# 7IM INVESTMENT FUNDS

Interim unaudited Report and Financial Statements
for the period ended 31 May 2020

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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

SEVEN
Investment Management

# 7IM INVESTMENT FUNDS

## DIRECTORY

**Authorised Corporate Director ('ACD')**
Seven Investment Management LLP
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London EC2N 3AS
(Authorised and regulated by the Financial Conduct Authority)

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**Executive Committee of the ACD**
K. Hughes
V. Kenny
L. Paradine
C. Phillips (appointed 5 August 2019)
D. Proctor
S. Sanderson (resigned 1 January 2020)
M. Surguy
W. Thorton-Reid (appointed 1 February 2020)
J. Urquhart Stewart (resigned 21 January 2020)
D. Walker

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

**Depositary**
Northern Trust Global Services SE UK Branch
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 UK Branch
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 2019, is analysed below:

| | |
|---|---|
| Fixed Remuneration | £2,728,000 |
| Variable Remuneration | £562,000 |
| **Total** | **£3,290,000** |
| FTE Number of staff: | 28 |

Two of the staff members included in the total remuneration figures above are considered to be senior management whilst there are ten 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 | £607,000 |
| Staff whose actions may have a material impact on the funds | £1,527,000 |
| Other | £1,156,000 |
| **Total** | **£3,290,000** |

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 period.

# 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.

D. Walker
On behalf of Seven Investment Management LLP
ACD of 7IM Investment Funds
29 July 2020

# 7IM CAUTIOUS FUND

## ACD'S REPORT
for the period ended 31 May 2020

**Investment Objective and Policy**
7IM Cautious Fund (the 'Sub-fund') aims to provide a return by way of income with some capital growth.

The Sub-fund invests at least 80% of its assets in a range of collective investment vehicles and securities, which give an exposure to fixed interest and equity instruments. These, for the most part, use passive strategies (that is, strategies designed to track the performance of particular indices, market sectors or asset classes). The Sub-fund will invest in asset classes such as property, commodities and private equity, indirectly through holdings in equities including investment trusts and exchange traded funds. The asset allocation for the entire portfolio will be actively managed.

The other 20% of the Sub-fund will be invested in liquid assets such as cash, deposits, money market funds and money market instruments, as well as warrants.

In extraordinary market conditions (such as political unrest economic instability, war, the bankruptcy of large financial institutions or closure of a relevant market(s)), it may not be appropriate for the Sub-fund to be invested in funds and other assets as noted above and the Sub-fund may temporarily invest up to 100% of its total assets in deposits, cash, near cash, treasury bills, government bonds or short-term money market instruments. Examples of extraordinary market conditions include periods of heightened volatility caused by a sudden economic downturn or events such as political unrest, war or bankruptcy of large financial institutions.

While the Sub-fund's investments will be more focused on bonds, cash and near cash and other income generating assets, the investments may also include assets with scope for capital growth in real terms, and assets with scope for greater volatility.

The Sub-fund is likely to invest in derivatives for efficient portfolio management (EPM) (i.e. to reduce risk or cost and, or to generate extra income) as well as for investment purposes.

**Investment Manager's Report**

**Performance Report**
In the reporting period, 1 December 2019 to 31 May 2020, the portfolio delivered a total return of 0.62%[1]. The Sub-fund's comparator, the IA Mixed 0-35% Shares sector, has returned -1.66%.

**Investment Background**
The coronavirus that emerged in mid-January from the Chinese city of Wuhan caught the attention of global markets. Initial research suggests that the virus is less deadly than the SARS virus that hit China in 2003 but is markedly more contagious. By February, it wasn't just China locking down. New cases have reached such levels that parts of Italy went into lockdown.

The lockdown in China turned out to cause an unprecedented hit to the Chinese economy. This will be felt in both demand, as the Chinese consumer stays indoors, and supply, with the likes of Apple revising their earnings due to manufacturing bottlenecks. It soon became clear that the Chinese experience was just the test case for the rest of the world, sending markets down.

However, for investors who believed that the end of February was the worst of the market turmoil, March was a severe reality check. Coronavirus and an oil price shock caused a sharp revision of future growth expectations that resulted in a global recession. Equity markets throughout March experienced volatility not seen since the 2008 financial crisis with average daily moves (up or down) of c.5.0% causing a drawdown comparable to the crash in October 1987. Markets recovered strongly towards the end of the month with a c.20% rally, but are still some 20% away from where they started the year.

Investors enjoyed positive returns in April as both risky and defensive assets rebounded following the initial shock of the global shutdown - the US stock market returned c.18% over the month. It's clear that governments around the world are conscious of the impacts lockdown on both economies and families. They have started to discuss ways in which we can delicately move towards a re-opening of businesses.

Equities continue their winning streak in May, following optimism over economies beginning to re-open. The US S&P index returned around 5%, with the Technology sector leading the way, and generating over 7% throughout the month. In fact, markets around the world were positive - with the UK, Japanese and European markets all gaining over 4%. Some have argued that the equities performance throughout April and May was due to Central Banks pouring new money into the economy. The Federal Reserve's balance sheet has increased by almost two thirds since the start of the year and now stands at $6.6 trillion.

[1] Calculated using 7IM Cautious C Acc shares, published prices. Source: NTRS

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

It wasn't just central banks which supported the economy and markets. Governments around the world are doing all they can to keep the economy moving. The EU announced plans for a recovery fund to be created that will jointly spread the burden of debt issued to help the Eurozone recover through this crisis. The EU Commission are proposing to issue €500 billion in funding, which would see a move towards fiscal unity within the region. In Japan, we also saw a further stimulus package of 117 Trillion Yen promised, taking the total level of stimulus in Japan to 234 Trillion Yen (c.£1.8 Trillion).

Of course, money isn't free. This continued level of stimulus to help cushion economies from a difficult recession has pushed country debt levels exceptionally high. In Japan, government debt makes up c.238% relative to GDP while in the US that figure is closer to 110% and in the UK it's 81%. The governments have successfully stabilised the global economy. The cost of all this is not clear yet.

**Portfolio Review**

In October, we had decided to add puts to the portfolio to provide protection against a sudden shock on the downside. As the S&P 500 fell as the pandemic spread in March, we sold out of these positions to lock in gains and offset losses being felt in other parts of the portfolio.

We reduced exposure to emerging market debt at the start of March and this proved timely.

We also reduced corporate bonds at the start of March but reinstated an overweight in April. We believe there is very little upside to Government debt at the moment with yields being so low so we have cut this down in favour of the corporate bonds which are more attractively priced.

Following the closure of the European Equity Value Fund, we rolled the Sub-fund's allocation into a broader Euro Stoxx future.

During the year, we kept seeing opportunities for value enhancement in European dividends and would exit or reduce as the relative value reduced and as the positions became fully priced. We restarted the positions in March as prices looked attractive.

As a result of deteriorating economic fundamentals, we sold out of the long inflation position we had increased in September. We believe inflation will be below central bank targets for the foreseeable future as a result of COVID-19 and the oil supply glut.

In light of global events, the strategy team had a less positive view on equities so these were trimmed to take them towards Strategic Asset Allocation ('SAA') neutral.

We added further to our overweight in high yield with the addition of Asian High Yield bonds. Asian High Yield is currently providing attractive future returns with yields higher than they are in the US. The asset class also has a high allocation to China, which is coming out the COVID crisis quicker than the US. Additionally, default rates have been lower in Asia than in the US. This was funded from Emerging and Japanese equities.

Within alternatives, we sold the LGT Dynamic Protection Fund following exceptional performance during the pandemic crisis and invested the proceeds in AQR Managed Futures which is a trend following strategy. We later rebalanced this part of the portfolio to fund a position in BlackRock Global Event driven strategy. This is a merger arbitrage strategy that we believe will deliver strong returns, uncorrelated to other parts of the portfolio.

**Investment Outlook**

The Hammer stage of tackling COVID-19 is coming to a close across the major economies. Over half of the world's population has been in some form of lockdown, slowing the spread of the virus and giving health systems the one thing they need most – time. Infection rates are falling across most developed economies, while critical care facilities have been established and medical equipment is now being produced in sufficient quantities.

The next phase of tackling COVID-19 – the Dance – will take somewhat longer. The rules will be eased only gradually, and social distancing will be with us for a while yet. Governments will want to encourage normality as much as possible, but short-term quarantines may be common as we deal with intermittent flare-ups of the virus.

Treatments will be developed in due course, but the coronavirus endgame will require a vaccine, which may only materialise in a year or more. This first modern global pandemic has given us a taste of how to deal with future ones – we need to learn the lessons.

## ACD'S REPORT (continued)
for the period ended 31 May 2020

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

The economic cost of the Hammer has been immediately obvious. Economic growth numbers in the major economies have crashed. We have entered the sharpest recessions in modern history. Around four times as large as the financial crisis but also four times as quick. This recession will set all kinds of records.

Economic crises usually take time to play out, and people in power tend to stick their heads in the sand for as long as possible. This time is different. The coronavirus recession has been met almost immediately with a massive wave of stimulus. Central banks and governments haven't waited to assess the damage. Trillions of dollars, euros, pounds, yuan and yen have been injected into the financial system – often straight into ordinary people's bank accounts. The obvious driver of the quick reactions was that it was the governments themselves who have created the recession in the first place.

When economic activity resumes, it could be quicker than anyone expects. Low oil prices and pent-up demand could make for a spectacular recovery over the next few years. In the first weeks of the crisis, investors panicked, selling anything they had. As the future becomes clearer, though, people will start to think clearly about the kind of businesses they think will do well over the next few years – and which might be gone for good. This may be the quickest and deepest recession on record but it could also be the quickest and strongest recovery too. But that doesn't mean there won't be winners and losers.

Equities have clearly bought into the recovery. While the stimulus has reduced the risk of an ongoing recession, the markets also seem to be ignoring that economies could be running at 90% capacity for some time. We've been looking for assets that are obviously mispriced, and the credit markets have been a key area of focus. Investors have fled from almost any kind of corporate debt, leaving opportunity to buy good, stable, long-term businesses at yields not seen for over a decade. Investors are confronting interest rates close to zero, at a time when every government has just increased its amount of borrowing substantially.

Investors are still using bonds as safe havens, but with long run return expectations below inflation, this isn't a sustainable state of affairs. When things start improving and inflation picks up, 'safe haven' government bonds may look exposed.

Seven Investment Management LLP
Investment Manager
June 2020

# 7IM CAUTIOUS FUND

## FUND INFORMATION

The Comparative Tables on pages 10 to 13 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.

## FUND INFORMATION (continued)

### Comparative Tables

**Class C Income**

| | 31.05.20 (pence per share) | 30.11.19 (pence per share) | 30.11.18 (pence per share) |
|---|---|---|---|
| **Change in Net Asset Value Per Share** | | | |
| Opening net asset value per share | 102.04 | 97.92 | 100.26 |
| Return before operating charges* | 1.04 | 6.44 | (0.14) |
| Operating charges (calculated on average price) | (0.47) | (0.85) | (0.81) |
| Return after operating charges* | 0.57 | 5.59 | (0.95) |
| Distributions on income shares | (0.61) | (1.47) | (1.39) |
| Closing net asset value per share | 102.00 | 102.04 | 97.92 |
| * After direct transaction costs of:[1] | 0.00 | 0.00 | 0.01 |
| **Performance** | | | |
| Return after charges[2] | 0.56% | 5.71% | (0.95)% |
| **Other Information** | | | |
| Closing net asset value (£'000) | 14,830 | 16,303 | 17,803 |
| Closing number of shares | 14,539,822 | 15,977,230 | 18,181,801 |
| Operating charges[3] | 0.92% | 0.84% | 0.81% |
| Direct transaction costs | 0.00% | 0.00% | 0.01% |
| **Prices** | | | |
| Highest share price | 103.93 | 104.25 | 101.60 |
| Lowest share price | 94.10 | 96.88 | 98.22 |

[1] 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. Direct transaction costs cover a six-month period to 31 May 2020.

[2] The return after charges is calculated as the return after operating charges per share divided by the opening net asset value per share.

[3] 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 14.

## FUND INFORMATION (continued)

### Comparative Tables (continued)

**Class C Accumulation**

| | 31.05.20 (pence per share) | 30.11.19 (pence per share) | 30.11.18 (pence per share) |
|---|---|---|---|
| **Change in Net Asset Value Per Share** | | | |
| Opening net asset value per share | 108.77 | 102.87 | 103.87 |
| Return before operating charges* | 1.10 | 6.79 | (0.16) |
| Operating charges (calculated on average price) | (0.50) | (0.89) | (0.84) |
| Return after operating charges* | 0.60 | 5.90 | (1.00) |
| Distributions | (0.65) | (1.55) | (1.45) |
| Retained distributions on accumulation shares | 0.65 | 1.55 | 1.45 |
| Closing net asset value per share | 109.37 | 108.77 | 102.87 |
| * After direct transaction costs of:[1] | 0.00 | 0.00 | 0.01 |
| **Performance** | | | |
| Return after charges[2] | 0.55% | 5.74% | (0.96)% |
| **Other Information** | | | |
| Closing net asset value (£'000) | 20,941 | 20,490 | 17,941 |
| Closing number of shares | 19,147,064 | 18,838,192 | 17,440,235 |
| Operating charges[3] | 0.92% | 0.84% | 0.81% |
| Direct transaction costs | 0.00% | 0.00% | 0.01% |
| **Prices** | | | |
| Highest share price | 110.78 | 110.15 | 105.27 |
| Lowest share price | 100.31 | 101.76 | 102.46 |

[1] 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. Direct transaction costs cover a six-month period to 31 May 2020.

[2] The return after charges is calculated as the return after operating charges per share divided by the opening net asset value per share.

[3] 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 14.

## FUND INFORMATION (continued)

### Comparative Tables (continued)

**Class S Income**

| | 31.05.20 (pence per share) | 30.11.19 (pence per share) | 30.11.18 (pence per share) |
|---|---|---|---|
| **Change in Net Asset Value Per Share** | | | |
| Opening net asset value per share | 103.04 | 98.68 | 100.84 |
| Return before operating charges* | 1.02 | 6.44 | (0.20) |
| Operating charges (calculated on average price) | (0.34) | (0.60) | (0.56) |
| Return after operating charges* | 0.68 | 5.84 | (0.76) |
| Distributions on income shares | (0.62) | (1.48) | (1.40) |
| Closing net asset value per share | 103.10 | 103.04 | 98.68 |
| * After direct transaction costs of:[1] | 0.00 | 0.00 | 0.01 |
| **Performance** | | | |
| Return after charges[2] | 0.66% | 5.92% | (0.75)% |
| **Other Information** | | | |
| Closing net asset value (£'000) | 150 | 326 | 374 |
| Closing number of shares | 145,530 | 316,666 | 378,476 |
| Operating charges[3] | 0.67% | 0.59% | 0.56% |
| Direct transaction costs | 0.00% | 0.00% | 0.01% |
| **Prices** | | | |
| Highest share price | 105.00 | 105.22 | 102.21 |
| Lowest share price | 95.09 | 97.65 | 98.98 |

[1] 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. Direct transaction costs cover a six-month period to 31 May 2020.

[2] The return after charges is calculated as the return after operating charges per share divided by the opening net asset value per share.

[3] 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 14.

## FUND INFORMATION (continued)

### Comparative Tables (continued)

**Class S Accumulation**

| | 31.05.20 (pence per share) | 30.11.19 (pence per share) | 30.11.18 (pence per share) |
|---|---|---|---|
| **Change in Net Asset Value Per Share** | | | |
| Opening net asset value per share | 109.67 | 103.52 | 104.32 |
| Return before operating charges* | 1.09 | 6.78 | (0.21) |
| Operating charges (calculated on average price) | (0.37) | (0.63) | (0.59) |
| Return after operating charges* | 0.72 | 6.15 | (0.80) |
| Distributions | (0.66) | (1.56) | (1.45) |
| Retained distributions on accumulation shares | 0.66 | 1.56 | 1.45 |
| Closing net asset value per share | 110.39 | 109.67 | 103.52 |
| * After direct transaction costs of:[1] | 0.00 | 0.00 | 0.01 |
| **Performance** | | | |
| Return after charges[2] | 0.66% | 5.94% | (0.77)% |
| **Other Information** | | | |
| Closing net asset value (£'000) | 6,533 | 6,062 | 5,370 |
| Closing number of shares | 5,918,543 | 5,527,088 | 5,187,795 |
| Operating charges[3] | 0.67% | 0.59% | 0.56% |
| Direct transaction costs | 0.00% | 0.00% | 0.01% |
| **Prices** | | | |
| Highest share price | 111.75 | 111.01 | 105.84 |
| Lowest share price | 101.20 | 102.42 | 103.00 |

[1] 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. Direct transaction costs cover a six-month period to 31 May 2020.

[2] The return after charges is calculated as the return after operating charges per share divided by the opening net asset value per share.

[3] 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 14.

## FUND INFORMATION (continued)

**Ongoing Charges Figures**

As at 31 May 2020

| | Class C | Class S |
|---|---|---|
| ACD's periodic charge | 0.50% | 0.25% |
| Other expenses | 0.27% | 0.27% |
| | 0.77% | 0.52% |
| Collective investment scheme costs | 0.15% | 0.15% |
| Ongoing Charges Figure | 0.92% | 0.67% |

As at 30 November 2019

| | Class C | Class S |
|---|---|---|
| ACD's periodic charge | 0.50% | 0.25% |
| Other expenses | 0.20% | 0.20% |
| | 0.70% | 0.45% |
| Collective investment scheme costs | 0.14% | 0.14% |
| Ongoing Charges Figure | 0.84% | 0.59% |

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 period.

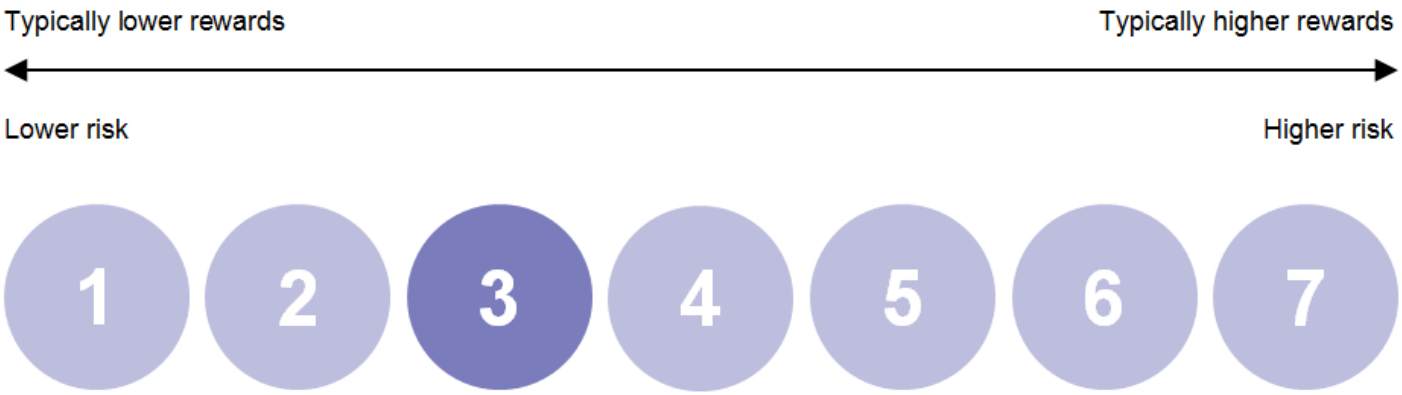
The collective investment scheme costs represent the OCFs, or a reasonable substitute, of the underlying funds which are held as portfolio investments. Their inclusion has been calculated on a weighted basis against the Sub-fund's net assets at the balance sheet date.

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 sub-fund's returns have varied. It is a measure of a sub-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 interim report and financial statements, the risk and reward indicator as at the period end date 31 May 2020 was 3.

**Fund performance to 31 May 2020 (%)**

| | 6 months | 1 year | 3 years | 5 years |
|---|---|---|---|---|
| 7IM Cautious Fund[1] | 0.62 | 3.81 | 6.12 | 10.67 |

[1] 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 page 22.

# 7IM CAUTIOUS FUND

## PORTFOLIO STATEMENT
as at 31 May 2020

| Holding | Portfolio of Investment | Value £ | 31.05.20 % |
|---|---|---|---|
| | **ALTERNATIVES 9.96% (12.76%)** | | |
| | **Alternative Strategies 9.96% (9.21%)** | | |
| 14,201 | AQR - Managed Futures UCITS Fund[1] | 1,248,051 | 2.94 |
| 5,825 | BlackRock Strategic Funds - Global Event Driven Fund[1] | 635,669 | 1.50 |
| 1,050,000 | BNP Paribas Issuance 0.00% 2024[2] | 1,079,990 | 2.54 |
| 1,520,000 | JP Morgan Structured Products 0.00% 2023[2] | 1,264,319 | 2.98 |
| | | **4,228,029** | **9.96** |
| | **Infrastructure 0.00% (2.70%)** | | |
| | **Real Estate 0.00% (0.85%)** | | |
| | **CASH 19.43% (2.86%)** | | |
| 146 | Goldman Sachs - Sterling Liquid Reserves Fund[1] | 146 | – |
| 1,200,000 | JPMorgan Liquidity Funds - GBP Liquidity LVNAV Fund[1] | 1,200,000 | 2.83 |
| 7,050,000 | Northern Trust Global Sterling Fund[1] | 7,050,000 | 16.60 |
| | | **8,250,146** | **19.43** |
| | **DEBT SECURITIES 73.45% (77.78%)** | | |
| | **Convertible Bonds 2.03% (1.99%)** | | |
| 202 | NN (L) Global Convertible Bond Acc[1] | **862,695** | **2.03** |
| | **Emerging Market Bonds 3.03% (4.90%)** | | |
| 623,923 | Legal & General Emerging Markets Government Bond Local Currency Index Fund Acc[1] | 435,436 | 1.03 |
| 572,788 | Legal & General Emerging Markets Government Bond USD Index Fund[1] | 434,116 | 1.02 |
| 4,772 | UBS Lux Bond SICAV - Asian High Yield USD[1] | 418,035 | 0.98 |
| | | **1,287,587** | **3.03** |
| | **Gilts 5.13% (9.09%)** | | |
| £225,000 | Network Rail Infrastructure Finance 4.625% 2020 | 226,313 | 0.53 |
| £200,000 | Tennessee Valley Authority 5.35% 2021 | 209,456 | 0.49 |
| £500,000 | UK Gilt 2.00% 2025 | 554,595 | 1.31 |
| £250,000 | UK Gilt 4.25% 2046 | 472,717 | 1.12 |
| £200,000 | UK Gilt 4.25% 2049 | 397,454 | 0.94 |
| £200,000 | UK Gilt 4.50% 2034 | 314,398 | 0.74 |
| | | **2,174,933** | **5.13** |
| | **Global Corporate Bonds 30.16% (19.66%)** | | |
| 21,638 | Angel Oak Multi-Strategy Income Fund[1] | 1,720,812 | 4.05 |
| 4,126,914 | BlackRock Overseas Corporate Bond Tracker[1] | 7,147,815 | 16.84 |
| 210,506 | HSBC Global Funds ICAV - Global Corporate Bond Index Fund[1] | 1,805,116 | 4.25 |
| 20,831 | iShares USD Corp Bond UCITS ETF[1] | 2,129,921 | 5.02 |
| | | **12,803,664** | **30.16** |

# 7IM CAUTIOUS FUND

**PORTFOLIO STATEMENT** (continued)
as at 31 May 2020

| Holding | Portfolio of Investment | Value £ | 31.05.20 % |
|---|---|---|---|
| | **Global Government Bonds 6.12% (12.90%)** | | |
| 1,729,628 | BlackRock Overseas Government Bond Index Fund[1] | 2,596,172 | 6.12 |
| (1) | Ultra Long Term US Treasury Bond Futures September 2020[3] | (381) | – |
| | | **2,595,791** | **6.12** |
| | **Global High Yield Bonds 3.54% (3.01%)** | | |
| 13,777 | Robeco QI Dynamic High Yield IH USD[1] | **1,503,114** | **3.54** |
| | **Global Inflation Linked Bonds 6.01% (8.21%)** | | |
| 176,550 | iShares Global Inflation-Linked Bond Index[1] | 2,119,912 | 4.99 |
| US$399,000 | US Treasury Inflation-Indexed Bonds 1% 2049 | 432,751 | 1.02 |
| | | **2,552,663** | **6.01** |
| | **Short Term Sterling Bonds 8.38% (9.88%)** | | |
| £500,000 | Bank of Montreal FRN 2023 | 495,785 | 1.17 |
| £100,000 | Bayerische Landesbank 1.25% 2021 | 101,033 | 0.24 |
| £200,000 | Commonwealth Bank of Australia FRN 2025 | 198,342 | 0.47 |
| £300,000 | European Investment Bank 0.875% 2021 | 301,649 | 0.71 |
| £150,000 | Landeskreditbank 1.125% 2021 | 151,175 | 0.36 |
| £200,000 | Leeds Building Society 4.875% 2020 | 203,997 | 0.48 |
| £300,000 | National Australia Bank 5.125% 2021 | 317,160 | 0.75 |
| £100,000 | Nationwide Building Society FRN 2025 | 99,773 | 0.23 |
| £300,000 | NRW Bank 1.00% 2022 | 303,799 | 0.71 |
| £360,000 | Rabobank Nederland 4.875% 2023 | 394,076 | 0.93 |
| £250,000 | Royal Bank of Canada FRN 2025 | 247,028 | 0.58 |
| £300,000 | Skipton Building Society FRN 2023 | 297,657 | 0.70 |
| £450,000 | Westpac Banking FRN 2023 | 446,445 | 1.05 |
| | | **3,557,919** | **8.38** |
| | **Sterling Corporate Bonds 9.05% (8.14%)** | | |
| 32,264 | UBS Sterling Corporate Bond Indexed[1] | 3,671,048 | 8.65 |
| 361,627 | UK Mortgages | 172,134 | 0.40 |
| | | **3,843,182** | **9.05** |
| | **EQUITY 1.89% (5.75%)** | | |
| | **Europe (ex UK) 0.56% (2.09%)** | | |
| 54 | Euro Stoxx 50 Equity Index Futures December 2022[3] | 41,716 | 0.10 |
| 48 | Euro Stoxx 50 Equity Index Futures December 2023[3] | 75,987 | 0.18 |
| 62 | MSCI Europe ex-UK Index Futures June 2020[3] | 118,124 | 0.28 |
| | | **235,827** | **0.56** |
| | **Japan 0.16% (0.24%)** | | |
| 10 | TOPIX Index Futures November 2020[3] | **68,006** | **0.16** |
| | **North America 0.31% (0.18%)** | | |
| 10 | E-mini Health Care Select Sector Futures September 2020[3] | 55,842 | 0.13 |
| 6 | S&P 500 E-mini Futures June 2020[3] | 76,350 | 0.18 |
| | | **132,192** | **0.31** |

## PORTFOLIO STATEMENT (continued)
as at 31 May 2020

| Holding | Portfolio of Investment | Value £ | 31.05.20 % |
|---|---|---|---|
| | **United Kingdom 0.86% (3.24%)** | | |
| 40 | FTSE 100 Index Futures June 2020[3] | **366,593** | **0.86** |
| | **FORWARD CURRENCY CONTRACTS -3.15% (1.81%)** | | |
| €575,000 | Vs £(510,357) Expiry 16.10.2020 | 10,307 | 0.02 |
| €278,000 | Vs £(243,472) Expiry 16.10.2020 | 8,258 | 0.02 |
| €963,000 | Vs £(907,499) Expiry 16.10.2020 | (35,500) | (0.09) |
| €(3,547,000) | Vs £2,973,184 Expiry 16.10.2020 | (238,637) | (0.56) |
| ¥(16,750,000) | Vs £117,543 Expiry 19.06.2020 | (9,247) | (0.02) |
| US$(2,100,000) | Vs £1,706,877 Expiry 17.07.2020 | 3,203 | 0.01 |
| US$(2,620,000) | Vs £2,107,408 Expiry 17.07.2020 | (18,128) | (0.04) |
| US$(22,424,000) | Vs £17,139,276 Expiry 17.07.2020 | (1,052,719) | (2.48) |
| ¥99,750,000 | Vs £(755,178) Expiry 19.06.2020 | (117) | – |
| US$1,640,000 | Vs £(1,325,327) Expiry 17.07.2020 | 5,162 | 0.01 |
| US$629,000 | Vs £(511,649) Expiry 17.07.2020 | (1,358) | – |
| US$448,000 | Vs £(370,095) Expiry 17.07.2020 | (6,644) | (0.02) |
| | | **(1,335,420)** | **(3.15)** |
| | **Portfolio of investment** | **43,126,921** | **101.58** |
| | Net other liabilities | (672,835) | (1.58) |
| | **Net assets** | **42,454,086** | **100.00** |

Comparative figures shown in brackets relate to 30 November 2019.

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

[1] Collective investment scheme
[2] Structured product
[3] Derivative contract

| Credit Quality | 31.05.20 % | 30.11.19 % |
|---|---|---|
| Investment grade debt securities | 14.53 | 22.01 |
| Non-rated debt securities | 5.52 | 4.15 |
| Other investments | 81.53 | 74.80 |
| Net other liabilities | (1.58) | (0.96) |
| | **100.00** | **100.00** |

# 7IM CAUTIOUS FUND

## STATEMENT OF TOTAL RETURN
for the period ended 31 May 2020

| | | 31.05.20 | | 31.05.19 |
|---|---|---|---|---|
| | £ | £ | £ | £ |
| Income | | | | |
| Net capital (losses)/gains | | (34,405) | | 901,340 |
| Revenue | 358,346 | | 307,456 | |
| Expenses | (140,576) | | (130,419) | |
| Interest payable and similar charges | (2,755) | | (1,364) | |
| Net revenue before taxation for the period | 215,015 | | 175,673 | |
| Taxation | (35,454) | | (19,205) | |
| Net revenue after taxation for the period | | 179,561 | | 156,468 |
| **Total return before distributions** | | 145,156 | | 1,057,808 |
| Distributions | | (260,042) | | (234,165) |
| **Change in net assets attributable to shareholders from investment activities** | | (114,886) | | 823,643 |

## STATEMENT OF CHANGE IN NET ASSETS ATTRIBUTABLE TO SHAREHOLDERS
for the period ended 31 May 2020

| | | 31.05.20 | | 31.05.19 |
|---|---|---|---|---|
| | £ | £ | £ | £ |
| **Opening net assets attributable to shareholders** | | 43,180,683 | | 41,487,921 |
| Amounts received on creation of shares[1] | 6,570,623 | | 8,208,249 | |
| Amounts paid on cancellation of shares[1] | (7,345,425) | | (9,699,501) | |
| | | (774,802) | | (1,491,252) |
| Change in net assets attributable to shareholders from investment activities | | (114,886) | | 823,643 |
| Retained distribution on accumulation shares | | 163,091 | | 133,792 |
| **Closing net assets attributable to shareholders** | | 42,454,086 | | 40,954,104 |

[1] Stated at mid-market price.

The difference between the opening net assets and the comparative closing net assets is the movement in the second half of the year.

# 7IM CAUTIOUS FUND

## BALANCE SHEET
as at 31 May 2020

| | 31.05.20<br>£ | 30.11.19<br>£ |
|---|---|---|
| **ASSETS** | | |
| Fixed assets: | | |
| Investments | 44,489,651 | 43,819,170 |
| Current assets: | | |
| Debtors | 523,794 | 295,192 |
| Cash and bank balances | 445,924 | 688,406 |
| **Total assets** | 45,459,369 | 44,802,768 |
| **LIABILITIES** | | |
| Investment liabilities | (1,362,730) | (223,766) |
| Creditors: | | |
| Bank overdrafts | (1,337,643) | (832,485) |
| Distribution payable | (89,373) | (147,281) |
| Other creditors | (215,537) | (418,553) |
| **Total liabilities** | (3,005,283) | (1,622,085) |
| **Net assets attributable to shareholders** | 42,454,086 | 43,180,683 |

## NOTE TO THE FINANCIAL STATEMENTS

for the period ended 31 May 2020

**Accounting Policies**

The accounting policies applied are consistent with those of the annual financial statements for the year ended 30 November 2019 and are described in those financial statements.

The financial statements have been prepared under the historical cost basis, as modified by the revaluation of investments and in accordance with the Statement of Recommended Practice ('SORP') for Financial Statements of Authorised Funds issued by the Investment Association ('IA') in May 2014.

# 7IM CAUTIOUS FUND

## DISTRIBUTION TABLES

for the period ended 31 May 2020

**Interim - in pence per share**

Group 1 - Shares purchased prior to 1 December 2019
Group 2 - Shares purchased on or after 1 December 2019 and on or before 31 May 2020

| | Net Revenue | Equalisation | Payable 31.07.20 | Paid 31.07.19 |
|---|---|---|---|---|
| **Class C Income** | | | | |
| Group 1 | 0.6085 | – | 0.6085 | 0.5679 |
| Group 2 | 0.3902 | 0.2183 | 0.6085 | 0.5679 |

| | Net Revenue | Equalisation | Allocated 31.07.20 | Allocated 31.07.19 |
|---|---|---|---|---|
| **Class C Accumulation** | | | | |
| Group 1 | 0.6491 | – | 0.6491 | 0.5949 |
| Group 2 | 0.3362 | 0.3129 | 0.6491 | 0.5949 |

| | Net Revenue | Equalisation | Payable 31.07.20 | Paid 31.07.19 |
|---|---|---|---|---|
| **Class S Income** | | | | |
| Group 1 | 0.6173 | – | 0.6173 | 0.5692 |
| Group 2 | 0.1261 | 0.4912 | 0.6173 | 0.5692 |

| | Net Revenue | Equalisation | Allocated 31.07.20 | Allocated 31.07.19 |
|---|---|---|---|---|
| **Class S Accumulation** | | | | |
| Group 1 | 0.6557 | – | 0.6557 | 0.5985 |
| Group 2 | 0.3996 | 0.2561 | 0.6557 | 0.5985 |

**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 period ended 31 May 2020

**Investment Objective and Policy**

7IM Moderately Cautious Fund (the 'Sub-fund') aims to provide a return by way of income with some capital growth.

The Sub-fund invests at least 80% of its assets in other funds managed both by the Manager and by selected third party managers, including open-ended and closed–ended funds and exchange traded funds (ETFs), and other transferable securities, including fixed income, equities and structured products.

Up to 20% of the Sub-fund will be invested in liquid assets such as cash, deposits, money market funds and money market instruments, as well as warrants.

Investment will be more focused on income generating assets such as corporate debt securities but there will be an allocation to growth generating assets such as global equities.

The Sub-fund will invest in derivatives for efficient portfolio management (EPM) (i.e. to reduce risk or cost and, or to generate extra income) as well as for investment purposes.

In extraordinary market conditions (such as political unrest economic instability, war, the bankruptcy of large financial institutions or closure of a relevant market(s)), it may not be appropriate for the Sub-fund to be invested in funds and other assets as noted above and the Sub-fund may temporarily invest up to 100% of its total assets in deposits, cash, near cash, treasury bills, government bonds or short-term money market instruments. Examples of extraordinary market conditions include periods of heightened volatility caused by a sudden economic downturn or events such as political unrest, war or bankruptcy of large financial institutions.

**Investment Manager's Report**

**Performance Report**

In the reporting period, 1 December 2019 to 31 May 2020, the portfolio delivered a total return of -1.04%[1]. The Sub-fund's comparator, the IA Mixed 0-35% Shares sector, has returned -1.66%.

**Investment Background**

The coronavirus that emerged in mid-January from the Chinese city of Wuhan caught the attention of global markets. Initial research suggests that the virus is less deadly than the SARS virus that hit China in 2003 but is markedly more contagious. By February, it wasn't just China locking down. New cases have reached such levels that parts of Italy went into lockdown.

The lockdown in China turned out to cause an unprecedented hit to the Chinese economy. This will be felt in both demand, as the Chinese consumer stays indoors, and supply, with the likes of Apple revising their earnings due to manufacturing bottlenecks. It soon became clear that the Chinese experience was just the test case for the rest of the world, sending markets down.

However, for investors who believed that the end of February was the worst of the market turmoil, March was a severe reality check. Coronavirus and an oil price shock caused a sharp revision of future growth expectations that resulted in a global recession. Equity markets throughout March experienced volatility not seen since the 2008 financial crisis with average daily moves (up or down) of c.5.0% causing a drawdown comparable to the crash in October 1987. Markets recovered strongly towards the end of the month with a c.20% rally, but are still some 20% away from where they started the year.

Investors enjoyed positive returns in April as both risky and defensive assets rebounded following the initial shock of the global shutdown - the US stock market returned c.18% over the month. It's clear that governments around the world are conscious of the impacts lockdown on both economies and families. They have started to discuss ways in which we can delicately move towards a re-opening of businesses.

Equities continue their winning streak in May, following optimism over economies beginning to re-open. The US S&P 500 index returned around 5%, with the Technology sector leading the way, and generating over 7% throughout the month. In fact, markets around the world were positive - with the UK, Japanese and European markets all gaining over 4%. Some have argued that the equities performance throughout April and May was due to Central Banks pouring new money into the economy. The Federal Reserve's balance sheet has increased by almost two thirds since the start of the year and now stands at $6.6 trillion.

[1] Calculated using 7IM Moderately Cautious C Acc shares, published prices. Source: NTRS

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

It wasn't just central banks which supported the economy and markets. Governments around the world are doing all they can to keep the economy moving. The EU announced plans for a recovery fund to be created that will jointly spread the burden of debt issued to help the Eurozone recover through this crisis. The EU Commission are proposing to issue €500 billion in funding, which would see a move towards fiscal unity within the region. In Japan, we also saw a further stimulus package of 117 Trillion Yen promised, taking the total level of stimulus in Japan to 234 Trillion Yen (c.£1.8 Trillion).

Of course, money isn't free. This continued level of stimulus to help cushion economies from a difficult recession has pushed country debt levels exceptionally high. In Japan, government debt makes up c.238% relative to GDP while in the US that figure is closer to 110% and in the UK its 81%. The governments have successfully stabilised the global economy. The cost of all this is not clear yet.

**Portfolio Review**

In December, we reviewed the funds Asian/Emerging Market. We sold out of the Hermes Asia fund as we had less conviction in the manager's contrarian and value focus. The proceeds were invested into Schroder Asian Opportunities which has a strong analyst team and proven record of outperformance. We also feel that their more growthy style is a better fit with other parts of the portfolio. In October, we had decided to add puts to the portfolio to provide protection against a sudden shock on the downside. As the S&P 500 fell as the pandemic spread in March, we sold out of these positions to lock in gains and offset losses being felt in other parts of the portfolio. We reduced exposure to emerging market at the start of March and this proved timely.

We believe there is very little upside to Government debt at the moment with yields being so low so we have cut this down in favour of the corporate bonds which are more attractively priced.

After a widening in yield spreads, we then felt that the rewards available outweighed the risks and therefore added to High Yield Debt at the beginning of April.

During the year, we kept seeing opportunities for value enhancement in European Dividends and would exit or reduce as the relative value reduced as the positions became fully priced. We restarted the positions in March as prices looked attractive.

As a result of deteriorating economic fundamentals, we sold out of the long inflation position we had increased in September. We believe inflation will be below central bank targets for the foreseeable future as a result of COVID-19 and the oil supply glut.

In light of global events, the strategy team had a less positive view on equities so these were trimmed to take them towards SAA neutral.We added further to our overweight in high yield with the addition of Asian High Yield bonds. Asian High Yield is currently providing attractive future returns with yields higher than they are in the US. The asset class also has a high allocation to China, which is coming out the COVID crisis quicker than the US. Additionally, default rates have been lower in Asia than in the US. This was funded from Emerging and Japanese equities.

**Investment Outlook**

The Hammer stage of tackling COVID-19 is coming to a close across the major economies. Over half of the world's population has been in some form of lockdown, slowing the spread of the virus and giving health systems the one thing they need most – time. Infection rates are falling across most developed economies, while critical care facilities have been established and medical equipment is now being produced in sufficient quantities.

The next phase of tackling COVID-19 – the Dance – will take somewhat longer. The rules will be eased only gradually, and social distancing will be with us for a while yet. Governments will want to encourage normality as much as possible, but short-term quarantines may be common as we deal with intermittent flare-ups of the virus.

Treatments will be developed in due course, but the coronavirus endgame will require a vaccine, which may only materialise in a year or more. This first modern global pandemic has given us a taste of how to deal with future ones – we need to learn the lessons.

The economic cost of the Hammer has been immediately obvious. Economic growth numbers in the major economies have crashed. We have entered the sharpest recessions in modern history. Around 4 times as large as the financial crisis but also four times as quick. This recession will set all kinds of records.

## ACD'S REPORT (continued)
for the period ended 31 May 2020

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

Economic crises usually take time to play out, and people in power tend to stick their heads in the sand for as long as possible. This time is different. The coronavirus recession has been met almost immediately with a massive wave of stimulus. Central banks and governments haven't waited to assess the damage. Trillions of dollars, euros, pounds, yuan and yen have been injected into the financial system – often straight into ordinary people's bank accounts. The obvious driver of the quick reactions was that it was the governments themselves who have created the recession in the first place.

When economic activity resumes, it could be quicker than anyone expects. Low oil prices and pent-up demand could make for a spectacular recovery over the next few years. In the first weeks of the crisis, investors panicked, selling anything they had. As the future becomes clearer, though, people will start to think clearly about the kind of businesses they think will do well over the next few years – and which might be gone for good. This may be the quickest and deepest recession on record but it could also be the quickest and strongest recovery too. But that doesn't mean there won't be winners and losers.

Equities have clearly bought into the recovery. While the stimulus has reduced the risk of an ongoing recession, the markets also seem to be ignoring that economies could be running at 90% capacity for some time. We've been looking for assets that are obviously mispriced, and the credit markets have been a key area of focus. Investors have fled from almost any kind of corporate debt, leaving opportunity to buy good, stable, long-term businesses at yields not seen for over a decade. Investors are confronting interest rates close to zero, at a time when every government has just increased its amount of borrowing substantially.

Investors are still using bonds as safe havens, but with long run return expectations below inflation, this isn't a sustainable state of affairs. When things start improving and inflation picks up, 'safe haven' government bonds may look exposed.

Seven Investment Management LLP
Investment Manager
June 2020

# 7IM MODERATELY CAUTIOUS FUND

## FUND INFORMATION

The Comparative Tables on pages 27 to 35 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**

| | 31.05.20 (pence per share) | 30.11.19 (pence per share) | 30.11.18 (pence per share) |
|---|---|---|---|
| **Change in Net Asset Value Per Share** | | | |
| Opening net asset value per share | 132.73 | 129.79 | 137.39 |
| Return before operating charges* | (0.34) | 8.51 | (2.68) |
| Operating charges (calculated on average price) | (1.25) | (2.50) | (2.49) |
| Return after operating charges* | (1.59) | 6.01 | (5.17) |
| Distributions on income shares | (0.71) | (3.07) | (2.43) |
| Closing net asset value per share | 130.43 | 132.73 | 129.79 |
| * After direct transaction costs of:[1] | 0.00 | 0.01 | 0.03 |
| **Performance** | | | |
| Return after charges[2] | (1.20)% | 4.63% | (3.76)% |
| **Other Information** | | | |
| Closing net asset value (£'000) | 44 | 59 | 58 |
| Closing number of shares | 33,873 | 44,365 | 44,365 |
| Operating charges[3] | 1.91% | 1.88% | 1.83% |
| Direct transaction costs | 0.00% | 0.01% | 0.02% |
| **Prices** | | | |
| Highest share price | 135.87 | 135.78 | 139.44 |
| Lowest share price | 118.06 | 126.76 | 130.26 |

[1] 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. Direct transaction costs cover a six-month period to 31 May 2020.

[2] The return after charges is calculated as the return after operating charges per share divided by the opening net asset value per share.

[3] 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 36.

## FUND INFORMATION (continued)

### Comparative Tables (continued)

**Class A Accumulation**

| | 31.05.20 (pence per share) | 30.11.19 (pence per share) | 30.11.18 (pence per share) |
|---|---|---|---|
| **Change in Net Asset Value Per Share** | | | |
| Opening net asset value per share | 182.60 | 174.48 | 181.34 |
| Return before operating charges* | (0.49) | 11.48 | (3.56) |
| Operating charges (calculated on average price) | (1.72) | (3.36) | (3.30) |
| Return after operating charges* | (2.21) | 8.12 | (6.86) |
| Distributions | (0.96) | (4.15) | (3.24) |
| Retained distributions on accumulation shares | 0.96 | 4.15 | 3.24 |
| Closing net asset value per share | 180.39 | 182.60 | 174.48 |
| * After direct transaction costs of:[1] | 0.00 | 0.02 | 0.04 |
| **Performance** | | | |
| Return after charges[2] | (1.21)% | 4.65% | (3.78)% |
| **Other Information** | | | |
| Closing net asset value (£'000) | 1,028 | 1,057 | 1,736 |
| Closing number of shares | 569,656 | 578,722 | 994,737 |
| Operating charges[3] | 1.91% | 1.88% | 1.83% |
| Direct transaction costs | 0.00% | 0.01% | 0.02% |
| **Prices** | | | |
| Highest share price | 186.91 | 183.92 | 184.03 |
| Lowest share price | 162.42 | 170.03 | 173.31 |

[1] 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. Direct transaction costs cover a six-month period to 31 May 2020.

[2] The return after charges is calculated as the return after operating charges per share divided by the opening net asset value per share.

[3] 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 36.

# 7IM MODERATELY CAUTIOUS FUND

## FUND INFORMATION (continued)

### Comparative Tables (continued)

**Class B Accumulation**

| | 31.05.20 (pence per share) | 30.11.19 (pence per share) | 30.11.18 (pence per share) |
|---|---|---|---|
| **Change in Net Asset Value Per Share** | | | |
| Opening net asset value per share | 189.04 | 180.26 | 187.01 |
| Return before operating charges* | (0.56) | 11.80 | (3.81) |
| Operating charges (calculated on average price) | (1.55) | (3.02) | (2.94) |
| Return after operating charges* | (2.11) | 8.78 | (6.75) |
| Distributions | (0.99) | (4.30) | (3.28) |
| Retained distributions on accumulation shares | 0.99 | 4.30 | 3.28 |
| Closing net asset value per share | 186.93 | 189.04 | 180.26 |
| * After direct transaction costs of:[1] | 0.00 | 0.02 | 0.04 |
| **Performance** | | | |
| Return after charges[2] | (1.12)% | 4.87% | (3.61)% |
| **Other Information** | | | |
| Closing net asset value (£'000) | 34,971 | 36,987 | 44,492 |
| Closing number of shares | 18,707,994 | 19,566,243 | 24,681,729 |
| Operating charges[3] | 1.66% | 1.63% | 1.58% |
| Direct transaction costs | 0.00% | 0.01% | 0.02% |
| **Prices** | | | |
| Highest share price | 193.61 | 190.30 | 189.87 |
| Lowest share price | 168.28 | 175.71 | 179.19 |

[1] 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. Direct transaction costs cover a six-month period to 31 May 2020.

[2] The return after charges is calculated as the return after operating charges per share divided by the opening net asset value per share.

[3] 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 36.

## FUND INFORMATION (continued)

### Comparative Tables (continued)

**Class C Income**

| | 31.05.20 (pence per share) | 30.11.19 (pence per share) | 30.11.18 (pence per share) |
|---|---|---|---|
| **Change in Net Asset Value Per Share** | | | |
| Opening net asset value per share | 143.97 | 140.22 | 147.81 |
| Return before operating charges* | (0.46) | 9.07 | (3.06) |
| Operating charges (calculated on average price) | (1.00) | (1.99) | (1.95) |
| Return after operating charges* | (1.46) | 7.08 | (5.01) |
| Distributions on income shares | (0.76) | (3.33) | (2.58) |
| Closing net asset value per share | 141.75 | 143.97 | 140.22 |
| * After direct transaction costs of:[1] | 0.00 | 0.01 | 0.03 |
| **Performance** | | | |
| Return after charges[2] | (1.01)% | 5.05% | (3.39)% |
| **Other Information** | | | |
| Closing net asset value (£'000) | 40,272 | 45,732 | 53,895 |
| Closing number of shares | 28,410,710 | 31,764,965 | 38,437,646 |
| Operating charges[3] | 1.41% | 1.38% | 1.33% |
| Direct transaction costs | 0.00% | 0.01% | 0.02% |
| **Prices** | | | |
| Highest share price | 147.54 | 147.16 | 150.12 |
| Lowest share price | 128.25 | 136.99 | 140.87 |

[1] 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. Direct transaction costs cover a six-month period to 31 May 2020.

[2] The return after charges is calculated as the return after operating charges per share divided by the opening net asset value per share.

[3] 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 36.

# 7IM MODERATELY CAUTIOUS FUND

## FUND INFORMATION (continued)

### Comparative Tables (continued)

**Class C Accumulation**

| | 31.05.20 (pence per share) | 30.11.19 (pence per share) | 30.11.18 (pence per share) |
|---|---|---|---|
| **Change in Net Asset Value Per Share** | | | |
| Opening net asset value per share | 195.55 | 186.10 | 192.69 |
| Return before operating charges* | (0.63) | 12.09 | (4.04) |
| Operating charges (calculated on average price) | (1.36) | (2.64) | (2.55) |
| Return after operating charges* | (1.99) | 9.45 | (6.59) |
| Distributions | (1.03) | (4.44) | (3.38) |
| Retained distributions on accumulation shares | 1.03 | 4.44 | 3.38 |
| Closing net asset value per share | 193.56 | 195.55 | 186.10 |
| * After direct transaction costs of:[1] | 0.00 | 0.02 | 0.04 |
| **Performance** | | | |
| Return after charges[2] | (1.02)% | 5.08% | (3.42)% |
| **Other Information** | | | |
| Closing net asset value (£'000) | 98,647 | 111,497 | 134,437 |
| Closing number of shares | 50,964,631 | 57,017,950 | 72,241,194 |
| Operating charges[3] | 1.41% | 1.38% | 1.33% |
| Direct transaction costs | 0.00% | 0.01% | 0.02% |
| **Prices** | | | |
| Highest share price | 200.39 | 196.77 | 195.69 |
| Lowest share price | 174.20 | 181.43 | 185.07 |

[1] 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. Direct transaction costs cover a six-month period to 31 May 2020.

[2] The return after charges is calculated as the return after operating charges per share divided by the opening net asset value per share.

[3] 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 36.

## FUND INFORMATION (continued)

### Comparative Tables (continued)

**Class D Income**

| | 31.05.20 (pence per share) | 30.11.19 (pence per share) | 30.11.18 (pence per share) |
|---|---|---|---|
| **Change in Net Asset Value Per Share** | | | |
| Opening net asset value per share | 134.93 | 131.94 | 139.66 |
| Return before operating charges* | (0.35) | 8.65 | (2.65) |
| Operating charges (calculated on average price) | (1.27) | (2.54) | (2.54) |
| Return after operating charges* | (1.62) | 6.11 | (5.19) |
| Distributions on income shares | (0.71) | (3.12) | (2.53) |
| Closing net asset value per share | 132.59 | 134.93 | 131.94 |
| * After direct transaction costs of:[1] | 0.00 | 0.01 | 0.03 |
| **Performance** | | | |
| Return after charges[2] | (1.20)% | 4.63% | (3.72)% |
| **Other Information** | | | |
| Closing net asset value (£'000) | 219 | 240 | 290 |
| Closing number of shares | 165,254 | 177,992 | 219,681 |
| Operating charges[3] | 1.91% | 1.88% | 1.83% |
| Direct transaction costs | 0.00% | 0.01% | 0.02% |
| **Prices** | | | |
| Highest share price | 138.13 | 138.03 | 141.73 |
| Lowest share price | 120.02 | 128.85 | 132.42 |

[1] 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. Direct transaction costs cover a six-month period to 31 May 2020.

[2] The return after charges is calculated as the return after operating charges per share divided by the opening net asset value per share.

[3] 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 36.

# 7IM MODERATELY CAUTIOUS FUND

## FUND INFORMATION (continued)

### Comparative Tables (continued)

**Class D Accumulation**

| | 31.05.20 (pence per share) | 30.11.19 (pence per share) | 30.11.18 (pence per share) |
|---|---|---|---|
| **Change in Net Asset Value Per Share** | | | |
| Opening net asset value per share | 182.28 | 174.17 | 181.05 |
| Return before operating charges* | (0.49) | 11.48 | (3.59) |
| Operating charges (calculated on average price) | (1.71) | (3.37) | (3.29) |
| Return after operating charges* | (2.20) | 8.11 | (6.88) |
| Distributions | (0.96) | (4.15) | (3.21) |
| Retained distributions on accumulation shares | 0.96 | 4.15 | 3.21 |
| Closing net asset value per share | 180.08 | 182.28 | 174.17 |
| * After direct transaction costs of:[1] | 0.00 | 0.02 | 0.04 |
| **Performance** | | | |
| Return after charges[2] | (1.21)% | 4.66% | (3.80)% |
| **Other Information** | | | |
| Closing net asset value (£'000) | 9,205 | 9,801 | 10,226 |
| Closing number of shares | 5,111,586 | 5,377,054 | 5,871,098 |
| Operating charges[3] | 1.91% | 1.88% | 1.83% |
| Direct transaction costs | 0.00% | 0.01% | 0.02% |
| **Prices** | | | |
| Highest share price | 186.59 | 183.60 | 183.74 |
| Lowest share price | 162.14 | 169.74 | 173.04 |

[1] 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. Direct transaction costs cover a six-month period to 31 May 2020.

[2] The return after charges is calculated as the return after operating charges per share divided by the opening net asset value per share.

[3] 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 36.

## FUND INFORMATION (continued)

### Comparative Tables (continued)

**Class S Income**

| | 31.05.20 (pence per share) | 30.11.19 (pence per share) | 30.11.18 (pence per share) |
|---|---|---|---|
| **Change in Net Asset Value Per Share** | | | |
| Opening net asset value per share | 105.81 | 102.85 | 108.20 |
| Return before operating charges* | (0.36) | 6.62 | (2.30) |
| Operating charges (calculated on average price) | (0.60) | (1.20) | (1.16) |
| Return after operating charges* | (0.96) | 5.42 | (3.46) |
| Distributions on income shares | (0.56) | (2.46) | (1.89) |
| Closing net asset value per share | 104.29 | 105.81 | 102.85 |
| * After direct transaction costs of:[1] | 0.00 | 0.01 | 0.02 |
| **Performance** | | | |
| Return after charges[2] | (0.91)% | 5.27% | (3.20)% |
| **Other Information** | | | |
| Closing net asset value (£'000) | 2,982 | 3,165 | 1,970 |
| Closing number of shares | 2,859,487 | 2,991,505 | 1,915,628 |
| Operating charges[3] | 1.16% | 1.13% | 1.08% |
| Direct transaction costs | 0.00% | 0.01% | 0.02% |
| **Prices** | | | |
| Highest share price | 108.49 | 108.11 | 109.93 |
| Lowest share price | 94.32 | 100.50 | 103.38 |

[1] 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. Direct transaction costs cover a six-month period to 31 May 2020.

[2] The return after charges is calculated as the return after operating charges per share divided by the opening net asset value per share.

[3] 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 36.

## FUND INFORMATION (continued)

### Comparative Tables (continued)

**Class S Accumulation**

| | 31.05.20 (pence per share) | 30.11.19 (pence per share) | 30.11.18 (pence per share) |
|---|---|---|---|
| **Change in Net Asset Value Per Share** | | | |
| Opening net asset value per share | 118.47 | 112.52 | 116.27 |
| Return before operating charges* | (0.41) | 7.26 | (2.50) |
| Operating charges (calculated on average price) | (0.68) | (1.31) | (1.25) |
| Return after operating charges* | (1.09) | 5.95 | (3.75) |
| Distributions | (0.62) | (2.69) | (2.04) |
| Retained distributions on accumulation shares | 0.62 | 2.69 | 2.04 |
| Closing net asset value per share | 117.38 | 118.47 | 112.52 |
| * After direct transaction costs of:[1] | 0.00 | 0.01 | 0.02 |
| **Performance** | | | |
| Return after charges[2] | (0.92)% | 5.29% | (3.23)% |
| **Other Information** | | | |
| Closing net asset value (£'000) | 17,715 | 20,240 | 22,789 |
| Closing number of shares | 15,092,024 | 17,085,140 | 20,254,251 |
| Operating charges[3] | 1.16% | 1.13% | 1.08% |
| Direct transaction costs | 0.00% | 0.01% | 0.02% |
| **Prices** | | | |
| Highest share price | 122.78 | 119.15 | 118.12 |
| Lowest share price | 108.23 | 109.71 | 111.95 |

[1] 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. Direct transaction costs cover a six-month period to 31 May 2020.

[2] The return after charges is calculated as the return after operating charges per share divided by the opening net asset value per share.

[3] 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 36.

## FUND INFORMATION (continued)

**Ongoing Charges Figures**

As at 31 May 2020

| | Class A | Class B | Class C | Class D | Class S |
|---|---|---|---|---|---|
| ACD's periodic charge | 1.40% | 1.15% | 0.90% | 1.40% | 0.65% |
| Other expenses | 0.09% | 0.09% | 0.09% | 0.09% | 0.09% |
| | 1.49% | 1.24% | 0.99% | 1.49% | 0.74% |
| Collective investment scheme costs | 0.42% | 0.42% | 0.42% | 0.42% | 0.42% |
| Ongoing Charges Figure | 1.91% | 1.66% | 1.41% | 1.91% | 1.16% |

As at 30 November 2019

| | Class A | Class B | Class C | Class D | Class S |
|---|---|---|---|---|---|
| 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% |
| | 1.47% | 1.22% | 0.97% | 1.47% | 0.72% |
| Collective investment scheme costs | 0.41% | 0.41% | 0.41% | 0.41% | 0.41% |
| Ongoing Charges Figure | 1.88% | 1.63% | 1.38% | 1.88% | 1.13% |

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 period.

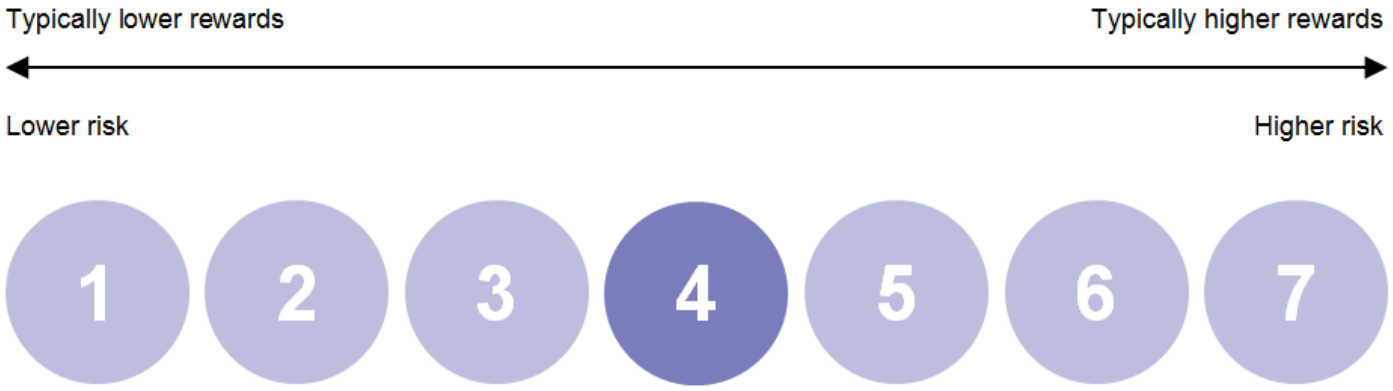
The collective investment scheme costs represent the OCFs, or a reasonable substitute, of the underlying funds which are held as portfolio investments. Their inclusion has been calculated on a weighted basis against the Sub-fund's net assets at the balance sheet date.

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**




This indicator shows how much a sub-fund has risen and fallen in the past, and therefore how much a sub-fund's returns have varied. It is a measure of a sub-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 interim report and financial statements, the risk and reward indicator as at the period end date 31 May 2020 was 3.

**Fund performance to 31 May 2020 (%)**

| | 6 months | 1 year | 3 years | 5 years |
|---|---|---|---|---|
| 7IM Moderately Cautious Fund[1] | (1.04) | 1.44 | 0.99 | 4.65 |

[1] 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 44 and 45.

