

# 7IM INVESTMENT FUNDS

Annual Report and Financial Statements  
for the year ended 30 November 2019

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



# 7IM INVESTMENT FUNDS

## DIRECTORY

### Authorised Corporate Director ('ACD')

Seven Investment Management LLP

3rd Floor

55 Bishopsgate

London EC2N 3AS

(Authorised and regulated by the Financial Conduct Authority)

*Address for correspondence:*

Seven Investment Management LLP

PO Box 3733

Royal Wootton Bassett

Swindon SN4 4BG

### Executive Committee of the ACD

H. Bathgate

P. Bungey (resigned 30 July 2019)

A. Montgomery (resigned 31 July 2019)

D. Proctor

S. Sanderson (resigned 1 January 2020)

V. Smith

C. Sparrow (resigned 14 October 2019)

M. Surguy

J. Urquhart Stewart (resigned 21 January 2020)

D. Walker (appointed 14 October 2019)

### Sub-Investment Manager

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

### Sub-Adviser

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

7IM Cautious Fund

7IM AAP Moderately Cautious Fund

7IM Moderately Cautious Fund

7IM AAP Balanced Fund

7IM Balanced Fund

7IM AAP Moderately Adventurous Fund

7IM Moderately Adventurous Fund

7IM AAP Adventurous Fund

7IM Adventurous Fund

### Depository

Northern Trust Global Services SE 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 2018, is analysed below:

Fixed Remuneration	£2,550,000
Variable Remuneration	£809,000
<b>Total</b>	<b>£3,359,000</b>
FTE Number of staff:	29

Two of the staff members included in the total remuneration figures above are considered to be senior management whilst there are eleven 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	£518,000
Staff whose actions may have a material impact on the funds	£1,356,000
Other	£1,485,000
<b>Total</b>	<b>£3,359,000</b>

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

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

### SUB-FUND CROSS-HOLDINGS

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

## 7IM INVESTMENT FUNDS

### DIRECTOR'S STATEMENT

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



D. Walker  
On behalf of Seven Investment Management LLP  
ACD of 7IM Investment Funds  
27 March 2020



## 7IM INVESTMENT FUNDS

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

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

In preparing the financial statements the ACD is responsible for:

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

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

Since 18 March 2020 the ACD has been operating under its business continuity plans, following the guidance from the UK Government in its efforts to contain the COVID-19 coronavirus outbreak within the UK. The ACD has robust and resilient business continuity plans in place, including for a pandemic threat, to ensure that all its critical functions remain fully operational. All ACD staff are working remotely, and are able to fulfil their roles as normal. The ACD has robust processes and infrastructure in place to ensure that staff are able to work from home effectively. Should individual staff members be unable to work due to sickness, the ACD has sufficient staff cover to ensure that all tasks continue to be performed. The Investment Management and Investment Risk teams are continuously monitoring the performance of the sub-funds. Furthermore, our Investment Management and Dealing teams are equipped with all the necessary systems to ensure they can continue to run and manage portfolios remotely. This infrastructure has been stress tested to ensure that respective teams can function effectively from home.

## 7IM INVESTMENT FUNDS

### **STATEMENT OF THE DEPOSITARY'S RESPONSIBILITIES IN RESPECT OF THE SCHEME AND REPORT OF THE DEPOSITARY TO THE SHAREHOLDERS OF THE 7IM INVESTMENT FUNDS ("THE COMPANY") FOR THE YEAR ENDED 30 NOVEMBER 2019**

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

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

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

The Depositary must ensure that:

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

### **REPORT OF THE DEPOSITARY**

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

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

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

Northern Trust Global Services SE UK Branch  
UK Trustee and Depositary Services  
27 March 2020

## 7IM INVESTMENT FUNDS

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

#### Opinion

We have audited the financial statements of the Company for the year ended 30 November 2019, which comprise the Statements of Total Return, the Statements of Changes in Net Assets Attributable to Shareholders, the Balance Sheets, the Related Notes and the Distribution Tables for each of the Company's sub funds listed on pages 1 to 3 and the accounting policies set out on pages 10 to 12.

In our opinion the financial statements:

- give a true and fair view, in accordance with UK Accounting standards, including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland, of the financial position of each of the sub-funds as at 30 November 2019 and of the net revenue/deficit of revenue and the net capital gains/net capital losses on the property of each of the sub-funds for the year then ended; and
- have been properly prepared in accordance with the Instrument of Incorporation, the Statement of Recommended Practice relating to Authorised Funds, and the COLL Rules.

#### Basis for opinion

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

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

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

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

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

#### Going concern

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

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

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

#### Other information

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

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

## 7IM INVESTMENT FUNDS

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

#### Other information (continued)

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

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

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

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

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

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

#### Auditor's responsibilities

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

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

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

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



Paul McKechnie  
for and on behalf of KPMG LLP, Statutory Auditor  
Chartered Accountants  
15 Canada Square  
London  
E14 5GL  
United Kingdom  
27 March 2020

# 7IM INVESTMENT FUNDS

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 November 2019

### 1. Statement of Compliance

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

### 2. Summary of Significant Accounting Policies

#### (a) Basis of Preparation

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

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

#### (b) Functional and Presentation Currency

The functional and presentation currency of the Company is sterling.

#### (c) Recognition of revenue

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

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

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

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

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

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

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

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

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

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

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

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

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

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

#### (e) Treatment of expenses

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

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

## 7IM INVESTMENT FUNDS

### NOTES TO THE FINANCIAL STATEMENTS (continued) for the year ended 30 November 2019

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

##### (f) Capped expenses

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

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

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

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

##### (h) Taxation

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

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

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

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

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

##### (i) Distribution policy

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

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

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

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

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

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

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



## 7IM INVESTMENT FUNDS

### NOTES TO THE FINANCIAL STATEMENTS (continued) for the year ended 30 November 2019

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

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

All investments are valued at their fair value as at 12.00pm UK time on 29 November 2019, being the last business day of the financial year. The fair value for non-derivative securities is bid market price. The fair value for derivative instruments is the cost of closing out the contract at the balance sheet date.

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

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

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

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

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

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

##### (k) *Exchange rates*

Transactions in foreign currencies are recorded in sterling at the rate ruling at the date of the transactions. Assets and liabilities expressed in foreign currencies at the end of the accounting period are translated into sterling at 12.00pm UK time on 29 November 2019, being the last business day of the financial year.

##### (l) *Dilution levy*

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

##### (m) *Stock lending*

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

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

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

## 7IM INVESTMENT FUNDS

### NOTES TO THE FINANCIAL STATEMENTS (continued) for the year ended 30 November 2019

#### 3. Risk Management Policies

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

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

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

##### (a) Credit risk

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

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

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

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

##### (b) Liquidity risk

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

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

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

##### (c) Market risk

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

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

##### (d) Interest rate risk

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

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



## 7IM INVESTMENT FUNDS

### NOTES TO THE FINANCIAL STATEMENTS (continued) for the year ended 30 November 2019

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

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

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

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

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

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

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

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

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

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

##### (g) *Derivatives*

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

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

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

# 7IM CAUTIOUS FUND

## ACD'S REPORT

for the year ended 30 November 2019

### 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 from 1 December 2018 to 30 November 2019, the portfolio delivered a total return of 5.78%<sup>1</sup>.

#### Investment Background

For many market commentators, the main culprit for the Q4 2018 sell-off was the Fed's monetary policy throughout 2018 and the new Chairman Jerome Powell's hawkish communications. Fortunately for equity investors, the Fed decided to change course in January. By the end of that month Powell indicated that the Fed will not be raising rates until further certainty on future growth can be ascertained. In March the Fed effectively doubled down on the dovish approach it has turned to since the start of the year. The Federal Open Market Committee ('FOMC') meeting was more dovish than markets had anticipated with the Fed choosing to eliminate the two 25bps hikes planned for 2019, leaving only one hike in 2020 and none in 2021. Alongside this they also announced plans to taper the balance sheet run off in May and stop the process altogether by the end of September 2019. This move led to a drastic re pricing across the US yield curve and led to an inversion between the 3 month and the 10 year US Treasury rates. However, risk assets came under pressure once again as the trade talks between the US and China suddenly worsened.

On 5 May Donald Trump announced via twitter that he would increase the amount of tariffs on \$200 Billion worth of Chinese imports to 25%. The announcement shook markets and left many investors bewildered as many had assumed that talks were close to being finalised. The reversal in risk appetite also helped to support fixed income assets and especially the US 10 Year Treasury. The sharp fall in US yields since September last year has been quite astounding. After nearly touching 3.25% in November 2018 the yield demanded on US 10 year Government debt has fallen to a low of around 1.5% in the third quarter of 2019.

While the first 6 months of the year saw equity markets caught in a tug-of-war between trade disputes and easy central bank policy the second half of the year saw markets positive of a semblance of trade deal – rallying strongly into the year. A key driver of company profits and thus equity markets is the manufacturing cycle. More specifically, there is a strong relationship between the ups and downs of global manufacturing output, global trade and global equity markets. Manufacturing had been slowing through the year for a number of reasons: destocking of inventories, falling Chinese demand for autos, the tightening effect of the rising dollar and uncertainty over trade wars. Global trade and global manufacturing appears to have found a bottom, particularly in the fourth quarter. Even more positive was the leading indicators such as export orders, backlogs and news orders picking up in places like Germany. This bodes well for a manufacturing cycle rebound in and explains why markets have picked up in Q4. The tentative signs of a trade deals have also buoyed markets. Bond markets don't appear to be pricing in the more positive growth, with US treasuries struggling to push beyond 2.0%.

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

## 7IM CAUTIOUS FUND

### ACD'S REPORT (continued) for the year ended 30 November 2019

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

##### Portfolio Review

In the latter stages of November when equity markets were weak, we added a position in dividends as an equity beta replacement, looking to play the pull to par in Eurostoxx dividends and monetise what we felt had been an overreaction to the prices of these dividends in reaction to recent equity weakness. In the Cautious Fund we sold some European equity and entered into a dividend position with a weight of 3.0%. Following the sell-off in markets through Q4 2018, a decision was made to increase overall portfolio beta, focused on the US market. This reflected our view that the fundamentals did not support the size of the sell-off. By the end of March markets had moved so strongly ahead that we felt it was prudent to take out some risk and cut overall equity positioning across a mix of developed markets. Consequently we cut our overall equity position across a mix of developed markets. In the Cautious Fund we cut equity exposure by 2.5%. At the end of June, as is normal process we changed our Strategic Asset Allocation ('SAA') benchmarks. As part of this we split the fixed income asset classes across a broader range of credit instruments and adjusted slightly the overall equity and FX components. By the end of March markets had moved so strongly ahead that we felt it was prudent to take out some risk and cut overall equity positioning across a mix of developed markets. With inflation expectations in the US looking historically cheap, we took the opportunity to buy an exposure to US inflation feeling the risks to the downside were low relative to the potential gains and also bought a holding in a global inflation linked bond fund where we felt valuations were similarly attractive with an initial position of 2.5%.

We had held an EM debt overweight across some ranges for a while and at the end of August we made sure all portfolios were reflecting this. For the Cautious Fund we moved the weight to an overweight of 2.0%. In August we entered a long in US healthcare stocks. We felt that these stocks were particularly well placed to benefit from changing demographics and global trends in technology. For the Cautious Fund the initial weight was 1.0%. Back in the UK, we took the view that more GBP volatility was likely as, at that time, there was a significant chance of a "no deal" Brexit and that any announcement of an election would see GBP sell off as Corbyn risk will be at the forefront of everyone's minds and so moved the GBP weight back towards a neutral position. We added to US inflation expectations in some portfolios in July and given further negative sentiment we decided to increase our position. For the Cautious Fund this meant increasing the holding to 3.5%. There was relatively little premium left in the dividend position towards the year end even using more bullish assumptions so we removed the remaining holding of 1.0%.

We also reduced exposure to alternatives feeling there was more value in equities and bonds, disposing of the market neutral strategies which had been disappointing and reduced other assets exposure to around 11.0%.

##### Investment Outlook

We split into four core views:

##### **Recession risks are low in the short-term. Global growth is weak but the data appear to have found a bottom.**

Fears of global recession are overdone. Growth has been shifting into a lower gear over the past eighteen months or so. This is partly due to cyclical factors, partly due to the uncertainty caused by trade wars. This growth slowdown has not escaped policymakers – both governments and central banks around the world have taken action. In the US, the Federal Reserve has cut rates and made it clear that it doesn't plan to raise them anytime soon. In China, the government has been cutting taxes, and is beginning to spend more. In Europe, the ECB is making all the right noises about supporting growth, and a few governments are starting to open the fiscal taps. In the rest of the world, interest rate cuts have been happening all year. These early responses should prolong the growth phase of this economic cycle. We are unlikely to see global growth return to boom-time levels, but it appears that the worst is over, for now.

##### **Equities are likely to be volatile as trade war rhetoric continues. But central banks are doing their best to put a floor under markets.**

From a fundamental viewpoint, global equities are around fair value to mildly expensive. However, earnings growth is likely to be average-to-weak over the next 6-12 months. This will make big gains difficult, considering current high levels, particularly in the USA. And we believe that Donald Trump's trade and technology crusade should be taken seriously. There is a sense in which the campaign is no longer just Mr Trump's – anti-China sentiment is about the only thing that Democrats and Republicans agree on. Regardless of the election result in 2020, the trade cat is now out of the bag. On the other side, China is increasingly looking for an external foe, to draw attention away from slower growth and popular discontent – in Hong Kong for example. Neither side has reason to back down in the short term. Any successful negotiation is likely to be followed by a further escalation, sooner or later.

This has left global central banks on high alert, ready to react to any growth threats. Equities are likely to be pulled around by these two competing forces.

## 7IM CAUTIOUS FUND

**ACD'S REPORT** (continued)  
for the year ended 30 November 2019

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

#### **Bond markets are not ready for an inflation surprise – a small change in expectations could be painful for bonds.**

Global inflation expectations remain near all-time lows. The financial markets currently suggest that US inflation will average 1.8% over the next 30 years. We think this is too pessimistic – we aren't in a Japan-style environment like the early 1990's. In the medium-term, populist economic policies are likely to be inflationary, while in the longer term, a return of economic growth should lead to central banks switching to focus on inflation once more. A small change in tone of monetary policy could be painful for bond markets. Yields do not offer any cushion against declines in capital value – and recent price moves have made bonds very expensive.

#### **Brexit is looming, but there's still lots of uncertainty about the UK's future trade relations with Europe.**

UK equities and sterling bounced after the election, as one huge uncertainty over the markets was sorted out. The big Tory victory will probably lead to an early Brexit. Looking ahead, though, the UK will now enter a year of trade negotiations with Europe, the outcome of which is highly unclear. And the costs of leaving Europe will gradually come into focus. Though sterling is on the cheap side by historical standards, we don't expect it to gain much from now on.

Seven Investment Management LLP  
Investment Manager  
December 2019

## 7IM CAUTIOUS FUND

### FUND INFORMATION

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

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

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

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

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

# 7IM CAUTIOUS FUND

## FUND INFORMATION (continued)

### Comparative Tables

#### Class C Income

	30.11.19 (pence per share)	30.11.18 (pence per share)	30.11.17 (pence per share)
<b>Change in Net Asset Value Per Share</b>			
Opening net asset value per share	97.92	100.26	98.49
Return before operating charges*	6.44	(0.14)	3.93
Operating charges (calculated on average price)	(0.85)	(0.81)	(0.86)
Return after operating charges*	5.59	(0.95)	3.07
Distributions on income shares	(1.47)	(1.39)	(1.30)
Closing net asset value per share	102.04	97.92	100.26
* After direct transaction costs of: <sup>1</sup>	0.00	0.01	0.01

### Performance

Return after charges <sup>2</sup>	5.71%	(0.95)%	3.12%
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### Other Information

Closing net asset value (£'000)	16,303	17,803	20,581
Closing number of shares	15,977,230	18,181,801	20,527,220
Operating charges <sup>3</sup>	0.84%	0.81%	0.85%
Direct transaction costs	0.00%	0.01%	0.01%

### Prices

Highest share price	104.25	101.60	101.52
Lowest share price	96.88	98.22	98.35

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

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

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

## 7IM CAUTIOUS FUND

### FUND INFORMATION (continued)

#### Comparative Tables (continued)

##### Class C Accumulation

	30.11.19 (pence per share)	30.11.18 (pence per share)	30.11.17 (pence per share)
<b>Change in Net Asset Value Per Share</b>			
Opening net asset value per share	102.87	103.87	100.77
Return before operating charges*	6.79	(0.16)	3.98
Operating charges (calculated on average price)	(0.89)	(0.84)	(0.88)
Return after operating charges*	5.90	(1.00)	3.10
Distributions	(1.55)	(1.45)	(1.34)
Retained distributions on accumulation shares	1.55	1.45	1.34
Closing net asset value per share	108.77	102.87	103.87
* After direct transaction costs of: <sup>1</sup>	0.00	0.01	0.01

#### Performance

Return after charges <sup>2</sup>	5.74%	(0.96)%	3.08%
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#### Other Information

Closing net asset value (£'000)	20,490	17,941	17,976
Closing number of shares	18,838,192	17,440,235	17,305,717
Operating charges <sup>3</sup>	0.84%	0.81%	0.85%
Direct transaction costs	0.00%	0.01%	0.01%

#### Prices

Highest share price	110.15	105.27	104.46
Lowest share price	101.76	102.46	100.58

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

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

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

# 7IM CAUTIOUS FUND

## FUND INFORMATION (continued)

### Comparative Tables (continued)

#### Class S Income

	30.11.19 (pence per share)	30.11.18 (pence per share)	30.11.17 (pence per share)
<b>Change in Net Asset Value Per Share</b>			
Opening net asset value per share	98.68	100.84	98.86
Return before operating charges*	6.44	(0.20)	3.90
Operating charges (calculated on average price)	(0.60)	(0.56)	(0.61)
Return after operating charges*	5.84	(0.76)	3.29
Distributions on income shares	(1.48)	(1.40)	(1.31)
Closing net asset value per share	103.04	98.68	100.84
* After direct transaction costs of: <sup>1</sup>	0.00	0.01	0.01

#### Performance

Return after charges <sup>2</sup>	5.92%	(0.75)%	3.33%
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#### Other Information

Closing net asset value (£'000)	326	374	240
Closing number of shares	316,666	378,476	238,208
Operating charges <sup>3</sup>	0.59%	0.56%	0.60%
Direct transaction costs	0.00%	0.01%	0.01%

#### Prices

Highest share price	105.22	102.21	102.12
Lowest share price	97.65	98.98	98.72

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

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

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



## 7IM CAUTIOUS FUND

### FUND INFORMATION (continued)

#### Comparative Tables (continued)

##### Class S Accumulation

	30.11.19 (pence per share)	30.11.18 (pence per share)	30.11.17 (pence per share)
<b>Change in Net Asset Value Per Share</b>			
Opening net asset value per share	103.52	104.32	101.00
Return before operating charges*	6.78	(0.21)	3.94
Operating charges (calculated on average price)	(0.63)	(0.59)	(0.62)
Return after operating charges*	6.15	(0.80)	3.32
Distributions	(1.56)	(1.45)	(1.34)
Retained distributions on accumulation shares	1.56	1.45	1.34
Closing net asset value per share	109.67	103.52	104.32
* After direct transaction costs of: <sup>1</sup>	0.00	0.01	0.01

#### Performance

Return after charges <sup>2</sup>	5.94%	(0.77)%	3.29%
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#### Other Information

Closing net asset value (£'000)	6,062	5,370	5,004
Closing number of shares	5,527,088	5,187,795	4,796,349
Operating charges <sup>3</sup>	0.59%	0.56%	0.60%
Direct transaction costs	0.00%	0.01%	0.01%

#### Prices

Highest share price	111.01	105.84	104.90
Lowest share price	102.42	103.00	100.82

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

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

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

## 7IM CAUTIOUS FUND

### FUND INFORMATION (continued)

#### Ongoing Charges Figures

As at 30 November 2019

	<b>Class C</b>	<b>Class S</b>
ACD's periodic charge	0.50%	0.25%
Other expenses	0.20%	0.20%
	<hr/> 0.70%	<hr/> 0.45%
Collective investment scheme costs	0.14%	0.14%
Ongoing Charges Figure	<hr/> 0.84%	<hr/> 0.59%

As at 30 November 2018

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

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

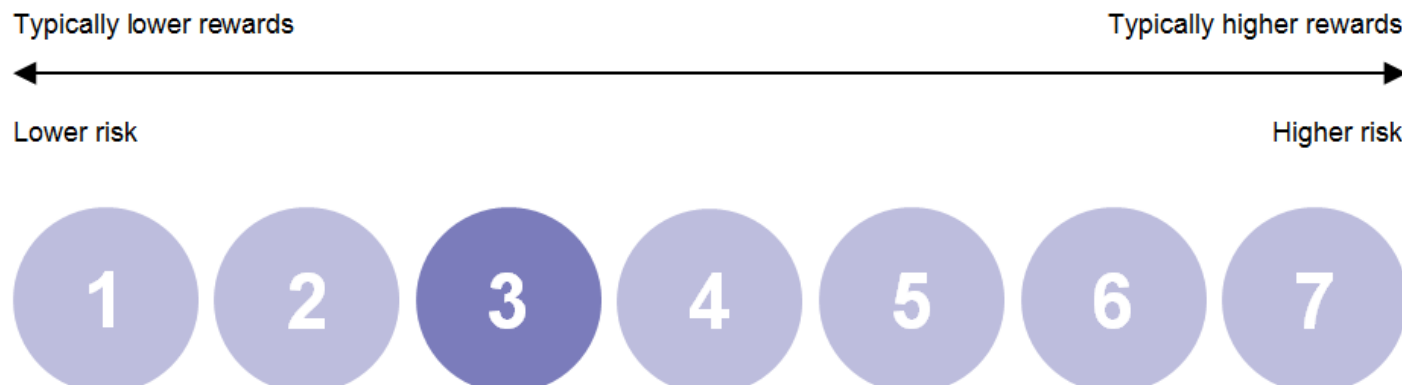
The collective investment scheme costs represent the OCFs, or a reasonable substitute, of the underlying funds which are held as portfolio investments. Their inclusion has been calculated on a weighted basis against the Sub-fund's net assets at the balance sheet date.

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

## 7IM CAUTIOUS FUND

### FUND INFORMATION (continued)

#### Synthetic Risk and Reward Indicator



This indicator shows how much a sub-fund has risen and fallen in the past, and therefore how much a 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 annual report and financial statements, the risk and reward indicator as at the year end date 30 November 2019 was 3.

#### Fund performance to 30 November 2019 (%)

	1 year	3 years	Since Launch
7IM Cautious Fund <sup>1, 2</sup>	5.78	7.88	8.85

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

<sup>2</sup> Source: Bloomberg

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

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

# 7IM CAUTIOUS FUND

## PORTFOLIO STATEMENT

as at 30 November 2019

Holding	Portfolio of Investment	Value £	30.11.19 %
<b>ALTERNATIVES 12.76% (18.46%)</b>			
<b>Alternative Strategies 9.21% (11.14%)</b>			
11,649	AQR - Managed Futures UCITS Fund <sup>1</sup>	963,361	2.23
1,921,000	BNP Paribas Issuance 0.00% 2024 <sup>2</sup>	1,493,052	3.46
1,513	LGT Dynamic Protection UCITS <sup>1</sup>	1,496,620	3.46
(5)	S&P 500 Index Put Options 1950 March 2020 <sup>3</sup>	(329)	—
(2)	S&P 500 Index Put Options 2075 June 2020 <sup>3</sup>	(744)	—
(2)	S&P 500 Index Put Options 2100 September 2020 <sup>3</sup>	(1,736)	—
5	S&P 500 Index Put Options 2650 March 2020 <sup>3</sup>	4,961	0.01
2	S&P 500 Index Put Options 2800 June 2020 <sup>3</sup>	8,309	0.02
2	S&P 500 Index Put Options 2850 September 2020 <sup>3</sup>	13,673	0.03
		<b>3,977,167</b>	<b>9.21</b>
<b>Commodities 0.00% (3.84%)</b>			
<b>Infrastructure 2.70% (2.88%)</b>			
244,947	BBGI	407,837	0.94
228,768	HICL Infrastructure	374,264	0.87
240,630	International Public Partnerships	384,046	0.89
		<b>1,166,147</b>	<b>2.70</b>
<b>Real Estate 0.85% (0.60%)</b>			
287,622	LXI REIT	<b>366,430</b>	<b>0.85</b>
<b>CASH 2.86% (4.17%)</b>			
146	Goldman Sachs Sterling Liquid Reserves Fund <sup>1</sup>	146	—
1,235,000	Northern Trust Global Sterling Fund <sup>1</sup>	1,235,000	2.86
		<b>1,235,146</b>	<b>2.86</b>
<b>DEBT SECURITIES 77.78% (69.08%)</b>			
<b>Convertible Bonds 1.99% (3.02%)</b>			
211	NN (L) Global Convertible Bond Acc <sup>1</sup>	<b>860,258</b>	<b>1.99</b>
<b>Corporate Bonds 0.00% (0.75%)</b>			
<b>Emerging Market Bonds 4.90% (4.06%)</b>			
1,526,081	Legal & General Emerging Markets Government Bond Local Currency Index Fund Acc <sup>1</sup>	1,050,554	2.43
1,481,259	Legal & General Emerging Markets Government Bond USD Index Fund <sup>1</sup>	1,063,840	2.47
		<b>2,114,394</b>	<b>4.90</b>
<b>Gilts 9.09% (8.19%)</b>			
£265,000	European Investment Bank 4.25% 2021	283,208	0.66
£225,000	Network Rail Infrastructure Finance 4.625% 2020	230,291	0.53
£200,000	Tennessee Valley Authority 5.35% 2021	212,231	0.49
£330,000	UK Gilt 2.00% 2025	359,279	0.83
£500,000	UK Gilt 4.00% 2022	539,549	1.25
£450,000	UK Gilt 4.25% 2046	769,306	1.78
£330,000	UK Gilt 4.25% 2055	635,939	1.47

## 7IM CAUTIOUS FUND

### PORTFOLIO STATEMENT (continued) as at 30 November 2019

Holding	Portfolio of Investment	Value £	30.11.19 %
<b>Gilts (continued)</b>			
£600,000	UK Gilt 4.50% 2034	896,584	2.08
		<b>3,926,387</b>	<b>9.09</b>
<b>Global Corporate Bonds 19.66% (11.45%)</b>			
9,362	Angel Oak Multi-Strategy Income Fund <sup>1</sup>	774,399	1.79
3,945,361	BlackRock Overseas Corporate Bond Tracker <sup>1</sup>	6,442,774	14.92
10,717	Robeco QI Global Multi-Factor Credits <sup>1</sup>	1,271,260	2.95
		<b>8,488,433</b>	<b>19.66</b>
<b>Global Government Bonds 12.90% (13.64%)</b>			
4,044,024	BlackRock Overseas Government Bond Index Fund <sup>1</sup>	<b>5,568,622</b>	<b>12.90</b>
<b>Global High Yield Bonds 3.01% (2.57%)</b>			
67	Most Diversified TOBAM Anti-Benchmark Global High Yield <sup>1</sup>	610,266	1.41
6,430	Robeco Quant High Yield <sup>1</sup>	690,057	1.60
		<b>1,300,323</b>	<b>3.01</b>
<b>Global Inflation Linked Bonds 8.21% (5.30%)</b>			
198,585	iShares Global Inflation-Linked Bond Index <sup>1</sup>	2,176,415	5.04
(13)	Ultra Long Term US Treasury Bond Futures March 2020 <sup>3</sup>	7,872	0.02
US\$1,502,000	US Treasury Inflation-Indexed Bonds 1% 2049	1,360,641	3.15
		<b>3,544,928</b>	<b>8.21</b>
<b>Short Term Sterling Bonds 9.88% (18.77%)</b>			
£100,000	Bayerische Landesbank 1.25% 2021	100,293	0.23
£300,000	European Investment Bank 0.875% 2021	300,295	0.70
£250,000	International Bank for Reconstruction & Development 5.4% 2021	266,896	0.62
£150,000	Landeskreditbank 1.125% 2021	150,413	0.35
£250,000	Landwirtschaftlich 1.50% 2019	250,093	0.58
£200,000	Leeds Building Society 4.875% 2020	207,356	0.48
£300,000	National Australia Bank 5.125% 2021	323,853	0.75
£300,000	Nederlandse Waterschapsbank 1.00% 2019	300,006	0.69
£300,000	NRW Bank 1.00% 2022	300,630	0.70
£360,000	Rabobank Nederland 4.875% 2023	402,036	0.93
£200,000	Reseau Ferre de France 5.5% 2021	217,787	0.50
£300,000	Santander UK FRN 2020	300,017	0.70
£400,000	Santander UK FRN 2022	398,476	0.92
£300,000	Swedbank FRN 2019	300,000	0.69
£450,000	Westpac Banking FRN 2023	447,820	1.04
		<b>4,265,971</b>	<b>9.88</b>
<b>Sterling Corporate Bonds 8.14% (1.33%)</b>			
£250,000	Shell International Finance 2% 2019	250,112	0.58
26,307	UBS Sterling Corporate Bond Indexed <sup>1</sup>	3,003,710	6.95
361,627	UK Mortgages	262,180	0.61
		<b>3,516,002</b>	<b>8.14</b>

# 7IM CAUTIOUS FUND

## PORTFOLIO STATEMENT (continued) as at 30 November 2019

Holding	Portfolio of Investment	Value £	30.11.19 %
	<b>EQUITY 5.75% (8.86%)</b>		
	<b>Europe (ex UK) 2.09% (2.07%)</b>		
781,977	7IM European (ex UK) Equity Value Fund 'Z' Inc <sup>1,4</sup>	901,463	2.09
5	Euro Stoxx 50 Equity Index Futures December 2019 <sup>3</sup>	264	—
		<b>901,727</b>	<b>2.09</b>
	<b>Japan 0.24% (-0.05%)</b>		
9	TOPIX Index Futures December 2019 <sup>3</sup>	<b>101,297</b>	<b>0.24</b>
	<b>North America 0.18% (3.03%)</b>		
6	E-mini Health Care Select Sector Futures September 2020 <sup>3</sup>	35,393	0.08
8	S&P 500 E-mini Futures December 2019 <sup>3</sup>	44,058	0.10
		<b>79,451</b>	<b>0.18</b>
	<b>United Kingdom 3.24% (3.81%)</b>		
1,350,942	7IM UK Equity Value Fund 'Z' Inc <sup>1,4</sup>	1,385,121	3.21
17	FTSE 100 Index Futures December 2019 <sup>3</sup>	13,821	0.03
		<b>1,398,942</b>	<b>3.24</b>
	<b>FORWARD CURRENCY CONTRACTS 1.81% (-0.69%)</b>		
€200,000	Vs £(178,164) Expiry 21.02.2020	(7,207)	(0.02)
€240,000	Vs £(221,589) Expiry 21.02.2020	(16,441)	(0.04)
€468,000	Vs £(418,287) Expiry 21.02.2020	(18,248)	(0.04)
€942,000	Vs £(847,832) Expiry 21.02.2020	(42,625)	(0.10)
€(5,397,000)	Vs £5,019,318 Expiry 21.02.2020	406,049	0.94
¥(45,820,000)	Vs £337,729 Expiry 20.12.2019	13,334	0.03
¥(15,430,000)	Vs £120,276 Expiry 20.12.2019	11,035	0.03
US\$(19,796,000)	Vs £15,804,874 Expiry 17.01.2020	489,055	1.13
US\$(1,240,000)	Vs £998,727 Expiry 17.01.2020	39,361	0.09
US\$(606,000)	Vs £496,138 Expiry 17.01.2020	27,286	0.06
US\$(516,000)	Vs £417,836 Expiry 17.01.2020	18,616	0.04
¥18,900,000	Vs £(140,350) Expiry 20.12.2019	(6,542)	(0.01)
¥25,600,000	Vs £(198,559) Expiry 20.12.2019	(17,317)	(0.04)
US\$260,000	Vs £(209,600) Expiry 17.01.2020	(8,442)	(0.02)
US\$540,000	Vs £(431,183) Expiry 17.01.2020	(13,395)	(0.03)
US\$360,000	Vs £(294,302) Expiry 17.01.2020	(15,776)	(0.04)
US\$1,024,000	Vs £(829,109) Expiry 17.01.2020	(36,859)	(0.08)
US\$1,520,000	Vs £(1,214,102) Expiry 17.01.2020	(38,105)	(0.09)
		<b>783,779</b>	<b>1.81</b>
	<b>Portfolio of investment</b>	<b>43,595,404</b>	<b>100.96</b>
	Net other liabilities	(414,721)	(0.96)
	<b>Net assets</b>	<b>43,180,683</b>	<b>100.00</b>

Comparative figures shown in brackets relate to 30 November 2018.

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

<sup>1</sup> Collective investment scheme

<sup>2</sup> Structured product

<sup>3</sup> Derivative contract

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

## 71M CAUTIOUS FUND

### PORTFOLIO STATEMENT (continued) as at 30 November 2019

	30.11.19	30.11.18
Credit Quality	%	%
Investment grade debt securities	22.01	29.04
Non-rated debt securities	4.15	5.96
Other investments	74.80	64.88
Net other (liabilities)/assets	(0.96)	0.12
	<b>100.00</b>	<b>100.00</b>

## 7IM CAUTIOUS FUND

### STATEMENT OF TOTAL RETURN

for the year ended 30 November 2019

	Notes	£	30.11.19 £	30.11.18 £
Income				
Net capital gains/(losses)	4		1,893,267	(814,490)
Revenue	5	788,056		756,508
Expenses	6	(269,953)		(271,215)
Interest payable and similar charges	8	(2,645)		(1,271)
Net revenue before taxation for the year		515,458		484,022
Taxation	7	(67,811)		(44,948)
Net revenue after taxation for the year			447,647	439,074
<b>Total return before distributions</b>			2,340,914	(375,416)
Distributions	8		(604,107)	(601,277)
<b>Change in net assets attributable to shareholders from investment activities</b>			1,736,807	(976,693)

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

for the year ended 30 November 2019

	£	30.11.19 £	30.11.18 £
<b>Opening net assets attributable to shareholders</b>		41,487,921	43,801,093
Amounts received on creation of shares <sup>1</sup>	13,383,242		14,940,204
Amounts paid on cancellation of shares <sup>1</sup>	(13,794,167)		(16,610,479)
		(410,925)	(1,670,275)
Change in net assets attributable to shareholders from investment activities		1,736,807	(976,693)
Retained distribution on accumulation shares		366,880	333,796
<b>Closing net assets attributable to shareholders</b>		43,180,683	41,487,921

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

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



## 7IM CAUTIOUS FUND

### BALANCE SHEET

as at 30 November 2019

	Notes	30.11.19 £	30.11.18 £
<b>ASSETS</b>			
Fixed assets:			
Investments		43,819,170	41,984,849
Current assets:			
Debtors	9	295,192	422,444
Cash and bank balances	10	688,406	672,911
<b>Total assets</b>		<b>44,802,768</b>	<b>43,080,204</b>
<b>LIABILITIES</b>			
Investment liabilities		(223,766)	(546,034)
Creditors:			
Bank overdrafts	10	(832,485)	(401,314)
Distribution payable		(147,281)	(129,626)
Other creditors	11	(418,553)	(515,309)
<b>Total liabilities</b>		<b>(1,622,085)</b>	<b>(1,592,283)</b>
<b>Net assets attributable to shareholders</b>		<b>43,180,683</b>	<b>41,487,921</b>

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

# 7IM CAUTIOUS FUND

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 November 2019

### 1 Statement of Compliance

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

### 2 Summary of Significant Accounting Policies

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

### 3 Risk Management Policies

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

### 4 Net capital gains/(losses)

	30.11.19 £	30.11.18 £
The net capital gains/(losses) during the year comprise:		
Non-derivative securities	1,596,465	172,760
Derivative contracts	222,866	(155,013)
Forward currency contracts	347,583	(867,723)
Currency (losses)/gains	(273,441)	41,577
Transaction charges	(6,526)	(13,850)
AMC rebates from underlying investments	6,320	7,759
Net capital gains/(losses)	1,893,267	(814,490)

### 5 Revenue

	30.11.19 £	30.11.18 £
Non-taxable dividends	181,537	280,943
Taxable dividends	444,172	263,166
Unfranked interest	142,370	203,613
AMC rebates from underlying investments	16,288	4,656
Bank interest	752	551
Stock lending revenue <sup>1</sup>	2,937	3,579
Total revenue	788,056	756,508

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

## 7IM CAUTIOUS FUND

### NOTES TO THE FINANCIAL STATEMENTS (continued) for the year ended 30 November 2019

#### 6 Expenses

	30.11.19 £	30.11.18 £
Payable to the ACD, associates of the ACD and agents of either of them:		
ACD's periodic charge	193,989	200,813
Other expenses	5,499	5,489
	<u>199,488</u>	<u>206,302</u>
Payable to the Depositary, associates of the Depositary and agents of either of them:		
Depositary's fees	7,482	7,726
Market risk fees	6,000	6,000
Safe custody and other bank charges	19,360	22,427
	<u>32,842</u>	<u>36,153</u>
Other Expenses:		
Advisory fees	3,381	3,154
Audit fee	9,000	8,760
Dealing and exchange fees	4,481	4,557
FCA and other Regulatory fees	212	300
Legal and professional fees	1,002	1,978
Printing, postage and distribution costs	13,397	5,073
Risk analysis fees	6,150	4,938
	<u>37,623</u>	<u>28,760</u>
Total expenses	<u>269,953</u>	<u>271,215</u>

## 7IM CAUTIOUS FUND

### NOTES TO THE FINANCIAL STATEMENTS (continued) for the year ended 30 November 2019

#### 7 Taxation

	30.11.19 £	30.11.18 £
<i>a) Analysis of charge for the year</i>		
Corporation tax at 20%	67,811	41,835
Overseas tax	–	3,096
Irrecoverable CIS income tax	–	17
Current tax charge (note 7b)	67,811	44,948
Total taxation	67,811	44,948

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

The tax assessed for the year differs from the standard rate of corporation tax in the UK for an authorised fund (20%) (2018: 20%) for the reasons explained below.

Net revenue before taxation	515,458	484,022
Corporation tax at 20%	103,092	96,804
Effects of:		
AMC rebates taken to capital	1,264	1,552
Double taxation relief expensed	–	(339)
Franked CIS revenue	(24,176)	(20,510)
Franked REIT income	(52)	(528)
Indexed gilt edged securities adjustment	(716)	–
Irrecoverable CIS income tax w/off	–	17
Movement in revenue accruals	478	199
Non-taxable dividends	(3,154)	(29,517)
Non-taxable overseas dividends	(8,925)	(3,532)
Offshore CIS revenue	–	(2,294)
Overseas tax	–	3,096
Current tax charge (note 7a)	67,811	44,948

#### *c) Deferred tax*

There is no deferred tax provision in the current year (2018: none).

#### 8 Distributions

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

	30.11.19 £	30.11.18 £
Interim	231,792	305,085
Final	380,369	294,712
	612,161	599,797
Add: Revenue deducted on cancellation of shares	42,818	58,877
Deduct: Revenue received on issue of shares	(50,872)	(57,397)
Net distributions for the year	604,107	601,277
Interest payable and similar charges	2,645	1,271
Total distribution	606,752	602,548

## 7IM CAUTIOUS FUND

### NOTES TO THE FINANCIAL STATEMENTS (continued) for the year ended 30 November 2019

#### 8 Distributions (continued)

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

Distributions represented by:

Net revenue after taxation	447,647	439,074
Allocations to capital:		
Expenses, net of tax relief	156,456	162,202
Equalisation on conversions <sup>1</sup>	(3)	—
Net movement in revenue account	7	1
Net distributions for the year	<u>604,107</u>	<u>601,277</u>

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

#### 9 Debtors

	30.11.19 £	30.11.18 £
Amounts receivable for issue of shares	107,209	136,244
Sales awaiting settlement	—	59,519
Accrued revenue	164,199	214,578
Income tax recoverable	1,213	1,213
AMC rebates from underlying investments	22,571	10,647
Currency deals awaiting settlement	—	243
Total debtors	<u>295,192</u>	<u>422,444</u>

#### 10 Cash and bank balances

	30.11.19 £	30.11.18 £
Cash and bank balances	656,928	493,155
Cash held at clearing houses	31,478	179,756
Total cash and bank balances	<u>688,406</u>	<u>672,911</u>
Bank overdrafts	(581,805)	(400,913)
Cash overdraft at clearing houses	(250,680)	(401)
Total bank overdrafts	<u>(832,485)</u>	<u>(401,314)</u>

#### 11 Other Creditors

	30.11.19 £	30.11.18 £
Amounts payable for cancellation of shares	120,019	416,487
Purchases awaiting settlement	177,726	20,429
Accrued expenses	52,997	36,558
Corporation tax payable	67,811	41,835
Total other creditors	<u>418,553</u>	<u>515,309</u>

## 7IM CAUTIOUS FUND

### NOTES TO THE FINANCIAL STATEMENTS (continued) for the year ended 30 November 2019

#### 12 Related party transactions

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

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

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

	Held at 30.11.19	Held at 30.11.18
7IM European (ex UK) Equity Value Fund 'Z' Inc	781,977	762,715
7IM UK Equity value Fund 'Z' Inc	1,350,942	1,601,366
7IM US Equity Value Fund 'Z' Inc	-	967,830

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

Liverpool Victoria Friendly Society Limited	27.76% (2018: 33.00%)
Pershing Nominees Limited	36.81% (2018: 38.50%)

The net value of creations and cancellations for Liverpool Victoria Friendly Society Limited during the year totalled -£1,858,695 (2018: -£2,251,912).

The net value of creations and cancellations for Pershing Nominees Limited during the year totalled -£165,603 (2018: £1,368,287).

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

#### 13 Classes of Shares

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

Class C	0.50%
Class S	0.25%

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

Class	Opening Shares	Shares Created	Shares Liquidated	Shares Converted	Closing Shares
Class C Income	18,181,801	1,788,489	(3,993,060)	-	15,977,230
Class C Accumulation	17,440,235	7,937,122	(6,370,709)	(168,456)	18,838,192
Class S Income	378,476	203,430	(265,240)	-	316,666
Class S Accumulation	5,187,795	2,851,314	(2,679,121)	167,100	5,527,088

#### 14 Contingent liabilities and commitments

There are no contingent liabilities or unrecorded outstanding commitments at the balance sheet date (2018: none).

#### 15 Risks Disclosures

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

## 7IM CAUTIOUS FUND

### NOTES TO THE FINANCIAL STATEMENTS (continued) for the year ended 30 November 2019

#### 15 Risks Disclosures (continued)

##### i. Interest rate risk

The table below shows the direct interest rate risk profile:

Interest rate exposure as at 30 November 2019

	<b>Floating Rate Financial Assets £</b>	<b>Fixed Rate Financial Assets £</b>	<b>Financial Assets not carrying interest £</b>	<b>Total £</b>
Euro	31,687	—	1,581,614	1,613,301
Japanese yen	464	—	416,347	416,811
US dollar	74,965	2,853,693	9,058,219	11,986,877
Pound sterling	3,262,749	6,996,158	47,479,154	57,738,061
	<b>3,369,865</b>	<b>9,849,851</b>	<b>58,535,334</b>	<b>71,755,050</b>

	<b>Floating Rate Financial Liabilities £</b>	<b>Financial Liabilities not carrying interest £</b>	<b>Total £</b>
Euro	(309)	(4,613,269)	(4,613,578)
Japanese yen	(26,716)	(433,636)	(460,352)
US dollar	—	(17,146,065)	(17,146,065)
Pound sterling	(805,459)	(5,548,913)	(6,354,372)
	<b>(832,484)</b>	<b>(27,741,883)</b>	<b>(28,574,367)</b>

Interest rate exposure as at 30 November 2018

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

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

## 7IM CAUTIOUS FUND

### NOTES TO THE FINANCIAL STATEMENTS (continued) for the year ended 30 November 2019

#### 15 Risks Disclosures (continued)

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

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

Currency	Fixed Rate Financial Assets			
	Weighted average interest rate		Weighted average period for which rate is fixed	
	30.11.19	30.11.18	30.11.19	30.11.18
	%	%	Years	Years
Pound sterling	0.92	1.29	9	5
US dollar	0.38	0.36	16	3

The average effective duration of the Sub-fund's portfolio is a measure of the sensitivity of the fair value of the Sub-fund's bond portfolio (excludes all other investments) to changes in market interest rates. As at 30 November 2019, the weighted average effective duration was 5.19 years (30 November 2018: 3.75 years).

##### ii. Foreign currency risk

The table below shows the direct foreign currency risk profile:

Foreign currency risk exposure as at 30 November 2019

Currency	Monetary Exposure £	Non-Monetary Exposure £	Total £
Euro	31,378	(3,031,655)	(3,000,277)
Japanese yen	(26,252)	(17,289)	(43,541)
US dollar	78,443	(5,237,631)	(5,159,188)
	83,569	(8,286,575)	(8,203,006)
Pound sterling	736,856	50,646,833	51,383,689
Net assets	820,425	42,360,258	43,180,683

Foreign currency risk exposure as at 30 November 2018

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



## 7IM CAUTIOUS FUND

### NOTES TO THE FINANCIAL STATEMENTS (continued) for the year ended 30 November 2019

#### 15 Risks Disclosures (continued)

##### iii. Derivatives

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

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

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

The lowest, highest and average leverage utilisation in the accounting year ended 30 November 2019 was 156%, 262% and 177% respectively (30 November 2018: 162%, 260% and 183% respectively).

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

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

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

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

Counterparty	30.11.19 £	30.11.18 £
<b>Options</b>		
Chicago Board Options Exchange	24,134	38,455
<b>Futures Contracts</b>		
Chicago Board of Trade	7,873	—
Chicago Mercantile Exchange	35,393	—
Eurex Deutschland	264	11,964
International Monetary Market	44,058	(78,095)
London International Financial Futures Exchange	13,821	(77,994)
Osaka Securities Exchange	—	(20,786)
Tokyo Stock Exchange	101,297	—
<b>Forward Currency Contracts</b>		
Northern Trust	783,779	(287,852)
<b>Total net exposure<sup>1</sup></b>	<b>1,010,619</b>	<b>(414,308)</b>

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

## 7IM CAUTIOUS FUND

### NOTES TO THE FINANCIAL STATEMENTS (continued) for the year ended 30 November 2019

#### 15 Risks Disclosures (continued)

##### iv. Fair value

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

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

##### Level 1

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

##### Level 2

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

##### Level 3

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

	Level 1 £	Level 2 £	Level 3 £	Total £
<b>30 November 2019</b>				
<b>Assets</b>				
Bonds	5,144,801	6,151,362	–	11,296,163
Collective Investment Schemes	29,493,866	–	–	29,493,866
Derivatives	229,648	1,004,736	–	1,234,384
Equities	1,794,757	–	–	1,794,757
<b>Total</b>	<b>36,663,072</b>	<b>7,156,098</b>	<b>–</b>	<b>43,819,170</b>
<b>Liabilities</b>				
Derivatives	(329)	(223,437)	–	(223,766)
<b>30 November 2018</b>				
<b>Assets</b>				
Bonds	2,403,610	12,112,170	–	14,515,780
Collective Investment Schemes	819,900	23,954,729	–	24,774,629
Derivatives	53,524	78,202	–	131,726
Equities	2,562,711	3	–	2,562,714
<b>Total</b>	<b>5,839,745</b>	<b>36,145,104</b>	<b>–</b>	<b>41,984,849</b>
<b>Liabilities</b>				
Derivatives	(179,980)	(366,054)	–	(546,034)

## 7IM CAUTIOUS FUND

### NOTES TO THE FINANCIAL STATEMENTS (continued) for the year ended 30 November 2019

#### 16 Purchases, Sales and Transaction Costs

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

Analysis of direct transaction costs for the year ended 30 November 2019:

	Principal £'000	Commissions £'000	Taxes £'000	Total Transaction Costs £'000	Commissions % of principal	Taxes % of principal
<b>Purchases</b>						
Bonds	4,148	—	—	—	—	—
Collective Investment Schemes	37,605	—	—	—	—	—
Equities	385	—	—	—	—	—
<b>Total</b>	<b>42,138</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>
	Principal £'000	Commissions £'000	Taxes £'000	Total Transaction Costs £'000	Commissions % of principal	Taxes % of principal
<b>Sales</b>						
Bonds	8,217	—	—	—	—	—
Collective Investment Schemes	31,402	—	—	—	—	—
Derivatives	334	—	—	—	—	—
Equities	1,638	—	—	—	—	—
<b>Total</b>	<b>41,591</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>
<b>Total as a percentage of the average NAV</b>		<b>0.00%</b>	<b>0.00%</b>	<b>0.00%</b>		

**NOTES TO THE FINANCIAL STATEMENTS** (continued)  
for the year ended 30 November 2019

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

	Principal £'000	Commissions £'000	Taxes £'000	Total Transaction Costs £'000	Commissions % of principal	Taxes % of principal
<b>Sales</b>						
Bonds	9,521	—	—	—	—	—
Collective Investment Schemes	43,361	—	—	—	—	—
Derivatives	881	—	—	—	—	—
Equities	7,307	(2)	—	(2)	0.03	—
<b>Total</b>	<b>61,070</b>	<b>(2)</b>	<b>—</b>	<b>(2)</b>	<b>0.03</b>	

### Average portfolio dealing spread

## 17 Post Balance Sheet Events

Since the start of January 2020, the outbreak of coronavirus, which is a rapidly evolving situation, has adversely impacted global commercial activities and markets which have led to a material decline in NAV across the Sub-fund as at the date of issue of this report. The rapid development and fluidity of this situation precludes any prediction as to its ultimate impact, which may have a continued adverse impact on economic and market conditions and trigger a period of global economic slowdown. The Directors do not believe there is any financial impact to amounts presented within the Financial Statements as at 30 November 2019 as a result of this subsequent event.

The ACD is monitoring developments relating to coronavirus and is coordinating its operational response based on existing business continuity plans and on guidance from global health organisations, relevant governments, and general pandemic response best practices.

As at the balance sheet date, the Net Asset Value per Class C Accumulation share was 108.85p. The Net Asset Value per Class C Accumulation share for the Sub-fund on 26 March 2020 was 102.70p. This represents a decrease of 6% from the year end value.

## 7IM CAUTIOUS FUND

### DISTRIBUTION TABLES

for the year ended 30 November 2019

#### Interim - in pence per share

Group 1 - Shares purchased prior to 1 December 2018

Group 2 - Shares purchased on or after 1 December 2018 and on or before 31 May 2019

	Net Revenue	Equalisation	Paid 31.07.19	Paid 31.07.18
<b>Class C Income</b>				
Group 1	0.5679	—	0.5679	0.6939
Group 2	0.3697	0.1982	0.5679	0.6939

	Net Revenue	Equalisation	Allocated 31.07.19	Allocated 31.07.18
<b>Class C Accumulation</b>				
Group 1	0.5949	—	0.5949	0.7189
Group 2	0.3040	0.2909	0.5949	0.7189

	Net Revenue	Equalisation	Paid 31.07.19	Paid 31.07.18
<b>Class S Income</b>				
Group 1	0.5692	—	0.5692	0.6957
Group 2	0.2299	0.3393	0.5692	0.6957

	Net Revenue	Equalisation	Allocated 31.07.19	Allocated 31.07.18
<b>Class S Accumulation</b>				
Group 1	0.5985	—	0.5985	0.7218
Group 2	0.1297	0.4688	0.5985	0.7218

#### Final - in pence per share

Group 1 - Shares purchased prior to 1 June 2019

Group 2 - Shares purchased on or after 1 June 2019 and on or before 30 November 2019

	Net Revenue	Equalisation	Paid 31.01.20	Paid 31.01.19
<b>Class C Income</b>				
Group 1	0.9038	—	0.9038	0.6983
Group 2	0.5051	0.3987	0.9038	0.6983

	Net Revenue	Equalisation	Allocated 31.01.20	Allocated 31.01.19
<b>Class C Accumulation</b>				
Group 1	0.9553	—	0.9553	0.7286
Group 2	0.3515	0.6038	0.9553	0.7286

## 7IM CAUTIOUS FUND

### DISTRIBUTION TABLES (continued) for the year ended 30 November 2019

	Net Revenue	Equalisation	Paid 31.01.20	Paid 31.01.19
<b>Class S Income</b>				
Group 1	0.9090	—	0.9090	0.7035
Group 2	0.5403	0.3687	0.9090	0.7035
	Net Revenue	Equalisation	Allocated 31.01.20	Allocated 31.01.19
<b>Class S Accumulation</b>				
Group 1	0.9612	—	0.9612	0.7328
Group 2	0.4272	0.5340	0.9612	0.7328

#### Equalisation

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

# 7IM MODERATELY CAUTIOUS FUND

## ACD'S REPORT

for the year ended 30 November 2019

### 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 focussed 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 from 1 December 2018 to 30 November 2019, the portfolio delivered a total return of 5.19%<sup>1</sup>.

#### Investment Background

For many market commentators, the main culprit for the Q4 2018 sell-off was the Fed's monetary policy throughout 2018 and the new Chairman Jerome Powell's hawkish communications. Fortunately for equity investors, the Fed decided to change course in January. By the end of that month Powell indicated that the Fed will not be raising rates until further certainty on future growth can be ascertained. In March the Fed effectively doubled down on the dovish approach it has turned to since the start of the year. The Federal Open Market Committee ('FOMC') meeting was more dovish than markets had anticipated with the Fed choosing to eliminate the two 25bps hikes planned for 2019, leaving only one hike in 2020 and none in 2021. Alongside this they also announced plans to taper the balance sheet run off in May and stop the process altogether by the end of September 2019. This move led to a drastic re pricing across the US yield curve and led to an inversion between the 3 month and the 10 year US Treasury rates. However, risk assets came under pressure once again as the trade talks between the US and China suddenly worsened.

On 5 May Donald Trump announced via twitter that he would increase the amount of tariffs on \$200 Billion worth of Chinese imports to 25%. The announcement shook markets and left many investors bewildered as many had assumed that talks were close to being finalised. The reversal in risk appetite also helped to support fixed income assets and especially the US 10 Year Treasury. The sharp fall in US yields since September last year has been quite astounding. After nearly touching 3.25% in November 2018 the yield demanded on US 10 year Government debt has fallen to a low of around 1.5% in the third quarter of 2019.

While the first 6 months of the year saw equity markets caught in a tug-of-war between trade disputes and easy central bank policy the second half of the year saw markets positive of a semblance of trade deal – rallying strongly into the year. A key driver of company profits and thus equity markets is the manufacturing cycle. More specifically, there is a strong relationship between the ups and downs of global manufacturing output, global trade and global equity markets. Manufacturing had been slowing through the year for a number of reasons: destocking of inventories, falling Chinese demand for autos, the tightening effect of the rising dollar and uncertainty over trade wars. Global trade and global manufacturing appears to have found a bottom, particularly in the fourth quarter. Even more positive was the leading indicators such as export orders, backlogs and new orders picking up in places like Germany. This bodes well for a manufacturing cycle rebound in and explains why markets have picked up in Q4. The tentative signs of a trade deal have also buoyed markets. Bond markets don't appear to be pricing in the more positive growth, with US treasuries struggling to push beyond 2%.

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

## 7IM MODERATELY CAUTIOUS FUND

### ACD'S REPORT (continued)

for the year ended 30 November 2019

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

##### Portfolio Review

Following the sell-off in markets through Q4 2018, a decision was made to increase overall portfolio beta, focussed on the US market. This reflected our view that the fundamentals did not support the size of the sell-off. In the Moderately Cautious Fund this represented a position size of 1.0%. In the latter stages of November we had added a position in dividends as an equity beta replacement, looking to play the pull to par in Eurostoxx dividends and monetise an overreaction in the pricing of the dividend market to recent equity weakness. In the Moderately Cautious Fund we sold some European equity and entered into a dividend position with a weight of 3.0%. At the end of January, building on the position in November for some portfolios in our range, we added to our position in dividends, diversifying across different maturities. For this specific fund dividends now represented a portfolio weight of Moderately Cautious Fund 4.0%. Given the strength of the rally since the start of the year at the end of February and continued momentum in bond markets we added slightly to the duration positioning. By the end of March markets had moved so strongly ahead that we felt it was prudent to take out some risk and cut overall equity positioning across a mix of developed markets. In the Moderately Cautious Fund we cut equity exposure by 3.0%. At the end of June, as is normal process we changed our Strategic Asset Allocation ('SAA') benchmarks.

As part of this we split the fixed income asset classes across a broader range of credit instruments and adjusted slightly the overall equity and FX components. We also took the opportunity to exit an underweight in the UK equity market, reflecting a belief that Brexit fears had been fully reflected in valuations. With inflation expectations in the US looking historically cheap, we took the opportunity to buy an exposure to US inflation feeling the risks to the downside were low relative to the potential gains and also bought a holding in a global inflation linked bond fund where we felt valuations were similarly attractive with an initial position of 2.5%. We had held an EM debt overweight across some ranges and at the end of August we made sure all portfolios were reflecting this. For the Moderately Cautious Fund we moved the weight to an overweight of 2.0%.

In August we entered a long in US healthcare stocks. We felt that these stocks were particularly well placed to benefit from changing demographics and global trends in technology. For the Moderately Cautious Fund the initial weight was 1.5%. Back in the UK, we took the view that more GBP volatility was likely as, at that time, there was a significant chance of a "no deal" Brexit and that any announcement of an election would see GBP sell off as Corbyn risk will be at the forefront of everyone's minds. We therefore brought the GBP back to a neutral allocation from an overweight one. We added to US inflation expectations in some portfolios in July and given further negative sentiment we decided to increase our position. For the Moderately Cautious Fund this meant increasing the holding to 3.5%. There is relatively little premium left in our dividend position and even using more bullish assumptions there was a low reimagining conviction versus other comparable instruments (for example high yield). As such in the Moderately Cautious Fund we removed the remaining holding of 1.0%.

As far as fund positioning is concerned, we consolidated the UK equity positioning disposing of the equity value fund, the Threadneedle fund, the Polar Capital fund and the Artemis fund where we had become less confident of the managers to focus on the Majedie Focus and Investec Alpha funds where we had more confidence. In Europe we consolidated positioning into the Miton European fund. In Japan we switched out of the Baillie Gifford Japan and Morant Wright funds to invest in the Usonian Japan Value fund. Usonian are a bottom-up, deep research value investor specialising in Japanese equities. In line with our own philosophy, the team places an emphasis on preserving capital in more challenging markets and has a demonstrable track record of doing so. We disposed of the Frontier Markets fund as this asset class no longer formed part of the strategic asset allocation.

We also reduced exposure to other assets feeling there was more value in equities and bonds, disposing of the market neutral strategies which had been disappointing and reduced other assets exposure to around 13%.

##### Investment Outlook

We split into four core views:

##### **Recession risks are low in the short-term. Global growth is weak but the data appear to have found a bottom.**

Fears of global recession are overdone. Growth has been shifting into a lower gear over the past eighteen months or so. This is partly due to cyclical factors, partly due to the uncertainty caused by trade wars. This growth slowdown has not escaped policymakers – both governments and central banks around the world have taken action. In the US, the Federal Reserve has cut rates and made it clear that it doesn't plan to raise them anytime soon. In China, the government has been cutting taxes, and is beginning to spend more. In Europe, the ECB is making all the right noises about supporting growth, and a few governments are starting to open the fiscal taps. In the rest of the world, interest rate cuts have been happening all year. These early responses should prolong the growth phase of this economic cycle. We are unlikely to see global growth return to boom-time levels, but it appears that the worst is over, for now.



## 7IM MODERATELY CAUTIOUS FUND

### ACD'S REPORT (continued)

for the year ended 30 November 2019

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

**Equities are likely to be volatile as trade war rhetoric continues. But central banks are doing their best to put a floor under markets.**

From a fundamental viewpoint, global equities are around fair value to mildly expensive. However, earnings growth is likely to be average-to-weak over the next 6-12 months. This will make big gains difficult, considering current high levels, particularly in the USA. And we believe that Donald Trump's trade and technology crusade should be taken seriously. There is a sense in which the campaign is no longer just Mr Trump's – anti-China sentiment is about the only thing that Democrats and Republicans agree on. Regardless of the election result in 2020, the trade cat is now out of the bag. On the other side, China is increasingly looking for an external foe, to draw attention away from slower growth and popular discontent – in Hong Kong for example. Neither side has reason to back down in the short term. Any successful negotiation is likely to be followed by a further escalation, sooner or later. This has left global central banks on high alert, ready to react to any growth threats. Equities are likely to be pulled around by these two competing forces.

**Bond markets are not ready for an inflation surprise – a small change in expectations could be painful for bonds.**

Global inflation expectations remain near all-time lows. The financial markets currently suggest that US inflation will average 1.8% over the next 30 years. We think this is too pessimistic – we aren't in a Japan-style environment like the early 1990's. In the medium-term, populist economic policies are likely to be inflationary, while in the longer term, a return of economic growth should lead to central banks switching to focus on inflation once more. A small change in tone of monetary policy could be painful for bond markets. Yields do not offer any cushion against declines in capital value – and recent price moves have made bonds very expensive.

**Brexit is looming, but there's still lots of uncertainty about the UK's future trade relations with Europe.**

UK equities and sterling bounced after the election, as one huge uncertainty over the markets was sorted out. The big Tory victory will probably lead to an early Brexit. Looking ahead, though, the UK will now enter a year of trade negotiations with Europe, the outcome of which is highly unclear. And the costs of leaving Europe will gradually come into focus. Though sterling is on the cheap side by historical standards, we don't expect it to gain much from now on.

Seven Investment Management LLP

Investment Manager

December 2019

## 7IM MODERATELY CAUTIOUS FUND

### FUND INFORMATION

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

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

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

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

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

# 7IM MODERATELY CAUTIOUS FUND

## FUND INFORMATION (continued)

### Comparative Tables

#### Class A Income

	30.11.19 (pence per share)	30.11.18 (pence per share)	30.11.17 (pence per share)
<b>Change in Net Asset Value Per Share</b>			
Opening net asset value per share	129.79	137.39	135.05
Return before operating charges*	8.51	(2.68)	7.36
Operating charges (calculated on average price)	(2.50)	(2.49)	(2.48)
Return after operating charges*	6.01	(5.17)	4.88
Distributions on income shares	(3.07)	(2.43)	(2.54)
Closing net asset value per share	132.73	129.79	137.39
* After direct transaction costs of: <sup>1</sup>	0.01	0.03	0.01

### Performance

Return after charges <sup>2</sup>	4.63%	(3.76)%	3.61%
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### Other Information

Closing net asset value (£'000)	59	58	67
Closing number of shares	44,365	44,365	48,565
Operating charges <sup>3</sup>	1.88%	1.83%	1.79%
Direct transaction costs	0.01%	0.02%	0.01%

### Prices

Highest share price	135.78	139.44	140.13
Lowest share price	126.76	130.26	134.68

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

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

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

## 7IM MODERATELY CAUTIOUS FUND

### FUND INFORMATION (continued)

#### Comparative Tables (continued)

##### Class A Accumulation

	30.11.19 (pence per share)	30.11.18 (pence per share)	30.11.17 (pence per share)
<b>Change in Net Asset Value Per Share</b>			
Opening net asset value per share	174.48	181.34	175.00
Return before operating charges*	11.48	(3.56)	9.57
Operating charges (calculated on average price)	(3.36)	(3.30)	(3.23)
Return after operating charges*	8.12	(6.86)	6.34
Distributions	(4.15)	(3.24)	(3.30)
Retained distributions on accumulation shares	4.15	3.24	3.30
Closing net asset value per share	182.60	174.48	181.34
* After direct transaction costs of: <sup>1</sup>	0.02	0.04	0.02

#### Performance

Return after charges <sup>2</sup>	4.65%	(3.78)%	3.62%
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#### Other Information

Closing net asset value (£'000)	1,057	1,736	2,634
Closing number of shares	578,722	994,737	1,452,468
Operating charges <sup>3</sup>	1.88%	1.83%	1.79%
Direct transaction costs	0.01%	0.02%	0.01%

#### Prices

Highest share price	183.92	184.03	182.96
Lowest share price	170.03	173.31	174.52

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

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

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

# 7IM MODERATELY CAUTIOUS FUND

## FUND INFORMATION (continued)

### Comparative Tables (continued)

#### Class B Accumulation

	30.11.19 (pence per share)	30.11.18 (pence per share)	30.11.17 (pence per share)
<b>Change in Net Asset Value Per Share</b>			
Opening net asset value per share	180.26	187.01	180.12
Return before operating charges*	11.80	(3.81)	9.75
Operating charges (calculated on average price)	(3.02)	(2.94)	(2.86)
Return after operating charges*	8.78	(6.75)	6.89
Distributions	(4.30)	(3.28)	(3.40)
Retained distributions on accumulation shares	4.30	3.28	3.40
Closing net asset value per share	189.04	180.26	187.01
* After direct transaction costs of: <sup>1</sup>	0.02	0.04	0.02

### Performance

Return after charges <sup>2</sup>	4.87%	(3.61)%	3.83%
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### Other Information

Closing net asset value (£'000)	36,987	44,492	52,412
Closing number of shares	19,566,243	24,681,729	28,025,680
Operating charges <sup>3</sup>	1.63%	1.58%	1.54%
Direct transaction costs	0.01%	0.02%	0.01%

### Prices

Highest share price	190.30	189.87	188.60
Lowest share price	175.71	179.19	179.64

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

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

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

# 7IM MODERATELY CAUTIOUS FUND

## FUND INFORMATION (continued)

### Comparative Tables (continued)

#### Class C Income

	30.11.19 (pence per share)	30.11.18 (pence per share)	30.11.17 (pence per share)
<b>Change in Net Asset Value Per Share</b>			
Opening net asset value per share	140.22	147.81	144.72
Return before operating charges*	9.07	(3.06)	7.74
Operating charges (calculated on average price)	(1.99)	(1.95)	(1.92)
Return after operating charges*	7.08	(5.01)	5.82
Distributions on income shares	(3.33)	(2.58)	(2.73)
Closing net asset value per share	143.97	140.22	147.81
* After direct transaction costs of: <sup>1</sup>	0.01	0.03	0.01

#### Performance

Return after charges <sup>2</sup>	5.05%	(3.39)%	4.02%
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#### Other Information

Closing net asset value (£'000)	45,732	53,895	68,670
Closing number of shares	31,764,965	38,437,646	46,457,626
Operating charges <sup>3</sup>	1.38%	1.33%	1.29%
Direct transaction costs	0.01%	0.02%	0.01%

#### Prices

Highest share price	147.16	150.12	150.66
Lowest share price	136.99	140.87	144.32

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

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

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

## 7IM MODERATELY CAUTIOUS FUND

### FUND INFORMATION (continued)

#### Comparative Tables (continued)

##### Class C Accumulation

	30.11.19 (pence per share)	30.11.18 (pence per share)	30.11.17 (pence per share)
<b>Change in Net Asset Value Per Share</b>			
Opening net asset value per share	186.10	192.69	185.21
Return before operating charges*	12.09	(4.04)	9.95
Operating charges (calculated on average price)	(2.64)	(2.55)	(2.47)
Return after operating charges*	9.45	(6.59)	7.48
Distributions	(4.44)	(3.38)	(3.51)
Retained distributions on accumulation shares	4.44	3.38	3.51
Closing net asset value per share	195.55	186.10	192.69
* After direct transaction costs of: <sup>1</sup>	0.02	0.04	0.02

#### Performance

Return after charges <sup>2</sup>	5.08%	(3.42)%	4.04%
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#### Other Information

Closing net asset value (£'000)	111,497	134,437	146,004
Closing number of shares	57,017,950	72,241,194	75,772,663
Operating charges <sup>3</sup>	1.38%	1.33%	1.29%
Direct transaction costs	0.01%	0.02%	0.01%

#### Prices

Highest share price	196.77	195.69	194.23
Lowest share price	181.43	185.07	184.72

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

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

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

# 7IM MODERATELY CAUTIOUS FUND

## FUND INFORMATION (continued)

### Comparative Tables (continued)

#### Class D Income

	30.11.19 (pence per share)	30.11.18 (pence per share)	30.11.17 (pence per share)
<b>Change in Net Asset Value Per Share</b>			
Opening net asset value per share	131.94	139.66	137.28
Return before operating charges*	8.65	(2.65)	7.48
Operating charges (calculated on average price)	(2.54)	(2.54)	(2.52)
Return after operating charges*	6.11	(5.19)	4.96
Distributions on income shares	(3.12)	(2.53)	(2.58)
Closing net asset value per share	134.93	131.94	139.66
* After direct transaction costs of: <sup>1</sup>	0.01	0.03	0.01

#### Performance

Return after charges <sup>2</sup>	4.63%	(3.72)%	3.61%
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#### Other Information

Closing net asset value (£'000)	240	290	575
Closing number of shares	177,992	219,681	411,844
Operating charges <sup>3</sup>	1.88%	1.83%	1.79%
Direct transaction costs	0.01%	0.02%	0.01%

#### Prices

Highest share price	138.03	141.73	142.44
Lowest share price	128.85	132.42	136.89

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

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

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



# 7IM MODERATELY CAUTIOUS FUND

## FUND INFORMATION (continued)

### Comparative Tables (continued)

#### Class D Accumulation

	30.11.19 (pence per share)	30.11.18 (pence per share)	30.11.17 (pence per share)
<b>Change in Net Asset Value Per Share</b>			
Opening net asset value per share	174.17	181.05	174.73
Return before operating charges*	11.48	(3.59)	9.55
Operating charges (calculated on average price)	(3.37)	(3.29)	(3.23)
Return after operating charges*	8.11	(6.88)	6.32
Distributions	(4.15)	(3.21)	(3.29)
Retained distributions on accumulation shares	4.15	3.21	3.29
Closing net asset value per share	182.28	174.17	181.05
* After direct transaction costs of: <sup>1</sup>	0.02	0.04	0.02

### Performance

Return after charges <sup>2</sup>	4.66%	(3.80)%	3.62%
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### Other Information

Closing net asset value (£'000)	9,801	10,226	11,924
Closing number of shares	5,377,054	5,871,098	6,586,197
Operating charges <sup>3</sup>	1.88%	1.83%	1.79%
Direct transaction costs	0.01%	0.02%	0.01%

### Prices

Highest share price	183.60	183.74	182.67
Lowest share price	169.74	173.04	174.25

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

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

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

## 7IM MODERATELY CAUTIOUS FUND

### FUND INFORMATION (continued)

#### Comparative Tables (continued)

##### Class S Income

	30.11.19 (pence per share)	30.11.18 (pence per share)	30.11.17 (pence per share)
<b>Change in Net Asset Value Per Share</b>			
Opening net asset value per share	102.85	108.20	105.72
Return before operating charges*	6.62	(2.30)	5.61
Operating charges (calculated on average price)	(1.20)	(1.16)	(1.13)
Return after operating charges*	5.42	(3.46)	4.48
Distributions on income shares	(2.46)	(1.89)	(2.00)
Closing net asset value per share	105.81	102.85	108.20
* After direct transaction costs of: <sup>1</sup>	0.01	0.02	0.01

##### Performance

Return after charges <sup>2</sup>	5.27%	(3.20)%	4.24%
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##### Other Information

Closing net asset value (£'000)	3,165	1,970	2,292
Closing number of shares	2,991,505	1,915,628	2,117,915
Operating charges <sup>3</sup>	1.13%	1.08%	1.04%
Direct transaction costs	0.01%	0.02%	0.01%

##### Prices

Highest share price	108.11	109.93	110.24
Lowest share price	100.50	103.38	105.44

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

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

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

# 7IM MODERATELY CAUTIOUS FUND

## FUND INFORMATION (continued)

### Comparative Tables (continued)

#### Class S Accumulation

	30.11.19 (pence per share)	30.11.18 (pence per share)	30.11.17 (pence per share)
<b>Change in Net Asset Value Per Share</b>			
Opening net asset value per share	112.52	116.27	111.54
Return before operating charges*	7.26	(2.50)	5.93
Operating charges (calculated on average price)	(1.31)	(1.25)	(1.20)
Return after operating charges*	5.95	(3.75)	4.73
Distributions	(2.69)	(2.04)	(2.11)
Retained distributions on accumulation shares	2.69	2.04	2.11
Closing net asset value per share	118.47	112.52	116.27
* After direct transaction costs of: <sup>1</sup>	0.01	0.02	0.01

### Performance

Return after charges <sup>2</sup>	5.29%	(3.23)%	4.24%
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### Other Information

Closing net asset value (£'000)	20,240	22,789	27,571
Closing number of shares	17,085,140	20,254,251	23,711,808
Operating charges <sup>3</sup>	1.13%	1.08%	1.04%
Direct transaction costs	0.01%	0.02%	0.01%

### Prices

Highest share price	119.15	118.12	117.15
Lowest share price	109.71	111.95	111.25

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

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

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

## 7IM MODERATELY CAUTIOUS FUND

### FUND INFORMATION (continued)

#### Ongoing Charges Figures

As at 30 November 2019

	<b>Class A</b>	<b>Class B</b>	<b>Class C</b>	<b>Class D</b>	<b>Class S</b>
ACD's periodic charge	1.40%	1.15%	0.90%	1.40%	0.65%
Other expenses	0.07%	0.07%	0.07%	0.07%	0.07%
	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%

As at 30 November 2018

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

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

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

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

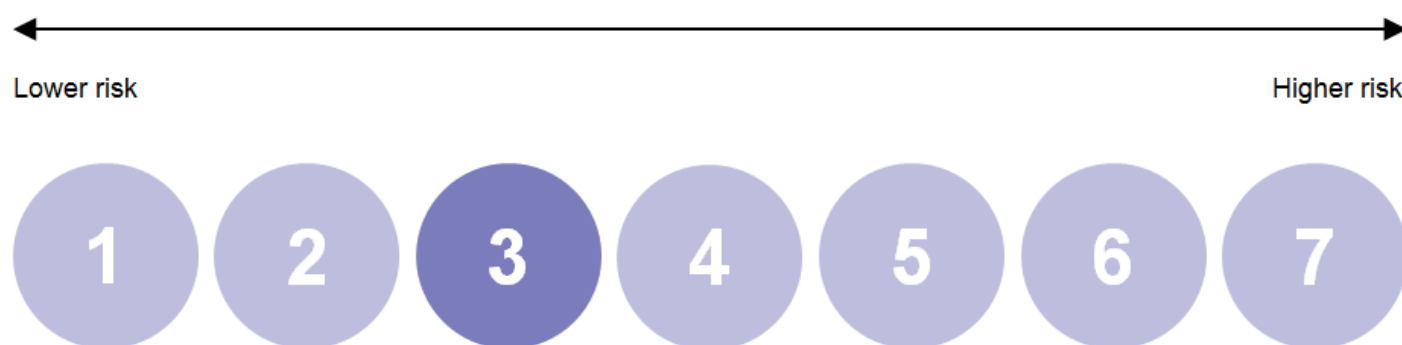
## 7IM MODERATELY CAUTIOUS FUND

### FUND INFORMATION (continued)

#### Synthetic Risk and Reward Indicator

Typically lower rewards

Typically higher rewards



This indicator shows how much a sub-fund has risen and fallen in the past, and therefore how much a 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 annual report and financial statements, the risk and reward indicator as at the year end date 30 November 2019 was 3.

#### Fund performance to 30 November 2019 (%)

	1 year	3 years	5 years
7IM Moderately Cautious Fund <sup>1</sup>	5.19	5.55	10.75

<sup>1</sup> Source: Bloomberg

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

Details of the distributions per share for the year are shown in the Distribution Tables on pages 76 to 78.

# 7IM MODERATELY CAUTIOUS FUND

## PORTFOLIO STATEMENT

as at 30 November 2019

Holding	Portfolio of Investment	Value £	30.11.19 %
<b>ALTERNATIVES 13.39% (14.56%)</b>			
<b>Alternative Strategies 13.39% (12.72%)</b>			
95,894	AQR - Managed Futures UCITS Fund <sup>1</sup>	7,930,339	3.47
10,718,000	BNP Paribas Issuance 0.00% 2024 <sup>2</sup>	8,330,314	3.64
2,391,773	Dexion Absolute EUR <sup>3</sup>	—	—
5,737	LGT Dynamic Protection UCITS <sup>1</sup>	5,674,274	2.48
1,577	NN (L) Multi Asset Factor Opportunities 'I' <sup>1</sup>	8,448,998	3.69
(49)	S&P 500 Index Put Options 1950 March 2020 <sup>4</sup>	(3,780)	—
(22)	S&P 500 Index Put Options 2075 June 2020 <sup>4</sup>	(8,697)	—
(17)	S&P 500 Index Put Options 2100 September 2020 <sup>4</sup>	(15,747)	(0.01)
49	S&P 500 Index Put Options 2650 March 2020 <sup>4</sup>	53,744	0.03
22	S&P 500 Index Put Options 2800 June 2020 <sup>4</sup>	96,435	0.04
17	S&P 500 Index Put Options 2850 September 2020 <sup>4</sup>	122,106	0.05
		<b>30,627,986</b>	<b>13.39</b>
<b>Commodities 0.00% (1.84%)</b>			
<b>CASH 0.98% (3.87%)</b>			
2,234,000	Northern Trust Global Sterling Fund <sup>1</sup>	<b>2,234,000</b>	<b>0.98</b>
<b>DEBT SECURITIES 65.33% (56.23%)</b>			
<b>Convertible Bonds 3.09% (3.22%)</b>			
54,871	NN (L) Global Convertible Opportunities Acc <sup>1</sup>	<b>7,070,178</b>	<b>3.09</b>
<b>Emerging Market Bonds 8.06% (6.03%)</b>			
76,248	Babson Capital Emerging Markets Local Debt <sup>1</sup>	6,273,744	2.74
86,875	Barings Emerging Markets Debt Blended Total Return <sup>1</sup>	8,846,456	3.87
4,630,043	Legal & General Emerging Markets Government Bond USD Index Fund <sup>1</sup>	3,325,297	1.45
		<b>18,445,497</b>	<b>8.06</b>
<b>Gilts 7.15% (6.00%)</b>			
£1,000,000	Tennessee Valley Authority 5.35% 2021	1,061,156	0.46
£5,900,000	UK Gilt 3.25% 2044	8,455,420	3.70
£1,500,000	UK Gilt 4.00% 2022	1,618,647	0.71
£1,450,000	UK Gilt 4.25% 2027	1,878,101	0.82
£2,000,000	UK Gilt 4.50% 2042	3,350,168	1.46
		<b>16,363,492</b>	<b>7.15</b>
<b>Global Corporate Bonds 17.43% (8.27%)</b>			
122,288	Angel Oak Multi-Strategy Income Fund <sup>1</sup>	10,115,586	4.42
101,651	Legg Mason Western Asset Structured Opportunities Fund USD Acc <sup>1</sup>	10,966,471	4.79
169,697	PFS TwentyFour Dynamic Bond <sup>1</sup>	18,798,368	8.22
		<b>39,880,425</b>	<b>17.43</b>
<b>Global Government Bonds 4.98% (12.03%)</b>			
€300,000	Bundesrepublik Deutschland 0.25% 2027	270,214	0.12
€540,000	Bundesrepublik Deutschland 2.25% 2021	483,804	0.21
€130,000	Bundesrepublik Deutschland 2.5% 2046	181,776	0.08
€120,000	Bundesrepublik Deutschland 4% 2037	175,732	0.08
€340,000	France Government 3% 2022	315,137	0.14

## 7IM MODERATELY CAUTIOUS FUND

### PORTFOLIO STATEMENT (continued) as at 30 November 2019

Holding	Portfolio of Investment	Value £	30.11.19 %
<b>Global Government Bonds (continued)</b>			
€90,000	France Government 5.75% 2032	132,874	0.06
€170,000	French Republic 2.75% 2027	179,749	0.08
€90,000	French Republic 3.25% 2045	125,023	0.05
€70,000	French Republic 4.50% 2041	109,102	0.05
€340,000	Italy Buoni Polien 3.75% 2021	307,953	0.13
€140,000	Italy Buoni Polien 5% 2040	175,957	0.08
€100,000	Italy Buoni Polien 5.25% 2029	116,599	0.05
€170,000	Italy Buoni Polien 6% 2031	214,487	0.09
¥220,000,000	Japan Government 0.1% 2021	1,561,556	0.68
¥130,000,000	Japan Government 0.1% 2027	940,486	0.41
¥120,000,000	Japan Government 0.4% 2036	882,054	0.39
¥60,000,000	Japan Government 0.9% 2057	490,267	0.21
€90,000	Spain Government 4.7% 2041	131,119	0.06
€70,000	Spain Government 5.75% 2032	97,578	0.04
€190,000	Spain Government 5.85% 2022	183,887	0.08
€70,000	Spain Government 6% 2029	90,104	0.04
US\$1,350,000	US Treasury Notes 2% 2026	1,066,255	0.47
US\$2,250,000	US Treasury Notes 2.375% 2023	1,784,382	0.78
US\$1,000,000	US Treasury Notes 2.5% 2045	820,612	0.36
US\$700,000	US Treasury Notes 3.5% 2020	547,151	0.24
		<b>11,383,858</b>	<b>4.98</b>
<b>Global High Yield Bonds 4.77% (5.71%)</b>			
38,368	Babson Capital US High Yield Bond <sup>1</sup>	4,053,352	1.77
761,084	Blackstone GSO Loan Financing (Jersey)	518,984	0.23
864,988	Carador Income Fund	335,240	0.14
2,383,324	CVC Credit Partners European Opportunities GBP	2,359,491	1.03
7,148,409	Fair Oaks Income 2017	3,657,042	1.60
		<b>10,924,109</b>	<b>4.77</b>
<b>Global Inflation Linked Bonds 6.46% (4.02%)</b>			
607,488	iShares Global Inflation-Linked Bond Index <sup>1</sup>	6,657,834	2.91
(12)	Ultra Long Term US Treasury Bond Futures March 2020 <sup>4</sup>	3,633	—
US\$8,950,000	US Treasury Inflation-Indexed Bonds 1% 2049	8,107,681	3.55
		<b>14,769,148</b>	<b>6.46</b>
<b>Short Term Sterling Bonds 4.69% (7.76%)</b>			
£1,000,000	Bank Nederlandse Gemeenten 1.00% 2022	1,002,806	0.44
£1,200,000	Barclays Bank UK FRN 2023	1,194,396	0.52
£350,000	Coventry Building Society FRN 2020	350,199	0.15
£1,000,000	FMS Wertmanagement 0.875% 2022	1,001,910	0.44
£1,281,000	Kommunalbanken 1.125% 2022	1,290,105	0.56
£700,000	Lloyds Bank 1.75% 2022	711,984	0.31
£1,500,000	National Australia Bank 5.125% 2021	1,619,265	0.71
£1,000,000	Rabobank Nederland 2.25% 2022	1,028,248	0.45
£1,500,000	Royal Bank of Canada FRN 2024	1,501,050	0.66
£1,012,000	Westpac Securities NZ 2.50% 2021	1,026,233	0.45
		<b>10,726,196</b>	<b>4.69</b>
<b>Sterling Corporate Bonds 8.70% (3.19%)</b>			
£300,000	ABN Amro Bank 1% 2020	299,924	0.13
56,328	PFS TwentyFour Monument Bond <sup>1</sup>	6,305,690	2.75

## 7IM MODERATELY CAUTIOUS FUND

### PORTFOLIO STATEMENT (continued) as at 30 November 2019

Holding	Portfolio of Investment	Value £	30.11.19 %
<b>Sterling Corporate Bonds (continued)</b>			
£1,300,000	Santander UK FRN 2024	1,309,022	0.57
4,062,635	Schroder Long Dated Cor. Acc <sup>1</sup>	7,714,944	3.37
£1,000,000	Shell International Finance 2% 2019	1,000,450	0.44
£900,000	TSB Bank FRN 2024	909,956	0.40
3,271,311	UK Mortgages	2,371,700	1.04
		<b>19,911,686</b>	<b>8.70</b>
<b>EQUITY 19.88% (26.03%)</b>			
<b>Asia &amp; Emerging Markets 3.33% (2.98%)</b>			
1,706,359	Hermes Asia Ex-Japan Equity 'F' <sup>1</sup>	4,437,045	1.94
17,263	RWC Global Emerging Markets <sup>1</sup>	3,184,556	1.39
		<b>7,621,601</b>	<b>3.33</b>
<b>Europe (ex UK) 3.04% (2.22%)</b>			
3,327,362	CF Miton European Opportunities <sup>1</sup>	<b>6,947,586</b>	<b>3.04</b>
<b>Japan 2.48% (5.12%)</b>			
531,803	Skyline Umbrella Fund ICAV - Usonian Japan Value Fund <sup>1</sup>	<b>5,666,736</b>	<b>2.48</b>
<b>North America 1.75% (2.79%)</b>			
229,961	AB SICAV I - International Health Care Portfolio <sup>1</sup>	3,598,883	1.57
146	S&P 500 E-mini Futures December 2019 <sup>4</sup>	402,035	0.18
		<b>4,000,918</b>	<b>1.75</b>
<b>United Kingdom 9.28% (12.92%)</b>			
8,813,414	Investec Fund Series i - UK Alpha <sup>1</sup>	10,506,471	4.59
4,987,124	Majedie UK Focus <sup>1</sup>	10,733,289	4.69
		<b>21,239,760</b>	<b>9.28</b>
<b>FORWARD CURRENCY CONTRACTS 1.07% (-0.94%)</b>			
€2,906,000	Vs £(2,579,110) Expiry 21.02.2020	(95,108)	(0.04)
€2,724,000	Vs £(2,426,588) Expiry 21.02.2020	(98,157)	(0.04)
€2,698,000	Vs £(2,411,405) Expiry 21.02.2020	(105,198)	(0.05)
€3,500,000	Vs £(3,230,486) Expiry 21.02.2020	(238,742)	(0.10)
€5,423,000	Vs £(4,880,885) Expiry 21.02.2020	(245,391)	(0.11)
€(17,775,000)	Vs £16,531,106 Expiry 21.02.2020	1,337,321	0.58
€(1,750,000)	Vs £1,500,275 Expiry 21.02.2020	4,403	—
¥(1,930,000,000)	Vs £14,225,590 Expiry 20.12.2019	561,637	0.25
US\$(113,370,000)	Vs £90,513,163 Expiry 17.01.2020	2,800,778	1.22
US\$(10,500,000)	Vs £8,456,966 Expiry 17.01.2020	333,300	0.15
US\$(5,500,000)	Vs £4,283,606 Expiry 17.01.2020	28,352	0.01
US\$(2,000,000)	Vs £1,539,006 Expiry 17.01.2020	(8,359)	—
¥323,293,000	Vs £(2,423,795) Expiry 20.12.2019	(134,955)	(0.06)
¥374,583,800	Vs £(2,801,898) Expiry 20.12.2019	(149,932)	(0.07)
¥250,000,000	Vs £(1,942,153) Expiry 20.12.2019	(172,211)	(0.08)
¥550,000,000	Vs £(4,118,579) Expiry 20.12.2019	(224,706)	(0.10)
US\$3,524,000	Vs £(2,811,261) Expiry 17.01.2020	(84,804)	(0.04)
US\$2,995,000	Vs £(2,414,431) Expiry 17.01.2020	(97,252)	(0.04)
US\$3,951,000	Vs £(3,155,204) Expiry 17.01.2020	(98,384)	(0.04)
US\$2,250,000	Vs £(1,846,037) Expiry 17.01.2020	(105,252)	(0.05)



## 7IM MODERATELY CAUTIOUS FUND

### PORTFOLIO STATEMENT (continued) as at 30 November 2019

Holding	Portfolio of Investment	Value £	30.11.19 %
<b>FORWARD CURRENCY CONTRACTS (continued)</b>			
US\$3,500,000	Vs £(2,879,651) Expiry 17.01.2020	(171,762)	(0.07)
US\$5,904,000	Vs £(4,780,335) Expiry 17.01.2020	(212,513)	(0.09)
US\$11,760,000	Vs £(9,471,077) Expiry 17.01.2020	(372,571)	(0.16)
		<b>2,450,494</b>	<b>1.07</b>
<b>Portfolio of investment</b>			
	Net other liabilities	(1,485,988)	(0.65)
	<b>Net assets</b>	<b>228,777,682</b>	<b>100.00</b>

Comparative figures shown in brackets relate to 30 November 2018.

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

<sup>1</sup> Collective investment scheme

<sup>2</sup> Structured product

<sup>3</sup> Delisted security

<sup>4</sup> Derivative contract

Credit Quality	30.11.19 %	30.11.18 %
Investment grade debt securities	21.91	26.76
Non-rated debt securities	3.64	2.92
Other investments	75.10	70.07
Net other (liabilities)/assets	(0.65)	0.25
	<b>100.00</b>	<b>100.00</b>

## 7IM MODERATELY CAUTIOUS FUND

### STATEMENT OF TOTAL RETURN

for the year ended 30 November 2019

	Notes	£	30.11.19 £	30.11.18 £
Income				
Net capital gains/(losses)	4		8,842,790	(12,693,766)
Revenue	5	6,844,227		6,042,776
Expenses	6	(2,519,350)		(2,943,006)
Interest payable and similar charges	8	(19,568)		(16,833)
Net revenue before taxation for the year		4,305,309		3,082,937
Taxation	7	(672,515)		(203,446)
Net revenue after taxation for the year			3,632,794	2,879,491
<b>Total return before distributions</b>			12,475,584	(9,814,275)
Distributions	8		(5,582,142)	(5,134,923)
<b>Change in net assets attributable to shareholders from investment activities</b>			6,893,442	(14,949,198)

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

for the year ended 30 November 2019

	£	30.11.19 £	30.11.18 £
<b>Opening net assets attributable to shareholders</b>		269,893,324	312,149,187
Amounts received on creation of shares <sup>1</sup>	30,246,601		44,617,027
Amounts paid on cancellation of shares <sup>1</sup>	(82,495,245)		(75,874,147)
		(52,248,644)	(31,257,120)
Change in net assets attributable to shareholders from investment activities		6,893,442	(14,949,198)
Retained distribution on accumulation shares		4,239,560	3,950,455
<b>Closing net assets attributable to shareholders</b>		228,777,682	269,893,324

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

The notes on pages 65 to 75 are an integral part of these Financial Statements.

## 7IM MODERATELY CAUTIOUS FUND

### BALANCE SHEET

as at 30 November 2019

	Notes	30.11.19 £	30.11.18 £
<b>ASSETS</b>			
Fixed assets:			
Investments		232,907,191	273,246,688
Current assets:			
Debtors	9	1,165,011	2,706,612
Cash and bank balances	10	4,559,566	3,479,327
<b>Total assets</b>		<b>238,631,768</b>	<b>279,432,627</b>
<b>LIABILITIES</b>			
Investment liabilities		(2,643,521)	(4,031,435)
Creditors:			
Bank overdrafts	10	(4,957,394)	(1,902,014)
Distribution payable		(777,750)	(575,601)
Other creditors	11	(1,475,421)	(3,030,253)
<b>Total liabilities</b>		<b>(9,854,086)</b>	<b>(9,539,303)</b>
<b>Net assets attributable to shareholders</b>		<b>228,777,682</b>	<b>269,893,324</b>

The notes on pages 65 to 75 are an integral part of these Financial Statements.

# 7IM MODERATELY CAUTIOUS FUND

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 November 2019

### 1 Statement of Compliance

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

### 2 Summary of Significant Accounting Policies

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

### 3 Risk Management Policies

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

### 4 Net capital gains/(losses)

	30.11.19 £	30.11.18 £
The net capital gains/(losses) during the year comprise:		
Non-derivative securities	10,097,756	(5,537,090)
Derivative contracts	862,296	143,222
Forward currency contracts	(821,075)	(7,945,275)
Currency (losses)/gains	(1,316,401)	630,428
Transaction charges	(11,873)	(29,936)
AMC rebates from underlying investments	32,087	44,885
Net capital gains/(losses)	8,842,790	(12,693,766)

### 5 Revenue

	30.11.19 £	30.11.18 £
Non-taxable dividends	1,262,258	2,285,289
Taxable dividends	4,605,785	2,308,495
Unfranked interest	930,274	1,367,846
AMC rebates from underlying investments	19,574	52,470
Bank interest	6,343	2,866
Stock lending revenue <sup>1</sup>	19,993	25,810
Total revenue	6,844,227	6,042,776

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

## 7IM MODERATELY CAUTIOUS FUND

### NOTES TO THE FINANCIAL STATEMENTS (continued) for the year ended 30 November 2019

#### 6 Expenses

	30.11.19 £	30.11.18 £
Payable to the ACD, associates of the ACD and agents of either of them:		
ACD's periodic charge	2,354,436	2,780,210
Other expenses	8,721	8,848
	<u>2,363,157</u>	<u>2,789,058</u>
Payable to the Depositary, associates of the Depositary and agents of either of them:		
Depositary's fees	36,900	41,542
Market risk fees	6,000	6,000
Safe custody and other bank charges	31,556	35,539
	<u>74,456</u>	<u>83,081</u>
Other Expenses:		
Advisory fees	20,513	27,679
Audit fee	9,000	8,760
Dealing and exchange fees	14,653	15,643
FCA and other Regulatory fees	213	300
Legal and professional fees	3,042	2,417
Printing, postage and distribution costs	28,166	11,130
Risk analysis fees	6,150	4,938
	<u>81,737</u>	<u>70,867</u>
Total expenses	<u>2,519,350</u>	<u>2,943,006</u>

## 7IM MODERATELY CAUTIOUS FUND

### NOTES TO THE FINANCIAL STATEMENTS (continued) for the year ended 30 November 2019

#### 7 Taxation

	30.11.19 £	30.11.18 £
<i>a) Analysis of charge for the year</i>		
Corporation tax at 20%	655,906	165,753
Overseas tax	16,609	37,693
Current tax charge (note 7b)	672,515	203,446
Total taxation	672,515	203,446
<i>b) Factors affecting current tax charge for the year</i>		
The tax assessed for the year differs from the standard rate of corporation tax in the UK for an authorised fund (20%) (2018: 20%) for the reasons explained below.		
Net revenue before taxation	4,305,309	3,082,937
Corporation tax at 20%	861,062	616,587
Effects of:		
AMC rebates taken to capital	6,417	8,977
Double taxation relief expensed	(1,370)	(2,668)
Franked CIS revenue	(114,989)	(116,541)
Indexed gilt edged securities adjustment	(4,603)	–
Movement in revenue accruals	4,098	488
Non-taxable dividends	(137,462)	(335,319)
Overseas tax	16,609	37,693
Tax effect on non-reporting offshore funds	42,753	–
Tax on stock dividends	–	(5,771)
Current tax charge (note 7a)	672,515	203,446
<i>c) Deferred tax</i>		
There is no deferred tax provision in the current year (2018: none).		

#### 8 Distributions

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

	30.11.19 £	30.11.18 £
Interim	1,850,417	2,303,775
Final	3,570,382	2,733,685
	5,420,799	5,037,460
Add: Revenue deducted on cancellation of shares	277,008	243,840
Deduct: Revenue received on issue of shares	(115,665)	(146,377)
Net distributions for the year	5,582,142	5,134,923
Interest payable and similar charges	19,568	16,833
Total distribution	5,601,710	5,151,756

## 7IM MODERATELY CAUTIOUS FUND

### NOTES TO THE FINANCIAL STATEMENTS (continued) for the year ended 30 November 2019

#### 8 Distributions (continued)

Details of the distributions per share are set out in the table on pages 76 to 78.

Distributions represented by:

Net revenue after taxation	3,632,794	2,879,491
Allocations to capital:		
Expenses, net of tax relief	1,949,129	2,255,288
Equalisation on conversions <sup>1</sup>	212	120
Net movement in revenue account	7	24
Net distributions for the year	<u>5,582,142</u>	<u>5,134,923</u>

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

#### 9 Debtors

	30.11.19 £	30.11.18 £
Amounts receivable for issue of shares	320,770	402,735
Sales awaiting settlement	21,506	898,975
Accrued revenue	751,313	1,324,768
AMC rebates from underlying investments	42,834	46,362
Withholding tax recoverable	28,588	33,772
Total debtors	<u>1,165,011</u>	<u>2,706,612</u>

#### 10 Cash and bank balances

	30.11.19 £	30.11.18 £
Cash and bank balances	4,514,487	1,913,453
Cash held at clearing houses	45,079	1,565,874
Total cash and bank balances	<u>4,559,566</u>	<u>3,479,327</u>
Bank overdrafts	(4,479,836)	(1,894,901)
Cash overdraft at clearing houses	(477,558)	(7,113)
Total bank overdrafts	<u>(4,957,394)</u>	<u>(1,902,014)</u>

#### 11 Other Creditors

	30.11.19 £	30.11.18 £
Amounts payable for cancellation of shares	538,126	583,128
Purchases awaiting settlement	79,581	2,031,392
Accrued expenses	257,808	248,456
Corporation tax payable	599,906	165,753
Currency deals awaiting settlement	–	1,524
Total other creditors	<u>1,475,421</u>	<u>3,030,253</u>

## 7IM MODERATELY CAUTIOUS FUND

### NOTES TO THE FINANCIAL STATEMENTS (continued) for the year ended 30 November 2019

#### 12 Related party transactions

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

The aggregate monies received by the ACD through the issue of shares and paid on cancellation of shares are disclosed in the Statement of Change in Net Assets Attributable to Shareholders on page 63.

7IM and its associates (including other authorised investment funds managed by 7IM) had no shareholdings in the Sub-fund (2018:none).

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

Pershing Nominees Limited 35.88% (2018: 34.01%)

The net value of creations and cancellations for Pershing Nominees Limited during the year totalled -£9,555,992 (2018: -£4,327,937).

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

#### 13 Classes of Shares

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

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

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

Class	Opening Shares	Shares Created	Shares Liquidated	Shares Converted	Closing Shares
Class A Income	44,365	—	—	—	44,365
Class A Accumulation	994,737	—	(384,333)	(31,682)	578,722
Class B Accumulation	24,681,729	725,607	(5,841,093)	—	19,566,243
Class C Income	38,437,646	2,592,965	(9,265,646)	—	31,764,965
Class C Accumulation	72,241,194	10,868,449	(25,134,332)	(957,361)	57,017,950
Class D Income	219,681	1,825	(43,514)	—	177,992
Class D Accumulation	5,871,098	798,770	(1,292,814)	—	5,377,054
Class S Income	1,915,628	28,684	(455,378)	1,502,571	2,991,505
Class S Accumulation	20,254,251	2,669,313	(6,097,163)	258,739	17,085,140

#### 14 Contingent liabilities and commitments

There are no contingent liabilities or unrecorded outstanding commitments at the balance sheet date (2018: none).



## 7IM MODERATELY CAUTIOUS FUND

### NOTES TO THE FINANCIAL STATEMENTS (continued) for the year ended 30 November 2019

#### 15 Risks Disclosures

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

##### i. Interest rate risk

The table below shows the direct interest rate risk profile:

Interest rate exposure as at 30 November 2019

	<b>Floating Rate Financial Assets £</b>	<b>Fixed Rate Financial Assets £</b>	<b>Financial Assets not carrying interest £</b>	<b>Total £</b>
Danish krone	—	—	4,780	4,780
Euro	269,605	3,291,095	15,265,318	18,826,018
Japanese yen	—	3,874,363	10,604,622	14,478,985
Norwegian krone	—	—	127	127
Swiss franc	13,149	—	23,224	36,373
US dollar	897,514	20,656,395	101,248,651	122,802,560
Pound sterling	10,877,922	25,344,417	229,810,464	266,032,803
	<b>12,058,190</b>	<b>53,166,270</b>	<b>356,957,186</b>	<b>422,181,646</b>

	<b>Floating Rate Financial Liabilities £</b>	<b>Financial Liabilities not carrying interest £</b>	<b>Total £</b>
Euro	(268,612)	(16,689,656)	(16,958,268)
Japanese yen	—	(13,663,953)	(13,663,953)
Swiss franc	(13,149)	—	(13,149)
US dollar	(852,429)	(101,666,894)	(102,519,323)
Pound sterling	(3,823,205)	(56,426,066)	(60,249,271)
	<b>(4,957,395)</b>	<b>(188,446,569)</b>	<b>(193,403,964)</b>

Interest rate exposure as at 30 November 2018

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

## 7IM MODERATELY CAUTIOUS FUND

### NOTES TO THE FINANCIAL STATEMENTS (continued) for the year ended 30 November 2019

#### 15 Risks Disclosures (continued)

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

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

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

Currency	<b>Fixed Rate Financial Assets</b>			
	<b>Weighted average interest rate</b>		<b>Weighted average period for which rate is fixed</b>	
	<b>30.11.19</b>	<b>30.11.18</b>	<b>30.11.19</b>	<b>30.11.18</b>
	<b>%</b>	<b>%</b>	<b>Years</b>	<b>Years</b>
Euro	0.12	0.86	10	9
Japanese yen	(0.02)	0.15	11	11
Pound sterling	1.02	1.45	12	8
US dollar	0.68	1.99	15	6

The average effective duration of the Sub-fund's portfolio is a measure of the sensitivity of the fair value of the Sub-fund's bond portfolio (excludes all other investments) to changes in market interest rates. As at 30 November 2019, the weighted average effective duration was 3.90 years (30 November 2018: 3.07 years).

