

7IM FUNDS ICVC

Annual Report and Audited Financial Statements
for the year ended 31 May 2023

7IM Absolute Return Portfolio
7IM Income Portfolio
7IM Arden Fund
7IM Randolph Place Diversified Fund
7IM Capital Strategy Fund
7IM Mulgy Fund
7IM CTAK CAPIV Fund
7IM Matterhorn Fund

The logo for 7IM, featuring the letters '7IM' in a bold, sans-serif font. The letter 'i' is lowercase and has a small dot above it, while '7' and 'M' are uppercase.

7IM FUNDS ICVC

DIRECTORY

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* The Registered Address was updated as of 15 September 2023.

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A. Grace (Non-executive Chair)

J. Lander (Non-executive)

T. Leader (Non-executive)

D. Proctor (Executive)

D. Walker (Executive)

D. Young (Non-executive)

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AUTHORISED STATUS

7IM Funds ICVC ('the Company') is an investment company with variable capital incorporated in England and Wales under registered number IC000052 and authorised by the Financial Conduct Authority with effect from 16 December 1999. The Company has an unlimited duration.

It is a 'UCITS Scheme' and the currency of the Company is Pounds Sterling.

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 Company for the financial year ending 31 December 2022, is analysed below:

Fixed Remuneration	£3,255,548
Variable Remuneration	£752,500
Total	£4,008,048
FTE Number of staff:	30

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 Company. The table below provides an alternative analysis of the remuneration data.

Aggregate remuneration of:

Senior management	£782,500
Staff whose actions may have a material impact on the funds	£2,064,083
Other	£1,161,465
Total	£4,008,048

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 Company during the current or prior year.

7IM FUNDS ICVC

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 Funds ICVC
25 September 2023

7IM FUNDS ICVC

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

The Collective Investment Schemes Sourcebook ('the COLL Rules') published by the Financial Conduct Authority 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 or expense 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, as issued by the Investment Management Association in May 2014 ("IMA SORP") and amended in June 2017;
- 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. As disclosed in note 2(a) to the financial statements, the ACD does not consider 7IM Absolute Return Portfolio, 7IM Income Portfolio, 7IM Capital Strategy Fund, 7IM CTAK CAPIV Fund and 7IM Matterhorn Fund to be going concerns and in consequence, the financial statements for these sub-funds have been prepared on a basis other than going concern;
- such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; and
- taking reasonable steps for the prevention and detection of fraud and irregularities.

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

7IM FUNDS ICVC

STATEMENT OF THE DEPOSITARY'S RESPONSIBILITIES IN RESPECT OF THE SCHEME AND REPORT OF THE DEPOSITARY TO THE SHAREHOLDERS OF THE 7IM FUNDS ICVC ("THE COMPANY") FOR THE YEAR ENDED 31 MAY 2023

The Depositary must ensure that the Company is managed in accordance with the Financial Conduct Authority's Collective Investment Schemes Sourcebook ('the COLL Rules'), 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 Investor Services Limited
UK Trustee and Depositary Services
25 September 2023

7IM FUNDS ICVC

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF 7IM FUNDS ICVC ('THE COMPANY')

Qualified Opinion

In our opinion, except for the possible effects of the matter described in the basis for qualified opinion section of our report, the financial statements:

- give a true and fair view of the financial position of each of the sub-funds as at 31 May 2023 and of the net revenue and the net capital gains or losses on the scheme property attributable to the sub-fund for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, the Instrument of Incorporation, the Statement of Recommended Practice relating to Authorised Funds issued by the Investment Management Association ("IMA") in May 2014 (the "IMA SORP 2014") and amended in June 2017, and the Collective Investment Schemes Sourcebook ("the COLL Rules").

We have audited the financial statements of 7IM Funds ICVC (the "Company") and its sub-funds for the year ended 31 May 2023 which comprise the Statements of Total Return, the Statements of Change in Net Assets Attributable to Shareholders, the Balance Sheets, the notes to the financial statements, including a summary of significant accounting policies, and the Distribution Tables. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice), the Statement of Recommended Practice, the COLL Rules and the Instrument of Incorporation.

Basis for qualified opinion

7IM Absolute Return Portfolio, 7IM Mulgy Fund, 7IM Income Portfolio, 7IM Capital Strategy Fund and 7IM CTAK CAPIV Fund sub-funds hold Xenfin Securitised Debt Fund within their respective investment portfolio. The exposures as at the balance sheet date are as follows:

Sub-Fund	Total Xenfin Securitised Debt Fund Exposure (£)	% of Net Asset Value of the sub-fund	Total exposure (£) within Xenfin Securitised Debt Fund related to uncertain property assets	% of NAV of sub-fund related to uncertain property assets
7IM Absolute Return Portfolio	1,788,971	55.5%	928,423	28.8%
7IM Mulgy Fund	459,445	2.9%	238,439	1.5%
7IM Income Portfolio	896,087	61.9%	465,043	32.1%
7IM CTAK CAPIV Fund	437,489	58.3%	227,044	30.3%
7IM Capital Strategy Fund	118,459	N/A*	61,477	N/A*

*N/A as the net asset value of the 7IM Capital Strategy Fund at 31 May 2023 is zero.

The above investment has been valued by the Authorised Corporate Director ("ACD") with due consideration to the reports produced by a third party valuer engaged by the ACD. The external valuation reports related to equity holding held by the Xenfin Securitised Debt Fund where the underlying assets are properties, contain caveats and uncertainties that do not provide us sufficient assurance over valuation and existence of the underlying property assets.

We have been unable to obtain evidence to support the valuation of key underlying properties. The ACD does not have access to the information required fully to support the valuation of these underlying property assets as at the balance sheet date. Consequently, we were unable to determine whether any adjustments to the value at which these sub-funds are recognising its investment in the Xenfin Securitised Debt Fund were necessary.

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion for 7IM Absolute Return Portfolio, 7IM Mulgy, 7IM Income Portfolio, 7IM Capital Strategy Fund and 7IM CTAK CAPIV Fund and our unmodified opinion for 7IM Arden Fund, 7IM Randolph Place Diversified Fund and 7IM Matterhorn Fund sub-funds.

7IM FUNDS ICVC

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF 7IM FUNDS ICVC ('THE COMPANY')

(continued)

Independence

We are independent of the Company and its sub-funds in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusion relating to going concern

In auditing the financial statements, we have concluded that the Authorised Corporate Director's use of the going concern basis of accounting in the preparation of the financial statements on a going concern basis is appropriate for the Company, 7IM Arden Fund, 7IM Randolph Place Diversified Fund, 7IM Mulgy Fund sub-funds.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Company's or 7IM Arden Fund, 7IM Randolph Place Diversified Fund and 7IM Mulgy Fund's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the Authorised Corporate Director with respect to going concern are described in the relevant sections of this report.

Emphasis of matter – basis of preparation for 7IM Absolute Return, 7IM Income Portfolio, 7IM Capital Strategy Fund and 7IM CTAK CAPIV and 7IM Matterhorn sub-funds

We draw attention to Note 2(a) of the financial statements which explains that 7IM Absolute Return, 7IM Income Portfolio, 7IM Capital Strategy Fund, 7IM CTAK CAPIV and 7IM Matterhorn sub-funds are in the process of termination. The financial statements of these five sub-funds have therefore been prepared on a basis other than going concern as described in Note 2(a). Our opinion is not modified in respect of this matter.

Emphasis of matter – redress related to Xenfin Securitised Debt Fund

We draw attention to Note 9 of the financial statements which explains the remediation which the ACD is carrying out as a result of 7IM Absolute Return Portfolio, 7IM Mulgy Fund, 7IM Income Portfolio, 7IM Capital Strategy Fund and 7IM CTAK CAPIV Fund sub-funds holding an ineligible asset. Our opinion is not modified in respect of this matter.

Other Information

The Authorised Corporate Director ("ACD") is responsible for the other information. The other information comprises the information included in the Annual Report and Financial Statements, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

Opinion on other matters prescribed by the COLL Rules

In our opinion, based on the work undertaken in the course of the audit, the information given in the ACD's report for which the financial statements are prepared is consistent with the financial statements.

In respect solely of the limitation on our work relating to the valuation of the underlying assets of Xenfin Securitised Debt Fund within the investment portfolio of 7IM Absolute Return Portfolio, 7IM Mulgy Fund, 7IM Income Portfolio, 7IM Capital Strategy Fund and 7IM CTAK CAPIV sub-funds at 31 May 2023 as described above:

- we have not received all the valuation information and explanations, which to the best of our knowledge and belief, were necessary for the purposes of our audit; and
- we were unable to determine whether adequate accounting records have been kept.

7IM FUNDS ICVC

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF 7IM FUNDS ICVC ('THE COMPANY') (continued)

Opinion on other matters prescribed by the COLL Rules (continued)

We have nothing to report in respect of the following matters where the COLL Rules requires us to report to you if, in our opinion:

- the financial statements are not in agreement with the accounting records.

Responsibilities of Authorised Corporate Director ("ACD")

As explained more fully in the Statement of ACD's Responsibilities in relation to the financial statements, the ACD is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for 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.

In preparing the financial statements, they are responsible for 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 for the audit of the financial statements

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 an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a 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 the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Extent to which the audit was capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

We gained an understanding of the legal and regulatory framework applicable to the Company and the industry in which it operates, and considered the risk of acts by the Company which were contrary to applicable laws and regulations, including fraud.

We considered the significant laws and regulations to the industry practice represented by SORP for Authorised Funds, the collective investment schemes sourcebook and the UK accounting standards.

We focused on laws and regulations that could give rise to a material misstatement in the financial statements. Our tests included, but were not limited to:

- obtaining an understanding of the control environment in monitoring compliance with laws and regulations;
- enquiries of management of ACD and those charged with governance relating to the existence of any non-compliance with laws and regulations;
- agreement of the financial statement disclosures to underlying supporting documentation;
- review of minutes of board meetings throughout the period; and
- review of correspondence with the regulator.

We assessed the susceptibility of the financial statements to material misstatements, including fraud and the risk of management override of internal controls. Our audit work focused on the valuation of investments, where the risk of material misstatement due to fraud is the most significant. In addition we:

- recalculated revenue on a sample basis; and
- obtained independent confirmation of bank balances.

We also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

7IM FUNDS ICVC

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF 7IM FUNDS ICVC ('THE COMPANY') (continued)

Extent to which the audit was capable of detecting irregularities, including fraud (continued)

Our audit procedures were designed to respond to risks of material misstatement in the financial statements, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery, misrepresentations or through collusion. There are inherent limitations in the audit procedures performed and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we are to become aware of it. In addition, the extent to which the audit was capable of detecting irregularities, including fraud was limited by the matter described in the basis for qualified opinion section of our report.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

Use of our report

This report is made solely to the Company's shareholders, as a body, in accordance with Rule 4.5.12R of the Collective Investment Schemes sourcebook ("the COLL Rules") issued by the Financial Conduct Authority. 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.

DocuSigned by:



AA6BB11A26864B6
Elizabeth Hooper (Senior Statutory Auditor)

BDO LLP, Statutory Auditor

London, United Kingdom

25 September 2023

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

7IM FUNDS ICVC

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 May 2023

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), and amended in June 2017, the Collective Investment Schemes Sourcebook (“the COLL Rules”) and the Instrument of Incorporation.

Due to recent events in Eastern Europe, increased volatility in the markets occurred throughout 2022. Whilst the sub-funds hold no direct investments in the Ukraine or Russian markets, there is a risk of an indirect exposure through collective investment schemes invested in by the sub funds. An assessment performed by the ACD expects this exposure to be immaterial. The ACD in conjunction with the Crisis Management Team, is continuously monitoring the financial markets for any potential liquidity and volatility risks which may have an impact on the sub-funds.

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 7IM Absolute Return, 7IM Income Portfolio, 7IM Capital Strategy Fund, 7IM CTAK CAPIV and 7IM Matterhorn Fund sub-funds are in the process of termination. Therefore, the financial statements for these sub-funds have been produced on a basis other than going concern for the current year. No adjustments to assets or liabilities were recorded in changing the basis of preparation to a basis other than going concern for these sub-funds. The financial statements for the 7IM Arden Fund, 7IM Randolph Place Diversified Fund and 7IM Mulgy Fund have been prepared on a going concern basis.

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 Pounds Sterling.

(c) Recognition of revenue

Dividends on quoted equities and preference shares which are deemed as equity instruments 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.

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.

7IM FUNDS ICVC

NOTES TO THE FINANCIAL STATEMENTS (continued) for the year ended 31 May 2023

2. Summary of Significant Accounting Policies (continued)

(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 sub-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.

(f) *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.

(g) *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.

(h) *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		Investment	
	Capital	Revenue	Capital	Revenue
	%	%	%	%
7IM Absolute Return Portfolio	-	100	-	100
7IM Income Portfolio	100	-	100	-
7IM Mulgy Fund	100	-	100	-
7IM CTAK CAPIV Fund	100	-	100	-
7IM Arden Fund	-	100	-	100
7IM Capital Strategy Fund	-	100	-	100
7IM Randolph Place Diversified Fund	50	50	50	50
7IM Matterhorn Fund	100	-	100	-

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.

7IM FUNDS ICVC

NOTES TO THE FINANCIAL STATEMENTS (continued) for the year ended 31 May 2023

2. Summary of Significant Accounting Policies (continued)

(h) Distribution policy (continued)

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

(i) Basis of valuation of investments

All investments are valued at their fair value as at 12:00pm UK time on 31 May 2023, 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.

The valuation of assets as at 31 May 2023 can be categorised into two groupings:

1. quoted assets; and
2. unquoted assets

Quoted assets are valued by reference to the single daily price on 31 May 2023 for unit trusts or the closing exchange bid price on 31 May 2023 (being the last business day of the financial period). If there is no active market for any asset, it will be treated, for valuation purposes, as an Unquoted asset.

Unquoted assets are valued in accordance with the Unquoted valuation process described below and are contained in the following sub-funds at the following percentages:

Sub-fund	Unquoted Asset % of Net Asset Value of the sub-fund as at 31 May 2023	% of NAV of Sub-fund related to uncertain property assets
7IM Absolute Return Portfolio	55.5	28.8
7IM Income Portfolio	61.9	32.1
7IM Mulgy Fund	2.9	1.5
7IM Capital Strategy	n/a*	n/a*
7IM CTAK CAPIV Fund	58.3	30.3

*n/a as the net asset value of the 7IM Capital Strategy Fund at 31 May 2023 is zero.

7IM FUNDS ICVC

NOTES TO THE FINANCIAL STATEMENTS (continued) for the year ended 31 May 2023

2. Summary of Significant Accounting Policies (continued)

(i) Basis of valuation of investments (continued)

Unquoted valuation process – Investments in the shares of companies that are not quoted on any Stock Exchange (unquoted investments) or shares of companies where there is no active market in that asset and/or the market price is not considered reliable continue to be present in a number of sub-funds. Such assets are valued in accordance with the ACD's Fair Value Pricing Policy. In order to determine the net realisable value of the Unquoted assets held by the sub-fund, the ACD is required to exercise significant judgement, based on certain information and assumptions about the relevant holdings. Where possible, the ACD utilises publicly available information sources in order to arrive at the Fair Value Price, where unavailable, the ACD utilises non-public information and additionally independent third-party expert opinions. Whilst there is a robust and consistent valuation process undertaken by the ACD, the ACD recognises that where the Fair Value Price is considered a Level 3 fair value measurement, there is a significant element of uncertainty as regards to the estimated net realisable value of the Unquoted asset.

(j) 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 31 May 2023, being the last business day of the financial year.

(k) 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.

(l) 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.

On 25 May 2022, the sub-funds suspended their securities lending programme.

(m) Cash and cash equivalents

Cash and cash equivalents are measured at amortised cost and comprises cash in hand and demand deposits. Cash equivalents are short-term highly liquid investments that are readily convertible to known amounts of cash and which are subject to insignificant risk of changes in value. This includes Northern Trust Global Sterling Fund.

(n) Significant judgements and estimates

Judgements

The ACD has considered that in preparing the accounts, and, in its judgement, the application of the Fair Value Policy for Level 3 investments, is an accounting policy that has a significant effect on the amounts recognised within the accounts and in particular the values presented on the Portfolio Statement.

7IM FUNDS ICVC

NOTES TO THE FINANCIAL STATEMENTS (continued) for the year ended 31 May 2023

2. Summary of Significant Accounting Policies (continued)

(n) Significant judgements and estimates (continued)

Estimations

In applying the Fair Value Policy, estimations were made to determine the Fair Value Price of the Level 3 Unquoted investments. The Fair Value Price is reviewed on an ongoing basis with formal written documents produced at least 6 monthly, or sooner if there is a triggering event. Examples of triggering events are: (i) a public announcement impacting the future of the company; or (ii) a sale made or expected recovery of underlying assets within the company; or (iii) a distribution/return of value received from the company. The ACD's Fair Value Pricing Panel will determine and document all Fair Value Pricing changes.

Where a Quoted asset is listed on an exchange and there is no active market in that asset and/or the market price is not considered reliable, then it is treated as an Unquoted asset and categorised as a Level 3 measurement of fair value for valuation purposes. The Fair Value Price has been derived from the following:

- publicly available information such as the quarterly Net Asset Value of the underlying assets within the structure;
- the quoted share price in combination with the quarterly published Net Asset Value to produce a weighted valuation, the weight ascribed to the share price representing the free float; and
- where a proposed acquisition of the Unquoted asset is to take place, the Unquoted asset has been priced in accordance with the 'to be' realised value following completion of the acquisition.

Where the shares of companies are not quoted on any Stock Exchange (unquoted investments), the Fair Value Price has been derived from the following and is categorised as a Level 3 measurement of fair value for valuation purposes:

- third party expert valuer reports; and
- non-public information sources such as reports and updates from the appointed liquidator.

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 Process Document ('RMP') that sets out the risks that may impact a sub-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 RMP sets out both the framework and the risk mitigations operated by the ACD in managing the identified risks of the sub-funds.

(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.

7IM FUNDS ICVC

NOTES TO THE FINANCIAL STATEMENTS (continued)

for the year ended 31 May 2023

3. Risk Management Policies (continued)

(a) Credit risk (continued)

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 year 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.

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.

7IM FUNDS ICVC

NOTES TO THE FINANCIAL STATEMENTS (continued) for the year ended 31 May 2023

3. Risk Management Policies (continued)

(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 ABSOLUTE RETURN PORTFOLIO

ACD'S REPORT

for the year ended 31 May 2023

Investment Objective and Policy

The investment objective of the 7IM Absolute Return Portfolio is to provide a positive capital return over a 12 month period, regardless of market conditions, with a low level of realised volatility. Capital is in fact at risk and there is no guarantee that a positive return will be achieved over a 12 month, or any, period.

In order to achieve absolute returns, assets held are likely to include eligible collective investment schemes for UCITS funds which have total return objectives, strategic bond funds, qualifying structured products and warrants.

The Sub-fund may also invest in other transferable securities, money market instruments, deposits, cash and near cash. There will be no constraints in respect of the Sub-fund's geographic exposure.

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

Investment Manager's Report

There is no investment manager's report as the Sub-fund started the termination process on 25 June 2021 and is no longer open to investors.

On 25 June 2021, the 7IM Absolute Return Portfolio merged into the 7IM Real Return Fund.

Seven Investment Management LLP
Investment Manager
September 2023

7IM ABSOLUTE RETURN PORTFOLIO

FUND INFORMATION

The Comparative Tables on pages 20 to 21 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.

Closing net asset value per share is revalued using bid-market prices and more up to date prices that were not available at the time of the last valuation point of the period for the securities held in the Sub-fund. Therefore, it is lower than the published net asset value per share which used mid-market prices and any prices available at the time of the last valuation point of the period.

7IM ABSOLUTE RETURN PORTFOLIO

FUND INFORMATION (continued)

Comparative Tables

A Accumulation

	31.05.23 (pence per share)	31.05.22 (pence per share)	31.05.21 (pence per share)
Change in Net Asset Value Per Share			
Opening net asset value per share	156.82	123.61	118.89
Return before operating charges*	(0.80)	33.31	6.28
Operating charges (calculated on average price)	(0.03)	(0.10)	(1.56)
Return after operating charges*	(0.83)	33.21	4.72
Distributions	–	(2.65)	(0.54)
Retained distributions on accumulation shares	–	2.65	0.54
Closing net asset value per share	155.99	156.82	123.61
* After direct transaction costs of: ¹	0.00	0.00	0.00

Performance

Return after charges ²	(0.53)%	26.87%	3.97%
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Other Information

Closing net asset value (£'000)	3,177	3,994	32,375
Closing number of shares	2,036,776	2,546,748	26,191,517
Operating charges ³	0.02%	0.08%	1.27%
Direct transaction costs	0.00%	0.00%	0.00%

Prices

Highest share price	168.39	157.40	126.35
Lowest share price	145.53	108.32	119.63

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

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

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

7IM ABSOLUTE RETURN PORTFOLIO

FUND INFORMATION (continued)

Comparative Tables (continued)

Class B Accumulation

	31.05.23 (pence per share)	31.05.22 (pence per share)	31.05.21 (pence per share)
Change in Net Asset Value Per Share			
Opening net asset value per share	130.38	102.42	99.29
Return before operating charges*	(0.66)	28.04	4.26
Operating charges (calculated on average price)	(0.03)	(0.08)	(1.13)
Return after operating charges*	(0.69)	27.96	3.13
Distributions	–	(2.69)	–
Retained distributions on accumulation shares	–	2.69	–
Closing net asset value per share	129.69	130.38	102.42
* After direct transaction costs of: ¹	0.00	0.00	0.00

Performance

Return after charges ²	(0.53)%	27.30%	3.15%
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Other Information

Closing net asset value (£'000)	48	60	483
Closing number of shares	36,676	45,858	471,616
Operating charges ³	0.02%	0.08%	1.12%
Direct transaction costs	0.00%	0.00%	0.00%

Prices

Highest share price	140.00	130.86	104.80
Lowest share price	121.00	90.05	99.92

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

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

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

71M ABSOLUTE RETURN PORTFOLIO

FUND INFORMATION (continued)

Ongoing Charges Figures

On 25 June 2021, the ACD has started the termination process for the Sub-fund, therefore no ongoing charges figure is disclosed.

Synthetic Risk and Reward Indicator

As the Sub-fund is no longer open to investors, the synthetic risk and reward indicator is no longer relevant.

7IM ABSOLUTE RETURN PORTFOLIO

PORTFOLIO STATEMENT

as at 31 May 2023

		Value	31.05.23
Holding	Portfolio of Investment	£	%
	COLLECTIVE INVESTMENT SCHEMES 55.48% (61.22%)¹		
	United Kingdom 55.48% (61.22%)¹		
49,890	Xenfin Securitised Debt ²	1,788,971	55.48
		<hr/>	<hr/>
	Portfolio of investment	1,788,971	55.48
	Net other assets	1,435,688	44.52
		<hr/>	<hr/>
	Net assets	3,224,659	100.00
		<hr/>	<hr/>

¹ Comparative figures shown in brackets relate to 31 May 2022.

² The security is currently suspended and liquidating. The valuation for this security has been determined by the 7IM Fair Value Pricing Panel based on latest available information.

7IM ABSOLUTE RETURN PORTFOLIO

STATEMENT OF TOTAL RETURN

for the year ended 31 May 2023

	Notes	£	31.05.23 £	£	31.05.22 £
Income					
Net capital (losses)/gains	4		(31,157)		522,021
Revenue	5	11,002		120,010	
Expenses	6	(165)		(38,894)	
Interest payable and similar charges	8	(4)		(4)	
Net revenue before taxation for the year		10,833		81,112	
Taxation	7	(1,628)		(4,040)	
Net revenue after taxation for the year			9,205		77,072
Total return before distributions			(21,952)		599,093
Distributions	8		–		(97,569)
Change in net assets attributable to shareholders from investment activities			(21,952)		501,524

STATEMENT OF CHANGE IN NET ASSETS ATTRIBUTABLE TO SHAREHOLDERS

for the year ended 31 May 2023

	£	31.05.23 £	£	31.05.22 £
Opening net assets attributable to shareholders		4,053,611		32,857,733
Amounts paid on cancellation of shares ¹	(807,000)		(57,665,364)	
Amounts payable on in-specie transactions	–		28,262,182	
		(807,000)		(29,403,182)
Change in net assets attributable to shareholders from investment activities		(21,952)		501,524
Retained distribution on accumulation shares		–		97,536
Closing net assets attributable to shareholders		3,224,659		4,053,611

¹ Stated at mid-market price. The mid-market price is calculated using the midpoint of the bid and offer rates.

The notes on pages 26 to 34 are an integral part of these Financial Statements.

7IM ABSOLUTE RETURN PORTFOLIO

BALANCE SHEET

as at 31 May 2023

	Notes	31.05.23 £	31.05.22 £
ASSETS			
Fixed assets:			
Investments		1,788,971	2,481,472
Current assets:			
Debtors	9	1,386,697	1,424,685
Cash and bank balances	10	58,578	170,853
Total assets		3,234,246	4,077,010
LIABILITIES			
Creditors:			
Bank overdrafts	10	(7,304)	(388)
Other creditors	11	(2,283)	(23,011)
Total liabilities		(9,587)	(23,399)
Net assets attributable to shareholders		3,224,659	4,053,611

The notes on pages 26 to 34 are an integral part of these Financial Statements.

7IM ABSOLUTE RETURN PORTFOLIO

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 May 2023

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 11.

2 Summary of Significant Accounting Policies

The financial statements for the current and prior year have been prepared on a basis other than going concern as the Sub-fund is in the process of termination.

3 Risk Management Policies

The Sub-fund's Risk Management Policies are the same as the Risk Management Policies disclosed on pages 15 to 17.

4 Net capital (losses)/gains

	31.05.23	31.05.22
	£	£
The net capital (losses)/gains during the year comprise:		
Non-derivative securities	5,532	(614,660)
Derivative contracts	–	(82,113)
Forward currency contracts	–	(188,097)
Currency gains/(losses)	1	(4,726)
Transaction charges	(340)	(2,015)
Provision for remediation	(36,430)	1,413,692
AMC rebates from underlying investments	80	(60)
Net capital (losses)/gains	<u>(31,157)</u>	<u>522,021</u>

5 Revenue

	31.05.23	31.05.22
	£	£
Non-taxable dividends	6,614	(5,267)
Taxable dividends	–	117,113
Unfranked interest	–	5,946
AMC rebates from underlying investments	3,269	199
Bank interest	1,119	2,019
Total revenue	<u>11,002</u>	<u>120,010</u>

7IM ABSOLUTE RETURN PORTFOLIO

NOTES TO THE FINANCIAL STATEMENTS (continued) for the year ended 31 May 2023

6 Expenses

	31.05.23 £	31.05.22 £
Payable to the ACD, associates of the ACD and agents of either of them:		
ACD's periodic charge	(3)	18,411
Other expenses	(405)	857
	<u>(408)</u>	<u>19,268</u>
Payable to the Depositary, associates of the Depositary and agents of either of them:		
Depositary's fees	61	878
Safe custody and other bank charges	468	601
	<u>529</u>	<u>1,479</u>
Other expenses:		
Audit fee ¹	–	11,096
Dealing and exchange fees	(972)	283
FCA and other regulatory fees	(38)	11
Legal and professional fees	–	35
Market data fees	(451)	461
Printing, postage and distribution costs	(758)	8,401
Risk analysis fees	(510)	500
Provision for termination expenses ²	2,773	(2,640)
	<u>44</u>	<u>18,147</u>
Total expenses	<u>165</u>	<u>38,894</u>

¹ The Audit fee is inclusive of 20% VAT and 2.50% support cost.

² The expenses settled within the accounting period in the provision are inclusive of Audit fee of £7,005, Dealing and exchange fees of £3, Depositary's fees of £541, Market data fees of £531, Printing, postage, and distribution costs of £1,635, Safe custody and other bank charges of £1,742, and Other expenses of £150.