# 7IM MODERATELY CAUTIOUS FUND

## PORTFOLIO STATEMENT
as at 31 May 2020

| Holding | Portfolio of Investment | Value £ | 31.05.20 % |
|---|---|---|---|
| | **ALTERNATIVES 10.02% (13.39%)** | | |
| | **Alternative Strategies 10.02% (13.39%)** | | |
| 71,265 | AQR - Managed Futures UCITS Fund[1] | 6,263,124 | 3.06 |
| 27,880 | BlackRock Strategic Funds - Global Event Driven Fund[1] | 3,042,564 | 1.48 |
| 5,032,000 | BNP Paribas Issuance 0.00% 2024[2] | 5,175,724 | 2.52 |
| 2,391,773 | Dexion Absolute EUR[3] | – | – |
| 7,300,000 | JP Morgan Structured Products 0.00% 2023[2] | 6,072,055 | 2.96 |
| | | **20,553,467** | **10.02** |
| | **CASH 9.87% (0.98%)** | | |
| 20,232,000 | Northern Trust Global Sterling Fund[1] | **20,232,000** | **9.87** |
| | **DEBT SECURITIES 58.20% (65.33%)** | | |
| | **Convertible Bonds 3.17% (3.09%)** | | |
| 49,238 | NN (L) Global Convertible Opportunities Acc[1] | **6,504,752** | **3.17** |
| | **Emerging Market Bonds 6.69% (8.06%)** | | |
| 109,967 | Barings Emerging Markets Debt Blended Total Return[1] | 11,222,935 | 5.47 |
| 28,611 | UBS Lux Bond SICAV - Asian High Yield USD[1] | 2,506,595 | 1.22 |
| | | **13,729,530** | **6.69** |
| | **Gilts 2.15% (7.15%)** | | |
| £500,000 | Tennessee Valley Authority 5.35% 2021 | 523,640 | 0.25 |
| £930,000 | UK Gilt 4.25% 2027 | 1,223,144 | 0.60 |
| £1,460,000 | UK Gilt 4.50% 2042 | 2,668,973 | 1.30 |
| | | **4,415,757** | **2.15** |
| | **Global Corporate Bonds 23.71% (17.43%)** | | |
| 114,565 | Angel Oak Multi-Strategy Income Fund[1] | 9,110,854 | 4.44 |
| 118,961 | iShares USD Corp Bond UCITS ETF[1] | 12,163,481 | 5.93 |
| 101,651 | Legg Mason Western Asset Structured Opportunties Fund USD Acc[1] | 9,488,785 | 4.63 |
| 162,235 | PFS TwentyFour Dynamic Bond[1] | 17,851,508 | 8.71 |
| | | **48,614,628** | **23.71** |
| | **Global Government Bonds 2.04% (4.98%)** | | |
| 470,429 | HSBC Global Funds ICAV - Global Government Bond Index Fund[1] | 4,132,096 | 2.02 |
| 69 | Ultra Long Term US Treasury Bond Futures September 2020[4] | 44,730 | 0.02 |
| | | **4,176,826** | **2.04** |
| | **Global High Yield Bonds 6.35% (4.77%)** | | |
| 361,084 | Blackstone GSO Loan Financing (Jersey) | 163,087 | 0.08 |
| 102,442 | BlueBay Financial Capital Bond[1] | 10,888,508 | 5.31 |
| 7,148,409 | Fair Oaks Income 2017 | 1,972,135 | 0.96 |
| | | **13,023,730** | **6.35** |

# 7IM MODERATELY CAUTIOUS FUND

**PORTFOLIO STATEMENT** (continued)
as at 31 May 2020

| Holding | Portfolio of Investment | Value £ | 31.05.20 % |
|---|---|---|---|
| | **Global Inflation Linked Bonds 3.42% (6.46%)** | | |
| 499,948 | iShares Global Inflation-Linked Bond Index[1] | 6,003,104 | 2.93 |
| US$4,030,200 | US Treasury Inflation-Indexed Bonds 1% 2049 | 1,008,884 | 0.49 |
| | | **7,011,988** | **3.42** |
| | **Short Term Sterling Bonds 1.63% (4.69%)** | | |
| £500,000 | Barclays Bank UK FRN 2023 | 498,840 | 0.24 |
| £581,000 | Kommunalbanken 1.125% 2022 | 591,922 | 0.29 |
| £700,000 | Lloyds Bank 1.75% 2022 | 715,377 | 0.35 |
| £500,000 | National Australia Bank 5.125% 2021 | 528,600 | 0.26 |
| £500,000 | Rabobank Nederland 2.25% 2022 | 510,814 | 0.25 |
| £500,000 | Royal Bank of Canada FRN 2024 | 497,440 | 0.24 |
| | | **3,342,993** | **1.63** |
| | **Sterling Corporate Bonds 9.04% (8.70%)** | | |
| 7,247,551 | MI TwentyFour - Monument Bond Fund[1] | 7,591,092 | 3.70 |
| £500,000 | Santander UK FRN 2024 | 503,285 | 0.25 |
| 4,162,960 | Schroder Long Dated Cor. Acc[1] | 8,375,875 | 4.08 |
| £500,000 | TSB Bank FRN 2024 | 504,545 | 0.25 |
| 3,271,311 | UK Mortgages | 1,557,144 | 0.76 |
| | | **18,531,941** | **9.04** |
| | **EQUITY 20.60% (19.88%)** | | |
| | **Asia & Emerging Markets 2.37% (3.33%)** | | |
| 232,323 | Schroder ISF Asian Opportunities[1] | **4,870,094** | **2.37** |
| | **Europe (ex UK) 3.26% (3.04%)** | | |
| 2,658,787 | CF Miton European Opportunities[1] | 6,159,192 | 3.00 |
| 238 | Euro Stoxx 50 Equity Index Futures December 2022[4] | 146,717 | 0.07 |
| 238 | Euro Stoxx 50 Equity Index Futures December 2023[4] | 376,840 | 0.19 |
| | | **6,682,749** | **3.26** |
| | **Japan 2.62% (2.48%)** | | |
| 543,935 | Skyline Umbrella Fund ICAV - Usonian Japan Value Fund[1] | **5,375,221** | **2.62** |
| | **North America 3.71% (1.75%)** | | |
| 61,285 | AB SICAV I - International Health Care Portfolio[1] | 6,988,930 | 3.41 |
| 48 | S&P 500 E-mini Futures June 2020[4] | 610,800 | 0.30 |
| | | **7,599,730** | **3.71** |
| | **United Kingdom 8.64% (9.28%)** | | |
| 8,482,840 | Investec Fund Series i - UK Alpha[1] | 9,398,138 | 4.58 |
| 4,483,406 | Majedie UK Focus[1] | 8,328,822 | 4.06 |
| | | **17,726,960** | **8.64** |

**PORTFOLIO STATEMENT** (continued)
as at 31 May 2020

| Holding | Portfolio of Investment | Value £ | 31.05.20 % |
|---|---|---|---|
| | **FORWARD CURRENCY CONTRACTS -2.48% (1.07%)** | | |
| €4,500,000 | Vs £(3,974,247) Expiry 16.10.2020 | 100,518 | 0.05 |
| €2,250,000 | Vs £(1,985,818) Expiry 16.10.2020 | 51,564 | 0.03 |
| €(3,774,000) | Vs £3,163,461 Expiry 16.10.2020 | (253,909) | (0.12) |
| ¥(300,000,000) | Vs £2,113,383 Expiry 19.06.2020 | (157,476) | (0.08) |
| ¥(432,123,200) | Vs £3,032,414 Expiry 19.06.2020 | (238,556) | (0.12) |
| US$(2,467,200) | Vs £2,004,685 Expiry 08.06.2020 | 2,790 | – |
| US$(5,000,000) | Vs £4,045,586 Expiry 17.07.2020 | (10,781) | (0.01) |
| US$(7,500,000) | Vs £6,068,599 Expiry 17.07.2020 | (15,951) | (0.01) |
| US$(5,000,000) | Vs £3,997,474 Expiry 17.07.2020 | (58,893) | (0.03) |
| US$(1,700,000) | Vs £1,291,763 Expiry 17.07.2020 | (87,402) | (0.04) |
| US$(96,986,000) | Vs £74,129,049 Expiry 17.07.2020 | (4,553,113) | (2.22) |
| ¥515,000,000 | Vs £(3,876,334) Expiry 19.06.2020 | 21,974 | 0.01 |
| ¥200,000,000 | Vs £(1,509,526) Expiry 19.06.2020 | 4,380 | – |
| ¥248,800,000 | Vs £(1,950,302) Expiry 19.06.2020 | (67,003) | (0.03) |
| US$932,550 | Vs £(757,736) Expiry 05.06.2020 | (1,051) | – |
| US$6,200,000 | Vs £(4,763,562) Expiry 17.07.2020 | 266,333 | 0.13 |
| US$6,000,000 | Vs £(4,647,488) Expiry 17.07.2020 | 220,152 | 0.11 |
| US$7,750,000 | Vs £(6,304,098) Expiry 17.07.2020 | (16,729) | (0.01) |
| US$6,600,000 | Vs £(5,638,857) Expiry 17.07.2020 | (284,452) | (0.14) |
| | | **(5,077,605)** | **(2.48)** |
| | **Portfolio of investment** | **197,314,761** | **96.21** |
| | Net other assets | 7,768,733 | 3.79 |
| | **Net assets** | **205,083,494** | **100.00** |

Comparative figures shown in brackets relate to 30 November 2019.

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

[1] Collective investment scheme
[2] Structured product
[3] Delisted security
[4] Derivative contract

| Credit Quality | 31.05.20 % | 30.11.19 % |
|---|---|---|
| Investment grade debt securities | 4.77 | 21.91 |
| Non-rated debt securities | 5.48 | 3.64 |
| Other investments | 85.96 | 75.10 |
| Net other assets/(liabilities) | 3.79 | (0.65) |
| | **100.00** | **100.00** |

# 7IM MODERATELY CAUTIOUS FUND

## STATEMENT OF TOTAL RETURN
for the period ended 31 May 2020

| | | 31.05.20 | | 31.05.19 |
|---|---|---|---|---|
| | £ | £ | £ | £ |
| Income | | | | |
| Net capital (losses)/gains | | (2,966,643) | | 5,421,891 |
| Revenue | 1,517,847 | | 2,360,636 | |
| Expenses | (1,079,912) | | (1,287,452) | |
| Interest payable and similar charges | (10,109) | | (56,948) | |
| Net revenue before taxation for the period | 427,826 | | 1,016,236 | |
| Taxation | (96,384) | | (134,653) | |
| Net revenue after taxation for the period | | 331,442 | | 881,583 |
| **Total return before distributions** | | (2,635,201) | | 6,303,474 |
| Distributions | | (1,140,835) | | (1,903,172) |
| **Change in net assets attributable to shareholders from investment activities** | | (3,776,036) | | 4,400,302 |

## STATEMENT OF CHANGE IN NET ASSETS ATTRIBUTABLE TO SHAREHOLDERS
for the period ended 31 May 2020

| | | 31.05.20 | | 31.05.19 |
|---|---|---|---|---|
| | £ | £ | £ | £ |
| **Opening net assets attributable to shareholders** | | 228,777,682 | | 269,893,324 |
| Amounts received on creation of shares[1] | 10,220,857 | | 19,452,852 | |
| Amounts paid on cancellation of shares[1] | (30,998,550) | | (44,025,189) | |
| | | (20,777,693) | | (24,572,337) |
| Change in net assets attributable to shareholders from investment activities | | (3,776,036) | | 4,400,302 |
| Retained distribution on accumulation shares | | 859,541 | | 1,446,928 |
| **Closing net assets attributable to shareholders** | | 205,083,494 | | 251,168,217 |

[1] Stated at mid-market price.

The difference between the opening net assets and the comparative closing net assets is the movement in the second half of the year.

# 7IM MODERATELY CAUTIOUS FUND

## BALANCE SHEET
as at 31 May 2020

| | 31.05.20<br>£ | 30.11.19<br>£ |
|---|---|---|
| **ASSETS** | | |
| Fixed assets: | | |
| Investments | 203,060,077 | 232,907,191 |
| Current assets: | | |
| Debtors | 9,352,553 | 1,165,011 |
| Cash and bank balances | 1,853,130 | 4,559,566 |
| **Total assets** | 214,265,760 | 238,631,768 |
| **LIABILITIES** | | |
| Investment liabilities | (5,745,316) | (2,643,521) |
| Creditors: | | |
| Bank overdrafts | (1,362,709) | (4,957,394) |
| Distribution payable | (232,758) | (777,750) |
| Other creditors | (1,841,483) | (1,475,421) |
| **Total liabilities** | (9,182,266) | (9,854,086) |
| **Net assets attributable to shareholders** | 205,083,494 | 228,777,682 |

# 7IM MODERATELY CAUTIOUS FUND

## NOTE TO THE FINANCIAL STATEMENTS

for the period ended 31 May 2020

**Accounting Policies**

The accounting policies applied are consistent with those of the annual financial statements for the year ended 30 November 2019 and are described in those financial statements.

The financial statements have been prepared under the historical cost basis, as modified by the revaluation of investments and in accordance with the Statement of Recommended Practice ('SORP') for Financial Statements of Authorised Funds issued by the Investment Association ('IA') in May 2014.

# 7IM MODERATELY CAUTIOUS FUND

## DISTRIBUTION TABLES

for the period ended 31 May 2020

**Interim - in pence per share**

Group 1 - Shares purchased prior to 1 December 2019
Group 2 - Shares purchased on or after 1 December 2019 and on or before 31 May 2020

| | Net Revenue | Equalisation | Payable 31.07.20 | Paid 31.07.19 |
|---|---|---|---|---|
| **Class A Income** | | | | |
| Group 1 | 0.7116 | – | 0.7116 | 0.9987 |
| Group 2 | 0.7116 | – | 0.7116 | 0.9987 |

| | Net Revenue | Equalisation | Allocated 31.07.20 | Allocated 31.07.19 |
|---|---|---|---|---|
| **Class A Accumulation** | | | | |
| Group 1 | 0.9632 | – | 0.9632 | 1.3459 |
| Group 2 | 0.9632 | – | 0.9632 | 1.3459 |

| | Net Revenue | Equalisation | Allocated 31.07.20 | Allocated 31.07.19 |
|---|---|---|---|---|
| **Class B Accumulation** | | | | |
| Group 1 | 0.9945 | – | 0.9945 | 1.3606 |
| Group 2 | 0.3054 | 0.6891 | 0.9945 | 1.3606 |

| | Net Revenue | Equalisation | Payable 31.07.20 | Paid 31.07.19 |
|---|---|---|---|---|
| **Class C Income** | | | | |
| Group 1 | 0.7579 | – | 0.7579 | 1.0539 |
| Group 2 | 0.4383 | 0.3196 | 0.7579 | 1.0539 |

| | Net Revenue | Equalisation | Allocated 31.07.20 | Allocated 31.07.19 |
|---|---|---|---|---|
| **Class C Accumulation** | | | | |
| Group 1 | 1.0295 | – | 1.0295 | 1.4014 |
| Group 2 | 0.6139 | 0.4156 | 1.0295 | 1.4014 |

| | Net Revenue | Equalisation | Payable 31.07.20 | Paid 31.07.19 |
|---|---|---|---|---|
| **Class D Income** | | | | |
| Group 1 | 0.7150 | – | 0.7150 | 1.0184 |
| Group 2 | 0.4215 | 0.2935 | 0.7150 | 1.0184 |

| | Net Revenue | Equalisation | Allocated 31.07.20 | Allocated 31.07.19 |
|---|---|---|---|---|
| **Class D Accumulation** | | | | |
| Group 1 | 0.9615 | – | 0.9615 | 1.3421 |
| Group 2 | 0.5284 | 0.4331 | 0.9615 | 1.3421 |

| | Net Revenue | Equalisation | Payable 31.07.20 | Paid 31.07.19 |
|---|---|---|---|---|
| **Class S Income** | | | | |
| Group 1 | 0.5599 | – | 0.5599 | 0.7826 |
| Group 2 | 0.2903 | 0.2696 | 0.5599 | 0.7826 |

# 7IM MODERATELY CAUTIOUS FUND

## DISTRIBUTION TABLES (continued)

for the period ended 31 May 2020

| | Net Revenue | Equalisation | Allocated 31.07.20 | Allocated 31.07.19 |
|---|---|---|---|---|
| **Class S Accumulation** | | | | |
| Group 1 | 0.6240 | – | 0.6240 | 0.8471 |
| Group 2 | 0.3024 | 0.3216 | 0.6240 | 0.8471 |

**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 period ended 31 May 2020

**Investment Objective and Policy**
7IM Balanced Fund (the 'Sub-fund') aims to provide a balance of income and capital growth.

The Sub-fund invests at least 80% of its assets in other funds managed both by the Manager and by selected third party managers, including open-ended and closed-ended funds and exchange traded funds (ETFs), and other transferable securities including fixed income, equities and structured products.

Up to 20% of the Sub-fund will be invested in liquid assets such as cash, deposits, money market funds and money market instruments, as well as warrants.

Investment will comprise a mixture of income generating assets such as corporate debt securities and growth generating assets such as global equities.

The Sub-fund will invest in derivatives for efficient portfolio management (EPM) (i.e. to reduce risk or cost and, or to generate extra income) as well as for investment purposes.

In extraordinary market conditions (such as political unrest economic instability, war, the bankruptcy of large financial institutions or closure of a relevant market(s)), the Sub-fund may temporarily invest up to 100% of its total assets in deposits, cash, near cash, treasury bills, government bonds or short-term money market instruments.

**Investment Manager's Report**

**Performance Report**

In the reporting period, 1 December 2019 to 31 May 2020, the portfolio delivered a total return of -1.37%[1]. The Sub- fund's comparator, the IA Mixed 20-60% Shares sector, has returned -4.25%.

**Investment Background**
The coronavirus that emerged in mid-January from the Chinese city of Wuhan caught the attention of global markets. Initial research suggests that the virus is less deadly than the SARS virus that hit China in 2003 but is markedly more contagious. By February, it wasn't just China locking down. New cases have reached such levels that parts of Italy went into lockdown.

The lockdown in China turned out to cause an unprecedented hit to the Chinese economy. This will be felt in both demand, as the Chinese consumer stays indoors, and supply, with the likes of Apple revising their earnings due to manufacturing bottlenecks. It soon became clear that the Chinese experience was just the test case for the rest of the world, sending markets down.

However, for investors who believed that the end of February was the worst of the market turmoil, March was a severe reality check. Coronavirus and an oil price shock caused a sharp revision of future growth expectations that resulted in a global recession. Equity markets throughout March experienced volatility not seen since the 2008 financial crisis with average daily moves (up or down) of c.5.0% causing a drawdown comparable to the crash in October 1987. Markets recovered strongly towards the end of the month with a c.20% rally, but are still some 20% away from where they started the year.

Investors enjoyed positive returns in April as both risky and defensive assets rebounded following the initial shock of the global shutdown - the US stock market returned c.18% over the month. It's clear that governments around the world are conscious of the impacts lockdown on both economies and families. They have started to discuss ways in which we can delicately move towards a re-opening of businesses.

Equities continue their winning streak in May, following optimism over economies beginning to re-open. The US S&P 500 index returned around 5%, with the Technology sector leading the way, and generating over 7% throughout the month. In fact, markets around the world were positive - with the UK, Japanese and European market indices all gaining over 4%. Some have argued that the equities performance throughout April and May was due to Central Banks pouring new money into the economy. The Federal Reserve's balance sheet has increased by almost two thirds since the start of the year and now stands at $6.6 trillion.

[1] Calculated using 7IM Balanced C Acc shares, published prices. Source: NTRS

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

It wasn't just central banks which supported the economy and markets. Governments around the world are doing all they can to keep the economy moving. The EU announced plans for a recovery fund to be created that will jointly spread the burden of debt issued to help the Eurozone recover through this crisis. The EU Commission are proposing to issue €500 billion in funding, which would see a move towards fiscal unity within the region. In Japan, we also saw a further stimulus package of 117 Trillion Yen promised, taking the total level of stimulus in Japan to 234 Trillion Yen (c.£1.8 Trillion).

Of course, money isn't free. This continued level of stimulus to help cushion economies from a difficult recession has pushed country debt levels exceptionally high. In Japan, government debt makes up c.238% relative to GDP while in the US that figure is closer to 110% and in the UK its 81%. The governments have successfully stabilised the global economy. The cost of all this is not clear yet.

**Portfolio Review**

In December, we reviewed the funds Asian/Emerging Market. We sold out of the Hermes Asia fund as we had less conviction in the manager's contrarian and value focus. We also sold Mirae Asian Consumer as we felt this was to narrowly focused from a geographic and sector point of view. The proceeds were invested into Schroder Asian Opportunities which has a strong analyst team and proven record of outperformance. We also feel that their more growthy style is a better fit with other parts of the portfolio.

Following the relative outperformance in March of the healthcare overweight, we trimmed this to take profit.

In October, we had decided to add puts to the portfolio to provide protection against a sudden shock on the downside. As the S&P 500 fell as the pandemic spread in March, we sold out of these positions to lock in gains and offset losses being felt in other parts of the portfolio. We reduced exposure to emerging market at the start of March and this proved timely.

We believe there is very little upside to Government debt at the moment with yields being so low so we have cut this down in favour of the corporate bonds which are more attractively priced.

After a widening in yield spreads, we then felt that the rewards available outweighed the risks and therefore added to High Yield Debt at the beginning of April.

We felt that the fall in value of REITs was overdone and didn't reflect fundamentals, so we took advantage of the liquidity crunch the asset class was experiencing to bring the allocation up to SAA neutral.

Following a review of the European equity sector, we sold out of some funds that had become too small and were causing concentration problems. We added to Lightman European - the only value player in the sector. This blends well with the growthy style of Miton European Opportunities.

During the year, we kept seeing opportunities for value enhancement in European Dividends and would exit or reduce as the relative value reduced as the positions became fully priced. We restarted the positions in March as prices looked attractive.

As a result of deteriorating economic fundamentals, we sold out of the long inflation position we had increased in September. We believe inflation will be below central bank targets for the foreseeable future as a result of COVID-19 and the oil supply glut.

In light of global events, the strategy team had a less positive view on equities so these were trimmed to take them towards SAA neutral. We added further to our overweight in high yield with the addition of Asian High Yield bonds. Asian High Yield is currently providing attractive future returns with yields higher than they are in the US. The asset class also has a high allocation to China, which is coming out the COVID crisis quicker than the US. Additionally, default rates have been lower in Asia than in the US. This was funded from Emerging and Japanese equities.

**Investment Outlook**

The Hammer stage of tackling COVID-19 is coming to a close across the major economies. Over half of the world's population has been in some form of lockdown, slowing the spread of the virus and giving health systems the one thing they need most – time. Infection rates are falling across most developed economies, while critical care facilities have been established and medical equipment is now being produced in sufficient quantities.

The next phase of tackling COVID-19 – the Dance – will take somewhat longer. The rules will be eased only gradually, and social distancing will be with us for a while yet. Governments will want to encourage normality as much as possible, but short-term quarantines may be common as we deal with intermittent flare-ups of the virus.

**ACD'S REPORT** (continued)
for the period ended 31 May 2020

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

Treatments will be developed in due course, but the coronavirus endgame will require a vaccine, which may only materialise in a year or more. This first modern global pandemic has given us a taste of how to deal with future ones – we need to learn the lessons.

The economic cost of the Hammer has been immediately obvious. Economic growth numbers in the major economies have crashed. We have entered the sharpest recessions in modern history. Around 4 times as large as the financial crisis but also four times as quick. This recession will set all kinds of records.

Economic crises usually take time to play out, and people in power tend to stick their heads in the sand for as long as possible. This time is different. The coronavirus recession has been met almost immediately with a massive wave of stimulus. Central banks and governments haven't waited to assess the damage. Trillions of dollars, euros, pounds, yuan and yen have been injected into the financial system – often straight into ordinary people's bank accounts. The obvious driver of the quick reactions was that it was the governments themselves who have created the recession in the first place.

When economic activity resumes, it could be quicker than anyone expects. Low oil prices and pent-up demand could make for a spectacular recovery over the next few years. In the first weeks of the crisis, investors panicked, selling anything they had. As the future becomes clearer, though, people will start to think clearly about the kind of businesses they think will do well over the next few years – and which might be gone for good. This may be the quickest and deepest recession on record but it could also be the quickest and strongest recovery too. But that doesn't mean there won't be winners and losers.

Equities have clearly bought into the recovery. While the stimulus has reduced the risk of an ongoing recession, the markets also seem to be ignoring that economies could be running at 90% capacity for some time. We've been looking for assets that are obviously mispriced, and the credit markets have been a key area of focus. Investors have fled from almost any kind of corporate debt, leaving opportunity to buy good, stable, long-term businesses at yields not seen for over a decade. Investors are confronting interest rates close to zero, at a time when every government has just increased its amount of borrowing substantially.

Investors are still using bonds as safe havens, but with long run return expectations below inflation, this isn't a sustainable state of affairs. When things start improving and inflation picks up, 'safe haven' government bonds may look exposed.

Seven Investment Management LLP
Investment Manager
June 2020

# 7IM BALANCED FUND

## FUND INFORMATION

The Comparative Tables on pages 50 to 58 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.

## FUND INFORMATION (continued)

### Comparative Tables

**Class A Income**

| | 31.05.20 (pence per share) | 30.11.19 (pence per share) | 30.11.18 (pence per share) |
|---|---|---|---|
| **Change in Net Asset Value Per Share** | | | |
| Opening net asset value per share | 175.49 | 169.62 | 177.99 |
| Return before operating charges* | (12.85) | 12.23 | (3.01) |
| Operating charges (calculated on average price) | (1.67) | (3.33) | (3.31) |
| Return after operating charges* | (14.52) | 8.90 | (6.32) |
| Distributions on income shares | – | (3.03) | (2.05) |
| Last quoted share price | 160.97 | – | – |
| Closing net asset value per share | – | 175.49 | 169.62 |
| * After direct transaction costs of:[1] | 0.00 | 0.05 | 0.05 |
| **Performance** | | | |
| Return after charges[2] | (8.27)% | 5.25% | (3.55)% |
| **Other Information** | | | |
| Closing net asset value (£'000) | – | 11 | 10 |
| Closing number of shares | – | 6,058 | 6,058 |
| Operating charges[3] | 1.91% | 1.92% | 1.86% |
| Direct transaction costs | 0.00% | 0.03% | 0.03% |
| **Prices** | | | |
| Highest share price | 179.98 | 178.94 | 182.44 |
| Lowest share price | 139.32 | 162.89 | 169.19 |

[1] 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. Direct transaction costs cover a six-month period to 31 May 2020.

[2] The return after charges is calculated as the return after operating charges per share divided by the opening net asset value per share.

[3] 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 59.

# 7IM BALANCED FUND

## FUND INFORMATION (continued)

### Comparative Tables (continued)

**Class A Accumulation**

| | 31.05.20 (pence per share) | 30.11.19 (pence per share) | 30.11.18 (pence per share) |
|---|---|---|---|
| **Change in Net Asset Value Per Share** | | | |
| Opening net asset value per share | 211.69 | 201.00 | 208.44 |
| Return before operating charges* | (1.20) | 14.63 | (3.56) |
| Operating charges (calculated on average price) | (1.97) | (3.94) | (3.88) |
| Return after operating charges* | (3.17) | 10.69 | (7.44) |
| Distributions | (0.18) | (3.64) | (2.37) |
| Retained distributions on accumulation shares | 0.18 | 3.64 | 2.37 |
| Closing net asset value per share | 208.52 | 211.69 | 201.00 |
| * After direct transaction costs of:[1] | 0.00 | 0.06 | 0.06 |
| **Performance** | | | |
| Return after charges[2] | (1.50)% | 5.32% | (3.57)% |
| **Other Information** | | | |
| Closing net asset value (£'000) | 4,395 | 4,860 | 8,581 |
| Closing number of shares | 2,107,906 | 2,295,967 | 4,269,324 |
| Operating charges[3] | 1.91% | 1.92% | 1.86% |
| Direct transaction costs | 0.00% | 0.03% | 0.03% |
| **Prices** | | | |
| Highest share price | 217.09 | 213.17 | 213.66 |
| Lowest share price | 178.47 | 193.09 | 199.12 |

[1] 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. Direct transaction costs cover a six-month period to 31 May 2020.

[2] The return after charges is calculated as the return after operating charges per share divided by the opening net asset value per share.

[3] 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 59.

## FUND INFORMATION (continued)

### Comparative Tables (continued)

**Class B Accumulation**

| | 31.05.20 (pence per share) | 30.11.19 (pence per share) | 30.11.18 (pence per share) |
|---|---|---|---|
| **Change in Net Asset Value Per Share** | | | |
| Opening net asset value per share | 219.74 | 208.30 | 215.48 |
| Return before operating charges* | (1.30) | 15.01 | (3.70) |
| Operating charges (calculated on average price) | (1.78) | (3.57) | (3.48) |
| Return after operating charges* | (3.08) | 11.44 | (7.18) |
| Distributions | (0.30) | (3.96) | (2.67) |
| Retained distributions on accumulation shares | 0.30 | 3.96 | 2.67 |
| Closing net asset value per share | 216.66 | 219.74 | 208.30 |
| * After direct transaction costs of:[1] | 0.00 | 0.06 | 0.06 |
| **Performance** | | | |
| Return after charges[2] | (1.40)% | 5.49% | (3.33)% |
| **Other Information** | | | |
| Closing net asset value (£'000) | 70,894 | 75,261 | 86,272 |
| Closing number of shares | 32,719,976 | 34,249,914 | 41,417,260 |
| Operating charges[3] | 1.66% | 1.67% | 1.61% |
| Direct transaction costs | 0.00% | 0.03% | 0.03% |
| **Prices** | | | |
| Highest share price | 225.47 | 221.29 | 220.96 |
| Lowest share price | 185.40 | 200.14 | 206.35 |

[1] 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. Direct transaction costs cover a six-month period to 31 May 2020.

[2] The return after charges is calculated as the return after operating charges per share divided by the opening net asset value per share.

[3] 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 59.

## FUND INFORMATION (continued)

### Comparative Tables (continued)

**Class C Income**

| | 31.05.20 (pence per share) | 30.11.19 (pence per share) | 30.11.18 (pence per share) |
|---|---|---|---|
| **Change in Net Asset Value Per Share** | | | |
| Opening net asset value per share | 182.94 | 176.45 | 184.57 |
| Return before operating charges* | (1.11) | 12.58 | (3.14) |
| Operating charges (calculated on average price) | (1.26) | (2.56) | (2.51) |
| Return after operating charges* | (2.37) | 10.02 | (5.65) |
| Distributions on income shares | (0.34) | (3.53) | (2.47) |
| Closing net asset value per share | 180.23 | 182.94 | 176.45 |
| * After direct transaction costs of:[1] | 0.00 | 0.05 | 0.05 |
| **Performance** | | | |
| Return after charges[2] | (1.30)% | 5.68% | (3.06)% |
| **Other Information** | | | |
| Closing net asset value (£'000) | 59,246 | 65,633 | 76,923 |
| Closing number of shares | 32,873,264 | 35,876,644 | 43,594,267 |
| Operating charges[3] | 1.41% | 1.42% | 1.36% |
| Direct transaction costs | 0.00% | 0.03% | 0.03% |
| **Prices** | | | |
| Highest share price | 187.82 | 186.57 | 189.33 |
| Lowest share price | 154.48 | 169.51 | 176.13 |

[1] 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. Direct transaction costs cover a six-month period to 31 May 2020.

[2] The return after charges is calculated as the return after operating charges per share divided by the opening net asset value per share.

[3] 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 59.

## FUND INFORMATION (continued)

### Comparative Tables (continued)

**Class C Accumulation**

| | 31.05.20 (pence per share) | 30.11.19 (pence per share) | 30.11.18 (pence per share) |
|---|---|---|---|
| **Change in Net Asset Value Per Share** | | | |
| Opening net asset value per share | 228.13 | 215.83 | 222.70 |
| Return before operating charges* | (1.40) | 15.44 | (3.83) |
| Operating charges (calculated on average price) | (1.57) | (3.14) | (3.04) |
| Return after operating charges* | (2.97) | 12.30 | (6.87) |
| Distributions | (0.42) | (4.34) | (2.99) |
| Retained distributions on accumulation shares | 0.42 | 4.34 | 2.99 |
| Closing net asset value per share | 225.16 | 228.13 | 215.83 |
| * After direct transaction costs of:[1] | 0.00 | 0.07 | 0.06 |
| **Performance** | | | |
| Return after charges[2] | (1.30)% | 5.70% | (3.08)% |
| **Other Information** | | | |
| Closing net asset value (£'000) | 337,670 | 385,638 | 447,014 |
| Closing number of shares | 149,970,387 | 169,046,602 | 207,118,730 |
| Operating charges[3] | 1.41% | 1.42% | 1.36% |
| Direct transaction costs | 0.00% | 0.03% | 0.03% |
| **Prices** | | | |
| Highest share price | 234.21 | 229.67 | 228.45 |
| Lowest share price | 192.63 | 207.41 | 213.79 |

[1] 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. Direct transaction costs cover a six-month period to 31 May 2020.

[2] The return after charges is calculated as the return after operating charges per share divided by the opening net asset value per share.

[3] 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 59.

## FUND INFORMATION (continued)

### Comparative Tables (continued)

**Class D Income**

| | 31.05.20 (pence per share) | 30.11.19 (pence per share) | 30.11.18 (pence per share) |
|---|---|---|---|
| **Change in Net Asset Value Per Share** | | | |
| Opening net asset value per share | 176.27 | 170.26 | 178.65 |
| Return before operating charges* | (1.00) | 12.40 | (3.00) |
| Operating charges (calculated on average price) | (1.64) | (3.33) | (3.33) |
| Return after operating charges* | (2.64) | 9.07 | (6.33) |
| Distributions on income shares | (0.15) | (3.06) | (2.06) |
| Closing net asset value per share | 173.48 | 176.27 | 170.26 |
| * After direct transaction costs of:[1] | 0.00 | 0.05 | 0.05 |
| **Performance** | | | |
| Return after charges[2] | (1.50)% | 5.33% | (3.54)% |
| **Other Information** | | | |
| Closing net asset value (£'000) | 366 | 376 | 693 |
| Closing number of shares | 211,219 | 213,311 | 406,805 |
| Operating charges[3] | 1.91% | 1.92% | 1.86% |
| Direct transaction costs | 0.00% | 0.03% | 0.03% |
| **Prices** | | | |
| Highest share price | 180.77 | 179.62 | 183.12 |
| Lowest share price | 148.61 | 163.50 | 169.84 |

[1] 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. Direct transaction costs cover a six-month period to 31 May 2020.

[2] The return after charges is calculated as the return after operating charges per share divided by the opening net asset value per share.

[3] 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 59.

## FUND INFORMATION (continued)

### Comparative Tables (continued)

**Class D Accumulation**

| | 31.05.20 (pence per share) | 30.11.19 (pence per share) | 30.11.18 (pence per share) |
|---|---|---|---|
| **Change in Net Asset Value Per Share** | | | |
| Opening net asset value per share | 211.76 | 201.14 | 208.58 |
| Return before operating charges* | (1.20) | 14.57 | (3.56) |
| Operating charges (calculated on average price) | (1.97) | (3.95) | (3.88) |
| Return after operating charges* | (3.17) | 10.62 | (7.44) |
| Distributions | (0.18) | (3.62) | (2.37) |
| Retained distributions on accumulation shares | 0.18 | 3.62 | 2.37 |
| Closing net asset value per share | 208.59 | 211.76 | 201.14 |
| * After direct transaction costs of:[1] | 0.00 | 0.06 | 0.06 |
| **Performance** | | | |
| Return after charges[2] | (1.50)% | 5.28% | (3.57)% |
| **Other Information** | | | |
| Closing net asset value (£'000) | 14,044 | 14,680 | 16,042 |
| Closing number of shares | 6,732,758 | 6,932,475 | 7,975,230 |
| Operating charges[3] | 1.91% | 1.92% | 1.86% |
| Direct transaction costs | 0.00% | 0.03% | 0.03% |
| **Prices** | | | |
| Highest share price | 217.17 | 213.32 | 213.81 |
| Lowest share price | 178.53 | 193.22 | 199.25 |

[1] 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. Direct transaction costs cover a six-month period to 31 May 2020.

[2] The return after charges is calculated as the return after operating charges per share divided by the opening net asset value per share.

[3] 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 59.

## FUND INFORMATION (continued)

### Comparative Tables (continued)

**Class S Income**

| | 31.05.20 (pence per share) | 30.11.19 (pence per share) | 30.11.18 (pence per share) |
|---|---|---|---|
| **Change in Net Asset Value Per Share** | | | |
| Opening net asset value per share | 116.40 | 112.14 | 117.18 |
| Return before operating charges* | (0.74) | 7.95 | (2.00) |
| Operating charges (calculated on average price) | (0.66) | (1.33) | (1.30) |
| Return after operating charges* | (1.40) | 6.62 | (3.30) |
| Distributions on income shares | (0.27) | (2.36) | (1.74) |
| Closing net asset value per share | 114.73 | 116.40 | 112.14 |
| * After direct transaction costs of:[1] | 0.00 | 0.03 | 0.03 |
| **Performance** | | | |
| Return after charges[2] | (1.20)% | 5.90% | (2.82)% |
| **Other Information** | | | |
| Closing net asset value (£'000) | 4,853 | 5,119 | 10,165 |
| Closing number of shares | 4,230,175 | 4,397,562 | 9,064,288 |
| Operating charges[3] | 1.16% | 1.17% | 1.11% |
| Direct transaction costs | 0.00% | 0.03% | 0.03% |
| **Prices** | | | |
| Highest share price | 119.58 | 118.70 | 120.24 |
| Lowest share price | 98.37 | 107.75 | 112.04 |

[1] 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. Direct transaction costs cover a six-month period to 31 May 2020.

[2] The return after charges is calculated as the return after operating charges per share divided by the opening net asset value per share.

[3] 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 59.

## FUND INFORMATION (continued)

### Comparative Tables (continued)

**Class S Accumulation**

| | 31.05.20 (pence per share) | 30.11.19 (pence per share) | 30.11.18 (pence per share) |
|---|---|---|---|
| **Change in Net Asset Value Per Share** | | | |
| Opening net asset value per share | 127.48 | 120.37 | 123.88 |
| Return before operating charges* | (0.82) | 8.55 | (2.13) |
| Operating charges (calculated on average price) | (0.72) | (1.44) | (1.38) |
| Return after operating charges* | (1.54) | 7.11 | (3.51) |
| Distributions | (0.30) | (2.55) | (1.85) |
| Retained distributions on accumulation shares | 0.30 | 2.55 | 1.85 |
| Closing net asset value per share | 125.94 | 127.48 | 120.37 |
| * After direct transaction costs of:[1] | 0.00 | 0.04 | 0.03 |
| **Performance** | | | |
| Return after charges[2] | (1.21)% | 5.91% | (2.83)% |
| **Other Information** | | | |
| Closing net asset value (£'000) | 49,989 | 50,587 | 75,179 |
| Closing number of shares | 39,690,919 | 39,682,042 | 62,458,901 |
| Operating charges[3] | 1.16% | 1.17% | 1.11% |
| Direct transaction costs | 0.00% | 0.03% | 0.03% |
| **Prices** | | | |
| Highest share price | 130.95 | 128.30 | 127.13 |
| Lowest share price | 107.73 | 115.70 | 119.22 |

[1] 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. Direct transaction costs cover a six-month period to 31 May 2020.

[2] The return after charges is calculated as the return after operating charges per share divided by the opening net asset value per share.

[3] 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 59.

## FUND INFORMATION (continued)

**Ongoing Charges Figures**

As at 31 May 2020

| | Class A | Class B | Class C | Class D | Class S |
|---|---|---|---|---|---|
| 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 | 0.45% | 0.45% | 0.45% | 0.45% | 0.45% |
| Ongoing Charges Figure | 1.91% | 1.66% | 1.41% | 1.91% | 1.16% |

As at 30 November 2019

| | Class A | Class B | Class C | Class D | Class S |
|---|---|---|---|---|---|
| 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% |
| | 1.45% | 1.20% | 0.95% | 1.45% | 0.70% |
| Collective investment scheme costs | 0.47% | 0.47% | 0.47% | 0.47% | 0.47% |
| Ongoing Charges Figure | 1.92% | 1.67% | 1.42% | 1.92% | 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 period.

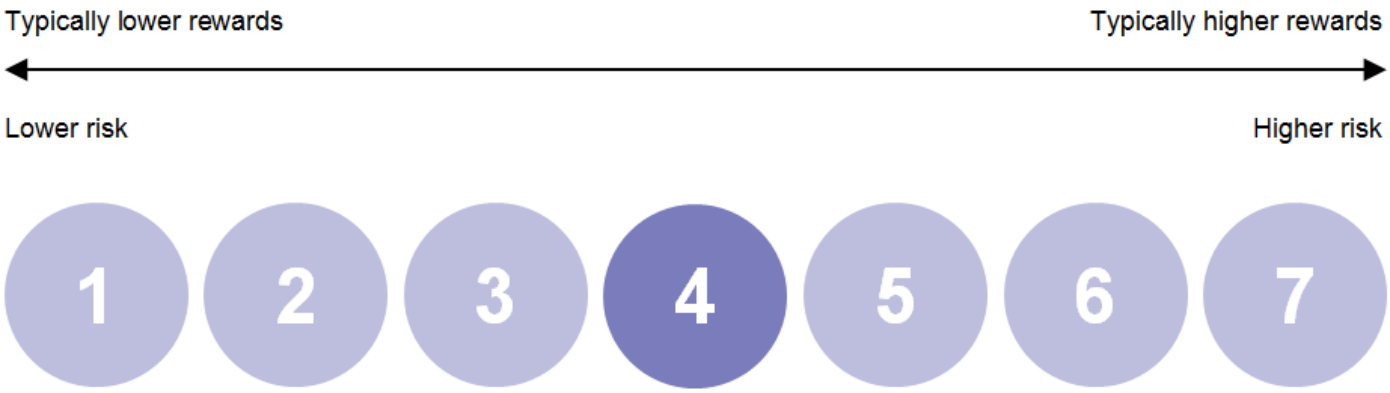
The collective investment scheme costs represent the OCFs, or a reasonable substitute, of the underlying funds which are held as portfolio investments. Their inclusion has been calculated on a weighted basis against the Sub-fund's net assets at the balance sheet date.

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 sub-fund's returns have varied. It is a measure of a sub-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 interim report and financial statements, the risk and reward indicator as at the period end date 31 May 2020 was 4.

**Fund performance to 31 May 2020 (%)**

| | 6 months | 1 year | 3 years | 5 years |
|---|---|---|---|---|
| 7IM Balanced Fund[1] | (1.37) | 2.03 | 2.96 | 8.59 |

[1] 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 67 and 68.

# 7IM BALANCED FUND

## PORTFOLIO STATEMENT
as at 31 May 2020

| Holding | Portfolio of Investment | Value £ | 31.05.20 % |
|---|---|---|---|
| | **ALTERNATIVES 12.62% (12.59%)** | | |
| | **Alternative Strategies 9.82% (10.97%)** | | |
| 176,233 | AQR - Managed Futures UCITS Fund[1] | 15,488,297 | 2.86 |
| 73,060 | BlackRock Strategic Funds - Global Event Driven Fund[1] | 7,973,028 | 1.47 |
| 13,639,000 | BNP Paribas Issuance 0.00% 2024[2] | 14,028,558 | 2.59 |
| 7,270,085 | Dexion Absolute EUR[3] | – | – |
| 18,830,000 | JP Morgan Structured Products 0.00% 2023[2] | 15,662,574 | 2.90 |
| | | **53,152,457** | **9.82** |
| | **Real Estate 2.80% (1.62%)** | | |
| 7,717,712 | iShares Global Property Securities Index[1] | **15,188,457** | **2.80** |
| | **CASH 7.42% (0.70%)** | | |
| 40,196,000 | Northern Trust Global Sterling Fund[1] | **40,196,000** | **7.42** |
| | **DEBT SECURITIES 47.69% (54.03%)** | | |
| | **Convertible Bonds 2.25% (1.97%)** | | |
| 92,229 | NN (L) Global Convertible Opportunities Acc[1] | **12,184,221** | **2.25** |
| | **Emerging Market Bonds 5.29% (7.05%)** | | |
| 191,020 | Barings Emerging Markets Debt Blended Total Return[1] | 20,786,815 | 3.84 |
| 89,977 | UBS Lux Bond SICAV - Asian High Yield USD[1] | 7,882,836 | 1.45 |
| | | **28,669,651** | **5.29** |
| | **Gilts 0.00% (4.01%)** | | |
| | **Global Corporate Bonds 18.77% (11.76%)** | | |
| 217,989 | Angel Oak Multi-Strategy Income Fund[1] | 17,335,757 | 3.20 |
| 253,632 | iShares USD Corp Bond UCITS ETF[1] | 25,933,273 | 4.79 |
| 183,188 | Legg Mason Western Asset Structured Opportunties Fund USD Acc[1] | 17,099,928 | 3.16 |
| 391,297 | PFS TwentyFour Dynamic Bond[1] | 41,257,450 | 7.62 |
| | | **101,626,408** | **18.77** |
| | **Global Government Bonds 0.02% (3.93%)** | | |
| 116 | Ultra Long Term US Treasury Bond Futures September 2020[4] | **89,307** | **0.02** |
| | **Global High Yield Bonds 7.52% (3.91%)** | | |
| 28,798 | Babson Capital US High Yield Bond[1] | 3,008,317 | 0.56 |
| 642,481 | Blackstone GSO Loan Financing (Jersey) | 290,183 | 0.05 |
| 344,729 | BlueBay Financial Capital Bond[1] | 36,641,225 | 6.77 |
| 2,799,576 | Fair Oaks Income 2017 | 772,359 | 0.14 |
| | | **40,712,084** | **7.52** |
| | **Global Inflation Linked Bonds 2.58% (4.90%)** | | |
| 938,393 | iShares Global Inflation-Linked Bond Index[1] | 11,267,719 | 2.08 |
| US$2,472,700 | US Treasury Inflation-Indexed Bonds 1% 2049 | 2,681,862 | 0.50 |
| | | **13,949,581** | **2.58** |

**PORTFOLIO STATEMENT** (continued)
as at 31 May 2020

| Holding | Portfolio of Investment | Value £ | 31.05.20 % |
|---|---|---|---|
| | **Short Term Sterling Bonds 5.23% (9.59%)** | | |
| £1,300,000 | Bank Nederlandse Gemeenten 1.00% 2022 | 1,315,091 | 0.24 |
| £2,000,000 | Bank of Montreal 1.625% 2022 | 2,023,883 | 0.37 |
| £1,200,000 | Barclays Bank 4.25% 2022 | 1,272,187 | 0.23 |
| £1,151,000 | Cooperatieve Rabobank UA 4.00% 2022 | 1,227,231 | 0.23 |
| £1,000,000 | Dexia Credit Local 0.875% 2021 | 1,005,892 | 0.19 |
| £1,000,000 | Dexia Credit Local 1.375% 2022 | 1,023,251 | 0.19 |
| £2,000,000 | FMS Wertmanagement 1.00% 2022 | 2,031,220 | 0.37 |
| £1,690,000 | Lloyds Bank 1.75% 2022 | 1,727,126 | 0.32 |
| £2,150,000 | Municipality Finance 1.25% 2022 | 2,197,386 | 0.41 |
| £1,000,000 | National Australia Bank 5.125% 2021 | 1,057,200 | 0.19 |
| £1,000,000 | Nordea Bank 2.375% 2022 | 1,025,230 | 0.19 |
| £1,000,000 | NRW Bank FRN 2024 | 995,490 | 0.18 |
| £1,500,000 | Oesterreichische 1.125% 2022 | 1,529,238 | 0.28 |
| £1,200,000 | Reseau Ferre de France 5.5% 2021 | 1,289,453 | 0.24 |
| £470,000 | Royal Bank of Canada FRN 2021 | 469,588 | 0.09 |
| £1,000,000 | Svenska Handelsba 2.375% 2022 | 1,023,202 | 0.19 |
| £1,660,000 | Swedbank 1.625% 2022 | 1,666,892 | 0.31 |
| £2,075,000 | Toronto-Dominion Bank 1.05% 2021 | 2,072,680 | 0.38 |
| £1,000,000 | Westpac Securities NZ 2.50% 2021 | 1,010,380 | 0.19 |
| £2,350,000 | Yorkshire Building Society FRN 2023 | 2,357,760 | 0.44 |
| | | **28,320,380** | **5.23** |
| | **Sterling Corporate Bonds 6.03% (6.91%)** | | |
| £2,210,000 | Bank of Nova Scotia 1.25% 2022 | 2,214,862 | 0.41 |
| 11,386,924 | MI TwentyFour - Monument Bond Fund[1] | 11,301,852 | 2.09 |
| £2,000,000 | Santander UK FRN 2024 | 2,013,140 | 0.37 |
| 5,971,673 | Schroder Long Dated Cor. Acc[1] | 12,015,005 | 2.22 |
| £1,225,000 | Toyota Motor Credit 1% 2022 | 1,213,938 | 0.22 |
| 8,177,449 | UK Mortgages | 3,892,466 | 0.72 |
| | | **32,651,263** | **6.03** |
| | **EQUITY 31.70% (31.78%)** | | |
| | **Asia & Emerging Markets 3.64% (4.27%)** | | |
| 58,445 | RWC Global Emerging Markets[1] | 9,990,702 | 1.85 |
| 462,615 | Schroder ISF Asian Opportunities[1] | 9,697,600 | 1.79 |
| | | **19,688,302** | **3.64** |
| | **Europe (ex UK) 3.93% (4.60%)** | | |
| 5,665,924 | CF Miton European Opportunities[1] | 13,125,351 | 2.42 |
| 910 | Euro Stoxx 50 Equity Index Futures December 2022[4] | 260,987 | 0.05 |
| 910 | Euro Stoxx 50 Equity Index Futures December 2023[4] | 1,440,590 | 0.27 |
| 7,434,669 | LF Lightman European Fund I Accumulation[1] | 6,453,293 | 1.19 |
| | | **21,280,221** | **3.93** |
| | **Japan 3.87% (4.14%)** | | |
| 140,834 | Baillie Gifford Japanese Smaller Companies Fund 'B' Acc[1] | 7,386,737 | 1.36 |
| 1,374,998 | Skyline Umbrella Fund ICAV - Usonian Japan Value Fund[1] | 13,587,869 | 2.51 |
| | | **20,974,606** | **3.87** |

# 7IM BALANCED FUND

## PORTFOLIO STATEMENT (continued)
as at 31 May 2020

| Holding | Portfolio of Investment | Value £ | 31.05.20 % |
|---|---|---|---|
| | **North America 5.06% (3.02%)** | | |
| 184,860 | AB SICAV I - International Health Care Portfolio[1] | 21,081,480 | 3.89 |
| 429 | S&P 500 E-mini Futures June 2020[4] | 6,323,159 | 1.17 |
| | | **27,404,639** | **5.06** |
| | **United Kingdom 15.20% (15.75%)** | | |
| 37,139,514 | Investec Fund Series i - UK Alpha[1] | 41,146,867 | 7.60 |
| 22,135,779 | Majedie UK Focus[1] | 41,121,636 | 7.60 |
| | | **82,268,503** | **15.20** |
| | **FORWARD CURRENCY CONTRACTS -1.26% (0.69%)** | | |
| €9,000,000 | Vs £(7,641,891) Expiry 16.10.2020 | 507,640 | 0.09 |
| €5,000,000 | Vs £(4,529,000) Expiry 16.10.2020 | (1,483) | – |
| €(15,720,000) | Vs £13,176,897 Expiry 16.10.2020 | (1,057,617) | (0.19) |
| ¥(1,503,280,100) | Vs £10,549,231 Expiry 19.06.2020 | (829,894) | (0.15) |
| US$(2,467,200) | Vs £2,004,685 Expiry 08.06.2020 | 2,790 | – |
| US$(17,750,000) | Vs £14,570,355 Expiry 17.07.2020 | 170,252 | 0.03 |
| US$(16,000,000) | Vs £12,945,874 Expiry 17.07.2020 | (34,500) | (0.01) |
| US$(12,500,000) | Vs £9,993,684 Expiry 17.07.2020 | (147,234) | (0.03) |
| US$(141,906,000) | Vs £108,462,632 Expiry 17.07.2020 | (6,661,931) | (1.23) |
| ¥900,000,000 | Vs £(6,774,175) Expiry 19.06.2020 | 38,402 | 0.01 |
| ¥650,000,000 | Vs £(4,905,960) Expiry 19.06.2020 | 14,234 | – |
| ¥373,200,000 | Vs £(2,925,453) Expiry 19.06.2020 | (100,504) | (0.02) |
| US$2,158,800 | Vs £(1,754,115) Expiry 05.06.2020 | (2,434) | – |
| US$20,000,000 | Vs £(15,488,076) Expiry 17.07.2020 | 737,392 | 0.14 |
| US$10,000,000 | Vs £(7,745,814) Expiry 17.07.2020 | 366,921 | 0.07 |
| US$4,880,000 | Vs £(3,735,027) Expiry 17.07.2020 | 223,987 | 0.04 |
| US$21,000,000 | Vs £(17,082,073) Expiry 17.07.2020 | (45,331) | (0.01) |
| | | **(6,819,310)** | **(1.26)** |
| | **Portfolio of investment** | **531,536,770** | **98.17** |
| | Net other assets | 9,919,790 | 1.83 |
| | **Net assets** | **541,456,560** | **100.00** |

Comparative figures shown in brackets relate to 30 November 2019.

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

[1] Collective investment scheme
[2] Structured product
[3] Delisted security
[4] Derivative contract

| Credit Quality | 31.05.20 % | 30.11.19 % |
|---|---|---|
| Investment grade debt securities | 6.73 | 22.68 |
| Non-rated debt securities | 5.49 | 3.10 |
| Other investments | 85.95 | 74.43 |
| Net other assets | 1.83 | (0.21) |
| | **100.00** | **100.00** |

# 7IM BALANCED FUND

## STATEMENT OF TOTAL RETURN
for the period ended 31 May 2020

| | | 31.05.20 | | 31.05.19 |
|---|---|---|---|---|
| | £ | £ | £ | £ |
| Income | | | | |
| Net capital (losses)/gains | | (8,483,140) | | 11,456,847 |
| Revenue | 2,798,110 | | 6,423,263 | |
| Expenses | (2,705,478) | | (3,279,382) | |
| Interest payable and similar charges | (43,493) | | (50,103) | |
| Net revenue before taxation for the period | 49,139 | | 3,093,778 | |
| Taxation | (576,824) | | (236,710) | |
| Net (expense)/revenue after taxation for the period | | (527,685) | | 2,857,068 |
| **Total return before distributions** | | (9,010,825) | | 14,313,915 |
| Distributions | | (1,038,478) | | (4,344,945) |
| **Change in net assets attributable to shareholders from investment activities** | | (10,049,303) | | 9,968,970 |

## STATEMENT OF CHANGE IN NET ASSETS ATTRIBUTABLE TO SHAREHOLDERS
for the period ended 31 May 2020

| | | 31.05.20 | | 31.05.19 |
|---|---|---|---|---|
| | £ | £ | £ | £ |
| **Opening net assets attributable to shareholders** | | 602,164,618 | | 720,878,812 |
| Amounts received on creation of shares[1] | 37,123,600 | | 57,121,746 | |
| Amounts paid on cancellation of shares[1] | (88,639,475) | | (133,592,974) | |
| | | (51,515,875) | | (76,471,228) |
| Change in net assets attributable to shareholders from investment activities | | (10,049,303) | | 9,968,970 |
| Retained distribution on accumulation shares | | 857,120 | | 3,672,711 |
| **Closing net assets attributable to shareholders** | | 541,456,560 | | 658,049,265 |

[1] Stated at mid-market price.

The difference between the opening net assets and the comparative closing net assets is the movement in the second half of the year.

# 7IM BALANCED FUND

## BALANCE SHEET
as at 31 May 2020

| | 31.05.20<br>£ | 30.11.19<br>£ |
|---|---|---|
| **ASSETS** | | |
| Fixed assets: | | |
| Investments | 540,417,697 | 607,006,313 |
| Current assets: | | |
| Debtors | 16,841,181 | 9,917,703 |
| Cash and bank balances | 4,262,358 | 8,154,335 |
| **Total assets** | 561,521,236 | 625,078,351 |
| **LIABILITIES** | | |
| Investment liabilities | (8,880,928) | (6,081,670) |
| Creditors: | | |
| Bank overdrafts | (4,061,682) | (10,727,536) |
| Distribution payable | (122,009) | (926,768) |
| Other creditors | (7,000,057) | (5,177,759) |
| **Total liabilities** | (20,064,676) | (22,913,733) |
| **Net assets attributable to shareholders** | 541,456,560 | 602,164,618 |

## NOTE TO THE FINANCIAL STATEMENTS

for the period ended 31 May 2020

**Accounting Policies**

The accounting policies applied are consistent with those of the annual financial statements for the year ended 30 November 2019 and are described in those financial statements.

The financial statements have been prepared under the historical cost basis, as modified by the revaluation of investments and in accordance with the Statement of Recommended Practice ('SORP') for Financial Statements of Authorised Funds issued by the Investment Association ('IA') in May 2014.

# 7IM BALANCED FUND

## DISTRIBUTION TABLES

for the period ended 31 May 2020

**Interim - in pence per share**

Group 1 - Shares purchased prior to 1 December 2019
Group 2 - Shares purchased on or after 1 December 2019 and on or before 31 May 2020

| | Net Revenue | Equalisation | Payable 31.07.20 | Paid 31.07.19 |
|---|---|---|---|---|
| **Class A Income*** | | | | |
| Group 1 | – | – | – | 0.9110 |
| Group 2 | – | – | – | 0.9110 |

| | Net Revenue | Equalisation | Allocated 31.07.20 | Allocated 31.07.19 |
|---|---|---|---|---|
| **Class A Accumulation** | | | | |
| Group 1 | 0.1824 | – | 0.1824 | 1.0875 |
| Group 2 | 0.0195 | 0.1629 | 0.1824 | 1.0875 |

| | Net Revenue | Equalisation | Allocated 31.07.20 | Allocated 31.07.19 |
|---|---|---|---|---|
| **Class B Accumulation** | | | | |
| Group 1 | 0.2958 | – | 0.2958 | 1.2453 |
| Group 2 | 0.1094 | 0.1864 | 0.2958 | 1.2453 |

| | Net Revenue | Equalisation | Payable 31.07.20 | Paid 31.07.19 |
|---|---|---|---|---|
| **Class C Income** | | | | |
| Group 1 | 0.3354 | – | 0.3354 | 1.1506 |
| Group 2 | 0.1090 | 0.2264 | 0.3354 | 1.1506 |

| | Net Revenue | Equalisation | Allocated 31.07.20 | Allocated 31.07.19 |
|---|---|---|---|---|
| **Class C Accumulation** | | | | |
| Group 1 | 0.4180 | – | 0.4180 | 1.4079 |
| Group 2 | 0.1334 | 0.2846 | 0.4180 | 1.4079 |

| | Net Revenue | Equalisation | Payable 31.07.20 | Paid 31.07.19 |
|---|---|---|---|---|
| **Class D Income** | | | | |
| Group 1 | 0.1523 | – | 0.1523 | 0.9101 |
| Group 2 | 0.0195 | 0.1328 | 0.1523 | 0.9101 |

| | Net Revenue | Equalisation | Allocated 31.07.20 | Allocated 31.07.19 |
|---|---|---|---|---|
| **Class D Accumulation** | | | | |
| Group 1 | 0.1825 | – | 0.1825 | 1.0812 |
| Group 2 | 0.0387 | 0.1438 | 0.1825 | 1.0812 |

| | Net Revenue | Equalisation | Payable 31.07.20 | Paid 31.07.19 |
|---|---|---|---|---|
| **Class S Income** | | | | |
| Group 1 | 0.2702 | – | 0.2702 | 0.8018 |
| Group 2 | 0.1081 | 0.1621 | 0.2702 | 0.8018 |

## DISTRIBUTION TABLES (continued)

for the period ended 31 May 2020

| | Net Revenue | Equalisation | Allocated 31.07.20 | Allocated 31.07.19 |
|---|---|---|---|---|
| **Class S Accumulation** | | | | |
| Group 1 | 0.2956 | – | 0.2956 | 0.8798 |
| Group 2 | 0.1847 | 0.1109 | 0.2956 | 0.8798 |

* Expenses exceeded revenue during the period, as a result no distributions were paid and allocated.

### 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 31 May 2020

**Investment Objective and Policy**

7IM Moderately Adventurous Fund (the 'Sub-fund') aims to provide a return primarily by way of capital growth, with some income.

The Sub-fund invests at least 80% of its assets in other funds managed both by the Manager and by selected third party managers, including open-ended and closed–ended funds and exchange traded funds (ETFs), and other transferable securities including fixed income, equities and structured products.

Up to 20% of the Sub-fund will be invested in liquid assets such as cash, deposits, money market funds and money market instruments, as well as warrants.

Investment will focus on assets with scope for capital growth, such as equities, although the Sub-fund may also invest in income generating assets such as corporate debt securities.

The Sub-fund will invest in derivatives for efficient portfolio management (EPM) (i.e. to reduce risk or cost and, or to generate extra income) as well as for investment purposes.

In extraordinary market conditions (such as political unrest, economic instability, war, the bankruptcy of large financial institutions or closure of a relevant market(s)), the Sub-fund may temporarily invest up to 100% of its total assets in deposits, cash, near cash, treasury bills, government bonds or short-term money market instruments.