##### ii. Foreign currency risk

The table below shows the direct foreign currency risk profile:

Foreign currency risk exposure as at 30 November 2019

Currency	<b>Monetary Exposure £</b>	<b>Non-Monetary Exposure £</b>	<b>Total £</b>
Danish krone	4,780	–	4,780
Euro	1,450	1,866,300	1,867,750
Japanese yen	–	815,032	815,032
Norwegian krone	127	–	127
Swiss franc	23,224	–	23,224
US dollar	45,085	20,238,152	20,283,237
	<b>74,666</b>	<b>22,919,484</b>	<b>22,994,150</b>
Pound sterling	673,346	205,110,186	205,783,532
Net assets	<b>748,012</b>	<b>228,029,670</b>	<b>228,777,682</b>

## 7IM MODERATELY CAUTIOUS FUND

### NOTES TO THE FINANCIAL STATEMENTS (continued) for the year ended 30 November 2019

#### 15 Risks Disclosures (continued)

##### ii. Foreign currency risk (continued)

Foreign currency risk exposure as at 30 November 2018

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

##### iii. Derivatives

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

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

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

The lowest, highest and average leverage utilisation in the accounting year ended 30 November 2019 was 157%, 249% and 180% respectively (30 November 2018: 160%, 290% and 188% respectively).

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

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

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

## 7IM MODERATELY CAUTIOUS FUND

### NOTES TO THE FINANCIAL STATEMENTS (continued) for the year ended 30 November 2019

#### 15 Risks Disclosures (continued)

##### iii. Derivatives (continued)

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

Counterparty	30.11.19 £	30.11.18 £
<b>Options</b>		
Chicago Board Options Exchange	244,061	277,734
<b>Futures Contracts</b>		
Chicago Board of Trade	3,633	–
Eurex Deutschland	–	76,784
International Monetary Market	402,035	(935,089)
<b>Forward Currency Contracts</b>		
Northern Trust	2,450,494	(2,525,826)
<b>Total net exposure<sup>1</sup></b>	<b>3,100,223</b>	<b>(3,106,397)</b>

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

##### iv. Fair value

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

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

##### Level 1

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

##### Level 2

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

##### Level 3

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

30 November 2019	Level 1 £	Level 2 £	Level 3 £	Total £
<b>Assets</b>				
Bonds	30,919,512	27,511,381	–	58,430,893
Collective Investment Schemes	151,775,153	–	7,714,944	159,490,097
Derivatives	677,953	5,065,791	–	5,743,744
Equities	8,907,217	335,240	–	9,242,457
<b>Total</b>	<b>192,279,835</b>	<b>32,912,412</b>	<b>7,714,944</b>	<b>232,907,191</b>
<b>Liabilities</b>				
Derivatives	(3,780)	(2,639,741)	–	(2,643,521)

## 7IM MODERATELY CAUTIOUS FUND

### NOTES TO THE FINANCIAL STATEMENTS (continued) for the year ended 30 November 2019

#### 15 Risks Disclosures (continued)

##### iv. Fair value (continued)

30 November 2018	Level 1 £	Level 2 £	Level 3 £	Total £
<b>Assets</b>				
Bonds	41,924,023	38,169,079	–	80,093,102
Collective Investment Schemes	–	162,684,577	–	162,684,577
Derivatives	376,941	548,097	–	925,038
Equities	29,543,940	31	–	29,543,971
<b>Total</b>	<b>71,844,904</b>	<b>201,401,784</b>	<b>–</b>	<b>273,246,688</b>
<b>Liabilities</b>				
Derivatives	(957,512)	(3,073,923)	–	(4,031,435)

#### 16 Purchases, Sales and Transaction Costs

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

Analysis of direct transaction costs for the year ended 30 November 2019:

	Principal £'000	Commissions £'000	Taxes £'000	Total Transaction Costs £'000	Commissions % of principal	Taxes % of principal
<b>Purchases</b>						
Bonds	45,642	–	–	–	–	–
Collective Investment Schemes	216,283	–	–	–	–	–
Equities	13,667	3	17	20	0.02	0.12
<b>Total</b>	<b>275,592</b>	<b>3</b>	<b>17</b>	<b>20</b>	<b>0.02</b>	<b>0.12</b>
	Principal £'000	Commissions £'000	Taxes £'000	Total Transaction Costs £'000	Commissions % of principal	Taxes % of principal
<b>Sales</b>						
Bonds	72,828	–	–	–	–	–
Collective Investment Schemes	228,018	–	–	–	–	–
Equities	32,393	(4)	(1)	(5)	0.01	–
<b>Total</b>	<b>333,239</b>	<b>(4)</b>	<b>(1)</b>	<b>(5)</b>	<b>0.01</b>	<b>–</b>
<b>Total as a percentage of the average NAV</b>		<b>0.00%</b>	<b>0.01%</b>	<b>0.01%</b>		

## 7IM MODERATELY CAUTIOUS FUND

### NOTES TO THE FINANCIAL STATEMENTS (continued) for the year ended 30 November 2019

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

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

	Principal £'000	Commissions £'000	Taxes £'000	Total Transaction Costs £'000	Commissions % of principal	Taxes % of principal
<b>Purchases</b>						
Bonds	68,964	—	—	—	—	—
Collective Investment Schemes	235,927	—	—	—	—	—
Derivatives	445	—	—	—	—	—
Equities	27,842	5	53	58	0.02	0.19
<b>Total</b>	<b>333,178</b>	<b>5</b>	<b>53</b>	<b>58</b>	<b>0.02</b>	<b>0.19</b>
	Principal £'000	Commissions £'000	Taxes £'000	Total Transaction Costs £'000	Commissions % of principal	Taxes % of principal
<b>Sales</b>						
Bonds	83,994	—	—	—	—	—
Collective Investment Schemes	224,820	—	—	—	—	—
Derivatives	4,846	—	—	—	—	—
Equities	46,335	(6)	—	(6)	0.01	—
<b>Total</b>	<b>359,995</b>	<b>(6)</b>	<b>—</b>	<b>(6)</b>	<b>0.01</b>	<b>—</b>
<b>Total as a percentage of the average NAV</b>		<b>0.00%</b>	<b>0.02%</b>	<b>0.02%</b>		

#### Average portfolio dealing spread

As at the balance sheet date, the average portfolio dealing spread was 0.16% (2018: 0.14%) based on close of business prices. This spread represents the difference between the values determined respectively by reference to the bid and offer prices of investments expressed as a percentage of the value determined by reference to the offer price.

#### 17 Post Balance Sheet Events

Since the start of January 2020, the outbreak of coronavirus, which is a rapidly evolving situation, has adversely impacted global commercial activities and markets which have led to a material decline in NAV across the Sub-fund as at the date of issue of this report. The rapid development and fluidity of this situation precludes any prediction as its ultimate impact, which may have a continued adverse impact on economic and market conditions and trigger a period of global economic slowdown. The Directors do not believe there is any financial impact to amounts presented within the Financial Statements as at 30 November 2019 as a result of this subsequent event.

The ACD is monitoring developments relating to coronavirus and is coordinating its operational response based on existing business continuity plans and on guidance from global health organisations, relevant governments, and general pandemic response best practices.

As at the balance sheet date, the Net Asset Value per Class C Accumulation share was 195.74p. The Net Asset Value per Class C Accumulation share for the Sub-fund on 26 March 2020 was 178.68p. This represents a decrease of 9% from the year end value.

## 7IM MODERATELY CAUTIOUS FUND

### DISTRIBUTION TABLES

for the year ended 30 November 2019

#### Interim - in pence per share

Group 1 - Shares purchased prior to 1 December 2018

Group 2 - Shares purchased on or after 1 December 2018 and on or before 31 May 2019

	Net Revenue	Equalisation	Paid 31.07.19	Paid 31.07.18
<b>Class A Income</b>				
Group 1	0.9987	—	0.9987	1.1057
Group 2	0.9987	—	0.9987	1.1057
	Net Revenue	Equalisation	Allocated 31.07.19	Allocated 31.07.18
<b>Class A Accumulation</b>				
Group 1	1.3459	—	1.3459	1.4649
Group 2	1.3459	—	1.3459	1.4649
	Net Revenue	Equalisation	Allocated 31.07.19	Allocated 31.07.18
<b>Class B Accumulation</b>				
Group 1	1.3606	—	1.3606	1.4767
Group 2	0.8693	0.4913	1.3606	1.4767
	Net Revenue	Equalisation	Paid 31.07.19	Paid 31.07.18
<b>Class C Income</b>				
Group 1	1.0539	—	1.0539	1.1488
Group 2	0.5989	0.4550	1.0539	1.1488
	Net Revenue	Equalisation	Allocated 31.07.19	Allocated 31.07.18
<b>Class C Accumulation</b>				
Group 1	1.4014	—	1.4014	1.4979
Group 2	0.6994	0.7020	1.4014	1.4979
	Net Revenue	Equalisation	Paid 31.07.19	Paid 31.07.18
<b>Class D Income</b>				
Group 1	1.0184	—	1.0184	1.1239
Group 2	0.6493	0.3691	1.0184	1.1239
	Net Revenue	Equalisation	Allocated 31.07.19	Allocated 31.07.18
<b>Class D Accumulation</b>				
Group 1	1.3421	—	1.3421	1.4605
Group 2	0.8486	0.4935	1.3421	1.4605

## 7IM MODERATELY CAUTIOUS FUND

### DISTRIBUTION TABLES (continued) for the year ended 30 November 2019

	Net Revenue	Equalisation	Paid 31.07.19	Paid 31.07.18
<b>Class S Income</b>				
Group 1	0.7826	—	0.7826	0.8428
Group 2	0.4610	0.3216	0.7826	0.8428

	Net Revenue	Equalisation	Allocated 31.07.19	Allocated 31.07.18
<b>Class S Accumulation</b>				
Group 1	0.8471	—	0.8471	0.9071
Group 2	0.2440	0.6031	0.8471	0.9071

#### Final - in pence per share

Group 1 - Shares purchased prior to 1 June 2019

Group 2 - Shares purchased on or after 1 June 2019 and on or before 30 November 2019

	Net Revenue	Equalisation	Paid 31.01.20	Paid 31.01.19
<b>Class A Income</b>				
Group 1	2.0760	—	2.0760	1.3214
Group 2	2.0760	—	2.0760	1.3214

	Net Revenue	Equalisation	Allocated 31.01.20	Allocated 31.01.19
<b>Class A Accumulation</b>				
Group 1	2.8033	—	2.8033	1.7793
Group 2	2.8033	—	2.8033	1.7793

	Net Revenue	Equalisation	Allocated 31.01.20	Allocated 31.01.19
<b>Class B Accumulation</b>				
Group 1	2.9405	—	2.9405	1.8010
Group 2	1.7039	1.2366	2.9405	1.8010

	Net Revenue	Equalisation	Paid 31.01.20	Paid 31.01.19
<b>Class C Income</b>				
Group 1	2.2762	—	2.2762	1.4358
Group 2	1.9030	0.3732	2.2762	1.4358

	Net Revenue	Equalisation	Allocated 31.01.20	Allocated 31.01.19
<b>Class C Accumulation</b>				
Group 1	3.0435	—	3.0435	1.8866
Group 2	2.2885	0.7550	3.0435	1.8866



## 7IM MODERATELY CAUTIOUS FUND

### DISTRIBUTION TABLES (continued) for the year ended 30 November 2019

	Net Revenue	Equalisation	Paid 31.01.20	Paid 31.01.19
<b>Class D Income</b>				
Group 1	2.1017	—	2.1017	1.4047
Group 2	1.5948	0.5069	2.1017	1.4047
	Net Revenue	Equalisation	Allocated 31.01.20	Allocated 31.01.19
<b>Class D Accumulation</b>				
Group 1	2.8034	—	2.8034	1.7481
Group 2	2.1372	0.6662	2.8034	1.7481
	Net Revenue	Equalisation	Paid 31.01.20	Paid 31.01.19
<b>Class S Income</b>				
Group 1	1.6732	—	1.6732	1.0462
Group 2	1.1603	0.5129	1.6732	1.0462
	Net Revenue	Equalisation	Allocated 31.01.20	Allocated 31.01.19
<b>Class S Accumulation</b>				
Group 1	1.8436	—	1.8436	1.1372
Group 2	1.2258	0.6178	1.8436	1.1372

### Equalisation

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

# 7IM BALANCED FUND

## ACD'S REPORT

for the year ended 30 November 2019

### 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 from 1 December 2018 to 30 November 2019, the portfolio delivered a total return of 5.72%<sup>1</sup>.

#### Investment Background

For many market commentators, the main culprit for the Q4 2018 sell-off was the Fed's monetary policy throughout 2018 and the new Chairman Jerome Powell's hawkish communications. Fortunately for equity investors, the Fed decided to change course in January. By the end of that month, Powell indicated that the Fed will not be raising rates until further certainty on future growth can be ascertained. In March, the Fed effectively doubled down on the dovish approach it has turned to since the start of the year. The Federal Open Market Committee ('FOMC') meeting was more dovish than markets had anticipated with the Fed choosing to eliminate the two 25bps hikes planned for 2019, leaving only one hike in 2020 and none in 2021. Alongside this, they also announced plans to taper the balance sheet run off in May and stop the process altogether by the end of September 2019. This move led to a drastic repricing across the US yield curve and led to an inversion between the 3-month and the 10-year US Treasury rates. However, risk assets came under pressure once again as the trade talks between the US and China suddenly worsened. On 5 May, Donald Trump announced via twitter that he would increase the amount of tariffs on \$200 Billion worth of Chinese imports to 25%. The announcement shook markets and left many investors bewildered as many had assumed that talks were close to being finalised. The reversal in risk appetite also helped to support fixed income assets and especially the US 10-year Treasury. The sharp fall in US yields since September last year has been quite astounding. After nearly touching 3.25% in November 2018, the yield demanded on US 10-year Government debt has fallen to a low of around 1.5% in the third quarter of 2019.

While the first 6 months of the year saw equity markets caught in a tug-of-war between trade disputes and easy central bank policy the second half of the year saw markets positive of a semblance of trade deal – rallying strongly into the year. A key driver of company profits and thus equity markets is the manufacturing cycle. More specifically, there is a strong relationship between the ups and downs of global manufacturing output, global trade and global equity markets. Manufacturing had been slowing through the year for a number of reasons: destocking of inventories, falling Chinese demand for autos, the tightening effect of the rising dollar and uncertainty over trade wars. Global trade and global manufacturing appears to have found a bottom, particularly in the fourth quarter. Even more positive was the leading indicators such as export orders, backlogs and new orders picking up in places like Germany. This bodes well for a manufacturing cycle rebound in and explains why markets have picked up in Q4. The tentative signs of a trade deal have also buoyed markets. Bond markets don't appear to be pricing in the more positive growth, with US treasuries struggling to push beyond 2%.

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

## 7IM BALANCED FUND

### ACD'S REPORT (continued) for the year ended 30 November 2019

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

##### Portfolio Review

Following the sell-off in markets through Q4 2018, a decision was made to increase overall portfolio beta, focussed on the US market. This reflected our view that the fundamentals did not support the size of the sell-off. In the Balanced Fund, this represented a position size of 2.0%. At the end of January, building on the position in November for some portfolios in our range, we added to the position in dividends, diversifying across different maturities. For this specific fund dividends now represented a portfolio weight of Balanced Fund 3.0%. Given the strength of the rally since the start of the year and continued momentum in bond markets, we added to the duration positioning. By the end of March, markets had moved so strongly ahead that we felt it was prudent to take out some risk and cut overall equity positioning across a mix of developed markets. In the Balanced Fund, we cut equity exposure by around 3.0%. At the end of June, as is normal process, we changed our Strategic Asset Allocation ('SAA') benchmarks. As part of this, we split fixed income asset classes across a broader range of credit instruments making a slight adjustment to the overall equity and FX components. We also took the opportunity to exit an underweight in the UK equity market, reflecting a belief that Brexit fears had been fully reflected in valuations. With inflation expectations in the US looking historically cheap, we took the opportunity to buy an exposure to US inflation feeling the risks to the downside were low relative to the potential gains and also bought a holding in a global inflation linked bond fund where we felt valuations were similarly attractive with an initial position of 2.5%. We had held an EM debt overweight across some ranges and at the end of August we made sure all portfolios were reflecting this. For the Balanced Fund, we moved the weight to an overweight of 3.0%. In August, we entered a long in healthcare stocks buying the Alliance Bernstein International Healthcare Fund. We felt that these stocks were particularly well placed to benefit from changing demographics and global trends in technology. For the Balanced Fund, the initial weight was 2.5%. Back in the UK, we took the view that more GBP volatility was likely as, at that time, there was a significant chance of a "no deal" Brexit and that any announcement of an election would see GBP sell off as Corbyn risk will be at the forefront of everyone's minds. We therefore brought the GBP back to a neutral allocation from an overweight one. We added to US inflation expectations in some portfolios in July and given further negative sentiment we decided to increase our position. For the Balanced Fund, this meant increasing the holding to 3.0%. There is relatively little premium left in our dividend position and even using more bullish assumptions there was a low reimagining conviction versus other comparable instruments (for example high yield). As such in the Balanced Fund, we removed the remaining holding of 1.5%.

As far as fund positioning is concerned, we consolidated the UK equity positioning disposing of the equity value fund, the Threadneedle fund, the Polar Capital fund and the Artemis fund to focus on the Majedie UK Focus and Investec Alpha funds where we had more confidence. In Japan, we switched out of the Baillie Gifford Japan fund to invest in the Usonian Japan Value fund. Usonian are a bottom-up, deep research value investor specialising in Japanese equities. In line with our own philosophy, the team places an emphasis on preserving capital in more challenging markets and has a demonstrable track record of doing so. We disposed of the Frontier Markets fund as this asset class no longer formed part of the strategic asset allocation.

We also reduced exposure to other assets feeling there was more value in equities and bonds, disposing of the market neutral strategies which had been disappointing and some of the other positions to bring the weighting down to around 12.5%.

##### Investment Outlook

We split into four core views:

##### **Recession risks are low in the short-term. Global growth is weak but the data appear to have found a bottom.**

Fears of global recession are overdone. Growth has been shifting into a lower gear over the past eighteen months or so. This is partly due to cyclical factors, partly due to the uncertainty caused by trade wars. This growth slowdown has not escaped policymakers – both governments and central banks around the world have taken action. In the US, the Federal Reserve has cut rates and made it clear that it doesn't plan to raise them anytime soon. In China, the government has been cutting taxes, and is beginning to spend more. In Europe, the ECB is making all the right noises about supporting growth, and a few governments are starting to open the fiscal taps. In the rest of the world, interest rate cuts have been happening all year. These early responses should prolong the growth phase of this economic cycle. We are unlikely to see global growth return to boom-time levels, but it appears that the worst is over, for now.

## 7IM BALANCED FUND

**ACD'S REPORT** (continued)  
for the year ended 30 November 2019

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

**Equities are likely to be volatile as trade war rhetoric continues. But central banks are doing their best to put a floor under markets.**

From a fundamental viewpoint, global equities are around fair value to mildly expensive. However, earnings growth is likely to be average-to-weak over the next 6-12 months. This will make big gains difficult, considering current high levels, particularly in the USA. And we believe that Donald Trump's trade and technology crusade should be taken seriously. There is a sense in which the campaign is no longer just Mr Trump's – anti-China sentiment is about the only thing that Democrats and Republicans agree on. Regardless of the election result in 2020, the trade cat is now out of the bag. On the other side, China is increasingly looking for an external foe, to draw attention away from slower growth and popular discontent – in Hong Kong for example. Neither side has reason to back down in the short term. Any successful negotiation is likely to be followed by a further escalation, sooner or later. This has left global central banks on high alert, ready to react to any growth threats. Equities are likely to be pulled around by these two competing forces.

**Bond markets are not ready for an inflation surprise – a small change in expectations could be painful for bonds.**

Global inflation expectations remain near all-time lows. The financial markets currently suggest that US inflation will average 1.8% over the next 30 years. We think this is too pessimistic – we aren't in a Japan-style environment like the early 1990's. In the medium-term, populist economic policies are likely to be inflationary, while in the longer term, a return of economic growth should lead to central banks switching to focus on inflation once more. A small change in tone of monetary policy could be painful for bond markets. Yields do not offer any cushion against declines in capital value – and recent price moves have made bonds very expensive.

**Brexit is looming, but there's still lots of uncertainty about the UK's future trade relations with Europe.**

UK equities and sterling bounced after the election, as one huge uncertainty over the markets was sorted out. The big Tory victory will probably lead to an early Brexit. Looking ahead, though, the UK will now enter a year of trade negotiations with Europe, the outcome of which is highly unclear. And the costs of leaving Europe will gradually come into focus. Though sterling is on the cheap side by historical standards, we don't expect it to gain much from now on.

Seven Investment Management LLP  
Investment Manager  
December 2019

## 7IM BALANCED FUND

### FUND INFORMATION

The Comparative Tables on pages 83 to 91 give the performance of each active share class in the Sub-fund.

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

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

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

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

# 7IM BALANCED FUND

## FUND INFORMATION (continued)

### Comparative Tables

#### Class A Income

	30.11.19 (pence per share)	30.11.18 (pence per share)	30.11.17 (pence per share)
<b>Change in Net Asset Value Per Share</b>			
Opening net asset value per share	169.62	177.99	169.10
Return before operating charges*	12.23	(3.01)	14.14
Operating charges (calculated on average price)	(3.33)	(3.31)	(3.26)
Return after operating charges*	8.90	(6.32)	10.88
Distributions on income shares	(3.03)	(2.05)	(1.99)
Closing net asset value per share	175.49	169.62	177.99
* After direct transaction costs of: <sup>1</sup>	0.05	0.05	0.04

### Performance

Return after charges <sup>2</sup>	5.25%	(3.55)%	6.43%
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### Other Information

Closing net asset value (£'000)	11	10	25
Closing number of shares	6,058	6,058	13,952
Operating charges <sup>3</sup>	1.92%	1.86%	1.85%
Direct transaction costs	0.03%	0.03%	0.02%

### Prices

Highest share price	178.94	182.44	180.41
Lowest share price	162.89	169.19	168.53

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

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

<sup>3</sup> Operating charges, otherwise known as the OCF is the ratio of the Sub-fund's total disclosable costs (excluding securities lending fees and overdraft interest) to the average net assets of the Sub-fund. The OCF is intended to provide a reliable figure which gives the most accurate measure of what it costs to invest in a Sub-fund and is calculated based on the last period's figures. Included within the OCF are synthetic costs which includes the OCF of the underlying funds weighted on the basis of their investment proportion. A detailed breakdown of the OCF per share class is shown on page 92.

## 7IM BALANCED FUND

### FUND INFORMATION (continued)

#### Comparative Tables (continued)

##### Class A Accumulation

	30.11.19 (pence per share)	30.11.18 (pence per share)	30.11.17 (pence per share)
<b>Change in Net Asset Value Per Share</b>			
Opening net asset value per share	201.00	208.44	195.83
Return before operating charges*	14.63	(3.56)	16.40
Operating charges (calculated on average price)	(3.94)	(3.88)	(3.79)
Return after operating charges*	10.69	(7.44)	12.61
Distributions	(3.64)	(2.37)	(2.31)
Retained distributions on accumulation shares	3.64	2.37	2.31
Closing net asset value per share	211.69	201.00	208.44
* After direct transaction costs of: <sup>1</sup>	0.06	0.06	0.04

#### Performance

Return after charges <sup>2</sup>	5.32%	(3.57)%	6.44%
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#### Other Information

Closing net asset value (£'000)	4,860	8,581	9,735
Closing number of shares	2,295,967	4,269,324	4,670,392
Operating charges <sup>3</sup>	1.92%	1.86%	1.85%
Direct transaction costs	0.03%	0.03%	0.02%

#### Prices

Highest share price	213.17	213.66	209.76
Lowest share price	193.09	199.12	195.17

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

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

<sup>3</sup> Operating charges, otherwise known as the OCF is the ratio of the Sub-fund's total disclosable costs (excluding securities lending fees and overdraft interest) to the average net assets of the Sub-fund. The OCF is intended to provide a reliable figure which gives the most accurate measure of what it costs to invest in a Sub-fund and is calculated based on the last period's figures. Included within the OCF are synthetic costs which includes the OCF of the underlying funds weighted on the basis of their investment proportion. A detailed breakdown of the OCF per share class is shown on page 92.

## 7IM BALANCED FUND

### FUND INFORMATION (continued)

#### Comparative Tables (continued)

##### Class B Accumulation

	30.11.19 (pence per share)	30.11.18 (pence per share)	30.11.17 (pence per share)
<b>Change in Net Asset Value Per Share</b>			
Opening net asset value per share	208.30	215.48	201.93
Return before operating charges*	15.01	(3.70)	16.93
Operating charges (calculated on average price)	(3.57)	(3.48)	(3.38)
Return after operating charges*	11.44	(7.18)	13.55
Distributions	(3.96)	(2.67)	(2.59)
Retained distributions on accumulation shares	3.96	2.67	2.59
Closing net asset value per share	219.74	208.30	215.48
* After direct transaction costs of: <sup>1</sup>	0.06	0.06	0.04

#### Performance

Return after charges <sup>2</sup>	5.49%	(3.33)%	6.71%
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#### Other Information

Closing net asset value (£'000)	75,261	86,272	104,516
Closing number of shares	34,249,914	41,417,260	48,504,664
Operating charges <sup>3</sup>	1.67%	1.61%	1.60%
Direct transaction costs	0.03%	0.03%	0.02%

#### Prices

Highest share price	221.29	220.96	216.81
Lowest share price	200.14	206.35	201.26

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

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

<sup>3</sup> Operating charges, otherwise known as the OCF is the ratio of the Sub-fund's total disclosable costs (excluding securities lending fees and overdraft interest) to the average net assets of the Sub-fund. The OCF is intended to provide a reliable figure which gives the most accurate measure of what it costs to invest in a Sub-fund and is calculated based on the last period's figures. Included within the OCF are synthetic costs which includes the OCF of the underlying funds weighted on the basis of their investment proportion. A detailed breakdown of the OCF per share class is shown on page 92.



## 7IM BALANCED FUND

### FUND INFORMATION (continued)

#### Comparative Tables (continued)

##### Class C Income

	30.11.19 (pence per share)	30.11.18 (pence per share)	30.11.17 (pence per share)
<b>Change in Net Asset Value Per Share</b>			
Opening net asset value per share	176.45	184.57	174.84
Return before operating charges*	12.58	(3.14)	14.64
Operating charges (calculated on average price)	(2.56)	(2.51)	(2.47)
Return after operating charges*	10.02	(5.65)	12.17
Distributions on income shares	(3.53)	(2.47)	(2.44)
Closing net asset value per share	182.94	176.45	184.57
* After direct transaction costs of: <sup>1</sup>	0.05	0.05	0.04

##### Performance

Return after charges <sup>2</sup>	5.68%	(3.06)%	6.96%
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##### Other Information

Closing net asset value (£'000)	65,633	76,923	91,495
Closing number of shares	35,876,644	43,594,267	49,573,035
Operating charges <sup>3</sup>	1.42%	1.36%	1.35%
Direct transaction costs	0.03%	0.03%	0.02%

##### Prices

Highest share price	186.57	189.33	187.21
Lowest share price	169.51	176.13	174.26

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

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

<sup>3</sup> Operating charges, otherwise known as the OCF is the ratio of the Sub-fund's total disclosable costs (excluding securities lending fees and overdraft interest) to the average net assets of the Sub-fund. The OCF is intended to provide a reliable figure which gives the most accurate measure of what it costs to invest in a Sub-fund and is calculated based on the last period's figures. Included within the OCF are synthetic costs which includes the OCF of the underlying funds weighted on the basis of their investment proportion. A detailed breakdown of the OCF per share class is shown on page 92.

## 7IM BALANCED FUND

### FUND INFORMATION (continued)

#### Comparative Tables (continued)

##### Class C Accumulation

	30.11.19 (pence per share)	30.11.18 (pence per share)	30.11.17 (pence per share)
<b>Change in Net Asset Value Per Share</b>			
Opening net asset value per share	215.83	222.70	208.18
Return before operating charges*	15.44	(3.83)	17.47
Operating charges (calculated on average price)	(3.14)	(3.04)	(2.95)
Return after operating charges*	12.30	(6.87)	14.52
Distributions	(4.34)	(2.99)	(2.92)
Retained distributions on accumulation shares	4.34	2.99	2.92
Closing net asset value per share	228.13	215.83	222.70
* After direct transaction costs of: <sup>1</sup>	0.07	0.06	0.04

#### Performance

Return after charges <sup>2</sup>	5.70%	(3.08)%	6.97%
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#### Other Information

Closing net asset value (£'000)	385,638	447,014	483,320
Closing number of shares	169,046,602	207,118,730	217,027,649
Operating charges <sup>3</sup>	1.42%	1.36%	1.35%
Direct transaction costs	0.03%	0.03%	0.02%

#### Prices

Highest share price	229.67	228.45	224.04
Lowest share price	207.41	213.79	207.50

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

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

<sup>3</sup> Operating charges, otherwise known as the OCF is the ratio of the Sub-fund's total disclosable costs (excluding securities lending fees and overdraft interest) to the average net assets of the Sub-fund. The OCF is intended to provide a reliable figure which gives the most accurate measure of what it costs to invest in a Sub-fund and is calculated based on the last period's figures. Included within the OCF are synthetic costs which includes the OCF of the underlying funds weighted on the basis of their investment proportion. A detailed breakdown of the OCF per share class is shown on page 92.

## 7IM BALANCED FUND

### FUND INFORMATION (continued)

#### Comparative Tables (continued)

##### Class D Income

	30.11.19 (pence per share)	30.11.18 (pence per share)	30.11.17 (pence per share)
<b>Change in Net Asset Value Per Share</b>			
Opening net asset value per share	170.26	178.65	169.73
Return before operating charges*	12.40	(3.00)	14.20
Operating charges (calculated on average price)	(3.33)	(3.33)	(3.28)
Return after operating charges*	9.07	(6.33)	10.92
Distributions on income shares	(3.06)	(2.06)	(2.00)
Closing net asset value per share	176.27	170.26	178.65
* After direct transaction costs of: <sup>1</sup>	0.05	0.05	0.04

##### Performance

Return after charges <sup>2</sup>	5.33%	(3.54)%	6.43%
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##### Other Information

Closing net asset value (£'000)	376	693	2,091
Closing number of shares	213,311	406,805	1,170,597
Operating charges <sup>3</sup>	1.92%	1.86%	1.85%
Direct transaction costs	0.03%	0.03%	0.02%

##### Prices

Highest share price	179.62	183.12	181.08
Lowest share price	163.50	169.84	169.16

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

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

<sup>3</sup> Operating charges, otherwise known as the OCF is the ratio of the Sub-fund's total disclosable costs (excluding securities lending fees and overdraft interest) to the average net assets of the Sub-fund. The OCF is intended to provide a reliable figure which gives the most accurate measure of what it costs to invest in a Sub-fund and is calculated based on the last period's figures. Included within the OCF are synthetic costs which includes the OCF of the underlying funds weighted on the basis of their investment proportion. A detailed breakdown of the OCF per share class is shown on page 92.

## 7IM BALANCED FUND

### FUND INFORMATION (continued)

#### Comparative Tables (continued)

##### Class D Accumulation

	30.11.19 (pence per share)	30.11.18 (pence per share)	30.11.17 (pence per share)
<b>Change in Net Asset Value Per Share</b>			
Opening net asset value per share	201.14	208.58	195.96
Return before operating charges*	14.57	(3.56)	16.41
Operating charges (calculated on average price)	(3.95)	(3.88)	(3.79)
Return after operating charges*	10.62	(7.44)	12.62
Distributions	(3.62)	(2.37)	(2.31)
Retained distributions on accumulation shares	3.62	2.37	2.31
Closing net asset value per share	211.76	201.14	208.58
* After direct transaction costs of: <sup>1</sup>	0.06	0.06	0.04

#### Performance

Return after charges <sup>2</sup>	5.28%	(3.57)%	6.44%
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#### Other Information

Closing net asset value (£'000)	14,680	16,042	18,029
Closing number of shares	6,932,475	7,975,230	8,643,529
Operating charges <sup>3</sup>	1.92%	1.86%	1.85%
Direct transaction costs	0.03%	0.03%	0.02%

#### Prices

Highest share price	213.32	213.81	209.90
Lowest share price	193.22	199.25	195.31

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

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

<sup>3</sup> Operating charges, otherwise known as the OCF is the ratio of the Sub-fund's total disclosable costs (excluding securities lending fees and overdraft interest) to the average net assets of the Sub-fund. The OCF is intended to provide a reliable figure which gives the most accurate measure of what it costs to invest in a Sub-fund and is calculated based on the last period's figures. Included within the OCF are synthetic costs which includes the OCF of the underlying funds weighted on the basis of their investment proportion. A detailed breakdown of the OCF per share class is shown on page 92.

## 7IM BALANCED FUND

### FUND INFORMATION (continued)

#### Comparative Tables (continued)

##### Class S Income

	30.11.19 (pence per share)	30.11.18 (pence per share)	30.11.17 (pence per share)
<b>Change in Net Asset Value Per Share</b>			
Opening net asset value per share	112.14	117.18	110.90
Return before operating charges*	7.95	(2.00)	9.29
Operating charges (calculated on average price)	(1.33)	(1.30)	(1.28)
Return after operating charges*	6.62	(3.30)	8.01
Distributions on income shares	(2.36)	(1.74)	(1.73)
Closing net asset value per share	116.40	112.14	117.18
* After direct transaction costs of: <sup>1</sup>	0.03	0.03	0.02

##### Performance

Return after charges <sup>2</sup>	5.90%	(2.82)%	7.22%
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##### Other Information

Closing net asset value (£'000)	5,119	10,165	11,018
Closing number of shares	4,397,562	9,064,288	9,402,313
Operating charges <sup>3</sup>	1.17%	1.11%	1.10%
Direct transaction costs	0.03%	0.03%	0.02%

##### Prices

Highest share price	118.70	120.24	118.96
Lowest share price	107.75	112.04	110.53

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

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

<sup>3</sup> Operating charges, otherwise known as the OCF is the ratio of the Sub-fund's total disclosable costs (excluding securities lending fees and overdraft interest) to the average net assets of the Sub-fund. The OCF is intended to provide a reliable figure which gives the most accurate measure of what it costs to invest in a Sub-fund and is calculated based on the last period's figures. Included within the OCF are synthetic costs which includes the OCF of the underlying funds weighted on the basis of their investment proportion. A detailed breakdown of the OCF per share class is shown on page 92.

## 7IM BALANCED FUND

### FUND INFORMATION (continued)

#### Comparative Tables (continued)

##### Class S Accumulation

	30.11.19 (pence per share)	30.11.18 (pence per share)	30.11.17 (pence per share)
<b>Change in Net Asset Value Per Share</b>			
Opening net asset value per share	120.37	123.88	115.51
Return before operating charges*	8.55	(2.13)	9.70
Operating charges (calculated on average price)	(1.44)	(1.38)	(1.33)
Return after operating charges*	7.11	(3.51)	8.37
Distributions	(2.55)	(1.85)	(1.81)
Retained distributions on accumulation shares	2.55	1.85	1.81
Closing net asset value per share	127.48	120.37	123.88
* After direct transaction costs of: <sup>1</sup>	0.04	0.03	0.02

#### Performance

Return after charges <sup>2</sup>	5.91%	(2.83)%	7.25%
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#### Other Information

Closing net asset value (£'000)	50,587	75,179	71,058
Closing number of shares	39,682,042	62,458,901	57,360,620
Operating charges <sup>3</sup>	1.17%	1.11%	1.10%
Direct transaction costs	0.03%	0.03%	0.02%

#### Prices

Highest share price	128.30	127.13	124.60
Lowest share price	115.70	119.22	115.14

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

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

<sup>3</sup> Operating charges, otherwise known as the OCF is the ratio of the Sub-fund's total disclosable costs (excluding securities lending fees and overdraft interest) to the average net assets of the Sub-fund. The OCF is intended to provide a reliable figure which gives the most accurate measure of what it costs to invest in a Sub-fund and is calculated based on the last period's figures. Included within the OCF are synthetic costs which includes the OCF of the underlying funds weighted on the basis of their investment proportion. A detailed breakdown of the OCF per share class is shown on page 92.

## 7IM BALANCED FUND

### FUND INFORMATION (continued)

#### Ongoing Charges Figures

As at 30 November 2019

	<b>Class A</b>	<b>Class B</b>	<b>Class C</b>	<b>Class D</b>	<b>Class S</b>
ACD's periodic charge	1.40%	1.15%	0.90%	1.40%	0.65%
Other expenses	0.05%	0.05%	0.05%	0.05%	0.05%
	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%

As at 30 November 2018

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

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

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

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

## 7IM BALANCED FUND

### FUND INFORMATION (continued)

#### Synthetic Risk and Reward Indicator



This indicator shows how much a sub-fund has risen and fallen in the past, and therefore how much a 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 annual report and financial statements, the risk and reward indicator as at the year end date 30 November 2019 was 4.

#### Fund performance to 30 November 2019 (%)

	1 year	3 years	5 years
7IM Balanced Fund <sup>1</sup>	5.72	9.52	17.72

<sup>1</sup> Source: Bloomberg

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

Details of the distributions per share for the year are shown in the Distribution Tables on pages 114 to 116.



# 7IM BALANCED FUND

## PORTFOLIO STATEMENT

as at 30 November 2019

Holding	Portfolio of Investment	Value £	30.11.19 %
	<b>ALTERNATIVES 12.59% (14.74%)</b>		
	<b>Alternative Strategies 10.97% (11.25%)</b>		
214,003	AQR - Managed Futures UCITS Fund <sup>1</sup>	17,697,837	2.94
24,050,000	BNP Paribas Issuance 0.00% 2024 <sup>2</sup>	18,692,299	3.10
7,270,085	Dexion Absolute EUR <sup>3</sup>	—	—
12,848	LGT Dynamic Protection UCITS <sup>1</sup>	12,707,625	2.11
2,992	NN (L) Multi Asset Factor Opportunities 'I' <sup>1</sup>	16,022,877	2.66
(190)	S&P 500 Index Put Options 1950 March 2020 <sup>4</sup>	(14,657)	—
(84)	S&P 500 Index Put Options 2075 June 2020 <sup>4</sup>	(33,207)	(0.01)
(64)	S&P 500 Index Put Options 2100 September 2020 <sup>4</sup>	(59,282)	(0.01)
190	S&P 500 Index Put Options 2650 March 2020 <sup>4</sup>	208,395	0.04
84	S&P 500 Index Put Options 2800 June 2020 <sup>4</sup>	368,204	0.06
64	S&P 500 Index Put Options 2850 September 2020 <sup>4</sup>	459,691	0.08
		<b>66,049,782</b>	<b>10.97</b>
	<b>Commodities 0.00% (1.98%)</b>		
	<b>Real Estate 1.62% (1.51%)</b>		
4,048,438	iShares Global Property Securities Index <sup>1</sup>	<b>9,768,882</b>	<b>1.62</b>
	<b>CASH 0.70% (1.39%)</b>		
4,201,000	Northern Trust Global Sterling Fund <sup>1</sup>	<b>4,201,000</b>	<b>0.70</b>
	<b>DEBT SECURITIES 54.03% (38.33%)</b>		
	<b>Convertible Bonds 1.97% (2.18%)</b>		
92,054	NN (L) Global Convertible Opportunities Acc <sup>1</sup>	<b>11,861,185</b>	<b>1.97</b>
	<b>Emerging Market Bonds 7.05% (6.65%)</b>		
164,619	Babson Capital Emerging Markets Local Debt <sup>1</sup>	13,544,908	2.25
200,857	Barings Emerging Markets Debt Blended Total Return <sup>1</sup>	20,453,090	3.40
11,743,545	Legal & General Emerging Markets Government Bond USD Index Fund <sup>1</sup>	8,434,214	1.40
		<b>42,432,212</b>	<b>7.05</b>
	<b>Gilts 4.01% (3.58%)</b>		
£8,900,000	UK Gilt 3.25% 2044	12,754,786	2.12
£1,270,000	UK Gilt 4.00% 2022	1,370,454	0.22
£1,300,000	UK Gilt 4.25% 2027	1,683,815	0.28
£5,000,000	UK Gilt 4.50% 2042	8,375,420	1.39
		<b>24,184,475</b>	<b>4.01</b>
	<b>Global Corporate Bonds 11.76% (4.59%)</b>		
210,664	Angel Oak Multi-Strategy Income Fund <sup>1</sup>	17,425,951	2.89
183,188	Legg Mason Western Asset Structured Opportunities Fund USD Acc <sup>1</sup>	19,762,896	3.28
303,594	PFS TwentyFour Dynamic Bond <sup>1</sup>	33,631,001	5.59
		<b>70,819,848</b>	<b>11.76</b>
	<b>Global Government Bonds 3.93% (7.13%)</b>		
€600,000	Bundesrepublik Deutschland 0.25% 2027	540,428	0.09
€1,120,000	Bundesrepublik Deutschland 2.25% 2021	1,003,446	0.17
€270,000	Bundesrepublik Deutschland 2.5% 2046	377,536	0.06

## 7IM BALANCED FUND

### PORTFOLIO STATEMENT (continued) as at 30 November 2019

Holding	Portfolio of Investment	Value £	30.11.19 %
<b>Global Government Bonds (continued)</b>			
€260,000	Bundesrepublik Deutschland 4% 2037	380,752	0.06
€720,000	France Government 3% 2022	667,349	0.11
€210,000	France Government 5.75% 2032	310,038	0.05
€340,000	French Republic 2.75% 2027	359,497	0.06
€170,000	French Republic 3.25% 2045	236,155	0.04
€180,000	French Republic 4.50% 2041	280,547	0.05
€700,000	Italy Buoni Polien 3.75% 2021	634,020	0.11
€300,000	Italy Buoni Polien 5% 2040	377,050	0.06
€230,000	Italy Buoni Polien 5.25% 2029	268,178	0.05
€350,000	Italy Buoni Polien 6% 2031	441,590	0.07
¥460,000,000	Japan Government 0.1% 2021	3,265,072	0.54
¥270,000,000	Japan Government 0.1% 2027	1,953,318	0.32
¥230,000,000	Japan Government 0.4% 2036	1,690,604	0.28
¥130,000,000	Japan Government 0.9% 2057	1,062,244	0.18
€190,000	Spain Government 4.7% 2041	276,808	0.05
€140,000	Spain Government 5.75% 2032	195,156	0.03
€390,000	Spain Government 5.85% 2022	377,452	0.06
€150,000	Spain Government 6% 2029	193,081	0.03
US\$2,900,000	US Treasury Notes 1.625% 2026	2,236,560	0.37
US\$4,700,000	US Treasury Notes 2.375% 2023	3,727,376	0.62
US\$2,100,000	US Treasury Notes 2.5% 2045	1,723,286	0.29
US\$1,400,000	US Treasury Notes 3.5% 2020	1,094,301	0.18
		<b>23,671,844</b>	<b>3.93</b>
<b>Global High Yield Bonds 3.91% (4.08%)</b>			
134,914	Babson Capital US High Yield Bond <sup>1</sup>	14,252,724	2.37
1,362,481	Blackstone GSO Loan Financing (Jersey)	929,077	0.15
3,096,598	Carador Income Fund	1,200,139	0.20
5,768,994	CVC Credit Partners European Opportunities GBP	5,711,304	0.95
2,799,576	Fair Oaks Income 2017	1,432,230	0.24
		<b>23,525,474</b>	<b>3.91</b>
<b>Global Inflation Linked Bonds 4.90% (2.01%)</b>			
1,045,663	iShares Global Inflation-Linked Bond Index <sup>1</sup>	11,460,062	1.91
(22)	Ultra Long Term US Treasury Bond Futures March 2020 <sup>4</sup>	13,323	—
US\$19,891,000	US Treasury Inflation-Indexed Bonds 1% 2049	18,018,981	2.99
		<b>29,492,366</b>	<b>4.90</b>
<b>Short Term Sterling Bonds 9.59% (4.08%)</b>			
£1,300,000	Bank Nederlandse Gemeenten 1.00% 2022	1,303,648	0.22
£3,000,000	Bank of Montreal 1.625% 2022	3,049,971	0.51
£1,200,000	Barclays Bank 4.25% 2022	1,281,579	0.21
£1,151,000	Cooperatieve Rabobank UA 4.00% 2022	1,243,803	0.21
£1,500,000	Coventry Building Society FRN 2020	1,500,852	0.25
£2,400,000	Dexia Credit Local 0.875% 2021	2,397,607	0.40
£4,000,000	Dexia Credit Local 1.375% 2022	4,050,860	0.67
£3,000,000	FMS Wertmanagement 1% 2022	3,016,422	0.50
£1,690,000	Lloyds Bank 1.75% 2022	1,718,933	0.28
£2,150,000	Municipality Finance 1.25% 2022	2,172,265	0.36
£1,000,000	National Australia Bank 5.125% 2021	1,079,510	0.18
£1,000,000	Nordea Bank 2.375% 2022	1,028,764	0.17
£4,000,000	NRW Bank FRN 2024	3,997,720	0.66
£2,500,000	Oesterreichische 1.125% 2022	2,518,880	0.42

## 7IM BALANCED FUND

### PORTFOLIO STATEMENT (continued) as at 30 November 2019

Holding	Portfolio of Investment	Value £	30.11.19 %
<b>Short Term Sterling Bonds (continued)</b>			
£1,200,000	Reseau Ferre de France 5.5% 2021	1,306,723	0.22
£470,000	Royal Bank of Canada FRN 2021	470,014	0.08
£4,923,000	Skandinaviska Enskilda Banken 3% 2020	5,018,693	0.83
£2,809,000	Svenska Handelsba 2.375% 2022	2,886,332	0.48
£1,660,000	Swedbank 1.625% 2022	1,671,525	0.28
£5,575,000	Toronto-Dominion Bank 1.05% 2021	5,575,892	0.92
£7,000,000	Westpac Securities NZ 2.50% 2021	7,098,448	1.18
£3,350,000	Yorkshire Building Society FRN 2023	3,366,851	0.56
		<b>57,755,292</b>	<b>9.59</b>
<b>Sterling Corporate Bonds 6.91% (4.03%)</b>			
£3,210,000	Bank of Nova Scotia 1.25% 2022	3,225,992	0.54
£3,000,000	DNB Boligkreditt FRN 2020	3,001,140	0.50
104,438	PFS TwentyFour Monument Bond <sup>1</sup>	11,691,307	1.94
£4,400,000	Santander UK FRN 2024	4,430,536	0.74
5,851,847	Schroder Long Dated Cor. Acc <sup>1</sup>	11,112,657	1.84
£2,225,000	Toyota Motor Credit 1% 2022	2,221,591	0.37
8,177,449	UK Mortgages	5,928,651	0.98
		<b>41,611,874</b>	<b>6.91</b>
<b>EQUITY 31.78% (44.40%)</b>			
<b>Asia &amp; Emerging Markets 4.27% (5.89%)</b>			
2,210,720	Hermes Asia Ex-Japan Equity 'F' <sup>1</sup>	5,748,534	0.96
484,523	Mirae Asset Asia Great Consumer Equity 'I' <sup>1</sup>	6,974,341	1.16
70,242	RWC Global Emerging Markets <sup>1</sup>	12,957,834	2.15
		<b>25,680,709</b>	<b>4.27</b>
<b>Europe (ex UK) 4.60% (7.38%)</b>			
103	Aena SME	14,714	—
334	Ageas	15,590	—
116	Allianz	21,486	—
791	Alstom	26,443	—
7	AP Moeller - Maersk 'A'	7,076	—
331	AP Moeller - Maersk 'B'	358,220	0.06
3,065	ArcelorMittal	40,792	0.01
1,181	Atlas Copco 'A'	33,656	0.01
677	Atlas Copco 'B'	16,953	—
86	Baloise	11,651	—
1,646	Bayer	96,569	0.02
4,903	Bayerische Motoren Werke 'A'	306,837	0.05
13,234	BNP Paribas	576,989	0.10
11,001	Boliden	220,131	0.04
6,558,981	CF Miton European Opportunities <sup>1</sup>	13,695,257	2.27
5,743	Coca-Cola European Partners	225,696	0.04
797	Compagnie De St-Gobain	24,966	—
2,307	Continental European Selection <sup>1</sup>	2,459,209	0.41
319	Covestro	11,676	—
1,644	Credit Agricole	17,516	—
1,244	Daimler	54,704	0.01
1,024	Danske Bank	10,701	—
129	Dassault Aviation	137,336	0.02
38,113	Deutsche Telekom	494,966	0.08

## 7IM BALANCED FUND

### PORTFOLIO STATEMENT (continued) as at 30 November 2019

Holding	Portfolio of Investment	Value £	30.11.19 %
	<b>Europe (ex UK) (continued)</b>		
1,517	DNB	19,939	—
136	Eiffage	11,476	—
1,050	Electricite de France	8,338	—
581	Endesa	12,202	—
3,105	Engie	38,125	0.01
37,697	Eni	443,807	0.07
17,347	Ericsson 'B'	121,420	0.02
22,242	Fiat Chrysler Automobiles	255,940	0.04
897	Hakon Invest	30,708	0.01
4,603	Holcim	184,301	0.03
39,801	Iberdrola	302,750	0.05
2,795	ING Group	24,934	—
3,204	Klepierre	88,649	0.02
17,522	Koninklijke Ahold Delhaize	351,951	0.06
164	L'Oreal	36,122	0.01
248	Muenchener Rueckversicherungs	55,151	0.01
847	Nestle	68,234	0.01
494	NN Group	14,742	—
2,272	Nordea Bank	12,557	—
8,315	Novartis	593,869	0.10
173,501	Old Mutual European (Ex UK) Smaller Acc'	2,935,724	0.49
1,571	Pernod Ricard	222,422	0.04
23,141	Peugeot	435,524	0.07
1,878	Porsche Automobil	108,436	0.02
5,505	Raiffeisen Bank International	100,369	0.02
1,228	Renault	45,909	0.01
2,264	Repsol	27,750	0.01
3,086	Roche Holding	736,682	0.12
933	Sandvik	13,226	—
1,952	Sanofi	140,794	0.02
635	SES	6,587	—
227	Siemens	22,611	—
2,674	Siemens Gamesa Renewable Energy	32,787	0.01
1,219	Societe Generale	29,732	0.01
1,041	Statoil	15,034	—
322	Swiss Life	124,135	0.02
3,051	Swiss Re	255,742	0.04
45	Swisscom	17,997	—
11,224	Telefonica Deutschland	26,501	0.01
4,306	Telenor	61,298	0.01
2,381	Terna Rete Elettrica Nazionale	11,804	—
2,411	Total	98,582	0.02
8,967	Uniper	224,635	0.04
897	UPM-Kymmene	23,220	—
4,044	Vestas Wind Systems	299,060	0.05
956	Vinci	80,509	0.01
60	Volkswagen	8,909	—
2,527	Volvo 'B'	30,450	0.01
491	Wolters Kluwer	27,329	0.01
		<b>27,718,107</b>	<b>4.60</b>

Frontier Markets Equity 0.00% (1.04%)

## 7IM BALANCED FUND

### PORTFOLIO STATEMENT (continued) as at 30 November 2019

Holding	Portfolio of Investment	Value £	30.11.19 %
<b>Japan 4.14% (6.85%)</b>			
169,281	Baillie Gifford Japanese Smaller Companies Fund 'B' Acc <sup>1</sup>	8,646,858	1.43
1,530,498	Skyline Umbrella Fund ICAV - Usonian Japan Value Fund <sup>1</sup>	16,308,528	2.71
		<b>24,955,386</b>	<b>4.14</b>
<b>North America 3.02% (6.22%)</b>			
985,545	AB SICAV I - International Health Care Portfolio <sup>1</sup>	15,423,784	2.56
3,206	NXP Semiconductors	291,773	0.05
448	S&P 500 E-mini Futures December 2019 <sup>4</sup>	2,467,283	0.41
		<b>18,182,840</b>	<b>3.02</b>
<b>United Kingdom 15.75% (17.02%)</b>			
37,433,166	Investec Fund Series i - UK Alpha <sup>1</sup>	44,624,078	7.41
23,325,355	Majedie UK Focus <sup>1</sup>	50,200,828	8.34
		<b>94,824,906</b>	<b>15.75</b>
<b>PRIVATE EQUITY 0.00% (1.18%)</b>			
<b>FORWARD CURRENCY CONTRACTS 0.69% (-0.68%)</b>			
€1,500,000	Vs £(1,384,494) Expiry 21.02.2020	(102,318)	(0.02)
€4,428,000	Vs £(3,944,542) Expiry 21.02.2020	(159,559)	(0.03)
€5,396,000	Vs £(4,789,015) Expiry 21.02.2020	(176,601)	(0.03)
€6,994,000	Vs £(6,251,062) Expiry 21.02.2020	(272,704)	(0.04)
€13,962,000	Vs £(12,566,275) Expiry 21.02.2020	(631,781)	(0.10)
€(43,500,000)	Vs £40,455,870 Expiry 21.02.2020	3,272,769	0.54
€(4,500,000)	Vs £3,857,850 Expiry 21.02.2020	11,322	—
¥(3,955,000,000)	Vs £29,151,403 Expiry 20.12.2019	1,150,919	0.19
US\$(198,350,000)	Vs £158,360,113 Expiry 17.01.2020	4,900,189	0.81
US\$(8,350,000)	Vs £6,870,025 Expiry 17.01.2020	409,776	0.07
US\$(10,000,000)	Vs £8,054,253 Expiry 17.01.2020	317,428	0.05
US\$(17,000,000)	Vs £13,240,236 Expiry 17.01.2020	87,634	0.01
US\$(8,500,000)	Vs £6,586,793 Expiry 17.01.2020	10,492	—
US\$(14,000,000)	Vs £10,773,043 Expiry 17.01.2020	(58,512)	(0.01)
¥584,879,000	Vs £(4,384,959) Expiry 20.12.2019	(244,151)	(0.04)
¥616,840,900	Vs £(4,613,989) Expiry 20.12.2019	(246,898)	(0.04)
¥1,250,000,000	Vs £(9,360,407) Expiry 20.12.2019	(510,696)	(0.08)
US\$8,000,000	Vs £(6,187,004) Expiry 17.01.2020	2,456	—
US\$6,349,000	Vs £(5,064,897) Expiry 17.01.2020	(152,787)	(0.03)
US\$6,535,000	Vs £(5,218,744) Expiry 17.01.2020	(162,729)	(0.03)
US\$7,712,000	Vs £(6,217,058) Expiry 17.01.2020	(250,419)	(0.04)
US\$6,500,000	Vs £(5,332,996) Expiry 17.01.2020	(304,060)	(0.05)
US\$15,308,000	Vs £(12,394,539) Expiry 17.01.2020	(551,008)	(0.09)
US\$11,250,000	Vs £(9,269,597) Expiry 17.01.2020	(565,669)	(0.09)
US\$43,640,000	Vs £(35,146,073) Expiry 17.01.2020	(1,382,568)	(0.23)

## 7IM BALANCED FUND

### PORTFOLIO STATEMENT (continued) as at 30 November 2019

Holding	Portfolio of Investment	Value £	30.11.19 %
	<b>FORWARD CURRENCY CONTRACTS (continued)</b>		
US\$4,880,000	Vs £(3,973,977) Expiry 21.02.2020	(202,064)	(0.03)
		<b>4,188,461</b>	<b>0.69</b>
	<b>Portfolio of investment</b>	<b>600,924,643</b>	<b>99.79</b>
	Net other assets	1,239,975	0.21
	<b>Net assets</b>	<b>602,164,618</b>	<b>100.00</b>

Comparative figures shown in brackets relate to 30 November 2018.

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

<sup>1</sup> Collective investment scheme

<sup>2</sup> Structured product

<sup>3</sup> Delisted security

<sup>4</sup> Derivative contract

Credit Quality	30.11.19 %	30.11.18 %
Investment grade debt securities	22.67	16.79
Non-rated debt securities	3.10	2.86
Other investments	74.02	79.71
Net other assets	0.21	0.64
	<b>100.00</b>	<b>100.00</b>

## 7IM BALANCED FUND

### STATEMENT OF TOTAL RETURN

for the year ended 30 November 2019

	Notes	£	30.11.19 £	30.11.18 £
Income				
Net capital gains/(losses)	4		27,228,301	(29,875,287)
Revenue	5	17,122,568		15,105,547
Expenses	6	(6,359,383)		(7,429,501)
Interest payable and similar charges	8	(82,460)		(32,085)
Net revenue before taxation for the year		10,680,725		7,643,961
Taxation	7	(1,290,015)		(958,398)
Net revenue after taxation for the year			9,390,710	6,685,563
<b>Total return before distributions</b>			36,619,011	(23,189,724)
Distributions	8		(12,319,821)	(10,292,485)
<b>Change in net assets attributable to shareholders from investment activities</b>			24,299,190	(33,482,209)

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

for the year ended 30 November 2019

	£	30.11.19 £	30.11.18 £
<b>Opening net assets attributable to shareholders</b>		720,878,812	791,287,384
Amounts received on creation of shares <sup>1</sup>	82,696,219		117,139,602
Amounts paid on cancellation of shares <sup>1</sup>	(236,162,787)		(162,954,226)
		(153,466,568)	(45,814,624)
Change in net assets attributable to shareholders from investment activities		24,299,190	(33,482,209)
Retained distribution on accumulation shares		10,453,184	8,888,261
<b>Closing net assets attributable to shareholders</b>		602,164,618	720,878,812

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

The notes on pages 102 to 113 are an integral part of these Financial Statements.

## 7IM BALANCED FUND

### BALANCE SHEET

as at 30 November 2019

	Notes	30.11.19 £	30.11.18 £
<b>ASSETS</b>			
Fixed assets:			
Investments		607,006,313	724,882,716
Current assets:			
Debtors	9	9,917,703	5,693,124
Cash and bank balances	10	8,154,335	8,097,353
<b>Total assets</b>		<b>625,078,351</b>	<b>738,673,193</b>
<b>LIABILITIES</b>			
Investment liabilities		(6,081,670)	(8,638,776)
Creditors:			
Bank overdrafts	10	(10,727,536)	(2,998,302)
Distribution payable		(926,768)	(684,341)
Other creditors	11	(5,177,759)	(5,472,962)
<b>Total liabilities</b>		<b>(22,913,733)</b>	<b>(17,794,381)</b>
<b>Net assets attributable to shareholders</b>		<b>602,164,618</b>	<b>720,878,812</b>

The notes on pages 102 to 113 are an integral part of these Financial Statements.



# 7IM BALANCED FUND

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 November 2019

### 1 Statement of Compliance

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

### 2 Summary of Significant Accounting Policies

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

### 3 Risk Management Policies

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

### 4 Net capital gains/(losses)

	30.11.19 £	30.11.18 £
The net capital gains/(losses) during the year comprise:		
Non-derivative securities	30,685,955	(17,701,009)
Derivative contracts	1,135,401	2,326,808
Forward currency contracts	(2,607,108)	(16,166,370)
Currency (losses)/gains	(2,060,134)	1,580,397
Transaction charges	(16,811)	(33,429)
AMC rebates from underlying investments	90,998	118,316
Net capital gains/(losses)	27,228,301	(29,875,287)

### 5 Revenue

	30.11.19 £	30.11.18 £
Non-taxable dividends	7,322,162	7,941,563
Taxable dividends	7,904,642	4,963,329
Unfranked interest	1,718,748	1,963,993
AMC rebates from underlying investments	111,850	176,054
Bank interest	17,337	6,428
Stock lending revenue <sup>1</sup>	47,829	54,180
Total revenue	17,122,568	15,105,547

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

## 7IM BALANCED FUND

### NOTES TO THE FINANCIAL STATEMENTS (continued) for the year ended 30 November 2019

#### 6 Expenses

	30.11.19 £	30.11.18 £
Payable to the ACD, associates of the ACD and agents of either of them:		
ACD's periodic charge	6,077,799	7,137,156
Other expenses	11,211	11,513
	<u>6,089,010</u>	<u>7,148,669</u>
Payable to the Depositary, associates of the Depositary and agents of either of them:		
Depositary's fees	85,838	99,157
Market risk fees	6,000	6,000
Safe custody and other bank charges	40,515	47,059
	<u>132,353</u>	<u>152,216</u>
Other Expenses:		
Advisory fees	53,849	72,690
Audit fee	9,000	8,760
Dealing and exchange fees	22,005	23,252
FCA and other Regulatory fees	212	300
Legal and professional fees	6,916	2,417
Printing, postage and distribution costs	39,888	16,257
Risk analysis fees	6,150	4,940
	<u>138,020</u>	<u>128,616</u>
Total expenses	<u>6,359,383</u>	<u>7,429,501</u>

## 7IM BALANCED FUND

### NOTES TO THE FINANCIAL STATEMENTS (continued) for the year ended 30 November 2019

#### 7 Taxation

	30.11.19 £	30.11.18 £
<i>a) Analysis of charge for the year</i>		
Corporation tax at 20%	1,140,067	757,011
Overseas tax	114,576	201,387
Irrecoverable CIS income tax	35,372	–
Current tax charge (note 7b)	1,290,015	958,398
Total taxation	1,290,015	958,398

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

The tax assessed for the year differs from the standard rate of corporation tax in the UK for an authorised fund (20%) (2018: 20%) for the reasons explained below.

Net revenue before taxation	10,680,725	7,643,961
Corporation tax at 20%	2,136,145	1,528,792
Effects of:		
AMC rebates taken to capital	18,200	23,663
Double taxation relief expensed	(6,434)	(13,742)
Franked CIS revenue	(494,857)	(303,576)
Franked REIT income	–	(61)
Irrecoverable CIS income tax w/off	35,372	–
Movement in revenue accruals	373	(347)
Non-taxable dividends	(662,910)	(977,022)
Offshore CIS revenue	(306,665)	(307,654)
Overseas tax	114,576	201,387
Tax effect on non-reporting offshore funds	456,215	806,958
Current tax charge (note 7a)	1,290,015	958,398

#### *c) Deferred tax*

There is no deferred tax provision in the current year (2018: none).

#### 8 Distributions

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

	30.11.19 £	30.11.18 £
Interim	4,182,128	4,643,563
Final	7,707,241	5,525,202
	11,889,369	10,168,765
Add: Revenue deducted on cancellation of shares	698,740	428,161
Deduct: Revenue received on issue of shares	(268,288)	(304,441)
Net distributions for the year	12,319,821	10,292,485
Interest payable and similar charges	82,460	32,085
Total distribution	12,402,281	10,324,570

## 7IM BALANCED FUND

### NOTES TO THE FINANCIAL STATEMENTS (continued) for the year ended 30 November 2019

#### 8 Distributions (continued)

Details of the distributions per share are set out in the table on pages 114 to 116.

Distributions represented by:		
Net revenue after taxation	9,390,710	6,685,563
Allocations to capital:		
Expenses, net of tax relief	3,065,824	3,605,890
Equalisation on conversions <sup>1</sup>	1,886	1,212
Net movement in revenue account	151	(180)
Tax relief on Non reporting Offshore Funds	(138,750)	—
Net distributions for the year	12,319,821	10,292,485

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

#### 9 Debtors

	30.11.19 £	30.11.18 £
Amounts receivable for issue of shares	305,857	787,761
Sales awaiting settlement	7,543,509	2,315,648
Accrued revenue	1,755,719	2,254,666
Income tax recoverable	20,833	—
AMC rebates from underlying investments	133,728	170,694
Withholding tax recoverable	158,057	164,355
Total debtors	9,917,703	5,693,124

#### 10 Cash and bank balances

	30.11.19 £	30.11.18 £
Cash and bank balances	8,009,598	3,035,698
Cash held at clearing houses	144,737	5,061,655
Total cash and bank balances	8,154,335	8,097,353
Bank overdrafts	(7,929,481)	(2,964,910)
Cash overdraft at clearing houses	(2,798,055)	(33,392)
Total bank overdrafts	(10,727,536)	(2,998,302)

## 7IM BALANCED FUND

### NOTES TO THE FINANCIAL STATEMENTS (continued) for the year ended 30 November 2019

#### 11 Other Creditors

	30.11.19 £	30.11.18 £
Amounts payable for cancellation of shares	3,226,461	4,074,232
Purchases awaiting settlement	212,650	8,205
Accrued expenses	598,501	614,305
Corporation tax payable	1,140,067	757,011
Currency deals awaiting settlement	80	19,209
Total other creditors	5,177,759	5,472,962

#### 12 Related party transactions

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

The aggregate monies received by the ACD through the issue of shares and paid on cancellation of shares are disclosed in the Statement of Change in Net Assets Attributable to Shareholders on page 100.

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

Pershing Nominees Limited 57.31% (2018: 56.06%)

The net value of creations and cancellations for Pershing Nominees Limited during the year totalled -£59,896,179 (2018: -£13,395,612).

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

#### 13 Classes of Shares

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

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

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

Class	Opening Shares	Shares Created	Shares Liquidated	Shares Converted	Closing Shares
Class A Income	6,058	—	—	—	6,058
Class A Accumulation	4,269,324	136,983	(2,054,444)	(55,896)	2,295,967
Class B Accumulation	41,417,260	682,389	(7,849,735)	—	34,249,914
Class C Income	43,594,267	3,099,231	(10,835,269)	18,415	35,876,644
Class C Accumulation	207,118,730	31,067,914	(66,777,420)	(2,362,622)	169,046,602
Class D Income	406,805	2,348	(195,842)	—	213,311
Class D Accumulation	7,975,230	808,494	(1,850,108)	(1,141)	6,932,475
Class S Income	9,064,288	38,845	(7,450,008)	2,744,437	4,397,562
Class S Accumulation	62,458,901	4,109,869	(28,630,853)	1,744,125	39,682,042

## 7IM BALANCED FUND

### NOTES TO THE FINANCIAL STATEMENTS (continued) for the year ended 30 November 2019

#### 14 Contingent liabilities and commitments

There are no contingent liabilities or unrecorded outstanding commitments at the balance sheet date (2018: none).

#### 15 Risks Disclosures

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

##### i. Interest rate risk

The table below shows the direct interest rate risk profile:

Interest rate exposure as at 30 November 2019

	<b>Floating Rate Financial Assets £</b>	<b>Fixed Rate Financial Assets £</b>	<b>Financial Assets not carrying interest £</b>	<b>Total £</b>
Australian dollar	—	—	50,127	50,127
Canadian dollar	—	—	55,307	55,307
Danish krone	4	—	695,898	695,902
Euro	714,565	6,919,083	33,950,616	41,584,264
Japanese yen	—	7,971,238	17,361,545	25,332,783
New Zealand dollar	—	—	154,384	154,384
Norwegian krone	—	—	98,882	98,882
Swedish krona	—	—	640,815	640,815
Swiss franc	48,047	—	2,120,078	2,168,125
US dollar	1,641,502	45,492,803	241,453,005	288,587,310
Pound sterling	32,294,224	72,476,021	558,312,886	663,083,131
	<b>34,698,342</b>	<b>132,859,145</b>	<b>854,893,543</b>	<b>1,022,451,030</b>

	<b>Floating Rate Financial Liabilities £</b>	<b>Financial Liabilities not carrying interest £</b>	<b>Total £</b>
Euro	(943,436)	(41,029,630)	(41,973,066)
Japanese yen	—	(28,000,485)	(28,000,485)
Swiss franc	(48,046)	—	(48,046)
US dollar	(1,496,765)	(198,324,605)	(199,821,370)
Pound sterling	(8,239,289)	(142,204,156)	(150,443,445)
	<b>(10,727,536)</b>	<b>(409,558,876)</b>	<b>(420,286,412)</b>

## 7IM BALANCED FUND

### NOTES TO THE FINANCIAL STATEMENTS (continued) for the year ended 30 November 2019

#### 15 Risks Disclosures (continued)

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

Interest rate exposure as at 30 November 2018

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

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

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

Currency	Fixed Rate Financial Assets			
	Weighted average interest rate		Weighted average period for which rate is fixed	
	30.11.19 %	30.11.18 %	30.11.19 Years	30.11.18 Years
Euro	0.13	0.84	10	9
Japanese yen	(0.02)	0.15	11	11
Pound sterling	1.03	1.43	9	10
US dollar	0.66	1.76	15	6

The average effective duration of the Sub-fund's portfolio is a measure of the sensitivity of the fair value of the Sub-fund's bond portfolio (excludes all other investments) to changes in market interest rates. As at 30 November 2019, the average weighted effective duration was 2.92 years (30 November 2018: 2.42 years).

## 7IM BALANCED FUND

### NOTES TO THE FINANCIAL STATEMENTS (continued) for the year ended 30 November 2019

#### 15 Risks Disclosures (continued)

##### ii. Foreign currency risk

The table below shows the direct foreign currency risk profile:

Foreign currency risk exposure as at 30 November 2019

Currency	Monetary Exposure £	Non-Monetary Exposure £	Total £
Australian dollar	50,127	–	50,127
Canadian dollar	55,307	–	55,307
Danish krone	20,845	675,057	695,902
Euro	41,061	(429,863)	(388,802)
Japanese yen	3,935	(2,671,637)	(2,667,702)
New Zealand dollar	154,384	–	154,384
Norwegian krone	2,611	96,271	98,882
Swedish krona	161,715	479,100	640,815
Swiss franc	127,468	1,992,611	2,120,079
US dollar	239,097	88,526,843	88,765,940
	856,550	88,668,382	89,524,932
Pound sterling	4,584,426	508,055,260	512,639,686
Net assets	5,440,976	596,723,642	602,164,618

Foreign currency risk exposure as at 30 November 2018

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

##### iii. Derivatives

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

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

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



## 7IM BALANCED FUND

### NOTES TO THE FINANCIAL STATEMENTS (continued) for the year ended 30 November 2019

#### 15 Risks Disclosures (continued)

##### iii. Derivatives (continued)

The lowest, highest and average leverage utilisation in the accounting year ended 30 November 2019 was 145%, 231% and 177% respectively (30 November 2018: 155%, 285% and 191% respectively).

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

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

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

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

Counterparty	30.11.19 £	30.11.18 £
<b>Options</b>		
Chicago Board Options Exchange	929,144	705,018
<b>Futures Contracts</b>		
Chicago Board of Trade	13,323	—
Eurex Deutschland	—	158,864
International Monetary Market	2,467,283	(2,122,106)
London International Financial Futures Exchange	—	(235,169)
<b>Forward Currency Contracts</b>		
Northern Trust	4,188,461	(4,892,236)
<b>Total net exposure<sup>1</sup></b>	<b>7,598,211</b>	<b>(6,385,629)</b>

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

## 7IM BALANCED FUND

### NOTES TO THE FINANCIAL STATEMENTS (continued) for the year ended 30 November 2019

#### 15 Risks Disclosures (continued)

##### iv. Fair value

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

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

##### Level 1

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

##### Level 2

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

##### Level 3

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

	Level 1 £	Level 2 £	Level 3 £	Total £
<b>30 November 2019</b>				
<b>Assets</b>				
Bonds	63,479,954	91,722,196	–	155,202,150
Collective Investment Schemes	402,890,534	–	11,112,657	414,003,191
Derivatives	3,516,896	10,162,985	–	13,679,881
Equities	22,920,952	1,200,139	–	24,121,091
<b>Total</b>	<b>492,808,336</b>	<b>103,085,320</b>	<b>11,112,657</b>	<b>607,006,313</b>
<b>Liabilities</b>				
Derivatives	(14,657)	(6,067,013)	–	(6,081,670)
<b>30 November 2018</b>				
<b>Assets</b>				
Bonds	71,052,548	70,524,989	–	141,577,537
Collective Investment Schemes	–	445,735,523	–	445,735,523
Derivatives	920,801	1,332,346	–	2,253,147
Equities	135,287,084	29,425	–	135,316,509
<b>Total</b>	<b>207,260,433</b>	<b>517,622,283</b>	<b>–</b>	<b>724,882,716</b>
<b>Liabilities</b>				
Derivatives	(2,414,194)	(6,224,582)	–	(8,638,776)

## 7IM BALANCED FUND

### NOTES TO THE FINANCIAL STATEMENTS (continued) for the year ended 30 November 2019

#### 16 Purchases, Sales and Transaction Costs

The following tables show portfolio transactions and their associated transaction costs. For more information about the nature of these costs please refer to the additional portfolio transaction cost information on page 82.

Analysis of direct transaction costs for the year ended 30 November 2019:

	Principal £'000	Commissions £'000	Taxes £'000	Total Transaction Costs £'000	Commissions % of principal	Taxes % of principal
<b>Purchases</b>						
Bonds	131,048	—	—	—	—	—
Collective Investment Schemes	518,742	—	—	—	—	—
Equities	72,600	10	155	165	0.01	0.21
<b>Total</b>	<b>722,390</b>	<b>10</b>	<b>155</b>	<b>165</b>	<b>0.01</b>	<b>0.21</b>
	Principal £'000	Commissions £'000	Taxes £'000	Total Transaction Costs £'000	Commissions % of principal	Taxes % of principal
<b>Sales</b>						
Bonds	125,174	—	—	—	—	—
Collective Investment Schemes	580,541	—	—	—	—	—
Equities	182,630	(28)	(2)	(30)	0.02	—
<b>Total</b>	<b>888,345</b>	<b>(28)</b>	<b>(2)</b>	<b>(30)</b>	<b>0.02</b>	<b>—</b>
<b>Total as a percentage of the average NAV</b>		<b>0.01%</b>	<b>0.02%</b>	<b>0.03%</b>		

## 7IM BALANCED FUND

### NOTES TO THE FINANCIAL STATEMENTS (continued) for the year ended 30 November 2019

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

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

	Principal £'000	Commissions £'000	Taxes £'000	Total Transaction Costs £'000	Commissions % of principal	Taxes % of principal
<b>Purchases</b>						
Bonds	157,889	—	—	—	—	—
Collective Investment Schemes	535,034	—	—	—	—	—
Derivatives	1,692	—	—	—	—	—
Equities	115,930	16	175	191	0.01	0.15
<b>Total</b>	<b>810,545</b>	<b>16</b>	<b>175</b>	<b>191</b>	<b>0.01</b>	<b>0.15</b>

	Principal £'000	Commissions £'000	Taxes £'000	Total Transaction Costs £'000	Commissions % of principal	Taxes % of principal
<b>Sales</b>						
Bonds	158,734	—	—	—	—	—
Collective Investment Schemes	502,164	—	—	—	—	—
Derivatives	13,186	—	—	—	—	—
Equities	173,952	(22)	(1)	(23)	0.01	—
<b>Total</b>	<b>848,036</b>	<b>(22)</b>	<b>(1)</b>	<b>(23)</b>	<b>0.01</b>	<b>—</b>

**Total as a percentage of the average NAV**                      **0.01%**                      **0.02%**                      **0.03%**

#### Average portfolio dealing spread

As at the balance sheet date, the average portfolio dealing spread was 0.09% (2018: 0.12%) based on close of business prices. This spread represents the difference between the values determined respectively by reference to the bid and offer prices of investments expressed as a percentage of the value determined by reference to the offer price.

#### 17 Post Balance Sheet Events

Since the start of January 2020, the outbreak of coronavirus, which is a rapidly evolving situation, has adversely impacted global commercial activities and markets which have led to a material decline in NAV across the Sub-fund as at the date of issue of this report. The rapid development and fluidity of this situation precludes any prediction as its ultimate impact, which may have a continued adverse impact on economic and market conditions and trigger a period of global economic slowdown. The Directors do not believe there is any financial impact to amounts presented within the Financial Statements as at 30 November 2019 as a result of this subsequent event.

The ACD is monitoring developments relating to coronavirus and is coordinating its operational response based on existing business continuity plans and on guidance from global health organisations, relevant governments, and general pandemic response best practices.

As at the balance sheet date, the Net Asset Value per Class C Accumulation share was 228.25p. The Net Asset Value per Class C Accumulation share for the Sub-fund on 26 March 2020 was 200.74p. This represents a decrease of 12% from the year end value.

## 7IM BALANCED FUND

### DISTRIBUTION TABLES

for the year ended 30 November 2019

#### Interim - in pence per share

Group 1 - Shares purchased prior to 1 December 2018

Group 2 - Shares purchased on or after 1 December 2018 and on or before 31 May 2019

	Net Revenue	Equalisation	Paid 31.07.19	Paid 31.07.18
<b>Class A Income</b>				
Group 1	0.9110	—	0.9110	0.8763
Group 2	0.9110	—	0.9110	0.8763
	Net Revenue	Equalisation	Allocated 31.07.19	Allocated 31.07.18
<b>Class A Accumulation</b>				
Group 1	1.0875	—	1.0875	1.0284
Group 2	0.9241	0.1634	1.0875	1.0284
	Net Revenue	Equalisation	Allocated 31.07.19	Allocated 31.07.18
<b>Class B Accumulation</b>				
Group 1	1.2453	—	1.2453	1.1855
Group 2	0.8905	0.3548	1.2453	1.1855
	Net Revenue	Equalisation	Paid 31.07.19	Paid 31.07.18
<b>Class C Income</b>				
Group 1	1.1506	—	1.1506	1.1105
Group 2	0.5867	0.5639	1.1506	1.1105
	Net Revenue	Equalisation	Allocated 31.07.19	Allocated 31.07.18
<b>Class C Accumulation</b>				
Group 1	1.4079	—	1.4079	1.3398
Group 2	0.6766	0.7313	1.4079	1.3398
	Net Revenue	Equalisation	Paid 31.07.19	Paid 31.07.18
<b>Class D Income</b>				
Group 1	0.9101	—	0.9101	0.8814
Group 2	0.6088	0.3013	0.9101	0.8814
	Net Revenue	Equalisation	Allocated 31.07.19	Allocated 31.07.18
<b>Class D Accumulation</b>				
Group 1	1.0812	—	1.0812	1.0295
Group 2	0.6860	0.3952	1.0812	1.0295

## 7IM BALANCED FUND

### DISTRIBUTION TABLES (continued) for the year ended 30 November 2019

	Net Revenue	Equalisation	Paid 31.07.19	Paid 31.07.18
<b>Class S Income</b>				
Group 1	0.8018	—	0.8018	0.7668
Group 2	0.8018	—	0.8018	0.7668

	Net Revenue	Equalisation	Allocated 31.07.19	Allocated 31.07.18
<b>Class S Accumulation</b>				
Group 1	0.8798	—	0.8798	0.8145
Group 2	0.5487	0.3311	0.8798	0.8145

#### Final - in pence per share

Group 1 - Shares purchased prior to 1 June 2019

Group 2 - Shares purchased on or after 1 June 2019 and on or before 30 November 2019

	Net Revenue	Equalisation	Paid 31.01.20	Paid 31.01.19
<b>Class A Income</b>				
Group 1	2.1162	—	2.1162	1.1738
Group 2	2.1162	—	2.1162	1.1738

	Net Revenue	Equalisation	Allocated 31.01.20	Allocated 31.01.19
<b>Class A Accumulation</b>				
Group 1	2.5510	—	2.5510	1.3440
Group 2	2.1537	0.3973	2.5510	1.3440

	Net Revenue	Equalisation	Allocated 31.01.20	Allocated 31.01.19
<b>Class B Accumulation</b>				
Group 1	2.7185	—	2.7185	1.4857
Group 2	2.1837	0.5348	2.7185	1.4857

	Net Revenue	Equalisation	Paid 31.01.20	Paid 31.01.19
<b>Class C Income</b>				
Group 1	2.3792	—	2.3792	1.3556
Group 2	1.8827	0.4965	2.3792	1.3556

	Net Revenue	Equalisation	Allocated 31.01.20	Allocated 31.01.19
<b>Class C Accumulation</b>				
Group 1	2.9298	—	2.9298	1.6483
Group 2	2.1286	0.8012	2.9298	1.6483

## 7IM BALANCED FUND

### DISTRIBUTION TABLES (continued) for the year ended 30 November 2019

	Net Revenue	Equalisation	Paid 31.01.20	Paid 31.01.19
<b>Class D Income</b>				
Group 1	2.1490	—	2.1490	1.1828
Group 2	1.6715	0.4775	2.1490	1.1828
	Net Revenue	Equalisation	Allocated 31.01.20	Allocated 31.01.19
<b>Class D Accumulation</b>				
Group 1	2.5353	—	2.5353	1.3441
Group 2	1.8726	0.6627	2.5353	1.3441
	Net Revenue	Equalisation	Paid 31.01.20	Paid 31.01.19
<b>Class S Income</b>				
Group 1	1.5572	—	1.5572	0.9763
Group 2	1.0823	0.4749	1.5572	0.9763
	Net Revenue	Equalisation	Allocated 31.01.20	Allocated 31.01.19
<b>Class S Accumulation</b>				
Group 1	1.6691	—	1.6691	1.0359
Group 2	1.1236	0.5455	1.6691	1.0359

#### 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 year ended 30 November 2019

### 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 from 1 December 2018 to 30 November 2019, the portfolio delivered a total return of 6.35%<sup>1</sup>.

#### Investment Background

For many market commentators, the main culprit for the Q4 2018 sell-off was the Fed's monetary policy throughout 2018 and the new Chairman Jerome Powell's hawkish communications. Fortunately for equity investors, the Fed decided to change course in January. By the end of that month Powell indicated that the Fed will not be raising rates until further certainty on future growth can be ascertained. In March the Fed effectively doubled down on the dovish approach it has turned to since the start of the year. The Federal Open Market Committee ('FOMC') meeting was more dovish than markets had anticipated with the Fed choosing to eliminate the two 25bps hikes planned for 2019, leaving only one hike in 2020 and none in 2021. Alongside this they also announced plans to taper the balance sheet run off in May and stop the process altogether by the end of September 2019. This move led to a drastic re pricing across the US yield curve and led to an inversion between the 3 month and the 10 year US Treasury rates. However, risk assets came under pressure once again as the trade talks between the US and China suddenly worsened.

On 5 May Donald Trump announced via twitter that he would increase the amount of tariffs on \$200 Billion worth of Chinese imports to 25%. The announcement shook markets and left many investors bewildered as many had assumed that talks were close to being finalised. The reversal in risk appetite also helped to support fixed income assets and especially the US 10 Year Treasury. The sharp fall in US yields since September last year has been quite astounding. After nearly touching 3.25% in November 2018 the yield demanded on US 10 year Government debt has fallen to a low of around 1.5% in the third quarter of 2019.

While the first 6 months of the year saw equity markets caught in a tug-of-war between trade disputes and easy central bank policy the second half of the year saw markets positive of a semblance of trade deal – rallying strongly into the year. A key driver of company profits and thus equity markets is the manufacturing cycle. More specifically, there is a strong relationship between the ups and downs of global manufacturing output, global trade and global equity markets. Manufacturing had been slowing through the year for a number of reasons: destocking of inventories, falling Chinese demand for autos, the tightening effect of the rising dollar and uncertainty over trade wars. Global trade and global manufacturing appears to have found a bottom, particularly in the fourth quarter. Even more positive was the leading indicators such as export orders, backlogs and new orders picking up in places like Germany. This bodes well for a manufacturing cycle rebound in and explains why markets have picked up in Q4. The tentative signs of a trade deal have also buoyed markets. Bond markets don't appear to be pricing in the more positive growth, with US treasuries struggling to push beyond 2.0%.

#### Portfolio Review

Following the sell-off in markets through Q4 2018 a decision was made to increase overall portfolio beta, focussed on the US market. This reflected our view that the fundamentals did not support the size of the sell-off. In the Moderately Adventurous Fund this represented a position size of 3.0%. At the end of January, we added to the position in dividends.

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



## 7IM MODERATELY ADVENTUROUS FUND

### ACD'S REPORT (continued)

for the year ended 30 November 2019

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

For this Sub-fund dividends now represented a portfolio weight of 3.0%. Given the strength of the rally since the start of the year and continued momentum in bond markets we added slightly to the duration positioning. By the end of March markets had moved so strongly ahead that we felt it was prudent to take out some risk and cut overall equity positioning across a mix of developed markets. In the Moderately Adventurous Fund we cut equity exposure by 4.5%. At the end of June, as is normal process we changed our Strategic Asset Allocation ('SAA') benchmarks.

As part of this we split the fixed income asset classes across a broader range of credit instruments and adjusted the overall equity and FX components. We also took an opportunity to exit an underweight in the UK equity market, reflecting a belief that Brexit fears had been fully reflected in valuations. We had held an EM debt overweight across some ranges and at the end of August we made sure all portfolios were reflecting this. For the Moderately Adventurous Fund we moved the weight to an overweight of 3.0%.

In August we entered a long in US healthcare stocks. We felt that these stocks were particularly well placed to benefit from changing demographics and global trends in technology. For the Moderately Adventurous Fund the initial weight was 3.5%. Back in the UK, we took the view that more GBP volatility was likely as, at that time, there was a significant chance of a "no deal" Brexit and that any announcement of an election could see GBP sell off as Corbyn risk will be at the forefront of everyone's minds. We therefore brought the GBP position back to a neutral allocation from an overweight one. We added to US inflation expectations in some portfolios in July and given further negative sentiment we decided to increase our position. For the Moderately Adventurous Fund this meant increasing the holding to 2.5%. As there was relatively little premium left in the dividend position we removed the remaining holding of 1.5%.

As far as fund positioning is concerned, we consolidated the UK equity positioning disposing of the equity value fund, the Polar Capital Fund and the Artemis Fund where we had become less confident of the managers to focus on the Majedie Focus, Threadneedle and Investec Alpha Funds where we had more conviction. In Japan we switched out of the Man GLG Japan Core Alpha Fund to invest in the Usonian Japan Value Fund. Usonian are a bottom-up, deep research value investor specialising in Japanese equities. In line with our own philosophy, the team places an emphasis on preserving capital in more challenging markets and has a demonstrable track record of doing so. We reduced the exposure to Frontier Markets equity as part of the changes to the strategic asset allocation and cut out the holding in the Ashmore Fund.

We also reduced exposure to other assets feeling there was more value in equities and bonds, disposing of the market neutral strategies which had been disappointing and some of the other positions reducing exposure to around 9.0%.

#### Investment Outlook

We split into four core views:

**Recession risks are low in the short-term. Global growth is weak but the data appear to have found a bottom.**

Fears of global recession are overdone. Growth has been shifting into a lower gear over the past eighteen months or so. This is partly due to cyclical factors, partly due to the uncertainty caused by trade wars. This growth slowdown has not escaped policymakers – both governments and central banks around the world have taken action. In the US, the Federal Reserve has cut rates and made it clear that it doesn't plan to raise them anytime soon. In China, the government has been cutting taxes, and is beginning to spend more. In Europe, the ECB is making all the right noises about supporting growth, and a few governments are starting to open the fiscal taps. In the rest of the world, interest rate cuts have been happening all year. These early responses should prolong the growth phase of this economic cycle. We are unlikely to see global growth return to boom-time levels, but it appears that the worst is over, for now.

**Equities are likely to be volatile as trade war rhetoric continues. But central banks are doing their best to put a floor under markets.**

From a fundamental viewpoint, global equities are around fair value to mildly expensive. However, earnings growth is likely to be average-to-weak over the next 6-12 months. This will make big gains difficult, considering current high levels, particularly in the USA. And we believe that Donald Trump's trade and technology crusade should be taken seriously. There is a sense in which the campaign is no longer just Mr Trump's – anti-China sentiment is about the only thing that Democrats and Republicans agree on. Regardless of the election result in 2020, the trade cat is now out of the bag. On the other side, China is increasingly looking for an external foe, to draw attention away from slower growth and popular discontent – in Hong Kong for example. Neither side has reason to back down in the short term. Any successful negotiation is likely to be followed by a further escalation, sooner or later. This has left global central banks on high alert, ready to react to any growth threats. Equities are likely to be pulled around by these two competing forces.

## 7IM MODERATELY ADVENTUROUS FUND

### ACD'S REPORT (continued)

for the year ended 30 November 2019

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

##### **Bond markets are not ready for an inflation surprise – a small change in expectations could be painful for bonds.**

Global inflation expectations remain near all-time lows. The financial markets currently suggest that US inflation will average 1.8% over the next 30 years. We think this is too pessimistic – we aren't in a Japan-style environment like the early 1990's. In the medium-term, populist economic policies are likely to be inflationary, while in the longer term, a return of economic growth should lead to central banks switching to focus on inflation once more. A small change in tone of monetary policy could be painful for bond markets. Yields do not offer any cushion against declines in capital value – and recent price moves have made bonds very expensive.

##### **Brexit is looming, but there's still lots of uncertainty about the UK's future trade relations with Europe.**

UK equities and sterling bounced after the election, as one huge uncertainty over the markets was sorted out. The big Tory victory will probably lead to an early Brexit. Looking ahead, though, the UK will now enter a year of trade negotiations with Europe, the outcome of which is highly unclear. And the costs of leaving Europe will gradually come into focus. Though sterling is on the cheap side by historical standards, we don't expect it to gain much from now on.

Seven Investment Management LLP  
Investment Manager  
December 2019

## 7IM MODERATELY ADVENTUROUS FUND

### FUND INFORMATION

The Comparative Tables on pages 121 to 129 give the performance of each active share class in the Sub-fund.

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

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

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

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

# 7IM MODERATELY ADVENTUROUS FUND

## FUND INFORMATION (continued)

### Comparative Tables

#### Class A Income

	30.11.19 (pence per share)	30.11.18 (pence per share)	30.11.17 (pence per share)
<b>Change in Net Asset Value Per Share</b>			
Opening net asset value per share	223.48	232.81	212.72
Return before operating charges*	17.44	(4.17)	25.10
Operating charges (calculated on average price)	(4.54)	(4.54)	(4.35)
Return after operating charges*	12.90	(8.71)	20.75
Distributions on income shares	(1.69)	(0.62)	(0.66)
Closing net asset value per share	234.69	223.48	232.81
* After direct transaction costs of: <sup>1</sup>	0.07	0.08	0.06

#### Performance

Return after charges <sup>2</sup>	5.77%	(3.74)%	9.75%
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#### Other Information

Closing net asset value (£'000)	5	30	31
Closing number of shares	2,181	13,441	13,441
Operating charges <sup>3</sup>	2.00%	1.94%	1.92%
Direct transaction costs	0.03%	0.03%	0.03%

#### Prices

Highest share price	238.59	240.87	234.98
Lowest share price	211.80	220.92	211.81

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

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

<sup>3</sup> Operating charges, otherwise known as the OCF is the ratio of the Sub-fund's total disclosable costs (excluding securities lending fees and overdraft interest) to the average net assets of the Sub-fund. The OCF is intended to provide a reliable figure which gives the most accurate measure of what it costs to invest in a Sub-fund and is calculated based on the last period's figures. Included within the OCF are synthetic costs which includes the OCF of the underlying funds weighted on the basis of their investment proportion. A detailed breakdown of the OCF per share class is shown on page 130.

# 7IM MODERATELY ADVENTUROUS FUND

## FUND INFORMATION (continued)

### Comparative Tables (continued)

#### Class A Accumulation

	30.11.19 (pence per share)	30.11.18 (pence per share)	30.11.17 (pence per share)
<b>Change in Net Asset Value Per Share</b>			
Opening net asset value per share	233.02	242.08	220.58
Return before operating charges*	18.24	(4.34)	26.02
Operating charges (calculated on average price)	(4.79)	(4.72)	(4.52)
Return after operating charges*	13.45	(9.06)	21.50
Distributions	(1.76)	(0.63)	(0.69)
Retained distributions on accumulation shares	1.76	0.63	0.69
Closing net asset value per share	246.47	233.02	242.08
* After direct transaction costs of: <sup>1</sup>	0.08	0.08	0.07

#### Performance

Return after charges <sup>2</sup>	5.77%	(3.74)%	9.75%
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#### Other Information

Closing net asset value (£'000)	952	1,354	1,551
Closing number of shares	386,330	581,033	640,614
Operating charges <sup>3</sup>	2.00%	1.94%	1.92%
Direct transaction costs	0.03%	0.03%	0.03%

#### Prices

Highest share price	249.17	250.47	243.98
Lowest share price	220.86	229.71	219.54

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

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

<sup>3</sup> Operating charges, otherwise known as the OCF is the ratio of the Sub-fund's total disclosable costs (excluding securities lending fees and overdraft interest) to the average net assets of the Sub-fund. The OCF is intended to provide a reliable figure which gives the most accurate measure of what it costs to invest in a Sub-fund and is calculated based on the last period's figures. Included within the OCF are synthetic costs which includes the OCF of the underlying funds weighted on the basis of their investment proportion. A detailed breakdown of the OCF per share class is shown on page 130.

# 7IM MODERATELY ADVENTUROUS FUND

## FUND INFORMATION (continued)

### Comparative Tables (continued)

#### Class B Accumulation

	30.11.19 (pence per share)	30.11.18 (pence per share)	30.11.17 (pence per share)
<b>Change in Net Asset Value Per Share</b>			
Opening net asset value per share	241.89	250.67	227.83
Return before operating charges*	18.97	(4.52)	26.90
Operating charges (calculated on average price)	(4.36)	(4.26)	(4.06)
Return after operating charges*	14.61	(8.78)	22.84
Distributions	(2.53)	(1.29)	(1.31)
Retained distributions on accumulation shares	2.53	1.29	1.31
Closing net asset value per share	256.50	241.89	250.67
* After direct transaction costs of: <sup>1</sup>	0.08	0.09	0.07

#### Performance

Return after charges <sup>2</sup>	6.04%	(3.50)%	10.03%
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#### Other Information

Closing net asset value (£'000)	18,962	21,293	24,425
Closing number of shares	7,392,463	8,803,075	9,743,787
Operating charges <sup>3</sup>	1.75%	1.69%	1.67%
Direct transaction costs	0.03%	0.03%	0.03%

#### Prices

Highest share price	259.10	259.45	252.59
Lowest share price	229.31	238.45	226.77

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

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

<sup>3</sup> Operating charges, otherwise known as the OCF is the ratio of the Sub-fund's total disclosable costs (excluding securities lending fees and overdraft interest) to the average net assets of the Sub-fund. The OCF is intended to provide a reliable figure which gives the most accurate measure of what it costs to invest in a Sub-fund and is calculated based on the last period's figures. Included within the OCF are synthetic costs which includes the OCF of the underlying funds weighted on the basis of their investment proportion. A detailed breakdown of the OCF per share class is shown on page 130.

# 7IM MODERATELY ADVENTUROUS FUND

## FUND INFORMATION (continued)

### Comparative Tables (continued)

#### Class C Income

	30.11.19 (pence per share)	30.11.18 (pence per share)	30.11.17 (pence per share)
<b>Change in Net Asset Value Per Share</b>			
Opening net asset value per share	225.64	235.08	214.79
Return before operating charges*	17.68	(4.23)	25.35
Operating charges (calculated on average price)	(3.49)	(3.41)	(3.25)
Return after operating charges*	14.19	(7.64)	22.10
Distributions on income shares	(3.07)	(1.80)	(1.81)
Closing net asset value per share	236.76	225.64	235.08
* After direct transaction costs of: <sup>1</sup>	0.07	0.08	0.06

#### Performance

Return after charges <sup>2</sup>	6.29%	(3.25)%	10.29%
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#### Other Information

Closing net asset value (£'000)	36,580	40,609	45,648
Closing number of shares	15,449,721	17,997,407	19,417,906
Operating charges <sup>3</sup>	1.50%	1.44%	1.42%
Direct transaction costs	0.03%	0.03%	0.03%

#### Prices

Highest share price	241.34	243.40	237.79
Lowest share price	213.93	223.65	213.88

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

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

<sup>3</sup> Operating charges, otherwise known as the OCF is the ratio of the Sub-fund's total disclosable costs (excluding securities lending fees and overdraft interest) to the average net assets of the Sub-fund. The OCF is intended to provide a reliable figure which gives the most accurate measure of what it costs to invest in a Sub-fund and is calculated based on the last period's figures. Included within the OCF are synthetic costs which includes the OCF of the underlying funds weighted on the basis of their investment proportion. A detailed breakdown of the OCF per share class is shown on page 130.

# 7IM MODERATELY ADVENTUROUS FUND

## FUND INFORMATION (continued)

### Comparative Tables (continued)

#### Class C Accumulation

	30.11.19 (pence per share)	30.11.18 (pence per share)	30.11.17 (pence per share)
<b>Change in Net Asset Value Per Share</b>			
Opening net asset value per share	250.94	259.41	235.17
Return before operating charges*	19.71	(4.71)	27.81
Operating charges (calculated on average price)	(3.88)	(3.76)	(3.57)
Return after operating charges*	15.83	(8.47)	24.24
Distributions	(3.42)	(1.99)	(1.99)
Retained distributions on accumulation shares	3.42	1.99	1.99
Closing net asset value per share	266.77	250.94	259.41
* After direct transaction costs of: <sup>1</sup>	0.08	0.09	0.07

#### Performance

Return after charges <sup>2</sup>	6.31%	(3.27)%	10.31%
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#### Other Information

Closing net asset value (£'000)	247,007	282,854	295,647
Closing number of shares	92,592,735	112,716,311	113,970,325
Operating charges <sup>3</sup>	1.50%	1.44%	1.42%
Direct transaction costs	0.03%	0.03%	0.03%

#### Prices

Highest share price	269.25	268.59	261.36
Lowest share price	237.94	247.37	234.08

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

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

<sup>3</sup> Operating charges, otherwise known as the OCF is the ratio of the Sub-fund's total disclosable costs (excluding securities lending fees and overdraft interest) to the average net assets of the Sub-fund. The OCF is intended to provide a reliable figure which gives the most accurate measure of what it costs to invest in a Sub-fund and is calculated based on the last period's figures. Included within the OCF are synthetic costs which includes the OCF of the underlying funds weighted on the basis of their investment proportion. A detailed breakdown of the OCF per share class is shown on page 130.



# 7IM MODERATELY ADVENTUROUS FUND

## FUND INFORMATION (continued)

### Comparative Tables (continued)

#### Class D Income

	30.11.19 (pence per share)	30.11.18 (pence per share)	30.11.17 (pence per share)
<b>Change in Net Asset Value Per Share</b>			
Opening net asset value per share	223.83	233.16	213.05
Return before operating charges*	17.52	(4.18)	25.13
Operating charges (calculated on average price)	(4.60)	(4.55)	(4.36)
Return after operating charges*	12.92	(8.73)	20.77
Distributions on income shares	(1.69)	(0.60)	(0.66)
Closing net asset value per share	235.06	223.83	233.16
* After direct transaction costs of: <sup>1</sup>	0.07	0.08	0.06

#### Performance

Return after charges <sup>2</sup>	5.77%	(3.74)%	9.75%
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#### Other Information

Closing net asset value (£'000)	320	378	470
Closing number of shares	136,132	168,693	201,368
Operating charges <sup>3</sup>	2.00%	1.94%	1.92%
Direct transaction costs	0.03%	0.03%	0.03%

#### Prices

Highest share price	239.19	241.24	235.34
Lowest share price	212.13	221.25	212.14

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

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

<sup>3</sup> Operating charges, otherwise known as the OCF is the ratio of the Sub-fund's total disclosable costs (excluding securities lending fees and overdraft interest) to the average net assets of the Sub-fund. The OCF is intended to provide a reliable figure which gives the most accurate measure of what it costs to invest in a Sub-fund and is calculated based on the last period's figures. Included within the OCF are synthetic costs which includes the OCF of the underlying funds weighted on the basis of their investment proportion. A detailed breakdown of the OCF per share class is shown on page 130.

