financial Assets £	Fixed Rate Financial Assets £	Financial Assets not carrying interest £	Total £
Danish krone	–	–	440,824	440,824
Euro	743,213	16,338,667	15,558,565	32,640,445
Japanese yen	–	17,027,876	7,578,307	24,606,183
Norwegian krone	–	–	49,391	49,391
Swedish krona	–	–	1,349,505	1,349,505
Swiss franc	47,886	–	3,243,288	3,291,174
US dollar	1,540,069	38,621,761	279,026,386	319,188,216
Pound sterling	29,065,573	56,268,846	624,907,626	710,242,045
	31,396,741	128,257,150	932,153,892	1,091,807,783

	Floating Rate Financial Liabilities £	Financial Liabilities not carrying interest £	Total £
Euro	(742,656)	(60,787,271)	(61,529,927)
Japanese yen	–	(34,910,472)	(34,910,472)
Swiss franc	(47,886)	–	(47,886)
US dollar	(1,503,688)	(204,161,411)	(205,665,099)
Pound sterling	(704,071)	(68,071,516)	(68,775,587)
	(2,998,301)	(367,930,670)	(370,928,971)

## 7IM BALANCED FUND

### NOTES TO THE FINANCIAL STATEMENTS (continued) for the year ended 30 November 2018

#### 15 Risks Disclosures (continued)

##### i. Interest rate risk (continued)

Interest rate exposure as at 30 November 2017

	<b>Floating Rate Financial Assets £</b>	<b>Fixed Rate Financial Assets £</b>	<b>Financial Assets not carrying interest £</b>	<b>Total £</b>
Danish krone	–	–	1,587,738	1,587,738
Euro	671,592	–	28,303,501	28,975,093
Japanese yen	1,299	–	13,095,410	13,096,709
Norwegian krone	–	–	95,749	95,749
Swedish krona	–	–	730,124	730,124
Swiss franc	172,938	–	4,502,621	4,675,559
US dollar	23,294,721	71,373,087	314,797,247	409,465,055
Pound sterling	55,955,411	28,766,266	638,914,073	723,635,750
	<b>80,095,961</b>	<b>100,139,353</b>	<b>1,002,026,463</b>	<b>1,182,261,777</b>

	<b>Floating Rate Financial Liabilities £</b>	<b>Financial Liabilities not carrying interest £</b>	<b>Total £</b>
Euro	(681,733)	(33,456,827)	(34,138,560)
Japanese yen	–	(8,079,976)	(8,079,976)
Swiss franc	(45,936)	–	(45,936)
US dollar	(1,151,185)	(323,302,243)	(324,453,428)
Pound sterling	(5,385,483)	(18,871,010)	(24,256,493)
	<b>(7,264,337)</b>	<b>(383,710,056)</b>	<b>(390,974,393)</b>

The floating rate financial assets and liabilities comprise bank balances and bank overdraft positions which earn or pay interest at rates linked to the Bank of England base rate or its international equivalents, index-linked securities that earn interest at rates adjusted by changes in the UK Retail Prices Index (RPI) or its international equivalent and collective investment schemes that pay UK interest distributions.

<b>Currency</b>	<b>Fixed Rate Financial Assets</b>			
	<b>Weighted average interest rate</b>		<b>Weighted average period for which rate is fixed</b>	
	<b>30.11.18 %</b>	<b>30.11.17 %</b>	<b>30.11.18 Years</b>	<b>30.11.17 Years</b>
Euro	0.84	–	9	–
Japanese yen	0.15	–	11	–
Pound sterling	1.43	0.81	10	1
US dollar	1.76	1.47	6	7

The average effective duration of the Sub-fund's portfolio is a measure of the sensitivity of the fair value of the Sub-fund's bond portfolio (excludes all other investments) to changes in market interest rates. As at 30 November 2018, the average weighted effective duration was 2.42 years (30 November 2017 1.68 years).

## 7IM BALANCED FUND

### NOTES TO THE FINANCIAL STATEMENTS (continued) for the year ended 30 November 2018

#### 15 Risks Disclosures (continued)

##### ii. Foreign currency risk

The table below shows the direct foreign currency risk profile:

Foreign currency risk exposure as at 30 November 2018

Currency	Monetary Exposure £	Non-Monetary Exposure £	Total £
Danish krone	20,514	420,310	440,824
Euro	221,857	(29,111,339)	(28,889,482)
Japanese yen	8,610	(10,312,899)	(10,304,289)
Norwegian krone	2,242	47,149	49,391
Swedish krona	–	1,349,505	1,349,505
Swiss franc	111,530	3,131,758	3,243,288
US dollar	210,540	113,312,577	113,523,117
	575,293	78,837,061	79,412,354
Pound sterling	14,038,578	627,427,880	641,466,458
Net assets	14,613,871	706,264,941	720,878,812

Foreign currency risk exposure as at 30 November 2017

Currency	Monetary Exposure £	Non-Monetary Exposure £	Total £
Danish krone	16,837	1,570,901	1,587,738
Euro	54,426	(5,217,893)	(5,163,467)
Japanese yen	1,299	5,015,434	5,016,733
Norwegian krone	9,318	86,431	95,749
Swedish krona	1,855	728,269	730,124
Swiss franc	212,760	4,416,863	4,629,623
US dollar	420,909	84,590,718	85,011,627
	717,404	91,190,723	91,908,127
Pound sterling	26,465,736	672,913,521	699,379,257
Net assets	27,183,140	764,104,244	791,287,384

##### iii. Derivatives

The derivatives held by the Sub-fund during the year were for the purposes of meeting the investment objectives of the Sub-fund and for efficient portfolio management.

The Sub-fund must at any time, be capable of meeting all of its payment and delivery obligations incurred in respect of its Financial Derivatives Instruments transactions. The Investment Manager uses a risk management technique known as absolute value-at-risk ('VaR') to measure the Sub-fund's global exposure. VaR is an advanced risk measurement methodology used to assess the Sub-fund's global exposure as set out in the Sub-fund's Risk Management Process.

The Sub-fund measures risk using the absolute value at risk approach. The Sub-fund's expected level of leverage (calculated as the sum of the notionals) under normal market circumstances is expected to be generally in the range of 100% to 230% of the Sub-fund's Net Asset Value and is not expected to exceed 360%. It is possible that there may be higher leverage levels from time to time during abnormal market conditions.

The lowest, highest and average leverage utilisation in the accounting year ended 30 November 2018 was 155%, 285% and 191% respectively (30 November 2017: 135%, 318% and 194% respectively).

## 7IM BALANCED FUND

### NOTES TO THE FINANCIAL STATEMENTS (continued) for the year ended 30 November 2018

#### 15 Risks Disclosures (continued)

##### iii. Derivatives (continued)

VaR is calculated for the funds under the parametric method. The time horizon for the calculation is 1 day, using a 99% confidence level. The methodology is derived from MSCI's Barra risk engine and blends the VaR produced from two different risk models, namely MSCI Barra Integrated Model: Long Version (BIM303L) and MSCI Barra Ultra-Short Model (BIM303 51d HL). The former applies a 1 year half-life (exponential weighting) for calculating volatilities and 3 years for correlations; the latter applies a 10 week half-life for both volatilities and correlations. Both models natively cover around 104K global equity securities; 500K sovereign and corporate bonds; 900k municipal, 2,200K structured products (MBS/ABS/CMO); around 290k mutual funds; 161 currencies, 34 commodities.

The reported VaR is calculated formulaically as follows:  $VaR = 0.3 * VaR(BIM303L) + 0.7 * MAX[VaR(BIM303L), VaR(BIM303\ 51d\ HL)]$ .

The Barra models map individual portfolio positions onto the Barra set of risk factors in order to backfill for a time series of volatility. The VaR numbers calculated by BIM303L and BIM303 51d HL are derived from daily volatility numbers, multiplied by an appropriate 99% confidence interval scaling factor under the assumption of a normal distribution.

The types of derivatives held at the balance sheet date were forward foreign currency contracts, future contracts and put options. Details of individual contracts are disclosed in the Portfolio Statement and the total position by counterparty at the balance sheet date was as follows:

<b>Counterparty</b>	<b>30.11.18</b> £	<b>30.11.17</b> £
<b>Options</b>		
Chicago Board Options Exchange	705,018	311,979
<b>Futures Contracts</b>		
Chicago Mercantile Exchange	–	629,789
Eurex Deutschland	158,864	(61,057)
International Monetary Market	(2,122,106)	–
London International Financial Future Exchange	(235,169)	(1,366,208)
Osaka Securities Exchange	–	942,333
<b>Forward Currency Contracts</b>		
Northern Trust	(4,892,236)	6,454,919
<b>Total net exposure<sup>1</sup></b>	<b>(6,385,629)</b>	<b>6,911,755</b>

<sup>1</sup>Net exposure represents the mark to market value of derivative contracts less any cash collateral held. Positive exposure represents the Sub-fund's exposure to that counterparty.

## 7IM BALANCED FUND

### NOTES TO THE FINANCIAL STATEMENTS (continued) for the year ended 30 November 2018

#### 15 Risks Disclosures (continued)

##### iv. Fair value

In the opinion of the ACD, there is no material difference between the value of the financial assets and liabilities, as shown in the balance sheet, and their fair value.

Investments are categorised into the following levels based on their fair value measurement:

##### Level 1

The unadjusted quoted price in an active market for identical instruments that the entity can access at the measurement date.

##### Level 2

Valuation techniques using observable inputs other than quoted prices within Level 1 (i.e. developed using market data).

##### Level 3

Valuation techniques using unobservable inputs (i.e. for which market data is unavailable)

	Level 1 £	Level 2 £	Level 3 £	Total £
<b>30 November 2018</b>				
<b>Assets</b>				
Bonds	71,052,548	70,524,989	–	141,577,537
Collective Investment Schemes	–	445,735,523	–	445,735,523
Derivatives	920,801	1,332,346	–	2,253,147
Equities	135,287,084	29,425	–	135,316,509
<b>Total</b>	<b>207,260,433</b>	<b>517,622,283</b>	<b>–</b>	<b>724,882,716</b>
<b>Liabilities</b>				
Derivatives	<b>(2,414,194)</b>	<b>(6,224,582)</b>	<b>–</b>	<b>(8,638,776)</b>
<b>30 November 2017</b>				
<b>Assets</b>				
Bonds	62,535,109	81,137,303	–	143,672,412
Collective Investment Schemes	62,542,767	424,686,709	–	487,229,476
Derivatives	1,884,101	6,894,426	–	8,778,527
Equities	134,751,571	17,737,030	–	152,488,601
<b>Total</b>	<b>261,713,548</b>	<b>530,455,468</b>	<b>–</b>	<b>792,169,016</b>
<b>Liabilities</b>				
Derivatives	<b>(1,427,265)</b>	<b>(439,507)</b>	<b>–</b>	<b>(1,866,772)</b>



## 7IM BALANCED FUND

### NOTES TO THE FINANCIAL STATEMENTS (continued) for the year ended 30 November 2018

#### 16 Purchases, Sales and Transaction Costs

The following tables show portfolio transactions and their associated transaction costs. For more information about the nature of these costs please refer to the additional portfolio transaction cost information on page 86.

Analysis of direct transaction costs for the year ended 30 November 2018:

	Principal £'000	Commissions £'000	Taxes £'000	Total Transaction Costs £'000	Commissions % of principal	Taxes % of principal
<b>Purchases</b>						
Bonds	157,889	–	–	–	–	–
Collective Investment Schemes	535,034	–	–	–	–	–
Derivatives	1,692	–	–	–	–	–
Equities	115,930	16	175	191	0.01	0.15
<b>Total</b>	<b>810,545</b>	<b>16</b>	<b>175</b>	<b>191</b>	<b>0.01</b>	<b>0.15</b>
<b>Sales</b>						
Bonds	158,734	–	–	–	–	–
Collective Investment Schemes	502,164	–	–	–	–	–
Derivatives	13,186	–	–	–	–	–
Equities	173,952	(22)	(1)	(23)	0.01	–
<b>Total</b>	<b>848,036</b>	<b>(22)</b>	<b>(1)</b>	<b>(23)</b>	<b>0.01</b>	<b>–</b>
<b>Total as a percentage of the average NAV</b>		<b>0.01%</b>	<b>0.02%</b>	<b>0.03%</b>		

## 7IM BALANCED FUND

### NOTES TO THE FINANCIAL STATEMENTS (continued) for the year ended 30 November 2018

#### 16 Purchases, Sales and Transaction Costs (continued)

Analysis of direct transaction costs for the year ended 30 November 2017:

	<b>Principal £'000</b>	<b>Commissions £'000</b>	<b>Taxes £'000</b>	<b>Total Transaction Costs £'000</b>	<b>Commissions % of principal</b>	<b>Taxes % of principal</b>
<b>Purchases</b>						
Bonds	90,738	–	–	–	–	–
Collective Investment Schemes	471,213	–	–	–	–	–
Derivatives	20,066	–	–	–	–	–
Equities	166,787	16	105	121	0.01	0.06
<b>Total</b>	<b>748,804</b>	<b>16</b>	<b>105</b>	<b>121</b>	<b>0.01</b>	<b>0.06</b>

	<b>Principal £'000</b>	<b>Commissions £'000</b>	<b>Taxes £'000</b>	<b>Total Transaction Costs £'000</b>	<b>Commissions % of principal</b>	<b>Taxes % of principal</b>
<b>Sales</b>						
Bonds	87,189	–	–	–	–	–
Collective Investment Schemes	451,725	–	–	–	–	–
Derivatives	–	–	–	–	–	–
Equities	229,483	(42)	(2)	(44)	0.01	–
<b>Total</b>	<b>768,397</b>	<b>(42)</b>	<b>(2)</b>	<b>(44)</b>	<b>0.01</b>	<b>–</b>

**Total as a percentage of the average NAV** 0.01% 0.01% 0.02%

#### Average portfolio dealing spread

As at the balance sheet date, the average portfolio dealing spread was 0.12% (2017: 0.21%) based on close of business prices. This spread represents the difference between the values determined respectively by reference to the bid and offer prices of investments expressed as a percentage of the value determined by reference to the offer price.

#### 17 Post Balance Sheet Events

There have been no significant events since the year end that impact the Sub-fund and require disclosure in the financial statements.

## 7IM BALANCED FUND

### DISTRIBUTION TABLES

for the year ended 30 November 2018

#### Interim - in pence per share

Group 1 - Shares purchased prior to 1 December 2017

Group 2 - Shares purchased on or after 1 December 2017 and on or before 31 May 2018

	Net Revenue	Equalisation	Paid 31.07.18	Paid 31.07.17
<b>Class A Income</b>				
Group 1	0.8763	–	0.8763	0.6990
Group 2	0.8763	–	0.8763	0.6990
			<b>Allocated 31.07.18</b>	<b>Allocated 31.07.17</b>
<b>Class A Accumulation</b>				
Group 1	1.0284	–	1.0284	0.8088
Group 2	0.7093	0.3191	1.0284	0.8088
			<b>Allocated 31.07.18</b>	<b>Allocated 31.07.17</b>
<b>Class B Accumulation</b>				
Group 1	1.1855	–	1.1855	0.9494
Group 2	0.8451	0.3404	1.1855	0.9494
			<b>Allocated 31.07.18</b>	<b>Allocated 31.07.17</b>
<b>Class C Income</b>				
Group 1	1.1105	–	1.1105	0.9127
Group 2	0.6442	0.4663	1.1105	0.9127
			<b>Allocated 31.07.18</b>	<b>Allocated 31.07.17</b>
<b>Class C Accumulation</b>				
Group 1	1.3398	–	1.3398	1.0869
Group 2	0.8231	0.5167	1.3398	1.0869
			<b>Allocated 31.07.18</b>	<b>Allocated 31.07.17</b>
<b>Class D Income</b>				
Group 1	0.8814	–	0.8814	0.7013
Group 2	0.6293	0.2521	0.8814	0.7013
			<b>Allocated 31.07.18</b>	<b>Allocated 31.07.17</b>
<b>Class D Accumulation</b>				
Group 1	1.0295	–	1.0295	0.8100
Group 2	0.6102	0.4193	1.0295	0.8100
			<b>Allocated 31.07.18</b>	<b>Allocated 31.07.17</b>

## 7IM BALANCED FUND

### DISTRIBUTION TABLES (continued) for the year ended 30 November 2018

	<b>Net Revenue</b>	<b>Equalisation</b>	<b>Paid 31.07.18</b>	<b>Paid 31.07.17</b>
<b>Class S Income</b>				
Group 1	0.7668	–	0.7668	0.6378
Group 2	0.3757	0.3911	0.7668	0.6378

	<b>Net Revenue</b>	<b>Equalisation</b>	<b>Allocated 31.07.18</b>	<b>Allocated 31.07.17</b>
<b>Class S Accumulation</b>				
Group 1	0.8145	–	0.8145	0.6641
Group 2	0.5985	0.2160	0.8145	0.6641

#### Final - in pence per share

Group 1 - Shares purchased prior to 1 June 2018

Group 2 - Shares purchased on or after 1 June 2018 and on or before 30 November 2018

	<b>Net Revenue</b>	<b>Equalisation</b>	<b>Paid 31.01.19</b>	<b>Paid 31.01.18</b>
<b>Class A Income</b>				
Group 1	1.1738	–	1.1738	1.2880
Group 2	1.1738	–	1.1738	1.2880

	<b>Net Revenue</b>	<b>Equalisation</b>	<b>Allocated 31.01.19</b>	<b>Allocated 31.01.18</b>
<b>Class A Accumulation</b>				
Group 1	1.3440	–	1.3440	1.4978
Group 2	0.6944	0.6496	1.3440	1.4978

	<b>Net Revenue</b>	<b>Equalisation</b>	<b>Allocated 31.01.19</b>	<b>Allocated 31.01.18</b>
<b>Class B Accumulation</b>				
Group 1	1.4857	–	1.4857	1.6454
Group 2	1.0363	0.4494	1.4857	1.6454

	<b>Net Revenue</b>	<b>Equalisation</b>	<b>Paid 31.01.19</b>	<b>Paid 31.01.18</b>
<b>Class C Income</b>				
Group 1	1.3556	–	1.3556	1.5310
Group 2	0.8701	0.4855	1.3556	1.5310

	<b>Net Revenue</b>	<b>Equalisation</b>	<b>Allocated 31.01.19</b>	<b>Allocated 31.01.18</b>
<b>Class C Accumulation</b>				
Group 1	1.6483	–	1.6483	1.8365
Group 2	0.9516	0.6967	1.6483	1.8365

## 7IM BALANCED FUND

### DISTRIBUTION TABLES (continued) for the year ended 30 November 2018

	<b>Net Revenue</b>	<b>Equalisation</b>	<b>Paid 31.01.19</b>	<b>Paid 31.01.18</b>
<b>Class D Income</b>				
Group 1	1.1828	–	1.1828	1.2937
Group 2	0.7331	0.4497	1.1828	1.2937
			<b>Allocated 31.01.19</b>	<b>Allocated 31.01.18</b>
<b>Class D Accumulation</b>				
Group 1	1.3441	–	1.3441	1.4991
Group 2	0.8746	0.4695	1.3441	1.4991
			<b>Paid 31.01.19</b>	<b>Paid 31.01.18</b>
<b>Class S Income</b>				
Group 1	0.9763	–	0.9763	1.0918
Group 2	0.7530	0.2233	0.9763	1.0918
			<b>Allocated 31.01.19</b>	<b>Allocated 31.01.18</b>
<b>Class S Accumulation</b>				
Group 1	1.0359	–	1.0359	1.1436
Group 2	0.6029	0.4330	1.0359	1.1436

#### Equalisation

Equalisation applies only to shares purchased during the distribution period (Group 2 shares). It represents the accrued revenue included in the purchase price of the shares. After averaging it is returned with the distribution as a capital repayment. It is not liable to Income Tax but must be deducted from the cost of the shares for Capital Gains Tax purposes.

# 7IM MODERATELY ADVENTUROUS FUND

## ACD'S REPORT

for the period ended 30 November 2018

### Investment Objective and Policy

7IM Moderately Adventurous Fund (the 'Sub-fund') aims to provide a total return primarily by way of growth in capital. There is a risk of fluctuations in capital values. The Sub-fund invests predominantly in a range of collective investment vehicles and securities managed by selected fund managers. While assets with scope for capital growth in real terms are likely to represent a significant part of the portfolio, the portfolio may also include other assets held primarily for income generation. The Sub-fund may use different asset classes, with a substantial proportion in equities.

Investment may also be made in warrants, deposits, cash and near cash, money market instruments, other transferable securities, derivatives and forward transactions and other investments to the extent that each is permitted in the stated investment and borrowing powers of the company.

There is no guarantee that a positive return will be delivered.

### Investment Manager's Report

#### Performance Report

In the reporting period 1 December 2017 to 30 November 2018, the portfolio delivered a total return of (3.42)%<sup>1</sup>.

#### Investment Background

Back in January, investors were excited because growth was strong across the world, following a remarkably stable 2017. The S&P 500 began the year with six consecutive highs and it looked as though nothing could go wrong. Then everything changed. Global equities plunged by 9% over two weeks in early February, and fell by another 10% in October. Most markets have been much jumpier and more erratic this year than in super-quiet 2017. This rise in volatility, though, looks like a return to normal – and doesn't particularly worry us. Indeed, equity volatility in 2018 has been slightly below its long term average.

It's clear that investors became far more cautious as the year progressed. In some cases the caution is warranted. For example, the huge tech stocks known as the FANGs (Facebook, Amazon, Netflix and Google) plunged between June and November 2018 as their valuations returned to more realistic levels. In other cases interesting assets were unfairly punished, creating potential buying opportunities. Emerging market equities and European dividends are two recent examples.

Regarding fundamentals, we saw little change through the year. The world economy is growing at a healthy 3.6%, according to the IMF. Europe and the US are slowing but are in fair shape. In both the US and UK unemployment has fallen, inflation is stable and wages are rising. Global earnings per share growth in 2018 will be an impressive 16%. For all the talk of rate hikes, there were only four by major Western central banks through the year (three in the US and one in Europe), and monetary policy in both regions remains loose. Rates are trending up, as they should, but are far from worrying.

Some commentators claim that weak equity markets in 2018 reflected fragile and slowing global growth and company earnings, blaming factors like interest rate hikes, the US-China trade dispute, Brexit and Eurozone politics. We are not convinced. We think the world economy is in good shape.

It's hard to know why large numbers of investors across the world suddenly began selling. Big algorithmic traders probably played a part, unrelated to any economic or financial fundamentals.

Investors won't remember 2018 with any fondness. But it wasn't nearly as bad as the headlines would have you believe.

### Portfolio Review

During the year we increased exposure to equity on the view that equity risk would be better rewarded than some other risk assets given our optimistic outlook for continuing global growth. As part of the strategy of increasing the active weighting in the multi manager funds we bought Artemis, Polar, and Threadneedle UK Funds and added to the existing holding of Majedie; funded from the sale of Jupiter where we had lost conviction in the manager and the sale of FTSE futures, bringing the UK equity exposure back up to target. We also added to the Japan equity positions to increase active weights. We reduced exposure to European equity selling the Henderson Fund, feeling that the growth prospects for this area were less good than they had been. We took some downside risk protection in European equity buying a put, which we were able to sell at a profit when European equity sold off shortly afterwards. We had an allocation to small cap in the US in the early part of the period but as the year progressed we took the view that the smaller cap end of the US equity market had become fully valued and took profits from this exposure to Russell 2000 stocks, but topped up the US equity holdings to make sure this was up to target allocation. Towards the end of the period there was a sharp equity drawdown. This sell-off

<sup>1</sup> Calculated using CF 7IM Moderately Adventurous C Acc shares, NAV return. Source: NTRS

## 7IM MODERATELY ADVENTUROUS FUND

### ACD'S REPORT (continued)

for the period ended 30 November 2018

#### Investment Manager's Report (continued)

in markets presented an opportunity to increase our exposure to the US as we thought it seemed technically driven and not reflected in fundamentals. The trade was funded from cash and also through the sale of short-term sterling bonds.

We disposed of the Lazard Emerging Markets Equities Fund to invest in the RWC Emerging Markets Fund where we had a higher conviction in the manager. We also moved out of the Goldman Sachs India Fund; an off-benchmark allocation which we had introduced because we had a strong conviction in the manager and expected the Modi government to be good for financial markets. Indian equities outperformed the broader EM Index and the outlook for India is positive but not more so than broader EM. We also felt there was potential for short-term volatility with the Indian election in April 2019 and so we exited the holdings in the two more adventurous risk profiles to take a good profit. We also added to the Global Themes by introducing a holding in the Livingbridge UK Micro Cap Fund which sits well with the recent moves to increase active weights.

Among alternatives, we reduced exposure to the alternatives market neutral strategies as we lost conviction in this asset class. Later on we exited the holding of Zebra Equity Beta Neutral as our conviction in the investment manager in this fund had fallen further and also sold the holding of IP Group where poor performance and a view that the fund no longer fitted in with our evolving security selection process led us to exit the holding.

The gold holding had not performed as well as we had expected in recent turbulent financial markets and we saw more scope for risk diversification from holding a more broadly diversified commodity product in the form of a structured note on the BNP Enhanced Commodity Index.

We decided to add back some real estate exposure and bought into a holding in the BlackRock Global Property Securities Fund, which as well as being a low cost fund, is exposed to some of the more interesting alternative property sectors such as Speciality and Hotel & Lodging REITS in the FTSE EPRA/NAREIT Developed Index which we believe will outperform traditional property sectors such as office, industrial and retail.

Within fixed income, high yield spreads narrowed at the end of 2017 meaning the overweight was no longer justified, so we took profits from the holding selling the holding of Babson US High Yield. We bought the BlackRock Global Inflation Linked Bond Fund to bring the exposure into line with tactical targets. We also trimmed exposure to Emerging Markets Debt to bring in line with new targets. Following discussions around the tactical asset allocation, we continued the transition from holding US Treasuries to a position more reflective of the global government bond index. This also had the advantage of moving the Sub-fund further towards the strategic asset allocation.

In terms of Brexit-related risk, although we believe a No Deal is unlikely, the Investment Team continues to conduct scenario analysis and the potential effects of different Brexit outcomes on the funds. These stress tests are conducted by the independent risk team and assume market reactions in a No Deal scenario similar to that post the Referendum result in 2016. The outcome of this analysis did not produce any results which caused concern. In addition, the Investment Team have looked at the exposure of the 7IM funds to the UK. In this exercise, we focused on the country to which the asset class has exposure, via sales or economic exposure rather than country of listing. We looked at the Strategic Asset Allocation, Tactical Asset Allocation and where possible the actual holdings data of the multi-manager (MM) portfolios. The results demonstrated to us that our current overall exposure is no more than 20% for any fund.

To protect the Sub-fund from an upside Brexit surprise, we increased the sterling allocation funding this from the euro FX position, feeling that sterling looked cheap.

#### Investment Outlook

2018 was tough for financial markets; we think 2019 will be far more normal – and perhaps even boring, in a positive kind of way. The world economy is in fair shape and the risks that the media shouts about are widely exaggerated. In our experience, economic reality – the reality of company sales, employment, government spending, domestic and foreign trade – is remarkably stable over time. It's like a supertanker in motion that can't be diverted easily. By contrast, investors are far more erratic. You can view investor sentiment as cycling around the economic fundamentals: sometimes investors are overly optimistic (greedy), as in January 2018, sometimes they're too pessimistic (fearful), as in February 2016. We think this familiar cycle is in action at the moment, and that investors are too pessimistic. Our goal as investment managers is to focus on the long term and not get caught up in these cycles of investor greed or fear. We expect investor sentiment and markets to recover in 2019 and are positioned accordingly – slightly overweight equities, with a bias towards the US, and negative on bonds and credit.

## 7IM MODERATELY ADVENTUROUS FUND

**ACD'S REPORT** (continued)  
for the period ended 30 November 2018

### **Investment Manager's Report** (continued)

To global growth: the world economy is slowing a little but should grow comfortably through 2019-20. We don't see the big danger signs that might destabilise it, e.g. soaring interest rates or a financial crisis. China's growth is easing, as it should, but is unlikely to crash anytime soon. World inflation is running at around 2.7%, and is under control. It's not far from the 2% target in the US and UK, and even Japan might be clawing out of its disinflationary mire. Interest rates are normalising in the US, which is healthy, and are set to rise in most countries in 2019. Therefore, we think the world economy is in a 'Goldilocks' phase – neither too hot nor too cold. Goldilocks is usually good for companies: we expect global earnings per share to rise in 2019 and 2020.

The contrasting investor concern seems to be driven by a focus on risks and threats that have been exaggerated, such as US recession, trade wars and the UK political situation.

US recessions have often been associated with equity crashes in the past and some commentators fear recession in 2019. We are not overly worried: the US is currently growing at around 2.5%; from these levels it normally takes at least two years for growth to turn negative. Moreover, the usual imbalances associated with recession – soaring inflation, housing crunch, commodity price shock – are largely absent. We think US recession is unlikely before late 2020, at the earliest.

Concerning trade wars, tariffs have been implemented on about 2.5% of world imports, corresponding to less than 0.6% of world GDP. They're certainly a negative for growth, but on a tiny scale thus far. While they could get much worse, we think the US and China will reach some compromise that won't harm their economies (and their people) too much.

In the UK, Brexit is a shambles and we do worry that the UK could end up with a No Deal – which actually would be a Terrible Deal – in March 2019. But it's in the interests of both the UK and the EU to reach a broadly sensible outcome. We think a deal will materialise that's not too painful for the UK. Regarding the possibility of a Corbyn government, we think Mr Corbyn's bark is worse than his bite. If he came to power he'd be so constrained by the range of views within his party, by business pressures and by economic constraints that he'd not be able to do much that would derail the UK's financial markets. Therefore we are relatively optimistic that investors will see less pain in 2019 than they have over the last few months.

Seven Investment Management LLP  
Investment Manager  
February 2019



## 7IM MODERATELY ADVENTUROUS FUND

### FUND INFORMATION

The Comparative Tables on pages 127 to 135 give the performance of each active share class in the Sub-fund.

The 'Return after charges' disclosed in the Comparative Tables is calculated as the return after operating charges per share divided by the opening net asset value per share. It differs from the Sub-fund's performance disclosed in the ACD's report, which is calculated based on the latest published price.

Portfolio transaction costs are incurred when investments are bought or sold by a sub-fund in order to achieve the investment objective. These transaction costs affect an investor in different ways depending on whether they are joining, leaving or continuing with their investment in the sub-fund.

Direct transaction costs include broker commission and taxes. Broker commission includes the fee paid to a broker to execute the trades.

In addition, there are indirect portfolio transaction costs arising from the 'dealing spread' – the difference between the buying and selling prices of underlying investments in the portfolio. Unlike shares whereby broker commissions and stamp duty are paid by the sub-fund on each transaction, other types of investments (such as bonds, money instruments, derivatives, collective investment schemes) do not have separately identifiable transaction costs; these costs form part of the dealing spread. Dealing spreads vary considerably depending on the transaction value and money market sentiment.

# 7IM MODERATELY ADVENTUROUS FUND

## FUND INFORMATION (continued)

### Comparative Tables

#### Class A Income

	30.11.18 (pence per share)	30.11.17 (pence per share)	30.11.16 (pence per share)
<b>Change in Net Asset Value Per Share</b>			
Opening net asset value per share	232.81	212.72	196.69
Return before operating charges*	(4.17)	25.10	20.69
Operating charges (calculated on average price)	(4.54)	(4.35)	(3.80)
Return after operating charges*	(8.71)	20.75	16.89
Distributions on income shares	(0.62)	(0.66)	(0.86)
Closing net asset value per share	223.48	232.81	212.72
* After direct transaction costs of: <sup>1</sup>	0.08	0.06	0.10

#### Performance

Return after charges <sup>2</sup>	(3.74)%	9.75%	8.59%
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#### Other Information

Closing net asset value (£'000)	30	31	29
Closing number of shares	13,441	13,441	13,441
Operating charges <sup>3</sup>	1.94%	1.92%	1.92%
Direct transaction costs	0.03%	0.03%	0.05%

#### Prices

Highest share price	240.87	234.98	217.15
Lowest share price	220.92	211.81	173.79

<sup>1</sup> Direct transaction costs are stated after deducting the proportion of the amounts collected from dilution adjustments or dilution levies that relate to direct transaction costs. A negative transaction costs figure might arise where there is a timing difference between inflows and the settlement of the resultant purchases.

<sup>2</sup> The return after charges is calculated as the return after operating charges per share divided by the opening net asset value per share.

<sup>3</sup> Operating charges, otherwise known as the OCF is the ratio of the Sub-fund's total disclosable costs (excluding securities lending fees and overdraft interest) to the average net assets of the Sub-fund. The OCF is intended to provide a reliable figure which gives the most accurate measure of what it costs to invest in a Sub-fund and is calculated based on the last period's figures. Included within the OCF are synthetic costs which includes the OCF of the underlying funds weighted on the basis of their investment proportion. A detailed breakdown of the OCF per share class is shown on page 136.

# 7IM MODERATELY ADVENTUROUS FUND

## FUND INFORMATION (continued)

### Comparative Tables (continued)

#### Class A Accumulation

	30.11.18 (pence per share)	30.11.17 (pence per share)	30.11.16 (pence per share)
<b>Change in Net Asset Value Per Share</b>			
Opening net asset value per share	242.08	220.58	203.02
Return before operating charges*	(4.34)	26.02	21.46
Operating charges (calculated on average price)	(4.72)	(4.52)	(3.90)
Return after operating charges*	(9.06)	21.50	17.56
Distributions	(0.63)	(0.69)	(0.84)
Retained distributions on accumulation shares	0.63	0.69	0.84
Closing net asset value per share	233.02	242.08	220.58
* After direct transaction costs of: <sup>1</sup>	0.08	0.07	0.10

#### Performance

Return after charges <sup>2</sup>	(3.74)%	9.75%	8.65%
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#### Other Information

Closing net asset value (£'000)	1,354	1,551	1,484
Closing number of shares	581,033	640,614	672,845
Operating charges <sup>3</sup>	1.94%	1.92%	1.92%
Direct transaction costs	0.03%	0.03%	0.05%

#### Prices

Highest share price	250.47	243.98	224.45
Lowest share price	229.71	219.54	179.45

<sup>1</sup> Direct transaction costs are stated after deducting the proportion of the amounts collected from dilution adjustments or dilution levies that relate to direct transaction costs. A negative transaction costs figure might arise where there is a timing difference between inflows and the settlement of the resultant purchases.

<sup>2</sup> The return after charges is calculated as the return after operating charges per share divided by the opening net asset value per share.

<sup>3</sup> Operating charges, otherwise known as the OCF is the ratio of the Sub-fund's total disclosable costs (excluding securities lending fees and overdraft interest) to the average net assets of the Sub-fund. The OCF is intended to provide a reliable figure which gives the most accurate measure of what it costs to invest in a Sub-fund and is calculated based on the last period's figures. Included within the OCF are synthetic costs which includes the OCF of the underlying funds weighted on the basis of their investment proportion. A detailed breakdown of the OCF per share class is shown on page 136.

# 7IM MODERATELY ADVENTUROUS FUND

## FUND INFORMATION (continued)

### Comparative Tables (continued)

#### Class B Accumulation

	30.11.18 (pence per share)	30.11.17 (pence per share)	30.11.16 (pence per share)
<b>Change in Net Asset Value Per Share</b>			
Opening net asset value per share	250.67	227.83	209.18
Return before operating charges*	(4.52)	26.90	22.16
Operating charges (calculated on average price)	(4.26)	(4.06)	(3.51)
Return after operating charges*	(8.78)	22.84	18.65
Distributions	(1.29)	(1.31)	(1.40)
Retained distributions on accumulation shares	1.29	1.31	1.40
Closing net asset value per share	241.89	250.67	227.83
* After direct transaction costs of: <sup>1</sup>	0.09	0.07	0.10

#### Performance

Return after charges <sup>2</sup>	(3.50)%	10.03%	8.92%
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#### Other Information

Closing net asset value (£'000)	21,293	24,425	25,959
Closing number of shares	8,803,075	9,743,787	11,393,973
Operating charges <sup>3</sup>	1.69%	1.67%	1.67%
Direct transaction costs	0.03%	0.03%	0.05%

#### Prices

Highest share price	259.45	252.59	231.78
Lowest share price	238.45	226.77	184.98

<sup>1</sup> Direct transaction costs are stated after deducting the proportion of the amounts collected from dilution adjustments or dilution levies that relate to direct transaction costs. A negative transaction costs figure might arise where there is a timing difference between inflows and the settlement of the resultant purchases.

<sup>2</sup> The return after charges is calculated as the return after operating charges per share divided by the opening net asset value per share.

<sup>3</sup> Operating charges, otherwise known as the OCF is the ratio of the Sub-fund's total disclosable costs (excluding securities lending fees and overdraft interest) to the average net assets of the Sub-fund. The OCF is intended to provide a reliable figure which gives the most accurate measure of what it costs to invest in a Sub-fund and is calculated based on the last period's figures. Included within the OCF are synthetic costs which includes the OCF of the underlying funds weighted on the basis of their investment proportion. A detailed breakdown of the OCF per share class is shown on page 136.

# 7IM MODERATELY ADVENTUROUS FUND

## FUND INFORMATION (continued)

### Comparative Tables (continued)

#### Class C Income

	30.11.18 (pence per share)	30.11.17 (pence per share)	30.11.16 (pence per share)
<b>Change in Net Asset Value Per Share</b>			
Opening net asset value per share	235.08	214.79	198.51
Return before operating charges*	(4.23)	25.35	20.97
Operating charges (calculated on average price)	(3.41)	(3.25)	(2.84)
Return after operating charges*	(7.64)	22.10	18.13
Distributions on income shares	(1.80)	(1.81)	(1.85)
Closing net asset value per share	225.64	235.08	214.79
* After direct transaction costs of: <sup>1</sup>	0.08	0.06	0.10

#### Performance

Return after charges <sup>2</sup>	(3.25)%	10.29%	9.13%
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#### Other Information

Closing net asset value (£'000)	40,609	45,648	47,346
Closing number of shares	17,997,407	19,417,906	22,043,318
Operating charges <sup>3</sup>	1.44%	1.42%	1.42%
Direct transaction costs	0.03%	0.03%	0.05%

#### Prices

Highest share price	243.40	237.79	219.63
Lowest share price	223.65	213.88	175.62

<sup>1</sup> Direct transaction costs are stated after deducting the proportion of the amounts collected from dilution adjustments or dilution levies that relate to direct transaction costs. A negative transaction costs figure might arise where there is a timing difference between inflows and the settlement of the resultant purchases.

<sup>2</sup> The return after charges is calculated as the return after operating charges per share divided by the opening net asset value per share.

<sup>3</sup> Operating charges, otherwise known as the OCF is the ratio of the Sub-fund's total disclosable costs (excluding securities lending fees and overdraft interest) to the average net assets of the Sub-fund. The OCF is intended to provide a reliable figure which gives the most accurate measure of what it costs to invest in a Sub-fund and is calculated based on the last period's figures. Included within the OCF are synthetic costs which includes the OCF of the underlying funds weighted on the basis of their investment proportion. A detailed breakdown of the OCF per share class is shown on page 136.

# 7IM MODERATELY ADVENTUROUS FUND

## FUND INFORMATION (continued)

### Comparative Tables (continued)

#### Class C Accumulation

	30.11.18 (pence per share)	30.11.17 (pence per share)	30.11.16 (pence per share)
<b>Change in Net Asset Value Per Share</b>			
Opening net asset value per share	259.41	235.17	215.38
Return before operating charges*	(4.71)	27.81	22.88
Operating charges (calculated on average price)	(3.76)	(3.57)	(3.09)
Return after operating charges*	(8.47)	24.24	19.79
Distributions	(1.99)	(1.99)	(2.02)
Retained distributions on accumulation shares	1.99	1.99	2.02
Closing net asset value per share	250.94	259.41	235.17
* After direct transaction costs of: <sup>1</sup>	0.09	0.07	0.11

#### Performance

Return after charges <sup>2</sup>	(3.27)%	10.31%	9.19%
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#### Other Information

Closing net asset value (£'000)	282,854	295,647	269,028
Closing number of shares	112,716,311	113,970,325	114,397,035
Operating charges <sup>3</sup>	1.44%	1.42%	1.42%
Direct transaction costs	0.03%	0.03%	0.05%

#### Prices

Highest share price	268.59	261.36	239.18
Lowest share price	247.37	234.08	190.57

<sup>1</sup> Direct transaction costs are stated after deducting the proportion of the amounts collected from dilution adjustments or dilution levies that relate to direct transaction costs. A negative transaction costs figure might arise where there is a timing difference between inflows and the settlement of the resultant purchases.

<sup>2</sup> The return after charges is calculated as the return after operating charges per share divided by the opening net asset value per share.

<sup>3</sup> Operating charges, otherwise known as the OCF is the ratio of the Sub-fund's total disclosable costs (excluding securities lending fees and overdraft interest) to the average net assets of the Sub-fund. The OCF is intended to provide a reliable figure which gives the most accurate measure of what it costs to invest in a Sub-fund and is calculated based on the last period's figures. Included within the OCF are synthetic costs which includes the OCF of the underlying funds weighted on the basis of their investment proportion. A detailed breakdown of the OCF per share class is shown on page 136.

# 7IM MODERATELY ADVENTUROUS FUND

## FUND INFORMATION (continued)

### Comparative Tables (continued)

#### Class D Income

	30.11.18 (pence per share)	30.11.17 (pence per share)	30.11.16 (pence per share)
<b>Change in Net Asset Value Per Share</b>			
Opening net asset value per share	233.16	213.05	196.46
Return before operating charges*	(4.18)	25.13	20.59
Operating charges (calculated on average price)	(4.55)	(4.36)	(3.76)
Return after operating charges*	(8.73)	20.77	16.83
Distributions on income shares	(0.60)	(0.66)	(0.24)
Closing net asset value per share	223.83	233.16	213.05
* After direct transaction costs of: <sup>1</sup>	0.08	0.06	0.10

#### Performance

Return after charges <sup>2</sup>	(3.74)%	9.75%	8.57%
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#### Other Information

Closing net asset value (£'000)	378	470	480
Closing number of shares	168,693	201,368	225,529
Operating charges <sup>3</sup>	1.94%	1.92%	1.92%
Direct transaction costs	0.03%	0.03%	0.05%

#### Prices

Highest share price	241.24	235.34	217.04
Lowest share price	221.25	212.14	173.54

<sup>1</sup> Direct transaction costs are stated after deducting the proportion of the amounts collected from dilution adjustments or dilution levies that relate to direct transaction costs. A negative transaction costs figure might arise where there is a timing difference between inflows and the settlement of the resultant purchases.

<sup>2</sup> The return after charges is calculated as the return after operating charges per share divided by the opening net asset value per share.

<sup>3</sup> Operating charges, otherwise known as the OCF is the ratio of the Sub-fund's total disclosable costs (excluding securities lending fees and overdraft interest) to the average net assets of the Sub-fund. The OCF is intended to provide a reliable figure which gives the most accurate measure of what it costs to invest in a Sub-fund and is calculated based on the last period's figures. Included within the OCF are synthetic costs which includes the OCF of the underlying funds weighted on the basis of their investment proportion. A detailed breakdown of the OCF per share class is shown on page 136.

# 7IM MODERATELY ADVENTUROUS FUND

## FUND INFORMATION (continued)

### Comparative Tables (continued)

#### Class D Accumulation

	30.11.18 (pence per share)	30.11.17 (pence per share)	30.11.16 (pence per share)
<b>Change in Net Asset Value Per Share</b>			
Opening net asset value per share	242.24	220.72	203.16
Return before operating charges*	(4.35)	26.04	21.47
Operating charges (calculated on average price)	(4.72)	(4.52)	(3.91)
Return after operating charges*	(9.07)	21.52	17.56
Distributions	(0.63)	(0.68)	(0.58)
Retained distributions on accumulation shares	0.63	0.68	0.58
Closing net asset value per share	233.17	242.24	220.72
* After direct transaction costs of: <sup>1</sup>	0.08	0.07	0.10

#### Performance

Return after charges <sup>2</sup>	(3.74)%	9.75%	8.64%
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#### Other Information

Closing net asset value (£'000)	11,823	13,597	12,689
Closing number of shares	5,070,400	5,613,187	5,748,911
Operating charges <sup>3</sup>	1.94%	1.92%	1.92%
Direct transaction costs	0.03%	0.03%	0.05%

#### Prices

Highest share price	250.63	244.14	224.60
Lowest share price	229.87	224.06	179.57

<sup>1</sup> Direct transaction costs are stated after deducting the proportion of the amounts collected from dilution adjustments or dilution levies that relate to direct transaction costs. A negative transaction costs figure might arise where there is a timing difference between inflows and the settlement of the resultant purchases.

<sup>2</sup> The return after charges is calculated as the return after operating charges per share divided by the opening net asset value per share.

<sup>3</sup> Operating charges, otherwise known as the OCF is the ratio of the Sub-fund's total disclosable costs (excluding securities lending fees and overdraft interest) to the average net assets of the Sub-fund. The OCF is intended to provide a reliable figure which gives the most accurate measure of what it costs to invest in a Sub-fund and is calculated based on the last period's figures. Included within the OCF are synthetic costs which includes the OCF of the underlying funds weighted on the basis of their investment proportion. A detailed breakdown of the OCF per share class is shown on page 136.



# 7IM MODERATELY ADVENTUROUS FUND

## FUND INFORMATION (continued)

### Comparative Tables (continued)

#### Class S Income

	30.11.18 (pence per share)	30.11.17 (pence per share)	30.11.16 (pence per share)
<b>Change in Net Asset Value Per Share</b>			
Opening net asset value per share	127.09	116.14	107.34
Return before operating charges*	(2.29)	13.71	11.34
Operating charges (calculated on average price)	(1.52)	(1.45)	(1.26)
Return after operating charges*	(3.81)	12.26	10.08
Distributions on income shares	(1.30)	(1.31)	(1.28)
Closing net asset value per share	121.98	127.09	116.14
* After direct transaction costs of: <sup>1</sup>	0.04	0.03	0.05

#### Performance

Return after charges <sup>2</sup>	(3.00)%	10.56%	9.39%
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#### Other Information

Closing net asset value (£'000)	3,171	3,725	4,553
Closing number of shares	2,599,881	2,931,291	3,920,024
Operating charges <sup>3</sup>	1.19%	1.17%	1.17%
Direct transaction costs	0.03%	0.03%	0.05%

#### Prices

Highest share price	131.64	128.70	118.88
Lowest share price	121.05	115.65	95.01

<sup>1</sup> Direct transaction costs are stated after deducting the proportion of the amounts collected from dilution adjustments or dilution levies that relate to direct transaction costs. A negative transaction costs figure might arise where there is a timing difference between inflows and the settlement of the resultant purchases.

<sup>2</sup> The return after charges is calculated as the return after operating charges per share divided by the opening net asset value per share.

<sup>3</sup> Operating charges, otherwise known as the OCF is the ratio of the Sub-fund's total disclosable costs (excluding securities lending fees and overdraft interest) to the average net assets of the Sub-fund. The OCF is intended to provide a reliable figure which gives the most accurate measure of what it costs to invest in a Sub-fund and is calculated based on the last period's figures. Included within the OCF are synthetic costs which includes the OCF of the underlying funds weighted on the basis of their investment proportion. A detailed breakdown of the OCF per share class is shown on page 136.

# 7IM MODERATELY ADVENTUROUS FUND

## FUND INFORMATION (continued)

### Comparative Tables (continued)

#### Class S Accumulation

	30.11.18 (pence per share)	30.11.17 (pence per share)	30.11.16 (pence per share)
<b>Change in Net Asset Value Per Share</b>			
Opening net asset value per share	132.49	119.84	109.48
Return before operating charges*	(2.42)	14.15	11.65
Operating charges (calculated on average price)	(1.59)	(1.50)	(1.29)
Return after operating charges*	(4.01)	12.65	10.36
Distributions	(1.35)	(1.34)	(1.29)
Retained distributions on accumulation shares	1.35	1.34	1.29
Closing net asset value per share	128.48	132.49	119.84
* After direct transaction costs of: <sup>1</sup>	0.05	0.04	0.05

#### Performance

Return after charges <sup>2</sup>	(3.03)%	10.56%	9.46%
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#### Other Information

Closing net asset value (£'000)	53,669	62,227	64,004
Closing number of shares	41,771,079	46,968,228	53,408,943
Operating charges <sup>3</sup>	1.19%	1.17%	1.17%
Direct transaction costs	0.03%	0.03%	0.05%

#### Prices

Highest share price	137.39	133.46	121.85
Lowest share price	126.65	119.29	96.91

<sup>1</sup> Direct transaction costs are stated after deducting the proportion of the amounts collected from dilution adjustments or dilution levies that relate to direct transaction costs. A negative transaction costs figure might arise where there is a timing difference between inflows and the settlement of the resultant purchases.

<sup>2</sup> The return after charges is calculated as the return after operating charges per share divided by the opening net asset value per share.

<sup>3</sup> Operating charges, otherwise known as the OCF is the ratio of the Sub-fund's total disclosable costs (excluding securities lending fees and overdraft interest) to the average net assets of the Sub-fund. The OCF is intended to provide a reliable figure which gives the most accurate measure of what it costs to invest in a Sub-fund and is calculated based on the last period's figures. Included within the OCF are synthetic costs which includes the OCF of the underlying funds weighted on the basis of their investment proportion. A detailed breakdown of the OCF per share class is shown on page 136.

## 7IM MODERATELY ADVENTUROUS FUND

### FUND INFORMATION (continued)

#### Ongoing Charges Figures

As at 30 November 2018

	<b>Class A</b>	<b>Class B</b>	<b>Class C</b>	<b>Class D</b>	<b>Class S</b>
ACD's periodic charge	1.40%	1.15%	0.90%	1.40%	0.65%
Other expenses	0.05%	0.05%	0.05%	0.05%	0.05%
	<b>1.45%</b>	<b>1.20%</b>	<b>0.95%</b>	<b>1.45%</b>	<b>0.70%</b>
Collective investment scheme costs	0.49%	0.49%	0.49%	0.49%	0.49%
Ongoing Charges Figure	<b>1.94%</b>	<b>1.69%</b>	<b>1.44%</b>	<b>1.94%</b>	<b>1.19%</b>

As at 30 November 2017

	<b>Class A</b>	<b>Class B</b>	<b>Class C</b>	<b>Class D</b>	<b>Class S</b>
ACD's periodic charge	1.40%	1.15%	0.90%	1.40%	0.65%
Other expenses	0.08%	0.08%	0.08%	0.08%	0.08%
	<b>1.48%</b>	<b>1.23%</b>	<b>0.98%</b>	<b>1.48%</b>	<b>0.73%</b>
Collective investment scheme costs	0.44%	0.44%	0.44%	0.44%	0.44%
Ongoing Charges Figure	<b>1.92%</b>	<b>1.67%</b>	<b>1.42%</b>	<b>1.92%</b>	<b>1.17%</b>

The Ongoing Charges Figure ('OCF') represents the total operating expenses of the Sub-fund, expressed as a percentage of the average net assets during the accounting year.

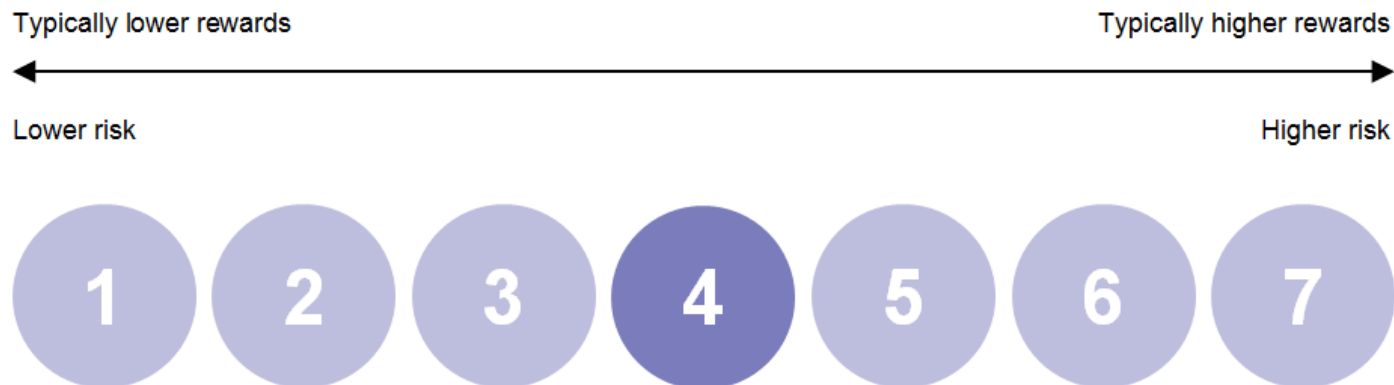
The collective investment scheme costs represent the OCFs, or a reasonable substitute, of the underlying funds which are held as portfolio investments. Their inclusion has been calculated on a weighted basis against the Sub-fund's net assets at the balance sheet date.

The Sub-fund undertakes securities lending and receives 70% of the revenue generated and the remaining 30% is received by Northern Trust as the securities lending agent. As securities lending revenue sharing does not increase the costs of running the Sub-fund, this has been excluded from the Other expenses and thus excluded from the Ongoing Charges Figures.

# 7IM MODERATELY ADVENTUROUS FUND

## FUND INFORMATION (continued)

### Synthetic Risk and Reward Indicator



This indicator shows how much a sub-fund has risen and fallen in the past, and therefore how much a fund’s returns have varied. It is a measure of a fund’s volatility. The higher a sub-fund’s past volatility the higher the number on the scale and the greater the risk that investors in that sub-fund may have made losses as well as gains. The lowest number on the scale does not mean that a sub-fund is risk free.

This indicator is based on historical data and may not be a reliable indication of the future risk profile of this Sub-fund. The risk and reward profile shown is not guaranteed to remain the same and may change over time.

The risk and reward indicator shown above is as at the date of publication of the annual report and financial statements, the risk and reward indicator as at the year end date 30 November 2018 was 4.

### Fund performance to 30 November 2018 (%)

	1 year	3 years	5 years
7IM Moderately Adventurous Fund <sup>1</sup>	(3.42)	16.31	28.00

<sup>1</sup> Source: Bloomberg

The performance of the Sub-fund is based on the published price per ‘C’ Accumulation share which includes reinvested income.

Details of the distributions per share for the period are shown in the Distribution Tables on pages 161 to 163.

# 7IM MODERATELY ADVENTUROUS FUND

## PORTFOLIO STATEMENT

as at 30 November 2018

Holding	Portfolio of Investment	Value £	30.11.18 %
	<b>ALTERNATIVES 7.94% (17.65%)</b>		
	<b>Alternative Strategies 4.63% (12.77%)</b>		
33,237	Angel Oak Multi-Strategy Income Fund <sup>1</sup>	2,630,403	0.64
2,600,000	BNP Paribas DR Alpha ex-Agriculture & Livestock Index 2021 <sup>2</sup>	2,057,577	0.50
2,001,656	Dexion Absolute EUR <sup>3</sup>	–	–
11,797,286	F&C Global Equity Market Neutral 3 Acc <sup>1</sup>	7,254,151	1.75
6,680	Goldman Sachs International Warrants 31/12/2049 <sup>2</sup>	67	–
1,446	NN (L) Multi Asset Factor Opportunities 'I' <sup>1</sup>	6,864,428	1.65
(93)	S&P 500 Index Put Options 1950 Mar 2019 <sup>4</sup>	(32,082)	(0.01)
93	S&P 500 Index Put Options 2600 Mar 2019 <sup>4</sup>	429,455	0.10
6,666	Societe Generale Warrants 29/11/2018 <sup>2</sup>	–	–
		<b>19,203,999</b>	<b>4.63</b>
	<b>Commodities 1.86% (4.88%)</b>		
10,412,000	BNP Paribas Enhanced Benchmark Commodity Index 2023 <sup>2</sup>	<b>7,718,185</b>	<b>1.86</b>
	<b>Real Estate 1.45% (0.00%)</b>		
2,852,063	iShares Global Property Securities Index <sup>1</sup>	<b>6,029,262</b>	<b>1.45</b>
	<b>CASH 0.84% (1.22%)</b>		
3,506,000	Northern Trust Global Sterling Fund <sup>1</sup>	<b>3,506,000</b>	<b>0.84</b>
	<b>DEBT SECURITIES 25.32% (24.50%)</b>		
	<b>Corporate Bonds 1.91% (0.92%)</b>		
£4,000,000	National Australia Bank 1.125% 2021	3,967,308	0.96
£3,832,000	Nationwide Building Society 5.625% 2019	3,955,268	0.95
		<b>7,922,576</b>	<b>1.91</b>
	<b>Emerging Market Bonds 4.52% (6.05%)</b>		
215,820	Babson Capital Emerging Markets Local Debt <sup>1</sup>	16,451,761	3.96
3,523	TCW Emerging Markets <sup>1</sup>	2,333,978	0.56
		<b>18,785,739</b>	<b>4.52</b>
	<b>Gilts 3.56% (0.50%)</b>		
£2,033,000	Network Rail Infrastructure Finance 4.625% 2020	2,152,459	0.52
£4,310,000	UK Gilt 4.00% 2022	4,753,598	1.15
£1,510,000	UK Gilt 4.25% 2046	2,218,811	0.53
£1,230,000	UK Gilt 4.25% 2055	1,961,237	0.47
£2,680,000	UK Gilt 4.50% 2034	3,693,576	0.89
		<b>14,779,681</b>	<b>3.56</b>
	<b>Global Corporate Bonds 2.49% (0.45%)</b>		
55,116	Legg Mason Western Asset Structured Opportunities Fund USD Acc <sup>1</sup>	5,546,203	1.34
44,846	PFS TwentyFour Dynamic Bond <sup>1</sup>	4,794,736	1.15
		<b>10,340,939</b>	<b>2.49</b>
	<b>Global Government Bonds 4.01% (4.77%)</b>		
€564,000	Bundesrepublik Deutschland 0.25% 2027	508,139	0.12
€917,000	Bundesrepublik Deutschland 2.25% 2021	881,256	0.21

# 7IM MODERATELY ADVENTUROUS FUND

## PORTFOLIO STATEMENT

as at 30 November 2018

Holding	Portfolio of Investment	Value £	30.11.18 %
	<b>Global Government Bonds (continued)</b>		
€159,000	Bundesrepublik Deutschland 2.5% 2046	195,171	0.05
€194,000	Bundesrepublik Deutschland 4% 2037	269,228	0.06
€639,000	France Government 3% 2022	634,478	0.15
€195,000	France Government 5.75% 2032	282,496	0.07
€293,000	French Republic 2.75% 2027	312,404	0.08
€177,000	French Republic 3.25% 2045	216,494	0.05
€574,000	Italy Buoni Polien 3.75% 2021	541,478	0.13
€120,000	Italy Buoni Polien 5% 2040	124,631	0.03
€253,000	Italy Buoni Polien 5.25% 2029	265,986	0.06
€235,000	Italy Buoni Polien 6% 2031	263,886	0.06
¥339,000,000	Japan Government 0.1% 2021	2,354,302	0.57
¥198,000,000	Japan Government 0.1% 2027	1,376,638	0.33
¥176,000,000	Japan Government 0.4% 2036	1,200,568	0.29
¥86,000,000	Japan Government 0.9% 2057	586,350	0.14
€106,000	Spain Government 4.7% 2041	131,887	0.03
€115,000	Spain Government 5.75% 2032	150,234	0.04
€318,000	Spain Government 5.85% 2022	335,133	0.08
€150,000	Spain Government 6% 2029	189,848	0.05
US\$1,690,000	US Treasury Notes 2% 2026	1,232,067	0.30
US\$2,840,000	US Treasury Notes 2.375% 2023	2,184,221	0.53
US\$1,270,000	US Treasury Notes 2.5% 2045	851,119	0.20
US\$1,970,000	US Treasury Notes 3.5% 2020	1,559,817	0.38
		<b>16,647,831</b>	<b>4.01</b>
	<b>Global High Yield Bonds 1.23% (3.25%)</b>		
8,677,683	Carador Income	4,286,115	1.03
1,253,403	Fair Oaks Income 2017	830,361	0.20
		<b>5,116,476</b>	<b>1.23</b>
	<b>Short Term Sterling Bonds 5.12% (5.43%)</b>		
£700,000	Barclays Bank 4.25% 2022	759,637	0.18
£1,500,000	Caisse des Depots et Consignations 0.5% 2020	1,485,474	0.36
£4,000,000	Canadian Imperial Bank of Commerce FRN 2022	4,010,720	0.97
£1,296,000	Coventry Building Society 1% 2020	1,282,503	0.31
£750,000	Coventry Building Society FRN 2020	750,613	0.18
£1,700,000	FMS Wertmanagement 0.625% 2020	1,691,412	0.41
£1,974,000	International Bank for Reconstruction & Development 5.4% 2021	2,184,784	0.53
£1,226,000	Municipality Finance 1.25% 2022	1,227,387	0.30
£1,739,000	Nordea Bank FRN 2019	1,739,751	0.42
£800,000	Oversea-Chinese Banking FRN 2023	794,041	0.19
£270,000	Royal Bank of Canada FRN 2021	270,376	0.06
£2,297,000	Svenska Handelsba 2.375% 2022	2,340,383	0.56
£800,000	Swedbank FRN 2019	801,816	0.19
£1,910,000	Yorkshire Building Society	1,905,072	0.46
		<b>21,243,969</b>	<b>5.12</b>
	<b>Sterling Corporate Bonds 2.48% (3.13%)</b>		
£1,500,000	DNB Boligkreditt FRN 2020	1,500,900	0.36
£3,600,000	European Investment Bank 0.875% 2021	3,583,152	0.86
£825,000	International Bank for Reconstruction & Development 0.375% 2021	810,709	0.20
£2,500,000	Royal Bank of Canada FRN 2019	2,502,675	0.60

# 7IM MODERATELY ADVENTUROUS FUND

## PORTFOLIO STATEMENT

as at 30 November 2018

Holding	Portfolio of Investment	Value £	30.11.18 %
	<b>Sterling Corporate Bonds (continued)</b>		
£1,900,000	Toronto-Dominion Bank FRN 2023	1,887,217	0.46
		<b>10,284,653</b>	<b>2.48</b>
	<b>EQUITY 61.80% (52.31%)</b>		
	<b>Asia &amp; Emerging Markets 10.94% (12.65%)</b>		
490,771	BlackRock Global Funds - Asian Growth Leaders <sup>1</sup>	4,894,244	1.18
5,855,396	Hermes Asia Ex-Japan Equity 'F' <sup>1</sup>	14,633,806	3.53
695,775	Mirae Asset Asia Great Consumer Equity 'I' <sup>1</sup>	8,155,106	1.96
106,901	RWC Global Emerging Markets <sup>1</sup>	17,734,218	4.27
		<b>45,417,374</b>	<b>10.94</b>
	<b>Europe (ex UK) 8.61% (11.92%)</b>		
3,552	ABB	56,310	0.01
84,754	Aegon	367,437	0.09
162	Aena SME	20,421	0.01
328	AerCap	13,526	—
524	Ageas	19,938	—
11,890	Amadeus IT Group	677,755	0.16
726	Anheuser-Busch InBev	44,212	0.01
11	AP Moeller - Maersk 'A'	11,440	—
1,838	ArcelorMittal	32,273	0.01
1,935	Atlas Copco	36,576	0.01
1,141	Atlas Copco 'B'	19,972	0.01
132	Baloise	15,181	—
23	Barry Callebaut	30,969	0.01
8,215	Bayer	476,255	0.11
396	Bayerische Motoren Werke	22,223	0.01
7,230	Bayerische Motoren Werke 'A'	461,046	0.11
18,812	BNP Paribas	740,849	0.18
38,279	Boliden	672,826	0.16
5,154,913	CF Miton European Opportunities <sup>1</sup>	8,570,558	2.06
1,201	Compagnie De St-Gobain	34,776	0.01
6,541	Continental European Selection <sup>1</sup>	6,840,869	1.65
1,456	Covestro	64,927	0.02
1,791	Daimler	78,093	0.02
1,893	Danske Bank	29,332	0.01
134	Dassault Aviation	161,271	0.04
36,001	Deutsche Lufthansa	689,393	0.17
57,241	Deutsche Telekom	786,882	0.19
2,353	DNB	31,671	0.01
530	Eiffage	40,048	0.01
813	Endesa	14,235	—
45,390	Engie	505,407	0.12
40,807	Eni	519,786	0.13
8,469	Ericsson 'B'	55,990	0.01
(113)	Euro Stoxx 50 Equity Index Futures December 2018 <sup>4</sup>	132,975	0.03
3,620	Fiat Chrysler Automobiles	46,956	0.01
167	Genmab	19,891	—
3,191	H Lundbeck	102,395	0.02
617	Hexagon	24,375	0.01
1,292	Holcim	45,278	0.01
23,990	Iberdrola	140,897	0.03
20,044	International Consolidated Airlines	125,119	0.03
1,152	Investor 'B'	39,005	0.01

# 7IM MODERATELY ADVENTUROUS FUND

## PORTFOLIO STATEMENT

as at 30 November 2018

Holding	Portfolio of Investment	Value £	30.11.18 %
	<b>Europe (ex UK) (continued)</b>		
554	Klepierre	14,140	–
30,517	Koninklijke Ahold Delhaize	617,570	0.15
223	L'Oreal	41,351	0.01
1,257	Muenchener Rueckversicherungs	214,764	0.05
806	NN Group	27,096	0.01
2,984	Nordea Bank	20,951	0.01
8,061	Novartis	575,754	0.14
493,982	Old Mutual European (Ex UK) Smaller Acc <sup>1</sup>	7,659,581	1.85
4,138	Pernod Ricard	522,178	0.13
1,749	Peugeot	29,805	0.01
380	Porsche Automobil	18,876	–
3,492	Renault	190,988	0.05
15,447	Repsol	209,455	0.05
3,601	Roche Holding	721,219	0.17
1,371	Sandvik	15,795	–
5,355	Sanofi	378,956	0.09
1,070	SES	17,790	–
1,794	Societe Generale	51,619	0.01
766	Swiss Life	236,007	0.06
223	Swiss Prime Site	14,391	–
4,829	Swiss Re	344,531	0.08
3,538	Terna Rete Elettrica Nazionale	15,584	–
3,636	Total	158,864	0.04
224	Ubisoft Entertainment	14,218	–
9,589	Uniper	196,189	0.05
13,243	UPM-Kymmene	282,047	0.07
2,040	Vestas Wind Systems	120,662	0.03
1,390	Vinci	95,441	0.02
92	Volkswagen	11,794	–
2,110	Volvo 'B'	22,779	0.01
750	Wolters Kluwer	35,865	0.01
268	Zurich Insurance Group	65,750	0.02
		<b>35,761,348</b>	<b>8.61</b>
	<b>Frontier Markets Equity 4.14% (3.97%)</b>		
1,034,848	Charlemagne Magna New Frontiers Fund 'G' Acc <sup>1</sup>	12,350,020	2.97
38,874	Emerging Markets Frontier Equity <sup>1</sup>	4,854,448	1.17
		<b>17,204,468</b>	<b>4.14</b>
	<b>Global Themes 2.72% (0.84%)</b>		
2,638,281	Livingbridge UK Microcap Fund <sup>1</sup>	4,326,517	1.04
633,561	THB U.S Opportunities <sup>1</sup>	6,981,841	1.68
		<b>11,308,358</b>	<b>2.72</b>
	<b>Japan 7.92% (7.44%)</b>		
230,836	Baillie Gifford Japanese Smaller Companies Fund 'B' Acc <sup>1</sup>	11,684,942	2.81
11,500,706	GLG Japan CoreAlpha <sup>1</sup>	21,195,802	5.11
		<b>32,880,744</b>	<b>7.92</b>
	<b>North America 6.77% (6.24%)</b>		
57	Abiomed	14,832	–
10,847	Activision Blizzard	446,891	0.11



# 7IM MODERATELY ADVENTUROUS FUND

## PORTFOLIO STATEMENT

as at 30 November 2018

Holding	Portfolio of Investment	Value £	30.11.18 %
	<b>North America (continued)</b>		
4,175	Adobe Systems	815,295	0.20
1,450	Affiliated Managers	126,822	0.03
500	Agnc Investment	6,946	–
454	Allergan	55,242	0.01
428	Alphabet 'C'	365,144	0.09
2,587	Altria	113,439	0.03
64	Amazon.com	83,958	0.02
1,121	American International Group	38,178	0.01
5,848	Amgen	927,519	0.22
1,593	Annaly Capital Management	12,552	–
341	Anthem	78,116	0.02
2,234	Apple	314,459	0.08
1,364	Applied Materials	39,075	0.01
333	Aptiv	18,667	–
72	Assurant	5,519	–
179	AvalonBay Communities	26,393	0.01
340	Best Buy	17,071	–
1,278	Biogen	327,180	0.08
272	Boeing	73,015	0.02
71	Booking Holdings	103,822	0.03
262	Broadcom	48,431	0.01
3,977	Cadence Design Systems	137,566	0.03
4,498	Capital One Financial	313,326	0.08
5,620	Celgene	309,089	0.07
5,829	Chevron	543,095	0.13
765	Cigna	133,460	0.03
7,880	Cisco Systems	292,465	0.07
3,416	Citigroup	173,786	0.04
1,172	Citizens Financial Group	33,106	0.01
1,133	Colgate-Palmolive	55,979	0.01
32,000	Comcast 'A'	988,977	0.24
2,277	ConocoPhillips	119,393	0.03
127	Continental Resources	4,617	–
6,044	CSX	340,037	0.08
210	Cummins	24,395	0.01
279	CVS Health	17,496	–
898	Dell Technologies 'V'	74,621	0.02
118	Duke Energy	8,103	–
572	Eaton	34,087	0.01
9,453	eBay	218,705	0.05
405	Electronic Arts	27,431	0.01
1,307	Eli Lilly & Company	119,848	0.03
14,112	Emerson Electric	744,711	0.18
676	EOG Resources	55,903	0.01
330	Estee Lauder	36,607	0.01
7,764	Evergy	358,100	0.09
2,773	Exxon Mobil	171,880	0.04
643	F5 Networks	87,474	0.02
2,861	FNF	74,424	0.02
4,738	Ford Motor	34,806	0.01
5,215	Fortinet	302,147	0.07
53,072	Freeport-McMoRan	491,400	0.12
308	Gap	6,433	–
560	General Motors	16,144	–
15,096	Gilead Sciences	824,688	0.20
588	HCP	13,277	–

# 7IM MODERATELY ADVENTUROUS FUND

## PORTFOLIO STATEMENT

as at 30 November 2018

Holding	Portfolio of Investment	Value £	30.11.18 %
	<b>North America (continued)</b>		
1,036	Honeywell International	118,391	0.03
2,772	Humana	717,677	0.17
19,238	Intel	719,294	0.17
4,958	Intuit	813,143	0.20
133	JM Smucker	10,784	–
14,119	Juniper Networks	316,363	0.08
553	Kimco Realty	6,902	–
2,104	Kinder Morgan	27,828	0.01
189	KLA-Tencor	14,326	–
2,189	Las Vegas Sands	93,446	0.02
774	Liberty Global	14,776	–
206	Liberty Property Trust	7,169	–
7,567	Lincoln National	370,608	0.09
438	LyondellBasell Industries	31,943	0.01
378	Maxim Integrated Products	16,400	–
2,233	Merck & Co	136,396	0.03
1,183	MetLife	41,171	0.01
17,911	Michael Kors Holdings	614,914	0.15
26,121	Micron Technology	776,360	0.19
790	Microsoft	68,242	0.02
3,014	Molson Coors Brewing	152,011	0.04
2,361	Mondelez International	82,427	0.02
367	NetApp	19,390	–
644	Newell Rubbermaid	12,017	–
692	Newmont Mining	17,545	–
928	NextEra Energy	128,865	0.03
1,889	Nike	110,097	0.03
3,506	NXP Semiconductors	227,869	0.06
13,456	Occidental Petroleum	748,177	0.18
745	OGE Energy	22,721	0.01
4,279	Oracle	160,693	0.04
123	Palo Alto Networks	16,987	–
10,498	Pentair	349,385	0.08
7,738	Pfizer	276,093	0.07
683	PG&E	14,340	–
2,124	Philip Morris International	144,858	0.04
8,278	PNC Financial Services Group	867,454	0.21
2,768	Procter & Gamble	201,431	0.05
412	Prologis	21,700	0.01
3,299	Prudential Financial	240,202	0.06
1,881	Qualcomm	85,696	0.02
74	Ralph Lauren	6,457	–
1,593	Regions Financial	20,245	0.01
159	Robert Half International	7,699	–
161	Rockwell Automation	21,679	0.01
235	Royal Caribbean Cruises	20,565	0.01
327	S&P 500 E-mini Futures December 2018 <sup>4</sup>	(1,224,784)	(0.29)
1,005	Salesforce.com	110,121	0.03
231	Skyworks Solutions	12,898	–
200	Southwest Airlines	8,345	–
34,951	Synchrony Financial	711,351	0.17
188	Synopsys	13,193	–
12,424	Target	693,133	0.17
14,776	T-Mobile	795,390	0.19
7,332	Union Pacific	865,009	0.21
889	UnitedHealth	196,932	0.05

# 7IM MODERATELY ADVENTUROUS FUND

## PORTFOLIO STATEMENT

as at 30 November 2018

Holding	Portfolio of Investment	Value £	30.11.18 %
	<b>North America (continued)</b>		
3,812	Unum	108,726	0.03
260	Valero Energy	16,199	–
85,845	Vereit	512,849	0.12
1,797	VMware	227,333	0.05
13,452	Walgreens Boots Alliance	894,761	0.22
4,196	Wal-Mart Stores	320,021	0.08
34,944	Wells Fargo Lux Worldwide - US Small Cap Value <sup>1</sup>	3,588,095	0.86
364	Western Digital	12,988	–
2,241	WestRock	81,417	0.02
		<b>28,082,855</b>	<b>6.77</b>
	<b>United Kingdom 20.70% (9.25%)</b>		
21,299	Anglo American	335,587	0.08
107,322	Antofagasta	868,450	0.21
3,482,293	Artemis UK Select <sup>1</sup>	17,734,621	4.27
5,421	Associated British Foods	132,327	0.03
5,264	AstraZeneca	323,841	0.08
160,451	Auto Trader Group	704,380	0.17
240,312	Aviva	973,023	0.23
3,780	Babcock International	21,773	0.01
14,871	Barratt Developments	68,198	0.02
1,684	Berkeley Group	53,854	0.01
28,643	BHP	433,712	0.10
440,910	BP	2,293,614	0.55
10,173	British American Tobacco	277,774	0.07
12,070	British Land	66,964	0.02
5,542	Bunzl	135,336	0.03
6,292	Burberry	112,312	0.03
9,029	Carnival	413,980	0.10
226,437	Centrica	311,464	0.08
150,846	ConvaTec Group	228,984	0.06
6,463	Diageo	182,741	0.04
73,165	Direct Line Insurance Group	238,737	0.06
121	FTSE 100 Index Futures December 2018 <sup>4</sup>	(431,144)	(0.10)
167,272	G4S	324,508	0.08
76,290	GlaxoSmithKline	1,222,166	0.29
174,991	HSBC Holdings	1,155,641	0.28
46,153	Imperial Tobacco Group	1,102,364	0.27
3,491	Intertek Group	166,870	0.04
240,961	J Sainsbury	734,931	0.18
10,890	Land Securities	88,514	0.02
257,177	Legal & General Group	630,084	0.15
10,462	London Stock Exchange	424,129	0.10
11,121,353	Majedie UK Focus <sup>1</sup>	21,765,601	5.24
154,749	Marks & Spencer	459,140	0.11
26,098	Mediclinic International	93,614	0.02
153,808	Meggitt	798,879	0.19
6,640	Micro Focus International	102,654	0.03
45,711	National Grid	381,824	0.09
19,503	Pearson	188,711	0.05
39,685	Persimmon	758,777	0.18
1,837,536	Polar Capital Funds - UK Value Opportunities <sup>1</sup>	20,029,141	4.82
13,374	Randgold Resources	848,982	0.20
2,401	Reckitt Benckiser Group	158,178	0.04
47,155	RELX	777,822	0.19

# 7IM MODERATELY ADVENTUROUS FUND

## PORTFOLIO STATEMENT

as at 30 November 2018

Holding	Portfolio of Investment	Value £	30.11.18 %
<b>United Kingdom (continued)</b>			
14,721	Rio Tinto	526,276	0.13
37,430	Royal Dutch Shell 'A'	888,775	0.21
57,006	Royal Dutch Shell 'B'	1,374,415	0.33
145,591	Royal Mail	463,416	0.11
1,827	Schroders	46,570	0.01
13,738	Shire	616,836	0.15
47,750	Smith & Nephew	679,721	0.16
75,166	St James's Place	755,042	0.18
17,464	Standard Chartered	104,924	0.03
124,649	Taylor Wimpey	167,030	0.04
210,131	Tesco	415,954	0.10
16,619	Travis Perkins	182,227	0.04
502	Unilever	21,483	0.01
672,976	Vodafone Group	1,131,273	0.27
355,123	WM Morrison Supermarkets	847,146	0.20
3,495	WPP	30,015	0.01
		<b>85,944,161</b>	<b>20.70</b>
<b>PRIVATE EQUITY 3.45% (3.27%)</b>			
141,915	HarbourVest Global Private Equity	1,952,750	0.47
549,918	NB Private Equity Partners	5,939,115	1.43
314,918	Pantheon International Participation	6,424,327	1.55
		<b>14,316,192</b>	<b>3.45</b>
<b>FORWARD CURRENCY CONTRACTS -0.29% (0.62%)</b>			
€2,350,000	Vs £(2,084,057) Expiry 15.02.2019	16,679	—
€(33,400,000)	Vs £29,942,432 Expiry 15.02.2019	85,155	0.02
€(450,000)	Vs £398,880 Expiry 15.02.2019	(3,388)	—
¥(1,000,000,000)	Vs £6,857,300 Expiry 21.12.2018	(55,665)	(0.01)
¥(800,000,000)	Vs £5,393,380 Expiry 21.12.2018	(136,992)	(0.03)
US\$(71,330,000)	Vs £54,237,984 Expiry 18.01.2019	(1,539,808)	(0.37)
¥220,000,000	Vs £(1,499,557) Expiry 21.12.2018	21,295	0.01
US\$10,500,000	Vs £(7,989,226) Expiry 18.01.2019	221,440	0.05
US\$5,750,000	Vs £(4,424,047) Expiry 18.01.2019	72,270	0.02
US\$6,400,000	Vs £(4,946,210) Expiry 18.01.2019	58,387	0.01
US\$1,580,000	Vs £(1,210,172) Expiry 18.01.2019	25,338	0.01
US\$3,800,000	Vs £(2,956,055) Expiry 18.01.2019	15,424	—
		<b>(1,219,865)</b>	<b>(0.29)</b>
<b>Portfolio of investment</b>		<b>411,274,945</b>	<b>99.06</b>
Net other assets		3,905,949	0.94
<b>Net assets</b>		<b>415,180,894</b>	<b>100.00</b>

Comparative figures shown in brackets relate to 30 November 2017.

All investments are ordinary shares listed on a regulated market unless stated otherwise.

<sup>1</sup> Collective investment scheme

<sup>2</sup> Structured product

<sup>3</sup> Delisted security

<sup>4</sup> Derivative contract

## 7IM MODERATELY ADVENTUROUS FUND

### PORTFOLIO STATEMENT

as at 30 November 2018

	<b>30.11.18</b>	<b>30.11.17</b>
<b>Credit Quality</b>	<b>%</b>	<b>%</b>
Investment grade debt securities	17.08	15.18
Non-rated debt securities	2.36	3.66
Other investments	79.62	80.73
Net other assets	0.94	0.43
	<hr/>	<hr/>
	<b>100.00</b>	<b>100.00</b>

## 7IM MODERATELY ADVENTUROUS FUND

### STATEMENT OF TOTAL RETURN

for the year ended 30 November 2018

	Notes	£	30.11.18 £	£	30.11.17 £
Income					
Net capital (losses)/gains	4		(16,702,647)		39,847,349
Revenue	5	7,006,996		7,491,259	
Expenses	6	(4,149,483)		(4,226,098)	
Interest payable and similar charges	8	(16,835)		(51,432)	
Net revenue before taxation for the year		2,840,678		3,213,729	
Taxation	7	(117,069)		(142,431)	
Net revenue after taxation for the year			2,723,609		3,071,298
<b>Total return before distributions</b>			(13,979,038)		42,918,647
Distributions	8		(3,365,980)		(3,519,733)
<b>Change in net assets attributable to shareholders from investment activities</b>			(17,345,018)		39,398,914

### STATEMENT OF CHANGE IN NET ASSETS ATTRIBUTABLE TO SHAREHOLDERS

for the year ended 30 November 2018

	£	30.11.18 £	£	30.11.17 £
<b>Opening net assets attributable to shareholders</b>		447,320,944		425,572,219
Amounts received on creation of shares <sup>1</sup>	59,842,589		64,662,135	
Amounts paid on cancellation of shares <sup>1</sup>	(77,612,211)		(85,384,851)	
		(17,769,622)		(20,722,716)
Change in net assets attributable to shareholders from investment activities		(17,345,018)		39,398,914
Retained distribution on accumulation shares		2,974,590		3,072,527
<b>Closing net assets attributable to shareholders</b>		415,180,894		447,320,944

<sup>1</sup>Stated at mid-market price.

The notes on pages 149 to 160 are an integral part of these Financial Statements.

## 7IM MODERATELY ADVENTUROUS FUND

### BALANCE SHEET

as at 30 November 2018

	Notes	30.11.18 £	30.11.17 £
<b>ASSETS</b>			
Fixed assets:			
Investments		414,698,808	446,168,441
Current assets:			
Debtors	9	3,143,788	1,852,854
Cash and bank balances	10	4,932,177	4,113,777
<b>Total assets</b>		<b>422,774,773</b>	<b>452,135,072</b>
<b>LIABILITIES</b>			
Investment liabilities		(3,423,863)	(758,543)
Creditors:			
Bank overdrafts	10	(2,012,466)	(1,861,284)
Distribution payable		(247,219)	(202,703)
Other creditors	11	(1,910,331)	(1,991,598)
<b>Total liabilities</b>		<b>(7,593,879)</b>	<b>(4,814,128)</b>
<b>Net assets attributable to shareholders</b>		<b>415,180,894</b>	<b>447,320,944</b>

The notes on pages 149 to 160 are an integral part of these Financial Statements.

# 7IM MODERATELY ADVENTUROUS FUND

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 November 2018

### 1 Statement of Compliance

The Sub-fund's Financial Statements have been prepared on the same basis as the Statement of Compliance disclosed on page 10.

### 2 Summary of Significant Accounting Policies

The Sub-fund's Financial Statements have been prepared on the same basis as the Summary of Significant Accounting Policies disclosed on pages 10 to 12.

### 3 Risk Management Policies

The Sub-fund's Risk Management Policies are the same as the Risk Management Policies disclosed on pages 13 to 14.

### 4 Net capital (losses)/gains

	<b>30.11.18</b>	<b>30.11.17</b>
	<b>£</b>	<b>£</b>
The net capital (losses)/gains during the year comprise:		
Non-derivative securities	(14,012,632)	30,305,973
Derivative contracts	1,843,620	3,444,993
Forward currency contracts	(5,163,893)	4,893,876
Currency gains	590,324	1,146,807
Transaction charges	(31,955)	(33,728)
AMC rebates from underlying investments	71,889	89,428
Net capital (losses)/gains	<u>(16,702,647)</u>	<u>39,847,349</u>

### 5 Revenue

	<b>30.11.18</b>	<b>30.11.17</b>
	<b>£</b>	<b>£</b>
Non-taxable dividends	4,497,525	4,339,272
Taxable dividends	1,246,675	2,182,883
Unfranked interest	961,509	828,769
AMC rebates from underlying investments	265,751	113,237
Bank interest	3,454	15,362
Stock lending revenue <sup>1</sup>	32,082	11,736
Total revenue	<u>7,006,996</u>	<u>7,491,259</u>

<sup>1</sup> Stock lending revenue is disclosed net of the security agent's share of income.



## 7IM MODERATELY ADVENTUROUS FUND

### NOTES TO THE FINANCIAL STATEMENTS (continued) for the year ended 30 November 2018

#### 6 Expenses

	30.11.18 £	30.11.17 £
Payable to the ACD, associates of the ACD and agents of either of them:		
ACD's periodic charge	3,952,723	3,930,818
Other expenses	8,030	8,026
	<u>3,960,753</u>	<u>3,938,844</u>
Payable to the Depositary, associates of the Depositary and agents of either of them:		
Depositary's fees	59,145	60,088
Market risk fees	6,000	6,000
Safe custody and other bank charges	38,845	40,404
	<u>103,990</u>	<u>106,492</u>
Other Expenses:		
Advisory fees	41,974	127,789
Audit fee	8,760	8,760
Dealing and exchange fees	17,195	23,582
FCA and other Regulatory fees	300	275
Legal and professional fees	2,417	829
Printing, postage and distribution costs	9,156	13,812
Risk analysis fees	4,938	5,715
	<u>84,740</u>	<u>180,762</u>
Total expenses	<u>4,149,483</u>	<u>4,226,098</u>

## 7IM MODERATELY ADVENTUROUS FUND

### NOTES TO THE FINANCIAL STATEMENTS (continued) for the year ended 30 November 2018

#### 7 Taxation

	30.11.18 £	30.11.17 £
<i>a) Analysis of charge for the year</i>		
Overseas tax	117,069	142,431
Current tax charge (note 7b)	117,069	142,431
Total taxation	117,069	142,431
<i>b) Factors affecting current tax charge for the year</i>		
The tax assessed for the year differs from the standard rate of corporation tax in the UK for an authorised fund (20%) (2017: 20%) for the reasons explained below.		
Net revenue before taxation	2,840,678	3,213,729
Corporation tax at 20%	568,136	642,746
Effects of:		
AMC rebates taken to capital	14,378	17,886
Double taxation relief expensed	–	(1,651)
FX loss non taxable	–	6,191
Movement in revenue accruals	547	1,160
Non-taxable dividends	(890,326)	(875,635)
Overseas tax	117,069	142,431
Tax effect on offshore funds	627,912	447,844
Tax on stock dividends	(9,557)	–
Unutilised excess management expenses	(311,090)	(238,541)
Current tax charge (note 7a)	117,069	142,431

#### *c) Deferred tax*

There is no deferred tax provision in the current year (2017: none).

At the year end there is a potential deferred tax asset of £402,065 (2017: £713,155) due to surplus management expenses. It is unlikely the Sub-fund will generate sufficient taxable profits in the future to utilise this amount and therefore, no deferred tax asset has been recognised.

#### 8 Distributions

The distributions take account of revenue received on the issue of shares and revenue deducted on cancellation of shares, and comprise:

	30.11.18 £	30.11.17 £
Interim	1,047,776	1,676,120
Final	2,291,413	1,792,966
	3,339,189	3,469,086
Add: Revenue deducted on cancellation of shares	98,950	196,009
Deduct: Revenue received on issue of shares	(72,159)	(145,362)
Net distributions for the year	3,365,980	3,519,733
Interest payable and similar charges	16,835	51,432
Total distribution	3,382,815	3,571,165

# 7IM MODERATELY ADVENTUROUS FUND

## NOTES TO THE FINANCIAL STATEMENTS (continued) for the year ended 30 November 2018

### 8 Distributions (continued)

Details of the distributions per share are set out in the table on pages 161 to 163.

Distributions represented by:		
Net revenue after taxation	2,723,609	3,071,298
Allocations to capital:		
Equalisation on conversions <sup>1</sup>	408	633
Net movement in revenue account	(7)	(42)
Tax relief on Non Reporting Offshore Funds	641,970	447,844
Net distributions for the year	<u>3,365,980</u>	<u>3,519,733</u>

<sup>1</sup>Where an investor converts to a class with a higher income yield, the investor will pay or receive an equalisation as if they had held the new class throughout the period from the last distribution to the conversion date. The yield differential at the point of conversion is an equalisation which will be offset by capital erosion for the converted investor.

### 9 Debtors

	<b>30.11.18</b>	<b>30.11.17</b>
	£	£
Amounts receivable for issue of shares	667,696	994,469
Sales awaiting settlement	1,400,000	–
Accrued revenue	795,883	639,464
Income tax recoverable	4,471	–
AMC rebates from underlying investments	158,414	98,337
Withholding tax recoverable	117,324	120,496
Prepaid expenses	–	88
Total debtors	<u>3,143,788</u>	<u>1,852,854</u>

### 10 Cash and bank balances

	<b>30.11.18</b>	<b>30.11.17</b>
	£	£
Cash and bank balances	1,198,565	2,051,849
Cash held at clearing houses	3,733,612	2,061,928
Total cash and bank balances	<u>4,932,177</u>	<u>4,113,777</u>
Bank overdrafts	(2,007,182)	(1,861,184)
Cash overdraft at clearing houses	(5,284)	(100)
Total bank overdrafts	<u>(2,012,466)</u>	<u>(1,861,284)</u>

### 11 Other Creditors

	<b>30.11.18</b>	<b>30.11.17</b>
	£	£
Amounts payable for cancellation of shares	1,558,364	1,586,743
Purchases awaiting settlement	–	23,386
Accrued expenses	351,893	381,469
Currency deals awaiting settlement	74	–
Total other creditors	<u>1,910,331</u>	<u>1,991,598</u>

## 7IM MODERATELY ADVENTUROUS FUND

### NOTES TO THE FINANCIAL STATEMENTS (continued) for the year ended 30 November 2018

#### 12 Related party transactions

ACD's periodic charge and other expenses payable to 7IM (the 'ACD') are disclosed in note 6.

The aggregate monies received by the ACD through the issue of shares and paid on cancellation of shares are disclosed in the Statement of Change in Net Assets Attributable to Shareholders on page 147.

A shareholder may be able to exercise significant influence over the financial and operating policies of the Sub-fund and as such is deemed to be a related party. At the balance sheet date the following shareholder held in excess of 20% of the shares in issue of the Sub-fund:

Pershing Nominees Limited 55.98% (2017: 53.25%)

Where the Sub-fund invests in another sub-fund of the ICVC or any other collective investment scheme managed by the ACD it is referenced in the Portfolio Statement of the Sub-fund.

#### 13 Classes of Shares

The Sub-fund has five share classes: 'A', 'B', 'C', 'D' and 'S'. The annual management charge on each class are as follows:

Class A	1.40%
Class B	1.15%
Class C	0.90%
Class D	1.40%
Class S	0.65%

The following table shows the shares in issue during the year:

Class	Opening Shares	Shares Created	Shares Liquidated	Shares Converted	Closing Shares
Class A Income	13,441	–	–	–	13,441
Class A Accumulation	640,614	11,062	(70,643)	–	581,033
Class B Accumulation	9,743,787	558,477	(1,499,189)	–	8,803,075
Class C Income	19,417,906	915,940	(2,387,733)	51,294	17,997,407
Class C Accumulation	113,970,325	19,022,646	(19,900,987)	(375,673)	112,716,311
Class D Income	201,368	390	(33,065)	–	168,693
Class D Accumulation	5,613,187	587,799	(1,130,586)	–	5,070,400
Class S Income	2,931,291	144,544	(475,363)	(591)	2,599,881
Class S Accumulation	46,968,228	3,788,593	(9,630,097)	644,355	41,771,079

#### 14 Contingent liabilities and commitments

There are no contingent liabilities or unrecorded outstanding commitments at the balance sheet date (2017: none).

## 7IM MODERATELY ADVENTUROUS FUND

### NOTES TO THE FINANCIAL STATEMENTS (continued) for the year ended 30 November 2018

#### 15 Risks Disclosures

The main risks from the Sub-fund's holding of financial instruments, together with the ACD's policy for managing these risks are detailed in note 3 on pages 13 to 14. Further analysis and numeric disclosure of interest rate risk, foreign currency risk and derivatives are shown below.

##### i. Interest rate risk

The table below shows the direct interest rate risk profile:

Interest rate exposure as at 30 November 2018

	<b>Floating Rate Financial Assets £</b>	<b>Fixed Rate Financial Assets £</b>	<b>Financial Assets not carrying interest £</b>	<b>Total £</b>
Danish krone	–	–	298,417	298,417
Euro	803,152	5,302,749	11,530,172	17,636,073
Japanese yen	–	5,517,858	1,523,598	7,041,456
Norwegian krone	–	–	33,213	33,213
Swedish krona	–	–	908,269	908,269
Swiss franc	30,463	–	2,187,881	2,218,344
US dollar	405,871	15,602,986	120,941,563	136,950,420
Pound sterling	23,361,875	38,067,698	318,113,155	379,542,728
	<b>24,601,361</b>	<b>64,491,291</b>	<b>455,536,268</b>	<b>544,628,920</b>

	<b>Floating Rate Financial Liabilities £</b>	<b>Financial Liabilities not carrying interest £</b>	<b>Total £</b>
Euro	(709,607)	(30,259,546)	(30,969,153)
Japanese yen	–	(12,443,337)	(12,443,337)
Swiss franc	(30,463)	–	(30,463)
US dollar	(373,300)	(57,034,658)	(57,407,958)
Pound sterling	(899,097)	(27,698,018)	(28,597,115)
	<b>(2,012,467)</b>	<b>(127,435,559)</b>	<b>(129,448,026)</b>

Interest rate exposure as at 30 November 2017

	<b>Floating Rate Financial Assets £</b>	<b>Fixed Rate Financial Assets £</b>	<b>Financial Assets not carrying interest £</b>	<b>Total £</b>
Danish krone	–	–	1,106,999	1,106,999
Euro	710,625	–	12,124,840	12,835,465
Japanese yen	–	–	264,917	264,917
Norwegian krone	–	–	68,213	68,213
Swedish krona	–	–	508,398	508,398
Swiss franc	110,489	–	3,143,193	3,253,682
US dollar	11,872,887	26,066,187	172,653,823	210,592,897
Pound sterling	33,454,758	21,642,304	313,330,514	368,427,576
	<b>46,148,759</b>	<b>47,708,491</b>	<b>503,200,897</b>	<b>597,058,147</b>

## 7IM MODERATELY ADVENTUROUS FUND

### NOTES TO THE FINANCIAL STATEMENTS (continued) for the year ended 30 November 2018

#### 15 Risks Disclosures (continued)

##### i. Interest rate risk (continued)

	<b>Floating Rate Financial Liabilities £</b>	<b>Financial Liabilities not carrying interest £</b>	<b>Total £</b>
Euro	(658,834)	(11,996,426)	(12,655,260)
Japanese yen	–	(8,609,810)	(8,609,810)
Swiss franc	(29,226)	–	(29,226)
US dollar	(168,416)	(124,536,472)	(124,704,888)
Pound sterling	(1,004,808)	(2,733,211)	(3,738,019)
	<hr/>	<hr/>	<hr/>
	(1,861,284)	(147,875,919)	(149,737,203)

The floating rate financial assets and liabilities comprise bank balances and bank overdraft positions which earn or pay interest at rates linked to the Bank of England base rate or its international equivalents, index-linked securities that earn interest at rates adjusted by changes in the UK Retail Prices Index (RPI) or its international equivalent and collective investment schemes that pay UK interest distributions.

Currency	<b>Fixed Rate Financial Assets</b>			
	<b>Weighted average interest rate</b>		<b>Weighted average period for which rate is fixed</b>	
	<b>30.11.18 %</b>	<b>30.11.17 %</b>	<b>30.11.18 Years</b>	<b>30.11.17 Years</b>
Euro	0.84	–	9	–
Japanese yen	0.15	–	11	–
Pound sterling	1.33	0.72	7	2
US dollar	1.65	1.20	5	6

The average effective duration of the Sub-fund's portfolio is a measure of the sensitivity of the fair value of the Sub-fund's bond portfolio (excludes all other investments) to changes in market interest rates. As at 30 November 2018, the average weighted effective duration was 1.19 years (30 November 2017 0.93 years).

