

# 7IM INVESTMENT FUNDS

Annual Report and Financial Statements  
for the year ended 30 November 2020

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

**7iM**



# 7IM INVESTMENT FUNDS

## DIRECTORY

### Authorised Corporate Director ('ACD')

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

#### *Address for correspondence:*

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

### Members of the Board of Seven Investment Management LLP

C. Edwards (Non-executive)	D. Proctor (Executive)
A. Grace (Non-executive Chair) appointed 26 November 2020	D. Walker (Executive)
D. Johnson (Non-executive) resigned 9 January 2020	D. Young (Non-executive)
T. Leader (Non-executive) appointed 9 January 2020	
I. Owen (Non-executive Chair) resigned 26 September 2020	

### Sub-Investment Manager

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

### Sub-Adviser

Morningstar Investment Europe Limited was the sub-adviser up until 31 December 2019 providing investment advisory services for the following Sub-funds:

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

### Depositary

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

### Registrar & Administrator

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

### Independent Auditor\*

BDO LLP  
55 Baker Street  
London W1U 7EU

\* Newly appointed Independent Auditors starting November 2020.

# 7IM INVESTMENT FUNDS

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## 7IM INVESTMENT FUNDS

### AUTHORISED STATUS

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

The Company is a UCITS Scheme.

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

### REMUNERATION DISCLOSURE

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

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

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

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

The total remuneration of those individuals who are fully or partly involved in the activities of the UCITS scheme for the financial year ending 31 December 2019, is analysed below:

Fixed Remuneration	£2,728,000
Variable Remuneration	£562,000
<b>Total</b>	<b>£3,290,000</b>
FTE Number of staff:	28

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

Aggregate remuneration of:

Senior management	£607,000
Staff whose actions may have a material impact on the funds	£1,527,000
Other	£1,156,000
<b>Total</b>	<b>£3,290,000</b>

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

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

### SUB-FUND CROSS-HOLDINGS

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

# 7IM INVESTMENT FUNDS

## **DIRECTOR'S STATEMENT**

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

D. Walker  
On behalf of Seven Investment Management LLP  
ACD of 7IM Investment Funds  
31 March 2021

## 7IM INVESTMENT FUNDS

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

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

In preparing the financial statements the ACD is responsible for:

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

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

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

## 7IM INVESTMENT FUNDS

### STATEMENT OF THE DEPOSITARY'S RESPONSIBILITIES IN RESPECT OF THE SCHEME AND REPORT OF THE DEPOSITARY TO THE SHAREHOLDERS OF THE 7IM INVESTMENT FUNDS ("THE COMPANY") FOR THE YEAR ENDED 30 NOVEMBER 2020

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

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

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

The Depositary must ensure that:

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

### REPORT OF THE DEPOSITARY

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

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

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

Northern Trust Global Services SE UK Branch  
UK Trustee and Depositary Services  
31 March 2021

# 7IM INVESTMENT FUNDS

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

### Opinion

We have audited the financial statements of 7IM Investment Funds ("the Company") and its sub-funds for the year ended 30 November 2020 which comprise the Statements of Total Return, the Statements of Changes 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).

In our opinion the financial statements:

- give a true and fair view of the financial position of each of the sub-funds as at 30 November 2020 and of the net revenue and the net capital gains/net capital losses on the property of each of the sub-funds for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the Instrument of Incorporation, the Statement of Recommended Practice relating to authorised Funds and the Collective Investment Schemes Sourcebook ("the COLL Rules").

### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. 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. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Conclusion relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the Authorised Corporate Directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Authorised Corporate Directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Company's or sub-funds' ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

### Other information

The Authorised Corporate Director 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.

In connection with our audit of the financial statements, 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.

We have nothing to report in this regard.

### 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 report for which the financial statements are prepared is consistent with the financial statements.

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

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

- adequate accounting records have not been kept; or
- we have not received all the information and explanations, which to the best of our knowledge and belief, were necessary for the purposes of our audit; or
- the financial statements are not in agreement with the accounting records.

## 7IM INVESTMENT FUNDS

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

#### **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.

A fuller description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: [www.frc.org.uk/auditorsresponsibilities](http://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.

Justin Chait (Senior Statutory Auditor)  
**for and on behalf of BDO LLP, Statutory Auditor**  
Chartered Accountants  
BDO LLP  
London, United Kingdom  
31 March 2021

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

# 7IM INVESTMENT FUNDS

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 November 2020

### 1. Statement of Compliance

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

### 2. Summary of Significant Accounting Policies

#### (a) Basis of Preparation

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

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

#### (b) Functional and Presentation Currency

The functional and presentation currency of the Company is sterling.

#### (c) Recognition of revenue

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

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

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

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

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

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

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

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

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

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

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

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

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

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

#### (e) Treatment of expenses

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

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

## 7IM INVESTMENT FUNDS

### NOTES TO THE FINANCIAL STATEMENTS (continued) for the year ended 30 November 2020

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

(f) *Capped expenses*

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

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

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

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

(h) *Taxation*

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

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

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

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

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

(i) *Distribution policy*

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

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

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

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

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

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

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

## 7IM INVESTMENT FUNDS

### NOTES TO THE FINANCIAL STATEMENTS (continued) for the year ended 30 November 2020

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

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

All investments are valued at their fair value as at 12.00pm UK time on 30 November 2020, 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 year.

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

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

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

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

##### (k) Exchange rates

Transactions in foreign currencies are recorded in sterling at the rate ruling at the date of the transactions. Assets and liabilities expressed in foreign currencies at the end of the accounting year are translated into sterling at 12.00pm UK time on 30 November 2020, being the last business day of the financial year.

##### (l) Dilution levy

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

##### (m) Stock lending

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

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

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

# 7IM INVESTMENT FUNDS

## NOTES TO THE FINANCIAL STATEMENTS (continued) for the year ended 30 November 2020

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

#### (n) Merger transactions

Pursuant to the requirements of Regulation 57(2)(a)(iv) of the European Communities Undertakings for Collective Investment in Transferable Securities) Regulations, 2011 (S.I. No. 352 of 2011), which aim to provide investors access to the full complement of UK and non-UK situs fund offerings across the 7IM Multi-Manager and AAP (Asset Allocated Passive) ranges, the 7IM (Dublin) Funds PLC were merged through In-specie to the following UK sub-funds: Moderately Cautious, Balanced, Moderately Adventurous, AAP Moderately Cautious, AAP Balanced, and AAP Moderately Adventurous on 20 November 2020. The corresponding amounts of in specie, payables and receivables were disclosed in the Statement of Change in Net Assets Attributable to Shareholders and Notes to the Financial Statements.

#### (o) 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 Deutsche Global Liquidity Managed Sterling Fund Platinum, Goldman Sachs Sterling Liquid Reserves Fund, JPMorgan Liquidity Funds - GBP Liquidity LVNAV Fund, Morgan Stanley Liquidity Funds - Sterling Liquidity Fund and Northern Trust Global Sterling Fund.

### 3. Risk Management Policies

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

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

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

#### (a) Credit risk

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

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

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

A sub-fund's maximum exposure to credit risk, not taking account of the value of any collateral or other securities held, in the event that counterparties fail to perform their obligations as at the 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.

## 7IM INVESTMENT FUNDS

### NOTES TO THE FINANCIAL STATEMENTS (continued) for the year ended 30 November 2020

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

##### (b) *Liquidity risk (continued)*

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.

##### (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).

## 7IM INVESTMENT FUNDS

### NOTES TO THE FINANCIAL STATEMENTS (continued) for the year ended 30 November 2020

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

##### *(g) Derivatives (continued)*

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

# 7IM CAUTIOUS FUND

## ACD'S REPORT

for the year ended 30 November 2020

### Investment Objective and Policy

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

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

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

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

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

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

### Investment Manager's Report

#### Performance Report

In the reporting period, 1 December 2019 to 30 November 2020, the portfolio delivered a total return of 4.90%<sup>1</sup>.

#### Investment Background

The coronavirus that emerged in mid-January 2020 from the Chinese city of Wuhan caught the attention of global markets. Initial research suggested that the virus is less deadly than the SARS virus that hit China in 2003 but is markedly more contagious. Trying to untangle tabloid hyperbole from scientific facts was a near impossibility. Amongst this, the UK finally left the EU on 31 January 2020. Negotiations to reach a trade deal were to continue until the end of the calendar year.

February saw headlines dominated by the growing concern of coronavirus. Equity markets initially shrugged off the potential effects of the virus, with MSCI World up c.6% from the start of February to the 20th. However, investors panicked towards the end of the month causing equities to experience some of the largest one-day down moves since 2011, and the largest one-week move since the financial crisis.

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

Investors enjoyed positive returns in April as both risky and defensive assets rebounded following the initial shock of a global shutdown in March. It is clear that governments around the world were conscious of the implications caused by lockdown on both economies and families. They started to discuss ways in which we can delicately move from a period of lockdown to a re-opening of businesses. The UK chose to extend its lockdown period until early May.

Equities continued their winning streak in May, following optimism over economies beginning to re-open. The US returned around 5%, with the Technology sector leading the way, and generating over 7% throughout the month. In fact, markets around the world were positive - with the UK, Japanese and European markets all gaining over 4%.

In June, we saw the government in England relax COVID-19 restrictions. This was a key development in the economy as it allowed businesses to start to plot a path back to normal. Asia was busy dealing with isolated second waves, while Europe was starting to open up, albeit cautiously.

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

## 71M CAUTIOUS FUND

**ACD'S REPORT** (continued)  
for the year ended 30 November 2020

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

In July, we saw a major shift in the UK Government's guidance with more encouragement for workers to return to the office. Central Bank stimulus set the stage for a sharp economic recovery towards the end of 2020 into the beginning of 2021. New cases continued to rise worldwide, and death rates fell due partly to a better understanding of the virus.

During August, there was a sense that the world was returning to normal and markets signalled confidence in the economy's recovery. Higher risk investments provided strong returns, while more defensive assets were negative over the period. Manufacturing and non-manufacturing data across the US, UK, Europe and China all showed promising signs of expansion.

In September, more optimistic views on the outlook for risky assets were challenged by the political and media narrative of a second wave of COVID-19. However, outside of the UK, the US economy was starting to get going and unemployment was falling sharply, as the largest policy stimulus in history took effect. Chinese authorities were talking about whether the recovery was too strong and European manufacturers saw demand for goods rise strongly, although the tourism sector continued to struggle.

Equities were mixed throughout the month of October. Emerging Markets were positive, while the Developed World declined due to an increase in the number of COVID-19 cases. As the colder months begin to settle in to Europe, governments started to bring in further restrictions to help contain the spread of COVID-19. Despite this, many countries in Asia had the virus under control and continued to see economic recoveries take hold.

The US election kicked off November with Joe Biden's victory over Donald Trump. Markets responded well despite Trump's ongoing attempts to claim victory via the courts. Only days after the election, Pfizer-BioNTech announced trials of their COVID-19 vaccine had been highly effective, followed a week later by an identical announcement from Moderna. This fuelled a renewed sense of optimism, which pushed the S&P 500 to new all-time highs, and the Dow Jones Industrial Average made headlines for reaching 30,000.

Within the overall rally, the big story was the bounce back of cyclical stocks and sectors that were worst affected by the pandemic, while the large tech businesses lagged. Companies like Carnival Cruises and HSBC generated returns of around 50% and 25%, whereas Apple and Amazon were broadly flat or declined. European equities, which are more exposed to manufacturing, finance and exports, had one of the strongest months in history.

### **Portfolio Review**

At the very beginning of March, we reduced our exposure to broad equity markets as the chances of a longer slowdown in the global economy increased. Concerns mounted over the drastic measures governments were having to take to slow the spread of COVID-19, alongside the fall in oil price following an escalation in tensions between Saudi Arabia and Russia.

As well as reducing our equity exposure, we reduced our allocation to Emerging Market and High Yield bonds. This decision was motivated by the knowledge that the correlation between credit and equity increases during stressed periods, with credit becoming more risky. With significant exposure to Energy, Materials and Consumer sectors, it was also thought that both asset classes would struggle if consumer demand fell in response to widespread lockdowns.

European dividends futures were hit hard by COVID-19. Extremes in valuations together with technical supply/demand features of the market meant that the risk to capital on any reasonable maturity only occurred in a world where the COVID-19 crisis was deeper than the Global Financial Crisis of 2008, which we thought was a very low probability. On this basis, we added to our position, diversifying across the 2021 and 2022 maturities.

Going into April, we increased our allocation to Corporate bonds, funded from Global Government bonds. Despite an equity sell off that remained well inside the Global Financial Crisis, credit spreads were at levels not seen since that same period. Overall, this looked like an opportunity to rotate out of low-yielding Government bonds into higher yielding Corporates, taking advantage of elevated spreads despite policy support from central banks that reduced (already low) chances of default.

In the middle of April, we sold our remaining holdings in the LGT Dynamic Protection fund after an initial reduction in March following some very strong performance. Rotating into the AQR Managed Futures fund meant that we were able to maintain our defensive stance whilst take profits on a position that had outperformed from the beginning of January.

Portfolios reduced their exposure to broad equity markets at the end of April as we moved to a more neutral view versus our Strategic Asset Allocation (SAA). Although we recognised the benefits of the significant stimulus coming from central banks, this was counteracted by a negative view on the health of the economy. Together with a neutral view on manufacturing and equity valuations, this meant that the overweight to equities in portfolios was removed.

## 7IM CAUTIOUS FUND

**ACD'S REPORT** (continued)  
for the year ended 30 November 2020

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

As we went into the summer months, countries such as a China, South Korea and Taiwan showed it was possible to re-open an economy without causing large outbreaks. We wanted to take exposure to the domestic growth recovery in China – where industrial production and retail sales were quickly rebounding back to pre-crisis levels. Over half of the Asia High Yield index is exposed to China, which also pays a higher yield than the US equivalent but with better growth prospects and lower defaults.

Forced selling and liquidity pressures opened up an opportunity in residential mortgage backed securities (RMBS) relative to our SAA Index equivalent risks at the beginning of June. We were able to take advantage of this opportunity by selling some of our Global Corporate bond allocation and buying the Angel Oaks Multi Strategy Income Fund.

At the end of June, we increased our allocation to 2022 and 2023 dividend futures versus European Equity. With the view that dividend payments should resume to a more normal outlook by 2022, there was a potential opportunity for the dividends to keep adding value over the equity market as we played the pull to par and monetised the overreaction in the pricing of the dividend market.

An allocation to European bank AT1 contingent convertible bonds ("AT1s") was made in July, funded through some of our Global High Yield bond allocation. While we see value in both asset classes, we believe AT1s are extremely well positioned to outperform High Yield due to their resilient fundamentals and attractive valuations.

Towards the end of July, portfolios were tilted towards a more pro-risk stance on the basis that the peak impact of the virus had passed, and that fears over a second wave were overdone. This meant an increase in our allocation to broad equities as well as the construction of a basket of positions that would benefit from a rapid (or "V plus") economic recovery.

In September, portfolios increased their pro-risk stance on the basis of increased confidence in a Global economic recovery. This meant an increase in our allocation to equities, favouring cyclical non-US equity markets, as well as the addition of Emerging Market equities to our V plus basket.

Across portfolios, we increased our exposure to Sterling versus the US Dollar in mid-March after some significant Sterling weakness. Since our entry, the pound had rallied strongly and as we headed into the end of 2020, we saw an increased likelihood of volatility in both currencies as markets tried to price the outcome of the US election and the outcome of Brexit. Although Sterling remained undervalued, with no obvious catalyst for a reversion to mean over the medium term we took profit on the position at the start of September and returned to our long-term SAA neutral weight.

A valuation opportunity together with improving fundamentals meant that we increased our allocation to RMBS at the start of October funded from Global Corporate bonds and cash. With the investment case surrounding RMBS strengthening while Global Corporate bonds continued to trade around long run average spreads (despite credit downgrades and a deterioration in fundamentals), RMBS looked well positioned to deliver outperformance across the range of scenarios we modelled against.

Despite some underperformance through the third quarter of 2020, the vaccine news in November led to a significant rally in European dividend futures. Following the rally, expectations of annualised returns for 2022 dividends were estimated to be in the low single digits due to the valuation cap that exists given the well-defined near term cash flows. With the view that this would likely act as something of a headwind versus traditional European equity exposure, the 2022 dividend position was removed from portfolios towards the end of November, being replaced with a broad European equity exposure.

## 7IM CAUTIOUS FUND

**ACD'S REPORT** (continued)  
for the year ended 30 November 2020

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

### **Investment Outlook**

At 7IM, we have a number of long-term core views that help to guide our investment decisions and allocations within portfolios:

1. The recovery is already happening – The world has never seen as much coordinated stimulus as in the past five months. A V-shaped economic recovery is our base-case; with some areas like China already nearly back to normal. As the recovery continues, and turns into an expansion, we want to be exposed to it. Positive for credit and equity.
2. Our portfolios are positioned for the new economic cycle – Much of the first stage of the recovery rally has been concentrated in well-known technology – and understandably so, given their resilience to coronavirus, and their balance sheet strength. In a more conventional economic recovery, though, other parts of the market could start to rally too. Positive for lagging equity.
3. The virus won't derail this growth – Lockdowns are unlikely to be as severe.

Seven Investment Management LLP  
Investment Manager  
December 2020

## 7IM CAUTIOUS FUND

### FUND INFORMATION

The Comparative Tables on pages 21 to 24 give the performance of each active share class in the Sub-fund.

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

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

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

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

# 7IM CAUTIOUS FUND

## FUND INFORMATION (continued)

### Comparative Tables

#### Class C Income

	30.11.20 (pence per share)	30.11.19 (pence per share)	30.11.18 (pence per share)
<b>Change in Net Asset Value Per Share</b>			
Opening net asset value per share	102.04	97.92	100.26
Return before operating charges*	5.82	6.44	(0.14)
Operating charges (calculated on average price)	(0.92)	(0.85)	(0.81)
Return after operating charges*	4.90	5.59	(0.95)
Distributions on income shares	(1.44)	(1.47)	(1.39)
Closing net asset value per share	105.50	102.04	97.92
* After direct transaction costs of: <sup>1</sup>	0.00	0.00	0.01

#### Performance

Return after charges <sup>2</sup>	4.80%	5.71%	(0.95)%
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#### Other Information

Closing net asset value (£'000)	14,216	16,303	17,803
Closing number of shares	13,474,842	15,977,230	18,181,801
Operating charges <sup>3</sup>	0.89%	0.84%	0.81%
Direct transaction costs	0.00%	0.00%	0.01%

#### Prices

Highest share price	106.48	104.25	101.60
Lowest share price	94.10	96.88	98.22

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

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

<sup>3</sup> Operating charges, otherwise known as the OCF is the ratio of the Sub-fund's total disclosable costs (excluding securities lending fees and overdraft interest) to the average net assets of the Sub-fund. The OCF is intended to provide a reliable figure which gives the most accurate measure of what it costs to invest in a Sub-fund and is calculated based on the last period's figures. Included within the OCF are synthetic costs which includes the OCF of the underlying funds weighted on the basis of their investment proportion. A detailed breakdown of the OCF per share class is shown on page 25.

# 7IM CAUTIOUS FUND

## FUND INFORMATION (continued)

### Comparative Tables (continued)

#### Class C Accumulation

	30.11.20 (pence per share)	30.11.19 (pence per share)	30.11.18 (pence per share)
<b>Change in Net Asset Value Per Share</b>			
Opening net asset value per share	108.77	102.87	103.87
Return before operating charges*	6.23	6.79	(0.16)
Operating charges (calculated on average price)	(0.98)	(0.89)	(0.84)
Return after operating charges*	5.25	5.90	(1.00)
Distributions	(1.54)	(1.55)	(1.45)
Retained distributions on accumulation shares	1.54	1.55	1.45
Closing net asset value per share	114.02	108.77	102.87
* After direct transaction costs of: <sup>1</sup>	0.00	0.00	0.01

#### Performance

Return after charges <sup>2</sup>	4.83%	5.74%	(0.96)%
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#### Other Information

Closing net asset value (£'000)	19,744	20,490	17,941
Closing number of shares	17,316,497	18,838,192	17,440,235
Operating charges <sup>3</sup>	0.89%	0.84%	0.81%
Direct transaction costs	0.00%	0.00%	0.01%

#### Prices

Highest share price	114.18	110.15	105.27
Lowest share price	100.31	101.76	102.46

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

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

<sup>3</sup> Operating charges, otherwise known as the OCF is the ratio of the Sub-fund's total disclosable costs (excluding securities lending fees and overdraft interest) to the average net assets of the Sub-fund. The OCF is intended to provide a reliable figure which gives the most accurate measure of what it costs to invest in a Sub-fund and is calculated based on the last period's figures. Included within the OCF are synthetic costs which includes the OCF of the underlying funds weighted on the basis of their investment proportion. A detailed breakdown of the OCF per share class is shown on page 25.

# 7IM CAUTIOUS FUND

## FUND INFORMATION (continued)

### Comparative Tables (continued)

#### Class S Income

	30.11.20 (pence per share)	30.11.19 (pence per share)	30.11.18 (pence per share)
<b>Change in Net Asset Value Per Share</b>			
Opening net asset value per share	103.04	98.68	100.84
Return before operating charges*	5.84	6.44	(0.20)
Operating charges (calculated on average price)	(0.67)	(0.60)	(0.56)
Return after operating charges*	5.17	5.84	(0.76)
Distributions on income shares	(1.45)	(1.48)	(1.40)
Closing net asset value per share	106.76	103.04	98.68
* After direct transaction costs of: <sup>1</sup>	0.00	0.00	0.01

#### Performance

Return after charges <sup>2</sup>	5.02%	5.92%	(0.75)%
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#### Other Information

Closing net asset value (£'000)	151	326	374
Closing number of shares	141,220	316,666	378,476
Operating charges <sup>3</sup>	0.64%	0.59%	0.56%
Direct transaction costs	0.00%	0.00%	0.01%

#### Prices

Highest share price	107.75	105.22	102.21
Lowest share price	95.09	97.65	98.98

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

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

<sup>3</sup> Operating charges, otherwise known as the OCF is the ratio of the Sub-fund's total disclosable costs (excluding securities lending fees and overdraft interest) to the average net assets of the Sub-fund. The OCF is intended to provide a reliable figure which gives the most accurate measure of what it costs to invest in a Sub-fund and is calculated based on the last period's figures. Included within the OCF are synthetic costs which includes the OCF of the underlying funds weighted on the basis of their investment proportion. A detailed breakdown of the OCF per share class is shown on page 25.

# 7IM CAUTIOUS FUND

## FUND INFORMATION (continued)

### Comparative Tables (continued)

#### Class S Accumulation

	30.11.20 (pence per share)	30.11.19 (pence per share)	30.11.18 (pence per share)
<b>Change in Net Asset Value Per Share</b>			
Opening net asset value per share	109.67	103.52	104.32
Return before operating charges*	6.23	6.78	(0.21)
Operating charges (calculated on average price)	(0.71)	(0.63)	(0.59)
Return after operating charges*	5.52	6.15	(0.80)
Distributions	(1.55)	(1.56)	(1.45)
Retained distributions on accumulation shares	1.55	1.56	1.45
Closing net asset value per share	115.19	109.67	103.52
* After direct transaction costs of: <sup>1</sup>	0.00	0.00	0.01

#### Performance

Return after charges <sup>2</sup>	5.03%	5.94%	(0.77)%
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#### Other Information

Closing net asset value (£'000)	6,032	6,062	5,370
Closing number of shares	5,236,855	5,527,088	5,187,795
Operating charges <sup>3</sup>	0.64%	0.59%	0.56%
Direct transaction costs	0.00%	0.00%	0.01%

#### Prices

Highest share price	115.36	111.01	105.84
Lowest share price	101.20	102.42	103.00

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

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

<sup>3</sup> Operating charges, otherwise known as the OCF is the ratio of the Sub-fund's total disclosable costs (excluding securities lending fees and overdraft interest) to the average net assets of the Sub-fund. The OCF is intended to provide a reliable figure which gives the most accurate measure of what it costs to invest in a Sub-fund and is calculated based on the last period's figures. Included within the OCF are synthetic costs which includes the OCF of the underlying funds weighted on the basis of their investment proportion. A detailed breakdown of the OCF per share class is shown on page 25.

## 7IM CAUTIOUS FUND

### FUND INFORMATION (continued)

#### Ongoing Charges Figures

As at 30 November 2020

	<b>Class C</b>	<b>Class S</b>
ACD's periodic charge	0.50%	0.25%
Other expenses	0.24%	0.24%
	<hr/>	<hr/>
	0.74%	0.49%
Collective investment scheme costs	0.15%	0.15%
Ongoing Charges Figure	<hr/>	<hr/>
	0.89%	0.64%

As at 30 November 2019

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

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

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

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

# 7IM CAUTIOUS FUND

## FUND INFORMATION (continued)

### Synthetic Risk and Reward Indicator

#### Synthetic Risk and Reward Indicator



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

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

The risk and reward indicator shown above is as at the date of publication of the annual report and financial statements, the risk and reward indicator as at the year end date 30 November 2020 was three.

#### Fund performance to 30 November 2020 (%)

	1 year	3 years	5 years
7IM Cautious Fund <sup>1</sup>	4.90	9.74	18.73

<sup>1</sup> Source: Bloomberg

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

Details of the distributions per share for the year are shown in the Distribution Tables on pages 44 and 45.

# 7IM CAUTIOUS FUND

## PORTFOLIO STATEMENT

as at 30 November 2020

Holding	Portfolio of Investment	Value £	30.11.20 %
	<b>ALTERNATIVES 9.83% (12.76%)</b>		
	<b>Alternative Strategies 9.83% (9.21%)</b>		
14,975	AQR - Managed Futures UCITS Fund <sup>1</sup>	1,141,528	2.85
5,825	BlackRock Strategic Funds - Global Event Driven Fund <sup>1</sup>	674,812	1.68
1,041,000	BNP Paribas Issuance 0.00% 2024 <sup>2</sup>	939,788	2.34
1,520,000	JPMorgan Structured Products 0.00% 2023 <sup>2</sup>	1,189,390	2.96
		<b>3,945,518</b>	<b>9.83</b>
	<b>Infrastructure 0.00% (2.70%)</b>		
	<b>Real Estate 0.00% (0.85%)</b>		
	<b>DEBT SECURITIES 75.64% (77.78%)</b>		
	<b>Convertible Bonds 0.00% (1.99%)</b>		
	<b>Emerging Market Bonds 4.10% (4.90%)</b>		
623,923	Legal & General Emerging Markets Government Bond Local Currency Index Fund Acc <sup>1</sup>	429,072	1.07
572,788	Legal & General Emerging Markets Government Bond USD Index Fund <sup>1</sup>	428,617	1.07
10,049	UBS Lux Bond SICAV - Asian High Yield <sup>1</sup>	788,086	1.96
		<b>1,645,775</b>	<b>4.10</b>
	<b>Gilts 5.26% (9.09%)</b>		
£600,000	UK Gilt 2.00% 2025	657,409	1.64
£250,000	UK Gilt 4.25% 2046	451,298	1.13
£200,000	UK Gilt 4.25% 2049	377,725	0.94
£80,000	UK Gilt 4.25% 2055	164,689	0.41
£300,000	UK Gilt 4.50% 2034	459,045	1.14
		<b>2,110,166</b>	<b>5.26</b>
	<b>Global Corporate Bonds 27.98% (19.66%)</b>		
24,684	Angel Oak Multi-Strategy Income UCITS Fund <sup>1</sup>	2,848,353	7.09
2,672,352	BlackRock Overseas Corporate Bond Tracker <sup>1</sup>	4,607,135	11.48
453,638	HSBC Global Funds ICAV - Global Corporate Bond Index Fund <sup>1</sup>	3,778,080	9.41
		<b>11,233,568</b>	<b>27.98</b>
	<b>Global Government Bonds 8.85% (12.90%)</b>		
1,510,893	BlackRock Overseas Government Bond Index Fund <sup>1</sup>	2,172,665	5.41
168,872	HSBC Global Funds ICAV - Global Government Bond Index Fund <sup>1</sup>	1,381,524	3.44
		<b>3,554,189</b>	<b>8.85</b>
	<b>Global High Yield Bonds 5.19% (3.01%)</b>		
29,208	Invesco AT1 Capital Bond UCITS ETF <sup>1</sup>	1,224,983	3.05
7,893	Robeco Quant High Yield <sup>1</sup>	858,128	2.14
		<b>2,083,111</b>	<b>5.19</b>
	<b>Global Inflation Linked Bonds 5.90% (8.21%)</b>		
168,946	iShares Global Inflation-Linked Bond Index <sup>1</sup>	1,939,609	4.83

## 7IM CAUTIOUS FUND

### PORTFOLIO STATEMENT (continued) as at 30 November 2020

Holding	Portfolio of Investment	Value £	30.11.20 %
	<b>Global Inflation Linked Bonds (continued)</b>		
US\$399,000	US Treasury Inflation-Indexed Bonds 1.00% 2049	429,945	1.07
		<b>2,369,554</b>	<b>5.90</b>
	<b>Short Term Sterling Bonds 8.66% (9.88%)</b>		
£500,000	Bank of Montreal FRN 2023	500,053	1.25
£100,000	Bayerische Landesbank 1.25% 2021	101,063	0.25
£200,000	Commonwealth Bank of Australia FRN 2025	201,912	0.50
£300,000	European Investment Bank 0.875% 2021	300,718	0.75
£150,000	Landeskreditbank 1.125% 2021	150,694	0.38
£300,000	National Australia Bank 5.125% 2021	314,909	0.78
£300,000	NRW Bank 1.00% 2022	303,710	0.76
£360,000	Rabobank Nederland 4.875% 2023	393,992	0.98
£250,000	Royal Bank of Canada FRN 2025	251,550	0.63
£300,000	Skipton Building Society FRN 2023	301,149	0.75
£200,000	Tennessee Valley Authority 5.35% 2021	205,244	0.51
£450,000	Westpac Banking FRN 2023	449,815	1.12
		<b>3,474,809</b>	<b>8.66</b>
	<b>Sterling Corporate Bonds 9.70% (8.14%)</b>		
33,112	UBS Sterling Corporate Bond Indexed <sup>1</sup>	<b>3,891,443</b>	<b>9.70</b>
	<b>EQUITY 5.20% (5.75%)</b>		
	<b>Europe (ex UK) 0.53% (2.09%)</b>		
48	Euro Stoxx 50 Equity Index Futures December 2023 <sup>3</sup>	36,187	0.09
37	FTSE 100 Index Futures December 2020 <sup>3</sup>	158,730	0.40
27	MSCI Europe ex-UK Index Futures December 2020 <sup>3</sup>	17,893	0.04
		<b>212,810</b>	<b>0.53</b>
	<b>Japan 0.15% (0.24%)</b>		
7	TOPIX Index Futures December 2020 <sup>3</sup>	<b>59,958</b>	<b>0.15</b>
	<b>North America 3.92% (0.18%)</b>		
12,524	Amundi Asset Management S&P 500 UCITS ETF <sup>1</sup>	630,709	1.57
4,797	Berkshire Hathaway	831,784	2.07
10	E-mini Health Care Select Sector Futures December 2020 <sup>3</sup>	27,329	0.07
28	MSCI Emerging Markets Index Futures December 2020 <sup>3</sup>	84,804	0.21
3	US Ultra Treasury Bond Index Futures March 2021 <sup>3</sup>	(772)	–
		<b>1,573,854</b>	<b>3.92</b>
	<b>United Kingdom 0.60% (3.24%)</b>		
8	FTSE 250 Index Futures December 2020 <sup>3</sup>	25,208	0.06
331,233	UK Mortgages	215,301	0.54
		<b>240,509</b>	<b>0.60</b>
	<b>FORWARD CURRENCY CONTRACTS 2.68% (1.81%)</b>		
€(1,991,000)	Vs £1,800,690 Expiry 16.04.2021	9,609	0.02
US\$(23,927,000)	Vs £19,071,341 Expiry 15.01.2021	1,167,647	2.91
US\$(170,000)	Vs £129,954 Expiry 15.01.2021	2,749	0.01
US\$(169,000)	Vs £128,723 Expiry 15.01.2021	2,267	0.01

## 7IM CAUTIOUS FUND

### PORTFOLIO STATEMENT (continued) as at 30 November 2020

Holding	Portfolio of Investment	Value £	30.11.20 %
<b>FORWARD CURRENCY CONTRACTS (continued)</b>			
US\$(283,000)	Vs £213,986 Expiry 15.01.2021	2,227	–
US\$(169,000)	Vs £127,687 Expiry 15.01.2021	1,231	–
¥28,000,000	Vs £(203,173) Expiry 21.05.2021	(1,355)	–
US\$1,000,000	Vs £(768,638) Expiry 15.01.2021	(20,375)	(0.05)
US\$1,100,000	Vs £(849,250) Expiry 15.01.2021	(26,160)	(0.07)
US\$1,500,000	Vs £(1,151,015) Expiry 15.01.2021	(28,621)	(0.07)
US\$1,119,000	Vs £(869,744) Expiry 15.01.2021	(32,438)	(0.08)
		<b>1,076,781</b>	<b>2.68</b>
	<b>Portfolio of investment<sup>4</sup></b>	<b>37,472,045</b>	<b>93.35</b>
	Net other assets <sup>4,5</sup>	2,670,947	6.65
	<b>Net assets</b>	<b>40,142,992</b>	<b>100.00</b>

Comparative figures shown in brackets relate to 30 November 2019.

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

<sup>1</sup> Collective investment scheme

<sup>2</sup> Structured product

<sup>3</sup> Derivative contract

<sup>4</sup> Prior year percentage of Portfolio of investments and Net other assets have been restated to show the liquidity funds as Cash equivalents in the Balance Sheet of the Sub-fund.

<sup>5</sup> Includes shares in the Goldman Sachs Sterling Liquid Reserves Fund to the value of £146, shares in the JPMorgan Liquidity Funds - GBP Liquidity LVNAV Fund to the value of £1,200,000 and shares in the Northern Trust Global Sterling Fund to the value of £2,061,000 which are shown as a Cash equivalents in the Balance Sheet of the Sub-fund.

Credit Quality	30.11.20 %	30.11.19 %
Investment grade debt securities	14.99	22.01
Non-rated debt securities	5.30	4.15
Other investments	81.18	74.80
Net other liabilities	(1.47)	(0.96)
	<b>100.00</b>	<b>100.00</b>

## 7IM CAUTIOUS FUND

### STATEMENT OF TOTAL RETURN

for the year ended 30 November 2020

	Notes	£	30.11.20 £	£	30.11.19 £
Income					
Net capital gains	4		1,455,558		1,893,267
Revenue	5	807,749		788,056	
Expenses	6	(274,852)		(269,953)	
Interest payable and similar charges	8	(5,187)		(2,645)	
Net revenue before taxation for the year		527,710		515,458	
Taxation	7	(100,844)		(67,811)	
Net revenue after taxation for the year			426,866		447,647
<b>Total return before distributions</b>			1,882,424		2,340,914
Distributions	8		(586,728)		(604,107)
<b>Change in net assets attributable to shareholders from investment activities</b>			1,295,696		1,736,807

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

for the year ended 30 November 2020

	£	30.11.20 £	£	30.11.19 £
<b>Opening net assets attributable to shareholders</b>		43,180,683		41,487,921
Amounts received on creation of shares <sup>1</sup>	10,564,850		13,383,242	
Amounts paid on cancellation of shares <sup>1</sup>	(15,261,887)		(13,794,167)	
		(4,697,037)		(410,925)
Change in net assets attributable to shareholders from investment activities		1,295,696		1,736,807
Retained distribution on accumulation shares		363,650		366,880
<b>Closing net assets attributable to shareholders</b>		40,142,992		43,180,683

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

The notes on pages 32 to 43 are an integral part of these Financial Statements.

# 7IM CAUTIOUS FUND

## BALANCE SHEET

as at 30 November 2020

	Notes	30.11.20 £	30.11.19 £
<b>ASSETS</b>			
Fixed assets:			
Investments <sup>1</sup>		37,581,766	42,584,024
Current assets:			
Debtors	9	173,838	295,192
Cash and bank balances	10	510,952	688,406
Cash equivalents <sup>1</sup>	10	3,261,146	1,235,146
<b>Total assets</b>		<b>41,527,702</b>	<b>44,802,768</b>
<b>LIABILITIES</b>			
Investment liabilities			
		(109,721)	(223,766)
Creditors:			
Bank overdrafts	10	(724,741)	(832,485)
Distribution payable		(112,645)	(147,281)
Other creditors	11	(437,603)	(418,553)
<b>Total liabilities</b>		<b>(1,384,710)</b>	<b>(1,622,085)</b>
<b>Net assets attributable to shareholders</b>		<b>40,142,992</b>	<b>43,180,683</b>

<sup>1</sup> Prior year amounts of Investments and Cash equivalents have been restated to include liquidity funds held by the Sub-fund.

The notes on pages 32 to 43 are an integral part of these Financial Statements.

# 7IM CAUTIOUS FUND

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 November 2020

### 1 Statement of Compliance

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

### 2 Summary of Significant Accounting Policies

The Sub-fund's Financial Statements have been prepared on the same basis as the Summary of Significant Accounting Policies disclosed on pages 10 to 13.

### 3 Risk Management Policies

The Sub-fund's Risk Management Policies are the same as the Risk Management Policies disclosed on pages 13 to 15.

### 4 Net capital gains

	30.11.20	30.11.19
	£	£
The net capital gains during the year comprise:		
Non-derivative securities	1,707,105	1,596,465
Derivative contracts	(427,592)	222,866
Forward currency contracts	305,659	347,583
Currency losses	(112,894)	(273,441)
Transaction charges	(22,535)	(6,526)
AMC rebates from underlying investments	5,815	6,320
Net capital gains	<u>1,455,558</u>	<u>1,893,267</u>

### 5 Revenue

	30.11.20	30.11.19
	£	£
Non-taxable dividends	35,707	181,537
Taxable dividends	666,467	444,172
Unfranked interest	87,666	142,370
AMC rebates from underlying investments	15,486	16,288
Bank interest	361	752
Stock lending revenue <sup>1</sup>	2,062	2,937
Total revenue	<u>807,749</u>	<u>788,056</u>

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

## 7IM CAUTIOUS FUND

### NOTES TO THE FINANCIAL STATEMENTS (continued) for the year ended 30 November 2020

#### 6 Expenses

	30.11.20	30.11.19
	£	£
Payable to the ACD, associates of the ACD and agents of either of them:		
ACD's periodic charge	196,773	193,989
Other expenses	5,384	5,499
	<u>202,157</u>	<u>199,488</u>
Payable to the Depositary, associates of the Depositary and agents of either of them:		
Depositary's fees	7,688	7,482
Market risk fees	3,661	6,000
Safe custody and other bank charges	14,148	19,360
	<u>25,497</u>	<u>32,842</u>
Other Expenses:		
Advisory fees	382	3,381
Audit fee <sup>1</sup>	9,616	9,000
Dealing and exchange fees	6,097	4,481
FCA and other Regulatory fees	215	212
Legal and professional fees	394	1,002
Market data fees	4,103	–
Printing, postage and distribution costs	19,442	13,397
Risk analysis fees	6,949	6,150
	<u>47,198</u>	<u>37,623</u>
Total expenses	<u>274,852</u>	<u>269,953</u>

<sup>1</sup> The Audit fee is inclusive of 20% VAT and 2.50% support cost.

## 7IM CAUTIOUS FUND

### NOTES TO THE FINANCIAL STATEMENTS (continued) for the year ended 30 November 2020

#### 7 Taxation

	30.11.20 £	30.11.19 £
<i>a) Analysis of charge for the year</i>		
Corporation tax at 20%	100,844	67,811
Current tax charge (note 7b)	100,844	67,811
Total taxation	100,844	67,811
<i>b) Factors affecting current tax charge for the year</i>		
The tax assessed for the year differs from the standard rate of corporation tax in the UK for an authorised fund (20%) (2019: 20%) for the reasons explained below.		
Net revenue before taxation	527,710	515,458
Corporation tax at 20%	105,542	103,092
Effects of:		
AMC rebates taken to capital	1,163	1,264
Franked CIS revenue	(7,142)	(24,176)
Franked REIT income	–	(52)
Indexed gilt edged securities adjustment	–	(716)
Movement in revenue accruals	–	478
Non-taxable dividends	–	(3,154)
Non-taxable overseas dividends	–	(8,925)
Tax effect on non-reporting offshore funds	1,281	–
Current tax charge (note 7a)	100,844	67,811

#### *c) Deferred tax*

There is no deferred tax provision in the current year (2019: none).

#### 8 Distributions

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

	30.11.20 £	30.11.19 £
Interim	252,464	231,792
Final	313,204	380,369
	565,668	612,161
Add: Revenue deducted on cancellation of shares	47,166	42,818
Deduct: Revenue received on issue of shares	(26,106)	(50,872)
Net distributions for the year	586,728	604,107
Interest payable and similar charges	5,187	2,645
Total distribution	591,915	606,752

## 7IM CAUTIOUS FUND

### NOTES TO THE FINANCIAL STATEMENTS (continued) for the year ended 30 November 2020

#### 8 Distributions (continued)

Details of the distributions per share are set out in the table on pages 44 and 45.

Distributions represented by:		
Net revenue after taxation	426,866	447,647
Allocations to capital:		
Capitalised expenses, net of tax relief <sup>1</sup>	159,862	156,456
Equalisation on conversions <sup>2</sup>	4	(3)
Net movement in revenue account	(4)	7
Net distributions for the year	<u>586,728</u>	<u>604,107</u>

<sup>1</sup> Please refer to Note 2(i) Distributions policy on page 11 for further details.

<sup>2</sup> Where an investor converts to a class with a higher income yield, the investor will pay or receive an equalisation as if they had held the new class throughout the period from the last distribution to the conversion date. The yield differential at the point of conversion is an equalisation which will be offset by capital erosion for the converted investor.

#### 9 Debtors

	<b>30.11.20</b>	<b>30.11.19</b>
	£	£
Amounts receivable for issue of shares	43,250	107,209
Sales awaiting settlement	696	–
Accrued revenue	92,180	164,199
Income tax recoverable	–	1,213
AMC rebates from underlying investments	37,712	22,571
Total debtors	<u>173,838</u>	<u>295,192</u>

#### 10 Cash and bank balances

	<b>30.11.20</b>	<b>30.11.19</b>
	£	£
Cash and bank balances	476,384	656,928
Cash held at clearing houses	34,568	31,478
Cash equivalents <sup>1</sup>	3,261,146	1,235,146
Total cash and bank balances	<u>3,772,098</u>	<u>1,923,552</u>
Bank overdrafts	(475,033)	(581,805)
Cash overdraft at clearing houses	(249,708)	(250,680)
Total bank overdrafts	<u>(724,741)</u>	<u>(832,485)</u>

<sup>1</sup> Prior year amount of Cash equivalents has been restated to include liquidity funds held by the Sub-fund.

## 7IM CAUTIOUS FUND

### NOTES TO THE FINANCIAL STATEMENTS (continued) for the year ended 30 November 2020

#### 11 Other Creditors

	<b>30.11.20</b>	<b>30.11.19</b>
	<b>£</b>	<b>£</b>
Amounts payable for cancellation of shares	284,175	120,019
Purchases awaiting settlement	12,930	177,726
Accrued expenses	39,654	52,997
Corporation tax payable	100,844	67,811
Total other creditors	<u>437,603</u>	<u>418,553</u>

#### 12 Related party transactions

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

The aggregate monies received by the ACD through the issue of shares and paid on cancellation of shares are disclosed in the Statement of Change in Net Assets Attributable to Shareholders on page 30.

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

	<b>Held at</b>	<b>Held at</b>
	<b>30.11.20</b>	<b>30.11.19</b>
7IM European (ex UK) Equity Value Fund 'Z' Inc	-	781,977
7IM UK Equity value Fund 'Z' Inc	-	1,350,942

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

Liverpool Victoria Friendly Society Limited	27.72% (2019: 27.76%)
Pershing Nominees Limited	35.72% (2019: 36.81%)

The net value of creations and cancellations for Liverpool Victoria Friendly Society Limited during the year totalled (£951,596) (2019: (£1,858,695)).

The net value of creations and cancellations for Pershing Nominees Limited during the year totalled (£1,476,190) (2019: (£165,603)).

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

#### 13 Classes of Shares

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

Class C	0.50%
Class S	0.25%

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

<b>Class</b>	<b>Opening Shares</b>	<b>Shares Created</b>	<b>Shares Liquidated</b>	<b>Shares Converted</b>	<b>Closing Shares</b>
Class C Income	15,977,230	1,423,888	(3,067,438)	(858,838)	13,474,842
Class C Accumulation	18,838,192	6,603,617	(8,988,562)	863,250	17,316,497
Class S Income	316,666	12,830	(8,671)	(179,605)	141,220
Class S Accumulation	5,527,088	1,706,085	(2,108,171)	111,853	5,236,855

#### 14 Contingent liabilities and commitments

There are no contingent liabilities or unrecorded outstanding commitments at the balance sheet date (2019: none).

## 7IM CAUTIOUS FUND

### NOTES TO THE FINANCIAL STATEMENTS (continued) for the year ended 30 November 2020

#### 15 Risks Disclosures

The main risks from the Sub-fund's holding of financial instruments, together with the ACD's policy for managing these risks are detailed in note 3 on pages 13 to 15. Further analysis and numeric disclosure of interest rate risk, foreign currency risk and derivatives are shown below.

##### i. Interest rate risk

The table below shows the direct interest rate risk profile:

Interest rate exposure as at 30 November 2020

	<b>Floating Rate Financial Assets £</b>	<b>Fixed Rate Financial Assets £</b>	<b>Financial Assets not carrying interest £</b>	<b>Total £</b>
Euro	36,301	–	54,079	90,380
Japanese yen	950	–	261,776	262,726
US dollar	63,349	2,559,123	14,361,926	16,984,398
Pound sterling	5,375,977	3,880,496	38,953,248	48,209,721
	<b>5,476,577</b>	<b>6,439,619</b>	<b>53,631,029</b>	<b>65,547,225</b>

	<b>Floating Rate Financial Liabilities £</b>	<b>Financial Liabilities not carrying interest £</b>	<b>Total £</b>
Euro	(1,799)	(1,791,082)	(1,792,881)
Japanese yen	(959)	–	(959)
US dollar	(62,822)	(18,496,342)	(18,559,164)
Pound sterling	(659,161)	(4,392,068)	(5,051,229)
	<b>(724,741)</b>	<b>(24,679,492)</b>	<b>(25,404,233)</b>

Interest rate exposure as at 30 November 2019

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

## 7IM CAUTIOUS FUND

### NOTES TO THE FINANCIAL STATEMENTS (continued) for the year ended 30 November 2020

#### 15 Risks Disclosures (continued)

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

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

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

Currency	<b>Fixed Rate Financial Assets</b>			
	<b>Weighted average interest rate</b>		<b>Weighted average period for which rate is fixed</b>	
	<b>30.11.20 %</b>	<b>30.11.19 %</b>	<b>30.11.20 Years</b>	<b>30.11.19 Years</b>
Pound sterling	0.31	0.92	10	9
US dollar	(2.75)	0.38	7	16

The average effective duration of the Sub-fund's portfolio is a measure of the sensitivity of the fair value of the Sub-fund's bond portfolio (excludes all other investments) to changes in market interest rates. As at 30 November 2020, the weighted average effective duration was 5.78 years (30 November 2019: 5.19 years).

##### ii. Foreign currency risk

The table below shows the direct foreign currency risk profile:

Foreign currency risk exposure as at 30 November 2020

Currency	<b>Monetary Exposure £</b>	<b>Non-Monetary Exposure £</b>	<b>Total £</b>
Euro	34,502	(1,737,003)	(1,702,501)
Japanese yen	(9)	261,776	261,767
US dollar	527	(1,575,294)	(1,574,767)
	<u>35,020</u>	<u>(3,050,521)</u>	<u>(3,015,501)</u>
Pound sterling	2,635,927	40,522,566	43,158,493
Net assets	<u>2,670,947</u>	<u>37,472,045</u>	<u>40,142,992</u>

## 7IM CAUTIOUS FUND

### NOTES TO THE FINANCIAL STATEMENTS (continued) for the year ended 30 November 2020

#### 15 Risks Disclosures (continued)

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

Foreign currency risk exposure as at 30 November 2019

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

##### iii. Derivatives

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

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

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

The lowest, highest and average leverage utilisation in the accounting year ended 30 November 2020 was 54%, 110% and 77% respectively (30 November 2019<sup>1</sup>: 57%, 162% and 77% respectively).

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

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

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

## 7IM CAUTIOUS FUND

### NOTES TO THE FINANCIAL STATEMENTS (continued) for the year ended 30 November 2020

#### 15 Risks Disclosures (continued)

##### iii. Derivatives (continued)

The types of derivatives held at the balance sheet date were forward foreign currency contracts and future 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:

<b>Counterparty</b>	<b>30.11.20</b> £	<b>30.11.19</b> £
<b>Options</b>		
Chicago Board Options Exchange	–	24,134
<b>Futures Contracts</b>		
Chicago Board of Trade	26,557	7,873
Chicago Mercantile Exchange	–	35,393
Eurex Deutschland	54,079	264
International Monetary Market	–	44,058
London International Financial Futures Exchange	183,938	13,821
New York Coffee, Sugar & Cocoa	84,804	–
Tokyo Stock Exchange	59,958	101,297
<b>Forward Currency Contracts</b>		
Northern Trust	1,076,781	783,779
<b>Total net exposure<sup>2</sup></b>	<b>1,486,117</b>	<b>1,010,619</b>

<sup>1</sup> Prior year was restated to show Notional Leverage as it is more accurate representation as it only shows the Derivatives used in a fund as a percentage of its NAV while the Notional Exposure adds 100% to the Notional Leverage Value.

<sup>2</sup> Net exposure represents the mark to market value of derivative contracts less any cash collateral held. Positive exposure represents the Sub-fund's exposure to that counterparty.

## 7IM CAUTIOUS FUND

### NOTES TO THE FINANCIAL STATEMENTS (continued) for the year ended 30 November 2020

#### 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.

30 November 2020	Level 1 £	Level 2 £	Level 3 £	Total £
<b>Assets</b>				
Bonds	2,840,829	5,303,269	–	8,144,098
Collective Investment Schemes	18,705,413	8,089,331	–	26,794,744
Derivatives	410,109	1,185,730	–	1,595,839
Equities	1,047,085	–	–	1,047,085
<b>Total</b>	<b>23,003,436</b>	<b>14,578,330</b>	<b>–</b>	<b>37,581,766</b>

##### Liabilities

Derivatives	(772)	(108,949)	–	(109,721)
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30 November 2019 <sup>1</sup>	Level 1 £	Level 2 £	Level 3 £	Total £
<b>Assets</b>				
Bonds	5,144,801	6,151,362	–	11,296,163
Collective Investment Schemes	28,258,720	–	–	28,258,720
Derivatives	229,648	1,004,736	–	1,234,384
Equities	1,794,757	–	–	1,794,757
<b>Total</b>	<b>35,427,926</b>	<b>7,156,098</b>	<b>–</b>	<b>42,584,024</b>

##### Liabilities

Derivatives	(329)	(223,437)	–	(223,766)
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<sup>1</sup> Prior year amounts have been restated to exclude liquidity funds held by the Sub-fund.



## 7IM CAUTIOUS FUND

### NOTES TO THE FINANCIAL STATEMENTS (continued) for the year ended 30 November 2020

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

Analysis of direct transaction costs for the year ended 30 November 2019<sup>1</sup>:

	Principal £'000	Commissions £'000	Taxes £'000	Total Transaction Costs £'000	Commissions % of principal	Taxes % of principal
<b>Purchases</b>						
Bonds	4,148	–	–	–	–	–
Collective Investment Schemes	16,008	–	–	–	–	–
Equities	385	–	–	–	–	–
<b>Total</b>	<b>20,541</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>
<b>Sales</b>						
Bonds	8,217	–	–	–	–	–
Collective Investment Schemes	9,398	–	–	–	–	–
Derivatives	334	–	–	–	–	–
Equities	1,638	–	–	–	–	–
<b>Total</b>	<b>19,587</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>
<b>Total as a percentage of the average NAV</b>		<b>0.00%</b>	<b>0.00%</b>	<b>0.00%</b>		

<sup>1</sup> Prior year amounts have been restated to exclude liquidity funds held by the Sub-fund.

#### Average portfolio dealing spread

As at the balance sheet date, the average portfolio dealing spread was 0.11% (2019: 0.11%) based on close of business prices. This spread represents the difference between the values determined respectively by reference to the bid and offer prices of investments expressed as a percentage of the value determined by reference to the offer price.

#### 17 Post Balance Sheet Events

As at the balance sheet date, the Net Asset Value price per share of Class C Accumulation was 114.18p. The Net Asset Value price per share of Class C Accumulation for the Sub-fund on 23 March 2021 was 113.40p. This represents a decrease of 0.68% from the year end value.

# 7IM CAUTIOUS FUND

## DISTRIBUTION TABLES

for the year ended 30 November 2020

### Interim - in pence per share

Group 1 - Shares purchased prior to 1 December 2019

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

	Net Revenue	Equalisation	Paid 31.07.20	Paid 31.07.19
<b>Class C Income</b>				
Group 1	0.6085	–	0.6085	0.5679
Group 2	0.3902	0.2183	0.6085	0.5679

	Net Revenue	Equalisation	Allocated 31.07.20	Allocated 31.07.19
<b>Class C Accumulation</b>				
Group 1	0.6491	–	0.6491	0.5949
Group 2	0.3362	0.3129	0.6491	0.5949

	Net Revenue	Equalisation	Paid 31.07.20	Paid 31.07.19
<b>Class S Income</b>				
Group 1	0.6173	–	0.6173	0.5692
Group 2	0.1261	0.4912	0.6173	0.5692

	Net Revenue	Equalisation	Allocated 31.07.20	Allocated 31.07.19
<b>Class S Accumulation</b>				
Group 1	0.6557	–	0.6557	0.5985
Group 2	0.3996	0.2561	0.6557	0.5985

### Final - in pence per share

Group 1 - Shares purchased prior to 1 June 2020

Group 2 - Shares purchased on or after 1 June 2020 and on or before 30 November 2020

	Net Revenue	Equalisation	Paid 31.01.21	Paid 31.01.20
<b>Class C Income</b>				
Group 1	0.8272	–	0.8272	0.9038
Group 2	0.5451	0.2821	0.8272	0.9038

	Net Revenue	Equalisation	Allocated 31.01.21	Allocated 31.01.20
<b>Class C Accumulation</b>				
Group 1	0.8872	–	0.8872	0.9553
Group 2	0.6148	0.2724	0.8872	0.9553

## 7IM CAUTIOUS FUND

### DISTRIBUTION TABLES (continued) for the year ended 30 November 2020

	<b>Net Revenue</b>	<b>Equalisation</b>	<b>Paid 31.01.21</b>	<b>Paid 31.01.20</b>
<b>Class S Income</b>				
Group 1	0.8366	–	0.8366	0.9090
Group 2	0.3418	0.4948	0.8366	0.9090
	<b>Net Revenue</b>	<b>Equalisation</b>	<b>Allocated 31.01.21</b>	<b>Allocated 31.01.20</b>
<b>Class S Accumulation</b>				
Group 1	0.8961	–	0.8961	0.9612
Group 2	0.7440	0.1521	0.8961	0.9612

#### Equalisation

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

# 7IM MODERATELY CAUTIOUS FUND

## ACD'S REPORT

for the year ended 30 November 2020

### Investment Objective and Policy

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

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

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

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

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

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

### Investment Manager's Report

#### Performance Report

In the reporting period, 1 December 2019 to 30 November 2020, the portfolio delivered a total return of 5.82%<sup>1</sup>.

#### Investment Background

The coronavirus that emerged in mid-January 2020 from the Chinese city of Wuhan caught the attention of global markets. Initial research suggested that the virus is less deadly than the SARS virus that hit China in 2003 but is markedly more contagious. Trying to untangle tabloid hyperbole from scientific facts was a near impossibility. Amongst this, the UK finally left the EU on 31 January 2020. Negotiations to reach a trade deal were to continue until the end of the calendar year.

February saw headlines dominated by the growing concern of coronavirus. Equity markets initially shrugged off the potential effects of the virus, with MSCI World up c. 6% from the start of February to the 20th. However, investors panicked towards the end of the month causing equities to experience some of the largest one-day down moves since 2011, and the largest one-week move since the financial crisis.

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

Investors enjoyed positive returns in April as both risky and defensive assets rebounded following the initial shock of a global shutdown in March. It is clear that governments around the world were conscious of the implications caused by lockdown on both economies and families. They started to discuss ways in which we can delicately move from a period of lockdown to a re-opening of businesses. The UK chose to extend its lockdown period until early May.

Equities continued their winning streak in May, following optimism over economies beginning to re-open. The US returned around 5%, with the Technology sector leading the way, and generating over 7% throughout the month. In fact, markets around the world were positive - with the UK, Japanese and European markets all gaining over 4%.

In June, we saw the government in England relax COVID-19 restrictions. This was a key development in the economy as it allowed businesses to start to plot a path back to normal. Asia was busy dealing with isolated second waves, while Europe was starting to open up, albeit cautiously.

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

## 71M MODERATELY CAUTIOUS FUND

### ACD'S REPORT (continued)

for the year ended 30 November 2020

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

In July, we saw a major shift in the UK Government's guidance with more encouragement for workers to return to the office. Central Bank stimulus set the stage for a sharp economic recovery towards the end of 2020 into the beginning of 2021. New cases continued to rise worldwide, and death rates fell due partly to a better understanding of the virus.

During August, there was a sense that the world was returning to normal and markets signalled confidence in the economy's recovery. Higher risk investments provided strong returns, while more defensive assets were negative over the period. Manufacturing and non-manufacturing data across the US, UK, Europe and China all showed promising signs of expansion.

In September, more optimistic views on the outlook for risky assets were challenged by the political and media narrative of a second wave of COVID-19. However, outside of the UK, the US economy was starting to get going and unemployment was falling sharply, as the largest policy stimulus in history took effect. Chinese authorities were talking about whether the recovery was too strong and European manufacturers saw demand for goods rise strongly, although the tourism sector continued to struggle.

Equities were mixed throughout the month of October. Emerging Markets were positive, while the Developed World declined due to an increase in the number of COVID-19 cases. As the colder months begin to settle in to Europe, governments started to bring in further restrictions to help contain the spread of COVID-19. Despite this, many countries in Asia had the virus under control and continued to see economic recoveries take hold.

The US election kicked off November with Joe Biden's victory over Donald Trump. Markets responded well despite Trump's ongoing attempts to claim victory via the courts. Only days after the election, Pfizer-BioNTech announced trials of their COVID-19 vaccine had been highly effective, followed a week later by an identical announcement from Moderna. This fuelled a renewed sense of optimism, which pushed the S&P 500 to new all-time highs, and the Dow Jones Industrial Average made headlines for reaching 30,000.

Within the overall rally, the big story was the bounce back of cyclical stocks and sectors that were worst affected by the pandemic, while the large tech businesses lagged. Companies like Carnival Cruises and HSBC generated returns of around 50% and 25%, whereas Apple and Amazon were broadly flat or declined. European equities, which are more exposed to manufacturing, finance and exports, had one of the strongest months in history.

#### Portfolio Review

At the very beginning of March, we reduced our exposure to broad equity markets as the chances of a longer slowdown in the global economy increased. Concerns mounted over the drastic measures governments were having to take to slow the spread of COVID-19, alongside the fall in oil price following an escalation in tensions between Saudi Arabia and Russia.

As well as reducing our equity exposure, we reduced our allocation to Emerging Market and High Yield bonds. This decision was motivated by the knowledge that the correlation between credit and equity increases during stressed periods, with credit becoming more risky. With significant exposure to Energy, Materials and Consumer sectors, it was also thought that both asset classes would struggle if consumer demand fell in response to widespread lockdowns.

European dividends futures were hit hard by COVID-19. Extremes in valuations together with technical supply/demand features of the market meant that the risk to capital on any reasonable maturity only occurred in a world where the COVID-19 crisis was deeper than the Global Financial Crisis of 2008, which we thought was a very low probability. On this basis, we added to our position, diversifying across the 2021 and 2022 maturities.

Going into April we increased our allocation to Corporate bonds, funded from Global Government bonds. Despite an equity sell off that remained well inside the Global Financial Crisis, credit spreads were at levels not seen since that same period. Overall, this looked like an opportunity to rotate out of low-yielding Government bonds into higher yielding Corporates, taking advantage of elevated spreads despite policy support from central banks that reduced (already low) chances of default.

In the middle of April, we sold our remaining holdings in the LGT Dynamic Protection fund after an initial reduction in March following some very strong performance. Rotating into the AQR Managed Futures fund meant that we were able to maintain our defensive stance whilst take profits on a position that had outperformed from the beginning of January.

Portfolios reduced their exposure to broad equity markets at the end of April as we moved to a more neutral view versus our Strategic Asset Allocation (SAA). Although we recognised the benefits of the significant stimulus coming from central banks, this was counteracted by a negative view on the health of the economy. Together with a neutral view on manufacturing and equity valuations this meant that the overweight to equities in portfolios was removed.

## 7IM MODERATELY CAUTIOUS FUND

### ACD'S REPORT (continued)

for the year ended 30 November 2020

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

As we went into the summer months, countries such as a China, South Korea and Taiwan showed it was possible to re-open an economy without causing large outbreaks. We wanted to take exposure to the domestic growth recovery in China – where industrial production and retail sales were quickly rebounding back to pre-crisis levels. Over half of the Asia High Yield index is exposed to China, which also pays a higher yield than the US equivalent but with better growth prospects and lower defaults.

Forced selling and liquidity pressures opened up an opportunity in residential mortgage backed securities (RMBS) relative to our SAA Index equivalent risks at the beginning of June. We were able to take advantage of this opportunity by selling some of our Global Corporate bond allocation and buying the Angel Oaks Multi Strategy Income Fund.

At the end of June, we increased our allocation to 2022 and 2023 dividend futures versus European Equity. With the view that dividend payments should resume to a more normal outlook by 2022, there was a potential opportunity for the dividends to keep adding value over the equity market as we played the pull to par and monetised the overreaction in the pricing of the dividend market.

An allocation to European bank AT1 contingent convertible bonds ("AT1s") was made in July, funded through some of our Global High Yield bond allocation. While we see value in both asset classes, we believe AT1s are extremely well positioned to outperform High Yield due to their resilient fundamentals and attractive valuations.

Towards the end of July, portfolios were tilted towards a more pro-risk stance on the basis that the peak impact of the virus had passed, and that fears over a second wave were overdone. This meant an increase in our allocation to broad equities as well as the construction of a basket of positions that would benefit from a rapid (or "V plus") economic recovery.

In September, portfolios increased their pro-risk stance on the basis of increased confidence in a global economic recovery. This meant an increase in our allocation to equities, favouring cyclical non-US equity markets, as well as the addition of Emerging Market equities to our V plus basket.

Across portfolios, we increased our exposure to Sterling versus the US Dollar in mid-March after some significant Sterling weakness. Since our entry, the pound had rallied strongly and as we headed into the end of 2020, we saw an increased likelihood of volatility in both currencies as markets tried to price the outcome of the US election and the outcome of Brexit. Although Sterling remained undervalued, with no obvious catalyst for a reversion to mean over the medium term we took profit on the position at the start of September and returned to our long-term SAA neutral weight.

A valuation opportunity together with improving fundamentals meant that we increased our allocation to RMBS at the start of October funded from Global Corporate bonds and cash. With the investment case surrounding RMBS strengthening while Global Corporate bonds continued to trade around long run average spreads (despite credit downgrades and a deterioration in fundamentals), RMBS looked well positioned to deliver outperformance across the range of scenarios we modelled against.

Despite some underperformance through the third quarter of 2020, the vaccine news in November led to a significant rally in European dividend futures. Following the rally, expectations of annualised returns for 2022 dividends were estimated to be in the low single digits due to the valuation cap that exists given the well-defined near term cash flows. With the view that this would likely act as something of a headwind versus traditional European equity exposure, the 2022 dividend position was removed from portfolios towards the end of November, being replaced with a broad European equity exposure.

## 7IM MODERATELY CAUTIOUS FUND

**ACD'S REPORT** (continued)  
for the year ended 30 November 2020

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

### **Investment Outlook**

At 7IM, we have a number of long-term core views that help to guide our investment decisions and allocations within portfolios:

1. The recovery is already happening – The world has never seen as much coordinated stimulus as in the past five months. A V-shaped economic recovery is our base-case; with some areas like China already nearly back to normal. As the recovery continues, and turns into an expansion, we want to be exposed to it. Positive for credit and equity.
2. Our portfolios are positioned for the new economic cycle – Much of the first stage of the recovery rally has been concentrated in well-known technology – and understandably so, given their resilience to coronavirus, and their balance sheet strength. In a more conventional economic recovery, though, other parts of the market could start to rally too. Positive for lagging equity.
3. The virus won't derail this growth – Lockdowns are unlikely to be as severe.

Seven Investment Management LLP  
Investment Manager  
December 2020

## 7IM MODERATELY CAUTIOUS FUND

### FUND INFORMATION

The Comparative Tables on pages 51 to 60 give the performance of each active share class in the Sub-fund.

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

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

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

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

# 7IM MODERATELY CAUTIOUS FUND

## FUND INFORMATION (continued)

### Comparative Tables

#### Class A Income

	30.11.20 (pence per share)	30.11.19 (pence per share)	30.11.18 (pence per share)
<b>Change in Net Asset Value Per Share</b>			
Opening net asset value per share	132.73	129.79	137.39
Return before operating charges*	9.72	8.51	(2.68)
Operating charges (calculated on average price)	(2.50)	(2.50)	(2.49)
Return after operating charges*	7.22	6.01	(5.17)
Distributions on income shares	(2.41)	(3.07)	(2.43)
Closing net asset value per share	137.54	132.73	129.79
* After direct transaction costs of: <sup>1</sup>	0.00	0.01	0.03

#### Performance

Return after charges <sup>2</sup>	5.44%	4.63%	(3.76)%
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#### Other Information

Closing net asset value (£'000)	46	59	58
Closing number of shares	33,873	44,365	44,365
Operating charges <sup>3</sup>	1.88%	1.88%	1.83%
Direct transaction costs	0.00%	0.01%	0.02%

#### Prices

Highest share price	139.29	135.78	139.44
Lowest share price	118.06	126.76	130.26

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

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

<sup>3</sup> Operating charges, otherwise known as the OCF is the ratio of the Sub-fund's total disclosable costs (excluding securities lending fees and overdraft interest) to the average net assets of the Sub-fund. The OCF is intended to provide a reliable figure which gives the most accurate measure of what it costs to invest in a Sub-fund and is calculated based on the last period's figures. Included within the OCF are synthetic costs which includes the OCF of the underlying funds weighted on the basis of their investment proportion. A detailed breakdown of the OCF per share class is shown on page 61.

# 7IM MODERATELY CAUTIOUS FUND

## FUND INFORMATION (continued)

### Comparative Tables (continued)

#### Class A Accumulation

	30.11.20 (pence per share)	30.11.19 (pence per share)	30.11.18 (pence per share)
<b>Change in Net Asset Value Per Share</b>			
Opening net asset value per share	182.60	174.48	181.34
Return before operating charges*	13.47	11.48	(3.56)
Operating charges (calculated on average price)	(3.44)	(3.36)	(3.30)
Return after operating charges*	10.03	8.12	(6.86)
Distributions	(3.28)	(4.15)	(3.24)
Retained distributions on accumulation shares	3.28	4.15	3.24
Closing net asset value per share	192.63	182.60	174.48
* After direct transaction costs of: <sup>1</sup>	0.00	0.02	0.04

#### Performance

Return after charges <sup>2</sup>	5.49%	4.65%	(3.78)%
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#### Other Information

Closing net asset value (£'000)	642	1,057	1,736
Closing number of shares	333,236	578,722	994,737
Operating charges <sup>3</sup>	1.88%	1.88%	1.83%
Direct transaction costs	0.00%	0.01%	0.02%

#### Prices

Highest share price	192.70	183.92	184.03
Lowest share price	162.42	170.03	173.31

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

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

<sup>3</sup> Operating charges, otherwise known as the OCF is the ratio of the Sub-fund's total disclosable costs (excluding securities lending fees and overdraft interest) to the average net assets of the Sub-fund. The OCF is intended to provide a reliable figure which gives the most accurate measure of what it costs to invest in a Sub-fund and is calculated based on the last period's figures. Included within the OCF are synthetic costs which includes the OCF of the underlying funds weighted on the basis of their investment proportion. A detailed breakdown of the OCF per share class is shown on page 61.

# 7IM MODERATELY CAUTIOUS FUND

## FUND INFORMATION (continued)

### Comparative Tables (continued)

#### Class B Accumulation

	30.11.20 (pence per share)	30.11.19 (pence per share)	30.11.18 (pence per share)
<b>Change in Net Asset Value Per Share</b>			
Opening net asset value per share	189.04	180.26	187.01
Return before operating charges*	13.82	11.80	(3.81)
Operating charges (calculated on average price)	(3.10)	(3.02)	(2.94)
Return after operating charges*	10.72	8.78	(6.75)
Distributions	(3.45)	(4.30)	(3.28)
Retained distributions on accumulation shares	3.45	4.30	3.28
Closing net asset value per share	199.76	189.04	180.26
* After direct transaction costs of: <sup>1</sup>	0.00	0.02	0.04

#### Performance

Return after charges <sup>2</sup>	5.67%	4.87%	(3.61)%
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#### Other Information

Closing net asset value (£'000)	32,578	36,987	44,492
Closing number of shares	16,308,285	19,566,243	24,681,729
Operating charges <sup>3</sup>	1.63%	1.63%	1.58%
Direct transaction costs	0.00%	0.01%	0.02%

#### Prices

Highest share price	199.93	190.30	189.87
Lowest share price	168.28	175.71	179.19

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

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

<sup>3</sup> Operating charges, otherwise known as the OCF is the ratio of the Sub-fund's total disclosable costs (excluding securities lending fees and overdraft interest) to the average net assets of the Sub-fund. The OCF is intended to provide a reliable figure which gives the most accurate measure of what it costs to invest in a Sub-fund and is calculated based on the last period's figures. Included within the OCF are synthetic costs which includes the OCF of the underlying funds weighted on the basis of their investment proportion. A detailed breakdown of the OCF per share class is shown on page 61.

# 7IM MODERATELY CAUTIOUS FUND

## FUND INFORMATION (continued)

### Comparative Tables (continued)

#### Class C Income

	30.11.20 (pence per share)	30.11.19 (pence per share)	30.11.18 (pence per share)
<b>Change in Net Asset Value Per Share</b>			
Opening net asset value per share	143.97	140.22	147.81
Return before operating charges*	10.40	9.07	(3.06)
Operating charges (calculated on average price)	(1.99)	(1.99)	(1.95)
Return after operating charges*	8.41	7.08	(5.01)
Distributions on income shares	(2.63)	(3.33)	(2.58)
Closing net asset value per share	149.75	143.97	140.22
* After direct transaction costs of: <sup>1</sup>	0.00	0.01	0.03

#### Performance

Return after charges <sup>2</sup>	5.84%	5.05%	(3.39)%
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#### Other Information

Closing net asset value (£'000)	40,892	45,732	53,895
Closing number of shares	27,306,217	31,764,965	38,437,646
Operating charges <sup>3</sup>	1.38%	1.38%	1.33%
Direct transaction costs	0.00%	0.01%	0.02%

#### Prices

Highest share price	151.80	147.16	150.12
Lowest share price	128.25	136.99	140.87

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

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

<sup>3</sup> Operating charges, otherwise known as the OCF is the ratio of the Sub-fund's total disclosable costs (excluding securities lending fees and overdraft interest) to the average net assets of the Sub-fund. The OCF is intended to provide a reliable figure which gives the most accurate measure of what it costs to invest in a Sub-fund and is calculated based on the last period's figures. Included within the OCF are synthetic costs which includes the OCF of the underlying funds weighted on the basis of their investment proportion. A detailed breakdown of the OCF per share class is shown on page 61.

# 7IM MODERATELY CAUTIOUS FUND

## FUND INFORMATION (continued)

### Comparative Tables (continued)

#### Class C Accumulation

	30.11.20 (pence per share)	30.11.19 (pence per share)	30.11.18 (pence per share)
<b>Change in Net Asset Value Per Share</b>			
Opening net asset value per share	195.55	186.10	192.69
Return before operating charges*	14.22	12.09	(4.04)
Operating charges (calculated on average price)	(2.72)	(2.64)	(2.55)
Return after operating charges*	11.50	9.45	(6.59)
Distributions	(3.78)	(4.44)	(3.38)
Retained distributions on accumulation shares	3.78	4.44	3.38
Closing net asset value per share	207.05	195.55	186.10
* After direct transaction costs of: <sup>1</sup>	0.00	0.02	0.04

#### Performance

Return after charges <sup>2</sup>	5.88%	5.08%	(3.42)%
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#### Other Information

Closing net asset value (£'000)	128,375	111,497	134,437
Closing number of shares	62,001,246	57,017,950	72,241,194
Operating charges <sup>3</sup>	1.38%	1.38%	1.33%
Direct transaction costs	0.00%	0.01%	0.02%

#### Prices

Highest share price	207.29	196.77	195.69
Lowest share price	174.20	181.43	185.07

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

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

<sup>3</sup> Operating charges, otherwise known as the OCF is the ratio of the Sub-fund's total disclosable costs (excluding securities lending fees and overdraft interest) to the average net assets of the Sub-fund. The OCF is intended to provide a reliable figure which gives the most accurate measure of what it costs to invest in a Sub-fund and is calculated based on the last period's figures. Included within the OCF are synthetic costs which includes the OCF of the underlying funds weighted on the basis of their investment proportion. A detailed breakdown of the OCF per share class is shown on page 61.