# 7IM MODERATELY ADVENTUROUS FUND

## FUND INFORMATION (continued)

### Comparative Tables (continued)

#### Class D Accumulation

	30.11.19 (pence per share)	30.11.18 (pence per share)	30.11.17 (pence per share)
<b>Change in Net Asset Value Per Share</b>			
Opening net asset value per share	233.17	242.24	220.72
Return before operating charges*	18.27	(4.35)	26.04
Operating charges (calculated on average price)	(4.80)	(4.72)	(4.52)
Return after operating charges*	13.47	(9.07)	21.52
Distributions	(1.77)	(0.63)	(0.68)
Retained distributions on accumulation shares	1.77	0.63	0.68
Closing net asset value per share	246.64	233.17	242.24
* After direct transaction costs of: <sup>1</sup>	0.08	0.08	0.07

#### Performance

Return after charges <sup>2</sup>	5.78%	(3.74)%	9.75%
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#### Other Information

Closing net asset value (£'000)	8,940	11,823	13,597
Closing number of shares	3,624,748	5,070,400	5,613,187
Operating charges <sup>3</sup>	2.00%	1.94%	1.92%
Direct transaction costs	0.03%	0.03%	0.03%

#### Prices

Highest share price	249.35	250.63	244.14
Lowest share price	221.01	229.87	224.06

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

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

<sup>3</sup> Operating charges, otherwise known as the OCF is the ratio of the Sub-fund's total disclosable costs (excluding securities lending fees and overdraft interest) to the average net assets of the Sub-fund. The OCF is intended to provide a reliable figure which gives the most accurate measure of what it costs to invest in a Sub-fund and is calculated based on the last period's figures. Included within the OCF are synthetic costs which includes the OCF of the underlying funds weighted on the basis of their investment proportion. A detailed breakdown of the OCF per share class is shown on page 130.

# 7IM MODERATELY ADVENTUROUS FUND

## FUND INFORMATION (continued)

### Comparative Tables (continued)

#### Class S Income

	30.11.19 (pence per share)	30.11.18 (pence per share)	30.11.17 (pence per share)
<b>Change in Net Asset Value Per Share</b>			
Opening net asset value per share	121.98	127.09	116.14
Return before operating charges*	9.56	(2.29)	13.71
Operating charges (calculated on average price)	(1.55)	(1.52)	(1.45)
Return after operating charges*	8.01	(3.81)	12.26
Distributions on income shares	(1.95)	(1.30)	(1.31)
Closing net asset value per share	128.04	121.98	127.09
* After direct transaction costs of: <sup>1</sup>	0.04	0.04	0.03

#### Performance

Return after charges <sup>2</sup>	6.57%	(3.00)%	10.56%
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#### Other Information

Closing net asset value (£'000)	735	3,171	3,725
Closing number of shares	574,316	2,599,881	2,931,291
Operating charges <sup>3</sup>	1.25%	1.19%	1.17%
Direct transaction costs	0.03%	0.03%	0.03%

#### Prices

Highest share price	130.53	131.64	128.70
Lowest share price	115.67	121.05	115.65

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

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

<sup>3</sup> Operating charges, otherwise known as the OCF is the ratio of the Sub-fund's total disclosable costs (excluding securities lending fees and overdraft interest) to the average net assets of the Sub-fund. The OCF is intended to provide a reliable figure which gives the most accurate measure of what it costs to invest in a Sub-fund and is calculated based on the last period's figures. Included within the OCF are synthetic costs which includes the OCF of the underlying funds weighted on the basis of their investment proportion. A detailed breakdown of the OCF per share class is shown on page 130.

# 7IM MODERATELY ADVENTUROUS FUND

## FUND INFORMATION (continued)

### Comparative Tables (continued)

#### Class S Accumulation

	30.11.19 (pence per share)	30.11.18 (pence per share)	30.11.17 (pence per share)
<b>Change in Net Asset Value Per Share</b>			
Opening net asset value per share	128.48	132.49	119.84
Return before operating charges*	10.11	(2.42)	14.15
Operating charges (calculated on average price)	(1.66)	(1.59)	(1.50)
Return after operating charges*	8.45	(4.01)	12.65
Distributions	(2.13)	(1.35)	(1.34)
Retained distributions on accumulation shares	2.13	1.35	1.34
Closing net asset value per share	136.93	128.48	132.49
* After direct transaction costs of: <sup>1</sup>	0.04	0.05	0.04

#### Performance

Return after charges <sup>2</sup>	6.58%	(3.03)%	10.56%
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#### Other Information

Closing net asset value (£'000)	47,393	53,669	62,227
Closing number of shares	34,611,403	41,771,079	46,968,228
Operating charges <sup>3</sup>	1.25%	1.19%	1.17%
Direct transaction costs	0.03%	0.03%	0.03%

#### Prices

Highest share price	138.09	137.39	133.46
Lowest share price	121.85	126.65	119.29

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

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

<sup>3</sup> Operating charges, otherwise known as the OCF is the ratio of the Sub-fund's total disclosable costs (excluding securities lending fees and overdraft interest) to the average net assets of the Sub-fund. The OCF is intended to provide a reliable figure which gives the most accurate measure of what it costs to invest in a Sub-fund and is calculated based on the last period's figures. Included within the OCF are synthetic costs which includes the OCF of the underlying funds weighted on the basis of their investment proportion. A detailed breakdown of the OCF per share class is shown on page 130.

## 7IM MODERATELY ADVENTUROUS FUND

### FUND INFORMATION (continued)

#### Ongoing Charges Figures

As at 30 November 2019

	<b>Class A</b>	<b>Class B</b>	<b>Class C</b>	<b>Class D</b>	<b>Class S</b>
ACD's periodic charge	1.40%	1.15%	0.90%	1.40%	0.65%
Other expenses	0.05%	0.05%	0.05%	0.05%	0.05%
	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%

As at 30 November 2018

	<b>Class A</b>	<b>Class B</b>	<b>Class C</b>	<b>Class D</b>	<b>Class S</b>
ACD's periodic charge	1.40%	1.15%	0.90%	1.40%	0.65%
Other expenses	0.05%	0.05%	0.05%	0.05%	0.05%
	1.45%	1.20%	0.95%	1.45%	0.70%
Collective investment scheme costs	0.49%	0.49%	0.49%	0.49%	0.49%
Ongoing Charges Figure	1.94%	1.69%	1.44%	1.94%	1.19%

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

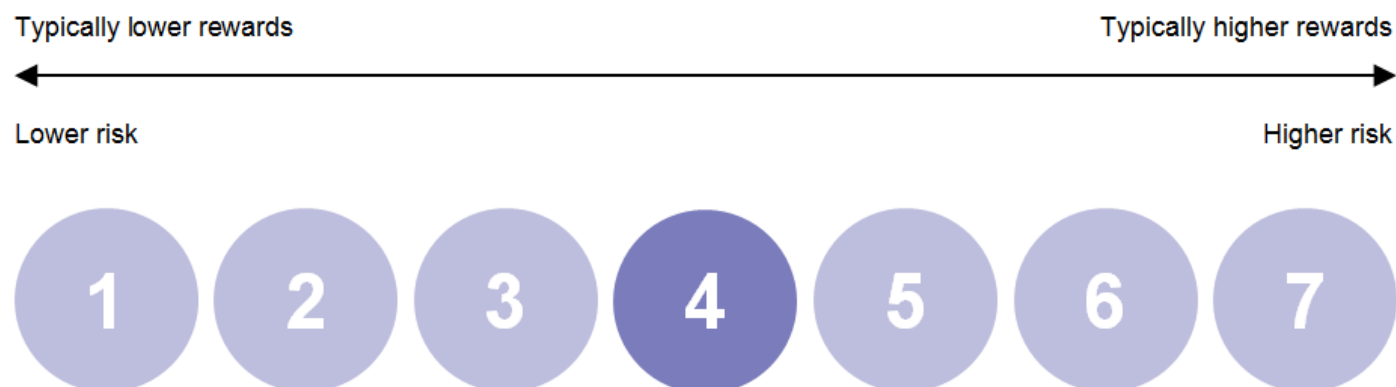
The collective investment scheme costs represent the OCFs, or a reasonable substitute, of the underlying funds which are held as portfolio investments. Their inclusion has been calculated on a weighted basis against the Sub-fund's net assets at the balance sheet date.

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

## 7IM MODERATELY ADVENTUROUS FUND

### FUND INFORMATION (continued)

#### Synthetic Risk and Reward Indicator



This indicator shows how much a sub-fund has risen and fallen in the past, and therefore how much a 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 annual report and financial statements, the risk and reward indicator as at the year end date 30 November 2019 was 4.

#### Fund performance to 30 November 2019 (%)

	1 year	3 years	5 years
7IM Moderately Adventurous Fund <sup>1</sup>	6.35	13.38	25.53

<sup>1</sup> Source: Bloomberg

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

Details of the distributions per share for the year are shown in the Distribution Tables on pages 152 to 154.

# 7IM MODERATELY ADVENTUROUS FUND

## PORTFOLIO STATEMENT

as at 30 November 2019

Holding	Portfolio of Investment	Value £	30.11.19 %
	<b>ALTERNATIVES 7.93% (7.94%)</b>		
	<b>Alternative Strategies 5.24% (4.63%)</b>		
84,808	AQR - Managed Futures UCITS Fund <sup>1</sup>	7,013,538	1.94
9,538,000	BNP Paribas Issuance 0.00% 2024 <sup>2</sup>	7,413,187	2.05
2,001,656	Dexion Absolute EUR <sup>3</sup>	—	—
3,822	LGT Dynamic Protection UCITS <sup>1</sup>	3,780,527	1.05
(146)	S&P 500 Index Put Options 1950 March 2020 <sup>4</sup>	(11,263)	—
(64)	S&P 500 Index Put Options 2075 June 2020 <sup>4</sup>	(25,300)	(0.01)
(49)	S&P 500 Index Put Options 2100 September 2020 <sup>4</sup>	(45,388)	(0.01)
146	S&P 500 Index Put Options 2650 March 2020 <sup>4</sup>	160,135	0.04
64	S&P 500 Index Put Options 2800 June 2020 <sup>4</sup>	280,537	0.08
49	S&P 500 Index Put Options 2850 September 2020 <sup>4</sup>	351,951	0.10
		<b>18,917,924</b>	<b>5.24</b>
	<b>Commodities 0.00% (1.86%)</b>		
	<b>Real Estate 2.69% (1.45%)</b>		
4,015,406	iShares Global Property Securities Index <sup>1</sup>	<b>9,689,174</b>	<b>2.69</b>
	<b>CASH 2.06% (0.84%)</b>		
7,437,000	Northern Trust Global Sterling Fund <sup>1</sup>	<b>7,437,000</b>	<b>2.06</b>
	<b>DEBT SECURITIES 39.29% (25.32%)</b>		
	<b>Convertible Bonds 1.99% (0.00%)</b>		
55,668	NN (L) Global Convertible Opportunities Acc <sup>1</sup>	<b>7,172,804</b>	<b>1.99</b>
	<b>Corporate Bonds 0.00% (1.91%)</b>		
	<b>Emerging Market Bonds 7.94% (4.52%)</b>		
154,247	Babson Capital Emerging Markets Local Debt <sup>1</sup>	12,691,482	3.52
156,690	Barings Emerging Markets Debt Blended Total Return <sup>1</sup>	15,955,615	4.42
		<b>28,647,097</b>	<b>7.94</b>
	<b>Gilts 4.33% (3.56%)</b>		
£2,033,000	Network Rail Infrastructure Finance 4.625% 2020	2,080,808	0.58
£1,000,000	Transport for London 2.25% 2022	1,036,094	0.29
£5,100,000	UK Gilt 3.25% 2044	7,308,922	2.02
£1,250,000	UK Gilt 4.00% 2022	1,348,873	0.37
£1,300,000	UK Gilt 4.25% 2027	1,683,815	0.47
£1,300,000	UK Gilt 4.50% 2042	2,177,609	0.60
		<b>15,636,121</b>	<b>4.33</b>
	<b>Global Corporate Bonds 3.48% (2.49%)</b>		
116,494	Legg Mason Western Asset Structured Opportunities Fund USD Acc <sup>1</sup>	<b>12,567,712</b>	<b>3.48</b>
	<b>Global Government Bonds 2.91% (4.01%)</b>		
€250,000	Bundesrepublik Deutschland 0.25% 2027	225,179	0.06
€500,000	Bundesrepublik Deutschland 2.25% 2021	447,967	0.12
€110,000	Bundesrepublik Deutschland 2.5% 2046	153,811	0.04

# 7IM MODERATELY ADVENTUROUS FUND

## PORTFOLIO STATEMENT

as at 30 November 2019

Holding	Portfolio of Investment	Value £	30.11.19 %
<b>Global Government Bonds (continued)</b>			
€120,000	Bundesrepublik Deutschland 4% 2037	175,732	0.05
€340,000	France Government 3% 2022	315,137	0.09
€100,000	France Government 5.75% 2032	147,637	0.04
€140,000	French Republic 2.75% 2027	148,028	0.04
€70,000	French Republic 3.25% 2045	97,240	0.03
€90,000	French Republic 4.50% 2041	140,273	0.04
€320,000	Italy Buoni Polien 3.75% 2021	289,838	0.08
€130,000	Italy Buoni Polien 5% 2040	163,388	0.05
€90,000	Italy Buoni Polien 5.25% 2029	104,939	0.03
€150,000	Italy Buoni Polien 6% 2031	189,253	0.05
¥190,000,000	Japan Government 0.1% 2021	1,348,617	0.37
¥150,000,000	Japan Government 0.1% 2027	1,085,177	0.30
¥80,000,000	Japan Government 0.4% 2036	588,036	0.16
¥50,000,000	Japan Government 0.9% 2057	408,555	0.11
€70,000	Spain Government 4.7% 2041	101,982	0.03
€90,000	Spain Government 5.75% 2032	125,458	0.04
€160,000	Spain Government 5.85% 2022	154,852	0.04
€80,000	Spain Government 6% 2029	102,976	0.03
US\$1,300,000	US Treasury Notes 2% 2026	1,026,765	0.29
US\$1,300,000	US Treasury Notes 2.375% 2023	1,030,976	0.29
US\$1,100,000	US Treasury Notes 2.5% 2045	902,673	0.25
US\$1,300,000	US Treasury Notes 3.5% 2020	1,016,137	0.28
		<b>10,490,626</b>	<b>2.91</b>
<b>Global High Yield Bonds 2.43% (1.23%)</b>			
67,958	BlueBay Financial Capital Bond <sup>1</sup>	7,611,348	2.11
1,327,939	Carador Income Fund	514,665	0.14
1,253,403	Fair Oaks Income 2017	641,226	0.18
		<b>8,767,239</b>	<b>2.43</b>
<b>Global Inflation Linked Bonds 2.50% (0.00%)</b>			
(83)	Ultra Long Term US Treasury Bond Futures March 2020 <sup>4</sup>	50,262	0.01
US\$9,906,000	US Treasury Inflation-Indexed Bonds 1% 2049	8,973,708	2.49
		<b>9,023,970</b>	<b>2.50</b>
<b>Short Term Sterling Bonds 9.87% (5.12%)</b>			
£810,000	Bank Nederlandse Gemeenten 1.00% 2022	812,273	0.23
£700,000	Barclays Bank 4.25% 2022	747,587	0.21
£1,500,000	Caisse des Depots et Consignations 0.5% 2020	1,495,989	0.41
£1,000,000	Canadian Imperial Bank of Commerce FRN 2022	1,002,346	0.28
£1,000,000	Cooperatieve Rabobank UA 4.00% 2022	1,080,628	0.30
£1,296,000	Coventry Building Society 1% 2020	1,294,924	0.36
£750,000	Coventry Building Society FRN 2020	750,426	0.21
£3,600,000	Dexia Credit Local 1.375% 2022	3,645,774	1.01
£1,600,000	European Investment Bank 0.875% 2021	1,601,574	0.44
£900,000	FMS Wertmanagement 0.875% 2022	901,719	0.25
£1,974,000	International Bank for Reconstruction & Development 5.4% 2021	2,107,411	0.58
£1,226,000	Municipality Finance 1.25% 2022	1,238,697	0.34
£2,600,000	NRW Bank FRN 2024	2,598,518	0.72
£1,700,000	Oesterreichische 1.125% 2022	1,712,838	0.48
£800,000	Oversea-Chinese Banking FRN 2023	793,837	0.22
£3,560,000	Rabobank Nederland 2.25% 2022	3,660,563	1.01
£270,000	Royal Bank of Canada FRN 2021	270,008	0.08



# 7IM MODERATELY ADVENTUROUS FUND

## PORTFOLIO STATEMENT

as at 30 November 2019

Holding	Portfolio of Investment	Value £	30.11.19 %
<b>Short Term Sterling Bonds (continued)</b>			
£2,000,000	Santander UK FRN 2022	1,992,380	0.55
£1,297,000	Svenska Handelsba 2.375% 2022	1,332,707	0.37
£800,000	Swedbank FRN 2019	800,000	0.22
£1,900,000	Toronto-Dominion Bank FRN 2023	1,890,595	0.52
£2,000,000	Westpac Banking FRN 2023	1,990,312	0.55
£1,910,000	Yorkshire Building Society FRN 2023	1,919,607	0.53
		<b>35,640,713</b>	<b>9.87</b>
<b>Sterling Corporate Bonds 3.84% (2.48%)</b>			
£2,140,000	Bank of Nova Scotia 1.25% 2022	2,150,661	0.60
£1,500,000	DNB Boligkreditt FRN 2020	1,500,570	0.41
£825,000	International Bank for Reconstruction & Development 0.375% 2021	819,012	0.23
£3,800,000	Lloyds Bank 1.31% 2022	3,813,855	1.06
£2,000,000	National Australia Bank 1.125% 2021	2,005,520	0.55
£350,000	Shell International Finance 2% 2019	350,158	0.10
£2,000,000	Svenska Handelsbanken 1.625% 2022	2,025,678	0.56
£1,200,000	Toyota Motor Credit 1% 2022	1,198,162	0.33
		<b>13,863,616</b>	<b>3.84</b>
<b>EQUITY 50.08% (61.80%)</b>			
<b>Asia &amp; Emerging Markets 6.30% (10.94%)</b>			
1,914,829	Hermes Asia Ex-Japan Equity 'F' <sup>1</sup>	4,979,131	1.38
319,249	Mirae Asset Asia Great Consumer Equity 'I' <sup>1</sup>	4,595,347	1.27
71,366	RWC Global Emerging Markets <sup>1</sup>	13,165,184	3.65
		<b>22,739,662</b>	<b>6.30</b>
<b>Europe (ex UK) 8.17% (8.61%)</b>			
121	Aena SME	17,286	0.01
351	Ageas	16,383	—
136	Allianz	25,190	0.01
4,887	Alstom	163,373	0.05
6	AP Moeller - Maersk 'A'	6,065	—
356	AP Moeller - Maersk 'B'	385,275	0.11
1,132	ArcelorMittal	15,066	—
1,288	Atlas Copco 'A'	36,705	0.01
739	Atlas Copco 'B'	18,505	0.01
96	Baloise	13,006	—
1,777	Bayer	104,255	0.03
3,835	Bayerische Motoren Werke 'A'	240,000	0.07
13,431	BNP Paribas	585,578	0.16
11,947	Boliden	239,060	0.07
5,746,483	CF Miton European Opportunities <sup>1</sup>	11,998,748	3.33
5,836	Coca-Cola European Partners	229,351	0.06
909	Compagnie De St-Gobain	28,474	0.01
3,658	Continental European Selection <sup>1</sup>	3,899,679	1.08
319	Covestro	11,676	—
1,752	Credit Agricole	18,667	0.01
1,391	Daimler	61,168	0.02
1,214	Danske Bank	12,687	—
144	Dassault Aviation	153,305	0.04
44,342	Deutsche Telekom	575,861	0.16
1,699	DNB	22,331	0.01

## 7IM MODERATELY ADVENTUROUS FUND

### PORTFOLIO STATEMENT

as at 30 November 2019

Holding	Portfolio of Investment	Value £	30.11.19 %
	<b>Europe (ex UK) (continued)</b>		
150	Eiffage	12,658	—
660	Endesa	13,862	—
3,775	Engie	46,351	0.01
42,841	Eni	504,368	0.14
5,791	Ericsson 'B'	40,534	0.01
21,546	Fiat Chrysler Automobiles	247,931	0.07
2,124	H Lundbeck	63,198	0.02
3,446	Hakon Invest	117,972	0.03
7,026	Holcim	281,317	0.08
46,598	Iberdrola	354,452	0.10
3,124	ING Group	27,869	0.01
899	Klepierre	24,874	0.01
18,428	Koninklijke Ahold Delhaize	370,149	0.10
184	L'Oreal	40,527	0.01
276	Muenchener Rueckversicherungs	61,378	0.02
552	NN Group	16,473	—
6,106	Nokia	16,530	—
2,531	Nordea Bank	13,988	—
8,513	Novartis	608,011	0.17
250,377	Old Mutual European (Ex UK) Smaller Acc <sup>1</sup>	4,236,507	1.17
1,758	Pernod Ricard	248,897	0.07
25,081	Peugeot	472,036	0.13
2,054	Porsche Automobil	118,598	0.03
3,951	Raiffeisen Bank International	72,036	0.02
1,136	Renault	42,470	0.01
2,615	Repsol	32,052	0.01
3,473	Roche Holding	829,065	0.23
3,695	RWE	85,037	0.02
2,155	Sanofi	155,436	0.04
764	SES	7,925	—
249	Siemens	24,802	0.01
9,475	Siemens Gamesa Renewable Energy	116,177	0.03
1,225	Societe Generale	29,879	0.01
1,112	Statoil	16,059	—
360	Swiss Life	138,785	0.04
3,919	Swiss Re	328,500	0.09
49	Swisscom	19,596	0.01
31,425	Telefonica Deutschland	74,197	0.02
3,045	Telenor	43,347	0.01
2,784	Terna Rete Elettrica Nazionale	13,801	—
2,610	Total	106,719	0.03
10,241	Uniper	256,551	0.07
982	UPM-Kymmene	25,421	0.01
326	Vestas Wind Systems	24,108	0.01
1,933	Vinci	162,787	0.05
52	Volkswagen	7,721	—
2,625	Volvo 'B'	31,631	0.01
565	Wolters Kluwer	31,448	0.01
		<b>29,491,724</b>	<b>8.17</b>
	<b>Frontier Markets Equity 3.08% (4.14%)</b>		
852,314	Charlemagne Magna New Frontiers Fund 'G' Acc <sup>1</sup>	<b>11,106,315</b>	<b>3.08</b>

# 7IM MODERATELY ADVENTUROUS FUND

## PORTFOLIO STATEMENT

as at 30 November 2019

Holding	Portfolio of Investment	Value £	30.11.19 %
<b>Global Themes 3.34% (2.72%)</b>			
2,638,281	Livingbridge UK Microcap Fund <sup>1</sup>	4,625,732	1.28
705,815	THB U.S Opportunities <sup>1</sup>	7,432,235	2.06
		<b>12,057,967</b>	<b>3.34</b>
<b>Japan 6.78% (7.92%)</b>			
155,479	Baillie Gifford Japanese Smaller Companies Fund 'B' Acc <sup>1</sup>	7,941,871	2.20
1,550,442	Skyline Umbrella Fund ICAV - Usonian Japan Value Fund <sup>1</sup>	16,521,050	4.58
		<b>24,462,921</b>	<b>6.78</b>
<b>North America 4.93% (6.77%)</b>			
821,288	AB SICAV I - International Health Care Portfolio <sup>1</sup>	12,853,154	3.56
4,671	NXP Semiconductors	425,100	0.12
340	S&P 500 E-mini Futures December 2019 <sup>4</sup>	1,872,490	0.52
25,014	Wells Fargo Lux Worldwide - US Small Cap Value <sup>1</sup>	2,641,390	0.73
		<b>17,792,134</b>	<b>4.93</b>
<b>United Kingdom 17.48% (20.70%)</b>			
15,477,214	Investec Fund Series i - UK Alpha <sup>1</sup>	18,450,387	5.11
11,871,574	Majedie UK Focus <sup>1</sup>	25,550,001	7.08
3,467,341	Threadneedle UK Extended Alpha Fund <sup>1</sup>	19,093,262	5.29
		<b>63,093,650</b>	<b>17.48</b>
<b>PRIVATE EQUITY 1.02% (3.45%)</b>			
15,024	NB Private Equity Partners	168,269	0.05
152,375	Pantheon International Participation	3,519,862	0.97
		<b>3,688,131</b>	<b>1.02</b>
<b>FORWARD CURRENCY CONTRACTS 0.05% (-0.29%)</b>			
€4,136,000	Vs £(3,696,653) Expiry 21.02.2020	(161,267)	(0.04)
€3,000,000	Vs £(2,768,988) Expiry 21.02.2020	(204,636)	(0.06)
€8,277,000	Vs £(7,449,581) Expiry 21.02.2020	(374,535)	(0.10)
€(23,750,000)	Vs £22,087,975 Expiry 21.02.2020	1,786,857	0.50
€(3,300,000)	Vs £2,829,090 Expiry 21.02.2020	8,303	—
¥(1,580,000,000)	Vs £11,645,820 Expiry 20.12.2019	459,785	0.13
US\$(19,000,000)	Vs £15,169,358 Expiry 17.01.2020	469,390	0.13
US\$(11,366,000)	Vs £9,203,723 Expiry 17.01.2020	410,048	0.11
US\$(8,528,000)	Vs £6,956,374 Expiry 17.01.2020	358,410	0.10
US\$(6,800,000)	Vs £5,594,751 Expiry 17.01.2020	333,710	0.09
US\$(7,000,000)	Vs £5,637,977 Expiry 17.01.2020	222,200	0.06
US\$(9,000,000)	Vs £6,996,976 Expiry 17.01.2020	33,833	0.01
US\$(17,500,000)	Vs £13,466,303 Expiry 17.01.2020	(73,140)	(0.02)
¥715,000,000	Vs £(5,294,445) Expiry 20.12.2019	(232,411)	(0.06)
¥500,000,000	Vs £(3,884,307) Expiry 20.12.2019	(344,422)	(0.10)
¥840,000,000	Vs £(6,523,892) Expiry 20.12.2019	(576,886)	(0.16)
US\$4,572,000	Vs £(3,685,735) Expiry 17.01.2020	(148,459)	(0.04)
US\$4,250,000	Vs £(3,486,959) Expiry 17.01.2020	(198,808)	(0.06)
US\$9,051,000	Vs £(7,328,389) Expiry 17.01.2020	(325,789)	(0.09)
US\$28,460,000	Vs £(22,920,652) Expiry 17.01.2020	(901,648)	(0.25)

# 7IM MODERATELY ADVENTUROUS FUND

## PORTFOLIO STATEMENT

as at 30 November 2019

Holding	Portfolio of Investment	Value £	30.11.19 %
	<b>FORWARD CURRENCY CONTRACTS (continued)</b>		
US\$9,150,000	Vs £(7,451,207) Expiry 21.02.2020	(378,870)	(0.10)
		<b>161,665</b>	<b>0.05</b>
	<b>Portfolio of investment</b>	<b>362,448,165</b>	<b>100.43</b>
	Net other liabilities	(1,554,648)	(0.43)
	<b>Net assets</b>	<b>360,893,517</b>	<b>100.00</b>

Comparative figures shown in brackets relate to 30 November 2018.

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

<sup>1</sup> Collective investment scheme

<sup>2</sup> Structured product

<sup>3</sup> Delisted security

<sup>4</sup> Derivative contract

Credit Quality	30.11.19 %	30.11.18 %
Investment grade debt securities	23.22	17.08
Non-rated debt securities	2.27	2.36
Other investments	74.94	79.62
Net other (liabilities)/assets	(0.43)	0.94
	<b>100.00</b>	<b>100.00</b>

## 7IM MODERATELY ADVENTUROUS FUND

### STATEMENT OF TOTAL RETURN

for the year ended 30 November 2019

	Notes	£	30.11.19 £	30.11.18 £
Income				
Net capital gains/(losses)	4		19,620,417	(16,702,647)
Revenue	5	8,343,179		7,006,996
Expenses	6	(3,686,642)		(4,149,483)
Interest payable and similar charges	8	(82,460)		(16,835)
Net revenue before taxation for the year		4,574,077		2,840,678
Taxation	7	(77,237)		(117,069)
Net revenue after taxation for the year			4,496,840	2,723,609
<b>Total return before distributions</b>			24,117,257	(13,979,038)
Distributions	8		(4,947,209)	(3,365,980)
<b>Change in net assets attributable to shareholders from investment activities</b>			19,170,048	(17,345,018)

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

for the year ended 30 November 2019

	£	30.11.19 £	30.11.18 £
<b>Opening net assets attributable to shareholders</b>		415,180,894	447,320,944
Amounts received on creation of shares <sup>1</sup>	44,811,250		59,842,589
Amounts paid on cancellation of shares <sup>1</sup>	(122,547,803)		(77,612,211)
		(77,736,553)	(17,769,622)
Change in net assets attributable to shareholders from investment activities		19,170,048	(17,345,018)
Retained distribution on accumulation shares		4,279,128	2,974,590
<b>Closing net assets attributable to shareholders</b>		360,893,517	415,180,894

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

The notes on pages 140 to 151 are an integral part of these Financial Statements.

## 7IM MODERATELY ADVENTUROUS FUND

### BALANCE SHEET

as at 30 November 2019

	Notes	30.11.19 £	30.11.18 £
<b>ASSETS</b>			
Fixed assets:			
Investments		366,450,987	414,698,808
Current assets:			
Debtors	9	6,537,662	3,143,788
Cash and bank balances	10	3,219,925	4,932,177
<b>Total assets</b>		<b>376,208,574</b>	<b>422,774,773</b>
<b>LIABILITIES</b>			
Investment liabilities		(4,002,822)	(3,423,863)
Creditors:			
Bank overdrafts	10	(5,165,009)	(2,012,466)
Distribution payable		(372,155)	(247,219)
Other creditors	11	(5,775,071)	(1,910,331)
<b>Total liabilities</b>		<b>(15,315,057)</b>	<b>(7,593,879)</b>
<b>Net assets attributable to shareholders</b>		<b>360,893,517</b>	<b>415,180,894</b>

The notes on pages 140 to 151 are an integral part of these Financial Statements.

# 7IM MODERATELY ADVENTUROUS FUND

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 November 2019

### 1 Statement of Compliance

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

### 2 Summary of Significant Accounting Policies

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

### 3 Risk Management Policies

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

### 4 Net capital gains/(losses)

	30.11.19 £	30.11.18 £
The net capital gains/(losses) during the year comprise:		
Non-derivative securities	19,396,271	(14,012,632)
Derivative contracts	2,207,393	1,843,620
Forward currency contracts	(1,892,883)	(5,163,893)
Currency (losses)/gains	(168,959)	590,324
Transaction charges	(16,025)	(31,955)
AMC rebates from underlying investments	94,620	71,889
Net capital gains/(losses)	19,620,417	(16,702,647)

### 5 Revenue

	30.11.19 £	30.11.18 £
Non-taxable dividends	5,080,514	4,497,525
Taxable dividends	2,214,904	1,246,675
Unfranked interest	861,416	961,509
AMC rebates from underlying investments	106,816	265,751
Bank interest	62,252	3,454
Stock lending revenue <sup>1</sup>	17,277	32,082
Total revenue	8,343,179	7,006,996

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

## 7IM MODERATELY ADVENTUROUS FUND

### NOTES TO THE FINANCIAL STATEMENTS (continued) for the year ended 30 November 2019

#### 6 Expenses

	30.11.19 £	30.11.18 £
Payable to the ACD, associates of the ACD and agents of either of them:		
ACD's periodic charge	3,488,947	3,952,723
Other expenses	8,030	8,030
	<u>3,496,977</u>	<u>3,960,753</u>
Payable to the Depositary, associates of the Depositary and agents of either of them:		
Depositary's fees	53,593	59,145
Market risk fees	6,000	6,000
Safe custody and other bank charges	32,904	38,845
	<u>92,497</u>	<u>103,990</u>
Other Expenses:		
Advisory fees	31,838	41,974
Audit fee	9,000	8,760
Dealing and exchange fees	16,179	17,195
FCA and other Regulatory fees	212	300
Legal and professional fees	4,335	2,417
Printing, postage and distribution costs	29,454	9,156
Risk analysis fees	6,150	4,938
	<u>97,168</u>	<u>84,740</u>
Total expenses	<u>3,686,642</u>	<u>4,149,483</u>



## 7IM MODERATELY ADVENTUROUS FUND

### NOTES TO THE FINANCIAL STATEMENTS (continued) for the year ended 30 November 2019

#### 7 Taxation

	30.11.19 £	30.11.18 £
<i>a) Analysis of charge for the year</i>		
Overseas tax	77,237	117,069
Current tax charge (note 7b)	77,237	117,069
Total taxation	77,237	117,069
<i>b) Factors affecting current tax charge for the year</i>		
The tax assessed for the year differs from the standard rate of corporation tax in the UK for an authorised fund (20%) (2018: 20%) for the reasons explained below.		
Net revenue before taxation	4,574,077	2,840,678
Corporation tax at 20%	914,815	568,136
Effects of:		
AMC rebates taken to capital	18,924	14,378
Franked CIS revenue	(310,053)	–
Franked REIT income	(88)	–
Movement in revenue accruals	10,078	547
Non-taxable dividends	(208,499)	–
Non-taxable overseas dividends	(193,829)	(890,326)
Offshore CIS revenue	(314,805)	–
Overseas tax	77,237	117,069
Tax effect on offshore funds	429,535	627,912
Tax on stock dividends	(1,049)	(9,557)
Unutilised excess management expenses	(345,749)	(311,090)
Current tax charge (note 7a)	77,237	117,069

#### *c) Deferred tax*

There is no deferred tax provision in the current year (2018: none).

At the year end there is a potential deferred tax asset of £56,316 (2018: £402,065) due to surplus management expenses. It is unlikely the Sub-fund will generate sufficient taxable profits in the future to utilise this amount and therefore, no deferred tax asset has been recognised.

#### 8 Distributions

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

	30.11.19 £	30.11.18 £
Interim	1,232,482	1,047,776
Final	3,544,721	2,291,413
	4,777,203	3,339,189
Add: Revenue deducted on cancellation of shares	254,715	98,950
Deduct: Revenue received on issue of shares	(84,709)	(72,159)
Net distributions for the year	4,947,209	3,365,980
Interest payable and similar charges	82,460	16,835
Total distribution	5,029,669	3,382,815

## 7IM MODERATELY ADVENTUROUS FUND

### NOTES TO THE FINANCIAL STATEMENTS (continued) for the year ended 30 November 2019

#### 8 Distributions (continued)

Details of the distributions per share are set out in the table on pages 152 to 154.

Distributions represented by:		
Net revenue after taxation	4,496,840	2,723,609
Allocations to capital:		
Expenses, net of tax relief	448,459	–
Equalisation on conversions <sup>1</sup>	1,834	408
Net movement in revenue account	76	(7)
Tax relief on Non Reporting Offshore Funds	–	641,970
Net distributions for the year	4,947,209	3,365,980

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

#### 9 Debtors

	30.11.19 £	30.11.18 £
Amounts receivable for issue of shares	205,325	667,696
Sales awaiting settlement	5,411,891	1,400,000
Accrued revenue	682,644	795,883
Income tax recoverable	16,011	4,471
AMC rebates from underlying investments	104,436	158,414
Withholding tax recoverable	117,355	117,324
Total debtors	6,537,662	3,143,788

#### 10 Cash and bank balances

	30.11.19 £	30.11.18 £
Cash and bank balances	3,172,722	1,198,565
Cash held at clearing houses	47,203	3,733,612
Total cash and bank balances	3,219,925	4,932,177
Bank overdrafts	(3,086,154)	(2,007,182)
Cash overdraft at clearing houses	(2,078,855)	(5,284)
Total bank overdrafts	(5,165,009)	(2,012,466)

#### 11 Other Creditors

	30.11.19 £	30.11.18 £
Amounts payable for cancellation of shares	1,415,932	1,558,364
Purchases awaiting settlement	4,000,000	–
Accrued expenses	359,139	351,893
Currency deals awaiting settlement	–	74
Total other creditors	5,775,071	1,910,331

## 7IM MODERATELY ADVENTUROUS FUND

### NOTES TO THE FINANCIAL STATEMENTS (continued) for the year ended 30 November 2019

#### 12 Related party transactions

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

The aggregate monies received by the ACD through the issue of shares and paid on cancellation of shares are disclosed in the Statement of Change in Net Assets Attributable to Shareholders on page 138.

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

Pershing Nominees Limited 57.68% (2018: 55.98%)

The net value of creations and cancellations for Pershing Nominees Limited during the year totalled -£21,765,708 (2018: -£7,133,603).

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

#### 13 Classes of Shares

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

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

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

Class	Opening Shares	Shares Created	Shares Liquidated	Shares Converted	Closing Shares
Class A Income	13,441	—	(11,260)	—	2,181
Class A Accumulation	581,033	24,434	(174,518)	(44,619)	386,330
Class B Accumulation	8,803,075	51,358	(1,461,970)	—	7,392,463
Class C Income	17,997,407	998,537	(3,773,097)	226,874	15,449,721
Class C Accumulation	112,716,311	14,044,918	(33,169,073)	(999,421)	92,592,735
Class D Income	168,693	1,280	(33,841)	—	136,132
Class D Accumulation	5,070,400	782,221	(2,197,195)	(30,678)	3,624,748
Class S Income	2,599,881	103,734	(2,381,831)	252,532	574,316
Class S Accumulation	41,771,079	3,247,383	(11,810,788)	1,403,729	34,611,403

#### 14 Contingent liabilities and commitments

There are no contingent liabilities or unrecorded outstanding commitments at the balance sheet date (2018: none).

## 7IM MODERATELY ADVENTUROUS FUND

### NOTES TO THE FINANCIAL STATEMENTS (continued) for the year ended 30 November 2019

#### 15 Risks Disclosures

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

##### i. Interest rate risk

The table below shows the direct interest rate risk profile:

Interest rate exposure as at 30 November 2019

	<b>Floating Rate Financial Assets £</b>	<b>Fixed Rate Financial Assets £</b>	<b>Financial Assets not carrying interest £</b>	<b>Total £</b>
Danish krone	—	—	506,395	506,395
Euro	732,797	3,083,690	19,019,481	22,835,968
Japanese yen	—	3,430,385	14,548,925	17,979,310
Norwegian krone	—	—	82,803	82,803
Swedish krona	—	—	498,422	498,422
Swiss franc	30,055	—	2,312,508	2,342,563
US dollar	473,887	20,363,446	121,189,288	142,026,621
Pound sterling	24,928,785	48,595,756	282,560,840	356,085,381
	<b>26,165,524</b>	<b>75,473,277</b>	<b>440,718,662</b>	<b>542,357,463</b>

	<b>Floating Rate Financial Liabilities £</b>	<b>Financial Liabilities not carrying interest £</b>	<b>Total £</b>
Euro	(650,016)	(23,121,905)	(23,771,921)
Japanese yen	—	(11,186,034)	(11,186,034)
Swiss franc	(30,055)	—	(30,055)
US dollar	(423,189)	(61,352,964)	(61,776,153)
Pound sterling	(4,061,749)	(80,638,034)	(84,699,783)
	<b>(5,165,009)</b>	<b>(176,298,937)</b>	<b>(181,463,946)</b>

## 7IM MODERATELY ADVENTUROUS FUND

### NOTES TO THE FINANCIAL STATEMENTS (continued) for the year ended 30 November 2019

#### 15 Risks Disclosures (continued)

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

Interest rate exposure as at 30 November 2018

	<b>Floating Rate Financial Assets £</b>	<b>Fixed Rate Financial Assets £</b>	<b>Financial Assets not carrying interest £</b>	<b>Total £</b>
Danish krone	–	–	298,417	298,417
Euro	803,152	5,302,749	11,530,172	17,636,073
Japanese yen	–	5,517,858	1,523,598	7,041,456
Norwegian krone	–	–	33,213	33,213
Swedish krona	–	–	908,269	908,269
Swiss franc	30,463	–	2,187,881	2,218,344
US dollar	405,871	15,602,986	120,941,563	136,950,420
Pound sterling	23,361,875	38,067,698	318,113,155	379,542,728
	<b>24,601,361</b>	<b>64,491,291</b>	<b>455,536,268</b>	<b>544,628,920</b>

	<b>Floating Rate Financial Liabilities £</b>	<b>Financial Liabilities not carrying interest £</b>	<b>Total £</b>
Euro	(709,607)	(30,259,546)	(30,969,153)
Japanese yen	–	(12,443,337)	(12,443,337)
Swiss franc	(30,463)	–	(30,463)
US dollar	(373,300)	(57,034,658)	(57,407,958)
Pound sterling	(899,097)	(27,698,018)	(28,597,115)
	<b>(2,012,467)</b>	<b>(127,435,559)</b>	<b>(129,448,026)</b>

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

Currency	Fixed Rate Financial Assets			
	Weighted average interest rate		Weighted average period for which rate is fixed	
	30.11.19 %	30.11.18 %	30.11.19 Years	30.11.18 Years
Euro	0.12	0.84	10	9
Japanese yen	(0.04)	0.15	10	11
Pound sterling	0.99	1.33	6	7
US dollar	0.71	1.65	16	5

The average effective duration of the Sub-fund's portfolio is a measure of the sensitivity of the fair value of the Sub-fund's bond portfolio (excludes all other investments) to changes in market interest rates. As at 30 November 2019, the average weighted effective duration was 1.45 years (30 November 2018: 1.19 years).

## 7IM MODERATELY ADVENTUROUS FUND

### NOTES TO THE FINANCIAL STATEMENTS (continued) for the year ended 30 November 2019

#### 15 Risks Disclosures (continued)

##### ii. Foreign currency risk

The table below shows the direct foreign currency risk profile:

Foreign currency risk exposure as at 30 November 2019

Currency	Monetary Exposure £	Non-Monetary Exposure £	Total £
Danish krone	15,062	491,333	506,395
Euro	89,783	(1,025,736)	(935,953)
Japanese yen	–	6,793,276	6,793,276
Norwegian krone	1,066	81,737	82,803
Swedish krona	27	498,395	498,422
Swiss franc	94,228	2,218,280	2,312,508
US dollar	50,698	80,199,771	80,250,469
	250,864	89,257,056	89,507,920
Pound sterling	5,631,488	265,754,109	271,385,597
Net assets	5,882,352	355,011,165	360,893,517

Foreign currency risk exposure as at 30 November 2018

Currency	Monetary Exposure £	Non-Monetary Exposure £	Total £
Danish krone	14,697	283,720	298,417
Euro	175,216	(13,508,296)	(13,333,080)
Japanese yen	2,746	(5,404,627)	(5,401,881)
Norwegian krone	1,542	31,671	33,213
Swedish krona	–	908,269	908,269
Swiss franc	82,491	2,105,390	2,187,881
US dollar	107,879	79,434,583	79,542,462
	384,571	63,850,710	64,235,281
Pound sterling	7,027,378	343,918,235	350,945,613
Net assets	7,411,949	407,768,945	415,180,894

##### iii. Derivatives

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

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

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

The lowest, highest and average leverage utilisation in the accounting year ended 30 November 2019 was 133%, 206% and 167% respectively (30 November 2018: 141%, 249% and 178% respectively).

## 7IM MODERATELY ADVENTUROUS FUND

### NOTES TO THE FINANCIAL STATEMENTS (continued) for the year ended 30 November 2019

#### 15 Risks Disclosures (continued)

##### iii. Derivatives (continued)

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

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

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

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

Counterparty	30.11.19 £	30.11.18 £
<b>Options</b>		
Chicago Board Options Exchange	710,672	397,373
<b>Futures Contracts</b>		
Chicago Board of Trade	50,263	—
Eurex Deutschland	—	132,975
International Monetary Market	1,872,490	(1,224,784)
London International Financial Futures Exchange	—	(431,144)
<b>Forward Currency Contracts</b>		
Northern Trust	161,665	(1,219,865)
<b>Total net exposure<sup>1</sup></b>	<b>2,795,090</b>	<b>(2,345,445)</b>

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

## 7IM MODERATELY ADVENTUROUS FUND

### NOTES TO THE FINANCIAL STATEMENTS (continued) for the year ended 30 November 2019

#### 15 Risks Disclosures (continued)

##### iv. Fair value

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

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

##### Level 1

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

##### Level 2

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

##### Level 3

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

	Level 1 £	Level 2 £	Level 3 £	Total £
<b>30 November 2019</b>				
<b>Assets</b>				
Bonds	32,160,262	59,857,709	–	92,017,971
Collective Investment Schemes	253,009,193	–	–	253,009,193
Derivatives	2,715,375	4,082,536	–	6,797,911
Equities	14,111,247	514,665	–	14,625,912
<b>Total</b>	<b>301,996,077</b>	<b>64,454,910</b>	<b>–</b>	<b>366,450,987</b>
<b>Liabilities</b>				
Derivatives	(11,263)	(3,991,559)	–	(4,002,822)
<b>30 November 2018</b>				
<b>Assets</b>				
Bonds	28,467,951	52,186,521	–	80,654,472
Collective Investment Schemes	–	248,410,332	–	248,410,332
Derivatives	562,430	515,988	–	1,078,418
Equities	84,555,519	67	–	84,555,586
<b>Total</b>	<b>113,585,900</b>	<b>301,112,908</b>	<b>–</b>	<b>414,698,808</b>
<b>Liabilities</b>				
Derivatives	(1,688,010)	(1,735,853)	–	(3,423,863)



## 7IM MODERATELY ADVENTUROUS FUND

### NOTES TO THE FINANCIAL STATEMENTS (continued)

for the year ended 30 November 2019

#### 16 Purchases, Sales and Transaction Costs

The following tables show portfolio transactions and their associated transaction costs. For more information about the nature of these costs please refer to the additional portfolio transaction cost information on page 120.

Analysis of direct transaction costs for the year ended 30 November 2019:

	Principal £'000	Commissions £'000	Taxes £'000	Total Transaction Costs £'000	Commissions % of principal	Taxes % of principal
<b>Purchases</b>						
Bonds	63,774	—	—	—	—	—
Collective Investment Schemes	337,344	—	—	—	—	—
Equities	47,453	6	94	100	0.01	0.20
<b>Total</b>	<b>448,571</b>	<b>6</b>	<b>94</b>	<b>100</b>	<b>0.01</b>	<b>0.20</b>
	Principal £'000	Commissions £'000	Taxes £'000	Total Transaction Costs £'000	Commissions % of principal	Taxes % of principal
<b>Sales</b>						
Bonds	55,068	—	—	—	—	—
Collective Investment Schemes	350,599	—	—	—	—	—
Equities	118,003	(24)	(1)	(25)	0.02	—
<b>Total</b>	<b>523,670</b>	<b>(24)</b>	<b>(1)</b>	<b>(25)</b>	<b>0.02</b>	<b>—</b>
<b>Total as a percentage of the average NAV</b>		<b>0.01%</b>	<b>0.02%</b>	<b>0.03%</b>		

## 7IM MODERATELY ADVENTUROUS FUND

### NOTES TO THE FINANCIAL STATEMENTS (continued) for the year ended 30 November 2019

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

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

	Principal £'000	Commissions £'000	Taxes £'000	Total Transaction Costs £'000	Commissions % of principal	Taxes % of principal
<b>Purchases</b>						
Bonds	76,983	—	—	—	—	—
Collective Investment Schemes	294,991	—	—	—	—	—
Derivatives	963	—	—	—	—	—
Equities	72,943	10	127	137	0.01	0.17
<b>Total</b>	<b>445,880</b>	<b>10</b>	<b>127</b>	<b>137</b>	<b>0.01</b>	<b>0.17</b>

	Principal £'000	Commissions £'000	Taxes £'000	Total Transaction Costs £'000	Commissions % of principal	Taxes % of principal
<b>Sales</b>						
Bonds	80,449	—	—	—	—	—
Collective Investment Schemes	274,588	—	—	—	—	—
Derivatives	10,810	—	—	—	—	—
Equities	95,478	(12)	(1)	(13)	0.01	—
<b>Total</b>	<b>461,325</b>	<b>(12)</b>	<b>(1)</b>	<b>(13)</b>	<b>0.01</b>	<b>—</b>

**Total as a percentage of the average NAV**                      **0.00%**                      **0.03%**                      **0.03%**

#### Average portfolio dealing spread

As at the balance sheet date, the average portfolio dealing spread was 0.04% (2018: 0.12%) based on close of business prices. This spread represents the difference between the values determined respectively by reference to the bid and offer prices of investments expressed as a percentage of the value determined by reference to the offer price.

#### 17 Post Balance Sheet Events

Since the start of January 2020, the outbreak of coronavirus, which is a rapidly evolving situation, has adversely impacted global commercial activities and markets which have led to a material decline in NAV across the Sub-fund as at the date of issue of this report. The rapid development and fluidity of this situation precludes any prediction as its ultimate impact, which may have a continued adverse impact on economic and market conditions and trigger a period of global economic slowdown. The Directors do not believe there is any financial impact to amounts presented within the Financial Statements as at 30 November 2019 as a result of this subsequent event.

The ACD is monitoring developments relating to coronavirus and is coordinating its operational response based on existing business continuity plans and on guidance from global health organisations, relevant governments, and general pandemic response best practices.

As at the balance sheet date, the Net Asset Value per Class C Accumulation share was 266.81p. The Net Asset Value per Class C Accumulation share for the Sub-fund on 26 March 2020 was 224.35p. This represents a decrease of 16% from the year end value.

## 7IM MODERATELY ADVENTUROUS FUND

### DISTRIBUTION TABLES

for the year ended 30 November 2019

#### Interim - in pence per share

Group 1 - Shares purchased prior to 1 December 2018

Group 2 - Shares purchased on or after 1 December 2018 and on or before 31 May 2019

	Net Revenue	Equalisation	Paid 31.07.19	Paid 31.08.18
<b>Class A Income</b>				
Group 1	0.2535	—	0.2535	—
Group 2	0.2535	—	0.2535	—
	Net Revenue	Equalisation	Allocated 31.07.19	Allocated 31.08.18
<b>Class A Accumulation</b>				
Group 1	0.1554	—	0.1554	—
Group 2	0.0774	0.0780	0.1554	—
	Net Revenue	Equalisation	Allocated 31.07.19	Allocated 31.08.18
<b>Class B Accumulation</b>				
Group 1	0.4689	—	0.4689	0.2714
Group 2	0.1933	0.2756	0.4689	0.2714
	Net Revenue	Equalisation	Paid 31.07.19	Paid 31.08.18
<b>Class C Income</b>				
Group 1	0.7258	—	0.7258	0.5558
Group 2	0.4089	0.3169	0.7258	0.5558
	Net Revenue	Equalisation	Allocated 31.07.19	Allocated 31.08.18
<b>Class C Accumulation</b>				
Group 1	0.8072	—	0.8072	0.6138
Group 2	0.3764	0.4308	0.8072	0.6138
	Net Revenue	Equalisation	Paid 31.07.19	Paid 31.08.18
<b>Class D Income</b>				
Group 1	0.1513	—	0.1513	—
Group 2	0.0645	0.0868	0.1513	—
	Net Revenue	Equalisation	Allocated 31.07.19	Allocated 31.08.18
<b>Class D Accumulation</b>				
Group 1	0.1570	—	0.1570	—
Group 2	0.0654	0.0916	0.1570	—

## 7IM MODERATELY ADVENTUROUS FUND

### DISTRIBUTION TABLES (continued) for the year ended 30 November 2019

	Net Revenue	Equalisation	Paid 31.07.19	Paid 31.08.18
<b>Class S Income</b>				
Group 1	0.5577	—	0.5577	0.4628
Group 2	0.2344	0.3233	0.5577	0.4628

	Net Revenue	Equalisation	Allocated 31.07.19	Allocated 31.08.18
<b>Class S Accumulation</b>				
Group 1	0.5769	—	0.5769	0.4825
Group 2	0.2915	0.2854	0.5769	0.4825

#### Final - in pence per share

Group 1 - Shares purchased prior to 1 June 2019

Group 2 - Shares purchased on or after 1 June 2019 and on or before 30 November 2019

	Net Revenue	Equalisation	Paid 31.01.20	Paid 31.01.19
<b>Class A Income</b>				
Group 1	1.4372	—	1.4372	0.6162
Group 2	1.4372	—	1.4372	0.6162

	Net Revenue	Equalisation	Allocated 31.01.20	Allocated 31.01.19
<b>Class A Accumulation</b>				
Group 1	1.6004	—	1.6004	0.6340
Group 2	1.3132	0.2872	1.6004	0.6340

	Net Revenue	Equalisation	Allocated 31.01.20	Allocated 31.01.19
<b>Class B Accumulation</b>				
Group 1	2.0586	—	2.0586	1.0180
Group 2	1.5694	0.4892	2.0586	1.0180

	Net Revenue	Equalisation	Paid 31.01.20	Paid 31.01.19
<b>Class C Income</b>				
Group 1	2.3432	—	2.3432	1.2472
Group 2	1.8321	0.5111	2.3432	1.2472

	Net Revenue	Equalisation	Allocated 31.01.20	Allocated 31.01.19
<b>Class C Accumulation</b>				
Group 1	2.6100	—	2.6100	1.3794
Group 2	1.9844	0.6256	2.6100	1.3794

## 7IM MODERATELY ADVENTUROUS FUND

### DISTRIBUTION TABLES (continued) for the year ended 30 November 2019

	Net Revenue	Equalisation	Paid 31.01.20	Paid 31.01.19
<b>Class D Income</b>				
Group 1	1.5351	—	1.5351	0.6038
Group 2	1.2056	0.3295	1.5351	0.6038
	Net Revenue	Equalisation	Allocated 31.01.20	Allocated 31.01.19
<b>Class D Accumulation</b>				
Group 1	1.6080	—	1.6080	0.6346
Group 2	1.2790	0.3290	1.6080	0.6346
	Net Revenue	Equalisation	Paid 31.01.20	Paid 31.01.19
<b>Class S Income</b>				
Group 1	1.3958	—	1.3958	0.8329
Group 2	1.0020	0.3938	1.3958	0.8329
	Net Revenue	Equalisation	Allocated 31.01.20	Allocated 31.01.19
<b>Class S Accumulation</b>				
Group 1	1.5580	—	1.5580	0.8712
Group 2	1.1304	0.4276	1.5580	0.8712

### Equalisation

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

# 7IM ADVENTUROUS FUND

## ACD'S REPORT

for the year ended 30 November 2019

### 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 from 1 December 2018 to 30 November 2019, the portfolio delivered a total return of 6.52%<sup>1</sup>.

#### Investment Background

For many market commentators, the main culprit for the Q4 2018 sell-off was the Fed's monetary policy throughout 2018 and the new Chairman Jerome Powell's hawkish communications. Fortunately for equity investors, the Fed decided to change course in January. By the end of that month Powell indicated that the Fed will not be raising rates until further certainty on future growth can be ascertained. In March the Fed effectively doubled down on the dovish approach it has turned to since the start of the year. The Federal Open Market Committee ('FOMC') meeting was more dovish than markets had anticipated with the Fed choosing to eliminate the two 25bps hikes planned for 2019, leaving only one hike in 2020 and none in 2021. Alongside this they also announced plans to taper the balance sheet run off in May and stop the process altogether by the end of September 2019. This move led to a drastic re pricing across the US yield curve and led to an inversion between the 3 month and the 10 year US Treasury rates. However, risk assets came under pressure once again as the trade talks between the US and China suddenly worsened. On 5 May Donald Trump announced via twitter that he would increase the amount of tariffs on \$200 Billion worth of Chinese imports to 25%. The announcement shook markets and left many investors bewildered as many had assumed that talks were close to being finalised. The reversal in risk appetite also helped to support fixed income assets and especially the US 10 Year Treasury. The sharp fall in US yields since September last year has been quite astounding. After nearly touching 3.25% in November 2018 the yield demanded on US 10 year Government debt has fallen to a low of around 1.5% in the third quarter of 2019.

While the first 6 months of the year saw equity markets caught in a tug-of-war between trade disputes and easy central bank policy the second half of the year saw markets positive of a semblance of trade deal – rallying strongly into the year. A key driver of company profits and thus equity markets is the manufacturing cycle. More specifically, there is a strong relationship between the ups and downs of global manufacturing output, global trade and global equity markets. Manufacturing had been slowing through the year for a number of reasons: destocking of inventories, falling Chinese demand for autos, the tightening effect of the rising dollar and uncertainty over trade wars. Global trade and global manufacturing appears to have found a bottom, particularly in the fourth quarter. Even more positive was the leading indicators such as export orders, backlogs and new orders picking up in places like Germany. This bodes well for a manufacturing cycle rebound in and explains why markets have picked up in Q4. The tentative signs of a trade deal have also buoyed markets. Bond markets don't appear to be pricing in the more positive growth, with US treasuries struggling to push beyond 2%.

#### Portfolio Review

Following the sell-off in markets through Q4 2018, a decision was made to increase overall portfolio beta, focussed on the US market. This reflected our view that the fundamentals did not support the size of the sell-off. In the Adventurous Fund this represented a position size of 4.0%. Given the strength of the rally since the start of the year and continued momentum in bond markets we added slightly to the duration positioning. By the end of March markets had moved so strongly ahead that we felt it was prudent to take out some risk and cut overall equity positioning across a mix of developed markets. In the Adventurous Fund we cut equity exposure by 4.0%.

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

## 7IM ADVENTUROUS FUND

### ACD'S REPORT (continued)

for the year ended 30 November 2019

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

At the end of June, as is normal process we changed our Strategic Asset Allocation ('SAA') benchmarks. As part of this we split the fixed income asset classes across a broader range of credit instruments and adjusted slightly the overall equity and FX components. We also took the opportunity to exit an underweight in the UK equity market, reflecting a belief that Brexit fears had been fully reflected in valuations. We had held an EM debt overweight across some ranges and at the end of August we made sure all portfolios were reflecting this. For the Adventurous Fund we moved the weight to an overweight of 4.0%. In August we entered a long in US healthcare stocks. We felt that these stocks were particularly well placed to benefit from changing demographics and global trends in technology. For the Adventurous Fund the initial weight was 4.5%. Back in the UK, we took the view that more GBP volatility was likely as, at that time, there was a significant chance of a "no deal" Brexit and that any announcement of an election would see GBP sell off as Corbyn risk will be at the forefront of everyone's minds. We therefore brought the GBP back to a neutral allocation from an overweight one. We added to US inflation expectations in some portfolios in July and given further negative sentiment we decided to increase our position. For the Adventurous Fund this meant increasing the holding to 2.5%.

As far as fund positioning is concerned, we consolidated the UK equity positioning disposing of the equity value fund, the Polar Capital fund and the Artemis fund where we had become less confident of the managers to focus on the Majedie UK Focus, Threadneedle UK Extended Alpha and Investec Fund Series i – UK Alpha funds where we had more confidence. In Japan we switched out of the Man GLG Japan Core Alpha fund to invest in the Usonian Japan Value fund. Usonian are a bottom-up, deep research value investor specialising in Japanese equities. In line with our own philosophy, the team places an emphasis on preserving capital in more challenging markets and has a demonstrable track record of doing so. We reduced the exposure to Frontier Markets equity as part of the changes to the strategic asset allocation and cut out the holding in the Ashmore fund.

We also reduced exposure to other assets feeling there was more value in equities and bonds, disposing of the market neutral strategies which had been disappointing and some of the other positions bringing the exposure down to around 6%.

#### Investment Outlook

We split into four core views:

##### **Recession risks are low in the short-term. Global growth is weak but the data appear to have found a bottom.**

Fears of global recession are overdone. Growth has been shifting into a lower gear over the past eighteen months or so. This is partly due to cyclical factors, partly due to the uncertainty caused by trade wars. This growth slowdown has not escaped policymakers – both governments and central banks around the world have taken action. In the US, the Federal Reserve has cut rates and made it clear that it doesn't plan to raise them anytime soon. In China, the government has been cutting taxes, and is beginning to spend more. In Europe, the ECB is making all the right noises about supporting growth, and a few governments are starting to open the fiscal taps. In the rest of the world, interest rate cuts have been happening all year. These early responses should prolong the growth phase of this economic cycle. We are unlikely to see global growth return to boom-time levels, but it appears that the worst is over, for now.

##### **Equities are likely to be volatile as trade war rhetoric continues. But central banks are doing their best to put a floor under markets.**

From a fundamental viewpoint, global equities are around fair value to mildly expensive. However, earnings growth is likely to be average-to-weak over the next 6-12 months. This will make big gains difficult, considering current high levels, particularly in the USA. And we believe that Donald Trump's trade and technology crusade should be taken seriously. There is a sense in which the campaign is no longer just Mr Trump's – anti-China sentiment is about the only thing that Democrats and Republicans agree on. Regardless of the election result in 2020, the trade cat is now out of the bag. On the other side, China is increasingly looking for an external foe, to draw attention away from slower growth and popular discontent – in Hong Kong for example. Neither side has reason to back down in the short term. Any successful negotiation is likely to be followed by a further escalation, sooner or later. This has left global central banks on high alert, ready to react to any growth threats. Equities are likely to be pulled around by these two competing forces.

##### **Bond markets are not ready for an inflation surprise – a small change in expectations could be painful for bonds.**

Global inflation expectations remain near all-time lows. The financial markets currently suggest that US inflation will average 1.8% over the next 30 years. We think this is too pessimistic – we aren't in a Japan-style environment like the early 1990's. In the medium-term, populist economic policies are likely to be inflationary, while in the longer term, a return of economic growth should lead to central banks switching to focus on inflation once more. A small change in tone of monetary policy could be painful for bond markets. Yields do not offer any cushion against declines in capital value – and recent price moves have made bonds very expensive.

## 7IM ADVENTUROUS FUND

### **ACD'S REPORT** (continued)

for the year ended 30 November 2019

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

#### **Brexit is looming, but there's still lots of uncertainty about the UK's future trade relations with Europe.**

UK equities and sterling bounced after the election, as one huge uncertainty over the markets was sorted out. The big Tory victory will probably lead to an early Brexit. Looking ahead, though, the UK will now enter a year of trade negotiations with Europe, the outcome of which is highly unclear. And the costs of leaving Europe will gradually come into focus. Though sterling is on the cheap side by historical standards, we don't expect it to gain much from now on.

Seven Investment Management LLP

Investment Manager

December 2019



## 7IM ADVENTUROUS FUND

### FUND INFORMATION

The Comparative Tables on pages 159 to 166 give the performance of each active share class in the Sub-fund.

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

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

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

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

# 7IM ADVENTUROUS FUND

## FUND INFORMATION (continued)

### Comparative Tables

#### Class A Accumulation

	30.11.19 (pence per share)	30.11.18 (pence per share)	30.11.17 (pence per share)
<b>Change in Net Asset Value Per Share</b>			
Opening net asset value per share	235.40	245.43	218.66
Return before operating charges*	19.02	(4.91)	31.63
Operating charges (calculated on average price)	(5.13)	(5.12)	(4.86)
Return after operating charges*	13.89	(10.03)	26.77
Distributions	(0.99)	–	(0.42)
Retained distributions on accumulation shares	0.99	–	0.42
Closing net asset value per share	249.29	235.40	245.43
* After direct transaction costs of: <sup>1</sup>	0.09	0.08	0.10

### Performance

Return after charges <sup>2</sup>	5.90%	(4.09)%	12.24%
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### Other Information

Closing net asset value (£'000)	15	108	467
Closing number of shares	6,070	45,651	190,262
Operating charges <sup>3</sup>	2.13%	2.07%	2.06%
Direct transaction costs	0.04%	0.03%	0.04%

### Prices

Highest share price	252.30	255.26	247.80
Lowest share price	220.96	231.65	217.29

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

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

<sup>3</sup> Operating charges, otherwise known as the OCF is the ratio of the Sub-fund's total disclosable costs (excluding securities lending fees and overdraft interest) to the average net assets of the Sub-fund. The OCF is intended to provide a reliable figure which gives the most accurate measure of what it costs to invest in a Sub-fund and is calculated based on the last period's figures. Included within the OCF are synthetic costs which includes the OCF of the underlying funds weighted on the basis of their investment proportion. A detailed breakdown of the OCF per share class is shown on page 167.

# 7IM ADVENTUROUS FUND

## FUND INFORMATION (continued)

### Comparative Tables (continued)

#### Class B Accumulation

	30.11.19 (pence per share)	30.11.18 (pence per share)	30.11.17 (pence per share)
<b>Change in Net Asset Value Per Share</b>			
Opening net asset value per share	244.25	254.09	225.81
Return before operating charges*	19.74	(5.17)	32.69
Operating charges (calculated on average price)	(4.70)	(4.67)	(4.41)
Return after operating charges*	15.04	(9.84)	28.28
Distributions	(1.65)	(0.28)	(1.06)
Retained distributions on accumulation shares	1.65	0.28	1.06
Closing net asset value per share	259.29	244.25	254.09
* After direct transaction costs of: <sup>1</sup>	0.09	0.09	0.11

#### Performance

Return after charges <sup>2</sup>	6.16%	(3.87)%	12.52%
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#### Other Information

Closing net asset value (£'000)	4,089	5,675	6,472
Closing number of shares	1,576,841	2,323,482	2,547,112
Operating charges <sup>3</sup>	1.88%	1.82%	1.81%
Direct transaction costs	0.04%	0.03%	0.04%

#### Prices

Highest share price	262.23	264.50	256.50
Lowest share price	229.32	240.35	224.39

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

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

<sup>3</sup> Operating charges, otherwise known as the OCF is the ratio of the Sub-fund's total disclosable costs (excluding securities lending fees and overdraft interest) to the average net assets of the Sub-fund. The OCF is intended to provide a reliable figure which gives the most accurate measure of what it costs to invest in a Sub-fund and is calculated based on the last period's figures. Included within the OCF are synthetic costs which includes the OCF of the underlying funds weighted on the basis of their investment proportion. A detailed breakdown of the OCF per share class is shown on page 167.

# 7IM ADVENTUROUS FUND

## FUND INFORMATION (continued)

### Comparative Tables (continued)

#### Class C Income

	30.11.19 (pence per share)	30.11.18 (pence per share)	30.11.17 (pence per share)
<b>Change in Net Asset Value Per Share</b>			
Opening net asset value per share	238.75	248.67	221.92
Return before operating charges*	19.30	(5.08)	32.13
Operating charges (calculated on average price)	(3.99)	(3.94)	(3.74)
Return after operating charges*	15.31	(9.02)	28.39
Distributions on income shares	(2.23)	(0.90)	(1.64)
Closing net asset value per share	251.83	238.75	248.67
* After direct transaction costs of: <sup>1</sup>	0.09	0.08	0.10

#### Performance

Return after charges <sup>2</sup>	6.41%	(3.63)%	12.79%
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#### Other Information

Closing net asset value (£'000)	16,516	18,579	22,257
Closing number of shares	6,558,420	7,782,024	8,950,467
Operating charges <sup>3</sup>	1.63%	1.57%	1.56%
Direct transaction costs	0.04%	0.03%	0.04%

#### Prices

Highest share price	256.17	259.28	251.87
Lowest share price	224.20	235.77	220.74

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

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

<sup>3</sup> Operating charges, otherwise known as the OCF is the ratio of the Sub-fund's total disclosable costs (excluding securities lending fees and overdraft interest) to the average net assets of the Sub-fund. The OCF is intended to provide a reliable figure which gives the most accurate measure of what it costs to invest in a Sub-fund and is calculated based on the last period's figures. Included within the OCF are synthetic costs which includes the OCF of the underlying funds weighted on the basis of their investment proportion. A detailed breakdown of the OCF per share class is shown on page 167.

# 7IM ADVENTUROUS FUND

## FUND INFORMATION (continued)

### Comparative Tables (continued)

#### Class C Accumulation

	30.11.19 (pence per share)	30.11.18 (pence per share)	30.11.17 (pence per share)
<b>Change in Net Asset Value Per Share</b>			
Opening net asset value per share	253.45	262.99	233.14
Return before operating charges*	20.53	(5.37)	33.79
Operating charges (calculated on average price)	(4.26)	(4.17)	(3.94)
Return after operating charges*	16.27	(9.54)	29.85
Distributions	(2.37)	(0.97)	(1.73)
Retained distributions on accumulation shares	2.37	0.97	1.73
Closing net asset value per share	269.72	253.45	262.99
* After direct transaction costs of: <sup>1</sup>	0.09	0.09	0.11

#### Performance

Return after charges <sup>2</sup>	6.42%	(3.63)%	12.80%
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#### Other Information

Closing net asset value (£'000)	113,027	77,621	76,578
Closing number of shares	41,905,225	30,626,213	29,117,826
Operating charges <sup>3</sup>	1.63%	1.57%	1.56%
Direct transaction costs	0.04%	0.03%	0.04%

#### Prices

Highest share price	272.56	274.25	265.45
Lowest share price	237.99	249.39	231.69

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

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

<sup>3</sup> Operating charges, otherwise known as the OCF is the ratio of the Sub-fund's total disclosable costs (excluding securities lending fees and overdraft interest) to the average net assets of the Sub-fund. The OCF is intended to provide a reliable figure which gives the most accurate measure of what it costs to invest in a Sub-fund and is calculated based on the last period's figures. Included within the OCF are synthetic costs which includes the OCF of the underlying funds weighted on the basis of their investment proportion. A detailed breakdown of the OCF per share class is shown on page 167.

# 7IM ADVENTUROUS FUND

## FUND INFORMATION (continued)

### Comparative Tables (continued)

#### Class D Income

	30.11.19 (pence per share)	30.11.18 (pence per share)	30.11.17 (pence per share)
<b>Change in Net Asset Value Per Share</b>			
Opening net asset value per share	229.00	238.79	213.32
Return before operating charges*	18.49	(4.81)	30.63
Operating charges (calculated on average price)	(5.00)	(4.98)	(4.74)
Return after operating charges*	13.49	(9.79)	25.89
Distributions on income shares	(0.98)	–	(0.42)
Closing net asset value per share	241.51	229.00	238.79
* After direct transaction costs of: <sup>1</sup>	0.08	0.08	0.10

#### Performance

Return after charges <sup>2</sup>	5.89%	(4.10)%	12.14%
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#### Other Information

Closing net asset value (£'000)	12	11	31
Closing number of shares	4,699	4,935	12,972
Operating charges <sup>3</sup>	2.13%	2.07%	2.06%
Direct transaction costs	0.04%	0.03%	0.04%

#### Prices

Highest share price	245.44	248.41	241.33
Lowest share price	214.94	225.35	211.97

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

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

<sup>3</sup> Operating charges, otherwise known as the OCF is the ratio of the Sub-fund's total disclosable costs (excluding securities lending fees and overdraft interest) to the average net assets of the Sub-fund. The OCF is intended to provide a reliable figure which gives the most accurate measure of what it costs to invest in a Sub-fund and is calculated based on the last period's figures. Included within the OCF are synthetic costs which includes the OCF of the underlying funds weighted on the basis of their investment proportion. A detailed breakdown of the OCF per share class is shown on page 167.

# 7IM ADVENTUROUS FUND

## FUND INFORMATION (continued)

### Comparative Tables (continued)

#### Class D Accumulation

	30.11.19 (pence per share)	30.11.18 (pence per share)	30.11.17 (pence per share)
<b>Change in Net Asset Value Per Share</b>			
Opening net asset value per share	235.24	245.32	218.56
Return before operating charges*	18.98	(4.96)	31.62
Operating charges (calculated on average price)	(5.13)	(5.12)	(4.86)
Return after operating charges*	13.85	(10.08)	26.76
Distributions	(0.99)	–	(0.45)
Retained distributions on accumulation shares	0.99	–	0.45
Closing net asset value per share	249.09	235.24	245.32
* After direct transaction costs of: <sup>1</sup>	0.09	0.08	0.10

#### Performance

Return after charges <sup>2</sup>	5.89%	(4.11)%	12.24%
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#### Other Information

Closing net asset value (£'000)	12,533	13,302	12,766
Closing number of shares	5,031,543	5,654,788	5,204,081
Operating charges <sup>3</sup>	2.13%	2.07%	2.06%
Direct transaction costs	0.04%	0.03%	0.04%

#### Prices

Highest share price	252.13	255.19	247.68
Lowest share price	220.81	231.49	217.19

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

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

<sup>3</sup> Operating charges, otherwise known as the OCF is the ratio of the Sub-fund's total disclosable costs (excluding securities lending fees and overdraft interest) to the average net assets of the Sub-fund. The OCF is intended to provide a reliable figure which gives the most accurate measure of what it costs to invest in a Sub-fund and is calculated based on the last period's figures. Included within the OCF are synthetic costs which includes the OCF of the underlying funds weighted on the basis of their investment proportion. A detailed breakdown of the OCF per share class is shown on page 167.

# 7IM ADVENTUROUS FUND

## FUND INFORMATION (continued)

### Comparative Tables (continued)

#### Class S Income

	30.11.19 (pence per share)	30.11.18 (pence per share)	30.11.17 (pence per share)
<b>Change in Net Asset Value Per Share</b>			
Opening net asset value per share	129.54	134.92	120.40
Return before operating charges*	10.48	(2.76)	17.43
Operating charges (calculated on average price)	(1.83)	(1.80)	(1.70)
Return after operating charges*	8.65	(4.56)	15.73
Distributions on income shares	(1.56)	(0.82)	(1.21)
Closing net asset value per share	136.63	129.54	134.92
* After direct transaction costs of: <sup>1</sup>	0.05	0.05	0.06

#### Performance

Return after charges <sup>2</sup>	6.68%	(3.38)%	13.06%
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#### Other Information

Closing net asset value (£'000)	66	91	143
Closing number of shares	48,538	70,038	105,652
Operating charges <sup>3</sup>	1.38%	1.32%	1.31%
Direct transaction costs	0.04%	0.03%	0.04%

#### Prices

Highest share price	139.05	140.75	136.80
Lowest share price	121.67	128.08	119.76

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

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

<sup>3</sup> Operating charges, otherwise known as the OCF is the ratio of the Sub-fund's total disclosable costs (excluding securities lending fees and overdraft interest) to the average net assets of the Sub-fund. The OCF is intended to provide a reliable figure which gives the most accurate measure of what it costs to invest in a Sub-fund and is calculated based on the last period's figures. Included within the OCF are synthetic costs which includes the OCF of the underlying funds weighted on the basis of their investment proportion. A detailed breakdown of the OCF per share class is shown on page 167.



# 7IM ADVENTUROUS FUND

## FUND INFORMATION (continued)

### Comparative Tables (continued)

#### Class S Accumulation

	30.11.19 (pence per share)	30.11.18 (pence per share)	30.11.17 (pence per share)
<b>Change in Net Asset Value Per Share</b>			
Opening net asset value per share	134.46	139.18	123.07
Return before operating charges*	10.90	(2.86)	17.86
Operating charges (calculated on average price)	(1.90)	(1.86)	(1.75)
Return after operating charges*	9.00	(4.72)	16.11
Distributions	(1.63)	(0.86)	(1.25)
Retained distributions on accumulation shares	1.63	0.86	1.25
Closing net asset value per share	143.46	134.46	139.18
* After direct transaction costs of: <sup>1</sup>	0.05	0.05	0.06

#### Performance

Return after charges <sup>2</sup>	6.69%	(3.39)%	13.09%
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#### Other Information

Closing net asset value (£'000)	10,726	13,821	17,900
Closing number of shares	7,476,614	10,278,758	12,860,755
Operating charges <sup>3</sup>	1.38%	1.32%	1.31%
Direct transaction costs	0.04%	0.03%	0.04%

#### Prices

Highest share price	144.85	145.38	140.46
Lowest share price	126.29	132.30	122.31

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

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

<sup>3</sup> Operating charges, otherwise known as the OCF is the ratio of the Sub-fund's total disclosable costs (excluding securities lending fees and overdraft interest) to the average net assets of the Sub-fund. The OCF is intended to provide a reliable figure which gives the most accurate measure of what it costs to invest in a Sub-fund and is calculated based on the last period's figures. Included within the OCF are synthetic costs which includes the OCF of the underlying funds weighted on the basis of their investment proportion. A detailed breakdown of the OCF per share class is shown on page 167.

## 7IM ADVENTUROUS FUND

### FUND INFORMATION (continued)

#### Ongoing Charges Figures

As at 30 November 2019

	<b>Class A</b>	<b>Class B</b>	<b>Class C</b>	<b>Class D</b>	<b>Class S</b>
ACD's periodic charge	1.40%	1.15%	0.90%	1.40%	0.65%
Other expenses	0.09%	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%

As at 30 November 2018

	<b>Class A</b>	<b>Class B</b>	<b>Class C</b>	<b>Class D</b>	<b>Class S</b>
ACD's periodic charge	1.40%	1.15%	0.90%	1.40%	0.65%
Other expenses	0.10%	0.10%	0.10%	0.10%	0.10%
	1.50%	1.25%	1.00%	1.50%	0.75%
Collective investment scheme costs	0.57%	0.57%	0.57%	0.57%	0.57%
Ongoing Charges Figure	2.07%	1.82%	1.57%	2.07%	1.32%

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

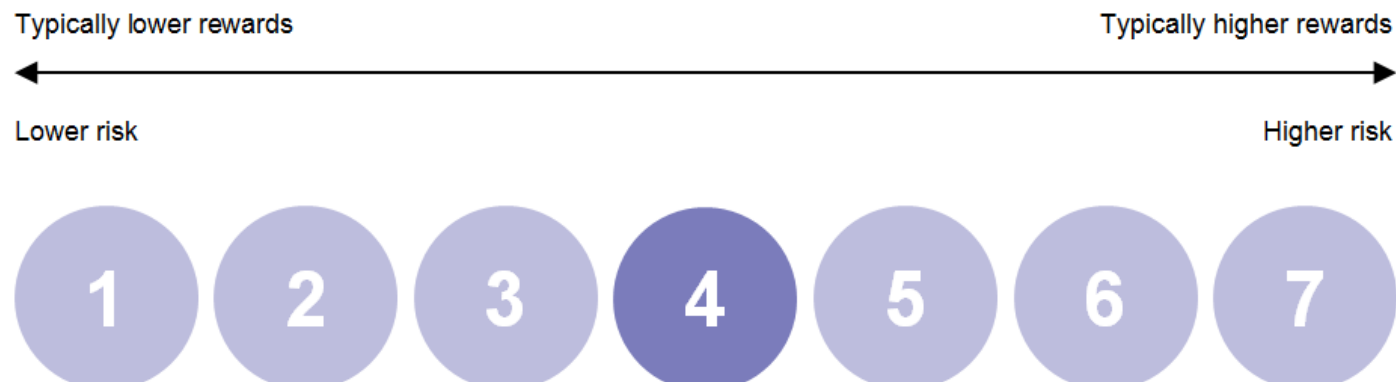
The collective investment scheme costs represent the OCFs, or a reasonable substitute, of the underlying funds which are held as portfolio investments. Their inclusion has been calculated on a weighted basis against the Sub-fund's net assets at the balance sheet date.

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

## 7IM ADVENTUROUS FUND

### FUND INFORMATION (continued)

#### Synthetic Risk and Reward Indicator



This indicator shows how much a sub-fund has risen and fallen in the past, and therefore how much a 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 annual report and financial statements, the risk and reward indicator as at the year end date 30 November 2019 was 4.

#### Fund performance to 30 November 2019 (%)

	1 year	3 years	5 years
7IM Adventurous Fund <sup>1</sup>	6.52	15.66	29.91

<sup>1</sup> Source: Bloomberg

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

Details of the distributions per share for the year are shown in the Distribution Tables on pages 188 to 190.

# 7IM ADVENTUROUS FUND

## PORTFOLIO STATEMENT

as at 30 November 2019

Holding	Portfolio of Investment	Value £	30.11.19 %
<b>ALTERNATIVES 4.72% (5.69%)</b>			
<b>Alternative Strategies 3.58% (2.33%)</b>			
31,662	AQR - Managed Futures UCITS Fund <sup>1</sup>	2,618,416	1.67
3,369,000	BNP Paribas Issuance 0.00% 2024 <sup>2</sup>	2,618,476	1.67
(76)	S&P 500 Index Put Options 1950 March 2020 <sup>3</sup>	(5,863)	—
(34)	S&P 500 Index Put Options 2075 June 2020 <sup>3</sup>	(13,441)	(0.01)
(26)	S&P 500 Index Put Options 2100 September 2020 <sup>3</sup>	(24,083)	(0.02)
76	S&P 500 Index Put Options 2650 March 2020 <sup>3</sup>	83,358	0.05
34	S&P 500 Index Put Options 2800 June 2020 <sup>3</sup>	149,035	0.10
26	S&P 500 Index Put Options 2850 September 2020 <sup>3</sup>	186,750	0.12
		<b>5,612,648</b>	<b>3.58</b>
<b>Commodities 0.00% (1.84%)</b>			
<b>Real Estate 1.14% (1.52%)</b>			
2,096,000	Drum Income Plus REIT	<b>1,794,176</b>	<b>1.14</b>
<b>CASH 1.01% (1.02%)</b>			
1,579,000	Northern Trust Global Sterling Fund <sup>1</sup>	<b>1,579,000</b>	<b>1.01</b>
<b>DEBT SECURITIES 28.99% (13.97%)</b>			
<b>Emerging Market Bonds 7.86% (3.86%)</b>			
51,068	Babson Capital Emerging Markets Local Debt <sup>1</sup>	4,201,858	2.67
79,980	Barings Emerging Markets Debt Blended Total Return <sup>1</sup>	8,144,323	5.19
		<b>12,346,181</b>	<b>7.86</b>
<b>Global High Yield Bonds 2.55% (0.18%)</b>			
75,069	Carador Income Fund	29,094	0.02
34,990	Xenfin Securitised Debt <sup>1</sup>	3,971,592	2.53
		<b>4,000,686</b>	<b>2.55</b>
<b>Global Inflation Linked Bonds 2.52% (0.00%)</b>			
(36)	Ultra Long Term US Treasury Bond Futures March 2020 <sup>3</sup>	21,801	0.02
US\$4,335,000	US Treasury Inflation-Indexed Bonds 1% 2049	3,927,016	2.50
		<b>3,948,817</b>	<b>2.52</b>
<b>Short Term Sterling Bonds 11.71% (7.35%)</b>			
£1,070,000	Bank Nederlandse Gemeenten 1.00% 2022	1,073,002	0.68
£450,000	Barclays Bank 4.25% 2022	480,592	0.30
£1,300,000	Dexia Credit Local 0.875% 2021	1,298,704	0.83
£600,000	Dexia Credit Local 1.375% 2022	607,629	0.39
£1,100,000	European Investment Bank 0.875% 2021	1,101,082	0.70
£800,000	FMS Wertmanagement 0.875% 2022	801,528	0.51
£614,000	International Bank for Reconstruction & Development 5.4% 2021	655,497	0.42
£1,300,000	Leeds Building Society 4.875% 2020	1,347,814	0.86
£1,000,000	NRW Bank FRN 2024	999,430	0.64
£700,000	Oesterreichische 1.125% 2022	705,286	0.45
£600,000	Oversea-Chinese Banking FRN 2023	595,378	0.38
£850,000	Rabobank Nederland 2.25% 2022	874,011	0.56
£250,000	Rabobank Nederland 4.875% 2023	279,191	0.18

## 7IM ADVENTUROUS FUND

### PORTFOLIO STATEMENT (continued) as at 30 November 2019

Holding	Portfolio of Investment	Value £	30.11.19 %
<b>Short Term Sterling Bonds (continued)</b>			
£180,000	Royal Bank of Canada FRN 2021	180,005	0.11
£2,500,000	Santander UK FRN 2022	2,490,475	1.58
£766,000	Svenska Handelsba 2.375% 2022	787,088	0.50
£900,000	Swedbank FRN 2019	900,000	0.57
£600,000	Toronto-Dominion Bank FRN 2023	597,030	0.38
£2,000,000	Westpac Banking FRN 2023	1,990,312	1.27
£620,000	Yorkshire Building Society FRN 2023	623,119	0.40
		<b>18,387,173</b>	<b>11.71</b>
<b>Sterling Corporate Bonds 4.35% (2.58%)</b>			
£800,000	ABN Amro Bank 1% 2020	799,797	0.51
£1,500,000	Bank of Nova Scotia 1.25% 2022	1,507,473	0.96
£2,600,000	Deutsche Pfandbriefbank 1.00% 2020	2,595,102	1.66
£257,000	International Bank for Reconstruction & Development 0.375% 2021	255,135	0.16
£300,000	Santander UK FRN 2024	302,082	0.19
£350,000	Shell International Finance 2% 2019	350,157	0.22
£1,000,000	Svenska Handelsbanken 1.625% 2022	1,012,839	0.65
		<b>6,822,585</b>	<b>4.35</b>
<b>EQUITY 63.63% (73.50%)</b>			
<b>Asia &amp; Emerging Markets 8.43% (13.81%)</b>			
1,500,000	APQ Global	952,500	0.61
1,116,612	Hermes Asia Ex-Japan Equity 'F' <sup>1</sup>	2,903,526	1.85
212,976	Mirae Asset Asia Great Consumer Equity 'I' <sup>1</sup>	3,065,621	1.95
34,178	RWC Global Emerging Markets <sup>1</sup>	6,304,989	4.02
		<b>13,226,636</b>	<b>8.43</b>
<b>Europe (ex UK) 8.67% (9.31%)</b>			
52	Aena SME	7,429	—
166	Ageas	7,748	0.01
57	Allianz	10,558	0.01
389	Alstom	13,004	0.01
3	AP Moeller - Maersk 'A'	3,032	—
163	AP Moeller - Maersk 'B'	176,404	0.11
1,450	ArcelorMittal	19,298	0.01
615	Atlas Copco 'A'	17,526	0.01
314	Atlas Copco 'B'	7,863	0.01
46	Baloise	6,232	—
800	Bayer	46,935	0.03
2,415	Bayerische Motoren Werke 'A'	151,134	0.10
6,517	BNP Paribas	284,135	0.18
5,418	Boliden	108,414	0.07
2,700,234	CF Miton European Opportunities <sup>1</sup>	5,638,131	3.59
2,828	Coca-Cola European Partners	111,138	0.07
418	Compagnie De St-Gobain	13,094	0.01
1,366	Continental European Selection <sup>1</sup>	1,456,473	0.93
159	Covestro	5,820	—
769	Credit Agricole	8,193	0.01
592	Daimler	26,033	0.02
545	Danske Bank	5,695	—
63	Dassault Aviation	67,071	0.04
18,769	Deutsche Telekom	243,749	0.16

## 7IM ADVENTUROUS FUND

### PORTFOLIO STATEMENT (continued) as at 30 November 2019

Holding	Portfolio of Investment	Value £	30.11.19 %
	<b>Europe (ex UK) (continued)</b>		
780	DNB	10,252	0.01
78	Eiffage	6,582	—
518	Electricite de France	4,113	—
302	Endesa	6,343	—
1,530	Engie	18,786	0.01
18,564	Eni	218,554	0.14
8,543	Ericsson 'B'	59,796	0.04
10,953	Fiat Chrysler Automobiles	126,037	0.08
442	Hakon Invest	15,132	0.01
2,266	Holcim	90,729	0.06
19,600	Iberdrola	149,089	0.10
1,424	ING Group	12,703	0.01
1,578	Klepierre	43,660	0.03
8,629	Koninklijke Ahold Delhaize	173,324	0.11
78	L'Oreal	17,180	0.01
122	Muenchener Rueckversicherungs	27,131	0.02
417	Nestle	33,593	0.02
262	NN Group	7,819	0.01
1,061	Nordea Bank	5,864	—
4,095	Novartis	292,471	0.19
133,714	Old Mutual European (Ex UK) Smaller Acc <sup>1</sup>	2,262,504	1.44
774	Pernod Ricard	109,583	0.07
11,396	Peugeot	214,478	0.14
924	Porsche Automobil	53,352	0.03
2,711	Raiffeisen Bank International	49,428	0.03
605	Renault	22,618	0.01
1,179	Repsol	14,451	0.01
1,520	Roche Holding	362,850	0.23
440	Sandvik	6,237	—
961	Sanofi	69,315	0.04
313	SES	3,247	—
115	Siemens	11,455	0.01
1,253	Siemens Gamesa Renewable Energy	15,364	0.01
570	Societe Generale	13,903	0.01
483	Statoil	6,975	—
158	Swiss Life	60,911	0.04
1,503	Swiss Re	125,985	0.08
22	Swisscom	8,798	0.01
5,527	Telefonica Deutschland	13,050	0.01
2,072	Telenor	29,496	0.02
1,302	Terna Rete Elettrica Nazionale	6,455	—
1,187	Total	48,535	0.03
4,416	Uniper	110,627	0.07
445	UPM-Kymmene	11,520	0.01
1,991	Vestas Wind Systems	147,238	0.09
470	Vinci	39,581	0.03
32	Volkswagen	4,752	—
1,291	Volvo 'B'	15,556	0.01
231	Wolters Kluwer	12,858	0.01
		<b>13,605,389</b>	<b>8.67</b>
	<b>Frontier Markets Equity 4.54% (6.13%)</b>		
547,264	Charlemagne Magna New Frontiers Fund 'G' Acc <sup>1</sup>	<b>7,131,267</b>	<b>4.54</b>

# 7IM ADVENTUROUS FUND

## PORTFOLIO STATEMENT (continued) as at 30 November 2019

Holding	Portfolio of Investment	Value £	30.11.19 %
<b>Global Themes 4.77% (4.85%)</b>			
2,268,888	Livingbridge UK Microcap Fund <sup>1</sup>	3,978,071	2.53
333,290	THB U.S Opportunities <sup>1</sup>	3,509,548	2.24
		<b>7,487,619</b>	<b>4.77</b>
<b>Japan 8.93% (7.98%)</b>			
92,526	Baillie Gifford Japanese Smaller Companies Fund 'B' Acc <sup>1</sup>	4,726,208	3.01
872,788	Skyline Umbrella Fund ICAV - Usonian Japan Value Fund <sup>1</sup>	9,300,170	5.92
		<b>14,026,378</b>	<b>8.93</b>
<b>North America 6.41% (7.65%)</b>			
459,921	AB SICAV I - International Health Care Portfolio <sup>1</sup>	7,197,766	4.58
1,579	NXP Semiconductors	143,702	0.09
184	S&P 500 E-mini Futures December 2019 <sup>3</sup>	1,013,348	0.65
16,207	Wells Fargo Lux Worldwide - US Small Cap Value <sup>1</sup>	1,711,402	1.09
		<b>10,066,218</b>	<b>6.41</b>
<b>United Kingdom 21.88% (23.77%)</b>			
8,680,560	Investec Fund Series i - UK Alpha <sup>1</sup>	10,348,096	6.59
6,262,129	Majedie UK Focus <sup>1</sup>	13,477,355	8.58
1,911,723	Threadneedle UK Extended Alpha Fund <sup>1</sup>	10,527,096	6.71
		<b>34,352,547</b>	<b>21.88</b>
<b>PRIVATE EQUITY 1.37% (5.32%)</b>			
16,598	NB Private Equity Partners	185,898	0.12
84,883	Pantheon International Participation	1,960,797	1.25
		<b>2,146,695</b>	<b>1.37</b>
<b>FORWARD CURRENCY CONTRACTS -0.10% (-0.16%)</b>			
€600,000	Vs £(553,798) Expiry 21.02.2020	(40,927)	(0.03)
€3,615,000	Vs £(3,230,997) Expiry 21.02.2020	(140,953)	(0.09)
€4,511,000	Vs £(4,060,053) Expiry 21.02.2020	(204,123)	(0.13)
€(14,300,000)	Vs £13,299,286 Expiry 21.02.2020	1,075,876	0.69
€(1,800,000)	Vs £1,543,140 Expiry 21.02.2020	4,529	—
US\$(5,482,000)	Vs £4,471,722 Expiry 17.01.2020	230,394	0.15
US\$(4,974,000)	Vs £4,027,742 Expiry 17.01.2020	179,445	0.12
US\$(2,900,000)	Vs £2,385,997 Expiry 17.01.2020	142,317	0.09
US\$(3,500,000)	Vs £2,818,989 Expiry 17.01.2020	111,100	0.07
US\$(6,000,000)	Vs £4,617,018 Expiry 17.01.2020	(25,077)	(0.02)
¥102,000,000	Vs £(751,819) Expiry 20.12.2019	(29,682)	(0.02)
¥320,000,000	Vs £(2,485,292) Expiry 20.12.2019	(219,766)	(0.14)
US\$5,500,000	Vs £(4,370,456) Expiry 17.01.2020	(115,202)	(0.07)
US\$4,870,000	Vs £(3,888,146) Expiry 17.01.2020	(120,312)	(0.08)
US\$3,987,000	Vs £(3,214,135) Expiry 17.01.2020	(129,463)	(0.08)
US\$5,934,000	Vs £(4,804,625) Expiry 17.01.2020	(213,593)	(0.14)
US\$12,730,000	Vs £(10,252,280) Expiry 17.01.2020	(403,302)	(0.26)

## 7IM ADVENTUROUS FUND

### PORTFOLIO STATEMENT (continued) as at 30 November 2019

Holding	Portfolio of Investment	Value £	30.11.19 %
	<b>FORWARD CURRENCY CONTRACTS (continued)</b>		
US\$6,100,000	Vs £(4,967,471) Expiry 21.02.2020	(252,580)	(0.16)
		<b>(151,319)</b>	<b>(0.10)</b>
	<b>Portfolio of investment</b>	<b>156,382,696</b>	<b>99.62</b>
	Net other assets	601,158	0.38
	<b>Net assets</b>	<b>156,983,854</b>	<b>100.00</b>

Comparative figures shown in brackets relate to 30 November 2018.

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

<sup>1</sup> Collective investment scheme

<sup>2</sup> Structured product

<sup>3</sup> Derivative contract

Credit Quality	30.11.19 %	30.11.18 %
Investment grade debt securities	17.99	9.93
Non-rated debt securities	2.24	1.84
Other investments	79.39	87.57
Net other assets	0.38	0.66
	<b>100.00</b>	<b>100.00</b>



## 7IM ADVENTUROUS FUND

### STATEMENT OF TOTAL RETURN

for the year ended 30 November 2019

	Notes	£	30.11.19 £	30.11.18 £
Income				
Net capital gains/(losses)	4		9,030,562	(5,055,542)
Revenue	5	3,022,805		1,690,630
Expenses	6	(1,604,351)		(1,399,590)
Interest payable and similar charges	8	(26,166)		(15,630)
Net revenue before taxation for the year		1,392,288		275,410
Taxation	7	(30,468)		(37,916)
Net revenue after taxation for the year			1,361,820	237,494
<b>Total return before distributions</b>			10,392,382	(4,818,048)
Distributions	8		(1,363,283)	(475,382)
<b>Change in net assets attributable to shareholders from investment activities</b>			9,029,099	(5,293,430)

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

for the year ended 30 November 2019

	£	30.11.19 £	30.11.18 £
<b>Opening net assets attributable to shareholders</b>		129,208,443	136,613,660
Amounts received on creation of shares <sup>1</sup>	60,872,196		28,774,108
Amounts receivable on in-specie transactions	42,510,750		—
Amounts paid on cancellation of shares <sup>1</sup>	(85,862,416)		(31,281,952)
		17,520,530	(2,507,844)
Dilution levy		—	51
Change in net assets attributable to shareholders from investment activities		9,029,099	(5,293,430)
Retained distribution on accumulation shares		1,225,782	396,006
<b>Closing net assets attributable to shareholders</b>		156,983,854	129,208,443

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

The notes on pages 176 to 187 are an integral part of these Financial Statements.

# 7IM ADVENTUROUS FUND

## BALANCE SHEET

as at 30 November 2019

	Notes	30.11.19 £	30.11.18 £
<b>ASSETS</b>			
Fixed assets:			
Investments		158,321,063	129,186,596
Current assets:			
Debtors	9	1,388,250	414,512
Cash and bank balances	10	988,975	1,619,804
<b>Total assets</b>		<b>160,698,288</b>	<b>131,220,912</b>
<b>LIABILITIES</b>			
Investment liabilities		(1,938,367)	(831,430)
Creditors:			
Bank overdrafts	10	(1,044,713)	(438,062)
Distribution payable		(109,995)	(67,549)
Other creditors	11	(621,359)	(675,428)
<b>Total liabilities</b>		<b>(3,714,434)</b>	<b>(2,012,469)</b>
<b>Net assets attributable to shareholders</b>		<b>156,983,854</b>	<b>129,208,443</b>

The notes on pages 176 to 187 are an integral part of these Financial Statements.

# 7IM ADVENTUROUS FUND

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 November 2019

### 1 Statement of Compliance

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

### 2 Summary of Significant Accounting Policies

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

### 3 Risk Management Policies

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

### 4 Net capital gains/(losses)

	30.11.19 £	30.11.18 £
The net capital gains/(losses) during the year comprise:		
Non-derivative securities	7,573,370	(4,816,656)
Derivative contracts	1,614,259	321,789
Forward currency contracts	(332,336)	(703,102)
Currency gains	146,026	140,937
Transaction charges	(10,752)	(29,261)
AMC rebates from underlying investments	39,995	30,751
Net capital gains/(losses)	9,030,562	(5,055,542)

### 5 Revenue

	30.11.19 £	30.11.18 £
Non-taxable dividends	2,190,342	1,476,528
Taxable dividends	550,873	53,334
Unfranked interest	212,584	62,593
AMC rebates from underlying investments	62,537	81,809
Bank interest	1,114	11,465
Stock lending revenue <sup>1</sup>	5,355	4,901
Total revenue	3,022,805	1,690,630

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

## 7IM ADVENTUROUS FUND

### NOTES TO THE FINANCIAL STATEMENTS (continued) for the year ended 30 November 2019

#### 6 Expenses

	30.11.19 £	30.11.18 £
Payable to the ACD, associates of the ACD and agents of either of them:		
ACD's periodic charge	1,479,425	1,287,929
Other expenses	6,725	6,572
	<u>1,486,150</u>	<u>1,294,501</u>
Payable to the Depositary, associates of the Depositary and agents of either of them:		
Depositary's fees	26,020	22,258
Market risk fees	6,000	6,000
Safe custody and other bank charges	24,929	31,579
	<u>56,949</u>	<u>59,837</u>
Other Expenses:		
Advisory fees	12,967	12,897
Audit fee	9,000	8,760
Dealing and exchange fees	9,799	10,607
FCA and other Regulatory fees	213	300
Legal and professional fees	2,283	2,417
Printing, postage and distribution costs	20,840	5,333
Risk analysis fees	6,150	4,938
	<u>61,252</u>	<u>45,252</u>
Total expenses	<u>1,604,351</u>	<u>1,399,590</u>

## 7IM ADVENTUROUS FUND

### NOTES TO THE FINANCIAL STATEMENTS (continued) for the year ended 30 November 2019

#### 7 Taxation

	30.11.19 £	30.11.18 £
<i>a) Analysis of charge for the year</i>		
Overseas tax	30,468	37,916
Current tax charge (note 7b)	30,468	37,916
Total taxation	30,468	37,916
<i>b) Factors affecting current tax charge for the year</i>		
The tax assessed for the year differs from the standard rate of corporation tax in the UK for an authorised fund (20%) (2018: 20%) for the reasons explained below.		
Net revenue before taxation	1,392,288	275,410
Corporation tax at 20%	278,458	55,082
Effects of:		
AMC rebates taken to capital	7,999	6,150
Double taxation relief expensed	(309)	(456)
Franked CIS revenue	(147,670)	(70,773)
Movement in revenue accruals	4,445	(829)
Non-taxable dividends	(176,372)	(150,070)
Offshore CIS revenue	(117,878)	(71,510)
Overseas tax	30,468	37,916
Tax effect on non-reporting offshore funds	87,184	200,050
Tax on stock dividends	521	(2,191)
Unutilised excess management expenses	64,664	34,547
Current tax charge (note 7a)	30,468	37,916

#### *c) Deferred tax*

There is no deferred tax provision in the current year (2018: none).