**Investment Manager's Report**

**Performance Report**

In the reporting period, 1 December 2019 to 31 May 2020, the portfolio delivered a total return of -3.32%[1]. The Sub-fund's comparator, the IA Mixed 40-85% Shares, sector has returned -4.44%.

**Investment Background**

The coronavirus that emerged in mid-January from the Chinese city of Wuhan caught the attention of global markets. Initial research suggests that the virus is less deadly than the SARS virus that hit China in 2003 but is markedly more contagious. By February, it wasn't just China locking down. New cases have reached such levels that parts of Italy went into lockdown.

The lockdown in China turned out to cause an unprecedented hit to the Chinse economy. This will be felt in both demand, as the Chinese consumer stays indoors, and supply, with the likes of Apple revising their earnings due to manufacturing bottlenecks. It soon became clear that the Chinese experience was just the test case for the rest of the world, sending markets down.

However, for investors who believed that the end of February was the worst of the market turmoil, March was a severe reality check. Coronavirus and an oil price shock caused a sharp revision of future growth expectations that resulted in a global recession. Equity markets throughout March experienced volatility not seen since the 2008 financial crisis with average daily moves (up or down) of c.5.0% causing a drawdown comparable to the crash in October 1987. Markets recovered strongly towards the end of the month with a c.20% rally, but are still some 20% away from where they started the year.

Investors enjoyed positive returns in April as both risky and defensive assets rebounded following the initial shock of the global shutdown - the US stock market returned c.18% over the month. It's clear that governments around the world are conscious of the impacts lockdown on both economies and families. They have started to discuss ways in which we can delicately move towards re-opening of businesses.

Equities continue their winning streak in May, following optimism over economies beginning to re-open. The US S&P 500 Index returned around 5%, with the Technology sector leading the way, and generating over 7% throughout the month. In fact, markets around the world were positive - with the UK, Japanese and European markets all gaining over 4%. Some have argued that the equities performance throughout April and May was due to Central Banks pouring new money into the economy. The Federal Reserve's balance sheet has increased by almost two thirds since the start of the year and now stands at $6.6 trillion.

It wasn't just central banks which supported the economy and markets. Governments around the world are doing all they can to keep the economy moving. The EU announced plans for a recovery fund to be created that will jointly spread the burden of debt issued to help the Eurozone recover through this crisis. The EU Commission are proposing to issue €500 billion in funding, which would see a move towards fiscal unity within the region. In Japan, we also saw a further stimulus package of 117 Trillion Yen promised, taking the total level of stimulus in Japan to 234 Trillion Yen (c.£1.8 Trillion).

[1] Calculated using 7IM Moderately Adventurous C Acc shares, published prices. Source: NTRS

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

Of course, money isn't free. This continued level of stimulus to help cushion economies from a difficult recession has pushed country debt levels exceptionally high. In Japan, government debt makes up c.238% relative to GDP while in the US, that figure is closer to 110% and in the UK its 81%. The governments have successfully stabilised the global economy. The cost of all this is not clear yet.

**Portfolio Review**

In December, we reviewed the funds Asian/Emerging Market. We sold out of the Hermes Asia fund as we had less conviction in the manager's contrarian and value focus. We also sold Mirae Asian Consumer as we felt this was to narrowly focused from a geographic and sector point of view. The proceeds were invested into Schroder Asian Opportunities which has a strong analyst team and proven record of outperformance. We also feel that their more growthy style is a better fit with other parts of the portfolio.

Following the relative outperformance in March of the healthcare overweight, we trimmed this to take profit.

In October, we had decided to add puts to the portfolio to provide protection against a sudden shock on the downside. As the S&P 500 fell as the pandemic spread in March, we sold out of these positions to lock in gains and offset losses being felt in other parts of the portfolio. We reduced exposure to emerging market at the start of March and this proved timely.

After a widening in yield spreads, we then felt that the rewards available outweighed the risks and therefore added to High Yield Debt at the beginning of April.

We felt that the fall in value of REITs was overdone and didn't reflect fundamentals, so we took advantage of the liquidity crunch the asset class was experiencing to bring the allocation up to SAA neutral.

In March, as the crisis continued and a global recession become more likely, we exited our Frontiers equity position. The countries that make up this asset class tend to suffer more and take a lot longer to recovery than Developing or Emerging markets.

Following a review of the European equity sector, we sold out of some funds that had become too small and were causing concentration problems. We added to Lightman European - the only value player in the sector. This blends well with the growthy style of Miton European Opportunities.

During the year, we kept seeing opportunities for value enhancement in European Dividends and would exit or reduce as the relative value reduced as the positions became fully priced. We restarted the positions in March as prices looked attractive.

In light of global events, the strategy team had a less positive view on equities so these were trimmed to take them towards SAA neutral. We added further to our overweight in high yield with the addition of Asian High Yield bonds. Asian High Yield is currently providing attractive future returns with yields higher than they are in the US. The asset class also has a high allocation to China, which is coming out the COVID crisis quicker than the US. Additionally, default rates have been lower in Asia than in the US. This was funded from Emerging and Japanese equities.

**Investment Outlook**

The Hammer stage of tackling COVID-19 is coming to a close across the major economies. Over half of the world's population has been in some form of lockdown, slowing the spread of the virus and giving health systems the one thing they need most – time. Infection rates are falling across most developed economies, while critical care facilities have been established and medical equipment is now being produced in sufficient quantities.

The next phase of tackling COVID-19 – the Dance – will take somewhat longer. The rules will be eased only gradually, and social distancing will be with us for a while yet. Governments will want to encourage normality as much as possible, but short-term quarantines may be common as we deal with intermittent flare-ups of the virus.

Treatments will be developed in due course, but the coronavirus endgame will require a vaccine, which may only materialise in a year or more. This first modern global pandemic has given us a taste of how to deal with future ones – we need to learn the lessons.

The economic cost of the Hammer has been immediately obvious. Economic growth numbers in the major economies have crashed. We have entered the sharpest recessions in modern history. Around 4 times as large as the financial crisis but also four times as quick. This recession will set all kinds of records.

## ACD'S REPORT (continued)
for the period ended 31 May 2020

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

Economic crises usually take time to play out, and people in power tend to stick their heads in the sand for as long as possible. This time is different. The coronavirus recession has been met almost immediately with a massive wave of stimulus. Central banks and governments haven't waited to assess the damage. Trillions of dollars, euros, pounds, yuan and yen have been injected into the financial system – often straight into ordinary people's bank accounts. The obvious driver of the quick reactions was that it was the governments themselves who have created the recession in the first place.

When economic activity resumes, it could be quicker than anyone expects. Low oil prices and pent-up demand could make for a spectacular recovery over the next few years. In the first weeks of the crisis, investors panicked, selling anything they had. As the future becomes clearer, though, people will start to think clearly about the kind of businesses they think will do well over the next few years – and which might be gone for good. This may be the quickest and deepest recession on record but it could also be the quickest and strongest recovery too. But that doesn't mean there won't be winners and losers.

Equities have clearly bought into the recovery. While the stimulus has reduced the risk of an ongoing recession, the markets also seem to be ignoring that economies could be running at 90% capacity for some time. We've been looking for assets that are obviously mispriced, and the credit markets have been a key area of focus. Investors have fled from almost any kind of corporate debt, leaving opportunity to buy good, stable, long-term businesses at yields not seen for over a decade. Investors are confronting interest rates close to zero, at a time when every government has just increased its amount of borrowing substantially.

Investors are still using bonds as safe havens, but with long run return expectations below inflation, this isn't a sustainable state of affairs. When things start improving and inflation picks up, 'safe haven' government bonds may look exposed.

Seven Investment Management LLP
Investment Manager
June 2020

# 7IM MODERATELY ADVENTUROUS FUND

## FUND INFORMATION

The Comparative Tables on pages 73 to 81 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**

| | 31.05.20 (pence per share) | 30.11.19 (pence per share) | 30.11.18 (pence per share) |
|---|---|---|---|
| **Change in Net Asset Value Per Share** | | | |
| Opening net asset value per share | 234.69 | 223.48 | 232.81 |
| Return before operating charges* | (5.64) | 17.44 | (4.17) |
| Operating charges (calculated on average price) | (2.16) | (4.54) | (4.54) |
| Return after operating charges* | (7.80) | 12.90 | (8.71) |
| Distributions on income shares | – | (1.69) | (0.62) |
| Closing net asset value per share | 226.89 | 234.69 | 223.48 |
| * After direct transaction costs of:[1] | 0.00 | 0.07 | 0.08 |
| **Performance** | | | |
| Return after charges[2] | (3.32)% | 5.77% | (3.74)% |
| **Other Information** | | | |
| Closing net asset value (£'000) | 5 | 5 | 30 |
| Closing number of shares | 2,181 | 2,181 | 13,441 |
| Operating charges[3] | 1.93% | 2.00% | 1.94% |
| Direct transaction costs | 0.00% | 0.03% | 0.03% |
| **Prices** | | | |
| Highest share price | 241.39 | 238.59 | 240.87 |
| Lowest share price | 185.99 | 211.80 | 220.92 |

[1] 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. Direct transaction costs cover a six-month period to 31 May 2020.

[2] The return after charges is calculated as the return after operating charges per share divided by the opening net asset value per share.

[3] 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 82.

## FUND INFORMATION (continued)

### Comparative Tables (continued)

**Class A Accumulation**

| | 31.05.20 (pence per share) | 30.11.19 (pence per share) | 30.11.18 (pence per share) |
|---|---|---|---|
| **Change in Net Asset Value Per Share** | | | |
| Opening net asset value per share | 246.47 | 233.02 | 242.08 |
| Return before operating charges* | (5.87) | 18.24 | (4.34) |
| Operating charges (calculated on average price) | (2.27) | (4.79) | (4.72) |
| Return after operating charges* | (8.14) | 13.45 | (9.06) |
| Distributions | – | (1.76) | (0.63) |
| Retained distributions on accumulation shares | – | 1.76 | 0.63 |
| Closing net asset value per share | 238.33 | 246.47 | 233.02 |
| * After direct transaction costs of:[1] | 0.00 | 0.08 | 0.08 |
| **Performance** | | | |
| Return after charges[2] | (3.30)% | 5.77% | (3.74)% |
| **Other Information** | | | |
| Closing net asset value (£'000) | 845 | 952 | 1,354 |
| Closing number of shares | 354,711 | 386,330 | 581,033 |
| Operating charges[3] | 1.93% | 2.00% | 1.94% |
| Direct transaction costs | 0.00% | 0.03% | 0.03% |
| **Prices** | | | |
| Highest share price | 253.41 | 249.17 | 250.47 |
| Lowest share price | 195.34 | 220.86 | 229.71 |

[1] 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. Direct transaction costs cover a six-month period to 31 May 2020.

[2] The return after charges is calculated as the return after operating charges per share divided by the opening net asset value per share.

[3] 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 82.

## FUND INFORMATION (continued)

### Comparative Tables (continued)

**Class B Accumulation**

| | 31.05.20 (pence per share) | 30.11.19 (pence per share) | 30.11.18 (pence per share) |
|---|---|---|---|
| **Change in Net Asset Value Per Share** | | | |
| Opening net asset value per share | 256.50 | 241.89 | 250.67 |
| Return before operating charges* | (6.15) | 18.97 | (4.52) |
| Operating charges (calculated on average price) | (2.06) | (4.36) | (4.26) |
| Return after operating charges* | (8.21) | 14.61 | (8.78) |
| Distributions | – | (2.53) | (1.29) |
| Retained distributions on accumulation shares | – | 2.53 | 1.29 |
| Closing net asset value per share | 248.29 | 256.50 | 241.89 |
| * After direct transaction costs of:[1] | 0.00 | 0.08 | 0.09 |
| **Performance** | | | |
| Return after charges[2] | (3.20)% | 6.04% | (3.50)% |
| **Other Information** | | | |
| Closing net asset value (£'000) | 17,208 | 18,962 | 21,293 |
| Closing number of shares | 6,930,779 | 7,392,463 | 8,803,075 |
| Operating charges[3] | 1.68% | 1.75% | 1.69% |
| Direct transaction costs | 0.00% | 0.03% | 0.03% |
| **Prices** | | | |
| Highest share price | 263.81 | 259.10 | 259.45 |
| Lowest share price | 203.44 | 229.31 | 238.45 |

[1] 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. Direct transaction costs cover a six-month period to 31 May 2020.

[2] The return after charges is calculated as the return after operating charges per share divided by the opening net asset value per share.

[3] 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 82.

## FUND INFORMATION (continued)

### Comparative Tables (continued)

**Class C Income**

| | 31.05.20 (pence per share) | 30.11.19 (pence per share) | 30.11.18 (pence per share) |
|---|---|---|---|
| **Change in Net Asset Value Per Share** | | | |
| Opening net asset value per share | 236.76 | 225.64 | 235.08 |
| Return before operating charges* | (5.71) | 17.68 | (4.23) |
| Operating charges (calculated on average price) | (1.62) | (3.49) | (3.41) |
| Return after operating charges* | (7.33) | 14.19 | (7.64) |
| Distributions on income shares | – | (3.07) | (1.80) |
| Closing net asset value per share | 229.43 | 236.76 | 225.64 |
| * After direct transaction costs of:[1] | 0.00 | 0.07 | 0.08 |
| **Performance** | | | |
| Return after charges[2] | (3.10)% | 6.29% | (3.25)% |
| **Other Information** | | | |
| Closing net asset value (£'000) | 32,864 | 36,580 | 40,609 |
| Closing number of shares | 14,323,728 | 15,449,721 | 17,997,407 |
| Operating charges[3] | 1.43% | 1.50% | 1.44% |
| Direct transaction costs | 0.00% | 0.03% | 0.03% |
| **Prices** | | | |
| Highest share price | 243.71 | 241.34 | 243.40 |
| Lowest share price | 187.93 | 213.93 | 223.65 |

[1] 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. Direct transaction costs cover a six-month period to 31 May 2020.

[2] The return after charges is calculated as the return after operating charges per share divided by the opening net asset value per share.

[3] 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 82.

## FUND INFORMATION (continued)

### Comparative Tables (continued)

**Class C Accumulation**

| | 31.05.20 (pence per share) | 30.11.19 (pence per share) | 30.11.18 (pence per share) |
|---|---|---|---|
| **Change in Net Asset Value Per Share** | | | |
| Opening net asset value per share | 266.77 | 250.94 | 259.41 |
| Return before operating charges* | (6.43) | 19.71 | (4.71) |
| Operating charges (calculated on average price) | (1.83) | (3.88) | (3.76) |
| Return after operating charges* | (8.26) | 15.83 | (8.47) |
| Distributions | – | (3.42) | (1.99) |
| Retained distributions on accumulation shares | – | 3.42 | 1.99 |
| Closing net asset value per share | 258.51 | 266.77 | 250.94 |
| * After direct transaction costs of:[1] | 0.00 | 0.08 | 0.09 |
| **Performance** | | | |
| Return after charges[2] | (3.10)% | 6.31% | (3.27)% |
| **Other Information** | | | |
| Closing net asset value (£'000) | 221,952 | 247,007 | 282,854 |
| Closing number of shares | 85,857,073 | 92,592,735 | 112,716,311 |
| Operating charges[3] | 1.43% | 1.50% | 1.44% |
| Direct transaction costs | 0.00% | 0.03% | 0.03% |
| **Prices** | | | |
| Highest share price | 274.47 | 269.25 | 268.59 |
| Lowest share price | 211.75 | 237.94 | 247.37 |

[1] 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. Direct transaction costs cover a six-month period to 31 May 2020.

[2] The return after charges is calculated as the return after operating charges per share divided by the opening net asset value per share.

[3] 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 82.

## FUND INFORMATION (continued)

### Comparative Tables (continued)

**Class D Income**

| | 31.05.20 (pence per share) | 30.11.19 (pence per share) | 30.11.18 (pence per share) |
|---|---|---|---|
| **Change in Net Asset Value Per Share** | | | |
| Opening net asset value per share | 235.06 | 223.83 | 233.16 |
| Return before operating charges* | (5.58) | 17.52 | (4.18) |
| Operating charges (calculated on average price) | (2.17) | (4.60) | (4.55) |
| Return after operating charges* | (7.75) | 12.92 | (8.73) |
| Distributions on income shares | – | (1.69) | (0.60) |
| Closing net asset value per share | 227.31 | 235.06 | 223.83 |
| * After direct transaction costs of:[1] | 0.00 | 0.07 | 0.08 |
| **Performance** | | | |
| Return after charges[2] | (3.30)% | 5.77% | (3.74)% |
| **Other Information** | | | |
| Closing net asset value (£'000) | 273 | 320 | 378 |
| Closing number of shares | 120,148 | 136,132 | 168,693 |
| Operating charges[3] | 1.93% | 2.00% | 1.94% |
| Direct transaction costs | 0.00% | 0.03% | 0.03% |
| **Prices** | | | |
| Highest share price | 241.79 | 239.19 | 241.24 |
| Lowest share price | 186.29 | 212.13 | 221.25 |

[1] 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. Direct transaction costs cover a six-month period to 31 May 2020.

[2] The return after charges is calculated as the return after operating charges per share divided by the opening net asset value per share.

[3] 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 82.

## FUND INFORMATION (continued)

### Comparative Tables (continued)

**Class D Accumulation**

| | 31.05.20 (pence per share) | 30.11.19 (pence per share) | 30.11.18 (pence per share) |
|---|---|---|---|
| **Change in Net Asset Value Per Share** | | | |
| Opening net asset value per share | 246.64 | 233.17 | 242.24 |
| Return before operating charges* | (5.87) | 18.27 | (4.35) |
| Operating charges (calculated on average price) | (2.28) | (4.80) | (4.72) |
| Return after operating charges* | (8.15) | 13.47 | (9.07) |
| Distributions | – | (1.77) | (0.63) |
| Retained distributions on accumulation shares | – | 1.77 | 0.63 |
| Closing net asset value per share | 238.49 | 246.64 | 233.17 |
| * After direct transaction costs of:[1] | 0.00 | 0.08 | 0.08 |
| **Performance** | | | |
| Return after charges[2] | (3.30)% | 5.78% | (3.74)% |
| **Other Information** | | | |
| Closing net asset value (£'000) | 7,960 | 8,940 | 11,823 |
| Closing number of shares | 3,337,518 | 3,624,748 | 5,070,400 |
| Operating charges[3] | 1.93% | 2.00% | 1.94% |
| Direct transaction costs | 0.00% | 0.03% | 0.03% |
| **Prices** | | | |
| Highest share price | 253.58 | 249.35 | 250.63 |
| Lowest share price | 195.47 | 221.01 | 229.87 |

[1] 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. Direct transaction costs cover a six-month period to 31 May 2020.

[2] The return after charges is calculated as the return after operating charges per share divided by the opening net asset value per share.

[3] 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 82.

## FUND INFORMATION (continued)

### Comparative Tables (continued)

**Class S Income**

| | 31.05.20 (pence per share) | 30.11.19 (pence per share) | 30.11.18 (pence per share) |
|---|---|---|---|
| **Change in Net Asset Value Per Share** | | | |
| Opening net asset value per share | 128.04 | 121.98 | 127.09 |
| Return before operating charges* | (3.10) | 9.56 | (2.29) |
| Operating charges (calculated on average price) | (0.73) | (1.55) | (1.52) |
| Return after operating charges* | (3.83) | 8.01 | (3.81) |
| Distributions on income shares | (0.11) | (1.95) | (1.30) |
| Closing net asset value per share | 124.10 | 128.04 | 121.98 |
| * After direct transaction costs of:[1] | 0.00 | 0.04 | 0.04 |
| **Performance** | | | |
| Return after charges[2] | (2.99)% | 6.57% | (3.00)% |
| **Other Information** | | | |
| Closing net asset value (£'000) | 437 | 735 | 3,171 |
| Closing number of shares | 352,007 | 574,316 | 2,599,881 |
| Operating charges[3] | 1.18% | 1.25% | 1.19% |
| Direct transaction costs | 0.00% | 0.03% | 0.03% |
| **Prices** | | | |
| Highest share price | 131.84 | 130.53 | 131.64 |
| Lowest share price | 101.71 | 115.67 | 121.05 |

[1] 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. Direct transaction costs cover a six-month period to 31 May 2020.

[2] The return after charges is calculated as the return after operating charges per share divided by the opening net asset value per share.

[3] 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 82.

## FUND INFORMATION (continued)

### Comparative Tables (continued)

**Class S Accumulation**

| | 31.05.20 (pence per share) | 30.11.19 (pence per share) | 30.11.18 (pence per share) |
|---|---|---|---|
| **Change in Net Asset Value Per Share** | | | |
| Opening net asset value per share | 136.93 | 128.48 | 132.49 |
| Return before operating charges* | (3.32) | 10.11 | (2.42) |
| Operating charges (calculated on average price) | (0.77) | (1.66) | (1.59) |
| Return after operating charges* | (4.09) | 8.45 | (4.01) |
| Distributions | (0.12) | (2.13) | (1.35) |
| Retained distributions on accumulation shares | 0.12 | 2.13 | 1.35 |
| Closing net asset value per share | 132.84 | 136.93 | 128.48 |
| * After direct transaction costs of:[1] | 0.00 | 0.04 | 0.05 |
| **Performance** | | | |
| Return after charges[2] | (2.99)% | 6.58% | (3.03)% |
| **Other Information** | | | |
| Closing net asset value (£'000) | 40,753 | 47,393 | 53,669 |
| Closing number of shares | 30,679,658 | 34,611,403 | 41,771,079 |
| Operating charges[3] | 1.18% | 1.25% | 1.19% |
| Direct transaction costs | 0.00% | 0.03% | 0.03% |
| **Prices** | | | |
| Highest share price | 140.93 | 138.09 | 137.39 |
| Lowest share price | 108.77 | 121.85 | 126.65 |

[1] 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. Direct transaction costs cover a six-month period to 31 May 2020.

[2] The return after charges is calculated as the return after operating charges per share divided by the opening net asset value per share.

[3] 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 82.

## FUND INFORMATION (continued)

**Ongoing Charges Figures**

As at 31 May 2020

| | Class A | Class B | Class C | Class D | Class S |
|---|---|---|---|---|---|
| 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% |
| | 1.47% | 1.22% | 0.97% | 1.47% | 0.72% |
| Collective investment scheme costs | 0.46% | 0.46% | 0.46% | 0.46% | 0.46% |
| Ongoing Charges Figure | 1.93% | 1.68% | 1.43% | 1.93% | 1.18% |

As at 30 November 2019

| | Class A | Class B | Class C | Class D | Class S |
|---|---|---|---|---|---|
| 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% |
| | 1.45% | 1.20% | 0.95% | 1.45% | 0.70% |
| Collective investment scheme costs | 0.55% | 0.55% | 0.55% | 0.55% | 0.55% |
| Ongoing Charges Figure | 2.00% | 1.75% | 1.50% | 2.00% | 1.25% |

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 period.

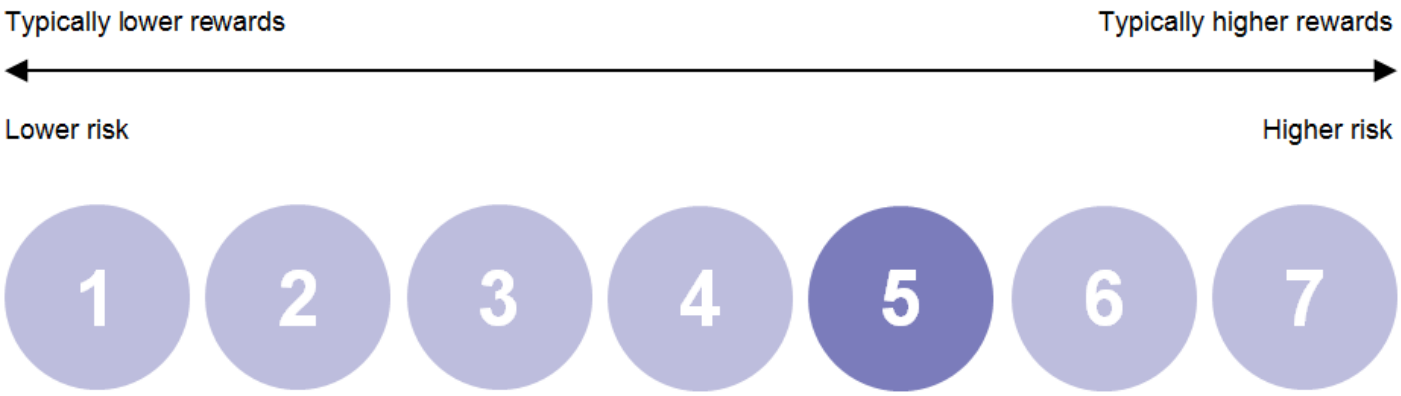
The collective investment scheme costs represent the OCFs, or a reasonable substitute, of the underlying funds which are held as portfolio investments. Their inclusion has been calculated on a weighted basis against the Sub-fund's net assets at the balance sheet date.

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 sub-fund's returns have varied. It is a measure of a sub-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 interim report and financial statements, the risk and reward indicator as at the period end date 31 May 2020 was 4.

**Fund performance to 31 May 2020 (%)**

| | 6 months | 1 year | 3 years | 5 years |
|---|---|---|---|---|
| 7IM Moderately Adventurous Fund[1] | (3.32) | 0.77 | 2.00 | 11.25 |

[1] 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 91 and 92.

# 7IM MODERATELY ADVENTUROUS FUND

## PORTFOLIO STATEMENT
as at 31 May 2020

| Holding | Portfolio of Investment | Value £ | 31.05.20 % |
|---|---|---|---|
| | **ALTERNATIVES 10.31% (7.93%)** | | |
| | **Alternative Strategies 5.79% (5.24%)** | | |
| 103,819 | AQR - Managed Futures UCITS Fund[1] | 9,124,190 | 2.83 |
| 43,143 | BlackRock Strategic Funds - Global Event Driven Fund[1] | 4,708,180 | 1.46 |
| 4,701,000 | BNP Paribas Issuance 0.00% 2024[2] | 4,835,270 | 1.50 |
| 2,001,656 | Dexion Absolute EUR[3] | – | – |
| | | **18,667,640** | **5.79** |
| | **Real Estate 4.52% (2.69%)** | | |
| 7,407,944 | iShares Global Property Securities Index[1] | **14,578,833** | **4.52** |
| | **CASH 8.73% (2.06%)** | | |
| 28,144,000 | Northern Trust Global Sterling Fund[1] | **28,144,000** | **8.73** |
| | **DEBT SECURITIES 33.58% (39.29%)** | | |
| | **Convertible Bonds 2.29% (1.99%)** | | |
| 55,767 | NN (L) Global Convertible Opportunities Acc[1] | **7,367,318** | **2.29** |
| | **Emerging Market Bonds 6.39% (7.94%)** | | |
| 139,340 | Barings Emerging Markets Debt Blended Total Return[1] | 15,163,017 | 4.70 |
| 61,994 | UBS Lux Bond SICAV - Asian High Yield USD[1] | 5,431,225 | 1.69 |
| | | **20,594,242** | **6.39** |
| | **Gilts 3.97% (4.33%)** | | |
| £1,033,000 | Network Rail Infrastructure Finance 4.625% 2020 | 1,039,029 | 0.32 |
| £1,000,000 | Transport for London 2.25% 2022 | 1,030,322 | 0.32 |
| £3,700,000 | UK Gilt 3.25% 2044 | 5,850,751 | 1.82 |
| £1,800,000 | UK Gilt 4.00% 2022 | 1,928,322 | 0.60 |
| £700,000 | UK Gilt 4.25% 2027 | 920,646 | 0.29 |
| £1,100,000 | UK Gilt 4.50% 2042 | 2,010,870 | 0.62 |
| | | **12,779,940** | **3.97** |
| | **Global Corporate Bonds 5.21% (3.48%)** | | |
| 31,429 | Angel Oak Multi-Strategy Income Fund[1] | 3,080,241 | 0.95 |
| 146,999 | Legg Mason Western Asset Structured Opportunties Fund USD Acc[1] | 13,721,854 | 4.26 |
| | | **16,802,095** | **5.21** |
| | **Global Government Bonds 0.00% (2.91%)** | | |
| | **Global High Yield Bonds 5.65% (2.43%)** | | |
| 168,096 | BlueBay Financial Capital Bond[1] | 17,866,956 | 5.54 |
| 1,253,403 | Fair Oaks Income 2017 | 345,794 | 0.11 |
| | | **18,212,750** | **5.65** |
| | **Global Inflation Linked Bonds 1.48% (2.50%)** | | |
| US$4,405,000 | US Treasury Inflation-Indexed Bonds 1% 2049 | **4,777,612** | **1.48** |

# 7IM MODERATELY ADVENTUROUS FUND

**PORTFOLIO STATEMENT** (continued)
as at 31 May 2020

| Holding | Portfolio of Investment | Value £ | 31.05.20 % |
|---|---|---|---|
| | **Short Term Sterling Bonds 7.09% (9.87%)** | | |
| £810,000 | Bank Nederlandse Gemeenten 1.00% 2022 | 819,403 | 0.25 |
| £700,000 | Barclays Bank 4.25% 2022 | 742,109 | 0.23 |
| £1,500,000 | Caisse des Depots et Consignations 0.5% 2020 | 1,500,117 | 0.47 |
| £1,000,000 | Canadian Imperial Bank of Commerce FRN 2022 | 999,812 | 0.31 |
| £1,000,000 | Cooperatieve Rabobank UA 4.00% 2022 | 1,066,230 | 0.33 |
| £1,600,000 | European Investment Bank 0.875% 2021 | 1,608,797 | 0.50 |
| £1,974,000 | International Bank for Reconstruction & Development 5.40% 2021 | 2,076,869 | 0.64 |
| £1,226,000 | Municipality Finance 1.25% 2022 | 1,253,021 | 0.39 |
| £1,600,000 | NRW Bank FRN 2024 | 1,592,784 | 0.49 |
| £1,700,000 | Oesterreichische 1.125% 2022 | 1,733,136 | 0.54 |
| £800,000 | Oversea-Chinese Banking FRN 2023 | 792,190 | 0.25 |
| £1,560,000 | Rabobank Nederland 2.25% 2022 | 1,593,740 | 0.50 |
| £270,000 | Royal Bank of Canada FRN 2021 | 269,763 | 0.08 |
| £1,000,000 | Santander UK FRN 2022 | 993,666 | 0.31 |
| £1,000,000 | Svenska Handelsbanken 1.625% 2022 | 1,013,038 | 0.31 |
| £1,900,000 | Toronto-Dominion Bank FRN 2023 | 1,882,315 | 0.58 |
| £1,000,000 | Westpac Banking FRN 2023 | 992,100 | 0.31 |
| £1,910,000 | Yorkshire Building Society FRN 2023 | 1,916,307 | 0.60 |
| | | **22,845,397** | **7.09** |
| | **Sterling Corporate Bonds 1.50% (3.84%)** | | |
| £825,000 | International Bank for Reconstruction & Development 0.375% 2021 | 826,437 | 0.26 |
| £1,800,000 | Lloyds Bank 1.31% 2022 | 1,805,335 | 0.56 |
| £1,000,000 | National Australia Bank 1.125% 2021 | 1,007,422 | 0.31 |
| £1,200,000 | Toyota Motor Credit 1% 2022 | 1,189,164 | 0.37 |
| | | **4,828,358** | **1.50** |
| | **EQUITY 48.77% (50.08%)** | | |
| | **Asia & Emerging Markets 5.90% (6.30%)** | | |
| 44 | Mirae Asset Asia Great Consumer Equity 'I'[1] | 826 | – |
| 61,929 | RWC Global Emerging Markets[1] | 10,586,145 | 3.29 |
| 401,755 | Schroder ISF Asian Opportunities[1] | 8,421,826 | 2.61 |
| | | **19,008,797** | **5.90** |
| | **Europe (ex UK) 7.45% (8.17%)** | | |
| 5,865,625 | CF Miton European Opportunities[1] | 13,587,968 | 4.21 |
| 496 | Euro Stoxx 50 Equity Index Futures December 2022[4] | 902,959 | 0.28 |
| 474 | Euro Stoxx 50 Equity Index Futures December 2023[4] | 836,527 | 0.26 |
| 10,011,285 | LF Lightman European Fund I Accumulation[1] | 8,689,796 | 2.70 |
| | | **24,017,250** | **7.45** |
| | **Frontier Markets Equity 0.00% (3.08%)** | | |
| | **Global Themes 3.34% (3.34%)** | | |
| 2,175,614 | Livingbridge UK Microcap Fund[1] | 3,703,914 | 1.15 |
| 769,201 | THB U.S Opportunities[1] | 7,061,267 | 2.19 |
| | | **10,765,181** | **3.34** |

## PORTFOLIO STATEMENT (continued)
as at 31 May 2020

| Holding | Portfolio of Investment | Value £ | 31.05.20 % |
|---|---|---|---|
| | **Japan 7.20% (6.78%)** | | |
| 131,850 | Baillie Gifford Japanese Smaller Companies Fund 'B' Acc[1] | 6,915,511 | 2.14 |
| 1,649,381 | Skyline Umbrella Fund ICAV - Usonian Japan Value Fund[1] | 16,299,345 | 5.06 |
| | | **23,214,856** | **7.20** |
| | **North America 7.69% (4.93%)** | | |
| 151,892 | AB SICAV I - International Health Care Portfolio[1] | 17,321,769 | 5.38 |
| 358 | S&P 500 E-mini Futures June 2020[4] | 5,322,012 | 1.65 |
| 25,014 | Wells Fargo Lux Worldwide - US Small Cap Value[1] | 2,126,514 | 0.66 |
| | | **24,770,295** | **7.69** |
| | **United Kingdom 17.19% (17.48%)** | | |
| 17,083,987 | Investec Fund Series i - UK Alpha[1] | 18,927,349 | 5.87 |
| 10,946,073 | Majedie UK Focus[1] | 20,334,519 | 6.31 |
| 3,555,731 | Threadneedle UK Extended Alpha Fund[1] | 16,149,062 | 5.01 |
| | | **55,410,930** | **17.19** |
| | **PRIVATE EQUITY 0.55% (1.02%)** | | |
| 85,131 | Pantheon International Participation | **1,774,982** | **0.55** |
| | **FORWARD CURRENCY CONTRACTS -0.49% (0.05%)** | | |
| €5,500,000 | Vs £(4,670,045) Expiry 16.10.2020 | 310,224 | 0.10 |
| €6,500,000 | Vs £(5,736,809) Expiry 16.10.2020 | 148,963 | 0.05 |
| €5,000,000 | Vs £(4,414,215) Expiry 16.10.2020 | 113,302 | 0.03 |
| €4,000,000 | Vs £(3,623,200) Expiry 16.10.2020 | (1,186) | – |
| €(11,637,000) | Vs £9,754,424 Expiry 16.10.2020 | (782,919) | (0.24) |
| US$(2,158,800) | Vs £1,754,100 Expiry 08.06.2020 | 2,441 | – |
| US$(11,000,000) | Vs £9,015,839 Expiry 17.07.2020 | 91,832 | 0.03 |
| US$(8,000,000) | Vs £6,566,921 Expiry 17.07.2020 | 76,733 | 0.02 |
| US$(49,661,000) | Vs £37,957,259 Expiry 17.07.2020 | (2,331,389) | (0.72) |
| ¥475,000,000 | Vs £(3,333,301) Expiry 19.06.2020 | 262,226 | 0.08 |
| ¥330,000,000 | Vs £(2,483,864) Expiry 19.06.2020 | 14,081 | – |
| ¥151,400,000 | Vs £(1,186,799) Expiry 19.06.2020 | (40,773) | (0.01) |
| US$3,084,000 | Vs £(2,505,879) Expiry 05.06.2020 | (3,477) | – |
| US$9,150,000 | Vs £(7,003,176) Expiry 17.07.2020 | 419,975 | 0.13 |
| US$4,000,000 | Vs £(3,098,325) Expiry 17.07.2020 | 146,768 | 0.04 |
| US$7,500,000 | Vs £(6,060,944) Expiry 17.07.2020 | 23,607 | 0.01 |
| US$2,000,000 | Vs £(1,628,863) Expiry 17.07.2020 | (6,317) | – |
| US$11,500,000 | Vs £(9,354,469) Expiry 17.07.2020 | (24,824) | (0.01) |
| | | **(1,580,733)** | **(0.49)** |
| | **Portfolio of investment** | **326,979,743** | **101.45** |
| | Net other liabilities | (4,682,430) | (1.45) |
| | **Net assets** | **322,297,313** | **100.00** |

Comparative figures shown in brackets relate to 30 November 2019.

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

## PORTFOLIO STATEMENT (continued)
as at 31 May 2020

[1] Collective investment scheme
[2] Structured product
[3] Delisted security
[4] Derivative contract

| Credit Quality | 31.05.20 % | 30.11.19 % |
|---|---|---|
| Investment grade debt securities | 14.03 | 23.22 |
| Non-rated debt securities | 1.50 | 2.27 |
| Other investments | 85.92 | 74.94 |
| Net other liabilities | (1.45) | (0.43) |
| | **100.00** | **100.00** |

# 7IM MODERATELY ADVENTUROUS FUND

## STATEMENT OF TOTAL RETURN
for the period ended 31 May 2020

| | | 31.05.20 | | 31.05.19 |
|---|---|---|---|---|
| | £ | £ | £ | £ |
| Income | | | | |
| Net capital (losses)/gains | | (11,086,604) | | 6,579,408 |
| Revenue | 1,379,735 | | 3,386,352 | |
| Expenses | (1,564,929) | | (1,899,944) | |
| Interest payable and similar charges | (32,635) | | (109,241) | |
| Net (expense)/revenue before taxation for the period | (217,829) | | 1,377,167 | |
| Taxation | (186,726) | | (81,653) | |
| Net (expense)/revenue after taxation for the period | | (404,555) | | 1,295,514 |
| **Total return before distributions** | | (11,491,159) | | 7,874,922 |
| Distributions | | (39,209) | | (1,295,588) |
| **Change in net assets attributable to shareholders from investment activities** | | (11,530,368) | | 6,579,334 |

## STATEMENT OF CHANGE IN NET ASSETS ATTRIBUTABLE TO SHAREHOLDERS
for the period ended 31 May 2020

| | | 31.05.20 | | 31.05.19 |
|---|---|---|---|---|
| | £ | £ | £ | £ |
| **Opening net assets attributable to shareholders** | | 360,893,517 | | 415,180,894 |
| Amounts received on creation of shares[1] | 18,679,332 | | 31,403,011 | |
| Amounts paid on cancellation of shares[1] | (45,783,395) | | (64,828,684) | |
| | | (27,104,063) | | (33,425,673) |
| Change in net assets attributable to shareholders from investment activities | | (11,530,368) | | 6,579,334 |
| Retained distribution on accumulation shares | | 38,227 | | 1,106,562 |
| **Closing net assets attributable to shareholders** | | 322,297,313 | | 389,441,117 |

[1] Stated at mid-market price.

The difference between the opening net assets and the comparative closing net assets is the movement in the second half of the year.

# 7IM MODERATELY ADVENTUROUS FUND

## BALANCE SHEET
as at 31 May 2020

| | 31.05.20<br>£ | 30.11.19<br>£ |
|---|---|---|
| **ASSETS** | | |
| Fixed assets: | | |
| Investments | 330,170,628 | 366,450,987 |
| Current assets: | | |
| Debtors | 7,448,203 | 6,537,662 |
| Cash and bank balances | 3,107,670 | 3,219,925 |
| **Total assets** | 340,726,501 | 376,208,574 |
| **LIABILITIES** | | |
| Investment liabilities | (3,190,885) | (4,002,822) |
| Creditors: | | |
| Bank overdrafts | (9,988,461) | (5,165,009) |
| Distribution payable | (400) | (372,155) |
| Other creditors | (5,249,442) | (5,775,071) |
| **Total liabilities** | (18,429,188) | (15,315,057) |
| **Net assets attributable to shareholders** | 322,297,313 | 360,893,517 |

## NOTE TO THE FINANCIAL STATEMENTS

for the period ended 31 May 2020

**Accounting Policies**

The accounting policies applied are consistent with those of the annual financial statements for the year ended 30 November 2019 and are described in those financial statements.

The financial statements have been prepared under the historical cost basis, as modified by the revaluation of investments and in accordance with the Statement of Recommended Practice ('SORP') for Financial Statements of Authorised Funds issued by the Investment Association ('IA') in May 2014.

# 7IM MODERATELY ADVENTUROUS FUND

## DISTRIBUTION TABLES

for the period ended 31 May 2020

**Interim - in pence per share**

Group 1 - Shares purchased prior to 1 December 2019
Group 2 - Shares purchased on or after 1 December 2019 and on or before 31 May 2020

| | Net Revenue | Equalisation | Payable 31.07.20 | Paid 31.07.19 |
|---|---|---|---|---|
| **Class A Income*** | | | | |
| Group 1 | – | – | – | 0.2535 |
| Group 2 | – | – | – | 0.2535 |

| | Net Revenue | Equalisation | Allocated 31.07.20 | Allocated 31.07.19 |
|---|---|---|---|---|
| **Class A Accumulation*** | | | | |
| Group 1 | – | – | – | 0.1554 |
| Group 2 | – | – | – | 0.1554 |

| | Net Revenue | Equalisation | Allocated 31.07.20 | Allocated 31.07.19 |
|---|---|---|---|---|
| **Class B Accumulation*** | | | | |
| Group 1 | – | – | – | 0.4689 |
| Group 2 | – | – | – | 0.4689 |

| | Net Revenue | Equalisation | Payable 31.07.20 | Paid 31.07.19 |
|---|---|---|---|---|
| **Class C Income*** | | | | |
| Group 1 | – | – | – | 0.7258 |
| Group 2 | – | – | – | 0.7258 |

| | Net Revenue | Equalisation | Allocated 31.07.20 | Allocated 31.07.19 |
|---|---|---|---|---|
| **Class C Accumulation*** | | | | |
| Group 1 | – | – | – | 0.8072 |
| Group 2 | – | – | – | 0.8072 |

| | Net Revenue | Equalisation | Payable 31.07.20 | Paid 31.07.19 |
|---|---|---|---|---|
| **Class D Income*** | | | | |
| Group 1 | – | – | – | 0.1513 |
| Group 2 | – | – | – | 0.1513 |

| | Net Revenue | Equalisation | Allocated 31.07.20 | Allocated 31.07.19 |
|---|---|---|---|---|
| **Class D Accumulation*** | | | | |
| Group 1 | – | – | – | 0.1570 |
| Group 2 | – | – | – | 0.1570 |

| | Net Revenue | Equalisation | Payable 31.07.20 | Paid 31.07.19 |
|---|---|---|---|---|
| **Class S Income** | | | | |
| Group 1 | 0.1137 | – | 0.1137 | 0.5577 |
| Group 2 | 0.1127 | 0.0010 | 0.1137 | 0.5577 |

## DISTRIBUTION TABLES (continued)

for the period ended 31 May 2020

| | Net Revenue | Equalisation | Allocated 31.07.20 | Allocated 31.07.19 |
|---|---|---|---|---|
| **Class S Accumulation** | | | | |
| Group 1 | 0.1246 | – | 0.1246 | 0.5769 |
| Group 2 | 0.1132 | 0.0114 | 0.1246 | 0.5769 |

* Expenses exceeded revenue during the period, as a result no distributions were paid and allocated.

### 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 period ended 31 May 2020

**Investment Objective and Policy**
7IM Adventurous Fund (the 'Sub-fund') aims to provide capital growth.

The Sub-fund invests at least 80% of its assets in other funds managed both by the Manager and by selected third party managers, including open-ended and closed–ended funds and exchange traded funds (ETFs), and other transferable securities including fixed income, equities and structured products.

Up to 20% of the Sub-fund will be invested in liquid assets such as cash, deposits, money market funds and money market instruments, as well as warrants.

Investment will be more focused on growth generating assets such as equities.

The Sub-fund will invest in derivatives for efficient portfolio management (EPM) (i.e. to reduce risk or cost and, or to generate extra income) as well as for investment purposes.

In extraordinary market conditions (such as political unrest economic instability, war, the bankruptcy of large financial institutions or closure of a relevant market(s)), the Sub-fund may temporarily invest up to 100% of its total assets in deposits, cash, near cash, treasury bills, government bonds or short-term money market instruments.

**Investment Manager's Report**

**Performance Report**

In the reporting period, 1 December 2019 to 31 May 2020, the portfolio delivered a total return of -4.25%[1]. The Sub-fund's comparator, the IA Flexible Investment sector, has returned -4.11%.

**Investment Background**
The Coronavirus that emerged in mid-January from the Chinese city of Wuhan caught the attention of global markets. Initial research suggests that the virus is less deadly than the SARS virus that hit China in 2003 but is markedly more contagious. By February, it wasn't just China locking down. New cases have reached such levels that parts of Italy went into lockdown.

The lockdown in China turned out to cause an unprecedented hit to the Chinese economy. This will be felt in both demand, as the Chinese consumer stays indoors, and supply, with the likes of Apple revising their earnings due to manufacturing bottlenecks. It soon became clear that the Chinese experience was just the test case for the rest of the world, sending markets down.

However, for investors who believed that the end of February was the worst of the market turmoil, March was a severe reality check. Coronavirus and an oil price shock caused a sharp revision of future growth expectations that resulted in a global recession. Equity markets throughout March experienced volatility not seen since the 2008 financial crisis with average daily moves (up or down) of c.5.0% causing a drawdown comparable to the crash in October 1987. Markets recovered strongly towards the end of the month with a c.20% rally, but are still some 20% away from where they started the year.

Investors enjoyed positive returns in April as both risky and defensive assets rebounded following the initial shock of the global shutdown - the US stock market returned c.18% over the month. It's clear that governments around the world are conscious of the impacts lockdown on both economies and families. They have started to discuss ways in which we can delicately move towards a re-opening of businesses.

Equities continue their winning streak in May, following optimism over economies beginning to re-open. The US S&P 500 Index returned around 5%, with the Technology sector leading the way, and generating over 7% throughout the month. In fact, markets around the world were positive - with the UK, Japanese and European markets all gaining over 4%. Some have argued that the equities performance throughout April and May was due to Central Banks pouring new money into the economy. The Federal Reserve's balance sheet has increased by almost two thirds since the start of the year and now stands at $6.6 trillion.

It wasn't just central banks which supported the economy and markets. Governments around the world are doing all they can to keep the economy moving. The EU announced plans for a recovery fund to be created that will jointly spread the burden of debt issued to help the Eurozone recover through this crisis. The EU Commission are proposing to issue €500 billion in funding, which would see a move towards fiscal unity within the region. In Japan, we also saw a further stimulus package of 117 Trillion Yen promised, taking the total level of stimulus in Japan to 234 Trillion Yen (c.£1.8 Trillion).

[1] Calculated using 7IM Adventurous C Acc shares, published prices. Source: NTRS

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

Of course, money isn't free. This continued level of stimulus to help cushion economies from a difficult recession has pushed country debt levels exceptionally high. In Japan, government debt makes up c.238% relative to GDP while in the US that figure is closer to 110% and in the UK its 81%. The governments have successfully stabilised the global economy. The cost of all this is not clear yet.

**Portfolio Review**

In December, we reviewed the funds Asian/Emerging Market. We sold out of the Hermes Asia fund as we had less conviction in the manager's contrarian and value focus. We also sold Mirae Asset Asia Great Consumer Equity I as we felt this was too narrowly focused from a geographic and sector point of view. The proceeds were invested into Schroder ISF Asian Opportunities which has a strong analyst team and proven record of outperformance. We also feel that their more growthy style is a better fit with other parts of the portfolio.

Following the relative outperformance in March of the healthcare overweight, we trimmed this to take profit.

In October, we had decided to add puts to the portfolio to provide protection against a sudden shock on the downside. As the S&P 500 fell as the pandemic spread in March, we sold out of these positions to lock in gains and offset losses being felt in other parts of the portfolio.

We felt that the fall in value of REITs was overdone and didn't reflect fundamentals, so we took advantage of the liquidity crunch the asset class was experiencing to bring the allocation up to SAA neutral.

In March, as the crisis continued and a global recession become more likely, we exited our Frontiers equity position. The countries that make up this asset class tend to suffer more and take a lot longer to recovery than Developing or Emerging markets.

Following a review of the European equity sector, we sold out of some funds that had become too small and were causing concentration problems. We added to LF Lightman European Fund I Accumulation - the only value player in the sector. This blends well with the growthy style of CF Miton European Opportunities.

During the year, we kept seeing opportunities for value enhancement in European Dividends and would exit or reduce as the relative value reduced as the positions became fully priced. We restarted the positions in March as prices looked attractive.

In light of global events, the strategy team had a less positive view on equities so these were trimmed to take them towards SAA neutral. We added further to our overweight in high yield with the addition of Asian High Yield bonds. Asian High Yield is currently providing attractive future returns with yields higher than they are in the US. The asset class also has a high allocation to China, which is coming out the COVID crisis quicker than the US. Additionally, default rates have been lower in Asia than in the US. This was funded from Emerging and Japanese equities.

**Investment Outlook**

The Hammer stage of tackling COVID-19 is coming to a close across the major economies. Over half of the world's population has been in some form of lockdown, slowing the spread of the virus and giving health systems the one thing they need most – time. Infection rates are falling across most developed economies, while critical care facilities have been established and medical equipment is now being produced in sufficient quantities.

The next phase of tackling COVID-19 – the Dance – will take somewhat longer. The rules will be eased only gradually, and social distancing will be with us for a while yet. Governments will want to encourage normality as much as possible, but short-term quarantines may be common as we deal with intermittent flare-ups of the virus.

Treatments will be developed in due course, but the Coronavirus endgame will require a vaccine, which may only materialise in a year or more. This first modern global pandemic has given us a taste of how to deal with future ones – we need to learn the lessons.

The economic cost of the Hammer has been immediately obvious. Economic growth numbers in the major economies have crashed. We have entered the sharpest recessions in modern history. Around 4 times as large as the financial crisis but also four times as quick. This recession will set all kinds of records.

## ACD'S REPORT (continued)
for the period ended 31 May 2020

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

Economic crises usually take time to play out, and people in power tend to stick their heads in the sand for as long as possible. This time is different. The Coronavirus recession has been met almost immediately with a massive wave of stimulus. Central banks and governments haven't waited to assess the damage. Trillions of dollars, euros, pounds, yuan and yen have been injected into the financial system – often straight into ordinary people's bank accounts. The obvious driver of the quick reactions was that it was the governments themselves who have created the recession in the first place.

When economic activity resumes, it could be quicker than anyone expects. Low oil prices and pent-up demand could make for a spectacular recovery over the next few years. In the first weeks of the crisis, investors panicked, selling anything they had. As the future becomes clearer, though, people will start to think clearly about the kind of businesses they think will do well over the next few years – and which might be gone for good. This may be the quickest and deepest recession on record but it could also be the quickest and strongest recovery too. But that doesn't mean there won't be winners and losers.

Equities have clearly bought into the recovery. While the stimulus has reduced the risk of an ongoing recession, the markets also seem to be ignoring that economies could be running at 90% capacity for some time. We've been looking for assets that are obviously mispriced, and the credit markets have been a key area of focus. Investors have fled from almost any kind of corporate debt, leaving opportunity to buy good, stable, long-term businesses at yields not seen for over a decade. Investors are confronting interest rates close to zero, at a time when every government has just increased its amount of borrowing substantially.

Investors are still using bonds as safe havens, but with long run return expectations below inflation, this isn't a sustainable state of affairs. When things start improving and inflation picks up, 'safe haven' government bonds may look exposed.

Seven Investment Management LLP
Investment Manager
June 2020

# 7IM ADVENTUROUS FUND

## FOR FUND INFORMATION

The Comparative Tables on pages 97 to 104 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.

## FOR FUND INFORMATION (continued)

### Comparative Tables

**Class A Accumulation**

| | 31.05.20 (pence per share) | 30.11.19 (pence per share) | 30.11.18 (pence per share) |
|---|---|---|---|
| **Change in Net Asset Value Per Share** | | | |
| Opening net asset value per share | 249.29 | 235.40 | 245.43 |
| Return before operating charges* | (8.95) | 19.02 | (4.91) |
| Operating charges (calculated on average price) | (2.29) | (5.13) | (5.12) |
| Return after operating charges* | (11.24) | 13.89 | (10.03) |
| Distributions | – | (0.99) | – |
| Retained distributions on accumulation shares | – | 0.99 | – |
| Closing net asset value per share | 238.05 | 249.29 | 235.40 |
| * After direct transaction costs of:[1] | 0.00 | 0.09 | 0.08 |
| **Performance** | | | |
| Return after charges[2] | (4.51)% | 5.90% | (4.09)% |
| **Other Information** | | | |
| Closing net asset value (£'000) | 27 | 15 | 108 |
| Closing number of shares | 11,339 | 6,070 | 45,651 |
| Operating charges[3] | 1.98% | 2.13% | 2.07% |
| Direct transaction costs | 0.00% | 0.04% | 0.03% |
| **Prices** | | | |
| Highest share price | 257.67 | 252.30 | 255.26 |
| Lowest share price | 191.31 | 220.96 | 231.65 |

[1] 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. Direct transaction costs cover a six-month period to 31 May 2020.

[2] The return after charges is calculated as the return after operating charges per share divided by the opening net asset value per share.

[3] 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 105.

## FOR FUND INFORMATION (continued)

### Comparative Tables (continued)

**Class B Accumulation**

| | 31.05.20 (pence per share) | 30.11.19 (pence per share) | 30.11.18 (pence per share) |
|---|---|---|---|
| **Change in Net Asset Value Per Share** | | | |
| Opening net asset value per share | 259.29 | 244.25 | 254.09 |
| Return before operating charges* | (9.24) | 19.74 | (5.17) |
| Operating charges (calculated on average price) | (2.13) | (4.70) | (4.67) |
| Return after operating charges* | (11.37) | 15.04 | (9.84) |
| Distributions | – | (1.65) | (0.28) |
| Retained distributions on accumulation shares | – | 1.65 | 0.28 |
| Closing net asset value per share | 247.92 | 259.29 | 244.25 |
| * After direct transaction costs of:[1] | 0.00 | 0.09 | 0.09 |
| **Performance** | | | |
| Return after charges[2] | (4.39)% | 6.16% | (3.87)% |
| **Other Information** | | | |
| Closing net asset value (£'000) | 3,694 | 4,089 | 5,675 |
| Closing number of shares | 1,489,863 | 1,576,841 | 2,323,482 |
| Operating charges[3] | 1.73% | 1.88% | 1.82% |
| Direct transaction costs | 0.00% | 0.04% | 0.03% |
| **Prices** | | | |
| Highest share price | 268.12 | 262.23 | 264.50 |
| Lowest share price | 199.15 | 229.32 | 240.35 |

[1] 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. Direct transaction costs cover a six-month period to 31 May 2020.

[2] The return after charges is calculated as the return after operating charges per share divided by the opening net asset value per share.

[3] 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 105.

## FOR FUND INFORMATION (continued)

### Comparative Tables (continued)

**Class C Income**

| | 31.05.20 (pence per share) | 30.11.19 (pence per share) | 30.11.18 (pence per share) |
|---|---|---|---|
| **Change in Net Asset Value Per Share** | | | |
| Opening net asset value per share | 251.83 | 238.75 | 248.67 |
| Return before operating charges* | (8.98) | 19.30 | (5.08) |
| Operating charges (calculated on average price) | (1.77) | (3.99) | (3.94) |
| Return after operating charges* | (10.75) | 15.31 | (9.02) |
| Distributions on income shares | (0.25) | (2.23) | (0.90) |
| Closing net asset value per share | 240.83 | 251.83 | 238.75 |
| * After direct transaction costs of:[1] | 0.00 | 0.09 | 0.08 |
| **Performance** | | | |
| Return after charges[2] | (4.27)% | 6.41% | (3.63)% |
| **Other Information** | | | |
| Closing net asset value (£'000) | 14,721 | 16,516 | 18,579 |
| Closing number of shares | 6,112,857 | 6,558,420 | 7,782,024 |
| Operating charges[3] | 1.48% | 1.63% | 1.57% |
| Direct transaction costs | 0.00% | 0.04% | 0.03% |
| **Prices** | | | |
| Highest share price | 260.42 | 256.17 | 259.28 |
| Lowest share price | 193.57 | 224.20 | 235.77 |

[1] 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. Direct transaction costs cover a six-month period to 31 May 2020.

[2] The return after charges is calculated as the return after operating charges per share divided by the opening net asset value per share.

[3] 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 105.

## FOR FUND INFORMATION (continued)

### Comparative Tables (continued)

**Class C Accumulation**

| | 31.05.20 (pence per share) | 30.11.19 (pence per share) | 30.11.18 (pence per share) |
|---|---|---|---|
| **Change in Net Asset Value Per Share** | | | |
| Opening net asset value per share | 269.72 | 253.45 | 262.99 |
| Return before operating charges* | (9.62) | 20.53 | (5.37) |
| Operating charges (calculated on average price) | (1.89) | (4.26) | (4.17) |
| Return after operating charges* | (11.51) | 16.27 | (9.54) |
| Distributions | (0.25) | (2.37) | (0.97) |
| Retained distributions on accumulation shares | 0.25 | 2.37 | 0.97 |
| Closing net asset value per share | 258.21 | 269.72 | 253.45 |
| * After direct transaction costs of:[1] | 0.00 | 0.09 | 0.09 |
| **Performance** | | | |
| Return after charges[2] | (4.27)% | 6.42% | (3.63)% |
| **Other Information** | | | |
| Closing net asset value (£'000) | 102,097 | 113,027 | 77,621 |
| Closing number of shares | 39,539,894 | 41,905,225 | 30,626,213 |
| Operating charges[3] | 1.48% | 1.63% | 1.57% |
| Direct transaction costs | 0.00% | 0.04% | 0.03% |
| **Prices** | | | |
| Highest share price | 279.00 | 272.56 | 274.25 |
| Lowest share price | 207.32 | 237.99 | 249.39 |

[1] 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. Direct transaction costs cover a six-month period to 31 May 2020.

[2] The return after charges is calculated as the return after operating charges per share divided by the opening net asset value per share.

[3] 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 105.

## FOR FUND INFORMATION (continued)

### Comparative Tables (continued)

**Class D Income**

| | 31.05.20 (pence per share) | 30.11.19 (pence per share) | 30.11.18 (pence per share) |
|---|---|---|---|
| **Change in Net Asset Value Per Share** | | | |
| Opening net asset value per share | 241.51 | 229.00 | 238.79 |
| Return before operating charges* | (8.63) | 18.49 | (4.81) |
| Operating charges (calculated on average price) | (2.26) | (5.00) | (4.98) |
| Return after operating charges* | (10.89) | 13.49 | (9.79) |
| Distributions on income shares | – | (0.98) | – |
| Closing net asset value per share | 230.62 | 241.51 | 229.00 |
| * After direct transaction costs of:[1] | 0.00 | 0.08 | 0.08 |
| **Performance** | | | |
| Return after charges[2] | (4.51)% | 5.89% | (4.10)% |
| **Other Information** | | | |
| Closing net asset value (£'000) | 4 | 12 | 11 |
| Closing number of shares | 1,560 | 4,699 | 4,935 |
| Operating charges[3] | 1.98% | 2.13% | 2.07% |
| Direct transaction costs | 0.00% | 0.04% | 0.03% |
| **Prices** | | | |
| Highest share price | 249.59 | 245.44 | 248.41 |
| Lowest share price | 185.36 | 214.94 | 225.35 |

[1] 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. Direct transaction costs cover a six-month period to 31 May 2020.

[2] The return after charges is calculated as the return after operating charges per share divided by the opening net asset value per share.

[3] 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 105.

## FOR FUND INFORMATION (continued)

### Comparative Tables (continued)

**Class D Accumulation**

| | 31.05.20 (pence per share) | 30.11.19 (pence per share) | 30.11.18 (pence per share) |
|---|---|---|---|
| **Change in Net Asset Value Per Share** | | | |
| Opening net asset value per share | 249.09 | 235.24 | 245.32 |
| Return before operating charges* | (8.88) | 18.98 | (4.96) |
| Operating charges (calculated on average price) | (2.34) | (5.13) | (5.12) |
| Return after operating charges* | (11.22) | 13.85 | (10.08) |
| Distributions | – | (0.99) | – |
| Retained distributions on accumulation shares | – | 0.99 | – |
| Closing net asset value per share | 237.87 | 249.09 | 235.24 |
| * After direct transaction costs of:[1] | 0.00 | 0.09 | 0.08 |
| **Performance** | | | |
| Return after charges[2] | (4.50)% | 5.89% | (4.11)% |
| **Other Information** | | | |
| Closing net asset value (£'000) | 11,684 | 12,533 | 13,302 |
| Closing number of shares | 4,912,141 | 5,031,543 | 5,654,788 |
| Operating charges[3] | 1.98% | 2.13% | 2.07% |
| Direct transaction costs | 0.00% | 0.04% | 0.03% |
| **Prices** | | | |
| Highest share price | 257.48 | 252.13 | 255.19 |
| Lowest share price | 191.17 | 220.81 | 231.49 |

[1] 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. Direct transaction costs cover a six-month period to 31 May 2020.

[2] The return after charges is calculated as the return after operating charges per share divided by the opening net asset value per share.