##### ii. Foreign currency risk

The table below shows the direct foreign currency risk profile:

Foreign currency risk exposure as at 30 November 2018

Currency	<b>Monetary Exposure £</b>	<b>Non-Monetary Exposure £</b>	<b>Total £</b>
Danish krone	14,697	283,720	298,417
Euro	175,216	(13,508,296)	(13,333,080)
Japanese yen	2,746	(5,404,627)	(5,401,881)
Norwegian krone	1,542	31,671	33,213
Swedish krona	–	908,269	908,269
Swiss franc	82,491	2,105,390	2,187,881
US dollar	107,879	79,434,583	79,542,462
	<hr/>	<hr/>	<hr/>
	384,571	63,850,710	64,235,281
Pound sterling	7,027,378	343,918,235	350,945,613
	<hr/>	<hr/>	<hr/>
Net assets	7,411,949	407,768,945	415,180,894

## 7IM MODERATELY ADVENTUROUS FUND

### NOTES TO THE FINANCIAL STATEMENTS (continued) for the year ended 30 November 2018

#### 15 Risks Disclosures (continued)

##### ii. Foreign currency risk (continued)

Foreign currency risk exposure as at 30 November 2017

Currency	Monetary Exposure £	Non-Monetary Exposure £	Total £
Danish krone	12,131	1,094,868	1,106,999
Euro	85,801	94,404	180,205
Japanese yen	–	(8,344,893)	(8,344,893)
Norwegian krone	7,987	60,226	68,213
Swedish krona	888	507,510	508,398
Swiss franc	146,140	3,078,316	3,224,456
US dollar	200,211	85,687,798	85,888,009
	453,158	82,178,229	82,631,387
Pound sterling	6,932,888	357,756,669	364,689,557
Net assets	7,386,046	439,934,898	447,320,944

##### iii. Derivatives

The derivatives held by the Sub-fund during the year were for the purposes of meeting the investment objectives of the Sub-fund and for efficient portfolio management.

The Sub-fund must at any time, be capable of meeting all of its payment and delivery obligations incurred in respect of its Financial Derivatives Instruments transactions. The Investment Manager uses a risk management technique known as absolute value-at-risk ('VaR') to measure the Sub-fund's global exposure. VaR is an advanced risk measurement methodology used to assess the Sub-fund's global exposure as set out in the Sub-fund's Risk Management Process.

The Sub-fund measures risk using the absolute value at risk approach. The Sub-fund's expected level of leverage (calculated as the sum of the notionals) under normal market circumstances is expected to be generally in the range of 100% to 230% of the Sub-fund's Net Asset Value and is not expected to exceed 360%. It is possible that there may be higher leverage levels from time to time during abnormal market conditions.

The lowest, highest and average leverage utilisation in the accounting year ended 30 November 2018 was 141%, 249% and 178% respectively (30 November 2017: 137%, 277% and 187% respectively).

VaR is calculated for the funds under the parametric method. The time horizon for the calculation is 1 day, using a 99% confidence level. The methodology is derived from MSCI's Barra risk engine and blends the VaR produced from two different risk models, namely MSCI Barra Integrated Model: Long Version (BIM303L) and MSCI Barra Ultra-Short Model (BIM303 51d HL). The former applies a 1 year half-life (exponential weighting) for calculating volatilities and 3 years for correlations; the latter applies a 10 week half-life for both volatilities and correlations. Both models natively cover around 104K global equity securities; 500K sovereign and corporate bonds; 900k municipal, 2,200K structured products (MBS/ABS/CMO); around 290k mutual funds; 161 currencies, 34 commodities.

The reported VaR is calculated formulaically as follows:  $VaR = 0.3 * VaR(BIM303L) + 0.7 * MAX[VaR(BIM303L), VaR(BIM303 51d HL)]$ .

The Barra models map individual portfolio positions onto the Barra set of risk factors in order to backfill for a time series of volatility. The VaR numbers calculated by BIM303L and BIM303 51d HL are derived from daily volatility numbers, multiplied by an appropriate 99% confidence interval scaling factor under the assumption of a normal distribution.

## 7IM MODERATELY ADVENTUROUS FUND

### NOTES TO THE FINANCIAL STATEMENTS (continued) for the year ended 30 November 2018

#### 15 Risks Disclosures (continued)

##### iii. Derivatives (continued)

The types of derivatives held at the balance sheet date were forward foreign currency contracts, future contracts and put options. Details of individual contracts are disclosed in the Portfolio Statement and the total position by counterparty at the balance sheet date was as follows:

<b>Counterparty</b>	<b>30.11.18</b> <b>£</b>	<b>30.11.17</b> <b>£</b>
<b>Options</b>		
Chicago Board Options Exchange	397,373	205,556
<b>Futures Contracts</b>		
Chicago Mercantile Exchange	–	626,223
Eurex Deutschland	132,975	(41,004)
International Monetary Market	(1,224,784)	–
London International Financial Future Exchange	(431,144)	(708,787)
<b>Forward Currency Contracts</b>		
Northern Trust	(1,219,865)	2,770,993
<b>Total net exposure<sup>1</sup></b>	<u>(2,345,445)</u>	<u>2,852,981</u>

<sup>1</sup> Net exposure represents the mark to market value of derivative contracts less any cash collateral held. Positive exposure represents the Sub-fund's exposure to that counterparty.



## 7IM MODERATELY ADVENTUROUS FUND

### NOTES TO THE FINANCIAL STATEMENTS (continued) for the year ended 30 November 2018

#### 15 Risks Disclosures (continued)

##### iv. Fair value

In the opinion of the ACD, there is no material difference between the value of the financial assets and liabilities, as shown in the balance sheet, and their fair value.

Investments are categorised into the following levels based on their fair value measurement:

##### Level 1

The unadjusted quoted price in an active market for identical instruments that the entity can access at the measurement date.

##### Level 2

Valuation techniques using observable inputs other than quoted prices within Level 1 (i.e. developed using market data).

##### Level 3

Valuation techniques using unobservable inputs (i.e. for which market data is unavailable).

	Level 1 £	Level 2 £	Level 3 £	Total £
<b>30 November 2018</b>				
<b>Assets</b>				
Bonds	28,467,951	52,186,521	–	80,654,472
Collective Investment Schemes	–	248,410,332	–	248,410,332
Derivatives	562,430	515,988	–	1,078,418
Equities	84,555,519	67	–	84,555,586
<b>Total</b>	<b>113,585,900</b>	<b>301,112,908</b>	<b>–</b>	<b>414,698,808</b>
<b>Liabilities</b>				
Derivatives	<b>(1,688,010)</b>	<b>(1,735,853)</b>	<b>–</b>	<b>(3,423,863)</b>
<b>30 November 2017</b>				
<b>Assets</b>				
Bonds	21,337,094	62,931,378	–	84,268,472
Collective Investment Schemes	28,594,702	241,711,385	–	270,306,087
Derivatives	831,780	2,779,745	–	3,611,525
Equities	80,113,914	7,868,443	–	87,982,357
<b>Total</b>	<b>130,877,490</b>	<b>315,290,951</b>	<b>–</b>	<b>446,168,441</b>
<b>Liabilities</b>				
Derivatives	<b>(749,791)</b>	<b>(8,752)</b>	<b>–</b>	<b>(758,543)</b>

## 7IM MODERATELY ADVENTUROUS FUND

### NOTES TO THE FINANCIAL STATEMENTS (continued) for the year ended 30 November 2018

#### 16 Purchases, Sales and Transaction Costs

The following tables show portfolio transactions and their associated transaction costs. For more information about the nature of these costs please refer to the additional portfolio transaction cost information on page 126.

Analysis of direct transaction costs for the year ended 30 November 2018:

	Principal £'000	Commissions £'000	Taxes £'000	Total Transaction Costs £'000	Commissions % of principal	Taxes % of principal
<b>Purchases</b>						
Bonds	76,983	–	–	–	–	–
Collective Investment Schemes	294,991	–	–	–	–	–
Derivatives	963	–	–	–	–	–
Equities	72,943	10	127	137	0.01	0.17
<b>Total</b>	<b>445,880</b>	<b>10</b>	<b>127</b>	<b>137</b>	<b>0.01</b>	<b>0.17</b>
<b>Sales</b>						
Bonds	80,449	–	–	–	–	–
Collective Investment Schemes	274,588	–	–	–	–	–
Derivatives	10,810	–	–	–	–	–
Equities	95,478	(12)	(1)	(13)	0.01	–
<b>Total</b>	<b>461,325</b>	<b>(12)</b>	<b>(1)</b>	<b>(13)</b>	<b>0.01</b>	<b>–</b>
<b>Total as a percentage of the average NAV</b>		<b>0.00%</b>	<b>0.03%</b>	<b>0.03%</b>		

## 7IM MODERATELY ADVENTUROUS FUND

### NOTES TO THE FINANCIAL STATEMENTS (continued) for the year ended 30 November 2018

#### 16 Purchases, Sales and Transaction Costs (continued)

Analysis of direct transaction costs for the year ended 30 November 2017:

	Principal £'000	Commissions £'000	Taxes £'000	Total Transaction Costs £'000	Commissions % of principal	Taxes % of principal
<b>Purchases</b>						
Bonds	92,545	–	–	–	–	–
Collective Investment Schemes	283,182	–	–	–	–	–
Derivatives	8,789	–	–	–	–	–
Equities	100,164	14	71	85	0.01	0.07
<b>Total</b>	<b>484,680</b>	<b>14</b>	<b>71</b>	<b>85</b>	<b>0.01</b>	<b>0.07</b>
	Principal £'000	Commissions £'000	Taxes £'000	Total Transaction Costs £'000	Commissions % of principal	Taxes % of principal
<b>Sales</b>						
Bonds	47,674	–	–	–	–	–
Collective Investment Schemes	294,384	–	–	–	–	–
Derivatives	–	–	–	–	–	–
Equities	144,951	(36)	(2)	(34)	0.02	–
<b>Total</b>	<b>487,009</b>	<b>(36)</b>	<b>(2)</b>	<b>(34)</b>	<b>0.02</b>	<b>–</b>
<b>Total as a percentage of the average NAV</b>		<b>0.01%</b>	<b>0.02%</b>	<b>0.03%</b>		

#### Average portfolio dealing spread

As at the balance sheet date, the average portfolio dealing spread was 0.12% (2017: 0.19%) based on close of business prices. This spread represents the difference between the values determined respectively by reference to the bid and offer prices of investments expressed as a percentage of the value determined by reference to the offer price.

#### 17 Post Balance Sheet Events

There have been no significant events since the year end that impact the Sub-fund and require disclosure in the financial statements.

# 7IM MODERATELY ADVENTUROUS FUND

## DISTRIBUTION TABLES

for the year ended 30 November 2018

### Interim - in pence per share

Group 1 - Shares purchased prior to 1 December 2017

Group 2 - Shares purchased on or after 1 December 2017 and on or before 31 May 2018

	Net Revenue	Equalisation	Paid 31.08.18	Paid 31.07.17
<b>Class A Income</b>				
Group 1	–	–	–	0.3045
Group 2	–	–	–	0.3045
			<b>Allocated 31.08.18</b>	<b>Allocated 31.07.17</b>
<b>Class A Accumulation</b>				
Group 1	–	–	–	0.3290
Group 2	–	–	–	0.3290
			<b>Allocated 31.08.18</b>	<b>Allocated 31.07.17</b>
<b>Class B Accumulation</b>				
Group 1	0.2714	–	0.2714	0.6254
Group 2	0.2176	0.0538	0.2714	0.6254
			<b>Allocated 31.08.18</b>	<b>Allocated 31.07.17</b>
<b>Class C Income</b>				
Group 1	0.5558	–	0.5558	0.8705
Group 2	0.4322	0.1236	0.5558	0.8705
			<b>Allocated 31.08.18</b>	<b>Allocated 31.07.17</b>
<b>Class C Accumulation</b>				
Group 1	0.6138	–	0.6138	0.9569
Group 2	0.4809	0.1329	0.6138	0.9569
			<b>Allocated 31.08.18</b>	<b>Allocated 31.07.17</b>
<b>Class D Income</b>				
Group 1	–	–	–	0.3084
Group 2	–	–	–	0.3084
			<b>Allocated 31.08.18</b>	<b>Allocated 31.07.17</b>
<b>Class D Accumulation</b>				
Group 1	–	–	–	0.3199
Group 2	–	–	–	0.3199

## 7IM MODERATELY ADVENTUROUS FUND

### DISTRIBUTION TABLES (continued) for the year ended 30 November 2018

	Net Revenue	Equalisation	Paid 31.08.18	Paid 31.07.17
<b>Class S Income</b>				
Group 1	0.4628	–	0.4628	0.6362
Group 2	0.2949	0.1679	0.4628	0.6362
	Net Revenue	Equalisation	Allocated 31.08.18	Allocated 31.07.17
<b>Class S Accumulation</b>				
Group 1	0.4825	–	0.4825	0.6464
Group 2	0.3133	0.1692	0.4825	0.6464
<b>Final - in pence per share</b>				
Group 1 - Shares purchased prior to 1 June 2018				
Group 2 - Shares purchased on or after 1 June 2018 and on or before 30 November 2018				
	Net Revenue	Equalisation	Paid 31.01.19	Paid 31.01.18
<b>Class A Income</b>				
Group 1	0.6162	–	0.6162	0.3526
Group 2	0.6162	–	0.6162	0.3526
	Net Revenue	Equalisation	Allocated 31.01.19	Allocated 31.01.18
<b>Class A Accumulation</b>				
Group 1	0.6340	–	0.6340	0.3627
Group 2	0.5007	0.1333	0.6340	0.3627
	Net Revenue	Equalisation	Allocated 31.01.19	Allocated 31.01.18
<b>Class B Accumulation</b>				
Group 1	1.0180	–	1.0180	0.6876
Group 2	0.7362	0.2818	1.0180	0.6876
	Net Revenue	Equalisation	Paid 31.01.19	Paid 31.01.18
<b>Class C Income</b>				
Group 1	1.2472	–	1.2472	0.9389
Group 2	0.7700	0.4772	1.2472	0.9389
	Net Revenue	Equalisation	Allocated 31.01.19	Allocated 31.01.18
<b>Class C Accumulation</b>				
Group 1	1.3794	–	1.3794	1.0306
Group 2	0.8500	0.5294	1.3794	1.0306

## 7IM MODERATELY ADVENTUROUS FUND

### DISTRIBUTION TABLES (continued)

for the year ended 30 November 2018

	<b>Net Revenue</b>	<b>Equalisation</b>	<b>Paid 31.01.19</b>	<b>Paid 31.01.18</b>
<b>Class D Income</b>				
Group 1	0.6038	–	0.6038	0.3498
Group 2	0.4789	0.1249	0.6038	0.3498
			<b>Allocated 31.01.19</b>	<b>Allocated 31.01.18</b>
<b>Class D Accumulation</b>				
Group 1	0.6346	–	0.6346	0.3635
Group 2	0.4945	0.1401	0.6346	0.3635
			<b>Paid 31.01.19</b>	<b>Paid 31.01.18</b>
<b>Class S Income</b>				
Group 1	0.8329	–	0.8329	0.6699
Group 2	0.4966	0.3363	0.8329	0.6699
			<b>Allocated 31.01.19</b>	<b>Allocated 31.01.18</b>
<b>Class S Accumulation</b>				
Group 1	0.8712	–	0.8712	0.6940
Group 2	0.4836	0.3876	0.8712	0.6940

### Equalisation

Equalisation applies only to shares purchased during the distribution period (Group 2 shares). It represents the accrued revenue included in the purchase price of the shares. After averaging it is returned with the distribution as a capital repayment. It is not liable to Income Tax but must be deducted from the cost of the shares for Capital Gains Tax purposes.

# 7IM ADVENTUROUS FUND

## ACD'S REPORT

for the year ended 30 November 2018

### Investment Objective and Policy

7IM Adventurous Fund (the 'Sub-fund') aims to provide capital growth. There is a risk of wide fluctuations in capital values. The Sub-fund invests predominantly in a range of collective investment vehicles and securities managed by selected fund managers. Assets with scope for capital growth in real terms are likely to represent a major part of the portfolio. The Sub-fund may use different asset classes, with comparison primarily in equities.

Investment may also be made in warrants, deposits, cash and near cash, money market instruments, other transferable securities, derivatives and forward transactions and other investments to the extent that each is permitted in the stated investment and borrowing powers of the company.

### Investment Manager's Report

#### Performance Report

In the reporting period 1 December 2017 to 30 November 2018, the portfolio delivered a total return of (3.79)%<sup>1</sup>.

#### Investment Background

Back in January, investors were excited because growth was strong across the world, following a remarkably stable 2017. The S&P 500 began the year with six consecutive highs and it looked as though nothing could go wrong. Then everything changed. Global equities plunged by 9% over two weeks in early February, and fell by another 10% in October. Most markets have been much jumpier and more erratic this year than in super-quiet 2017. This rise in volatility, though, looks like a return to normal – and doesn't particularly worry us. Indeed, equity volatility in 2018 has been slightly below its long term average.

It's clear that investors became far more cautious as the year progressed. In some cases, the caution is warranted. For example, the huge tech stocks known as the FANGs (Facebook, Amazon, Netflix and Google) plunged between June and November 2018 as their valuations returned to more realistic levels. In other cases, interesting assets were unfairly punished, creating potential buying opportunities. Emerging market equities and European dividends are two recent examples.

Regarding fundamentals, we saw little change through the year. The world economy is growing at a healthy 3.6%, according to the IMF. Europe and the US are slowing but are in fair shape. In both the US and UK unemployment has fallen, inflation is stable and wages are rising. Global earnings per share growth in 2018 will be an impressive 16%. For all the talk of rate hikes, there were only four by major Western central banks through the year (three in the US and one in Europe), and monetary policy in both regions remains loose. Rates are trending up, as they should, but are far from worrying.

Some commentators claim that weak equity markets in 2018 reflected fragile and slowing global growth and company earnings, blaming factors like interest rate hikes, the US-China trade dispute, Brexit and Eurozone politics. We are not convinced. We think the world economy is in good shape.

It's hard to know why large numbers of investors across the world suddenly began selling. Big algorithmic traders probably played a part, unrelated to any economic or financial fundamentals.

Investors won't remember 2018 with any fondness. But it wasn't nearly as bad as the headlines would have you believe.

#### Portfolio Review

During the year, we increased exposure to equity on the view that equity risk would be better rewarded than some other risk assets given our optimistic outlook for continuing global growth. As part of the strategy of increasing the active weighting in the multi manager funds, we bought Artemis, Polar, and Threadneedle UK Funds and added to the existing holding of Majedie; funded from the sale of Jupiter where we had lost conviction in the manager and the sale of FTSE futures, bringing the UK equity exposure back up to target. We also added to the Japan equity positions to increase active weights. We reduced exposure to European equity selling the Henderson Fund, feeling that the growth prospects for this area were less good than they had been. We took some downside risk protection in European equity buying a put, which we were able to sell at a profit when European equity sold off shortly afterwards. We had an allocation to small cap in the US in the early part of the period but as the year progressed we took the view that the smaller cap end of the US equity market had become fully valued and took profits from this exposure to Russell 2000 stocks, but topped up the US equity holdings to make sure this was up to target allocation. Towards the end of the period, there was a sharp equity drawdown. This sell-off in markets presented an opportunity to increase our exposure to the US as we thought it seemed technically driven and not reflected in fundamentals. The trade was funded from cash and also through the sale of short-term sterling bonds.

We disposed of the Lazard Emerging Markets Equities Fund to invest in the RWC Emerging Markets Fund where we had a higher conviction in the manager. We also moved out of the Goldman Sachs India Fund; an off-benchmark allocation which we had introduced because we had a strong conviction in the manager and expected the Modi government to be good for

<sup>1</sup> Calculated using 7IM Adventurous C Acc shares, NAV return. Source: NTRS

## 7IM ADVENTUROUS FUND

### ACD'S REPORT (continued)

for the year ended 30 November 2018

#### Investment Manager's Report (continued)

financial markets. Indian equities outperformed the broader EM Index and the outlook for India is positive but not more so than broader EM. We also felt there was potential for short-term volatility with the Indian election in April 2019 and so we exited the holdings in the two more adventurous risk profiles to take a good profit.

Among alternatives, we reduced exposure to the alternatives market neutral strategies as we lost conviction in this asset class. Later on, we exited the holding of Zebra Equity Beta Neutral as our conviction in the investment manager in this fund had fallen further and also sold the holding of IP Group where poor performance and a view that the fund no longer fitted in with our evolving security selection process led us to exit the holding.

The gold holding had not performed as well as we had expected in recent turbulent financial markets and we saw more scope for risk diversification from holding a more broadly diversified commodity product in the form of a structured note on the BNP Enhanced Commodity Index.

We reduced exposure to private equity where we felt valuations were up with events selling the holding of Partners Group and the private equity basket.

We decided to add back some real estate exposure and bought into a holding in the BlackRock Global Property Securities Fund, which as well as being a low cost fund, is exposed to some of the more interesting alternative property sectors such as Speciality and Hotel & Lodging REITS in the FTSE EPRA/NAREIT Developed Index which we believe will outperform traditional property sectors such as office, industrial and retail. Within fixed income, we trimmed exposure to Emerging Markets Debt to bring in line with new targets.

In terms of Brexit-related risk, although we believe a No Deal is unlikely, the Investment Team continues to conduct scenario analysis and the potential effects of different Brexit outcomes on the funds. These stress tests are conducted by the independent risk team and assume market reactions in a No Deal scenario similar to that post the Referendum result in 2016. The outcome of this analysis did not produce any results which caused concern. In addition, the Investment Team have looked at the exposure of the 7IM funds to the UK. In this exercise, we focused on the country to which the asset class has exposure, via sales or economic exposure rather than country of listing. We looked at the Strategic Asset Allocation, Tactical Asset Allocation and where possible the actual holdings data of the multi-manager (MM) portfolios. The results demonstrated to us that our current overall exposure is no more than 20% for any fund.

To protect the Sub-fund from an upside Brexit surprise, we increased the sterling allocation funding this from the euro FX position, feeling that sterling looked cheap.

#### Investment Outlook

2018 was tough for financial markets; we think 2019 will be far more normal – and perhaps even boring, in a positive kind of way. The world economy is in fair shape and the risks that the media shouts about are widely exaggerated. In our experience, economic reality – the reality of company sales, employment, government spending, domestic and foreign trade – is remarkably stable over time. It's like a supertanker in motion that can't be diverted easily. By contrast, investors are far more erratic. You can view investor sentiment as cycling around the economic fundamentals: sometimes investors are overly optimistic (greedy), as in January 2018, sometimes they're too pessimistic (fearful), as in February 2016. We think this familiar cycle is in action at the moment, and that investors are too pessimistic. Our goal as investment managers is to focus on the long term and not get caught up in these cycles of investor greed or fear. We expect investor sentiment and markets to recover in 2019 and are positioned accordingly – slightly overweight equities, with a bias towards the US, and negative on bonds and credit.

To global growth: the world economy is slowing a little but should grow comfortably through 2019-20. We don't see the big danger signs that might destabilise it, e.g. soaring interest rates or a financial crisis. China's growth is easing, as it should, but is unlikely to crash anytime soon. World inflation is running at around 2.7%, and is under control. It's not far from the 2% target in the US and UK, and even Japan might be clawing out of its disinflationary mire. Interest rates are normalising in the US, which is healthy, and are set to rise in most countries in 2019. Therefore, we think the world economy is in a 'Goldilocks' phase – neither too hot nor too cold. Goldilocks is usually good for companies: we expect global earnings per share to rise in 2019 and 2020.

The contrasting investor concern seems to be driven by a focus on risks and threats that have been exaggerated, such as US recession, trade wars and the UK political situation.

US recessions have often been associated with equity crashes in the past and some commentators fear recession in 2019. We are not overly worried: the US is currently growing at around 2.5%; from these levels it normally takes at least two years for growth to turn negative. Moreover, the usual imbalances associated with recession – soaring inflation, housing crunch, commodity price shock – are largely absent. We think US recession is unlikely before late 2020, at the earliest.

Concerning trade wars, tariffs have been implemented on about 2.5% of world imports, corresponding to less than 0.6% of



## 7IM ADVENTUROUS FUND

**ACD'S REPORT** (continued)  
for the year ended 30 November 2018

**Investment Manager's Report** (continued)

world GDP. They're certainly a negative for growth, but on a tiny scale thus far. While they could get much worse, we think the US and China will reach some compromise that won't harm their economies (and their people) too much.

In the UK, Brexit is a shambles and we do worry that the UK could end up with a No Deal – which actually would be a Terrible Deal – in March 2019. But it's in the interests of both the UK and the EU to reach a broadly sensible outcome. We think a deal will materialise that's not too painful for the UK. Regarding the possibility of a Corbyn government, we think Mr Corbyn's bark is worse than his bite. If he came to power he'd be so constrained by the range of views within his party, by business pressures and by economic constraints that he'd not be able to do much that would derail the UK's financial markets. Therefore we are relatively optimistic that investors will see less pain in 2019 than they have over the last few months.

Seven Investment Management LLP  
Investment Manager  
February 2019

## 7IM ADVENTUROUS FUND

### FUND INFORMATION

The Comparative Tables on pages 168 to 176 give the performance of each active share class in the Sub-fund.

The 'Return after charges' disclosed in the Comparative Tables is calculated as the return after operating charges per share divided by the opening net asset value per share. It differs from the Sub-fund's performance disclosed in the ACD's report, which is calculated based on the latest published price.

Portfolio transaction costs are incurred when investments are bought or sold by a sub-fund in order to achieve the investment objective. These transaction costs affect an investor in different ways depending on whether they are joining, leaving or continuing with their investment in the sub-fund.

Direct transaction costs include broker commission and taxes. Broker commission includes the fee paid to a broker to execute the trades.

In addition, there are indirect portfolio transaction costs arising from the 'dealing spread' – the difference between the buying and selling prices of underlying investments in the portfolio. Unlike shares whereby broker commissions and stamp duty are paid by the sub-fund on each transaction, other types of investments (such as bonds, money instruments, derivatives, collective investment schemes) do not have separately identifiable transaction costs; these costs form part of the dealing spread. Dealing spreads vary considerably depending on the transaction value and money market sentiment.

# 7IM ADVENTUROUS FUND

## FUND INFORMATION (continued)

### Comparative Tables

#### Class A Income

	30.11.18 (pence per share)	30.11.17 (pence per share)	30.11.16 (pence per share)
<b>Change in Net Asset Value Per Share</b>			
Opening net asset value per share	–	–	198.63
Return before operating charges*	–	–	33.95
Operating charges (calculated on average price)	–	–	(1.81)
Return after operating charges*	–	–	32.14
Distributions on income shares	–	–	–
Last quoted share price <sup>1</sup>	–	–	230.77
Closing net asset value per share	–	–	–
* After direct transaction costs of: <sup>2</sup>	–	–	0.07

#### Performance

Return after charges <sup>3</sup>	–%	–%	16.18%
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#### Other Information

Closing net asset value (£'000)	–	–	–
Closing number of shares	–	–	–
Operating charges <sup>4</sup>	–%	–%	2.04%
Performance fees	–	–	–
Direct transaction costs	–%	–%	0.07%

#### Prices

Highest share price	–	–	230.77
Lowest share price	–	–	171.56

<sup>1</sup> As at the year end date, there are no shares in issue. Share class performance provided is as at 19 May 2016 being the last quoted price date before shares were reduced to zero.

<sup>2</sup> Direct transaction costs are stated after deducting the proportion of the amounts collected from dilution adjustments or dilution levies that relate to direct transaction costs. A negative transaction costs figure might arise where there is a timing difference between inflows and the settlement of the resultant purchases.

<sup>3</sup> The return after charges is calculated as the return after operating charges per share divided by the opening net asset value per share.

<sup>4</sup> Operating charges, otherwise known as the OCF is the ratio of the Sub-fund's total disclosable costs (excluding securities lending fees and overdraft interest) to the average net assets of the Sub-fund. The OCF is intended to provide a reliable figure which gives the most accurate measure of what it costs to invest in a Sub-fund and is calculated based on the last period's figures. Included within the OCF are synthetic costs which includes the OCF of the underlying funds weighted on the basis of their investment proportion. A detailed breakdown of the OCF per share class is shown on page 177.

# 7IM ADVENTUROUS FUND

## FUND INFORMATION (continued)

### Comparative Tables (continued)

#### Class A Accumulation

	30.11.18 (pence per share)	30.11.17 (pence per share)	30.11.16 (pence per share)
<b>Change in Net Asset Value Per Share</b>			
Opening net asset value per share	245.43	218.66	201.47
Return before operating charges*	(4.91)	31.63	21.30
Operating charges (calculated on average price)	(5.12)	(4.86)	(4.11)
Return after operating charges*	(10.03)	26.77	17.19
Distributions	–	(0.42)	(0.60)
Retained distributions on accumulation shares	–	0.42	0.60
Closing net asset value per share	235.40	245.43	218.66
* After direct transaction costs of: <sup>1</sup>	0.08	0.10	0.15

#### Performance

Return after charges <sup>2</sup>	(4.09)%	12.24%	8.53%
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#### Other Information

Closing net asset value (£'000)	108	467	446
Closing number of shares	45,651	190,262	204,124
Operating charges <sup>3</sup>	2.07%	2.06%	2.04%
Direct transaction costs	0.03%	0.04%	0.07%

#### Prices

Highest share price	255.26	247.80	222.58
Lowest share price	231.65	217.29	174.22

<sup>1</sup> Direct transaction costs are stated after deducting the proportion of the amounts collected from dilution adjustments or dilution levies that relate to direct transaction costs. A negative transaction costs figure might arise where there is a timing difference between inflows and the settlement of the resultant purchases.

<sup>2</sup> The return after charges is calculated as the return after operating charges per share divided by the opening net asset value per share.

<sup>3</sup> Operating charges, otherwise known as the OCF is the ratio of the Sub-fund's total disclosable costs (excluding securities lending fees and overdraft interest) to the average net assets of the Sub-fund. The OCF is intended to provide a reliable figure which gives the most accurate measure of what it costs to invest in a Sub-fund and is calculated based on the last period's figures. Included within the OCF are synthetic costs which includes the OCF of the underlying funds weighted on the basis of their investment proportion. A detailed breakdown of the OCF per share class is shown on page 177.

# 7IM ADVENTUROUS FUND

## FUND INFORMATION (continued)

### Comparative Tables (continued)

#### Class B Accumulation

	30.11.18 (pence per share)	30.11.17 (pence per share)	30.11.16 (pence per share)
<b>Change in Net Asset Value Per Share</b>			
Opening net asset value per share	254.09	225.81	207.54
Return before operating charges*	(5.17)	32.69	21.98
Operating charges (calculated on average price)	(4.67)	(4.41)	(3.71)
Return after operating charges*	(9.84)	28.28	18.27
Distributions	(0.28)	(1.06)	(1.22)
Retained distributions on accumulation shares	0.28	1.06	1.22
Closing net asset value per share	244.25	254.09	225.81
* After direct transaction costs of: <sup>1</sup>	0.09	0.11	0.15

#### Performance

Return after charges <sup>2</sup>	(3.87)%	12.52%	8.80%
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#### Other Information

Closing net asset value (£'000)	5,675	6,472	6,178
Closing number of shares	2,323,482	2,547,112	2,736,117
Operating charges <sup>3</sup>	1.82%	1.81%	1.79%
Direct transaction costs	0.03%	0.04%	0.07%

#### Prices

Highest share price	264.50	256.50	299.80
Lowest share price	240.35	224.39	179.55

<sup>1</sup> Direct transaction costs are stated after deducting the proportion of the amounts collected from dilution adjustments or dilution levies that relate to direct transaction costs. A negative transaction costs figure might arise where there is a timing difference between inflows and the settlement of the resultant purchases.

<sup>2</sup> The return after charges is calculated as the return after operating charges per share divided by the opening net asset value per share.

<sup>3</sup> Operating charges, otherwise known as the OCF is the ratio of the Sub-fund's total disclosable costs (excluding securities lending fees and overdraft interest) to the average net assets of the Sub-fund. The OCF is intended to provide a reliable figure which gives the most accurate measure of what it costs to invest in a Sub-fund and is calculated based on the last period's figures. Included within the OCF are synthetic costs which includes the OCF of the underlying funds weighted on the basis of their investment proportion. A detailed breakdown of the OCF per share class is shown on page 177.

# 7IM ADVENTUROUS FUND

## FUND INFORMATION (continued)

### Comparative Tables (continued)

#### Class C Income

	30.11.18 (pence per share)	30.11.17 (pence per share)	30.11.16 (pence per share)
<b>Change in Net Asset Value Per Share</b>			
Opening net asset value per share	248.67	221.92	205.12
Return before operating charges*	(5.08)	32.13	21.67
Operating charges (calculated on average price)	(3.94)	(3.74)	(3.16)
Return after operating charges*	(9.02)	28.39	18.51
Distributions on income shares	(0.90)	(1.64)	(1.71)
Closing net asset value per share	238.75	248.67	221.92
* After direct transaction costs of: <sup>1</sup>	0.08	0.10	0.15

#### Performance

Return after charges <sup>2</sup>	(3.63)%	12.79%	9.02%
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#### Other Information

Closing net asset value (£'000)	18,579	22,257	23,047
Closing number of shares	7,782,024	8,950,467	10,385,545
Operating charges <sup>3</sup>	1.57%	1.56%	1.54%
Direct transaction costs	0.03%	0.04%	0.07%

#### Prices

Highest share price	259.28	251.87	226.82
Lowest share price	235.77	220.74	177.54

<sup>1</sup> Direct transaction costs are stated after deducting the proportion of the amounts collected from dilution adjustments or dilution levies that relate to direct transaction costs. A negative transaction costs figure might arise where there is a timing difference between inflows and the settlement of the resultant purchases.

<sup>2</sup> The return after charges is calculated as the return after operating charges per share divided by the opening net asset value per share.

<sup>3</sup> Operating charges, otherwise known as the OCF is the ratio of the Sub-fund's total disclosable costs (excluding securities lending fees and overdraft interest) to the average net assets of the Sub-fund. The OCF is intended to provide a reliable figure which gives the most accurate measure of what it costs to invest in a Sub-fund and is calculated based on the last period's figures. Included within the OCF are synthetic costs which includes the OCF of the underlying funds weighted on the basis of their investment proportion. A detailed breakdown of the OCF per share class is shown on page 177.

# 7IM ADVENTUROUS FUND

## FUND INFORMATION (continued)

### Comparative Tables (continued)

#### Class C Accumulation

	30.11.18 (pence per share)	30.11.17 (pence per share)	30.11.16 (pence per share)
<b>Change in Net Asset Value Per Share</b>			
Opening net asset value per share	262.99	233.14	213.74
Return before operating charges*	(5.37)	33.79	22.70
Operating charges (calculated on average price)	(4.17)	(3.94)	(3.30)
Return after operating charges*	(9.54)	29.85	19.40
Distributions	(0.97)	(1.73)	(1.79)
Retained distributions on accumulation shares	0.97	1.73	1.79
Closing net asset value per share	253.45	262.99	233.14
* After direct transaction costs of: <sup>1</sup>	0.09	0.11	0.16

#### Performance

Return after charges <sup>2</sup>	(3.63)%	12.80%	9.08%
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#### Other Information

Closing net asset value (£'000)	77,621	76,578	69,451
Closing number of shares	30,626,213	29,117,826	29,789,200
Operating charges <sup>3</sup>	1.57%	1.56%	1.54%
Direct transaction costs	0.03%	0.04%	0.07%

#### Prices

Highest share price	274.25	265.45	237.18
Lowest share price	249.39	231.69	185.01

<sup>1</sup> Direct transaction costs are stated after deducting the proportion of the amounts collected from dilution adjustments or dilution levies that relate to direct transaction costs. A negative transaction costs figure might arise where there is a timing difference between inflows and the settlement of the resultant purchases.

<sup>2</sup> The return after charges is calculated as the return after operating charges per share divided by the opening net asset value per share.

<sup>3</sup> Operating charges, otherwise known as the OCF is the ratio of the Sub-fund's total disclosable costs (excluding securities lending fees and overdraft interest) to the average net assets of the Sub-fund. The OCF is intended to provide a reliable figure which gives the most accurate measure of what it costs to invest in a Sub-fund and is calculated based on the last period's figures. Included within the OCF are synthetic costs which includes the OCF of the underlying funds weighted on the basis of their investment proportion. A detailed breakdown of the OCF per share class is shown on page 177.

# 7IM ADVENTUROUS FUND

## FUND INFORMATION (continued)

### Comparative Tables (continued)

#### Class D Income

	30.11.18 (pence per share)	30.11.17 (pence per share)	30.11.16 (pence per share)
<b>Change in Net Asset Value Per Share</b>			
Opening net asset value per share	238.79	213.32	196.69
Return before operating charges*	(4.81)	30.63	20.58
Operating charges (calculated on average price)	(4.98)	(4.74)	(3.95)
Return after operating charges*	(9.79)	25.89	16.63
Distributions on income shares	–	(0.42)	–
Closing net asset value per share	229.00	238.79	213.32
* After direct transaction costs of: <sup>1</sup>	0.08	0.10	0.14

#### Performance

Return after charges <sup>2</sup>	(4.10)%	12.14%	8.45%
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#### Other Information

Closing net asset value (£'000)	11	31	28
Closing number of shares	4,935	12,972	12,972
Operating charges <sup>3</sup>	2.07%	2.06%	2.04%
Direct transaction costs	0.03%	0.04%	0.07%

#### Prices

Highest share price	248.41	241.33	217.14
Lowest share price	225.35	211.97	169.95

<sup>1</sup> Direct transaction costs are stated after deducting the proportion of the amounts collected from dilution adjustments or dilution levies that relate to direct transaction costs. A negative transaction costs figure might arise where there is a timing difference between inflows and the settlement of the resultant purchases.

<sup>2</sup> The return after charges is calculated as the return after operating charges per share divided by the opening net asset value per share.

<sup>3</sup> Operating charges, otherwise known as the OCF is the ratio of the Sub-fund's total disclosable costs (excluding securities lending fees and overdraft interest) to the average net assets of the Sub-fund. The OCF is intended to provide a reliable figure which gives the most accurate measure of what it costs to invest in a Sub-fund and is calculated based on the last period's figures. Included within the OCF are synthetic costs which includes the OCF of the underlying funds weighted on the basis of their investment proportion. A detailed breakdown of the OCF per share class is shown on page 177.



# 7IM ADVENTUROUS FUND

## FUND INFORMATION (continued)

### Comparative Tables (continued)

#### Class D Accumulation

	30.11.18 (pence per share)	30.11.17 (pence per share)	30.11.16 (pence per share)
<b>Change in Net Asset Value Per Share</b>			
Opening net asset value per share	245.32	218.56	201.38
Return before operating charges*	(4.96)	31.62	21.29
Operating charges (calculated on average price)	(5.12)	(4.86)	(4.11)
Return after operating charges*	(10.08)	26.76	17.18
Distributions	–	(0.45)	(0.64)
Retained distributions on accumulation shares	–	0.45	0.64
Closing net asset value per share	235.24	245.32	218.56
* After direct transaction costs of: <sup>1</sup>	0.08	0.10	0.15

#### Performance

Return after charges <sup>2</sup>	(4.11)%	12.24%	8.53%
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#### Other Information

Closing net asset value (£'000)	13,302	12,766	10,396
Closing number of shares	5,654,788	5,204,081	4,756,413
Operating charges <sup>3</sup>	2.07%	2.06%	2.04%
Direct transaction costs	0.03%	0.04%	0.07%

#### Prices

Highest share price	255.19	247.68	222.48
Lowest share price	231.49	217.19	174.14

<sup>1</sup> Direct transaction costs are stated after deducting the proportion of the amounts collected from dilution adjustments or dilution levies that relate to direct transaction costs. A negative transaction costs figure might arise where there is a timing difference between inflows and the settlement of the resultant purchases.

<sup>2</sup> The return after charges is calculated as the return after operating charges per share divided by the opening net asset value per share.

<sup>3</sup> Operating charges, otherwise known as the OCF is the ratio of the Sub-fund's total disclosable costs (excluding securities lending fees and overdraft interest) to the average net assets of the Sub-fund. The OCF is intended to provide a reliable figure which gives the most accurate measure of what it costs to invest in a Sub-fund and is calculated based on the last period's figures. Included within the OCF are synthetic costs which includes the OCF of the underlying funds weighted on the basis of their investment proportion. A detailed breakdown of the OCF per share class is shown on page 177.

# 7IM ADVENTUROUS FUND

## FUND INFORMATION (continued)

### Comparative Tables (continued)

#### Class S Income

	30.11.18 (pence per share)	30.11.17 (pence per share)	30.11.16 (pence per share)
<b>Change in Net Asset Value Per Share</b>			
Opening net asset value per share	134.92	120.40	111.28
Return before operating charges*	(2.76)	17.43	11.76
Operating charges (calculated on average price)	(1.80)	(1.70)	(1.44)
Return after operating charges*	(4.56)	15.73	10.32
Distributions on income shares	(0.82)	(1.21)	(1.20)
Closing net asset value per share	129.54	134.92	120.40
* After direct transaction costs of: <sup>1</sup>	0.05	0.06	0.08

#### Performance

Return after charges <sup>2</sup>	(3.38)%	13.06%	9.27%
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#### Other Information

Closing net asset value (£'000)	91	143	185
Closing number of shares	70,038	105,652	153,513
Operating charges <sup>3</sup>	1.32%	1.31%	1.29%
Direct transaction costs	0.03%	0.04%	0.07%

#### Prices

Highest share price	140.75	136.80	123.18
Lowest share price	128.08	119.76	96.36

<sup>1</sup> Direct transaction costs are stated after deducting the proportion of the amounts collected from dilution adjustments or dilution levies that relate to direct transaction costs. A negative transaction costs figure might arise where there is a timing difference between inflows and the settlement of the resultant purchases.

<sup>2</sup> The return after charges is calculated as the return after operating charges per share divided by the opening net asset value per share.

<sup>3</sup> Operating charges, otherwise known as the OCF is the ratio of the Sub-fund's total disclosable costs (excluding securities lending fees and overdraft interest) to the average net assets of the Sub-fund. The OCF is intended to provide a reliable figure which gives the most accurate measure of what it costs to invest in a Sub-fund and is calculated based on the last period's figures. Included within the OCF are synthetic costs which includes the OCF of the underlying funds weighted on the basis of their investment proportion. A detailed breakdown of the OCF per share class is shown on page 177.

# 7IM ADVENTUROUS FUND

## FUND INFORMATION (continued)

### Comparative Tables (continued)

#### Class S Accumulation

	30.11.18 (pence per share)	30.11.17 (pence per share)	30.11.16 (pence per share)
<b>Change in Net Asset Value Per Share</b>			
Opening net asset value per share	139.18	123.07	112.55
Return before operating charges*	(2.86)	17.86	11.98
Operating charges (calculated on average price)	(1.86)	(1.75)	(1.46)
Return after operating charges*	(4.72)	16.11	10.52
Distributions	(0.86)	(1.25)	(1.23)
Retained distributions on accumulation shares	0.86	1.25	1.23
Closing net asset value per share	134.46	139.18	123.07
* After direct transaction costs of: <sup>1</sup>	0.05	0.06	0.08

#### Performance

Return after charges <sup>2</sup>	(3.39)%	13.09%	9.35%
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#### Other Information

Closing net asset value (£'000)	13,821	17,900	18,368
Closing number of shares	10,278,758	12,860,755	14,924,349
Operating charges <sup>3</sup>	1.32%	1.31%	1.29%
Direct transaction costs	0.03%	0.04%	0.07%

#### Prices

Highest share price	145.38	140.46	125.19
Lowest share price	132.30	122.31	97.47

<sup>1</sup> Direct transaction costs are stated after deducting the proportion of the amounts collected from dilution adjustments or dilution levies that relate to direct transaction costs. A negative transaction costs figure might arise where there is a timing difference between inflows and the settlement of the resultant purchases.

<sup>2</sup> The return after charges is calculated as the return after operating charges per share divided by the opening net asset value per share.

<sup>3</sup> Operating charges, otherwise known as the OCF is the ratio of the Sub-fund's total disclosable costs (excluding securities lending fees and overdraft interest) to the average net assets of the Sub-fund. The OCF is intended to provide a reliable figure which gives the most accurate measure of what it costs to invest in a Sub-fund and is calculated based on the last period's figures. Included within the OCF are synthetic costs which includes the OCF of the underlying funds weighted on the basis of their investment proportion. A detailed breakdown of the OCF per share class is shown on page 177.

# 7IM ADVENTUROUS FUND

## FUND INFORMATION (continued)

### Ongoing Charges Figures

As at 30 November 2018

	<b>Class A</b>	<b>Class B</b>	<b>Class C</b>	<b>Class D</b>	<b>Class S</b>
ACD's periodic charge	1.40%	1.15%	0.90%	1.40%	0.65%
Other expenses	0.10%	0.10%	0.10%	0.10%	0.10%
	1.50%	1.25%	1.00%	1.50%	0.75%
Collective investment scheme costs	0.57%	0.57%	0.57%	0.57%	0.57%
Ongoing Charges Figure	2.07%	1.82%	1.57%	2.07%	1.32%

As at 30 November 2017

	<b>Class A</b>	<b>Class B</b>	<b>Class C</b>	<b>Class D</b>	<b>Class S</b>
ACD's periodic charge	1.40%	1.15%	0.90%	1.40%	0.65%
Other expenses	0.13%	0.13%	0.13%	0.13%	0.13%
	1.53%	1.28%	1.03%	1.53%	0.78%
Collective investment scheme costs	0.53%	0.53%	0.53%	0.53%	0.53%
Ongoing Charges Figure	2.06%	1.81%	1.56%	2.06%	1.31%

The Ongoing Charges Figure ('OCF') represents the total operating expenses of the Sub-fund, expressed as a percentage of the average net assets during the accounting year.

The collective investment scheme costs represent the OCFs, or a reasonable substitute, of the underlying funds which are held as portfolio investments. Their inclusion has been calculated on a weighted basis against the Sub-fund's net assets at the balance sheet date.

The Sub-fund undertakes securities lending and receives 70% of the revenue generated and the remaining 30% is received by Northern Trust as the securities lending agent. As securities lending revenue sharing does not increase the costs of running the Sub-fund, this has been excluded from the Other expenses and thus excluded from the Ongoing Charges Figures.

# 7IM ADVENTUROUS FUND

## FUND INFORMATION (continued)

### Synthetic Risk and Reward Indicator



This indicator shows how much a sub-fund has risen and fallen in the past, and therefore how much a fund's returns have varied. It is a measure of a fund's volatility. The higher a sub-fund's past volatility the higher the number on the scale and the greater the risk that investors in that sub-fund may have made losses as well as gains. The lowest number on the scale does not mean that a sub-fund is risk free.

This indicator is based on historical data and may not be a reliable indication of the future risk profile of this Sub-fund. The risk and reward profile shown is not guaranteed to remain the same and may change over time.

The risk and reward indicator shown above is as at the date of publication of the annual report and financial statements, the risk and reward indicator as at the year end date 30 November 2018 was 4.

### Fund performance to 30 November 2018 (%)

	1 year	3 years	5 years
7IM Adventurous Fund <sup>1</sup>	(3.79)	18.29	34.29

<sup>1</sup> Source: Bloomberg

The performance of the Sub-fund is based on the published price per 'C' Accumulation share which includes reinvested income.

Details of the distributions per share for the period are shown in the Distribution Tables on pages 200 to 202.

# 7IM ADVENTUROUS FUND

## PORTFOLIO STATEMENT

as at 30 November 2018

Holding	Portfolio of Investment	Value £	30.11.18 %
	<b>ALTERNATIVES 5.69% (14.91%)</b>		
	<b>Alternative Strategies 2.33% (9.99%)</b>		
2,461,318	F&C Global Equity Market Neutral 3 Acc <sup>1</sup>	1,513,465	1.17
2,050	Goldman Sachs International Warrants 31/12/2049 <sup>2</sup>	20	–
289	NN (L) Multi Asset Factor Opportunities 'I' <sup>1</sup>	1,369,696	1.06
(29)	S&P 500 Index Put Options 1950 Mar 2019 <sup>3</sup>	(10,004)	(0.01)
29	S&P 500 Index Put Options 2600 Mar 2019 <sup>3</sup>	133,916	0.11
2,058	Societe Generale Warrants 29/11/2018 <sup>2</sup>	–	–
		<b>3,007,093</b>	<b>2.33</b>
	<b>Commodities 1.84% (4.92%)</b>		
3,204,000	BNP Paribas Enhanced Benchmark Commodity Index 2023 <sup>2</sup>	<b>2,375,054</b>	<b>1.84</b>
	<b>Real Estate 1.52% (0.00%)</b>		
926,797	iShares Global Property Securities Index <sup>1</sup>	<b>1,959,250</b>	<b>1.52</b>
	<b>CASH 1.02% (0.00%)</b>		
1,325,000	Northern Trust Global Sterling Fund <sup>1</sup>	<b>1,325,000</b>	<b>1.02</b>
	<b>DEBT SECURITIES 13.97% (12.83%)</b>		
	<b>Emerging Market Bonds 3.86% (4.97%)</b>		
65,402	Babson Capital Emerging Markets Local Debt <sup>1</sup>	<b>4,985,537</b>	<b>3.86</b>
	<b>Global Corporate Bonds 0.00% (0.37%)</b>		
	<b>Global High Yield Bonds 0.18% (0.18%)</b>		
490,551	Carador Income	<b>242,295</b>	<b>0.18</b>
	<b>Short Term Sterling Bonds 7.35% (5.77%)</b>		
£450,000	Barclays Bank 4.25% 2022	488,338	0.38
£2,600,000	Deutsche Pfandbriefbank 1.00% 2020	2,578,168	1.99
£1,300,000	Dexia Credit Local 0.875% 2021	1,281,424	0.99
£614,000	International Bank for Reconstruction & Development 5.4% 2021	679,563	0.53
£1,300,000	Leeds Building Society 4.875% 2020	1,389,976	1.08
£600,000	Oversea-Chinese Banking FRN 2023	595,531	0.46
£180,000	Royal Bank of Canada FRN 2021	180,250	0.14
£766,000	Svenska Handelsba 2.375% 2022	780,468	0.60
£900,000	Swedbank FRN 2019	902,043	0.70
£620,000	Yorkshire Building Society	618,400	0.48
		<b>9,494,161</b>	<b>7.35</b>
	<b>Sterling Corporate Bonds 2.58% (1.54%)</b>		
£800,000	ABN Amro Bank 1% 2020	791,727	0.61
£1,100,000	European Investment Bank 0.875% 2021	1,094,852	0.85
£257,000	International Bank for Reconstruction & Development 0.375% 2021	252,549	0.20
£600,000	Royal Bank of Canada FRN 2019	600,642	0.46
£600,000	Toronto-Dominion Bank FRN 2023	595,963	0.46
		<b>3,335,733</b>	<b>2.58</b>

# 7IM ADVENTUROUS FUND

## PORTFOLIO STATEMENT (continued) as at 30 November 2018

Holding	Portfolio of Investment	Value £	30.11.18 %
<b>EQUITY 73.50% (65.83%)</b>			
<b>Asia &amp; Emerging Markets 13.81% (15.70%)</b>			
83,009	BlackRock Global Funds - Asian Growth Leaders <sup>1</sup>	827,809	0.64
2,470,864	Hermes Asia Ex-Japan Equity 'F' <sup>1</sup>	6,175,184	4.78
292,164	Mirae Asset Asia Great Consumer Equity 'I' <sup>1</sup>	3,424,426	2.65
44,698	RWC Global Emerging Markets <sup>1</sup>	7,415,161	5.74
		<b>17,842,580</b>	<b>13.81</b>
<b>Europe (ex UK) 9.31% (13.69%)</b>			
881	ABB	13,966	0.01
21,611	Aegon	93,691	0.07
35	Aena SME	4,412	–
89	AerCap	3,670	–
125	Ageas	4,756	–
2,827	Amadeus IT Group	161,145	0.12
187	Anheuser-Busch InBev	11,388	0.01
3	AP Moeller - Maersk 'A'	3,120	–
455	ArcelorMittal	7,989	0.01
460	Atlas Copco	8,695	0.01
271	Atlas Copco 'B'	4,743	–
35	Baloise	4,025	–
6	Barry Callebaut	8,079	0.01
1,977	Bayer	114,614	0.09
89	Bayerische Motoren Werke	4,995	–
1,791	Bayerische Motoren Werke 'A'	114,209	0.09
4,750	BNP Paribas	187,063	0.15
9,276	Boliden	163,043	0.13
2,310,648	CF Miton European Opportunities <sup>1</sup>	3,841,683	2.97
260	Compagnie De St-Gobain	7,529	0.01
2,758	Continental European Selection <sup>1</sup>	2,884,239	2.23
377	Covestro	16,811	0.01
452	Daimler	19,709	0.02
493	Danske Bank	7,639	0.01
32	Dassault Aviation	38,513	0.03
10,497	Deutsche Lufthansa	201,010	0.16
14,952	Deutsche Telekom	205,543	0.16
522	DNB	7,026	0.01
138	Eiffage	10,428	0.01
221	Endesa	3,869	–
12,190	Engie	135,733	0.11
9,811	Eni	124,969	0.10
2,005	Ericsson 'B'	13,255	0.01
(19)	Euro Stoxx 50 Equity Index Futures December 2018 <sup>3</sup>	22,359	0.02
993	Fiat Chrysler Automobiles	12,880	0.01
43	Genmab	5,122	–
757	H Lundbeck	24,291	0.02
129	Hexagon	5,096	–
326	Holcim	11,425	0.01
6,500	Iberdrola	38,176	0.03
5,551	International Consolidated Airlines	34,651	0.03
285	Investor 'B'	9,650	0.01
148	Klepierre	3,778	–
8,714	Koninklijke Ahold Delhaize	176,344	0.14
53	L'Oreal	9,828	0.01
324	Muenchener Rueckversicherungs	55,357	0.04
180	NN Group	6,051	–

# 7IM ADVENTUROUS FUND

## PORTFOLIO STATEMENT (continued) as at 30 November 2018

Holding	Portfolio of Investment	Value £	30.11.18 %
<b>Europe (ex UK) (continued)</b>			
792	Nordea Bank	5,561	–
2,030	Novartis	144,992	0.11
133,714	Old Mutual European (Ex UK) Smaller Acc <sup>1</sup>	2,073,339	1.60
1,082	Pernod Ricard	136,539	0.11
395	Peugeot	6,731	0.01
90	Porsche Automobil	4,471	–
878	Renault	48,021	0.04
3,828	Repsol	51,906	0.04
924	Roche Holding	185,061	0.14
286	Sandvik	3,295	–
1,366	Sanofi	96,667	0.08
254	SES	4,223	–
467	Societe Generale	13,437	0.01
197	Swiss Life	60,696	0.05
53	Swiss Prime Site	3,420	–
1,218	Swiss Re	86,900	0.07
962	Terna Rete Elettrica Nazionale	4,238	–
878	Total	38,362	0.03
53	Ubisoft Entertainment	3,364	–
2,408	Uniper	49,267	0.04
3,093	UPM-Kymmene	65,874	0.05
594	Vestas Wind Systems	35,134	0.03
349	Vinci	23,963	0.02
22	Volkswagen	2,820	–
447	Volvo 'B'	4,826	–
198	Wolters Kluwer	9,468	0.01
67	Zurich Insurance Group	16,438	0.01
		<b>12,025,580</b>	<b>9.31</b>
<b>Frontier Markets Equity 6.13% (5.94%)</b>			
467,129	Charlemagne Magna New Frontiers Fund 'G' Acc <sup>1</sup>	5,574,781	4.32
18,758	Emerging Markets Frontier Equity <sup>1</sup>	2,342,460	1.81
		<b>7,917,241</b>	<b>6.13</b>
<b>Global Themes 4.85% (4.54%)</b>			
1,960,608	Livingbridge UK Microcap Fund <sup>1</sup>	3,215,200	2.49
276,653	THB U.S Opportunities <sup>1</sup>	3,048,716	2.36
		<b>6,263,916</b>	<b>4.85</b>
<b>Japan 7.98% (7.58%)</b>			
67,568	Baillie Gifford Japanese Smaller Companies Fund 'B' Acc <sup>1</sup>	3,420,313	2.65
3,737,342	GLG Japan CoreAlpha <sup>1</sup>	6,887,921	5.33
		<b>10,308,234</b>	<b>7.98</b>
<b>North America 7.65% (6.37%)</b>			
18	Abiomed	4,684	–
3,318	Activision Blizzard	136,700	0.11
1,277	Adobe Systems	249,373	0.19
443	Affiliated Managers	38,746	0.03
134	Agnc Investment	1,862	–
139	Allergan	16,913	0.01
131	Alphabet 'C'	111,761	0.09
			181



## 7IM ADVENTUROUS FUND

### PORTFOLIO STATEMENT (continued) as at 30 November 2018

Holding	Portfolio of Investment	Value £	30.11.18 %
	<b>North America (continued)</b>		
791	Altria	34,685	0.03
20	Amazon.com	26,237	0.02
342	American International Group	11,648	0.01
1,789	Amgen	283,743	0.22
469	Annaly Capital Management	3,695	–
100	Anthem	22,908	0.02
683	Apple	96,139	0.07
418	Applied Materials	11,975	0.01
92	Aptiv	5,157	–
22	Assurant	1,686	–
51	AvalonBay Communities	7,520	0.01
99	Best Buy	4,971	–
390	Biogen	99,844	0.08
84	Boeing	22,549	0.02
21	Booking Holdings	30,708	0.02
80	Broadcom	14,788	0.01
1,216	Cadence Design Systems	42,062	0.03
1,375	Capital One Financial	95,781	0.07
1,719	Celgene	94,542	0.07
1,782	Chevron	166,031	0.13
234	Cigna	40,823	0.03
2,410	Cisco Systems	89,447	0.07
1,045	Citigroup	53,163	0.04
358	Citizens Financial Group	10,113	0.01
346	Colgate-Palmolive	17,095	0.01
9,787	Comcast 'A'	302,472	0.23
697	ConocoPhillips	36,547	0.03
39	Continental Resources	1,418	–
1,848	CSX	103,969	0.08
56	Cummins	6,505	0.01
85	CVS Health	5,359	–
275	Dell Technologies 'V'	22,852	0.02
36	Duke Energy	2,472	–
163	Eaton	9,714	0.01
2,891	eBay	66,886	0.05
124	Electronic Arts	8,399	0.01
399	Eli Lilly & Company	36,587	0.03
4,316	Emerson Electric	227,762	0.18
206	EOG Resources	17,036	0.01
95	Estee Lauder	10,538	0.01
2,375	Evergy	109,542	0.09
848	Exxon Mobil	52,562	0.04
197	F5 Networks	26,800	0.02
875	FNF	22,762	0.02
1,449	Ford Motor	10,645	0.01
1,595	Fortinet	92,411	0.07
16,231	Freeport-McMoRan	150,285	0.12
90	Gap	1,880	–
26	Garrett Motion	236	–
158	General Motors	4,555	–
4,617	Gilead Sciences	252,225	0.20
168	HCP	3,793	–
316	Honeywell International	36,111	0.03
848	Humana	219,549	0.17
5,884	Intel	219,998	0.17
1,513	Intuit	248,141	0.19

# 7IM ADVENTUROUS FUND

## PORTFOLIO STATEMENT (continued)

as at 30 November 2018

Holding	Portfolio of Investment	Value £	30.11.18 %
	<b>North America (continued)</b>		
36	JM Smucker	2,919	–
4,318	Juniper Networks	96,753	0.08
147	Kimco Realty	1,835	–
643	Kinder Morgan	8,504	0.01
56	KLA-Tencor	4,245	–
670	Las Vegas Sands	28,602	0.02
207	Liberty Global	3,952	–
56	Liberty Property Trust	1,949	–
2,314	Lincoln National	113,332	0.09
124	LyondellBasell Industries	9,043	0.01
106	Maxim Integrated Products	4,599	–
683	Merck & Co	41,719	0.03
362	MetLife	12,598	0.01
5,478	Michael Kors Holdings	188,069	0.15
7,988	Micron Technology	237,417	0.18
245	Microsoft	21,164	0.02
922	Molson Coors Brewing	46,501	0.04
722	Mondelez International	25,206	0.02
113	NetApp	5,970	0.01
183	Newell Rubbermaid	3,415	–
189	Newmont Mining	4,792	–
284	NextEra Energy	39,437	0.03
577	Nike	33,629	0.03
973	NXP Semiconductors	63,239	0.05
4,116	Occidental Petroleum	228,857	0.18
228	OGE Energy	6,954	0.01
1,308	Oracle	49,120	0.04
38	Palo Alto Networks	5,248	–
3,210	Pentair	106,832	0.08
2,366	Pfizer	84,419	0.07
202	PG&E	4,241	–
649	Philip Morris International	44,262	0.03
2,532	PNC Financial Services Group	265,329	0.21
846	Procter & Gamble	61,565	0.05
111	Prologis	5,846	–
1,009	Prudential Financial	73,466	0.06
575	Qualcomm	26,196	0.02
20	Ralph Lauren	1,745	–
429	Regions Financial	5,452	–
48	Robert Half International	2,324	–
42	Rockwell Automation	5,655	–
67	Royal Caribbean Cruises	5,863	–
112	S&P 500 E-mini Futures December 2018 <sup>3</sup>	(381,620)	(0.29)
307	Salesforce.com	33,639	0.03
72	Skyworks Solutions	4,020	–
62	Southwest Airlines	2,587	–
10,689	Synchrony Financial	217,551	0.17
54	Synopsys	3,790	–
3,800	Target	212,002	0.16
4,519	T-Mobile	243,257	0.19
2,242	Union Pacific	264,505	0.21
272	UnitedHealth	60,254	0.05
1,166	Unum	33,257	0.03
70	Valero Energy	4,361	–
26,256	Vereit	156,857	0.12
549	VMware	69,452	0.05

## 7IM ADVENTUROUS FUND

### PORTFOLIO STATEMENT (continued) as at 30 November 2018

Holding	Portfolio of Investment	Value £	30.11.18 %
	<b>North America (continued)</b>		
4,114	Walgreens Boots Alliance	273,643	0.21
1,284	Wal-Mart Stores	97,928	0.08
23,655	Wells Fargo Lux Worldwide - US Small Cap Value <sup>1</sup>	2,428,926	1.88
116	Western Digital	4,139	–
686	WestRock	24,923	0.02
		<b>9,893,094</b>	<b>7.65</b>
	<b>United Kingdom 23.77% (12.01%)</b>		
7,188	Anglo American	113,254	0.09
36,217	Antofagasta	293,068	0.23
1,315,614	Artemis UK Select <sup>1</sup>	6,700,158	5.19
1,829	Associated British Foods	44,646	0.03
1,776	AstraZeneca	109,260	0.08
54,147	Auto Trader Group	237,705	0.18
81,098	Aviva	328,366	0.25
1,276	Babcock International	7,350	0.01
5,114	Barratt Developments	23,453	0.02
579	Berkeley Group	18,516	0.01
9,689	BHP	146,711	0.11
148,793	BP	774,021	0.60
3,433	British American Tobacco	93,738	0.07
4,201	British Land	23,307	0.02
1,898	Bunzl	46,349	0.04
2,124	Burberry	37,913	0.03
3,047	Carnival	139,705	0.11
76,415	Centrica	105,109	0.08
50,906	ConvaTec Group	77,275	0.06
2,181	Diageo	61,668	0.05
24,691	Direct Line Insurance Group	80,567	0.06
32	FTSE 100 Index Futures December 2018 <sup>3</sup>	(114,021)	(0.09)
56,449	G4S	109,511	0.09
25,748	GlaxoSmithKline	412,483	0.32
59,054	HSBC Holdings	389,993	0.30
15,575	Imperial Tobacco Group	372,009	0.29
1,178	Intertek Group	56,308	0.04
81,317	J Sainsbury	248,017	0.19
3,787	Land Securities	30,781	0.02
86,789	Legal & General Group	212,633	0.16
3,531	London Stock Exchange	143,147	0.11
3,768,585	Majedie UK Focus <sup>1</sup>	7,375,497	5.71
52,475	Marks & Spencer	155,693	0.12
8,807	Mediclinic International	31,591	0.02
51,906	Meggitt	269,600	0.21
2,240	Micro Focus International	34,630	0.03
15,427	National Grid	128,862	0.10
6,582	Pearson	63,687	0.05
13,393	Persimmon	256,074	0.20
705,747	Polar Capital Funds - UK Value Opportunities <sup>1</sup>	7,692,646	5.95
4,513	Randgold Resources	286,485	0.22
810	Reckitt Benckiser Group	53,363	0.04
15,913	RELX	262,485	0.20
4,948	Rio Tinto	176,891	0.14
12,632	Royal Dutch Shell 'A'	299,947	0.23
19,239	Royal Dutch Shell 'B'	463,852	0.36
49,132	Royal Mail	156,387	0.12

# 7IM ADVENTUROUS FUND

## PORTFOLIO STATEMENT (continued) as at 30 November 2018

Holding	Portfolio of Investment	Value £	30.11.18 %
<b>United Kingdom (continued)</b>			
616	Schroders	15,702	0.01
4,637	Shire	208,201	0.16
16,114	Smith & Nephew	229,383	0.18
25,366	St James's Place	254,802	0.20
5,894	Standard Chartered	35,411	0.03
42,065	Taylor Wimpey	56,367	0.04
70,912	Tesco	140,370	0.11
5,608	Travis Perkins	61,492	0.05
150	Unilever	6,419	0.01
227,106	Vodafone Group	381,765	0.30
120,082	WM Morrison Supermarkets	286,456	0.22
1,179	WPP	10,125	0.01
		<b>30,717,183</b>	<b>23.77</b>
<b>PRIVATE EQUITY 5.32% (6.06%)</b>			
167,204	HarbourVest Global Private Equity	2,300,727	1.78
180,030	NB Private Equity Partners	1,944,324	1.50
128,940	Pantheon International Participation	2,630,376	2.04
		<b>6,875,427</b>	<b>5.32</b>
<b>FORWARD CURRENCY CONTRACTS -0.16% (0.57%)</b>			
€2,000,000	Vs £(1,768,718) Expiry 15.02.2019	19,143	0.02
€(10,900,000)	Vs £9,771,632 Expiry 15.02.2019	27,790	0.02
¥(573,000,000)	Vs £3,905,664 Expiry 21.12.2018	(55,465)	(0.04)
US\$(11,573)	Vs £14,790 Expiry 18.01.2019	23	–
US\$(4,700,000)	Vs £3,555,825 Expiry 18.01.2019	(119,426)	(0.09)
US\$(6,990,000)	Vs £5,315,064 Expiry 18.01.2019	(150,894)	(0.12)
US\$2,510,000	Vs £(1,922,488) Expiry 18.01.2019	40,252	0.03
US\$1,650,000	Vs £(1,275,195) Expiry 18.01.2019	15,053	0.01
US\$900,000	Vs £(692,459) Expiry 18.01.2019	11,312	0.01
		<b>(212,212)</b>	<b>(0.16)</b>
<b>Portfolio of investment</b>		<b>128,355,166</b>	<b>99.34</b>
Net other assets		853,277	0.66
<b>Net assets</b>		<b>129,208,443</b>	<b>100.00</b>

Comparative figures shown in brackets relate to 30 November 2017.

All investments are ordinary shares listed on a regulated market unless stated otherwise.

<sup>1</sup> Collective investment scheme

<sup>2</sup> Structured product

<sup>3</sup> Derivative contract

Credit Quality	30.11.18 %	30.11.17 %
Investment grade debt securities	9.93	7.69
Non-rated debt securities	1.84	1.08
Other investments	87.57	91.43
Net other assets/(liabilities)	0.66	(0.20)
		<b>100.00</b>
		<b>100.00</b>

## 7IM ADVENTUROUS FUND

### STATEMENT OF TOTAL RETURN

for the year ended 30 November 2018

	Notes	£	30.11.18 £	£	30.11.17 £
Income					
Net capital (losses)/gains	4		(5,055,542)		15,437,698
Revenue	5	1,690,630		2,166,905	
Expenses	6	(1,399,590)		(1,395,873)	
Interest payable and similar charges	8	(15,630)		(27,236)	
Net revenue before taxation for the year		275,410		743,796	
Taxation	7	(37,916)		(33,276)	
Net revenue after taxation for the year			237,494		710,520
<b>Total return before distributions</b>			(4,818,048)		16,148,218
Distributions	8		(475,382)		(897,382)
<b>Change in net assets attributable to shareholders from investment activities</b>			(5,293,430)		15,250,836

### STATEMENT OF CHANGE IN NET ASSETS ATTRIBUTABLE TO SHAREHOLDERS

for the year ended 30 November 2018

	£	30.11.18 £	£	30.11.17 £
<b>Opening net assets attributable to shareholders</b>		136,613,660		128,099,548
Amounts received on creation of shares <sup>1</sup>	28,774,108		23,460,580	
Amounts paid on cancellation of shares <sup>1</sup>	(31,281,952)		(30,931,687)	
		(2,507,844)		(7,471,107)
Dilution levy		51		–
Change in net assets attributable to shareholders from investment activities		(5,293,430)		15,250,836
Retained distribution on accumulation shares		396,006		734,383
<b>Closing net assets attributable to shareholders</b>		129,208,443		136,613,660

<sup>1</sup>Stated at mid-market price.

The notes on pages 188 to 199 are an integral part of these Financial Statements.

# 7IM ADVENTUROUS FUND

## BALANCE SHEET

as at 30 November 2018

	Notes	30.11.18 £	30.11.17 £
<b>ASSETS</b>			
Fixed assets:			
Investments		129,186,596	137,082,478
Current assets:			
Debtors	9	414,512	649,427
Cash and bank balances	10	1,619,804	920,746
<b>Total assets</b>		<b>131,220,912</b>	<b>138,652,651</b>
<b>LIABILITIES</b>			
Investment liabilities		(831,430)	(201,851)
Creditors:			
Bank overdrafts	10	(438,062)	(744,687)
Distribution payable		(67,549)	(78,512)
Other creditors	11	(675,428)	(1,013,941)
<b>Total liabilities</b>		<b>(2,012,469)</b>	<b>(2,038,991)</b>
<b>Net assets attributable to shareholders</b>		<b>129,208,443</b>	<b>136,613,660</b>

The notes on pages 188 to 199 are an integral part of these Financial Statements.

# 7IM ADVENTUROUS FUND

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 November 2018

### 1 Statement of Compliance

The Sub-fund's Financial Statements have been prepared on the same basis as the Statement of Compliance disclosed on page 10.

### 2 Summary of Significant Accounting Policies

The Sub-fund's Financial Statements have been prepared on the same basis as the Summary of Significant Accounting Policies disclosed on pages 10 to 12.

### 3 Risk Management Policies

The Sub-fund's Risk Management Policies are the same as the Risk Management Policies disclosed on pages 13 to 14.

### 4 Net capital (losses)/gains

	<b>30.11.18</b>	<b>30.11.17</b>
	<b>£</b>	<b>£</b>
The net capital (losses)/gains during the year comprise:		
Non-derivative securities	(4,816,656)	13,470,597
Derivative contracts	321,789	912,398
Forward currency contracts	(703,102)	877,641
Currency gains	140,937	170,438
Transaction charges	(29,261)	(31,520)
AMC rebates from underlying investments	30,751	38,144
Net capital (losses)/gains	<u>(5,055,542)</u>	<u>15,437,698</u>

### 5 Revenue

	<b>30.11.18</b>	<b>30.11.17</b>
	<b>£</b>	<b>£</b>
Non-taxable dividends	1,476,528	1,533,223
Taxable dividends	53,334	444,606
Unfranked interest	62,593	123,986
AMC rebates from underlying investments	81,809	51,272
Bank interest	11,465	10,130
Stock lending revenue <sup>1</sup>	4,901	3,688
Total revenue	<u>1,690,630</u>	<u>2,166,905</u>

<sup>1</sup> Stock lending revenue is disclosed net of the security agent's share of income.

## 7IM ADVENTUROUS FUND

### NOTES TO THE FINANCIAL STATEMENTS (continued) for the year ended 30 November 2018

#### 6 Expenses

	30.11.18 £	30.11.17 £
Payable to the ACD, associates of the ACD and agents of either of them:		
ACD's periodic charge	1,287,929	1,256,659
Other expenses	6,572	6,605
	<u>1,294,501</u>	<u>1,263,264</u>
Payable to the Depositary, associates of the Depositary and agents of either of them:		
Depositary's fees	22,258	21,919
Market risk fees	6,000	6,000
Safe custody and other bank charges	31,579	28,141
	<u>59,837</u>	<u>56,060</u>
Other Expenses:		
Advisory fees	12,897	39,768
Audit fee	8,760	8,760
Dealing and exchange fees	10,607	13,281
FCA and other Regulatory fees	300	275
Legal and professional fees	2,417	829
Printing, postage and distribution costs	5,333	7,921
Risk analysis fees	4,938	5,715
	<u>45,252</u>	<u>76,549</u>
Total expenses	<u>1,399,590</u>	<u>1,395,873</u>



## 7IM ADVENTUROUS FUND

### NOTES TO THE FINANCIAL STATEMENTS (continued) for the year ended 30 November 2018

#### 7 Taxation

	30.11.18 £	30.11.17 £
<i>a) Analysis of charge for the year</i>		
Overseas tax	37,916	33,276
Current tax charge (note 7b)	37,916	33,276
Total taxation	37,916	33,276
<i>b) Factors affecting current tax charge for the year</i>		
The tax assessed for the year differs from the standard rate of corporation tax in the UK for an authorised fund (20%) (2017: 20%) for the reasons explained below.		
Net revenue before taxation	275,410	743,796
Corporation tax at 20%	55,082	148,759
Effects of:		
AMC rebates taken to capital	6,150	7,628
Double taxation relief expensed	(456)	–
Franked CIS revenue	(70,773)	(75,740)
Franked REIT income	–	(276)
Movement in revenue accruals	(829)	3,305
Non-taxable dividends	(150,070)	(183,043)
Offshore CIS revenue	(71,510)	(43,853)
Overseas tax	37,916	33,276
Tax effect on non-reporting offshore funds	200,050	187,298
Tax on stock dividends	(2,191)	(7,042)
Unutilised excess management expenses	34,547	(37,036)
Current tax charge (note 7a)	37,916	33,276
<i>c) Deferred tax</i>		

There is no deferred tax provision in the current year (2017: none).

\* Prior year figures have been restated to be comparable with the current year figures.

At the year end there is a potential deferred tax asset of £618,083 (2017: £583,536) due to surplus management expenses. It is unlikely the Sub-fund will generate sufficient taxable profits in the future to utilise this amount and therefore, no deferred tax asset has been recognised.

## 7IM ADVENTUROUS FUND

### NOTES TO THE FINANCIAL STATEMENTS (continued) for the year ended 30 November 2018

#### 8 Distributions

The distributions take account of revenue received on the issue of shares and revenue deducted on cancellation of shares, and comprise:

	<b>30.11.18</b>	<b>30.11.17</b>
	£	£
Interim	45,909	433,148
Final	420,863	455,974
	<u>466,772</u>	<u>889,122</u>
Add: Revenue deducted on cancellation of shares	23,071	37,454
Deduct: Revenue received on issue of shares	(14,461)	(29,194)
Net distributions for the year	<u>475,382</u>	<u>897,382</u>
Interest payable and similar charges	15,630	27,236
Total distribution	<u>491,012</u>	<u>924,618</u>

Details of the distributions per share are set out in the table on pages 200 to 202.

Distributions represented by:		
Net revenue after taxation	237,494	710,520
Allocations to capital:		
Equalisation on conversions <sup>1</sup>	(591)	(424)
Income deficit	17,226	–
Net movement in revenue account	(2)	(12)
Tax relief on Non Reporting Offshore Funds	221,255	187,298
Net distributions for the year	<u>475,382</u>	<u>897,382</u>

<sup>1</sup>Where an investor converts to a class with a higher income yield, the investor will pay or receive an equalisation as if they had held the new class throughout the period from the last distribution to the conversion date. The yield differential at the point of conversion is an equalisation which will be offset by capital erosion for the converted investor.

#### 9 Debtors

	<b>30.11.18</b>	<b>30.11.17</b>
	£	£
Amounts receivable for issue of shares	150,969	425,301
Accrued revenue	171,061	133,065
Income tax recoverable	1,454	182
AMC rebates from underlying investments	51,690	47,348
Withholding tax recoverable	39,338	43,443
Prepaid expenses	–	88
Total debtors	<u>414,512</u>	<u>649,427</u>

## 7IM ADVENTUROUS FUND

### NOTES TO THE FINANCIAL STATEMENTS (continued) for the year ended 30 November 2018

#### 10 Cash and bank balances

	30.11.18	30.11.17
	£	£
Cash and bank balances	449,383	421,656
Cash held at clearing houses	1,170,421	499,090
Total cash and bank balances	<u>1,619,804</u>	<u>920,746</u>
Bank overdrafts	(433,466)	(744,687)
Cash overdraft at clearing houses	(4,596)	–
Total bank overdrafts	<u>(438,062)</u>	<u>(744,687)</u>

#### 11 Other Creditors

	30.11.18	30.11.17
	£	£
Amounts payable for cancellation of shares	547,768	881,210
Accrued expenses	127,660	132,731
Total other creditors	<u>675,428</u>	<u>1,013,941</u>

#### 12 Related party transactions

ACD's periodic charge and other expenses payable to 7IM (the 'ACD') are disclosed in note 6.

The aggregate monies received by the ACD through the issue of shares and paid on cancellation of shares are disclosed in the Statement of Change in Net Assets Attributable to Shareholders on page 186.

A shareholder may be able to exercise significant influence over the financial and operating policies of the Sub-fund and as such is deemed to be a related party. At the balance sheet date the following shareholder held in excess of 20% of the shares in issue of the Sub-fund:

Pershing Nominees Limited 45.65% (2017: 43.08%)

Where the Sub-fund invests in another sub-fund of the ICVC or any other collective investment scheme managed by the ACD it is referenced in the Portfolio Statement of the Sub-fund.

#### 13 Classes of Shares

The Sub-fund has five share classes: 'A', 'B', 'C', 'D' and 'S'. The annual management charge on each class are as follows:

Class A	1.40%
Class B	1.15%
Class C	0.90%
Class D	1.40%
Class S	0.65%

The following table shows the shares in issue during the year:

Class	Opening Shares	Shares Created	Shares Liquidated	Shares Converted	Closing Shares
Class A Accumulation	190,262	–	(144,611)	–	45,651
Class B Accumulation	2,547,112	350,089	(573,719)	–	2,323,482
Class C Income	8,950,467	489,813	(1,658,256)	–	7,782,024
Class C Accumulation	29,117,826	7,019,359	(6,058,881)	547,909	30,626,213
Class D Income	12,972	1,932	(9,969)	–	4,935
Class D Accumulation	5,204,081	1,345,574	(894,867)	–	5,654,788
Class S Income	105,652	2,051	(37,665)	–	70,038
Class S Accumulation	12,860,755	3,385,324	(4,932,938)	(1,034,383)	10,278,758

## 7IM ADVENTUROUS FUND

### NOTES TO THE FINANCIAL STATEMENTS (continued) for the year ended 30 November 2018

#### 14 Contingent liabilities and commitments

There are no contingent liabilities or unrecorded outstanding commitments at the balance sheet date (2017: none).

#### 15 Risks Disclosures

The main risks from the Sub-fund's holding of financial instruments, together with the ACD's policy for managing these risks are detailed in note 3 on pages 13 to 14. Further analysis and numeric disclosure of interest rate risk, foreign currency risk and derivatives are shown below.

##### i. Interest rate risk

The table below shows the direct interest rate risk profile:

Interest rate exposure as at 30 November 2018

	<b>Floating Rate Financial Assets £</b>	<b>Fixed Rate Financial Assets £</b>	<b>Financial Assets not carrying interest £</b>	<b>Total £</b>
Danish krone	–	–	80,204	80,204
Euro	193,648	–	4,185,629	4,379,277
Norwegian krone	–	–	7,387	7,387
Swedish krona	–	–	218,164	218,164
Swiss franc	13,771	–	563,690	577,461
US dollar	15,248	2,375,054	33,150,170	35,540,472
Pound sterling	6,214,967	9,337,064	103,056,743	118,608,774
	<b>6,437,634</b>	<b>11,712,118</b>	<b>141,261,987</b>	<b>159,411,739</b>

	<b>Floating Rate Financial Liabilities £</b>	<b>Financial Liabilities not carrying interest £</b>	<b>Total £</b>
Euro	(156,428)	(9,743,842)	(9,900,270)
Japanese yen	–	(3,961,129)	(3,961,129)
Swiss franc	(13,771)	–	(13,771)
US dollar	(4,596)	(9,544,405)	(9,549,001)
Pound sterling	(263,267)	(6,515,858)	(6,779,125)
	<b>(438,062)</b>	<b>(29,765,234)</b>	<b>(30,203,296)</b>

Interest rate exposure as at 30 November 2017

	<b>Floating Rate Financial Assets £</b>	<b>Fixed Rate Financial Assets £</b>	<b>Financial Assets not carrying interest £</b>	<b>Total £</b>
Danish krone	–	–	330,063	330,063
Euro	141,587	–	4,019,448	4,161,035
Norwegian krone	–	–	20,800	20,800
Swedish krona	–	–	151,032	151,032
Swiss franc	35,153	–	938,659	973,812
US dollar	47,151	1,472,996	50,687,983	52,208,130
Pound sterling	6,249,847	4,942,467	105,881,950	117,074,264
	<b>6,473,738</b>	<b>6,415,463</b>	<b>162,029,935</b>	<b>174,919,136</b>

## 7IM ADVENTUROUS FUND

### NOTES TO THE FINANCIAL STATEMENTS (continued) for the year ended 30 November 2018

#### 15 Risks Disclosures (continued)

##### i. Interest rate risk (continued)

	Floating Rate Financial Liabilities £	Financial Liabilities not carrying interest £	Total £
Euro	(141,587)	(5,296,748)	(5,438,335)
Japanese yen	–	(6,510,341)	(6,510,341)
Swiss franc	(13,210)	–	(13,210)
US dollar	(12,430)	(24,580,628)	(24,593,058)
Pound sterling	(577,460)	(1,173,072)	(1,750,532)
	(744,687)	(37,560,789)	(38,305,476)

The floating rate financial assets and liabilities comprise bank balances and bank overdraft positions which earn or pay interest at rates linked to the Bank of England base rate or its international equivalents, index-linked securities that earn interest at rates adjusted by changes in the UK Retail Prices Index (RPI) or its international equivalent and collective investment schemes that pay UK interest distributions.

Currency	Fixed Rate Financial Assets			
	Weighted average interest rate		Weighted average period for which rate is fixed	
	30.11.18 %	30.11.17 %	30.11.18 Years	30.11.17 Years
Pound sterling	1.34	0.69	2	2
US dollar	1.22	(1.20)	5	3

The average effective duration of the Sub-fund's portfolio is a measure of the sensitivity of the fair value of the Sub-fund's bond portfolio (excludes all other investments) to changes in market interest rates. As at 30 November 2018, the weighted average effective duration was 0.46 years (30 November 2017 0.45 years).

##### ii. Foreign currency risk

The table below shows the direct foreign currency risk profile:

Foreign currency risk exposure as at 30 November 2018

Currency	Monetary Exposure £	Non-Monetary Exposure £	Total £
Danish krone	4,898	75,306	80,204
Euro	47,837	(5,568,830)	(5,520,993)
Japanese yen	–	(3,961,129)	(3,961,129)
Norwegian krone	361	7,026	7,387
Swedish krona	–	218,164	218,164
Swiss franc	28,688	535,002	563,690
US dollar	24,759	25,966,712	25,991,471
	106,543	17,272,251	17,378,794
Pound sterling	2,071,735	109,757,914	111,829,649
Net assets	2,178,278	127,030,165	129,208,443

## 7IM ADVENTUROUS FUND

### NOTES TO THE FINANCIAL STATEMENTS (continued) for the year ended 30 November 2018

#### 15 Risks Disclosures (continued)

##### ii. Foreign currency risk (continued)

Foreign currency risk exposure as at 30 November 2017

Currency	Monetary Exposure £	Non-Monetary Exposure £	Total £
Danish krone	4,130	325,933	330,063
Euro	12,290	(1,289,590)	(1,277,300)
Japanese yen	–	(6,510,341)	(6,510,341)
Norwegian krone	2,905	17,895	20,800
Swedish krona	233	150,799	151,032
Swiss franc	46,010	914,592	960,602
US dollar	50,151	27,564,921	27,615,072
	115,719	21,174,209	21,289,928
Pound sterling	(382,686)	115,706,418	115,323,732
Net assets	(266,967)	136,880,627	136,613,660

##### iii. Derivatives

The derivatives held by the Sub-fund during the year were for the purposes of meeting the investment objectives of the Sub-fund and for efficient portfolio management.

The Sub-fund must at any time, be capable of meeting all of its payment and delivery obligations incurred in respect of its Financial Derivatives Instruments transactions. The Investment Manager uses a risk management technique known as absolute value-at-risk ('VaR') to measure the Sub-fund's global exposure. VaR is an advanced risk measurement methodology used to assess the Sub-fund's global exposure as set out in the Sub-fund's Risk Management Process.

The Sub-fund measures risk using the absolute value at risk approach. The Sub-fund's expected level of leverage (calculated as the sum of the notionals) under normal market circumstances is expected to be generally in the range of 100% to 230% of the Sub-fund's Net Asset Value and is not expected to exceed 360%. It is possible that there may be higher leverage levels from time to time during abnormal market conditions.

The lowest, highest and average leverage utilisation in the accounting year ended 30 November 2018 was 135%, 218% and 168% respectively (30 November 2017: 138%, 252% and 180% respectively).

VaR is calculated for the funds under the parametric method. The time horizon for the calculation is 1 day, using a 99% confidence level. The methodology is derived from MSCI's Barra risk engine and blends the VaR produced from two different risk models, namely MSCI Barra Integrated Model: Long Version (BIM303L) and MSCI Barra Ultra-Short Model (BIM303 51d HL). The former applies a 1 year half-life (exponential weighting) for calculating volatilities and 3 years for correlations; the latter applies a 10 week half-life for both volatilities and correlations. Both models natively cover around 104K global equity securities; 500K sovereign and corporate bonds; 900k municipal, 2,200K structured products (MBS/ABS/CMO); around 290k mutual funds; 161 currencies, 34 commodities.

The reported VaR is calculated formulaically as follows:  $VaR = 0.3 * VaR(BIM303L) + 0.7 * MAX[VaR(BIM303L), VaR(BIM303 51d HL)]$ .

The Barra models map individual portfolio positions onto the Barra set of risk factors in order to backfill for a time series of volatility. The VaR numbers calculated by BIM303L and BIM303 51d HL are derived from daily volatility numbers, multiplied by an appropriate 99% confidence interval scaling factor under the assumption of a normal distribution.

## 7IM ADVENTUROUS FUND

### NOTES TO THE FINANCIAL STATEMENTS (continued) for the year ended 30 November 2018

#### 15 Risks Disclosures (continued)

##### iii. Derivatives (continued)

The types of derivatives held at the balance sheet date were forward foreign currency contracts, future contracts and put options. Details of individual contracts are disclosed in the Portfolio Statement and the total position by counterparty at the balance sheet date was as follows:

<b>Counterparty</b>	<b>30.11.18</b> £	<b>30.11.17</b> £
<b>Options</b>		
Chicago Board Options Exchange	123,912	81,639
<b>Futures Contracts</b>		
Chicago Mercantile Exchange	–	187,426
Eurex Deutschland	22,359	(2,835)
International Monetary Market	(381,620)	–
London International Financial Future Exchange	(114,021)	(199,016)
<b>Forward Currency Contracts</b>		
Northern Trust	(212,212)	778,762
<b>Total net exposure<sup>1</sup></b>	<u>(561,582)</u>	<u>845,976</u>

<sup>1</sup> Net exposure represents the mark to market value of derivative contracts less any cash collateral held. Positive exposure represents the Sub-fund's exposure to that counterparty.

## 7IM ADVENTUROUS FUND

### NOTES TO THE FINANCIAL STATEMENTS (continued) for the year ended 30 November 2018

#### 15 Risks Disclosures (continued)

##### iv. Fair value

In the opinion of the ACD, there is no material difference between the value of the financial assets and liabilities, as shown in the balance sheet, and their fair value.

Investments are categorised into the following levels based on their fair value measurement:

##### Level 1

The unadjusted quoted price in an active market for identical instruments that the entity can access at the measurement date.

##### Level 2

Valuation techniques using observable inputs other than quoted prices within Level 1 (i.e. developed using market data).

##### Level 3

Valuation techniques using unobservable inputs (i.e. for which market data is unavailable).

	Level 1 £	Level 2 £	Level 3 £	Total £
<b>30 November 2018</b>				
<b>Assets</b>				
Bonds	–	15,204,948	–	15,204,948
Collective Investment Schemes	–	86,481,407	–	86,481,407
Derivatives	156,275	113,573	–	269,848
Equities	27,230,373	20	–	27,230,393
<b>Total</b>	<b>27,386,648</b>	<b>101,799,948</b>	<b>–</b>	<b>129,186,596</b>
<b>Liabilities</b>				
Derivatives	<b>(505,645)</b>	<b>(325,785)</b>	<b>–</b>	<b>(831,430)</b>
<b>30 November 2017</b>				
<b>Assets</b>				
Bonds	–	11,968,455	–	11,968,455
Collective Investment Schemes	11,590,771	85,547,616	–	97,138,387
Derivatives	269,066	778,762	–	1,047,828
Equities	23,734,392	3,193,416	–	26,927,808
<b>Total</b>	<b>35,594,229</b>	<b>101,488,249</b>	<b>–</b>	<b>137,082,478</b>
<b>Liabilities</b>				
Derivatives	<b>(201,851)</b>	<b>–</b>	<b>–</b>	<b>(201,851)</b>



## 7IM ADVENTUROUS FUND

### NOTES TO THE FINANCIAL STATEMENTS (continued) for the year ended 30 November 2018

#### 16 Purchases, Sales and Transaction Costs

The following tables show portfolio transactions and their associated transaction costs. For more information about the nature of these costs please refer to the additional portfolio transaction cost information on page 167.

Analysis of direct transaction costs for the year ended 30 November 2018:

	Principal £'000	Commissions £'000	Taxes £'000	Total Transaction Costs £'000	Commissions % of principal	Taxes % of principal
<b>Purchases</b>						
Bonds	14,729	–	–	–	–	–
Collective Investment Schemes	81,211	–	–	–	–	–
Derivatives	297	–	–	–	–	–
Equities	21,313	3	38	41	0.01	0.18
<b>Total</b>	<b>117,550</b>	<b>3</b>	<b>38</b>	<b>41</b>	<b>0.01</b>	<b>0.18</b>

	Principal £'000	Commissions £'000	Taxes £'000	Total Transaction Costs £'000	Commissions % of principal	Taxes % of principal
<b>Sales</b>						
Bonds	11,493	–	–	–	–	–
Collective Investment Schemes	75,105	–	–	–	–	–
Derivatives	4,137	–	–	–	–	–
Equities	29,211	(4)	–	(4)	0.01	–
<b>Total</b>	<b>119,946</b>	<b>(4)</b>	<b>–</b>	<b>(4)</b>	<b>0.01</b>	<b>–</b>

<b>Total as a percentage of the average NAV</b>	<b>0.00%</b>	<b>0.03%</b>	<b>0.03%</b>
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## 7IM ADVENTUROUS FUND

### NOTES TO THE FINANCIAL STATEMENTS (continued) for the year ended 30 November 2018

#### 16 Purchases, Sales and Transaction Costs (continued)

Analysis of direct transaction costs for the year ended 30 November 2017:

	Principal £'000	Commissions £'000	Taxes £'000	Total Transaction Costs £'000	Commissions % of principal	Taxes % of principal
<b>Purchases</b>						
Bonds	23,352	–	–	–	–	–
Collective Investment Schemes	99,394	–	–	–	–	–
Derivatives	3,489	–	–	–	–	–
Equities	35,381	7	33	40	0.02	0.09
<b>Total</b>	<b>161,616</b>	<b>7</b>	<b>33</b>	<b>40</b>	<b>0.02</b>	<b>0.09</b>
	Principal £'000	Commissions £'000	Taxes £'000	Total Transaction Costs £'000	Commissions % of principal	Taxes % of principal
<b>Sales</b>						
Bonds	18,409	–	–	–	–	–
Collective Investment Schemes	100,481	–	–	–	–	–
Derivatives	–	–	–	–	–	–
Equities	48,289	(16)	(1)	(17)	0.03	–
<b>Total</b>	<b>167,179</b>	<b>(16)</b>	<b>(1)</b>	<b>(17)</b>	<b>0.03</b>	<b>–</b>
<b>Total as a percentage of the average NAV</b>		<b>0.02%</b>	<b>0.02%</b>	<b>0.04%</b>		

#### Average portfolio dealing spread

As at the balance sheet date, the average portfolio dealing spread was 0.11% (2017: 0.15%) based on close of business prices. This spread represents the difference between the values determined respectively by reference to the bid and offer prices of investments expressed as a percentage of the value determined by reference to the offer price.

#### 17 Post Balance Sheet Events

There have been no significant events since the year end that impact the Sub-fund and require disclosure in the financial statements.

# 7IM ADVENTUROUS FUND

## DISTRIBUTION TABLES

for the year ended 30 November 2018

### Interim - in pence per share

Group 1 - Shares purchased prior to 1 December 2017

Group 2 - Shares purchased on or after 1 December 2017 and on or before 31 May 2018

	Net Revenue	Equalisation	Allocated 31.07.18	Allocated 31.07.17
<b>Class A Accumulation</b>				
Group 1	–	–	–	0.1712
Group 2	–	–	–	0.1712
<b>Class B Accumulation</b>				
Group 1	–	–	–	0.4910
Group 2	–	–	–	0.4910
<b>Class C Income</b>				
Group 1	0.0372	–	0.0372	0.7706
Group 2	0.0338	0.0034	0.0372	0.7706
<b>Class C Accumulation</b>				
Group 1	0.0550	–	0.0550	0.8162
Group 2	0.0541	0.0009	0.0550	0.8162
<b>Class D Income</b>				
Group 1	–	–	–	0.1798
Group 2	–	–	–	0.1798
<b>Class D Accumulation</b>				
Group 1	–	–	–	0.1956
Group 2	–	–	–	0.1956
<b>Class S Income</b>				
Group 1	0.1871	–	0.1871	0.5757
Group 2	0.1550	0.0321	0.1871	0.5757

## 7IM ADVENTUROUS FUND

### DISTRIBUTION TABLES (continued) for the year ended 30 November 2018

	Net Revenue	Equalisation	Allocated 31.07.18	Allocated 31.07.17
<b>Class S Accumulation</b>				
Group 1	0.2063	–	0.2063	0.5908
Group 2	0.1883	0.0180	0.2063	0.5908
<b>Final - in pence per share</b>				
Group 1 - Shares purchased prior to 1 June 2018				
Group 2 - Shares purchased on or after 1 June 2018 and on or before 30 November 2018				
	Net Revenue	Equalisation	Allocated 31.01.19	Allocated 31.01.18
<b>Class A Accumulation</b>				
Group 1	–	–	–	0.2520
Group 2	–	–	–	0.2520
	Net Revenue	Equalisation	Allocated 31.01.19	Allocated 31.01.18
<b>Class B Accumulation</b>				
Group 1	0.2759	–	0.2759	0.5699
Group 2	0.2746	0.0013	0.2759	0.5699
	Net Revenue	Equalisation	Paid 31.01.19	Paid 31.01.18
<b>Class C Income</b>				
Group 1	0.8623	–	0.8623	0.8693
Group 2	0.5123	0.3500	0.8623	0.8693
	Net Revenue	Equalisation	Allocated 31.01.19	Allocated 31.01.18
<b>Class C Accumulation</b>				
Group 1	0.9122	–	0.9122	0.9092
Group 2	0.5594	0.3528	0.9122	0.9092
	Net Revenue	Equalisation	Paid 31.01.19	Paid 31.01.18
<b>Class D Income</b>				
Group 1	–	–	–	0.2409
Group 2	–	–	–	0.2409
	Net Revenue	Equalisation	Allocated 31.01.19	Allocated 31.01.18
<b>Class D Accumulation</b>				
Group 1	–	–	–	0.2592
Group 2	–	–	–	0.2592

## 7IM ADVENTUROUS FUND

### DISTRIBUTION TABLES (continued) for the year ended 30 November 2018

	<b>Net Revenue</b>	<b>Equalisation</b>	<b>Paid 31.01.19</b>	<b>Paid 31.01.18</b>
<b>Class S Income</b>				
Group 1	0.6355	–	0.6355	0.6387
Group 2	0.3670	0.2685	0.6355	0.6387
	<b>Net Revenue</b>	<b>Equalisation</b>	<b>Allocated 31.01.19</b>	<b>Allocated 31.01.18</b>
<b>Class S Accumulation</b>				
Group 1	0.6570	–	0.6570	0.6550
Group 2	0.4166	0.2404	0.6570	0.6550

#### Equalisation

Equalisation applies only to shares purchased during the distribution period (Group 2 shares). It represents the accrued revenue included in the purchase price of the shares. After averaging it is returned with the distribution as a capital repayment. It is not liable to Income Tax but must be deducted from the cost of the shares for Capital Gains Tax purposes.