7IM ABSOLUTE RETURN PORTFOLIO

NOTES TO THE FINANCIAL STATEMENTS (continued) for the year ended 31 May 2023

7 Taxation

	31.05.23 £	31.05.22 £
<i>a) Analysis of charge for the year</i>		
Deferred tax charge (note 7c)	1,628	4,040
Current tax charge (note 7b)	–	–
Total taxation	1,628	4,040
<i>b) Factors affecting 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%) (2022: 20%) for the reasons explained below.		
Net revenue before taxation	10,833	81,112
Corporation tax at 20%	2,167	16,222
Effects of:		
AMC rebates taken to capital	16	(12)
Movement in deferred tax not recognised	1,628	4,040
Non-allowable expenses	(555)	–
Unutilised excess management expenses	(1,628)	(16,210)
Total tax charge (note 7a)	1,628	4,040
<i>c) Deferred tax</i>		
Deferred tax asset at start of the year	(10,986)	(15,026)
Deferred tax charge due to excess management expenses (note 7a)	1,628	4,040
Deferred tax asset at the end of the year	(9,358)	(10,986)

8 Distributions

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

	31.05.23 £	31.05.22 £
Interim	–	97,536
Final	–	–
	–	97,536
Add: Revenue deducted on in-specie transactions	–	33
Net distributions for the year	–	97,569
Interest payable and similar charges	4	4
Total distribution	4	97,573

7IM ABSOLUTE RETURN PORTFOLIO

NOTES TO THE FINANCIAL STATEMENTS (continued) for the year ended 31 May 2023

8 Distributions (continued)

Details of the distributions per share are set out in the table on pages 35 and 36.

	31.05.23 £	31.05.22 £
Distributions represented by:		
Net revenue after taxation	9,205	77,072
Allocations to capital:		
Capitalised expenses, net of tax relief ¹	16	(2,124)
Undistributed Income from prior year	(8,679)	–
Income deficit	–	18,581
Deferred tax in capital	1,628	4,040
Net movement in revenue account	(2,170)	–
Net distributions for the year	<u>–</u>	<u>97,569</u>

¹Please refer to Note 2(h) Distributions policy on page 12 for further details.

9 Debtors

	31.05.23 £	31.05.22 £
Accrued revenue	76	7
Amounts receivable from ACD ¹	1,377,262	1,413,692
Deferred tax asset	9,359	10,986
Total debtors	<u>1,386,697</u>	<u>1,424,685</u>

¹ Seven Investment Management LLP (7IM LLP) have embarked on a remediation programme in respect of the Xenfin Securitised Debt Fund ('XSDF') held as an investment by the 7IM Absolute Return Portfolio (the 'Sub-fund'). The redress due to the Sub-fund is payable upon the final liquidation payment of XSDF to the Sub-fund and is measurable via an accrual marked to market daily. 7IM LLP has made a commitment to pay the accrual value with GBP cash when due.

10 Cash and bank balances

	31.05.23 £	31.05.22 £
Cash and bank balances	58,578	170,853
Total cash and bank balances	<u>58,578</u>	<u>170,853</u>
Bank overdrafts	(7,304)	(388)
Total bank overdrafts	<u>(7,304)</u>	<u>(388)</u>

11 Other creditors

	31.05.23 £	31.05.22 £
Accrued expenses	757	12,651
Provision for termination expenses	1,526	10,360
Total other creditors	<u>2,283</u>	<u>23,011</u>

7IM ABSOLUTE RETURN PORTFOLIO

NOTES TO THE FINANCIAL STATEMENTS (continued) for the year ended 31 May 2023

12 Related party transactions

ACD's periodic charge and other expenses payable to 7IM (the 'ACD') are disclosed in note 6. The balance due to the ACD at the year end in respect of management fees are £757 (2022: £760).

The amounts receivable from 7IM (the 'ACD') as at year end are £1,377,262. The amounts payable to 7IM (the 'ACD') as at year end are £nil.

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 24. Amounts due from and to the ACD in respect of share transactions at the balance sheet date are £nil (2022: £nil) and £nil (2022: £nil), accordingly.

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 66.61% (2022: 72.67%)

The net value of creations and cancellations for Pershing Nominees Limited during the year totalled (£783,969) (2022: (£23,631,690)). The distributions paid and payable to Pershing Nominees Limited during and as at the year end are £nil and £nil, accordingly.

13 Classes of Shares

The Sub-fund has two share classes: 'A' and 'B'. The Annual Management Charge has been reduced to £0 while this fund is in the process of being terminated.

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

Class	Opening Shares	Shares Created	Shares Liquidated	Shares Converted	Closing Shares
A Accumulation	2,546,748	–	(509,972)	–	2,036,776
Class B Accumulation	45,858	–	(9,182)	–	36,676

14 Contingent liabilities and commitments

There are no contingent liabilities or unrecorded outstanding commitments at the balance sheet date (2022: 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 15 to 17. 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 31 May 2023

	Floating Rate Financial Assets £	Fixed Rate Financial Assets £	Financial Assets not carrying interest £	Total £
Pound sterling	58,578	–	3,175,668	3,234,246
	58,578	–	3,175,668	3,234,246

7IM ABSOLUTE RETURN PORTFOLIO

NOTES TO THE FINANCIAL STATEMENTS (continued) for the year ended 31 May 2023

15 Risks Disclosures (continued)

i. Interest rate risk (continued)

	Floating Rate Financial Liabilities £	Fixed Rate Financial Liabilities £	Financial Liabilities not carrying interest £	Total £
Pound sterling	(7,304)	–	(2,283)	(9,587)
	(7,304)	–	(2,283)	(9,587)

Interest rate exposure as at 31 May 2022

	Floating Rate Financial Assets £	Fixed Rate Financial Assets £	Financial Assets not carrying interest £	Total £
US dollar	4	–	–	4
Pound sterling	170,849	–	3,906,157	4,077,006
	170,853	–	3,906,157	4,077,010

	Floating Rate Financial Liabilities £	Fixed Rate Financial Liabilities £	Financial Liabilities not carrying interest £	Total £
Pound sterling	(388)	–	(23,011)	(23,399)
	(388)	–	(23,011)	(23,399)

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.

ii. Foreign currency risk

The table below shows the direct foreign currency risk profile:

Foreign currency risk exposure as at 31 May 2023

Currency	Monetary Exposure £	Non-Monetary Exposure £	Total £
Pound sterling	1,435,688	1,788,971	3,224,659
Net assets	1,435,688	1,788,971	3,224,659

7IM ABSOLUTE RETURN PORTFOLIO

NOTES TO THE FINANCIAL STATEMENTS (continued) for the year ended 31 May 2023

15 Risks Disclosures (continued)

ii. Foreign currency risk (continued)

Foreign currency risk exposure as at 31 May 2022

Currency	Monetary Exposure £	Non-Monetary Exposure £	Total £
US dollar	4	–	4
	4	–	4
Pound sterling	1,572,135	2,481,472	4,053,607
Net assets	1,572,139	2,481,472	4,053,611

iii. Derivatives

As at the balance sheet date, there were no derivatives held by the Sub-fund.

iv. 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 market prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. Level 2 inputs include: quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active, inputs other than quoted prices that are observable for the asset or liability, for example interest rates and yield curves observable at commonly quoted intervals, implied volatilities, credit spreads, inputs that are derived principally from or corroborated by observable market data by correlation or other means ('market-corroborated inputs').

The Sub-fund may have corporate bonds which fall in to this category as despite quoted prices being available, trading can be irregular and there are often significant lengths of time between traded arm's length transactions.

Level 3

Valuation techniques using unobservable inputs (see Note 2(i)) for the asset or liability. Unobservable inputs are used to measure fair value to the extent that relevant observable inputs are not available, thereby allowing for situations in which there is little, if any, market activity for the asset or liability at the measurement date. An entity develops unobservable inputs using the best information available in the circumstances, which might include the entity's own data, taking into account all information about market participant assumptions that is reasonably available.

Where assets are subject to administration, liquidation or orderly realisation processes, the ACD may adjust the price to reflect what they consider a more realistic value in the circumstances. The rationale and pricing method is agreed with the Depositary and monitored frequently by the Fair Value Pricing Panel.

One holding within the Sub-fund were held at a Level 3 valuation throughout the period:

Xenfin Securitised Debt Fund

The Xenfin Securitised Debt Fund was suspended from trading in June 2019 and then began implementing a voluntary windup with a liquidator being appointed in December 2019.

The following metrics were used to calculate the Fair Value Price throughout the period:

a. The last observable published price was in June 2019, throughout 2020, 2021, and 2022 the fund has made five distributions returning approximately 48% of the June 2019 value to investors. The Fair Value Price was adjusted accordingly to take account of these distributions.

7IM ABSOLUTE RETURN PORTFOLIO

NOTES TO THE FINANCIAL STATEMENTS (continued) for the year ended 31 May 2023

15 Risks Disclosures (continued)

iv. Fair value (continued)

b. A sum of the parts approach to valuation, there is reliance on unobservable inputs and there has been application of judgement. Examples include: (i) expectation for a mortgage to be repaid following development and sale of a property asset with a sale price estimated at \$21m by an expert third party independent valuer, the valuation assessment is based on comparable transactions, the opinion of market value is completed based on the hypothetical condition that the proposed improvements are completed in accordance with plans and specifications as of the appraisal date; (ii) expectation of sale of property assets; (iii) the expected value to be realised from Unquoted shares; and (iv) the expectation of costs to be recovered.

c. Specifically in regard to approximately 53% of the Xenfin Securitised Debt Fund, there is reliance on unobservable inputs and the application of significant judgement in relation to the expected value to be realised from an equity holding where the underlying assets are properties. The valuation assessment of the properties held by the equity holding was conducted by an independent third party valuer.

31 May 2023	Level 1 £	Level 2 £	Level 3 £	Total £
Assets				
Collective Investment Schemes	–	–	1,788,971	1,788,971
<hr/>				
31 May 2022	Level 1 £	Level 2 £	Level 3 £	Total £
Assets				
Collective Investment Schemes	–	–	2,481,472	2,481,472
<hr/>				

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 19.

Analysis of direct transaction costs for the year ended 31 May 2023:

There were no purchases and sales made by the Sub-fund during the year ended 31 May 2023.

Analysis of direct transaction costs for the year ended 31 May 2022:

	Principal £'000	Commissions £'000	Taxes £'000	Total Transaction Costs £'000	Commissions % of principal	Taxes % of principal
Purchases						
Collective Investment Schemes	180	–	–	–	–	–
Total	180	–	–	–	–	–
<hr/>						
	Principal £'000	Commissions £'000	Taxes £'000	Total Transaction Costs £'000	Commissions % of principal	Taxes % of principal
Sales						
Bonds	8,324	–	–	–	–	–
Collective Investment Schemes	16,775	–	–	–	–	–
Equities	4,467	(1)	–	(1)	0.02	–
Total	29,566	(1)	–	(1)	0.02	0.00
<hr/>						
Total as a percentage of the average NAV		0.00%	0.00%	0.00%		

7IM ABSOLUTE RETURN PORTFOLIO

NOTES TO THE FINANCIAL STATEMENTS (continued) for the year ended 31 May 2023

16 Purchases, Sales and Transaction Costs (continued)

Average portfolio dealing spread

As at the balance sheet date, the average portfolio dealing spread was 0.00% (2022: 0.00%). 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

As at the balance sheet date, the Net Asset Value price per share of Class A Income was 157.63p. The Net Asset Value price per share of Class A Income for the Sub-fund on 18 September 2023 was 158.91p. This represents an increase of 0.81% from the year end value.

7IM ABSOLUTE RETURN PORTFOLIO

DISTRIBUTION TABLES

for the year ended 31 May 2023

Adhoc Distribution - in pence per share

Group 1 - Shares purchased prior to 1 June 2022

Group 2 - Shares purchased on or after 1 June 2022 and on or before 25 June 2022

	Net Revenue	Equalisation	Allocated 25.08.22 ²	Allocated 25.08.21 ¹
A Accumulation				
Group 1	–	–	–	–
Group 2	–	–	–	–

	Net Revenue	Equalisation	Allocated 25.08.22 ²	Allocated 25.08.21
Class B Accumulation				
Group 1	–	–	–	0.2909
Group 2	–	–	–	0.2909

Interim - in pence per share

Group 1 - Shares purchased prior to 1 June 2022

Group 2 - Shares purchased on or after 1 June 2022 and on or before 30 November 2022

	Net Revenue	Equalisation	Allocated 31.01.23 ²	Allocated 31.01.22
A Accumulation				
Group 1	–	–	–	2.6536
Group 2	–	–	–	2.6536

	Net Revenue	Equalisation	Allocated 31.01.23 ²	Allocated 31.01.22
Class B Accumulation				
Group 1	–	–	–	2.4019
Group 2	–	–	–	2.4019

Final - in pence per share

Group 1 - Shares purchased prior to 1 December 2022

Group 2 - Shares purchased on or after 1 December 2022 and on or before 31 May 2023

	Net Revenue	Equalisation	Allocated 31.07.23 ²	Allocated 29.07.22 ²
A Accumulation				
Group 1	–	–	–	–
Group 2	–	–	–	–

	Net Revenue	Equalisation	Allocated 31.07.23 ²	Allocated 29.07.22 ²
Class B Accumulation				
Group 1	–	–	–	–
Group 2	–	–	–	–

¹ Expenses exceeded the revenue during the period, as a result no distributions were paid and allocated.

² The Sub-fund is in the process of being terminated, as a result no distributions were paid.

7IM ABSOLUTE RETURN PORTFOLIO

DISTRIBUTION TABLES (continued)

for the year ended 31 May 2023

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 INCOME PORTFOLIO

ACD'S REPORT

for the year ended 31 May 2023

Investment Objective and Policy

The investment objective of the 7IM Income Portfolio is to provide a relatively high level of income along with some long term capital growth from a global portfolio of equities, bonds and collective investment schemes. There may be occasions when the Investment Manager chooses to hold a high level of cash or money market instruments. There will be no particular emphasis on any geographical area or any industrial or economic sector.

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

Investment Manager's Report

On 25 June 2021, 7IM Income Portfolio was merged with 7IM AAP Income Fund.

There is no investment manager's report as the Sub-fund is in the process of termination.

Seven Investment Management LLP
Investment Manager
September 2023

7IM INCOME PORTFOLIO

FUND INFORMATION

The Comparative Tables on pages 39 to 41 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.

Closing net asset value per share is revalued using bid-market prices and more up to date prices that were not available at the time of the last valuation point of the period for the securities held in the Sub-fund. Therefore, it is lower than the published net asset value per share which used mid-market prices and any prices available at the time of the last valuation point of the period.

7IM INCOME PORTFOLIO

FUND INFORMATION (continued)

Comparative Tables

Income 2

	31.05.23 (pence per share)	31.05.22 (pence per share)	31.05.21 (pence per share)
Change in Net Asset Value Per Share			
Opening net asset value per share	127.21	109.11	107.16
Return before operating charges*	(6.52)	22.03	5.72
Operating charges (calculated on average price)	(0.26)	(0.16)	(1.44)
Return after operating charges*	(6.78)	21.87	4.28
Distributions on income shares	–	(3.77)	(2.33)
Closing net asset value per share	120.43	127.21	109.11
* After direct transaction costs of: ¹	0.00	0.00	0.00

Performance

Return after charges ²	(5.33)%	20.04%	3.99%
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Other Information

Closing net asset value (£'000)	580	769	7,803
Closing number of shares	481,653	604,400	7,151,123
Operating charges ³	0.21%	0.15%	1.30%
Direct transaction costs	0.00%	0.00%	0.00%

Prices

Highest share price	135.10	131.99	114.69
Lowest share price	115.77	91.22	107.05

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

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

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

7IM INCOME PORTFOLIO

FUND INFORMATION (continued)

Comparative Tables (continued)

Class B Income

	31.05.21' (pence per share)
Change in Net Asset Value Per Share	
Opening net asset value per share	86.92
Return before operating charges*	4.95
Operating charges (calculated on average price)	(0.97)
Return after operating charges*	3.98
Distributions on income shares	(0.76)
Last quoted share price	90.14
Closing net asset value per share	–
* After direct transaction costs of: ²	0.00

Performance

Return after charges ³	4.58%
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Other Information

Closing net asset value (£'000)	–
Closing number of shares	–
Operating charges ⁴	1.15%
Performance fees	–
Direct transaction costs	0.00%

Prices

Highest share price	90.37
Lowest share price	86.24

¹ As at the year end date 31 May 2023, there are no share class in issue. Share class closed on 13 November 2020 and last quoted price is as at 13 November 2020. As at year end date 31 May 2023, the Sub-fund is in the process of being terminated.

² Direct transaction costs are stated after deducting the proportion of the amounts collected from dilution adjustments or dilution levies that relate to direct transaction costs. A negative transaction costs figure might arise where there is a timing difference between inflows and the settlement of the resultant purchases.

³ The return after charges is calculated as the return after operating charges per share divided by the opening net asset value per share.

⁴ Operating charges, otherwise known as the OCF is the ratio of the Sub-fund's total disclosable costs (excluding securities lending fees and overdraft interest) to the average net assets of the Sub-fund. The OCF is intended to provide a reliable figure which gives the most accurate measure of what it costs to invest in a sub-fund and is calculated based on the last period's figures. Included within the OCF are synthetic costs which includes the OCF of the underlying funds weighted on the basis of their investment proportion.

7IM INCOME PORTFOLIO

FUND INFORMATION (continued)

Comparative Tables (continued)

Income

	31.05.23 (pence per share)	31.05.22 (pence per share)	31.05.21 (pence per share)
Change in Net Asset Value Per Share			
Opening net asset value per share	127.43	109.29	107.31
Return before operating charges*	(6.44)	22.15	5.69
Operating charges (calculated on average price)	(0.26)	(0.16)	(1.44)
Return after operating charges*	(6.70)	21.99	4.25
Distributions on income shares	–	(3.85)	(2.27)
Closing net asset value per share	120.73	127.43	109.29
* After direct transaction costs of: ¹	0.00	0.00	0.00

Performance

Return after charges ²	(5.26)%	20.12%	3.96%
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Other Information

Closing net asset value (£'000)	868	1,149	11,654
Closing number of shares	718,540	901,425	10,663,580
Operating charges ³	0.21%	0.15%	1.30%
Direct transaction costs	0.00%	0.00%	0.00%

Prices

Highest share price	135.43	131.76	114.50
Lowest share price	116.05	91.05	106.88

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

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

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

71M INCOME PORTFOLIO

FUND INFORMATION (continued)

Ongoing Charges Figures

On 25 June 2021, the ACD has started the termination process for the Sub-fund, therefore no ongoing charges figure is disclosed.

Synthetic Risk and Reward Indicator

As the Sub-fund is no longer open to investors, the synthetic risk and reward indicator is no longer relevant.

7IM INCOME PORTFOLIO

PORTFOLIO STATEMENT

as at 31 May 2023

		Value	31.05.23
Holding	Portfolio of Investment	£	%
	COLLECTIVE INVESTMENT SCHEMES 61.90% (64.82%)¹		
	United Kingdom 61.90% (64.82%)¹		
24,990	Xenfin Securitised Debt ²	896,087	61.90
		<hr/>	<hr/>
	Portfolio of investment	896,087	61.90
	Net other assets	551,488	38.10
		<hr/>	<hr/>
	Net assets	1,447,575	100.00
		<hr/>	<hr/>

¹ Comparative figures shown in brackets relate to 31 May 2022.

² The security is currently suspended and liquidating. The valuation for this security has been determined by the 7IM Fair Value Pricing Panel based on latest available information.

7IM INCOME PORTFOLIO

STATEMENT OF TOTAL RETURN

for the year ended 31 May 2023

	Notes	£	31.05.23 £	£	31.05.22 £
Income					
Net capital (losses)/gains	4		(96,840)		295,499
Revenue	5	591		136,220	
Expenses	6	256		(35,028)	
Interest payable and similar charges	8	—		(39)	
Net revenue before taxation for the year		847		101,153	
Taxation	7	—		(10)	
Net revenue after taxation for the year			847		101,143
Total return before distributions			(95,993)		396,642
Distributions	8		—		(133,151)
Change in net assets attributable to shareholders from investment activities			(95,993)		263,491

STATEMENT OF CHANGE IN NET ASSETS ATTRIBUTABLE TO SHAREHOLDERS

for the year ended 31 May 2023

	£	31.05.23 £	£	31.05.22 £
Opening net assets attributable to shareholders		1,917,568		19,456,842
Amounts paid on cancellation of shares ¹	(374,000)		(792,300)	
Amounts payable on in-specie transactions	—		(17,010,465)	
		(374,000)		(17,802,765)
Change in net assets attributable to shareholders from investment activities		(95,993)		263,491
Closing net assets attributable to shareholders		1,447,575		1,917,568

¹ Stated at mid-market price. The mid-market price is calculated using the midpoint of the bid and offer rates.

The notes on pages 46 to 54 are an integral part of these financial statements.

7IM INCOME PORTFOLIO

BALANCE SHEET

as at 31 May 2023

	Notes	31.05.23 £	31.05.22 £
ASSETS			
Fixed assets:			
Investments		896,087	1,242,967
Current assets:			
Debtors	9	519,088	618,234
Cash and bank balances	10	44,314	77,397
Total assets		1,459,489	1,938,598
LIABILITIES			
Creditors:			
Bank overdrafts	10	(6,806)	(1,058)
Other creditors	11	(5,108)	(19,972)
Total liabilities		(11,914)	(21,030)
Net assets attributable to shareholders		1,447,575	1,917,568

The notes on pages 46 to 54 are an integral part of these financial statements.

7IM INCOME PORTFOLIO

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 May 2023

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 11.

2 Summary of Significant Accounting Policies

The financial statements for the current and prior year have been prepared on a basis other than going concern as the Sub-fund is in the process of termination.

3 Risk Management Policies

The Sub-fund's Risk Management Policies are the same as the Risk Management Policies disclosed on pages 15 to 17.

4 Net capital (losses)/gains

	31.05.23	31.05.22
	£	£
The net capital (losses)/gains during the year comprise:		
Non-derivative securities	2,763	(319,546)
Derivative contracts	–	36,486
Forward currency contracts	–	(43,976)
Currency gains	–	411
Transaction charges	(470)	(2,886)
Provision for remediation	(99,160)	614,097
AMC rebates from underlying investments	27	10,913
Net capital (losses)/gains	<u>(96,840)</u>	<u>295,499</u>

5 Revenue

	31.05.23	31.05.22
	£	£
Non-taxable dividends	–	43,995
Taxable dividends	–	91,999
AMC rebates from underlying investments	–	128
Bank interest	591	98
Total revenue	<u>591</u>	<u>136,220</u>

7IM INCOME PORTFOLIO

NOTES TO THE FINANCIAL STATEMENTS (continued) for the year ended 31 May 2023

6 Expenses

	31.05.23	31.05.22
	£	£
Payable to the ACD, associates of the ACD and agents of either of them:		
ACD's periodic charge	42	10,850
Other expenses	(3,427)	857
	<u>(3,385)</u>	<u>11,707</u>
Payable to the Depositary, associates of the Depositary and agents of either of them:		
Depositary's fees	29	667
Safe custody and other bank charges	2,857	3,587
	<u>2,886</u>	<u>4,254</u>
Other Expenses:		
Audit fee ¹	(5,474)	11,094
Dealing and exchange fees	(215)	38
FCA and other regulatory fees	(117)	11
Legal and professional fees	–	35
Market data fees	(181)	461
Printing, postage and distribution costs	176	10,079
Provision for termination expenses ²	6,576	(3,151)
Risk analysis fees	(522)	500
	<u>243</u>	<u>19,067</u>
Total expenses	<u>(256)</u>	<u>35,028</u>

¹ The Audit fee is inclusive of 20% VAT and 2.50% support cost.

² The expenses settled within the accounting period in the provision are inclusive of Audit fee of £7,005, Depositary's fees of £255, Market data fees of £531, Printing, postage, and distribution costs of £1,824, Safe custody and other bank charges of £1,573, and Other expenses of £130.

7IM INCOME PORTFOLIO

NOTES TO THE FINANCIAL STATEMENTS (continued) for the year ended 31 May 2023

7 Taxation

	31.05.23 £	31.05.22 £
a) <i>Analysis of charge for the year</i>		
Irrecoverable CIS income tax	–	10
Current tax charge (note 7b)	–	10
Total taxation	–	10

b) *Factors affecting 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%) (2022: 20%) for the reasons explained below.

Net revenue before taxation	847	101,153
Corporation tax at 20%	169	20,231
Effects of:		
AMC rebates taken to capital	5	2,183
Irrecoverable CIS income tax w/off	–	10
Non-allowable expenses	1,316	–
Non-taxable dividends	–	(8,799)
Unutilised excess management expenses	(1,490)	(13,615)
Total tax charge (note 7a)	–	10

c) *Deferred tax*

There is no deferred tax provision in the current year (2022: none).

At the year end, there is a potential deferred tax asset of £299,738 (2022: £301,228) 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:

	31.05.23 £	31.05.22 £
First Interim	–	63,719
Second Interim	–	68,379
Third Interim	–	828
Final	–	–
	–	132,926
Add: Revenue deducted on in-specie transactions	–	225
Net distributions for the year	–	133,151
Interest payable and similar charges	–	39
Total distribution	–	133,190

7IM INCOME PORTFOLIO

NOTES TO THE FINANCIAL STATEMENTS (continued) for the year ended 31 May 2023

8 Distributions (continued)

Details of the distributions per share are set out in the table on pages 55 and 56.

Distributions represented by:

Net revenue after taxation	847	101,143
Allocations to capital:		
Capitalised expenses, net of tax relief ¹	1,116	30,203
Undistributed income from prior year	(2,628)	–
Income deficit	665	1,793
Net movement in revenue account	–	12
Net distributions for the year	–	133,151

¹Please refer to Note Distributions policy on page 12 for further details.

9 Debtors

	31.05.23	31.05.22
	£	£
Accrued revenue	52	3
Income tax recoverable	155	155
AMC rebates from underlying investments	3,944	3,979
Amounts receivable from the ACD ¹	514,937	614,097
Total debtors	519,088	618,234

¹ Seven Investment Management LLP (7IM LLP) have embarked on a remediation programme in respect of the Xenfin Securitised Debt Fund ('XSDF') held as an investment by the 7IM Income Portfolio (the 'Sub-fund'). The redress due to the Sub-fund is payable upon the final liquidation payment of XSDF to the Sub-fund and is measurable via an accrual marked to market daily. 7IM LLP has made a commitment to pay the accrual value with GBP cash when due.

10 Cash and bank balances

	31.05.23	31.05.22
	£	£
Cash and bank balances	44,314	77,397
Total cash and bank balances	44,314	77,397
Bank overdrafts	(6,806)	(1,058)
Total bank overdrafts	(6,806)	(1,058)

11 Other Creditors

	31.05.23	31.05.22
	£	£
Accrued expenses	–	10,123
Provision for termination expenses	5,108	9,849
Total other creditors	5,108	19,972

7IM INCOME PORTFOLIO

NOTES TO THE FINANCIAL STATEMENTS (continued) for the year ended 31 May 2023

12 Related party transactions

ACD's periodic charge and other expenses payable to 7IM (the 'ACD') are disclosed in note 6. The balance due to the ACD at the year end in respect of management fees are £nil (2022: £42).

The amounts receivable from 7IM (the 'ACD') as at year end are £514,937. The amounts payable to 7IM (the 'ACD') as at year end are £nil.

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 44. Amounts due from and to the ACD in respect of share transactions at the balance sheet date are £nil (2022: £nil) and £nil (2022: £nil), accordingly.

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 72.37% (2022: 76.89%)

The net value of creations and cancellations for Pershing Nominees Limited during the year totalled (£416,383) (2022: (£14,810,086)). The distributions paid and payable to Pershing Nominees Limited during and as at the year end are £nil and £nil, accordingly.

13 Classes of Shares

The Sub-fund has two share classes: 'Income 2' and 'Income'. The Annual Management Charge has been reduced to £0 while this Sub-fund is in the process of being terminated.

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

Class	Opening Shares	Shares Created	Shares Liquidated	Shares Converted	Closing Shares
Income	901,425	–	(182,885)	–	718,540
Income 2	604,400	–	(122,747)	–	481,653

14 Contingent liabilities and commitments

There are no contingent liabilities or unrecorded outstanding commitments at the balance sheet date (2022: 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 15 to 17. Further analysis and numeric disclosure of interest rate risk, foreign currency risk and derivatives are shown below.