At the year end there is a potential deferred tax asset of £688,897 (2018: £624,233<sup>1</sup>) due to surplus management expenses. It is unlikely the Sub-fund will generate sufficient taxable profits in the future to utilise this amount and therefore, no deferred tax asset has been recognised.

<sup>1</sup> Prior year figure have been restated to be comparable with the current year figures.

#### 8 Distributions

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

	30.11.19 £	30.11.18 £
Interim	364,584	45,909
Final	1,010,538	420,863
	1,375,122	466,772
Add: Revenue deducted on cancellation of shares	86,110	23,071
Deduct: Revenue received on issue of shares	(30,904)	(14,461)
Deduct: Revenue received on in-specie transactions	(67,045)	–
Net distributions for the year	1,363,283	475,382
Interest payable and similar charges	26,166	15,630
Total distribution	1,389,449	491,012

## 7IM ADVENTUROUS FUND

### NOTES TO THE FINANCIAL STATEMENTS (continued) for the year ended 30 November 2019

#### 8 Distributions (continued)

Details of the distributions per share are set out in the table on pages 188 to 190.

Distributions represented by:		
Net revenue after taxation	1,361,820	237,494
Allocations to capital:		
Equalisation on conversions <sup>1</sup>	(111)	(591)
Income deficit	–	17,226
Net movement in revenue account	(9)	(2)
Tax relief on Non Reporting Offshore Funds	1,583	221,255
Net distributions for the year	<u>1,363,283</u>	<u>475,382</u>

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

#### 9 Debtors

	30.11.19 £	30.11.18 £
Amounts receivable for issue of shares	126,871	150,969
Sales awaiting settlement	919,912	–
Accrued revenue	254,060	171,061
Income tax recoverable	6,288	1,454
AMC rebates from underlying investments	41,210	51,690
Withholding tax recoverable	39,909	39,338
Total debtors	<u>1,388,250</u>	<u>414,512</u>

#### 10 Cash and bank balances

	30.11.19 £	30.11.18 £
Cash and bank balances	988,662	449,383
Cash held at clearing houses	313	1,170,421
Total cash and bank balances	<u>988,975</u>	<u>1,619,804</u>
Bank overdrafts	(967,466)	(433,466)
Cash overdraft at clearing houses	(77,247)	(4,596)
Total bank overdrafts	<u>(1,044,713)</u>	<u>(438,062)</u>

#### 11 Other Creditors

	30.11.19 £	30.11.18 £
Amounts payable for cancellation of shares	435,055	547,768
Accrued expenses	180,016	127,660
Payable to NT for tax suffered	6,288	–
Total other creditors	<u>621,359</u>	<u>675,428</u>

# 7IM ADVENTUROUS FUND

## NOTES TO THE FINANCIAL STATEMENTS (continued) for the year ended 30 November 2019

### 12 Related party transactions

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

The aggregate monies received by the ACD through the issue of shares and paid on cancellation of shares are disclosed in the Statement of Change in Net Assets Attributable to Shareholders on page 174.

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

Pershing Nominees Limited 57.96% (2018: 45.65%)

The net value of creations and cancellations for Pershing Nominees Limited during the year totalled £34,565,478 (2018: £1,848,606).

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

### 13 Classes of Shares

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

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

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

Class	Opening Shares	Shares Created	Shares Liquidated	Shares Converted	Closing Shares
Class A Accumulation	45,651	–	(39,581)	–	6,070
Class B Accumulation	2,323,482	–	(746,641)	–	1,576,841
Class C Income	7,782,024	347,524	(1,737,181)	166,053	6,558,420
Class C Accumulation	30,626,213	39,374,800	(28,018,559)	(77,229)	41,905,225
Class D Income	4,935	–	(236)	–	4,699
Class D Accumulation	5,654,788	563,388	(1,166,379)	(20,254)	5,031,543
Class S Income	70,038	1,745	(23,245)	–	48,538
Class S Accumulation	10,278,758	882,372	(3,571,590)	(112,926)	7,476,614

### 14 Contingent liabilities and commitments

There are no contingent liabilities or unrecorded outstanding commitments at the balance sheet date (2018: none).

### 15 Risks Disclosures

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

## 7IM ADVENTUROUS FUND

### NOTES TO THE FINANCIAL STATEMENTS (continued) for the year ended 30 November 2019

#### 15 Risks Disclosures (continued)

##### i. Interest rate risk

The table below shows the direct interest rate risk profile:

Interest rate exposure as at 30 November 2019

	<b>Floating Rate Financial Assets £</b>	<b>Fixed Rate Financial Assets £</b>	<b>Financial Assets not carrying interest £</b>	<b>Total £</b>
Danish krone	–	–	337,369	337,369
Euro	152,498	–	10,000,758	10,153,256
Japanese yen	–	–	2,987,663	2,987,663
Norwegian krone	–	–	47,056	47,056
Swedish krona	–	–	236,397	236,397
Swiss franc	13,586	–	1,014,299	1,027,885
US dollar	21,592	6,545,492	58,873,791	65,440,875
Pound sterling	11,058,130	16,531,927	125,007,130	152,597,187
	<b>11,245,806</b>	<b>23,077,419</b>	<b>198,504,463</b>	<b>232,827,688</b>

	<b>Floating Rate Financial Liabilities £</b>	<b>Financial Liabilities not carrying interest £</b>	<b>Total £</b>
Euro	(152,498)	(13,762,021)	(13,914,519)
Swiss franc	(13,586)	–	(13,586)
US dollar	–	(17,726,674)	(17,726,674)
Pound sterling	(878,629)	(43,310,426)	(44,189,055)
	<b>(1,044,713)</b>	<b>(74,799,121)</b>	<b>(75,843,834)</b>

Interest rate exposure as at 30 November 2018

	<b>Floating Rate Financial Assets £</b>	<b>Fixed Rate Financial Assets £</b>	<b>Financial Assets not carrying interest £</b>	<b>Total £</b>
Danish krone	–	–	80,204	80,204
Euro	193,648	–	4,185,629	4,379,277
Norwegian krone	–	–	7,387	7,387
Swedish krona	–	–	218,164	218,164
Swiss franc	13,771	–	563,690	577,461
US dollar	15,248	2,375,054	33,150,170	35,540,472
Pound sterling	6,214,967	9,337,064	103,056,743	118,608,774
	<b>6,437,634</b>	<b>11,712,118</b>	<b>141,261,987</b>	<b>159,411,739</b>



## 7IM ADVENTUROUS FUND

### NOTES TO THE FINANCIAL STATEMENTS (continued) for the year ended 30 November 2019

#### 15 Risks Disclosures (continued)

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

	<b>Floating Rate Financial Liabilities £</b>	<b>Financial Liabilities not carrying interest £</b>	<b>Total £</b>
Euro	(156,428)	(9,743,842)	(9,900,270)
Japanese yen	–	(3,961,129)	(3,961,129)
Swiss franc	(13,771)	–	(13,771)
US dollar	(4,596)	(9,544,405)	(9,549,001)
Pound sterling	(263,267)	(6,515,858)	(6,779,125)
	<b>(438,062)</b>	<b>(29,765,234)</b>	<b>(30,203,296)</b>

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

<b>Currency</b>	<b>Fixed Rate Financial Assets</b>		<b>Weighted average period for which rate is fixed</b>	
	<b>Weighted average interest rate</b>	<b>Weighted average interest rate</b>	<b>Weighted average period for which rate is fixed</b>	<b>Weighted average period for which rate is fixed</b>
	<b>30.11.19</b>	<b>30.11.18</b>	<b>30.11.19</b>	<b>30.11.18</b>
	<b>%</b>	<b>%</b>	<b>Years</b>	<b>Years</b>
Pound sterling	0.97	1.34	2	2
US dollar	0.50	1.22	19	5

The average effective duration of the Sub-fund's portfolio is a measure of the sensitivity of the fair value of the Sub-fund's bond portfolio (excludes all other investments) to changes in market interest rates. As at 30 November 2019, the weighted average effective duration was 0.50 years (30 November 2018: 0.46 years).

##### ii. Foreign currency risk

The table below shows the direct foreign currency risk profile:

Foreign currency risk exposure as at 30 November 2019

<b>Currency</b>	<b>Monetary Exposure £</b>	<b>Non-Monetary Exposure £</b>	<b>Total £</b>
Danish krone	5,000	332,369	337,369
Euro	1,820	(3,763,083)	(3,761,263)
Japanese yen	–	2,987,663	2,987,663
Norwegian krone	333	46,723	47,056
Swedish krona	9	236,388	236,397
Swiss franc	32,730	981,569	1,014,299
US dollar	21,609	47,692,592	47,714,201
	<b>61,501</b>	<b>48,514,221</b>	<b>48,575,722</b>
Pound sterling	2,118,656	106,289,476	108,408,132
Net assets	<b>2,180,157</b>	<b>154,803,697</b>	<b>156,983,854</b>

## 7IM ADVENTUROUS FUND

### NOTES TO THE FINANCIAL STATEMENTS (continued) for the year ended 30 November 2019

#### 15 Risks Disclosures (continued)

##### ii. Foreign currency risk (continued)

Foreign currency risk exposure as at 30 November 2018

Currency	Monetary Exposure £	Non-Monetary Exposure £	Total £
Danish krone	4,898	75,306	80,204
Euro	47,837	(5,568,830)	(5,520,993)
Japanese yen	–	(3,961,129)	(3,961,129)
Norwegian krone	361	7,026	7,387
Swedish krona	–	218,164	218,164
Swiss franc	28,688	535,002	563,690
US dollar	24,759	25,966,712	25,991,471
	106,543	17,272,251	17,378,794
Pound sterling	2,071,735	109,757,914	111,829,649
Net assets	2,178,278	127,030,165	129,208,443

##### iii. Derivatives

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

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

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

The lowest, highest and average leverage utilisation in the accounting year ended 30 November 2019 was 127%, 217% and 163% respectively (30 November 2018: 135%, 218% and 168% respectively).

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

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

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

## 7IM ADVENTUROUS FUND

### NOTES TO THE FINANCIAL STATEMENTS (continued) for the year ended 30 November 2019

#### 15 Risks Disclosures (continued)

##### iii. Derivatives (continued)

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

Counterparty	30.11.19 £	30.11.18 £
<b>Options</b>		
Chicago Board Options Exchange	375,756	123,912
<b>Futures Contracts</b>		
Chicago Board of Trade	21,801	–
Eurex Deutschland	–	22,359
International Monetary Market	1,013,348	(381,620)
London International Financial Futures Exchange	–	(114,021)
<b>Forward Currency Contracts</b>		
Northern Trust	(151,319)	(212,212)
<b>Total net exposure<sup>1</sup></b>	<b>1,259,586</b>	<b>(561,582)</b>

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

## 7IM ADVENTUROUS FUND

### NOTES TO THE FINANCIAL STATEMENTS (continued) for the year ended 30 November 2019

#### 15 Risks Disclosures (continued)

##### iv. Fair value

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

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

##### Level 1

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

##### Level 2

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

##### Level 3

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

	Level 1 £	Level 2 £	Level 3 £	Total £
<b>30 November 2019</b>				
<b>Assets</b>				
Bonds	5,028,098	26,727,152	–	31,755,250
Collective Investment Schemes	110,081,820	–	3,971,592	114,053,412
Derivatives	1,454,292	1,743,661	–	3,197,953
Equities	6,538,678	29,094	2,746,676	9,314,448
<b>Total</b>	<b>123,102,888</b>	<b>28,499,907</b>	<b>6,718,268</b>	<b>158,321,063</b>
<b>Liabilities</b>				
Derivatives	(5,863)	(1,932,504)	–	(1,938,367)
<b>30 November 2018</b>				
<b>Assets</b>				
Bonds	–	15,204,948	–	15,204,948
Collective Investment Schemes	–	86,481,407	–	86,481,407
Derivatives	156,275	113,573	–	269,848
Equities	27,230,373	20	–	27,230,393
<b>Total</b>	<b>27,386,648</b>	<b>101,799,948</b>	<b>–</b>	<b>129,186,596</b>
<b>Liabilities</b>				
Derivatives	(505,645)	(325,785)	–	(831,430)

## 7IM ADVENTUROUS FUND

### NOTES TO THE FINANCIAL STATEMENTS (continued) for the year ended 30 November 2019

#### 16 Purchases, Sales and Transaction Costs

The following tables show portfolio transactions and their associated transaction costs. For more information about the nature of these costs please refer to the additional portfolio transaction cost information on page 158.

Analysis of direct transaction costs for the year ended 30 November 2019:

	Principal £'000	Commissions £'000	Taxes £'000	Total Transaction Costs £'000	Commissions % of principal	Taxes % of principal
<b>Purchases</b>						
Bonds	20,875	—	—	—	—	—
Collective Investment Schemes	187,811	—	—	—	—	—
Equities	39,630	3	41	44	0.01	0.10
<b>Total</b>	<b>248,316</b>	<b>3</b>	<b>41</b>	<b>44</b>	<b>0.01</b>	<b>0.10</b>
	Principal £'000	Commissions £'000	Taxes £'000	Total Transaction Costs £'000	Commissions % of principal	Taxes % of principal
<b>Sales</b>						
Bonds	4,067	—	—	—	—	—
Collective Investment Schemes	167,944	—	—	—	—	—
Equities	57,944	(12)	(1)	(13)	0.02	—
<b>Total</b>	<b>229,955</b>	<b>(12)</b>	<b>(1)</b>	<b>(13)</b>	<b>0.02</b>	<b>—</b>
<b>Total as a percentage of the average NAV</b>		<b>0.01%</b>	<b>0.03%</b>	<b>0.04%</b>		

## 7IM ADVENTUROUS FUND

### NOTES TO THE FINANCIAL STATEMENTS (continued) for the year ended 30 November 2019

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

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

	Principal £'000	Commissions £'000	Taxes £'000	Total Transaction Costs £'000	Commissions % of principal	Taxes % of principal
<b>Purchases</b>						
Bonds	14,729	—	—	—	—	—
Collective Investment Schemes	81,211	—	—	—	—	—
Derivatives	297	—	—	—	—	—
Equities	21,313	3	38	41	0.01	0.18
<b>Total</b>	<b>117,550</b>	<b>3</b>	<b>38</b>	<b>41</b>	<b>0.01</b>	<b>0.18</b>

	Principal £'000	Commissions £'000	Taxes £'000	Total Transaction Costs £'000	Commissions % of principal	Taxes % of principal
<b>Sales</b>						
Bonds	11,493	—	—	—	—	—
Collective Investment Schemes	75,105	—	—	—	—	—
Derivatives	4,137	—	—	—	—	—
Equities	29,211	(4)	—	(4)	0.01	—
<b>Total</b>	<b>119,946</b>	<b>(4)</b>	<b>—</b>	<b>(4)</b>	<b>0.01</b>	<b>—</b>

<b>Total as a percentage of the average NAV</b>	<b>0.00%</b>	<b>0.03%</b>	<b>0.03%</b>
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#### Average portfolio dealing spread

As at the balance sheet date, the average portfolio dealing spread was 0.13% (2018: 0.11%) based on close of business prices. This spread represents the difference between the values determined respectively by reference to the bid and offer prices of investments expressed as a percentage of the value determined by reference to the offer price.

#### 17 Post Balance Sheet Events

Since the start of January 2020, the outbreak of coronavirus, which is a rapidly evolving situation, has adversely impacted global commercial activities and markets which have led to a material decline in NAV across the Sub-fund as at the date of issue of this report. The rapid development and fluidity of this situation precludes any prediction as its ultimate impact, which may have a continued adverse impact on economic and market conditions and trigger a period of global economic slowdown. The Directors do not believe there is any financial impact to amounts presented within the Financial Statements as at 30 November 2019 as a result of this subsequent event.

The ACD is monitoring developments relating to coronavirus and is coordinating its operational response based on existing business continuity plans and on guidance from global health organisations, relevant governments, and general pandemic response best practices.

As at the balance sheet date, the Net Asset Value per Class C Accumulation share was 269.87p. The Net Asset Value per Class C Accumulation share for the Sub-fund on 26 March 2020 was 222.46p. This represents a decrease of 18% from the year end value.

# 7IM ADVENTUROUS FUND

## DISTRIBUTION TABLES

for the year ended 30 November 2019

### Interim - in pence per share

Group 1 - Shares purchased prior to 1 December 2018

Group 2 - Shares purchased on or after 1 December 2018 and on or before 31 May 2019

	Net Revenue	Equalisation	Allocated 31.07.19	Allocated 31.07.18
<b>Class A Accumulation*</b>				
Group 1	—	—	—	—
Group 2	—	—	—	—

	Net Revenue	Equalisation	Allocated 31.07.19	Allocated 31.07.18
<b>Class B Accumulation</b>				
Group 1	0.2625	—	0.2625	—
Group 2	0.2625	—	0.2625	—

	Net Revenue	Equalisation	Paid 31.07.19	Paid 31.07.18
<b>Class C Income</b>				
Group 1	0.5592	—	0.5592	0.0372
Group 2	0.2258	0.3334	0.5592	0.0372

	Net Revenue	Equalisation	Allocated 31.07.19	Allocated 31.07.18
<b>Class C Accumulation</b>				
Group 1	0.5948	—	0.5948	0.0550
Group 2	0.2100	0.3848	0.5948	0.0550

	Net Revenue	Equalisation	Paid 31.07.19	Paid 31.07.18
<b>Class D Income*</b>				
Group 1	—	—	—	—
Group 2	—	—	—	—

	Net Revenue	Equalisation	Allocated 31.07.19	Allocated 31.07.18
<b>Class D Accumulation*</b>				
Group 1	—	—	—	—
Group 2	—	—	—	—

	Net Revenue	Equalisation	Paid 31.07.19	Paid 31.07.18
<b>Class S Income</b>				
Group 1	0.4681	—	0.4681	0.1871
Group 2	0.2383	0.2298	0.4681	0.1871

## 7IM ADVENTUROUS FUND

### DISTRIBUTION TABLES (continued) for the year ended 30 November 2019

	Net Revenue	Equalisation	Allocated 31.07.19	Allocated 31.07.18
<b>Class S Accumulation</b>				
Group 1	0.4863	—	0.4863	0.2063
Group 2	0.2365	0.2498	0.4863	0.2063
<b>Final - in pence per share</b>				
Group 1 - Shares purchased prior to 1 June 2019				
Group 2 - Shares purchased on or after 1 June 2019 and on or before 30 November 2019				
	Net Revenue	Equalisation	Allocated 31.01.20	Allocated 31.01.19
<b>Class A Accumulation</b>				
Group 1	0.9853	—	0.9853	—
Group 2	0.9853	—	0.9853	—
	Net Revenue	Equalisation	Allocated 31.01.20	Allocated 31.01.19
<b>Class B Accumulation</b>				
Group 1	1.3922	—	1.3922	0.2759
Group 2	1.3922	—	1.3922	0.2759
	Net Revenue	Equalisation	Paid 31.01.20	Paid 31.01.19
<b>Class C Income</b>				
Group 1	1.6684	—	1.6684	0.8623
Group 2	0.9165	0.7519	1.6684	0.8623
	Net Revenue	Equalisation	Allocated 31.01.20	Allocated 31.01.19
<b>Class C Accumulation</b>				
Group 1	1.7748	—	1.7748	0.9122
Group 2	1.0265	0.7483	1.7748	0.9122
	Net Revenue	Equalisation	Paid 31.01.20	Paid 31.01.19
<b>Class D Income</b>				
Group 1	0.9769	—	0.9769	—
Group 2	0.9769	—	0.9769	—
	Net Revenue	Equalisation	Allocated 31.01.20	Allocated 31.01.19
<b>Class D Accumulation</b>				
Group 1	0.9855	—	0.9855	—
Group 2	0.6923	0.2932	0.9855	—



## 7IM ADVENTUROUS FUND

### DISTRIBUTION TABLES (continued) for the year ended 30 November 2019

	Net Revenue	Equalisation	Paid 31.01.20	Paid 31.01.19
<b>Class S Income</b>				
Group 1	1.0894	—	1.0894	0.6355
Group 2	0.6074	0.4820	1.0894	0.6355
	Net Revenue	Equalisation	Allocated 31.01.20	Allocated 31.01.19
<b>Class S Accumulation</b>				
Group 1	1.1397	—	1.1397	0.6570
Group 2	0.6187	0.5210	1.1397	0.6570

\*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 year ended 30 November 2019

### 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.

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.

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.

# 7IM SUSTAINABLE BALANCE FUND

## ACD'S REPORT (continued) for the year ended 30 November 2019

### Investment Manager's Report

#### Performance Report

In the reporting period from 1 December 2018 to 30 November 2019, the portfolio delivered a total return of 8.58%<sup>1</sup>.

#### Investment Background

For many market commentators, the main culprit for the Q4 2018 sell-off was the Fed's monetary policy throughout 2018 and the new Chairman Jerome Powell's hawkish communications. Fortunately for equity investors, the Fed decided to change course in January. By the end of that month, Powell indicated that the Fed will not be raising rates until further certainty on future growth can be ascertained. In March, the Fed effectively doubled down on the dovish approach it has turned to since the start of the year. The Federal Open Market Committee ('FOMC') meeting was more dovish than markets had anticipated with the Fed choosing to eliminate the two 25bps hikes planned for 2019, leaving only one hike in 2020 and none in 2021. Alongside this, they also announced plans to taper the balance sheet run off in May and stop the process altogether by the end of September 2019. This move led to a drastic repricing across the US yield curve and led to an inversion between the 3-month and the 10-year US Treasury rates. However, risk assets came under pressure once again as the trade talks between the US and China suddenly worsened. On 5 May, Donald Trump announced via twitter that he would increase the amount of tariffs on \$200 Billion worth of Chinese imports to 25%. The announcement shook markets and left many investors bewildered as many had assumed that talks were close to being finalised. The reversal in risk appetite also helped to support fixed income assets and especially the US 10-year Treasury. The sharp fall in US yields since September last year has been quite astounding. After nearly touching 3.25% in November 2018, the yield demanded on US 10-year Government debt has fallen to a low of around 1.5% in the third quarter of 2019.

While the first 6 months of the year saw equity markets caught in a tug-of-war between trade disputes and easy central bank policy the second half of the year saw markets positive of a semblance of trade deal – rallying strongly into the year. A key driver of company profits and thus equity markets is the manufacturing cycle. More specifically, there is a strong relationship between the ups and downs of global manufacturing output, global trade and global equity markets. Manufacturing had been slowing through the year for a number of reasons: destocking of inventories, falling Chinese demand for autos, the tightening effect of the rising dollar and uncertainty over trade wars. Global trade and global manufacturing appears to have found a bottom, particularly in the fourth quarter. Even more positive was the leading indicators such as export orders, backlogs and news orders picking up in places like Germany. This bodes well for a manufacturing cycle rebound in and explains why markets have picked up in Q4. The tentative signs of a trade deal have also buoyed markets. Bond markets don't appear to be pricing in the more positive growth, with US treasuries struggling to push beyond 2%.

#### Portfolio Review

Following the sell-off in markets through Q4 2018, a decision was made to increase overall portfolio beta, focussed on the US market. This reflected our view that the fundamentals did not support the size of the sell-off. This represented increasing the position size by around 2.0%. By the end of March, equity markets had moved ahead strongly so that we felt it prudent to take some risk off across a mix of developed markets. At the end of June, as is normal process we changed our strategic asset allocation benchmarks. As part of this, we aimed to split our fixed income asset classes across a broader range of credit instruments and adjust slightly the overall equity and FX components. We also took the opportunity to exit an underweight in the UK equity market, reflecting a belief that Brexit fears had been fully reflected in valuations, topping up holdings in the UBS UK Socially Responsible ETF. With inflation expectations in the US looking historically cheap, we took the opportunity to buy an exposure to US inflation feeling the risks to the downside were low relative to the potential gains and also bought a holding in a global inflation linked bond fund where we felt valuations were similarly attractive. We bought a holding in an Emerging Markets debt fund, blended between hard currency and local currency bonds, which is screened for environmental, social and governance factors. We had been looking for an appropriate instrument for some time as this was an asset class which we felt had potential for strong returns but we had not been able to find a suitable sustainable investment. Back in the UK, we took the view that more GBP volatility was likely as, at that time, there was a significant chance of a "no deal Brexit" and that any announcement of an election would see GBP sell off as Corbyn risk will be at the forefront of everyone's minds. We therefore brought the GBP back to a neutral allocation from an overweight one.

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

## 7IM SUSTAINABLE BALANCE FUND

### ACD'S REPORT (continued) for the year ended 30 November 2019

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

There were a number of new additions to the direct equity portfolio which followed the main sustainable growth themes: ASML is a digitalisation story: the company produces lithography machines which are essential for semiconductor companies. Competitors such as Nikon and Canon are behind the power curve in development of new machines, while semiconductor processing continues to grow in line with Moore's Law with a doubling of semiconductor processing power every 24 months; Amgen is an ageing story: Ageing should drive the demand for innovative and cost effective drugs. Amgen has the scale to develop, manufacture and sell pharmaceutical products and has a good pipeline through organic growth and acquisition but has eschewed large M&A; Aramark is an evolving consumption story: the outsourcing of food provision is a strong growth market. Aramark is one of the top three providers globally which gives them opportunities to buy food at much discounted prices. It has made two big acquisitions lately and is deleveraging which should lead to a re-rating of the shares; Orsted is a climate change story: Orsted is the global leader in the design, construction and operation of offshore wind turbines. It is positioned well to benefit from decarbonisation. The Danish state owns 50% until 2025 after which it could be a bid target; Weyerhaeuser is a recent acquisition for the Sub-fund: it is the largest private owner of timberlands with 26m acres of timberlands in North America. It owns best in class production assets which continue to grow until they are cut down. The investment case rests on the sustainability of the product and the replacement of steel and concrete in the ageing housing stock.

#### Investment Outlook

We split into four core views:

##### **Recession risks are low in the short-term. Global growth is weak but the data appear to have found a bottom.**

Fears of global recession are overdone. Growth has been shifting into a lower gear over the past eighteen months or so. This is partly due to cyclical factors, partly due to the uncertainty caused by trade wars. This growth slowdown has not escaped policymakers – both governments and central banks around the world have taken action. In the US, the Federal Reserve has cut rates and made it clear that it doesn't plan to raise them anytime soon. In China, the government has been cutting taxes, and is beginning to spend more. In Europe, the ECB is making all the right noises about supporting growth, and a few governments are starting to open the fiscal taps. In the rest of the world, interest rate cuts have been happening all year. These early responses should prolong the growth phase of this economic cycle. We are unlikely to see global growth return to boom-time levels, but it appears that the worst is over, for now.

##### **Equities are likely to be volatile as trade war rhetoric continues. But central banks are doing their best to put a floor under markets.**

From a fundamental viewpoint, global equities are around fair value to mildly expensive. However, earnings growth is likely to be average-to-weak over the next 6-12 months. This will make big gains difficult, considering current high levels, particularly in the USA. And we believe that Donald Trump's trade and technology crusade should be taken seriously. There is a sense in which the campaign is no longer just Mr Trump's – anti-China sentiment is about the only thing that Democrats and Republicans agree on. Regardless of the election result in 2020, the trade cat is now out of the bag. On the other side, China is increasingly looking for an external foe, to draw attention away from slower growth and popular discontent – in Hong Kong for example. Neither side has reason to back down in the short term. Any successful negotiation is likely to be followed by a further escalation, sooner or later. This has left global central banks on high alert, ready to react to any growth threats. Equities are likely to be pulled around by these two competing forces.

##### **Bond markets are not ready for an inflation surprise – a small change in expectations could be painful for bonds.**

Global inflation expectations remain near all-time lows. The financial markets currently suggest that US inflation will average 1.8% over the next 30 years. We think this is too pessimistic – we aren't in a Japan-style environment like the early 1990's. In the medium-term, populist economic policies are likely to be inflationary, while in the longer term, a return of economic growth should lead to central banks switching to focus on inflation once more. A small change in tone of monetary policy could be painful for bond markets. Yields do not offer any cushion against declines in capital value – and recent price moves have made bonds very expensive.

## 7IM SUSTAINABLE BALANCE FUND

### ACD'S REPORT (continued)

for the year ended 30 November 2019

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

##### **Brexit is looming, but there's still lots of uncertainty about the UK's future trade relations with Europe.**

UK equities and sterling bounced after the election, as one huge uncertainty over the markets was sorted out. The big Tory victory will probably lead to an early Brexit. Looking ahead, though, the UK will now enter a year of trade negotiations with Europe, the outcome of which is highly unclear. And the costs of leaving Europe will gradually come into focus. Though sterling is on the cheap side by historical standards, we don't expect it to gain much from now on.

Seven Investment Management LLP

Investment Manager

December 2019

## 7IM SUSTAINABLE BALANCE FUND

### FUND INFORMATION

The Comparative Tables on pages 196 to 204 give the performance of each active share class in the Sub-fund.

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

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

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

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

# 7IM SUSTAINABLE BALANCE FUND

## FUND INFORMATION (continued)

### Comparative Tables

#### Class A Income

	30.11.19 (pence per share)	30.11.18 (pence per share)	30.11.17 (pence per share)
<b>Change in Net Asset Value Per Share</b>			
Opening net asset value per share	116.14	118.18	112.92
Return before operating charges*	11.74	2.51	9.79
Operating charges (calculated on average price)	(2.31)	(2.30)	(2.27)
Return after operating charges*	9.43	0.21	7.52
Distributions on income shares	(2.44)	(2.25)	(2.26)
Closing net asset value per share	123.13	116.14	118.18
* After direct transaction costs of: <sup>1</sup>	0.02	0.01	0.05

### Performance

Return after charges <sup>2</sup>	8.12%	0.18%	6.66%
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### Other Information

Closing net asset value (£'000)	79	86	90
Closing number of shares	64,292	74,047	75,950
Operating charges <sup>3</sup>	1.93%	1.94%	1.92%
Direct transaction costs	0.02%	0.01%	0.04%

### Prices

Highest share price	124.70	121.56	120.59
Lowest share price	111.98	114.74	111.98

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

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

<sup>3</sup> Operating charges, otherwise known as the OCF is the ratio of the Sub-fund's total disclosable costs (excluding securities lending fees and overdraft interest) to the average net assets of the Sub-fund. The OCF is intended to provide a reliable figure which gives the most accurate measure of what it costs to invest in a Sub-fund and is calculated based on the last period's figures. Included within the OCF are synthetic costs which includes the OCF of the underlying funds weighted on the basis of their investment proportion. A detailed breakdown of the OCF per share class is shown on page 205.

# 7IM SUSTAINABLE BALANCE FUND

## FUND INFORMATION (continued)

### Comparative Tables (continued)

#### Class A Accumulation

	30.11.19 (pence per share)	30.11.18 (pence per share)	30.11.17 (pence per share)
<b>Change in Net Asset Value Per Share</b>			
Opening net asset value per share	149.01	148.77	139.50
Return before operating charges*	15.15	3.15	12.08
Operating charges (calculated on average price)	(2.98)	(2.91)	(2.81)
Return after operating charges*	12.17	0.24	9.27
Distributions	(3.14)	(2.84)	(2.81)
Retained distributions on accumulation shares	3.14	2.84	2.81
Closing net asset value per share	161.18	149.01	148.77
* After direct transaction costs of: <sup>1</sup>	0.03	0.01	0.06

#### Performance

Return after charges <sup>2</sup>	8.17%	0.16%	6.65%
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#### Other Information

Closing net asset value (£'000)	98	99	172
Closing number of shares	60,684	66,624	115,362
Operating charges <sup>3</sup>	1.93%	1.94%	1.92%
Direct transaction costs	0.02%	0.01%	0.04%

#### Prices

Highest share price	161.71	154.46	150.31
Lowest share price	143.66	144.45	138.32

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

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

<sup>3</sup> Operating charges, otherwise known as the OCF is the ratio of the Sub-fund's total disclosable costs (excluding securities lending fees and overdraft interest) to the average net assets of the Sub-fund. The OCF is intended to provide a reliable figure which gives the most accurate measure of what it costs to invest in a Sub-fund and is calculated based on the last period's figures. Included within the OCF are synthetic costs which includes the OCF of the underlying funds weighted on the basis of their investment proportion. A detailed breakdown of the OCF per share class is shown on page 205.



# 7IM SUSTAINABLE BALANCE FUND

## FUND INFORMATION (continued)

### Comparative Tables (continued)

#### Class B Accumulation

	30.11.19 (pence per share)	30.11.18 (pence per share)	30.11.17 (pence per share)
<b>Change in Net Asset Value Per Share</b>			
Opening net asset value per share	150.84	150.49	140.96
Return before operating charges*	15.31	3.14	12.23
Operating charges (calculated on average price)	(2.86)	(2.79)	(2.70)
Return after operating charges*	12.45	0.35	9.53
Distributions	(3.16)	(2.86)	(2.84)
Retained distributions on accumulation shares	3.16	2.86	2.84
Closing net asset value per share	163.29	150.84	150.49
* After direct transaction costs of: <sup>1</sup>	0.03	0.01	0.06

#### Performance

Return after charges <sup>2</sup>	8.25%	0.23%	6.76%
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#### Other Information

Closing net asset value (£'000)	4	4	23
Closing number of shares	2,426	2,426	15,544
Operating charges <sup>3</sup>	1.83%	1.84%	1.82%
Direct transaction costs	0.02%	0.01%	0.04%

#### Prices

Highest share price	163.79	156.34	152.04
Lowest share price	145.43	146.15	139.78

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

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

<sup>3</sup> Operating charges, otherwise known as the OCF is the ratio of the Sub-fund's total disclosable costs (excluding securities lending fees and overdraft interest) to the average net assets of the Sub-fund. The OCF is intended to provide a reliable figure which gives the most accurate measure of what it costs to invest in a Sub-fund and is calculated based on the last period's figures. Included within the OCF are synthetic costs which includes the OCF of the underlying funds weighted on the basis of their investment proportion. A detailed breakdown of the OCF per share class is shown on page 205.

# 7IM SUSTAINABLE BALANCE FUND

## FUND INFORMATION (continued)

### Comparative Tables (continued)

#### Class C Income

	30.11.19 (pence per share)	30.11.18 (pence per share)	30.11.17 (pence per share)
<b>Change in Net Asset Value Per Share</b>			
Opening net asset value per share	121.74	123.25	117.23
Return before operating charges*	12.33	2.63	10.11
Operating charges (calculated on average price)	(1.80)	(1.79)	(1.74)
Return after operating charges*	10.53	0.84	8.37
Distributions on income shares	(2.56)	(2.35)	(2.35)
Closing net asset value per share	129.71	121.74	123.25
* After direct transaction costs of: <sup>1</sup>	0.02	0.01	0.05

#### Performance

Return after charges <sup>2</sup>	8.65%	0.68%	7.14%
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#### Other Information

Closing net asset value (£'000)	26,787	24,856	24,945
Closing number of shares	20,651,026	20,417,956	20,238,861
Operating charges <sup>3</sup>	1.43%	1.44%	1.42%
Direct transaction costs	0.02%	0.01%	0.04%

#### Prices

Highest share price	131.25	127.25	125.71
Lowest share price	117.41	119.86	116.26

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

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

<sup>3</sup> Operating charges, otherwise known as the OCF is the ratio of the Sub-fund's total disclosable costs (excluding securities lending fees and overdraft interest) to the average net assets of the Sub-fund. The OCF is intended to provide a reliable figure which gives the most accurate measure of what it costs to invest in a Sub-fund and is calculated based on the last period's figures. Included within the OCF are synthetic costs which includes the OCF of the underlying funds weighted on the basis of their investment proportion. A detailed breakdown of the OCF per share class is shown on page 205.

# 7IM SUSTAINABLE BALANCE FUND

## FUND INFORMATION (continued)

### Comparative Tables (continued)

#### Class C Accumulation

	30.11.19 (pence per share)	30.11.18 (pence per share)	30.11.17 (pence per share)
<b>Change in Net Asset Value Per Share</b>			
Opening net asset value per share	158.40	157.36	146.88
Return before operating charges*	16.15	3.33	12.68
Operating charges (calculated on average price)	(2.36)	(2.29)	(2.20)
Return after operating charges*	13.79	1.04	10.48
Distributions	(3.35)	(3.01)	(2.96)
Retained distributions on accumulation shares	3.35	3.01	2.96
Closing net asset value per share	172.19	158.40	157.36
* After direct transaction costs of: <sup>1</sup>	0.03	0.01	0.06

#### Performance

Return after charges <sup>2</sup>	8.71%	0.66%	7.14%
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#### Other Information

Closing net asset value (£'000)	66,645	50,342	45,947
Closing number of shares	38,704,244	31,782,224	29,199,076
Operating charges <sup>3</sup>	1.43%	1.44%	1.42%
Direct transaction costs	0.02%	0.01%	0.04%

#### Prices

Highest share price	172.60	163.98	158.93
Lowest share price	152.76	153.02	145.65

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

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

<sup>3</sup> Operating charges, otherwise known as the OCF is the ratio of the Sub-fund's total disclosable costs (excluding securities lending fees and overdraft interest) to the average net assets of the Sub-fund. The OCF is intended to provide a reliable figure which gives the most accurate measure of what it costs to invest in a Sub-fund and is calculated based on the last period's figures. Included within the OCF are synthetic costs which includes the OCF of the underlying funds weighted on the basis of their investment proportion. A detailed breakdown of the OCF per share class is shown on page 205.

# 7IM SUSTAINABLE BALANCE FUND

## FUND INFORMATION (continued)

### Comparative Tables (continued)

#### Class D Income

	30.11.19 (pence per share)	30.11.18 (pence per share)	30.11.17 (pence per share)
<b>Change in Net Asset Value Per Share</b>			
Opening net asset value per share	114.28	116.41	111.32
Return before operating charges*	11.54	2.46	9.67
Operating charges (calculated on average price)	(2.39)	(2.38)	(2.35)
Return after operating charges*	9.15	0.08	7.32
Distributions on income shares	(2.39)	(2.21)	(2.23)
Closing net asset value per share	121.04	114.28	116.41
* After direct transaction costs of: <sup>1</sup>	0.02	0.01	0.05

#### Performance

Return after charges <sup>2</sup>	8.01%	0.07%	6.58%
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#### Other Information

Closing net asset value (£'000)	28	27	24
Closing number of shares	22,806	23,591	20,539
Operating charges <sup>3</sup>	2.03%	2.04%	2.02%
Direct transaction costs	0.02%	0.01%	0.04%

#### Prices

Highest share price	122.60	119.64	118.78
Lowest share price	110.18	112.98	110.40

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

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

<sup>3</sup> Operating charges, otherwise known as the OCF is the ratio of the Sub-fund's total disclosable costs (excluding securities lending fees and overdraft interest) to the average net assets of the Sub-fund. The OCF is intended to provide a reliable figure which gives the most accurate measure of what it costs to invest in a Sub-fund and is calculated based on the last period's figures. Included within the OCF are synthetic costs which includes the OCF of the underlying funds weighted on the basis of their investment proportion. A detailed breakdown of the OCF per share class is shown on page 205.

# 71M SUSTAINABLE BALANCE FUND

## FUND INFORMATION (continued)

### Comparative Tables (continued)

#### Class D Accumulation

	30.11.19 (pence per share)	30.11.18 (pence per share)	30.11.17 (pence per share)
<b>Change in Net Asset Value Per Share</b>			
Opening net asset value per share	147.27	147.18	138.12
Return before operating charges*	14.98	3.12	11.98
Operating charges (calculated on average price)	(3.11)	(3.03)	(2.92)
Return after operating charges*	11.87	0.09	9.06
Distributions	(3.10)	(2.81)	(2.78)
Retained distributions on accumulation shares	3.10	2.81	2.78
Closing net asset value per share	159.14	147.27	147.18
* After direct transaction costs of: <sup>1</sup>	0.03	0.01	0.06

#### Performance

Return after charges <sup>2</sup>	8.06%	0.06%	6.56%
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#### Other Information

Closing net asset value (£'000)	107	77	71
Closing number of shares	67,040	52,167	48,204
Operating charges <sup>3</sup>	2.03%	2.04%	2.02%
Direct transaction costs	0.02%	0.01%	0.04%

#### Prices

Highest share price	159.69	152.69	148.71
Lowest share price	141.97	142.85	136.96

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

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

<sup>3</sup> Operating charges, otherwise known as the OCF is the ratio of the Sub-fund's total disclosable costs (excluding securities lending fees and overdraft interest) to the average net assets of the Sub-fund. The OCF is intended to provide a reliable figure which gives the most accurate measure of what it costs to invest in a Sub-fund and is calculated based on the last period's figures. Included within the OCF are synthetic costs which includes the OCF of the underlying funds weighted on the basis of their investment proportion. A detailed breakdown of the OCF per share class is shown on page 205.

# 7IM SUSTAINABLE BALANCE FUND

## FUND INFORMATION (continued)

### Comparative Tables (continued)

#### Class S Income

	30.11.19 (pence per share)	30.11.18 (pence per share)	30.11.17 (pence per share)
<b>Change in Net Asset Value Per Share</b>			
Opening net asset value per share	117.87	119.03	112.96
Return before operating charges*	11.95	2.54	9.73
Operating charges (calculated on average price)	(1.43)	(1.43)	(1.39)
Return after operating charges*	10.52	1.11	8.34
Distributions on income shares	(2.48)	(2.27)	(2.27)
Closing net asset value per share	125.91	117.87	119.03
* After direct transaction costs of: <sup>1</sup>	0.02	0.01	0.05

#### Performance

Return after charges <sup>2</sup>	8.93%	0.93%	7.38%
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#### Other Information

Closing net asset value (£'000)	520	666	641
Closing number of shares	413,310	565,225	538,873
Operating charges <sup>3</sup>	1.18%	1.19%	1.17%
Direct transaction costs	0.02%	0.01%	0.04%

#### Prices

Highest share price	127.34	123.12	121.39
Lowest share price	113.70	115.85	112.02

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

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

<sup>3</sup> Operating charges, otherwise known as the OCF is the ratio of the Sub-fund's total disclosable costs (excluding securities lending fees and overdraft interest) to the average net assets of the Sub-fund. The OCF is intended to provide a reliable figure which gives the most accurate measure of what it costs to invest in a Sub-fund and is calculated based on the last period's figures. Included within the OCF are synthetic costs which includes the OCF of the underlying funds weighted on the basis of their investment proportion. A detailed breakdown of the OCF per share class is shown on page 205.

# 7IM SUSTAINABLE BALANCE FUND

## FUND INFORMATION (continued)

### Comparative Tables (continued)

#### Class S Accumulation

	30.11.19 (pence per share)	30.11.18 (pence per share)	30.11.17 (pence per share)
<b>Change in Net Asset Value Per Share</b>			
Opening net asset value per share	129.64	128.46	119.62
Return before operating charges*	13.23	2.73	10.32
Operating charges (calculated on average price)	(1.59)	(1.55)	(1.48)
Return after operating charges*	11.64	1.18	8.84
Distributions	(2.74)	(2.46)	(2.42)
Retained distributions on accumulation shares	2.74	2.46	2.42
Closing net asset value per share	141.28	129.64	128.46
* After direct transaction costs of: <sup>1</sup>	0.03	0.01	0.05

#### Performance

Return after charges <sup>2</sup>	8.98%	0.92%	7.39%
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#### Other Information

Closing net asset value (£'000)	11,369	10,191	9,043
Closing number of shares	8,047,554	7,861,596	7,039,641
Operating charges <sup>3</sup>	1.18%	1.19%	1.17%
Direct transaction costs	0.02%	0.01%	0.04%

#### Prices

Highest share price	141.56	134.12	129.72
Lowest share price	125.04	125.02	118.61

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

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

<sup>3</sup> Operating charges, otherwise known as the OCF is the ratio of the Sub-fund's total disclosable costs (excluding securities lending fees and overdraft interest) to the average net assets of the Sub-fund. The OCF is intended to provide a reliable figure which gives the most accurate measure of what it costs to invest in a Sub-fund and is calculated based on the last period's figures. Included within the OCF are synthetic costs which includes the OCF of the underlying funds weighted on the basis of their investment proportion. A detailed breakdown of the OCF per share class is shown on page 205.

## 7IM SUSTAINABLE BALANCE FUND

### FUND INFORMATION (continued)

#### Ongoing Charges Figures

As at 30 November 2019

	<b>Class A</b>	<b>Class B</b>	<b>Class C</b>	<b>Class D</b>	<b>Class S</b>
ACD's periodic charge	1.75%	1.65%	1.25%	1.85%	1.00%
Other expenses	0.10%	0.10%	0.10%	0.10%	0.10%
	1.85%	1.75%	1.35%	1.95%	1.10%
Collective investment scheme costs	0.08%	0.08%	0.08%	0.08%	0.08%
Ongoing Charges Figure	1.93%	1.83%	1.43%	2.03%	1.18%

As at 30 November 2018

	<b>Class A</b>	<b>Class B</b>	<b>Class C</b>	<b>Class D</b>	<b>Class S</b>
ACD's periodic charge	1.75%	1.65%	1.25%	1.85%	1.00%
Other expenses	0.09%	0.09%	0.09%	0.09%	0.09%
	1.84%	1.74%	1.34%	1.94%	1.09%
Collective investment scheme costs	0.10%	0.10%	0.10%	0.10%	0.10%
Ongoing Charges Figure	1.94%	1.84%	1.44%	2.04%	1.19%

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

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

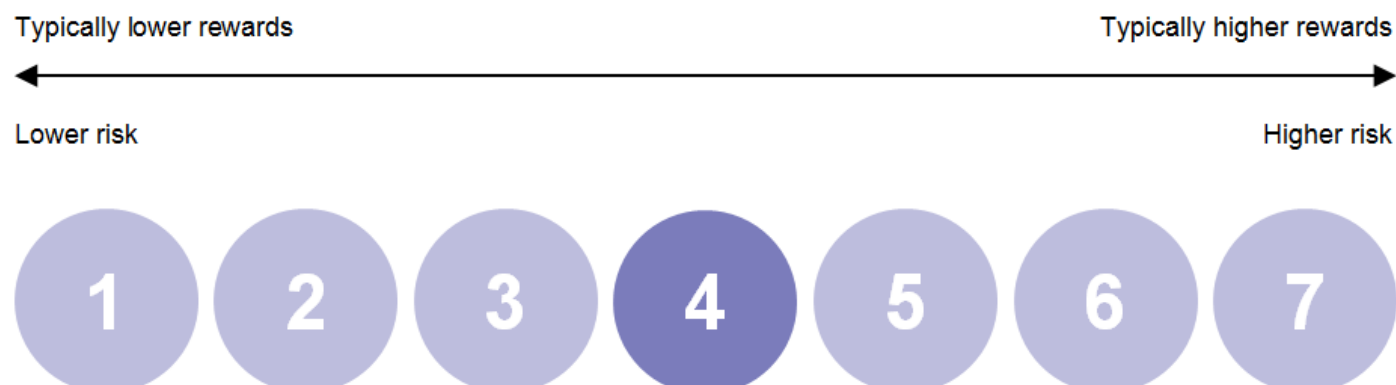
The Sub-fund undertakes securities lending and receives 70% of the revenue generated and the remaining 30% is received by Northern Trust as the securities lending agent. As securities lending revenue sharing does not increase the costs of running the Sub-fund, this has been excluded from the Other expenses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



## 7IM SUSTAINABLE BALANCE FUND

### FUND INFORMATION (continued)

#### Synthetic Risk and Reward Indicator



This indicator shows how much a sub-fund has risen and fallen in the past, and therefore how much a 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 annual report and financial statements, the risk and reward indicator as at the year end date 30 November 2019 was 4.

#### Fund performance to 30 November 2019 (%)

	1 year	3 years	5 years
7IM Sustainable Balance Fund <sup>1</sup>	8.58	17.09	30.68

<sup>1</sup> Source: Bloomberg

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

Details of the distributions per share for the year are shown in the Distribution Tables on pages 226 to 228.

# 7IM SUSTAINABLE BALANCE FUND

## PORTFOLIO STATEMENT

as at 30 November 2019

Holding	Portfolio of Investment	Value £	30.11.19 %
	<b>ALTERNATIVES 6.33% (4.75%)</b>		
	<b>Alternative Strategies 0.13% (0.23%)</b>		
337,642	Low Carbon Accelerator <sup>1</sup>	—	—
(24)	S&P 500 Index Put Options 1950 March 2020 <sup>2</sup>	(1,851)	—
(12)	S&P 500 Index Put Options 2075 June 2020 <sup>2</sup>	(4,744)	—
(11)	S&P 500 Index Put Options 2100 September 2020 <sup>2</sup>	(10,189)	(0.01)
24	S&P 500 Index Put Options 2650 March 2020 <sup>2</sup>	26,323	0.02
12	S&P 500 Index Put Options 2800 June 2020 <sup>2</sup>	52,601	0.05
11	S&P 500 Index Put Options 2850 September 2020 <sup>2</sup>	79,009	0.07
		<b>141,149</b>	<b>0.13</b>
	<b>Infrastructure 5.18% (4.52%)</b>		
1,458,552	Greencoat UK Wind	2,141,154	2.03
1,482,630	Renewables Infrastructure Group	1,939,280	1.83
1,300,000	SDCL Energy Efficiency Income Trust	1,391,000	1.32
		<b>5,471,434</b>	<b>5.18</b>
	<b>Real Estate 1.02% (0.00%)</b>		
935,307	Target Healthcare REIT	<b>1,075,603</b>	<b>1.02</b>
	<b>CASH 6.64% (5.09%)</b>		
7,019,000	Northern Trust Global Sterling Fund <sup>3</sup>	<b>7,019,000</b>	<b>6.64</b>
	<b>DEBT SECURITIES 31.23% (25.73%)</b>		
	<b>Corporate Bonds 0.62% (1.05%)</b>		
£166,141	Greater Gabbard OFTO 4.137% 2032	195,004	0.18
£192,417	PRS Finance 1.75% 2026	201,540	0.19
£100,000	Scottish Widows 7% 2043	134,937	0.13
£100,000	Welltower 4.50% 2034	121,796	0.12
		<b>653,277</b>	<b>0.62</b>
	<b>Gilts 7.18% (6.96%)</b>		
£100,000	Credit Suisse FRN 2025	101,325	0.10
£200,000	Deutsche Bahn Finance 1.375% 2025	202,114	0.19
£650,000	UK Gilt 3.25% 2044	931,529	0.88
£1,020,000	UK Gilt 3.75% 2052	1,742,591	1.65
£500,000	UK Gilt 4.25% 2032	704,890	0.67
£170,000	UK Gilt 4.25% 2049	301,807	0.29
£900,000	UK Gilt 4.50% 2034	1,344,875	1.27
£700,000	UK Gilt 4.75% 2038	1,146,172	1.08
£750,000	UK Gilt 6.00% 2028	1,108,800	1.05
		<b>7,584,103</b>	<b>7.18</b>
	<b>Global Corporate Bonds 5.28% (0.00%)</b>		
595,330	BlackRock Global ESG Emerging Markets Blended <sup>3</sup>	<b>5,578,247</b>	<b>5.28</b>
	<b>Global Government Bonds 7.29% (7.65%)</b>		
€195,000	Bundesrepublik Deutschland 0.25% 2027	175,639	0.17
€400,000	Bundesrepublik Deutschland 2.25% 2021	358,374	0.34
€80,000	Bundesrepublik Deutschland 2.5% 2046	111,862	0.11

# 7IM SUSTAINABLE BALANCE FUND

## PORTFOLIO STATEMENT (continued)

as at 30 November 2019

Holding	Portfolio of Investment	Value £	30.11.19 %
<b>Global Government Bonds (continued)</b>			
€80,000	Bundesrepublik Deutschland 4% 2037	117,155	0.11
€260,000	France Government 3% 2022	240,987	0.23
€71,000	France Government 5.75% 2032	104,822	0.10
€101,000	French Republic 2.75% 2027	106,792	0.10
€68,000	French Republic 3.25% 2045	94,462	0.09
€35,000	French Republic 4.50% 2041	54,551	0.05
€250,000	Italy Buoni Polien 3.75% 2021	226,436	0.21
€100,000	Italy Buoni Polien 5% 2040	125,683	0.12
€100,000	Italy Buoni Polien 5.25% 2029	116,599	0.11
€76,000	Italy Buoni Polien 6% 2031	95,888	0.09
¥141,000,000	Japan Government 0.1% 2021	1,000,816	0.95
¥100,000,000	Japan Government 0.1% 2027	723,451	0.68
¥79,000,000	Japan Government 0.4% 2036	580,686	0.55
¥34,000,000	Japan Government 0.9% 2057	277,818	0.26
€60,000	Spain Government 4.7% 2041	87,413	0.08
€40,000	Spain Government 5.75% 2032	55,759	0.05
€140,000	Spain Government 5.85% 2022	135,496	0.13
€60,000	Spain Government 6% 2029	77,232	0.07
US\$700,000	US Treasury Notes 1.625% 2026	539,859	0.51
US\$980,000	US Treasury Notes 2.375% 2023	777,198	0.74
US\$770,000	US Treasury Notes 2.5% 2045	631,871	0.60
US\$1,130,000	US Treasury Notes 3.5% 2020	883,257	0.84
		<b>7,700,106</b>	<b>7.29</b>
<b>Global Inflation Linked Bonds 3.82% (0.00%)</b>			
168,190	iShares Global Inflation-Linked Bond Index <sup>3</sup>	1,843,303	1.75
(20)	Ultra Long Term US Treasury Bond Futures March 2020 <sup>2</sup>	12,111	0.01
US\$2,400,000	US Treasury Inflation-Indexed Bonds 1% 2049	2,174,127	2.06
		<b>4,029,541</b>	<b>3.82</b>
<b>Short Term Sterling Bonds 0.69% (1.63%)</b>			
£150,000	European Investment Bank 1.375% 2025	153,870	0.14
£100,000	Nederlandse Water 5.375% 2032	147,438	0.14
£184,345	UPP Bond 1 Issuer 4.9023% 2040	235,807	0.22
£174,302	Wods Transmission 3.446% 2034	196,453	0.19
		<b>733,568</b>	<b>0.69</b>
<b>Sterling Corporate Bonds 6.35% (8.44%)</b>			
£150,000	A2Dominion Housing 3.5% 2028	162,281	0.15
£120,000	AA Bond 2.75% 2023	112,771	0.11
£100,000	ABN AMRO Bank NV 1.375% 2022	100,495	0.10
£350,000	Affordable Housing 2.893% 2043	445,299	0.42
£100,000	Anglian Water Services Financing PLC 1.625% 2025	100,690	0.10
£305,000	Bank Nederlandse Gemeenten 5.375% 2021	325,197	0.31
£100,000	Cardiff University 3% 2055	127,517	0.12
£100,000	Channel Link Enterprises Finance 3.043% 2050	104,661	0.10
£100,000	Comcast Corp 5.50% 2029	134,037	0.13
£100,000	CYBG 4.00% 2026	102,655	0.10
£150,000	Dwr Cymru Financing 6.015% 2028	204,312	0.19
£120,000	France Telecom 5.625% 2034	169,054	0.16
£100,000	Henkel AG & Company 1.25% 2026	99,681	0.09
£100,000	High Speed Rail Finance 4.375% 2038	130,401	0.12
£200,000	International Finance Corporation 1.25% 2023	203,462	0.19

# 7IM SUSTAINABLE BALANCE FUND

## PORTFOLIO STATEMENT (continued) as at 30 November 2019

Holding	Portfolio of Investment	Value £	30.11.19 %
<b>Sterling Corporate Bonds (continued)</b>			
£100,000	Koninklijke 5.75% 2029	121,462	0.12
£100,000	Legal & General Group 3.75% 2049	100,485	0.10
£150,000	Legal & General Group 5.375% 2045	169,583	0.16
£100,000	Lloyds TSB Bank 7.5% 2024	125,617	0.12
£150,000	Network Rail Infrastructure Finance 3% 2023	162,434	0.15
£100,000	New York Life Global Funding 1.25% 2026	99,700	0.09
£100,000	Notting Hill Housing Trust 3.25% 2048	108,230	0.10
£150,000	Orsted 2.50% 2033	159,652	0.15
£275,000	Reseau Ferre de France 4.83% 2026	496,811	0.47
£150,000	Royal Bank of Scotland Group 2.875% 2026	155,527	0.15
£150,000	Standard Chartered 5.125% 2034	178,793	0.17
£190,000	Thames Water Utilities Cayman Finance 3.5% 2028	209,707	0.20
980,220	Threadneedle UK Social Bond <sup>3</sup>	1,107,159	1.05
£200,000	Transport for London 3.875% 2042	265,849	0.25
£100,000	University Of Manchester 4.25% 2053	160,493	0.15
£150,000	Wales and West 5.00% 2028	189,226	0.18
£250,000	Wellcome Trust Finance 4.625% 2036	373,953	0.35
		<b>6,707,194</b>	<b>6.35</b>
<b>EQUITY 50.81% (59.46%)</b>			
<b>Asia &amp; Emerging Markets 2.54% (4.35%)</b>			
4,354	Credicorp	710,558	0.67
237,900	Samsonite International	409,044	0.39
153,249	UBS ETF - MSCI Emerging Markets Socially Responsible UCITS ETF <sup>3</sup>	1,566,205	1.48
		<b>2,685,807</b>	<b>2.54</b>
<b>Europe (ex UK) 6.80% (7.41%)</b>			
9,407	Air Liquide	983,044	0.93
4,308	ASML Holding	913,970	0.87
7,989	Essilor International	957,434	0.91
(44)	Euro Stoxx 50 Equity Index Futures December 2019 <sup>2</sup>	(62,258)	(0.06)
12,195	Frenius	694,367	0.66
380	Givaudan	864,420	0.82
7,096	Orsted	506,788	0.48
12,669	Schneider Electric	954,825	0.90
22,192	Umicore	744,720	0.70
13,738	Unilever	627,419	0.59
		<b>7,184,729</b>	<b>6.80</b>
<b>Far East (ex Japan) 1.63% (1.50%)</b>			
81,400	AIA	632,072	0.60
7,288	CSL	1,084,929	1.03
		<b>1,717,001</b>	<b>1.63</b>
<b>Global Themes 0.00% (1.01%)</b>			
<b>Japan 4.01% (7.03%)</b>			
6,600	Daikin Industries	734,409	0.70
49,800	Kubota	594,481	0.56
4,900	Shimano	612,488	0.58
13,700	Shionogi	623,931	0.59
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## 7IM SUSTAINABLE BALANCE FUND

### PORTFOLIO STATEMENT (continued) as at 30 November 2019

Holding	Portfolio of Investment	Value £	30.11.19 %
	<b>Japan (continued)</b>		
94,296	UBS MSCI Japan Socially Responsible UCITS ETF <sup>3</sup>	1,663,853	1.58
		<b>4,229,162</b>	<b>4.01</b>
	<b>North America 16.74% (18.59%)</b>		
5,853	Accenture	913,043	0.86
13,296	Activision Blizzard	561,378	0.53
805	Alphabet 'C'	819,202	0.78
419	Amazon.com	590,523	0.56
5,181	Amgen	942,026	0.89
35,800	Aramark	1,227,928	1.16
500	Booking Holdings	738,873	0.70
2,839	Charter Communications	1,042,580	0.99
6,787	CME	1,057,270	1.00
19,659	Colgate-Palmolive	1,031,332	0.98
3,548	Costco Wholesale	827,087	0.78
5,695	Deere & Co	746,296	0.71
3,647	Ecolab	528,463	0.50
1,657	Equinix	725,928	0.69
9,630	First Republic Bank	824,010	0.78
5,737	Hexcel	356,511	0.34
4,852	MasterCard	1,097,106	1.04
5,421	Moody's	951,249	0.90
(37)	S&P 500 E-mini Futures December 2019 <sup>2</sup>	(186,205)	(0.18)
21,439	Service International	737,511	0.70
3,778	ServiceNow	823,628	0.78
3,975	SVB Financial Group	723,702	0.68
26,349	Weyerhaeuser	607,614	0.57
		<b>17,687,055</b>	<b>16.74</b>
	<b>United Kingdom 19.09% (19.57%)</b>		
32,057	Associated British Foods	828,674	0.78
860,876	Civitas Social Housing	761,014	0.72
253,910	DS Smith	978,315	0.93
13,131	London Stock Exchange	910,504	0.86
46,331	M&G	110,360	0.10
1,034,252	NextEnergy Solar	1,266,959	1.20
46,331	Prudential	640,758	0.61
1,000,000	Residential Secure Income	940,000	0.89
750,961	RM Secured Direct Lending	750,961	0.71
788,717	UBS (Irl) MSCI United Kingdom IMI Socially Responsible <sup>3</sup>	12,980,704	12.29
		<b>20,168,249</b>	<b>19.09</b>
	<b>PROPERTY 0.42% (1.91%)</b>		
500,000	Triple Point Social Housing	<b>445,000</b>	<b>0.42</b>
	<b>FORWARD CURRENCY CONTRACTS 0.87% (-0.23%)</b>		
€1,162,000	Vs £(1,038,566) Expiry 21.02.2020	(45,308)	(0.04)
€2,253,000	Vs £(2,011,411) Expiry 21.02.2020	(85,583)	(0.08)
€(7,290,000)	Vs £6,779,846 Expiry 21.02.2020	548,471	0.52
¥(444,000,000)	Vs £3,272,623 Expiry 20.12.2019	129,206	0.12
US\$(13,330,000)	Vs £10,642,502 Expiry 17.01.2020	329,315	0.31

## 7IM SUSTAINABLE BALANCE FUND

### PORTFOLIO STATEMENT (continued) as at 30 November 2019

Holding	Portfolio of Investment	Value £	30.11.19 %
<b>FORWARD CURRENCY CONTRACTS (continued)</b>			
US\$(7,400,000)	Vs £5,969,065 Expiry 17.01.2020	243,815	0.23
US\$2,544,000	Vs £(2,059,819) Expiry 17.01.2020	(91,571)	(0.09)
US\$4,364,000	Vs £(3,484,788) Expiry 17.01.2020	(108,437)	(0.10)
		<b>919,908</b>	<b>0.87</b>
<b>Portfolio of investment</b>			
	Net other assets	3,907,029	3.70
	<b>Net assets</b>	<b>105,637,162</b>	<b>100.00</b>

Comparative figures shown in brackets relate to 30 November 2018.

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

<sup>1</sup> Delisted security

<sup>2</sup> Derivative contract

<sup>3</sup> Collective investment scheme

Credit Quality	30.11.19 %	30.11.18 %
Investment grade debt securities	23.14	22.50
Other investments	73.16	74.21
Net other assets	3.70	3.29
	<b>100.00</b>	<b>100.00</b>

## 7IM SUSTAINABLE BALANCE FUND

### STATEMENT OF TOTAL RETURN

for the year ended 30 November 2019

	Notes	£	30.11.19 £	30.11.18 £
Income				
Net capital gains/(losses)	4		7,154,291	(139,324)
Revenue	5	2,193,055		1,811,739
Expenses	6	(1,256,558)		(1,086,026)
Interest payable and similar charges	8	(7,649)		(2,299)
Net revenue before taxation for the year		928,848		723,414
Taxation	7	(48,052)		(44,843)
Net revenue after taxation for the year			880,796	678,571
<b>Total return before distributions</b>			8,035,087	539,247
Distributions	8		(1,935,724)	(1,573,735)
<b>Change in net assets attributable to shareholders from investment activities</b>			6,099,363	(1,034,488)

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

for the year ended 30 November 2019

	£	30.11.19 £	30.11.18 £
<b>Opening net assets attributable to shareholders</b>		86,348,495	80,955,526
Amounts received on creation of shares <sup>1</sup>	25,753,875		16,097,996
Amounts paid on cancellation of shares <sup>1</sup>	(14,020,030)		(10,787,540)
		11,733,845	5,310,456
Change in net assets attributable to shareholders from investment activities		6,099,363	(1,034,488)
Retained distribution on accumulation shares		1,455,459	1,117,001
<b>Closing net assets attributable to shareholders</b>		105,637,162	86,348,495

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

The notes on pages 214 to 225 are an integral part of these Financial Statements.

# 7IM SUSTAINABLE BALANCE FUND

## BALANCE SHEET

as at 30 November 2019

	Notes	30.11.19 £	30.11.18 £
<b>ASSETS</b>			
Fixed assets:			
Investments		102,326,279	83,862,006
Current assets:			
Debtors	9	762,210	703,865
Cash and bank balances	10	4,439,855	2,906,780
<b>Total assets</b>		<b>107,528,344</b>	<b>87,472,651</b>
<b>LIABILITIES</b>			
Investment liabilities		(596,146)	(356,950)
Creditors:			
Bank overdrafts	10	(160,363)	(207,801)
Distribution payable		(258,591)	(247,787)
Other creditors	11	(876,082)	(311,618)
<b>Total liabilities</b>		<b>(1,891,182)</b>	<b>(1,124,156)</b>
<b>Net assets attributable to shareholders</b>		<b>105,637,162</b>	<b>86,348,495</b>

The notes on pages 214 to 225 are an integral part of these Financial Statements.



# 7IM SUSTAINABLE BALANCE FUND

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 November 2019

### 1 Statement of Compliance

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

### 2 Summary of Significant Accounting Policies

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

### 3 Risk Management Policies

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

### 4 Net capital gains/(losses)

	30.11.19 £	30.11.18 £
The net capital gains/(losses) during the year comprise:		
Non-derivative securities	8,153,064	870,889
Derivative contracts	(1,290,545)	(309,858)
Forward currency contracts	468,376	(724,625)
Currency (losses)/gains	(158,178)	33,034
Transaction charges	(4,426)	(8,721)
AMC rebates from underlying investments	(14,000)	(43)
Net capital gains/(losses)	7,154,291	(139,324)

### 5 Revenue

	30.11.19 £	30.11.18 £
Non-taxable dividends	1,532,128	1,128,135
Taxable dividends	217,652	196,741
Unfranked interest	440,904	485,558
AMC rebates from underlying investments	244	—
Bank interest	2,127	1,305
Total revenue	2,193,055	1,811,739

## 7IM SUSTAINABLE BALANCE FUND

### NOTES TO THE FINANCIAL STATEMENTS (continued) for the year ended 30 November 2019

#### 6 Expenses

	30.11.19 £	30.11.18 £
Payable to the ACD, associates of the ACD and agents of either of them:		
ACD's periodic charge	1,168,994	1,017,495
Other expenses	5,135	5,135
	<u>1,174,129</u>	<u>1,022,630</u>
Payable to the Depositary, associates of the Depositary and agents of either of them:		
Depositary's fees	15,844	13,990
Market risk fees	6,000	6,000
Safe custody and other bank charges	13,640	12,460
	<u>35,484</u>	<u>32,450</u>
Other Expenses:		
Audit fee	9,000	8,760
Dealing and exchange fees	9,886	7,690
FCA and other Regulatory fees	212	300
Legal and professional fees	1,604	4,820
Printing, postage and distribution costs	20,093	4,438
Risk analysis fees	6,150	4,938
	<u>46,945</u>	<u>30,946</u>
Total expenses	<u>1,256,558</u>	<u>1,086,026</u>

## 7IM SUSTAINABLE BALANCE FUND

### NOTES TO THE FINANCIAL STATEMENTS (continued) for the year ended 30 November 2019

#### 7 Taxation

	30.11.19 £	30.11.18 £
<i>a) Analysis of charge for the year</i>		
Overseas tax	48,052	44,843
Current tax charge (note 7b)	48,052	44,843
Total taxation	48,052	44,843
<i>b) Factors affecting current tax charge for the year</i>		
The tax assessed for the year differs from the standard rate of corporation tax in the UK for an authorised fund (20%) (2018: 20%) for the reasons explained below.		
Net revenue before taxation	928,848	723,414
Corporation tax at 20%	185,770	144,683
Effects of:		
AMC rebates taken to capital	–	(8)
Double taxation relief expensed	(698)	–
FX loss non taxable	(1,570)	(412)
Indexed gilt edged securities adjustment	(1,447)	–
Movement in revenue accruals	207	(1,477)
Non-taxable dividends	(304,856)	(225,215)
Overseas tax	48,052	44,843
Unutilised excess management expenses	122,594	82,429
Current tax charge (note 7a)	48,052	44,843

#### *c) Deferred tax*

There is no deferred tax provision in the current year (2018: none).

At the year end there is a potential deferred tax asset of £459,028 (2018: £336,434) due to surplus management expenses. It is unlikely the Sub-fund will generate sufficient taxable profits in the future to utilise this amount and therefore, no deferred tax asset has been recognised.

#### 8 Distributions

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

	30.11.19 £	30.11.18 £
Interim	1,009,743	783,015
Final	989,608	828,955
	1,999,351	1,611,970
Add: Revenue deducted on cancellation of shares	81,569	44,555
Deduct: Revenue received on issue of shares	(145,196)	(82,790)
Net distributions for the year	1,935,724	1,573,735
Interest payable and similar charges	7,649	2,299
Total distribution	1,943,373	1,576,034

## 7IM SUSTAINABLE BALANCE FUND

### NOTES TO THE FINANCIAL STATEMENTS (continued) for the year ended 30 November 2019

#### 8 Distributions (continued)

Details of the distributions per share are set out in the table on pages 226 to 228.

Distributions represented by:

Net revenue after taxation	880,796	678,571
Allocations to capital:		
Expenses, net of tax relief	1,054,965	895,149
Equalisation on conversions <sup>1</sup>	(8)	—
Net movement in revenue account	(29)	15
Net distributions for the year	<u>1,935,724</u>	<u>1,573,735</u>

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

#### 9 Debtors

	30.11.19 £	30.11.18 £
Amounts receivable for issue of shares	434,650	193,812
Sales awaiting settlement	—	189,478
Accrued revenue	293,243	281,116
Income tax recoverable	—	2,250
AMC rebates from underlying investments	2,085	15,840
Withholding tax recoverable	32,232	21,369
Total debtors	<u>762,210</u>	<u>703,865</u>

#### 10 Cash and bank balances

	30.11.19 £	30.11.18 £
Cash and bank balances	4,160,436	2,874,633
Cash held at clearing houses	279,419	32,147
Total cash and bank balances	<u>4,439,855</u>	<u>2,906,780</u>
Bank overdrafts	(137,259)	(135,490)
Cash overdraft at clearing houses	(23,104)	(72,311)
Total bank overdrafts	<u>(160,363)</u>	<u>(207,801)</u>

#### 11 Other Creditors

	30.11.19 £	30.11.18 £
Amounts payable for cancellation of shares	615,868	28,191
Purchases awaiting settlement	115,637	178,425
Accrued expenses	144,577	105,002
Total other creditors	<u>876,082</u>	<u>311,618</u>

## 7IM SUSTAINABLE BALANCE FUND

### NOTES TO THE FINANCIAL STATEMENTS (continued) for the year ended 30 November 2019

#### 12 Related party transactions

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

The aggregate monies received by the ACD through the issue of shares and paid on cancellation of shares are disclosed in the Statement of Change in Net Assets Attributable to Shareholders on page 212.

7IM and its associates (including other authorised investment funds managed by 7IM) had no shareholdings in the Sub-fund (2018: none).

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

Pershing Nominees Limited 54.11% (2018: 56.00%)

The net value of creations and cancellations for Pershing Nominees Limited during the year totalled £8,260,519 (2018: £2,809,420).

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

#### 13 Classes of Shares

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

Class A	1.75%
Class B	1.65%
Class C	1.25%
Class D	1.85%
Class S	1.00%

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

Class	Opening Shares	Shares Created	Shares Liquidated	Shares Converted	Closing Shares
Class A Income	74,047	—	(9,755)	—	64,292
Class A Accumulation	66,624	—	(5,940)	—	60,684
Class B Accumulation	2,426	—	—	—	2,426
Class C Income	20,417,956	1,036,251	(911,353)	108,172	20,651,026
Class C Accumulation	31,782,224	13,401,446	(5,655,215)	(824,211)	38,704,244
Class D Income	23,591	506	(309)	(982)	22,806
Class D Accumulation	52,167	32,968	(18,095)	—	67,040
Class S Income	565,225	—	(165,439)	13,524	413,310
Class S Accumulation	7,861,596	1,758,546	(2,464,856)	892,268	8,047,554

#### 14 Contingent liabilities and commitments

There are no contingent liabilities or unrecorded outstanding commitments at the balance sheet date (2018: none).

## 7IM SUSTAINABLE BALANCE FUND

### NOTES TO THE FINANCIAL STATEMENTS (continued) for the year ended 30 November 2019

#### 15 Risks Disclosures

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

##### i. Interest rate risk

The table below shows the direct interest rate risk profile:

Interest rate exposure as at 30 November 2019

	<b>Floating Rate Financial Assets £</b>	<b>Fixed Rate Financial Assets £</b>	<b>Financial Assets not carrying interest £</b>	<b>Total £</b>
Australian dollar	—	—	1,084,929	1,084,929
Danish krone	—	—	510,348	510,348
Euro	20,737	2,285,150	8,810,581	11,116,468
Hong Kong dollar	—	—	1,041,116	1,041,116
Japanese yen	—	2,582,771	2,565,309	5,148,080
Swiss franc	74,668	—	877,377	952,045
US dollar	41,984	5,006,312	25,941,763	30,990,059
Pound sterling	12,055,703	13,836,748	64,469,765	90,362,216
	<b>12,193,092</b>	<b>23,710,981</b>	<b>105,301,188</b>	<b>141,205,261</b>

	<b>Floating Rate Financial Liabilities £</b>	<b>Financial Liabilities not carrying interest £</b>	<b>Total £</b>
Euro	(43,818)	(6,293,633)	(6,337,451)
Japanese yen	—	(3,143,417)	(3,143,417)
Swiss franc	(74,669)	—	(74,669)
US dollar	(41,877)	(16,241,427)	(16,283,304)
Pound sterling	—	(9,729,258)	(9,729,258)
	<b>(160,364)</b>	<b>(35,407,735)</b>	<b>(35,568,099)</b>

Interest rate exposure as at 30 November 2018

	<b>Floating Rate Financial Assets £</b>	<b>Fixed Rate Financial Assets £</b>	<b>Financial Assets not carrying interest £</b>	<b>Total £</b>
Australian dollar	—	—	578,864	578,864
Danish krone	—	—	876,414	876,414
Euro	21,752	1,861,887	4,633,498	6,517,137
Hong Kong dollar	—	—	1,089,212	1,089,212
Japanese yen	—	2,030,819	2,611,900	4,642,719
Swiss franc	75,681	—	931,891	1,007,572
US dollar	70,285	2,147,516	20,763,470	22,981,271
Pound sterling	7,372,498	13,145,955	50,649,866	71,168,319
	<b>7,540,216</b>	<b>19,186,177</b>	<b>82,135,115</b>	<b>108,861,508</b>

## 7IM SUSTAINABLE BALANCE FUND

### NOTES TO THE FINANCIAL STATEMENTS (continued) for the year ended 30 November 2019

#### 15 Risks Disclosures (continued)

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

	<b>Floating Rate Financial Liabilities £</b>	<b>Financial Liabilities not carrying interest £</b>	<b>Total £</b>
Euro	(21,752)	(5,497,672)	(5,519,424)
Japanese yen	–	(2,018,586)	(2,018,586)
Swiss franc	(75,681)	–	(75,681)
US dollar	(38,056)	(9,717,909)	(9,755,965)
Pound sterling	(72,311)	(5,071,046)	(5,143,357)
	(207,800)	(22,305,213)	(22,513,013)

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

Currency	<b>Fixed Rate Financial Assets</b>			
	<b>Weighted average interest rate</b>		<b>Weighted average period for which rate is fixed</b>	
	<b>30.11.19</b>	<b>30.11.18</b>	<b>30.11.19</b>	<b>30.11.18</b>
	<b>%</b>	<b>%</b>	<b>Years</b>	<b>Years</b>
Euro	0.10	0.88	10	10
Japanese yen	(0.03)	0.15	10	11
Pound sterling	1.46	2.24	18	15
US dollar	1.38	2.94	17	8

The average effective duration of the Sub-fund's portfolio is a measure of the sensitivity of the fair value of the Sub-fund's bond portfolio (excludes all other investments) to changes in market interest rates. As at 30 November 2019, the average weighted effective duration was 2.88 years (30 November 2018: 2.32 years).

##### ii. Foreign currency risk

The table below shows the direct foreign currency risk profile:

Foreign currency risk exposure as at 30 November 2019

Currency	<b>Monetary Exposure £</b>	<b>Non-Monetary Exposure £</b>	<b>Total £</b>
Australian dollar	–	1,084,929	1,084,929
Danish krone	3,560	506,788	510,348
Euro	(7,366)	4,786,383	4,779,017
Hong Kong dollar	–	1,041,116	1,041,116
Japanese yen	–	2,004,663	2,004,663
Swiss franc	12,956	864,420	877,376
US dollar	107	14,706,648	14,706,755
	9,257	24,994,947	25,004,204
Pound sterling	10,916,772	69,716,186	80,632,958
Net assets	10,926,029	94,711,133	105,637,162

## 7IM SUSTAINABLE BALANCE FUND

### NOTES TO THE FINANCIAL STATEMENTS (continued) for the year ended 30 November 2019

#### 15 Risks Disclosures (continued)

##### ii. Foreign currency risk (continued)

Foreign currency risk exposure as at 30 November 2018

Currency	Monetary Exposure £	Non-Monetary Exposure £	Total £
Australian dollar	–	578,864	578,864
Danish krone	1,355	875,059	876,414
Euro	32,875	964,838	997,713
Hong Kong dollar	–	1,089,212	1,089,212
Japanese yen	5,608	2,618,525	2,624,133
Swiss franc	8,646	923,245	931,891
US dollar	57,195	13,168,111	13,225,306
	105,679	20,217,854	20,323,533
Pound sterling	7,133,759	58,891,203	66,024,962
Net assets	7,239,438	79,109,057	86,348,495

##### iii. Derivatives

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

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

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

The lowest, highest and average leverage utilisation in the accounting year ended 30 November 2019 was 127%, 171% and 145% respectively (30 November 2018: 130%, 195% and 161% respectively).

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

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

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



## 7IM SUSTAINABLE BALANCE FUND

### NOTES TO THE FINANCIAL STATEMENTS (continued) for the year ended 30 November 2019

#### 15 Risks Disclosures (continued)

##### iii. Derivatives (continued)

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

Counterparty	30.11.19 £	30.11.18 £
<b>Options</b>		
Chicago Board Options Exchange	141,149	72,638
<b>Futures Contracts</b>		
Chicago Board of Trade	12,111	—
Eurex Deutschland	(62,258)	—
International Monetary Market	(186,205)	181,662
<b>Forward Currency Contracts</b>		
Northern Trust	919,908	(202,873)
<b>Total net exposure<sup>1</sup></b>	<b>824,705</b>	<b>51,427</b>

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

## 7IM SUSTAINABLE BALANCE FUND

### NOTES TO THE FINANCIAL STATEMENTS (continued) for the year ended 30 November 2019

#### 15 Risks Disclosures (continued)

##### iv. Fair value

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

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

##### Level 1

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

##### Level 2

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

##### Level 3

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

	Level 1 £	Level 2 £	Level 3 £	Total £
<b>30 November 2019</b>				
<b>Assets</b>				
Bonds	15,051,193	9,394,023	–	24,445,216
Collective Investment Schemes	31,758,471	–	–	31,758,471
Derivatives	170,044	1,250,807	–	1,420,851
Equities	44,701,741	–	–	44,701,741
<b>Total</b>	<b>91,681,449</b>	<b>10,644,830</b>	<b>–</b>	<b>102,326,279</b>
<b>Liabilities</b>				
Derivatives	(250,314)	(345,832)	–	(596,146)
<b>30 November 2018</b>				
<b>Assets</b>				
Bonds	11,482,512	7,941,102	–	19,423,614
Collective Investment Schemes	18,027,986	8,192,829	–	26,220,815
Derivatives	438,589	148,213	–	586,802
Equities	37,630,763	12	–	37,630,775
<b>Total</b>	<b>67,579,850</b>	<b>16,282,156</b>	<b>–</b>	<b>83,862,006</b>
<b>Liabilities</b>				
Derivatives	(5,864)	(351,086)	–	(356,950)

## 7IM SUSTAINABLE BALANCE FUND

### NOTES TO THE FINANCIAL STATEMENTS (continued) for the year ended 30 November 2019

#### 16 Purchases, Sales and Transaction Costs

The following tables show portfolio transactions and their associated transaction costs. For more information about the nature of these costs please refer to the additional portfolio transaction cost information on page 195.

Analysis of direct transaction costs for the year ended 30 November 2019:

	Principal £'000	Commissions £'000	Taxes £'000	Total Transaction Costs £'000	Commissions % of principal	Taxes % of principal
<b>Purchases</b>						
Bonds	7,099	—	—	—	—	—
Collective Investment Schemes	43,207	—	—	—	—	—
Equities	16,515	11	3	14	0.07	0.02
<b>Total</b>	<b>66,821</b>	<b>11</b>	<b>3</b>	<b>14</b>	<b>0.07</b>	<b>0.02</b>
	Principal £'000	Commissions £'000	Taxes £'000	Total Transaction Costs £'000	Commissions % of principal	Taxes % of principal
<b>Sales</b>						
Bonds	3,593	—	—	—	—	—
Collective Investment Schemes	35,467	—	—	—	—	—
Equities	18,039	(4)	—	(4)	0.02	—
<b>Total</b>	<b>57,099</b>	<b>(4)</b>	<b>—</b>	<b>(4)</b>	<b>0.02</b>	<b>—</b>
<b>Total as a percentage of the average NAV</b>		<b>0.02%</b>	<b>0.00%</b>	<b>0.02%</b>		

## 7IM SUSTAINABLE BALANCE FUND

### NOTES TO THE FINANCIAL STATEMENTS (continued) for the year ended 30 November 2019

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

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

	Principal £'000	Commissions £'000	Taxes £'000	Total Transaction Costs £'000	Commissions % of principal	Taxes % of principal
<b>Purchases</b>						
Bonds	8,341	—	—	—	—	—
Collective Investment Schemes	26,683	—	—	—	—	—
Derivatives	176	—	—	—	—	—
Equities	19,431	3	—	3	0.02	—
<b>Total</b>	<b>54,631</b>	<b>3</b>	<b>—</b>	<b>3</b>	<b>0.02</b>	<b>—</b>
	Principal £'000	Commissions £'000	Taxes £'000	Total Transaction Costs £'000	Commissions % of principal	Taxes % of principal
<b>Sales</b>						
Bonds	10,036	—	—	—	—	—
Collective Investment Schemes	25,120	—	—	—	—	—
Derivatives	503	—	—	—	—	—
Equities	14,272	(4)	—	(4)	0.03	—
<b>Total</b>	<b>49,931</b>	<b>(4)</b>	<b>—</b>	<b>(4)</b>	<b>0.03</b>	<b>—</b>
<b>Total as a percentage of the average NAV</b>		<b>0.01%</b>	<b>0.00%</b>	<b>0.01%</b>		

#### Average portfolio dealing spread

As at the balance sheet date, the average portfolio dealing spread was 0.21% (2018: 0.09%) based on close of business prices. This spread represents the difference between the values determined respectively by reference to the bid and offer prices of investments expressed as a percentage of the value determined by reference to the offer price.

#### 17 Post Balance Sheet Events

Since the start of January 2020, the outbreak of coronavirus, which is a rapidly evolving situation, has adversely impacted global commercial activities and markets which have led to a material decline in NAV across the Sub-fund as at the date of issue of this report. The rapid development and fluidity of this situation precludes any prediction as its ultimate impact, which may have a continued adverse impact on economic and market conditions and trigger a period of global economic slowdown. The Directors do not believe there is any financial impact to amounts presented within the Financial Statements as at 30 November 2019 as a result of this subsequent event.

The ACD is monitoring developments relating to coronavirus and is coordinating its operational response based on existing business continuity plans and on guidance from global health organisations, relevant governments, and general pandemic response best practices.

As at the balance sheet date, the Net Asset Value per Class C Accumulation share was 172.32p. The Net Asset Value per Class C Accumulation share for the Sub-fund on 26 March 2020 was 157.61p. This represents a decrease of 9% from the year end value.

# 7IM SUSTAINABLE BALANCE FUND

## DISTRIBUTION TABLES

for the year ended 30 November 2019

### Interim - in pence per share

Group 1 - Shares purchased prior to 1 December 2018

Group 2 - Shares purchased on or after 1 December 2018 and on or before 31 May 2019

	Net Revenue	Equalisation	Paid 31.07.19	Paid 31.07.18
<b>Class A Income</b>				
Group 1	1.2745	—	1.2745	1.1233
Group 2	1.2745	—	1.2745	1.1233
	Net Revenue	Equalisation	Allocated 31.07.19	Allocated 31.07.18
<b>Class A Accumulation</b>				
Group 1	1.6339	—	1.6339	1.4129
Group 2	1.6339	—	1.6339	1.4129
	Net Revenue	Equalisation	Allocated 31.07.19	Allocated 31.07.18
<b>Class B Accumulation</b>				
Group 1	1.6320	—	1.6320	1.4295
Group 2	1.6320	—	1.6320	1.4295
	Net Revenue	Equalisation	Paid 31.07.19	Paid 31.07.18
<b>Class C Income</b>				
Group 1	1.3364	—	1.3364	1.1723
Group 2	0.5788	0.7576	1.3364	1.1723
	Net Revenue	Equalisation	Allocated 31.07.19	Allocated 31.07.18
<b>Class C Accumulation</b>				
Group 1	1.7392	—	1.7392	1.4964
Group 2	0.7872	0.9520	1.7392	1.4964
	Net Revenue	Equalisation	Paid 31.07.19	Paid 31.07.18
<b>Class D Income</b>				
Group 1	1.2510	—	1.2510	1.1035
Group 2	0.1758	1.0752	1.2510	1.1035
	Net Revenue	Equalisation	Allocated 31.07.19	Allocated 31.07.18
<b>Class D Accumulation</b>				
Group 1	1.6146	—	1.6146	1.3960
Group 2	0.5344	1.0802	1.6146	1.3960

## 7IM SUSTAINABLE BALANCE FUND

### DISTRIBUTION TABLES (continued) for the year ended 30 November 2019

	Net Revenue	Equalisation	Paid 31.07.19	Paid 31.07.18
<b>Class S Income</b>				
Group 1	1.2948	—	1.2948	1.1330
Group 2	1.2948	—	1.2948	1.1330

	Net Revenue	Equalisation	Allocated 31.07.19	Allocated 31.07.18
<b>Class S Accumulation</b>				
Group 1	1.4242	—	1.4242	1.2227
Group 2	0.5667	0.8575	1.4242	1.2227

#### Final - in pence per share

Group 1 - Shares purchased prior to 1 June 2019

Group 2 - Shares purchased on or after 1 June 2019 and on or before 30 November 2019

	Net Revenue	Equalisation	Paid 31.01.20	Paid 31.01.19
<b>Class A Income</b>				
Group 1	1.1629	—	1.1629	1.1253
Group 2	1.1629	—	1.1629	1.1253

	Net Revenue	Equalisation	Allocated 31.01.20	Allocated 31.01.19
<b>Class A Accumulation</b>				
Group 1	1.5067	—	1.5067	1.4286
Group 2	1.5067	—	1.5067	1.4286

	Net Revenue	Equalisation	Allocated 31.01.20	Allocated 31.01.19
<b>Class B Accumulation</b>				
Group 1	1.5294	—	1.5294	1.4267
Group 2	1.5294	—	1.5294	1.4267

	Net Revenue	Equalisation	Paid 31.01.20	Paid 31.01.19
<b>Class C Income</b>				
Group 1	1.2236	—	1.2236	1.1767
Group 2	0.4312	0.7924	1.2236	1.1767

	Net Revenue	Equalisation	Allocated 31.01.20	Allocated 31.01.19
<b>Class C Accumulation</b>				
Group 1	1.6094	—	1.6094	1.5164
Group 2	0.7315	0.8779	1.6094	1.5164

## 7IM SUSTAINABLE BALANCE FUND

### DISTRIBUTION TABLES (continued) for the year ended 30 November 2019

	Net Revenue	Equalisation	Paid 31.01.20	Paid 31.01.19
<b>Class D Income</b>				
Group 1	1.1415	—	1.1415	1.1055
Group 2	0.7296	0.4119	1.1415	1.1055
	Net Revenue	Equalisation	Allocated 31.01.20	Allocated 31.01.19
<b>Class D Accumulation</b>				
Group 1	1.4861	—	1.4861	1.4115
Group 2	0.5935	0.8926	1.4861	1.4115
	Net Revenue	Equalisation	Paid 31.01.20	Paid 31.01.19
<b>Class S Income</b>				
Group 1	1.1848	—	1.1848	1.1385
Group 2	1.1848	—	1.1848	1.1385
	Net Revenue	Equalisation	Allocated 31.01.20	Allocated 31.01.19
<b>Class S Accumulation</b>				
Group 1	1.3192	—	1.3192	1.2402
Group 2	0.3962	0.9230	1.3192	1.2402

### Equalisation

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

# 7IM AAP INCOME FUND

## ACD'S REPORT

for the year ended 30 November 2019

### 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 from 1 December 2018 to 30 November 2019, the portfolio delivered a total return of 5.07%<sup>1</sup>.

#### Investment Background

For many market commentators, the main culprit for the Q4 2018 sell-off was the Fed's monetary policy throughout 2018 and the new Chairman Jerome Powell's hawkish communications. Fortunately for equity investors, the Fed decided to change course in January. By the end of that month Powell indicated that the Fed will not be raising rates until further certainty on future growth can be ascertained. In March the Fed effectively doubled down on the dovish approach it has turned to since the start of the year. The Federal Open Market Committee ('FOMC') meeting was more dovish than markets had anticipated with the Fed choosing to eliminate the two 25bps hikes planned for 2019, leaving only one hike in 2020 and none in 2021. Alongside this they also announced plans to taper the balance sheet run off in May and stop the process altogether by the end of September 2019. This move led to a drastic re pricing across the US yield curve and led to an inversion between the 3 month and the 10 year US Treasury rates. However, risk assets came under pressure once again as the trade talks between the US and China suddenly worsened. On 5 May Donald Trump announced via twitter that he would increase the amount of tariffs on \$200 Billion worth of Chinese imports to 25%. The announcement shook markets and left many investors bewildered as many had assumed that talks were close to being finalised. The reversal in risk appetite also helped to support fixed income assets and especially the US 10 Year Treasury. The sharp fall in US yields since September last year has been quite astounding. After nearly touching 3.25% in November 2018 the yield demanded on US 10 year Government debt has fallen to a low of around 1.5% in the third quarter of 2019.

While the first 6 months of the year saw equity markets caught in a tug-of-war between trade disputes and easy central bank policy the second half of the year saw markets positive of a semblance of trade deal – rallying strongly into the year. A key driver of company profits and thus equity markets is the manufacturing cycle. More specifically, there is a strong relationship between the ups and downs of global manufacturing output, global trade and global equity markets. Manufacturing had been slowing through the year for a number of reasons: destocking of inventories, falling Chinese demand for autos, the tightening effect of the rising dollar and uncertainty over trade wars. Global trade and global manufacturing appears to have found a bottom, particularly in the fourth quarter. Even more positive was the leading indicators such as export orders, backlogs and new orders picking up in places like Germany. This bodes well for a manufacturing cycle rebound in and explains why markets have picked up in Q4. The tentative signs of a trade deal have also buoyed markets. Bond markets don't appear to be pricing in the more positive growth, with US treasuries struggling to push beyond 2.0%.

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



## 7IM AAP INCOME FUND

### ACD'S REPORT (continued)

for the year ended 30 November 2019

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

##### Portfolio Review

Following the sell-off in markets through Q4 2018, a decision was made to increase overall portfolio beta, focussed on the US market. This reflected our view that the fundamentals did not support the size of the sell-off. In the AAP Income Fund this represented a position size of 2.0%. Given the strength of the rally since the start of the year and continued momentum in bond markets we made a slight addition to the duration positioning at the end of February. By the end of March markets had moved so strongly ahead that we felt it was prudent to take out some risk and cut overall equity positioning across a mix of developed markets. In the AAP Income Fund we cut equity exposure by 2.0%. At the end of June, as is normal process we changed our Strategic Asset Allocation ('SAA') benchmarks. As part of this we split the fixed income asset classes across a broader range of credit instruments and made a slight adjustment to the overall equity and FX components.

We also took the opportunity to exit an underweight in the UK equity market, reflecting a belief that Brexit fears had been fully reflected in valuations. Back in the UK, we took the view that more GBP volatility was likely as, at that time, there was a significant chance of a "no deal" Brexit and that any announcement of an election would see GBP sell off as Corbyn risk will be at the forefront of everyone's minds. We therefore brought the GBP back to a neutral allocation from an overweight one. We added to US inflation expectations in some portfolios in July and given further negative sentiment on inflation we decided to increase our position. For the AAP Income Fund this meant increasing the holding to 3.0%.

We also reduced exposure to alternatives feeling there was more value in equities and bonds, disposing of the market neutral strategies which had been disappointing and reduced other assets exposure to around 9.0%.

##### Investment Outlook

We split into four core views:

##### **Recession risks are low in the short-term. Global growth is weak but the data appear to have found a bottom.**

Fears of global recession are overdone. Growth has been shifting into a lower gear over the past eighteen months or so. This is partly due to cyclical factors, partly due to the uncertainty caused by trade wars. This growth slowdown has not escaped policymakers – both governments and central banks around the world have taken action. In the US, the Federal Reserve has cut rates and made it clear that it doesn't plan to raise them anytime soon. In China, the government has been cutting taxes, and is beginning to spend more. In Europe, the ECB is making all the right noises about supporting growth, and a few governments are starting to open the fiscal taps. In the rest of the world, interest rate cuts have been happening all year. These early responses should prolong the growth phase of this economic cycle. We are unlikely to see global growth return to boom-time levels, but it appears that the worst is over, for now.

##### **Equities are likely to be volatile as trade war rhetoric continues. But central banks are doing their best to put a floor under markets.**

From a fundamental viewpoint, global equities are around fair value to mildly expensive. However, earnings growth is likely to be average-to-weak over the next 6-12 months. This will make big gains difficult, considering current high levels, particularly in the USA. And we believe that Donald Trump's trade and technology crusade should be taken seriously. There is a sense in which the campaign is no longer just Mr Trump's – anti-China sentiment is about the only thing that Democrats and Republicans agree on. Regardless of the election result in 2020, the trade cat is now out of the bag. On the other side, China is increasingly looking for an external foe, to draw attention away from slower growth and popular discontent – in Hong Kong for example. Neither side has reason to back down in the short term. Any successful negotiation is likely to be followed by a further escalation, sooner or later.

This has left global central banks on high alert, ready to react to any growth threats. Equities are likely to be pulled around by these two competing forces.

##### **Bond markets are not ready for an inflation surprise – a small change in expectations could be painful for bonds.**

Global inflation expectations remain near all-time lows. The financial markets currently suggest that US inflation will average 1.8% over the next 30 years. We think this is too pessimistic – we aren't in a Japan-style environment like the early 1990's. In the medium-term, populist economic policies are likely to be inflationary, while in the longer term, a return of economic growth should lead to central banks switching to focus on inflation once more. A small change in tone of monetary policy could be painful for bond markets. Yields do not offer any cushion against declines in capital value – and recent price moves have made bonds very expensive.

## 7IM AAP INCOME FUND

### **ACD'S REPORT** (continued)

for the year ended 30 November 2019

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

#### **Brexit is looming, but there's still lots of uncertainty about the UK's future trade relations with Europe.**

UK equities and sterling bounced after the election, as one huge uncertainty over the markets was sorted out. The big Tory victory will probably lead to an early Brexit. Looking ahead, though, the UK will now enter a year of trade negotiations with Europe, the outcome of which is highly unclear. And the costs of leaving Europe will gradually come into focus. Though sterling is on the cheap side by historical standards, we don't expect it to gain much from now on.

Seven Investment Management LLP

Investment Manager

December 2019

## 7IM AAP INCOME FUND

### FUND INFORMATION

The Comparative Tables on pages 233 to 241 give the performance of each active share class in the Sub-fund.

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

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

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

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

## 7IM AAP INCOME FUND

### FUND INFORMATION (continued)

#### Comparative Tables

##### Class A Income

	30.11.19 (pence per share)	30.11.18 (pence per share)	30.11.17 (pence per share)
<b>Change in Net Asset Value Per Share</b>			
Opening net asset value per share	96.37	101.42	100.26
Return before operating charges*	5.88	(0.05)	6.39
Operating charges (calculated on average price)	(1.81)	(1.80)	(1.82)
Return after operating charges*	4.07	(1.85)	4.57
Distributions on income shares	(3.24)	(3.20)	(3.41)
Closing net asset value per share	97.20	96.37	101.42
* After direct transaction costs of: <sup>1</sup>	0.01	0.02	0.03

#### Performance

Return after charges <sup>2</sup>	4.22%	(1.82)%	4.56%
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#### Other Information

Closing net asset value (£'000)	218	206	226
Closing number of shares	224,129	213,139	222,942
Operating charges <sup>3</sup>	1.84%	1.80%	1.76%
Direct transaction costs	0.01%	0.02%	0.03%

#### Prices

Highest share price	101.02	103.40	104.71
Lowest share price	95.00	96.40	100.08

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

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

<sup>3</sup> Operating charges, otherwise known as the OCF is the ratio of the Sub-fund's total disclosable costs (excluding securities lending fees and overdraft interest) to the average net assets of the Sub-fund. The OCF is intended to provide a reliable figure which gives the most accurate measure of what it costs to invest in a Sub-fund and is calculated based on the last period's figures. Included within the OCF are synthetic costs which includes the OCF of the underlying funds weighted on the basis of their investment proportion. A detailed breakdown of the OCF per share class is shown on page 242.

## 7IM AAP INCOME FUND

### FUND INFORMATION (continued)

#### Comparative Tables (continued)

##### Class A Accumulation

	30.11.19 (pence per share)	30.11.18 (pence per share)	30.11.17 (pence per share)
<b>Change in Net Asset Value Per Share</b>			
Opening net asset value per share	161.00	164.09	156.97
Return before operating charges*	9.92	(0.13)	10.00
Operating charges (calculated on average price)	(3.09)	(2.96)	(2.88)
Return after operating charges*	6.83	(3.09)	7.12
Distributions	(5.47)	(5.21)	(5.41)
Retained distributions on accumulation shares	5.47	5.21	5.41
Closing net asset value per share	167.83	161.00	164.09
* After direct transaction costs of: <sup>1</sup>	0.01	0.04	0.05

#### Performance

Return after charges <sup>2</sup>	4.24%	(1.88)%	4.54%
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#### Other Information

Closing net asset value (£'000)	300	72	182
Closing number of shares	178,603	44,927	110,967
Operating charges <sup>3</sup>	1.84%	1.80%	1.76%
Direct transaction costs	0.01%	0.02%	0.03%

#### Prices

Highest share price	171.56	167.29	166.48
Lowest share price	158.74	159.90	156.66

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

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

<sup>3</sup> Operating charges, otherwise known as the OCF is the ratio of the Sub-fund's total disclosable costs (excluding securities lending fees and overdraft interest) to the average net assets of the Sub-fund. The OCF is intended to provide a reliable figure which gives the most accurate measure of what it costs to invest in a Sub-fund and is calculated based on the last period's figures. Included within the OCF are synthetic costs which includes the OCF of the underlying funds weighted on the basis of their investment proportion. A detailed breakdown of the OCF per share class is shown on page 242.

## 7IM AAP INCOME FUND

### FUND INFORMATION (continued)

#### Comparative Tables (continued)

##### Class B Accumulation

	30.11.19 (pence per share)	30.11.18 (pence per share)	30.11.17 (pence per share)
<b>Change in Net Asset Value Per Share</b>			
Opening net asset value per share	164.85	167.81	160.33
Return before operating charges*	10.08	(0.19)	10.18
Operating charges (calculated on average price)	(2.88)	(2.77)	(2.70)
Return after operating charges*	7.20	(2.96)	7.48
Distributions	(5.62)	(5.36)	(5.53)
Retained distributions on accumulation shares	5.62	5.36	5.53
Closing net asset value per share	172.05	164.85	167.81
* After direct transaction costs of: <sup>1</sup>	0.01	0.04	0.05

#### Performance

Return after charges <sup>2</sup>	4.37%	(1.76)%	4.67%
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#### Other Information

Closing net asset value (£'000)	4,464	4,731	5,766
Closing number of shares	2,594,338	2,869,868	3,436,233
Operating charges <sup>3</sup>	1.69%	1.65%	1.61%
Direct transaction costs	0.01%	0.02%	0.03%

#### Prices

Highest share price	175.81	171.11	170.21
Lowest share price	162.54	163.69	160.02

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

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

<sup>3</sup> Operating charges, otherwise known as the OCF is the ratio of the Sub-fund's total disclosable costs (excluding securities lending fees and overdraft interest) to the average net assets of the Sub-fund. The OCF is intended to provide a reliable figure which gives the most accurate measure of what it costs to invest in a Sub-fund and is calculated based on the last period's figures. Included within the OCF are synthetic costs which includes the OCF of the underlying funds weighted on the basis of their investment proportion. A detailed breakdown of the OCF per share class is shown on page 242.