[3] 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 105.

## FOR FUND INFORMATION (continued)

### Comparative Tables (continued)

**Class S Income**

| | 31.05.20 (pence per share) | 30.11.19 (pence per share) | 30.11.18 (pence per share) |
|---|---|---|---|
| **Change in Net Asset Value Per Share** | | | |
| Opening net asset value per share | 136.63 | 129.54 | 134.92 |
| Return before operating charges* | (4.87) | 10.48 | (2.76) |
| Operating charges (calculated on average price) | (0.80) | (1.83) | (1.80) |
| Return after operating charges* | (5.67) | 8.65 | (4.56) |
| Distributions on income shares | (0.33) | (1.56) | (0.82) |
| Closing net asset value per share | 130.63 | 136.63 | 129.54 |
| * After direct transaction costs of:[1] | 0.00 | 0.05 | 0.05 |
| **Performance** | | | |
| Return after charges[2] | (4.15)% | 6.68% | (3.38)% |
| **Other Information** | | | |
| Closing net asset value (£'000) | 65 | 66 | 91 |
| Closing number of shares | 49,531 | 48,538 | 70,038 |
| Operating charges[3] | 1.23% | 1.38% | 1.32% |
| Direct transaction costs | 0.00% | 0.04% | 0.03% |
| **Prices** | | | |
| Highest share price | 141.34 | 139.05 | 140.75 |
| Lowest share price | 105.10 | 121.67 | 128.08 |

[1] 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. Direct transaction costs cover a six-month period to 31 May 2020.

[2] The return after charges is calculated as the return after operating charges per share divided by the opening net asset value per share.

[3] 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 105.

## FOR FUND INFORMATION (continued)

### Comparative Tables (continued)

**Class S Accumulation**

| | 31.05.20 (pence per share) | 30.11.19 (pence per share) | 30.11.18 (pence per share) |
|---|---|---|---|
| **Change in Net Asset Value Per Share** | | | |
| Opening net asset value per share | 143.46 | 134.46 | 139.18 |
| Return before operating charges* | (5.12) | 10.90 | (2.86) |
| Operating charges (calculated on average price) | (0.83) | (1.90) | (1.86) |
| Return after operating charges* | (5.95) | 9.00 | (4.72) |
| Distributions | (0.35) | (1.63) | (0.86) |
| Retained distributions on accumulation shares | 0.35 | 1.63 | 0.86 |
| Closing net asset value per share | 137.51 | 143.46 | 134.46 |
| * After direct transaction costs of:[1] | 0.00 | 0.05 | 0.05 |
| **Performance** | | | |
| Return after charges[2] | (4.15)% | 6.69% | (3.39)% |
| **Other Information** | | | |
| Closing net asset value (£'000) | 13,413 | 10,726 | 13,821 |
| Closing number of shares | 9,754,198 | 7,476,614 | 10,278,758 |
| Operating charges[3] | 1.23% | 1.38% | 1.32% |
| Direct transaction costs | 0.00% | 0.04% | 0.03% |
| **Prices** | | | |
| Highest share price | 148.44 | 144.85 | 145.38 |
| Lowest share price | 110.35 | 126.29 | 132.30 |

[1] 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. Direct transaction costs cover a six-month period to 31 May 2020.

[2] The return after charges is calculated as the return after operating charges per share divided by the opening net asset value per share.

[3] 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 105.

# 7IM ADVENTUROUS FUND

## FOR FUND INFORMATION (continued)

**Ongoing Charges Figures**

As at 31 May 2020

| | Class A | Class B | Class C | Class D | Class S |
|---|---|---|---|---|---|
| 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 | 0.45% | 0.45% | 0.45% | 0.45% | 0.45% |
| Ongoing Charges Figure | 1.98% | 1.73% | 1.48% | 1.98% | 1.23% |

As at 30 November 2019

| | Class A | Class B | Class C | Class D | Class S |
|---|---|---|---|---|---|
| ACD's periodic charge | 1.40% | 1.15% | 0.90% | 1.40% | 0.65% |
| Other expenses | 0.09% | 0.09% | 0.09% | 0.09% | 0.09% |
| | 1.49% | 1.24% | 0.99% | 1.49% | 0.74% |
| Collective investment scheme costs | 0.64% | 0.64% | 0.64% | 0.64% | 0.64% |
| Ongoing Charges Figure | 2.13% | 1.88% | 1.63% | 2.13% | 1.38% |

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 period.

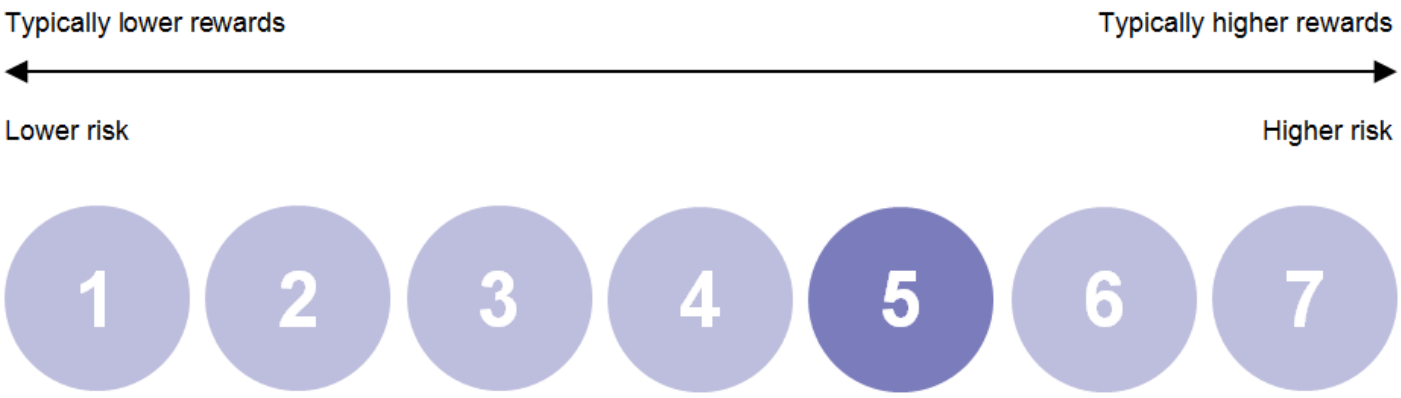
The collective investment scheme costs represent the OCFs, or a reasonable substitute, of the underlying funds which are held as portfolio investments. Their inclusion has been calculated on a weighted basis against the Sub-fund's net assets at the balance sheet date.

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

## FOR 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 sub-fund's returns have varied. It is a measure of a sub-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 interim report and financial statements, the risk and reward indicator as at the period end date 31 May 2020 was 4.

**Fund performance to 31 May 2020 (%)**

| | 6 months | 1 year | 3 years | 5 years |
|---|---|---|---|---|
| 7IM Adventurous Fund | (4.25) | (0.13) | 1.76 | 12.47 |

[1] 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 113 and 114.

# 7IM ADVENTUROUS FUND

## PORTFOLIO STATEMENT
as at 31 May 2020

| Holding | Portfolio of Investment | Value £ | 31.05.20 % |
|---|---|---|---|
| | **ALTERNATIVES 4.14% (4.72%)** | | |
| | **Alternative Strategies 0.00% (3.58%)** | | |
| | **Real Estate 4.14% (1.14%)** | | |
| 2,096,000 | Drum Income Plus REIT | 1,661,290 | 1.14 |
| 2,225,362 | iShares Global Property Securities Index[1] | 4,379,512 | 3.00 |
| | | **6,040,802** | **4.14** |
| | **CASH 9.42% (1.01%)** | | |
| 13,725,000 | Northern Trust Global Sterling Fund[1] | **13,725,000** | **9.42** |
| | **DEBT SECURITIES 21.85% (28.99%)** | | |
| | **Emerging Market Bonds 5.74% (7.86%)** | | |
| 51,454 | Barings Emerging Markets Debt Blended Total Return[1] | 5,599,275 | 3.84 |
| 31,611 | UBS Lux Bond SICAV - Asian High Yield USD[1] | 2,769,383 | 1.90 |
| | | **8,368,658** | **5.74** |
| | **Global High Yield Bonds 5.92% (2.55%)** | | |
| 56,779 | BlueBay Financial Capital Bond[1] | 6,035,077 | 4.14 |
| 34,990 | Xenfin Securitised Debt[1] | 2,590,093 | 1.78 |
| | | **8,625,170** | **5.92** |
| | **Global Inflation Linked Bonds 0.00% (2.52%)** | | |
| | **Short Term Sterling Bonds 9.80% (11.71%)** | | |
| £1,070,000 | Bank Nederlandse Gemeenten 1.00% 2022 | 1,082,421 | 0.74 |
| £450,000 | Barclays Bank 4.25% 2022 | 477,070 | 0.33 |
| £1,300,000 | Dexia Credit Local 0.875% 2021 | 1,307,660 | 0.90 |
| £1,100,000 | European Investment Bank 0.875% 2021 | 1,106,048 | 0.76 |
| £614,000 | International Bank for Reconstruction & Development 5.40% 2021 | 645,997 | 0.44 |
| £1,300,000 | Leeds Building Society 4.875% 2020 | 1,325,979 | 0.91 |
| £1,000,000 | NRW Bank FRN 2024 | 995,490 | 0.68 |
| £700,000 | Oesterreichische 1.125% 2022 | 713,644 | 0.49 |
| £600,000 | Oversea-Chinese Banking FRN 2023 | 594,143 | 0.41 |
| £850,000 | Rabobank Nederland 2.25% 2022 | 868,384 | 0.60 |
| £250,000 | Rabobank Nederland 4.875% 2023 | 273,663 | 0.19 |
| £180,000 | Royal Bank of Canada FRN 2021 | 179,842 | 0.12 |
| £1,500,000 | Santander UK FRN 2022 | 1,490,499 | 1.02 |
| £1,000,000 | Svenska Handelsbanken 1.625% 2022 | 1,013,038 | 0.69 |
| £600,000 | Toronto-Dominion Bank FRN 2023 | 594,415 | 0.41 |
| £1,000,000 | Westpac Banking FRN 2023 | 992,100 | 0.68 |
| £620,000 | Yorkshire Building Society FRN 2023 | 622,047 | 0.43 |
| | | **14,282,440** | **9.80** |
| | **Sterling Corporate Bonds 0.39% (4.35%)** | | |
| £257,000 | International Bank for Reconstruction & Development 0.375% 2021 | 257,448 | 0.18 |
| £300,000 | Santander UK FRN 2024 | 301,971 | 0.21 |
| | | **559,419** | **0.39** |

# 7IM ADVENTUROUS FUND

**PORTFOLIO STATEMENT** (continued)
as at 31 May 2020

| Holding | Portfolio of Investment | Value £ | 31.05.20 % |
|---|---|---|---|
| | **EQUITY 61.69% (63.63%)** | | |
| | **Asia & Emerging Markets 8.36% (8.43%)** | | |
| 1,500,000 | APQ Global | 75,000 | 0.05 |
| 29 | Mirae Asset Asia Great Consumer Equity 'I'[1] | 445 | – |
| 35,596 | RWC Global Emerging Markets[1] | 6,084,810 | 4.18 |
| 286,826 | Schroder ISF Asian Opportunities[1] | 6,012,610 | 4.13 |
| | | **12,172,865** | **8.36** |
| | **Europe (ex UK) 8.18% (8.67%)** | | |
| 2,819,509 | CF Miton European Opportunities[1] | 6,531,510 | 4.48 |
| 220 | Euro Stoxx 50 Equity Index Futures December 2022[2] | 386,282 | 0.27 |
| 214 | Euro Stoxx 50 Equity Index Futures December 2023[2] | 364,500 | 0.25 |
| 5,345,239 | LF Lightman European Fund I Accumulation[1] | 4,639,668 | 3.18 |
| | | **11,921,960** | **8.18** |
| | **Frontier Markets Equity 0.00% (4.54%)** | | |
| | **Global Themes 4.41% (4.77%)** | | |
| 1,535,822 | Livingbridge UK Microcap Fund[1] | 2,614,688 | 1.79 |
| 415,821 | THB U.S Opportunities[1] | 3,817,240 | 2.62 |
| | | **6,431,928** | **4.41** |
| | **Japan 8.76% (8.93%)** | | |
| 73,561 | Baillie Gifford Japanese Smaller Companies Fund 'B' Acc[1] | 3,858,279 | 2.65 |
| 901,772 | Skyline Umbrella Fund ICAV - Usonian Japan Value Fund[1] | 8,911,401 | 6.11 |
| | | **12,769,680** | **8.76** |
| | **North America 9.78% (6.41%)** | | |
| 85,090 | AB SICAV I - International Health Care Portfolio[1] | 9,703,698 | 6.66 |
| 221 | S&P 500 E-mini Futures June 2020[2] | 3,161,258 | 2.17 |
| 16,207 | Wells Fargo Lux Worldwide - US Small Cap Value[1] | 1,377,805 | 0.95 |
| | | **14,242,761** | **9.78** |
| | **United Kingdom 22.20% (21.88%)** | | |
| 9,280,681 | Investec Fund Series i - UK Alpha[1] | 10,282,066 | 7.06 |
| 6,390,233 | Majedie UK Focus[1] | 11,871,136 | 8.15 |
| 2,243,734 | Threadneedle UK Extended Alpha Fund[1] | 10,190,368 | 6.99 |
| | | **32,343,570** | **22.20** |
| | **PRIVATE EQUITY 0.71% (1.37%)** | | |
| 49,542 | Pantheon International Participation | **1,032,951** | **0.71** |

## PORTFOLIO STATEMENT (continued)
as at 31 May 2020

| Holding | Portfolio of Investment | Value £ | 31.05.20 % |
|---|---|---|---|
| | **FORWARD CURRENCY CONTRACTS 0.66% (-0.10%)** | | |
| €6,000,000 | Vs £(5,295,516) Expiry 16.10.2020 | 137,505 | 0.09 |
| €2,750,000 | Vs £(2,490,950) Expiry 16.10.2020 | (816) | – |
| €(7,374,000) | Vs £6,181,071 Expiry 16.10.2020 | (496,111) | (0.34) |
| US$(10,000,000) | Vs £8,196,218 Expiry 17.07.2020 | 83,483 | 0.06 |
| ¥422,000,000 | Vs £(2,961,374) Expiry 19.06.2020 | 232,967 | 0.16 |
| US$15,665,000 | Vs £(11,973,187) Expiry 17.07.2020 | 735,410 | 0.50 |
| US$6,100,000 | Vs £(4,668,784) Expiry 17.07.2020 | 279,984 | 0.19 |
| US$1,500,000 | Vs £(1,221,648) Expiry 17.07.2020 | (4,737) | – |
| US$2,325,000 | Vs £(1,891,230) Expiry 17.07.2020 | (5,019) | – |
| | | **962,666** | **0.66** |
| | **Portfolio of investment** | **143,479,870** | **98.47** |
| | Net other assets | 2,224,704 | 1.53 |
| | **Net assets** | **145,704,574** | **100.00** |

Comparative figures shown in brackets relate to 30 November 2019.

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

[1] Collective investment scheme
[2] Derivative contract

| Credit Quality | 31.05.20 % | 30.11.19 % |
|---|---|---|
| Investment grade debt securities | 10.19 | 17.99 |
| Non-rated debt securities | – | 2.24 |
| Other investments | 88.28 | 79.39 |
| Net other assets | 1.53 | 0.38 |
| | **100.00** | **100.00** |

# 7IM ADVENTUROUS FUND

## STATEMENT OF TOTAL RETURN
for the period ended 31 May 2020

| | | 31.05.20 | | 31.05.19 |
|---|---|---|---|---|
| | £ | £ | £ | £ |
| Income | | | | |
| Net capital (losses)/gains | | (6,933,151) | | 3,091,597 |
| Revenue | 691,070 | | 1,115,001 | |
| Expenses | (739,409) | | (776,199) | |
| Interest payable and similar charges | (18,543) | | (10,108) | |
| Net (expense)/revenue before taxation for the period | (66,882) | | 328,694 | |
| Taxation | (39,435) | | (25,079) | |
| Net (expense)/revenue after taxation for the period | | (106,317) | | 303,615 |
| **Total return before distributions** | | (7,039,468) | | 3,395,212 |
| Distributions | | (148,671) | | (306,384) |
| **Change in net assets attributable to shareholders from investment activities** | | (7,188,139) | | 3,088,828 |

## STATEMENT OF CHANGE IN NET ASSETS ATTRIBUTABLE TO SHAREHOLDERS
for the period ended 31 May 2020

| | | 31.05.20 | | 31.05.19 |
|---|---|---|---|---|
| | £ | £ | £ | £ |
| **Opening net assets attributable to shareholders** | | 156,983,854 | | 129,208,443 |
| Amounts received on creation of shares[1] | 17,172,275 | | 97,612,154 | |
| Amounts paid on cancellation of shares[1] | (21,396,970) | | (62,202,667) | |
| | | (4,224,695) | | 35,409,487 |
| Change in net assets attributable to shareholders from investment activities | | (7,188,139) | | 3,088,828 |
| Retained distribution on accumulation shares | | 133,554 | | 325,239 |
| **Closing net assets attributable to shareholders** | | 145,704,574 | | 168,031,997 |

[1] Stated at mid-market price.

The difference between the opening net assets and the comparative closing net assets is the movement in the second half of the year.

# 7IM ADVENTUROUS FUND

## BALANCE SHEET
as at 31 May 2020

| | 31.05.20<br>£ | 30.11.19<br>£ |
|---|---|---|
| **ASSETS** | | |
| Fixed assets: | | |
| Investments | 143,986,553 | 158,321,063 |
| Current assets: | | |
| Debtors | 3,458,034 | 1,388,250 |
| Cash and bank balances | 652,900 | 988,975 |
| **Total assets** | 148,097,487 | 160,698,288 |
| **LIABILITIES** | | |
| Investment liabilities | (506,683) | (1,938,367) |
| Creditors: | | |
| Bank overdrafts | (1,528,881) | (1,044,713) |
| Distribution payable | (15,417) | (109,995) |
| Other creditors | (341,932) | (621,359) |
| **Total liabilities** | (2,392,913) | (3,714,434) |
| **Net assets attributable to shareholders** | 145,704,574 | 156,983,854 |

## NOTE TO THE FINANCIAL STATEMENTS

for the period ended 31 May 2020

**Accounting Policies**

The accounting policies applied are consistent with those of the annual financial statements for the year ended 30 November 2019 and are described in those financial statements.

The financial statements have been prepared under the historical cost basis, as modified by the revaluation of investments and in accordance with the Statement of Recommended Practice ('SORP') for Financial Statements of Authorised Funds issued by the Investment Association ('IA') in May 2014.

# 7IM ADVENTUROUS FUND

## DISTRIBUTION TABLES

for the period ended 31 May 2020

**Interim - in pence per share**

Group 1 - Shares purchased prior to 1 December 2019
Group 2 - Shares purchased on or after 1 December 2019 and on or before 31 May 2020

| | Net Revenue | Equalisation | Allocated 31.07.20 | Allocated 31.07.19 |
|---|---|---|---|---|
| **Class A Accumulation*** | | | | |
| Group 1 | – | – | – | – |
| Group 2 | – | – | – | – |

| | Net Revenue | Equalisation | Allocated 31.07.20 | Allocated 31.07.19 |
|---|---|---|---|---|
| **Class B Accumulation*** | | | | |
| Group 1 | – | – | – | 0.2625 |
| Group 2 | – | – | – | 0.2625 |

| | Net Revenue | Equalisation | Payable 31.07.20 | Paid 31.07.19 |
|---|---|---|---|---|
| **Class C Income** | | | | |
| Group 1 | 0.2495 | – | 0.2495 | 0.5592 |
| Group 2 | 0.2495 | – | 0.2495 | 0.5592 |

| | Net Revenue | Equalisation | Allocated 31.07.20 | Allocated 31.07.19 |
|---|---|---|---|---|
| **Class C Accumulation** | | | | |
| Group 1 | 0.2517 | – | 0.2517 | 0.5948 |
| Group 2 | 0.2517 | – | 0.2517 | 0.5948 |

| | Net Revenue | Equalisation | Payable 31.07.20 | Paid 31.07.19 |
|---|---|---|---|---|
| **Class D Income*** | | | | |
| Group 1 | – | – | – | – |
| Group 2 | – | – | – | – |

| | Net Revenue | Equalisation | Allocated 31.07.20 | Allocated 31.07.19 |
|---|---|---|---|---|
| **Class D Accumulation*** | | | | |
| Group 1 | – | – | – | – |
| Group 2 | – | – | – | – |

| | Net Revenue | Equalisation | Payable 31.07.20 | Paid 31.07.19 |
|---|---|---|---|---|
| **Class S Income** | | | | |
| Group 1 | 0.3348 | – | 0.3348 | 0.4681 |
| Group 2 | 0.2995 | 0.0353 | 0.3348 | 0.4681 |

## DISTRIBUTION TABLES (continued)

for the period ended 31 May 2020

| | Net Revenue | Equalisation | Allocated 31.07.20 | Allocated 31.07.19 |
|---|---|---|---|---|
| **Class S Accumulation** | | | | |
| Group 1 | 0.3489 | – | 0.3489 | 0.4863 |
| Group 2 | 0.3167 | 0.0322 | 0.3489 | 0.4863 |

* Expenses exceeded revenue during the period, as a result no distributions were paid and allocated.

### 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 period ended 31 May 2020

**Investment Objective and Policy**

7IM Sustainable Balance Fund (the 'Sub-fund') aims to provide a balance of income and capital growth.

The Sub-fund invests at least 80% of its assets in a range of shares and corporate bonds and other funds managed by selected fund managers, including open ended and closed–ended funds and exchange traded funds (ETFs), and other transferable securities including fixed income, equities and structured products.

Up to 20% of the Sub-fund will be invested in liquid assets such as cash, deposits, money market funds and money market instruments, as well as warrants.

Investment will be more focused on growth generating assets such as equities.

The Sub-fund will only invest in individual shares and corporate bonds where the restrictions set out below are applied, as part of a two stage process.

**1) Investment Restrictions**

Companies from certain industries or with significant exposure to certain activities, taken to be more than 10% of revenues, are precluded from investment at the outset. These include:

Adult entertainment
Alcohol
Armaments
Gambling
Genetically modified organisms ("GMOs") in agriculture
Nuclear power generation
Tobacco

**2) Ethical Conduct Screening**

Having screened out individual securities with significant exposure to industries which are unacceptable, in accordance with the above criteria, the screening process set out in the Sub-fund's Screening Process Document (which is available on the Manager's website or which may be obtained from the Manager) is then applied. This screening process includes firstly screening the remaining investment universe to identify securities in those companies which, although in acceptable industries, nonetheless exhibit unacceptable conduct, which may include corruption or poor labour or environmental practices. Positive screening is then applied to identify those securities in companies which exhibit positive ethical conduct (such as sustainable environmental practices and conscientiousness with regard to human rights).

Other funds (which includes exchange traded funds and open or closed ended funds) are selected for the Sub-fund's portfolio on the basis that they track recognised ethical or socially responsible indices or are managed in accordance with the Manager's judgemental screening which is applied as described in the Screening Document.

An assessment of Environmental, Social and Governance (ESG) issues is integrated into the investment process as part of the assessment and valuation work conducted to be made for the Sub-fund by the Manager.

The Sub-fund will comprise a mixture of income-generating assets and assets with scope for capital growth.

The Sub-fund has flexibility to invest in different asset classes depending on market conditions, with most investment in equities and fixed interest securities but with no long term bias to either class.

The Sub-fund will invest in derivatives for efficient portfolio management (EPM) (i.e. to reduce risk or cost and, or to generate extra income) as well as for investment purposes.

In extraordinary market conditions (such as political unrest economic instability, war, the bankruptcy of large financial institutions or closure of a relevant market(s)), the Sub-fund may temporarily invest up to 100% of its total assets in deposits, cash, near cash, treasury bills, government bonds or short-term money market instruments.

## ACD'S REPORT (continued)
for the period ended 31 May 2020

### Investment Manager's Report

### Performance Report

In the reporting period, 1 December 2019 to 31 May 2020, the portfolio delivered a total return of 0.63%[1]. The Sub-fund's comparator, the IA Mixed 20-60% Shares sector, has returned -4.25%.

### Investment Background

The Coronavirus that emerged in mid-January from the Chinese city of Wuhan caught the attention of global markets. Initial research suggests that the virus is less deadly than the SARS virus that hit China in 2003 but is markedly more contagious. By February, it wasn't just China locking down. New cases have reached such levels that parts of Italy went into lockdown.

The lockdown in China turned out to cause an unprecedented hit to the Chinese economy. This will be felt in both demand, as the Chinese consumer stays indoors, and supply, with the likes of Apple revising their earnings due to manufacturing bottlenecks. It soon became clear that the Chinese experience was just the test case for the rest of the world, sending markets down.

However, for investors who believed that the end of February was the worst of the market turmoil, March was a severe reality check. Coronavirus and an oil price shock caused a sharp revision of future growth expectations that resulted in a global recession. Equity markets throughout March experienced volatility not seen since the 2008 financial crisis with average daily moves (up or down) of c.5.0% causing a drawdown comparable to the crash in October 1987. Markets recovered strongly towards the end of the month with a c.20% rally, but are still some 20% away from where they started the year.

Investors enjoyed positive returns in April as both risky and defensive assets rebounded following the initial shock of the global shutdown - the US stock market returned c.18% over the month. It's clear that governments around the world are conscious of the impacts lockdown on both economies and families. They have started to discuss ways in which we can delicately move towards a re-opening of businesses.

Equities continue their winning streak in May, following optimism over economies beginning to re-open. The US S&P index returned around 5%, with the Technology sector leading the way, and generating over 7% throughout the month. In fact, markets around the world were positive - with the UK, Japanese and European markets all gaining over 4%. Some have argued that the equities performance throughout April and May was due to Central Banks pouring new money into the economy. The Federal Reserve's balance sheet has increased by almost two thirds since the start of the year and now stands at $6.6 trillion.

It wasn't just central banks which supported the economy and markets. Governments around the world are doing all they can to keep the economy moving. The EU announced plans for a recovery fund to be created that will jointly spread the burden of debt issued to help the Eurozone recover through this crisis. The EU Commission are proposing to issue €500 billion in funding, which would see a move towards fiscal unity within the region. In Japan, we also saw a further stimulus package of 117 Trillion Yen promised, taking the total level of stimulus in Japan to 234 Trillion Yen (c.£1.8 Trillion).

Of course, money isn't free. This continued level of stimulus to help cushion economies from a difficult recession has pushed country debt levels exceptionally high. In Japan, government debt makes up c.238% relative to GDP while in the US that figure is closer to 110% and in the UK its 81%. The governments have successfully stabilised the global economy. The cost of all this is not clear yet.

### Portfolio Review

There were a number of changes to the equity portfolio over the period with sales of Kubota tractors and Servicenow which is involved in cloud computing. New positions include Splunk and TE Connectivity.

Over the period the best performing sectors have been in utilities, technology and healthcare while consumer discretionary and financials have lagged. One of the best performing stocks was Amazon which benefited from a huge increase in demand for internet shopping; meanwhile Samsonite which depends on people buying luggage for holidays was very weak.

In October last year, we had decided to add puts to the portfolio to provide protection against a sudden shock on the downside. As the S&P 500 fell as the pandemic spread in March, we sold out of these positions to lock in gains and offset losses being felt in other parts of the portfolio.

[1] Calculated using 7IM Sustainable Balance C Acc shares, NAV return. Source: NTRS

## ACD'S REPORT (continued)
for the period ended 31 May 2020

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

During the period, we established a position in a high yield bond funds which has a high level of ESG and sustainability built into the investment process. We felt that with interest rates so low there was little to find attractive in Developed Markets government bonds and looks to diversify into bonds with better prospects for yield reduction from the wider spreads in high yield. Feeling Emerging Markets debt may be vulnerable, we trimmed positions in this asset class. We also trimmed the inflation position in US Treasuries feeling that this crisis would lead to lower demand and that together with a lower oil price suggested to use that inflation would not be going up anytime soon.

We added to the position in corporate bonds introducing a holding in a fund which invests in US corporate bonds feeling that these offered better value than government bonds.

Among alternatives, there are positions in REITs and renewable energy infrastructure funds. These proved relatively resilient during market shake out at the start of the Coronavirus crisis and the fact that the income from both asset classes was relatively unaffected by loss of revenues was another advantage.

In light of global events, the strategy team had a less positive view on equities so these were trimmed to take them towards SAA neutral.

**Investment Outlook**

The Hammer stage of tackling Coronavirus is coming to a close across the major economies. Over half of the world's population has been in some form of lockdown, slowing the spread of the virus and giving health systems the one thing they need most – time. Infection rates are falling across most developed economies, while critical care facilities have been established and medical equipment is now being produced in sufficient quantities.

The next phase of tackling Coronavirus – the Dance – will take somewhat longer. The rules will be eased only gradually, and social distancing will be with us for a while yet. Governments will want to encourage normality as much as possible, but short-term quarantines may be common as we deal with intermittent flare-ups of the virus.

Treatments will be developed in due course, but the Coronavirus endgame will require a vaccine, which may only materialise in a year or more. This first modern global pandemic has given us a taste of how to deal with future ones – we need to learn the lessons.

The economic cost of the Hammer has been immediately obvious. Economic growth numbers in the major economies have crashed. We have entered the sharpest recessions in modern history. Around 4 times as large as the financial crisis but also four times as quick. This recession will set all kinds of records.

Economic crises usually take time to play out, and people in power tend to stick their heads in the sand for as long as possible. This time is different. The Coronavirus recession has been met almost immediately with a massive wave of stimulus. Central banks and governments haven't waited to assess the damage. Trillions of dollars, euros, pounds, yuan and yen have been injected into the financial system – often straight into ordinary people's bank accounts. The obvious driver of the quick reactions was that it was the governments themselves who have created the recession in the first place.

When economic activity resumes, it could be quicker than anyone expects. Low oil prices and pent-up demand could make for a spectacular recovery over the next few years. In the first weeks of the crisis, investors panicked, selling anything they had. As the future becomes clearer, though, people will start to think clearly about the kind of businesses they think will do well over the next few years – and which might be gone for good. This may be the quickest and deepest recession on record but it could also be the quickest and strongest recovery too. But that doesn't mean there won't be winners and losers.

Equities have clearly bought into the recovery. While the stimulus has reduced the risk of an ongoing recession, the markets also seem to be ignoring that economies could be running at 90% capacity for some time. We've been looking for assets that are obviously mispriced, and the credit markets have been a key area of focus. Investors have fled from almost any kind of corporate debt, leaving opportunity to buy good, stable, long-term businesses at yields not seen for over a decade. Investors are confronting interest rates close to zero, at a time when every government has just increased its amount of borrowing substantially.

## ACD'S REPORT (continued)
for the period ended 31 May 2020

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

Investors are still using bonds as safe havens, but with long run return expectations below inflation, this isn't a sustainable state of affairs. When things start improving and inflation picks up, 'safe haven' government bonds may look exposed.

Seven Investment Management LLP
Investment Manager
June 2020

# 7IM SUSTAINABLE BALANCE FUND

## FUND INFORMATION

The Comparative Tables on pages 120 to 128 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.

## FUND INFORMATION (continued)

### Comparative Tables

**Class A Income**

| | 31.05.20 (pence per share) | 30.11.19 (pence per share) | 30.11.18 (pence per share) |
|---|---|---|---|
| **Change in Net Asset Value Per Share** | | | |
| Opening net asset value per share | 123.13 | 116.14 | 118.18 |
| Return before operating charges* | 1.53 | 11.74 | 2.51 |
| Operating charges (calculated on average price) | (1.22) | (2.31) | (2.30) |
| Return after operating charges* | 0.31 | 9.43 | 0.21 |
| Distributions on income shares | (1.06) | (2.44) | (2.25) |
| Closing net asset value per share | 122.38 | 123.13 | 116.14 |
| * After direct transaction costs of:[1] | 0.01 | 0.02 | 0.01 |
| **Performance** | | | |
| Return after charges[2] | 0.25% | 8.12% | 0.18% |
| **Other Information** | | | |
| Closing net asset value (£'000) | 78 | 79 | 86 |
| Closing number of shares | 63,620 | 64,292 | 74,047 |
| Operating charges[3] | 2.02% | 1.93% | 1.94% |
| Direct transaction costs | 0.00% | 0.02% | 0.01% |
| **Prices** | | | |
| Highest share price | 127.53 | 124.70 | 121.56 |
| Lowest share price | 106.19 | 111.98 | 114.74 |

[1] 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. Direct transaction costs cover a six-month period to 31 May 2020.

[2] The return after charges is calculated as the return after operating charges per share divided by the opening net asset value per share.

[3] 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 129.

## FUND INFORMATION (continued)

### Comparative Tables (continued)

**Class A Accumulation**

| | 31.05.20 (pence per share) | 30.11.19 (pence per share) | 30.11.18 (pence per share) |
|---|---|---|---|
| **Change in Net Asset Value Per Share** | | | |
| Opening net asset value per share | 161.18 | 149.01 | 148.77 |
| Return before operating charges* | 2.02 | 15.15 | 3.15 |
| Operating charges (calculated on average price) | (1.61) | (2.98) | (2.91) |
| Return after operating charges* | 0.41 | 12.17 | 0.24 |
| Distributions | (1.38) | (3.14) | (2.84) |
| Retained distributions on accumulation shares | 1.38 | 3.14 | 2.84 |
| Closing net asset value per share | 161.59 | 161.18 | 149.01 |
| * After direct transaction costs of:[1] | 0.01 | 0.03 | 0.01 |
| **Performance** | | | |
| Return after charges[2] | 0.25% | 8.17% | 0.16% |
| **Other Information** | | | |
| Closing net asset value (£'000) | 76 | 98 | 99 |
| Closing number of shares | 46,797 | 60,684 | 66,624 |
| Operating charges[3] | 2.02% | 1.93% | 1.94% |
| Direct transaction costs | 0.00% | 0.02% | 0.01% |
| **Prices** | | | |
| Highest share price | 166.94 | 161.71 | 154.46 |
| Lowest share price | 139.01 | 143.66 | 144.45 |

[1] 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. Direct transaction costs cover a six-month period to 31 May 2020.

[2] The return after charges is calculated as the return after operating charges per share divided by the opening net asset value per share.

[3] 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 129.

## FUND INFORMATION (continued)

### Comparative Tables (continued)

**Class B Accumulation**

| | 31.05.20 (pence per share) | 30.11.19 (pence per share) | 30.11.18 (pence per share) |
|---|---|---|---|
| **Change in Net Asset Value Per Share** | | | |
| Opening net asset value per share | 163.29 | 150.84 | 150.49 |
| Return before operating charges* | 2.04 | 15.31 | 3.14 |
| Operating charges (calculated on average price) | (1.54) | (2.86) | (2.79) |
| Return after operating charges* | 0.50 | 12.45 | 0.35 |
| Distributions | (1.40) | (3.16) | (2.86) |
| Retained distributions on accumulation shares | 1.40 | 3.16 | 2.86 |
| Closing net asset value per share | 163.79 | 163.29 | 150.84 |
| * After direct transaction costs of:[1] | 0.01 | 0.03 | 0.01 |
| **Performance** | | | |
| Return after charges[2] | 0.31% | 8.25% | 0.23% |
| **Other Information** | | | |
| Closing net asset value (£'000) | 4 | 4 | 4 |
| Closing number of shares | 2,426 | 2,426 | 2,426 |
| Operating charges[3] | 1.92% | 1.83% | 1.84% |
| Direct transaction costs | 0.00% | 0.02% | 0.01% |
| **Prices** | | | |
| Highest share price | 169.16 | 163.79 | 156.34 |
| Lowest share price | 140.87 | 145.43 | 146.15 |

[1] 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. Direct transaction costs cover a six-month period to 31 May 2020.

[2] The return after charges is calculated as the return after operating charges per share divided by the opening net asset value per share.

[3] 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 129.

## FUND INFORMATION (continued)

### Comparative Tables (continued)

**Class C Income**

| | 31.05.20 (pence per share) | 30.11.19 (pence per share) | 30.11.18 (pence per share) |
|---|---|---|---|
| **Change in Net Asset Value Per Share** | | | |
| Opening net asset value per share | 129.71 | 121.74 | 123.25 |
| Return before operating charges* | 1.62 | 12.33 | 2.63 |
| Operating charges (calculated on average price) | (0.97) | (1.80) | (1.79) |
| Return after operating charges* | 0.65 | 10.53 | 0.84 |
| Distributions on income shares | (1.11) | (2.56) | (2.35) |
| Closing net asset value per share | 129.25 | 129.71 | 121.74 |
| * After direct transaction costs of:[1] | 0.01 | 0.02 | 0.01 |
| **Performance** | | | |
| Return after charges[2] | 0.50% | 8.65% | 0.68% |
| **Other Information** | | | |
| Closing net asset value (£'000) | 26,503 | 26,787 | 24,856 |
| Closing number of shares | 20,504,258 | 20,651,026 | 20,417,956 |
| Operating charges[3] | 1.52% | 1.43% | 1.44% |
| Direct transaction costs | 0.00% | 0.02% | 0.01% |
| **Prices** | | | |
| Highest share price | 134.50 | 131.25 | 127.25 |
| Lowest share price | 112.04 | 117.41 | 119.86 |

[1] 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. Direct transaction costs cover a six-month period to 31 May 2020.

[2] The return after charges is calculated as the return after operating charges per share divided by the opening net asset value per share.

[3] 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 129.

## FUND INFORMATION (continued)

### Comparative Tables (continued)

**Class C Accumulation**

| | 31.05.20 (pence per share) | 30.11.19 (pence per share) | 30.11.18 (pence per share) |
|---|---|---|---|
| **Change in Net Asset Value Per Share** | | | |
| Opening net asset value per share | 172.19 | 158.40 | 157.36 |
| Return before operating charges* | 2.16 | 16.15 | 3.33 |
| Operating charges (calculated on average price) | (1.29) | (2.36) | (2.29) |
| Return after operating charges* | 0.87 | 13.79 | 1.04 |
| Distributions | (1.48) | (3.35) | (3.01) |
| Retained distributions on accumulation shares | 1.48 | 3.35 | 3.01 |
| Closing net asset value per share | 173.06 | 172.19 | 158.40 |
| * After direct transaction costs of:[1] | 0.01 | 0.03 | 0.01 |
| **Performance** | | | |
| Return after charges[2] | 0.51% | 8.71% | 0.66% |
| **Other Information** | | | |
| Closing net asset value (£'000) | 78,583 | 66,645 | 50,342 |
| Closing number of shares | 45,408,536 | 38,704,244 | 31,782,224 |
| Operating charges[3] | 1.52% | 1.43% | 1.44% |
| Direct transaction costs | 0.00% | 0.02% | 0.01% |
| **Prices** | | | |
| Highest share price | 178.54 | 172.60 | 163.98 |
| Lowest share price | 148.73 | 152.76 | 153.02 |

[1] 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. Direct transaction costs cover a six-month period to 31 May 2020.

[2] The return after charges is calculated as the return after operating charges per share divided by the opening net asset value per share.

[3] 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 129.

## FUND INFORMATION (continued)

### Comparative Tables (continued)

**Class D Income**

| | 31.05.20 (pence per share) | 30.11.19 (pence per share) | 30.11.18 (pence per share) |
|---|---|---|---|
| **Change in Net Asset Value Per Share** | | | |
| Opening net asset value per share | 121.04 | 114.28 | 116.41 |
| Return before operating charges* | 1.51 | 11.54 | 2.46 |
| Operating charges (calculated on average price) | (1.27) | (2.39) | (2.38) |
| Return after operating charges* | 0.24 | 9.15 | 0.08 |
| Distributions on income shares | (1.04) | (2.39) | (2.21) |
| Closing net asset value per share | 120.24 | 121.04 | 114.28 |
| * After direct transaction costs of:[1] | 0.01 | 0.02 | 0.01 |
| **Performance** | | | |
| Return after charges[2] | 0.20% | 8.01% | 0.07% |
| **Other Information** | | | |
| Closing net asset value (£'000) | 23 | 28 | 27 |
| Closing number of shares | 18,870 | 22,806 | 23,591 |
| Operating charges[3] | 2.12% | 2.03% | 2.04% |
| Direct transaction costs | 0.00% | 0.02% | 0.01% |
| **Prices** | | | |
| Highest share price | 125.34 | 122.60 | 119.64 |
| Lowest share price | 104.35 | 110.18 | 112.98 |

[1] 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. Direct transaction costs cover a six-month period to 31 May 2020.

[2] The return after charges is calculated as the return after operating charges per share divided by the opening net asset value per share.

[3] 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 129.

## FUND INFORMATION (continued)

### Comparative Tables (continued)

**Class D Accumulation**

| | 31.05.20 (pence per share) | 30.11.19 (pence per share) | 30.11.18 (pence per share) |
|---|---|---|---|
| **Change in Net Asset Value Per Share** | | | |
| Opening net asset value per share | 159.14 | 147.27 | 147.18 |
| Return before operating charges* | 1.98 | 14.98 | 3.12 |
| Operating charges (calculated on average price) | (1.66) | (3.11) | (3.03) |
| Return after operating charges* | 0.32 | 11.87 | 0.09 |
| Distributions | (1.37) | (3.10) | (2.81) |
| Retained distributions on accumulation shares | 1.37 | 3.10 | 2.81 |
| Closing net asset value per share | 159.46 | 159.14 | 147.27 |
| * After direct transaction costs of:[1] | 0.01 | 0.03 | 0.01 |
| **Performance** | | | |
| Return after charges[2] | 0.20% | 8.06% | 0.06% |
| **Other Information** | | | |
| Closing net asset value (£'000) | 97 | 107 | 77 |
| Closing number of shares | 60,592 | 67,040 | 52,167 |
| Operating charges[3] | 2.12% | 2.03% | 2.04% |
| Direct transaction costs | 0.00% | 0.02% | 0.01% |
| **Prices** | | | |
| Highest share price | 164.78 | 159.69 | 152.69 |
| Lowest share price | 137.20 | 141.97 | 142.85 |

[1] 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. Direct transaction costs cover a six-month period to 31 May 2020.

[2] The return after charges is calculated as the return after operating charges per share divided by the opening net asset value per share.

[3] 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 129.

## FUND INFORMATION (continued)

### Comparative Tables (continued)

**Class S Income**

| | 31.05.20 (pence per share) | 30.11.19 (pence per share) | 30.11.18 (pence per share) |
|---|---|---|---|
| **Change in Net Asset Value Per Share** | | | |
| Opening net asset value per share | 125.91 | 117.87 | 119.03 |
| Return before operating charges* | 1.58 | 11.95 | 2.54 |
| Operating charges (calculated on average price) | (0.79) | (1.43) | (1.43) |
| Return after operating charges* | 0.79 | 10.52 | 1.11 |
| Distributions on income shares | (1.08) | (2.48) | (2.27) |
| Closing net asset value per share | 125.62 | 125.91 | 117.87 |
| * After direct transaction costs of:[1] | 0.01 | 0.02 | 0.01 |
| **Performance** | | | |
| Return after charges[2] | 0.63% | 8.93% | 0.93% |
| **Other Information** | | | |
| Closing net asset value (£'000) | 489 | 520 | 666 |
| Closing number of shares | 388,984 | 413,310 | 565,225 |
| Operating charges[3] | 1.27% | 1.18% | 1.19% |
| Direct transaction costs | 0.00% | 0.02% | 0.01% |
| **Prices** | | | |
| Highest share price | 130.62 | 127.34 | 123.12 |
| Lowest share price | 108.84 | 113.70 | 115.85 |

[1] 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. Direct transaction costs cover a six-month period to 31 May 2020.

[2] The return after charges is calculated as the return after operating charges per share divided by the opening net asset value per share.

[3] 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 129.

## FUND INFORMATION (continued)

### Comparative Tables (continued)

**Class S Accumulation**

| | 31.05.20 (pence per share) | 30.11.19 (pence per share) | 30.11.18 (pence per share) |
|---|---|---|---|
| **Change in Net Asset Value Per Share** | | | |
| Opening net asset value per share | 141.28 | 129.64 | 128.46 |
| Return before operating charges* | 1.78 | 13.23 | 2.73 |
| Operating charges (calculated on average price) | (0.89) | (1.59) | (1.55) |
| Return after operating charges* | 0.89 | 11.64 | 1.18 |
| Distributions | (1.21) | (2.74) | (2.46) |
| Retained distributions on accumulation shares | 1.21 | 2.74 | 2.46 |
| Closing net asset value per share | 142.17 | 141.28 | 129.64 |
| * After direct transaction costs of:[1] | 0.01 | 0.03 | 0.01 |
| **Performance** | | | |
| Return after charges[2] | 0.63% | 8.98% | 0.92% |
| **Other Information** | | | |
| Closing net asset value (£'000) | 11,605 | 11,369 | 10,191 |
| Closing number of shares | 8,162,917 | 8,047,554 | 7,861,596 |
| Operating charges[3] | 1.27% | 1.18% | 1.19% |
| Direct transaction costs | 0.00% | 0.02% | 0.01% |
| **Prices** | | | |
| Highest share price | 146.57 | 141.56 | 134.12 |
| Lowest share price | 122.13 | 125.04 | 125.02 |

[1] 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. Direct transaction costs cover a six-month period to 31 May 2020.

[2] The return after charges is calculated as the return after operating charges per share divided by the opening net asset value per share.

[3] 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 129.

## FUND INFORMATION (continued)

**Ongoing Charges Figures**

As at 31 May 2020

| | Class A | Class B | Class C | Class D | Class S |
|---|---|---|---|---|---|
| ACD's periodic charge | 1.75% | 1.65% | 1.25% | 1.85% | 1.00% |
| Other expenses | 0.13% | 0.13% | 0.13% | 0.13% | 0.13% |
| | 1.88% | 1.78% | 1.38% | 1.98% | 1.13% |
| Collective investment scheme costs | 0.14% | 0.14% | 0.14% | 0.14% | 0.14% |
| Ongoing Charges Figure | 2.02% | 1.92% | 1.52% | 2.12% | 1.27% |

As at 30 November 2019

| | Class A | Class B | Class C | Class D | Class S |
|---|---|---|---|---|---|
| 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 | 0.08% | 0.08% | 0.08% | 0.08% | 0.08% |
| Ongoing Charges Figure | 1.93% | 1.83% | 1.43% | 2.03% | 1.18% |

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 period.

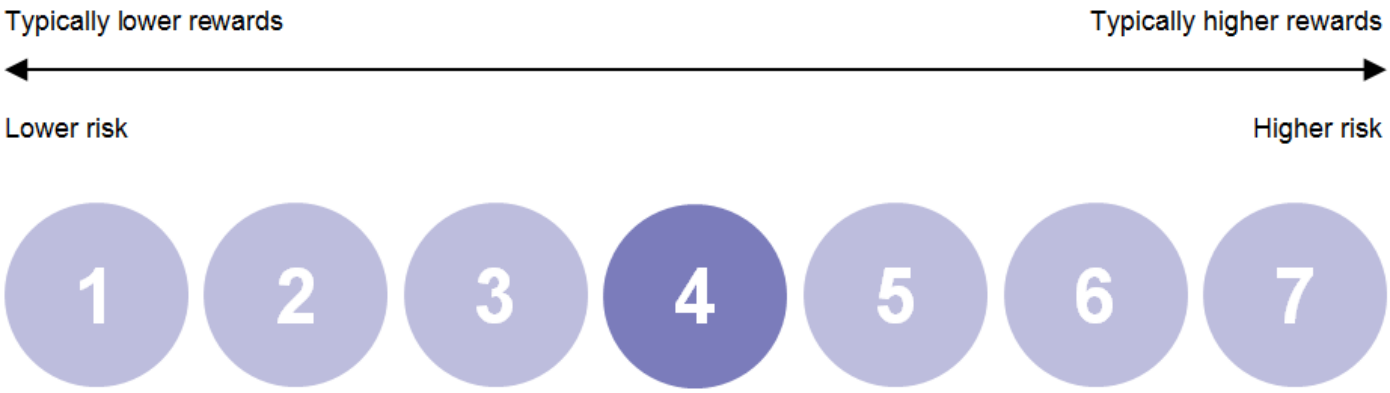
The collective investment scheme costs represent the OCFs, or a reasonable substitute, of the underlying funds which are held as portfolio investments. Their inclusion has been calculated on a weighted basis against the Sub-fund's net assets at the balance sheet date.

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 sub-fund's returns have varied. It is a measure of a sub-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 interim report and financial statements, the risk and reward indicator as at the period end date 31 May 2020 was 4.

**Fund performance to 31 May 2020 (%)**

| | 6 months | 1 year | 3 years | 5 years |
|---|---|---|---|---|
| 7IM Sustainable Balance Fund[1] | 0.63 | 6.00 | 10.58 | 23.72 |

[1] 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 139 and 140.

# 7IM SUSTAINABLE BALANCE FUND

## PORTFOLIO STATEMENT
as at 31 May 2020

| Holding | Portfolio of Investment | Value £ | 31.05.20 % |
|---|---|---|---|
| | **ALTERNATIVES 4.72% (6.33%)** | | |
| | **Alternative Strategies 0.00% (0.13%)** | | |
| 337,642 | Low Carbon Accelerator[1] | – | – |
| | **Infrastructure 4.72% (5.18%)** | | |
| 1,122,542 | Greencoat UK Wind | 1,589,519 | 1.35 |
| 886,764 | NextEnergy Solar | 959,479 | 0.82 |
| 1,316,671 | Renewables Infrastructure Group | 1,619,505 | 1.38 |
| 1,300,000 | SDCL Energy Efficiency Income Trust | 1,371,500 | 1.17 |
| | | **5,540,003** | **4.72** |
| | **Real Estate 0.00% (1.02%)** | | |
| | **CASH 1.59% (6.64%)** | | |
| 1,865,000 | Northern Trust Global Sterling Fund[2] | **1,865,000** | **1.59** |
| | **DEBT SECURITIES 40.68% (31.23%)** | | |
| | **Corporate Bonds 0.43% (0.62%)** | | |
| £162,258 | Greater Gabbard OFTO 4.137% 2032 | 191,335 | 0.16 |
| £192,417 | PRS Finance 1.75% 2026 | 205,249 | 0.17 |
| £100,000 | Welltower 4.50% 2034 | 112,139 | 0.10 |
| | | **508,723** | **0.43** |
| | **Gilts 6.18% (7.18%)** | | |
| £250,000 | Credit Suisse FRN 2025 | 252,506 | 0.22 |
| £200,000 | Deutsche Bahn Finance 1.375% 2025 | 203,560 | 0.17 |
| £650,000 | UK Gilt 3.25% 2044 | 1,027,835 | 0.88 |
| £1,020,000 | UK Gilt 3.75% 2052 | 1,975,026 | 1.68 |
| £170,000 | UK Gilt 4.25% 2049 | 337,835 | 0.29 |
| £900,000 | UK Gilt 4.50% 2034 | 1,414,793 | 1.20 |
| £700,000 | UK Gilt 4.75% 2038 | 1,225,896 | 1.04 |
| £545,000 | UK Gilt 6.00% 2028 | 817,745 | 0.70 |
| | | **7,255,196** | **6.18** |
| | **Global Corporate Bonds 13.99% (5.28%)** | | |
| 268,391 | Amundi Index US Corp SRI UCITS ETF[2] | 12,915,826 | 10.99 |
| 334,351 | BlackRock Global ESG Emerging Markets Blended[2] | 3,520,719 | 3.00 |
| | | **16,436,545** | **13.99** |
| | **Global Government Bonds 0.01% (7.29%)** | | |
| (17) | Ultra Long Term US Treasury Bond Futures September 2020[3] | **9,928** | **0.01** |
| | **Global High Yield Bonds 7.11% (0.00%)** | | |
| 82,111 | Bluebay Global High Yield Bond Fund[2] | **8,351,497** | **7.11** |
| | **Global Inflation Linked Bonds 3.79% (3.82%)** | | |
| 147,285 | iShares Global Inflation-Linked Bond Index[2] | 1,768,520 | 1.51 |

**PORTFOLIO STATEMENT** (continued)
as at 31 May 2020

| Holding | Portfolio of Investment | Value £ | 31.05.20 % |
|---|---|---|---|
| | **Global Inflation Linked Bonds (continued)** | | |
| US$2,470,000 | US Treasury Inflation-Indexed Bonds 1% 2049 | 2,678,934 | 2.28 |
| | | **4,447,454** | **3.79** |
| | **Short Term Sterling Bonds 0.49% (0.69%)** | | |
| £150,000 | European Investment Bank 1.375% 2025 | 157,419 | 0.13 |
| £180,494 | UPP Bond 1 Issuer 4.9023% 2040 | 218,219 | 0.19 |
| £170,837 | Wods Transmission 3.446% 2034 | 196,115 | 0.17 |
| | | **571,753** | **0.49** |
| | **Sterling Corporate Bonds 8.68% (6.35%)** | | |
| £101,000 | 3I Group 3.75% 2040 | 100,339 | 0.09 |
| £150,000 | A2Dominion Housing 3.5% 2028 | 163,754 | 0.14 |
| £120,000 | AA Bond 2.75% 2023 | 110,444 | 0.09 |
| £100,000 | ABN AMRO Bank 1.375% 2025 | 99,642 | 0.09 |
| £350,000 | Affordable Housing 2.893% 2043 | 455,490 | 0.39 |
| £100,000 | Anglian Water Services Financing PLC 1.625% 2025 | 100,889 | 0.09 |
| £100,000 | Cardiff University 3% 2055 | 142,431 | 0.12 |
| £100,000 | Channel Link Enterprises Finance 3.043% 2050 | 103,350 | 0.09 |
| £100,000 | Citigroup 2.75% 2024 | 103,866 | 0.09 |
| £100,000 | Comcast Corp 5.50% 2029 | 136,270 | 0.12 |
| £100,000 | CYBG 4.00% 2026 | 99,197 | 0.08 |
| £150,000 | Dwr Cymru Financing 6.015% 2028 | 201,837 | 0.17 |
| £160,000 | DWR Cymru Financing UK 1.375% 2033 | 157,222 | 0.13 |
| £171,000 | Eastern Power Networks 1.875% 2035 | 173,539 | 0.15 |
| £150,000 | Experian Finance 3.25% 2032 | 170,825 | 0.15 |
| £167,000 | Goldman Sachs 7.125% 2025 | 211,253 | 0.18 |
| £100,000 | High Speed Rail Finance 4.375% 2038 | 134,611 | 0.11 |
| £250,000 | HSBC 2.256% 2026 | 251,397 | 0.21 |
| £220,000 | International Bank for Reconstruction & Development 1.00% 2029 | 228,346 | 0.19 |
| £200,000 | International Finance Corporation 1.25% 2023 | 206,620 | 0.18 |
| £100,000 | Koninklikke 5.75% 2029 | 123,374 | 0.11 |
| £100,000 | Legal & General Group 3.75% 2049 | 98,380 | 0.08 |
| £150,000 | Legal & General Group 5.375% 2045 | 165,147 | 0.14 |
| £100,000 | Lloyds TSB Bank 7.5% 2024 | 122,191 | 0.10 |
| £100,000 | National Grid Electricity Transmission 4.00% 2027 | 117,122 | 0.10 |
| £150,000 | Network Rail Infrastructure Finance 3% 2023 | 163,094 | 0.14 |
| £100,000 | Network Rail Infrastructure Finance 4.75% 2035 | 158,133 | 0.14 |
| £100,000 | New York Life Global Funding 1.25% 2026 | 99,152 | 0.08 |
| £100,000 | Notting Hill Housing Trust 3.25% 2048 | 114,504 | 0.10 |
| £150,000 | Orsted 2.50% 2033 | 165,527 | 0.14 |
| £275,000 | Reseau Ferre de France 4.83% 2026 | 552,409 | 0.47 |
| £150,000 | Royal Bank of Scotland Group 2.875% 2026 | 154,086 | 0.13 |
| £100,000 | Segro 2.375% 2029 | 103,017 | 0.09 |
| £122,000 | Southern Water Services Finance 2.375% 2028 | 122,297 | 0.10 |
| £150,000 | Standard Chartered 5.125% 2034 | 174,303 | 0.15 |
| 2,733,837 | Threadneedle UK Social Bond[2] | 3,064,085 | 2.61 |
| £200,000 | Transport for London 3.875% 2042 | 285,282 | 0.24 |
| £100,000 | University Of Manchester 4.25% 2053 | 177,702 | 0.15 |
| £200,000 | Verizon Communications 1.875% 2030 | 202,144 | 0.17 |
| £150,000 | Wales and West 5.00% 2028 | 190,242 | 0.16 |
| £250,000 | Wellcome Trust Finance 4.625% 2036 | 390,474 | 0.33 |

**PORTFOLIO STATEMENT** (continued)
as at 31 May 2020

| Holding | Portfolio of Investment | Value £ | 31.05.20 % |
|---|---|---|---|
| | **Sterling Corporate Bonds (continued)** | | |
| £100,000 | Zurich Finance UK 6.625% 2049 | 107,000 | 0.09 |
| | | **10,200,987** | **8.68** |
| | **EQUITY 47.57% (50.81%)** | | |
| | **Asia & Emerging Markets 2.37% (2.54%)** | | |
| 4,354 | Credicorp | 503,162 | 0.43 |
| 422,503 | iShares MSCI Emerging Markets SRI UCITS ETF[2] | 1,923,273 | 1.64 |
| 468,300 | Samsonite International | 359,219 | 0.30 |
| | | **2,785,654** | **2.37** |
| | **Europe (ex UK) 6.58% (6.80%)** | | |
| 9,407 | Air Liquide | 1,035,423 | 0.88 |
| 4,308 | ASML Holding | 1,146,046 | 0.98 |
| 7,989 | Essilor International | 852,643 | 0.73 |
| 12,195 | Frenius | 831,045 | 0.71 |
| 310 | Givaudan | 904,875 | 0.77 |
| 7,096 | Orsted | 665,089 | 0.57 |
| 12,669 | Schneider Electric | 1,028,371 | 0.87 |
| 15,001 | Umicore | 542,840 | 0.46 |
| 17,248 | Unilever | 722,932 | 0.61 |
| | | **7,729,264** | **6.58** |
| | **Far East (ex Japan) 1.09% (1.63%)** | | |
| 81,400 | AIA | 535,378 | 0.46 |
| 5,002 | CSL | 746,377 | 0.63 |
| | | **1,281,755** | **1.09** |
| | **Japan 4.17% (4.01%)** | | |
| 9,200 | Daikin Industries | 1,100,114 | 0.94 |
| 1,800 | Keyence | 599,538 | 0.51 |
| 4,900 | Shimano | 734,638 | 0.62 |
| 17,800 | Shionogi | 843,040 | 0.72 |
| 91,131 | UBS MSCI Japan Socially Responsible UCITS ETF[2] | 1,623,498 | 1.38 |
| | | **4,900,828** | **4.17** |
| | **North America 16.47% (16.74%)** | | |
| 6,237 | Accenture | 1,021,078 | 0.87 |
| 13,296 | Activision Blizzard | 757,151 | 0.64 |
| 805 | Alphabet 'C' | 925,404 | 0.79 |
| 419 | Amazon.com | 816,030 | 0.70 |
| 4,998 | Amgen | 908,635 | 0.77 |
| 50,794 | Aramark | 1,104,576 | 0.94 |
| 500 | Booking Holdings | 669,016 | 0.57 |
| 2,301 | Charter Communications | 998,276 | 0.85 |
| 6,172 | CME | 903,914 | 0.77 |
| 16,810 | Colgate-Palmolive | 983,175 | 0.84 |
| 1,738 | Costco Wholesale | 436,883 | 0.37 |
| 6,072 | Deere & Co | 753,925 | 0.64 |
| 4,044 | Ecolab | 693,820 | 0.59 |
| 1,657 | Equinix | 931,881 | 0.79 |

**PORTFOLIO STATEMENT** (continued)
as at 31 May 2020

| Holding | Portfolio of Investment | Value £ | 31.05.20 % |
|---|---|---|---|
| | **North America (continued)** | | |
| 9,630 | First Republic Bank | 850,712 | 0.72 |
| 5,333 | Home Depot[3] | 1,061,104 | 0.90 |
| 4,054 | MasterCard | 995,046 | 0.85 |
| 8,961 | Medtronic | 713,884 | 0.61 |
| 5,002 | Moody's | 1,074,716 | 0.92 |
| (49) | S&P 500 E-mini Futures June 2020[3] | (660,494) | (0.56) |
| 22,848 | Service International | 737,128 | 0.63 |
| 4,929 | Splunk | 719,912 | 0.61 |
| 4,346 | SVB Financial Group | 760,303 | 0.65 |
| 8,803 | TE Connectivity | 591,367 | 0.50 |
| 34,175 | Weyerhaeuser | 593,709 | 0.51 |
| | | **19,341,151** | **16.47** |
| | **United Kingdom 16.89% (19.09%)** | | |
| 253,910 | DS Smith | 880,052 | 0.75 |
| 13,131 | London Stock Exchange | 1,069,389 | 0.91 |
| 55,368 | Prudential | 585,793 | 0.50 |
| 1,000,000 | Residential Secure Income | 892,000 | 0.76 |
| 750,961 | RM Secured Direct Lending | 563,221 | 0.48 |
| 1,122,702 | UBS (Irl) MSCI United Kingdom IMI Socially Responsible[2] | 15,839,080 | 13.49 |
| | | **19,829,535** | **16.89** |
| | **PROPERTY 2.00% (0.42%)** | | |
| 860,876 | Civitas Social Housing | 902,198 | 0.77 |
| 935,307 | Target Healthcare REIT | 972,719 | 0.83 |
| 500,000 | Triple Point Social Housing | 476,000 | 0.40 |
| | | **2,350,917** | **2.00** |
| | **FORWARD CURRENCY CONTRACTS -1.27% (0.87%)** | | |
| €5,200,000 | Vs £(4,557,946) Expiry 16.10.2020 | 150,672 | 0.13 |
| €(228,000) | Vs £201,332 Expiry 16.10.2020 | (5,123) | (0.01) |
| €(2,400,000) | Vs £2,027,285 Expiry 16.10.2020 | (145,923) | (0.13) |
| €(3,875,000) | Vs £3,248,122 Expiry 16.10.2020 | (260,704) | (0.22) |
| ¥(444,000,000) | Vs £3,115,759 Expiry 19.06.2020 | (245,113) | (0.21) |
| US$(3,700,000) | Vs £3,022,634 Expiry 17.07.2020 | 20,922 | 0.02 |
| US$(988,000) | Vs £800,944 Expiry 17.07.2020 | (594) | – |
| US$(7,500,000) | Vs £6,015,790 Expiry 17.07.2020 | (68,760) | (0.06) |
| US$(3,900,000) | Vs £3,011,988 Expiry 17.07.2020 | (151,978) | (0.13) |
| US$(13,822,000) | Vs £10,564,532 Expiry 17.07.2020 | (648,889) | (0.55) |
| ¥215,000,000 | Vs £(1,503,018) Expiry 19.06.2020 | 124,431 | 0.11 |
| ¥200,000,000 | Vs £(1,492,588) Expiry 19.06.2020 | 21,319 | 0.02 |
| ¥26,600,000 | Vs £(200,232) Expiry 19.06.2020 | 1,117 | – |
| US$2,800,000 | Vs £(2,376,121) Expiry 17.07.2020 | (104,556) | (0.09) |
| US$4,000,000 | Vs £(3,420,458) Expiry 17.07.2020 | (175,364) | (0.15) |
| | | **(1,488,543)** | **(1.27)** |

# 7IM SUSTAINABLE BALANCE FUND

## PORTFOLIO STATEMENT (continued)
as at 31 May 2020

| Holding | Portfolio of Investment | Value £ | 31.05.20 % |
|---|---|---|---|
| | **Portfolio of investment** | **111,917,647** | **95.29** |
| | Net other assets | 5,537,046 | 4.71 |
| | **Net assets** | **117,454,693** | **100.00** |

Comparative figures shown in brackets relate to 30 November 2019.