7IM INCOME PORTFOLIO

NOTES TO THE FINANCIAL STATEMENTS (continued) for the year ended 31 May 2023

15 Risks Disclosures (continued)

i. Interest rate risk

The table below shows the direct interest rate risk profile:

Interest rate exposure as at 31 May 2023

	Floating Rate Financial Assets £	Fixed Rate Financial Assets £	Financial Assets not carrying interest £	Total £
Pound sterling	44,314	–	1,415,175	1,459,489
	44,314	–	1,415,175	1,459,489
	Floating Rate Financial Liabilities £	Fixed Rate Financial Liabilities £	Financial Liabilities not carrying interest £	Total £
Pound sterling	(6,806)	–	(5,108)	(11,914)
	(6,806)	–	(5,108)	(11,914)

Interest rate exposure as at 31 May 2022

	Floating Rate Financial Assets £	Fixed Rate Financial Assets £	Financial Assets not carrying interest £	Total £
Pound sterling	77,397	–	1,861,201	1,938,598
	77,397	–	1,861,201	1,938,598
	Floating Rate Financial Liabilities £	Fixed Rate Financial Liabilities £	Financial Liabilities not carrying interest £	Total £
Pound sterling	(1,058)	–	(19,972)	(21,030)
	(1,058)	–	(19,972)	(21,030)

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.

ii. Foreign currency risk

The table below shows the direct foreign currency risk profile:

Foreign currency risk exposure as at 31 May 2023

Currency	Monetary Exposure £	Non-Monetary Exposure £	Total £
	–	–	–
Pound sterling	551,488	896,087	1,447,575
Net assets	551,488	896,087	1,447,575

7IM INCOME PORTFOLIO

NOTES TO THE FINANCIAL STATEMENTS (continued) for the year ended 31 May 2023

15 Risks Disclosures (continued)

ii. Foreign currency risk (continued)

Foreign currency risk exposure as at 31 May 2022

Currency	Monetary Exposure £	Non-Monetary Exposure £	Total £
Pound sterling	674,601	1,242,967	1,917,568
Net assets	674,601	1,242,967	1,917,568

iii. Derivatives

As at the balance sheet date, there were no derivatives held by the Sub-fund.

iv. 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 market prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. Level 2 inputs include: quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active, inputs other than quoted prices that are observable for the asset or liability, for example interest rates and yield curves observable at commonly quoted intervals, implied volatilities, credit spreads, inputs that are derived principally from or corroborated by observable market data by correlation or other means ('market-corroborated inputs').

The Sub-fund may have corporate bonds which fall in to this category as despite quoted prices being available, trading can be irregular and there are often significant lengths of time between traded arm's length transactions.

Level 3

Valuation techniques using unobservable inputs (see Note 2(i)) for the asset or liability. Unobservable inputs are used to measure fair value to the extent that relevant observable inputs are not available, thereby allowing for situations in which there is little, if any, market activity for the asset or liability at the measurement date. An entity develops unobservable inputs using the best information available in the circumstances, which might include the entity's own data, taking into account all information about market participant assumptions that is reasonably available.

Where assets are subject to administration, liquidation or orderly realisation processes, the ACD may adjust the price to reflect what they consider a more realistic value in the circumstances. The rationale and pricing method is agreed with the Depositary and monitored frequently by the Fair Value Pricing Panel.

One holding within the Sub-fund was held at a Level 3 valuation throughout the period:

Xenfin Securitised Debt Fund

The Xenfin Securitised Debt Fund was suspended from trading in June 2019 and then began implementing a voluntary windup with a liquidator being appointed in December 2019.

The following metrics were used to calculate the Fair Value Price throughout the period:

- The last observable published price was in June 2019, throughout 2020, 2021, and 2022 the fund has made five distributions returning approximately 48% of the June 2019 value to investors. The Fair Value Price was adjusted accordingly to take account of these distributions.

7IM INCOME PORTFOLIO

NOTES TO THE FINANCIAL STATEMENTS (continued) for the year ended 31 May 2023

15 Risks Disclosures (continued)

iv. Fair value (continued)

b. A sum of the parts approach to valuation, there is reliance on unobservable inputs and there has been application of judgement. Examples include: (i) expectation for a mortgage to be repaid following development and sale of a property asset with a sale price estimated at \$21m by an expert third party independent valuer, the valuation assessment is based on comparable transactions, the opinion of market value is completed based on the hypothetical condition that the proposed improvements are completed in accordance with plans and specifications as of the appraisal date; (ii) expectation of sale of property assets; (iii) the expected value to be realised from Unquoted shares; and (iv) the expectation of costs to be recovered.

c. Specifically in regard to approximately 53% of the Xenfin Securitised Debt Fund, there is reliance on unobservable inputs and the application of significant judgement in relation to the expected value to be realised from an equity holding where the underlying assets are properties. The valuation assessment of the properties held by the equity holding was conducted by an independent third party valuer.

31 May 2023	Level 1 £	Level 2 £	Level 3 £	Total £
Assets				
Collective Investment Schemes	–	–	896,087	896,087
31 May 2022	Level 1 £	Level 2 £	Level 3 £	Total £
Assets				
Collective Investment Schemes	–	–	1,242,967	1,242,967

7IM INCOME PORTFOLIO

NOTES TO THE FINANCIAL STATEMENTS (continued) for the year ended 31 May 2023

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 38.

Analysis of direct transaction costs for the year ended 31 May 2023:

There were no purchases and sales made by the Sub-fund during the year ended 31 May 2023.

Analysis of direct transaction costs for the year ended 31 May 2022:

	Principal £'000	Commissions £'000	Taxes £'000	Total Transaction Costs £'000	Commissions % of principal	Taxes % of principal
Purchases						
Collective Investment Schemes	791	–	–	–	–	–
Equities	81	–	–	–	–	–
Total	872	–	–	–	–	–
Sales						
Collective Investment Schemes	13,665	–	–	–	–	–
Equities	4,388	(1)	–	(1)	0.02	–
Total	18,053	(1)	–	(1)	0.02	–
Total as a percentage of the average NAV		0.00%	0.00%	0.00%		

Average portfolio dealing spread

As at the balance sheet date, the average portfolio dealing spread was 0.00% (2022: 0.00%). 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

As at the balance sheet date, the Net Asset Value price per share of Class A Income was 121.98p. The Net Asset Value price per share of Class A Income for the Sub-fund on 18 September 2023 was 123.02p. This represents an increase of 0.85% from the year end value.

7IM INCOME PORTFOLIO

DISTRIBUTION TABLES

for the year ended 31 May 2023

First Interim - in pence per share

Group 1 - Shares purchased prior to 1 June 2022

Group 2 - Shares purchased on or after 1 June 2022 and on or before 31 August 2022

	Net Revenue	Equalisation	Paid 31.10.22 ¹	Paid 31.10.21
Income				
Group 1	–	–	–	0.5871
Group 2	–	–	–	0.5871

	Net Revenue	Equalisation	Paid 31.10.22 ¹	Paid 31.10.21
Income 2				
Group 1	–	–	–	0.5860
Group 2	–	–	–	0.5860

Second Interim - in pence per share

Group 1 - Shares purchased prior to 1 September 2022

Group 2 - Shares purchased on or after 1 September 2022 and on or before 30 November 2022

	Net Revenue	Equalisation	Paid 31.01.23 ¹	Paid 31.01.22
Income				
Group 1	–	–	–	2.8989
Group 2	–	–	–	2.8989

	Net Revenue	Equalisation	Paid 31.01.23 ¹	Paid 31.01.22
Income 2				
Group 1	–	–	–	2.8936
Group 2	–	–	–	2.8936

Third Interim - in pence per share

Group 1 - Shares purchased prior to 1 December 2022

Group 2 - Shares purchased on or after 1 December 2022 and on or before 28 February 2023

	Net Revenue	Equalisation	Paid 28.04.23 ¹	Paid 30.04.22
Income				
Group 1	–	–	–	0.0550
Group 2	–	–	–	0.0550

	Net Revenue	Equalisation	Paid 28.04.23 ¹	Paid 30.04.22
Income 2				
Group 1	–	–	–	0.0550
Group 2	–	–	–	0.0550

7IM INCOME PORTFOLIO

DISTRIBUTION TABLES (continued)

for the year ended 31 May 2023

Final - in pence per share

Group 1 - Shares purchased prior to 1 March 2023

Group 2 - Shares purchased on or after 1 March 2023 and on or before 31 May 2023

	Net Revenue	Equalisation	Paid 31.07.23	Paid 31.07.22
Income¹				
Group 1	–	–	–	–
Group 2	–	–	–	–

	Net Revenue	Equalisation	Paid 31.07.23	Paid 31.07.22
Income 2¹				
Group 1	–	–	–	–
Group 2	–	–	–	–

¹The Sub-fund is in the process of being terminated, as a result no distributions were paid.

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 ARDEN FUND

ACD'S REPORT

for the year ended 31 May 2023

Investment Objective and Policy

The investment objective of the 7IM Arden Fund is to provide a long-term total capital and income growth by gaining exposure to a broad range of investments including equities, derivatives, transferable securities, money market instruments, bonds, deposits and cash and near cash, principally through investment in collective investment schemes. There will be no particular emphasis on any geographical area or any industrial or economic sector.

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

Investment Manager's Report

Performance Report

In the reporting year, 1 June 2022 to 31 May 2023, the portfolio delivered a total return of 0.47%¹.

Comparator Benchmark

The fund outperformed its IA sector performance comparator benchmark (ARC Sterling Steady Growth / Equity Risk PCI) over the last year. The fund benefitted from having higher allocations to Japanese and European equities which performed very well, as well as having less concentration risk in US equities than many peers which struggled in 2022 due to higher interest rates and the selloff in tech. The main detractor was an allocation to European bank debt (AT1s) which suffered due to the idiosyncratic issues and subsequent default of Credit Suisse. The 1 year, 3 year and 5 year relative performance to the benchmark was 1.41%, 6.73%, 0.01% respectively.

Investment Background

Global equities had a very tough month in June 2022. Investors grew increasingly concerned about rising rates and inflation data showed no sign of slowing down. Rising food and energy prices were a key cause as crude retreated slightly after peaking in early June. China was a slight exception as lockdowns seemed to temporarily ease resulting in a slight positive upturn.

In July 2022, developed markets turned around. Investors began to focus on the potential of interest rate cuts in 2023 as there were very slight signs that the global economy, and hence inflation, could be slowing. Themes that were seen earlier in the year reversed as growth stocks rallied the most. Contrary to what we saw in June, China lagged developed markets, and bond yields fell across the developed world.

In August 2022, markets returned to the trends that were seen before July as markets realised that rate hikes were required to bring inflation down in a meaningful way. Developed markets sold off. In contrast to July, bond yields fell, and emerging markets held up well. The UK was another market that underperformed as investors were gripped by the resignation of Boris Johnson, the energy crisis, and weakening economic data.

September 2022 rounded off yet another tough quarter for markets with the trends that were seen in August continuing. Yet again, a lot of the drama came from the UK as Kwasi Kwarteng presented the mini budget. Unfunded tax cuts and proposed spending on a large scale elicited a dramatic response from markets. Gilts and UK equities sold off heavily as investors lost confidence in the UK economy going forward.

In yet another mini reversal, developed markets posted strong gains as emerging markets fell in October 2022. Despite the Federal Reserve signalling that tighter monetary policy is still required to keep inflation in check, markets found something to be positive about. It is possible that investors were focussed on earnings season where in previous reports data had been better than expectations. In China, equities performed badly as COVID-19 restrictions did not let up. And in the UK, the appointment of Rishi Sunak was well received by gilt markets.

Equity markets were positive in November 2022 with emerging markets outperforming their developed counterparts. In the developed world, there was hope that US inflation may have peaked, and rates might turn around. The driver of emerging market outperformance, yet again, was China's COVID-19 policy. In November, China loosened rules and markets responded very positively.

In December 2022, investors faced challenges as the Chinese economy reopened faster than expected, central banks continued to tighten monetary policy, and the Bank of Japan surprised the market. Developed market equities declined. The hawkishness of the US Federal Reserve set the tone for the month, despite easing inflation in many developed countries. Major central banks showed no signs of changing their accommodative monetary policies. Government bond yields rose due to central bank actions. China's swift policy changes towards reopening and downgrading COVID restrictions caused market concerns.

¹ Calculated using 7IM Arden Fund A Inc shares, published prices. Source: NTRS

7IM ARDEN FUND

ACD'S REPORT (continued) for the year ended 31 May 2023

Investment Manager's Report (continued)

Investment Background (continued)

January 2023 witnessed a strong beginning for equity markets, both in developed and emerging markets. Bond prices rallied as yields decreased, reflecting positive market sentiment. Factors such as improving inflation outlook, Europe's resilient economic growth, and the expected recovery of the Chinese economy contributed to the market rally. The decline in inflation influenced expectations that central banks may end rate hikes earlier. Overall, January showed promising signs for the economy and markets, despite lingering risks.

February 2023 saw releases of tight job market data. This led to expectations of rates being higher for longer. Global equities fell slightly led by declines in the US market off the back of increased rate expectations. European equities gained slightly as forward looking data looked relatively better than it had done at the start of the year. Emerging markets struggled over the month as the US-China tensions escalated slightly.

March 2023 was a very eventful month for markets. Silicon Valley Bank was unable to meet deposits and went under. Later in the month Credit Suisse experienced extreme deposit flight and was eventually purchased by UBS in a government brokered deal. Establishing whether or not this was related to Silicon Valley Bank is very hard, but Credit Suisse's troubled reputation no doubt contributed to the speed of deposit flight when concerns around the banking sector emerged.

Global shares rose in April 2023, supported by resilient economic data. Developed markets outperformed emerging markets. US equities made limited gains as the Fed signalled a potential slowdown. Eurozone shares rose, except for the IT sector. UK equities rose, driven by financials and energy. Japan maintained positive momentum. Asia ex Japan and emerging market equities declined.

Global shares declined in May 2023, but technology stocks saw gains driven by enthusiasm over artificial intelligence. Economic data showed weakness in manufacturing sectors, while services remained strong. Concerns over the US debt ceiling were resolved with a deal reached at the end of the month. Government bond yields increased, and the Bank of England raised interest rates. Japanese stocks continued their strong performance, while Asia ex Japan and emerging markets underperformed.

Portfolio Review

In June 2022, we tilted our UK allocation away from the FTSE 250 and towards the FTSE 100. This change tilted our portfolios towards an inexpensive market, with sector exposures which aligned with a number of our other views: growth to value rotation, inflation-driven market volatility, healthcare, and a potential commodity super-cycle.

In August 2022, we refreshed our SAA in line with its annual schedule. This is led by an optimisation process that maps asset classes onto risk factors in order to create optimal portfolios for each risk profile. This year's process resulted in an increase in equity exposure as well as reductions in duration and credit exposure.

Going into 2022 August, our worldview was turning more negative. Our belief was that economic data was likely to weaken and equity markets would respond by moving sideways with some volatility. In order to position portfolios for this market outcome, we moved our portfolios underweight equity relative to our SAA.

During September 2022, we further reduced the headline equity beta of our portfolios to an even more underweight position relative to our SAA. This was in line with our core view that a global manufacturing downturn is unavoidable and economic fundamentals are set to decline.

During September 2022, we also removed the remaining part of our value allocation. This position was in place to benefit from a cyclical upturn, something we no longer believe will happen soon. This position went into a combination of cash and our Berkshire Hathaway allocation which is better placed to benefit from the economic conditions we see going forward.

During October 2022, we unwound our tactical emerging market overweight. Our original case for the emerging market overweight was that the global economy would rebound after COVID-19. This has happened and it now looks as though the global economy is heading for/already in recession mode.

In December 2022, we further reduced our headline equity beta underweight. Our base case view of the world for 2023 was that a recession was more likely than not. In this environment, we would not expect equities to perform well.

In January 2023, we introduced a metals and mining trade. We have a lot of conviction in this trade as a long-term theme. The amount of metal needed to get to net zero is vast, and the nature of mining means that supply cannot increase in line with this. Mining companies are likely to benefit. Furthermore, the companies are cheap and produce very healthy dividends.

7IM ARDEN FUND

ACD'S REPORT (continued)
for the year ended 31 May 2023

Investment Manager's Report (continued)

Portfolio Review (continued)

During March 2023, we also added to our climate change position. The trade had underperformed over the past few months, we still have a lot of conviction in the long term case for the position and since it had sold off, the valuations looked more attractive than they had in the past.

In April 2023, we trimmed our put selling position. The position had performed well versus the S&P - the allocation it is funded from - and a general fall in volatility means that the base level of returns from the strategy that are available are lower.

Investment Outlook

Over the next twelve months, we anticipate that the global economy will slide into a recession. In this environment, it is important to rely on a stable identity. Economic uncertainty creates fear and investor sentiment tends to overreact to economic turning points. Going forward, we believe that:

- Inflation will come down. Goods inflation is slowly normalising, and supply chain pressures are reducing.
- Central banks are getting close to the end of their hiking cycles, but there are still a bit more work to do.
- A US recession is highly likely. Most leading indicators are pointing towards a recession, but the recession shouldn't be too long or deep.

As such, investors are starting to worry about what's next for financial markets. Economic data isn't likely to stabilise until next year. Equity markets are unlikely to perform well.

We know our investment identity helps us to deliver in just these kinds of environments. We believe that we have positions that can generate returns despite this volatile backdrop.

Seven Investment Management LLP
Investment Manager
September 2023

7IM ARDEN FUND

FUND INFORMATION

The Comparative Table on page 61 gives the performance of the active share class in the Sub-fund.

The 'Return after charges' disclosed in the Comparative Table 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.

Closing net asset value per share is revalued using bid-market prices and more up to date prices that were not available at the time of the last valuation point of the year for the securities held in the Sub-fund. Therefore, it is lower than the published net asset value per share which used mid-market prices and any prices available at the time of the last valuation point of the year.

7IM ARDEN FUND

FUND INFORMATION (continued)

Comparative Table

Class A Income

	31.05.23 (pence per share)	31.05.22 (pence per share)	31.05.21 (pence per share)
Change in Net Asset Value Per Share			
Opening net asset value per share	154.89	155.38	130.90
Return before operating charges*	2.45	1.98	26.68
Operating charges (calculated on average price)	(1.65)	(1.53)	(1.36)
Return after operating charges*	0.80	0.45	25.32
Distributions on income shares	(1.57)	(0.94)	(0.84)
Closing net asset value per share	154.12	154.89	155.38
* After direct transaction costs of: ¹	0.00	0.00	0.00

Performance

Return after charges ²	0.52%	0.29%	19.34%
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Other Information

Closing net asset value (£'000)	9,522	9,822	9,856
Closing number of shares	6,177,945	6,341,718	6,343,032
Operating charges ³	1.07%	0.97%	0.95%
Direct transaction costs	0.00%	0.00%	0.00%

Prices

Highest share price	161.60	164.02	157.35
Lowest share price	145.85	148.47	130.85

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

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

³ Operating charges, otherwise known as the OCF is the ratio of the Sub-fund's total disclosable costs (excluding securities lending fees and overdraft interest) to the average net assets of the Sub-fund. The OCF is intended to provide a reliable figure which gives the most accurate measure of what it costs to invest in a sub-fund and is calculated based on the last period's figures. Included within the OCF are synthetic costs which includes the OCF of the underlying funds weighted on the basis of their investment proportion. A detailed breakdown of the OCF per share class is shown on page 62.

7IM ARDEN FUND

FUND INFORMATION (continued)

Ongoing Charges Figures

As at 31 May 2023

	Class A
ACD's periodic charge	0.62%
Other expenses	0.17%
	<hr/> 0.79%
Collective investment scheme costs	0.28%
Ongoing Charges Figure	<hr/> 1.07%

As at 31 May 2022

	Class A
ACD's periodic charge	0.62%
Other expenses	0.13%
	<hr/> 0.75%
Collective investment scheme costs	0.22%
Ongoing Charges Figure	<hr/> 0.97%

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.

7IM ARDEN FUND

FUND INFORMATION (continued)

Synthetic Risk and Reward Indicator

Synthetic Risk and Reward Indicator



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

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

The risk and reward indicator shown above is as at the date of publication of the interim report and financial statements, the risk and reward indicator as at the year end date 31 May 2023 was five.

Fund performance to 31 May 2023 (%)

	1 year	3 years	5 years
7IM Arden Fund ¹	0.47	18.91	13.44

¹ Source: Bloomberg.

The performance of the Sub-fund is based on the published price per 'A' Income share.

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

7IM ARDEN FUND

PORTFOLIO STATEMENT

as at 31 May 2023

Holding	Portfolio of Investment	Value	31.05.23
		£	%
	ALTERNATIVES 5.46% (1.96%)¹		
	Alternative Strategies 5.46% (1.54%)¹		
220,000	JP Morgan Structured Products 0.00% 10/09/2024 ²	186,619	1.96
217,000	SG Defensive Short Term Equity Strategy 0.00% 2023 ²	177,826	1.87
1,670	UBS AG London 2027	155,087	1.63
		519,532	5.46
	Real Estate 0.00% (0.42%)¹		
	DEBT SECURITIES 0.00% (5.68%)¹		
	Global High Yield Bonds 0.00% (5.68%)¹		
	EQUITY 5.04% (4.18%)¹		
	North America 5.04% (4.18%)¹		
1,843	Berkshire Hathaway	480,292	5.04
	FORWARD CURRENCY CONTRACTS 0.07% (-0.64%)¹		
US\$(1,500,000)	Vs £1,228,225 Expiry 14.07.2023	16,158	0.17
¥131,400,000	Vs £(781,824) Expiry 17.11.2023	(3,364)	(0.04)
US\$570,000	Vs £(466,725) Expiry 14.07.2023	(6,140)	(0.06)
		6,654	0.07
	COLLECTIVE INVESTMENT SCHEMES 88.36% (84.23%)¹		
	Ireland 31.36% (15.61%)¹		
46,697	Baillie Gifford Worldwide Health Innovation Fund	396,886	4.17
8,302	Invesco AT1 Capital Bond UCITS ETF	256,947	2.70
157,017	iShares Core FTSE 100 UCITS ETF	1,162,711	12.21
27,981	iShares MSCI USA ESG Screened UCITS ETF	176,567	1.85
55,486	Neuberger Berman US Equity Index Put Write Fund	790,676	8.30
8,760	VanEck Global Mining UCITS ETF	202,838	2.13
		2,986,625	31.36
	Luxembourg 16.56% (10.49%)¹		
1,133	AQR - Managed Futures UCITS Fund	134,677	1.41
1,675	BlackRock Strategic Funds - Global Event Driven Fund	190,224	2.00
95	Candriam Absolute Return Equity Market Neutral	144,886	1.52
1,527	Fulcrum Equity Dispersion Fund	190,161	2.00
49,647	Xtrackers Nikkei 225 UCITS ETF	916,731	9.63
		1,576,679	16.56
	United Kingdom 40.44% (58.13%)¹		
305,768	Fidelity Index Europe ex UK Fund P Accumulation	613,462	6.44
324,562	Fidelity Investment Funds ICVC - Index UK Fund	519,624	5.46
408,588	iShares Emerging Markets Equity Index Fund UK	716,276	7.52
184,842	iShares Global Property Securities Index	391,744	4.11
125,531	iShares UK Equity Index Fund UK	337,208	3.54
559,067	Legal & General Global Health and Pharmaceuticals Index Trust	410,355	4.31
41,026	LF Odey Absolute Return	204,304	2.15

7IM ARDEN FUND

PORTFOLIO STATEMENT (continued) as at 31 May 2023

		Value	31.05.23
Holding	Portfolio of Investment	£	%
	COLLECTIVE INVESTMENT SCHEMES 88.36% (84.23%)¹ (continued)		
	United Kingdom 40.44% (58.13%)¹ (continued)		
429,543	Ninety One Funds Series III - Global Environment Fund	657,202	6.91
		3,850,175	40.44
	Portfolio of investment	9,419,957	98.93
	Net other assets	101,799	1.07
	Net assets	9,521,756	100.00

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

¹ Comparative figures shown in brackets relate to 31 May 2022.

² Structured product.

	31.05.23	31.05.22
Credit Quality	%	%
Non-rated debt securities	5.46	1.54
Other investments	93.47	93.87
Net other assets/(liabilities)	1.07	4.59
	100.00	100.00

7IM ARDEN FUND

STATEMENT OF TOTAL RETURN

for the year ended 31 May 2023

	Notes	£	31.05.23 £	£	31.05.22 £
Income					
Net capital losses	4		(51,813)		(31,492)
Revenue	5	174,164		137,503	
Expenses	6	(74,659)		(77,980)	
Interest payable and similar charges	8	(751)		(4)	
Net revenue before taxation for the year		98,754		59,519	
Taxation	7	(729)		—	
Net revenue after taxation for the year			98,025		59,519
Total return before distributions			46,212		28,027
Distributions	8		(98,026)		(59,517)
Change in net assets attributable to shareholders from investment activities			(51,814)		(31,490)

STATEMENT OF CHANGE IN NET ASSETS ATTRIBUTABLE TO SHAREHOLDERS

for the year ended 31 May 2023

	£	31.05.23 £	£	31.05.22 £
Opening net assets attributable to shareholders		9,822,457		9,855,997
Amounts received on creation of shares ¹	—		—	
Amounts paid on cancellation of shares ¹	(248,887)		(2,050)	
		(248,887)		(2,050)
Change in net assets attributable to shareholders from investment activities		(51,814)		(31,490)
Closing net assets attributable to shareholders		9,521,756		9,822,457

¹ Stated at mid-market price. The mid-market price is calculated using the midpoint of the bid and offer rates.

The notes on pages 68 to 77 are an integral part of these financial statements.

7IM ARDEN FUND

BALANCE SHEET

as at 31 May 2023

	Notes	31.05.23 £	31.05.22 £
ASSETS			
Fixed assets:			
Investments		9,429,461	9,434,196
Current assets:			
Debtors	9	339,948	19
Cash and bank balances	10	199,819	515,333
Total assets		9,969,228	9,949,548
LIABILITIES			
Investment liabilities		(9,504)	(62,797)
Creditors:			
Bank overdrafts	10	–	(289)
Distribution payable	8	(55,867)	(47,220)
Other creditors	11	(382,101)	(16,785)
Total liabilities		(447,472)	(127,091)
Net assets attributable to shareholders		9,521,756	9,822,457

The notes on pages 68 to 77 are an integral part of these financial statements.

7IM ARDEN FUND

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 May 2023

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 11.

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 11 to 15.

3 Risk Management Policies

The Sub-fund's Risk Management Policies are the same as the Risk Management Policies disclosed on pages 15 to 17.

4 Net capital (losses)

	31.05.23	31.05.22
	£	£
The net capital losses during the year comprise:		
Non-derivative securities	21,579	35,847
Forward currency contracts	(68,881)	(63,417)
Currency losses	(3,079)	(2,222)
Transaction charges	(1,432)	(1,700)
Net capital losses	<u>(51,813)</u>	<u>(31,492)</u>

5 Revenue

	31.05.23	31.05.22
	£	£
Non-taxable dividends	146,936	133,444
Taxable dividends	21,730	12,783
Unfranked interest	997	(8,863)
AMC rebates from underlying investments	696	–
Bank interest	3,805	139
Total revenue	<u>174,164</u>	<u>137,503</u>

7IM ARDEN FUND

NOTES TO THE FINANCIAL STATEMENTS (continued) for the year ended 31 May 2023

6 Expenses

	31.05.23	31.05.22
	£	£
Payable to the ACD, associates of the ACD and agents of either of them:		
ACD's periodic charge	60,110	61,970
Other expenses	1,373	1,500
	<u>61,483</u>	<u>63,470</u>
Payable to the Depositary, associates of the Depositary and agents of either of them:		
Depositary's fees	1,875	1,955
Safe custody and other bank charges	2,100	2,105
	<u>3,975</u>	<u>4,060</u>
Other Expenses:		
Audit fee ¹	7,005	11,096
Dealing and exchange fees	10	25
FCA and other regulatory fees	162	160
Legal and professional fees	1,954	(749)
Printing, postage and distribution costs	70	(82)
	<u>9,201</u>	<u>10,450</u>
Total expenses	<u>74,659</u>	<u>77,980</u>

¹ The Audit fee is inclusive of 20% VAT and 2.50% support cost.