# 7IM SUSTAINABLE BALANCE FUND

## ACD'S REPORT

for the year ended 30 November 2018

### Investment Objective and Policy

7IM Sustainable Balance Fund (the 'Sub-fund') aims to provide a balance of income and capital appreciation. There may be some risk to capital. The Sub-fund invests predominantly in a range of securities and collective investment vehicles managed by selected fund managers.

The Sub-fund will only invest in individual securities where the underlying companies, countries and institutions score well on social and environmental criteria.

To measure these criteria, the industry from which an investment has been made and the position of the investment relative to its peer group are analysed. The social aspects of companies' relationships with suppliers, the general public, employees, clients and competitors are considered. The environmental aspects of pre-production sourcing, production processes, products and services, as well as the environmental strategy/policy and environmental management systems are also examined.

Certain products and manufacturing processes are so high-risk that they are not rated as being compatible with the criteria. Companies from certain industries or with significant exposure to certain activities are precluded, such as:

Tobacco industry

Armaments

Pornography

Nuclear power generation

Chlorine, agrochemicals and GMOs in agriculture

The Sub-fund may also invest in collective investment vehicles (including exchange traded funds and open or closed ended funds) that track recognised ethical or socially responsible indices or are managed with appropriate ethical, social or environmental criteria.

The Sub-fund will comprise a mixture of income-generating assets and assets with scope for capital growth in real terms. The Sub-fund may use different asset classes, with investment primarily in equities and fixed interest securities with no long term preponderance to either class. The Sub-fund may also invest in money market instruments, warrants, deposits, cash and near cash, other transferable securities, derivatives and forward transactions and other investments to the extent that each is permitted in the stated investment and borrowing powers of the company.

There is no guarantee that a positive return will be delivered.

### Investment Manager's Report

#### Performance Report

In the reporting period, 1 December 2017 to 30 November 2018, the portfolio delivered a total return of 0.67%<sup>1</sup>.

#### Investment Background

Back in January, investors were excited because growth was strong across the world, following a remarkably stable 2017. The S&P 500 began the year with six consecutive highs and it looked as though nothing could go wrong. Then everything changed. Global equities plunged by 9% over two weeks in early February, and fell by another 10% in October. Most markets have been much jumpier and more erratic this year than in super-quiet 2017. This rise in volatility, though, looks like a return to normal – and doesn't particularly worry us. Indeed, equity volatility in 2018 has been slightly below its long term average.

It's clear that investors became far more cautious as the year progressed. In some cases the caution is warranted. For example, the huge tech stocks known as the FANGs (Facebook, Amazon, Netflix and Google) plunged between June and November 2018 as their valuations returned to more realistic levels. In other cases interesting assets were unfairly punished, creating potential buying opportunities. Emerging market equities and European dividends are two recent examples.

Regarding fundamentals, we saw little change through the year. The world economy is growing at a healthy 3.6%, according to the IMF. Europe and the US are slowing but are in fair shape. In both the US and UK unemployment has fallen, inflation is stable and wages are rising. Global earnings per share growth in 2018 will be an impressive 16%. For all the talk of rate hikes, there were only four by major Western central banks through the year (three in the US and one in Europe), and monetary policy in both regions remains loose. Rates are trending up, as they should, but are far from worrying.

<sup>1</sup> Calculated using 7IM Sustainable Balance C Acc shares, NAV return. Source: NTRS

## 71M SUSTAINABLE BALANCE FUND

**ACD'S REPORT** (continued)  
for the year ended 30 November 2018

### **Investment Manager's Report** (continued)

Some commentators claim that weak equity markets in 2018 reflected fragile and slowing global growth and company earnings, blaming factors like interest rate hikes, the US-China trade dispute, Brexit and Eurozone politics. We are not convinced. We think the world economy is in good shape.

It's hard to know why large numbers of investors across the world suddenly began selling. Big algorithmic traders probably played a part, unrelated to any economic or financial fundamentals.

Investors won't remember 2018 with any fondness. But it wasn't nearly as bad as the headlines would have you believe.

### **Portfolio Review**

The Sub-fund is values based, i.e. excluding companies which are involved in unacceptable business areas and investments are screened for environmental, social and governance criteria. In addition it focuses on sustainable themes such as demographics and energy efficiency and this year an investment has also been made in a fund which, in addition to being sustainably screened and in an acceptable business area, invests in companies which deliver environmental or social impact. With 2018 being the year when sustainable funds are said to be going mainstream not only has this fund stayed true to its original investment objectives but it has been able to incorporate new sustainable concepts such as thematic investing and investing in "Impact".

As far as the Sub-fund asset allocation is concerned, during the year we increased exposure to equity on the view that equity risk would be better rewarded than some other risk assets given our optimistic outlook for continuing global growth. We brought the UK equity exposure back up towards target and increased allocations to Japan and Emerging Markets equities. We reduced exposure to European equity where we felt the prospects for the region limited the scope for growth in European equities.

Towards the end of the period there was a sharp equity drawdown. This sell-off in markets presented an opportunity to increase exposure to the US as we thought the drawdown seemed technically driven and not reflecting fundamentals. We therefore reduced the short equity position to raise equity exposure to US equities in line with tactical targets.

We added a new holding in the Hermes Impact Opportunities Fund which has a global equity strategy. Stock selection is driven by how much the company's outputs generate sustainable outcomes for the planet; something measured against the UN Sustainable Development Goals. We see this fund as being complementary to the active equity allocation with few, if any, overlaps in holdings in the direct equity portfolio.

The direct equity portfolio follows five main themes investing in companies which address issues around demographics and lifestyle, shifting competition, being more efficient, effects of changes in policy and smarter technology. One of the largest holdings is in Mastercard, a company that is involved in disruptive technology, a policy impact theme. Ecolab has been in the portfolio for some time and plays on energy efficiency being involved in hygiene and energy technologies; franchises which are seen as having strong defensive qualities. Givaudan, a flavours and fragrance manufacturer, is a fairly new investment and is also viewed as having a defensive franchise which plays to the lifestyle theme.

In fixed income the main issue this year has been rising rates and how this has impacted government bonds. We sold the holding US Treasuries position to establish a position in a broadly based basket of developed market government bonds which is more reflective of the global government bond index which provides more diversification of risk.

Among alternatives, we reduced exposure to alternative strategies selling the US inflation protection certificate which was denominated in US dollars and thus benefited from the appreciation following the Brexit vote in addition to making a small profit from the underlying trade. We added to holdings in social housing REITs and in renewable infrastructure companies. We introduced a holding in Target Healthcare which is on the social housing spectrum; an owner of care homes managed by operators which score well in care quality. We also bought a holding in Triple Point Social Housing which, like Civitas, provides social housing to vulnerable people to whom their Local Authorities have a statutory obligation to provide care and accommodation. We halved the holding of Civitas to accommodate this new holding, which we were able to do at a good profit. We added to the holdings of Greencoat UK Wind, NextEnergy Solar and The Renewable Infrastructure Group which are our preferred holdings in wind and solar infrastructure and trimmed the holdings of Bluefield and Foresight where we had less conviction in the management.

The tactical asset allocation to alternatives remains below target due to the absence of sustainable instruments in alternative strategies, hedge funds and private equity. We continue to look for suitable investments in these areas but at present there are insufficient sustainable products to effect this. As it turns out, alternative strategies and hedge funds in particular have performed poorly this year so being short this asset class has actually helped returns.

## 7IM SUSTAINABLE BALANCE FUND

**ACD'S REPORT** (continued)  
for the year ended 30 November 2018

### **Investment Manager's Report** (continued)

In terms of Brexit-related risk, although we believe a No Deal is unlikely, the Investment Team continues to conduct scenario analysis and the potential effects of different Brexit outcomes on the funds. These stress tests are conducted by the independent risk team and assume market reactions in a No Deal scenario similar to that post the Referendum result in 2016. The outcome of this analysis did not produce any results which caused concern. In addition, the Investment Team have looked at the exposure of the 7IM funds to the UK. In this exercise, we focused on the country to which the asset class has exposure, via sales or economic exposure rather than country of listing. We looked at the Strategic Asset Allocation, Tactical Asset Allocation and where possible the actual holdings data of the multi-manager (MM) portfolios. The results demonstrated to us that our current overall exposure is no more than 20% for any fund.

### **Investment Outlook**

2018 was tough for financial markets; we think 2019 will be far more normal – and perhaps even boring, in a positive kind of way. The world economy is in fair shape and the risks that the media shouts about are widely exaggerated. In our experience, economic reality – the reality of company sales, employment, government spending, domestic and foreign trade – is remarkably stable over time. It's like a supertanker in motion that can't be diverted easily. By contrast, investors are far more erratic. You can view investor sentiment as cycling around the economic fundamentals: sometimes investors are overly optimistic (greedy), as in January 2018, sometimes they're too pessimistic (fearful), as in February 2016. We think this familiar cycle is in action at the moment, and that investors are too pessimistic. Our goal as investment managers is to focus on the long term and not get caught up in these cycles of investor greed or fear. We expect investor sentiment and markets to recover in 2019 and are positioned accordingly – slightly overweight equities, with a bias towards the US, and negative on bonds and credit.

To global growth: the world economy is slowing a little but should grow comfortably through 2019-20. We don't see the big danger signs that might destabilise it, e.g. soaring interest rates or a financial crisis. China's growth is easing, as it should, but is unlikely to crash anytime soon. World inflation is running at around 2.7%, and is under control. It's not far from the 2% target in the US and UK, and even Japan might be clawing out of its disinflationary mire. Interest rates are normalising in the US, which is healthy, and are set to rise in most countries in 2019. Therefore, we think the world economy is in a 'Goldilocks' phase – neither too hot nor too cold. Goldilocks is usually good for companies: we expect global earnings per share to rise in 2019 and 2020.

The contrasting investor concern seems to be driven by a focus on risks and threats that have been exaggerated, such as US recession, trade wars and the UK political situation.

US recessions have often been associated with equity crashes in the past and some commentators fear recession in 2019. We are not overly worried: the US is currently growing at around 2.5%; from these levels it normally takes at least two years for growth to turn negative. Moreover, the usual imbalances associated with recession – soaring inflation, housing crunch, commodity price shock – are largely absent. We think US recession is unlikely before late 2020, at the earliest.

Concerning trade wars, tariffs have been implemented on about 2.5% of world imports, corresponding to less than 0.6% of world GDP. They're certainly a negative for growth, but on a tiny scale thus far. While they could get much worse, we think the US and China will reach some compromise that won't harm their economies (and their people) too much.

In the UK, Brexit is a shambles and we do worry that the UK could end up with a No Deal – which actually would be a Terrible Deal – in March 2019. But it's in the interests of both the UK and the EU to reach a broadly sensible outcome. We think a deal will materialise that's not too painful for the UK. Regarding the possibility of a Corbyn government, we think Mr Corbyn's bark is worse than his bite. If he came to power he'd be so constrained by the range of views within his party, by business pressures and by economic constraints that he'd not be able to do much that would derail the UK's financial markets.

Seven Investment Management LLP  
Investment Manager  
February 2019



## 7IM SUSTAINABLE BALANCE FUND

### FUND INFORMATION

The Comparative Tables on pages 207 to 215 give the performance of each active share class in the Sub-fund.

The 'Return after charges' disclosed in the Comparative Tables is calculated as the return after operating charges per share divided by the opening net asset value per share. It differs from the Sub-fund's performance disclosed in the ACD's report, which is calculated based on the latest published price.

Portfolio transaction costs are incurred when investments are bought or sold by a sub-fund in order to achieve the investment objective. These transaction costs affect an investor in different ways depending on whether they are joining, leaving or continuing with their investment in the sub-fund.

Direct transaction costs include broker commission and taxes. Broker commission includes the fee paid to a broker to execute the trades.

In addition, there are indirect portfolio transaction costs arising from the 'dealing spread' – the difference between the buying and selling prices of underlying investments in the portfolio. Unlike shares whereby broker commissions and stamp duty are paid by the sub-fund on each transaction, other types of investments (such as bonds, money instruments, derivatives, collective investment schemes) do not have separately identifiable transaction costs; these costs form part of the dealing spread. Dealing spreads vary considerably depending on the transaction value and money market sentiment.

# 7IM SUSTAINABLE BALANCE FUND

## FUND INFORMATION (continued)

### Comparative Tables

#### Class A Income

	30.11.18 (pence per share)	30.11.17 (pence per share)	30.11.16 (pence per share)
<b>Change in Net Asset Value Per Share</b>			
Opening net asset value per share	118.18	112.92	108.38
Return before operating charges*	2.51	9.79	9.00
Operating charges (calculated on average price)	(2.30)	(2.27)	(2.18)
Return after operating charges*	0.21	7.52	6.82
Distributions on income shares	(2.25)	(2.26)	(2.28)
Closing net asset value per share	116.14	118.18	112.92
* After direct transaction costs of: <sup>1</sup>	0.01	0.05	0.03

#### Performance

Return after charges <sup>2</sup>	0.18%	6.66%	6.29%
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#### Other Information

Closing net asset value (£'000)	86	90	94
Closing number of shares	74,047	75,950	83,255
Operating charges <sup>3</sup>	1.94%	1.92%	1.99%
Direct transaction costs	0.01%	0.04%	0.02%

#### Prices

Highest share price	121.56	120.59	117.18
Lowest share price	114.74	111.98	99.58

<sup>1</sup> Direct transaction costs are stated after deducting the proportion of the amounts collected from dilution adjustments or dilution levies that relate to direct transaction costs. A negative transaction costs figure might arise where there is a timing difference between inflows and the settlement of the resultant purchases.

<sup>2</sup> The return after charges is calculated as the return after operating charges per share divided by the opening net asset value per share.

<sup>3</sup> Operating charges, otherwise known as the OCF is the ratio of the Sub-fund's total disclosable costs (excluding securities lending fees and overdraft interest) to the average net assets of the Sub-fund. The OCF is intended to provide a reliable figure which gives the most accurate measure of what it costs to invest in a Sub-fund and is calculated based on the last period's figures. Included within the OCF are synthetic costs which includes the OCF of the underlying funds weighted on the basis of their investment proportion. A detailed breakdown of the OCF per share class is shown on page 216.

# 7IM SUSTAINABLE BALANCE FUND

## FUND INFORMATION (continued)

### Comparative Tables (continued)

#### Class A Accumulation

	30.11.18 (pence per share)	30.11.17 (pence per share)	30.11.16 (pence per share)
<b>Change in Net Asset Value Per Share</b>			
Opening net asset value per share	148.77	139.50	131.17
Return before operating charges*	3.15	12.08	10.95
Operating charges (calculated on average price)	(2.91)	(2.81)	(2.62)
Return after operating charges*	0.24	9.27	8.33
Distributions	(2.84)	(2.81)	(2.82)
Retained distributions on accumulation shares	2.84	2.81	2.82
Closing net asset value per share	149.01	148.77	139.50
* After direct transaction costs of: <sup>1</sup>	0.01	0.06	0.03

#### Performance

Return after charges <sup>2</sup>	0.16%	6.65%	6.35%
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#### Other Information

Closing net asset value (£'000)	99	172	189
Closing number of shares	66,624	115,362	135,411
Operating charges <sup>3</sup>	1.94%	1.92%	1.99%
Direct transaction costs	0.01%	0.04%	0.02%

#### Prices

Highest share price	154.46	150.31	142.99
Lowest share price	144.45	138.32	120.50

<sup>1</sup> Direct transaction costs are stated after deducting the proportion of the amounts collected from dilution adjustments or dilution levies that relate to direct transaction costs. A negative transaction costs figure might arise where there is a timing difference between inflows and the settlement of the resultant purchases.

<sup>2</sup> The return after charges is calculated as the return after operating charges per share divided by the opening net asset value per share.

<sup>3</sup> Operating charges, otherwise known as the OCF is the ratio of the Sub-fund's total disclosable costs (excluding securities lending fees and overdraft interest) to the average net assets of the Sub-fund. The OCF is intended to provide a reliable figure which gives the most accurate measure of what it costs to invest in a Sub-fund and is calculated based on the last period's figures. Included within the OCF are synthetic costs which includes the OCF of the underlying funds weighted on the basis of their investment proportion. A detailed breakdown of the OCF per share class is shown on page 216.

# 7IM SUSTAINABLE BALANCE FUND

## FUND INFORMATION (continued)

### Comparative Tables (continued)

#### Class B Accumulation

	30.11.18 (pence per share)	30.11.17 (pence per share)	30.11.16 (pence per share)
<b>Change in Net Asset Value Per Share</b>			
Opening net asset value per share	150.49	140.96	132.49
Return before operating charges*	3.14	12.23	10.97
Operating charges (calculated on average price)	(2.79)	(2.70)	(2.50)
Return after operating charges*	0.35	9.53	8.47
Distributions	(2.86)	(2.84)	(2.80)
Retained distributions on accumulation shares	2.86	2.84	2.80
Closing net asset value per share	150.84	150.49	140.96
* After direct transaction costs of: <sup>1</sup>	0.01	0.06	0.03

#### Performance

Return after charges <sup>2</sup>	0.23%	6.76%	6.39%
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#### Other Information

Closing net asset value (£'000)	4	23	20
Closing number of shares	2,426	15,544	13,926
Operating charges <sup>3</sup>	1.84%	1.82%	1.89%
Direct transaction costs	0.01%	0.04%	0.02%

#### Prices

Highest share price	156.34	152.04	144.51
Lowest share price	146.15	139.78	121.74

<sup>1</sup> Direct transaction costs are stated after deducting the proportion of the amounts collected from dilution adjustments or dilution levies that relate to direct transaction costs. A negative transaction costs figure might arise where there is a timing difference between inflows and the settlement of the resultant purchases.

<sup>2</sup> The return after charges is calculated as the return after operating charges per share divided by the opening net asset value per share.

<sup>3</sup> Operating charges, otherwise known as the OCF is the ratio of the Sub-fund's total disclosable costs (excluding securities lending fees and overdraft interest) to the average net assets of the Sub-fund. The OCF is intended to provide a reliable figure which gives the most accurate measure of what it costs to invest in a Sub-fund and is calculated based on the last period's figures. Included within the OCF are synthetic costs which includes the OCF of the underlying funds weighted on the basis of their investment proportion. A detailed breakdown of the OCF per share class is shown on page 216.

# 7IM SUSTAINABLE BALANCE FUND

## FUND INFORMATION (continued)

### Comparative Tables (continued)

#### Class C Income

	30.11.18 (pence per share)	30.11.17 (pence per share)	30.11.16 (pence per share)
<b>Change in Net Asset Value Per Share</b>			
Opening net asset value per share	123.25	117.23	111.93
Return before operating charges*	2.63	10.11	9.35
Operating charges (calculated on average price)	(1.79)	(1.74)	(1.69)
Return after operating charges*	0.84	8.37	7.66
Distributions on income shares	(2.35)	(2.35)	(2.36)
Closing net asset value per share	121.74	123.25	117.23
* After direct transaction costs of: <sup>1</sup>	0.01	0.05	0.03

#### Performance

Return after charges <sup>2</sup>	0.68%	7.14%	6.84%
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#### Other Information

Closing net asset value (£'000)	24,856	24,945	24,456
Closing number of shares	20,417,956	20,238,861	20,862,335
Operating charges <sup>3</sup>	1.44%	1.42%	1.49%
Direct transaction costs	0.01%	0.04%	0.02%

#### Prices

Highest share price	127.25	125.71	121.58
Lowest share price	119.86	116.26	102.96

<sup>1</sup> Direct transaction costs are stated after deducting the proportion of the amounts collected from dilution adjustments or dilution levies that relate to direct transaction costs. A negative transaction costs figure might arise where there is a timing difference between inflows and the settlement of the resultant purchases.

<sup>2</sup> The return after charges is calculated as the return after operating charges per share divided by the opening net asset value per share.

<sup>3</sup> Operating charges, otherwise known as the OCF is the ratio of the Sub-fund's total disclosable costs (excluding securities lending fees and overdraft interest) to the average net assets of the Sub-fund. The OCF is intended to provide a reliable figure which gives the most accurate measure of what it costs to invest in a Sub-fund and is calculated based on the last period's figures. Included within the OCF are synthetic costs which includes the OCF of the underlying funds weighted on the basis of their investment proportion. A detailed breakdown of the OCF per share class is shown on page 216.

# 7IM SUSTAINABLE BALANCE FUND

## FUND INFORMATION (continued)

### Comparative Tables (continued)

#### Class C Accumulation

	30.11.18 (pence per share)	30.11.17 (pence per share)	30.11.16 (pence per share)
<b>Change in Net Asset Value Per Share</b>			
Opening net asset value per share	157.36	146.88	137.41
Return before operating charges*	3.33	12.68	11.56
Operating charges (calculated on average price)	(2.29)	(2.20)	(2.09)
Return after operating charges*	1.04	10.48	9.47
Distributions	(3.01)	(2.96)	(2.91)
Retained distributions on accumulation shares	3.01	2.96	2.91
Closing net asset value per share	158.40	157.36	146.88
* After direct transaction costs of: <sup>1</sup>	0.01	0.06	0.03

#### Performance

Return after charges <sup>2</sup>	0.66%	7.14%	6.89%
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#### Other Information

Closing net asset value (£'000)	50,342	45,947	34,839
Closing number of shares	31,782,224	29,199,076	23,719,467
Operating charges <sup>3</sup>	1.44%	1.42%	1.49%
Direct transaction costs	0.01%	0.04%	0.02%

#### Prices

Highest share price	163.98	158.93	150.48
Lowest share price	153.02	145.65	126.37

<sup>1</sup> Direct transaction costs are stated after deducting the proportion of the amounts collected from dilution adjustments or dilution levies that relate to direct transaction costs. A negative transaction costs figure might arise where there is a timing difference between inflows and the settlement of the resultant purchases.

<sup>2</sup> The return after charges is calculated as the return after operating charges per share divided by the opening net asset value per share.

<sup>3</sup> Operating charges, otherwise known as the OCF is the ratio of the Sub-fund's total disclosable costs (excluding securities lending fees and overdraft interest) to the average net assets of the Sub-fund. The OCF is intended to provide a reliable figure which gives the most accurate measure of what it costs to invest in a Sub-fund and is calculated based on the last period's figures. Included within the OCF are synthetic costs which includes the OCF of the underlying funds weighted on the basis of their investment proportion. A detailed breakdown of the OCF per share class is shown on page 216.

# 7IM SUSTAINABLE BALANCE FUND

## FUND INFORMATION (continued)

### Comparative Tables (continued)

#### Class D Income

	30.11.18 (pence per share)	30.11.17 (pence per share)	30.11.16 (pence per share)
<b>Change in Net Asset Value Per Share</b>			
Opening net asset value per share	116.41	111.32	106.90
Return before operating charges*	2.46	9.67	8.87
Operating charges (calculated on average price)	(2.38)	(2.35)	(2.19)
Return after operating charges*	0.08	7.32	6.68
Distributions on income shares	(2.21)	(2.23)	(2.26)
Closing net asset value per share	114.28	116.41	111.32
* After direct transaction costs of: <sup>1</sup>	0.01	0.05	0.03

#### Performance

Return after charges <sup>2</sup>	0.07%	6.58%	6.25%
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#### Other Information

Closing net asset value (£'000)	27	24	19
Closing number of shares	23,591	20,539	16,687
Operating charges <sup>3</sup>	2.04%	2.02%	2.09%
Direct transaction costs	0.01%	0.04%	0.02%

#### Prices

Highest share price	119.64	118.78	115.53
Lowest share price	112.98	110.40	98.21

<sup>1</sup> Direct transaction costs are stated after deducting the proportion of the amounts collected from dilution adjustments or dilution levies that relate to direct transaction costs. A negative transaction costs figure might arise where there is a timing difference between inflows and the settlement of the resultant purchases.

<sup>2</sup> The return after charges is calculated as the return after operating charges per share divided by the opening net asset value per share.

<sup>3</sup> Operating charges, otherwise known as the OCF is the ratio of the Sub-fund's total disclosable costs (excluding securities lending fees and overdraft interest) to the average net assets of the Sub-fund. The OCF is intended to provide a reliable figure which gives the most accurate measure of what it costs to invest in a Sub-fund and is calculated based on the last period's figures. Included within the OCF are synthetic costs which includes the OCF of the underlying funds weighted on the basis of their investment proportion. A detailed breakdown of the OCF per share class is shown on page 216.

# 7IM SUSTAINABLE BALANCE FUND

## FUND INFORMATION (continued)

### Comparative Tables (continued)

#### Class D Accumulation

	30.11.18 (pence per share)	30.11.17 (pence per share)	30.11.16 (pence per share)
<b>Change in Net Asset Value Per Share</b>			
Opening net asset value per share	147.18	138.12	129.98
Return before operating charges*	3.12	11.98	10.83
Operating charges (calculated on average price)	(3.03)	(2.92)	(2.69)
Return after operating charges*	0.09	9.06	8.14
Distributions	(2.81)	(2.78)	(2.79)
Retained distributions on accumulation shares	2.81	2.78	2.79
Closing net asset value per share	147.27	147.18	138.12
* After direct transaction costs of: <sup>1</sup>	0.01	0.06	0.03

#### Performance

Return after charges <sup>2</sup>	0.06%	6.56%	6.26%
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#### Other Information

Closing net asset value (£'000)	77	71	95
Closing number of shares	52,167	48,204	69,096
Operating charges <sup>3</sup>	2.04%	2.02%	2.09%
Direct transaction costs	0.01%	0.04%	0.02%

#### Prices

Highest share price	152.69	148.71	141.60
Lowest share price	142.85	136.96	119.39

<sup>1</sup> Direct transaction costs are stated after deducting the proportion of the amounts collected from dilution adjustments or dilution levies that relate to direct transaction costs. A negative transaction costs figure might arise where there is a timing difference between inflows and the settlement of the resultant purchases.

<sup>2</sup> The return after charges is calculated as the return after operating charges per share divided by the opening net asset value per share.

<sup>3</sup> Operating charges, otherwise known as the OCF is the ratio of the Sub-fund's total disclosable costs (excluding securities lending fees and overdraft interest) to the average net assets of the Sub-fund. The OCF is intended to provide a reliable figure which gives the most accurate measure of what it costs to invest in a Sub-fund and is calculated based on the last period's figures. Included within the OCF are synthetic costs which includes the OCF of the underlying funds weighted on the basis of their investment proportion. A detailed breakdown of the OCF per share class is shown on page 216.



# 7IM SUSTAINABLE BALANCE FUND

## FUND INFORMATION (continued)

### Comparative Tables (continued)

#### Class S Income

	30.11.18 (pence per share)	30.11.17 (pence per share)	30.11.16 (pence per share)
<b>Change in Net Asset Value Per Share</b>			
Opening net asset value per share	119.03	112.96	107.60
Return before operating charges*	2.54	9.73	9.00
Operating charges (calculated on average price)	(1.43)	(1.39)	(1.36)
Return after operating charges*	1.11	8.34	7.64
Distributions on income shares	(2.27)	(2.27)	(2.28)
Closing net asset value per share	117.87	119.03	112.96
* After direct transaction costs of: <sup>1</sup>	0.01	0.05	0.03

#### Performance

Return after charges <sup>2</sup>	0.93%	7.38%	7.10%
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#### Other Information

Closing net asset value (£'000)	666	641	610
Closing number of shares	565,225	538,873	539,758
Operating charges <sup>3</sup>	1.19%	1.17%	1.24%
Direct transaction costs	0.01%	0.04%	0.02%

#### Prices

Highest share price	123.12	121.39	117.13
Lowest share price	115.85	112.02	99.01

<sup>1</sup> Direct transaction costs are stated after deducting the proportion of the amounts collected from dilution adjustments or dilution levies that relate to direct transaction costs. A negative transaction costs figure might arise where there is a timing difference between inflows and the settlement of the resultant purchases.

<sup>2</sup> The return after charges is calculated as the return after operating charges per share divided by the opening net asset value per share.

<sup>3</sup> Operating charges, otherwise known as the OCF is the ratio of the Sub-fund's total disclosable costs (excluding securities lending fees and overdraft interest) to the average net assets of the Sub-fund. The OCF is intended to provide a reliable figure which gives the most accurate measure of what it costs to invest in a Sub-fund and is calculated based on the last period's figures. Included within the OCF are synthetic costs which includes the OCF of the underlying funds weighted on the basis of their investment proportion. A detailed breakdown of the OCF per share class is shown on page 216.

# 7IM SUSTAINABLE BALANCE FUND

## FUND INFORMATION (continued)

### Comparative Tables (continued)

#### Class S Accumulation

	30.11.18 (pence per share)	30.11.17 (pence per share)	30.11.16 (pence per share)
<b>Change in Net Asset Value Per Share</b>			
Opening net asset value per share	128.46	119.62	111.63
Return before operating charges*	2.73	10.32	9.40
Operating charges (calculated on average price)	(1.55)	(1.48)	(1.41)
Return after operating charges*	1.18	8.84	7.99
Distributions	(2.46)	(2.42)	(2.37)
Retained distributions on accumulation shares	2.46	2.42	2.37
Closing net asset value per share	129.64	128.46	119.62
* After direct transaction costs of: <sup>1</sup>	0.01	0.05	0.03

#### Performance

Return after charges <sup>2</sup>	0.92%	7.39%	7.16%
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#### Other Information

Closing net asset value (£'000)	10,191	9,043	8,679
Closing number of shares	7,861,596	7,039,641	7,255,299
Operating charges <sup>3</sup>	1.19%	1.17%	1.24%
Direct transaction costs	0.01%	0.04%	0.02%

#### Prices

Highest share price	134.12	129.72	122.52
Lowest share price	125.02	118.61	102.71

<sup>1</sup> Direct transaction costs are stated after deducting the proportion of the amounts collected from dilution adjustments or dilution levies that relate to direct transaction costs. A negative transaction costs figure might arise where there is a timing difference between inflows and the settlement of the resultant purchases.

<sup>2</sup> The return after charges is calculated as the return after operating charges per share divided by the opening net asset value per share.

<sup>3</sup> Operating charges, otherwise known as the OCF is the ratio of the Sub-fund's total disclosable costs (excluding securities lending fees and overdraft interest) to the average net assets of the Sub-fund. The OCF is intended to provide a reliable figure which gives the most accurate measure of what it costs to invest in a Sub-fund and is calculated based on the last period's figures. Included within the OCF are synthetic costs which includes the OCF of the underlying funds weighted on the basis of their investment proportion. A detailed breakdown of the OCF per share class is shown on page 216.

## 7IM SUSTAINABLE BALANCE FUND

### FUND INFORMATION (continued)

#### Ongoing Charges Figures

As at 30 November 2018

	<b>Class A</b>	<b>Class B</b>	<b>Class C</b>	<b>Class D</b>	<b>Class S</b>
ACD's periodic charge	1.75%	1.65%	1.25%	1.85%	1.00%
Other expenses	0.09%	0.09%	0.09%	0.09%	0.09%
	1.84%	1.74%	1.34%	1.94%	1.09%
Collective investment scheme costs	0.10%	0.10%	0.10%	0.10%	0.10%
Ongoing Charges Figure	1.94%	1.84%	1.44%	2.04%	1.19%

As at 30 November 2017

	<b>Class A</b>	<b>Class B</b>	<b>Class C</b>	<b>Class D</b>	<b>Class S</b>
ACD's periodic charge	1.75%	1.65%	1.25%	1.85%	1.00%
Other expenses	0.10%	0.10%	0.10%	0.10%	0.10%
	1.85%	1.75%	1.35%	1.95%	1.10%
Collective investment scheme costs	0.07%	0.07%	0.07%	0.07%	0.07%
Ongoing Charges Figure	1.92%	1.82%	1.42%	2.02%	1.17%

The Ongoing Charges Figure ('OCF') represents the total operating expenses of the Sub-fund, expressed as a percentage of the average net assets during the accounting year.

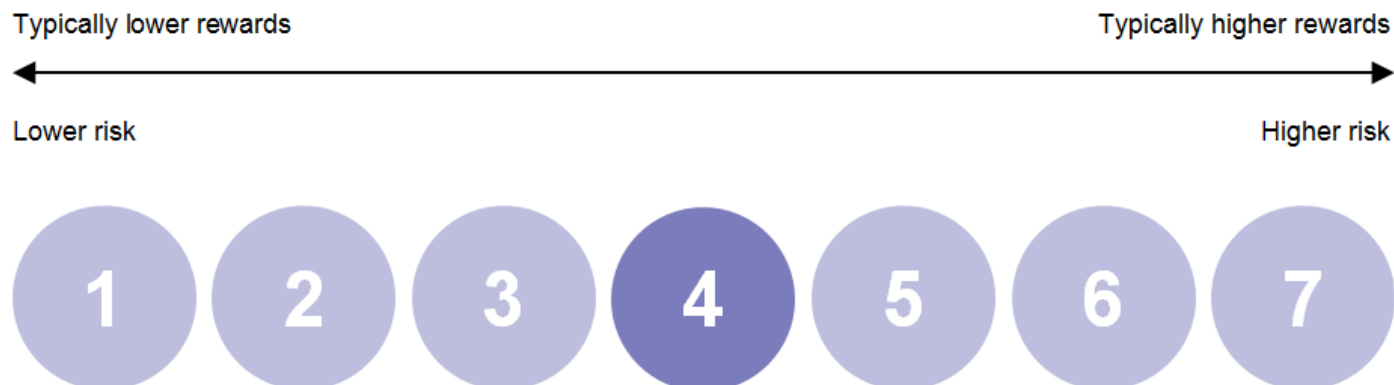
The collective investment scheme costs represent the OCFs, or a reasonable substitute, of the underlying funds which are held as portfolio investments. Their inclusion has been calculated on a weighted basis against the Sub-fund's net assets at the balance sheet date.

The Sub-fund undertakes securities lending and receives 70% of the revenue generated and the remaining 30% is received by Northern Trust as the securities lending agent. As securities lending revenue sharing does not increase the costs of running the Sub-fund, this has been excluded from the Other expenses and thus excluded from the Ongoing Charges Figures.

# 7IM SUSTAINABLE BALANCE FUND

## FUND INFORMATION (continued)

### Synthetic Risk and Reward Indicator



This indicator shows how much a sub-fund has risen and fallen in the past, and therefore how much a fund's returns have varied. It is a measure of a fund's volatility. The higher a sub-fund's past volatility the higher the number on the scale and the greater the risk that investors in that sub-fund may have made losses as well as gains. The lowest number on the scale does not mean that a sub-fund is risk free.

This indicator is based on historical data and may not be a reliable indication of the future risk profile of this Sub-fund. The risk and reward profile shown is not guaranteed to remain the same and may change over time.

The risk and reward indicator shown above is as at the date of publication of the annual report and financial statements, the risk and reward indicator as at the year end date 30 November 2018 was 4.

### Fund performance to 30 November 2018 (%)

	1 year	3 years	5 years
7IM Sustainable Balance Fund <sup>1</sup>	0.67	15.30	29.20

<sup>1</sup> Source: Bloomberg

The performance of the Sub-fund is based on the published price per 'C' Accumulation share which includes reinvested income.

Details of the distributions per share for the period are shown in the Distribution Tables on pages 237 to 239.

# 7IM SUSTAINABLE BALANCE FUND

## PORTFOLIO STATEMENT

as at 30 November 2018

Holding	Portfolio of Investment	Value £	30.11.18 %
	<b>ALTERNATIVES 4.75% (7.43%)</b>		
	<b>Alternative Strategies 0.23% (3.10%)</b>		
1,220	Goldman Sachs International Warrants 31/12/2049 <sup>1</sup>	12	–
(17)	S&P 500 Index Put Options 1950 Mar 2019 <sup>2</sup>	(5,864)	(0.01)
17	S&P 500 Index Put Options 2600 Mar 2019 <sup>2</sup>	78,502	0.09
1,225	Societe Generale Warrants 29/11/2018 <sup>1</sup>	–	–
100,000	University Of Manchester 4.25% 2053	127,488	0.15
		<b>200,138</b>	<b>0.23</b>
	<b>Infrastructure 4.52% (4.33%)</b>		
300,000	Bluefield Solar Income Fund	370,500	0.43
700,000	Foresight Solar Fund	784,000	0.91
1,308,552	Greencoat UK Wind	1,685,415	1.95
945,913	Renewables Infrastructure Group (The)	1,065,098	1.23
		<b>3,905,013</b>	<b>4.52</b>
	<b>CASH 5.09% (10.40%)</b>		
4,396,000	Northern Trust Global Sterling Fund <sup>3</sup>	<b>4,396,000</b>	<b>5.09</b>
	<b>DEBT SECURITIES 25.73% (27.44%)</b>		
	<b>Corporate Bonds 1.05% (1.30%)</b>		
£150,000	Bupa Finance 2% 2024	147,758	0.17
£150,000	Coventry Building Society 1.875% 2023	144,244	0.17
£173,467	Greater Gabbard OFTO 4.137% 2032	194,229	0.23
£200,000	PRS Finance 1.75% 2026	201,204	0.23
£100,000	Scottish Widows 7% 2043	112,296	0.13
£100,000	Welltower 4.50% 2034	107,856	0.12
		<b>907,587</b>	<b>1.05</b>
	<b>Gilts 6.96% (7.25%)</b>		
£100,000	Credit Suisse FRN 2025	94,524	0.11
£200,000	Deutsche Bahn Finance 1.375% 2025	195,577	0.23
£150,000	UK Gilt 1.75% 2019	150,931	0.17
£650,000	UK Gilt 3.25% 2044	804,206	0.93
£450,000	UK Gilt 3.75% 2052	643,276	0.75
£700,000	UK Gilt 4.00% 2022	772,046	0.89
£900,000	UK Gilt 4.50% 2034	1,240,380	1.44
£700,000	UK Gilt 4.75% 2038	1,031,345	1.19
£750,000	UK Gilt 6.00% 2028	1,081,148	1.25
		<b>6,013,433</b>	<b>6.96</b>
	<b>Global Government Bonds 7.65% (7.39%)</b>		
£305,000	Bank Nederlandse Gemeenten 5.375% 2021	336,275	0.39
€195,000	Bundesrepublik Deutschland 0.25% 2027	175,686	0.20
€316,000	Bundesrepublik Deutschland 2.25% 2021	303,683	0.35
€52,000	Bundesrepublik Deutschland 2.5% 2046	63,830	0.07
€67,000	Bundesrepublik Deutschland 4% 2037	92,981	0.11
€212,000	France Government 3% 2022	210,500	0.24
€71,000	France Government 5.75% 2032	102,857	0.12
€101,000	French Republic 2.75% 2027	107,689	0.13
€68,000	French Republic 3.25% 2045	83,173	0.10

# 7IM SUSTAINABLE BALANCE FUND

## PORTFOLIO STATEMENT (continued)

as at 30 November 2018

Holding	Portfolio of Investment	Value £	30.11.18 %
	<b>Global Government Bonds (continued)</b>		
€219,000	Italy Buoni Polien 3.75% 2021	206,592	0.24
€61,000	Italy Buoni Polien 5% 2040	63,354	0.07
€81,000	Italy Buoni Polien 5.25% 2029	85,158	0.10
€76,000	Italy Buoni Polien 6% 2031	85,342	0.10
¥121,000,000	Japan Government 0.1% 2021	840,326	0.97
¥80,000,000	Japan Government 0.1% 2027	556,217	0.64
¥59,000,000	Japan Government 0.4% 2036	402,463	0.47
¥34,000,000	Japan Government 0.9% 2057	231,813	0.27
£200,000	Reseau Ferre de France 5.5% 2021	224,393	0.26
€39,000	Spain Government 4.7% 2041	48,524	0.06
€40,000	Spain Government 5.75% 2032	52,255	0.06
€111,000	Spain Government 5.85% 2022	116,980	0.14
€50,000	Spain Government 6% 2029	63,283	0.07
US\$590,000	US Treasury Notes 1.625% 2026	421,023	0.49
US\$980,000	US Treasury Notes 2.375% 2023	753,710	0.87
US\$530,000	US Treasury Notes 2.5% 2045	355,191	0.41
US\$780,000	US Treasury Notes 3.5% 2020	617,592	0.72
		<b>6,600,890</b>	<b>7.65</b>
	<b>Short Term Sterling Bonds 1.63% (2.33%)</b>		
£150,000	A2Dominion Housing 3.5% 2028	151,381	0.17
£100,000	ABN AMRO Bank NV 1.375% 2022	97,963	0.11
£150,000	Digital Stout Holding 4.25% 2025	160,040	0.19
£300,000	KFW 1.625% 2020	302,748	0.35
£100,000	Nederlandse Water 5.375% 2032	137,941	0.16
£150,000	Royal Bank of Scotland Group	142,913	0.17
£188,317	UPP Bond 1 Issuer 4.9023% 2040	225,065	0.26
£180,868	Wods Transmission 3.446% 2034	192,980	0.22
		<b>1,411,031</b>	<b>1.63</b>
	<b>Sterling Corporate Bonds 8.44% (9.17%)</b>		
£120,000	AA Bond 2.75% 2023	108,183	0.12
£350,000	Affordable Housing 2.893% 2043	376,415	0.44
£100,000	Anglian Water Services Financing PLC 1.625% 2025	96,464	0.11
£150,000	Bunzl Finance 2.25% 2025	145,655	0.17
£100,000	Cardiff University 3% 2055	100,613	0.12
£100,000	Comcast Corp 5.50% 2029	125,781	0.15
£100,000	CYBG	93,657	0.11
£295,000	Dignity Finance 4.6956% 2049	260,568	0.30
£150,000	Dwr Cymru Financing 6.015% 2028	195,667	0.23
£120,000	France Telecom 5.625% 2034	152,934	0.18
£100,000	Go-Ahead Group 2.50% 2024	96,138	0.11
£100,000	High Speed Rail Finance 4.375% 2038	117,815	0.14
£200,000	International Finance Corporation 1.25% 2023	199,294	0.23
£100,000	Koninklijke 5.75% 2029	121,118	0.14
£150,000	Legal & General Group 5.375% 2045	154,737	0.18
£100,000	Lloyds TSB Bank 7.5% 2024	124,603	0.14
£200,000	National Grid Gas Finance 2.625% 2038	172,608	0.20
£150,000	Network Rail Infrastructure Finance 3% 2023	162,441	0.19
£100,000	New York Life Bond 1.75% 2022	100,039	0.12
£100,000	Notting Hill Housing Trust 3.25% 2048	91,215	0.10
£200,000	Tennessee Valley Authority 5.625% 2032	272,721	0.32
£190,000	Thames Water Utilities Cayman Finance 3.5% 2028	198,089	0.23
2,670,292	Threadneedle UK Social Bond <sup>3</sup>	2,922,368	3.38

# 7IM SUSTAINABLE BALANCE FUND

## PORTFOLIO STATEMENT (continued)

as at 30 November 2018

Holding	Portfolio of Investment	Value £	30.11.18 %
	<b>Sterling Corporate Bonds (continued)</b>		
£500,000	Transport for London 3.875% 2042	572,200	0.66
£250,000	Wellcome Trust Finance 4.625% 2036	324,230	0.37
		<b>7,285,553</b>	<b>8.44</b>
	<b>EQUITY 59.46% (56.50%)</b>		
	<b>Asia &amp; Emerging Markets 4.35% (3.01%)</b>		
3,962	Credicorp	697,039	0.81
157,500	Samsonite International	372,518	0.43
262,720	UBS ETF - MSCI Emerging Markets Socially Responsible UCITS ETF <sup>3</sup>	2,682,371	3.11
		<b>3,751,928</b>	<b>4.35</b>
	<b>Europe (ex UK) 7.41% (9.27%)</b>		
3,641	ASML Holding	482,734	0.56
16,354	Erste Bank	509,261	0.59
7,217	Essilor International	717,059	0.83
10,533	Frenius	677,778	0.79
476	Givaudan	923,245	1.07
8,985	Henkel	727,715	0.84
16,975	Orsted	875,059	1.01
12,669	Schneider Electric	724,193	0.84
22,192	Umicore	761,883	0.88
		<b>6,398,927</b>	<b>7.41</b>
	<b>Far East (ex Japan) 1.50% (1.52%)</b>		
112,000	AIA	716,694	0.83
5,701	CSL	578,864	0.67
		<b>1,295,558</b>	<b>1.50</b>
	<b>Global Themes 1.01% (0.00%)</b>		
801,523	Hermes Impact Opportunities Equity <sup>3</sup>	<b>874,461</b>	<b>1.01</b>
	<b>Japan 7.03% (6.07%)</b>		
49,800	Kubota	665,803	0.77
2,900	Shimano	331,728	0.38
16,800	Shionogi	869,074	1.01
258,833	UBS MSCI Japan Socially Responsible UCITS ETF <sup>3</sup>	4,204,742	4.87
		<b>6,071,347</b>	<b>7.03</b>
	<b>North America 18.59% (17.97%)</b>		
4,670	3M	748,994	0.87
13,296	Activision Blizzard	547,789	0.63
5,946	Air Products & Chemicals	742,096	0.86
590	Alphabet 'C'	503,352	0.58
419	Amazon.com	549,660	0.64
4,364	Amgen	692,150	0.80
24,238	Aramark	718,874	0.83
1,713	BlackRock	567,929	0.66
500	Booking Holdings	731,145	0.85
13,492	Carmax	698,876	0.81
2,839	Charter Communications	735,202	0.85

## 7IM SUSTAINABLE BALANCE FUND

### PORTFOLIO STATEMENT (continued)

as at 30 November 2018

Holding	Portfolio of Investment	Value £	30.11.18 %
<b>North America (continued)</b>			
6,291	CME	931,689	1.08
13,727	Colgate-Palmolive	678,225	0.79
4,001	Costco Wholesale	724,603	0.84
7,287	Deere & Co	856,787	0.99
5,987	Ecolab	743,130	0.86
2,042	Equinix	614,953	0.71
8,067	First Republic Bank	608,298	0.71
5,617	MasterCard	866,308	1.00
5,421	Moody's	665,693	0.77
(34)	S&P 500 E-mini Futures December 2018 <sup>2</sup>	181,662	0.21
21,439	Service International	771,165	0.89
3,523	ServiceNow	494,656	0.57
898	SVB Financial Group	178,425	0.21
13,270	Zions Bancorporation	501,461	0.58
		<b>16,053,122</b>	<b>18.59</b>
<b>United Kingdom 19.57% (18.66%)</b>			
32,057	Associated British Foods	782,512	0.90
500,000	Civitas Social Housing	525,000	0.61
76,515	Just Eat	450,214	0.52
17,221	London Stock Exchange	698,139	0.81
990,115	NextEnergy Solar	1,094,077	1.27
34,868	Prudential	533,655	0.62
1,000,000	Residential Secure Income	916,000	1.06
750,961	RM Secured Direct Lending	758,471	0.88
742,923	UBS (Irl) MSCI United Kingdom IMI Socially Responsible <sup>3</sup>	11,140,873	12.90
		<b>16,898,941</b>	<b>19.57</b>
<b>PRIVATE EQUITY 0.00% (0.00%)</b>			
337,642	Low Carbon Accelerator <sup>4</sup>	-	-
<b>PROPERTY 1.91% (0.50%)</b>			
400,000	Civitas Social Housing Preference	382,000	0.45
700,000	Target Healthcare REIT	759,500	0.88
500,000	Triple Point Social Housing	502,500	0.58
		<b>1,644,000</b>	<b>1.91</b>
<b>FORWARD CURRENCY CONTRACTS -0.23% (0.41%)</b>			
€(4,050,000)	Vs £3,630,744 Expiry 15.02.2019	10,326	0.01
€(2,100,000)	Vs £1,847,981 Expiry 15.02.2019	(29,273)	(0.03)
¥(292,000,000)	Vs £1,964,885 Expiry 21.12.2018	(53,701)	(0.06)
US\$(12,420,000)	Vs £9,443,933 Expiry 18.01.2019	(268,112)	(0.31)
¥107,000,000	Vs £(729,330) Expiry 21.12.2018	10,357	0.01



## 7IM SUSTAINABLE BALANCE FUND

### PORTFOLIO STATEMENT (continued) as at 30 November 2018

Holding	Portfolio of Investment	Value £	30.11.18 %
	<b>FORWARD CURRENCY CONTRACTS (continued)</b>		
US\$5,000,000	Vs £(3,782,311) Expiry 18.01.2019	127,530	0.15
		<b>(202,873)</b>	<b>(0.23)</b>
	<b>Portfolio of investment</b>	<b>83,505,056</b>	<b>96.71</b>
	Net other assets	2,843,439	3.29
	<b>Net assets</b>	<b>86,348,495</b>	<b>100.00</b>

Comparative figures shown in brackets relate to 30 November 2017.

All investments are ordinary shares listed on a regulated market unless stated otherwise.

<sup>1</sup> Structured product

<sup>2</sup> Derivative contract

<sup>3</sup> Collective investment scheme

<sup>4</sup> Delisted security

<b>Credit Quality</b>	<b>30.11.18</b>	<b>30.11.17</b>
	%	%
Investment grade debt securities	22.50	23.56
Non-rated debt securities	–	3.02
Other investments	74.21	70.19
Net other assets	3.29	3.23
	<b>100.00</b>	<b>100.00</b>

## 7IM SUSTAINABLE BALANCE FUND

### STATEMENT OF TOTAL RETURN

for the year ended 30 November 2018

	Notes	£	30.11.18 £	£	30.11.17 £
Income					
Net capital (losses)/gains	4		(139,324)		4,443,131
Revenue	5	1,811,739		1,681,600	
Expenses	6	(1,086,026)		(992,697)	
Interest payable and similar charges	8	(2,299)		(10,630)	
Net revenue before taxation for the year		723,414		678,273	
Taxation	7	(44,843)		(52,520)	
Net revenue after taxation for the year			678,571		625,753
<b>Total return before distributions</b>			539,247		5,068,884
Distributions	8		(1,573,735)		(1,444,927)
<b>Change in net assets attributable to shareholders from investment activities</b>			(1,034,488)		3,623,957

### STATEMENT OF CHANGE IN NET ASSETS ATTRIBUTABLE TO SHAREHOLDERS

for the period ended 30 November 2018

	£	30.11.18 £	£	30.11.17 £
<b>Opening net assets attributable to shareholders</b>		80,955,526		69,000,115
Amounts received on creation of shares <sup>1</sup>	16,097,996		17,435,879	
Amounts paid on cancellation of shares <sup>1</sup>	(10,787,540)		(10,106,999)	
		5,310,456		7,328,880
Stamp Duty Reserve Tax		–		(354)
Change in net assets attributable to shareholders from investment activities		(1,034,488)		3,623,957
Retained distribution on accumulation shares		1,117,001		1,002,928
<b>Closing net assets attributable to shareholders</b>		86,348,495		80,955,526

<sup>1</sup>Stated at mid-market price.

The notes on pages 225 to 236 are an integral part of these Financial Statements.

## 7IM SUSTAINABLE BALANCE FUND

### BALANCE SHEET

as at 30 November 2018

	Notes	30.11.18 £	30.11.17 £
<b>ASSETS</b>			
Fixed assets:			
Investments		83,862,006	78,624,305
Current assets:			
Debtors	9	703,865	557,446
Cash and bank balances	10	2,906,780	2,790,981
<b>Total assets</b>		<b>87,472,651</b>	<b>81,972,732</b>
<b>LIABILITIES</b>			
Investment liabilities		(356,950)	(286,084)
Creditors:			
Bank overdrafts	10	(207,801)	(120,366)
Distribution payable		(247,787)	(254,824)
Other creditors	11	(311,618)	(355,932)
<b>Total liabilities</b>		<b>(1,124,156)</b>	<b>(1,017,206)</b>
<b>Net assets attributable to shareholders</b>		<b>86,348,495</b>	<b>80,955,526</b>

The notes on pages 225 to 236 are an integral part of these Financial Statements.

# 7IM SUSTAINABLE BALANCE FUND

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 November 2018

### 1 Statement of Compliance

The Sub-fund's Financial Statements have been prepared on the same basis as the Statement of Compliance disclosed on page 10.

### 2 Summary of Significant Accounting Policies

The Sub-fund's Financial Statements have been prepared on the same basis as the Summary of Significant Accounting Policies disclosed on pages 10 to 12.

### 3 Risk Management Policies

The Sub-fund's Risk Management Policies are the same as the Risk Management Policies disclosed on pages 13 to 14.

### 4 Net capital (losses)/gains

	<b>30.11.18</b>	<b>30.11.17</b>
	<b>£</b>	<b>£</b>
The net capital (losses)/gains during the year comprise:		
Non-derivative securities	870,889	4,997,840
Derivative contracts	(309,858)	(698,051)
Forward currency contracts	(724,625)	165,870
Currency gains/(losses)	33,034	(12,750)
Transaction charges	(8,721)	(10,796)
AMC rebates from underlying investments	(43)	1,018
Net capital (losses)/gains	<u>(139,324)</u>	<u>4,443,131</u>

### 5 Revenue

	<b>30.11.18</b>	<b>30.11.17</b>
	<b>£</b>	<b>£</b>
Non-taxable dividends	1,128,135	1,059,964
Taxable dividends	196,741	156,838
Unfranked interest	485,558	457,156
Bank interest	1,305	7,642
Total revenue	<u>1,811,739</u>	<u>1,681,600</u>

## 7IM SUSTAINABLE BALANCE FUND

### NOTES TO THE FINANCIAL STATEMENTS (continued) for the year ended 30 November 2018

#### 6 Expenses

	30.11.18 £	30.11.17 £
Payable to the ACD, associates of the ACD and agents of either of them:		
ACD's periodic charge	1,017,495	927,448
Other expenses	5,135	5,135
	<u>1,022,630</u>	<u>932,583</u>
Payable to the Depositary, associates of the Depositary and agents of either of them:		
Depositary's fees	13,990	12,893
Market risk fees	6,000	6,000
Safe custody and other bank charges	12,460	12,686
	<u>32,450</u>	<u>31,579</u>
Other Expenses:		
Audit fee	8,760	8,760
Dealing and exchange fees	7,690	8,775
FCA and other Regulatory fees	300	275
Legal and professional fees	4,820	829
Printing, postage and distribution costs	4,438	4,181
Risk analysis fees	4,938	5,715
	<u>30,946</u>	<u>28,535</u>
Total expenses	<u>1,086,026</u>	<u>992,697</u>

## 7IM SUSTAINABLE BALANCE FUND

### NOTES TO THE FINANCIAL STATEMENTS (continued) for the year ended 30 November 2018

#### 7 Taxation

	30.11.18 £	30.11.17 £
a) <i>Analysis of charge for the year</i>		
Overseas tax	44,843	52,520
Current tax charge (note 7b)	44,843	52,520
Total taxation	44,843	52,520

#### b) *Factors affecting current tax charge for the year*

The tax assessed for the year differs from the standard rate of corporation tax in the UK for an authorised fund (20%) (2017: 20%) for the reasons explained below.

Net revenue before taxation	723,414	678,273
Corporation tax at 20%	144,683	135,655
Effects of:		
AMC rebates taken to capital	(8)	203
Double taxation relief expensed	–	(944)
FX loss non taxable	(412)	–
Movement in revenue accruals	(1,477)	4,718
Non-taxable dividends	(225,215)	(216,353)
Overseas tax	44,843	52,520
Unutilised excess management expenses	82,429	76,721
Current tax charge (note 7a)	44,843	52,520

#### c) *Deferred tax*

There is no deferred tax provision in the current year (2017: none).

At the year end there is a potential deferred tax asset of £336,434 (2017: £254,005) due to surplus management expenses. It is unlikely the Sub-fund will generate sufficient taxable profits in the future to utilise this amount and therefore, no deferred tax asset has been recognised.

#### 8 Distributions

The distributions take account of revenue received on the issue of shares and revenue deducted on cancellation of shares, and comprise:

	30.11.18 £	30.11.17 £
Interim	783,015	701,961
Final	828,955	797,292
	1,611,970	1,499,253
Add: Revenue deducted on cancellation of shares	44,555	61,470
Deduct: Revenue received on issue of shares	(82,790)	(115,796)
Net distributions for the year	1,573,735	1,444,927
Interest payable and similar charges	2,299	10,630
Total distribution	1,576,034	1,455,557

## 7IM SUSTAINABLE BALANCE FUND

### NOTES TO THE FINANCIAL STATEMENTS (continued) for the year ended 30 November 2018

#### 8 Distributions (continued)

Details of the distributions per share are set out in the table on pages 237 to 239.

Distributions represented by:		
Net revenue after taxation	678,571	625,753
Allocations to capital:		
Expenses, net of tax relief	895,149	819,187
Equalisation on conversions <sup>1</sup>	–	2
Net movement in revenue account	15	(15)
Net distributions for the year	<u>1,573,735</u>	<u>1,444,927</u>

<sup>1</sup>Where an investor converts to a class with a higher income yield, the investor will pay or receive an equalisation as if they had held the new class throughout the period from the last distribution to the conversion date. The yield differential at the point of conversion is an equalisation which will be offset by capital erosion for the converted investor.

#### 9 Debtors

	30.11.18	30.11.17
	£	£
Amounts receivable for issue of shares	193,812	81,257
Sales awaiting settlement	189,478	170,214
Accrued revenue	281,116	270,074
Income tax recoverable	2,250	4,230
AMC rebates from underlying investments	15,840	16,007
Withholding tax recoverable	21,369	15,576
Prepaid expenses	–	88
Total debtors	<u>703,865</u>	<u>557,446</u>

#### 10 Cash and bank balances

	30.11.18	30.11.17
	£	£
Cash and bank balances	2,874,633	2,380,026
Cash held at clearing houses	32,147	410,955
Total cash and bank balances	<u>2,906,780</u>	<u>2,790,981</u>
Bank overdrafts	(135,490)	(120,366)
Cash overdraft at clearing houses	(72,311)	–
Total bank overdrafts	<u>(207,801)</u>	<u>(120,366)</u>

#### 11 Other Creditors

	30.11.18	30.11.17
	£	£
Amounts payable for cancellation of shares	28,191	109,594
Purchases awaiting settlement	178,425	149,138
Accrued expenses	105,002	97,200
Total other creditors	<u>311,618</u>	<u>355,932</u>

## 7IM SUSTAINABLE BALANCE FUND

### NOTES TO THE FINANCIAL STATEMENTS (continued) for the year ended 30 November 2018

#### 12 Related party transactions

ACD's periodic charge and other expenses payable to 7IM (the 'ACD') are disclosed in note 6.

The aggregate monies received by the ACD through the issue of shares and paid on cancellation of shares are disclosed in the Statement of Change in Net Assets Attributable to Shareholders on page 223.

7IM and its associates (including other authorised investment funds managed by 7IM) had no shareholdings in the Sub-fund (2017: none).

A shareholder may be able to exercise significant influence over the financial and operating policies of the Sub-fund and as such is deemed to be a related party. At the balance sheet date the following shareholder held in excess of 20% of the shares in issue of the Sub-fund:

Pershing Nominees Limited 56.00% (2017: 56.05%)

Where the Sub-fund invests in another sub-fund of the ICVC or any other collective investment scheme managed by the ACD it is referenced in the Portfolio Statement of the Sub-fund.

#### 13 Classes of Shares

The Sub-fund has five share classes: 'A', 'B', 'C', 'D', and 'S'. The annual management charge on each class are as follows:

Class A	1.75%
Class B	1.65%
Class C	1.25%
Class D	1.85%
Class S	1.00%

The following table shows the shares in issue during the year:

Class	Opening Shares	Shares Created	Shares Liquidated	Shares Converted	Closing Shares
Class A Income	75,950	–	(1,903)	–	74,047
Class A Accumulation	115,362	8,431	(57,169)	–	66,624
Class B Accumulation	15,544	1,059	(14,177)	–	2,426
Class C Income	20,238,861	834,102	(655,007)	–	20,417,956
Class C Accumulation	29,199,076	8,361,917	(5,710,687)	(68,082)	31,782,224
Class D Income	20,539	6,414	(3,362)	–	23,591
Class D Accumulation	48,204	13,414	(9,451)	–	52,167
Class S Income	538,873	96,714	(28,906)	(41,456)	565,225
Class S Accumulation	7,039,641	1,304,007	(603,682)	121,630	7,861,596

#### 14 Contingent liabilities and commitments

There are no contingent liabilities or unrecorded outstanding commitments at the balance sheet date (2017: none).



## 7IM SUSTAINABLE BALANCE FUND

### NOTES TO THE FINANCIAL STATEMENTS (continued) for the year ended 30 November 2018

#### 15 Risks Disclosures

The main risks from the Sub-fund's holding of financial instruments, together with the ACD's policy for managing these risks are detailed in note 3 on pages 13 to 14. Further analysis and numeric disclosure of interest rate risk, foreign currency risk and derivatives are shown below.

##### i. Interest rate risk

The table below shows the direct interest rate risk profile:

Interest rate exposure as at 30 November 2018

	<b>Floating Rate Financial Assets £</b>	<b>Fixed Rate Financial Assets £</b>	<b>Financial Assets not carrying interest £</b>	<b>Total £</b>
Australian dollar	–	–	578,864	578,864
Danish krone	–	–	876,414	876,414
Euro	21,752	1,861,887	4,633,498	6,517,137
Hong Kong dollar	–	–	1,089,212	1,089,212
Japanese yen	–	2,030,819	2,611,900	4,642,719
Swiss franc	75,681	–	931,891	1,007,572
US dollar	70,285	2,147,516	20,763,470	22,981,271
Pound sterling	7,372,498	13,145,955	50,649,866	71,168,319
	<b>7,540,216</b>	<b>19,186,177</b>	<b>82,135,115</b>	<b>108,861,508</b>

	<b>Floating Rate Financial Liabilities £</b>	<b>Financial Liabilities not carrying interest £</b>	<b>Total £</b>
Euro	(21,752)	(5,497,672)	(5,519,424)
Japanese yen	–	(2,018,586)	(2,018,586)
Swiss franc	(75,681)	–	(75,681)
US dollar	(38,056)	(9,717,909)	(9,755,965)
Pound sterling	(72,311)	(5,071,046)	(5,143,357)
	<b>(207,800)</b>	<b>(22,305,213)</b>	<b>(22,513,013)</b>

Interest rate exposure as at 30 November 2017

	<b>Floating Rate Financial Assets £</b>	<b>Fixed Rate Financial Assets £</b>	<b>Financial Assets not carrying interest £</b>	<b>Total £</b>
Australian dollar	–	–	561,471	561,471
Canadian dollar	–	–	66	66
Danish krone	–	–	1,342	1,342
Euro	21,482	–	5,138,049	5,159,531
Hong Kong dollar	–	–	1,610,872	1,610,872
Japanese yen	–	–	1,499,248	1,499,248
Swiss franc	72,600	–	423,404	496,004
US dollar	2,330,696	5,989,002	16,386,754	24,706,452
Pound sterling	6,297,987	13,232,626	44,295,878	63,826,491
	<b>8,722,765</b>	<b>19,221,628</b>	<b>69,917,084</b>	<b>97,861,477</b>

## 7IM SUSTAINABLE BALANCE FUND

### NOTES TO THE FINANCIAL STATEMENTS (continued) for the year ended 30 November 2018

#### 15 Risks Disclosures (continued)

##### i. Interest rate risk (continued)

	<b>Floating Rate Financial Liabilities £</b>	<b>Financial Liabilities not carrying interest £</b>	<b>Total £</b>
Euro	(21,482)	(4,588,058)	(4,609,540)
Japanese yen	–	(1,278,226)	(1,278,226)
Swiss franc	(72,600)	–	(72,600)
US dollar	(26,284)	(10,308,545)	(10,334,829)
Pound sterling	–	(610,756)	(610,756)
	<hr/>	<hr/>	<hr/>
	(120,366)	(16,785,585)	(16,905,951)

The floating rate financial assets and liabilities comprise bank balances and bank overdraft positions which earn or pay interest at rates linked to the Bank of England base rate or its international equivalents, index-linked securities that earn interest at rates adjusted by changes in the UK Retail Prices Index (RPI) or its international equivalent and collective investment schemes that pay UK interest distributions.

<b>Currency</b>	<b>Fixed Rate Financial Assets</b>			
	<b>Weighted average interest rate</b>		<b>Weighted average period for which rate is fixed</b>	
	<b>30.11.18 %</b>	<b>30.11.17 %</b>	<b>30.11.18 Years</b>	<b>30.11.17 Years</b>
Euro	0.88	–	10	–
Japanese yen	0.15	–	11	–
Pound sterling	2.24	1.97	15	16
US dollar	2.94	1.70	8	6

The average effective duration of the Sub-fund's portfolio is a measure of the sensitivity of the fair value of the Sub-fund's bond portfolio (excludes all other investments) to changes in market interest rates. As at 30 November 2018, the average weighted effective duration was 2.32 years (30 November 2017 2.54 years).

##### ii. Foreign currency risk

The table below shows the direct foreign currency risk profile:

Foreign currency risk exposure as at 30 November 2018

<b>Currency</b>	<b>Monetary Exposure £</b>	<b>Non-Monetary Exposure £</b>	<b>Total £</b>
Australian dollar	–	578,864	578,864
Danish krone	1,355	875,059	876,414
Euro	32,875	964,838	997,713
Hong Kong dollar	–	1,089,212	1,089,212
Japanese yen	5,608	2,618,525	2,624,133
Swiss franc	8,646	923,245	931,891
US dollar	57,195	13,168,111	13,225,306
	<hr/>	<hr/>	<hr/>
	105,679	20,217,854	20,323,533
Pound sterling	7,133,759	58,891,203	66,024,962
	<hr/>	<hr/>	<hr/>
Net assets	7,239,438	79,109,057	86,348,495

## 7IM SUSTAINABLE BALANCE FUND

### NOTES TO THE FINANCIAL STATEMENTS (continued) for the year ended 30 November 2018

#### 15 Risks Disclosures (continued)

##### ii. Foreign currency risk (continued)

Foreign currency risk exposure as at 30 November 2017

Currency	Monetary Exposure £	Non-Monetary Exposure £	Total £
Australian dollar	–	561,471	561,471
Canadian dollar	66	–	66
Danish krone	1,342	–	1,342
Euro	8,672	541,319	549,991
Hong Kong dollar	–	1,610,872	1,610,872
Japanese yen	3,057	217,965	221,022
Swiss franc	5,496	417,908	423,404
US dollar	37,730	14,333,893	14,371,623
	56,363	17,683,428	17,739,791
Pound sterling	6,193,942	57,021,793	63,215,735
Net assets	6,250,305	74,705,221	80,955,526

##### iii. Derivatives

The derivatives held by the Sub-fund during the year were for the purposes of meeting the investment objectives of the Sub-fund and for efficient portfolio management.

The Sub-fund must at any time, be capable of meeting all of its payment and delivery obligations incurred in respect of its Financial Derivatives Instruments transactions. The Investment Manager uses a risk management technique known as absolute value-at-risk ('VaR') to measure the Sub-fund's global exposure. VaR is an advanced risk measurement methodology used to assess the Sub-fund's global exposure as set out in the Sub-fund's Risk Management Process.

The Sub-fund measures risk using the absolute value at risk approach. The Sub-fund's expected level of leverage (calculated as the sum of the notionals) under normal market circumstances is expected to be generally in the range of 100% to 230% of the Sub-fund's Net Asset Value and is not expected to exceed 360%. It is possible that there may be higher leverage levels from time to time during abnormal market conditions.

The lowest, highest and average leverage utilisation in the accounting year ended 30 November 2018 was 130%, 195% and 161% respectively (30 November 2017: 118%, 229% and 163% respectively).

VaR is calculated for the funds under the parametric method. The time horizon for the calculation is 1 day, using a 99% confidence level. The methodology is derived from MSCI's Barra risk engine and blends the VaR produced from two different risk models, namely MSCI Barra Integrated Model: Long Version (BIM303L) and MSCI Barra Ultra-Short Model (BIM303 51d HL). The former applies a 1 year half-life (exponential weighting) for calculating volatilities and 3 years for correlations; the latter applies a 10 week half-life for both volatilities and correlations. Both models natively cover around 104K global equity securities; 500K sovereign and corporate bonds; 900k municipal, 2,200K structured products (MBS/ABS/CMO); around 290k mutual funds; 161 currencies, 34 commodities.

The reported VaR is calculated formulaically as follows:  $VaR = 0.3 * VaR(BIM303L) + 0.7 * MAX[VaR(BIM303L), VaR(BIM303 51d HL)]$

The Barra models map individual portfolio positions onto the Barra set of risk factors in order to backfill for a time series of volatility. The VaR numbers calculated by BIM303L and BIM303 51d HL are derived from daily volatility numbers, multiplied by an appropriate 99% confidence interval scaling factor under the assumption of a normal distribution.

## 7IM SUSTAINABLE BALANCE FUND

### NOTES TO THE FINANCIAL STATEMENTS (continued) for the year ended 30 November 2018

#### 15 Risks Disclosures (continued)

##### iii. Derivatives (continued)

The types of derivatives held at the balance sheet date were forward foreign currency contracts, future contracts and put options. Details of individual contracts are disclosed in the Portfolio Statement and the total position by counterparty at the balance sheet date was as follows:

<b>Counterparty</b>	<b>30.11.18</b> <b>£</b>	<b>30.11.17</b> <b>£</b>
<b>Options</b>		
Chicago Board Options Exchange	72,638	29,157
<b>Futures Contracts</b>		
International Monetary Market	181,662	(286,084)
<b>Forward Currency Contracts</b>		
Northern Trust	(202,873)	330,894
<b>Total net exposure<sup>1</sup></b>	<b>51,427</b>	<b>73,967</b>

<sup>1</sup>Net exposure represents the mark to market value of derivative contracts less any cash collateral held. Positive exposure represents the Sub-fund's exposure to that counterparty.

## 7IM SUSTAINABLE BALANCE FUND

### NOTES TO THE FINANCIAL STATEMENTS (continued) for the year ended 30 November 2018

#### 15 Risks Disclosures (continued)

##### iv. Fair value

In the opinion of the ACD, there is no material difference between the value of the financial assets and liabilities, as shown in the balance sheet, and their fair value.

Investments are categorised into the following levels based on their fair value measurement:

##### Level 1

The unadjusted quoted price in an active market for identical instruments that the entity can access at the measurement date.

##### Level 2

Valuation techniques using observable inputs other than quoted prices within Level 1 (i.e. developed using market data).

##### Level 3

Valuation techniques using unobservable inputs (i.e. for which market data is unavailable).

	Level 1 £	Level 2 £	Level 3 £	Total £
<b>30 November 2018</b>				
<b>Assets</b>				
Bonds	11,482,512	7,941,102	–	19,423,614
Collective Investment Schemes	18,027,986	8,192,829	–	26,220,815
Derivatives	438,589	148,213	–	586,802
Equities	37,630,763	12	–	37,630,775
<b>Total</b>	<b>67,579,850</b>	<b>16,282,156</b>	<b>–</b>	<b>83,862,006</b>
<b>Liabilities</b>				
Derivatives	(5,864)	(351,086)	–	(356,950)
<b>30 November 2017</b>				
<b>Assets</b>				
Bonds	11,558,455	9,961,956	–	21,520,411
Collective Investment Schemes	14,178,894	6,628,000	–	20,806,894
Derivatives	29,157	330,894	–	360,051
Equities	35,770,491	166,458	–	35,936,949
<b>Total</b>	<b>61,536,997</b>	<b>17,087,308</b>	<b>–</b>	<b>78,624,305</b>
<b>Liabilities</b>				
Derivatives	(286,084)	–	–	(286,084)

## 7IM SUSTAINABLE BALANCE FUND

### NOTES TO THE FINANCIAL STATEMENTS (continued) for the year ended 30 November 2018

#### 16 Purchases, Sales and Transaction Costs

The following tables show portfolio transactions and their associated transaction costs. For more information about the nature of these costs please refer to the additional portfolio transaction cost information on page 206.

Analysis of direct transaction costs for the year ended 30 November 2018:

	Principal £'000	Commissions £'000	Taxes £'000	Total Transaction Costs £'000	Commissions % of principal	Taxes % of principal
<b>Purchases</b>						
Bonds	8,341	–	–	–	–	–
Collective Investment Schemes	26,683	–	–	–	–	–
Derivatives	176	–	–	–	–	–
Equities	19,431	3	–	3	0.02	–
<b>Total</b>	<b>54,631</b>	<b>3</b>	<b>–</b>	<b>3</b>	<b>0.02</b>	<b>–</b>
<b>Sales</b>						
Bonds	10,036	–	–	–	–	–
Collective Investment Schemes	25,120	–	–	–	–	–
Derivatives	503	–	–	–	–	–
Equities	14,272	(4)	–	(4)	0.03	–
<b>Total</b>	<b>49,931</b>	<b>(4)</b>	<b>–</b>	<b>(4)</b>	<b>0.03</b>	<b>–</b>
<b>Total as a percentage of the average NAV</b>		<b>0.01%</b>	<b>0.00%</b>	<b>0.01%</b>		

## 7IM SUSTAINABLE BALANCE FUND

### NOTES TO THE FINANCIAL STATEMENTS (continued) for the year ended 30 November 2018

#### 16 Purchases, Sales and Transaction Costs (continued)

Analysis of direct transaction costs for the year ended 30 November 2017:

	Principal £'000	Commissions £'000	Taxes £'000	Total Transaction Costs £'000	Commissions % of principal	Taxes % of principal
<b>Purchases</b>						
Bonds	14,301	–	–	–	–	–
Collective Investment Schemes	21,624	–	–	–	–	–
Derivatives	363	–	–	–	–	–
Equities	38,832	19	–	19	0.05	–
<b>Total</b>	<b>75,120</b>	<b>19</b>	<b>–</b>	<b>19</b>	<b>0.05</b>	<b>–</b>
	Principal £'000	Commissions £'000	Taxes £'000	Total Transaction Costs £'000	Commissions % of principal	Taxes % of principal
<b>Sales</b>						
Bonds	6,959	–	–	–	–	–
Collective Investment Schemes	26,527	–	–	–	–	–
Derivatives	–	–	–	–	–	–
Equities	33,036	(12)	–	(12)	0.04	–
<b>Total</b>	<b>66,522</b>	<b>(12)</b>	<b>–</b>	<b>(12)</b>	<b>0.04</b>	<b>–</b>
<b>Total as a percentage of the average NAV</b>		<b>0.04%</b>	<b>0.00%</b>	<b>0.04%</b>		

#### Average portfolio dealing spread

As at the balance sheet date, the average portfolio dealing spread was 0.09% (2017: 0.30%) based on close of business prices. This spread represents the difference between the values determined respectively by reference to the bid and offer prices of investments expressed as a percentage of the value determined by reference to the offer price.

#### 17 Post Balance Sheet Events

There have been no significant events since the year end that impact the Sub-fund and require disclosure in the financial statements.

# 7IM SUSTAINABLE BALANCE FUND

## DISTRIBUTION TABLES

for the year ended 30 November 2018

### Interim - in pence per share

Group 1 - Shares purchased prior to 1 December 2017

Group 2 - Shares purchased on or after 1 December 2017 and on or before 31 May 2018

	Net Revenue	Equalisation	Paid 31.07.18	Paid 31.07.17
<b>Class A Income</b>				
Group 1	1.1233	–	1.1233	1.0898
Group 2	1.1233	–	1.1233	1.0898
			<b>Allocated 31.07.18</b>	<b>Allocated 31.07.17</b>
<b>Class A Accumulation</b>				
Group 1	1.4129	–	1.4129	1.3453
Group 2	0.7611	0.6518	1.4129	1.3453
			<b>Allocated 31.07.18</b>	<b>Allocated 31.07.17</b>
<b>Class B Accumulation</b>				
Group 1	1.4295	–	1.4295	1.3575
Group 2	0.7706	0.6589	1.4295	1.3575
			<b>Allocated 31.07.18</b>	<b>Allocated 31.07.17</b>
<b>Class C Income</b>				
Group 1	1.1723	–	1.1723	1.1322
Group 2	0.4766	0.6957	1.1723	1.1322
			<b>Allocated 31.07.18</b>	<b>Allocated 31.07.17</b>
<b>Class C Accumulation</b>				
Group 1	1.4964	–	1.4964	1.4183
Group 2	0.8357	0.6607	1.4964	1.4183
			<b>Allocated 31.07.18</b>	<b>Allocated 31.07.17</b>
<b>Class D Income</b>				
Group 1	1.1035	–	1.1035	1.0741
Group 2	0.8349	0.2686	1.1035	1.0741
			<b>Allocated 31.07.18</b>	<b>Allocated 31.07.17</b>
<b>Class D Accumulation</b>				
Group 1	1.3960	–	1.3960	1.3317
Group 2	0.9306	0.4654	1.3960	1.3317



## 7IM SUSTAINABLE BALANCE FUND

### DISTRIBUTION TABLES (continued) for the year ended 30 November 2018

	Net Revenue	Equalisation	Paid 31.07.18	Paid 31.07.17
<b>Class S Income</b>				
Group 1	1.1330	–	1.1330	1.0915
Group 2	0.3529	0.7801	1.1330	1.0915
	Net Revenue	Equalisation	Allocated 31.07.18	Allocated 31.07.17
<b>Class S Accumulation</b>				
Group 1	1.2227	–	1.2227	1.1555
Group 2	0.6343	0.5884	1.2227	1.1555
<b>Final - in pence per share</b>				
Group 1 - Shares purchased prior to 1 June 2018				
Group 2 - Shares purchased on or after 1 June 2018 and on or before 30 November 2018				
	Net Revenue	Equalisation	Paid 31.01.19	Paid 31.01.18
<b>Class A Income</b>				
Group 1	1.1253	–	1.1253	1.1743
Group 2	1.1253	–	1.1253	1.1743
	Net Revenue	Equalisation	Allocated 31.01.19	Allocated 31.01.18
<b>Class A Accumulation</b>				
Group 1	1.4286	–	1.4286	1.4624
Group 2	0.3207	1.1079	1.4286	1.4624
	Net Revenue	Equalisation	Allocated 31.01.19	Allocated 31.01.18
<b>Class B Accumulation</b>				
Group 1	1.4267	–	1.4267	1.4799
Group 2	1.2883	0.1384	1.4267	1.4799
	Net Revenue	Equalisation	Paid 31.01.19	Paid 31.01.18
<b>Class C Income</b>				
Group 1	1.1767	–	1.1767	1.2221
Group 2	0.5294	0.6473	1.1767	1.2221
	Net Revenue	Equalisation	Allocated 31.01.19	Allocated 31.01.18
<b>Class C Accumulation</b>				
Group 1	1.5164	–	1.5164	1.5450
Group 2	0.6181	0.8983	1.5164	1.5450

## 7IM SUSTAINABLE BALANCE FUND

### DISTRIBUTION TABLES (continued) for the year ended 30 November 2018

	<b>Net Revenue</b>	<b>Equalisation</b>	<b>Paid 31.01.19</b>	<b>Paid 31.01.18</b>
<b>Class D Income</b>				
Group 1	1.1055	–	1.1055	1.1533
Group 2	0.8927	0.2128	1.1055	1.1533
			<b>Allocated 31.01.19</b>	<b>Allocated 31.01.18</b>
<b>Class D Accumulation</b>				
Group 1	1.4115	–	1.4115	1.4474
Group 2	0.7377	0.6738	1.4115	1.4474
			<b>Paid 31.01.19</b>	<b>Paid 31.01.18</b>
<b>Class S Income</b>				
Group 1	1.1385	–	1.1385	1.1796
Group 2	1.1385	–	1.1385	1.1796
			<b>Allocated 31.01.19</b>	<b>Allocated 31.01.18</b>
<b>Class S Accumulation</b>				
Group 1	1.2402	–	1.2402	1.2604
Group 2	0.3574	0.8828	1.2402	1.2604

### Equalisation

Equalisation applies only to shares purchased during the distribution period (Group 2 shares). It represents the accrued revenue included in the purchase price of the shares. After averaging it is returned with the distribution as a capital repayment. It is not liable to Income Tax but must be deducted from the cost of the shares for Capital Gains Tax purposes.

# 7IM AAP INCOME FUND

## ACD'S REPORT

for the year ended 30 November 2018

### Investment Objective and Policy

7IM AAP (Asset Allocated Passives) Income Fund (the 'Sub-fund') aims to provide an above average level of income, while seeking to maintain capital over the longer term. There may be some risk to capital. The Sub-fund invests in a range of securities and collective investment vehicles using predominantly passive strategies (that is, strategies designed to track the performance of particular indices, market sectors or asset classes). Such investments may be made indirectly through holdings in investment trusts, exchange traded funds or other intermediary vehicles with the objective of improving returns and controlling risk by increasing diversification within the portfolio. The asset allocation for the entire portfolio will be actively managed.

While income-generating assets are likely to represent a significant part of the portfolio, the portfolio may also include assets with scope for capital growth in real terms. The Sub-fund may use different asset classes, with the emphasis on fixed interest. A significant proportion of the Sub-fund may be maintained in or hedged back to sterling at any time. Forward foreign exchange transactions may be used to hedge currency risk.

Investment may also be made in warrants, deposits, cash and near cash, money market instruments, other transferable securities, derivatives and forward transactions and other investments to the extent that each is permitted in the stated investment and borrowing powers of the Company.

The Sub-fund may rely on third party advice on quantitative investment techniques or use third party quantitative investment software in the portfolio's construction.

There is no guarantee that a positive return will be delivered.

### Investment Manager's Report

#### Performance Report

In the reporting period, 1 December 2017 to 30 November 2018, the portfolio delivered a total return of (1.15)%<sup>1</sup>.

#### Investment Background

Back in January, investors were excited because growth was strong across the world, following a remarkably stable 2017. The S&P 500 began the year with six consecutive highs and it looked as though nothing could go wrong. Then everything changed. Global equities plunged by 9% over two weeks in early February, and fell by another 10% in October. Most markets have been much jumpier and more erratic this year than in super-quiet 2017. This rise in volatility, though, looks like a return to normal – and doesn't particularly worry us. Indeed, equity volatility in 2018 has been slightly below its long term average.

It's clear that investors became far more cautious as the year progressed. In some cases the caution is warranted. For example, the huge tech stocks known as the FANGs (Facebook, Amazon, Netflix and Google) plunged between June and November 2018 as their valuations returned to more realistic levels. In other cases interesting assets were unfairly punished, creating potential buying opportunities. Emerging market equities and European dividends are two recent examples.

Regarding fundamentals, we saw little change through the year. The world economy is growing at a healthy 3.6%, according to the IMF. Europe and the US are slowing but are in fair shape. In both the US and UK unemployment has fallen, inflation is stable and wages are rising. Global earnings per share growth in 2018 will be an impressive 16%. For all the talk of rate hikes, there were only four by major Western central banks through the year (three in the US and one in Europe), and monetary policy in both regions remains loose. Rates are trending up, as they should, but are far from worrying.

Some commentators claim that weak equity markets in 2018 reflected fragile and slowing global growth and company earnings, blaming factors like interest rate hikes, the US-China trade dispute, Brexit and Eurozone politics. We are not convinced. We think the world economy is in good shape.

It's hard to know why large numbers of investors across the world suddenly began selling. Big algorithmic traders probably played a part, unrelated to any economic or financial fundamentals.

Investors won't remember 2018 with any fondness. But it wasn't nearly as bad as the headlines would have you believe.

#### Portfolio Review

During the year we increased exposure to equity on the view that equity risk would be better rewarded than some other risk assets given our optimistic outlook for continuing global growth. We brought the UK equity exposure back up to target. The allocations to US and European equities remained broadly similar over the year, but we sold the Japan Topix futures

<sup>1</sup> Calculated using 7IM AAP Income C Acc shares, NAV return. Source: NTRS

## 7IM AAP INCOME FUND

### ACD'S REPORT (continued) for the year ended 30 November 2018

#### Investment Manager's Report (continued)

position, which provided no income, and bought the Asia Pacific Dividends Fund, which has Japan exposure and pays a good dividend. We took some downside risk protection by buying a European Equity Put, which we were able to sell at a profit when European equity sold off shortly afterwards. We had an allocation to US small cap in the early part of the period but as the year progressed we took the view that the smaller cap end of the US equity market had become fully valued. We therefore took profits from this exposure to Russell 2000 stocks, but topped up the US equity holdings to make sure this was up to target allocation. Towards the end of the period there was a sharp equity drawdown. This sell-off in markets presented an opportunity to increase our exposure to the US as we thought it seemed technically driven and not reflected in fundamentals.

Among alternatives, we reduced exposure to both alternative strategies, as we had less conviction that this asset class could produce the returns we expected, and reduced exposure to private equity which we thought looked fully valued.

We sold the gold holding on the view that it had not provided risk diversification expected, while it also did not pay any income. We increased exposure to infrastructure, which is an asset class that pays a good dividend.

Within fixed income, high yield spreads narrowed at the end of 2017 meaning an overweight to high yield was no longer justified on valuation grounds, and so we took profits. We largely switched out of Sterling Corporate bonds into Global Corporate bonds where valuations looked more compelling. Following discussions around the tactical asset allocation, we transitioned from holding US Treasuries to a position more reflective of the global government bond index. This also had the advantage of moving the Sub-fund further towards the strategic asset allocation.

In terms of Brexit-related risk, although we believe a No Deal is unlikely, the Investment Team continues to conduct scenario analysis and the potential effects of different Brexit outcomes on the funds. These stress tests are conducted by the independent risk team and assume market reactions in a No Deal scenario similar to that post the Referendum result in 2016. The outcome of this analysis did not produce any results which caused concern. In addition, the Investment Team have looked at the exposure of the 7IM funds to the UK. In this exercise, we focused on the country to which the asset class has exposure, via sales or economic exposure rather than country of listing. We looked at the Strategic Asset Allocation, Tactical Asset Allocation and where possible the actual holdings data of the multi-manager (MM) portfolios. The results demonstrated to us that our current overall exposure is no more than 20% for any fund.

To protect the Sub-fund from an upside Brexit surprise, and feeling that sterling looked cheap, we increased the sterling allocation funding this from the euro FX position.

#### Investment Outlook

2018 was tough for financial markets; we think 2019 will be far more normal – and perhaps even boring, in a positive kind of way. The world economy is in fair shape and the risks that the media shouts about are widely exaggerated. In our experience, economic reality – the reality of company sales, employment, government spending, domestic and foreign trade – is remarkably stable over time. It's like a supertanker in motion that can't be diverted easily. By contrast, investors are far more erratic. You can view investor sentiment as cycling around the economic fundamentals: sometimes investors are overly optimistic (greedy), as in January 2018, sometimes they're too pessimistic (fearful), as in February 2016. We think this familiar cycle is in action at the moment, and that investors are too pessimistic. Our goal as investment managers is to focus on the long term and not get caught up in these cycles of investor greed or fear. We expect investor sentiment and markets to recover in 2019 and are positioned accordingly – slightly overweight equities, with a bias towards the US, and negative on bonds and credit.

To global growth: the world economy is slowing a little but should grow comfortably through 2019-20. We don't see the big danger signs that might destabilise it, e.g. soaring interest rates or a financial crisis. China's growth is easing, as it should, but is unlikely to crash anytime soon. World inflation is running at around 2.7%, and is under control. It's not far from the 2% target in the US and UK, and even Japan might be clawing out of its disinflationary mire. Interest rates are normalising in the US, which is healthy, and are set to rise in most countries in 2019. Therefore, we think the world economy is in a 'Goldilocks' phase – neither too hot nor too cold. Goldilocks is usually good for companies: we expect global earnings per share to rise in 2019 and 2020.

The contrasting investor concern seems to be driven by a focus on risks and threats that have been exaggerated, such as US recession, trade wars and the UK political situation.

US recessions have often been associated with equity crashes in the past and some commentators fear recession in 2019. We are not overly worried: the US is currently growing at around 2.5%; from these levels it normally takes at least two years for growth to turn negative. Moreover, the usual imbalances associated with recession – soaring inflation, housing crunch, commodity price shock – are largely absent. We think US recession is unlikely before late 2020, at the earliest.

## 7IM AAP INCOME FUND

**ACD'S REPORT** (continued)  
for the year ended 30 November 2018

### **Investment Manager's Report** (continued)

Concerning trade wars, tariffs have been implemented on about 2.5% of world imports, corresponding to less than 0.6% of world GDP. They're certainly a negative for growth, but on a tiny scale thus far. While they could get much worse, we think the US and China will reach some compromise that won't harm their economies (and their people) too much.

In the UK, Brexit is a shambles and we do worry that the UK could end up with a No Deal – which actually would be a Terrible Deal – in March 2019. But it's in the interests of both the UK and the EU to reach a broadly sensible outcome. We think a deal will materialise that's not too painful for the UK. Regarding the possibility of a Corbyn government, we think Mr Corbyn's bark is worse than his bite. If he came to power he'd be so constrained by the range of views within his party, by business pressures and by economic constraints that he'd not be able to do much that would derail the UK's financial markets. Therefore we are relatively optimistic that investors will see less pain in 2019 than they have over the last few months.

Seven Investment Management LLP  
Investment Manager  
February 2019

## 7IM AAP INCOME FUND

### FUND INFORMATION

The Comparative Tables on pages 244 to 253 give the performance of each active share class in the Sub-fund.

The 'Return after charges' disclosed in the Comparative Tables is calculated as the return after operating charges per share divided by the opening net asset value per share. It differs from the Sub-fund's performance disclosed in the ACD's report, which is calculated based on the latest published price.

Portfolio transaction costs are incurred when investments are bought or sold by a sub-fund in order to achieve the investment objective. These transaction costs affect an investor in different ways depending on whether they are joining, leaving or continuing with their investment in the sub-fund.

Direct transaction costs include broker commission and taxes. Broker commission includes the fee paid to a broker to execute the trades.

In addition, there are indirect portfolio transaction costs arising from the 'dealing spread' – the difference between the buying and selling prices of underlying investments in the portfolio. Unlike shares whereby broker commissions and stamp duty are paid by the sub-fund on each transaction, other types of investments (such as bonds, money instruments, derivatives, collective investment schemes) do not have separately identifiable transaction costs; these costs form part of the dealing spread. Dealing spreads vary considerably depending on the transaction value and money market sentiment.

# 7IM AAP INCOME FUND

## FUND INFORMATION (continued)

### Comparative Tables

#### Class A Income

	30.11.18 (pence per share)	30.11.17 (pence per share)	30.11.16 (pence per share)
<b>Change in Net Asset Value Per Share</b>			
Opening net asset value per share	101.42	100.26	95.59
Return before operating charges*	(0.05)	6.39	9.51
Operating charges (calculated on average price)	(1.80)	(1.82)	(1.74)
Return after operating charges*	(1.85)	4.57	7.77
Distributions on income shares	(3.20)	(3.41)	(3.10)
Closing net asset value per share	96.37	101.42	100.26
* After direct transaction costs of: <sup>1</sup>	0.02	0.03	0.03

#### Performance

Return after charges <sup>2</sup>	(1.82)%	4.56%	8.13%
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#### Other Information

Closing net asset value (£'000)	206	226	277
Closing number of shares	213,139	222,942	276,049
Operating charges <sup>3</sup>	1.80%	1.76%	1.81%
Direct transaction costs	0.02%	0.03%	0.03%

#### Prices

Highest share price	103.40	104.71	103.27
Lowest share price	96.40	100.08	89.64

<sup>1</sup> Direct transaction costs are stated after deducting the proportion of the amounts collected from dilution adjustments or dilution levies that relate to direct transaction costs. A negative transaction costs figure might arise where there is a timing difference between inflows and the settlement of the resultant purchases.

<sup>2</sup> The return after charges is calculated as the return after operating charges per share divided by the opening net asset value per share.

<sup>3</sup> Operating charges, otherwise known as the OCF is the ratio of the Sub-fund's total disclosable costs (excluding securities lending fees and overdraft interest) to the average net assets of the Sub-fund. The OCF is intended to provide a reliable figure which gives the most accurate measure of what it costs to invest in a Sub-fund and is calculated based on the last period's figures. Included within the OCF are synthetic costs which includes the OCF of the underlying funds weighted on the basis of their investment proportion. A detailed breakdown of the OCF per share class is shown on page 254.

# 7IM AAP INCOME FUND

## FUND INFORMATION (continued)

### Comparative Tables (continued)

#### Class A Accumulation

	30.11.18 (pence per share)	30.11.17 (pence per share)	30.11.16 (pence per share)
<b>Change in Net Asset Value Per Share</b>			
Opening net asset value per share	164.09	156.97	144.94
Return before operating charges*	(0.13)	10.00	14.71
Operating charges (calculated on average price)	(2.96)	(2.88)	(2.68)
Return after operating charges*	(3.09)	7.12	12.03
Distributions	(5.21)	(5.41)	(4.79)
Retained distributions on accumulation shares	5.21	5.41	4.79
Closing net asset value per share	161.00	164.09	156.97
* After direct transaction costs of: <sup>1</sup>	0.04	0.05	0.04

#### Performance

Return after charges <sup>2</sup>	(1.88)%	4.54%	8.30%
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#### Other Information

Closing net asset value (£'000)	72	182	180
Closing number of shares	44,927	110,967	114,406
Operating charges <sup>3</sup>	1.80%	1.76%	1.81%
Direct transaction costs	0.02%	0.03%	0.03%

#### Prices

Highest share price	167.29	166.48	160.51
Lowest share price	159.90	156.66	135.94

<sup>1</sup> Direct transaction costs are stated after deducting the proportion of the amounts collected from dilution adjustments or dilution levies that relate to direct transaction costs. A negative transaction costs figure might arise where there is a timing difference between inflows and the settlement of the resultant purchases.

<sup>2</sup> The return after charges is calculated as the return after operating charges per share divided by the opening net asset value per share.

<sup>3</sup> Operating charges, otherwise known as the OCF is the ratio of the Sub-fund's total disclosable costs (excluding securities lending fees and overdraft interest) to the average net assets of the Sub-fund. The OCF is intended to provide a reliable figure which gives the most accurate measure of what it costs to invest in a Sub-fund and is calculated based on the last period's figures. Included within the OCF are synthetic costs which includes the OCF of the underlying funds weighted on the basis of their investment proportion. A detailed breakdown of the OCF per share class is shown on page 254.



# 7IM AAP INCOME FUND

## FUND INFORMATION (continued)

### Comparative Tables (continued)

#### Class B Income

	30.11.18 (pence per share)	30.11.17 (pence per share)	30.11.16 (pence per share)
<b>Change in Net Asset Value Per Share</b>			
Opening net asset value per share	–	–	99.12
Return before operating charges*	–	–	9.88
Operating charges (calculated on average price)	–	–	(1.36)
Return after operating charges*	–	–	8.52
Distributions on income shares	–	–	(2.45)
Last quoted share price <sup>1</sup>	–	–	105.19
Closing net asset value per share	–	–	–
* After direct transaction costs of: <sup>2</sup>	–	–	0.02

#### Performance

Return after charges <sup>3</sup>	–	–	8.60%
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#### Other Information

Closing net asset value (£'000)	–	–	–
Closing number of shares	–	–	–
Operating charges <sup>4</sup>	–%	–%	1.66%
Direct transaction costs	–%	–%	0.03%

#### Prices

Highest share price	–	–	106.06
Lowest share price	–	–	93.00

<sup>1</sup> As at the year end date, there are no shares in issue. Share class performance provided is as at 29 September 2016 being the last quoted price date before shares were reduced to zero.

<sup>2</sup> Direct transaction costs are stated after deducting the proportion of the amounts collected from dilution adjustments or dilution levies that relate to direct transaction costs. A negative transaction costs figure might arise where there is a timing difference between inflows and the settlement of the resultant purchases.

<sup>3</sup> The return after charges is calculated as the return after operating charges per share divided by the opening net asset value per share.

<sup>4</sup> Operating charges, otherwise known as the OCF is the ratio of the Sub-fund's total disclosable costs (excluding securities lending fees and overdraft interest) to the average net assets of the Sub-fund. The OCF is intended to provide a reliable figure which gives the most accurate measure of what it costs to invest in a Sub-fund and is calculated based on the last period's figures. Included within the OCF are synthetic costs which includes the OCF of the underlying funds weighted on the basis of their investment proportion. A detailed breakdown of the OCF per share class is shown on page 254.