# 7IM MODERATELY CAUTIOUS FUND

## FUND INFORMATION (continued)

### Comparative Tables (continued)

#### Class D Income

	30.11.20 (pence per share)	30.11.19 (pence per share)	30.11.18 (pence per share)
<b>Change in Net Asset Value Per Share</b>			
Opening net asset value per share	134.93	131.94	139.66
Return before operating charges*	9.94	8.65	(2.65)
Operating charges (calculated on average price)	(2.54)	(2.54)	(2.54)
Return after operating charges*	7.40	6.11	(5.19)
Distributions on income shares	(2.42)	(3.12)	(2.53)
Closing net asset value per share	139.91	134.93	131.94
* After direct transaction costs of: <sup>1</sup>	0.00	0.01	0.03

#### Performance

Return after charges <sup>2</sup>	5.48%	4.63%	(3.72)%
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#### Other Information

Closing net asset value (£'000)	136	240	290
Closing number of shares	97,328	177,992	219,681
Operating charges <sup>3</sup>	1.88%	1.88%	1.83%
Direct transaction costs	0.00%	0.01%	0.02%

#### Prices

Highest share price	141.66	138.03	141.73
Lowest share price	120.02	128.85	132.42

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

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

<sup>3</sup> Operating charges, otherwise known as the OCF is the ratio of the Sub-fund's total disclosable costs (excluding securities lending fees and overdraft interest) to the average net assets of the Sub-fund. The OCF is intended to provide a reliable figure which gives the most accurate measure of what it costs to invest in a Sub-fund and is calculated based on the last period's figures. Included within the OCF are synthetic costs which includes the OCF of the underlying funds weighted on the basis of their investment proportion. A detailed breakdown of the OCF per share class is shown on page 61.

# 7IM MODERATELY CAUTIOUS FUND

## FUND INFORMATION (continued)

### Comparative Tables (continued)

#### Class D Accumulation

	30.11.20 (pence per share)	30.11.19 (pence per share)	30.11.18 (pence per share)
<b>Change in Net Asset Value Per Share</b>			
Opening net asset value per share	182.28	174.17	181.05
Return before operating charges*	13.41	11.48	(3.59)
Operating charges (calculated on average price)	(3.44)	(3.37)	(3.29)
Return after operating charges*	9.97	8.11	(6.88)
Distributions	(3.32)	(4.15)	(3.21)
Retained distributions on accumulation shares	3.32	4.15	3.21
Closing net asset value per share	192.25	182.28	174.17
* After direct transaction costs of: <sup>1</sup>	0.00	0.02	0.04

#### Performance

Return after charges <sup>2</sup>	5.47%	4.66%	(3.80)%
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#### Other Information

Closing net asset value (£'000)	9,460	9,801	10,226
Closing number of shares	4,920,785	5,377,054	5,871,098
Operating charges <sup>3</sup>	1.88%	1.88%	1.83%
Direct transaction costs	0.00%	0.01%	0.02%

#### Prices

Highest share price	192.32	183.60	183.74
Lowest share price	162.14	169.74	173.04

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

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

<sup>3</sup> Operating charges, otherwise known as the OCF is the ratio of the Sub-fund's total disclosable costs (excluding securities lending fees and overdraft interest) to the average net assets of the Sub-fund. The OCF is intended to provide a reliable figure which gives the most accurate measure of what it costs to invest in a Sub-fund and is calculated based on the last period's figures. Included within the OCF are synthetic costs which includes the OCF of the underlying funds weighted on the basis of their investment proportion. A detailed breakdown of the OCF per share class is shown on page 61.

# 7IM MODERATELY CAUTIOUS FUND

## FUND INFORMATION (continued)

### Comparative Tables (continued)

#### Class S Income

	30.11.20 (pence per share)	30.11.19 (pence per share)	30.11.18 (pence per share)
<b>Change in Net Asset Value Per Share</b>			
Opening net asset value per share	105.81	102.85	108.20
Return before operating charges*	7.61	6.62	(2.30)
Operating charges (calculated on average price)	(1.20)	(1.20)	(1.16)
Return after operating charges*	6.41	5.42	(3.46)
Distributions on income shares	(1.93)	(2.46)	(1.89)
Closing net asset value per share	110.29	105.81	102.85
* After direct transaction costs of: <sup>1</sup>	0.00	0.01	0.02

#### Performance

Return after charges <sup>2</sup>	6.06%	5.27%	(3.20)%
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#### Other Information

Closing net asset value (£'000)	3,025	3,165	1,970
Closing number of shares	2,742,797	2,991,505	1,915,628
Operating charges <sup>3</sup>	1.13%	1.13%	1.08%
Direct transaction costs	0.00%	0.01%	0.02%

#### Prices

Highest share price	111.79	108.11	109.93
Lowest share price	94.32	100.50	103.38

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

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

<sup>3</sup> Operating charges, otherwise known as the OCF is the ratio of the Sub-fund's total disclosable costs (excluding securities lending fees and overdraft interest) to the average net assets of the Sub-fund. The OCF is intended to provide a reliable figure which gives the most accurate measure of what it costs to invest in a Sub-fund and is calculated based on the last period's figures. Included within the OCF are synthetic costs which includes the OCF of the underlying funds weighted on the basis of their investment proportion. A detailed breakdown of the OCF per share class is shown on page 61.

# 7IM MODERATELY CAUTIOUS FUND

## FUND INFORMATION (continued)

### Comparative Tables (continued)

#### Class S Accumulation

	30.11.20 (pence per share)	30.11.19 (pence per share)	30.11.18 (pence per share)
<b>Change in Net Asset Value Per Share</b>			
Opening net asset value per share	118.47	112.52	116.27
Return before operating charges*	8.56	7.26	(2.50)
Operating charges (calculated on average price)	(1.35)	(1.31)	(1.25)
Return after operating charges*	7.21	5.95	(3.75)
Distributions	(2.17)	(2.69)	(2.04)
Retained distributions on accumulation shares	2.17	2.69	2.04
Closing net asset value per share	125.68	118.47	112.52
* After direct transaction costs of: <sup>1</sup>	0.00	0.01	0.02

#### Performance

Return after charges <sup>2</sup>	6.09%	5.29%	(3.23)%
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#### Other Information

Closing net asset value (£'000)	17,507	20,240	22,789
Closing number of shares	13,929,248	17,085,140	20,254,251
Operating charges <sup>3</sup>	1.13%	1.13%	1.08%
Direct transaction costs	0.00%	0.01%	0.02%

#### Prices

Highest share price	125.82	119.15	118.12
Lowest share price	105.60	109.71	111.95

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

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

<sup>3</sup> Operating charges, otherwise known as the OCF is the ratio of the Sub-fund's total disclosable costs (excluding securities lending fees and overdraft interest) to the average net assets of the Sub-fund. The OCF is intended to provide a reliable figure which gives the most accurate measure of what it costs to invest in a Sub-fund and is calculated based on the last period's figures. Included within the OCF are synthetic costs which includes the OCF of the underlying funds weighted on the basis of their investment proportion. A detailed breakdown of the OCF per share class is shown on page 61.

# 7IM MODERATELY CAUTIOUS FUND

## FUND INFORMATION (continued)

### Comparative Tables (continued)

#### Class X Accumulation

	<b>30.11.20<sup>1</sup></b> <b>(pence</b> <b>per share)</b>
<b>Change in Net Asset Value Per Share</b>	
Opening net asset value per share	112.26
Return before operating charges*	0.32
Operating charges (calculated on average price)	(0.02)
Return after operating charges*	0.30
Distributions	(0.94)
Retained distributions on accumulation shares	0.94
Closing net asset value per share	112.56
* After direct transaction costs of: <sup>2</sup>	0.00

#### Performance

Return after charges <sup>3</sup>	0.27%
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#### Other Information

Closing net asset value (£'000)	382
Closing number of shares	339,331
Operating charges <sup>4</sup>	0.73%
Direct transaction costs	0.00%

#### Prices

Highest share price	112.68
Lowest share price	112.26

<sup>1</sup> The Share class launched on 20 November 2020.

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

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

<sup>4</sup> Operating charges, otherwise known as the OCF is the ratio of the Sub-fund's total disclosable costs (excluding securities lending fees and overdraft interest) to the average net assets of the Sub-fund. The OCF is intended to provide a reliable figure which gives the most accurate measure of what it costs to invest in a Sub-fund and is calculated based on the last period's figures. Included within the OCF are synthetic costs which includes the OCF of the underlying funds weighted on the basis of their investment proportion. A detailed breakdown of the OCF per share class is shown on page 61.

## 7IM MODERATELY CAUTIOUS FUND

### FUND INFORMATION (continued)

#### Ongoing Charges Figures

As at 30 November 2020

	<b>Class A</b>	<b>Class B</b>	<b>Class C</b>	<b>Class D</b>	<b>Class S</b>	<b>Class X<sup>1</sup></b>
ACD's periodic charge	1.40%	1.15%	0.90%	1.40%	0.65%	0.25%
Other expenses	0.08%	0.08%	0.08%	0.08%	0.08%	0.08%
	1.48%	1.23%	0.98%	1.48%	0.73%	0.33%
Collective investment scheme costs	0.40%	0.40%	0.40%	0.40%	0.40%	0.40%
Ongoing Charges Figure	1.88%	1.63%	1.38%	1.88%	1.13%	0.73%

As at 30 November 2019

	<b>Class A</b>	<b>Class B</b>	<b>Class C</b>	<b>Class D</b>	<b>Class S</b>
ACD's periodic charge	1.40%	1.15%	0.90%	1.40%	0.65%
Other expenses	0.07%	0.07%	0.07%	0.07%	0.07%
	1.47%	1.22%	0.97%	1.47%	0.72%
Collective investment scheme costs	0.41%	0.41%	0.41%	0.41%	0.41%
Ongoing Charges Figure	1.88%	1.63%	1.38%	1.88%	1.13%

<sup>1</sup> The Share class launched on 20 November 2020.

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

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

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

# 7IM MODERATELY CAUTIOUS FUND

## FUND INFORMATION (continued)

### Synthetic Risk and Reward Indicator

#### Synthetic Risk and Reward Indicator



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

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

The risk and reward indicator shown above is as at the date of publication of the annual report and financial statements, the risk and reward indicator as at the year end date 30 November 2020 was four.

#### Fund performance to 30 November 2020 (%)

	1 year	3 years	5 years
7IM Moderately Cautious Fund <sup>1</sup>	5.82	7.23	16.82

<sup>1</sup> Source: Bloomberg

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

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

# 7IM MODERATELY CAUTIOUS FUND

## PORTFOLIO STATEMENT

as at 30 November 2020

Holding	Portfolio of Investment	Value £	30.11.20 %
	<b>ALTERNATIVES 13.91% (13.39%)</b>		
	<b>Alternative Strategies 9.63% (13.39%)</b>		
83,625	AQR - Managed Futures UCITS Fund <sup>1</sup>	6,374,813	2.74
32,783	BlackRock Strategic Funds - Global Event Driven Fund <sup>1</sup>	3,797,958	1.63
6,284,000	BNP Paribas Issuance 0.00% 2024 <sup>2</sup>	5,673,032	2.43
3,021,010	Dexion Absolute EUR <sup>3</sup>	–	–
8,440,000	JPMorgan Structured Products 0.00% 2023 <sup>2</sup>	6,604,243	2.83
		<b>22,450,046</b>	<b>9.63</b>
	<b>Real Estate 4.28% (0.00%)</b>		
4,765,755	iShares Global Property Securities Index <sup>1</sup>	<b>9,984,256</b>	<b>4.28</b>
	<b>DEBT SECURITIES 55.74% (65.33%)</b>		
	<b>Convertible Bonds 0.00% (3.09%)</b>		
	<b>Emerging Market Bonds 7.65% (8.06%)</b>		
103,319	Barings Emerging Markets Debt Blended Total Return <sup>1</sup>	11,780,512	5.05
77,182	UBS Lux Bond SICAV - Asian High Yield <sup>1</sup>	6,052,983	2.60
		<b>17,833,495</b>	<b>7.65</b>
	<b>Gilts 1.92% (7.15%)</b>		
£280,000	UK Gilt 3.25% 2044	424,646	0.18
£1,150,000	UK Gilt 4.25% 2027	1,483,891	0.64
£1,460,000	UK Gilt 4.50% 2042	2,561,519	1.10
		<b>4,470,056</b>	<b>1.92</b>
	<b>Global Corporate Bonds 26.02% (17.43%)</b>		
139,404	Angel Oak Multi-Strategy Income UCITS Fund <sup>1</sup>	16,086,027	6.90
163,915	PFS TwentyFour Dynamic Bond <sup>1</sup>	18,568,996	7.97
209,367	Robeco Global Credits Acc <sup>1</sup>	25,982,485	11.15
		<b>60,637,508</b>	<b>26.02</b>
	<b>Global Government Bonds 3.82% (4.98%)</b>		
1,089,211	HSBC Global Funds ICAV - Global Government Bond Index Fund <sup>1</sup>	<b>8,910,721</b>	<b>3.82</b>
	<b>Global High Yield Bonds 4.35% (4.77%)</b>		
87,283	BlueBay Financial Capital Bond <sup>1</sup>	<b>10,123,957</b>	<b>4.35</b>
	<b>Global Inflation Linked Bonds 3.37% (6.46%)</b>		
581,185	iShares Global Inflation-Linked Bond Index <sup>1</sup>	6,672,389	2.86
US\$1,096,200	US Treasury Inflation-Indexed Bonds 1.00% 2049	1,181,219	0.51
		<b>7,853,608</b>	<b>3.37</b>
	<b>Short Term Sterling Bonds 0.69% (4.69%)</b>		
£500,000	Barclays Bank UK FRN 2023	502,420	0.22
£581,000	Kommunalbanken 1.125% 2022	591,937	0.25

# 7IM MODERATELY CAUTIOUS FUND

## PORTFOLIO STATEMENT (continued) as at 30 November 2020

Holding	Portfolio of Investment	Value £	30.11.20 %
<b>Short Term Sterling Bonds (continued)</b>			
£500,000	Rabobank Nederland 2.25% 2022	512,866	0.22
		<b>1,607,223</b>	<b>0.69</b>
<b>Sterling Corporate Bonds 7.92% (8.70%)</b>			
7,885,401	MI TwentyFour - Monument Bond Fund <sup>1</sup>	8,069,761	3.46
4,898,456	Schroder Long Dated Cor. Acc <sup>1</sup>	10,384,726	4.46
		<b>18,454,487</b>	<b>7.92</b>
<b>EQUITY 28.37% (19.88%)</b>			
<b>Asia &amp; Emerging Markets 4.79% (3.33%)</b>			
399,832	Schroder ISF Asian Opportunities <sup>1</sup>	<b>11,173,272</b>	<b>4.79</b>
<b>Europe (ex UK) 1.49% (3.04%)</b>			
279	Euro Stoxx 50 Equity Index Futures December 2023 <sup>4</sup>	210,337	0.09
101	MSCI Europe ex-UK Index Futures December 2020 <sup>4</sup>	17,796	0.01
1,175,454	Premier Miton European Opportunities <sup>1</sup>	3,241,810	1.39
		<b>3,469,943</b>	<b>1.49</b>
<b>Japan 3.13% (2.48%)</b>			
707,706	Skyline Umbrella Fund ICAV - Usonian Japan Value Fund <sup>1</sup>	<b>7,287,245</b>	<b>3.13</b>
<b>North America 8.56% (1.75%)</b>			
59,166	AB SICAV I - International Health Care Portfolio <sup>1</sup>	6,869,815	2.95
151,352	Amundi Asset Management S&P 500 UCITS ETF <sup>1</sup>	7,622,087	3.27
31,550	Berkshire Hathaway	5,470,666	2.35
50	US Ultra Treasury Bond Index Futures March 2021 <sup>4</sup>	(12,869)	(0.01)
		<b>19,949,699</b>	<b>8.56</b>
<b>United Kingdom 10.40% (9.28%)</b>			
4,436,596	Majedie UK Focus <sup>1</sup>	8,962,930	3.84
11,813,058	Ninety One Funds Series i <sup>1</sup>	12,928,211	5.55
3,608,390	UK Mortgages	2,345,454	1.01
		<b>24,236,595</b>	<b>10.40</b>
<b>FORWARD CURRENCY CONTRACTS 1.75% (1.07%)</b>			
€203,000	Vs £(183,596) Expiry 16.04.2021	(980)	—
€1,076,000	Vs £(973,151) Expiry 16.04.2021	(5,193)	—
US\$(76,036,000)	Vs £60,605,529 Expiry 15.01.2021	3,710,587	1.59
US\$(13,437,000)	Vs £10,710,144 Expiry 15.01.2021	655,731	0.28
US\$(2,220,000)	Vs £1,697,047 Expiry 15.01.2021	35,902	0.02
US\$(2,193,000)	Vs £1,670,353 Expiry 15.01.2021	29,412	0.01
US\$(1,579,000)	Vs £1,193,933 Expiry 15.01.2021	12,425	0.01
US\$(342,000)	Vs £261,437 Expiry 15.01.2021	5,531	—
US\$(337,000)	Vs £256,684 Expiry 15.01.2021	4,520	—
US\$(329,000)	Vs £248,767 Expiry 15.01.2021	2,589	—
¥26,500,000	Vs £(192,289) Expiry 21.05.2021	(1,283)	—
¥231,677,000	Vs £(1,681,091) Expiry 21.05.2021	(11,215)	—
US\$700,000	Vs £(527,541) Expiry 15.01.2021	(3,757)	—
US\$1,000,000	Vs £(763,333) Expiry 15.01.2021	(15,070)	(0.01)

## 7IM MODERATELY CAUTIOUS FUND

### PORTFOLIO STATEMENT (continued) as at 30 November 2020

<b>Holding</b>	<b>Portfolio of Investment</b>	<b>Value £</b>	<b>30.11.20 %</b>
	<b>FORWARD CURRENCY CONTRACTS (continued)</b>		
US\$4,000,000	Vs £(3,014,523) Expiry 15.01.2021	(21,469)	(0.01)
US\$1,650,000	Vs £(1,282,465) Expiry 15.01.2021	(47,830)	(0.02)
US\$9,500,000	Vs £(7,383,888) Expiry 15.01.2021	(275,388)	(0.12)
		<b>4,074,512</b>	<b>1.75</b>
	<b>Portfolio of investment<sup>5</sup></b>	<b>232,516,623</b>	<b>99.77</b>
	Net other assets <sup>5,6</sup>	526,652	0.23
	<b>Net assets</b>	<b>233,043,275</b>	<b>100.00</b>

Comparative figures shown in brackets relate to 30 November 2019.

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

<sup>1</sup> Collective investment scheme

<sup>2</sup> Structured product

<sup>3</sup> Delisted security

<sup>4</sup> Derivative contract

<sup>5</sup> Prior year percentage of Portfolio of investments and Net other assets have been restated to show the liquidity funds as Cash equivalents in the Balance Sheet of the Sub-fund.

<sup>6</sup> Includes shares in the Northern Trust Global Sterling Fund to the value of £783,000 which is shown as a Cash equivalents in the Balance Sheet of the Sub-fund.

<b>Credit Quality</b>	<b>30.11.20 %</b>	<b>30.11.19 %</b>
Investment grade debt securities	3.12	21.91
Non-rated debt securities	5.26	3.64
Other investments	91.73	75.10
Net other liabilities	(0.11)	(0.65)
	<b>100.00</b>	<b>100.00</b>

## 7IM MODERATELY CAUTIOUS FUND

### STATEMENT OF TOTAL RETURN

for the year ended 30 November 2020

	Notes	£	30.11.20 £	£	30.11.19 £
Income					
Net capital gains	4		8,769,182		8,842,790
Revenue	5	4,971,091		6,844,227	
Expenses	6	(2,102,725)		(2,519,350)	
Interest payable and similar charges	8	(19,139)		(19,568)	
Net revenue before taxation for the year		2,849,227		4,305,309	
Taxation	7	(516,450)		(672,515)	
Net revenue after taxation for the year			<u>2,332,777</u>		<u>3,632,794</u>
<b>Total return before distributions</b>			11,101,959		12,475,584
Distributions	8		<u>(3,921,622)</u>		<u>(5,582,142)</u>
<b>Change in net assets attributable to shareholders from investment activities</b>			<u>7,180,337</u>		<u>6,893,442</u>

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

for the year ended 30 November 2020

	£	30.11.20 £	£	30.11.19 £
<b>Opening net assets attributable to shareholders</b>		228,777,682		269,893,324
Amounts received on creation of shares <sup>1</sup>	17,723,547		30,246,601	
Amounts receivable on in-specie transactions	33,026,141		–	
Amounts paid on cancellation of shares <sup>1</sup>	(56,971,662)		(82,495,245)	
		(6,221,974)		(52,248,644)
Change in net assets attributable to shareholders from investment activities		7,180,337		6,893,442
Retained distribution on accumulation shares		3,307,230		4,239,560
<b>Closing net assets attributable to shareholders</b>		<u>233,043,275</u>		<u>228,777,682</u>

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

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

# 7IM MODERATELY CAUTIOUS FUND

## BALANCE SHEET

as at 30 November 2020

	Notes	30.11.20 £	30.11.19 £
<b>ASSETS</b>			
Fixed assets:			
Investments <sup>1</sup>		232,911,677	230,673,191
Current assets:			
Debtors	9	1,104,214	1,165,011
Cash and bank balances	10	2,188,632	4,559,566
Cash equivalents <sup>1</sup>	10	783,000	2,234,000
<b>Total assets</b>		<b>236,987,523</b>	<b>238,631,768</b>
<b>LIABILITIES</b>			
Investment liabilities		(395,054)	(2,643,521)
Creditors:			
Bank overdrafts	10	(1,653,042)	(4,957,394)
Distribution payable		(552,150)	(777,750)
Other creditors	11	(1,344,002)	(1,475,421)
<b>Total liabilities</b>		<b>(3,944,248)</b>	<b>(9,854,086)</b>
<b>Net assets attributable to shareholders</b>		<b>233,043,275</b>	<b>228,777,682</b>

<sup>1</sup> Prior year amounts of Investments and Cash equivalents have been restated to include liquidity funds held by the Sub-fund.

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

# 7IM MODERATELY CAUTIOUS FUND

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 November 2020

### 1 Statement of Compliance

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

### 2 Summary of Significant Accounting Policies

The Sub-fund's Financial Statements have been prepared on the same basis as the Summary of Significant Accounting Policies disclosed on pages 10 to 13.

### 3 Risk Management Policies

The Sub-fund's Risk Management Policies are the same as the Risk Management Policies disclosed on pages 13 to 15.

### 4 Net capital gains

	<b>30.11.20</b>	<b>30.11.19</b>
	£	£
The net capital gains during the year comprise:		
Non-derivative securities	8,187,248	10,097,756
Derivative contracts	(437,025)	862,296
Forward currency contracts	1,263,769	(821,075)
Currency losses	(233,229)	(1,316,401)
Transaction charges	(28,853)	(11,873)
AMC rebates from underlying investments	17,272	32,087
Net capital gains	<u>8,769,182</u>	<u>8,842,790</u>

### 5 Revenue

	<b>30.11.20</b>	<b>30.11.19</b>
	£	£
Non-taxable dividends	481,141	1,262,258
Taxable dividends	4,180,880	4,605,785
Unfranked interest	286,329	930,274
AMC rebates from underlying investments	11,801	19,574
Bank interest	3,536	6,343
Stock lending revenue <sup>1</sup>	7,404	19,993
Total revenue	<u>4,971,091</u>	<u>6,844,227</u>

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

## 7IM MODERATELY CAUTIOUS FUND

### NOTES TO THE FINANCIAL STATEMENTS (continued) for the year ended 30 November 2020

#### 6 Expenses

	<b>30.11.20</b>	<b>30.11.19</b>
	<b>£</b>	<b>£</b>
Payable to the ACD, associates of the ACD and agents of either of them:		
ACD's periodic charge	1,969,935	2,354,436
Other expenses	8,769	8,721
	<u>1,978,704</u>	<u>2,363,157</u>
Payable to the Depositary, associates of the Depositary and agents of either of them:		
Depositary's fees	30,393	36,900
Market risk fees	7,764	6,000
Safe custody and other bank charges	18,695	31,556
	<u>56,852</u>	<u>74,456</u>
Other Expenses:		
Advisory fees	1,775	20,513
Audit fee <sup>1</sup>	9,616	9,000
Dealing and exchange fees	14,950	14,653
FCA and other Regulatory fees	214	213
Legal and professional fees	401	3,042
Printing, postage and distribution costs	33,264	28,166
Risk analysis fees	6,949	6,150
	<u>67,169</u>	<u>81,737</u>
Total expenses	<u>2,102,725</u>	<u>2,519,350</u>

<sup>1</sup>The Audit fee is inclusive of 20% VAT and 2.50% support cost.

## 7IM MODERATELY CAUTIOUS FUND

### NOTES TO THE FINANCIAL STATEMENTS (continued) for the year ended 30 November 2020

#### 7 Taxation

	30.11.20 £	30.11.19 £
<i>a) Analysis of charge for the year</i>		
Corporation tax at 20%	485,083	655,906
Overseas tax	25,294	16,609
Irrecoverable CIS income tax	6,073	–
	<hr/>	<hr/>
Current tax charge (note 7b)	516,450	672,515
	<hr/>	<hr/>
Total taxation	516,450	672,515
<i>b) Factors affecting current tax charge for the year</i>		
The tax assessed for the year differs from the standard rate of corporation tax in the UK for an authorised fund (20%) (2019: 20%) for the reasons explained below.		
Net revenue before taxation	2,849,227	4,305,309
	<hr/>	<hr/>
Corporation tax at 20%	569,845	861,062
Effects of:		
AMC rebates taken to capital	3,453	6,417
Double taxation relief expensed	–	(1,370)
Franked CIS revenue	(55,503)	(114,989)
Indexed gilt edged securities adjustment	–	(4,603)
Irrecoverable CIS income tax w/off	6,073	–
Movement in revenue accruals	–	4,098
Non-taxable dividends	(40,723)	(137,462)
Overseas tax	25,294	16,609
Tax effect on non-reporting offshore funds	8,011	42,753
	<hr/>	<hr/>
Current tax charge (note 7a)	516,450	672,515

#### *c) Deferred tax*

There is no deferred tax provision in the current year (2019: none).

#### 8 Distributions

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

	30.11.20 £	30.11.19 £
Interim	1,092,299	1,850,417
Final	2,999,839	3,570,382
	<hr/>	<hr/>
	4,092,138	5,420,799
Add: Revenue deducted on cancellation of shares	132,168	277,008
Deduct: Revenue received on issue of shares	(41,698)	(115,665)
Deduct: Revenue received on in-specie transactions	(260,986)	–
	<hr/>	<hr/>
Net distributions for the year	3,921,622	5,582,142
Interest payable and similar charges	19,139	19,568
	<hr/>	<hr/>
Total distribution	3,940,761	5,601,710

## 7IM MODERATELY CAUTIOUS FUND

### NOTES TO THE FINANCIAL STATEMENTS (continued) for the year ended 30 November 2020

#### 8 Distributions (continued)

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

Distributions represented by:		
Net revenue after taxation	2,332,777	3,632,794
Allocations to capital:		
Capitalised expenses, net of tax relief <sup>1</sup>	1,588,834	1,949,129
Equalisation on conversions <sup>2</sup>	22	212
Net movement in revenue account	(11)	7
Net distributions for the year	<u>3,921,622</u>	<u>5,582,142</u>

<sup>1</sup> Please refer to Note 2(i) Distributions policy on page 11 for further details.

<sup>2</sup> Where an investor converts to a class with a higher income yield, the investor will pay or receive an equalisation as if they had held the new class throughout the period from the last distribution to the conversion date. The yield differential at the point of conversion is an equalisation which will be offset by capital erosion for the converted investor.

#### 9 Debtors

	30.11.20	30.11.19
	£	£
Amounts receivable for issue of shares	308,235	320,770
Sales awaiting settlement	152,873	21,506
Accrued revenue	380,879	751,313
Income tax recoverable	5,615	–
AMC rebates from underlying investments	31,330	42,834
Withholding tax recoverable	140	28,588
Receivable from merger	225,142	–
Total debtors	<u>1,104,214</u>	<u>1,165,011</u>

#### 10 Cash and bank balances

	30.11.20	30.11.19
	£	£
Cash and bank balances	1,618,880	4,514,487
Cash held at clearing houses	569,752	45,079
Cash equivalents <sup>1</sup>	783,000	2,234,000
Total cash and bank balances	<u>2,971,632</u>	<u>6,793,566</u>
Bank overdrafts	(1,609,070)	(4,479,836)
Cash overdraft at clearing houses	(43,972)	(477,558)
Total bank overdrafts	<u>(1,653,042)</u>	<u>(4,957,394)</u>

<sup>1</sup> Prior year amount of Cash equivalents has been restated to include liquidity funds held by the Sub-fund.

## 7IM MODERATELY CAUTIOUS FUND

### NOTES TO THE FINANCIAL STATEMENTS (continued) for the year ended 30 November 2020

#### 11 Other Creditors

	30.11.20	30.11.19
	£	£
Amounts payable for cancellation of shares	696,318	538,126
Purchases awaiting settlement	–	79,581
Accrued expenses	199,601	257,808
Corporation tax payable	448,083	599,906
Total other creditors	1,344,002	1,475,421

#### 12 Related party transactions

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

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

7IM and its associates (including other authorised investment funds managed by 7IM) had no shareholdings in the Sub-fund (2019:none).

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

Pershing Nominees Limited 42.93% (2019: 35.88%)

The net value of creations and cancellations for Pershing Nominees Limited during the year totalled £20,184,226 (2019: (£9,555,992)).

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

#### 13 Classes of Shares

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

Class A	1.40%
Class B	1.15%
Class C	0.90%
Class D	1.40%
Class S	0.65%
Class X	0.25%

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

Class	Opening Shares	Shares Created	Shares Liquidated	Shares Converted	Closing Shares
Class A Income	44,365	–	(10,491)	(1)	33,873
Class A Accumulation	578,722	–	(214,570)	(30,916)	333,236
Class B Accumulation	19,566,243	633,419	(3,891,377)	–	16,308,285
Class C Income	31,764,965	2,480,603	(6,814,460)	(124,891)	27,306,217
Class C Accumulation	57,017,950	20,515,994	(15,426,130)	(106,568)	62,001,246
Class D Income	177,992	1,860	(82,525)	1	97,328
Class D Accumulation	5,377,054	669,744	(1,126,014)	1	4,920,785
Class S Income	2,991,505	7,601	(524,517)	268,208	2,742,797
Class S Accumulation	17,085,140	2,455,319	(5,746,855)	135,644	13,929,248
Class X Accumulation	–	339,331	–	–	339,331

## 7IM MODERATELY CAUTIOUS FUND

### NOTES TO THE FINANCIAL STATEMENTS (continued) for the year ended 30 November 2020

#### 14 Contingent liabilities and commitments

There are no contingent liabilities or unrecorded outstanding commitments at the balance sheet date (2019: none).

#### 15 Risks Disclosures

The main risks from the Sub-fund's holding of financial instruments, together with the ACD's policy for managing these risks are detailed in note 3 on pages 13 to 15. Further analysis and numeric disclosure of interest rate risk, foreign currency risk and derivatives are shown below.

##### i. Interest rate risk

The table below shows the direct interest rate risk profile:

Interest rate exposure as at 30 November 2020

	<b>Floating Rate Financial Assets £</b>	<b>Fixed Rate Financial Assets £</b>	<b>Financial Assets not carrying interest £</b>	<b>Total £</b>
Euro	338,988	–	1,378,847	1,717,835
Japanese yen	–	–	1,860,882	1,860,882
Swiss franc	14,063	–	–	14,063
US dollar	861,409	13,458,493	69,043,592	83,363,494
Pound sterling	2,259,592	5,574,859	230,003,686	237,838,137
	<b>3,474,052</b>	<b>19,033,352</b>	<b>302,287,007</b>	<b>324,794,411</b>

	<b>Floating Rate Financial Liabilities £</b>	<b>Financial Liabilities not carrying interest £</b>	<b>Total £</b>
Euro	(279,126)	–	(279,126)
Swiss franc	(14,063)	–	(14,063)
US dollar	(895,804)	(72,200,067)	(73,095,871)
Pound sterling	(464,049)	(17,898,027)	(18,362,076)
	<b>(1,653,042)</b>	<b>(90,098,094)</b>	<b>(91,751,136)</b>

Interest rate exposure as at 30 November 2019

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

## 7IM MODERATELY CAUTIOUS FUND

### NOTES TO THE FINANCIAL STATEMENTS (continued) for the year ended 30 November 2020

#### 15 Risks Disclosures (continued)

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

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

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

<b>Currency</b>	<b>Fixed Rate Financial Assets</b>			
	<b>Weighted average interest rate</b>		<b>Weighted average period for which rate is fixed</b>	
	<b>30.11.20 %</b>	<b>30.11.19 %</b>	<b>30.11.20 Years</b>	<b>30.11.19 Years</b>
Euro	–	0.12	–	10
Japanese yen	–	(0.02)	–	11
Pound sterling	0.48	1.02	14	12
US dollar	(3.13)	0.68	5	15

The average effective duration of the Sub-fund's portfolio is a measure of the sensitivity of the fair value of the Sub-fund's bond portfolio (excludes all other investments) to changes in market interest rates. As at 30 November 2020, the weighted average effective duration was 3.97 years (30 November 2019: 3.90 years).

##### ii. Foreign currency risk

The table below shows the direct foreign currency risk profile:

Foreign currency risk exposure as at 30 November 2020

<b>Currency</b>	<b>Monetary Exposure £</b>	<b>Non-Monetary Exposure £</b>	<b>Total £</b>
Euro	60,002	1,378,707	1,438,709
Japanese yen	–	1,860,882	1,860,882
US dollar	(34,395)	10,302,019	10,267,624
	<u>25,607</u>	<u>13,541,608</u>	<u>13,567,215</u>
Pound sterling	501,045	218,975,015	219,476,060
Net assets	<u>526,652</u>	<u>232,516,623</u>	<u>233,043,275</u>

## 7IM MODERATELY CAUTIOUS FUND

### NOTES TO THE FINANCIAL STATEMENTS (continued) for the year ended 30 November 2020

#### 15 Risks Disclosures (continued)

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

Foreign currency risk exposure as at 30 November 2019

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

##### iii. Derivatives

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

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

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

The lowest, highest and average leverage utilisation in the accounting year ended 30 November 2020 was 41%, 170% and 68% respectively (30 November 2019<sup>1</sup>: 57%, 155% and 80% respectively).

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

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

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

## 7IM MODERATELY CAUTIOUS FUND

### NOTES TO THE FINANCIAL STATEMENTS (continued) for the year ended 30 November 2020

#### 15 Risks Disclosures (continued)

##### iii. Derivatives (continued)

The types of derivatives held at the balance sheet date were forward foreign currency contracts and future 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	30.11.20 £	30.11.19 £
<b>Options</b>		
Chicago Board Options Exchange	–	244,061
<b>Futures Contracts</b>		
Chicago Board of Trade	(12,869)	3,633
Eurex Deutschland	228,133	–
International Monetary Market	–	402,035
<b>Forward Currency Contracts</b>		
Northern Trust	4,074,512	2,450,494
<b>Total net exposure<sup>2</sup></b>	<b>4,289,776</b>	<b>3,100,223</b>

<sup>1</sup> Prior year was restated to show Notional Leverage as it is more accurate representation as it only shows the Derivatives used in a fund as a percentage of its NAV while the Notional Exposure adds 100% to the Notional Leverage Value.

<sup>2</sup> Net exposure represents the mark to market value of derivative contracts less any cash collateral held. Positive exposure represents the Sub-fund's exposure to that counterparty.

## 7IM MODERATELY CAUTIOUS FUND

### NOTES TO THE FINANCIAL STATEMENTS (continued) for the year ended 30 November 2020

#### 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.

30 November 2020	Level 1 £	Level 2 £	Level 3 £	Total £
<b>Assets</b>				
Bonds	5,651,275	13,884,498	–	19,535,773
Collective Investment Schemes	113,704,668	87,170,286	–	200,874,954
Derivatives	228,133	4,456,697	–	4,684,830
Equities	7,816,120	–	–	7,816,120
<b>Total</b>	<b>127,400,196</b>	<b>105,511,481</b>	<b>–</b>	<b>232,911,677</b>

##### Liabilities

Derivatives	(12,869)	(382,185)	–	(395,054)
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30 November 2019 <sup>1</sup>	Level 1 £	Level 2 £	Level 3 £	Total £
<b>Assets</b>				
Bonds	30,919,512	27,511,381	–	58,430,893
Collective Investment Schemes	149,541,153	–	7,714,944	157,256,097
Derivatives	677,953	5,065,791	–	5,743,744
Equities	8,907,217	335,240	–	9,242,457
<b>Total</b>	<b>190,045,835</b>	<b>32,912,412</b>	<b>7,714,944</b>	<b>230,673,191</b>

##### Liabilities

Derivatives	(3,780)	(2,639,741)	–	(2,643,521)
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<sup>1</sup> Prior year amounts have been restated to exclude liquidity funds held by the Sub-fund.

## 7IM MODERATELY CAUTIOUS FUND

### NOTES TO THE FINANCIAL STATEMENTS (continued) for the year ended 30 November 2020

#### 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 50.

Analysis of direct transaction costs for the year ended 30 November 2020:

	Principal £'000	Commissions £'000	Taxes £'000	Total Transaction Costs £'000	Commissions % of principal	Taxes % of principal
<b>Purchases</b>						
Bonds	16,159	–	–	–	–	–
Collective Investment Schemes	165,144	–	–	–	–	–
Derivatives	96	–	–	–	–	–
Equities	24,606	1	–	1	–	–
<b>Total</b>	<b>206,005</b>	<b>1</b>	<b>–</b>	<b>1</b>	<b>–</b>	<b>–</b>
<b>Sales</b>						
Bonds	59,015	–	–	–	–	–
Collective Investment Schemes	133,560	–	–	–	–	–
Derivatives	665	–	–	–	–	–
Equities	17,459	(3)	–	(3)	0.02	–
<b>Total</b>	<b>210,699</b>	<b>(3)</b>	<b>–</b>	<b>(3)</b>	<b>0.02</b>	<b>–</b>
<b>Total as a percentage of the average NAV</b>		<b>0.00%</b>	<b>0.00%</b>	<b>0.00%</b>		

## 7IM MODERATELY CAUTIOUS FUND

### NOTES TO THE FINANCIAL STATEMENTS (continued) for the year ended 30 November 2020

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

Analysis of direct transaction costs for the year ended 30 November 2019<sup>1</sup>:

	Principal £'000	Commissions £'000	Taxes £'000	Total Transaction Costs £'000	Commissions % of principal	Taxes % of principal
<b>Purchases</b>						
Bonds	45,642	–	–	–	–	–
Collective Investment Schemes	103,962	–	–	–	–	–
Equities	13,667	3	17	20	0.02	0.12
<b>Total</b>	<b>163,271</b>	<b>3</b>	<b>17</b>	<b>20</b>	<b>0.02</b>	<b>0.12</b>
<b>Sales</b>						
Bonds	72,828	–	–	–	–	–
Collective Investment Schemes	107,478	–	–	–	–	–
Equities	32,393	(4)	(1)	(5)	0.01	–
<b>Total</b>	<b>212,699</b>	<b>(4)</b>	<b>(1)</b>	<b>(5)</b>	<b>0.01</b>	<b>–</b>
<b>Total as a percentage of the average NAV</b>		<b>0.00%</b>	<b>0.01%</b>	<b>0.01%</b>		

<sup>1</sup> Prior year amounts have been restated to exclude liquidity funds held by the Sub-fund.

#### Average portfolio dealing spread

As at the balance sheet date, the average portfolio dealing spread was 0.07% (2019: 0.16%) based on close of business prices. This spread represents the difference between the values determined respectively by reference to the bid and offer prices of investments expressed as a percentage of the value determined by reference to the offer price.

#### 17 Post Balance Sheet Events

As at the balance sheet date, the Net Asset Value price per share of Class C Accumulation was 207.13p. The Net Asset Value price per share of Class C Accumulation for the Sub-fund on 23 March 2021 was 209.17p. This represents an increase of 0.99% from the year end value.

# 7IM MODERATELY CAUTIOUS FUND

## DISTRIBUTION TABLES

for the year ended 30 November 2020

### Interim - in pence per share

Group 1 - Shares purchased prior to 1 December 2019

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

	Net Revenue	Equalisation	Paid 31.07.20	Paid 31.07.19
<b>Class A Income</b>				
Group 1	0.7116	–	0.7116	0.9987
Group 2	0.7116	–	0.7116	0.9987
			<b>Allocated 31.07.20</b>	<b>Allocated 31.07.19</b>
<b>Class A Accumulation</b>				
Group 1	0.9632	–	0.9632	1.3459
Group 2	0.9632	–	0.9632	1.3459
			<b>Allocated 31.07.20</b>	<b>Allocated 31.07.19</b>
<b>Class B Accumulation</b>				
Group 1	0.9945	–	0.9945	1.3606
Group 2	0.3054	0.6891	0.9945	1.3606
			<b>Allocated 31.07.20</b>	<b>Allocated 31.07.19</b>
<b>Class C Income</b>				
Group 1	0.7579	–	0.7579	1.0539
Group 2	0.4383	0.3196	0.7579	1.0539
			<b>Allocated 31.07.20</b>	<b>Allocated 31.07.19</b>
<b>Class C Accumulation</b>				
Group 1	1.0295	–	1.0295	1.4014
Group 2	0.6139	0.4156	1.0295	1.4014
			<b>Allocated 31.07.20</b>	<b>Allocated 31.07.19</b>
<b>Class D Income</b>				
Group 1	0.7150	–	0.7150	1.0184
Group 2	0.4215	0.2935	0.7150	1.0184
			<b>Allocated 31.07.20</b>	<b>Allocated 31.07.19</b>
<b>Class D Accumulation</b>				
Group 1	0.9615	–	0.9615	1.3421
Group 2	0.5284	0.4331	0.9615	1.3421

## 7IM MODERATELY CAUTIOUS FUND

### DISTRIBUTION TABLES (continued) for the year ended 30 November 2020

	<b>Net Revenue</b>	<b>Equalisation</b>	<b>Paid 31.07.20</b>	<b>Paid 31.07.19</b>
<b>Class S Income</b>				
Group 1	0.5599	–	0.5599	0.7826
Group 2	0.2903	0.2696	0.5599	0.7826

	<b>Net Revenue</b>	<b>Equalisation</b>	<b>Allocated 31.07.20</b>	<b>Allocated 31.07.19</b>
<b>Class S Accumulation</b>				
Group 1	0.6240	–	0.6240	0.8471
Group 2	0.3024	0.3216	0.6240	0.8471

#### Final - in pence per share

Group 1 - Shares purchased prior to 1 June 2020

Group 2 - Shares purchased on or after 1 June 2020 and on or before 30 November 2020

	<b>Net Revenue</b>	<b>Equalisation</b>	<b>Paid 31.01.21</b>	<b>Paid 31.01.20</b>
<b>Class A Income</b>				
Group 1	1.6968	–	1.6968	2.0760
Group 2	1.6968	–	1.6968	2.0760

	<b>Net Revenue</b>	<b>Equalisation</b>	<b>Allocated 31.01.21</b>	<b>Allocated 31.01.20</b>
<b>Class A Accumulation</b>				
Group 1	2.3194	–	2.3194	2.8033
Group 2	2.3194	–	2.3194	2.8033

	<b>Net Revenue</b>	<b>Equalisation</b>	<b>Allocated 31.01.21</b>	<b>Allocated 31.01.20</b>
<b>Class B Accumulation</b>				
Group 1	2.4534	–	2.4534	2.9405
Group 2	2.0652	0.3882	2.4534	2.9405

	<b>Net Revenue</b>	<b>Equalisation</b>	<b>Paid 31.01.21</b>	<b>Paid 31.01.20</b>
<b>Class C Income</b>				
Group 1	1.8761	–	1.8761	2.2762
Group 2	1.2628	0.6133	1.8761	2.2762

	<b>Net Revenue</b>	<b>Equalisation</b>	<b>Allocated 31.01.21</b>	<b>Allocated 31.01.20</b>
<b>Class C Accumulation</b>				
Group 1	2.7507	–	2.7507	3.0435
Group 2	1.7545	0.9962	2.7507	3.0435

## 7IM MODERATELY CAUTIOUS FUND

### DISTRIBUTION TABLES (continued) for the year ended 30 November 2020

	<b>Net Revenue</b>	<b>Equalisation</b>	<b>Paid 31.01.21</b>	<b>Paid 31.01.20</b>
<b>Class D Income</b>				
Group 1	1.7008	–	1.7008	2.1017
Group 2	1.4291	0.2717	1.7008	2.1017
	<b>Net Revenue</b>	<b>Equalisation</b>	<b>Allocated 31.01.21</b>	<b>Allocated 31.01.20</b>
<b>Class D Accumulation</b>				
Group 1	2.3537	–	2.3537	2.8034
Group 2	1.8910	0.4627	2.3537	2.8034
	<b>Net Revenue</b>	<b>Equalisation</b>	<b>Paid 31.01.21</b>	<b>Paid 31.01.20</b>
<b>Class S Income</b>				
Group 1	1.3719	–	1.3719	1.6732
Group 2	0.8558	0.5161	1.3719	1.6732
	<b>Net Revenue</b>	<b>Equalisation</b>	<b>Allocated 31.01.21</b>	<b>Allocated 31.01.20</b>
<b>Class S Accumulation</b>				
Group 1	1.5461	–	1.5461	1.8436
Group 2	1.2654	0.2807	1.5461	1.8436
	<b>Net Revenue</b>	<b>Equalisation</b>	<b>Allocated 31.01.21</b>	<b>Allocated N/A</b>
<b>Class X Accumulation<sup>1</sup></b>				
Group 1	0.9442	–	0.9442	–
Group 2	0.6557	0.2885	0.9442	–

<sup>1</sup> No comparative figures shown as the share class launched on 20 November 2020.

#### Equalisation

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

# 7IM BALANCED FUND

## ACD'S REPORT

for the year ended 30 November 2020

### Investment Objective and Policy

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

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

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

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

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

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

### Investment Manager's Report

#### Performance Report

In the reporting period, 1 December 2019 to 30 November 2020, the portfolio delivered a total return of 7.18%<sup>1</sup>.

#### Investment Background

The coronavirus that emerged in mid-January 2020 from the Chinese city of Wuhan caught the attention of global markets. Initial research suggested that the virus is less deadly than the SARS virus that hit China in 2003 but is markedly more contagious. Trying to untangle tabloid hyperbole from scientific facts was a near impossibility. Amongst this, the UK finally left the EU on 31 January 2020. Negotiations to reach a trade deal were to continue until the end of the calendar year.

February saw headlines dominated by the growing concern of coronavirus. Equity markets initially shrugged off the potential effects of the virus, with MSCI World up c.6% from the start of February to the 20th. However, investors panicked towards the end of the month causing equities to experience some of the largest one-day down moves since 2011, and the largest one-week move since the financial crisis.

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

Investors enjoyed positive returns in April as both risky and defensive assets rebounded following the initial shock of a global shutdown in March. It is clear that governments around the world were conscious of the implications caused by lockdown on both economies and families. They started to discuss ways in which we can delicately move from a period of lockdown to a re-opening of businesses. The UK chose to extend its lockdown period until early May.

Equities continued their winning streak in May, following optimism over economies beginning to re-open. The US returned around 5%, with the Technology sector leading the way, and generating over 7% throughout the month. In fact, markets around the world were positive - with the UK, Japanese and European markets all gaining over 4%.

In June, we saw the government in England relax COVID-19 restrictions. This was a key development in the economy as it allowed businesses to start to plot a path back to normal. Asia was busy dealing with isolated second waves, while Europe was starting to open up, albeit cautiously.

In July, we saw a major shift in the UK Government's guidance with more encouragement for workers to return to the office. Central Bank stimulus set the stage for a sharp economic recovery towards the end of 2020 into the beginning of 2021. New cases continued to rise worldwide, and death rates fell due partly to a better understanding of the virus.

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

## 7IM BALANCED FUND

**ACD'S REPORT** (continued)  
for the year ended 30 November 2020

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

During August, there was a sense that the world was returning to normal and markets signalled confidence in the economy's recovery. Higher risk investments provided strong returns, while more defensive assets were negative over the period. Manufacturing and non-manufacturing data across the US, UK, Europe and China all showed promising signs of expansion.

In September, more optimistic views on the outlook for risky assets were challenged by the political and media narrative of a second wave of COVID-19. However, outside of the UK, the US economy was starting to get going and unemployment was falling sharply, as the largest policy stimulus in history took effect. Chinese authorities were talking about whether the recovery was too strong and European manufacturers saw demand for goods rise strongly, although the tourism sector continued to struggle.

Equities were mixed throughout the month of October. Emerging Markets were positive, while the Developed World declined due to an increase in the number of COVID-19 cases. As the colder months begin to settle in to Europe, governments started to bring in further restrictions to help contain the spread of COVID-19. Despite this, many countries in Asia had the virus under control and continued to see economic recoveries take hold.

The US election kicked off November with Joe Biden's victory over Donald Trump. Markets responded well despite Trump's ongoing attempts to claim victory via the courts. Only days after the election, Pfizer-BioNTech announced trials of their COVID-19 vaccine had been highly effective, followed a week later by an identical announcement from Moderna. This fuelled a renewed sense of optimism, which pushed the S&P 500 to new all-time highs, and the Dow Jones Industrial Average made headlines for reaching 30,000.

Within the overall rally, the big story was the bounce back of cyclical stocks and sectors that were worst affected by the pandemic, while the large tech businesses lagged. Companies like Carnival Cruises and HSBC generated returns of around 50% and 25%, whereas Apple and Amazon were broadly flat or declined. European equities, which are more exposed to manufacturing, finance and exports, had one of the strongest months in history.

### **Portfolio Review**

At the very beginning of March, we reduced our exposure to broad equity markets as the chances of a longer slowdown in the global economy increased. Concerns mounted over the drastic measures governments were having to take to slow the spread of COVID-19, alongside the fall in oil price following an escalation in tensions between Saudi Arabia and Russia.

As well as reducing our equity exposure, we reduced our allocation to Emerging Market and High Yield bonds. This decision was motivated by the knowledge that the correlation between credit and equity increases during stressed periods, with credit becoming more risky. With significant exposure to Energy, Materials and Consumer sectors, it was also thought that both asset classes would struggle if consumer demand fell in response to widespread lockdowns.

European dividends futures were hit hard by COVID-19. Extremes in valuations together with technical supply/demand features of the market meant that the risk to capital on any reasonable maturity only occurred in a world where the COVID-19 crisis was deeper than the Global Financial Crisis of 2008, which we thought was a very low probability. On this basis, we added to our position, diversifying across the 2021 and 2022 maturities.

After some significant outperformance versus broad US equities, we took some profits on our Healthcare position in higher risk portfolios in the middle of March, reducing the overall size of the active position.

Going into April, we increased our allocation to Corporate bonds, funded from Global Government bonds. Despite an equity sell off that remained well inside the Global Financial Crisis, credit spreads were at levels not seen since that same period. Overall, this looked like an opportunity to rotate out of low-yielding Government bonds into higher yielding Corporates, taking advantage of elevated spreads despite policy support from central banks that reduced (already low) chances of default.

In the middle of April, we sold our remaining holdings in the LGT Dynamic Protection fund after an initial reduction in March following some very strong performance. Rotating into the AQR Managed Futures fund meant that we were able to maintain our defensive stance whilst take profits on a position that had outperformed from the beginning of January.

Portfolios reduced their exposure to broad equity markets at the end of April as we moved to a more neutral view versus our Strategic Asset Allocation (SAA). Although we recognised the benefits of the significant stimulus coming from central banks, this was counteracted by a negative view on the health of the economy. Together with a neutral view on manufacturing and equity valuations this meant that the overweight to equities in portfolios was removed.

## 7IM BALANCED FUND

**ACD'S REPORT** (continued)  
for the year ended 30 November 2020

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

As we went into the summer months, countries such as a China, South Korea and Taiwan showed it was possible to re-open an economy without causing large outbreaks. We wanted to take exposure to the domestic growth recovery in China – where industrial production and retail sales were quickly rebounding back to pre-crisis levels. Over half of the Asia High Yield index is exposed to China, which also pays a higher yield than the US equivalent but with better growth prospects and lower defaults.

Forced selling and liquidity pressures opened up an opportunity in residential mortgage backed securities (RMBS) relative to our SAA Index equivalent risks at the beginning of June. We were able to take advantage of this opportunity by selling some of our Global Corporate bond allocation and buying the Angel Oaks Multi Strategy Income Fund.

At the end of June, we increased our allocation to 2022 and 2023 dividend futures versus European Equity. With the view that dividend payments should resume to a more normal outlook by 2022, there was a potential opportunity for the dividends to keep adding value over the equity market as we played the pull to par and monetised the overreaction in the pricing of the dividend market.

We increased our allocation to US Healthcare at the beginning of July after some significant underperformance versus the broad equity index. We felt that the investment case remained strong with the sector remaining particularly well placed to benefit from changing demographics and global trends in technology.

An allocation to European bank AT1 contingent convertible bonds ("AT1s") was made in July, funded through some of our Global High Yield bond allocation. While we see value in both asset classes, we believe AT1s are extremely well positioned to outperform High Yield due to their resilient fundamentals and attractive valuations.

Towards the end of July, portfolios were tilted towards a more pro-risk stance on the basis that the peak impact of the virus had passed, and that fears over a second wave were overdone. This meant an increase in our allocation to broad equities as well as the construction of a basket of positions that would benefit from a rapid (or "V plus") economic recovery.

In September, portfolios increased their pro-risk stance on the basis of increased confidence in a global economic recovery. This meant an increase in our allocation to equities, favouring cyclical non-US equity markets, as well as the addition of Emerging Market equities to our V plus basket.

Across portfolios, we increased our exposure to Sterling versus the US Dollar in mid-March after some significant Sterling weakness. Since our entry, the pound had rallied strongly and as we headed into the end of 2020, we saw an increased likelihood of volatility in both currencies as markets tried to price the outcome of the US election and the outcome of Brexit. Although Sterling remained undervalued, with no obvious catalyst for a reversion to mean over the medium term we took profit on the position at the start of September and returned to our long-term SAA neutral weight.

A valuation opportunity together with improving fundamentals meant that we increased our allocation to RMBS at the start of October funded from Global Corporate bonds and cash. With the investment case surrounding RMBS strengthening while Global Corporate bonds continued to trade around long run average spreads (despite credit downgrades and a deterioration in fundamentals), RMBS looked well positioned to deliver outperformance across the range of scenarios we modelled against.

Despite some underperformance through the third quarter of 2020, the vaccine news in November led to a significant rally in European dividend futures. Following the rally, expectations of annualised returns for 2022 dividends were estimated to be in the low single digits due to the valuation cap that exists given the well-defined near term cash flows. With the view that this would likely act as something of a headwind versus traditional European equity exposure, the 2022 dividend position was removed from portfolios towards the end of November, being replaced with a broad European equity exposure.

## 7IM BALANCED FUND

**ACD'S REPORT** (continued)  
for the year ended 30 November 2020

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

### **Investment Outlook**

At 7IM, we have a number of long-term core views that help to guide our investment decisions and allocations within portfolios:

1. The recovery is already happening – The world has never seen as much coordinated stimulus as in the past five months. A V-shaped economic recovery is our base-case; with some areas like China already nearly back to normal. As the recovery continues, and turns into an expansion, we want to be exposed to it. Positive for credit and equity.
2. Our portfolios are positioned for the new economic cycle – Much of the first stage of the recovery rally has been concentrated in well-known technology – and understandably so, given their resilience to coronavirus, and their balance sheet strength. In a more conventional economic recovery, though, other parts of the market could start to rally too. Positive for lagging equity.
3. The virus won't derail this growth – Lockdowns are unlikely to be as severe.

Seven Investment Management LLP  
Investment Manager  
December 2020

## 7IM BALANCED FUND

### FUND INFORMATION

The Comparative Tables on pages 88 to 98 give the performance of each active share class in the Sub-fund.

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

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

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

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

# 7IM BALANCED FUND

## FUND INFORMATION (continued)

### Comparative Tables

#### Class A Income

	30.11.20 (pence per share)	30.11.19 (pence per share)	30.11.18 (pence per share)
<b>Change in Net Asset Value Per Share</b>			
Opening net asset value per share	175.49	169.62	177.99
Return before operating charges*	(11.27)	12.23	(3.01)
Operating charges (calculated on average price)	(3.25)	(3.33)	(3.31)
Return after operating charges*	(14.52)	8.90	(6.32)
Distributions on income shares	–	(3.03)	(2.05)
Last quoted share price <sup>1</sup>	160.97	–	–
Closing net asset value per share	–	175.49	169.62
* After direct transaction costs of: <sup>2</sup>	0.00	0.05	0.05

#### Performance

Return after charges <sup>3</sup>	(8.27)%	5.25%	(3.55)%
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#### Other Information

Closing net asset value (£'000)	–	11	10
Closing number of shares	–	6,058	6,058
Operating charges <sup>4</sup>	1.88%	1.92%	1.86%
Performance fees	–	–	–
Direct transaction costs	0.00%	0.03%	0.03%

#### Prices

Highest share price	179.98	178.94	182.44
Lowest share price	147.96	162.89	169.19

<sup>1</sup> As at the year end date, there are no shares in issue. Share class performance provided is as at 12 May 2020 being the last quoted price date before shares were reduced to zero.

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

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

<sup>4</sup> Operating charges, otherwise known as the OCF is the ratio of the Sub-fund's total disclosable costs (excluding securities lending fees and overdraft interest) to the average net assets of the Sub-fund. The OCF is intended to provide a reliable figure which gives the most accurate measure of what it costs to invest in a Sub-fund and is calculated based on the last period's figures. Included within the OCF are synthetic costs which includes the OCF of the underlying funds weighted on the basis of their investment proportion. A detailed breakdown of the OCF per share class is shown on page 99.

# 7IM BALANCED FUND

## FUND INFORMATION (continued)

### Comparative Tables (continued)

#### Class A Accumulation

	30.11.20 (pence per share)	30.11.19 (pence per share)	30.11.18 (pence per share)
<b>Change in Net Asset Value Per Share</b>			
Opening net asset value per share	211.69	201.00	208.44
Return before operating charges*	18.44	14.63	(3.56)
Operating charges (calculated on average price)	(3.98)	(3.94)	(3.88)
Return after operating charges*	14.46	10.69	(7.44)
Distributions	(1.91)	(3.64)	(2.37)
Retained distributions on accumulation shares	1.91	3.64	2.37
Closing net asset value per share	226.15	211.69	201.00
* After direct transaction costs of: <sup>1</sup>	0.00	0.06	0.06

#### Performance

Return after charges <sup>2</sup>	6.83%	5.32%	(3.57)%
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#### Other Information

Closing net asset value (£'000)	4,665	4,860	8,581
Closing number of shares	2,062,750	2,295,967	4,269,324
Operating charges <sup>3</sup>	1.88%	1.92%	1.86%
Direct transaction costs	0.00%	0.03%	0.03%

#### Prices

Highest share price	226.37	213.17	213.66
Lowest share price	178.47	193.09	199.12

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

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

<sup>3</sup> Operating charges, otherwise known as the OCF is the ratio of the Sub-fund's total disclosable costs (excluding securities lending fees and overdraft interest) to the average net assets of the Sub-fund. The OCF is intended to provide a reliable figure which gives the most accurate measure of what it costs to invest in a Sub-fund and is calculated based on the last period's figures. Included within the OCF are synthetic costs which includes the OCF of the underlying funds weighted on the basis of their investment proportion. A detailed breakdown of the OCF per share class is shown on page 99.

## 7IM BALANCED FUND

### FUND INFORMATION (continued)

#### Comparative Tables (continued)

##### Class B Accumulation

	30.11.20 (pence per share)	30.11.19 (pence per share)	30.11.18 (pence per share)
<b>Change in Net Asset Value Per Share</b>			
Opening net asset value per share	219.74	208.30	215.48
Return before operating charges*	19.06	15.01	(3.70)
Operating charges (calculated on average price)	(3.58)	(3.57)	(3.48)
Return after operating charges*	15.48	11.44	(7.18)
Distributions	(2.21)	(3.96)	(2.67)
Retained distributions on accumulation shares	2.21	3.96	2.67
Closing net asset value per share	235.22	219.74	208.30
* After direct transaction costs of: <sup>1</sup>	0.00	0.06	0.06

#### Performance

Return after charges <sup>2</sup>	7.04%	5.49%	(3.33)%
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#### Other Information

Closing net asset value (£'000)	69,683	75,261	86,272
Closing number of shares	29,624,529	34,249,914	41,417,260
Operating charges <sup>3</sup>	1.63%	1.67%	1.61%
Direct transaction costs	0.00%	0.03%	0.03%

#### Prices

Highest share price	235.54	221.29	220.96
Lowest share price	185.40	200.14	206.35

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

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

<sup>3</sup> Operating charges, otherwise known as the OCF is the ratio of the Sub-fund's total disclosable costs (excluding securities lending fees and overdraft interest) to the average net assets of the Sub-fund. The OCF is intended to provide a reliable figure which gives the most accurate measure of what it costs to invest in a Sub-fund and is calculated based on the last period's figures. Included within the OCF are synthetic costs which includes the OCF of the underlying funds weighted on the basis of their investment proportion. A detailed breakdown of the OCF per share class is shown on page 99.

# 7IM BALANCED FUND

## FUND INFORMATION (continued)

### Comparative Tables (continued)

#### Class C Income

	30.11.20 (pence per share)	30.11.19 (pence per share)	30.11.18 (pence per share)
<b>Change in Net Asset Value Per Share</b>			
Opening net asset value per share	182.94	176.45	184.57
Return before operating charges*	15.78	12.58	(3.14)
Operating charges (calculated on average price)	(2.52)	(2.56)	(2.51)
Return after operating charges*	13.26	10.02	(5.65)
Distributions on income shares	(2.02)	(3.53)	(2.47)
Closing net asset value per share	194.18	182.94	176.45
* After direct transaction costs of: <sup>1</sup>	0.00	0.05	0.05

#### Performance

Return after charges <sup>2</sup>	7.25%	5.68%	(3.06)%
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#### Other Information

Closing net asset value (£'000)	77,876	65,633	76,923
Closing number of shares	40,105,747	35,876,644	43,594,267
Operating charges <sup>3</sup>	1.38%	1.42%	1.36%
Direct transaction costs	0.00%	0.03%	0.03%

#### Prices

Highest share price	196.12	186.57	189.33
Lowest share price	154.48	169.51	176.13

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

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

<sup>3</sup> Operating charges, otherwise known as the OCF is the ratio of the Sub-fund's total disclosable costs (excluding securities lending fees and overdraft interest) to the average net assets of the Sub-fund. The OCF is intended to provide a reliable figure which gives the most accurate measure of what it costs to invest in a Sub-fund and is calculated based on the last period's figures. Included within the OCF are synthetic costs which includes the OCF of the underlying funds weighted on the basis of their investment proportion. A detailed breakdown of the OCF per share class is shown on page 99.

# 7IM BALANCED FUND

## FUND INFORMATION (continued)

### Comparative Tables (continued)

#### Class C Accumulation

	30.11.20 (pence per share)	30.11.19 (pence per share)	30.11.18 (pence per share)
<b>Change in Net Asset Value Per Share</b>			
Opening net asset value per share	228.13	215.83	222.70
Return before operating charges*	19.71	15.44	(3.83)
Operating charges (calculated on average price)	(3.15)	(3.14)	(3.04)
Return after operating charges*	16.56	12.30	(6.87)
Distributions	(2.52)	(4.34)	(2.99)
Retained distributions on accumulation shares	2.52	4.34	2.99
Closing net asset value per share	244.69	228.13	215.83
* After direct transaction costs of: <sup>1</sup>	0.00	0.07	0.06

#### Performance

Return after charges <sup>2</sup>	7.26%	5.70%	(3.08)%
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#### Other Information

Closing net asset value (£'000)	560,516	385,638	447,014
Closing number of shares	229,072,311	169,046,602	207,118,730
Operating charges <sup>3</sup>	1.38%	1.42%	1.36%
Direct transaction costs	0.00%	0.03%	0.03%

#### Prices

Highest share price	245.02	229.67	228.45
Lowest share price	192.63	207.41	213.79

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

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

<sup>3</sup> Operating charges, otherwise known as the OCF is the ratio of the Sub-fund's total disclosable costs (excluding securities lending fees and overdraft interest) to the average net assets of the Sub-fund. The OCF is intended to provide a reliable figure which gives the most accurate measure of what it costs to invest in a Sub-fund and is calculated based on the last period's figures. Included within the OCF are synthetic costs which includes the OCF of the underlying funds weighted on the basis of their investment proportion. A detailed breakdown of the OCF per share class is shown on page 99.

# 7IM BALANCED FUND

## FUND INFORMATION (continued)

### Comparative Tables (continued)

#### Class D Income

	30.11.20 (pence per share)	30.11.19 (pence per share)	30.11.18 (pence per share)
<b>Change in Net Asset Value Per Share</b>			
Opening net asset value per share	176.27	170.26	178.65
Return before operating charges*	15.34	12.40	(3.00)
Operating charges (calculated on average price)	(3.30)	(3.33)	(3.33)
Return after operating charges*	12.04	9.07	(6.33)
Distributions on income shares	(1.59)	(3.06)	(2.06)
Closing net asset value per share	186.72	176.27	170.26
* After direct transaction costs of: <sup>1</sup>	0.00	0.05	0.05

#### Performance

Return after charges <sup>2</sup>	6.83%	5.33%	(3.54)%
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#### Other Information

Closing net asset value (£'000)	272	376	693
Closing number of shares	145,850	213,311	406,805
Operating charges <sup>3</sup>	1.88%	1.92%	1.86%
Direct transaction costs	0.00%	0.03%	0.03%

#### Prices

Highest share price	188.35	179.62	183.12
Lowest share price	148.61	163.50	169.84

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

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

<sup>3</sup> Operating charges, otherwise known as the OCF is the ratio of the Sub-fund's total disclosable costs (excluding securities lending fees and overdraft interest) to the average net assets of the Sub-fund. The OCF is intended to provide a reliable figure which gives the most accurate measure of what it costs to invest in a Sub-fund and is calculated based on the last period's figures. Included within the OCF are synthetic costs which includes the OCF of the underlying funds weighted on the basis of their investment proportion. A detailed breakdown of the OCF per share class is shown on page 99.

## 7IM BALANCED FUND

### FUND INFORMATION (continued)

#### Comparative Tables (continued)

##### Class D Accumulation

	30.11.20 (pence per share)	30.11.19 (pence per share)	30.11.18 (pence per share)
<b>Change in Net Asset Value Per Share</b>			
Opening net asset value per share	211.76	201.14	208.58
Return before operating charges*	18.45	14.57	(3.56)
Operating charges (calculated on average price)	(3.98)	(3.95)	(3.88)
Return after operating charges*	14.47	10.62	(7.44)
Distributions	(1.91)	(3.62)	(2.37)
Retained distributions on accumulation shares	1.91	3.62	2.37
Closing net asset value per share	226.23	211.76	201.14
* After direct transaction costs of: <sup>1</sup>	0.00	0.06	0.06

#### Performance

Return after charges <sup>2</sup>	6.83%	5.28%	(3.57)%
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#### Other Information

Closing net asset value (£'000)	14,756	14,680	16,042
Closing number of shares	6,522,681	6,932,475	7,975,230
Operating charges <sup>3</sup>	1.88%	1.92%	1.86%
Direct transaction costs	0.00%	0.03%	0.03%

#### Prices

Highest share price	226.46	213.32	213.81
Lowest share price	178.53	193.22	199.25

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

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

<sup>3</sup> Operating charges, otherwise known as the OCF is the ratio of the Sub-fund's total disclosable costs (excluding securities lending fees and overdraft interest) to the average net assets of the Sub-fund. The OCF is intended to provide a reliable figure which gives the most accurate measure of what it costs to invest in a Sub-fund and is calculated based on the last period's figures. Included within the OCF are synthetic costs which includes the OCF of the underlying funds weighted on the basis of their investment proportion. A detailed breakdown of the OCF per share class is shown on page 99.

# 7IM BALANCED FUND

## FUND INFORMATION (continued)

### Comparative Tables (continued)

#### Class S Income

	30.11.20 (pence per share)	30.11.19 (pence per share)	30.11.18 (pence per share)
<b>Change in Net Asset Value Per Share</b>			
Opening net asset value per share	116.40	112.14	117.18
Return before operating charges*	10.00	7.95	(2.00)
Operating charges (calculated on average price)	(1.32)	(1.33)	(1.30)
Return after operating charges*	8.68	6.62	(3.30)
Distributions on income shares	(1.40)	(2.36)	(1.74)
Closing net asset value per share	123.68	116.40	112.14
* After direct transaction costs of: <sup>1</sup>	0.00	0.03	0.03

#### Performance

Return after charges <sup>2</sup>	7.46%	5.90%	(2.82)%
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#### Other Information

Closing net asset value (£'000)	5,321	5,119	10,165
Closing number of shares	4,302,496	4,397,562	9,064,288
Operating charges <sup>3</sup>	1.13%	1.17%	1.11%
Direct transaction costs	0.00%	0.03%	0.03%

#### Prices

Highest share price	124.97	118.70	120.24
Lowest share price	98.37	107.75	112.04

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

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

<sup>3</sup> Operating charges, otherwise known as the OCF is the ratio of the Sub-fund's total disclosable costs (excluding securities lending fees and overdraft interest) to the average net assets of the Sub-fund. The OCF is intended to provide a reliable figure which gives the most accurate measure of what it costs to invest in a Sub-fund and is calculated based on the last period's figures. Included within the OCF are synthetic costs which includes the OCF of the underlying funds weighted on the basis of their investment proportion. A detailed breakdown of the OCF per share class is shown on page 99.

## 7IM BALANCED FUND

### FUND INFORMATION (continued)

#### Comparative Tables (continued)

##### Class S Accumulation

	30.11.20 (pence per share)	30.11.19 (pence per share)	30.11.18 (pence per share)
<b>Change in Net Asset Value Per Share</b>			
Opening net asset value per share	127.48	120.37	123.88
Return before operating charges*	10.97	8.55	(2.13)
Operating charges (calculated on average price)	(1.44)	(1.44)	(1.38)
Return after operating charges*	9.53	7.11	(3.51)
Distributions	(1.54)	(2.55)	(1.85)
Retained distributions on accumulation shares	1.54	2.55	1.85
Closing net asset value per share	137.01	127.48	120.37
* After direct transaction costs of: <sup>1</sup>	0.00	0.04	0.03

#### Performance

Return after charges <sup>2</sup>	7.48%	5.91%	(2.83)%
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#### Other Information

Closing net asset value (£'000)	52,642	50,587	75,179
Closing number of shares	38,423,099	39,682,042	62,458,901
Operating charges <sup>3</sup>	1.13%	1.17%	1.11%
Direct transaction costs	0.00%	0.03%	0.03%

#### Prices

Highest share price	137.18	128.30	127.13
Lowest share price	107.73	115.70	119.22

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

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

<sup>3</sup> Operating charges, otherwise known as the OCF is the ratio of the Sub-fund's total disclosable costs (excluding securities lending fees and overdraft interest) to the average net assets of the Sub-fund. The OCF is intended to provide a reliable figure which gives the most accurate measure of what it costs to invest in a Sub-fund and is calculated based on the last period's figures. Included within the OCF are synthetic costs which includes the OCF of the underlying funds weighted on the basis of their investment proportion. A detailed breakdown of the OCF per share class is shown on page 99.

# 7IM BALANCED FUND

## FUND INFORMATION (continued)

### Comparative Tables (continued)

#### Class X Income

	<b>30.11.20<sup>1</sup></b> <b>(pence</b> <b>per share)</b>
<b>Change in Net Asset Value Per Share</b>	
Opening net asset value per share	141.50
Return before operating charges*	0.70
Operating charges (calculated on average price)	(0.03)
Return after operating charges*	0.67
Distributions on income shares	(0.76)
Closing net asset value per share	141.41
* After direct transaction costs of: <sup>2</sup>	0.00

#### Performance

Return after charges <sup>3</sup>	0.47%
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#### Other Information

Closing net asset value (£'000)	394
Closing number of shares	278,508
Operating charges <sup>4</sup>	0.73%
Direct transaction costs	0.00%

#### Prices

Highest share price	142.35
Lowest share price	141.50

<sup>1</sup> The share class launched on 20 November 2020.

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

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

<sup>4</sup> Operating charges, otherwise known as the OCF is the ratio of the Sub-fund's total disclosable costs (excluding securities lending fees and overdraft interest) to the average net assets of the Sub-fund. The OCF is intended to provide a reliable figure which gives the most accurate measure of what it costs to invest in a Sub-fund and is calculated based on the last period's figures. Included within the OCF are synthetic costs which includes the OCF of the underlying funds weighted on the basis of their investment proportion. A detailed breakdown of the OCF per share class is shown on page 99.

# 7IM BALANCED FUND

## FUND INFORMATION (continued)

### Comparative Tables (continued)

#### Class X Accumulation

	<b>30.11.20<sup>1</sup></b> <b>(pence</b> <b>per share)</b>
<b>Change in Net Asset Value Per Share</b>	
Opening net asset value per share	211.78
Return before operating charges*	1.04
Operating charges (calculated on average price)	(0.04)
Return after operating charges*	1.00
Distributions	(1.13)
Retained distributions on accumulation shares	1.13
Closing net asset value per share	212.78
* After direct transaction costs of: <sup>2</sup>	0.00

#### Performance

Return after charges <sup>3</sup>	0.47%
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#### Other Information

Closing net asset value (£'000)	3,885
Closing number of shares	1,825,798
Operating charges <sup>4</sup>	0.73%
Direct transaction costs	0.00%

#### Prices

Highest share price	213.05
Lowest share price	211.78

<sup>1</sup> The share class launched on 20 November 2020.

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

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

<sup>4</sup> Operating charges, otherwise known as the OCF is the ratio of the Sub-fund's total disclosable costs (excluding securities lending fees and overdraft interest) to the average net assets of the Sub-fund. The OCF is intended to provide a reliable figure which gives the most accurate measure of what it costs to invest in a Sub-fund and is calculated based on the last period's figures. Included within the OCF are synthetic costs which includes the OCF of the underlying funds weighted on the basis of their investment proportion. A detailed breakdown of the OCF per share class is shown on page 99.