## 7IM AAP INCOME FUND

### FUND INFORMATION (continued)

#### Comparative Tables (continued)

##### Class C Income

	30.11.19 (pence per share)	30.11.18 (pence per share)	30.11.17 (pence per share)
<b>Change in Net Asset Value Per Share</b>			
Opening net asset value per share	105.11	109.74	107.60
Return before operating charges*	6.21	(0.28)	6.67
Operating charges (calculated on average price)	(0.91)	(0.87)	(0.85)
Return after operating charges*	5.30	(1.15)	5.82
Distributions on income shares	(3.55)	(3.48)	(3.68)
Closing net asset value per share	106.86	105.11	109.74
* After direct transaction costs of: <sup>1</sup>	0.01	0.03	0.03

#### Performance

Return after charges <sup>2</sup>	5.04%	(1.05)%	5.41%
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#### Other Information

Closing net asset value (£'000)	35,623	40,969	45,419
Closing number of shares	33,334,885	38,977,158	41,388,781
Operating charges <sup>3</sup>	0.84%	0.80%	0.76%
Direct transaction costs	0.01%	0.02%	0.03%

#### Prices

Highest share price	110.77	111.98	112.73
Lowest share price	103.69	105.02	107.43

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

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

<sup>3</sup> Operating charges, otherwise known as the OCF is the ratio of the Sub-fund's total disclosable costs (excluding securities lending fees and overdraft interest) to the average net assets of the Sub-fund. The OCF is intended to provide a reliable figure which gives the most accurate measure of what it costs to invest in a Sub-fund and is calculated based on the last period's figures. Included within the OCF are synthetic costs which includes the OCF of the underlying funds weighted on the basis of their investment proportion. A detailed breakdown of the OCF per share class is shown on page 242.

## 7IM AAP INCOME FUND

### FUND INFORMATION (continued)

#### Comparative Tables (continued)

##### Class C Accumulation

	30.11.19 (pence per share)	30.11.18 (pence per share)	30.11.17 (pence per share)
<b>Change in Net Asset Value Per Share</b>			
Opening net asset value per share	175.31	177.25	168.21
Return before operating charges*	10.45	(0.52)	10.38
Operating charges (calculated on average price)	(1.53)	(1.42)	(1.34)
Return after operating charges*	8.92	(1.94)	9.04
Distributions	(6.00)	(5.68)	(5.82)
Retained distributions on accumulation shares	6.00	5.68	5.82
Closing net asset value per share	184.23	175.31	177.25
* After direct transaction costs of: <sup>1</sup>	0.01	0.04	0.05

#### Performance

Return after charges <sup>2</sup>	5.09%	(1.09)%	5.37%
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#### Other Information

Closing net asset value (£'000)	18,849	16,902	19,303
Closing number of shares	10,231,434	9,641,049	10,890,207
Operating charges <sup>3</sup>	0.84%	0.80%	0.76%
Direct transaction costs	0.01%	0.02%	0.03%

#### Prices

Highest share price	187.83	180.89	179.51
Lowest share price	172.98	173.93	167.90

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

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

<sup>3</sup> Operating charges, otherwise known as the OCF is the ratio of the Sub-fund's total disclosable costs (excluding securities lending fees and overdraft interest) to the average net assets of the Sub-fund. The OCF is intended to provide a reliable figure which gives the most accurate measure of what it costs to invest in a Sub-fund and is calculated based on the last period's figures. Included within the OCF are synthetic costs which includes the OCF of the underlying funds weighted on the basis of their investment proportion. A detailed breakdown of the OCF per share class is shown on page 242.



## 7IM AAP INCOME FUND

### FUND INFORMATION (continued)

#### Comparative Tables (continued)

##### Class D Income

	30.11.19 (pence per share)	30.11.18 (pence per share)	30.11.17 (pence per share)
<b>Change in Net Asset Value Per Share</b>			
Opening net asset value per share	96.68	101.79	100.66
Return before operating charges*	5.91	(0.04)	6.44
Operating charges (calculated on average price)	(1.86)	(1.86)	(1.88)
Return after operating charges*	4.05	(1.90)	4.56
Distributions on income shares	(3.26)	(3.21)	(3.43)
Closing net asset value per share	97.47	96.68	101.79
* After direct transaction costs of: <sup>1</sup>	0.01	0.02	0.03

#### Performance

Return after charges <sup>2</sup>	4.19%	(1.87)%	4.53%
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#### Other Information

Closing net asset value (£'000)	268	451	496
Closing number of shares	275,040	466,708	487,628
Operating charges <sup>3</sup>	1.89%	1.85%	1.81%
Direct transaction costs	0.01%	0.02%	0.03%

#### Prices

Highest share price	101.32	103.77	105.12
Lowest share price	95.30	96.71	100.49

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

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

<sup>3</sup> Operating charges, otherwise known as the OCF is the ratio of the Sub-fund's total disclosable costs (excluding securities lending fees and overdraft interest) to the average net assets of the Sub-fund. The OCF is intended to provide a reliable figure which gives the most accurate measure of what it costs to invest in a Sub-fund and is calculated based on the last period's figures. Included within the OCF are synthetic costs which includes the OCF of the underlying funds weighted on the basis of their investment proportion. A detailed breakdown of the OCF per share class is shown on page 242.

## 7IM AAP INCOME FUND

### FUND INFORMATION (continued)

#### Comparative Tables (continued)

##### Class D Accumulation

	30.11.19 (pence per share)	30.11.18 (pence per share)	30.11.17 (pence per share)
<b>Change in Net Asset Value Per Share</b>			
Opening net asset value per share	159.76	162.89	155.89
Return before operating charges*	9.82	(0.12)	9.95
Operating charges (calculated on average price)	(3.12)	(3.01)	(2.95)
Return after operating charges*	6.70	(3.13)	7.00
Distributions	(5.44)	(5.20)	(5.37)
Retained distributions on accumulation shares	5.44	5.20	5.37
Closing net asset value per share	166.46	159.76	162.89
* After direct transaction costs of: <sup>1</sup>	0.01	0.04	0.05

#### Performance

Return after charges <sup>2</sup>	4.19%	(1.92)%	4.49%
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#### Other Information

Closing net asset value (£'000)	663	864	924
Closing number of shares	398,082	541,025	567,475
Operating charges <sup>3</sup>	1.89%	1.85%	1.81%
Direct transaction costs	0.01%	0.02%	0.03%

#### Prices

Highest share price	170.20	166.07	165.29
Lowest share price	157.51	158.68	155.59

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

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

<sup>3</sup> Operating charges, otherwise known as the OCF is the ratio of the Sub-fund's total disclosable costs (excluding securities lending fees and overdraft interest) to the average net assets of the Sub-fund. The OCF is intended to provide a reliable figure which gives the most accurate measure of what it costs to invest in a Sub-fund and is calculated based on the last period's figures. Included within the OCF are synthetic costs which includes the OCF of the underlying funds weighted on the basis of their investment proportion. A detailed breakdown of the OCF per share class is shown on page 242.

## 7IM AAP INCOME FUND

### FUND INFORMATION (continued)

#### Comparative Tables (continued)

##### Class S Income

	30.11.19 (pence per share)	30.11.18 (pence per share)	30.11.17 (pence per share)
<b>Change in Net Asset Value Per Share</b>			
Opening net asset value per share	103.17	107.49	105.19
Return before operating charges*	6.05	(0.32)	6.46
Operating charges (calculated on average price)	(0.63)	(0.59)	(0.56)
Return after operating charges*	5.42	(0.91)	5.90
Distributions on income shares	(3.49)	(3.41)	(3.60)
Closing net asset value per share	105.10	103.17	107.49
* After direct transaction costs of: <sup>1</sup>	0.01	0.03	0.03

##### Performance

Return after charges <sup>2</sup>	5.25%	(0.85)%	5.61%
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##### Other Information

Closing net asset value (£'000)	13,262	14,362	16,028
Closing number of shares	12,618,635	13,920,770	14,910,645
Operating charges <sup>3</sup>	0.59%	0.55%	0.51%
Direct transaction costs	0.01%	0.02%	0.03%

##### Prices

Highest share price	108.87	109.71	110.37
Lowest share price	101.79	103.06	105.03

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

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

<sup>3</sup> Operating charges, otherwise known as the OCF is the ratio of the Sub-fund's total disclosable costs (excluding securities lending fees and overdraft interest) to the average net assets of the Sub-fund. The OCF is intended to provide a reliable figure which gives the most accurate measure of what it costs to invest in a Sub-fund and is calculated based on the last period's figures. Included within the OCF are synthetic costs which includes the OCF of the underlying funds weighted on the basis of their investment proportion. A detailed breakdown of the OCF per share class is shown on page 242.

## 7IM AAP INCOME FUND

### FUND INFORMATION (continued)

#### Comparative Tables (continued)

##### Class S Accumulation

	30.11.19 (pence per share)	30.11.18 (pence per share)	30.11.17 (pence per share)
<b>Change in Net Asset Value Per Share</b>			
Opening net asset value per share	119.98	121.06	114.65
Return before operating charges*	7.09	(0.41)	7.02
Operating charges (calculated on average price)	(0.74)	(0.67)	(0.61)
Return after operating charges*	6.35	(1.08)	6.41
Distributions	(4.11)	(3.88)	(3.97)
Retained distributions on accumulation shares	4.11	3.88	3.97
Closing net asset value per share	126.33	119.98	121.06
* After direct transaction costs of: <sup>1</sup>	0.01	0.03	0.03

#### Performance

Return after charges <sup>2</sup>	5.29%	(0.89)%	5.59%
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#### Other Information

Closing net asset value (£'000)	3,828	4,037	3,716
Closing number of shares	3,030,472	3,364,652	3,069,078
Operating charges <sup>3</sup>	0.59%	0.55%	0.51%
Direct transaction costs	0.01%	0.02%	0.03%

#### Prices

Highest share price	128.71	123.57	122.55
Lowest share price	118.40	119.00	114.45

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

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

<sup>3</sup> Operating charges, otherwise known as the OCF is the ratio of the Sub-fund's total disclosable costs (excluding securities lending fees and overdraft interest) to the average net assets of the Sub-fund. The OCF is intended to provide a reliable figure which gives the most accurate measure of what it costs to invest in a Sub-fund and is calculated based on the last period's figures. Included within the OCF are synthetic costs which includes the OCF of the underlying funds weighted on the basis of their investment proportion. A detailed breakdown of the OCF per share class is shown on page 242.

## 7IM AAP INCOME FUND

### FUND INFORMATION (continued)

#### Ongoing Charges Figures

As at 30 November 2019

	<b>Class A</b>	<b>Class B</b>	<b>Class C</b>	<b>Class D</b>	<b>Class S</b>
ACD's periodic charge	1.50%	1.35%	0.50%	1.55%	0.25%
Other expenses	0.11%	0.11%	0.11%	0.11%	0.11%
	1.61%	1.46%	0.61%	1.66%	0.36%
Collective investment scheme costs	0.23%	0.23%	0.23%	0.23%	0.23%
Ongoing Charges Figure	1.84%	1.69%	0.84%	1.89%	0.59%

As at 30 November 2018

	<b>Class A</b>	<b>Class B</b>	<b>Class C</b>	<b>Class D</b>	<b>Class S</b>
ACD's periodic charge	1.50%	1.35%	0.50%	1.55%	0.25%
Other expenses	0.11%	0.11%	0.11%	0.11%	0.11%
	1.61%	1.46%	0.61%	1.66%	0.36%
Collective investment scheme costs	0.19%	0.19%	0.19%	0.19%	0.19%
Ongoing Charges Figure	1.80%	1.65%	0.80%	1.85%	0.55%

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

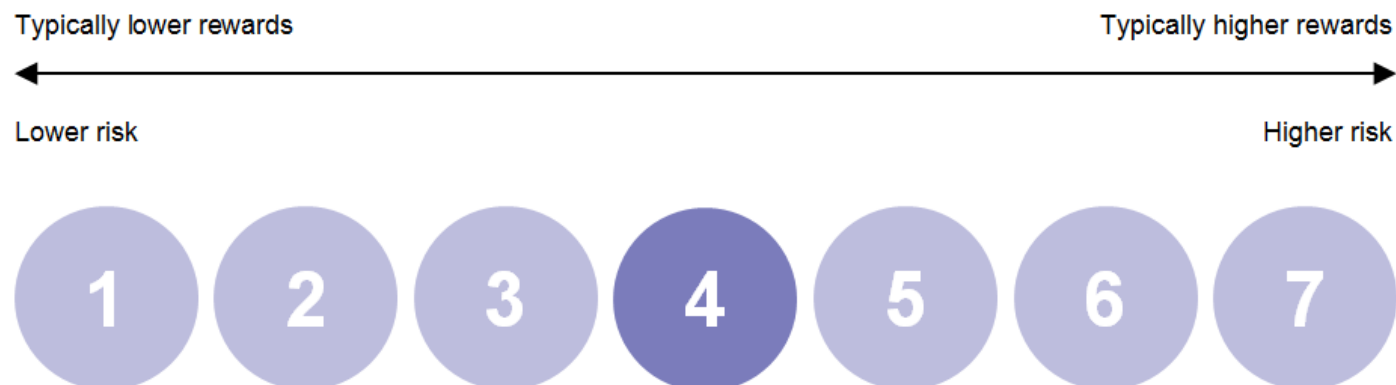
The collective investment scheme costs represent the OCFs, or a reasonable substitute, of the underlying funds which are held as portfolio investments. Their inclusion has been calculated on a weighted basis against the Sub-fund's net assets at the balance sheet date.

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

## 7IM AAP INCOME FUND

### FUND INFORMATION (continued)

#### Synthetic Risk and Reward Indicator



This indicator shows how much a sub-fund has risen and fallen in the past, and therefore how much a 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 annual report and financial statements, the risk and reward indicator as at the year end date 30 November 2019 was 4.

#### Fund performance to 30 November 2019 (%)

	1 year	3 years	5 years
7IM AAP Income Fund <sup>1</sup>	5.07	9.37	17.75

<sup>1</sup> Source: Bloomberg

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

Details of the distributions per share for the year are shown in the Distribution Tables on pages 262 to 266.

# 7IM AAP INCOME FUND

## PORTFOLIO STATEMENT

as at 30 November 2019

Holding	Portfolio of Investment	Value £	30.11.19 %
	<b>ALTERNATIVES 5.36% (9.32%)</b>		
	<b>Alternative Strategies 0.10% (4.68%)</b>		
(16)	S&P 500 Index Put Options 1950 March 2020 <sup>1</sup>	(1,234)	—
(7)	S&P 500 Index Put Options 2075 June 2020 <sup>1</sup>	(2,767)	—
(6)	S&P 500 Index Put Options 2100 September 2020 <sup>1</sup>	(5,558)	(0.01)
16	S&P 500 Index Put Options 2650 March 2020 <sup>1</sup>	17,549	0.02
7	S&P 500 Index Put Options 2800 June 2020 <sup>1</sup>	30,683	0.04
6	S&P 500 Index Put Options 2850 September 2020 <sup>1</sup>	43,096	0.05
		<b>81,769</b>	<b>0.10</b>
	<b>Infrastructure 3.23% (2.92%)</b>		
511,580	BBGI	851,781	1.10
529,265	HICL Infrastructure	865,877	1.12
490,074	International Public Partnerships	782,158	1.01
		<b>2,499,816</b>	<b>3.23</b>
	<b>Real Estate 2.03% (1.72%)</b>		
1,232,167	LXI REIT	<b>1,569,781</b>	<b>2.03</b>
	<b>CASH 2.33% (2.84%)</b>		
1,806,000	Northern Trust Global Sterling Fund <sup>2</sup>	<b>1,806,000</b>	<b>2.33</b>
	<b>DEBT SECURITIES 69.87% (64.18%)</b>		
	<b>Convertible Bonds 3.02% (3.09%)</b>		
289	NN (L) Global Convertible Bond Acc <sup>2</sup>	1,181,373	1.52
243	NN (L) Global Convertible Opportunities Dist <sup>2</sup>	1,159,231	1.50
		<b>2,340,604</b>	<b>3.02</b>
	<b>Emerging Market Bonds 15.85% (15.09%)</b>		
10,564,929	Legal & General Emerging Markets Government Bond Local Currency Index Fund Dist <sup>2</sup>	6,001,936	7.75
8,741,492	Legal & General Emerging Markets Government Bond USD Index Fund <sup>2</sup>	6,278,140	8.10
		<b>12,280,076</b>	<b>15.85</b>
	<b>Gilts 3.04% (3.07%)</b>		
£590,000	UK Gilt 4.00% 2022	636,668	0.82
£290,000	UK Gilt 4.25% 2046	495,775	0.64
£270,000	UK Gilt 4.25% 2055	520,314	0.67
£470,000	UK Gilt 4.50% 2034	702,324	0.91
		<b>2,355,081</b>	<b>3.04</b>
	<b>Global Corporate Bonds 21.83% (13.94%)</b>		
6,210,092	BlackRock Overseas Corporate Bond Tracker <sup>2</sup>	10,141,080	13.09
31,342	GemCap Investment Funds Ireland - Semper Total Return Fund <sup>2</sup>	3,101,881	4.00
33,139	PFS TwentyFour Dynamic Bond <sup>2</sup>	3,670,970	4.74
		<b>16,913,931</b>	<b>21.83</b>

## 7IM AAP INCOME FUND

### PORTFOLIO STATEMENT (continued) as at 30 November 2019

Holding	Portfolio of Investment	Value £	30.11.19 %
<b>Global Government Bonds 8.18% (8.03%)</b>			
4,600,951	BlackRock Overseas Government Bond Index Fund <sup>2</sup>	6,335,510	8.18
<b>Global High Yield Bonds 10.10% (10.24%)</b>			
917,423	Blackstone GSO Loan Financing (Jersey)	625,591	0.81
36,058	BlueBay Financial Capital Bond <sup>2</sup>	4,038,483	5.21
670,211	Carador Income Fund	259,752	0.34
1,533,839	CVC Credit Partners European Opportunities GBP	1,518,501	1.96
2,693,253	Fair Oaks Income 2017	1,377,836	1.78
		<b>7,820,163</b>	<b>10.10</b>
<b>Short Term Sterling Bonds 1.39% (2.53%)</b>			
£238,000	Municipality Finance 1.25% 2022	240,465	0.31
£400,000	Reseau Ferre de France 5.5% 2021	435,574	0.56
£400,000	Skandinaviska Enskilda Banken 1.25% 2022	400,476	0.52
		<b>1,076,515</b>	<b>1.39</b>
<b>Sterling Corporate Bonds 6.46% (8.19%)</b>			
38,260	PFS TwentyFour Monument Bond <sup>2</sup>	4,282,970	5.53
999,705	UK Mortgages	724,786	0.93
		<b>5,007,756</b>	<b>6.46</b>
<b>EQUITY 21.78% (23.41%)</b>			
<b>Asia &amp; Emerging Markets 6.76% (7.21%)</b>			
142,810	iShares Asia Pacific Dividend UCITS ETF <sup>2</sup>	2,996,154	3.87
183,000	SSgA SPDR S&P Emerging Markets Dividend UCITS ETF <sup>2</sup>	2,241,222	2.89
		<b>5,237,376</b>	<b>6.76</b>
<b>Europe (ex UK) 3.80% (2.98%)</b>			
37	Aena SME	5,286	0.01
124	Ageas	5,788	0.01
42	Allianz	7,779	0.01
1,530	Alstom	51,148	0.07
2	AP Moeller - Maersk 'A'	2,022	—
112	AP Moeller - Maersk 'B'	121,210	0.16
355	ArcelorMittal	4,725	0.01
404	Atlas Copco 'A'	11,513	0.01
268	Atlas Copco 'B'	6,711	0.01
34	Baloise	4,606	0.01
557	Bayer	32,679	0.04
1,201	Bayerische Motoren Werke 'A'	75,160	0.10
4,206	BNP Paribas	183,378	0.24
3,741	Boliden	74,858	0.10
1,828	Coca-Cola European Partners	71,839	0.09
313	Compagnie De St-Gobain	9,805	0.01
119	Covestro	4,356	0.01
574	Credit Agricole	6,116	0.01
436	Daimler	19,173	0.02
406	Danske Bank	4,243	—
46	Dassault Aviation	48,972	0.06
13,884	Deutsche Telekom	180,309	0.23
573	DNB	7,531	0.01



## 7IM AAP INCOME FUND

### PORTFOLIO STATEMENT (continued) as at 30 November 2019

Holding	Portfolio of Investment	Value £	30.11.19 %
<b>Europe (ex UK) (continued)</b>			
58	Eiffage	4,894	0.01
226	Endesa	4,747	0.01
1,206	Engie	14,808	0.02
13,414	Eni	157,923	0.20
1,813	Ericsson 'B'	12,690	0.02
6,747	Fiat Chrysler Automobiles	77,638	0.10
665	H Lundbeck	19,786	0.02
1,078	Hakon Invest	36,905	0.05
2,199	Holcim	88,047	0.11
14,591	Iberdrola	110,988	0.14
1,042	ING Group	9,296	0.01
282	Klepierre	7,802	0.01
5,771	Koninklijke Ahold Delhaize	115,918	0.15
58	L'Oreal	12,775	0.02
87	Muenchener Rueckversicherungs	19,347	0.02
192	NN Group	5,730	0.01
1,911	Nokia	5,173	0.01
780	Nordea Bank	4,311	0.01
2,666	Novartis	190,410	0.25
551	Pernod Ricard	78,010	0.10
7,854	Peugeot	147,816	0.19
644	Porsche Automobil	37,185	0.05
1,237	Raiffeisen Bank International	22,553	0.03
356	Renault	13,309	0.02
880	Repsol	10,786	0.01
1,088	Roche Holding	259,724	0.33
1,157	RWE	26,627	0.03
675	Sanofi	48,686	0.06
247	SES	2,562	—
86	Siemens	8,566	0.01
2,966	Siemens Gamesa Renewable Energy	36,367	0.05
384	Societe Generale	9,366	0.01
360	Statoil	5,199	0.01
113	Swiss Life	43,563	0.06
1,227	Swiss Re	102,850	0.13
16	Swisscom	6,399	0.01
9,839	Telefonica Deutschland	23,231	0.03
954	Telenor	13,581	0.02
976	Terna Rete Elettrica Nazionale	4,838	0.01
818	Total	33,447	0.04
3,207	Uniper	80,340	0.10
308	UPM-Kymmene	7,973	0.01
102	Vestas Wind Systems	7,543	0.01
605	Vinci	50,950	0.07
17	Volkswagen	2,524	—
823	Volvo 'B'	9,917	0.01
185	Wolters Kluwer	10,297	0.01
		<b>2,942,604</b>	<b>3.80</b>
<b>North America 0.17% (2.05%)</b>			
1,462	NXP Semiconductors	<b>133,054</b>	<b>0.17</b>

## 7IM AAP INCOME FUND

### PORTFOLIO STATEMENT (continued) as at 30 November 2019

Holding	Portfolio of Investment	Value £	30.11.19 %
	<b>United Kingdom 11.05% (11.17%)</b>		
8,352,414	7IM UK Equity Value Fund 'Z' Inc <sup>2,3</sup>	<b>8,563,731</b>	<b>11.05</b>
	<b>PRIVATE EQUITY 0.00% (0.88%)</b>		
5	Golub Capital	71	—
1	Main Street Capital	33	—
13	Prospect Capital	66	—
1	TPG Specialty Lending	16	—
		<b>186</b>	<b>0.00</b>
	<b>FORWARD CURRENCY CONTRACTS 1.45% (-0.77%)</b>		
€1,278,000	Vs £(1,142,244) Expiry 21.02.2020	(49,831)	(0.06)
€1,844,000	Vs £(1,659,663) Expiry 21.02.2020	(83,441)	(0.11)
€(9,395,000)	Vs £8,737,538 Expiry 21.02.2020	706,843	0.91
US\$(31,296,000)	Vs £24,986,328 Expiry 17.01.2020	773,160	1.00
¥156,400,000	Vs £(1,152,789) Expiry 20.12.2019	(45,513)	(0.06)
US\$4,000,000	Vs £(3,101,232) Expiry 17.01.2020	(6,502)	(0.01)
US\$1,019,000	Vs £(821,471) Expiry 17.01.2020	(33,088)	(0.04)
US\$1,499,000	Vs £(1,213,706) Expiry 17.01.2020	(53,956)	(0.07)
US\$2,000,000	Vs £(1,634,969) Expiry 17.01.2020	(87,604)	(0.11)
		<b>1,120,068</b>	<b>1.45</b>
	<b>Portfolio of investment</b>	<b>78,084,021</b>	<b>100.79</b>
	Net other liabilities	(609,388)	(0.79)
	<b>Net assets</b>	<b>77,474,633</b>	<b>100.00</b>

Comparative figures shown in brackets relate to 30 November 2018.

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

<sup>1</sup> Derivative contract

<sup>2</sup> Collective investment scheme

<sup>3</sup> Related party holding (see note 12 of the Financial Statements)

Credit Quality	30.11.19 %	30.11.18 %
Investment grade debt securities	4.43	5.60
Non-rated debt securities	—	0.96
Other investments	96.36	93.30
Net other (liabilities)/assets	(0.79)	0.14
	<b>100.00</b>	<b>100.00</b>

## 7IM AAP INCOME FUND

### STATEMENT OF TOTAL RETURN

for the year ended 30 November 2019

	Notes	£	30.11.19 £	30.11.18 £
Income				
Net capital gains/(losses)	4		1,787,654	(3,365,121)
Revenue	5	3,155,202		3,327,320
Expenses	6	(502,151)		(541,593)
Interest payable and similar charges	8	(903)		(10,689)
Net revenue before taxation for the year		2,652,148		2,775,038
Taxation	7	(341,550)		(308,392)
Net revenue after taxation for the year			2,310,598	2,466,646
<b>Total return before distributions</b>			4,098,252	(898,475)
Distributions	8		(2,718,168)	(2,909,138)
<b>Change in net assets attributable to shareholders from investment activities</b>			1,380,084	(3,807,613)

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

for the year ended 30 November 2019

	£	30.11.19 £	30.11.18 £
<b>Opening net assets attributable to shareholders</b>		82,593,661	92,060,730
Amounts received on creation of shares <sup>1</sup>	15,052,162		16,630,362
Amounts paid on cancellation of shares <sup>1</sup>	(22,465,018)		(23,201,962)
		(7,412,856)	(6,571,600)
Change in net assets attributable to shareholders from investment activities		1,380,084	(3,807,613)
Retained distribution on accumulation shares		913,744	912,144
<b>Closing net assets attributable to shareholders</b>		77,474,633	82,593,661

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

The notes on pages 250 to 261 are an integral part of these Financial Statements.

## 7IM AAP INCOME FUND

### BALANCE SHEET

as at 30 November 2019

	Notes	30.11.19 £	30.11.18 £
<b>ASSETS</b>			
Fixed assets:			
Investments		78,453,515	83,324,761
Current assets:			
Debtors	9	525,969	5,990,820
Cash and bank balances	10	546,734	582,279
<b>Total assets</b>		<b>79,526,218</b>	<b>89,897,860</b>
<b>LIABILITIES</b>			
Investment liabilities		(369,494)	(845,591)
Creditors:			
Bank overdrafts	10	(524,733)	(580,506)
Distribution payable		(364,639)	(406,112)
Other creditors	11	(792,719)	(5,471,990)
<b>Total liabilities</b>		<b>(2,051,585)</b>	<b>(7,304,199)</b>
<b>Net assets attributable to shareholders</b>		<b>77,474,633</b>	<b>82,593,661</b>

The notes on pages 250 to 261 are an integral part of these Financial Statements.

# 7IM AAP INCOME FUND

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 November 2019

### 1 Statement of Compliance

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

### 2 Summary of Significant Accounting Policies

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

### 3 Risk Management Policies

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

### 4 Net capital gains/(losses)

	30.11.19 £	30.11.18 £
The net capital gains/(losses) during the year comprise:		
Non-derivative securities	2,237,472	(1,897,464)
Derivative contracts	(372,946)	186,245
Forward currency contracts	368,650	(1,727,293)
Currency (losses)/gains	(464,493)	66,779
Transaction charges	(10,290)	(24,635)
AMC rebates from underlying investments	29,261	31,247
Net capital gains/(losses)	1,787,654	(3,365,121)

### 5 Revenue

	30.11.19 £	30.11.18 £
Non-taxable dividends	1,021,505	1,302,383
Taxable dividends	2,026,251	1,749,783
Unfranked interest	62,672	221,709
AMC rebates from underlying investments	41,771	35,789
Bank interest	946	9,032
Stock lending revenue <sup>1</sup>	2,057	8,624
Total revenue	3,155,202	3,327,320

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

## 7IM AAP INCOME FUND

### NOTES TO THE FINANCIAL STATEMENTS (continued) for the year ended 30 November 2019

#### 6 Expenses

	30.11.19 £	30.11.18 £
Payable to the ACD, associates of the ACD and agents of either of them:		
ACD's periodic charge	419,288	465,443
Other expenses	5,181	5,180
	<u>424,469</u>	<u>470,623</u>
Payable to the Depositary, associates of the Depositary and agents of either of them:		
Depositary's fees	13,976	14,897
Market risk fees	6,000	6,000
Safe custody and other bank charges	15,169	20,550
	<u>35,145</u>	<u>41,447</u>
Other Expenses:		
Audit fee	9,000	8,760
Dealing and exchange fees	7,736	7,684
FCA and other Regulatory fees	195	300
Legal and professional fees	1,405	2,750
Printing, postage and distribution costs	18,051	5,091
Risk analysis fees	6,150	4,938
	<u>42,537</u>	<u>29,523</u>
Total expenses	<u>502,151</u>	<u>541,593</u>

## 7IM AAP INCOME FUND

### NOTES TO THE FINANCIAL STATEMENTS (continued) for the year ended 30 November 2019

#### 7 Taxation

	30.11.19 £	30.11.18 £
<i>a) Analysis of charge for the year</i>		
Corporation tax at 20%	334,476	299,374
Overseas tax	7,074	8,776
Irrecoverable CIS income tax	–	242
Current tax charge (note 7b)	341,550	308,392
Total taxation	341,550	308,392

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

The tax assessed for the year differs from the standard rate of corporation tax in the UK for an authorised fund (20%) (2018: 20%) for the reasons explained below.

Net revenue before taxation	2,652,148	2,775,038
Corporation tax at 20%	530,430	555,008
Effects of:		
AMC rebates taken to capital	5,462	6,249
Franked CIS revenue	(94,193)	(50,671)
Franked REIT income	(297)	(1,128)
Irrecoverable CIS income tax w/off	–	242
Movement in revenue accruals	2,495	(2,075)
Non-taxable dividends	(54,413)	(177,672)
Offshore CIS revenue	(55,008)	(30,337)
Overseas tax	7,074	8,776
Current tax charge (note 7a)	341,550	308,392

#### *c) Deferred tax*

There is no deferred tax provision in the current year (2018: none).

#### 8 Distributions

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

	30.11.19 £	30.11.18 £
First Interim	700,875	661,426
Second Interim	656,257	772,758
Third Interim	752,125	832,222
Final	570,721	597,702
	2,679,978	2,864,108
Add: Revenue deducted on cancellation of shares	122,560	112,462
Deduct: Revenue received on issue of shares	(84,370)	(67,432)
Net distributions for the year	2,718,168	2,909,138
Interest payable and similar charges	903	10,689
Total distribution	2,719,071	2,919,827

## 7IM AAP INCOME FUND

### NOTES TO THE FINANCIAL STATEMENTS (continued) for the year ended 30 November 2019

#### 8 Distributions (continued)

Details of the distributions per share are set out in the table on pages 262 to 266.

Distributions represented by:		
Net revenue after taxation	2,310,598	2,466,646
Allocations to capital:		
Expenses, net of tax relief	407,573	442,474
Equalisation on conversions <sup>1</sup>	3	—
Net movement in revenue account	(6)	18
Net distributions for the year	<u>2,718,168</u>	<u>2,909,138</u>

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

#### 9 Debtors

	30.11.19	30.11.18
	£	£
Amounts receivable for issue of shares	80,139	61,768
Sales awaiting settlement	—	5,524,792
Accrued revenue	365,182	349,910
Income tax recoverable	—	2,725
AMC rebates from underlying investments	58,255	31,948
Withholding tax recoverable	22,393	19,676
Prepaid expenses	—	1
Total debtors	<u>525,969</u>	<u>5,990,820</u>

#### 10 Cash and bank balances

	30.11.19	30.11.18
	£	£
Cash and bank balances	546,734	576,055
Cash held at clearing houses	—	6,224
Total cash and bank balances	<u>546,734</u>	<u>582,279</u>
Bank overdrafts	(524,728)	(574,295)
Cash overdraft at clearing houses	(5)	(6,211)
Total bank overdrafts	<u>(524,733)</u>	<u>(580,506)</u>



## 7IM AAP INCOME FUND

### NOTES TO THE FINANCIAL STATEMENTS (continued) for the year ended 30 November 2019

#### 11 Other Creditors

	30.11.19 £	30.11.18 £
Amounts payable for cancellation of shares	362,563	260,318
Purchases awaiting settlement	158,289	5,012,355
Accrued expenses	71,391	56,030
Corporation tax payable	200,476	141,374
Currency deals awaiting settlement	–	1,913
Total other creditors	792,719	5,471,990

#### 12 Related party transactions

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

The aggregate monies received by the ACD through the issue of shares and paid on cancellation of shares are disclosed in the Statement of Change in Net Assets Attributable to Shareholders on page 248.

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

	Held at 30.11.19	Held at 30.11.18
7IM Emerging Markets Equity Value Fund 'Z' Inc	–	1,545,651
7IM UK Equity Value Fund 'Z' Inc	8,352,414	8,898,053
7IM US Equity Value Fund 'Z' Inc	–	1,191,261

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

Pershing Nominees Limited	46.40% (2018: 45.04%)
---------------------------	-----------------------

The net value of creations and cancellations for Pershing Nominees Limited during the year totalled -£642,584 (2018: -£2,495,572).

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

#### 13 Classes of Shares

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

Class A	1.50%
Class B	1.35%
Class C	0.50%
Class D	1.55%
Class S	0.25%

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

Class	Opening Shares	Shares Created	Shares Liquidated	Shares Converted	Closing Shares
Class A Income	213,139	29,316	(18,326)	–	224,129
Class A Accumulation	44,927	139,888	(6,212)	–	178,603
Class B Accumulation	2,869,868	205,166	(480,696)	–	2,594,338
Class C Income	38,977,158	4,994,166	(10,331,276)	(305,163)	33,334,885
Class C Accumulation	9,641,049	3,615,867	(3,043,998)	18,516	10,231,434
Class D Income	466,708	7,674	(199,342)	–	275,040
Class D Accumulation	541,025	124,637	(267,580)	–	398,082
Class S Income	13,920,770	1,567,686	(3,150,592)	280,771	12,618,635
Class S Accumulation	3,364,652	566,042	(900,222)	–	3,030,472

## 7IM AAP INCOME FUND

### NOTES TO THE FINANCIAL STATEMENTS (continued) for the year ended 30 November 2019

#### 14 Contingent liabilities and commitments

There are no contingent liabilities or unrecorded outstanding commitments at the balance sheet date (2018: none).

#### 15 Risks Disclosures

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

##### i. Interest rate risk

The table below shows the direct interest rate risk profile:

Interest rate exposure as at 30 November 2019

	<b>Floating Rate Financial Assets £</b>	<b>Fixed Rate Financial Assets £</b>	<b>Financial Assets not carrying interest £</b>	<b>Total £</b>
Canadian dollar	222	—	—	222
Danish krone	5	—	157,276	157,281
Euro	17,251	—	5,132,462	5,149,713
Japanese yen	—	—	1,107,276	1,107,276
Norwegian krone	—	—	26,311	26,311
Swedish krona	—	—	156,939	156,939
Swiss franc	24,483	—	714,396	738,879
US dollar	89,124	—	13,106,048	13,195,172
Pound sterling	2,221,650	3,431,596	95,951,180	101,604,426
	<b>2,352,735</b>	<b>3,431,596</b>	<b>116,351,888</b>	<b>122,136,219</b>

	<b>Floating Rate Financial Liabilities £</b>	<b>Financial Liabilities not carrying interest £</b>	<b>Total £</b>
Canadian dollar	(222)	—	(222)
Danish krone	(5)	—	(5)
Euro	(17,249)	(8,030,695)	(8,047,944)
Swiss franc	(24,483)	—	(24,483)
US dollar	(89,129)	(24,222,727)	(24,311,856)
Pound sterling	(393,645)	(11,883,431)	(12,277,076)
	<b>(524,733)</b>	<b>(44,136,853)</b>	<b>(44,661,586)</b>

## 7IM AAP INCOME FUND

### NOTES TO THE FINANCIAL STATEMENTS (continued) for the year ended 30 November 2019

#### 15 Risks Disclosures (continued)

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

Interest rate exposure as at 30 November 2018

	<b>Floating Rate Financial Assets £</b>	<b>Fixed Rate Financial Assets £</b>	<b>Financial Assets not carrying interest £</b>	<b>Total £</b>
Canadian dollar	224	—	—	224
Danish krone	5	—	60,066	60,071
Euro	15,661	—	4,696,850	4,712,511
Japanese yen	1,416	—	1,945,308	1,946,724
Norwegian krone	—	—	5,662	5,662
Swedish krona	—	—	167,330	167,330
Swiss franc	24,815	—	427,260	452,075
US dollar	96,350	791,376	14,957,747	15,845,473
Pound sterling	2,791,807	4,625,208	107,001,494	114,418,509
	<b>2,930,278</b>	<b>5,416,584</b>	<b>129,261,717</b>	<b>137,608,579</b>

	<b>Floating Rate Financial Liabilities £</b>	<b>Financial Liabilities not carrying interest £</b>	<b>Total £</b>
Canadian dollar	(224)	—	(224)
Danish krone	(5)	—	(5)
Euro	(15,525)	(9,216,423)	(9,231,948)
Japanese yen	—	(864,121)	(864,121)
Swiss franc	(24,815)	—	(24,815)
US dollar	(90,119)	(29,612,215)	(29,702,334)
Pound sterling	(449,817)	(14,741,654)	(15,191,471)
	<b>(580,505)</b>	<b>(54,434,413)</b>	<b>(55,014,918)</b>

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

Currency	Fixed Rate Financial Assets			
	Weighted average interest rate		Weighted average period for which rate is fixed	
	30.11.19	30.11.18	30.11.19	30.11.18
	%	%	Years	Years
Pound sterling	0.93	1.38	14	11
US dollar	—	(0.39)	—	2

The average effective duration of the Sub-fund's portfolio is a measure of the sensitivity of the fair value of the Sub-fund's bond portfolio (excludes all other investments) to changes in market interest rates. As at 30 November 2019, the weighted average effective duration was 3.48 years (30 November 2018: 2.94 years).

## 7IM AAP INCOME FUND

### NOTES TO THE FINANCIAL STATEMENTS (continued) for the year ended 30 November 2019

#### 15 Risks Disclosures (continued)

##### ii. Foreign currency risk

The table below shows the direct foreign currency risk profile:

Foreign currency risk exposure as at 30 November 2019

Currency	Monetary Exposure £	Non-Monetary Exposure £	Total £
Danish krone	2,472	154,804	157,276
Euro	1,092	(2,899,323)	(2,898,231)
Japanese yen	–	1,107,276	1,107,276
Norwegian krone	–	26,311	26,311
Swedish krona	34	156,905	156,939
Swiss franc	18,797	695,599	714,396
US dollar	(5)	(11,116,678)	(11,116,683)
	22,390	(11,875,106)	(11,852,716)
Pound sterling	1,174,224	88,153,125	89,327,349
Net assets	1,196,614	76,278,019	77,474,633

Foreign currency risk exposure as at 30 November 2018

Currency	Monetary Exposure £	Non-Monetary Exposure £	Total £
Danish krone	2,309	57,757	60,066
Euro	10,623	(4,530,060)	(4,519,437)
Japanese yen	1,416	1,081,187	1,082,603
Norwegian krone	251	5,411	5,662
Swedish krona	–	167,330	167,330
Swiss franc	15,685	411,575	427,260
US dollar	6,182	(13,863,043)	(13,856,861)
	36,466	(16,669,843)	(16,633,377)
Pound sterling	2,426,026	96,801,012	99,227,038
Net assets	2,462,492	80,131,169	82,593,661

##### iii. Derivatives

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

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

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

The lowest, highest and average leverage utilisation in the accounting year ended 30 November 2019 was 111%, 231% and 162% respectively (30 November 2018: 160%, 271% and 189% respectively).

## 7IM AAP INCOME FUND

### NOTES TO THE FINANCIAL STATEMENTS (continued) for the year ended 30 November 2019

#### 15 Risks Disclosures (continued)

##### iii. Derivatives (continued)

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

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

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

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

Counterparty	30.11.19 £	30.11.18 £
<b>Options</b>		
Chicago Board Options Exchange	81,769	85,457
<b>Forward Currency Contracts</b>		
Northern Trust	1,120,068	(638,968)
<b>Total net exposure<sup>1</sup></b>	<u>1,201,837</u>	<u>(553,511)</u>

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

## 7IM AAP INCOME FUND

### NOTES TO THE FINANCIAL STATEMENTS (continued) for the year ended 30 November 2019

#### 15 Risks Disclosures (continued)

##### iv. Fair value

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

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

##### Level 1

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

##### Level 2

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

##### Level 3

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

	Level 1 £	Level 2 £	Level 3 £	Total £
<b>30 November 2019</b>				
<b>Assets</b>				
Bonds	2,355,081	1,076,515	–	3,431,596
Collective Investment Schemes	61,798,681	–	–	61,798,681
Derivatives	91,328	1,480,003	–	1,571,331
Equities	11,392,155	259,752	–	11,651,907
<b>Total</b>	<b>75,637,245</b>	<b>2,816,270</b>	<b>–</b>	<b>78,453,515</b>
<b>Liabilities</b>				
Derivatives	(1,234)	(368,260)	–	(369,494)
<b>30 November 2018</b>				
<b>Assets</b>				
Bonds	2,535,552	2,881,033	–	5,416,585
Collective Investment Schemes	4,166,708	57,043,024	–	61,209,732
Derivatives	92,356	199,724	–	292,080
Equities	16,406,351	13	–	16,406,364
<b>Total</b>	<b>23,200,967</b>	<b>60,123,794</b>	<b>–</b>	<b>83,324,761</b>
<b>Liabilities</b>				
Derivatives	(6,899)	(838,692)	–	(845,591)

## 7IM AAP INCOME FUND

### NOTES TO THE FINANCIAL STATEMENTS (continued) for the year ended 30 November 2019

#### 16 Purchases, Sales and Transaction Costs

The following tables show portfolio transactions and their associated transaction costs. For more information about the nature of these costs please refer to the additional portfolio transaction cost information on page 232.

Analysis of direct transaction costs for the year ended 30 November 2019:

	Principal £'000	Commissions £'000	Taxes £'000	Total Transaction Costs £'000	Commissions % of principal	Taxes % of principal
<b>Purchases</b>						
Bonds	548	—	—	—	—	—
Collective Investment Schemes	46,948	—	—	—	—	—
Equities	8,026	1	3	4	0.01	0.04
<b>Total</b>	<b>55,522</b>	<b>1</b>	<b>3</b>	<b>4</b>	<b>0.01</b>	<b>0.04</b>
	Principal £'000	Commissions £'000	Taxes £'000	Total Transaction Costs £'000	Commissions % of principal	Taxes % of principal
<b>Sales</b>						
Bonds	2,750	—	—	—	—	—
Collective Investment Schemes	50,187	—	—	—	—	—
Equities	10,762	(3)	—	(3)	0.03	—
<b>Total</b>	<b>63,699</b>	<b>(3)</b>	<b>—</b>	<b>(3)</b>	<b>0.03</b>	<b>—</b>
<b>Total as a percentage of the average NAV</b>		<b>0.01%</b>	<b>0.00%</b>	<b>0.01%</b>		

## 7IM AAP INCOME FUND

### NOTES TO THE FINANCIAL STATEMENTS (continued) for the year ended 30 November 2019

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

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

	Principal £'000	Commissions £'000	Taxes £'000	Total Transaction Costs £'000	Commissions % of principal	Taxes % of principal
<b>Purchases</b>						
Bonds	8,499	—	—	—	—	—
Collective Investment Schemes	70,759	—	—	—	—	—
Derivatives	199	—	—	—	—	—
Equities	14,025	1	15	16	0.01	0.11
<b>Total</b>	<b>93,482</b>	<b>1</b>	<b>15</b>	<b>16</b>	<b>0.01</b>	<b>0.11</b>
	Principal £'000	Commissions £'000	Taxes £'000	Total Transaction Costs £'000	Commissions % of principal	Taxes % of principal
<b>Sales</b>						
Bonds	23,416	—	—	—	—	—
Collective Investment Schemes	50,575	—	—	—	—	—
Derivatives	445	—	—	—	—	—
Equities	25,400	(6)	—	(6)	0.02	—
<b>Total</b>	<b>99,836</b>	<b>(6)</b>	<b>—</b>	<b>(6)</b>	<b>0.02</b>	<b>—</b>
<b>Total as a percentage of the average NAV</b>		<b>0.01%</b>	<b>0.01%</b>	<b>0.02%</b>		

#### Average portfolio dealing spread

As at the balance sheet date, the average portfolio dealing spread was 0.29% (2018: 0.33%) based on close of business prices. This spread represents the difference between the values determined respectively by reference to the bid and offer prices of investments expressed as a percentage of the value determined by reference to the offer price.

#### 17 Post Balance Sheet Events

Since the start of January 2020, the outbreak of coronavirus, which is a rapidly evolving situation, has adversely impacted global commercial activities and markets which have led to a material decline in NAV across the Sub-fund as at the date of issue of this report. The rapid development and fluidity of this situation precludes any prediction as its ultimate impact, which may have a continued adverse impact on economic and market conditions and trigger a period of global economic slowdown. The Directors do not believe there is any financial impact to amounts presented within the Financial Statements as at 30 November 2019 as a result of this subsequent event.

The ACD is monitoring developments relating to coronavirus and is coordinating its operational response based on existing business continuity plans and on guidance from global health organisations, relevant governments, and general pandemic response best practices.

As at the balance sheet date, the Net Asset Value per Class C Accumulation share was 184.54p. The Net Asset Value per Class C Accumulation share for the Sub-fund on 26 March 2020 was 160.96p. This represents a decrease of 13% from the year end value.



## 7IM AAP INCOME FUND

### DISTRIBUTION TABLES

for the year ended 30 November 2019

#### First Interim - in pence per share

Group 1 - Shares purchased prior to 1 December 2018

Group 2 - Shares purchased on or after 1 December 2018 and on or before 28 February 2019

	Net Revenue	Equalisation	Paid 30.04.19	Paid 30.04.18
<b>Class A Income</b>				
Group 1	0.8261	—	0.8261	0.7340
Group 2	0.8261	—	0.8261	0.7340
	Net Revenue	Equalisation	Allocated 30.04.19	Allocated 30.04.18
<b>Class A Accumulation</b>				
Group 1	1.3802	—	1.3802	1.1874
Group 2	0.4191	0.9611	1.3802	1.1874
	Net Revenue	Equalisation	Allocated 30.04.19	Allocated 30.04.18
<b>Class B Accumulation</b>				
Group 1	1.4132	—	1.4132	1.2147
Group 2	0.8477	0.5655	1.4132	1.2147
	Net Revenue	Equalisation	Paid 30.04.19	Paid 30.04.18
<b>Class C Income</b>				
Group 1	0.9018	—	0.9018	0.7952
Group 2	0.2815	0.6203	0.9018	0.7952
	Net Revenue	Equalisation	Allocated 30.04.19	Allocated 30.04.18
<b>Class C Accumulation</b>				
Group 1	1.5043	—	1.5043	1.2838
Group 2	0.2416	1.2627	1.5043	1.2838
	Net Revenue	Equalisation	Paid 30.04.19	Paid 30.04.18
<b>Class D Income</b>				
Group 1	0.8310	—	0.8310	0.7366
Group 2	0.0300	0.8010	0.8310	0.7366
	Net Revenue	Equalisation	Allocated 30.04.19	Allocated 30.04.18
<b>Class D Accumulation</b>				
Group 1	1.3726	—	1.3726	1.1788
Group 2	0.5567	0.8159	1.3726	1.1788
	Net Revenue	Equalisation	Paid 30.04.19	Paid 30.04.18
<b>Class S Income</b>				
Group 1	0.8849	—	0.8849	0.7786
Group 2	0.3364	0.5485	0.8849	0.7786

## 7IM AAP INCOME FUND

### DISTRIBUTION TABLES (continued) for the year ended 30 November 2019

	Net Revenue	Equalisation	Allocated 30.04.19	Allocated 30.04.18
<b>Class S Accumulation</b>				
Group 1	1.0287	—	1.0287	0.8767
Group 2	0.5882	0.4405	1.0287	0.8767
<b>Second Interim - in pence per share</b>				
Group 1 - Shares purchased prior to 1 March 2019				
Group 2 - Shares purchased on or after 1 March 2019 and on or before 31 May 2019				
	Net Revenue	Equalisation	Paid 31.07.19	Paid 31.07.18
<b>Class A Income</b>				
Group 1	0.7826	—	0.7826	0.8384
Group 2	0.3873	0.3953	0.7826	0.8384
	Net Revenue	Equalisation	Allocated 31.07.19	Allocated 31.07.18
<b>Class A Accumulation</b>				
Group 1	1.3198	—	1.3198	1.3662
Group 2	0.1446	1.1752	1.3198	1.3662
	Net Revenue	Equalisation	Allocated 31.07.19	Allocated 31.07.18
<b>Class B Accumulation</b>				
Group 1	1.3517	—	1.3517	1.3979
Group 2	0.6971	0.6546	1.3517	1.3979
	Net Revenue	Equalisation	Paid 31.07.19	Paid 31.07.18
<b>Class C Income</b>				
Group 1	0.8569	—	0.8569	0.9100
Group 2	0.4386	0.4183	0.8569	0.9100
	Net Revenue	Equalisation	Allocated 31.07.19	Allocated 31.07.18
<b>Class C Accumulation</b>				
Group 1	1.4415	—	1.4415	1.4804
Group 2	0.4960	0.9455	1.4415	1.4804
	Net Revenue	Equalisation	Paid 31.07.19	Paid 31.07.18
<b>Class D Income</b>				
Group 1	0.7848	—	0.7848	0.8413
Group 2	0.1189	0.6659	0.7848	0.8413
	Net Revenue	Equalisation	Allocated 31.07.19	Allocated 31.07.18
<b>Class D Accumulation</b>				
Group 1	1.3075	—	1.3075	1.3561
Group 2	0.6479	0.6596	1.3075	1.3561

## 7IM AAP INCOME FUND

### DISTRIBUTION TABLES (continued) for the year ended 30 November 2019

	Net Revenue	Equalisation	Paid 31.07.19	Paid 31.07.18
<b>Class S Income</b>				
Group 1	0.8417	—	0.8417	0.8920
Group 2	0.4476	0.3941	0.8417	0.8920

	Net Revenue	Equalisation	Allocated 31.07.19	Allocated 31.07.18
<b>Class S Accumulation</b>				
Group 1	0.9872	—	0.9872	1.0119
Group 2	0.2592	0.7280	0.9872	1.0119

#### Third Interim - in pence per share

Group 1 - Shares purchased prior to 1 June 2019

Group 2 - Shares purchased on or after 1 June 2019 and on or before 31 August 2019

	Net Revenue	Equalisation	Paid 31.10.19	Paid 31.10.18
<b>Class A Income</b>				
Group 1	0.9160	—	0.9160	0.9274
Group 2	0.9160	—	0.9160	0.9274

	Net Revenue	Equalisation	Allocated 31.10.19	Allocated 31.10.18
<b>Class A Accumulation</b>				
Group 1	1.5361	—	1.5361	1.4993
Group 2	0.8991	0.6370	1.5361	1.4993

	Net Revenue	Equalisation	Allocated 31.10.19	Allocated 31.10.18
<b>Class B Accumulation</b>				
Group 1	1.5941	—	1.5941	1.5583
Group 2	0.3129	1.2812	1.5941	1.5583

	Net Revenue	Equalisation	Paid 31.10.19	Paid 31.10.18
<b>Class C Income</b>				
Group 1	1.0037	—	1.0037	1.0081
Group 2	0.2428	0.7609	1.0037	1.0081

	Net Revenue	Equalisation	Allocated 31.10.19	Allocated 31.10.18
<b>Class C Accumulation</b>				
Group 1	1.6987	—	1.6987	1.6544
Group 2	0.3228	1.3759	1.6987	1.6544

	Net Revenue	Equalisation	Paid 31.10.19	Paid 31.10.18
<b>Class D Income</b>				
Group 1	0.9217	—	0.9217	0.9306
Group 2	0.0894	0.8323	0.9217	0.9306

## 7IM AAP INCOME FUND

### DISTRIBUTION TABLES (continued) for the year ended 30 November 2019

	Net Revenue	Equalisation	Allocated 31.10.19	Allocated 31.10.18
<b>Class D Accumulation</b>				
Group 1	1.5406	—	1.5406	1.5125
Group 2	0.0460	1.4946	1.5406	1.5125
	Net Revenue	Equalisation	Paid 31.10.19	Paid 31.10.18
<b>Class S Income</b>				
Group 1	0.9850	—	0.9850	0.9888
Group 2	0.4496	0.5354	0.9850	0.9888
	Net Revenue	Equalisation	Allocated 31.10.19	Allocated 31.10.18
<b>Class S Accumulation</b>				
Group 1	1.1659	—	1.1659	1.1300
Group 2	0.5449	0.6210	1.1659	1.1300
<b>Final - in pence per share</b>				
Group 1 - Shares purchased prior to 1 September 2019				
Group 2 - Shares purchased on or after 1 September 2019 and on or before 30 November 2019				
	Net Revenue	Equalisation	Paid 31.01.20	Paid 31.01.19
<b>Class A Income</b>				
Group 1	0.7189	—	0.7189	0.6997
Group 2	0.7189	—	0.7189	0.6997
	Net Revenue	Equalisation	Allocated 31.01.20	Allocated 31.01.19
<b>Class A Accumulation</b>				
Group 1	1.2322	—	1.2322	1.1605
Group 2	0.4600	0.7722	1.2322	1.1605
	Net Revenue	Equalisation	Allocated 31.01.20	Allocated 31.01.19
<b>Class B Accumulation</b>				
Group 1	1.2629	—	1.2629	1.1881
Group 2	0.1767	1.0862	1.2629	1.1881
	Net Revenue	Equalisation	Paid 31.01.20	Paid 31.01.19
<b>Class C Income</b>				
Group 1	0.7893	—	0.7893	0.7624
Group 2	0.4403	0.3490	0.7893	0.7624
	Net Revenue	Equalisation	Allocated 31.01.20	Allocated 31.01.19
<b>Class C Accumulation</b>				
Group 1	1.3508	—	1.3508	1.2624
Group 2	0.2707	1.0801	1.3508	1.2624

## 7IM AAP INCOME FUND

### DISTRIBUTION TABLES (continued) for the year ended 30 November 2019

	Net Revenue	Equalisation	Paid 31.01.20	Paid 31.01.19
<b>Class D Income</b>				
Group 1	0.7207	–	0.7207	0.7019
Group 2	0.0576	0.6631	0.7207	0.7019
	Net Revenue	Equalisation	Allocated 31.01.20	Allocated 31.01.19
<b>Class D Accumulation</b>				
Group 1	1.2181	–	1.2181	1.1514
Group 2	0.6499	0.5682	1.2181	1.1514
	Net Revenue	Equalisation	Paid 31.01.20	Paid 31.01.19
<b>Class S Income</b>				
Group 1	0.7761	–	0.7761	0.7484
Group 2	0.3540	0.4221	0.7761	0.7484
	Net Revenue	Equalisation	Allocated 31.01.20	Allocated 31.01.19
<b>Class S Accumulation</b>				
Group 1	0.9260	–	0.9260	0.8629
Group 2	0.0723	0.8537	0.9260	0.8629

#### Equalisation

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

# 7IM AAP MODERATELY CAUTIOUS FUND

## ACD'S REPORT

for the year ended 30 November 2019

### 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 from 1 December 2018 to 30 November 2019, the portfolio delivered a total return of 5.26%<sup>1</sup>.

#### Investment Background

For many market commentators, the main culprit for the Q4 2018 sell-off was the Fed's monetary policy throughout 2018 and the new Chairman Jerome Powell's hawkish communications. Fortunately for equity investors, the Fed decided to change course in January. By the end of that month Powell indicated that the Fed will not be raising rates until further certainty on future growth can be ascertained. In March the Fed effectively doubled down on the dovish approach it has turned to since the start of the year. The Federal Open Market Committee ('FOMC') meeting was more dovish than markets had anticipated with the Fed choosing to eliminate the two 25bps hikes planned for 2019, leaving only one hike in 2020 and none in 2021. Alongside this they also announced plans to taper the balance sheet run off in May and stop the process altogether by the end of September 2019. This move led to a drastic re pricing across the US yield curve and led to an inversion between the 3 month and the 10 year US Treasury rates. However, risk assets came under pressure once again as the trade talks between the US and China suddenly worsened.

On 5 May Donald Trump announced via twitter that he would increase the amount of tariffs on \$200 Billion worth of Chinese imports to 25%. The announcement shook markets and left many investors bewildered as many had assumed that talks were close to being finalised. The reversal in risk appetite also helped to support fixed income assets and especially the US 10 Year Treasury. The sharp fall in US yields since September last year has been quite astounding. After nearly touching 3.25% in November 2018 the yield demanded on US 10 year Government debt has fallen to a low of around 1.5% in the third quarter of 2019.

While the first 6 months of the year saw equity markets caught in a tug-of-war between trade disputes and easy central bank policy the second half of the year saw markets positive of a semblance of trade deal – rallying strongly into the year. A key driver of company profits and thus equity markets is the manufacturing cycle. More specifically, there is a strong relationship between the ups and downs of global manufacturing output, global trade and global equity markets. Manufacturing had been slowing through the year for a number of reasons: destocking of inventories, falling Chinese demand for autos, the tightening effect of the rising dollar and uncertainty over trade wars. Global trade and global manufacturing appears to have found a bottom, particularly in the fourth quarter. Even more positive was the leading indicators such as export orders, backlogs and new orders picking up in places like Germany. This bodes well for a manufacturing cycle rebound in and explains why markets have picked up in Q4. The tentative signs of a trade deal have also buoyed markets. Bond markets don't appear to be pricing in the more positive growth, with US treasuries struggling to push beyond 2%.

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

## 7IM AAP MODERATELY CAUTIOUS FUND

### ACD'S REPORT (continued)

for the year ended 30 November 2019

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

##### Portfolio Review

Following the sell-off in markets through Q4 2018, a decision was made to increase overall portfolio beta, focussed on the US market. This reflected our view that the fundamentals did not support the size of the sell-off. In the AAP Moderately Cautious Fund this represented a position size of 1.0%. In the latter stages of November we had added a position in dividends as an equity beta replacement, looking to play the pull to par in Eurostoxx dividends and monetise an overreaction in the pricing of the dividend market to recent equity weakness. In the AAP Moderately Cautious Fund we sold some European equity and entered into a dividend position with a weight of 3.0%. At the end of January, we added to our position in dividends, diversifying across different maturities. For this fund dividends now represented a portfolio weight of 4.0%. Given the strength of the rally since the start of the year and continued momentum in bond markets we made a slight addition to the duration positioning. By the end of March markets had moved so strongly ahead that we felt it was prudent to take out some risk and cut overall equity positioning across a mix of developed markets. In the AAP Moderately Cautious Fund we cut equity exposure by 3.0%. At the end of June, as is normal process we changed our Strategic Asset Allocation ('SAA') benchmarks. As part of this we split the fixed income asset classes across a broader range of credit instruments and adjusted the overall equity and FX components. We also took an opportunity to exit an underweight in the UK equity market, reflecting a belief that Brexit fears had been fully reflected in valuations. With inflation expectations in the US looking historically cheap, we took the opportunity to buy an exposure to US inflation feeling the risks to the downside were low relative to the potential gains and also bought a holding in a global inflation linked bond fund where we felt valuations were similarly attractive with an initial position of 2.5%.

We had held an EM debt overweight across some ranges for a while and at the end of August we made sure all portfolios were reflecting this. For the AAP Moderately Cautious Fund we moved to an overweight of 2.0%. In August we entered a long in US healthcare stocks. We felt that these stocks were particularly well placed to benefit from changing demographics and global trends in technology. For the AAP Moderately Cautious Fund the initial weight was 1.5%. Back in the UK, we took the view that more GBP volatility was likely as, at that time, there was a significant chance of a "no deal" Brexit and that any announcement of an election would see GBP sell off as Corbyn risk will be at the forefront of everyone's minds. We therefore brought the GBP back to a neutral allocation from an overweight one. We added to US inflation expectations in some portfolios and given further negative sentiment around inflation we decided to increase our position. For the AAP Moderately Cautious Fund this meant increasing the holding to 3.5%. There was relatively little premium left in the dividend position by this time, even using more bullish assumptions, so we removed the remaining holding of 1.0%.

We also reduced exposure to alternative feeling there was more value in equities and bonds, disposing of the market neutral strategies which had been disappointing and reduced other assets exposure to around 10%.

##### Investment Outlook

We split into four core views:

##### **Recession risks are low in the short-term. Global growth is weak but the data appear to have found a bottom.**

Fears of global recession are overdone. Growth has been shifting into a lower gear over the past eighteen months or so. This is partly due to cyclical factors, partly due to the uncertainty caused by trade wars. This growth slowdown has not escaped policymakers – both governments and central banks around the world have taken action. In the US, the Federal Reserve has cut rates and made it clear that it doesn't plan to raise them anytime soon. In China, the government has been cutting taxes, and is beginning to spend more. In Europe, the ECB is making all the right noises about supporting growth, and a few governments are starting to open the fiscal taps. In the rest of the world, interest rate cuts have been happening all year. These early responses should prolong the growth phase of this economic cycle. We are unlikely to see global growth return to boom-time levels, but it appears that the worst is over, for now.

##### **Equities are likely to be volatile as trade war rhetoric continues. But central banks are doing their best to put a floor under markets.**

From a fundamental viewpoint, global equities are around fair value to mildly expensive. However, earnings growth is likely to be average-to-weak over the next 6-12 months. This will make big gains difficult, considering current high levels, particularly in the USA. And we believe that Donald Trump's trade and technology crusade should be taken seriously. There is a sense in which the campaign is no longer just Mr Trump's – anti-China sentiment is about the only thing that Democrats and Republicans agree on. Regardless of the election result in 2020, the trade cat is now out of the bag. On the other side, China is increasingly looking for an external foe, to draw attention away from slower growth and popular discontent – in Hong Kong for example. Neither side has reason to back down in the short term. Any successful negotiation is likely to be followed by a further escalation, sooner or later. This has left global central banks on high alert, ready to react to any growth threats. Equities are likely to be pulled around by these two competing forces.

## 7IM AAP MODERATELY CAUTIOUS FUND

### ACD'S REPORT (continued)

for the year ended 30 November 2019

### Investment Manager's Report (continued)

#### Investment Outlook (continued)

#### **Bond markets are not ready for an inflation surprise – a small change in expectations could be painful for bonds.**

Global inflation expectations remain near all-time lows. The financial markets currently suggest that US inflation will average 1.8% over the next 30 years. We think this is too pessimistic – we aren't in a Japan-style environment like the early 1990's. In the medium-term, populist economic policies are likely to be inflationary, while in the longer term, a return of economic growth should lead to central banks switching to focus on inflation once more. A small change in tone of monetary policy could be painful for bond markets. Yields do not offer any cushion against declines in capital value – and recent price moves have made bonds very expensive.

#### **Brexit is looming, but there's still lots of uncertainty about the UK's future trade relations with Europe.**

UK equities and sterling bounced after the election, as one huge uncertainty over the markets was sorted out. The big Tory victory will probably lead to an early Brexit. Looking ahead, though, the UK will now enter a year of trade negotiations with Europe, the outcome of which is highly unclear. And the costs of leaving Europe will gradually come into focus. Though sterling is on the cheap side by historical standards, we don't expect it to gain much from now on.

Seven Investment Management LLP

Investment Manager

December 2019



## 7IM AAP MODERATELY CAUTIOUS FUND

### FUND INFORMATION

The Comparative Tables on pages 271 to 278 give the performance of each active share class in the Sub-fund.

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

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

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

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

# 7IM AAP MODERATELY CAUTIOUS FUND

## FUND INFORMATION (continued)

### Comparative Tables

#### Class A Income

	30.11.19 (pence per share)	30.11.18 (pence per share)	30.11.17 (pence per share)
<b>Change in Net Asset Value Per Share</b>			
Opening net asset value per share	111.80	117.31	115.13
Return before operating charges*	6.67	(2.35)	5.11
Operating charges (calculated on average price)	(1.35)	(1.32)	(1.35)
Return after operating charges*	5.32	(3.67)	3.76
Distributions on income shares	(1.88)	(1.84)	(1.58)
Closing net asset value per share	115.24	111.80	117.31
* After direct transaction costs of: <sup>1</sup>	0.02	0.02	0.03

### Performance

Return after charges <sup>2</sup>	4.76%	(3.13)%	3.27%
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### Other Information

Closing net asset value (£'000)	137	271	335
Closing number of shares	118,698	242,015	285,363
Operating charges <sup>3</sup>	1.18%	1.13%	1.15%
Direct transaction costs	0.01%	0.02%	0.02%

### Prices

Highest share price	117.92	119.15	118.81
Lowest share price	109.64	112.15	114.58

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

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

<sup>3</sup> Operating charges, otherwise known as the OCF is the ratio of the Sub-fund's total disclosable costs (excluding securities lending fees and overdraft interest) to the average net assets of the Sub-fund. The OCF is intended to provide a reliable figure which gives the most accurate measure of what it costs to invest in a Sub-fund and is calculated based on the last period's figures. Included within the OCF are synthetic costs which includes the OCF of the underlying funds weighted on the basis of their investment proportion. A detailed breakdown of the OCF per share class is shown on page 279.

## 7IM AAP MODERATELY CAUTIOUS FUND

### FUND INFORMATION (continued)

#### Comparative Tables (continued)

##### Class A Accumulation

	30.11.19 (pence per share)	30.11.18 (pence per share)	30.11.17 (pence per share)
<b>Change in Net Asset Value Per Share</b>			
Opening net asset value per share	137.98	142.48	137.96
Return before operating charges*	8.26	(2.90)	6.15
Operating charges (calculated on average price)	(1.67)	(1.60)	(1.63)
Return after operating charges*	6.59	(4.50)	4.52
Distributions	(2.32)	(2.25)	(1.90)
Retained distributions on accumulation shares	2.32	2.25	1.90
Closing net asset value per share	144.57	137.98	142.48
* After direct transaction costs of: <sup>1</sup>	0.02	0.03	0.03

#### Performance

Return after charges <sup>2</sup>	4.78%	(3.16)%	3.28%
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#### Other Information

Closing net asset value (£'000)	2,219	3,119	3,579
Closing number of shares	1,534,634	2,260,700	2,511,681
Operating charges <sup>3</sup>	1.18%	1.13%	1.15%
Direct transaction costs	0.01%	0.02%	0.02%

#### Prices

Highest share price	146.52	144.71	143.29
Lowest share price	135.32	137.19	137.54

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

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

<sup>3</sup> Operating charges, otherwise known as the OCF is the ratio of the Sub-fund's total disclosable costs (excluding securities lending fees and overdraft interest) to the average net assets of the Sub-fund. The OCF is intended to provide a reliable figure which gives the most accurate measure of what it costs to invest in a Sub-fund and is calculated based on the last period's figures. Included within the OCF are synthetic costs which includes the OCF of the underlying funds weighted on the basis of their investment proportion. A detailed breakdown of the OCF per share class is shown on page 279.

## 7IM AAP MODERATELY CAUTIOUS FUND

### FUND INFORMATION (continued)

#### Comparative Tables (continued)

##### Class C Income

	30.11.19 (pence per share)	30.11.18 (pence per share)	30.11.17 (pence per share)
<b>Change in Net Asset Value Per Share</b>			
Opening net asset value per share	117.69	123.01	120.24
Return before operating charges*	6.92	(2.61)	5.23
Operating charges (calculated on average price)	(0.82)	(0.77)	(0.80)
Return after operating charges*	6.10	(3.38)	4.43
Distributions on income shares	(1.98)	(1.94)	(1.66)
Closing net asset value per share	121.81	117.69	123.01
* After direct transaction costs of: <sup>1</sup>	0.02	0.02	0.03

#### Performance

Return after charges <sup>2</sup>	5.18%	(2.75)%	3.68%
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#### Other Information

Closing net asset value (£'000)	28,205	40,738	56,470
Closing number of shares	23,154,092	34,613,197	45,908,628
Operating charges <sup>3</sup>	0.68%	0.63%	0.65%
Direct transaction costs	0.01%	0.02%	0.02%

#### Prices

Highest share price	124.53	124.99	124.54
Lowest share price	115.46	118.05	119.67

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

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

<sup>3</sup> Operating charges, otherwise known as the OCF is the ratio of the Sub-fund's total disclosable costs (excluding securities lending fees and overdraft interest) to the average net assets of the Sub-fund. The OCF is intended to provide a reliable figure which gives the most accurate measure of what it costs to invest in a Sub-fund and is calculated based on the last period's figures. Included within the OCF are synthetic costs which includes the OCF of the underlying funds weighted on the basis of their investment proportion. A detailed breakdown of the OCF per share class is shown on page 279.

## 7IM AAP MODERATELY CAUTIOUS FUND

### FUND INFORMATION (continued)

#### Comparative Tables (continued)

##### Class C Accumulation

	30.11.19 (pence per share)	30.11.18 (pence per share)	30.11.17 (pence per share)
<b>Change in Net Asset Value Per Share</b>			
Opening net asset value per share	144.45	148.57	143.29
Return before operating charges*	8.53	(3.19)	6.24
Operating charges (calculated on average price)	(1.01)	(0.93)	(0.96)
Return after operating charges*	7.52	(4.12)	5.28
Distributions	(2.44)	(2.35)	(1.97)
Retained distributions on accumulation shares	2.44	2.35	1.97
Closing net asset value per share	151.97	144.45	148.57
* After direct transaction costs of: <sup>1</sup>	0.02	0.03	0.03

#### Performance

Return after charges <sup>2</sup>	5.21%	(2.77)%	3.68%
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#### Other Information

Closing net asset value (£'000)	386,308	470,233	550,258
Closing number of shares	254,206,052	325,528,217	370,379,885
Operating charges <sup>3</sup>	0.68%	0.63%	0.65%
Direct transaction costs	0.01%	0.02%	0.02%

#### Prices

Highest share price	153.86	150.97	149.37
Lowest share price	141.71	143.61	142.86

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

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

<sup>3</sup> Operating charges, otherwise known as the OCF is the ratio of the Sub-fund's total disclosable costs (excluding securities lending fees and overdraft interest) to the average net assets of the Sub-fund. The OCF is intended to provide a reliable figure which gives the most accurate measure of what it costs to invest in a Sub-fund and is calculated based on the last period's figures. Included within the OCF are synthetic costs which includes the OCF of the underlying funds weighted on the basis of their investment proportion. A detailed breakdown of the OCF per share class is shown on page 279.

## 7IM AAP MODERATELY CAUTIOUS FUND

### FUND INFORMATION (continued)

#### Comparative Tables (continued)

##### Class D Income

	30.11.19 (pence per share)	30.11.18 (pence per share)	30.11.17 (pence per share)
<b>Change in Net Asset Value Per Share</b>			
Opening net asset value per share	107.89	113.57	111.85
Return before operating charges*	6.51	(2.18)	5.05
Operating charges (calculated on average price)	(1.74)	(1.72)	(1.77)
Return after operating charges*	4.77	(3.90)	3.28
Distributions on income shares	(1.79)	(1.78)	(1.56)
Closing net asset value per share	110.87	107.89	113.57
* After direct transaction costs of: <sup>1</sup>	0.01	0.02	0.03

##### Performance

Return after charges <sup>2</sup>	4.42%	(3.43)%	2.93%
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##### Other Information

Closing net asset value (£'000)	397	546	581
Closing number of shares	358,200	506,128	511,790
Operating charges <sup>3</sup>	1.58%	1.53%	1.55%
Direct transaction costs	0.01%	0.02%	0.02%

##### Prices

Highest share price	113.49	115.30	115.27
Lowest share price	105.77	108.20	111.31

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

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

<sup>3</sup> Operating charges, otherwise known as the OCF is the ratio of the Sub-fund's total disclosable costs (excluding securities lending fees and overdraft interest) to the average net assets of the Sub-fund. The OCF is intended to provide a reliable figure which gives the most accurate measure of what it costs to invest in a Sub-fund and is calculated based on the last period's figures. Included within the OCF are synthetic costs which includes the OCF of the underlying funds weighted on the basis of their investment proportion. A detailed breakdown of the OCF per share class is shown on page 279.

## 7IM AAP MODERATELY CAUTIOUS FUND

### FUND INFORMATION (continued)

#### Comparative Tables (continued)

##### Class D Accumulation

	30.11.19 (pence per share)	30.11.18 (pence per share)	30.11.17 (pence per share)
<b>Change in Net Asset Value Per Share</b>			
Opening net asset value per share	133.17	137.95	134.01
Return before operating charges*	8.07	(2.68)	6.06
Operating charges (calculated on average price)	(2.16)	(2.10)	(2.12)
Return after operating charges*	5.91	(4.78)	3.94
Distributions	(2.22)	(2.17)	(1.88)
Retained distributions on accumulation shares	2.22	2.17	1.88
Closing net asset value per share	139.08	133.17	137.95
* After direct transaction costs of: <sup>1</sup>	0.02	0.03	0.03

#### Performance

Return after charges <sup>2</sup>	4.44%	(3.47)%	2.94%
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#### Other Information

Closing net asset value (£'000)	28,941	36,918	42,993
Closing number of shares	20,808,914	27,722,615	31,166,252
Operating charges <sup>3</sup>	1.58%	1.53%	1.55%
Direct transaction costs	0.01%	0.02%	0.02%

#### Prices

Highest share price	141.06	140.05	138.84
Lowest share price	130.56	132.41	133.59

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

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

<sup>3</sup> Operating charges, otherwise known as the OCF is the ratio of the Sub-fund's total disclosable costs (excluding securities lending fees and overdraft interest) to the average net assets of the Sub-fund. The OCF is intended to provide a reliable figure which gives the most accurate measure of what it costs to invest in a Sub-fund and is calculated based on the last period's figures. Included within the OCF are synthetic costs which includes the OCF of the underlying funds weighted on the basis of their investment proportion. A detailed breakdown of the OCF per share class is shown on page 279.

## 7IM AAP MODERATELY CAUTIOUS FUND

### FUND INFORMATION (continued)

#### Comparative Tables (continued)

##### Class S Income

	30.11.19 (pence per share)	30.11.18 (pence per share)	30.11.17 (pence per share)
<b>Change in Net Asset Value Per Share</b>			
Opening net asset value per share	105.47	110.01	107.32
Return before operating charges*	6.16	(2.39)	4.60
Operating charges (calculated on average price)	(0.46)	(0.42)	(0.44)
Return after operating charges*	5.70	(2.81)	4.16
Distributions on income shares	(1.78)	(1.73)	(1.47)
Closing net asset value per share	109.39	105.47	110.01
* After direct transaction costs of: <sup>1</sup>	0.01	0.02	0.02

#### Performance

Return after charges <sup>2</sup>	5.40%	(2.55)%	3.88%
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#### Other Information

Closing net asset value (£'000)	11,755	13,877	14,221
Closing number of shares	10,745,998	13,156,936	12,926,556
Operating charges <sup>3</sup>	0.43%	0.38%	0.40%
Direct transaction costs	0.01%	0.02%	0.02%

#### Prices

Highest share price	111.77	111.82	111.37
Lowest share price	103.49	105.79	108.60

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

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

<sup>3</sup> Operating charges, otherwise known as the OCF is the ratio of the Sub-fund's total disclosable costs (excluding securities lending fees and overdraft interest) to the average net assets of the Sub-fund. The OCF is intended to provide a reliable figure which gives the most accurate measure of what it costs to invest in a Sub-fund and is calculated based on the last period's figures. Included within the OCF are synthetic costs which includes the OCF of the underlying funds weighted on the basis of their investment proportion. A detailed breakdown of the OCF per share class is shown on page 279.



## 7IM AAP MODERATELY CAUTIOUS FUND

### FUND INFORMATION (continued)

#### Comparative Tables (continued)

##### Class S Accumulation

	30.11.19 (pence per share)	30.11.18 (pence per share)	30.11.17 (pence per share)
<b>Change in Net Asset Value Per Share</b>			
Opening net asset value per share	113.98	117.00	112.62
Return before operating charges*	6.67	(2.58)	4.84
Operating charges (calculated on average price)	(0.50)	(0.44)	(0.46)
Return after operating charges*	6.17	(3.02)	4.38
Distributions	(1.93)	(1.85)	(1.55)
Retained distributions on accumulation shares	1.93	1.85	1.55
Closing net asset value per share	120.15	113.98	117.00
* After direct transaction costs of: <sup>1</sup>	0.02	0.02	0.03

#### Performance

Return after charges <sup>2</sup>	5.41%	(2.58)%	3.89%
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#### Other Information

Closing net asset value (£'000)	80,060	100,158	125,771
Closing number of shares	66,631,404	87,870,256	107,500,881
Operating charges <sup>3</sup>	0.43%	0.38%	0.40%
Direct transaction costs	0.01%	0.02%	0.02%

#### Prices

Highest share price	121.60	118.92	117.61
Lowest share price	111.84	113.32	112.28

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

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

<sup>3</sup> Operating charges, otherwise known as the OCF is the ratio of the Sub-fund's total disclosable costs (excluding securities lending fees and overdraft interest) to the average net assets of the Sub-fund. The OCF is intended to provide a reliable figure which gives the most accurate measure of what it costs to invest in a Sub-fund and is calculated based on the last period's figures. Included within the OCF are synthetic costs which includes the OCF of the underlying funds weighted on the basis of their investment proportion. A detailed breakdown of the OCF per share class is shown on page 279.

## 7IM AAP MODERATELY CAUTIOUS FUND

### FUND INFORMATION (continued)

#### Ongoing Charges Figures

As at 30 November 2019

	<b>Class A</b>	<b>Class C</b>	<b>Class D</b>	<b>Class S</b>
ACD's periodic charge	1.00%	0.50%	1.40%	0.25%
Other expenses	0.05%	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%

As at 30 November 2018

	<b>Class A</b>	<b>Class C</b>	<b>Class D</b>	<b>Class S</b>
ACD's periodic charge	1.00%	0.50%	1.40%	0.25%
Other expenses	0.04%	0.04%	0.04%	0.04%
	1.04%	0.54%	1.44%	0.29%
Collective investment scheme costs	0.09%	0.09%	0.09%	0.09%
Ongoing Charges Figure	1.13%	0.63%	1.53%	0.38%

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

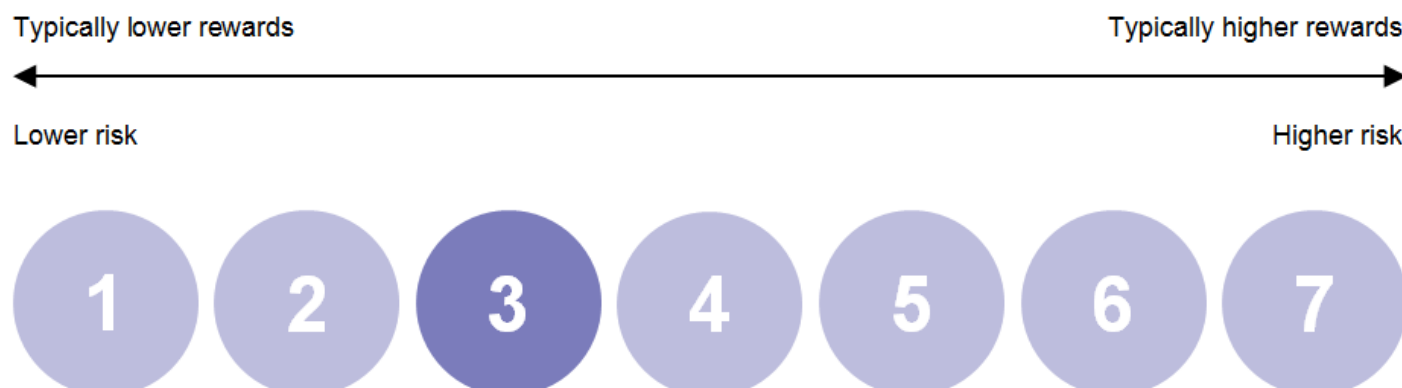
The collective investment scheme costs represent the OCFs, or a reasonable substitute, of the underlying funds which are held as portfolio investments. Their inclusion has been calculated on a weighted basis against the Sub-fund's net assets at the balance sheet date.

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

## 7IM AAP MODERATELY CAUTIOUS FUND

### FUND INFORMATION (continued)

#### Synthetic Risk and Reward Indicator



This indicator shows how much a sub-fund has risen and fallen in the past, and therefore how much a 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 annual report and financial statements, the risk and reward indicator as at the year end date 30 November 2019 was 3.

#### Fund performance to 30 November 2019 (%)

	1 year	3 years	5 years
7IM AAP Moderately Cautious Fund <sup>1</sup>	5.26	5.93	12.13

<sup>1</sup> Source: Bloomberg

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

Details of the distributions per share for the year are shown in the Distribution Tables on pages 302 to 304.

# 7IM AAP MODERATELY CAUTIOUS FUND

## PORTFOLIO STATEMENT

as at 30 November 2019

Holding	Portfolio of Investment	Value £	30.11.19 %
<b>ALTERNATIVES 9.58% (16.34%)</b>			
<b>Alternative Strategies 9.58% (14.17%)</b>			
1,493	Absolute Return Trust <sup>1</sup>	—	—
222,084	AQR - Managed Futures UCITS Fund <sup>2</sup>	18,366,123	3.41
24,880,000	BNP Paribas Issuance 0.00% 2024 <sup>3</sup>	19,337,397	3.59
1,263,843	Dexion Absolute EUR <sup>1</sup>	—	—
33,228	Dexion Equity Alternative <sup>1</sup>	—	—
14,469	Dexion Equity Alternative <sup>1</sup>	—	—
13,409	LGT Dynamic Protection UCITS <sup>2</sup>	13,262,206	2.47
(123)	S&P 500 Index Put Options 1950 March 2020 <sup>4</sup>	(9,488)	—
(54)	S&P 500 Index Put Options 2075 June 2020 <sup>4</sup>	(21,347)	—
(41)	S&P 500 Index Put Options 2100 September 2020 <sup>4</sup>	(37,978)	(0.01)
123	S&P 500 Index Put Options 2650 March 2020 <sup>4</sup>	134,908	0.03
54	S&P 500 Index Put Options 2800 June 2020 <sup>4</sup>	236,702	0.04
41	S&P 500 Index Put Options 2850 September 2020 <sup>4</sup>	294,490	0.05
		<b>51,563,013</b>	<b>9.58</b>
<b>Commodities 0.00% (2.17%)</b>			
<b>CASH 2.16% (3.75%)</b>			
11,623,000	Northern Trust Global Sterling Fund <sup>2</sup>	<b>11,623,000</b>	<b>2.16</b>
<b>DEBT SECURITIES 77.33% (65.51%)</b>			
<b>Convertible Bonds 3.04% (3.16%)</b>			
1,916	NN (L) Global Convertible Bond Acc <sup>2</sup>	7,821,597	1.45
60,498	NN (L) Global Convertible Opportunities Acc <sup>2</sup>	7,795,246	1.45
25,277	SSgA SPDR Thomson Reuters Global Convertible Bond UCITS ETF <sup>2</sup>	722,592	0.14
		<b>16,339,435</b>	<b>3.04</b>
<b>Emerging Market Bonds 8.08% (6.21%)</b>			
30,848,294	Legal & General Emerging Markets Government Bond Local Currency Index Fund Acc <sup>2</sup>	21,235,965	3.95
30,940,397	Legal & General Emerging Markets Government Bond USD Index Fund <sup>2</sup>	22,221,393	4.13
		<b>43,457,358</b>	<b>8.08</b>
<b>Gilts 8.63% (6.76%)</b>			
£15,000	European Investment Bank 2.25% 2020	15,055	—
£2,607,000	Tennessee Valley Authority 5.35% 2021	2,766,435	0.51
£3,745,023	UK Gilt 3.75% 2020	3,832,600	0.71
£3,762,023	UK Gilt 3.75% 2021	3,975,127	0.74
£9,100,000	UK Gilt 4.00% 2022	9,819,792	1.83
£3,000	UK Gilt 4.00% 2060	5,828	—
£4,500,000	UK Gilt 4.25% 2046	7,693,061	1.43
£4,707,000	UK Gilt 4.25% 2055	9,070,803	1.69
£6,200,000	UK Gilt 4.50% 2034	9,264,697	1.72
		<b>46,443,398</b>	<b>8.63</b>
<b>Global Corporate Bonds 16.28% (8.12%)</b>			
46,680,211	BlackRock Overseas Corporate Bond Tracker <sup>2</sup>	76,228,784	14.17

## 7IM AAP MODERATELY CAUTIOUS FUND

### PORTFOLIO STATEMENT (continued) as at 30 November 2019

Holding	Portfolio of Investment	Value £	30.11.19 %
<b>Global Corporate Bonds (continued)</b>			
95,653	Robeco QI Global Multi-Factor Credits <sup>2</sup>	11,346,373	2.11
		<b>87,575,157</b>	<b>16.28</b>
<b>Global Government Bonds 5.02% (12.27%)</b>			
€700,000	Bundesrepublik Deutschland 0.25% 2027	630,500	0.12
€1,300,000	Bundesrepublik Deutschland 2.25% 2021	1,164,714	0.22
€310,000	Bundesrepublik Deutschland 2.5% 2046	433,467	0.08
€300,000	Bundesrepublik Deutschland 4% 2037	439,329	0.08
€900,000	France Government 3% 2022	834,186	0.16
€250,000	France Government 5.75% 2032	369,093	0.07
€400,000	French Republic 2.75% 2027	422,938	0.08
€300,000	French Republic 3.25% 2045	416,744	0.08
€100,000	French Republic 4.50% 2041	155,859	0.03
€800,000	Italy Buoni Polien 3.75% 2021	724,595	0.13
€320,000	Italy Buoni Polien 5% 2040	402,186	0.07
€270,000	Italy Buoni Polien 5.25% 2029	314,818	0.06
€400,000	Italy Buoni Polien 6% 2031	504,675	0.09
¥490,000,000	Japan Government 0.1% 2021	3,478,011	0.65
¥280,000,000	Japan Government 0.1% 2027	2,025,663	0.38
¥300,000,000	Japan Government 0.4% 2036	2,205,136	0.41
¥120,000,000	Japan Government 0.9% 2057	980,533	0.18
€220,000	Spain Government 4.7% 2041	320,514	0.06
€170,000	Spain Government 5.75% 2032	236,976	0.04
€450,000	Spain Government 5.85% 2022	435,521	0.08
€170,000	Spain Government 6% 2029	218,825	0.04
US\$3,400,000	US Treasury Notes 1.625% 2026	2,622,174	0.49
US\$5,490,000	US Treasury Notes 2.375% 2023	4,353,892	0.81
US\$2,500,000	US Treasury Notes 2.5% 2045	2,051,531	0.38
US\$1,600,000	US Treasury Notes 3.5% 2020	1,250,630	0.23
		<b>26,992,510</b>	<b>5.02</b>
<b>Global High Yield Bonds 4.77% (4.52%)</b>			
1,436	Most Diversified TOBAM Anti-Benchmark Global High Yield <sup>2</sup>	13,049,676	2.43
117,457	Robeco Quant High Yield <sup>2</sup>	12,606,121	2.34
		<b>25,655,797</b>	<b>4.77</b>
<b>Global Inflation Linked Bonds 6.49% (4.49%)</b>			
1,457,720	iShares Global Inflation-Linked Bond Index <sup>2</sup>	15,976,052	2.97
(175)	Ultra Long Term US Treasury Bond Futures March 2020 <sup>4</sup>	105,975	0.02
US\$20,784,000	US Treasury Inflation-Indexed Bonds 1% 2049	18,827,937	3.50
		<b>34,909,964</b>	<b>6.49</b>
<b>Short Term Sterling Bonds 17.38% (17.68%)</b>			
£750,000	ASB Finance FRN 2020	750,586	0.14
£4,655,000	Bank Nederlandse Gemeenten 1.00% 2022	4,668,062	0.87
£5,855,000	Bank of Nova Scotia FRN 2023	5,826,779	1.08
£4,700,000	Barclays Bank UK FRN 2023	4,678,051	0.87
£5,100,000	Bayerische Landesbank 1.25% 2021	5,114,968	0.95
£4,850,000	Commonwealth Bank of Australia 1.125% 2021	4,861,291	0.90
£15,000	Council Of Europe Development Bank 1.25% 2019	15,004	—
£5,618,000	Deutsche Bahn Finance 2.75% 2022	5,865,630	1.09
£2,700,000	DNB Bank 4.25% 2020	2,712,820	0.51

## 7IM AAP MODERATELY CAUTIOUS FUND

### PORTFOLIO STATEMENT (continued) as at 30 November 2019

Holding	Portfolio of Investment	Value £	30.11.19 %
<b>Short Term Sterling Bonds (continued)</b>			
£6,200,000	European Investment Bank 0.875% 2021	6,206,101	1.15
£20,000	Federal National Mortgage 5.375% 2021	21,282	0.01
£2,117,000	ING Bank 5.375% 2021	2,240,226	0.42
£2,631,000	International Bank for Reconstruction & Development 5.4% 2021	2,808,813	0.52
£15,000	KFW 1.625% 2020	15,060	—
£15,000	Kreditanstalt fuer Wiederaufbau 1.125% 2019	15,002	—
£20,000	Landwirtschaftlic 1.125% 2021	20,066	—
£3,000,000	Lloyds Bank 1.75% 2022	3,051,360	0.57
£2,124,000	Municipality Finance 1.25% 2022	2,145,996	0.40
£4,000,000	Nordea Bank 2.375% 2022	4,115,056	0.77
£2,000,000	NRW Bank 1.00% 2022	2,004,200	0.37
£3,000,000	Oversea-Chinese Banking FRN 2023	2,976,888	0.55
£4,500,000	Rabobank Nederland 2.25% 2022	4,627,116	0.86
£10,000	Rabobank Nederland 4.625% 2021	10,387	—
£18,000	Reseau Ferre de France 5.5% 2021	19,601	—
£5,044,000	Royal Bank of Canada 1.125% 2021	5,053,372	0.94
£2,000,000	Santander UK FRN 2020	2,000,112	0.37
£4,500,000	Santander UK FRN 2022	4,482,855	0.83
£2,582,000	SpareBank 1 Boligkreditt AS FRN 2022	2,572,896	0.48
£3,400,000	Toronto-Dominion Bank FRN 2023	3,383,170	0.63
£4,000,000	Westpac Banking 2.625% 2022	4,171,140	0.78
£4,000,000	Westpac Banking FRN 2023	3,980,624	0.74
£3,075,000	Westpac Securities NZ 2.50% 2021	3,118,247	0.58
		<b>93,532,761</b>	<b>17.38</b>
<b>Sterling Corporate Bonds 7.64% (2.30%)</b>			
11,713,652	HSBC Index Tracker Investment Funds - Sterling Corporate Bond Index Fund <sup>2</sup>	11,894,160	2.21
£1,100,000	International Bank for Reconstruction & Development 0.375% 2021	1,092,016	0.20
£15,000	Landeskreditbank 1.125% 2021	15,041	—
£15,000	Nestle Holdings 1.75% 2020	15,119	—
246,179	UBS Sterling Corporate Bond Indexed <sup>2</sup>	28,109,014	5.23
		<b>41,125,350</b>	<b>7.64</b>
<b>EQUITY 10.63% (14.80%)</b>			
<b>Asia &amp; Emerging Markets 1.51% (2.24%)</b>			
982	Most Diversified TOBAM Anti-Benchmark Emerging Markets <sup>2</sup>	8,035,014	1.49
200	MSCI Emerging Markets Index Futures December 2019 <sup>4</sup>	80,714	0.02
		<b>8,115,728</b>	<b>1.51</b>
<b>Europe (ex UK) 2.77% (2.03%)</b>			
9,933,437	7IM European (ex UK) Equity Value Fund 'Z' Inc <sup>2,5</sup>	11,451,266	2.13
41	Aena SME	5,857	—
124	Ageas	5,788	—
46	Allianz	8,520	—
314	Alstom	10,497	—
3	AP Moeller - Maersk 'A'	3,032	—
131	AP Moeller - Maersk 'B'	141,773	0.03
1,178	ArcelorMittal	15,678	—
488	Atlas Copco 'A'	13,907	—
255	Atlas Copco 'B'	6,385	—
35	Baloise	4,742	—
648	Bayer	38,018	0.01
			<b>283</b>

## 7IM AAP MODERATELY CAUTIOUS FUND

### PORTFOLIO STATEMENT (continued) as at 30 November 2019

Holding	Portfolio of Investment	Value £	30.11.19 %
	<b>Europe (ex UK) (continued)</b>		
1,952	Bayerische Motoren Werke 'A'	122,159	0.02
5,267	BNP Paribas	229,636	0.04
4,378	Boliden	87,604	0.02
2,286	Coca-Cola European Partners	89,838	0.02
331	Compagnie De St-Gobain	10,369	—
118	Covestro	4,319	—
609	Credit Agricole	6,489	—
481	Daimler	21,152	0.01
424	Danske Bank	4,431	—
51	Dassault Aviation	54,295	0.01
15,169	Deutsche Telekom	196,997	0.04
619	DNB	8,136	—
56	Eiffage	4,726	—
418	Electricite de France	3,319	—
215	Endesa	4,516	—
1,236	Engie	15,176	—
15,004	Eni	176,642	0.03
6,905	Ericsson 'B'	48,331	0.01
34	Euro Stoxx 50 Equity Index Futures December 2019 <sup>4</sup>	2,463	—
8,852	Fiat Chrysler Automobiles	101,861	0.02
357	Hakon Invest	12,222	—
1,832	Holcim	73,352	0.01
15,841	Iberdrola	120,496	0.02
1,103	ING Group	9,840	—
1,276	Klepierre	35,305	0.01
6,974	Koninklijke Ahold Delhaize	140,081	0.03
63	L'Oreal	13,876	—
99	Muenchener Rueckversicherungs	22,016	0.01
337	Nestle	27,148	0.01
212	NN Group	6,326	—
842	Nordea Bank	4,653	—
3,309	Novartis	236,334	0.05
625	Pernod Ricard	88,487	0.02
9,211	Peugeot	173,355	0.03
747	Porsche Automobil	43,132	0.01
2,192	Raiffeisen Bank International	39,965	0.01
489	Renault	18,281	—
925	Repsol	11,338	—
1,229	Roche Holding	293,384	0.06
346	Sandvik	4,905	—
777	Sanofi	56,043	0.01
253	SES	2,624	—
91	Siemens	9,064	—
1,017	Siemens Gamesa Renewable Energy	12,470	—
463	Societe Generale	11,293	—
386	Statoil	5,575	—
126	Swiss Life	48,575	0.01
1,215	Swiss Re	101,844	0.02
18	Swisscom	7,199	—
4,467	Telefonica Deutschland	10,547	—
1,683	Telenor	23,958	0.01
963	Terna Rete Elettrica Nazionale	4,774	—
959	Total	39,212	0.01
3,569	Uniper	89,408	0.02
361	UPM-Kymmene	9,345	—
1,609	Vestas Wind Systems	118,988	0.02

# 7IM AAP MODERATELY CAUTIOUS FUND

## PORTFOLIO STATEMENT (continued) as at 30 November 2019

Holding	Portfolio of Investment	Value £	30.11.19 %
<b>Europe (ex UK) (continued)</b>			
371	Vinci	31,244	0.01
22	Volkswagen	3,267	—
1,021	Volvo 'B'	12,303	—
192	Wolters Kluwer	10,687	—
		<b>14,880,838</b>	<b>2.77</b>
<b>Japan 0.23% (-0.07%)</b>			
109	TOPIX Index Futures December 2019 <sup>4</sup>	<b>1,226,818</b>	<b>0.23</b>
<b>North America 0.32% (2.95%)</b>			
111	E-mini Health Care Select Sector Futures September 2020 <sup>4</sup>	654,763	0.12
1,276	NXP Semiconductors	116,127	0.02
172	S&P 500 E-mini Futures December 2019 <sup>4</sup>	947,260	0.18
		<b>1,718,150</b>	<b>0.32</b>
<b>United Kingdom 5.80% (7.65%)</b>			
6,673,176	7IM UK Equity Value Fund 'Z' Inc <sup>2,5</sup>	6,842,007	1.27
1,412	Admiral Group	30,372	0.01
7,485	Anglo American	152,657	0.03
5,198	AstraZeneca	389,434	0.07
80,064	Auto Trader Group	454,603	0.08
130,667	Aviva	526,719	0.10
6,380	Barratt Developments	42,669	0.01
8,814	Berkeley Group	408,793	0.08
36,620	BHP	631,475	0.12
125,215	BP	605,790	0.11
30,270	British American Tobacco	932,165	0.17
17,437	British Land	101,832	0.02
4,072	Bunzl	86,815	0.02
2,913	Burberry	61,901	0.01
2,371	Carnival	77,081	0.01
41,770	Centrica	33,583	0.01
10,906	Diageo	347,247	0.06
117,468	Direct Line Insurance Group	364,386	0.07
1,036	Easyjet	14,033	—
8,230	Experian	211,100	0.04
490	Ferguson	32,791	0.01
263	FTSE 100 Index Futures December 2019 <sup>4</sup>	213,819	0.04
10,298	G4S	21,801	—
38,950	GlaxoSmithKline	684,040	0.13
45,824	Glencore	113,277	0.02
84,110	HSBC Holdings	486,576	0.09
25,521	Imperial Tobacco Group	435,950	0.08
1,210	Intertek Group	66,792	0.01
4,758	Investec	21,045	—
27,138	ITV	39,513	0.01
12,860	J Sainsbury	28,163	0.01
36,032	John Wood Group	132,310	0.02
4,726	Land Securities	45,710	0.01
39,047	Legal & General Group	110,815	0.02
2,390	London Stock Exchange	165,723	0.03
3,552	M&G	8,461	—
128,147	Marks & Spencer	254,244	0.05
			285



## 7IM AAP MODERATELY CAUTIOUS FUND

### PORTFOLIO STATEMENT (continued) as at 30 November 2019

Holding	Portfolio of Investment	Value £	30.11.19 %
<b>United Kingdom (continued)</b>			
57,388	Meggitt	371,071	0.07
24,486	Micro Focus International	274,341	0.05
13,152	Pearson	86,119	0.02
2,351	Persimmon	60,867	0.01
3,552	Prudential	49,124	0.01
35,445	RELX	667,429	0.12
10,726	Rio Tinto	455,533	0.08
12,076	Rolls-Royce	86,561	0.02
13,411	Royal Bank of Scotland Group	30,832	0.01
16,531	Royal Dutch Shell 'A'	369,551	0.07
31,500	Royal Dutch Shell 'B'	698,513	0.13
7,440	RSA Insurance Group	41,441	0.01
3,443	Sage Group	26,229	—
27,240	Smith & Nephew	476,291	0.09
512	Spirax-Sarco Engineering	45,875	0.01
3,403	St James's Place	36,837	0.01
30,843	Standard Chartered	216,395	0.04
154,212	Taylor Wimpey	271,644	0.05
2,174	Unilever	99,558	0.02
15,034	United Utilities Group	129,713	0.02
333,914	Vanguard FTSE 250 UCITS ETF <sup>2</sup>	11,109,319	2.06
186,578	Vodafone Group	285,054	0.05
541	Whitbread	25,600	—
72,902	WM Morrison Supermarkets	146,533	0.03
		<b>31,236,122</b>	<b>5.80</b>
<b>FORWARD CURRENCY CONTRACTS 1.29% (-0.88%)</b>			
€6,489,000	Vs £(5,759,065) Expiry 21.02.2020	(212,373)	(0.04)
€6,207,000	Vs £(5,529,307) Expiry 21.02.2020	(223,664)	(0.04)
€6,460,000	Vs £(5,773,787) Expiry 21.02.2020	(251,882)	(0.05)
€7,721,000	Vs £(7,128,722) Expiry 21.02.2020	(528,935)	(0.10)
€13,021,000	Vs £(11,719,343) Expiry 21.02.2020	(589,201)	(0.11)
€(69,531,200)	Vs £64,665,407 Expiry 21.02.2020	5,231,254	0.97
¥(1,153,000,000)	Vs £8,537,756 Expiry 20.12.2019	374,783	0.07
¥(937,126,000)	Vs £6,907,342 Expiry 20.12.2019	272,707	0.05
US\$(248,563,500)	Vs £198,449,931 Expiry 17.01.2020	6,140,701	1.14
US\$(9,688,000)	Vs £7,931,654 Expiry 17.01.2020	436,218	0.08
US\$(7,085,000)	Vs £5,737,144 Expiry 17.01.2020	255,603	0.05
US\$(6,014,000)	Vs £4,671,554 Expiry 17.01.2020	18,628	—
¥520,000,000	Vs £(3,869,422) Expiry 20.12.2019	(187,942)	(0.03)
¥450,000,000	Vs £(3,490,290) Expiry 20.12.2019	(304,395)	(0.06)
¥802,954,000	Vs £(6,019,913) Expiry 20.12.2019	(335,184)	(0.06)
¥866,933,600	Vs £(6,484,690) Expiry 20.12.2019	(347,000)	(0.06)
US\$8,589,000	Vs £(6,851,850) Expiry 17.01.2020	(206,691)	(0.04)
US\$8,530,000	Vs £(6,813,349) Expiry 17.01.2020	(213,838)	(0.04)
US\$8,931,000	Vs £(7,132,150) Expiry 17.01.2020	(222,392)	(0.04)
US\$7,192,000	Vs £(5,797,859) Expiry 17.01.2020	(233,534)	(0.04)
US\$5,200,000	Vs £(4,278,339) Expiry 17.01.2020	(255,190)	(0.05)
US\$11,500,000	Vs £(9,401,308) Expiry 17.01.2020	(503,960)	(0.09)
US\$14,138,000	Vs £(11,447,217) Expiry 17.01.2020	(508,894)	(0.09)

## 7IM AAP MODERATELY CAUTIOUS FUND

### PORTFOLIO STATEMENT (continued) as at 30 November 2019

Holding	Portfolio of Investment	Value £	30.11.19 %
<b>FORWARD CURRENCY CONTRACTS (continued)</b>			
US\$21,240,000	Vs £(17,105,926) Expiry 17.01.2020	(672,909)	(0.13)
		<b>6,931,910</b>	<b>1.29</b>
<b>Portfolio of investment</b>			
	Net other liabilities	(5,305,680)	(0.99)
	<b>Net assets</b>	<b>538,021,629</b>	<b>100.00</b>

Comparative figures shown in brackets relate to 30 November 2018.