7IM ARDEN FUND

NOTES TO THE FINANCIAL STATEMENTS (continued) for the year ended 31 May 2023

7 Taxation

	31.05.23 £	31.05.22 £
a) <i>Analysis of charge for the year</i>		
Irrecoverable CIS income tax	729	–
Current tax charge (note 7b)	729	–
Total taxation	729	–
b) <i>Factors affecting 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%) (2022: 20%) for the reasons explained below.		
Net revenue before taxation	98,754	59,519
Corporation tax at 20%	19,751	11,904
Effects of:		
Irrecoverable CIS income tax w/off	729	–
Movement in revenue accruals	–	750
Non-taxable dividends	(29,491)	(26,689)
Unutilised excess management expenses	9,740	14,023
Total tax charge (note 7a)	729	–

c) *Deferred tax*

There is no deferred tax provision in the current year (2022: none).

At the year end, there is a potential deferred tax asset of £113,425 (2022: £103,685) 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:

	31.05.23 £	31.05.22 £
Interim	41,046	12,297
Final ¹	55,867	47,220
	96,913	59,517
Add: Revenue deducted on cancellation of shares	1,113	–
Deduct: Revenue received on issue of shares	–	–
Net distributions for the year	98,026	59,517
Interest payable and similar charges	751	4
Total distribution	98,777	59,521

Details of the distributions per share are set out in the table on page 78.

Distributions represented by:		
Net revenue after taxation	98,025	59,519
Allocations to capital:		
Net movement in revenue account	1	(2)
Net distributions for the year	98,026	59,517

¹ Distribution payable at the year end of £55,867 (2022: £47,220) are disclosed in the Balance Sheet on page 67.

7IM ARDEN FUND

NOTES TO THE FINANCIAL STATEMENTS (continued) for the year ended 31 May 2023

9 Debtors

	31.05.23	31.05.22
	£	£
Sales awaiting settlement	338,380	–
Accrued revenue	400	19
Income tax recoverable	843	–
AMC rebates from underlying investments	325	–
Total debtors	<u>339,948</u>	<u>19</u>

10 Cash and bank balances

	31.05.23	31.05.22
	£	£
Cash and bank balances	199,819	515,333
Total cash and bank balances	<u>199,819</u>	<u>515,333</u>
Bank overdrafts	–	(289)
Total bank overdrafts	<u>–</u>	<u>(289)</u>

11 Other Creditors

	31.05.23	31.05.22
	£	£
Purchases awaiting settlement	360,981	–
Accrued expenses	21,120	16,684
AMC rebates from underlying investments	–	101
Total other creditors	<u>382,101</u>	<u>16,785</u>

12 Related party transactions

ACD's periodic charge and other expenses payable to 7IM (the 'ACD') are disclosed in note 6. The balance due to the ACD at the year end in respect of management fees are £5,114 (2022: £5,130).

The amounts receivable from 7IM (the 'ACD') as at year end are £nil. The amounts payable to 7IM (the 'ACD') as at year end are £nil.

The aggregate monies received by the ACD through the issue of shares and paid on cancellation of shares are disclosed in the Statement of Change in Net Assets Attributable to Shareholders on page 66. Amounts due from and to the ACD in respect of share transactions at the balance sheet date are £nil (2022: £nil) and £nil (2022: £nil), accordingly.

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	100.00% (2022 100.00%)
---------------------------	------------------------

The net value of creations and cancellations for Pershing Nominees Limited during the year totalled (£296,486) (2022: £2,394). The distributions paid and payable to Pershing Nominees Limited during and as at the year end are £88,267 and £55,867 accordingly.

7IM ARDEN FUND

NOTES TO THE FINANCIAL STATEMENTS (continued) for the year ended 31 May 2023

13 Classes of Shares

The Sub-fund has one share class. The annual management charge on the share class is as follows:

Class A £12,000 per annum plus 0.50%

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	6,341,718	–	(163,773)	–	6,177,945

14 Contingent liabilities and commitments

There are no contingent liabilities or unrecorded outstanding commitments at the balance sheet date (2022: 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 15 to 17. 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 31 May 2023

	Floating Rate Financial Assets £	Fixed Rate Financial Assets £	Financial Assets not carrying interest £	Total £
Japanese yen	–	–	778,460	778,460
US dollar	519,532	–	1,117,444	1,636,976
Pound sterling	199,819	–	9,805,085	10,004,904
	719,351	–	11,700,989	12,420,340

	Floating Rate Financial Liabilities £	Fixed Rate Financial Liabilities £	Financial Liabilities not carrying interest £	Total £
US dollar	–	–	(1,212,067)	(1,212,067)
Pound sterling	–	–	(1,686,517)	(1,686,517)
	–	–	(2,898,584)	(2,898,584)

7IM ARDEN FUND

NOTES TO THE FINANCIAL STATEMENTS (continued) for the year ended 31 May 2023

15 Risks Disclosures (continued)

i. Interest rate risk (continued)

Interest rate exposure as at 31 May 2022

	Floating Rate Financial Assets £	Fixed Rate Financial Assets £	Financial Assets not carrying interest £	Total £
Euro	246	–	–	246
US dollar	43	150,863	999,864	1,150,770
Pound sterling	515,045	–	9,094,164	9,609,209
	515,334	150,863	10,094,028	10,760,225

	Floating Rate Financial Liabilities £	Fixed Rate Financial Liabilities £	Financial Liabilities not carrying interest £	Total £
Euro	(246)	–	–	(246)
US dollar	(43)	–	(873,575)	(873,618)
Pound sterling	–	–	(63,904)	(63,904)
	(289)	–	(937,479)	(937,768)

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	
	31.05.23 %	31.05.22 %	31.05.23 Years	31.05.22 Years
US dollar	(3.06)	(1.24)	1	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 31 May 2023, the weighted average effective duration was 0.11 years (31 May 2022: 0.00 years).

ii. Foreign currency risk

The table below shows the direct foreign currency risk profile:

Foreign currency risk exposure as at 31 May 2023

Currency	Monetary Exposure £	Non-Monetary Exposure £	Total £
Japanese yen	–	778,460	778,460
US dollar	–	424,909	424,909
	–	1,203,369	1,203,369
Pound sterling	101,799	8,216,588	8,318,387
Net assets	101,799	9,419,957	9,521,756

7IM ARDEN FUND

NOTES TO THE FINANCIAL STATEMENTS (continued) for the year ended 31 May 2023

15 Risks Disclosures (continued)

ii. Foreign currency risk (continued)

Foreign currency risk exposure as at 31 May 2022

Currency	Monetary Exposure £	Non-Monetary Exposure £	Total £
US dollar	–	277,152	277,152
	–	277,152	277,152
Pound sterling	451,058	9,094,247	9,545,305
Net assets	451,058	9,371,399	9,822,457

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 year ended 31 May 2023 was 10%, 45% and 24% respectively (31 May 2022: 3%, 12% and 9% 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 Multi-Asset Class Model (MAC): Extra Long Version (MAC.XL) and MSCI Barra Ultra-Short Model (MAC 51d). The former applies a 8 year half-life (exponential weighting) for calculating volatilities and correlations; the latter applies a 51 day half-life for both volatilities and correlations. Both models natively cover over 100K global equity securities; 500K sovereign and corporate bonds; 900K municipal, 2,200K structured products (MBS/ABS/CMO); around 290K mutual funds; 160 currencies, 30 commodities.

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

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 MAC.XL and MAC 51d are derived from daily volatility numbers, multiplied by an appropriate 99% confidence interval scaling factor under the assumption of a normal distribution.

As at the balance sheet date, there are no derivatives held by the Sub-fund.

7IM ARDEN FUND

NOTES TO THE FINANCIAL STATEMENTS (continued) for the year ended 31 May 2023

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 market prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. Level 2 inputs include: quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active, inputs other than quoted prices that are observable for the asset or liability, for example interest rates and yield curves observable at commonly quoted intervals, implied volatilities, credit spreads, inputs that are derived principally from or corroborated by observable market data by correlation or other means ('market-corroborated inputs').

The Sub-fund may have corporate bonds which fall in to this category as despite quoted prices being available, trading can be irregular and there are often significant lengths of time between traded arm's length transactions.

Level 3

Valuation techniques using unobservable inputs (see Note 2 (i)) for the asset or liability. Unobservable inputs are used to measure fair value to the extent that relevant observable inputs are not available, thereby allowing for situations in which there is little, if any, market activity for the asset or liability at the measurement date. An entity develops unobservable inputs using the best information available in the circumstances, which might include the entity's own data, taking into account all information about market participant assumptions that is reasonably available.

Where assets are subject to administration, liquidation or orderly realisation processes, the ACD may adjust the price to reflect what they consider a more realistic value in the circumstances. The rationale and pricing method is agreed with the Depositary and monitored frequently by the Fair Value Pricing Panel.

As at the balance sheet date, there were no Level 3 investments held by the Sub-fund.

31 May 2023	Level 1 £	Level 2 £	Level 3 £	Total £
Assets				
Bonds	–	519,532	–	519,532
Collective Investment Schemes	1,886,875	6,526,604	–	8,413,479
Derivatives	–	16,158	–	16,158
Equities	480,292	–	–	480,292
Total	2,367,167	7,062,294	–	9,429,461
Liabilities				
Derivatives	–	(9,504)	–	(9,504)

7IM ARDEN FUND

NOTES TO THE FINANCIAL STATEMENTS (continued) for the year ended 31 May 2023

15 Risks Disclosures (continued)

iv. Fair value (continued)

31 May 2022	Level 1 £	Level 2 £	Level 3 £	Total £
Assets				
Bonds	–	150,863	–	150,863
Collective Investment Schemes	2,029,178	6,802,741	–	8,831,919
Equities	451,414	–	–	451,414
Total	2,480,592	6,953,604	–	9,434,196
Liabilities				
Derivatives	–	(62,797)	–	(62,797)

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 60.

Analysis of direct transaction costs for the year ended 31 May 2023:

	Principal £'000	Commissions £'000	Taxes £'000	Total Transaction Costs £'000	Commissions % of principal	Taxes % of principal
Purchases						
Bonds	720	–	–	–	–	–
Collective Investment Schemes	1,903	–	–	–	–	–
Equities	2,074	–	–	–	–	–
Total	4,697	–	–	–	–	–

	Principal £'000	Commissions £'000	Taxes £'000	Total Transaction Costs £'000	Commissions % of principal	Taxes % of principal
Sales						
Bonds	511	–	–	–	–	–
Collective Investment Schemes	3,079	–	–	–	–	–
Equities	1,390	–	–	–	–	–
Total	4,980	–	–	–	–	–

Total as a percentage of the average NAV **0.00%** **0.00%** **0.00%**

7IM ARDEN FUND

NOTES TO THE FINANCIAL STATEMENTS (continued) for the year ended 31 May 2023

16 Purchases, Sales and Transaction Costs (continued)

Analysis of direct transaction costs for the year ended 31 May 2022:

	Principal £'000	Commissions £'000	Taxes £'000	Total Transaction Costs £'000	Commissions % of principal	Taxes % of principal
Purchases						
Bonds	873	–	–	–	–	–
Collective Investment Schemes	5,535	–	–	–	–	–
Equities	2,196	–	–	–	–	–
Total	8,604	–	–	–	–	–
Sales						
Bonds	714	–	–	–	–	–
Collective Investment Schemes	5,170	–	–	–	–	–
Equities	3,210	–	–	–	–	–
Total	9,094	–	–	–	–	–
Total as a percentage of the average NAV		0.00%	0.00%	0.00%		

Average portfolio dealing spread

As at the balance sheet date, the average portfolio dealing spread was 0.06% (2022: 0.22%). 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

As at the balance sheet date, the Net Asset Value price per share of Class A Income was 155.09p. The Net Asset Value price per share of Class A Income for the Sub-fund on 18 September 2023 was 155.12p. This represents an increase of 0.02% from the year end value.

7IM ARDEN FUND

DISTRIBUTION TABLES

for the year ended 31 May 2023

Interim - in pence per share

Group 1 - Shares purchased prior to 1 June 2022

Group 2 - Shares purchased on or after 1 June 2022 and on or before 30 November 2022

	Net Revenue	Equalisation	Paid 31.01.23	Paid 31.01.22
Class A Income				
Group 1	0.6644	–	0.6644	0.1939
Group 2	0.6644	–	0.6644	0.1939

Final - in pence per share

Group 1 - Shares purchased prior to 1 December 2022

Group 2 - Shares purchased on or after 1 December 2022 and on or before 31 May 2023

	Net Revenue	Equalisation	Paid 31.07.23	Paid 31.07.22
Class A Income				
Group 1	0.9043	–	0.9043	0.7446
Group 2	0.9043	–	0.9043	0.7446

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 RANDOLPH PLACE DIVERSIFIED FUND

ACD'S REPORT

for the year ended 31 May 2023

Investment Objective and Policy

The investment objective of the 7IM Randolph Place Diversified Fund is to provide long term capital and income growth by gaining exposure to a diversified portfolio of assets including equities, bonds, money market instruments and cash and near cash, principally through investment in collective investment schemes. There may be times when the Investment Manager chooses to hold a high level of cash or money market instruments. There will be no particular emphasis on any geographical area or any industrial or economic sector.

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

Investment Manager's Report

Performance Report

In the reporting year, 1 June 2022 to 31 May 2023, the portfolio delivered a total return of (1.67)%¹.

Comparator Benchmark

The fund marginally underperformed its IA sector performance comparator benchmark (ARC Steady Growth PCI) over the last year. The fund did benefit from having higher allocations to Japanese and European equities which performed very well, as well as having less concentration risk in US equities than many peers which struggled in 2022 due to higher interest rates and the selloff in tech. The main detractors though were an allocation to European bank debt (AT1s) which suffered due to the idiosyncratic issues and subsequent default of Credit Suisse, and some negative active manager performance. The 1 year, 3 year and 5 year relative performance to the benchmark was -0.62%, 6.15%, 0.17% respectively.

Investment Background

Global equities had a very tough month in June 2022. Investors grew increasingly concerned about rising rates and inflation data showed no sign of slowing down. Rising food and energy prices were a key cause as crude retreated slightly after peaking in early June. China was a slight exception as lockdowns seemed to temporarily ease resulting in a slight positive upturn.

In July 2022, developed markets turned around. Investors began to focus on the potential of interest rate cuts in 2023 as there were very slight signs that the global economy, and hence inflation, could be slowing. Themes that were seen earlier in the year reversed as growth stocks rallied the most. Contrary to what we saw in June, China lagged developed markets, and bond yields fell across the developed world.

In August 2022, markets returned to the trends that were seen before July as markets realised that rate hikes were required to bring inflation down in a meaningful way. Developed markets sold off. In contrast to July, bond yields fell, and emerging markets held up well. The UK was another market that underperformed as investors were gripped by the resignation of Boris Johnson, the energy crisis, and weakening economic data.

September 2022 rounded off yet another tough quarter for markets with the trends that were seen in August continuing. Yet again, a lot of the drama came from the UK as Kwasi Kwarteng presented the mini budget. Unfunded tax cuts and proposed spending on a large scale elicited a dramatic response from markets. Gilts and UK equities sold off heavily as investors lost confidence in the UK economy going forward.

In yet another mini reversal, developed markets posted strong gains as emerging markets fell in October 2022. Despite the Federal Reserve signalling that tighter monetary policy is still required to keep inflation in check, markets found something to be positive about. It is possible that investors were focussed on earnings season where in previous reports data had been better than expectations. In China, equities performed badly as COVID-19 restrictions did not let up. And in the UK, the appointment of Rishi Sunak was well received by gilt markets.

Equity markets were positive in November 2022 with emerging markets outperforming their developed counterparts. In the developed world, there was hope that US inflation may have peaked, and rates might turn around. The driver of emerging market outperformance, yet again, was China's COVID-19 policy. In November, China loosened rules and markets responded very positively.

¹ Calculated using 7IM Randolph Place Diversified Fund A Inc shares, published prices. Source: NTRS

71M RANDOLPH PLACE DIVERSIFIED FUND

ACD'S REPORT (continued) for the year ended 31 May 2023

Investment Manager's Report (continued)

Investment Background (continued)

In December 2022, investors faced challenges as the Chinese economy reopened faster than expected, central banks continued to tighten monetary policy, and the Bank of Japan surprised the market. Developed market equities declined. The hawkishness of the US Federal Reserve (Fed) set the tone for the month, despite easing inflation in many developed countries. Major central banks showed no signs of changing their accommodative monetary policies. Government bond yields rose due to central bank actions. China's swift policy changes towards reopening and downgrading COVID-19 restrictions caused market concerns.

January 2023 witnessed a strong beginning for equity markets, both in developed and emerging markets. Bond prices rallied as yields decreased, reflecting positive market sentiment. Factors such as improving inflation outlook, Europe's resilient economic growth, and the expected recovery of the Chinese economy contributed to the market rally. The decline in inflation influenced expectations that central banks may end rate hikes earlier. Overall, January showed promising signs for the economy and markets, despite lingering risks.

February 2023 saw releases of tight job market data. This led to expectations of rates being higher for longer. Global equities fell slightly led by declines in the US market off the back of increased rate expectations. European equities gained slightly as forward looking data looked relatively better than it had done at the start of the year. Emerging markets struggled over the month as the US-China tensions escalated slightly.

March 2023 was a very eventful month for markets. Silicon Valley Bank was unable to meet deposits and went under. Later in the month Credit Suisse experienced extreme deposit flight and was eventually purchased by UBS in a government brokered deal. Establishing whether or not this was related to Silicon Valley Bank is very hard, but Credit Suisse's troubled reputation no doubt contributed to the speed of deposit flight when concerns around the banking sector emerged.

Global shares rose in April 2023, supported by resilient economic data. Developed markets outperformed emerging markets. US equities made limited gains as the Fed signalled a potential slowdown. Eurozone shares rose, except for the IT sector. UK equities rose, driven by financials and energy. Japan maintained positive momentum. Asia ex Japan and emerging market equities declined.

Global shares declined in May 2023, but technology stocks saw gains driven by enthusiasm over artificial intelligence. Economic data showed weakness in manufacturing sectors, while services remained strong. Concerns over the US debt ceiling were resolved with a deal reached at the end of the month. Government bond yields increased, and the Bank of England raised interest rates. Japanese stocks continued their strong performance, while Asia ex Japan and emerging markets underperformed.

Portfolio Review

There were no material changes made to the portfolio over the period.

Investment Outlook

Over the next twelve months, we anticipate that the global economy will slide into a recession. In this environment, it is important to rely on a stable identity. Economic uncertainty creates fear and investor sentiment tends to overreact to economic turning points. Going forward, we believe that:

- Inflation will come down. Goods inflation is slowly normalising, and supply chain pressures are reducing.
- Central banks are getting close to the end of their hiking cycles, but there is still a bit more work to do.
- A US recession is highly likely. Most leading indicators are pointing towards a recession, but the recession shouldn't be too long or deep.

As such, investors are starting to worry about what's next for financial markets. Economic data isn't likely to stabilise until next year. Equity markets are unlikely to perform well.

We know our investment identity helps us to deliver in just these kinds of environments. We believe that we have positions that can generate returns despite this volatile backdrop.

Seven Investment Management LLP
Investment Manager
September 2023

71M RANDOLPH PLACE DIVERSIFIED FUND

FUND INFORMATION

The Comparative Table on page 82 gives the performance of the active share class in the Sub-fund.

The 'Return after charges' disclosed in the Comparative Table 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.

Closing net asset value per share is revalued using bid-market prices and more up to date prices that were not available at the time of the last valuation point of the year for the securities held in the Sub-fund. Therefore, it is lower than the published net asset value per share which used mid-market prices and any prices available at the time of the last valuation point of the year.

7IM RANDOLPH PLACE DIVERSIFIED FUND

FUND INFORMATION (continued)

Comparative Table

Class A Income

	31.05.23 (pence per share)	31.05.22 (pence per share)	31.05.21 (pence per share)
Change in Net Asset Value Per Share			
Opening net asset value per share	126.20	127.10	110.04
Return before operating charges*	(0.84)	3.71	22.03
Operating charges (calculated on average price)	(1.37)	(1.38)	(1.41)
Return after operating charges*	(2.21)	2.33	20.62
Distributions on income shares	(3.66)	(3.23)	(3.56)
Closing net asset value per share	120.33	126.20	127.10
* After direct transaction costs of: ¹	0.00	0.00	0.00

Performance

Return after charges ²	(1.75)%	1.83%	18.74%
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Other Information

Closing net asset value (£'000)	11,601	12,069	12,118
Closing number of shares	9,641,399	9,563,570	9,534,060
Operating charges ³	1.12%	1.07%	1.19%
Direct transaction costs	0.00%	0.00%	0.00%

Prices

Highest share price	126.79	133.25	129.17
Lowest share price	115.19	120.21	110.10

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

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

³ Operating charges, otherwise known as the OCF is the ratio of the Sub-fund's total disclosable costs (excluding securities lending fees and overdraft interest) to the average net assets of the Sub-fund. The OCF is intended to provide a reliable figure which gives the most accurate measure of what it costs to invest in a sub-fund and is calculated based on the last period's figures. Included within the OCF are synthetic costs which includes the OCF of the underlying funds weighted on the basis of their investment proportion. A detailed breakdown of the OCF per share class is shown on page 83.

7IM RANDOLPH PLACE DIVERSIFIED FUND

FUND INFORMATION (continued)

Ongoing Charges Figures

As at 31 May 2023

	Class A
ACD's periodic charge	0.50%
Other expenses	0.15%
	<hr/> 0.65%
Collective investment scheme costs	0.47%
Ongoing Charges Figure	<hr/> 1.12%

As at 31 May 2022

	Class A
ACD's periodic charge	0.51%
Other expenses	0.11%
	<hr/> 0.62%
Collective investment scheme costs	0.45%
Ongoing Charges Figure	<hr/> 1.07%

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.

7IM RANDOLPH PLACE DIVERSIFIED FUND

FUND INFORMATION (continued)

Synthetic Risk and Reward Indicator

Synthetic Risk and Reward Indicator



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

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

The risk and reward indicator shown above is as at the date of publication of the interim report and financial statements, the risk and reward indicator as at the year end date 31 May 2023 was five. The indicator has changed from four to five this year.

Fund performance to 31 May 2023 (%)

	1 year	3 years	5 years
7IM Randolph Place Diversified Fund ¹	(1.67)	18.00	13.28

¹ Source: Bloomberg.

The performance of the Sub-fund is based on the published price per 'A' Income share.

Details of the distributions per share for the year are shown in the Distribution Tables on page 98.

7IM RANDOLPH PLACE DIVERSIFIED FUND

PORTFOLIO STATEMENT

as at 31 May 2023

Holding	Portfolio of Investment	Value	31.05.23
		£	%
	ALTERNATIVES 7.07% (7.69%)¹		
	Infrastructure 7.07% (7.69%)¹		
192,907	Foresight Solar Fund	203,324	1.75
151,846	Greencoat UK Winds	224,732	1.94
178,550	HICL Infrastructure	257,469	2.22
150,000	JPMorgan Global Core Real Assets	134,700	1.16
		820,225	7.07
	DEBT SECURITIES 1.21% (1.39%)¹		
	Global High Yield Bonds 1.21% (1.39%)¹		
200,000	PFS TwentyFour Select Monthly Income	141,200	1.21
	EQUITY 6.42% (7.77%)¹		
	Asia & Emerging Markets 1.43% (1.41%)¹		
131,141	JPMorgan Global Emerging Markets Income Trust	165,893	1.43
	Other 0.49% (0.58%)¹		
70,755	Sequoia Economic Infrastructure Income	56,746	0.49
	United Kingdom 4.50% (5.78%)¹		
182,094	Seneca Global Income & Growth	269,499	2.32
63,591	TR Property Investment Trust - Ordinary Shares	178,055	1.53
54,504	Tritax Big Box REIT	75,924	0.65
		523,478	4.50
	PROPERTY 2.48% (3.05%)¹		
227,200	Civitas Social Housing	181,305	1.56
194,200	Triple Point Social Housing	106,810	0.92
		288,115	2.48
	COLLECTIVE INVESTMENT SCHEMES 76.45% (74.46%)¹		
	Guernsey 0.69% (0.71%)¹		
100,000	Axiom European Financial Debt	80,000	0.69
	Ireland 12.31% (11.68%)¹		
107,833	BNY Mellon Global - BNY Mellon Emerging Markets Debt Total Return	73,046	0.63
2,801	Findlay Park American	380,615	3.28
125,704	Hermes Investment Management - Multi Strategy Credit	112,367	0.97
141,919	Merian Global Investors Series - Merian Global Equity Absolute Return	190,852	1.64
1,982	Odey Swan	165,411	1.43
5,235	SPDR S&P US Dividend Aristocrats UCITS ETF	276,251	2.38
1,044	Veritas - Global Equity Income	229,158	1.98
		1,427,700	12.31
	Japan 4.17% (3.45%)¹		
135,000	Fidelity Japan Trust	238,275	2.06
885	MAN Funds - MAN GLG Japan Core Alpha Equity	244,932	2.11
		483,207	4.17

7IM RANDOLPH PLACE DIVERSIFIED FUND

PORTFOLIO STATEMENT (continued)

as at 31 May 2023

Holding	Portfolio of Investment	Value £	31.05.23 %
	COLLECTIVE INVESTMENT SCHEMES 76.45% (74.46%)¹ (continued)		
	Jersey 2.78% (3.18%)¹		
91,810	Aberdeen Asian Income	189,129	1.63
160,957	GCP Infrastructure Investments	133,111	1.15
		322,240	2.78
	Luxembourg 1.61% (1.67%)¹		
98	Allianz Global Investors - Allianz Global Floating Rate Notes Plus	94,399	0.81
1,004	BlueBay Financial Capital Bond	92,503	0.80
		186,902	1.61
	United Kingdom 54.89% (53.77%)¹		
136,290	Aberdeen Diversified Income and Growth Trust	116,937	1.01
240,444	Artemis Global Income	251,192	2.16
73,267	AXA Fixed Interest ICVC - US Short Duration High Yield	60,357	0.52
75,942	BlackRock Continental European Income	140,474	1.21
17,740	Edinburgh Investment	115,310	0.99
84,754	Fidelity Investment - Strategic Bond	88,652	0.77
145,132	Fidelity Investment Funds ICVC - Global Dividend Fund	322,629	2.78
198,610	FTF Martin Currie Global Unconstrained Fund	231,579	2.00
74,355	Invesco Global Investment Series - Global Equity Income	322,405	2.78
43,206	Invesco Global Targeted Returns	101,599	0.88
63,131	Janus Henderson UK Absolute Return	116,288	1.00
96,749	JO Hambro Capital Management - UK Dynamic	119,001	1.03
93,304	Jupiter Asian Income	146,777	1.27
12,920	Jupiter European Opportunities Trust	100,905	0.87
47,202	LF Brook Absolute Return Fund Sterling	235,061	2.03
62,307	LF Miton UK Multi Cap Income	109,535	0.94
219,278	Link Financial - LF Woodford Equity Income	2,105	0.02
95,607	Liontrust European Growth Fund	307,864	2.65
165,397	Majedie Asset Management Investment - Majedie UK Income	222,144	1.91
100,060	Mellon Investments - Newton Global Dynamic Bond	86,042	0.74
168,719	MI Chelverton UK Equity Income	171,520	1.48
81,613	MI Somerset Emerging Markets Dividend Growth	96,889	0.83
912	MI TwentyFour Investment - Dynamic Bond	82,960	0.71
109,725	Murray International Trust	287,699	2.48
151,452	Ninety One Funds Series i	174,867	1.51
7,352	RIT Capital Partners	135,277	1.17
27,327	Royal London UK Equity Income	221,733	1.91
28,365	Schroder Asian Total Return Investment	115,729	1.00
205,938	Schroder Global Equity Income	219,530	1.89
110,400	Schroder Oriental Income	278,208	2.40
15,000	Scottish Oriental Smaller Companies Trust	180,750	1.56
216,849	Standard Life Investment Co - European Equity Income	245,257	2.11
363,942	Standard Life Investment II Co - UK Equity Income Unconstrained	144,849	1.25
129,762	TB Evenlode Income	329,103	2.84
192,498	Trojan Global Income	241,220	2.08

7IM RANDOLPH PLACE DIVERSIFIED FUND

PORTFOLIO STATEMENT (continued)

as at 31 May 2023

Holding	Portfolio of Investment	Value	31.05.23
		£	%
	COLLECTIVE INVESTMENT SCHEMES 76.45% (74.46%)¹ (continued)		
	United Kingdom 54.89% (53.77%)¹ (continued)		
347,000	Troy Income & Growth Trust	244,288	2.11
		6,366,735	54.89
	Portfolio of investment	10,862,441	93.63
	Net other assets	738,900	6.37
	Net assets	11,601,341	100.00

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

¹ Comparative figures shown in brackets relate to 31 May 2022.