## 7IM BALANCED FUND

### FUND INFORMATION (continued)

#### Ongoing Charges Figures

As at 30 November 2020

	<b>Class A</b>	<b>Class B</b>	<b>Class C</b>	<b>Class D</b>	<b>Class S</b>	<b>Class X<sup>1</sup></b>
ACD's periodic charge	1.40%	1.15%	0.90%	1.40%	0.65%	0.25%
Other expenses	0.05%	0.05%	0.05%	0.05%	0.05%	0.05%
	1.45%	1.20%	0.95%	1.45%	0.70%	0.30%
Collective investment scheme costs	0.43%	0.43%	0.43%	0.43%	0.43%	0.43%
Ongoing Charges Figure	1.88%	1.63%	1.38%	1.88%	1.13%	0.73%

As at 30 November 2019

	<b>Class A</b>	<b>Class B</b>	<b>Class C</b>	<b>Class D</b>	<b>Class S</b>
ACD's periodic charge	1.40%	1.15%	0.90%	1.40%	0.65%
Other expenses	0.05%	0.05%	0.05%	0.05%	0.05%
	1.45%	1.20%	0.95%	1.45%	0.70%
Collective investment scheme costs	0.47%	0.47%	0.47%	0.47%	0.47%
Ongoing Charges Figure	1.92%	1.67%	1.42%	1.92%	1.17%

<sup>1</sup> The Share class launched on 20 November 2020.

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

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

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

# 7IM BALANCED FUND

## FUND INFORMATION (continued)

### Synthetic Risk and Reward Indicator

#### Synthetic Risk and Reward Indicator



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

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

The risk and reward indicator shown above is as at the date of publication of the annual report and financial statements, the risk and reward indicator as at the year end date 30 November 2020 was four.

#### Fund performance to 30 November 2020 (%)

	1 year	3 years	5 years
7IM Balanced Fund <sup>1</sup>	7.18	9.65	25.66

<sup>1</sup> Source: Bloomberg

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

Details of the distributions per share for the year are shown in the Distribution Tables on pages 118 to 120.

# 7IM BALANCED FUND

## PORTFOLIO STATEMENT

as at 30 November 2020

Holding	Portfolio of Investment	Value	30.11.20
		£	%
	<b>ALTERNATIVES 13.49% (12.59%)</b>		
	<b>Alternative Strategies 9.29% (10.97%)</b>		
286,038	AQR - Managed Futures UCITS Fund <sup>1</sup>	21,804,857	2.76
106,710	BlackRock Strategic Funds - Global Event Driven Fund <sup>1</sup>	12,362,316	1.57
19,641,000	BNP Paribas Issuance 0.00% 2024 <sup>2</sup>	17,731,385	2.24
10,029,344	Dexion Absolute EUR <sup>3</sup>	–	–
27,420,000	JPMorgan Structured Products 0.00% 2023 <sup>2</sup>	21,455,965	2.72
		<b>73,354,523</b>	<b>9.29</b>
	<b>Real Estate 4.20% (1.62%)</b>		
15,845,288	iShares Global Property Securities Index <sup>1</sup>	<b>33,195,878</b>	<b>4.20</b>
	<b>DEBT SECURITIES 32.33% (54.03%)</b>		
	<b>Convertible Bonds 0.00% (1.97%)</b>		
	<b>Emerging Market Bonds 7.89% (7.05%)</b>		
345,232	Barings Emerging Markets Debt Blended Total Return <sup>1</sup>	39,363,447	4.98
292,530	UBS Lux Bond SICAV - Asian High Yield <sup>1</sup>	22,941,557	2.91
		<b>62,305,004</b>	<b>7.89</b>
	<b>Gilts 0.00% (4.01%)</b>		
	<b>Global Corporate Bonds 13.98% (11.76%)</b>		
406,030	Angel Oak Multi-Strategy Income UCITS Fund <sup>1</sup>	46,852,354	5.93
0	Legg Mason Western Asset Structured Opportunities Fund USD Acc <sup>1</sup>	36	–
169,461	PFS TwentyFour Dynamic Bond <sup>1</sup>	19,197,202	2.43
288,763	Robeco Global Credits Acc <sup>1</sup>	35,835,500	4.53
66,455	Twentyfour Strategic Income <sup>1</sup>	8,603,959	1.09
		<b>110,489,051</b>	<b>13.98</b>
	<b>Global Government Bonds 0.00% (3.93%)</b>		
	<b>Global High Yield Bonds 5.21% (3.91%)</b>		
354,749	BlueBay Financial Capital Bond <sup>1</sup>	<b>41,147,378</b>	<b>5.21</b>
	<b>Global Inflation Linked Bonds 0.00% (4.90%)</b>		
	<b>Short Term Sterling Bonds 1.53% (9.59%)</b>		
£300,000	Abbey National Treasury Services 5.125% 2021	305,406	0.04
£1,300,000	Bank Nederlandse Gemeenten 1.00% 2022	1,314,323	0.17
£600,000	Barclays Bank 4.25% 2022	626,928	0.08
£1,000,000	Dexia Credit Local 1.375% 2022	1,023,219	0.13
£1,716,000	Nordea Bank 2.375% 2022	1,769,344	0.22
£1,200,000	Reseau Ferre de France 5.5% 2021	1,263,300	0.16
£700,000	Royal Bank of Canada FRN 2021	699,929	0.09
£500,000	Svenska Handelsbanken 2.375% 2022	511,781	0.06
£1,000,000	Tennessee Valley Authority 5.35% 2021	1,026,219	0.13
£1,225,000	Toyota Motor Credit 1% 2022	1,238,985	0.16
£1,000,000	Transport for London 2.25% 2022	1,030,399	0.13

## 7IM BALANCED FUND

### PORTFOLIO STATEMENT (continued) as at 30 November 2020

Holding	Portfolio of Investment	Value £	30.11.20 %
<b>Short Term Sterling Bonds (continued)</b>			
£1,300,000	Westpac Securities NZ 2.50% 2021	1,303,432	0.16
		<b>12,113,265</b>	<b>1.53</b>
<b>Sterling Corporate Bonds 3.72% (6.91%)</b>			
12,515,637	MI TwentyFour - Monument Bond Fund <sup>1</sup>	12,808,252	1.62
7,814,409	Schroder Long Dated Cor. Acc <sup>1</sup>	16,566,548	2.10
		<b>29,374,800</b>	<b>3.72</b>
<b>EQUITY 52.25% (31.78%)</b>			
<b>Asia &amp; Emerging Markets 6.62% (4.27%)</b>			
114,113	RWC Global Emerging Markets <sup>1</sup>	26,405,836	3.34
927,100	Schroder ISF Asian Opportunities <sup>1</sup>	25,907,704	3.28
		<b>52,313,540</b>	<b>6.62</b>
<b>Europe (ex UK) 3.94% (4.60%)</b>			
1,334	Euro Stoxx 50 Equity Index Futures December 2023 <sup>4</sup>	1,125,423	0.15
14,342,906	LF Lightman European Fund I Accumulation <sup>1</sup>	15,563,487	1.97
265	MSCI Europe ex-UK Index Futures December 2020 <sup>4</sup>	86,799	0.01
5,190,477	Premier Miton European Opportunities <sup>1</sup>	14,314,930	1.81
		<b>31,090,639</b>	<b>3.94</b>
<b>Japan 4.15% (4.14%)</b>			
1,225,742	Japanese Equities Fund <sup>1</sup>	16,572,893	2.10
1,569,799	Skyline Umbrella Fund ICAV - Usonian Japan Value Fund <sup>1</sup>	16,164,221	2.05
		<b>32,737,114</b>	<b>4.15</b>
<b>North America 18.90% (3.02%)</b>			
337,013	AB SICAV I - International Health Care Portfolio <sup>1</sup>	39,130,586	4.95
1,782,136	Amundi Asset Management S&P 500 UCITS ETF <sup>1</sup>	89,748,369	11.36
118,292	Berkshire Hathaway	20,511,443	2.60
200	US Ultra Treasury Bond Index Futures March 2021 <sup>4</sup>	(56,157)	(0.01)
		<b>149,334,241</b>	<b>18.90</b>
<b>United Kingdom 18.64% (15.75%)</b>			
31,747,144	Majedie UK Focus <sup>1</sup>	64,136,437	8.12
69,202,394	Ninety One Funds Series i <sup>1</sup>	75,735,100	9.59
11,375,181	UK Mortgages	7,393,868	0.93
		<b>147,265,405</b>	<b>18.64</b>
<b>FORWARD CURRENCY CONTRACTS 0.98% (0.69%)</b>			
€558,619	Vs £(624,619) Expiry 08.12.2020	(1,973)	—
€(1,720,000)	Vs £1,555,594 Expiry 16.04.2021	8,301	—
€(137,000)	Vs £123,905 Expiry 16.04.2021	661	—
¥(5)	Vs £699 Expiry 08.12.2020	—	—
US\$(117,276,000)	Vs £93,476,433 Expiry 15.01.2021	5,723,115	0.72
US\$(52,170,000)	Vs £41,582,809 Expiry 15.01.2021	2,545,917	0.32
US\$(20,498,000)	Vs £15,669,397 Expiry 15.01.2021	331,497	0.04
US\$(20,241,000)	Vs £15,417,063 Expiry 15.01.2021	271,467	0.03

## 7IM BALANCED FUND

### PORTFOLIO STATEMENT (continued) as at 30 November 2020

Holding	Portfolio of Investment	Value £	30.11.20 %
<b>FORWARD CURRENCY CONTRACTS (continued)</b>			
US\$(9,394,000)	Vs £7,181,106 Expiry 15.01.2021	151,922	0.02
US\$(17,632,000)	Vs £13,332,123 Expiry 15.01.2021	138,746	0.02
US\$(9,277,000)	Vs £7,066,058 Expiry 15.01.2021	124,421	0.02
US\$(8,500,000)	Vs £6,443,172 Expiry 15.01.2021	82,935	0.01
US\$(7,901,000)	Vs £5,974,201 Expiry 15.01.2021	62,173	0.01
¥142,260,000	Vs £(1,032,265) Expiry 21.05.2021	(6,887)	–
¥419,920,000	Vs £(3,047,016) Expiry 21.05.2021	(20,328)	–
US\$16,977	Vs £(22,542) Expiry 08.12.2020	99	–
US\$10,000,000	Vs £(7,658,234) Expiry 15.01.2021	(175,602)	(0.02)
US\$7,250,000	Vs £(5,724,627) Expiry 15.01.2021	(299,719)	(0.04)
US\$22,000,000	Vs £(16,848,116) Expiry 15.01.2021	(386,325)	(0.05)
US\$19,000,000	Vs £(15,002,472) Expiry 15.01.2021	(785,470)	(0.10)
		<b>7,764,950</b>	<b>0.98</b>
<b>Portfolio of investment<sup>5</sup></b>		<b>782,485,788</b>	<b>99.05</b>
Net other assets <sup>5,6</sup>		7,524,319	0.95
<b>Net assets</b>		<b>790,010,107</b>	<b>100.00</b>

Comparative figures shown in brackets relate to 30 November 2019.

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

<sup>1</sup> Collective investment scheme

<sup>2</sup> Structured product

<sup>3</sup> Delisted security

<sup>4</sup> Derivative contract

<sup>5</sup> Prior year percentage of Portfolio of investments and Net other assets have been restated to show the liquidity funds as Cash equivalents in the Balance Sheet of the Sub-fund.

<sup>6</sup> Includes shares in the Northern Trust Global Sterling Fund to the value of £5,885,000 which is shown as a Cash equivalents in the Balance Sheet of the Sub-fund.

Credit Quality	30.11.20 %	30.11.19 %
Investment grade debt securities	1.54	22.67
Non-rated debt securities	4.95	3.10
Other investments	93.00	74.02
Net other assets	0.51	0.21
	<b>100.00</b>	<b>100.00</b>

## 7IM BALANCED FUND

### STATEMENT OF TOTAL RETURN

for the year ended 30 November 2020

	Notes	£	30.11.20 £	£	30.11.19 £
Income					
Net capital gains	4		32,312,373		27,228,301
Revenue	5	11,374,626		17,122,568	
Expenses	6	(5,351,925)		(6,359,383)	
Interest payable and similar charges	8	(74,753)		(82,460)	
Net revenue before taxation for the year		5,947,948		10,680,725	
Taxation	7	(1,490,228)		(1,290,015)	
Net revenue after taxation for the year			4,457,720		9,390,710
<b>Total return before distributions</b>			36,770,093		36,619,011
Distributions	8		(7,078,962)		(12,319,821)
<b>Change in net assets attributable to shareholders from investment activities</b>			29,691,131		24,299,190

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

for the year ended 30 November 2020

	£	30.11.20 £	£	30.11.19 £
<b>Opening net assets attributable to shareholders</b>		602,164,618		720,878,812
Amounts received on creation of shares <sup>1</sup>	60,990,351		82,696,219	
Amounts receivable on in-specie transactions	241,052,146		–	
Amounts paid on cancellation of shares <sup>1</sup>	(150,776,677)		(236,162,787)	
		151,265,820		(153,466,568)
Change in net assets attributable to shareholders from investment activities		29,691,131		24,299,190
Retained distribution on accumulation shares		6,888,538		10,453,184
<b>Closing net assets attributable to shareholders</b>		790,010,107		602,164,618

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

The notes on pages 106 to 117 are an integral part of these Financial Statements.

# 7IM BALANCED FUND

## BALANCE SHEET

as at 30 November 2020

	Notes	30.11.20 £	30.11.19 £
<b>ASSETS</b>			
Fixed assets:			
Investments <sup>1</sup>		784,218,248	602,805,313
Current assets:			
Debtors	9	4,059,113	9,917,703
Cash and bank balances	10	7,465,459	8,154,335
Cash equivalents <sup>1</sup>	10	5,885,000	4,201,000
<b>Total assets</b>		<b>801,627,820</b>	<b>625,078,351</b>
<b>LIABILITIES</b>			
Investment liabilities			
		(1,732,460)	(6,081,670)
Creditors:			
Bank overdrafts	10	(3,929,193)	(10,727,536)
Distribution payable		(727,966)	(926,768)
Other creditors	11	(5,228,094)	(5,177,759)
<b>Total liabilities</b>		<b>(11,617,713)</b>	<b>(22,913,733)</b>
<b>Net assets attributable to shareholders</b>		<b>790,010,107</b>	<b>602,164,618</b>

<sup>1</sup> Prior year amounts of Investments and Cash equivalents have been restated to include liquidity funds held by the Sub-fund.

The notes on pages 106 to 117 are an integral part of these Financial Statements.

# 7IM BALANCED FUND

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 November 2020

### 1 Statement of Compliance

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

### 2 Summary of Significant Accounting Policies

The Sub-fund's Financial Statements have been prepared on the same basis as the Summary of Significant Accounting Policies disclosed on pages 10 to 13.

### 3 Risk Management Policies

The Sub-fund's Risk Management Policies are the same as the Risk Management Policies disclosed on pages 13 to 15.

### 4 Net capital gains

	<b>30.11.20</b>	<b>30.11.19</b>
	£	£
The net capital gains during the year comprise:		
Non-derivative securities	24,173,706	30,685,955
Derivative contracts	4,279,241	1,135,401
Forward currency contracts	4,024,961	(2,607,108)
Currency losses	(168,975)	(2,060,134)
Transaction charges	(48,556)	(16,811)
AMC rebates from underlying investments	51,996	90,998
Net capital gains	<u>32,312,373</u>	<u>27,228,301</u>

### 5 Revenue

	<b>30.11.20</b>	<b>30.11.19</b>
	£	£
Non-taxable dividends	2,158,122	7,322,162
Taxable dividends	8,457,931	7,904,642
Unfranked interest	700,184	1,718,748
AMC rebates from underlying investments	34,243	111,850
Bank interest	10,966	17,337
Stock lending revenue <sup>1</sup>	13,180	47,829
Total revenue	<u>11,374,626</u>	<u>17,122,568</u>

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

## 7IM BALANCED FUND

### NOTES TO THE FINANCIAL STATEMENTS (continued) for the year ended 30 November 2020

#### 6 Expenses

	30.11.20	30.11.19
	£	£
Payable to the ACD, associates of the ACD and agents of either of them:		
ACD's periodic charge	5,147,729	6,077,799
Other expenses	10,905	11,211
	<u>5,158,634</u>	<u>6,089,010</u>
Payable to the Depositary, associates of the Depositary and agents of either of them:		
Depositary's fees	72,115	85,838
Market risk fees	3,661	6,000
Safe custody and other bank charges	27,314	40,515
	<u>103,090</u>	<u>132,353</u>
Other Expenses:		
Advisory fees	4,750	53,849
Audit fee <sup>1</sup>	9,616	9,000
Dealing and exchange fees	20,707	22,005
FCA and other Regulatory fees	215	212
Legal and professional fees	547	6,916
Market data fees	4,103	–
Printing, postage and distribution costs	43,314	39,888
Risk analysis fees	6,949	6,150
	<u>90,201</u>	<u>138,020</u>
Total expenses	<u>5,351,925</u>	<u>6,359,383</u>

<sup>1</sup> The Audit fee is inclusive of 20% VAT and 2.50% support cost.

## 7IM BALANCED FUND

### NOTES TO THE FINANCIAL STATEMENTS (continued) for the year ended 30 November 2020

#### 7 Taxation

	30.11.20 £	30.11.19 £
<i>a) Analysis of charge for the year</i>		
Corporation tax at 20%	1,318,013	1,140,067
Overseas tax	145,812	114,576
Irrecoverable CIS income tax	26,403	35,372
	<hr/>	<hr/>
Current tax charge (note 7b)	1,490,228	1,290,015
Total taxation	<hr/>	<hr/>
	1,490,228	1,290,015

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

The tax assessed for the year differs from the standard rate of corporation tax in the UK for an authorised fund (20%) (2019: 20%) for the reasons explained below.

Net revenue before taxation	5,947,948	10,680,725
Corporation tax at 20%	1,189,590	2,136,145
Effects of:		
AMC rebates taken to capital	10,399	18,200
Double taxation relief expensed	–	(6,434)
Franked CIS revenue	–	(494,857)
Irrecoverable CIS income tax w/off	26,403	35,372
Movement in revenue accruals	–	373
Non-taxable dividends	(418,306)	(662,910)
Non-taxable overseas dividends	(13,318)	–
Offshore CIS revenue	–	(306,665)
Overseas tax	145,812	114,576
Tax effect on non-reporting offshore funds	549,648	456,215
Current tax charge (note 7a)	<hr/>	<hr/>
	1,490,228	1,290,015

#### *c) Deferred tax*

There is no deferred tax provision in the current year (2019: none).

#### 8 Distributions

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

	30.11.20 £	30.11.19 £
Interim	979,129	4,182,128
Final	6,759,384	7,707,241
	<hr/>	<hr/>
	7,738,513	11,889,369
Add: Revenue deducted on cancellation of shares	236,228	698,740
Deduct: Revenue received on issue of shares	(102,615)	(268,288)
Deduct: Revenue received on in-specie transactions	(793,164)	–
Net distributions for the year	<hr/>	<hr/>
	7,078,962	12,319,821
Interest payable and similar charges	74,753	82,460
Total distribution	<hr/>	<hr/>
	7,153,715	12,402,281

## 7IM BALANCED FUND

### NOTES TO THE FINANCIAL STATEMENTS (continued) for the year ended 30 November 2020

#### 8 Distributions (continued)

Details of the distributions per share are set out in the table on pages 118 to 120.

Distributions represented by:		
Net revenue after taxation	4,457,720	9,390,710
Allocations to capital:		
Capitalised expenses, net of tax relief <sup>1</sup>	2,576,240	3,065,824
Equalisation on conversions <sup>2</sup>	283	1,886
Net movement in revenue account	(80)	151
Tax relief on Non reporting Offshore Funds	44,799	(138,750)
Net distributions for the year	<u>7,078,962</u>	<u>12,319,821</u>

<sup>1</sup> Please refer to Note 2(i) Distributions policy on page 11 for further details.

<sup>2</sup> Where an investor converts to a class with a higher income yield, the investor will pay or receive an equalisation as if they had held the new class throughout the period from the last distribution to the conversion date. The yield differential at the point of conversion is an equalisation which will be offset by capital erosion for the converted investor.

#### 9 Debtors

	<b>30.11.20</b>	<b>30.11.19</b>
	£	£
Amounts receivable for issue of shares	862,099	305,857
Sales awaiting settlement	608,835	7,543,509
Accrued revenue	1,037,707	1,755,719
Income tax recoverable	14,797	20,833
AMC rebates from underlying investments	92,496	133,728
Withholding tax recoverable	11,046	158,057
Receivable from merger	1,432,133	–
Total debtors	<u>4,059,113</u>	<u>9,917,703</u>

#### 10 Cash and bank balances

	<b>30.11.20</b>	<b>30.11.19</b>
	£	£
Cash and bank balances	3,914,764	8,009,598
Cash held at clearing houses	3,550,695	144,737
Cash equivalents <sup>1</sup>	5,885,000	4,201,000
Total cash and bank balances	<u>13,350,459</u>	<u>12,355,335</u>
Bank overdrafts	(3,895,468)	(7,929,481)
Cash overdraft at clearing houses	(33,725)	(2,798,055)
Total bank overdrafts	<u>(3,929,193)</u>	<u>(10,727,536)</u>

<sup>1</sup> Prior year amount of Cash equivalents has been restated to include liquidity funds held by the Sub-fund.

## 7IM BALANCED FUND

### NOTES TO THE FINANCIAL STATEMENTS (continued) for the year ended 30 November 2020

#### 11 Other Creditors

	30.11.20	30.11.19
	£	£
Amounts payable for cancellation of shares	3,650,723	3,226,461
Purchases awaiting settlement	–	212,650
Accrued expenses	525,359	598,501
Corporation tax payable	1,052,012	1,140,067
Currency deals awaiting settlement	–	80
Total other creditors	<u>5,228,094</u>	<u>5,177,759</u>

#### 12 Related party transactions

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

The aggregate monies received by the ACD through the issue of shares and paid on cancellation of shares are disclosed in the Statement of Change in Net Assets Attributable to Shareholders on page 104.

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 69.36% (2019: 57.31%)

The net value of creations and cancellations for Pershing Nominees Limited during the year totalled (£206,780,809) (2019: (£59,896,179)).

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

#### 13 Classes of Shares

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

Class A	1.40%
Class B	1.15%
Class C	0.90%
Class D	1.40%
Class S	0.65%
Class X	0.25%

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

Class	Opening Shares	Shares Created	Shares Liquidated	Shares Converted	Closing Shares
Class A Income	6,058	–	(6,058)	–	–
Class A Accumulation	2,295,967	31,665	(264,882)	–	2,062,750
Class B Accumulation	34,249,914	1,227,569	(5,852,954)	–	29,624,529
Class C Income	35,876,644	11,261,960	(7,212,956)	180,099	40,105,747
Class C Accumulation	169,046,602	108,373,514	(47,738,164)	(609,641)	229,072,311
Class D Income	213,311	2,252	(69,713)	–	145,850
Class D Accumulation	6,932,475	954,569	(1,364,363)	–	6,522,681
Class S Income	4,397,562	267,896	(466,647)	103,685	4,302,496
Class S Accumulation	39,682,042	8,343,783	(10,340,467)	737,741	38,423,099
Class X Income	–	278,508	–	–	278,508
Class X Accumulation	–	2,411,322	(585,524)	–	1,825,798

## 7IM BALANCED FUND

### NOTES TO THE FINANCIAL STATEMENTS (continued) for the year ended 30 November 2020

#### 14 Contingent liabilities and commitments

There are no contingent liabilities or unrecorded outstanding commitments at the balance sheet date (2019: none).

#### 15 Risks Disclosures

The main risks from the Sub-fund's holding of financial instruments, together with the ACD's policy for managing these risks are detailed in note 3 on pages 13 to 15. Further analysis and numeric disclosure of interest rate risk, foreign currency risk and derivatives are shown below.

##### i. Interest rate risk

The table below shows the direct interest rate risk profile:

Interest rate exposure as at 30 November 2020

	<b>Floating Rate Financial Assets £</b>	<b>Fixed Rate Financial Assets £</b>	<b>Financial Assets not carrying interest £</b>	<b>Total £</b>
Danish krone	4	–	738	742
Euro	855,436	–	1,772,830	2,628,266
Japanese yen	–	–	4,052,067	4,052,067
Swiss franc	51,388	–	8,223	59,611
US dollar	1,430,241	39,187,350	174,132,450	214,750,041
Pound sterling	11,713,319	11,413,336	803,605,047	826,731,702
	<b>14,050,388</b>	<b>50,600,686</b>	<b>983,571,355</b>	<b>1,048,222,429</b>

  

	<b>Floating Rate Financial Liabilities £</b>	<b>Financial Liabilities not carrying interest £</b>	<b>Total £</b>
Euro	(736,565)	(1,670,537)	(2,407,102)
Swiss franc	(51,388)	–	(51,388)
US dollar	(1,445,234)	(196,766,326)	(198,211,560)
Pound sterling	(1,696,006)	(55,846,266)	(57,542,272)
	<b>(3,929,193)</b>	<b>(254,283,129)</b>	<b>(258,212,322)</b>

## 7IM BALANCED FUND

### NOTES TO THE FINANCIAL STATEMENTS (continued) for the year ended 30 November 2020

#### 15 Risks Disclosures (continued)

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

Interest rate exposure as at 30 November 2019

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

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

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

<b>Currency</b>	<b>Fixed Rate Financial Assets</b>			
	<b>Weighted average interest rate</b>		<b>Weighted average period for which rate is fixed</b>	
	<b>30.11.20 %</b>	<b>30.11.19 %</b>	<b>30.11.20 Years</b>	<b>30.11.19 Years</b>
Euro	–	0.13	–	10
Japanese yen	–	(0.02)	–	11
Pound sterling	0.22	1.03	1	9
US dollar	(3.48)	0.66	3	15

The average effective duration of the Sub-fund's portfolio is a measure of the sensitivity of the fair value of the Sub-fund's bond portfolio (excludes all other investments) to changes in market interest rates. As at 30 November 2020, the average weighted effective duration was 2.20 years (30 November 2019: 2.92 years).

## 7IM BALANCED FUND

### NOTES TO THE FINANCIAL STATEMENTS (continued) for the year ended 30 November 2020

#### 15 Risks Disclosures (continued)

##### ii. Foreign currency risk

The table below shows the direct foreign currency risk profile:

Foreign currency risk exposure as at 30 November 2020

Currency	Monetary Exposure £	Non-Monetary Exposure £	Total £
Danish krone	742	–	742
Euro	120,859	100,306	221,165
Japanese yen	–	4,052,067	4,052,067
Swiss franc	8,223	–	8,223
US dollar	(14,896)	16,553,376	16,538,480
	114,928	20,705,749	20,820,677
Pound sterling	7,409,391	761,780,039	769,189,430
Net assets	7,524,319	782,485,788	790,010,107

Foreign currency risk exposure as at 30 November 2019

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

##### iii. Derivatives

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

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

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

## 7IM BALANCED FUND

### NOTES TO THE FINANCIAL STATEMENTS (continued) for the year ended 30 November 2020

#### 15 Risks Disclosures (continued)

##### iii. Derivatives (continued)

The lowest, highest and average leverage utilisation in the accounting year ended 30 November 2020 was 37%, 142% and 60% respectively (30 November 2019: 45%, 131% and 78% respectively).

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

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

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

The types of derivatives held at the balance sheet date were forward foreign currency contracts and future 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:

<b>Counterparty</b>	<b>30.11.20</b> <b>£</b>	<b>30.11.19</b> <b>£</b>
<b>Options</b>		
Chicago Board Options Exchange	–	929,144
<b>Futures Contracts</b>		
Chicago Board of Trade	(56,157)	13,323
Eurex Deutschland	1,212,222	–
International Monetary Market	–	2,467,283
<b>Forward Currency Contracts</b>		
Northern Trust	7,764,950	4,188,461
<b>Total net exposure<sup>2</sup></b>	<u>8,921,015</u>	<u>7,598,211</u>

<sup>1</sup> Prior year was restated to show Notional Leverage as it is more accurate representation as it only shows the Derivatives used in a fund as a percentage of its NAV while the Notional Exposure adds 100% to the Notional Leverage Value.

<sup>2</sup> Net exposure represents the mark to market value of derivative contracts less any cash collateral held. Positive exposure represents the Sub-fund's exposure to that counterparty.

## 7IM BALANCED FUND

### NOTES TO THE FINANCIAL STATEMENTS (continued) for the year ended 30 November 2020

#### 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.

30 November 2020	Level 1 £	Level 2 £	Level 3 £	Total £
<b>Assets</b>				
Bonds	–	51,300,615	–	51,300,615
Collective Investment Schemes	497,240,982	197,117,864	–	694,358,846
Derivatives	1,212,222	9,441,254	–	10,653,476
Equities	27,905,311	–	–	27,905,311
<b>Total</b>	<b>526,358,515</b>	<b>257,859,733</b>	<b>–</b>	<b>784,218,248</b>
<b>Liabilities</b>				
Derivatives	(56,157)	(1,676,303)	–	(1,732,460)



## 7IM BALANCED FUND

### NOTES TO THE FINANCIAL STATEMENTS (continued) for the year ended 30 November 2020

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

Analysis of direct transaction costs for the year ended 30 November 2019<sup>1</sup>:

	Principal £'000	Commissions £'000	Taxes £'000	Total Transaction Costs £'000	Commissions % of principal	Taxes % of principal
<b>Purchases</b>						
Bonds	131,048	–	–	–	–	–
Collective Investment Schemes	224,964	–	–	–	–	–
Equities	72,600	10	155	165	0.01	0.21
<b>Total</b>	<b>428,612</b>	<b>10</b>	<b>155</b>	<b>165</b>	<b>0.01</b>	<b>0.21</b>
<b>Sales</b>						
Bonds	125,174	–	–	–	–	–
Collective Investment Schemes	280,985	–	–	–	–	–
Equities	182,630	(28)	(2)	(30)	0.02	–
<b>Total</b>	<b>588,789</b>	<b>(28)</b>	<b>(2)</b>	<b>(30)</b>	<b>0.02</b>	<b>–</b>
<b>Total as a percentage of the average NAV</b>		<b>0.01%</b>	<b>0.02%</b>	<b>0.03%</b>		

<sup>1</sup> Prior year amounts have been restated to exclude liquidity funds held by the Sub-fund.

#### Average portfolio dealing spread

As at the balance sheet date, the average portfolio dealing spread was 0.08% (2019: 0.09%) based on close of business prices. This spread represents the difference between the values determined respectively by reference to the bid and offer prices of investments expressed as a percentage of the value determined by reference to the offer price.

#### 17 Post Balance Sheet Events

As at the balance sheet date, the Net Asset Value price per share of Class C Accumulation was 244.64p. The Net Asset Value price per share of Class C Accumulation for the Sub-fund on 23 March 2021 was 251.98p. This represents an increase of 3.00% from the year end value.

# 7IM BALANCED FUND

## DISTRIBUTION TABLES

for the year ended 30 November 2020

### Interim - in pence per share

Group 1 - Shares purchased prior to 1 December 2019

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

	Net Revenue	Equalisation	Paid 31.07.20	Paid 31.07.19
<b>Class A Income<sup>1</sup></b>				
Group 1	–	–	–	0.9110
Group 2	–	–	–	0.9110
			<b>Allocated 31.07.20</b>	<b>Allocated 31.07.19</b>
<b>Class A Accumulation</b>				
Group 1	0.1824	–	0.1824	1.0875
Group 2	0.0195	0.1629	0.1824	1.0875
			<b>Allocated 31.07.20</b>	<b>Allocated 31.07.19</b>
<b>Class B Accumulation</b>				
Group 1	0.2958	–	0.2958	1.2453
Group 2	0.1094	0.1864	0.2958	1.2453
			<b>Allocated 31.07.20</b>	<b>Allocated 31.07.19</b>
<b>Class C Income</b>				
Group 1	0.3354	–	0.3354	1.1506
Group 2	0.1090	0.2264	0.3354	1.1506
			<b>Allocated 31.07.20</b>	<b>Allocated 31.07.19</b>
<b>Class C Accumulation</b>				
Group 1	0.4180	–	0.4180	1.4079
Group 2	0.1334	0.2846	0.4180	1.4079
			<b>Allocated 31.07.20</b>	<b>Allocated 31.07.19</b>
<b>Class D Income</b>				
Group 1	0.1523	–	0.1523	0.9101
Group 2	0.0195	0.1328	0.1523	0.9101
			<b>Allocated 31.07.20</b>	<b>Allocated 31.07.19</b>
<b>Class D Accumulation</b>				
Group 1	0.1825	–	0.1825	1.0812
Group 2	0.0387	0.1438	0.1825	1.0812

## 7IM BALANCED FUND

### DISTRIBUTION TABLES (continued) for the year ended 30 November 2020

	Net Revenue	Equalisation	Paid 31.07.20	Paid 31.07.19
<b>Class S Income</b>				
Group 1	0.2702	–	0.2702	0.8018
Group 2	0.1081	0.1621	0.2702	0.8018

	Net Revenue	Equalisation	Allocated 31.07.20	Allocated 31.07.19
<b>Class S Accumulation</b>				
Group 1	0.2956	–	0.2956	0.8798
Group 2	0.1847	0.1109	0.2956	0.8798

#### Final - in pence per share

Group 1 - Shares purchased prior to 1 June 2020

Group 2 - Shares purchased on or after 1 June 2020 and on or before 30 November 2020

	Net Revenue	Equalisation	Paid 31.01.21	Paid 31.01.20
<b>Class A Income<sup>1</sup></b>				
Group 1	–	–	–	2.1162
Group 2	–	–	–	2.1162

	Net Revenue	Equalisation	Allocated 31.01.21	Allocated 31.01.20
<b>Class A Accumulation</b>				
Group 1	1.7268	–	1.7268	2.5510
Group 2	0.9585	0.7683	1.7268	2.5510

	Net Revenue	Equalisation	Allocated 31.01.21	Allocated 31.01.20
<b>Class B Accumulation</b>				
Group 1	1.9094	–	1.9094	2.7185
Group 2	1.1911	0.7183	1.9094	2.7185

	Net Revenue	Equalisation	Paid 31.01.21	Paid 31.01.20
<b>Class C Income</b>				
Group 1	1.6832	–	1.6832	2.3792
Group 2	0.8581	0.8251	1.6832	2.3792

	Net Revenue	Equalisation	Allocated 31.01.21	Allocated 31.01.20
<b>Class C Accumulation</b>				
Group 1	2.1039	–	2.1039	2.9298
Group 2	1.1062	0.9977	2.1039	2.9298

## 7IM BALANCED FUND

### DISTRIBUTION TABLES (continued) for the year ended 30 November 2020

	Net Revenue	Equalisation	Paid 31.01.21	Paid 31.01.20
<b>Class D Income</b>				
Group 1	1.4357	–	1.4357	2.1490
Group 2	1.1149	0.3208	1.4357	2.1490
			<b>Allocated 31.01.21</b>	<b>Allocated 31.01.20</b>
<b>Class D Accumulation</b>				
Group 1	1.7289	–	1.7289	2.5353
Group 2	1.3466	0.3823	1.7289	2.5353
			<b>Paid 31.01.21</b>	<b>Paid 31.01.20</b>
<b>Class S Income</b>				
Group 1	1.1319	–	1.1319	1.5572
Group 2	0.5600	0.5719	1.1319	1.5572
			<b>Allocated 31.01.21</b>	<b>Allocated 31.01.20</b>
<b>Class S Accumulation</b>				
Group 1	1.2420	–	1.2420	1.6691
Group 2	0.6605	0.5815	1.2420	1.6691
			<b>Paid 31.01.21</b>	<b>Paid N/A</b>
<b>Class X Income<sup>2</sup></b>				
Group 1	0.7582	–	0.7582	–
Group 2	0.4012	0.3570	0.7582	–
			<b>Allocated 31.01.21</b>	<b>Allocated N/A</b>
<b>Class X Accumulation<sup>2</sup></b>				
Group 1	1.1343	–	1.1343	–
Group 2	0.6001	0.5342	1.1343	–

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

<sup>2</sup> No comparative figures shown as the share class launched 20 November 2020.

#### Equalisation

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

# 7IM MODERATELY ADVENTUROUS FUND

## ACD'S REPORT

for the year ended 30 November 2020

### Investment Objective and Policy

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

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

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

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

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

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

### Investment Manager's Report

#### Performance Report

In the reporting period, 1 December 2019 to 30 November 2020, the portfolio delivered a total return of 7.04%<sup>1</sup>.

#### Investment Background

The coronavirus that emerged in mid-January 2020 from the Chinese city of Wuhan caught the attention of global markets. Initial research suggested that the virus is less deadly than the SARS virus that hit China in 2003 but is markedly more contagious. Trying to untangle tabloid hyperbole from scientific facts was a near impossibility. Amongst this, the UK finally left the EU on 31 January 2020. Negotiations to reach a trade deal were to continue until the end of the calendar year.

February saw headlines dominated by the growing concern of coronavirus. Equity markets initially shrugged off the potential effects of the virus, with MSCI World up c. 6% from the start of February to the 20th. However, investors panicked towards the end of the month causing equities to experience some of the largest one-day down moves since 2011, and the largest one-week move since the financial crisis.

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

Investors enjoyed positive returns in April as both risky and defensive assets rebounded following the initial shock of a global shutdown in March. It is clear that governments around the world were conscious of the implications caused by lockdown on both economies and families. They started to discuss ways in which we can delicately move from a period of lockdown to a re-opening of businesses. The UK chose to extend its lockdown period until early May.

Equities continued their winning streak in May, following optimism over economies beginning to re-open. The US returned around 5%, with the Technology sector leading the way, and generating over 7% throughout the month. In fact, markets around the world were positive - with the UK, Japanese and European markets all gaining over 4%.

In June, we saw the government in England relax COVID-19 restrictions. This was a key development in the economy as it allowed businesses to start to plot a path back to normal. Asia was busy dealing with isolated second waves, while Europe was starting to open up, albeit cautiously.

In July, we saw a major shift in the UK Government's guidance with more encouragement for workers to return to the office. Central Bank stimulus set the stage for a sharp economic recovery towards the end of 2020 into the beginning of 2021. New cases continued to rise worldwide, and death rates fell due partly to a better understanding of the virus.

During August, there was a sense that the world was returning to normal and markets signalled confidence in the economy's recovery. Higher risk investments provided strong returns, while more defensive assets were negative over the period. Manufacturing and non-manufacturing data across the US, UK, Europe and China all showed promising signs of expansion.

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

## 71M MODERATELY ADVENTUROUS FUND

**ACD'S REPORT** (continued)  
for the year ended 30 November 2020

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

In September, more optimistic views on the outlook for risky assets were challenged by the political and media narrative of a second wave of COVID-19. However, outside of the UK, the US economy was starting to get going and unemployment was falling sharply, as the largest policy stimulus in history took effect. Chinese authorities were talking about whether the recovery was too strong and European manufacturers saw demand for goods rise strongly, although the tourism sector continued to struggle.

Equities were mixed throughout the month of October. Emerging Markets were positive, while the Developed World declined due to an increase in the number of COVID-19 cases. As the colder months begin to settle in to Europe, governments started to bring in further restrictions to help contain the spread of COVID-19. Despite this, many countries in Asia had the virus under control and continued to see economic recoveries take hold.

The US election kicked off November with Joe Biden's victory over Donald Trump. Markets responded well despite Trump's ongoing attempts to claim victory via the courts. Only days after the election, Pfizer-BioNTech announced trials of their COVID-19 vaccine had been highly effective, followed a week later by an identical announcement from Moderna. This fuelled a renewed sense of optimism, which pushed the S&P 500 to new all-time highs, and the Dow Jones Industrial Average made headlines for reaching 30,000.

Within the overall rally, the big story was the bounce back of cyclical stocks and sectors that were worst affected by the pandemic, while the large tech businesses lagged. Companies like Carnival Cruises and HSBC generated returns of around 50% and 25%, whereas Apple and Amazon were broadly flat or declined. European equities, which are more exposed to manufacturing, finance and exports, had one of the strongest months in history.

### **Portfolio Review**

At the very beginning of March, we reduced our exposure to broad equity markets as the chances of a longer slowdown in the global economy increased. Concerns mounted over the drastic measures governments were having to take to slow the spread of COVID-19, alongside the fall in oil price following an escalation in tensions between Saudi Arabia and Russia.

As well as reducing our equity exposure, we reduced our allocation to Emerging Market and High Yield bonds. This decision was motivated by the knowledge that the correlation between credit and equity increases during stressed periods, with credit becoming more risky. With significant exposure to Energy, Materials and Consumer sectors, it was also thought that both asset classes would struggle if consumer demand fell in response to widespread lockdowns.

European dividends futures were hit hard by COVID-19. Extremes in valuations together with technical supply/demand features of the market meant that the risk to capital on any reasonable maturity only occurred in a world where the COVID-19 crisis was deeper than the Global Financial Crisis of 2008, which we thought was a very low probability. On this basis, we added to our position, diversifying across the 2021 and 2022 maturities.

After some significant outperformance versus broad US equities, we took some profits on our Healthcare position in higher risk portfolios in the middle of March, reducing the overall size of the active position.

Going into April, we increased our allocation to Corporate bonds, funded from Global Government bonds. Despite an equity sell off that remained well inside the Global Financial Crisis, credit spreads were at levels not seen since that same period. Overall, this looked like an opportunity to rotate out of low-yielding Government bonds into higher yielding Corporates, taking advantage of elevated spreads despite policy support from central banks that reduced (already low) chances of default.

Portfolios reduced their exposure to broad equity markets at the end of April as we moved to a more neutral view versus our Strategic Asset Allocation (SAA). Although we recognised the benefits of the significant stimulus coming from central banks, this was counteracted by a negative view on the health of the economy. Together with a neutral view on manufacturing and equity valuations this meant that the overweight to equities in portfolios was removed.

As we went into the summer months, countries such as a China, South Korea and Taiwan showed it was possible to re-open an economy without causing large outbreaks. We wanted to take exposure to the domestic growth recovery in China – where industrial production and retail sales were quickly rebounding back to pre-crisis levels. Over half of the Asia High Yield index is exposed to China, which also pays a higher yield than the US equivalent but with better growth prospects and lower defaults.

At the end of June, we increased our allocation to 2022 and 2023 dividend futures versus European Equity. With the view that dividend payments should resume to a more normal outlook by 2022, there was a potential opportunity for the dividends to keep adding value over the equity market as we played the pull to par and monetised the overreaction in the pricing of the dividend market.

# 7IM MODERATELY ADVENTUROUS FUND

**ACD'S REPORT** (continued)  
for the year ended 30 November 2020

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

We increased our allocation to US Healthcare at the beginning of July after some significant underperformance versus the broad equity index. We felt that the investment case remained strong with the sector remaining particularly well placed to benefit from changing demographics and global trends in technology.

An allocation to European bank AT1 contingent convertible bonds ("AT1s") was made in July, funded through some of our Global High Yield bond allocation. While we see value in both asset classes, we believe AT1s are extremely well positioned to outperform High Yield due to their resilient fundamentals and attractive valuations.

Towards the end of July, portfolios were tilted towards a more pro-risk stance on the basis that the peak impact of the virus had passed, and that fears over a second wave were overdone. This meant an increase in our allocation to broad equities as well as the construction of a basket of positions that would benefit from a rapid (or "V plus") economic recovery.

In September, portfolios increased their pro-risk stance on the basis of increased confidence in a global economic recovery. This meant an increase in our allocation to equities, favouring cyclical non-US equity markets, as well as the addition of Emerging Market equities to our V plus basket.

Across portfolios, we increased our exposure to Sterling versus the US Dollar in mid-March after some significant Sterling weakness. Since our entry, the pound had rallied strongly and as we headed into the end of 2020, we saw an increased likelihood of volatility in both currencies as markets tried to price the outcome of the US election and the outcome of Brexit. Although Sterling remained undervalued, with no obvious catalyst for a reversion to mean over the medium term we took profit on the position at the start of September and returned to our long-term SAA neutral weight.

Despite some underperformance through the third quarter of 2020, the vaccine news in November led to a significant rally in European dividend futures. Following the rally, expectations of annualised returns for 2022 dividends were estimated to be in the low single digits due to the valuation cap that exists given the well-defined near term cash flows. With the view that this would likely act as something of a headwind versus traditional European equity exposure, the 2022 dividend position was removed from portfolios towards the end of November, being replaced with a broad European equity exposure.

## **Investment Outlook**

At 7IM, we have a number of long-term core views that help to guide our investment decisions and allocations within portfolios:

1. The recovery is already happening – The world has never seen as much coordinated stimulus as in the past five months. A V-shaped economic recovery is our base-case; with some areas like China already nearly back to normal. As the recovery continues, and turns into an expansion, we want to be exposed to it. Positive for credit and equity.
2. Our portfolios are positioned for the new economic cycle – Much of the first stage of the recovery rally has been concentrated in well-known technology – and understandably so, given their resilience to coronavirus, and their balance sheet strength. In a more conventional economic recovery, though, other parts of the market could start to rally too. Positive for lagging equity.
3. The virus won't derail this growth – Lockdowns are unlikely to be as severe.

Seven Investment Management LLP  
Investment Manager  
December 2020

## 7IM MODERATELY ADVENTUROUS FUND

### FUND INFORMATION

The Comparative Tables on pages 125 to 135 give the performance of each active share class in the Sub-fund.

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

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

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

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

# 7IM MODERATELY ADVENTUROUS FUND

## FUND INFORMATION (continued)

### Comparative Tables

#### Class A Income

	30.11.20 (pence per share)	30.11.19 (pence per share)	30.11.18 (pence per share)
<b>Change in Net Asset Value Per Share</b>			
Opening net asset value per share	234.69	223.48	232.81
Return before operating charges*	19.90	17.44	(4.17)
Operating charges (calculated on average price)	(4.42)	(4.54)	(4.54)
Return after operating charges*	15.48	12.90	(8.71)
Distributions on income shares	(0.36)	(1.69)	(0.62)
Closing net asset value per share	249.81	234.69	223.48
* After direct transaction costs of: <sup>1</sup>	0.01	0.07	0.08

#### Performance

Return after charges <sup>2</sup>	6.60%	5.77%	(3.74)%
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#### Other Information

Closing net asset value (£'000)	5	5	30
Closing number of shares	2,148	2,181	13,441
Operating charges <sup>3</sup>	1.92%	2.00%	1.94%
Direct transaction costs	0.00%	0.03%	0.03%

#### Prices

Highest share price	250.24	238.59	240.87
Lowest share price	185.99	211.80	220.92

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

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

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

# 7IM MODERATELY ADVENTUROUS FUND

## FUND INFORMATION (continued)

### Comparative Tables (continued)

#### Class A Accumulation

	30.11.20 (pence per share)	30.11.19 (pence per share)	30.11.18 (pence per share)
<b>Change in Net Asset Value Per Share</b>			
Opening net asset value per share	246.47	233.02	242.08
Return before operating charges*	20.92	18.24	(4.34)
Operating charges (calculated on average price)	(4.64)	(4.79)	(4.72)
Return after operating charges*	16.28	13.45	(9.06)
Distributions	(0.24)	(1.76)	(0.63)
Retained distributions on accumulation shares	0.24	1.76	0.63
Closing net asset value per share	262.75	246.47	233.02
* After direct transaction costs of: <sup>1</sup>	0.01	0.08	0.08

#### Performance

Return after charges <sup>2</sup>	6.61%	5.77%	(3.74)%
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#### Other Information

Closing net asset value (£'000)	850	952	1,354
Closing number of shares	323,630	386,330	581,033
Operating charges <sup>3</sup>	1.92%	2.00%	1.94%
Direct transaction costs	0.00%	0.03%	0.03%

#### Prices

Highest share price	262.84	249.17	250.47
Lowest share price	195.34	220.86	229.71

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

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

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

# 7IM MODERATELY ADVENTUROUS FUND

## FUND INFORMATION (continued)

### Comparative Tables (continued)

#### Class B Accumulation

	30.11.20 (pence per share)	30.11.19 (pence per share)	30.11.18 (pence per share)
<b>Change in Net Asset Value Per Share</b>			
Opening net asset value per share	256.50	241.89	250.67
Return before operating charges*	21.68	18.97	(4.52)
Operating charges (calculated on average price)	(4.20)	(4.36)	(4.26)
Return after operating charges*	17.48	14.61	(8.78)
Distributions	(0.83)	(2.53)	(1.29)
Retained distributions on accumulation shares	0.83	2.53	1.29
Closing net asset value per share	273.98	256.50	241.89
* After direct transaction costs of: <sup>1</sup>	0.01	0.08	0.09

#### Performance

Return after charges <sup>2</sup>	6.81%	6.04%	(3.50)%
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#### Other Information

Closing net asset value (£'000)	16,229	18,962	21,293
Closing number of shares	5,923,597	7,392,463	8,803,075
Operating charges <sup>3</sup>	1.67%	1.75%	1.69%
Direct transaction costs	0.00%	0.03%	0.03%

#### Prices

Highest share price	274.07	259.10	259.45
Lowest share price	203.44	229.31	238.45

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

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

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

# 7IM MODERATELY ADVENTUROUS FUND

## FUND INFORMATION (continued)

### Comparative Tables (continued)

#### Class C Income

	30.11.20 (pence per share)	30.11.19 (pence per share)	30.11.18 (pence per share)
<b>Change in Net Asset Value Per Share</b>			
Opening net asset value per share	236.76	225.64	235.08
Return before operating charges*	19.95	17.68	(4.23)
Operating charges (calculated on average price)	(3.31)	(3.49)	(3.41)
Return after operating charges*	16.64	14.19	(7.64)
Distributions on income shares	(1.30)	(3.07)	(1.80)
Closing net asset value per share	252.10	236.76	225.64
* After direct transaction costs of: <sup>1</sup>	0.01	0.07	0.08

#### Performance

Return after charges <sup>2</sup>	7.03%	6.29%	(3.25)%
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#### Other Information

Closing net asset value (£'000)	40,875	36,580	40,609
Closing number of shares	16,213,802	15,449,721	17,997,407
Operating charges <sup>3</sup>	1.42%	1.50%	1.44%
Direct transaction costs	0.00%	0.03%	0.03%

#### Prices

Highest share price	253.48	241.34	243.40
Lowest share price	187.93	213.93	223.65

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

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

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

# 7IM MODERATELY ADVENTUROUS FUND

## FUND INFORMATION (continued)

### Comparative Tables (continued)

#### Class C Accumulation

	30.11.20 (pence per share)	30.11.19 (pence per share)	30.11.18 (pence per share)
<b>Change in Net Asset Value Per Share</b>			
Opening net asset value per share	266.77	250.94	259.41
Return before operating charges*	22.46	19.71	(4.71)
Operating charges (calculated on average price)	(3.73)	(3.88)	(3.76)
Return after operating charges*	18.73	15.83	(8.47)
Distributions	(1.48)	(3.42)	(1.99)
Retained distributions on accumulation shares	1.48	3.42	1.99
Closing net asset value per share	285.50	266.77	250.94
* After direct transaction costs of: <sup>1</sup>	0.01	0.08	0.09

#### Performance

Return after charges <sup>2</sup>	7.02%	6.31%	(3.27)%
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#### Other Information

Closing net asset value (£'000)	328,777	247,007	282,854
Closing number of shares	115,156,744	92,592,735	112,716,311
Operating charges <sup>3</sup>	1.42%	1.50%	1.44%
Direct transaction costs	0.00%	0.03%	0.03%

#### Prices

Highest share price	285.60	269.25	268.59
Lowest share price	211.75	237.94	247.37

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

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

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

# 7IM MODERATELY ADVENTUROUS FUND

## FUND INFORMATION (continued)

### Comparative Tables (continued)

#### Class D Income

	30.11.20 (pence per share)	30.11.19 (pence per share)	30.11.18 (pence per share)
<b>Change in Net Asset Value Per Share</b>			
Opening net asset value per share	235.06	223.83	233.16
Return before operating charges*	19.96	17.52	(4.18)
Operating charges (calculated on average price)	(4.43)	(4.60)	(4.55)
Return after operating charges*	15.53	12.92	(8.73)
Distributions on income shares	(0.29)	(1.69)	(0.60)
Closing net asset value per share	250.30	235.06	223.83
* After direct transaction costs of: <sup>1</sup>	0.01	0.07	0.08

#### Performance

Return after charges <sup>2</sup>	6.61%	5.77%	(3.74)%
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#### Other Information

Closing net asset value (£'000)	300	320	378
Closing number of shares	119,702	136,132	168,693
Operating charges <sup>3</sup>	1.92%	2.00%	1.94%
Direct transaction costs	0.00%	0.03%	0.03%

#### Prices

Highest share price	250.68	239.19	241.24
Lowest share price	186.29	212.13	221.25

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

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

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

# 7IM MODERATELY ADVENTUROUS FUND

## FUND INFORMATION (continued)

### Comparative Tables (continued)

#### Class D Accumulation

	30.11.20 (pence per share)	30.11.19 (pence per share)	30.11.18 (pence per share)
<b>Change in Net Asset Value Per Share</b>			
Opening net asset value per share	246.64	233.17	242.24
Return before operating charges*	20.93	18.27	(4.35)
Operating charges (calculated on average price)	(4.65)	(4.80)	(4.72)
Return after operating charges*	16.28	13.47	(9.07)
Distributions	(0.34)	(1.77)	(0.63)
Retained distributions on accumulation shares	0.34	1.77	0.63
Closing net asset value per share	262.92	246.64	233.17
* After direct transaction costs of: <sup>1</sup>	0.01	0.08	0.08

#### Performance

Return after charges <sup>2</sup>	6.60%	5.78%	(3.74)%
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#### Other Information

Closing net asset value (£'000)	8,381	8,940	11,823
Closing number of shares	3,187,651	3,624,748	5,070,400
Operating charges <sup>3</sup>	1.92%	2.00%	1.94%
Direct transaction costs	0.00%	0.03%	0.03%

#### Prices

Highest share price	263.01	249.35	250.63
Lowest share price	195.47	221.01	229.87

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

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

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

# 7IM MODERATELY ADVENTUROUS FUND

## FUND INFORMATION (continued)

### Comparative Tables (continued)

#### Class S Income

	30.11.20 (pence per share)	30.11.19 (pence per share)	30.11.18 (pence per share)
<b>Change in Net Asset Value Per Share</b>			
Opening net asset value per share	128.04	121.98	127.09
Return before operating charges*	10.74	9.56	(2.29)
Operating charges (calculated on average price)	(1.48)	(1.55)	(1.52)
Return after operating charges*	9.26	8.01	(3.81)
Distributions on income shares	(0.94)	(1.95)	(1.30)
Closing net asset value per share	136.36	128.04	121.98
* After direct transaction costs of: <sup>1</sup>	0.00	0.04	0.04

#### Performance

Return after charges <sup>2</sup>	7.23%	6.57%	(3.00)%
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#### Other Information

Closing net asset value (£'000)	1,604	735	3,171
Closing number of shares	1,176,185	574,316	2,599,881
Operating charges <sup>3</sup>	1.17%	1.25%	1.19%
Direct transaction costs	0.00%	0.03%	0.03%

#### Prices

Highest share price	137.23	130.53	131.64
Lowest share price	101.71	115.67	121.05

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

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

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

# 7IM MODERATELY ADVENTUROUS FUND

## FUND INFORMATION (continued)

### Comparative Tables (continued)

#### Class S Accumulation

	30.11.20 (pence per share)	30.11.19 (pence per share)	30.11.18 (pence per share)
<b>Change in Net Asset Value Per Share</b>			
Opening net asset value per share	136.93	128.48	132.49
Return before operating charges*	11.50	10.11	(2.42)
Operating charges (calculated on average price)	(1.58)	(1.66)	(1.59)
Return after operating charges*	9.92	8.45	(4.01)
Distributions	(1.01)	(2.13)	(1.35)
Retained distributions on accumulation shares	1.01	2.13	1.35
Closing net asset value per share	146.85	136.93	128.48
* After direct transaction costs of: <sup>1</sup>	0.00	0.04	0.05

#### Performance

Return after charges <sup>2</sup>	7.24%	6.58%	(3.03)%
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#### Other Information

Closing net asset value (£'000)	43,652	47,393	53,669
Closing number of shares	29,726,496	34,611,403	41,771,079
Operating charges <sup>3</sup>	1.17%	1.25%	1.19%
Direct transaction costs	0.00%	0.03%	0.03%

#### Prices

Highest share price	146.89	138.09	137.39
Lowest share price	108.77	121.85	126.65

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

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

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

# 7IM MODERATELY ADVENTUROUS FUND

## FUND INFORMATION (continued)

### Comparative Tables (continued)

#### Class X Income

	<b>30.11.20<sup>1</sup></b> <b>(pence</b> <b>per share)</b>
<b>Change in Net Asset Value Per Share</b>	
Opening net asset value per share	212.44
Return before operating charges*	1.63
Operating charges (calculated on average price)	(0.05)
Return after operating charges*	1.58
Distributions on income shares	(1.15)
Closing net asset value per share	212.87
* After direct transaction costs of: <sup>2</sup>	0.01

#### Performance

Return after charges <sup>3</sup>	0.74%
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#### Other Information

Closing net asset value (£'000)	7,313
Closing number of shares	3,435,499
Operating charges <sup>4</sup>	0.77%
Direct transaction costs	0.00%

#### Prices

Highest share price	214.11
Lowest share price	212.44

<sup>1</sup> The share class launched on 20 November 2020.

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

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

<sup>4</sup> Operating charges, otherwise known as the OCF is the ratio of the Sub-fund's total disclosable costs (excluding securities lending fees and overdraft interest) to the average net assets of the Sub-fund. The OCF is intended to provide a reliable figure which gives the most accurate measure of what it costs to invest in a Sub-fund and is calculated based on the last period's figures. Included within the OCF are synthetic costs which includes the OCF of the underlying funds weighted on the basis of their investment proportion. A detailed breakdown of the OCF per share class is shown on page 136.

# 7IM MODERATELY ADVENTUROUS FUND

## FUND INFORMATION (continued)

### Comparative Tables (continued)

#### Class X Accumulation

	<b>30.11.20<sup>1</sup></b> <b>(pence</b> <b>per share)</b>
<b>Change in Net Asset Value Per Share</b>	
Opening net asset value per share	238.75
Return before operating charges*	1.86
Operating charges (calculated on average price)	(0.05)
Return after operating charges*	1.81
Distributions	(1.34)
Retained distributions on accumulation shares	1.34
Closing net asset value per share	240.56
* After direct transaction costs of: <sup>2</sup>	0.01

#### Performance

Return after charges <sup>3</sup>	0.76%
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#### Other Information

Closing net asset value (£'000)	2,238
Closing number of shares	930,315
Operating charges <sup>4</sup>	0.77%
Direct transaction costs	0.00%

#### Prices

Highest share price	240.64
Lowest share price	238.75

<sup>1</sup> The share class launched on 20 November 2020.

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

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

<sup>4</sup> Operating charges, otherwise known as the OCF is the ratio of the Sub-fund's total disclosable costs (excluding securities lending fees and overdraft interest) to the average net assets of the Sub-fund. The OCF is intended to provide a reliable figure which gives the most accurate measure of what it costs to invest in a Sub-fund and is calculated based on the last period's figures. Included within the OCF are synthetic costs which includes the OCF of the underlying funds weighted on the basis of their investment proportion. A detailed breakdown of the OCF per share class is shown on page 136.

## 7IM MODERATELY ADVENTUROUS FUND

### FUND INFORMATION (continued)

#### Ongoing Charges Figures

As at 30 November 2020

	<b>Class A</b>	<b>Class B</b>	<b>Class C</b>	<b>Class D</b>	<b>Class S</b>	<b>Class X<sup>1</sup></b>
ACD's periodic charge	1.40%	1.15%	0.90%	1.40%	0.65%	0.25%
Other expenses	0.06%	0.06%	0.06%	0.06%	0.06%	0.06%
	1.46%	1.21%	0.96%	1.46%	0.71%	0.31%
Collective investment scheme costs	0.46%	0.46%	0.46%	0.46%	0.46%	0.46%
Ongoing Charges Figure	1.92%	1.67%	1.42%	1.92%	1.17%	0.77%

As at 30 November 2019

	<b>Class A</b>	<b>Class B</b>	<b>Class C</b>	<b>Class D</b>	<b>Class S</b>
ACD's periodic charge	1.40%	1.15%	0.90%	1.40%	0.65%
Other expenses	0.05%	0.05%	0.05%	0.05%	0.05%
	1.45%	1.20%	0.95%	1.45%	0.70%
Collective investment scheme costs	0.55%	0.55%	0.55%	0.55%	0.55%
Ongoing Charges Figure	2.00%	1.75%	1.50%	2.00%	1.25%

<sup>1</sup> The Share class launched on 20 November 2020.

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

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

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

# 7IM MODERATELY ADVENTUROUS FUND

## FUND INFORMATION (continued)

### Synthetic Risk and Reward Indicator

#### Synthetic Risk and Reward Indicator



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

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

The risk and reward indicator shown above is as at the date of publication of the annual report and financial statements, the risk and reward indicator as at the year end date 30 November 2020 was five.

#### Fund performance to 30 November 2020 (%)

	1 year	3 years	5 years
7IM Moderately Adventurous Fund <sup>1</sup>	7.04	9.94	32.40

<sup>1</sup> Source: Bloomberg

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

Details of the distributions per share for the year are shown in the Distribution Tables on pages 155 to 157.

# 7IM MODERATELY ADVENTUROUS FUND

## PORTFOLIO STATEMENT

as at 30 November 2020

Holding	Portfolio of Investment	Value £	30.11.20 %
	<b>ALTERNATIVES 11.96% (7.93%)</b>		
	<b>Alternative Strategies 5.59% (5.24%)</b>		
154,383	AQR - Managed Futures UCITS Fund <sup>1</sup>	11,768,736	2.62
62,616	BlackRock Strategic Funds - Global Event Driven Fund <sup>1</sup>	7,254,041	1.61
6,800,000	BNP Paribas Issuance 0.00% 2024 <sup>2</sup>	6,138,863	1.36
2,460,508	Dexion Absolute EUR <sup>3</sup>	–	–
		<b>25,161,640</b>	<b>5.59</b>
	<b>Real Estate 6.37% (2.69%)</b>		
13,688,801	iShares Global Property Securities Index <sup>1</sup>	<b>28,678,037</b>	<b>6.37</b>
	<b>DEBT SECURITIES 12.36% (39.29%)</b>		
	<b>Convertible Bonds 0.00% (1.99%)</b>		
	<b>Emerging Market Bonds 6.36% (7.94%)</b>		
116,199	Barings Emerging Markets Debt Blended Total Return <sup>1</sup>	13,249,108	2.94
196,005	UBS Lux Bond SICAV - Asian High Yield <sup>1</sup>	15,371,646	3.42
		<b>28,620,754</b>	<b>6.36</b>
	<b>Gilts 0.00% (4.33%)</b>		
	<b>Global Corporate Bonds 0.00% (3.48%)</b>		
	<b>Global Government Bonds 0.00% (2.91%)</b>		
4	HSBC Global Funds ICAV - Global Government Bond Index Fund <sup>1</sup>	<b>35</b>	<b>–</b>
	<b>Global High Yield Bonds 4.21% (2.43%)</b>		
163,612	BlueBay Financial Capital Bond <sup>1</sup>	<b>18,977,299</b>	<b>4.21</b>
	<b>Global Inflation Linked Bonds 0.00% (2.50%)</b>		
	<b>Short Term Sterling Bonds 1.79% (9.87%)</b>		
£810,000	Bank Nederlandse Gemeenten 1.00% 2022	818,925	0.18
£1,050,000	Barclays Bank 4.25% 2022	1,097,124	0.24
£1,000,000	Cooperatieve Rabobank UA 4.00% 2022	1,064,860	0.24
£1,000,000	Dexia Credit Local 1.375% 2022	1,023,219	0.23
£800,000	European Investment Bank 0.875% 2021	801,915	0.18
£825,000	International Bank for Reconstruction & Development 0.375% 2021	826,485	0.18
£1,000,000	National Australia Bank 1.125% 2021	1,008,554	0.22
£400,000	Royal Bank of Canada FRN 2021	399,960	0.09
£1,000,000	Transport for London 2.25% 2022	1,030,399	0.23
		<b>8,071,441</b>	<b>1.79</b>
	<b>Sterling Corporate Bonds 0.00% (3.84%)</b>		

# 7IM MODERATELY ADVENTUROUS FUND

## PORTFOLIO STATEMENT (continued)

as at 30 November 2020

Holding	Portfolio of Investment	Value £	30.11.20 %
	<b>EQUITY 75.08% (50.08%)</b>		
	<b>Asia &amp; Emerging Markets 9.45% (6.30%)</b>		
96,473	RWC Global Emerging Markets <sup>1</sup>	22,323,827	4.96
723,774	Schroder ISF Asian Opportunities <sup>1</sup>	20,225,778	4.49
		<b>42,549,605</b>	<b>9.45</b>
	<b>Europe (ex UK) 9.43% (8.17%)</b>		
821	Euro Stoxx 50 Equity Index Futures December 2023 <sup>4</sup>	618,949	0.14
20,181,173	LF Lightman European Fund I Accumulation <sup>1</sup>	21,898,591	4.86
153	MSCI Europe ex-UK Index Futures December 2020 <sup>4</sup>	26,823	–
7,225,732	Premier Miton European Opportunities <sup>1</sup>	19,928,005	4.43
		<b>42,472,368</b>	<b>9.43</b>
	<b>Frontier Markets Equity 0.00% (3.08%)</b>		
	<b>Global Themes 0.00% (3.34%)</b>		
	<b>Japan 10.49% (6.78%)</b>		
1,781,651	Japanese Equities Fund <sup>1</sup>	24,089,169	5.35
2,244,844	Skyline Umbrella Fund ICAV - Usonian Japan Value Fund <sup>1</sup>	23,115,158	5.14
		<b>47,204,327</b>	<b>10.49</b>
	<b>North America 24.52% (4.93%)</b>		
265,493	AB SICAV I - International Health Care Portfolio <sup>1</sup>	30,826,343	6.85
1,289,239	Amundi Asset Management S&P 500 UCITS ETF <sup>1</sup>	64,926,076	14.42
84,515	Berkshire Hathaway	14,654,623	3.25
56	US Ultra Treasury Bond Index Futures March 2021 <sup>4</sup>	(14,414)	–
		<b>110,392,628</b>	<b>24.52</b>
	<b>United Kingdom 21.19% (17.48%)</b>		
16,711,994	Majedie UK Focus <sup>1</sup>	33,762,021	7.50
23,970,756	Ninety One Funds Series i <sup>1</sup>	26,233,594	5.83
474,195	Ninety One Global Strategy Fund - UK Alpha Fund <sup>1</sup>	12,025,598	2.67
4,892,746	Threadneedle UK Extended Alpha Fund <sup>1</sup>	23,371,667	5.19
		<b>95,392,880</b>	<b>21.19</b>
	<b>PRIVATE EQUITY 0.00% (1.02%)</b>		
	<b>FORWARD CURRENCY CONTRACTS 0.75% (0.05%)</b>		
€374,548	Vs £(418,799) Expiry 08.12.2020	(1,323)	–
€2,074,000	Vs £(1,875,757) Expiry 16.04.2021	(10,009)	–
€3,763,000	Vs £(3,403,314) Expiry 16.04.2021	(18,160)	–
¥(383,600,000)	Vs £2,783,472 Expiry 21.05.2021	18,569	–
¥(258,000,000)	Vs £1,872,095 Expiry 21.05.2021	12,489	–
US\$(497,747)	Vs £660,225 Expiry 16.12.2020	(3,400)	–
US\$(38,011,000)	Vs £30,297,185 Expiry 15.01.2021	1,854,952	0.41
US\$(18,558,000)	Vs £14,791,907 Expiry 15.01.2021	905,638	0.20
US\$(13,494,000)	Vs £10,315,291 Expiry 15.01.2021	218,227	0.05
US\$(13,326,000)	Vs £10,150,080 Expiry 15.01.2021	178,725	0.04

## 7IM MODERATELY ADVENTUROUS FUND

### PORTFOLIO STATEMENT (continued) as at 30 November 2020

Holding	Portfolio of Investment	Value £	30.11.20 %
<b>FORWARD CURRENCY CONTRACTS (continued)</b>			
US\$(15,803,000)	Vs £11,949,158 Expiry 15.01.2021	124,354	0.03
US\$(7,174,000)	Vs £5,484,060 Expiry 15.01.2021	116,019	0.03
US\$(7,084,000)	Vs £5,395,705 Expiry 15.01.2021	95,009	0.02
US\$(8,559,000)	Vs £6,471,736 Expiry 15.01.2021	67,351	0.01
US\$505,146	Vs £(670,733) Expiry 08.12.2020	2,931	–
US\$6,000,000	Vs £(4,521,784) Expiry 15.01.2021	(32,204)	(0.01)
US\$4,700,000	Vs £(3,653,081) Expiry 15.01.2021	(136,245)	(0.03)
		<b>3,392,923</b>	<b>0.75</b>
	<b>Portfolio of investment<sup>5</sup></b>	<b>450,913,937</b>	<b>100.15</b>
	Net other liabilities <sup>5,6</sup>	(689,638)	(0.15)
	<b>Net assets</b>	<b>450,224,299</b>	<b>100.00</b>

Comparative figures shown in brackets relate to 30 November 2019.

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

<sup>1</sup> Collective investment scheme

<sup>2</sup> Structured product

<sup>3</sup> Delisted security

<sup>4</sup> Derivative contract

<sup>5</sup> Prior year percentage of Portfolio of investments and Net other assets have been restated to show the liquidity funds as Cash equivalents in the Balance Sheet of the Sub-fund.

<sup>6</sup> Includes shares in the Northern Trust Global Sterling Fund to the value of £3,777,000 which is shown as a Cash equivalents in the Balance Sheet of the Sub-fund.

Credit Quality	30.11.20 %	30.11.19 %
Investment grade debt securities	1.79	23.22
Non-rated debt securities	1.36	2.27
Other investments	97.60	74.94
Net other liabilities	(0.75)	(0.43)
	<b>100.00</b>	<b>100.00</b>

## 7IM MODERATELY ADVENTUROUS FUND

### STATEMENT OF TOTAL RETURN

for the year ended 30 November 2020

	Notes	£	30.11.20 £	£	30.11.19 £
Income					
Net capital gains	4		18,579,155		19,620,417
Revenue	5	5,803,158		8,343,179	
Expenses	6	(3,066,097)		(3,686,642)	
Interest payable and similar charges	8	(58,839)		(82,460)	
Net revenue before taxation for the year		2,678,222		4,574,077	
Taxation	7	(685,097)		(77,237)	
Net revenue after taxation for the year			1,993,125		4,496,840
<b>Total return before distributions</b>			20,572,280		24,117,257
Distributions	8		(2,383,975)		(4,947,209)
<b>Change in net assets attributable to shareholders from investment activities</b>			18,188,305		19,170,048

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

for the year ended 30 November 2020

	£	30.11.20 £	£	30.11.19 £
<b>Opening net assets attributable to shareholders</b>		360,893,517		415,180,894
Amounts received on creation of shares <sup>1</sup>	30,276,339		44,811,250	
Amounts receivable on in-specie transactions	142,916,704		–	
Amounts paid on cancellation of shares <sup>1</sup>	(104,131,126)		(122,547,803)	
		69,061,917		(77,736,553)
Change in net assets attributable to shareholders from investment activities		18,188,305		19,170,048
Retained distribution on accumulation shares		2,080,560		4,279,128
<b>Closing net assets attributable to shareholders</b>		450,224,299		360,893,517

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

The notes on pages 143 to 154 are an integral part of these Financial Statements.

# 7IM MODERATELY ADVENTUROUS FUND

## BALANCE SHEET

as at 30 November 2020

	Notes	30.11.20 £	30.11.19 £
<b>ASSETS</b>			
Fixed assets:			
Investments <sup>1</sup>		451,129,692	359,013,987
Current assets:			
Debtors	9	1,417,811	6,537,662
Cash and bank balances	10	4,944,675	3,219,925
Cash equivalents <sup>1</sup>	10	3,777,000	7,437,000
<b>Total assets</b>		<b>461,269,178</b>	<b>376,208,574</b>
<b>LIABILITIES</b>			
Investment liabilities			
		(215,755)	(4,002,822)
Creditors:			
Bank overdrafts	10	(3,426,528)	(5,165,009)
Distribution payable		(259,613)	(372,155)
Other creditors	11	(7,142,983)	(5,775,071)
<b>Total liabilities</b>		<b>(11,044,879)</b>	<b>(15,315,057)</b>
<b>Net assets attributable to shareholders</b>		<b>450,224,299</b>	<b>360,893,517</b>

<sup>1</sup> Prior year amounts of Investments and Cash equivalents have been restated to include liquidity funds held by the Sub-fund.

The notes on pages 143 to 154 are an integral part of these Financial Statements.

# 7IM MODERATELY ADVENTUROUS FUND

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 November 2020

### 1 Statement of Compliance

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

### 2 Summary of Significant Accounting Policies

The Sub-fund's Financial Statements have been prepared on the same basis as the Summary of Significant Accounting Policies disclosed on pages 10 to 13.

### 3 Risk Management Policies

The Sub-fund's Risk Management Policies are the same as the Risk Management Policies disclosed on pages 13 to 15.