# 7IM AAP INCOME FUND

## FUND INFORMATION (continued)

### Comparative Tables (continued)

#### Class B Accumulation

	30.11.18 (pence per share)	30.11.17 (pence per share)	30.11.16 (pence per share)
<b>Change in Net Asset Value Per Share</b>			
Opening net asset value per share	167.81	160.33	147.87
Return before operating charges*	(0.19)	10.18	14.97
Operating charges (calculated on average price)	(2.77)	(2.70)	(2.51)
Return after operating charges*	(2.96)	7.48	12.46
Distributions	(5.36)	(5.53)	(4.85)
Retained distributions on accumulation shares	5.36	5.53	4.85
Closing net asset value per share	164.85	167.81	160.33
* After direct transaction costs of: <sup>1</sup>	0.04	0.05	0.04

#### Performance

Return after charges <sup>2</sup>	(1.76)%	4.67%	8.43%
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#### Other Information

Closing net asset value (£'000)	4,731	5,766	7,160
Closing number of shares	2,869,868	3,436,233	4,465,529
Operating charges <sup>3</sup>	1.65%	1.61%	1.66%
Direct transaction costs	0.02%	0.03%	0.03%

#### Prices

Highest share price	171.11	170.21	163.93
Lowest share price	163.69	160.02	138.72

<sup>1</sup> Direct transaction costs are stated after deducting the proportion of the amounts collected from dilution adjustments or dilution levies that relate to direct transaction costs. A negative transaction costs figure might arise where there is a timing difference between inflows and the settlement of the resultant purchases.

<sup>2</sup> The return after charges is calculated as the return after operating charges per share divided by the opening net asset value per share.

<sup>3</sup> Operating charges, otherwise known as the OCF is the ratio of the Sub-fund's total disclosable costs (excluding securities lending fees and overdraft interest) to the average net assets of the Sub-fund. The OCF is intended to provide a reliable figure which gives the most accurate measure of what it costs to invest in a Sub-fund and is calculated based on the last period's figures. Included within the OCF are synthetic costs which includes the OCF of the underlying funds weighted on the basis of their investment proportion. A detailed breakdown of the OCF per share class is shown on page 254.

# 7IM AAP INCOME FUND

## FUND INFORMATION (continued)

### Comparative Tables (continued)

#### Class C Income

	30.11.18 (pence per share)	30.11.17 (pence per share)	30.11.16 (pence per share)
<b>Change in Net Asset Value Per Share</b>			
Opening net asset value per share	109.74	107.60	101.73
Return before operating charges*	(0.28)	6.67	10.01
Operating charges (calculated on average price)	(0.87)	(0.85)	(0.84)
Return after operating charges*	(1.15)	5.82	9.17
Distributions on income shares	(3.48)	(3.68)	(3.30)
Closing net asset value per share	105.11	109.74	107.60
* After direct transaction costs of: <sup>1</sup>	0.03	0.03	0.03

#### Performance

Return after charges <sup>2</sup>	(1.05)%	5.41%	9.02%
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#### Other Information

Closing net asset value (£'000)	40,969	45,419	43,435
Closing number of shares	38,977,158	41,388,781	40,366,016
Operating charges <sup>3</sup>	0.80%	0.76%	0.81%
Direct transaction costs	0.02%	0.03%	0.03%

#### Prices

Highest share price	111.98	112.73	110.74
Lowest share price	105.02	107.43	95.58

<sup>1</sup> Direct transaction costs are stated after deducting the proportion of the amounts collected from dilution adjustments or dilution levies that relate to direct transaction costs. A negative transaction costs figure might arise where there is a timing difference between inflows and the settlement of the resultant purchases.

<sup>2</sup> The return after charges is calculated as the return after operating charges per share divided by the opening net asset value per share.

<sup>3</sup> Operating charges, otherwise known as the OCF is the ratio of the Sub-fund's total disclosable costs (excluding securities lending fees and overdraft interest) to the average net assets of the Sub-fund. The OCF is intended to provide a reliable figure which gives the most accurate measure of what it costs to invest in a Sub-fund and is calculated based on the last period's figures. Included within the OCF are synthetic costs which includes the OCF of the underlying funds weighted on the basis of their investment proportion. A detailed breakdown of the OCF per share class is shown on page 254.

# 7IM AAP INCOME FUND

## FUND INFORMATION (continued)

### Comparative Tables (continued)

#### Class C Accumulation

	30.11.18 (pence per share)	30.11.17 (pence per share)	30.11.16 (pence per share)
<b>Change in Net Asset Value Per Share</b>			
Opening net asset value per share	177.25	168.21	154.09
Return before operating charges*	(0.52)	10.38	15.41
Operating charges (calculated on average price)	(1.42)	(1.34)	(1.29)
Return after operating charges*	(1.94)	9.04	14.12
Distributions	(5.68)	(5.82)	(5.06)
Retained distributions on accumulation shares	5.68	5.82	5.06
Closing net asset value per share	175.31	177.25	168.21
* After direct transaction costs of: <sup>1</sup>	0.04	0.05	0.04

#### Performance

Return after charges <sup>2</sup>	(1.09)%	5.37%	9.16%
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#### Other Information

Closing net asset value (£'000)	16,902	19,303	16,029
Closing number of shares	9,641,049	10,890,207	9,529,415
Operating charges <sup>3</sup>	0.80%	0.76%	0.81%
Direct transaction costs	0.02%	0.03%	0.03%

#### Prices

Highest share price	180.89	179.51	171.87
Lowest share price	173.93	167.90	144.75

<sup>1</sup> Direct transaction costs are stated after deducting the proportion of the amounts collected from dilution adjustments or dilution levies that relate to direct transaction costs. A negative transaction costs figure might arise where there is a timing difference between inflows and the settlement of the resultant purchases.

<sup>2</sup> The return after charges is calculated as the return after operating charges per share divided by the opening net asset value per share.

<sup>3</sup> Operating charges, otherwise known as the OCF is the ratio of the Sub-fund's total disclosable costs (excluding securities lending fees and overdraft interest) to the average net assets of the Sub-fund. The OCF is intended to provide a reliable figure which gives the most accurate measure of what it costs to invest in a Sub-fund and is calculated based on the last period's figures. Included within the OCF are synthetic costs which includes the OCF of the underlying funds weighted on the basis of their investment proportion. A detailed breakdown of the OCF per share class is shown on page 254.

# 7IM AAP INCOME FUND

## FUND INFORMATION (continued)

### Comparative Tables (continued)

#### Class D Income

	30.11.18 (pence per share)	30.11.17 (pence per share)	30.11.16 (pence per share)
<b>Change in Net Asset Value Per Share</b>			
Opening net asset value per share	101.79	100.66	95.94
Return before operating charges*	(0.04)	6.44	9.74
Operating charges (calculated on average price)	(1.86)	(1.88)	(1.80)
Return after operating charges*	(1.90)	4.56	7.94
Distributions on income shares	(3.21)	(3.43)	(3.22)
Closing net asset value per share	96.68	101.79	100.66
* After direct transaction costs of: <sup>1</sup>	0.02	0.03	0.03

#### Performance

Return after charges <sup>2</sup>	(1.87)%	4.53%	8.28%
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#### Other Information

Closing net asset value (£'000)	451	496	561
Closing number of shares	466,708	487,628	557,666
Operating charges <sup>3</sup>	1.85%	1.81%	1.86%
Direct transaction costs	0.02%	0.03%	0.03%

#### Prices

Highest share price	103.77	105.12	103.70
Lowest share price	96.71	100.49	90.04

<sup>1</sup> Direct transaction costs are stated after deducting the proportion of the amounts collected from dilution adjustments or dilution levies that relate to direct transaction costs. A negative transaction costs figure might arise where there is a timing difference between inflows and the settlement of the resultant purchases.

<sup>2</sup> The return after charges is calculated as the return after operating charges per share divided by the opening net asset value per share.

<sup>3</sup> Operating charges, otherwise known as the OCF is the ratio of the Sub-fund's total disclosable costs (excluding securities lending fees and overdraft interest) to the average net assets of the Sub-fund. The OCF is intended to provide a reliable figure which gives the most accurate measure of what it costs to invest in a Sub-fund and is calculated based on the last period's figures. Included within the OCF are synthetic costs which includes the OCF of the underlying funds weighted on the basis of their investment proportion. A detailed breakdown of the OCF per share class is shown on page 254.

# 7IM AAP INCOME FUND

## FUND INFORMATION (continued)

### Comparative Tables (continued)

#### Class D Accumulation

	30.11.18 (pence per share)	30.11.17 (pence per share)	30.11.16 (pence per share)
<b>Change in Net Asset Value Per Share</b>			
Opening net asset value per share	162.89	155.89	144.00
Return before operating charges*	(0.12)	9.95	14.61
Operating charges (calculated on average price)	(3.01)	(2.95)	(2.72)
Return after operating charges*	(3.13)	7.00	11.89
Distributions	(5.20)	(5.37)	(4.79)
Retained distributions on accumulation shares	5.20	5.37	4.79
Closing net asset value per share	159.76	162.89	155.89
* After direct transaction costs of: <sup>1</sup>	0.04	0.05	0.04

#### Performance

Return after charges <sup>2</sup>	(1.92)%	4.49%	8.26%
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#### Other Information

Closing net asset value (£'000)	864	924	543
Closing number of shares	541,025	567,475	348,198
Operating charges <sup>3</sup>	1.85%	1.81%	1.86%
Direct transaction costs	0.02%	0.03%	0.03%

#### Prices

Highest share price	166.07	165.29	159.42
Lowest share price	158.68	155.59	135.05

<sup>1</sup> Direct transaction costs are stated after deducting the proportion of the amounts collected from dilution adjustments or dilution levies that relate to direct transaction costs. A negative transaction costs figure might arise where there is a timing difference between inflows and the settlement of the resultant purchases.

<sup>2</sup> The return after charges is calculated as the return after operating charges per share divided by the opening net asset value per share.

<sup>3</sup> Operating charges, otherwise known as the OCF is the ratio of the Sub-fund's total disclosable costs (excluding securities lending fees and overdraft interest) to the average net assets of the Sub-fund. The OCF is intended to provide a reliable figure which gives the most accurate measure of what it costs to invest in a Sub-fund and is calculated based on the last period's figures. Included within the OCF are synthetic costs which includes the OCF of the underlying funds weighted on the basis of their investment proportion. A detailed breakdown of the OCF per share class is shown on page 254.

# 7IM AAP INCOME FUND

## FUND INFORMATION (continued)

### Comparative Tables (continued)

#### Class S Income

	30.11.18 (pence per share)	30.11.17 (pence per share)	30.11.16 (pence per share)
<b>Change in Net Asset Value Per Share</b>			
Opening net asset value per share	107.49	105.19	99.26
Return before operating charges*	(0.32)	6.46	9.72
Operating charges (calculated on average price)	(0.59)	(0.56)	(0.57)
Return after operating charges*	(0.91)	5.90	9.15
Distributions on income shares	(3.41)	(3.60)	(3.22)
Closing net asset value per share	103.17	107.49	105.19
* After direct transaction costs of: <sup>1</sup>	0.03	0.03	0.03

#### Performance

Return after charges <sup>2</sup>	(0.85)%	5.61%	9.22%
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#### Other Information

Closing net asset value (£'000)	14,362	16,028	17,143
Closing number of shares	13,920,770	14,910,645	16,296,734
Operating charges <sup>3</sup>	0.55%	0.51%	0.56%
Direct transaction costs	0.02%	0.03%	0.03%

#### Prices

Highest share price	109.71	110.37	108.23
Lowest share price	103.06	105.03	93.28

<sup>1</sup> Direct transaction costs are stated after deducting the proportion of the amounts collected from dilution adjustments or dilution levies that relate to direct transaction costs. A negative transaction costs figure might arise where there is a timing difference between inflows and the settlement of the resultant purchases.

<sup>2</sup> The return after charges is calculated as the return after operating charges per share divided by the opening net asset value per share.

<sup>3</sup> Operating charges, otherwise known as the OCF is the ratio of the Sub-fund's total disclosable costs (excluding securities lending fees and overdraft interest) to the average net assets of the Sub-fund. The OCF is intended to provide a reliable figure which gives the most accurate measure of what it costs to invest in a Sub-fund and is calculated based on the last period's figures. Included within the OCF are synthetic costs which includes the OCF of the underlying funds weighted on the basis of their investment proportion. A detailed breakdown of the OCF per share class is shown on page 254.

# 7IM AAP INCOME FUND

## FUND INFORMATION (continued)

### Comparative Tables (continued)

#### Class S Accumulation

	30.11.18 (pence per share)	30.11.17 (pence per share)	30.11.16 (pence per share)
<b>Change in Net Asset Value Per Share</b>			
Opening net asset value per share	121.06	114.65	104.82
Return before operating charges*	(0.41)	7.02	10.43
Operating charges (calculated on average price)	(0.67)	(0.61)	(0.60)
Return after operating charges*	(1.08)	6.41	9.83
Distributions	(3.88)	(3.97)	(3.44)
Retained distributions on accumulation shares	3.88	3.97	3.44
Closing net asset value per share	119.98	121.06	114.65
* After direct transaction costs of: <sup>1</sup>	0.03	0.03	0.03

#### Performance

Return after charges <sup>2</sup>	(0.89)%	5.59%	9.38%
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#### Other Information

Closing net asset value (£'000)	4,037	3,716	3,360
Closing number of shares	3,364,652	3,069,078	2,930,932
Operating charges <sup>3</sup>	0.55%	0.51%	0.56%
Direct transaction costs	0.02%	0.03%	0.03%

#### Prices

Highest share price	123.57	122.55	117.13
Lowest share price	119.00	114.45	98.51

<sup>1</sup> Direct transaction costs are stated after deducting the proportion of the amounts collected from dilution adjustments or dilution levies that relate to direct transaction costs. A negative transaction costs figure might arise where there is a timing difference between inflows and the settlement of the resultant purchases.

<sup>2</sup> The return after charges is calculated as the return after operating charges per share divided by the opening net asset value per share.

<sup>3</sup> Operating charges, otherwise known as the OCF is the ratio of the Sub-fund's total disclosable costs (excluding securities lending fees and overdraft interest) to the average net assets of the Sub-fund. The OCF is intended to provide a reliable figure which gives the most accurate measure of what it costs to invest in a Sub-fund and is calculated based on the last period's figures. Included within the OCF are synthetic costs which includes the OCF of the underlying funds weighted on the basis of their investment proportion. A detailed breakdown of the OCF per share class is shown on page 254.



## 7IM AAP INCOME FUND

### FUND INFORMATION (continued)

#### Ongoing Charges Figures

As at 30 November 2018

	<b>Class A</b>	<b>Class B</b>	<b>Class C</b>	<b>Class D</b>	<b>Class S</b>
ACD's periodic charge	1.50%	1.35%	0.50%	1.55%	0.25%
Other expenses	0.11%	0.11%	0.11%	0.11%	0.11%
	1.61%	1.46%	0.61%	1.66%	0.36%
Collective investment scheme costs	0.19%	0.19%	0.19%	0.19%	0.19%
Ongoing Charges Figure	1.80%	1.65%	0.80%	1.85%	0.55%

As at 30 November 2017

	<b>Class A</b>	<b>Class B</b>	<b>Class C</b>	<b>Class D</b>	<b>Class S</b>
ACD's periodic charge	1.50%	1.35%	0.50%	1.55%	0.25%
Other expenses	0.11%	0.11%	0.11%	0.11%	0.11%
	1.61%	1.46%	0.61%	1.66%	0.36%
Collective investment scheme costs	0.15%	0.15%	0.15%	0.15%	0.15%
Ongoing Charges Figure	1.76%	1.61%	0.76%	1.81%	0.51%

The Ongoing Charges Figure ('OCF') represents the total operating expenses of the Sub-fund, expressed as a percentage of the average net assets during the accounting year.

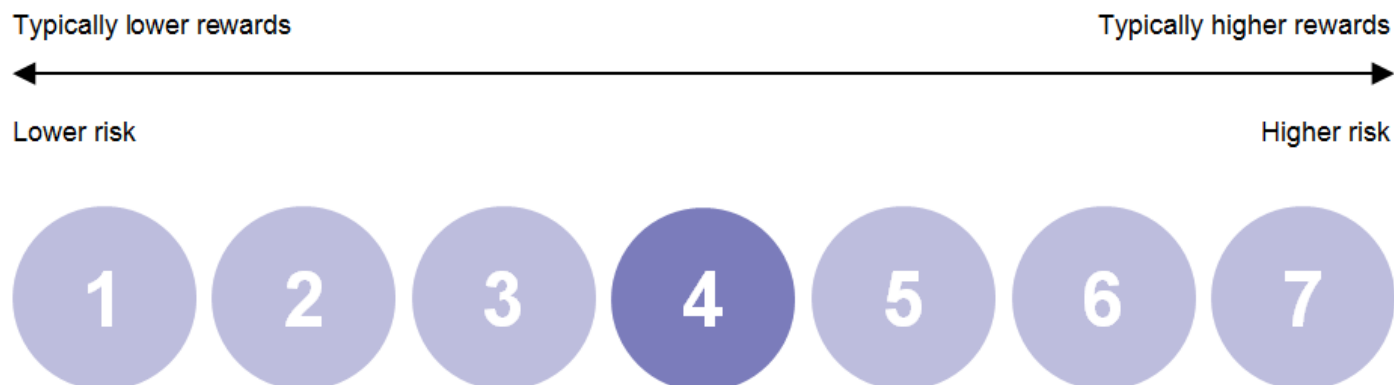
The collective investment scheme costs represent the OCFs, or a reasonable substitute, of the underlying funds which are held as portfolio investments. Their inclusion has been calculated on a weighted basis against the Sub-fund's net assets at the balance sheet date.

The Sub-fund undertakes securities lending and receives 70% of the revenue generated and the remaining 30% is received by Northern Trust as the securities lending agent. As securities lending revenue sharing does not increase the costs of running the Sub-fund, this has been excluded from the Other expenses and thus excluded from the Ongoing Charges Figures.

## 7IM AAP INCOME FUND

### FUND INFORMATION (continued)

#### Synthetic Risk and Reward Indicator



This indicator shows how much a sub-fund has risen and fallen in the past, and therefore how much a fund's returns have varied. It is a measure of a fund's volatility. The higher a sub-fund's past volatility the higher the number on the scale and the greater the risk that investors in that sub-fund may have made losses as well as gains. The lowest number on the scale does not mean that a sub-fund is risk free.

This indicator is based on historical data and may not be a reliable indication of the future risk profile of this Sub-fund. The risk and reward profile shown is not guaranteed to remain the same and may change over time.

The risk and reward indicator shown above is as at the date of publication of the annual report and financial statements, the risk and reward indicator as at the year end date 30 November 2018 was 4.

#### Fund performance to 30 November 2018 (%)

	1 year	3 years	5 years
7IM AAP Income Fund <sup>1</sup>	(1.15)	13.62	19.98

<sup>1</sup> Source: Bloomberg

The performance of the Sub-fund is based on the published price per 'C' Accumulation share which includes reinvested income.

Details of the distributions per share for the period are shown in the Distribution Tables on pages 275 to 279.

# 7IM AAP INCOME FUND

## PORTFOLIO STATEMENT

as at 30 November 2018

Holding	Portfolio of Investment	Value £	30.11.18 %
	<b>ALTERNATIVES 9.32% (14.30%)</b>		
	<b>Alternative Strategies 4.68% (8.73%)</b>		
27,120	Angel Oak Multi Strategy Income <sup>1</sup>	2,114,004	2.56
1,000,000	BNP Paribas DR Alpha ex-Agriculture & Livestock Index 2021 <sup>2</sup>	791,376	0.96
1,370	Goldman Sachs International Warrants 31/12/2049 <sup>2</sup>	13	–
(20)	S&P 500 Index Put Options 1950 Mar 2019 <sup>3</sup>	(6,899)	(0.01)
20	S&P 500 Index Put Options 2600 Mar 2019 <sup>3</sup>	92,356	0.11
1,381	Societe Generale Warrants 29/11/2018 <sup>2</sup>	–	–
1,012,455	UK Mortgages	870,711	1.06
		<b>3,861,561</b>	<b>4.68</b>
	<b>Commodities 0.00% (2.95%)</b>		
	<b>Infrastructure 2.92% (1.60%)</b>		
511,580	BBGI	787,833	0.95
529,265	HICL Infrastructure	856,351	1.04
490,074	International Public Partnerships	770,396	0.93
		<b>2,414,580</b>	<b>2.92</b>
	<b>Real Estate 1.72% (1.02%)</b>		
1,217,741	LXI REIT	<b>1,418,668</b>	<b>1.72</b>
	<b>CASH 2.84% (1.50%)</b>		
2,348,000	Northern Trust Global Sterling Fund <sup>1</sup>	<b>2,348,000</b>	<b>2.84</b>
	<b>DEBT SECURITIES 64.18% (67.07%)</b>		
	<b>Convertible Bonds 3.09% (2.95%)</b>		
268	NN (L) Global Convertible Bond Acc <sup>1</sup>	1,035,981	1.26
335	NN (L) Global Convertible Opportunities Dist <sup>1</sup>	1,514,228	1.83
		<b>2,550,209</b>	<b>3.09</b>
	<b>Emerging Market Bonds 15.09% (14.87%)</b>		
16,464,894	Legal & General Emerging Markets Government Bond Local Currency Index Fund Dist <sup>1</sup>	9,141,309	11.07
5,097,326	Legal & General Emerging Markets Government Bond USD Index Fund <sup>1</sup>	3,324,986	4.02
		<b>12,466,295</b>	<b>15.09</b>
	<b>Gilts 3.07% (1.16%)</b>		
£770,000	UK Gilt 4.00% 2022	849,251	1.03
£320,000	UK Gilt 4.25% 2046	470,211	0.57
£270,000	UK Gilt 4.25% 2055	430,516	0.52
£570,000	UK Gilt 4.50% 2034	785,574	0.95
		<b>2,535,552</b>	<b>3.07</b>
	<b>Global Corporate Bonds 13.94% (9.52%)</b>		
5,402,844	BlackRock Overseas Corporate Bond Tracker <sup>1</sup>	7,969,195	9.65

# 7IM AAP INCOME FUND

## PORTFOLIO STATEMENT (continued)

as at 30 November 2018

Holding	Portfolio of Investment	Value £	30.11.18 %
<b>Global Corporate Bonds (continued)</b>			
33,139	PFS TwentyFour Dynamic Bond <sup>1</sup>	3,543,035	4.29
		<b>11,512,230</b>	<b>13.94</b>
<b>Global Government Bonds 8.03% (9.99%)</b>			
5,153,075	BlackRock Overseas Government Bond Index Fund <sup>1</sup>	<b>6,632,007</b>	<b>8.03</b>
<b>Global High Yield Bonds 10.24% (13.45%)</b>			
1,631,083	Alcentra European Floating Rate Income	1,611,510	1.95
1,333,433	Blackstone GSO Loan Financing (Jersey)	986,660	1.19
4,379,626	Carador Income	2,163,202	2.62
283,690	CVC Credit Partners European Opportunities EUR	270,611	0.33
746,439	CVC Credit Partners European Opportunities GBP	832,280	1.01
2,693,253	Fair Oaks Income 2017	1,784,240	2.16
917,260	NB Global Floating Rate Income	809,023	0.98
		<b>8,457,526</b>	<b>10.24</b>
<b>Short Term Sterling Bonds 2.53% (3.55%)</b>			
£650,000	KFW 1.375% 2021	654,026	0.79
£238,000	Municipality Finance 1.25% 2022	238,269	0.29
£620,000	Reseau Ferre de France 5.5% 2021	695,619	0.84
£500,000	Svenska Handelsbanken 4.00% 2019	501,743	0.61
		<b>2,089,657</b>	<b>2.53</b>
<b>Sterling Corporate Bonds 8.19% (11.58%)</b>			
39,602	PFS TwentyFour Monument Bond <sup>1</sup>	4,415,058	5.35
23,245	Vanguard U.K. Short-Term Investment Grade Bond Index <sup>1</sup>	2,350,005	2.84
		<b>6,765,063</b>	<b>8.19</b>
<b>EQUITY 23.41% (13.98%)</b>			
<b>Asia &amp; Emerging Markets 7.21% (2.13%)</b>			
1,545,652	7IM Emerging Markets Equity Value Fund 'Z' Inc <sup>1,4</sup>	1,787,546	2.16
166,641	iShares Asia Pacific Dividend UCITS ETF <sup>1</sup>	3,449,469	4.18
85,860	Wisdomtree Emerging Asia Equity Income UCITS <sup>1</sup>	717,239	0.87
		<b>5,954,254</b>	<b>7.21</b>
<b>Europe (ex UK) 2.98% (4.12%)</b>			
679	ABB	10,764	0.01
16,475	Aegon	71,425	0.09
27	Aena SME	3,404	–
70	AerCap	2,887	–
96	Ageas	3,653	–
2,177	Amadeus IT Group	124,094	0.15
144	Anheuser-Busch InBev	8,769	0.01
2	AP Moeller - Maersk 'A'	2,080	–
350	ArcelorMittal	6,146	0.01
354	Atlas Copco	6,691	0.01
209	Atlas Copco 'B'	3,658	–
27	Baloise	3,105	–
5	Barry Callebaut	6,732	0.01
1,523	Bayer	88,294	0.11
			257

## 7IM AAP INCOME FUND

### PORTFOLIO STATEMENT (continued)

as at 30 November 2018

Holding	Portfolio of Investment	Value £	30.11.18 %
	<b>Europe (ex UK) (continued)</b>		
69	Bayerische Motoren Werke	3,872	–
1,380	Bayerische Motoren Werke 'A'	88,001	0.11
3,659	BNP Paribas	144,098	0.17
7,146	Boliden	125,604	0.15
201	Compagnie De St-Gobain	5,820	0.01
290	Covestro	12,932	0.02
348	Daimler	15,174	0.02
380	Danske Bank	5,888	0.01
24	Dassault Aviation	28,884	0.04
8,086	Deutsche Lufthansa	154,841	0.19
11,518	Deutsche Telekom	158,336	0.19
402	DNB	5,411	0.01
106	Eiffage	8,010	0.01
170	Endesa	2,977	–
9,390	Engie	104,555	0.13
7,558	Eni	96,271	0.12
1,545	Ericsson 'B'	10,214	0.01
765	Fiat Chrysler Automobiles	9,923	0.01
34	Genmab	4,050	0.01
583	H Lundbeck	18,708	0.02
100	Hexagon	3,950	0.01
230	Holcim	8,060	0.01
5,008	Iberdrola	29,413	0.04
4,276	International Consolidated Airlines	26,692	0.03
197	Investor 'B'	6,670	0.01
114	Klepierre	2,910	–
6,713	Koninklijke Ahold Delhaize	135,850	0.16
41	L'Oreal	7,603	0.01
249	Muenchener Rueckversicherungs	42,543	0.05
138	NN Group	4,639	0.01
610	Nordea Bank	4,283	0.01
1,564	Novartis	111,708	0.14
833	Pernod Ricard	105,117	0.13
304	Peugeot	5,180	0.01
69	Porsche Automobil	3,427	–
676	Renault	36,973	0.04
2,949	Repsol	39,987	0.05
712	Roche Holding	142,601	0.17
221	Sandvik	2,546	–
1,053	Sanofi	74,517	0.09
196	SES	3,259	–
360	Societe Generale	10,358	0.01
151	Swiss Life	46,524	0.06
41	Swiss Prime Site	2,646	–
938	Swiss Re	66,923	0.08
741	Terna Rete Elettrica Nazionale	3,264	–
677	Total	29,580	0.04
41	Ubisoft Entertainment	2,602	–
1,855	Uniper	37,953	0.05
2,383	UPM-Kymmene	50,753	0.06
457	Vestas Wind Systems	27,031	0.03
269	Vinci	18,470	0.02
17	Volkswagen	2,179	–
344	Volvo 'B'	3,714	–
152	Wolters Kluwer	7,269	0.01

## 7IM AAP INCOME FUND

### PORTFOLIO STATEMENT (continued) as at 30 November 2018

Holding	Portfolio of Investment	Value £	30.11.18 %
<b>Europe (ex UK) (continued)</b>			
51	Zurich Insurance Group	12,512	0.02
		<b>2,464,977</b>	<b>2.98</b>
<b>Japan 0.00% (0.22%)</b>			
<b>North America 2.05% (2.11%)</b>			
1,191,261	7IM US Equity Value Fund 'Z' Inc <sup>1,4</sup>	1,645,728	1.99
750	NXP Semiconductors	48,745	0.06
		<b>1,694,473</b>	<b>2.05</b>
<b>United Kingdom 11.17% (5.40%)</b>			
8,898,053	7IM UK Equity Value Fund 'Z' Inc <sup>1,4</sup>	<b>9,221,942</b>	<b>11.17</b>
<b>PRIVATE EQUITY 0.88% (2.42%)</b>			
5	Golub Capital	73	–
1	Main Street Capital	30	–
67,681	NB Private Equity Partners	730,955	0.88
13	Prospect Capital	70	–
1	TPG Specialty Lending	16	–
		<b>731,144</b>	<b>0.88</b>
<b>FORWARD CURRENCY CONTRACTS -0.77% (0.65%)</b>			
€1,800,000	Vs £(1,586,824) Expiry 15.02.2019	22,251	0.03
€(9,310,000)	Vs £8,346,229 Expiry 15.02.2019	23,736	0.03
€(1,000,000)	Vs £894,363 Expiry 15.02.2019	433	–
¥(125,000,000)	Vs £842,716 Expiry 21.12.2018	(21,404)	(0.02)
US\$(37,860,000)	Vs £28,788,028 Expiry 18.01.2019	(817,288)	(0.99)
¥281,400,000	Vs £(1,918,070) Expiry 21.12.2018	27,239	0.03
US\$3,640,000	Vs £(2,773,213) Expiry 18.01.2019	73,151	0.09
US\$3,374,000	Vs £(2,585,446) Expiry 18.01.2019	52,914	0.06
		<b>(638,968)</b>	<b>(0.77)</b>
<b>Portfolio of investment</b>		<b>82,479,170</b>	<b>99.86</b>
Net other assets		114,491	0.14
<b>Net assets</b>		<b>82,593,661</b>	<b>100.00</b>

Comparative figures shown in brackets relate to 30 November 2017.

All investments are ordinary shares listed on a regulated market unless stated otherwise.

<sup>1</sup> Collective investment scheme

<sup>2</sup> Structured product

<sup>3</sup> Derivative contract

<sup>4</sup> Related party holding (see note 12 of the Financial Statements)

## 7IM AAP INCOME FUND

### PORTFOLIO STATEMENT (continued) as at 30 November 2018

	<b>30.11.18</b>	<b>30.11.17</b>
<b>Credit Quality</b>	<b>%</b>	<b>%</b>
Investment grade debt securities	5.60	16.60
Non-rated debt securities	0.96	5.83
Other investments	93.30	77.49
Net other assets	0.14	0.08
	<hr/> <b>100.00</b>	<hr/> <b>100.00</b>

## 7IM AAP INCOME FUND

### STATEMENT OF TOTAL RETURN

for the year ended 30 November 2018

	Notes	£	30.11.18 £	£	30.11.17 £
Income					
Net capital (losses)/gains	4		(3,365,121)		2,158,401
Revenue	5	3,327,320		3,439,315	
Expenses	6	(541,593)		(554,431)	
Interest payable and similar charges	8	(10,689)		(50,443)	
Net revenue before taxation for the year		2,775,038		2,834,441	
Taxation	7	(308,392)		(280,835)	
Net revenue after taxation for the year			2,466,646		2,553,606
<b>Total return before distributions</b>			(898,475)		4,712,007
Distributions	8		(2,909,138)		(3,001,757)
<b>Change in net assets attributable to shareholders from investment activities</b>			(3,807,613)		1,710,250

### STATEMENT OF CHANGE IN NET ASSETS ATTRIBUTABLE TO SHAREHOLDERS

for the year ended 30 November 2018

	£	30.11.18 £	£	30.11.17 £
<b>Opening net assets attributable to shareholders</b>		92,060,730		88,687,532
Amounts received on creation of shares <sup>1</sup>	16,630,362		22,971,903	
Amounts paid on cancellation of shares <sup>1</sup>	(23,201,962)		(22,272,181)	
		(6,571,600)		699,722
Stamp Duty Reserve Tax		–		2,274
Change in net assets attributable to shareholders from investment activities		(3,807,613)		1,710,250
Retained distribution on accumulation shares		912,144		960,899
Unclaimed distribution		–		53
<b>Closing net assets attributable to shareholders</b>		82,593,661		92,060,730

<sup>1</sup>Stated at mid-market price.

The notes on pages 263 to 274 are an integral part of these Financial Statements.



## 7IM AAP INCOME FUND

### BALANCE SHEET

as at 30 November 2018

	Notes	30.11.18 £	30.11.17 £
<b>ASSETS</b>			
Fixed assets:			
Investments		83,324,761	92,117,731
Current assets:			
Debtors	9	5,990,820	806,017
Cash and bank balances	10	582,279	541,799
<b>Total assets</b>		<b>89,897,860</b>	<b>93,465,547</b>
<b>LIABILITIES</b>			
Investment liabilities		(845,591)	(128,489)
Creditors:			
Bank overdrafts	10	(580,506)	(451,775)
Distribution payable		(406,112)	(433,256)
Other creditors	11	(5,471,990)	(391,297)
<b>Total liabilities</b>		<b>(7,304,199)</b>	<b>(1,404,817)</b>
<b>Net assets attributable to shareholders</b>		<b>82,593,661</b>	<b>92,060,730</b>

The notes on pages 263 to 274 are an integral part of these Financial Statements.

# 7IM AAP INCOME FUND

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 November 2018

### 1 Statement of Compliance

The Sub-fund's Financial Statements have been prepared on the same basis as the Statement of Compliance disclosed on page 10.

### 2 Summary of Significant Accounting Policies

The Sub-fund's Financial Statements have been prepared on the same basis as the Summary of Significant Accounting Policies disclosed on pages 10 to 12.

### 3 Risk Management Policies

The Sub-fund's Risk Management Policies are the same as the Risk Management Policies disclosed on pages 13 to 14.

### 4 Net capital (losses)/gains

	<b>30.11.18</b>	<b>30.11.17</b>
	<b>£</b>	<b>£</b>
The net capital (losses)/gains during the year comprise:		
Non-derivative securities	(1,897,464)	852,071
Derivative contracts	186,245	(387,227)
Forward currency contracts	(1,727,293)	1,332,960
Currency gains	66,779	374,227
Transaction charges	(24,635)	(26,312)
AMC rebates from underlying investments	31,247	12,682
Net capital (losses)/gains	<u>(3,365,121)</u>	<u>2,158,401</u>

### 5 Revenue

	<b>30.11.18</b>	<b>30.11.17</b>
	<b>£</b>	<b>£</b>
Non-taxable dividends	1,302,383	1,485,898
Taxable dividends	1,749,783	1,624,928
Unfranked interest	221,709	243,001
AMC rebates from underlying investments	35,789	34,372
Bank interest	9,032	45,004
Stock lending revenue <sup>1</sup>	8,624	6,112
Total revenue	<u>3,327,320</u>	<u>3,439,315</u>

<sup>1</sup> Stock lending revenue is disclosed net of the security agent's share of income.

## 7IM AAP INCOME FUND

### NOTES TO THE FINANCIAL STATEMENTS (continued) for the year ended 30 November 2018

#### 6 Expenses

	30.11.18 £	30.11.17 £
Payable to the ACD, associates of the ACD and agents of either of them:		
ACD's periodic charge	465,443	480,007
Other expenses	5,180	5,214
	<u>470,623</u>	<u>485,221</u>
Payable to the Depositary, associates of the Depositary and agents of either of them:		
Depositary's fees	14,897	15,196
Market risk fees	6,000	6,000
Safe custody and other bank charges	20,550	16,609
	<u>41,447</u>	<u>37,805</u>
Other Expenses:		
Audit fee	8,760	8,760
Dealing and exchange fees	7,684	9,966
FCA and other Regulatory fees	300	275
Legal and professional fees	2,750	829
Printing, postage and distribution costs	5,091	5,864
Risk analysis fees	4,938	5,711
	<u>29,523</u>	<u>31,405</u>
Total expenses	<u>541,593</u>	<u>554,431</u>

## 7IM AAP INCOME FUND

### NOTES TO THE FINANCIAL STATEMENTS (continued) for the year ended 30 November 2018

#### 7 Taxation

	<b>30.11.18</b>	<b>30.11.17</b>
	<b>£</b>	<b>£</b>
<i>a) Analysis of charge for the year</i>		
Corporation tax at 20%	299,374	271,156
Overseas tax	8,776	9,679
Irrecoverable CIS income tax	242	–
	<hr/>	<hr/>
Current tax charge (note 7b)	308,392	280,835
	<hr/>	<hr/>
Total taxation	308,392	280,835

#### *b) Factors affecting current tax charge for the year*

The tax assessed for the year differs from the standard rate of corporation tax in the UK for an authorised fund (20%) (2017: 20%) for the reasons explained below.

Net revenue before taxation	2,775,038	2,834,441
	<hr/>	<hr/>
Corporation tax at 20%	555,008	566,888
Effects of:		
AMC rebates taken to capital	6,249	2,536
Franked CIS revenue	(50,671)	(34,146)
Franked REIT income	(1,128)	(768)
Irrecoverable CIS income tax w/off	242	–
Movement in revenue accruals	(2,075)	(2)
Non-taxable dividends	(177,672)	(232,976)
Offshore CIS revenue	(30,337)	(30,376)
Overseas tax	8,776	9,679
	<hr/>	<hr/>
Current tax charge (note 7a)	308,392	280,835

#### *c) Deferred tax*

There is no deferred tax provision in the current year (2017: none).

#### 8 Distributions

The distributions take account of revenue received on the issue of shares and revenue deducted on cancellation of shares, and comprise:

	<b>30.11.18</b>	<b>30.11.17</b>
	<b>£</b>	<b>£</b>
First Interim	661,426	880,356
Second Interim	772,758	561,661
Third Interim	832,222	917,128
Final	597,702	640,153
	<hr/>	<hr/>
	2,864,108	2,999,298
Add: Revenue deducted on cancellation of shares	112,462	94,209
Deduct: Revenue received on issue of shares	(67,432)	(91,750)
	<hr/>	<hr/>
Net distributions for the year	2,909,138	3,001,757
Interest payable and similar charges	10,689	50,443
	<hr/>	<hr/>
Total distribution	2,919,827	3,052,200

## 7IM AAP INCOME FUND

### NOTES TO THE FINANCIAL STATEMENTS (continued) for the year ended 30 November 2018

#### 8 Distributions (continued)

Details of the distributions per share are set out in the table on pages 275 to 279.

Distributions represented by:		
Net revenue after taxation	2,466,646	2,553,606
Allocations to capital:		
Expenses, net of tax relief	442,474	430,214
Tax on Stock dividends	–	17,961
Net movement in revenue account	18	(24)
Net distributions for the year	<u>2,909,138</u>	<u>3,001,757</u>

#### 9 Debtors

	<b>30.11.18</b>	<b>30.11.17</b>
	<b>£</b>	<b>£</b>
Amounts receivable for issue of shares	61,768	288,739
Sales awaiting settlement	5,524,792	6,389
Accrued revenue	349,910	439,124
Income tax recoverable	2,725	89
AMC rebates from underlying investments	31,948	37,814
Withholding tax recoverable	19,676	33,774
Prepaid expenses	1	88
Total debtors	<u>5,990,820</u>	<u>806,017</u>

#### 10 Cash and bank balances

	<b>30.11.18</b>	<b>30.11.17</b>
	<b>£</b>	<b>£</b>
Cash and bank balances	576,055	503,791
Cash held at clearing houses	6,224	38,008
Total cash and bank balances	<u>582,279</u>	<u>541,799</u>
Bank overdrafts	(574,295)	(451,644)
Cash overdraft at clearing houses	(6,211)	(131)
Total bank overdrafts	<u>(580,506)</u>	<u>(451,775)</u>

#### 11 Other Creditors

	<b>30.11.18</b>	<b>30.11.17</b>
	<b>£</b>	<b>£</b>
Amounts payable for cancellation of shares	260,318	108,239
Purchases awaiting settlement	5,012,355	95,882
Accrued expenses	56,030	56,821
Corporation tax payable	141,374	130,355
Currency deals awaiting settlement	1,913	–
Total other creditors	<u>5,471,990</u>	<u>391,297</u>

## 7IM AAP INCOME FUND

### NOTES TO THE FINANCIAL STATEMENTS (continued) for the year ended 30 November 2018

#### 12 Related party transactions

ACD's periodic charge and other expenses payable to 7IM (the 'ACD') are disclosed in note 6.

The aggregate monies received by the ACD through the issue of shares and paid on cancellation of shares are disclosed in the Statement of Change in Net Assets Attributable to Shareholders on page 261.

The Sub-fund has the following shareholdings in the 7IM Specialist Investment Funds ICVC:

	Held at 30.11.18	Held at 30.11.17
7IM Emerging Markets Equity Value Fund 'Z' Inc	1,545,651	200,000
7IM UK Equity Value Fund 'Z' Inc	8,898,053	3,473,855
7IM US Equity Value Fund 'Z' Inc	1,191,261	1,455,229

A shareholder may be able to exercise significant influence over the financial and operating policies of the Sub-fund and as such is deemed to be a related party. At the balance sheet date the following shareholder held in excess of 20% of the shares in issue of the Sub-fund:

Pershing Nominees Limited	45.04% (2017: 44.07%)
---------------------------	-----------------------

Where the Sub-fund invests in another sub-fund of the ICVC or any other collective investment scheme managed by the ACD it is referenced in the Portfolio Statement of the Sub-fund.

#### 13 Classes of Shares

The Sub-fund has six share classes: 'A', 'B', 'C', 'D', and 'S'. The annual management charge on each class are as follows:

Class A	1.50%
Class B	1.35%
Class C	0.50%
Class D	1.55%
Class S	0.25%

The following table shows the shares in issue during the year:

Class	Opening Shares	Shares Created	Shares Liquidated	Shares Converted	Closing Shares
Class A Income	222,942	–	(9,803)	–	213,139
Class A Accumulation	110,967	549	(66,589)	–	44,927
Class B Accumulation	3,436,233	72,252	(638,617)	–	2,869,868
Class C Income	41,388,781	7,301,773	(10,340,596)	627,200	38,977,158
Class C Accumulation	10,890,207	2,148,634	(3,508,959)	111,167	9,641,049
Class D Income	487,628	6,803	(27,723)	–	466,708
Class D Accumulation	567,475	2,210	(28,660)	–	541,025
Class S Income	14,910,645	3,272,631	(3,365,932)	(896,574)	13,920,770
Class S Accumulation	3,069,078	1,082,522	(849,615)	62,667	3,364,652

#### 14 Contingent liabilities and commitments

There are no contingent liabilities or unrecorded outstanding commitments at the balance sheet date (2017: none).

#### 15 Risks Disclosures

The main risks from the Sub-fund's holding of financial instruments, together with the ACD's policy for managing these risks are detailed in note 3 on pages 13 to 14. Further analysis and numeric disclosure of interest rate risk, foreign currency risk and derivatives are shown on the next page.

## 7IM AAP INCOME FUND

### NOTES TO THE FINANCIAL STATEMENTS (continued) for the year ended 30 November 2018

#### 15 Risks Disclosures (continued)

##### i. Interest rate risk

The table below shows the direct interest rate risk profile:

Interest rate exposure as at 30 November 2018

	<b>Floating Rate Financial Assets £</b>	<b>Fixed Rate Financial Assets £</b>	<b>Financial Assets not carrying interest £</b>	<b>Total £</b>
Canadian dollar	224	–	–	224
Danish krone	5	–	60,066	60,071
Euro	15,661	–	4,696,850	4,712,511
Japanese yen	1,416	–	1,945,308	1,946,724
Norwegian krone	–	–	5,662	5,662
Swedish krona	–	–	167,330	167,330
Swiss franc	24,815	–	427,260	452,075
US dollar	96,350	791,376	14,957,747	15,845,473
Pound sterling	2,791,807	4,625,208	107,001,494	114,418,509
	<b>2,930,278</b>	<b>5,416,584</b>	<b>129,261,717</b>	<b>137,608,579</b>

	<b>Floating Rate Financial Liabilities £</b>	<b>Financial Liabilities not carrying interest £</b>	<b>Total £</b>
Canadian dollar	(224)	–	(224)
Danish krone	(5)	–	(5)
Euro	(15,525)	(9,216,423)	(9,231,948)
Japanese yen	–	(864,121)	(864,121)
Swiss franc	(24,815)	–	(24,815)
US dollar	(90,119)	(29,612,215)	(29,702,334)
Pound sterling	(449,817)	(14,741,654)	(15,191,471)
	<b>(580,505)</b>	<b>(54,434,413)</b>	<b>(55,014,918)</b>

## 7IM AAP INCOME FUND

### NOTES TO THE FINANCIAL STATEMENTS (continued) for the year ended 30 November 2018

#### 15 Risks Disclosures (continued)

##### i. Interest rate risk (continued)

Interest rate exposure as at 30 November 2017

	<b>Floating Rate Financial Assets £</b>	<b>Fixed Rate Financial Assets £</b>	<b>Financial Assets not carrying interest £</b>	<b>Total £</b>
Canadian dollar	220	–	65,247	65,467
Danish krone	5	–	245,795	245,800
Euro	9,509	–	5,406,721	5,416,230
Japanese yen	1	–	3,742,047	3,742,048
Norwegian krone	–	–	13,659	13,659
Polish zloty	–	–	14,312	14,312
South African rand	–	–	15,171	15,171
Swedish krona	–	–	122,688	122,688
Swiss franc	36,511	–	797,679	834,190
US dollar	2,683,382	11,955,693	17,094,035	31,733,110
Pound sterling	2,226,755	5,658,925	84,728,383	92,614,063
	<b>4,956,383</b>	<b>17,614,618</b>	<b>112,245,737</b>	<b>134,816,738</b>

	<b>Floating Rate Financial Liabilities £</b>	<b>Financial Liabilities not carrying interest £</b>	<b>Total £</b>
Canadian dollar	(220)	–	(220)
Danish krone	(5)	–	(5)
Euro	(9,509)	(2,576,826)	(2,586,335)
Swiss franc	(23,805)	–	(23,805)
US dollar	(39,055)	(35,264,218)	(35,303,273)
Pound sterling	(379,181)	(4,463,189)	(4,842,370)
	<b>(451,775)</b>	<b>(42,304,233)</b>	<b>(42,756,008)</b>

The floating rate financial assets and liabilities comprise bank balances and bank overdraft positions which earn or pay interest at rates linked to the Bank of England base rate or its international equivalents, index-linked securities that earn interest at rates adjusted by changes in the UK Retail Prices Index (RPI) or its international equivalent and collective investment schemes that pay UK interest distributions.

<b>Currency</b>	<b>Fixed Rate Financial Assets</b>			
	<b>Weighted average interest rate</b>		<b>Weighted average period for which rate is fixed</b>	
	<b>30.11.18 %</b>	<b>30.11.17 %</b>	<b>30.11.18 Years</b>	<b>30.11.17 Years</b>
Pound sterling	1.38	0.98	11	2
US dollar	(0.39)	1.59	2	7

The average effective duration of the Sub-fund's portfolio is a measure of the sensitivity of the fair value of the Sub-fund's bond portfolio (excludes all other investments) to changes in market interest rates. As at 30 November 2018, the weighted average effective duration was 2.94 years (30 November 2017 2.55 years).



## 7IM AAP INCOME FUND

### NOTES TO THE FINANCIAL STATEMENTS (continued) for the year ended 30 November 2018

#### 15 Risks Disclosures (continued)

##### ii. Foreign currency risk

The table below shows the direct foreign currency risk profile:

Foreign currency risk exposure as at 30 November 2018

Currency	Monetary Exposure £	Non-Monetary Exposure £	Total £
Danish krone	2,309	57,757	60,066
Euro	10,623	(4,530,060)	(4,519,437)
Japanese yen	1,416	1,081,187	1,082,603
Norwegian krone	251	5,411	5,662
Swedish krona	–	167,330	167,330
Swiss franc	15,685	411,575	427,260
US dollar	6,182	(13,863,043)	(13,856,861)
	36,466	(16,669,843)	(16,633,377)
Pound sterling	2,426,026	96,801,012	99,227,038
Net assets	2,462,492	80,131,169	82,593,661

Foreign currency risk exposure as at 30 November 2017

Currency	Monetary Exposure £	Non-Monetary Exposure £	Total £
Canadian dollar	–	65,247	65,247
Danish krone	1,747	244,048	245,795
Euro	5,515	2,824,380	2,829,895
Japanese yen	1	3,742,047	3,742,048
Norwegian krone	246	13,413	13,659
Polish zloty	14,312	–	14,312
South African rand	–	15,171	15,171
Swedish krona	245	122,443	122,688
Swiss franc	24,376	786,009	810,385
US dollar	39,078	(3,609,241)	(3,570,163)
	85,520	4,203,517	4,289,037
Pound sterling	1,363,968	86,407,725	87,771,693
Net assets	1,449,488	90,611,242	92,060,730

##### iii. Derivatives

The derivatives held by the Sub-fund during the year were for the purposes of meeting the investment objectives of the Sub-fund and for efficient portfolio management.

The Sub-fund must at any time, be capable of meeting all of its payment and delivery obligations incurred in respect of its Financial Derivatives Instruments transactions. The Investment Manager uses a risk management technique known as absolute value-at-risk ('VaR') to measure the Sub-fund's global exposure. VaR is an advanced risk measurement methodology used to assess the Sub-fund's global exposure as set out in the Sub-fund's Risk Management Process.

The Sub-fund measures risk using the absolute value at risk approach. The Sub-fund's expected level of leverage (calculated as the sum of the notionals) under normal market circumstances is expected to be generally in the range of 100% to 230% of the Sub-fund's Net Asset Value and is not expected to exceed 360%. It is possible that there may be higher leverage levels from time to time during abnormal market conditions.

## 7IM AAP INCOME FUND

### NOTES TO THE FINANCIAL STATEMENTS (continued) for the year ended 30 November 2018

#### 15 Risks Disclosures (continued)

##### iii. Derivatives (continued)

The lowest, highest and average leverage utilisation in the accounting year ended 30 November 2018 was 160%, 271% and 189% respectively (30 November 2017: 133%, 290% and 179% respectively).

VaR is calculated for the funds under the parametric method. The time horizon for the calculation is 1 day, using a 99% confidence level. The methodology is derived from MSCI's Barra risk engine and blends the VaR produced from two different risk models, namely MSCI Barra Integrated Model: Long Version (BIM303L) and MSCI Barra Ultra-Short Model (BIM303 51d HL). The former applies a 1 year half-life (exponential weighting) for calculating volatilities and 3 years for correlations; the latter applies a 10 week half-life for both volatilities and correlations. Both models natively cover around 104K global equity securities; 500K sovereign and corporate bonds; 900k municipal, 2,200K structured products (MBS/ABS/CMO); around 290k mutual funds; 161 currencies, 34 commodities.

The reported VaR is calculated formulaically as follows:  $VaR = 0.3 * VaR(BIM303L) + 0.7 * MAX[VaR(BIM303L), VaR(BIM303\ 51d\ HL)]$ .

The Barra models map individual portfolio positions onto the Barra set of risk factors in order to backfill for a time series of volatility. The VaR numbers calculated by BIM303L and BIM303 51d HL are derived from daily volatility numbers, multiplied by an appropriate 99% confidence interval scaling factor under the assumption of a normal distribution.

The types of derivatives held at the balance sheet date were forward foreign currency contracts, future contracts and put options. Details of individual contracts are disclosed in the Portfolio Statement and the total position by counterparty at the balance sheet date was as follows:

<b>Counterparty</b>	<b>30.11.18</b> £	<b>30.11.17</b> £
<b>Options</b>		
Chicago Board Options Exchange	85,457	29,157
<b>Futures Contracts</b>		
Eurex Deutschland	–	(9,278)
London International Financial Future Exchange	–	(6,600)
Osaka Securities Exchange	–	201,130
<b>Forward Currency Contracts</b>		
Northern Trust	(638,968)	602,100
<b>Total net exposure<sup>1</sup></b>	<u>(553,511)</u>	<u>816,509</u>

<sup>1</sup>Net exposure represents the mark to market value of derivative contracts less any cash collateral held. Positive exposure represents the Sub-fund's exposure to that counterparty.

## 7IM AAP INCOME FUND

### NOTES TO THE FINANCIAL STATEMENTS (continued) for the year ended 30 November 2018

#### 15 Risks Disclosures (continued)

##### iv. Fair value

In the opinion of the ACD, there is no material difference between the value of the financial assets and liabilities, as shown in the balance sheet, and their fair value.

Investments are categorised into the following levels based on their fair value measurement:

##### Level 1

The unadjusted quoted price in an active market for identical instruments that the entity can access at the measurement date.

##### Level 2

Valuation techniques using observable inputs other than quoted prices within Level 1 (i.e. developed using market data).

##### Level 3

Valuation techniques using unobservable inputs (i.e. for which market data is unavailable).

	Level 1 £	Level 2 £	Level 3 £	Total £
<b>30 November 2018</b>				
<b>Assets</b>				
Bonds	2,535,552	2,881,033	–	5,416,585
Collective Investment Schemes	4,166,708	57,043,024	–	61,209,732
Derivatives	92,356	199,724	–	292,080
Equities	16,406,351	13	–	16,406,364
<b>Total</b>	<b>23,200,967</b>	<b>60,123,794</b>	<b>–</b>	<b>83,324,761</b>
<b>Liabilities</b>				
Derivatives	<b>(6,899)</b>	<b>(838,692)</b>	<b>–</b>	<b>(845,591)</b>
<b>30 November 2017</b>				
<b>Assets</b>				
Bonds	9,545,218	11,105,983	–	20,651,201
Collective Investment Schemes	10,692,574	37,520,357	–	48,212,931
Derivatives	230,286	714,711	–	944,997
Equities	22,158,125	150,477	–	22,308,602
<b>Total</b>	<b>42,626,203</b>	<b>49,491,528</b>	<b>–</b>	<b>92,117,731</b>
<b>Liabilities</b>				
Derivatives	<b>(15,878)</b>	<b>(112,611)</b>	<b>–</b>	<b>(128,489)</b>

## 7IM AAP INCOME FUND

### NOTES TO THE FINANCIAL STATEMENTS (continued) for the year ended 30 November 2018

#### 16 Purchases, Sales and Transaction Costs

The following tables show portfolio transactions and their associated transaction costs. For more information about the nature of these costs please refer to the additional portfolio transaction cost information on page 243.

Analysis of direct transaction costs for the year ended 30 November 2018:

	Principal £'000	Commissions £'000	Taxes £'000	Total Transaction Costs £'000	Commissions % of principal	Taxes % of principal
<b>Purchases</b>						
Bonds	8,499	–	–	–	–	–
Collective Investment Schemes	70,759	–	–	–	–	–
Derivatives	199	–	–	–	–	–
Equities	14,025	1	15	16	0.01	0.11
<b>Total</b>	<b>93,482</b>	<b>1</b>	<b>15</b>	<b>16</b>	<b>0.01</b>	<b>0.11</b>
<b>Sales</b>						
Bonds	23,416	–	–	–	–	–
Collective Investment Schemes	50,575	–	–	–	–	–
Derivatives	445	–	–	–	–	–
Equities	25,400	(6)	–	(6)	0.02	–
<b>Total</b>	<b>99,836</b>	<b>(6)</b>	<b>–</b>	<b>(6)</b>	<b>0.02</b>	<b>–</b>
<b>Total as a percentage of the average NAV</b>		<b>0.01%</b>	<b>0.01%</b>	<b>0.02%</b>		

## 7IM AAP INCOME FUND

### NOTES TO THE FINANCIAL STATEMENTS (continued) for the year ended 30 November 2018

#### 16 Purchases, Sales and Transaction Costs (continued)

Analysis of direct transaction costs for the year ended 30 November 2017:

	Principal £'000	Commissions £'000	Taxes £'000	Total Transaction Costs £'000	Commissions % of principal	Taxes % of principal
<b>Purchases</b>						
Bonds	13,476	–	–	–	–	–
Collective Investment Schemes	56,158	–	–	–	–	–
Derivatives	406	–	–	–	–	–
Equities	17,505	4	9	13	0.02	0.05
<b>Total</b>	<b>87,545</b>	<b>4</b>	<b>9</b>	<b>13</b>	<b>0.02</b>	<b>0.05</b>

	Principal £'000	Commissions £'000	Taxes £'000	Total Transaction Costs £'000	Commissions % of principal	Taxes % of principal
<b>Sales</b>						
Bonds	5,447	–	–	–	–	–
Collective Investment Schemes	49,174	–	–	–	–	–
Derivatives	–	–	–	–	–	–
Equities	27,863	(13)	–	(13)	0.05	–
<b>Total</b>	<b>82,484</b>	<b>(13)</b>	<b>–</b>	<b>(13)</b>	<b>0.05</b>	<b>–</b>

**Total as a percentage of the average NAV**                                      **0.02%**                                      **0.01%**                                      **0.03%**

#### Average portfolio dealing spread

As at the balance sheet date, the average portfolio dealing spread was 0.33% (2017: 0.44%) based on close of business prices. This spread represents the difference between the values determined respectively by reference to the bid and offer prices of investments expressed as a percentage of the value determined by reference to the offer price.

#### 17 Post Balance Sheet Events

There have been no significant events since the year end that impact the Sub-fund and require disclosure in the financial statements.

# 7IM AAP INCOME FUND

## DISTRIBUTION TABLES

for the year ended 30 November 2018

### First Interim - in pence per share

Group 1 - Shares purchased prior to 1 December 2017

Group 2 - Shares purchased on or after 1 December 2017 and on or before 28 February 2018

	<b>Net Revenue</b>	<b>Equalisation</b>	<b>Paid 30.04.18</b>	<b>Paid 30.04.17</b>
<b>Class A Income</b>				
Group 1	0.7340	–	0.7340	1.0182
Group 2	0.7340	–	0.7340	1.0182
			<b>Allocated 30.04.18</b>	<b>Allocated 30.04.17</b>
<b>Class A Accumulation</b>				
Group 1	1.1874	–	1.1874	1.5938
Group 2	0.5122	0.6752	1.1874	1.5938
			<b>Allocated 30.04.18</b>	<b>Allocated 30.04.17</b>
<b>Class B Accumulation</b>				
Group 1	1.2147	–	1.2147	1.6282
Group 2	0.0477	1.1670	1.2147	1.6282
			<b>Allocated 30.04.18</b>	<b>Allocated 30.04.17</b>
<b>Class C Income</b>				
Group 1	0.7952	–	0.7952	1.0938
Group 2	0.2614	0.5338	0.7952	1.0938
			<b>Allocated 30.04.18</b>	<b>Allocated 30.04.17</b>
<b>Class C Accumulation</b>				
Group 1	1.2838	–	1.2838	1.7095
Group 2	0.6240	0.6598	1.2838	1.7095
			<b>Allocated 30.04.18</b>	<b>Allocated 30.04.17</b>
<b>Class D Income</b>				
Group 1	0.7366	–	0.7366	1.0223
Group 2	0.0309	0.7057	0.7366	1.0223
			<b>Allocated 30.04.18</b>	<b>Allocated 30.04.17</b>
<b>Class D Accumulation</b>				
Group 1	1.1788	–	1.1788	1.5828
Group 2	0.5355	0.6433	1.1788	1.5828
			<b>Allocated 30.04.18</b>	<b>Allocated 30.04.17</b>
<b>Class S Income</b>				
Group 1	0.7786	–	0.7786	1.0695
Group 2	0.4010	0.3776	0.7786	1.0695

## 7IM AAP INCOME FUND

### DISTRIBUTION TABLES (continued) for the year ended 30 November 2018

	Net Revenue	Equalisation	Allocated 30.04.18	Allocated 30.04.17
<b>Class S Accumulation</b>				
Group 1	0.8767	–	0.8767	1.1655
Group 2	0.4678	0.4089	0.8767	1.1655
<b>Second Interim - in pence per share</b>				
Group 1 - Shares purchased prior to 1 March 2018				
Group 2 - Shares purchased on or after 1 March 2018 and on or before 31 May 2018				
	Net Revenue	Equalisation	Paid 31.07.18	Paid 31.07.17
<b>Class A Income</b>				
Group 1	0.8384	–	0.8384	0.6529
Group 2	0.8384	–	0.8384	0.6529
	Net Revenue	Equalisation	Allocated 31.07.18	Allocated 31.07.17
<b>Class A Accumulation</b>				
Group 1	1.3662	–	1.3662	1.0318
Group 2	0.5585	0.8077	1.3662	1.0318
	Net Revenue	Equalisation	Paid 31.07.18	Paid 31.07.17
<b>Class B Income</b>				
Group 1	–	–	–	0.6896
Group 2	–	–	–	0.6896
	Net Revenue	Equalisation	Allocated 31.07.18	Allocated 31.07.17
<b>Class B Accumulation</b>				
Group 1	1.3979	–	1.3979	1.0544
Group 2	0.9344	0.4635	1.3979	1.0544
	Net Revenue	Equalisation	Paid 31.07.18	Paid 31.07.17
<b>Class C Income</b>				
Group 1	0.9100	–	0.9100	0.7027
Group 2	0.6583	0.2517	0.9100	0.7027
	Net Revenue	Equalisation	Allocated 31.07.18	Allocated 31.07.17
<b>Class C Accumulation</b>				
Group 1	1.4804	–	1.4804	1.1091
Group 2	0.8459	0.6345	1.4804	1.1091
	Net Revenue	Equalisation	Paid 31.07.18	Paid 31.07.17
<b>Class D Income</b>				
Group 1	0.8413	–	0.8413	0.6553
Group 2	0.1671	0.6742	0.8413	0.6553

## 7IM AAP INCOME FUND

### DISTRIBUTION TABLES (continued) for the year ended 30 November 2018

	Net Revenue	Equalisation	Allocated 31.07.18	Allocated 31.07.17
<b>Class D Accumulation</b>				
Group 1	1.3561	–	1.3561	1.0246
Group 2	0.7837	0.5724	1.3561	1.0246
			<b>Paid 31.07.18</b>	<b>Paid 31.07.17</b>
<b>Class S Income</b>				
Group 1	0.8920	–	0.8920	0.6876
Group 2	0.6238	0.2682	0.8920	0.6876
			<b>Allocated 31.07.18</b>	<b>Allocated 31.07.17</b>
<b>Class S Accumulation</b>				
Group 1	1.0119	–	1.0119	0.7566
Group 2	0.5697	0.4422	1.0119	0.7566
 <b>Third Interim - in pence per share</b>				
Group 1 - Shares purchased prior to 1 June 2018				
Group 2 - Shares purchased on or after 1 June 2018 and on or before 31 August 2018				
	Net Revenue	Equalisation	Paid 31.10.18	Paid 31.10.17
<b>Class A Income</b>				
Group 1	0.9274	–	0.9274	1.0361
Group 2	0.9274	–	0.9274	1.0361
			<b>Allocated 31.10.18</b>	<b>Allocated 31.10.17</b>
<b>Class A Accumulation</b>				
Group 1	1.4993	–	1.4993	1.6481
Group 2	0.5111	0.9882	1.4993	1.6481
			<b>Allocated 31.10.18</b>	<b>Allocated 31.10.17</b>
<b>Class B Accumulation</b>				
Group 1	1.5583	–	1.5583	1.6858
Group 2	1.0587	0.4996	1.5583	1.6858
			<b>Paid 31.10.18</b>	<b>Paid 31.10.17</b>
<b>Class C Income</b>				
Group 1	1.0081	–	1.0081	1.1171
Group 2	0.3451	0.6630	1.0081	1.1171
			<b>Allocated 31.10.18</b>	<b>Allocated 31.10.17</b>
<b>Class C Accumulation</b>				
Group 1	1.6544	–	1.6544	1.7742
Group 2	0.6552	0.9992	1.6544	1.7742



## 7IM AAP INCOME FUND

### DISTRIBUTION TABLES (continued) for the year ended 30 November 2018

	<b>Net Revenue</b>	<b>Equalisation</b>	<b>Paid 31.10.18</b>	<b>Paid 31.10.17</b>
<b>Class D Income</b>				
Group 1	0.9306	–	0.9306	1.0402
Group 2	0.0187	0.9119	0.9306	1.0402
	<b>Net Revenue</b>	<b>Equalisation</b>	<b>Allocated 31.10.18</b>	<b>Allocated 31.10.17</b>
<b>Class D Accumulation</b>				
Group 1	1.5125	–	1.5125	1.6339
Group 2	0.5369	0.9756	1.5125	1.6339
	<b>Net Revenue</b>	<b>Equalisation</b>	<b>Paid 31.10.18</b>	<b>Paid 31.10.17</b>
<b>Class S Income</b>				
Group 1	0.9888	–	0.9888	1.0937
Group 2	0.4470	0.5418	0.9888	1.0937
	<b>Net Revenue</b>	<b>Equalisation</b>	<b>Allocated 31.10.18</b>	<b>Allocated 31.10.17</b>
<b>Class S Accumulation</b>				
Group 1	1.1300	–	1.1300	1.2105
Group 2	0.1943	0.9357	1.1300	1.2105
<b>Final - in pence per share</b>				
Group 1 - Shares purchased prior to 1 September 2018				
Group 2 - Shares purchased on or after 1 September 2018 and on or before 30 November 2018				
	<b>Net Revenue</b>	<b>Equalisation</b>	<b>Paid 31.01.19</b>	<b>Paid 31.01.18</b>
<b>Class A Income</b>				
Group 1	0.6997	–	0.6997	0.7076
Group 2	0.6997	–	0.6997	0.7076
	<b>Net Revenue</b>	<b>Equalisation</b>	<b>Allocated 31.01.19</b>	<b>Allocated 31.01.18</b>
<b>Class A Accumulation</b>				
Group 1	1.1605	–	1.1605	1.1369
Group 2	0.4464	0.7141	1.1605	1.1369
	<b>Net Revenue</b>	<b>Equalisation</b>	<b>Allocated 31.01.19</b>	<b>Allocated 31.01.18</b>
<b>Class B Accumulation</b>				
Group 1	1.1881	–	1.1881	1.1633
Group 2	0.0217	1.1664	1.1881	1.1633
	<b>Net Revenue</b>	<b>Equalisation</b>	<b>Paid 31.01.19</b>	<b>Paid 31.01.18</b>
<b>Class C Income</b>				
Group 1	0.7624	–	0.7624	0.7646
Group 2	0.2718	0.4906	0.7624	0.7646

## 7IM AAP INCOME FUND

### DISTRIBUTION TABLES (continued) for the year ended 30 November 2018

	<b>Net Revenue</b>	<b>Equalisation</b>	<b>Allocated 31.01.19</b>	<b>Allocated 31.01.18</b>
<b>Class C Accumulation</b>				
Group 1	1.2624	–	1.2624	1.2263
Group 2	0.3478	0.9146	1.2624	1.2263
	<b>Net Revenue</b>	<b>Equalisation</b>	<b>Paid 31.01.19</b>	<b>Paid 31.01.18</b>
<b>Class D Income</b>				
Group 1	0.7019	–	0.7019	0.7104
Group 2	0.0129	0.6890	0.7019	0.7104
	<b>Net Revenue</b>	<b>Equalisation</b>	<b>Allocated 31.01.19</b>	<b>Allocated 31.01.18</b>
<b>Class D Accumulation</b>				
Group 1	1.1514	–	1.1514	1.1287
Group 2	0.3979	0.7535	1.1514	1.1287
	<b>Net Revenue</b>	<b>Equalisation</b>	<b>Paid 31.01.19</b>	<b>Paid 31.01.18</b>
<b>Class S Income</b>				
Group 1	0.7484	–	0.7484	0.7495
Group 2	0.3524	0.3960	0.7484	0.7495
	<b>Net Revenue</b>	<b>Equalisation</b>	<b>Allocated 31.01.19</b>	<b>Allocated 31.01.18</b>
<b>Class S Accumulation</b>				
Group 1	0.8629	–	0.8629	0.8377
Group 2	0.4712	0.3917	0.8629	0.8377

#### Equalisation

Equalisation applies only to shares purchased during the distribution period (Group 2 shares). It represents the accrued revenue included in the purchase price of the shares. After averaging it is returned with the distribution as a capital repayment. It is not liable to Income Tax but must be deducted from the cost of the shares for Capital Gains Tax purposes.

# 7IM AAP MODERATELY CAUTIOUS FUND

## ACD'S REPORT

for the year ended 30 November 2018

### Investment Objective and Policy

7IM AAP (Asset Allocated Passives) Moderately Cautious Fund (the 'Sub-fund') aims to provide a total return, substantially by way of income though with some capital appreciation. There may be a moderate risk to capital.

The manager will invest the majority of the portfolio in fixed interest and equity instruments using predominantly passive strategies (that is, strategies designed to track the performance of particular indices, market sectors or asset classes). The manager will also make investments in other asset classes such as property, commodities and private equities. Such investments will be made indirectly through holdings in investment trusts, exchange traded funds or other intermediary vehicles with the objective of improving returns and controlling risk by increasing diversification within the portfolio. The asset allocation for the entire portfolio will be actively managed.

While income-generating assets are likely to represent a significant part of the portfolio, the portfolio may also include assets with scope for capital growth in real terms. The Sub-fund may use different asset classes, with a substantial proportion in fixed interest, or instruments that track the returns of fixed interest.

Investment may also be made in equities, exchange traded funds, warrants, deposits, cash and near cash, money market instruments, other transferable securities, derivatives and forward transactions and other investments to the extent that each is permitted in the stated investment and borrowing powers of the company.

The Sub-fund may rely on third party advice on quantitative investment techniques or use third party quantitative investment software in the portfolio's construction.

There is no guarantee that a positive return will be delivered.

### Investment Manager's Report

#### Performance Report

In the reporting period, 1 December 2017 to 30 November 2018, the portfolio delivered a total return of (2.90)%<sup>1</sup>.

#### Investment Background

Back in January, investors were excited because growth was strong across the world, following a remarkably stable 2017. The S&P 500 began the year with six consecutive highs and it looked as though nothing could go wrong. Then everything changed. Global equities plunged by 9% over two weeks in early February, and fell by another 10% in October. Most markets have been much jumpier and more erratic this year than in super-quiet 2017. This rise in volatility, though, looks like a return to normal – and doesn't particularly worry us. Indeed, equity volatility in 2018 has been slightly below its long term average.

It's clear that investors became far more cautious as the year progressed. In some cases the caution is warranted. For example, the huge tech stocks known as the FANGs (Facebook, Amazon, Netflix and Google) plunged between June and November 2018 as their valuations returned to more realistic levels. In other cases interesting assets were unfairly punished, creating potential buying opportunities. Emerging market equities and European dividends are two recent examples.

Regarding fundamentals, we saw little change through the year. The world economy is growing at a healthy 3.6%, according to the IMF. Europe and the US are slowing but are in fair shape. In both the US and UK unemployment has fallen, inflation is stable and wages are rising. Global earnings per share growth in 2018 will be an impressive 16%. For all the talk of rate hikes, there were only four by major Western central banks through the year (three in the US and one in Europe), and monetary policy in both regions remains loose. Rates are trending up, as they should, but are far from worrying.

Some commentators claim that weak equity markets in 2018 reflected fragile and slowing global growth and company earnings, blaming factors like interest rate hikes, the US-China trade dispute, Brexit and Eurozone politics. We are not convinced. We think the world economy is in good shape.

It's hard to know why large numbers of investors across the world suddenly began selling. Big algorithmic traders probably played a part, unrelated to any economic or financial fundamentals.

Investors won't remember 2018 with any fondness. But it wasn't nearly as bad as the headlines would have you believe.

<sup>1</sup> Calculated using 7IM AAP Moderately Cautious Fund C Acc shares, published prices. Source: NTRS

## 7IM AAP MODERATELY CAUTIOUS FUND

**ACD'S REPORT** (continued)  
for the year ended 30 November 2018

### **Investment Manager's Report** (continued)

#### **Portfolio Review**

During the year we increased exposure to equity on the view that equity risk would be better rewarded than some other risk assets given our optimistic outlook for continuing global growth. We brought the UK equity exposure back up to target and increased the allocations to US, Japan, Emerging Markets and European equities. We took some downside risk protection by buying a European equity put, which we were able to sell at a profit when European equity sold off shortly afterwards. We had an allocation to US small cap in the early part of the period, but as the year progressed we took the view that the smaller cap end of the US equity market had become fully valued. We therefore took profits from this exposure to Russell 2000 stocks, but topped up the US equity holdings to make sure this was up to target allocation. Towards the end of the period there was a sharp equity drawdown. This sell-off in markets presented an opportunity to increase our exposure to the US as we thought it seemed technically driven and not reflected in fundamentals.

Among alternatives, we reduced exposure to alternative strategies where performance has been disappointing, using the proceeds to build up the equity exposure.

We sold the gold holding on the view that it had not provided the risk diversification we had been expecting and instead bought exposure to an enhanced commodity index, which provides a broader exposure to commodities. Towards the end of the period we invested in EuroStoxx 50 dividends 2020, which are less risky than the EuroStoxx 50 equity and so an appropriate investment for lower risk profiles.

Within fixed income, high yield spreads narrowed at the end of 2017 meaning an overweight to high yield was no longer justified on valuation grounds, so we took profits. We largely switched out of Sterling Corporate bonds into Global Corporate bonds where valuations looked more compelling. Following discussions around the tactical asset allocation, we transitioned from holding US Treasuries to a position more reflective of the global government bond index. This also had the advantage of moving the Sub-fund further towards the strategic asset allocation.

In terms of Brexit-related risk, although we believe a No Deal is unlikely, the Investment Team continues to conduct scenario analysis and the potential effects of different Brexit outcomes on the funds. These stress tests are conducted by the independent risk team and assume market reactions in a No Deal scenario similar to that post the Referendum result in 2016. The outcome of this analysis did not produce any results which caused concern. In addition, the Investment Team have looked at the exposure of the 7IM funds to the UK. In this exercise, we focused on the country to which the asset class has exposure, via sales or economic exposure rather than country of listing. We looked at the Strategic Asset Allocation, Tactical Asset Allocation and where possible the actual holdings data of the multi-manager (MM) portfolios. The results demonstrated to us that our current overall exposure is no more than 20% for any fund.

To protect the Sub-fund from an upside Brexit surprise, and feeling that sterling looked cheap we increased the sterling allocation funding this from the euro FX position.

#### **Investment Outlook**

2018 was tough for financial markets; we think 2019 will be far more normal – and perhaps even boring, in a positive kind of way. The world economy is in fair shape and the risks that the media shouts about are widely exaggerated. In our experience, economic reality – the reality of company sales, employment, government spending, domestic and foreign trade – is remarkably stable over time. It's like a supertanker in motion that can't be diverted easily. By contrast, investors are far more erratic. You can view investor sentiment as cycling around the economic fundamentals: sometimes investors are overly optimistic (greedy), as in January 2018, sometimes they're too pessimistic (fearful), as in February 2016. We think this familiar cycle is in action at the moment, and that investors are too pessimistic. Our goal as investment managers is to focus on the long term and not get caught up in these cycles of investor greed or fear. We expect investor sentiment and markets to recover in 2019 and are positioned accordingly – slightly overweight equities, with a bias towards the US, and negative on bonds and credit.

To global growth: the world economy is slowing a little but should grow comfortably through 2019-20. We don't see the big danger signs that might destabilise it, e.g. soaring interest rates or a financial crisis. China's growth is easing, as it should, but is unlikely to crash anytime soon. World inflation is running at around 2.7%, and is under control. It's not far from the 2% target in the US and UK, and even Japan might be clawing out of its disinflationary mire. Interest rates are normalising in the US, which is healthy, and are set to rise in most countries in 2019. Therefore, we think the world economy is in a 'Goldilocks' phase – neither too hot nor too cold. Goldilocks is usually good for companies: we expect global earnings per share to rise in 2019 and 2020.

The contrasting investor concern seems to be driven by a focus on risks and threats that have been exaggerated, such as US recession, trade wars and the UK political situation.

## 7IM AAP MODERATELY CAUTIOUS FUND

**ACD'S REPORT** (continued)  
for the year ended 30 November 2018

### **Investment Manager's Report** (continued)

US recessions have often been associated with equity crashes in the past and some commentators fear recession in 2019. We are not overly worried: the US is currently growing at around 2.5%; from these levels it normally takes at least two years for growth to turn negative. Moreover, the usual imbalances associated with recession – soaring inflation, housing crunch, commodity price shock – are largely absent. We think US recession is unlikely before late 2020, at the earliest.

Concerning trade wars, tariffs have been implemented on about 2.5% of world imports, corresponding to less than 0.6% of world GDP. They're certainly a negative for growth, but on a tiny scale thus far. While they could get much worse, we think the US and China will reach some compromise that won't harm their economies (and their people) too much.

In the UK, Brexit is a shambles and we do worry that the UK could end up with a No Deal – which actually would be a Terrible Deal – in March 2019. But it's in the interests of both the UK and the EU to reach a broadly sensible outcome. We think a deal will materialise that's not too painful for the UK. Regarding the possibility of a Corbyn government, we think Mr Corbyn's bark is worse than his bite. If he came to power he'd be so constrained by the range of views within his party, by business pressures and by economic constraints that he'd not be able to do much that would derail the UK's financial markets. Therefore we are relatively optimistic that investors will see less pain in 2019 than they have over the last few months.

Seven Investment Management LLP  
Investment Manager  
February 2019

## 7IM AAP MODERATELY CAUTIOUS FUND

### FUND INFORMATION

The Comparative Tables on pages 284 to 292 give the performance of each active share class in the Sub-fund.

The 'Return after charges' disclosed in the Comparative Tables is calculated as the return after operating charges per share divided by the opening net asset value per share. It differs from the Sub-fund's performance disclosed in the ACD's report, which is calculated based on the latest published price.

Portfolio transaction costs are incurred when investments are bought or sold by a sub-fund in order to achieve the investment objective. These transaction costs affect an investor in different ways depending on whether they are joining, leaving or continuing with their investment in the sub-fund.

Direct transaction costs include broker commission and taxes. Broker commission includes the fee paid to a broker to execute the trades.

In addition, there are indirect portfolio transaction costs arising from the 'dealing spread' – the difference between the buying and selling prices of underlying investments in the portfolio. Unlike shares whereby broker commissions and stamp duty are paid by the sub-fund on each transaction, other types of investments (such as bonds, money instruments, derivatives, collective investment schemes) do not have separately identifiable transaction costs; these costs form part of the dealing spread. Dealing spreads vary considerably depending on the transaction value and money market sentiment.

# 7IM AAP MODERATELY CAUTIOUS FUND

## FUND INFORMATION (continued)

### Comparative Tables

#### Class A Income

	30.11.18 (pence per share)	30.11.17 (pence per share)	30.11.16 (pence per share)
<b>Change in Net Asset Value Per Share</b>			
Opening net asset value per share	117.31	115.13	111.27
Return before operating charges*	(2.35)	5.11	7.00
Operating charges (calculated on average price)	(1.32)	(1.35)	(1.34)
Return after operating charges*	(3.67)	3.76	5.66
Distributions on income shares	(1.84)	(1.58)	(1.80)
Closing net asset value per share	111.80	117.31	115.13
* After direct transaction costs of: <sup>1</sup>	0.02	0.03	0.04

#### Performance

Return after charges <sup>2</sup>	(3.13)%	3.27%	5.09%
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#### Other Information

Closing net asset value (£'000)	271	335	433
Closing number of shares	242,015	285,363	375,638
Operating charges <sup>3</sup>	1.13%	1.15%	1.09%
Direct transaction costs	0.02%	0.02%	0.04%

#### Prices

Highest share price	119.15	118.81	118.32
Lowest share price	112.15	114.58	105.65

<sup>1</sup> Direct transaction costs are stated after deducting the proportion of the amounts collected from dilution adjustments or dilution levies that relate to direct transaction costs. A negative transaction costs figure might arise where there is a timing difference between inflows and the settlement of the resultant purchases.

<sup>2</sup> The return after charges is calculated as the return after operating charges per share divided by the opening net asset value per share.

<sup>3</sup> Operating charges, otherwise known as the OCF is the ratio of the Sub-fund's total disclosable costs (excluding securities lending fees and overdraft interest) to the average net assets of the Sub-fund. The OCF is intended to provide a reliable figure which gives the most accurate measure of what it costs to invest in a Sub-fund and is calculated based on the last period's figures. Included within the OCF are synthetic costs which includes the OCF of the underlying funds weighted on the basis of their investment proportion. A detailed breakdown of the OCF per share class is shown on page 293.

# 7IM AAP MODERATELY CAUTIOUS FUND

## FUND INFORMATION (continued)

### Comparative Tables (continued)

#### Class A Accumulation

	30.11.18 (pence per share)	30.11.17 (pence per share)	30.11.16 (pence per share)
<b>Change in Net Asset Value Per Share</b>			
Opening net asset value per share	142.48	137.96	131.25
Return before operating charges*	(2.90)	6.15	8.30
Operating charges (calculated on average price)	(1.60)	(1.63)	(1.59)
Return after operating charges*	(4.50)	4.52	6.71
Distributions	(2.25)	(1.90)	(2.15)
Retained distributions on accumulation shares	2.25	1.90	2.15
Closing net asset value per share	137.98	142.48	137.96
* After direct transaction costs of: <sup>1</sup>	0.03	0.03	0.05

#### Performance

Return after charges <sup>2</sup>	(3.16)%	3.28%	5.11%
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#### Other Information

Closing net asset value (£'000)	3,119	3,579	4,095
Closing number of shares	2,260,700	2,511,681	2,968,100
Operating charges <sup>3</sup>	1.13%	1.15%	1.19%
Direct transaction costs	0.02%	0.02%	0.04%

#### Prices

Highest share price	144.71	143.29	140.61
Lowest share price	137.19	137.54	124.61

<sup>1</sup> Direct transaction costs are stated after deducting the proportion of the amounts collected from dilution adjustments or dilution levies that relate to direct transaction costs. A negative transaction costs figure might arise where there is a timing difference between inflows and the settlement of the resultant purchases.

<sup>2</sup> The return after charges is calculated as the return after operating charges per share divided by the opening net asset value per share.

<sup>3</sup> Operating charges, otherwise known as the OCF is the ratio of the Sub-fund's total disclosable costs (excluding securities lending fees and overdraft interest) to the average net assets of the Sub-fund. The OCF is intended to provide a reliable figure which gives the most accurate measure of what it costs to invest in a Sub-fund and is calculated based on the last period's figures. Included within the OCF are synthetic costs which includes the OCF of the underlying funds weighted on the basis of their investment proportion. A detailed breakdown of the OCF per share class is shown on page 293.



# 7IM AAP MODERATELY CAUTIOUS FUND

## FUND INFORMATION (continued)

### Comparative Tables (continued)

#### Class C Income

	30.11.18 (pence per share)	30.11.17 (pence per share)	30.11.16 (pence per share)
<b>Change in Net Asset Value Per Share</b>			
Opening net asset value per share	123.01	120.24	115.74
Return before operating charges*	(2.61)	5.23	7.20
Operating charges (calculated on average price)	(0.77)	(0.80)	(0.81)
Return after operating charges*	(3.38)	4.43	6.39
Distributions on income shares	(1.94)	(1.66)	(1.89)
Closing net asset value per share	117.69	123.01	120.24
* After direct transaction costs of: <sup>1</sup>	0.02	0.03	0.05

#### Performance

Return after charges <sup>2</sup>	(2.75)%	3.68%	5.52%
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#### Other Information

Closing net asset value (£'000)	40,738	56,470	59,531
Closing number of shares	34,613,197	45,908,628	49,511,445
Operating charges <sup>3</sup>	0.63%	0.65%	0.69%
Direct transaction costs	0.02%	0.02%	0.04%

#### Prices

Highest share price	124.99	124.54	123.51
Lowest share price	118.05	119.67	109.99

<sup>1</sup> Direct transaction costs are stated after deducting the proportion of the amounts collected from dilution adjustments or dilution levies that relate to direct transaction costs. A negative transaction costs figure might arise where there is a timing difference between inflows and the settlement of the resultant purchases.

<sup>2</sup> The return after charges is calculated as the return after operating charges per share divided by the opening net asset value per share.

<sup>3</sup> Operating charges, otherwise known as the OCF is the ratio of the Sub-fund's total disclosable costs (excluding securities lending fees and overdraft interest) to the average net assets of the Sub-fund. The OCF is intended to provide a reliable figure which gives the most accurate measure of what it costs to invest in a Sub-fund and is calculated based on the last period's figures. Included within the OCF are synthetic costs which includes the OCF of the underlying funds weighted on the basis of their investment proportion. A detailed breakdown of the OCF per share class is shown on page 293.

# 7IM AAP MODERATELY CAUTIOUS FUND

## FUND INFORMATION (continued)

### Comparative Tables (continued)

#### Class C Accumulation

	30.11.18 (pence per share)	30.11.17 (pence per share)	30.11.16 (pence per share)
<b>Change in Net Asset Value Per Share</b>			
Opening net asset value per share	148.57	143.29	135.76
Return before operating charges*	(3.19)	6.24	8.49
Operating charges (calculated on average price)	(0.93)	(0.96)	(0.96)
Return after operating charges*	(4.12)	5.28	7.53
Distributions	(2.35)	(1.97)	(2.22)
Retained distributions on accumulation shares	2.35	1.97	2.22
Closing net asset value per share	144.45	148.57	143.29
* After direct transaction costs of: <sup>1</sup>	0.03	0.03	0.05

#### Performance

Return after charges <sup>2</sup>	(2.77)%	3.68%	5.55%
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#### Other Information

Closing net asset value (£'000)	470,233	550,258	573,748
Closing number of shares	325,528,217	370,379,885	400,419,859
Operating charges <sup>3</sup>	0.63%	0.65%	0.69%
Direct transaction costs	0.02%	0.02%	0.04%

#### Prices

Highest share price	150.97	149.37	145.96
Lowest share price	143.61	142.86	128.99

<sup>1</sup> Direct transaction costs are stated after deducting the proportion of the amounts collected from dilution adjustments or dilution levies that relate to direct transaction costs. A negative transaction costs figure might arise where there is a timing difference between inflows and the settlement of the resultant purchases.

<sup>2</sup> The return after charges is calculated as the return after operating charges per share divided by the opening net asset value per share.

<sup>3</sup> Operating charges, otherwise known as the OCF is the ratio of the Sub-fund's total disclosable costs (excluding securities lending fees and overdraft interest) to the average net assets of the Sub-fund. The OCF is intended to provide a reliable figure which gives the most accurate measure of what it costs to invest in a Sub-fund and is calculated based on the last period's figures. Included within the OCF are synthetic costs which includes the OCF of the underlying funds weighted on the basis of their investment proportion. A detailed breakdown of the OCF per share class is shown on page 293.

# 7IM AAP MODERATELY CAUTIOUS FUND

## FUND INFORMATION (continued)

### Comparative Tables (continued)

#### Class D Income

	30.11.18 (pence per share)	30.11.17 (pence per share)	30.11.16 (pence per share)
<b>Change in Net Asset Value Per Share</b>			
Opening net asset value per share	113.57	111.85	108.52
Return before operating charges*	(2.18)	5.05	6.93
Operating charges (calculated on average price)	(1.72)	(1.77)	(1.74)
Return after operating charges*	(3.90)	3.28	5.19
Distributions on income shares	(1.78)	(1.56)	(1.86)
Closing net asset value per share	107.89	113.57	111.85
* After direct transaction costs of: <sup>1</sup>	0.02	0.03	0.04

#### Performance

Return after charges <sup>2</sup>	(3.43)%	2.93%	4.78%
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#### Other Information

Closing net asset value (£'000)	546	581	898
Closing number of shares	506,128	511,790	803,045
Operating charges <sup>3</sup>	1.53%	1.55%	1.59%
Direct transaction costs	0.02%	0.02%	0.04%

#### Prices

Highest share price	115.30	115.27	115.02
Lowest share price	108.20	111.31	103.01

<sup>1</sup> Direct transaction costs are stated after deducting the proportion of the amounts collected from dilution adjustments or dilution levies that relate to direct transaction costs. A negative transaction costs figure might arise where there is a timing difference between inflows and the settlement of the resultant purchases.

<sup>2</sup> The return after charges is calculated as the return after operating charges per share divided by the opening net asset value per share.

<sup>3</sup> Operating charges, otherwise known as the OCF is the ratio of the Sub-fund's total disclosable costs (excluding securities lending fees and overdraft interest) to the average net assets of the Sub-fund. The OCF is intended to provide a reliable figure which gives the most accurate measure of what it costs to invest in a Sub-fund and is calculated based on the last period's figures. Included within the OCF are synthetic costs which includes the OCF of the underlying funds weighted on the basis of their investment proportion. A detailed breakdown of the OCF per share class is shown on page 293.

# 7IM AAP MODERATELY CAUTIOUS FUND

## FUND INFORMATION (continued)

### Comparative Tables (continued)

#### Class D Accumulation

	30.11.18 (pence per share)	30.11.17 (pence per share)	30.11.16 (pence per share)
<b>Change in Net Asset Value Per Share</b>			
Opening net asset value per share	137.95	134.01	127.89
Return before operating charges*	(2.68)	6.06	8.19
Operating charges (calculated on average price)	(2.10)	(2.12)	(2.07)
Return after operating charges*	(4.78)	3.94	6.12
Distributions	(2.17)	(1.88)	(2.17)
Retained distributions on accumulation shares	2.17	1.88	2.17
Closing net asset value per share	133.17	137.95	134.01
* After direct transaction costs of: <sup>1</sup>	0.03	0.03	0.05

#### Performance

Return after charges <sup>2</sup>	(3.47)%	2.94%	4.79%
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#### Other Information

Closing net asset value (£'000)	36,918	42,993	46,078
Closing number of shares	27,722,615	31,166,252	34,384,454
Operating charges <sup>3</sup>	1.53%	1.55%	1.59%
Direct transaction costs	0.02%	0.02%	0.04%

#### Prices

Highest share price	140.05	138.84	136.63
Lowest share price	132.41	133.59	121.34

<sup>1</sup> Direct transaction costs are stated after deducting the proportion of the amounts collected from dilution adjustments or dilution levies that relate to direct transaction costs. A negative transaction costs figure might arise where there is a timing difference between inflows and the settlement of the resultant purchases.

<sup>2</sup> The return after charges is calculated as the return after operating charges per share divided by the opening net asset value per share.

<sup>3</sup> Operating charges, otherwise known as the OCF is the ratio of the Sub-fund's total disclosable costs (excluding securities lending fees and overdraft interest) to the average net assets of the Sub-fund. The OCF is intended to provide a reliable figure which gives the most accurate measure of what it costs to invest in a Sub-fund and is calculated based on the last period's figures. Included within the OCF are synthetic costs which includes the OCF of the underlying funds weighted on the basis of their investment proportion. A detailed breakdown of the OCF per share class is shown on page 293.

# 7IM AAP MODERATELY CAUTIOUS FUND

## FUND INFORMATION (continued)

### Comparative Tables (continued)

#### Class O Accumulation

	30.11.18 (pence per share)	30.11.17 (pence per share)	30.11.16 (pence per share)
<b>Change in Net Asset Value Per Share</b>			
Opening net asset value per share	–	–	127.06
Return before operating charges*	–	–	8.41
Operating charges (calculated on average price)	–	–	(2.18)
Return after operating charges*	–	–	6.23
Distributions	–	–	(1.01)
Retained distributions on accumulation shares	–	–	1.01
Last quoted share price <sup>1</sup>	–	–	133.29
Closing net asset value per share	–	–	–
* After direct transaction costs of: <sup>2</sup>	0.00	0.00	0.05

#### Performance

Return after charges <sup>3</sup>	–%	–%	4.90%
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#### Other Information

Closing net asset value (£'000)	–	–	–
Closing number of shares	–	–	–
Operating charges <sup>4</sup>	–%	–%	1.69%
Performance fees	–	–	–
Direct transaction costs	–%	–%	0.04%

#### Prices

Highest share price	–	–	135.65
Lowest share price	–	–	120.54

<sup>1</sup> As at the year end date, there are no shares in issue. Share class performance provided is as at 30 November 2016 being the last quoted price date before shares were reduced to zero.

<sup>2</sup> Direct transaction costs are stated after deducting the proportion of the amounts collected from dilution adjustments or dilution levies that relate to direct transaction costs. A negative transaction costs figure might arise where there is a timing difference between inflows and the settlement of the resultant purchases.

<sup>3</sup> The return after charges is calculated as the return after operating charges per share divided by the opening net asset value per share.

<sup>4</sup> Operating charges, otherwise known as the OCF is the ratio of the Sub-fund's total disclosable costs (excluding securities lending fees and overdraft interest) to the average net assets of the Sub-fund. The OCF is intended to provide a reliable figure which gives the most accurate measure of what it costs to invest in a Sub-fund and is calculated based on the last period's figures. Included within the OCF are synthetic costs which includes the OCF of the underlying funds weighted on the basis of their investment proportion. A detailed breakdown of the OCF per share class is shown on page 293.

# 7IM AAP MODERATELY CAUTIOUS FUND

## FUND INFORMATION (continued)

### Comparative Tables (continued)

#### Class S Income

	30.11.18 (pence per share)	30.11.17 (pence per share)	30.11.16 (pence per share)
<b>Change in Net Asset Value Per Share</b>			
Opening net asset value per share	110.01	107.32	103.10
Return before operating charges*	(2.39)	4.60	6.35
Operating charges (calculated on average price)	(0.42)	(0.44)	(0.46)
Return after operating charges*	(2.81)	4.16	5.89
Distributions on income shares	(1.73)	(1.47)	(1.67)
Closing net asset value per share	105.47	110.01	107.32
* After direct transaction costs of: <sup>1</sup>	0.02	0.02	0.04

#### Performance

Return after charges <sup>2</sup>	(2.55)%	3.88%	5.71%
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#### Other Information

Closing net asset value (£'000)	13,877	14,221	12,263
Closing number of shares	13,156,936	12,926,556	11,425,765
Operating charges <sup>3</sup>	0.38%	0.40%	0.44%
Direct transaction costs	0.02%	0.02%	0.04%

#### Prices

Highest share price	111.82	111.37	110.21
Lowest share price	105.79	108.60	98.00

<sup>1</sup> Direct transaction costs are stated after deducting the proportion of the amounts collected from dilution adjustments or dilution levies that relate to direct transaction costs. A negative transaction costs figure might arise where there is a timing difference between inflows and the settlement of the resultant purchases.

<sup>2</sup> The return after charges is calculated as the return after operating charges per share divided by the opening net asset value per share.

<sup>3</sup> Operating charges, otherwise known as the OCF is the ratio of the Sub-fund's total disclosable costs (excluding securities lending fees and overdraft interest) to the average net assets of the Sub-fund. The OCF is intended to provide a reliable figure which gives the most accurate measure of what it costs to invest in a Sub-fund and is calculated based on the last period's figures. Included within the OCF are synthetic costs which includes the OCF of the underlying funds weighted on the basis of their investment proportion. A detailed breakdown of the OCF per share class is shown on page 293.

# 7IM AAP MODERATELY CAUTIOUS FUND

## FUND INFORMATION (continued)

### Comparative Tables (continued)

#### Class S Accumulation

	30.11.18 (pence per share)	30.11.17 (pence per share)	30.11.16 (pence per share)
<b>Change in Net Asset Value Per Share</b>			
Opening net asset value per share	117.00	112.62	106.49
Return before operating charges*	(2.58)	4.84	6.61
Operating charges (calculated on average price)	(0.44)	(0.46)	(0.48)
Return after operating charges*	(3.02)	4.38	6.13
Distributions	(1.85)	(1.55)	(1.73)
Retained distributions on accumulation shares	1.85	1.55	1.73
Closing net asset value per share	113.98	117.00	112.62
* After direct transaction costs of: <sup>1</sup>	0.02	0.03	0.04

#### Performance

Return after charges <sup>2</sup>	(2.58)%	3.89%	5.76%
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#### Other Information

Closing net asset value (£'000)	100,158	125,771	114,913
Closing number of shares	87,870,256	107,500,881	102,037,789
Operating charges <sup>3</sup>	0.38%	0.40%	0.44%
Direct transaction costs	0.02%	0.02%	0.04%

#### Prices

Highest share price	118.92	117.61	114.70
Lowest share price	113.32	112.28	101.22

<sup>1</sup> Direct transaction costs are stated after deducting the proportion of the amounts collected from dilution adjustments or dilution levies that relate to direct transaction costs. A negative transaction costs figure might arise where there is a timing difference between inflows and the settlement of the resultant purchases.

<sup>2</sup> The return after charges is calculated as the return after operating charges per share divided by the opening net asset value per share.