7IM RANDOLPH PLACE DIVERSIFIED FUND

STATEMENT OF TOTAL RETURN

for the year ended 31 May 2023

	Notes	£	31.05.23 £	£	31.05.22 £
Income					
Net capital losses	4		(527,785)		(50,032)
Revenue	5	401,695		357,590	
Expenses	6	(86,164)		(84,780)	
Net revenue before taxation for the year		315,531		272,810	
Taxation	7	–		–	
Net revenue after taxation for the year			315,531		272,810
Total return before distributions			(212,254)		222,778
Distributions	8		(351,107)		(308,897)
Change in net assets attributable to shareholders from investment activities			(563,361)		(86,119)

STATEMENT OF CHANGE IN NET ASSETS ATTRIBUTABLE TO SHAREHOLDERS

for the year ended 31 May 2023

	£	31.05.23 £	£	31.05.22 £
Opening net assets attributable to shareholders		12,069,188		12,117,590
Amounts received on creation of shares ¹	95,514		37,717	
		95,514		37,717
Change in net assets attributable to shareholders from investment activities		(563,361)		(86,119)
Closing net assets attributable to shareholders		11,601,341		12,069,188

¹ Stated at mid-market price. The mid-market price is calculated using the midpoint of the bid and offer rates.

The notes on pages 90 to 97 are an integral part of these financial statements.

71M RANDOLPH PLACE DIVERSIFIED FUND

BALANCE SHEET

as at 31 May 2023

	Notes	31.05.23 £	31.05.22 £
ASSETS			
Fixed assets:			
Investments		10,862,441	11,388,993
Current assets:			
Debtors	9	36,577	28,261
Cash and bank balances	10	890,364	813,003
Total assets		11,789,382	12,230,257
LIABILITIES			
Creditors:			
Distribution payable	8	(165,340)	(143,291)
Other creditors	11	(22,701)	(17,778)
Total liabilities		(188,041)	(161,069)
Net assets attributable to shareholders		11,601,341	12,069,188

The notes on pages 90 to 97 are an integral part of these Financial Statements.

7IM RANDOLPH PLACE DIVERSIFIED FUND

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 May 2023

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 11.

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 11 to 15.

3 Risk Management Policies

The Sub-fund's Risk Management Policies are the same as the Risk Management Policies disclosed on pages 15 to 17.

4 Net capital losses

	31.05.23	31.05.22
	£	£
The net capital losses during the year comprise:		
Non-derivative securities	(532,649)	(54,671)
Currency losses	(295)	(25)
Transaction charges	(393)	(874)
AMC rebates from underlying investments	5,552	5,538
Net capital losses	<u>(527,785)</u>	<u>(50,032)</u>

5 Revenue

	31.05.23	31.05.22
	£	£
Non-taxable dividends	312,113	283,701
Taxable dividends	76,142	67,944
AMC rebates from underlying investments	5,552	5,538
Bank interest	7,888	407
Total revenue	<u>401,695</u>	<u>357,590</u>

71M RANDOLPH PLACE DIVERSIFIED FUND

NOTES TO THE FINANCIAL STATEMENTS (continued) for the year ended 31 May 2023

6 Expenses

	31.05.23 £	31.05.22 £
Payable to the ACD, associates of the ACD and agents of either of them:		
ACD's periodic charge	70,424	72,490
Other expenses	1,501	1,501
	<u>71,925</u>	<u>73,991</u>
Payable to the Depositary, associates of the Depositary and agents of either of them:		
Depositary's fees	2,218	2,214
Safe custody and other bank charges	2,358	2,391
	<u>4,576</u>	<u>4,605</u>
Other Expenses:		
Audit fee ¹	7,004	5,496
Dealing and exchange fees	270	249
FCA and other regulatory fees	160	160
Legal and professional fees	1,963	–
Printing, postage and distribution costs	266	279
	<u>9,663</u>	<u>6,184</u>
Total expenses	<u>86,164</u>	<u>84,780</u>

¹ The Audit fee is inclusive of 20% VAT and 2.50% support cost.

7 Taxation

	31.05.23 £	31.05.22 £
a) <i>Analysis of charge for the year</i>		
Current tax charge (note 7b)	–	–
Total taxation	–	–
b) <i>Factors affecting 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%) (2022: 20%) for the reasons explained below.		
Net revenue before taxation	315,531	272,810
Corporation tax at 20%	63,106	54,562
Effects of:		
AMC rebates taken to capital	1,110	1,108
Movement in revenue accruals	(149)	541
Non-taxable dividends	(53,113)	(48,191)
Non-taxable overseas dividends	(9,310)	(8,549)
Unutilised excess management expenses	(1,644)	529
Total tax charge (note 7a)	–	–
c) <i>Deferred tax</i>		
There is no deferred tax provision in the current year (2022: none).		

7IM RANDOLPH PLACE DIVERSIFIED FUND

NOTES TO THE FINANCIAL STATEMENTS (continued) for the year ended 31 May 2023

7 Taxation (continued)

At the year end, there is a potential deferred tax asset of £11,103 (2022: £12,747) 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:

	31.05.23	31.05.22
	£	£
Interim	186,715	165,765
Final ¹	165,340	143,291
	<u>352,055</u>	<u>309,056</u>
Add: Revenue deducted on cancellation of shares	–	–
Deduct: Revenue received on issue of shares	(948)	(159)
Net distributions for the year	<u>351,107</u>	<u>308,897</u>
Interest payable and similar charges	–	–
Total distribution	<u>351,107</u>	<u>308,897</u>

Details of the distributions per share are set out in the table on page 98.

	31.05.23	31.05.22
	£	£
Distributions represented by:		
Net revenue after taxation	315,531	272,810
Allocations to capital:		
Capitalised expenses, net of tax relief ²	35,576	36,089
Net movement in revenue account	–	(2)
Net distributions for the year	<u>351,107</u>	<u>308,897</u>

¹ Distribution payable at the year end of £165,340 (2022: £143,291) are disclosed in the Balance Sheet on page 89.

² Please refer to Note 2(h) Distribution Policy on page 11 for further details.

9 Debtors

	31.05.23	31.05.22
	£	£
Accrued revenue	35,632	27,439
AMC rebates from underlying investments	945	822
Total debtors	<u>36,577</u>	<u>28,261</u>

10 Cash and bank balances

	31.05.23	31.05.22
	£	£
Cash and bank balances	890,364	813,003
Total cash and bank balances	<u>890,364</u>	<u>813,003</u>

7IM RANDOLPH PLACE DIVERSIFIED FUND

NOTES TO THE FINANCIAL STATEMENTS (continued) for the year ended 31 May 2023

11 Other creditors

	31.05.23	31.05.22
	£	£
Accrued expenses	22,701	17,778
Total other creditors	<u>22,701</u>	<u>17,778</u>

12 Related party transactions

ACD's periodic charge and other expenses payable to 7IM (the 'ACD') are disclosed in note 6. The balance due to the ACD at the year end in respect of management fees are £2,588 (2022: £2,608).

The amounts receivable from 7IM (the 'ACD') as at year end are £nil. The amounts payable to 7IM (the 'ACD') as at year end are £nil.

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 88. Amounts due from and to the ACD in respect of share transactions at the balance sheet date are £nil (2022: £nil) and £nil (2022: £nil), accordingly.

7IM and its associates (including other authorised investment funds managed by 7IM) had no shareholdings in the Sub-fund (2022: 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 shareholders held in excess of 20% of the shares in issue of the Sub-fund:

TURCAN CONNELL – Direct holding 81.92% (2022: 82.24%)

The net value of creations and cancellations for TURCAN CONNELL – Direct holding during the year totalled (£396,341) (2022: (£38,268)). The distributions paid and payable to TURCAN CONNELL – Direct holding during and as at the year end are £271,437 and £135,448, accordingly.

13 Classes of Shares

The Sub-fund has one share class. The annual management charge on the share class is as follows:

Class A £ 12,000 per annum plus 0.5%

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	9,563,570	77,829	–	–	9,641,399

14 Contingent liabilities and commitments

There are no contingent liabilities or unrecorded outstanding commitments at the balance sheet date (2022: none).

71M RANDOLPH PLACE DIVERSIFIED FUND

NOTES TO THE FINANCIAL STATEMENTS (continued) for the year ended 31 May 2023

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 15 to 17. 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 31 May 2023

	Floating Rate Financial Assets £	Fixed Rate Financial Assets £	Financial Assets not carrying interest £	Total £
US dollar	–	–	380,615	380,615
Pound sterling	890,364	–	10,518,403	11,408,767
	890,364	–	10,899,018	11,789,382
	Floating Rate Financial Liabilities £	Fixed Rate Financial Liabilities £	Financial Liabilities not carrying interest £	Total £
Pound sterling	–	–	(188,041)	(188,041)
	–	–	(188,041)	(188,041)

Interest rate exposure as at 31 May 2022

	Floating Rate Financial Assets £	Fixed Rate Financial Assets £	Financial Assets not carrying interest £	Total £
US dollar	–	–	371,254	371,254
Pound sterling	813,003	–	11,046,000	11,859,003
	813,003	–	11,417,254	12,230,257
	Floating Rate Financial Liabilities £	Fixed Rate Financial Liabilities £	Financial Liabilities not carrying interest £	Total £
Pound sterling	–	–	(161,069)	(161,069)
	–	–	(161,069)	(161,069)

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.

71M RANDOLPH PLACE DIVERSIFIED FUND

NOTES TO THE FINANCIAL STATEMENTS (continued) for the year ended 31 May 2023

15 Risks Disclosures (continued)

ii. Foreign currency risk

The table below shows the direct foreign currency risk profile:

Foreign currency risk exposure as at 31 May 2023

Currency	Monetary Exposure £	Non-Monetary Exposure £	Total £
US dollar	–	380,615	380,615
	–	380,615	380,615
Pound sterling	738,900	10,481,826	11,220,726
Net assets	738,900	10,862,441	11,601,341

Foreign currency risk exposure as at 31 May 2022

Currency	Monetary Exposure £	Non-Monetary Exposure £	Total £
US dollar	–	371,254	371,254
	–	371,254	371,254
Pound sterling	680,195	11,017,739	11,697,934
Net assets	680,195	11,388,993	12,069,188

iii. Derivatives

The derivatives held by the Sub-fund during the period 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 year ended 31 May 2023 was 0%, 0% and 0% respectively (31 May 2022: 0%, 1% and 1%).

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 Multi-Asset Class Model (MAC): Extra Long Version (MAC.XL) and MSCI Barra Ultra-Short Model (MAC 51d). The former applies a 8 year half-life (exponential weighting) for calculating volatilities and correlations; the latter applies a 51 day half-life for both volatilities and correlations. Both models natively cover over 100K global equity securities; 500K sovereign and corporate bonds; 900K municipal, 2,200K structured products (MBS/ABS/CMO); around 290K mutual funds; 160 currencies, 30 commodities.

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

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 MAC.XL and MAC 51d are derived from daily volatility numbers, multiplied by an appropriate 99% confidence interval scaling factor under the assumption of a normal distribution.

As of the balance sheet date, there were no derivatives held by the Sub-fund.

7IM RANDOLPH PLACE DIVERSIFIED FUND

NOTES TO THE FINANCIAL STATEMENTS (continued) for the year ended 31 May 2023

15 Risks Disclosures (continued)

iv. 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 market prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. Level 2 inputs include: quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active, inputs other than quoted prices that are observable for the asset or liability, for example interest rates and yield curves observable at commonly quoted intervals, implied volatilities, credit spreads, inputs that are derived principally from or corroborated by observable market data by correlation or other means ('market-corroborated inputs').

The Sub-fund may have corporate bonds which fall in to this category as despite quoted prices being available, trading can be irregular and there are often significant lengths of time between traded arm's length transactions.

Level 3

Valuation techniques using unobservable inputs for the asset or liability. Unobservable inputs are used to measure fair value to the extent that relevant observable inputs are not available, thereby allowing for situations in which there is little, if any, market activity for the asset or liability at the measurement date. An entity develops unobservable inputs using the best information available in the circumstances, which might include the entity's own data, taking into account all information about market participant assumptions that is reasonably available.

Where assets are subject to administration, liquidation or orderly realisation processes, the ACD may adjust the price to reflect what they consider a more realistic value in the circumstances. The rationale and pricing method is agreed with the Depositary and monitored frequently by the Fair Value Pricing Panel.

	Level 1 £	Level 2 £	Level 3 £	Total £
31 May 2023				
Assets				
Collective Investment Schemes	2,485,986	6,380,798	–	8,866,784
Equities	1,995,657	–	–	1,995,657
Total	4,481,643	6,380,798	–	10,862,441
31 May 2022				
Assets				
Collective Investment Schemes	2,638,972	6,348,123	–	8,987,095
Equities	2,401,898	–	–	2,401,898
Total	5,040,870	6,348,123	–	11,388,993

7IM RANDOLPH PLACE DIVERSIFIED FUND

NOTES TO THE FINANCIAL STATEMENTS (continued)

for the year ended 31 May 2023

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 81.

Analysis of direct transaction costs for the year ended 31 May 2023:

	Principal £'000	Commissions £'000	Taxes £'000	Total Transaction Costs £'000	Commissions % of principal	Taxes % of principal
Purchases						
Collective Investment Schemes	1	–	–	–	–	–
Total	1	–	–	–	–	–
	Principal £'000	Commissions £'000	Taxes £'000	Total Transaction Costs £'000	Commissions % of principal	Taxes % of principal
Sales						
Total	–	–	–	–	–	–
Total as a percentage of the average NAV		0.00%	0.00%	0.00%		

Analysis of direct transaction costs for the year ended 31 May 2022:

	Principal £'000	Commissions £'000	Taxes £'000	Total Transaction Costs £'000	Commissions % of principal	Taxes % of principal
Purchases						
Collective Investment Schemes	314	–	–	–	–	–
Equities	14	–	–	–	–	–
Total	328	–	–	–	–	–
	Principal £'000	Commissions £'000	Taxes £'000	Total Transaction Costs £'000	Commissions % of principal	Taxes % of principal
Sales						
Collective Investment Schemes	1,132	–	–	–	–	–
Total	1,132	–	–	–	–	–
Total as a percentage of the average NAV		0.00%	0.00%	0.00%		

Average portfolio dealing spread

As at the balance sheet date, the average portfolio dealing spread was 0.48% (2022: 0.34%). 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

As at the balance sheet date, the Net Asset Value price per share of Class A Income was 122.31p. The Net Asset Value price per share of Class A Income for the Sub-fund on 18 September 2023 was 122.27p. This represents a decrease of 0.03% from the year end value.

7IM RANDOLPH PLACE DIVERSIFIED FUND

DISTRIBUTION TABLES

for the year ended 31 May 2023

Interim - in pence per share

Group 1 - Shares purchased prior to 1 June 2022

Group 2 - Shares purchased on or after 1 June 2022 and on or before 30 November 2022

	Net Revenue	Equalisation	Paid 31.01.23	Paid 31.01.22
Class A Income				
Group 1	1.9494	–	1.9494	1.7362
Group 2	1.1867	0.7627	1.9494	1.7362

Final - in pence per share

Group 1 - Shares purchased prior to 1 December 2022

Group 2 - Shares purchased on or after 1 December 2022 and on or before 31 May 2023

	Net Revenue	Equalisation	Paid 31.07.23	Paid 31.07.22
Class A Income				
Group 1	1.7149	–	1.7149	1.4983
Group 2	0.3931	1.3218	1.7149	1.4983

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 CAPITAL STRATEGY FUND

ACD'S REPORT

for the year ended 31 May 2023

Investment Objective and Policy

The investment objective of the 7IM Capital Strategy Fund is to achieve long term capital growth.

The Sub-fund will provide exposure to equities, fixed interest securities and alternative assets principally through investments in collective investment schemes. The Sub-fund may also invest in transferable securities, money market instruments, deposits, cash and near cash.

There will be no particular emphasis on any geographical area or any industrial or economic sector.

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

Investment Manager's Report

There is no investment manager's report as the Sub-fund has started the termination process on 27 April 2021 and is no longer open to investors.

Seven Investment Management LLP

Investment Manager

September 2023

7IM CAPITAL STRATEGY FUND

FUND INFORMATION

The Comparative Table on page 101 gives the performance of the active share class in the Sub-fund.

The 'Return after charges' disclosed in the Comparative Table 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.

Closing net asset value per share is revalued using bid-market prices and more up to date prices that were not available at the time of the last valuation point of the period for the securities held in the Sub-fund. Therefore, it is lower than the published net asset value per share which used mid-market prices and any prices available at the time of the last valuation point of the year.

7IM CAPITAL STRATEGY FUND

FUND INFORMATION (continued)

Comparative Table

Class A Income

	31.05.21' (pence per share)
Change in Net Asset Value Per Share	
Opening net asset value per share	108.40
Return before operating charges*	13.81
Operating charges (calculated on average price)	(1.19)
Return after operating charges*	12.62
Distributions on income shares	(0.66)
Last quoted share price	120.36
Closing net asset value per share	–
* After direct transaction costs of: ²	0.00

Performance

Return after charges ³	11.64%
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Other Information

Closing net asset value (£'000)	–
Closing number of shares	–
Operating charges ⁴	1.12%
Direct transaction costs	0.00%

Prices

Highest share price	126.53
Lowest share price	107.71

¹ Dealing in the Sub-fund was suspended on 27 April 2021. Share class performance provided is at 27 April 2021 being the last quoted price date before shares were reduced to zero. As at year end date 31 May 2023, the Sub-fund is in the process of being terminated.

² Direct transaction costs are stated after deducting the proportion of the amounts collected from dilution adjustments or dilution levies that relate to direct transaction costs. A negative transaction costs figure might arise where there is a timing difference between inflows and the settlement of the resultant purchases.

³ The return after charges is calculated as the return after operating charges per share divided by the opening net asset value per share.

⁴ Operating charges, otherwise known as the OCF is the ratio of the Sub-fund's total disclosable costs (excluding securities lending fees and overdraft interest) to the average net assets of the Sub-fund. The OCF is intended to provide a reliable figure which gives the most accurate measure of what it costs to invest in a sub-fund and is calculated based on the last period's figures. Included within the OCF are synthetic costs which includes the OCF of the underlying funds weighted on the basis of their investment proportion.

7IM CAPITAL STRATEGY FUND

FUND INFORMATION (continued)

Ongoing Charges Figures

On 27 April 2021, the ACD has started the termination process for the Sub-fund, therefore no ongoing charges figure is disclosed.

Synthetic Risk and Reward Indicator

As the Sub-fund is no longer open to investors, the synthetic risk and reward indicator is no longer relevant.

7IM CAPITAL STRATEGY FUND

PORTFOLIO STATEMENT

as at 31 May 2023

		Value	31.05.23
Holding	Portfolio of Investment	£	%
	COLLECTIVE INVESTMENT SCHEMES 0.00% (0.00%)¹		
	United Kingdom 0.00% (0.00%)¹		
3,304	Xenfin Securitised Debt ²	118,459	100.00
		<hr/>	<hr/>
	Portfolio of investment	118,459	100.00
	Net other liabilities	(118,459)	(100.00)
		<hr/>	<hr/>
	Net assets	0	0.00
		<hr/>	<hr/>

¹ Comparative figures shown in brackets relate to 31 May 2022.

² The security is currently suspended and liquidating. The valuation for this security has been determined by the 7IM Fair Value Pricing Panel based on latest available information.

7IM CAPITAL STRATEGY FUND

STATEMENT OF TOTAL RETURN

for the year ended 31 May 2023

	Notes	£	31.05.23 £	£	31.05.22 £
Income					
Net capital (losses)/gains	4		(49,218)		264,351
Revenue	5	333		155	
Expenses	6	(5,514)		(5,669)	
Interest payable and similar charges	8	—		(3)	
Net expense before taxation for the year		(5,181)		(5,517)	
Taxation	7	—		—	
Net expense after taxation for the year			(5,181)		(5,517)
Total return before distributions			(54,399)		258,834
Distributions	8		—		—
Change in net assets attributable to shareholders from investment activities			(54,399)		258,834

STATEMENT OF CHANGE IN NET ASSETS ATTRIBUTABLE TO SHAREHOLDERS

for the year ended 31 May 2023

	31.05.23 ¹ £	31.05.22 £
Opening net assets attributable to shareholders	—	—
Amounts payable due to termination	54,399	(258,834)
Change in net assets attributable to shareholders from investment activities	(54,399)	258,834
Closing net assets attributable to shareholders	—	—

¹ Dealing in the Sub-fund was suspended on 27 April 2021. As at accounting year end date 31 May 2023, the Sub-fund is in the process of being terminated.

The notes on pages 106 to 113 are an integral part of these financial statements.

7IM CAPITAL STRATEGY FUND

BALANCE SHEET

as at 31 May 2023

	Notes	31.05.23 ¹ £	31.05.22 £
ASSETS			
Fixed assets:			
Investments		118,459	164,336
Current assets:			
Debtors	9	97,841	104,166
Cash and bank balances	10	29,427	39,932
Total assets		245,727	308,434
LIABILITIES			
Creditors:			
Bank overdrafts	10	–	(2,918)
Other creditors	11	(245,727)	(305,516)
Total liabilities		(245,727)	(308,434)
Net assets attributable to shareholders		–	–

¹ Dealing in the Sub-fund was suspended on 27 April 2021. As at year ended end date 31 May 2023, the Sub-fund is in the process of being terminated.

The notes on pages 106 to 113 are an integral part of these financial statements.

7IM CAPITAL STRATEGY FUND

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 May 2023

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 11.

2 Summary of Significant Accounting Policies

The financial statements for the current and prior year have been prepared on a basis other than going concern as the Sub-fund is in the process of termination.

3 Risk Management Policies

The Sub-fund's Risk Management Policies are the same as the Risk Management Policies disclosed on pages 15 to 17.

4 Net capital (losses)/gains

	31.05.23	31.05.22
	£	£
The net capital (losses)/gains during the year comprise:		
Non-derivative securities	(45,877)	(16,823)
Currency gains	2,753	177,988
Transaction charges	(46)	(977)
Provision for remediation	(6,362)	104,163
AMC rebates from underlying investments	314	–
Net capital (losses)/gains	<u>(49,218)</u>	<u>264,351</u>

5 Revenue

	31.05.23	31.05.22
	£	£
Taxable dividends	–	50
AMC rebates from underlying investments	84	–
Bank interest	249	105
Total revenue	<u>333</u>	<u>155</u>

7IM CAPITAL STRATEGY FUND

NOTES TO THE FINANCIAL STATEMENTS (continued) for the year ended 31 May 2023

6 Expenses

	31.05.23 £	31.05.22 £
Payable to the ACD, associates of the ACD and agents of either of them:		
ACD's periodic charge	–	1,763
Other expenses	(3,103)	(308)
	<u>(3,103)</u>	<u>1,455</u>
Payable to the Depositary, associates of the Depositary and agents of either of them:		
Depositary's fees	14	(2)
Safe custody and other bank charges	(231)	(1,858)
	<u>(217)</u>	<u>(1,860)</u>
Other Expenses:		
Audit fee ¹	–	5,496
Dealing and exchange fees	–	(1)
Provision for termination expenses ²	9,757	(206)
FCA and other regulatory fees	–	(106)
Legal and professional fees	(668)	668
Printing, postage and distribution costs	(255)	223
	<u>8,834</u>	<u>6,074</u>
Total expenses	<u>5,514</u>	<u>5,669</u>

¹ The Audit fee is inclusive of 20% VAT and 2.50% support cost.

² The expenses settled within the accounting period in the provision are inclusive of Audit fee of £7,005, and Safe custody and other bank charges of £754.

7 Taxation

	31.05.23 £	31.05.22 £
a) <i>Analysis of charge for the year</i>		
Current tax charge (note 7b)	–	–
Total taxation	–	–
b) <i>Factors affecting 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%) (2022: 20%) for the reasons explained below.		
Net expense before taxation	(5,181)	(5,517)
Corporation tax at 20%	(1,036)	(1,103)
Effects of:		
AMC rebates taken to capital	63	–
Non-allowable expenses	1,951	–
Unutilised excess management expenses	(978)	1,103
Total tax charge (note 7a)	–	–
c) <i>Deferred tax</i>		
There is no deferred tax provision in the current year (2022: none).		

7IM CAPITAL STRATEGY FUND

NOTES TO THE FINANCIAL STATEMENTS (continued) for the year ended 31 May 2023

7 Taxation (continued)

At the year end, there is a potential deferred tax asset of £56,039 (2022: £57,017) 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:

	31.05.23	31.05.22
	£	£
Interim	–	–
Final	–	–
	<hr/>	<hr/>
	–	–
Add: Revenue deducted on cancellation of shares	–	–
Deduct: Revenue received on issue of shares	–	–
	<hr/>	<hr/>
Net distributions for the year	–	–
Interest payable and similar charges	–	3
	<hr/>	<hr/>
Total distribution	–	3

Details of the distributions per share are set out in the table on page 114.

Distributions represented by:

Net expense after taxation	(5,181)	(5,517)
Allocations to capital:		
Capitalised expenses, net of tax relief ¹	63	(206)
Income deficit	5,118	5,723
	<hr/>	<hr/>
Net distributions for the year	–	–

¹ Please refer to note 2(h) Distributions policy on page 12 for further details.

9 Debtors

	31.05.23	31.05.22
	£	£
Accrued revenue	37	–
Income tax recoverable	3	3
Amounts receivable from the ACD ¹	97,801	104,163
	<hr/>	<hr/>
Total debtors	97,841	104,166

¹ Seven Investment Management LLP (7IM LLP) have embarked on a remediation programme in respect of the Xenfin Securitised Debt Fund ('XSDF') held as an investment by the 7IM Capital Strategy Fund (the 'Sub-fund'). The redress due to the Sub-fund is payable upon the final liquidation payment of XSDF to the Sub-fund and is measurable via an accrual marked to market daily. 7IM LLP has made a commitment to pay the accrual value with GBP cash when due.

7IM CAPITAL STRATEGY FUND

NOTES TO THE FINANCIAL STATEMENTS (continued) for the year ended 31 May 2023

10 Cash and bank balances

	31.05.23	31.05.22
	£	£
Cash and bank balances	29,427	39,932
Total cash and bank balances	<u>29,427</u>	<u>39,932</u>
Bank overdrafts	–	(2,918)
Cash overdraft at clearing houses	–	–
Total bank overdrafts	<u>–</u>	<u>(2,918)</u>

11 Other creditors

	31.05.23	31.05.22
	£	£
Accrued expenses	–	7,002
AMC Rebates from underlying investments	–	386
Provision for termination expenses	41,292	39,294
Amounts payable from termination	204,435	258,834
Total other creditors	<u>245,727</u>	<u>305,516</u>

12 Related party transactions

ACD's periodic charge and other expenses payable to 7IM (the 'ACD') are disclosed in note 6. The balance due to the ACD at the year end in respect of management fees are £nil (2022: £nil).

The amounts receivable from 7IM (the 'ACD') as at year end are £97,801. The amounts payable to 7IM (the 'ACD') as at year end are nil.

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 104. Amounts due from and to the ACD in respect of share transactions at the balance sheet date are £nil (2022: £nil) and £nil (2022: £nil), accordingly.

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, there was no shareholder held in excess of 20% of the shares in issue of the Sub-fund (2022: none).

The net value of creations and cancellations for Pershing Nominees Limited during the year totalled £nil (2022: £nil). The distributions paid and payable to Pershing Nominees Limited during and as at the year end are £nil and £nil, accordingly.