### 4 Net capital gains

	<b>30.11.20</b>	<b>30.11.19</b>
	£	£
The net capital gains during the year comprise:		
Non-derivative securities	13,658,685	19,396,271
Derivative contracts	4,211,251	2,207,393
Forward currency contracts	2,110,097	(1,892,883)
Currency losses	(1,437,567)	(168,959)
Transaction charges	(44,386)	(16,025)
AMC rebates from underlying investments	81,075	94,620
Net capital gains	<u>18,579,155</u>	<u>19,620,417</u>

### 5 Revenue

	<b>30.11.20</b>	<b>30.11.19</b>
	£	£
Non-taxable dividends	1,701,379	5,080,514
Taxable dividends	3,592,451	2,214,904
Unfranked interest	409,301	861,416
AMC rebates from underlying investments	85,641	106,816
Bank interest	5,003	62,252
Stock lending revenue <sup>1</sup>	9,383	17,277
Total revenue	<u>5,803,158</u>	<u>8,343,179</u>

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

# 7IM MODERATELY ADVENTUROUS FUND

## NOTES TO THE FINANCIAL STATEMENTS (continued) for the year ended 30 November 2020

### 6 Expenses

	30.11.20 £	30.11.19 £
Payable to the ACD, associates of the ACD and agents of either of them:		
ACD's periodic charge	2,914,466	3,488,947
Other expenses	7,796	8,030
	<u>2,922,262</u>	<u>3,496,977</u>
Payable to the Depositary, associates of the Depositary and agents of either of them:		
Depositary's fees	44,375	53,593
Market risk fees	3,661	6,000
Safe custody and other bank charges	23,602	32,904
	<u>71,638</u>	<u>92,497</u>
Other Expenses:		
Advisory fees	2,829	31,838
Audit fee <sup>1</sup>	9,616	9,000
Dealing and exchange fees	16,053	16,179
FCA and other Regulatory fees	215	212
Legal and professional fees	394	4,335
Market data fees	4,103	–
Printing, postage and distribution costs	32,038	29,454
Risk analysis fees	6,949	6,150
	<u>72,197</u>	<u>97,168</u>
Total expenses	<u>3,066,097</u>	<u>3,686,642</u>

<sup>1</sup> The Audit fee is inclusive of 20% VAT and 2.50% support cost.

## 7IM MODERATELY ADVENTUROUS FUND

### NOTES TO THE FINANCIAL STATEMENTS (continued) for the year ended 30 November 2020

#### 7 Taxation

	30.11.20 £	30.11.19 £
<i>a) Analysis of charge for the year</i>		
Corporation tax at 20%	535,575	–
Overseas tax	108,434	77,237
Irrecoverable CIS income tax	41,088	–
	<hr/>	<hr/>
Current tax charge (note 7b)	685,097	77,237
	<hr/>	<hr/>
Total taxation	685,097	77,237
<i>b) Factors affecting current tax charge for the year</i>		
The tax assessed for the year differs from the standard rate of corporation tax in the UK for an authorised fund (20%) (2019: 20%) for the reasons explained below.		
Net revenue before taxation	2,678,222	4,574,077
	<hr/>	<hr/>
Corporation tax at 20%	535,644	914,815
Effects of:		
AMC rebates taken to capital	16,215	18,924
Franked CIS revenue	(189,408)	(310,053)
Franked REIT income	–	(88)
Indexed gilt edged securities adjustment	(1,905)	–
Irrecoverable CIS income tax w/off	41,088	–
Movement in revenue accruals	–	10,078
Non-taxable dividends	7	(208,499)
Non-taxable overseas dividends	(13,250)	(193,829)
Offshore CIS revenue	(130,296)	(314,085)
Overseas tax	108,434	77,237
Tax effect on non-reporting offshore funds	374,884	–
Tax effect on offshore funds	–	429,535
Tax on stock dividends	–	(1,049)
Unutilised excess management expenses	(56,316)	(345,749)
	<hr/>	<hr/>
Current tax charge (note 7a)	685,097	77,237

#### *c) Deferred tax*

There is no deferred tax provision in the current year (2019: none).

At the year end, there is no potential deferred tax asset (2019: £56,316).

## 7IM MODERATELY ADVENTUROUS FUND

### NOTES TO THE FINANCIAL STATEMENTS (continued) for the year ended 30 November 2020

#### 8 Distributions

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

	<b>30.11.20</b>	<b>30.11.19</b>
	£	£
Interim	38,627	1,232,482
Final	2,301,946	3,544,721
	<u>2,340,573</u>	<u>4,777,203</u>
Add: Revenue deducted on cancellation of shares	47,901	254,715
Deduct: Revenue received on issue of shares	(2,690)	(84,709)
Deduct: Revenue received on in-specie transactions	(1,809)	–
Net distributions for the year	<u>2,383,975</u>	<u>4,947,209</u>
Interest payable and similar charges	58,839	82,460
Total distribution	<u>2,442,814</u>	<u>5,029,669</u>

Details of the distributions per share are set out in the table on pages 155 to 157.

Distributions represented by:		
Net revenue after taxation	1,993,125	4,496,840
Allocations to capital:		
Capitalised expenses, net of tax relief <sup>1</sup>	16,215	448,459
Equalisation on conversions <sup>2</sup>	(228)	1,834
Net movement in revenue account	(21)	76
Tax relief on Non Reporting Offshore Funds	374,884	–
Net distributions for the year	<u>2,383,975</u>	<u>4,947,209</u>

<sup>1</sup> Please refer to Note 2(i) Distributions policy on page 11 for further details.

<sup>2</sup> Where an investor converts to a class with a higher income yield, the investor will pay or receive an equalisation as if they had held the new class throughout the period from the last distribution to the conversion date. The yield differential at the point of conversion is an equalisation which will be offset by capital erosion for the converted investor.

#### 9 Debtors

	<b>30.11.20</b>	<b>30.11.19</b>
	£	£
Amounts receivable for issue of shares	268,300	205,325
Sales awaiting settlement	291,412	5,411,891
Accrued revenue	360,081	682,644
Income tax recoverable	36,104	16,011
AMC rebates from underlying investments	152,812	104,436
Withholding tax recoverable	13,253	117,355
Receivable from merger	295,849	–
Total debtors	<u>1,417,811</u>	<u>6,537,662</u>

# 7IM MODERATELY ADVENTUROUS FUND

## NOTES TO THE FINANCIAL STATEMENTS (continued) for the year ended 30 November 2020

### 10 Cash and bank balances

	30.11.20	30.11.19
	£	£
Cash and bank balances	3,444,472	3,172,722
Cash held at clearing houses	1,500,203	47,203
Cash equivalents <sup>1</sup>	3,777,000	7,437,000
Total cash and bank balances	<u>8,721,675</u>	<u>10,656,925</u>
Bank overdrafts	(3,417,090)	(3,086,154)
Cash overdraft at clearing houses	(9,438)	(2,078,855)
Total bank overdrafts	<u>(3,426,528)</u>	<u>(5,165,009)</u>

<sup>1</sup> Prior year amount of Cash equivalents has been restated to include liquidity funds held by the Sub-fund.

### 11 Other Creditors

	30.11.20	30.11.19
	£	£
Amounts payable for cancellation of shares	6,305,169	1,415,932
Purchases awaiting settlement	–	4,000,000
Accrued expenses	302,239	359,139
Corporation tax payable	535,575	–
Total other creditors	<u>7,142,983</u>	<u>5,775,071</u>

### 12 Related party transactions

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

The aggregate monies received by the ACD through the issue of shares and paid on cancellation of shares are disclosed in the Statement of Change in Net Assets Attributable to Shareholders on page 141.

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

Pershing Nominees Limited 34.58% (2019: 57.68%)

The net value of creations and cancellations for Pershing Nominees Limited during the year totalled £106,723,326 (2019: (£21,765,708)).

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

### 13 Classes of Shares

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

Class A	1.40%
Class B	1.15%
Class C	0.90%
Class D	1.40%
Class S	0.65%
Class X	0.25%

## 7IM MODERATELY ADVENTUROUS FUND

### NOTES TO THE FINANCIAL STATEMENTS (continued) for the year ended 30 November 2020

#### 13 Classes of Shares (continued)

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	2,181	–	(33)	–	2,148
Class A Accumulation	386,330	591	(63,291)	–	323,630
Class B Accumulation	7,392,463	148,248	(1,617,114)	–	5,923,597
Class C Income	15,449,721	3,863,566	(3,090,607)	(8,878)	16,213,802
Class C Accumulation	92,592,735	50,760,694	(28,163,637)	(33,048)	115,156,744
Class D Income	136,132	538	(16,968)	–	119,702
Class D Accumulation	3,624,748	685,456	(927,216)	(195,337)	3,187,651
Class S Income	574,316	882,800	(297,335)	16,404	1,176,185
Class S Accumulation	34,611,403	3,852,667	(9,153,816)	416,242	29,726,496
Class X Income	–	5,636,499	(2,201,000)	–	3,435,499
Class X Accumulation	–	930,315	–	–	930,315

#### 14 Contingent liabilities and commitments

There are no contingent liabilities or unrecorded outstanding commitments at the balance sheet date (2019: none).

#### 15 Risks Disclosures

The main risks from the Sub-fund's holding of financial instruments, together with the ACD's policy for managing these risks are detailed in note 3 on pages 13 to 15. Further analysis and numeric disclosure of interest rate risk, foreign currency risk and derivatives are shown below.

##### i. Interest rate risk

The table below shows the direct interest rate risk profile:

Interest rate exposure as at 30 November 2020

	Floating Rate Financial Assets £	Fixed Rate Financial Assets £	Financial Assets not carrying interest £	Total £
Danish krone	–	–	976	976
Euro	785,808	–	5,899,912	6,685,720
Swedish krona	–	–	29	29
Swiss franc	32,145	–	9,007	41,152
US dollar	413,123	6,138,863	83,770,689	90,322,675
Pound sterling	7,890,560	7,671,481	459,204,368	474,766,409
	9,121,636	13,810,344	548,884,981	571,816,961

  

	Floating Rate Financial Liabilities £	Financial Liabilities not carrying interest £	Total £
Euro	(741,850)	(375,870)	(1,117,720)
Japanese yen	–	(4,624,509)	(4,624,509)
Swiss franc	(32,145)	–	(32,145)
US dollar	(411,847)	(91,811,475)	(92,223,322)
Pound sterling	(2,240,687)	(21,354,279)	(23,594,966)
	(3,426,529)	(118,166,133)	(121,592,662)

## 7IM MODERATELY ADVENTUROUS FUND

### NOTES TO THE FINANCIAL STATEMENTS (continued) for the year ended 30 November 2020

#### 15 Risks Disclosures (continued)

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

Interest rate exposure as at 30 November 2019

	<b>Floating Rate Financial Assets £</b>	<b>Fixed Rate Financial Assets £</b>	<b>Financial Assets not carrying interest £</b>	<b>Total £</b>
Danish krone	–	–	506,395	506,395
Euro	732,797	3,083,690	19,019,481	22,835,968
Japanese yen	–	3,430,385	14,548,925	17,979,310
Norwegian krone	–	–	82,803	82,803
Swedish krona	–	–	498,422	498,422
Swiss franc	30,055	–	2,312,508	2,342,563
US dollar	473,887	20,363,446	121,189,288	142,026,621
Pound sterling	24,928,785	48,595,756	282,560,840	356,085,381
	<b>26,165,524</b>	<b>75,473,277</b>	<b>440,718,662</b>	<b>542,357,463</b>

	<b>Floating Rate Financial Liabilities £</b>	<b>Financial Liabilities not carrying interest £</b>	<b>Total £</b>
Euro	(650,016)	(23,121,905)	(23,771,921)
Japanese yen	–	(11,186,034)	(11,186,034)
Swiss franc	(30,055)	–	(30,055)
US dollar	(423,189)	(61,352,964)	(61,776,153)
Pound sterling	(4,061,749)	(80,638,034)	(84,699,783)
	<b>(5,165,009)</b>	<b>(176,298,937)</b>	<b>(181,463,946)</b>

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

<b>Currency</b>	<b>Fixed Rate Financial Assets</b>			
	<b>Weighted average interest rate</b>		<b>Weighted average period for which rate is fixed</b>	
	<b>30.11.20 %</b>	<b>30.11.19 %</b>	<b>30.11.20 Years</b>	<b>30.11.19 Years</b>
Euro	–	0.12	–	10
Japanese yen	–	(0.04)	–	10
Pound sterling	0.19	0.99	1	6
US dollar	(5.06)	0.71	4	16

The average effective duration of the Sub-fund's portfolio is a measure of the sensitivity of the fair value of the Sub-fund's bond portfolio (excludes all other investments) to changes in market interest rates. As at 30 November 2020, the average weighted effective duration was 1.02 years (30 November 2019: 1.45 years).

## 7IM MODERATELY ADVENTUROUS FUND

### NOTES TO THE FINANCIAL STATEMENTS (continued) for the year ended 30 November 2020

#### 15 Risks Disclosures (continued)

##### ii. Foreign currency risk

The table below shows the direct foreign currency risk profile:

Foreign currency risk exposure as at 30 November 2020

Currency	Monetary Exposure £	Non-Monetary Exposure £	Total £
Danish krone	976	–	976
Euro	47,198	5,520,802	5,568,000
Japanese yen	–	(4,624,509)	(4,624,509)
Swedish krona	29	–	29
Swiss franc	9,007	–	9,007
US dollar	1,276	(1,901,923)	(1,900,647)
	58,486	(1,005,630)	(947,144)
Pound sterling	(748,124)	451,919,567	451,171,443
Net assets	(689,638)	450,913,937	450,224,299

Foreign currency risk exposure as at 30 November 2019

Currency	Monetary Exposure £	Non-Monetary Exposure £	Total £
Danish krone	15,062	491,333	506,395
Euro	89,783	(1,025,736)	(935,953)
Japanese yen	–	6,793,276	6,793,276
Norwegian krone	1,066	81,737	82,803
Swedish krona	27	498,395	498,422
Swiss franc	94,228	2,218,280	2,312,508
US dollar	50,698	80,199,771	80,250,469
	250,864	89,257,056	89,507,920
Pound sterling	5,631,488	265,754,109	271,385,597
Net assets	5,882,352	355,011,165	360,893,517

##### iii. Derivatives

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

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

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

## 7IM MODERATELY ADVENTUROUS FUND

### NOTES TO THE FINANCIAL STATEMENTS (continued) for the year ended 30 November 2020

#### 15 Risks Disclosures (continued)

##### iii. Derivatives (continued)

The lowest, highest and average leverage utilisation in the accounting year ended 30 November 2020 was 27%, 121% and 59% respectively (30 November 2019<sup>1</sup>: 33%, 111% and 67% respectively).

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

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

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

The types of derivatives held at the balance sheet date were forward foreign currency contracts and future 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:

<b>Counterparty</b>	<b>30.11.20</b> £	<b>30.11.19</b> £
<b>Options</b>		
Chicago Board Options Exchange	–	710,672
<b>Futures Contracts</b>		
Chicago Board of Trade	(14,414)	50,263
Eurex Deutschland	645,772	–
International Monetary Market	–	1,872,490
<b>Forward Currency Contracts</b>		
Northern Trust	3,392,923	161,665
<b>Total net exposure<sup>2</sup></b>	4,024,281	2,795,090

<sup>1</sup> Prior year was restated to show Notional Leverage as it is more accurate representation as it only shows the Derivatives used in a fund as a percentage of its NAV while the Notional Exposure adds 100% to the Notional Leverage Value.

<sup>2</sup> Net exposure represents the mark to market value of derivative contracts less any cash collateral held. Positive exposure represents the Sub-fund's exposure to that counterparty.

# 7IM MODERATELY ADVENTUROUS FUND

## NOTES TO THE FINANCIAL STATEMENTS (continued) for the year ended 30 November 2020

### 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 £
<b>30 November 2020</b>				
<b>Assets</b>				
Bonds	1,810,469	12,399,835	–	14,210,304
Collective Investment Schemes	376,421,743	41,602,986	–	418,024,729
Derivatives	645,772	3,594,264	–	4,240,036
Equities	14,654,623	–	–	14,654,623
<b>Total</b>	<b>393,532,607</b>	<b>57,597,085</b>	<b>–</b>	<b>451,129,692</b>

##### Liabilities

Derivatives	(14,414)	(201,341)	–	(215,755)
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	Level 1 £	Level 2 £	Level 3 £	Total £
<b>30 November 2019<sup>1</sup></b>				
<b>Assets</b>				
Bonds	32,160,262	59,857,709	–	92,017,971
Collective Investment Schemes	245,572,193	–	–	245,572,193
Derivatives	2,715,375	4,082,536	–	6,797,911
Equities	14,111,247	514,665	–	14,625,912
<b>Total</b>	<b>294,559,077</b>	<b>64,454,910</b>	<b>–</b>	<b>359,013,987</b>

##### Liabilities

Derivatives	(11,263)	(3,991,559)	–	(4,002,822)
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<sup>1</sup> Prior year amounts have been restated to exclude liquidity funds held by the Sub-fund.



## 7IM MODERATELY ADVENTUROUS FUND

### NOTES TO THE FINANCIAL STATEMENTS (continued) for the year ended 30 November 2020

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

Analysis of direct transaction costs for the year ended 30 November 2019<sup>1</sup>:

	Principal £'000	Commissions £'000	Taxes £'000	Total Transaction Costs £'000	Commissions % of principal	Taxes % of principal
<b>Purchases</b>						
Bonds	63,774	–	–	–	–	–
Collective Investment Schemes	141,521	–	–	–	–	–
Equities	47,453	6	94	100	0.01	0.20
<b>Total</b>	<b>252,748</b>	<b>6</b>	<b>94</b>	<b>100</b>	<b>0.01</b>	<b>0.20</b>
<b>Sales</b>						
Bonds	55,068	–	–	–	–	–
Collective Investment Schemes	158,707	–	–	–	–	–
Equities	118,003	(24)	(1)	(25)	0.02	–
<b>Total</b>	<b>331,778</b>	<b>(24)</b>	<b>(1)</b>	<b>(25)</b>	<b>0.02</b>	<b>–</b>
<b>Total as a percentage of the average NAV</b>		<b>0.01%</b>	<b>0.02%</b>	<b>0.03%</b>		

<sup>1</sup> Prior year amounts have been restated to exclude liquidity funds held by the Sub-fund.

#### Average portfolio dealing spread

As at the balance sheet date, the average portfolio dealing spread was 0.03% (2019: 0.04%) based on close of business prices. This spread represents the difference between the values determined respectively by reference to the bid and offer prices of investments expressed as a percentage of the value determined by reference to the offer price.

#### 17 Post Balance Sheet Events

As at the balance sheet date, the Net Asset Value price per share of Class C Accumulation was 285.60p. The Net Asset Value price per share of Class C Accumulation for the Sub-fund on 23 March 2021 was 299.80p. This represents an increase of 4.97% from the year end value.

# 7IM MODERATELY ADVENTUROUS FUND

## DISTRIBUTION TABLES

for the year ended 30 November 2020

### Interim - in pence per share

Group 1 - Shares purchased prior to 1 December 2019

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

	Net Revenue	Equalisation	Paid 31.07.20	Paid 31.07.19
<b>Class A Income<sup>1</sup></b>				
Group 1	–	–	–	0.2535
Group 2	–	–	–	0.2535
			<b>Allocated 31.07.20</b>	<b>Allocated 31.07.19</b>
<b>Class A Accumulation<sup>1</sup></b>				
Group 1	–	–	–	0.1554
Group 2	–	–	–	0.1554
			<b>Allocated 31.07.20</b>	<b>Allocated 31.07.19</b>
<b>Class B Accumulation<sup>1</sup></b>				
Group 1	–	–	–	0.4689
Group 2	–	–	–	0.4689
			<b>Paid 31.07.20</b>	<b>Paid 31.07.19</b>
<b>Class C Income<sup>1</sup></b>				
Group 1	–	–	–	0.7258
Group 2	–	–	–	0.7258
			<b>Allocated 31.07.20</b>	<b>Allocated 31.07.19</b>
<b>Class C Accumulation<sup>1</sup></b>				
Group 1	–	–	–	0.8072
Group 2	–	–	–	0.8072
			<b>Paid 31.07.20</b>	<b>Paid 31.07.19</b>
<b>Class D Income<sup>1</sup></b>				
Group 1	–	–	–	0.1513
Group 2	–	–	–	0.1513
			<b>Allocated 31.07.20</b>	<b>Allocated 31.07.19</b>
<b>Class D Accumulation<sup>1</sup></b>				
Group 1	–	–	–	0.1570
Group 2	–	–	–	0.1570

## 7IM MODERATELY ADVENTUROUS FUND

### DISTRIBUTION TABLES (continued) for the year ended 30 November 2020

	Net Revenue	Equalisation	Paid 31.07.20	Paid 31.07.19
<b>Class S Income</b>				
Group 1	0.1137	–	0.1137	0.5577
Group 2	0.1127	0.0010	0.1137	0.5577

	Net Revenue	Equalisation	Allocated 31.07.20	Allocated 31.07.19
<b>Class S Accumulation</b>				
Group 1	0.1246	–	0.1246	0.5769
Group 2	0.1132	0.0114	0.1246	0.5769

#### Final - in pence per share

Group 1 - Shares purchased prior to 1 June 2020

Group 2 - Shares purchased on or after 1 June 2020 and on or before 30 November 2020

	Net Revenue	Equalisation	Paid 31.01.21	Paid 31.01.20
<b>Class A Income</b>				
Group 1	0.3626	–	0.3626	1.4372
Group 2	0.3626	–	0.3626	1.4372

	Net Revenue	Equalisation	Allocated 31.01.21	Allocated 31.01.20
<b>Class A Accumulation</b>				
Group 1	0.2403	–	0.2403	1.6004
Group 2	0.2403	–	0.2403	1.6004

	Net Revenue	Equalisation	Allocated 31.01.21	Allocated 31.01.20
<b>Class B Accumulation</b>				
Group 1	0.8321	–	0.8321	2.0586
Group 2	0.8321	–	0.8321	2.0586

	Net Revenue	Equalisation	Paid 31.01.21	Paid 31.01.20
<b>Class C Income</b>				
Group 1	1.2959	–	1.2959	2.3432
Group 2	1.1719	0.1240	1.2959	2.3432

	Net Revenue	Equalisation	Allocated 31.01.21	Allocated 31.01.20
<b>Class C Accumulation</b>				
Group 1	1.4803	–	1.4803	2.6100
Group 2	1.3339	0.1464	1.4803	2.6100

## 7IM MODERATELY ADVENTUROUS FUND

### DISTRIBUTION TABLES (continued) for the year ended 30 November 2020

	Net Revenue	Equalisation	Paid 31.01.21	Paid 31.01.20
<b>Class D Income</b>				
Group 1	0.2929	–	0.2929	1.5351
Group 2	0.2929	–	0.2929	1.5351
			<b>Allocated 31.01.21</b>	<b>Allocated 31.01.20</b>
<b>Class D Accumulation</b>				
Group 1	0.3405	–	0.3405	1.6080
Group 2	0.3405	–	0.3405	1.6080
			<b>Paid 31.01.21</b>	<b>Paid 31.01.20</b>
<b>Class S Income</b>				
Group 1	0.8236	–	0.8236	1.3958
Group 2	0.6215	0.2021	0.8236	1.3958
			<b>Allocated 31.01.21</b>	<b>Allocated 31.01.20</b>
<b>Class S Accumulation</b>				
Group 1	0.8889	–	0.8889	1.5580
Group 2	0.7069	0.1820	0.8889	1.5580
			<b>Paid 31.01.21</b>	<b>Paid N/A</b>
<b>Class X Income<sup>2</sup></b>				
Group 1	1.1484	–	1.1484	–
Group 2	0.5749	0.5735	1.1484	–
			<b>Allocated 31.01.21</b>	<b>Allocated N/A</b>
<b>Class X Accumulation<sup>2</sup></b>				
Group 1	1.3444	–	1.3444	–
Group 2	0.6997	0.6447	1.3444	–

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

<sup>2</sup> No comparative figures shown as the share class launched on 20 November 2020.

#### Equalisation

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

# 7IM ADVENTUROUS FUND

## ACD'S REPORT

for the year ended 30 November 2020

### Investment Objective and Policy

7IM Adventurous Fund (the 'Sub-fund') aims to provide capital growth.

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

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

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

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

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

### Comparator Benchmark

The Sub-fund's performance may be compared to the IA Flexible Investment Shares which has been chosen because it is representative of the Sub-fund's agreed risk profile and the type of assets in which it invests. It is therefore an appropriate comparator for the Sub-fund's performance.

### Investment Manager's Report

#### Performance Report

In the reporting period, 1 December 2019 to 30 November 2020, the portfolio delivered a total return of 7.05%.

#### Investment Background

The coronavirus that emerged in mid-January 2020 from the Chinese city of Wuhan caught the attention of global markets. Initial research suggested that the virus is less deadly than the SARS virus that hit China in 2003 but is markedly more contagious. Trying to untangle tabloid hyperbole from scientific facts was a near impossibility. Amongst this, the UK finally left the EU on 31 January 2020. Negotiations to reach a trade deal were to continue until the end of the calendar year.

February saw headlines dominated by the growing concern of coronavirus. Equity markets initially shrugged off the potential effects of the virus, with MSCI World up c. 6% from the start of February to the 20th. However, investors panicked towards the end of the month causing equities to experience some of the largest one-day down moves since 2011, and the largest one-week move since the financial crisis.

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

Investors enjoyed positive returns in April as both risky and defensive assets rebounded following the initial shock of a global shutdown in March. It is clear that governments around the world were conscious of the implications caused by lockdown on both economies and families. They started to discuss ways in which we can delicately move from a period of lockdown to a re-opening of businesses. The UK chose to extend its lockdown period until early May.

Equities continued their winning streak in May, following optimism over economies beginning to re-open. The US returned around 5%, with the Technology sector leading the way, and generating over 7% throughout the month. In fact, markets around the world were positive - with the UK, Japanese and European markets all gaining over 4%.

In June, we saw the government in England relax COVID-19 restrictions. This was a key development in the economy as it allowed businesses to start to plot a path back to normal. Asia was busy dealing with isolated second waves, while Europe was starting to open up, albeit cautiously.

In July, we saw a major shift in the UK Government's guidance with more encouragement for workers to return to the office. Central Bank stimulus set the stage for a sharp economic recovery towards the end of 2020 into the beginning of 2021. New cases continued to rise worldwide, and death rates fell due partly to a better understanding of the virus.

## 7IM ADVENTUROUS FUND

### ACD'S REPORT (continued)

for the year ended 30 November 2020

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

During August, there was a sense that the world was returning to normal and markets signalled confidence in the economy's recovery. Higher risk investments provided strong returns, while more defensive assets were negative over the period. Manufacturing and non-manufacturing data across the US, UK, Europe and China all showed promising signs of expansion.

In September, more optimistic views on the outlook for risky assets were challenged by the political and media narrative of a second wave of COVID-19. However, outside of the UK, the US economy was starting to get going and unemployment was falling sharply, as the largest policy stimulus in history took effect. Chinese authorities were talking about whether the recovery was too strong and European manufacturers saw demand for goods rise strongly, although the tourism sector continued to struggle.

Equities were mixed throughout the month of October. Emerging Markets were positive, while the Developed World declined due to an increase in the number of COVID-19 cases. As the colder months begin to settle in to Europe, governments started to bring in further restrictions to help contain the spread of COVID-19. Despite this, many countries in Asia had the virus under control and continued to see economic recoveries take hold.

The US election kicked off November with Joe Biden's victory over Donald Trump. Markets responded well despite Trump's ongoing attempts to claim victory via the courts. Only days after the election, Pfizer-BioNTech announced trials of their COVID-19 vaccine had been highly effective, followed a week later by an identical announcement from Moderna. This fuelled a renewed sense of optimism, which pushed the S&P 500 to new all-time highs, and the Dow Jones Industrial Average made headlines for reaching 30,000.

Within the overall rally, the big story was the bounce back of cyclical stocks and sectors that were worst affected by the pandemic, while the large tech businesses lagged. Companies like Carnival Cruises and HSBC generated returns of around 50% and 25%, whereas Apple and Amazon were broadly flat or declined. European equities, which are more exposed to manufacturing, finance and exports, had one of the strongest months in history.

#### Portfolio Review

At the very beginning of March, we reduced our exposure to broad equity markets as the chances of a longer slowdown in the global economy increased. Concerns mounted over the drastic measures governments were having to take to slow the spread of COVID-19, alongside the fall in oil price following an escalation in tensions between Saudi Arabia and Russia.

As well as reducing our equity exposure, we reduced our allocation to Emerging Market and High Yield bonds. This decision was motivated by the knowledge that the correlation between credit and equity increases during stressed periods, with credit becoming more risky. With significant exposure to Energy, Materials and Consumer sectors, it was also thought that both asset classes would struggle if consumer demand fell in response to widespread lockdowns.

European dividends futures were hit hard by COVID-19. Extremes in valuations together with technical supply/demand features of the market meant that the risk to capital on any reasonable maturity only occurred in a world where the COVID-19 crisis was deeper than the Global Financial Crisis of 2008, which we thought was a very low probability. On this basis, we added to our position, diversifying across the 2021 and 2022 maturities.

After some significant outperformance versus broad US equities, we took some profits on our Healthcare position in higher risk portfolios in the middle of March, reducing the overall size of the active position.

Portfolios reduced their exposure to broad equity markets at the end of April as we moved to a more neutral view versus our Strategic Asset Allocation (SAA). Although we recognised the benefits of the significant stimulus coming from central banks, this was counteracted by a negative view on the health of the economy. Together with a neutral view on manufacturing and equity valuations this meant that the overweight to equities in portfolios was removed.

As we went into the summer months, countries such as China, South Korea and Taiwan showed it was possible to re-open an economy without causing large outbreaks. We wanted to take exposure to the domestic growth recovery in China – where industrial production and retail sales were quickly rebounding back to pre-crisis levels. Over half of the Asia High Yield index is exposed to China, which also pays a higher yield than the US equivalent but with better growth prospects and lower defaults.

At the end of June, we increased our allocation to 2022 and 2023 dividend futures versus European Equity. With the view that dividend payments should resume to a more normal outlook by 2022, there was a potential opportunity for the dividends to keep adding value over the equity market as we played the pull to par and monetised the overreaction in the pricing of the dividend market.

## 7IM ADVENTUROUS FUND

**ACD'S REPORT** (continued)  
for the year ended 30 November 2020

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

We increased our allocation to US Healthcare at the beginning of July after some significant under performance versus the broad equity index. We felt that the investment case remained strong with the sector remaining particularly well placed to benefit from changing demographics and global trends in technology.

Towards the end of July, portfolios were tilted towards a more pro-risk stance on the basis that the peak impact of the virus had passed, and that fears over a second wave were overdone. This meant an increase in our allocation to broad equities as well as the construction of a basket of positions that would benefit from a rapid (or "V plus") economic recovery.

In September, portfolios increased their pro-risk stance on the basis of increased confidence in a global economic recovery. This meant an increase in our allocation to equities, favouring cyclical non-US equity markets, as well as the addition of Emerging Market equities to our V plus basket.

Across portfolios, we increased our exposure to Sterling versus the US Dollar in mid-March after some significant Sterling weakness. Since our entry, the pound had rallied strongly and as we headed into the end of 2020, we saw an increased likelihood of volatility in both currencies as markets tried to price the outcome of the US election and the outcome of Brexit. Although Sterling remained undervalued, with no obvious catalyst for a reversion to mean over the medium term we took profit on the position at the start of September and returned to our long-term SAA neutral weight.

### **Investment Outlook**

At 7IM, we have a number of long-term core views that help to guide our investment decisions and allocations within portfolios:

1. The recovery is already happening – The world has never seen as much coordinated stimulus as in the past five months. A V-shaped economic recovery is our base-case; with some areas like China already nearly back to normal. As the recovery continues, and turns into an expansion, we want to be exposed to it. Positive for credit and equity.
2. Our portfolios are positioned for the new economic cycle – Much of the first stage of the recovery rally has been concentrated in well-known technology – and understandably so, given their resilience to coronavirus, and their balance sheet strength. In a more conventional economic recovery, though, other parts of the market could start to rally too. Positive for lagging equity.
3. The virus won't derail this growth – Lockdowns are unlikely to be as severe.

Seven Investment Management LLP  
Investment Manager  
December 2020

## 7IM ADVENTUROUS FUND

### FUND INFORMATION

The Comparative Tables on pages 162 to 169 give the performance of each active share class in the Sub-fund.

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

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

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

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

# 7IM ADVENTUROUS FUND

## FUND INFORMATION (continued)

### Comparative Tables

#### Class A Accumulation

	30.11.20 (pence per share)	30.11.19 (pence per share)	30.11.18 (pence per share)
<b>Change in Net Asset Value Per Share</b>			
Opening net asset value per share	249.29	235.40	245.43
Return before operating charges*	20.80	19.02	(4.91)
Operating charges (calculated on average price)	(4.76)	(5.13)	(5.12)
Return after operating charges*	16.04	13.89	(10.03)
Distributions	(0.50)	(0.99)	–
Retained distributions on accumulation shares	0.50	0.99	–
Closing net asset value per share	265.33	249.29	235.40
* After direct transaction costs of: <sup>1</sup>	0.01	0.09	0.08

### Performance

Return after charges <sup>2</sup>	6.43%	5.90%	(4.09)%
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### Other Information

Closing net asset value (£'000)	30	15	108
Closing number of shares	11,339	6,070	45,651
Operating charges <sup>3</sup>	1.97%	2.13%	2.07%
Direct transaction costs	0.00%	0.04%	0.03%

### Prices

Highest share price	257.67	252.30	255.26
Lowest share price	191.31	220.96	231.65

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

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

<sup>3</sup> Operating charges, otherwise known as the OCF is the ratio of the Sub-fund's total disclosable costs (excluding securities lending fees and overdraft interest) to the average net assets of the Sub-fund. The OCF is intended to provide a reliable figure which gives the most accurate measure of what it costs to invest in a Sub-fund and is calculated based on the last period's figures. Included within the OCF are synthetic costs which includes the OCF of the underlying funds weighted on the basis of their investment proportion. A detailed breakdown of the OCF per share class is shown on page 170.

# 7IM ADVENTUROUS FUND

## FUND INFORMATION (continued)

### Comparative Tables (continued)

#### Class B Accumulation

	30.11.20 (pence per share)	30.11.19 (pence per share)	30.11.18 (pence per share)
<b>Change in Net Asset Value Per Share</b>			
Opening net asset value per share	259.29	244.25	254.09
Return before operating charges*	21.72	19.74	(5.17)
Operating charges (calculated on average price)	(4.34)	(4.70)	(4.67)
Return after operating charges*	17.38	15.04	(9.84)
Distributions	(0.48)	(1.65)	(0.28)
Retained distributions on accumulation shares	0.48	1.65	0.28
Closing net asset value per share	276.67	259.29	244.25
* After direct transaction costs of: <sup>1</sup>	0.01	0.09	0.09

#### Performance

Return after charges <sup>2</sup>	6.70%	6.16%	(3.87)%
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#### Other Information

Closing net asset value (£'000)	3,788	4,089	5,675
Closing number of shares	1,369,042	1,576,841	2,323,482
Operating charges <sup>3</sup>	1.72%	1.88%	1.82%
Direct transaction costs	0.00%	0.04%	0.03%

#### Prices

Highest share price	268.12	262.23	264.50
Lowest share price	199.15	229.32	240.35

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

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

<sup>3</sup> Operating charges, otherwise known as the OCF is the ratio of the Sub-fund's total disclosable costs (excluding securities lending fees and overdraft interest) to the average net assets of the Sub-fund. The OCF is intended to provide a reliable figure which gives the most accurate measure of what it costs to invest in a Sub-fund and is calculated based on the last period's figures. Included within the OCF are synthetic costs which includes the OCF of the underlying funds weighted on the basis of their investment proportion. A detailed breakdown of the OCF per share class is shown on page 170.

# 7IM ADVENTUROUS FUND

## FUND INFORMATION (continued)

### Comparative Tables (continued)

#### Class C Income

	30.11.20 (pence per share)	30.11.19 (pence per share)	30.11.18 (pence per share)
<b>Change in Net Asset Value Per Share</b>			
Opening net asset value per share	251.83	238.75	248.67
Return before operating charges*	21.14	19.30	(5.08)
Operating charges (calculated on average price)	(3.61)	(3.99)	(3.94)
Return after operating charges*	17.53	15.31	(9.02)
Distributions on income shares	(1.54)	(2.23)	(0.90)
Closing net asset value per share	267.82	251.83	238.75
* After direct transaction costs of: <sup>1</sup>	0.01	0.09	0.08

#### Performance

Return after charges <sup>2</sup>	6.96%	6.41%	(3.63)%
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#### Other Information

Closing net asset value (£'000)	15,093	16,516	18,579
Closing number of shares	5,635,680	6,558,420	7,782,024
Operating charges <sup>3</sup>	1.47%	1.63%	1.57%
Direct transaction costs	0.00%	0.04%	0.03%

#### Prices

Highest share price	260.42	256.17	259.28
Lowest share price	193.57	224.20	235.77

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

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

<sup>3</sup> Operating charges, otherwise known as the OCF is the ratio of the Sub-fund's total disclosable costs (excluding securities lending fees and overdraft interest) to the average net assets of the Sub-fund. The OCF is intended to provide a reliable figure which gives the most accurate measure of what it costs to invest in a Sub-fund and is calculated based on the last period's figures. Included within the OCF are synthetic costs which includes the OCF of the underlying funds weighted on the basis of their investment proportion. A detailed breakdown of the OCF per share class is shown on page 170.

# 7IM ADVENTUROUS FUND

## FUND INFORMATION (continued)

### Comparative Tables (continued)

#### Class C Accumulation

	30.11.20 (pence per share)	30.11.19 (pence per share)	30.11.18 (pence per share)
<b>Change in Net Asset Value Per Share</b>			
Opening net asset value per share	269.72	253.45	262.99
Return before operating charges*	22.67	20.53	(5.37)
Operating charges (calculated on average price)	(3.86)	(4.26)	(4.17)
Return after operating charges*	18.81	16.27	(9.54)
Distributions	(1.62)	(2.37)	(0.97)
Retained distributions on accumulation shares	1.62	2.37	0.97
Closing net asset value per share	288.53	269.72	253.45
* After direct transaction costs of: <sup>1</sup>	0.01	0.09	0.09

#### Performance

Return after charges <sup>2</sup>	6.97%	6.42%	(3.63)%
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#### Other Information

Closing net asset value (£'000)	102,610	113,027	77,621
Closing number of shares	35,563,604	41,905,225	30,626,213
Operating charges <sup>3</sup>	1.47%	1.63%	1.57%
Direct transaction costs	0.00%	0.04%	0.03%

#### Prices

Highest share price	279.00	272.56	274.25
Lowest share price	207.32	237.99	249.39

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

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

<sup>3</sup> Operating charges, otherwise known as the OCF is the ratio of the Sub-fund's total disclosable costs (excluding securities lending fees and overdraft interest) to the average net assets of the Sub-fund. The OCF is intended to provide a reliable figure which gives the most accurate measure of what it costs to invest in a Sub-fund and is calculated based on the last period's figures. Included within the OCF are synthetic costs which includes the OCF of the underlying funds weighted on the basis of their investment proportion. A detailed breakdown of the OCF per share class is shown on page 170.

# 7IM ADVENTUROUS FUND

## FUND INFORMATION (continued)

### Comparative Tables (continued)

#### Class D Income

	30.11.20 (pence per share)	30.11.19 (pence per share)	30.11.18 (pence per share)
<b>Change in Net Asset Value Per Share</b>			
Opening net asset value per share	241.51	229.00	238.79
Return before operating charges*	20.16	18.49	(4.81)
Operating charges (calculated on average price)	(4.57)	(5.00)	(4.98)
Return after operating charges*	15.59	13.49	(9.79)
Distributions on income shares	–	(0.98)	–
Closing net asset value per share	257.10	241.51	229.00
* After direct transaction costs of: <sup>1</sup>	0.01	0.08	0.08

#### Performance

Return after charges <sup>2</sup>	6.46%	5.89%	(4.10)%
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#### Other Information

Closing net asset value (£'000)	4	12	11
Closing number of shares	1,560	4,699	4,935
Operating charges <sup>3</sup>	1.97%	2.13%	2.07%
Direct transaction costs	0.00%	0.04%	0.03%

#### Prices

Highest share price	249.59	245.44	248.41
Lowest share price	185.36	214.94	225.35

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

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

<sup>3</sup> Operating charges, otherwise known as the OCF is the ratio of the Sub-fund's total disclosable costs (excluding securities lending fees and overdraft interest) to the average net assets of the Sub-fund. The OCF is intended to provide a reliable figure which gives the most accurate measure of what it costs to invest in a Sub-fund and is calculated based on the last period's figures. Included within the OCF are synthetic costs which includes the OCF of the underlying funds weighted on the basis of their investment proportion. A detailed breakdown of the OCF per share class is shown on page 170.

# 7IM ADVENTUROUS FUND

## FUND INFORMATION (continued)

### Comparative Tables (continued)

#### Class D Accumulation

	30.11.20 (pence per share)	30.11.19 (pence per share)	30.11.18 (pence per share)
<b>Change in Net Asset Value Per Share</b>			
Opening net asset value per share	249.09	235.24	245.32
Return before operating charges*	20.81	18.98	(4.96)
Operating charges (calculated on average price)	(4.77)	(5.13)	(5.12)
Return after operating charges*	16.04	13.85	(10.08)
Distributions	(0.33)	(0.99)	–
Retained distributions on accumulation shares	0.33	0.99	–
Closing net asset value per share	265.13	249.09	235.24
* After direct transaction costs of: <sup>1</sup>	0.01	0.09	0.08

#### Performance

Return after charges <sup>2</sup>	6.44%	5.89%	(4.11)%
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#### Other Information

Closing net asset value (£'000)	12,840	12,533	13,302
Closing number of shares	4,842,923	5,031,543	5,654,788
Operating charges <sup>3</sup>	1.97%	2.13%	2.07%
Direct transaction costs	0.00%	0.04%	0.03%

#### Prices

Highest share price	257.48	252.13	255.19
Lowest share price	191.17	220.81	231.49

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

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

<sup>3</sup> Operating charges, otherwise known as the OCF is the ratio of the Sub-fund's total disclosable costs (excluding securities lending fees and overdraft interest) to the average net assets of the Sub-fund. The OCF is intended to provide a reliable figure which gives the most accurate measure of what it costs to invest in a Sub-fund and is calculated based on the last period's figures. Included within the OCF are synthetic costs which includes the OCF of the underlying funds weighted on the basis of their investment proportion. A detailed breakdown of the OCF per share class is shown on page 170.

# 7IM ADVENTUROUS FUND

## FUND INFORMATION (continued)

### Comparative Tables (continued)

#### Class S Income

	30.11.20 (pence per share)	30.11.19 (pence per share)	30.11.18 (pence per share)
<b>Change in Net Asset Value Per Share</b>			
Opening net asset value per share	136.63	129.54	134.92
Return before operating charges*	11.45	10.48	(2.76)
Operating charges (calculated on average price)	(1.61)	(1.83)	(1.80)
Return after operating charges*	9.84	8.65	(4.56)
Distributions on income shares	(1.50)	(1.56)	(0.82)
Closing net asset value per share	144.97	136.63	129.54
* After direct transaction costs of: <sup>1</sup>	0.00	0.05	0.05

#### Performance

Return after charges <sup>2</sup>	7.20%	6.68%	(3.38)%
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#### Other Information

Closing net asset value (£'000)	15	66	91
Closing number of shares	10,275	48,538	70,038
Operating charges <sup>3</sup>	1.22%	1.38%	1.32%
Direct transaction costs	0.00%	0.04%	0.03%

#### Prices

Highest share price	141.34	139.05	140.75
Lowest share price	105.10	121.67	128.08

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

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

<sup>3</sup> Operating charges, otherwise known as the OCF is the ratio of the Sub-fund's total disclosable costs (excluding securities lending fees and overdraft interest) to the average net assets of the Sub-fund. The OCF is intended to provide a reliable figure which gives the most accurate measure of what it costs to invest in a Sub-fund and is calculated based on the last period's figures. Included within the OCF are synthetic costs which includes the OCF of the underlying funds weighted on the basis of their investment proportion. A detailed breakdown of the OCF per share class is shown on page 170.

# 7IM ADVENTUROUS FUND

## FUND INFORMATION (continued)

### Comparative Tables (continued)

#### Class S Accumulation

	30.11.20 (pence per share)	30.11.19 (pence per share)	30.11.18 (pence per share)
<b>Change in Net Asset Value Per Share</b>			
Opening net asset value per share	143.46	134.46	139.18
Return before operating charges*	12.09	10.90	(2.86)
Operating charges (calculated on average price)	(1.71)	(1.90)	(1.86)
Return after operating charges*	10.38	9.00	(4.72)
Distributions	(1.22)	(1.63)	(0.86)
Retained distributions on accumulation shares	1.22	1.63	0.86
Closing net asset value per share	153.84	143.46	134.46
* After direct transaction costs of: <sup>1</sup>	0.00	0.05	0.05

#### Performance

Return after charges <sup>2</sup>	7.24%	6.69%	(3.39)%
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#### Other Information

Closing net asset value (£'000)	14,578	10,726	13,821
Closing number of shares	9,475,885	7,476,614	10,278,758
Operating charges <sup>3</sup>	1.22%	1.38%	1.32%
Direct transaction costs	0.00%	0.04%	0.03%

#### Prices

Highest share price	148.44	144.85	145.38
Lowest share price	110.35	126.29	132.30

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

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

<sup>3</sup> Operating charges, otherwise known as the OCF is the ratio of the Sub-fund's total disclosable costs (excluding securities lending fees and overdraft interest) to the average net assets of the Sub-fund. The OCF is intended to provide a reliable figure which gives the most accurate measure of what it costs to invest in a Sub-fund and is calculated based on the last period's figures. Included within the OCF are synthetic costs which includes the OCF of the underlying funds weighted on the basis of their investment proportion. A detailed breakdown of the OCF per share class is shown on page 170.

## 7IM ADVENTUROUS FUND

### FUND INFORMATION (continued)

#### Ongoing Charges Figures

As at 30 November 2020

	<b>Class A</b>	<b>Class B</b>	<b>Class C</b>	<b>Class D</b>	<b>Class S</b>
ACD's periodic charge	1.40%	1.15%	0.90%	1.40%	0.65%
Other expenses	0.11%	0.11%	0.11%	0.11%	0.11%
	1.51%	1.26%	1.01%	1.51%	0.76%
Collective investment scheme costs	0.46%	0.46%	0.46%	0.46%	0.46%
Ongoing Charges Figure	1.97%	1.72%	1.47%	1.97%	1.22%

As at 30 November 2019

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

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

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

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

# 7IM ADVENTUROUS FUND

## FUND INFORMATION (continued)

### Synthetic Risk and Reward Indicator

#### Synthetic Risk and Reward Indicator



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

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

The risk and reward indicator shown above is as at the date of publication of the annual report and financial statements, the risk and reward indicator as at the year end date 30 November 2020 was five.

#### Fund performance to 30 November 2020 (%)

	1 year	3 years	5 years
7IM Adventurous Fund	7.05	9.71	34.89

<sup>1</sup> Source: Bloomberg

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

Details of the distributions per share for the year are shown in the Distribution Tables on pages 188 to 190.

# 7IM ADVENTUROUS FUND

## PORTFOLIO STATEMENT

as at 30 November 2020

		Value	30.11.20
Holding	Portfolio of Investment	£	%
	<b>ALTERNATIVES 6.68% (4.72%)</b>		
	<b>Alternative Strategies 0.00% (3.58%)</b>		
	<b>Real Estate 6.68% (1.14%)</b>		
2,096,000	Drum Income Plus REIT <sup>1</sup>	1,599,457	1.07
3,984,774	iShares Global Property Securities Index <sup>2</sup>	8,348,101	5.61
		<b>9,947,558</b>	<b>6.68</b>
	<b>DEBT SECURITIES 1.74% (28.99%)</b>		
	<b>Emerging Market Bonds 0.00% (7.86%)</b>		
	<b>Global High Yield Bonds 1.74% (2.55%)</b>		
34,990	Xenfin Securitised Debt <sup>2,3</sup>	<b>2,590,093</b>	<b>1.74</b>
	<b>Global Inflation Linked Bonds 0.00% (2.52%)</b>		
	<b>Short Term Sterling Bonds 0.00% (11.71%)</b>		
	<b>Sterling Corporate Bonds 0.00% (4.35%)</b>		
	<b>EQUITY 90.20% (63.63%)</b>		
	<b>Asia &amp; Emerging Markets 14.69% (8.43%)</b>		
1,500,000	APQ Global	150,000	0.10
53,464	RWC Global Emerging Markets <sup>2</sup>	12,371,618	8.31
334,898	Schroder ISF Asian Opportunities <sup>2</sup>	9,358,688	6.28
		<b>21,880,306</b>	<b>14.69</b>
	<b>Europe (ex UK) 11.25% (8.67%)</b>		
9,321,431	LF Lightman European Fund I Accumulation <sup>2</sup>	10,114,685	6.79
2,411,911	Premier Miton European Opportunities <sup>2</sup>	6,651,863	4.46
		<b>16,766,548</b>	<b>11.25</b>
	<b>Frontier Markets Equity 0.00% (4.54%)</b>		
	<b>Global Themes 0.00% (4.77%)</b>		
	<b>Japan 11.71% (8.93%)</b>		
626,522	Japanese Equities Fund <sup>2</sup>	8,471,013	5.68
871,985	Skyline Umbrella Fund ICAV - Usonian Japan Value Fund <sup>2</sup>	8,978,830	6.03
		<b>17,449,843</b>	<b>11.71</b>
	<b>North America 28.82% (6.41%)</b>		
102,065	AB SICAV I - International Health Care Portfolio <sup>2</sup>	11,850,709	7.96
492,604	Amundi Asset Management S&P 500 UCITS ETF <sup>2</sup>	24,807,537	16.65

# 7IM ADVENTUROUS FUND

## PORTFOLIO STATEMENT (continued) as at 30 November 2020

Holding	Portfolio of Investment	Value £	30.11.20 %
<b>North America (continued)</b>			
36,145	Berkshire Hathaway	6,267,424	4.21
		<b>42,925,670</b>	<b>28.82</b>
<b>United Kingdom 23.73% (21.88%)</b>			
7,000,923	Majedie UK Focus <sup>2</sup>	14,143,454	9.50
10,904,961	Ninety One Funds Series i <sup>2</sup>	11,934,389	8.01
1,939,605	Threadneedle UK Extended Alpha Fund <sup>2</sup>	9,265,105	6.22
		<b>35,342,948</b>	<b>23.73</b>
<b>PRIVATE EQUITY 0.00% (1.37%)</b>			
<b>FORWARD CURRENCY CONTRACTS -0.22% (-0.10%)</b>			
€(924,000)	Vs £835,679 Expiry 16.04.2021	4,459	–
¥(288,000,000)	Vs £2,089,781 Expiry 21.05.2021	13,942	0.01
US\$(7,516,000)	Vs £5,745,497 Expiry 15.01.2021	121,550	0.08
US\$(5,250,000)	Vs £4,049,323 Expiry 15.01.2021	120,941	0.08
US\$(7,421,000)	Vs £5,652,390 Expiry 15.01.2021	99,529	0.07
US\$(7,770,000)	Vs £5,875,147 Expiry 15.01.2021	61,142	0.04
US\$(7,421,000)	Vs £5,606,912 Expiry 15.01.2021	54,050	0.04
US\$3,000,000	Vs £(2,274,061) Expiry 15.01.2021	(29,271)	(0.02)
US\$10,000,000	Vs £(7,772,514) Expiry 15.01.2021	(289,882)	(0.20)
US\$9,890,000	Vs £(7,882,959) Expiry 15.01.2021	(482,636)	(0.32)
		<b>(326,176)</b>	<b>(0.22)</b>
<b>Portfolio of investment<sup>4</sup></b>		<b>146,576,790</b>	<b>98.40</b>
Net other assets <sup>4,5</sup>		2,381,535	1.60
<b>Net assets</b>		<b>148,958,325</b>	<b>100.00</b>

Comparative figures shown in brackets relate to 30 November 2019.

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

<sup>1</sup> The valuation for this security has been revalued using the latest available Net Asset Value that was not available at the time of the last valuation point of the year end.

<sup>2</sup> Collective investment scheme

<sup>3</sup> 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.

<sup>4</sup> Prior year percentage of Portfolio of investments and Net other assets have been restated to show the liquidity funds as Cash equivalents in the Balance Sheet of the Sub-fund.

<sup>5</sup> Includes shares in the Northern Trust Global Sterling Fund to the value of £3,098,000 which is shown as a Cash equivalents in the Balance Sheet of the Sub-fund.

Credit Quality	30.11.20 %	30.11.19 %
Investment grade debt securities	–	17.99
Non-rated debt securities	–	2.24
Other investments	100.48	79.39
Net other (liabilities)/assets	(0.48)	0.38
		<b>100.00</b>
		<b>100.00</b>

## 7IM ADVENTUROUS FUND

### STATEMENT OF TOTAL RETURN

for the year ended 30 November 2020

	Notes	£	30.11.20 £	£	30.11.19 £
Income					
Net capital gains	4		8,407,349		9,030,562
Revenue	5	2,100,388		3,022,805	
Expenses	6	(1,452,333)		(1,604,351)	
Interest payable and similar charges	8	(28,428)		(26,166)	
Net revenue before taxation for the year		619,627		1,392,288	
Taxation	7	(43,845)		(30,468)	
Net revenue after taxation for the year			575,782		1,361,820
<b>Total return before distributions</b>			8,983,131		10,392,382
Distributions	8		(822,128)		(1,363,283)
<b>Change in net assets attributable to shareholders from investment activities</b>			8,161,003		9,029,099

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

for the year ended 30 November 2020

	£	30.11.20 £	£	30.11.19 £
<b>Opening net assets attributable to shareholders</b>		156,983,854		129,208,443
Amounts received on creation of shares <sup>1</sup>	26,626,141		60,872,196	
Amounts receivable on in-specie transactions	–		42,510,750	
Amounts paid on cancellation of shares <sup>1</sup>	(43,539,393)		(85,862,416)	
		(16,913,252)		17,520,530
Change in net assets attributable to shareholders from investment activities		8,161,003		9,029,099
Retained distribution on accumulation shares		726,720		1,225,782
<b>Closing net assets attributable to shareholders</b>		148,958,325		156,983,854

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

The notes on pages 176 to 187 are an integral part of these Financial Statements.

# 7IM ADVENTUROUS FUND

## BALANCE SHEET

as at 30 November 2020

	Notes	30.11.20 £	30.11.19 £
<b>ASSETS</b>			
Fixed assets:			
Investments <sup>1</sup>		147,378,579	156,742,063
Current assets:			
Debtors	9	384,612	1,388,250
Cash and bank balances	10	958,311	988,975
Cash equivalents <sup>1</sup>	10	3,098,000	1,579,000
<b>Total assets</b>		<b>151,819,502</b>	<b>160,698,288</b>
<b>LIABILITIES</b>			
Investment liabilities			
		(801,789)	(1,938,367)
Creditors:			
Bank overdrafts	10	(946,969)	(1,044,713)
Distribution payable		(72,713)	(109,995)
Other creditors	11	(1,039,706)	(621,359)
<b>Total liabilities</b>		<b>(2,861,177)</b>	<b>(3,714,434)</b>
<b>Net assets attributable to shareholders</b>		<b>148,958,325</b>	<b>156,983,854</b>

<sup>1</sup> Prior year amounts of Investments and Cash equivalents have been restated to include liquidity funds held by the Sub-fund.

The notes on pages 176 to 187 are an integral part of these Financial Statements.

# 7IM ADVENTUROUS FUND

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 November 2020

### 1 Statement of Compliance

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

### 2 Summary of Significant Accounting Policies

The Sub-fund's Financial Statements have been prepared on the same basis as the Summary of Significant Accounting Policies disclosed on pages 10 to 13.

### 3 Risk Management Policies

The Sub-fund's Risk Management Policies are the same as the Risk Management Policies disclosed on pages 13 to 15.

### 4 Net capital gains

	<b>30.11.20</b>	<b>30.11.19</b>
	£	£
The net capital gains during the year comprise:		
Non-derivative securities	6,462,567	7,573,370
Derivative contracts	1,641,555	1,614,259
Forward currency contracts	309,705	(332,336)
Currency (losses)/gains	(18,973)	146,026
Transaction charges	(36,481)	(10,752)
AMC rebates from underlying investments	48,976	39,995
Net capital gains	<u>8,407,349</u>	<u>9,030,562</u>

### 5 Revenue

	<b>30.11.20</b>	<b>30.11.19</b>
	£	£
Non-taxable dividends	947,207	2,190,342
Taxable dividends	955,653	550,873
Unfranked interest	157,346	212,584
AMC rebates from underlying investments	34,203	62,537
Bank interest	774	1,114
Stock lending revenue <sup>1</sup>	5,205	5,355
Total revenue	<u>2,100,388</u>	<u>3,022,805</u>

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

## 7IM ADVENTUROUS FUND

### NOTES TO THE FINANCIAL STATEMENTS (continued) for the year ended 30 November 2020

#### 6 Expenses

	30.11.20	30.11.19
	£	£
Payable to the ACD, associates of the ACD and agents of either of them:		
ACD's periodic charge	1,339,930	1,479,425
Other expenses	6,756	6,725
	<u>1,346,686</u>	<u>1,486,150</u>
Payable to the Depositary, associates of the Depositary and agents of either of them:		
Depositary's fees	22,150	26,020
Market risk fees	3,661	6,000
Safe custody and other bank charges	21,229	24,929
	<u>47,040</u>	<u>56,949</u>
Other Expenses:		
Advisory fees	1,242	12,967
Audit fee <sup>1</sup>	9,616	9,000
Dealing and exchange fees	10,423	9,799
FCA and other Regulatory fees	214	213
Legal and professional fees	324	2,283
Market data fees	4,103	–
Printing, postage and distribution costs	25,736	20,840
Risk analysis fees	6,949	6,150
	<u>58,607</u>	<u>61,252</u>
Total expenses	<u>1,452,333</u>	<u>1,604,351</u>

<sup>1</sup> The Audit fee is inclusive of 20% VAT and 2.50% support cost.

## 7IM ADVENTUROUS FUND

### NOTES TO THE FINANCIAL STATEMENTS (continued) for the year ended 30 November 2020

#### 7 Taxation

	30.11.20 £	30.11.19 £
<i>a) Analysis of charge for the year</i>		
Overseas tax	38,835	30,468
Irrecoverable CIS income tax	5,010	–
Current tax charge (note 7b)	<u>43,845</u>	<u>30,468</u>
Total taxation	<u>43,845</u>	<u>30,468</u>
<i>b) Factors affecting current tax charge for the year</i>		
The tax assessed for the year differs from the standard rate of corporation tax in the UK for an authorised fund (20%) (2019: 20%) for the reasons explained below.		
Net revenue before taxation	619,627	1,392,288
Corporation tax at 20%	123,925	278,458
Effects of:		
AMC rebates taken to capital	9,795	7,999
Double taxation relief expensed	–	(309)
Franked CIS revenue	(101,950)	(147,670)
Irrecoverable CIS income tax w/off	5,010	–
Movement in revenue accruals	–	4,445
Non-taxable dividends	(12,349)	(176,372)
Offshore CIS revenue	(75,142)	(117,878)
Overseas tax	38,835	30,468
Tax effect on non-reporting offshore funds	236,779	87,184
Tax on stock dividends	–	521
Unutilised excess management expenses	(181,058)	64,664
Current tax charge (note 7a)	<u>43,845</u>	<u>30,468</u>

#### *c) Deferred tax*

There is no deferred tax provision in the current year (2019: none).

At the year end there is a potential deferred tax asset of £507,839 (2019: £688,897) due to surplus management expenses. It is unlikely the Sub-fund will generate sufficient taxable profits in the future to utilise this amount and therefore, no deferred tax asset has been recognised.

#### 8 Distributions

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

	30.11.20 £	30.11.19 £
Interim	148,971	364,584
Final	665,879	1,010,538
	<u>814,850</u>	<u>1,375,122</u>
Add: Revenue deducted on cancellation of shares	10,123	86,110
Deduct: Revenue received on issue of shares	(2,845)	(30,904)
Deduct: Revenue received on in-specie transactions	–	(67,045)
Net distributions for the year	<u>822,128</u>	<u>1,363,283</u>
Interest payable and similar charges	28,428	26,166
Total distribution	<u>850,556</u>	<u>1,389,449</u>

## 7IM ADVENTUROUS FUND

### NOTES TO THE FINANCIAL STATEMENTS (continued) for the year ended 30 November 2020

#### 8 Distributions (continued)

Details of the distributions per share are set out in the table on pages 188 to 190.

Distributions represented by:		
Net revenue after taxation	575,782	1,361,820
Allocations to capital:		
Capitalised expenses, net of tax relief <sup>1</sup>	246,574	–
Equalisation on conversions <sup>2</sup>	(254)	(111)
Income deficit	4	–
Net movement in revenue account	22	(9)
Tax relief on Non Reporting Offshore Funds	–	1,583
Net distributions for the year	<u>822,128</u>	<u>1,363,283</u>

<sup>1</sup> Please refer to Note 2(i) Distributions policy on page 11 for further details.

<sup>2</sup> Where an investor converts to a class with a higher income yield, the investor will pay or receive an equalisation as if they had held the new class throughout the period from the last distribution to the conversion date. The yield differential at the point of conversion is an equalisation which will be offset by capital erosion for the converted investor.

#### 9 Debtors

	<b>30.11.20</b>	<b>30.11.19</b>
	£	£
Amounts receivable for issue of shares	49,537	126,871
Sales awaiting settlement	108,054	919,912
Accrued revenue	151,332	254,060
Income tax recoverable	4,633	6,288
AMC rebates from underlying investments	65,951	41,210
Withholding tax recoverable	5,105	39,909
Total debtors	<u>384,612</u>	<u>1,388,250</u>

#### 10 Cash and bank balances

	<b>30.11.20</b>	<b>30.11.19</b>
	£	£
Cash and bank balances	958,311	988,662
Cash held at clearing houses	–	313
Cash equivalents <sup>1</sup>	3,098,000	1,579,000
Total cash and bank balances	<u>4,056,311</u>	<u>2,567,975</u>
Bank overdrafts	(946,969)	(967,466)
Cash overdraft at clearing houses	–	(77,247)
Total bank overdrafts	<u>(946,969)</u>	<u>(1,044,713)</u>

<sup>1</sup> Prior year amount of Cash equivalents has been restated to include liquidity funds held by the Sub-fund.

## 7IM ADVENTUROUS FUND

### NOTES TO THE FINANCIAL STATEMENTS (continued) for the year ended 30 November 2020

#### 11 Other Creditors

	30.11.20	30.11.19
	£	£
Amounts payable for cancellation of shares	897,011	435,055
Accrued expenses	142,695	180,016
Payable to NT for tax suffered	–	6,288
Total other creditors	<u>1,039,706</u>	<u>621,359</u>

#### 12 Related party transactions

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

The aggregate monies received by the ACD through the issue of shares and paid on cancellation of shares are disclosed in the Statement of Change in Net Assets Attributable to Shareholders on page 174.

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

Pershing Nominees Limited 60.90% (2019: 57.96%)

The net value of creations and cancellations for Pershing Nominees Limited during the year totalled (£1,280,976) (2019: £34,565,478).

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

#### 13 Classes of Shares

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

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

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

Class	Opening Shares	Shares Created	Shares Liquidated	Shares Converted	Closing Shares
Class A Accumulation	6,070	5,562	(293)	–	11,339
Class B Accumulation	1,576,841	317,779	(525,578)	–	1,369,042
Class C Income	6,558,420	200,280	(1,123,020)	–	5,635,680
Class C Accumulation	41,905,225	6,874,898	(13,357,217)	140,698	35,563,604
Class D Income	4,699	–	(3,139)	–	1,560
Class D Accumulation	5,031,543	775,905	(964,525)	–	4,842,923
Class S Income	48,538	1,913	(40,176)	–	10,275
Class S Accumulation	7,476,614	4,035,663	(1,772,012)	(264,380)	9,475,885

#### 14 Contingent liabilities and commitments

There are no contingent liabilities or unrecorded outstanding commitments at the balance sheet date (2019: none).

## 7IM ADVENTUROUS FUND

### NOTES TO THE FINANCIAL STATEMENTS (continued) for the year ended 30 November 2020

#### 15 Risks Disclosures

The main risks from the Sub-fund's holding of financial instruments, together with the ACD's policy for managing these risks are detailed in note 3 on pages 13 to 15. Further analysis and numeric disclosure of interest rate risk, foreign currency risk and derivatives are shown on below.

##### i. Interest rate risk

The table below shows the direct interest rate risk profile:

Interest rate exposure as at 30 November 2020

	<b>Floating Rate Financial Assets £</b>	<b>Fixed Rate Financial Assets £</b>	<b>Financial Assets not carrying interest £</b>	<b>Total £</b>
Danish krone	–	–	365	365
Euro	155,320	–	699	156,019
Swiss franc	14,531	–	4,041	18,572
US dollar	14,514	–	32,753,857	32,768,371
Pound sterling	3,871,946	–	161,511,090	165,383,036
	<b>4,056,311</b>	<b>–</b>	<b>194,270,052</b>	<b>198,326,363</b>

	<b>Floating Rate Financial Liabilities £</b>	<b>Financial Liabilities not carrying interest £</b>	<b>Total £</b>
Euro	(155,320)	(831,220)	(986,540)
Japanese yen	–	(2,075,839)	(2,075,839)
Swiss franc	(14,531)	–	(14,531)
US dollar	(3,961)	(26,472,056)	(26,476,017)
Pound sterling	(773,157)	(19,041,954)	(19,815,111)
	<b>(946,969)</b>	<b>(48,421,069)</b>	<b>(49,368,038)</b>

Interest rate exposure as at 30 November 2019

	<b>Floating Rate Financial Assets £</b>	<b>Fixed Rate Financial Assets £</b>	<b>Financial Assets not carrying interest £</b>	<b>Total £</b>
Danish krone	–	–	337,369	337,369
Euro	152,498	–	10,000,758	10,153,256
Japanese yen	–	–	2,987,663	2,987,663
Norwegian krone	–	–	47,056	47,056
Swedish krona	–	–	236,397	236,397
Swiss franc	13,586	–	1,014,299	1,027,885
US dollar	21,592	6,545,492	58,873,791	65,440,875
Pound sterling	11,058,130	16,531,927	125,007,130	152,597,187
	<b>11,245,806</b>	<b>23,077,419</b>	<b>198,504,463</b>	<b>232,827,688</b>

## 7IM ADVENTUROUS FUND

### NOTES TO THE FINANCIAL STATEMENTS (continued) for the year ended 30 November 2020

#### 15 Risks Disclosures (continued)

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

	Floating Rate Financial Liabilities £	Financial Liabilities not carrying interest £	Total £
Euro	(152,498)	(13,762,021)	(13,914,519)
Swiss franc	(13,586)	–	(13,586)
US dollar	–	(17,726,674)	(17,726,674)
Pound sterling	(878,629)	(43,310,426)	(44,189,055)
	(1,044,713)	(74,799,121)	(75,843,834)

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

Currency	Fixed Rate Financial Assets			
	Weighted average interest rate		Weighted average period for which rate is fixed	
	30.11.20 %	30.11.19 %	30.11.20 Years	30.11.19 Years
Pound sterling	–	0.97	–	2
US dollar	–	0.50	–	19

The average effective duration of the Sub-fund's portfolio is a measure of the sensitivity of the fair value of the Sub-fund's bond portfolio (excludes all other investments) to changes in market interest rates. As at 30 November 2020, the weighted average effective duration was none (30 November 2019: 0.50 years).

##### ii. Foreign currency risk

The table below shows the direct foreign currency risk profile:

Foreign currency risk exposure as at 30 November 2020

Currency	Monetary Exposure £	Non-Monetary Exposure £	Total £
Danish krone	365	–	365
Euro	699	(831,220)	(830,521)
Japanese yen	–	(2,075,839)	(2,075,839)
Swiss franc	4,041	–	4,041
US dollar	10,553	6,281,801	6,292,354
	15,658	3,374,742	3,390,400
Pound sterling	2,365,877	143,202,048	145,567,925
Net assets	2,381,535	146,576,790	148,958,325

## 7IM ADVENTUROUS FUND

### NOTES TO THE FINANCIAL STATEMENTS (continued) for the year ended 30 November 2020

#### 15 Risks Disclosures (continued)

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

Foreign currency risk exposure as at 30 November 2019

Currency	Monetary Exposure £	Non-Monetary Exposure £	Total £
Danish krone	5,000	332,369	337,369
Euro	1,820	(3,763,083)	(3,761,263)
Japanese yen	–	2,987,663	2,987,663
Norwegian krone	333	46,723	47,056
Swedish krona	9	236,388	236,397
Swiss franc	32,730	981,569	1,014,299
US dollar	21,609	47,692,592	47,714,201
	61,501	48,514,221	48,575,722
Pound sterling	2,118,656	106,289,476	108,408,132
Net assets	2,180,157	154,803,697	156,983,854

##### iii. Derivatives

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

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

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

The lowest, highest and average leverage utilisation in the accounting year ended 30 November 2020 was 31%, 126% and 62% respectively (30 November 2019<sup>1</sup>: 27%, 124% and 63% respectively).

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

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

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

## 7IM ADVENTUROUS FUND

### NOTES TO THE FINANCIAL STATEMENTS (continued) for the year ended 30 November 2020

#### 15 Risks Disclosures (continued)

##### iii. Derivatives (continued)

The types of derivatives held at the balance sheet date was forward foreign 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	30.11.20 £	30.11.19 £
<b>Options</b>		
Chicago Board Options Exchange	–	375,756
<b>Futures Contracts</b>		
Chicago Board of Trade	–	21,801
International Monetary Market	–	1,013,348
<b>Forward Currency Contracts</b>		
Northern Trust	(326,176)	(151,319)
<b>Total net exposure<sup>2</sup></b>	<u>(326,176)</u>	<u>1,259,586</u>

<sup>1</sup> Prior year was restated to show Notional Leverage as it is more accurate representation as it only shows the Derivatives used in a fund as a percentage of its NAV while the Notional Exposure adds 100% to the Notional Leverage Value.

<sup>2</sup> Net exposure represents the mark to market value of derivative contracts less any cash collateral held. Positive exposure represents the Sub-fund's exposure to that counterparty.

# 7IM ADVENTUROUS FUND

## NOTES TO THE FINANCIAL STATEMENTS (continued) for the year ended 30 November 2020

### 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 £
<b>30 November 2020</b>				
<b>Assets</b>				
Collective Investment Schemes	136,295,992	–	2,590,093	138,886,085
Derivatives	–	475,613	–	475,613
Equities	6,417,424	–	1,599,457	8,016,881
<b>Total</b>	<b>142,713,416</b>	<b>475,613</b>	<b>4,189,550</b>	<b>147,378,579</b>
<b>Liabilities</b>				
Derivatives	–	(801,789)	–	(801,789)
<b>30 November 2019<sup>1</sup></b>				
<b>Assets</b>				
Bonds	5,028,098	26,727,152	–	31,755,250
Collective Investment Schemes	108,502,820	–	3,971,592	112,474,412
Derivatives	1,454,292	1,743,661	–	3,197,953
Equities	6,538,678	29,094	2,746,676	9,314,448
<b>Total</b>	<b>121,523,888</b>	<b>28,499,907</b>	<b>6,718,268</b>	<b>156,742,063</b>
<b>Liabilities</b>				
Derivatives	(5,863)	(1,932,504)	–	(1,938,367)

<sup>1</sup> Prior year amounts have been restated to exclude liquidity funds held by the Sub-fund.



## 7IM ADVENTUROUS FUND

### NOTES TO THE FINANCIAL STATEMENTS (continued) for the year ended 30 November 2020

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

Analysis of direct transaction costs for the year ended 30 November 2019<sup>1</sup>:

	Principal £'000	Commissions £'000	Taxes £'000	Total Transaction Costs £'000	Commissions % of principal	Taxes % of principal
<b>Purchases</b>						
Bonds	20,875	–	–	–	–	–
Collective Investment Schemes	101,454	–	–	–	–	–
Equities	39,630	3	41	44	0.01	0.10
<b>Total</b>	<b>161,959</b>	<b>3</b>	<b>41</b>	<b>44</b>	<b>0.01</b>	<b>0.10</b>
<b>Sales</b>						
Bonds	4,067	–	–	–	–	–
Collective Investment Schemes	81,841	–	–	–	–	–
Equities	57,944	(12)	(1)	(13)	0.02	–
<b>Total</b>	<b>143,852</b>	<b>(12)</b>	<b>(1)</b>	<b>(13)</b>	<b>0.02</b>	<b>–</b>
<b>Total as a percentage of the average NAV</b>		<b>0.01%</b>	<b>0.03%</b>	<b>0.04%</b>		

<sup>1</sup> Prior year amounts have been restated to exclude liquidity funds held by the Sub-fund.

#### Average portfolio dealing spread

As at the balance sheet date, the average portfolio dealing spread was 0.28% (2019: 0.13%) based on close of business prices. This spread represents the difference between the values determined respectively by reference to the bid and offer prices of investments expressed as a percentage of the value determined by reference to the offer price.

#### 17 Post Balance Sheet Events

On 21 March 2021, the Fair Value Panel reduced the price of Xenfin Securitised Debt by 21.88%. This was a result of a valuation reduction in an underlying asset.

As at the balance sheet date, the Net Asset Value price per share of Class C Accumulation was 288.92p. The Net Asset Value price per share of Class C Accumulation for the Sub-fund on 23 March 2021 was 305.87p. This represents an increase of 5.86% from the year end value.