<sup>3</sup> Operating charges, otherwise known as the OCF is the ratio of the Sub-fund's total disclosable costs (excluding securities lending fees and overdraft interest) to the average net assets of the Sub-fund. The OCF is intended to provide a reliable figure which gives the most accurate measure of what it costs to invest in a Sub-fund and is calculated based on the last period's figures. Included within the OCF are synthetic costs which includes the OCF of the underlying funds weighted on the basis of their investment proportion. A detailed breakdown of the OCF per share class is shown on page 293.

## 7IM AAP MODERATELY CAUTIOUS FUND

### FUND INFORMATION (continued)

#### Ongoing Charges Figures

As at 30 November 2018

	<b>Class A</b>	<b>Class C</b>	<b>Class D</b>	<b>Class S</b>
ACD's periodic charge	1.00%	0.50%	1.40%	0.25%
Other expenses	0.04%	0.04%	0.04%	0.04%
	1.04%	0.54%	1.44%	0.29%
Collective investment scheme costs	0.09%	0.09%	0.09%	0.09%
Ongoing Charges Figure	1.13%	0.63%	1.53%	0.38%

As at 30 November 2017

	<b>Class A</b>	<b>Class C</b>	<b>Class D</b>	<b>Class S</b>
ACD's periodic charge	1.00%	0.50%	1.40%	0.25%
Other expenses	0.04%	0.04%	0.04%	0.04%
	1.04%	0.54%	1.44%	0.29%
Collective investment scheme costs	0.11%	0.11%	0.11%	0.11%
Ongoing Charges Figure	1.15%	0.65%	1.55%	0.40%

The Ongoing Charges Figure ('OCF') represents the total operating expenses of the Sub-fund, expressed as a percentage of the average net assets during the accounting year.

The collective investment scheme costs represent the OCFs, or a reasonable substitute, of the underlying funds which are held as portfolio investments. Their inclusion has been calculated on a weighted basis against the Sub-fund's net assets at the balance sheet date.

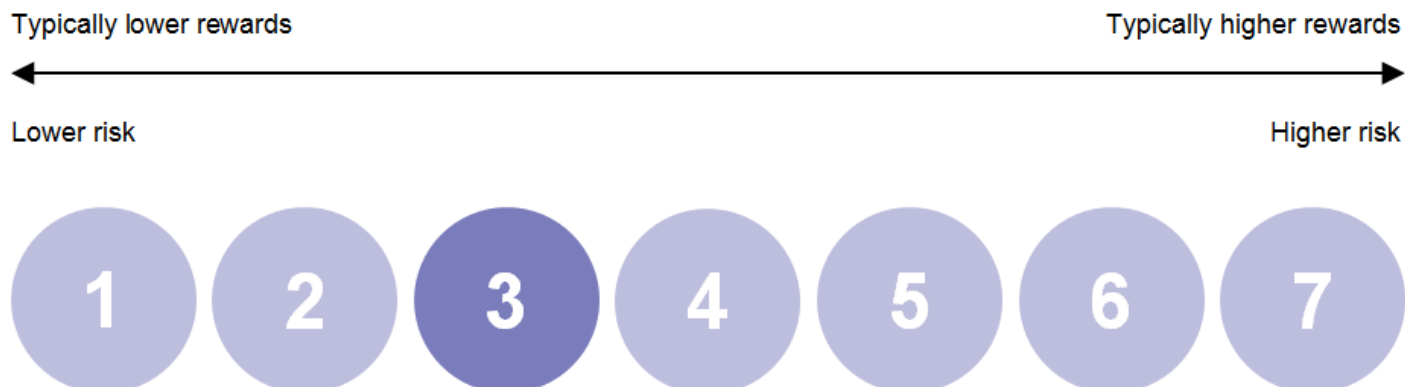
The Sub-fund undertakes securities lending and receives 70% of the revenue generated and the remaining 30% is received by Northern Trust as the securities lending agent. As securities lending revenue sharing does not increase the costs of running the Sub-fund, this has been excluded from the Other expenses and thus excluded from the Ongoing Charges Figures.



# 7IM AAP MODERATELY CAUTIOUS FUND

## FUND INFORMATION (continued)

### Synthetic Risk and Reward Indicator



This indicator shows how much a sub-fund has risen and fallen in the past, and therefore how much a fund’s returns have varied. It is a measure of a fund’s volatility. The higher a sub-fund’s past volatility the higher the number on the scale and the greater the risk that investors in that sub-fund may have made losses as well as gains. The lowest number on the scale does not mean that a sub-fund is risk free.

This indicator is based on historical data and may not be a reliable indication of the future risk profile of this Sub-fund. The risk and reward profile shown is not guaranteed to remain the same and may change over time.

The risk and reward indicator shown above is as at the date of publication of the annual report and financial statements, the risk and reward indicator as at the year end date 30 November 2018 was 3.

### Fund performance to 30 November 2018 (%)

	<b>1 year</b>	<b>3 years</b>	<b>5 years</b>
7IM AAP Moderately Cautious Fund <sup>1</sup>	(2.90)	6.13	13.57

<sup>1</sup> Source: Bloomberg

The performance of the Sub-fund is based on the published price per ‘C’ Accumulation share which includes reinvested income.

Details of the distributions per share for the period are shown in the Distribution Tables on pages 318 to 320.

# 7IM AAP MODERATELY CAUTIOUS FUND

## PORTFOLIO STATEMENT

as at 30 November 2018

Holding	Portfolio of Investment	Value	30.11.18
		£	%
	<b>ALTERNATIVES 16.34% (25.14%)</b>		
	<b>Alternative Strategies 14.17% (19.27%)</b>		
1,493	Absolute Return Trust <sup>1</sup>	–	–
154,637	AQR Managed Futures UCITS Fund 'G' <sup>2</sup>	10,788,795	1.62
17,182	Bank of America Merrill Lynch Vortex Alpha Index 29/09/2020 <sup>3</sup>	14,128,645	2.12
31,200,000	BNP Paribas DR Alpha ex-Agriculture & Livestock Index 2021 <sup>3</sup>	24,690,927	3.71
27,770,000	Credit Suisse International ARP Custom 7 Index <sup>3</sup>	19,185,356	2.88
1,263,843	Dexion Absolute EUR <sup>1</sup>	–	–
47,697	Dexion Equity Alternative <sup>1</sup>	–	–
40,421,959	F&C Global Equity Market Neutral 3 Acc <sup>2</sup>	24,855,463	3.73
7,720	Goldman Sachs International Warrants 31/12/2049 <sup>3</sup>	77	–
(163)	S&P 500 Index Put Options 1950 Mar 2019 <sup>4</sup>	(56,229)	(0.01)
163	S&P 500 Index Put Options 2600 Mar 2019 <sup>4</sup>	752,701	0.12
7,722	Societe Generale Warrants 29/11/2018 <sup>3</sup>	–	–
		<b>94,345,735</b>	<b>14.17</b>
	<b>Commodities 2.17% (5.87%)</b>		
19,441,000	BNP Paribas Enhanced Benchmark Commodity Index 2023 <sup>3</sup>	<b>14,411,183</b>	<b>2.17</b>
	<b>CASH 3.75% (12.35%)</b>		
24,973,000	Northern Trust Global Sterling Fund <sup>2</sup>	<b>24,973,000</b>	<b>3.75</b>
	<b>DEBT SECURITIES 65.51% (49.02%)</b>		
	<b>Convertible Bonds 3.16% (2.93%)</b>		
1,902	NN (L) Global Convertible Bond Acc <sup>2</sup>	7,340,084	1.10
60,273	NN (L) Global Convertible Opportunities Acc <sup>2</sup>	7,318,731	1.10
236,591	SSgA SPDR Thomson Reuters Global Convertible Bond UCITS ETF <sup>2</sup>	6,358,556	0.96
		<b>21,017,371</b>	<b>3.16</b>
	<b>Emerging Market Bonds 6.21% (6.85%)</b>		
43,540,259	Legal & General Emerging Markets Government Bond Local Currency Index Fund Acc <sup>2</sup>	27,735,145	4.17
20,866,613	Legal & General Emerging Markets Government Bond USD Index Fund <sup>2</sup>	13,611,291	2.04
		<b>41,346,436</b>	<b>6.21</b>
	<b>Gilts 6.76% (3.35%)</b>		
£1,872,000	Kingdom of Belgium 1.125% 2018	1,872,191	0.28
£2,607,000	Tennessee Valley Authority 5.35% 2021	2,852,741	0.43
£3,745,023	UK Gilt 1.75% 2019	3,768,268	0.57
£3,745,023	UK Gilt 3.75% 2020	3,941,262	0.59
£3,745,023	UK Gilt 3.75% 2021	4,049,381	0.61
£9,712,991	UK Gilt 4.00% 2022	10,712,681	1.61
£3,410,000	UK Gilt 4.25% 2046	5,010,692	0.75
£2,790,000	UK Gilt 4.25% 2055	4,448,661	0.67
£6,040,000	UK Gilt 4.50% 2034	8,324,328	1.25
		<b>44,980,205</b>	<b>6.76</b>
	<b>Global Corporate Bonds 8.12% (4.25%)</b>		
27,450,939	BlackRock Overseas Corporate Bond Tracker <sup>2</sup>	40,490,136	6.08

# 7IM AAP MODERATELY CAUTIOUS FUND

## PORTFOLIO STATEMENT (continued)

as at 30 November 2018

Holding	Portfolio of Investment	Value £	30.11.18 %
<b>Global Corporate Bonds (continued)</b>			
127,241	Robeco QI Global Multi-Factor Credits <sup>2</sup>	13,575,304	2.04
		<b>54,065,440</b>	<b>8.12</b>
<b>Global Government Bonds 12.27% (11.92%)</b>			
€2,702,000	Bundesrepublik Deutschland 0.25% 2027	2,434,382	0.37
€4,390,000	Bundesrepublik Deutschland 2.25% 2021	4,218,882	0.63
€759,000	Bundesrepublik Deutschland 2.5% 2046	931,668	0.14
€928,000	Bundesrepublik Deutschland 4% 2037	1,287,853	0.19
€3,063,000	France Government 3% 2022	3,041,326	0.46
€936,000	France Government 5.75% 2032	1,355,980	0.20
€1,404,000	French Republic 2.75% 2027	1,496,982	0.23
€850,000	French Republic 3.25% 2045	1,039,660	0.16
€2,920,000	Italy Buoni Polien 3.75% 2021	2,754,556	0.41
€600,000	Italy Buoni Polien 5% 2040	623,154	0.09
€1,234,000	Italy Buoni Polien 5.25% 2029	1,297,338	0.20
€1,146,000	Italy Buoni Polien 6% 2031	1,286,864	0.19
¥1,700,000,000	Japan Government 0.1% 2021	11,806,235	1.77
¥970,000,000	Japan Government 0.1% 2027	6,744,137	1.01
¥850,000,000	Japan Government 0.4% 2036	5,798,196	0.87
¥437,000,000	Japan Government 0.9% 2057	2,979,476	0.45
€510,000	Spain Government 4.7% 2041	634,549	0.10
€552,000	Spain Government 5.75% 2032	721,121	0.11
€1,530,000	Spain Government 5.85% 2022	1,612,432	0.24
€722,000	Spain Government 6% 2029	913,802	0.14
US\$8,110,000	US Treasury Notes 1.625% 2026	5,787,284	0.87
US\$13,800,000	US Treasury Notes 2.375% 2023	10,613,470	1.59
US\$6,600,000	US Treasury Notes 2.5% 2045	4,423,138	0.66
US\$10,000,000	US Treasury Notes 3.5% 2020	7,917,851	1.19
		<b>81,720,336</b>	<b>12.27</b>
<b>Global High Yield Bonds 4.52% (5.01%)</b>			
1,819	Most Diversified TOBAM Anti-Benchmark Global High Yield <sup>2</sup>	15,047,489	2.26
32,396	PIMCO Short-Term High Yield Corporate Source <sup>2</sup>	2,496,943	0.37
128,321	Robeco Quant High Yield <sup>2</sup>	12,580,539	1.89
		<b>30,124,971</b>	<b>4.52</b>
<b>Global Inflation Linked Bonds 4.49% (0.00%)</b>			
2,971,522	iShares Global Inflation-Linked Bond Index <sup>2</sup>	<b>29,927,220</b>	<b>4.49</b>
<b>Short Term Sterling Bonds 17.68% (9.68%)</b>			
£750,000	ASB Finance FRN 2020	750,946	0.11
£7,155,000	Bank Nederlandse Gemeenten 1.00% 2022	7,090,033	1.06
£5,855,000	Bank of Nova Scotia FRN 2023	5,820,280	0.87
£5,100,000	Bayerische Landesbank 1.25% 2021	5,063,397	0.76
£7,850,000	Commonwealth Bank of Australia 1.125% 2021	7,780,119	1.17
£5,618,000	Deutsche Bahn Finance 2.75% 2022	5,861,327	0.88
£2,700,000	DNB Bank 4.25% 2020	2,782,661	0.42
£5,000,000	European Investment Bank 2.50% 2022	5,229,500	0.79
£8,100,000	FMS Wertmanagement 0.875% 2022	8,020,215	1.20
£2,117,000	ING Bank 5.375% 2021	2,301,458	0.35
£2,631,000	International Bank for Reconstruction & Development 5.4% 2021	2,911,938	0.44
£3,000,000	Lloyds Bank 1.75% 2022	3,031,590	0.46

# 7IM AAP MODERATELY CAUTIOUS FUND

## PORTFOLIO STATEMENT (continued)

as at 30 November 2018

Holding	Portfolio of Investment	Value £	30.11.18 %
<b>Short Term Sterling Bonds (continued)</b>			
£2,124,000	Municipality Finance 1.25% 2022	2,126,402	0.32
£8,500,000	National Australia Bank 1.875% 2020	8,543,690	1.28
£4,000,000	Nordea Bank 2.375% 2022	4,074,944	0.61
£2,000,000	NRW Bank 1.00% 2022	1,979,536	0.30
£3,000,000	Oversea-Chinese Banking FRN 2023	2,977,653	0.45
£7,000,000	Rabobank Nederland 2.25% 2022	7,107,737	1.07
£5,044,000	Royal Bank of Canada 1.125% 2021	4,999,734	0.75
£2,000,000	Santander UK FRN 2020	1,998,880	0.30
£9,000,000	Santander UK FRN 2022	8,955,738	1.34
£2,582,000	SpareBank 1 Boligkreditt AS FRN 2022	2,571,385	0.39
£561,000	Total Capital International FRN 2019	561,285	0.08
£4,000,000	Westpac Banking 2.625% 2022	4,115,104	0.62
£8,000,000	Westpac Banking FRN 2023	7,949,792	1.19
£3,075,000	Westpac Securities NZ 2.50% 2021	3,130,344	0.47
		<b>117,735,688</b>	<b>17.68</b>
<b>Sterling Corporate Bonds 2.30% (5.03%)</b>			
£4,700,000	Barclays Bank UK FRN 2023	4,666,921	0.70
£6,200,000	European Investment Bank 0.875% 2021	6,170,984	0.93
£1,100,000	International Bank for Reconstruction & Development 0.375% 2021	1,080,946	0.16
£3,400,000	Toronto-Dominion Bank FRN 2023	3,377,125	0.51
		<b>15,295,976</b>	<b>2.30</b>
<b>EQUITY 14.80% (13.04%)</b>			
<b>Asia &amp; Emerging Markets 2.24% (1.21%)</b>			
1,591,635	7IM Emerging Markets Equity Value Fund 'Z' Inc <sup>2,5</sup>	1,840,726	0.28
1,687	Most Diversified TOBAM Anti-Benchmark Emerging Markets <sup>2</sup>	13,321,402	2.00
180	MSCI AC Asia ex Japan Futures December 2018 <sup>4</sup>	(226,965)	(0.04)
		<b>14,935,163</b>	<b>2.24</b>
<b>Europe (ex UK) 2.03% (3.99%)</b>			
6,239,652	7IM European (ex UK) Equity Value Fund 'Z' Inc <sup>2,5</sup>	6,914,782	1.04
1,781	ABB	28,234	0.01
47,020	Aegon	203,847	0.03
79	Aena SME	9,958	—
172	AerCap	7,093	—
260	Ageas	9,893	—
6,270	Amadeus IT Group	357,403	0.05
362	Anheuser-Busch InBev	22,045	—
5	AP Moeller - Maersk 'A'	5,200	—
963	ArcelorMittal	16,909	—
984	Atlas Copco	18,600	—
581	Atlas Copco 'B'	10,169	—
68	Baloise	7,820	—
13	Barry Callebaut	17,504	—
4,262	Bayer	247,084	0.04
200	Bayerische Motoren Werke	11,224	—
3,670	Bayerische Motoren Werke 'A'	234,030	0.04
9,790	BNP Paribas	385,547	0.06
19,024	Boliden	334,383	0.05
602	Compagnie De St-Gobain	17,431	—
888	Covestro	39,598	0.01

## 7IM AAP MODERATELY CAUTIOUS FUND

### PORTFOLIO STATEMENT (continued)

as at 30 November 2018

Holding	Portfolio of Investment	Value £	30.11.18 %
	<b>Europe (ex UK) (continued)</b>		
930	Daimler	40,551	0.01
1,028	Danske Bank	15,929	–
68	Dassault Aviation	81,839	0.01
18,142	Deutsche Lufthansa	347,406	0.05
28,373	Deutsche Telekom	390,039	0.06
1,227	DNB	16,515	–
274	Eiffage	20,704	–
413	Endesa	7,231	–
23,381	Engie	260,342	0.04
21,294	Eni	271,236	0.04
4,512	Ericsson 'B'	29,830	0.01
1,941	Euro Stoxx 50 Equity Index Futures December 2020 <sup>4</sup>	190,343	0.03
1,891	Fiat Chrysler Automobiles	24,529	–
81	Genmab	9,648	–
1,783	H Lundbeck	57,214	0.01
298	Hexagon	11,772	–
674	Holcim	23,620	–
12,207	Iberdrola	71,694	0.01
10,374	International Consolidated Airlines	64,757	0.01
599	Investor 'B'	20,281	–
292	Klepierre	7,453	–
15,556	Koninklijke Ahold Delhaize	314,805	0.05
113	L'Oreal	20,954	–
643	Muenchener Rueckversicherungs	109,860	0.02
411	NN Group	13,817	–
1,556	Nordea Bank	10,925	–
4,041	Novartis	288,627	0.04
2,059	Pernod Ricard	259,827	0.04
947	Peugeot	16,138	–
193	Porsche Automobil	9,587	–
1,943	Renault	106,269	0.02
7,855	Repsol	106,511	0.02
1,819	Roche Holding	364,315	0.06
710	Sandvik	8,180	–
2,721	Sanofi	192,556	0.03
533	SES	8,862	–
926	Societe Generale	26,644	0.01
396	Swiss Life	122,009	0.02
106	Swiss Prime Site	6,841	–
2,469	Swiss Re	176,154	0.03
1,812	Terna Rete Elettrica Nazionale	7,982	–
1,842	Total	80,481	0.01
128	Ubisoft Entertainment	8,125	–
4,960	Uniper	101,480	0.02
6,972	UPM-Kymmene	148,488	0.02
1,041	Vestas Wind Systems	61,573	0.01
710	Vinci	48,751	0.01
45	Volkswagen	5,769	–
1,090	Volvo 'B'	11,767	–
380	Wolters Kluwer	18,171	–
137	Zurich Insurance Group	33,611	0.01
		<b>13,550,766</b>	<b>2.03</b>

## 7IM AAP MODERATELY CAUTIOUS FUND

### PORTFOLIO STATEMENT (continued)

as at 30 November 2018

Holding	Portfolio of Investment	Value £	30.11.18 %
	<b>Japan -0.07% (0.40%)</b>		
308	TOPIX Index Futures December 2018 <sup>4</sup>	<b>(493,694)</b>	<b>(0.07)</b>
	<b>North America 2.95% (3.17%)</b>		
4,324,691	7IM US Equity Value Fund 'Z' Inc <sup>2,5</sup>	5,974,561	0.90
35	Abiomed	9,107	–
6,679	Activision Blizzard	275,172	0.04
2,571	Adobe Systems	502,066	0.08
892	Affiliated Managers	78,018	0.01
287	Agnc Investment	3,987	–
280	Allergan	34,070	0.01
264	Alphabet 'C'	225,229	0.03
1,592	Altria	69,808	0.01
39	Amazon.com	51,162	0.01
690	American International Group	23,499	–
3,601	Amgen	571,135	0.09
1,001	Annaly Capital Management	7,887	–
210	Anthem	48,107	0.01
1,375	Apple	193,546	0.03
840	Applied Materials	24,064	–
196	Aptiv	10,987	–
44	Assurant	3,373	–
109	AvalonBay Communities	16,072	–
211	Best Buy	10,594	–
787	Biogen	201,479	0.03
168	Boeing	45,097	0.01
43	Booking Holdings	62,878	0.01
161	Broadcom	29,761	0.01
2,449	Cadence Design Systems	84,712	0.01
2,769	Capital One Financial	192,886	0.03
3,460	Celgene	190,293	0.03
3,589	Chevron	334,392	0.05
471	Cigna	82,169	0.01
4,851	Cisco Systems	180,044	0.03
2,103	Citigroup	106,988	0.02
721	Citizens Financial Group	20,367	–
697	Colgate-Palmolive	34,437	0.01
19,703	Comcast 'A'	608,932	0.09
1,402	ConocoPhillips	73,513	0.01
78	Continental Resources	2,836	–
3,721	CSX	209,344	0.03
129	Cummins	14,985	–
173	CVS Health	10,824	–
553	Dell Technologies 'V'	45,953	0.01
72	Duke Energy	4,944	–
352	Eaton	20,976	–
5,820	eBay	134,652	0.02
249	Electronic Arts	16,865	–
804	Eli Lilly & Company	73,725	0.01
8,689	Emerson Electric	458,531	0.07
416	EOG Resources	34,402	0.01
203	Estee Lauder	22,519	–
4,781	Evergy	220,514	0.03
1,707	Exxon Mobil	105,806	0.02
396	F5 Networks	53,872	0.01
1,761	FNF	45,809	0.01
2,917	Ford Motor	21,429	–
			299

## 7IM AAP MODERATELY CAUTIOUS FUND

### PORTFOLIO STATEMENT (continued)

as at 30 November 2018

Holding	Portfolio of Investment	Value £	30.11.18 %
	<b>North America (continued)</b>		
3,210	Fortinet	185,981	0.03
32,676	Freeport-McMoRan	302,551	0.05
192	Gap	4,010	–
57	Garrett Motion	517	–
336	General Motors	9,686	–
9,295	Gilead Sciences	507,782	0.08
358	HCP	8,083	–
638	Honeywell International	72,909	0.01
1,707	Humana	441,946	0.07
11,845	Intel	442,876	0.07
3,053	Intuit	500,711	0.08
76	JM Smucker	6,162	–
8,693	Juniper Networks	194,783	0.03
315	Kimco Realty	3,932	–
1,295	Kinder Morgan	17,128	–
107	KLA-Tencor	8,110	–
1,348	Las Vegas Sands	57,545	0.01
443	Liberty Global	8,457	–
119	Liberty Property Trust	4,141	–
4,659	Lincoln National	228,183	0.04
269	LyondellBasell Industries	19,618	–
226	Maxim Integrated Products	9,805	–
1,375	Merck & Co	83,988	0.01
728	MetLife	25,336	–
11,028	Michael Kors Holdings	378,609	0.06
16,082	Micron Technology	477,984	0.07
493	Microsoft	42,586	0.01
1,856	Molson Coors Brewing	93,608	0.01
1,453	Mondelez International	50,727	0.01
226	NetApp	11,941	–
392	Newell Rubbermaid	7,314	–
404	Newmont Mining	10,243	–
571	NextEra Energy	79,291	0.01
1,163	Nike	67,783	0.01
1,748	NXP Semiconductors	113,610	0.02
8,285	Occidental Petroleum	460,660	0.07
459	OGE Energy	13,998	–
2,634	Oracle	98,917	0.02
76	Palo Alto Networks	10,496	–
6,464	Pentair	215,129	0.03
4,764	Pfizer	169,980	0.03
430	PG&E	9,028	–
1,308	Philip Morris International	89,206	0.01
5,097	PNC Financial Services Group	534,116	0.08
1,704	Procter & Gamble	124,003	0.02
237	Prologis	12,483	–
2,032	Prudential Financial	147,951	0.02
1,158	Qualcomm	52,757	0.01
42	Ralph Lauren	3,665	–
917	Regions Financial	11,654	–
104	Robert Half International	5,036	–
99	Rockwell Automation	13,331	–
143	Royal Caribbean Cruises	12,514	–
377	S&P 500 E-mini Futures December 2018 <sup>4</sup>	(2,138,936)	(0.32)
619	Salesforce.com	67,825	0.01
155	Skyworks Solutions	8,655	–

# 7IM AAP MODERATELY CAUTIOUS FUND

## PORTFOLIO STATEMENT (continued)

as at 30 November 2018

Holding	Portfolio of Investment	Value £	30.11.18 %
	<b>North America (continued)</b>		
123	Southwest Airlines	5,132	–
21,520	Synchrony Financial	437,992	0.07
114	Synopsys	8,000	–
7,650	Target	426,793	0.06
9,098	T-Mobile	489,744	0.07
4,514	Union Pacific	532,549	0.08
547	UnitedHealth	121,172	0.02
2,347	Unum	66,941	0.01
150	Valero Energy	9,346	–
52,856	Vereit	315,768	0.05
1,106	VMware	139,917	0.02
8,283	Walgreens Boots Alliance	550,944	0.08
2,584	Wal-Mart Stores	197,077	0.03
225	Western Digital	8,028	–
1,380	WestRock	50,137	0.01
		<b>19,638,322</b>	<b>2.95</b>
	<b>United Kingdom 7.65% (4.27%)</b>		
6,673,176	7IM UK Equity Value Fund 'Z' Inc <sup>2,5</sup>	6,916,080	1.04
20,440	Anglo American	322,053	0.05
102,994	Antofagasta	833,427	0.13
5,203	Associated British Foods	127,005	0.02
5,052	AstraZeneca	310,799	0.05
153,979	Auto Trader Group	675,968	0.10
230,620	Aviva	933,780	0.14
3,627	Babcock International	20,892	–
14,271	Barratt Developments	65,447	0.01
1,616	Berkeley Group	51,680	0.01
27,550	BHP	417,162	0.06
423,127	BP	2,201,107	0.33
9,763	British American Tobacco	266,579	0.04
11,583	British Land	64,262	0.01
5,319	Bunzl	129,890	0.02
6,038	Burberry	107,778	0.02
8,665	Carnival	397,290	0.06
217,304	Centrica	298,902	0.04
144,762	ConvaTec Group	219,749	0.03
6,202	Diageo	175,362	0.03
70,214	Direct Line Insurance Group	229,108	0.03
489	FTSE 100 Index Futures December 2018 <sup>4</sup>	(1,715,667)	(0.26)
160,525	G4S	311,418	0.05
73,206	GlaxoSmithKline	1,172,760	0.18
167,933	HSBC Holdings	1,109,030	0.17
44,291	Imperial Tobacco Group	1,057,891	0.16
3,350	Intertek Group	160,130	0.02
231,243	J Sainsbury	705,291	0.11
10,450	Land Securities	84,938	0.01
246,804	Legal & General Group	604,670	0.09
10,040	London Stock Exchange	407,022	0.06
148,508	Marks & Spencer	440,623	0.07
25,045	Mediclinic International	89,836	0.01
147,605	Meggitt	766,660	0.12
6,372	Micro Focus International	98,511	0.01
43,864	National Grid	366,396	0.05
18,717	Pearson	181,106	0.03



## 7IM AAP MODERATELY CAUTIOUS FUND

### PORTFOLIO STATEMENT (continued)

as at 30 November 2018

Holding	Portfolio of Investment	Value £	30.11.18 %
<b>United Kingdom (continued)</b>			
38,085	Persimmon	728,185	0.11
12,834	Randgold Resources	814,702	0.12
2,304	Reckitt Benckiser Group	151,788	0.02
45,253	RELX	746,448	0.11
14,127	Rio Tinto	505,040	0.08
35,920	Royal Dutch Shell 'A'	852,920	0.13
54,701	Royal Dutch Shell 'B'	1,318,841	0.20
139,719	Royal Mail	444,726	0.07
1,754	Schroders	44,709	0.01
13,182	Shire	591,872	0.09
45,824	Smith & Nephew	652,305	0.10
72,134	St James's Place	724,586	0.11
16,759	Standard Chartered	100,688	0.01
119,622	Taylor Wimpey	160,293	0.02
201,656	Tesco	399,178	0.06
15,949	Travis Perkins	174,881	0.03
489	Unilever	20,927	–
677,251	Vanguard FTSE 250 UCITS ETF <sup>2</sup>	19,961,973	3.00
645,833	Vodafone Group	1,085,645	0.16
340,800	WM Morrison Supermarkets	812,978	0.12
3,355	WPP	28,813	–
		<b>50,926,433</b>	<b>7.65</b>
<b>FORWARD CURRENCY CONTRACTS -0.88% (0.71%)</b>			
€3,000,000	Vs £(2,621,610) Expiry 15.02.2019	60,182	0.01
€6,950,000	Vs £(6,172,517) Expiry 15.02.2019	40,299	–
€(48,860,000)	Vs £43,802,013 Expiry 15.02.2019	124,571	0.02
€(10,600,000)	Vs £9,432,198 Expiry 15.02.2019	(43,465)	(0.01)
¥(1,700,000,000)	Vs £11,657,409 Expiry 21.12.2018	(94,631)	(0.02)
¥(3,000,000,000)	Vs £20,262,740 Expiry 21.12.2018	(476,154)	(0.07)
US\$(4,300,000)	Vs £3,345,372 Expiry 18.01.2019	(17,092)	–
US\$(9,900,000)	Vs £7,586,224 Expiry 18.01.2019	(155,261)	(0.02)
US\$(315,240,000)	Vs £239,702,539 Expiry 18.01.2019	(6,805,116)	(1.02)
¥4,237,000,000	Vs £(28,880,104) Expiry 21.12.2018	410,128	0.06
US\$47,800,000	Vs £(36,520,610) Expiry 18.01.2019	857,470	0.13
US\$18,641,000	Vs £(14,395,506) Expiry 18.01.2019	181,163	0.03
US\$3,000,000	Vs £(2,277,673) Expiry 18.01.2019	68,232	0.01
US\$1,248,000	Vs £(976,647) Expiry 18.01.2019	(751)	–
		<b>(5,850,425)</b>	<b>(0.88)</b>
<b>Portfolio of investment</b>		<b>662,650,126</b>	<b>99.52</b>
Net other assets		3,209,588	0.48
<b>Net assets</b>		<b>665,859,714</b>	<b>100.00</b>

Comparative figures shown in brackets relate to 30 November 2017.

All investments are ordinary shares listed on a regulated market unless stated otherwise.

<sup>1</sup> Delisted security

<sup>2</sup> Collective investment scheme

<sup>3</sup> Structured product

<sup>4</sup> Derivative contract

<sup>5</sup> Related party holding (see note 12 of the Financial Statements)

## 7IM AAP MODERATELY CAUTIOUS FUND

### PORTFOLIO STATEMENT (continued)

as at 30 November 2018

<b>Credit Quality</b>	<b>30.11.18</b>	<b>30.11.17</b>
	<b>%</b>	<b>%</b>
Investment grade debt securities	39.01	29.24
Non-rated debt securities	10.88	8.88
Other investments	49.63	62.14
Net other assets/(liabilities)	0.48	(0.26)
	<b>100.00</b>	<b>100.00</b>

## 7IM AAP MODERATELY CAUTIOUS FUND

### STATEMENT OF TOTAL RETURN

for the year ended 30 November 2018

	Notes	£	30.11.18 £	£	30.11.17 £
Income					
Net capital (losses)/gains	4		(28,223,186)		21,827,117
Revenue	5	14,079,362		13,151,247	
Expenses	6	(4,053,275)		(4,319,570)	
Interest payable and similar charges	8	(42,346)		(58,614)	
Net revenue before taxation for the year		9,983,741		8,773,063	
Taxation	7	(1,366,161)		(1,291,578)	
Net revenue after taxation for the year			8,617,580		7,481,485
<b>Total return before distributions</b>			(19,605,606)		29,308,602
Distributions	8		(11,722,953)		(10,776,644)
<b>Change in net assets attributable to shareholders from investment activities</b>			(31,328,559)		18,531,958

### STATEMENT OF CHANGE IN NET ASSETS ATTRIBUTABLE TO SHAREHOLDERS

for the year ended 30 November 2018

	£	30.11.18 £	£	30.11.17 £
<b>Opening net assets attributable to shareholders</b>		794,207,647		811,958,547
Amounts received on creation of shares <sup>1</sup>	131,664,451		212,000,894	
Amounts paid on cancellation of shares <sup>1</sup>	(239,003,575)		(204,990,644)	
Amounts payable on in-specie transactions	–		(52,907,765)	
		(107,339,124)		(45,897,515)
Change in net assets attributable to shareholders from investment activities		(31,328,559)		18,531,958
Retained distribution on accumulation shares		10,319,750		9,612,369
Unclaimed distribution		–		2,288
<b>Closing net assets attributable to shareholders</b>		665,859,714		794,207,647

<sup>1</sup>Stated at mid-market price.

The notes on pages 306 to 317 are an integral part of these Financial Statements.

## 7IM AAP MODERATELY CAUTIOUS FUND

### BALANCE SHEET

as at 30 November 2018

	Notes	30.11.18 £	30.11.17 £
<b>ASSETS</b>			
Fixed assets:			
Investments		674,874,087	797,310,134
Current assets:			
Debtors	9	4,147,178	6,495,339
Cash and bank balances	10	10,730,601	6,592,249
<b>Total assets</b>		<u>689,751,866</u>	<u>810,397,722</u>
<b>LIABILITIES</b>			
Investment liabilities		(12,223,961)	(1,064,413)
Creditors:			
Bank overdrafts	10	(5,067,632)	(10,410,168)
Distribution payable		(493,616)	(503,134)
Other creditors	11	(6,106,943)	(4,212,360)
<b>Total liabilities</b>		<u>(23,892,152)</u>	<u>(16,190,075)</u>
<b>Net assets attributable to shareholders</b>		<u>665,859,714</u>	<u>794,207,647</u>

The notes on pages 306 to 317 are an integral part of these Financial Statements.

# 7IM AAP MODERATELY CAUTIOUS FUND

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 November 2018

### 1 Statement of Compliance

The Sub-fund's Financial Statements have been prepared on the same basis as the Statement of Compliance disclosed on page 10.

### 2 Summary of Significant Accounting Policies

The Sub-fund's Financial Statements have been prepared on the same basis as the Summary of Significant Accounting Policies disclosed on pages 10 to 12.

### 3 Risk Management Policies

The Sub-fund's Risk Management Policies are the same as the Risk Management Policies disclosed on pages 13 to 14.

### 4 Net capital (losses)/gains

	<b>30.11.18</b>	<b>30.11.17</b>
	<b>£</b>	<b>£</b>
The net capital (losses)/gains during the year comprise:		
Non-derivative securities	(7,587,034)	(780,702)
Derivative contracts	(3,102,627)	8,636,371
Forward currency contracts	(18,742,824)	10,164,464
Currency gains	1,113,295	3,749,980
Transaction charges	(31,493)	(26,217)
AMC rebates from underlying investments	127,497	83,221
Net capital (losses)/gains	<u>(28,223,186)</u>	<u>21,827,117</u>

### 5 Revenue

	<b>30.11.18</b>	<b>30.11.17</b>
	<b>£</b>	<b>£</b>
Non-taxable dividends	3,800,432	2,985,873
Taxable dividends	6,250,291	6,710,279
Unfranked interest	3,731,302	3,372,853
AMC rebates from underlying investments	199,753	35,991
Bank interest	12,882	19,479
Stock lending revenue <sup>1</sup>	84,702	26,772
Total revenue	<u>14,079,362</u>	<u>13,151,247</u>

<sup>1</sup> Stock lending revenue is disclosed net of the security agent's share of income.

## 7IM AAP MODERATELY CAUTIOUS FUND

### NOTES TO THE FINANCIAL STATEMENTS (continued) for the year ended 30 November 2018

#### 6 Expenses

	30.11.18 £	30.11.17 £
Payable to the ACD, associates of the ACD and agents of either of them:		
ACD's periodic charge	3,795,086	4,063,936
Other expenses	6,472	6,491
	<u>3,801,558</u>	<u>4,070,427</u>
Payable to the Depositary, associates of the Depositary and agents of either of them:		
Depositary's fees	95,640	101,314
Market risk fees	6,000	6,000
Safe custody and other bank charges	42,187	40,295
	<u>143,827</u>	<u>147,609</u>
Other Expenses:		
Advisory fees	54,681	33,931
Audit fee	8,760	8,760
Dealing and exchange fees	27,669	39,906
FCA and other Regulatory fees	300	275
Legal and professional fees	2,417	829
Printing, postage and distribution costs	9,125	12,118
Risk analysis fees	4,938	5,715
	<u>107,890</u>	<u>101,534</u>
Total expenses	<u>4,053,275</u>	<u>4,319,570</u>

## 7IM AAP MODERATELY CAUTIOUS FUND

### NOTES TO THE FINANCIAL STATEMENTS (continued) for the year ended 30 November 2018

#### 7 Taxation

	30.11.18 £	30.11.17 £
<i>a) Analysis of charge for the year</i>		
Corporation tax at 20%	1,256,836	1,166,244
Overseas tax	108,333	125,334
Irrecoverable CIS income tax	992	–
	<hr/>	<hr/>
Current tax charge (note 7b)	1,366,161	1,291,578
	<hr/>	<hr/>
Total taxation	1,366,161	1,291,578
<i>b) Factors affecting current tax charge for the year</i>		
The tax assessed for the year differs from the standard rate of corporation tax in the UK for an authorised fund (20%) (2017: 20%) for the reasons explained below.		
Net revenue before taxation	9,983,741	8,773,063
	<hr/>	<hr/>
Corporation tax at 20%	1,996,748	1,754,613
Effects of:		
AMC rebates taken to capital	25,499	16,644
Double taxation relief expensed	(5,091)	(8,004)
Irrecoverable CIS income tax w/off	992	–
Movement in revenue accruals	(234)	9,692
Non-taxable dividends	(748,235)	(574,532)
Overseas tax	108,333	125,334
Tax on stock dividends	(11,851)	(32,169)
	<hr/>	<hr/>
Current tax charge (note 7a)	1,366,161	1,291,578

#### *c) Deferred tax*

There is no deferred tax provision in the current year (2017: none).

#### 8 Distributions

The distributions take account of revenue received on the issue of shares and revenue deducted on cancellation of shares, and comprise:

	30.11.18 £	30.11.17 £
Interim	5,416,830	5,020,229
Final	5,873,842	5,546,147
	<hr/>	<hr/>
Add: Revenue deducted on cancellation of shares	900,359	775,740
Add: Revenue deducted on in-specie transactions	–	232,945
Deduct: Revenue received on issue of shares	(468,078)	(798,417)
	<hr/>	<hr/>
Net distributions for the year	11,722,953	10,776,644
Interest payable and similar charges	42,346	58,614
	<hr/>	<hr/>
Total distribution	11,765,299	10,835,258

# 7IM AAP MODERATELY CAUTIOUS FUND

## NOTES TO THE FINANCIAL STATEMENTS (continued) for the year ended 30 November 2018

### 8 Distributions (continued)

Details of the distributions per share are set out in the table on pages 80 to 82.

Distributions represented by:

Net revenue after taxation	8,617,580	7,481,485
Allocations to capital:		
Expenses, net of tax relief	3,105,313	3,294,938
Equalisation on conversions <sup>1</sup>	(2)	5
Net movement in revenue account	62	216
Net distributions for the year	<u>11,722,953</u>	<u>10,776,644</u>

<sup>1</sup>Where an investor converts to a class with a higher income yield, the investor will pay or receive an equalisation as if they had held the new class throughout the period from the last distribution to the conversion date. The yield differential at the point of conversion is an equalisation which will be offset by capital erosion for the converted investor.

### 9 Debtors

	30.11.18	30.11.17
	£	£
Amounts receivable for issue of shares	904,651	3,408,728
Accrued revenue	2,883,738	2,719,967
Income tax recoverable	22	1,020
AMC rebates from underlying investments	197,212	192,918
Withholding tax recoverable	161,555	169,853
Prepaid expenses	–	2,853
Total debtors	<u>4,147,178</u>	<u>6,495,339</u>

### 10 Cash and bank balances

	30.11.18	30.11.17
	£	£
Cash and bank balances	5,095,606	6,545,270
Cash held at clearing houses	5,634,995	46,979
Total cash and bank balances	<u>10,730,601</u>	<u>6,592,249</u>
Bank overdrafts	(5,052,248)	(6,380,406)
Cash overdraft at clearing houses	(15,384)	(4,029,762)
Total bank overdrafts	<u>(5,067,632)</u>	<u>(10,410,168)</u>

### 11 Other Creditors

	30.11.18	30.11.17
	£	£
Amounts payable for cancellation of shares	4,559,291	2,692,016
Purchases awaiting settlement	533,346	579,372
Accrued expenses	341,149	377,090
Corporation tax payable	672,836	563,882
Currency deals awaiting settlement	321	–
Total other creditors	<u>6,106,943</u>	<u>4,212,360</u>



## 7IM AAP MODERATELY CAUTIOUS FUND

### NOTES TO THE FINANCIAL STATEMENTS (continued) for the year ended 30 November 2018

#### 12 Related party transactions

ACD's periodic charge and other expenses payable to 7IM (the 'ACD') are disclosed in note 6.

The aggregate monies received by the ACD through the issue of shares and paid on cancellation of shares are disclosed in the Statement of Change in Net Assets Attributable to Shareholders on page 147.

The Sub-fund has the following shareholdings in the 7IM Specialist Investment Funds ICVC:

	Held at 30.11.18	Held at 30.11.17
7IM Emerging Markets Equity Value Fund 'Z' Inc	1,591,635	1,591,635
7IM European (ex UK) Equity Value Fund 'Z' Inc	6,239,652	4,363,693
7IM UK Equity Value Fund 'Z' Inc	6,673,176	2,585,983
7IM US Equity Value Fund 'Z' Inc	4,324,691	4,324,691

A shareholder may be able to exercise significant influence over the financial and operating policies of the Sub-fund and as such is deemed to be a related party. At the balance sheet date the following shareholder held in excess of 20% of the shares in issue of the Sub-fund:

Pershing Nominees Limited 27.21% (2017: 26.56%)

Where the Sub-fund invests in another sub-fund of the ICVC or any other collective investment scheme managed by the ACD it is referenced in the Portfolio Statement of the Sub-fund.

#### 13 Classes of Shares

The Sub-fund has five share classes: 'A', 'C', 'D', 'O' and 'S'. The annual management charge on each class are as follows:

Class A	1.00%
Class C	0.50%
Class D	1.40%
Class O	1.50%
Class S	0.25%

The following table shows the shares in issue during the year:

Class	Opening Shares	Shares Created	Shares Liquidated	Shares Converted	Closing Shares
Class A Income	285,363	–	(43,348)	–	242,015
Class A Accumulation	2,511,681	179,544	(295,756)	(134,769)	2,260,700
Class C Income	45,908,628	6,560,454	(17,972,594)	116,709	34,613,197
Class C Accumulation	370,379,885	66,488,337	(110,946,002)	(394,003)	325,528,217
Class D Income	511,790	10,486	(16,148)	–	506,128
Class D Accumulation	31,166,252	2,622,254	(6,065,891)	–	27,722,615
Class O Accumulation	–	–	–	–	–
Class S Income	12,926,556	4,378,761	(4,148,381)	–	13,156,936
Class S Accumulation	107,500,881	14,469,994	(34,641,190)	540,571	87,870,256

#### 14 Contingent liabilities and commitments

There are no contingent liabilities or unrecorded outstanding commitments at the balance sheet date (2017: none).

#### 15 Risks Disclosures

The main risks from the Sub-fund's holding of financial instruments, together with the ACD's policy for managing these risks are detailed in note 3 on pages 13 to 14. Further analysis and numeric disclosure of interest rate risk, foreign currency risk and derivatives are shown on the next page.

## 7IM AAP MODERATELY CAUTIOUS FUND

### NOTES TO THE FINANCIAL STATEMENTS (continued) for the year ended 30 November 2018

#### 15 Risks Disclosures (continued)

##### i. Interest rate risk

The table below shows the direct interest rate risk profile:

Interest rate exposure as at 30 November 2018

	<b>Floating Rate Financial Assets £</b>	<b>Fixed Rate Financial Assets £</b>	<b>Financial Assets not carrying interest £</b>	<b>Total £</b>
Danish krone	–	–	171,755	171,755
Euro	518,551	25,650,549	14,151,555	40,320,655
Hong Kong dollar	1	–	–	1
Japanese yen	1,068	27,328,044	29,303,861	56,632,973
Norwegian krone	–	–	17,821	17,821
Swedish krona	–	–	455,907	455,907
Swiss franc	26,430	–	1,185,013	1,211,443
US dollar	19,393,384	81,972,498	177,218,571	278,584,453
Pound sterling	74,579,527	138,381,864	526,903,308	739,864,699
	<b>94,518,961</b>	<b>273,332,955</b>	<b>749,407,791</b>	<b>1,117,259,707</b>

	<b>Floating Rate Financial Liabilities £</b>	<b>Financial Liabilities not carrying interest £</b>	<b>Total £</b>
Euro	(517,497)	(53,153,105)	(53,670,602)
Hong Kong dollar	(1)	–	(1)
Japanese yen	(3,209)	(32,984,628)	(32,987,837)
Swiss franc	(26,430)	–	(26,430)
US dollar	(179,238)	(260,033,733)	(260,212,971)
Pound sterling	(4,341,259)	(100,160,893)	(104,502,152)
	<b>(5,067,634)</b>	<b>(446,332,359)</b>	<b>(451,399,993)</b>

Interest rate exposure as at 30 November 2017

	<b>Floating Rate Financial Assets £</b>	<b>Fixed Rate Financial Assets £</b>	<b>Financial Assets not carrying interest £</b>	<b>Total £</b>
Danish krone	–	–	1,730,191	1,730,191
Euro	443,967	–	31,809,963	32,253,930
Japanese yen	–	–	32,309,081	32,309,081
Norwegian krone	–	–	109,246	109,246
Swedish krona	–	–	794,917	794,917
Swiss franc	172,461	–	4,901,294	5,073,755
US dollar	23,936,715	141,462,272	210,169,313	375,568,300
Pound sterling	115,372,160	125,962,716	497,827,902	739,162,778
	<b>139,925,303</b>	<b>267,424,988</b>	<b>779,651,907</b>	<b>1,187,002,198</b>

## 7IM AAP MODERATELY CAUTIOUS FUND

### NOTES TO THE FINANCIAL STATEMENTS (continued) for the year ended 30 November 2018

#### 15 Risks Disclosures (continued)

##### i. Interest rate risk (continued)

	Floating Rate Financial Liabilities £	Financial Liabilities not carrying interest £	Total £
Euro	(443,967)	(14,778,842)	(15,222,809)
Swiss franc	(25,354)	–	(25,354)
US dollar	(117,985)	(332,671,492)	(332,789,477)
Pound sterling	(9,822,862)	(34,934,049)	(44,756,911)
	(10,410,168)	(382,384,383)	(392,794,551)

The floating rate financial assets and liabilities comprise bank balances and bank overdraft positions which earn or pay interest at rates linked to the Bank of England base rate or its international equivalents, index-linked securities that earn interest at rates adjusted by changes in the UK Retail Prices Index (RPI) or its international equivalent and collective investment schemes that pay UK interest distributions.

Currency	Fixed Rate Financial Assets			
	Weighted average interest rate		Weighted average period for which rate is fixed	
	30.11.18 %	30.11.17 %	30.11.18 Years	30.11.17 Years
Euro	0.85	–	9	–
Japanese yen	0.15	–	11	–
Pound sterling	1.30	0.98	5	3
US dollar	1.13	1.52	4	7

The average effective duration of the Sub-fund's portfolio is a measure of the sensitivity of the fair value of the Sub-fund's bond portfolio (excludes all other investments) to changes in market interest rates. As at 30 November 2018, the weighted average effective duration was 3.56 years (30 November 2017 2.24 years).

##### ii. Foreign currency risk

The table below shows the direct foreign currency risk profile:

Foreign currency risk exposure as at 30 November 2018

Currency	Monetary Exposure £	Non-Monetary Exposure £	Total £
Danish krone	22,191	149,564	171,755
Euro	319,830	(13,669,777)	(13,349,947)
Japanese yen	11,489	23,633,647	23,645,136
Norwegian krone	1,306	16,515	17,821
Swedish krona	–	455,907	455,907
Swiss franc	116,278	1,068,735	1,185,013
US dollar	228,561	18,142,921	18,371,482
	699,655	29,797,512	30,497,167
Pound sterling	27,482,932	607,879,615	635,362,547
Net assets	28,182,587	637,677,127	665,859,714

## 7IM AAP MODERATELY CAUTIOUS FUND

### NOTES TO THE FINANCIAL STATEMENTS (continued) for the year ended 30 November 2018

#### 15 Risks Disclosures (continued)

##### ii. Foreign currency risk (continued)

Foreign currency risk exposure as at 30 November 2017

Currency	Monetary Exposure £	Non-Monetary Exposure £	Total £
Danish krone	18,187	1,712,004	1,730,191
Euro	46,047	16,985,074	17,031,121
Japanese yen	–	32,309,081	32,309,081
Norwegian krone	15,089	94,157	109,246
Swedish krona	1,477	793,440	794,917
Swiss franc	236,160	4,812,241	5,048,401
US dollar	99,361	42,679,462	42,778,823
	416,321	99,385,459	99,801,780
Pound sterling	95,601,382	598,804,485	694,405,867
Net assets	96,017,703	698,189,944	794,207,647

##### iii. Derivatives

The derivatives held by the Sub-fund during the year were for the purposes of meeting the investment objectives of the Sub-fund and for efficient portfolio management.

The Sub-fund must at any time, be capable of meeting all of its payment and delivery obligations incurred in respect of its Financial Derivatives Instruments transactions. The Investment Manager uses a risk management technique known as absolute value-at-risk ('VaR') to measure the Sub-fund's global exposure. VaR is an advanced risk measurement methodology used to assess the Sub-fund's global exposure as set out in the Sub-fund's Risk Management Process.

The Sub-fund measures risk using the absolute value at risk approach. The Sub-fund's expected level of leverage (calculated as the sum of the notionals) under normal market circumstances is expected to be generally in the range of 100% to 230% of the Sub-fund's Net Asset Value and is not expected to exceed 360%. It is possible that there may be higher leverage levels from time to time during abnormal market conditions.

The lowest, highest and average leverage utilisation in the accounting year ended 30 November 2018 was 163%, 282% and 195% respectively (30 November 2017: 143%, 299% and 187% respectively).

VaR is calculated for the funds under the parametric method. The time horizon for the calculation is 1 day, using a 99% confidence level. The methodology is derived from MSCI's Barra risk engine and blends the VaR produced from two different risk models, namely MSCI Barra Integrated Model: Long Version (BIM303L) and MSCI Barra Ultra-Short Model (BIM303 51d HL). The former applies a 1 year half-life (exponential weighting) for calculating volatilities and 3 years for correlations; the latter applies a 10 week half-life for both volatilities and correlations. Both models natively cover around 104K global equity securities; 500K sovereign and corporate bonds; 900k municipal, 2,200K structured products (MBS/ABS/CMO); around 290k mutual funds; 161 currencies, 34 commodities.

The reported VaR is calculated formulaically as follows:  $VaR = 0.3 * VaR(BIM303L) + 0.7 * MAX[VaR(BIM303L), VaR(BIM303 51d HL)]$

The Barra models map individual portfolio positions onto the Barra set of risk factors in order to backfill for a time series of volatility. The VaR numbers calculated by BIM303L and BIM303 51d HL are derived from daily volatility numbers, multiplied by an appropriate 99% confidence interval scaling factor under the assumption of a normal distribution.

## 7IM AAP MODERATELY CAUTIOUS FUND

### NOTES TO THE FINANCIAL STATEMENTS (continued) for the year ended 30 November 2018

#### 15 Risks Disclosures (continued)

##### iii. Derivatives (continued)

The types of derivatives held at the balance sheet date were forward foreign currency contracts, future contracts and put options. Details of individual contracts are disclosed in the Portfolio Statement and the total position by counterparty at the balance sheet date was as follows:

<b>Counterparty</b>	<b>30.11.18</b> <b>£</b>	<b>30.11.17</b> <b>£</b>
<b>Options</b>		
Chicago Board Options Exchange	696,472	183,689
<b>Futures Contracts</b>		
Chicago Mercantile Exchange	–	584,906
Eurex Deutschland	190,343	–
International Monetary Market	(2,138,936)	–
London International Financial Future Exchange	(1,942,632)	120,718
Osaka Securities Exchange	(493,694)	3,154,940
<b>Forward Currency Contracts</b>		
Northern Trust	(5,850,425)	5,624,368
<b>Total net exposure<sup>1</sup></b>	<b>(9,538,872)</b>	<b>9,668,621</b>

<sup>1</sup>Net exposure represents the mark to market value of derivative contracts less any cash collateral held. Positive exposure represents the Sub-fund's exposure to that counterparty.

## 7IM AAP MODERATELY CAUTIOUS FUND

### NOTES TO THE FINANCIAL STATEMENTS (continued) for the year ended 30 November 2018

#### 15 Risks Disclosures (continued)

##### iv. Fair value

In the opinion of the ACD, there is no material difference between the value of the financial assets and liabilities, as shown in the balance sheet, and their fair value.

Investments are categorised into the following levels based on their fair value measurement:

##### Level 1

The unadjusted quoted price in an active market for identical instruments that the entity can access at the measurement date.

##### Level 2

Valuation techniques using observable inputs other than quoted prices within Level 1 (i.e. developed using market data).

##### Level 3

Valuation techniques using unobservable inputs (i.e. for which market data is unavailable).

	Level 1 £	Level 2 £	Level 3 £	Total £
<b>30 November 2018</b>				
<b>Assets</b>				
Bonds	118,093,704	214,054,611	–	332,148,315
Collective Investment Schemes	28,817,473	263,210,748	–	292,028,221
Derivatives	943,044	1,742,045	–	2,685,089
Equities	48,012,385	77	–	48,012,462
<b>Total</b>	<b>195,866,606</b>	<b>479,007,481</b>	<b>–</b>	<b>674,874,087</b>
<b>Liabilities</b>				
Derivatives	<b>(4,631,491)</b>	<b>(7,592,470)</b>	<b>–</b>	<b>(12,223,961)</b>
<b>30 November 2017</b>				
<b>Assets</b>				
Bonds	116,430,043	186,272,222	–	302,702,265
Collective Investment Schemes	106,102,519	255,276,660	–	361,379,179
Derivatives	4,145,540	6,587,493	–	10,733,033
Equities	76,747,255	45,748,402	–	122,495,657
<b>Total</b>	<b>303,425,357</b>	<b>493,884,777</b>	<b>–</b>	<b>797,310,134</b>
<b>Liabilities</b>				
Derivatives	<b>(101,288)</b>	<b>(963,125)</b>	<b>–</b>	<b>(1,064,413)</b>

## 7IM AAP MODERATELY CAUTIOUS FUND

### NOTES TO THE FINANCIAL STATEMENTS (continued) for the year ended 30 November 2018

#### 16 Purchases, Sales and Transaction Costs

The following tables show portfolio transactions and their associated transaction costs. For more information about the nature of these costs please refer to the additional portfolio transaction cost information on page 47.

Analysis of direct transaction costs for the year ended 30 November 2018:

	Principal £'000	Commissions £'000	Taxes £'000	Total Transaction Costs £'000	Commissions % of principal	Taxes % of principal
<b>Purchases</b>						
Bonds	213,461	–	–	–	–	–
Collective Investment Schemes	552,811	–	–	–	–	–
Derivatives	1,115	–	–	–	–	–
Equities	93,618	10	119	129	0.01	0.13
<b>Total</b>	<b>861,005</b>	<b>10</b>	<b>119</b>	<b>129</b>	<b>0.01</b>	<b>0.13</b>

	Principal £'000	Commissions £'000	Taxes £'000	Total Transaction Costs £'000	Commissions % of principal	Taxes % of principal
<b>Sales</b>						
Bonds	193,523	–	–	–	–	–
Collective Investment Schemes	545,875	–	–	–	–	–
Derivatives	22,955	–	–	–	–	–
Equities	193,270	(14)	(1)	(15)	0.01	–
<b>Total</b>	<b>955,623</b>	<b>(14)</b>	<b>(1)</b>	<b>(15)</b>	<b>0.01</b>	<b>–</b>

<b>Total as a percentage of the average NAV</b>	<b>0.00%</b>	<b>0.02%</b>	<b>0.02%</b>
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## 7IM AAP MODERATELY CAUTIOUS FUND

### NOTES TO THE FINANCIAL STATEMENTS (continued) for the year ended 30 November 2018

#### 16 Purchases, Sales and Transaction Costs (continued)

Analysis of direct transaction costs for the year ended 30 November 2017:

	Principal £'000	Commissions £'000	Taxes £'000	Total Transaction Costs £'000	Commissions % of principal	Taxes % of principal
<b>Purchases</b>						
Bonds	227,180	–	–	–	–	–
Collective Investment Schemes	681,393	–	–	–	–	–
Derivatives	35,224	–	–	–	–	–
Equities	139,808	12	142	154	0.01	0.10
<b>Total</b>	<b>1,083,605</b>	<b>12</b>	<b>142</b>	<b>154</b>	<b>0.01</b>	<b>0.1</b>
<b>Sales</b>						
Bonds	106,291	–	–	–	–	–
Collective Investment Schemes	637,333	–	–	–	–	–
Derivatives	842	–	–	–	–	–
Equities	274,589	(19)	(2)	(21)	0.01	–
In-specie Transactions	52,569	–	–	–	–	–
<b>Total</b>	<b>1,071,624</b>	<b>(19)</b>	<b>(2)</b>	<b>(21)</b>	<b>0.01</b>	<b>–</b>
<b>Total as a percentage of the average NAV</b>		<b>0.00%</b>	<b>0.02%</b>	<b>0.02%</b>		

#### Average portfolio dealing spread

As at the balance sheet date, the average portfolio dealing spread was 0.12% (2017: 0.21%) based on close of business prices. This spread represents the difference between the values determined respectively by reference to the bid and offer prices of investments expressed as a percentage of the value determined by reference to the offer price.

#### 17 Post Balance Sheet Events

There have been no significant events since the year end that impact the Sub-fund and require disclosure in the financial statements.



# 7IM AAP MODERATELY CAUTIOUS FUND

## DISTRIBUTION TABLES

for the year ended 30 November 2018

### Interim - in pence per share

Group 1 - Shares purchased prior to 1 December 2017

Group 2 - Shares purchased on or after 1 December 2017 and on or before 31 May 2018

	Net Revenue	Equalisation	Paid 31.07.18	Paid 31.07.17
<b>Class A Income</b>				
Group 1	0.8448	–	0.8448	0.7505
Group 2	0.8448	–	0.8448	0.7505
			<b>Allocated 31.07.18</b>	<b>Allocated 31.07.17</b>
<b>Class A Accumulation</b>				
Group 1	1.0260	–	1.0260	0.9093
Group 2	0.5335	0.4925	1.0260	0.9093
			<b>Paid 31.07.18</b>	<b>Paid 31.07.17</b>
<b>Class C Income</b>				
Group 1	0.8871	–	0.8871	0.7931
Group 2	0.5203	0.3668	0.8871	0.7931
			<b>Allocated 31.07.18</b>	<b>Allocated 31.07.17</b>
<b>Class C Accumulation</b>				
Group 1	1.0715	–	1.0715	0.9313
Group 2	0.5664	0.5051	1.0715	0.9313
			<b>Paid 31.07.18</b>	<b>Paid 31.07.17</b>
<b>Class D Income</b>				
Group 1	0.8493	–	0.8493	0.7584
Group 2	0.5649	0.2844	0.8493	0.7584
			<b>Allocated 31.07.18</b>	<b>Allocated 31.07.17</b>
<b>Class D Accumulation</b>				
Group 1	1.0315	–	1.0315	0.9099
Group 2	0.5596	0.4719	1.0315	0.9099
			<b>Paid 31.07.18</b>	<b>Paid 31.07.17</b>
<b>Class S Income</b>				
Group 1	0.7940	–	0.7940	0.7004
Group 2	0.5079	0.2861	0.7940	0.7004

## 7IM AAP MODERATELY CAUTIOUS FUND

### DISTRIBUTION TABLES (continued) for the year ended 30 November 2018

	Net Revenue	Equalisation	Allocated 31.07.18	Allocated 31.07.17
<b>Class S Accumulation</b>				
Group 1	0.8445	–	0.8445	0.7308
Group 2	0.4638	0.3807	0.8445	0.7308
<b>Final - in pence per share</b>				
Group 1 - Shares purchased prior to 1 June 2018				
Group 2 - Shares purchased on or after 1 June 2018 and on or before 30 November 2018				
	Net Revenue	Equalisation	Paid 31.01.19	Paid 31.01.18
<b>Class A Income</b>				
Group 1	0.9967	–	0.9967	0.8251
Group 2	0.9967	–	0.9967	0.8251
	Net Revenue	Equalisation	Allocated 31.01.19	Allocated 31.01.18
<b>Class A Accumulation</b>				
Group 1	1.2194	–	1.2194	0.9950
Group 2	0.5236	0.6958	1.2194	0.9950
	Net Revenue	Equalisation	Paid 31.01.19	Paid 31.01.18
<b>Class C Income</b>				
Group 1	1.0485	–	1.0485	0.8643
Group 2	0.6398	0.4087	1.0485	0.8643
	Net Revenue	Equalisation	Allocated 31.01.19	Allocated 31.01.18
<b>Class C Accumulation</b>				
Group 1	1.2754	–	1.2754	1.0366
Group 2	0.7187	0.5567	1.2754	1.0366
	Net Revenue	Equalisation	Paid 31.01.19	Paid 31.01.18
<b>Class D Income</b>				
Group 1	0.9341	–	0.9341	0.8026
Group 2	0.7119	0.2222	0.9341	0.8026
	Net Revenue	Equalisation	Allocated 31.01.19	Allocated 31.01.18
<b>Class D Accumulation</b>				
Group 1	1.1431	–	1.1431	0.9676
Group 2	0.5144	0.6287	1.1431	0.9676

## 7IM AAP MODERATELY CAUTIOUS FUND

### DISTRIBUTION TABLES (continued) for the year ended 30 November 2018

	<b>Net Revenue</b>	<b>Equalisation</b>	<b>Paid 31.01.19</b>	<b>Paid 31.01.18</b>
<b>Class S Income</b>				
Group 1	0.9391	–	0.9391	0.7727
Group 2	0.4934	0.4457	0.9391	0.7727
	<b>Net Revenue</b>	<b>Equalisation</b>	<b>Allocated 31.01.19</b>	<b>Allocated 31.01.18</b>
<b>Class S Accumulation</b>				
Group 1	1.0060	–	1.0060	0.8159
Group 2	0.5033	0.5027	1.0060	0.8159

#### Equalisation

Equalisation applies only to shares purchased during the distribution period (Group 2 shares). It represents the accrued revenue included in the purchase price of the shares. After averaging it is returned with the distribution as a capital repayment. It is not liable to Income Tax but must be deducted from the cost of the shares for Capital Gains Tax purposes.

# 7IM AAP BALANCED FUND

## ACD'S REPORT

for the year ended 30 November 2018

### Investment Objective and Policy

7IM AAP (Asset Allocated Passives) Balanced Fund (the 'Sub-fund') aims, by applying active asset allocation techniques to predominantly passive strategies, to provide a balance of income and capital appreciation. There may be some risk to capital.

The manager will invest the majority of the portfolio in fixed interest and equity instruments using predominantly passive strategies (that is, strategies designed to track the performance of particular indices, market sectors or asset classes). The manager will also make investments in other asset classes such as property, commodities and private equities. Such investments will be made indirectly through holdings in investment trusts, exchange traded funds or other intermediary vehicles with the objective of improving returns and controlling risk by increasing diversification within the portfolio. The asset allocation for the entire portfolio will be actively managed.

The Sub-fund invests predominantly in a range of equities and fixed interest investments or instruments that track the returns of equity and fixed interest indices. The Sub-fund will comprise a mixture of income-generating assets and assets with scope for capital growth in real terms. The Sub-fund may use different asset classes, with investment primarily in equities and fixed interest investments, or instruments that track the returns of equity and fixed interest indices, with no long-term preponderance to either class.

Investment may also be made in exchange traded funds, warrants, deposits, cash and near cash, money market instruments, other transferable securities, derivatives and forward transactions and other investments to the extent that each is permitted in the stated investment and borrowing powers of the company.

The Sub-fund may rely on third party advice on quantitative investment techniques or use third party quantitative investment software in the portfolio's construction.

There is no guarantee that a positive return will be delivered.

### Investment Manager's Report

#### Performance Report

In the reporting period 1 December 2017 to 30 November 2018, the portfolio delivered a total return of (2.41)%<sup>1</sup>.

#### Investment Background

Back in January, investors were excited because growth was strong across the world, following a remarkably stable 2017. The S&P 500 began the year with six consecutive highs and it looked as though nothing could go wrong. Then everything changed. Global equities plunged by 9% over two weeks in early February, and fell by another 10% in October. Most markets have been much jumpier and more erratic this year than in super-quiet 2017. This rise in volatility, though, looks like a return to normal – and doesn't particularly worry us. Indeed, equity volatility in 2018 has been slightly below its long term average.

It's clear that investors became far more cautious as the year progressed. In some cases, the caution is warranted. For example, the huge tech stocks known as the FANGs (Facebook, Amazon, Netflix and Google) plunged between June and November 2018 as their valuations returned to more realistic levels. In other cases, interesting assets were unfairly punished, creating potential buying opportunities. Emerging market equities and European dividends are two recent examples.

Regarding fundamentals, we saw little change through the year. The world economy is growing at a healthy 3.6%, according to the IMF. Europe and the US are slowing but are in fair shape. In both the US and UK unemployment has fallen, inflation is stable and wages are rising. Global earnings per share growth in 2018 will be an impressive 16%. For all the talk of rate hikes, there were only four by major Western central banks through the year (three in the US and one in Europe), and monetary policy in both regions remains loose. Rates are trending up, as they should, but are far from worrying.

Some commentators claim that weak equity markets in 2018 reflected fragile and slowing global growth and company earnings, blaming factors like interest rate hikes, the US-China trade dispute, Brexit and Eurozone politics. We are not convinced. We think the world economy is in good shape.

It's hard to know why large numbers of investors across the world suddenly began selling. Big algorithmic traders probably played a part, unrelated to any economic or financial fundamentals.

Investors won't remember 2018 with any fondness. But it wasn't nearly as bad as the headlines would have you believe.

<sup>1</sup> Calculated using 7IM AAP Balanced C Acc shares, published prices. Source: NTRS

## 7IM AAP BALANCED FUND

**ACD'S REPORT** (continued)  
for the year ended 30 November 2018

### **Investment Manager's Report** (continued)

#### **Portfolio Review**

During the year, we increased exposure to equity on the view that equity risk would be better rewarded than some other risk assets given our optimistic outlook for continuing global growth. We brought the UK equity exposure back up to target and increased the allocations to US, Japan, Emerging Markets and European equities. We took some downside risk protection buying a European equity put, which we were able to sell at a profit when European equity sold off shortly afterwards. We had an allocation to US small in the early part of the period, but as the year progressed we took the view that the smaller cap end of the US equity market had become fully valued. We therefore took profits from this exposure to Russell 2000 stocks, but topped up the US equity holdings to make sure this was up to target allocation. Towards the end of the period there was a sharp equity drawdown. This sell-off in markets presented an opportunity to increase our exposure to the US, as we thought it seemed technically driven and not reflected in fundamentals. We sold the India equity future, an off-benchmark allocation which we had introduced because we had a strong conviction in the manager and expected the Modi government to be good for financial markets. Indian equities outperformed the broader EM Index and, while the outlook for India is positive, we believed it is no longer more so than broader EM. We also felt there was potential for short-term volatility with the Indian election in April 2019.

Among alternatives, we reduced exposure to alternative strategies where performance has been disappointing, using the proceeds to build up the equity exposure.

We sold the gold holding on the view that it had not provided the risk diversification we had been expecting and instead bought exposure to an enhanced commodity index, which provides a broader exposure to commodities.

Within fixed income, high yield spreads narrowed at the end of 2017 meaning an overweight to high yield was no longer justified on valuation grounds, and so we took profits. We switched out of Sterling Corporate bonds into Global Corporate bonds where valuations looked more compelling. Following discussions around the tactical asset allocation, we transitioned from holding US Treasuries to a position more reflective of the global government bond index. This also had the advantage of moving the Sub-fund further towards the strategic asset allocation.

In terms of Brexit-related risk, although we believe a No Deal is unlikely, the Investment Team continues to conduct scenario analysis and the potential effects of different Brexit outcomes on the funds. These stress tests are conducted by the independent risk team and assume market reactions in a No Deal scenario similar to that post the Referendum result in 2016. The outcome of this analysis did not produce any results which caused concern. In addition, the Investment Team have looked at the exposure of the 7IM funds to the UK. In this exercise, we focused on the country to which the asset class has exposure, via sales or economic exposure rather than country of listing. We looked at the Strategic Asset Allocation, Tactical Asset Allocation and where possible the actual holdings data of the multi-manager (MM) portfolios. The results demonstrated to us that our current overall exposure is no more than 20% for any fund.

To protect the Sub-fund from an upside Brexit surprise, and feeling that sterling looked cheap, we increased the sterling allocation funding this from the euro FX position.

#### **Investment Outlook**

2018 was tough for financial markets; we think 2019 will be far more normal – and perhaps even boring, in a positive kind of way. The world economy is in fair shape and the risks that the media shouts about are widely exaggerated. In our experience, economic reality – the reality of company sales, employment, government spending, domestic and foreign trade – is remarkably stable over time. It's like a supertanker in motion that can't be diverted easily. By contrast, investors are far more erratic. You can view investor sentiment as cycling around the economic fundamentals: sometimes investors are overly optimistic (greedy), as in January 2018, sometimes they're too pessimistic (fearful), as in February 2016. We think this familiar cycle is in action at the moment, and that investors are too pessimistic. Our goal as investment managers is to focus on the long term and not get caught up in these cycles of investor greed or fear. We expect investor sentiment and markets to recover in 2019 and are positioned accordingly – slightly overweight equities, with a bias towards the US, and negative on bonds and credit.

To global growth: the world economy is slowing a little but should grow comfortably through 2019-20. We don't see the big danger signs that might destabilise it, e.g. soaring interest rates or a financial crisis. China's growth is easing, as it should, but is unlikely to crash anytime soon. World inflation is running at around 2.7%, and is under control. It's not far from the 2% target in the US and UK, and even Japan might be clawing out of its disinflationary mire. Interest rates are normalising in the US, which is healthy, and are set to rise in most countries in 2019. Therefore, we think the world economy is in a 'Goldilocks' phase – neither too hot nor too cold. Goldilocks is usually good for companies: we expect global earnings per share to rise in 2019 and 2020.

## 7IM AAP BALANCED FUND

**ACD'S REPORT** (continued)  
for the year ended 30 November 2018

### **Investment Manager's Report** (continued)

The contrasting investor concern seems to be driven by a focus on risks and threats that have been exaggerated, such as US recession, trade wars and the UK political situation.

US recessions have often been associated with equity crashes in the past and some commentators fear recession in 2019. We are not overly worried: the US is currently growing at around 2.5%; from these levels it normally takes at least two years for growth to turn negative. Moreover, the usual imbalances associated with recession – soaring inflation, housing crunch, commodity price shock – are largely absent. We think US recession is unlikely before late 2020, at the earliest.

Concerning trade wars, tariffs have been implemented on about 2.5% of world imports, corresponding to less than 0.6% of world GDP. They're certainly a negative for growth, but on a tiny scale thus far. While they could get much worse, we think the US and China will reach some compromise that won't harm their economies (and their people) too much.

In the UK, Brexit is a shambles and we do worry that the UK could end up with a No Deal – which actually would be a Terrible Deal – in March 2019. But it's in the interests of both the UK and the EU to reach a broadly sensible outcome. We think a deal will materialise that's not too painful for the UK. Regarding the possibility of a Corbyn government, we think Mr Corbyn's bark is worse than his bite. If he came to power, he'd be so constrained by the range of views within his party, by business pressures and by economic constraints that he'd not be able to do much that would derail the UK's financial markets. Therefore, we are relatively optimistic that investors will see less pain in 2019 than they have over the last few months.

Seven Investment Management LLP  
Investment Manager  
February 2019

## 7IM AAP BALANCED FUND

### FUND INFORMATION

The Comparative Tables on pages 325 to 333 give the performance of each active share class in the Sub-fund.

The 'Return after charges' disclosed in the Comparative Tables is calculated as the return after operating charges per share divided by the opening net asset value per share. It differs from the Sub-fund's performance disclosed in the ACD's report, which is calculated based on the latest published price.

Portfolio transaction costs are incurred when investments are bought or sold by a sub-fund in order to achieve the investment objective. These transaction costs affect an investor in different ways depending on whether they are joining, leaving or continuing with their investment in the sub-fund.

Direct transaction costs include broker commission and taxes. Broker commission includes the fee paid to a broker to execute the trades.

In addition, there are indirect portfolio transaction costs arising from the 'dealing spread' – the difference between the buying and selling prices of underlying investments in the portfolio. Unlike shares whereby broker commissions and stamp duty are paid by the sub-fund on each transaction, other types of investments (such as bonds, money instruments, derivatives, collective investment schemes) do not have separately identifiable transaction costs; these costs form part of the dealing spread. Dealing spreads vary considerably depending on the transaction value and money market sentiment.

# 7IM AAP BALANCED FUND

## FUND INFORMATION (continued)

### Comparative Tables

#### Class A Income

	30.11.18 (pence per share)	30.11.17 (pence per share)	30.11.16 (pence per share)
<b>Change in Net Asset Value Per Share</b>			
Opening net asset value per share	134.47	127.95	120.99
Return before operating charges*	(1.93)	9.69	10.17
Operating charges (calculated on average price)	(1.50)	(1.52)	(1.42)
Return after operating charges*	(3.43)	8.17	8.75
Distributions on income shares	(1.79)	(1.65)	(1.79)
Closing net asset value per share	129.25	134.47	127.95
* After direct transaction costs of: <sup>1</sup>	0.05	0.05	0.07

#### Performance

Return after charges <sup>2</sup>	(2.55)%	6.39%	7.23%
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#### Other Information

Closing net asset value (£'000)	275	323	360
Closing number of shares	212,367	240,182	281,108
Operating charges <sup>3</sup>	1.12%	1.14%	1.17%
Direct transaction costs	0.03%	0.04%	0.06%

#### Prices

Highest share price	137.92	136.31	131.71
Lowest share price	128.93	126.99	109.89

<sup>1</sup> Direct transaction costs are stated after deducting the proportion of the amounts collected from dilution adjustments or dilution levies that relate to direct transaction costs. A negative transaction costs figure might arise where there is a timing difference between inflows and the settlement of the resultant purchases.

<sup>2</sup> The return after charges is calculated as the return after operating charges per share divided by the opening net asset value per share.

<sup>3</sup> Operating charges, otherwise known as the OCF is the ratio of the Sub-fund's total disclosable costs (excluding securities lending fees and overdraft interest) to the average net assets of the Sub-fund. The OCF is intended to provide a reliable figure which gives the most accurate measure of what it costs to invest in a Sub-fund and is calculated based on the last period's figures. Included within the OCF are synthetic costs which includes the OCF of the underlying funds weighted on the basis of their investment proportion. A detailed breakdown of the OCF per share class is shown on page 334.



# 7IM AAP BALANCED FUND

## FUND INFORMATION (continued)

### Comparative Tables (continued)

#### Class A Accumulation

	30.11.18 (pence per share)	30.11.17 (pence per share)	30.11.16 (pence per share)
<b>Change in Net Asset Value Per Share</b>			
Opening net asset value per share	156.44	147.02	137.02
Return before operating charges*	(2.27)	11.17	11.61
Operating charges (calculated on average price)	(1.76)	(1.75)	(1.61)
Return after operating charges*	(4.03)	9.42	10.00
Distributions	(2.09)	(1.90)	(2.04)
Retained distributions on accumulation shares	2.09	1.90	2.04
Closing net asset value per share	152.41	156.44	147.02
* After direct transaction costs of: <sup>1</sup>	0.05	0.06	0.08

#### Performance

Return after charges <sup>2</sup>	(2.58)%	6.41%	7.30%
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#### Other Information

Closing net asset value (£'000)	5,708	6,226	6,937
Closing number of shares	3,745,187	3,979,818	4,718,649
Operating charges <sup>3</sup>	1.12%	1.14%	1.17%
Direct transaction costs	0.03%	0.04%	0.60%

#### Prices

Highest share price	160.47	157.62	150.21
Lowest share price	150.92	145.93	124.43

<sup>1</sup> Direct transaction costs are stated after deducting the proportion of the amounts collected from dilution adjustments or dilution levies that relate to direct transaction costs. A negative transaction costs figure might arise where there is a timing difference between inflows and the settlement of the resultant purchases.

<sup>2</sup> The return after charges is calculated as the return after operating charges per share divided by the opening net asset value per share.

<sup>3</sup> Operating charges, otherwise known as the OCF is the ratio of the Sub-fund's total disclosable costs (excluding securities lending fees and overdraft interest) to the average net assets of the Sub-fund. The OCF is intended to provide a reliable figure which gives the most accurate measure of what it costs to invest in a Sub-fund and is calculated based on the last period's figures. Included within the OCF are synthetic costs which includes the OCF of the underlying funds weighted on the basis of their investment proportion. A detailed breakdown of the OCF per share class is shown on page 334.

# 7IM AAP BALANCED FUND

## FUND INFORMATION (continued)

### Comparative Tables (continued)

#### Class C Income

	30.11.18 (pence per share)	30.11.17 (pence per share)	30.11.16 (pence per share)
<b>Change in Net Asset Value Per Share</b>			
Opening net asset value per share	137.70	130.77	123.40
Return before operating charges*	(2.12)	9.76	10.30
Operating charges (calculated on average price)	(0.85)	(0.87)	(0.84)
Return after operating charges*	(2.97)	8.89	9.46
Distributions on income shares	(2.11)	(1.96)	(2.09)
Closing net asset value per share	132.62	137.70	130.77
* After direct transaction costs of: <sup>1</sup>	0.05	0.05	0.07

#### Performance

Return after charges <sup>2</sup>	(2.16)%	6.80%	7.67%
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#### Other Information

Closing net asset value (£'000)	95,622	112,797	115,890
Closing number of shares	72,102,343	81,913,819	88,621,372
Operating charges <sup>3</sup>	0.62%	0.64%	0.67%
Direct transaction costs	0.03%	0.04%	0.06%

#### Prices

Highest share price	141.32	139.69	134.71
Lowest share price	132.44	129.79	112.71

<sup>1</sup> Direct transaction costs are stated after deducting the proportion of the amounts collected from dilution adjustments or dilution levies that relate to direct transaction costs. A negative transaction costs figure might arise where there is a timing difference between inflows and the settlement of the resultant purchases.

<sup>2</sup> The return after charges is calculated as the return after operating charges per share divided by the opening net asset value per share.

<sup>3</sup> Operating charges, otherwise known as the OCF is the ratio of the Sub-fund's total disclosable costs (excluding securities lending fees and overdraft interest) to the average net assets of the Sub-fund. The OCF is intended to provide a reliable figure which gives the most accurate measure of what it costs to invest in a Sub-fund and is calculated based on the last period's figures. Included within the OCF are synthetic costs which includes the OCF of the underlying funds weighted on the basis of their investment proportion. A detailed breakdown of the OCF per share class is shown on page 334.

# 7IM AAP BALANCED FUND

## FUND INFORMATION (continued)

### Comparative Tables (continued)

#### Class C Accumulation

	30.11.18 (pence per share)	30.11.17 (pence per share)	30.11.16 (pence per share)
<b>Change in Net Asset Value Per Share</b>			
Opening net asset value per share	163.09	152.65	141.70
Return before operating charges*	(2.55)	11.46	11.91
Operating charges (calculated on average price)	(1.02)	(1.02)	(0.96)
Return after operating charges*	(3.57)	10.44	10.95
Distributions	(2.51)	(2.30)	(2.41)
Retained distributions on accumulation shares	2.51	2.30	2.41
Closing net asset value per share	159.52	163.09	152.65
* After direct transaction costs of: <sup>1</sup>	0.06	0.06	0.08

#### Performance

Return after charges <sup>2</sup>	(2.19)%	6.84%	7.73%
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#### Other Information

Closing net asset value (£'000)	1,088,635	1,148,637	1,385,302
Closing number of shares	682,425,390	704,302,616	907,486,939
Operating charges <sup>3</sup>	0.62%	0.64%	0.67%
Direct transaction costs	0.03%	0.04%	0.06%

#### Prices

Highest share price	167.38	164.26	155.90
Lowest share price	157.96	151.53	128.78

<sup>1</sup> Direct transaction costs are stated after deducting the proportion of the amounts collected from dilution adjustments or dilution levies that relate to direct transaction costs. A negative transaction costs figure might arise where there is a timing difference between inflows and the settlement of the resultant purchases.

<sup>2</sup> The return after charges is calculated as the return after operating charges per share divided by the opening net asset value per share.

<sup>3</sup> Operating charges, otherwise known as the OCF is the ratio of the Sub-fund's total disclosable costs (excluding securities lending fees and overdraft interest) to the average net assets of the Sub-fund. The OCF is intended to provide a reliable figure which gives the most accurate measure of what it costs to invest in a Sub-fund and is calculated based on the last period's figures. Included within the OCF are synthetic costs which includes the OCF of the underlying funds weighted on the basis of their investment proportion. A detailed breakdown of the OCF per share class is shown on page 334.

# 7IM AAP BALANCED FUND

## FUND INFORMATION (continued)

### Comparative Tables (continued)

#### Class D Income

	30.11.18 (pence per share)	30.11.17 (pence per share)	30.11.16 (pence per share)
<b>Change in Net Asset Value Per Share</b>			
Opening net asset value per share	131.88	125.76	119.19
Return before operating charges*	(1.77)	9.60	10.11
Operating charges (calculated on average price)	(2.00)	(2.01)	(1.87)
Return after operating charges*	(3.77)	7.59	8.24
Distributions on income shares	(1.59)	(1.47)	(1.67)
Closing net asset value per share	126.52	131.88	125.76
* After direct transaction costs of: <sup>1</sup>	0.05	0.05	0.07

#### Performance

Return after charges <sup>2</sup>	(2.86)%	6.04%	6.91%
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#### Other Information

Closing net asset value (£'000)	1,336	1,728	1,477
Closing number of shares	1,055,790	1,310,487	1,174,424
Operating charges <sup>3</sup>	1.52%	1.54%	1.57%
Direct transaction costs	0.03%	0.04%	0.06%

#### Prices

Highest share price	135.22	133.63	129.44
Lowest share price	126.11	124.80	108.20

<sup>1</sup> Direct transaction costs are stated after deducting the proportion of the amounts collected from dilution adjustments or dilution levies that relate to direct transaction costs. A negative transaction costs figure might arise where there is a timing difference between inflows and the settlement of the resultant purchases.

<sup>2</sup> The return after charges is calculated as the return after operating charges per share divided by the opening net asset value per share.

<sup>3</sup> Operating charges, otherwise known as the OCF is the ratio of the Sub-fund's total disclosable costs (excluding securities lending fees and overdraft interest) to the average net assets of the Sub-fund. The OCF is intended to provide a reliable figure which gives the most accurate measure of what it costs to invest in a Sub-fund and is calculated based on the last period's figures. Included within the OCF are synthetic costs which includes the OCF of the underlying funds weighted on the basis of their investment proportion. A detailed breakdown of the OCF per share class is shown on page 334.

# 7IM AAP BALANCED FUND

## FUND INFORMATION (continued)

### Comparative Tables (continued)

#### Class D Accumulation

	30.11.18 (pence per share)	30.11.17 (pence per share)	30.11.16 (pence per share)
<b>Change in Net Asset Value Per Share</b>			
Opening net asset value per share	151.45	142.79	133.49
Return before operating charges*	(2.08)	10.95	11.41
Operating charges (calculated on average price)	(2.30)	(2.29)	(2.11)
Return after operating charges*	(4.38)	8.66	9.30
Distributions	(1.83)	(1.67)	(1.88)
Retained distributions on accumulation shares	1.83	1.67	1.88
Closing net asset value per share	147.07	151.45	142.79
* After direct transaction costs of: <sup>1</sup>	0.05	0.06	0.08

#### Performance

Return after charges <sup>2</sup>	(2.89)%	6.06%	6.96%
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#### Other Information

Closing net asset value (£'000)	51,773	60,800	64,054
Closing number of shares	35,202,709	40,146,306	44,860,256
Operating charges <sup>3</sup>	1.52%	1.54%	1.57%
Direct transaction costs	0.03%	0.04%	0.06%

#### Prices

Highest share price	155.28	152.61	145.93
Lowest share price	145.64	141.72	121.15

<sup>1</sup> Direct transaction costs are stated after deducting the proportion of the amounts collected from dilution adjustments or dilution levies that relate to direct transaction costs. A negative transaction costs figure might arise where there is a timing difference between inflows and the settlement of the resultant purchases.

<sup>2</sup> The return after charges is calculated as the return after operating charges per share divided by the opening net asset value per share.

<sup>3</sup> Operating charges, otherwise known as the OCF is the ratio of the Sub-fund's total disclosable costs (excluding securities lending fees and overdraft interest) to the average net assets of the Sub-fund. The OCF is intended to provide a reliable figure which gives the most accurate measure of what it costs to invest in a Sub-fund and is calculated based on the last period's figures. Included within the OCF are synthetic costs which includes the OCF of the underlying funds weighted on the basis of their investment proportion. A detailed breakdown of the OCF per share class is shown on page 334.

# 7IM AAP BALANCED FUND

## FUND INFORMATION (continued)

### Comparative Tables (continued)

#### Class O Accumulation

	30.11.18 (pence per share)	30.11.17 (pence per share)	30.11.16 (pence per share)
<b>Change in Net Asset Value Per Share</b>			
Opening net asset value per share	–	–	125.04
Return before operating charges*	–	–	10.80
Operating charges (calculated on average price)	–	–	(2.12)
Return after operating charges*	–	–	8.68
Distributions	–	–	(0.76)
Retained distributions on accumulation shares	–	–	0.76
Last quoted share price <sup>1</sup>	–	–	133.72
Closing net asset value per share	–	–	–
* After direct transaction costs of: <sup>2</sup>	–	–	0.07

#### Performance

Return after charges <sup>3</sup>	–%	–%	6.94%
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#### Other Information

Closing net asset value (£'000)	–	–	–
Closing number of shares	–	–	–
Operating charges <sup>4</sup>	–%	–%	1.67%
Direct transaction costs	–%	–%	0.06%

#### Prices

Highest share price	–	–	136.61
Lowest share price	–	–	113.46

<sup>1</sup> As at the year end date, there are no shares in issue. Share class performance provided is as at 30 November 2016 being the last quoted price date before shares were reduced to zero.

<sup>2</sup> Direct transaction costs are stated after deducting the proportion of the amounts collected from dilution adjustments or dilution levies that relate to direct transaction costs. A negative transaction costs figure might arise where there is a timing difference between inflows and the settlement of the resultant purchases.

<sup>3</sup> The return after charges is calculated as the return after operating charges per share divided by the opening net asset value per share.

<sup>4</sup> Operating charges, otherwise known as the OCF is the ratio of the Sub-fund's total disclosable costs (excluding securities lending fees and overdraft interest) to the average net assets of the Sub-fund. The OCF is intended to provide a reliable figure which gives the most accurate measure of what it costs to invest in a Sub-fund and is calculated based on the last period's figures. Included within the OCF are synthetic costs which includes the OCF of the underlying funds weighted on the basis of their investment proportion. A detailed breakdown of the OCF per share class is shown on page 334.

# 7IM AAP BALANCED FUND

## FUND INFORMATION (continued)

### Comparative Tables (continued)

#### Class S Income

	30.11.18 (pence per share)	30.11.17 (pence per share)	30.11.16 (pence per share)
<b>Change in Net Asset Value Per Share</b>			
Opening net asset value per share	117.30	111.28	104.91
Return before operating charges*	(1.87)	8.26	8.70
Operating charges (calculated on average price)	(0.43)	(0.45)	(0.45)
Return after operating charges*	(2.30)	7.81	8.25
Distributions on income shares	(1.92)	(1.79)	(1.88)
Closing net asset value per share	113.08	117.30	111.28
* After direct transaction costs of: <sup>1</sup>	0.04	0.04	0.06

#### Performance

Return after charges <sup>2</sup>	(1.96)%	7.02%	7.86%
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#### Other Information

Closing net asset value (£'000)	33,656	31,488	22,596
Closing number of shares	29,762,850	26,844,614	20,305,178
Operating charges <sup>3</sup>	0.37%	0.39%	0.42%
Direct transaction costs	0.03%	0.04%	0.06%

#### Prices

Highest share price	120.42	119.03	114.67
Lowest share price	112.98	110.45	95.39

<sup>1</sup> Direct transaction costs are stated after deducting the proportion of the amounts collected from dilution adjustments or dilution levies that relate to direct transaction costs. A negative transaction costs figure might arise where there is a timing difference between inflows and the settlement of the resultant purchases.

<sup>2</sup> The return after charges is calculated as the return after operating charges per share divided by the opening net asset value per share.

<sup>3</sup> Operating charges, otherwise known as the OCF is the ratio of the Sub-fund's total disclosable costs (excluding securities lending fees and overdraft interest) to the average net assets of the Sub-fund. The OCF is intended to provide a reliable figure which gives the most accurate measure of what it costs to invest in a Sub-fund and is calculated based on the last period's figures. Included within the OCF are synthetic costs which includes the OCF of the underlying funds weighted on the basis of their investment proportion. A detailed breakdown of the OCF per share class is shown on page 334.

# 7IM AAP BALANCED FUND

## FUND INFORMATION (continued)

### Comparative Tables (continued)

#### Class S Accumulation

	30.11.18 (pence per share)	30.11.17 (pence per share)	30.11.16 (pence per share)
<b>Change in Net Asset Value Per Share</b>			
Opening net asset value per share	125.04	116.81	108.21
Return before operating charges*	(2.03)	8.71	9.06
Operating charges (calculated on average price)	(0.46)	(0.48)	(0.46)
Return after operating charges*	(2.49)	8.23	8.60
Distributions	(2.05)	(1.88)	(1.95)
Retained distributions on accumulation shares	2.05	1.88	1.95
Closing net asset value per share	122.55	125.04	116.81
* After direct transaction costs of: <sup>1</sup>	0.04	0.05	0.06

#### Performance

Return after charges <sup>2</sup>	(1.99)%	7.05%	7.95%
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#### Other Information

Closing net asset value (£'000)	240,577	235,290	218,400
Closing number of shares	196,305,353	188,170,511	186,976,540
Operating charges <sup>3</sup>	0.37%	0.39%	0.42%
Direct transaction costs	0.03%	0.04%	0.06%

#### Prices

Highest share price	128.37	125.92	119.27
Lowest share price	121.34	115.95	98.39

<sup>1</sup> Direct transaction costs are stated after deducting the proportion of the amounts collected from dilution adjustments or dilution levies that relate to direct transaction costs. A negative transaction costs figure might arise where there is a timing difference between inflows and the settlement of the resultant purchases.

<sup>2</sup> The return after charges is calculated as the return after operating charges per share divided by the opening net asset value per share.

<sup>3</sup> Operating charges, otherwise known as the OCF is the ratio of the Sub-fund's total disclosable costs (excluding securities lending fees and overdraft interest) to the average net assets of the Sub-fund. The OCF is intended to provide a reliable figure which gives the most accurate measure of what it costs to invest in a Sub-fund and is calculated based on the last period's figures. Included within the OCF are synthetic costs which includes the OCF of the underlying funds weighted on the basis of their investment proportion. A detailed breakdown of the OCF per share class is shown on page 334.



## 7IM AAP BALANCED FUND

### FUND INFORMATION (continued)

#### Ongoing Charges Figures

As at 30 November 2018

	<b>Class A</b>	<b>Class C</b>	<b>Class D</b>	<b>Class S</b>
ACD's periodic charge	1.00%	0.50%	1.40%	0.25%
Other expenses	0.03%	0.03%	0.03%	0.03%
	1.03%	0.53%	1.43%	0.28%
Collective investment scheme costs	0.09%	0.09%	0.09%	0.09%
Ongoing Charges Figure	1.12%	0.62%	1.52%	0.37%

As at 30 November 2017

	<b>Class A</b>	<b>Class C</b>	<b>Class D</b>	<b>Class S</b>
ACD's periodic charge	1.00%	0.50%	1.40%	0.25%
Other expenses	0.03%	0.03%	0.03%	0.03%
	1.03%	0.53%	1.43%	0.28%
Collective investment scheme costs	0.11%	0.11%	0.11%	0.11%
Ongoing Charges Figure	1.14%	0.64%	1.54%	0.39%

The Ongoing Charges Figure ('OCF') represents the total operating expenses of the Sub-fund, expressed as a percentage of the average net assets during the accounting year.

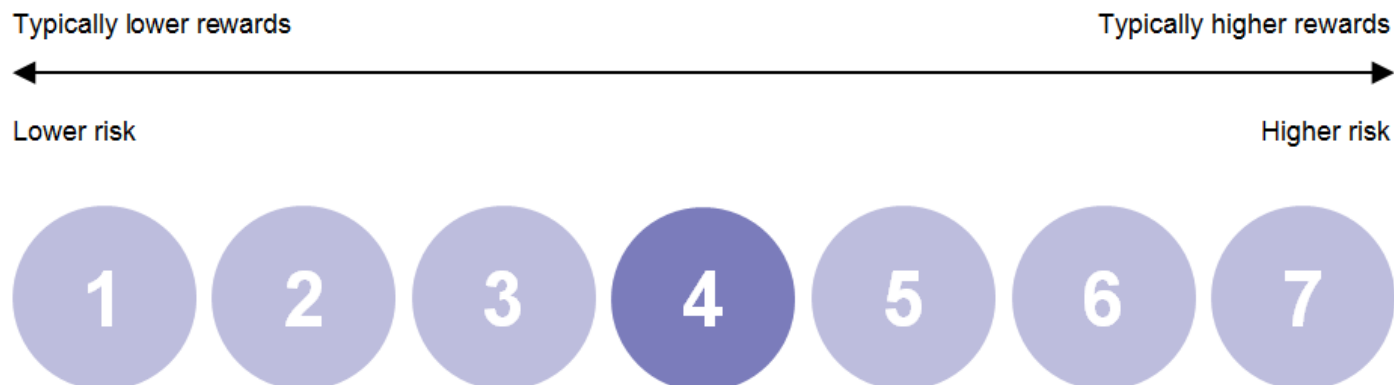
The collective investment scheme costs represent the OCFs, or a reasonable substitute, of the underlying funds which are held as portfolio investments. Their inclusion has been calculated on a weighted basis against the Sub-fund's net assets at the balance sheet date.

The Sub-fund undertakes securities lending and receives 70% of the revenue generated and the remaining 30% is received by Northern Trust as the securities lending agent. As securities lending revenue sharing does not increase the costs of running the Sub-fund, this has been excluded from the Other expenses and thus excluded from the Ongoing Charges Figures.

## 7IM AAP BALANCED FUND

### FUND INFORMATION (continued)

#### Synthetic Risk and Reward Indicator



This indicator shows how much a sub-fund has risen and fallen in the past, and therefore how much a fund's returns have varied. It is a measure of a fund's volatility. The higher a sub-fund's past volatility the higher the number on the scale and the greater the risk that investors in that sub-fund may have made losses as well as gains. The lowest number on the scale does not mean that a sub-fund is risk free.

This indicator is based on historical data and may not be a reliable indication of the future risk profile of this Sub-fund. The risk and reward profile shown is not guaranteed to remain the same and may change over time.

The risk and reward indicator shown above is as at the date of publication of the annual report and financial statements, the risk and reward indicator as at the year end date 30 November 2018 was 4.

#### Fund performance to 30 November 2018 (%)

	<b>1 year</b>	<b>3 years</b>	<b>5 years</b>
7IM AAP Balanced Fund <sup>1</sup>	(2.41)	12.29	22.15

<sup>1</sup> Source: Bloomberg

The performance of the Sub-fund is based on the published price per 'C' Accumulation share which includes reinvested income.