13 Classes of Shares

The Sub-fund has one share class. The Annual Management Charge has been reduced to £0 while this fund is in the process of being terminated.

There were no shares in issue during the year (2022: none).

7IM CAPITAL STRATEGY FUND

NOTES TO THE FINANCIAL STATEMENTS (continued) for the year ended 31 May 2023

14 Contingent liabilities and commitments

There are no contingent liabilities or unrecorded outstanding commitments at the balance sheet date (2022: 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 15 to 17. 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 31 May 2023

	Floating Rate Financial Assets £	Fixed Rate Financial Assets £	Financial Assets not carrying interest £	Total £
Pound sterling	29,427	–	216,300	245,727
	29,427	–	216,300	245,727
	Floating Rate Financial Liabilities £	Fixed Rate Financial Liabilities £	Financial Liabilities not carrying interest £	Total £
Pound sterling	–	–	(245,727)	(245,727)
	–	–	(245,727)	(245,727)

Interest rate exposure as at 31 May 2022

	Floating Rate Financial Assets £	Fixed Rate Financial Assets £	Financial Assets not carrying interest £	Total £
Pound sterling	39,932	–	268,502	308,434
	39,932	–	268,502	308,434
	Floating Rate Financial Liabilities £	Fixed Rate Financial Liabilities £	Financial Liabilities not carrying interest £	Total £
Pound sterling	(2,918)	–	(305,516)	(308,434)
	(2,918)	–	(305,516)	(308,434)

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.

7IM CAPITAL STRATEGY FUND

NOTES TO THE FINANCIAL STATEMENTS (continued) for the year ended 31 May 2023

15 Risks Disclosures (continued)

ii. Foreign currency risk

The table below shows the direct foreign currency risk profile:

Foreign currency risk exposure as at 31 May 2023

Currency	Monetary Exposure £	Non-Monetary Exposure £	Total £
Pound sterling	(118,459)	118,459	–
Net assets	(118,459)	118,459	–

Foreign currency risk exposure as at 31 May 2022

Currency	Monetary Exposure £	Non-Monetary Exposure £	Total £
Pound sterling	(164,336)	164,336	–
Net assets	(164,336)	164,336	–

iii. Derivatives

As at the balance sheet date, there were no derivatives held by the Sub-fund.

iv. 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 market prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. Level 2 inputs include: quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active, inputs other than quoted prices that are observable for the asset or liability, for example interest rates and yield curves observable at commonly quoted intervals, implied volatilities, credit spreads, inputs that are derived principally from or corroborated by observable market data by correlation or other means ('market-corroborated inputs').

The Sub-fund may have corporate bonds which fall in to this category as despite quoted prices being available, trading can be irregular and there are often significant lengths of time between traded arm's length transactions.

Level 3

Valuation techniques using unobservable inputs (see Note 2(i)) for the asset or liability. Unobservable inputs are used to measure fair value to the extent that relevant observable inputs are not available, thereby allowing for situations in which there is little, if any, market activity for the asset or liability at the measurement date. An entity develops unobservable inputs using the best information available in the circumstances, which might include the entity's own data, taking into account all information about market participant assumptions that is reasonably available.

Where assets are subject to administration, liquidation or orderly realisation processes, the ACD may adjust the price to reflect what they consider a more realistic value in the circumstances. The rationale and pricing method is agreed with the Depositary and monitored frequently by the Fair Value Pricing Panel.

One holding within the Sub-fund were held at a Level 3 valuation throughout the period:

Xenfin Securitised Debt Fund

The Xenfin Securitised Debt Fund was suspended from trading in June 2019 and then began implementing a voluntary windup with a liquidator being appointed in December 2019.

7IM CAPITAL STRATEGY FUND

NOTES TO THE FINANCIAL STATEMENTS (continued) for the year ended 31 May 2023

15 Risks Disclosures (continued)

iv. Fair value (continued)

The following metrics were used to calculate the Fair Value Price throughout the period:

a. The last observable published price was in June 2019, throughout 2020, 2021, and 2022 the fund has made five distributions returning approximately 48% of the June 2019 value to investors. The Fair Value Price was adjusted accordingly to take account of these distributions.

b. A sum of the parts approach to valuation, there is reliance on unobservable inputs and there has been application of judgement. Examples include: (i) expectation for a mortgage to be repaid following development and sale of a property asset with a sale price estimated at \$21m by an expert third party independent valuer, the valuation assessment is based on comparable transactions, the opinion of market value is completed based on the hypothetical condition that the proposed improvements are completed in accordance with plans and specifications as of the appraisal date; (ii) expectation of sale of property assets; (iii) the expected value to be realised from Unquoted shares; and (iv) the expectation of costs to be recovered.

c. Specifically in regard to approximately 53% of the Xenfin Securitised Debt Fund, there is reliance on unobservable inputs and the application of significant judgement in relation to the expected value to be realised from an equity holding where the underlying assets are properties. The valuation assessment of the properties held by the equity holding was conducted by an independent third party valuer.

31 May 2023	Level 1 £	Level 2 £	Level 3 £	Total £
Assets				
Collective Investment Schemes	–	–	118,459	118,459
<hr/>				
31 May 2022	Level 1 £	Level 2 £	Level 3 £	Total £
Assets				
Collective Investment Schemes	–	–	164,336	164,336
<hr/>				

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 100.

Analysis of direct transaction costs for the year ended 31 May 2023:

There were no purchases and sales made by the Sub-fund during the year ended 31 May 2023.

7IM CAPITAL STRATEGY FUND

NOTES TO THE FINANCIAL STATEMENTS (continued) for the year ended 31 May 2023

16 Purchases, Sales and Transaction Costs (continued)

Analysis of direct transaction costs for the year ended 31 May 2022:

	Principal £'000	Commissions £'000	Taxes £'000	Total Transaction Costs £'000	Commissions % of principal	Taxes % of principal
Purchases						
Collective Investment Schemes	6	–	–	–	–	–
Total	6	–	–	–	–	–
Sales						
Collective Investment Schemes	51	–	–	–	–	–
Total	51	–	–	–	–	–
Total as a percentage of the average NAV		0.00%	0.00%	0.00%		

Average portfolio dealing spread

As at the balance sheet date, the average portfolio dealing spread was 0.00% (2022: 0.00%). 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

As the Sub-fund is in the process of termination and all shares have been redeemed, market price movement is not presented for the Sub-fund.

7IM CAPITAL STRATEGY FUND

DISTRIBUTION TABLES

The Sub-fund has no distribution for the year ended 31 May 2023 and period ended 30 November 2022 as the Sub-fund is in the process of being terminated.

7IM MULGY FUND

ACD'S REPORT

for the year ended 31 May 2023

Investment Objective and Policy

The investment objective of the 7IM Mulgy Fund is to provide long term capital and income growth by gaining exposure to a broad range of investments which may include equities, fixed interest securities and alternative assets principally through investment in collective investment schemes (including those managed or operated by the ACD).

The Sub-fund may also invest in transferable securities, money market instruments, deposits and cash and near cash.

There will be no particular emphasis on any geographical area or any industrial or economic sector.

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

Investment Manager's Report

Performance Report

In the reporting period, 1 June 2022 to 31 May 2023, the portfolio delivered a total return of 0.20%¹.

Comparator Benchmark

The fund outperformed its IA sector performance comparator benchmark (ARC Sterling Balanced / Equity Risk PCI) over the last year. The fund benefitted from having higher allocations to Japanese and European equities which performed very well, as well as having less concentration risk in US equities than many peers which struggled in 2022 due to higher interest rates and the selloff in tech. The 1 year, 3 year and 5 year relative performance to the benchmark was 1.70%, 2.97%, -3.26% respectively.

Investment Background

Global equities had a very tough month in June 2022. Investors grew increasingly concerned about rising rates and inflation data showed no sign of slowing down. Rising food and energy prices were a key cause as crude retreated slightly after peaking in early June. China was a slight exception as lockdowns seemed to temporarily ease resulting in a slight positive upturn.

In July 2022, developed markets turned around. Investors began to focus on the potential of interest rate cuts in 2023 as there were very slight signs that the global economy, and hence inflation, could be slowing. Themes that were seen earlier in the year reversed as growth stocks rallied the most. Contrary to what we saw in June, China lagged developed markets, and bond yields fell across the developed world.

In August 2022, markets returned to the trends that were seen before July as markets realised that rate hikes were required to bring inflation down in a meaningful way. Developed markets sold off. In contrast to July, bond yields fell, and emerging markets held up well. The UK was another market that underperformed as investors were gripped by the resignation of Boris Johnson, the energy crisis, and weakening economic data.

September 2022 rounded off yet another tough quarter for markets with the trends that were seen in August continuing. Yet again, a lot of the drama came from the UK as Kwasi Kwarteng presented the mini budget. Unfunded tax cuts and proposed spending on a large scale elicited a dramatic response from markets. Gilts and UK equities sold off heavily as investors lost confidence in the UK economy going forward.

In yet another mini reversal, developed markets posted strong gains as emerging markets fell in October 2022. Despite the Federal Reserve signalling that tighter monetary policy is still required to keep inflation in check, markets found something to be positive about. It is possible that investors were focussed on earnings season where in previous reports data had been better than expectations. In China, equities performed badly as COVID-19 restrictions did not let up. And in the UK, the appointment of Rishi Sunak was well received by gilt markets.

Equity markets were positive in November 2022 with emerging markets outperforming their developed counterparts. In the developed world, there was hope that US inflation may have peaked, and rates might turn around. The driver of emerging market outperformance, yet again, was China's COVID-19 policy. In November, China loosened rules and markets responded very positively.

¹ Calculated using 7IM Mulgy Fund ICVC A Inc shares, published prices. Source: NTRS

71M MULGY FUND

ACD'S REPORT (continued) for the year ended 31 May 2023

Investment Manager's Report (continued)

Investment Background (continued)

In December 2022, investors faced challenges as the Chinese economy reopened faster than expected, central banks continued to tighten monetary policy, and the Bank of Japan surprised the market. Developed market equities declined. The hawkishness of the US Federal Reserve set the tone for the month, despite easing inflation in many developed countries. Major central banks showed no signs of changing their accommodative monetary policies. Government bond yields rose due to central bank actions. China's swift policy changes towards reopening and downgrading COVID-19 restrictions caused market concerns.

January 2023 witnessed a strong beginning for equity markets, both in developed and emerging markets. Bond prices rallied as yields decreased, reflecting positive market sentiment. Factors such as improving inflation outlook, Europe's resilient economic growth, and the expected recovery of the Chinese economy contributed to the market rally. The decline in inflation influenced expectations that central banks may end rate hikes earlier. Overall, January showed promising signs for the economy and markets, despite lingering risks.

February 2023 saw releases of tight job market data. This led to expectations of rates being higher for longer. Global equities fell slightly led by declines in the US market off the back of increased rate expectations. European equities gained slightly as forward looking data looked relatively better than it had done at the start of the year. Emerging markets struggled over the month as the US-China tensions escalated slightly.

March 2023 was a very eventful month for markets. Silicon Valley Bank was unable to meet deposits and went under. Later in the month Credit Suisse experienced extreme deposit flight and was eventually purchased by UBS in a government brokered deal. Establishing whether or not this was related to Silicon Valley Bank is very hard, but Credit Suisse's troubled reputation no doubt contributed to the speed of deposit flight when concerns around the banking sector emerged.

Global shares rose in April 2023, supported by resilient economic data. Developed markets outperformed emerging markets. US equities made limited gains as the Fed signalled a potential slowdown. Eurozone shares rose, except for the IT sector. UK equities rose, driven by financials and energy. Japan maintained positive momentum. Asia ex Japan and emerging market equities declined.

Global shares declined in May 2023, but technology stocks saw gains driven by enthusiasm over artificial intelligence. Economic data showed weakness in manufacturing sectors, while services remained strong. Concerns over the US debt ceiling were resolved with a deal reached at the end of the month. Government bond yields increased, and the Bank of England raised interest rates. Japanese stocks continued their strong performance, while Asia ex Japan and emerging markets underperformed.

Portfolio Review

In August 2022, we refreshed our SAA in line with its annual schedule. This is led by an optimisation process that maps asset classes onto risk factors in order to create optimal portfolios for each risk profile. This year's process resulted in an increase in equity exposure as well as reductions in duration and credit exposure.

Going into 2022 August, our worldview was turning more negative. Our belief was that economic data was likely to weaken and equity markets would respond by moving sideways with some volatility. In order to position portfolios for this market outcome, we moved our portfolios underweight equity relative to our SAA.

During September 2022, we further reduced the headline equity beta of our portfolios to an even more underweight position relative to our SAA. This was in line with our core view that a global manufacturing downturn is unavoidable and economic fundamentals are set to decline.

During September 2022, we also removed the remaining part of our value tilt. This position was in place to benefit from a cyclical upturn, something we no longer believe will happen soon. This position went into a combination of cash and our Berkshire Hathaway allocation which is better placed to benefit from the economic conditions we see going forward.

During October 2022, we unwound our tactical emerging market overweight. Our original case for the emerging market overweight was that the global economy would rebound after COVID-19. This has happened and it now looks as though the global economy is heading for/already in recession mode.

In December 2022, we further reduced our headline equity beta underweight. Our base case view of the world for 2023 was that a recession was more likely than not. In this environment, we would not expect equities to perform well.

7IM MULGY FUND

ACD'S REPORT (continued)
for the year ended 31 May 2023

Investment Manager's Report (continued)

Portfolio Review (continued)

In January 2023, we introduced a metals and mining trade. We have a lot of conviction in this trade as a long-term theme. The amount of metal needed to get to net zero is vast, and the nature of mining means that supply cannot increase in line with this. Mining companies are likely to benefit. Furthermore, the companies are cheap and produce very healthy dividends.

During March 2023, we also added to our climate change position. The trade had underperformed over the past few months, we still have a lot of conviction in the long term case for the position and since it had sold off, the valuations looked more attractive than they had in the past.

In April 2023, we trimmed our put selling position. The position had performed well versus the S&P - the allocation it is funded from - and a general fall in volatility means that the base level of returns from the strategy that are available are lower.

Investment Outlook

Over the next twelve months, we anticipate that the global economy will slide into a recession. In this environment, it is important to rely on a stable identity. Economic uncertainty creates fear and investor sentiment tends to overreact to economic turning points. Going forward, we believe that:

- Inflation will come down. Goods inflation is slowly normalising, and supply chain pressures are reducing.
- Central banks are getting close to the end of their hiking cycles, but there is still a bit more work to do.
- A US recession is highly likely. Most leading indicators are pointing towards a recession, but the recession shouldn't be too long or deep.

As such, investors are starting to worry about what's next for financial markets. Economic data isn't likely to stabilise until next year. Equity markets are unlikely to perform well.

We know our investment identity helps us to deliver in just these kinds of environments. We believe that we have positions that can generate returns despite this volatile backdrop.

Seven Investment Management LLP
Investment Manager
September 2023

7IM MULGY FUND

FUND INFORMATION

The Comparative Table on page 119 gives the performance of the active share class in the Sub-fund.

The 'Return after charges' disclosed in the Comparative Table 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.

Closing net asset value per share is revalued using bid-market prices and more up to date prices that were not available at the time of the last valuation point of the period for the securities held in the Sub-fund. Therefore, it is lower than the published net asset value per share which used mid-market prices and any prices available at the time of the last valuation point of the year.

7IM MULGY FUND

FUND INFORMATION (continued)

Comparative Table

Class A Income

	31.05.23 (pence per share)	31.05.22 (pence per share)	31.05.21 (pence per share)
Change in Net Asset Value Per Share			
Opening net asset value per share	103.34	106.35	95.42
Return before operating charges*	1.36	(0.40)	13.12
Operating charges (calculated on average price)	(1.19)	(1.21)	(1.19)
Return after operating charges*	0.17	(1.61)	11.93
Distributions on income shares	(1.18)	(1.40)	(1.00)
Closing net asset value per share	102.33	103.34	106.35
* After direct transaction costs of: ¹	0.00	0.00	0.00

Performance

Return after charges ²	0.16%	(1.51)%	12.50%
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Other Information

Closing net asset value (£'000)	16,099	16,737	17,509
Closing number of shares	15,732,631	16,196,257	16,463,210
Operating charges ³	1.16%	1.14%	1.18%
Direct transaction costs	0.00%	0.00%	0.00%

Prices

Highest share price	108.35	110.43	107.06
Lowest share price	97.17	99.34	95.29

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

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

³ Operating charges, otherwise known as the OCF is the ratio of the Sub-fund's total disclosable costs (excluding securities lending fees and overdraft interest) to the average net assets of the Sub-fund. The OCF is intended to provide a reliable figure which gives the most accurate measure of what it costs to invest in a sub-fund and is calculated based on the last period's figures. Included within the OCF are synthetic costs which includes the OCF of the underlying funds weighted on the basis of their investment proportion. A detailed breakdown of the OCF per share class is shown on page 120.

7IM MULGY FUND

FUND INFORMATION (continued)

Ongoing Charges Figures

As at 31 May 2023

	Class A
ACD's periodic charge	0.57%
Other expenses	0.12%
	<hr/>
Collective investment scheme costs	0.69%
	<hr/>
Ongoing Charges Figure	0.47%
	<hr/>
	1.16%

As at 31 May 2022

	Class A
ACD's periodic charge	0.57%
Other expenses	0.09%
	<hr/>
Collective investment scheme costs	0.66%
	<hr/>
Ongoing Charges Figure	0.48%
	<hr/>
	1.14%

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.

7IM MULGY FUND

FUND INFORMATION (continued)

Synthetic Risk and Reward Indicator

Synthetic Risk and Reward Indicator



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

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

The risk and reward indicator shown above is as at the date of publication of the interim report and financial statements, the risk and reward indicator as at the year end date 31 May 2023 was four.

Fund performance to 31 May 2023 (%)

	1 year	3 years	5 years
7IM Mulgy Fund ICVC ¹	0.20	11.22	6.78

¹ Source: Bloomberg.

The performance of the Sub-fund is based on the published price per 'A' income share.

Details of the distributions per share for the period are shown in the Distribution Tables on page 137.

7IM MULGY FUND

PORTFOLIO STATEMENT

as at 31 May 2023

Holding	Portfolio of Investment	Value	31.05.23
		£	%
	ALTERNATIVES 5.34% (2.04%)¹		
	Alternative Strategies 5.34% (2.04%)¹		
360,000	JP Morgan Structured Products 0.0% 10/09/2024 ²	305,377	1.90
357,000	SG Defensive Short Term Equity Strategy 0.00% 2023 ²	292,553	1.82
2,803	UBS AG London 2027	260,304	1.62
		858,234	5.34
	EQUITY 5.43% (4.61%)¹		
	North America 5.43% (4.61%)¹		
3,354	Berkshire Hathaway	874,064	5.43
	FORWARD CURRENCY CONTRACTS 0.03% (-0.93%)¹		
US\$(2,200,000)	Vs £1,801,396 Expiry 14.07.2023	23,699	0.15
US\$(560,000)	Vs £451,529 Expiry 14.07.2023	(976)	(0.01)
¥226,000,000	Vs £(1,344,690) Expiry 17.11.2023	(5,786)	(0.03)
US\$1,136,468	Vs £(930,558) Expiry 14.07.2023	(12,242)	(0.08)
		4,695	0.03
	COLLECTIVE INVESTMENT SCHEMES 85.45% (88.96%)¹		
	Ireland 13.35% (20.17%)¹		
73,734	Baillie Gifford Worldwide Health Innovation Fund	626,673	3.89
33,200	iShares MSCI USA ESG Screened UCITS ETF	209,500	1.30
92,192	Neuberger Berman US Equity Index Put Write Fund	1,313,730	8.16
		2,149,903	13.35
	Luxembourg 16.29% (22.69%)¹		
1,930	AQR - Managed Futures UCITS Fund	229,439	1.42
6,286	BlackRock Global Funds - World Mining Fund	342,324	2.13
2,813	BlackRock Strategic Funds - Global Event Driven Fund	319,386	1.98
165	Candriam Absolute Return Equity Market Neutral	251,137	1.56
2,621	Fulcrum Equity Dispersion Fund	326,418	2.03
2,904	RWC Global Emerging Markets	570,556	3.55
23,648	Schroder ISF Asian Opportunities	583,258	3.62
		2,622,518	16.29
	United Kingdom 51.53% (46.10%)¹		
996,389	Fidelity Investment Funds ICVC - UK Select Fund	1,078,093	6.70
317,258	iShares Global Property Securities Index	672,379	4.18
380,054	LF Lightman European Fund I Income	472,331	2.93
69,896	LF Odey Absolute Return	348,077	2.16
512,787	M&G Japan Fund Sterling	726,979	4.52
320,477	Man GLG Income Fund	1,094,109	6.79
721,426	Ninety One Funds Series III - Global Environment Fund	1,103,782	6.86
191,734	Premier Miton European Opportunities	530,912	3.30
1,999,292	Schroder Prime UK Equity Fund	1,089,214	6.76
72,113	T. Rowe Price Funds OEIC Japanese Equity	721,559	4.48
12,813	Xenfin Securitised Debt ³	459,446	2.85
		8,296,881	51.53

7IM MULGY FUND

PORTFOLIO STATEMENT (continued) as at 31 May 2023

		Value	31.05.23
Holding	Portfolio of Investment	£	%
	COLLECTIVE INVESTMENT SCHEMES 85.45% (88.96%)¹ (continued)		
	United States 4.28% (0.00%)¹		
4,702	AB SICAV I - International Health Care Portfolio	689,210	4.28
		<hr/>	
	Portfolio of investment	15,495,505	96.25
	Net other assets	603,169	3.75
		<hr/>	
	Net assets	16,098,674	100.00
		<hr/>	

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

¹ Comparative figures shown in brackets relate to 31 May 2022.

² Structured product.

³ The security is currently suspended and liquidating. The valuation for this security has been determined by the 7IM Fair Value Pricing Panel based on latest available information.

	31.05.23	31.05.22
Credit Quality	%	%
Non-rated debt securities	5.34	2.04
Other investments	90.91	92.64
Net other assets	3.75	5.32
	<hr/>	
	100.00	100.00
	<hr/>	

7IM MULGY FUND

STATEMENT OF TOTAL RETURN

for the year ended 31 May 2023

	Notes	£	31.05.23 £	£	31.05.22 £
Income					
Net capital losses	4		(59,084)		(420,709)
Revenue	5	196,514		264,547	
Expenses	6	(111,017)		(113,149)	
Interest payable and similar charges	8	(350)		(60)	
Net revenue before taxation for the year		85,147		151,338	
Taxation	7	(1,861)		(12,305)	
Net revenue after taxation for the year			83,286		139,033
Total return before distributions			24,202		(281,676)
Distributions	8		(188,871)		(234,276)
Change in net assets attributable to shareholders from investment activities			(164,669)		(515,952)

STATEMENT OF CHANGE IN NET ASSETS ATTRIBUTABLE TO SHAREHOLDERS

for the year ended 31 May 2023

	£	31.05.23 £	£	31.05.22 £
Opening net assets attributable to shareholders		16,737,281		17,508,669
Amounts received on creation of shares ¹	–		448,495	
Amounts paid on cancellation of shares ¹	(473,938)		(703,931)	
		(473,938)		(255,436)
Change in net assets attributable to shareholders from investment activities		(164,669)		(515,952)
Closing net assets attributable to shareholders		16,098,674		16,737,281

¹ Stated at mid-market price. The mid-market price is calculated using the midpoint of the bid and offer rates.

The notes on pages pages 126 to 136 are integral part of these financial statements.

7IM MULGY FUND

BALANCE SHEET

as at 31 May 2023

	Notes	31.05.23 £	31.05.22 £
ASSETS			
Fixed assets:			
Investments		15,514,509	16,039,814
Current assets:			
Debtors	9	359,133	371,922
Cash and bank balances	10	334,377	583,919
Total assets		16,208,019	16,995,655
LIABILITIES			
Investment liabilities			
		(19,004)	(192,934)
Creditors:			
Bank overdrafts	10	–	(638)
Distribution payable	8	(60,807)	(32,554)
Other creditors	11	(29,534)	(32,248)
Total liabilities		(109,345)	(258,374)
Net assets attributable to shareholders		16,098,674	16,737,281

The notes on pages 126 to 136 are integral part of these financial statements.

7IM MULGY FUND

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 May 2023

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 11.

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 11 to 15.

3 Risk Management Policies

The Sub-fund's Risk Management Policies are the same as the Risk Management Policies disclosed on pages 15 to 17.

4 Net capital losses

	31.05.23	31.05.22
	£	£
The net capital losses during the year comprise:		
Non-derivative securities	99,550	(545,424)
Forward currency contracts	(192,959)	(242,004)
Currency gains/(losses)	38,635	(17,945)
Transaction charges	(2,848)	(3,733)
Provision for remediation	(17,477)	364,744
AMC rebates from underlying investments	16,015	23,649
CSDR penalty reimbursement	–	4
Net capital losses	<u>(59,084)</u>	<u>(420,709)</u>

5 Revenue

	31.05.23	31.05.22
	£	£
Non-taxable dividends	169,131	113,263
Taxable dividends	21,111	151,632
Unfranked interest	(4,474)	(2,298)
AMC rebates from underlying investments	5,198	1,900
Bank interest	5,548	50
Total revenue	<u>196,514</u>	<u>264,547</u>

7IM MULGY FUND

NOTES TO THE FINANCIAL STATEMENTS (continued) for the year ended 31 May 2023

6 Expenses

	31.05.23	31.05.22
	£	£
Payable to the ACD, associates of the ACD and agents of either of them:		
ACD's periodic charge	94,668	101,035
Other expenses	748	1,499
	<u>95,416</u>	<u>102,534</u>
Payable to the Depositary, associates of the Depositary and agents of either of them:		
Depositary's fees	3,207	2,854
Safe custody and other bank charges	3,021	3,089
	<u>6,228</u>	<u>5,943</u>
Other Expenses:		
Audit fee ¹	7,004	5,495
Dealing and exchange fees	33	(1,053)
FCA and other regulatory fees	161	161
Legal and professional fees	2,105	–
Printing, postage and distribution costs	70	69
	<u>9,373</u>	<u>4,672</u>
Total expenses	<u>111,017</u>	<u>113,149</u>

¹ The Audit fee is inclusive of 20% VAT and 2.50% support cost.

7IM MULGY FUND

NOTES TO THE FINANCIAL STATEMENTS (continued) for the year ended 31 May 2023

7 Taxation

	31.05.23 £	31.05.22 £
<i>a) Analysis of charge for the year</i>		
Corporation tax at 20%	–	12,305
Irrecoverable CIS income tax	1,861	–
Current tax charge (note 7b)	1,861	12,305
Total taxation	1,861	12,305

b) Factors affecting 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%) (2022: 20%) for the reasons explained below.

Net revenue before taxation	85,147	151,338
Corporation tax at 20%	17,029	30,268
Effects of:		
AMC rebates taken to capital	3,203	4,729
Irrecoverable CIS income tax w/off	1,861	–
Non-taxable dividends	(33,799)	(22,692)
Unutilised excess management expenses	13,567	–
Total tax charge (note 7a)	1,861	12,305

c) Deferred tax

There is no deferred tax provision in the current year (2022: none).

At the year end, there is a potential deferred tax asset of £13,567 (2022: £nil) 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:

	31.05.23 £	31.05.22 £
First Interim	28,507	63,140
Second Interim	58,245	108,008
Third Interim	40,250	31,010
Final ¹	60,807	32,554
	187,809	234,712
Add: Revenue deducted on cancellation of shares	1,062	1,069
Deduct: Revenue received on issue of shares	–	(1,505)
Net distributions for the year	188,871	234,276
Interest payable and similar charges	350	60
Total distribution	189,221	234,336

Details of the distributions per share are set out in the table on page 137.

7IM MULGY FUND

NOTES TO THE FINANCIAL STATEMENTS (continued) for the year ended 31 May 2023

8 Distributions (continued)

	31.05.23 £	31.05.22 £
Distributions represented by:		
Net revenue after taxation	83,286	139,033
Allocations to capital:		
Capitalised expenses, net of tax relief ²	105,584	95,248
Net movement in revenue account	1	(5)
Net distributions for the year	<u>188,871</u>	<u>234,276</u>

¹ Distribution payable at the year end of £60,807 (2022: £32,554) are disclosed in the Balance Sheet on page 125.