# 7IM ADVENTUROUS FUND

## DISTRIBUTION TABLES

for the year ended 30 November 2020

### Interim - in pence per share

Group 1 - Shares purchased prior to 1 December 2019

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

	Net Revenue	Equalisation	Allocated 31.07.20	Allocated 31.07.19
<b>Class A Accumulation*</b>				
Group 1	–	–	–	–
Group 2	–	–	–	–
	Net Revenue	Equalisation	Allocated 31.07.20	Allocated 31.07.19
<b>Class B Accumulation*</b>				
Group 1	–	–	–	0.2625
Group 2	–	–	–	0.2625
	Net Revenue	Equalisation	Paid 31.07.20	Paid 31.07.19
<b>Class C Income</b>				
Group 1	0.2495	–	0.2495	0.5592
Group 2	0.2495	–	0.2495	0.5592
	Net Revenue	Equalisation	Allocated 31.07.20	Allocated 31.07.19
<b>Class C Accumulation</b>				
Group 1	0.2517	–	0.2517	0.5948
Group 2	0.2517	–	0.2517	0.5948
	Net Revenue	Equalisation	Paid 31.07.20	Paid 31.07.19
<b>Class D Income*</b>				
Group 1	–	–	–	–
Group 2	–	–	–	–
	Net Revenue	Equalisation	Allocated 31.07.20	Allocated 31.07.19
<b>Class D Accumulation*</b>				
Group 1	–	–	–	–
Group 2	–	–	–	–
	Net Revenue	Equalisation	Paid 31.07.20	Paid 31.07.19
<b>Class S Income</b>				
Group 1	0.3348	–	0.3348	0.4681
Group 2	0.2995	0.0353	0.3348	0.4681

# 7IM ADVENTUROUS FUND

## DISTRIBUTION TABLES (continued) for the year ended 30 November 2020

	Net Revenue	Equalisation	Allocated 31.07.20	Allocated 31.07.19
<b>Class S Accumulation</b>				
Group 1	0.3489	–	0.3489	0.4863
Group 2	0.3167	0.0322	0.3489	0.4863

### Final - in pence per share

Group 1 - Shares purchased prior to 1 June 2020

Group 2 - Shares purchased on or after 1 June 2020 and on or before 30 November 2020

	Net Revenue	Equalisation	Allocated 31.01.21	Allocated 31.01.20
<b>Class A Accumulation</b>				
Group 1	0.5034	–	0.5034	0.9853
Group 2	0.5034	–	0.5034	0.9853

	Net Revenue	Equalisation	Allocated 31.01.21	Allocated 31.01.20
<b>Class B Accumulation</b>				
Group 1	0.4799	–	0.4799	1.3922
Group 2	0.4799	–	0.4799	1.3922

	Net Revenue	Equalisation	Paid 31.01.21	Paid 31.01.20
<b>Class C Income</b>				
Group 1	1.2881	–	1.2881	1.6684
Group 2	1.2554	0.0327	1.2881	1.6684

	Net Revenue	Equalisation	Allocated 31.01.21	Allocated 31.01.20
<b>Class C Accumulation</b>				
Group 1	1.3727	–	1.3727	1.7748
Group 2	1.3623	0.0104	1.3727	1.7748

	Net Revenue	Equalisation	Paid 31.01.21	Paid 31.01.20
<b>Class D Income*</b>				
Group 1	–	–	–	0.9769
Group 2	–	–	–	0.9769

	Net Revenue	Equalisation	Allocated 31.01.21	Allocated 31.01.20
<b>Class D Accumulation</b>				
Group 1	0.3273	–	0.3273	0.9855
Group 2	0.3273	–	0.3273	0.9855

## 7IM ADVENTUROUS FUND

### DISTRIBUTION TABLES (continued) for the year ended 30 November 2020

	<b>Net Revenue</b>	<b>Equalisation</b>	<b>Paid 31.01.21</b>	<b>Paid 31.01.20</b>
<b>Class S Income</b>				
Group 1	1.1674	–	1.1674	1.0894
Group 2	1.1376	0.0298	1.1674	1.0894
	<b>Net Revenue</b>	<b>Equalisation</b>	<b>Allocated 31.01.21</b>	<b>Allocated 31.01.20</b>
<b>Class S Accumulation</b>				
Group 1	0.8707	–	0.8707	1.1397
Group 2	0.8298	0.0409	0.8707	1.1397

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

#### Equalisation

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

# 7IM SUSTAINABLE BALANCE FUND

## ACD'S REPORT

for the year ended 30 November 2020

### Investment Objective and Policy

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

The Sub-fund invests at least 80% of its assets in a range of shares and corporate bonds and other funds managed by selected fund managers.

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

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

### 1) Investment Restrictions

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

Adult entertainment

Alcohol

Armaments

Gambling

Genetically modified organisms ("GMOs") in agriculture

Nuclear power generation

Tobacco

### 2) Ethical Conduct Screening

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

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

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

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

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

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

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

# 7IM SUSTAINABLE BALANCE FUND

**ACD'S REPORT** (continued)  
for the year ended 30 November 2020

## **Investment Manager's Report**

### **Performance Report**

In the reporting period, 1 December 2019 to 30 November 2020, the portfolio delivered a total return of 7.68%<sup>1</sup>.

### **Investment Background**

The coronavirus that emerged in mid-January 2020 from the Chinese city of Wuhan caught the attention of global markets. Initial research suggested that the virus is less deadly than the SARS virus that hit China in 2003 but is markedly more contagious. Trying to untangle tabloid hyperbole from scientific facts was a near impossibility. Amongst this, the UK finally left the EU on 31 January 2020. Negotiations to reach a trade deal were to continue until the end of the calendar year.

February saw headlines dominated by the growing concern of coronavirus. Equity markets initially shrugged off the potential effects of the virus, with MSCI World up c. 6% from the start of February to the 20th. However, investors panicked towards the end of the month causing equities to experience some of the largest one-day down moves since 2011, and the largest one-week move since the financial crisis.

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

Investors enjoyed positive returns in April as both risky and defensive assets rebounded following the initial shock of a global shutdown in March. It is clear that governments around the world were conscious of the implications caused by lockdown on both economies and families. They started to discuss ways in which we can delicately move from a period of lockdown to a re-opening of businesses. The UK chose to extend its lockdown period until early May.

Equities continued their winning streak in May, following optimism over economies beginning to re-open. The US returned around 5%, with the Technology sector leading the way, and generating over 7% throughout the month. In fact, markets around the world were positive - with the UK, Japanese and European markets all gaining over 4%.

In June, we saw the government in England relax COVID-19 restrictions. This was a key development in the economy as it allowed businesses to start to plot a path back to normal. Asia was busy dealing with isolated second waves, while Europe was starting to open up, albeit cautiously.

In July, we saw a major shift in the UK Government's guidance with more encouragement for workers to return to the office. Central Bank stimulus set the stage for a sharp economic recovery towards the end of 2020 into the beginning of 2021. New cases continued to rise worldwide, and death rates fell due partly to a better understanding of the virus.

During August, there was a sense that the world was returning to normal and markets signalled confidence in the economy's recovery. Higher risk investments provided strong returns, while more defensive assets were negative over the period. Manufacturing and non-manufacturing data across the US, UK, Europe and China all showed promising signs of expansion.

In September, more optimistic views on the outlook for risky assets were challenged by the political and media narrative of a second wave of COVID-19. However, outside of the UK, the US economy was starting to get going and unemployment was falling sharply, as the largest policy stimulus in history took effect. Chinese authorities were talking about whether the recovery was too strong and European manufacturers saw demand for goods rise strongly, although the tourism sector continued to struggle.

Equities were mixed throughout the month of October. Emerging Markets were positive, while the Developed World declined due to an increase in the number of COVID-19 cases. As the colder months begin to settle in to Europe, governments started to bring in further restrictions to help contain the spread of COVID-19. Despite this, many countries in Asia had the virus under control and continued to see economic recoveries take hold.

The US election kicked off November with Joe Biden's victory over Donald Trump. Markets responded well despite Trump's ongoing attempts to claim victory via the courts. Only days after the election, Pfizer-BioNTech announced trials of their COVID-19 vaccine had been highly effective, followed a week later by an identical announcement from Moderna. This fuelled a renewed sense of optimism, which pushed the S&P 500 to new all-time highs, and the Dow Jones Industrial Average made headlines for reaching 30,000.

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

# 7IM SUSTAINABLE BALANCE FUND

**ACD'S REPORT** (continued)  
for the year ended 30 November 2020

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

Within the overall rally, the big story was the bounce back of cyclical stocks and sectors that were worst affected by the pandemic, while the large tech businesses lagged. Companies like Carnival Cruises and HSBC generated returns of around 50% and 25%, whereas Apple and Amazon were broadly flat or declined. European equities, which are more exposed to manufacturing, finance and exports, had one of the strongest months in history.

## **Portfolio Review**

At the very beginning of March, we reduced our exposure to broad equity markets as the chances of a longer slowdown in the global economy increased. Concerns mounted over the drastic measures governments were having to take to slow the spread of COVID-19, alongside the fall in oil price following an escalation in tensions between Saudi Arabia and Russia.

As well as reducing our equity exposure, we reduced our allocation to Emerging Market and High Yield bonds. This decision was motivated by the knowledge that the correlation between credit and equity increases during stressed periods, with credit becoming more risky. With significant exposure to Energy, Materials and Consumer sectors, it was also thought that both asset classes would struggle if consumer demand fell in response to widespread lockdowns.

Going into April, we increased our allocation to Corporate bonds, funded from Global Government bonds. Despite an equity sell off that remained well inside the Global Financial Crisis, credit spreads were at levels not seen since that same period. Overall, this looked like an opportunity to rotate out of low-yielding Government bonds into higher yielding Corporates, taking advantage of elevated spreads despite policy support from central banks that reduced (already low) chances of default.

Portfolios reduced their exposure to broad equity markets at the end of April as we moved to a more neutral view versus our Strategic Asset Allocation (SAA). Although we recognised the benefits of the significant stimulus coming from central banks, this was counteracted by a negative view on the health of the economy. Together with a neutral view on manufacturing and equity valuations this meant that the overweight to equities in portfolios was removed.

Across portfolios, we increased our exposure to Sterling versus the US Dollar in mid-March after some significant Sterling weakness. Since our entry, the pound had rallied strongly and as we headed into the end of 2020, we saw an increased likelihood of volatility in both currencies as markets tried to price the outcome of the US election and the outcome of Brexit. Although Sterling remained undervalued, with no obvious catalyst for a reversion to mean over the medium term we took profit on the position at the start of September and returned to our long-term SAA neutral weight.

## **Investment Outlook**

At 7IM, we have a number of long-term core views that help to guide our investment decisions and allocations within portfolios:

1. The recovery is already happening – The world has never seen as much coordinated stimulus as in the past five months. A V-shaped economic recovery is our base-case; with some areas like China already nearly back to normal. As the recovery continues, and turns into an expansion, we want to be exposed to it. Positive for credit and equity.
2. Our portfolios are positioned for the new economic cycle – Much of the first stage of the recovery rally has been concentrated in well-known technology – and understandably so, given their resilience to coronavirus, and their balance sheet strength. In a more conventional economic recovery, though, other parts of the market could start to rally too. Positive for lagging equity.
3. The virus won't derail this growth – Lockdowns are unlikely to be as severe.

Seven Investment Management LLP  
Investment Manager  
December 2020

## 7IM SUSTAINABLE BALANCE FUND

### FUND INFORMATION

The Comparative Tables on pages 195 to 203 give the performance of each active share class in the Sub-fund.

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

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

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

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

# 7IM SUSTAINABLE BALANCE FUND

## FUND INFORMATION (continued)

### Comparative Tables

#### Class A Income

	30.11.20 (pence per share)	30.11.19 (pence per share)	30.11.18 (pence per share)
<b>Change in Net Asset Value Per Share</b>			
Opening net asset value per share	123.13	116.14	118.18
Return before operating charges*	11.32	11.74	2.51
Operating charges (calculated on average price)	(2.48)	(2.31)	(2.30)
Return after operating charges*	8.84	9.43	0.21
Distributions on income shares	(1.61)	(2.44)	(2.25)
Closing net asset value per share	130.36	123.13	116.14
* After direct transaction costs of: <sup>1</sup>	0.14	0.02	0.01

#### Performance

Return after charges <sup>2</sup>	7.18%	8.12%	0.18%
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#### Other Information

Closing net asset value (£'000)	83	79	86
Closing number of shares	63,620	64,292	74,047
Operating charges <sup>3</sup>	2.00%	1.93%	1.94%
Direct transaction costs	0.11%	0.02%	0.01%

#### Prices

Highest share price	130.99	124.70	121.56
Lowest share price	106.16	111.98	114.74

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

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

<sup>3</sup> Operating charges, otherwise known as the OCF is the ratio of the Sub-fund's total disclosable costs (excluding securities lending fees and overdraft interest) to the average net assets of the Sub-fund. The OCF is intended to provide a reliable figure which gives the most accurate measure of what it costs to invest in a Sub-fund and is calculated based on the last period's figures. Included within the OCF are synthetic costs which includes the OCF of the underlying funds weighted on the basis of their investment proportion. A detailed breakdown of the OCF per share class is shown on page 204.

# 7IM SUSTAINABLE BALANCE FUND

## FUND INFORMATION (continued)

### Comparative Tables (continued)

#### Class A Accumulation

	30.11.20 (pence per share)	30.11.19 (pence per share)	30.11.18 (pence per share)
<b>Change in Net Asset Value Per Share</b>			
Opening net asset value per share	161.18	149.01	148.77
Return before operating charges*	14.96	15.15	3.15
Operating charges (calculated on average price)	(3.29)	(2.98)	(2.91)
Return after operating charges*	11.67	12.17	0.24
Distributions	(2.40)	(3.14)	(2.84)
Retained distributions on accumulation shares	2.40	3.14	2.84
Closing net asset value per share	172.85	161.18	149.01
* After direct transaction costs of: <sup>1</sup>	0.18	0.03	0.01

#### Performance

Return after charges <sup>2</sup>	7.24%	8.17%	0.16%
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#### Other Information

Closing net asset value (£'000)	331	98	99
Closing number of shares	191,749	60,684	66,624
Operating charges <sup>3</sup>	2.00%	1.93%	1.94%
Direct transaction costs	0.11%	0.02%	0.01%

#### Prices

Highest share price	172.95	161.71	154.46
Lowest share price	139.01	143.66	144.45

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

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

<sup>3</sup> Operating charges, otherwise known as the OCF is the ratio of the Sub-fund's total disclosable costs (excluding securities lending fees and overdraft interest) to the average net assets of the Sub-fund. The OCF is intended to provide a reliable figure which gives the most accurate measure of what it costs to invest in a Sub-fund and is calculated based on the last period's figures. Included within the OCF are synthetic costs which includes the OCF of the underlying funds weighted on the basis of their investment proportion. A detailed breakdown of the OCF per share class is shown on page 204.

# 7IM SUSTAINABLE BALANCE FUND

## FUND INFORMATION (continued)

### Comparative Tables (continued)

#### Class B Accumulation

	30.11.20 (pence per share)	30.11.19 (pence per share)	30.11.18 (pence per share)
<b>Change in Net Asset Value Per Share</b>			
Opening net asset value per share	163.29	150.84	150.49
Return before operating charges*	15.14	15.31	3.14
Operating charges (calculated on average price)	(3.14)	(2.86)	(2.79)
Return after operating charges*	12.00	12.45	0.35
Distributions	(2.17)	(3.16)	(2.86)
Retained distributions on accumulation shares	2.17	3.16	2.86
Closing net asset value per share	175.29	163.29	150.84
* After direct transaction costs of: <sup>1</sup>	0.18	0.03	0.01

#### Performance

Return after charges <sup>2</sup>	7.35%	8.25%	0.23%
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#### Other Information

Closing net asset value (£'000)	4	4	4
Closing number of shares	2,426	2,426	2,426
Operating charges <sup>3</sup>	1.90%	1.83%	1.84%
Direct transaction costs	0.11%	0.02%	0.01%

#### Prices

Highest share price	175.37	163.79	156.34
Lowest share price	140.87	145.43	146.15

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

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

<sup>3</sup> Operating charges, otherwise known as the OCF is the ratio of the Sub-fund's total disclosable costs (excluding securities lending fees and overdraft interest) to the average net assets of the Sub-fund. The OCF is intended to provide a reliable figure which gives the most accurate measure of what it costs to invest in a Sub-fund and is calculated based on the last period's figures. Included within the OCF are synthetic costs which includes the OCF of the underlying funds weighted on the basis of their investment proportion. A detailed breakdown of the OCF per share class is shown on page 204.

# 7IM SUSTAINABLE BALANCE FUND

## FUND INFORMATION (continued)

### Comparative Tables (continued)

#### Class C Income

	30.11.20 (pence per share)	30.11.19 (pence per share)	30.11.18 (pence per share)
<b>Change in Net Asset Value Per Share</b>			
Opening net asset value per share	129.71	121.74	123.25
Return before operating charges*	11.68	12.33	2.63
Operating charges (calculated on average price)	(1.64)	(1.80)	(1.79)
Return after operating charges*	10.04	10.53	0.84
Distributions on income shares	(1.84)	(2.56)	(2.35)
Closing net asset value per share	137.91	129.71	121.74
* After direct transaction costs of: <sup>1</sup>	0.14	0.02	0.01

#### Performance

Return after charges <sup>2</sup>	7.74%	8.65%	0.68%
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#### Other Information

Closing net asset value (£'000)	28,692	26,787	24,856
Closing number of shares	20,805,315	20,651,026	20,417,956
Operating charges <sup>3</sup>	1.25%	1.43%	1.44%
Direct transaction costs	0.11%	0.02%	0.01%

#### Prices

Highest share price	138.67	131.25	127.25
Lowest share price	112.04	117.41	119.86

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

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

<sup>3</sup> Operating charges, otherwise known as the OCF is the ratio of the Sub-fund's total disclosable costs (excluding securities lending fees and overdraft interest) to the average net assets of the Sub-fund. The OCF is intended to provide a reliable figure which gives the most accurate measure of what it costs to invest in a Sub-fund and is calculated based on the last period's figures. Included within the OCF are synthetic costs which includes the OCF of the underlying funds weighted on the basis of their investment proportion. A detailed breakdown of the OCF per share class is shown on page 204.

# 7IM SUSTAINABLE BALANCE FUND

## FUND INFORMATION (continued)

### Comparative Tables (continued)

#### Class C Accumulation

	30.11.20 (pence per share)	30.11.19 (pence per share)	30.11.18 (pence per share)
<b>Change in Net Asset Value Per Share</b>			
Opening net asset value per share	172.19	158.40	157.36
Return before operating charges*	15.62	16.15	3.33
Operating charges (calculated on average price)	(2.19)	(2.36)	(2.29)
Return after operating charges*	13.43	13.79	1.04
Distributions	(2.50)	(3.35)	(3.01)
Retained distributions on accumulation shares	2.50	3.35	3.01
Closing net asset value per share	185.62	172.19	158.40
* After direct transaction costs of: <sup>1</sup>	0.19	0.03	0.01

#### Performance

Return after charges <sup>2</sup>	7.80%	8.71%	0.66%
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#### Other Information

Closing net asset value (£'000)	106,546	66,645	50,342
Closing number of shares	57,401,022	38,704,244	31,782,224
Operating charges <sup>3</sup>	1.25%	1.43%	1.44%
Direct transaction costs	0.11%	0.02%	0.01%

#### Prices

Highest share price	185.67	172.60	163.98
Lowest share price	148.73	152.76	153.02

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

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

<sup>3</sup> Operating charges, otherwise known as the OCF is the ratio of the Sub-fund's total disclosable costs (excluding securities lending fees and overdraft interest) to the average net assets of the Sub-fund. The OCF is intended to provide a reliable figure which gives the most accurate measure of what it costs to invest in a Sub-fund and is calculated based on the last period's figures. Included within the OCF are synthetic costs which includes the OCF of the underlying funds weighted on the basis of their investment proportion. A detailed breakdown of the OCF per share class is shown on page 204.

# 7IM SUSTAINABLE BALANCE FUND

## FUND INFORMATION (continued)

### Comparative Tables (continued)

#### Class D Income

	30.11.20 (pence per share)	30.11.19 (pence per share)	30.11.18 (pence per share)
<b>Change in Net Asset Value Per Share</b>			
Opening net asset value per share	121.04	114.28	116.41
Return before operating charges*	11.13	11.54	2.46
Operating charges (calculated on average price)	(2.57)	(2.39)	(2.38)
Return after operating charges*	8.56	9.15	0.08
Distributions on income shares	(1.63)	(2.39)	(2.21)
Closing net asset value per share	127.97	121.04	114.28
* After direct transaction costs of: <sup>1</sup>	0.13	0.02	0.01

#### Performance

Return after charges <sup>2</sup>	7.07%	8.01%	0.07%
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#### Other Information

Closing net asset value (£'000)	42	28	27
Closing number of shares	32,784	22,806	23,591
Operating charges <sup>3</sup>	2.10%	2.03%	2.04%
Direct transaction costs	0.11%	0.02%	0.01%

#### Prices

Highest share price	128.64	122.60	119.64
Lowest share price	104.35	110.18	112.98

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

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

<sup>3</sup> Operating charges, otherwise known as the OCF is the ratio of the Sub-fund's total disclosable costs (excluding securities lending fees and overdraft interest) to the average net assets of the Sub-fund. The OCF is intended to provide a reliable figure which gives the most accurate measure of what it costs to invest in a Sub-fund and is calculated based on the last period's figures. Included within the OCF are synthetic costs which includes the OCF of the underlying funds weighted on the basis of their investment proportion. A detailed breakdown of the OCF per share class is shown on page 204.

# 7IM SUSTAINABLE BALANCE FUND

## FUND INFORMATION (continued)

### Comparative Tables (continued)

#### Class D Accumulation

	30.11.20 (pence per share)	30.11.19 (pence per share)	30.11.18 (pence per share)
<b>Change in Net Asset Value Per Share</b>			
Opening net asset value per share	159.14	147.27	147.18
Return before operating charges*	14.72	14.98	3.12
Operating charges (calculated on average price)	(3.38)	(3.11)	(3.03)
Return after operating charges*	11.34	11.87	0.09
Distributions	(2.01)	(3.10)	(2.81)
Retained distributions on accumulation shares	2.01	3.10	2.81
Closing net asset value per share	170.48	159.14	147.27
* After direct transaction costs of: <sup>1</sup>	0.18	0.03	0.01

#### Performance

Return after charges <sup>2</sup>	7.13%	8.06%	0.06%
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#### Other Information

Closing net asset value (£'000)	93	107	77
Closing number of shares	54,748	67,040	52,167
Operating charges <sup>3</sup>	2.10%	2.03%	2.04%
Direct transaction costs	0.11%	0.02%	0.01%

#### Prices

Highest share price	170.58	159.69	152.69
Lowest share price	137.20	141.97	142.85

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

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

<sup>3</sup> Operating charges, otherwise known as the OCF is the ratio of the Sub-fund's total disclosable costs (excluding securities lending fees and overdraft interest) to the average net assets of the Sub-fund. The OCF is intended to provide a reliable figure which gives the most accurate measure of what it costs to invest in a Sub-fund and is calculated based on the last period's figures. Included within the OCF are synthetic costs which includes the OCF of the underlying funds weighted on the basis of their investment proportion. A detailed breakdown of the OCF per share class is shown on page 204.

# 7IM SUSTAINABLE BALANCE FUND

## FUND INFORMATION (continued)

### Comparative Tables (continued)

#### Class S Income

	30.11.20 (pence per share)	30.11.19 (pence per share)	30.11.18 (pence per share)
<b>Change in Net Asset Value Per Share</b>			
Opening net asset value per share	125.91	117.87	119.03
Return before operating charges*	11.34	11.95	2.54
Operating charges (calculated on average price)	(1.27)	(1.43)	(1.43)
Return after operating charges*	10.07	10.52	1.11
Distributions on income shares	(1.84)	(2.48)	(2.27)
Closing net asset value per share	134.14	125.91	117.87
* After direct transaction costs of: <sup>1</sup>	0.14	0.02	0.01

#### Performance

Return after charges <sup>2</sup>	8.00%	8.93%	0.93%
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#### Other Information

Closing net asset value (£'000)	470	520	666
Closing number of shares	350,092	413,310	565,225
Operating charges <sup>3</sup>	1.00%	1.18%	1.19%
Direct transaction costs	0.11%	0.02%	0.01%

#### Prices

Highest share price	134.92	127.34	123.12
Lowest share price	108.84	113.70	115.85

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

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

<sup>3</sup> Operating charges, otherwise known as the OCF is the ratio of the Sub-fund's total disclosable costs (excluding securities lending fees and overdraft interest) to the average net assets of the Sub-fund. The OCF is intended to provide a reliable figure which gives the most accurate measure of what it costs to invest in a Sub-fund and is calculated based on the last period's figures. Included within the OCF are synthetic costs which includes the OCF of the underlying funds weighted on the basis of their investment proportion. A detailed breakdown of the OCF per share class is shown on page 204.

# 7IM SUSTAINABLE BALANCE FUND

## FUND INFORMATION (continued)

### Comparative Tables (continued)

#### Class S Accumulation

	30.11.20 (pence per share)	30.11.19 (pence per share)	30.11.18 (pence per share)
<b>Change in Net Asset Value Per Share</b>			
Opening net asset value per share	141.28	129.64	128.46
Return before operating charges*	12.84	13.23	2.73
Operating charges (calculated on average price)	(1.44)	(1.59)	(1.55)
Return after operating charges*	11.40	11.64	1.18
Distributions	(2.11)	(2.74)	(2.46)
Retained distributions on accumulation shares	2.11	2.74	2.46
Closing net asset value per share	152.68	141.28	129.64
* After direct transaction costs of: <sup>1</sup>	0.16	0.03	0.01

#### Performance

Return after charges <sup>2</sup>	8.07%	8.98%	0.92%
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#### Other Information

Closing net asset value (£'000)	15,334	11,369	10,191
Closing number of shares	10,043,312	8,047,554	7,861,596
Operating charges <sup>3</sup>	1.00%	1.18%	1.19%
Direct transaction costs	0.11%	0.02%	0.01%

#### Prices

Highest share price	152.70	141.56	134.12
Lowest share price	122.13	125.04	125.02

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

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

<sup>3</sup> Operating charges, otherwise known as the OCF is the ratio of the Sub-fund's total disclosable costs (excluding securities lending fees and overdraft interest) to the average net assets of the Sub-fund. The OCF is intended to provide a reliable figure which gives the most accurate measure of what it costs to invest in a Sub-fund and is calculated based on the last period's figures. Included within the OCF are synthetic costs which includes the OCF of the underlying funds weighted on the basis of their investment proportion. A detailed breakdown of the OCF per share class is shown on page 204.

## 7IM SUSTAINABLE BALANCE FUND

### FUND INFORMATION (continued)

#### Ongoing Charges Figures

As at 30 November 2020

	<b>Class A</b>	<b>Class B</b>	<b>Class C<sup>1</sup></b>	<b>Class D</b>	<b>Class S<sup>1</sup></b>
ACD's periodic charge	1.75%	1.65%	1.00%	1.85%	0.75%
Other expenses	0.10%	0.10%	0.10%	0.10%	0.10%
	1.85%	1.75%	1.10%	1.95%	0.85%
Collective investment scheme costs	0.15%	0.15%	0.15%	0.15%	0.15%
Ongoing Charges Figure	2.00%	1.90%	1.25%	2.10%	1.00%

As at 30 November 2019

	<b>Class A</b>	<b>Class B</b>	<b>Class C</b>	<b>Class D</b>	<b>Class S</b>
ACD's periodic charge	1.75%	1.65%	1.25%	1.85%	1.00%
Other expenses	0.10%	0.10%	0.10%	0.10%	0.10%
	1.85%	1.75%	1.35%	1.95%	1.10%
Collective investment scheme costs	0.08%	0.08%	0.08%	0.08%	0.08%
Ongoing Charges Figure	1.93%	1.83%	1.43%	2.03%	1.18%

<sup>1</sup> The ACD's periodic charge for Share class C and S was changed to 1.00% and 0.75% effective 2 November 2020.

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

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

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

# 7IM SUSTAINABLE BALANCE FUND

## FUND INFORMATION (continued)

### Synthetic Risk and Reward Indicator

#### Synthetic Risk and Reward Indicator



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

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

The risk and reward indicator shown above is as at the date of publication of the annual report and financial statements, the risk and reward indicator as at the year end date 30 November 2020 was four.

#### Fund performance to 30 November 2020 (%)

	1 year	3 years	5 years
7IM Sustainable Balance Fund <sup>1</sup>	7.68	17.70	34.82

<sup>1</sup> Source: Bloomberg

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

Details of the distributions per share for the year are shown in the Distribution Tables on pages 224 to 226.

# 7IM SUSTAINABLE BALANCE FUND

## PORTFOLIO STATEMENT

as at 30 November 2020

Holding	Portfolio of Investment	Value	30.11.20
		£	%
	<b>ALTERNATIVES 4.82% (6.33%)</b>		
	<b>Alternative Strategies 0.00% (0.13%)</b>		
337,642	Low Carbon Accelerator <sup>1</sup>	-	-
	<b>Infrastructure 4.12% (5.18%)</b>		
1,494,742	Greencoat UK Wind	1,946,154	1.28
1,633,447	Renewables Infrastructure Group	2,061,410	1.36
2,089,500	SDCL Energy Efficiency Income Trust	2,235,765	1.48
		<b>6,243,329</b>	<b>4.12</b>
	<b>Real Estate 0.70% (1.02%)</b>		
935,307	Target Healthcare REIT	1,058,768	0.70
	<b>DEBT SECURITIES 39.73% (31.23%)</b>		
	<b>Corporate Bonds 0.00% (0.62%)</b>		
	<b>Emerging Market Bonds 5.99% (0.00%)</b>		
610,410	BlackRock Global ESG Emerging Markets Blended <sup>2</sup>	6,470,344	4.27
287,459	BlackRock Global ESG Emerging Markets Bond Fund <sup>2</sup>	2,604,359	1.72
		<b>9,074,703</b>	<b>5.99</b>
	<b>Gilts 2.02% (7.18%)</b>		
70,618	Invesco UK Gilts UCITS ETF <sup>2</sup>	3,066,940	2.02
	<b>Global Corporate Bonds 15.99% (5.28%)</b>		
369,702	Amundi Index US Corp SRI UCITS ETF <sup>2</sup>	17,359,148	11.45
1,446,500	iShares II PLC Euro Corporate Bond UCITS ETF <sup>3</sup>	6,878,007	4.54
		<b>24,237,155</b>	<b>15.99</b>
	<b>Global Government Bonds 3.47% (7.29%)</b>		
473,532	Global Government Bond Index Fund <sup>2</sup>	5,257,155	3.47
	<b>Global High Yield Bonds 5.64% (0.00%)</b>		
75,547	Bluebay Global High Yield Bond Fund <sup>2</sup>	8,552,653	5.64
	<b>Global Inflation Linked Bonds 2.06% (3.82%)</b>		
272,511	iShares Global Inflation-Linked Bond Index <sup>2</sup>	3,128,609	2.06
	<b>Short Term Sterling Bonds 0.00% (0.69%)</b>		
	<b>Sterling Corporate Bonds 4.56% (6.35%)</b>		
6,011,708	Threadneedle UK Social Bond <sup>2</sup>	6,914,065	4.56
	<b>EQUITY 51.46% (50.81%)</b>		
	<b>Asia &amp; Emerging Markets 5.25% (2.54%)</b>		
7,075	Credicorp	820,309	0.54
17,744	HDFC Bank	901,051	0.59

# 7IM SUSTAINABLE BALANCE FUND

## PORTFOLIO STATEMENT (continued) as at 30 November 2020

Holding	Portfolio of Investment	Value £	30.11.20 %
<b>Asia &amp; Emerging Markets (continued)</b>			
602,100	Samsonite International	725,829	0.48
492,915	UBS MSCI Emerging Markets Socially Responsible UCITS ETF <sup>2</sup>	5,513,254	3.64
		<b>7,960,443</b>	<b>5.25</b>
<b>Europe (ex UK) 6.12% (6.80%)</b>			
9,893	Air Liquide	1,230,619	0.81
25,690	Alstom	1,035,013	0.68
16,516	Alstom Rights <sup>4</sup>	65,221	0.04
4,489	ASML Holding	1,476,173	0.98
4,039	Dassault Systemes <sup>3</sup>	563,866	0.37
7,493	Essilor International	815,398	0.54
263	Givaudan	807,748	0.53
32,597	iShares MSCI Europe SRI UCITS ETF <sup>2</sup>	1,462,953	0.97
6,151	Orsted	830,171	0.55
9,294	Schneider Electric	983,025	0.65
		<b>9,270,187</b>	<b>6.12</b>
<b>Far East (ex Japan) 1.01% (1.63%)</b>			
87,000	AIA	713,894	0.47
5,002	CSL	822,018	0.54
		<b>1,535,912</b>	<b>1.01</b>
<b>Japan 5.83% (4.01%)</b>			
6,300	Daikin Industries	1,068,361	0.70
4,900	Shimano	866,922	0.57
17,800	Shionogi	716,455	0.47
315,005	UBS MSCI Japan Socially Responsible UCITS ETF <sup>2</sup>	6,192,998	4.09
		<b>8,844,736</b>	<b>5.83</b>
<b>North America 15.93% (16.74%)</b>			
805	Alphabet 'C'	1,080,046	0.71
372	Amazon.com	890,017	0.59
4,250	Amgen	715,392	0.47
50,794	Aramark	1,373,725	0.91
680	Booking Holdings	1,045,124	0.69
1,861	Charter Communications	895,657	0.59
7,384	CME	966,270	0.64
14,983	Colgate-Palmolive	952,010	0.63
5,585	Deere & Co	1,095,798	0.72
4,044	Ecolab	678,961	0.45
1,657	Equinix	868,717	0.57
10,006	First Republic Bank	976,513	0.64
4,354	Home Depot <sup>3</sup>	900,010	0.59
205,608	iShares MSCI USA SRI UCITS ETF <sup>2</sup>	1,602,620	1.06
7,826	Jack Henry & Associates	922,912	0.61
4,260	MasterCard	1,081,818	0.71
15,589	Merck & Co	932,620	0.62
10,955	Middleby	1,135,816	0.75
4,203	Moody's	872,416	0.58
15,617	Otis Worldwide	786,726	0.52
23,928	Service International	885,957	0.58
6,156	Splunk	940,443	0.62

# 7IM SUSTAINABLE BALANCE FUND

## PORTFOLIO STATEMENT (continued)

as at 30 November 2020

Holding	Portfolio of Investment	Value £	30.11.20 %
<b>North America (continued)</b>			
3,619	SVB Financial Group	957,461	0.63
8,803	TE Connectivity	760,042	0.50
2,944	Zebra Technologies	831,034	0.55
		<b>24,148,105</b>	<b>15.93</b>
<b>United Kingdom 17.32% (19.09%)</b>			
85,664	3i Group	925,599	0.61
27,771	Abcam	400,736	0.27
25,327	AstraZeneca	2,003,872	1.32
160,157	Barratt Developments	1,007,388	0.67
60,117	Compass Group	826,308	0.55
12,265	Cranswick	425,841	0.28
238,016	DS Smith	800,924	0.53
13,946	Genus	584,895	0.39
95,408	GlaxoSmithKline	1,320,447	0.87
37,473	Halma	837,147	0.55
78,529	Howden Joinery Group	499,130	0.33
272,203	HSBC Holdings	1,073,433	0.71
48,503	IMI	546,144	0.36
12,568	InterContinental Hotels Group	590,947	0.39
9,756	Intertek Group	547,312	0.36
311,081	Legal & General Group	793,257	0.52
14,607	London Stock Exchange	1,173,818	0.77
191,331	Man Group	226,345	0.15
12,546	Medtronic	1,077,196	0.71
42,125	Ocado Group	941,915	0.62
72,174	Prudential	866,449	0.57
18,225	Reckitt Benckiser Group	1,198,111	0.79
67,108	RELX	1,186,805	0.78
1,000,000	Residential Secure Income	900,000	0.59
750,961	RM Secured Direct Lending	593,259	0.39
108,385	Sage Group	660,281	0.44
47,672	Smith & Nephew	707,691	0.47
37,477	Softcat	431,360	0.29
54,150	UBS (Irl) MSCI United Kingdom IMI Socially Responsible <sup>2</sup>	815,824	0.54
38,045	Unilever	1,748,548	1.15
26,073	Unite Group	261,773	0.17
19,799	WH Smith	277,384	0.18
		<b>26,250,139</b>	<b>17.32</b>
<b>PROPERTY 0.58% (0.42%)</b>			
860,876	Civitas Social Housing	<b>884,981</b>	<b>0.58</b>
<b>FORWARD CURRENCY CONTRACTS 0.88% (0.87%)</b>			
€(8,303,000)	Vs £7,509,358 Expiry 16.04.2021	40,070	0.03
¥(2,400,000)	Vs £17,415 Expiry 21.05.2021	116	–
US\$(23,110,000)	Vs £18,420,140 Expiry 15.01.2021	1,127,777	0.74
US\$(9,100,000)	Vs £6,967,761 Expiry 15.01.2021	158,566	0.11
		<b>1,326,529</b>	<b>0.88</b>

## 7IM SUSTAINABLE BALANCE FUND

### PORTFOLIO STATEMENT (continued) as at 30 November 2020

<b>Holding</b>	<b>Portfolio of Investment</b>	<b>Value</b>	<b>30.11.20</b>
		<b>£</b>	<b>%</b>
	<b>Portfolio of investment<sup>5</sup></b>	<b>147,754,409</b>	<b>97.47</b>
	Net other assets <sup>5</sup>	3,840,311	2.53
	<b>Net assets</b>	<b>151,594,720</b>	<b>100.00</b>

Comparative figures shown in brackets relate to 30 November 2019.

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

<sup>1</sup> Delisted security

<sup>2</sup> Collective investment scheme

<sup>3</sup> Derivative contract

<sup>4</sup> Rights held due to corporate action

<sup>5</sup> Prior year percentage of Portfolio of investments and Net other assets have been restated to show the liquidity funds as Cash equivalents in the Balance Sheet of the Sub-fund.

<b>Credit Quality</b>	<b>30.11.20</b>	<b>30.11.19</b>
	<b>%</b>	<b>%</b>
Investment grade debt securities	–	23.14
Other investments	97.47	73.16
Net other assets	2.53	3.70
	<b>100.00</b>	<b>100.00</b>

## 7IM SUSTAINABLE BALANCE FUND

### STATEMENT OF TOTAL RETURN

for the year ended 30 November 2020

	Notes	£	30.11.20 £	£	30.11.19 £
Income					
Net capital gains	4		9,791,520		7,154,291
Revenue	5	1,974,391		2,193,055	
Expenses	6	(1,566,165)		(1,256,558)	
Interest payable and similar charges	8	(7,934)		(7,649)	
Net revenue before taxation for the year		400,292		928,848	
Taxation	7	(56,514)		(48,052)	
Net revenue after taxation for the year			343,778		880,796
<b>Total return before distributions</b>			10,135,298		8,035,087
Distributions	8		(1,720,317)		(1,935,724)
<b>Change in net assets attributable to shareholders from investment activities</b>			8,414,981		6,099,363

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

for the year ended 30 November 2020

	£	30.11.20 £	£	30.11.19 £
<b>Opening net assets attributable to shareholders</b>		105,637,162		86,348,495
Amounts received on creation of shares <sup>1</sup>	57,205,665		25,753,875	
Amounts paid on cancellation of shares <sup>1</sup>	(21,113,454)		(14,020,030)	
		36,092,211		11,733,845
Change in net assets attributable to shareholders from investment activities		8,414,981		6,099,363
Retained distribution on accumulation shares		1,450,366		1,455,459
<b>Closing net assets attributable to shareholders</b>		151,594,720		105,637,162

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

The notes on pages 212 to 223 are an integral part of these Financial Statements.

# 7IM SUSTAINABLE BALANCE FUND

## BALANCE SHEET

as at 30 November 2020

	Notes	30.11.20 £	30.11.19 £
<b>ASSETS</b>			
Fixed assets:			
Investments <sup>1</sup>		147,754,409	95,307,279
Current assets:			
Debtors	9	898,123	762,210
Cash and bank balances	10	4,779,199	4,439,855
Cash equivalents <sup>1</sup>	10	–	7,019,000
<b>Total assets</b>		<b>153,431,731</b>	<b>107,528,344</b>
<b>LIABILITIES</b>			
Investment liabilities		–	(596,146)
Creditors:			
Bank overdrafts	10	(140,063)	(160,363)
Distribution payable		(154,117)	(258,591)
Other creditors	11	(1,542,831)	(876,082)
<b>Total liabilities</b>		<b>(1,837,011)</b>	<b>(1,891,182)</b>
<b>Net assets attributable to shareholders</b>		<b>151,594,720</b>	<b>105,637,162</b>

<sup>1</sup> Prior year amounts of Investments and Cash equivalents have been restated to include liquidity funds held by the Sub-fund.

The notes on pages 212 to 223 are an integral part of these Financial Statements.

# 7IM SUSTAINABLE BALANCE FUND

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 November 2020

### 1 Statement of Compliance

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

### 2 Summary of Significant Accounting Policies

The Sub-fund's Financial Statements have been prepared on the same basis as the Summary of Significant Accounting Policies disclosed on pages 10 to 13.

### 3 Risk Management Policies

The Sub-fund's Risk Management Policies are the same as the Risk Management Policies disclosed on pages 13 to 15.

### 4 Net capital gains

	<b>30.11.20</b>	<b>30.11.19</b>
	£	£
The net capital gains during the year comprise:		
Non-derivative securities	9,607,033	8,153,064
Derivative contracts	(415,204)	(1,290,545)
Forward currency contracts	278,393	468,376
Currency gains/(losses)	342,349	(158,178)
Transaction charges	(19,210)	(4,426)
AMC rebates from underlying investments	(1,841)	(14,000)
Net capital gains	<u>9,791,520</u>	<u>7,154,291</u>

### 5 Revenue

	<b>30.11.20</b>	<b>30.11.19</b>
	£	£
Non-taxable dividends	1,454,967	1,532,128
Taxable dividends	252,676	217,652
Unfranked interest	264,391	440,904
AMC rebates from underlying investments	1,670	244
Bank interest	687	2,127
Total revenue	<u>1,974,391</u>	<u>2,193,055</u>

## 7IM SUSTAINABLE BALANCE FUND

### NOTES TO THE FINANCIAL STATEMENTS (continued) for the year ended 30 November 2020

#### 6 Expenses

	30.11.20 £	30.11.19 £
Payable to the ACD, associates of the ACD and agents of either of them:		
ACD's periodic charge	1,459,004	1,168,994
Other expenses	5,251	5,135
	<u>1,464,255</u>	<u>1,174,129</u>
Payable to the Depositary, associates of the Depositary and agents of either of them:		
Depositary's fees	19,834	15,844
Market risk fees	3,661	6,000
Safe custody and other bank charges	16,617	13,640
	<u>40,112</u>	<u>35,484</u>
Other Expenses:		
Audit fee <sup>1</sup>	9,616	9,000
Dealing and exchange fees	14,403	9,886
FCA and other Regulatory fees	215	212
Legal and professional fees	394	1,604
Market data fees	4,103	–
Printing, postage and distribution costs	26,118	20,093
Risk analysis fees	6,949	6,150
	<u>61,798</u>	<u>46,945</u>
Total expenses	<u>1,566,165</u>	<u>1,256,558</u>

<sup>1</sup> The Audit fee is inclusive of 20% VAT and 2.50% support cost.

## 7IM SUSTAINABLE BALANCE FUND

### NOTES TO THE FINANCIAL STATEMENTS (continued) for the year ended 30 November 2020

#### 7 Taxation

	30.11.20 £	30.11.19 £
a) <i>Analysis of charge for the year</i>		
Overseas tax	56,514	48,052
Current tax charge (note 7b)	56,514	48,052
Total taxation	56,514	48,052

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

The tax assessed for the year differs from the standard rate of corporation tax in the UK for an authorised fund (20%) (2019: 20%) for the reasons explained below.

Net revenue before taxation	400,292	928,848
Corporation tax at 20%	80,058	185,770
Effects of:		
Double taxation relief expensed	(416)	(698)
FX loss non taxable	(1,583)	(1,570)
Indexed gilt edged securities adjustment	–	(1,447)
Movement in revenue accruals	(1,337)	207
Non-taxable dividends	(289,410)	(304,856)
Overseas tax	56,514	48,052
Unutilised excess management expenses	212,688	122,594
Current tax charge (note 7a)	56,514	48,052

#### c) *Deferred tax*

There is no deferred tax provision in the current year (2019: none).

At the year end there is a potential deferred tax asset of £671,716 (2019: £459,028) due to surplus management expenses. It is unlikely the Sub-fund will generate sufficient taxable profits in the future to utilise this amount and therefore, no deferred tax asset has been recognised.

#### 8 Distributions

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

	30.11.20 £	30.11.19 £
Interim	1,006,753	1,009,743
Final	831,178	989,608
	1,837,931	1,999,351
Add: Revenue deducted on cancellation of shares	86,897	81,569
Deduct: Revenue received on issue of shares	(204,511)	(145,196)
Net distributions for the year	1,720,317	1,935,724
Interest payable and similar charges	7,934	7,649
Total distribution	1,728,251	1,943,373

# 7IM SUSTAINABLE BALANCE FUND

## NOTES TO THE FINANCIAL STATEMENTS (continued) for the year ended 30 November 2020

### 8 Distributions (continued)

Details of the distributions per share are set out in the table on pages 224 to 226.

Distributions represented by:

Net revenue after taxation	343,778	880,796
Allocations to capital:		
Capitalised expenses, net of tax relief <sup>1</sup>	1,376,555	1,054,965
Equalisation on conversions <sup>2</sup>	(8)	(8)
Net movement in revenue account	(8)	(29)
Net distributions for the year	<u>1,720,317</u>	<u>1,935,724</u>

<sup>1</sup> Please refer to Note 2(i) Distributions policy on page 11 for further details.

<sup>2</sup> Where an investor converts to a class with a higher income yield, the investor will pay or receive an equalisation as if they had held the new class throughout the period from the last distribution to the conversion date. The yield differential at the point of conversion is an equalisation which will be offset by capital erosion for the converted investor.

### 9 Debtors

	30.11.20	30.11.19
	£	£
Amounts receivable for issue of shares	763,947	434,650
Accrued revenue	114,787	293,243
AMC rebates from underlying investments	1,914	2,085
Withholding tax recoverable	17,475	32,232
Total debtors	<u>898,123</u>	<u>762,210</u>

### 10 Cash and bank balances

	30.11.20	30.11.19
	£	£
Cash and bank balances	4,779,199	4,160,436
Cash held at clearing houses	–	279,419
Cash equivalents <sup>1</sup>	–	7,019,000
Total cash and bank balances	<u>4,779,199</u>	<u>11,458,855</u>
Bank overdrafts	(140,063)	(137,259)
Cash overdraft at clearing houses	–	(23,104)
Total bank overdrafts	<u>(140,063)</u>	<u>(160,363)</u>

<sup>1</sup> Prior year amount of Cash equivalents has been restated to include liquidity funds held by the Sub-fund.

### 11 Other Creditors

	30.11.20	30.11.19
	£	£
Amounts payable for cancellation of shares	556,371	615,868
Purchases awaiting settlement	835,263	115,637
Accrued expenses	151,197	144,577
Total other creditors	<u>1,542,831</u>	<u>876,082</u>

## 7IM SUSTAINABLE BALANCE FUND

### NOTES TO THE FINANCIAL STATEMENTS (continued) for the year ended 30 November 2020

#### 12 Related party transactions

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

The aggregate monies received by the ACD through the issue of shares and paid on cancellation of shares are disclosed in the Statement of Change in Net Assets Attributable to Shareholders on page 210.

7IM and its associates (including other authorised investment funds managed by 7IM) had no shareholdings in the Sub-fund (2019: none).

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

Pershing Nominees Limited 56.50% (2019: 54.11%)

The net value of creations and cancellations for Pershing Nominees Limited during the year totalled £28,255,470 (2019: £8,260,519).

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

#### 13 Classes of Shares

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

Class A	1.75%
Class B	1.65%
Class C	1.00%
Class D	1.85%
Class S	0.75%

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	64,292	–	(672)	–	63,620
Class A Accumulation	60,684	145,314	(14,249)	–	191,749
Class B Accumulation	2,426	–	–	–	2,426
Class C Income	20,651,026	1,174,596	(1,056,755)	36,448	20,805,315
Class C Accumulation	38,704,244	29,233,529	(10,433,874)	(102,877)	57,401,022
Class D Income	22,806	15,190	(5,212)	–	32,784
Class D Accumulation	67,040	10,816	(23,108)	–	54,748
Class S Income	413,310	37,985	(63,718)	(37,485)	350,092
Class S Accumulation	8,047,554	2,978,664	(1,107,997)	125,091	10,043,312

#### 14 Contingent liabilities and commitments

There are no contingent liabilities or unrecorded outstanding commitments at the balance sheet date (2019: none).

#### 15 Risks Disclosures

The main risks from the Sub-fund's holding of financial instruments, together with the ACD's policy for managing these risks are detailed in note 3 on pages 13 to 15. Further analysis and numeric disclosure of interest rate risk, foreign currency risk and derivatives are shown next page.

## 7IM SUSTAINABLE BALANCE FUND

### NOTES TO THE FINANCIAL STATEMENTS (continued) for the year ended 30 November 2020

#### 15 Risks Disclosures (continued)

##### i. Interest rate risk

The table below shows the direct interest rate risk profile:

Interest rate exposure as at 30 November 2020

	<b>Floating Rate Financial Assets £</b>	<b>Fixed Rate Financial Assets £</b>	<b>Financial Assets not carrying interest £</b>	<b>Total £</b>
Australian dollar	–	–	822,017	822,017
Danish krone	–	–	831,249	831,249
Euro	21,419	–	13,059,899	13,081,318
Hong Kong dollar	–	–	1,439,723	1,439,723
Japanese yen	–	–	2,651,738	2,651,738
Swiss franc	79,861	–	810,935	890,796
US dollar	44,654	–	50,039,409	50,084,063
Pound sterling	4,633,265	–	110,585,706	115,218,971
	<b>4,779,199</b>	<b>–</b>	<b>180,240,676</b>	<b>185,019,875</b>

	<b>Floating Rate Financial Liabilities £</b>	<b>Financial Liabilities not carrying interest £</b>	<b>Total £</b>
Euro	(15,626)	(7,469,287)	(7,484,913)
Japanese yen	–	(17,299)	(17,299)
Swiss franc	(79,861)	–	(79,861)
US dollar	(44,576)	(24,101,558)	(24,146,134)
Pound sterling	–	(1,696,948)	(1,696,948)
	<b>(140,063)</b>	<b>(33,285,092)</b>	<b>(33,425,155)</b>

Interest rate exposure as at 30 November 2019

	<b>Floating Rate Financial Assets £</b>	<b>Fixed Rate Financial Assets £</b>	<b>Financial Assets not carrying interest £</b>	<b>Total £</b>
Australian dollar	–	–	1,084,929	1,084,929
Danish krone	–	–	510,348	510,348
Euro	20,737	2,285,150	8,810,581	11,116,468
Hong Kong dollar	–	–	1,041,116	1,041,116
Japanese yen	–	2,582,771	2,565,309	5,148,080
Swiss franc	74,668	–	877,377	952,045
US dollar	41,984	5,006,312	25,941,763	30,990,059
Pound sterling	12,055,703	13,836,748	64,469,765	90,362,216
	<b>12,193,092</b>	<b>23,710,981</b>	<b>105,301,188</b>	<b>141,205,261</b>

## 7IM SUSTAINABLE BALANCE FUND

### NOTES TO THE FINANCIAL STATEMENTS (continued) for the year ended 30 November 2020

#### 15 Risks Disclosures (continued)

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

	Floating Rate Financial Liabilities £	Financial Liabilities not carrying interest £	Total £
Euro	(43,818)	(6,293,633)	(6,337,451)
Japanese yen	–	(3,143,417)	(3,143,417)
Swiss franc	(74,669)	–	(74,669)
US dollar	(41,877)	(16,241,427)	(16,283,304)
Pound sterling	–	(9,729,258)	(9,729,258)
	(160,364)	(35,407,735)	(35,568,099)

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

Currency	Fixed Rate Financial Assets			
	Weighted average interest rate		Weighted average period for which rate is fixed	
	30.11.20 %	30.11.19 %	30.11.20 Years	30.11.19 Years
Euro	–	0.10	–	10
Japanese yen	–	(0.03)	–	10
Pound sterling	–	1.46	–	18
US dollar	–	1.38	–	17

The average effective duration of the Sub-fund's portfolio is a measure of the sensitivity of the fair value of the Sub-fund's bond portfolio (excludes all other investments) to changes in market interest rates. As at 30 November 2020, the average weighted effective duration was 2.15 years (30 November 2019: 2.88 years).

##### ii. Foreign currency risk

The table below shows the direct foreign currency risk profile:

Foreign currency risk exposure as at 30 November 2020

Currency	Monetary Exposure £	Non-Monetary Exposure £	Total £
Australian dollar	–	822,017	822,017
Danish krone	1,078	830,171	831,249
Euro	18,370	5,578,035	5,596,405
Hong Kong dollar	–	1,439,723	1,439,723
Japanese yen	–	2,634,439	2,634,439
Swiss franc	3,187	807,748	810,935
US dollar	711	25,937,218	25,937,929
	23,346	38,049,351	38,072,697
Pound sterling	3,816,965	109,705,058	113,522,023
Net assets	3,840,311	147,754,409	151,594,720

## 7IM SUSTAINABLE BALANCE FUND

### NOTES TO THE FINANCIAL STATEMENTS (continued) for the year ended 30 November 2020

#### 15 Risks Disclosures (continued)

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

Foreign currency risk exposure as at 30 November 2019

Currency	Monetary Exposure £	Non-Monetary Exposure £	Total £
Australian dollar	–	1,084,929	1,084,929
Danish krone	3,560	506,788	510,348
Euro	(7,366)	4,786,383	4,779,017
Hong Kong dollar	–	1,041,116	1,041,116
Japanese yen	–	2,004,663	2,004,663
Swiss franc	12,956	864,420	877,376
US dollar	107	14,706,648	14,706,755
	9,257	24,994,947	25,004,204
Pound sterling	10,916,772	69,716,186	80,632,958
Net assets	10,926,029	94,711,133	105,637,162

##### iii. Derivatives

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

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

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

The lowest, highest and average leverage utilisation in the accounting year ended 30 November 2020 was 21%, 78% and 41% respectively (30 November 2019<sup>1</sup>: 27%, 71% and 45% respectively).

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

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

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

## 7IM SUSTAINABLE BALANCE FUND

### NOTES TO THE FINANCIAL STATEMENTS (continued) for the year ended 30 November 2020

#### 15 Risks Disclosures (continued)

##### iii. Derivatives (continued)

The types of derivatives held at the balance sheet date was forward foreign 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	30.11.20 £	30.11.19 £
<b>Options</b>		
Chicago Board Options Exchange	–	141,149
<b>Futures</b>		
Chicago Board of Trade	–	12,111
Eurex Deutschland	–	(62,258)
International Monetary Market	–	(186,205)
<b>Forward Currency Contracts</b>		
Brokeondons	116	–
Northern Trust	1,326,413	919,908
<b>Total net exposure<sup>2</sup></b>	<b>1,326,529</b>	<b>824,705</b>

<sup>1</sup> Prior year was restated to show Notional Leverage as it is more accurate representation as it only shows the Derivatives used in a fund as a percentage of its NAV while the Notional Exposure adds 100% to the Notional Leverage Value.

<sup>2</sup> Net exposure represents the mark to market value of derivative contracts less any cash collateral held. Positive exposure represents the Sub-fund's exposure to that counterparty.

# 7IM SUSTAINABLE BALANCE FUND

## NOTES TO THE FINANCIAL STATEMENTS (continued) for the year ended 30 November 2020

### 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.

30 November 2020	Level 1 £	Level 2 £	Level 3 £	Total £
<b>Assets</b>				
Collective Investment Schemes	41,270,892	27,670,030	–	68,940,922
Derivatives	8,341,883	1,326,529	–	9,668,412
Equities	69,145,075	–	–	69,145,075
<b>Total</b>	<b>118,757,850</b>	<b>28,996,559</b>	<b>–</b>	<b>147,754,409</b>

30 November 2019 <sup>1</sup>	Level 1 £	Level 2 £	Level 3 £	Total £
<b>Assets</b>				
Bonds	15,051,193	9,394,023	–	24,445,216
Collective Investment Schemes	24,739,471	–	–	24,739,471
Derivatives	170,044	1,250,807	–	1,420,851
Equities	44,701,741	–	–	44,701,741
<b>Total</b>	<b>84,662,449</b>	<b>10,644,830</b>	<b>–</b>	<b>95,307,279</b>
<b>Liabilities</b>				
Derivatives	<b>(250,314)</b>	<b>(345,832)</b>	<b>–</b>	<b>(596,146)</b>

<sup>1</sup> Prior year amounts have been restated to exclude liquidity funds held by the Sub-fund.

## 7IM SUSTAINABLE BALANCE FUND

### NOTES TO THE FINANCIAL STATEMENTS (continued) for the year ended 30 November 2020

#### 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 194.

Analysis of direct transaction costs for the year ended 30 November 2020:

	Principal £'000	Commissions £'000	Taxes £'000	Total Transaction Costs £'000	Commissions % of principal	Taxes % of principal
<b>Purchases</b>						
Bonds	17,962	–	–	–	–	–
Collective Investment Schemes	32,499	–	–	–	–	–
Equities	122,333	102	15	117	0.08	0.01
<b>Total</b>	<b>172,794</b>	<b>102</b>	<b>15</b>	<b>117</b>	<b>0.08</b>	<b>0.01</b>

	Principal £'000	Commissions £'000	Taxes £'000	Total Transaction Costs £'000	Commissions % of principal	Taxes % of principal
<b>Sales</b>						
Bonds	44,178	–	–	–	–	–
Collective Investment Schemes	9,443	–	–	–	–	–
Equities	76,705	(17)	–	(17)	0.02	–
<b>Total</b>	<b>130,326</b>	<b>(17)</b>	<b>–</b>	<b>(17)</b>	<b>0.02</b>	<b>–</b>

<b>Total as a percentage of the average NAV</b>	<b>0.10%</b>	<b>0.01%</b>	<b>0.11%</b>
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## 7IM SUSTAINABLE BALANCE FUND

### NOTES TO THE FINANCIAL STATEMENTS (continued) for the year ended 30 November 2020

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

Analysis of direct transaction costs for the year ended 30 November 2019<sup>1</sup>:

	Principal £'000	Commissions £'000	Taxes £'000	Total Transaction Costs £'000	Commissions % of principal	Taxes % of principal
<b>Purchases</b>						
Bonds	7,099	–	–	–	–	–
Collective Investment Schemes	13,946	–	–	–	–	–
Equities	16,515	11	3	14	0.07	0.02
<b>Total</b>	<b>37,560</b>	<b>11</b>	<b>3</b>	<b>14</b>	<b>0.07</b>	<b>0.02</b>
<b>Sales</b>						
Bonds	3,593	–	–	–	–	–
Collective Investment Schemes	8,829	–	–	–	–	–
Equities	18,039	(4)	–	(4)	0.02	–
<b>Total</b>	<b>30,461</b>	<b>(4)</b>	<b>–</b>	<b>(4)</b>	<b>0.02</b>	<b>–</b>
<b>Total as a percentage of the average NAV</b>		<b>0.02%</b>	<b>0.00%</b>	<b>0.02%</b>		

<sup>1</sup> Prior year amounts have been restated to exclude liquidity funds held by the Sub-fund.

#### Average portfolio dealing spread

As at the balance sheet date, the average portfolio dealing spread was 0.21% (2019: 0.21%) based on close of business prices. This spread represents the difference between the values determined respectively by reference to the bid and offer prices of investments expressed as a percentage of the value determined by reference to the offer price.

#### 17 Post Balance Sheet Events

As at the balance sheet date, the Net Asset Value price per share of Class C Accumulation was 185.56p. The Net Asset Value price per share of Class C Accumulation for the Sub-fund on 23 March 2021 was 187.18p. This represents an increase of 0.87% from the year end value.

# 7IM SUSTAINABLE BALANCE FUND

## DISTRIBUTION TABLES

for the year ended 30 November 2020

### Interim - in pence per share

Group 1 - Shares purchased prior to 1 December 2019

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

	Net Revenue	Equalisation	Paid 31.07.20	Paid 31.07.19
<b>Class A Income</b>				
Group 1	1.0567	–	1.0567	1.2745
Group 2	1.0567	–	1.0567	1.2745
			<b>Allocated 31.07.20</b>	<b>Allocated 31.07.19</b>
<b>Class A Accumulation</b>				
Group 1	1.3830	–	1.3830	1.6339
Group 2	1.3830	–	1.3830	1.6339
			<b>Allocated 31.07.20</b>	<b>Allocated 31.07.19</b>
<b>Class B Accumulation</b>				
Group 1	1.3991	–	1.3991	1.6320
Group 2	1.3991	–	1.3991	1.6320
			<b>Allocated 31.07.20</b>	<b>Allocated 31.07.19</b>
<b>Class C Income</b>				
Group 1	1.1138	–	1.1138	1.3364
Group 2	0.6045	0.5093	1.1138	1.3364
			<b>Allocated 31.07.20</b>	<b>Allocated 31.07.19</b>
<b>Class C Accumulation</b>				
Group 1	1.4814	–	1.4814	1.7392
Group 2	0.7206	0.7608	1.4814	1.7392
			<b>Allocated 31.07.20</b>	<b>Allocated 31.07.19</b>
<b>Class D Income</b>				
Group 1	1.0365	–	1.0365	1.2510
Group 2	0.5114	0.5251	1.0365	1.2510
			<b>Allocated 31.07.20</b>	<b>Allocated 31.07.19</b>
<b>Class D Accumulation</b>				
Group 1	1.3654	–	1.3654	1.6146
Group 2	0.4576	0.9078	1.3654	1.6146

# 7IM SUSTAINABLE BALANCE FUND

## DISTRIBUTION TABLES (continued) for the year ended 30 November 2020

	<b>Net Revenue</b>	<b>Equalisation</b>	<b>Paid 31.07.20</b>	<b>Paid 31.07.19</b>
<b>Class S Income</b>				
Group 1	1.0807	–	1.0807	1.2948
Group 2	1.0807	–	1.0807	1.2948

	<b>Net Revenue</b>	<b>Equalisation</b>	<b>Allocated 31.07.20</b>	<b>Allocated 31.07.19</b>
<b>Class S Accumulation</b>				
Group 1	1.2142	–	1.2142	1.4242
Group 2	0.6202	0.5940	1.2142	1.4242

### Final - in pence per share

Group 1 - Shares purchased prior to 1 June 2020

Group 2 - Shares purchased on or after 1 June 2020 and on or before 30 November 2020

	<b>Net Revenue</b>	<b>Equalisation</b>	<b>Paid 31.01.21</b>	<b>Paid 31.01.20</b>
<b>Class A Income</b>				
Group 1	0.5535	–	0.5535	1.1629
Group 2	0.5535	–	0.5535	1.1629

	<b>Net Revenue</b>	<b>Equalisation</b>	<b>Allocated 31.01.21</b>	<b>Allocated 31.01.20</b>
<b>Class A Accumulation</b>				
Group 1	1.0165	–	1.0165	1.5067
Group 2	0.3543	0.6622	1.0165	1.5067

	<b>Net Revenue</b>	<b>Equalisation</b>	<b>Allocated 31.01.21</b>	<b>Allocated 31.01.20</b>
<b>Class B Accumulation</b>				
Group 1	0.7704	–	0.7704	1.5294
Group 2	0.7704	–	0.7704	1.5294

	<b>Net Revenue</b>	<b>Equalisation</b>	<b>Paid 31.01.21</b>	<b>Paid 31.01.20</b>
<b>Class C Income</b>				
Group 1	0.7254	–	0.7254	1.2236
Group 2	0.3921	0.3333	0.7254	1.2236

	<b>Net Revenue</b>	<b>Equalisation</b>	<b>Allocated 31.01.21</b>	<b>Allocated 31.01.20</b>
<b>Class C Accumulation</b>				
Group 1	1.0194	–	1.0194	1.6094
Group 2	0.4799	0.5395	1.0194	1.6094

## 7IM SUSTAINABLE BALANCE FUND

### DISTRIBUTION TABLES (continued) for the year ended 30 November 2020

	<b>Net Revenue</b>	<b>Equalisation</b>	<b>Paid 31.01.21</b>	<b>Paid 31.01.20</b>
<b>Class D Income</b>				
Group 1	0.5913	–	0.5913	1.1415
Group 2	0.5163	0.0750	0.5913	1.1415
	<b>Net Revenue</b>	<b>Equalisation</b>	<b>Allocated 31.01.21</b>	<b>Allocated 31.01.20</b>
<b>Class D Accumulation</b>				
Group 1	0.6416	–	0.6416	1.4861
Group 2	0.2596	0.3820	0.6416	1.4861
	<b>Net Revenue</b>	<b>Equalisation</b>	<b>Paid 31.01.21</b>	<b>Paid 31.01.20</b>
<b>Class S Income</b>				
Group 1	0.7567	–	0.7567	1.1848
Group 2	0.2644	0.4923	0.7567	1.1848
	<b>Net Revenue</b>	<b>Equalisation</b>	<b>Allocated 31.01.21</b>	<b>Allocated 31.01.20</b>
<b>Class S Accumulation</b>				
Group 1	0.8921	–	0.8921	1.3192
Group 2	0.4468	0.4453	0.8921	1.3192

#### Equalisation

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

# 7IM AAP INCOME FUND

## ACD'S REPORT

for the year ended 30 November 2020

### Investment Objective and Policy

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

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

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

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

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

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

### Investment Manager's Report

#### Performance Report

In the reporting period, 1 December 2019 to 30 November 2020 the portfolio delivered a total return of -0.46%<sup>1</sup>.

#### Investment Background

The coronavirus that emerged in mid-January 2020 from the Chinese city of Wuhan caught the attention of global markets. Initial research suggested that the virus is less deadly than the SARS virus that hit China in 2003 but is markedly more contagious. Trying to untangle tabloid hyperbole from scientific facts was a near impossibility. Amongst this, the UK finally left the EU on 31 January 2020. Negotiations to reach a trade deal were to continue until the end of the calendar year.

February saw headlines dominated by the growing concern of coronavirus. Equity markets initially shrugged off the potential effects of the virus, with MSCI World up c. 6% from the start of February to the 20th. However, investors panicked towards the end of the month causing equities to experience some of the largest one-day down moves since 2011, and the largest one-week move since the financial crisis.

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

Investors enjoyed positive returns in April as both risky and defensive assets rebounded following the initial shock of a global shutdown in March. It is clear that governments around the world were conscious of the implications caused by lockdown on both economies and families. They started to discuss ways in which we can delicately move from a period of lockdown to a re-opening of businesses. The UK chose to extend its lockdown period until early May.

Equities continued their winning streak in May, following optimism over economies beginning to re-open. The US returned around 5%, with the Technology sector leading the way, and generating over 7% throughout the month. In fact, markets around the world were positive - with the UK, Japanese and European markets all gaining over 4%.

In June, we saw the government in England relax COVID-19 restrictions. This was a key development in the economy as it allowed businesses to start to plot a path back to normal. Asia was busy dealing with isolated second waves, while Europe was starting to open up, albeit cautiously.

In July, we saw a major shift in the UK Government's guidance with more encouragement for workers to return to the office. Central Bank stimulus set the stage for a sharp economic recovery towards the end of 2020 into the beginning of 2021. New cases continued to rise worldwide, and death rates fell due partly to a better understanding of the virus.

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

## 7IM AAP INCOME FUND

### ACD'S REPORT (continued)

for the year ended 30 November 2020

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

During August, there was a sense that the world was returning to normal and markets signalled confidence in the economy's recovery. Higher risk investments provided strong returns, while more defensive assets were negative over the period. Manufacturing and non-manufacturing data across the US, UK, Europe and China all showed promising signs of expansion.

In September, more optimistic views on the outlook for risky assets were challenged by the political and media narrative of a second wave of COVID-19. However, outside of the UK, the US economy was starting to get going and unemployment was falling sharply, as the largest policy stimulus in history took effect. Chinese authorities were talking about whether the recovery was too strong and European manufacturers saw demand for goods rise strongly, although the tourism sector continued to struggle.

Equities were mixed throughout the month of October. Emerging Markets were positive, while the Developed World declined due to an increase in the number of COVID-19 cases. As the colder months begin to settle in to Europe, governments started to bring in further restrictions to help contain the spread of COVID-19. Despite this, many countries in Asia had the virus under control and continued to see economic recoveries take hold.

The US election kicked off November with Joe Biden's victory over Donald Trump. Markets responded well despite Trump's ongoing attempts to claim victory via the courts. Only days after the election, Pfizer-BioNTech announced trials of their COVID-19 vaccine had been highly effective, followed a week later by an identical announcement from Moderna. This fuelled a renewed sense of optimism, which pushed the S&P 500 to new all-time highs, and the Dow Jones Industrial Average made headlines for reaching 30,000.

Within the overall rally, the big story was the bounce back of cyclical stocks and sectors that were worst affected by the pandemic, while the large tech businesses lagged. Companies like Carnival Cruises and HSBC generated returns of around 50% and 25%, whereas Apple and Amazon were broadly flat or declined. European equities, which are more exposed to manufacturing, finance and exports, had one of the strongest months in history.

#### Portfolio Review

At the very beginning of March, we reduced our exposure to broad equity markets as the chances of a longer slowdown in the global economy increased. Concerns mounted over the drastic measures governments were having to take to slow the spread of COVID-19, alongside the fall in oil price following an escalation in tensions between Saudi Arabia and Russia.

As well as reducing our equity exposure, we reduced our allocation to Emerging Market and High Yield bonds. This decision was motivated by the knowledge that the correlation between credit and equity increases during stressed periods, with credit becoming more risky. With significant exposure to Energy, Materials and Consumer sectors, it was also thought that both asset classes would struggle if consumer demand fell in response to widespread lockdowns.

Going into April, we increased our allocation to Corporate bonds, funded from Global Government bonds. Despite an equity sell off that remained well inside the Global Financial Crisis, credit spreads were at levels not seen since that same period. Overall, this looked like an opportunity to rotate out of low-yielding Government bonds into higher yielding Corporates, taking advantage of elevated spreads despite policy support from central banks that reduced (already low) chances of default.

Portfolios reduced their exposure to broad equity markets at the end of April as we moved to a more neutral view versus our Strategic Asset Allocation (SAA). Although we recognised the benefits of the significant stimulus coming from central banks, this was counteracted by a negative view on the health of the economy. Together with a neutral view on manufacturing and equity valuations this meant that the overweight to equities in portfolios was removed.

As we went into the summer months, countries such as a China, South Korea and Taiwan showed it was possible to re-open an economy without causing large outbreaks. We wanted to take exposure to the domestic growth recovery in China – where industrial production and retail sales were quickly rebounding back to pre-crisis levels. Over half of the Asia High Yield index is exposed to China, which also pays a higher yield than the US equivalent but with better growth prospects and lower defaults.

Forced selling and liquidity pressures opened up an opportunity in residential mortgage backed securities (RMBS) relative to our SAA Index equivalent risks at the beginning of June. We were able to take advantage of this opportunity by selling some of our Global Corporate bond allocation and buying the Angel Oaks Multi Strategy Income Fund.

An allocation to European bank AT1 contingent convertible bonds ("AT1s") was made in July, funded through some of our Global High Yield bond allocation. While we see value in both asset classes, we believe AT1s are extremely well positioned to outperform High Yield due to their resilient fundamentals and attractive valuations.

## 7IM AAP INCOME FUND

**ACD'S REPORT** (continued)  
for the year ended 30 November 2020

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

Across portfolios, we increased our exposure to Sterling versus the US Dollar in mid-March after some significant Sterling weakness. Since our entry, the pound had rallied strongly and as we headed into the end of 2020, we saw an increased likelihood of volatility in both currencies as markets tried to price the outcome of the US election and the outcome of Brexit. Although Sterling remained undervalued, with no obvious catalyst for a reversion to mean over the medium term we took profit on the position at the start of September and returned to our long-term SAA neutral weight.

A valuation opportunity together with improving fundamentals meant that we increased our allocation to RMBS at the start of October funded from Global Corporate bonds and cash. With the investment case surrounding RMBS strengthening while Global Corporate bonds continued to trade around long run average spreads (despite credit downgrades and a deterioration in fundamentals), RMBS looked well positioned to deliver outperformance across the range of scenarios we modelled against.

### **Investment Outlook**

At 7IM, we have a number of long-term core views that help to guide our investment decisions and allocations within portfolios:

1. The recovery is already happening – The world has never seen as much coordinated stimulus as in the past five months. A V-shaped economic recovery is our base-case; with some areas like China already nearly back to normal. As the recovery continues, and turns into an expansion, we want to be exposed to it. Positive for credit and equity.
2. Our portfolios are positioned for the new economic cycle – Much of the first stage of the recovery rally has been concentrated in well-known technology – and understandably so, given their resilience to coronavirus, and their balance sheet strength. In a more conventional economic recovery, though, other parts of the market could start to rally too. Positive for lagging equity.
3. The virus won't derail this growth – Lockdowns are unlikely to be as severe.

Seven Investment Management LLP  
Investment Manager  
December 2020

## 7IM AAP INCOME FUND

### FUND INFORMATION

The Comparative Tables on pages 231 to 239 give the performance of each active share class in the Sub-fund.

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

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

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

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

# 7IM AAP INCOME FUND

## FUND INFORMATION (continued)

### Comparative Tables

#### Class A Income

	30.11.20 (pence per share)	30.11.19 (pence per share)	30.11.18 (pence per share)
<b>Change in Net Asset Value Per Share</b>			
Opening net asset value per share	97.20	96.37	101.42
Return before operating charges*	0.56	5.88	(0.05)
Operating charges (calculated on average price)	(1.74)	(1.81)	(1.80)
Return after operating charges*	(1.18)	4.07	(1.85)
Distributions on income shares	(2.72)	(3.24)	(3.20)
Closing net asset value per share	93.30	97.20	96.37
* After direct transaction costs of: <sup>1</sup>	0.01	0.01	0.02

#### Performance

Return after charges <sup>2</sup>	(1.21)%	4.22%	(1.82)%
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#### Other Information

Closing net asset value (£'000)	549	218	206
Closing number of shares	588,074	224,129	213,139
Operating charges <sup>3</sup>	1.88%	1.84%	1.80%
Direct transaction costs	0.01%	0.01%	0.02%

#### Prices

Highest share price	99.43	101.02	103.40
Lowest share price	80.91	95.00	96.40

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

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

<sup>3</sup> Operating charges, otherwise known as the OCF is the ratio of the Sub-fund's total disclosable costs (excluding securities lending fees and overdraft interest) to the average net assets of the Sub-fund. The OCF is intended to provide a reliable figure which gives the most accurate measure of what it costs to invest in a Sub-fund and is calculated based on the last period's figures. Included within the OCF are synthetic costs which includes the OCF of the underlying funds weighted on the basis of their investment proportion. A detailed breakdown of the OCF per share class is shown on page 240.