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

[1] Delisted security
[2] Collective investment scheme
[3] Derivative contract

| Credit Quality | 31.05.20 % | 30.11.19 % |
|---|---|---|
| Investment grade debt securities | 15.36 | 23.14 |
| Non-rated debt securities | 0.09 | – |
| Other investments | 79.84 | 73.16 |
| Net other assets | 4.71 | 3.70 |
| | **100.00** | **100.00** |

# 7IM SUSTAINABLE BALANCE FUND

## STATEMENT OF TOTAL RETURN
for the period ended 31 May 2020

| | | 31.05.20 | | 31.05.19 |
|---|---|---|---|---|
| | £ | £ | £ | £ |
| Income | | | | |
| Net capital gains | | 324,403 | | 2,359,213 |
| Revenue | 1,124,653 | | 1,111,260 | |
| Expenses | (730,271) | | (581,953) | |
| Interest payable and similar charges | (4,377) | | (3,508) | |
| Net revenue before taxation for the period | 390,005 | | 525,799 | |
| Taxation | (43,174) | | (37,280) | |
| Net revenue after taxation for the period | | 346,831 | | 488,519 |
| **Total return before distributions** | | 671,234 | | 2,847,732 |
| Distributions | | (962,969) | | (974,461) |
| **Change in net assets attributable to shareholders from investment activities** | | (291,735) | | 1,873,271 |

## STATEMENT OF CHANGE IN NET ASSETS ATTRIBUTABLE TO SHAREHOLDERS
for the period ended 31 May 2020

| | | 31.05.20 | | 31.05.19 |
|---|---|---|---|---|
| | £ | £ | £ | £ |
| **Opening net assets attributable to shareholders** | | 105,637,162 | | 86,348,495 |
| Amounts received on creation of shares[1] | 23,098,034 | | 13,107,175 | |
| Amounts paid on cancellation of shares[1] | (11,762,073) | | (7,446,755) | |
| | | 11,335,961 | | 5,660,420 |
| Change in net assets attributable to shareholders from investment activities | | (291,735) | | 1,873,271 |
| Retained distribution on accumulation shares | | 773,305 | | 724,442 |
| **Closing net assets attributable to shareholders** | | 117,454,693 | | 94,606,628 |

[1] Stated at mid-market price.

The difference between the opening net assets and the comparative closing net assets is the movement in the second half of the year.

# 7IM SUSTAINABLE BALANCE FUND

## BALANCE SHEET
as at 31 May 2020

| | 31.05.20<br>£ | 30.11.19<br>£ |
|---|---|---|
| **ASSETS** | | |
| Fixed assets: | | |
| Investments | 114,375,217 | 102,326,279 |
| Current assets: | | |
| Debtors | 868,112 | 762,210 |
| Cash and bank balances | 5,542,730 | 4,439,855 |
| **Total assets** | 120,786,059 | 107,528,344 |
| **LIABILITIES** | | |
| Investment liabilities | (2,457,570) | (596,146) |
| Creditors: | | |
| Bank overdrafts | (143,636) | (160,363) |
| Distribution payable | (233,448) | (258,591) |
| Other creditors | (496,712) | (876,082) |
| **Total liabilities** | (3,331,366) | (1,891,182) |
| **Net assets attributable to shareholders** | 117,454,693 | 105,637,162 |

## NOTE TO THE FINANCIAL STATEMENTS

for the period ended 31 May 2020

**Accounting Policies**

The accounting policies applied are consistent with those of the annual financial statements for the year ended 30 November 2019 and are described in those financial statements.

The financial statements have been prepared under the historical cost basis, as modified by the revaluation of investments and in accordance with the Statement of Recommended Practice ('SORP') for Financial Statements of Authorised Funds issued by the Investment Association ('IA') in May 2014.

# 7IM SUSTAINABLE BALANCE FUND

## DISTRIBUTION TABLES

for the period ended 31 May 2020

**Interim - in pence per share**

Group 1 - Shares purchased prior to 1 December 2019
Group 2 - Shares purchased on or after 1 December 2019 and on or before 31 May 2020

| | Net Revenue | Equalisation | Payable 31.07.20 | Paid 31.07.19 |
|---|---|---|---|---|
| **Class A Income** | | | | |
| Group 1 | 1.0567 | – | 1.0567 | 1.2745 |
| Group 2 | 1.0567 | – | 1.0567 | 1.2745 |

| | Net Revenue | Equalisation | Allocated 31.07.20 | Allocated 31.07.19 |
|---|---|---|---|---|
| **Class A Accumulation** | | | | |
| Group 1 | 1.3830 | – | 1.3830 | 1.6339 |
| Group 2 | 1.3830 | – | 1.3830 | 1.6339 |

| | Net Revenue | Equalisation | Allocated 31.07.20 | Allocated 31.07.19 |
|---|---|---|---|---|
| **Class B Accumulation** | | | | |
| Group 1 | 1.3991 | – | 1.3991 | 1.6320 |
| Group 2 | 1.3991 | – | 1.3991 | 1.6320 |

| | Net Revenue | Equalisation | Payable 31.07.20 | Paid 31.07.19 |
|---|---|---|---|---|
| **Class C Income** | | | | |
| Group 1 | 1.1138 | – | 1.1138 | 1.3364 |
| Group 2 | 0.6045 | 0.5093 | 1.1138 | 1.3364 |

| | Net Revenue | Equalisation | Allocated 31.07.20 | Allocated 31.07.19 |
|---|---|---|---|---|
| **Class C Accumulation** | | | | |
| Group 1 | 1.4814 | – | 1.4814 | 1.7392 |
| Group 2 | 0.7206 | 0.7608 | 1.4814 | 1.7392 |

| | Net Revenue | Equalisation | Payable 31.07.20 | Paid 31.07.19 |
|---|---|---|---|---|
| **Class D Income** | | | | |
| Group 1 | 1.0365 | – | 1.0365 | 1.2510 |
| Group 2 | 0.5114 | 0.5251 | 1.0365 | 1.2510 |

| | Net Revenue | Equalisation | Allocated 31.07.20 | Allocated 31.07.19 |
|---|---|---|---|---|
| **Class D Accumulation** | | | | |
| Group 1 | 1.3654 | – | 1.3654 | 1.6146 |
| Group 2 | 0.4576 | 0.9078 | 1.3654 | 1.6146 |

| | Net Revenue | Equalisation | Payable 31.07.20 | Paid 31.07.19 |
|---|---|---|---|---|
| **Class S Income** | | | | |
| Group 1 | 1.0807 | – | 1.0807 | 1.2948 |
| Group 2 | 1.0807 | – | 1.0807 | 1.2948 |

## DISTRIBUTION TABLES (continued)

for the period ended 31 May 2020

| | Net Revenue | Equalisation | Allocated 31.07.20 | Allocated 31.07.19 |
|---|---|---|---|---|
| **Class S Accumulation** | | | | |
| Group 1 | 1.2142 | – | 1.2142 | 1.4242 |
| Group 2 | 0.6202 | 0.5940 | 1.2142 | 1.4242 |

**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 period ended 31 May 2020

**Investment Objective and Policy**

7IM AAP (Asset Allocated Passives) Income Fund (the 'Sub-fund') aims to provide income, while seeking to maintain capital over the long term (5 years or more).

The Sub-fund invests at least 80% of its assets in fixed interest and equity instruments that, for the most part, use passive strategies (that is, strategies designed to track the performance of particular indices, market sectors or asset classes). The Sub-fund will also invest in other asset classes such as property, commodities and private equity, indirectly through holdings in equities including investment trusts, exchange traded funds or other funds. The asset allocation for the entire portfolio will be actively managed.

The other 20% of the Sub-fund will be invested in liquid assets such as cash, deposits, money market funds and money market instruments, as well as warrants.

In extraordinary market conditions (such as political unrest economic instability, war, the bankruptcy of large financial institutions or closure of a relevant market(s)), the Sub-fund may temporarily invest up to 100% of its total assets in deposits, cash, near cash, treasury bills, government bonds or short-term money market instruments.

The Sub-fund's investments will be more focused on income generating assets such as corporate debt securities but there will be an allocation to growth generating assets such as global equities.

The Sub-fund is likely to invest in derivatives for efficient portfolio management (EPM) (i.e. to reduce risk or cost and, or to generate extra income) as well as for investment purposes.

**Investment Manager's Report**

**Performance Report**

In the reporting period, 1 December 2019 to 31 May 2020, the portfolio delivered a total return of -5.90%[1]. The Sub-fund's comparator, the IA Mixed 0-35% Shares sector, has returned -1.66%.

**Investment Background**

The coronavirus that emerged in mid-January from the Chinese city of Wuhan caught the attention of global markets. Initial research suggests that the virus is less deadly than the SARS virus that hit China in 2003 but is markedly more contagious. By February, it wasn't just China locking down. New cases have reached such levels that parts of Italy went into lockdown.

The lockdown in China turned out to cause an unprecedented hit to the Chinese economy. This will be felt in both demand, as the Chinese consumer stays indoors, and supply, with the likes of Apple revising their earnings due to manufacturing bottlenecks. It soon became clear that the Chinese experience was just the test case for the rest of the world, sending markets down.

However, for investors who believed that the end of February was the worst of the market turmoil, March was a severe reality check. Coronavirus and an oil price shock caused a sharp revision of future growth expectations that resulted in a global recession. Equity markets throughout March experienced volatility not seen since the 2008 financial crisis with average daily moves (up or down) of c.5.0% causing a drawdown comparable to the crash in October 1987. Markets recovered strongly towards the end of the month with a c.20% rally, but are still some 20% away from where they started the year.

Investors enjoyed positive returns in April as both risky and defensive assets rebounded following the initial shock of the global shutdown - the US stock market returned c.18% over the month. It's clear that governments around the world are conscious of the impacts lockdown on both economies and families. They have started to discuss ways in which we can delicately move towards a re-opening of businesses.

Equities continue their winning streak in May, following optimism over economies beginning to re-open. The US S&P index returned around 5%, with the Technology sector leading the way, and generating over 7% throughout the month. In fact, markets around the world were positive - with the UK, Japanese and European markets all gaining over 4%. Some have argued that the equities performance throughout April and May was due to Central Banks pouring new money into the economy. The Federal Reserve's balance sheet has increased by almost two thirds since the start of the year and now stands at $6.6 trillion.

[1] Calculated using 7IM AAP Income C Acc shares, NAV return. Source: NTRS

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

It wasn't just central banks which supported the economy and markets. Governments around the world are doing all they can to keep the economy moving. The EU announced plans for a recovery fund to be created that will jointly spread the burden of debt issued to help the Eurozone recover through this crisis. The EU Commission are proposing to issue €500 billion in funding, which would see a move towards fiscal unity within the region. In Japan, we also saw a further stimulus package of 117 Trillion Yen promised, taking the total level of stimulus in Japan to 234 Trillion Yen (c.£1.8 Trillion).

Of course, money isn't free. This continued level of stimulus to help cushion economies from a difficult recession has pushed country debt levels exceptionally high. In Japan, government debt makes up c.238% relative to GDP while in the US, that figure is closer to 110% and in the UK its 81%. The governments have successfully stabilised the global economy. The cost of all this is not clear yet.

**Portfolio Review**

In October, we had decided to add puts to the portfolio to provide protection against a sudden shock on the downside. As the S&P 500 fell as the pandemic spread in March, we sold out of these positions to lock in gains and offset losses being felt in other parts of the portfolio.

Following the closure of the UK Equity Value Fund, we rolled the sub-fund's allocation into the iShares FTSE 100 trackers. We also sold the residual holdings in the US Equity Value basket and replaced the European Value basket with a Fidelity tracker.

During the year, we were able to sell one of our less high conviction positions- accepting a tender offer on the CVC Credit European Opportunities Fund.

**Investment Outlook**

The Hammer stage of tackling COVID-19 is coming to a close across the major economies. Over half of the world's population has been in some form of lockdown, slowing the spread of the virus and giving health systems the one thing they need most – time. Infection rates are falling across most developed economies, while critical care facilities have been established and medical equipment is now being produced in sufficient quantities.

The next phase of tackling COVID-19 – the Dance – will take somewhat longer. The rules will be eased only gradually, and social distancing will be with us for a while yet. Governments will want to encourage normality as much as possible, but short-term quarantines may be common as we deal with intermittent flare-ups of the virus.

Treatments will be developed in due course, but the coronavirus endgame will require a vaccine, which may only materialise in a year or more. This first modern global pandemic has given us a taste of how to deal with future ones – we need to learn the lessons.

The economic cost of the Hammer has been immediately obvious. Economic growth numbers in the major economies have crashed. We have entered the sharpest recessions in modern history. Around 4 times as large as the financial crisis but also four times as quick. This recession will set all kinds of records.

Economic crises usually take time to play out, and people in power tend to stick their heads in the sand for as long as possible. This time is different. The coronavirus recession has been met almost immediately with a massive wave of stimulus. Central banks and governments haven't waited to assess the damage. Trillions of dollars, euros, pounds, yuan and yen have been injected into the financial system – often straight into ordinary people's bank accounts. The obvious driver of the quick reactions was that it was the governments themselves who have created the recession in the first place.

When economic activity resumes, it could be quicker than anyone expects. Low oil prices and pent-up demand could make for a spectacular recovery over the next few years. In the first weeks of the crisis, investors panicked, selling anything they had. As the future becomes clearer, though, people will start to think clearly about the kind of businesses they think will do well over the next few years – and which might be gone for good. This may be the quickest and deepest recession on record but it could also be the quickest and strongest recovery too. But that doesn't mean there won't be winners and losers.

Equities have clearly bought into the recovery. While the stimulus has reduced the risk of an ongoing recession, the markets also seem to be ignoring that economies could be running at 90% capacity for some time. We've been looking for assets that are obviously mispriced, and the credit markets have been a key area of focus. Investors have fled from almost any kind of corporate debt, leaving opportunity to buy good, stable, long-term businesses at yields not seen for over a decade. Investors are confronting interest rates close to zero, at a time when every government has just increased its amount of borrowing substantially.

## ACD'S REPORT (continued)
for the period ended 31 May 2020

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

Investors are still using bonds as safe havens, but with long run return expectations below inflation, this isn't a sustainable state of affairs. When things start improving and inflation picks up, 'safe haven' government bonds may look exposed.

Seven Investment Management LLP
Investment Manager
June 2020

# 7IM AAP INCOME FUND

## FUND INFORMATION

The Comparative Tables on pages 145 to 153 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**

| | 31.05.20 (pence per share) | 30.11.19 (pence per share) | 30.11.18 (pence per share) |
|---|---|---|---|
| **Change in Net Asset Value Per Share** | | | |
| Opening net asset value per share | 97.20 | 96.37 | 101.42 |
| Return before operating charges* | (5.25) | 5.88 | (0.05) |
| Operating charges (calculated on average price) | (0.90) | (1.81) | (1.80) |
| Return after operating charges* | (6.15) | 4.07 | (1.85) |
| Distributions on income shares | (1.38) | (3.24) | (3.20) |
| Closing net asset value per share | 89.67 | 97.20 | 96.37 |
| * After direct transaction costs of:[1] | 0.00 | 0.01 | 0.02 |
| **Performance** | | | |
| Return after charges[2] | (6.33)% | 4.22% | (1.82)% |
| **Other Information** | | | |
| Closing net asset value (£'000) | 199 | 218 | 206 |
| Closing number of shares | 222,146 | 224,129 | 213,139 |
| Operating charges[3] | 1.93% | 1.84% | 1.80% |
| Direct transaction costs | 0.00% | 0.01% | 0.02% |
| **Prices** | | | |
| Highest share price | 99.43 | 101.02 | 103.40 |
| Lowest share price | 80.91 | 95.00 | 96.40 |

[1] 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. Direct transaction costs cover a six-month period to 31 May 2020.

[2] The return after charges is calculated as the return after operating charges per share divided by the opening net asset value per share.

[3] 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 154.

## FUND INFORMATION (continued)

### Comparative Tables (continued)

**Class A Accumulation**

| | 31.05.20 (pence per share) | 30.11.19 (pence per share) | 30.11.18 (pence per share) |
|---|---|---|---|
| **Change in Net Asset Value Per Share** | | | |
| Opening net asset value per share | 167.83 | 161.00 | 164.09 |
| Return before operating charges* | (9.11) | 9.92 | (0.13) |
| Operating charges (calculated on average price) | (1.56) | (3.09) | (2.96) |
| Return after operating charges* | (10.67) | 6.83 | (3.09) |
| Distributions | (2.39) | (5.47) | (5.21) |
| Retained distributions on accumulation shares | 2.39 | 5.47 | 5.21 |
| Closing net asset value per share | 157.16 | 167.83 | 161.00 |
| * After direct transaction costs of:[1] | 0.00 | 0.01 | 0.04 |
| **Performance** | | | |
| Return after charges[2] | (6.36)% | 4.24% | (1.88)% |
| **Other Information** | | | |
| Closing net asset value (£'000) | 280 | 300 | 72 |
| Closing number of shares | 178,266 | 178,603 | 44,927 |
| Operating charges[3] | 1.93% | 1.84% | 1.80% |
| Direct transaction costs | 0.00% | 0.01% | 0.02% |
| **Prices** | | | |
| Highest share price | 171.68 | 171.56 | 167.29 |
| Lowest share price | 140.62 | 158.74 | 159.90 |

[1] 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. Direct transaction costs cover a six-month period to 31 May 2020.

[2] The return after charges is calculated as the return after operating charges per share divided by the opening net asset value per share.

[3] 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 154.

## FUND INFORMATION (continued)

### Comparative Tables (continued)

**Class B Accumulation**

| | 31.05.20 (pence per share) | 30.11.19 (pence per share) | 30.11.18 (pence per share) |
|---|---|---|---|
| **Change in Net Asset Value Per Share** | | | |
| Opening net asset value per share | 172.05 | 164.85 | 167.81 |
| Return before operating charges* | (9.37) | 10.08 | (0.19) |
| Operating charges (calculated on average price) | (1.48) | (2.88) | (2.77) |
| Return after operating charges* | (10.85) | 7.20 | (2.96) |
| Distributions | (2.45) | (5.62) | (5.36) |
| Retained distributions on accumulation shares | 2.45 | 5.62 | 5.36 |
| Closing net asset value per share | 161.20 | 172.05 | 164.85 |
| * After direct transaction costs of:[1] | 0.00 | 0.01 | 0.04 |
| **Performance** | | | |
| Return after charges[2] | (6.31)% | 4.37% | (1.76)% |
| **Other Information** | | | |
| Closing net asset value (£'000) | 3,967 | 4,464 | 4,731 |
| Closing number of shares | 2,460,914 | 2,594,338 | 2,869,868 |
| Operating charges[3] | 1.78% | 1.69% | 1.65% |
| Direct transaction costs | 0.00% | 0.01% | 0.02% |
| **Prices** | | | |
| Highest share price | 176.04 | 175.81 | 171.11 |
| Lowest share price | 144.21 | 162.54 | 163.69 |

[1] 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. Direct transaction costs cover a six-month period to 31 May 2020.

[2] The return after charges is calculated as the return after operating charges per share divided by the opening net asset value per share.

[3] 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 154.

## FUND INFORMATION (continued)

### Comparative Tables (continued)

**Class C Income**

| | 31.05.20 (pence per share) | 30.11.19 (pence per share) | 30.11.18 (pence per share) |
|---|---|---|---|
| **Change in Net Asset Value Per Share** | | | |
| Opening net asset value per share | 106.86 | 105.11 | 109.74 |
| Return before operating charges* | (5.87) | 6.21 | (0.28) |
| Operating charges (calculated on average price) | (0.48) | (0.91) | (0.87) |
| Return after operating charges* | (6.35) | 5.30 | (1.15) |
| Distributions on income shares | (1.52) | (3.55) | (3.48) |
| Closing net asset value per share | 98.99 | 106.86 | 105.11 |
| * After direct transaction costs of:[1] | 0.00 | 0.01 | 0.03 |
| **Performance** | | | |
| Return after charges[2] | (5.94)% | 5.04% | (1.05)% |
| **Other Information** | | | |
| Closing net asset value (£'000) | 29,216 | 35,623 | 40,969 |
| Closing number of shares | 29,514,446 | 33,334,885 | 38,977,158 |
| Operating charges[3] | 0.93% | 0.84% | 0.80% |
| Direct transaction costs | 0.00% | 0.01% | 0.02% |
| **Prices** | | | |
| Highest share price | 109.49 | 110.77 | 111.98 |
| Lowest share price | 89.19 | 103.69 | 105.02 |

[1] 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. Direct transaction costs cover a six-month period to 31 May 2020.

[2] The return after charges is calculated as the return after operating charges per share divided by the opening net asset value per share.

[3] 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 154.

## FUND INFORMATION (continued)

### Comparative Tables (continued)

**Class C Accumulation**

| | 31.05.20 (pence per share) | 30.11.19 (pence per share) | 30.11.18 (pence per share) |
|---|---|---|---|
| **Change in Net Asset Value Per Share** | | | |
| Opening net asset value per share | 184.23 | 175.31 | 177.25 |
| Return before operating charges* | (10.20) | 10.45 | (0.52) |
| Operating charges (calculated on average price) | (0.83) | (1.53) | (1.42) |
| Return after operating charges* | (11.03) | 8.92 | (1.94) |
| Distributions | (2.63) | (6.00) | (5.68) |
| Retained distributions on accumulation shares | 2.63 | 6.00 | 5.68 |
| Closing net asset value per share | 173.20 | 184.23 | 175.31 |
| * After direct transaction costs of:[1] | 0.00 | 0.01 | 0.04 |
| **Performance** | | | |
| Return after charges[2] | (5.99)% | 5.09% | (1.09)% |
| **Other Information** | | | |
| Closing net asset value (£'000) | 16,692 | 18,849 | 16,902 |
| Closing number of shares | 9,637,371 | 10,231,434 | 9,641,049 |
| Operating charges[3] | 0.93% | 0.84% | 0.80% |
| Direct transaction costs | 0.00% | 0.01% | 0.02% |
| **Prices** | | | |
| Highest share price | 188.76 | 187.83 | 180.89 |
| Lowest share price | 154.74 | 172.98 | 173.93 |

[1] 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. Direct transaction costs cover a six-month period to 31 May 2020.

[2] The return after charges is calculated as the return after operating charges per share divided by the opening net asset value per share.

[3] 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 154.

## FUND INFORMATION (continued)

### Comparative Tables (continued)

**Class D Income**

| | 31.05.20 (pence per share) | 30.11.19 (pence per share) | 30.11.18 (pence per share) |
|---|---|---|---|
| **Change in Net Asset Value Per Share** | | | |
| Opening net asset value per share | 97.47 | 96.68 | 101.79 |
| Return before operating charges* | (5.25) | 5.91 | (0.04) |
| Operating charges (calculated on average price) | (0.93) | (1.86) | (1.86) |
| Return after operating charges* | (6.18) | 4.05 | (1.90) |
| Distributions on income shares | (1.38) | (3.26) | (3.21) |
| Closing net asset value per share | 89.91 | 97.47 | 96.68 |
| * After direct transaction costs of:[1] | 0.00 | 0.01 | 0.02 |
| **Performance** | | | |
| Return after charges[2] | (6.34)% | 4.19% | (1.87)% |
| **Other Information** | | | |
| Closing net asset value (£'000) | 245 | 268 | 451 |
| Closing number of shares | 272,100 | 275,040 | 466,708 |
| Operating charges[3] | 1.98% | 1.89% | 1.85% |
| Direct transaction costs | 0.00% | 0.01% | 0.02% |
| **Prices** | | | |
| Highest share price | 99.70 | 101.32 | 103.77 |
| Lowest share price | 81.13 | 95.30 | 96.71 |

[1] 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. Direct transaction costs cover a six-month period to 31 May 2020.

[2] The return after charges is calculated as the return after operating charges per share divided by the opening net asset value per share.

[3] 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 154.

## FUND INFORMATION (continued)

### Comparative Tables (continued)

**Class D Accumulation**

| | 31.05.20 (pence per share) | 30.11.19 (pence per share) | 30.11.18 (pence per share) |
|---|---|---|---|
| **Change in Net Asset Value Per Share** | | | |
| Opening net asset value per share | 166.46 | 159.76 | 162.89 |
| Return before operating charges* | (9.01) | 9.82 | (0.12) |
| Operating charges (calculated on average price) | (1.59) | (3.12) | (3.01) |
| Return after operating charges* | (10.60) | 6.70 | (3.13) |
| Distributions | (2.37) | (5.44) | (5.20) |
| Retained distributions on accumulation shares | 2.37 | 5.44 | 5.20 |
| Closing net asset value per share | 155.86 | 166.46 | 159.76 |
| * After direct transaction costs of:[1] | 0.00 | 0.01 | 0.04 |
| **Performance** | | | |
| Return after charges[2] | (6.37)% | 4.19% | (1.92)% |
| **Other Information** | | | |
| Closing net asset value (£'000) | 670 | 663 | 864 |
| Closing number of shares | 429,875 | 398,082 | 541,025 |
| Operating charges[3] | 1.98% | 1.89% | 1.85% |
| Direct transaction costs | 0.00% | 0.01% | 0.02% |
| **Prices** | | | |
| Highest share price | 170.28 | 170.20 | 166.07 |
| Lowest share price | 139.47 | 157.51 | 158.68 |

[1] 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. Direct transaction costs cover a six-month period to 31 May 2020.

[2] The return after charges is calculated as the return after operating charges per share divided by the opening net asset value per share.

[3] 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 154.

## FUND INFORMATION (continued)

### Comparative Tables (continued)

**Class S Income**

| | 31.05.20 (pence per share) | 30.11.19 (pence per share) | 30.11.18 (pence per share) |
|---|---|---|---|
| **Change in Net Asset Value Per Share** | | | |
| Opening net asset value per share | 105.10 | 103.17 | 107.49 |
| Return before operating charges* | (5.80) | 6.05 | (0.32) |
| Operating charges (calculated on average price) | (0.34) | (0.63) | (0.59) |
| Return after operating charges* | (6.14) | 5.42 | (0.91) |
| Distributions on income shares | (1.50) | (3.49) | (3.41) |
| Closing net asset value per share | 97.46 | 105.10 | 103.17 |
| * After direct transaction costs of:[1] | 0.00 | 0.01 | 0.03 |
| **Performance** | | | |
| Return after charges[2] | (5.84)% | 5.25% | (0.85)% |
| **Other Information** | | | |
| Closing net asset value (£'000) | 11,536 | 13,262 | 14,362 |
| Closing number of shares | 11,836,978 | 12,618,635 | 13,920,770 |
| Operating charges[3] | 0.68% | 0.59% | 0.55% |
| Direct transaction costs | 0.00% | 0.01% | 0.02% |
| **Prices** | | | |
| Highest share price | 107.73 | 108.87 | 109.71 |
| Lowest share price | 87.77 | 101.79 | 103.06 |

[1] 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. Direct transaction costs cover a six-month period to 31 May 2020.

[2] The return after charges is calculated as the return after operating charges per share divided by the opening net asset value per share.

[3] 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 154.

## FUND INFORMATION (continued)

### Comparative Tables (continued)

**Class S Accumulation**

| | 31.05.20 (pence per share) | 30.11.19 (pence per share) | 30.11.18 (pence per share) |
|---|---|---|---|
| **Change in Net Asset Value Per Share** | | | |
| Opening net asset value per share | 126.33 | 119.98 | 121.06 |
| Return before operating charges* | (7.03) | 7.09 | (0.41) |
| Operating charges (calculated on average price) | (0.41) | (0.74) | (0.67) |
| Return after operating charges* | (7.44) | 6.35 | (1.08) |
| Distributions | (1.80) | (4.11) | (3.88) |
| Retained distributions on accumulation shares | 1.80 | 4.11 | 3.88 |
| Closing net asset value per share | 118.89 | 126.33 | 119.98 |
| * After direct transaction costs of:[1] | 0.00 | 0.01 | 0.03 |
| **Performance** | | | |
| Return after charges[2] | (5.89)% | 5.29% | (0.89)% |
| **Other Information** | | | |
| Closing net asset value (£'000) | 3,632 | 3,828 | 4,037 |
| Closing number of shares | 3,055,032 | 3,030,472 | 3,364,652 |
| Operating charges[3] | 0.68% | 0.59% | 0.55% |
| Direct transaction costs | 0.00% | 0.01% | 0.02% |
| **Prices** | | | |
| Highest share price | 129.49 | 128.71 | 123.57 |
| Lowest share price | 106.18 | 118.40 | 119.00 |

[1] 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. Direct transaction costs cover a six-month period to 31 May 2020.

[2] The return after charges is calculated as the return after operating charges per share divided by the opening net asset value per share.

[3] 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 154.

## FUND INFORMATION (continued)

**Ongoing Charges Figures**

As at 31 May 2020

| | Class A | Class B | Class C | Class D | Class S |
|---|---|---|---|---|---|
| ACD's periodic charge | 1.50% | 1.35% | 0.50% | 1.55% | 0.25% |
| Other expenses | 0.18% | 0.18% | 0.18% | 0.18% | 0.18% |
| | 1.68% | 1.53% | 0.68% | 1.73% | 0.43% |
| Collective investment scheme costs | 0.25% | 0.25% | 0.25% | 0.25% | 0.25% |
| Ongoing Charges Figure | 1.93% | 1.78% | 0.93% | 1.98% | 0.68% |

As at 30 November 2019

| | Class A | Class B | Class C | Class D | Class S |
|---|---|---|---|---|---|
| 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 | 0.23% | 0.23% | 0.23% | 0.23% | 0.23% |
| Ongoing Charges Figure | 1.84% | 1.69% | 0.84% | 1.89% | 0.59% |

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 period.

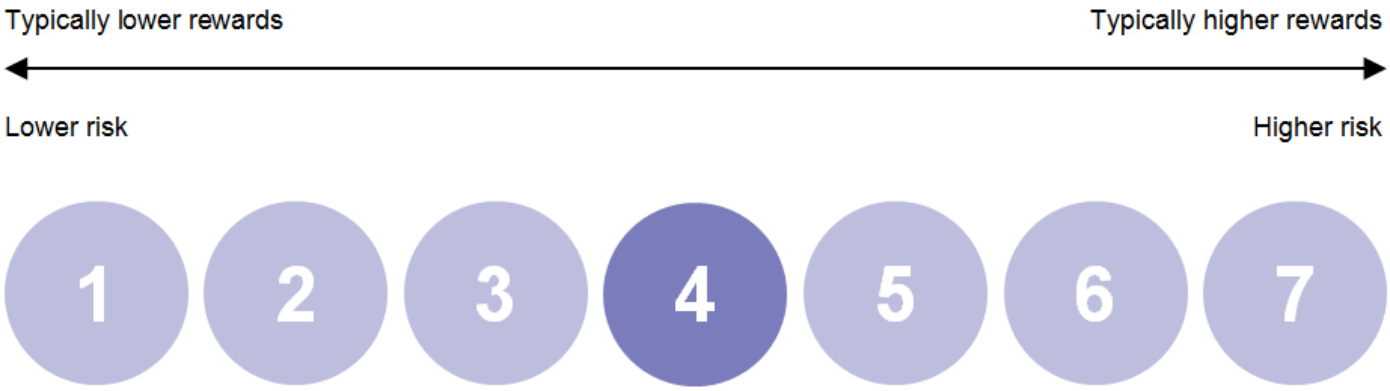
The collective investment scheme costs represent the OCFs, or a reasonable substitute, of the underlying funds which are held as portfolio investments. Their inclusion has been calculated on a weighted basis against the Sub-fund's net assets at the balance sheet date.

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 sub-fund's returns have varied. It is a measure of a sub-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 interim report and financial statements, the risk and reward indicator as at the period end date 31 May 2020 was 3.

**Fund performance to 31 May 2020 (%)**

| | 6 months | 1 year | 3 years | 5 years |
|---|---|---|---|---|
| 7IM AAP Income Fund[1] | (5.90) | (3.97) | (2.10) | 6.79 |

[1] 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 162 to 164.

# 7IM AAP INCOME FUND

## PORTFOLIO STATEMENT
as at 31 May 2020

| Holding | Portfolio of Investment | Value £ | 31.05.20 % |
|---|---|---|---|
| | **ALTERNATIVES 5.91% (5.36%)** | | |
| | **Alternative Strategies 0.00% (0.10%)** | | |
| | **Infrastructure 3.84% (3.23%)** | | |
| 511,580 | BBGI | 831,829 | 1.25 |
| 529,265 | HICL Infrastructure | 923,038 | 1.39 |
| 490,074 | International Public Partnerships | 792,940 | 1.20 |
| | | **2,547,807** | **3.84** |
| | **Real Estate 2.07% (2.03%)** | | |
| 1,232,167 | LXI REIT | **1,377,563** | **2.07** |
| | **CASH 3.19% (2.33%)** | | |
| 2,120,000 | Northern Trust Global Sterling Fund[1] | **2,120,000** | **3.19** |
| | **DEBT SECURITIES 72.46% (69.87%)** | | |
| | **Convertible Bonds 3.65% (3.02%)** | | |
| 290 | NN (L) Global Convertible Bond Acc[1] | 1,238,009 | 1.86 |
| 244 | NN (L) Global Convertible Opportunities Dist[1] | 1,185,472 | 1.79 |
| | | **2,423,481** | **3.65** |
| | **Emerging Market Bonds 18.90% (15.85%)** | | |
| 10,564,929 | Legal & General Emerging Markets Government Bond Local Currency Index Fund Dist[1] | 5,929,038 | 8.93 |
| 8,741,492 | Legal & General Emerging Markets Government Bond USD Index Fund[1] | 6,625,177 | 9.97 |
| | | **12,554,215** | **18.90** |
| | **Gilts 3.78% (3.04%)** | | |
| £590,000 | UK Gilt 4.00% 2022 | 632,061 | 0.95 |
| £290,000 | UK Gilt 4.25% 2046 | 548,352 | 0.83 |
| £270,000 | UK Gilt 4.25% 2055 | 593,138 | 0.89 |
| £470,000 | UK Gilt 4.50% 2034 | 738,836 | 1.11 |
| | | **2,512,387** | **3.78** |
| | **Global Corporate Bonds 21.58% (21.83%)** | | |
| 4,909,855 | BlackRock Overseas Corporate Bond Tracker[1] | 8,503,869 | 12.80 |
| 31,342 | GemCap Investment Funds Ireland - Semper Total Return Fund[1] | 2,341,533 | 3.52 |
| 33,139 | PFS TwentyFour Dynamic Bond[1] | 3,494,060 | 5.26 |
| | | **14,339,462** | **21.58** |
| | **Global Government Bonds 8.45% (8.18%)** | | |
| 3,735,438 | BlackRock Overseas Government Bond Index Fund[1] | 5,606,893 | 8.44 |
| 13 | Ultra Long Term US Treasury Bond Futures September 2020[2] | 4,945 | 0.01 |
| | | **5,611,838** | **8.45** |
| | **Global High Yield Bonds 8.23% (10.10%)** | | |
| 417,423 | Blackstone GSO Loan Financing (Jersey) | 188,533 | 0.28 |
| 42,679 | BlueBay Financial Capital Bond[1] | 4,536,356 | 6.83 |

# 7IM AAP INCOME FUND

**PORTFOLIO STATEMENT** (continued)
as at 31 May 2020

| Holding | Portfolio of Investment | Value £ | 31.05.20 % |
|---|---|---|---|
| | **Global High Yield Bonds (continued)** | | |
| 2,693,253 | Fair Oaks Income 2017 | 743,027 | 1.12 |
| | | **5,467,916** | **8.23** |
| | **Short Term Sterling Bonds 0.97% (1.39%)** | | |
| £238,000 | Municipality Finance 1.25% 2022 | 243,245 | 0.37 |
| £400,000 | Skandinaviska Enskilda Banken 1.25% 2022 | 399,885 | 0.60 |
| | | **643,130** | **0.97** |
| | **Sterling Corporate Bonds 6.90% (6.46%)** | | |
| 4,141,591 | MI TwentyFour - Monument Bond Fund[1] | 4,110,649 | 6.19 |
| 999,705 | UK Mortgages | 475,860 | 0.71 |
| | | **4,586,509** | **6.90** |
| | **EQUITY 20.68% (21.78%)** | | |
| | **Asia & Emerging Markets 6.29% (6.76%)** | | |
| 142,810 | iShares Asia Pacific Dividend UCITS ETF[1] | 2,336,372 | 3.52 |
| 183,000 | SSgA SPDR S&P Emerging Markets Dividend UCITS ETF[1] | 1,841,285 | 2.77 |
| | | **4,177,657** | **6.29** |
| | **Europe (ex UK) 3.86% (3.80%)** | | |
| 1,948,752 | Fidelity Investment Funds - Index Europe ex UK Fund P Income[1] | **2,563,194** | **3.86** |
| | **North America 0.00% (0.17%)** | | |
| | **United Kingdom 10.53% (11.05%)** | | |
| 1,151,736 | iShares Core FTSE 100 UCITS ETF[1] | **7,000,251** | **10.53** |
| | **FORWARD CURRENCY CONTRACTS -2.20% (1.45%)** | | |
| €1,050,000 | Vs £(962,726) Expiry 16.10.2020 | (11,948) | (0.02) |
| €(6,273,000) | Vs £5,258,185 Expiry 16.10.2020 | (422,037) | (0.63) |
| US$(22,778,000) | Vs £17,409,848 Expiry 17.07.2020 | (1,069,338) | (1.61) |
| ¥156,400,000 | Vs £(1,097,533) Expiry 19.06.2020 | 86,341 | 0.13 |
| ¥38,250,000 | Vs £(296,476) Expiry 19.06.2020 | (6,941) | (0.01) |
| US$2,500,000 | Vs £(2,065,262) Expiry 17.07.2020 | (37,079) | (0.06) |
| | | **(1,461,002)** | **(2.20)** |
| | **Portfolio of investment** | **66,464,408** | **100.04** |
| | Net other liabilities | (27,036) | (0.04) |
| | **Net assets** | **66,437,372** | **100.00** |

Comparative figures shown in brackets relate to 30 November 2019.

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

[1] Derivative contract
[2] Collective investment scheme

**PORTFOLIO STATEMENT** (continued)
as at 31 May 2020

| Credit Quality | 31.05.20 % | 30.11.19 % |
|---|---|---|
| Investment grade debt securities | 4.75 | 4.43 |
| Other investments | 95.29 | 96.36 |
| Net other liabilities | (0.04) | (0.79) |
| | **100.00** | **100.00** |

# 7IM AAP INCOME FUND

## STATEMENT OF TOTAL RETURN
for the period ended 31 May 2020

| | | 31.05.20 | | 31.05.19 |
|---|---|---|---|---|
| | £ | £ | £ | £ |
| Income | | | | |
| Net capital (losses)/gains | | (5,452,610) | | 1,241,130 |
| Revenue | 1,261,693 | | 1,588,967 | |
| Expenses | (233,693) | | (247,822) | |
| Interest payable and similar charges | (1,815) | | (126) | |
| Net revenue before taxation for the period | 1,026,185 | | 1,341,019 | |
| Taxation | (142,570) | | (171,144) | |
| Net revenue after taxation for the period | | 883,615 | | 1,169,875 |
| **Total return before distributions** | | (4,568,995) | | 2,411,005 |
| Distributions | | (1,072,863) | | (1,372,193) |
| **Change in net assets attributable to shareholders from investment activities** | | (5,641,858) | | 1,038,812 |

## STATEMENT OF CHANGE IN NET ASSETS ATTRIBUTABLE TO SHAREHOLDERS
for the period ended 31 May 2020

| | | 31.05.20 | | 31.05.19 |
|---|---|---|---|---|
| | £ | £ | £ | £ |
| **Opening net assets attributable to shareholders** | | 77,474,633 | | 82,593,661 |
| Amounts received on creation of shares[1] | 3,986,662 | | 7,725,270 | |
| Amounts paid on cancellation of shares[1] | (9,770,961) | | (10,045,778) | |
| | | (5,784,299) | | (2,320,508) |
| Change in net assets attributable to shareholders from investment activities | | (5,641,858) | | 1,038,812 |
| Retained distribution on accumulation shares | | 388,896 | | 442,493 |
| **Closing net assets attributable to shareholders** | | 66,437,372 | | 81,754,458 |

[1] Stated at mid-market price.

The difference between the opening net assets and the comparative closing net assets is the movement in the second half of the year.

# 7IM AAP INCOME FUND

## BALANCE SHEET
as at 31 May 2020

| | 31.05.20<br>£ | 30.11.19<br>£ |
|---|---|---|
| **ASSETS** | | |
| Fixed assets: | | |
| Investments | 68,011,751 | 78,453,515 |
| Current assets: | | |
| Debtors | 576,455 | 525,969 |
| Cash and bank balances | 560,662 | 546,734 |
| **Total assets** | 69,148,868 | 79,526,218 |
| **LIABILITIES** | | |
| Investment liabilities | (1,547,343) | (369,494) |
| Creditors: | | |
| Bank overdrafts | (412,150) | (524,733) |
| Distribution payable | (347,898) | (364,639) |
| Other creditors | (404,105) | (792,719) |
| **Total liabilities** | (2,711,496) | (2,051,585) |
| **Net assets attributable to shareholders** | 66,437,372 | 77,474,633 |

## NOTE TO THE FINANCIAL STATEMENTS

for the period ended 31 May 2020

**Accounting Policies**

The accounting policies applied are consistent with those of the annual financial statements for the year ended 30 November 2019 and are described in those financial statements.

The financial statements have been prepared under the historical cost basis, as modified by the revaluation of investments and in accordance with the Statement of Recommended Practice ('SORP') for Financial Statements of Authorised Funds issued by the Investment Association ('IA') in May 2014.

# 7IM AAP INCOME FUND

## DISTRIBUTION TABLES

for the period ended 31 May 2020

**First Interim - in pence per share**

Group 1 - Shares purchased prior to 1 December 2019
Group 2 - Shares purchased on or after 1 December 2019 and on or before 28 February 2020

| | Net Revenue | Equalisation | Paid 30.04.20 | Paid 30.04.19 |
|---|---|---|---|---|
| **Class A Income** | | | | |
| Group 1 | 0.6262 | – | 0.6262 | 0.8261 |
| Group 2 | 0.6262 | – | 0.6262 | 0.8261 |

| | Net Revenue | Equalisation | Allocated 30.04.20 | Allocated 30.04.19 |
|---|---|---|---|---|
| **Class A Accumulation** | | | | |
| Group 1 | 1.0805 | – | 1.0805 | 1.3802 |
| Group 2 | 0.2956 | 0.7849 | 1.0805 | 1.3802 |

| | Net Revenue | Equalisation | Allocated 30.04.20 | Allocated 30.04.19 |
|---|---|---|---|---|
| **Class B Accumulation** | | | | |
| Group 1 | 1.0995 | – | 1.0995 | 1.4132 |
| Group 2 | 0.3184 | 0.7811 | 1.0995 | 1.4132 |

| | Net Revenue | Equalisation | Paid 30.04.20 | Paid 30.04.19 |
|---|---|---|---|---|
| **Class C Income** | | | | |
| Group 1 | 0.6843 | – | 0.6843 | 0.9018 |
| Group 2 | 0.1032 | 0.5811 | 0.6843 | 0.9018 |

| | Net Revenue | Equalisation | Allocated 30.04.20 | Allocated 30.04.19 |
|---|---|---|---|---|
| **Class C Accumulation** | | | | |
| Group 1 | 1.1746 | – | 1.1746 | 1.5043 |
| Group 2 | 0.3639 | 0.8107 | 1.1746 | 1.5043 |

| | Net Revenue | Equalisation | Paid 30.04.20 | Paid 30.04.19 |
|---|---|---|---|---|
| **Class D Income** | | | | |
| Group 1 | 0.6304 | – | 0.6304 | 0.8310 |
| Group 2 | 0.0427 | 0.5877 | 0.6304 | 0.8310 |

| | Net Revenue | Equalisation | Allocated 30.04.20 | Allocated 30.04.19 |
|---|---|---|---|---|
| **Class D Accumulation** | | | | |
| Group 1 | 1.0782 | – | 1.0782 | 1.3726 |
| Group 2 | 0.1779 | 0.9003 | 1.0782 | 1.3726 |

## DISTRIBUTION TABLES (continued)
for the period ended 31 May 2020

| | Net Revenue | Equalisation | Paid 30.04.20 | Paid 30.04.19 |
|---|---|---|---|---|
| **Class S Income** | | | | |
| Group 1 | 0.6727 | – | 0.6727 | 0.8849 |
| Group 2 | 0.0594 | 0.6133 | 0.6727 | 0.8849 |

| | Net Revenue | Equalisation | Allocated 30.04.20 | Allocated 30.04.19 |
|---|---|---|---|---|
| **Class S Accumulation** | | | | |
| Group 1 | 0.8073 | – | 0.8073 | 1.0287 |
| Group 2 | 0.0501 | 0.7572 | 0.8073 | 1.0287 |

**Second Interim - in pence per share**
Group 1 - Shares purchased prior to 1 March 2020
Group 2 - Shares purchased on or after 1 March 2020 and on or before 31 May 2020

| | Net Revenue | Equalisation | Payable 31.07.20 | Paid 31.07.19 |
|---|---|---|---|---|
| **Class A Income** | | | | |
| Group 1 | 0.7532 | – | 0.7532 | 0.7826 |
| Group 2 | 0.7532 | – | 0.7532 | 0.7826 |

| | Net Revenue | Equalisation | Allocated 31.07.20 | Allocated 31.07.19 |
|---|---|---|---|---|
| **Class A Accumulation** | | | | |
| Group 1 | 1.3093 | – | 1.3093 | 1.3198 |
| Group 2 | 0.4160 | 0.8933 | 1.3093 | 1.3198 |

| | Net Revenue | Equalisation | Allocated 31.07.20 | Allocated 31.07.19 |
|---|---|---|---|---|
| **Class B Accumulation** | | | | |
| Group 1 | 1.3518 | – | 1.3518 | 1.3517 |
| Group 2 | 0.3446 | 1.0072 | 1.3518 | 1.3517 |

| | Net Revenue | Equalisation | Payable 31.07.20 | Paid 31.07.19 |
|---|---|---|---|---|
| **Class C Income** | | | | |
| Group 1 | 0.8361 | – | 0.8361 | 0.8569 |
| Group 2 | 0.3189 | 0.5172 | 0.8361 | 0.8569 |

| | Net Revenue | Equalisation | Allocated 31.07.20 | Allocated 31.07.19 |
|---|---|---|---|---|
| **Class C Accumulation** | | | | |
| Group 1 | 1.4508 | – | 1.4508 | 1.4415 |
| Group 2 | 0.6172 | 0.8336 | 1.4508 | 1.4415 |

## DISTRIBUTION TABLES (continued)

for the period ended 31 May 2020

| | Net Revenue | Equalisation | Payable 31.07.20 | Paid 31.07.19 |
|---|---|---|---|---|
| **Class D Income** | | | | |
| Group 1 | 0.7527 | – | 0.7527 | 0.7848 |
| Group 2 | 0.0432 | 0.7095 | 0.7527 | 0.7848 |

| | Net Revenue | Equalisation | Allocated 31.07.20 | Allocated 31.07.19 |
|---|---|---|---|---|
| **Class D Accumulation** | | | | |
| Group 1 | 1.2943 | – | 1.2943 | 1.3075 |
| Group 2 | 0.4444 | 0.8499 | 1.2943 | 1.3075 |

| | Net Revenue | Equalisation | Payable 31.07.20 | Paid 31.07.19 |
|---|---|---|---|---|
| **Class S Income** | | | | |
| Group 1 | 0.8229 | – | 0.8229 | 0.8417 |
| Group 2 | 0.3494 | 0.4735 | 0.8229 | 0.8417 |

| | Net Revenue | Equalisation | Allocated 31.07.20 | Allocated 31.07.19 |
|---|---|---|---|---|
| **Class S Accumulation** | | | | |
| Group 1 | 0.9954 | – | 0.9954 | 0.9872 |
| Group 2 | 0.4374 | 0.5580 | 0.9954 | 0.9872 |

**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 period ended 31 May 2020

**Investment Objective and Policy**
7IM AAP Moderately Cautious Fund (the 'Sub-fund') aims to provide a return by way of income with some capital growth.

The Sub-fund invests at least 80% of its assets in fixed interest and equity instruments that, for the most part, use passive strategies (that is, strategies designed to track the performance of particular indices, market sectors or asset classes). The Sub-fund will also invest in other asset classes such as property, commodities and private equity indirectly through holdings in equities including investment trusts, exchange traded funds or other funds. The asset allocation for the entire portfolio will be actively managed.

The other 20% of the Sub-fund will be invested in liquid assets such as cash, deposits, money market funds and money market instruments, as well as warrants.

In extraordinary market conditions (such as political unrest economic instability, war, the bankruptcy of large financial institutions or closure of a relevant market(s)), the Sub-fund may temporarily invest up to 100% of its total assets in deposits, cash, near cash, treasury bills, government bonds or short-term money market instruments.

The Sub-fund's investments will be more focused on income generating assets such as corporate debt securities but there will be an allocation to growth generating assets such as global equities.

The Sub-fund is likely to invest in derivatives for efficient portfolio management (EPM) (i.e. to reduce risk or cost and, or to generate extra income) as well as for investment purposes.

**Investment Manager's Report**

**Performance Report**
In the reporting period, 1 December 2019 to 31 May 2020, the portfolio delivered a total return of 0.41%[1]. The Sub-fund's comparator, the IA Mixed 0-35% Shares sector, has returned -1.66%.

**Investment Background**
The coronavirus that emerged in mid-January from the Chinese city of Wuhan caught the attention of global markets. Initial research suggests that the virus is less deadly than the SARS virus that hit China in 2003 but is markedly more contagious. By February, it wasn't just China locking down. New cases have reached such levels that parts of Italy went into lockdown.

The lockdown in China turned out to cause an unprecedented hit to the Chinese economy. This will be felt in both demand, as the Chinese consumer stays indoors, and supply, with the likes of Apple revising their earnings due to manufacturing bottlenecks. It soon became clear that the Chinese experience was just the test case for the rest of the world, sending markets down.

However, for investors who believed that the end of February was the worst of the market turmoil, March was a severe reality check. Coronavirus and an oil price shock caused a sharp revision of future growth expectations that resulted in a global recession. Equity markets throughout March experienced volatility not seen since the 2008 financial crisis with average daily moves (up or down) of c.5.0% causing a drawdown comparable to the crash in October 1987. Markets recovered strongly towards the end of the month with a c.20% rally, but are still some 20% away from where they started the year.

Investors enjoyed positive returns in April as both risky and defensive assets rebounded following the initial shock of the global shutdown - the US stock market returned c.18% over the month. It's clear that governments around the world are conscious of the impacts lockdown on both economies and families. They have started to discuss ways in which we can delicately move towards a re-opening of businesses.

Equities continue their winning streak in May, following optimism over economies beginning to re-open. The US S&P index returned around 5%, with the Technology sector leading the way, and generating over 7% throughout the month. In fact, markets around the world were positive - with the UK, Japanese and European markets all gaining over 4%. Some have argued that the equities performance throughout April and May was due to Central Banks pouring new money into the economy. The Federal Reserve's balance sheet has increased by almost two thirds since the start of the year and now stands at $6.6 trillion.

[1] Calculated using 7IM AAP Moderately Cautious C Acc shares, published prices. Source: NTRS

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

It wasn't just central banks which supported the economy and markets. Governments around the world are doing all they can to keep the economy moving. The EU announced plans for a recovery fund to be created that will jointly spread the burden of debt issued to help the Eurozone recover through this crisis. The EU Commission are proposing to issue €500 billion in funding, which would see a move towards fiscal unity within the region. In Japan, we also saw a further stimulus package of 117 Trillion Yen promised, taking the total level of stimulus in Japan to 234 Trillion Yen (c.£1.8 Trillion).

Of course, money isn't free. This continued level of stimulus to help cushion economies from a difficult recession has pushed country debt levels exceptionally high. In Japan, government debt makes up c.238% relative to GDP while in the US that figure is closer to 110% and in the UK its 81%. The governments have successfully stabilised the global economy. The cost of all this is not clear yet.

**Portfolio Review**

In October, we had decided to add puts to the portfolio to provide protection against a sudden shock on the downside. As the S&P 500 fell as the pandemic spread in March, we sold out of these positions to lock in gains and offset losses being felt in other parts of the portfolio.

We reduced exposure to emerging market debt at the start of March and this proved timely. After a subsequent widening in these yield spreads, we then felt that the rewards available outweighed the risks and therefore added back to the holdings at the beginning of April.

We also reduced corporate bonds at the start of March but reinstated an overweight in April. We believe there is very little upside to Government debt at the moment with yields being so low so we have cut this down in favour of the corporate bonds which are more attractively priced.

Following the closure of the European Equity Value Fund, we rolled the Sub-fund's allocation into a broader Euro Stoxx future.

During the year, we kept seeing opportunities for value enhancement in European Dividends and would exit or reduce as the relative value reduced and as the positions became fully priced. We restarted the positions in March as prices looked attractive.

As a result of deteriorating economic fundamentals, we sold out of the long inflation position we had increased in September. We believe inflation will be below central bank targets for the foreseeable future as a result of COVID-19 and the oil supply glut.

In light of global events, the strategy team had a less positive view on equities so these were trimmed to take them towards SAA neutral.

We added further to our overweight in high yield with the addition of Asian High Yield bonds. Asian High Yield is currently providing attractive future returns with yields higher than they are in the US. The asset class also has a high allocation to China, which is coming out the COVID crisis quicker than the US. Additionally, default rates have been lower in Asia than in the US. This was funded from Emerging and Japanese equities.

Within alternatives, we sold the LGT Dynamic Protection Fund following exceptional performance during the pandemic crisis and invested the proceeds in AQR Managed Futures which is a trend following strategy. We later rebalanced this part of the portfolio to fund a position in BlackRock Global Event driven strategy. This is a merger arbitrage strategy that we believe will deliver strong returns, uncorrelated to other parts of the portfolio.

**Investment Outlook**

The Hammer stage of tackling COVID-19 is coming to a close across the major economies. Over half of the world's population has been in some form of lockdown, slowing the spread of the virus and giving health systems the one thing they need most – time. Infection rates are falling across most developed economies, while critical care facilities have been established and medical equipment is now being produced in sufficient quantities.

The next phase of tackling COVID-19 – the Dance – will take somewhat longer. The rules will be eased only gradually, and social distancing will be with us for a while yet. Governments will want to encourage normality as much as possible, but short-term quarantines may be common as we deal with intermittent flare-ups of the virus.

Treatments will be developed in due course, but the coronavirus endgame will require a vaccine, which may only materialise in a year or more. This first modern global pandemic has given us a taste of how to deal with future ones – we need to learn the lessons.

**ACD'S REPORT** (continued)
for the period ended 31 May 2020

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

**Investment Outlook** (continued)

The economic cost of the Hammer has been immediately obvious. Economic growth numbers in the major economies have crashed. We have entered the sharpest recessions in modern history. Around 4 times as large as the financial crisis but also four times as quick. This recession will set all kinds of records.

Economic crises usually take time to play out, and people in power tend to stick their heads in the sand for as long as possible. This time is different. The coronavirus recession has been met almost immediately with a massive wave of stimulus. Central banks and governments haven't waited to assess the damage. Trillions of dollars, euros, pounds, yuan and yen have been injected into the financial system – often straight into ordinary people's bank accounts. The obvious driver of the quick reactions was that it was the governments themselves who have created the recession in the first place.

When economic activity resumes, it could be quicker than anyone expects. Low oil prices and pent-up demand could make for a spectacular recovery over the next few years. In the first weeks of the crisis, investors panicked, selling anything they had. As the future becomes clearer, though, people will start to think clearly about the kind of businesses they think will do well over the next few years – and which might be gone for good. This may be the quickest and deepest recession on record but it could also be the quickest and strongest recovery too. But that doesn't mean there won't be winners and losers.

Equities have clearly bought into the recovery. While the stimulus has reduced the risk of an ongoing recession, the markets also seem to be ignoring that economies could be running at 90% capacity for some time. We've been looking for assets that are obviously mispriced, and the credit markets have been a key area of focus. Investors have fled from almost any kind of corporate debt, leaving opportunity to buy good, stable, long-term businesses at yields not seen for over a decade. Investors are confronting interest rates close to zero, at a time when every government has just increased its amount of borrowing substantially.

Investors are still using bonds as safe havens, but with long run return expectations below inflation, this isn't a sustainable state of affairs. When things start improving and inflation picks up, 'safe haven' government bonds may look exposed.

Seven Investment Management LLP
Investment Manager
June 2020

# 7IM AAP MODERATELY CAUTIOUS FUND

## FUND INFORMATION

The Comparative Tables on pages 169 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 AAP MODERATELY CAUTIOUS FUND

## FUND INFORMATION (continued)

### Comparative Tables

**Class A Income**

| | 31.05.20 (pence per share) | 30.11.19 (pence per share) | 30.11.18 (pence per share) |
|---|---|---|---|
| **Change in Net Asset Value Per Share** | | | |
| Opening net asset value per share | 115.24 | 111.80 | 117.31 |
| Return before operating charges* | 0.83 | 6.67 | (2.35) |
| Operating charges (calculated on average price) | (0.68) | (1.35) | (1.32) |
| Return after operating charges* | 0.15 | 5.32 | (3.67) |
| Distributions on income shares | (0.85) | (1.88) | (1.84) |
| Closing net asset value per share | 114.54 | 115.24 | 111.80 |
| * After direct transaction costs of:[1] | 0.00 | 0.02 | 0.02 |
| **Performance** | | | |
| Return after charges[2] | 0.13% | 4.76% | (3.13)% |
| **Other Information** | | | |
| Closing net asset value (£'000) | 134 | 137 | 271 |
| Closing number of shares | 117,015 | 118,698 | 242,015 |
| Operating charges[3] | 1.19% | 1.18% | 1.13% |
| Direct transaction costs | 0.00% | 0.01% | 0.02% |
| **Prices** | | | |
| Highest share price | 117.61 | 117.92 | 119.15 |
| Lowest share price | 103.61 | 109.64 | 112.15 |

[1] 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. Direct transaction costs cover a six-month period to 31 May 2020.