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

<sup>1</sup> Delisted security

<sup>2</sup> Collective investment scheme

<sup>3</sup> Structured product

<sup>4</sup> Derivative contract

<sup>5</sup> Related party holding (see note 12 of the Financial Statements)

<b>Credit Quality</b>	<b>30.11.19 %</b>	<b>30.11.18 %</b>
Investment grade debt securities	34.73	39.01
Non-rated debt securities	3.59	10.88
Other investments	62.67	49.63
Net other (liabilities)/assets	(0.99)	0.48
	<b>100.00</b>	<b>100.00</b>

## 7IM AAP MODERATELY CAUTIOUS FUND

### STATEMENT OF TOTAL RETURN

for the year ended 30 November 2019

	Notes	£	30.11.19 £	30.11.18 £
Income				
Net capital gains/(losses)	4		24,705,285	(28,223,186)
Revenue	5	11,905,145		14,079,362
Expenses	6	(3,388,123)		(4,053,275)
Interest payable and similar charges	8	(63,077)		(42,346)
Net revenue before taxation for the year		8,453,945		9,983,741
Taxation	7	(1,196,338)		(1,366,161)
Net revenue after taxation for the year			7,257,607	8,617,580
<b>Total return before distributions</b>			31,962,892	(19,605,606)
Distributions	8		(9,817,996)	(11,722,953)
<b>Change in net assets attributable to shareholders from investment activities</b>			22,144,896	(31,328,559)

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

for the year ended 30 November 2019

	£	30.11.19 £	30.11.18 £
<b>Opening net assets attributable to shareholders</b>		665,859,714	794,207,647
Amounts received on creation of shares <sup>1</sup>	74,689,473		131,664,451
Amounts receivable on in-specie transactions	1,218,427		—
Amounts paid on cancellation of shares <sup>1</sup>	(234,388,021)		(239,003,575)
		(158,480,121)	(107,339,124)
Change in net assets attributable to shareholders from investment activities		22,144,896	(31,328,559)
Retained distribution on accumulation shares		8,497,140	10,319,750
<b>Closing net assets attributable to shareholders</b>		538,021,629	665,859,714

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

The notes on pages 290 to 301 are an integral part of these Financial Statements.

## 7IM AAP MODERATELY CAUTIOUS FUND

### BALANCE SHEET

as at 30 November 2019

	Notes	30.11.19 £	30.11.18 £
<b>ASSETS</b>			
Fixed assets:			
Investments		549,194,106	674,874,087
Current assets:			
Debtors	9	4,008,104	4,147,178
Cash and bank balances	10	6,316,897	10,730,601
<b>Total assets</b>		<b>559,519,107</b>	<b>689,751,866</b>
<b>LIABILITIES</b>			
Investment liabilities		(5,866,797)	(12,223,961)
Creditors:			
Bank overdrafts	10	(9,923,378)	(5,067,632)
Distribution payable		(391,336)	(493,616)
Other creditors	11	(5,315,967)	(6,106,943)
<b>Total liabilities</b>		<b>(21,497,478)</b>	<b>(23,892,152)</b>
<b>Net assets attributable to shareholders</b>		<b>538,021,629</b>	<b>665,859,714</b>

The notes on pages 290 to 301 are an integral part of these Financial Statements.

# 7IM AAP MODERATELY CAUTIOUS FUND

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 November 2019

### 1 Statement of Compliance

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

### 2 Summary of Significant Accounting Policies

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

### 3 Risk Management Policies

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

### 4 Net capital gains/(losses)

	30.11.19 £	30.11.18 £
The net capital gains/(losses) during the year comprise:		
Non-derivative securities	24,280,230	(7,587,034)
Derivative contracts	2,963,412	(3,102,627)
Forward currency contracts	814,963	(18,742,824)
Currency (losses)/gains	(3,460,245)	1,113,295
Transaction charges	(15,547)	(31,493)
AMC rebates from underlying investments	122,472	127,497
Net capital gains/(losses)	24,705,285	(28,223,186)

### 5 Revenue

	30.11.19 £	30.11.18 £
Non-taxable dividends	2,787,543	3,800,432
Taxable dividends	5,863,016	6,250,291
Unfranked interest	2,928,621	3,731,302
AMC rebates from underlying investments	245,977	199,753
Bank interest	25,219	12,882
Stock lending revenue <sup>1</sup>	54,769	84,702
Total revenue	11,905,145	14,079,362

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

## 7IM AAP MODERATELY CAUTIOUS FUND

### NOTES TO THE FINANCIAL STATEMENTS (continued) for the year ended 30 November 2019

#### 6 Expenses

	30.11.19 £	30.11.18 £
Payable to the ACD, associates of the ACD and agents of either of them:		
ACD's periodic charge	3,119,780	3,795,086
Other expenses	6,480	6,472
	<u>3,126,260</u>	<u>3,801,558</u>
Payable to the Depositary, associates of the Depositary and agents of either of them:		
Depositary's fees	80,235	95,640
Market risk fees	6,000	6,000
Safe custody and other bank charges	35,621	42,187
	<u>121,856</u>	<u>143,827</u>
Other Expenses:		
Advisory fees	50,121	54,681
Audit fee	9,000	8,760
Dealing and exchange fees	25,727	27,669
FCA and other Regulatory fees	212	300
Legal and professional fees	6,544	2,417
Printing, postage and distribution costs	42,253	9,125
Risk analysis fees	6,150	4,938
	<u>140,007</u>	<u>107,890</u>
Total expenses	<u>3,388,123</u>	<u>4,053,275</u>

## 7IM AAP MODERATELY CAUTIOUS FUND

### NOTES TO THE FINANCIAL STATEMENTS (continued) for the year ended 30 November 2019

#### 7 Taxation

	30.11.19 £	30.11.18 £
<i>a) Analysis of charge for the year</i>		
Corporation tax at 20%	1,144,985	1,256,836
Overseas tax	51,326	108,333
Irrecoverable CIS income tax	27	992
Current tax charge (note 7b)	1,196,338	1,366,161
Total taxation	1,196,338	1,366,161
<i>b) Factors affecting current tax charge for the year</i>		
The tax assessed for the year differs from the standard rate of corporation tax in the UK for an authorised fund (20%) (2018: 20%) for the reasons explained below.		
Net revenue before taxation	8,453,945	9,983,741
Corporation tax at 20%	1,690,789	1,996,748
Effects of:		
AMC rebates taken to capital	24,494	25,499
Double taxation relief expensed	(2,570)	(5,091)
Indexed gilt edged securities adjustment	(10,355)	–
Irrecoverable CIS income tax w/off	27	992
Movement in revenue accruals	135	(234)
Non-taxable dividends	(557,508)	(748,235)
Overseas tax	51,326	108,333
Tax on stock dividends	–	(11,851)
Current tax charge (note 7a)	1,196,338	1,366,161

#### *c) Deferred tax*

There is no deferred tax provision in the current year (2018: none).

#### 8 Distributions

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

	30.11.19 £	30.11.18 £
Interim	4,077,816	5,416,830
Final	5,144,918	5,873,842
	9,222,734	11,290,672
Add: Revenue deducted on cancellation of shares	850,963	900,359
Add: Revenue deducted on in-specie transactions	1,490	–
Deduct: Revenue received on issue of shares	(257,191)	(468,078)
Net distributions for the year	9,817,996	11,722,953
Interest payable and similar charges	63,077	42,346
Total distribution	9,881,073	11,765,299

## 7IM AAP MODERATELY CAUTIOUS FUND

### NOTES TO THE FINANCIAL STATEMENTS (continued) for the year ended 30 November 2019

#### 8 Distributions (continued)

Details of the distributions per share are set out in the table on pages 302 to 304.

Distributions represented by:

Net revenue after taxation	7,257,607	8,617,580
Allocations to capital:		
Expenses, net of tax relief	2,560,416	3,105,313
Equalisation on conversions <sup>1</sup>	(39)	(2)
Net movement in revenue account	12	62
Net distributions for the year	<u>9,817,996</u>	<u>11,722,953</u>

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

#### 9 Debtors

	30.11.19	30.11.18
	£	£
Amounts receivable for issue of shares	862,642	904,651
Accrued revenue	2,741,373	2,883,738
Income tax recoverable	33	22
AMC rebates from underlying investments	248,818	197,212
Withholding tax recoverable	155,238	161,555
Total debtors	<u>4,008,104</u>	<u>4,147,178</u>

#### 10 Cash and bank balances

	30.11.19	30.11.18
	£	£
Cash and bank balances	6,314,952	5,095,606
Cash held at clearing houses	1,945	5,634,995
Total cash and bank balances	<u>6,316,897</u>	<u>10,730,601</u>
Bank overdrafts	(6,293,487)	(5,052,248)
Cash overdraft at clearing houses	(3,629,891)	(15,384)
Total bank overdrafts	<u>(9,923,378)</u>	<u>(5,067,632)</u>

#### 11 Other Creditors

	30.11.19	30.11.18
	£	£
Amounts payable for cancellation of shares	3,364,147	4,559,291
Purchases awaiting settlement	807,807	533,346
Accrued expenses	349,050	341,149
Corporation tax payable	794,963	672,836
Currency deals awaiting settlement	—	321
Total other creditors	<u>5,315,967</u>	<u>6,106,943</u>



## 7IM AAP MODERATELY CAUTIOUS FUND

### NOTES TO THE FINANCIAL STATEMENTS (continued) for the year ended 30 November 2019

#### 12 Related party transactions

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

The aggregate monies received by the ACD through the issue of shares and paid on cancellation of shares are disclosed in the Statement of Change in Net Assets Attributable to Shareholders on page 138.

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

	Held at 30.11.19	Held at 30.11.18
7IM Emerging Markets Equity Value Fund 'Z' Inc	–	1,591,635
7IM European (ex UK) Equity Value Fund 'Z' Inc	9,933,437	6,239,652
7IM UK Equity Value Fund 'Z' Inc	6,673,176	6,673,176
7IM US Equity Value Fund 'Z' Inc	–	4,324,691

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

Pershing Nominees Limited 28.72% (2018: 27.21%)

The net value of creations and cancellations for Pershing Nominees Limited during the year totalled -£22,526,135 (2018: -£25,168,491).

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

#### 13 Classes of Shares

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

Class A	1.00%
Class C	0.50%
Class D	1.40%
Class S	0.25%

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

Class	Opening Shares	Shares Created	Shares Liquidated	Shares Converted	Closing Shares
Class A Income	242,015	37,947	(161,263)	–	118,698
Class A Accumulation	2,260,700	21,161	(366,037)	(381,190)	1,534,634
Class C Income	34,613,197	3,637,138	(15,209,811)	113,568	23,154,092
Class C Accumulation	325,528,217	36,569,424	(105,933,221)	(1,958,368)	254,206,052
Class D Income	506,128	5,003	(152,841)	(90)	358,200
Class D Accumulation	27,722,615	1,695,618	(8,603,957)	(5,362)	20,808,914
Class S Income	13,156,936	1,569,802	(5,729,087)	1,748,347	10,745,998
Class S Accumulation	87,870,256	11,280,370	(33,733,772)	1,214,550	66,631,404

#### 14 Contingent liabilities and commitments

There are no contingent liabilities or unrecorded outstanding commitments at the balance sheet date (2018: none).

## 7IM AAP MODERATELY CAUTIOUS FUND

### NOTES TO THE FINANCIAL STATEMENTS (continued) for the year ended 30 November 2019

#### 15 Risks Disclosures

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

##### i. Interest rate risk

The table below shows the direct interest rate risk profile:

Interest rate exposure as at 30 November 2019

	<b>Floating Rate Financial Assets £</b>	<b>Fixed Rate Financial Assets £</b>	<b>Financial Assets not carrying interest £</b>	<b>Total £</b>
Danish krone	—	—	289,847	289,847
Euro	493,149	8,024,940	36,161,942	44,680,031
Hong Kong dollar	1	—	—	1
Japanese yen	8,605	8,689,343	19,916,611	28,614,559
Norwegian krone	—	—	38,872	38,872
Swedish krona	—	—	190,310	190,310
Swiss franc	26,076	—	915,371	941,447
US dollar	190,719	48,443,561	153,043,896	201,678,176
Pound sterling	47,873,307	110,446,375	527,741,628	686,061,310
	<b>48,591,857</b>	<b>175,604,219</b>	<b>738,298,477</b>	<b>962,494,553</b>

	<b>Floating Rate Financial Liabilities £</b>	<b>Financial Liabilities not carrying interest £</b>	<b>Total £</b>
Euro	(493,424)	(59,434,153)	(59,927,577)
Hong Kong dollar	(1)	—	(1)
Japanese yen	(9,456)	(14,797,608)	(14,807,064)
Swiss franc	(26,076)	—	(26,076)
US dollar	(169,829)	(210,007,947)	(210,177,776)
Pound sterling	(9,224,591)	(130,309,839)	(139,534,430)
	<b>(9,923,377)</b>	<b>(414,549,547)</b>	<b>(424,472,924)</b>

## 7IM AAP MODERATELY CAUTIOUS FUND

### NOTES TO THE FINANCIAL STATEMENTS (continued) for the year ended 30 November 2019

#### 15 Risks Disclosures (continued)

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

Interest rate exposure as at 30 November 2018

	<b>Floating Rate Financial Assets £</b>	<b>Fixed Rate Financial Assets £</b>	<b>Financial Assets not carrying interest £</b>	<b>Total £</b>
Danish krone	–	–	171,755	171,755
Euro	518,551	25,650,549	14,151,555	40,320,655
Hong Kong dollar	1	–	–	1
Japanese yen	1,068	27,328,044	29,303,861	56,632,973
Norwegian krone	–	–	17,821	17,821
Swedish krona	–	–	455,907	455,907
Swiss franc	26,430	–	1,185,013	1,211,443
US dollar	19,393,384	81,972,498	177,218,571	278,584,453
Pound sterling	74,579,527	138,381,864	526,903,308	739,864,699
	<b>94,518,961</b>	<b>273,332,955</b>	<b>749,407,791</b>	<b>1,117,259,707</b>

	<b>Floating Rate Financial Liabilities £</b>	<b>Financial Liabilities not carrying interest £</b>	<b>Total £</b>
Euro	(517,497)	(53,153,105)	(53,670,602)
Hong Kong dollar	(1)	–	(1)
Japanese yen	(3,209)	(32,984,628)	(32,987,837)
Swiss franc	(26,430)	–	(26,430)
US dollar	(179,238)	(260,033,733)	(260,212,971)
Pound sterling	(4,341,259)	(100,160,893)	(104,502,152)
	<b>(5,067,634)</b>	<b>(446,332,359)</b>	<b>(451,399,993)</b>

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

Currency	Fixed Rate Financial Assets			
	Weighted average interest rate		Weighted average period for which rate is fixed	
	30.11.19 %	30.11.18 %	30.11.19 Years	30.11.18 Years
Euro	0.12	0.85	10	9
Japanese yen	(0.02)	0.15	11	11
Pound sterling	0.94	1.30	8	5
US dollar	0.69	1.13	15	4

The average effective duration of the Sub-fund's portfolio is a measure of the sensitivity of the fair value of the Sub-fund's bond portfolio (excludes all other investments) to changes in market interest rates. As at 30 November 2019, the weighted average effective duration was 4.47 years (30 November 2018: 3.56 years).

## 7IM AAP MODERATELY CAUTIOUS FUND

### NOTES TO THE FINANCIAL STATEMENTS (continued) for the year ended 30 November 2019

#### 15 Risks Disclosures (continued)

##### ii. Foreign currency risk

The table below shows the direct foreign currency risk profile:

Foreign currency risk exposure as at 30 November 2019

Currency	Monetary Exposure £	Non-Monetary Exposure £	Total £
Danish krone	21,623	268,224	289,847
Euro	6,544	(15,254,090)	(15,247,546)
Japanese yen	(851)	13,808,346	13,807,495
Norwegian krone	1,203	37,669	38,872
Swedish krona	–	190,310	190,310
Swiss franc	122,793	792,578	915,371
US dollar	20,998	(8,520,598)	(8,499,600)
	172,310	(8,677,561)	(8,505,251)
Pound sterling	6,145,009	540,381,871	546,526,880
Net assets	6,317,319	531,704,310	538,021,629

Foreign currency risk exposure as at 30 November 2018

Currency	Monetary Exposure £	Non-Monetary Exposure £	Total £
Danish krone	22,191	149,564	171,755
Euro	319,830	(13,669,777)	(13,349,947)
Japanese yen	11,489	23,633,647	23,645,136
Norwegian krone	1,306	16,515	17,821
Swedish krona	–	455,907	455,907
Swiss franc	116,278	1,068,735	1,185,013
US dollar	228,561	18,142,921	18,371,482
	699,655	29,797,512	30,497,167
Pound sterling	27,482,932	607,879,615	635,362,547
Net assets	28,182,587	637,677,127	665,859,714

##### iii. Derivatives

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

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

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

The lowest, highest and average leverage utilisation in the accounting year ended 30 November 2019 was 161%, 257% and 189% respectively (30 November 2018: 163%, 282% and 195% respectively).

## 7IM AAP MODERATELY CAUTIOUS FUND

### NOTES TO THE FINANCIAL STATEMENTS (continued) for the year ended 30 November 2019

#### 15 Risks Disclosures (continued)

##### iii. Derivatives (continued)

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

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

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

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

Counterparty	30.11.19 £	30.11.18 £
<b>Options</b>		
Chicago Board Options Exchange	597,287	696,472
<b>Futures Contracts</b>		
Chicago Board of Trade	105,975	—
Chicago Mercantile Exchange	654,763	—
Eurex Deutschland	2,463	190,343
International Monetary Market	947,260	(2,138,936)
London International Financial Futures Exchange	213,819	(1,942,632)
New York Coffee, Sugar & Cocoa	80,714	—
Osaka Securities Exchange	—	(493,694)
Tokyo Stock Exchange	1,226,818	—
<b>Forward Currency Contracts</b>		
Northern Trust	6,931,910	(5,850,425)
<b>Total net exposure<sup>1</sup></b>	<b>10,761,009</b>	<b>(9,538,872)</b>

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

## 7IM AAP MODERATELY CAUTIOUS FUND

### NOTES TO THE FINANCIAL STATEMENTS (continued) for the year ended 30 November 2019

#### 15 Risks Disclosures (continued)

##### iv. Fair value

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

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

##### Level 1

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

##### Level 2

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

##### Level 3

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

	Level 1 £	Level 2 £	Level 3 £	Total £
<b>30 November 2019</b>				
<b>Assets</b>				
Bonds	91,920,972	114,335,207	–	206,256,179
Collective Investment Schemes	309,695,908	–	–	309,695,908
Derivatives	3,897,912	12,729,894	–	16,627,806
Equities	16,614,213	–	–	16,614,213
<b>Total</b>	<b>422,129,005</b>	<b>127,065,101</b>	<b>–</b>	<b>549,194,106</b>
<b>Liabilities</b>				
Derivatives	(9,488)	(5,857,309)	–	(5,866,797)
<b>30 November 2018</b>				
<b>Assets</b>				
Bonds	118,093,704	214,054,611	–	332,148,315
Collective Investment Schemes	28,817,473	263,210,748	–	292,028,221
Derivatives	943,044	1,742,045	–	2,685,089
Equities	48,012,385	77	–	48,012,462
<b>Total</b>	<b>195,866,606</b>	<b>479,007,481</b>	<b>–</b>	<b>674,874,087</b>
<b>Liabilities</b>				
Derivatives	(4,631,491)	(7,592,470)	–	(12,223,961)

## 7IM AAP MODERATELY CAUTIOUS FUND

### NOTES TO THE FINANCIAL STATEMENTS (continued) for the year ended 30 November 2019

#### 16 Purchases, Sales and Transaction Costs

The following tables show portfolio transactions and their associated transaction costs. For more information about the nature of these costs please refer to the additional portfolio transaction cost information on page 270.

Analysis of direct transaction costs for the year ended 30 November 2019:

	Principal £'000	Commissions £'000	Taxes £'000	Total Transaction Costs £'000	Commissions % of principal	Taxes % of principal
<b>Purchases</b>						
Bonds	67,576	—	—	—	—	—
Collective Investment Schemes	390,371	—	—	—	—	—
Equities	35,835	5	67	72	0.01	0.19
<b>Total</b>	<b>493,782</b>	<b>5</b>	<b>67</b>	<b>72</b>	<b>0.01</b>	<b>0.19</b>
	Principal £'000	Commissions £'000	Taxes £'000	Total Transaction Costs £'000	Commissions % of principal	Taxes % of principal
<b>Sales</b>						
Bonds	194,632	—	—	—	—	—
Collective Investment Schemes	364,640	—	—	—	—	—
Derivatives	13,391	—	—	—	—	—
Equities	86,302	(8)	(1)	(9)	0.01	0.01
<b>Total</b>	<b>658,965</b>	<b>(8)</b>	<b>(1)</b>	<b>(9)</b>	<b>0.01</b>	<b>0.01</b>
<b>Total as a percentage of the average NAV</b>		<b>0.00%</b>	<b>0.01%</b>	<b>0.01%</b>		

## 7IM AAP MODERATELY CAUTIOUS FUND

### NOTES TO THE FINANCIAL STATEMENTS (continued) for the year ended 30 November 2019

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

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

	Principal £'000	Commissions £'000	Taxes £'000	Total Transaction Costs £'000	Commissions % of principal	Taxes % of principal
<b>Purchases</b>						
Bonds	213,461	—	—	—	—	—
Collective Investment Schemes	552,811	—	—	—	—	—
Derivatives	1,115	—	—	—	—	—
Equities	93,618	10	119	129	0.01	0.13
<b>Total</b>	<b>861,005</b>	<b>10</b>	<b>119</b>	<b>129</b>	<b>0.01</b>	<b>0.13</b>
	Principal £'000	Commissions £'000	Taxes £'000	Total Transaction Costs £'000	Commissions % of principal	Taxes % of principal
<b>Sales</b>						
Bonds	193,523	—	—	—	—	—
Collective Investment Schemes	545,875	—	—	—	—	—
Derivatives	22,955	—	—	—	—	—
Equities	193,270	(14)	(1)	(15)	0.01	—
<b>Total</b>	<b>955,623</b>	<b>(14)</b>	<b>(1)</b>	<b>(15)</b>	<b>0.01</b>	<b>—</b>
<b>Total as a percentage of the average NAV</b>		<b>0.00%</b>	<b>0.02%</b>	<b>0.02%</b>		

#### Average portfolio dealing spread

As at the balance sheet date, the average portfolio dealing spread was 0.10% (2018: 0.14%) based on close of business prices. This spread represents the difference between the values determined respectively by reference to the bid and offer prices of investments expressed as a percentage of the value determined by reference to the offer price.

#### 17 Post Balance Sheet Events

Since the start of January 2020, the outbreak of coronavirus, which is a rapidly evolving situation, has adversely impacted global commercial activities and markets which have led to a material decline in NAV across the Sub-fund as at the date of issue of this report. The rapid development and fluidity of this situation precludes any prediction as its ultimate impact, which may have a continued adverse impact on economic and market conditions and trigger a period of global economic slowdown. The Directors do not believe there is any financial impact to amounts presented within the Financial Statements as at 30 November 2019 as a result of this subsequent event.

The ACD is monitoring developments relating to coronavirus and is coordinating its operational response based on existing business continuity plans and on guidance from global health organisations, relevant governments, and general pandemic response best practices.

As at the balance sheet date, the Net Asset Value per Class C Accumulation share was 152.08p. The Net Asset Value per Class C Accumulation share for the Sub-fund on 26 March 2020 was 141.00p. This represents a decrease of 7% from the year end value.



## 7IM AAP MODERATELY CAUTIOUS FUND

### DISTRIBUTION TABLES

for the year ended 30 November 2019

#### Interim - in pence per share

Group 1 - Shares purchased prior to 1 December 2018

Group 2 - Shares purchased on or after 1 December 2018 and on or before 31 May 2019

	Net Revenue	Equalisation	Paid 31.07.19	Paid 31.07.18
<b>Class A Income</b>				
Group 1	0.7618	—	0.7618	0.8448
Group 2	0.5239	0.2379	0.7618	0.8448
	Net Revenue	Equalisation	Allocated 31.07.19	Allocated 31.07.18
<b>Class A Accumulation</b>				
Group 1	0.9363	—	0.9363	1.0260
Group 2	0.5319	0.4044	0.9363	1.0260
	Net Revenue	Equalisation	Paid 31.07.19	Paid 31.07.18
<b>Class C Income</b>				
Group 1	0.8046	—	0.8046	0.8871
Group 2	0.4127	0.3919	0.8046	0.8871
	Net Revenue	Equalisation	Allocated 31.07.19	Allocated 31.07.18
<b>Class C Accumulation</b>				
Group 1	0.9873	—	0.9873	1.0715
Group 2	0.5249	0.4624	0.9873	1.0715
	Net Revenue	Equalisation	Paid 31.07.19	Paid 31.07.18
<b>Class D Income</b>				
Group 1	0.7638	—	0.7638	0.8493
Group 2	0.5171	0.2467	0.7638	0.8493
	Net Revenue	Equalisation	Allocated 31.07.19	Allocated 31.07.18
<b>Class D Accumulation</b>				
Group 1	0.9423	—	0.9423	1.0315
Group 2	0.5452	0.3971	0.9423	1.0315
	Net Revenue	Equalisation	Paid 31.07.19	Paid 31.07.18
<b>Class S Income</b>				
Group 1	0.7221	—	0.7221	0.7940
Group 2	0.3415	0.3806	0.7221	0.7940

## 7IM AAP MODERATELY CAUTIOUS FUND

### DISTRIBUTION TABLES (continued) for the year ended 30 November 2019

	Net Revenue	Equalisation	Allocated 31.07.19	Allocated 31.07.18
<b>Class S Accumulation</b>				
Group 1	0.7802	—	0.7802	0.8445
Group 2	0.4331	0.3471	0.7802	0.8445
<b>Final - in pence per share</b>				
Group 1 - Shares purchased prior to 1 June 2019				
Group 2 - Shares purchased on or after 1 June 2019 and on or before 30 November 2019				
	Net Revenue	Equalisation	Paid 31.01.20	Paid 31.01.19
<b>Class A Income</b>				
Group 1	1.1146	—	1.1146	0.9967
Group 2	1.1146	—	1.1146	0.9967
	Net Revenue	Equalisation	Allocated 31.01.20	Allocated 31.01.19
<b>Class A Accumulation</b>				
Group 1	1.3843	—	1.3843	1.2194
Group 2	0.7496	0.6347	1.3843	1.2194
	Net Revenue	Equalisation	Paid 31.01.20	Paid 31.01.19
<b>Class C Income</b>				
Group 1	1.1777	—	1.1777	1.0485
Group 2	0.6051	0.5726	1.1777	1.0485
	Net Revenue	Equalisation	Allocated 31.01.20	Allocated 31.01.19
<b>Class C Accumulation</b>				
Group 1	1.4551	—	1.4551	1.2754
Group 2	0.9305	0.5246	1.4551	1.2754
	Net Revenue	Equalisation	Paid 31.01.20	Paid 31.01.19
<b>Class D Income</b>				
Group 1	1.0297	—	1.0297	0.9341
Group 2	0.6256	0.4041	1.0297	0.9341
	Net Revenue	Equalisation	Allocated 31.01.20	Allocated 31.01.19
<b>Class D Accumulation</b>				
Group 1	1.2821	—	1.2821	1.1431
Group 2	0.7731	0.5090	1.2821	1.1431

## 7IM AAP MODERATELY CAUTIOUS FUND

### DISTRIBUTION TABLES (continued) for the year ended 30 November 2019

	Net Revenue	Equalisation	Paid 31.01.20	Paid 31.01.19
<b>Class S Income</b>				
Group 1	1.0575	—	1.0575	0.9391
Group 2	0.5760	0.4815	1.0575	0.9391
	Net Revenue	Equalisation	Allocated 31.01.20	Allocated 31.01.19
<b>Class S Accumulation</b>				
Group 1	1.1505	—	1.1505	1.0060
Group 2	0.6633	0.4872	1.1505	1.0060

#### Equalisation

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

# 7IM AAP BALANCED FUND

## ACD'S REPORT

for the year ended 30 November 2019

### 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 from 1 December 2018 to 30 November 2019, the portfolio delivered a total return of 6.10%<sup>1</sup>.

#### Investment Background

For many market commentators, the main culprit for the Q4 2018 sell-off was the Fed's monetary policy throughout 2018 and the new Chairman Jerome Powell's hawkish communications. Fortunately for equity investors, the Fed decided to change course in January. By the end of that month Powell indicated that the Fed will not be raising rates until further certainty on future growth can be ascertained. In March the Fed effectively doubled down on the dovish approach it has turned to since the start of the year. The Federal Open Market Committee ('FOMC') meeting was more dovish than markets had anticipated with the Fed choosing to eliminate the two 25bps hikes planned for 2019, leaving only one hike in 2020 and none in 2021. Alongside this they also announced plans to taper the balance sheet run off in May and stop the process altogether by the end of September 2019. This move led to a drastic repricing across the US yield curve and led to an inversion between the 3 month and the 10 year US Treasury rates. However, risk assets came under pressure once again as the trade talks between the US and China suddenly worsened. On 5 May Donald Trump announced via twitter that he would increase the amount of tariffs on \$200 Billion worth of Chinese imports to 25%. The announcement shook markets and left many investors bewildered as many had assumed that talks were close to being finalised. The reversal in risk appetite also helped to support fixed income assets and especially the US 10 Year Treasury. The sharp fall in US yields since September last year has been quite astounding. After nearly touching 3.25% in November 2018 the yield demanded on US 10 year Government debt has fallen to a low of around 1.5% in the third quarter of 2019.

While the first 6 months of the year saw equity markets caught in a tug-of-war between trade disputes and easy central bank policy the second half of the year saw markets positive of a semblance of trade deal – rallying strongly into the year. A key driver of company profits and thus equity markets is the manufacturing cycle. More specifically, there is a strong relationship between the ups and downs of global manufacturing output, global trade and global equity markets. Manufacturing had been slowing through the year for a number of reasons: destocking of inventories, falling Chinese demand for autos, the tightening effect of the rising dollar and uncertainty over trade wars. Global trade and global manufacturing appears to have found a bottom, particularly in the fourth quarter. Even more positive was the leading indicators such as export orders, backlogs and new orders picking up in places like Germany. This bodes well for a manufacturing cycle rebound in and explains why markets have picked up in Q4. The tentative signs of a trade deal have also buoyed markets. Bond markets don't appear to be pricing in the more positive growth, with US treasuries struggling to push beyond 2%.

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

## 7IM AAP BALANCED FUND

### ACD'S REPORT (continued) for the year ended 30 November 2019

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

##### Portfolio Review

Following the sell-off in markets through Q4 2018, a decision was made to increase overall portfolio beta, focussed on the US market. This reflected our view that the fundamentals did not support the size of the sell-off. In the AAP Balanced Fund this represented a position size of 2.0%. At the end of January, building on the existing position we added to dividends. For this fund dividends now represented a portfolio weight of 3.0%. Given the strength of the rally since the start of the year and continued momentum in bond markets we added slightly to the duration positioning. By the end of March markets had moved so strongly ahead that we felt it was prudent to take out some risk and cut overall equity positioning across a mix of developed markets. In the AAP Balanced Fund we cut equity exposure by around 3.0%. At the end of June, as is normal process we changed our Strategic Asset Allocation ('SAA') benchmarks. As part of this we split the fixed income asset classes across a broader range of credit instruments and adjusted the overall equity and FX components. We also took the opportunity to exit an underweight in the UK equity market, reflecting a belief that Brexit fears had been fully reflected in valuations. With inflation expectations in the US looking historically cheap, we took the opportunity to buy an exposure to US inflation feeling the risks to the downside were low relative to the potential gains and also bought a holding in a global inflation linked bond fund where we felt valuations were similarly attractive with an initial position of 2.5%. We had held an EM debt overweight across some ranges and at the end of August we made sure all portfolios were reflecting this. For the AAP Balanced Fund we moved the weight to an overweight of 3.0%. In August we entered a long in US healthcare stocks. We felt that these stocks were particularly well placed to benefit from changing demographics and global trends in technology. For the AAP Balanced Fund the initial weight was 2.5%. Back in the UK, we took the view that more GBP volatility was likely as, at that time, there was a significant chance of a "no deal" Brexit and that any announcement of an election would see GBP sell off as Corbyn risk will be at the forefront of everyone's minds. We therefore brought the GBP back to a neutral allocation from an overweight one. We added to US inflation expectations in some portfolios in July and given further negative sentiment we decided to increase our position. For the AAP Balanced Fund this meant increasing the holding to 3.0%. There was relatively little premium left in the dividend position, even using more bullish assumptions, so we removed the remaining holding of 1.5%.

We also reduced exposure to other assets feeling there was more value in equities and bonds, disposing of the market neutral strategies which had been disappointing and reduced other assets exposure to around 10%.

##### Investment Outlook

We split into four core views:

##### **Recession risks are low in the short-term. Global growth is weak but the data appear to have found a bottom.**

Fears of global recession are overdone. Growth has been shifting into a lower gear over the past eighteen months or so. This is partly due to cyclical factors, partly due to the uncertainty caused by trade wars. This growth slowdown has not escaped policymakers – both governments and central banks around the world have taken action. In the US, the Federal Reserve has cut rates and made it clear that it doesn't plan to raise them anytime soon. In China, the government has been cutting taxes, and is beginning to spend more. In Europe, the ECB is making all the right noises about supporting growth, and a few governments are starting to open the fiscal taps. In the rest of the world, interest rate cuts have been happening all year. These early responses should prolong the growth phase of this economic cycle. We are unlikely to see global growth return to boom-time levels, but it appears that the worst is over, for now.

##### **Equities are likely to be volatile as trade war rhetoric continues. But central banks are doing their best to put a floor under markets.**

From a fundamental viewpoint, global equities are around fair value to mildly expensive. However, earnings growth is likely to be average-to-weak over the next 6-12 months. This will make big gains difficult, considering current high levels, particularly in the USA. And we believe that Donald Trump's trade and technology crusade should be taken seriously. There is a sense in which the campaign is no longer just Mr Trump's – anti-China sentiment is about the only thing that Democrats and Republicans agree on. Regardless of the election result in 2020, the trade cat is now out of the bag. On the other side, China is increasingly looking for an external foe, to draw attention away from slower growth and popular discontent – in Hong Kong for example. Neither side has reason to back down in the short term. Any successful negotiation is likely to be followed by a further escalation, sooner or later. This has left global central banks on high alert, ready to react to any growth threats. Equities are likely to be pulled around by these two competing forces.

## 7IM AAP BALANCED FUND

### ACD'S REPORT (continued)

for the year ended 30 November 2019

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

##### **Bond markets are not ready for an inflation surprise – a small change in expectations could be painful for bonds.**

Global inflation expectations remain near all-time lows. The financial markets currently suggest that US inflation will average 1.8% over the next 30 years. We think this is too pessimistic – we aren't in a Japan-style environment like the early 1990's. In the medium-term, populist economic policies are likely to be inflationary, while in the longer term, a return of economic growth should lead to central banks switching to focus on inflation once more. A small change in tone of monetary policy could be painful for bond markets. Yields do not offer any cushion against declines in capital value – and recent price moves have made bonds very expensive.

##### **Brexit is looming, but there's still lots of uncertainty about the UK's future trade relations with Europe.**

UK equities and sterling bounced after the election, as one huge uncertainty over the markets was sorted out. The big Tory victory will probably lead to an early Brexit. Looking ahead, though, the UK will now enter a year of trade negotiations with Europe, the outcome of which is highly unclear. And the costs of leaving Europe will gradually come into focus. Though sterling is on the cheap side by historical standards, we don't expect it to gain much from now on.

Seven Investment Management LLP  
Investment Manager  
December 2019

## 7IM AAP BALANCED FUND

### FUND INFORMATION

The Comparative Tables on pages 309 to 316 give the performance of each active share class in the Sub-fund.

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

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

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

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

# 7IM AAP BALANCED FUND

## FUND INFORMATION (continued)

### Comparative Tables

#### Class A Income

	30.11.19 (pence per share)	30.11.18 (pence per share)	30.11.17 (pence per share)
<b>Change in Net Asset Value Per Share</b>			
Opening net asset value per share	129.25	134.47	127.95
Return before operating charges*	8.66	(1.93)	9.69
Operating charges (calculated on average price)	(1.52)	(1.50)	(1.52)
Return after operating charges*	7.14	(3.43)	8.17
Distributions on income shares	(1.80)	(1.79)	(1.65)
Closing net asset value per share	134.59	129.25	134.47
* After direct transaction costs of: <sup>1</sup>	0.04	0.05	0.05

#### Performance

Return after charges <sup>2</sup>	5.52%	(2.55)%	6.39%
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#### Other Information

Closing net asset value (£'000)	146	275	323
Closing number of shares	108,366	212,367	240,182
Operating charges <sup>3</sup>	1.15%	1.12%	1.14%
Direct transaction costs	0.03%	0.03%	0.04%

#### Prices

Highest share price	137.12	137.92	136.31
Lowest share price	125.02	128.93	126.99

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

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

<sup>3</sup> Operating charges, otherwise known as the OCF is the ratio of the Sub-fund's total disclosable costs (excluding securities lending fees and overdraft interest) to the average net assets of the Sub-fund. The OCF is intended to provide a reliable figure which gives the most accurate measure of what it costs to invest in a Sub-fund and is calculated based on the last period's figures. Included within the OCF are synthetic costs which includes the OCF of the underlying funds weighted on the basis of their investment proportion. A detailed breakdown of the OCF per share class is shown on page 317.



# 7IM AAP BALANCED FUND

## FUND INFORMATION (continued)

### Comparative Tables (continued)

#### Class A Accumulation

	30.11.19 (pence per share)	30.11.18 (pence per share)	30.11.17 (pence per share)
<b>Change in Net Asset Value Per Share</b>			
Opening net asset value per share	152.41	156.44	147.02
Return before operating charges*	10.26	(2.27)	11.17
Operating charges (calculated on average price)	(1.80)	(1.76)	(1.75)
Return after operating charges*	8.46	(4.03)	9.42
Distributions	(2.14)	(2.09)	(1.90)
Retained distributions on accumulation shares	2.14	2.09	1.90
Closing net asset value per share	160.87	152.41	156.44
* After direct transaction costs of: <sup>1</sup>	0.05	0.05	0.06

#### Performance

Return after charges <sup>2</sup>	5.55%	(2.58)%	6.41%
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#### Other Information

Closing net asset value (£'000)	4,544	5,708	6,226
Closing number of shares	2,824,981	3,745,187	3,979,818
Operating charges <sup>3</sup>	1.15%	1.12%	1.14%
Direct transaction costs	0.03%	0.03%	0.04%

#### Prices

Highest share price	162.75	160.47	157.62
Lowest share price	147.43	150.92	145.93

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

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

<sup>3</sup> Operating charges, otherwise known as the OCF is the ratio of the Sub-fund's total disclosable costs (excluding securities lending fees and overdraft interest) to the average net assets of the Sub-fund. The OCF is intended to provide a reliable figure which gives the most accurate measure of what it costs to invest in a Sub-fund and is calculated based on the last period's figures. Included within the OCF are synthetic costs which includes the OCF of the underlying funds weighted on the basis of their investment proportion. A detailed breakdown of the OCF per share class is shown on page 317.

# 7IM AAP BALANCED FUND

## FUND INFORMATION (continued)

### Comparative Tables (continued)

#### Class C Income

	30.11.19 (pence per share)	30.11.18 (pence per share)	30.11.17 (pence per share)
<b>Change in Net Asset Value Per Share</b>			
Opening net asset value per share	132.62	137.70	130.77
Return before operating charges*	8.78	(2.12)	9.76
Operating charges (calculated on average price)	(0.88)	(0.85)	(0.87)
Return after operating charges*	7.90	(2.97)	8.89
Distributions on income shares	(2.14)	(2.11)	(1.96)
Closing net asset value per share	138.38	132.62	137.70
* After direct transaction costs of: <sup>1</sup>	0.04	0.05	0.05

#### Performance

Return after charges <sup>2</sup>	5.96%	(2.16)%	6.80%
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#### Other Information

Closing net asset value (£'000)	75,787	95,622	112,797
Closing number of shares	54,769,085	72,102,343	81,913,819
Operating charges <sup>3</sup>	0.65%	0.62%	0.64%
Direct transaction costs	0.03%	0.03%	0.04%

#### Prices

Highest share price	140.93	141.32	139.69
Lowest share price	128.32	132.44	129.79

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

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

<sup>3</sup> Operating charges, otherwise known as the OCF is the ratio of the Sub-fund's total disclosable costs (excluding securities lending fees and overdraft interest) to the average net assets of the Sub-fund. The OCF is intended to provide a reliable figure which gives the most accurate measure of what it costs to invest in a Sub-fund and is calculated based on the last period's figures. Included within the OCF are synthetic costs which includes the OCF of the underlying funds weighted on the basis of their investment proportion. A detailed breakdown of the OCF per share class is shown on page 317.

## 7IM AAP BALANCED FUND

### FUND INFORMATION (continued)

#### Comparative Tables (continued)

##### Class C Accumulation

	30.11.19 (pence per share)	30.11.18 (pence per share)	30.11.17 (pence per share)
<b>Change in Net Asset Value Per Share</b>			
Opening net asset value per share	159.52	163.09	152.65
Return before operating charges*	10.61	(2.55)	11.46
Operating charges (calculated on average price)	(1.07)	(1.02)	(1.02)
Return after operating charges*	9.54	(3.57)	10.44
Distributions	(2.58)	(2.51)	(2.30)
Retained distributions on accumulation shares	2.58	2.51	2.30
Closing net asset value per share	169.06	159.52	163.09
* After direct transaction costs of: <sup>1</sup>	0.05	0.06	0.06

#### Performance

Return after charges <sup>2</sup>	5.98%	(2.19)%	6.84%
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#### Other Information

Closing net asset value (£'000)	906,450	1,088,635	1,148,637
Closing number of shares	536,177,020	682,425,390	704,302,616
Operating charges <sup>3</sup>	0.65%	0.62%	0.64%
Direct transaction costs	0.03%	0.03%	0.04%

#### Prices

Highest share price	170.81	167.38	164.26
Lowest share price	154.36	157.96	151.53

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

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

<sup>3</sup> Operating charges, otherwise known as the OCF is the ratio of the Sub-fund's total disclosable costs (excluding securities lending fees and overdraft interest) to the average net assets of the Sub-fund. The OCF is intended to provide a reliable figure which gives the most accurate measure of what it costs to invest in a Sub-fund and is calculated based on the last period's figures. Included within the OCF are synthetic costs which includes the OCF of the underlying funds weighted on the basis of their investment proportion. A detailed breakdown of the OCF per share class is shown on page 317.

# 7IM AAP BALANCED FUND

## FUND INFORMATION (continued)

### Comparative Tables (continued)

#### Class D Income

	30.11.19 (pence per share)	30.11.18 (pence per share)	30.11.17 (pence per share)
<b>Change in Net Asset Value Per Share</b>			
Opening net asset value per share	126.52	131.88	125.76
Return before operating charges*	8.57	(1.77)	9.60
Operating charges (calculated on average price)	(2.01)	(2.00)	(2.01)
Return after operating charges*	6.56	(3.77)	7.59
Distributions on income shares	(1.60)	(1.59)	(1.47)
Closing net asset value per share	131.48	126.52	131.88
* After direct transaction costs of: <sup>1</sup>	0.04	0.05	0.05

#### Performance

Return after charges <sup>2</sup>	5.18%	(2.86)%	6.04%
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#### Other Information

Closing net asset value (£'000)	933	1,336	1,728
Closing number of shares	709,598	1,055,790	1,310,487
Operating charges <sup>3</sup>	1.55%	1.52%	1.54%
Direct transaction costs	0.03%	0.03%	0.04%

#### Prices

Highest share price	133.98	135.22	133.63
Lowest share price	122.34	126.11	124.80

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

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

<sup>3</sup> Operating charges, otherwise known as the OCF is the ratio of the Sub-fund's total disclosable costs (excluding securities lending fees and overdraft interest) to the average net assets of the Sub-fund. The OCF is intended to provide a reliable figure which gives the most accurate measure of what it costs to invest in a Sub-fund and is calculated based on the last period's figures. Included within the OCF are synthetic costs which includes the OCF of the underlying funds weighted on the basis of their investment proportion. A detailed breakdown of the OCF per share class is shown on page 317.

# 7IM AAP BALANCED FUND

## FUND INFORMATION (continued)

### Comparative Tables (continued)

#### Class D Accumulation

	30.11.19 (pence per share)	30.11.18 (pence per share)	30.11.17 (pence per share)
<b>Change in Net Asset Value Per Share</b>			
Opening net asset value per share	147.07	151.45	142.79
Return before operating charges*	10.00	(2.08)	10.95
Operating charges (calculated on average price)	(2.34)	(2.30)	(2.29)
Return after operating charges*	7.66	(4.38)	8.66
Distributions	(1.86)	(1.83)	(1.67)
Retained distributions on accumulation shares	1.86	1.83	1.67
Closing net asset value per share	154.73	147.07	151.45
* After direct transaction costs of: <sup>1</sup>	0.05	0.05	0.06

#### Performance

Return after charges <sup>2</sup>	5.21%	(2.89)%	6.06%
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#### Other Information

Closing net asset value (£'000)	43,479	51,773	60,800
Closing number of shares	28,099,370	35,202,709	40,146,306
Operating charges <sup>3</sup>	1.55%	1.52%	1.54%
Direct transaction costs	0.03%	0.03%	0.04%

#### Prices

Highest share price	156.71	155.28	152.61
Lowest share price	142.22	145.64	141.72

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

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

<sup>3</sup> Operating charges, otherwise known as the OCF is the ratio of the Sub-fund's total disclosable costs (excluding securities lending fees and overdraft interest) to the average net assets of the Sub-fund. The OCF is intended to provide a reliable figure which gives the most accurate measure of what it costs to invest in a Sub-fund and is calculated based on the last period's figures. Included within the OCF are synthetic costs which includes the OCF of the underlying funds weighted on the basis of their investment proportion. A detailed breakdown of the OCF per share class is shown on page 317.

## 7IM AAP BALANCED FUND

### FUND INFORMATION (continued)

#### Comparative Tables (continued)

##### Class S Income

	30.11.19 (pence per share)	30.11.18 (pence per share)	30.11.17 (pence per share)
<b>Change in Net Asset Value Per Share</b>			
Opening net asset value per share	113.08	117.30	111.28
Return before operating charges*	7.43	(1.87)	8.26
Operating charges (calculated on average price)	(0.46)	(0.43)	(0.45)
Return after operating charges*	6.97	(2.30)	7.81
Distributions on income shares	(1.94)	(1.92)	(1.79)
Closing net asset value per share	118.11	113.08	117.30
* After direct transaction costs of: <sup>1</sup>	0.04	0.04	0.04

##### Performance

Return after charges <sup>2</sup>	6.16%	(1.96)%	7.02%
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##### Other Information

Closing net asset value (£'000)	28,015	33,656	31,488
Closing number of shares	23,720,168	29,762,850	26,844,614
Operating charges <sup>3</sup>	0.40%	0.37%	0.39%
Direct transaction costs	0.03%	0.03%	0.04%

##### Prices

Highest share price	120.27	120.42	119.03
Lowest share price	109.44	112.98	110.45

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

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

<sup>3</sup> Operating charges, otherwise known as the OCF is the ratio of the Sub-fund's total disclosable costs (excluding securities lending fees and overdraft interest) to the average net assets of the Sub-fund. The OCF is intended to provide a reliable figure which gives the most accurate measure of what it costs to invest in a Sub-fund and is calculated based on the last period's figures. Included within the OCF are synthetic costs which includes the OCF of the underlying funds weighted on the basis of their investment proportion. A detailed breakdown of the OCF per share class is shown on page 317.

# 7IM AAP BALANCED FUND

## FUND INFORMATION (continued)

### Comparative Tables (continued)

#### Class S Accumulation

	30.11.19 (pence per share)	30.11.18 (pence per share)	30.11.17 (pence per share)
<b>Change in Net Asset Value Per Share</b>			
Opening net asset value per share	122.55	125.04	116.81
Return before operating charges*	8.09	(2.03)	8.71
Operating charges (calculated on average price)	(0.50)	(0.46)	(0.48)
Return after operating charges*	7.59	(2.49)	8.23
Distributions	(2.11)	(2.05)	(1.88)
Retained distributions on accumulation shares	2.11	2.05	1.88
Closing net asset value per share	130.14	122.55	125.04
* After direct transaction costs of: <sup>1</sup>	0.04	0.04	0.05

#### Performance

Return after charges <sup>2</sup>	6.19%	(1.99)%	7.05%
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#### Other Information

Closing net asset value (£'000)	200,873	240,577	235,290
Closing number of shares	154,351,715	196,305,353	188,170,511
Operating charges <sup>3</sup>	0.40%	0.37%	0.39%
Direct transaction costs	0.03%	0.03%	0.04%

#### Prices

Highest share price	131.40	128.37	125.92
Lowest share price	118.60	121.34	115.95

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

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

<sup>3</sup> Operating charges, otherwise known as the OCF is the ratio of the Sub-fund's total disclosable costs (excluding securities lending fees and overdraft interest) to the average net assets of the Sub-fund. The OCF is intended to provide a reliable figure which gives the most accurate measure of what it costs to invest in a Sub-fund and is calculated based on the last period's figures. Included within the OCF are synthetic costs which includes the OCF of the underlying funds weighted on the basis of their investment proportion. A detailed breakdown of the OCF per share class is shown on page 317.

## 7IM AAP BALANCED FUND

### FUND INFORMATION (continued)

#### Ongoing Charges Figures

As at 30 November 2019

	<b>Class A</b>	<b>Class C</b>	<b>Class D</b>	<b>Class S</b>
ACD's periodic charge	1.00%	0.50%	1.40%	0.25%
Other expenses	0.04%	0.04%	0.04%	0.04%
	1.04%	0.54%	1.44%	0.29%
Collective investment scheme costs	0.11%	0.11%	0.11%	0.11%
Ongoing Charges Figure	1.15%	0.65%	1.55%	0.40%

As at 30 November 2018

	<b>Class A</b>	<b>Class C</b>	<b>Class D</b>	<b>Class S</b>
ACD's periodic charge	1.00%	0.50%	1.40%	0.25%
Other expenses	0.03%	0.03%	0.03%	0.03%
	1.03%	0.53%	1.43%	0.28%
Collective investment scheme costs	0.09%	0.09%	0.09%	0.09%
Ongoing Charges Figure	1.12%	0.62%	1.52%	0.37%

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

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

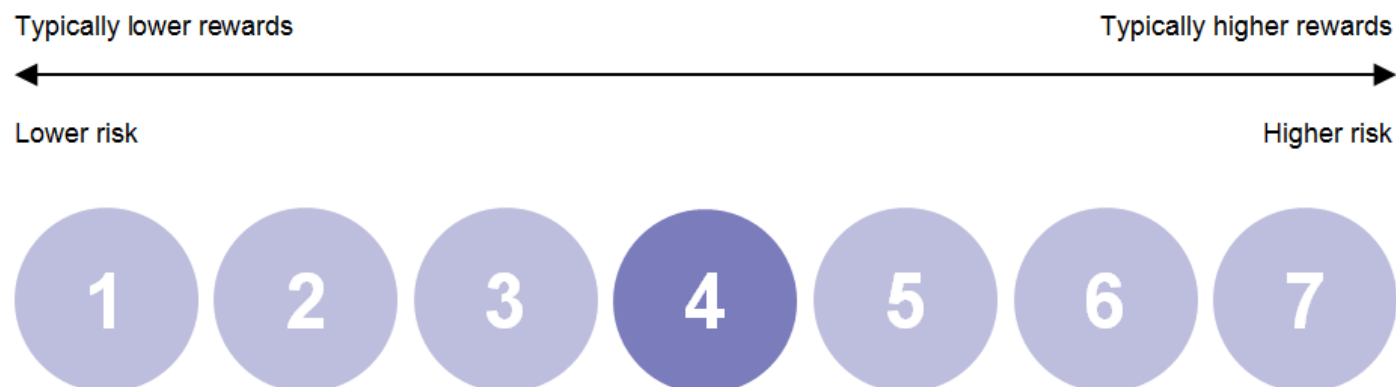
The Sub-fund undertakes securities lending and receives 70% of the revenue generated and the remaining 30% is received by Northern Trust as the securities lending agent. As securities lending revenue sharing does not increase the costs of running the Sub-fund, this has been excluded from the Other expenses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



## 7IM AAP BALANCED FUND

### FUND INFORMATION (continued)

#### Synthetic Risk and Reward Indicator



This indicator shows how much a sub-fund has risen and fallen in the past, and therefore how much a 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 annual report and financial statements, the risk and reward indicator as at the year end date 30 November 2019 was 4.

#### Fund performance to 30 November 2019 (%)

	1 year	3 years	5 years
7IM AAP Balanced Fund <sup>1</sup>	6.10	10.81	20.11

<sup>1</sup> Source: Bloomberg

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

Details of the distributions per share for the year are shown in the Distribution Tables on pages 341 to 343.

# 7IM AAP BALANCED FUND

## PORTFOLIO STATEMENT

as at 30 November 2019

Holding	Portfolio of Investment	Value £	30.11.19 %
<b>ALTERNATIVES 9.82% (15.45%)</b>			
<b>Alternative Strategies 8.14% (11.96%)</b>			
7,879	Absolute Return Trust <sup>1</sup>	—	—
437,051	AQR - Managed Futures UCITS Fund <sup>2</sup>	36,143,718	2.87
48,661,000	BNP Paribas Issuance 0.00% 2024 <sup>3</sup>	37,820,622	3.00
2,441,469	Dexion Absolute EUR <sup>1</sup>	—	—
5,870	Dexion Equity Alternative <sup>1</sup>	—	—
26,971	LGT Dynamic Protection UCITS <sup>2</sup>	26,676,769	2.12
(407)	S&P 500 Index Put Options 1950 March 2020 <sup>4</sup>	(31,396)	—
(180)	S&P 500 Index Put Options 2075 June 2020 <sup>4</sup>	(71,157)	(0.01)
(136)	S&P 500 Index Put Options 2100 September 2020 <sup>4</sup>	(125,975)	(0.01)
407	S&P 500 Index Put Options 2650 March 2020 <sup>4</sup>	446,403	0.03
180	S&P 500 Index Put Options 2800 June 2020 <sup>4</sup>	789,009	0.06
136	S&P 500 Index Put Options 2850 September 2020 <sup>4</sup>	976,844	0.08
		<b>102,624,837</b>	<b>8.14</b>
<b>Commodities 0.00% (1.88%)</b>			
<b>Real Estate 1.68% (1.61%)</b>			
8,765,682	iShares Global Property Securities Index <sup>2</sup>	<b>21,151,591</b>	<b>1.68</b>
<b>CASH 3.29% (1.35%)</b>			
937	Deutsche Global Liquidity Managed Sterling Fund Platinum <sup>2</sup>	937	—
41,466,000	Northern Trust Global Sterling Fund <sup>2</sup>	41,466,000	3.29
		<b>41,466,937</b>	<b>3.29</b>
<b>DEBT SECURITIES 71.11% (56.79%)</b>			
<b>Convertible Bonds 2.01% (2.04%)</b>			
3,804	NN (L) Global Convertible Bond Acc <sup>2</sup>	15,532,803	1.23
343,366	SSgA SPDR Thomson Reuters Global Convertible Bond UCITS ETF <sup>2</sup>	9,815,780	0.78
		<b>25,348,583</b>	<b>2.01</b>
<b>Corporate Bonds 0.00% (1.52%)</b>			
<b>Emerging Market Bonds 6.97% (6.62%)</b>			
63,010,584	Legal & General Emerging Markets Government Bond Local Currency Index Fund Acc <sup>2</sup>	43,376,486	3.44
61,913,204	Legal & General Emerging Markets Government Bond USD Index Fund <sup>2</sup>	44,466,064	3.53
		<b>87,842,550</b>	<b>6.97</b>
<b>Gilts 4.70% (4.61%)</b>			
£22,000	European Investment Bank 2.25% 2020	22,081	—
£750,000	European Investment Bank 4.25% 2021	801,533	0.06
£7,512,000	Network Rail Infrastructure Finance 4.625% 2020	7,688,652	0.61
£25,000	Nordic Investment Bank 0.625% 2021	24,911	—
£8,000	UK Gilt 1.50% 2021	8,077	—
£13,600,000	UK Gilt 4.00% 2022	14,675,733	1.17
£7,000,000	UK Gilt 4.25% 2046	11,966,983	0.95
£6,604,700	UK Gilt 4.25% 2055	12,727,838	1.01

## 7IM AAP BALANCED FUND

### PORTFOLIO STATEMENT (continued) as at 30 November 2019

Holding	Portfolio of Investment	Value £	30.11.19 %
<b>Gilts (continued)</b>			
£7,600,000	UK Gilt 4.50% 2034	11,356,726	0.90
		<b>59,272,534</b>	<b>4.70</b>
<b>Global Corporate Bonds 12.44% (5.45%)</b>			
73,122,190	BlackRock Overseas Corporate Bond Tracker <sup>2</sup>	119,408,537	9.48
£8,999,000	IXIS Corporate & Investment Bank 5.875% 2020	9,098,898	0.72
£7,977,000	Nestle Holdings 1.00% 2021	7,982,400	0.63
171,513	Robeco QI Global Multi-Factor Credits <sup>2</sup>	20,344,862	1.61
		<b>156,834,697</b>	<b>12.44</b>
<b>Global Government Bonds 3.99% (7.01%)</b>			
€1,300,000	Bundesrepublik Deutschland 0.25% 2027	1,170,928	0.09
€2,400,000	Bundesrepublik Deutschland 2.25% 2021	2,150,241	0.17
€600,000	Bundesrepublik Deutschland 2.5% 2046	838,968	0.07
€500,000	Bundesrepublik Deutschland 4% 2037	732,216	0.06
€1,600,000	France Government 3% 2022	1,482,998	0.12
€420,000	France Government 5.75% 2032	620,077	0.05
€720,000	French Republic 2.75% 2027	761,288	0.06
€370,000	French Republic 3.25% 2045	513,984	0.04
€380,000	French Republic 4.50% 2041	592,266	0.05
€1,500,000	Italy Buoni Polien 3.75% 2021	1,358,615	0.11
€630,000	Italy Buoni Polien 5% 2040	791,804	0.06
€400,000	Italy Buoni Polien 5.25% 2029	466,396	0.04
€700,000	Italy Buoni Polien 6% 2031	883,181	0.07
¥940,000,000	Japan Government 0.1% 2021	6,672,103	0.53
¥580,000,000	Japan Government 0.1% 2027	4,196,016	0.33
¥550,000,000	Japan Government 0.4% 2036	4,042,749	0.32
¥240,000,000	Japan Government 0.9% 2057	1,961,066	0.16
€390,000	Spain Government 4.7% 2041	568,184	0.04
€300,000	Spain Government 5.75% 2032	418,193	0.03
€800,000	Spain Government 5.85% 2022	774,260	0.06
€300,000	Spain Government 6% 2029	386,162	0.03
US\$6,000,000	US Treasury Notes 1.625% 2026	4,627,366	0.37
US\$10,100,000	US Treasury Notes 2.375% 2023	8,009,893	0.64
US\$4,600,000	US Treasury Notes 2.5% 2045	3,774,816	0.30
US\$3,100,000	US Treasury Notes 3.5% 2020	2,423,095	0.19
341	Vanguard Investment Series - Global Bond Index Fund Acc <sup>2</sup>	54,076	—
		<b>50,270,941</b>	<b>3.99</b>
<b>Global High Yield Bonds 5.17% (3.50%)</b>			
138,504	BMO Barclays Global High Yield GBP Hedged UCITS - ETF <sup>2</sup>	13,908,572	1.11
2,749	Most Diversified TOBAM Anti-Benchmark Global High Yield <sup>2</sup>	24,990,682	1.98
244,478	Robeco Quant High Yield <sup>2</sup>	26,238,641	2.08
		<b>65,137,895</b>	<b>5.17</b>
<b>Global Inflation Linked Bonds 5.04% (2.13%)</b>			
2,372,496	iShares Global Inflation-Linked Bond Index <sup>2</sup>	26,001,640	2.06
(345)	Ultra Long Term US Treasury Bond Futures March 2020 <sup>4</sup>	208,923	0.02
US\$41,129,000	US Treasury Inflation-Indexed Bonds 1% 2049	37,258,190	2.96
		<b>63,468,753</b>	<b>5.04</b>

## 7IM AAP BALANCED FUND

### PORTFOLIO STATEMENT (continued) as at 30 November 2019

Holding	Portfolio of Investment	Value £	30.11.19 %
	<b>Short Term Sterling Bonds 21.04% (18.09%)</b>		
£3,255,000	Abbey National Treasury Services 1.875% 2020	3,260,286	0.26
£30,000	African Development Bank 0.875% 2021	30,024	—
£3,380,000	Bank Nederlandse Gemeenten 1.00% 2022	3,389,484	0.27
£5,830,000	Bank Nederlandse Gemeenten 1.125% 2021	5,849,053	0.46
£5,855,000	Bank of Nova Scotia FRN 2023	5,826,779	0.46
£1,800,000	Barclays Bank 4.25% 2022	1,922,368	0.15
£1,500,000	Barclays Bank UK FRN 2023	1,492,995	0.12
£2,200,000	Bayerische Landesbank 1.25% 2021	2,206,457	0.18
£500,000	Commonwealth Bank of Australia 1.125% 2021	501,164	0.04
£1,415,000	Council Of Europe Development Bank 1.25% 2019	1,415,340	0.11
£4,532,000	Coventry Building Society 1% 2020	4,528,239	0.36
£1,780,000	Coventry Building Society FRN 2020	1,781,011	0.14
£492,000	Deutsche Bahn Finance 2.75% 2022	513,686	0.04
£10,000,000	Dexia Credit Local 1.375% 2022	10,127,150	0.80
£6,000,000	DNB Bank 4.25% 2020	6,028,488	0.48
£12,607,000	European Investment Bank 0.875% 2021	12,619,405	1.00
£14,611,000	Export Development Canada 1.375% 2019	14,613,630	1.16
£20,000	Federal National Mortgage 5.375% 2021	21,282	—
£1,100,000	FMS Wertmanagement 0.625% 2020	1,099,263	0.09
£8,600,000	FMS Wertmanagement 0.875% 2022	8,616,426	0.68
£2,000,000	FMS Wertmanagement 1% 2022	2,010,948	0.16
£4,199,000	ING Bank 5.375% 2021	4,443,415	0.35
£961,000	Inter-American Development Bank 5.25% 2021	1,023,509	0.08
£6,578,000	International Bank for Reconstruction & Development 5.4% 2021	7,022,568	0.56
£415,000	KFW 1.625% 2020	416,670	0.03
£16,000,000	Kreditanstalt fuer Wiederaufbau 1.00% 2022	16,105,312	1.28
£15,000	Kreditanstalt fuer Wiederaufbau 1.125% 2019	15,002	—
£20,000	Landeskreditbank 0.875% 2022	20,002	—
£30,000	Landwirtschaftlic 1.125% 2021	30,099	—
£4,457,000	Lloyds Bank 1.75% 2022	4,533,304	0.36
£4,355,000	Municipality Finance 1.25% 2022	4,400,100	0.35
£5,355,000	National Australia Bank 1.875% 2020	5,364,992	0.43
£12,000,000	NRW Bank 1.00% 2022	12,025,200	0.96
£7,400,000	Oversea-Chinese Banking FRN 2023	7,342,990	0.58
£8,220,000	Rabobank Nederland 4.625% 2021	8,538,147	0.68
£558,000	Reseau Ferre de France 5.5% 2021	607,626	0.05
£670,000	Royal Bank of Canada FRN 2021	670,020	0.05
£11,991,000	Royal Bank of Scotland FRN 2020	11,998,914	0.95
£2,800,000	Santander UK FRN 2020	2,800,157	0.22
£8,421,000	Santander UK FRN 2020	8,427,316	0.67
£11,000,000	Santander UK FRN 2022	10,958,090	0.87
£2,300,000	Skandinaviska Enskilda Banken 3% 2020	2,344,707	0.19
£4,000,000	SpareBank 1 Boligkreditt AS FRN 2022	3,985,896	0.32
£7,000,000	Svenska Handelsbanken AB 3.00% 2020	7,130,452	0.57
£7,688,000	Swedbank 1.25% 2021	7,679,436	0.61
£5,000,000	Swedbank FRN 2021	5,003,950	0.40
£6,800,000	Toronto-Dominion Bank FRN 2023	6,766,340	0.54
£14,987,000	UBS 1.25% 2020	15,012,628	1.19
£877,000	Wellcome Trust Finance 4.75% 2021	924,833	0.07
£16,950,000	Westpac Banking FRN 2023	16,867,894	1.34
£4,790,000	Yorkshire Building Society FRN 2023	4,814,094	0.38
		<b>265,127,141</b>	<b>21.04</b>
	<b>Sterling Corporate Bonds 9.75% (5.82%)</b>		
£1,265,000	Bank of Nova Scotia 1.25% 2022	1,271,302	0.10

## 7IM AAP BALANCED FUND

### PORTFOLIO STATEMENT (continued) as at 30 November 2019

Holding	Portfolio of Investment	Value £	30.11.19 %
<b>Sterling Corporate Bonds (continued)</b>			
£9,509,000	DNB Boligkreditt FRN 2020	9,512,613	0.76
15,429,003	HSBC Index Tracker Investment Funds - Sterling Corporate Bond Index Fund <sup>2</sup>	15,666,764	1.24
£17,747,000	International Bank for Reconstruction & Development 0.375% 2021	17,618,192	1.40
£831,000	Landeskreditbank 1.125% 2021	833,285	0.07
£10,000,000	National Australia Bank 1.125% 2021	10,027,600	0.80
£15,000	Nestle Holdings 1.75% 2020	15,119	—
£9,400,000	Santander UK FRN 2024	9,465,236	0.75
£6,079,000	Shell International Finance 2% 2019	6,081,736	0.48
£5,999,000	Svenska Handelsbanken 1.625% 2022	6,076,021	0.48
£4,072,000	Total Capital International 2.25% 2020	4,124,407	0.33
£5,100,000	TSB Bank FRN 2024	5,156,416	0.41
323,892	UBS Sterling Corporate Bond Indexed <sup>2</sup>	36,982,344	2.93
		<b>122,831,035</b>	<b>9.75</b>
<b>EQUITY 16.50% (25.72%)</b>			
<b>Asia &amp; Emerging Markets 2.00% (2.59%)</b>			
3,060	Most Diversified TOBAM Anti-Benchmark Emerging Markets <sup>2</sup>	25,033,366	1.98
598	MSCI Emerging Markets Index Futures December 2019 <sup>4</sup>	241,334	0.02
		<b>25,274,700</b>	<b>2.00</b>
<b>Europe (ex UK) 3.69% (6.00%)</b>			
10,975,904	7IM European (ex UK) Equity Value Fund 'Z' Inc <sup>2,5</sup>	12,653,022	1.00
414	Aena SME	59,143	0.01
1,222	Ageas	57,038	—
466	Allianz	86,313	0.01
3,104	Alstom	103,767	0.01
25	AP Moeller - Maersk 'A'	25,270	—
1,301	AP Moeller - Maersk 'B'	1,407,987	0.11
12,031	ArcelorMittal	160,121	0.01
4,640	Atlas Copco 'A'	132,229	0.01
2,659	Atlas Copco 'B'	66,584	0.01
335	Baloise	45,386	—
6,459	Bayer	378,943	0.03
19,240	Bayerische Motoren Werke 'A'	1,204,067	0.10
51,928	BNP Paribas	2,264,010	0.18
43,172	Boliden	863,874	0.07
22,535	Coca-Cola European Partners	885,609	0.07
3,128	Compagnie De St-Gobain	97,984	0.01
1,192	Covestro	43,628	—
6,334	Credit Agricole	67,487	0.01
4,883	Daimler	214,725	0.02
4,017	Danske Bank	41,979	—
506	Dassault Aviation	538,696	0.04
149,562	Deutsche Telekom	1,942,332	0.15
5,950	DNB	78,205	0.01
544	Eiffage	45,906	—
4,121	Electricite de France	32,724	—
2,243	Endesa	47,109	—
12,185	Engie	149,613	0.01
147,930	Eni	1,741,582	0.14
68,070	Ericsson 'B'	476,453	0.04
281	Euro Stoxx 50 Equity Index Futures December 2019 <sup>4</sup>	20,457	—
87,281	Fiat Chrysler Automobiles	1,004,349	0.08

## 7IM AAP BALANCED FUND

### PORTFOLIO STATEMENT (continued) as at 30 November 2019

Holding	Portfolio of Investment	Value £	30.11.19 %
<b>Europe (ex UK) (continued)</b>			
3,522	Hakon Invest	120,574	0.01
18,063	Holcim	723,232	0.06
156,185	Iberdrola	1,188,037	0.09
11,379	ING Group	101,512	0.01
12,572	Klepierre	347,844	0.03
68,760	Koninklijke Ahold Delhaize	1,381,130	0.11
645	L'Oreal	142,064	0.01
971	Muenchener Rueckversicherungs	215,936	0.02
3,324	Nestle	267,779	0.02
1,938	NN Group	57,833	0.01
8,795	Nordea Bank	48,607	—
32,631	Novartis	2,330,553	0.19
6,167	Pernod Ricard	873,122	0.07
90,807	Peugeot	1,709,029	0.14
7,370	Porsche Automobil	425,543	0.03
21,603	Raiffeisen Bank International	393,873	0.03
4,821	Renault	180,234	0.01
9,083	Repsol	111,332	0.01
12,108	Roche Holding	2,890,389	0.23
3,688	Sandvik	52,280	—
7,657	Sanofi	552,284	0.04
2,489	SES	25,820	—
931	Siemens	92,736	0.01
10,494	Siemens Gamesa Renewable Energy	128,671	0.01
4,784	Societe Generale	116,685	0.01
3,957	Statoil	57,147	—
1,267	Swiss Life	488,445	0.04
11,973	Swiss Re	1,003,605	0.08
175	Swisscom	69,988	0.01
44,044	Telefonica Deutschland	103,992	0.01
16,901	Telenor	240,593	0.02
9,503	Terna Rete Elettrica Nazionale	47,110	—
9,461	Total	386,846	0.03
35,190	Uniper	881,556	0.07
3,564	UPM-Kymmene	92,260	0.01
15,871	Vestas Wind Systems	1,173,685	0.09
3,752	Vinci	315,974	0.03
217	Volkswagen	32,221	—
9,732	Volvo 'B'	117,269	0.01
1,929	Wolters Kluwer	107,368	0.01
		<b>46,531,750</b>	<b>3.69</b>
<b>Frontier Markets Equity 0.00% (1.04%)</b>			
<b>Japan 0.39% (-0.10%)</b>			
434	TOPIX Index Futures December 2019 <sup>4</sup>	<b>4,884,761</b>	<b>0.39</b>
<b>North America 0.71% (6.34%)</b>			
425	E-mini Health Care Select Sector Futures September 2020 <sup>4</sup>	2,506,976	0.20
12,582	NXP Semiconductors	1,145,068	0.09
953	S&P 500 E-mini Futures December 2019 <sup>4</sup>	5,248,481	0.42
		<b>8,900,525</b>	<b>0.71</b>

## 7IM AAP BALANCED FUND

### PORTFOLIO STATEMENT (continued) as at 30 November 2019

		Value £	30.11.19 %
	<b>Holding</b>		
	<b>Portfolio of Investment</b>		
	<b>United Kingdom 9.71% (9.85%)</b>		
19,788,943	7IM UK Equity Value Fund 'Z' Inc <sup>2,5</sup>	20,289,604	1.61
6,682	Admiral Group	143,730	0.01
35,523	Anglo American	724,492	0.06
24,763	AstraZeneca	1,855,244	0.15
381,432	Auto Trader Group	2,165,771	0.17
622,508	Aviva	2,509,330	0.20
30,099	Barratt Developments	201,302	0.02
41,991	Berkeley Group	1,947,543	0.16
174,461	BHP	3,008,405	0.24
596,537	BP	2,886,046	0.23
144,208	British American Tobacco	4,440,885	0.35
83,193	British Land	485,847	0.04
19,397	Bunzl	413,544	0.03
13,882	Burberry	294,992	0.02
11,294	Carnival	367,168	0.03
198,993	Centrica	159,990	0.01
51,958	Diageo	1,654,343	0.13
559,629	Direct Line Insurance Group	1,735,969	0.14
4,934	Easyjet	66,831	0.01
39,212	Experian	1,005,788	0.08
2,334	Ferguson	156,191	0.01
1,091	FTSE 100 Index Futures December 2019 <sup>4</sup>	886,983	0.07
48,552	G4S	102,785	0.01
185,562	GlaxoSmithKline	3,258,840	0.26
218,315	Glencore	539,675	0.04
400,709	HSBC Holdings	2,318,102	0.18
121,582	Imperial Tobacco Group	2,076,864	0.17
5,768	Intertek Group	318,394	0.03
22,491	Investec	99,478	0.01
125,616	ITV	182,897	0.01
61,262	J Sainsbury	134,164	0.01
171,663	John Wood Group	630,347	0.05
22,244	Land Securities	215,144	0.02
186,028	Legal & General Group	527,947	0.04
11,434	London Stock Exchange	792,834	0.06
16,921	M&G	40,306	—
610,501	Marks & Spencer	1,211,234	0.10
273,401	Meggitt	1,767,811	0.14
116,543	Micro Focus International	1,305,748	0.10
62,658	Pearson	410,285	0.03
11,069	Persimmon	286,576	0.02
16,921	Prudential	234,017	0.02
168,867	RELX	3,179,766	0.25
51,100	Rio Tinto	2,170,217	0.17
57,532	Rolls-Royce	412,389	0.03
65,307	Royal Bank of Scotland Group	150,141	0.01
78,753	Royal Dutch Shell 'A'	1,760,523	0.14
150,068	Royal Dutch Shell 'B'	3,327,758	0.26
35,750	RSA Insurance Group	199,127	0.02
16,421	Sage Group	125,095	0.01
129,778	Smith & Nephew	2,269,168	0.18
2,422	Spirax-Sarco Engineering	217,011	0.02
16,212	St James's Place	175,495	0.01
146,943	Standard Chartered	1,030,952	0.08
734,676	Taylor Wimpey	1,294,132	0.10
872	Thames River Multi Hedge preference shares <sup>1</sup>	—	—



## 7IM AAP BALANCED FUND

### PORTFOLIO STATEMENT (continued) as at 30 November 2019

Holding	Portfolio of Investment	Value £	30.11.19 %
<b>United Kingdom (continued)</b>			
10,378	Unilever	475,260	0.04
71,623	United Utilities Group	617,963	0.05
1,170,745	Vanguard FTSE 250 UCITS ETF <sup>2</sup>	38,950,686	3.09
888,877	Vodafone Group	1,358,026	0.11
2,548	Whitbread	120,571	0.01
347,311	WM Morrison Supermarkets	698,095	0.06
		<b>122,385,821</b>	<b>9.71</b>
<b>FORWARD CURRENCY CONTRACTS 0.60% (-0.43%)</b>			
€10,505,000	Vs £(9,323,313) Expiry 21.02.2020	(343,808)	(0.03)
€9,613,000	Vs £(8,563,433) Expiry 21.02.2020	(346,395)	(0.03)
€14,904,000	Vs £(13,320,823) Expiry 21.02.2020	(581,123)	(0.05)
€9,470,000	Vs £(8,743,556) Expiry 21.02.2020	(648,752)	(0.05)
€29,971,000	Vs £(26,974,919) Expiry 21.02.2020	(1,356,190)	(0.11)
€(118,111,000)	Vs £109,845,592 Expiry 21.02.2020	8,886,207	0.71
¥(4,068,000,000)	Vs £30,122,801 Expiry 20.12.2019	1,322,303	0.11
¥(450,030,000)	Vs £3,507,955 Expiry 20.12.2019	321,847	0.03
US\$(344,277,000)	Vs £274,866,370 Expiry 17.01.2020	8,505,280	0.68
US\$(14,800,000)	Vs £12,132,043 Expiry 17.01.2020	681,542	0.05
US\$(16,352,000)	Vs £13,241,183 Expiry 17.01.2020	589,926	0.05
¥1,107,555,000	Vs £(8,303,569) Expiry 20.12.2019	(462,336)	(0.04)
¥700,000,000	Vs £(5,429,341) Expiry 20.12.2019	(473,503)	(0.04)
¥1,423,650,300	Vs £(10,648,947) Expiry 20.12.2019	(569,833)	(0.05)
¥4,736,010,000	Vs £(34,908,050) Expiry 20.12.2019	(1,378,195)	(0.11)
US\$13,081,000	Vs £(10,435,331) Expiry 17.01.2020	(314,790)	(0.02)
US\$14,195,000	Vs £(11,335,895) Expiry 17.01.2020	(353,472)	(0.03)
US\$17,290,000	Vs £(13,810,412) Expiry 17.01.2020	(433,441)	(0.03)
US\$16,555,000	Vs £(13,345,877) Expiry 17.01.2020	(537,563)	(0.04)
US\$16,927,000	Vs £(13,810,259) Expiry 17.01.2020	(714,136)	(0.06)
US\$20,000,000	Vs £(16,350,101) Expiry 17.01.2020	(876,451)	(0.07)
US\$32,619,000	Vs £(26,410,863) Expiry 17.01.2020	(1,174,113)	(0.09)
US\$71,060,000	Vs £(57,229,146) Expiry 17.01.2020	(2,251,268)	(0.18)
		<b>7,491,736</b>	<b>0.60</b>
<b>Portfolio of investment</b>		<b>1,276,846,787</b>	<b>101.32</b>
Net other liabilities		(16,619,363)	(1.32)
<b>Net assets</b>		<b>1,260,227,424</b>	<b>100.00</b>

Comparative figures shown in brackets relate to 30 November 2018.

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

<sup>1</sup> Delisted security

<sup>2</sup> Collective investment scheme

<sup>3</sup> Structured product

<sup>4</sup> Derivative contract

<sup>5</sup> Related party holding (see note 12 of the Financial Statements)



## 71M AAP BALANCED FUND

### PORTFOLIO STATEMENT (continued) as at 30 November 2019

	30.11.19	30.11.18
Credit Quality	%	%
Investment grade debt securities	39.61	36.99
Non-rated debt securities	3.00	9.53
Other investments	58.71	52.36
Net other (liabilities)/assets	(1.32)	1.12
	<hr/>	<hr/>
	100.00	100.00

## 7IM AAP BALANCED FUND

### STATEMENT OF TOTAL RETURN

for the year ended 30 November 2019

	Notes	£	30.11.19 £	£	30.11.18 £
Income					
Net capital gains/(losses)	4		64,632,809		(55,749,793)
Revenue	5	29,166,207		32,263,390	
Expenses	6	(7,415,619)		(8,282,512)	
Interest payable and similar charges	8	(101,632)		(109,804)	
Net revenue before taxation for the year		21,648,956		23,871,074	
Taxation	7	(2,566,207)		(2,626,408)	
Net revenue after taxation for the year			19,082,749		21,244,666
<b>Total return before distributions</b>			83,715,558		(34,505,127)
Distributions	8		(21,948,054)		(24,459,927)
<b>Change in net assets attributable to shareholders from investment activities</b>			61,767,504		(58,965,054)

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

for the year ended 30 November 2019

	£	30.11.19 £	£	30.11.18 £
<b>Opening net assets attributable to shareholders</b>		1,517,581,586		1,597,289,369
Amounts received on creation of shares <sup>1</sup>	177,508,167		345,736,924	
Amounts paid on cancellation of shares <sup>1</sup>	(515,730,860)		(388,552,081)	
		(338,222,693)		(42,815,157)
Dilution levy		—		8,889
Change in net assets attributable to shareholders from investment activities		61,767,504		(58,965,054)
Retained distribution on accumulation shares		19,101,027		22,063,539
<b>Closing net assets attributable to shareholders</b>		1,260,227,424		1,517,581,586

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

The notes on pages 329 to 340 are an integral part of these Financial Statements.

## 7IM AAP BALANCED FUND

### BALANCE SHEET

as at 30 November 2019

	Notes	30.11.19 £	30.11.18 £
<b>ASSETS</b>			
Fixed assets:			
Investments		1,289,890,684	1,525,903,160
Current assets:			
Debtors	9	10,729,306	11,016,479
Cash and bank balances	10	9,870,830	24,747,785
<b>Total assets</b>		<b>1,310,490,820</b>	<b>1,561,667,424</b>
<b>LIABILITIES</b>			
Investment liabilities		(13,043,897)	(25,326,540)
Creditors:			
Bank overdrafts	10	(25,505,897)	(9,434,894)
Distribution payable		(857,687)	(1,130,269)
Other creditors	11	(10,855,915)	(8,194,135)
<b>Total liabilities</b>		<b>(50,263,396)</b>	<b>(44,085,838)</b>
<b>Net assets attributable to shareholders</b>		<b>1,260,227,424</b>	<b>1,517,581,586</b>

The notes on pages 329 to 340 are an integral part of these Financial Statements.

# 7IM AAP BALANCED FUND

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 November 2019

### 1 Statement of Compliance

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

### 2 Summary of Significant Accounting Policies

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

### 3 Risk Management Policies

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

### 4 Net capital gains/(losses)

	30.11.19 £	30.11.18 £
The net capital gains/(losses) during the year comprise:		
Non-derivative securities	47,054,187	(20,763,609)
Derivative contracts	20,236,727	(12,384,602)
Forward currency contracts	2,678,489	(23,611,214)
Currency (losses)/gains	(5,592,452)	836,943
Transaction charges	(14,692)	(35,402)
AMC rebates from underlying investments	270,550	208,091
Net capital gains/(losses)	64,632,809	(55,749,793)

### 5 Revenue

	30.11.19 £	30.11.18 £
Non-taxable dividends	10,726,345	13,054,582
Taxable dividends	11,359,455	12,158,252
Unfranked interest	6,324,148	6,308,792
AMC rebates from underlying investments	604,890	605,359
Bank interest	34,952	3,226
Stock lending revenue <sup>1</sup>	116,417	133,179
Total revenue	29,166,207	32,263,390

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

## 7IM AAP BALANCED FUND

### NOTES TO THE FINANCIAL STATEMENTS (continued) for the year ended 30 November 2019

#### 6 Expenses

	30.11.19 £	30.11.18 £
Payable to the ACD, associates of the ACD and agents of either of them:		
ACD's periodic charge	6,910,423	7,815,359
Other expenses	6,445	6,496
	<u>6,916,868</u>	<u>7,821,855</u>
Payable to the Depositary, associates of the Depositary and agents of either of them:		
Depositary's fees	176,180	197,211
Market risk fees	6,000	6,000
Safe custody and other bank charges	68,254	70,898
	<u>250,434</u>	<u>274,109</u>
Other Expenses:		
Advisory fees	115,880	116,510
Audit fee	9,000	8,760
Dealing and exchange fees	40,514	41,638
FCA and other Regulatory fees	212	300
Legal and professional fees	14,231	2,417
Printing, postage and distribution costs	62,330	11,985
Risk analysis fees	6,150	4,938
	<u>248,317</u>	<u>186,548</u>
Total expenses	<u>7,415,619</u>	<u>8,282,512</u>

## 7IM AAP BALANCED FUND

### NOTES TO THE FINANCIAL STATEMENTS (continued) for the year ended 30 November 2019

#### 7 Taxation

	30.11.19 £	30.11.18 £
<i>a) Analysis of charge for the year</i>		
Corporation tax at 20%	2,208,270	2,178,956
Overseas tax	278,467	511,747
Irrecoverable CIS income tax	79,470	2,095
Prior year adjustment	–	(66,390)
Current tax charge (note 7b)	2,566,207	2,626,408
Total taxation	2,566,207	2,626,408
<i>b) Factors affecting current tax charge for the year</i>		
The tax assessed for the year differs from the standard rate of corporation tax in the UK for an authorised fund (20%) (2018: 20%) for the reasons explained below.		
Net revenue before taxation	21,648,956	23,871,074
Corporation tax at 20%	4,329,791	4,774,215
Effects of:		
AMC rebates taken to capital	54,110	41,618
Double taxation relief expensed	(11,542)	(25,058)
Franked CIS revenue	(290,970)	(227,434)
Franked REIT income	(295)	(286)
Indexed gilt edged securities adjustment	(19,255)	–
Irrecoverable CIS income tax w/off	79,470	2,095
Movement in revenue accruals	435	(1,425)
Non-taxable dividends	(874,703)	(2,006,006)
Non-taxable overseas dividends	(620,377)	(51,434)
Offshore CIS revenue	(358,924)	(325,234)
Overseas tax	278,467	511,747
Prior year adjustment	–	(66,390)
Current tax charge (note 7a)	2,566,207	2,626,408

#### *c) Deferred tax*

There is no deferred tax provision in the current year (2018: none).

#### 8 Distributions

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

	30.11.19 £	30.11.18 £
Interim	10,775,529	11,365,290
Final	10,108,228	12,867,728
	20,883,757	24,233,018
Add: Revenue deducted on cancellation of shares	1,668,713	1,491,711
Deduct: Revenue received on issue of shares	(604,416)	(1,264,802)
Net distributions for the year	21,948,054	24,459,927
Interest payable and similar charges	101,632	109,804
Total distribution	22,049,686	24,569,731

## 7IM AAP BALANCED FUND

### NOTES TO THE FINANCIAL STATEMENTS (continued) for the year ended 30 November 2019

#### 8 Distributions (continued)

Details of the distributions per share are set out in the table on pages 341 to 343.

Distributions represented by:

Net revenue after taxation	19,082,749	21,244,666
Allocations to capital:		
Expenses, net of tax relief	2,864,631	3,214,366
Equalisation on conversions <sup>1</sup>	628	724
Income deficit	1	—
Net movement in revenue account	45	171
Net distributions for the year	21,948,054	24,459,927

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

#### 9 Debtors

	30.11.19 £	30.11.18 £
Amounts receivable for issue of shares	2,944,839	2,926,580
Accrued revenue	6,455,099	6,845,972
Income tax recoverable	43,828	47
AMC rebates from underlying investments	503,321	463,927
Withholding tax recoverable	782,219	779,701
Currency deals awaiting settlement	—	252
Total debtors	10,729,306	11,016,479

#### 10 Cash and bank balances

	30.11.19 £	30.11.18 £
Cash and bank balances	9,864,742	9,677,227
Cash held at clearing houses	6,088	15,070,558
Total cash and bank balances	9,870,830	24,747,785
Bank overdrafts	(9,829,215)	(9,404,715)
Cash overdraft at clearing houses	(15,676,682)	(30,179)
Total bank overdrafts	(25,505,897)	(9,434,894)

#### 11 Other Creditors

	30.11.19 £	30.11.18 £
Amounts payable for cancellation of shares	6,969,468	5,378,059
Purchases awaiting settlement	1,620,612	959,645
Accrued expenses	752,565	717,475
Corporation tax payable	1,513,270	1,138,956
Total other creditors	10,855,915	8,194,135

## 7IM AAP BALANCED FUND

### NOTES TO THE FINANCIAL STATEMENTS (continued) for the year ended 30 November 2019

#### 12 Related party transactions

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

The aggregate monies received by the ACD through the issue of shares and paid on cancellation of shares are disclosed in the Statement of Change in Net Assets Attributable to Shareholders on page 327.

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

	Held at 30.11.19	Held at 30.11.18
7IM Emerging Markets Equity Value Fund 'Z' Inc	–	3,370,951
7IM European (ex UK) Equity Value Fund 'Z' Inc	10,975,904	12,729,910
7IM UK Equity Value Fund 'Z' Inc	19,788,943	10,486,221
7IM US Equity Value Fund 'Z' Inc	–	9,120,755

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

Pershing Nominees Limited 37.70% (2018: 34.84%)

The net value of creations and cancellations for Pershing Nominees Limited during the year totalled -£45,765,589 (2018: £26,808,589).

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

#### 13 Classes of Shares

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

Class A	1.00%
Class C	0.50%
Class D	1.40%
Class S	0.25%

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

Class	Opening Shares	Shares Created	Shares Liquidated	Shares Converted	Closing Shares
Class A Income	212,367	–	(104,001)	–	108,366
Class A Accumulation	3,745,187	57,086	(792,122)	(185,170)	2,824,981
Class C Income	72,102,343	7,404,872	(25,320,225)	582,095	54,769,085
Class C Accumulation	682,425,390	77,315,799	(221,902,467)	(1,661,702)	536,177,020
Class D Income	1,055,790	63,479	(202,555)	(207,116)	709,598
Class D Accumulation	35,202,709	1,310,521	(8,413,860)	–	28,099,370
Class S Income	29,762,850	3,706,733	(12,224,422)	2,475,007	23,720,168
Class S Accumulation	196,305,353	27,105,026	(68,752,336)	(306,328)	154,351,715

#### 14 Contingent liabilities and commitments

There are no contingent liabilities or unrecorded outstanding commitments at the balance sheet date (2018: none).



## 7IM AAP BALANCED FUND

### NOTES TO THE FINANCIAL STATEMENTS (continued) for the year ended 30 November 2019

#### 15 Risks Disclosures

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

##### i. Interest rate risk

The table below shows the direct interest rate risk profile:

Interest rate exposure as at 30 November 2019

	<b>Floating Rate Financial Assets £</b>	<b>Fixed Rate Financial Assets £</b>	<b>Financial Assets not carrying interest £</b>	<b>Total £</b>
Canadian dollar	8,240	—	—	8,240
Danish krone	22	—	2,689,416	2,689,438
Euro	1,230,902	14,509,761	83,993,070	99,733,733
Japanese yen	25,554	16,871,934	61,290,802	78,188,290
Norwegian krone	—	—	375,945	375,945
South African rand	239	—	—	239
Swedish krona	—	—	1,877,870	1,877,870
Swiss franc	7	—	8,479,408	8,479,415
US dollar	2,588,292	93,913,982	332,278,563	428,780,837
Pound sterling	160,355,222	298,792,190	930,746,705	1,389,894,117
	<b>164,208,478</b>	<b>424,087,867</b>	<b>1,421,731,779</b>	<b>2,010,028,124</b>

	<b>Floating Rate Financial Liabilities £</b>	<b>Financial Liabilities not carrying interest £</b>	<b>Total £</b>
Canadian dollar	(8,240)	—	(8,240)
Danish krone	(2)	—	(2)
Euro	(1,231,476)	(100,959,385)	(102,190,861)
Japanese yen	(28,795)	(31,986,606)	(32,015,401)
South African rand	(65)	—	(65)
US dollar	(2,554,411)	(290,691,376)	(293,245,787)
Pound sterling	(21,682,907)	(300,657,437)	(322,340,344)
	<b>(25,505,896)</b>	<b>(724,294,804)</b>	<b>(749,800,700)</b>

## 7IM AAP BALANCED FUND

### NOTES TO THE FINANCIAL STATEMENTS (continued) for the year ended 30 November 2019

#### 15 Risks Disclosures (continued)

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

Interest rate exposure as at 30 November 2018

	<b>Floating Rate Financial Assets £</b>	<b>Fixed Rate Financial Assets £</b>	<b>Financial Assets not carrying interest £</b>	<b>Total £</b>
Canadian dollar	8,320	—	—	8,320
Danish krone	2	—	1,899,333	1,899,335
Euro	1,270,963	32,668,859	63,741,309	97,681,131
Japanese yen	2,596	35,743,852	100,601,726	136,348,174
Norwegian krone	—	—	189,539	189,539
South African rand	258	—	—	258
Swedish krona	—	—	5,336,928	5,336,928
Swiss franc	—	—	13,542,376	13,542,376
US dollar	52,264,679	132,932,427	376,136,374	561,333,480
Pound sterling	168,307,807	328,089,576	947,483,172	1,443,880,555
	<b>221,854,625</b>	<b>529,434,714</b>	<b>1,508,930,757</b>	<b>2,260,220,096</b>

	<b>Floating Rate Financial Liabilities £</b>	<b>Financial Liabilities not carrying interest £</b>	<b>Total £</b>
Canadian dollar	(8,320)	—	(8,320)
Danish krone	(2)	—	(2)
Euro	(1,129,856)	(114,756,101)	(115,885,957)
Japanese yen	(5,855)	(56,666,504)	(56,672,359)
South African rand	(70)	—	(70)
US dollar	(2,433,582)	(344,183,283)	(346,616,865)
Pound sterling	(5,857,208)	(217,597,729)	(223,454,937)
	<b>(9,434,893)</b>	<b>(733,203,617)</b>	<b>(742,638,510)</b>

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

Currency	Fixed Rate Financial Assets			
	Weighted average interest rate		Weighted average period for which rate is fixed	
	30.11.19 %	30.11.18 %	30.11.19 Years	30.11.18 Years
Euro	0.11	0.86	10	10
Japanese yen	(0.02)	0.15	11	11
Pound sterling	0.94	1.27	5	4
US dollar	0.67	0.99	15	4

The average effective duration of the Sub-fund's portfolio is a measure of the sensitivity of the fair value of the Sub-fund's bond portfolio (excludes all other investments) to changes in market interest rates. As at 30 November 2019, the weighted average effective duration was 3.27 years (30 November 2018: 2.42 years).

## 7IM AAP BALANCED FUND

### NOTES TO THE FINANCIAL STATEMENTS (continued) for the year ended 30 November 2019

#### 15 Risks Disclosures (continued)

##### ii. Foreign currency risk

The table below shows the direct foreign currency risk profile:

Foreign currency risk exposure as at 30 November 2019

Currency	Monetary Exposure £	Non-Monetary Exposure £	Total £
Danish krone	40,515	2,648,921	2,689,436
Euro	71,714	(2,528,842)	(2,457,128)
Japanese yen	(3,241)	46,176,130	46,172,889
Norwegian krone	–	375,945	375,945
South African rand	174	–	174
Swedish krona	–	1,877,870	1,877,870
Swiss franc	660,038	7,819,377	8,479,415
US dollar	34,518	135,500,532	135,535,050
	803,718	191,869,933	192,673,651
Pound sterling	24,043,855	1,043,509,918	1,067,553,773
Net assets	24,847,573	1,235,379,851	1,260,227,424

Foreign currency risk exposure as at 30 November 2018

Currency	Monetary Exposure £	Non-Monetary Exposure £	Total £
Danish krone	67,393	1,831,940	1,899,333
Euro	644,814	(18,849,640)	(18,204,826)
Japanese yen	14,831	79,660,984	79,675,815
Norwegian krone	–	189,539	189,539
South African rand	188	–	188
Swedish krona	–	5,336,928	5,336,928
Swiss franc	605,604	12,936,772	13,542,376
US dollar	522,831	214,193,784	214,716,615
	1,855,661	295,300,307	297,155,968
Pound sterling	35,675,242	1,184,750,376	1,220,425,618
Net assets	37,530,903	1,480,050,683	1,517,581,586

##### iii. Derivatives

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

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

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

## 7IM AAP BALANCED FUND

### NOTES TO THE FINANCIAL STATEMENTS (continued) for the year ended 30 November 2019

#### 15 Risks Disclosures (continued)

##### iii. Derivatives (continued)

The lowest, highest and average leverage utilisation in the accounting year ended 30 November 2019 was 146%, 233% and 189% respectively (30 November 2018: 167%, 273% and 202% respectively).