# 7IM AAP INCOME FUND

## FUND INFORMATION (continued)

### Comparative Tables (continued)

#### Class A Accumulation

	30.11.20 (pence per share)	30.11.19 (pence per share)	30.11.18 (pence per share)
<b>Change in Net Asset Value Per Share</b>			
Opening net asset value per share	167.83	161.00	164.09
Return before operating charges*	1.11	9.92	(0.13)
Operating charges (calculated on average price)	(3.04)	(3.09)	(2.96)
Return after operating charges*	(1.93)	6.83	(3.09)
Distributions	(4.76)	(5.47)	(5.21)
Retained distributions on accumulation shares	4.76	5.47	5.21
Closing net asset value per share	165.90	167.83	161.00
* After direct transaction costs of: <sup>1</sup>	0.01	0.01	0.04

#### Performance

Return after charges <sup>2</sup>	(1.15)%	4.24%	(1.88)%
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#### Other Information

Closing net asset value (£'000)	284	300	72
Closing number of shares	171,408	178,603	44,927
Operating charges <sup>3</sup>	1.88%	1.84%	1.80%
Direct transaction costs	0.01%	0.01%	0.02%

#### Prices

Highest share price	171.68	171.56	167.29
Lowest share price	140.62	158.74	159.90

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

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

<sup>3</sup> Operating charges, otherwise known as the OCF is the ratio of the Sub-fund's total disclosable costs (excluding securities lending fees and overdraft interest) to the average net assets of the Sub-fund. The OCF is intended to provide a reliable figure which gives the most accurate measure of what it costs to invest in a Sub-fund and is calculated based on the last period's figures. Included within the OCF are synthetic costs which includes the OCF of the underlying funds weighted on the basis of their investment proportion. A detailed breakdown of the OCF per share class is shown on page 240.

# 7IM AAP INCOME FUND

## FUND INFORMATION (continued)

### Comparative Tables (continued)

#### Class B Accumulation

	30.11.20 (pence per share)	30.11.19 (pence per share)	30.11.18 (pence per share)
<b>Change in Net Asset Value Per Share</b>			
Opening net asset value per share	172.05	164.85	167.81
Return before operating charges*	1.09	10.08	(0.19)
Operating charges (calculated on average price)	(2.87)	(2.88)	(2.77)
Return after operating charges*	(1.78)	7.20	(2.96)
Distributions	(4.88)	(5.62)	(5.36)
Retained distributions on accumulation shares	4.88	5.62	5.36
Closing net asset value per share	170.27	172.05	164.85
* After direct transaction costs of: <sup>1</sup>	0.01	0.01	0.04

#### Performance

Return after charges <sup>2</sup>	(1.03)%	4.37%	(1.76)%
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#### Other Information

Closing net asset value (£'000)	3,453	4,464	4,731
Closing number of shares	2,027,680	2,594,338	2,869,868
Operating charges <sup>3</sup>	1.73%	1.69%	1.65%
Direct transaction costs	0.01%	0.01%	0.02%

#### Prices

Highest share price	176.04	175.81	171.11
Lowest share price	144.21	162.54	163.69

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

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

<sup>3</sup> Operating charges, otherwise known as the OCF is the ratio of the Sub-fund's total disclosable costs (excluding securities lending fees and overdraft interest) to the average net assets of the Sub-fund. The OCF is intended to provide a reliable figure which gives the most accurate measure of what it costs to invest in a Sub-fund and is calculated based on the last period's figures. Included within the OCF are synthetic costs which includes the OCF of the underlying funds weighted on the basis of their investment proportion. A detailed breakdown of the OCF per share class is shown on page 240.

# 7IM AAP INCOME FUND

## FUND INFORMATION (continued)

### Comparative Tables (continued)

#### Class C Income

	30.11.20 (pence per share)	30.11.19 (pence per share)	30.11.18 (pence per share)
<b>Change in Net Asset Value Per Share</b>			
Opening net asset value per share	106.86	105.11	109.74
Return before operating charges*	0.45	6.21	(0.28)
Operating charges (calculated on average price)	(0.90)	(0.91)	(0.87)
Return after operating charges*	(0.45)	5.30	(1.15)
Distributions on income shares	(3.01)	(3.55)	(3.48)
Closing net asset value per share	103.40	106.86	105.11
* After direct transaction costs of: <sup>1</sup>	0.01	0.01	0.03

#### Performance

Return after charges <sup>2</sup>	(0.42)%	5.04%	(1.05)%
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#### Other Information

Closing net asset value (£'000)	27,742	35,623	40,969
Closing number of shares	26,830,145	33,334,885	38,977,158
Operating charges <sup>3</sup>	0.88%	0.84%	0.80%
Direct transaction costs	0.01%	0.01%	0.02%

#### Prices

Highest share price	109.49	110.77	111.98
Lowest share price	89.19	103.69	105.02

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

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

<sup>3</sup> Operating charges, otherwise known as the OCF is the ratio of the Sub-fund's total disclosable costs (excluding securities lending fees and overdraft interest) to the average net assets of the Sub-fund. The OCF is intended to provide a reliable figure which gives the most accurate measure of what it costs to invest in a Sub-fund and is calculated based on the last period's figures. Included within the OCF are synthetic costs which includes the OCF of the underlying funds weighted on the basis of their investment proportion. A detailed breakdown of the OCF per share class is shown on page 240.

# 7IM AAP INCOME FUND

## FUND INFORMATION (continued)

### Comparative Tables (continued)

#### Class C Accumulation

	30.11.20 (pence per share)	30.11.19 (pence per share)	30.11.18 (pence per share)
<b>Change in Net Asset Value Per Share</b>			
Opening net asset value per share	184.23	175.31	177.25
Return before operating charges*	0.91	10.45	(0.52)
Operating charges (calculated on average price)	(1.57)	(1.53)	(1.42)
Return after operating charges*	(0.66)	8.92	(1.94)
Distributions	(5.24)	(6.00)	(5.68)
Retained distributions on accumulation shares	5.24	6.00	5.68
Closing net asset value per share	183.57	184.23	175.31
* After direct transaction costs of: <sup>1</sup>	0.01	0.01	0.04

#### Performance

Return after charges <sup>2</sup>	(0.36)%	5.09%	(1.09)%
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#### Other Information

Closing net asset value (£'000)	14,982	18,849	16,902
Closing number of shares	8,161,771	10,231,434	9,641,049
Operating charges <sup>3</sup>	0.88%	0.84%	0.80%
Direct transaction costs	0.01%	0.01%	0.02%

#### Prices

Highest share price	188.76	187.83	180.89
Lowest share price	154.74	172.98	173.93

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

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

<sup>3</sup> Operating charges, otherwise known as the OCF is the ratio of the Sub-fund's total disclosable costs (excluding securities lending fees and overdraft interest) to the average net assets of the Sub-fund. The OCF is intended to provide a reliable figure which gives the most accurate measure of what it costs to invest in a Sub-fund and is calculated based on the last period's figures. Included within the OCF are synthetic costs which includes the OCF of the underlying funds weighted on the basis of their investment proportion. A detailed breakdown of the OCF per share class is shown on page 240.

# 7IM AAP INCOME FUND

## FUND INFORMATION (continued)

### Comparative Tables (continued)

#### Class D Income

	30.11.20 (pence per share)	30.11.19 (pence per share)	30.11.18 (pence per share)
<b>Change in Net Asset Value Per Share</b>			
Opening net asset value per share	97.47	96.68	101.79
Return before operating charges*	0.57	5.91	(0.04)
Operating charges (calculated on average price)	(1.79)	(1.86)	(1.86)
Return after operating charges*	(1.22)	4.05	(1.90)
Distributions on income shares	(2.73)	(3.26)	(3.21)
Closing net asset value per share	93.52	97.47	96.68
* After direct transaction costs of: <sup>1</sup>	0.01	0.01	0.02

#### Performance

Return after charges <sup>2</sup>	(1.25)%	4.19%	(1.87)%
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#### Other Information

Closing net asset value (£'000)	252	268	451
Closing number of shares	268,936	275,040	466,708
Operating charges <sup>3</sup>	1.93%	1.89%	1.85%
Direct transaction costs	0.01%	0.01%	0.02%

#### Prices

Highest share price	99.70	101.32	103.77
Lowest share price	81.13	95.30	96.71

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

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

<sup>3</sup> Operating charges, otherwise known as the OCF is the ratio of the Sub-fund's total disclosable costs (excluding securities lending fees and overdraft interest) to the average net assets of the Sub-fund. The OCF is intended to provide a reliable figure which gives the most accurate measure of what it costs to invest in a Sub-fund and is calculated based on the last period's figures. Included within the OCF are synthetic costs which includes the OCF of the underlying funds weighted on the basis of their investment proportion. A detailed breakdown of the OCF per share class is shown on page 240.

# 7IM AAP INCOME FUND

## FUND INFORMATION (continued)

### Comparative Tables (continued)

#### Class D Accumulation

	30.11.20 (pence per share)	30.11.19 (pence per share)	30.11.18 (pence per share)
<b>Change in Net Asset Value Per Share</b>			
Opening net asset value per share	166.46	159.76	162.89
Return before operating charges*	1.12	9.82	(0.12)
Operating charges (calculated on average price)	(3.09)	(3.12)	(3.01)
Return after operating charges*	(1.97)	6.70	(3.13)
Distributions	(4.72)	(5.44)	(5.20)
Retained distributions on accumulation shares	4.72	5.44	5.20
Closing net asset value per share	164.49	166.46	159.76
* After direct transaction costs of: <sup>1</sup>	0.01	0.01	0.04

#### Performance

Return after charges <sup>2</sup>	(1.18)%	4.19%	(1.92)%
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#### Other Information

Closing net asset value (£'000)	736	663	864
Closing number of shares	447,253	398,082	541,025
Operating charges <sup>3</sup>	1.93%	1.89%	1.85%
Direct transaction costs	0.01%	0.01%	0.02%

#### Prices

Highest share price	170.28	170.20	166.07
Lowest share price	139.47	157.51	158.68

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

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

<sup>3</sup> Operating charges, otherwise known as the OCF is the ratio of the Sub-fund's total disclosable costs (excluding securities lending fees and overdraft interest) to the average net assets of the Sub-fund. The OCF is intended to provide a reliable figure which gives the most accurate measure of what it costs to invest in a Sub-fund and is calculated based on the last period's figures. Included within the OCF are synthetic costs which includes the OCF of the underlying funds weighted on the basis of their investment proportion. A detailed breakdown of the OCF per share class is shown on page 240.

# 7IM AAP INCOME FUND

## FUND INFORMATION (continued)

### Comparative Tables (continued)

#### Class S Income

	30.11.20 (pence per share)	30.11.19 (pence per share)	30.11.18 (pence per share)
<b>Change in Net Asset Value Per Share</b>			
Opening net asset value per share	105.10	103.17	107.49
Return before operating charges*	0.39	6.05	(0.32)
Operating charges (calculated on average price)	(0.63)	(0.63)	(0.59)
Return after operating charges*	(0.24)	5.42	(0.91)
Distributions on income shares	(2.96)	(3.49)	(3.41)
Closing net asset value per share	101.90	105.10	103.17
* After direct transaction costs of: <sup>1</sup>	0.01	0.01	0.03

#### Performance

Return after charges <sup>2</sup>	(0.23)%	5.25%	(0.85)%
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#### Other Information

Closing net asset value (£'000)	10,771	13,262	14,362
Closing number of shares	10,569,436	12,618,635	13,920,770
Operating charges <sup>3</sup>	0.63%	0.59%	0.55%
Direct transaction costs	0.01%	0.01%	0.02%

#### Prices

Highest share price	107.73	108.87	109.71
Lowest share price	87.77	101.79	103.06

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

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

<sup>3</sup> Operating charges, otherwise known as the OCF is the ratio of the Sub-fund's total disclosable costs (excluding securities lending fees and overdraft interest) to the average net assets of the Sub-fund. The OCF is intended to provide a reliable figure which gives the most accurate measure of what it costs to invest in a Sub-fund and is calculated based on the last period's figures. Included within the OCF are synthetic costs which includes the OCF of the underlying funds weighted on the basis of their investment proportion. A detailed breakdown of the OCF per share class is shown on page 240.

# 7IM AAP INCOME FUND

## FUND INFORMATION (continued)

### Comparative Tables (continued)

#### Class S Accumulation

	30.11.20 (pence per share)	30.11.19 (pence per share)	30.11.18 (pence per share)
<b>Change in Net Asset Value Per Share</b>			
Opening net asset value per share	126.33	119.98	121.06
Return before operating charges*	0.57	7.09	(0.41)
Operating charges (calculated on average price)	(0.77)	(0.74)	(0.67)
Return after operating charges*	(0.20)	6.35	(1.08)
Distributions	(3.60)	(4.11)	(3.88)
Retained distributions on accumulation shares	3.60	4.11	3.88
Closing net asset value per share	126.13	126.33	119.98
* After direct transaction costs of: <sup>1</sup>	0.01	0.01	0.03

#### Performance

Return after charges <sup>2</sup>	(0.16)%	5.29%	(0.89)%
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#### Other Information

Closing net asset value (£'000)	3,173	3,828	4,037
Closing number of shares	2,515,427	3,030,472	3,364,652
Operating charges <sup>3</sup>	0.63%	0.59%	0.55%
Direct transaction costs	0.01%	0.01%	0.02%

#### Prices

Highest share price	129.49	128.71	123.57
Lowest share price	106.18	118.40	119.00

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

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

<sup>3</sup> Operating charges, otherwise known as the OCF is the ratio of the Sub-fund's total disclosable costs (excluding securities lending fees and overdraft interest) to the average net assets of the Sub-fund. The OCF is intended to provide a reliable figure which gives the most accurate measure of what it costs to invest in a Sub-fund and is calculated based on the last period's figures. Included within the OCF are synthetic costs which includes the OCF of the underlying funds weighted on the basis of their investment proportion. A detailed breakdown of the OCF per share class is shown on page 240.

## 71M AAP INCOME FUND

### FUND INFORMATION (continued)

#### Ongoing Charges Figures

As at 30 November 2020

	<b>Class A</b>	<b>Class B</b>	<b>Class C</b>	<b>Class D</b>	<b>Class S</b>
ACD's periodic charge	1.50%	1.35%	0.50%	1.55%	0.25%
Other expenses	0.16%	0.16%	0.16%	0.16%	0.16%
	1.66%	1.51%	0.66%	1.71%	0.41%
Collective investment scheme costs	0.22%	0.22%	0.22%	0.22%	0.22%
Ongoing Charges Figure	1.88%	1.73%	0.88%	1.93%	0.63%

As at 30 November 2019

	<b>Class A</b>	<b>Class B</b>	<b>Class C</b>	<b>Class D</b>	<b>Class S</b>
ACD's periodic charge	1.50%	1.35%	0.50%	1.55%	0.25%
Other expenses	0.11%	0.11%	0.11%	0.11%	0.11%
	1.61%	1.46%	0.61%	1.66%	0.36%
Collective investment scheme costs	0.23%	0.23%	0.23%	0.23%	0.23%
Ongoing Charges Figure	1.84%	1.69%	0.84%	1.89%	0.59%

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

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

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

# 7IM AAP INCOME FUND

## FUND INFORMATION (continued)

### Synthetic Risk and Reward Indicator

#### Synthetic Risk and Reward Indicator



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

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

The risk and reward indicator shown above is as at the date of publication of the annual report and financial statements, the risk and reward indicator as at the year end date 30 November 2020 was four.

#### Fund performance to 30 November 2020 (%)

	1 year	3 years	5 years
7IM AAP Income Fund <sup>1</sup>	(0.46)	3.39	18.85

<sup>1</sup> Source: Bloomberg

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

Details of the distributions per share for the year are shown in the Distribution Tables on pages 258 to 262.

# 7IM AAP INCOME FUND

## PORTFOLIO STATEMENT

as at 30 November 2020

Holding	Portfolio of Investment	Value	30.11.20
		£	%
	<b>ALTERNATIVES 4.42% (5.36%)</b>		
	<b>Alternative Strategies 0.00% (0.10%)</b>		
	<b>Infrastructure 2.87% (3.23%)</b>		
522,532	BBGI	900,845	1.46
694,026	Renewables Infrastructure	875,861	1.41
		<b>1,776,706</b>	<b>2.87</b>
	<b>Real Estate 1.55% (2.03%)</b>		
828,578	LXI REIT	<b>962,808</b>	<b>1.55</b>
	<b>DEBT SECURITIES 64.86% (69.87%)</b>		
	<b>Convertible Bonds 0.00% (3.02%)</b>		
0.3240	NN (L) Global Convertible Opportunities Dist <sup>1</sup>	<b>1,598</b>	<b>-</b>
	<b>Emerging Market Bonds 16.80% (15.85%)</b>		
8,142,421	Legal & General Emerging Markets Government Bond Local Currency Index Fund Dist <sup>1</sup>	4,369,223	7.05
5,876,711	Legal & General Emerging Markets Government Bond USD Index Fund <sup>1</sup>	4,397,543	7.10
20,890	UBS Lux Bond SICAV - Asian High Yield <sup>1</sup>	1,638,291	2.65
		<b>10,405,057</b>	<b>16.80</b>
	<b>Gilts 0.00% (3.04%)</b>		
	<b>Global Corporate Bonds 22.42% (21.83%)</b>		
27,936	Angel Oak Multi-Strategy Income UCITS Fund <sup>1</sup>	3,223,558	5.21
3,650,060	BlackRock Overseas Corporate Bond Tracker <sup>1</sup>	6,292,703	10.16
39,186	Robeco Global Credits Inc <sup>1</sup>	4,367,321	7.05
		<b>13,883,582</b>	<b>22.42</b>
	<b>Global Government Bonds 0.00% (8.18%)</b>		
	<b>Global High Yield Bonds 17.53% (10.10%)</b>		
45,184	BlueBay Financial Capital Bond <sup>1</sup>	5,240,934	8.46
183,122	Xtrackers II EUR High Yield Corporate Bond UCITS ETF <sup>1</sup>	2,852,314	4.60
244,539	Xtrackers USD High Yield Corporate Bond UCITS ETF <sup>1</sup>	2,766,272	4.47
		<b>10,859,520</b>	<b>17.53</b>
	<b>Short Term Sterling Bonds 0.00% (1.39%)</b>		
	<b>Sterling Corporate Bonds 8.11% (6.46%)</b>		
4,908,223	MI TwentyFour - Monument Bond Fund <sup>1</sup>	<b>5,022,977</b>	<b>8.11</b>
	<b>EQUITY 29.28% (21.78%)</b>		
	<b>Asia &amp; Emerging Markets 5.36% (6.76%)</b>		
300,268	SPDR S&P Emerging Markets Dividend UCITS ETF <sup>1</sup>	<b>3,317,325</b>	<b>5.36</b>

## 71M AAP INCOME FUND

### PORTFOLIO STATEMENT (continued) as at 30 November 2020

		Value £	30.11.20 %
<b>Holding</b>	<b>Portfolio of Investment</b>		
	<b>Europe (ex UK) 6.17% (3.80%)</b>		
2,604,503	Fidelity Investment Funds - Index Europe ex UK Fund P Income <sup>1</sup>	<b>3,823,932</b>	<b>6.17</b>
	<b>North America 3.14% (0.17%)</b>		
3,250,000	Legal & General Global Health and Pharmaceuticals Index Trust <sup>1</sup>	1,950,650	3.15
13	US Ultra Treasury Bond Index Futures March 2021 <sup>2</sup>	(3,346)	(0.01)
		<b>1,947,304</b>	<b>3.14</b>
	<b>United Kingdom 14.61% (11.05%)</b>		
1,347,129	iShares Core FTSE 100 UCITS ETF <sup>1</sup>	8,454,581	13.65
915,278	UK Mortgages	594,931	0.96
		<b>9,049,512</b>	<b>14.61</b>
	<b>FORWARD CURRENCY CONTRACTS 1.59% (1.45%)</b>		
€(5,943,000)	Vs £5,374,938 Expiry 16.04.2021	28,681	0.05
US\$(20,278,000)	Vs £16,162,856 Expiry 15.01.2021	989,574	1.60
US\$(850,000)	Vs £646,183 Expiry 15.01.2021	10,159	0.02
¥104,450,000	Vs £(757,908) Expiry 21.05.2021	(5,056)	(0.01)
US\$3,000,000	Vs £(2,286,638) Expiry 15.01.2021	(41,848)	(0.07)
		<b>981,510</b>	<b>1.59</b>
	<b>Portfolio of investment<sup>3</sup></b>	<b>62,031,831</b>	<b>100.15</b>
	Net other liabilities <sup>3</sup>	(90,030)	(0.15)
	<b>Net assets</b>	<b>61,941,801</b>	<b>100.00</b>

Comparative figures shown in brackets relate to 30 November 2019.

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

<sup>1</sup> Collective investment scheme

<sup>2</sup> Derivative contract

<sup>3</sup> Prior year percentage of Portfolio of investments and Net other assets have been restated to show the liquidity funds as Cash equivalents in the Balance Sheet of the Sub-fund.

	30.11.20 %	30.11.19 %
<b>Credit Quality</b>		
Investment grade debt securities	–	4.43
Non-rated debt securities	–	–
Other investments	100.15	96.36
Net other liabilities	(0.15)	(0.79)
	<b>100.00</b>	<b>100.00</b>

## 7IM AAP INCOME FUND

### STATEMENT OF TOTAL RETURN

for the year ended 30 November 2020

	Notes	£	30.11.20 £	£	30.11.19 £
Income					
Net capital (losses)/gains	4		(2,515,188)		1,787,654
Revenue	5	2,375,864		3,155,202	
Expenses	6	(436,589)		(502,151)	
Interest payable and similar charges	8	(2,690)		(903)	
Net revenue before taxation for the year		1,936,585		2,652,148	
Taxation	7	(267,767)		(341,550)	
Net revenue after taxation for the year			1,668,818		2,310,598
<b>Total return before distributions</b>			(846,370)		4,098,252
Distributions	8		(2,023,017)		(2,718,168)
<b>Change in net assets attributable to shareholders from investment activities</b>			(2,869,387)		1,380,084

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

for the year ended 30 November 2020

	£	30.11.20 £	£	30.11.19 £
<b>Opening net assets attributable to shareholders</b>		77,474,633		82,593,661
Amounts received on creation of shares <sup>1</sup>	6,543,907		15,052,162	
Amounts paid on cancellation of shares <sup>1</sup>	(19,930,105)		(22,465,018)	
		(13,386,198)		(7,412,856)
Change in net assets attributable to shareholders from investment activities		(2,869,387)		1,380,084
Retained distribution on accumulation shares		722,753		913,744
<b>Closing net assets attributable to shareholders</b>		61,941,801		77,474,633

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

The notes on pages 246 to 257 are an integral part of these Financial Statements.

# 7IM AAP INCOME FUND

## BALANCE SHEET

as at 30 November 2020

	Notes	30.11.20 £	30.11.19 £
<b>ASSETS</b>			
Fixed assets:			
Investments		62,078,735	76,647,515
Current assets:			
Debtors	9	996,640	525,969
Cash and bank balances	10	434,878	546,734
Cash equivalents	10	–	1,806,000
<b>Total assets</b>		<b>63,510,253</b>	<b>79,526,218</b>
<b>LIABILITIES</b>			
Investment liabilities		(46,904)	(369,494)
Creditors:			
Bank overdrafts	10	(517,031)	(524,733)
Distribution payable		(291,783)	(364,639)
Other creditors	11	(712,734)	(792,719)
<b>Total liabilities</b>		<b>(1,568,452)</b>	<b>(2,051,585)</b>
<b>Net assets attributable to shareholders</b>		<b>61,941,801</b>	<b>77,474,633</b>

<sup>1</sup> Prior year amounts of Investments and Cash equivalents have been restated to include liquidity funds held by the Sub-fund.

The notes on pages 246 to 257 are an integral part of these Financial Statements.

# 7IM AAP INCOME FUND

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 November 2020

### 1 Statement of Compliance

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

### 2 Summary of Significant Accounting Policies

The Sub-fund's Financial Statements have been prepared on the same basis as the Summary of Significant Accounting Policies disclosed on pages 10 to 13.

### 3 Risk Management Policies

The Sub-fund's Risk Management Policies are the same as the Risk Management Policies disclosed on pages 13 to 15.

### 4 Net capital (losses)/gains

	<b>30.11.20</b>	<b>30.11.19</b>
	<b>£</b>	<b>£</b>
The net capital (losses)/gains during the year comprise:		
Non-derivative securities	(2,344,247)	2,237,472
Derivative contracts	(137,718)	(372,946)
Forward currency contracts	(41,399)	368,650
Currency gains/(losses)	6,401	(464,493)
Transaction charges	(22,843)	(10,290)
AMC rebates from underlying investments	24,618	29,261
Net capital (losses)/gains	<u>(2,515,188)</u>	<u>1,787,654</u>

### 5 Revenue

	<b>30.11.20</b>	<b>30.11.19</b>
	<b>£</b>	<b>£</b>
Non-taxable dividends	739,224	1,021,505
Taxable dividends	1,595,155	2,026,251
Unfranked interest	32,230	62,672
AMC rebates from underlying investments	3,910	41,771
Bank interest	691	946
Stock lending revenue <sup>1</sup>	4,654	2,057
Total revenue	<u>2,375,864</u>	<u>3,155,202</u>

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

## 7IM AAP INCOME FUND

### NOTES TO THE FINANCIAL STATEMENTS (continued) for the year ended 30 November 2020

#### 6 Expenses

	30.11.20	30.11.19
	£	£
Payable to the ACD, associates of the ACD and agents of either of them:		
ACD's periodic charge	350,952	419,288
Other expenses	5,297	5,181
	<u>356,249</u>	<u>424,469</u>
Payable to the Depositary, associates of the Depositary and agents of either of them:		
Depositary's fees	11,762	13,976
Market risk fees	3,661	6,000
Safe custody and other bank charges	12,929	15,169
	<u>28,352</u>	<u>35,145</u>
Other Expenses:		
Audit fee <sup>1</sup>	9,616	9,000
Dealing and exchange fees	8,607	7,736
FCA and other Regulatory fees	233	195
Legal and professional fees	394	1,405
Market data fees	4,103	–
Printing, postage and distribution costs	22,086	18,051
Risk analysis fees	6,949	6,150
	<u>51,988</u>	<u>42,537</u>
Total expenses	<u>436,589</u>	<u>502,151</u>

<sup>1</sup>The Audit fee is inclusive of 20% VAT and 2.50% support cost.

## 7IM AAP INCOME FUND

### NOTES TO THE FINANCIAL STATEMENTS (continued) for the year ended 30 November 2020

#### 7 Taxation

	30.11.20 £	30.11.19 £
<i>a) Analysis of charge for the year</i>		
Corporation tax at 20%	244,500	334,476
Overseas tax	23,267	7,074
	<hr/>	<hr/>
Current tax charge (note 7b)	267,767	341,550
	<hr/>	<hr/>
Total taxation	267,767	341,550
<i>b) Factors affecting current tax charge for the year</i>		
The tax assessed for the year differs from the standard rate of corporation tax in the UK for an authorised fund (20%) (2019: 20%) for the reasons explained below.		
Net revenue before taxation	1,936,585	2,652,148
	<hr/>	<hr/>
Corporation tax at 20%	387,317	530,430
Effects of:		
AMC rebates taken to capital	4,923	5,462
Franked CIS revenue	(47,668)	(94,193)
Franked REIT income	–	(297)
Movement in revenue accruals	–	2,495
Non-taxable dividends	(27,381)	(54,413)
Offshore CIS revenue	(72,691)	(55,008)
Overseas tax	23,267	7,074
	<hr/>	<hr/>
Current tax charge (note 7a)	267,767	341,550

#### *c) Deferred tax*

There is no deferred tax provision in the current year (2019: none).

#### 8 Distributions

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

	30.11.20 £	30.11.19 £
First Interim	479,222	700,875
Second Interim	559,291	656,257
Third Interim	459,406	752,125
Final	458,525	570,721
	<hr/>	<hr/>
	1,956,444	2,679,978
Add: Revenue deducted on cancellation of shares	99,163	122,560
Deduct: Revenue received on issue of shares	(32,590)	(84,370)
	<hr/>	<hr/>
Net distributions for the year	2,023,017	2,718,168
Interest payable and similar charges	2,690	903
	<hr/>	<hr/>
Total distribution	2,025,707	2,719,071

## 7IM AAP INCOME FUND

### NOTES TO THE FINANCIAL STATEMENTS (continued) for the year ended 30 November 2020

#### 8 Distributions (continued)

Details of the distributions per share are set out in the table on pages 258 to 262.

Distributions represented by:		
Net revenue after taxation	1,668,818	2,310,598
Allocations to capital:		
Capitalised expenses, net of tax relief <sup>1</sup>	354,195	407,573
Equalisation on conversions <sup>2</sup>	1	3
Net movement in revenue account	3	(6)
Net distributions for the year	<u>2,023,017</u>	<u>2,718,168</u>

<sup>1</sup> Please refer to Note 2(i) Distributions policy on page 11 for further details.

<sup>2</sup> Where an investor converts to a class with a higher income yield, the investor will pay or receive an equalisation as if they had held the new class throughout the period from the last distribution to the conversion date. The yield differential at the point of conversion is an equalisation which will be offset by capital erosion for the converted investor.

#### 9 Debtors

	<b>30.11.20</b>	<b>30.11.19</b>
	£	£
Amounts receivable for issue of shares	3,482	80,139
Sales awaiting settlement	753,576	–
Accrued revenue	178,683	365,182
Income tax recoverable	208	–
AMC rebates from underlying investments	57,370	58,255
Withholding tax recoverable	3,321	22,393
Total debtors	<u>996,640</u>	<u>525,969</u>

#### 10 Cash and bank balances

	<b>30.11.20</b>	<b>30.11.19</b>
	£	£
Cash and bank balances	335,793	546,734
Cash held at clearing houses	99,085	–
Cash equivalents <sup>1</sup>	–	1,806,000
Total cash and bank balances	<u>434,878</u>	<u>2,352,734</u>
Bank overdrafts	(514,827)	(524,728)
Cash overdraft at clearing houses	(2,204)	(5)
Total bank overdrafts	<u>(517,031)</u>	<u>(524,733)</u>

<sup>1</sup> Prior year amount of Cash equivalents has been restated to include liquidity funds held by the Sub-fund.

## 7IM AAP INCOME FUND

### NOTES TO THE FINANCIAL STATEMENTS (continued) for the year ended 30 November 2020

#### 11 Other Creditors

	30.11.20	30.11.19
	£	£
Amounts payable for cancellation of shares	466,271	362,563
Purchases awaiting settlement	86,108	158,289
Accrued expenses	51,855	71,391
Corporation tax payable	108,500	200,476
Total other creditors	<u>712,734</u>	<u>792,719</u>

#### 12 Related party transactions

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

The aggregate monies received by the ACD through the issue of shares and paid on cancellation of shares are disclosed in the Statement of Change in Net Assets Attributable to Shareholders on page 244.

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

	Held at 30.11.20	Held at 30.11.19
7IM UK Equity Value Fund 'Z' Inc	–	8,352,414

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 48.74% (2019: 46.40%)

The net value of creations and cancellations for Pershing Nominees Limited during the year totalled (£5,644,547) (2019: (£642,584)).

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

#### 13 Classes of Shares

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

Class A	1.50%
Class B	1.35%
Class C	0.50%
Class D	1.55%
Class S	0.25%

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

Class	Opening Shares	Shares Created	Shares Liquidated	Shares Converted	Closing Shares
Class A Income	224,129	380,642	(16,697)	–	588,074
Class A Accumulation	178,603	559	(7,754)	–	171,408
Class B Accumulation	2,594,338	197,354	(764,012)	–	2,027,680
Class C Income	33,334,885	2,080,009	(8,298,971)	(285,778)	26,830,145
Class C Accumulation	10,231,434	1,460,129	(3,599,185)	69,393	8,161,771
Class D Income	275,040	6,597	(12,701)	–	268,936
Class D Accumulation	398,082	80,498	(31,327)	–	447,253
Class S Income	12,618,635	693,347	(2,939,809)	197,263	10,569,436
Class S Accumulation	3,030,472	254,768	(746,254)	(23,559)	2,515,427

## 7IM AAP INCOME FUND

### NOTES TO THE FINANCIAL STATEMENTS (continued) for the year ended 30 November 2020

#### 14 Contingent liabilities and commitments

There are no contingent liabilities or unrecorded outstanding commitments at the balance sheet date (2019: none).

#### 15 Risks Disclosures

The main risks from the Sub-fund's holding of financial instruments, together with the ACD's policy for managing these risks are detailed in note 3 on pages 13 to 15. Further analysis and numeric disclosure of interest rate risk, foreign currency risk and derivatives are shown below.

##### i. Interest rate risk

The table below shows the direct interest rate risk profile:

Interest rate exposure as at 30 November 2020

	<b>Floating Rate Financial Assets £</b>	<b>Fixed Rate Financial Assets £</b>	<b>Financial Assets not carrying interest £</b>	<b>Total £</b>
Canadian dollar	220	–	–	220
Danish krone	5	–	333	338
Euro	18,164	–	2,852,466	2,870,630
Japanese yen	–	–	752,852	752,852
Swiss franc	26,185	–	2,836	29,021
US dollar	85,182	–	9,968,276	10,053,458
Pound sterling	305,122	–	73,655,163	73,960,285
	<b>434,878</b>	<b>–</b>	<b>87,231,926</b>	<b>87,666,804</b>

  

	<b>Floating Rate Financial Liabilities £</b>	<b>Financial Liabilities not carrying interest £</b>	<b>Total £</b>
Canadian dollar	(220)	–	(220)
Danish krone	(5)	–	(5)
Euro	(18,158)	(5,346,257)	(5,364,415)
Swiss franc	(26,185)	–	(26,185)
US dollar	(86,748)	(15,812,652)	(15,899,400)
Pound sterling	(385,715)	(4,049,063)	(4,434,778)
	<b>(517,031)</b>	<b>(25,207,972)</b>	<b>(25,725,003)</b>

## 7IM AAP INCOME FUND

### NOTES TO THE FINANCIAL STATEMENTS (continued) for the year ended 30 November 2020

#### 15 Risks Disclosures (continued)

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

Interest rate exposure as at 30 November 2019

	<b>Floating Rate Financial Assets</b>	<b>Fixed Rate Financial Assets</b>	<b>Financial Assets not carrying interest</b>	<b>Total</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Canadian dollar	222	–	–	222
Danish krone	5	–	157,276	157,281
Euro	17,251	–	5,132,462	5,149,713
Japanese yen	–	–	1,107,276	1,107,276
Norwegian krone	–	–	26,311	26,311
Swedish krona	–	–	156,939	156,939
Swiss franc	24,483	–	714,396	738,879
US dollar	89,124	–	13,106,048	13,195,172
Pound sterling	2,221,650	3,431,596	95,951,180	101,604,426
	<b>2,352,735</b>	<b>3,431,596</b>	<b>116,351,888</b>	<b>122,136,219</b>

	<b>Floating Rate Financial Liabilities</b>	<b>Financial Liabilities not carrying interest</b>	<b>Total</b>
	<b>£</b>	<b>£</b>	<b>£</b>
Canadian dollar	(222)	–	(222)
Danish krone	(5)	–	(5)
Euro	(17,249)	(8,030,695)	(8,047,944)
Swiss franc	(24,483)	–	(24,483)
US dollar	(89,129)	(24,222,727)	(24,311,856)
Pound sterling	(393,645)	(11,883,431)	(12,277,076)
	<b>(524,733)</b>	<b>(44,136,853)</b>	<b>(44,661,586)</b>

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

<b>Currency</b>	<b>Fixed Rate Financial Assets</b>			
	<b>Weighted average interest rate</b>		<b>Weighted average period for which rate is fixed</b>	
	<b>30.11.20</b>	<b>30.11.19</b>	<b>30.11.20</b>	<b>30.11.19</b>
	<b>%</b>	<b>%</b>	<b>Years</b>	<b>Years</b>
Pound sterling	–	0.93	–	14

The average effective duration of the Sub-fund's portfolio is a measure of the sensitivity of the fair value of the Sub-fund's bond portfolio (excludes all other investments) to changes in market interest rates. As at 30 November 2020, the weighted average effective duration was Nil (30 November 2019: 3.48 years).

## 7IM AAP INCOME FUND

### NOTES TO THE FINANCIAL STATEMENTS (continued) for the year ended 30 November 2020

#### 15 Risks Disclosures (continued)

##### ii. Foreign currency risk

The table below shows the direct foreign currency risk profile:

Foreign currency risk exposure as at 30 November 2020

Currency	Monetary Exposure £	Non-Monetary Exposure £	Total £
Danish krone	333	–	333
Euro	158	(2,493,943)	(2,493,785)
Japanese yen	–	752,852	752,852
Swiss franc	2,836	–	2,836
US dollar	(1,566)	(5,844,376)	(5,845,942)
	1,761	(7,585,467)	(7,583,706)
Pound sterling	(91,791)	69,617,298	69,525,507
Net assets	(90,030)	62,031,831	61,941,801

Foreign currency risk exposure as at 30 November 2019

Currency	Monetary Exposure £	Non-Monetary Exposure £	Total £
Danish krone	2,472	154,804	157,276
Euro	1,092	(2,899,323)	(2,898,231)
Japanese yen	–	1,107,276	1,107,276
Norwegian krone	–	26,311	26,311
Swedish krona	34	156,905	156,939
Swiss franc	18,797	695,599	714,396
US dollar	(5)	(11,116,678)	(11,116,683)
	22,390	(11,875,106)	(11,852,716)
Pound sterling	1,174,224	88,153,125	89,327,349
Net assets	1,196,614	76,278,019	77,474,633

##### iii. Derivatives

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

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

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

The lowest, highest and average leverage utilisation in the accounting year ended 30 November 2020 was 39%, 118% and 53% respectively (30 November 2019: 12%, 132% and 62% respectively).

## 7IM AAP INCOME FUND

### NOTES TO THE FINANCIAL STATEMENTS (continued) for the year ended 30 November 2020

#### 15 Risks Disclosures (continued)

##### iii. Derivatives (continued)

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

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

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

The types of derivatives held at the balance sheet date were forward foreign currency contracts and future 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:

<b>Counterparty</b>	<b>30.11.20</b> <b>£</b>	<b>30.11.19</b> <b>£</b>
<b>Options</b>		
Chicago Board Options Exchange	–	81,769
<b>Futures Contracts</b>		
Citigroup Global Market	(3,346)	–
<b>Forward Currency Contracts</b>		
Northern Trust	981,510	1,120,068
<b>Total net exposure<sup>2</sup></b>	<u>978,164</u>	<u>1,201,837</u>

<sup>1</sup> Prior year was restated to show Notional Leverage as it is more accurate representation as it only shows the Derivatives used in a fund as a percentage of its NAV while the Notional Exposure adds 100% to the Notional Leverage Value.

<sup>2</sup> Net exposure represents the mark to market value of derivative contracts less any cash collateral held. Positive exposure represents the Sub-fund's exposure to that counterparty.

## 7IM AAP INCOME FUND

### NOTES TO THE FINANCIAL STATEMENTS (continued) for the year ended 30 November 2020

#### 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 £
<b>30 November 2020</b>				
<b>Assets</b>				
Collective Investment Schemes	31,904,670	25,814,552	–	57,719,222
Derivatives	–	1,028,414	–	1,028,414
Equities	3,334,445	–	–	3,334,445
<b>Total</b>	<b>35,239,115</b>	<b>26,842,966</b>	<b>–</b>	<b>62,082,081</b>
<b>Liabilities</b>				
Derivatives	<b>(3,346)</b>	<b>(46,904)</b>	–	<b>(50,250)</b>
<b>30 November 2019<sup>1</sup></b>				
<b>Assets</b>				
Bonds	2,355,081	1,076,515	–	3,431,596
Collective Investment Schemes	59,992,681	–	–	59,992,681
Derivatives	91,328	1,480,003	–	1,571,331
Equities	11,392,155	259,752	–	11,651,907
<b>Total</b>	<b>73,831,245</b>	<b>2,816,270</b>	<b>–</b>	<b>76,647,515</b>
<b>Liabilities</b>				
Derivatives	<b>(1,234)</b>	<b>(368,260)</b>	–	<b>(369,494)</b>

<sup>1</sup> Prior year amounts have been restated to exclude liquidity funds held by the Sub-fund.

## 7IM AAP INCOME FUND

### NOTES TO THE FINANCIAL STATEMENTS (continued) for the year ended 30 November 2020

#### 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 230.

Analysis of direct transaction costs for the year ended 30 November 2020:

	Principal £'000	Commissions £'000	Taxes £'000	Total Transaction Costs £'000	Commissions % of principal	Taxes % of principal
<b>Purchases</b>						
Collective Investment Schemes	39,757	–	–	–	–	–
Equities	1,545	1	–	1	0.06	–
<b>Total</b>	<b>41,302</b>	<b>1</b>	<b>–</b>	<b>1</b>	<b>0.06</b>	<b>–</b>
<b>Sales</b>						
Bonds	3,531	–	–	–	–	–
Collective Investment Schemes	40,718	–	–	–	–	–
Equities	8,510	(4)	–	(4)	0.05	–
<b>Total</b>	<b>52,759</b>	<b>(4)</b>	<b>–</b>	<b>(4)</b>	<b>0.05</b>	<b>–</b>
<b>Total as a percentage of the average NAV</b>		<b>0.01%</b>	<b>0.00%</b>	<b>0.01%</b>		

## 71M AAP INCOME FUND

### NOTES TO THE FINANCIAL STATEMENTS (continued) for the year ended 30 November 2020

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

Analysis of direct transaction costs for the year ended 30 November 2019<sup>1</sup> :

	Principal £'000	Commissions £'000	Taxes £'000	Total Transaction Costs £'000	Commissions % of principal	Taxes % of principal
<b>Purchases</b>						
Bonds	548	–	–	–	–	–
Collective Investment Schemes	15,354	–	–	–	–	–
Equities	8,026	1	3	4	0.01	0.04
<b>Total</b>	<b>23,928</b>	<b>1</b>	<b>3</b>	<b>4</b>	<b>0.01</b>	<b>0.04</b>
<b>Sales</b>						
Bonds	2,750	–	–	–	–	–
Collective Investment Schemes	18,181	–	–	–	–	–
Equities	10,762	(3)	–	(3)	0.03	–
<b>Total</b>	<b>31,693</b>	<b>(3)</b>	<b>–</b>	<b>(3)</b>	<b>0.03</b>	<b>–</b>
<b>Total as a percentage of the average NAV</b>		<b>0.01%</b>	<b>0.00%</b>	<b>0.01%</b>		

<sup>1</sup> Prior year amounts have been restated to exclude liquidity funds held by the Sub-fund.

#### Average portfolio dealing spread

As at the balance sheet date, the average portfolio dealing spread was 0.18% (2019: 0.29%) based on close of business prices. This spread represents the difference between the values determined respectively by reference to the bid and offer prices of investments expressed as a percentage of the value determined by reference to the offer price.

#### 17 Post Balance Sheet Events

As at the balance sheet date, the Net Asset Value price per share of Class C Accumulation was 183.70p. The Net Asset Value price per share of Class C Accumulation for the Sub-fund on 23 March 2021 was 184.58p. This represents an increase of 0.48% from the year end value.

# 7IM AAP INCOME FUND

## DISTRIBUTION TABLES

for the year ended 30 November 2020

### First Interim - in pence per share

Group 1 - Shares purchased prior to 1 December 2019

Group 2 - Shares purchased on or after 1 December 2019 and on or before 29 February 2020

	<b>Net Revenue</b>	<b>Equalisation</b>	<b>Paid 30.04.20</b>	<b>Paid 30.04.19</b>
<b>Class A Income</b>				
Group 1	0.6262	–	0.6262	0.8261
Group 2	0.6262	–	0.6262	0.8261
			<b>Allocated 30.04.20</b>	<b>Allocated 30.04.19</b>
<b>Class A Accumulation</b>				
Group 1	1.0805	–	1.0805	1.3802
Group 2	0.2956	0.7849	1.0805	1.3802
			<b>Allocated 30.04.20</b>	<b>Allocated 30.04.19</b>
<b>Class B Accumulation</b>				
Group 1	1.0995	–	1.0995	1.4132
Group 2	0.3184	0.7811	1.0995	1.4132
			<b>Paid 30.04.20</b>	<b>Paid 31.04.19</b>
<b>Class C Income</b>				
Group 1	0.6843	–	0.6843	0.9018
Group 2	0.1032	0.5811	0.6843	0.9018
			<b>Allocated 30.04.20</b>	<b>Allocated 30.04.19</b>
<b>Class C Accumulation</b>				
Group 1	1.1746	–	1.1746	1.5043
Group 2	0.3639	0.8107	1.1746	1.5043
			<b>Paid 30.04.20</b>	<b>Paid 30.04.19</b>
<b>Class D Income</b>				
Group 1	0.6304	–	0.6304	0.8310
Group 2	0.0427	0.5877	0.6304	0.8310
			<b>Allocated 30.04.20</b>	<b>Allocated 30.04.19</b>
<b>Class D Accumulation</b>				
Group 1	1.0782	–	1.0782	1.3726
Group 2	0.1779	0.9003	1.0782	1.3726
			<b>Paid 30.04.20</b>	<b>Paid 30.04.19</b>
<b>Class S Income</b>				
Group 1	0.6727	–	0.6727	0.8849
Group 2	0.0594	0.6133	0.6727	0.8849

## 7IM AAP INCOME FUND

### DISTRIBUTION TABLES (continued) for the year ended 30 November 2020

	Net Revenue	Equalisation	Allocated 30.04.20	Allocated 30.04.19
<b>Class S Accumulation</b>				
Group 1	0.8073	–	0.8073	1.0287
Group 2	0.0501	0.7572	0.8073	1.0287
<b>Second Interim - in pence per share</b>				
Group 1 - Shares purchased prior to 1 March 2020				
Group 2 - Shares purchased on or after 1 March 2020 and on or before 31 May 2020				
	Net Revenue	Equalisation	Paid 31.07.20	Paid 31.07.19
<b>Class A Income</b>				
Group 1	0.7532	–	0.7532	0.7826
Group 2	0.7532	–	0.7532	0.7826
	Net Revenue	Equalisation	Allocated 31.07.20	Allocated 31.07.19
<b>Class A Accumulation</b>				
Group 1	1.3093	–	1.3093	1.3198
Group 2	0.4160	0.8933	1.3093	1.3198
	Net Revenue	Equalisation	Allocated 31.07.20	Allocated 31.07.19
<b>Class B Accumulation</b>				
Group 1	1.3518	–	1.3518	1.3517
Group 2	0.3446	1.0072	1.3518	1.3517
	Net Revenue	Equalisation	Paid 31.07.20	Paid 31.07.19
<b>Class C Income</b>				
Group 1	0.8361	–	0.8361	0.8569
Group 2	0.3189	0.5172	0.8361	0.8569
	Net Revenue	Equalisation	Allocated 31.07.20	Allocated 31.07.19
<b>Class C Accumulation</b>				
Group 1	1.4508	–	1.4508	1.4415
Group 2	0.6172	0.8336	1.4508	1.4415
	Net Revenue	Equalisation	Paid 31.07.20	Paid 31.07.19
<b>Class D Income</b>				
Group 1	0.7527	–	0.7527	0.7848
Group 2	0.0432	0.7095	0.7527	0.7848
	Net Revenue	Equalisation	Allocated 31.07.20	Allocated 31.07.19
<b>Class D Accumulation</b>				
Group 1	1.2943	–	1.2943	1.3075
Group 2	0.4444	0.8499	1.2943	1.3075

## 7IM AAP INCOME FUND

### DISTRIBUTION TABLES (continued) for the year ended 30 November 2020

	Net Revenue	Equalisation	Paid 31.07.20	Paid 31.07.19
<b>Class S Income</b>				
Group 1	0.8229	–	0.8229	0.8417
Group 2	0.3494	0.4735	0.8229	0.8417
	Net Revenue	Equalisation	Allocated 31.07.20	Allocated 31.07.19
<b>Class S Accumulation</b>				
Group 1	0.9954	–	0.9954	0.9872
Group 2	0.4374	0.5580	0.9954	0.9872
<b>Third Interim - in pence per share</b>				
Group 1 - Shares purchased prior to 1 June 2020				
Group 2 - Shares purchased on or after 1 June 2020 and on or before 31 August 2020				
	Net Revenue	Equalisation	Paid 31.10.20	Paid 31.10.19
<b>Class A Income</b>				
Group 1	0.6520	–	0.6520	0.9160
Group 2	0.0044	0.6476	0.6520	0.9160
	Net Revenue	Equalisation	Allocated 31.10.20	Allocated 31.10.19
<b>Class A Accumulation</b>				
Group 1	1.1428	–	1.1428	1.5361
Group 2	0.4164	0.7264	1.1428	1.5361
	Net Revenue	Equalisation	Allocated 31.10.20	Allocated 31.10.19
<b>Class B Accumulation</b>				
Group 1	1.1740	–	1.1740	1.5941
Group 2	0.3373	0.8367	1.1740	1.5941
	Net Revenue	Equalisation	Paid 31.10.20	Paid 31.10.19
<b>Class C Income</b>				
Group 1	0.7211	–	0.7211	1.0037
Group 2	0.0489	0.6722	0.7211	1.0037
	Net Revenue	Equalisation	Allocated 31.10.20	Allocated 31.10.19
<b>Class C Accumulation</b>				
Group 1	1.2627	–	1.2627	1.6987
Group 2	0.6353	0.6274	1.2627	1.6987
	Net Revenue	Equalisation	Paid 31.10.20	Paid 31.10.19
<b>Class D Income</b>				
Group 1	0.6536	–	0.6536	0.9217
Group 2	0.0044	0.6492	0.6536	0.9217

## 7IM AAP INCOME FUND

### DISTRIBUTION TABLES (continued) for the year ended 30 November 2020

	Net Revenue	Equalisation	Allocated 31.10.20	Allocated 31.10.19
<b>Class D Accumulation</b>				
Group 1	1.1336	–	1.1336	1.5406
Group 2	0.1384	0.9952	1.1336	1.5406
			<b>Paid 31.10.20</b>	<b>Paid 31.10.19</b>
<b>Class S Income</b>				
Group 1	0.7090	–	0.7090	0.9850
Group 2	0.4080	0.3010	0.7090	0.9850
			<b>Allocated 31.10.20</b>	<b>Allocated 31.10.19</b>
<b>Class S Accumulation</b>				
Group 1	0.8651	–	0.8651	1.1659
Group 2	0.4684	0.3967	0.8651	1.1659
<b>Final - in pence per share</b>				
Group 1 - Shares purchased prior to 1 September 2020				
Group 2 - Shares purchased on or after 1 September 2020 and on or before 30 November 2020				
	Net Revenue	Equalisation	Paid 31.01.21	Paid 31.01.20
<b>Class A Income</b>				
Group 1	0.6933	–	0.6933	0.7189
Group 2	0.3117	0.3816	0.6933	0.7189
			<b>Allocated 31.01.21</b>	<b>Allocated 31.01.20</b>
<b>Class A Accumulation</b>				
Group 1	1.2238	–	1.2238	1.2322
Group 2	0.5281	0.6957	1.2238	1.2322
			<b>Allocated 31.01.21</b>	<b>Allocated 31.01.20</b>
<b>Class B Accumulation</b>				
Group 1	1.2557	–	1.2557	1.2629
Group 2	1.2557	–	1.2557	1.2629
			<b>Paid 31.01.21</b>	<b>Paid 31.01.20</b>
<b>Class C Income</b>				
Group 1	0.7675	–	0.7675	0.7893
Group 2	0.2946	0.4729	0.7675	0.7893
			<b>Allocated 31.01.21</b>	<b>Allocated 31.01.20</b>
<b>Class C Accumulation</b>				
Group 1	1.3525	–	1.3525	1.3508
Group 2	0.8492	0.5033	1.3525	1.3508

## 7IM AAP INCOME FUND

### DISTRIBUTION TABLES (continued) for the year ended 30 November 2020

	<b>Net Revenue</b>	<b>Equalisation</b>	<b>Paid 31.01.21</b>	<b>Paid 31.01.20</b>
<b>Class D Income</b>				
Group 1	0.6950	–	0.6950	0.7207
Group 2	0.1405	0.5545	0.6950	0.7207
			<b>Allocated 31.01.21</b>	<b>Allocated 31.01.20</b>
<b>Class D Accumulation</b>				
Group 1	1.2134	–	1.2134	1.2181
Group 2	0.4936	0.7198	1.2134	1.2181
			<b>Paid 31.01.21</b>	<b>Paid 31.01.20</b>
<b>Class S Income</b>				
Group 1	0.7561	–	0.7561	0.7761
Group 2	0.4212	0.3349	0.7561	0.7761
			<b>Allocated 31.01.21</b>	<b>Allocated 31.01.20</b>
<b>Class S Accumulation</b>				
Group 1	0.9290	–	0.9290	0.9260
Group 2	0.3908	0.5382	0.9290	0.9260

#### Equalisation

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

# 7IM AAP MODERATELY CAUTIOUS FUND

## ACD'S REPORT

for the year ended 30 November 2020

### Investment Objective and Policy

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

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

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

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

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

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

### Investment Manager's Report

#### Performance Report

In the reporting period, 1 December 2019 to 30 November 2020, the portfolio delivered a total return of 5.52%<sup>1</sup>.

#### Investment Background

The coronavirus that emerged in mid-January 2020 from the Chinese city of Wuhan caught the attention of global markets. Initial research suggested that the virus is less deadly than the SARS virus that hit China in 2003 but is markedly more contagious. Trying to untangle tabloid hyperbole from scientific facts was a near impossibility. Amongst this, the UK finally left the EU on 31 January 2020. Negotiations to reach a trade deal were to continue until the end of the calendar year.

February saw headlines dominated by the growing concern of coronavirus. Equity markets initially shrugged off the potential effects of the virus, with MSCI World up c. 6% from the start of February to the 20th. However, investors panicked towards the end of the month causing equities to experience some of the largest one-day down moves since 2011, and the largest one-week move since the financial crisis.

For investors who believed that the end of February was the worst of the market turmoil, March was a severe reality check. Coronavirus and an oil price shock caused a sharp revision of future growth expectations that resulted in a global recession. Equity markets throughout March experienced volatility not seen since the 2008 financial crisis with average daily moves (up or down) of c. 5% causing a drawdown comparable to the crash in October 1987. Markets recovered strongly towards the end of the month with a c. 20% rally, but were still some 20% away from where they started the year.

Investors enjoyed positive returns in April as both risky and defensive assets rebounded following the initial shock of a global shutdown in March. It is clear that governments around the world were conscious of the implications caused by lockdown on both economies and families. They started to discuss ways in which we can delicately move from a period of lockdown to a re-opening of businesses. The UK chose to extend its lockdown period until early May.

Equities continued their winning streak in May, following optimism over economies beginning to re-open. The US returned around 5%, with the Technology sector leading the way, and generating over 7% throughout the month. In fact, markets around the world were positive - with the UK, Japanese and European markets all gaining over 4%.

In June, we saw the government in England relax COVID-19 restrictions. This was a key development in the economy as it allowed businesses to start to plot a path back to normal. Asia was busy dealing with isolated second waves, while Europe was starting to open up, albeit cautiously.

In July, we saw a major shift in the UK Government's guidance with more encouragement for workers to return to the office. Central Bank stimulus set the stage for a sharp economic recovery towards the end of 2020 into the beginning of 2021. New cases continued to rise worldwide, and death rates fell due partly to a better understanding of the virus.

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

## 7IM AAP MODERATELY CAUTIOUS FUND

### ACD'S REPORT (continued)

for the year ended 30 November 2020

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

During August, there was a sense that the world was returning to normal and markets signalled confidence in the economy's recovery. Higher risk investments provided strong returns, while more defensive assets were negative over the period. Manufacturing and non-manufacturing data across the US, UK, Europe and China all showed promising signs of expansion.

In September, more optimistic views on the outlook for risky assets were challenged by the political and media narrative of a second wave of COVID-19. However, outside of the UK, the US economy was starting to get going and unemployment was falling sharply, as the largest policy stimulus in history took effect. Chinese authorities were talking about whether the recovery was too strong and European manufacturers saw demand for goods rise strongly, although the tourism sector continued to struggle.

Equities were mixed throughout the month of October. Emerging Markets were positive, while the Developed World declined due to an increase in the number of COVID-19 cases. As the colder months begin to settle in to Europe, governments started to bring in further restrictions to help contain the spread of COVID-19. Despite this, many countries in Asia had the virus under control and continued to see economic recoveries take hold.

The US election kicked off November with Joe Biden's victory over Donald Trump. Markets responded well despite Trump's ongoing attempts to claim victory via the courts. Only days after the election, Pfizer-BioNTech announced trials of their COVID-19 vaccine had been highly effective, followed a week later by an identical announcement from Moderna. This fuelled a renewed sense of optimism, which pushed the S&P 500 to new all-time highs, and the Dow Jones Industrial Average made headlines for reaching 30,000.

Within the overall rally, the big story was the bounce back of cyclical stocks and sectors that were worst affected by the pandemic, while the large tech businesses lagged. Companies like Carnival Cruises and HSBC generated returns of around 50% and 25%, whereas Apple and Amazon were broadly flat or declined. European equities, which are more exposed to manufacturing, finance and exports, had one of the strongest months in history.

#### Portfolio Review

At the very beginning of March, we reduced our exposure to broad equity markets as the chances of a longer slowdown in the global economy increased. Concerns mounted over the drastic measures governments were having to take to slow the spread of COVID-19, alongside the fall in oil price following an escalation in tensions between Saudi Arabia and Russia.

As well as reducing our equity exposure, we reduced our allocation to Emerging Market and High Yield bonds. This decision was motivated by the knowledge that the correlation between credit and equity increases during stressed periods, with credit becoming more risky. With significant exposure to Energy, Materials and Consumer sectors, it was also thought that both asset classes would struggle if consumer demand fell in response to widespread lockdowns.

European dividends futures were hit hard by COVID-19. Extremes in valuations together with technical supply/demand features of the market meant that the risk to capital on any reasonable maturity only occurred in a world where the COVID-19 crisis was deeper than the Global Financial Crisis of 2008, which we thought was a very low probability. On this basis, we added to our position, diversifying across the 2021 and 2022 maturities.

Going into April we increased our allocation to Corporate bonds, funded from Global Government bonds. Despite an equity sell off that remained well inside the Global Financial Crisis, credit spreads were at levels not seen since that same period. Overall, this looked like an opportunity to rotate out of low-yielding Government bonds into higher yielding Corporates, taking advantage of elevated spreads despite policy support from central banks that reduced (already low) chances of default.

In the middle of April we sold our remaining holdings in the LGT Dynamic Protection fund after an initial reduction in March following some very strong performance. Rotating into the AQR Managed Futures fund meant that we were able to maintain our defensive stance whilst take profits on a position that had outperformed from the beginning of January.

Portfolios reduced their exposure to broad equity markets at the end of April as we moved to a more neutral view versus our Strategic Asset Allocation (SAA). Although we recognised the benefits of the significant stimulus coming from central banks, this was counteracted by a negative view on the health of the economy. Together with a neutral view on manufacturing and equity valuations this meant that the overweight to equities in portfolios was removed.

## 7IM AAP MODERATELY CAUTIOUS FUND

### ACD'S REPORT (continued)

for the year ended 30 November 2020

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

As we went into the summer months, countries such as China, South Korea and Taiwan showed it was possible to re-open an economy without causing large outbreaks. We wanted to take exposure to the domestic growth recovery in China – where industrial production and retail sales were quickly rebounding back to pre-crisis levels. Over half of the Asia High Yield index is exposed to China, which also pays a higher yield than the US equivalent but with better growth prospects and lower defaults.

Forced selling and liquidity pressures opened up an opportunity in residential mortgage backed securities (RMBS) relative to our SAA Index equivalent risks at the beginning of June. We were able to take advantage of this opportunity by selling some of our Global Corporate bond allocation and buying the Angel Oaks Multi Strategy Income Fund.

At the end of June, we increased our allocation to 2022 and 2023 dividend futures versus European Equity. With the view that dividend payments should resume to a more normal outlook by 2022, there was a potential opportunity for the dividends to keep adding value over the equity market as we played the pull to par and monetised the overreaction in the pricing of the dividend market.

An allocation to European bank AT1 contingent convertible bonds ("AT1s") was made in July, funded through some of our Global High Yield bond allocation. While we see value in both asset classes, we believe AT1s are extremely well positioned to outperform High Yield due to their resilient fundamentals and attractive valuations.

Towards the end of July, portfolios were tilted towards a more pro-risk stance on the basis that the peak impact of the virus had passed, and that fears over a second wave were overdone. This meant an increase in our allocation to broad equities as well as the construction of a basket of positions that would benefit from a rapid (or "V plus") economic recovery.

In September, portfolios increased their pro-risk stance on the basis of increased confidence in a global economic recovery. This meant an increase in our allocation to equities, favouring cyclical non-US equity markets, as well as the addition of Emerging Market equities to our V plus basket.

Across portfolios, we increased our exposure to Sterling versus the US Dollar in mid-March after some significant Sterling weakness. Since our entry, the pound had rallied strongly and as we headed into the end of 2020, we saw an increased likelihood of volatility in both currencies as markets tried to price the outcome of the US election and the outcome of Brexit. Although Sterling remained undervalued, with no obvious catalyst for a reversion to mean over the medium term we took profit on the position at the start of September and returned to our long-term SAA neutral weight.

A valuation opportunity together with improving fundamentals meant that we increased our allocation to RMBS at the start of October funded from Global Corporate bonds and cash. With the investment case surrounding RMBS strengthening while Global Corporate bonds continued to trade around long run average spreads (despite credit downgrades and a deterioration in fundamentals), RMBS looked well positioned to deliver outperformance across the range of scenarios we modelled against.

Despite some underperformance through the third quarter of 2020, the vaccine news in November led to a significant rally in European dividend futures. Following the rally, expectations of annualised returns for 2022 dividends were estimated to be in the low single digits due to the valuation cap that exists given the well-defined near term cash flows. With the view that this would likely act as something of a headwind versus traditional European equity exposure, the 2022 dividend position was removed from portfolios towards the end of November, being replaced with a broad European equity exposure.

## 7IM AAP MODERATELY CAUTIOUS FUND

**ACD'S REPORT** (continued)  
for the year ended 30 November 2020

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

### **Investment Outlook**

At 7IM, we have a number of long-term core views that help to guide our investment decisions and allocations within portfolios:

1. The recovery is already happening – The world has never seen as much coordinated stimulus as in the past five months. A V-shaped economic recovery is our base-case; with some areas like China already nearly back to normal. As the recovery continues, and turns into an expansion, we want to be exposed to it. Positive for credit and equity.
2. Our portfolios are positioned for the new economic cycle – Much of the first stage of the recovery rally has been concentrated in well-known technology – and understandably so, given their resilience to coronavirus, and their balance sheet strength. In a more conventional economic recovery, though, other parts of the market could start to rally too. Positive for lagging equity.
3. The virus won't derail this growth – Lockdowns are unlikely to be as severe.

Seven Investment Management LLP  
Investment Manager  
December 2020

## 7IM AAP MODERATELY CAUTIOUS FUND

### FUND INFORMATION

The Comparative Tables on pages 268 to 275 give the performance of each active share class in the Sub-fund.

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

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

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

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

# 7IM AAP MODERATELY CAUTIOUS FUND

## FUND INFORMATION (continued)

### Comparative Tables

#### Class A Income

	30.11.20 (pence per share)	30.11.19 (pence per share)	30.11.18 (pence per share)
<b>Change in Net Asset Value Per Share</b>			
Opening net asset value per share	115.24	111.80	117.31
Return before operating charges*	7.02	6.67	(2.35)
Operating charges (calculated on average price)	(1.38)	(1.35)	(1.32)
Return after operating charges*	5.64	5.32	(3.67)
Distributions on income shares	(1.92)	(1.88)	(1.84)
Closing net asset value per share	118.96	115.24	111.80
* After direct transaction costs of: <sup>1</sup>	0.01	0.02	0.02

#### Performance

Return after charges <sup>2</sup>	4.89%	4.76%	(3.13)%
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#### Other Information

Closing net asset value (£'000)	87	137	271
Closing number of shares	73,011	118,698	242,015
Operating charges <sup>3</sup>	1.20%	1.18%	1.13%
Direct transaction costs	0.00%	0.01%	0.02%

#### Prices

Highest share price	120.31	117.92	119.15
Lowest share price	103.61	109.64	112.15

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

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

<sup>3</sup> Operating charges, otherwise known as the OCF is the ratio of the Sub-fund's total disclosable costs (excluding securities lending fees and overdraft interest) to the average net assets of the Sub-fund. The OCF is intended to provide a reliable figure which gives the most accurate measure of what it costs to invest in a Sub-fund and is calculated based on the last period's figures. Included within the OCF are synthetic costs which includes the OCF of the underlying funds weighted on the basis of their investment proportion. A detailed breakdown of the OCF per share class is shown on page 276.

# 7IM AAP MODERATELY CAUTIOUS FUND

## FUND INFORMATION (continued)

### Comparative Tables (continued)

#### Class A Accumulation

	30.11.20 (pence per share)	30.11.19 (pence per share)	30.11.18 (pence per share)
<b>Change in Net Asset Value Per Share</b>			
Opening net asset value per share	144.57	137.98	142.48
Return before operating charges*	8.86	8.26	(2.90)
Operating charges (calculated on average price)	(1.75)	(1.67)	(1.60)
Return after operating charges*	7.11	6.59	(4.50)
Distributions	(2.41)	(2.32)	(2.25)
Retained distributions on accumulation shares	2.41	2.32	2.25
Closing net asset value per share	151.68	144.57	137.98
* After direct transaction costs of: <sup>1</sup>	0.01	0.02	0.03

#### Performance

Return after charges <sup>2</sup>	4.92%	4.78%	(3.16)%
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#### Other Information

Closing net asset value (£'000)	1,912	2,219	3,119
Closing number of shares	1,260,577	1,534,634	2,260,700
Operating charges <sup>3</sup>	1.20%	1.18%	1.13%
Direct transaction costs	0.00%	0.01%	0.02%

#### Prices

Highest share price	152.04	146.52	144.71
Lowest share price	129.98	135.32	137.19

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

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

<sup>3</sup> Operating charges, otherwise known as the OCF is the ratio of the Sub-fund's total disclosable costs (excluding securities lending fees and overdraft interest) to the average net assets of the Sub-fund. The OCF is intended to provide a reliable figure which gives the most accurate measure of what it costs to invest in a Sub-fund and is calculated based on the last period's figures. Included within the OCF are synthetic costs which includes the OCF of the underlying funds weighted on the basis of their investment proportion. A detailed breakdown of the OCF per share class is shown on page 276.

# 7IM AAP MODERATELY CAUTIOUS FUND

## FUND INFORMATION (continued)

### Comparative Tables (continued)

#### Class C Income

	30.11.20 (pence per share)	30.11.19 (pence per share)	30.11.18 (pence per share)
<b>Change in Net Asset Value Per Share</b>			
Opening net asset value per share	121.81	117.69	123.01
Return before operating charges*	7.32	6.92	(2.61)
Operating charges (calculated on average price)	(0.86)	(0.82)	(0.77)
Return after operating charges*	6.46	6.10	(3.38)
Distributions on income shares	(2.03)	(1.98)	(1.94)
Closing net asset value per share	126.24	121.81	117.69
* After direct transaction costs of: <sup>1</sup>	0.01	0.02	0.02

#### Performance

Return after charges <sup>2</sup>	5.30%	5.18%	(2.75)%
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#### Other Information

Closing net asset value (£'000)	24,660	28,205	40,738
Closing number of shares	19,533,109	23,154,092	34,613,197
Operating charges <sup>3</sup>	0.70%	0.68%	0.63%
Direct transaction costs	0.00%	0.01%	0.02%

#### Prices

Highest share price	127.68	124.53	124.99
Lowest share price	109.65	115.46	118.05

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

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

<sup>3</sup> Operating charges, otherwise known as the OCF is the ratio of the Sub-fund's total disclosable costs (excluding securities lending fees and overdraft interest) to the average net assets of the Sub-fund. The OCF is intended to provide a reliable figure which gives the most accurate measure of what it costs to invest in a Sub-fund and is calculated based on the last period's figures. Included within the OCF are synthetic costs which includes the OCF of the underlying funds weighted on the basis of their investment proportion. A detailed breakdown of the OCF per share class is shown on page 276.

# 7IM AAP MODERATELY CAUTIOUS FUND

## FUND INFORMATION (continued)

### Comparative Tables (continued)

#### Class C Accumulation

	30.11.20 (pence per share)	30.11.19 (pence per share)	30.11.18 (pence per share)
<b>Change in Net Asset Value Per Share</b>			
Opening net asset value per share	151.97	144.45	148.57
Return before operating charges*	9.17	8.53	(3.19)
Operating charges (calculated on average price)	(1.07)	(1.01)	(0.93)
Return after operating charges*	8.10	7.52	(4.12)
Distributions	(2.54)	(2.44)	(2.35)
Retained distributions on accumulation shares	2.54	2.44	2.35
Closing net asset value per share	160.07	151.97	144.45
* After direct transaction costs of: <sup>1</sup>	0.01	0.02	0.03

#### Performance

Return after charges <sup>2</sup>	5.33%	5.21%	(2.77)%
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#### Other Information

Closing net asset value (£'000)	398,824	386,308	470,233
Closing number of shares	249,151,233	254,206,052	325,528,217
Operating charges <sup>3</sup>	0.70%	0.68%	0.63%
Direct transaction costs	0.00%	0.01%	0.02%

#### Prices

Highest share price	160.46	153.86	150.97
Lowest share price	136.79	141.71	143.61

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

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

<sup>3</sup> Operating charges, otherwise known as the OCF is the ratio of the Sub-fund's total disclosable costs (excluding securities lending fees and overdraft interest) to the average net assets of the Sub-fund. The OCF is intended to provide a reliable figure which gives the most accurate measure of what it costs to invest in a Sub-fund and is calculated based on the last period's figures. Included within the OCF are synthetic costs which includes the OCF of the underlying funds weighted on the basis of their investment proportion. A detailed breakdown of the OCF per share class is shown on page 276.

# 7IM AAP MODERATELY CAUTIOUS FUND

## FUND INFORMATION (continued)

### Comparative Tables (continued)

#### Class D Income

	30.11.20 (pence per share)	30.11.19 (pence per share)	30.11.18 (pence per share)
<b>Change in Net Asset Value Per Share</b>			
Opening net asset value per share	110.87	107.89	113.57
Return before operating charges*	6.82	6.51	(2.18)
Operating charges (calculated on average price)	(1.78)	(1.74)	(1.72)
Return after operating charges*	5.04	4.77	(3.90)
Distributions on income shares	(1.84)	(1.79)	(1.78)
Closing net asset value per share	114.07	110.87	107.89
* After direct transaction costs of: <sup>1</sup>	0.00	0.01	0.02

#### Performance

Return after charges <sup>2</sup>	4.55%	4.42%	(3.43)%
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#### Other Information

Closing net asset value (£'000)	320	397	546
Closing number of shares	280,275	358,200	506,128
Operating charges <sup>3</sup>	1.60%	1.58%	1.53%
Direct transaction costs	0.00%	0.01%	0.02%

#### Prices

Highest share price	115.37	113.49	115.30
Lowest share price	99.57	105.77	108.20

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

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

<sup>3</sup> Operating charges, otherwise known as the OCF is the ratio of the Sub-fund's total disclosable costs (excluding securities lending fees and overdraft interest) to the average net assets of the Sub-fund. The OCF is intended to provide a reliable figure which gives the most accurate measure of what it costs to invest in a Sub-fund and is calculated based on the last period's figures. Included within the OCF are synthetic costs which includes the OCF of the underlying funds weighted on the basis of their investment proportion. A detailed breakdown of the OCF per share class is shown on page 276.

# 7IM AAP MODERATELY CAUTIOUS FUND

## FUND INFORMATION (continued)

### Comparative Tables (continued)

#### Class D Accumulation

	30.11.20 (pence per share)	30.11.19 (pence per share)	30.11.18 (pence per share)
<b>Change in Net Asset Value Per Share</b>			
Opening net asset value per share	139.08	133.17	137.95
Return before operating charges*	8.61	8.07	(2.68)
Operating charges (calculated on average price)	(2.24)	(2.16)	(2.10)
Return after operating charges*	6.37	5.91	(4.78)
Distributions	(2.31)	(2.22)	(2.17)
Retained distributions on accumulation shares	2.31	2.22	2.17
Closing net asset value per share	145.45	139.08	133.17
* After direct transaction costs of: <sup>1</sup>	0.01	0.02	0.03

#### Performance

Return after charges <sup>2</sup>	4.58%	4.44%	(3.47)%
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#### Other Information

Closing net asset value (£'000)	25,902	28,941	36,918
Closing number of shares	17,807,997	20,808,914	27,722,615
Operating charges <sup>3</sup>	1.60%	1.58%	1.53%
Direct transaction costs	0.00%	0.01%	0.02%

#### Prices

Highest share price	145.80	141.06	140.05
Lowest share price	124.92	130.56	132.41

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

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

<sup>3</sup> Operating charges, otherwise known as the OCF is the ratio of the Sub-fund's total disclosable costs (excluding securities lending fees and overdraft interest) to the average net assets of the Sub-fund. The OCF is intended to provide a reliable figure which gives the most accurate measure of what it costs to invest in a Sub-fund and is calculated based on the last period's figures. Included within the OCF are synthetic costs which includes the OCF of the underlying funds weighted on the basis of their investment proportion. A detailed breakdown of the OCF per share class is shown on page 276.

# 7IM AAP MODERATELY CAUTIOUS FUND

## FUND INFORMATION (continued)

### Comparative Tables (continued)

#### Class S Income

	30.11.20 (pence per share)	30.11.19 (pence per share)	30.11.18 (pence per share)
<b>Change in Net Asset Value Per Share</b>			
Opening net asset value per share	109.39	105.47	110.01
Return before operating charges*	6.52	6.16	(2.39)
Operating charges (calculated on average price)	(0.50)	(0.46)	(0.42)
Return after operating charges*	6.02	5.70	(2.81)
Distributions on income shares	(1.82)	(1.78)	(1.73)
Closing net asset value per share	113.59	109.39	105.47
* After direct transaction costs of: <sup>1</sup>	0.00	0.01	0.02

#### Performance

Return after charges <sup>2</sup>	5.50%	5.40%	(2.55)%
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#### Other Information

Closing net asset value (£'000)	5,896	11,755	13,877
Closing number of shares	5,190,727	10,745,998	13,156,936
Operating charges <sup>3</sup>	0.45%	0.43%	0.38%
Direct transaction costs	0.00%	0.01%	0.02%

#### Prices

Highest share price	114.88	111.77	111.82
Lowest share price	98.53	103.49	105.79

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

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

<sup>3</sup> Operating charges, otherwise known as the OCF is the ratio of the Sub-fund's total disclosable costs (excluding securities lending fees and overdraft interest) to the average net assets of the Sub-fund. The OCF is intended to provide a reliable figure which gives the most accurate measure of what it costs to invest in a Sub-fund and is calculated based on the last period's figures. Included within the OCF are synthetic costs which includes the OCF of the underlying funds weighted on the basis of their investment proportion. A detailed breakdown of the OCF per share class is shown on page 276.