[2] The return after charges is calculated as the return after operating charges per share divided by the opening net asset value per share.

[3] 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.

## FUND INFORMATION (continued)

### Comparative Tables (continued)

**Class A Accumulation**

| | 31.05.20 (pence per share) | 30.11.19 (pence per share) | 30.11.18 (pence per share) |
|---|---|---|---|
| **Change in Net Asset Value Per Share** | | | |
| Opening net asset value per share | 144.57 | 137.98 | 142.48 |
| Return before operating charges* | 1.03 | 8.26 | (2.90) |
| Operating charges (calculated on average price) | (0.85) | (1.67) | (1.60) |
| Return after operating charges* | 0.18 | 6.59 | (4.50) |
| Distributions | (1.06) | (2.32) | (2.25) |
| Retained distributions on accumulation shares | 1.06 | 2.32 | 2.25 |
| Closing net asset value per share | 144.75 | 144.57 | 137.98 |
| * After direct transaction costs of:[1] | 0.01 | 0.02 | 0.03 |
| **Performance** | | | |
| Return after charges[2] | 0.12% | 4.78% | (3.16)% |
| **Other Information** | | | |
| Closing net asset value (£'000) | 2,136 | 2,219 | 3,119 |
| Closing number of shares | 1,475,903 | 1,534,634 | 2,260,700 |
| Operating charges[3] | 1.19% | 1.18% | 1.13% |
| Direct transaction costs | 0.00% | 0.01% | 0.02% |
| **Prices** | | | |
| Highest share price | 147.54 | 146.52 | 144.71 |
| Lowest share price | 129.98 | 135.32 | 137.19 |

[1] 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. Direct transaction costs cover a six-month period to 31 May 2020.

[2] The return after charges is calculated as the return after operating charges per share divided by the opening net asset value per share.

[3] 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.

## FUND INFORMATION (continued)

### Comparative Tables (continued)

**Class C Income**

| | 31.05.20 (pence per share) | 30.11.19 (pence per share) | 30.11.18 (pence per share) |
|---|---|---|---|
| **Change in Net Asset Value Per Share** | | | |
| Opening net asset value per share | 121.81 | 117.69 | 123.01 |
| Return before operating charges* | 0.82 | 6.92 | (2.61) |
| Operating charges (calculated on average price) | (0.42) | (0.82) | (0.77) |
| Return after operating charges* | 0.40 | 6.10 | (3.38) |
| Distributions on income shares | (0.90) | (1.98) | (1.94) |
| Closing net asset value per share | 121.31 | 121.81 | 117.69 |
| * After direct transaction costs of:[1] | 0.00 | 0.02 | 0.02 |
| **Performance** | | | |
| Return after charges[2] | 0.33% | 5.18% | (2.75)% |
| **Other Information** | | | |
| Closing net asset value (£'000) | 24,320 | 28,205 | 40,738 |
| Closing number of shares | 20,047,648 | 23,154,092 | 34,613,197 |
| Operating charges[3] | 0.69% | 0.68% | 0.63% |
| Direct transaction costs | 0.00% | 0.01% | 0.02% |
| **Prices** | | | |
| Highest share price | 124.43 | 124.53 | 124.99 |
| Lowest share price | 109.65 | 115.46 | 118.05 |

[1] 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. Direct transaction costs cover a six-month period to 31 May 2020.

[2] The return after charges is calculated as the return after operating charges per share divided by the opening net asset value per share.

[3] 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.

## FUND INFORMATION (continued)

### Comparative Tables (continued)

**Class C Accumulation**

| | 31.05.20 (pence per share) | 30.11.19 (pence per share) | 30.11.18 (pence per share) |
|---|---|---|---|
| **Change in Net Asset Value Per Share** | | | |
| Opening net asset value per share | 151.97 | 144.45 | 148.57 |
| Return before operating charges* | 1.01 | 8.53 | (3.19) |
| Operating charges (calculated on average price) | (0.52) | (1.01) | (0.93) |
| Return after operating charges* | 0.49 | 7.52 | (4.12) |
| Distributions | (1.12) | (2.44) | (2.35) |
| Retained distributions on accumulation shares | 1.12 | 2.44 | 2.35 |
| Closing net asset value per share | 152.46 | 151.97 | 144.45 |
| * After direct transaction costs of:[1] | 0.01 | 0.02 | 0.03 |
| **Performance** | | | |
| Return after charges[2] | 0.32% | 5.21% | (2.77)% |
| **Other Information** | | | |
| Closing net asset value (£'000) | 353,170 | 386,308 | 470,233 |
| Closing number of shares | 231,653,667 | 254,206,052 | 325,528,217 |
| Operating charges[3] | 0.69% | 0.68% | 0.63% |
| Direct transaction costs | 0.00% | 0.01% | 0.02% |
| **Prices** | | | |
| Highest share price | 155.23 | 153.86 | 150.97 |
| Lowest share price | 136.79 | 141.71 | 143.61 |

[1] 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. Direct transaction costs cover a six-month period to 31 May 2020.

[2] The return after charges is calculated as the return after operating charges per share divided by the opening net asset value per share.

[3] 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.

## FUND INFORMATION (continued)

### Comparative Tables (continued)

**Class D Income**

| | 31.05.20 (pence per share) | 30.11.19 (pence per share) | 30.11.18 (pence per share) |
|---|---|---|---|
| **Change in Net Asset Value Per Share** | | | |
| Opening net asset value per share | 110.87 | 107.89 | 113.57 |
| Return before operating charges* | 0.83 | 6.51 | (2.18) |
| Operating charges (calculated on average price) | (0.87) | (1.74) | (1.72) |
| Return after operating charges* | (0.04) | 4.77 | (3.90) |
| Distributions on income shares | (0.82) | (1.79) | (1.78) |
| Closing net asset value per share | 110.01 | 110.87 | 107.89 |
| * After direct transaction costs of:[1] | 0.00 | 0.01 | 0.02 |
| **Performance** | | | |
| Return after charges[2] | (0.04)% | 4.42% | (3.43)% |
| **Other Information** | | | |
| Closing net asset value (£'000) | 385 | 397 | 546 |
| Closing number of shares | 350,163 | 358,200 | 506,128 |
| Operating charges[3] | 1.59% | 1.58% | 1.53% |
| Direct transaction costs | 0.00% | 0.01% | 0.02% |
| **Prices** | | | |
| Highest share price | 113.05 | 113.49 | 115.30 |
| Lowest share price | 99.57 | 105.77 | 108.20 |

[1] 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. Direct transaction costs cover a six-month period to 31 May 2020.

[2] The return after charges is calculated as the return after operating charges per share divided by the opening net asset value per share.

[3] 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.

## FUND INFORMATION (continued)

### Comparative Tables (continued)

**Class D Accumulation**

| | 31.05.20 (pence per share) | 30.11.19 (pence per share) | 30.11.18 (pence per share) |
|---|---|---|---|
| **Change in Net Asset Value Per Share** | | | |
| Opening net asset value per share | 139.08 | 133.17 | 137.95 |
| Return before operating charges* | 1.04 | 8.07 | (2.68) |
| Operating charges (calculated on average price) | (1.09) | (2.16) | (2.10) |
| Return after operating charges* | (0.05) | 5.91 | (4.78) |
| Distributions | (1.02) | (2.22) | (2.17) |
| Retained distributions on accumulation shares | 1.02 | 2.22 | 2.17 |
| Closing net asset value per share | 139.03 | 139.08 | 133.17 |
| * After direct transaction costs of:[1] | 0.01 | 0.02 | 0.03 |
| **Performance** | | | |
| Return after charges[2] | (0.04)% | 4.44% | (3.47)% |
| **Other Information** | | | |
| Closing net asset value (£'000) | 27,049 | 28,941 | 36,918 |
| Closing number of shares | 19,455,423 | 20,808,914 | 27,722,615 |
| Operating charges[3] | 1.59% | 1.58% | 1.53% |
| Direct transaction costs | 0.00% | 0.01% | 0.02% |
| **Prices** | | | |
| Highest share price | 141.82 | 141.06 | 140.05 |
| Lowest share price | 124.92 | 130.56 | 132.41 |

[1] 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. Direct transaction costs cover a six-month period to 31 May 2020.

[2] The return after charges is calculated as the return after operating charges per share divided by the opening net asset value per share.

[3] 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.

## FUND INFORMATION (continued)

### Comparative Tables (continued)

**Class S Income**

| | 31.05.20 (pence per share) | 30.11.19 (pence per share) | 30.11.18 (pence per share) |
|---|---|---|---|
| **Change in Net Asset Value Per Share** | | | |
| Opening net asset value per share | 109.39 | 105.47 | 110.01 |
| Return before operating charges* | 0.70 | 6.16 | (2.39) |
| Operating charges (calculated on average price) | (0.24) | (0.46) | (0.42) |
| Return after operating charges* | 0.46 | 5.70 | (2.81) |
| Distributions on income shares | (0.81) | (1.78) | (1.73) |
| Closing net asset value per share | 109.04 | 109.39 | 105.47 |
| * After direct transaction costs of:[1] | 0.00 | 0.01 | 0.02 |
| **Performance** | | | |
| Return after charges[2] | 0.42% | 5.40% | (2.55)% |
| **Other Information** | | | |
| Closing net asset value (£'000) | 5,945 | 11,755 | 13,877 |
| Closing number of shares | 5,452,698 | 10,745,998 | 13,156,936 |
| Operating charges[3] | 0.44% | 0.43% | 0.38% |
| Direct transaction costs | 0.00% | 0.01% | 0.02% |
| **Prices** | | | |
| Highest share price | 111.79 | 111.77 | 111.82 |
| Lowest share price | 98.53 | 103.49 | 105.79 |

[1] 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. Direct transaction costs cover a six-month period to 31 May 2020.

[2] The return after charges is calculated as the return after operating charges per share divided by the opening net asset value per share.

[3] 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.

## FUND INFORMATION (continued)

### Comparative Tables (continued)

**Class S Accumulation**

| | 31.05.20 (pence per share) | 30.11.19 (pence per share) | 30.11.18 (pence per share) |
|---|---|---|---|
| **Change in Net Asset Value Per Share** | | | |
| Opening net asset value per share | 120.15 | 113.98 | 117.00 |
| Return before operating charges* | 0.77 | 6.67 | (2.58) |
| Operating charges (calculated on average price) | (0.26) | (0.50) | (0.44) |
| Return after operating charges* | 0.51 | 6.17 | (3.02) |
| Distributions | (0.89) | (1.93) | (1.85) |
| Retained distributions on accumulation shares | 0.89 | 1.93 | 1.85 |
| Closing net asset value per share | 120.66 | 120.15 | 113.98 |
| * After direct transaction costs of:[1] | 0.00 | 0.02 | 0.02 |
| **Performance** | | | |
| Return after charges[2] | 0.42% | 5.41% | (2.58)% |
| **Other Information** | | | |
| Closing net asset value (£'000) | 72,572 | 80,060 | 100,158 |
| Closing number of shares | 60,145,636 | 66,631,404 | 87,870,256 |
| Operating charges[3] | 0.44% | 0.43% | 0.38% |
| Direct transaction costs | 0.00% | 0.01% | 0.02% |
| **Prices** | | | |
| Highest share price | 122.78 | 121.60 | 118.92 |
| Lowest share price | 108.23 | 111.84 | 113.32 |

[1] 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. Direct transaction costs cover a six-month period to 31 May 2020.

[2] The return after charges is calculated as the return after operating charges per share divided by the opening net asset value per share.

[3] 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 AAP MODERATELY CAUTIOUS FUND

## FUND INFORMATION (continued)

**Ongoing Charges Figures**

As at 31 May 2020

| | Class A | Class C | Class D | Class S |
|---|---|---|---|---|
| ACD's periodic charge | 1.00% | 0.50% | 1.40% | 0.25% |
| Other expenses | 0.05% | 0.05% | 0.05% | 0.05% |
| | 1.05% | 0.55% | 1.45% | 0.30% |
| Collective investment scheme costs | 0.14% | 0.14% | 0.14% | 0.14% |
| Ongoing Charges Figure | 1.19% | 0.69% | 1.59% | 0.44% |

As at 30 November 2019

| | Class A | Class C | Class D | Class S |
|---|---|---|---|---|
| ACD's periodic charge | 1.00% | 0.50% | 1.40% | 0.25% |
| Other expenses | 0.05% | 0.05% | 0.05% | 0.05% |
| | 1.05% | 0.55% | 1.45% | 0.30% |
| Collective investment scheme costs | 0.13% | 0.13% | 0.13% | 0.13% |
| Ongoing Charges Figure | 1.18% | 0.68% | 1.58% | 0.43% |

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 period.

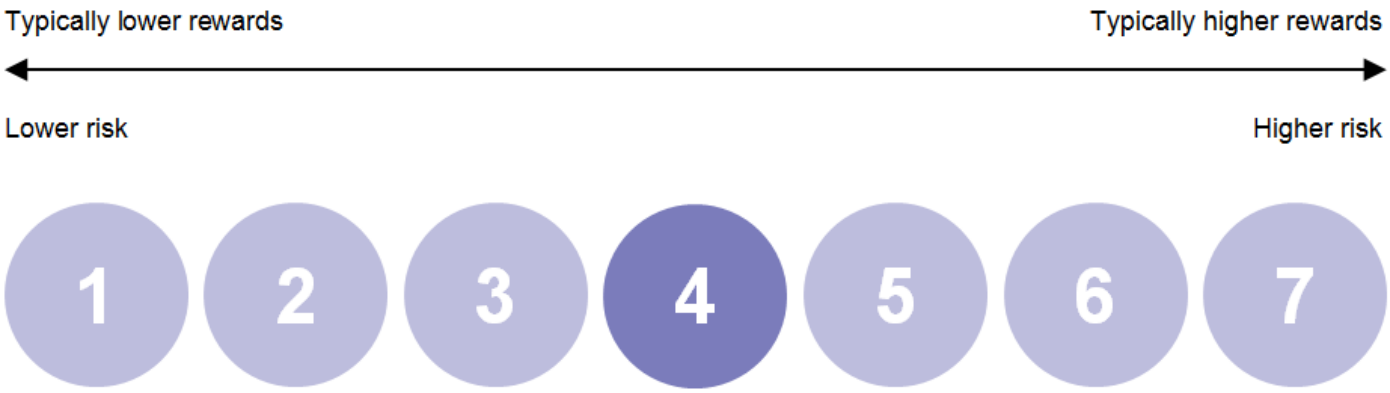
The collective investment scheme costs represent the OCFs, or a reasonable substitute, of the underlying funds which are held as portfolio investments. Their inclusion has been calculated on a weighted basis against the Sub-fund's net assets at the balance sheet date.

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 sub-fund's returns have varied. It is a measure of a sub-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 interim report and financial statements, the risk and reward indicator as at the period end date 31 May 2020 was 3.

**Fund performance to 31 May 2020 (%)**

| | 6 months | 1 year | 3 years | 5 years |
|---|---|---|---|---|
| 7IM AAP Moderately Cautious Fund[1] | 0.41 | 3.07 | 3.87 | 7.93 |

[1] 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 186 and 187.

# 7IM AAP MODERATELY CAUTIOUS FUND

## PORTFOLIO STATEMENT
as at 31 May 2020

| Holding | Portfolio of Investment | Value £ | 31.05.20 % |
|---|---|---|---|
| | **ALTERNATIVES 9.92% (9.58%)** | | |
| | **Alternative Strategies 9.92% (9.58%)** | | |
| 1,493 | Absolute Return Trust[1] | – | – |
| 162,608 | AQR - Managed Futures UCITS Fund[2] | 14,290,905 | 2.94 |
| 66,323 | BlackRock Strategic Funds - Global Event Driven Fund[2] | 7,237,783 | 1.49 |
| 11,924,000 | BNP Paribas Issuance 0.00% 2024[3] | 12,264,574 | 2.53 |
| 1,263,843 | Dexion Absolute EUR[1] | – | – |
| 33,228 | Dexion Equity Alternative[1] | – | – |
| 14,469 | Dexion Equity Alternative[1] | – | – |
| 17,260,000 | JP Morgan Structured Products 0.00% 2023[3] | 14,356,667 | 2.96 |
| | | **48,149,929** | **9.92** |
| | **CASH 23.31% (2.16%)** | | |
| 50,000,000 | JPMorgan Liquidity Funds - GBP Liquidity LVNAV Fund[2] | 50,000,000 | 10.29 |
| 63,235,000 | Northern Trust Global Sterling Fund[2] | 63,235,000 | 13.02 |
| | | **113,235,000** | **23.31** |
| | **DEBT SECURITIES 67.93% (77.33%)** | | |
| | **Convertible Bonds 3.01% (3.04%)** | | |
| 1,734 | NN (L) Global Convertible Bond Acc[2] | 7,404,490 | 1.53 |
| 54,523 | NN (L) Global Convertible Opportunities Acc[2] | 7,202,985 | 1.48 |
| | | **14,607,475** | **3.01** |
| | **Emerging Market Bonds 6.84% (8.08%)** | | |
| 19,731,275 | Legal & General Emerging Markets Government Bond Local Currency Index Fund Acc[2] | 13,770,457 | 2.84 |
| 17,809,458 | Legal & General Emerging Markets Government Bond USD Index Fund[2] | 13,497,788 | 2.78 |
| 67,845 | UBS Lux Bond SICAV - Asian High Yield USD[2] | 5,943,864 | 1.22 |
| | | **33,212,109** | **6.84** |
| | **Gilts 2.53% (8.63%)** | | |
| £2,607,000 | Tennessee Valley Authority 5.35% 2021 | 2,730,258 | 0.56 |
| £1,800,000 | UK Gilt 4.25% 2046 | 3,403,562 | 0.70 |
| £3,900,000 | UK Gilt 4.50% 2034 | 6,130,769 | 1.27 |
| | | **12,264,589** | **2.53** |
| | **Global Corporate Bonds 22.00% (16.28%)** | | |
| 50,590,458 | BlackRock Overseas Corporate Bond Tracker[2] | 87,622,674 | 18.04 |
| 188,119 | iShares USD Corp Bond UCITS ETF[2] | 19,234,724 | 3.96 |
| | | **106,857,398** | **22.00** |
| | **Global Government Bonds 2.07% (5.02%)** | | |
| 1,147,586 | HSBC Global Funds ICAV - Global Government Bond Index Fund[2] | 10,080,019 | 2.07 |
| (34) | Ultra Long Term US Treasury Bond Futures September 2020[4] | (12,932) | – |
| | | **10,067,087** | **2.07** |

**PORTFOLIO STATEMENT** (continued)
as at 31 May 2020

| Holding | Portfolio of Investment | Value £ | 31.05.20 % |
|---|---|---|---|
| | **Global High Yield Bonds 7.13% (4.77%)** | | |
| 1,058 | Most Diversified TOBAM Anti-Benchmark Global High Yield[2] | 9,676,513 | 1.99 |
| 100,228 | Robeco QI Dynamic High Yield IH USD[2] | 10,935,310 | 2.25 |
| 477,028 | Xtrackers II EUR High Yield Corporate Bond UCITS ETF[2] | 7,069,051 | 1.46 |
| 579,064 | Xtrackers USD High Yield Corporate Bond UCITS ETF[2] | 6,950,271 | 1.43 |
| | | **34,631,145** | **7.13** |
| | **Global Inflation Linked Bonds 3.45% (6.49%)** | | |
| 1,178,804 | iShares Global Inflation-Linked Bond Index[2] | 14,154,449 | 2.91 |
| US$2,404,000 | US Treasury Inflation-Indexed Bonds 1% 2049 | 2,607,351 | 0.54 |
| | | **16,761,800** | **3.45** |
| | **Short Term Sterling Bonds 11.06% (17.38%)** | | |
| £3,000,000 | Bank of Nova Scotia FRN 2023 | 2,973,510 | 0.61 |
| £3,000,000 | Barclays Bank UK FRN 2023 | 2,993,040 | 0.62 |
| £3,000,000 | Bayerische Landesbank 1.25% 2021 | 3,031,002 | 0.62 |
| £2,000,000 | Commonwealth Bank of Australia 1.125% 2021 | 2,016,328 | 0.42 |
| £1,930,000 | Commonwealth Bank of Australia FRN 2025 | 1,914,000 | 0.39 |
| £3,000,000 | Deutsche Bahn Finance 2.75% 2022 | 3,115,932 | 0.64 |
| £20,000 | Federal National Mortgage 5.375% 2021 | 20,960 | 0.01 |
| £2,631,000 | International Bank for Reconstruction & Development 5.40% 2021 | 2,768,107 | 0.57 |
| £15,000 | KFW 1.625% 2020 | 15,002 | – |
| £20,000 | Landwirtschaftlic 1.125% 2021 | 20,160 | – |
| £3,000,000 | Lloyds Bank 1.75% 2022 | 3,065,904 | 0.63 |
| £2,124,000 | Municipality Finance 1.25% 2022 | 2,170,813 | 0.45 |
| £450,000 | Nationwide Building Society FRN 2025 | 448,978 | 0.09 |
| £4,000,000 | Nordea Bank 2.375% 2022 | 4,100,920 | 0.85 |
| £2,000,000 | NRW Bank 1.00% 2022 | 2,025,324 | 0.42 |
| £3,000,000 | Oversea-Chinese Banking FRN 2023 | 2,970,714 | 0.61 |
| £4,500,000 | Rabobank Nederland 2.25% 2022 | 4,597,326 | 0.95 |
| £3,000,000 | Royal Bank of Canada 1.125% 2021 | 3,021,060 | 0.62 |
| £4,500,000 | Santander UK FRN 2022 | 4,471,497 | 0.92 |
| £2,582,000 | SpareBank 1 Boligkreditt AS FRN 2022 | 2,564,819 | 0.53 |
| £3,400,000 | Toronto-Dominion Bank FRN 2023 | 3,368,353 | 0.69 |
| £2,000,000 | Westpac Banking 2.625% 2022 | 2,060,259 | 0.42 |
| | | **53,734,008** | **11.06** |
| | **Sterling Corporate Bonds 9.84% (7.64%)** | | |
| 19,225,010 | HSBC Index Tracker Investment Funds - Sterling Corporate Bond Index Fund[2] | 19,696,023 | 4.06 |
| £1,100,000 | International Bank for Reconstruction & Development 0.375% 2021 | 1,101,916 | 0.23 |
| £15,000 | Landeskreditbank 1.125% 2021 | 15,118 | – |
| £15,000 | Nestle Holdings 1.75% 2020 | 15,083 | – |
| 236,959 | UBS Sterling Corporate Bond Indexed[2] | 26,962,022 | 5.55 |
| | | **47,790,162** | **9.84** |
| | **EQUITY 2.51% (10.63%)** | | |
| | **Asia & Emerging Markets 0.15% (1.51%)** | | |
| 363 | MSCI Emerging Markets Index Futures June 2020[4] | **724,738** | **0.15** |
| | **Europe (ex UK) 0.56% (2.77%)** | | |
| 403 | Euro Stoxx 50 Equity Index Futures December 2022[4] | 524,458 | 0.11 |

# 7IM AAP MODERATELY CAUTIOUS FUND

**PORTFOLIO STATEMENT** (continued)
as at 31 May 2020

| Holding | Portfolio of Investment | Value £ | 31.05.20 % |
|---|---|---|---|
| | **Europe (ex UK) (continued)** | | |
| 283 | Euro Stoxx 50 Equity Index Futures December 2022[4] | (88,110) | (0.02) |
| 544 | Euro Stoxx 50 Equity Index Futures December 2023[4] | 861,190 | 0.18 |
| 718 | MSCI Europe ex-UK Index Futures June 2020[4] | 1,399,422 | 0.29 |
| | | **2,696,960** | **0.56** |
| | **Japan 0.18% (0.23%)** | | |
| 131 | TOPIX Index Futures November 2020[4] | **890,881** | **0.18** |
| | **North America 0.45% (0.32%)** | | |
| 175 | E-mini Health Care Select Sector Futures September 2020[4] | 1,110,648 | 0.23 |
| 86 | S&P 500 E-mini Futures June 2020[4] | 1,094,350 | 0.22 |
| | | **2,204,998** | **0.45** |
| | **United Kingdom 1.17% (5.80%)** | | |
| 538 | FTSE 100 Index Futures June 2020[4] | 5,009,582 | 1.03 |
| 262 | FTSE 250 Index Futures June 2020[4] | 678,632 | 0.14 |
| | | **5,688,214** | **1.17** |
| | **FORWARD CURRENCY CONTRACTS -2.40% (1.29%)** | | |
| €3,600,000 | Vs £(3,151,260) Expiry 16.10.2020 | 108,552 | 0.02 |
| €3,510,000 | Vs £(3,074,058) Expiry 16.10.2020 | 104,259 | 0.02 |
| €3,300,000 | Vs £(2,931,374) Expiry 16.10.2020 | 56,788 | 0.01 |
| €2,800,000 | Vs £(2,485,219) Expiry 16.10.2020 | 50,191 | 0.01 |
| €4,600,000 | Vs £(4,334,888) Expiry 16.10.2020 | (169,572) | (0.03) |
| €(36,433,200) | Vs £30,539,219 Expiry 16.10.2020 | (2,451,168) | (0.50) |
| US$(16,000,000) | Vs £13,004,779 Expiry 17.07.2020 | 24,404 | 0.01 |
| US$(23,660,000) | Vs £19,031,026 Expiry 17.07.2020 | (163,702) | (0.03) |
| US$(6,400,000) | Vs £4,871,848 Expiry 17.07.2020 | (320,302) | (0.07) |
| US$(212,230,500) | Vs £162,213,568 Expiry 17.07.2020 | (9,963,391) | (2.05) |
| ¥549,761,600 | Vs £(3,857,938) Expiry 19.06.2020 | 303,499 | 0.06 |
| ¥900,000,000 | Vs £(6,813,634) Expiry 19.06.2020 | (1,057) | – |
| ¥302,800,000 | Vs £(2,373,599) Expiry 19.06.2020 | (81,545) | (0.02) |
| US$18,000,000 | Vs £(13,704,700) Expiry 17.07.2020 | 898,221 | 0.19 |
| US$8,600,000 | Vs £(6,715,733) Expiry 17.07.2020 | 261,218 | 0.05 |
| US$6,130,000 | Vs £(4,953,812) Expiry 17.07.2020 | 19,294 | – |
| US$6,785,000 | Vs £(5,519,136) Expiry 17.07.2020 | (14,646) | – |
| US$6,050,000 | Vs £(4,997,935) Expiry 17.07.2020 | (89,731) | (0.02) |
| US$3,700,000 | Vs £(3,221,251) Expiry 17.07.2020 | (219,540) | (0.05) |
| | | **(11,648,228)** | **(2.40)** |
| | **Portfolio of investment** | **491,868,265** | **101.27** |
| | Net other liabilities | (6,156,962) | (1.27) |
| | **Net assets** | **485,711,303** | **100.00** |

Comparative figures shown in brackets relate to 30 November 2019.

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

[1] Delisted security
[2] Collective investment scheme
[3] Structured product
[4] Derivative contract

**PORTFOLIO STATEMENT** (continued)
as at 31 May 2020

| Credit Quality | 31.05.20 % | 30.11.19 % |
|---|---|---|
| Investment grade debt securities | 14.35 | 34.73 |
| Non-rated debt securities | 5.49 | 3.59 |
| Other investments | 81.43 | 62.67 |
| Net other liabilities | (1.27) | (0.99) |
| | **100.00** | **100.00** |

# 7IM AAP MODERATELY CAUTIOUS FUND

## STATEMENT OF TOTAL RETURN
for the period ended 31 May 2020

| | | 31.05.20 | | 31.05.19 |
|---|---|---|---|---|
| | £ | £ | £ | £ |
| Income | | | | |
| Net capital (losses)/gains | | (2,043,780) | | 12,974,837 |
| Revenue | 4,827,269 | | 5,336,668 | |
| Expenses | (1,386,781) | | (1,755,981) | |
| Interest payable and similar charges | (42,722) | | (194,370) | |
| Net revenue before taxation for the period | 3,397,766 | | 3,386,317 | |
| Taxation | (722,067) | | (435,812) | |
| Net revenue after taxation for the period | | 2,675,699 | | 2,950,505 |
| **Total return before distributions** | | 631,919 | | 15,925,342 |
| Distributions | | (3,717,954) | | (4,287,812) |
| **Change in net assets attributable to shareholders from investment activities** | | (3,086,035) | | 11,637,530 |

## STATEMENT OF CHANGE IN NET ASSETS ATTRIBUTABLE TO SHAREHOLDERS
for the period ended 31 May 2020

| | | 31.05.20 | | 31.05.19 |
|---|---|---|---|---|
| | £ | £ | £ | £ |
| **Opening net assets attributable to shareholders** | | 538,021,629 | | 665,859,714 |
| Amounts received on creation of shares[1] | 25,822,907 | | 43,036,000 | |
| Amounts paid on cancellation of shares[1] | (78,390,858) | | (114,463,285) | |
| | | (52,567,951) | | (71,427,285) |
| Change in net assets attributable to shareholders from investment activities | | (3,086,035) | | 11,637,530 |
| Retained distribution on accumulation shares | | 3,343,660 | | 3,743,558 |
| **Closing net assets attributable to shareholders** | | 485,711,303 | | 609,813,517 |

[1] Stated at mid-market price.

The difference between the opening net assets and the comparative closing net assets is the movement in the second half of the year.

# 7IM AAP MODERATELY CAUTIOUS FUND

## BALANCE SHEET
as at 31 May 2020

| | 31.05.20<br>£ | 30.11.19<br>£ |
|---|---|---|
| **ASSETS** | | |
| Fixed assets: | | |
| Investments | 505,443,961 | 549,194,106 |
| Current assets: | | |
| Debtors | 9,135,991 | 4,008,104 |
| Cash and bank balances | 4,066,167 | 6,316,897 |
| **Total assets** | 518,646,119 | 559,519,107 |
| **LIABILITIES** | | |
| Investment liabilities | (13,575,696) | (5,866,797) |
| Creditors: | | |
| Bank overdrafts | (15,523,534) | (9,923,378) |
| Distribution payable | (228,137) | (391,336) |
| Other creditors | (3,607,449) | (5,315,967) |
| **Total liabilities** | (32,934,816) | (21,497,478) |
| **Net assets attributable to shareholders** | 485,711,303 | 538,021,629 |

# 7IM AAP MODERATELY CAUTIOUS FUND

## NOTE TO THE FINANCIAL STATEMENTS

for the period ended 31 May 2020

**Accounting Policies**

The accounting policies applied are consistent with those of the annual financial statements for the year ended 30 November 2019 and are described in those financial statements.

The financial statements have been prepared under the historical cost basis, as modified by the revaluation of investments and in accordance with the Statement of Recommended Practice ('SORP') for Financial Statements of Authorised Funds issued by the Investment Association ('IA') in May 2014.

# 7IM AAP MODERATELY CAUTIOUS FUND

## DISTRIBUTION TABLES

for the period ended 31 May 2020

**Interim - in pence per share**

Group 1 - Shares purchased prior to 1 December 2019
Group 2 - Shares purchased on or after 1 December 2019 and on or before 31 May 2020

| | Net Revenue | Equalisation | Payable 31.07.20 | Paid 31.07.19 |
|---|---|---|---|---|
| **Class A Income** | | | | |
| Group 1 | 0.8490 | – | 0.8490 | 0.7618 |
| Group 2 | 0.8490 | – | 0.8490 | 0.7618 |

| | Net Revenue | Equalisation | Allocated 31.07.20 | Allocated 31.07.19 |
|---|---|---|---|---|
| **Class A Accumulation** | | | | |
| Group 1 | 1.0644 | – | 1.0644 | 0.9363 |
| Group 2 | 0.5010 | 0.5634 | 1.0644 | 0.9363 |

| | Net Revenue | Equalisation | Payable 31.07.20 | Paid 31.07.19 |
|---|---|---|---|---|
| **Class C Income** | | | | |
| Group 1 | 0.8986 | – | 0.8986 | 0.8046 |
| Group 2 | 0.4304 | 0.4682 | 0.8986 | 0.8046 |

| | Net Revenue | Equalisation | Allocated 31.07.20 | Allocated 31.07.19 |
|---|---|---|---|---|
| **Class C Accumulation** | | | | |
| Group 1 | 1.1206 | – | 1.1206 | 0.9873 |
| Group 2 | 0.6708 | 0.4498 | 1.1206 | 0.9873 |

| | Net Revenue | Equalisation | Payable 31.07.20 | Paid 31.07.19 |
|---|---|---|---|---|
| **Class D Income** | | | | |
| Group 1 | 0.8157 | – | 0.8157 | 0.7638 |
| Group 2 | 0.5735 | 0.2422 | 0.8157 | 0.7638 |

| | Net Revenue | Equalisation | Allocated 31.07.20 | Allocated 31.07.19 |
|---|---|---|---|---|
| **Class D Accumulation** | | | | |
| Group 1 | 1.0230 | – | 1.0230 | 0.9423 |
| Group 2 | 0.5629 | 0.4601 | 1.0230 | 0.9423 |

| | Net Revenue | Equalisation | Payable 31.07.20 | Paid 31.07.19 |
|---|---|---|---|---|
| **Class S Income** | | | | |
| Group 1 | 0.8095 | – | 0.8095 | 0.7221 |
| Group 2 | 0.6671 | 0.1424 | 0.8095 | 0.7221 |

| | Net Revenue | Equalisation | Allocated 31.07.20 | Allocated 31.07.19 |
|---|---|---|---|---|
| **Class S Accumulation** | | | | |
| Group 1 | 0.8862 | – | 0.8862 | 0.7802 |
| Group 2 | 0.6956 | 0.1906 | 0.8862 | 0.7802 |

**DISTRIBUTION TABLES** (continued)
for the period ended 31 May 2020

**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 period ended 31 May 2020

**Investment Objective and Policy**
7IM AAP (Asset Allocated Passives) Balanced Fund (the 'Sub-fund') aims to provide a balance of income and capital growth.

The Sub-fund invests at least 80% of its assets in fixed interest and equity instruments that, for the most part, use passive strategies (that is, strategies designed to track the performance of particular indices, market sectors or asset classes). The Sub-fund will also invest in other asset classes such as property, commodities and private equity indirectly through holdings in equities including investment trusts, exchange traded funds or other funds. The asset allocation for the entire portfolio will be actively managed.

The other 20% of the Sub-fund will be invested in liquid assets such as cash, deposits, money market funds and money market instruments, as well as warrants.

In extraordinary market conditions (such as political unrest economic instability, war, the bankruptcy of large financial institutions or closure of a relevant market(s)), it may not be appropriate for the Sub-fund to be invested in funds and other assets as noted above and the Sub-fund may temporarily invest up to 100% of its total assets in deposits, cash, near cash, treasury bills, government bonds or short-term money market instruments. Examples of extraordinary market conditions include periods of heightened volatility caused by a sudden economic downturn or events such as political unrest, war or bankruptcy of large financial institutions.

The Sub-fund's investments will comprise a mixture of income generating assets such as corporate debt securities and growth generating assets such as global equities.

The Sub-fund is likely to invest in derivatives for efficient portfolio management (EPM) (i.e. to reduce risk or cost and, or to generate extra income) as well as for investment purposes.

**Investment Manager's Report**

**Performance Report**
In the reporting period, 1 December 2019 to 31 May 2020, the portfolio delivered a total return of -1.40%[1]. The Sub-fund's comparator, the IA Mixed 20-60% Shares sector, has returned -4.25%.

**Investment Background**
The coronavirus that emerged in mid-January from the Chinese city of Wuhan caught the attention of global markets. Initial research suggests that the virus is less deadly than the SARS virus that hit China in 2003 but is markedly more contagious. By February, it wasn't just China locking down. New cases have reached such levels that parts of Italy went into lockdown.

The lockdown in China turned out to cause an unprecedented hit to the Chinese economy. This will be felt in both demand, as the Chinese consumer stays indoors, and supply, with the likes of Apple revising their earnings due to manufacturing bottlenecks. It soon became clear that the Chinese experience was just the test case for the rest of the world, sending markets down.

However, for investors who believed that the end of February was the worst of the market turmoil, March was a severe reality check. Coronavirus and an oil price shock caused a sharp revision of future growth expectations that resulted in a global recession. Equity markets throughout March experienced volatility not seen since the 2008 financial crisis with average daily moves (up or down) of c.5.0% causing a drawdown comparable to the crash in October 1987. Markets recovered strongly towards the end of the month with a c.20% rally, but are still some 20% away from where they started the year.

Investors enjoyed positive returns in April as both risky and defensive assets rebounded following the initial shock of the global shutdown - the US stock market returned c.18% over the month. It's clear that governments around the world are conscious of the impacts lockdown on both economies and families. They have started to discuss ways in which we can delicately move towards a re-opening of businesses.

Equities continue their winning streak in May, following optimism over economies beginning to re-open. The US S&P index returned around 5%, with the Technology sector leading the way, and generating over 7% throughout the month. In fact, markets around the world were positive - with the UK, Japanese and European markets all gaining over 4%. Some have argued that the equities performance throughout April and May was due to Central Banks pouring new money into the economy. The Federal Reserve's balance sheet has increased by almost two thirds since the start of the year and now stands at $6.6 trillion.

[1] Calculated using 7IM AAP Balanced C Acc shares, published prices. Source: NTRS

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

It wasn't just central banks which supported the economy and markets. Governments around the world are doing all they can to keep the economy moving. The EU announced plans for a recovery fund to be created that will jointly spread the burden of debt issued to help the Eurozone recover through this crisis. The EU Commission are proposing to issue €500 billion in funding, which would see a move towards fiscal unity within the region. In Japan, we also saw a further stimulus package of 117 Trillion Yen promised, taking the total level of stimulus in Japan to 234 Trillion Yen (c.£1.8 Trillion).

Of course, money isn't free. This continued level of stimulus to help cushion economies from a difficult recession has pushed country debt levels exceptionally high. In Japan, government debt makes up c.238% relative to GDP while in the US that figure is closer to 110% and in the UK its 81%. The governments have successfully stabilised the global economy. The cost of all this is not clear yet.

**Portfolio Review**

Following the relative outperformance in March of the healthcare overweight, we trimmed this to take profit.

In October, we had decided to add puts to the portfolio to provide protection against a sudden shock on the downside. As the S&P 500 fell as the pandemic spread in March, we sold out of these positions to lock in gains and offset losses being felt in other parts of the portfolio.

We reduced exposure to emerging market debt at the start of March and this proved timely. After a subsequent widening in these yield spreads, we then felt that the rewards available outweighed the risks and therefore added back to the holdings at the beginning of April.

We also reduced corporate bonds at the start of March but reinstated an overweight in April. We believe there is very little upside to Government debt at the moment with yields being so low so we have cut this down in favour of the corporate bonds which are more attractively priced.

Following the closure of the European Equity Value Fund, we rolled the Sub-fund's allocation into a broader Euro Stoxx future.

During the year, we kept seeing opportunities for value enhancement in European Dividends and would exit or reduce as the relative value reduced and as the positions became fully priced. We restarted the positions in March as prices looked attractive.

As a result of deteriorating economic fundamentals, we sold out of the long inflation position we had increased in September. We believe inflation will be below central bank targets for the foreseeable future as a result of COVID-19 and the oil supply glut.

In light of global events, the strategy team had a less positive view on equities so these were trimmed to take them towards SAA neutral.

We added further to our overweight in high yield with the addition of Asian High Yield bonds. Asian High Yield is currently providing attractive future returns with yields higher than they are in the US. The asset class also has a high allocation to China, which is coming out the COVID crisis quicker than the US. Additionally, default rates have been lower in Asia than in the US. This was funded from Emerging and Japanese equities.

Within alternatives, we sold the LGT Dynamic Protection Fund following exceptional performance during the pandemic crisis and invested the proceeds in AQR Managed Futures which is a trend following strategy. We later rebalanced this part of the portfolio to fund a position in BlackRock Global Event driven strategy. This is a merger arbitrage strategy that we believe will deliver strong returns, uncorrelated to other parts of the portfolio.

**Investment Outlook**

The Hammer stage of tackling COVID-19 is coming to a close across the major economies. Over half of the world's population has been in some form of lockdown, slowing the spread of the virus and giving health systems the one thing they need most – time. Infection rates are falling across most developed economies, while critical care facilities have been established and medical equipment is now being produced in sufficient quantities.

The next phase of tackling COVID-19 – the Dance – will take somewhat longer. The rules will be eased only gradually, and social distancing will be with us for a while yet. Governments will want to encourage normality as much as possible, but short-term quarantines may be common as we deal with intermittent flare-ups of the virus.

**ACD'S REPORT** (continued)
for the period ended 31 May 2020

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

Treatments will be developed in due course, but the coronavirus endgame will require a vaccine, which may only materialise in a year or more. This first modern global pandemic has given us a taste of how to deal with future ones – we need to learn the lessons.

The economic cost of the Hammer has been immediately obvious. Economic growth numbers in the major economies have crashed. We have entered the sharpest recessions in modern history. Around 4 times as large as the financial crisis but also four times as quick. This recession will set all kinds of records.

Economic crises usually take time to play out, and people in power tend to stick their heads in the sand for as long as possible. This time is different. The coronavirus recession has been met almost immediately with a massive wave of stimulus. Central banks and governments haven't waited to assess the damage. Trillions of dollars, euros, pounds, yuan and yen have been injected into the financial system – often straight into ordinary people's bank accounts. The obvious driver of the quick reactions was that it was the governments themselves who have created the recession in the first place.

When economic activity resumes, it could be quicker than anyone expects. Low oil prices and pent-up demand could make for a spectacular recovery over the next few years. In the first weeks of the crisis, investors panicked, selling anything they had. As the future becomes clearer, though, people will start to think clearly about the kind of businesses they think will do well over the next few years – and which might be gone for good. This may be the quickest and deepest recession on record but it could also be the quickest and strongest recovery too. But that doesn't mean there won't be winners and losers.

Equities have clearly bought into the recovery. While the stimulus has reduced the risk of an ongoing recession, the markets also seem to be ignoring that economies could be running at 90% capacity for some time. We've been looking for assets that are obviously mispriced, and the credit markets have been a key area of focus. Investors have fled from almost any kind of corporate debt, leaving opportunity to buy good, stable, long-term businesses at yields not seen for over a decade. Investors are confronting interest rates close to zero, at a time when every government has just increased its amount of borrowing substantially.

Investors are still using bonds as safe havens, but with long run return expectations below inflation, this isn't a sustainable state of affairs. When things start improving and inflation picks up, 'safe haven' government bonds may look exposed.

Seven Investment Management LLP
Investment Manager
June 2020

# 7IM AAP BALANCED FUND

## FUND INFORMATION

The Comparative Tables on pages 192 to 199 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.

## FUND INFORMATION (continued)

### Comparative Tables

**Class A Income**

| | 31.05.20 (pence per share) | 30.11.19 (pence per share) | 30.11.18 (pence per share) |
|---|---|---|---|
| **Change in Net Asset Value Per Share** | | | |
| Opening net asset value per share | 134.59 | 129.25 | 134.47 |
| Return before operating charges* | (1.55) | 8.66 | (1.93) |
| Operating charges (calculated on average price) | (0.76) | (1.52) | (1.50) |
| Return after operating charges* | (2.31) | 7.14 | (3.43) |
| Distributions on income shares | (0.61) | (1.80) | (1.79) |
| Closing net asset value per share | 131.67 | 134.59 | 129.25 |
| * After direct transaction costs of:[1] | 0.01 | 0.04 | 0.05 |
| **Performance** | | | |
| Return after charges[2] | (1.72)% | 5.52% | (2.55)% |
| **Other Information** | | | |
| Closing net asset value (£'000) | 139 | 146 | 275 |
| Closing number of shares | 105,356 | 108,366 | 212,367 |
| Operating charges[3] | 1.16% | 1.15% | 1.12% |
| Direct transaction costs | 0.01% | 0.03% | 0.03% |
| **Prices** | | | |
| Highest share price | 137.86 | 137.12 | 137.92 |
| Lowest share price | 114.56 | 125.02 | 128.93 |

[1] 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. Direct transaction costs cover a six-month period to 31 May 2020.

[2] The return after charges is calculated as the return after operating charges per share divided by the opening net asset value per share.

[3] 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 200.

# 7IM AAP BALANCED FUND

## FUND INFORMATION (continued)

### Comparative Tables (continued)

**Class A Accumulation**

| | 31.05.20 (pence per share) | 30.11.19 (pence per share) | 30.11.18 (pence per share) |
|---|---|---|---|
| **Change in Net Asset Value Per Share** | | | |
| Opening net asset value per share | 160.87 | 152.41 | 156.44 |
| Return before operating charges* | (1.86) | 10.26 | (2.27) |
| Operating charges (calculated on average price) | (0.91) | (1.80) | (1.76) |
| Return after operating charges* | (2.77) | 8.46 | (4.03) |
| Distributions | (0.72) | (2.14) | (2.09) |
| Retained distributions on accumulation shares | 0.72 | 2.14 | 2.09 |
| Closing net asset value per share | 158.10 | 160.87 | 152.41 |
| * After direct transaction costs of:[1] | 0.01 | 0.05 | 0.05 |
| **Performance** | | | |
| Return after charges[2] | (1.72)% | 5.55% | (2.58)% |
| **Other Information** | | | |
| Closing net asset value (£'000) | 4,027 | 4,544 | 5,708 |
| Closing number of shares | 2,547,114 | 2,824,981 | 3,745,187 |
| Operating charges[3] | 1.16% | 1.15% | 1.12% |
| Direct transaction costs | 0.01% | 0.03% | 0.03% |
| **Prices** | | | |
| Highest share price | 164.78 | 162.75 | 160.47 |
| Lowest share price | 136.92 | 147.43 | 150.92 |

[1] 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. Direct transaction costs cover a six-month period to 31 May 2020.

[2] The return after charges is calculated as the return after operating charges per share divided by the opening net asset value per share.

[3] 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 200.

## FUND INFORMATION (continued)

### Comparative Tables (continued)

**Class C Income**

| | 31.05.20 (pence per share) | 30.11.19 (pence per share) | 30.11.18 (pence per share) |
|---|---|---|---|
| **Change in Net Asset Value Per Share** | | | |
| Opening net asset value per share | 138.38 | 132.62 | 137.70 |
| Return before operating charges* | (1.67) | 8.78 | (2.12) |
| Operating charges (calculated on average price) | (0.45) | (0.88) | (0.85) |
| Return after operating charges* | (2.12) | 7.90 | (2.97) |
| Distributions on income shares | (0.76) | (2.14) | (2.11) |
| Closing net asset value per share | 135.50 | 138.38 | 132.62 |
| * After direct transaction costs of:[1] | 0.01 | 0.04 | 0.05 |
| **Performance** | | | |
| Return after charges[2] | (1.53)% | 5.96% | (2.16)% |
| **Other Information** | | | |
| Closing net asset value (£'000) | 59,956 | 75,787 | 95,622 |
| Closing number of shares | 44,247,027 | 54,769,085 | 72,102,343 |
| Operating charges[3] | 0.66% | 0.65% | 0.62% |
| Direct transaction costs | 0.01% | 0.03% | 0.03% |
| **Prices** | | | |
| Highest share price | 141.86 | 140.93 | 141.32 |
| Lowest share price | 117.92 | 128.32 | 132.44 |

[1] 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. Direct transaction costs cover a six-month period to 31 May 2020.

[2] The return after charges is calculated as the return after operating charges per share divided by the opening net asset value per share.

[3] 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 200.

## FUND INFORMATION (continued)

### Comparative Tables (continued)

**Class C Accumulation**

| | 31.05.20 (pence per share) | 30.11.19 (pence per share) | 30.11.18 (pence per share) |
|---|---|---|---|
| **Change in Net Asset Value Per Share** | | | |
| Opening net asset value per share | 169.06 | 159.52 | 163.09 |
| Return before operating charges* | (2.03) | 10.61 | (2.55) |
| Operating charges (calculated on average price) | (0.55) | (1.07) | (1.02) |
| Return after operating charges* | (2.58) | 9.54 | (3.57) |
| Distributions | (0.93) | (2.58) | (2.51) |
| Retained distributions on accumulation shares | 0.93 | 2.58 | 2.51 |
| Closing net asset value per share | 166.48 | 169.06 | 159.52 |
| * After direct transaction costs of:[1] | 0.01 | 0.05 | 0.06 |
| **Performance** | | | |
| Return after charges[2] | (1.53)% | 5.98% | (2.19)% |
| **Other Information** | | | |
| Closing net asset value (£'000) | 807,517 | 906,450 | 1,088,635 |
| Closing number of shares | 485,066,798 | 536,177,020 | 682,425,390 |
| Operating charges[3] | 0.66% | 0.65% | 0.62% |
| Direct transaction costs | 0.01% | 0.03% | 0.03% |
| **Prices** | | | |
| Highest share price | 173.32 | 170.81 | 167.38 |
| Lowest share price | 144.07 | 154.36 | 157.96 |

[1] 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. Direct transaction costs cover a six-month period to 31 May 2020.

[2] The return after charges is calculated as the return after operating charges per share divided by the opening net asset value per share.

[3] 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 200.

## FUND INFORMATION (continued)

### Comparative Tables (continued)

**Class D Income**

| | 31.05.20 (pence per share) | 30.11.19 (pence per share) | 30.11.18 (pence per share) |
|---|---|---|---|
| **Change in Net Asset Value Per Share** | | | |
| Opening net asset value per share | 131.48 | 126.52 | 131.88 |
| Return before operating charges* | (1.47) | 8.57 | (1.77) |
| Operating charges (calculated on average price) | (1.00) | (2.01) | (2.00) |
| Return after operating charges* | (2.47) | 6.56 | (3.77) |
| Distributions on income shares | (0.49) | (1.60) | (1.59) |
| Closing net asset value per share | 128.52 | 131.48 | 126.52 |
| * After direct transaction costs of:[1] | 0.01 | 0.04 | 0.05 |
| **Performance** | | | |
| Return after charges[2] | (1.88)% | 5.18% | (2.86)% |
| **Other Information** | | | |
| Closing net asset value (£'000) | 811 | 933 | 1,336 |
| Closing number of shares | 630,748 | 709,598 | 1,055,790 |
| Operating charges[3] | 1.56% | 1.55% | 1.52% |
| Direct transaction costs | 0.01% | 0.03% | 0.03% |
| **Prices** | | | |
| Highest share price | 134.57 | 133.98 | 135.22 |
| Lowest share price | 111.80 | 122.34 | 126.11 |

[1] 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. Direct transaction costs cover a six-month period to 31 May 2020.

[2] The return after charges is calculated as the return after operating charges per share divided by the opening net asset value per share.

[3] 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 200.

# 7IM AAP BALANCED FUND

## FUND INFORMATION (continued)

### Comparative Tables (continued)

**Class D Accumulation**

| | 31.05.20 (pence per share) | 30.11.19 (pence per share) | 30.11.18 (pence per share) |
|---|---|---|---|
| **Change in Net Asset Value Per Share** | | | |
| Opening net asset value per share | 154.73 | 147.07 | 151.45 |
| Return before operating charges* | (1.73) | 10.00 | (2.08) |
| Operating charges (calculated on average price) | (1.18) | (2.34) | (2.30) |
| Return after operating charges* | (2.91) | 7.66 | (4.38) |
| Distributions | (0.57) | (1.86) | (1.83) |
| Retained distributions on accumulation shares | 0.57 | 1.86 | 1.83 |
| Closing net asset value per share | 151.82 | 154.73 | 147.07 |
| * After direct transaction costs of:[1] | 0.01 | 0.05 | 0.05 |
| **Performance** | | | |
| Return after charges[2] | (1.88)% | 5.21% | (2.89)% |
| **Other Information** | | | |
| Closing net asset value (£'000) | 39,096 | 43,479 | 51,773 |
| Closing number of shares | 25,751,045 | 28,099,370 | 35,202,709 |
| Operating charges[3] | 1.56% | 1.55% | 1.52% |
| Direct transaction costs | 0.01% | 0.03% | 0.03% |
| **Prices** | | | |
| Highest share price | 158.36 | 156.71 | 155.28 |
| Lowest share price | 131.57 | 142.22 | 145.64 |

[1] 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. Direct transaction costs cover a six-month period to 31 May 2020.

[2] The return after charges is calculated as the return after operating charges per share divided by the opening net asset value per share.

[3] 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 200.

## FUND INFORMATION (continued)

### Comparative Tables (continued)

**Class S Income**

| | 31.05.20 (pence per share) | 30.11.19 (pence per share) | 30.11.18 (pence per share) |
|---|---|---|---|
| **Change in Net Asset Value Per Share** | | | |
| Opening net asset value per share | 118.11 | 113.08 | 117.30 |
| Return before operating charges* | (1.44) | 7.43 | (1.87) |
| Operating charges (calculated on average price) | (0.24) | (0.46) | (0.43) |
| Return after operating charges* | (1.68) | 6.97 | (2.30) |
| Distributions on income shares | (0.72) | (1.94) | (1.92) |
| Closing net asset value per share | 115.71 | 118.11 | 113.08 |
| * After direct transaction costs of:[1] | 0.01 | 0.04 | 0.04 |
| **Performance** | | | |
| Return after charges[2] | (1.42)% | 6.16% | (1.96)% |
| **Other Information** | | | |
| Closing net asset value (£'000) | 14,635 | 28,015 | 33,656 |
| Closing number of shares | 12,647,355 | 23,720,168 | 29,762,850 |
| Operating charges[3] | 0.41% | 0.40% | 0.37% |
| Direct transaction costs | 0.01% | 0.03% | 0.03% |
| **Prices** | | | |
| Highest share price | 121.14 | 120.27 | 120.42 |
| Lowest share price | 100.72 | 109.44 | 112.98 |

[1] 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. Direct transaction costs cover a six-month period to 31 May 2020.

[2] The return after charges is calculated as the return after operating charges per share divided by the opening net asset value per share.

[3] 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 200.

# 7IM AAP BALANCED FUND

## FUND INFORMATION (continued)

### Comparative Tables (continued)

**Class S Accumulation**

| | 31.05.20 (pence per share) | 30.11.19 (pence per share) | 30.11.18 (pence per share) |
|---|---|---|---|
| **Change in Net Asset Value Per Share** | | | |
| Opening net asset value per share | 130.14 | 122.55 | 125.04 |
| Return before operating charges* | (1.60) | 8.09 | (2.03) |
| Operating charges (calculated on average price) | (0.26) | (0.50) | (0.46) |
| Return after operating charges* | (1.86) | 7.59 | (2.49) |
| Distributions | (0.78) | (2.11) | (2.05) |
| Retained distributions on accumulation shares | 0.78 | 2.11 | 2.05 |
| Closing net asset value per share | 128.28 | 130.14 | 122.55 |
| * After direct transaction costs of:[1] | 0.01 | 0.04 | 0.04 |
| **Performance** | | | |
| Return after charges[2] | (1.43)% | 6.19% | (1.99)% |
| **Other Information** | | | |
| Closing net asset value (£'000) | 186,198 | 200,873 | 240,577 |
| Closing number of shares | 145,150,328 | 154,351,715 | 196,305,353 |
| Operating charges[3] | 0.41% | 0.40% | 0.37% |
| Direct transaction costs | 0.01% | 0.03% | 0.03% |
| **Prices** | | | |
| Highest share price | 133.47 | 131.40 | 128.37 |
| Lowest share price | 110.97 | 118.60 | 121.34 |

[1] 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. Direct transaction costs cover a six-month period to 31 May 2020.

[2] The return after charges is calculated as the return after operating charges per share divided by the opening net asset value per share.

[3] 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 200.

## FUND INFORMATION (continued)

**Ongoing Charges Figures**

As at 31 May 2020

| | Class A | Class C | Class D | Class S |
|---|---|---|---|---|
| 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 | 0.12% | 0.12% | 0.12% | 0.12% |
| Ongoing Charges Figure | 1.16% | 0.66% | 1.56% | 0.41% |

As at 30 November 2019

| | Class A | Class C | Class D | Class S |
|---|---|---|---|---|
| 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 period.

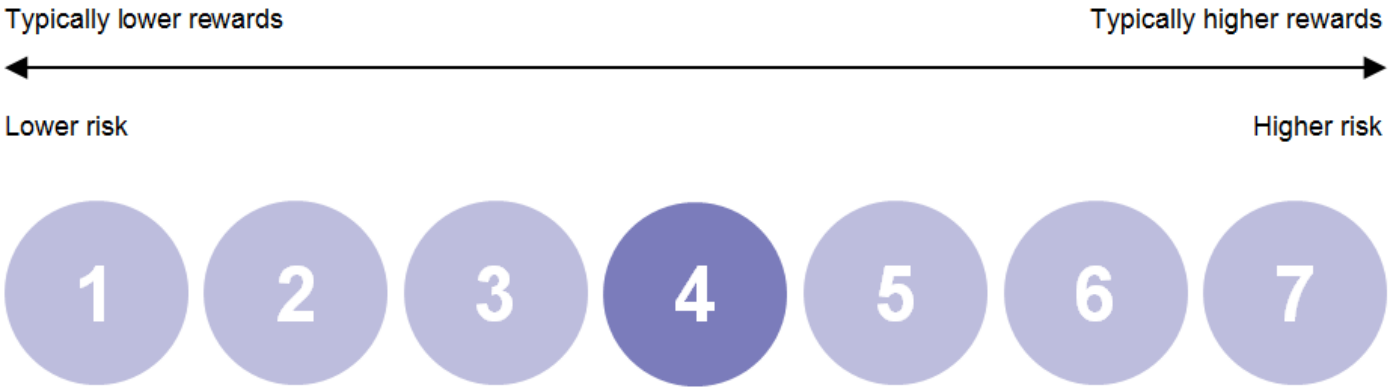
The collective investment scheme costs represent the OCFs, or a reasonable substitute, of the underlying funds which are held as portfolio investments. Their inclusion has been calculated on a weighted basis against the Sub-fund's net assets at the balance sheet date.

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 sub-fund's returns have varied. It is a measure of a sub-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 interim report and financial statements, the risk and reward indicator as at the period end date 31 May 2020 was 4.

**Fund performance to 31 May 2020 (%)**

| | 6 months | 1 year | 3 years | 5 years |
|---|---|---|---|---|
| 7IM AAP Balanced Fund[1] | (1.40) | 2.24 | 4.40 | 10.61 |

[1] 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 209 and 210.