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

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

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

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

Counterparty	30.11.19 £	30.11.18 £
<b>Options</b>		
Chicago Board Options Exchange	1,983,728	1,439,945
<b>Futures Contracts</b>		
Chicago Board of Trade	208,923	—
Chicago Mercantile Exchange	2,506,976	—
Eurex Deutschland	20,457	(827,346)
International Monetary Market	5,248,481	(4,380,420)
London International Financial Futures Exchange	886,983	(6,096,320)
New York Coffee, Sugar & Cocoa	241,334	(2,036,401)
Osaka Securities Exchange	—	(1,501,046)
Tokyo Stock Exchange	4,884,761	—
<b>Forward Currency Contracts</b>		
Northern Trust	7,491,736	(6,600,716)
<b>Total net exposure<sup>1</sup></b>	<b>23,473,379</b>	<b>(20,002,304)</b>

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

## 7IM AAP BALANCED FUND

### NOTES TO THE FINANCIAL STATEMENTS (continued) for the year ended 30 November 2019

#### 15 Risks Disclosures (continued)

##### iv. Fair value

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

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

##### Level 1

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

##### Level 2

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

##### Level 3

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

	Level 1 £	Level 2 £	Level 3 £	Total £
<b>30 November 2019</b>				
<b>Assets</b>				
Bonds	181,639,445	355,319,132	–	536,958,577
Collective Investment Schemes	619,152,944	–	–	619,152,944
Derivatives	16,210,171	20,307,105	–	36,517,276
Equities	97,261,887	–	–	97,261,887
<b>Total</b>	<b>914,264,447</b>	<b>375,626,237</b>	<b>–</b>	<b>1,289,890,684</b>
<b>Liabilities</b>				
Derivatives	(31,396)	(13,012,501)	–	(13,043,897)
<b>30 November 2018</b>				
<b>Assets</b>				
Bonds	155,498,561	550,517,056	–	706,015,617
Collective Investment Schemes	71,906,870	478,347,566	–	550,254,436
Derivatives	1,556,197	3,768,039	–	5,324,236
Equities	264,308,634	237	–	264,308,871
<b>Total</b>	<b>493,270,262</b>	<b>1,032,632,898</b>	<b>–</b>	<b>1,525,903,160</b>
<b>Liabilities</b>				
Derivatives	(14,957,785)	(10,368,755)	–	(25,326,540)

## 7IM AAP BALANCED FUND

### NOTES TO THE FINANCIAL STATEMENTS (continued) for the year ended 30 November 2019

#### 16 Purchases, Sales and Transaction Costs

The following tables show portfolio transactions and their associated transaction costs. For more information about the nature of these costs please refer to the additional portfolio transaction cost information on page 308.

Analysis of direct transaction costs for the year ended 30 November 2019:

	Principal £'000	Commissions £'000	Taxes £'000	Total Transaction Costs £'000	Commissions % of principal	Taxes % of principal
<b>Purchases</b>						
Bonds	175,574	—	—	—	—	—
Collective Investment Schemes	867,412	—	—	—	—	—
Equities	183,778	23	390	413	0.01	0.21
<b>Total</b>	<b>1,226,764</b>	<b>23</b>	<b>390</b>	<b>413</b>	<b>0.01</b>	<b>0.21</b>
	Principal £'000	Commissions £'000	Taxes £'000	Total Transaction Costs £'000	Commissions % of principal	Taxes % of principal
<b>Sales</b>						
Bonds	340,218	—	—	—	—	—
Collective Investment Schemes	807,022	—	—	—	—	—
Derivatives	25,532	—	—	—	—	—
Equities	367,942	(44)	(3)	(47)	0.01	—
<b>Total</b>	<b>1,540,714</b>	<b>(44)</b>	<b>(3)</b>	<b>(47)</b>	<b>0.01</b>	<b>—</b>
<b>Total as a percentage of the average NAV</b>		<b>0.00%</b>	<b>0.03%</b>	<b>0.03%</b>		

## 7IM AAP BALANCED FUND

### NOTES TO THE FINANCIAL STATEMENTS (continued) for the year ended 30 November 2019

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

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

	Principal £'000	Commissions £'000	Taxes £'000	Total Transaction Costs £'000	Commissions % of principal	Taxes % of principal
<b>Purchases</b>						
Bonds	496,882	—	—	—	—	—
Collective Investment Schemes	949,890	—	—	—	—	—
Derivatives	3,441	—	—	—	—	—
Equities	346,899	43	461	504	0.01	0.13
<b>Total</b>	<b>1,797,112</b>	<b>43</b>	<b>461</b>	<b>504</b>	<b>0.01</b>	<b>0.13</b>

	Principal £'000	Commissions £'000	Taxes £'000	Total Transaction Costs £'000	Commissions % of principal	Taxes % of principal
<b>Sales</b>						
Bonds	335,513	—	—	—	—	—
Collective Investment Schemes	909,266	—	—	—	—	—
Derivatives	34,795	—	—	—	—	—
Equities	547,575	(51)	(2)	(53)	0.01	—
<b>Total</b>	<b>1,827,149</b>	<b>(51)</b>	<b>(2)</b>	<b>(53)</b>	<b>0.01</b>	<b>—</b>

**Total as a percentage of the average NAV**                      **0.00%**                      **0.03%**                      **0.03%**

#### Average portfolio dealing spread

As at the balance sheet date, the average portfolio dealing spread was 0.10% (2018: 0.05%) based on close of business prices. This spread represents the difference between the values determined respectively by reference to the bid and offer prices of investments expressed as a percentage of the value determined by reference to the offer price.

#### 17 Post Balance Sheet Events

Since the start of January 2020, the outbreak of coronavirus, which is a rapidly evolving situation, has adversely impacted global commercial activities and markets which have led to a material decline in NAV across the Sub-fund as at the date of issue of this report. The rapid development and fluidity of this situation precludes any prediction as its ultimate impact, which may have a continued adverse impact on economic and market conditions and trigger a period of global economic slowdown. The Directors do not believe there is any financial impact to amounts presented within the Financial Statements as at 30 November 2019 as a result of this subsequent event.

The ACD is monitoring developments relating to coronavirus and is coordinating its operational response based on existing business continuity plans and on guidance from global health organisations, relevant governments, and general pandemic response best practices.

As at the balance sheet date, the Net Asset Value per Class C Accumulation share was 169.24p. The Net Asset Value per Class C Accumulation share for the Sub-fund on 26 March 2020 was 150.63p. This represents a decrease of 11% from the year end value.

## 7IM AAP BALANCED FUND

### DISTRIBUTION TABLES

for the year ended 30 November 2019

#### Interim - in pence per share

Group 1 - Shares purchased prior to 1 December 2018

Group 2 - Shares purchased on or after 1 December 2018 and on or before 31 May 2019

	Net Revenue	Equalisation	Paid 31.07.19	Paid 31.07.18
<b>Class A Income</b>				
Group 1	0.8557	—	0.8557	0.8344
Group 2	0.8557	—	0.8557	0.8344
	Net Revenue	Equalisation	Allocated 31.07.19	Allocated 31.07.18
<b>Class A Accumulation</b>				
Group 1	1.0101	—	1.0101	0.9707
Group 2	0.5976	0.4125	1.0101	0.9707
	Net Revenue	Equalisation	Paid 31.07.19	Paid 31.07.18
<b>Class C Income</b>				
Group 1	1.0208	—	1.0208	0.9801
Group 2	0.6524	0.3684	1.0208	0.9801
	Net Revenue	Equalisation	Allocated 31.07.19	Allocated 31.07.18
<b>Class C Accumulation</b>				
Group 1	1.2280	—	1.2280	1.1608
Group 2	0.7187	0.5093	1.2280	1.1608
	Net Revenue	Equalisation	Paid 31.07.19	Paid 31.07.18
<b>Class D Income</b>				
Group 1	0.7875	—	0.7875	0.7626
Group 2	0.6272	0.1603	0.7875	0.7626
	Net Revenue	Equalisation	Allocated 31.07.19	Allocated 31.07.18
<b>Class D Accumulation</b>				
Group 1	0.9133	—	0.9133	0.8761
Group 2	0.6916	0.2217	0.9133	0.8761
	Net Revenue	Equalisation	Paid 31.07.19	Paid 31.07.18
<b>Class S Income</b>				
Group 1	0.9298	—	0.9298	0.8954
Group 2	0.4928	0.4370	0.9298	0.8954



## 7IM AAP BALANCED FUND

### DISTRIBUTION TABLES (continued) for the year ended 30 November 2019

	Net Revenue	Equalisation	Allocated 31.07.19	Allocated 31.07.18
<b>Class S Accumulation</b>				
Group 1	1.0076	—	1.0076	0.9544
Group 2	0.5882	0.4194	1.0076	0.9544
<b>Final - in pence per share</b>				
Group 1 - Shares purchased prior to 1 June 2019				
Group 2 - Shares purchased on or after 1 June 2019 and on or before 30 November 2019				
	Net Revenue	Equalisation	Paid 31.01.20	Paid 31.01.19
<b>Class A Income</b>				
Group 1	0.9447	—	0.9447	0.9528
Group 2	0.9447	—	0.9447	0.9528
	Net Revenue	Equalisation	Allocated 31.01.20	Allocated 31.01.19
<b>Class A Accumulation</b>				
Group 1	1.1258	—	1.1258	1.1170
Group 2	0.5942	0.5316	1.1258	1.1170
	Net Revenue	Equalisation	Paid 31.01.20	Paid 31.01.19
<b>Class C Income</b>				
Group 1	1.1154	—	1.1154	1.1307
Group 2	0.5257	0.5897	1.1154	1.1307
	Net Revenue	Equalisation	Allocated 31.01.20	Allocated 31.01.19
<b>Class C Accumulation</b>				
Group 1	1.3515	—	1.3515	1.3487
Group 2	0.7362	0.6153	1.3515	1.3487
	Net Revenue	Equalisation	Paid 31.01.20	Paid 31.01.19
<b>Class D Income</b>				
Group 1	0.8095	—	0.8095	0.8286
Group 2	0.4905	0.3190	0.8095	0.8286
	Net Revenue	Equalisation	Allocated 31.01.20	Allocated 31.01.19
<b>Class D Accumulation</b>				
Group 1	0.9470	—	0.9470	0.9565
Group 2	0.5046	0.4424	0.9470	0.9565

## 7IM AAP BALANCED FUND

### DISTRIBUTION TABLES (continued) for the year ended 30 November 2019

	Net Revenue	Equalisation	Paid 31.01.20	Paid 31.01.19
<b>Class S Income</b>				
Group 1	1.0119	—	1.0119	1.0222
Group 2	0.5612	0.4507	1.0119	1.0222

	Net Revenue	Equalisation	Allocated 31.01.20	Allocated 31.01.19
<b>Class S Accumulation</b>				
Group 1	1.1054	—	1.1054	1.0978
Group 2	0.5887	0.5167	1.1054	1.0978

#### Equalisation

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

# 7IM AAP MODERATELY ADVENTUROUS FUND

## ACD'S REPORT

for the year ended 30 November 2019

### 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 from 1 December 2018 to 30 November 2019, the portfolio delivered a total return of 6.78%<sup>1</sup>.

#### Investment Background

For many market commentators, the main culprit for the Q4 2018 sell-off was the Fed's monetary policy throughout 2018 and the new Chairman Jerome Powell's hawkish communications. Fortunately for equity investors, the Fed decided to change course in January. By the end of that month Powell indicated that the Fed will not be raising rates until further certainty on future growth can be ascertained. In March the Fed effectively doubled down on the dovish approach it has turned to since the start of the year. The Federal Open Market Committee ('FOMC') meeting was more dovish than markets had anticipated with the Fed choosing to eliminate the two 25bps hikes planned for 2019, leaving only one hike in 2020 and none in 2021. Alongside this they also announced plans to taper the balance sheet run off in May and stop the process altogether by the end of September 2019. This move led to a drastic re pricing across the US yield curve and led to an inversion between the 3 month and the 10 year US Treasury rates. However, risk assets came under pressure once again as the trade talks between the US and China suddenly worsened. On 5 May Donald Trump announced via twitter that he would increase the amount of tariffs on \$200 Billion worth of Chinese imports to 25%. The announcement shook markets and left many investors bewildered as many had assumed that talks were close to being finalised. The reversal in risk appetite also helped to support fixed income assets and especially the US 10 Year Treasury. The sharp fall in US yields since September last year has been quite astounding. After nearly touching 3.25% in November 2018 the yield demanded on US 10 year Government debt has fallen to a low of around 1.5% in the third quarter of 2019.

While the first 6 months of the year saw equity markets caught in a tug-of-war between trade disputes and easy central bank policy the second half of the year saw markets positive of a semblance of trade deal – rallying strongly into the year. A key driver of company profits and thus equity markets is the manufacturing cycle. More specifically, there is a strong relationship between the ups and downs of global manufacturing output, global trade and global equity markets. Manufacturing had been slowing through the year for a number of reasons: destocking of inventories, falling Chinese demand for autos, the tightening effect of the rising dollar and uncertainty over trade wars. Global trade and global manufacturing appears to have found a bottom, particularly in the fourth quarter. Even more positive was the leading indicators such as export orders, backlogs and news orders picking up in places like Germany. This bodes well for a manufacturing cycle rebound in and explains why markets have picked up in Q4. The tentative signs of a trade deals have also buoyed markets. Bond markets don't appear to be pricing in the more positive growth, with US treasuries struggling to push beyond 2%.

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

## 7IM AAP MODERATELY ADVENTUROUS FUND

### ACD'S REPORT (continued)

for the year ended 30 November 2019

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

##### Portfolio Review

Following the sell-off in markets through Q4 2018 a decision was made to increase overall portfolio beta, focussed on the US market. This reflected our view that the fundamentals did not support the size of the sell-off. In the AAP Moderately Adventurous Fund this represented a position size of 3.0%. At the end of January, building on the position in November for some portfolios in our range, we added to the position in dividends, diversifying across different maturities. For this fund dividends now represented a portfolio weight of 3.0%. Given the strength of the equity rally since the start of the year and continued momentum in bond markets we added to the duration positioning. By the end of March markets had moved so strongly ahead that we felt it was prudent to take out some risk and cut overall equity positioning across a mix of developed markets. In the AAP Moderately Adventurous Fund we cut equity exposure by 4.5%. At the end of June, as is normal process we changed our Strategic Asset Allocation ('SAA') benchmarks. As part of this we split the fixed income asset classes across a broader range of credit instruments and adjusted the overall equity and FX components. We also took an opportunity to exit an underweight in the UK equity market, reflecting a belief that Brexit fears had been fully reflected in valuations.

We had held an EM debt overweight across some ranges and at the end of August we made sure all portfolios were reflecting this. For the AAP Moderately Adventurous Fund we moved the weight to an overweight of 3.0%. In August we entered a long in US healthcare stocks. We felt that these stocks were particularly well placed to benefit from changing demographics and global trends in technology. For the AAP Moderately Adventurous Fund the initial weight was 3.5%. Back in the UK, we took the view that more GBP volatility was likely as, at that time, there was a significant chance of a "no deal" Brexit and that any announcement of an election could see GBP sell off as Corbyn risk will be at the forefront of everyone's minds. We therefore brought the GBP back to a neutral allocation from an overweight one. We held this position to the end of the reporting period. We added to US inflation expectations in some portfolios in July and given further negative sentiment we decided to increase our position. For the AAP Moderately Adventurous Fund this meant increasing the holding to 2.5%. There was relatively little premium left in the dividend position by the end of the period and even using more bullish assumptions so for the AAP Moderately Adventurous Fund we removed the remaining holding of 1.5%.

We also reduced exposure to other assets feeling there was more value in equities and bonds, disposing of the market neutral strategies which had been disappointing and reduced other assets exposure to around 10%.

##### Investment Outlook

We split into four core views:

##### **Recession risks are low in the short-term. Global growth is weak but the data appear to have found a bottom.**

Fears of global recession are overdone. Growth has been shifting into a lower gear over the past eighteen months or so. This is partly due to cyclical factors, partly due to the uncertainty caused by trade wars. This growth slowdown has not escaped policymakers – both governments and central banks around the world have taken action. In the US, the Federal Reserve has cut rates and made it clear that it doesn't plan to raise them anytime soon. In China, the government has been cutting taxes, and is beginning to spend more. In Europe, the ECB is making all the right noises about supporting growth, and a few governments are starting to open the fiscal taps. In the rest of the world, interest rate cuts have been happening all year. These early responses should prolong the growth phase of this economic cycle. We are unlikely to see global growth return to boom-time levels, but it appears that the worst is over, for now.

##### **Equities are likely to be volatile as trade war rhetoric continues. But central banks are doing their best to put a floor under markets.**

From a fundamental viewpoint, global equities are around fair value to mildly expensive. However, earnings growth is likely to be average-to-weak over the next 6-12 months. This will make big gains difficult, considering current high levels, particularly in the USA. And we believe that Donald Trump's trade and technology crusade should be taken seriously. There is a sense in which the campaign is no longer just Mr Trump's – anti-China sentiment is about the only thing that Democrats and Republicans agree on. Regardless of the election result in 2020, the trade cat is now out of the bag. On the other side, China is increasingly looking for an external foe, to draw attention away from slower growth and popular discontent – in Hong Kong for example. Neither side has reason to back down in the short term. Any successful negotiation is likely to be followed by a further escalation, sooner or later. This has left global central banks on high alert, ready to react to any growth threats. Equities are likely to be pulled around by these two competing forces.

## 7IM AAP MODERATELY ADVENTUROUS FUND

### ACD'S REPORT (continued)

for the year ended 30 November 2019

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

##### **Bond markets are not ready for an inflation surprise – a small change in expectations could be painful for bonds.**

Global inflation expectations remain near all-time lows. The financial markets currently suggest that US inflation will average 1.8% over the next 30 years. We think this is too pessimistic – we aren't in a Japan-style environment like the early 1990's. In the medium-term, populist economic policies are likely to be inflationary, while in the longer term, a return of economic growth should lead to central banks switching to focus on inflation once more. A small change in tone of monetary policy could be painful for bond markets. Yields do not offer any cushion against declines in capital value – and recent price moves have made bonds very expensive.

##### **Brexit is looming, but there's still lots of uncertainty about the UK's future trade relations with Europe.**

UK equities and sterling bounced after the election, as one huge uncertainty over the markets was sorted out. The big Tory victory will probably lead to an early Brexit. Looking ahead, though, the UK will now enter a year of trade negotiations with Europe, the outcome of which is highly unclear. And the costs of leaving Europe will gradually come into focus. Though sterling is on the cheap side by historical standards, we don't expect it to gain much from now on.

Seven Investment Management LLP

Investment Manager

December 2019

## 7IM AAP MODERATELY ADVENTUROUS FUND

### FUND INFORMATION

The Comparative Tables on pages 348 to 355 give the performance of each active share class in the Sub-fund.

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

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

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

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

# 7IM AAP MODERATELY ADVENTUROUS FUND

## FUND INFORMATION (continued)

### Comparative Tables

#### Class A Income

	30.11.19 (pence per share)	30.11.18 (pence per share)	30.11.17 (pence per share)
<b>Change in Net Asset Value Per Share</b>			
Opening net asset value per share	146.57	150.39	138.67
Return before operating charges*	10.80	(0.64)	14.92
Operating charges (calculated on average price)	(1.76)	(1.72)	(1.68)
Return after operating charges*	9.04	(2.36)	13.24
Distributions on income shares	(1.57)	(1.46)	(1.52)
Closing net asset value per share	154.04	146.57	150.39
* After direct transaction costs of: <sup>1</sup>	0.05	0.07	0.08

#### Performance

Return after charges <sup>2</sup>	6.17%	(1.57)%	9.55%
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#### Other Information

Closing net asset value (£'000)	259	253	343
Closing number of shares	168,363	172,419	228,022
Operating charges <sup>3</sup>	1.17%	1.13%	1.15%
Direct transaction costs	0.04%	0.05%	0.05%

#### Prices

Highest share price	157.38	156.30	152.72
Lowest share price	139.97	144.78	137.45

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

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

<sup>3</sup> Operating charges, otherwise known as the OCF is the ratio of the Sub-fund's total disclosable costs (excluding securities lending fees and overdraft interest) to the average net assets of the Sub-fund. The OCF is intended to provide a reliable figure which gives the most accurate measure of what it costs to invest in a Sub-fund and is calculated based on the last period's figures. Included within the OCF are synthetic costs which includes the OCF of the underlying funds weighted on the basis of their investment proportion. A detailed breakdown of the OCF per share class is shown on page 356.

# 7IM AAP MODERATELY ADVENTUROUS FUND

## FUND INFORMATION (continued)

### Comparative Tables (continued)

#### Class A Accumulation

	30.11.19 (pence per share)	30.11.18 (pence per share)	30.11.17 (pence per share)
<b>Change in Net Asset Value Per Share</b>			
Opening net asset value per share	163.87	166.54	151.96
Return before operating charges*	12.12	(0.77)	16.43
Operating charges (calculated on average price)	(1.97)	(1.90)	(1.85)
Return after operating charges*	10.15	(2.67)	14.58
Distributions	(1.76)	(1.62)	(1.67)
Retained distributions on accumulation shares	1.76	1.62	1.67
Closing net asset value per share	174.02	163.87	166.54
* After direct transaction costs of: <sup>1</sup>	0.06	0.08	0.09

#### Performance

Return after charges <sup>2</sup>	6.19%	(1.60)%	9.59%
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#### Other Information

Closing net asset value (£'000)	1,272	1,347	1,454
Closing number of shares	730,846	822,135	873,235
Operating charges <sup>3</sup>	1.17%	1.13%	1.15%
Direct transaction costs	0.04%	0.05%	0.05%

#### Prices

Highest share price	176.97	173.75	168.29
Lowest share price	156.49	161.12	150.66

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

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

<sup>3</sup> Operating charges, otherwise known as the OCF is the ratio of the Sub-fund's total disclosable costs (excluding securities lending fees and overdraft interest) to the average net assets of the Sub-fund. The OCF is intended to provide a reliable figure which gives the most accurate measure of what it costs to invest in a Sub-fund and is calculated based on the last period's figures. Included within the OCF are synthetic costs which includes the OCF of the underlying funds weighted on the basis of their investment proportion. A detailed breakdown of the OCF per share class is shown on page 356.



## 7IM AAP MODERATELY ADVENTUROUS FUND

### FUND INFORMATION (continued)

#### Comparative Tables (continued)

##### Class C Income

	30.11.19 (pence per share)	30.11.18 (pence per share)	30.11.17 (pence per share)
<b>Change in Net Asset Value Per Share</b>			
Opening net asset value per share	147.66	151.53	139.71
Return before operating charges*	10.74	(0.83)	14.91
Operating charges (calculated on average price)	(1.01)	(0.96)	(0.96)
Return after operating charges*	9.73	(1.79)	13.95
Distributions on income shares	(2.20)	(2.08)	(2.13)
Closing net asset value per share	155.19	147.66	151.53
* After direct transaction costs of: <sup>1</sup>	0.05	0.07	0.08

#### Performance

Return after charges <sup>2</sup>	6.59%	(1.18)%	9.98%
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#### Other Information

Closing net asset value (£'000)	29,355	33,916	39,941
Closing number of shares	18,915,121	22,968,211	26,358,928
Operating charges <sup>3</sup>	0.67%	0.63%	0.65%
Direct transaction costs	0.04%	0.05%	0.05%

#### Prices

Highest share price	158.67	157.59	154.12
Lowest share price	141.06	146.11	138.48

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

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

<sup>3</sup> Operating charges, otherwise known as the OCF is the ratio of the Sub-fund's total disclosable costs (excluding securities lending fees and overdraft interest) to the average net assets of the Sub-fund. The OCF is intended to provide a reliable figure which gives the most accurate measure of what it costs to invest in a Sub-fund and is calculated based on the last period's figures. Included within the OCF are synthetic costs which includes the OCF of the underlying funds weighted on the basis of their investment proportion. A detailed breakdown of the OCF per share class is shown on page 356.

# 7IM AAP MODERATELY ADVENTUROUS FUND

## FUND INFORMATION (continued)

### Comparative Tables (continued)

#### Class C Accumulation

	30.11.19 (pence per share)	30.11.18 (pence per share)	30.11.17 (pence per share)
<b>Change in Net Asset Value Per Share</b>			
Opening net asset value per share	172.30	174.40	158.50
Return before operating charges*	12.60	(0.99)	17.00
Operating charges (calculated on average price)	(1.19)	(1.11)	(1.10)
Return after operating charges*	11.41	(2.10)	15.90
Distributions	(2.58)	(2.41)	(2.42)
Retained distributions on accumulation shares	2.58	2.41	2.42
Closing net asset value per share	183.71	172.30	174.40
* After direct transaction costs of: <sup>1</sup>	0.06	0.08	0.09

#### Performance

Return after charges <sup>2</sup>	6.62%	(1.20)%	10.03%
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#### Other Information

Closing net asset value (£'000)	428,456	468,681	473,960
Closing number of shares	233,221,782	272,015,184	271,764,514
Operating charges <sup>3</sup>	0.67%	0.63%	0.65%
Direct transaction costs	0.04%	0.05%	0.05%

#### Prices

Highest share price	186.57	182.46	176.18
Lowest share price	164.59	169.35	157.15

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

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

<sup>3</sup> Operating charges, otherwise known as the OCF is the ratio of the Sub-fund's total disclosable costs (excluding securities lending fees and overdraft interest) to the average net assets of the Sub-fund. The OCF is intended to provide a reliable figure which gives the most accurate measure of what it costs to invest in a Sub-fund and is calculated based on the last period's figures. Included within the OCF are synthetic costs which includes the OCF of the underlying funds weighted on the basis of their investment proportion. A detailed breakdown of the OCF per share class is shown on page 356.

# 7IM AAP MODERATELY ADVENTUROUS FUND

## FUND INFORMATION (continued)

### Comparative Tables (continued)

#### Class D Income

	30.11.19 (pence per share)	30.11.18 (pence per share)	30.11.17 (pence per share)
<b>Change in Net Asset Value Per Share</b>			
Opening net asset value per share	146.22	150.04	138.34
Return before operating charges*	10.90	(0.54)	15.01
Operating charges (calculated on average price)	(2.36)	(2.32)	(2.27)
Return after operating charges*	8.54	(2.86)	12.74
Distributions on income shares	(1.09)	(0.96)	(1.04)
Closing net asset value per share	153.67	146.22	150.04
* After direct transaction costs of: <sup>1</sup>	0.05	0.07	0.08

#### Performance

Return after charges <sup>2</sup>	5.84%	(1.91)%	9.21%
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#### Other Information

Closing net asset value (£'000)	997	985	995
Closing number of shares	648,583	673,748	663,349
Operating charges <sup>3</sup>	1.57%	1.53%	1.55%
Direct transaction costs	0.04%	0.05%	0.05%

#### Prices

Highest share price	156.92	155.85	152.14
Lowest share price	139.60	144.25	137.12

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

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

<sup>3</sup> Operating charges, otherwise known as the OCF is the ratio of the Sub-fund's total disclosable costs (excluding securities lending fees and overdraft interest) to the average net assets of the Sub-fund. The OCF is intended to provide a reliable figure which gives the most accurate measure of what it costs to invest in a Sub-fund and is calculated based on the last period's figures. Included within the OCF are synthetic costs which includes the OCF of the underlying funds weighted on the basis of their investment proportion. A detailed breakdown of the OCF per share class is shown on page 356.

# 7IM AAP MODERATELY ADVENTUROUS FUND

## FUND INFORMATION (continued)

### Comparative Tables (continued)

#### Class D Accumulation

	30.11.19 (pence per share)	30.11.18 (pence per share)	30.11.17 (pence per share)
<b>Change in Net Asset Value Per Share</b>			
Opening net asset value per share	157.61	160.69	147.09
Return before operating charges*	11.77	(0.60)	16.02
Operating charges (calculated on average price)	(2.54)	(2.48)	(2.42)
Return after operating charges*	9.23	(3.08)	13.60
Distributions	(1.17)	(1.03)	(1.11)
Retained distributions on accumulation shares	1.17	1.03	1.11
Closing net asset value per share	166.84	157.61	160.69
* After direct transaction costs of: <sup>1</sup>	0.06	0.07	0.08

#### Performance

Return after charges <sup>2</sup>	5.86%	(1.92)%	9.25%
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#### Other Information

Closing net asset value (£'000)	20,605	21,582	25,778
Closing number of shares	12,350,587	13,693,283	16,042,798
Operating charges <sup>3</sup>	1.57%	1.53%	1.55%
Direct transaction costs	0.04%	0.05%	0.05%

#### Prices

Highest share price	169.84	167.28	162.41
Lowest share price	150.47	155.01	145.82

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

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

<sup>3</sup> Operating charges, otherwise known as the OCF is the ratio of the Sub-fund's total disclosable costs (excluding securities lending fees and overdraft interest) to the average net assets of the Sub-fund. The OCF is intended to provide a reliable figure which gives the most accurate measure of what it costs to invest in a Sub-fund and is calculated based on the last period's figures. Included within the OCF are synthetic costs which includes the OCF of the underlying funds weighted on the basis of their investment proportion. A detailed breakdown of the OCF per share class is shown on page 356.

# 7IM AAP MODERATELY ADVENTUROUS FUND

## FUND INFORMATION (continued)

### Comparative Tables (continued)

#### Class S Income

	30.11.19 (pence per share)	30.11.18 (pence per share)	30.11.17 (pence per share)
<b>Change in Net Asset Value Per Share</b>			
Opening net asset value per share	121.02	124.18	114.49
Return before operating charges*	8.75	(0.72)	12.17
Operating charges (calculated on average price)	(0.52)	(0.48)	(0.49)
Return after operating charges*	8.23	(1.20)	11.68
Distributions on income shares	(2.06)	(1.96)	(1.99)
Closing net asset value per share	127.19	121.02	124.18
* After direct transaction costs of: <sup>1</sup>	0.04	0.06	0.07

#### Performance

Return after charges <sup>2</sup>	6.80%	(0.97)%	10.20%
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#### Other Information

Closing net asset value (£'000)	6,899	7,658	7,669
Closing number of shares	5,424,562	6,327,878	6,175,287
Operating charges <sup>3</sup>	0.42%	0.38%	0.40%
Direct transaction costs	0.04%	0.05%	0.05%

#### Prices

Highest share price	130.08	129.20	126.42
Lowest share price	115.62	119.84	113.50

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

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

<sup>3</sup> Operating charges, otherwise known as the OCF is the ratio of the Sub-fund's total disclosable costs (excluding securities lending fees and overdraft interest) to the average net assets of the Sub-fund. The OCF is intended to provide a reliable figure which gives the most accurate measure of what it costs to invest in a Sub-fund and is calculated based on the last period's figures. Included within the OCF are synthetic costs which includes the OCF of the underlying funds weighted on the basis of their investment proportion. A detailed breakdown of the OCF per share class is shown on page 356.

# 7IM AAP MODERATELY ADVENTUROUS FUND

## FUND INFORMATION (continued)

### Comparative Tables (continued)

#### Class S Accumulation

	30.11.19 (pence per share)	30.11.18 (pence per share)	30.11.17 (pence per share)
<b>Change in Net Asset Value Per Share</b>			
Opening net asset value per share	131.27	132.60	120.27
Return before operating charges*	9.55	(0.82)	12.84
Operating charges (calculated on average price)	(0.57)	(0.51)	(0.51)
Return after operating charges*	8.98	(1.33)	12.33
Distributions	(2.24)	(2.10)	(2.10)
Retained distributions on accumulation shares	2.24	2.10	2.10
Closing net asset value per share	140.25	131.27	132.60
* After direct transaction costs of: <sup>1</sup>	0.05	0.06	0.07

### Performance

Return after charges <sup>2</sup>	6.84%	(1.00)%	10.25%
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### Other Information

Closing net asset value (£'000)	102,702	114,268	110,355
Closing number of shares	73,229,633	87,049,944	83,222,727
Operating charges <sup>3</sup>	0.42%	0.38%	0.40%
Direct transaction costs	0.04%	0.05%	0.05%

### Prices

Highest share price	142.34	138.92	133.94
Lowest share price	125.41	128.99	119.25

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

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

<sup>3</sup> Operating charges, otherwise known as the OCF is the ratio of the Sub-fund's total disclosable costs (excluding securities lending fees and overdraft interest) to the average net assets of the Sub-fund. The OCF is intended to provide a reliable figure which gives the most accurate measure of what it costs to invest in a Sub-fund and is calculated based on the last period's figures. Included within the OCF are synthetic costs which includes the OCF of the underlying funds weighted on the basis of their investment proportion. A detailed breakdown of the OCF per share class is shown on page 356.

## 7IM AAP MODERATELY ADVENTUROUS FUND

### FUND INFORMATION (continued)

#### Ongoing Charges Figures

As at 30 November 2019

	<b>Class A</b>	<b>Class C</b>	<b>Class D</b>	<b>Class S</b>
ACD's periodic charge	1.00%	0.50%	1.40%	0.25%
Other expenses	0.05%	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%

As at 30 November 2018

	<b>Class A</b>	<b>Class C</b>	<b>Class D</b>	<b>Class S</b>
ACD's periodic charge	1.00%	0.50%	1.40%	0.25%
Other expenses	0.04%	0.04%	0.04%	0.04%
	1.04%	0.54%	1.44%	0.29%
Collective investment scheme costs	0.09%	0.09%	0.09%	0.09%
Ongoing Charges Figure	1.13%	0.63%	1.53%	0.38%

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

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

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

## 7IM AAP MODERATELY ADVENTUROUS FUND

### FUND INFORMATION (continued)

#### Synthetic Risk and Reward Indicator



This indicator shows how much a sub-fund has risen and fallen in the past, and therefore how much a 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 annual report and financial statements, the risk and reward indicator as at the year end date 30 November 2019 was 4.

#### Fund performance to 30 November 2019 (%)

	1 year	3 years	5 years
7IM AAP Moderately Adventurous Fund <sup>1</sup>	6.78	16.02	28.80

<sup>1</sup> Source: Bloomberg

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

Details of the distributions per share for the year are shown in the Distribution Tables on pages 380 to 382.



# 7IM AAP MODERATELY ADVENTUROUS FUND

## PORTFOLIO STATEMENT

as at 30 November 2019

Holding	Portfolio of Investment	Value £	30.11.19 %
<b>ALTERNATIVES 8.65% (9.00%)</b>			
<b>Alternative Strategies 5.11% (5.55%)</b>			
137,061	AQR - Managed Futures UCITS Fund <sup>1</sup>	11,334,810	1.92
14,691,000	BNP Paribas Issuance 0.00% 2024 <sup>2</sup>	11,418,235	1.93
1,171,008	Dexion Absolute EUR <sup>3</sup>	—	—
6,300	LGT Dynamic Protection UCITS <sup>1</sup>	6,230,849	1.06
(230)	S&P 500 Index Put Options 1950 March 2020 <sup>4</sup>	(17,743)	—
(104)	S&P 500 Index Put Options 2075 June 2020 <sup>4</sup>	(41,113)	(0.01)
(82)	S&P 500 Index Put Options 2100 September 2020 <sup>4</sup>	(75,955)	(0.01)
230	S&P 500 Index Put Options 2650 March 2020 <sup>4</sup>	252,267	0.04
104	S&P 500 Index Put Options 2800 June 2020 <sup>4</sup>	455,872	0.08
82	S&P 500 Index Put Options 2850 September 2020 <sup>4</sup>	588,979	0.10
		<b>30,146,201</b>	<b>5.11</b>
<b>Commodities 0.00% (1.84%)</b>			
<b>Real Estate 3.54% (1.61%)</b>			
8,663,328	iShares Global Property Securities Index <sup>1</sup>	<b>20,904,609</b>	<b>3.54</b>
<b>CASH 5.58% (3.01%)</b>			
32,947,000	Northern Trust Global Sterling Fund <sup>1</sup>	<b>32,947,000</b>	<b>5.58</b>
<b>DEBT SECURITIES 61.83% (46.67%)</b>			
<b>Convertible Bonds 2.00% (0.00%)</b>			
1,081	NN (L) Global Convertible Bond Acc <sup>1</sup>	4,413,096	0.75
57,518	NN (L) Global Convertible Opportunities Acc <sup>1</sup>	7,411,235	1.25
		<b>11,824,331</b>	<b>2.00</b>
<b>Corporate Bonds 0.00% (1.07%)</b>			
<b>Emerging Market Bonds 7.85% (4.55%)</b>			
33,688,933	Legal & General Emerging Markets Government Bond Local Currency Index Fund Acc <sup>1</sup>	23,191,462	3.93
32,282,438	Legal & General Emerging Markets Government Bond USD Index Fund <sup>1</sup>	23,185,246	3.92
		<b>46,376,708</b>	<b>7.85</b>
<b>Gilts 4.37% (3.85%)</b>			
£17,000	European Investment Bank 2.25% 2020	17,063	—
£3,284,000	Network Rail Infrastructure Finance 4.625% 2020	3,361,227	0.57
£300,000	Tennessee Valley Authority 5.35% 2021	318,347	0.05
£1,100,000	Transport for London 2.25% 2022	1,139,703	0.19
£40,000	UK Gilt 1.50% 2021	40,386	0.01
£36,000	UK Gilt 2.00% 2025	36,293	0.01
£40,000	UK Gilt 3.75% 2020	40,935	0.01
£5,000,000	UK Gilt 4.00% 2022	5,395,490	0.91
£2,900,000	UK Gilt 4.25% 2046	4,957,750	0.84
£2,550,000	UK Gilt 4.25% 2055	4,914,074	0.83
£3,700,000	UK Gilt 4.50% 2034	5,528,932	0.94

# 7IM AAP MODERATELY ADVENTUROUS FUND

## PORTFOLIO STATEMENT (continued) as at 30 November 2019

Holding	Portfolio of Investment	Value £	30.11.19 %
<b>Gilts (continued)</b>			
£24,000	UK Gilt 4.75% 2020	24,254	0.01
		<b>25,774,454</b>	<b>4.37</b>
<b>Global Corporate Bonds 3.85% (2.21%)</b>			
11,078,173	BlackRock Overseas Corporate Bond Tracker <sup>1</sup>	18,090,656	3.06
£3,000,000	IXIS Corporate & Investment Bank 5.875% 2020	3,033,303	0.51
£1,630,000	Nestle Holdings 1.00% 2021	1,631,104	0.28
		<b>22,755,063</b>	<b>3.85</b>
<b>Global Government Bonds 2.96% (4.01%)</b>			
€400,000	Bundesrepublik Deutschland 0.25% 2027	360,286	0.06
€800,000	Bundesrepublik Deutschland 2.25% 2021	716,747	0.12
€180,000	Bundesrepublik Deutschland 2.5% 2046	251,690	0.04
€200,000	Bundesrepublik Deutschland 4% 2037	292,886	0.05
€630,000	France Government 3% 2022	583,930	0.10
€100,000	France Government 5.75% 2032	147,637	0.03
€200,000	French Republic 2.75% 2027	211,469	0.04
€150,000	French Republic 3.25% 2045	208,372	0.04
€170,000	French Republic 4.50% 2041	264,961	0.05
€600,000	Italy Buoni Polien 3.75% 2021	543,446	0.09
€278,000	Italy Buoni Polien 5% 2040	349,399	0.06
€100,000	Italy Buoni Polien 5.25% 2029	116,599	0.02
€300,000	Italy Buoni Polien 6% 2031	378,506	0.06
¥350,000,000	Japan Government 0.1% 2021	2,484,294	0.42
¥240,000,000	Japan Government 0.1% 2027	1,736,283	0.29
¥100,000,000	Japan Government 0.4% 2036	735,045	0.12
¥100,000,000	Japan Government 0.9% 2057	817,111	0.14
€130,000	Spain Government 4.7% 2041	189,395	0.03
€140,000	Spain Government 5.75% 2032	195,157	0.03
€270,000	Spain Government 5.85% 2022	261,313	0.04
€100,000	Spain Government 6% 2029	128,721	0.02
US\$2,300,000	US Treasury Notes 2% 2026	1,816,583	0.31
US\$2,100,000	US Treasury Notes 2.375% 2023	1,665,423	0.28
US\$1,700,000	US Treasury Notes 2.5% 2045	1,395,041	0.24
US\$2,000,000	US Treasury Notes 3.5% 2020	1,563,287	0.27
327	Vanguard Investment Series - Global Bond Index Fund Acc <sup>1</sup>	51,777	0.01
		<b>17,465,358</b>	<b>2.96</b>
<b>Global High Yield Bonds 2.65% (0.00%)</b>			
64,800	BMO Barclays Global High Yield GBP Hedged UCITS - ETF <sup>1</sup>	6,507,216	1.10
324	Most Diversified TOBAM Anti-Benchmark Global High Yield <sup>1</sup>	2,942,308	0.50
57,684	Robeco Quant High Yield <sup>1</sup>	6,190,943	1.05
		<b>15,640,467</b>	<b>2.65</b>
<b>Global Inflation Linked Bonds 2.55% (0.00%)</b>			
(138)	Ultra Long Term US Treasury Bond Futures March 2020 <sup>4</sup>	83,569	0.02
US\$16,511,000	US Treasury Inflation-Indexed Bonds 1% 2049	14,957,086	2.53
		<b>15,040,655</b>	<b>2.55</b>

## 7IM AAP MODERATELY ADVENTUROUS FUND

### PORTFOLIO STATEMENT (continued) as at 30 November 2019

Holding	Portfolio of Investment	Value £	30.11.19 %
	<b>Short Term Sterling Bonds 28.51% (22.50%)</b>		
£140,000	Abbey National Treasury Services 1.875% 2020	140,227	0.02
£5,800,000	Abbey National Treasury Services 5.125% 2021	6,115,404	1.04
£45,000	African Development Bank 0.875% 2021	45,036	0.01
£2,800,000	ASB Finance 1% 2020	2,796,724	0.47
£3,790,000	ASB Finance FRN 2020	3,792,960	0.64
£50,000	Asian Development Bank 0.75% 2022	49,958	0.01
£2,578,000	Bank Nederlandse Gemeenten 1.125% 2021	2,586,425	0.44
£13,000	Bank Nederlandse Gemeenten 1.375% 2019	13,001	—
£4,400,000	Bank of Montreal 1.625% 2022	4,473,291	0.76
£4,580,000	Bank of Nova Scotia FRN 2023	4,557,924	0.77
£2,200,000	Barclays Bank 4.25% 2022	2,349,560	0.40
£1,400,000	Barclays Bank UK FRN 2023	1,393,462	0.24
£2,000,000	Caisse des Depots et Consignations 1.5% 2019	2,000,676	0.34
£4,207,000	Canadian Imperial Bank of Commerce FRN 2022	4,216,870	0.71
£30,000	Council Of Europe Development Bank 1.25% 2019	30,007	—
£799,000	Coventry Building Society FRN 2020	799,454	0.14
£30,000	Deutsche Bahn Finance 2.75% 2022	31,322	0.01
£5,800,000	Deutsche Pfandbriefbank FRN 2020	5,802,842	0.98
£1,600,000	Dexia Credit Local 0.875% 2021	1,598,405	0.27
£300,000	Dexia Credit Local 1.375% 2022	303,815	0.05
£6,500,000	Dexia Credit Local 2% 2020	6,535,139	1.11
£2,150,000	DNB Bank 4.25% 2020	2,160,208	0.37
£12,300,000	European Investment Bank 0.875% 2021	12,312,103	2.08
£30,000	Federal National Mortgage 5.375% 2021	31,923	0.01
£7,100,000	FMS Wertmanagement 0.625% 2020	7,095,243	1.20
£1,000,000	FMS Wertmanagement 0.875% 2022	1,001,910	0.17
£2,000,000	FMS Wertmanagement 1% 2022	2,010,948	0.34
£1,885,000	ING Bank 5.375% 2021	1,994,722	0.34
£447,000	Inter-American Development Bank 5.25% 2021	476,076	0.08
£2,895,000	International Bank for Reconstruction & Development 5.4% 2021	3,090,656	0.52
£6,000,000	JPMorgan Chase Bank FRN 2021	5,993,154	1.01
£650,000	KFW 1.375% 2021	654,208	0.11
£40,000	KFW 1.625% 2020	40,161	0.01
£25,000	Kingdom of Belgium 9.375% 2020	25,441	—
£25,000	Landeskreditbank 0.875% 2022	25,003	—
£45,000	Landwirtschaftlic 1.125% 2021	45,148	0.01
£4,991,000	Landwirtschaftlic 1.375% 2020	5,017,153	0.85
£2,318,000	Lloyds Bank 1.75% 2022	2,357,684	0.40
£300,000	Lloyds Bank FRN 2020	299,915	0.05
£8,956,000	National Australia Bank 1.875% 2020	8,972,712	1.52
£4,000,000	NRW Bank FRN 2024	3,997,720	0.68
£2,500,000	Oesterreichische 1.125% 2022	2,518,880	0.43
£2,600,000	Oversea-Chinese Banking FRN 2023	2,579,970	0.44
£3,314,000	Rabobank Nederland 4.625% 2021	3,442,265	0.58
£225,000	Rabobank Nederland 4.875% 2023	251,272	0.04
£1,427,000	Reseau Ferre de France 5.5% 2021	1,553,912	0.26
£810,000	Royal Bank of Canada FRN 2021	810,024	0.14
£500,000	Royal Bank of Canada FRN 2024	500,350	0.08
£6,203,000	Royal Bank of Scotland FRN 2020	6,207,094	1.05
£2,200,000	Santander UK FRN 2020	2,200,123	0.37
£7,500,000	Santander UK FRN 2022	7,471,425	1.26
£1,100,000	Skandinaviska Enskilda Banken 3% 2020	1,121,382	0.19
£5,414,000	Svenska Handelsba 2.375% 2022	5,563,047	0.94
£3,000,000	Svenska Handelsbanken AB 3.00% 2020	3,055,908	0.52
£3,000,000	Swedbank FRN 2019	3,000,000	0.51
£1,800,000	Swedbank FRN 2021	1,801,422	0.30

# 7IM AAP MODERATELY ADVENTUROUS FUND

## PORTFOLIO STATEMENT (continued) as at 30 November 2019

Holding	Portfolio of Investment	Value £	30.11.19 %
<b>Short Term Sterling Bonds (continued)</b>			
£2,900,000	Toronto-Dominion Bank FRN 2023	2,885,645	0.49
£7,000,000	UBS 1.25% 2020	7,011,970	1.19
£200,000	Wellcome Trust Finance 4.75% 2021	210,908	0.04
£6,100,000	Westpac Banking FRN 2023	6,070,452	1.03
£2,870,000	Yorkshire Building Society FRN 2023	2,884,436	0.49
		<b>168,375,075</b>	<b>28.51</b>
<b>Sterling Corporate Bonds 7.09% (8.48%)</b>			
£6,600,000	ABN Amro Bank 1% 2020	6,598,324	1.12
£3,000,000	Bank of Nova Scotia 0.75% 2021	2,985,924	0.51
£3,760,000	DNB Boligkreditt FRN 2020	3,761,429	0.64
£5,500,000	European Investment Bank 1.125% 2021	5,534,100	0.94
£10,000	Inter-American Development Bank 0.625% 2021	9,963	—
£9,255,000	International Bank for Reconstruction & Development 0.375% 2021	9,187,827	1.56
£25,000	Landeskreditbank 1.125% 2021	25,069	—
£1,500,000	Lloyds Bank FRN 2024	1,500,645	0.25
£2,000,000	National Australia Bank 1.125% 2021	2,005,520	0.34
£1,500,000	National Westminster Bank FRN 2023	1,507,245	0.25
£17,000	Nestle Holdings 1.75% 2020	17,135	—
£6,500,000	Toyota Motor Credit 1.125% 2021	6,517,680	1.10
£2,200,000	TSB Bank FRN 2024	2,224,336	0.38
		<b>41,875,197</b>	<b>7.09</b>
<b>EQUITY 26.21% (35.18%)</b>			
<b>Asia &amp; Emerging Markets 3.26% (4.07%)</b>			
2,330	Most Diversified TOBAM Anti-Benchmark Emerging Markets <sup>1</sup>	19,064,372	3.23
466	MSCI Emerging Markets Index Futures December 2019 <sup>4</sup>	188,063	0.03
		<b>19,252,435</b>	<b>3.26</b>
<b>Europe (ex UK) 7.03% (7.14%)</b>			
4,839,578	7IM European (ex UK) Equity Value Fund 'Z' Inc <sup>1,5</sup>	5,579,066	0.94
438	Aena SME	62,572	0.01
1,290	Ageas	60,212	0.01
492	Allianz	91,129	0.01
3,280	Alstom	109,651	0.02
26	AP Moeller - Maersk 'A'	26,281	—
1,375	AP Moeller - Maersk 'B'	1,488,073	0.25
12,715	ArcelorMittal	169,224	0.03
4,904	Atlas Copco 'A'	139,753	0.02
2,810	Atlas Copco 'B'	70,365	0.01
354	Baloise	47,960	0.01
6,827	Bayer	400,533	0.07
20,334	Bayerische Motoren Werke 'A'	1,272,531	0.21
54,881	BNP Paribas	2,392,758	0.40
45,627	Boliden	912,998	0.15
23,816	Coca-Cola European Partners	935,952	0.16
3,305	Compagnie De St-Gobain	103,529	0.02
1,260	Covestro	46,117	0.01
6,694	Credit Agricole	71,323	0.01
5,160	Daimler	226,906	0.04
4,246	Danske Bank	44,373	0.01
535	Dassault Aviation	569,570	0.10

## 7IM AAP MODERATELY ADVENTUROUS FUND

### PORTFOLIO STATEMENT (continued) as at 30 November 2019

Holding	Portfolio of Investment	Value £	30.11.19 %
	<b>Europe (ex UK) (continued)</b>		
158,065	Deutsche Telekom	2,052,758	0.35
6,288	DNB	82,647	0.01
573	Eiffage	48,353	0.01
4,355	Electricite de France	34,582	0.01
2,371	Endesa	49,797	0.01
12,877	Engie	158,110	0.03
156,341	Eni	1,840,605	0.31
71,940	Ericsson 'B'	503,541	0.08
231	Euro Stoxx 50 Equity Index Futures December 2019 <sup>4</sup>	138,596	0.02
92,243	Fiat Chrysler Automobiles	1,061,447	0.18
3,723	Hakon Invest	127,455	0.02
19,090	Holcim	764,352	0.13
165,065	Iberdrola	1,255,584	0.21
12,026	ING Group	107,284	0.02
13,287	Klepierre	367,626	0.06
72,669	Koninklijke Ahold Delhaize	1,459,647	0.25
681	L'Oreal	149,993	0.02
1,026	Muenchener Rueckversicherungs	228,167	0.04
3,513	Nestle	283,005	0.05
2,048	NN Group	61,116	0.01
9,295	Nordea Bank	51,371	0.01
34,486	Novartis	2,463,039	0.42
6,518	Pernod Ricard	922,816	0.16
95,970	Peugeot	1,806,199	0.31
7,789	Porsche Automobil	449,736	0.08
22,831	Raiffeisen Bank International	416,262	0.07
5,095	Renault	190,478	0.03
9,600	Repsol	117,669	0.02
12,796	Roche Holding	3,054,627	0.52
3,898	Sandvik	55,257	0.01
8,092	Sanofi	583,660	0.10
2,631	SES	27,292	—
984	Siemens	98,015	0.02
11,090	Siemens Gamesa Renewable Energy	135,979	0.02
5,056	Societe Generale	123,320	0.02
4,182	Statoil	60,396	0.01
1,339	Swiss Life	516,202	0.09
12,653	Swiss Re	1,060,604	0.18
186	Swisscom	74,387	0.01
46,548	Telefonica Deutschland	109,904	0.02
17,862	Telenor	254,273	0.04
10,044	Terna Rete Elettrica Nazionale	49,792	0.01
9,999	Total	408,844	0.07
37,191	Uniper	931,684	0.16
3,806	UPM-Kymmene	98,525	0.02
16,774	Vestas Wind Systems	1,240,463	0.21
3,965	Vinci	333,911	0.06
224	Volkswagen	33,260	0.01
10,285	Volvo 'B'	123,933	0.02
2,038	Wolters Kluwer	113,435	0.02
		<b>41,500,874</b>	<b>7.03</b>
	<b>Frontier Markets Equity 2.95% (3.96%)</b>		
2,054,168	T. Rowe Price Frontier Markets Equity Fund 'I'	<b>17,435,193</b>	<b>2.95</b>

# 7IM AAP MODERATELY ADVENTUROUS FUND

## PORTFOLIO STATEMENT (continued) as at 30 November 2019

Holding	Portfolio of Investment	Value £	30.11.19 %
	<b>Japan 0.63% (-0.11%)</b>		
332	TOPIX Index Futures December 2019 <sup>4</sup>	3,736,730	0.63
	<b>North America 1.09% (6.71%)</b>		
273	E-mini Health Care Select Sector Futures September 2020 <sup>4</sup>	1,610,364	0.27
13,297	NXP Semiconductors	1,210,139	0.21
657	S&P 500 E-mini Futures December 2019 <sup>4</sup>	3,618,312	0.61
		<b>6,438,815</b>	<b>1.09</b>
	<b>United Kingdom 11.25% (13.41%)</b>		
9,398,382	7IM UK Equity Value Fund 'Z' Inc <sup>1,5</sup>	9,636,162	1.63
3,791	Admiral Group	81,545	0.01
20,016	Anglo American	408,226	0.07
13,953	AstraZeneca	1,045,359	0.18
214,918	Auto Trader Group	1,220,304	0.21
350,752	Aviva	1,413,881	0.24
16,959	Barratt Developments	113,422	0.02
23,660	Berkeley Group	1,097,351	0.19
98,300	BHP	1,695,085	0.29
336,118	BP	1,626,139	0.27
81,254	British American Tobacco	2,502,217	0.42
46,811	British Land	273,376	0.05
10,929	Bunzl	233,006	0.04
7,821	Burberry	166,196	0.03
6,364	Carnival	206,894	0.03
112,123	Centrica	90,147	0.01
29,275	Diageo	932,116	0.16
315,322	Direct Line Insurance Group	978,129	0.17
2,780	Easyjet	37,655	0.01
22,094	Experian	566,711	0.10
1,315	Ferguson	88,000	0.01
588	FTSE 100 Index Futures December 2019 <sup>4</sup>	478,044	0.08
27,644	G4S	58,522	0.01
104,554	GlaxoSmithKline	1,836,177	0.31
123,009	Glencore	304,078	0.05
225,779	HSBC Holdings	1,306,132	0.22
68,505	Imperial Tobacco Group	1,170,202	0.20
3,250	Intertek Group	179,400	0.03
12,772	Investec	56,491	0.01
70,779	ITV	103,054	0.02
34,518	J Sainsbury	75,595	0.01
96,723	John Wood Group	355,167	0.06
12,533	Land Securities	121,219	0.02
104,817	Legal & General Group	297,471	0.05
6,442	London Stock Exchange	446,688	0.08
9,534	M&G	22,710	—
343,987	Marks & Spencer	682,470	0.12
154,048	Meggitt	996,074	0.17
65,734	Micro Focus International	736,484	0.12
35,305	Pearson	231,177	0.04
6,237	Persimmon	161,476	0.03
9,534	Prudential	131,855	0.02
95,147	RELX	1,791,618	0.30
28,792	Rio Tinto	1,222,796	0.21
32,416	Rolls-Royce	232,358	0.04

## 7IM AAP MODERATELY ADVENTUROUS FUND

### PORTFOLIO STATEMENT (continued) as at 30 November 2019

Holding	Portfolio of Investment	Value £	30.11.19 %
<b>United Kingdom (continued)</b>			
36,796	Royal Bank of Scotland Group	84,594	0.01
44,373	Royal Dutch Shell 'A'	991,958	0.17
84,556	Royal Dutch Shell 'B'	1,875,029	0.32
19,973	RSA Insurance Group	111,250	0.02
9,244	Sage Group	70,421	0.01
73,123	Smith & Nephew	1,278,556	0.22
1,372	Spirax-Sarco Engineering	122,931	0.02
9,135	St James's Place	98,886	0.02
82,795	Standard Chartered	580,890	0.10
413,954	Taylor Wimpey	729,180	0.12
5,837	Unilever	267,305	0.04
40,356	United Utilities Group	348,192	0.06
638,065	Vanguard FTSE 250 UCITS ETF <sup>1</sup>	21,228,423	3.59
500,837	Vodafone Group	765,179	0.13
1,451	Whitbread	68,661	0.01
195,693	WM Morrison Supermarkets	393,343	0.07
		<b>66,423,977</b>	<b>11.25</b>

#### PRIVATE EQUITY 0.00% (2.82%)

#### FORWARD CURRENCY CONTRACTS -0.27% (0.18%)

€6,898,000	Vs £(6,165,260) Expiry 21.02.2020	(268,960)	(0.05)
€5,307,000	Vs £(4,899,900) Expiry 21.02.2020	(363,562)	(0.06)
€13,745,000	Vs £(12,370,967) Expiry 21.02.2020	(621,962)	(0.11)
€(39,565,900)	Vs £36,797,078 Expiry 21.02.2020	2,976,783	0.50
€(3,195,000)	Vs £2,742,908 Expiry 21.02.2020	11,873	—
US\$(23,900,000)	Vs £19,249,666 Expiry 17.01.2020	758,654	0.13
US\$(18,944,000)	Vs £15,340,079 Expiry 17.01.2020	683,437	0.12
US\$(16,600,000)	Vs £13,474,135 Expiry 17.01.2020	631,006	0.11
US\$(12,178,000)	Vs £9,935,685 Expiry 17.01.2020	513,779	0.09
US\$(21,088,000)	Vs £16,756,682 Expiry 17.01.2020	441,266	0.07
US\$(3,810,000)	Vs £2,959,531 Expiry 17.01.2020	11,801	—
¥964,000,000	Vs £(7,476,978) Expiry 20.12.2019	(652,081)	(0.11)
¥4,734,404,000	Vs £(34,896,212) Expiry 20.12.2019	(1,377,728)	(0.23)
US\$7,592,000	Vs £(6,120,320) Expiry 17.01.2020	(246,522)	(0.04)
US\$15,050,000	Vs £(12,021,209) Expiry 17.01.2020	(377,287)	(0.06)
US\$15,098,000	Vs £(12,224,507) Expiry 17.01.2020	(543,449)	(0.09)
US\$41,250,000	Vs £(33,221,254) Expiry 17.01.2020	(1,306,850)	(0.22)
US\$56,221,500	Vs £(44,886,529) Expiry 17.01.2020	(1,388,938)	(0.24)
US\$11,224,000	Vs £(9,140,973) Expiry 21.02.2020	(465,574)	(0.08)
		<b>(1,584,314)</b>	<b>(0.27)</b>

<b>Portfolio of investment</b>	<b>602,328,828</b>	<b>102.00</b>
Net other liabilities	(11,783,990)	(2.00)
<b>Net assets</b>	<b>590,544,838</b>	<b>100.00</b>

Comparative figures shown in brackets relate to 30 November 2018.

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



## 7IM AAP MODERATELY ADVENTUROUS FUND

### PORTFOLIO STATEMENT (continued)

as at 30 November 2019

<sup>1</sup> Collective investment scheme

<sup>2</sup> Structured product

<sup>3</sup> Delisted security

<sup>4</sup> Derivative contract

<sup>5</sup> Related party holding (see note 12 of the Financial Statements)

	30.11.19	30.11.18
Credit Quality	%	%
Investment grade debt securities	45.73	40.65
Non-rated debt securities	2.44	4.75
Other investments	53.83	51.46
Net other (liabilities)/assets	(2.00)	3.14
	<b>100.00</b>	<b>100.00</b>



## 7IM AAP MODERATELY ADVENTUROUS FUND

### STATEMENT OF TOTAL RETURN

for the year ended 30 November 2019

	Notes	£	30.11.19 £	30.11.18 £
Income				
Net capital gains/(losses)	4		31,603,494	(17,092,666)
Revenue	5	13,474,401		13,405,245
Expenses	6	(3,330,545)		(3,507,115)
Interest payable and similar charges	8	(182,008)		(89,158)
Net revenue before taxation for the year		9,961,848		9,808,972
Taxation	7	(808,591)		(672,140)
Net revenue after taxation for the year			9,153,257	9,136,832
<b>Total return before distributions</b>			40,756,751	(7,955,834)
Distributions	8		(9,167,170)	(9,145,882)
<b>Change in net assets attributable to shareholders from investment activities</b>			31,589,581	(17,101,716)

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

for the year ended 30 November 2019

	£	30.11.19 £	30.11.18 £
<b>Opening net assets attributable to shareholders</b>		648,689,855	660,495,410
Amounts received on creation of shares <sup>1</sup>	91,182,608		129,288,990
Amounts receivable on in-specie transactions	1,765,922		—
Amounts paid on cancellation of shares <sup>1</sup>	(190,918,610)		(132,528,801)
		(97,970,080)	(3,239,811)
Change in net assets attributable to shareholders from investment activities		31,589,581	(17,101,716)
Retained distribution on accumulation shares		8,235,482	8,535,972
<b>Closing net assets attributable to shareholders</b>		590,544,838	648,689,855

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

The notes on pages 368 to 379 are an integral part of these Financial Statements.

## 7IM AAP MODERATELY ADVENTUROUS FUND

### BALANCE SHEET

as at 30 November 2019

	Notes	30.11.19 £	30.11.18 £
<b>ASSETS</b>			
Fixed assets:			
Investments		610,076,552	636,958,487
Current assets:			
Debtors	9	4,658,405	4,582,498
Cash and bank balances	10	3,323,331	21,664,926
<b>Total assets</b>		<b>618,058,288</b>	<b>663,205,911</b>
<b>LIABILITIES</b>			
Investment liabilities		(7,747,724)	(8,667,534)
Creditors:			
Bank overdrafts	10	(14,283,633)	(3,695,030)
Distribution payable		(254,341)	(291,599)
Other creditors	11	(5,227,752)	(1,861,893)
<b>Total liabilities</b>		<b>(27,513,450)</b>	<b>(14,516,056)</b>
<b>Net assets attributable to shareholders</b>		<b>590,544,838</b>	<b>648,689,855</b>

The notes on pages 368 to 379 are an integral part of these Financial Statements.

# 7IM AAP MODERATELY ADVENTUROUS FUND

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 November 2019

### 1 Statement of Compliance

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

### 2 Summary of Significant Accounting Policies

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

### 3 Risk Management Policies

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

### 4 Net capital gains/(losses)

	30.11.19 £	30.11.18 £
The net capital gains/(losses) during the year comprise:		
Non-derivative securities	14,897,806	(11,168,445)
Derivative contracts	16,273,903	(5,821,151)
Forward currency contracts	345,676	900,743
Currency gains/(losses)	34,117	(1,015,061)
Transaction charges	(15,347)	(33,403)
AMC rebates from underlying investments	67,339	44,651
Net capital gains/(losses)	31,603,494	(17,092,666)

### 5 Revenue

	30.11.19 £	30.11.18 £
Non-taxable dividends	6,945,972	7,510,886
Taxable dividends	2,909,499	2,655,973
Unfranked interest	3,065,895	2,736,266
AMC rebates from underlying investments	377,338	426,263
Bank interest	90,358	3,103
Stock lending revenue <sup>1</sup>	85,339	72,754
Total revenue	13,474,401	13,405,245

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

## 7IM AAP MODERATELY ADVENTUROUS FUND

### NOTES TO THE FINANCIAL STATEMENTS (continued) for the year ended 30 November 2019

#### 6 Expenses

	30.11.19 £	30.11.18 £
Payable to the ACD, associates of the ACD and agents of either of them:		
ACD's periodic charge	3,054,584	3,270,711
Other expenses	6,376	6,376
	<u>3,060,960</u>	<u>3,277,087</u>
Payable to the Depositary, associates of the Depositary and agents of either of them:		
Depositary's fees	82,239	86,269
Market risk fees	6,000	6,000
Safe custody and other bank charges	36,873	37,233
	<u>125,112</u>	<u>129,502</u>
Other Expenses:		
Advisory fees	51,448	48,760
Audit fee	9,000	8,760
Dealing and exchange fees	27,258	27,773
FCA and other Regulatory fees	212	300
Legal and professional fees	6,798	2,417
Printing, postage and distribution costs	43,607	7,578
Risk analysis fees	6,150	4,938
	<u>144,473</u>	<u>100,526</u>
Total expenses	<u>3,330,545</u>	<u>3,507,115</u>

## 7IM AAP MODERATELY ADVENTUROUS FUND

### NOTES TO THE FINANCIAL STATEMENTS (continued) for the year ended 30 November 2019

#### 7 Taxation

	30.11.19 £	30.11.18 £
<i>a) Analysis of charge for the year</i>		
Corporation tax at 20%	610,143	458,723
Overseas tax	166,045	268,067
Irrecoverable CIS income tax	32,403	1,578
Prior year adjustment	–	(56,228)
Current tax charge (note 7b)	808,591	672,140
Total taxation	808,591	672,140
<i>b) Factors affecting current tax charge for the year</i>		
The tax assessed for the year differs from the standard rate of corporation tax in the UK for an authorised fund (20%) (2018: 20%) for the reasons explained below.		
Net revenue before taxation	9,961,848	9,808,972
Corporation tax at 20%	1,992,370	1,961,794
Effects of:		
AMC rebates taken to capital	13,468	8,930
Double taxation relief expensed	(5,148)	(9,441)
Franked CIS revenue	(156,934)	–
Franked REIT income	(156)	–
Indexed gilt edged securities adjustment	(1,522)	–
Irrecoverable CIS income tax w/off	32,403	1,578
Movement in revenue accruals	18,372	(2,214)
Non-taxable dividends	(467,615)	(1,404,826)
Non-taxable overseas dividends	(782,692)	–
Overseas tax	166,045	268,067
Prior year adjustment	–	(56,228)
Tax on stock dividends	–	(95,520)
Current tax charge (note 7a)	808,591	672,140

#### *c) Deferred tax*

There is no deferred tax provision in the current year (2018: none).

#### 8 Distributions

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

	30.11.19 £	30.11.18 £
Interim	4,845,236	4,781,437
Final	3,963,522	4,373,270
	8,808,758	9,154,707
Add: Revenue deducted on cancellation of shares	661,598	421,872
Deduct: Revenue received on issue of shares	(301,226)	(430,697)
Deduct: Revenue received on in-specie transactions	(1,960)	–
Net distributions for the year	9,167,170	9,145,882
Interest payable and similar charges	182,008	89,158
Total distribution	9,349,178	9,235,040

# 7IM AAP MODERATELY ADVENTUROUS FUND

## NOTES TO THE FINANCIAL STATEMENTS (continued) for the year ended 30 November 2019

### 8 Distributions (continued)

Details of the distributions per share are set out in the table on pages 380 to 382.

Distributions represented by:

Net revenue after taxation	9,153,257	9,136,832
Allocations to capital:		
Expenses, net of tax relief	13,468	8,930
Equalisation on conversions <sup>1</sup>	373	140
Net movement in revenue account	72	(20)
Net distributions for the year	<u>9,167,170</u>	<u>9,145,882</u>

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

### 9 Debtors

	30.11.19	30.11.18
	£	£
Amounts receivable for issue of shares	749,430	1,031,615
Sales awaiting settlement	–	4
Accrued revenue	3,232,374	2,908,177
Income tax recoverable	32,432	20
AMC rebates from underlying investments	198,715	193,479
Withholding tax recoverable	445,454	449,203
Total debtors	<u>4,658,405</u>	<u>4,582,498</u>

### 10 Cash and bank balances

	30.11.19	30.11.18
	£	£
Cash and bank balances	3,320,101	3,746,532
Cash held at clearing houses	3,230	17,918,394
Total cash and bank balances	<u>3,323,331</u>	<u>21,664,926</u>
Bank overdrafts	(3,267,002)	(3,658,941)
Cash overdraft at clearing houses	(11,016,631)	(36,089)
Total bank overdrafts	<u>(14,283,633)</u>	<u>(3,695,030)</u>

### 11 Other Creditors

	30.11.19	30.11.18
	£	£
Amounts payable for cancellation of shares	3,639,662	992,670
Purchases awaiting settlement	848,954	388,144
Accrued expenses	363,993	313,261
Corporation tax payable	375,143	167,723
Currency deals awaiting settlement	–	95
Total other creditors	<u>5,227,752</u>	<u>1,861,893</u>

## 7IM AAP MODERATELY ADVENTUROUS FUND

### NOTES TO THE FINANCIAL STATEMENTS (continued) for the year ended 30 November 2019

#### 12 Related party transactions

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

The aggregate monies received by the ACD through the issue of shares and paid on cancellation of shares are disclosed in the Statement of Change in Net Assets Attributable to Shareholders on page 366.

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

	Held at 30.11.19	Held at 30.11.18
7IM Emerging Markets Equity Value Fund 'Z' Inc	–	1,424,180
7IM European (ex UK) Equity Value Fund 'Z' Inc	4,839,578	5,335,489
7IM UK Equity Value Fund 'Z' Inc	9,398,382	5,570,541
7IM US Equity Value Fund 'Z' Inc	–	8,711,337

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

Pershing Nominees Limited 43.84% (2018: 40.53%)

The net value of creations and cancellations for Pershing Nominees Limited during the year totalled -£131,454 (2018: £14,035,702).

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

#### 13 Classes of Shares

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

Class A	1.00%
Class C	0.50%
Class D	1.40%
Class S	0.25%

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

Class	Opening Shares	Shares Created	Shares Liquidated	Shares Converted	Closing Shares
Class A Income	172,419	8,375	(12,431)	–	168,363
Class A Accumulation	822,135	4,820	(96,109)	–	730,846
Class C Income	22,968,211	3,033,141	(7,237,093)	150,862	18,915,121
Class C Accumulation	272,015,185	39,577,395	(78,089,720)	(281,078)	233,221,782
Class D Income	673,748	4,931	(30,096)	–	648,583
Class D Accumulation	13,693,284	1,398,786	(2,551,879)	(189,604)	12,350,587
Class S Income	6,327,878	852,578	(1,706,923)	(48,971)	5,424,562
Class S Accumulation	87,049,944	10,981,379	(25,273,920)	472,230	73,229,633

#### 14 Contingent liabilities and commitments

There are no contingent liabilities or unrecorded outstanding commitments at the balance sheet date (2018: none).

#### 15 Risks Disclosures

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

## 7IM AAP MODERATELY ADVENTUROUS FUND

### NOTES TO THE FINANCIAL STATEMENTS (continued) for the year ended 30 November 2019

#### 15 Risks Disclosures (continued)

##### i. Interest rate risk

The table below shows the direct interest rate risk profile:

Interest rate exposure as at 30 November 2019

	<b>Floating Rate Financial Assets £</b>	<b>Fixed Rate Financial Assets £</b>	<b>Financial Assets not carrying interest £</b>	<b>Total £</b>
Australian dollar	—	—	139,552	139,552
Canadian dollar	7,486	—	56,032	63,518
Danish krone	—	—	2,847,349	2,847,349
Euro	716,583	5,200,514	44,534,739	50,451,836
Japanese yen	18,382	5,772,733	44,082,748	49,873,863
New Zealand dollar	—	—	7,705	7,705
Norwegian krone	—	—	478,997	478,997
Singapore dollar	—	—	5,692	5,692
South African rand	3	—	—	3
Swedish krona	—	—	2,127,867	2,127,867
Swiss franc	466,391	—	8,710,735	9,177,126
US dollar	2,024,532	32,815,655	191,123,874	225,964,061
Pound sterling	109,295,850	164,430,236	290,232,994	563,959,080
	<b>112,529,227</b>	<b>208,219,138</b>	<b>584,348,284</b>	<b>905,096,649</b>

	<b>Floating Rate Financial Liabilities £</b>	<b>Financial Liabilities not carrying interest £</b>	<b>Total £</b>
Canadian dollar	(7,486)	—	(7,486)
Euro	(694,638)	(36,551,331)	(37,245,969)
Japanese yen	(20,828)	—	(20,828)
South African rand	(3)	—	(3)
Swiss franc	(466,390)	—	(466,390)
US dollar	(1,994,157)	(74,810,646)	(76,804,803)
Pound sterling	(11,100,131)	(188,906,201)	(200,006,332)
	<b>(14,283,633)</b>	<b>(300,268,178)</b>	<b>(314,551,811)</b>



## 7IM AAP MODERATELY ADVENTUROUS FUND

### NOTES TO THE FINANCIAL STATEMENTS (continued) for the year ended 30 November 2019

#### 15 Risks Disclosures (continued)

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

Interest rate exposure as at 30 November 2018

	<b>Floating Rate Financial Assets £</b>	<b>Fixed Rate Financial Assets £</b>	<b>Financial Assets not carrying interest £</b>	<b>Total £</b>
Canadian dollar	7,559	—	1,207,614	1,215,173
Danish krone	—	—	986,784	986,784
Euro	728,487	7,985,265	33,125,209	41,838,961
Japanese yen	2,286	8,749,052	49,952,213	58,703,551
Norwegian krone	—	—	100,751	100,751
South African rand	3	—	245,667	245,670
Swedish krona	—	—	2,740,525	2,740,525
Swiss franc	472,722	—	9,125,233	9,597,955
US dollar	14,413,584	27,604,169	121,316,771	163,334,524
Pound sterling	113,230,560	162,482,684	226,503,543	502,216,787
	<b>128,855,201</b>	<b>206,821,170</b>	<b>445,304,310</b>	<b>780,980,681</b>

	<b>Floating Rate Financial Liabilities £</b>	<b>Financial Liabilities not carrying interest £</b>	<b>Total £</b>
Canadian dollar	(7,559)	—	(7,559)
Euro	(705,139)	(35,192,043)	(35,897,182)
Japanese yen	(7,165)	(9,530,091)	(9,537,256)
South African rand	(3)	—	(3)
Swiss franc	(472,722)	—	(472,722)
US dollar	(1,883,516)	(4,397,145)	(6,280,661)
Pound sterling	(618,925)	(79,476,518)	(80,095,443)
	<b>(3,695,029)</b>	<b>(128,595,797)</b>	<b>(132,290,826)</b>

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

Currency	Fixed Rate Financial Assets			
	Weighted average interest rate		Weighted average period for which rate is fixed	
	30.11.19 %	30.11.18 %	30.11.19 Years	30.11.18 Years
Euro	0.16	0.85	10	9
Japanese yen	(0.04)	0.15	10	11
Pound sterling	0.93	1.30	4	3
US dollar	0.72	1.42	17	5

The average effective duration of the Sub-fund's portfolio is a measure of the sensitivity of the fair value of the Sub-fund's bond portfolio (excludes all other investments) to changes in market interest rates. As at 30 November 2019, the weighted average effective duration was 1.99 years (30 November 2018: 1.37 years).

## 7IM AAP MODERATELY ADVENTUROUS FUND

### NOTES TO THE FINANCIAL STATEMENTS (continued) for the year ended 30 November 2019

#### 15 Risks Disclosures (continued)

##### ii. Foreign currency risk

The table below shows the direct foreign currency risk profile:

Foreign currency risk exposure as at 30 November 2019

Currency	Monetary Exposure £	Non-Monetary Exposure £	Total £
Australian dollar	139,552	—	139,552
Canadian dollar	56,032	—	56,032
Danish krone	48,159	2,799,190	2,847,349
Euro	834,540	12,371,327	13,205,867
Japanese yen	191	49,852,844	49,853,035
New Zealand dollar	7,705	—	7,705
Norwegian krone	81,681	397,316	478,997
Singapore dollar	5,692	—	5,692
Swedish krona	143,194	1,984,673	2,127,867
Swiss franc	446,560	8,264,176	8,710,736
US dollar	132,603	149,026,655	149,159,258
	1,895,909	224,696,181	226,592,090
Pound sterling	19,267,101	344,685,647	363,952,748
Net assets	21,163,010	569,381,828	590,544,838

Foreign currency risk exposure as at 30 November 2018

Currency	Monetary Exposure £	Non-Monetary Exposure £	Total £
Canadian dollar	—	1,207,614	1,207,614
Danish krone	46,224	940,560	986,784
Euro	194,636	5,747,143	5,941,779
Japanese yen	(421)	49,166,716	49,166,295
Norwegian krone	3,411	97,340	100,751
South African rand	—	245,667	245,667
Swedish krona	—	2,740,525	2,740,525
Swiss franc	326,997	8,798,236	9,125,233
US dollar	148,233	156,905,630	157,053,863
	719,080	225,849,431	226,568,511
Pound sterling	39,172,821	382,948,523	422,121,344
Net assets	39,891,901	608,797,954	648,689,855

## 7IM AAP MODERATELY ADVENTUROUS FUND

### NOTES TO THE FINANCIAL STATEMENTS (continued) for the year ended 30 November 2019

#### 15 Risks Disclosures (continued)

##### iii. Derivatives

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

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

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

The lowest, highest and average leverage utilisation in the accounting year ended 30 November 2019 was 121%, 230% and 188% respectively (30 November 2018: 155%, 230% and 190% respectively).

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

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

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

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

Counterparty	30.11.19 £	30.11.18 £
<b>Options</b>		
Chicago Board Options Exchange	1,162,307	593,924
<b>Futures Contracts</b>		
Chicago Board of Trade	83,569	—
Chicago Mercantile Exchange	1,610,364	—
Eurex Deutschland	138,596	(328,755)
International Monetary Market	3,618,312	(2,489,453)
London International Financial Futures Exchange	478,044	(3,825,022)
New York Coffee, Sugar & Cocoa	188,063	(1,102,211)
Osaka Securities Exchange	—	(736,800)
Tokyo Stock Exchange	3,736,730	—
<b>Forward Currency Contracts</b>		
Northern Trust	(1,584,314)	1,146,791
<b>Total net exposure<sup>1</sup></b>	<b>9,431,671</b>	<b>(6,741,526)</b>

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

## 7IM AAP MODERATELY ADVENTUROUS FUND

### NOTES TO THE FINANCIAL STATEMENTS (continued) for the year ended 30 November 2019

#### 15 Risks Disclosures (continued)

##### iv. Fair value

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

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

##### Level 1

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

##### Level 2

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

##### Level 3

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

	Level 1 £	Level 2 £	Level 3 £	Total £
<b>30 November 2019</b>				
<b>Assets</b>				
Bonds	83,145,753	201,332,282	–	284,478,035
Collective Investment Schemes	236,344,423	–	–	236,344,423
Derivatives	11,150,796	6,028,599	–	17,179,395
Equities	72,074,699	–	–	72,074,699
<b>Total</b>	<b>402,715,671</b>	<b>207,360,881</b>	<b>–</b>	<b>610,076,552</b>
<b>Liabilities</b>				
Derivatives	(17,743)	(7,729,981)	–	(7,747,724)
<b>30 November 2018</b>				
<b>Assets</b>				
Bonds	44,166,355	250,352,089	–	294,518,444
Collective Investment Schemes	31,807,681	163,190,262	–	194,997,943
Derivatives	641,874	1,284,134	–	1,926,008
Equities	145,515,993	99	–	145,516,092
<b>Total</b>	<b>222,131,903</b>	<b>414,826,584</b>	<b>–</b>	<b>636,958,487</b>
<b>Liabilities</b>				
Derivatives	(8,530,191)	(137,343)	–	(8,667,534)

## 7IM AAP MODERATELY ADVENTUROUS FUND

### NOTES TO THE FINANCIAL STATEMENTS (continued) for the year ended 30 November 2019

#### 16 Purchases, Sales and Transaction Costs

The following tables show portfolio transactions and their associated transaction costs. For more information about the nature of these costs please refer to the additional portfolio transaction cost information on page 347.

Analysis of direct transaction costs for the year ended 30 November 2019:

	Principal £'000	Commissions £'000	Taxes £'000	Total Transaction Costs £'000	Commissions % of principal	Taxes % of principal
<b>Purchases</b>						
Bonds	96,826	—	—	—	—	—
Collective Investment Schemes	438,270	—	—	—	—	—
Equities	102,382	13	187	200	0.01	0.18
<b>Total</b>	<b>637,478</b>	<b>13</b>	<b>187</b>	<b>200</b>	<b>0.01</b>	<b>0.18</b>
	Principal £'000	Commissions £'000	Taxes £'000	Total Transaction Costs £'000	Commissions % of principal	Taxes % of principal
<b>Sales</b>						
Bonds	111,225	—	—	—	—	—
Collective Investment Schemes	394,849	—	—	—	—	—
Equities	185,684	(22)	(2)	(24)	0.01	—
<b>Total</b>	<b>691,758</b>	<b>(22)</b>	<b>(2)</b>	<b>(24)</b>	<b>0.01</b>	<b>—</b>
<b>Total as a percentage of the average NAV</b>		<b>0.01%</b>	<b>0.03%</b>	<b>0.04%</b>		

## 7IM AAP MODERATELY ADVENTUROUS FUND

### NOTES TO THE FINANCIAL STATEMENTS (continued) for the year ended 30 November 2019

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

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

	Principal £'000	Commissions £'000	Taxes £'000	Total Transaction Costs £'000	Commissions % of principal	Taxes % of principal
<b>Purchases</b>						
Bonds	215,123	—	—	—	—	—
Collective Investment Schemes	379,112	—	—	—	—	—
Derivatives	1,428	—	—	—	—	—
Equities	187,747	22	252	274	0.01	0.13
<b>Total</b>	<b>783,410</b>	<b>22</b>	<b>252</b>	<b>274</b>	<b>0.01</b>	<b>0.13</b>
	Principal £'000	Commissions £'000	Taxes £'000	Total Transaction Costs £'000	Commissions % of principal	Taxes % of principal
<b>Sales</b>						
Bonds	142,364	—	—	—	—	—
Collective Investment Schemes	380,755	—	—	—	—	—
Derivatives	21,204	—	—	—	—	—
Equities	243,480	(28)	(1)	(29)	0.01	—
<b>Total</b>	<b>787,803</b>	<b>(28)</b>	<b>(1)</b>	<b>(29)</b>	<b>0.01</b>	<b>—</b>
<b>Total as a percentage of the average NAV</b>		<b>0.01%</b>	<b>0.04%</b>	<b>0.05%</b>		

#### Average portfolio dealing spread

As at the balance sheet date, the average portfolio dealing spread was 0.09% (2018: 0.10%) based on close of business prices. This spread represents the difference between the values determined respectively by reference to the bid and offer prices of investments expressed as a percentage of the value determined by reference to the offer price.

#### 17 Post Balance Sheet Events

Since the start of January 2020, the outbreak of coronavirus, which is a rapidly evolving situation, has adversely impacted global commercial activities and markets which have led to a material decline in NAV across the Sub-fund as at the date of issue of this report. The rapid development and fluidity of this situation precludes any prediction as its ultimate impact, which may have a continued adverse impact on economic and market conditions and trigger a period of global economic slowdown. The Directors do not believe there is any financial impact to amounts presented within the Financial Statements as at 30 November 2019 as a result of this subsequent event.

The ACD is monitoring developments relating to coronavirus and is coordinating its operational response based on existing business continuity plans and on guidance from global health organisations, relevant governments, and general pandemic response best practices.

As at the balance sheet date, the Net Asset Value per Class C Accumulation share was 183.92p. The Net Asset Value per Class C Accumulation share for the Sub-fund on 26 March 2020 was 157.98p. This represents a decrease of 14% from the year end value.

## 7IM AAP MODERATELY ADVENTUROUS FUND

### DISTRIBUTION TABLES

for the year ended 30 November 2019

#### Interim - in pence per share

Group 1 - Shares purchased prior to 1 December 2018

Group 2 - Shares purchased on or after 1 December 2018 and on or before 31 May 2019

	Net Revenue	Equalisation	Paid 31.07.19	Paid 31.07.18
<b>Class A Income</b>				
Group 1	0.8503	—	0.8503	0.7717
Group 2	0.6823	0.1680	0.8503	0.7717
	Net Revenue	Equalisation	Allocated 31.07.19	Allocated 31.07.18
<b>Class A Accumulation</b>				
Group 1	0.9498	—	0.9498	0.8548
Group 2	0.5254	0.4244	0.9498	0.8548
	Net Revenue	Equalisation	Paid 31.07.19	Paid 31.07.18
<b>Class C Income</b>				
Group 1	1.1609	—	1.1609	1.0918
Group 2	0.8550	0.3059	1.1609	1.0918
	Net Revenue	Equalisation	Allocated 31.07.19	Allocated 31.07.18
<b>Class C Accumulation</b>				
Group 1	1.3545	—	1.3545	1.2565
Group 2	0.8132	0.5413	1.3545	1.2565
	Net Revenue	Equalisation	Paid 31.07.19	Paid 31.07.18
<b>Class D Income</b>				
Group 1	0.6106	—	0.6106	0.5222
Group 2	0.5513	0.0593	0.6106	0.5222
	Net Revenue	Equalisation	Allocated 31.07.19	Allocated 31.07.18
<b>Class D Accumulation</b>				
Group 1	0.6573	—	0.6573	0.5592
Group 2	0.4625	0.1948	0.6573	0.5592
	Net Revenue	Equalisation	Paid 31.07.19	Paid 31.07.18
<b>Class S Income</b>				
Group 1	1.0752	—	1.0752	1.0229
Group 2	0.7815	0.2937	1.0752	1.0229

## 7IM AAP MODERATELY ADVENTUROUS FUND

### DISTRIBUTION TABLES (continued) for the year ended 30 November 2019

	Net Revenue	Equalisation	Allocated 31.07.19	Allocated 31.07.18
<b>Class S Accumulation</b>				
Group 1	1.1667	—	1.1667	1.0925
Group 2	0.7470	0.4197	1.1667	1.0925
<b>Final - in pence per share</b>				
Group 1 - Shares purchased prior to 1 June 2019				
Group 2 - Shares purchased on or after 1 June 2019 and on or before 30 November 2019				
	Net Revenue	Equalisation	Paid 31.01.20	Paid 31.01.19
<b>Class A Income</b>				
Group 1	0.7237	—	0.7237	0.6843
Group 2	0.3168	0.4069	0.7237	0.6843
	Net Revenue	Equalisation	Allocated 31.01.20	Allocated 31.01.19
<b>Class A Accumulation</b>				
Group 1	0.8135	—	0.8135	0.7617
Group 2	0.3561	0.4574	0.8135	0.7617
	Net Revenue	Equalisation	Paid 31.01.20	Paid 31.01.19
<b>Class C Income</b>				
Group 1	1.0406	—	1.0406	0.9929
Group 2	0.5046	0.5360	1.0406	0.9929
	Net Revenue	Equalisation	Allocated 31.01.20	Allocated 31.01.19
<b>Class C Accumulation</b>				
Group 1	1.2237	—	1.2237	1.1510
Group 2	0.5920	0.6317	1.2237	1.1510
	Net Revenue	Equalisation	Paid 31.01.20	Paid 31.01.19
<b>Class D Income</b>				
Group 1	0.4777	—	0.4777	0.4414
Group 2	0.2383	0.2394	0.4777	0.4414
	Net Revenue	Equalisation	Allocated 31.01.20	Allocated 31.01.19
<b>Class D Accumulation</b>				
Group 1	0.5163	—	0.5163	0.4744
Group 2	0.2412	0.2751	0.5163	0.4744



## 7IM AAP MODERATELY ADVENTUROUS FUND

### DISTRIBUTION TABLES (continued) for the year ended 30 November 2019

	Net Revenue	Equalisation	Paid 31.01.20	Paid 31.01.19
<b>Class S Income</b>				
Group 1	0.9806	—	0.9806	0.9386
Group 2	0.5553	0.4253	0.9806	0.9386
	Net Revenue	Equalisation	Allocated 31.01.20	Allocated 31.01.19
<b>Class S Accumulation</b>				
Group 1	1.0727	—	1.0727	1.0104
Group 2	0.4859	0.5868	1.0727	1.0104

#### Equalisation

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

# 7IM AAP ADVENTUROUS FUND

## ACD'S REPORT

for the year ended 30 November 2019

### 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 focussed 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 from 1 December 2018 to 30 November 2019, the portfolio delivered a total return of 7.41%<sup>1</sup>.

#### Investment Background

For many market commentators, the main culprit for the Q4 2018 sell-off was the Fed's monetary policy throughout 2018 and the new Chairman Jerome Powell's hawkish communications. Fortunately for equity investors, the Fed decided to change course in January. By the end of that month Powell indicated that the Fed will not be raising rates until further certainty on future growth can be ascertained. In March the Fed effectively doubled down on the dovish approach it has turned to since the start of the year. The Federal Open Market Committee ('FOMC') meeting was more dovish than markets had anticipated with the Fed choosing to eliminate the two 25bps hikes planned for 2019, leaving only one hike in 2020 and none in 2021. Alongside this they also announced plans to taper the balance sheet run off in May and stop the process altogether by the end of September 2019. This move led to a drastic re pricing across the US yield curve and led to an inversion between the 3 month and the 10 year US Treasury rates. However, risk assets came under pressure once again as the trade talks between the US and China suddenly worsened.

On 5 May Donald Trump announced via twitter that he would increase the amount of tariffs on \$200 Billion worth of Chinese imports to 25%. The announcement shook markets and left many investors bewildered as many had assumed that talks were close to being finalised. The reversal in risk appetite also helped to support fixed income assets and especially the US 10 Year Treasury. The sharp fall in US yields since September last year has been quite astounding. After nearly touching 3.25% in November 2018 the yield demanded on US 10 year Government debt has fallen to a low of around 1.5% in the third quarter of 2019.

While the first 6 months of the year saw equity markets caught in a tug-of-war between trade disputes and easy central bank policy the second half of the year saw markets positive of a semblance of trade deal – rallying strongly into the year. A key driver of company profits and thus equity markets is the manufacturing cycle. More specifically, there is a strong relationship between the ups and downs of global manufacturing output, global trade and global equity markets. Manufacturing had been slowing through the year for a number of reasons: destocking of inventories, falling Chinese demand for autos, the tightening effect of the rising dollar and uncertainty over trade wars. Global trade and global manufacturing appears to have found a bottom, particularly in the fourth quarter. Even more positive was the leading indicators such as export orders, backlogs and news orders picking up in places like Germany. This bodes well for a manufacturing cycle rebound in and explains why markets have picked up in Q4. The tentative signs of a trade deals have also buoyed markets. Bond markets don't appear to be pricing in the more positive growth, with US treasuries struggling to push beyond 2%.

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

## 7IM AAP ADVENTUROUS FUND

### ACD'S REPORT (continued)

for the year ended 30 November 2019

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

##### Portfolio Review

Following the sell-off in markets through Q4 2018, a decision was made to increase overall portfolio beta, focussed on the US market. This reflected our view that the fundamentals did not support the size of the sell-off. In the AAP Adventurous Fund this represented a position size of 4.0%. Given the strength of the rally since the start of the year and continued momentum in bond markets we added slightly to the duration positioning. By the end of March markets had moved so strongly ahead that we felt it was prudent to take out some risk and cut overall equity positioning across a mix of developed markets. In the AAP Adventurous Fund we cut equity exposure by 4.0%. At the end of June, as is normal process we changed our Strategic Asset Allocation ('SAA') benchmarks.

As part of this we broadly split our fixed income asset classes across a broader range of credit instruments and adjusted the overall equity and FX components. We also took the opportunity to exit an underweight in the UK equity market, reflecting a belief that Brexit fears had been fully reflected in valuations. We had held an EM debt overweight across some ranges and at the end of August we made sure all portfolios were reflecting this. For the AAP Adventurous Fund we moved the weight to an overweight of 4.0%.

In August we entered a long in US healthcare stocks. We felt that these stocks were particularly well placed to benefit from changing demographics and global trends in technology. For the AAP Adventurous Fund the initial weight was 4.5%. Back in the UK, we took the view that more GBP volatility was likely as, at that time, there was a significant chance of a "no deal" Brexit and that any announcement of an election would see GBP sell off as Corbyn risk will be at the forefront of everyone's minds. We therefore brought the GBP back to a neutral allocation from an overweight one. We added to US inflation expectations in some portfolios in July and given further negative sentiment we decided to increase our position. For the AAP Adventurous Fund this meant increasing the holding to 2.5%.

We also reduced exposure to other assets feeling there was more value in equities and bonds, disposing of the market neutral strategies which had been disappointing and reduced other assets exposure to around 6.0%.

##### Investment Outlook

We split into four core views:

##### **Recession risks are low in the short-term. Global growth is weak but the data appear to have found a bottom.**

Fears of global recession are overdone. Growth has been shifting into a lower gear over the past eighteen months or so. This is partly due to cyclical factors, partly due to the uncertainty caused by trade wars. This growth slowdown has not escaped policymakers – both governments and central banks around the world have taken action. In the US, the Federal Reserve has cut rates and made it clear that it doesn't plan to raise them anytime soon. In China, the government has been cutting taxes, and is beginning to spend more. In Europe, the ECB is making all the right noises about supporting growth, and a few governments are starting to open the fiscal taps. In the rest of the world, interest rate cuts have been happening all year. These early responses should prolong the growth phase of this economic cycle. We are unlikely to see global growth return to boom-time levels, but it appears that the worst is over, for now.

##### **Equities are likely to be volatile as trade war rhetoric continues. But central banks are doing their best to put a floor under markets.**

From a fundamental viewpoint, global equities are around fair value to mildly expensive. However, earnings growth is likely to be average-to-weak over the next 6-12 months. This will make big gains difficult, considering current high levels, particularly in the USA. And we believe that Donald Trump's trade and technology crusade should be taken seriously. There is a sense in which the campaign is no longer just Mr Trump's – anti-China sentiment is about the only thing that Democrats and Republicans agree on. Regardless of the election result in 2020, the trade cat is now out of the bag. On the other side, China is increasingly looking for an external foe, to draw attention away from slower growth and popular discontent – in Hong Kong for example. Neither side has reason to back down in the short term. Any successful negotiation is likely to be followed by a further escalation, sooner or later. This has left global central banks on high alert, ready to react to any growth threats. Equities are likely to be pulled around by these two competing forces.

## 7IM AAP ADVENTUROUS FUND

### ACD'S REPORT (continued)

for the year ended 30 November 2019

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

##### **Bond markets are not ready for an inflation surprise – a small change in expectations could be painful for bonds.**

Global inflation expectations remain near all-time lows. The financial markets currently suggest that US inflation will average 1.8% over the next 30 years. We think this is too pessimistic – we aren't in a Japan-style environment like the early 1990's. In the medium-term, populist economic policies are likely to be inflationary, while in the longer term, a return of economic growth should lead to central banks switching to focus on inflation once more. A small change in tone of monetary policy could be painful for bond markets. Yields do not offer any cushion against declines in capital value – and recent price moves have made bonds very expensive.

##### **Brexit is looming, but there's still lots of uncertainty about the UK's future trade relations with Europe.**

UK equities and sterling bounced after the election, as one huge uncertainty over the markets was sorted out. The big Tory victory will probably lead to an early Brexit. Looking ahead, though, the UK will now enter a year of trade negotiations with Europe, the outcome of which is highly unclear. And the costs of leaving Europe will gradually come into focus. Though sterling is on the cheap side by historical standards, we don't expect it to gain much from now on.

Seven Investment Management LLP  
Investment Manager  
December 2019

## 7IM AAP ADVENTUROUS FUND

### FUND INFORMATION

The Comparative Tables on pages 387 to 394 give the performance of each active share class in the Sub-fund.

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

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

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

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

# 7IM AAP ADVENTUROUS FUND

## FUND INFORMATION (continued)

### Comparative Tables

#### Class A Income

	30.11.19 (pence per share)	30.11.18 (pence per share)	30.11.17 (pence per share)
<b>Change in Net Asset Value Per Share</b>			
Opening net asset value per share	149.98	154.12	139.11
Return before operating charges*	11.85	(0.73)	18.00
Operating charges (calculated on average price)	(1.84)	(1.84)	(1.77)
Return after operating charges*	10.01	(2.57)	16.23
Distributions on income shares	(1.95)	(1.57)	(1.22)
Closing net asset value per share	158.04	149.98	154.12
* After direct transaction costs of: <sup>1</sup>	0.07	0.09	0.10

### Performance

Return after charges <sup>2</sup>	6.67%	(1.67)%	11.67%
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### Other Information

Closing net asset value (£'000)	183	201	281
Closing number of shares	115,551	133,420	182,491
Operating charges <sup>3</sup>	1.19%	1.18%	1.19%
Direct transaction costs	0.05%	0.06%	0.07%

### Prices

Highest share price	162.40	161.34	156.47
Lowest share price	141.27	147.37	137.56

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

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

<sup>3</sup> Operating charges, otherwise known as the OCF is the ratio of the Sub-fund's total disclosable costs (excluding securities lending fees and overdraft interest) to the average net assets of the Sub-fund. The OCF is intended to provide a reliable figure which gives the most accurate measure of what it costs to invest in a Sub-fund and is calculated based on the last period's figures. Included within the OCF are synthetic costs which includes the OCF of the underlying funds weighted on the basis of their investment proportion. A detailed breakdown of the OCF per share class is shown on page 395.

# 7IM AAP ADVENTUROUS FUND

## FUND INFORMATION (continued)

### Comparative Tables (continued)

#### Class A Accumulation

	30.11.19 (pence per share)	30.11.18 (pence per share)	30.11.17 (pence per share)
<b>Change in Net Asset Value Per Share</b>			
Opening net asset value per share	165.33	168.19	150.59
Return before operating charges*	13.12	(0.85)	19.52
Operating charges (calculated on average price)	(2.03)	(2.01)	(1.92)
Return after operating charges*	11.09	(2.86)	17.60
Distributions	(2.15)	(1.72)	(1.32)
Retained distributions on accumulation shares	2.15	1.72	1.32
Closing net asset value per share	176.42	165.33	168.19
* After direct transaction costs of: <sup>1</sup>	0.08	0.10	0.11

#### Performance

Return after charges <sup>2</sup>	6.71%	(1.70)%	11.69%
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#### Other Information

Closing net asset value (£'000)	622	858	1,071
Closing number of shares	352,770	518,929	636,674
Operating charges <sup>3</sup>	1.19%	1.18%	1.19%
Direct transaction costs	0.05%	0.06%	0.07%

#### Prices

Highest share price	180.32	176.98	170.13
Lowest share price	155.74	161.66	148.91

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

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

<sup>3</sup> Operating charges, otherwise known as the OCF is the ratio of the Sub-fund's total disclosable costs (excluding securities lending fees and overdraft interest) to the average net assets of the Sub-fund. The OCF is intended to provide a reliable figure which gives the most accurate measure of what it costs to invest in a Sub-fund and is calculated based on the last period's figures. Included within the OCF are synthetic costs which includes the OCF of the underlying funds weighted on the basis of their investment proportion. A detailed breakdown of the OCF per share class is shown on page 395.

# 7IM AAP ADVENTUROUS FUND

## FUND INFORMATION (continued)

### Comparative Tables (continued)

#### Class C Income

	30.11.19 (pence per share)	30.11.18 (pence per share)	30.11.17 (pence per share)
<b>Change in Net Asset Value Per Share</b>			
Opening net asset value per share	149.86	154.01	139.00
Return before operating charges*	11.86	(0.74)	18.02
Operating charges (calculated on average price)	(1.07)	(1.06)	(1.03)
Return after operating charges*	10.79	(1.80)	16.99
Distributions on income shares	(2.73)	(2.35)	(1.98)
Closing net asset value per share	157.92	149.86	154.01
* After direct transaction costs of: <sup>1</sup>	0.07	0.09	0.10

#### Performance

Return after charges <sup>2</sup>	7.20%	(1.17)%	12.22%
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#### Other Information

Closing net asset value (£'000)	8,401	7,558	9,098
Closing number of shares	5,319,996	5,043,769	5,907,397
Operating charges <sup>3</sup>	0.69%	0.68%	0.69%
Direct transaction costs	0.05%	0.06%	0.07%

#### Prices

Highest share price	162.42	161.37	156.70
Lowest share price	141.22	147.56	137.46

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

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

<sup>3</sup> Operating charges, otherwise known as the OCF is the ratio of the Sub-fund's total disclosable costs (excluding securities lending fees and overdraft interest) to the average net assets of the Sub-fund. The OCF is intended to provide a reliable figure which gives the most accurate measure of what it costs to invest in a Sub-fund and is calculated based on the last period's figures. Included within the OCF are synthetic costs which includes the OCF of the underlying funds weighted on the basis of their investment proportion. A detailed breakdown of the OCF per share class is shown on page 395.



# 7IM AAP ADVENTUROUS FUND

## FUND INFORMATION (continued)

### Comparative Tables (continued)

#### Class C Accumulation

	30.11.19 (pence per share)	30.11.18 (pence per share)	30.11.17 (pence per share)
<b>Change in Net Asset Value Per Share</b>			
Opening net asset value per share	174.18	176.30	157.07
Return before operating charges*	13.87	(0.90)	20.40
Operating charges (calculated on average price)	(1.25)	(1.22)	(1.17)
Return after operating charges*	12.62	(2.12)	19.23
Distributions	(3.18)	(2.70)	(2.24)
Retained distributions on accumulation shares	3.18	2.70	2.24
Closing net asset value per share	186.80	174.18	176.30
* After direct transaction costs of: <sup>1</sup>	0.08	0.11	0.11

#### Performance

Return after charges <sup>2</sup>	7.25%	(1.20)%	12.24%
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#### Other Information

Closing net asset value (£'000)	164,151	179,169	200,264
Closing number of shares	87,875,823	102,864,562	113,592,594
Operating charges <sup>3</sup>	0.69%	0.68%	0.69%
Direct transaction costs	0.05%	0.06%	0.07%

#### Prices

Highest share price	190.61	186.16	178.27
Lowest share price	164.14	170.23	155.33

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

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

<sup>3</sup> Operating charges, otherwise known as the OCF is the ratio of the Sub-fund's total disclosable costs (excluding securities lending fees and overdraft interest) to the average net assets of the Sub-fund. The OCF is intended to provide a reliable figure which gives the most accurate measure of what it costs to invest in a Sub-fund and is calculated based on the last period's figures. Included within the OCF are synthetic costs which includes the OCF of the underlying funds weighted on the basis of their investment proportion. A detailed breakdown of the OCF per share class is shown on page 395.