² Please refer to Note 2(h) Distribution Policy on page 11 for further details.

9 Debtors

	31.05.23 £	31.05.22 £
Accrued revenue	5,416	24
Income tax recoverable	1,466	1,638
AMC rebates from underlying investments	4,984	5,493
Prepaid expenses	–	23
Amount receivable from the ACD ¹	347,267	364,744
Total debtors	<u>359,133</u>	<u>371,922</u>

¹ Seven Investment Management LLP (7IM LLP) have embarked on a remediation programme in respect of the Xenfin Securitised Debt Fund ('XSDF') held as an investment by the 7IM Mulgy Fund (the 'Sub-fund'). The redress due to the Sub-fund is payable upon the final liquidation payment of XSDF to the Sub-fund and is measurable via an accrual marked to market daily. 7IM LLP has made a commitment to pay the accrual value with GBP cash when due.

10 Cash and bank balances

	31.05.23 £	31.05.22 £
Cash and bank balances	334,377	583,919
Total cash and bank balances	<u>334,377</u>	<u>583,919</u>
Bank overdrafts	–	(635)
Cash overdraft at clearing houses	–	(3)
Total bank overdrafts	<u>–</u>	<u>(638)</u>

11 Other Creditors

	31.05.23 £	31.05.22 £
Purchases awaiting settlement	4,743	–
Accrued expenses	24,791	19,943
Corporation tax payable	–	12,305
Total other creditors	<u>29,534</u>	<u>32,248</u>

7IM MULGY FUND

NOTES TO THE FINANCIAL STATEMENTS (continued) for the year ended 31 May 2023

12 Related party transactions

ACD's periodic charge and other expenses payable to 7IM (the 'ACD') are disclosed in note 6. The balance due to the ACD at the year end in respect of management fees are £8,150 (2022: £7,889).

The amounts receivable from 7IM (the 'ACD') as at year end are £347,267. The amounts payable to 7IM (the 'ACD') as at year end are £nil.

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 124. Amounts due from and to the ACD in respect of share transactions at the balance sheet date are £nil (2022: £nil) and £nil (2022: £nil), accordingly.

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 100.00% (2022: 100.00%)

The net value of creations and cancellations for Pershing Nominees Limited during the year totalled (£604,372) (2022: (£715,997)). The distributions paid and payable to Pershing Nominees Limited during and as at the year end are £159,557 and £60,807, accordingly.

13 Classes of Shares

The Sub-fund has one share class. The annual management charge on the share class is as follows:

Class A £12,000 per annum plus 0.50%

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	16,196,257	–	(463,626)	–	15,732,631

14 Contingent liabilities and commitments

There are no contingent liabilities or unrecorded outstanding commitments at the balance sheet date (2022: none).

7IM MULGY FUND

NOTES TO THE FINANCIAL STATEMENTS (continued) for the year ended 31 May 2023

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 15 to 17. 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 31 May 2023

	Floating Rate Financial Assets £	Fixed Rate Financial Assets £	Financial Assets not carrying interest £	Total £
Japanese yen	–	–	1,338,904	1,338,904
US dollar	6	858,234	2,585,139	3,443,379
Pound sterling	334,371	–	15,577,811	15,912,182
	334,377	858,234	19,501,854	20,694,465

	Floating Rate Financial Liabilities £	Fixed Rate Financial Liabilities £	Financial Liabilities not carrying interest £	Total £
US dollar	–	–	(2,230,202)	(2,230,202)
Pound sterling	–	–	(2,365,589)	(2,365,589)
	–	–	(4,595,791)	(4,595,791)

Interest rate exposure as at 31 May 2022

	Floating Rate Financial Assets £	Fixed Rate Financial Assets £	Financial Assets not carrying interest £	Total £
Euro	562	–	–	562
US dollar	80	340,917	3,603,255	3,944,252
Pound sterling	583,277	–	15,810,985	16,394,262
	583,919	340,917	19,414,240	20,339,076

	Floating Rate Financial Liabilities £	Fixed Rate Financial Liabilities £	Financial Liabilities not carrying interest £	Total £
Euro	(562)	–	–	(562)
US dollar	(74)	–	(2,660,433)	(2,660,507)
Pound sterling	(3)	–	(940,723)	(940,726)
	(639)	–	(3,601,156)	(3,601,795)

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.

7IM MULGY FUND

NOTES TO THE FINANCIAL STATEMENTS (continued) for the year ended 31 May 2023

15 Risks Disclosures (continued)

i. Interest rate risk (continued)

Currency	Fixed Rate Financial Assets			
	Weighted average interest rate		Weighted average period for which rate is fixed	
	31.05.23	31.05.22	31.05.23	31.05.22
	%	%	Years	Years
US dollar	(3.06)	4.57	1	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 31 May 2023, the weighted average effective duration was 0.07 years (31 May 2022: 0.01 years).

ii. Foreign currency risk

The table below shows the direct foreign currency risk profile:

Foreign currency risk exposure as at 31 May 2023

Currency	Monetary Exposure £	Non-Monetary Exposure £	Total £
Japanese yen	–	1,338,904	1,338,904
US dollar	6	1,213,171	1,213,177
	6	2,552,075	2,552,081
Pound sterling	603,163	12,943,430	13,546,593
Net assets	603,169	15,495,505	16,098,674

Foreign currency risk exposure as at 31 May 2022

Currency	Monetary Exposure £	Non-Monetary Exposure £	Total £
US dollar	6	1,283,739	1,283,745
	6	1,283,739	1,283,745
Pound sterling	890,395	14,563,141	15,453,536
Net assets	890,401	15,846,880	16,737,281

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 year ended 31 May 2023 was 16%, 52% and 25% respectively (31 May 2022: 12%, 41% and 19% respectively).

7IM MULGY FUND

NOTES TO THE FINANCIAL STATEMENTS (continued)

for the year ended 31 May 2023

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 Multi-Asset Class Model (MAC): Extra Long Version (MAC.XL) and MSCI Barra Ultra-Short Model (MAC 51d). The former applies a 8 year half-life (exponential weighting) for calculating volatilities and correlations; the latter applies a 51 day half-life for both volatilities and correlations. Both models natively cover over 100K global equity securities; 500K sovereign and corporate bonds; 900K municipal, 2,200K structured products (MBS/ABS/CMO); around 290K mutual funds; 160 currencies, 30 commodities.

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

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 MAC.XL and MAC 51d 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 was forward currency contracts. 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	31.05.23 £	31.05.22 £
Forward Currency Contracts		
Northern Trust	4,695	(155,573)
Total net exposure¹	<u>4,695</u>	<u>(155,573)</u>

¹ 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

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 market prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. Level 2 inputs include: quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active, inputs other than quoted prices that are observable for the asset or liability, for example interest rates and yield curves observable at commonly quoted intervals, implied volatilities, credit spreads, inputs that are derived principally from or corroborated by observable market data by correlation or other means ('market-corroborated inputs').

The Sub-fund may have corporate bonds which fall in to this category as despite quoted prices being available, trading can be irregular and there are often significant lengths of time between traded arm's length transactions.

Level 3

Valuation techniques using unobservable inputs (see Note 2(i)) for the asset or liability. Unobservable inputs are used to measure fair value to the extent that relevant observable inputs are not available, thereby allowing for situations in which there is little, if any, market activity for the asset or liability at the measurement date. An entity develops unobservable inputs using the best information available in the circumstances, which might include the entity's own data, taking into account all information about market participant assumptions that is reasonably available.

Where assets are subject to administration, liquidation or orderly realisation processes, the ACD may adjust the price to reflect what they consider a more realistic value in the circumstances. The rationale and pricing method is agreed with the Depositary and monitored frequently by the Fair Value Pricing Panel.

7IM MULGY FUND

NOTES TO THE FINANCIAL STATEMENTS (continued) for the year ended 31 May 2023

15 Risks Disclosures (continued)

iv. Fair value (continued)

One holding within the Sub-fund were held at a Level 3 valuation throughout the period:

Xenfin Securitised Debt Fund

The Xenfin Securitised Debt Fund was suspended from trading in June 2019 and then began implementing a voluntary windup with a liquidator being appointed in December 2019.

The following metrics were used to calculate the Fair Value Price throughout the period:

- The last observable published price was in June 2019, throughout 2020, 2021, and 2022 the fund has made five distributions returning approximately 48% of the June 2019 value to investors. The Fair Value Price was adjusted accordingly to take account of these distributions.
- A sum of the parts approach to valuation, there is reliance on unobservable inputs and there has been application of judgement. Examples include: (i) expectation for a mortgage to be repaid following development and sale of a property asset with a sale price estimated at \$21m by an expert third party independent valuer, the valuation assessment is based on comparable transactions, the opinion of market value is completed based on the hypothetical condition that the proposed improvements are completed in accordance with plans and specifications as of the appraisal date; (ii) expectation of sale of property assets; (iii) the expected value to be realised from Unquoted shares; and (iv) the expectation of costs to be recovered.
- Specifically in regard to approximately 53% of the Xenfin Securitised Debt Fund, there is reliance on unobservable inputs and the application of significant judgement in relation to the expected value to be realised from an equity holding where the underlying assets are properties. The valuation assessment of the properties held by the equity holding was conducted by an independent third party valuer.

	Level 1 £	Level 2 £	Level 3 £	Total £
31 May 2023				
Assets				
Bonds	–	858,234	–	858,234
Collective Investment Schemes	7,022,491	6,276,575	459,446	13,758,512
Derivatives	–	23,699	–	23,699
Equities	874,064	–	–	874,064
Total	7,896,555	7,158,508	459,446	15,514,509
Liabilities				
Derivatives	–	(19,004)	–	(19,004)
31 May 2022				
Assets				
Bonds	–	340,917	–	340,917
Collective Investment Schemes	8,587,515	5,665,082	637,300	14,889,897
Derivatives	–	37,361	–	37,361
Equities	771,639	–	–	771,639
Total	9,359,154	6,043,360	637,300	16,039,814
Liabilities				
Derivatives	–	(192,934)	–	(192,934)

7IM MULGY FUND

NOTES TO THE FINANCIAL STATEMENTS (continued) for the year ended 31 May 2023

16 Purchases, Sales and Transaction Costs (continued)

Average portfolio dealing spread

As at the balance sheet date, the average portfolio dealing spread was 0.06% (2022: 0.06%). 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

As at the balance sheet date, the Net Asset Value price per share of Class A Income was 102.76p. The Net Asset Value price per share of Class A Income for the Sub-fund on 18 September 2023 was 103.04p. This represents an increase of 0.27% from the year end value.

7IM MULGY FUND

DISTRIBUTION TABLES

for the year ended 31 May 2023

First Interim - in pence per share

Group 1 - Shares purchased prior to 1 June 2022

Group 2 - Shares purchased on or after 1 June 2022 and on or before 31 August 2022

	Net Revenue	Equalisation	Paid 31.10.22	Paid 31.10.21
Class A Income				
Group 1	0.1771	–	0.1771	0.3739
Group 2	0.1771	–	0.1771	0.3739

Second Interim - in pence per share

Group 1 - Shares purchased prior to 1 September 2022

Group 2 - Shares purchased on or after 1 September 2022 and on or before 30 November 2022

	Net Revenue	Equalisation	Paid 31.01.23	Paid 31.01.22
Class A Income				
Group 1	0.3653	–	0.3653	0.6396
Group 2	0.3653	–	0.3653	0.6396

Third Interim - in pence per share

Group 1 - Shares purchased prior to 1 December 2022

Group 2 - Shares purchased on or after 1 December 2022 and on or before 28 February 2023

	Net Revenue	Equalisation	Paid 28.04.23	Paid 30.04.22
Class A Income				
Group 1	0.2540	–	0.2540	0.1847
Group 2	0.2540	–	0.2540	0.1847

Final - in pence per share

Group 1 - Shares purchased prior to 1 March 2023

Group 2 - Shares purchased on or after 1 March 2023 and on or before 31 May 2023

	Net Revenue	Equalisation	Paid 31.07.23	Paid 31.07.22
Class A Income				
Group 1	0.3865	–	0.3865	0.2010
Group 2	0.3865	–	0.3865	0.2010

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 CTAK CAPIV FUND

ACD'S REPORT

for the year ended 31 May 2023

Investment Objective and Policy

The investment objective of 7IM CTAK CAPIV Fund is to provide long term capital and income growth by gaining exposure to a broad range of investments which may include equities, fixed interest securities and alternative assets, principally through investment in collective investment schemes (including those managed or operated by the ACD).

The Sub-fund may also invest in transferable securities, money market instruments, deposits and cash and near cash.

There will be no particular emphasis on any geographical area or any industry or economic sector.

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

Investment Manager's Report

There is no investment manager's report as the Sub-fund has started the termination process on 14 June 2021 and is no longer open to investors.

Seven Investment Management LLP
Investment Manager
September 2023

7IM CTAK CAPIV FUND

FUND INFORMATION

The Comparative Table on page 140 gives the performance of the active share class in the Sub-fund.

The 'Return after charges' disclosed in the Comparative Table 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.

Closing net asset value per share is revalued using bid-market prices and more up to date prices that were not available at the time of the last valuation point of the period for the securities held in the Sub-fund. Therefore, it is lower than the published net asset value per share which used mid-market prices and any prices available at the time of the last valuation point of the period.

7IM CTAK CAPIV FUND

FUND INFORMATION (continued)

Comparative Table

Class A Income

	31.05.23 (pence per share)	31.05.22 (pence per share)	31.05.21 (pence per share)
Change in Net Asset Value Per Share			
Opening net asset value per share	71.04	87.52	94.87
Return before operating charges*	(2.26)	(16.07)	(5.55)
Operating charges (calculated on average price)	(0.19)	(0.41)	(0.81)
Return after operating charges*	(2.45)	(16.48)	(6.36)
Distributions on income shares	–	–	(0.99)
Closing net asset value per share	68.59	71.04	87.52
* After direct transaction costs of: ¹	0.00	0.00	0.00

Performance

Return after charges ²	(3.45)%	(18.83)%	(6.70)%
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Other Information

Closing net asset value (£'000)	750	957	1,226
Closing number of shares	1,093,923	1,347,399	1,401,154
Operating charges ³	0.28%	0.67%	0.82%
Direct transaction costs	0.00%	0.00%	0.00%

Prices

Highest share price	76.08	87.61	104.80
Lowest share price	62.59	48.74	87.57

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

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

³ Operating charges, otherwise known as the OCF is the ratio of the Sub-fund's total disclosable costs (excluding securities lending fees and overdraft interest) to the average net assets of the Sub-fund. The OCF is intended to provide a reliable figure which gives the most accurate measure of what it costs to invest in a sub-fund and is calculated based on the last period's figures. Included within the OCF are synthetic costs which includes the OCF of the underlying funds weighted on the basis of their investment proportion. A detailed breakdown of the OCF per share class is shown on page 141.

7IM CTAK CAPIV FUND

FUND INFORMATION (continued)

Ongoing Charges Figures

On 14 June 2021, the ACD has started the termination process for the Sub-fund, therefore no ongoing charges figure is disclosed.

Synthetic Risk and Reward Indicator

As the Sub-fund is no longer open to investors, the synthetic risk and reward indicator is no longer relevant.

7IM CTAK CAPIV FUND

PORTFOLIO STATEMENT

as at 31 May 2023

		Value	31.05.23
Holding	Portfolio of Investment	£	%
	COLLECTIVE INVESTMENT SCHEMES 58.30% (63.40%)¹		
	United Kingdom 58.30% (63.40%)¹		
12,201	Xenfin Securitised Debt ²	437,489	58.30
		<hr/>	<hr/>
	Portfolio of investment	437,489	58.30
	Net other assets	312,870	41.70
		<hr/>	<hr/>
	Net assets	750,359	100.00
		<hr/>	<hr/>

¹ Comparative figures shown in brackets relate to 31 May 2022.

² The security is currently suspended and liquidating. The valuation for this security has been determined by the 7IM Fair Value Pricing Panel based on latest available information.

7IM CTAK CAPIV FUND

STATEMENT OF TOTAL RETURN

for the year ended 31 May 2023

	Notes	£	31.05.23 £	£	31.05.22 £
Income					
Net capital (losses)/gains	4		(36,317)		279,573
Revenue	5	840		120	
Expenses	6	3,739		(5,561)	
Interest payable and similar charges	8	(2)		—	
Net revenue/(expense) before taxation for the year		4,577		(5,441)	
Taxation	7	(108)		—	
Net revenue/(expense) after taxation for the year			4,469		(5,441)
Total return before distributions			(31,848)		274,132
Distributions	8		—		(1)
Change in net assets attributable to shareholders from investment activities			(31,848)		274,131

STATEMENT OF CHANGE IN NET ASSETS ATTRIBUTABLE TO SHAREHOLDERS

for the year ended 31 May 2023

	£	31.05.23 £	£	31.05.22 £
Opening net assets attributable to shareholders		957,207		1,226,276
Amounts received on creation of shares ¹	—		—	
Amounts paid on cancellation of shares ¹	(175,000)		(26,200)	
		(175,000)		(26,200)
Change in net assets attributable to shareholders from investment activities		(31,848)		274,131
Compensation monies		—		(517,000)
Closing net assets attributable to shareholders		750,359		957,207

¹ Stated at mid-market price. The mid-market price is calculated using the midpoint of the bid and offer rates.

² As part of the Sub-fund's winding up, capital distributions were made on 8 July 2021.

The notes on pages 145 to 152 are an integral part of these financial statements.

7IM CTAK CAPIV FUND

BALANCE SHEET

as at 31 May 2023

	Notes	31.05.23 £	31.05.22 £
ASSETS			
Fixed assets:			
Investments		437,489	606,860
Current assets:			
Debtors	9	302,148	339,591
Cash and bank balances	10	40,115	51,615
Total assets		779,752	998,066
LIABILITIES			
Creditors:			
Other creditors	11	(29,393)	(40,859)
Total liabilities		(29,393)	(40,859)
Net assets attributable to shareholders		750,359	957,207

The notes on pages 145 to 152 are an integral part of these financial statements.

7IM CTAK CAPIV FUND

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 May 2023

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 11.

2 Summary of Significant Accounting Policies

The financial statements for the current and prior year have been prepared on a basis other than going concern as the Sub-fund is in the process of termination.

3 Risk Management Policies

The Sub-fund's Risk Management Policies are the same as the Risk Management Policies disclosed on pages 15 to 17.

4 Net capital gains

	31.05.23	31.05.22
	£	£
The net capital (losses)/gains during the year comprise:		
Non-derivative securities	1,331	(62,192)
Currency (losses)/gains	(1)	1,090
Transaction charges	(150)	(320)
Provision for remediation	(37,497)	339,589
AMC rebates from underlying investments	–	1,406
Net capital (losses)/gains	<u>(36,317)</u>	<u>279,573</u>

5 Revenue

	31.05.23	31.05.22
	£	£
Non-taxable dividends	1	–
Taxable dividends	–	2
AMC rebates from underlying investments	392	114
Bank interest	447	4
Total revenue	<u>840</u>	<u>120</u>

7IM CTAK CAPIV FUND

NOTES TO THE FINANCIAL STATEMENTS (continued) for the year ended 31 May 2023

6 Expenses

	31.05.23 £	31.05.22 £
Payable to the ACD, associates of the ACD and agents of either of them:		
ACD's periodic charge	–	697
Other expenses	(4,916)	1,504
	<u>(4,916)</u>	<u>2,201</u>
Payable to the Depositary, associates of the Depositary and agents of either of them:		
Depositary's fees	(30)	(8)
Safe custody and other bank charges	2,250	(1,653)
	<u>2,220</u>	<u>(1,661)</u>
Other Expenses:		
Audit fee ¹	(5,473)	5,496
Dealing and exchange fees	(81)	42
FCA and other regulatory fees	–	(106)
Printing, postage and distribution costs	(14)	(154)
Provision for termination expenses ²	4,525	(257)
	<u>(1,043)</u>	<u>5,021</u>
Total expenses	<u>(3,739)</u>	<u>5,561</u>

¹ The Audit fee is inclusive of 20% VAT and 2.50% support cost.

² The expenses settled within the accounting period in the provision are inclusive of Audit fee of £7,005, Printing, postage, and distribution costs of £70, and Safe custody and other bank charges of £755.

7IM CTAK CAPIV FUND

NOTES TO THE FINANCIAL STATEMENTS (continued) for the year ended 31 May 2023

7 Taxation

	31.05.23 £	31.05.22 £
<i>a) Analysis of charge for the year</i>		
Corporation tax at 20%	108	–
Current tax charge (note 7b)	108	–
Total taxation	108	–
<i>b) Factors affecting 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%) (2022: 20%) for the reasons explained below.		
Net revenue/(expense) before taxation	4,577	(5,441)
Corporation tax at 20%	915	(1,088)
Effects of:		
AMC rebates taken to capital	–	281
Unutilised excess management expenses	(807)	807
Total tax charge (note 7a)	108	–

c) Deferred tax

There is no deferred tax provision in the current year (2022: none).

At the year end, there is no potential deferred tax asset (2022: none).

8 Distributions

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

	31.05.23 £	31.05.22 £
First Interim	–	1
Final	–	–
	–	1
Add: Revenue deducted on cancellation of shares	–	–
Deduct: Revenue received on issue of shares	–	–
Net distributions for the year	–	1
Interest payable and similar charges	2	–
Total distribution	2	1

Details of the distributions per share are set out in the table on page 153.

7IM CTAK CAPIV FUND

NOTES TO THE FINANCIAL STATEMENTS (continued) for the year ended 31 May 2023

8 Distributions (continued)

Distributions represented by:		
Net revenue/expense after taxation	4,469	(5,441)
Allocations to capital:		
Capitalised expenses, net of tax relief ¹	(3,642)	5,536
Net movement in revenue account	(827)	(94)
Net distributions for the year	–	1

¹ Please refer to Note 2(h) Distributions policy on page 12 for further details.

9 Debtors

	31.05.23	31.05.22
	£	£
Accrued revenue	56	2
Amount receivable from the ACD ¹	302,092	339,589
Total debtors	302,148	339,591

¹ Seven Investment Management LLP (7IM LLP) have embarked on a remediation programme in respect of the Xenfin Securitised Debt Fund ('XSDF') held as an investment by the 7IM CTAK CAPIV Fund (the 'Sub-fund'). The redress due to the Sub-fund is payable upon the final liquidation payment of XSDF to the Sub-fund and is measurable via an accrual marked to market daily. 7IM LLP has made a commitment to pay the accrual value with GBP cash when due.

10 Cash and bank balances

	31.05.23	31.05.22
	£	£
Cash and bank balances	40,115	51,615
Total cash and bank balances	40,115	51,615

11 Other creditors

	31.05.23	31.05.22
	£	£
Provision for termination expenses	29,285	32,590
Accrued expenses	–	8,269
Corporation tax payable	108	–
Total other creditors	29,393	40,859

7IM CTAK CAPIV FUND

NOTES TO THE FINANCIAL STATEMENTS (continued) for the year ended 31 May 2023

12 Related party transactions

ACD's periodic charge and other expenses payable to 7IM (the 'ACD') are disclosed in note 6. The balance due to the ACD at the year end in respect of management fees are £nil (2022: £nil).

The amounts receivable from 7IM (the 'ACD') as at year end are £302,092. The amounts payable to 7IM (the 'ACD') as at year end are £nil.

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 143. Amounts due from and to the ACD in respect of share transactions at the balance sheet date are £nil (2022: £nil) and £nil (2022: £nil), accordingly.

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 100% (2022: 100.00%)

The net value of creations and cancellations for Pershing Nominees Limited during the year totalled (£203,070) (2022: (£266,300)). The distributions paid and payable to Pershing Nominees Limited during and as at the year end are £nil and £nil, accordingly.

13 Classes of Shares

The Sub-fund has one share class. The Annual Management Charge has been reduced to £0 while this fund is in the process of being terminated.

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	1,347,399	–	(253,476)	–	1,093,923

14 Contingent liabilities and commitments

There are no contingent liabilities or unrecorded outstanding commitments at the balance sheet date (2022: 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 15 to 17. Further analysis and numeric disclosure of interest rate risk, foreign currency risk and derivatives are shown below.

7IM CTAK CAPIV FUND

NOTES TO THE FINANCIAL STATEMENTS (continued) for the year ended 31 May 2023

15 Risks Disclosures (continued)

i. Interest rate risk

The table below shows the direct interest rate risk profile:

Interest rate exposure as at 31 May 2023

	Floating Rate Financial Assets £	Fixed Rate Financial Assets £	Financial Assets not carrying interest £	Total £
Pound sterling	40,115	–	739,637	779,752
	40,115	–	739,637	779,752

	Floating Rate Financial Liabilities £	Fixed Rate Financial Liabilities £	Financial Liabilities not carrying interest £	Total £
Pound sterling	–	–	(29,393)	(29,393)
	–	–	(29,393)	(29,393)

Interest rate exposure as at 31 May 2022

	Floating Rate Financial Assets £	Fixed Rate Financial Assets £	Financial Assets not carrying interest £	Total £
Pound sterling	51,615	–	946,451	988,066
	51,615	–	946,451	988,066

	Floating Rate Financial Liabilities £	Fixed Rate Financial Liabilities £	Financial Liabilities not carrying interest £	Total £
Pound sterling	–	–	(40,859)	(40,859)
	–	–	(40,859)	(40,859)

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.

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 31 May 2023, the average effective duration was Nil (31 May 2022: Nil).

7IM CTAK CAPIV FUND

NOTES TO THE FINANCIAL STATEMENTS (continued) for the year ended 31 May 2023

15 Risks Disclosures (continued)

ii. Foreign currency risk

The table below shows the direct foreign currency risk profile:

Foreign currency risk exposure as at 31 May 2023

Currency	Monetary Exposure £	Non-Monetary Exposure £	Total £
Pound sterling	312,870	437,489	750,359
Net assets	312,870	437,489	750,359

Foreign currency risk exposure as at 31 May 2022

Currency	Monetary Exposure £	Non-Monetary Exposure £	Total £
Pound sterling	350,347	606,860	957,207
Net assets	350,347	606,860	957,207

iii. Derivatives

As at the balance sheet date, there were no derivatives held by the Sub-fund.

iv. 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 market prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. Level 2 inputs include: quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active, inputs other than quoted prices that are observable for the asset or liability, for example interest rates and yield curves observable at commonly quoted intervals, implied volatilities, credit spreads, inputs that are derived principally from or corroborated by observable market data by correlation or other means ('market-corroborated inputs').

The Sub-fund may have corporate bonds which fall in to this category as despite quoted prices being available, trading can be irregular and there are often significant lengths of time between traded arm's length transactions.

Level 3

Valuation techniques using unobservable inputs (see Note 2(i)) for the asset or liability. Unobservable inputs are used to measure fair value to the extent that relevant observable inputs are not available, thereby allowing for situations in which there is little, if any, market activity for the asset or liability at the measurement date. An entity develops unobservable inputs using the best information available in the circumstances, which might include the entity's own data, taking into account all information about market participant assumptions that is reasonably available.

Where assets are subject to administration, liquidation or orderly realisation processes, the ACD may adjust the price to reflect what they consider a more realistic value in the circumstances. The rationale and pricing method is agreed with the Depositary and monitored frequently by the Fair Value Pricing Panel.

One holding within the Sub-fund were held at a Level 3 valuation throughout the period:

Xenfin Securitised Debt Fund

The Xenfin Securitised Debt Fund was suspended from trading in June 2019 and then began implementing a voluntary windup with a liquidator being appointed in December 2019.

7IM CTAK CAPIV FUND

NOTES TO THE FINANCIAL STATEMENTS (continued) for the year ended 31 May 2023

15 Risks Disclosures (continued)

iv. Fair value (continued)

The following metrics were used to calculate the Fair Value Price throughout the period:

a. The last observable published price was in June 2019, throughout 2020, 2021, and 2022 the fund has made five distributions returning approximately 48% of the June 2019 value to investors. The Fair Value Price was adjusted accordingly to take account of these distributions.

b. A sum of the parts approach to valuation, there is reliance on unobservable inputs and there has been application of judgement. Examples include: (i) expectation for a mortgage to be repaid following development and sale of a property asset with a sale price estimated at \$21m by an expert third party independent valuer, the valuation assessment is based on comparable transactions, the opinion of market value is completed based on the hypothetical condition that the proposed improvements are completed in accordance with plans and specifications as of the appraisal date; (ii) expectation of sale of property assets; (iii) the expected value to be realised from Unquoted shares; and (iv) the expectation of costs to be recovered.

c. Specifically in regard to approximately 53% of the Xenfin Securitised Debt Fund, there is reliance on unobservable inputs and the application of significant judgement in relation to the expected value to be realised from an equity holding where the underlying assets are properties. The valuation assessment of the properties held by the equity holding was conducted by an independent third party valuer.