# 7IM AAP BALANCED FUND

## PORTFOLIO STATEMENT
as at 31 May 2020

| Holding | Portfolio of Investment | Value £ | 31.05.20 % |
|---|---|---|---|
| | **ALTERNATIVES 13.01% (9.82%)** | | |
| | **Alternative Strategies 9.86% (8.14%)** | | |
| 7,879 | Absolute Return Trust[1] | – | – |
| 369,973 | AQR - Managed Futures UCITS Fund[2] | 32,515,192 | 2.92 |
| 151,290 | BlackRock Strategic Funds - Global Event Driven Fund[2] | 16,510,313 | 1.48 |
| 27,198,000 | BNP Paribas Issuance 0.00% 2024[3] | 27,974,831 | 2.52 |
| 2,441,469 | Dexion Absolute EUR[1] | – | – |
| 5,870 | Dexion Equity Alternative[1] | – | – |
| 39,320,000 | JP Morgan Structured Products 0.00% 2023[3] | 32,705,917 | 2.94 |
| | | **109,706,253** | **9.86** |
| | **Real Estate 3.15% (1.68%)** | | |
| 17,812,491 | iShares Global Property Securities Index[2] | **35,054,983** | **3.15** |
| | **CASH 18.96% (3.29%)** | | |
| 937 | Deutsche Global Liquidity Managed Sterling Fund Platinum[2] | 937 | – |
| 100,000,000 | JPMorgan Liquidity Funds - GBP Liquidity LVNAV Fund[2] | 100,000,000 | 8.99 |
| 110,879,000 | Northern Trust Global Sterling Fund[2] | 110,879,000 | 9.97 |
| | | **210,879,937** | **18.96** |
| | **DEBT SECURITIES 61.46% (71.11%)** | | |
| | **Convertible Bonds 2.30% (2.01%)** | | |
| 3,811 | NN (L) Global Convertible Bond Acc[2] | 16,277,480 | 1.46 |
| 300,164 | SSgA SPDR Thomson Reuters Global Convertible Bond UCITS ETF[2] | 9,316,190 | 0.84 |
| | | **25,593,670** | **2.30** |
| | **Emerging Market Bonds 4.94% (6.97%)** | | |
| 28,016,231 | Legal & General Emerging Markets Government Bond Local Currency Index Fund Acc[2] | 19,552,528 | 1.76 |
| 25,383,936 | Legal & General Emerging Markets Government Bond USD Index Fund[2] | 19,238,485 | 1.73 |
| 184,975 | UBS Lux Bond SICAV - Asian High Yield USD[2] | 16,205,540 | 1.45 |
| | | **54,996,553** | **4.94** |
| | **Gilts 0.68% (4.70%)** | | |
| £7,512,000 | Network Rail Infrastructure Finance 4.625% 2020 | 7,555,840 | 0.68 |
| £25,000 | Nordic Investment Bank 0.625% 2021 | 25,111 | – |
| £8,000 | UK Gilt 1.50% 2021 | 8,075 | – |
| | | **7,589,026** | **0.68** |
| | **Global Corporate Bonds 17.89% (12.44%)** | | |
| 95,947,806 | BlackRock Overseas Corporate Bond Tracker[2] | 166,181,600 | 14.94 |
| 321,616 | iShares USD Corp Bond UCITS ETF[2] | 32,884,477 | 2.95 |
| | | **199,066,077** | **17.89** |
| | **Global Government Bonds 0.00% (3.99%)** | | |
| (55) | Ultra Long Term US Treasury Bond Futures September 2020[4] | **(20,919)** | **–** |

# 7IM AAP BALANCED FUND

**PORTFOLIO STATEMENT** (continued)
as at 31 May 2020

| Holding | Portfolio of Investment | Value £ | 31.05.20 % |
|---|---|---|---|
| | **Global High Yield Bonds 8.14% (5.17%)** | | |
| 2,713 | Most Diversified TOBAM Anti-Benchmark Global High Yield[2] | 24,813,877 | 2.23 |
| 207,364 | Robeco QI Dynamic High Yield IH USD[2] | 22,624,316 | 2.04 |
| 1,464,983 | Xtrackers II EUR High Yield Corporate Bond UCITS ETF[2] | 21,709,500 | 1.95 |
| 1,782,181 | Xtrackers USD High Yield Corporate Bond UCITS ETF[2] | 21,390,798 | 1.92 |
| | | **90,538,491** | **8.14** |
| | **Global Inflation Linked Bonds 2.45% (5.04%)** | | |
| 1,793,809 | iShares Global Inflation-Linked Bond Index[2] | 21,539,103 | 1.94 |
| US$5,283,000 | US Treasury Inflation-Indexed Bonds 1% 2049 | 5,729,881 | 0.51 |
| | | **27,268,984** | **2.45** |
| | **Short Term Sterling Bonds 16.61% (21.04%)** | | |
| £30,000 | African Development Bank 0.875% 2021 | 30,255 | – |
| £3,380,000 | Bank Nederlandse Gemeenten 1.00% 2022 | 3,419,235 | 0.31 |
| £5,830,000 | Bank Nederlandse Gemeenten 1.125% 2021 | 5,876,873 | 0.53 |
| £2,465,000 | Bank of Montreal FRN 2023 | 2,444,220 | 0.22 |
| £5,855,000 | Bank of Nova Scotia FRN 2023 | 5,803,300 | 0.52 |
| £1,800,000 | Barclays Bank 4.25% 2022 | 1,908,281 | 0.17 |
| £1,500,000 | Barclays Bank UK FRN 2023 | 1,496,520 | 0.13 |
| £2,200,000 | Bayerische Landesbank 1.25% 2021 | 2,222,735 | 0.20 |
| £500,000 | Commonwealth Bank of Australia 1.125% 2021 | 504,082 | 0.05 |
| £3,860,000 | Commonwealth Bank of Australia FRN 2025 | 3,828,001 | 0.34 |
| £492,000 | Deutsche Bahn Finance 2.75% 2022 | 511,013 | 0.05 |
| £5,000,000 | Dexia Credit Local 1.375% 2022 | 5,116,256 | 0.46 |
| £7,607,000 | European Investment Bank 0.875% 2021 | 7,648,823 | 0.69 |
| £750,000 | European Investment Bank 4.25% 2021 | 795,450 | 0.07 |
| £20,000 | Federal National Mortgage 5.375% 2021 | 20,960 | – |
| £2,000,000 | FMS Wertmanagement 1.00% 2022 | 2,031,220 | 0.18 |
| £4,199,000 | ING Bank 5.375% 2021 | 4,365,381 | 0.39 |
| £6,578,000 | International Bank for Reconstruction & Development 5.40% 2021 | 6,920,793 | 0.62 |
| £415,000 | KFW 1.625% 2020 | 415,050 | 0.04 |
| £6,000,000 | Kreditanstalt fuer Wiederaufbau 1.00% 2022 | 6,114,540 | 0.55 |
| £20,000 | Landeskreditbank 0.875% 2022 | 20,188 | – |
| £30,000 | Landwirtschaftlic 1.125% 2021 | 30,240 | – |
| £500,000 | Landwirtschaftlic 1.375% 2020 | 503,114 | 0.04 |
| £5,000,000 | Leeds Building Society FRN 2025 | 4,979,290 | 0.45 |
| £4,457,000 | Lloyds Bank 1.75% 2022 | 4,554,911 | 0.41 |
| £4,855,000 | Municipality Finance 1.25% 2022 | 4,962,004 | 0.45 |
| £900,000 | Nationwide Building Society FRN 2025 | 897,957 | 0.08 |
| £7,977,000 | Nestle Holdings 1.00% 2021 | 8,007,297 | 0.72 |
| £7,000,000 | NRW Bank 1.00% 2022 | 7,088,634 | 0.64 |
| £500,000 | Oesterreichische 1.125% 2022 | 509,746 | 0.05 |
| £7,400,000 | Oversea-Chinese Banking FRN 2023 | 7,327,760 | 0.66 |
| £8,220,000 | Rabobank Nederland 4.625% 2021 | 8,407,893 | 0.76 |
| £1,058,000 | Reseau Ferre de France 5.5% 2021 | 1,136,867 | 0.10 |
| £670,000 | Royal Bank of Canada FRN 2021 | 669,412 | 0.06 |
| £5,000,000 | Royal Bank of Canada FRN 2025 | 4,940,550 | 0.44 |
| £6,000,000 | Santander UK FRN 2022 | 5,961,996 | 0.54 |
| £6,393,000 | Skipton Building Society FRN 2023 | 6,343,071 | 0.57 |
| £4,000,000 | SpareBank 1 Boligkreditt AS FRN 2022 | 3,973,384 | 0.36 |
| £6,999,000 | Svenska Handelsbanken 1.625% 2022 | 7,090,253 | 0.64 |
| £3,775,000 | Svenska Handelsbanken AB 3.00% 2020 | 3,815,642 | 0.34 |
| £7,688,000 | Swedbank 1.25% 2021 | 7,671,086 | 0.69 |
| £5,000,000 | Swedbank FRN 2021 | 4,989,900 | 0.45 |

**PORTFOLIO STATEMENT** (continued)
as at 31 May 2020

| Holding | Portfolio of Investment | Value £ | 31.05.20 % |
|---|---|---|---|
| | **Short Term Sterling Bonds (continued)** | | |
| £6,800,000 | Toronto-Dominion Bank FRN 2023 | 6,736,706 | 0.61 |
| £5,000,000 | UBS 1.25% 2020 | 5,009,190 | 0.45 |
| £877,000 | Wellcome Trust Finance 4.75% 2021 | 911,545 | 0.08 |
| £12,000,000 | Westpac Banking FRN 2023 | 11,905,200 | 1.07 |
| £4,790,000 | Yorkshire Building Society FRN 2023 | 4,805,816 | 0.43 |
| | | **184,722,640** | **16.61** |
| | **Sterling Corporate Bonds 8.45% (9.75%)** | | |
| £1,265,000 | Bank of Nova Scotia 1.25% 2022 | 1,267,783 | 0.11 |
| 29,532,710 | HSBC Index Tracker Investment Funds - Sterling Corporate Bond Index Fund[2] | 30,256,262 | 2.72 |
| £7,000,000 | International Bank for Reconstruction & Development 0.375% 2021 | 7,012,194 | 0.63 |
| £831,000 | Landeskreditbank 1.125% 2021 | 837,512 | 0.08 |
| £5,000,000 | National Australia Bank 1.125% 2021 | 5,037,110 | 0.45 |
| £515,000 | Nestle Holdings 1.75% 2020 | 517,845 | 0.05 |
| £5,000,000 | Santander UK FRN 2024 | 5,032,850 | 0.45 |
| £4,072,000 | Total Capital International 2.25% 2020 | 4,100,854 | 0.37 |
| £5,100,000 | TSB Bank FRN 2024 | 5,146,359 | 0.46 |
| 305,452 | UBS Sterling Corporate Bond Indexed[2] | 34,755,376 | 3.13 |
| | | **93,964,145** | **8.45** |
| | **EQUITY 4.31% (16.50%)** | | |
| | **Asia & Emerging Markets 0.19% (2.00%)** | | |
| 1,124 | MSCI Emerging Markets Index Futures June 2020[4] | **2,144,890** | **0.19** |
| | **Europe (ex UK) 0.77% (3.69%)** | | |
| 562 | Euro Stoxx 50 Equity Index Futures December 2022[4] | 913,797 | 0.08 |
| 1,257 | Euro Stoxx 50 Equity Index Futures December 2022[4] | (391,652) | (0.03) |
| 1,819 | Euro Stoxx 50 Equity Index Futures December 2023[4] | 2,879,631 | 0.26 |
| 2,690 | MSCI Europe ex-UK Index Futures June 2020[4] | 5,160,336 | 0.46 |
| | | **8,562,112** | **0.77** |
| | **Japan 0.24% (0.39%)** | | |
| 393 | TOPIX Index Futures November 2020[4] | **2,672,643** | **0.24** |
| | **North America 1.05% (0.71%)** | | |
| 474 | E-mini Health Care Select Sector Futures September 2020[4] | 1,590,019 | 0.14 |
| 782 | S&P 500 E-mini Futures June 2020[4] | 10,074,214 | 0.91 |
| | | **11,664,233** | **1.05** |
| | **United Kingdom 2.06% (9.71%)** | | |
| 2,321 | FTSE 100 Index Futures June 2020[4] | 21,828,881 | 1.96 |
| 760 | FTSE 250 Index Futures June 2020[4] | 1,050,351 | 0.10 |
| 872 | Thames River Multi Hedge preference shares[1] | – | – |
| | | **22,879,232** | **2.06** |

# 7IM AAP BALANCED FUND

**PORTFOLIO STATEMENT** (continued)
as at 31 May 2020

| Holding | Portfolio of Investment | Value £ | 31.05.20 % |
|---|---|---|---|
| | **FORWARD CURRENCY CONTRACTS -1.01% (0.60%)** | | |
| €32,700,000 | Vs £(29,047,247) Expiry 16.10.2020 | 562,715 | 0.05 |
| €7,000,000 | Vs £(6,127,450) Expiry 16.10.2020 | 211,074 | 0.02 |
| €(58,648,000) | Vs £49,160,220 Expiry 16.10.2020 | (3,945,744) | (0.36) |
| US$(20,000,000) | Vs £16,073,165 Expiry 17.07.2020 | (152,303) | (0.01) |
| US$(40,450,000) | Vs £32,536,138 Expiry 17.07.2020 | (279,872) | (0.03) |
| US$(49,600,000) | Vs £39,815,116 Expiry 17.07.2020 | (424,044) | (0.04) |
| US$(20,700,000) | Vs £15,757,382 Expiry 17.07.2020 | (1,035,977) | (0.09) |
| US$(228,442,000) | Vs £174,604,461 Expiry 17.07.2020 | (10,724,458) | (0.96) |
| ¥3,449,185,300 | Vs £(24,204,571) Expiry 19.06.2020 | 1,904,141 | 0.17 |
| ¥535,000,000 | Vs £(4,193,776) Expiry 19.06.2020 | (144,077) | (0.01) |
| US$54,000,000 | Vs £(41,114,101) Expiry 17.07.2020 | 2,694,663 | 0.24 |
| US$10,000,000 | Vs £(7,808,992) Expiry 17.07.2020 | 303,742 | 0.03 |
| US$13,630,000 | Vs £(11,014,756) Expiry 17.07.2020 | 42,901 | – |
| US$9,178,000 | Vs £(7,465,679) Expiry 17.07.2020 | (19,812) | – |
| US$16,340,000 | Vs £(13,498,554) Expiry 17.07.2020 | (242,347) | (0.02) |
| | | **(11,249,398)** | **(1.01)** |
| | **Portfolio of investment** | **1,076,033,552** | **96.73** |
| | Net other assets | 36,345,260 | 3.27 |
| | **Net assets** | **1,112,378,812** | **100.00** |

Comparative figures shown in brackets relate to 30 November 2019.

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

[1] Delisted security
[2] Collective investment scheme
[3] Structured product
[4] Derivative contract

| Credit Quality | 31.05.20 % | 30.11.19 % |
|---|---|---|
| Investment grade debt securities | 20.40 | 39.61 |
| Non-rated debt securities | 5.46 | 3.00 |
| Other investments | 75.49 | 58.71 |
| Net other liabilities | (1.35) | (1.32) |
| | **100.00** | **100.00** |

# 7IM AAP BALANCED FUND

## STATEMENT OF TOTAL RETURN
for the period ended 31 May 2020

| | | 31.05.20 | | 31.05.19 |
|---|---|---|---|---|
| | £ | £ | £ | £ |
| Income | | | | |
| Net capital (losses)/gains | | (25,354,693) | | 24,056,131 |
| Revenue | 10,397,524 | | 14,625,722 | |
| Expenses | (3,006,733) | | (3,850,933) | |
| Interest payable and similar charges | (242,018) | | (110,700) | |
| Net revenue before taxation for the period | 7,148,773 | | 10,664,089 | |
| Taxation | (1,788,670) | | (1,013,867) | |
| Net revenue after taxation for the period | | 5,360,103 | | 9,650,222 |
| **Total return before distributions** | | (19,994,590) | | 33,706,353 |
| Distributions | | (6,520,617) | | (11,146,435) |
| **Change in net assets attributable to shareholders from investment activities** | | (26,515,207) | | 22,559,918 |

## STATEMENT OF CHANGE IN NET ASSETS ATTRIBUTABLE TO SHAREHOLDERS
for the period ended 31 May 2020

| | | 31.05.20 | | 31.05.19 |
|---|---|---|---|---|
| | £ | £ | £ | £ |
| **Opening net assets attributable to shareholders** | | 1,260,227,424 | | 1,517,581,586 |
| Amounts received on creation of shares[1] | 76,027,331 | | 103,780,179 | |
| Amounts paid on cancellation of shares[1] | (203,149,915) | | (229,016,995) | |
| | | (127,122,584) | | (125,236,816) |
| Change in net assets attributable to shareholders from investment activities | | (26,515,207) | | 22,559,918 |
| Retained distribution on accumulation shares | | 5,789,179 | | 9,850,486 |
| **Closing net assets attributable to shareholders** | | 1,112,378,812 | | 1,424,755,174 |

[1] Stated at mid-market price.

The difference between the opening net assets and the comparative closing net assets is the movement in the second half of the year.

# 7IM AAP BALANCED FUND

## BALANCE SHEET
as at 31 May 2020

| | 31.05.20 £ | 30.11.19 £ |
|---|---|---|
| **ASSETS** | | |
| Fixed assets: | | |
| Investments | 1,093,414,757 | 1,289,890,684 |
| Current assets: | | |
| Debtors | 20,104,463 | 10,729,306 |
| Cash and bank balances | 29,535,018 | 9,870,830 |
| **Total assets** | 1,143,054,238 | 1,310,490,820 |
| **LIABILITIES** | | |
| Investment liabilities | (17,381,205) | (13,043,897) |
| Creditors: | | |
| Bank overdrafts | (6,841,836) | (25,505,897) |
| Distribution payable | (430,532) | (857,687) |
| Other creditors | (6,021,853) | (10,855,915) |
| **Total liabilities** | (30,675,426) | (50,263,396) |
| **Net assets attributable to shareholders** | 1,112,378,812 | 1,260,227,424 |

## NOTE TO THE FINANCIAL STATEMENTS

for the period ended 31 May 2020

**Accounting Policies**

The accounting policies applied are consistent with those of the annual financial statements for the year ended 30 November 2019 and are described in those financial statements.

The financial statements have been prepared under the historical cost basis, as modified by the revaluation of investments and in accordance with the Statement of Recommended Practice ('SORP') for Financial Statements of Authorised Funds issued by the Investment Association ('IA') in May 2014.

# 7IM AAP BALANCED FUND

## DISTRIBUTION TABLES

for the period ended 31 May 2020

**Interim - in pence per share**

Group 1 - Shares purchased prior to 1 December 2019

Group 2 - Shares purchased on or after 1 December 2019 and on or before 31 May 2020

| | Net Revenue | Equalisation | Payable 31.07.20 | Paid 31.07.19 |
|---|---|---|---|---|
| **Class A Income** | | | | |
| Group 1 | 0.6063 | – | 0.6063 | 0.8557 |
| Group 2 | 0.5526 | 0.0537 | 0.6063 | 0.8557 |

| | Net Revenue | Equalisation | Allocated 31.07.20 | Allocated 31.07.19 |
|---|---|---|---|---|
| **Class A Accumulation** | | | | |
| Group 1 | 0.7230 | – | 0.7230 | 1.0101 |
| Group 2 | 0.2962 | 0.4268 | 0.7230 | 1.0101 |

| | Net Revenue | Equalisation | Payable 31.07.20 | Paid 31.07.19 |
|---|---|---|---|---|
| **Class C Income** | | | | |
| Group 1 | 0.7593 | – | 0.7593 | 1.0208 |
| Group 2 | 0.4374 | 0.3219 | 0.7593 | 1.0208 |

| | Net Revenue | Equalisation | Allocated 31.07.20 | Allocated 31.07.19 |
|---|---|---|---|---|
| **Class C Accumulation** | | | | |
| Group 1 | 0.9270 | – | 0.9270 | 1.2280 |
| Group 2 | 0.4560 | 0.4710 | 0.9270 | 1.2280 |

| | Net Revenue | Equalisation | Payable 31.07.20 | Paid 31.07.19 |
|---|---|---|---|---|
| **Class D Income** | | | | |
| Group 1 | 0.4922 | – | 0.4922 | 0.7875 |
| Group 2 | 0.3245 | 0.1677 | 0.4922 | 0.7875 |

| | Net Revenue | Equalisation | Allocated 31.07.20 | Allocated 31.07.19 |
|---|---|---|---|---|
| **Class D Accumulation** | | | | |
| Group 1 | 0.5735 | – | 0.5735 | 0.9133 |
| Group 2 | 0.3125 | 0.2610 | 0.5735 | 0.9133 |

| | Net Revenue | Equalisation | Payable 31.07.20 | Paid 31.07.19 |
|---|---|---|---|---|
| **Class S Income** | | | | |
| Group 1 | 0.7181 | – | 0.7181 | 0.9298 |
| Group 2 | 0.5104 | 0.2077 | 0.7181 | 0.9298 |

| | Net Revenue | Equalisation | Allocated 31.07.20 | Allocated 31.07.19 |
|---|---|---|---|---|
| **Class S Accumulation** | | | | |
| Group 1 | 0.7761 | – | 0.7761 | 1.0076 |
| Group 2 | 0.5517 | 0.2244 | 0.7761 | 1.0076 |

**DISTRIBUTION TABLES** (continued)
for the period ended 31 May 2020

**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 them 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 period ended 31 May 2020

### Investment Objective and Policy

7IM AAP (Asset Allocated Passives) Moderately Adventurous Fund (the 'Sub-fund') aims to provide a return primarily by way of capital growth with some income.

The Sub-fund invests at least 80% of its assets in equity and fixed interest instruments that, for the most part, use passive strategies (that is, strategies designed to track the performance of particular indices, market sectors or asset classes). The Sub-fund will also invest in other asset classes such as property, commodities and private equity, indirectly through holdings in equities including investment trusts, exchange traded funds or other funds. The asset allocation for the entire portfolio will be actively managed.

The other 20% of the Sub-fund will be invested in liquid assets such as cash, deposits, money market funds and money market instruments, as well as warrants.

In extraordinary market conditions (such as political unrest economic instability, war, the bankruptcy of large financial institutions or closure of a relevant market(s)), it may not be appropriate for the Sub-fund to be invested in funds and other assets as noted above and the Sub-fund may temporarily invest up to 100% of its total assets in deposits, cash, near cash, treasury bills, government bonds or short-term money market instruments. Examples of extraordinary market conditions include periods of heightened volatility caused by a sudden economic downturn or events such as political unrest, war or bankruptcy of large financial institutions.

The Sub-fund's investments will focus on assets with scope for capital growth, such as equities, although the Sub-fund may also invest in income generating assets such as corporate debt securities.

The Sub-fund is likely to invest in derivatives for efficient portfolio management (EPM) (i.e. to reduce risk or cost and, or to generate extra income) as well as for investment purposes.

### Investment Manager's Report

#### Performance Report

In the reporting period, 1 December 2019 to 31 May 2020, the portfolio delivered a total return of -2.92%[1]. The Sub-fund's comparator, the IA Mixed 40-85% Shares sector, has returned -4.44%.

#### Investment Background

The coronavirus that emerged in mid-January from the Chinese city of Wuhan caught the attention of global markets. Initial research suggests that the virus is less deadly than the SARS virus that hit China in 2003 but is markedly more contagious. By February, it wasn't just China locking down. New cases have reached such levels that parts of Italy went into lockdown.

The lockdown in China turned out to cause an unprecedented hit to the Chinse economy. This will be felt in both demand, as the Chinese consumer stays indoors, and supply, with the likes of Apple revising their earnings due to manufacturing bottlenecks. It soon became clear that the Chinese experience was just the test case for the rest of the world, sending markets down.

However, for investors who believed that the end of February was the worst of the market turmoil, March was a severe reality check. Coronavirus and an oil price shock caused a sharp revision of future growth expectations that resulted in a global recession. Equity markets throughout March experienced volatility not seen since the 2008 financial crisis with average daily moves (up or down) of c.5.0% causing a drawdown comparable to the crash in October 1987. Markets recovered strongly towards the end of the month with a c.20% rally, but are still some 20% away from where they started the year.

Investors enjoyed positive returns in April as both risky and defensive assets rebounded following the initial shock of the global shutdown - the US stock market returned c.18% over the month. It's clear that governments around the world are conscious of the impacts lockdown on both economies and families. They have started to discuss ways in which we can delicately move towards a re-opening of businesses.

Equities continue their winning streak in May, following optimism over economies beginning to re-open. The US S&P Index returned around 5%, with the Technology sector leading the way, and generating over 7% throughout the month. In fact, markets around the world were positive - with the UK, Japanese and European markets all gaining over 4%. Some have argued that the equities performance throughout April and May was due to Central Banks pouring new money into the economy. The Federal Reserve's balance sheet has increased by almost two thirds since the start of the year and now stands at $6.6 trillion.

[1] Calculated using 7IM AAP Moderately Adventurous C Acc shares, published prices. Source: NTRS

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

It wasn't just central banks which supported the economy and markets. Governments around the world are doing all they can to keep the economy moving. The EU announced plans for a recovery fund to be created that will jointly spread the burden of debt issued to help the Eurozone recover through this crisis. The EU Commission are proposing to issue €500 billion in funding, which would see a move towards fiscal unity within the region. In Japan, we also saw a further stimulus package of 117 Trillion Yen promised, taking the total level of stimulus in Japan to 234 Trillion Yen (c.£1.8 Trillion).

Of course, money isn't free. This continued level of stimulus to help cushion economies from a difficult recession has pushed country debt levels exceptionally high. In Japan, government debt makes up c.238% relative to GDP while in the US that figure is closer to 110% and in the UK its 81%. The governments have successfully stabilised the global economy. The cost of all this is not clear yet.

**Portfolio Review**

Following the relative outperformance in March of the healthcare overweight, we trimmed this to take profit.

In October, we had decided to add puts to the portfolio to provide protection against a sudden shock on the downside. As the S&P 500 fell as the pandemic spread in March, we sold out of these positions to lock in gains and offset losses being felt in other parts of the portfolio.

We reduced exposure to emerging market debt at the start of March and this proved timely. After a subsequent widening in these yield spreads, we then felt that the rewards available outweighed the risks and therefore added back to the holdings at the beginning of April.

Following the closure of the European Equity Value Fund, we rolled the Sub-fund's allocation into a broader Euro Stoxx future.

As a result of deteriorating economic fundamentals, we sold out of the long inflation position we had increased in September. We believe inflation will be below central bank targets for the foreseeable future as a result of COVID-19 and the oil supply glut.

In light of global events, the strategy team had a less positive view on equities so these were trimmed to take them towards SAA neutral.

We added further to our overweight in high yield with the addition of Asian High Yield bonds. Asian High Yield is currently providing attractive future returns with yields higher than they are in the US. The asset class also has a high allocation to China, which is coming out the COVID crisis quicker than the US. Additionally, default rates have been lower in Asia than in the US. This was funded from Emerging and Japanese equities.

We later rebalanced this part of the portfolio to fund a position in BlackRock Global Event driven strategy. This is a merger arbitrage strategy that we believe will deliver strong returns, uncorrelated to other parts of the portfolio.

**Investment Outlook**

The Hammer stage of tackling COVID-19 is coming to a close across the major economies. Over half of the world's population has been in some form of lockdown, slowing the spread of the virus and giving health systems the one thing they need most – time. Infection rates are falling across most developed economies, while critical care facilities have been established and medical equipment is now being produced in sufficient quantities.

The next phase of tackling COVID-19 – the Dance – will take somewhat longer. The rules will be eased only gradually, and social distancing will be with us for a while yet. Governments will want to encourage normality as much as possible, but short-term quarantines may be common as we deal with intermittent flare-ups of the virus.

Treatments will be developed in due course, but the coronavirus endgame will require a vaccine, which may only materialise in a year or more. This first modern global pandemic has given us a taste of how to deal with future ones – we need to learn the lessons.

The economic cost of the Hammer has been immediately obvious. Economic growth numbers in the major economies have crashed. We have entered the sharpest recessions in modern history. Around 4 times as large as the financial crisis but also four times as quick. This recession will set all kinds of records.

## ACD'S REPORT (continued)
for the period ended 31 May 2020

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

Economic crises usually take time to play out, and people in power tend to stick their heads in the sand for as long as possible. This time is different. The coronavirus recession has been met almost immediately with a massive wave of stimulus. Central banks and governments haven't waited to assess the damage. Trillions of dollars, euros, pounds, yuan and yen have been injected into the financial system – often straight into ordinary people's bank accounts. The obvious driver of the quick reactions was that it was the governments themselves who have created the recession in the first place.

When economic activity resumes, it could be quicker than anyone expects. Low oil prices and pent-up demand could make for a spectacular recovery over the next few years. In the first weeks of the crisis, investors panicked, selling anything they had. As the future becomes clearer, though, people will start to think clearly about the kind of businesses they think will do well over the next few years – and which might be gone for good. This may be the quickest and deepest recession on record but it could also be the quickest and strongest recovery too. But that doesn't mean there won't be winners and losers.

Equities have clearly bought into the recovery. While the stimulus has reduced the risk of an ongoing recession, the markets also seem to be ignoring that economies could be running at 90% capacity for some time. We've been looking for assets that are obviously mispriced, and the credit markets have been a key area of focus. Investors have fled from almost any kind of corporate debt, leaving opportunity to buy good, stable, long-term businesses at yields not seen for over a decade. Investors are confronting interest rates close to zero, at a time when every government has just increased its amount of borrowing substantially.

Investors are still using bonds as safe havens, but with long run return expectations below inflation, this isn't a sustainable state of affairs. When things start improving and inflation picks up, 'safe haven' government bonds may look exposed.

Seven Investment Management LLP
Investment Manager
June 2020

# 7IM AAP MODERATELY ADVENTUROUS FUND

## FUND INFORMATION

The Comparative Tables on pages 215 to 222 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.

## FUND INFORMATION (continued)

### Comparative Tables

**Class A Income**

| | 31.05.20 (pence per share) | 30.11.19 (pence per share) | 30.11.18 (pence per share) |
|---|---|---|---|
| **Change in Net Asset Value Per Share** | | | |
| Opening net asset value per share | 154.04 | 146.57 | 150.39 |
| Return before operating charges* | (4.20) | 10.80 | (0.64) |
| Operating charges (calculated on average price) | (0.86) | (1.76) | (1.72) |
| Return after operating charges* | (5.06) | 9.04 | (2.36) |
| Distributions on income shares | (0.16) | (1.57) | (1.46) |
| Closing net asset value per share | 148.82 | 154.04 | 146.57 |
| * After direct transaction costs of:[1] | 0.02 | 0.05 | 0.07 |
| **Performance** | | | |
| Return after charges[2] | (3.28)% | 6.17% | (1.57)% |
| **Other Information** | | | |
| Closing net asset value (£'000) | 245 | 259 | 253 |
| Closing number of shares | 164,088 | 168,363 | 172,419 |
| Operating charges[3] | 1.16% | 1.17% | 1.13% |
| Direct transaction costs | 0.01% | 0.04% | 0.05% |
| **Prices** | | | |
| Highest share price | 158.70 | 157.38 | 156.30 |
| Lowest share price | 125.30 | 139.97 | 144.78 |

[1] 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. Direct transaction costs cover a six-month period to 31 May 2020.

[2] The return after charges is calculated as the return after operating charges per share divided by the opening net asset value per share.

[3] 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 223.

## FUND INFORMATION (continued)

### Comparative Tables (continued)

**Class A Accumulation**

| | 31.05.20 (pence per share) | 30.11.19 (pence per share) | 30.11.18 (pence per share) |
|---|---|---|---|
| **Change in Net Asset Value Per Share** | | | |
| Opening net asset value per share | 174.02 | 163.87 | 166.54 |
| Return before operating charges* | (4.74) | 12.12 | (0.77) |
| Operating charges (calculated on average price) | (0.97) | (1.97) | (1.90) |
| Return after operating charges* | (5.71) | 10.15 | (2.67) |
| Distributions | (0.18) | (1.76) | (1.62) |
| Retained distributions on accumulation shares | 0.18 | 1.76 | 1.62 |
| Closing net asset value per share | 168.31 | 174.02 | 163.87 |
| * After direct transaction costs of:[1] | 0.02 | 0.06 | 0.08 |
| **Performance** | | | |
| Return after charges[2] | (3.28)% | 6.19% | (1.60)% |
| **Other Information** | | | |
| Closing net asset value (£'000) | 1,012 | 1,272 | 1,347 |
| Closing number of shares | 600,917 | 730,846 | 822,135 |
| Operating charges[3] | 1.16% | 1.17% | 1.13% |
| Direct transaction costs | 0.01% | 0.04% | 0.05% |
| **Prices** | | | |
| Highest share price | 179.30 | 176.97 | 173.75 |
| Lowest share price | 141.55 | 156.49 | 161.12 |

[1] 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. Direct transaction costs cover a six-month period to 31 May 2020.

[2] The return after charges is calculated as the return after operating charges per share divided by the opening net asset value per share.

[3] 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 223.

## FUND INFORMATION (continued)

### Comparative Tables (continued)

**Class C Income**

| | 31.05.20 (pence per share) | 30.11.19 (pence per share) | 30.11.18 (pence per share) |
|---|---|---|---|
| **Change in Net Asset Value Per Share** | | | |
| Opening net asset value per share | 155.19 | 147.66 | 151.53 |
| Return before operating charges* | (4.30) | 10.74 | (0.83) |
| Operating charges (calculated on average price) | (0.49) | (1.01) | (0.96) |
| Return after operating charges* | (4.79) | 9.73 | (1.79) |
| Distributions on income shares | (0.46) | (2.20) | (2.08) |
| Closing net asset value per share | 149.94 | 155.19 | 147.66 |
| * After direct transaction costs of:[1] | 0.02 | 0.05 | 0.07 |
| **Performance** | | | |
| Return after charges[2] | (3.09)% | 6.59% | (1.18)% |
| **Other Information** | | | |
| Closing net asset value (£'000) | 25,849 | 29,355 | 33,916 |
| Closing number of shares | 17,239,570 | 18,915,121 | 22,968,211 |
| Operating charges[3] | 0.66% | 0.67% | 0.63% |
| Direct transaction costs | 0.01% | 0.04% | 0.05% |
| **Prices** | | | |
| Highest share price | 160.00 | 158.67 | 157.59 |
| Lowest share price | 126.39 | 141.06 | 146.11 |

[1] 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. Direct transaction costs cover a six-month period to 31 May 2020.

[2] The return after charges is calculated as the return after operating charges per share divided by the opening net asset value per share.

[3] 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 223.

## FUND INFORMATION (continued)

### Comparative Tables (continued)

**Class C Accumulation**

| | 31.05.20 (pence per share) | 30.11.19 (pence per share) | 30.11.18 (pence per share) |
|---|---|---|---|
| **Change in Net Asset Value Per Share** | | | |
| Opening net asset value per share | 183.71 | 172.30 | 174.40 |
| Return before operating charges* | (5.10) | 12.60 | (0.99) |
| Operating charges (calculated on average price) | (0.58) | (1.19) | (1.11) |
| Return after operating charges* | (5.68) | 11.41 | (2.10) |
| Distributions | (0.55) | (2.58) | (2.41) |
| Retained distributions on accumulation shares | 0.55 | 2.58 | 2.41 |
| Closing net asset value per share | 178.03 | 183.71 | 172.30 |
| * After direct transaction costs of:[1] | 0.02 | 0.06 | 0.08 |
| **Performance** | | | |
| Return after charges[2] | (3.09)% | 6.62% | (1.20)% |
| **Other Information** | | | |
| Closing net asset value (£'000) | 383,495 | 428,456 | 468,681 |
| Closing number of shares | 215,405,887 | 233,221,782 | 272,015,184 |
| Operating charges[3] | 0.66% | 0.67% | 0.63% |
| Direct transaction costs | 0.01% | 0.04% | 0.05% |
| **Prices** | | | |
| Highest share price | 189.40 | 186.57 | 182.46 |
| Lowest share price | 149.62 | 164.59 | 169.35 |

[1] 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. Direct transaction costs cover a six-month period to 31 May 2020.

[2] The return after charges is calculated as the return after operating charges per share divided by the opening net asset value per share.

[3] 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 223.

## FUND INFORMATION (continued)

### Comparative Tables (continued)

**Class D Income**

| | 31.05.20 (pence per share) | 30.11.19 (pence per share) | 30.11.18 (pence per share) |
|---|---|---|---|
| **Change in Net Asset Value Per Share** | | | |
| Opening net asset value per share | 153.67 | 146.22 | 150.04 |
| Return before operating charges* | (4.13) | 10.90 | (0.54) |
| Operating charges (calculated on average price) | (1.15) | (2.36) | (2.32) |
| Return after operating charges* | (5.28) | 8.54 | (2.86) |
| Distributions on income shares | – | (1.09) | (0.96) |
| Closing net asset value per share | 148.39 | 153.67 | 146.22 |
| * After direct transaction costs of:[1] | 0.02 | 0.05 | 0.07 |
| **Performance** | | | |
| Return after charges[2] | (3.44)% | 5.84% | (1.91)% |
| **Other Information** | | | |
| Closing net asset value (£'000) | 954 | 997 | 985 |
| Closing number of shares | 643,220 | 648,583 | 673,748 |
| Operating charges[3] | 1.56% | 1.57% | 1.53% |
| Direct transaction costs | 0.01% | 0.04% | 0.05% |
| **Prices** | | | |
| Highest share price | 158.24 | 156.92 | 155.85 |
| Lowest share price | 124.85 | 139.60 | 144.25 |

[1] 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. Direct transaction costs cover a six-month period to 31 May 2020.

[2] The return after charges is calculated as the return after operating charges per share divided by the opening net asset value per share.

[3] 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 223.

## FUND INFORMATION (continued)

### Comparative Tables (continued)

**Class D Accumulation**

| | 31.05.20 (pence per share) | 30.11.19 (pence per share) | 30.11.18 (pence per share) |
|---|---|---|---|
| **Change in Net Asset Value Per Share** | | | |
| Opening net asset value per share | 166.84 | 157.61 | 160.69 |
| Return before operating charges* | (4.49) | 11.77 | (0.60) |
| Operating charges (calculated on average price) | (1.25) | (2.54) | (2.48) |
| Return after operating charges* | (5.74) | 9.23 | (3.08) |
| Distributions | – | (1.17) | (1.03) |
| Retained distributions on accumulation shares | – | 1.17 | 1.03 |
| Closing net asset value per share | 161.10 | 166.84 | 157.61 |
| * After direct transaction costs of:[1] | 0.02 | 0.06 | 0.07 |
| **Performance** | | | |
| Return after charges[2] | (3.44)% | 5.86% | (1.92)% |
| **Other Information** | | | |
| Closing net asset value (£'000) | 19,060 | 20,605 | 21,582 |
| Closing number of shares | 11,831,273 | 12,350,587 | 13,693,283 |
| Operating charges[3] | 1.56% | 1.57% | 1.53% |
| Direct transaction costs | 0.01% | 0.04% | 0.05% |
| **Prices** | | | |
| Highest share price | 171.80 | 169.84 | 167.28 |
| Lowest share price | 135.55 | 150.47 | 155.01 |

[1] 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. Direct transaction costs cover a six-month period to 31 May 2020.

[2] The return after charges is calculated as the return after operating charges per share divided by the opening net asset value per share.

[3] 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 223.

## FUND INFORMATION (continued)

### Comparative Tables (continued)

**Class S Income**

| | 31.05.20 (pence per share) | 30.11.19 (pence per share) | 30.11.18 (pence per share) |
|---|---|---|---|
| **Change in Net Asset Value Per Share** | | | |
| Opening net asset value per share | 127.19 | 121.02 | 124.18 |
| Return before operating charges* | (3.56) | 8.75 | (0.72) |
| Operating charges (calculated on average price) | (0.25) | (0.52) | (0.48) |
| Return after operating charges* | (3.81) | 8.23 | (1.20) |
| Distributions on income shares | (0.50) | (2.06) | (1.96) |
| Closing net asset value per share | 122.88 | 127.19 | 121.02 |
| * After direct transaction costs of:[1] | 0.01 | 0.04 | 0.06 |
| **Performance** | | | |
| Return after charges[2] | (3.00)% | 6.80% | (0.97)% |
| **Other Information** | | | |
| Closing net asset value (£'000) | 4,377 | 6,899 | 7,658 |
| Closing number of shares | 3,562,076 | 5,424,562 | 6,327,878 |
| Operating charges[3] | 0.41% | 0.42% | 0.38% |
| Direct transaction costs | 0.01% | 0.04% | 0.05% |
| **Prices** | | | |
| Highest share price | 131.16 | 130.08 | 129.20 |
| Lowest share price | 103.65 | 115.62 | 119.84 |

[1] 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. Direct transaction costs cover a six-month period to 31 May 2020.

[2] The return after charges is calculated as the return after operating charges per share divided by the opening net asset value per share.

[3] 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 223.

## FUND INFORMATION (continued)

### Comparative Tables (continued)

**Class S Accumulation**

| | 31.05.20 (pence per share) | 30.11.19 (pence per share) | 30.11.18 (pence per share) |
|---|---|---|---|
| **Change in Net Asset Value Per Share** | | | |
| Opening net asset value per share | 140.25 | 131.27 | 132.60 |
| Return before operating charges* | (3.92) | 9.55 | (0.82) |
| Operating charges (calculated on average price) | (0.28) | (0.57) | (0.51) |
| Return after operating charges* | (4.20) | 8.98 | (1.33) |
| Distributions | (0.55) | (2.24) | (2.10) |
| Retained distributions on accumulation shares | 0.55 | 2.24 | 2.10 |
| Closing net asset value per share | 136.05 | 140.25 | 131.27 |
| * After direct transaction costs of:[1] | 0.01 | 0.05 | 0.06 |
| **Performance** | | | |
| Return after charges[2] | (2.99)% | 6.84% | (1.00)% |
| **Other Information** | | | |
| Closing net asset value (£'000) | 92,185 | 102,702 | 114,268 |
| Closing number of shares | 67,758,322 | 73,229,633 | 87,049,944 |
| Operating charges[3] | 0.41% | 0.42% | 0.38% |
| Direct transaction costs | 0.01% | 0.04% | 0.05% |
| **Prices** | | | |
| Highest share price | 144.63 | 142.34 | 138.92 |
| Lowest share price | 114.29 | 125.41 | 128.99 |

[1] 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. Direct transaction costs cover a six-month period to 31 May 2020.

[2] The return after charges is calculated as the return after operating charges per share divided by the opening net asset value per share.

[3] 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 223.

# 7IM AAP MODERATELY ADVENTUROUS FUND

## FUND INFORMATION (continued)

**Ongoing Charges Figures**

As at 31 May 2020

| | Class A | Class C | Class D | Class S |
|---|---|---|---|---|
| ACD's periodic charge | 1.00% | 0.50% | 1.40% | 0.25% |
| Other expenses | 0.05% | 0.05% | 0.05% | 0.05% |
| | 1.05% | 0.55% | 1.45% | 0.30% |
| Collective investment scheme costs | 0.11% | 0.11% | 0.11% | 0.11% |
| Ongoing Charges Figure | 1.16% | 0.66% | 1.56% | 0.41% |

As at 30 November 2019

| | Class A | Class C | Class D | Class S |
|---|---|---|---|---|
| ACD's periodic charge | 1.00% | 0.50% | 1.40% | 0.25% |
| Other expenses | 0.05% | 0.05% | 0.05% | 0.05% |
| | 1.05% | 0.55% | 1.45% | 0.30% |
| Collective investment scheme costs | 0.12% | 0.12% | 0.12% | 0.12% |
| Ongoing Charges Figure | 1.17% | 0.67% | 1.57% | 0.42% |

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 period.

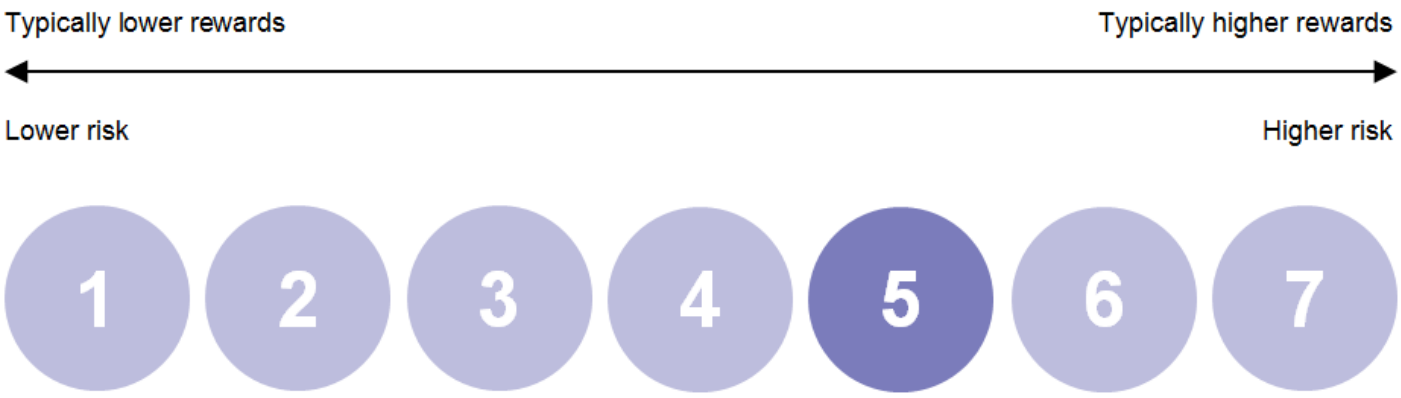
The collective investment scheme costs represent the OCFs, or a reasonable substitute, of the underlying funds which are held as portfolio investments. Their inclusion has been calculated on a weighted basis against the Sub-fund's net assets at the balance sheet date.

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 sub-fund's returns have varied. It is a measure of a sub-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 interim report and financial statements, the risk and reward indicator as at the period end date 31 May 2020 was 4.

**Fund performance to 31 May 2020 (%)**

| | 6 months | 1 year | 3 years | 5 years |
|---|---|---|---|---|
| 7IM AAP Moderately Adventurous Fund[1] | (2.92) | 1.51 | 5.25 | 14.18 |

[1] 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 232 and 233.

# 7IM AAP MODERATELY ADVENTUROUS FUND

## PORTFOLIO STATEMENT
as at 31 May 2020

| Holding | Portfolio of Investment | Value £ | 31.05.20 % |
|---|---|---|---|
| | **ALTERNATIVES 11.07% (8.65%)** | | |
| | **Alternative Strategies 5.89% (5.11%)** | | |
| 173,478 | AQR - Managed Futures UCITS Fund[1] | 15,246,171 | 2.89 |
| 71,714 | BlackRock Strategic Funds - Global Event Driven Fund[1] | 7,826,180 | 1.48 |
| 7,765,000 | BNP Paribas Issuance 0.00% 2024[2] | 7,986,785 | 1.52 |
| 1,171,008 | Dexion Absolute EUR[3] | – | – |
| 30,098 | Dexion Absolute GBP[3] | – | – |
| | | **31,059,136** | **5.89** |
| | **Real Estate 5.18% (3.54%)** | | |
| 13,865,335 | iShares Global Property Securities Index[1] | **27,286,980** | **5.18** |
| | **CASH 28.71% (5.58%)** | | |
| 95,000,000 | JPMorgan Liquidity Funds - GBP Liquidity LVNAV Fund[1] | 95,000,000 | 18.02 |
| 10,000,000 | Morgan Stanley Liquidity Funds - Sterling Liquidity Fund[1] | 10,000,000 | 1.90 |
| 46,366,000 | Northern Trust Global Sterling Fund[1] | 46,366,000 | 8.79 |
| | | **151,366,000** | **28.71** |
| | **DEBT SECURITIES 53.93% (61.83%)** | | |
| | **Convertible Bonds 2.13% (2.00%)** | | |
| 1,085 | NN (L) Global Convertible Bond Acc[1] | 4,633,120 | 0.88 |
| 49,828 | NN (L) Global Convertible Opportunities Acc[1] | 6,582,736 | 1.25 |
| | | **11,215,856** | **2.13** |
| | **Emerging Market Bonds 5.99% (7.85%)** | | |
| 16,346,301 | Legal & General Emerging Markets Government Bond Local Currency Index Fund Acc[1] | 11,408,084 | 2.16 |
| 14,809,158 | Legal & General Emerging Markets Government Bond USD Index Fund[1] | 11,223,861 | 2.13 |
| 102,021 | UBS Lux Bond SICAV - Asian High Yield USD[1] | 8,938,032 | 1.70 |
| | | **31,569,977** | **5.99** |
| | **Gilts 4.30% (4.37%)** | | |
| £3,284,000 | Network Rail Infrastructure Finance 4.625% 2020 | 3,303,165 | 0.63 |
| £300,000 | Tennessee Valley Authority 5.35% 2021 | 314,184 | 0.06 |
| £1,100,000 | Transport for London 2.25% 2022 | 1,133,354 | 0.21 |
| £40,000 | UK Gilt 1.50% 2021 | 40,375 | 0.01 |
| £36,000 | UK Gilt 2.00% 2025 | 36,095 | 0.01 |
| £40,000 | UK Gilt 3.75% 2020 | 40,396 | 0.01 |
| £5,000,000 | UK Gilt 4.00% 2022 | 5,356,451 | 1.02 |
| £1,800,000 | UK Gilt 4.25% 2046 | 3,403,562 | 0.64 |
| £2,550,000 | UK Gilt 4.25% 2055 | 5,601,860 | 1.06 |
| £2,200,000 | UK Gilt 4.50% 2034 | 3,458,382 | 0.65 |
| | | **22,687,824** | **4.30** |
| | **Global Corporate Bonds 4.96% (3.85%)** | | |
| 15,109,751 | BlackRock Overseas Corporate Bond Tracker[1] | **26,170,088** | **4.96** |

**PORTFOLIO STATEMENT** (continued)
as at 31 May 2020

| Holding | Portfolio of Investment | Value £ | 31.05.20 % |
|---|---|---|---|
| | **Global Government Bonds 0.01% (2.96%)** | | |
| (72) | Ultra Long Term US Treasury Bond Futures September 2020[4] | (27,385) | – |
| 327 | Vanguard Investment Series - Global Bond Index Fund Acc[1] | 53,070 | 0.01 |
| | | **25,685** | **0.01** |
| | **Global High Yield Bonds 6.00% (2.65%)** | | |
| 486 | Most Diversified TOBAM Anti-Benchmark Global High Yield[1] | 4,445,119 | 0.84 |
| 58,907 | Robeco QI Dynamic High Yield IH USD[1] | 6,427,039 | 1.22 |
| 705,740 | Xtrackers II EUR High Yield Corporate Bond UCITS ETF[1] | 10,458,321 | 1.98 |
| 858,684 | Xtrackers USD High Yield Corporate Bond UCITS ETF[1] | 10,306,437 | 1.96 |
| | | **31,636,916** | **6.00** |
| | **Global Inflation Linked Bonds 1.51% (2.55%)** | | |
| US$7,313,000 | US Treasury Inflation-Indexed Bonds 1% 2049 | **7,931,596** | **1.51** |
| | **Short Term Sterling Bonds 23.22% (28.51%)** | | |
| £5,800,000 | Abbey National Treasury Services 5.125% 2021 | 6,029,158 | 1.14 |
| £45,000 | African Development Bank 0.875% 2021 | 45,382 | 0.01 |
| £2,800,000 | ASB Finance 1.00% 2020 | 2,801,156 | 0.53 |
| £50,000 | Asian Development Bank 0.75% 2022 | 50,433 | 0.01 |
| £500,000 | Bank Nederlandse Gemeenten 1.00% 2022 | 505,804 | 0.10 |
| £2,578,000 | Bank Nederlandse Gemeenten 1.125% 2021 | 2,598,727 | 0.49 |
| £4,580,000 | Bank of Nova Scotia FRN 2023 | 4,539,559 | 0.86 |
| £2,200,000 | Barclays Bank 4.25% 2022 | 2,332,343 | 0.44 |
| £1,400,000 | Barclays Bank UK FRN 2023 | 1,396,752 | 0.26 |
| £4,207,000 | Canadian Imperial Bank of Commerce FRN 2022 | 4,206,209 | 0.80 |
| £2,320,000 | Commonwealth Bank of Australia FRN 2025 | 2,300,767 | 0.44 |
| £30,000 | Deutsche Bahn Finance 2.75% 2022 | 31,159 | 0.01 |
| £1,600,000 | Dexia Credit Local 0.875% 2021 | 1,609,428 | 0.31 |
| £6,500,000 | Dexia Credit Local 2.00% 2020 | 6,504,702 | 1.23 |
| £12,300,000 | European Investment Bank 0.875% 2021 | 12,367,625 | 2.35 |
| £30,000 | Federal National Mortgage 5.375% 2021 | 31,440 | 0.01 |
| £3,000,000 | FMS Wertmanagement 1.00% 2022 | 3,046,830 | 0.58 |
| £10,000 | Inter-American Development Bank 0.625% 2021 | 10,054 | – |
| £2,895,000 | International Bank for Reconstruction & Development 5.40% 2021 | 3,045,864 | 0.58 |
| £6,000,000 | JPMorgan Chase Bank FRN 2021 | 5,958,099 | 1.13 |
| £650,000 | KFW 1.375% 2021 | 655,273 | 0.12 |
| £40,000 | KFW 1.625% 2020 | 40,005 | 0.01 |
| £25,000 | Landeskreditbank 0.875% 2022 | 25,235 | – |
| £45,000 | Landwirtschaftlic 1.125% 2021 | 45,361 | 0.01 |
| £2,291,000 | Landwirtschaftlic 1.375% 2020 | 2,305,268 | 0.44 |
| £3,000,000 | Leeds Building Society FRN 2025 | 2,987,574 | 0.57 |
| £2,318,000 | Lloyds Bank 1.75% 2022 | 2,368,922 | 0.45 |
| £1,500,000 | Lloyds Bank FRN 2024 | 1,499,415 | 0.28 |
| £1,500,000 | National Westminster Bank FRN 2023 | 1,504,182 | 0.29 |
| £540,000 | Nationwide Building Society FRN 2025 | 538,774 | 0.10 |
| £1,630,000 | Nestle Holdings 1.00% 2021 | 1,636,191 | 0.31 |
| £4,000,000 | NRW Bank FRN 2024 | 3,981,960 | 0.76 |
| £3,400,000 | Oesterreichische 1.125% 2022 | 3,466,273 | 0.66 |
| £2,600,000 | Oversea-Chinese Banking FRN 2023 | 2,574,618 | 0.49 |
| £115,000 | Rabobank Nederland 4.875% 2023 | 125,885 | 0.02 |
| £810,000 | Royal Bank of Canada FRN 2021 | 809,290 | 0.15 |
| £1,500,000 | Royal Bank of Canada FRN 2024 | 1,492,320 | 0.28 |
| £3,000,000 | Royal Bank of Canada FRN 2025 | 2,964,330 | 0.56 |

**PORTFOLIO STATEMENT** (continued)
as at 31 May 2020

| Holding | Portfolio of Investment | Value £ | 31.05.20 % |
|---|---|---|---|
| | **Short Term Sterling Bonds (continued)** | | |
| £4,000,000 | Santander UK FRN 2022 | 3,974,664 | 0.75 |
| £3,700,000 | Skipton Building Society FRN 2023 | 3,671,103 | 0.70 |
| £4,886,000 | Svenska Handelsba 2.375% 2022 | 4,999,365 | 0.95 |
| £1,000,000 | Svenska Handelsbanken 1.625% 2022 | 1,013,038 | 0.19 |
| £1,800,000 | Swedbank FRN 2021 | 1,796,364 | 0.34 |
| £1,500,000 | Toronto-Dominion Bank 1.05% 2021 | 1,498,323 | 0.28 |
| £2,900,000 | Toronto-Dominion Bank FRN 2023 | 2,873,007 | 0.54 |
| £4,500,000 | UBS 1.25% 2020 | 4,508,271 | 0.85 |
| £700,000 | Wellcome Trust Finance 4.75% 2021 | 727,573 | 0.14 |
| £6,100,000 | Westpac Banking FRN 2023 | 6,051,810 | 1.15 |
| £2,870,000 | Yorkshire Building Society FRN 2023 | 2,879,477 | 0.55 |
| | | **122,425,362** | **23.22** |
| | **Sterling Corporate Bonds 5.81% (7.09%)** | | |
| £3,000,000 | Bank of Nova Scotia 0.75% 2021 | 3,002,700 | 0.57 |
| £1,000,000 | Bank of Nova Scotia 1.25% 2022 | 1,002,200 | 0.19 |
| £5,500,000 | European Investment Bank 1.125% 2021 | 5,563,052 | 1.06 |
| £9,990,000 | International Bank for Reconstruction & Development 0.375% 2021 | 10,007,402 | 1.90 |
| £25,000 | Landeskreditbank 1.125% 2021 | 25,196 | – |
| £300,000 | Lloyds Bank FRN 2020 | 299,879 | 0.06 |
| £2,000,000 | National Australia Bank 1.125% 2021 | 2,014,844 | 0.38 |
| £17,000 | Nestle Holdings 1.75% 2020 | 17,094 | – |
| £6,500,000 | Toyota Motor Credit 1.125% 2021 | 6,481,098 | 1.23 |
| £2,200,000 | TSB Bank FRN 2024 | 2,219,998 | 0.42 |
| | | **30,633,463** | **5.81** |
| | **EQUITY 6.51% (26.21%)** | | |
| | **Asia & Emerging Markets 0.40% (3.26%)** | | |
| 917 | MSCI Emerging Markets Index Futures June 2020[4] | **2,127,131** | **0.40** |
| | **Europe (ex UK) 1.34% (7.03%)** | | |
| 782 | Euro Stoxx 50 Equity Index Futures December 2022[4] | 1,421,854 | 0.27 |
| 761 | Euro Stoxx 50 Equity Index Futures December 2023[4] | 1,344,289 | 0.25 |
| 2,431 | MSCI Europe ex-UK Index Futures June 2020[4] | 4,320,631 | 0.82 |
| | | **7,086,774** | **1.34** |
| | **Frontier Markets Equity 0.00% (2.95%)** | | |
| | **Japan 0.51% (0.63%)** | | |
| 376 | TOPIX Index Futures November 2020[4] | **2,677,283** | **0.51** |
| | **North America 1.73% (1.09%)** | | |
| 327 | E-mini Health Care Select Sector Futures September 2020[4] | 1,275,531 | 0.24 |
| 579 | S&P 500 E-mini Futures June 2020[4] | 7,838,942 | 1.49 |
| | | **9,114,473** | **1.73** |

## PORTFOLIO STATEMENT (continued)
as at 31 May 2020

| Holding | Portfolio of Investment | Value £ | 31.05.20 % |
|---|---|---|---|
| | **United Kingdom 2.53% (11.25%)** | | |
| 1,347 | FTSE 100 Index Futures June 2020[4] | 12,684,745 | 2.41 |
| 457 | FTSE 250 Index Futures June 2020[4] | 631,593 | 0.12 |
| | | **13,316,338** | **2.53** |
| | **FORWARD CURRENCY CONTRACTS 0.88% (-0.27%)** | | |
| €34,570,000 | Vs £(30,708,358) Expiry 16.10.2020 | 594,895 | 0.11 |
| €1,710,000 | Vs £(1,497,618) Expiry 16.10.2020 | 50,793 | 0.01 |
| €5,500,000 | Vs £(5,042,851) Expiry 16.10.2020 | (62,582) | (0.01) |
| €(16,810,900) | Vs £14,091,317 Expiry 16.10.2020 | (1,131,011) | (0.21) |
| US$(23,150,000) | Vs £18,974,243 Expiry 17.07.2020 | 193,264 | 0.04 |
| US$(24,000,000) | Vs £18,269,428 Expiry 17.07.2020 | (1,201,133) | (0.23) |
| ¥5,698,404,000 | Vs £(39,988,407) Expiry 19.06.2020 | 3,145,835 | 0.60 |
| ¥700,000,000 | Vs £(5,243,662) Expiry 19.06.2020 | 55,009 | 0.01 |
| ¥151,400,000 | Vs £(1,186,799) Expiry 19.06.2020 | (40,773) | (0.01) |
| US$38,691,500 | Vs £(29,572,970) Expiry 17.07.2020 | 1,816,414 | 0.34 |
| US$14,500,000 | Vs £(11,039,898) Expiry 17.07.2020 | 723,567 | 0.14 |
| US$11,224,000 | Vs £(8,590,563) Expiry 17.07.2020 | 515,170 | 0.10 |
| US$6,220,000 | Vs £(5,026,543) Expiry 17.07.2020 | 19,578 | – |
| US$3,630,000 | Vs £(2,998,761) Expiry 17.07.2020 | (53,838) | (0.01) |
| | | **4,625,188** | **0.88** |
| | **Portfolio of investment** | **532,956,070** | **101.10** |
| | Net other liabilities | (5,779,442) | (1.10) |
| | **Net assets** | **527,176,628** | **100.00** |

Comparative figures shown in brackets relate to 30 November 2019.

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

[1] Collective investment scheme
[2] Structured product
[3] Delisted security
[4] Derivative contract

| Credit Quality | 31.05.20 % | 30.11.19 % |
|---|---|---|
| Investment grade debt securities | 34.83 | 45.73 |
| Non-rated debt securities | 1.52 | 2.44 |
| Other investments | 64.75 | 53.83 |
| Net other liabilities | (1.10) | (2.00) |
| | **100.00** | **100.00** |

# 7IM AAP MODERATELY ADVENTUROUS FUND

## STATEMENT OF TOTAL RETURN
for the period ended 31 May 2020

| | | 31.05.20 | | 31.05.19 |
|---|---|---|---|---|
| | £ | £ | £ | £ |
| Income | | | | |
| Net capital (losses)/gains | | (20,323,772) | | 8,682,235 |
| Revenue | 3,946,801 | | 7,134,737 | |
| Expenses | (1,440,561) | | (1,681,362) | |
| Interest payable and similar charges | (149,573) | | (86,231) | |
| Net revenue before taxation for the period | 2,356,667 | | 5,367,144 | |
| Taxation | (639,584) | | (382,809) | |
| Net revenue after taxation for the period | | 1,717,083 | | 4,984,335 |
| **Total return before distributions** | | (18,606,689) | | 13,666,570 |
| Distributions | | (1,733,190) | | (4,990,124) |
| **Change in net assets attributable to shareholders from investment activities** | | (20,339,879) | | 8,676,446 |

## STATEMENT OF CHANGE IN NET ASSETS ATTRIBUTABLE TO SHAREHOLDERS
for the period ended 31 May 2020

| | | 31.05.20 | | 31.05.19 |
|---|---|---|---|---|
| | £ | £ | £ | £ |
| **Opening net assets attributable to shareholders** | | 590,544,838 | | 648,689,855 |
| Amounts received on creation of shares[1] | 46,726,439 | | 51,312,709 | |
| Amounts paid on cancellation of shares[1] | (91,306,152) | | (88,469,510) | |
| | | (44,579,713) | | (37,156,801) |
| Change in net assets attributable to shareholders from investment activities | | (20,339,879) | | 8,676,446 |
| Retained distribution on accumulation shares | | 1,551,382 | | 4,526,301 |
| **Closing net assets attributable to shareholders** | | 527,176,628 | | 624,735,801 |

[1] Stated at mid-market price.

The difference between the opening net assets and the comparative closing net assets is the movement in the second half of the year.