# 7IM AAP ADVENTUROUS FUND

## FUND INFORMATION (continued)

### Comparative Tables (continued)

#### Class D Income

	30.11.19 (pence per share)	30.11.18 (pence per share)	30.11.17 (pence per share)
<b>Change in Net Asset Value Per Share</b>			
Opening net asset value per share	150.28	153.91	139.73
Return before operating charges*	11.85	(0.18)	18.59
Operating charges (calculated on average price)	(2.47)	(2.46)	(2.44)
Return after operating charges*	9.38	(2.64)	16.15
Distributions on income shares	(1.31)	(0.99)	(1.97)
Closing net asset value per share	158.35	150.28	153.91
* After direct transaction costs of: <sup>1</sup>	0.07	0.09	0.10

#### Performance

Return after charges <sup>2</sup>	6.24%	(1.72)%	11.56%
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#### Other Information

Closing net asset value (£'000)	4	5	—
Closing number of shares	2,661	3,081	287
Operating charges <sup>3</sup>	1.59%	1.58%	1.59%
Direct transaction costs	0.05%	0.06%	0.07%

#### Prices

Highest share price	162.61	161.55	156.97
Lowest share price	141.50	147.44	138.34

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

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

<sup>3</sup> Operating charges, otherwise known as the OCF is the ratio of the Sub-fund's total disclosable costs (excluding securities lending fees and overdraft interest) to the average net assets of the Sub-fund. The OCF is intended to provide a reliable figure which gives the most accurate measure of what it costs to invest in a Sub-fund and is calculated based on the last period's figures. Included within the OCF are synthetic costs which includes the OCF of the underlying funds weighted on the basis of their investment proportion. A detailed breakdown of the OCF per share class is shown on page 395.

# 7IM AAP ADVENTUROUS FUND

## FUND INFORMATION (continued)

### Comparative Tables (continued)

#### Class D Accumulation

	30.11.19 (pence per share)	30.11.18 (pence per share)	30.11.17 (pence per share)
<b>Change in Net Asset Value Per Share</b>			
Opening net asset value per share	158.65	162.03	145.66
Return before operating charges*	12.57	(0.79)	18.85
Operating charges (calculated on average price)	(2.60)	(2.59)	(2.48)
Return after operating charges*	9.97	(3.38)	16.37
Distributions	(1.41)	(1.00)	(0.66)
Retained distributions on accumulation shares	1.41	1.00	0.66
Closing net asset value per share	168.62	158.65	162.03
* After direct transaction costs of: <sup>1</sup>	0.08	0.10	0.10

#### Performance

Return after charges <sup>2</sup>	6.28%	(2.09)%	11.24%
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#### Other Information

Closing net asset value (£'000)	7,513	7,869	8,279
Closing number of shares	4,455,409	4,960,118	5,109,132
Operating charges <sup>3</sup>	1.59%	1.58%	1.59%
Direct transaction costs	0.05%	0.06%	0.07%

#### Prices

Highest share price	172.57	170.04	163.95
Lowest share price	149.40	155.19	144.03

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

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

<sup>3</sup> Operating charges, otherwise known as the OCF is the ratio of the Sub-fund's total disclosable costs (excluding securities lending fees and overdraft interest) to the average net assets of the Sub-fund. The OCF is intended to provide a reliable figure which gives the most accurate measure of what it costs to invest in a Sub-fund and is calculated based on the last period's figures. Included within the OCF are synthetic costs which includes the OCF of the underlying funds weighted on the basis of their investment proportion. A detailed breakdown of the OCF per share class is shown on page 395.

# 7IM AAP ADVENTUROUS FUND

## FUND INFORMATION (continued)

### Comparative Tables (continued)

#### Class S Income

	30.11.19 (pence per share)	30.11.18 (pence per share)	30.11.17 (pence per share)
<b>Change in Net Asset Value Per Share</b>			
Opening net asset value per share	125.12	128.59	116.05
Return before operating charges*	9.90	(0.62)	15.05
Operating charges (calculated on average price)	(0.57)	(0.56)	(0.55)
Return after operating charges*	9.33	(1.18)	14.50
Distributions on income shares	(2.60)	(2.29)	(1.96)
Closing net asset value per share	131.85	125.12	128.59
* After direct transaction costs of: <sup>1</sup>	0.06	0.08	0.08

#### Performance

Return after charges <sup>2</sup>	7.46%	(0.92)%	12.49%
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#### Other Information

Closing net asset value (£'000)	2,050	2,536	1,788
Closing number of shares	1,554,462	2,026,709	1,390,682
Operating charges <sup>3</sup>	0.44%	0.43%	0.44%
Direct transaction costs	0.05%	0.06%	0.07%

#### Prices

Highest share price	135.65	134.80	130.97
Lowest share price	117.93	123.33	114.77

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

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

<sup>3</sup> Operating charges, otherwise known as the OCF is the ratio of the Sub-fund's total disclosable costs (excluding securities lending fees and overdraft interest) to the average net assets of the Sub-fund. The OCF is intended to provide a reliable figure which gives the most accurate measure of what it costs to invest in a Sub-fund and is calculated based on the last period's figures. Included within the OCF are synthetic costs which includes the OCF of the underlying funds weighted on the basis of their investment proportion. A detailed breakdown of the OCF per share class is shown on page 395.

# 7IM AAP ADVENTUROUS FUND

## FUND INFORMATION (continued)

### Comparative Tables (continued)

#### Class S Accumulation

	30.11.19 (pence per share)	30.11.18 (pence per share)	30.11.17 (pence per share)
<b>Change in Net Asset Value Per Share</b>			
Opening net asset value per share	135.94	137.25	121.98
Return before operating charges*	10.84	(0.71)	15.85
Operating charges (calculated on average price)	(0.62)	(0.60)	(0.58)
Return after operating charges*	10.22	(1.31)	15.27
Distributions	(2.84)	(2.46)	(2.07)
Retained distributions on accumulation shares	2.84	2.46	2.07
Closing net asset value per share	146.16	135.94	137.25
* After direct transaction costs of: <sup>1</sup>	0.07	0.08	0.09

#### Performance

Return after charges <sup>2</sup>	7.52%	(0.95)%	12.52%
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#### Other Information

Closing net asset value (£'000)	39,284	44,732	37,906
Closing number of shares	26,878,572	32,906,091	27,618,080
Operating charges <sup>3</sup>	0.44%	0.43%	0.44%
Direct transaction costs	0.05%	0.06%	0.07%

#### Prices

Highest share price	149.01	145.17	138.76
Lowest share price	128.13	132.82	120.63

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

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

<sup>3</sup> Operating charges, otherwise known as the OCF is the ratio of the Sub-fund's total disclosable costs (excluding securities lending fees and overdraft interest) to the average net assets of the Sub-fund. The OCF is intended to provide a reliable figure which gives the most accurate measure of what it costs to invest in a Sub-fund and is calculated based on the last period's figures. Included within the OCF are synthetic costs which includes the OCF of the underlying funds weighted on the basis of their investment proportion. A detailed breakdown of the OCF per share class is shown on page 395.

## 7IM AAP ADVENTUROUS FUND

### FUND INFORMATION (continued)

#### Ongoing Charges Figures

As at 30 November 2019

	<b>Class A</b>	<b>Class C</b>	<b>Class D</b>	<b>Class S</b>
ACD's periodic charge	1.00%	0.50%	1.40%	0.25%
Other expenses	0.07%	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%

As at 30 November 2018

	<b>Class A</b>	<b>Class C</b>	<b>Class D</b>	<b>Class S</b>
ACD's periodic charge	1.00%	0.50%	1.40%	0.25%
Other expenses	0.06%	0.06%	0.06%	0.06%
	1.06%	0.56%	1.46%	0.31%
Collective investment scheme costs	0.12%	0.12%	0.12%	0.12%
Ongoing Charges Figure	1.18%	0.68%	1.58%	0.43%

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

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

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

## 7IM AAP ADVENTUROUS FUND

### FUND INFORMATION (continued)

#### Synthetic Risk and Reward Indicator



This indicator shows how much a sub-fund has risen and fallen in the past, and therefore how much a 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 annual report and financial statements, the risk and reward indicator as at the year end date 30 November 2019 was 5.

#### Fund performance to 30 November 2019 (%)

	1 year	3 years	5 years
7IM AAP Adventurous Fund <sup>1</sup>	7.41	19.08	34.13

<sup>1</sup> Source: Bloomberg.

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

Details of the distributions per share for the year are shown in the Distribution Tables on pages 417 to 419.

# 7IM AAP ADVENTUROUS FUND

## PORTFOLIO STATEMENT

as at 30 November 2019

Holding	Portfolio of Investment	Value £	30.11.19 %
<b>ALTERNATIVES 6.14% (5.57%)</b>			
<b>Alternative Strategies 3.62% (2.16%)</b>			
45,178	AQR - Managed Futures UCITS Fund <sup>1</sup>	3,736,176	1.68
4,847,000	BNP Paribas Issuance 0.00% 2024 <sup>2</sup>	3,767,217	1.70
20,321	Dexion Equity Alternative <sup>3</sup>	—	—
(106)	S&P 500 Index Put Options 1950 March 2020 <sup>4</sup>	(8,177)	—
(49)	S&P 500 Index Put Options 2075 June 2020 <sup>4</sup>	(19,370)	(0.01)
(38)	S&P 500 Index Put Options 2100 September 2020 <sup>4</sup>	(35,199)	(0.02)
106	S&P 500 Index Put Options 2650 March 2020 <sup>4</sup>	116,262	0.05
49	S&P 500 Index Put Options 2800 June 2020 <sup>4</sup>	214,786	0.10
38	S&P 500 Index Put Options 2850 September 2020 <sup>4</sup>	272,942	0.12
		<b>8,044,637</b>	<b>3.62</b>
<b>Commodities 0.00% (1.86%)</b>			
<b>Real Estate 2.52% (1.55%)</b>			
2,321,247	iShares Global Property Securities Index <sup>1</sup>	<b>5,601,168</b>	<b>2.52</b>
<b>CASH 2.53% (1.55%)</b>			
5,630,000	Northern Trust Global Sterling Fund <sup>1</sup>	<b>5,630,000</b>	<b>2.53</b>
<b>DEBT SECURITIES 58.33% (38.77%)</b>			
<b>Convertible Bonds 2.04% (0.00%)</b>			
560	NN (L) Global Convertible Bond Acc <sup>1</sup>	2,286,898	1.03
17,351	NN (L) Global Convertible Opportunities Acc <sup>1</sup>	2,235,739	1.01
		<b>4,522,637</b>	<b>2.04</b>
<b>Corporate Bonds 0.00% (0.43%)</b>			
<b>Emerging Market Bonds 8.03% (4.06%)</b>			
12,832,447	Legal & General Emerging Markets Government Bond Local Currency Index Fund Acc <sup>1</sup>	8,833,856	3.98
12,543,735	Legal & General Emerging Markets Government Bond USD Index Fund <sup>1</sup>	9,008,910	4.05
		<b>17,842,766</b>	<b>8.03</b>
<b>Global Corporate Bonds 0.30% (0.73%)</b>			
£670,000	Nestle Holdings 1.00% 2021	<b>670,454</b>	<b>0.30</b>
<b>Global High Yield Bonds 2.15% (0.00%)</b>			
262	Most Diversified TOBAM Anti-Benchmark Global High Yield <sup>1</sup>	2,383,269	1.07
22,250	Robeco Quant High Yield <sup>1</sup>	2,387,935	1.08
		<b>4,771,204</b>	<b>2.15</b>
<b>Global Inflation Linked Bonds 2.55% (0.00%)</b>			
(104)	Ultra Long Term US Treasury Bond Futures March 2020 <sup>4</sup>	31,490	0.01
US\$6,224,000	US Treasury Inflation-Indexed Bonds 1% 2049	5,638,235	2.54
		<b>5,669,725</b>	<b>2.55</b>



## 7IM AAP ADVENTUROUS FUND

### PORTFOLIO STATEMENT (continued)

as at 30 November 2019

Holding	Portfolio of Investment	Value £	30.11.19 %
	<b>Short Term Sterling Bonds 33.49% (24.94%)</b>		
£4,300,000	Abbey National Treasury Services 1.875% 2020	4,306,983	1.94
£2,391,000	Abbey National Treasury Services 5.125% 2021	2,521,023	1.13
£1,200,000	ASB Finance 1% 2020	1,198,596	0.54
£1,400,000	ASB Finance FRN 2020	1,401,093	0.63
£1,500,000	Bank Nederlandse Gemeenten 1.00% 2022	1,504,209	0.68
£1,050,000	Bank Nederlandse Gemeenten 1.125% 2021	1,053,431	0.47
£2,600,000	Bank of Nova Scotia FRN 2023	2,587,468	1.16
£1,100,000	Barclays Bank 4.25% 2022	1,174,780	0.53
£3,000,000	Barclays Bank UK FRN 2023	2,985,990	1.34
£1,300,000	Caisse des Depots et Consignations 0.5% 2020	1,296,524	0.58
£700,000	Caisse des Depots et Consignations 1.5% 2019	700,237	0.32
£1,000,000	Canadian Imperial Bank of Commerce FRN 2022	1,002,346	0.45
£1,500,000	Commonwealth Bank of Australia 1.125% 2021	1,503,492	0.68
£270,000	Coventry Building Society FRN 2020	270,153	0.12
£2,000,000	Deutsche Pfandbriefbank 1.875% 2019	2,000,920	0.90
£2,000,000	Deutsche Pfandbriefbank FRN 2020	2,000,980	0.90
£2,000,000	Dexia Credit Local 0.875% 2021	1,998,006	0.90
£2,400,000	Dexia Credit Local 2% 2020	2,412,974	1.09
£1,100,000	DNB Bank 4.25% 2020	1,105,223	0.50
£3,700,000	European Investment Bank 0.875% 2021	3,703,641	1.67
£1,518,000	Export Development Canada 1.375% 2019	1,518,273	0.68
£1,600,000	FMS Wertmanagement 0.625% 2020	1,598,928	0.72
£1,500,000	FMS Wertmanagement 1% 2022	1,508,211	0.68
£168,000	Inter-American Development Bank 5.25% 2021	178,928	0.08
£1,184,000	International Bank for Reconstruction & Development 5.4% 2021	1,264,020	0.57
£500,000	KFW 1.625% 2020	502,012	0.23
£2,800,000	Landwirtschaftlic 1.375% 2020	2,814,672	1.27
£3,210,000	Lloyds Bank 1.75% 2022	3,264,955	1.47
£2,500,000	National Australia Bank 1.875% 2020	2,504,665	1.13
£1,600,000	NRW Bank FRN 2024	1,599,088	0.72
£1,000,000	Oesterreichische 1.125% 2022	1,007,552	0.45
£1,000,000	Oversea-Chinese Banking FRN 2023	992,296	0.45
£1,350,000	Rabobank Nederland 4.625% 2021	1,402,250	0.63
£600,000	Reseau Ferre de France 5.5% 2021	653,362	0.29
£2,186,000	Royal Bank of Scotland FRN 2020	2,187,443	0.98
£100,000	Santander UK FRN 2020	100,006	0.04
£421,000	Santander UK FRN 2020	421,316	0.19
£2,445,000	SpareBank 1 Boligkreditt AS FRN 2022	2,436,379	1.10
£2,861,000	Svenska Handelsba 2.375% 2022	2,939,763	1.32
£700,000	Swedbank FRN 2021	700,553	0.32
£1,200,000	Toronto-Dominion Bank FRN 2023	1,194,060	0.54
£3,000,000	UBS 1.25% 2020	3,005,130	1.35
£2,700,000	Westpac Banking FRN 2023	2,686,921	1.21
£1,200,000	Yorkshire Building Society FRN 2023	1,206,036	0.54
		<b>74,414,888</b>	<b>33.49</b>
	<b>Sterling Corporate Bonds 9.77% (8.61%)</b>		
£1,460,000	DNB Boligkreditt FRN 2020	1,460,555	0.66
£3,500,000	European Investment Bank 1.125% 2021	3,521,700	1.58
£3,995,000	International Bank for Reconstruction & Development 0.375% 2021	3,966,004	1.78
£4,000,000	Lloyds Bank FRN 2024	4,001,720	1.80
£4,000,000	National Westminster Bank FRN 2023	4,019,320	1.81
£675,000	Shell International Finance 2% 2019	675,304	0.30
£1,700,000	Svenska Handelsbanken 1.625% 2022	1,721,826	0.78
£501,000	Temasek Financial 4.625% 2022	548,956	0.25

# 7IM AAP ADVENTUROUS FUND

## PORTFOLIO STATEMENT (continued) as at 30 November 2019

Holding	Portfolio of Investment	Value £	30.11.19 %
<b>Sterling Corporate Bonds (continued)</b>			
£1,800,000	Toyota Motor Credit 1.125% 2021	1,804,896	0.81
		<b>21,720,281</b>	<b>9.77</b>
<b>EQUITY 34.29% (44.62%)</b>			
<b>Asia &amp; Emerging Markets 4.46% (5.73%)</b>			
1,199	Most Diversified TOBAM Anti-Benchmark Emerging Markets <sup>1</sup>	9,811,035	4.42
480	MSCI Emerging Markets Index Futures December 2019 <sup>4</sup>	96,857	0.04
		<b>9,907,892</b>	<b>4.46</b>
<b>Europe (ex UK) 8.68% (8.01%)</b>			
2,161,671	7IM European (ex UK) Equity Value Fund 'Z' Inc <sup>1,5</sup>	2,491,975	1.12
198	Aena SME	28,286	0.01
614	Ageas	28,659	0.01
229	Allianz	42,416	0.02
1,530	Alstom	51,148	0.02
13	AP Moeller - Maersk 'A'	13,141	0.01
641	AP Moeller - Maersk 'B'	693,712	0.31
5,933	ArcelorMittal	78,962	0.04
2,289	Atlas Copco 'A'	65,231	0.03
1,311	Atlas Copco 'B'	32,829	0.01
165	Baloise	22,354	0.01
3,185	Bayer	186,861	0.08
9,488	Bayerische Motoren Werke 'A'	593,773	0.27
25,608	BNP Paribas	1,116,484	0.50
21,289	Boliden	425,994	0.19
11,113	Coca-Cola European Partners	436,733	0.20
1,543	Compagnie De St-Gobain	48,334	0.02
574	Covestro	21,009	0.01
3,123	Credit Agricole	33,275	0.01
2,408	Daimler	105,890	0.05
1,981	Danske Bank	20,702	0.01
249	Dassault Aviation	265,090	0.12
73,754	Deutsche Telekom	957,828	0.43
2,934	DNB	38,563	0.02
259	Eiffage	21,856	0.01
2,032	Electricite de France	16,136	0.01
1,106	Endesa	23,229	0.01
6,009	Engie	73,781	0.03
72,950	Eni	858,841	0.39
33,568	Ericsson 'B'	234,958	0.11
130	Euro Stoxx 50 Equity Index Futures December 2019 <sup>4</sup>	102,498	0.05
43,041	Fiat Chrysler Automobiles	495,276	0.22
1,737	Hakon Invest	59,465	0.03
8,907	Holcim	356,631	0.16
77,020	Iberdrola	585,860	0.26
5,611	ING Group	50,055	0.02
6,200	Klepierre	171,542	0.08
33,908	Koninklijke Ahold Delhaize	681,084	0.31
318	L'Oreal	70,041	0.03
479	Muenchener Rueckversicherungs	106,522	0.05
1,639	Nestle	132,037	0.06
956	NN Group	28,529	0.01
4,337	Nordea Bank	23,969	0.01
16,091	Novartis	1,149,242	0.52
			399

## 7IM AAP ADVENTUROUS FUND

### PORTFOLIO STATEMENT (continued) as at 30 November 2019

Holding	Portfolio of Investment	Value £	30.11.19 %
<b>Europe (ex UK) (continued)</b>			
3,041	Pernod Ricard	430,544	0.19
44,780	Peugeot	842,780	0.38
3,634	Porsche Automobil	209,827	0.09
10,653	Raiffeisen Bank International	194,229	0.09
2,377	Renault	88,865	0.04
4,479	Repsol	54,900	0.02
5,971	Roche Holding	1,425,381	0.64
1,819	Sandvik	25,786	0.01
3,776	Sanofi	272,355	0.12
1,228	SES	12,739	0.01
459	Siemens	45,720	0.02
5,175	Siemens Gamesa Renewable Energy	63,453	0.03
2,359	Societe Generale	57,538	0.03
1,951	Statoil	28,176	0.01
624	Swiss Life	240,560	0.11
5,904	Swiss Re	494,887	0.22
86	Swisscom	34,394	0.02
21,720	Telefonica Deutschland	51,283	0.02
8,334	Telenor	118,638	0.05
4,688	Terna Rete Elettrica Nazionale	23,240	0.01
4,665	Total	190,745	0.09
17,353	Uniper	434,716	0.20
1,769	UPM-Kymmene	45,793	0.02
7,826	Vestas Wind Systems	578,745	0.26
1,850	Vinci	155,797	0.07
103	Volkswagen	15,294	0.01
4,799	Volvo 'B'	57,827	0.03
951	Wolters Kluwer	52,933	0.02
		<b>19,287,946</b>	<b>8.68</b>
<b>Frontier Markets Equity 4.62% (5.93%)</b>			
1,209,515	T. Rowe Price Frontier Markets Equity Fund 'I'	<b>10,266,017</b>	<b>4.62</b>
<b>Japan 0.84% (-0.12%)</b>			
332	TOPIX Index Futures December 2019 <sup>4</sup>	<b>1,868,365</b>	<b>0.84</b>
<b>North America 1.35% (7.10%)</b>			
266	E-mini Health Care Select Sector Futures September 2020 <sup>4</sup>	784,536	0.35
6,204	NXP Semiconductors	564,616	0.26
600	S&P 500 E-mini Futures December 2019 <sup>4</sup>	1,652,198	0.74
		<b>3,001,350</b>	<b>1.35</b>
<b>United Kingdom 14.34% (17.97%)</b>			
3,337,004	7IM UK Equity Value Fund 'Z' Inc <sup>1,5</sup>	3,421,430	1.54
1,939	Admiral Group	41,708	0.02
10,275	Anglo American	209,559	0.09
7,135	AstraZeneca	534,554	0.24
109,910	Auto Trader Group	624,069	0.28
179,376	Aviva	723,065	0.33
8,758	Barratt Developments	58,574	0.03
12,099	Berkeley Group	561,152	0.25
50,271	BHP	866,873	0.39
171,892	BP	831,613	0.37

## 7IM AAP ADVENTUROUS FUND

### PORTFOLIO STATEMENT (continued) as at 30 November 2019

Holding	Portfolio of Investment	Value £	30.11.19 %
	<b>United Kingdom (continued)</b>		
41,554	British American Tobacco	1,279,655	0.58
23,937	British Land	139,792	0.06
5,590	Bunzl	119,179	0.05
3,999	Burberry	84,979	0.04
3,255	Carnival	105,820	0.05
57,340	Centrica	46,101	0.02
14,971	Diageo	476,677	0.22
161,257	Direct Line Insurance Group	500,219	0.23
1,422	Easyjet	19,261	0.01
11,299	Experian	289,819	0.13
673	Ferguson	45,037	0.02
566	FTSE 100 Index Futures December 2019 <sup>4</sup>	230,079	0.10
14,136	G4S	29,926	0.01
53,469	GlaxoSmithKline	939,023	0.42
62,907	Glencore	155,506	0.07
115,464	HSBC Holdings	667,959	0.30
35,034	Imperial Tobacco Group	598,451	0.27
1,662	Intertek Group	91,742	0.04
6,531	Investec	28,887	0.01
36,197	ITV	52,703	0.02
17,653	J Sainsbury	38,660	0.02
49,464	John Wood Group	181,632	0.08
6,488	Land Securities	62,752	0.03
53,603	Legal & General Group	152,125	0.07
3,281	London Stock Exchange	227,505	0.10
4,876	M&G	11,615	0.01
175,917	Marks & Spencer	349,019	0.16
78,781	Meggitt	509,398	0.23
33,614	Micro Focus International	376,611	0.17
18,055	Pearson	118,224	0.05
3,227	Persimmon	83,547	0.04
4,876	Prudential	67,435	0.03
48,659	RELX	916,249	0.41
14,725	Rio Tinto	625,371	0.28
16,577	Rolls-Royce	118,824	0.05
18,411	Royal Bank of Scotland Group	42,327	0.02
22,693	Royal Dutch Shell 'A'	507,302	0.23
43,242	Royal Dutch Shell 'B'	958,891	0.43
10,214	RSA Insurance Group	56,892	0.03
4,727	Sage Group	36,010	0.02
37,395	Smith & Nephew	653,852	0.29
702	Spirax-Sarco Engineering	62,899	0.03
4,672	St James's Place	50,574	0.02
42,341	Standard Chartered	297,064	0.13
211,698	Taylor Wimpey	372,906	0.17
2,985	Unilever	136,698	0.06
20,638	United Utilities Group	178,065	0.08
308,473	Vanguard FTSE 250 UCITS ETF <sup>1</sup>	10,262,897	4.62
256,130	Vodafone Group	391,315	0.18
742	Whitbread	35,111	0.02
100,078	WM Morrison Supermarkets	201,157	0.09
		<b>31,856,339</b>	<b>14.34</b>

**PRIVATE EQUITY 0.00% (5.59%)**

## 7IM AAP ADVENTUROUS FUND

### PORTFOLIO STATEMENT (continued) as at 30 November 2019

Holding	Portfolio of Investment	Value £	30.11.19 %
<b>FORWARD CURRENCY CONTRACTS -0.49% (0.44%)</b>			
€5,200,000	Vs £(4,647,630) Expiry 21.02.2020	(202,754)	(0.09)
€6,462,000	Vs £(5,816,020) Expiry 21.02.2020	(292,406)	(0.13)
€(16,232,000)	Vs £15,096,085 Expiry 21.02.2020	1,221,232	0.55
€(1,709,000)	Vs £1,467,176 Expiry 21.02.2020	6,351	—
US\$(10,960,000)	Vs £8,941,953 Expiry 17.01.2020	462,393	0.21
US\$(13,000,000)	Vs £10,470,529 Expiry 17.01.2020	412,657	0.19
US\$(7,250,000)	Vs £5,964,992 Expiry 17.01.2020	355,793	0.16
US\$(7,141,000)	Vs £5,782,491 Expiry 17.01.2020	257,624	0.12
US\$(5,800,000)	Vs £4,707,830 Expiry 17.01.2020	220,472	0.10
¥339,000,000	Vs £(2,510,233) Expiry 20.12.2019	(110,192)	(0.05)
¥280,000,000	Vs £(2,112,421) Expiry 20.12.2019	(130,087)	(0.06)
¥2,651,000,000	Vs £(19,539,916) Expiry 20.12.2019	(771,450)	(0.35)
US\$5,711,000	Vs £(4,603,945) Expiry 17.01.2020	(185,444)	(0.08)
US\$8,410,000	Vs £(6,717,499) Expiry 17.01.2020	(210,829)	(0.10)
US\$8,535,000	Vs £(6,910,595) Expiry 17.01.2020	(307,215)	(0.14)
US\$14,510,000	Vs £(11,685,828) Expiry 17.01.2020	(459,695)	(0.21)
US\$46,808,000	Vs £(37,370,911) Expiry 17.01.2020	(1,156,380)	(0.52)
US\$463,600	Vs £(377,562) Expiry 21.02.2020	(19,230)	(0.01)
US\$4,172,400	Vs £(3,398,844) Expiry 21.02.2020	(173,858)	(0.08)
		<b>(1,083,018)</b>	<b>(0.49)</b>
<b>Portfolio of investment</b>		<b>223,992,651</b>	<b>100.80</b>
Net other liabilities		(1,784,886)	(0.80)
<b>Net assets</b>		<b>222,207,765</b>	<b>100.00</b>

Comparative figures shown in brackets relate to 30 November 2018.

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

<sup>1</sup> Collective investment scheme

<sup>2</sup> Structured product

<sup>3</sup> Delisted security

<sup>4</sup> Derivative contract

<sup>5</sup> Related party holding (see note 12 of the Financial Statements)

Credit Quality	30.11.19 %	30.11.18 %
Investment grade debt securities	46.10	34.71
Non-rated debt securities	1.70	1.86
Other investments	53.00	59.97
Net other (liabilities)/assets	(0.80)	3.46
	<b>100.00</b>	<b>100.00</b>

## 7IM AAP ADVENTUROUS FUND

### STATEMENT OF TOTAL RETURN

for the year ended 30 November 2019

	Notes	£	30.11.19 £	30.11.18 £
Income				
Net capital gains/(losses)	4		12,468,518	(6,055,112)
Revenue	5	5,714,576		5,688,535
Expenses	6	(1,307,354)		(1,432,354)
Interest payable and similar charges	8	(103,579)		(39,185)
Net revenue before taxation for the year		4,303,643		4,216,996
Taxation	7	(77,513)		(135,043)
Net revenue after taxation for the year			4,226,130	4,081,953
<b>Total return before distributions</b>			16,694,648	(1,973,159)
Distributions	8		(4,232,505)	(4,084,223)
<b>Change in net assets attributable to shareholders from investment activities</b>			12,462,143	(6,057,382)

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

for the year ended 30 November 2019

	£	30.11.19 £	30.11.18 £
<b>Opening net assets attributable to shareholders</b>		242,927,941	258,687,301
Amounts received on creation of shares <sup>1</sup>	37,724,310		82,585,019
Amounts paid on cancellation of shares <sup>1</sup>	(74,782,824)		(96,147,981)
		(37,058,514)	(13,562,962)
Dilution levy		—	7,359
Change in net assets attributable to shareholders from investment activities		12,462,143	(6,057,382)
Retained distribution on accumulation shares		3,876,195	3,853,625
<b>Closing net assets attributable to shareholders</b>		222,207,765	242,927,941

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

The notes on pages 405 to 416 are an integral part of these Financial Statements.

# 7IM AAP ADVENTUROUS FUND

## BALANCE SHEET

as at 30 November 2019

	Notes	30.11.19 £	30.11.18 £
<b>ASSETS</b>			
Fixed assets:			
Investments		228,074,937	237,974,280
Current assets:			
Debtors	9	1,845,162	1,711,582
Cash and bank balances	10	2,535,723	9,466,497
<b>Total assets</b>		<b>232,455,822</b>	<b>249,152,359</b>
<b>LIABILITIES</b>			
Investment liabilities		(4,082,286)	(3,452,053)
Creditors:			
Bank overdrafts	10	(3,724,889)	(2,238,420)
Distribution payable		(86,101)	(80,408)
Other creditors	11	(2,354,781)	(453,537)
<b>Total liabilities</b>		<b>(10,248,057)</b>	<b>(6,224,418)</b>
<b>Net assets attributable to shareholders</b>		<b>222,207,765</b>	<b>242,927,941</b>

The notes on pages 405 to 416 are an integral part of these Financial Statements.

# 7IM AAP ADVENTUROUS FUND

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 November 2019

### 1 Statement of Compliance

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

### 2 Summary of Significant Accounting Policies

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

### 3 Risk Management Policies

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

### 4 Net capital gains/(losses)

	30.11.19 £	30.11.18 £
The net capital gains/(losses) during the year comprise:		
Non-derivative securities	5,192,823	(5,000,356)
Derivative contracts	6,859,916	(3,005,824)
Forward currency contracts	73,650	2,418,536
Currency gains/(losses)	322,408	(448,877)
Transaction charges	(11,378)	(30,423)
AMC rebates from underlying investments	31,099	11,832
Net capital gains/(losses)	12,468,518	(6,055,112)

### 5 Revenue

	30.11.19 £	30.11.18 £
Non-taxable dividends	3,657,742	4,058,511
Taxable dividends	801,266	685,886
Unfranked interest	966,554	668,963
AMC rebates from underlying investments	206,774	237,389
Bank interest	33,906	3,444
Stock lending revenue <sup>1</sup>	48,334	34,342
Total revenue	5,714,576	5,688,535

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



## 7IM AAP ADVENTUROUS FUND

### NOTES TO THE FINANCIAL STATEMENTS (continued) for the year ended 30 November 2019

#### 6 Expenses

	30.11.19 £	30.11.18 £
Payable to the ACD, associates of the ACD and agents of either of them:		
ACD's periodic charge	1,144,813	1,295,616
Other expenses	4,769	4,764
	<u>1,149,582</u>	<u>1,300,380</u>
Payable to the Depositary, associates of the Depositary and agents of either of them:		
Depositary's fees	39,445	38,006
Market risk fees	6,000	6,000
Safe custody and other bank charges	23,179	25,651
	<u>68,624</u>	<u>69,657</u>
Other Expenses:		
Advisory fees	19,262	19,648
Audit fee	9,000	8,760
Dealing and exchange fees	19,152	20,822
FCA and other Regulatory fees	212	300
Legal and professional fees	2,940	2,417
Printing, postage and distribution costs	32,432	5,432
Risk analysis fees	6,150	4,938
	<u>89,148</u>	<u>62,317</u>
Total expenses	<u>1,307,354</u>	<u>1,432,354</u>

## 7IM AAP ADVENTUROUS FUND

### NOTES TO THE FINANCIAL STATEMENTS (continued) for the year ended 30 November 2019

#### 7 Taxation

	30.11.19 £	30.11.18 £
<i>a) Analysis of charge for the year</i>		
Overseas tax	64,461	134,002
Irrecoverable CIS income tax	13,052	1,041
Current tax charge (note 7b)	77,513	135,043
Total taxation	77,513	135,043
<i>b) Factors affecting current tax charge for the year</i>		
The tax assessed for the year differs from the standard rate of corporation tax in the UK for an authorised fund (20%) (2018: 20%) for the reasons explained below.		
Net revenue before taxation	4,303,643	4,216,996
Corporation tax at 20%	860,729	843,399
Effects of:		
AMC rebates taken to capital	6,220	2,366
Double taxation relief expensed	(357)	–
Indexed gilt edged securities adjustment	(570)	–
Irrecoverable CIS income tax w/off	13,052	1,041
Movement in revenue accruals	119	(490)
Non-taxable dividends	(699,033)	(747,291)
Overseas tax	64,461	134,002
Tax on stock dividends	(32,516)	(64,183)
Unutilised excess management expenses	(134,592)	(33,801)
Current tax charge (note 7a)	77,513	135,043

#### *c) Deferred tax*

There is no deferred tax provision in the current year (2018: none).

At the year end there is a potential deferred tax asset of £244,481 (2018: £379,799) due to surplus management expenses. It is unlikely the Sub-fund will generate sufficient taxable profits in the future to utilise this amount and therefore, no deferred tax asset has been recognised.

#### 8 Distributions

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

	30.11.19 £	30.11.18 £
Interim	2,310,900	2,180,222
Final	1,755,153	1,839,792
	4,066,053	4,020,014
Add: Revenue deducted on cancellation of shares	312,500	370,586
Deduct: Revenue received on issue of shares	(146,048)	(306,377)
Net distributions for the year	4,232,505	4,084,223
Interest payable and similar charges	103,579	39,185
Total distribution	4,336,084	4,123,408

## 7IM AAP ADVENTUROUS FUND

### NOTES TO THE FINANCIAL STATEMENTS (continued) for the year ended 30 November 2019

#### 8 Distributions (continued)

Details of the distributions per share are set out in the table on pages 417 to 419.

Distributions represented by:

Net revenue after taxation	4,226,130	4,081,953
Allocations to capital:		
Expenses, net of tax relief	6,220	2,366
Equalisation on conversions <sup>1</sup>	233	(118)
Net movement in revenue account	(78)	22
Net distributions for the year	<u>4,232,505</u>	<u>4,084,223</u>

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

#### 9 Debtors

	30.11.19 £	30.11.18 £
Amounts receivable for issue of shares	243,264	366,776
Accrued revenue	1,271,623	1,081,807
Income tax recoverable	9,919	21
AMC rebates from underlying investments	119,641	77,850
Withholding tax recoverable	200,715	185,128
Total debtors	<u>1,845,162</u>	<u>1,711,582</u>

#### 10 Cash and bank balances

	30.11.19 £	30.11.18 £
Cash and bank balances	2,489,823	2,198,738
Cash held at clearing houses	45,900	7,267,759
Total cash and bank balances	<u>2,535,723</u>	<u>9,466,497</u>
Bank overdrafts	(2,468,712)	(2,157,217)
Cash overdraft at clearing houses	(1,256,177)	(81,203)
Total bank overdrafts	<u>(3,724,889)</u>	<u>(2,238,420)</u>

#### 11 Other Creditors

	30.11.19 £	30.11.18 £
Amounts payable for cancellation of shares	1,870,638	221,341
Purchases awaiting settlement	326,629	103,308
Accrued expenses	157,514	128,855
Currency deals awaiting settlement	–	33
Total other creditors	<u>2,354,781</u>	<u>453,537</u>

## 7IM AAP ADVENTUROUS FUND

### NOTES TO THE FINANCIAL STATEMENTS (continued) for the year ended 30 November 2019

#### 12 Related party transactions

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

The aggregate monies received by the ACD through the issue of shares and paid on cancellation of shares are disclosed in the Statement of Change in Net Assets Attributable to Shareholders on page 403.

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

	Held at 30.11.19	Held at 30.11.18
7IM Emerging Markets Equity Value Fund 'Z' Inc	-	2,036,779
7IM European (ex UK) Equity Value Fund 'Z' Inc	2,161,671	2,161,671
7IM UK Equity Value Fund 'Z' Inc	3,337,004	1,697,399
7IM US Equity Value Fund 'Z' Inc	-	4,623,890

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

Pershing Nominees Limited 40.03% (2018: 37.31%)

The net value of creations and cancellations for Pershing Nominees Limited during the year totalled -£248,763 (2018: -£9,762,705).

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

#### 13 Classes of Shares

The Sub-fund has four share classes: 'A', 'C', 'D', and 'S'. The annual management charge on each class are as follows:

Class A	1.00%
Class C	0.50%
Class D	1.40%
Class S	0.25%

The following table shows the shares in issue during the year:

Class	Opening Shares	Shares Created	Shares Liquidated	Shares Converted	Closing Shares
Class A Income	133,420	26	(17,895)	-	115,551
Class A Accumulation	518,929	8,799	(20,688)	(154,270)	352,770
Class C Income	5,043,769	2,049,498	(1,913,327)	140,056	5,319,996
Class C Accumulation	102,864,562	16,387,084	(31,480,888)	105,065	87,875,823
Class D Income	3,081	2,471	(2,578)	(313)	2,661
Class D Accumulation	4,960,118	363,571	(853,107)	(15,173)	4,455,409
Class S Income	2,026,709	144,000	(657,622)	41,375	1,554,462
Class S Accumulation	32,906,091	3,092,084	(9,000,038)	(119,565)	26,878,572

#### 14 Contingent liabilities and commitments

There are no contingent liabilities or unrecorded outstanding commitments at the balance sheet date (2018: none).

## 7IM AAP ADVENTUROUS FUND

### NOTES TO THE FINANCIAL STATEMENTS (continued) for the year ended 30 November 2019

#### 15 Risks Disclosures

The main risks from the Sub-fund's holding of financial instruments, together with the ACD's policy for managing these risks are detailed in note 3 on pages 13 to 14. Further analysis and numeric disclosure of interest rate risk, foreign currency risk and derivatives are shown below.

##### i. Interest rate risk

The table below shows the direct interest rate risk profile:

Interest rate exposure as at 30 November 2019

	<b>Floating Rate Financial Assets £</b>	<b>Fixed Rate Financial Assets £</b>	<b>Financial Assets not carrying interest £</b>	<b>Total £</b>
Canadian dollar	3,850	—	—	3,850
Danish krone	—	—	1,323,957	1,323,957
Euro	334,464	—	20,068,362	20,402,826
Japanese yen	10,160	—	25,019,208	25,029,368
Norwegian krone	—	—	185,377	185,377
Swedish krona	—	—	936,017	936,017
Swiss franc	144,257	—	4,013,601	4,157,858
US dollar	1,316,826	9,405,453	105,830,022	116,552,301
Pound sterling	29,989,760	73,172,027	111,868,880	215,030,667
	<b>31,799,317</b>	<b>82,577,480</b>	<b>269,245,424</b>	<b>383,622,221</b>

	<b>Floating Rate Financial Liabilities £</b>	<b>Financial Liabilities not carrying interest £</b>	<b>Total £</b>
Canadian dollar	(3,850)	—	(3,850)
Euro	(286,913)	(15,335,679)	(15,622,592)
Japanese yen	(11,409)	—	(11,409)
Swiss franc	(144,257)	—	(144,257)
US dollar	(1,298,901)	(34,221,601)	(35,520,502)
Pound sterling	(1,979,559)	(108,132,287)	(110,111,846)
	<b>(3,724,889)</b>	<b>(157,689,567)</b>	<b>(161,414,456)</b>

## 7IM AAP ADVENTUROUS FUND

### NOTES TO THE FINANCIAL STATEMENTS (continued) for the year ended 30 November 2019

#### 15 Risks Disclosures (continued)

##### i. Interest rate risk (continued)

Interest rate exposure as at 30 November 2018

	<b>Floating Rate Financial Assets £</b>	<b>Fixed Rate Financial Assets £</b>	<b>Financial Assets not carrying interest £</b>	<b>Total £</b>
Canadian dollar	3,887	—	896,294	900,181
Danish krone	—	—	409,931	409,931
Euro	291,923	—	16,698,119	16,990,042
Japanese yen	916	—	11,997,039	11,997,955
Norwegian krone	—	—	40,581	40,581
South African rand	—	—	183,316	183,316
Swedish krona	—	—	1,142,758	1,142,758
Swiss franc	146,215	—	4,313,304	4,459,519
US dollar	1,243,114	4,525,502	80,907,753	86,676,369
Pound sterling	40,935,778	54,919,009	100,609,901	196,464,688
	<b>42,621,833</b>	<b>59,444,511</b>	<b>217,198,996</b>	<b>319,265,340</b>

	<b>Floating Rate Financial Liabilities £</b>	<b>Financial Liabilities not carrying interest £</b>	<b>Total £</b>
Canadian dollar	(3,887)	—	(3,887)
Euro	(309,424)	(12,894,886)	(13,204,310)
Japanese yen	(2,738)	(280,449)	(283,187)
Swiss franc	(146,215)	—	(146,215)
US dollar	(1,265,409)	(11,264,097)	(12,529,506)
Pound sterling	(510,748)	(49,659,546)	(50,170,294)
	<b>(2,238,421)</b>	<b>(74,098,978)</b>	<b>(76,337,399)</b>

The floating rate financial assets and liabilities comprise bank balances and bank overdraft positions which earn or pay interest at rates linked to the Bank of England base rate or its international equivalents, index-linked securities that earn interest at rates adjusted by changes in the UK Retail Prices Index (RPI) or its international equivalent and collective investment schemes that pay UK interest distributions.

Currency	Fixed Rate Financial Assets			
	Weighted average interest rate		Weighted average period for which rate is fixed	
	30.11.19 %	30.11.18 %	30.11.19 Years	30.11.18 Years
Pound sterling	0.98	1.30	2	2
US dollar	0.50	1.22	19	5

The average effective duration of the Sub-fund's portfolio is a measure of the sensitivity of the fair value of the Sub-fund's bond portfolio (excludes all other investments) to changes in market interest rates. As at 30 November 2019, the weighted average effective duration was 1.05 years (30 November 2018: 0.62 years).

## 7IM AAP ADVENTUROUS FUND

### NOTES TO THE FINANCIAL STATEMENTS (continued) for the year ended 30 November 2019

#### 15 Risks Disclosures (continued)

##### ii. Foreign currency risk

The table below shows the direct foreign currency risk profile:

Foreign currency risk exposure as at 30 November 2019

Currency	Monetary Exposure £	Non-Monetary Exposure £	Total £
Danish krone	17,657	1,306,300	1,323,957
Euro	61,407	4,718,827	4,780,234
Japanese yen	(1,249)	25,019,208	25,017,959
Norwegian krone	–	185,377	185,377
Swedish krona	9,958	926,059	936,017
Swiss franc	158,115	3,855,486	4,013,601
US dollar	17,925	81,013,873	81,031,798
	263,813	117,025,130	117,288,943
Pound sterling	3,581,301	101,337,521	104,918,822
Net assets	3,845,114	218,362,651	222,207,765

Foreign currency risk exposure as at 30 November 2018

Currency	Monetary Exposure £	Non-Monetary Exposure £	Total £
Canadian dollar	–	896,294	896,294
Danish krone	17,107	392,824	409,931
Euro	16,990	3,768,742	3,785,732
Japanese yen	(1,822)	11,716,590	11,714,768
Norwegian krone	–	40,581	40,581
South African rand	–	183,316	183,316
Swedish krona	–	1,142,758	1,142,758
Swiss franc	136,061	4,177,243	4,313,304
US dollar	5,688	74,141,175	74,146,863
	174,024	96,459,523	96,633,547
Pound sterling	11,993,690	134,300,704	146,294,394
Net assets	12,167,714	230,760,227	242,927,941

## 7IM AAP ADVENTUROUS FUND

### NOTES TO THE FINANCIAL STATEMENTS (continued) for the year ended 30 November 2019

#### 15 Risks Disclosures (continued)

##### iii. Derivatives

The derivatives held by the Sub-fund during the year were for the purposes of meeting the investment objectives of the Sub-fund and for efficient portfolio management.

The Sub-fund must at any time, be capable of meeting all of its payment and delivery obligations incurred in respect of its Financial Derivatives Instruments transactions. The Investment Manager uses a risk management technique known as absolute value-at-risk ('VaR') to measure the Sub-fund's global exposure. VaR is an advanced risk measurement methodology used to assess the Sub-fund's global exposure as set out in the Sub-fund's Risk Management Process.

The Sub-fund measures risk using the absolute value at risk approach. The Sub-fund's expected level of leverage (calculated as the sum of the notionals) under normal market circumstances is expected to be generally in the range of 100% to 230% of the Sub-fund's Net Asset Value and is not expected to exceed 360%. It is possible that there may be higher leverage levels from time to time during abnormal market conditions.

The lowest, highest and average leverage utilisation in the accounting year ended 30 November 2019 was 141%, 265% and 205% respectively (30 November 2018: 149%, 209% and 188% respectively).

VaR is calculated for the funds under the parametric method. The time horizon for the calculation is 1 day, using a 99% confidence level. The methodology is derived from MSCI's Barra risk engine and blends the VaR produced from two different risk models, namely MSCI Barra Integrated Model: Long Version (BIM303L) and MSCI Barra Ultra-Short Model (BIM303 51d HL). The former applies a 1 year half-life (exponential weighting) for calculating volatilities and 3 years for correlations; the latter applies a 10 week half-life for both volatilities and correlations. Both models natively cover around 104K global equity securities; 500K sovereign and corporate bonds; 900K municipal, 2,200K structured products (MBS/ABS/CMO); around 290K mutual funds; 161 currencies, 34 commodities.

The reported VaR is calculated formulaically as follows:  $VaR = 0.3 * VaR(BIM303L) + 0.7 * MAX[VaR(BIM303L), VaR(BIM303\ 51d\ HL)]$ .

The Barra models map individual portfolio positions onto the Barra set of risk factors in order to backfill for a time series of volatility. The VaR numbers calculated by BIM303L and BIM303 51d HL are derived from daily volatility numbers, multiplied by an appropriate 99% confidence interval scaling factor under the assumption of a normal distribution.

The types of derivatives held at the balance sheet date were forward foreign currency contracts, structured products and put options. Details of individual contracts are disclosed in the Portfolio Statement and the total position by counterparty at the balance sheet date was as follows:

Counterparty	30.11.19 £	30.11.18 £
<b>Options</b>		
Chicago Board Options Exchange	541,244	239,279
<b>Futures Contracts</b>		
Chicago Board of Trade	31,490	—
Chicago Mercantile Exchange	784,536	—
Eurex Deutschland	102,498	(164,422)
International Monetary Market	1,652,198	(923,266)
London International Financial Futures Exchange	230,079	(1,519,751)
New York Coffee, Sugar & Cocoa	96,857	(426,206)
Osaka Securities Exchange	—	(280,449)
Tokyo Stock Exchange	1,868,365	—
<b>Forward Currency Contracts</b>		
Northern Trust	(1,083,018)	1,075,808
<b>Total net exposure<sup>1</sup></b>	<b>4,224,249</b>	<b>(1,999,007)</b>

<sup>1</sup> Net exposure represents the mark to market value of derivative contracts less any cash collateral held. Positive exposure represents the Sub-fund's exposure to that counterparty.



## 7IM AAP ADVENTUROUS FUND

### NOTES TO THE FINANCIAL STATEMENTS (continued) for the year ended 30 November 2019

#### 15 Risks Disclosures (continued)

##### iv. Fair value

In the opinion of the ACD, there is no material difference between the value of the financial assets and liabilities, as shown in the balance sheet, and their fair value.

Investments are categorised into the following levels based on their fair value measurement:

##### Level 1

The unadjusted quoted price in an active market for identical instruments that the entity can access at the measurement date.

##### Level 2

Valuation techniques using observable inputs other than quoted prices within Level 1 (i.e. developed using market data).

##### Level 3

Valuation techniques using unobservable inputs (i.e. for which market data is unavailable).

	Level 1 £	Level 2 £	Level 3 £	Total £
<b>30 November 2019</b>				
<b>Assets</b>				
Bonds	19,829,426	86,381,649	–	106,211,075
Collective Investment Schemes	78,357,305	–	–	78,357,305
Derivatives	5,370,013	2,936,522	–	8,306,535
Equities	35,200,022	–	–	35,200,022
<b>Total</b>	<b>138,756,766</b>	<b>89,318,171</b>	<b>–</b>	<b>228,074,937</b>
<b>Liabilities</b>				
Derivatives	(8,177)	(4,074,109)	–	(4,082,286)
<b>30 November 2018</b>				
<b>Assets</b>				
Bonds	–	88,837,848	–	88,837,848
Collective Investment Schemes	14,281,522	62,076,946	–	76,358,468
Derivatives	258,597	1,194,449	–	1,453,046
Equities	71,324,878	40	–	71,324,918
<b>Total</b>	<b>85,864,997</b>	<b>152,109,283</b>	<b>–</b>	<b>237,974,280</b>
<b>Liabilities</b>				
Derivatives	(3,333,412)	(118,641)	–	(3,452,053)

## 7IM AAP ADVENTUROUS FUND

### NOTES TO THE FINANCIAL STATEMENTS (continued) for the year ended 30 November 2019

#### 16 Purchases, Sales and Transaction Costs

The following tables show portfolio transactions and their associated transaction costs. For more information about the nature of these costs please refer to the additional portfolio transaction cost information on page 386.

Analysis of direct transaction costs for the year ended 30 November 2019:

	Principal £'000	Commissions £'000	Taxes £'000	Total Transaction Costs £'000	Commissions % of principal	Taxes % of principal
<b>Purchases</b>						
Bonds	39,401	—	—	—	—	—
Collective Investment Schemes	164,400	—	—	—	—	—
Equities	43,607	6	93	99	0.01	0.21
<b>Total</b>	<b>247,408</b>	<b>6</b>	<b>93</b>	<b>99</b>	<b>0.01</b>	<b>0.21</b>
	Principal £'000	Commissions £'000	Taxes £'000	Total Transaction Costs £'000	Commissions % of principal	Taxes % of principal
<b>Sales</b>						
Bonds	21,533	—	—	—	—	—
Collective Investment Schemes	159,571	—	—	—	—	—
Equities	87,250	(11)	(1)	(12)	0.01	—
<b>Total</b>	<b>268,354</b>	<b>(11)</b>	<b>(1)</b>	<b>(12)</b>	<b>0.01</b>	<b>—</b>
<b>Total as a percentage of the average NAV</b>		<b>0.01%</b>	<b>0.04%</b>	<b>0.05%</b>		

## 7IM AAP ADVENTUROUS FUND

### NOTES TO THE FINANCIAL STATEMENTS (continued) for the year ended 30 November 2019

#### 16 Purchases, Sales and Transaction Costs (continued)

Analysis of direct transaction costs for the year ended 30 November 2018:

	Principal £'000	Commissions £'000	Taxes £'000	Total Transaction Costs £'000	Commissions % of principal	Taxes % of principal
<b>Purchases</b>						
Bonds	58,286	—	—	—	—	—
Collective Investment Schemes	134,594	—	—	—	—	—
Derivatives	1,126	—	—	—	—	—
Equities	92,095	11	139	150	0.01	0.15
<b>Total</b>	<b>286,101</b>	<b>11</b>	<b>139</b>	<b>150</b>	<b>0.01</b>	<b>0.15</b>
	Principal £'000	Commissions £'000	Taxes £'000	Total Transaction Costs £'000	Commissions % of principal	Taxes % of principal
<b>Sales</b>						
Bonds	37,616	—	—	—	—	—
Collective Investment Schemes	135,155	—	—	—	—	—
Derivatives	13,496	—	—	—	—	—
Equities	112,302	(14)	(1)	(15)	0.01	—
<b>Total</b>	<b>298,569</b>	<b>(14)</b>	<b>(1)</b>	<b>(15)</b>	<b>0.01</b>	<b>—</b>
<b>Total as a percentage of the average NAV</b>		<b>0.01%</b>	<b>0.05%</b>	<b>0.06%</b>		

#### Average portfolio dealing spread

As at the balance sheet date, the average portfolio dealing spread was 0.08% (2018: 0.10%) based on close of business prices. This spread represents the difference between the values determined respectively by reference to the bid and offer prices of investments expressed as a percentage of the value determined by reference to the offer price.

#### 17 Post Balance Sheet Events

Since the start of January 2020, the outbreak of coronavirus, which is a rapidly evolving situation, has adversely impacted global commercial activities and markets which have led to a material decline in NAV across the Sub-fund as at the date of issue of this report. The rapid development and fluidity of this situation precludes any prediction as its ultimate impact, which may have a continued adverse impact on economic and market conditions and trigger a period of global economic slowdown. The Directors do not believe there is any financial impact to amounts presented within the Financial Statements as at 30 November 2019 as a result of this subsequent event.

The ACD is monitoring developments relating to coronavirus and is coordinating its operational response based on existing business continuity plans and on guidance from global health organisations, relevant governments, and general pandemic response best practices.

As at the balance sheet date, the Net Asset Value per Class C Accumulation share was 187.01p. The Net Asset Value per Class C Accumulation share for the Sub-fund on 26 March 2020 was 155.84p. This represents a decrease of 17% from the year end value.

# 7IM AAP ADVENTUROUS FUND

## DISTRIBUTION TABLES

for the year ended 30 November 2019

### Interim - in pence per share

Group 1 - Shares purchased prior to 1 December 2018

Group 2 - Shares purchased on or after 1 December 2018 and on or before 31 May 2019

	Net Revenue	Equalisation	Paid 31.07.19	Paid 31.07.18
<b>Class A Income</b>				
Group 1	1.0966	—	1.0966	0.8265
Group 2	1.0966	—	1.0966	0.8265
	Net Revenue	Equalisation	Allocated 31.07.19	Allocated 31.07.18
<b>Class A Accumulation</b>				
Group 1	1.2033	—	1.2033	0.9017
Group 2	0.8656	0.3377	1.2033	0.9017
	Net Revenue	Equalisation	Paid 31.07.19	Paid 31.07.18
<b>Class C Income</b>				
Group 1	1.4799	—	1.4799	1.2209
Group 2	1.0127	0.4672	1.4799	1.2209
	Net Revenue	Equalisation	Allocated 31.07.19	Allocated 31.07.18
<b>Class C Accumulation</b>				
Group 1	1.7203	—	1.7203	1.3979
Group 2	1.0682	0.6521	1.7203	1.3979
	Net Revenue	Equalisation	Paid 31.07.19	Paid 31.07.18
<b>Class D Income</b>				
Group 1	0.7643	—	0.7643	0.5360
Group 2	0.7168	0.0475	0.7643	0.5360
	Net Revenue	Equalisation	Allocated 31.07.19	Allocated 31.07.18
<b>Class D Accumulation</b>				
Group 1	0.8371	—	0.8371	0.5423
Group 2	0.6162	0.2209	0.8371	0.5423
	Net Revenue	Equalisation	Paid 31.07.19	Paid 31.07.18
<b>Class S Income</b>				
Group 1	1.3956	—	1.3956	1.1856
Group 2	0.8557	0.5399	1.3956	1.1856

## 7IM AAP ADVENTUROUS FUND

### DISTRIBUTION TABLES (continued) for the year ended 30 November 2019

	Net Revenue	Equalisation	Allocated 31.07.19	Allocated 31.07.18
<b>Class S Accumulation</b>				
Group 1	1.5164	—	1.5164	1.2659
Group 2	0.8700	0.6464	1.5164	1.2659
<b>Final - in pence per share</b>				
Group 1 - Shares purchased prior to 1 June 2019				
Group 2 - Shares purchased on or after 1 June 2019 and on or before 30 November 2019				
	Net Revenue	Equalisation	Paid 31.01.20	Paid 31.01.19
<b>Class A Income</b>				
Group 1	0.8534	—	0.8534	0.7427
Group 2	0.8534	—	0.8534	0.7427
	Net Revenue	Equalisation	Allocated 31.01.20	Allocated 31.01.19
<b>Class A Accumulation</b>				
Group 1	0.9468	—	0.9468	0.8150
Group 2	0.3812	0.5656	0.9468	0.8150
	Net Revenue	Equalisation	Paid 31.01.20	Paid 31.01.19
<b>Class C Income</b>				
Group 1	1.2481	—	1.2481	1.1299
Group 2	0.7819	0.4662	1.2481	1.1299
	Net Revenue	Equalisation	Allocated 31.01.20	Allocated 31.01.19
<b>Class C Accumulation</b>				
Group 1	1.4620	—	1.4620	1.3036
Group 2	0.6668	0.7952	1.4620	1.3036
	Net Revenue	Equalisation	Paid 31.01.20	Paid 31.01.19
<b>Class D Income</b>				
Group 1	0.5482	—	0.5482	0.4557
Group 2	0.3934	0.1548	0.5482	0.4557
	Net Revenue	Equalisation	Allocated 31.01.20	Allocated 31.01.19
<b>Class D Accumulation</b>				
Group 1	0.5729	—	0.5729	0.4569
Group 2	0.2245	0.3484	0.5729	0.4569

## 7IM AAP ADVENTUROUS FUND

### DISTRIBUTION TABLES (continued) for the year ended 30 November 2019

	Net Revenue	Equalisation	Paid 31.01.20	Paid 31.01.19
<b>Class S Income</b>				
Group 1	1.2031	—	1.2031	1.1059
Group 2	0.5045	0.6986	1.2031	1.1059
	Net Revenue	Equalisation	Allocated 31.01.20	Allocated 31.01.19
<b>Class S Accumulation</b>				
Group 1	1.3224	—	1.3224	1.1899
Group 2	0.6546	0.6678	1.3224	1.1899

#### Equalisation

Equalisation applies only to shares purchased during the distribution period (Group 2 shares). It represents the accrued revenue included in the purchase price of the shares. After averaging it is returned with the distribution as a capital repayment. It is not liable to Income Tax but must be deducted from the cost of the shares for Capital Gains Tax purposes.

## 7IM INVESTMENT FUNDS

### SECURITIES FINANCING TRANSACTION AND REUSE (SFTR) - UNAUDITED

The European Regulation on reporting and transparency of securities financing transactions and reuse ('SFTR'), which aims to improve the transparency and monitoring of the financial system, became effective on 13 January 2016. The SFTR applies to the 7IM Investment Funds ('the Company') as a UCITS scheme and requires the ACD to comply with a series of obligations. In particular, the ACD is required to provide investors with information on the use of securities financing transactions ('SFT's) and total return swaps ('TRS') by the Company in all interim and annual reports for the Company published from 13 January 2017.

The following details the SFTR activities of the Sub-funds during the year ended 30 November 2019 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 £11,207,647 and net asset value of £43,180,683 as at 30 November 2019 and the income earned for the year ended 30 November 2019. 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 £
40.47%	10.50%	4,195	1,258

The total income earned from securities lending transactions is split between the Sub-fund and the Securities Lending Agent. The Sub-fund receives 70% while the Securities Lending Agent receives 30% of such income, with all operational costs borne out of the Securities Lending Agent's share.

All securities on loan have an open maturity tenor as they are callable or terminable on a daily basis.

The following table details the value of securities on loan and associated collateral received, analysed by counterparty as at 30 November 2019.

Counterparty	Counterparty's country of establishment	Amount on loan £	Collateral received £
Citigroup Global Markets Limited	UK	360,212	376,269
Goldman Sachs	US	943,550	981,719
J.P. Morgan Securities (Europe)	UK	502,202	515,330
NBC Global Finance Limited (Ireland)	Ireland	2,281,653	2,392,283
RBC Europe Limited	UK	447,710	471,839
<b>Total</b>		<b>4,535,327</b>	<b>4,737,440</b>

##### Collateral

The Sub-fund engages in activities which may require collateral to be provided to a counterparty ('collateral posted') or may hold collateral received ('collateral received') from a counterparty.

The following table provides an analysis by currency of the cash and underlying non-cash collateral received/posted by way of title transfer collateral arrangement by the Sub-fund, in respect of securities lending transactions as at 30 November 2019.

Currency	Collateral received £
Euro	470,345
Pound sterling	886,372
Japanese yen	1,801,861
US dollar	1,578,862
<b>Total</b>	<b>4,737,440</b>

## 7IM INVESTMENT FUNDS

### SECURITIES FINANCING TRANSACTION AND REUSE (SFTR) - UNAUDITED (continued)

#### 7IM Cautious Fund (continued)

##### Collateral (continued)

The Sub-fund is the legal owner of inbound collateral and can sell the assets and withhold the cash in the case of default. All cash received or posted as collateral has an open maturity tenor as it is not subject to a contractual maturity date.

The following table provides an analysis of the type, quality and maturity tenor of non-cash collateral received and posted by the Sub-fund by way of title transfer collateral arrangement in respect of securities lending transactions as at 30 November 2019.

Collateral type and quality	Maturity Tenor				Open £	Total £
	0 – 30 days £	31 – 90 days £	91 – 365 days £	More than 365 days £		
<b>Collateral received</b>						
<b>Fixed Income</b>						
Investment grade	384,759	756,183	189,106	3,407,392	–	4,737,440
<b>Equities</b>						
Recognised equity index	–	–	–	–	–	–
<b>Total</b>	<b>384,759</b>	<b>756,183</b>	<b>189,106</b>	<b>3,407,392</b>	<b>–</b>	<b>4,737,440</b>

Investment grade securities are those issued by an entity with a minimum investment grade credit rating from at least one globally recognised credit rating agency.

The maturity tenor analysis for fixed income securities received or posted as collateral is based on the respective contractual maturity date, while equity securities are presented as open transactions as they are not subject to a contractual maturity date.

As at 30 November 2019, all non-cash collateral received by the Sub-fund in respect of securities lending transactions is held by the Sub-fund's Depositary or through its delegates.

Custodian	Non-cash collateral received £
Northern Trust	4,737,440

#### 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 £58,624,085 and net asset value of £228,777,682 as at 30 November 2019 and the income earned for the year ended 30 November 2019. 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 £
40.97%	10.50%	28,556	8,563

The total income earned from securities lending transactions is split between the Sub-fund and the Securities Lending Agent. The Sub-fund receives 70% while the Securities Lending Agent receives 30% of such income, with all operational costs borne out of the Securities Lending Agent's share.

All securities on loan have an open maturity tenor as they are callable or terminable on a daily basis.



## 7IM INVESTMENT FUNDS

### SECURITIES FINANCING TRANSACTION AND REUSE (SFTR) - UNAUDITED (continued)

#### 7IM Moderately Cautious Fund (continued)

##### Securities Lending (continued)

The following table details the value of securities on loan and associated collateral received, analysed by counterparty as at 30 November 2019.

Counterparty	Counterparty's country of establishment	Amount on loan £	Collateral received £
BNP Paribas (Paris)	France	98,661	100,726
Citigroup Global Markets Limited	UK	2,064,580	2,182,655
Goldman Sachs	US	6,637,145	6,905,636
J.P. Morgan Securities (Europe)	UK	2,300,473	2,364,866
NBC Global Finance Limited (Ireland)	Ireland	11,582,367	12,138,514
Societe General (Paris Branch)	France	1,333,966	1,396,873
<b>Total</b>		<b>24,017,192</b>	<b>25,089,270</b>

##### Collateral

The Sub-fund engages in activities which may require collateral to be provided to a counterparty ('collateral posted') or may hold collateral received ('collateral received') from a counterparty.

The following table provides an analysis by currency of the cash and underlying non-cash collateral received/posted by way of title transfer collateral arrangement by the Sub-fund, in respect of securities lending transactions as at 30 November 2019.

Currency	Collateral received £
Canadian dollar	1,757
Euro	829,685
Pound sterling	1,853,554
Japanese yen	10,258,011
US dollar	12,146,263
<b>Total</b>	<b>25,089,270</b>

The Sub-fund is the legal owner of inbound collateral and can sell the assets and withhold the cash in the case of default. All cash received or posted as collateral has an open maturity tenor as it is not subject to a contractual maturity date.

The following table provides an analysis of the type, quality and maturity tenor of non-cash collateral received and posted by the Sub-fund by way of title transfer collateral arrangement in respect of securities lending transactions as at 30 November 2019.

Collateral type and quality	Maturity Tenor				Open £	Total £
	0 – 30 days £	31 – 90 days £	91 – 365 days £	More than 365 days £		
<b>Collateral received</b>						
<b>Fixed Income</b>						
Investment grade	2,156,834	3,854,609	1,074,817	18,003,010	–	25,089,270
<b>Equities</b>						
Recognised equity index	–	–	–	–	–	–
<b>Total</b>	<b>2,156,834</b>	<b>3,854,609</b>	<b>1,074,817</b>	<b>18,003,010</b>	<b>–</b>	<b>25,089,270</b>

Investment grade securities are those issued by an entity with a minimum investment grade credit rating from at least one globally recognised credit rating agency.

The maturity tenor analysis for fixed income securities received or posted as collateral is based on the respective contractual maturity date, while equity securities are presented as open transactions as they are not subject to a contractual maturity date.

## 7IM INVESTMENT FUNDS

### SECURITIES FINANCING TRANSACTION AND REUSE (SFTR) - UNAUDITED (continued)

#### 7IM Moderately Cautious Fund (continued)

##### Collateral (continued)

As at 30 November 2019, all non-cash collateral received by the Sub-fund in respect of securities lending transactions is held by the Sub-fund's Depositary or through its delegates.

	Non-cash collateral received £
<b>Custodian</b>	
Northern Trust	25,089,270

#### 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 £164,458,033 and net asset value of £602,164,618 as at 30 November 2019 and the income earned for the year ended 30 November 2019. 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 £
28.55%	7.80%	68,317	20,488

The total income earned from securities lending transactions is split between the Sub-fund and the Securities Lending Agent. The Sub-fund receives 70% while the Securities Lending Agent receives 30% of such income, with all operational costs borne out of the Securities Lending Agent's share.

All securities on loan have an open maturity tenor as they are callable or terminable on a daily basis.

The following table details the value of securities on loan and associated collateral received, analysed by counterparty as at 30 November 2019.

Counterparty	Counterparty's country of establishment	Amount on loan £	Collateral received £
Barclays Capital Securities Limited	UK	117,332	127,864
BNP Paribas (Paris)	France	191,287	195,292
Citigroup Global Markets Limited	UK	2,161,723	2,285,043
Goldman Sachs	US	4,394,247	4,572,007
ING Bank (London Branch)	UK	8,337	9,463
J.P. Morgan Securities (Europe)	UK	2,819,229	2,904,916
Merrill Lynch International	UK	360,527	392,155
Natixis	France	17,618	19,097
NBC Global Finance Limited (Ireland)	Ireland	36,744,409	38,670,070
UBS AG (London Branch)	UK	133,588	143,568
<b>Total</b>		<b>46,948,297</b>	<b>49,319,475</b>

##### Collateral

The Sub-fund engages in activities which may require collateral to be provided to a counterparty ('collateral posted') or may hold collateral received ('collateral received') from a counterparty.

## 7IM INVESTMENT FUNDS

### SECURITIES FINANCING TRANSACTION AND REUSE (SFTR) - UNAUDITED (continued)

#### 7IM 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 30 November 2019.

Currency	Collateral received £
Australian dollar	11,476
Canadian dollar	76,220
Swiss franc	32,105
Danish krone	115
Euro	1,656,946
Pound sterling	1,642,301
Hong Kong dollar	16,248
Japanese yen	29,235,547
Norwegian krone	6,220
Swedish krona	3,451
US dollar	16,638,846
<b>Total</b>	<b>49,319,475</b>

The Sub-fund is the legal owner of inbound collateral and can sell the assets and withhold the cash in the case of default. All cash received or posted as collateral has an open maturity tenor as it is not subject to a contractual maturity date.

The following table provides an analysis of the type, quality and maturity tenor of non-cash collateral received and posted by the Sub-fund by way of title transfer collateral arrangement in respect of securities lending transactions as at 30 November 2019.

Collateral type and quality	Maturity Tenor				Open £	Total £
	0 – 30 days £	31 – 90 days £	91 – 365 days £	More than 365 days £		
<b>Collateral received</b>						
<b>Fixed Income</b>						
Investment grade	6,643,863	12,232,212	2,384,074	27,449,941	–	48,710,090
<b>Equities</b>						
Recognised equity index	–	46	42,445	298,455	268,439	609,385
<b>Total</b>	<b>6,643,863</b>	<b>12,232,258</b>	<b>2,426,519</b>	<b>27,748,396</b>	<b>268,439</b>	<b>49,319,475</b>

Investment grade securities are those issued by an entity with a minimum investment grade credit rating from at least one globally recognised credit rating agency.

The maturity tenor analysis for fixed income securities received or posted as collateral is based on the respective contractual maturity date, while equity securities are presented as open transactions as they are not subject to a contractual maturity date.

As at 30 November 2019, 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	49,319,475

## 7IM INVESTMENT FUNDS

### SECURITIES FINANCING TRANSACTION AND REUSE (SFTR) - UNAUDITED (continued)

#### 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 £97,657,335 and net asset value of £360,893,517 as at 30 November 2019 and the income earned for the year ended 30 November 2019. 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 £
24.86%	6.73%	24,673	7,396

The total income earned from securities lending transactions is split between the Sub-fund and the Securities Lending Agent. The Sub-fund receives 70% while the Securities Lending Agent receives 30% of such income, with all operational costs borne out of the Securities Lending Agent's share.

All securities on loan have an open maturity tenor as they are callable or terminable on a daily basis.

The following table details the value of securities on loan and associated collateral received, analysed by counterparty as at 30 November 2019.

Counterparty	Counterparty's country of establishment	Amount on loan £	Collateral received £
Barclays Capital Securities Limited	UK	1,175,718	1,277,493
BNP Paribas (Paris)	France	9,011,655	9,575,657
Citigroup Global Markets Limited	UK	3,569,706	3,727,091
Credit Suisse (Europe)	UK	11,594	12,745
J.P. Morgan Securities (Europe)	UK	626,831	648,764
Merrill Lynch International	UK	48,405	51,887
Natixis	France	22,273	23,953
NBC Global Finance Limited (Ireland)	Ireland	8,342,066	8,736,856
Societe General (Paris Branch)	France	1,249,497	1,308,962
The Bank of Nova Scotia (London Branch)	UK	196,615	213,907
UBS AG (London Branch)	UK	27,109	29,620
<b>Total</b>		<b>24,281,469</b>	<b>25,606,935</b>

##### Collateral

The Sub-fund engages in activities which may require collateral to be provided to a counterparty ('collateral posted') or may hold collateral received ('collateral received') from a counterparty.

The following table provides an analysis by currency of the cash and underlying non-cash collateral received/posted by way of title transfer collateral arrangement by the Sub-fund, in respect of securities lending transactions as at 30 November 2019.

## 7IM INVESTMENT FUNDS

### SECURITIES FINANCING TRANSACTION AND REUSE (SFTR) - UNAUDITED (continued)

#### 7IM Moderately Adventurous Fund (continued)

##### Collateral (continued)

	Collateral received £
<b>Currency</b>	
Australian dollar	344
Canadian dollar	9,456,564
Swiss franc	4,139
Danish krone	414
Euro	1,487,498
Pound sterling	1,832,129
Hong Kong dollar	8,332
Japanese yen	8,563,157
Norwegian krone	335
Swedish krona	1,067
US dollar	4,252,956
<b>Total</b>	<b>25,606,935</b>

The Sub-fund is the legal owner of inbound collateral and can sell the assets and withhold the cash in the case of default. All cash received or posted as collateral has an open maturity tenor as it is not subject to a contractual maturity date.

The following table provides an analysis of the type, quality and maturity tenor of non-cash collateral received and posted by the Sub-fund by way of title transfer collateral arrangement in respect of securities lending transactions as at 30 November 2019.

Collateral type and quality	Maturity Tenor				Open £	Total £
	0 – 30 days £	31 – 90 days £	91 – 365 days £	More than 365 days £		
<b>Collateral received</b>						
<b>Fixed Income</b>						
Investment grade	1,590,132	2,793,098	688,809	20,194,626	–	25,266,665
<b>Equities</b>						
Recognised equity index	–	529	4,494	47,997	287,250	340,270
<b>Total</b>	<b>1,590,132</b>	<b>2,793,627</b>	<b>693,303</b>	<b>20,242,623</b>	<b>287,250</b>	<b>25,606,935</b>

Investment grade securities are those issued by an entity with a minimum investment grade credit rating from at least one globally recognised credit rating agency.

The maturity tenor analysis for fixed income securities received or posted as collateral is based on the respective contractual maturity date, while equity securities are presented as open transactions as they are not subject to a contractual maturity date.

As at 30 November 2019, all non-cash collateral received by the Sub-fund in respect of securities lending transactions is held by the Sub-fund's Depositary or through its delegates.

	Non-cash collateral received £
<b>Custodian</b>	
Northern Trust	25,606,935

## 7IM INVESTMENT FUNDS

### SECURITIES FINANCING TRANSACTION AND REUSE (SFTR) - UNAUDITED (continued)

#### 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 £38,808,659 and net asset value of £156,983,854 as at 30 November 2019 and the income earned for the year ended 30 November 2019. 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 £
21.44%	5.30%	7,640	2,285

The total income earned from securities lending transactions is split between the Sub-fund and the Securities Lending Agent. The Sub-fund receives 70% while the Securities Lending Agent receives 30% of such income, with all operational costs borne out of the Securities Lending Agent's share.

All securities on loan have an open maturity tenor as they are callable or terminable on a daily basis.

The following table details the value of securities on loan and associated collateral received, analysed by counterparty as at 30 November 2019.

Counterparty	Counterparty's country of establishment	Amount on loan £	Collateral received £
Barclays Capital Securities Limited	UK	506,440	550,121
BNP Paribas (Paris)	France	467,292	496,816
Citigroup Global Markets Limited	UK	1,012,899	1,042,877
Credit Suisse (Dublin Branch)	Ireland	305,698	333,289
HSBC Bank	UK	434,380	479,123
J.P. Morgan Securities (Europe)	UK	8,528	9,394
Merrill Lynch International	UK	26,934	28,950
Natixis	France	14,341	15,523
NBC Global Finance Limited (Ireland)	Ireland	3,420,817	3,628,798
RBC Europe Limited	UK	1,993,258	2,100,684
The Bank of Nova Scotia (London Branch)	UK	113,161	123,965
UBS AG (London Branch)	UK	14,888	16,267
<b>Total</b>		<b>8,318,636</b>	<b>8,825,807</b>

##### Collateral

The Sub-fund engages in activities which may require collateral to be provided to a counterparty ('collateral posted') or may hold collateral received ('collateral received') from a counterparty.

## 7IM INVESTMENT FUNDS

### SECURITIES FINANCING TRANSACTION AND REUSE (SFTR) - UNAUDITED (continued)

#### 7IM Adventurous 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 30 November 2019.

	Collateral received £
Australian dollar	8
Canadian dollar	502,357
Swiss franc	2,931
Danish krone	7
Euro	2,476,533
Pound sterling	1,442,962
Hong Kong dollar	2,848
Japanese yen	3,120,529
Norwegian krone	4
Swedish krona	599
US dollar	1,277,029
<b>Total</b>	<b>8,825,807</b>

The Sub-fund is the legal owner of inbound collateral and can sell the assets and withhold the cash in the case of default. All cash received or posted as collateral has an open maturity tenor as it is not subject to a contractual maturity date.

The following table provides an analysis of the type, quality and maturity tenor of non-cash collateral received and posted by the Sub-fund by way of title transfer collateral arrangement in respect of securities lending transactions as at 30 November 2019.

Collateral type and quality	Maturity Tenor				Open £	Total £
	0 – 30 days £	31 – 90 days £	91 – 365 days £	More than 365 days £		
<b>Collateral received</b>						
<b>Fixed Income</b>						
Investment grade	583,633	1,153,332	188,723	5,893,609	–	7,819,297
<b>Equities</b>						
Recognised equity index	58,491	303	95,747	212,733	639,236	1,006,510
<b>Total</b>	<b>642,124</b>	<b>1,153,635</b>	<b>284,470</b>	<b>6,106,342</b>	<b>639,236</b>	<b>8,825,807</b>

Investment grade securities are those issued by an entity with a minimum investment grade credit rating from at least one globally recognised credit rating agency.

The maturity tenor analysis for fixed income securities received or posted as collateral is based on the respective contractual maturity date, while equity securities are presented as open transactions as they are not subject to a contractual maturity date.

As at 30 November 2019, all non-cash collateral received by the Sub-fund in respect of securities lending transactions is held by the Sub-fund's Depositary or through its delegates.

	Non-cash collateral received £
<b>Custodian</b>	
Northern Trust	8,825,807

## 7IM INVESTMENT FUNDS

### SECURITIES FINANCING TRANSACTION AND REUSE (SFTR) - UNAUDITED (continued)

#### 7IM Sustainable Balance Fund

##### Securities Lending

The Sub-fund may engage in securities lending activities. During the year ended 30 November 2019 securities lending was not undertaken and as at the year end, 30 November 2019, no securities were on loan.

##### Collateral

The Sub-fund may engage in activities which may require collateral to be provided to a counterparty. As at the year end, 30 November 2019, 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 £14,425,244 and net asset value of £77,474,633 as at 30 November 2019 and the income earned for the year ended 30 November 2019. 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 £
20.24%	3.77%	3,046	989

The total income earned from securities lending transactions is split between the Sub-fund and the Securities Lending Agent. The Sub-fund receives 70% while the Securities Lending Agent receives 30% of such income, with all operational costs borne out of the Securities Lending Agent's share.

All securities on loan have an open maturity tenor as they are callable or terminable on a daily basis.

The following table details the value of securities on loan and associated collateral received, analysed by counterparty as at 30 November 2019.

Counterparty	Counterparty's country of establishment	Amount on loan £	Collateral received £
Barclays Capital Securities Limited	UK	366,138	397,791
Credit Suisse (Dublin Branch)	Ireland	64,472	70,343
J.P. Morgan Securities (Europe)	UK	648,754	666,230
Merrill Lynch International	UK	21,544	23,112
Natixis	France	9,939	10,757
NBC Global Finance Limited (Ireland)	Ireland	1,719,967	1,799,033
The Bank of Nova Scotia (London Branch)	UK	77,114	84,234
UBS AG (London Branch)	UK	11,715	12,800
<b>Total</b>		<b>2,919,643</b>	<b>3,064,300</b>

##### Collateral

The Sub-fund engages in activities which may require collateral to be provided to a counterparty ('collateral posted') or may hold collateral received ('collateral received') from a counterparty.



## 7IM INVESTMENT FUNDS

### SECURITIES FINANCING TRANSACTION AND REUSE (SFTR) - UNAUDITED (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 30 November 2019.

	Collateral received £
<b>Currency</b>	
Australian dollar	7
Canadian dollar	4,202
Swiss franc	2,164
Danish krone	5
Euro	138,335
Pound sterling	730,648
Hong Kong dollar	5,087
Japanese yen	1,636,010
Norwegian krone	3
Swedish krona	428
US dollar	547,411
<b>Total</b>	<b>3,064,300</b>

The Sub-fund is the legal owner of inbound collateral and can sell the assets and withhold the cash in the case of default. All cash received or posted as collateral has an open maturity tenor as it is not subject to a contractual maturity date.

The following table provides an analysis of the type, quality and maturity tenor of non-cash collateral received and posted by the Sub-fund by way of title transfer collateral arrangement in respect of securities lending transactions as at 30 November 2019.

	Maturity Tenor				Open £	Total £
	0 – 30 days £	31 – 90 days £	91 – 365 days £	More than 365 days £		
<b>Collateral type and quality</b>						
<b>Collateral received</b>						
<b>Fixed Income</b>						
Investment grade	289,345	573,082	200,418	1,782,599	–	2,845,444
<b>Equities</b>						
Recognised equity index	12,345	207	21,921	61,223	123,160	218,856
<b>Total</b>	<b>301,690</b>	<b>573,289</b>	<b>222,339</b>	<b>1,843,822</b>	<b>123,160</b>	<b>3,064,300</b>

Investment grade securities are those issued by an entity with a minimum investment grade credit rating from at least one globally recognised credit rating agency.

The maturity tenor analysis for fixed income securities received or posted as collateral is based on the respective contractual maturity date, while equity securities are presented as open transactions as they are not subject to a contractual maturity date.

As at 30 November 2019, all non-cash collateral received by the Sub-fund in respect of securities lending transactions is held by the Sub-fund's Depositary or through its delegates.

	Non-cash collateral received £
<b>Custodian</b>	
Northern Trust	3,064,300

## 7IM INVESTMENT FUNDS

### SECURITIES FINANCING TRANSACTION AND REUSE (SFTR) - UNAUDITED (continued)

#### 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 £220,785,937 and net asset value of £538,021,629 as at 30 November 2019 and the income earned for the year ended 30 November 2019. 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 £
28.63%	11.75%	78,231	23,462

The total income earned from securities lending transactions is split between the Sub-fund and the Securities Lending Agent. The Sub-fund receives 70% while the Securities Lending Agent receives 30% of such income, with all operational costs borne out of the Securities Lending Agent's share.

All securities on loan have an open maturity tenor as they are callable or terminable on a daily basis.

The following table details the value of securities on loan and associated collateral received, analysed by counterparty as at 30 November 2019.

Counterparty	Counterparty's country of establishment	Amount on loan £	Collateral received £
Barclays Capital Securities Limited	UK	88,475	96,708
BNP Paribas (Paris)	France	239,606	244,623
Citigroup Global Markets Limited	UK	4,575,781	4,767,898
Credit Suisse (Dublin Branch)	Ireland	425,682	464,045
Goldman Sachs	US	13,102,981	13,633,033
HSBC Bank	UK	555,845	624,945
J.P. Morgan Securities (Europe)	UK	2,252,128	2,337,306
Merrill Lynch International	UK	143,387	155,966
Natixis	France	1,462	1,593
NBC Global Finance Limited (Ireland)	Ireland	41,085,041	43,111,757
Societe General (Paris Branch)	France	122,523	126,414
The Bank of Nova Scotia (London Branch)	UK	613,566	666,873
UBS AG (London Branch)	UK	12,019	13,132
<b>Total</b>		<b>63,218,496</b>	<b>66,244,293</b>

##### Collateral

The Sub-fund engages in activities which may require collateral to be provided to a counterparty ('collateral posted') or may hold collateral received ('collateral received') from a counterparty.

## 7IM INVESTMENT FUNDS

### SECURITIES FINANCING TRANSACTION AND REUSE (SFTR) - UNAUDITED (continued)

#### 7IM AAP Moderately Cautious Fund (continued)

##### Collateral (continued)

The following table provides an analysis by currency of the cash and underlying non-cash collateral received/posted by way of title transfer collateral arrangement by the Sub-fund, in respect of securities lending transactions as at 30 November 2019.

	Collateral received £
<b>Currency</b>	
Australian dollar	24
Canadian dollar	28,090
Swiss franc	12,139
Danish krone	20
Euro	2,028,999
Pound sterling	5,737,708
Hong Kong dollar	20,109
Japanese yen	32,734,666
Norwegian krone	12
Swedish krona	408
US dollar	25,682,118
<b>Total</b>	<b>66,244,293</b>

The Sub-fund is the legal owner of inbound collateral and can sell the assets and withhold the cash in the case of default. All cash received or posted as collateral has an open maturity tenor as it is not subject to a contractual maturity date.

The following table provides an analysis of the type, quality and maturity tenor of non-cash collateral received and posted by the Sub-fund by way of title transfer collateral arrangement in respect of securities lending transactions as at 30 November 2019.

Collateral type and quality	Maturity Tenor				Open £	Total £
	0 – 30 days £	31 – 90 days £	91 – 365 days £	More than 365 days £		
<b>Collateral received</b>						
<b>Fixed Income</b>						
Investment grade	7,481,389	13,639,040	2,579,145	40,423,238	–	64,122,812
<b>Equities</b>						
Recognised equity index	55,202	1,608	104,297	321,389	1,638,985	2,121,481
<b>Total</b>	<b>7,536,591</b>	<b>13,640,648</b>	<b>2,683,442</b>	<b>40,744,627</b>	<b>1,638,985</b>	<b>66,244,293</b>

The maturity tenor analysis for fixed income securities received or posted as collateral is based on the respective contractual maturity date, while equity securities are presented as open transactions as they are not subject to a contractual maturity date.

As at 30 November 2019, all non-cash collateral received by the Sub-fund in respect of securities lending transactions is held by the Sub-fund's Depositary or through its delegates.

	Non-cash collateral received £
<b>Custodian</b>	
Northern Trust	66,244,293

## 7IM INVESTMENT FUNDS

### SECURITIES FINANCING TRANSACTION AND REUSE (SFTR) - UNAUDITED (continued)

#### 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 £656,466,405 and net asset value of £1,260,227,424 as at 30 November 2019 and the income earned for the year ended 30 November 2019. 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 £
14.54%	7.57%	166,297	49,880

The total income earned from securities lending transactions is split between the Sub-fund and the Securities Lending Agent. The Sub-fund receives 70% while the Securities Lending Agent receives 30% of such income, with all operational costs borne out of the Securities Lending Agent's share.

All securities on loan have an open maturity tenor as they are callable or terminable on a daily basis.

The following table details the value of securities on loan and associated collateral received, analysed by counterparty as at 30 November 2019.

Counterparty	Counterparty's country of establishment	Amount on loan £	Collateral received £
Barclays Capital Securities Limited	UK	5,068,510	5,365,230
BNP Paribas (Paris)	France	8,823,438	9,353,554
Citigroup Global Markets Limited	UK	4,726,430	4,866,741
Credit Suisse (Dublin Branch)	Ireland	3,510,076	3,805,846
Goldman Sachs	US	23,200,942	24,139,485
HSBC Bank	UK	2,668,627	2,996,754
ING Bank (London Branch)	UK	46,413	52,474
J.P. Morgan Securities (Europe)	UK	9,421,361	9,712,283
Merrill Lynch International	UK	134,083	145,879
Natixis	France	911,593	1,007,892
NBC Global Finance Limited (Ireland)	Ireland	34,197,578	36,032,317
Societe General (Paris Branch)	France	1,172,081	1,209,300
The Bank of Nova Scotia (London Branch)	UK	1,529,603	1,686,052
UBS AG (London Branch)	UK	50,591	57,775
<b>Total</b>		<b>95,461,326</b>	<b>100,431,582</b>

##### Collateral

The Sub-fund engages in activities which may require collateral to be provided to a counterparty ('collateral posted') or may hold collateral received ('collateral received') from a counterparty.

## 7IM INVESTMENT FUNDS

### SECURITIES FINANCING TRANSACTION AND REUSE (SFTR) - UNAUDITED (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 30 November 2019.

	Collateral received £
<b>Currency</b>	
Australian dollar	139
Canadian dollar	36,804
Swiss franc	54,970
Danish krone	116
Euro	15,163,593
Pound sterling	15,062,787
Hong Kong dollar	50,337
Japanese yen	30,772,631
Norwegian krone	71
Swedish krona	31,643
US dollar	39,258,491
<b>Total</b>	<b>100,431,582</b>

The Sub-fund is the legal owner of inbound collateral and can sell the assets and withhold the cash in the case of default. All cash received or posted as collateral has an open maturity tenor as it is not subject to a contractual maturity date.

The following table provides an analysis of the type, quality and maturity tenor of non-cash collateral received and posted by the Sub-fund by way of title transfer collateral arrangement in respect of securities lending transactions as at 30 November 2019.

	Maturity Tenor					
	0 – 30 days £	31 – 90 days £	91 – 365 days £	More than 365 days £	Open £	Total £
<b>Collateral type and quality</b>						
<b>Collateral received</b>						
<b>Fixed Income</b>						
Investment grade	6,716,276	11,424,739	3,896,534	69,673,269	–	91,710,818
<b>Equities</b>						
Recognised equity index	409,206	4,143	664,320	1,497,875	6,145,220	8,720,764
<b>Total</b>	<b>7,125,482</b>	<b>11,428,882</b>	<b>4,560,854</b>	<b>71,171,144</b>	<b>6,145,220</b>	<b>100,431,582</b>

Investment grade securities are those issued by an entity with a minimum investment grade credit rating from at least one globally recognised credit rating agency.

The maturity tenor analysis for fixed income securities received or posted as collateral is based on the respective contractual maturity date, while equity securities are presented as open transactions as they are not subject to a contractual maturity date.

As at 30 November 2019, all non-cash collateral received by the Sub-fund in respect of securities lending transactions is held by the Sub-fund's Depositary or through its delegates.

	Non-cash collateral received £
<b>Custodian</b>	
Northern Trust	100,431,582

## 7IM INVESTMENT FUNDS

### SECURITIES FINANCING TRANSACTION AND REUSE (SFTR) - UNAUDITED (continued)

#### 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 £359,982,323 and net asset value of £590,544,838 as at 30 November 2019 and the income earned for the year ended 30 November 2019. 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 £
11.88%	7.24%	121,899	36,560

The total income earned from securities lending transactions is split between the Sub-fund and the Securities Lending Agent. The Sub-fund receives 70% while the Securities Lending Agent receives 30% of such income, with all operational costs borne out of the Securities Lending Agent's share.

All securities on loan have an open maturity tenor as they are callable or terminable on a daily basis.

The following table details the value of securities on loan and associated collateral received, analysed by counterparty as at 30 November 2019.

Counterparty	Counterparty's country of establishment	Amount on loan £	Collateral received £
Barclays Capital Securities Limited	UK	4,399,134	4,783,819
BNP Paribas (Paris)	France	9,530,108	10,123,889
Citigroup Global Markets Limited	UK	3,027,812	3,124,189
Credit Suisse (Dublin Branch)	Ireland	3,157,831	3,435,057
Credit Suisse (Europe)	UK	65,589	72,099
Goldman Sachs	US	5,476,122	5,697,646
HSBC Bank	UK	1,642,264	1,836,212
ING Bank (London Branch)	UK	34,605	39,276
J.P. Morgan Securities (Europe)	UK	1,224,322	1,273,425
Merrill Lynch International	UK	39,346	42,432
Natixis	France	893,222	968,628
NBC Global Finance Limited (Ireland)	Ireland	9,864,112	10,348,491
Societe General (Paris Branch)	France	2,211,086	2,320,550
The Bank of Nova Scotia (London Branch)	UK	1,041,394	1,151,325
UBS AG (London Branch)	UK	147,887	161,980
<b>Total</b>		<b>42,754,834</b>	<b>45,379,018</b>

##### Collateral

The Sub-fund engages in activities which may require collateral to be provided to a counterparty ('collateral posted') or may hold collateral received ('collateral received') from a counterparty.

## 7IM INVESTMENT FUNDS

### SECURITIES FINANCING TRANSACTION AND REUSE (SFTR) - UNAUDITED (continued)

#### 7IM AAP Moderately Adventurous Fund (continued)

##### Collateral (continued)

The following table provides an analysis by currency of the cash and underlying non-cash collateral received/posted by way of title transfer collateral arrangement by the Sub-fund, in respect of securities lending transactions as at 30 November 2019.

Currency	Collateral received £
Australian dollar	9,033
Canadian dollar	9,946,382
Swiss franc	46,295
Danish krone	3,293
Euro	3,802,780
Pound sterling	5,499,514
Hong Kong dollar	75,023
Japanese yen	13,906,149
Norwegian krone	6,617
Swedish krona	33,120
US dollar	12,050,812
<b>Total</b>	<b>45,379,018</b>

The Sub-fund is the legal owner of inbound collateral and can sell the assets and withhold the cash in the case of default. All cash received or posted as collateral has an open maturity tenor as it is not subject to a contractual maturity date.

The following table provides an analysis of the type, quality and maturity tenor of non-cash collateral received and posted by the Sub-fund by way of title transfer collateral arrangement in respect of securities lending transactions as at 30 November 2019.

Collateral type and quality	Maturity Tenor				Open £	Total £
	0 – 30 days £	31 – 90 days £	91 – 365 days £	More than 365 days £		
<b>Collateral received</b>						
<b>Fixed Income</b>						
Investment grade	1,953,504	3,331,117	1,172,603	32,237,160	–	38,694,384
<b>Equities</b>						
Recognised equity index	329,426	2,839	526,584	1,154,093	4,671,692	6,684,634
<b>Total</b>	<b>2,282,930</b>	<b>3,333,956</b>	<b>1,699,187</b>	<b>33,391,253</b>	<b>4,671,692</b>	<b>45,379,018</b>

Investment grade securities are those issued by an entity with a minimum investment grade credit rating from at least one globally recognised credit rating agency.

The maturity tenor analysis for fixed income securities received or posted as collateral is based on the respective contractual maturity date, while equity securities are presented as open transactions as they are not subject to a contractual maturity date.

As at 30 November 2019, 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	45,379,018

## 7IM INVESTMENT FUNDS

### SECURITIES FINANCING TRANSACTION AND REUSE (SFTR) - UNAUDITED (continued)

#### 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 £149,248,897 and net asset value of £222,207,765 as at 30 November 2019 and the income earned for the year ended 30 November 2019. 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 £
10.05%	6.75%	69,038	20,704

The total income earned from securities lending transactions is split between the Sub-fund and the Securities Lending Agent. The Sub-fund receives 70% while the Securities Lending Agent receives 30% of such income, with all operational costs borne out of the Securities Lending Agent's share.

All securities on loan have an open maturity tenor as they are callable or terminable on a daily basis. The following table details the value of securities on loan and associated collateral received, analysed by counterparty as at 30 November 2019.

Counterparty	Counterparty's country of establishment	Amount on loan £	Collateral received £
Barclays Capital Securities Limited	UK	2,045,183	2,221,441
BNP Paribas (Paris)	France	5,582,376	5,935,073
Citigroup Global Markets Limited	UK	1,171,027	1,206,407
Credit Suisse (Europe)	UK	61,181	67,254
HSBC Bank	UK	1,476,325	1,646,409
J.P. Morgan Securities (Europe)	UK	36,852	40,429
Merrill Lynch International	UK	64,077	69,538
Natixis	France	829,176	902,562
RBC Europe Limited	UK	2,544,669	2,681,814
Societe General (Paris Branch)	France	80,237	91,612
The Bank of Nova Scotia (London Branch)	UK	1,017,793	1,108,706
UBS AG (London Branch)	UK	97,828	108,866
<b>Total</b>		<b>15,006,724</b>	<b>16,080,111</b>

##### Collateral

The Sub-fund engages in activities which may require collateral to be provided to a counterparty ('collateral posted') or may hold collateral received ('collateral received') from a counterparty.



## 7IM INVESTMENT FUNDS

### SECURITIES FINANCING TRANSACTION AND REUSE (SFTR) - UNAUDITED (continued)

#### 7IM AAP Adventurous 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 30 November 2019.

Currency	Collateral received £
Australian dollar	2,549
Canadian dollar	5,950,537
Swiss franc	44,454
Danish krone	4,011
Euro	4,142,637
Pound sterling	3,577,905
Hong Kong dollar	16,894
Japanese yen	1,751,943
Norwegian krone	2,270
Swedish krona	28,596
US dollar	558,315
<b>Total</b>	<b>16,080,111</b>

The Sub-fund is the legal owner of inbound collateral and can sell the assets and withhold the cash in the case of default. All cash received or posted as collateral has an open maturity tenor as it is not subject to a contractual maturity date.

The following table provides an analysis of the type, quality and maturity tenor of non-cash collateral received and posted by the Sub-fund by way of title transfer collateral arrangement in respect of securities lending transactions as at 30 November 2019.

Collateral type and quality	Maturity Tenor				Open £	Total £
	0 – 30 days £	31 – 90 days £	91 – 365 days £	More than 365 days £		
<b>Collateral received</b>						
<b>Fixed Income</b>						
Investment grade	–	25,379	94,182	11,939,710	–	12,059,271
<b>Equities</b>						
Recognised equity index	–	2,665	7,692	122,135	3,888,348	4,020,840
<b>Total</b>	<b>–</b>	<b>28,044</b>	<b>101,874</b>	<b>12,061,845</b>	<b>3,888,348</b>	<b>16,080,111</b>

Investment grade securities are those issued by an entity with a minimum investment grade credit rating from at least one globally recognised credit rating agency.

The maturity tenor analysis for fixed income securities received or posted as collateral is based on the respective contractual maturity date, while equity securities are presented as open transactions as they are not subject to a contractual maturity date.

As at 30 November 2019, all non-cash collateral received by the Sub-fund in respect of securities lending transactions is held by the Sub-fund's Depositary or through its delegates.

Custodian	Non-cash collateral received £
Northern Trust	16,080,111

# 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.

## 7IM INVESTMENT FUNDS

### 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](http://www.fundlistings.com) and the Manager's website: [www.7im.co.uk](http://www.7im.co.uk). Alternatively, the prices of all shares may be obtained by calling 0870 870 7431 during the Manager's normal business hours.

#### Other Information

The Instrument of Incorporation, Prospectus, Key Investor Information Document and the most recent interim and annual reports may be inspected at the office of the Manager which is also the Head Office. Copies of these may be obtained upon application and, excepting the Instrument of Incorporation, can be found on our website, [www.7im.co.uk](http://www.7im.co.uk).

Shareholders who have any complaints about the operation of the Company should contact the Manager or the Depositary in the first instance. In the event that a shareholder finds the response unsatisfactory they may make their complaint direct to the Financial Ombudsman Service at South Quay Plaza, 183 Marsh Wall, London E14 9SR.

#### Data Protection Act

Shareholders' names will be added to a mailing list which may be used by the Manager, its associates or third parties to inform investors of other products by sending details of such products. Shareholders who do not want to receive such details should write to the Manager requesting their removal from any such mailing list.

#### Risk Warning

An investment in an open-ended investment company should be regarded as a medium to long term investment. Investors should be aware that the price of shares and the income from them can fall as well as rise and investors may not receive back the full amount invested. Past performance is not a guide to future performance. Investments denominated in currencies other than the base currency are subject to fluctuation in exchange rates, which can be favourable or unfavourable.

#### Assessment of Value

For each of its sub-funds, Seven Investment Management LLP, will publish an Assessment of Value covering the financial year ended 30 November 2019. These statements will be available on Seven Investment Management's website no later than 31 March 2020.

3rd Floor  
55 Bishopsgate  
London EC2N 3AS  
Telephone: 020 7760 8777  
[www.7im.co.uk](http://www.7im.co.uk)

**SEVEN**   
Investment Management