# 7IM AAP MODERATELY CAUTIOUS FUND

## FUND INFORMATION (continued)

### Comparative Tables (continued)

#### Class S Accumulation

	30.11.20 (pence per share)	30.11.19 (pence per share)	30.11.18 (pence per share)
<b>Change in Net Asset Value Per Share</b>			
Opening net asset value per share	120.15	113.98	117.00
Return before operating charges*	7.22	6.67	(2.58)
Operating charges (calculated on average price)	(0.55)	(0.50)	(0.44)
Return after operating charges*	6.67	6.17	(3.02)
Distributions	(2.02)	(1.93)	(1.85)
Retained distributions on accumulation shares	2.02	1.93	1.85
Closing net asset value per share	126.82	120.15	113.98
* After direct transaction costs of: <sup>1</sup>	0.01	0.02	0.02

#### Performance

Return after charges <sup>2</sup>	5.55%	5.41%	(2.58)%
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#### Other Information

Closing net asset value (£'000)	70,638	80,060	100,158
Closing number of shares	55,701,058	66,631,404	87,870,256
Operating charges <sup>3</sup>	0.45%	0.43%	0.38%
Direct transaction costs	0.00%	0.01%	0.02%

#### Prices

Highest share price	127.12	121.60	118.92
Lowest share price	108.23	111.84	113.32

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

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

<sup>3</sup> Operating charges, otherwise known as the OCF is the ratio of the Sub-fund's total disclosable costs (excluding securities lending fees and overdraft interest) to the average net assets of the Sub-fund. The OCF is intended to provide a reliable figure which gives the most accurate measure of what it costs to invest in a Sub-fund and is calculated based on the last period's figures. Included within the OCF are synthetic costs which includes the OCF of the underlying funds weighted on the basis of their investment proportion. A detailed breakdown of the OCF per share class is shown on page 276.

## 7IM AAP MODERATELY CAUTIOUS FUND

### FUND INFORMATION (continued)

#### Ongoing Charges Figures

As at 30 November 2020

	<b>Class A</b>	<b>Class C</b>	<b>Class D</b>	<b>Class S</b>
ACD's periodic charge	1.00%	0.50%	1.40%	0.25%
Other expenses	0.05%	0.05%	0.05%	0.05%
	1.05%	0.55%	1.45%	0.30%
Collective investment scheme costs	0.15%	0.15%	0.15%	0.15%
Ongoing Charges Figure	1.20%	0.70%	1.60%	0.45%

As at 30 November 2019

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

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

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

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

# 7IM AAP MODERATELY CAUTIOUS FUND

## FUND INFORMATION (continued)

### Synthetic Risk and Reward Indicator

#### Synthetic Risk and Reward Indicator



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

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

The risk and reward indicator shown above is as at the date of publication of the annual report and financial statements, the risk and reward indicator as at the year end date 30 November 2020 was four.

#### Fund performance to 30 November 2020 (%)

	1 year	3 years	5 years
7IM AAP Moderately Cautious Fund <sup>1</sup>	5.52	7.84	17.87

<sup>1</sup> Source: Bloomberg

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

Details of the distributions per share for the year are shown in the Distribution Tables on pages 296 to 298.

# 7IM AAP MODERATELY CAUTIOUS FUND

## PORTFOLIO STATEMENT

as at 30 November 2020

Holding	Portfolio of Investment	Value	30.11.20
		£	%
	<b>ALTERNATIVES 13.83% (9.58%)</b>		
	<b>Alternative Strategies 9.58% (9.58%)</b>		
195,192	AQR - Managed Futures UCITS Fund <sup>1</sup>	14,879,637	2.82
70,546	BlackRock Strategic Funds - Global Event Driven Fund <sup>1</sup>	8,172,765	1.55
13,721,000	BNP Paribas Issuance 0.00% 2024 <sup>2</sup>	12,386,962	2.34
1,263,843	Dexion Absolute EUR <sup>3</sup>	–	–
47,697	Dexion Equity Alternative <sup>3</sup>	–	–
19,400,000	JPMorgan Structured Products 0.00% 2023 <sup>2</sup>	15,180,369	2.87
		<b>50,619,733</b>	<b>9.58</b>
	<b>Real Estate 4.25% (0.00%)</b>		
10,718,222	iShares Global Property Securities Index <sup>1</sup>	22,454,675	4.25
	<b>DEBT SECURITIES 66.82% (77.33%)</b>		
	<b>Convertible Bonds 0.00% (3.04%)</b>		
	<b>Emerging Market Bonds 7.53% (8.08%)</b>		
19,702,208	Legal & General Emerging Markets Government Bond Local Currency Index Fund Acc <sup>1</sup>	13,549,208	2.57
18,291,837	Legal & General Emerging Markets Government Bond USD Index Fund <sup>1</sup>	13,687,782	2.59
159,858	UBS Lux Bond SICAV - Asian High Yield <sup>1</sup>	12,536,830	2.37
		<b>39,773,820</b>	<b>7.53</b>
	<b>Gilts 1.96% (8.63%)</b>		
£1,800,000	UK Gilt 4.25% 2046	3,249,349	0.62
£100,000	UK Gilt 4.25% 2055	205,861	0.04
£4,500,000	UK Gilt 4.50% 2034	6,885,674	1.30
		<b>10,340,884</b>	<b>1.96</b>
	<b>Global Corporate Bonds 24.38% (16.28%)</b>		
323,396	Angel Oak Multi-Strategy Income UCITS Fund <sup>1</sup>	37,317,161	7.06
36,292,539	BlackRock Overseas Corporate Bond Tracker <sup>1</sup>	62,568,338	11.84
3,472,582	HSBC Global Funds ICAV - Global Corporate Bond Index Fund <sup>1</sup>	28,921,062	5.48
		<b>128,806,561</b>	<b>24.38</b>
	<b>Global Government Bonds 3.84% (5.02%)</b>		
2,479,429	HSBC Global Funds ICAV - Global Government Bond Index Fund <sup>1</sup>	20,283,957	3.84
	<b>Global High Yield Bonds 6.23% (4.77%)</b>		
527,836	Invesco AT1 Capital Bond UCITS ETF <sup>1</sup>	22,137,442	4.19
326	Most Diversified TOBAM Anti-Benchmark Global High Yield <sup>1</sup>	3,052,512	0.58
70,895	Robeco Quant High Yield <sup>1</sup>	7,707,636	1.46
		<b>32,897,590</b>	<b>6.23</b>
	<b>Global Inflation Linked Bonds 3.36% (6.49%)</b>		
1,327,672	iShares Global Inflation-Linked Bond Index <sup>1</sup>	15,242,554	2.89

# 7IM AAP MODERATELY CAUTIOUS FUND

## PORTFOLIO STATEMENT (continued)

as at 30 November 2020

Holding	Portfolio of Investment	Value £	30.11.20 %
<b>Global Inflation Linked Bonds (continued)</b>			
US\$2,322,000	US Treasury Inflation-Indexed Bonds 1.00% 2049	2,502,088	0.47
		<b>17,744,642</b>	<b>3.36</b>
<b>Short Term Sterling Bonds 11.44% (17.38%)</b>			
£3,000,000	Bank of Nova Scotia FRN 2023	2,998,140	0.57
£3,400,000	Barclays Bank UK FRN 2023	3,416,456	0.65
£3,200,000	Bayerische Landesbank 1.25% 2021	3,234,010	0.61
£2,280,000	Commonwealth Bank of Australia 1.125% 2021	2,301,528	0.44
£1,930,000	Commonwealth Bank of Australia FRN 2025	1,948,447	0.37
£3,382,000	Deutsche Bahn Finance 2.75% 2022	3,512,505	0.67
£300,000	European Investment Bank 0.875% 2021	300,718	0.06
£20,000	Federal National Mortgage 5.375% 2021	20,531	–
£1,100,000	International Bank for Reconstruction & Development 0.375% 2021	1,101,980	0.21
£2,631,000	International Bank for Reconstruction & Development 5.40% 2021	2,703,568	0.51
£205,000	Kommunalbanken AS 1.125% 2022	208,859	0.04
£15,000	Landeskreditbank 1.125% 2021	15,069	–
£20,000	Landwirtschaftlic 1.125% 2021	20,094	–
£3,370,000	Lloyds Bank 1.75% 2022	3,439,692	0.65
£2,306,000	Municipality Finance 1.25% 2022	2,353,799	0.45
£200,000	National Australia Bank 5.125% 2021	209,939	0.04
£15,000	Nestle Holdings 1.75% 2020	15,005	–
£4,000,000	Nordea Bank 2.375% 2022	4,124,344	0.78
£2,000,000	NRW Bank 1.00% 2022	2,024,736	0.38
£1,700,000	Oversea-Chinese Banking FRN 2023	1,692,938	0.32
£4,500,000	Rabobank Nederland 2.25% 2022	4,615,794	0.87
£200,000	Rabobank Nederland 4.875% 2023	218,884	0.04
£3,000,000	Royal Bank of Canada 1.125% 2021	3,028,392	0.57
£600,000	Royal Bank of Canada FRN 2025	603,720	0.12
£4,500,000	Santander UK FRN 2022	4,500,945	0.85
£300,000	Skipton Building Society FRN 2023	301,149	0.06
£2,582,000	SpareBank 1 Boligkreditt AS FRN 2022	2,581,716	0.49
£2,800,000	Tennessee Valley Authority 5.35% 2021	2,873,413	0.54
£3,700,000	Toronto-Dominion Bank FRN 2023	3,696,855	0.70
£2,000,000	Westpac Banking 2.625% 2022	2,090,400	0.40
£280,000	Yorkshire Building Society FRN 2023	283,102	0.05
		<b>60,436,728</b>	<b>11.44</b>
<b>Sterling Corporate Bonds 8.08% (7.64%)</b>			
10,088,379	HSBC Index Tracker Investment Funds - Sterling Corporate Bond Index Fund <sup>1</sup>	10,592,798	2.00
273,234	UBS Sterling Corporate Bond Indexed <sup>1</sup>	32,111,892	6.08
		<b>42,704,690</b>	<b>8.08</b>
<b>EQUITY 6.13% (10.63%)</b>			
<b>Asia &amp; Emerging Markets 0.00% (1.51%)</b>			
<b>Europe (ex UK) 0.76% (2.77%)</b>			
639	Euro Stoxx 50 Equity Index Futures December 2023 <sup>4</sup>	481,740	0.09
694	FTSE 100 Index Futures December 2020 <sup>4</sup>	2,977,260	0.56

# 7IM AAP MODERATELY CAUTIOUS FUND

## PORTFOLIO STATEMENT (continued) as at 30 November 2020

Holding	Portfolio of Investment	Value £	30.11.20 %
<b>Europe (ex UK) (continued)</b>			
580	MSCI Europe ex-UK Index Futures December 2020 <sup>4</sup>	569,964	0.11
		<b>4,028,964</b>	<b>0.76</b>
<b>Japan 0.20% (0.23%)</b>			
131	TOPIX Index Futures December 2020 <sup>4</sup>	<b>1,035,517</b>	<b>0.20</b>
<b>North America 4.99% (0.32%)</b>			
250,320	Amundi Asset Management S&P 500 UCITS ETF <sup>1</sup>	12,606,115	2.39
67,000	Berkshire Hathaway	11,617,579	2.20
192	E-mini Health Care Select Sector Futures December 2020 <sup>4</sup>	524,728	0.10
532	MSCI Emerging Markets Index Futures December 2020 <sup>4</sup>	1,611,276	0.30
47	US Ultra Treasury Bond Index Futures March 2021 <sup>4</sup>	(12,097)	–
		<b>26,347,601</b>	<b>4.99</b>
<b>United Kingdom 0.18% (5.80%)</b>			
303	FTSE 250 Index Futures December 2020 <sup>4</sup>	<b>954,753</b>	<b>0.18</b>
<b>FORWARD CURRENCY CONTRACTS 1.90% (1.29%)</b>			
€125,665	Vs £(140,512) Expiry 08.12.2020	(444)	–
€937,000	Vs £(847,437) Expiry 16.04.2021	(4,522)	–
€3,300,000	Vs £(2,982,530) Expiry 16.04.2021	(13,886)	–
€(15,123,200)	Vs £13,677,649 Expiry 16.04.2021	72,985	0.01
US\$(193,025,500)	Vs £153,853,603 Expiry 15.01.2021	9,419,721	1.78
US\$(25,924,000)	Vs £20,663,077 Expiry 15.01.2021	1,265,101	0.24
US\$(11,000,000)	Vs £8,440,781 Expiry 15.01.2021	209,885	0.04
US\$(4,100,000)	Vs £3,134,185 Expiry 15.01.2021	66,306	0.01
US\$(4,049,000)	Vs £3,084,022 Expiry 15.01.2021	54,304	0.01
US\$(4,049,000)	Vs £3,059,208 Expiry 15.01.2021	29,491	0.01
US\$(2,237,000)	Vs £1,691,468 Expiry 15.01.2021	17,603	–
US\$(342,000)	Vs £261,437 Expiry 15.01.2021	5,531	–
US\$(337,000)	Vs £256,685 Expiry 15.01.2021	4,520	–
US\$(337,000)	Vs £254,619 Expiry 15.01.2021	2,454	–
US\$(303,000)	Vs £229,108 Expiry 15.01.2021	2,384	–
¥85,594	Vs £(11,796,429) Expiry 08.12.2020	685	–
¥214,624,000	Vs £(1,557,351) Expiry 21.05.2021	(10,390)	–
¥1,752,562,000	Vs £(12,716,911) Expiry 21.05.2021	(84,838)	(0.02)
US\$229,574	Vs £(304,829) Expiry 08.12.2020	1,332	–
US\$600,000	Vs £(461,183) Expiry 15.01.2021	(12,225)	–
US\$650,000	Vs £(504,991) Expiry 15.01.2021	(18,620)	–
US\$1,000,000	Vs £(772,045) Expiry 15.01.2021	(23,782)	–
US\$1,200,000	Vs £(922,365) Expiry 15.01.2021	(24,449)	–
US\$1,397,000	Vs £(1,085,820) Expiry 15.01.2021	(40,497)	(0.01)
US\$2,000,000	Vs £(1,542,764) Expiry 15.01.2021	(46,237)	(0.01)
US\$5,000,000	Vs £(3,925,436) Expiry 15.01.2021	(184,119)	(0.03)
US\$12,500,000	Vs £(9,650,565) Expiry 15.01.2021	(297,274)	(0.06)
US\$12,383,000	Vs £(9,624,704) Expiry 15.01.2021	(358,961)	(0.07)
		<b>10,032,058</b>	<b>1.90</b>

## 7IM AAP MODERATELY CAUTIOUS FUND

### PORTFOLIO STATEMENT (continued) as at 30 November 2020

Holding	Portfolio of Investment	Value	30.11.20
		£	%
	<b>Portfolio of investment<sup>5</sup></b>	<b>468,462,173</b>	<b>88.68</b>
	Net other assets <sup>5,6</sup>	59,776,340	11.32
	<b>Net assets</b>	<b>528,238,513</b>	<b>100.00</b>

Comparative figures shown in brackets relate to 30 November 2019.

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

<sup>1</sup> Collective investment scheme

<sup>2</sup> Structured product

<sup>3</sup> Delisted security

<sup>4</sup> Derivative contract

<sup>5</sup> Prior year percentage of Portfolio of investments and Net other assets have been restated to show the liquidity funds as Cash equivalents in the Balance Sheet of the Sub-fund.

<sup>6</sup> Includes shares in the JPMorgan Liquidity Funds - GBP Liquidity LVNAV Fund to the value of £29,300,000 and shares in the Northern Trust Global Sterling Fund to the value of £34,308,000 which are shown as a Cash equivalents in the Balance Sheet of the Sub-fund.

Credit Quality	30.11.20	30.11.19
	%	%
Investment grade debt securities	13.87	34.73
Non-rated debt securities	5.21	3.59
Other investments	81.65	62.67
Net other liabilities	(0.73)	(0.99)
	<b>100.00</b>	<b>100.00</b>

## 7IM AAP MODERATELY CAUTIOUS FUND

### STATEMENT OF TOTAL RETURN

for the year ended 30 November 2020

	Notes	£	30.11.20 £	£	30.11.19 £
Income					
Net capital gains	4		17,803,088		24,705,285
Revenue	5	10,551,353		11,905,145	
Expenses	6	(2,710,615)		(3,388,123)	
Interest payable and similar charges	8	(73,835)		(63,077)	
Net revenue before taxation for the year		7,766,903		8,453,945	
Taxation	7	(1,607,983)		(1,196,338)	
Net revenue after taxation for the year			6,158,920		7,257,607
<b>Total return before distributions</b>			23,962,008		31,962,892
Distributions	8		(8,210,429)		(9,817,996)
<b>Change in net assets attributable to shareholders from investment activities</b>			15,751,579		22,144,896

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

for the year ended 30 November 2020

	£	30.11.20 £	£	30.11.19 £
<b>Opening net assets attributable to shareholders</b>		538,021,629		665,859,714
Amounts received on creation of shares <sup>1</sup>	45,095,020		74,689,473	
Amounts receivable on in-specie transactions	52,096,171		1,218,427	
Amounts paid on cancellation of shares <sup>1</sup>	(130,477,931)		(234,388,021)	
		(33,286,740)		(158,480,121)
Change in net assets attributable to shareholders from investment activities		15,751,579		22,144,896
Retained distribution on accumulation shares		7,752,045		8,497,140
<b>Closing net assets attributable to shareholders</b>		528,238,513		538,021,629

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

The notes on pages 284 to 295 are an integral part of these Financial Statements.

# 7IM AAP MODERATELY CAUTIOUS FUND

## BALANCE SHEET

as at 30 November 2020

	Notes	30.11.20 £	30.11.19 £
<b>ASSETS</b>			
Fixed assets:			
Investments <sup>1</sup>		469,594,514	537,571,106
Current assets:			
Debtors	9	2,171,655	4,008,104
Cash and bank balances	10	3,753,077	6,316,897
Cash equivalents <sup>1</sup>	10	63,608,000	11,623,000
<b>Total assets</b>		<b>539,127,246</b>	<b>559,519,107</b>
<b>LIABILITIES</b>			
Investment liabilities			
		(1,132,341)	(5,866,797)
Creditors:			
Bank overdrafts	10	(6,883,916)	(9,923,378)
Distribution payable		(276,569)	(391,336)
Other creditors	11	(2,595,907)	(5,315,967)
<b>Total liabilities</b>		<b>(10,888,733)</b>	<b>(21,497,478)</b>
<b>Net assets attributable to shareholders</b>		<b>528,238,513</b>	<b>538,021,629</b>

<sup>1</sup> Prior year amounts of Investments and Cash equivalents have been restated to include liquidity funds held by the Sub-fund.

The notes on pages 284 to 295 are an integral part of these Financial Statements.

# 7IM AAP MODERATELY CAUTIOUS FUND

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 November 2020

### 1 Statement of Compliance

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

### 2 Summary of Significant Accounting Policies

The Sub-fund's Financial Statements have been prepared on the same basis as the Summary of Significant Accounting Policies disclosed on pages 10 to 13.

### 3 Risk Management Policies

The Sub-fund's Risk Management Policies are the same as the Risk Management Policies disclosed on pages 13 to 15.

### 4 Net capital gains

	<b>30.11.20</b>	<b>30.11.19</b>
	£	£
The net capital gains during the year comprise:		
Non-derivative securities	17,923,132	24,280,230
Derivative contracts	576,060	2,963,412
Forward currency contracts	2,635,928	814,963
Currency losses	(3,370,129)	(3,460,245)
Transaction charges	(38,313)	(15,547)
AMC rebates from underlying investments	76,410	122,472
Net capital gains	<u>17,803,088</u>	<u>24,705,285</u>

### 5 Revenue

	<b>30.11.20</b>	<b>30.11.19</b>
	£	£
Non-taxable dividends	654,421	2,787,543
Taxable dividends	8,446,070	5,863,016
Unfranked interest	1,238,776	2,928,621
AMC rebates from underlying investments	189,069	245,977
Bank interest	6,317	25,219
Stock lending revenue <sup>1</sup>	16,700	54,769
Total revenue	<u>10,551,353</u>	<u>11,905,145</u>

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

## 7IM AAP MODERATELY CAUTIOUS FUND

### NOTES TO THE FINANCIAL STATEMENTS (continued) for the year ended 30 November 2020

#### 6 Expenses

	30.11.20	30.11.19
	£	£
Payable to the ACD, associates of the ACD and agents of either of them:		
ACD's periodic charge	2,522,044	3,119,780
Other expenses	6,480	6,480
	<u>2,528,524</u>	<u>3,126,260</u>
Payable to the Depositary, associates of the Depositary and agents of either of them:		
Depositary's fees	64,562	80,235
Market risk fees	3,661	6,000
Safe custody and other bank charges	21,517	35,621
	<u>89,740</u>	<u>121,856</u>
Other Expenses:		
Advisory fees	3,976	50,121
Audit fee <sup>1</sup>	9,616	9,000
Dealing and exchange fees	26,523	25,727
FCA and other Regulatory fees	215	212
Legal and professional fees	394	6,544
Market data fees	4,103	–
Printing, postage and distribution costs	40,575	42,253
Risk analysis fees	6,949	6,150
	<u>92,351</u>	<u>140,007</u>
Total expenses	<u>2,710,615</u>	<u>3,388,123</u>

<sup>1</sup> The Audit fee is inclusive of 20% VAT and 2.50% support cost.

## 7IM AAP MODERATELY CAUTIOUS FUND

### NOTES TO THE FINANCIAL STATEMENTS (continued) for the year ended 30 November 2020

#### 7 Taxation

	30.11.20 £	30.11.19 £
<i>a) Analysis of charge for the year</i>		
Corporation tax at 20%	1,454,787	1,144,985
Overseas tax	138,725	51,326
Irrecoverable CIS income tax	14,471	27
	<hr/>	<hr/>
Current tax charge (note 7b)	1,607,983	1,196,338
Total taxation	<hr/>	<hr/>
	1,607,983	1,196,338
<i>b) Factors affecting current tax charge for the year</i>		
The tax assessed for the year differs from the standard rate of corporation tax in the UK for an authorised fund (20%) (2019: 20%) for the reasons explained below.		
Net revenue before taxation	7,766,903	8,453,945
Corporation tax at 20%	1,553,381	1,690,789
Effects of:		
AMC rebates taken to capital	15,282	24,494
Double taxation relief expensed	–	(2,570)
Indexed gilt edged securities adjustment	–	(10,355)
Irrecoverable CIS income tax w/off	14,471	27
Movement in revenue accruals	109	135
Non-taxable dividends	(129,319)	(557,508)
Overseas tax	138,725	51,326
Tax effect on non-reporting offshore funds	15,334	–
Current tax charge (note 7a)	<hr/>	<hr/>
	1,607,983	1,196,338
<i>c) Deferred tax</i>		
There is no deferred tax provision in the current year (2019: none).		

#### 8 Distributions

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

	30.11.20 £	30.11.19 £
Interim	3,571,798	4,077,816
Final	4,684,954	5,144,918
	<hr/>	<hr/>
	8,256,752	9,222,734
Add: Revenue deducted on cancellation of shares	399,465	850,963
Add: Revenue deducted on in-specie transactions	–	1,490
Deduct: Revenue received on issue of shares	(136,912)	(257,191)
Deduct: Revenue received on in-specie transactions	(308,876)	–
Net distributions for the year	<hr/>	<hr/>
	8,210,429	9,817,996
Interest payable and similar charges	73,835	63,077
Total distribution	<hr/>	<hr/>
	8,284,264	9,881,073

## 7IM AAP MODERATELY CAUTIOUS FUND

### NOTES TO THE FINANCIAL STATEMENTS (continued) for the year ended 30 November 2020

#### 8 Distributions (continued)

Details of the distributions per share are set out in the table on pages 296 to 298.

Distributions represented by:

Net revenue after taxation	6,158,920	7,257,607
Allocations to capital:		
Capitalised expenses, net of tax relief <sup>1</sup>	2,051,433	2,560,416
Equalisation on conversions <sup>2</sup>	(2)	(39)
Net movement in revenue account	78	12
Net distributions for the year	<u>8,210,429</u>	<u>9,817,996</u>

<sup>1</sup> Please refer to Note 2(i) Distributions policy on page 11 for further details.

<sup>2</sup> Where an investor converts to a class with a higher income yield, the investor will pay or receive an equalisation as if they had held the new class throughout the period from the last distribution to the conversion date. The yield differential at the point of conversion is an equalisation which will be offset by capital erosion for the converted investor.

#### 9 Debtors

	30.11.20	30.11.19
	£	£
Amounts receivable for issue of shares	279,678	862,642
Accrued revenue	1,227,530	2,741,373
Income tax recoverable	13,381	33
AMC rebates from underlying investments	330,969	248,818
Withholding tax recoverable	7,989	155,238
Receivable from merger	312,108	–
Total debtors	<u>2,171,655</u>	<u>4,008,104</u>

#### 10 Cash and bank balances

	30.11.20	30.11.19
	£	£
Cash and bank balances	3,608,228	6,314,952
Cash held at clearing houses	144,849	1,945
Cash equivalents <sup>1</sup>	63,608,000	11,623,000
Total cash and bank balances	<u>67,361,077</u>	<u>17,939,897</u>
Bank overdrafts	(3,574,988)	(6,293,487)
Cash overdraft at clearing houses	(3,308,928)	(3,629,891)
Total bank overdrafts	<u>(6,883,916)</u>	<u>(9,923,378)</u>

<sup>1</sup> Prior year amount of Cash equivalents has been restated to include liquidity funds held by the Sub-fund.

## 7IM AAP MODERATELY CAUTIOUS FUND

### NOTES TO THE FINANCIAL STATEMENTS (continued) for the year ended 30 November 2020

#### 11 Other Creditors

	30.11.20	30.11.19
	£	£
Amounts payable for cancellation of shares	1,148,203	3,364,147
Purchases awaiting settlement	370,215	807,807
Accrued expenses	257,702	349,050
Corporation tax payable	819,787	794,963
Total other creditors	<u>2,595,907</u>	<u>5,315,967</u>

#### 12 Related party transactions

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

The aggregate monies received by the ACD through the issue of shares and paid on cancellation of shares are disclosed in the Statement of Change in Net Assets Attributable to Shareholders on page 282.

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

	Held at 30.11.20	Held at 30.11.19
7IM European (ex UK) Equity Value Fund 'Z' Inc	–	9,933,437
7IM UK Equity Value Fund 'Z' Inc	–	6,673,176

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

Pershing Nominees Limited 35.62% (2019: 28.72%)

The net value of creations and cancellations for Pershing Nominees Limited during the year totaled £38,787,659 (2019: -£22,526,135).

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

#### 13 Classes of Shares

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

Class A	1.00%
Class C	0.50%
Class D	1.40%
Class S	0.25%

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

Class	Opening Shares	Shares Created	Shares Liquidated	Shares Converted	Closing Shares
Class A Income	118,698	–	(45,687)	–	73,011
Class A Accumulation	1,534,634	43,445	(288,414)	(29,088)	1,260,577
Class C Income	23,154,092	2,469,804	(6,558,843)	468,056	19,533,109
Class C Accumulation	254,206,052	53,968,512	(59,583,183)	559,852	249,151,233
Class D Income	358,200	5,723	(83,648)	–	280,275
Class D Accumulation	20,808,914	765,201	(3,766,118)	–	17,807,997
Class S Income	10,745,998	459,183	(3,006,546)	(3,007,908)	5,190,727
Class S Accumulation	66,631,404	6,806,634	(19,332,492)	1,595,512	55,701,058

#### 14 Contingent liabilities and commitments

There are no contingent liabilities or unrecorded outstanding commitments at the balance sheet date (2019: none).

## 7IM AAP MODERATELY CAUTIOUS FUND

### NOTES TO THE FINANCIAL STATEMENTS (continued) for the year ended 30 November 2020

#### 15 Risks Disclosures

The main risks from the Sub-fund's holding of financial instruments, together with the ACD's policy for managing these risks are detailed in note 3 on pages 13 to 15. Further analysis and numeric disclosure of interest rate risk, foreign currency risk and derivatives are shown below.

##### i. Interest rate risk

The table below shows the direct interest rate risk profile:

Interest rate exposure as at 30 November 2020

	<b>Floating Rate Financial Assets £</b>	<b>Fixed Rate Financial Assets £</b>	<b>Financial Assets not carrying interest £</b>	<b>Total £</b>
Danish krone	–	–	300	300
Euro	647,887	–	4,865,393	5,513,280
Hong Kong dollar	1	–	–	1
Japanese yen	15,992	–	15,214,551	15,230,543
Swiss franc	27,890	–	3,258	31,148
US dollar	509,699	30,069,420	143,861,574	174,440,693
Pound sterling	88,183,077	48,754,144	450,342,734	587,279,955
	<b>89,384,546</b>	<b>78,823,564</b>	<b>614,287,810</b>	<b>782,495,920</b>

	<b>Floating Rate Financial Liabilities £</b>	<b>Financial Liabilities not carrying interest £</b>	<b>Total £</b>
Euro	(503,035)	(13,730,774)	(14,233,809)
Hong Kong dollar	(1)	–	(1)
Japanese yen	(21,585)	(84,909)	(106,494)
Swiss franc	(27,890)	–	(27,890)
US dollar	(734,656)	(184,091,231)	(184,825,887)
Pound sterling	(5,596,749)	(49,466,577)	(55,063,326)
	<b>(6,883,916)</b>	<b>(247,373,491)</b>	<b>(254,257,407)</b>

## 7IM AAP MODERATELY CAUTIOUS FUND

### NOTES TO THE FINANCIAL STATEMENTS (continued) for the year ended 30 November 2020

#### 15 Risks Disclosures (continued)

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

Interest rate exposure as at 30 November 2019

	<b>Floating Rate Financial Assets £</b>	<b>Fixed Rate Financial Assets £</b>	<b>Financial Assets not carrying interest £</b>	<b>Total £</b>
Danish krone	–	–	289,847	289,847
Euro	493,149	8,024,940	36,161,942	44,680,031
Hong Kong dollar	1	–	–	1
Japanese yen	8,605	8,689,343	19,916,611	28,614,559
Norwegian krone	–	–	38,872	38,872
Swedish krona	–	–	190,310	190,310
Swiss franc	26,076	–	915,371	941,447
US dollar	190,719	48,443,561	153,043,896	201,678,176
Pound sterling	47,873,307	110,446,375	527,741,628	686,061,310
	<u>48,591,857</u>	<u>175,604,219</u>	<u>738,298,477</u>	<u>962,494,553</u>

	<b>Floating Rate Financial Liabilities £</b>	<b>Financial Liabilities not carrying interest £</b>	<b>Total £</b>
Euro	(493,424)	(59,434,153)	(59,927,577)
Hong Kong dollar	(1)	–	(1)
Japanese yen	(9,456)	(14,797,608)	(14,807,064)
Swiss franc	(26,076)	–	(26,076)
US dollar	(169,829)	(210,007,947)	(210,177,776)
Pound sterling	(9,224,591)	(130,309,839)	(139,534,430)
	<u>(9,923,377)</u>	<u>(414,549,547)</u>	<u>(424,472,924)</u>

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

Currency	<b>Fixed Rate Financial Assets</b>			
	<b>Weighted average interest rate</b>		<b>Weighted average period for which rate is fixed</b>	
	<b>30.11.20 %</b>	<b>30.11.19 %</b>	<b>30.11.20 Years</b>	<b>30.11.19 Years</b>
Euro	–	0.12	–	10
Japanese yen	–	(0.02)	–	11
Pound sterling	0.27	0.94	5	8
US dollar	(3.12)	0.69	5	15

The average effective duration of the Sub-fund's portfolio is a measure of the sensitivity of the fair value of the Sub-fund's bond portfolio (excludes all other investments) to changes in market interest rates. As at 30 November 2020, the weighted average effective duration was 4.41 years (30 November 2019: 4.47 years).

## 7IM AAP MODERATELY CAUTIOUS FUND

### NOTES TO THE FINANCIAL STATEMENTS (continued) for the year ended 30 November 2020

#### 15 Risks Disclosures (continued)

##### ii. Foreign currency risk

The table below shows the direct foreign currency risk profile:

Foreign currency risk exposure as at 30 November 2020

Currency	Monetary Exposure £	Non-Monetary Exposure £	Total £
Danish krone	300	–	300
Euro	146,982	(8,867,511)	(8,720,529)
Japanese yen	(5,593)	15,129,642	15,124,049
Swiss franc	3,258	–	3,258
US dollar	(224,862)	(10,160,332)	(10,385,194)
	(79,915)	(3,898,201)	(3,978,116)
Pound sterling	59,856,255	472,360,374	532,216,629
Net assets	59,776,340	468,462,173	528,238,513

Foreign currency risk exposure as at 30 November 2019

Currency	Monetary Exposure £	Non-Monetary Exposure £	Total £
Danish krone	21,623	268,224	289,847
Euro	6,544	(15,254,090)	(15,247,546)
Japanese yen	(851)	13,808,346	13,807,495
Norwegian krone	1,203	37,669	38,872
Swedish krona	–	190,310	190,310
Swiss franc	122,793	792,578	915,371
US dollar	20,998	(8,520,598)	(8,499,600)
	172,310	(8,677,561)	(8,505,251)
Pound sterling	6,145,009	540,381,871	546,526,880
Net assets	6,317,319	531,704,310	538,021,629

## 7IM AAP MODERATELY CAUTIOUS FUND

### NOTES TO THE FINANCIAL STATEMENTS (continued) for the year ended 30 November 2020

#### 15 Risks Disclosures (continued)

##### iii. Derivatives

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

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

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

The lowest, highest and average leverage utilisation in the accounting year ended 30 November 2020 was 69%, 180% and 87% respectively (30 November 2019<sup>1</sup>: 61%, 156% and 89% respectively).

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

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

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

The types of derivatives held at the balance sheet date were forward foreign currency contracts and future 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:

<b>Counterparty</b>	<b>30.11.20</b> £	<b>30.11.19</b> £
<b>Options</b>		
Chicago Board Options Exchange	–	597,287
<b>Futures Contracts</b>		
Chicago Board of Trade	(12,097)	105,975
Chicago Mercantile Exchange	524,728	654,763
Eurex Deutschland	1,051,704	2,463
International Monetary Market	–	947,260
London International Financial Futures Exchange	3,932,013	213,819
New York Coffee, Sugar & Cocoa	1,611,276	80,714
Tokyo Stock Exchange	1,035,517	1,226,818
<b>Forward Currency Contracts</b>		
Northern Trust	10,032,058	6,931,910
<b>Total net exposure<sup>2</sup></b>	<b>18,175,199</b>	<b>10,761,009</b>

<sup>1</sup> Prior year was restated to show Notional Leverage as it is more accurate representation as it only shows the Derivatives used in a fund as a percentage of its NAV while the Notional Exposure adds 100% to the Notional Leverage Value.

<sup>2</sup> Net exposure represents the mark to market value of derivative contracts less any cash collateral held. Positive exposure represents the Sub-fund's exposure to that counterparty.

# 7IM AAP MODERATELY CAUTIOUS FUND

## NOTES TO THE FINANCIAL STATEMENTS (continued) for the year ended 30 November 2020

### 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 £
<b>30 November 2020</b>				
<b>Assets</b>				
Bonds	15,465,312	85,381,719	–	100,847,031
Collective Investment Schemes	250,874,546	86,947,818	–	337,822,364
Derivatives	8,155,238	11,152,302	–	19,307,540
Equities	11,617,579	–	–	11,617,579
<b>Total</b>	<b>286,112,675</b>	<b>183,481,839</b>	<b>–</b>	<b>469,594,514</b>
<b>Liabilities</b>				
Derivatives	(12,097)	(1,120,244)	–	(1,132,341)
<b>30 November 2019<sup>1</sup></b>				
<b>Assets<sup>1</sup></b>				
Bonds	91,920,972	114,335,207	–	206,256,179
Collective Investment Schemes	298,072,908	–	–	298,072,908
Derivatives	3,897,912	12,729,894	–	16,627,806
Equities	16,614,213	–	–	16,614,213
<b>Total</b>	<b>410,506,005</b>	<b>127,065,101</b>	<b>–</b>	<b>537,571,106</b>
<b>Liabilities</b>				
Derivatives	(9,488)	(5,857,309)	–	(5,866,797)

<sup>1</sup> Prior year amounts have been restated to exclude liquidity funds held by the Sub-fund.



## 7IM AAP MODERATELY CAUTIOUS FUND

### NOTES TO THE FINANCIAL STATEMENTS (continued) for the year ended 30 November 2020

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

Analysis of direct transaction costs for the year ended 30 November 2019<sup>1</sup>:

	Principal £'000	Commissions £'000	Taxes £'000	Total Transaction Costs £'000	Commissions % of principal	Taxes % of principal
<b>Purchases</b>						
Bonds	67,576	–	–	–	–	–
Collective Investment Schemes	138,008	–	–	–	–	–
Equities	35,835	5	67	72	0.01	0.19
<b>Total</b>	<b>241,419</b>	<b>5</b>	<b>67</b>	<b>72</b>	<b>0.01</b>	<b>0.19</b>
<b>Sales</b>						
Bonds	194,632	–	–	–	–	–
Collective Investment Schemes	98,927	–	–	–	–	–
Derivatives	13,391	–	–	–	–	–
Equities	86,283	(8)	(1)	(9)	0.01	–
<b>Total</b>	<b>393,233</b>	<b>(8)</b>	<b>(1)</b>	<b>(9)</b>	<b>0.01</b>	<b>–</b>
<b>Total as a percentage of the average NAV</b>		<b>0.00%</b>	<b>0.01%</b>	<b>0.01%</b>		

<sup>1</sup> Prior year amounts have been restated to exclude liquidity funds held by the Sub-fund.

#### Average portfolio dealing spread

As at the balance sheet date, the average portfolio dealing spread was 0.11% (2019: 0.10%) based on close of business prices. This spread represents the difference between the values determined respectively by reference to the bid and offer prices of investments expressed as a percentage of the value determined by reference to the offer price.

#### 17 Post Balance Sheet Events

As at the balance sheet date, the Net Asset Value price per share of Class C Accumulation was 160.46p. The Net Asset Value price per share of Class C Accumulation for the Sub-fund on 23 March 2021 was 161.10p. This represents an increase of 0.40% from the year end value.

## 7IM AAP MODERATELY CAUTIOUS FUND

### DISTRIBUTION TABLES

for the year ended 30 November 2020

#### Interim - in pence per share

Group 1 - Shares purchased prior to 1 December 2019

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

	<b>Net Revenue</b>	<b>Equalisation</b>	<b>Paid 31.07.20</b>	<b>Paid 31.07.19</b>
<b>Class A Income</b>				
Group 1	0.8490	–	0.8490	0.7618
Group 2	0.8490	–	0.8490	0.7618
			<b>Allocated 31.07.20</b>	<b>Allocated 31.07.19</b>
<b>Class A Accumulation</b>				
Group 1	1.0644	–	1.0644	0.9363
Group 2	0.5010	0.5634	1.0644	0.9363
			<b>Paid 31.07.20</b>	<b>Paid 31.07.19</b>
<b>Class C Income</b>				
Group 1	0.8986	–	0.8986	0.8046
Group 2	0.4304	0.4682	0.8986	0.8046
			<b>Allocated 31.07.20</b>	<b>Allocated 31.07.19</b>
<b>Class C Accumulation</b>				
Group 1	1.1206	–	1.1206	0.9873
Group 2	0.6708	0.4498	1.1206	0.9873
			<b>Paid 31.07.20</b>	<b>Paid 31.07.19</b>
<b>Class D Income</b>				
Group 1	0.8157	–	0.8157	0.7638
Group 2	0.5735	0.2422	0.8157	0.7638
			<b>Allocated 31.07.20</b>	<b>Allocated 31.07.19</b>
<b>Class D Accumulation</b>				
Group 1	1.0230	–	1.0230	0.9423
Group 2	0.5629	0.4601	1.0230	0.9423
			<b>Paid 31.07.20</b>	<b>Paid 31.07.19</b>
<b>Class S Income</b>				
Group 1	0.8095	–	0.8095	0.7221
Group 2	0.6671	0.1424	0.8095	0.7221

## 7IM AAP MODERATELY CAUTIOUS FUND

### DISTRIBUTION TABLES (continued) for the year ended 30 November 2020

	Net Revenue	Equalisation	Allocated 31.07.20	Allocated 31.07.19
<b>Class S Accumulation</b>				
Group 1	0.8862	–	0.8862	0.7802
Group 2	0.6956	0.1906	0.8862	0.7802
<b>Final - in pence per share</b>				
Group 1 - Shares purchased prior to 1 June 2020				
Group 2 - Shares purchased on or after 1 June 2020 and on or before 30 November 2020				
	Net Revenue	Equalisation	Paid 31.01.21	Paid 31.01.20
<b>Class A Income</b>				
Group 1	1.0663	–	1.0663	1.1146
Group 2	1.0663	–	1.0663	1.1146
	Net Revenue	Equalisation	Allocated 31.01.21	Allocated 31.01.20
<b>Class A Accumulation</b>				
Group 1	1.3439	–	1.3439	1.3843
Group 2	1.0228	0.3211	1.3439	1.3843
	Net Revenue	Equalisation	Paid 31.01.21	Paid 31.01.20
<b>Class C Income</b>				
Group 1	1.1278	–	1.1278	1.1777
Group 2	0.5287	0.5991	1.1278	1.1777
	Net Revenue	Equalisation	Allocated 31.01.21	Allocated 31.01.20
<b>Class C Accumulation</b>				
Group 1	1.4173	–	1.4173	1.4551
Group 2	0.5946	0.8227	1.4173	1.4551
	Net Revenue	Equalisation	Paid 31.01.21	Paid 31.01.20
<b>Class D Income</b>				
Group 1	1.0213	–	1.0213	1.0297
Group 2	0.7237	0.2976	1.0213	1.0297
	Net Revenue	Equalisation	Allocated 31.01.21	Allocated 31.01.20
<b>Class D Accumulation</b>				
Group 1	1.2898	–	1.2898	1.2821
Group 2	0.8310	0.4588	1.2898	1.2821

## 7IM AAP MODERATELY CAUTIOUS FUND

### DISTRIBUTION TABLES (continued) for the year ended 30 November 2020

	<b>Net Revenue</b>	<b>Equalisation</b>	<b>Paid 31.01.21</b>	<b>Paid 31.01.20</b>
<b>Class S Income</b>				
Group 1	1.0140	–	1.0140	1.0575
Group 2	0.6725	0.3415	1.0140	1.0575
	<b>Net Revenue</b>	<b>Equalisation</b>	<b>Allocated 31.01.21</b>	<b>Allocated 31.01.20</b>
<b>Class S Accumulation</b>				
Group 1	1.1320	–	1.1320	1.1505
Group 2	0.4980	0.6340	1.1320	1.1505

#### Equalisation

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

# 7IM AAP BALANCED FUND

## ACD'S REPORT

for the year ended 30 November 2020

### Investment Objective and Policy

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

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

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

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

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

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

### Investment Manager's Report

#### Performance Report

In the reporting period, 1 December 2019 to 30 November 2020, the portfolio delivered a total return of 5.28%<sup>1</sup>.

#### Investment Background

The coronavirus that emerged in mid-January 2020 from the Chinese city of Wuhan caught the attention of global markets. Initial research suggested that the virus is less deadly than the SARS virus that hit China in 2003 but is markedly more contagious. Trying to untangle tabloid hyperbole from scientific facts was a near impossibility. Amongst this, the UK finally left the EU on 31 January 2020. Negotiations to reach a trade deal were to continue until the end of the calendar year.

February saw headlines dominated by the growing concern of coronavirus. Equity markets initially shrugged off the potential effects of the virus, with MSCI World up c. 6% from the start of February to the 20th. However, investors panicked towards the end of the month causing equities to experience some of the largest one-day down moves since 2011, and the largest one-week move since the financial crisis.

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

Investors enjoyed positive returns in April as both risky and defensive assets rebounded following the initial shock of a global shutdown in March. It is clear that governments around the world were conscious of the implications caused by lockdown on both economies and families. They started to discuss ways in which we can delicately move from a period of lockdown to a re-opening of businesses. The UK chose to extend its lockdown period until early May.

Equities continued their winning streak in May, following optimism over economies beginning to re-open. The US returned around 5%, with the Technology sector leading the way, and generating over 7% throughout the month. In fact, markets around the world were positive - with the UK, Japanese and European markets all gaining over 4%.

In June, we saw the government in England relax COVID-19 restrictions. This was a key development in the economy as it allowed businesses to start to plot a path back to normal. Asia was busy dealing with isolated second waves, while Europe was starting to open up, albeit cautiously.

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

## 7IM AAP BALANCED FUND

### ACD'S REPORT (continued)

for the year ended 30 November 2020

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

In July, we saw a major shift in the UK Government's guidance with more encouragement for workers to return to the office. Central Bank stimulus set the stage for a sharp economic recovery towards the end of 2020 into the beginning of 2021. New cases continued to rise worldwide, and death rates fell due partly to a better understanding of the virus.

During August, there was a sense that the world was returning to normal and markets signalled confidence in the economy's recovery. Higher risk investments provided strong returns, while more defensive assets were negative over the period. Manufacturing and non-manufacturing data across the US, UK, Europe and China all showed promising signs of expansion.

In September, more optimistic views on the outlook for risky assets were challenged by the political and media narrative of a second wave of COVID-19. However, outside of the UK, the US economy was starting to get going and unemployment was falling sharply, as the largest policy stimulus in history took effect. Chinese authorities were talking about whether the recovery was too strong and European manufacturers saw demand for goods rise strongly, although the tourism sector continued to struggle.

Equities were mixed throughout the month of October. Emerging Markets were positive, while the Developed World declined due to an increase in the number of COVID-19 cases. As the colder months begin to settle in to Europe, governments started to bring in further restrictions to help contain the spread of COVID-19. Despite this, many countries in Asia had the virus under control and continued to see economic recoveries take hold.

The US election kicked off November with Joe Biden's victory over Donald Trump. Markets responded well despite Trump's ongoing attempts to claim victory via the courts. Only days after the election, Pfizer-BioNTech announced trials of their COVID-19 vaccine had been highly effective, followed a week later by an identical announcement from Moderna. This fuelled a renewed sense of optimism, which pushed the S&P 500 to new all-time highs, and the Dow Jones Industrial Average made headlines for reaching 30,000.

Within the overall rally, the big story was the bounce back of cyclical stocks and sectors that were worst affected by the pandemic, while the large tech businesses lagged. Companies like Carnival Cruises and HSBC generated returns of around 50% and 25%, whereas Apple and Amazon were broadly flat or declined. European equities, which are more exposed to manufacturing, finance and exports, had one of the strongest months in history.

#### Portfolio Review

At the very beginning of March, we reduced our exposure to broad equity markets as the chances of a longer slowdown in the global economy increased. Concerns mounted over the drastic measures governments were having to take to slow the spread of COVID-19, alongside the fall in oil price following an escalation in tensions between Saudi Arabia and Russia.

As well as reducing our equity exposure, we reduced our allocation to Emerging Market and High Yield bonds. This decision was motivated by the knowledge that the correlation between credit and equity increases during stressed periods, with credit becoming more risky. With significant exposure to Energy, Materials and Consumer sectors, it was also thought that both asset classes would struggle if consumer demand fell in response to widespread lockdowns.

European dividends futures were hit hard by COVID-19. Extremes in valuations together with technical supply/demand features of the market meant that the risk to capital on any reasonable maturity only occurred in a world where the COVID-19 crisis was deeper than the Global Financial Crisis of 2008, which we thought was a very low probability. On this basis, we added to our position, diversifying across the 2021 and 2022 maturities.

After some significant outperformance versus broad US equities, we took some profits on our Healthcare position in higher risk portfolios in the middle of March, reducing the overall size of the active position.

Going into April we increased our allocation to Corporate bonds, funded from Global Government bonds. Despite an equity sell off that remained well inside the Global Financial Crisis, credit spreads were at levels not seen since that same period. Overall, this looked like an opportunity to rotate out of low-yielding Government bonds into higher yielding Corporates, taking advantage of elevated spreads despite policy support from central banks that reduced (already low) chances of default.

In the middle of April we sold our remaining holdings in the LGT Dynamic Protection fund after an initial reduction in March following some very strong performance. Rotating into the AQR Managed Futures fund meant that we were able to maintain our defensive stance whilst take profits on a position that had outperformed from the beginning of January.

## 7IM AAP BALANCED FUND

**ACD'S REPORT** (continued)  
for the year ended 30 November 2020

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

Portfolios reduced their exposure to broad equity markets at the end of April as we moved to a more neutral view versus our Strategic Asset Allocation (SAA). Although we recognised the benefits of the significant stimulus coming from central banks, this was counteracted by a negative view on the health of the economy. Together with a neutral view on manufacturing and equity valuations this meant that the overweight to equities in portfolios was removed.

As we went into the summer months, countries such as a China, South Korea and Taiwan showed it was possible to re-open an economy without causing large outbreaks. We wanted to take exposure to the domestic growth recovery in China – where industrial production and retail sales were quickly rebounding back to pre-crisis levels. Over half of the Asia High Yield index is exposed to China, which also pays a higher yield than the US equivalent but with better growth prospects and lower defaults.

Forced selling and liquidity pressures opened up an opportunity in residential mortgage backed securities (RMBS) relative to our SAA Index equivalent risks at the beginning of June. We were able to take advantage of this opportunity by selling some of our Global Corporate bond allocation and buying the Angel Oaks Multi Strategy Income Fund.

At the end of June, we increased our allocation to 2022 and 2023 dividend futures versus European Equity. With the view that dividend payments should resume to a more normal outlook by 2022, there was a potential opportunity for the dividends to keep adding value over the equity market as we played the pull to par and monetised the overreaction in the pricing of the dividend market.

We increased our allocation to US Healthcare at the beginning of July after some significant underperformance versus the broad equity index. We felt that the investment case remained strong with the sector remaining particularly well placed to benefit from changing demographics and global trends in technology.

An allocation to European bank AT1 contingent convertible bonds ("AT1s") was made in July, funded through some of our Global High Yield bond allocation. While we see value in both asset classes, we believe AT1s are extremely well positioned to outperform High Yield due to their resilient fundamentals and attractive valuations.

Towards the end of July, portfolios were tilted towards a more pro-risk stance on the basis that the peak impact of the virus had passed, and that fears over a second wave were overdone. This meant an increase in our allocation to broad equities as well as the construction of a basket of positions that would benefit from a rapid (or "V plus") economic recovery.

In September, portfolios increased their pro-risk stance on the basis of increased confidence in a global economic recovery. This meant an increase in our allocation to equities, favouring cyclical non-US equity markets, as well as the addition of Emerging Market equities to our V plus basket.

Across portfolios, we increased our exposure to Sterling versus the US Dollar in mid-March after some significant Sterling weakness. Since our entry, the pound had rallied strongly and as we headed into the end of 2020, we saw an increased likelihood of volatility in both currencies as markets tried to price the outcome of the US election and the outcome of Brexit. Although Sterling remained undervalued, with no obvious catalyst for a reversion to mean over the medium term we took profit on the position at the start of September and returned to our long-term SAA neutral weight.

A valuation opportunity together with improving fundamentals meant that we increased our allocation to RMBS at the start of October funded from Global Corporate bonds and cash. With the investment case surrounding RMBS strengthening while Global Corporate bonds continued to trade around long run average spreads (despite credit downgrades and a deterioration in fundamentals), RMBS looked well positioned to deliver outperformance across the range of scenarios we modelled against.

Despite some underperformance through the third quarter of 2020, the vaccine news in November led to a significant rally in European dividend futures. Following the rally, expectations of annualised returns for 2022 dividends were estimated to be in the low single digits due to the valuation cap that exists given the well-defined near term cash flows. With the view that this would likely act as something of a headwind versus traditional European equity exposure, the 2022 dividend position was removed from portfolios towards the end of November, being replaced with a broad European equity exposure.

## 7IM AAP BALANCED FUND

**ACD'S REPORT** (continued)  
for the year ended 30 November 2020

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

### **Investment Outlook**

At 7IM, we have a number of long-term core views that help to guide our investment decisions and allocations within portfolios:

1. The recovery is already happening – The world has never seen as much coordinated stimulus as in the past five months. A V-shaped economic recovery is our base-case; with some areas like China already nearly back to normal. As the recovery continues, and turns into an expansion, we want to be exposed to it. Positive for credit and equity.
2. Our portfolios are positioned for the new economic cycle – Much of the first stage of the recovery rally has been concentrated in well-known technology – and understandably so, given their resilience to coronavirus, and their balance sheet strength. In a more conventional economic recovery, though, other parts of the market could start to rally too. Positive for lagging equity.
3. The virus won't derail this growth – Lockdowns are unlikely to be as severe.

Seven Investment Management LLP  
Investment Manager  
December 2020

## 7IM AAP BALANCED FUND

### FUND INFORMATION

The Comparative Tables on pages 304 to 311 give the performance of each active share class in the Sub-fund.

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

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

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

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

# 7IM AAP BALANCED FUND

## FUND INFORMATION (continued)

### Comparative Tables

#### Class A Income

	30.11.20 (pence per share)	30.11.19 (pence per share)	30.11.18 (pence per share)
<b>Change in Net Asset Value Per Share</b>			
Opening net asset value per share	134.59	129.25	134.47
Return before operating charges*	7.79	8.66	(1.93)
Operating charges (calculated on average price)	(1.58)	(1.52)	(1.50)
Return after operating charges*	6.21	7.14	(3.43)
Distributions on income shares	(1.33)	(1.80)	(1.79)
Closing net asset value per share	139.47	134.59	129.25
* After direct transaction costs of: <sup>1</sup>	0.01	0.04	0.05

#### Performance

Return after charges <sup>2</sup>	4.61%	5.52%	(2.55)%
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#### Other Information

Closing net asset value (£'000)	129	146	275
Closing number of shares	92,401	108,366	212,367
Operating charges <sup>3</sup>	1.18%	1.15%	1.12%
Direct transaction costs	0.01%	0.03%	0.03%

#### Prices

Highest share price	140.69	137.12	137.92
Lowest share price	114.56	125.02	128.93

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

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

<sup>3</sup> Operating charges, otherwise known as the OCF is the ratio of the Sub-fund's total disclosable costs (excluding securities lending fees and overdraft interest) to the average net assets of the Sub-fund. The OCF is intended to provide a reliable figure which gives the most accurate measure of what it costs to invest in a Sub-fund and is calculated based on the last period's figures. Included within the OCF are synthetic costs which includes the OCF of the underlying funds weighted on the basis of their investment proportion. A detailed breakdown of the OCF per share class is shown on page 312.

# 7IM AAP BALANCED FUND

## FUND INFORMATION (continued)

### Comparative Tables (continued)

#### Class A Accumulation

	30.11.20 (pence per share)	30.11.19 (pence per share)	30.11.18 (pence per share)
<b>Change in Net Asset Value Per Share</b>			
Opening net asset value per share	160.87	152.41	156.44
Return before operating charges*	9.34	10.26	(2.27)
Operating charges (calculated on average price)	(1.89)	(1.80)	(1.76)
Return after operating charges*	7.45	8.46	(4.03)
Distributions	(1.59)	(2.14)	(2.09)
Retained distributions on accumulation shares	1.59	2.14	2.09
Closing net asset value per share	168.32	160.87	152.41
* After direct transaction costs of: <sup>1</sup>	0.01	0.05	0.05

#### Performance

Return after charges <sup>2</sup>	4.63%	5.55%	(2.58)%
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#### Other Information

Closing net asset value (£'000)	2,991	4,544	5,708
Closing number of shares	1,777,194	2,824,981	3,745,187
Operating charges <sup>3</sup>	1.18%	1.15%	1.12%
Direct transaction costs	0.01%	0.03%	0.03%

#### Prices

Highest share price	168.93	162.75	160.47
Lowest share price	136.92	147.43	150.92

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

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

<sup>3</sup> Operating charges, otherwise known as the OCF is the ratio of the Sub-fund's total disclosable costs (excluding securities lending fees and overdraft interest) to the average net assets of the Sub-fund. The OCF is intended to provide a reliable figure which gives the most accurate measure of what it costs to invest in a Sub-fund and is calculated based on the last period's figures. Included within the OCF are synthetic costs which includes the OCF of the underlying funds weighted on the basis of their investment proportion. A detailed breakdown of the OCF per share class is shown on page 312.

# 7IM AAP BALANCED FUND

## FUND INFORMATION (continued)

### Comparative Tables (continued)

#### Class C Income

	30.11.20 (pence per share)	30.11.19 (pence per share)	30.11.18 (pence per share)
<b>Change in Net Asset Value Per Share</b>			
Opening net asset value per share	138.38	132.62	137.70
Return before operating charges*	7.88	8.78	(2.12)
Operating charges (calculated on average price)	(0.93)	(0.88)	(0.85)
Return after operating charges*	6.95	7.90	(2.97)
Distributions on income shares	(1.65)	(2.14)	(2.11)
Closing net asset value per share	143.68	138.38	132.62
* After direct transaction costs of: <sup>1</sup>	0.01	0.04	0.05

#### Performance

Return after charges <sup>2</sup>	5.02%	5.96%	(2.16)%
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#### Other Information

Closing net asset value (£'000)	63,900	75,787	95,622
Closing number of shares	44,475,446	54,769,085	72,102,343
Operating charges <sup>3</sup>	0.68%	0.65%	0.62%
Direct transaction costs	0.01%	0.03%	0.03%

#### Prices

Highest share price	145.07	140.93	141.32
Lowest share price	117.92	128.32	132.44

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

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

<sup>3</sup> Operating charges, otherwise known as the OCF is the ratio of the Sub-fund's total disclosable costs (excluding securities lending fees and overdraft interest) to the average net assets of the Sub-fund. The OCF is intended to provide a reliable figure which gives the most accurate measure of what it costs to invest in a Sub-fund and is calculated based on the last period's figures. Included within the OCF are synthetic costs which includes the OCF of the underlying funds weighted on the basis of their investment proportion. A detailed breakdown of the OCF per share class is shown on page 312.

# 7IM AAP BALANCED FUND

## FUND INFORMATION (continued)

### Comparative Tables (continued)

#### Class C Accumulation

	30.11.20 (pence per share)	30.11.19 (pence per share)	30.11.18 (pence per share)
<b>Change in Net Asset Value Per Share</b>			
Opening net asset value per share	169.06	159.52	163.09
Return before operating charges*	9.69	10.61	(2.55)
Operating charges (calculated on average price)	(1.15)	(1.07)	(1.02)
Return after operating charges*	8.54	9.54	(3.57)
Distributions	(2.01)	(2.58)	(2.51)
Retained distributions on accumulation shares	2.01	2.58	2.51
Closing net asset value per share	177.60	169.06	159.52
* After direct transaction costs of: <sup>1</sup>	0.01	0.05	0.06

#### Performance

Return after charges <sup>2</sup>	5.05%	5.98%	(2.19)%
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#### Other Information

Closing net asset value (£'000)	996,192	906,450	1,088,635
Closing number of shares	560,906,260	536,177,020	682,425,390
Operating charges <sup>3</sup>	0.68%	0.65%	0.62%
Direct transaction costs	0.01%	0.03%	0.03%

#### Prices

Highest share price	178.23	170.81	167.38
Lowest share price	144.07	154.36	157.96

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

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

<sup>3</sup> Operating charges, otherwise known as the OCF is the ratio of the Sub-fund's total disclosable costs (excluding securities lending fees and overdraft interest) to the average net assets of the Sub-fund. The OCF is intended to provide a reliable figure which gives the most accurate measure of what it costs to invest in a Sub-fund and is calculated based on the last period's figures. Included within the OCF are synthetic costs which includes the OCF of the underlying funds weighted on the basis of their investment proportion. A detailed breakdown of the OCF per share class is shown on page 312.

# 7IM AAP BALANCED FUND

## FUND INFORMATION (continued)

### Comparative Tables (continued)

#### Class D Income

	30.11.20 (pence per share)	30.11.19 (pence per share)	30.11.18 (pence per share)
<b>Change in Net Asset Value Per Share</b>			
Opening net asset value per share	131.48	126.52	131.88
Return before operating charges*	7.69	8.57	(1.77)
Operating charges (calculated on average price)	(2.06)	(2.01)	(2.00)
Return after operating charges*	5.63	6.56	(3.77)
Distributions on income shares	(1.09)	(1.60)	(1.59)
Closing net asset value per share	136.02	131.48	126.52
* After direct transaction costs of: <sup>1</sup>	0.01	0.04	0.05

#### Performance

Return after charges <sup>2</sup>	4.28%	5.18%	(2.86)%
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#### Other Information

Closing net asset value (£'000)	802	933	1,336
Closing number of shares	589,540	709,598	1,055,790
Operating charges <sup>3</sup>	1.58%	1.55%	1.52%
Direct transaction costs	0.01%	0.03%	0.03%

#### Prices

Highest share price	137.10	133.98	135.22
Lowest share price	111.80	122.34	126.11

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

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

<sup>3</sup> Operating charges, otherwise known as the OCF is the ratio of the Sub-fund's total disclosable costs (excluding securities lending fees and overdraft interest) to the average net assets of the Sub-fund. The OCF is intended to provide a reliable figure which gives the most accurate measure of what it costs to invest in a Sub-fund and is calculated based on the last period's figures. Included within the OCF are synthetic costs which includes the OCF of the underlying funds weighted on the basis of their investment proportion. A detailed breakdown of the OCF per share class is shown on page 312.

# 7IM AAP BALANCED FUND

## FUND INFORMATION (continued)

### Comparative Tables (continued)

#### Class D Accumulation

	30.11.20 (pence per share)	30.11.19 (pence per share)	30.11.18 (pence per share)
<b>Change in Net Asset Value Per Share</b>			
Opening net asset value per share	154.73	147.07	151.45
Return before operating charges*	9.09	10.00	(2.08)
Operating charges (calculated on average price)	(2.43)	(2.34)	(2.30)
Return after operating charges*	6.66	7.66	(4.38)
Distributions	(1.28)	(1.86)	(1.83)
Retained distributions on accumulation shares	1.28	1.86	1.83
Closing net asset value per share	161.39	154.73	147.07
* After direct transaction costs of: <sup>1</sup>	0.01	0.05	0.05

#### Performance

Return after charges <sup>2</sup>	4.30%	5.21%	(2.89)%
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#### Other Information

Closing net asset value (£'000)	38,289	43,479	51,773
Closing number of shares	23,724,479	28,099,370	35,202,709
Operating charges <sup>3</sup>	1.58%	1.55%	1.52%
Direct transaction costs	0.01%	0.03%	0.03%

#### Prices

Highest share price	161.95	156.71	155.28
Lowest share price	131.57	142.22	145.64

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

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

<sup>3</sup> Operating charges, otherwise known as the OCF is the ratio of the Sub-fund's total disclosable costs (excluding securities lending fees and overdraft interest) to the average net assets of the Sub-fund. The OCF is intended to provide a reliable figure which gives the most accurate measure of what it costs to invest in a Sub-fund and is calculated based on the last period's figures. Included within the OCF are synthetic costs which includes the OCF of the underlying funds weighted on the basis of their investment proportion. A detailed breakdown of the OCF per share class is shown on page 312.

# 7IM AAP BALANCED FUND

## FUND INFORMATION (continued)

### Comparative Tables (continued)

#### Class S Income

	30.11.20 (pence per share)	30.11.19 (pence per share)	30.11.18 (pence per share)
<b>Change in Net Asset Value Per Share</b>			
Opening net asset value per share	118.11	113.08	117.30
Return before operating charges*	6.68	7.43	(1.87)
Operating charges (calculated on average price)	(0.50)	(0.46)	(0.43)
Return after operating charges*	6.18	6.97	(2.30)
Distributions on income shares	(1.53)	(1.94)	(1.92)
Closing net asset value per share	122.76	118.11	113.08
* After direct transaction costs of: <sup>1</sup>	0.01	0.04	0.04

#### Performance

Return after charges <sup>2</sup>	5.23%	6.16%	(1.96)%
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#### Other Information

Closing net asset value (£'000)	14,616	28,015	33,656
Closing number of shares	11,906,442	23,720,168	29,762,850
Operating charges <sup>3</sup>	0.43%	0.40%	0.37%
Direct transaction costs	0.01%	0.03%	0.03%

#### Prices

Highest share price	124.01	120.27	120.42
Lowest share price	100.72	109.44	112.98

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

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

<sup>3</sup> Operating charges, otherwise known as the OCF is the ratio of the Sub-fund's total disclosable costs (excluding securities lending fees and overdraft interest) to the average net assets of the Sub-fund. The OCF is intended to provide a reliable figure which gives the most accurate measure of what it costs to invest in a Sub-fund and is calculated based on the last period's figures. Included within the OCF are synthetic costs which includes the OCF of the underlying funds weighted on the basis of their investment proportion. A detailed breakdown of the OCF per share class is shown on page 312.

# 7IM AAP BALANCED FUND

## FUND INFORMATION (continued)

### Comparative Tables (continued)

#### Class S Accumulation

	30.11.20 (pence per share)	30.11.19 (pence per share)	30.11.18 (pence per share)
<b>Change in Net Asset Value Per Share</b>			
Opening net asset value per share	130.14	122.55	125.04
Return before operating charges*	7.41	8.09	(2.03)
Operating charges (calculated on average price)	(0.56)	(0.50)	(0.46)
Return after operating charges*	6.85	7.59	(2.49)
Distributions	(1.68)	(2.11)	(2.05)
Retained distributions on accumulation shares	1.68	2.11	2.05
Closing net asset value per share	136.99	130.14	122.55
* After direct transaction costs of: <sup>1</sup>	0.01	0.04	0.04

#### Performance

Return after charges <sup>2</sup>	5.26%	6.19%	(1.99)%
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#### Other Information

Closing net asset value (£'000)	186,301	200,873	240,577
Closing number of shares	135,993,830	154,351,715	196,305,353
Operating charges <sup>3</sup>	0.43%	0.40%	0.37%
Direct transaction costs	0.01%	0.03%	0.03%

#### Prices

Highest share price	137.47	131.40	128.37
Lowest share price	110.97	118.60	121.34

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

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

<sup>3</sup> Operating charges, otherwise known as the OCF is the ratio of the Sub-fund's total disclosable costs (excluding securities lending fees and overdraft interest) to the average net assets of the Sub-fund. The OCF is intended to provide a reliable figure which gives the most accurate measure of what it costs to invest in a Sub-fund and is calculated based on the last period's figures. Included within the OCF are synthetic costs which includes the OCF of the underlying funds weighted on the basis of their investment proportion. A detailed breakdown of the OCF per share class is shown on page 312.

## 7IM AAP BALANCED FUND

### FUND INFORMATION (continued)

#### Ongoing Charges Figures

As at 30 November 2020

	<b>Class A</b>	<b>Class C</b>	<b>Class D</b>	<b>Class S</b>
ACD's periodic charge	1.00%	0.50%	1.40%	0.25%
Other expenses	0.03%	0.03%	0.03%	0.03%
	1.03%	0.53%	1.43%	0.28%
Collective investment scheme costs	0.15%	0.15%	0.15%	0.15%
Ongoing Charges Figure	1.18%	0.68%	1.58%	0.43%

As at 30 November 2019

	<b>Class A</b>	<b>Class C</b>	<b>Class D</b>	<b>Class S</b>
ACD's periodic charge	1.00%	0.50%	1.40%	0.25%
Other expenses	0.04%	0.04%	0.04%	0.04%
	1.04%	0.54%	1.44%	0.29%
Collective investment scheme costs	0.11%	0.11%	0.11%	0.11%
Ongoing Charges Figure	1.15%	0.65%	1.55%	0.40%

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

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

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

# 7IM AAP BALANCED FUND

## FUND INFORMATION (continued)

### Synthetic Risk and Reward Indicator

#### Synthetic Risk and Reward Indicator



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

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

The risk and reward indicator shown above is as at the date of publication of the annual report and financial statements, the risk and reward indicator as at the year end date 30 November 2020 was four.

#### Fund performance to 30 November 2020 (%)

	1 year	3 years	5 years
7IM AAP Balanced Fund <sup>1</sup>	5.28	9.01	25.43

<sup>1</sup> Source: Bloomberg

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

Details of the distributions per share for the year are shown in the Distribution Tables on pages 332 to 334.