31 May 2023	Level 1 £	Level 2 £	Level 3 £	Total £
Assets				
Collective Investment Schemes	–	–	437,489	437,489
31 May 2022	Level 1 £	Level 2 £	Level 3 £	Total £
Assets				
Collective Investment Schemes	–	–	606,860	606,860

16 Purchases, Sales and Transaction Costs

During the year ended 31 May 2022, there were no purchases and sales made by the Sub-fund (2022: none).

Average portfolio dealing spread

As at the balance sheet date, the average portfolio dealing spread was 0.00% (2022: 0.00%). 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

As the Sub-fund is in the process of termination and all shares have been redeemed, market price movement is not presented for the Sub-fund.

7IM CTAK CAPIV FUND

DISTRIBUTION TABLES

for the year ended 31 May 2023

First Interim - in pence per share

Group 1 - Shares purchased prior to 1 June 2022

Group 2 - Shares purchased on or after 1 June 2022 and on or before 31 August 2022

	Net Revenue	Equalisation	Paid 31.10.22	Paid 31.10.21
Class A Income				
Group 1	–	–	–	0.0001
Group 2	–	–	–	0.0001

Second Interim - in pence per share

Group 1 - Shares purchased prior to 1 September 2022

Group 2 - Shares purchased on or after 1 September 2022 and on or before 30 November 2022

	Net Revenue	Equalisation	Paid 31.01.23 ¹	Paid 31.01.22 ¹
Class A Income				
Group 1	–	–	–	–
Group 2	–	–	–	–

Third Interim - in pence per share

Group 1 - Shares purchased prior to 1 December 2022

Group 2 - Shares purchased on or after 1 December 2022 and on or before 28 February 2023

	Net Revenue	Equalisation	Paid 30.04.23 ¹	Paid 30.04.22 ¹
Class A Income				
Group 1	–	–	–	–
Group 2	–	–	–	–

Final - in pence per share

Group 1 - Shares purchased prior to 1 March 2023

Group 2 - Shares purchased on or after 1 March 2023 and on or before 31 May 2023

	Net Revenue	Equalisation	Paid 31.07.23 ¹	Paid 31.07.22 ¹
Class A Income				
Group 1	–	–	–	–
Group 2	–	–	–	–

¹ The Sub-fund is in the process of being terminated, as a result no distributions were paid.

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 MATTERHORN FUND

ACD'S REPORT

for the year ended 31 May 2023

Investment Objective and Policy

The investment objective of the 7IM Matterhorn Fund is to provide a long-term capital and income growth by gaining exposure to a broad range of investments which may include equities, fixed interest securities and alternative strategies, principally through investment in collective investment schemes (including those managed or operated by the ACD).

The Sub-fund may also invest in other transferable securities, money market instruments, deposits, cash and near cash.

The Sub-fund has no particular emphasis on any geographical areas or any industrial or economic sector.

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

Investment Manager's Report

There is no investment manager's report as the Sub-fund was closed on 12 December 2022 and is no longer open to investors.

Seven Investment Management LLP
Investment Manager
September 2023

7IM MATTERHORN FUND

FUND INFORMATION

The Comparative Table on page 156 gives the performance of the active share class in the Sub-fund.

The 'Return after charges' disclosed in the Comparative Table 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.

Closing net asset value per share is revalued using bid-market prices and more up to date prices that were not available at the time of the last valuation point of the period for the securities held in the Sub-fund. Therefore, it is lower than the published net asset value per share which used mid-market prices and any prices available at the time of the last valuation point of the year.

7IM MATTERHORN FUND

FUND INFORMATION (continued)

Comparative Table

Class A Income

	31.05.23 ^{1,2} (pence per share)	31.05.22 (pence per share)	31.05.21 (pence per share)
Change in Net Asset Value Per Share			
Opening net asset value per share	101.30	106.34	93.67
Return before operating charges*	3.64	(2.25)	14.92
Operating charges (calculated on average price)	(0.45)	(1.24)	(1.13)
Return after operating charges*	3.19	(3.49)	13.79
Distributions on income shares	(6.99)	(1.55)	(1.12)
Last quoted share price	97.50	–	–
Closing net asset value per share	–	101.30	106.34
* After direct transaction costs of: ³	0.00	0.00	0.00

Performance

Return after charges ⁴	3.15%	(3.28)%	14.72%
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Other Information

Closing net asset value (£'000)	–	16,124	19,151
Closing number of shares	235,465	15,917,504	18,009,291
Operating charges ⁵	0.66%	1.18%	1.13%
Direct transaction costs	0.00%	0.00%	0.00%

Prices

Highest share price	101.68	108.37	107.01
Lowest share price	94.30	98.89	93.63

¹ The Sub-fund was closed on 12 December 2022. As at year end date 31 May 2023, the Sub-fund is in the process of being terminated.

² Closing number of shares shown is the final unit in issue before final redemption. As at the year end date, there is no share in issue.

³ Direct transaction costs are stated after deducting the proportion of the amounts collected from dilution adjustments or dilution levies that relate to direct transaction costs. A negative transaction costs figure might arise where there is a timing difference between inflows and the settlement of the resultant purchases.

⁴ The return after charges is calculated as the return after operating charges per share divided by the opening net asset value per share.

⁵ Operating charges, otherwise known as the OCF is the ratio of the Sub-fund's total disclosable costs (excluding securities lending fees and overdraft interest) to the average net assets of the Sub-fund. The OCF is intended to provide a reliable figure which gives the most accurate measure of what it costs to invest in a sub-fund and is calculated based on the last period's figures. Included within the OCF are synthetic costs which includes the OCF of the underlying funds weighted on the basis of their investment proportion. A detailed breakdown of the OCF per share class is shown on page 157.

7IM MATTERHORN FUND

FUND INFORMATION (continued)

Ongoing Charges Figures

As at 31 May 2023

	Class A
ACD's periodic charge	0.57%
Other expenses	0.09%
	<hr/> 0.66%
Collective investment scheme costs	0.00%
Ongoing Charges Figure	<hr/> 0.66%

As at 31 May 2022

	Class A
ACD's periodic charge	0.57%
Other expenses	0.10%
	<hr/> 0.67%
Collective investment scheme costs	0.51%
Ongoing Charges Figure	<hr/> 1.18%

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

7IM MATTERHORN FUND

FUND INFORMATION (continued)

Synthetic Risk and Reward Indicator

The Sub-fund was closed on 12 December 2022. As the Sub-fund is no longer open to investors, the synthetic risk and reward indicator is no longer relevant.

7IM MATTERHORN FUND

PORTFOLIO STATEMENT

as at 31 May 2023

Holding	Portfolio of Investment	Value 31.05.23	
		£	%
	ALTERNATIVES 0.00% (4.32%)¹		
	Alternative Strategies 0.00% (4.32%)¹		
	DEBT SECURITIES 0.00% (1.72%)¹		
	Global Inflation Linked Bonds 0.00% (1.72%)¹		
	EQUITY 0.00% (3.91%)¹		
	North America 0.00% (3.91%)¹		
	Forward Currency Contracts 0.00% (-1.35%)¹		
	Collective Investment Schemes 0.00% (88.32%)¹		
	Guernsey 0.00% (1.60%)¹		
	Ireland 0.00% (23.23%)¹		
	Luxembourg 0.00% (33.14%)¹		
	United Kingdom 0.00% (30.35%)¹		
	Portfolio of investment	–	–
	Net other liabilities	–	–
	Net assets	–	–

¹ Comparative figures shown in brackets relate to 31 May 2022.

Credit Quality	31.05.23 31.05.22	
	%	%
Investment grade debt securities	–	1.72
Non-rated debt securities	–	4.32
Other investments	–	90.88
Net other (liabilities)/assets	–	3.08
	–	100.00

7IM MATTERHORN FUND

STATEMENT OF TOTAL RETURN

for the year ended 31 May 2023

	Notes	£	31.05.23 £	£	31.05.22 £
Income					
Net capital losses	4		(611,783)		(741,286)
Revenue	5	279,338		299,297	
Expenses	6	(76,961)		(114,556)	
Interest payable and similar charges	8	—		(1,250)	
Net revenue before taxation for the year		202,377		183,491	
Taxation	7	(29,276)		(14,192)	
Net revenue after taxation for the year			173,101		169,299
Total return before distributions			(438,682)		(571,987)
Distributions	8		(242,338)		(263,158)
Change in net assets attributable to shareholders from investment activities			(681,020)		(835,145)

STATEMENT OF CHANGE IN NET ASSETS ATTRIBUTABLE TO SHAREHOLDERS

for the year ended 31 May 2023

	£	31.05.23 £	£	31.05.22 £
Opening net assets attributable to shareholders		16,123,937		19,150,964
Amounts received on creation of shares ¹	—		210,513	
Amounts paid on cancellation of shares ¹	(15,442,917)		(2,402,395)	
		(15,442,917)		(2,191,882)
Change in net assets attributable to shareholders from investment activities		(681,020)		(835,145)
Closing net assets attributable to shareholders		—		16,123,937

¹ Stated at mid-market price. The mid-market price is calculated using the midpoint of the bid and offer rates.

The notes on pages 162 to 171 are an integral part of these financial statements.

7IM MATTERHORN FUND

BALANCE SHEET

as at 31 May 2023

	Notes	31.05.23 £	31.05.22 £
ASSETS			
Fixed assets:			
Investments		–	15,845,985
Current assets:			
Debtors	9	1,704	7,288
Cash and bank balances	10	56,694	564,795
Total assets		58,398	16,418,068
LIABILITIES			
Investment liabilities			
		–	(218,217)
Creditors:			
Bank overdrafts	10	–	(587)
Distribution payable	8	(13,136)	(39,555)
Other creditors	11	(45,262)	(35,772)
Total liabilities		(58,398)	(294,131)
Net assets attributable to shareholders		–	16,123,937

The notes on pages 162 to 171 are an integral part of these financial statements.

7IM MATTERHORN FUND

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 May 2023

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 11.

2 Summary of Significant Accounting Policies

The financial statements for the current and prior year have been prepared on a basis other than going concern as the Sub-fund is in the process of termination.

3 Risk Management Policies

The Sub-fund's Risk Management Policies are the same as the Risk Management Policies disclosed on pages 15 to 17.

4 Net capital losses

	31.05.23	31.05.22
	£	£
The net capital losses during the year comprise:		
Non-derivative securities	(357,215)	(421,321)
Forward currency contracts	(230,518)	(314,179)
Currency losses	(28,999)	(13,466)
Transaction charges	(3,124)	(3,410)
AMC rebates from underlying investments	8,073	11,090
Net capital losses	<u>(611,783)</u>	<u>(741,286)</u>

5 Revenue

	31.05.23	31.05.22
	£	£
Non-taxable dividends	94,294	123,622
Taxable dividends	172,468	166,203
Unfranked interest	3,396	7,750
AMC rebates from underlying investments	4,456	1,683
Bank interest	4,724	39
Total revenue	<u>279,338</u>	<u>299,297</u>

7IM MATTERHORN FUND

NOTES TO THE FINANCIAL STATEMENTS (continued) for the year ended 31 May 2023

6 Expenses

	31.05.23	31.05.22
	£	£
Payable to the ACD, associates of the ACD and agents of either of them:		
ACD's periodic charge	47,820	100,876
Other expenses	(4,916)	1,504
	<u>42,904</u>	<u>102,380</u>
Payable to the Depositary, associates of the Depositary and agents of either of them:		
Depositary's fees	1,217	3,222
Safe custody and other bank charges	1,272	3,141
	<u>2,489</u>	<u>6,363</u>
Other Expenses:		
Audit fee ¹	1,531	5,496
Dealing and exchange fees	29	56
FCA and other regulatory fees	(268)	161
Printing, postage and distribution costs	49	100
Provision for termination expenses ²	30,227	–
	<u>31,568</u>	<u>5,813</u>
Total expenses	<u>76,961</u>	<u>114,556</u>

¹ The Audit fee is inclusive of 20% VAT and 2.50% support cost.

² The expenses settled within the accounting period in the provision are inclusive of Audit fee of £5,228, and Printing, postage, and distribution costs of £14.

7IM MATTERHORN FUND

NOTES TO THE FINANCIAL STATEMENTS (continued) for the year ended 31 May 2023

7 Taxation

	31.05.23 £	31.05.22 £
a) <i>Analysis of charge for the year</i>		
Corporation tax at 20%	29,276	14,192
Current tax charge (note 7b)	29,276	14,192
Total taxation	29,276	14,192

b) *Factors affecting 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%) (2022: 20%) for the reasons explained below.

Net revenue before taxation	202,377	183,491
Corporation tax at 20%	40,475	36,698
Effects of:		
AMC rebates taken to capital	1,615	2,218
Franked CIS revenue	–	(15,777)
Non-allowable expenses	6,045	–
Non-taxable dividends	(18,859)	(3,600)
Offshore CIS revenue	–	(5,347)
Total tax charge (note 7a)	29,276	14,192

c) *Deferred tax*

There is no deferred tax provision in the current year (2022: none).

At the year end, there is no potential deferred tax asset (2022: none).

8 Distributions

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

	31.05.23 £	31.05.22 £
First Interim	99,372	72,354
Second Interim	122,798	116,151
Third Interim	–	34,062
Final ¹	13,136	39,555
	235,306	262,122
Add: Revenue deducted on cancellation of shares	7,032	1,405
Deduct: Revenue received on issue of shares	–	(369)
Net distributions for the year	242,338	263,158
Interest payable and similar charges	–	1,250
Total distribution	242,338	264,408

7IM MATTERHORN FUND

NOTES TO THE FINANCIAL STATEMENTS (continued) for the year ended 31 May 2023

8 Distributions (continued)

Details of the distributions per share are set out in the table on page 172.

Distributions represented by:

Net revenue after taxation	173,101	169,299
Allocations to capital:		
Capitalised expenses, net of tax relief ²	69,231	93,863
Net movement in revenue account	6	(4)
Net distributions for the year	242,338	263,158

¹ Distribution payable at the year end of £13,136 (2022: £39,555) are disclosed in the Balance Sheet on page 161.

² Please refer to Note 2(h) Distribution Policy on page 11 for further details.

9 Debtors

	31.05.23	31.05.22
	£	£
Accrued revenue	90	771
Income tax recoverable	1,614	1,737
AMC rebates from underlying investments	–	4,780
Total debtors	1,704	7,288

10 Cash and bank balances

	31.05.23	31.05.22
	£	£
Cash and bank balances	56,694	564,795
Total cash and bank balances	56,694	564,795
Bank overdrafts	–	(585)
Cash overdraft at clearing houses	–	(2)
Total bank overdrafts	–	(587)

11 Other Creditors

	31.05.23	31.05.22
	£	£
Amounts payable for cancellation of shares	–	1,500
Accrued expenses	–	20,080
Corporation tax payable	29,276	14,192
Provision for termination expenses	15,986	–
Total other creditors	45,262	35,772

7IM MATTERHORN FUND

NOTES TO THE FINANCIAL STATEMENTS (continued) for the year ended 31 May 2023

12 Related party transactions

ACD's periodic charge and other expenses payable to 7IM (the 'ACD') are disclosed in note 6. The balance due to the ACD at the year end in respect of management fees are £nil (2022: £7,828).

The amounts receivable from 7IM (the 'ACD') as at year end are £nil. The amounts payable to 7IM (the 'ACD') as at year end are £nil.

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 160. Amounts due from and to the ACD in respect of share transactions at the balance sheet date are £nil (2022: £nil) and £nil (2022: £1,500), accordingly.

7IM and its associates (including other authorised investment funds managed by 7IM) had no shareholdings in the Sub-fund (2022: 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, there was no shareholder held in excess of 20% of the shares in issue of the Sub-fund:

Pershing Nominees Limited 0.00% (2022: 100.00%)

The net value of creations and cancellations for Pershing Nominees Limited during the year totalled (£16,175,368) (2022: £2,946,897). The distributions paid and payable to Pershing Nominees Limited during and as at the year end are £261,725 and £nil, accordingly.

13 Classes of Shares

The Sub-fund has one share class. The annual management charge on the class is as follows:

Class A £12,000 per annum plus 0.50%

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	15,917,504	–	(15,917,504)	–	–

14 Contingent liabilities and commitments

There are no contingent liabilities or unrecorded outstanding commitments at the balance sheet date (2022: 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 15 to 17. 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:

7IM MATTERHORN FUND

NOTES TO THE FINANCIAL STATEMENTS (continued) for the year ended 31 May 2023

15 Risks Disclosures (continued)

i. Interest rate risk (continued)

Interest rate exposure as at 31 May 2023

	Floating Rate Financial Assets £	Fixed Rate Financial Assets £	Financial Assets not carrying interest £	Total £
Pound sterling	56,694	–	1,704	58,398
	56,694	–	1,704	58,398

	Floating Rate Financial Liabilities £	Fixed Rate Financial Liabilities £	Financial Liabilities not carrying interest £	Total £
Pound sterling	–	–	(58,398)	(58,398)
	–	–	(58,398)	(58,398)

Interest rate exposure as at 31 May 2022

	Floating Rate Financial Assets £	Fixed Rate Financial Assets £	Financial Assets not carrying interest £	Total £
Euro	534	–	–	534
US dollar	52	974,715	3,128,777	4,103,544
Pound sterling	564,210	–	14,786,236	15,350,446
	564,796	974,715	17,915,013	19,454,524

	Floating Rate Financial Liabilities £	Fixed Rate Financial Liabilities £	Financial Liabilities not carrying interest £	Total £
Euro	(534)	–	(316,284)	(316,818)
US dollar	(52)	–	(2,938,388)	(2,938,440)
Pound sterling	(2)	–	(75,327)	(75,329)
	(588)	–	(3,329,999)	(3,330,587)

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.

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 31 May 2023, the average effective duration was 0.00 years (2022: 1.44 years).

7IM MATTERHORN FUND

NOTES TO THE FINANCIAL STATEMENTS (continued) for the year ended 31 May 2023

15 Risks Disclosures (continued)

i. Interest rate risk (continued)

Currency	Fixed Rate Financial Assets			
	Weighted average interest rate		Weighted average period for which rate is fixed	
	31.05.23	31.05.22	31.05.23	31.05.22
	%	%	Years	Years
US dollar	–	1.57	–	9

ii. Foreign currency risk

The Sub-fund is not subject to any non-monetary exposure. Furthermore, monetary exposure assets net off against liabilities and therefore the fund is not subject to any foreign currency exposures as at 31 May 2023.

The table below shows the direct foreign currency risk profile as at 31 May 2022.

Currency	Monetary Exposure £	Non-Monetary Exposure £	Total £
Euro	–	(316,284)	(316,284)
US dollar	–	1,165,104	1,165,104
		848,820	848,820
Pound sterling	496,169	14,778,948	15,275,117
Net assets	496,169	15,627,768	16,123,937

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 year ended 31 May 2023 was 0%, 0% and 0% respectively (31 May 2022¹: 15%, 46% and 21%).

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 (MAC303XL) and MSCI Barra Ultra-Short Model (MAC303 51d HL). The former applies an 8 year half-life (exponential weighting) for calculating both volatilities and correlations; the latter applies a 51 day 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: $VaR = 0.3 * VaR(MAC303XL) + 0.7 * MAX[VaR(MAC303XL), VaR(MAC303 51d HL)]$.

7IM MATTERHORN FUND

NOTES TO THE FINANCIAL STATEMENTS (continued) for the year ended 31 May 2023

15 Risks Disclosures (continued)

iii. Derivatives (continued)

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 MAC303XL and MAC303 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 was forward currency contracts. 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	31.05.23 £	31.05.22 £
Forward Currency Contracts		
Northern Trust	–	(218,217)
Total net exposure¹	–	(218,217)

¹ 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

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 market prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. Level 2 inputs include: quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active, inputs other than quoted prices that are observable for the asset or liability, for example interest rates and yield curves observable at commonly quoted intervals, implied volatilities, credit spreads, inputs that are derived principally from or corroborated by observable market data by correlation or other means ('market-corroborated inputs').

The Sub-fund may have corporate bonds which fall in to this category as despite quoted prices being available, trading can be irregular and there are often significant lengths of time between traded arm's length transactions.

Level 3

Valuation techniques using unobservable inputs for the asset or liability. Unobservable inputs are used to measure fair value to the extent that relevant observable inputs are not available, thereby allowing for situations in which there is little, if any, market activity for the asset or liability at the measurement date. An entity develops unobservable inputs using the best information available in the circumstances, which might include the entity's own data, taking into account all information about market participant assumptions that is reasonably available.

Where assets are subject to administration, liquidation or orderly realisation processes, the ACD may adjust the price to reflect what they consider a more realistic value in the circumstances. The rationale and pricing method is agreed with the Depositary and monitored frequently by the Fair Value Pricing Panel.

As at the balance sheet date, there were no investments held by the Sub-fund.

7IM MATTERHORN FUND

NOTES TO THE FINANCIAL STATEMENTS (continued) for the year ended 31 May 2023

15 Risks Disclosures (continued)

iv. Fair value (continued)

31 May 2022	Level 1 £	Level 2 £	Level 3 £	Total £
Assets				
Bonds	277,592	697,123	–	974,715
Collective Investment Schemes	6,894,969	7,346,066	–	14,241,035
Equities	630,235	–	–	630,235
Total	7,802,796	8,043,189	–	15,845,985
Liabilities				
Derivatives	–	(218,217)	–	(218,217)

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 155.

Analysis of direct transaction costs for the year ended 31 May 2023:

	Principal £'000	Commissions £'000	Taxes £'000	Total Transaction Costs £'000	Commissions % of principal	Taxes % of principal
Purchases						
Bonds	578	–	–	–	–	–
Collective Investment Schemes	1,572	–	–	–	–	–
Total	2,150	–	–	–	–	–
Sales						
Bonds	1,639	–	–	–	–	–
Collective Investment Schemes	14,423	–	–	–	–	–
Equities	1,732	–	–	–	–	–
Total	17,794	–	–	–	–	–
Total as a percentage of the average NAV		0.00%	0.00%	0.00%		

7IM MATTERHORN FUND

NOTES TO THE FINANCIAL STATEMENTS (continued) for the year ended 31 May 2023

16 Purchases, Sales and Transaction Costs (continued)

Analysis of direct transaction costs for the year ended 31 May 2022:

	Principal £'000	Commissions £'000	Taxes £'000	Total Transaction Costs £'000	Commissions % of principal	Taxes % of principal
Purchases						
Bonds	1,308	–	–	–	–	–
Collective Investment Schemes	12,853	–	–	–	–	–
Equities	2,025	–	–	–	–	–
Total	16,186	–	–	–	–	–
Sales						
Bonds	1,706	–	–	–	–	–
Collective Investment Schemes	14,631	–	–	–	–	–
Equities	2,872	–	–	–	–	–
Total	19,209	–	–	–	–	–
Total as a percentage of the average NAV		0.00%	0.00%	0.00%		

Average portfolio dealing spread

As at the balance sheet date, the average portfolio dealing spread was nil (2022: 0.10%). 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

As the Sub-fund is in the process of termination and all shares have been redeemed, market price movement is not presented for the Sub-fund.

7IM MATTERHORN FUND

DISTRIBUTION TABLES

for the year ended 31 May 2023

First Interim - in pence per share

Group 1 - Shares purchased prior to 1 June 2022

Group 2 - Shares purchased on or after 1 June 2022 and on or before 31 August 2022

	Net Revenue	Equalisation	Paid 31.10.22	Paid 31.10.21
Class A Income				
Group 1	0.6292	–	0.6292	0.4013
Group 2	0.6292	–	0.6292	0.4013

Second Interim - in pence per share

Group 1 - Shares purchased prior to 1 September 2022

Group 2 - Shares purchased on or after 1 September 2022 and on or before 30 November 2022

	Net Revenue	Equalisation	Paid 31.01.23	Paid 31.01.22
Class A Income				
Group 1	0.7823	–	0.7823	0.6953
Group 2	0.7823	–	0.7823	0.6953

Third Interim - in pence per share

Group 1 - Shares purchased prior to 1 December 2022

Group 2 - Shares purchased on or after 1 December 2022 and on or before 28 February 2023

	Net Revenue	Equalisation	Paid 28.04.23	Paid 30.04.22
Class A Income				
Group 1	–	–	–	0.2047
Group 2	–	–	–	0.2047

Final - in pence per share

Group 1 - Shares purchased prior to 1 March 2023

Group 2 - Shares purchased on or after 1 March 2023 and on or before 31 May 2023

	Net Revenue	Equalisation	Paid 28.07.23 ¹	Paid 31.07.22
Class A Income				
Group 1	5.5788	–	5.5788	0.2485
Group 2	5.5788	–	5.5788	0.2485

¹ Units used in the distribution are the final units on issue prior to final redemptions.

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 FUNDS ICVC

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 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 31 May 2023 and as at the balance sheet date.

Securities Lending

The Sub-funds of the Company may engage in securities lending activities. During the year ended 31 May 2023, securities lending was not undertaken and as at the year end, 31 May 2023, no securities were on loan for the following Sub-funds.

7IM Absolute Return Portfolio
7IM Income Portfolio
7IM Arden Fund
7IM Randolph Place Diversified Fund
7IM Capital Strategy Fund
7IM Mulgy Fund
7IM CTAK CAPIV Fund
7IM Matterhorn Fund

Collateral

The Sub-funds of the Company may engage in activities which may require collateral to be provided to a counterparty. As at the year end, 31 May 2023 no collateral arrangements were in place in respect of securities lending transactions for the following Sub-funds.

7IM Absolute Return Portfolio
7IM Income Portfolio
7IM Arden Fund
7IM Randolph Place Diversified Fund
7IM Capital Strategy Fund
7IM Mulgy Fund
7IM CTAK CAPIV Fund
7IM Matterhorn Fund

On 25 May 2022, the sub-funds suspended their securities lending programme.

7IM FUNDS ICVC

GENERAL INFORMATION

Head Office

4th Floor
1 Angel Court
London EC2R 7HJ

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 Absolute Return Portfolio
7IM Income Portfolio
7IM Arden Fund
7IM Randolph Place Fund
7IM Capital Strategy Fund
7IM Mulgy Fund
7IM CTAK CAPIV Fund
7IM Matterhorn 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' Accumulation, 'A' Income, 'B' Accumulation, Income and Income 2. 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 FUNDS ICVC

GENERAL INFORMATION (continued)

Buying and Selling Shares

The dealing office of the ACD is normally open from 9.00am to 5.30pm London time on each business day. The ACD may vary these times at its discretion. Requests to deal in shares may also be made by telephone on each business day (at the ACD's discretion) between 9.00am and 5.30pm London time directly to the office of the ACD (telephone: 0870 870 7431 or such other number as published from time to time). The initial purchase must, at the discretion of the ACD, be accompanied by an application form.

Prices

The prices of all shares are published on the ACD's website: www.7im.co.uk. Alternatively, the prices of all shares may be obtained by calling 0333 300 0354 during the ACD'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 ACD which is also the Head Office. Copies of these may be obtained upon application and, excepting the Instrument of Incorporation, can be found on our website, www.7im.co.uk.

Shareholders who have any complaints about the operation of the Company should contact the ACD 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

The ACD may transfer your personal information to countries located outside of the EEA. This may happen when the ACD's servers, suppliers and/or service providers are based outside of the EEA. The data protection laws and other laws of these countries may not be as comprehensive as those that apply within the EEA. In these instances, the ACD will take steps to ensure that your privacy rights are respected.

Further information on the circumstances in which we may transfer your personal data and the data protection measures we take are set out in our Privacy Notice.

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 31 May 2023. These statements will be available on Seven Investment Management's website no later than 30 September 2023.

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