Details of the distributions per share for the period are shown in the Distribution Tables on pages 360 to 362.

# 7IM AAP BALANCED FUND

## PORTFOLIO STATEMENT

as at 30 November 2018

Holding	Portfolio of Investment	Value £	30.11.18 %
	<b>ALTERNATIVES 15.45% (21.65%)</b>		
	<b>Alternative Strategies 11.96% (15.75%)</b>		
7,879	Absolute Return Trust <sup>1</sup>	–	–
233,075	AQR Managed Futures UCITS Fund 'G' <sup>2</sup>	16,261,346	1.07
49,900,000	BNP Paribas DR Alpha ex-Agriculture & Livestock Index 2021 <sup>3</sup>	39,489,655	2.60
71,980,000	Credit Suisse International ARP Custom 7 Index <sup>3</sup>	49,728,554	3.28
2,441,469	Dexion Absolute EUR <sup>1</sup>	–	–
5,870	Dexion Equity Alternative <sup>1</sup>	–	–
77,674,354	F&C Global Equity Market Neutral 3 Acc <sup>2</sup>	47,761,961	3.15
23,740	Goldman Sachs International Warrants 31/12/2049 <sup>3</sup>	237	–
32,640	Merrill Lynch BV <sup>3</sup>	26,839,656	1.77
(337)	S&P 500 Index Put Options 1950 Mar 2019 <sup>4</sup>	(116,252)	(0.01)
337	S&P 500 Index Put Options 2600 Mar 2019 <sup>4</sup>	1,556,197	0.10
23,925	Societe Generale Warrants 29/11/2018 <sup>3</sup>	–	–
		<b>181,521,354</b>	<b>11.96</b>
	<b>Commodities 1.88% (5.90%)</b>		
38,575,000	BNP Paribas Enhanced Benchmark Commodity Index 2023 <sup>3</sup>	<b>28,594,794</b>	<b>1.88</b>
	<b>Real Estate 1.61% (0.00%)</b>		
11,588,334	iShares Global Property Securities Index <sup>2</sup>	<b>24,497,738</b>	<b>1.61</b>
	<b>CASH 1.35% (9.24%)</b>		
937	Deutsche Global Liquidity Managed Sterling Fund Platinum <sup>2</sup>	937	–
20,525,000	Northern Trust Global Sterling Fund <sup>2</sup>	20,525,000	1.35
		<b>20,525,937</b>	<b>1.35</b>
	<b>DEBT SECURITIES 56.79% (43.97%)</b>		
	<b>Convertible Bonds 2.04% (2.06%)</b>		
3,777	NN (L) Global Convertible Bond Acc <sup>2</sup>	14,576,563	0.96
608,911	SSgA SPDR Thomson Reuters Global Convertible Bond UCITS ETF <sup>2</sup>	16,364,929	1.08
		<b>30,941,492</b>	<b>2.04</b>
	<b>Corporate Bonds 1.52% (0.85%)</b>		
£10,000,000	National Australia Bank 1.125% 2021	9,918,270	0.66
£12,648,000	Nationwide Building Society 5.625% 2019	13,054,861	0.86
		<b>22,973,131</b>	<b>1.52</b>
	<b>Emerging Market Bonds 6.62% (8.00%)</b>		
121,728,063	Legal & General Emerging Markets Government Bond Local Currency Index Fund Acc <sup>2</sup>	77,540,776	5.11
35,197,735	Legal & General Emerging Markets Government Bond USD Index Fund <sup>2</sup>	22,959,482	1.51
		<b>100,500,258</b>	<b>6.62</b>
	<b>Gilts 4.61% (1.98%)</b>		
£750,000	European Investment Bank 4.25% 2021	817,125	0.05
£1,824,000	Export Development Canada 1.875% 2018	1,824,639	0.12
£5,186,000	Kingdom of Belgium 1.125% 2018	5,186,529	0.34
£7,512,000	Network Rail Infrastructure Finance 4.625% 2020	7,953,405	0.53

## 7IM AAP BALANCED FUND

### PORTFOLIO STATEMENT (continued)

as at 30 November 2018

Holding	Portfolio of Investment	Value £	30.11.18 %
	<b>Gilts (continued)</b>		
£2,593,039	UK Gilt 1.75% 2019	2,609,134	0.17
£2,593,039	UK Gilt 3.75% 2020	2,728,914	0.18
£2,593,039	UK Gilt 3.75% 2021	2,803,775	0.19
£15,702,236	UK Gilt 4.00% 2022	17,318,357	1.14
£5,510,000	UK Gilt 4.25% 2046	8,096,455	0.53
£4,510,000	UK Gilt 4.25% 2055	7,191,204	0.47
£9,760,000	UK Gilt 4.50% 2034	13,451,232	0.89
		<b>69,980,769</b>	<b>4.61</b>
	<b>Global Corporate Bonds 5.45% (2.54%)</b>		
£350,000	Bank Nederlandse Gemeenten 1.875% 2018	350,026	0.03
29,126,244	BlackRock Overseas Corporate Bond Tracker <sup>2</sup>	42,961,210	2.83
£8,999,000	IXIS Corporate & Investment Bank	9,488,186	0.63
£7,977,000	Nestle Holdings 1.00% 2021	7,910,583	0.52
205,257	Robeco QI Global Multi-Factor Credits <sup>2</sup>	21,898,848	1.44
		<b>82,608,853</b>	<b>5.45</b>
	<b>Global Government Bonds 7.01% (8.11%)</b>		
€3,000,000	Bundesrepublik Deutschland 0.25% 2027	2,702,867	0.18
€5,803,000	Bundesrepublik Deutschland 2.25% 2021	5,576,805	0.37
€1,003,000	Bundesrepublik Deutschland 2.5% 2046	1,231,176	0.08
€1,226,000	Bundesrepublik Deutschland 4% 2037	1,701,410	0.11
€3,700,000	France Government 3% 2022	3,673,819	0.24
€1,235,000	France Government 5.75% 2032	1,789,140	0.12
€1,700,000	French Republic 2.75% 2027	1,812,585	0.12
€1,122,000	French Republic 3.25% 2045	1,372,351	0.09
€4,000,000	Italy Buoni Polien 3.75% 2021	3,773,364	0.25
€1,155,000	Italy Buoni Polien 5% 2040	1,199,571	0.08
€1,300,000	Italy Buoni Polien 5.25% 2029	1,366,726	0.09
€1,200,000	Italy Buoni Polien 6% 2031	1,347,502	0.09
¥2,306,000,000	Japan Government 0.1% 2021	16,014,811	1.06
¥1,170,000,000	Japan Government 0.1% 2027	8,134,681	0.54
¥1,100,000,000	Japan Government 0.4% 2036	7,503,547	0.49
¥600,000,000	Japan Government 0.9% 2057	4,090,813	0.27
€673,000	Spain Government 4.7% 2041	837,355	0.05
€729,000	Spain Government 5.75% 2032	952,350	0.06
€2,017,000	Spain Government 5.85% 2022	2,125,670	0.14
€953,000	Spain Government 6% 2029	1,206,168	0.08
US\$9,800,000	US Treasury Notes 1.625% 2026	6,993,266	0.46
US\$18,000,000	US Treasury Notes 2.375% 2023	13,843,657	0.91
US\$9,200,000	US Treasury Notes 2.5% 2045	6,165,586	0.41
US\$13,900,000	US Treasury Notes 3.5% 2020	11,005,813	0.72
		<b>106,421,033</b>	<b>7.01</b>
	<b>Global High Yield Bonds 3.50% (4.08%)</b>		
3,205	Most Diversified TOBAM Anti-Benchmark Global High Yield <sup>2</sup>	26,503,245	1.75
128,148	PIMCO Short-Term High Yield Corporate Source <sup>2</sup>	9,877,090	0.65
171,229	Robeco Quant High Yield <sup>2</sup>	16,787,260	1.10
		<b>53,167,595</b>	<b>3.50</b>

## 7IM AAP BALANCED FUND

### PORTFOLIO STATEMENT (continued)

as at 30 November 2018

Value	30.11.18		
£	%		
		<b>Holding</b>	<b>Portfolio of Investment</b>
			<b>Global Inflation Linked Bonds 2.13% (0.00%)</b>
3,207,355			iShares Global Inflation-Linked Bond Index <sup>2</sup>
			<b>32,302,378 2.13</b>
			<b>Short Term Sterling Bonds 18.09% (7.95%)</b>
£3,255,000			Abbey National Treasury Services 1.875% 2020
£2,400,000			ABN AMRO Bank 4.875% 2019
£680,000			Bank Nederlandse Gemeenten 1.00% 2022
£5,830,000			Bank Nederlandse Gemeenten 1.125% 2021
£5,855,000			Bank of Nova Scotia FRN 2023
£1,800,000			Barclays Bank 4.25% 2022
£2,200,000			Bayerische Landesbank 1.25% 2021
£500,000			Commonwealth Bank of Australia 1.125% 2021
£400,000			Council Of Europe Development Bank 1.25% 2019
£1,000,000			Council Of Europe Development Bank 1.25% 2019
£4,532,000			Coventry Building Society 1% 2020
£1,780,000			Coventry Building Society FRN 2020
£472,000			Deutsche Bahn Finance 2.75% 2022
£1,400,000			Dexia Credit Local FRN 2019
£6,000,000			DNB Bank 4.25% 2020
£12,965,000			European Investment Bank 1.50% 2019
£14,611,000			Export Development Canada 1.375% 2019
£1,100,000			FMS Wertmanagement 0.625% 2020
£500,000			FMS Wertmanagement 0.875% 2022
£8,900,000			FMS Wertmanagement 1.25% 2019
£4,199,000			ING Bank 5.375% 2021
£936,000			Inter-American Development Bank 5.25% 2021
£6,578,000			International Bank for Reconstruction & Development 5.4% 2021
£400,000			KFW 1.625% 2020
£16,000,000			Kreditanstalt fuer Wiederaufbau 1.00% 2022
£8,684,000			Lloyds Bank FRN 2017
£4,355,000			Municipality Finance 1.25% 2022
£5,355,000			National Australia Bank 1.875% 2020
£6,352,000			Nederlandse Waterschapsbank 2% Senior Notes 2018
£9,062,000			Nordea Bank FRN 2019
£12,000,000			NRW Bank 1.00% 2022
£7,400,000			Oversea-Chinese Banking FRN 2023
£8,200,000			Rabobank Nederland 4.625% 2021
£540,000			Reseau Ferre de France 5.5% 2021
£670,000			Royal Bank of Canada FRN 2021
£11,991,000			Royal Bank of Scotland FRN 2020
£2,800,000			Santander UK FRN 2020
£8,421,000			Santander UK FRN 2020
£11,000,000			Santander UK FRN 2022
£4,000,000			SpareBank 1 Boligkreditt AS FRN 2022
£7,000,000			Svenska Handelsbanken AB 3.00% 2020
£7,688,000			Swedbank 1.25% 2021
£5,000,000			Swedbank FRN 2021
£1,150,000			Total Capital 3.875% 2018
£9,371,000			Total Capital International FRN 2019
£14,987,000			UBS 1.25% 2020
£877,000			Wellcome Trust Finance 4.75% 2021
£16,950,000			Westpac Banking FRN 2023
£4,790,000			Yorkshire Building Society
			<b>274,547,677 18.09</b>

# 7IM AAP BALANCED FUND

## PORTFOLIO STATEMENT (continued)

as at 30 November 2018

Holding	Portfolio of Investment	Value £	30.11.18 %
<b>Sterling Corporate Bonds 5.82% (8.40%)</b>			
£1,500,000	Barclays Bank UK FRN 2023	1,489,443	0.10
£9,509,000	DNB Boligkreditt FRN 2020	9,514,705	0.63
£12,600,000	European Investment Bank 0.875% 2021	12,541,032	0.83
£1,400,000	FMS Wertmanagement 1.875% 2018	1,400,112	0.09
£17,747,000	International Bank for Reconstruction & Development 0.375% 2021	17,439,587	1.15
£821,000	Landeskreditbank 1.125% 2021	820,099	0.05
£600,000	Nordea Bank 2.125% 2019	604,130	0.04
£8,858,000	Royal Bank of Canada FRN 2019	8,867,478	0.58
£6,079,000	Shell International Finance 2% 2019	6,118,878	0.40
£6,800,000	Toronto-Dominion Bank FRN 2023	6,754,250	0.45
£4,072,000	Total Capital International 2.25% 2020	4,141,839	0.27
177,397	UBS Sterling Corporate Bond Indexed <sup>2</sup>	18,613,286	1.23
		<b>88,304,839</b>	<b>5.82</b>
<b>EQUITY 25.72% (25.50%)</b>			
<b>Asia &amp; Emerging Markets 2.59% (1.94%)</b>			
3,370,951	7IM Emerging Markets Equity Value Fund 'Z' Inc <sup>2,5</sup>	3,898,505	0.26
4,806	Most Diversified TOBAM Anti-Benchmark Emerging Markets <sup>2</sup>	37,954,124	2.50
394	MSCI AC Asia ex Japan Futures December 2018 <sup>4</sup>	(496,801)	(0.03)
1,062	MSCI Emerging Markets Index Futures December 2018 <sup>4</sup>	(2,036,401)	(0.14)
		<b>39,319,427</b>	<b>2.59</b>
<b>Europe (ex UK) 6.00% (8.10%)</b>			
12,729,910	7IM European (ex UK) Equity Value Fund 'Z' Inc <sup>2,5</sup>	14,107,286	0.93
21,332	ABB	338,175	0.02
522,463	Aegon	2,265,051	0.15
930	Aena SME	117,233	0.01
2,081	AerCap	85,818	0.01
3,065	Ageas	116,620	0.01
68,409	Amadeus IT Group	3,899,456	0.26
4,528	Anheuser-Busch InBev	275,746	0.02
63	AP Moeller - Maersk 'A'	65,517	-
10,988	ArcelorMittal	192,937	0.01
11,103	Atlas Copco	209,870	0.01
6,606	Atlas Copco 'B'	115,628	0.01
828	Baloise	95,227	0.01
135	Barry Callebaut	181,775	0.01
47,854	Bayer	2,774,279	0.18
2,393	Bayerische Motoren Werke	134,294	0.01
43,346	Bayerische Motoren Werke 'A'	2,764,111	0.18
114,946	BNP Paribas	4,526,772	0.30
224,464	Boliden	3,945,379	0.26
6,897	Compagnie De St-Gobain	199,707	0.01
9,102	Covestro	405,881	0.03
10,943	Daimler	477,147	0.03
13,216	Danske Bank	204,780	0.01
777	Dassault Aviation	935,132	0.06
254,006	Deutsche Lufthansa	4,864,032	0.32
361,766	Deutsche Telekom	4,973,135	0.33
14,082	DNB	189,539	0.01
3,316	Eiffage	250,567	0.02
5,391	Endesa	94,391	0.01
294,966	Engie	3,284,374	0.22
237,395	Eni	3,023,856	0.20

## 7IM AAP BALANCED FUND

### PORTFOLIO STATEMENT (continued)

as at 30 November 2018

Holding	Portfolio of Investment	Value £	30.11.18 %
	<b>Europe (ex UK) (continued)</b>		
50,819	Ericsson 'B'	335,974	0.02
545	Euro Stoxx 50 Equity Index Futures December 2018 <sup>4</sup>	(827,346)	(0.06)
24,019	Fiat Chrysler Automobiles	311,556	0.02
1,037	Genmab	123,515	0.01
18,324	H Lundbeck	587,994	0.04
3,547	Hexagon	140,124	0.01
7,890	Holcim	276,502	0.02
157,276	Iberdrola	923,707	0.06
134,323	International Consolidated Airlines	838,476	0.05
6,907	Investor 'B'	233,863	0.01
3,468	Klepierre	88,515	0.01
210,865	Koninklijke Ahold Delhaize	4,267,254	0.28
1,418	L'Oreal	262,941	0.02
7,843	Muenchener Rueckversicherungs	1,340,014	0.09
4,905	NN Group	164,897	0.01
19,167	Nordea Bank	134,576	0.01
49,139	Novartis	3,509,738	0.23
26,158	Pernod Ricard	3,300,902	0.22
10,630	Peugeot	181,145	0.01
2,388	Porsche Automobil	118,622	0.01
21,251	Renault	1,162,284	0.08
92,644	Repsol	1,256,217	0.08
22,376	Roche Holding	4,481,531	0.29
7,873	Sandvik	90,703	0.01
33,044	Sanofi	2,338,417	0.15
6,137	SES	102,036	0.01
11,314	Societe Generale	325,537	0.02
4,770	Swiss Life	1,469,653	0.10
1,281	Swiss Prime Site	82,670	–
29,453	Swiss Re	2,101,358	0.14
23,273	Terna Rete Elettrica Nazionale	102,514	0.01
21,268	Total	929,243	0.06
1,314	Ubisoft Entertainment	83,405	0.01
58,280	Uniper	1,192,396	0.08
74,853	UPM-Kymmene	1,594,203	0.10
14,373	Vestas Wind Systems	850,134	0.06
8,433	Vinci	579,034	0.04
546	Volkswagen	69,995	–
12,117	Volvo 'B'	130,811	0.01
4,802	Wolters Kluwer	229,630	0.01
1,631	Zurich Insurance Group	400,143	0.03
		<b>90,998,598</b>	<b>6.00</b>
	<b>Frontier Markets Equity 1.04% (1.01%)</b>		
2,000,282	T. Rowe Price Frontier Markets Equity Fund 'I' <sup>2</sup>	<b>15,729,379</b>	<b>1.04</b>
	<b>Japan -0.10% (0.61%)</b>		
951	TOPIX Index Futures December 2018 <sup>4</sup>	<b>(1,501,046)</b>	<b>(0.10)</b>
	<b>North America 6.34% (6.35%)</b>		
9,120,755	7IM US Equity Value Fund 'Z' Inc <sup>2,5</sup>	12,600,323	0.83
193	Abiomed	50,219	–
36,808	Activision Blizzard	1,516,472	0.10
14,170	Adobe Systems	2,767,121	0.18

# 7IM AAP BALANCED FUND

## PORTFOLIO STATEMENT (continued)

as at 30 November 2018

Holding	Portfolio of Investment	Value £	30.11.18 %
	<b>North America (continued)</b>		
4,921	Affiliated Managers	430,409	0.03
1,699	Agnc Investment	23,604	–
1,541	Allergan	187,505	0.01
1,455	Alphabet 'C'	1,241,319	0.08
8,779	Altria	384,954	0.03
215	Amazon.com	282,045	0.02
3,804	American International Group	129,554	0.01
19,845	Amgen	3,147,505	0.21
5,766	Annaly Capital Management	45,432	–
1,159	Anthem	265,502	0.02
7,582	Apple	1,067,246	0.07
4,578	Applied Materials	131,149	0.01
1,131	Aptiv	63,400	–
242	Assurant	18,550	–
628	AvalonBay Communities	92,597	0.01
1,153	Best Buy	57,890	–
4,337	Biogen	1,110,313	0.07
923	Boeing	247,766	0.02
242	Booking Holdings	353,874	0.02
889	Broadcom	164,334	0.01
13,498	Cadence Design Systems	466,901	0.03
15,265	Capital One Financial	1,063,344	0.07
19,074	Celgene	1,049,033	0.07
19,783	Chevron	1,843,208	0.12
2,596	Cigna	452,891	0.03
26,741	Cisco Systems	992,488	0.07
11,594	Citigroup	589,835	0.04
3,978	Citizens Financial Group	112,370	0.01
3,845	Colgate-Palmolive	189,974	0.01
108,591	Comcast 'A'	3,356,062	0.22
7,725	ConocoPhillips	405,055	0.03
430	Continental Resources	15,632	–
20,511	CSX	1,153,955	0.08
713	Cummins	82,826	0.01
948	CVS Health	59,423	–
3,047	Dell Technologies 'V'	253,196	0.02
427	Duke Energy	29,323	–
1,944	Eaton	115,847	0.01
32,080	eBay	742,204	0.05
1,376	Electronic Arts	93,197	0.01
4,436	Eli Lilly & Company	406,770	0.03
47,891	Emerson Electric	2,527,278	0.17
2,295	EOG Resources	189,790	0.01
1,120	Estee Lauder	124,241	0.01
26,348	Evergy	1,215,251	0.08
9,411	Exxon Mobil	583,327	0.04
2,180	F5 Networks	296,569	0.02
9,709	FNF	252,563	0.02
16,081	Ford Motor	118,133	0.01
17,697	Fortinet	1,025,330	0.07
180,100	Freport-McMoRan	1,667,566	0.11
1,046	Gap	21,847	–
1,901	General Motors	54,802	–
51,226	Gilead Sciences	2,798,453	0.18
2,108	HCP	47,597	–
3,517	Honeywell International	401,911	0.03



## 7IM AAP BALANCED FUND

### PORTFOLIO STATEMENT (continued)

as at 30 November 2018

Holding	Portfolio of Investment	Value	30.11.18
		£	%
<b>North America (continued)</b>			
9,404	Humana	2,434,718	0.16
65,283	Intel	2,440,883	0.16
16,827	Intuit	2,759,733	0.18
480	JM Smucker	38,919	–
47,914	Juniper Networks	1,073,604	0.07
1,879	Kimco Realty	23,452	–
7,141	Kinder Morgan	94,448	0.01
642	KLA-Tencor	48,662	–
7,426	Las Vegas Sands	317,010	0.02
2,460	Liberty Global	46,963	–
699	Liberty Property Trust	24,327	–
25,680	Lincoln National	1,257,726	0.08
1,487	LyondellBasell Industries	108,444	0.01
1,284	Maxim Integrated Products	55,709	–
7,580	Merck & Co	463,001	0.03
4,012	MetLife	139,626	0.01
60,781	Michael Kors Holdings	2,086,711	0.14
88,642	Micron Technology	2,634,589	0.17
2,681	Microsoft	231,590	0.02
10,231	Molson Coors Brewing	516,002	0.03
8,012	Mondelez International	279,713	0.02
1,246	NetApp	65,831	–
2,267	Newell Rubbermaid	42,301	–
2,349	Newmont Mining	59,558	–
3,152	NextEra Energy	437,697	0.03
6,413	Nike	373,769	0.03
23,538	NXP Semiconductors	1,529,831	0.10
45,663	Occidental Petroleum	2,538,941	0.17
2,530	OGE Energy	77,160	0.01
14,522	Oracle	545,358	0.04
418	Palo Alto Networks	57,727	–
35,627	Pentair	1,185,704	0.08
26,261	Pfizer	936,996	0.06
2,320	PG&E	48,710	–
7,210	Philip Morris International	491,727	0.03
28,089	PNC Financial Services Group	2,943,454	0.19
9,396	Procter & Gamble	683,761	0.05
1,400	Prologis	73,737	0.01
11,195	Prudential Financial	815,115	0.05
6,386	Qualcomm	290,937	0.02
254	Ralph Lauren	22,162	–
5,407	Regions Financial	68,716	0.01
575	Robert Half International	27,842	–
548	Rockwell Automation	73,790	0.01
770	Royal Caribbean Cruises	67,383	–
956	S&P 500 E-mini Futures December 2018 <sup>4</sup>	(4,380,420)	(0.29)
3,411	Salesforce.com	373,752	0.03
826	Skyworks Solutions	46,121	–
725	Southwest Airlines	30,250	–
118,609	Synchrony Financial	2,414,025	0.16
682	Synopsys	47,860	–
42,161	Target	2,352,157	0.16
50,141	T-Mobile	2,699,083	0.18
24,883	Union Pacific	2,935,628	0.19
3,018	UnitedHealth	668,550	0.04
12,938	Unum	369,020	0.02

# 7IM AAP BALANCED FUND

## PORTFOLIO STATEMENT (continued)

as at 30 November 2018

Holding	Portfolio of Investment	Value £	30.11.18 %
	<b>North America (continued)</b>		
884	Valero Energy	55,078	–
291,317	Vereit	1,740,365	0.12
6,099	VMware	771,568	0.05
45,648	Walgreens Boots Alliance	3,036,281	0.20
14,239	Wal-Mart Stores	1,085,982	0.07
1,334	Western Digital	47,597	–
7,605	WestRock	276,296	0.02
		<b>96,280,505</b>	<b>6.34</b>
	<b>United Kingdom 9.85% (7.49%)</b>		
10,486,221	7IM UK Equity Value Fund 'Z' Inc <sup>2,5</sup>	10,867,919	0.72
78,172	Anglo American	1,231,678	0.08
393,906	Antofagasta	3,187,487	0.21
19,899	Associated British Foods	485,735	0.03
19,323	AstraZeneca	1,188,751	0.08
588,901	Auto Trader Group	2,585,275	0.17
882,017	Aviva	3,571,287	0.24
13,872	Babcock International	79,903	0.01
54,579	Barratt Developments	250,299	0.02
6,179	Berkeley Group	197,604	0.01
105,128	BHP	1,591,848	0.10
1,618,270	BP	8,418,241	0.55
37,341	British American Tobacco	1,019,596	0.07
44,298	British Land	245,765	0.02
20,341	Bunzl	496,727	0.03
23,091	Burberry	412,174	0.03
33,137	Carnival	1,519,331	0.10
831,091	Centrica	1,143,166	0.08
553,649	ConvaTec Group	840,439	0.06
23,721	Diageo	670,711	0.04
268,535	Direct Line Insurance Group	876,230	0.06
5,789	Electric & General Investment Trust <sup>1</sup>	–	–
1,669	FTSE 100 Index Futures December 2018 <sup>4</sup>	(5,599,519)	(0.37)
613,936	G4S	1,191,036	0.08
279,774	GlaxoSmithKline	4,481,980	0.30
642,267	HSBC Holdings	4,241,531	0.28
169,392	Imperial Tobacco Group	4,045,928	0.27
12,812	Intertek Group	612,414	0.04
884,399	J Sainsbury	2,697,417	0.18
39,967	Land Securities	324,852	0.02
943,915	Legal & General Group	2,312,592	0.15
38,398	London Stock Exchange	1,556,655	0.10
567,974	Marks & Spencer	1,685,179	0.11
95,787	Mediclinic International	343,588	0.02
564,522	Meggitt	2,932,127	0.19
24,372	Micro Focus International	376,791	0.02
167,633	National Grid	1,400,238	0.09
71,581	Pearson	692,618	0.05
145,656	Persimmon	2,784,943	0.18
49,088	Randgold Resources	3,116,106	0.21
8,813	Reckitt Benckiser Group	580,600	0.04
173,073	RELX	2,854,839	0.19
54,033	Rio Tinto	1,931,680	0.13
137,377	Royal Dutch Shell 'A'	3,262,017	0.21
209,227	Royal Dutch Shell 'B'	5,044,463	0.33

## 7IM AAP BALANCED FUND

### PORTFOLIO STATEMENT (continued)

as at 30 November 2018

		Value	30.11.18
		£	%
<b>Holding</b>	<b>Portfolio of Investment</b>		
	<b>United Kingdom (continued)</b>		
534,362	Royal Mail	1,700,874	0.11
6,708	Schroders	170,987	0.01
50,450	Shire	2,265,205	0.15
175,255	Smith & Nephew	2,494,755	0.16
275,883	St James's Place	2,771,245	0.18
64,354	Standard Chartered	386,639	0.03
457,499	Taylor Wimpey	613,049	0.04
771,242	Tesco	1,526,674	0.10
872	Thames River Multi Hedge preference shares <sup>1</sup>	–	–
60,999	Travis Perkins	668,854	0.04
1,815	Unilever	77,673	0.01
1,549,274	Vanguard FTSE 250 UCITS ETF <sup>2</sup>	45,664,851	3.01
2,470,024	Vodafone Group	4,152,110	0.27
1,303,406	WM Morrison Supermarkets	3,109,275	0.20
12,831	WPP	110,193	0.01
		<b>149,462,625</b>	<b>9.85</b>
	<b>PRIVATE EQUITY 0.00% (0.01%)</b>		
	<b>FORWARD CURRENCY CONTRACTS -0.43% (0.50%)</b>		
€6,600,000	Vs £(5,767,542) Expiry 15.02.2019	132,399	0.01
€(114,447,000)	Vs £102,599,447 Expiry 15.02.2019	291,787	0.02
€(13,000,000)	Vs £11,567,790 Expiry 15.02.2019	(53,306)	–
¥(2,600,000,000)	Vs £17,828,979 Expiry 21.12.2018	(144,729)	(0.01)
¥(5,380,000,000)	Vs £36,337,847 Expiry 21.12.2018	(853,903)	(0.06)
US\$(431,160,000)	Vs £327,845,916 Expiry 18.01.2019	(9,307,493)	(0.61)
¥14,550,000,000	Vs £(99,175,244) Expiry 21.12.2018	1,408,393	0.09
US\$52,750,000	Vs £(40,302,556) Expiry 18.01.2019	946,267	0.06
US\$28,700,000	Vs £(21,992,388) Expiry 18.01.2019	450,100	0.03
US\$16,300,000	Vs £(12,492,939) Expiry 18.01.2019	253,142	0.02
US\$8,200,000	Vs £(6,225,638) Expiry 18.01.2019	186,501	0.01
US\$6,000,000	Vs £(4,592,359) Expiry 18.01.2019	99,450	0.01
US\$15,494,000	Vs £(12,125,139) Expiry 18.01.2019	(9,324)	–
		<b>(6,600,716)</b>	<b>(0.43)</b>
	<b>Portfolio of investment</b>	<b>1,500,576,620</b>	<b>98.88</b>
	Net other assets	17,004,966	1.12
	<b>Net assets</b>	<b>1,517,581,586</b>	<b>100.00</b>

Comparative figures shown in brackets relate to 30 November 2017.

All investments are ordinary shares listed on a regulated market unless stated otherwise.

<sup>1</sup> Delisted security

<sup>2</sup> Collective investment scheme

<sup>3</sup> Structured product

<sup>4</sup> Derivative contract

<sup>5</sup> Related party holding (see note 12 of the Financial Statements)

## 7IM AAP BALANCED FUND

### PORTFOLIO STATEMENT (continued) as at 30 November 2018

<b>Credit Quality</b>	<b>30.11.18</b>	<b>30.11.17</b>
	<b>%</b>	<b>%</b>
Investment grade debt securities	36.99	25.83
Non-rated debt securities	9.53	7.09
Other investments	52.36	67.95
Net other assets/(liabilities)	1.12	(0.87)
	<hr/>	<hr/>
	<b>100.00</b>	<b>100.00</b>

## 7IM AAP BALANCED FUND

### STATEMENT OF TOTAL RETURN

for the year ended 30 November 2018

	Notes	£	30.11.18 £	£	30.11.17 £
Income					
Net capital (losses)/gains	4		(55,749,793)		92,779,987
Revenue	5	32,263,390		32,270,425	
Expenses	6	(8,282,512)		(8,673,978)	
Interest payable and similar charges	8	(109,804)		(88,041)	
Net revenue before taxation for the year		23,871,074		23,508,406	
Taxation	7	(2,626,408)		(2,855,523)	
Net revenue after taxation for the year			21,244,666		20,652,883
<b>Total return before distributions</b>			(34,505,127)		113,432,870
Distributions	8		(24,459,927)		(24,001,371)
<b>Change in net assets attributable to shareholders from investment activities</b>			(58,965,054)		89,431,499

### STATEMENT OF CHANGE IN NET ASSETS ATTRIBUTABLE TO SHAREHOLDERS

for the year ended 30 November 2018

	£	30.11.18 £	£	30.11.17 £
<b>Opening net assets attributable to shareholders</b>		1,597,289,369		1,815,015,824
Amounts received on creation of shares <sup>1</sup>	345,736,924		362,991,795	
Amounts paid on cancellation of shares <sup>1</sup>	(388,552,081)		(439,526,094)	
Amounts payable on in-specie transactions	—		(251,566,653)	
		(42,815,157)		(328,100,952)
Stamp Duty Reserve Tax		—		22,794
Dilution levy		8,889		—
Change in net assets attributable to shareholders from investment activities		(58,965,054)		89,431,499
Retained distribution on accumulation shares		22,063,539		20,920,204
<b>Closing net assets attributable to shareholders</b>		1,517,581,586		1,597,289,369

<sup>1</sup>Stated at mid-market price.

The notes on pages 348 to 359 are an integral part of these Financial Statements.

# 7IM AAP BALANCED FUND

## BALANCE SHEET

as at 30 November 2018

	Notes	30.11.18 £	30.11.17 £
<b>ASSETS</b>			
Fixed assets:			
Investments		1,525,903,160	1,614,698,234
Current assets:			
Debtors	9	11,016,479	8,778,463
Cash and bank balances	10	24,747,785	10,856,901
<b>Total assets</b>		<b>1,561,667,424</b>	<b>1,634,333,598</b>
<b>LIABILITIES</b>			
Investment liabilities		(25,326,540)	(3,456,824)
Creditors:			
Bank overdrafts	10	(9,434,894)	(24,725,497)
Distribution payable		(1,130,269)	(1,062,817)
Other creditors	11	(8,194,135)	(7,799,091)
<b>Total liabilities</b>		<b>(44,085,838)</b>	<b>(37,044,229)</b>
<b>Net assets attributable to shareholders</b>		<b>1,517,581,586</b>	<b>1,597,289,369</b>

The notes on pages 348 to 359 are an integral part of these Financial Statements.

# 7IM AAP BALANCED FUND

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 November 2018

### 1 Statement of Compliance

The Sub-fund's Financial Statements have been prepared on the same basis as the Statement of Compliance disclosed on page 10.

### 2 Summary of Significant Accounting Policies

The Sub-fund's Financial Statements have been prepared on the same basis as the Summary of Significant Accounting Policies disclosed on pages 10 to 12.

### 3 Risk Management Policies

The Sub-fund's Risk Management Policies are the same as the Risk Management Policies disclosed on pages 13 to 14.

### 4 Net capital (losses)/gains

	30.11.18	30.11.17
	£	£
The net capital (losses)/gains during the year comprise:		
Non-derivative securities	(20,763,609)	30,719,307
Derivative contracts	(12,384,602)	40,983,249
Forward currency contracts	(23,611,214)	11,728,804
Currency gains	836,943	9,218,246
Transaction charges	(35,402)	(29,756)
AMC rebates from underlying investments	208,091	160,137
Net capital (losses)/gains	<u>(55,749,793)</u>	<u>92,779,987</u>

### 5 Revenue

	30.11.18	30.11.17
	£	£
Non-taxable dividends	13,054,582	12,257,854
Taxable dividends	12,158,252	14,233,215
Unfranked interest	6,308,792	5,395,035
AMC rebates from underlying investments	605,359	323,958
Bank interest	3,226	–
Stock lending revenue <sup>1</sup>	133,179	60,363
Total revenue	<u>32,263,390</u>	<u>32,270,425</u>

<sup>1</sup> Stock lending revenue is disclosed net of the security agent's share of income.

## 7IM AAP BALANCED FUND

### NOTES TO THE FINANCIAL STATEMENTS (continued) for the year ended 30 November 2018

#### 6 Expenses

	30.11.18 £	30.11.17 £
Payable to the ACD, associates of the ACD and agents of either of them:		
ACD's periodic charge	7,815,359	8,218,708
Other expenses	6,496	6,962
	<u>7,821,855</u>	<u>8,225,670</u>
Payable to the Depositary, associates of the Depositary and agents of either of them:		
Depositary's fees	197,211	208,819
Market risk fees	6,000	6,000
Safe custody and other bank charges	70,898	68,013
	<u>274,109</u>	<u>282,832</u>
Other Expenses:		
Advisory fees	116,510	70,607
Audit fee	8,760	8,760
Dealing and exchange fees	41,638	59,243
FCA and other Regulatory fees	300	275
Legal and professional fees	2,417	829
Printing, postage and distribution costs	11,985	20,047
Risk analysis fees	4,938	5,715
	<u>186,548</u>	<u>165,476</u>
Total expenses	<u>8,282,512</u>	<u>8,673,978</u>



## 7IM AAP BALANCED FUND

### NOTES TO THE FINANCIAL STATEMENTS (continued) for the year ended 30 November 2018

#### 7 Taxation

	30.11.18 £	30.11.17 £
<i>a) Analysis of charge for the year</i>		
Corporation tax at 20%	2,178,956	2,249,064
Overseas tax	511,747	606,459
Irrecoverable CIS income tax	2,095	–
Prior year adjustment	(66,390)	–
	<hr/>	<hr/>
Current tax charge (note 7b)	2,626,408	2,855,523
Total taxation	<hr/>	<hr/>
	2,626,408	2,855,523
<i>b) Factors affecting current tax charge for the year</i>		
The tax assessed for the year differs from the standard rate of corporation tax in the UK for an authorised fund (20%) (2017: 20%) for the reasons explained below.		
Net revenue before taxation	23,871,074	23,508,406
Corporation tax at 20%	4,774,215	4,701,681
Effects of:		
AMC rebates taken to capital	41,618	32,027
Double taxation relief expensed	(25,058)	(33,026)
Franked CIS revenue	(227,434)	(174,712)
Franked REIT income	(286)	(3,835)
FX loss non taxable	–	32,304
Irrecoverable CIS income tax w/off	2,095	–
Movement in revenue accruals	(1,425)	15,718
Non-taxable dividends	(2,006,006)	(2,060,620)
Non-taxable overseas dividends	(51,434)	(231,928)
Offshore CIS revenue	(325,234)	(28,545)
Overseas tax	511,747	606,459
Prior year adjustment	(66,390)	–
Current tax charge (note 7a)	<hr/>	<hr/>
	2,626,408	2,855,523

#### *c) Deferred tax*

There is no deferred tax provision in the current year (2017: none).

#### 8 Distributions

The distributions take account of revenue received on the issue of shares and revenue deducted on cancellation of shares, and comprise:

	30.11.18 £	30.11.17 £
Interim	11,365,290	11,589,318
Final	12,867,728	11,412,565
	<hr/>	<hr/>
	24,233,018	23,001,883
Add: Revenue deducted on cancellation of shares	1,491,711	1,702,647
Add: Revenue deducted on in-specie transactions	–	629,902
Deduct: Revenue received on issue of shares	(1,264,802)	(1,333,061)
Net distributions for the year	<hr/>	<hr/>
	24,459,927	24,001,371
Interest payable and similar charges	109,804	88,041
Total distribution	<hr/>	<hr/>
	24,569,731	24,089,412

## 7IM AAP BALANCED FUND

### NOTES TO THE FINANCIAL STATEMENTS (continued) for the year ended 30 November 2018

#### 8 Distributions (continued)

Details of the distributions per share are set out in the table on pages 360 to 362.

Distributions represented by:

Net revenue after taxation	21,244,666	20,652,883
Allocations to capital:		
Expenses, net of tax relief	3,214,366	3,347,753
Equalisation on conversions <sup>1</sup>	724	1,184
Net movement in revenue account	171	(449)
Net distributions for the year	<u>24,459,927</u>	<u>24,001,371</u>

<sup>1</sup>Where an investor converts to a class with a higher income yield, the investor will pay or receive an equalisation as if they had held the new class throughout the period from the last distribution to the conversion date. The yield differential at the point of conversion is an equalisation which will be offset by capital erosion for the converted investor.

#### 9 Debtors

	30.11.18	30.11.17
	£	£
Amounts receivable for issue of shares	2,926,580	3,291,874
Accrued revenue	6,845,972	4,246,985
Income tax recoverable	47	2,276
AMC rebates from underlying investments	463,927	483,603
Withholding tax recoverable	779,701	753,637
Prepaid expenses	–	88
Currency deals awaiting settlement	252	–
Total debtors	<u>11,016,479</u>	<u>8,778,463</u>

#### 10 Cash and bank balances

	30.11.18	30.11.17
	£	£
Cash and bank balances	9,677,227	10,824,319
Cash held at clearing houses	15,070,558	32,582
Total cash and bank balances	<u>24,747,785</u>	<u>10,856,901</u>
Bank overdrafts	(9,404,715)	(10,294,700)
Cash overdraft at clearing houses	(30,179)	(14,430,797)
Total bank overdrafts	<u>(9,434,894)</u>	<u>(24,725,497)</u>

#### 11 Other Creditors

	30.11.18	30.11.17
	£	£
Amounts payable for cancellation of shares	5,378,059	5,059,827
Purchases awaiting settlement	959,645	978,544
Accrued expenses	717,475	730,266
Corporation tax payable	1,138,956	1,030,454
Total other creditors	<u>8,194,135</u>	<u>7,799,091</u>

## 7IM AAP BALANCED FUND

### NOTES TO THE FINANCIAL STATEMENTS (continued) for the year ended 30 November 2018

#### 12 Related party transactions

ACD's periodic charge and other expenses payable to 7IM (the 'ACD') are disclosed in note 6.

The aggregate monies received by the ACD through the issue of shares and paid on cancellation of shares are disclosed in the Statement of Change in Net Assets Attributable to Shareholders on page 346.

The Sub-fund has the following shareholdings in the 7IM Specialist Investment Funds ICVC:

	Held at 30.11.18	Held at 30.11.17
7IM Emerging Markets Equity Value Fund 'Z' Inc	3,370,951	3,370,951
7IM European (ex UK) Equity Value Fund 'Z' Inc	12,729,910	8,866,242
7IM UK Equity Value Fund 'Z' Inc	10,486,221	5,380,103
7IM US Equity Value Fund 'Z' Inc	9,120,755	9,120,755

A shareholder may be able to exercise significant influence over the financial and operating policies of the Sub-fund and as such is deemed to be a related party. At the balance sheet date the following shareholder held in excess of 20% of the shares in issue of the Sub-fund:

Pershing Nominees Limited	34.84% (2017: 31.66%)
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Where the Sub-fund invests in another sub-fund of the ICVC or any other collective investment scheme managed by the ACD it is referenced in the Portfolio Statement of the Sub-fund.

#### 13 Classes of Shares

The Sub-fund has five share classes: 'A', 'C', 'D', 'O' and 'S'. The annual management charge on each class are as follows:

Class A	1.00%
Class C	0.50%
Class D	1.40%
Class O	1.50%
Class S	0.25%

The following table shows the shares in issue during the year:

Class	Opening Shares	Shares Created	Shares Liquidated	Shares Converted	Closing Shares
Class A Income	240,182	2,866	(30,681)	–	212,367
Class A Accumulation	3,979,818	557,073	(685,077)	(106,627)	3,745,187
Class C Income	81,913,819	11,949,422	(22,311,675)	550,777	72,102,343
Class C Accumulation	704,302,616	159,446,304	(174,475,854)	(6,847,676)	682,425,390
Class D Income	1,310,487	12,259	(237,035)	(29,921)	1,055,790
Class D Accumulation	40,146,306	2,114,828	(7,057,000)	(1,425)	35,202,709
Class O Accumulation	–	–	–	–	–
Class S Income	26,844,614	10,339,379	(7,673,754)	252,611	29,762,850
Class S Accumulation	188,170,511	42,235,675	(42,358,726)	8,257,893	196,305,353

#### 14 Contingent liabilities and commitments

There are no contingent liabilities or unrecorded outstanding commitments at the balance sheet date (2017: none).

## 7IM AAP BALANCED FUND

### NOTES TO THE FINANCIAL STATEMENTS (continued) for the year ended 30 November 2018

#### 15 Risks Disclosures

The main risks from the Sub-fund's holding of financial instruments, together with the ACD's policy for managing these risks are detailed in note 3 on pages 13 to 14. Further analysis and numeric disclosure of interest rate risk, foreign currency risk and derivatives are shown below.

##### i. Interest rate risk

The table below shows the direct interest rate risk profile:

Interest rate exposure as at 30 November 2018

	<b>Floating Rate Financial Assets £</b>	<b>Fixed Rate Financial Assets £</b>	<b>Financial Assets not carrying interest £</b>	<b>Total £</b>
Canadian dollar	8,320	–	–	8,320
Danish krone	2	–	1,899,333	1,899,335
Euro	1,270,963	32,668,859	63,741,309	97,681,131
Japanese yen	2,596	35,743,852	100,601,726	136,348,174
Norwegian krone	–	–	189,539	189,539
South African rand	258	–	–	258
Swedish krona	–	–	5,336,928	5,336,928
Swiss franc	–	–	13,542,376	13,542,376
US dollar	52,264,679	132,932,427	376,136,374	561,333,480
Pound sterling	168,307,807	328,089,576	947,483,172	1,443,880,555
	<b>221,854,625</b>	<b>529,434,714</b>	<b>1,508,930,757</b>	<b>2,260,220,096</b>

	<b>Floating Rate Financial Liabilities £</b>	<b>Financial Liabilities not carrying interest £</b>	<b>Total £</b>
Canadian dollar	(8,320)	–	(8,320)
Danish krone	(2)	–	(2)
Euro	(1,129,856)	(114,756,101)	(115,885,957)
Japanese yen	(5,855)	(56,666,504)	(56,672,359)
South African rand	(70)	–	(70)
US dollar	(2,433,582)	(344,183,283)	(346,616,865)
Pound sterling	(5,857,208)	(217,597,729)	(223,454,937)
	<b>(9,434,893)</b>	<b>(733,203,617)</b>	<b>(742,638,510)</b>

## 7IM AAP BALANCED FUND

### NOTES TO THE FINANCIAL STATEMENTS (continued) for the year ended 30 November 2018

#### 15 Risks Disclosures (continued)

##### i. Interest rate risk (continued)

Interest rate exposure as at 30 November 2017

	<b>Floating Rate Financial Assets</b>	<b>Fixed Rate Financial Assets</b>	<b>Financial Assets not carrying interest</b>	<b>Total</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Canadian dollar	8,152	–	–	8,152
Danish krone	2	–	7,701,644	7,701,646
Euro	1,021,496	–	101,264,895	102,286,391
Japanese yen	47	–	91,068,667	91,068,714
Norwegian krone	–	–	428,937	428,937
South African rand	247	–	–	247
Swedish krona	–	–	3,550,914	3,550,914
Swiss franc	388,604	–	21,996,794	22,385,398
US dollar	50,638,444	224,834,898	453,628,416	729,101,758
Pound sterling	339,943,937	137,548,731	881,480,745	1,358,973,413
	<b>392,000,929</b>	<b>362,383,629</b>	<b>1,561,121,012</b>	<b>2,315,505,570</b>

	<b>Floating Rate Financial Liabilities</b>	<b>Financial Liabilities not carrying interest</b>	<b>Total</b>
	<b>£</b>	<b>£</b>	<b>£</b>
Canadian dollar	(8,152)	–	(8,152)
Danish krone	(2)	–	(2)
Euro	(849,712)	(25,234,320)	(26,084,032)
South African rand	(67)	–	(67)
US dollar	(1,826,623)	(558,473,845)	(560,300,468)
Pound sterling	(22,040,941)	(109,782,539)	(131,823,480)
	<b>(24,725,497)</b>	<b>(693,490,704)</b>	<b>(718,216,201)</b>

The floating rate financial assets and liabilities comprise bank balances and bank overdraft positions which earn or pay interest at rates linked to the Bank of England base rate or its international equivalents, index-linked securities that earn interest at rates adjusted by changes in the UK Retail Prices Index (RPI) or its international equivalent and collective investment schemes that pay UK interest distributions.

Currency	Fixed Rate Financial Assets			
	Weighted average interest rate		Weighted average period for which rate is fixed	
	30.11.18	30.11.17	30.11.18	30.11.17
	%	%	Years	Years
Euro	0.86	–	10	–
Japanese yen	0.15	–	11	–
Pound sterling	1.27	0.68	4	1
US dollar	0.99	1.46	4	6

The average effective duration of the Sub-fund's portfolio is a measure of the sensitivity of the fair value of the Sub-fund's bond portfolio (excludes all other investments) to changes in market interest rates. As at 30 November 2018, the weighted average effective duration was 2.42 years (30 November 2017 1.68 years).

## 7IM AAP BALANCED FUND

### NOTES TO THE FINANCIAL STATEMENTS (continued) for the year ended 30 November 2018

#### 15 Risks Disclosures (continued)

##### ii. Foreign currency risk

The table below shows the direct foreign currency risk profile:

Foreign currency risk exposure as at 30 November 2018

<b>Currency</b>	<b>Monetary Exposure £</b>	<b>Non-Monetary Exposure £</b>	<b>Total £</b>
Danish krone	67,393	1,831,940	1,899,333
Euro	644,814	(18,849,640)	(18,204,826)
Japanese yen	14,831	79,660,984	79,675,815
Norwegian krone	–	189,539	189,539
South African rand	188	–	188
Swedish krona	–	5,336,928	5,336,928
Swiss franc	605,604	12,936,772	13,542,376
US dollar	522,831	214,193,784	214,716,615
	<b>1,855,661</b>	<b>295,300,307</b>	<b>297,155,968</b>
Pound sterling	35,675,242	1,184,750,376	1,220,425,618
Net assets	<b>37,530,903</b>	<b>1,480,050,683</b>	<b>1,517,581,586</b>

Foreign currency risk exposure as at 30 November 2017

<b>Currency</b>	<b>Monetary Exposure £</b>	<b>Non-Monetary Exposure £</b>	<b>Total £</b>
Danish krone	49,642	7,652,002	7,701,644
Euro	371,658	75,830,701	76,202,359
Japanese yen	47	91,068,667	91,068,714
Norwegian krone	8,121	420,816	428,937
South African rand	180	–	180
Swedish krona	4,939	3,545,975	3,550,914
Swiss franc	879,665	21,505,733	22,385,398
US dollar	668,306	168,132,984	168,801,290
	<b>1,982,558</b>	<b>368,156,878</b>	<b>370,139,436</b>
Pound sterling	131,592,338	1,095,557,595	1,227,149,933
Net assets	<b>133,574,896</b>	<b>1,463,714,473</b>	<b>1,597,289,369</b>

##### iii. Derivatives

The derivatives held by the Sub-fund during the year were for the purposes of meeting the investment objectives of the Sub-fund and for efficient portfolio management.

The Sub-fund must at any time, be capable of meeting all of its payment and delivery obligations incurred in respect of its Financial Derivatives Instruments transactions. The Investment Manager uses a risk management technique known as absolute value-at-risk ('VaR') to measure the Sub-fund's global exposure. VaR is an advanced risk measurement methodology used to assess the Sub-fund's global exposure as set out in the Sub-fund's Risk Management Process.

The Sub-fund measures risk using the absolute value at risk approach. The Sub-fund's expected level of leverage (calculated as the sum of the notionals) under normal market circumstances is expected to be generally in the range of 100% to 230% of the Sub-fund's Net Asset Value and is not expected to exceed 360%. It is possible that there may be higher leverage levels from time to time during abnormal market conditions.

## 7IM AAP BALANCED FUND

### NOTES TO THE FINANCIAL STATEMENTS (continued) for the year ended 30 November 2018

#### 15 Risks Disclosures (continued)

##### iii. Derivatives (continued)

The lowest, highest and average leverage utilisation in the accounting year ended 30 November 2018 was 167%, 273% and 202% respectively (30 November 2017: 136%, 306% and 192% respectively).

VaR is calculated for the funds under the parametric method. The time horizon for the calculation is 1 day, using a 99% confidence level. The methodology is derived from MSCI's Barra risk engine and blends the VaR produced from two different risk models, namely MSCI Barra Integrated Model: Long Version (BIM303L) and MSCI Barra Ultra-Short Model (BIM303 51d HL). The former applies a 1 year half-life (exponential weighting) for calculating volatilities and 3 years for correlations; the latter applies a 10 week half-life for both volatilities and correlations. Both models natively cover around 104K global equity securities; 500K sovereign and corporate bonds; 900k municipal, 2,200K structured products (MBS/ABS/CMO); around 290k mutual funds; 161 currencies, 34 commodities.

The reported VaR is calculated formulaically as follows:  $VaR = 0.3 * VaR(BIM303L) + 0.7 * MAX[VaR(BIM303L), VaR(BIM303\ 51d\ HL)]$ .

The Barra models map individual portfolio positions onto the Barra set of risk factors in order to backfill for a time series of volatility. The VaR numbers calculated by BIM303L and BIM303 51d HL are derived from daily volatility numbers, multiplied by an appropriate 99% confidence interval scaling factor under the assumption of a normal distribution.

The types of derivatives held at the balance sheet date were forward foreign currency contracts, future contracts and put options. Details of individual contracts are disclosed in the Portfolio Statement and the total position by counterparty at the balance sheet date was as follows:

<b>Counterparty</b>	<b>30.11.18</b> <b>£</b>	<b>30.11.17</b> <b>£</b>
<b>Options</b>		
Chicago Board Options Exchange	1,439,945	632,705
<b>Futures Contracts</b>		
Chicago Mercantile Exchange	–	963,866
Eurex Deutschland	(827,346)	81,566
ICF - ICE Futures Europe Financials	–	2,574,238
International Monetary Market	(4,380,420)	–
London International Financial Future Exchange	(6,096,320)	29,165
New York Coffee, Sugar & Cocoa	(2,036,401)	–
Osaka Securities Exchange	(1,501,046)	9,937,761
<b>Forward Currency Contracts</b>		
Northern Trust	(6,600,716)	7,932,853
<b>Total net exposure<sup>1</sup></b>	<u>(20,002,304)</u>	<u>22,152,154</u>

<sup>1</sup> Net exposure represents the mark to market value of derivative contracts less any cash collateral held. Positive exposure represents the Sub-fund's exposure to that counterparty.

## 7IM AAP BALANCED FUND

### NOTES TO THE FINANCIAL STATEMENTS (continued) for the year ended 30 November 2018

#### 15 Risks Disclosures (continued)

##### iv. Fair value

In the opinion of the ACD, there is no material difference between the value of the financial assets and liabilities, as shown in the balance sheet, and their fair value.

Investments are categorised into the following levels based on their fair value measurement:

##### Level 1

The unadjusted quoted price in an active market for identical instruments that the entity can access at the measurement date.

##### Level 2

Valuation techniques using observable inputs other than quoted prices within Level 1 (i.e. developed using market data).

##### Level 3

Valuation techniques using unobservable inputs (i.e. for which market data is unavailable).

	Level 1 £	Level 2 £	Level 3 £	Total £
<b>30 November 2018</b>				
<b>Assets</b>				
Bonds	155,498,561	550,517,056	–	706,015,617
Collective Investment Schemes	71,906,870	478,347,566	–	550,254,436
Derivatives	1,556,197	3,768,039	–	5,324,236
Equities	264,308,634	237	–	264,308,871
<b>Total</b>	<b>493,270,262</b>	<b>1,032,632,898</b>	<b>–</b>	<b>1,525,903,160</b>
<b>Liabilities</b>				
Derivatives	<b>(14,957,785)</b>	<b>(10,368,755)</b>	<b>–</b>	<b>(25,326,540)</b>
<b>30 November 2017</b>				
<b>Assets</b>				
Bonds	145,706,434	380,084,112	–	525,790,546
Collective Investment Schemes	232,826,044	440,711,563	–	673,537,607
Derivatives	14,614,414	10,994,563	–	25,608,977
Equities	321,483,313	68,277,791	–	389,761,104
<b>Total</b>	<b>714,630,205</b>	<b>900,068,029</b>	<b>–</b>	<b>1,614,698,234</b>
<b>Liabilities</b>				
Derivatives	<b>(395,113)</b>	<b>(3,061,711)</b>	<b>–</b>	<b>(3,456,824)</b>



## 7IM AAP BALANCED FUND

### NOTES TO THE FINANCIAL STATEMENTS (continued) for the year ended 30 November 2018

#### 16 Purchases, Sales and Transaction Costs

The following tables show portfolio transactions and their associated transaction costs. For more information about the nature of these costs please refer to the additional portfolio transaction cost information on page 324.

Analysis of direct transaction costs for the year ended 30 November 2018:

	Principal £'000	Commissions £'000	Taxes £'000	Total Transaction Costs £'000	Commissions % of principal	Taxes % of principal
<b>Purchases</b>						
Bonds	496,882	–	–	–	–	–
Collective Investment Schemes	949,890	–	–	–	–	–
Derivatives	3,441	–	–	–	–	–
Equities	346,899	43	461	504	0.01	0.13
<b>Total</b>	<b>1,797,112</b>	<b>43</b>	<b>461</b>	<b>504</b>	<b>0.01</b>	<b>0.13</b>
<b>Sales</b>						
Bonds	335,513	–	–	–	–	–
Collective Investment Schemes	909,266	–	–	–	–	–
Derivatives	34,795	–	–	–	–	–
Equities	547,575	(51)	(2)	(53)	0.01	–
<b>Total</b>	<b>1,827,149</b>	<b>(51)</b>	<b>(2)</b>	<b>(53)</b>	<b>0.01</b>	<b>–</b>
<b>Total as a percentage of the average NAV</b>		<b>0.00%</b>	<b>0.03%</b>	<b>0.03%</b>		



# 7IM AAP BALANCED FUND

## DISTRIBUTION TABLES

for the year ended 30 November 2018

### Interim - in pence per share

Group 1 - Shares purchased prior to 1 December 2017

Group 2 - Shares purchased on or after 1 December 2017 and on or before 31 May 2018

	Net Revenue	Equalisation	Paid 31.07.18	Paid 31.07.17
<b>Class A Income</b>				
Group 1	0.8344	–	0.8344	0.8207
Group 2	0.6477	0.1867	0.8344	0.8207
			<b>Allocated 31.07.18</b>	<b>Allocated 31.07.17</b>
<b>Class A Accumulation</b>				
Group 1	0.9707	–	0.9707	0.9436
Group 2	0.6274	0.3433	0.9707	0.9436
			<b>Paid 31.07.18</b>	<b>Paid 31.07.17</b>
<b>Class C Income</b>				
Group 1	0.9801	–	0.9801	0.9746
Group 2	0.5658	0.4143	0.9801	0.9746
			<b>Allocated 31.07.18</b>	<b>Allocated 31.07.17</b>
<b>Class C Accumulation</b>				
Group 1	1.1608	–	1.1608	1.1394
Group 2	0.6561	0.5047	1.1608	1.1394
			<b>Paid 31.07.18</b>	<b>Paid 31.07.17</b>
<b>Class D Income</b>				
Group 1	0.7626	–	0.7626	0.7384
Group 2	0.5734	0.1892	0.7626	0.7384
			<b>Allocated 31.07.18</b>	<b>Allocated 31.07.17</b>
<b>Class D Accumulation</b>				
Group 1	0.8761	–	0.8761	0.8395
Group 2	0.5893	0.2868	0.8761	0.8395
			<b>Paid 31.07.18</b>	<b>Paid 31.07.17</b>
<b>Class S Income</b>				
Group 1	0.8954	–	0.8954	0.8869
Group 2	0.5497	0.3457	0.8954	0.8869

## 7IM AAP BALANCED FUND

### DISTRIBUTION TABLES (continued) for the year ended 30 November 2018

	Net Revenue	Equalisation	Allocated 31.07.18	Allocated 31.07.17
<b>Class S Accumulation</b>				
Group 1	0.9544	–	0.9544	0.9311
Group 2	0.6180	0.3364	0.9544	0.9311
<b>Final - in pence per share</b>				
Group 1 - Shares purchased prior to 1 June 2018				
Group 2 - Shares purchased on or after 1 June 2018 and on or before 30 November 2018				
	Net Revenue	Equalisation	Paid 31.01.19	Paid 31.01.18
<b>Class A Income</b>				
Group 1	0.9528	–	0.9528	0.8309
Group 2	0.6466	0.3062	0.9528	0.8309
	Net Revenue	Equalisation	Allocated 31.01.19	Allocated 31.01.18
<b>Class A Accumulation</b>				
Group 1	1.1170	–	1.1170	0.9612
Group 2	0.5136	0.6034	1.1170	0.9612
	Net Revenue	Equalisation	Paid 31.01.19	Paid 31.01.18
<b>Class C Income</b>				
Group 1	1.1307	–	1.1307	0.9882
Group 2	0.5367	0.5940	1.1307	0.9882
	Net Revenue	Equalisation	Allocated 31.01.19	Allocated 31.01.18
<b>Class C Accumulation</b>				
Group 1	1.3487	–	1.3487	1.1620
Group 2	0.6723	0.6764	1.3487	1.1620
	Net Revenue	Equalisation	Paid 31.01.19	Paid 31.01.18
<b>Class D Income</b>				
Group 1	0.8286	–	0.8286	0.7274
Group 2	0.4143	0.4143	0.8286	0.7274
	Net Revenue	Equalisation	Allocated 31.01.19	Allocated 31.01.18
<b>Class D Accumulation</b>				
Group 1	0.9565	–	0.9565	0.8316
Group 2	0.3984	0.5581	0.9565	0.8316

## 7IM AAP BALANCED FUND

### DISTRIBUTION TABLES (continued) for the year ended 30 November 2018

	<b>Net Revenue</b>	<b>Equalisation</b>	<b>Paid 31.01.19</b>	<b>Paid 31.01.18</b>
<b>Class S Income</b>				
Group 1	1.0222	–	1.0222	0.9008
Group 2	0.5334	0.4888	1.0222	0.9008
	<b>Net Revenue</b>	<b>Equalisation</b>	<b>Allocated 31.01.19</b>	<b>Allocated 31.01.18</b>
<b>Class S Accumulation</b>				
Group 1	1.0978	–	1.0978	0.9532
Group 2	0.5165	0.5813	1.0978	0.9532

#### Equalisation

Equalisation applies only to shares purchased during the distribution period (Group 2 shares). It represents the accrued revenue included in the purchase price of the shares. After averaging it is returned with the distribution as a capital repayment. It is not liable to Income Tax but must be deducted from the cost of the shares for Capital Gains Tax purposes.

# 7IM AAP MODERATELY ADVENTUROUS FUND

## ACD'S REPORT

for the year ended 30 November 2018

### Investment Objective and Policy

7IMAAP (Asset Allocated Passives) Moderately Adventurous Fund (the 'Sub-fund') aims, by applying active asset allocation techniques to predominantly passive strategies, to provide a total return primarily by way of growth in capital. There is a risk of fluctuations in capital values.

The manager will invest the majority of the portfolio in fixed interest and equity instruments using predominantly passive strategies (that is, strategies designed to track the performance of particular indices, market sectors or asset classes). The manager will also make investments in other asset classes such as property, commodities and private equities. Such investments will be made indirectly through holdings in investment trusts, exchange traded funds or other intermediary vehicles with the objective of improving returns and controlling risk by increasing diversification within the portfolio. The asset allocation for the entire portfolio will be actively managed.

The Sub-fund invests predominantly in equities or instruments that track the returns of equity indices. While assets with scope for capital growth in real terms are likely to represent a significant part of the portfolio, the portfolio may also include other assets held primarily for income generation. The Sub-fund may use different asset classes, with a substantial proportion in equities or instruments that track the returns of equity indices.

Investment may also be made in exchange traded funds, warrants, deposits, cash and near cash, money market instruments, other transferable securities, derivatives and forward transactions and other investments to the extent that each is permitted in the stated investment and borrowing powers of the company.

The Sub-fund may rely on third party advice on quantitative investment techniques or use third party quantitative investment software in the portfolio's construction.

There is no guarantee that a positive return will be delivered.

### Investment Manager's Report

#### Performance Report

In the reporting period 1 December 2017 to 30 November 2018, the portfolio delivered a total return of (1.53)%<sup>1</sup>.

#### Investment Background

Back in January, investors were excited because growth was strong across the world, following a remarkably stable 2017. The S&P 500 began the year with six consecutive highs and it looked as though nothing could go wrong. Then everything changed. Global equities plunged by 9% over two weeks in early February, and fell by another 10% in October. Most markets have been much jumpier and more erratic this year than in super-quiet 2017. This rise in volatility, though, looks like a return to normal – and doesn't particularly worry us. Indeed, equity volatility in 2018 has been slightly below its long term average.

It's clear that investors became far more cautious as the year progressed. In some cases the caution is warranted. For example, the huge tech stocks known as the FANGs (Facebook, Amazon, Netflix and Google) plunged between June and November 2018 as their valuations returned to more realistic levels. In other cases interesting assets were unfairly punished, creating potential buying opportunities. Emerging market equities and European dividends are two recent examples.

Regarding fundamentals, we saw little change through the year. The world economy is growing at a healthy 3.6%, according to the IMF. Europe and the US are slowing but are in fair shape. In both the US and UK unemployment has fallen, inflation is stable and wages are rising. Global earnings per share growth in 2018 will be an impressive 16%. For all the talk of rate hikes, there were only four by major Western central banks through the year (three in the US and one in Europe), and monetary policy in both regions remains loose. Rates are trending up, as they should, but are far from worrying.

Some commentators claim that weak equity markets in 2018 reflected fragile and slowing global growth and company earnings, blaming factors like interest rate hikes, the US-China trade dispute, Brexit and Eurozone politics. We are not convinced. We think the world economy is in good shape.

It's hard to know why large numbers of investors across the world suddenly began selling. Big algorithmic traders probably played a part, unrelated to any economic or financial fundamentals.

Investors won't remember 2018 with any fondness. But it wasn't nearly as bad as the headlines would have you believe.

<sup>1</sup>Calculated using 7IM AAP Moderately Adventurous C Acc shares, published prices. Source: NTRS

## 7IM AAP MODERATELY ADVENTUROUS FUND

**ACD'S REPORT** (continued)  
for the year ended 30 November 2018

### **Investment Manager's Report** (continued)

#### **Portfolio Review**

During the year we increased exposure to equity on the view that equity risk would be better rewarded than some other risk assets given our optimistic outlook for continuing global growth. We brought the UK equity exposure back up to target and increased the allocations to US, Japan, Emerging Markets and European equities. We took some downside risk protection by buying a European equity put, which we were able to sell at a profit when European equity sold off shortly afterwards. We had an allocation to US small cap in the early part of the period, but as the year progressed we took the view that the smaller cap end of the US equity market had become fully valued. We therefore took profits from this exposure to Russell 2000 stocks, but topped up the US equity holdings to make sure this was up to target allocation.

Towards the end of the period there was a sharp equity drawdown. This sell-off in markets presented an opportunity to increase our exposure to the US, as we thought it seemed technically driven and not reflected in fundamentals. We sold the India equity future, an off-benchmark allocation which we had introduced because we had a strong conviction in the manager and expected the Modi government to be good for financial markets. Indian equities outperformed the broader EM Index and, while the outlook for India is positive, we believed it was no longer more so than broader EM. We also felt there was potential for short-term volatility with the Indian election in April 2019.

We decided to add back some real estate exposure and bought into a holding in the BlackRock Global Property Securities Fund, which as well as being a low cost fund, is exposed to some of the more interesting alternative property sectors such as Speciality and Hotel & Lodging REITS in the FTSE EPRA/NAREIT Developed Index, which we believe will outperform traditional property sectors such as office, industrial and retail.

In addition, we sold the gold holding on the view that it had not provided the risk diversification we had been expecting and bought exposure to an enhanced commodity index which provides a broader exposure to commodities.

Within fixed income, high yield spreads narrowed at the end of 2017 meaning an overweight to high yield was no longer justified on valuation grounds, and so we exited the asset class feeling that there were better fixed income assets we could use for this risk profile. Following discussions around the tactical asset allocation, we transitioned from holding US Treasuries to a position more reflective of the global government bond index. This also had the advantage of moving the Sub-fund further towards the strategic asset allocation.

In terms of Brexit-related risk, although we believe a No Deal is unlikely, the Investment Team continues to conduct scenario analysis and the potential effects of different Brexit outcomes on the funds. These stress tests are conducted by the independent risk team and assume market reactions in a No Deal scenario similar to that post the Referendum result in 2016. The outcome of this analysis did not produce any results which caused concern. In addition, the Investment Team have looked at the exposure of the 7IM funds to the UK. In this exercise, we focused on the country to which the asset class has exposure, via sales or economic exposure rather than country of listing. We looked at the Strategic Asset Allocation, Tactical Asset Allocation and where possible the actual holdings data of the multi-manager (MM) portfolios. The results demonstrated to us that our current overall exposure is no more than 20% for any fund.

To protect the Sub-fund from an upside Brexit surprise, and feeling that sterling looked cheap, we increased the sterling allocation funding this from the euro FX position.

#### **Investment Outlook**

2018 was tough for financial markets; we think 2019 will be far more normal – and perhaps even boring, in a positive kind of way. The world economy is in fair shape and the risks that the media shouts about are widely exaggerated. In our experience, economic reality – the reality of company sales, employment, government spending, domestic and foreign trade – is remarkably stable over time. It's like a supertanker in motion that can't be diverted easily. By contrast, investors are far more erratic. You can view investor sentiment as cycling around the economic fundamentals: sometimes investors are overly optimistic (greedy), as in January 2018, sometimes they're too pessimistic (fearful), as in February 2016. We think this familiar cycle is in action at the moment, and that investors are too pessimistic. Our goal as investment managers is to focus on the long term and not get caught up in these cycles of investor greed or fear. We expect investor sentiment and markets to recover in 2019 and are positioned accordingly – slightly overweight equities, with a bias towards the US, and negative on bonds and credit.

## 7IM AAP MODERATELY ADVENTUROUS FUND

**ACD'S REPORT** (continued)  
for the year ended 30 November 2018

### **Investment Manager's Report** (continued)

To global growth: the world economy is slowing a little but should grow comfortably through 2019-20. We don't see the big danger signs that might destabilise it, e.g. soaring interest rates or a financial crisis. China's growth is easing, as it should, but is unlikely to crash anytime soon. World inflation is running at around 2.7%, and is under control. It's not far from the 2% target in the US and UK, and even Japan might be clawing out of its disinflationary mire. Interest rates are normalising in the US, which is healthy, and are set to rise in most countries in 2019. Therefore, we think the world economy is in a 'Goldilocks' phase – neither too hot nor too cold. Goldilocks is usually good for companies: we expect global earnings per share to rise in 2019 and 2020.

The contrasting investor concern seems to be driven by a focus on risks and threats that have been exaggerated, such as US recession, trade wars and the UK political situation.

US recessions have often been associated with equity crashes in the past and some commentators fear recession in 2019. We are not overly worried: the US is currently growing at around 2.5%; from these levels it normally takes at least two years for growth to turn negative. Moreover, the usual imbalances associated with recession – soaring inflation, housing crunch, commodity price shock – are largely absent. We think US recession is unlikely before late 2020, at the earliest.

Concerning trade wars, tariffs have been implemented on about 2.5% of world imports, corresponding to less than 0.6% of world GDP. They're certainly a negative for growth, but on a tiny scale thus far. While they could get much worse, we think the US and China will reach some compromise that won't harm their economies (and their people) too much.

In the UK, Brexit is a shambles and we do worry that the UK could end up with a No Deal – which actually would be a Terrible Deal – in March 2019. But it's in the interests of both the UK and the EU to reach a broadly sensible outcome. We think a deal will materialise that's not too painful for the UK. Regarding the possibility of a Corbyn government, we think Mr Corbyn's bark is worse than his bite. If he came to power he'd be so constrained by the range of views within his party, by business pressures and by economic constraints that he'd not be able to do much that would derail the UK's financial markets. Therefore we are relatively optimistic that investors will see less pain in 2019 than they have over the last few months.

Seven Investment Management LLP  
Investment Manager  
February 2019



## 7IM AAP MODERATELY ADVENTUROUS FUND

### FUND INFORMATION

The Comparative Tables on pages 367 to 374 give the performance of each active share class in the Sub-fund.

The 'Return after charges' disclosed in the Comparative Tables is calculated as the return after operating charges per share divided by the opening net asset value per share. It differs from the Sub-fund's performance disclosed in the ACD's report, which is calculated based on the latest published price.

Portfolio transaction costs are incurred when investments are bought or sold by a sub-fund in order to achieve the investment objective. These transaction costs affect an investor in different ways depending on whether they are joining, leaving or continuing with their investment in the sub-fund.

Direct transaction costs include broker commission and taxes. Broker commission includes the fee paid to a broker to execute the trades.

In addition, there are indirect portfolio transaction costs arising from the 'dealing spread' – the difference between the buying and selling prices of underlying investments in the portfolio. Unlike shares whereby broker commissions and stamp duty are paid by the sub-fund on each transaction, other types of investments (such as bonds, money instruments, derivatives, collective investment schemes) do not have separately identifiable transaction costs; these costs form part of the dealing spread. Dealing spreads vary considerably depending on the transaction value and money market sentiment.

# 7IM AAP MODERATELY ADVENTUROUS FUND

## FUND INFORMATION (continued)

### Comparative Tables

#### Class A Income

	30.11.18 (pence per share)	30.11.17 (pence per share)	30.11.16 (pence per share)
<b>Change in Net Asset Value Per Share</b>			
Opening net asset value per share	150.39	138.67	129.10
Return before operating charges*	(0.64)	14.92	12.70
Operating charges (calculated on average price)	(1.72)	(1.68)	(1.50)
Return after operating charges*	(2.36)	13.24	11.20
Distributions on income shares	(1.46)	(1.52)	(1.63)
Closing net asset value per share	146.57	150.39	138.67
* After direct transaction costs of: <sup>1</sup>	0.07	0.08	0.11

#### Performance

Return after charges <sup>2</sup>	(1.57)%	9.55%	8.67%
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#### Other Information

Closing net asset value (£'000)	253	343	533
Closing number of shares	172,419	228,022	384,189
Operating charges <sup>3</sup>	1.13%	1.15%	1.16%
Direct transaction costs	0.05%	0.05%	0.08%

#### Prices

Highest share price	156.30	152.72	142.55
Lowest share price	144.78	137.45	114.20

<sup>1</sup> Direct transaction costs are stated after deducting the proportion of the amounts collected from dilution adjustments or dilution levies that relate to direct transaction costs. A negative transaction costs figure might arise where there is a timing difference between inflows and the settlement of the resultant purchases.

<sup>2</sup> The return after charges is calculated as the return after operating charges per share divided by the opening net asset value per share.

<sup>3</sup> Operating charges, otherwise known as the OCF is the ratio of the Sub-fund's total disclosable costs (excluding securities lending fees and overdraft interest) to the average net assets of the Sub-fund. The OCF is intended to provide a reliable figure which gives the most accurate measure of what it costs to invest in a Sub-fund and is calculated based on the last period's figures. Included within the OCF are synthetic costs which includes the OCF of the underlying funds weighted on the basis of their investment proportion. A detailed breakdown of the OCF per share class is shown on page 375.

# 7IM AAP MODERATELY ADVENTUROUS FUND

## FUND INFORMATION (continued)

### Comparative Tables (continued)

#### Class A Accumulation

	30.11.18 (pence per share)	30.11.17 (pence per share)	30.11.16 (pence per share)
<b>Change in Net Asset Value Per Share</b>			
Opening net asset value per share	166.54	151.96	139.73
Return before operating charges*	(0.77)	16.43	13.86
Operating charges (calculated on average price)	(1.90)	(1.85)	(1.63)
Return after operating charges*	(2.67)	14.58	12.23
Distributions	(1.62)	(1.67)	(1.77)
Retained distributions on accumulation shares	1.62	1.67	1.77
Closing net asset value per share	163.87	166.54	151.96
* After direct transaction costs of: <sup>1</sup>	0.08	0.09	0.12

#### Performance

Return after charges <sup>2</sup>	(1.60)%	9.59%	8.75%
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#### Other Information

Closing net asset value (£'000)	1,347	1,454	2,118
Closing number of shares	822,135	873,235	1,394,021
Operating charges <sup>3</sup>	1.13%	1.15%	1.16%
Direct transaction costs	0.05%	0.05%	0.08%

#### Prices

Highest share price	173.75	168.29	155.24
Lowest share price	161.12	150.66	123.60

<sup>1</sup> Direct transaction costs are stated after deducting the proportion of the amounts collected from dilution adjustments or dilution levies that relate to direct transaction costs. A negative transaction costs figure might arise where there is a timing difference between inflows and the settlement of the resultant purchases.

<sup>2</sup> The return after charges is calculated as the return after operating charges per share divided by the opening net asset value per share.

<sup>3</sup> Operating charges, otherwise known as the OCF is the ratio of the Sub-fund's total disclosable costs (excluding securities lending fees and overdraft interest) to the average net assets of the Sub-fund. The OCF is intended to provide a reliable figure which gives the most accurate measure of what it costs to invest in a Sub-fund and is calculated based on the last period's figures. Included within the OCF are synthetic costs which includes the OCF of the underlying funds weighted on the basis of their investment proportion. A detailed breakdown of the OCF per share class is shown on page 375.

# 7IM AAP MODERATELY ADVENTUROUS FUND

## FUND INFORMATION (continued)

### Comparative Tables (continued)

#### Class C Income

	30.11.18 (pence per share)	30.11.17 (pence per share)	30.11.16 (pence per share)
<b>Change in Net Asset Value Per Share</b>			
Opening net asset value per share	151.53	139.71	130.06
Return before operating charges*	(0.83)	14.91	12.69
Operating charges (calculated on average price)	(0.96)	(0.96)	(0.87)
Return after operating charges*	(1.79)	13.95	11.82
Distributions on income shares	(2.08)	(2.13)	(2.17)
Closing net asset value per share	147.66	151.53	139.71
* After direct transaction costs of: <sup>1</sup>	0.07	0.08	0.11

#### Performance

Return after charges <sup>2</sup>	(1.18)%	9.98%	9.09%
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#### Other Information

Closing net asset value (£'000)	33,916	39,941	51,944
Closing number of shares	22,968,211	26,358,928	37,180,990
Operating charges <sup>3</sup>	0.63%	0.65%	0.66%
Direct transaction costs	0.05%	0.05%	0.08%

#### Prices

Highest share price	157.59	154.12	143.84
Lowest share price	146.11	138.48	115.15

<sup>1</sup> Direct transaction costs are stated after deducting the proportion of the amounts collected from dilution adjustments or dilution levies that relate to direct transaction costs. A negative transaction costs figure might arise where there is a timing difference between inflows and the settlement of the resultant purchases.

<sup>2</sup> The return after charges is calculated as the return after operating charges per share divided by the opening net asset value per share.

<sup>3</sup> Operating charges, otherwise known as the OCF is the ratio of the Sub-fund's total disclosable costs (excluding securities lending fees and overdraft interest) to the average net assets of the Sub-fund. The OCF is intended to provide a reliable figure which gives the most accurate measure of what it costs to invest in a Sub-fund and is calculated based on the last period's figures. Included within the OCF are synthetic costs which includes the OCF of the underlying funds weighted on the basis of their investment proportion. A detailed breakdown of the OCF per share class is shown on page 375.

# 7IM AAP MODERATELY ADVENTUROUS FUND

## FUND INFORMATION (continued)

### Comparative Tables (continued)

#### Class C Accumulation

	30.11.18 (pence per share)	30.11.17 (pence per share)	30.11.16 (pence per share)
<b>Change in Net Asset Value Per Share</b>			
Opening net asset value per share	174.40	158.50	145.16
Return before operating charges*	(0.99)	17.00	14.31
Operating charges (calculated on average price)	(1.11)	(1.10)	(0.97)
Return after operating charges*	(2.10)	15.90	13.34
Distributions	(2.41)	(2.42)	(2.43)
Retained distributions on accumulation shares	2.41	2.42	2.43
Closing net asset value per share	172.30	174.40	158.50
* After direct transaction costs of: <sup>1</sup>	0.08	0.09	0.12

#### Performance

Return after charges <sup>2</sup>	(1.20)%	10.03%	9.19%
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#### Other Information

Closing net asset value (£'000)	468,681	473,960	622,196
Closing number of shares	272,015,184	271,764,514	392,543,655
Operating charges <sup>3</sup>	0.63%	0.65%	0.66%
Direct transaction costs	0.05%	0.05%	0.08%

#### Prices

Highest share price	182.46	176.18	161.86
Lowest share price	169.35	157.15	128.53

<sup>1</sup> Direct transaction costs are stated after deducting the proportion of the amounts collected from dilution adjustments or dilution levies that relate to direct transaction costs. A negative transaction costs figure might arise where there is a timing difference between inflows and the settlement of the resultant purchases.

<sup>2</sup> The return after charges is calculated as the return after operating charges per share divided by the opening net asset value per share.

<sup>3</sup> Operating charges, otherwise known as the OCF is the ratio of the Sub-fund's total disclosable costs (excluding securities lending fees and overdraft interest) to the average net assets of the Sub-fund. The OCF is intended to provide a reliable figure which gives the most accurate measure of what it costs to invest in a Sub-fund and is calculated based on the last period's figures. Included within the OCF are synthetic costs which includes the OCF of the underlying funds weighted on the basis of their investment proportion. A detailed breakdown of the OCF per share class is shown on page 375.

# 7IM AAP MODERATELY ADVENTUROUS FUND

## FUND INFORMATION (continued)

### Comparative Tables (continued)

#### Class D Income

	30.11.18 (pence per share)	30.11.17 (pence per share)	30.11.16 (pence per share)
<b>Change in Net Asset Value Per Share</b>			
Opening net asset value per share	150.04	138.34	128.80
Return before operating charges*	(0.54)	15.01	12.76
Operating charges (calculated on average price)	(2.32)	(2.27)	(2.01)
Return after operating charges*	(2.86)	12.74	10.75
Distributions on income shares	(0.96)	(1.04)	(1.21)
Closing net asset value per share	146.22	150.04	138.34
* After direct transaction costs of: <sup>1</sup>	0.07	0.08	0.11

#### Performance

Return after charges <sup>2</sup>	(1.91)%	9.21%	8.35%
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#### Other Information

Closing net asset value (£'000)	985	995	862
Closing number of shares	673,748	663,349	623,108
Operating charges <sup>3</sup>	1.53%	1.55%	1.56%
Direct transaction costs	0.05%	0.05%	0.08%

#### Prices

Highest share price	155.85	152.14	142.04
Lowest share price	144.25	137.12	113.84

<sup>1</sup> Direct transaction costs are stated after deducting the proportion of the amounts collected from dilution adjustments or dilution levies that relate to direct transaction costs. A negative transaction costs figure might arise where there is a timing difference between inflows and the settlement of the resultant purchases.

<sup>2</sup> The return after charges is calculated as the return after operating charges per share divided by the opening net asset value per share.

<sup>3</sup> Operating charges, otherwise known as the OCF is the ratio of the Sub-fund's total disclosable costs (excluding securities lending fees and overdraft interest) to the average net assets of the Sub-fund. The OCF is intended to provide a reliable figure which gives the most accurate measure of what it costs to invest in a Sub-fund and is calculated based on the last period's figures. Included within the OCF are synthetic costs which includes the OCF of the underlying funds weighted on the basis of their investment proportion. A detailed breakdown of the OCF per share class is shown on page 375.

# 7IM AAP MODERATELY ADVENTUROUS FUND

## FUND INFORMATION (continued)

### Comparative Tables (continued)

#### Class D Accumulation

	30.11.18 (pence per share)	30.11.17 (pence per share)	30.11.16 (pence per share)
<b>Change in Net Asset Value Per Share</b>			
Opening net asset value per share	160.69	147.09	135.68
Return before operating charges*	(0.60)	16.02	13.54
Operating charges (calculated on average price)	(2.48)	(2.42)	(2.13)
Return after operating charges*	(3.08)	13.60	11.41
Distributions	(1.03)	(1.11)	(1.28)
Retained distributions on accumulation shares	1.03	1.11	1.28
Closing net asset value per share	157.61	160.69	147.09
* After direct transaction costs of: <sup>1</sup>	0.07	0.08	0.11

#### Performance

Return after charges <sup>2</sup>	(1.92)%	9.25%	8.41%
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#### Other Information

Closing net asset value (£'000)	21,582	25,778	27,509
Closing number of shares	13,693,283	16,042,798	18,701,992
Operating charges <sup>3</sup>	1.53%	1.55%	1.56%
Direct transaction costs	0.05%	0.05%	0.08%

#### Prices

Highest share price	167.28	162.41	150.31
Lowest share price	155.01	145.82	119.93

<sup>1</sup> Direct transaction costs are stated after deducting the proportion of the amounts collected from dilution adjustments or dilution levies that relate to direct transaction costs. A negative transaction costs figure might arise where there is a timing difference between inflows and the settlement of the resultant purchases.

<sup>2</sup> The return after charges is calculated as the return after operating charges per share divided by the opening net asset value per share.

<sup>3</sup> Operating charges, otherwise known as the OCF is the ratio of the Sub-fund's total disclosable costs (excluding securities lending fees and overdraft interest) to the average net assets of the Sub-fund. The OCF is intended to provide a reliable figure which gives the most accurate measure of what it costs to invest in a Sub-fund and is calculated based on the last period's figures. Included within the OCF are synthetic costs which includes the OCF of the underlying funds weighted on the basis of their investment proportion. A detailed breakdown of the OCF per share class is shown on page 375.

# 7IM AAP MODERATELY ADVENTUROUS FUND

## FUND INFORMATION (continued)

### Comparative Tables (continued)

#### Class S Income

	30.11.18 (pence per share)	30.11.17 (pence per share)	30.11.16 (pence per share)
<b>Change in Net Asset Value Per Share</b>			
Opening net asset value per share	124.18	114.49	106.58
Return before operating charges*	(0.72)	12.17	10.34
Operating charges (calculated on average price)	(0.48)	(0.49)	(0.44)
Return after operating charges*	(1.20)	11.68	9.90
Distributions on income shares	(1.96)	(1.99)	(1.99)
Closing net asset value per share	121.02	124.18	114.49
* After direct transaction costs of: <sup>1</sup>	0.06	0.07	0.09

#### Performance

Return after charges <sup>2</sup>	(0.97)%	10.20%	9.29%
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#### Other Information

Closing net asset value (£'000)	7,658	7,669	8,387
Closing number of shares	6,327,878	6,175,287	7,324,858
Operating charges <sup>3</sup>	0.38%	0.40%	0.41%
Direct transaction costs	0.05%	0.05%	0.08%

#### Prices

Highest share price	129.20	126.42	117.97
Lowest share price	119.84	113.50	94.41

<sup>1</sup> Direct transaction costs are stated after deducting the proportion of the amounts collected from dilution adjustments or dilution levies that relate to direct transaction costs. A negative transaction costs figure might arise where there is a timing difference between inflows and the settlement of the resultant purchases.

<sup>2</sup> The return after charges is calculated as the return after operating charges per share divided by the opening net asset value per share.

<sup>3</sup> Operating charges, otherwise known as the OCF is the ratio of the Sub-fund's total disclosable costs (excluding securities lending fees and overdraft interest) to the average net assets of the Sub-fund. The OCF is intended to provide a reliable figure which gives the most accurate measure of what it costs to invest in a Sub-fund and is calculated based on the last period's figures. Included within the OCF are synthetic costs which includes the OCF of the underlying funds weighted on the basis of their investment proportion. A detailed breakdown of the OCF per share class is shown on page 375.



# 7IM AAP MODERATELY ADVENTUROUS FUND

## FUND INFORMATION (continued)

### Comparative Tables (continued)

#### Class S Accumulation

	30.11.18 (pence per share)	30.11.17 (pence per share)	30.11.16 (pence per share)
<b>Change in Net Asset Value Per Share</b>			
Opening net asset value per share	132.60	120.27	109.93
Return before operating charges*	(0.82)	12.84	10.80
Operating charges (calculated on average price)	(0.51)	(0.51)	(0.46)
Return after operating charges*	(1.33)	12.33	10.34
Distributions	(2.10)	(2.10)	(2.06)
Retained distributions on accumulation shares	2.10	2.10	2.06
Closing net asset value per share	131.27	132.60	120.27
* After direct transaction costs of: <sup>1</sup>	0.06	0.07	0.09

#### Performance

Return after charges <sup>2</sup>	(1.00)%	10.25%	9.41%
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#### Other Information

Closing net asset value (£'000)	114,268	110,355	96,291
Closing number of shares	87,049,944	83,222,727	80,059,199
Operating charges <sup>3</sup>	0.38%	0.40%	0.41%
Direct transaction costs	0.05%	0.05%	0.08%

#### Prices

Highest share price	138.92	133.94	122.80
Lowest share price	128.99	119.25	97.38

<sup>1</sup> Direct transaction costs are stated after deducting the proportion of the amounts collected from dilution adjustments or dilution levies that relate to direct transaction costs. A negative transaction costs figure might arise where there is a timing difference between inflows and the settlement of the resultant purchases.

<sup>2</sup> The return after charges is calculated as the return after operating charges per share divided by the opening net asset value per share.

<sup>3</sup> Operating charges, otherwise known as the OCF is the ratio of the Sub-fund's total disclosable costs (excluding securities lending fees and overdraft interest) to the average net assets of the Sub-fund. The OCF is intended to provide a reliable figure which gives the most accurate measure of what it costs to invest in a Sub-fund and is calculated based on the last period's figures. Included within the OCF are synthetic costs which includes the OCF of the underlying funds weighted on the basis of their investment proportion. A detailed breakdown of the OCF per share class is shown on page 375.

## 7IM AAP MODERATELY ADVENTUROUS FUND

### FUND INFORMATION (continued)

#### Ongoing Charges Figures

As at 30 November 2018

	<b>Class A</b>	<b>Class C</b>	<b>Class D</b>	<b>Class S</b>
ACD's periodic charge	1.00%	0.50%	1.40%	0.25%
Other expenses	0.04%	0.04%	0.04%	0.04%
	1.04%	0.54%	1.44%	0.29%
Collective investment scheme costs	0.09%	0.09%	0.09%	0.09%
Ongoing Charges Figure	1.13%	0.63%	1.53%	0.38%

As at 30 November 2017

	<b>Class A</b>	<b>Class C</b>	<b>Class D</b>	<b>Class S</b>
ACD's periodic charge	1.00%	0.50%	1.40%	0.25%
Other expenses	0.04%	0.04%	0.04%	0.04%
	1.04%	0.54%	1.44%	0.29%
Collective investment scheme costs	0.11%	0.11%	0.11%	0.11%
Ongoing Charges Figure	1.15%	0.65%	1.55%	0.40%

The Ongoing Charges Figure ('OCF') represents the total operating expenses of the Sub-fund, expressed as a percentage of the average net assets during the accounting year.

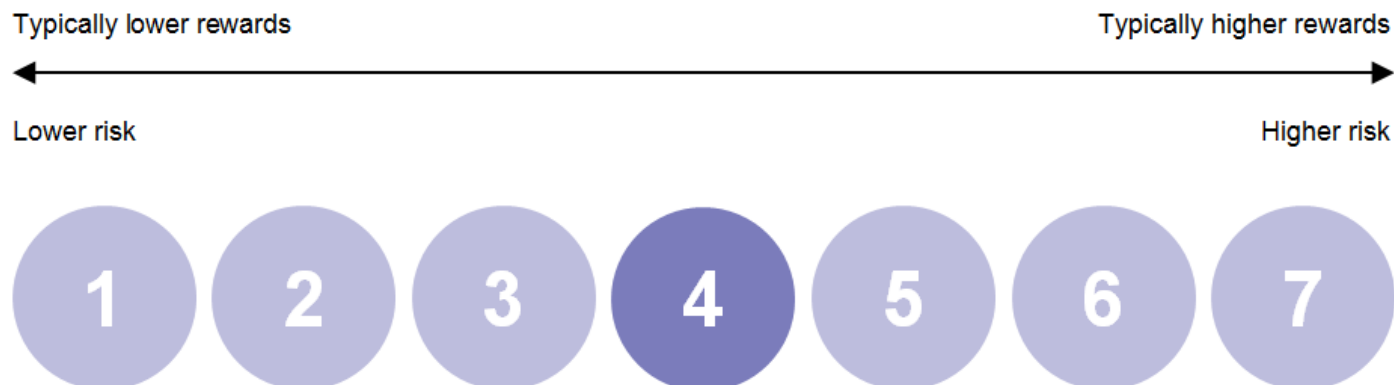
The collective investment scheme costs represent the OCFs, or a reasonable substitute, of the underlying funds which are held as portfolio investments. Their inclusion has been calculated on a weighted basis against the Sub-Fund's net assets at the balance sheet date.

The Sub-fund undertakes securities lending and receives 70% of the revenue generated and the remaining 30% is received by Northern Trust as the securities lending agent. As securities lending revenue sharing does not increase the costs of running the Sub-fund, this has been excluded from the Other expenses and thus excluded from the Ongoing Charges Figures.

# 7IM AAP MODERATELY ADVENTUROUS FUND

## FUND INFORMATION (continued)

### Synthetic Risk and Reward Indicator



This indicator shows how much a sub-fund has risen and fallen in the past, and therefore how much a fund's returns have varied. It is a measure of a fund's volatility. The higher a sub-fund's past volatility the higher the number on the scale and the greater the risk that investors in that sub-fund may have made losses as well as gains. The lowest number on the scale does not mean that a sub-fund is risk free.

This indicator is based on historical data and may not be a reliable indication of the future risk profile of this Sub-fund. The risk and reward profile shown is not guaranteed to remain the same and may change over time.

The risk and reward indicator shown above is as at the date of publication of the annual report and financial statements, the risk and reward indicator as at the year end date 30 November 2018 was 4.

### Fund performance to 30 November 2018 (%)

	1 year	3 years	5 years
7IM AAP Moderately Adventurous Fund <sup>1</sup>	(1.53)	18.43	30.87

<sup>1</sup> Source: Bloomberg

The performance of the Sub-fund is based on the published price per 'C' Accumulation share which includes reinvested income.

Details of the distributions per share for the period are shown in the Distribution Tables on pages 400 to 402.