# 7IM AAP MODERATELY ADVENTUROUS FUND

## BALANCE SHEET
as at 31 May 2020

| | 31.05.20<br>£ | 30.11.19<br>£ |
|---|---|---|
| **ASSETS** | | |
| Fixed assets: | | |
| Investments | 535,472,793 | 610,076,552 |
| Current assets: | | |
| Debtors | 6,230,996 | 4,658,405 |
| Cash and bank balances | 4,773,691 | 3,323,331 |
| **Total assets** | 546,477,480 | 618,058,288 |
| **LIABILITIES** | | |
| Investment liabilities | (2,516,723) | (7,747,724) |
| Creditors: | | |
| Bank overdrafts | (12,649,259) | (14,283,633) |
| Distribution payable | (97,698) | (254,341) |
| Other creditors | (4,037,172) | (5,227,752) |
| **Total liabilities** | (19,300,852) | (27,513,450) |
| **Net assets attributable to shareholders** | 527,176,628 | 590,544,838 |

# 7IM AAP MODERATELY ADVENTUROUS FUND

## NOTE TO THE FINANCIAL STATEMENTS

for the period ended 31 May 2020

**Accounting Policies**

The accounting policies applied are consistent with those of the annual financial statements for the year ended 30 November 2019 and are described in those financial statements.

The financial statements have been prepared under the historical cost basis, as modified by the revaluation of investments and in accordance with the Statement of Recommended Practice ('SORP') for Financial Statements of Authorised Funds issued by the Investment Association ('IA') in May 2014.

# 7IM AAP MODERATELY ADVENTUROUS FUND

## DISTRIBUTION TABLES

for the period ended 31 May 2020

**Interim - in pence per share**

Group 1 - Shares purchased prior to 1 December 2019
Group 2 - Shares purchased on or after 1 December 2019 and on or before 31 May 2020

| | Net Revenue | Equalisation | Payable 31.07.20 | Paid 31.07.19 |
|---|---|---|---|---|
| **Class A Income** | | | | |
| Group 1 | 0.1605 | – | 0.1605 | 0.8503 |
| Group 2 | 0.0857 | 0.0748 | 0.1605 | 0.8503 |

| | Net Revenue | Equalisation | Allocated 31.07.20 | Allocated 31.07.19 |
|---|---|---|---|---|
| **Class A Accumulation** | | | | |
| Group 1 | 0.1817 | – | 0.1817 | 0.9498 |
| Group 2 | 0.0368 | 0.1449 | 0.1817 | 0.9498 |

| | Net Revenue | Equalisation | Payable 31.07.20 | Paid 31.07.19 |
|---|---|---|---|---|
| **Class C Income** | | | | |
| Group 1 | 0.4616 | – | 0.4616 | 1.1609 |
| Group 2 | 0.0917 | 0.3699 | 0.4616 | 1.1609 |

| | Net Revenue | Equalisation | Allocated 31.07.20 | Allocated 31.07.19 |
|---|---|---|---|---|
| **Class C Accumulation** | | | | |
| Group 1 | 0.5461 | – | 0.5461 | 1.3545 |
| Group 2 | 0.1750 | 0.3711 | 0.5461 | 1.3545 |

| | Net Revenue | Equalisation | Payable 31.07.20 | Paid 31.07.19 |
|---|---|---|---|---|
| **Class D Income*** | | | | |
| Group 1 | – | – | – | 0.6106 |
| Group 2 | – | – | – | 0.6106 |

| | Net Revenue | Equalisation | Allocated 31.07.20 | Allocated 31.07.19 |
|---|---|---|---|---|
| **Class D Accumulation*** | | | | |
| Group 1 | – | – | – | 0.6573 |
| Group 2 | – | – | – | 0.6573 |

| | Net Revenue | Equalisation | Payable 31.07.20 | Paid 31.07.19 |
|---|---|---|---|---|
| **Class S Income** | | | | |
| Group 1 | 0.5013 | – | 0.5013 | 1.0752 |
| Group 2 | 0.2337 | 0.2676 | 0.5013 | 1.0752 |

| | Net Revenue | Equalisation | Allocated 31.07.20 | Allocated 31.07.19 |
|---|---|---|---|---|
| **Class S Accumulation** | | | | |
| Group 1 | 0.5519 | – | 0.5519 | 1.1667 |
| Group 2 | 0.3279 | 0.2240 | 0.5519 | 1.1667 |

* Expenses exceeded revenue during the period, as a result no distributions were paid and allocated.

**DISTRIBUTION TABLES** (continued)
for the period ended 31 May 2020

**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 period ended 31 May 2020

### Investment Objective and Policy

7IM AAP (Asset Allocated Passives) Adventurous Fund (the 'Sub-fund') aims to provide capital growth.

The Sub-fund invests at least 80% of its assets in equity and fixed interest instruments that, for the most part, use passive strategies (that is, strategies designed to track the performance of particular indices, market sectors or asset classes). The Sub-fund will also invest in other asset classes such as property, commodities and private equity indirectly through holdings in equities including investment trusts, exchange traded funds or other funds. The asset allocation for the entire portfolio will be actively managed.

The other 20% of the Sub-fund will be invested in liquid assets such as cash, deposits, money market funds and money market instruments, as well as warrants.

In extraordinary market conditions (such as political unrest economic instability, war, the bankruptcy of large financial institutions or closure of a relevant market(s)), the Sub-fund may temporarily invest up to 100% of its total assets in deposits, cash, near cash, treasury bills, government bonds or short-term money market instruments.

The Sub-fund's investments will be more focused on growth generating assets such as equities.

The Sub-fund is likely to invest in derivatives for efficient portfolio management (EPM) (i.e. to reduce risk or cost and, or to generate extra income) as well as for investment purposes.

### Investment Manager's Report

### Performance Report

In the reporting period, 1 December 2019 to 31 May 2020, the portfolio delivered a total return of -4.54%[1]. The Sub-fund's comparator, the IA Flexible Investment sector, has returned -4.11%.

### Investment Background

The coronavirus that emerged in mid-January from the Chinese city of Wuhan caught the attention of global markets. Initial research suggests that the virus is less deadly than the SARS virus that hit China in 2003 but is markedly more contagious. By February, it wasn't just China locking down. New cases have reached such levels that parts of Italy went into lockdown.

The lockdown in China turned out to cause an unprecedented hit to the Chinese economy. This will be felt in both demand, as the Chinese consumer stays indoors, and supply, with the likes of Apple revising their earnings due to manufacturing bottlenecks. It soon became clear that the Chinese experience was just the test case for the rest of the world, sending markets down.

However, for investors who believed that the end of February was the worst of the market turmoil, March was a severe reality check. Coronavirus and an oil price shock caused a sharp revision of future growth expectations that resulted in a global recession. Equity markets throughout March experienced volatility not seen since the 2008 financial crisis with average daily moves (up or down) of c.5.0% causing a drawdown comparable to the crash in October 1987. Markets recovered strongly towards the end of the month with a c.20% rally, but are still some 20% away from where they started the year.

Investors enjoyed positive returns in April as both risky and defensive assets rebounded following the initial shock of the global shutdown - the US stock market returned c.18% over the month. It's clear that governments around the world are conscious of the impacts lockdown on both economies and families. They have started to discuss ways in which we can delicately move towards a re-opening of businesses.

Equities continue their winning streak in May, following optimism over economies beginning to re-open. The US S&P Index returned around 5%, with the Technology sector leading the way, and generating over 7% throughout the month. In fact, markets around the world were positive - with the UK, Japanese and European markets all gaining over 4%. Some have argued that the equities performance throughout April and May was due to Central Banks pouring new money into the economy. The Federal Reserve's balance sheet has increased by almost two thirds since the start of the year and now stands at $6.6 trillion.

[1] Calculated using 7IM AAP Adventurous C Acc shares, published prices. Source: NTRS

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

It wasn't just central banks which supported the economy and markets. Governments around the world are doing all they can to keep the economy moving. The EU announced plans for a recovery fund to be created that will jointly spread the burden of debt issued to help the Eurozone recover through this crisis. The EU Commission are proposing to issue €500 billion in funding, which would see a move towards fiscal unity within the region. In Japan, we also saw a further stimulus package of 117 Trillion Yen promised, taking the total level of stimulus in Japan to 234 Trillion Yen (c.£1.8 Trillion).

Of course, money isn't free. This continued level of stimulus to help cushion economies from a difficult recession has pushed country debt levels exceptionally high. In Japan, government debt makes up c.238% relative to GDP while in the US that figure is closer to 110% and in the UK its 81%. The governments have successfully stabilised the global economy. The cost of all this is not clear yet.

**Portfolio Review**

Following the relative outperformance in March of the healthcare overweight, we trimmed this to take profit.

In October, we had decided to add puts to the portfolio to provide protection against a sudden shock on the downside. As the S&P 500 fell as the pandemic spread in March, we sold out of these positions to lock in gains and offset losses being felt in other parts of the portfolio.

We reduced exposure to emerging market debt at the start of March and this proved timely. After a subsequent widening in these yield spreads, we then felt that the rewards available outweighed the risks and therefore added back to the holdings at the beginning of April.

Following the closure of the European Equity Value Fund, we rolled the Sub-fund's allocation into a broader Euro Stoxx future.

In light of global events, the strategy team had a less positive view on equities so these were trimmed to take them towards SAA neutral.

We added further to our overweight in high yield with the addition of Asian High Yield bonds. Asian High Yield is currently providing attractive future returns with yields higher than they are in the US. The asset class also has a high allocation to China, which is coming out the COVID crisis quicker than the US. Additionally, default rates have been lower in Asia than in the US. This was funded from Emerging and Japanese equities.

**Investment Outlook**

The Hammer stage of tackling COVID-19 is coming to a close across the major economies. Over half of the world's population has been in some form of lockdown, slowing the spread of the virus and giving health systems the one thing they need most – time. Infection rates are falling across most developed economies, while critical care facilities have been established and medical equipment is now being produced in sufficient quantities.

The next phase of tackling COVID-19 – the Dance – will take somewhat longer. The rules will be eased only gradually, and social distancing will be with us for a while yet. Governments will want to encourage normality as much as possible, but short-term quarantines may be common as we deal with intermittent flare-ups of the virus.

Treatments will be developed in due course, but the coronavirus endgame will require a vaccine, which may only materialise in a year or more. This first modern global pandemic has given us a taste of how to deal with future ones – we need to learn the lessons.

The economic cost of the Hammer has been immediately obvious. Economic growth numbers in the major economies have crashed. We have entered the sharpest recessions in modern history. Around 4 times as large as the financial crisis but also four times as quick. This recession will set all kinds of records.

Economic crises usually take time to play out, and people in power tend to stick their heads in the sand for as long as possible. This time is different. The coronavirus recession has been met almost immediately with a massive wave of stimulus. Central banks and governments haven't waited to assess the damage. Trillions of dollars, euros, pounds, yuan and yen have been injected into the financial system – often straight into ordinary people's bank accounts. The obvious driver of the quick reactions was that it was the governments themselves who have created the recession in the first place.

## ACD'S REPORT (continued)
for the period ended 31 May 2020

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

When economic activity resumes, it could be quicker than anyone expects. Low oil prices and pent-up demand could make for a spectacular recovery over the next few years. In the first weeks of the crisis, investors panicked, selling anything they had. As the future becomes clearer, though, people will start to think clearly about the kind of businesses they think will do well over the next few years – and which might be gone for good. This may be the quickest and deepest recession on record but it could also be the quickest and strongest recovery too. But that doesn't mean there won't be winners and losers.

Equities have clearly bought into the recovery. While the stimulus has reduced the risk of an ongoing recession, the markets also seem to be ignoring that economies could be running at 90% capacity for some time. We've been looking for assets that are obviously mispriced, and the credit markets have been a key area of focus. Investors have fled from almost any kind of corporate debt, leaving opportunity to buy good, stable, long-term businesses at yields not seen for over a decade. Investors are confronting interest rates close to zero, at a time when every government has just increased its amount of borrowing substantially.

Investors are still using bonds as safe havens, but with long run return expectations below inflation, this isn't a sustainable state of affairs. When things start improving and inflation picks up, 'safe haven' government bonds may look exposed.

Seven Investment Management LLP
Investment Manager
June 2020

# 7IM AAP ADVENTUROUS FUND

## FUND INFORMATION

The Comparative Tables on pages 238 to 245 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.

## FUND INFORMATION (continued)

### Comparative Tables

**Class A Income**

| | 31.05.20 (pence per share) | 30.11.19 (pence per share) | 30.11.18 (pence per share) |
|---|---|---|---|
| **Change in Net Asset Value Per Share** | | | |
| Opening net asset value per share | 158.04 | 149.98 | 154.12 |
| Return before operating charges* | (7.00) | 11.85 | (0.73) |
| Operating charges (calculated on average price) | (0.88) | (1.84) | (1.84) |
| Return after operating charges* | (7.88) | 10.01 | (2.57) |
| Distributions on income shares | – | (1.95) | (1.57) |
| Closing net asset value per share | 150.16 | 158.04 | 149.98 |
| * After direct transaction costs of:[1] | 0.02 | 0.07 | 0.09 |
| **Performance** | | | |
| Return after charges[2] | (4.99)% | 6.67% | (1.67)% |
| **Other Information** | | | |
| Closing net asset value (£'000) | 168 | 183 | 201 |
| Closing number of shares | 111,449 | 115,551 | 133,420 |
| Operating charges[3] | 1.17% | 1.19% | 1.18% |
| Direct transaction costs | 0.01% | 0.05% | 0.06% |
| **Prices** | | | |
| Highest share price | 163.77 | 162.40 | 161.34 |
| Lowest share price | 123.76 | 141.27 | 147.37 |

[1] 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. Direct transaction costs cover a six-month period to 31 May 2020.

[2] The return after charges is calculated as the return after operating charges per share divided by the opening net asset value per share.

[3] 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 246.

# 7IM AAP ADVENTUROUS FUND

## FUND INFORMATION (continued)

### Comparative Tables (continued)

**Class A Accumulation**

| | 31.05.20 (pence per share) | 30.11.19 (pence per share) | 30.11.18 (pence per share) |
|---|---|---|---|
| **Change in Net Asset Value Per Share** | | | |
| Opening net asset value per share | 176.42 | 165.33 | 168.19 |
| Return before operating charges* | (7.81) | 13.12 | (0.85) |
| Operating charges (calculated on average price) | (0.98) | (2.03) | (2.01) |
| Return after operating charges* | (8.79) | 11.09 | (2.86) |
| Distributions | – | (2.15) | (1.72) |
| Retained distributions on accumulation shares | – | 2.15 | 1.72 |
| Closing net asset value per share | 167.63 | 176.42 | 165.33 |
| * After direct transaction costs of:[1] | 0.02 | 0.08 | 0.10 |
| **Performance** | | | |
| Return after charges[2] | (4.98)% | 6.71% | (1.70)% |
| **Other Information** | | | |
| Closing net asset value (£'000) | 592 | 622 | 858 |
| Closing number of shares | 353,162 | 352,770 | 518,929 |
| Operating charges[3] | 1.17% | 1.19% | 1.18% |
| Direct transaction costs | 0.01% | 0.05% | 0.06% |
| **Prices** | | | |
| Highest share price | 182.83 | 180.32 | 176.98 |
| Lowest share price | 138.15 | 155.74 | 161.66 |

[1] 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. Direct transaction costs cover a six-month period to 31 May 2020.

[2] The return after charges is calculated as the return after operating charges per share divided by the opening net asset value per share.

[3] 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 246.

## FUND INFORMATION (continued)

### Comparative Tables (continued)

**Class C Income**

| | 31.05.20 (pence per share) | 30.11.19 (pence per share) | 30.11.18 (pence per share) |
|---|---|---|---|
| **Change in Net Asset Value Per Share** | | | |
| Opening net asset value per share | 157.92 | 149.86 | 154.01 |
| Return before operating charges* | (6.98) | 11.86 | (0.74) |
| Operating charges (calculated on average price) | (0.51) | (1.07) | (1.06) |
| Return after operating charges* | (7.49) | 10.79 | (1.80) |
| Distributions on income shares | (0.37) | (2.73) | (2.35) |
| Closing net asset value per share | 150.06 | 157.92 | 149.86 |
| * After direct transaction costs of:[1] | 0.02 | 0.07 | 0.09 |
| **Performance** | | | |
| Return after charges[2] | (4.74)% | 7.20% | (1.17)% |
| **Other Information** | | | |
| Closing net asset value (£'000) | 6,183 | 8,401 | 7,558 |
| Closing number of shares | 4,120,190 | 5,319,996 | 5,043,769 |
| Operating charges[3] | 0.67% | 0.69% | 0.68% |
| Direct transaction costs | 0.01% | 0.05% | 0.06% |
| **Prices** | | | |
| Highest share price | 163.76 | 162.42 | 161.37 |
| Lowest share price | 123.85 | 141.22 | 147.56 |

[1] 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. Direct transaction costs cover a six-month period to 31 May 2020.

[2] The return after charges is calculated as the return after operating charges per share divided by the opening net asset value per share.

[3] 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 246.

## FUND INFORMATION (continued)

### Comparative Tables (continued)

**Class C Accumulation**

| | 31.05.20 (pence per share) | 30.11.19 (pence per share) | 30.11.18 (pence per share) |
|---|---|---|---|
| **Change in Net Asset Value Per Share** | | | |
| Opening net asset value per share | 186.80 | 174.18 | 176.30 |
| Return before operating charges* | (8.26) | 13.87 | (0.90) |
| Operating charges (calculated on average price) | (0.60) | (1.25) | (1.22) |
| Return after operating charges* | (8.86) | 12.62 | (2.12) |
| Distributions | (0.44) | (3.18) | (2.70) |
| Retained distributions on accumulation shares | 0.44 | 3.18 | 2.70 |
| Closing net asset value per share | 177.94 | 186.80 | 174.18 |
| * After direct transaction costs of:[1] | 0.02 | 0.08 | 0.11 |
| **Performance** | | | |
| Return after charges[2] | (4.74)% | 7.25% | (1.20)% |
| **Other Information** | | | |
| Closing net asset value (£'000) | 150,030 | 164,151 | 179,169 |
| Closing number of shares | 84,317,285 | 87,875,823 | 102,864,562 |
| Operating charges[3] | 0.67% | 0.69% | 0.68% |
| Direct transaction costs | 0.01% | 0.05% | 0.06% |
| **Prices** | | | |
| Highest share price | 193.72 | 190.61 | 186.16 |
| Lowest share price | 146.51 | 164.14 | 170.23 |

[1] 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. Direct transaction costs cover a six-month period to 31 May 2020.

[2] The return after charges is calculated as the return after operating charges per share divided by the opening net asset value per share.

[3] 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 246.

## FUND INFORMATION (continued)

### Comparative Tables (continued)

**Class D Income**

| | 31.05.20 (pence per share) | 30.11.19 (pence per share) | 30.11.18 (pence per share) |
|---|---|---|---|
| **Change in Net Asset Value Per Share** | | | |
| Opening net asset value per share | 158.35 | 150.28 | 153.91 |
| Return before operating charges* | (7.01) | 11.85 | (0.18) |
| Operating charges (calculated on average price) | (1.18) | (2.47) | (2.46) |
| Return after operating charges* | (8.19) | 9.38 | (2.64) |
| Distributions on income shares | – | (1.31) | (0.99) |
| Closing net asset value per share | 150.16 | 158.35 | 150.28 |
| * After direct transaction costs of:[1] | 0.02 | 0.07 | 0.09 |
| **Performance** | | | |
| Return after charges[2] | (5.17)% | 6.24% | (1.72)% |
| **Other Information** | | | |
| Closing net asset value (£'000) | 4 | 4 | 5 |
| Closing number of shares | 2,770 | 2,661 | 3,081 |
| Operating charges[3] | 1.57% | 1.59% | 1.58% |
| Direct transaction costs | 0.01% | 0.05% | 0.06% |
| **Prices** | | | |
| Highest share price | 163.99 | 162.61 | 161.55 |
| Lowest share price | 123.83 | 141.50 | 147.44 |

[1] 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. Direct transaction costs cover a six-month period to 31 May 2020.

[2] The return after charges is calculated as the return after operating charges per share divided by the opening net asset value per share.

[3] 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 246.

## FUND INFORMATION (continued)

### Comparative Tables (continued)

**Class D Accumulation**

| | 31.05.20 (pence per share) | 30.11.19 (pence per share) | 30.11.18 (pence per share) |
|---|---|---|---|
| **Change in Net Asset Value Per Share** | | | |
| Opening net asset value per share | 168.62 | 158.65 | 162.03 |
| Return before operating charges* | (7.47) | 12.57 | (0.79) |
| Operating charges (calculated on average price) | (1.26) | (2.60) | (2.59) |
| Return after operating charges* | (8.73) | 9.97 | (3.38) |
| Distributions | – | (1.41) | (1.00) |
| Retained distributions on accumulation shares | – | 1.41 | 1.00 |
| Closing net asset value per share | 159.89 | 168.62 | 158.65 |
| * After direct transaction costs of:[1] | 0.02 | 0.08 | 0.10 |
| **Performance** | | | |
| Return after charges[2] | (5.18)% | 6.28% | (2.09)% |
| **Other Information** | | | |
| Closing net asset value (£'000) | 6,880 | 7,513 | 7,869 |
| Closing number of shares | 4,302,857 | 4,455,409 | 4,960,118 |
| Operating charges[3] | 1.57% | 1.59% | 1.58% |
| Direct transaction costs | 0.01% | 0.05% | 0.06% |
| **Prices** | | | |
| Highest share price | 174.65 | 172.57 | 170.04 |
| Lowest share price | 131.88 | 149.40 | 155.19 |

[1] 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. Direct transaction costs cover a six-month period to 31 May 2020.

[2] The return after charges is calculated as the return after operating charges per share divided by the opening net asset value per share.

[3] 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 246.

## FUND INFORMATION (continued)

### Comparative Tables (continued)

**Class S Income**

| | 31.05.20 (pence per share) | 30.11.19 (pence per share) | 30.11.18 (pence per share) |
|---|---|---|---|
| **Change in Net Asset Value Per Share** | | | |
| Opening net asset value per share | 131.85 | 125.12 | 128.59 |
| Return before operating charges* | (5.82) | 9.90 | (0.62) |
| Operating charges (calculated on average price) | (0.27) | (0.57) | (0.56) |
| Return after operating charges* | (6.09) | 9.33 | (1.18) |
| Distributions on income shares | (0.47) | (2.60) | (2.29) |
| Closing net asset value per share | 125.29 | 131.85 | 125.12 |
| * After direct transaction costs of:[1] | 0.02 | 0.06 | 0.08 |
| **Performance** | | | |
| Return after charges[2] | (4.62)% | 7.46% | (0.92)% |
| **Other Information** | | | |
| Closing net asset value (£'000) | 919 | 2,050 | 2,536 |
| Closing number of shares | 733,665 | 1,554,462 | 2,026,709 |
| Operating charges[3] | 0.42% | 0.44% | 0.43% |
| Direct transaction costs | 0.01% | 0.05% | 0.06% |
| **Prices** | | | |
| Highest share price | 136.78 | 135.65 | 134.80 |
| Lowest share price | 103.50 | 117.93 | 123.33 |

[1] 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. Direct transaction costs cover a six-month period to 31 May 2020.

[2] The return after charges is calculated as the return after operating charges per share divided by the opening net asset value per share.

[3] 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 246.

## FUND INFORMATION (continued)

### Comparative Tables (continued)

**Class S Accumulation**

| | 31.05.20 (pence per share) | 30.11.19 (pence per share) | 30.11.18 (pence per share) |
|---|---|---|---|
| **Change in Net Asset Value Per Share** | | | |
| Opening net asset value per share | 146.16 | 135.94 | 137.25 |
| Return before operating charges* | (6.47) | 10.84 | (0.71) |
| Operating charges (calculated on average price) | (0.30) | (0.62) | (0.60) |
| Return after operating charges* | (6.77) | 10.22 | (1.31) |
| Distributions | (0.52) | (2.84) | (2.46) |
| Retained distributions on accumulation shares | 0.52 | 2.84 | 2.46 |
| Closing net asset value per share | 139.39 | 146.16 | 135.94 |
| * After direct transaction costs of:[1] | 0.02 | 0.07 | 0.08 |
| **Performance** | | | |
| Return after charges[2] | (4.63)% | 7.52% | (0.95)% |
| **Other Information** | | | |
| Closing net asset value (£'000) | 32,766 | 39,284 | 44,732 |
| Closing number of shares | 23,506,538 | 26,878,572 | 32,906,091 |
| Operating charges[3] | 0.42% | 0.44% | 0.43% |
| Direct transaction costs | 0.01% | 0.05% | 0.06% |
| **Prices** | | | |
| Highest share price | 151.62 | 149.01 | 145.17 |
| Lowest share price | 114.72 | 128.13 | 132.82 |

[1] 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. Direct transaction costs cover a six-month period to 31 May 2020.

[2] The return after charges is calculated as the return after operating charges per share divided by the opening net asset value per share.

[3] 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 246.

## FUND INFORMATION (continued)

**Ongoing Charges Figures**

As at 31 May 2020

| | Class A | Class C | Class D | Class S |
|---|---|---|---|---|
| ACD's periodic charge | 1.00% | 0.50% | 1.40% | 0.25% |
| Other expenses | 0.10% | 0.10% | 0.10% | 0.10% |
| | 1.10% | 0.60% | 1.50% | 0.35% |
| Collective investment scheme costs | 0.07% | 0.07% | 0.07% | 0.07% |
| Ongoing Charges Figure | 1.17% | 0.67% | 1.57% | 0.42% |

As at 30 November 2019

| | Class A | Class C | Class D | Class S |
|---|---|---|---|---|
| ACD's periodic charge | 1.00% | 0.50% | 1.40% | 0.25% |
| Other expenses | 0.07% | 0.07% | 0.07% | 0.07% |
| | 1.07% | 0.57% | 1.47% | 0.32% |
| Collective investment scheme costs | 0.12% | 0.12% | 0.12% | 0.12% |
| 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 period.

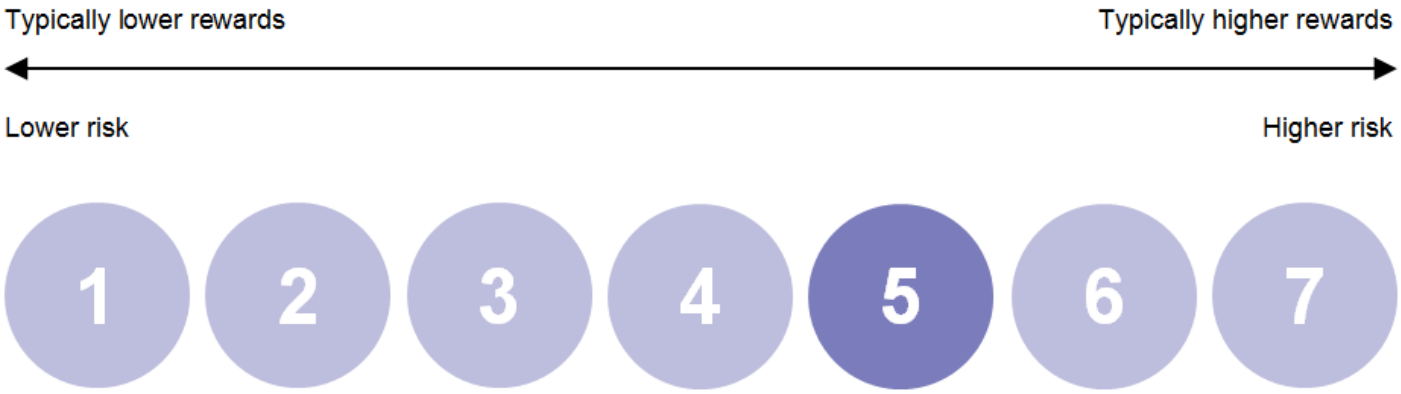
The collective investment scheme costs represent the OCFs, or a reasonable substitute, of the underlying funds which are held as portfolio investments. Their inclusion has been calculated on a weighted basis against the Sub-fund's net assets at the balance sheet date.

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 sub-fund's returns have varied. It is a measure of a sub-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 interim report and financial statements, the risk and reward indicator as at the period end date 31 May 2020 was 5.

**Fund performance to 31 May 2020 (%)**

| | 6 months | 1 year | 3 years | 5 years |
|---|---|---|---|---|
| 7IM AAP Adventurous Fund[1] | (4.54) | 0.47 | 5.15 | 15.16 |

[1] 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 254 and 255.

# 7IM AAP ADVENTUROUS FUND

## PORTFOLIO STATEMENT
as at 31 May 2020

| Holding | Portfolio of Investment | Value £ | 31.05.20 % |
|---|---|---|---|
| | **ALTERNATIVES 5.00% (6.14%)** | | |
| | **Alternative Strategies 0.00% (3.62%)** | | |
| 20,321 | Dexion Equity Alternative[1] | – | – |
| | **Real Estate 5.00% (2.52%)** | | |
| 5,017,340 | iShares Global Property Securities Index[2] | **9,874,126** | **5.00** |
| | **CASH 37.49% (2.53%)** | | |
| 35,000,000 | JPMorgan Liquidity Funds - GBP Liquidity LVNAV Fund[2] | 35,000,000 | 17.72 |
| 10,000,000 | Morgan Stanley Liquidity Funds - Sterling Liquidity Fund[2] | 10,000,000 | 5.06 |
| 29,051,000 | Northern Trust Global Sterling Fund[2] | 29,051,000 | 14.71 |
| | | **74,051,000** | **37.49** |
| | **DEBT SECURITIES 44.30% (58.33%)** | | |
| | **Convertible Bonds 2.20% (2.04%)** | | |
| 562 | NN (L) Global Convertible Bond Acc[2] | 2,400,913 | 1.22 |
| 14,655 | NN (L) Global Convertible Opportunities Acc[2] | 1,936,009 | 0.98 |
| | | **4,336,922** | **2.20** |
| | **Emerging Market Bonds 5.15% (8.03%)** | | |
| 4,676,063 | Legal & General Emerging Markets Government Bond Local Currency Index Fund Acc[2] | 3,263,425 | 1.65 |
| 4,113,425 | Legal & General Emerging Markets Government Bond USD Index Fund[2] | 3,117,565 | 1.58 |
| 43,332 | UBS Lux Bond SICAV - Asian High Yield USD[2] | 3,796,278 | 1.92 |
| | | **10,177,268** | **5.15** |
| | **Global Corporate Bonds 0.00% (0.30%)** | | |
| | **Global High Yield Bonds 4.94% (2.15%)** | | |
| 183 | Most Diversified TOBAM Anti-Benchmark Global High Yield[2] | 1,671,028 | 0.85 |
| 12,672 | Robeco QI Dynamic High Yield IH USD[2] | 1,382,609 | 0.70 |
| 228,253 | Xtrackers II EUR High Yield Corporate Bond UCITS ETF[2] | 3,382,468 | 1.71 |
| 277,376 | Xtrackers USD High Yield Corporate Bond UCITS ETF[2] | 3,329,232 | 1.68 |
| | | **9,765,337** | **4.94** |
| | **Global Inflation Linked Bonds 0.00% (2.55%)** | | |
| | **Short Term Sterling Bonds 29.03% (33.49%)** | | |
| £2,391,000 | Abbey National Treasury Services 5.125% 2021 | 2,485,468 | 1.26 |
| £1,200,000 | ASB Finance 1.00% 2020 | 1,200,496 | 0.61 |
| £1,500,000 | Bank Nederlandse Gemeenten 1.00% 2022 | 1,517,412 | 0.77 |
| £1,050,000 | Bank Nederlandse Gemeenten 1.125% 2021 | 1,058,442 | 0.54 |
| £800,000 | Bank of Montreal FRN 2023 | 793,256 | 0.40 |
| £2,600,000 | Bank of Nova Scotia FRN 2023 | 2,577,042 | 1.30 |
| £1,100,000 | Barclays Bank 4.25% 2022 | 1,166,172 | 0.59 |
| £3,000,000 | Barclays Bank UK FRN 2023 | 2,993,040 | 1.51 |
| £1,300,000 | Caisse des Depots et Consignations 0.50% 2020 | 1,300,101 | 0.66 |
| £1,900,000 | Canadian Imperial Bank of Commerce FRN 2022 | 1,899,643 | 0.96 |
| £1,500,000 | Commonwealth Bank of Australia 1.125% 2021 | 1,512,246 | 0.77 |

**PORTFOLIO STATEMENT** (continued)
as at 31 May 2020

| Holding | Portfolio of Investment | Value £ | 31.05.20 % |
|---|---|---|---|
| | **Short Term Sterling Bonds (continued)** | | |
| £775,000 | Commonwealth Bank of Australia FRN 2025 | 768,575 | 0.39 |
| £2,000,000 | Dexia Credit Local 0.875% 2021 | 2,011,784 | 1.02 |
| £2,400,000 | Dexia Credit Local 2.00% 2020 | 2,401,736 | 1.22 |
| £1,500,000 | FMS Wertmanagement 1.00% 2022 | 1,523,415 | 0.77 |
| £1,184,000 | International Bank for Reconstruction & Development 5.40% 2021 | 1,245,701 | 0.63 |
| £500,000 | KFW 1.625% 2020 | 500,060 | 0.25 |
| £3,000,000 | Leeds Building Society FRN 2025 | 2,987,574 | 1.51 |
| £4,000,000 | Lloyds Bank FRN 2024 | 3,998,440 | 2.02 |
| £4,000,000 | National Westminster Bank FRN 2023 | 4,011,152 | 2.03 |
| £180,000 | Nationwide Building Society FRN 2025 | 179,591 | 0.09 |
| £670,000 | Nestle Holdings 1.00% 2021 | 672,545 | 0.34 |
| £1,600,000 | NRW Bank FRN 2024 | 1,592,784 | 0.81 |
| £1,000,000 | Oesterreichische 1.125% 2022 | 1,019,492 | 0.52 |
| £1,000,000 | Oversea-Chinese Banking FRN 2023 | 990,238 | 0.50 |
| £2,000,000 | Royal Bank of Canada FRN 2025 | 1,976,220 | 1.00 |
| £1,050,000 | Skipton Building Society FRN 2023 | 1,041,800 | 0.53 |
| £2,445,000 | SpareBank 1 Boligkreditt AS FRN 2022 | 2,428,731 | 1.23 |
| £1,700,000 | Svenska Handelsbanken 1.625% 2022 | 1,722,165 | 0.87 |
| £700,000 | Swedbank FRN 2021 | 698,586 | 0.35 |
| £1,200,000 | Toronto-Dominion Bank FRN 2023 | 1,188,830 | 0.60 |
| £2,000,000 | UBS 1.25% 2020 | 2,003,676 | 1.01 |
| £2,700,000 | Westpac Banking FRN 2023 | 2,678,670 | 1.36 |
| £1,200,000 | Yorkshire Building Society FRN 2023 | 1,203,962 | 0.61 |
| | | **57,349,045** | **29.03** |
| | **Sterling Corporate Bonds 2.98% (9.77%)** | | |
| £3,500,000 | European Investment Bank 1.125% 2021 | 3,540,124 | 1.79 |
| £501,000 | Temasek Financial 4.625% 2022 | 542,352 | 0.28 |
| £1,800,000 | Toyota Motor Credit 1.125% 2021 | 1,794,766 | 0.91 |
| | | **5,877,242** | **2.98** |
| | **EQUITY 8.13% (34.29%)** | | |
| | **Asia & Emerging Markets 0.55% (4.46%)** | | |
| 497 | MSCI Emerging Markets Index Futures June 2020[3] | **1,088,634** | **0.55** |
| | **Europe (ex UK) 1.32% (8.68%)** | | |
| 304 | Euro Stoxx 50 Equity Index Futures December 2022[3] | 537,336 | 0.27 |
| 281 | Euro Stoxx 50 Equity Index Futures December 2023[3] | 478,074 | 0.24 |
| 995 | MSCI Europe ex-UK Index Futures June 2020[3] | 1,598,122 | 0.81 |
| | | **2,613,532** | **1.32** |
| | **Frontier Markets Equity 0.00% (4.62%)** | | |
| | **Japan 0.60% (0.84%)** | | |
| 173 | TOPIX Index Futures November 2020[3] | **1,176,507** | **0.60** |

# 7IM AAP ADVENTUROUS FUND

## PORTFOLIO STATEMENT (continued)
as at 31 May 2020

| Holding | Portfolio of Investment | Value £ | 31.05.20 % |
|---|---|---|---|
| | **North America 2.30% (1.35%)** | | |
| 157 | E-mini Health Care Select Sector Futures September 2020[3] | 567,084 | 0.29 |
| 279 | S&P 500 E-mini Futures June 2020[3] | 3,982,320 | 2.01 |
| | | **4,549,404** | **2.30** |
| | **United Kingdom 3.36% (14.34%)** | | |
| 672 | FTSE 100 Index Futures June 2020[3] | 6,312,711 | 3.19 |
| 239 | FTSE 250 Index Futures June 2020[3] | 330,308 | 0.17 |
| | | **6,643,019** | **3.36** |
| | **FORWARD CURRENCY CONTRACTS 2.35% (-0.49%)** | | |
| €15,660,000 | Vs £(13,910,700) Expiry 16.10.2020 | 269,484 | 0.14 |
| €764,000 | Vs £(669,111) Expiry 16.10.2020 | 22,693 | 0.01 |
| €2,200,000 | Vs £(2,017,141) Expiry 16.10.2020 | (25,033) | (0.01) |
| €(6,279,000) | Vs £5,263,215 Expiry 16.10.2020 | (422,441) | (0.21) |
| US$(14,780,000) | Vs £12,114,009 Expiry 17.07.2020 | 123,389 | 0.06 |
| US$(10,000,000) | Vs £7,931,265 Expiry 17.07.2020 | (181,470) | (0.09) |
| ¥3,270,000,000 | Vs £(22,947,143) Expiry 19.06.2020 | 1,805,221 | 0.91 |
| US$49,623,000 | Vs £(37,928,214) Expiry 17.07.2020 | 2,329,606 | 1.18 |
| US$10,000,000 | Vs £(7,613,722) Expiry 17.07.2020 | 499,012 | 0.25 |
| US$4,636,000 | Vs £(3,548,276) Expiry 17.07.2020 | 212,787 | 0.11 |
| US$4,000,000 | Vs £(3,233,449) Expiry 17.07.2020 | 11,644 | – |
| | | **4,644,892** | **2.35** |
| | **Portfolio of investment** | **192,146,928** | **97.27** |
| | Net other assets | 5,394,576 | 2.73 |
| | **Net assets** | **197,541,504** | **100.00** |

Comparative figures shown in brackets relate to 30 November 2019.

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

[1] Delisted security
[2] Collective investment scheme
[3] Derivative contract

| Credit Quality | 31.05.20 % | 30.11.19 % |
|---|---|---|
| Investment grade debt securities | 32.00 | 46.10 |
| Non-rated debt securities | – | 1.70 |
| Other investments | 65.27 | 53.00 |
| Net other assets/(liabilities) | 2.73 | (0.80) |
| | **100.00** | **100.00** |

# 7IM AAP ADVENTUROUS FUND

## STATEMENT OF TOTAL RETURN
for the period ended 31 May 2020

| | | 31.05.20 | | 31.05.19 |
|---|---|---|---|---|
| | £ | £ | £ | £ |
| Income | | | | |
| Net capital (losses)/gains | | (10,570,667) | | 2,551,523 |
| Revenue | 1,337,649 | | 3,129,675 | |
| Expenses | (564,427) | | (652,268) | |
| Interest payable and similar charges | (69,155) | | (40,227) | |
| Net revenue before taxation for the period | 704,067 | | 2,437,180 | |
| Taxation | (192,288) | | (70,988) | |
| Net revenue after taxation for the period | | 511,779 | | 2,366,192 |
| **Total return before distributions** | | (10,058,888) | | 4,917,715 |
| Distributions | | (529,415) | | (2,369,095) |
| **Change in net assets attributable to shareholders from investment activities** | | (10,588,303) | | 2,548,620 |

## STATEMENT OF CHANGE IN NET ASSETS ATTRIBUTABLE TO SHAREHOLDERS
for the period ended 31 May 2020

| | | 31.05.20 | | 31.05.19 |
|---|---|---|---|---|
| | £ | £ | £ | £ |
| **Opening net assets attributable to shareholders** | | 222,207,765 | | 242,927,941 |
| Amounts received on creation of shares[1] | 19,544,047 | | 19,899,503 | |
| Amounts paid on cancellation of shares[1] | (34,111,985) | | (30,952,093) | |
| | | (14,567,938) | | (11,052,590) |
| Change in net assets attributable to shareholders from investment activities | | (10,588,303) | | 2,548,620 |
| Retained distribution on accumulation shares | | 489,980 | | 2,207,143 |
| **Closing net assets attributable to shareholders** | | 197,541,504 | | 236,631,114 |

[1] Stated at mid-market price.

The difference between the opening net assets and the comparative closing net assets is the movement in the second half of the year.

# 7IM AAP ADVENTUROUS FUND

## BALANCE SHEET
as at 31 May 2020

| | 31.05.20<br>£ | 30.11.19<br>£ |
|---|---|---|
| **ASSETS** | | |
| Fixed assets: | | |
| Investments | 192,775,872 | 228,074,937 |
| Current assets: | | |
| Debtors | 1,078,425 | 1,845,162 |
| Cash and bank balances | 8,717,676 | 2,535,723 |
| **Total assets** | 202,571,973 | 232,455,822 |
| **LIABILITIES** | | |
| Investment liabilities | (628,944) | (4,082,286) |
| Creditors: | | |
| Bank overdrafts | (3,231,041) | (3,724,889) |
| Distribution payable | (18,640) | (86,101) |
| Other creditors | (1,151,844) | (2,354,781) |
| **Total liabilities** | (5,030,469) | (10,248,057) |
| **Net assets attributable to shareholders** | 197,541,504 | 222,207,765 |

## NOTE TO THE FINANCIAL STATEMENTS
for the period ended 31 May 2020

**Accounting Policies**

The accounting policies applied are consistent with those of the annual financial statements for the year ended 30 November 2019 and are described in those financial statements.

The financial statements have been prepared under the historical cost basis, as modified by the revaluation of investments and in accordance with the Statement of Recommended Practice ('SORP') for Financial Statements of Authorised Funds issued by the Investment Association ('IA') in May 2014.

# 7IM AAP ADVENTUROUS FUND

## DISTRIBUTION TABLES

for the period ended 31 May 2020

**Interim - in pence per share**

Group 1 - Shares purchased prior to 1 December 2019
Group 2 - Shares purchased on or after 1 December 2019 and on or before 31 May 2020

| | Net Revenue | Equalisation | Payable 31.07.20 | Paid 31.07.19 |
|---|---|---|---|---|
| **Class A Income*** | | | | |
| Group 1 | – | – | – | 1.0966 |
| Group 2 | – | – | – | 1.0966 |

| | Net Revenue | Equalisation | Allocated 31.07.20 | Allocated 31.07.19 |
|---|---|---|---|---|
| **Class A Accumulation*** | | | | |
| Group 1 | – | – | – | 1.2033 |
| Group 2 | – | – | – | 1.2033 |

| | Net Revenue | Equalisation | Payable 31.07.20 | Paid 31.07.19 |
|---|---|---|---|---|
| **Class C Income** | | | | |
| Group 1 | 0.3684 | – | 0.3684 | 1.4799 |
| Group 2 | 0.0366 | 0.3318 | 0.3684 | 1.4799 |

| | Net Revenue | Equalisation | Allocated 31.07.20 | Allocated 31.07.19 |
|---|---|---|---|---|
| **Class C Accumulation** | | | | |
| Group 1 | 0.4374 | – | 0.4374 | 1.7203 |
| Group 2 | 0.1197 | 0.3177 | 0.4374 | 1.7203 |

| | Net Revenue | Equalisation | Payable 31.07.20 | Paid 31.07.19 |
|---|---|---|---|---|
| **Class D Income*** | | | | |
| Group 1 | – | – | – | 0.7643 |
| Group 2 | – | – | – | 0.7643 |

| | Net Revenue | Equalisation | Allocated 31.07.20 | Allocated 31.07.19 |
|---|---|---|---|---|
| **Class D Accumulation*** | | | | |
| Group 1 | – | – | – | 0.8371 |
| Group 2 | – | – | – | 0.8371 |

| | Net Revenue | Equalisation | Payable 31.07.20 | Paid 31.07.19 |
|---|---|---|---|---|
| **Class S Income** | | | | |
| Group 1 | 0.4718 | – | 0.4718 | 1.3956 |
| Group 2 | 0.1279 | 0.3439 | 0.4718 | 1.3956 |

| | Net Revenue | Equalisation | Allocated 31.07.20 | Allocated 31.07.19 |
|---|---|---|---|---|
| **Class S Accumulation** | | | | |
| Group 1 | 0.5155 | – | 0.5155 | 1.5164 |
| Group 2 | 0.2651 | 0.2504 | 0.5155 | 1.5164 |

* Expenses exceeded revenue during the period, as a result no distributions were paid and allocated.

**DISTRIBUTION TABLES** (continued)
for the period ended 31 May 2020

**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.

## SECURITIES FINANCING TRANSACTION AND REUSE (SFTR)

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 period ended 31 May 2020 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 £10,228,780 and net asset value of £42,454,086 as at 31 May 2020 and the income earned for the period ended 31 May 2020. 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 £ |
|---|---|---|---|
| 11.33% | 2.73% | 2,449 | 734 |

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 recallable 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 31 May 2020.

| Counterparty | Counterparty's country of establishment | Amount on loan £ | Collateral received £ |
|---|---|---|---|
| Goldman Sachs | US | 601,986 | 616,513 |
| J.P. Morgan Securities (Europe) | UK | 557,076 | 571,643 |
| **Total** | | **1,159,062** | **1,188,156** |

### 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 31 May 2020.

| Currency | Collateral received £ |
|---|---|
| Pound sterling | 571,643 |
| US dollar | 616,513 |
| **Total** | **1,188,156** |

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.

**SECURITIES FINANCING TRANSACTION AND REUSE (SFTR)** (continued)

**7IM 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 31 May 2020.

| | Maturity Tenor | | | | | |
|---|---|---|---|---|---|---|
| **Collateral type and quality** | **0 – 30 days £** | **31 – 90 days £** | **91 – 365 days £** | **More than 365 days £** | **Open £** | **Total £** |
| **Collateral received** | | | | | | |
| **Fixed Income** | | | | | | |
| Investment grade | – | – | 179,109 | 1,009,047 | – | 1,188,156 |
| **Equities** | | | | | | |
| Recognised equity index | – | – | – | – | – | – |
| **Total** | **–** | **–** | **179,109** | **1,009,047** | **–** | **1,188,156** |

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 31 May 2020, 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 | 1,188,156 |

**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 £38,105,017 and net asset value of £205,083,133 as at 31 May 2020 and the income earned for the period ended 31 May 2020. 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 £** |
|---|---|---|---|
| 14.72% | 2.74% | 9,452 | 2,835 |

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 recallable 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 31 May 2020.

**SECURITIES FINANCING TRANSACTION AND REUSE (SFTR)** (continued)

**7IM Moderately Cautious Fund** (continued)

**Securities Lending** (continued)

| Counterparty | Counterparty's country of establishment | Amount on loan £ | Collateral received £ |
|---|---|---|---|
| Goldman Sachs | US | 4,387,217 | 4,493,080 |
| J.P. Morgan Securities (Europe) | UK | 631,374 | 647,537 |
| Merrill Lynch International | UK | 591,912 | 608,170 |
| **Total** | | **5,610,503** | **5,748,787** |

**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 31 May 2020.

| Currency | Collateral received £ |
|---|---|
| Pound sterling | 647,537 |
| US dollar | 5,101,250 |
| **Total** | **5,748,787** |

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 31 May 2020.

| | Maturity Tenor | | | | | |
|---|---|---|---|---|---|---|
| Collateral type and quality | 0 – 30 days £ | 31 – 90 days £ | 91 – 365 days £ | More than 365 days £ | Open £ | Total £ |
| **Collateral received** | | | | | | |
| **Fixed Income** | | | | | | |
| Investment grade | – | – | 202,889 | 5,545,898 | – | 5,748,787 |
| **Equities** | | | | | | |
| Recognised equity index | – | – | – | – | – | – |
| **Total** | **–** | **–** | **202,889** | **5,545,898** | **–** | **5,748,787** |

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 31 May 2020, 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 | 5,748,787 |

**SECURITIES FINANCING TRANSACTION AND REUSE (SFTR)** (continued)

**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 £104,566,889 and net asset value of £541,456,560 as at 31 May 2020 and the income earned for the period ended 31 May 2020. 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 £ |
|---|---|---|---|
| 7.05% | 1.36% | 17,713 | 5,312 |

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 recallable 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 31 May 2020.

| Counterparty | Counterparty's country of establishment | Amount on loan £ | Collateral received £ |
|---|---|---|---|
| Goldman Sachs | US | 7,369,075 | 7,546,891 |
| **Total** | | **7,369,075** | **7,546,891** |

**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 31 May 2020.

| Currency | Collateral received £ |
|---|---|
| US dollar | 7,546,891 |
| **Total** | **7,546,891** |

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 31 May 2020.

| | Maturity Tenor | | | | | |
|---|---|---|---|---|---|---|
| Collateral type and quality | 0 – 30 days £ | 31 – 90 days £ | 91 – 365 days £ | More than 365 days £ | Open £ | Total £ |
| **Collateral received** | | | | | | |
| **Fixed Income** | | | | | | |
| Investment grade | – | – | – | 7,546,891 | – | 7,546,891 |
| **Equities** | | | | | | |
| Recognised equity index | – | – | – | – | – | – |
| **Total** | **–** | **–** | **–** | **7,546,891** | **–** | **7,546,891** |

**SECURITIES FINANCING TRANSACTION AND REUSE (SFTR)** (continued)

**7IM Balanced Fund** (continued)

**Collateral** (continued)

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 31 May 2020, 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 | 7,546,891 |

**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 £45,510,982 and net asset value of £322,297,313 as at 31 May 2020 and the income earned for the period ended 31 May 2020. 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 £ |
|---|---|---|---|
| 20.23% | 2.86% | 11,982 | 3,593 |

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 recallable 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 31 May 2020.

| Counterparty | Counterparty's country of establishment | Amount on loan £ | Collateral received £ |
|---|---|---|---|
| Goldman Sachs | US | 7,690,856 | 7,876,436 |
| J.P. Morgan Securities (Europe) | UK | 989,064 | 1,015,055 |
| Merrill Lynch International | UK | 526,144 | 540,595 |
| **Total** | | **9,206,064** | **9,432,086** |

**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 31 May 2020.

**SECURITIES FINANCING TRANSACTION AND REUSE (SFTR)** (continued)

**7IM Moderately Adventurous Fund** (continued)

**Collateral** (continued)

| Currency | Collateral received £ |
|---|---|
| Pound sterling | 1,015,055 |
| US dollar | 8,417,031 |
| **Total** | **9,432,086** |

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 31 May 2020.

| | Maturity Tenor | | | | | |
|---|---|---|---|---|---|---|
| Collateral type and quality | 0 – 30 days £ | 31 – 90 days £ | 91 – 365 days £ | More than 365 days £ | Open £ | Total £ |
| **Collateral received** | | | | | | |
| **Fixed Income** | | | | | | |
| Investment grade | – | – | 318,041 | 9,114,045 | – | 9,432,086 |
| **Equities** | | | | | | |
| Recognised equity index | – | – | – | – | – | – |
| **Total** | **–** | **–** | **318,041** | **9,114,045** | **–** | **9,432,086** |

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 31 May 2020, 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 | 9,432,086 |

**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 £- and net asset value of £145,704,574 as at 31 May 2020 and the income earned for the period ended 31 May 2020. 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 £ |
|---|---|---|---|
| 0% | 0% | 7,434 | 2,229 |

**SECURITIES FINANCING TRANSACTION AND REUSE (SFTR)** (continued)

**7IM Adventurous 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.

**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. As at 31 May 2020, no collateral arrangements were in place in respect of securities lending transactions.

**7IM Sustainable Balance Fund**

**Securities Lending**

The Sub-fund may engage in securities lending activities. During the period ended 31 May 2020 securities lending was not undertaken and as at the period end, 31 May 2020, 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 period end, 31 May 2020, 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 £14,883,462 and net asset value of £66,437,372 as at 31 May 2020 and the income earned for the period ended 31 May 2020. 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 £ |
|---|---|---|---|
| 9.29% | 2.08% | 5,911 | 1,772 |

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 recallable 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 31 May 2020.

| Counterparty | Counterparty's country of establishment | Amount on loan £ | Collateral received £ |
|---|---|---|---|
| J.P. Morgan Securities (Europe) | UK | 1,382,361 | 1,413,458 |
| **Total** | | **1,382,361** | **1,413,458** |

**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.

**SECURITIES FINANCING TRANSACTION AND REUSE (SFTR)** (continued)

**7IM AAP Income Fund** (continued)

**Collateral** (continued)

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 31 May 2020.

| Currency | Collateral received £ |
|---|---|
| Pound sterling | 1,413,458 |
| **Total** | **1,413,458** |

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 31 May 2020.

| | Maturity Tenor | | | | | |
|---|---|---|---|---|---|---|
| Collateral type and quality | 0 – 30 days £ | 31 – 90 days £ | 91 – 365 days £ | More than 365 days £ | Open £ | Total £ |
| **Collateral received** | | | | | | |
| **Fixed Income** | | | | | | |
| Investment grade | – | – | 442,870 | 970,588 | – | 1,413,458 |
| **Equities** | | | | | | |
| Recognised equity index | – | – | – | – | – | – |
| **Total** | **–** | **–** | **442,870** | **970,588** | **–** | **1,413,458** |

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 31 May 2020, 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 | 1,413,458 |

**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 £117,780,497 and net asset value of £485,711,303 as at 31 May 2020 and the income earned for the period ended 31 May 2020. 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 £ |
|---|---|---|---|
| 0% | 0% | 22,320 | 6,694 |

**SECURITIES FINANCING TRANSACTION AND REUSE (SFTR)** (continued)

**7IM AAP Moderately Cautious 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 recallable 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 31 May 2020.

| Counterparty | Counterparty's country of establishment | Amount on loan £ | Collateral received £ |
|---|---|---|---|
| Goldman Sachs | US | 1,087 | 1,114 |
| J.P. Morgan Securities (Europe) | UK | 1,583 | 1,613 |
| **Total** | | **2,670** | **2,727** |

**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 31 May 2020.

| Currency | Collateral received £ |
|---|---|
| Pound sterling | 1,613 |
| US dollar | 1,114 |
| **Total** | **2,727** |

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 31 May 2020.

| | Maturity Tenor | | | | | |
|---|---|---|---|---|---|---|
| Collateral type and quality | 0 – 30 days £ | 31 – 90 days £ | 91 – 365 days £ | More than 365 days £ | Open £ | Total £ |
| **Collateral received** | | | | | | |
| **Fixed Income** | | | | | | |
| Investment grade | – | – | 506 | 2,221 | – | 2,727 |
| **Equities** | | | | | | |
| Recognised equity index | – | – | – | – | – | – |
| **Total** | **–** | **–** | **506** | **2,221** | **–** | **2,727** |

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.

**SECURITIES FINANCING TRANSACTION AND REUSE (SFTR)** (continued)

**7IM AAP Moderately Cautious Fund** (continued)

**Collateral** (continued)

As at 31 May 2020, 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 | 2,727 |

**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 £389,100,818 and net asset value of £1,112,378,812 as at 31 May 2020 and the income earned for the period ended 31 May 2020. 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 £ |
|---|---|---|---|
| 4.76% | 1.66% | 48,569 | 14,568 |

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 recallable 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 31 May 2020.

| Counterparty | Counterparty's country of establishment | Amount on loan £ | Collateral received £ |
|---|---|---|---|
| Citigroup Global Markets Limited | UK | 1 | 1 |
| Credit Suisse (Europe) | UK | 1,206,735 | 1,276,049 |
| Goldman Sachs | US | 13,928,852 | 14,264,956 |
| J.P. Morgan Securities (Europe) | UK | 8,117 | 8,336 |
| NBC Global Finance Limited (Ireland) | Ireland | 3,265,757 | 3,410,399 |
| UBS AG (London Branch) | UK | 101,494 | 114,591 |
| **Total** | | **18,510,956** | **19,074,332** |

**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.

**SECURITIES FINANCING TRANSACTION AND REUSE (SFTR)** (continued)

**7IM AAP Balanced Fund** (continued)

**Collateral** (continued)

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 31 May 2020.

| Currency | Collateral received £ |
|---|---|
| Euro | 1,390,640 |
| Pound sterling | 8,337 |
| Japanese yen | 3,368,566 |
| US dollar | 14,306,789 |
| **Total** | **19,074,332** |

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 31 May 2020.

| | Maturity Tenor | | | | | |
|---|---|---|---|---|---|---|
| Collateral type and quality | 0 – 30 days £ | 31 – 90 days £ | 91 – 365 days £ | More than 365 days £ | Open £ | Total £ |
| **Collateral received** | | | | | | |
| **Fixed Income** | | | | | | |
| Investment grade | – | – | 3,349,465 | 15,724,867 | – | 19,074,332 |
| **Equities** | | | | | | |
| Recognised equity index | – | – | – | – | – | – |
| **Total** | **–** | **–** | **3,349,465** | **15,724,867** | **–** | **19,074,332** |

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 31 May 2020, 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 | 19,074,332 |

**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 £188,673,214 and net asset value of £527,176,628 as at 31 May 2020 and the income earned for the period ended 31 May 2020. 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 FINANCING TRANSACTION AND REUSE (SFTR)** (continued)

**7IM AAP Moderately Adventurous Fund** (continued)

**Securities Lending** (continued)

| Securities on loan, % of lendable assets | % of NAV | Income earned £ | Income to Agent £ |
|---|---|---|---|
| 1.67% | 0.60% | 25,647 | 7,691 |

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 recallable 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 31 May 2020.

| Counterparty | Counterparty's country of establishment | Amount on loan £ | Collateral received £ |
|---|---|---|---|
| Citigroup Global Markets Limited | UK | 2,873,178 | 3,026,772 |
| Goldman Sachs | US | 235,133 | 240,807 |
| J.P. Morgan Securities (Europe) | UK | 40,750 | 41,849 |
| **Total** | | **3,149,061** | **3,309,428** |

**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 31 May 2020.

| Currency | Collateral received £ |
|---|---|
| Euro | 2,955,206 |
| Pound sterling | 111,676 |
| US dollar | 242,546 |
| **Total** | **3,309,428** |

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 31 May 2020.

| | Maturity Tenor | | | | | |
|---|---|---|---|---|---|---|
| Collateral type and quality | 0 – 30 days £ | 31 – 90 days £ | 91 – 365 days £ | More than 365 days £ | Open £ | Total £ |
| **Collateral received** | | | | | | |
| **Fixed Income** | | | | | | |
| Investment grade | – | – | 13,112 | 3,296,316 | – | 3,309,428 |
| **Equities** | | | | | | |
| Recognised equity index | – | – | – | – | – | – |
| **Total** | **–** | **–** | **13,112** | **3,296,316** | **–** | **3,309,428** |

**SECURITIES FINANCING TRANSACTION AND REUSE (SFTR)** (continued)

**7IM AAP Moderately Adventurous Fund** (continued)

**Collateral** (continued)

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 31 May 2020, 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 | 3,309,428 |

**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 £70,293,923 and net asset value of £197,541,504 as at 31 May 2020 and the income earned for the period ended 31 May 2020. 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 £ |
|---|---|---|---|
| 6.95% | 2.47% | 18,544 | 5,561 |

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 recallable 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 31 May 2020.

| Counterparty | Counterparty's country of establishment | Amount on loan £ | Collateral received £ |
|---|---|---|---|
| Credit Suisse (Europe) | UK | 4,886,756 | 5,166,962 |
| **Total** | | **4,886,756** | **5,166,962** |

**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 31 May 2020.

| Currency | Collateral received £ |
|---|---|
| Euro | 5,166,962 |
| **Total** | **5,166,962** |

**SECURITIES FINANCING TRANSACTION AND REUSE (SFTR)** (continued)

**7IM AAP Adventurous 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 31 May 2020.

| | Maturity Tenor | | | | | |
|---|---|---|---|---|---|---|
| **Collateral type and quality** | **0 – 30 days £** | **31 – 90 days £** | **91 – 365 days £** | **More than 365 days £** | **Open £** | **Total £** |
| **Collateral received** | | | | | | |
| **Fixed Income** | | | | | | |
| Investment grade | – | – | 338,226 | 4,828,736 | – | 5,166,962 |
| **Equities** | | | | | | |
| Recognised equity index | – | – | – | – | – | – |
| **Total** | **–** | **–** | **338,226** | **4,828,736** | **–** | **5,166,962** |

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 31 May 2020, 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 | 5,166,962 |

# 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, ‘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.

## GENERAL INFORMATION (continued)

### 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, be accompanied by an application form.

### Prices

The prices of all shares are published on: www.fundlistings.com and the Manager's website: 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.

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.

### Assessment of Value

For each of its sub-funds, Seven Investment Management LLP, will publish an Assessment of Value covering the financial period ended 31 May 2020. These statements will be available on Seven Investment Management's website no later than 31 July 2020.

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Telephone: 020 7760 8777
www.7im.co.uk

SEVEN
Investment Management