# 7IM AAP MODERATELY ADVENTUROUS FUND

## PORTFOLIO STATEMENT

as at 30 November 2018

Holding	Portfolio of Investment	Value £	30.11.18 %
	<b>ALTERNATIVES 9.00% (17.58%)</b>		
	<b>Alternative Strategies 5.55% (12.63%)</b>		
8,100,000	BNP Paribas DR Alpha ex-Agriculture & Livestock Index 2021 <sup>1</sup>	6,410,144	0.99
18,090,000	Credit Suisse International ARP Custom 7 Index <sup>1</sup>	12,497,771	1.92
1,171,008	Dexion Absolute EUR <sup>2</sup>	–	–
30,098	Dexion Absolute GBP <sup>2</sup>	–	–
26,881,396	F&C Global Equity Market Neutral 3 Acc <sup>3</sup>	16,529,370	2.55
9,870	Goldman Sachs International Warrants 31/12/2049 <sup>1</sup>	99	–
(139)	S&P 500 Index Put Options 1950 Mar 2019 <sup>4</sup>	(47,950)	(0.01)
139	S&P 500 Index Put Options 2600 Mar 2019 <sup>4</sup>	641,874	0.10
9,912	Societe Generale Warrants 29/11/2018 <sup>1</sup>	–	–
		<b>36,031,308</b>	<b>5.55</b>
	<b>Commodities 1.84% (4.95%)</b>		
16,110,000	BNP Paribas Enhanced Benchmark Commodity Index 2023 <sup>1</sup>	<b>11,941,986</b>	<b>1.84</b>
	<b>Real Estate 1.61% (0.00%)</b>		
4,941,747	iShares Global Property Securities Index <sup>3</sup>	<b>10,446,853</b>	<b>1.61</b>
	<b>CASH 3.01% (7.22%)</b>		
19,493,000	Northern Trust Global Sterling Fund <sup>3</sup>	<b>19,493,000</b>	<b>3.01</b>
	<b>DEBT SECURITIES 46.67% (35.47%)</b>		
	<b>Corporate Bonds 1.07% (1.10%)</b>		
£6,732,000	Nationwide Building Society 5.625% 2019	<b>6,948,555</b>	<b>1.07</b>
	<b>Emerging Market Bonds 4.55% (6.06%)</b>		
46,363,398	Legal & General Emerging Markets Government Bond Local Currency Index Fund Acc <sup>3</sup>	<b>29,533,485</b>	<b>4.55</b>
	<b>Gilts 3.85% (0.55%)</b>		
£3,284,000	Network Rail Infrastructure Finance 4.625% 2020	3,476,968	0.54
£2,000,000	Nordic Investment Bank 5.25% 2019	2,082,076	0.32
£6,620,000	UK Gilt 4.00% 2022	7,301,350	1.13
£2,320,000	UK Gilt 4.25% 2046	3,409,033	0.52
£1,900,000	UK Gilt 4.25% 2055	3,029,554	0.47
£4,120,000	UK Gilt 4.50% 2034	5,678,184	0.87
		<b>24,977,165</b>	<b>3.85</b>
	<b>Global Corporate Bonds 2.21% (0.63%)</b>		
4,838,897	BlackRock Overseas Corporate Bond Tracker <sup>3</sup>	7,137,373	1.10
£3,000,000	IXIS Corporate & Investment Bank	3,163,080	0.49
£1,630,000	Nestle Holdings 1.00% 2021	1,616,429	0.25
22,507	Robeco QI Global Multi-Factor Credits <sup>3</sup>	2,401,248	0.37
		<b>14,318,130</b>	<b>2.21</b>
	<b>Global Government Bonds 4.01% (5.34%)</b>		
€700,000	Bundesrepublik Deutschland 0.25% 2027	630,669	0.10
€1,406,000	Bundesrepublik Deutschland 2.25% 2021	1,351,196	0.21
€243,000	Bundesrepublik Deutschland 2.5% 2046	298,281	0.05

## 7IM AAP MODERATELY ADVENTUROUS FUND

### PORTFOLIO STATEMENT (continued)

as at 30 November 2018

Holding	Portfolio of Investment	Value £	30.11.18 %
<b>Global Government Bonds (continued)</b>			
€297,000	Bundesrepublik Deutschland 4% 2037	412,169	0.06
€980,000	France Government 3% 2022	973,066	0.15
€299,000	France Government 5.75% 2032	433,160	0.07
€449,000	French Republic 2.75% 2027	478,736	0.07
€272,000	French Republic 3.25% 2045	332,691	0.05
€950,000	Italy Buoni Polien 3.75% 2021	896,174	0.14
€278,000	Italy Buoni Polien 5% 2040	288,728	0.04
€300,000	Italy Buoni Polien 5.25% 2029	315,398	0.05
€300,000	Italy Buoni Polien 6% 2031	336,875	0.05
¥557,000,000	Japan Government 0.1% 2021	3,868,278	0.60
¥290,000,000	Japan Government 0.1% 2027	2,016,288	0.31
¥271,000,000	Japan Government 0.4% 2036	1,848,601	0.28
¥149,000,000	Japan Government 0.9% 2057	1,015,885	0.16
€163,000	Spain Government 4.7% 2041	202,807	0.03
€176,000	Spain Government 5.75% 2032	229,923	0.04
€488,000	Spain Government 5.85% 2022	514,292	0.08
€230,000	Spain Government 6% 2029	291,100	0.04
US\$2,300,000	US Treasury Notes 2% 2026	1,676,778	0.26
US\$4,300,000	US Treasury Notes 2.375% 2023	3,307,096	0.51
US\$2,210,000	US Treasury Notes 2.5% 2045	1,481,081	0.23
US\$3,520,000	US Treasury Notes 3.5% 2020	2,787,084	0.43
		<b>25,986,356</b>	<b>4.01</b>

### Global High Yield Bonds 0.00% (2.12%)

<b>Short Term Sterling Bonds 22.50% (11.63%)</b>			
£140,000	Abbey National Treasury Services 1.875% 2020	140,124	0.02
£5,800,000	Abbey National Treasury Services 5.125% 2022	6,299,189	0.97
£2,800,000	ASB Finance 1% 2020	2,767,120	0.43
£3,790,000	ASB Finance FRN 2020	3,794,779	0.58
£10,003,000	Bank Nederlandse Gemeenten 1.125% 2019	10,007,021	1.54
£2,566,000	Bank Nederlandse Gemeenten 1.125% 2021	2,562,895	0.40
£4,400,000	Bank of Nova Scotia FRN 2023	4,373,908	0.67
£2,200,000	Barclays Bank 4.25% 2022	2,387,431	0.37
£2,000,000	Caisse des Depots et Consignations 1.5% 2019	2,009,016	0.31
£4,207,000	Canadian Imperial Bank of Commerce FRN 2022	4,218,275	0.65
£799,000	Coventry Building Society FRN 2020	799,654	0.12
£5,800,000	Deutsche Pfandbriefbank FRN 2020	5,817,081	0.90
£6,500,000	Dexia Credit Local 2% 2020	6,568,042	1.01
£7,200,000	Dexia Credit Local FRN 2019	7,202,002	1.11
£2,150,000	DNB Bank 4.25% 2020	2,215,822	0.34
£5,400,000	FMS Wertmanagement 0.625% 2020	5,372,719	0.83
£1,885,000	ING Bank 5.375% 2021	2,049,244	0.32
£412,000	Inter-American Development Bank 5.25% 2021	454,271	0.07
£2,895,000	International Bank for Reconstruction & Development 5.4% 2021	3,204,128	0.49
£300,000	Lloyds Bank FRN 2019	300,320	0.05
£2,956,000	National Australia Bank 1.875% 2020	2,971,194	0.46
£6,500,000	Nederlandse Waterschapsbank 2% Senior Notes 2018	6,504,680	1.00
£3,903,000	Nordea Bank FRN 2019	3,904,686	0.60
£2,600,000	Oversea-Chinese Banking FRN 2023	2,580,633	0.40
£3,300,000	Rabobank Nederland 4.625% 2021	3,508,930	0.54
£810,000	Royal Bank of Canada FRN 2021	811,127	0.12
£6,203,000	Royal Bank of Scotland FRN 2020	6,203,930	0.96
£2,200,000	Santander UK FRN 2020	2,198,768	0.34

# 7IM AAP MODERATELY ADVENTUROUS FUND

## PORTFOLIO STATEMENT (continued)

as at 30 November 2018

Holding	Portfolio of Investment	Value £	30.11.18 %
<b>Short Term Sterling Bonds (continued)</b>			
£7,500,000	Santander UK FRN 2022	7,463,115	1.15
£500,000	Svensk Exportkred 1.875% 2018	500,217	0.08
£1,914,000	Svenska Handelsba 2.375% 2022	1,950,150	0.30
£140,000	Svenska Handelsbanken 4.00% 2019	140,488	0.02
£3,000,000	Svenska Handelsbanken AB 3.00% 2020	3,083,343	0.48
£2,500,000	Swedbank AB	2,502,932	0.39
£3,000,000	Swedbank FRN 2019	3,006,810	0.46
£1,800,000	Swedbank FRN 2021	1,800,038	0.28
£4,063,000	Total Capital International FRN 2019	4,065,064	0.63
£7,000,000	UBS 1.25% 2020	6,943,944	1.07
£4,207,000	Westpac Banking 5% 2019	4,340,429	0.67
£6,100,000	Westpac Banking FRN 2023	6,061,716	0.93
£2,870,000	Yorkshire Building Society	2,862,595	0.44
		<b>145,947,830</b>	<b>22.50</b>
<b>Sterling Corporate Bonds 8.48% (8.04%)</b>			
£6,600,000	ABN Amro Bank 1% 2020	6,531,749	1.01
£3,000,000	Bank of Nova Scotia 0.75% 2021	2,947,848	0.45
£1,100,000	Barclays Bank UK FRN 2023	1,092,258	0.17
£6,400,000	BNP Paribas 2.375% 2019	6,454,016	0.99
£3,760,000	DNB Boligkreditt FRN 2020	3,762,256	0.58
£5,400,000	European Investment Bank 0.875% 2021	5,374,728	0.83
£5,500,000	European Investment Bank 1.125% 2021	5,494,836	0.85
£9,210,000	International Bank for Reconstruction & Development 0.375% 2021	9,050,464	1.40
£4,991,000	Landwirtschaftlic 1.375% 2020	5,019,758	0.77
£2,900,000	Toronto-Dominion Bank FRN 2023	2,880,489	0.44
£6,500,000	Toyota Motor Credit 1.125% 2021	6,420,726	0.99
		<b>55,029,128</b>	<b>8.48</b>
<b>EQUITY 35.18% (37.06%)</b>			
<b>Asia &amp; Emerging Markets 4.07% (4.19%)</b>			
1,424,180	7IM Emerging Markets Equity Value Fund 'Z' Inc <sup>3,5</sup>	1,647,064	0.25
3,364	Most Diversified TOBAM Anti-Benchmark Emerging Markets <sup>3</sup>	26,567,449	4.10
560	MSCI AC Asia ex Japan Futures December 2018 <sup>4</sup>	(706,114)	(0.11)
647	MSCI Emerging Markets Index Futures December 2018 <sup>4</sup>	(1,102,211)	(0.17)
		<b>26,406,188</b>	<b>4.07</b>
<b>Europe (ex UK) 7.14% (11.81%)</b>			
5,335,489	7IM European (ex UK) Equity Value Fund 'Z' Inc <sup>3,5</sup>	5,912,789	0.91
10,956	ABB	173,685	0.03
268,451	Aegon	1,163,824	0.18
477	Aena SME	60,129	0.01
1,069	AerCap	44,084	0.01
1,554	Ageas	59,128	0.01
35,135	Amadeus IT Group	2,002,769	0.31
2,325	Anheuser-Busch InBev	141,588	0.02
32	AP Moeller - Maersk 'A'	33,279	–
5,644	ArcelorMittal	99,102	0.01
5,703	Atlas Copco	107,798	0.02
3,363	Atlas Copco 'B'	58,864	0.01
426	Baloise	48,994	0.01
70	Barry Callebaut	94,254	0.01

## 7IM AAP MODERATELY ADVENTUROUS FUND

### PORTFOLIO STATEMENT (continued)

as at 30 November 2018

Holding	Portfolio of Investment	Value £	30.11.18 %
	<b>Europe (ex UK) (continued)</b>		
24,578	Bayer	1,424,881	0.22
1,229	Bayerische Motoren Werke	68,971	0.01
22,263	Bayerische Motoren Werke 'A'	1,419,679	0.22
59,036	BNP Paribas	2,324,939	0.36
115,285	Boliden	2,026,352	0.31
3,542	Compagnie De St-Gobain	102,561	0.02
4,675	Covestro	208,470	0.03
5,620	Daimler	245,049	0.04
6,788	Danske Bank	105,179	0.02
399	Dassault Aviation	480,203	0.07
130,458	Deutsche Lufthansa	2,498,177	0.38
185,804	Deutsche Telekom	2,554,216	0.39
7,232	DNB	97,340	0.01
1,703	Eiffage	128,684	0.02
2,768	Endesa	48,465	0.01
151,495	Engie	1,686,860	0.26
121,926	Eni	1,553,052	0.24
26,101	Ericsson 'B'	172,559	0.03
190	Euro Stoxx 50 Equity Index Futures December 2018 <sup>4</sup>	(328,755)	(0.05)
12,337	Fiat Chrysler Automobiles	160,026	0.02
533	Genmab	63,485	0.01
9,411	H Lundbeck	301,987	0.05
1,822	Hexagon	71,978	0.01
4,052	Holcim	142,001	0.02
80,777	Iberdrola	474,416	0.07
68,989	International Consolidated Airlines	430,646	0.07
3,547	Investor 'B'	120,097	0.02
1,781	Klepierre	45,457	0.01
108,300	Koninklijke Ahold Delhaize	2,191,656	0.34
728	L'Oreal	134,994	0.02
4,028	Muenchener Rueckversicherungs	688,203	0.11
2,519	NN Group	84,684	0.01
9,844	Nordea Bank	69,117	0.01
25,238	Novartis	1,802,616	0.28
13,435	Pernod Ricard	1,695,375	0.26
5,459	Peugeot	93,026	0.01
1,226	Porsche Automobil	60,900	0.01
10,914	Renault	596,921	0.09
47,582	Repsol	645,194	0.10
11,492	Roche Holding	2,301,652	0.35
37,810	Rocket Internet	786,730	0.12
4,043	Sandvik	46,579	0.01
16,972	Sanofi	1,201,053	0.18
3,152	SES	52,406	0.01
5,811	Societe Generale	167,200	0.03
2,450	Swiss Life	754,853	0.12
658	Swiss Prime Site	42,464	0.01
15,127	Swiss Re	1,079,253	0.17
11,953	Terna Rete Elettrica Nazionale	52,651	0.01
10,923	Total	477,249	0.07
662	Ubisoft Entertainment	42,020	0.01
29,933	Uniper	612,422	0.09
38,444	UPM-Kymmene	818,772	0.13
7,382	Vestas Wind Systems	436,630	0.07
4,331	Vinci	297,379	0.05
276	Volkswagen	35,382	–

# 7IM AAP MODERATELY ADVENTUROUS FUND

## PORTFOLIO STATEMENT (continued)

as at 30 November 2018

Holding	Portfolio of Investment	Value £	30.11.18 %
	<b>Europe (ex UK) (continued)</b>		
6,223	Volvo 'B'	67,181	0.01
2,466	Wolters Kluwer	117,923	0.02
837	Zurich Insurance Group	205,346	0.03
		<b>46,285,093</b>	<b>7.14</b>
	<b>Frontier Markets Equity 3.96% (4.11%)</b>		
3,269,973	T. Rowe Price Frontier Markets Equity Fund 'I' <sup>3</sup>	<b>25,713,704</b>	<b>3.96</b>
	<b>Japan -0.11% (0.69%)</b>		
464	TOPIX Index Futures December 2018 <sup>4</sup>	<b>(736,800)</b>	<b>(0.11)</b>
	<b>North America 6.71% (6.94%)</b>		
8,711,337	7IM US Equity Value Fund 'Z' Inc <sup>3,5</sup>	12,034,712	1.86
74	Abiomed	19,255	–
14,010	Activision Blizzard	577,205	0.09
5,393	Adobe Systems	1,053,147	0.16
1,873	Affiliated Managers	163,820	0.03
600	Agnc Investment	8,336	–
587	Allergan	71,425	0.01
553	Alphabet 'C'	471,786	0.07
3,341	Altria	146,501	0.02
82	Amazon.com	107,571	0.02
1,447	American International Group	49,281	0.01
7,553	Amgen	1,197,939	0.19
2,194	Annaly Capital Management	17,287	–
441	Anthem	101,024	0.02
2,885	Apple	406,094	0.06
1,762	Applied Materials	50,477	0.01
430	Aptiv	24,104	–
93	Assurant	7,129	–
239	AvalonBay Communities	35,240	0.01
439	Best Buy	22,041	–
1,651	Biogen	422,672	0.07
352	Boeing	94,489	0.02
92	Booking Holdings	134,531	0.02
338	Broadcom	62,480	0.01
5,137	Cadence Design Systems	177,691	0.03
5,810	Capital One Financial	404,719	0.06
7,259	Celgene	399,231	0.06
7,529	Chevron	701,487	0.11
988	Cigna	172,364	0.03
10,178	Cisco Systems	377,755	0.06
4,413	Citigroup	224,508	0.04
1,514	Citizens Financial Group	42,767	0.01
1,463	Colgate-Palmolive	72,284	0.01
41,331	Comcast 'A'	1,277,356	0.20
2,940	ConocoPhillips	154,157	0.02
164	Continental Resources	5,962	–
7,806	CSX	439,168	0.07
271	Cummins	31,481	0.01
361	CVS Health	22,645	–
1,160	Dell Technologies 'V'	96,392	0.02
152	Duke Energy	10,438	–
740	Eaton	44,098	0.01
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## 7IM AAP MODERATELY ADVENTUROUS FUND

### PORTFOLIO STATEMENT (continued)

as at 30 November 2018

Holding	Portfolio of Investment	Value £	30.11.18 %
	<b>North America (continued)</b>		
12,210	eBay	282,491	0.04
523	Electronic Arts	35,423	0.01
1,688	Eli Lilly & Company	154,785	0.02
18,227	Emerson Electric	961,865	0.15
873	EOG Resources	72,194	0.01
426	Estee Lauder	47,256	0.01
10,028	Evergy	462,522	0.07
3,582	Exxon Mobil	222,025	0.03
830	F5 Networks	112,914	0.02
3,695	FNF	96,119	0.02
6,120	Ford Motor	44,958	0.01
6,735	Fortinet	390,213	0.06
68,547	Freeport-McMoRan	634,684	0.10
61,742	FS Investment	290,437	0.05
378	Gap	7,895	–
723	General Motors	20,843	–
19,497	Gilead Sciences	1,065,112	0.16
802	HCP	18,109	–
1,338	Honeywell International	152,902	0.02
3,580	Humana	926,871	0.14
24,847	Intel	929,011	0.14
6,404	Intuit	1,050,296	0.16
182	JM Smucker	14,757	–
18,236	Juniper Networks	408,612	0.06
662	Kimco Realty	8,263	–
2,718	Kinder Morgan	35,949	0.01
244	KLA-Tencor	18,495	–
2,827	Las Vegas Sands	120,682	0.02
965	Liberty Global	18,422	–
246	Liberty Property Trust	8,561	–
9,774	Lincoln National	478,700	0.07
566	LyondellBasell Industries	41,277	0.01
488	Maxim Integrated Products	21,173	–
2,885	Merck & Co	176,221	0.03
1,527	MetLife	53,143	0.01
23,134	Michael Kors Holdings	794,228	0.12
33,737	Micron Technology	1,002,720	0.16
1,021	Microsoft	88,196	0.01
3,894	Molson Coors Brewing	196,394	0.03
3,049	Mondelez International	106,446	0.02
474	NetApp	25,043	–
827	Newell Rubbermaid	15,431	–
894	Newmont Mining	22,667	–
1,199	NextEra Energy	166,497	0.03
2,440	Nike	142,211	0.02
12,090	NXP Semiconductors	785,779	0.12
17,380	Occidental Petroleum	966,358	0.15
963	OGE Energy	29,369	0.01
5,527	Oracle	207,560	0.03
159	Palo Alto Networks	21,958	–
13,560	Pentair	451,291	0.07
9,995	Pfizer	356,623	0.06
904	PG&E	18,980	–
2,744	Philip Morris International	187,143	0.03
10,691	PNC Financial Services Group	1,120,313	0.17
3,576	Procter & Gamble	260,231	0.04

# 7IM AAP MODERATELY ADVENTUROUS FUND

## PORTFOLIO STATEMENT (continued)

as at 30 November 2018

Holding	Portfolio of Investment	Value £	30.11.18 %
<b>North America (continued)</b>			
533	Prologis	28,073	–
4,261	Prudential Financial	310,246	0.05
2,430	Qualcomm	110,707	0.02
90	Ralph Lauren	7,853	–
2,058	Regions Financial	26,155	–
202	Robert Half International	9,781	–
208	Rockwell Automation	28,008	–
304	Royal Caribbean Cruises	26,603	–
565	S&P 500 E-mini Futures December 2018 <sup>4</sup>	(2,489,453)	(0.38)
1,298	Salesforce.com	142,225	0.02
301	Skyworks Solutions	16,807	–
258	Southwest Airlines	10,765	–
45,143	Synchrony Financial	918,787	0.14
259	Synopsys	18,176	–
16,047	Target	895,260	0.14
19,084	T-Mobile	1,027,289	0.16
9,470	Union Pacific	1,117,245	0.17
1,148	UnitedHealth	254,306	0.04
4,924	Unum	140,443	0.02
336	Valero Energy	20,934	–
110,878	Vereit	662,399	0.10
2,321	VMware	293,623	0.05
17,374	Walgreens Boots Alliance	1,155,633	0.18
5,420	Wal-Mart Stores	413,373	0.06
507	Western Digital	18,090	–
2,895	WestRock	105,178	0.02
		<b>43,550,173</b>	<b>6.71</b>
<b>United Kingdom 13.41% (9.32%)</b>			
5,570,451	7IM UK Equity Value Fund 'Z' Inc <sup>3,5</sup>	5,773,215	0.89
41,651	Anglo American	656,253	0.10
209,879	Antofagasta	1,698,341	0.26
10,602	Associated British Foods	258,795	0.04
10,296	AstraZeneca	633,410	0.10
313,775	Auto Trader Group	1,377,472	0.21
469,952	Aviva	1,902,836	0.29
7,391	Babcock International	42,572	0.01
29,080	Barratt Developments	133,361	0.02
3,293	Berkeley Group	105,310	0.02
56,014	BHP	848,164	0.13
862,239	BP	4,485,367	0.69
19,895	British American Tobacco	543,233	0.08
23,603	British Land	130,949	0.02
10,838	Bunzl	264,664	0.04
12,303	Burberry	219,609	0.03
17,656	Carnival	809,528	0.12
442,818	Centrica	609,096	0.09
294,993	ConvaTec Group	447,799	0.07
12,639	Diageo	357,368	0.06
143,080	Direct Line Insurance Group	466,870	0.07
15,111	Electric & General Investment Trust <sup>2</sup>	–	–
906	FTSE 100 Index Futures December 2018 <sup>4</sup>	(3,118,908)	(0.48)
327,114	G4S	634,601	0.10
149,068	GlaxoSmithKline	2,388,069	0.37
342,210	HSBC Holdings	2,259,955	0.35

## 7IM AAP MODERATELY ADVENTUROUS FUND

### PORTFOLIO STATEMENT (continued)

as at 30 November 2018

Holding	Portfolio of Investment	Value £	30.11.18 %
	<b>United Kingdom (continued)</b>		
90,255	Imperial Tobacco Group	2,155,741	0.33
6,827	Intertek Group	326,331	0.05
471,221	J Sainsbury	1,437,224	0.22
21,295	Land Securities	173,086	0.03
502,932	Legal & General Group	1,232,183	0.19
20,459	London Stock Exchange	829,408	0.13
302,626	Marks & Spencer	897,891	0.14
51,037	Mediclinic International	183,070	0.03
300,786	Meggitt	1,562,282	0.24
12,985	Micro Focus International	200,748	0.03
89,390	National Grid	746,675	0.12
38,140	Pearson	369,043	0.06
77,608	Persimmon	1,483,865	0.23
26,154	Randgold Resources	1,660,256	0.26
4,696	Reckitt Benckiser Group	309,373	0.05
92,216	RELX	1,521,103	0.23
28,789	Rio Tinto	1,029,207	0.16
73,197	Royal Dutch Shell 'A'	1,738,063	0.27
111,477	Royal Dutch Shell 'B'	2,687,710	0.41
284,716	Royal Mail	906,251	0.14
3,574	Schroders	91,101	0.01
26,864	Shire	1,206,194	0.19
93,379	Smith & Nephew	1,329,250	0.20
146,995	St James's Place	1,476,565	0.23
34,154	Standard Chartered	205,197	0.03
243,763	Taylor Wimpey	326,642	0.05
410,929	Tesco	813,434	0.13
32,501	Travis Perkins	356,373	0.05
967	Unilever	41,383	0.01
1,079,141	Vanguard FTSE 250 UCITS ETF <sup>3</sup>	31,807,681	4.90
1,316,066	Vodafone Group	2,212,307	0.34
694,474	WM Morrison Supermarkets	1,656,668	0.26
6,837	WPP	58,716	0.01
		<b>86,958,950</b>	<b>13.41</b>
	<b>PRIVATE EQUITY 2.82% (2.70%)</b>		
226,133	3i Group	1,902,683	0.29
50,713	Apollo Global Management	1,137,116	0.18
54,927	Apollo Investment	228,234	0.03
108,101	Ares Capital	1,442,477	0.22
7,560	Aurelius	261,770	0.04
80,309	Blackstone Group (The)	2,125,623	0.33
127,182	Brait	245,667	0.04
25,442	Carlyle Group (The)	367,019	0.06
18,998	Eurazeo	1,120,356	0.17
6,290	Gimv	267,758	0.04
15,112	Golub Capital	221,200	0.03
24,491	Hercules Technology Growth Capital	235,597	0.04
70,512	Intermediate Capital Group	715,697	0.11
260,078	IP Group	302,731	0.05
8,023	Jafco	229,713	0.04
102,759	KKR	1,831,213	0.28
15,223	Main Street Capital	458,540	0.07
25,039	Onex	1,207,614	0.19
13,406	Pantheon International Participation	273,482	0.04

# 7IM AAP MODERATELY ADVENTUROUS FUND

## PORTFOLIO STATEMENT (continued)

as at 30 November 2018

Holding	Portfolio of Investment	Value £	30.11.18 %
<b>PRIVATE EQUITY (continued)</b>			
3,655	Partners Group	1,897,919	0.29
93,630	Prospect Capital	505,771	0.08
16,459	TPG Specialty Lending	264,273	0.04
11,213	Wendel	1,070,605	0.16
		<b>18,313,058</b>	<b>2.82</b>
<b>FORWARD CURRENCY CONTRACTS 0.18% (0.18%)</b>			
£(323,709)	Vs £253,690 Expiry 12.12.2018	1,508	–
€(39,000,000)	Vs £34,962,720 Expiry 15.02.2019	99,432	0.02
¥(700,000,000)	Vs £4,800,110 Expiry 21.12.2018	(38,966)	(0.01)
¥(572,000,000)	Vs £3,859,780 Expiry 21.12.2018	(94,436)	(0.01)
¥7,192,000,000	Vs £(49,021,880) Expiry 21.12.2018	696,162	0.11
US\$3,086	Vs £(2,408) Expiry 07.12.2018	(12)	–
US\$62,495	Vs £(48,900) Expiry 07.12.2018	(96)	–
US\$156,754	Vs £(123,052) Expiry 07.12.2018	(156)	–
US\$8,700,000	Vs £(6,647,057) Expiry 18.01.2019	156,067	0.02
US\$6,100,000	Vs £(4,631,268) Expiry 18.01.2019	138,738	0.02
US\$7,790,000	Vs £(5,969,362) Expiry 18.01.2019	122,170	0.02
US\$1,940,000	Vs £(1,475,139) Expiry 18.01.2019	41,879	0.01
US\$1,700,000	Vs £(1,301,168) Expiry 18.01.2019	28,178	–
US\$6,110,000	Vs £(4,781,503) Expiry 18.01.2019	(3,677)	–
		<b>1,146,791</b>	<b>0.18</b>
<b>Portfolio of investment</b>		<b>628,290,953</b>	<b>96.86</b>
Net other assets		20,398,902	3.14
<b>Net assets</b>		<b>648,689,855</b>	<b>100.00</b>

Comparative figures shown in brackets relate to 30 November 2017.

All investments are ordinary shares listed on a regulated market unless stated otherwise.

<sup>1</sup> Structured product

<sup>2</sup> Delisted security

<sup>3</sup> Collective investment scheme

<sup>4</sup> Derivative contract

<sup>5</sup> Related party holding (see note 12 of the Financial Statements)

Credit Quality	30.11.18 %	30.11.17 %
Investment grade debt securities	40.65	27.29
Non-rated debt securities	4.75	6.73
Other investments	51.46	66.19
Net other assets/(liabilities)	3.14	(0.21)
	<b>100.00</b>	<b>100.00</b>

## 7IM AAP MODERATELY ADVENTUROUS FUND

### STATEMENT OF TOTAL RETURN

for the year ended 30 November 2018

	Notes	£	30.11.18 £	£	30.11.17 £
Income					
Net capital (losses)/gains	4		(17,092,666)		61,615,335
Revenue	5	13,405,245		15,198,421	
Expenses	6	(3,507,115)		(3,810,091)	
Interest payable and similar charges	8	(89,158)		(19,552)	
Net revenue before taxation for the year		9,808,972		11,368,778	
Taxation	7	(672,140)		(1,121,126)	
Net revenue after taxation for the year			9,136,832		10,247,652
<b>Total return before distributions</b>			(7,955,834)		71,862,987
Distributions	8		(9,145,882)		(10,262,446)
<b>Change in net assets attributable to shareholders from investment activities</b>			(17,101,716)		61,600,541

### STATEMENT OF CHANGE IN NET ASSETS ATTRIBUTABLE TO SHAREHOLDERS

for the year ended 30 November 2018

	£	30.11.18 £	£	30.11.17 £
<b>Opening net assets attributable to shareholders</b>		660,495,410		809,839,548
Amounts received on creation of shares <sup>1</sup>	129,288,990		146,029,810	
Amounts paid on cancellation of shares <sup>1</sup>	(132,528,801)		(231,365,811)	
Amounts payable on in-specie transactions	—		(134,531,024)	
		(3,239,811)		(219,867,025)
Change in net assets attributable to shareholders from investment activities		(17,101,716)		61,600,541
Retained distribution on accumulation shares		8,535,972		8,922,346
<b>Closing net assets attributable to shareholders</b>		648,689,855		660,495,410

<sup>1</sup>Stated at mid-market price.

The notes on pages 388 to 399 are an integral part of these Financial Statements.

# 7IM AAP MODERATELY ADVENTUROUS FUND

## BALANCE SHEET

as at 30 November 2018

	Notes	30.11.18 £	30.11.17 £
<b>ASSETS</b>			
Fixed assets:			
Investments		636,958,487	663,400,870
Current assets:			
Debtors	9	4,582,498	5,223,655
Cash and bank balances	10	21,664,926	4,550,431
<b>Total assets</b>		<b>663,205,911</b>	<b>673,174,956</b>
<b>LIABILITIES</b>			
Investment liabilities		(8,667,534)	(1,504,087)
Creditors:			
Bank overdrafts	10	(3,695,030)	(6,790,868)
Distribution payable		(291,599)	(339,206)
Other creditors	11	(1,861,893)	(4,045,385)
<b>Total liabilities</b>		<b>(14,516,056)</b>	<b>(12,679,546)</b>
<b>Net assets attributable to shareholders</b>		<b>648,689,855</b>	<b>660,495,410</b>

The notes on pages 388 to 399 are an integral part of these Financial Statements.

# 7IM AAP MODERATELY ADVENTUROUS FUND

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 November 2018

### 1 Statement of Compliance

The Sub-fund's Financial Statements have been prepared on the same basis as the Statement of Compliance disclosed on page 10.

### 2 Summary of Significant Accounting Policies

The Sub-fund's Financial Statements have been prepared on the same basis as the Summary of Significant Accounting Policies disclosed on pages 10 to 12.

### 3 Risk Management Policies

The Sub-fund's Risk Management Policies are the same as the Risk Management Policies disclosed on pages 13 to 14.

### 4 Net capital (losses)/gains

	<b>30.11.18</b>	<b>30.11.17</b>
	£	£
The net capital (losses)/gains during the year comprise:		
Non-derivative securities	(11,168,445)	31,669,275
Derivative contracts	(5,821,151)	26,660,758
Forward currency contracts	900,743	(837,956)
Currency (losses)/gains	(1,015,061)	4,085,231
Transaction charges	(33,403)	(29,783)
AMC rebates from underlying investments	44,651	67,810
Net capital (losses)/gains	<u>(17,092,666)</u>	<u>61,615,335</u>

### 5 Revenue

	<b>30.11.18</b>	<b>30.11.17</b>
	£	£
Non-taxable dividends	7,510,886	7,623,989
Taxable dividends	2,655,973	5,039,236
Unfranked interest	2,736,266	2,076,866
AMC rebates from underlying investments	426,263	409,740
Bank interest	3,103	2,510
Stock lending revenue <sup>1</sup>	72,754	46,080
Total revenue	<u>13,405,245</u>	<u>15,198,421</u>

<sup>1</sup> Stock lending revenue is disclosed net of the security agent's share of income.

## 7IM AAP MODERATELY ADVENTUROUS FUND

### NOTES TO THE FINANCIAL STATEMENTS (continued) for the year ended 30 November 2018

#### 6 Expenses

	30.11.18 £	30.11.17 £
Payable to the ACD, associates of the ACD and agents of either of them:		
ACD's periodic charge	3,270,711	3,570,282
Other expenses	6,376	6,375
	<u>3,277,087</u>	<u>3,576,657</u>
Payable to the Depositary, associates of the Depositary and agents of either of them:		
Depositary's fees	86,269	92,855
Market risk fees	6,000	6,000
Safe custody and other bank charges	37,233	36,152
	<u>129,502</u>	<u>135,007</u>
Other Expenses:		
Advisory fees	48,760	30,824
Audit fee	8,760	8,760
Dealing and exchange fees	27,773	39,401
FCA and other Regulatory fees	300	275
Legal and professional fees	2,417	829
Printing, postage and distribution costs	7,578	12,623
Risk analysis fees	4,938	5,715
	<u>100,526</u>	<u>98,427</u>
Total expenses	<u>3,507,115</u>	<u>3,810,091</u>



# 7IM AAP MODERATELY ADVENTUROUS FUND

## NOTES TO THE FINANCIAL STATEMENTS (continued) for the year ended 30 November 2018

### 7 Taxation

	30.11.18 £	30.11.17 £
<i>a) Analysis of charge for the year</i>		
Corporation tax at 20%	458,723	747,713
Overseas tax	268,067	373,413
Irrecoverable CIS income tax	1,578	–
Prior year adjustment	(56,228)	–
	<hr/>	<hr/>
Current tax charge (note 7b)	672,140	1,121,126
Total taxation	<hr/>	<hr/>
	672,140	1,121,126

### *b) Factors affecting current tax charge for the year*

The tax assessed for the year differs from the standard rate of corporation tax in the UK for an authorised fund (20%) (2017: 20%) for the reasons explained below.

Net revenue before taxation	9,808,972	11,368,778
Corporation tax at 20%	1,961,794	2,273,756
Effects of:		
AMC rebates taken to capital	8,930	13,562
Double taxation relief expensed	(9,441)	(14,850)
Franked CIS revenue	–	(96,010)
Franked REIT income	–	(2,557)
Irrecoverable CIS income tax w/off	1,578	–
Movement in revenue accruals	(2,214)	20,841
Non-taxable dividends	(1,404,826)	(1,401,337)
Offshore CIS revenue	–	(45,692)
Overseas tax	268,067	373,413
Prior year adjustment	(56,228)	–
Tax on stock dividends	(95,520)	–
Current tax charge (note 7a)	<hr/>	<hr/>
	672,140	1,121,126

### *c) Deferred tax*

There is no deferred tax provision in the current year (2017: none).

### 8 Distributions

The distributions take account of revenue received on the issue of shares and revenue deducted on cancellation of shares, and comprise:

	30.11.18 £	30.11.17 £
Interim	4,781,437	5,179,983
Final	4,373,270	4,518,750
	<hr/>	<hr/>
	9,154,707	9,698,733
Add: Revenue deducted on cancellation of shares	421,872	938,746
Add: Revenue deducted on in-specie transactions	–	208,750
Deduct: Revenue received on issue of shares	(430,697)	(583,783)
Net distributions for the year	<hr/>	<hr/>
	9,145,882	10,262,446
Interest payable and similar charges	89,158	19,552
Total distribution	<hr/>	<hr/>
	9,235,040	10,281,998

# 7IM AAP MODERATELY ADVENTUROUS FUND

## NOTES TO THE FINANCIAL STATEMENTS (continued) for the year ended 30 November 2018

### 8 Distributions (continued)

Details of the distributions per share are set out in the table on pages 400 to 402.

Distributions represented by:		
Net revenue after taxation	9,136,832	10,247,652
Allocations to capital:		
Expenses, net of tax relief	8,930	13,564
Equalisation on conversions <sup>1</sup>	140	1,379
Net movement in revenue account	(20)	(149)
Net distributions for the year	<u>9,145,882</u>	<u>10,262,446</u>

<sup>1</sup>Where an investor converts to a class with a higher income yield, the investor will pay or receive an equalisation as if they had held the new class throughout the period from the last distribution to the conversion date. The yield differential at the point of conversion is an equalisation which will be offset by capital erosion for the converted investor.

### 9 Debtors

	<b>30.11.18</b>	<b>30.11.17</b>
	£	£
Amounts receivable for issue of shares	1,031,615	2,293,713
Sales awaiting settlement	4	–
Accrued revenue	2,908,177	2,245,987
Income tax recoverable	20	1,121
AMC rebates from underlying investments	193,479	220,947
Withholding tax recoverable	449,203	461,799
Prepaid expenses	–	88
Total debtors	<u>4,582,498</u>	<u>5,223,655</u>

### 10 Cash and bank balances

	<b>30.11.18</b>	<b>30.11.17</b>
	£	£
Cash and bank balances	3,746,532	4,513,427
Cash held at clearing houses	17,918,394	37,004
Total cash and bank balances	<u>21,664,926</u>	<u>4,550,431</u>
Bank overdrafts	(3,658,941)	(4,229,008)
Cash overdraft at clearing houses	(36,089)	(2,561,860)
Total bank overdrafts	<u>(3,695,030)</u>	<u>(6,790,868)</u>

# 7IM AAP MODERATELY ADVENTUROUS FUND

## NOTES TO THE FINANCIAL STATEMENTS (continued) for the year ended 30 November 2018

### 11 Other Creditors

	30.11.18	30.11.17
	£	£
Amounts payable for cancellation of shares	992,670	3,001,548
Purchases awaiting settlement	388,144	387,250
Accrued expenses	313,261	310,874
Corporation tax payable	167,723	345,713
Currency deals awaiting settlement	95	–
Total other creditors	<u>1,861,893</u>	<u>4,045,385</u>

### 12 Related party transactions

ACD's periodic charge and other expenses payable to 7IM (the 'ACD') are disclosed in note 6.

The aggregate monies received by the ACD through the issue of shares and paid on cancellation of shares are disclosed in the Statement of Change in Net Assets Attributable to Shareholders on page 386.

The Sub-fund has the following shareholdings in the 7IM Specialist Investment Funds ICVC:

	Held at 30.11.18	Held at 30.11.17
7IM Emerging Markets Equity Value Fund 'Z' Inc	1,424,180	1,424,180
7IM European (ex UK) Equity Value Fund 'Z' Inc	5,335,489	3,818,847
7IM UK Equity Value Fund 'Z' Inc	5,570,541	2,390,671
7IM US Equity Value Fund 'Z' Inc	8,711,337	8,711,337

A shareholder may be able to exercise significant influence over the financial and operating policies of the Sub-fund and as such is deemed to be a related party. At the balance sheet date the following shareholder held in excess of 20% of the shares in issue of the Sub-fund:

Pershing Nominees Limited	40.53% (2017: 37.64%)
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Where the Sub-fund invests in another sub-fund of the ICVC or any other collective investment scheme managed by the ACD it is referenced in the Portfolio Statement of the Sub-fund.

### 13 Classes of Shares

The Sub-fund has four share classes: 'A', 'C', 'D', and 'S'. The annual management charge on each class are as follows:

Class A	1.00%
Class C	0.50%
Class D	1.40%
Class S	0.25%

The following table shows the shares in issue during the year:

Class	Opening Shares	Shares Created	Shares Liquidated	Shares Converted	Closing Shares
Class A Income	228,022	1,500	(57,103)	–	172,419
Class A Accumulation	873,235	226,027	(277,127)	–	822,135
Class C Income	26,358,928	3,222,836	(6,697,986)	84,433	22,968,211
Class C Accumulation	271,764,514	57,022,204	(56,431,097)	(340,437)	272,015,184
Class D Income	663,349	29,224	(18,825)	–	673,748
Class D Accumulation	16,042,798	904,917	(3,238,788)	(15,644)	13,693,283
Class S Income	6,175,287	1,245,459	(1,048,129)	(44,739)	6,327,878
Class S Accumulation	83,222,727	15,367,288	(11,951,935)	411,864	87,049,944

### 14 Contingent liabilities and commitments

There are no contingent liabilities or unrecorded outstanding commitments at the balance sheet date (2017: none).

## 7IM AAP MODERATELY ADVENTUROUS FUND

### NOTES TO THE FINANCIAL STATEMENTS (continued) for the year ended 30 November 2018

#### 15 Risks Disclosures

The main risks from the Sub-fund's holding of financial instruments, together with the ACD's policy for managing these risks are detailed in note 3 on pages 13 to 14. Further analysis and numeric disclosure of interest rate risk, foreign currency risk and derivatives are shown below.

##### i. Interest rate risk

The table below shows the direct interest rate risk profile:

Interest rate exposure as at 30 November 2018

	<b>Floating Rate Financial Assets £</b>	<b>Fixed Rate Financial Assets £</b>	<b>Financial Assets not carrying interest £</b>	<b>Total £</b>
Canadian dollar	7,559	–	1,207,614	1,215,173
Danish krone	–	–	986,784	986,784
Euro	728,487	7,985,265	33,125,209	41,838,961
Japanese yen	2,286	8,749,052	49,952,213	58,703,551
Norwegian krone	–	–	100,751	100,751
South African rand	3	–	245,667	245,670
Swedish krona	–	–	2,740,525	2,740,525
Swiss franc	472,722	–	9,125,233	9,597,955
US dollar	14,413,584	27,604,169	121,316,771	163,334,524
Pound sterling	113,230,560	162,482,684	226,503,543	502,216,787
	<b>128,855,201</b>	<b>206,821,170</b>	<b>445,304,310</b>	<b>780,980,681</b>

	<b>Floating Rate Financial Liabilities £</b>	<b>Financial Liabilities not carrying interest £</b>	<b>Total £</b>
Canadian dollar	(7,559)	–	(7,559)
Euro	(705,139)	(35,192,043)	(35,897,182)
Japanese yen	(7,165)	(9,530,091)	(9,537,256)
South African rand	(3)	–	(3)
Swiss franc	(472,722)	–	(472,722)
US dollar	(1,883,516)	(4,397,145)	(6,280,661)
Pound sterling	(618,925)	(79,476,518)	(80,095,443)
	<b>(3,695,029)</b>	<b>(128,595,797)</b>	<b>(132,290,826)</b>

## 7IM AAP MODERATELY ADVENTUROUS FUND

### NOTES TO THE FINANCIAL STATEMENTS (continued) for the year ended 30 November 2018

#### 15 Risks Disclosures (continued)

##### i. Interest rate risk (continued)

Interest rate exposure as at 30 November 2017

	<b>Floating Rate Financial Assets</b>	<b>Fixed Rate Financial Assets</b>	<b>Financial Assets not carrying interest</b>	<b>Total</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Canadian dollar	7,400	–	1,284,860	1,292,260
Danish krone	–	–	4,736,211	4,736,211
Euro	577,282	–	55,829,976	56,407,258
Japanese yen	41	–	38,052,493	38,052,534
Norwegian krone	–	–	291,762	291,762
South African rand	3	–	298,541	298,544
Swedish krona	–	–	2,368,360	2,368,360
Swiss franc	697,423	–	15,432,872	16,130,295
US dollar	22,662,925	58,574,310	163,888,203	245,125,438
Pound sterling	118,756,923	75,710,413	267,866,988	462,334,324
	<b>142,701,997</b>	<b>134,284,723</b>	<b>550,050,266</b>	<b>827,036,986</b>

	<b>Floating Rate Financial Liabilities</b>	<b>Financial Liabilities not carrying interest</b>	<b>Total</b>
	<b>£</b>	<b>£</b>	<b>£</b>
Canadian dollar	(7,400)	–	(7,400)
Euro	(553,807)	(8,081,779)	(8,635,586)
South African rand	(3)	–	(3)
Swiss franc	(453,477)	–	(453,477)
US dollar	(1,463,559)	(112,771,256)	(114,234,815)
Pound sterling	(4,312,622)	(38,897,673)	(43,210,295)
	<b>(6,790,868)</b>	<b>(159,750,708)</b>	<b>(166,541,576)</b>

The floating rate financial assets and liabilities comprise bank balances and bank overdraft positions which earn or pay interest at rates linked to the Bank of England base rate or its international equivalents, index-linked securities that earn interest at rates adjusted by changes in the UK Retail Prices Index (RPI) or its international equivalent and collective investment schemes that pay UK interest distributions.

Currency	Fixed Rate Financial Assets			
	Weighted average interest rate		Weighted average period for which rate is fixed	
	30.11.18	30.11.17	30.11.18	30.11.17
	%	%	Years	Years
Euro	0.85	–	9	–
Japanese yen	0.15	–	11	–
Pound sterling	1.30	0.73	3	1
US dollar	1.42	1.17	5	6

The average effective duration of the Sub-fund's portfolio is a measure of the sensitivity of the fair value of the Sub-fund's bond portfolio (excludes all other investments) to changes in market interest rates. As at 30 November 2018, the weighted average effective duration was 1.37 years (30 November 2017 1.04 years).

## 7IM AAP MODERATELY ADVENTUROUS FUND

### NOTES TO THE FINANCIAL STATEMENTS (continued) for the year ended 30 November 2018

#### 15 Risks Disclosures (continued)

##### ii. Foreign currency risk

The table below shows the direct foreign currency risk profile:

Foreign currency risk exposure as at 30 November 2018

<b>Currency</b>	<b>Monetary Exposure £</b>	<b>Non-Monetary Exposure £</b>	<b>Total £</b>
Canadian dollar	–	1,207,614	1,207,614
Danish krone	46,224	940,560	986,784
Euro	194,636	5,747,143	5,941,779
Japanese yen	(421)	49,166,716	49,166,295
Norwegian krone	3,411	97,340	100,751
South African rand	–	245,667	245,667
Swedish krona	–	2,740,525	2,740,525
Swiss franc	326,997	8,798,236	9,125,233
US dollar	148,233	156,905,630	157,053,863
	719,080	225,849,431	226,568,511
Pound sterling	39,172,821	382,948,523	422,121,344
Net assets	39,891,901	608,797,954	648,689,855

Foreign currency risk exposure as at 30 November 2017

<b>Currency</b>	<b>Monetary Exposure £</b>	<b>Non-Monetary Exposure £</b>	<b>Total £</b>
Canadian dollar	–	1,284,860	1,284,860
Danish krone	35,115	4,701,096	4,736,211
Euro	161,592	47,610,080	47,771,672
Japanese yen	41	38,052,493	38,052,534
Norwegian krone	33,205	258,557	291,762
South African rand	–	298,541	298,541
Swedish krona	3,251	2,365,109	2,368,360
Swiss franc	497,178	15,179,640	15,676,818
US dollar	381,637	130,508,986	130,890,623
	1,112,019	240,259,362	241,371,381
Pound sterling	45,195,608	373,928,421	419,124,029
Net assets	46,307,627	614,187,783	660,495,410

## 7IM AAP MODERATELY ADVENTUROUS FUND

### NOTES TO THE FINANCIAL STATEMENTS (continued) for the year ended 30 November 2018

#### 15 Risks Disclosures (continued)

##### iii. Derivatives

The derivatives held by the Sub-fund during the year were for the purposes of meeting the investment objectives of the Sub-fund and for efficient portfolio management.

The Sub-fund must at any time, be capable of meeting all of its payment and delivery obligations incurred in respect of its Financial Derivatives Instruments transactions. The Investment Manager uses a risk management technique known as absolute value-at-risk ('VaR') to measure the Sub-fund's global exposure. VaR is an advanced risk measurement methodology used to assess the Sub-fund's global exposure as set out in the Sub-fund's Risk Management Process.

The Sub-fund measures risk using the absolute value at risk approach. The Sub-fund's expected level of leverage (calculated as the sum of the notionals) under normal market circumstances is expected to be generally in the range of 100% to 230% of the Sub-fund's Net Asset Value and is not expected to exceed 360%. It is possible that there may be higher leverage levels from time to time during abnormal market conditions.

The lowest, highest and average leverage utilisation in the accounting year ended 30 November 2018 was 155%, 230% and 190% respectively (30 November 2017: 129%, 255% and 183% respectively).

VaR is calculated for the funds under the parametric method. The time horizon for the calculation is 1 day, using a 99% confidence level. The methodology is derived from MSCI's Barra risk engine and blends the VaR produced from two different risk models, namely MSCI Barra Integrated Model: Long Version (BIM303L) and MSCI Barra Ultra-Short Model (BIM303 51d HL). The former applies a 1 year half-life (exponential weighting) for calculating volatilities and 3 years for correlations; the latter applies a 10 week half-life for both volatilities and correlations. Both models natively cover around 104K global equity securities; 500K sovereign and corporate bonds; 900k municipal, 2,200K structured products (MBS/ABS/CMO); around 290k mutual funds; 161 currencies, 34 commodities.

The reported VaR is calculated formulaically as follows:  $VaR = 0.3 * VaR(BIM303L) + 0.7 * MAX[VaR(BIM303L), VaR(BIM303 51d HL)]$ .

The Barra models map individual portfolio positions onto the Barra set of risk factors in order to backfill for a time series of volatility. The VaR numbers calculated by BIM303L and BIM303 51d HL are derived from daily volatility numbers, multiplied by an appropriate 99% confidence interval scaling factor under the assumption of a normal distribution.

The types of derivatives held at the balance sheet date were forward foreign currency contracts, future contracts and put options. Details of individual contracts are disclosed in the Portfolio Statement and the total position by counterparty at the balance sheet date was as follows:

<b>Counterparty</b>	<b>30.11.18</b> £	<b>30.11.17</b> £
<b>Options</b>		
Chicago Board Options Exchange	593,924	330,931
<b>Futures Contracts</b>		
Chicago Mercantile Exchange	–	1,257,768
Eurex Deutschland	(328,755)	(52,677)
ICF - ICE Futures Europe Financials	–	2,012,830
International Monetary Market	(2,489,453)	–
London International Financial Future Exchange	(3,825,022)	369,722
New York Coffee, Sugar & Cocoa	(1,102,211)	–
Osaka Securities Exchange	(736,800)	4,544,202
<b>Forward Currency Contracts</b>		
Northern Trust	1,146,791	1,189,540
<b>Total net exposure<sup>1</sup></b>	<b>(6,741,526)</b>	<b>9,652,316</b>

<sup>1</sup>Net exposure represents the mark to market value of derivative contracts less any cash collateral held. Positive exposure represents the Sub-fund's exposure to that counterparty.

## 7IM AAP MODERATELY ADVENTUROUS FUND

### NOTES TO THE FINANCIAL STATEMENTS (continued) for the year ended 30 November 2018

#### 15 Risks Disclosures (continued)

##### iv. Fair value

In the opinion of the ACD, there is no material difference between the value of the financial assets and liabilities, as shown in the balance sheet, and their fair value.

Investments are categorised into the following levels based on their fair value measurement:

##### Level 1

The unadjusted quoted price in an active market for identical instruments that the entity can access at the measurement date.

##### Level 2

Valuation techniques using observable inputs other than quoted prices within Level 1 (i.e. developed using market data).

##### Level 3

Valuation techniques using unobservable inputs (i.e. for which market data is unavailable).

	Level 1 £	Level 2 £	Level 3 £	Total £
<b>30 November 2018</b>				
<b>Assets</b>				
Bonds	44,166,355	250,352,089	–	294,518,444
Collective Investment Schemes	31,807,681	163,190,262	–	194,997,943
Derivatives	641,874	1,284,134	–	1,926,008
Equities	145,515,993	99	–	145,516,092
<b>Total</b>	<b>222,131,903</b>	<b>414,826,584</b>	<b>–</b>	<b>636,958,487</b>
<b>Liabilities</b>				
Derivatives	<b>(8,530,191)</b>	<b>(137,343)</b>	<b>–</b>	<b>(8,667,534)</b>
<b>30 November 2017</b>				
<b>Assets</b>				
Bonds	35,260,381	189,466,908	–	224,727,289
Collective Investment Schemes	58,045,845	169,568,915	–	227,614,760
Derivatives	8,874,651	2,281,752	–	11,156,403
Equities	183,826,160	16,076,258	–	199,902,418
<b>Total</b>	<b>286,007,037</b>	<b>377,393,833</b>	<b>–</b>	<b>663,400,870</b>
<b>Liabilities</b>				
Derivatives	<b>(411,875)</b>	<b>(1,092,212)</b>	<b>–</b>	<b>(1,504,087)</b>



## 7IM AAP MODERATELY ADVENTUROUS FUND

### NOTES TO THE FINANCIAL STATEMENTS (continued) for the year ended 30 November 2018

#### 16 Purchases, Sales and Transaction Costs

The following tables show portfolio transactions and their associated transaction costs. For more information about the nature of these costs please refer to the additional portfolio transaction cost information on page 366.

Analysis of direct transaction costs for the year ended 30 November 2018:

	Principal £'000	Commissions £'000	Taxes £'000	Total Transaction Costs £'000	Commissions % of principal	Taxes % of principal
<b>Purchases</b>						
Bonds	215,123	–	–	–	–	–
Collective Investment Schemes	379,112	–	–	–	–	–
Derivatives	1,428	–	–	–	–	–
Equities	187,747	22	252	274	0.01	0.13
<b>Total</b>	<b>783,410</b>	<b>22</b>	<b>252</b>	<b>274</b>	<b>0.01</b>	<b>0.13</b>
<b>Sales</b>						
Bonds	142,364	–	–	–	–	–
Collective Investment Schemes	380,755	–	–	–	–	–
Derivatives	21,204	–	–	–	–	–
Equities	243,480	(28)	(1)	(29)	0.01	–
<b>Total</b>	<b>787,803</b>	<b>(28)</b>	<b>(1)</b>	<b>(29)</b>	<b>0.01</b>	<b>–</b>
<b>Total as a percentage of the average NAV</b>		<b>0.01%</b>	<b>0.04%</b>	<b>0.05%</b>		



# 7IM AAP MODERATELY ADVENTUROUS FUND

## DISTRIBUTION TABLES

for the year ended 30 November 2018

### Interim - in pence per share

Group 1 - Shares purchased prior to 1 December 2017

Group 2 - Shares purchased on or after 1 December 2017 and on or before 31 May 2018

	Net Revenue	Equalisation	Paid 31.07.18	Paid 31.07.17
<b>Class A Income</b>				
Group 1	0.7717	–	0.7717	0.7871
Group 2	0.5544	0.2173	0.7717	0.7871
			<b>Allocated 31.07.18</b>	<b>Allocated 31.07.17</b>
<b>Class A Accumulation</b>				
Group 1	0.8548	–	0.8548	0.8629
Group 2	0.6050	0.2498	0.8548	0.8629
			<b>Paid 31.07.18</b>	<b>Paid 31.07.17</b>
<b>Class C Income</b>				
Group 1	1.0918	–	1.0918	1.0868
Group 2	0.6837	0.4081	1.0918	1.0868
			<b>Allocated 31.07.18</b>	<b>Allocated 31.07.17</b>
<b>Class C Accumulation</b>				
Group 1	1.2565	–	1.2565	1.2334
Group 2	0.7612	0.4953	1.2565	1.2334
			<b>Paid 31.07.18</b>	<b>Paid 31.07.17</b>
<b>Class D Income</b>				
Group 1	0.5222	–	0.5222	0.5563
Group 2	0.5148	0.0074	0.5222	0.5563
			<b>Allocated 31.07.18</b>	<b>Allocated 31.07.17</b>
<b>Class D Accumulation</b>				
Group 1	0.5592	–	0.5592	0.5906
Group 2	0.4564	0.1028	0.5592	0.5906
			<b>Paid 31.07.18</b>	<b>Paid 31.07.17</b>
<b>Class S Income</b>				
Group 1	1.0229	–	1.0229	1.0101
Group 2	0.6321	0.3908	1.0229	1.0101

## 7IM AAP MODERATELY ADVENTUROUS FUND

### DISTRIBUTION TABLES (continued) for the year ended 30 November 2018

	Net Revenue	Equalisation	Allocated 31.07.18	Allocated 31.07.17
<b>Class S Accumulation</b>				
Group 1	1.0925	–	1.0925	1.0615
Group 2	0.6517	0.4408	1.0925	1.0615
<b>Final - in pence per share</b>				
Group 1 - Shares purchased prior to 1 June 2018				
Group 2 - Shares purchased on or after 1 June 2018 and on or before 30 November 2018				
	Net Revenue	Equalisation	Paid 31.01.19	Paid 31.01.18
<b>Class A Income</b>				
Group 1	0.6843	–	0.6843	0.7339
Group 2	0.2497	0.4346	0.6843	0.7339
	Net Revenue	Equalisation	Allocated 31.01.19	Allocated 31.01.18
<b>Class A Accumulation</b>				
Group 1	0.7617	–	0.7617	0.8075
Group 2	0.1702	0.5915	0.7617	0.8075
	Net Revenue	Equalisation	Paid 31.01.19	Paid 31.01.18
<b>Class C Income</b>				
Group 1	0.9929	–	0.9929	1.0395
Group 2	0.3128	0.6801	0.9929	1.0395
	Net Revenue	Equalisation	Allocated 31.01.19	Allocated 31.01.18
<b>Class C Accumulation</b>				
Group 1	1.1510	–	1.1510	1.1879
Group 2	0.4722	0.6788	1.1510	1.1879
	Net Revenue	Equalisation	Paid 31.01.19	Paid 31.01.18
<b>Class D Income</b>				
Group 1	0.4414	–	0.4414	0.4878
Group 2	0.1192	0.3222	0.4414	0.4878
	Net Revenue	Equalisation	Allocated 31.01.19	Allocated 31.01.18
<b>Class D Accumulation</b>				
Group 1	0.4744	–	0.4744	0.5216
Group 2	0.1729	0.3015	0.4744	0.5216

## 7IM AAP MODERATELY ADVENTUROUS FUND

### DISTRIBUTION TABLES (continued) for the year ended 30 November 2018

	<b>Net Revenue</b>	<b>Equalisation</b>	<b>Paid 31.01.19</b>	<b>Paid 31.01.18</b>
<b>Class S Income</b>				
Group 1	0.9386	–	0.9386	0.9764
Group 2	0.1842	0.7544	0.9386	0.9764
	<b>Net Revenue</b>	<b>Equalisation</b>	<b>Allocated 31.01.19</b>	<b>Allocated 31.01.18</b>
<b>Class S Accumulation</b>				
Group 1	1.0104	–	1.0104	1.0340
Group 2	0.4536	0.5568	1.0104	1.0340

#### Equalisation

Equalisation applies only to shares purchased during the distribution period (Group 2 shares). It represents the accrued revenue included in the purchase price of the shares. After averaging, it is returned with the distribution as a capital repayment. It is not liable to Income Tax but must be deducted from the cost of the shares for Capital Gains Tax purposes.

# 7IM AAP ADVENTUROUS FUND

## ACD'S REPORT

for the year ended 30 November 2018

### Investment Objective and Policy

7IM AAP (Asset Allocated Passives) Adventurous Fund (the 'Sub-fund') aims, by applying active asset allocation techniques to predominantly passive strategies, to provide capital growth. There is a risk of wide fluctuations in capital values.

The manager will invest the majority of the portfolio in fixed interest and equity instruments using predominantly passive strategies (that is, strategies designed to track the performance of particular indices, market sectors or asset classes). The manager will also make investments in other asset classes such as property, commodities and private equities. Such investments will be made indirectly through holdings in investment trusts, exchange traded funds or other intermediary vehicles with the objective of improving returns and controlling risk by increasing diversification within the portfolio. The asset allocation for the entire portfolio will be actively managed.

The Sub-fund invests predominantly in equities or instruments that track the returns of equity indices. Assets with scope for capital growth in real terms are likely to represent a major part of the portfolio. The Sub-fund may use different asset classes, with a substantial proportion primarily in equities or instruments that track the returns of equity indices.

Investment may also be made in fixed interest, warrants, deposits, cash and near cash, money market instruments, other transferable securities, derivatives and forward transactions and other investments to the extent that each is permitted in the stated investment and borrowing powers of the company.

The Sub-fund may rely on third party advice on quantitative investment techniques or use third party quantitative investment software in the portfolio's construction.

There is no guarantee that a positive return will be delivered.

### Investment Manager's Report

#### Performance Report

In the reporting period 1 December 2017 to 30 November 2018, the portfolio delivered a total return of (1.53)%<sup>1</sup>.

#### Investment Background

Back in January, investors were excited because growth was strong across the world, following a remarkably stable 2017. The S&P 500 began the year with six consecutive highs and it looked as though nothing could go wrong. Then everything changed. Global equities plunged by 9% over two weeks in early February, and fell by another 10% in October. Most markets have been much jumpier and more erratic this year than in super-quiet 2017. This rise in volatility, though, looks like a return to normal – and doesn't particularly worry us. Indeed, equity volatility in 2018 has been slightly below its long term average.

It's clear that investors became far more cautious as the year progressed. In some cases the caution is warranted. For example, the huge tech stocks known as the FANGs (Facebook, Amazon, Netflix and Google) plunged between June and November 2018 as their valuations returned to more realistic levels. In other cases interesting assets were unfairly punished, creating potential buying opportunities. Emerging market equities and European dividends are two recent examples.

Regarding fundamentals, we saw little change through the year. The world economy is growing at a healthy 3.6%, according to the IMF. Europe and the US are slowing but are in fair shape. In both the US and UK unemployment has fallen, inflation is stable and wages are rising. Global earnings per share growth in 2018 will be an impressive 16%. For all the talk of rate hikes, there were only four by major Western central banks through the year (three in the US and one in Europe), and monetary policy in both regions remains loose. Rates are trending up, as they should, but are far from worrying.

Some commentators claim that weak equity markets in 2018 reflected fragile and slowing global growth and company earnings, blaming factors like interest rate hikes, the US-China trade dispute, Brexit and Eurozone politics. We are not convinced. We think the world economy is in good shape.

It's hard to know why large numbers of investors across the world suddenly began selling. Big algorithmic traders probably played a part, unrelated to any economic or financial fundamentals.

Investors won't remember 2018 with any fondness. But it wasn't nearly as bad as the headlines would have you believe.

<sup>1</sup> Calculated using 7IM AAP Adventurous Fund C Acc shares, published prices. Source: NTRS

## 7IM AAP ADVENTUROUS FUND

**ACD'S REPORT** (continued)  
for the year ended 30 November 2018

### **Investment Manager's Report** (continued)

#### **Portfolio Review**

During the year we increased exposure to equity on the view that equity risk would be better rewarded than some other risk assets given our optimistic outlook for continuing global growth. We brought the UK equity exposure back up to target and increased the allocations to US, Japan, Emerging Markets and European equities. We took some downside risk protection by buying a European Equity Put, which we were able to sell at a profit when European equity sold off shortly afterwards. We had an allocation to US small cap in the early part of the period, but as the year progressed we took the view that the smaller cap end of the US equity market had become fully valued. We therefore took profits from this exposure to Russell 2000 stocks, but topped up the US equity holdings to make sure this was up to target allocation. Towards the end of the period there was a sharp equity drawdown. This sell-off in markets presented an opportunity to increase our exposure to the US, as we thought it seemed technically driven and not reflected in fundamentals. We sold the India equity future, an off-benchmark allocation which we had introduced because we had a strong conviction in the manager and expected the Modi government to be good for financial markets. Indian equities outperformed the broader EM Index and, while the outlook for India is positive, we believed it is no longer more so than broader EM. We also felt there was potential for short-term volatility with the Indian election in April 2019.

Among alternatives, we reduced exposure to alternative strategies where performance has been disappointing using the proceeds to build up the equity exposure. We also added a holding in the BlackRock Global Property Securities Fund, which provides exposure to a broad range of real estate assets and some further risk diversification.

We sold the gold holding on the view that it had not provided the risk diversification we had been expecting and instead bought exposure to an enhanced commodity index which provides a broader exposure to commodities.

Within fixed income, high yield spreads narrowed at the end of 2017 meaning an overweight to high yield was no longer justified on valuation grounds, and so we exited the asset class feeling that there were better fixed income assets we could use for this risk profile. Following discussions around the tactical asset allocation, we transitioned from holding US Treasuries to a position more reflective of the global government bond index. This also had the advantage of moving the Sub-fund further towards the strategic asset allocation.

In terms of Brexit-related risk, although we believe a No Deal is unlikely, the Investment Team continues to conduct scenario analysis and the potential effects of different Brexit outcomes on the funds. These stress tests are conducted by the independent risk team and assume market reactions in a No Deal scenario similar to that post the Referendum result in 2016. The outcome of this analysis did not produce any results which caused concern. In addition, the Investment Team have looked at the exposure of the 7IM funds to the UK. In this exercise, we focused on the country to which the asset class has exposure, via sales or economic exposure rather than country of listing. We looked at the Strategic Asset Allocation, Tactical Asset Allocation and where possible the actual holdings data of the multi-manager (MM) portfolios. The results demonstrated to us that our current overall exposure is no more than 20% for any fund.

To protect the Sub-fund from an upside Brexit surprise, and feeling that sterling looked cheap, we increased the sterling allocation funding this from the euro FX position.

#### **Investment Outlook**

2018 was tough for financial markets; we think 2019 will be far more normal – and perhaps even boring, in a positive kind of way. The world economy is in fair shape and the risks that the media shouts about are widely exaggerated. In our experience, economic reality – the reality of company sales, employment, government spending, domestic and foreign trade – is remarkably stable over time. It's like a supertanker in motion that can't be diverted easily. By contrast, investors are far more erratic. You can view investor sentiment as cycling around the economic fundamentals: sometimes investors are overly optimistic (greedy), as in January 2018, sometimes they're too pessimistic (fearful), as in February 2016. We think this familiar cycle is in action at the moment, and that investors are too pessimistic. Our goal as investment managers is to focus on the long term and not get caught up in these cycles of investor greed or fear. We expect investor sentiment and markets to recover in 2019 and are positioned accordingly – slightly overweight equities, with a bias towards the US, and negative on bonds and credit.

## 7IM AAP ADVENTUROUS FUND

**ACD'S REPORT** (continued)  
for the year ended 30 November 2018

### **Investment Manager's Report** (continued)

To global growth: the world economy is slowing a little but should grow comfortably through 2019-20. We don't see the big danger signs that might destabilise it, e.g. soaring interest rates or a financial crisis. China's growth is easing, as it should, but is unlikely to crash anytime soon. World inflation is running at around 2.7%, and is under control. It's not far from the 2% target in the US and UK, and even Japan might be clawing out of its disinflationary mire. Interest rates are normalising in the US, which is healthy, and are set to rise in most countries in 2019. Therefore, we think the world economy is in a 'Goldilocks' phase – neither too hot nor too cold. Goldilocks is usually good for companies: we expect global earnings per share to rise in 2019 and 2020.

The contrasting investor concern seems to be driven by a focus on risks and threats that have been exaggerated, such as US recession, trade wars and the UK political situation.

US recessions have often been associated with equity crashes in the past and some commentators fear recession in 2019. We are not overly worried: the US is currently growing at around 2.5%; from these levels it normally takes at least two years for growth to turn negative. Moreover, the usual imbalances associated with recession – soaring inflation, housing crunch, commodity price shock – are largely absent. We think US recession is unlikely before late 2020, at the earliest.

Concerning trade wars, tariffs have been implemented on about 2.5% of world imports, corresponding to less than 0.6% of world GDP. They're certainly a negative for growth, but on a tiny scale thus far. While they could get much worse, we think the US and China will reach some compromise that won't harm their economies (and their people) too much.

In the UK, Brexit is a shambles and we do worry that the UK could end up with a No Deal – which actually would be a Terrible Deal – in March 2019. But it's in the interests of both the UK and the EU to reach a broadly sensible outcome. We think a deal will materialise that's not too painful for the UK. Regarding the possibility of a Corbyn government, we think Mr Corbyn's bark is worse than his bite. If he came to power he'd be so constrained by the range of views within his party, by business pressures and by economic constraints that he'd not be able to do much that would derail the UK's financial markets. Therefore we are relatively optimistic that investors will see less pain in 2019 than they have over the last few months.

Seven Investment Management LLP  
Investment Manager  
February 2019



## 7IM AAP ADVENTUROUS FUND

### FUND INFORMATION

The Comparative Tables on pages 407 to 414 give the performance of each active share class in the Sub-fund.

The 'Return after charges' disclosed in the Comparative Tables is calculated as the return after operating charges per share divided by the opening net asset value per share. It differs from the Sub-fund's performance disclosed in the ACD's report, which is calculated based on the latest published price.

Portfolio transaction costs are incurred when investments are bought or sold by a sub-fund in order to achieve the investment objective. These transaction costs affect an investor in different ways depending on whether they are joining, leaving or continuing with their investment in the sub-fund.

Direct transaction costs include broker commission and taxes. Broker commission includes the fee paid to a broker to execute the trades.

In addition, there are indirect portfolio transaction costs arising from the 'dealing spread' – the difference between the buying and selling prices of underlying investments in the portfolio. Unlike shares whereby broker commissions and stamp duty are paid by the sub-fund on each transaction, other types of investments (such as bonds, money instruments, derivatives, collective investment schemes) do not have separately identifiable transaction costs; these costs form part of the dealing spread. Dealing spreads vary considerably depending on the transaction value and money market sentiment.

# 7IM AAP ADVENTUROUS FUND

## FUND INFORMATION (continued)

### Comparative Tables

#### Class A Income

	30.11.18 (pence per share)	30.11.17 (pence per share)	30.11.16 (pence per share)
<b>Change in Net Asset Value Per Share</b>			
Opening net asset value per share	154.12	139.11	129.45
Return before operating charges*	(0.73)	18.00	12.76
Operating charges (calculated on average price)	(1.84)	(1.77)	(1.53)
Return after operating charges*	(2.57)	16.23	11.23
Distributions on income shares	(1.57)	(1.22)	(1.57)
Closing net asset value per share	149.98	154.12	139.11
* After direct transaction costs of: <sup>1</sup>	0.09	0.10	0.13

#### Performance

Return after charges <sup>2</sup>	(1.67)%	11.67%	8.67%
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#### Other Information

Closing net asset value (£'000)	201	281	300
Closing number of shares	133,420	182,491	215,970
Operating charges <sup>3</sup>	1.18%	1.19%	1.18%
Direct transaction costs	0.06%	0.07%	0.10%

#### Prices

Highest share price	161.34	156.47	143.25
Lowest share price	147.37	137.56	111.45

<sup>1</sup> Direct transaction costs are stated after deducting the proportion of the amounts collected from dilution adjustments or dilution levies that relate to direct transaction costs. A negative transaction costs figure might arise where there is a timing difference between inflows and the settlement of the resultant purchases.

<sup>2</sup> The return after charges is calculated as the return after operating charges per share divided by the opening net asset value per share.

<sup>3</sup> Operating charges, otherwise known as the OCF is the ratio of the Sub-fund's total disclosable costs (excluding securities lending fees and overdraft interest) to the average net assets of the Sub-fund. The OCF is intended to provide a reliable figure which gives the most accurate measure of what it costs to invest in a Sub-fund and is calculated based on the last period's figures. Included within the OCF are synthetic costs which includes the OCF of the underlying funds weighted on the basis of their investment proportion. A detailed breakdown of the OCF per share class is shown on page 415.

# 7IM AAP ADVENTUROUS FUND

## FUND INFORMATION (continued)

### Comparative Tables (continued)

#### Class A Accumulation

	30.11.18 (pence per share)	30.11.17 (pence per share)	30.11.16 (pence per share)
<b>Change in Net Asset Value Per Share</b>			
Opening net asset value per share	168.19	150.59	138.47
Return before operating charges*	(0.85)	19.52	13.76
Operating charges (calculated on average price)	(2.01)	(1.92)	(1.64)
Return after operating charges*	(2.86)	17.60	12.12
Distributions	(1.72)	(1.32)	(1.68)
Retained distributions on accumulation shares	1.72	1.32	1.68
Closing net asset value per share	165.33	168.19	150.59
* After direct transaction costs of: <sup>1</sup>	0.10	0.11	0.14

#### Performance

Return after charges <sup>2</sup>	(1.70)%	11.69%	8.75%
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#### Other Information

Closing net asset value (£'000)	858	1,071	1,104
Closing number of shares	518,929	636,674	732,916
Operating charges <sup>3</sup>	1.18%	1.19%	1.18%
Direct transaction costs	0.06%	0.07%	0.10%

#### Prices

Highest share price	176.98	170.13	154.21
Lowest share price	161.66	148.91	119.22

<sup>1</sup> Direct transaction costs are stated after deducting the proportion of the amounts collected from dilution adjustments or dilution levies that relate to direct transaction costs. A negative transaction costs figure might arise where there is a timing difference between inflows and the settlement of the resultant purchases.

<sup>2</sup> The return after charges is calculated as the return after operating charges per share divided by the opening net asset value per share.

<sup>3</sup> Operating charges, otherwise known as the OCF is the ratio of the Sub-fund's total disclosable costs (excluding securities lending fees and overdraft interest) to the average net assets of the Sub-fund. The OCF is intended to provide a reliable figure which gives the most accurate measure of what it costs to invest in a Sub-fund and is calculated based on the last period's figures. Included within the OCF are synthetic costs which includes the OCF of the underlying funds weighted on the basis of their investment proportion. A detailed breakdown of the OCF per share class is shown on page 415.

# 7IM AAP ADVENTUROUS FUND

## FUND INFORMATION (continued)

### Comparative Tables (continued)

#### Class C Income

	30.11.18 (pence per share)	30.11.17 (pence per share)	30.11.16 (pence per share)
<b>Change in Net Asset Value Per Share</b>			
Opening net asset value per share	154.01	139.00	129.38
Return before operating charges*	(0.74)	18.02	12.73
Operating charges (calculated on average price)	(1.06)	(1.03)	(0.89)
Return after operating charges*	(1.80)	16.99	11.84
Distributions on income shares	(2.35)	(1.98)	(2.22)
Closing net asset value per share	149.86	154.01	139.00
* After direct transaction costs of: <sup>1</sup>	0.09	0.10	0.13

#### Performance

Return after charges <sup>2</sup>	(1.17)%	12.22%	9.15%
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#### Other Information

Closing net asset value (£'000)	7,558	9,098	8,385
Closing number of shares	5,043,769	5,907,397	6,032,588
Operating charges <sup>3</sup>	0.68%	0.69%	0.68%
Direct transaction costs	0.06%	0.07%	0.10%

#### Prices

Highest share price	161.37	156.70	143.39
Lowest share price	147.56	137.46	111.48

<sup>1</sup> Direct transaction costs are stated after deducting the proportion of the amounts collected from dilution adjustments or dilution levies that relate to direct transaction costs. A negative transaction costs figure might arise where there is a timing difference between inflows and the settlement of the resultant purchases.

<sup>2</sup> The return after charges is calculated as the return after operating charges per share divided by the opening net asset value per share.

<sup>3</sup> Operating charges, otherwise known as the OCF is the ratio of the Sub-fund's total disclosable costs (excluding securities lending fees and overdraft interest) to the average net assets of the Sub-fund. The OCF is intended to provide a reliable figure which gives the most accurate measure of what it costs to invest in a Sub-fund and is calculated based on the last period's figures. Included within the OCF are synthetic costs which includes the OCF of the underlying funds weighted on the basis of their investment proportion. A detailed breakdown of the OCF per share class is shown on page 415.

# 7IM AAP ADVENTUROUS FUND

## FUND INFORMATION (continued)

### Comparative Tables (continued)

#### Class C Accumulation

	30.11.18 (pence per share)	30.11.17 (pence per share)	30.11.16 (pence per share)
<b>Change in Net Asset Value Per Share</b>			
Opening net asset value per share	176.30	157.07	143.75
Return before operating charges*	(0.90)	20.40	14.31
Operating charges (calculated on average price)	(1.22)	(1.17)	(0.99)
Return after operating charges*	(2.12)	19.23	13.32
Distributions	(2.70)	(2.24)	(2.48)
Retained distributions on accumulation shares	2.70	2.24	2.48
Closing net asset value per share	174.18	176.30	157.07
* After direct transaction costs of: <sup>1</sup>	0.11	0.11	0.14

#### Performance

Return after charges <sup>2</sup>	(1.20)%	12.24%	9.27%
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#### Other Information

Closing net asset value (£'000)	179,169	200,264	188,136
Closing number of shares	102,864,562	113,592,594	119,776,431
Operating charges <sup>3</sup>	0.68%	0.69%	0.68%
Direct transaction costs	0.06%	0.07%	0.10%

#### Prices

Highest share price	186.16	178.27	160.74
Lowest share price	170.23	155.33	123.86

<sup>1</sup> Direct transaction costs are stated after deducting the proportion of the amounts collected from dilution adjustments or dilution levies that relate to direct transaction costs. A negative transaction costs figure might arise where there is a timing difference between inflows and the settlement of the resultant purchases.

<sup>2</sup> The return after charges is calculated as the return after operating charges per share divided by the opening net asset value per share.

<sup>3</sup> Operating charges, otherwise known as the OCF is the ratio of the Sub-fund's total disclosable costs (excluding securities lending fees and overdraft interest) to the average net assets of the Sub-fund. The OCF is intended to provide a reliable figure which gives the most accurate measure of what it costs to invest in a Sub-fund and is calculated based on the last period's figures. Included within the OCF are synthetic costs which includes the OCF of the underlying funds weighted on the basis of their investment proportion. A detailed breakdown of the OCF per share class is shown on page 415.

# 7IM AAP ADVENTUROUS FUND

## FUND INFORMATION (continued)

### Comparative Tables (continued)

#### Class D Income

	30.11.18 (pence per share)	30.11.17 (pence per share)	30.11.16 (pence per share)
<b>Change in Net Asset Value Per Share</b>			
Opening net asset value per share	153.91	139.73	128.65
Return before operating charges*	(0.18)	18.59	13.00
Operating charges (calculated on average price)	(2.46)	(2.44)	(1.92)
Return after operating charges*	(2.64)	16.15	11.08
Distributions on income shares	(0.99)	(1.97)	–
Closing net asset value per share	150.28	153.91	139.73
* After direct transaction costs of: <sup>1</sup>	0.09	0.10	0.12

#### Performance

Return after charges <sup>2</sup>	(1.72)%	11.56%	8.62%
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#### Other Information

Closing net asset value (£'000)	5	–	–
Closing number of shares	3,081	287	42
Operating charges <sup>3</sup>	1.58%	1.59%	1.58%
Direct transaction costs	0.06%	0.07%	0.10%

#### Prices

Highest share price	161.55	156.97	142.61
Lowest share price	147.44	138.34	110.71

<sup>1</sup> Direct transaction costs are stated after deducting the proportion of the amounts collected from dilution adjustments or dilution levies that relate to direct transaction costs. A negative transaction costs figure might arise where there is a timing difference between inflows and the settlement of the resultant purchases.

<sup>2</sup> The return after charges is calculated as the return after operating charges per share divided by the opening net asset value per share.

<sup>3</sup> Operating charges, otherwise known as the OCF is the ratio of the Sub-fund's total disclosable costs (excluding securities lending fees and overdraft interest) to the average net assets of the Sub-fund. The OCF is intended to provide a reliable figure which gives the most accurate measure of what it costs to invest in a Sub-fund and is calculated based on the last period's figures. Included within the OCF are synthetic costs which includes the OCF of the underlying funds weighted on the basis of their investment proportion. A detailed breakdown of the OCF per share class is shown on page 415.

# 7IM AAP ADVENTUROUS FUND

## FUND INFORMATION (continued)

### Comparative Tables (continued)

#### Class D Accumulation

	30.11.18 (pence per share)	30.11.17 (pence per share)	30.11.16 (pence per share)
<b>Change in Net Asset Value Per Share</b>			
Opening net asset value per share	162.03	145.66	134.45
Return before operating charges*	(0.79)	18.85	13.33
Operating charges (calculated on average price)	(2.59)	(2.48)	(2.12)
Return after operating charges*	(3.38)	16.37	11.21
Distributions	(1.00)	(0.66)	(1.08)
Retained distributions on accumulation shares	1.00	0.66	1.08
Closing net asset value per share	158.65	162.03	145.66
* After direct transaction costs of: <sup>1</sup>	0.10	0.10	0.13

#### Performance

Return after charges <sup>2</sup>	(2.09)%	11.24%	8.34%
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#### Other Information

Closing net asset value (£'000)	7,869	8,279	8,015
Closing number of shares	4,960,118	5,109,132	5,502,498
Operating charges <sup>3</sup>	1.58%	1.59%	1.58%
Direct transaction costs	0.06%	0.07%	0.10%

#### Prices

Highest share price	170.04	163.95	149.25
Lowest share price	155.19	144.03	115.68

<sup>1</sup> Direct transaction costs are stated after deducting the proportion of the amounts collected from dilution adjustments or dilution levies that relate to direct transaction costs. A negative transaction costs figure might arise where there is a timing difference between inflows and the settlement of the resultant purchases.

<sup>2</sup> The return after charges is calculated as the return after operating charges per share divided by the opening net asset value per share.

<sup>3</sup> Operating charges, otherwise known as the OCF is the ratio of the Sub-fund's total disclosable costs (excluding securities lending fees and overdraft interest) to the average net assets of the Sub-fund. The OCF is intended to provide a reliable figure which gives the most accurate measure of what it costs to invest in a Sub-fund and is calculated based on the last period's figures. Included within the OCF are synthetic costs which includes the OCF of the underlying funds weighted on the basis of their investment proportion. A detailed breakdown of the OCF per share class is shown on page 415.

# 7IM AAP ADVENTUROUS FUND

## FUND INFORMATION (continued)

### Comparative Tables (continued)

#### Class S Income

	30.11.18 (pence per share)	30.11.17 (pence per share)	30.11.16 (pence per share)
<b>Change in Net Asset Value Per Share</b>			
Opening net asset value per share	128.59	116.05	108.01
Return before operating charges*	(0.62)	15.05	10.63
Operating charges (calculated on average price)	(0.56)	(0.55)	(0.47)
Return after operating charges*	(1.18)	14.50	10.16
Distributions on income shares	(2.29)	(1.96)	(2.12)
Closing net asset value per share	125.12	128.59	116.05
* After direct transaction costs of: <sup>1</sup>	0.08	0.08	0.11

#### Performance

Return after charges <sup>2</sup>	(0.92)%	12.49%	9.41%
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#### Other Information

Closing net asset value (£'000)	2,536	1,788	1,527
Closing number of shares	2,026,709	1,390,682	1,315,852
Operating charges <sup>3</sup>	0.43%	0.44%	0.43%
Direct transaction costs	0.06%	0.07%	0.10%

#### Prices

Highest share price	134.80	130.97	119.82
Lowest share price	123.33	114.77	93.11

<sup>1</sup> Direct transaction costs are stated after deducting the proportion of the amounts collected from dilution adjustments or dilution levies that relate to direct transaction costs. A negative transaction costs figure might arise where there is a timing difference between inflows and the settlement of the resultant purchases.

<sup>2</sup> The return after charges is calculated as the return after operating charges per share divided by the opening net asset value per share.

<sup>3</sup> Operating charges, otherwise known as the OCF is the ratio of the Sub-fund's total disclosable costs (excluding securities lending fees and overdraft interest) to the average net assets of the Sub-fund. The OCF is intended to provide a reliable figure which gives the most accurate measure of what it costs to invest in a Sub-fund and is calculated based on the last period's figures. Included within the OCF are synthetic costs which includes the OCF of the underlying funds weighted on the basis of their investment proportion. A detailed breakdown of the OCF per share class is shown on page 415.



# 7IM AAP ADVENTUROUS FUND

## FUND INFORMATION (continued)

### Comparative Tables (continued)

#### Class S Accumulation

	30.11.18 (pence per share)	30.11.17 (pence per share)	30.11.16 (pence per share)
<b>Change in Net Asset Value Per Share</b>			
Opening net asset value per share	137.25	121.98	111.35
Return before operating charges*	(0.71)	15.85	11.11
Operating charges (calculated on average price)	(0.60)	(0.58)	(0.48)
Return after operating charges*	(1.31)	15.27	10.63
Distributions	(2.46)	(2.07)	(2.20)
Retained distributions on accumulation shares	2.46	2.07	2.20
Closing net asset value per share	135.94	137.25	121.98
* After direct transaction costs of: <sup>1</sup>	0.08	0.09	0.11

#### Performance

Return after charges <sup>2</sup>	(0.95)%	12.52%	9.55%
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#### Other Information

Closing net asset value (£'000)	44,732	37,906	33,561
Closing number of shares	32,906,091	27,618,080	27,514,118
Operating charges <sup>3</sup>	0.43%	0.44%	0.43%
Direct transaction costs	0.06%	0.07%	0.10%

#### Prices

Highest share price	145.17	138.76	124.79
Lowest share price	132.82	120.63	95.98

<sup>1</sup> Direct transaction costs are stated after deducting the proportion of the amounts collected from dilution adjustments or dilution levies that relate to direct transaction costs. A negative transaction costs figure might arise where there is a timing difference between inflows and the settlement of the resultant purchases.

<sup>2</sup> The return after charges is calculated as the return after operating charges per share divided by the opening net asset value per share.

<sup>3</sup> Operating charges, otherwise known as the OCF is the ratio of the Sub-fund's total disclosable costs (excluding securities lending fees and overdraft interest) to the average net assets of the Sub-fund. The OCF is intended to provide a reliable figure which gives the most accurate measure of what it costs to invest in a Sub-fund and is calculated based on the last period's figures. Included within the OCF are synthetic costs which includes the OCF of the underlying funds weighted on the basis of their investment proportion. A detailed breakdown of the OCF per share class is shown on page 415.

## 7IM AAP ADVENTUROUS FUND

### FUND INFORMATION (continued)

#### Ongoing Charges Figures

As at 30 November 2018

	<b>Class A</b>	<b>Class C</b>	<b>Class D</b>	<b>Class S</b>
ACD's periodic charge	1.00%	0.50%	1.40%	0.25%
Other expenses	0.06%	0.06%	0.06%	0.06%
	1.06%	0.56%	1.46%	0.31%
Collective investment scheme costs	0.12%	0.12%	0.12%	0.12%
Ongoing Charges Figure	1.18%	0.68%	1.58%	0.43%

As at 30 November 2017

	<b>Class A</b>	<b>Class C</b>	<b>Class D</b>	<b>Class S</b>
ACD's periodic charge	1.00%	0.50%	1.40%	0.25%
Other expenses	0.06%	0.06%	0.06%	0.06%
	1.06%	0.56%	1.46%	0.31%
Collective investment scheme costs	0.13%	0.13%	0.13%	0.13%
Ongoing Charges Figure	1.19%	0.69%	1.59%	0.44%

The Ongoing Charges Figure ('OCF') represents the total operating expenses of the Sub-fund, expressed as a percentage of the average net assets during the accounting year.

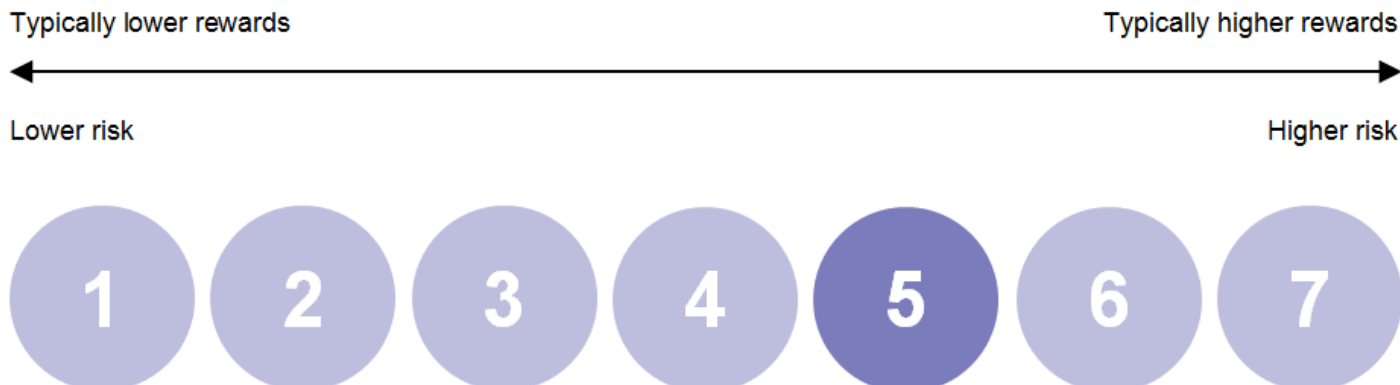
The collective investment scheme costs represent the OCFs, or a reasonable substitute, of the underlying funds which are held as portfolio investments. Their inclusion has been calculated on a weighted basis against the Sub-fund's net assets at the balance sheet date.

The Sub-fund undertakes securities lending and receives 70% of the revenue generated and the remaining 30% is received by Northern Trust as the securities lending agent. As securities lending revenue sharing does not increase the costs of running the Sub-fund, this has been excluded from the Other expenses and thus excluded from the Ongoing Charges Figures.

# 7IM AAP ADVENTUROUS FUND

## FUND INFORMATION (continued)

### Synthetic Risk and Reward Indicator



This indicator shows how much a sub-fund has risen and fallen in the past, and therefore how much a fund's returns have varied. It is a measure of a fund's volatility. The higher a sub-fund's past volatility the higher the number on the scale and the greater the risk that investors in that sub-fund may have made losses as well as gains. The lowest number on the scale does not mean that a sub-fund is risk free.

This indicator is based on historical data and may not be a reliable indication of the future risk profile of this Sub-fund. The risk and reward profile shown is not guaranteed to remain the same and may change over time.

The risk and reward indicator shown above is as at the date of publication of the annual report and financial statements, the risk and reward indicator as at the year end date 30 November 2018 was 5.

### Fund performance to 30 November 2018 (%)

	1 year	3 years	5 years
7IM AAP Adventurous Fund <sup>1</sup>	(1.53)	20.85	34.95

<sup>1</sup> Source: Bloomberg.

The performance of the Sub-fund is based on the published price per 'C' Accumulation share which includes reinvested income.

Details of the distributions per share for the period are shown in the Distribution Tables on pages 439 to 441.

# 7IM AAP ADVENTUROUS FUND

## PORTFOLIO STATEMENT

as at 30 November 2018

Holding	Portfolio of Investment	Value £	30.11.18 %
	<b>ALTERNATIVES 5.57% (16.63%)</b>		
	<b>Alternative Strategies 2.16% (11.76%)</b>		
20,321	Dexion Equity Alternative <sup>1</sup>	–	–
8,158,781	F&C Global Equity Market Neutral 3 Acc <sup>2</sup>	5,016,834	2.06
3,950	Goldman Sachs International Warrants 31/12/2049 <sup>3</sup>	40	–
(56)	S&P 500 Index Put Options 1950 Mar 2019 <sup>4</sup>	(19,318)	(0.01)
56	S&P 500 Index Put Options 2600 Mar 2019 <sup>4</sup>	258,597	0.11
3,973	Societe Generale Warrants 29/11/2018 <sup>3</sup>	–	–
		<b>5,256,153</b>	<b>2.16</b>
	<b>Commodities 1.86% (4.87%)</b>		
6,105,000	BNP Paribas Enhanced Benchmark Commodity Index 2023 <sup>3</sup>	<b>4,525,502</b>	<b>1.86</b>
	<b>Real Estate 1.55% (0.00%)</b>		
1,782,595	iShares Global Property Securities Index <sup>2</sup>	<b>3,768,406</b>	<b>1.55</b>
	<b>CASH 1.55% (3.48%)</b>		
3,762,000	Northern Trust Global Sterling Fund <sup>2</sup>	<b>3,762,000</b>	<b>1.55</b>
	<b>DEBT SECURITIES 38.77% (28.10%)</b>		
	<b>Corporate Bonds 0.43% (0.42%)</b>		
£1,000,000	Nationwide Building Society 5.625% 2019	<b>1,032,168</b>	<b>0.43</b>
	<b>Emerging Market Bonds 4.06% (4.84%)</b>		
15,475,733	Legal & General Emerging Markets Government Bond Local Currency Index Fund Acc <sup>2</sup>	<b>9,858,042</b>	<b>4.06</b>
	<b>Global Corporate Bonds 0.73% (0.00%)</b>		
£1,100,000	Bank Nederlandse Gemeenten 1.875% 2018	1,100,081	0.45
£670,000	Nestle Holdings 1.00% 2021	664,422	0.28
		<b>1,764,503</b>	<b>0.73</b>
	<b>Short Term Sterling Bonds 24.94% (16.58%)</b>		
£4,300,000	Abbey National Treasury Services 1.875% 2020	4,303,823	1.77
£2,391,000	Abbey National Treasury Services 5.125% 2022	2,596,786	1.07
£1,200,000	ASB Finance 1% 2020	1,185,908	0.49
£1,400,000	ASB Finance FRN 2020	1,401,765	0.58
£1,050,000	Bank Nederlandse Gemeenten 1.125% 2021	1,048,729	0.43
£2,600,000	Bank of Nova Scotia FRN 2023	2,584,582	1.06
£1,100,000	Barclays Bank 4.25% 2022	1,193,716	0.49
£780,000	BNG Bank 5.75% 2019	784,585	0.32
£1,300,000	Caisse des Depots et Consignations 0.5% 2020	1,287,411	0.53
£700,000	Caisse des Depots et Consignations 1.5% 2019	703,156	0.29
£1,000,000	Canadian Imperial Bank of Commerce FRN 2022	1,002,680	0.41
£270,000	Coventry Building Society FRN 2020	270,221	0.11
£2,000,000	Deutsche Pfandbriefbank 1.875% 2019	2,011,614	0.83
£2,000,000	Deutsche Pfandbriefbank FRN 2020	2,005,890	0.83
£2,400,000	Dexia Credit Local 2% 2020	2,425,123	1.00
£2,600,000	Dexia Credit Local FRN 2019	2,600,723	1.07
£1,100,000	DNB Bank 4.25% 2020	1,133,676	0.47
£233,000	European Bank for Reconstruction & Development 1.875% 2018	233,080	0.10

# 7IM AAP ADVENTUROUS FUND

## PORTFOLIO STATEMENT (continued)

as at 30 November 2018

Holding	Portfolio of Investment	Value £	30.11.18 %
	<b>Short Term Sterling Bonds (continued)</b>		
£1,000,000	European Investment Bank 1.50% 2019	1,001,170	0.41
£1,518,000	Export Development Canada 1.375% 2019	1,523,559	0.63
£1,600,000	FMS Wertmanagement 0.625% 2020	1,591,917	0.65
£1,000,000	FMS Wertmanagement 1.25% 2019	1,000,892	0.41
£790,000	ING Bank 5.375% 2021	858,834	0.35
£168,000	Inter-American Development Bank 5.25% 2021	185,237	0.08
£1,184,000	International Bank for Reconstruction & Development 5.4% 2021	1,310,428	0.54
£500,000	KFW 1.625% 2020	504,580	0.21
£1,449,000	Nordea Bank FRN 2019	1,449,626	0.60
£1,000,000	Oversea-Chinese Banking FRN 2023	992,551	0.41
£1,350,000	Rabobank Nederland 4.625% 2021	1,435,471	0.59
£330,000	Royal Bank of Canada FRN 2021	330,459	0.14
£2,186,000	Royal Bank of Scotland FRN 2020	2,186,328	0.90
£421,000	Santander UK FRN 2020	421,190	0.17
£100,000	Santander UK FRN 2020	99,944	0.04
£2,445,000	SpareBank 1 Boligkreditt AS FRN 2022	2,434,949	1.00
£1,532,000	Svenska Handelsba 2.375% 2022	1,560,935	0.64
£2,521,000	Swedbank AB	2,523,957	1.04
£700,000	Swedbank FRN 2021	700,015	0.29
£1,300,000	Total Capital International FRN 2019	1,300,660	0.54
£3,000,000	UBS 1.25% 2020	2,975,976	1.22
£1,500,000	Westpac Banking 5% 2019	1,547,574	0.64
£2,700,000	Westpac Banking FRN 2023	2,683,055	1.10
£1,200,000	Yorkshire Building Society	1,196,904	0.49
		<b>60,589,679</b>	<b>24.94</b>
	<b>Sterling Corporate Bonds 8.61% (6.26%)</b>		
£3,000,000	Barclays Bank UK FRN 2023	2,978,886	1.23
£1,460,000	DNB Boligkreditt FRN 2020	1,460,876	0.60
£2,200,000	European Investment Bank 0.875% 2021	2,189,704	0.90
£3,500,000	European Investment Bank 1.125% 2021	3,496,713	1.44
£3,995,000	International Bank for Reconstruction & Development 0.375% 2021	3,925,799	1.61
£2,800,000	Landwirtschaftlic 1.375% 2020	2,816,134	1.16
£100,000	Royal Bank of Canada FRN 2019	100,107	0.04
£1,200,000	Toronto-Dominion Bank FRN 2023	1,191,926	0.49
£2,800,000	Toyota Motor Credit 1.125% 2021	2,765,851	1.14
		<b>20,925,996</b>	<b>8.61</b>
	<b>EQUITY 44.62% (46.22%)</b>		
	<b>Asia &amp; Emerging Markets 5.73% (6.05%)</b>		
2,036,779	7IM Emerging Markets Equity Value Fund 'Z' Inc <sup>2,5</sup>	2,355,535	0.97
1,565	Most Diversified TOBAM Anti-Benchmark Emerging Markets <sup>2</sup>	12,362,525	5.09
301	MSCI AC Asia ex Japan Futures December 2018 <sup>4</sup>	(379,536)	(0.16)
240	MSCI Emerging Markets Index Futures December 2018 <sup>4</sup>	(426,206)	(0.17)
		<b>13,912,318</b>	<b>5.73</b>
	<b>Europe (ex UK) 8.01% (13.59%)</b>		
2,161,671	7IM European (ex UK) Equity Value Fund 'Z' Inc <sup>2,5</sup>	2,395,564	0.99
4,568	ABB	72,416	0.03
111,931	Aegon	485,258	0.20
199	Aena SME	25,085	0.01
461	AerCap	19,011	0.01

# 7IM AAP ADVENTUROUS FUND

## PORTFOLIO STATEMENT (continued)

as at 30 November 2018

Holding	Portfolio of Investment	Value	30.11.18
		£	%
	<b>Europe (ex UK) (continued)</b>		
648	Ageas	24,656	0.01
14,651	Amadeus IT Group	835,138	0.34
969	Anheuser-Busch InBev	59,010	0.02
14	AP Moeller - Maersk 'A'	14,559	0.01
2,354	ArcelorMittal	41,334	0.02
2,378	Atlas Copco	44,949	0.02
1,403	Atlas Copco 'B'	24,557	0.01
178	Baloise	20,472	0.01
29	Barry Callebaut	39,048	0.02
10,249	Bayer	594,174	0.24
512	Bayerische Motoren Werke	28,733	0.01
9,283	Bayerische Motoren Werke 'A'	591,963	0.24
24,618	BNP Paribas	969,499	0.40
48,073	Boliden	844,974	0.35
1,477	Compagnie De St-Gobain	42,768	0.02
1,950	Covestro	86,955	0.04
2,343	Daimler	102,162	0.04
2,830	Danske Bank	43,850	0.02
166	Dassault Aviation	199,784	0.08
54,400	Deutsche Lufthansa	1,041,721	0.43
77,480	Deutsche Telekom	1,065,104	0.44
3,015	DNB	40,581	0.02
711	Eiffage	53,725	0.02
1,124	Endesa	19,680	0.01
63,173	Engie	703,416	0.29
50,843	Eni	647,621	0.27
10,884	Ericsson 'B'	71,956	0.03
87	Euro Stoxx 50 Equity Index Futures December 2018 <sup>4</sup>	(164,422)	(0.07)
5,145	Fiat Chrysler Automobiles	66,737	0.03
222	Genmab	26,442	0.01
3,924	H Lundbeck	125,916	0.05
759	Hexagon	29,984	0.01
1,689	Holcim	59,190	0.02
33,684	Iberdrola	197,832	0.08
28,768	International Consolidated Airlines	179,577	0.07
1,479	Investor 'B'	50,077	0.02
763	Klepierre	19,474	0.01
45,161	Koninklijke Ahold Delhaize	913,919	0.38
303	L'Oreal	56,186	0.02
1,679	Muenchener Rueckversicherungs	286,865	0.12
1,050	NN Group	35,299	0.01
4,105	Nordea Bank	28,822	0.01
10,524	Novartis	751,674	0.31
5,603	Pernod Ricard	707,048	0.29
2,276	Peugeot	38,785	0.02
511	Porsche Automobil	25,383	0.01
4,551	Renault	248,908	0.10
19,841	Repsol	269,036	0.11
4,792	Roche Holding	959,756	0.39
28,015	Rocket Internet	582,921	0.24
1,686	Sandvik	19,424	0.01
7,077	Sanofi	500,816	0.21
1,315	SES	21,864	0.01
2,423	Societe Generale	69,717	0.03
1,021	Swiss Life	314,574	0.13
275	Swiss Prime Site	17,747	0.01

# 7IM AAP ADVENTUROUS FUND

## PORTFOLIO STATEMENT (continued)

as at 30 November 2018

Holding	Portfolio of Investment	Value £	30.11.18 %
	<b>Europe (ex UK) (continued)</b>		
6,308	Swiss Re	450,051	0.19
4,985	Terna Rete Elettrica Nazionale	21,958	0.01
4,555	Total	199,018	0.08
276	Ubisoft Entertainment	17,519	0.01
12,482	Uniper	255,379	0.10
16,031	UPM-Kymmene	341,425	0.14
3,078	Vestas Wind Systems	182,057	0.07
1,807	Vinci	124,074	0.05
115	Volkswagen	14,743	0.01
2,595	Volvo 'B'	28,015	0.01
1,028	Wolters Kluwer	49,159	0.02
349	Zurich Insurance Group	85,622	0.03
		<b>19,458,294</b>	<b>8.01</b>
	<b>Frontier Markets Equity 5.93% (6.01%)</b>		
1,832,619	T. Rowe Price Frontier Markets Equity Fund 'I' <sup>2</sup>	<b>14,410,952</b>	<b>5.93</b>
	<b>Japan -0.12% (0.69%)</b>		
173	TOPIX Index Futures December 2018 <sup>4</sup>	<b>(280,449)</b>	<b>(0.12)</b>
	<b>North America 7.10% (7.66%)</b>		
4,623,890	7IM US Equity Value Fund 'Z' Inc <sup>2,5</sup>	6,387,904	2.63
25	Abiomed	6,505	–
4,782	Activision Blizzard	197,016	0.08
1,840	Adobe Systems	359,316	0.15
639	Affiliated Managers	55,889	0.02
205	Agnc Investment	2,848	–
201	Allergan	24,457	0.01
189	Alphabet 'C'	161,243	0.07
1,140	Altria	49,988	0.02
28	Amazon.com	36,731	0.02
494	American International Group	16,824	0.01
2,578	Amgen	408,882	0.17
717	Annaly Capital Management	5,649	–
150	Anthem	34,362	0.01
984	Apple	138,508	0.06
601	Applied Materials	17,217	0.01
141	Aptiv	7,904	–
32	Assurant	2,453	–
78	AvalonBay Communities	11,501	0.01
151	Best Buy	7,581	–
563	Biogen	144,133	0.06
120	Boeing	32,212	0.01
31	Booking Holdings	45,331	0.02
115	Broadcom	21,258	0.01
1,753	Cadence Design Systems	60,637	0.03
1,982	Capital One Financial	138,064	0.06
2,477	Celgene	136,230	0.06
2,569	Chevron	239,357	0.10
337	Cigna	58,792	0.02
3,473	Cisco Systems	128,900	0.05
1,506	Citigroup	76,617	0.03
485	Citizens Financial Group	13,700	0.01
499	Colgate-Palmolive	24,655	0.01

# 7IM AAP ADVENTUROUS FUND

## PORTFOLIO STATEMENT (continued)

as at 30 November 2018

Holding	Portfolio of Investment	Value £	30.11.18 %
	<b>North America (continued)</b>		
14,106	Comcast 'A'	435,953	0.18
1,004	ConocoPhillips	52,644	0.02
56	Continental Resources	2,036	–
2,664	CSX	149,877	0.06
85	Cummins	9,874	–
123	CVS Health	7,724	–
396	Dell Technologies 'V'	32,906	0.01
51	Duke Energy	3,502	–
252	Eaton	15,017	0.01
4,167	eBay	96,408	0.04
165	Electronic Arts	11,176	–
576	Eli Lilly & Company	52,818	0.02
6,220	Emerson Electric	328,238	0.14
298	EOG Resources	24,644	0.01
137	Estee Lauder	15,197	0.01
3,423	Evergy	157,879	0.07
1,222	Exxon Mobil	75,744	0.03
284	F5 Networks	38,636	0.02
1,261	FNF	32,803	0.01
2,088	Ford Motor	15,339	0.01
2,298	Fortinet	133,142	0.06
23,394	Freeport-McMoRan	216,608	0.09
45,748	FS Investment	215,200	0.09
137	Gap	2,861	–
40	Garrett Motion	363	–
241	General Motors	6,948	–
6,655	Gilead Sciences	363,560	0.15
256	HCP	5,780	–
456	Honeywell International	52,110	0.02
1,222	Humana	316,379	0.13
8,481	Intel	317,098	0.13
2,185	Intuit	358,354	0.15
54	JM Smucker	4,378	–
6,224	Juniper Networks	139,461	0.06
225	Kimco Realty	2,808	–
927	Kinder Morgan	12,261	0.01
87	KLA-Tencor	6,594	–
965	Las Vegas Sands	41,195	0.02
317	Liberty Global	6,052	–
85	Liberty Property Trust	2,958	–
3,335	Lincoln National	163,338	0.07
189	LyondellBasell Industries	13,783	0.01
162	Maxim Integrated Products	7,029	–
984	Merck & Co	60,105	0.03
522	MetLife	18,167	0.01
7,895	Michael Kors Holdings	271,048	0.11
11,514	Micron Technology	342,215	0.14
353	Microsoft	30,493	0.01
1,329	Molson Coors Brewing	67,028	0.03
1,040	Mondelez International	36,308	0.02
162	NetApp	8,559	–
280	Newell Rubbermaid	5,225	–
289	Newmont Mining	7,328	–
409	NextEra Energy	56,795	0.02
833	Nike	48,550	0.02
5,042	NXP Semiconductors	327,700	0.14



## 7IM AAP ADVENTUROUS FUND

### PORTFOLIO STATEMENT (continued)

as at 30 November 2018

Holding	Portfolio of Investment	Value £	30.11.18 %
	<b>North America (continued)</b>		
5,932	Occidental Petroleum	329,829	0.14
328	OGE Energy	10,003	–
1,886	Oracle	70,827	0.03
55	Palo Alto Networks	7,596	–
4,627	Pentair	153,991	0.06
3,411	Pfizer	121,705	0.05
308	PG&E	6,467	–
936	Philip Morris International	63,836	0.03
3,649	PNC Financial Services Group	382,380	0.16
1,220	Procter & Gamble	88,781	0.04
170	Prologis	8,954	–
1,455	Prudential Financial	105,940	0.04
829	Qualcomm	37,768	0.02
31	Ralph Lauren	2,705	–
657	Regions Financial	8,350	–
75	Robert Half International	3,632	–
64	Rockwell Automation	8,618	–
102	Royal Caribbean Cruises	8,926	–
250	S&P 500 E-mini Futures December 2018 <sup>4</sup>	(923,266)	(0.38)
443	Salesforce.com	48,541	0.02
111	Skyworks Solutions	6,198	–
88	Southwest Airlines	3,672	–
15,407	Synchrony Financial	313,576	0.13
82	Synopsys	5,754	–
5,477	Target	305,561	0.13
6,514	T-Mobile	350,648	0.14
3,232	Union Pacific	381,302	0.16
392	UnitedHealth	86,836	0.04
1,680	Unum	47,917	0.02
108	Valero Energy	6,729	–
37,842	Vereit	226,073	0.09
792	VMware	100,194	0.04
5,930	Walgreens Boots Alliance	394,434	0.16
1,850	Wal-Mart Stores	141,096	0.06
179	Western Digital	6,387	–
988	WestRock	35,895	0.02
		<b>17,236,715</b>	<b>7.10</b>
	<b>United Kingdom 17.97% (12.22%)</b>		
1,697,399	7IM UK Equity Value Fund 'Z' Inc <sup>2,5</sup>	1,759,184	0.73
22,815	Anglo American	359,473	0.15
114,962	Antofagasta	930,272	0.38
5,807	Associated British Foods	141,749	0.06
5,639	AstraZeneca	346,911	0.14
171,873	Auto Trader Group	754,522	0.31
257,419	Aviva	1,042,290	0.43
4,049	Babcock International	23,322	0.01
15,929	Barratt Developments	73,050	0.03
1,804	Berkeley Group	57,692	0.02
30,682	BHP	464,587	0.19
472,297	BP	2,456,889	1.01
10,898	British American Tobacco	297,570	0.12
12,929	British Land	71,730	0.03
5,937	Bunzl	144,982	0.06
6,739	Burberry	120,291	0.05

# 7IM AAP ADVENTUROUS FUND

## PORTFOLIO STATEMENT (continued)

as at 30 November 2018

Holding	Portfolio of Investment	Value £	30.11.18 %
<b>United Kingdom (continued)</b>			
9,671	Carnival	443,415	0.18
242,556	Centrica	333,636	0.14
161,584	ConvaTec Group	245,285	0.10
6,923	Diageo	195,748	0.08
78,373	Direct Line Insurance Group	255,731	0.11
6,750	Electric & General Investment Trust <sup>1</sup>	–	–
320	FTSE 100 Index Futures December 2018 <sup>4</sup>	(1,140,215)	(0.47)
179,179	G4S	347,607	0.14
81,716	GlaxoSmithKline	1,309,090	0.54
187,448	HSBC Holdings	1,237,907	0.51
49,438	Imperial Tobacco Group	1,180,827	0.49
3,740	Intertek Group	178,772	0.07
258,115	J Sainsbury	787,251	0.32
11,665	Land Securities	94,813	0.04
275,485	Legal & General Group	674,938	0.28
11,207	London Stock Exchange	454,332	0.19
165,765	Marks & Spencer	491,825	0.20
27,955	Mediclinic International	100,275	0.04
164,758	Meggitt	855,753	0.35
7,113	Micro Focus International	109,967	0.05
48,963	National Grid	408,988	0.17
20,892	Pearson	202,151	0.08
42,511	Persimmon	812,810	0.34
14,326	Randgold Resources	909,414	0.38
2,572	Reckitt Benckiser Group	169,443	0.07
50,512	RELX	833,195	0.34
15,769	Rio Tinto	563,742	0.23
40,094	Royal Dutch Shell 'A'	952,032	0.39
61,060	Royal Dutch Shell 'B'	1,472,157	0.61
155,955	Royal Mail	496,405	0.21
1,958	Schroders	49,909	0.02
14,715	Shire	660,704	0.27
51,149	Smith & Nephew	728,106	0.30
80,517	St James's Place	808,793	0.33
18,707	Standard Chartered	112,392	0.05
133,523	Taylor Wimpey	178,921	0.07
225,089	Tesco	445,564	0.18
17,802	Travis Perkins	195,199	0.08
546	Unilever	23,366	0.01
484,530	Vanguard FTSE 250 UCITS ETF <sup>2</sup>	14,281,522	5.88
720,883	Vodafone Group	1,211,804	0.50
380,403	WM Morrison Supermarkets	907,451	0.37
3,745	WPP	32,162	0.01
		<b>43,657,701</b>	<b>17.97</b>
<b>PRIVATE EQUITY 5.59% (5.56%)</b>			
167,554	3i Group	1,409,799	0.58
37,577	Apollo Global Management	842,573	0.35
40,976	Apollo Investment	170,265	0.07
80,097	Ares Capital	1,068,797	0.44
5,601	Aurelius	193,938	0.08
59,479	Blackstone Group (The)	1,574,293	0.65
94,903	Brait	183,316	0.08
18,836	Carlyle Group (The)	271,723	0.11
14,077	Eurazeo	830,153	0.34

# 7IM AAP ADVENTUROUS FUND

## PORTFOLIO STATEMENT (continued) as at 30 November 2018

Holding	Portfolio of Investment	Value £	30.11.18 %
<b>PRIVATE EQUITY (continued)</b>			
4,628	Gimv	197,009	0.08
11,236	Golub Capital	164,466	0.07
18,111	Hercules Technology Growth Capital	174,223	0.07
52,247	Intermediate Capital Group	530,307	0.22
192,705	IP Group	224,309	0.09
5,901	Jafco	168,956	0.07
76,139	KKR	1,356,832	0.56
11,281	Main Street Capital	339,801	0.14
18,584	Onex	896,294	0.37
9,933	Pantheon International Participation	202,633	0.08
2,709	Partners Group	1,406,693	0.58
69,396	Prospect Capital	374,858	0.15
12,080	TPG Specialty Lending	193,962	0.08
8,308	Wendel	793,239	0.33
		<b>13,568,439</b>	<b>5.59</b>
<b>FORWARD CURRENCY CONTRACTS 0.44% (0.17%)</b>			
€2,000,000	Vs £(1,747,740) Expiry 15.02.2019	40,121	0.02
€(14,241,000)	Vs £12,766,772 Expiry 15.02.2019	36,308	0.01
US\$(4,604,000)	Vs £3,602,952 Expiry 18.01.2019	2,770	–
US\$(7,565,000)	Vs £5,796,948 Expiry 18.01.2019	(118,641)	(0.05)
¥1,711,000,000	Vs £(11,662,463) Expiry 21.12.2018	165,619	0.07
US\$36,370,000	Vs £(27,655,061) Expiry 18.01.2019	785,123	0.32
US\$3,000,000	Vs £(2,277,673) Expiry 18.01.2019	68,232	0.03
US\$3,260,000	Vs £(2,496,936) Expiry 18.01.2019	52,280	0.02
US\$2,800,000	Vs £(2,145,515) Expiry 18.01.2019	43,996	0.02
		<b>1,075,808</b>	<b>0.44</b>
<b>Portfolio of investment</b>		<b>234,522,227</b>	<b>96.54</b>
Net other assets		8,405,714	3.46
<b>Net assets</b>		<b>242,927,941</b>	<b>100.00</b>

Comparative figures shown in brackets relate to 30 November 2017.

All investments are ordinary shares listed on a regulated market unless stated otherwise.

<sup>1</sup> Delisted security

<sup>2</sup> Collective investment scheme

<sup>3</sup> Structured product

<sup>4</sup> Derivative contract

<sup>5</sup> Related party holding (see note 12 of the Financial Statements)

Credit Quality	30.11.18 %	30.11.17 %
Investment grade debt securities	34.71	23.25
Non-rated debt securities	1.86	3.46
Other investments	59.97	73.45
Net other assets/(liabilities)	3.46	(0.16)
	<b>100.00</b>	<b>100.00</b>

## 7IM AAP ADVENTUROUS FUND

### STATEMENT OF TOTAL RETURN

for the year ended 30 November 2018

	Notes	£	30.11.18 £	£	30.11.17 £
Income					
Net capital (losses)/gains	4		(6,055,112)		25,637,871
Revenue	5	5,688,535		4,959,813	
Expenses	6	(1,432,354)		(1,382,910)	
Interest payable and similar charges	8	(39,185)		(79,444)	
Net revenue before taxation for the year		4,216,996		3,497,459	
Taxation	7	(135,043)		(120,883)	
Net revenue after taxation for the year			4,081,953		3,376,576
<b>Total return before distributions</b>			(1,973,159)		29,014,447
Distributions	8		(4,084,223)		(3,382,694)
<b>Change in net assets attributable to shareholders from investment activities</b>			(6,057,382)		25,631,753

### STATEMENT OF CHANGE IN NET ASSETS ATTRIBUTABLE TO SHAREHOLDERS

for the year ended 30 November 2018

	£	30.11.18 £	£	30.11.17 £
<b>Opening net assets attributable to shareholders</b>		258,687,301		241,029,051
Amounts received on creation of shares <sup>1</sup>	82,585,019		57,963,979	
Amounts paid on cancellation of shares <sup>1</sup>	(96,147,981)		(69,141,253)	
		(13,562,962)		(11,177,274)
Dilution levy		7,359		–
Change in net assets attributable to shareholders from investment activities		(6,057,382)		25,631,753
Retained distribution on accumulation shares		3,853,625		3,203,771
<b>Closing net assets attributable to shareholders</b>		242,927,941		258,687,301

<sup>1</sup>Stated at mid-market price.

The notes on pages 427 to 438 are an integral part of these Financial Statements.

# 7IM AAP ADVENTUROUS FUND

## BALANCE SHEET

as at 30 November 2018

	Notes	30.11.18 £	30.11.17 £
<b>ASSETS</b>			
Fixed assets:			
Investments		237,974,280	259,327,257
Current assets:			
Debtors	9	1,711,582	2,736,560
Cash and bank balances	10	9,466,497	1,400,709
<b>Total assets</b>		<b>249,152,359</b>	<b>263,464,526</b>
<b>LIABILITIES</b>			
Investment liabilities		(3,452,053)	(231,735)
Creditors:			
Bank overdrafts	10	(2,238,420)	(2,768,739)
Distribution payable		(80,408)	(71,130)
Other creditors	11	(453,537)	(1,705,621)
<b>Total liabilities</b>		<b>(6,224,418)</b>	<b>(4,777,225)</b>
<b>Net assets attributable to shareholders</b>		<b>242,927,941</b>	<b>258,687,301</b>

The notes on pages 427 to 438 are an integral part of these Financial Statements.

# 7IM AAP ADVENTUROUS FUND

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 November 2018

### 1 Statement of Compliance

The Sub-fund's Financial Statements have been prepared on the same basis as the Statement of Compliance disclosed on page 10.

### 2 Summary of Significant Accounting Policies

The Sub-fund's Financial Statements have been prepared on the same basis as the Summary of Significant Accounting Policies disclosed on pages 10 to 12.

### 3 Risk Management Policies

The Sub-fund's Risk Management Policies are the same as the Risk Management Policies disclosed on pages 13 to 14.

### 4 Net capital (losses)/gains

	<b>30.11.18</b>	<b>30.11.17</b>
	£	£
The net capital (losses)/gains during the year comprise:		
Non-derivative securities	(5,000,356)	14,522,184
Derivative contracts	(3,005,824)	11,257,776
Forward currency contracts	2,418,536	(1,036,869)
Currency (losses)/gains	(448,877)	894,529
Transaction charges	(30,423)	(28,887)
AMC rebates from underlying investments	11,832	29,138
Net capital (losses)/gains	<u>(6,055,112)</u>	<u>25,637,871</u>

### 5 Revenue

	<b>30.11.18</b>	<b>30.11.17</b>
	£	£
Non-taxable dividends	4,058,511	3,341,772
Taxable dividends	685,886	974,988
Unfranked interest	668,963	490,589
AMC rebates from underlying investments	237,389	95,789
Bank interest	3,444	38,301
Stock lending revenue <sup>1</sup>	34,342	18,374
Total revenue	<u>5,688,535</u>	<u>4,959,813</u>

<sup>1</sup> Stock lending revenue is disclosed net of the security agent's share of income.

## 7IM AAP ADVENTUROUS FUND

### NOTES TO THE FINANCIAL STATEMENTS (continued) for the year ended 30 November 2018

#### 6 Expenses

	30.11.18 £	30.11.17 £
Payable to the ACD, associates of the ACD and agents of either of them:		
ACD's periodic charge	1,295,616	1,255,366
Other expenses	4,764	4,876
	<u>1,300,380</u>	<u>1,260,242</u>
Payable to the Depositary, associates of the Depositary and agents of either of them:		
Depositary's fees	38,006	36,648
Market risk fees	6,000	6,000
Safe custody and other bank charges	25,651	22,218
	<u>69,657</u>	<u>64,866</u>
Other Expenses:		
Advisory fees	19,648	10,783
Audit fee	8,760	8,760
Dealing and exchange fees	20,822	24,960
FCA and other Regulatory fees	300	275
Legal and professional fees	2,417	830
Printing, postage and distribution costs	5,432	6,479
Risk analysis fees	4,938	5,715
	<u>62,317</u>	<u>57,802</u>
Total expenses	<u>1,432,354</u>	<u>1,382,910</u>

## 7IM AAP ADVENTUROUS FUND

### NOTES TO THE FINANCIAL STATEMENTS (continued) for the year ended 30 November 2018

#### 7 Taxation

	30.11.18 £	30.11.17 £
<i>a) Analysis of charge for the year</i>		
Overseas tax	134,002	120,883
Irrecoverable CIS income tax	1,041	–
Current tax charge (note 7b)	<u>135,043</u>	<u>120,883</u>
Total taxation	<u>135,043</u>	<u>120,883</u>
<i>b) Factors affecting current tax charge for the year</i>		
The tax assessed for the year differs from the standard rate of corporation tax in the UK for an authorised fund (20%) (2017: 20%) for the reasons explained below.		
Net revenue before taxation	4,216,996	3,497,459
Corporation tax at 20%	843,399	699,492
Effects of:		
AMC rebates taken to capital	2,366	5,828
Irrecoverable CIS income tax w/off	1,041	–
Movement in revenue accruals	(490)	7,131
Non-taxable dividends	(747,291)	(664,325)
Overseas tax	134,002	120,883
Tax effect on non-reporting offshore funds	–	16,297
Tax on stock dividends	(64,183)	(27,465)
Unutilised excess management expenses	(33,801)	(36,958)
Current tax charge (note 7a)	<u>135,043</u>	<u>120,883</u>

#### *c) Deferred tax*

There is no deferred tax provision in the current year (2017: none).

At the year end there is a potential deferred tax asset of £379,799 (2017: £411,927) due to surplus management expenses. It is unlikely the Sub-fund will generate sufficient taxable profits in the future to utilise this amount and therefore, no deferred tax asset has been recognised.

#### 8 Distributions

The distributions take account of revenue received on the issue of shares and revenue deducted on cancellation of shares, and comprise:

	30.11.18 £	30.11.17 £
Interim	2,180,222	1,739,566
Final	1,839,792	1,608,847
	<u>4,020,014</u>	<u>3,348,413</u>
Add: Revenue deducted on cancellation of shares	370,586	288,303
Deduct: Revenue received on issue of shares	(306,377)	(254,022)
Net distributions for the year	<u>4,084,223</u>	<u>3,382,694</u>
Interest payable and similar charges	39,185	79,444
Total distribution	<u>4,123,408</u>	<u>3,462,138</u>



# 7IM AAP ADVENTUROUS FUND

## NOTES TO THE FINANCIAL STATEMENTS (continued) for the year ended 30 November 2018

### 8 Distributions (continued)

Details of the distributions per share are set out in the table on pages 439 to 441.

Distributions represented by:

Net revenue after taxation	4,081,953	3,376,576
Allocations to capital:		
Expenses, net of tax relief	2,366	5,828
Equalisation on conversions <sup>1</sup>	(118)	334
Net movement in revenue account	22	(44)
Net distributions for the year	<u>4,084,223</u>	<u>3,382,694</u>

<sup>1</sup>Where an investor converts to a class with a higher income yield, the investor will pay or receive an equalisation as if they had held the new class throughout the period from the last distribution to the conversion date. The yield differential at the point of conversion is an equalisation which will be offset by capital erosion for the converted investor.

### 9 Debtors

	<b>30.11.18</b>	<b>30.11.17</b>
	£	£
Amounts receivable for issue of shares	366,776	1,623,065
Accrued revenue	1,081,807	852,930
Income tax recoverable	21	448
AMC rebates from underlying investments	77,850	90,040
Withholding tax recoverable	185,128	169,989
Prepaid expenses	–	88
Total debtors	<u>1,711,582</u>	<u>2,736,560</u>

### 10 Cash and bank balances

	<b>30.11.18</b>	<b>30.11.17</b>
	£	£
Cash and bank balances	2,198,738	1,400,709
Cash held at clearing houses	7,267,759	–
Total cash and bank balances	<u>9,466,497</u>	<u>1,400,709</u>
Bank overdrafts	(2,157,217)	(1,320,922)
Cash overdraft at clearing houses	(81,203)	(1,447,817)
Total bank overdrafts	<u>(2,238,420)</u>	<u>(2,768,739)</u>

### 11 Other Creditors

	<b>30.11.18</b>	<b>30.11.17</b>
	£	£
Amounts payable for cancellation of shares	221,341	1,479,357
Purchases awaiting settlement	103,308	96,211
Accrued expenses	128,855	130,053
Currency deals awaiting settlement	33	–
Total other creditors	<u>453,537</u>	<u>1,705,621</u>

## 7IM AAP ADVENTUROUS FUND

### NOTES TO THE FINANCIAL STATEMENTS (continued) for the year ended 30 November 2018

#### 12 Related party transactions

ACD's periodic charge and other expenses payable to 7IM (the 'ACD') are disclosed in note 6.

The aggregate monies received by the ACD through the issue of shares and paid on cancellation of shares are disclosed in the Statement of Change in Net Assets Attributable to Shareholders on page 425.

The Sub-fund has the following shareholdings in the 7IM Specialist Investment Funds ICVC:

	Held at 30.11.18	Held at 30.11.17
7IM Emerging Markets Equity Value Fund 'Z' Inc	2,036,779	1,619,986
7IM European (ex UK) Equity Value Fund 'Z' Inc	2,161,671	1,503,209
7IM UK Equity Value Fund 'Z' Inc	1,697,399	840,210
7IM US Equity Value Fund 'Z' Inc	4,623,890	4,623,890

A shareholder may be able to exercise significant influence over the financial and operating policies of the Sub-fund and as such is deemed to be a related party. At the balance sheet date the following shareholder held in excess of 20% of the shares in issue of the Sub-fund:

Pershing Nominees Limited	37.31% (2017: 38.12%)
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Where the Sub-fund invests in another sub-fund of the ICVC or any other collective investment scheme managed by the ACD it is referenced in the Portfolio Statement of the Sub-fund.

#### 13 Classes of Shares

The Sub-fund has four share classes: 'A', 'C', 'D' and 'S'. The annual management charge on each class are as follows:

Class A	1.00%
Class C	0.50%
Class D	1.40%
Class S	0.25%

The following table shows the shares in issue during the year:

Class	Opening Shares	Shares Created	Shares Liquidated	Shares Converted	Closing Shares
Class A Income	182,491	47	(48,756)	(362)	133,420
Class A Accumulation	636,674	58,641	(176,386)	–	518,929
Class C Income	5,907,397	1,409,075	(2,292,808)	20,105	5,043,769
Class C Accumulation	113,592,594	34,366,349	(44,879,111)	(215,270)	102,864,562
Class D Income	287	5,083	(2,289)	–	3,081
Class D Accumulation	5,109,132	768,072	(901,974)	(15,112)	4,960,118
Class S Income	1,390,682	840,547	(180,877)	(23,643)	2,026,709
Class S Accumulation	27,618,080	11,781,734	(6,787,658)	293,935	32,906,091

#### 14 Contingent liabilities and commitments

There are no contingent liabilities or unrecorded outstanding commitments at the balance sheet date (2017: none).

## 7IM AAP ADVENTUROUS FUND

### NOTES TO THE FINANCIAL STATEMENTS (continued) for the year ended 30 November 2018

#### 15 Risks Disclosures

The main risks from the Sub-fund's holding of financial instruments, together with the ACD's policy for managing these risks are detailed in note 3 on pages 13 to 14. Further analysis and numeric disclosure of interest rate risk, foreign currency risk and derivatives are shown below.

##### i. Interest rate risk

The table below shows the direct interest rate risk profile:

Interest rate exposure as at 30 November 2018

	<b>Floating Rate Financial Assets £</b>	<b>Fixed Rate Financial Assets £</b>	<b>Financial Assets not carrying interest £</b>	<b>Total £</b>
Canadian dollar	3,887	–	896,294	900,181
Danish krone	–	–	409,931	409,931
Euro	291,923	–	16,698,119	16,990,042
Japanese yen	916	–	11,997,039	11,997,955
Norwegian krone	–	–	40,581	40,581
South African rand	–	–	183,316	183,316
Swedish krona	–	–	1,142,758	1,142,758
Swiss franc	146,215	–	4,313,304	4,459,519
US dollar	1,243,114	4,525,502	80,907,753	86,676,369
Pound sterling	40,935,778	54,919,009	100,609,901	196,464,688
	<u>42,621,833</u>	<u>59,444,511</u>	<u>217,198,996</u>	<u>319,265,340</u>
		<b>Floating Rate Financial Liabilities £</b>	<b>Financial Liabilities not carrying interest £</b>	<b>Total £</b>
Canadian dollar		(3,887)	–	(3,887)
Euro		(309,424)	(12,894,886)	(13,204,310)
Japanese yen		(2,738)	(280,449)	(283,187)
Swiss franc		(146,215)	–	(146,215)
US dollar		(1,265,409)	(11,264,097)	(12,529,506)
Pound sterling		(510,748)	(49,659,546)	(50,170,294)
		<u>(2,238,421)</u>	<u>(74,098,978)</u>	<u>(76,337,399)</u>

## 7IM AAP ADVENTUROUS FUND

### NOTES TO THE FINANCIAL STATEMENTS (continued) for the year ended 30 November 2018

#### 15 Risks Disclosures (continued)

##### i. Interest rate risk (continued)

Interest rate exposure as at 30 November 2017

	<b>Floating Rate Financial Assets</b>	<b>Fixed Rate Financial Assets</b>	<b>Financial Assets not carrying interest</b>	<b>Total</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Canadian dollar	3,808	–	1,043,493	1,047,301
Danish krone	–	–	2,138,967	2,138,967
Euro	220,915	–	26,614,254	26,835,169
Japanese yen	19	–	6,847,441	6,847,460
Norwegian krone	–	–	128,578	128,578
South African rand	7	–	242,442	242,449
Swedish krona	–	–	1,137,390	1,137,390
Swiss franc	211,259	–	7,674,608	7,885,867
US dollar	960,868	8,950,425	75,857,208	85,768,501
Pound sterling	47,336,836	34,318,429	84,495,044	166,150,309
	<b>48,733,712</b>	<b>43,268,854</b>	<b>206,179,425</b>	<b>298,181,991</b>

	<b>Floating Rate Financial Liabilities</b>	<b>Financial Liabilities not carrying interest</b>	<b>Total</b>
	<b>£</b>	<b>£</b>	<b>£</b>
Canadian dollar	(3,808)	–	(3,808)
Euro	(218,657)	(7,587,942)	(7,806,599)
South African rand	(7)	–	(7)
Swiss franc	(140,263)	–	(140,263)
US dollar	(954,937)	(22,420,618)	(23,375,555)
Pound sterling	(1,451,067)	(6,717,391)	(8,168,458)
	<b>(2,768,739)</b>	<b>(36,725,951)</b>	<b>(39,494,690)</b>

The floating rate financial assets and liabilities comprise bank balances and bank overdraft positions which earn or pay interest at rates linked to the Bank of England base rate or its international equivalents, index-linked securities that earn interest at rates adjusted by changes in the UK Retail Prices Index (RPI) or its international equivalent and collective investment schemes that pay UK interest distributions.

<b>Currency</b>	<b>Fixed Rate Financial Assets</b>			
	<b>Weighted average interest rate</b>		<b>Weighted average period for which rate is fixed</b>	
	<b>30.11.18</b>	<b>30.11.17</b>	<b>30.11.18</b>	<b>30.11.17</b>
	<b>%</b>	<b>%</b>	<b>Years</b>	<b>Years</b>
Pound sterling	1.30	0.87	2	1
US dollar	1.22	(1.20)	5	3

The average effective duration of the Sub-fund's portfolio is a measure of the sensitivity of the fair value of the Subfund's bond portfolio (excludes all other investments) to changes in market interest rates. As at 30 November 2018, the weighted average effective duration was 0.62 years (30 November 2017 0.50 years)

## 7IM AAP ADVENTUROUS FUND

### NOTES TO THE FINANCIAL STATEMENTS (continued) for the year ended 30 November 2018

#### 15 Risks Disclosures (continued)

##### ii. Foreign currency risk

The table below shows the direct foreign currency risk profile:

Foreign currency risk exposure as at 30 November 2018

Currency	Monetary Exposure £	Non-Monetary Exposure £	Total £
Canadian dollar	–	896,294	896,294
Danish krone	17,107	392,824	409,931
Euro	16,990	3,768,742	3,785,732
Japanese yen	(1,822)	11,716,590	11,714,768
Norwegian krone	–	40,581	40,581
South African rand	–	183,316	183,316
Swedish krona	–	1,142,758	1,142,758
Swiss franc	136,061	4,177,243	4,313,304
US dollar	5,688	74,141,175	74,146,863
	174,024	96,459,523	96,633,547
Pound sterling	11,993,690	134,300,704	146,294,394
Net assets	12,167,714	230,760,227	242,927,941

Foreign currency risk exposure as at 30 November 2017

Currency	Monetary Exposure £	Non-Monetary Exposure £	Total £
Canadian dollar	130	1,043,363	1,043,493
Danish krone	12,233	2,126,734	2,138,967
Euro	50,095	18,978,475	19,028,570
Japanese yen	19	6,847,441	6,847,460
Norwegian krone	11,570	117,008	128,578
South African rand	–	242,442	242,442
Swedish krona	–	1,137,390	1,137,390
Swiss franc	168,582	7,577,022	7,745,604
US dollar	36,737	62,356,209	62,392,946
	279,366	100,426,086	100,705,450
Pound sterling	8,317,413	149,664,438	157,981,851
Net assets	8,596,779	250,090,522	258,687,301

## 7IM AAP ADVENTUROUS FUND

### NOTES TO THE FINANCIAL STATEMENTS (continued) for the year ended 30 November 2018

#### 15 Risks Disclosures (continued)

##### iii. Derivatives

The derivatives held by the Sub-fund during the year were for the purposes of meeting the investment objectives of the Sub-fund and for efficient portfolio management.

The Sub-fund must at any time, be capable of meeting all of its payment and delivery obligations incurred in respect of its Financial Derivatives Instruments transactions. The Investment Manager uses a risk management technique known as absolute value-at-risk ('VaR') to measure the Sub-fund's global exposure. VaR is an advanced risk measurement methodology used to assess the Sub-fund's global exposure as set out in the Sub-fund's Risk Management Process.

The Sub-fund measures risk using the absolute value at risk approach. The Sub-fund's expected level of leverage (calculated as the sum of the notionals) under normal market circumstances is expected to be generally in the range of 100% to 230% of the Sub-fund's Net Asset Value and is not expected to exceed 360%. It is possible that there may be higher leverage levels from time to time during abnormal market conditions.

The lowest, highest and average leverage utilisation in the accounting year ended 30 November 2018 was 149%, 209% and 188% respectively (30 November 2017: 120%, 242% and 174% respectively).

VaR is calculated for the funds under the parametric method. The time horizon for the calculation is 1 day, using a 99% confidence level. The methodology is derived from MSCI's Barra risk engine and blends the VaR produced from two different risk models, namely MSCI Barra Integrated Model: Long Version (BIM303L) and MSCI Barra Ultra-Short Model (BIM303 51d HL). The former applies a 1 year half-life (exponential weighting) for calculating volatilities and 3 years for correlations; the latter applies a 10 week half-life for both volatilities and correlations. Both models natively cover around 104K global equity securities; 500K sovereign and corporate bonds; 900k municipal, 2,200K structured products (MBS/ABS/CMO); around 290k mutual funds; 161 currencies, 34 commodities.

The reported VaR is calculated formulaically as follows:  $VaR = 0.3 * VaR(BIM303L) + 0.7 * MAX[VaR(BIM303L), VaR(BIM303 51d HL)]$ .

The Barra models map individual portfolio positions onto the Barra set of risk factors in order to backfill for a time series of volatility. The VaR numbers calculated by BIM303L and BIM303 51d HL are derived from daily volatility numbers, multiplied by an appropriate 99% confidence interval scaling factor under the assumption of a normal distribution.

The types of derivatives held at the balance sheet date were forward foreign currency contracts, future contracts and put options. Details of individual contracts are disclosed in the Portfolio Statement and the total position by counterparty at the balance sheet date was as follows:

<b>Counterparty</b>	<b>30.11.18</b> <b>£</b>	<b>30.11.17</b> <b>£</b>
<b>Options</b>		
Chicago Board Options Exchange	239,279	148,700
<b>Futures Contracts</b>		
Chicago Mercantile Exchange	–	686,055
Eurex Deutschland	(164,422)	21,247
ICF - ICE Futures Europe Financials	–	786,431
International Monetary Market	(923,266)	–
London International Financial Future Exchange	(1,519,751)	318,503
New York Coffee, Sugar & Cocoa	(426,206)	–
Osaka Securities Exchange	(280,449)	1,777,145
<b>Forward Currency Contracts</b>		
Northern Trust	1,075,808	443,547
<b>Total net exposure<sup>1</sup></b>	<b>(1,999,007)</b>	<b>4,181,628</b>

<sup>1</sup>Net exposure represents the mark to market value of derivative contracts less any cash collateral held. Positive exposure represents the Sub-fund's exposure to that counterparty.

## 7IM AAP ADVENTUROUS FUND

### NOTES TO THE FINANCIAL STATEMENTS (continued) for the year ended 30 November 2018

#### 15 Risks Disclosures (continued)

##### iv. Fair value

In the opinion of the ACD, there is no material difference between the value of the financial assets and liabilities, as shown in the balance sheet, and their fair value.

Investments are categorised into the following levels based on their fair value measurement:

##### Level 1

The unadjusted quoted price in an active market for identical instruments that the entity can access at the measurement date.

##### Level 2

Valuation techniques using observable inputs other than quoted prices within Level 1 (i.e. developed using market data).

##### Level 3

Valuation techniques using unobservable inputs (i.e. for which market data is unavailable).

	Level 1 £	Level 2 £	Level 3 £	Total £
<b>30 November 2018</b>				
<b>Assets</b>				
Bonds	–	88,837,848	–	88,837,848
Collective Investment Schemes	14,281,522	62,076,946	–	76,358,468
Derivatives	258,597	1,194,449	–	1,453,046
Equities	71,324,878	40	–	71,324,918
<b>Total</b>	<b>85,864,997</b>	<b>152,109,283</b>	<b>–</b>	<b>237,974,280</b>
<b>Liabilities</b>				
Derivatives	<b>(3,333,412)</b>	<b>(118,641)</b>	<b>–</b>	<b>(3,452,053)</b>
<b>30 November 2017</b>				
<b>Assets</b>				
Bonds	–	69,083,037	–	69,083,037
Collective Investment Schemes	17,630,646	65,695,080	–	83,325,726
Derivatives	3,814,255	599,108	–	4,413,363
Equities	91,609,171	10,895,960	–	102,505,131
<b>Total</b>	<b>113,054,072</b>	<b>146,273,185</b>	<b>–</b>	<b>259,327,257</b>
<b>Liabilities</b>				
Derivatives	<b>(76,174)</b>	<b>(155,561)</b>	<b>–</b>	<b>(231,735)</b>

## 7IM AAP ADVENTUROUS FUND

### NOTES TO THE FINANCIAL STATEMENTS (continued) for the year ended 30 November 2018

#### 16 Purchases, Sales and Transaction Costs

The following tables show portfolio transactions and their associated transaction costs. For more information about the nature of these costs please refer to the additional portfolio transaction cost information on page 406.

Analysis of direct transaction costs for the year ended 30 November 2018:

	Principal £'000	Commissions £'000	Taxes £'000	Total Transaction Costs £'000	Commissions % of principal	Taxes % of principal
<b>Purchases</b>						
Bonds	58,286	–	–	–	–	–
Collective Investment Schemes	134,594	–	–	–	–	–
Derivatives	1,126	–	–	–	–	–
Equities	92,095	11	139	150	0.01	0.15
<b>Total</b>	<b>286,101</b>	<b>11</b>	<b>139</b>	<b>150</b>	<b>0.01</b>	<b>0.15</b>
<b>Sales</b>						
Bonds	37,616	–	–	–	–	–
Collective Investment Schemes	135,155	–	–	–	–	–
Derivatives	13,496	–	–	–	–	–
Equities	112,302	(14)	(1)	(15)	0.01	–
<b>Total</b>	<b>298,569</b>	<b>(14)</b>	<b>(1)</b>	<b>(15)</b>	<b>0.01</b>	<b>–</b>
<b>Total as a percentage of the average NAV</b>		<b>0.01%</b>	<b>0.05%</b>	<b>0.06%</b>		





# 7IM AAP ADVENTUROUS FUND

## DISTRIBUTION TABLES

for the year ended 30 November 2018

### Interim - in pence per share

Group 1 - Shares purchased prior to 1 December 2017

Group 2 - Shares purchased on or after 1 December 2017 and on or before 31 May 2018

	Net Revenue	Equalisation	Paid 31.07.18	Paid 31.07.17
<b>Class A Income</b>				
Group 1	0.8265	–	0.8265	0.6525
Group 2	0.7382	0.0883	0.8265	0.6525
			<b>Allocated 31.07.18</b>	<b>Allocated 31.07.17</b>
<b>Class A Accumulation</b>				
Group 1	0.9017	–	0.9017	0.7071
Group 2	0.7075	0.1942	0.9017	0.7071
			<b>Paid 31.07.18</b>	<b>Paid 31.07.17</b>
<b>Class C Income</b>				
Group 1	1.2209	–	1.2209	1.0158
Group 2	0.8929	0.3280	1.2209	1.0158
			<b>Allocated 31.07.18</b>	<b>Allocated 31.07.17</b>
<b>Class C Accumulation</b>				
Group 1	1.3979	–	1.3979	1.1460
Group 2	0.9324	0.4655	1.3979	1.1460
			<b>Paid 31.07.18</b>	<b>Paid 31.07.17</b>
<b>Class D Income</b>				
Group 1	0.5360	–	0.5360	1.2009
Group 2	0.4598	0.0762	0.5360	1.2009
			<b>Allocated 31.07.18</b>	<b>Allocated 31.07.17</b>
<b>Class D Accumulation</b>				
Group 1	0.5423	–	0.5423	0.3749
Group 2	0.5065	0.0358	0.5423	0.3749
			<b>Paid 31.07.18</b>	<b>Paid 31.07.17</b>
<b>Class S Income</b>				
Group 1	1.1856	–	1.1856	0.9998
Group 2	0.5959	0.5897	1.1856	0.9998

## 7IM AAP ADVENTUROUS FUND

### DISTRIBUTION TABLES (continued) for the year ended 30 November 2018

	Net Revenue	Equalisation	Allocated 31.07.18	Allocated 31.07.17
<b>Class S Accumulation</b>				
Group 1	1.2659	–	1.2659	1.0507
Group 2	0.5951	0.6708	1.2659	1.0507
<b>Final - in pence per share</b>				
Group 1 - Shares purchased prior to 1 June 2018				
Group 2 - Shares purchased on or after 1 June 2018 and on or before 30 November 2018				
	Net Revenue	Equalisation	Paid 31.01.19	Paid 31.01.18
<b>Class A Income</b>				
Group 1	0.7427	–	0.7427	0.5693
Group 2	0.1819	0.5608	0.7427	0.5693
	Net Revenue	Equalisation	Allocated 31.01.19	Allocated 31.01.18
<b>Class A Accumulation</b>				
Group 1	0.8150	–	0.8150	0.6165
Group 2	0.2231	0.5919	0.8150	0.6165
	Net Revenue	Equalisation	Paid 31.01.19	Paid 31.01.18
<b>Class C Income</b>				
Group 1	1.1299	–	1.1299	0.9610
Group 2	0.4832	0.6467	1.1299	0.9610
	Net Revenue	Equalisation	Allocated 31.01.19	Allocated 31.01.18
<b>Class C Accumulation</b>				
Group 1	1.3036	–	1.3036	1.0906
Group 2	0.5532	0.7504	1.3036	1.0906
	Net Revenue	Equalisation	Paid 31.01.19	Paid 31.01.18
<b>Class D Income</b>				
Group 1	0.4557	–	0.4557	0.7713
Group 2	0.1052	0.3505	0.4557	0.7713
	Net Revenue	Equalisation	Allocated 31.01.19	Allocated 31.01.18
<b>Class D Accumulation</b>				
Group 1	0.4569	–	0.4569	0.2836
Group 2	0.2008	0.2561	0.4569	0.2836

## 7IM AAP ADVENTUROUS FUND

### DISTRIBUTION TABLES (continued)

for the year ended 30 November 2018

	<b>Net Revenue</b>	<b>Equalisation</b>	<b>Paid 31.01.19</b>	<b>Paid 31.01.18</b>
<b>Class S Income</b>				
Group 1	1.1059	–	1.1059	0.9577
Group 2	0.5401	0.5658	1.1059	0.9577
	<b>Net Revenue</b>	<b>Equalisation</b>	<b>Allocated 31.01.19</b>	<b>Allocated 31.01.18</b>
<b>Class S Accumulation</b>				
Group 1	1.1899	–	1.1899	1.0155
Group 2	0.6425	0.5474	1.1899	1.0155

### Equalisation

Equalisation applies only to shares purchased during the distribution period (Group 2 shares). It represents the accrued revenue included in the purchase price of the shares. After averaging it is returned with the distribution as a capital repayment. It is not liable to Income Tax but must be deducted from the cost of the shares for Capital Gains Tax purposes.

## 7IM INVESTMENT FUNDS

### SECURITIES FINANCING TRANSACTION AND REUSE (SFTR) - UNAUDITED

The European Regulation on reporting and transparency of securities financing transactions and reuse ('SFTR'), which aims to improve the transparency and monitoring of the financial system, became effective on 13 January 2016. The SFTR applies to the 7IM Investment Funds ('the Company') as a UCITS scheme and requires the ACD to comply with a series of obligations. In particular, the ACD is required to provide investors with information on the use of securities financing transactions ('SFT's) and total return swaps ('TRS') by the Company in all interim and annual reports for the Company published from 13 January 2017.

The following details the SFTR activities of the Sub-funds during the year ended 30 November 2018 and as at the balance sheet date.

#### 7IM Cautious Fund

##### Securities Lending

The following table details the value of securities on loan as a proportion of the Sub-fund's total lendable assets of £16,052,739 and net asset value of £41,487,921 as at 30 November 2018 and the income earned for the period ended 30 November 2018. Total lendable assets represent the aggregate value of assets forming part of the Sub-fund's securities lending programme. This excludes any assets held by the Sub-fund that are not considered lendable due to any market, regulatory, investment or other restriction.

Securities on loan, % of lendable assets	% of NAV	Income earned £	Income to Agent £
11.19%	4.33%	5,112	1,533

The total income earned from securities lending transactions is split between the Sub-fund and the Securities Lending Agent. The Sub-fund receives 70% while the Securities Lending Agent receives 30% of such income, with all operational costs borne out of the Securities Lending Agent's share.

All securities on loan have an open maturity tenor as they are callable or terminable on a daily basis.

The following table details the value of securities on loan and associated collateral received, analysed by counterparty as at 30 November 2018.

Counterparty	Counterparty's country of establishment	Amount on loan £	Collateral received £
Citigroup Global Markets Limited	UK	551,066	578,619
Credit Suisse (Europe)	UK	403,592	423,567
J.P. Morgan Securities (Europe)	UK	840,956	862,295
<b>Total</b>		<b>1,795,614</b>	<b>1,864,481</b>

##### Collateral

The Sub-fund engages in activities which may require collateral to be provided to a counterparty ('collateral posted') or may hold collateral received ('collateral received') from a counterparty.

The following table provides an analysis by currency of the cash and underlying non-cash collateral received/posted by way of title transfer collateral arrangement by the Sub-fund, in respect of securities lending transactions as at 30 November 2018.

Currency	Collateral received £
Australian dollar	6,085
Canadian dollar	17,763
Euro	836,929
Pound sterling	921,050
US dollar	82,654
<b>Total</b>	<b>1,864,481</b>

## 7IM INVESTMENT FUNDS

### SECURITIES FINANCING TRANSACTION AND REUSE (SFTR) - UNAUDITED (continued)

#### 7IM Cautious Fund (continued)

##### Collateral (continued)

The Sub-fund is the legal owner of inbound collateral and can sell the assets and withhold the cash in the case of default. All cash received or posted as collateral has an open maturity tenor as it is not subject to a contractual maturity date.

The following table provides an analysis of the type, quality and maturity tenor of non-cash collateral received and posted by the Sub-fund by way of title transfer collateral arrangement in respect of securities lending transactions as at 30 November 2018.

Collateral type and quality	Maturity Tenor				Open £	Total £
	0 – 30 days £	31 – 90 days £	91 – 365 days £	More than 365 days £		
<b>Collateral received</b>						
<b>Fixed Income</b>						
Investment grade	–	–	163,796	1,700,685	–	1,864,481
<b>Equities</b>						
Recognised equity index	–	–	–	–	–	–
<b>Total</b>	<b>–</b>	<b>–</b>	<b>163,796</b>	<b>1,700,685</b>	<b>–</b>	<b>1,864,481</b>

Investment grade securities are those issued by an entity with a minimum investment grade credit rating from at least one globally recognised credit rating agency.

The maturity tenor analysis for fixed income securities received or posted as collateral is based on the respective contractual maturity date, while equity securities are presented as open transactions as they are not subject to a contractual maturity date.

As at 30 November 2018, all non-cash collateral received by the Sub-fund in respect of securities lending transactions is held by the Sub-fund's Depositary or through its delegates.

Custodian	Non-cash collateral received £
Northern Trust	1,864,481

#### 7IM Moderately Cautious Fund

##### Securities Lending

The following table details the value of securities on loan as a proportion of the Sub-fund's total lendable assets of £95,358,868 and net asset value of £269,893,324 as at 30 November 2018 and the income earned for the year ended 30 November 2018. Total lendable assets represent the aggregate value of assets forming part of the Sub-fund's securities lending programme. This excludes any assets held by the Sub-fund that are not considered lendable due to any market, regulatory, investment or other restriction.

Securities on loan, % of lendable assets	% of NAV	Income earned £	Income to Agent £
7.81%	2.76%	36,861	11,051

The total income earned from securities lending transactions is split between the Sub-fund and the Securities Lending Agent. The Sub-fund receives 70% while the Securities Lending Agent receives 30% of such income, with all operational costs borne out of the Securities Lending Agent's share.

All securities on loan have an open maturity tenor as they are callable or terminable on a daily basis.

The following table details the value of securities on loan and associated collateral received, analysed by counterparty as at 30 November 2018.

## 7IM INVESTMENT FUNDS

### SECURITIES FINANCING TRANSACTION AND REUSE (SFTR) - UNAUDITED (continued)

#### 7IM Moderately Cautious Fund (continued)

##### Securities Lending (continued)

Counterparty	Counterparty's country of establishment	Amount on loan £	Collateral received £
Barclays Bank	UK	461,468	487,347
Barclays Capital Securities Limited	UK	748,044	830,428
BNP Paribas Arbitrage	France	85,749	93,700
Citigroup Global Markets Limited	UK	458,154	485,707
Credit Suisse (Dublin Branch)	Ireland	470,596	515,726
HSBC Bank	UK	678,803	764,182
ING Bank (London Branch)	UK	779	870
J.P. Morgan Securities (Europe)	UK	2,754,203	2,887,242
Societe General (Paris Branch)	France	971,892	994,505
State Street Bank and Trust Company	US	10,115	10,218
The Bank of Nova Scotia (London Branch)	UK	671,092	751,215
UBS AG (London Branch)	UK	140,941	159,746
<b>Total</b>		<b>7,451,836</b>	<b>7,980,886</b>

##### Collateral

The Sub-fund engages in activities which may require collateral to be provided to a counterparty ('collateral posted') or may hold collateral received ('collateral received') from a counterparty.

The following table provides an analysis by currency of the cash and underlying non-cash collateral received/posted by way of title transfer collateral arrangement by the Sub-fund, in respect of securities lending transactions as at 30 November 2018.

Currency	Collateral received £
Australian dollar	26,200
Canadian dollar	21,204
Danish krone	10,102
Euro	2,681,827
Hong Kong dollar	24,633
Japanese yen	498,306
New Zealand dollar	64
Norwegian krone	11,743
Pound sterling	4,083,977
Swedish krona	57,557
Swiss franc	4,852
US dollar	560,421
<b>Total</b>	<b>7,980,886</b>

The Sub-fund is the legal owner of inbound collateral and can sell the assets and withhold the cash in the case of default. All cash received or posted as collateral has an open maturity tenor as it is not subject to a contractual maturity date.

## 7IM INVESTMENT FUNDS

### SECURITIES FINANCING TRANSACTION AND REUSE (SFTR) - UNAUDITED (continued)

#### 7IM Moderately Cautious Fund (continued)

##### Collateral (continued)

The following table provides an analysis of the type, quality and maturity tenor of non-cash collateral received and posted by the Sub-fund by way of title transfer collateral arrangement in respect of securities lending transactions as at 30 November 2018.

Collateral type and quality	Maturity Tenor				Open £	Total £
	0 – 30 days £	31 – 90 days £	91 – 365 days £	More than 365 days £		
<b>Collateral received</b>						
<b>Fixed Income</b>						
Investment grade	2,676	12,329	720,149	3,818,366	–	4,553,520
<b>Equities</b>						
Recognised equity index	19,264	21,542	17,979	1,055,973	2,312,608	3,427,366
<b>Total</b>	<b>21,940</b>	<b>33,871</b>	<b>738,128</b>	<b>4,874,339</b>	<b>2,312,608</b>	<b>7,980,886</b>

Investment grade securities are those issued by an entity with a minimum investment grade credit rating from at least one globally recognised credit rating agency.

The maturity tenor analysis for fixed income securities received or posted as collateral is based on the respective contractual maturity date, while equity securities are presented as open transactions as they are not subject to a contractual maturity date.

As at 30 November 2018, all non-cash collateral received by the Sub-fund in respect of securities lending transactions is held by the Sub-fund's Depositary or through its delegates.

Custodian	Non-cash collateral received £
Northern Trust	7,980,886

#### 7IM Balanced Fund

##### Securities Lending

The following table details the value of securities on loan as a proportion of the Sub-fund's total lendable assets of £254,863,303 and net asset value of £720,878,812 as at 30 November 2018 and the income earned for the year ended 30 November 2018. Total lendable assets represent the aggregate value of assets forming part of the Sub-fund's securities lending programme. This excludes any assets held by the Sub-fund that are not considered lendable due to any market, regulatory, investment or other restriction.

Securities on loan, % of lendable assets	% of NAV	Income earned £	Income to Agent £
9.20%	3.25%	77,390	23,210

The total income earned from securities lending transactions is split between the Sub-fund and the Securities Lending Agent. The Sub-fund receives 70% while the Securities Lending Agent receives 30% of such income, with all operational costs borne out of the Securities Lending Agent's share.

All securities on loan have an open maturity tenor as they are callable or terminable on a daily basis.

The following table details the value of securities on loan and associated collateral received, analysed by counterparty as at 30 November 2018.



## 7IM INVESTMENT FUNDS

### SECURITIES FINANCING TRANSACTION AND REUSE (SFTR) - UNAUDITED (continued)

#### 7IM Balanced Fund (continued)

#### Securities Lending (continued)

Counterparty	Counterparty's country of establishment	Amount on loan £	Collateral received £
Barclays Capital Securities Limited	UK	3,310,152	3,675,972
BNP Paribas Arbitrage	France	530,070	605,356
Citigroup Global Markets Limited	UK	4,103,438	4,358,508
Credit Suisse (Europe)	UK	2,173,734	2,281,317
HSBC Bank	UK	998,670	1,120,936
ING Bank (London Branch)	UK	76,882	85,186
J.P. Morgan Securities (Europe)	UK	6,665,008	7,168,524
Merrill Lynch International	UK	361,879	392,872
Morgan Stanley	US	354,089	363,254
Natixis	France	159,672	172,013
Societe General (Paris Branch)	France	1,653,424	1,701,380
State Street Bank and Trust Company	US	77,815	79,934
The Bank of Nova Scotia (London Branch)	UK	2,746,152	3,074,548
UBS AG (London Branch)	UK	246,670	270,095
<b>Total</b>		<b>23,457,655</b>	<b>25,349,895</b>

#### Collateral

The Sub-fund engages in activities which may require collateral to be provided to a counterparty ('collateral posted') or may hold collateral received ('collateral received') from a counterparty.

The following table provides an analysis by currency of the cash and underlying non-cash collateral received/posted by way of title transfer collateral arrangement by the Sub-fund, in respect of securities lending transactions as at 30 November 2018.

Currency	Collateral received £
Australian dollar	141,311
Canadian dollar	188,176
Danish krone	44,701
Euro	5,435,865
Hong Kong dollar	353,010
Japanese yen	6,474,317
New Zealand dollar	103
Norwegian krone	53,385
Pound sterling	9,572,482
Swedish krona	254,925
Swiss franc	38,448
US dollar	2,793,172
<b>Total</b>	<b>25,349,895</b>

The Sub-fund is the legal owner of inbound collateral and can sell the assets and withhold the cash in the case of default. All cash received or posted as collateral has an open maturity tenor as it is not subject to a contractual maturity date.

## 7IM INVESTMENT FUNDS

### SECURITIES FINANCING TRANSACTION AND REUSE (SFTR) - UNAUDITED (continued)

#### 7IM Balanced Fund (continued)

##### Collateral (continued)

The following table provides an analysis of the type, quality and maturity tenor of non-cash collateral received and posted by the Sub-fund by way of title transfer collateral arrangement in respect of securities lending transactions as at 30 November 2018.

Collateral type and quality	Maturity Tenor				Open	Total
	0 – 30 days	31 – 90 days	91 – 365 days	More than 365 days		
	£	£	£	£	£	£
<b>Collateral received</b>						
<b>Fixed Income</b>						
Investment grade	–	6,502	2,615,785	11,201,530	–	13,823,817
<b>Equities</b>						
Recognised equity index	84,046	1,117	98,489	2,621,785	8,720,641	11,526,078
<b>Total</b>	<b>84,046</b>	<b>7,619</b>	<b>2,714,274</b>	<b>13,823,315</b>	<b>8,720,641</b>	<b>25,349,895</b>

Investment grade securities are those issued by an entity with a minimum investment grade credit rating from at least one globally recognised credit rating agency.

The maturity tenor analysis for fixed income securities received or posted as collateral is based on the respective contractual maturity date, while equity securities are presented as open transactions as they are not subject to a contractual maturity date.

As at 30 November 2018, all non-cash collateral received by the Sub-fund in respect of securities lending transactions is held by the Sub-fund's Depositary or through its delegates.

	Non-cash collateral received
<b>Custodian</b>	£
Northern Trust	25,349,895

#### 7IM Moderately Adventurous Fund

##### Securities Lending

The following table details the value of securities on loan as a proportion of the Sub-fund's total lendable assets of £151,469,745 and net asset value of £415,180,894 as at 30 November 2018 and the income earned for the year ended 30 November 2018. Total lendable assets represent the aggregate value of assets forming part of the Sub-fund's securities lending programme. This excludes any assets held by the Sub-fund that are not considered lendable due to any market, regulatory, investment or other restriction.

Securities on loan, % of lendable assets	% of NAV	Income earned	Income to Agent
		£	£
9.86%	3.60%	45,821	13,739

The total income earned from securities lending transactions is split between the Sub-fund and the Securities Lending Agent. The Sub-fund receives 70% while the Securities Lending Agent receives 30% of such income, with all operational costs borne out of the Securities Lending Agent's share.

All securities on loan have an open maturity tenor as they are callable or terminable on a daily basis.

## 7IM INVESTMENT FUNDS

### SECURITIES FINANCING TRANSACTION AND REUSE (SFTR) - UNAUDITED (continued)

#### 7IM Moderately Adventurous Fund (continued)

##### Securities Lending (continued)

The following table details the value of securities on loan and associated collateral received, analysed by counterparty as at 30 November 2018.

Counterparty	Counterparty's country of establishment	Amount on loan £	Collateral received £
Barclays Capital Securities Limited	UK	2,489,471	2,758,268
BNP Paribas Arbitrage	France	226,874	250,940
Citigroup Global Markets Limited	UK	324,422	380,496
Credit Suisse (Europe)	UK	1,239,099	1,300,425
HSBC Bank	UK	1,378,006	1,548,768
ING Bank (London Branch)	UK	51,648	57,227
J.P. Morgan Securities (Europe)	UK	5,974,081	6,360,484
Merrill Lynch International	UK	165,511	179,167
Societe General (Paris Branch)	France	576,865	601,740
State Street Bank and Trust Company	US	226,906	238,398
The Bank of Nova Scotia (London Branch)	UK	2,025,757	2,268,794
UBS AG (London Branch)	UK	259,510	287,617
<b>Total</b>		<b>14,938,150</b>	<b>16,232,324</b>

##### Collateral

The Sub-fund engages in activities which may require collateral to be provided to a counterparty ('collateral posted') or may hold collateral received ('collateral received') from a counterparty.

The following table provides an analysis by currency of the cash and underlying non-cash collateral received/posted by way of title transfer collateral arrangement by the Sub-fund, in respect of securities lending transactions as at 30 November 2018.

Currency	Collateral received £
Australian dollar	85,497
Canadian dollar	122,437
Danish krone	28,509
Euro	3,004,381
Hong Kong dollar	113,435
Japanese yen	1,981,349
New Zealand dollar	31
Norwegian krone	33,206
Pound sterling	8,843,784
Swedish krona	179,141
Swiss franc	12,850
US dollar	1,827,704
<b>Total</b>	<b>16,232,324</b>

The Sub-fund is the legal owner of inbound collateral and can sell the assets and withhold the cash in the case of default. All cash received or posted as collateral has an open maturity tenor as it is not subject to a contractual maturity date.

## 7IM INVESTMENT FUNDS

### SECURITIES FINANCING TRANSACTION AND REUSE (SFTR) - UNAUDITED (continued)

#### 7IM Moderately Adventurous Fund (continued)

##### Collateral (continued)

The following table provides an analysis of the type, quality and maturity tenor of non-cash collateral received and posted by the Sub-fund by way of title transfer collateral arrangement in respect of securities lending transactions as at 30 November 2018.

Collateral type and quality	Maturity Tenor				Open £	Total £
	0 – 30 days £	31 – 90 days £	91 – 365 days £	More than 365 days £		
<b>Collateral received</b>						
<b>Fixed Income</b>						
Investment grade	–	144	1,223,638	6,419,014	–	7,642,796
<b>Equities</b>						
Recognised equity index	60,361	2,231	67,011	1,905,216	6,554,709	8,589,528
<b>Total</b>	<b>60,361</b>	<b>2,375</b>	<b>1,290,649</b>	<b>8,324,230</b>	<b>6,554,709</b>	<b>16,232,324</b>

Investment grade securities are those issued by an entity with a minimum investment grade credit rating from at least one globally recognised credit rating agency.

The maturity tenor analysis for fixed income securities received or posted as collateral is based on the respective contractual maturity date, while equity securities are presented as open transactions as they are not subject to a contractual maturity date.

As at 30 November 2018, all non-cash collateral received by the Sub-fund in respect of securities lending transactions is held by the Sub-fund's Depositary or through its delegates.

Custodian	Non-cash collateral received £
Northern Trust	16,232,324

#### 7IM Adventurous Fund

##### Securities Lending

The following table details the value of securities on loan as a proportion of the Sub-fund's total lendable assets of £39,336,572 and net asset value of £129,208,443 as at 30 November 2018 and the income earned for the year ended 30 November 2018. Total lendable assets represent the aggregate value of assets forming part of the Sub-fund's securities lending programme. This excludes any assets held by the Sub-fund that are not considered lendable due to any market, regulatory, investment or other restriction.

Securities on loan, % of lendable assets	% of NAV	Income earned £	Income to Agent £
9.67%	2.94%	6,992	2,091

The total income earned from securities lending transactions is split between the Sub-fund and the Securities Lending Agent. The Sub-fund receives 70% while the Securities Lending Agent receives 30% of such income, with all operational costs borne out of the Securities Lending Agent's share.

All securities on loan have an open maturity tenor as they are callable or terminable on a daily basis.

## 7IM INVESTMENT FUNDS

### SECURITIES FINANCING TRANSACTION AND REUSE (SFTR) - UNAUDITED (continued)

#### 7IM Adventurous Fund (continued)

##### Securities Lending (continued)

The following table details the value of securities on loan and associated collateral received, analysed by counterparty as at 30 November 2018.

Counterparty	Counterparty's country of establishment	Amount on loan £	Collateral received £
Barclays Capital Securities Limited	UK	717,417	793,235
BNP Paribas Arbitrage	France	98,921	108,093
Citigroup Global Markets Limited	UK	361,546	393,435
Credit Suisse (Dublin Branch)	Ireland	709,092	773,099
HSBC Bank	UK	733,800	826,461
J.P. Morgan Securities (Europe)	UK	358,273	444,074
Merrill Lynch International	UK	23,616	25,394
Natixis	France	34,370	36,472
State Street Bank and Trust Company	US	65,980	69,407
The Bank of Nova Scotia (London Branch)	UK	571,417	639,114
UBS AG (London Branch)	UK	128,346	144,500
<b>Total</b>		<b>3,802,778</b>	<b>4,253,284</b>

##### Collateral

The Sub-fund engages in activities which may require collateral to be provided to a counterparty ('collateral posted') or may hold collateral received ('collateral received') from a counterparty.

The following table provides an analysis by currency of the cash and underlying non-cash collateral received/posted by way of title transfer collateral arrangement by the Sub-fund, in respect of securities lending transactions as at 30 November 2018.

Currency	Collateral received £
Australian dollar	26,335
Canadian dollar	17,982
Danish krone	9,868
Euro	1,469,015
Hong Kong dollar	25,268
Japanese yen	543,218
Norwegian krone	11,276
Pound sterling	1,516,067
Swedish krona	53,108
Swiss franc	4,442
US dollar	576,705
<b>Total</b>	<b>4,253,284</b>

The Sub-fund is the legal owner of inbound collateral and can sell the assets and withhold the cash in the case of default. All cash received or posted as collateral has an open maturity tenor as it is not subject to a contractual maturity date.

## 7IM INVESTMENT FUNDS

### SECURITIES FINANCING TRANSACTION AND REUSE (SFTR) - UNAUDITED (continued)

#### 7IM Adventurous Fund (continued)

##### Collateral (continued)

The following table provides an analysis of the type, quality and maturity tenor of non-cash collateral received and posted by the Sub-fund by way of title transfer collateral arrangement in respect of securities lending transactions as at 30 November 2018.

Collateral type and quality	Maturity Tenor				Open	Total
	0 – 30 days	31 – 90 days	91 – 365 days	More than 365 days		
	£	£	£	£	£	£
<b>Collateral received</b>						
<b>Fixed Income</b>						
Investment grade	2,682	13,080	55,098	581,075	–	651,935
<b>Equities</b>						
Recognised equity index	17,430	32,507	22,383	1,245,935	2,283,094	3,601,349
<b>Total</b>	<b>20,112</b>	<b>45,587</b>	<b>77,481</b>	<b>1,827,010</b>	<b>2,283,094</b>	<b>4,253,284</b>

Investment grade securities are those issued by an entity with a minimum investment grade credit rating from at least one globally recognised credit rating agency.

The maturity tenor analysis for fixed income securities received or posted as collateral is based on the respective contractual maturity date, while equity securities are presented as open transactions as they are not subject to a contractual maturity date.

As at 30 November 2018, all non-cash collateral received by the Sub-fund in respect of securities lending transactions is held by the Sub-fund's Depositary or through its delegates.

Custodian	Non-cash collateral received
Northern Trust	£ 4,253,284

#### 7IM Sustainable Balance Fund

##### Securities Lending

The Sub-fund may engage in securities lending activities. During the year ended 30 November 2018 securities lending was not undertaken and as at the year end, 30 November 2018, no securities were on loan.

##### Collateral

The Sub-fund may engage in activities which may require collateral to be provided to a counterparty. As at the year end, 30 November 2018, no collateral arrangements were in place in respect of securities lending transactions.

#### 7IM AAP Income Fund

##### Securities Lending

The following table details the value of securities on loan as a proportion of the Sub-fund's total lendable assets of £18,369,944 and net asset value of £82,593,661 as at 30 November 2018 and the income earned for the year ended 30 November 2018. Total lendable assets represent the aggregate value of assets forming part of the Sub-fund's securities lending programme. This excludes any assets held by the Sub-fund that are not considered lendable due to any market, regulatory, investment or other restriction.

Securities on loan, % of lendable assets	% of NAV	Income earned	Income to Agent
9.11%	2.03%	£ 12,312	£ 3,688

## 7IM INVESTMENT FUNDS

### SECURITIES FINANCING TRANSACTION AND REUSE (SFTR) - UNAUDITED (continued)

#### 7IM AAP Income Fund (continued)

#### Securities Lending (continued)

The total income earned from securities lending transactions is split between the Sub-fund and the Securities Lending Agent. The Sub-fund receives 70% while the Securities Lending Agent receives 30% of such income, with all operational costs borne out of the Securities Lending Agent's share.

All securities on loan have an open maturity tenor as they are callable or terminable on a daily basis.

The following table details the value of securities on loan and associated collateral received, analysed by counterparty as at 30 November 2018.

Counterparty	Counterparty's country of establishment	Amount on loan £	Collateral received £
Barclays Capital Securities Limited	UK	140,017	150,068
Citigroup Global Markets Inc.	US	226,240	239,003
Credit Suisse (Dublin Branch)	Ireland	37,168	40,808
Credit Suisse (Europe)	UK	239,728	251,592
HSBC Bank	UK	27,879	30,751
J.P. Morgan Securities (USA)	US	65	67
J.P. Morgan Securities (Europe)	UK	921,165	953,540
Merrill Lynch International	UK	10,746	11,428
State Street Bank and Trust Company	US	22,049	23,325
The Bank of Nova Scotia (London Branch)	UK	27,554	30,209
UBS AG (London Branch)	UK	20,431	22,593
<b>Total</b>		<b>1,673,042</b>	<b>1,753,384</b>

#### Collateral

The Sub-fund engages in activities which may require collateral to be provided to a counterparty ('collateral posted') or may hold collateral received ('collateral received') from a counterparty.

The following table provides an analysis by currency of the cash and underlying non-cash collateral received/posted by way of title transfer collateral arrangement by the Sub-fund, in respect of securities lending transactions as at 30 November 2018.

Currency	Collateral received £
Australian dollar	4,626
Canadian dollar	11,411
Danish krone	255
Euro	259,339
Hong Kong dollar	3,123
Japanese yen	166,594
Norwegian krone	102
Pound sterling	955,598
Swedish krona	2,250
Swiss franc	171
US dollar	349,915
<b>Total</b>	<b>1,753,384</b>

The Sub-fund is the legal owner of inbound collateral and can sell the assets and withhold the cash in the case of default. All cash received or posted as collateral has an open maturity tenor as it is not subject to a contractual maturity date.

## 7IM INVESTMENT FUNDS

### SECURITIES FINANCING TRANSACTION AND REUSE (SFTR) - UNAUDITED (continued)

#### 7IM AAP Income Fund (continued)

##### Collateral (continued)

The following table provides an analysis of the type, quality and maturity tenor of non-cash collateral received and posted by the Sub-fund by way of title transfer collateral arrangement in respect of securities lending transactions as at 30 November 2018.

Collateral type and quality	Maturity Tenor				Open £	Total £
	0 – 30 days £	31 – 90 days £	91 – 365 days £	More than 365 days £		
<b>Collateral received</b>						
<b>Fixed Income</b>						
Investment grade	–	2	259,214	1,266,562	–	1,525,778
<b>Equities</b>						
Recognised equity index	774	2,025	2,761	70,635	151,411	227,606
<b>Total</b>	<b>774</b>	<b>2,027</b>	<b>261,975</b>	<b>1,337,197</b>	<b>151,411</b>	<b>1,753,384</b>

Investment grade securities are those issued by an entity with a minimum investment grade credit rating from at least one globally recognised credit rating agency.

The maturity tenor analysis for fixed income securities received or posted as collateral is based on the respective contractual maturity date, while equity securities are presented as open transactions as they are not subject to a contractual maturity date.

As at 30 November 2018, all non-cash collateral received by the Sub-fund in respect of securities lending transactions is held by the Sub-fund's Depositary or through its delegates.

Custodian	Non-cash collateral received £
Northern Trust	1,753,384

#### 7IM AAP Moderately Cautious Fund

##### Securities Lending

The following table details the value of securities on loan as a proportion of the Sub-fund's total lendable assets of £376,847,293 and net asset value of £665,859,714 as at 30 November 2018 and the income earned for the year ended 30 November 2018. Total lendable assets represent the aggregate value of assets forming part of the Sub-fund's securities lending programme. This excludes any assets held by the Sub-fund that are not considered lendable due to any market, regulatory, investment or other restriction.

Securities on loan, % of lendable assets	% of NAV	Income earned £	Income to Agent £
9.78%	5.53%	123,558	38,856

The total income earned from securities lending transactions is split between the Sub-fund and the Securities Lending Agent. The Sub-fund receives 70% while the Securities Lending Agent receives 30% of such income, with all operational costs borne out of the Securities Lending Agent's share.

All securities on loan have an open maturity tenor as they are callable or terminable on a daily basis.



## 7IM INVESTMENT FUNDS

### SECURITIES FINANCING TRANSACTION AND REUSE (SFTR) - UNAUDITED (continued)

#### 7IM AAP Moderately Cautious Fund (continued)

##### Securities Lending (continued)

The following table details the value of securities on loan and associated collateral received, analysed by counterparty as at 30 November 2018.

Counterparty	Counterparty's country of establishment	Amount on loan £	Collateral received £
Barclays Capital Securities Limited	UK	2,093,707	2,326,243
Citigroup Global Markets Limited	UK	14,271,310	14,879,102
Credit Suisse (Europe)	UK	2,217,776	2,334,797
HSBC Bank	UK	615,632	691,678
ING Bank (London Branch)	UK	26,645	29,523
J.P. Morgan Securities (Europe)	UK	13,008,966	13,688,344
Merrill Lynch International	UK	28,213	30,003
Morgan Stanley	US	113,433	116,497
Societe General (Paris Branch)	France	1,892,604	1,936,865
State Street Bank and Trust Company	US	26,464	27,203
The Bank of Nova Scotia (London Branch)	UK	2,364,872	2,645,132
UBS AG (London Branch)	UK	189,694	209,499
<b>Total</b>		<b>36,849,316</b>	<b>38,914,886</b>

##### Collateral

The Sub-fund engages in activities which may require collateral to be provided to a counterparty ('collateral posted') or may hold collateral received ('collateral received') from a counterparty.

The following table provides an analysis by currency of the cash and underlying non-cash collateral received/posted by way of title transfer collateral arrangement by the Sub-fund, in respect of securities lending transactions as at 30 November 2018.

Currency	Collateral received £
Australian dollar	114,456
Canadian dollar	170,880
Danish krone	29,323
Euro	5,171,662
Hong Kong dollar	95,877
Japanese yen	7,809,229
New Zealand dollar	114
Norwegian krone	32,810
Pound sterling	22,023,906
Swedish krona	164,813
Swiss franc	10,864
US dollar	3,290,952
<b>Total</b>	<b>38,914,886</b>

The Sub-fund is the legal owner of inbound collateral and can sell the assets and withhold the cash in the case of default. All cash received or posted as collateral has an open maturity tenor as it is not subject to a contractual maturity date.

## 7IM INVESTMENT FUNDS

### SECURITIES FINANCING TRANSACTION AND REUSE (SFTR) - UNAUDITED (continued)

#### 7IM AAP Moderately Cautious Fund (continued)

##### Collateral (continued)

The following table provides an analysis of the type, quality and maturity tenor of non-cash collateral received and posted by the Sub-fund by way of title transfer collateral arrangement in respect of securities lending transactions as at 30 November 2018.

Collateral type and quality	Maturity Tenor				Open £	Total £
	0 – 30 days £	31 – 90 days £	91 – 365 days £	More than 365 days £		
<b>Collateral received</b>						
<b>Fixed Income</b>						
Investment grade	3,997	2,564	4,832,758	26,085,431	–	30,924,750
<b>Equities</b>						
Recognised equity index	60,180	1,566	89,427	1,864,572	5,974,391	7,990,136
<b>Total</b>	<b>64,177</b>	<b>4,130</b>	<b>4,922,185</b>	<b>27,950,003</b>	<b>5,974,391</b>	<b>38,914,886</b>

The maturity tenor analysis for fixed income securities received or posted as collateral is based on the respective contractual maturity date, while equity securities are presented as open transactions as they are not subject to a contractual maturity date.

As at 30 November 2018, all non-cash collateral received by the Sub-fund in respect of securities lending transactions is held by the Sub-fund's Depositary or through its delegates.

Custodian	Non-cash collateral received £
Northern Trust	38,914,886

#### 7IM AAP Balanced Fund

##### Securities Lending

The following table details the value of securities on loan as a proportion of the Sub-fund's total lendable assets of £975,980,507 and net asset value of £1,517,581,586 as at 30 November 2018 and the income earned for the year ended 30 November 2018. Total lendable assets represent the aggregate value of assets forming part of the Sub-fund's securities lending programme. This excludes any assets held by the Sub-fund that are not considered lendable due to any market, regulatory, investment or other restriction.

Securities on loan, % of lendable assets	% of NAV	Income earned £	Income to Agent £
6.73%	4.33%	190,237	57,058

The total income earned from securities lending transactions is split between the Sub-fund and the Securities Lending Agent. The Sub-fund receives 70% while the Securities Lending Agent receives 30% of such income, with all operational costs borne out of the Securities Lending Agent's share.

All securities on loan have an open maturity tenor as they are callable or terminable on a daily basis.

## 7IM INVESTMENT FUNDS

### SECURITIES FINANCING TRANSACTION AND REUSE (SFTR) - UNAUDITED (continued)

#### 7IM AAP Balanced Fund (continued)

##### Securities Lending (continued)

The following table details the value of securities on loan and associated collateral received, analysed by counterparty as at 30 November 2018.

Counterparty	Counterparty's country of establishment	Amount on loan £	Collateral received £
Barclays Capital Securities Limited	UK	15,156,109	16,803,936
Citigroup Global Markets Limited	UK	9,836,848	10,257,939
Credit Suisse (Europe)	UK	220,956	254,690
HSBC Bank	UK	2,503,562	2,824,661
ING Bank (London Branch)	UK	410,994	456,185
J.P. Morgan Securities (Europe)	UK	11,273,989	12,348,972
Macquarie Bank Limited (London Branch)	UK	47,601	52,648
Merrill Lynch International	UK	1,042,745	1,128,715
Morgan Stanley	US	480,478	492,468
Natixis	France	111,108	120,161
Societe General (Paris Branch)	France	17,377,766	18,179,238
State Street Bank and Trust Company	US	173,745	181,372
The Bank of Nova Scotia (London Branch)	UK	6,453,400	7,224,983
UBS AG (London Branch)	UK	616,976	670,519
<b>Total</b>		<b>65,706,277</b>	<b>70,996,487</b>

##### Collateral

The Sub-fund engages in activities which may require collateral to be provided to a counterparty ('collateral posted') or may hold collateral received ('collateral received') from a counterparty.

The following table provides an analysis by currency of the cash and underlying non-cash collateral received/posted by way of title transfer collateral arrangement by the Sub-fund, in respect of securities lending transactions as at 30 November 2018.

Currency	Collateral received £
Australian dollar	180,920
Canadian dollar	236,394
Danish krone	17,150
Euro	9,226,754
Hong Kong dollar	381,384
Japanese yen	31,013,915
New Zealand dollar	182
Norwegian krone	7,759
Pound sterling	20,373,157
Swedish krona	990,416
Swiss franc	9,656
US dollar	8,558,800
<b>Total</b>	<b>70,996,487</b>

The Sub-fund is the legal owner of inbound collateral and can sell the assets and withhold the cash in the case of default. All cash received or posted as collateral has an open maturity tenor as it is not subject to a contractual maturity date.

## 7IM INVESTMENT FUNDS

### SECURITIES FINANCING TRANSACTION AND REUSE (SFTR) - UNAUDITED (continued)

#### 7IM AAP Balanced Fund (continued)

##### Collateral (continued)

The following table provides an analysis of the type, quality and maturity tenor of non-cash collateral received and posted by the Sub-fund by way of title transfer collateral arrangement in respect of securities lending transactions as at 30 November 2018.

Collateral type and quality	Maturity Tenor				Open	Total
	0 – 30 days	31 – 90 days	91 – 365 days	More than 365 days		
	£	£	£	£	£	£
<b>Collateral received</b>						
<b>Fixed Income</b>						
Investment grade	299,768	44,182	9,045,864	28,311,659	–	37,701,473
<b>Equities</b>						
Recognised equity index	403,010	2,203	227,367	10,986,558	21,675,876	33,295,014
<b>Total</b>	<b>702,778</b>	<b>46,385</b>	<b>9,273,231</b>	<b>39,298,217</b>	<b>21,675,876</b>	<b>70,996,487</b>

Investment grade securities are those issued by an entity with a minimum investment grade credit rating from at least one globally recognised credit rating agency.

The maturity tenor analysis for fixed income securities received or posted as collateral is based on the respective contractual maturity date, while equity securities are presented as open transactions as they are not subject to a contractual maturity date.

As at 30 November 2018, all non-cash collateral received by the Sub-fund in respect of securities lending transactions is held by the Sub-fund's Depository or through its delegates.

Custodian	Non-cash collateral received
Northern Trust	£ 70,996,487

#### 7IM AAP Moderately Adventurous Fund

##### Securities Lending

The following table details the value of securities on loan as a proportion of the Sub-fund's total lendable assets of £448,609,929 and net asset value of £648,689,855 as at 30 November 2018 and the income earned for the year ended 30 November 2018. Total lendable assets represent the aggregate value of assets forming part of the Sub-fund's securities lending programme. This excludes any assets held by the Sub-fund that are not considered lendable due to any market, regulatory, investment or other restriction.

Securities on loan, % of lendable assets	% of NAV	Income earned	Income to Agent
		£	£
6.44%	4.45%	103,917	31,163

The total income earned from securities lending transactions is split between the Sub-fund and the Securities Lending Agent. The Sub-fund receives 70% while the Securities Lending Agent receives 30% of such income, with all operational costs borne out of the Securities Lending Agent's share.

All securities on loan have an open maturity tenor as they are callable or terminable on a daily basis.

## 7IM INVESTMENT FUNDS

### SECURITIES FINANCING TRANSACTION AND REUSE (SFTR) - UNAUDITED (continued)

#### 7IM AAP Moderately Adventurous Fund (continued)

##### Securities Lending (continued)

The following table details the value of securities on loan and associated collateral received, analysed by counterparty as at 30 November 2018.

Counterparty	Counterparty's country of establishment	Amount on loan £	Collateral received £
Barclays Bank	UK	255,950	263,917
Barclays Capital Securities Limited	UK	4,448,945	4,926,838
Citigroup Global Markets Inc.	US	32,238	33,139
Citigroup Global Markets Limited	UK	1,245,494	1,386,643
Credit Suisse (Dublin Branch)	IE	1,093,703	1,202,278
Credit Suisse (Europe)	UK	331,708	382,351
Credit Suisse (USA)	US	186,681	193,933
Goldman Sachs	US	33,936	37,584
HSBC Bank	UK	2,118,581	2,387,169
ING Bank (London Branch)	UK	201,125	223,166
J.P. Morgan Securities (USA)	US	250,780	259,708
J.P. Morgan Securities (Europe)	UK	9,245,412	9,708,469
Merrill Lynch International	UK	355,057	382,251
Morgan Stanley	US	2,505,005	2,571,519
Societe General (Paris Branch)	France	914,908	965,731
State Street Bank and Trust Company	US	87,274	91,108
The Bank of Nova Scotia (London Branch)	UK	5,148,345	5,787,440
UBS AG (London Branch)	UK	441,877	480,482
<b>Total</b>		<b>28,897,019</b>	<b>31,283,726</b>

##### Collateral

The Sub-fund engages in activities which may require collateral to be provided to a counterparty ('collateral posted') or may hold collateral received ('collateral received') from a counterparty.

The following table provides an analysis by currency of the cash and underlying non-cash collateral received/posted by way of title transfer collateral arrangement by the Sub-fund, in respect of securities lending transactions as at 30 November 2018.

Currency	Collateral received £
Australian dollar	104,616
Canadian dollar	178,793
Danish krone	49,114
Euro	4,873,738
Hong Kong dollar	174,489
Japanese yen	3,225,688
New Zealand dollar	41
Norwegian krone	62,036
Pound sterling	15,819,940
Swedish krona	307,769
Swiss franc	21,268
US dollar	6,466,234
<b>Total</b>	<b>31,283,726</b>

The Sub-fund is the legal owner of inbound collateral and can sell the assets and withhold the cash in the case of default. All cash received or posted as collateral has an open maturity tenor as it is not subject to a contractual maturity date.

## 7IM INVESTMENT FUNDS

### SECURITIES FINANCING TRANSACTION AND REUSE (SFTR) - UNAUDITED (continued)

#### 7IM AAP Moderately Adventurous Fund (continued)

##### Collateral (continued)

The following table provides an analysis of the type, quality and maturity tenor of non-cash collateral received and posted by the Sub-fund by way of title transfer collateral arrangement in respect of securities lending transactions as at 30 November 2018.

Collateral type and quality	Maturity Tenor				Open	Total
	0 – 30 days	31 – 90 days	91 – 365 days	More than 365 days		
	£	£	£	£	£	£
<b>Collateral received</b>						
<b>Fixed Income</b>						
Investment grade	3,335	88,158	2,327,547	11,546,066	–	13,965,106
<b>Equities</b>						
Recognised equity index	136,134	54,650	62,650	4,863,670	12,201,516	17,318,620
<b>Total</b>	<b>139,469</b>	<b>142,808</b>	<b>2,390,197</b>	<b>16,409,736</b>	<b>12,201,516</b>	<b>31,283,726</b>

Investment grade securities are those issued by an entity with a minimum investment grade credit rating from at least one globally recognised credit rating agency.

The maturity tenor analysis for fixed income securities received or posted as collateral is based on the respective contractual maturity date, while equity securities are presented as open transactions as they are not subject to a contractual maturity date.

As at 30 November 2018, all non-cash collateral received by the Sub-fund in respect of securities lending transactions is held by the Sub-fund's Depositary or through its delegates.

Custodian	Non-cash collateral received
Northern Trust	£ 31,283,726

#### 7IM AAP Adventurous Fund

##### Securities Lending

The following table details the value of securities on loan as a proportion of the Sub-fund's total lendable assets of £166,288,513 and net asset value of £242,927,941 as at 30 November 2018 and the income earned for the year ended 30 November 2018. Total lendable assets represent the aggregate value of assets forming part of the Sub-fund's securities lending programme. This excludes any assets held by the Sub-fund that are not considered lendable due to any market, regulatory, investment or other restriction.

Securities on loan, % of lendable assets	% of NAV	Income earned	Income to Agent
7.36%	5.04%	£ 49,046	£ 14,704

The total income earned from securities lending transactions is split between the Sub-fund and the Securities Lending Agent. The Sub-fund receives 70% while the Securities Lending Agent receives 30% of such income, with all operational costs borne out of the Securities Lending Agent's share.

## 7IM INVESTMENT FUNDS

### SECURITIES FINANCING TRANSACTION AND REUSE (SFTR) - UNAUDITED (continued)

#### 7IM AAP Adventurous Fund (continued)

##### Securities Lending (continued)

All securities on loan have an open maturity tenor as they are callable or terminable on a daily basis. The following table details the value of securities on loan and associated collateral received, analysed by counterparty as at 30 November 2018.

Counterparty	Counterparty's country of establishment	Amount on loan £	Collateral received £
Barclays Capital Securities Limited	UK	3,354,582	3,740,329
BNP Paribas Arbitrage	France	186,052	203,754
Citigroup Global Markets Inc.	US	352,356	361,921
Citigroup Global Markets Limited	UK	958,574	1,049,788
Credit Suisse (USA)	US	174,594	181,404
Goldman Sachs	US	90	99
HSBC Bank	UK	934,630	1,048,992
ING Bank (London Branch)	UK	69,767	77,303
J.P. Morgan Securities (USA)	US	373,101	386,385
J.P. Morgan Securities (Europe)	UK	1,035,957	1,197,189
Merrill Lynch International	UK	72,387	76,980
Societe General (Paris Branch)	France	179,784	204,592
State Street Bank and Trust Company	US	133,921	141,247
The Bank of Nova Scotia (London Branch)	UK	3,782,212	4,239,149
UBS AG (London Branch)	UK	631,828	689,207
<b>Total</b>		<b>12,239,835</b>	<b>13,598,339</b>

##### Collateral

The Sub-fund engages in activities which may require collateral to be provided to a counterparty ('collateral posted') or may hold collateral received ('collateral received') from a counterparty.

The following table provides an analysis by currency of the cash and underlying non-cash collateral received/posted by way of title transfer collateral arrangement by the Sub-fund, in respect of securities lending transactions as at 30 November 2018.

Currency	Collateral received £
Australian dollar	65,899
Canadian dollar	124,743
Danish krone	27,432
Euro	2,633,397
Hong Kong dollar	79,640
Japanese yen	2,049,092
Norwegian krone	33,987
Pound sterling	5,234,981
Swedish krona	237,231
Swiss franc	14,403
US dollar	3,097,534
<b>Total</b>	<b>13,598,339</b>

The Sub-fund is the legal owner of inbound collateral and can sell the assets and withhold the cash in the case of default. All cash received or posted as collateral has an open maturity tenor as it is not subject to a contractual maturity date.

## 7IM INVESTMENT FUNDS

### SECURITIES FINANCING TRANSACTION AND REUSE (SFTR) - UNAUDITED (continued)

#### 7IM AAP Adventurous Fund (continued)

##### Collateral (continued)

The following table provides an analysis of the type, quality and maturity tenor of non-cash collateral received and posted by the Sub-fund by way of title transfer collateral arrangement in respect of securities lending transactions as at 30 November 2018.

Collateral type and quality	Maturity Tenor				Open £	Total £
	0 – 30 days £	31 – 90 days £	91 – 365 days £	More than 365 days £		
<b>Collateral received</b>						
<b>Fixed Income</b>						
Investment grade	3,119	66,420	232,151	2,095,306	–	2,396,996
<b>Equities</b>						
Recognised equity index	85,364	4,664	33,250	2,753,671	8,324,394	11,201,343
<b>Total</b>	<b>88,483</b>	<b>71,084</b>	<b>265,401</b>	<b>4,848,977</b>	<b>8,324,394</b>	<b>13,598,339</b>

Investment grade securities are those issued by an entity with a minimum investment grade credit rating from at least one globally recognised credit rating agency.

The maturity tenor analysis for fixed income securities received or posted as collateral is based on the respective contractual maturity date, while equity securities are presented as open transactions as they are not subject to a contractual maturity date.

As at 30 November 2018, all non-cash collateral received by the Sub-fund in respect of securities lending transactions is held by the Sub-fund's Depositary or through its delegates.

<b>Custodian</b>	<b>Non-cash collateral received</b>
Northern Trust	£ 13,598,339



# 7IM INVESTMENT FUNDS

## GENERAL INFORMATION

### Head Office

3rd Floor  
55 Bishopsgate  
London EC2N 3AS

### Address for Service

The Head Office is the address in the United Kingdom for service on the Company of notices or other documents required or authorised to be served on it.

### Base Currency

The base currency of the Company is Pounds Sterling. Each sub-fund and class is designated in Pounds Sterling.

### Share Capital

The minimum share capital of the company is £1 and the maximum is £100,000,000,000.

Shares in the Company have no par value. The share capital of the Company at all times equals the sum of the net asset values of each of the sub-funds.

### Structure of the Company

The Company is structured as an umbrella company in that different sub-funds may be established from time to time by the ACD with the approval of the FCA. On the introduction of any new sub-fund or class of share, a revised prospectus will be prepared setting out the relevant details of each sub-fund or class.

The assets of each sub-fund will be treated as separate from those of every other sub-fund and will be invested in accordance with the investment objective and investment policy applicable to that sub-fund. The sub-funds which are currently available are:

7IM Cautious Fund  
7IM Moderately Cautious Fund  
7IM Balanced Fund  
7IM Moderately Adventurous Fund  
7IM Adventurous Fund  
7IM Sustainable Balance Fund  
7IM AAP Income Fund  
7IM AAP Moderately Cautious Fund  
7IM AAP Balanced Fund  
7IM AAP Moderately Adventurous Fund  
7IM AAP Adventurous Fund

In the future there may be other sub-funds of the Company.

### Classes of Shares

The Company has the following active shares classes 'A' Income, 'A' Accumulation, 'B' Income, 'B' Accumulation, 'C' Income, 'C' Accumulation, 'D' Income, 'D' Accumulation, 'O' Accumulation, 'S' Income and 'S' Accumulation. The Company can issue any share class in accordance with the Prospectus.

Holders of Income shares are entitled to be paid the income attributable to such shares in respect of each annual or interim accounting period, as applicable to the relevant sub-fund.

Holders of Accumulation shares are not entitled to be paid the income attributable to such shares, but that income is retained and accumulated for the benefit of shareholders and is reflected in the price of shares.

### Valuation Point

The valuation point of the Company is 12:00pm London time on each business day. Valuations may be made at other times under the terms contained within the Prospectus.

### Buying and Selling Shares

The dealing office of the Manager is normally open from 9.00am to 5.30pm London time on each business day. The Manager may vary these times at its discretion. Requests to deal in shares may also be made by telephone on each business day (at the Manager's discretion) between 9.00am and 5.30pm London time directly to the office of the Manager (telephone: 0870 870 7431 or such other number as published from time to time). The initial purchase must, at the discretion of the Manager,

## 7IM INVESTMENT FUNDS

be accompanied by an application form.

### **Prices**

The prices of all shares are published on: [www.fundlistings.com](http://www.fundlistings.com) and the Manager's website: [www.7im.co.uk](http://www.7im.co.uk). Alternatively, the prices of all shares may be obtained by calling 0870 870 7431 during the Manager's normal business hours.

### **Other Information**

The Instrument of Incorporation, Prospectus, Key Investor Information Document and the most recent interim and annual reports may be inspected at the office of the Manager which is also the Head Office. Copies of these may be obtained upon application and, excepting the Instrument of Incorporation, can be found on our website, [www.7im.co.uk](http://www.7im.co.uk).

Shareholders who have any complaints about the operation of the Company should contact the Manager or the Depositary in the first instance. In the event that a shareholder finds the response unsatisfactory they may make their complaint direct to the Financial Ombudsman Service at South Quay Plaza, 183 Marsh Wall, London E14 9SR.

### **Data Protection Act**

Shareholders' names will be added to a mailing list which may be used by the Manager, its associates or third parties to inform investors of other products by sending details of such products. Shareholders who do not want to receive such details should write to the Manager requesting their removal from any such mailing list.

### **Risk Warning**

An investment in an open-ended investment company should be regarded as a medium to long term investment. Investors should be aware that the price of shares and the income from them can fall as well as rise and investors may not receive back the full amount invested. Past performance is not a guide to future performance. Investments denominated in currencies other than the base currency are subject to fluctuation in exchange rates, which can be favourable or unfavourable.

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**SEVEN**   
Investment Management