# 7IM AAP BALANCED FUND

## PORTFOLIO STATEMENT

as at 30 November 2020

Holding	Portfolio of Investment	Value	30.11.20
		£	%
	<b>ALTERNATIVES 13.67% (9.82%)</b>		
	<b>Alternative Strategies 9.47% (8.14%)</b>		
476,504	AQR - Managed Futures UCITS Fund <sup>1</sup>	36,324,296	2.79
171,644	BlackRock Strategic Funds - Global Event Driven Fund <sup>1</sup>	19,884,924	1.53
33,227,000	BNP Paribas Issuance 0.00% 2024 <sup>2</sup>	29,996,472	2.30
2,441,469	Dexion Absolute EUR <sup>3</sup>	–	–
5,870	Dexion Equity Alternative <sup>3</sup>	–	–
47,510,000	JPMorgan Structured Products 0.00% 2023 <sup>2</sup>	37,176,255	2.85
		<b>123,381,947</b>	<b>9.47</b>
	<b>Real Estate 4.20% (1.68%)</b>		
26,136,724	iShares Global Property Securities Index <sup>1</sup>	<b>54,756,436</b>	<b>4.20</b>
	<b>DEBT SECURITIES 49.78% (71.11%)</b>		
	<b>Convertible Bonds 0.00% (2.01%)</b>		
	<b>Emerging Market Bonds 7.91% (6.97%)</b>		
47,740,155	Legal & General Emerging Markets Government Bond Local Currency Index Fund Acc <sup>1</sup>	32,830,905	2.52
43,104,579	Legal & General Emerging Markets Government Bond USD Index Fund <sup>1</sup>	32,255,156	2.47
485,171	UBS Lux Bond SICAV - Asian High Yield <sup>1</sup>	38,049,378	2.92
		<b>103,135,439</b>	<b>7.91</b>
	<b>Gilts 0.03% (4.70%)</b>		
£8,000	UK Gilt 1.50% 2021	8,017	–
£406,961	UK Gilt 3.75% 2021	418,703	0.03
		<b>426,720</b>	<b>0.03</b>
	<b>Global Corporate Bonds 13.44% (12.44%)</b>		
678,489	Angel Oak Multi-Strategy Income UCITS Fund <sup>1</sup>	78,291,820	6.01
47,332,651	BlackRock Overseas Corporate Bond Tracker <sup>1</sup>	81,601,490	6.26
1,824,442	HSBC Global Funds ICAV - Global Corporate Bond Index Fund <sup>1</sup>	15,194,689	1.17
		<b>175,087,999</b>	<b>13.44</b>
	<b>Global Government Bonds 0.00% (3.99%)</b>		
	<b>Global High Yield Bonds 6.11% (5.17%)</b>		
1,287,265	Invesco AT1 Capital Bond UCITS ETF <sup>1</sup>	53,987,894	4.14
637	Most Diversified TOBAM Anti-Benchmark Global High Yield <sup>1</sup>	5,954,991	0.46
181,337	Robeco Quant High Yield <sup>1</sup>	19,714,798	1.51
		<b>79,657,683</b>	<b>6.11</b>
	<b>Global Inflation Linked Bonds 0.00% (5.04%)</b>		
	<b>Short Term Sterling Bonds 18.32% (21.04%)</b>		
£30,000	African Development Bank 0.875% 2021	30,233	–
£3,880,000	Bank Nederlandse Gemeenten 1.00% 2022	3,922,750	0.30

## 7IM AAP BALANCED FUND

### PORTFOLIO STATEMENT (continued)

as at 30 November 2020

Holding	Portfolio of Investment	Value £	30.11.20 %
<b>Short Term Sterling Bonds (continued)</b>			
£5,830,000	Bank Nederlandse Gemeenten 1.125% 2021	5,858,474	0.45
£2,465,000	Bank of Montreal FRN 2023	2,465,261	0.19
£1,265,000	Bank of Nova Scotia 1.25% 2022	1,282,495	0.10
£7,625,000	Bank of Nova Scotia FRN 2023	7,620,273	0.59
£1,800,000	Barclays Bank 4.25% 2022	1,880,784	0.14
£4,300,000	Barclays Bank UK FRN 2023	4,320,812	0.33
£2,200,000	Bayerische Landesbank 1.25% 2021	2,223,382	0.17
£170,000	Canadian Imperial Bank of Commerce FRN 2022	170,449	0.01
£500,000	Commonwealth Bank of Australia 1.125% 2021	504,721	0.04
£3,860,000	Commonwealth Bank of Australia FRN 2025	3,896,894	0.30
£566,000	Deutsche Bahn Finance 2.75% 2022	587,841	0.05
£1,000,000	Deutsche Pfandbriefbank 1.00% 2020	1,000,050	0.08
£5,000,000	Dexia Credit Local 1.375% 2022	5,116,094	0.39
£9,907,000	European Investment Bank 0.875% 2021	9,930,717	0.76
£750,000	European Investment Bank 4.25% 2021	781,898	0.06
£20,000	Federal National Mortgage 5.375% 2021	20,531	–
£3,500,000	FMS Wertmanagement 1.00% 2022	3,553,746	0.27
£4,199,000	ING Bank 5.375% 2021	4,278,823	0.33
£7,000,000	International Bank for Reconstruction & Development 0.375% 2021	7,012,600	0.54
£6,578,000	International Bank for Reconstruction & Development 5.40% 2021	6,759,434	0.52
£6,000,000	Kreditanstalt fuer Wiederaufbau 1.00% 2022	6,111,420	0.47
£20,000	Landeskreditbank 0.875% 2022	20,183	–
£831,000	Landeskreditbank 1.125% 2021	834,846	0.06
£30,000	Landwirtschaftlic 1.125% 2021	30,142	–
£500,000	Landwirtschaftlic 1.375% 2020	500,241	0.04
£5,000,000	Leeds Building Society FRN 2025	5,052,920	0.39
£5,127,000	Lloyds Bank 1.75% 2022	5,233,026	0.40
£2,600,000	Lloyds Bank FRN 2022	2,612,813	0.20
£5,632,000	Municipality Finance 1.25% 2022	5,748,740	0.44
£5,000,000	National Australia Bank 1.125% 2021	5,042,770	0.39
£8,077,000	Nestle Holdings 1.00% 2021	8,109,146	0.62
£515,000	Nestle Holdings 1.75% 2020	515,155	0.04
£25,000	Nordic Investment Bank 0.625% 2021	25,125	–
£8,500,000	NRW Bank 1.00% 2022	8,605,128	0.66
£500,000	Oesterreichische 1.125% 2022	509,641	0.04
£8,000,000	Oversea-Chinese Banking FRN 2023	7,966,768	0.61
£8,220,000	Rabobank Nederland 4.625% 2021	8,261,922	0.63
£1,058,000	Reseau Ferre de France 5.5% 2021	1,113,810	0.09
£670,000	Royal Bank of Canada FRN 2021	669,932	0.05
£7,400,000	Royal Bank of Canada FRN 2025	7,445,880	0.57
£6,000,000	Santander UK FRN 2022	6,001,260	0.46
£6,700,000	Santander UK FRN 2024	6,802,376	0.52
£7,893,000	Skipton Building Society FRN 2023	7,923,230	0.61
£6,633,000	SpareBank 1 Boligkreditt AS FRN 2022	6,632,270	0.51
£9,499,000	Svenska Handelsbanken 1.625% 2022	9,696,484	0.74
£1,454,000	Svenska Handelsbanken 2.375% 2022	1,488,259	0.11
£7,688,000	Swedbank 1.25% 2021	7,773,683	0.60
£5,800,000	Swedbank FRN 2021	5,806,670	0.45
£8,100,000	Toronto-Dominion Bank FRN 2023	8,093,115	0.62
£4,072,000	Total Capital International 2.25% 2020	4,075,412	0.31
£1,709,000	Transport for London 2.25% 2022	1,760,953	0.14
£6,000,000	TSB Bank FRN 2024	6,112,752	0.47
£877,000	Wellcome Trust Finance 4.75% 2021	895,871	0.07
£12,000,000	Westpac Banking FRN 2023	11,995,080	0.92

## 7IM AAP BALANCED FUND

### PORTFOLIO STATEMENT (continued) as at 30 November 2020

Holding	Portfolio of Investment	Value £	30.11.20 %
<b>Short Term Sterling Bonds (continued)</b>			
£5,990,000	Yorkshire Building Society FRN 2023	6,056,369	0.47
		<b>238,741,654</b>	<b>18.32</b>
<b>Sterling Corporate Bonds 3.97% (9.75%)</b>			
7,327,973	HSBC Index Tracker Investment Funds - Sterling Corporate Bond Index Fund <sup>1</sup>	7,694,371	0.59
374,543	UBS Sterling Corporate Bond Indexed <sup>1</sup>	44,018,278	3.38
		<b>51,712,649</b>	<b>3.97</b>
<b>EQUITY 14.51% (16.50%)</b>			
<b>Asia &amp; Emerging Markets 0.00% (2.00%)</b>			
<b>Europe (ex UK) 1.40% (3.69%)</b>			
2,442	Euro Stoxx 50 Equity Index Futures December 2023 <sup>4</sup>	1,841,014	0.14
2,994	FTSE 100 Index Futures December 2020 <sup>4</sup>	12,844,260	0.99
2,966	MSCI Europe ex-UK Index Futures December 2020 <sup>4</sup>	3,568,815	0.27
		<b>18,254,089</b>	<b>1.40</b>
<b>Japan 0.24% (0.39%)</b>			
421	TOPIX Index Futures December 2020 <sup>4</sup>	<b>3,166,617</b>	<b>0.24</b>
<b>North America 12.58% (0.71%)</b>			
2,583,935	Amundi Asset Management S&P 500 UCITS ETF <sup>1</sup>	130,126,967	9.98
153,663	Berkshire Hathaway	26,644,658	2.04
750	E-mini Health Care Select Sector Futures December 2020 <sup>4</sup>	2,049,717	0.16
1,706	MSCI Emerging Markets Index Futures December 2020 <sup>4</sup>	5,166,987	0.40
190	US Ultra Treasury Bond Index Futures March 2021 <sup>4</sup>	(48,903)	—
		<b>163,939,426</b>	<b>12.58</b>
<b>United Kingdom 0.29% (9.71%)</b>			
1,192	FTSE 250 Index Futures December 2020 <sup>4</sup>	3,755,992	0.29
872	Thames River Multi Hedge preference shares <sup>3</sup>	—	—
		<b>3,755,992</b>	<b>0.29</b>
<b>FORWARD CURRENCY CONTRACTS 0.66% (0.60%)</b>			
£(8)	Vs £(7) Expiry 08.12.2020	—	—
€(1,081,958)	Vs £(967,634) Expiry 08.12.2020	(3,418)	—
€5,600,000	Vs £(5,061,263) Expiry 16.04.2021	(23,565)	—
€11,513,000	Vs £(10,412,530) Expiry 16.04.2021	(55,562)	—
€29,052,000	Vs £(26,275,065) Expiry 16.04.2021	(140,205)	(0.01)
US\$(181,544,000)	Vs £144,702,117 Expiry 15.01.2021	8,859,420	0.68
US\$(42,590,000)	Vs £33,946,939 Expiry 15.01.2021	2,078,409	0.16
US\$(37,579,000)	Vs £28,726,718 Expiry 15.01.2021	607,735	0.05
US\$(37,109,000)	Vs £28,264,996 Expiry 15.01.2021	497,696	0.04
US\$(37,109,000)	Vs £28,037,581 Expiry 15.01.2021	270,281	0.02
US\$(32,265,000)	Vs £24,396,607 Expiry 15.01.2021	253,894	0.02
US\$(7,174,000)	Vs £5,484,060 Expiry 15.01.2021	116,019	0.01
US\$(7,084,000)	Vs £5,395,705 Expiry 15.01.2021	95,009	0.01
US\$(7,084,000)	Vs £5,352,293 Expiry 15.01.2021	51,596	—

## 7IM AAP BALANCED FUND

### PORTFOLIO STATEMENT (continued) as at 30 November 2020

Holding	Portfolio of Investment	Value £	30.11.20 %
<b>FORWARD CURRENCY CONTRACTS (continued)</b>			
US\$(6,053,000)	Vs £4,576,868 Expiry 15.01.2021	47,631	–
¥(63,578,672)	Vs £(461,320) Expiry 08.12.2020	3,691	–
¥1,199,522,000	Vs £(8,703,951) Expiry 21.05.2021	(58,066)	(0.01)
¥5,147,185,000	Vs £(37,348,917) Expiry 21.05.2021	(249,165)	(0.02)
US\$(1,515,270)	Vs £(1,141,189) Expiry 08.12.2020	6,622	–
US\$2,700,000	Vs £(2,075,322) Expiry 15.01.2021	(55,011)	–
US\$1,800,000	Vs £(1,413,157) Expiry 15.01.2021	(66,283)	(0.01)
US\$4,200,000	Vs £(3,242,590) Expiry 15.01.2021	(99,884)	(0.01)
US\$5,435,000	Vs £(4,224,361) Expiry 15.01.2021	(157,551)	(0.01)
US\$13,000,000	Vs £(9,975,468) Expiry 15.01.2021	(248,046)	(0.02)
US\$28,368,000	Vs £(22,049,068) Expiry 15.01.2021	(822,337)	(0.06)
US\$38,000,000	Vs £(29,337,716) Expiry 15.01.2021	(903,714)	(0.07)
US\$73,000,000	Vs £(56,016,090) Expiry 15.01.2021	(1,392,875)	(0.11)
		<b>8,612,321</b>	<b>0.66</b>
	<b>Portfolio of investment<sup>5</sup></b>	<b>1,024,628,972</b>	<b>78.62</b>
	Net other assets <sup>5,6</sup>	278,591,119	21.38
	<b>Net assets</b>	<b>1,303,220,091</b>	<b>100.00</b>

Comparative figures shown in brackets relate to 30 November 2019.

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

<sup>1</sup> Collective investment scheme

<sup>2</sup> Structured product

<sup>3</sup> Delisted security

<sup>4</sup> Derivative contract

<sup>5</sup> Prior year percentage of Portfolio of investments and Net other assets have been restated to show the liquidity funds as Cash equivalents in the Balance Sheet of the Sub-fund.

<sup>6</sup> Includes shares in the Deutsche Global Liquidity Managed Sterling Fund Platinum to the value of £937, shares in the JPMorgan Liquidity Funds - GBP Liquidity LVNAV Fund to the value of £116,865,497, shares in the Morgan Stanley Liquidity Funds - Sterling Liquidity Fund to the value of £40,000,308 and shares in the Northern Trust Global Sterling Fund to the value of £87,410,000 which are shown as a Cash equivalents in the Balance Sheet of the Sub-fund.

Credit Quality	30.11.20 %	30.11.19 %
Investment grade debt securities	18.26	39.61
Non-rated debt securities	5.23	3.00
Other investments	73.79	58.71
Net other assets/(liabilities)	2.72	(1.32)
	<b>100.00</b>	<b>100.00</b>

## 7IM AAP BALANCED FUND

### STATEMENT OF TOTAL RETURN

for the year ended 30 November 2020

	Notes	£	30.11.20 £	£	30.11.19 £
Income					
Net capital gains	4		39,469,647		64,632,809
Revenue	5	21,407,123		29,166,207	
Expenses	6	(5,871,192)		(7,415,619)	
Interest payable and similar charges	8	(488,319)		(101,632)	
Net revenue before taxation for the year		15,047,612		21,648,956	
Taxation	7	(3,371,465)		(2,566,207)	
Net revenue after taxation for the year			11,676,147		19,082,749
<b>Total return before distributions</b>			51,145,794		83,715,558
Distributions	8		(13,978,526)		(21,948,054)
<b>Change in net assets attributable to shareholders from investment activities</b>			37,167,268		61,767,504

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

for the year ended 30 November 2020

	£	30.11.20 £	£	30.11.19 £
<b>Opening net assets attributable to shareholders</b>		1,260,227,424		1,517,581,586
Amounts received on creation of shares <sup>1</sup>	115,069,276		177,508,167	
Amounts receivable on in-specie transactions	204,638,410		—	
Amounts paid on cancellation of shares <sup>1</sup>	(327,187,001)		(515,730,860)	
		(7,479,315)		(338,222,693)
Change in net assets attributable to shareholders from investment activities		37,167,268		61,767,504
Retained distribution on accumulation shares		13,304,714		19,101,027
<b>Closing net assets attributable to shareholders</b>		1,303,220,091		1,260,227,424

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

The notes on pages 320 to 331 are an integral part of these Financial Statements.

# 7IM AAP BALANCED FUND

## BALANCE SHEET

as at 30 November 2020

	Notes	30.11.20 £	30.11.19 £
<b>ASSETS</b>			
Fixed assets:			
Investments <sup>1</sup>		1,028,953,557	1,248,423,747
Current assets:			
Debtors	9	6,828,405	10,729,306
Cash and bank balances	10	36,948,235	9,870,830
Cash equivalents <sup>1</sup>	10	244,276,741	41,466,937
<b>Total assets</b>		<b>1,317,006,938</b>	<b>1,310,490,820</b>
<b>LIABILITIES</b>			
Investment liabilities		(4,324,585)	(13,043,897)
Creditors:			
Bank overdrafts	10	(3,838,399)	(25,505,897)
Distribution payable		(495,434)	(857,687)
Other creditors	11	(5,128,429)	(10,855,915)
<b>Total liabilities</b>		<b>(13,786,847)</b>	<b>(50,263,396)</b>
<b>Net assets attributable to shareholders</b>		<b>1,303,220,091</b>	<b>1,260,227,424</b>

<sup>1</sup> Prior year amounts of Investments and Cash equivalents have been restated to include liquidity funds held by the Sub-fund.

The notes on pages 320 to 331 are an integral part of these Financial Statements.

# 7IM AAP BALANCED FUND

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 November 2020

### 1 Statement of Compliance

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

### 2 Summary of Significant Accounting Policies

The Sub-fund's Financial Statements have been prepared on the same basis as the Summary of Significant Accounting Policies disclosed on pages 10 to 13.

### 3 Risk Management Policies

The Sub-fund's Risk Management Policies are the same as the Risk Management Policies disclosed on pages 13 to 15.

### 4 Net capital gains

	<b>30.11.20</b>	<b>30.11.19</b>
	£	£
The net capital gains during the year comprise:		
Non-derivative securities	33,444,356	47,054,187
Derivative contracts	15,089,478	20,236,727
Forward currency contracts	1,655,406	2,678,489
Currency losses	(10,822,676)	(5,592,452)
Transaction charges	(46,691)	(14,692)
AMC rebates from underlying investments	149,774	270,550
Net capital gains	<u>39,469,647</u>	<u>64,632,809</u>

### 5 Revenue

	<b>30.11.20</b>	<b>30.11.19</b>
	£	£
Non-taxable dividends	2,099,311	10,726,345
Taxable dividends	15,528,068	11,359,455
Unfranked interest	3,308,523	6,324,148
AMC rebates from underlying investments	406,841	604,890
Bank interest	26,832	34,952
Stock lending revenue <sup>1</sup>	37,548	116,417
Total revenue	<u>21,407,123</u>	<u>29,166,207</u>

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

## 7IM AAP BALANCED FUND

### NOTES TO THE FINANCIAL STATEMENTS (continued) for the year ended 30 November 2020

#### 6 Expenses

	30.11.20	30.11.19
	£	£
Payable to the ACD, associates of the ACD and agents of either of them:		
ACD's periodic charge	5,558,134	6,910,423
Other expenses	6,509	6,445
	<u>5,564,643</u>	<u>6,916,868</u>
Payable to the Depositary, associates of the Depositary and agents of either of them:		
Depositary's fees	141,941	176,180
Market risk fees	3,661	6,000
Safe custody and other bank charges	32,584	68,254
	<u>178,186</u>	<u>250,434</u>
Other Expenses:		
Advisory fees	9,570	115,880
Audit fee <sup>1</sup>	9,616	9,000
Dealing and exchange fees	40,991	40,514
FCA and other Regulatory fees	215	212
Legal and professional fees	547	14,231
Market data fees	4,103	–
Printing, postage and distribution costs	56,372	62,330
Risk analysis fees	6,949	6,150
	<u>128,363</u>	<u>248,317</u>
Total expenses	<u>5,871,192</u>	<u>7,415,619</u>

<sup>1</sup>The Audit fee is inclusive of 20% VAT and 2.50% support cost.

## 7IM AAP BALANCED FUND

### NOTES TO THE FINANCIAL STATEMENTS (continued) for the year ended 30 November 2020

#### 7 Taxation

	30.11.20 £	30.11.19 £
<i>a) Analysis of charge for the year</i>		
Corporation tax at 20%	2,665,988	2,208,270
Overseas tax	705,477	278,467
Irrecoverable CIS income tax	–	79,470
	<hr/>	<hr/>
Current tax charge (note 7b)	3,371,465	2,566,207
	<hr/>	<hr/>
Total taxation	3,371,465	2,566,207

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

The tax assessed for the year differs from the standard rate of corporation tax in the UK for an authorised fund (20%) (2019: 20%) for the reasons explained below.

Net revenue before taxation	15,047,612	21,648,956
Corporation tax at 20%	3,009,522	4,329,791
Effects of:		
AMC rebates taken to capital	29,955	54,110
Double taxation relief expensed	–	(11,542)
Franked CIS revenue	(122,760)	(290,970)
Franked REIT income	–	(295)
Indexed gilt edged securities adjustment	–	(19,255)
Irrecoverable CIS income tax w/off	–	79,470
Movement in revenue accruals	516	435
Non-taxable dividends	(67,679)	(874,703)
Non-taxable overseas dividends	(49,837)	(620,377)
Offshore CIS revenue	(179,586)	(358,924)
Overseas tax	705,477	278,467
Tax effect on non-reporting offshore funds	45,857	–
	<hr/>	<hr/>
Current tax charge (note 7a)	3,371,465	2,566,207

#### *c) Deferred tax*

There is no deferred tax provision in the current year (2019: none).

#### 8 Distributions

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

	30.11.20 £	30.11.19 £
Interim	6,219,711	10,775,529
Final	8,010,969	10,108,228
	<hr/>	<hr/>
14,230,680	20,883,757	
Add: Revenue deducted on cancellation of shares	850,231	1,668,713
Deduct: Revenue received on issue of shares	(316,239)	(604,416)
Deduct: Revenue received on in-specie transactions	(786,146)	–
	<hr/>	<hr/>
Net distributions for the year	13,978,526	21,948,054
Interest payable and similar charges	488,319	101,632
	<hr/>	<hr/>
Total distribution	14,466,845	22,049,686

## 7IM AAP BALANCED FUND

### NOTES TO THE FINANCIAL STATEMENTS (continued) for the year ended 30 November 2020

#### 8 Distributions (continued)

Details of the distributions per share are set out in the table on pages 332 to 334.

Distributions represented by:		
Net revenue after taxation	11,676,147	19,082,749
Allocations to capital:		
Capitalised expenses, net of tax relief <sup>1</sup>	2,302,894	2,864,631
Equalisation on conversions <sup>2</sup>	(834)	628
Income deficit	–	1
Net movement in revenue account	319	45
Net distributions for the year	<u>13,978,526</u>	<u>21,948,054</u>

<sup>1</sup> Please refer to Note 2(i) Distributions policy on page 11 for further details.

<sup>2</sup> Where an investor converts to a class with a higher income yield, the investor will pay or receive an equalisation as if they had held the new class throughout the period from the last distribution to the conversion date. The yield differential at the point of conversion is an equalisation which will be offset by capital erosion for the converted investor.

#### 9 Debtors

	<b>30.11.20</b>	<b>30.11.19</b>
	<b>£</b>	<b>£</b>
Amounts receivable for issue of shares	1,482,133	2,944,839
Accrued revenue	2,786,434	6,455,099
Income tax recoverable	136,167	43,828
AMC rebates from underlying investments	630,882	503,321
Withholding tax recoverable	54,035	782,219
Receivable from merger	1,738,754	–
Total debtors	<u>6,828,405</u>	<u>10,729,306</u>

#### 10 Cash and bank balances

	<b>30.11.20</b>	<b>30.11.19</b>
	<b>£</b>	<b>£</b>
Cash and bank balances	3,833,282	9,864,742
Cash held at clearing houses	33,114,953	6,088
Cash equivalents <sup>1</sup>	244,276,741	41,466,937
Total cash and bank balances	<u>281,224,976</u>	<u>51,337,767</u>
Bank overdrafts	(3,806,747)	(9,829,215)
Cash overdraft at clearing houses	(31,652)	(15,676,682)
Total bank overdrafts	<u>(3,838,399)</u>	<u>(25,505,897)</u>

<sup>1</sup> Prior year amount of Cash equivalents has been restated to include liquidity funds held by the Sub-fund.

## 7IM AAP BALANCED FUND

### NOTES TO THE FINANCIAL STATEMENTS (continued) for the year ended 30 November 2020

#### 11 Other Creditors

	30.11.20	30.11.19
	£	£
Amounts payable for cancellation of shares	2,990,653	6,969,468
Purchases awaiting settlement	824,339	1,620,612
Accrued expenses	550,449	752,565
Corporation tax payable	762,988	1,513,270
Total other creditors	5,128,429	10,855,915

#### 12 Related party transactions

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

The aggregate monies received by the ACD through the issue of shares and paid on cancellation of shares are disclosed in the Statement of Change in Net Assets Attributable to Shareholders on page 318.

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

	Held at 30.11.20	Held at 30.11.19
7IM European (ex UK) Equity Value Fund 'Z' Inc	–	10,975,904
7IM UK Equity Value Fund 'Z' Inc	–	19,788,943

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 48.12% (2019: 37.70%)

The net value of creations and cancellations for Pershing Nominees Limited during the year totalled £166,609,109 (2019: -£45,765,589).

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

#### 13 Classes of Shares

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

Class A	1.00%
Class C	0.50%
Class D	1.40%
Class S	0.25%

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

Class	Opening Shares	Shares Created	Shares Liquidated	Shares Converted	Closing Shares
Class A Income	108,366	30	(15,995)	–	92,401
Class A Accumulation	2,824,981	15,078	(1,049,511)	(13,354)	1,777,194
Class C Income	54,769,085	6,978,257	(16,977,546)	(294,350)	44,475,446
Class C Accumulation	536,177,020	165,035,773	(142,281,881)	1,975,348	560,906,260
Class D Income	709,598	44,603	(164,661)	–	589,540
Class D Accumulation	28,099,370	816,739	(5,191,630)	–	23,724,479
Class S Income	23,720,168	392,084	(3,449,420)	(8,756,390)	11,906,442
Class S Accumulation	154,351,715	17,338,415	(41,412,025)	5,715,725	135,993,830

## 7IM AAP BALANCED FUND

### NOTES TO THE FINANCIAL STATEMENTS (continued) for the year ended 30 November 2020

#### 14 Contingent liabilities and commitments

There are no contingent liabilities or unrecorded outstanding commitments at the balance sheet date (2019: none).

#### 15 Risks Disclosures

The main risks from the Sub-fund's holding of financial instruments, together with the ACD's policy for managing these risks are detailed in note 3 on pages 13 to 15. Further analysis and numeric disclosure of interest rate risk, foreign currency risk and derivatives are shown below.

##### i. Interest rate risk

The table below shows the direct interest rate risk profile:

Interest rate exposure as at 30 November 2020

	<b>Floating Rate Financial Assets £</b>	<b>Fixed Rate Financial Assets £</b>	<b>Financial Assets not carrying interest £</b>	<b>Total £</b>
Canadian dollar	8,167	–	–	8,167
Danish krone	24	–	3,711	3,735
Euro	1,550,305	–	47,920,829	49,471,134
Japanese yen	100,422	–	49,373,574	49,473,996
South African rand	222	–	–	222
Swedish krona	–	–	134	134
Swiss franc	8	–	32,275	32,283
US dollar	2,395,814	67,172,727	274,829,663	344,398,204
Pound sterling	384,815,140	131,523,249	867,709,941	1,384,048,330
	<b>388,870,102</b>	<b>198,695,976</b>	<b>1,239,870,127</b>	<b>1,827,436,205</b>

  

	<b>Floating Rate Financial Liabilities £</b>	<b>Financial Liabilities not carrying interest £</b>	<b>Total £</b>
Canadian dollar	(8,167)	–	(8,167)
Danish krone	(2)	–	(2)
Euro	(1,219,839)	–	(1,219,839)
Japanese yen	(52,743)	–	(52,743)
South African rand	(60)	–	(60)
US dollar	(2,407,921)	(296,055,099)	(298,463,020)
Pound sterling	(149,667)	(224,322,616)	(224,472,283)
	<b>(3,838,399)</b>	<b>(520,377,715)</b>	<b>(524,216,114)</b>

## 7IM AAP BALANCED FUND

### NOTES TO THE FINANCIAL STATEMENTS (continued) for the year ended 30 November 2020

#### 15 Risks Disclosures (continued)

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

Interest rate exposure as at 30 November 2019

	<b>Floating Rate Financial Assets</b>	<b>Fixed Rate Financial Assets</b>	<b>Financial Assets not carrying interest</b>	<b>Total</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Canadian dollar	8,240	–	–	8,240
Danish krone	22	–	2,689,416	2,689,438
Euro	1,230,902	14,509,761	83,993,070	99,733,733
Japanese yen	25,554	16,871,934	61,290,802	78,188,290
Norwegian krone	–	–	375,945	375,945
South African rand	239	–	–	239
Swedish krona	–	–	1,877,870	1,877,870
Swiss franc	7	–	8,479,408	8,479,415
US dollar	2,588,292	93,913,982	332,278,563	428,780,837
Pound sterling	160,355,222	298,792,190	930,746,705	1,389,894,117
	<b>164,208,478</b>	<b>424,087,867</b>	<b>1,421,731,779</b>	<b>2,010,028,124</b>

	<b>Floating Rate Financial Liabilities</b>	<b>Financial Liabilities not carrying interest</b>	<b>Total</b>
	<b>£</b>	<b>£</b>	<b>£</b>
Canadian dollar	(8,240)	–	(8,240)
Danish krone	(2)	–	(2)
Euro	(1,231,476)	(100,959,385)	(102,190,861)
Japanese yen	(28,795)	(31,986,606)	(32,015,401)
South African rand	(65)	–	(65)
US dollar	(2,554,411)	(290,691,376)	(293,245,787)
Pound sterling	(21,682,907)	(300,657,437)	(322,340,344)
	<b>(25,505,896)</b>	<b>(724,294,804)</b>	<b>(749,800,700)</b>

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

Currency	Fixed Rate Financial Assets			
	Weighted average interest rate		Weighted average period for which rate is fixed	
	30.11.20	30.11.19	30.11.20	30.11.19
	%	%	Years	Years
Euro	–	0.11	–	10
Japanese yen	–	(0.02)	–	11
Pound sterling	0.15	0.94	1	5
US dollar	(3.46)	0.67	3	15

The average effective duration of the Sub-fund's portfolio is a measure of the sensitivity of the fair value of the Sub-fund's bond portfolio (excludes all other investments) to changes in market interest rates. As at 30 November 2020, the weighted average effective duration was 2.47 years (30 November 2019: 3.27 years).

## 7IM AAP BALANCED FUND

### NOTES TO THE FINANCIAL STATEMENTS (continued) for the year ended 30 November 2020

#### 15 Risks Disclosures (continued)

##### ii. Foreign currency risk

The table below shows the direct foreign currency risk profile:

Foreign currency risk exposure as at 30 November 2020

Currency	Monetary Exposure £	Non-Monetary Exposure £	Total £
Danish krone	3,733	–	3,733
Euro	344,306	47,906,989	48,251,295
Japanese yen	47,679	49,373,574	49,421,253
South African rand	162	–	162
Swedish krona	134	–	134
Swiss franc	32,276	7	32,283
US dollar	(11,218)	45,946,403	45,935,185
	417,072	143,226,973	143,644,045
Pound sterling	278,174,046	881,402,000	1,159,576,046
Net assets	278,591,118	1,024,628,973	1,303,220,091

Foreign currency risk exposure as at 30 November 2019

Currency	Monetary Exposure £	Non-Monetary Exposure £	Total £
Danish krone	40,515	2,648,921	2,689,436
Euro	71,714	(2,528,842)	(2,457,128)
Japanese yen	(3,241)	46,176,130	46,172,889
Norwegian krone	–	375,945	375,945
South African rand	174	–	174
Swedish krona	–	1,877,870	1,877,870
Swiss franc	660,038	7,819,377	8,479,415
US dollar	34,518	135,500,532	135,535,050
	803,718	191,869,933	192,673,651
Pound sterling	24,043,855	1,043,509,918	1,067,553,773
Net assets	24,847,573	1,235,379,851	1,260,227,424

##### iii. Derivatives

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

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

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

## 7IM AAP BALANCED FUND

### NOTES TO THE FINANCIAL STATEMENTS (continued) for the year ended 30 November 2020

#### 15 Risks Disclosures (continued)

##### iii. Derivatives (continued)

The lowest, highest and average leverage utilisation in the accounting year ended 30 November 2020 was 60%, 146% and 90% respectively (30 November 2019<sup>1</sup>: 47%, 133% and 89% respectively).

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

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

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

The types of derivatives held at the balance sheet date were forward foreign currency contracts and future 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:

<b>Counterparty</b>	<b>30.11.20</b> £	<b>30.11.19</b> £
<b>Options</b>		
Chicago Board Options Exchange	–	1,983,728
<b>Futures Contracts</b>		
Chicago Board of Trade	(48,903)	208,923
Chicago Mercantile Exchange	2,049,717	2,506,976
Eurex Deutschland	5,409,829	20,457
International Monetary Market	–	5,248,481
London International Financial Futures Exchange	16,600,252	886,983
New York Coffee, Sugar & Cocoa	5,166,987	241,334
Tokyo Stock Exchange	3,166,617	4,884,761
<b>Forward Currency Contracts</b>		
Northern Trust	8,612,320	7,491,736
<b>Total net exposure<sup>1</sup></b>	<b>40,956,819</b>	<b>23,473,379</b>

<sup>1</sup> Prior year was restated to show Notional Leverage as it is more accurate representation as it only shows the Derivatives used in a fund as a percentage of its NAV while the Notional Exposure adds 100% to the Notional Leverage Value.

<sup>2</sup> Net exposure represents the mark to market value of derivative contracts less any cash collateral held. Positive exposure represents the Sub-fund's exposure to that counterparty.

## 7IM AAP BALANCED FUND

### NOTES TO THE FINANCIAL STATEMENTS (continued) for the year ended 30 November 2020

#### 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 £
<b>30 November 2020</b>				
<b>Assets</b>				
Bonds	36,973,909	269,367,192	–	306,341,101
Collective Investment Schemes	499,265,582	151,420,811	–	650,686,393
Derivatives	32,393,402	12,888,003	–	45,281,405
Equities	26,644,658	–	–	26,644,658
<b>Total</b>	<b>595,277,551</b>	<b>433,676,006</b>	<b>–</b>	<b>1,028,953,557</b>
<b>Liabilities</b>				
Derivatives	(48,903)	(4,275,682)	–	(4,324,585)
<b>30 November 2019<sup>1</sup></b>				
<b>Assets</b>				
Bonds	181,639,445	355,319,132	–	536,958,577
Collective Investment Schemes	577,686,007	–	–	577,686,007
Derivatives	16,210,171	20,307,105	–	36,517,276
Equities	97,261,887	–	–	97,261,887
<b>Total</b>	<b>872,797,510</b>	<b>375,626,237</b>	<b>–</b>	<b>1,248,423,747</b>
<b>Liabilities</b>				
Derivatives	(31,396)	(13,012,501)	–	(13,043,897)

<sup>1</sup> Prior year amounts have been restated to exclude liquidity funds held by the Sub-fund.



## 7IM AAP BALANCED FUND

### NOTES TO THE FINANCIAL STATEMENTS (continued) for the year ended 30 November 2020

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

##### **Average portfolio dealing spread**

As at the balance sheet date, the average portfolio dealing spread was 0.10% (2019: 0.10%) based on close of business prices. This spread represents the difference between the values determined respectively by reference to the bid and offer prices of investments expressed as a percentage of the value determined by reference to the offer price.

#### 17 Post Balance Sheet Events

As at the balance sheet date, the Net Asset Value price per share of Class C Accumulation was 178.17p. The Net Asset Value price per share of Class C Accumulation for the Sub-fund on 23 March 2021 was 182.54p. This represents an increase of 2.45% from the year end value.

# 7IM AAP BALANCED FUND

## DISTRIBUTION TABLES

for the year ended 30 November 2020

### Interim - in pence per share

Group 1 - Shares purchased prior to 1 December 2019

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

	Net Revenue	Equalisation	Paid 31.07.20	Paid 31.07.19
<b>Class A Income</b>				
Group 1	0.6063	–	0.6063	0.8557
Group 2	0.5526	0.0537	0.6063	0.8557
			<b>Allocated 31.07.20</b>	<b>Allocated 31.07.19</b>
<b>Class A Accumulation</b>				
Group 1	0.7230	–	0.7230	1.0101
Group 2	0.2962	0.4268	0.7230	1.0101
			<b>Paid 31.07.20</b>	<b>Paid 31.07.19</b>
<b>Class C Income</b>				
Group 1	0.7593	–	0.7593	1.0208
Group 2	0.4374	0.3219	0.7593	1.0208
			<b>Allocated 31.07.20</b>	<b>Allocated 31.07.19</b>
<b>Class C Accumulation</b>				
Group 1	0.9270	–	0.9270	1.2280
Group 2	0.4560	0.4710	0.9270	1.2280
			<b>Paid 31.07.20</b>	<b>Paid 31.07.19</b>
<b>Class D Income</b>				
Group 1	0.4922	–	0.4922	0.7875
Group 2	0.3245	0.1677	0.4922	0.7875
			<b>Allocated 31.07.20</b>	<b>Allocated 31.07.19</b>
<b>Class D Accumulation</b>				
Group 1	0.5735	–	0.5735	0.9133
Group 2	0.3125	0.2610	0.5735	0.9133
			<b>Paid 31.07.20</b>	<b>Paid 31.07.19</b>
<b>Class S Income</b>				
Group 1	0.7181	–	0.7181	0.9298
Group 2	0.5104	0.2077	0.7181	0.9298

## 7IM AAP BALANCED FUND

### DISTRIBUTION TABLES (continued) for the year ended 30 November 2020

	Net Revenue	Equalisation	Allocated 31.07.20	Allocated 31.07.19
<b>Class S Accumulation</b>				
Group 1	0.7761	–	0.7761	1.0076
Group 2	0.5517	0.2244	0.7761	1.0076
<b>Final - in pence per share</b>				
Group 1 - Shares purchased prior to 1 June 2020				
Group 2 - Shares purchased on or after 1 June 2020 and on or before 30 November 2020				
	Net Revenue	Equalisation	Paid 31.01.21	Paid 31.01.20
<b>Class A Income</b>				
Group 1	0.7235	–	0.7235	0.9447
Group 2	0.7235	–	0.7235	0.9447
	Net Revenue	Equalisation	Allocated 31.01.21	Allocated 31.01.20
<b>Class A Accumulation</b>				
Group 1	0.8669	–	0.8669	1.1258
Group 2	0.3583	0.5086	0.8669	1.1258
	Net Revenue	Equalisation	Paid 31.01.21	Paid 31.01.20
<b>Class C Income</b>				
Group 1	0.8858	–	0.8858	1.1154
Group 2	0.3524	0.5334	0.8858	1.1154
	Net Revenue	Equalisation	Allocated 31.01.21	Allocated 31.01.20
<b>Class C Accumulation</b>				
Group 1	1.0878	–	1.0878	1.3515
Group 2	0.4295	0.6583	1.0878	1.3515
	Net Revenue	Equalisation	Paid 31.01.21	Paid 31.01.20
<b>Class D Income</b>				
Group 1	0.6022	–	0.6022	0.8095
Group 2	0.2648	0.3374	0.6022	0.8095
	Net Revenue	Equalisation	Allocated 31.01.21	Allocated 31.01.20
<b>Class D Accumulation</b>				
Group 1	0.7092	–	0.7092	0.9470
Group 2	0.4328	0.2764	0.7092	0.9470

## 7IM AAP BALANCED FUND

### DISTRIBUTION TABLES (continued) for the year ended 30 November 2020

	<b>Net Revenue</b>	<b>Equalisation</b>	<b>Paid 31.01.21</b>	<b>Paid 31.01.20</b>
<b>Class S Income</b>				
Group 1	0.8168	–	0.8168	1.0119
Group 2	0.4222	0.3946	0.8168	1.0119
	<b>Net Revenue</b>	<b>Equalisation</b>	<b>Allocated 31.01.21</b>	<b>Allocated 31.01.20</b>
<b>Class S Accumulation</b>				
Group 1	0.9047	–	0.9047	1.1054
Group 2	0.3691	0.5356	0.9047	1.1054

#### Equalisation

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

# 7IM AAP MODERATELY ADVENTUROUS FUND

## ACD'S REPORT

for the year ended 30 November 2020

### Investment Objective and Policy

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

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

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

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

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

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

### Investment Manager's Report

#### Performance Report

In the reporting period, 1 December 2019 to 30 November 2020, the portfolio delivered a total return of 4.87%<sup>1</sup>.

#### Investment Background

The coronavirus that emerged in mid-January 2020 from the Chinese city of Wuhan caught the attention of global markets. Initial research suggested that the virus is less deadly than the SARS virus that hit China in 2003 but is markedly more contagious. Trying to untangle tabloid hyperbole from scientific facts was a near impossibility. Amongst this, the UK finally left the EU on 31 January 2020. Negotiations to reach a trade deal were to continue until the end of the calendar year.

February saw headlines dominated by the growing concern of coronavirus. Equity markets initially shrugged off the potential effects of the virus, with MSCI World up c. 6% from the start of February to the 20th. However, investors panicked towards the end of the month causing equities to experience some of the largest one-day down moves since 2011, and the largest one-week move since the financial crisis.

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

Investors enjoyed positive returns in April as both risky and defensive assets rebounded following the initial shock of a global shutdown in March. It is clear that governments around the world were conscious of the implications caused by lockdown on both economies and families. They started to discuss ways in which we can delicately move from a period of lockdown to a re-opening of businesses. The UK chose to extend its lockdown period until early May.

Equities continued their winning streak in May, following optimism over economies beginning to re-open. The US returned around 5%, with the Technology sector leading the way, and generating over 7% throughout the month. In fact, markets around the world were positive - with the UK, Japanese and European markets all gaining over 4%.

In June, we saw the government in England relax COVID-19 restrictions. This was a key development in the economy as it allowed businesses to start to plot a path back to normal. Asia was busy dealing with isolated second waves, while Europe was starting to open up, albeit cautiously.

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

## 71M AAP MODERATELY ADVENTUROUS FUND

### ACD'S REPORT (continued)

for the year ended 30 November 2020

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

In July, we saw a major shift in the UK Government's guidance with more encouragement for workers to return to the office. Central Bank stimulus set the stage for a sharp economic recovery towards the end of 2020 into the beginning of 2021. New cases continued to rise worldwide, and death rates fell due partly to a better understanding of the virus.

During August, there was a sense that the world was returning to normal and markets signalled confidence in the economy's recovery. Higher risk investments provided strong returns, while more defensive assets were negative over the period. Manufacturing and non-manufacturing data across the US, UK, Europe and China all showed promising signs of expansion.

In September, more optimistic views on the outlook for risky assets were challenged by the political and media narrative of a second wave of COVID-19. However, outside of the UK, the US economy was starting to get going and unemployment was falling sharply, as the largest policy stimulus in history took effect. Chinese authorities were talking about whether the recovery was too strong and European manufacturers saw demand for goods rise strongly, although the tourism sector continued to struggle.

Equities were mixed throughout the month of October. Emerging Markets were positive, while the Developed World declined due to an increase in the number of COVID-19 cases. As the colder months begin to settle in to Europe, governments started to bring in further restrictions to help contain the spread of COVID-19. Despite this, many countries in Asia had the virus under control and continued to see economic recoveries take hold.

The US election kicked off November with Joe Biden's victory over Donald Trump. Markets responded well despite Trump's ongoing attempts to claim victory via the courts. Only days after the election, Pfizer-BioNTech announced trials of their COVID-19 vaccine had been highly effective, followed a week later by an identical announcement from Moderna. This fuelled a renewed sense of optimism, which pushed the S&P 500 to new all-time highs, and the Dow Jones Industrial Average made headlines for reaching 30,000.

Within the overall rally, the big story was the bounce back of cyclical stocks and sectors that were worst affected by the pandemic, while the large tech businesses lagged. Companies like Carnival Cruises and HSBC generated returns of around 50% and 25%, whereas Apple and Amazon were broadly flat or declined. European equities, which are more exposed to manufacturing, finance and exports, had one of the strongest months in history.

#### Portfolio Review

At the very beginning of March, we reduced our exposure to broad equity markets as the chances of a longer slowdown in the global economy increased. Concerns mounted over the drastic measures governments were having to take to slow the spread of COVID-19, alongside the fall in oil price following an escalation in tensions between Saudi Arabia and Russia.

As well as reducing our equity exposure, we reduced our allocation to Emerging Market and High Yield bonds. This decision was motivated by the knowledge that the correlation between credit and equity increases during stressed periods, with credit becoming more risky. With significant exposure to Energy, Materials and Consumer sectors, it was also thought that both asset classes would struggle if consumer demand fell in response to widespread lockdowns.

European dividends futures were hit hard by COVID-19. Extremes in valuations together with technical supply/demand features of the market meant that the risk to capital on any reasonable maturity only occurred in a world where the COVID-19 crisis was deeper than the Global Financial Crisis of 2008, which we thought was a very low probability. On this basis, we added to our position, diversifying across the 2021 and 2022 maturities.

After some significant outperformance versus broad US equities, we took some profits on our Healthcare position in higher risk portfolios in the middle of March, reducing the overall size of the active position.

Going into April, we increased our allocation to Corporate bonds, funded from Global Government bonds. Despite an equity sell off that remained well inside the Global Financial Crisis, credit spreads were at levels not seen since that same period. Overall, this looked like an opportunity to rotate out of low-yielding Government bonds into higher yielding Corporates, taking advantage of elevated spreads despite policy support from central banks that reduced (already low) chances of default.

Portfolios reduced their exposure to broad equity markets at the end of April as we moved to a more neutral view versus our Strategic Asset Allocation (SAA). Although we recognised the benefits of the significant stimulus coming from central banks, this was counteracted by a negative view on the health of the economy. Together with a neutral view on manufacturing and equity valuations this meant that the overweight to equities in portfolios was removed.

## 7IM AAP MODERATELY ADVENTUROUS FUND

### ACD'S REPORT (continued)

for the year ended 30 November 2020

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

As we went into the summer months, countries such as a China, South Korea and Taiwan showed it was possible to re-open an economy without causing large outbreaks. We wanted to take exposure to the domestic growth recovery in China – where industrial production and retail sales were quickly rebounding back to pre-crisis levels. Over half of the Asia High Yield index is exposed to China, which also pays a higher yield than the US equivalent but with better growth prospects and lower defaults.

At the end of June, we increased our allocation to 2022 and 2023 dividend futures versus European Equity. With the view that dividend payments should resume to a more normal outlook by 2022, there was a potential opportunity for the dividends to keep adding value over the equity market as we played the pull to par and monetised the overreaction in the pricing of the dividend market.

We increased our allocation to US Healthcare at the beginning of July after some significant underperformance versus the broad equity index. We felt that the investment case remained strong with the sector remaining particularly well placed to benefit from changing demographics and global trends in technology.

An allocation to European bank AT1 contingent convertible bonds ("AT1s") was made in July, funded through some of our Global High Yield bond allocation. While we see value in both asset classes, we believe AT1s are extremely well positioned to outperform High Yield due to their resilient fundamentals and attractive valuations.

Towards the end of July, portfolios were tilted towards a more pro-risk stance on the basis that the peak impact of the virus had passed, and that fears over a second wave were overdone. This meant an increase in our allocation to broad equities as well as the construction of a basket of positions that would benefit from a rapid (or "V plus") economic recovery.

In September, portfolios increased their pro-risk stance on the basis of increased confidence in a global economic recovery. This meant an increase in our allocation to equities, favouring cyclical non-US equity markets, as well as the addition of Emerging Market equities to our V plus basket.

Across portfolios, we increased our exposure to Sterling versus the US Dollar in mid-March after some significant Sterling weakness. Since our entry, the pound had rallied strongly and as we headed into the end of 2020, we saw an increased likelihood of volatility in both currencies as markets tried to price the outcome of the US election and the outcome of Brexit. Although Sterling remained undervalued, with no obvious catalyst for a reversion to mean over the medium term we took profit on the position at the start of September and returned to our long-term SAA neutral weight.

Despite some underperformance through the third quarter of 2020, the vaccine news in November led to a significant rally in European dividend futures. Following the rally, expectations of annualised returns for 2022 dividends were estimated to be in the low single digits due to the valuation cap that exists given the well-defined near term cash flows. With the view that this would likely act as something of a headwind versus traditional European equity exposure, the 2022 dividend position was removed from portfolios towards the end of November, being replaced with a broad European equity exposure.

#### Investment Outlook

At 7IM, we have a number of long-term core views that help to guide our investment decisions and allocations within portfolios:

1. The recovery is already happening – The world has never seen as much coordinated stimulus as in the past five months. A V-shaped economic recovery is our base-case; with some areas like China already nearly back to normal. As the recovery continues, and turns into an expansion, we want to be exposed to it. Positive for credit and equity.
2. Our portfolios are positioned for the new economic cycle – Much of the first stage of the recovery rally has been concentrated in well-known technology – and understandably so, given their resilience to coronavirus, and their balance sheet strength. In a more conventional economic recovery, though, other parts of the market could start to rally too. Positive for lagging equity.
3. The virus won't derail this growth – Lockdowns are unlikely to be as severe.

Seven Investment Management LLP  
Investment Manager  
December 2020

## 7IM AAP MODERATELY ADVENTUROUS FUND

### FUND INFORMATION

The Comparative Tables on pages 339 to 346 give the performance of each active share class in the Sub-fund.

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

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

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

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

# 7IM AAP MODERATELY ADVENTUROUS FUND

## FUND INFORMATION (continued)

### Comparative Tables

#### Class A Income

	30.11.20 (pence per share)	30.11.19 (pence per share)	30.11.18 (pence per share)
<b>Change in Net Asset Value Per Share</b>			
Opening net asset value per share	154.04	146.57	150.39
Return before operating charges*	8.03	10.80	(0.64)
Operating charges (calculated on average price)	(1.73)	(1.76)	(1.72)
Return after operating charges*	6.30	9.04	(2.36)
Distributions on income shares	(0.42)	(1.57)	(1.46)
Closing net asset value per share	159.92	154.04	146.57
* After direct transaction costs of: <sup>1</sup>	0.02	0.05	0.07

#### Performance

Return after charges <sup>2</sup>	4.09%	6.17%	(1.57)%
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#### Other Information

Closing net asset value (£'000)	201	259	253
Closing number of shares	125,859	168,363	172,419
Operating charges <sup>3</sup>	1.15%	1.17%	1.13%
Direct transaction costs	0.01%	0.04%	0.05%

#### Prices

Highest share price	161.06	157.38	156.30
Lowest share price	125.30	139.97	144.78

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

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

<sup>3</sup> Operating charges, otherwise known as the OCF is the ratio of the Sub-fund's total disclosable costs (excluding securities lending fees and overdraft interest) to the average net assets of the Sub-fund. The OCF is intended to provide a reliable figure which gives the most accurate measure of what it costs to invest in a Sub-fund and is calculated based on the last period's figures. Included within the OCF are synthetic costs which includes the OCF of the underlying funds weighted on the basis of their investment proportion. A detailed breakdown of the OCF per share class is shown on page 347.

# 7IM AAP MODERATELY ADVENTUROUS FUND

## FUND INFORMATION (continued)

### Comparative Tables (continued)

#### Class A Accumulation

	30.11.20 (pence per share)	30.11.19 (pence per share)	30.11.18 (pence per share)
<b>Change in Net Asset Value Per Share</b>			
Opening net asset value per share	174.02	163.87	166.54
Return before operating charges*	9.09	12.12	(0.77)
Operating charges (calculated on average price)	(1.96)	(1.97)	(1.90)
Return after operating charges*	7.13	10.15	(2.67)
Distributions	(0.48)	(1.76)	(1.62)
Retained distributions on accumulation shares	0.48	1.76	1.62
Closing net asset value per share	181.15	174.02	163.87
* After direct transaction costs of: <sup>1</sup>	0.02	0.06	0.08

#### Performance

Return after charges <sup>2</sup>	4.10%	6.19%	(1.60)%
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#### Other Information

Closing net asset value (£'000)	1,064	1,272	1,347
Closing number of shares	587,571	730,846	822,135
Operating charges <sup>3</sup>	1.15%	1.17%	1.13%
Direct transaction costs	0.01%	0.04%	0.05%

#### Prices

Highest share price	182.15	176.97	173.75
Lowest share price	141.55	156.49	161.12

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

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

<sup>3</sup> Operating charges, otherwise known as the OCF is the ratio of the Sub-fund's total disclosable costs (excluding securities lending fees and overdraft interest) to the average net assets of the Sub-fund. The OCF is intended to provide a reliable figure which gives the most accurate measure of what it costs to invest in a Sub-fund and is calculated based on the last period's figures. Included within the OCF are synthetic costs which includes the OCF of the underlying funds weighted on the basis of their investment proportion. A detailed breakdown of the OCF per share class is shown on page 347.

# 7IM AAP MODERATELY ADVENTUROUS FUND

## FUND INFORMATION (continued)

### Comparative Tables (continued)

#### Class C Income

	30.11.20 (pence per share)	30.11.19 (pence per share)	30.11.18 (pence per share)
<b>Change in Net Asset Value Per Share</b>			
Opening net asset value per share	155.19	147.66	151.53
Return before operating charges*	8.05	10.74	(0.83)
Operating charges (calculated on average price)	(0.99)	(1.01)	(0.96)
Return after operating charges*	7.06	9.73	(1.79)
Distributions on income shares	(1.12)	(2.20)	(2.08)
Closing net asset value per share	161.13	155.19	147.66
* After direct transaction costs of: <sup>1</sup>	0.02	0.05	0.07

#### Performance

Return after charges <sup>2</sup>	4.55%	6.59%	(1.18)%
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#### Other Information

Closing net asset value (£'000)	24,578	29,355	33,916
Closing number of shares	15,253,408	18,915,121	22,968,211
Operating charges <sup>3</sup>	0.65%	0.67%	0.63%
Direct transaction costs	0.01%	0.04%	0.05%

#### Prices

Highest share price	162.58	158.67	157.59
Lowest share price	126.39	141.06	146.11

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

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

<sup>3</sup> Operating charges, otherwise known as the OCF is the ratio of the Sub-fund's total disclosable costs (excluding securities lending fees and overdraft interest) to the average net assets of the Sub-fund. The OCF is intended to provide a reliable figure which gives the most accurate measure of what it costs to invest in a Sub-fund and is calculated based on the last period's figures. Included within the OCF are synthetic costs which includes the OCF of the underlying funds weighted on the basis of their investment proportion. A detailed breakdown of the OCF per share class is shown on page 347.

# 7IM AAP MODERATELY ADVENTUROUS FUND

## FUND INFORMATION (continued)

### Comparative Tables (continued)

#### Class C Accumulation

	30.11.20 (pence per share)	30.11.19 (pence per share)	30.11.18 (pence per share)
<b>Change in Net Asset Value Per Share</b>			
Opening net asset value per share	183.71	172.30	174.40
Return before operating charges*	9.46	12.60	(0.99)
Operating charges (calculated on average price)	(1.17)	(1.19)	(1.11)
Return after operating charges*	8.29	11.41	(2.10)
Distributions	(1.22)	(2.58)	(2.41)
Retained distributions on accumulation shares	1.22	2.58	2.41
Closing net asset value per share	192.00	183.71	172.30
* After direct transaction costs of: <sup>1</sup>	0.02	0.06	0.08

#### Performance

Return after charges <sup>2</sup>	4.51%	6.62%	(1.20)%
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#### Other Information

Closing net asset value (£'000)	490,320	428,456	468,681
Closing number of shares	255,372,013	233,221,782	272,015,184
Operating charges <sup>3</sup>	0.65%	0.67%	0.63%
Direct transaction costs	0.01%	0.04%	0.05%

#### Prices

Highest share price	193.05	186.57	182.46
Lowest share price	149.62	164.59	169.35

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

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

<sup>3</sup> Operating charges, otherwise known as the OCF is the ratio of the Sub-fund's total disclosable costs (excluding securities lending fees and overdraft interest) to the average net assets of the Sub-fund. The OCF is intended to provide a reliable figure which gives the most accurate measure of what it costs to invest in a Sub-fund and is calculated based on the last period's figures. Included within the OCF are synthetic costs which includes the OCF of the underlying funds weighted on the basis of their investment proportion. A detailed breakdown of the OCF per share class is shown on page 347.

# 7IM AAP MODERATELY ADVENTUROUS FUND

## FUND INFORMATION (continued)

### Comparative Tables (continued)

#### Class D Income

	30.11.20 (pence per share)	30.11.19 (pence per share)	30.11.18 (pence per share)
<b>Change in Net Asset Value Per Share</b>			
Opening net asset value per share	153.67	146.22	150.04
Return before operating charges*	8.01	10.90	(0.54)
Operating charges (calculated on average price)	(2.33)	(2.36)	(2.32)
Return after operating charges*	5.68	8.54	(2.86)
Distributions on income shares	–	(1.09)	(0.96)
Closing net asset value per share	159.35	153.67	146.22
* After direct transaction costs of: <sup>1</sup>	0.02	0.05	0.07

#### Performance

Return after charges <sup>2</sup>	3.70%	5.84%	(1.91)%
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#### Other Information

Closing net asset value (£'000)	974	997	985
Closing number of shares	610,952	648,583	673,748
Operating charges <sup>3</sup>	1.55%	1.57%	1.53%
Direct transaction costs	0.01%	0.04%	0.05%

#### Prices

Highest share price	160.24	156.92	155.85
Lowest share price	124.85	139.60	144.25

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

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

<sup>3</sup> Operating charges, otherwise known as the OCF is the ratio of the Sub-fund's total disclosable costs (excluding securities lending fees and overdraft interest) to the average net assets of the Sub-fund. The OCF is intended to provide a reliable figure which gives the most accurate measure of what it costs to invest in a Sub-fund and is calculated based on the last period's figures. Included within the OCF are synthetic costs which includes the OCF of the underlying funds weighted on the basis of their investment proportion. A detailed breakdown of the OCF per share class is shown on page 347.

# 7IM AAP MODERATELY ADVENTUROUS FUND

## FUND INFORMATION (continued)

### Comparative Tables (continued)

#### Class D Accumulation

	30.11.20 (pence per share)	30.11.19 (pence per share)	30.11.18 (pence per share)
<b>Change in Net Asset Value Per Share</b>			
Opening net asset value per share	166.84	157.61	160.69
Return before operating charges*	8.69	11.77	(0.60)
Operating charges (calculated on average price)	(2.53)	(2.54)	(2.48)
Return after operating charges*	6.16	9.23	(3.08)
Distributions	–	(1.17)	(1.03)
Retained distributions on accumulation shares	–	1.17	1.03
Closing net asset value per share	173.00	166.84	157.61
* After direct transaction costs of: <sup>1</sup>	0.02	0.06	0.07

#### Performance

Return after charges <sup>2</sup>	3.69%	5.86%	(1.92)%
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#### Other Information

Closing net asset value (£'000)	18,862	20,605	21,582
Closing number of shares	10,903,065	12,350,587	13,693,283
Operating charges <sup>3</sup>	1.55%	1.57%	1.53%
Direct transaction costs	0.01%	0.04%	0.05%

#### Prices

Highest share price	173.96	169.84	167.28
Lowest share price	135.55	150.47	155.01

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

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

<sup>3</sup> Operating charges, otherwise known as the OCF is the ratio of the Sub-fund's total disclosable costs (excluding securities lending fees and overdraft interest) to the average net assets of the Sub-fund. The OCF is intended to provide a reliable figure which gives the most accurate measure of what it costs to invest in a Sub-fund and is calculated based on the last period's figures. Included within the OCF are synthetic costs which includes the OCF of the underlying funds weighted on the basis of their investment proportion. A detailed breakdown of the OCF per share class is shown on page 347.

# 7IM AAP MODERATELY ADVENTUROUS FUND

## FUND INFORMATION (continued)

### Comparative Tables (continued)

#### Class S Income

	30.11.20 (pence per share)	30.11.19 (pence per share)	30.11.18 (pence per share)
<b>Change in Net Asset Value Per Share</b>			
Opening net asset value per share	127.19	121.02	124.18
Return before operating charges*	6.47	8.75	(0.72)
Operating charges (calculated on average price)	(0.50)	(0.52)	(0.48)
Return after operating charges*	5.97	8.23	(1.20)
Distributions on income shares	(1.10)	(2.06)	(1.96)
Closing net asset value per share	132.06	127.19	121.02
* After direct transaction costs of: <sup>1</sup>	0.01	0.04	0.06

#### Performance

Return after charges <sup>2</sup>	4.69%	6.80%	(0.97)%
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#### Other Information

Closing net asset value (£'000)	4,037	6,899	7,658
Closing number of shares	3,056,790	5,424,562	6,327,878
Operating charges <sup>3</sup>	0.40%	0.42%	0.38%
Direct transaction costs	0.01%	0.04%	0.05%

#### Prices

Highest share price	133.38	130.08	129.20
Lowest share price	103.65	115.62	119.84

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

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

<sup>3</sup> Operating charges, otherwise known as the OCF is the ratio of the Sub-fund's total disclosable costs (excluding securities lending fees and overdraft interest) to the average net assets of the Sub-fund. The OCF is intended to provide a reliable figure which gives the most accurate measure of what it costs to invest in a Sub-fund and is calculated based on the last period's figures. Included within the OCF are synthetic costs which includes the OCF of the underlying funds weighted on the basis of their investment proportion. A detailed breakdown of the OCF per share class is shown on page 347.

# 7IM AAP MODERATELY ADVENTUROUS FUND

## FUND INFORMATION (continued)

### Comparative Tables (continued)

#### Class S Accumulation

	30.11.20 (pence per share)	30.11.19 (pence per share)	30.11.18 (pence per share)
<b>Change in Net Asset Value Per Share</b>			
Opening net asset value per share	140.25	131.27	132.60
Return before operating charges*	7.17	9.55	(0.82)
Operating charges (calculated on average price)	(0.55)	(0.57)	(0.51)
Return after operating charges*	6.62	8.98	(1.33)
Distributions	(1.21)	(2.24)	(2.10)
Retained distributions on accumulation shares	1.21	2.24	2.10
Closing net asset value per share	146.87	140.25	131.27
* After direct transaction costs of: <sup>1</sup>	0.02	0.05	0.06

#### Performance

Return after charges <sup>2</sup>	4.72%	6.84%	(1.00)%
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#### Other Information

Closing net asset value (£'000)	94,276	102,702	114,268
Closing number of shares	64,190,661	73,229,633	87,049,944
Operating charges <sup>3</sup>	0.40%	0.42%	0.38%
Direct transaction costs	0.01%	0.04%	0.05%

#### Prices

Highest share price	147.67	142.34	138.92
Lowest share price	114.29	125.41	128.99

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

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

<sup>3</sup> Operating charges, otherwise known as the OCF is the ratio of the Sub-fund's total disclosable costs (excluding securities lending fees and overdraft interest) to the average net assets of the Sub-fund. The OCF is intended to provide a reliable figure which gives the most accurate measure of what it costs to invest in a Sub-fund and is calculated based on the last period's figures. Included within the OCF are synthetic costs which includes the OCF of the underlying funds weighted on the basis of their investment proportion. A detailed breakdown of the OCF per share class is shown on page 347.

## 7IM AAP MODERATELY ADVENTUROUS FUND

### FUND INFORMATION (continued)

#### Ongoing Charges Figures

As at 30 November 2020

	<b>Class A</b>	<b>Class C</b>	<b>Class D</b>	<b>Class S</b>
ACD's periodic charge	1.00%	0.50%	1.40%	0.25%
Other expenses	0.05%	0.05%	0.05%	0.05%
	1.05%	0.55%	1.45%	0.30%
Collective investment scheme costs	0.10%	0.10%	0.10%	0.10%
Ongoing Charges Figure	1.15%	0.65%	1.55%	0.40%

As at 30 November 2019

	<b>Class A</b>	<b>Class C</b>	<b>Class D</b>	<b>Class S</b>
ACD's periodic charge	1.00%	0.50%	1.40%	0.25%
Other expenses	0.05%	0.05%	0.05%	0.05%
	1.05%	0.55%	1.45%	0.30%
Collective investment scheme costs	0.12%	0.12%	0.12%	0.12%
Ongoing Charges Figure	1.17%	0.67%	1.57%	0.42%

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

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

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

# 7IM AAP MODERATELY ADVENTUROUS FUND

## FUND INFORMATION (continued)

### Synthetic Risk and Reward Indicator

#### Synthetic Risk and Reward Indicator



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

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

The risk and reward indicator shown above is as at the date of publication of the annual report and financial statements, the risk and reward indicator as at the year end date 30 November 2020 was five.

#### Fund performance to 30 November 2020 (%)

	1 year	3 years	5 years
7IM AAP Moderately Adventurous Fund <sup>1</sup>	4.87	10.26	32.62

<sup>1</sup> Source: Bloomberg

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

Details of the distributions per share for the year are shown in the Distribution Tables on pages 367 to 369.

# 7IM AAP MODERATELY ADVENTUROUS FUND

## PORTFOLIO STATEMENT

as at 30 November 2020

Holding	Portfolio of Investment	Value £	30.11.20 %
	<b>ALTERNATIVES 11.89% (8.65%)</b>		
	<b>Alternative Strategies 5.62% (5.11%)</b>		
228,349	AQR - Managed Futures UCITS Fund <sup>1</sup>	17,407,229	2.75
82,353	BlackRock Strategic Funds - Global Event Driven Fund <sup>1</sup>	9,540,646	1.50
9,619,000	BNP Paribas Issuance 0.00% 2024 <sup>2</sup>	8,683,784	1.37
1,171,008	Dexion Absolute EUR <sup>3</sup>	–	–
30,098	Dexion Absolute GBP <sup>3</sup>	–	–
		<b>35,631,659</b>	<b>5.62</b>
	<b>Real Estate 6.27% (3.54%)</b>		
18,974,637	iShares Global Property Securities Index <sup>1</sup>	<b>39,751,865</b>	<b>6.27</b>
	<b>DEBT SECURITIES 36.82% (61.83%)</b>		
	<b>Convertible Bonds 0.00% (2.00%)</b>		
	<b>Emerging Market Bonds 6.35% (7.85%)</b>		
13,847,967	Legal & General Emerging Markets Government Bond Local Currency Index Fund Acc <sup>1</sup>	9,523,247	1.50
12,521,117	Legal & General Emerging Markets Government Bond USD Index Fund <sup>1</sup>	9,369,552	1.48
272,479	UBS Lux Bond SICAV - Asian High Yield <sup>1</sup>	21,369,093	3.37
		<b>40,261,892</b>	<b>6.35</b>
	<b>Gilts 0.01% (4.37%)</b>		
£40,000	UK Gilt 1.50% 2021	<b>40,085</b>	<b>0.01</b>
	<b>Global Corporate Bonds 0.00% (3.85%)</b>		
	<b>Global Government Bonds 0.00% (2.96%)</b>		
3,256	HSBC Global Funds ICAV - Global Government Bond Index Fund <sup>1</sup>	<b>26,636</b>	<b>–</b>
	<b>Global High Yield Bonds 4.07% (2.65%)</b>		
466,024	Invesco AT1 Capital Bond UCITS ETF <sup>1</sup>	19,545,046	3.08
58,009	Robeco Quant High Yield <sup>1</sup>	6,306,695	0.99
		<b>25,851,741</b>	<b>4.07</b>
	<b>Global Inflation Linked Bonds 0.00% (2.55%)</b>		
	<b>Short Term Sterling Bonds 26.39% (28.51%)</b>		
£5,800,000	Abbey National Treasury Services 5.125% 2021	5,904,516	0.93
£45,000	African Development Bank 0.875% 2021	45,349	0.01
£50,000	Asian Development Bank 0.75% 2022	50,432	0.01
£500,000	Bank Nederlandse Gemeenten 1.00% 2022	505,509	0.08
£3,239,000	Bank Nederlandse Gemeenten 1.125% 2021	3,254,819	0.51
£5,000,000	Bank of Nova Scotia 0.75% 2021	5,020,930	0.79
£1,000,000	Bank of Nova Scotia 1.25% 2022	1,013,830	0.16
£4,580,000	Bank of Nova Scotia FRN 2023	4,577,160	0.72
£2,550,000	Barclays Bank 4.25% 2022	2,664,444	0.42
£3,100,000	Barclays Bank UK FRN 2023	3,115,004	0.49
£5,000,000	Canadian Imperial Bank of Commerce FRN 2022	5,013,210	0.79

## 7IM AAP MODERATELY ADVENTUROUS FUND

### PORTFOLIO STATEMENT (continued)

as at 30 November 2020

Holding	Portfolio of Investment	Value £	30.11.20 %
	<b>Short Term Sterling Bonds (continued)</b>		
£2,320,000	Commonwealth Bank of Australia FRN 2025	2,342,174	0.37
£30,000	Deutsche Bahn Finance 2.75% 2022	31,158	0.01
£1,600,000	Dexia Credit Local 0.875% 2021	1,608,922	0.25
£13,700,000	European Investment Bank 0.875% 2021	13,732,798	2.17
£5,500,000	European Investment Bank 1.125% 2021	5,545,540	0.87
£30,000	Federal National Mortgage 5.375% 2021	30,796	–
£4,000,000	FMS Wertmanagement 1.00% 2022	4,061,424	0.64
£10,000	Inter-American Development Bank 0.625% 2021	10,055	–
£12,802,000	International Bank for Reconstruction & Development 0.375% 2021	12,825,044	2.02
£3,641,000	International Bank for Reconstruction & Development 5.40% 2021	3,741,426	0.59
£6,000,000	JPMorgan Chase Bank FRN 2021	5,999,964	0.95
£650,000	KFW 1.375% 2021	651,456	0.10
£25,000	Landeskreditbank 0.875% 2022	25,229	–
£25,000	Landeskreditbank 1.125% 2021	25,116	–
£45,000	Landwirtschaftlic 1.125% 2021	45,213	0.01
£3,991,000	Landwirtschaftlic 1.375% 2020	3,992,924	0.63
£3,000,000	Leeds Building Society FRN 2025	3,031,752	0.48
£2,778,000	Lloyds Bank 1.75% 2022	2,835,449	0.45
£300,000	Lloyds Bank FRN 2020	300,021	0.05
£1,600,000	Lloyds Bank FRN 2022	1,607,885	0.25
£1,500,000	Lloyds Bank FRN 2024	1,514,445	0.24
£453,000	Municipality Finance 1.25% 2022	462,390	0.07
£2,000,000	National Australia Bank 1.125% 2021	2,017,108	0.32
£1,500,000	National Westminster Bank FRN 2023	1,514,490	0.24
£1,630,000	Nestle Holdings 1.00% 2021	1,636,487	0.26
£17,000	Nestle Holdings 1.75% 2020	17,005	–
£1,500,000	NRW Bank 1.00% 2022	1,518,552	0.24
£4,000,000	NRW Bank FRN 2024	4,008,591	0.63
£4,100,000	Oesterreichische 1.125% 2022	4,179,056	0.66
£3,200,000	Oversea-Chinese Banking FRN 2023	3,186,707	0.50
£115,000	Rabobank Nederland 4.875% 2023	125,858	0.02
£940,000	Royal Bank of Canada FRN 2021	939,905	0.15
£1,500,000	Royal Bank of Canada FRN 2024	1,516,032	0.24
£4,000,000	Royal Bank of Canada FRN 2025	4,024,800	0.63
£4,000,000	Santander UK FRN 2022	4,000,840	0.63
£1,100,000	Santander UK FRN 2024	1,116,808	0.18
£5,500,000	Skipton Building Society FRN 2023	5,521,065	0.87
£2,001,000	Svenska Handelsbanken 1.625% 2022	2,042,601	0.32
£4,886,000	Svenska Handelsbanken 2.375% 2022	5,001,124	0.79
£2,300,000	Swedbank FRN 2021	2,302,645	0.36
£300,000	Tennessee Valley Authority 5.35% 2021	307,866	0.05
£1,500,000	Toronto-Dominion Bank FRN 2021	1,501,155	0.24
£3,600,000	Toronto-Dominion Bank FRN 2023	3,596,940	0.57
£6,500,000	Toyota Motor Credit 1.125% 2021	6,544,174	1.03
£1,100,000	Transport for London 2.25% 2022	1,133,439	0.18
£1,500,000	TSB Bank FRN 2022	1,504,365	0.24
£2,800,000	TSB Bank FRN 2024	2,852,618	0.45
£700,000	Wellcome Trust Finance 4.75% 2021	715,063	0.11
£6,100,000	Westpac Banking FRN 2023	6,097,499	0.96
£2,870,000	Yorkshire Building Society FRN 2023	2,901,800	0.46
		<b>167,410,977</b>	<b>26.39</b>

**Sterling Corporate Bonds 0.00% (7.09%)**

# 7IM AAP MODERATELY ADVENTUROUS FUND

## PORTFOLIO STATEMENT (continued)

as at 30 November 2020

Holding	Portfolio of Investment	Value £	30.11.20 %
	<b>EQUITY 18.62% (26.21%)</b>		
	<b>Asia &amp; Emerging Markets 0.00% (3.26%)</b>		
	<b>Europe (ex UK) 1.92% (7.03%)</b>		
1,154	Euro Stoxx 50 Equity Index Futures December 2023 <sup>4</sup>	869,996	0.14
1,728	FTSE 100 Index Futures December 2020 <sup>4</sup>	7,413,120	1.17
2,972	MSCI Europe ex-UK Index Futures December 2020 <sup>4</sup>	3,864,284	0.61
		<b>12,147,400</b>	<b>1.92</b>
	<b>Frontier Markets Equity 0.00% (2.95%)</b>		
	<b>Japan 0.59% (0.63%)</b>		
507	TOPIX Index Futures December 2020 <sup>4</sup>	<b>3,716,820</b>	<b>0.59</b>
	<b>North America 15.76% (1.09%)</b>		
1,560,289	Amundi Asset Management S&P 500 UCITS ETF <sup>1</sup>	78,576,154	12.39
93,601	Berkshire Hathaway	16,230,105	2.56
528	E-mini Health Care Select Sector Futures December 2020 <sup>4</sup>	1,443,001	0.22
1,241	MSCI Emerging Markets Index Futures December 2020 <sup>4</sup>	3,758,635	0.59
37	US Ultra Treasury Bond Index Futures March 2021 <sup>4</sup>	(9,523)	–
		<b>99,998,372</b>	<b>15.76</b>
	<b>United Kingdom 0.35% (11.25%)</b>		
711	FTSE 250 Index Futures December 2020 <sup>4</sup>	<b>2,240,361</b>	<b>0.35</b>
	<b>FORWARD CURRENCY CONTRACTS -0.66% (-0.27%)</b>		
€13,033,000	Vs £(11,787,241) Expiry 16.04.2021	(62,897)	(0.01)
€53,069,100	Vs £(47,996,490) Expiry 16.04.2021	(256,111)	(0.04)
€(600,000)	Vs £543,404 Expiry 16.04.2021	3,651	–
US\$(21,523,000)	Vs £16,452,943 Expiry 15.01.2021	348,074	0.06
US\$(21,253,000)	Vs £16,187,878 Expiry 15.01.2021	285,040	0.05
US\$(21,253,000)	Vs £16,057,633 Expiry 15.01.2021	154,795	0.02
US\$(19,079,000)	Vs £14,426,247 Expiry 15.01.2021	150,133	0.02
US\$(5,295,000)	Vs £4,047,685 Expiry 15.01.2021	85,632	0.01
US\$(5,228,000)	Vs £3,982,037 Expiry 15.01.2021	70,116	0.01
US\$(5,004,000)	Vs £3,783,686 Expiry 15.01.2021	39,376	0.01
US\$(5,228,000)	Vs £3,949,998 Expiry 15.01.2021	38,078	0.01
¥1,543,500,000	Vs £(11,199,919) Expiry 21.05.2021	(74,718)	(0.01)
¥6,229,804,000	Vs £(45,204,599) Expiry 21.05.2021	(301,573)	(0.05)
US\$1,500,000	Vs £(1,157,073) Expiry 15.01.2021	(34,678)	(0.01)
US\$2,000,000	Vs £(1,537,275) Expiry 15.01.2021	(40,749)	(0.01)
US\$2,000,000	Vs £(1,570,174) Expiry 15.01.2021	(73,648)	(0.01)
US\$5,000,000	Vs £(3,856,909) Expiry 15.01.2021	(115,593)	(0.02)
US\$8,900,000	Vs £(6,840,876) Expiry 15.01.2021	(181,333)	(0.03)
US\$6,468,000	Vs £(5,027,262) Expiry 15.01.2021	(187,496)	(0.03)
US\$11,718,000	Vs £(9,339,991) Expiry 15.01.2021	(571,843)	(0.09)
US\$26,290,000	Vs £(20,433,939) Expiry 15.01.2021	(762,099)	(0.12)
US\$54,815,500	Vs £(43,691,441) Expiry 15.01.2021	(2,675,018)	(0.42)
		<b>(4,162,861)</b>	<b>(0.66)</b>

## 7IM AAP MODERATELY ADVENTUROUS FUND

### PORTFOLIO STATEMENT (continued) as at 30 November 2020

Holding	Portfolio of Investment	Value £	30.11.20 %
	<b>Portfolio of investment<sup>5</sup></b>	<b>422,914,947</b>	<b>66.67</b>
	Net other assets <sup>5,6</sup>	211,397,064	33.33
	<b>Net assets</b>	<b>634,312,011</b>	<b>100.00</b>

Comparative figures shown in brackets relate to 30 November 2019.

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

<sup>1</sup> Collective investment scheme

<sup>2</sup> Structured product

<sup>3</sup> Delisted security

<sup>4</sup> Derivative contract

<sup>5</sup> Prior year percentage of Portfolio of investments and Net other assets have been restated to show the liquidity funds as Cash equivalents in the Balance Sheet of the Sub-fund.

<sup>6</sup> Includes shares in the JPMorgan Liquidity Funds - GBP Liquidity LVNAV Fund to the value of £85,500,000, shares in the Morgan Stanley Liquidity Funds - Sterling Liquidity Fund to the value of £45,419,358 and shares in the Northern Trust Global Sterling Fund to the value of £54,413,000 which are shown as a Cash equivalents in the Balance Sheet of the Sub-fund.

Credit Quality	30.11.20 %	30.11.19 %
Investment grade debt securities	26.39	45.73
Non-rated debt securities	1.37	2.44
Other investments	68.13	53.83
Net other assets/(liabilities)	4.11	(2.00)
	<b>100.00</b>	<b>100.00</b>

## 7IM AAP MODERATELY ADVENTUROUS FUND

### STATEMENT OF TOTAL RETURN

for the year ended 30 November 2020

	Notes	£	30.11.20 £	£	30.11.19 £
Income					
Net capital gains	4		16,583,181		31,603,494
Revenue	5	7,998,759		13,474,401	
Expenses	6	(2,807,568)		(3,330,545)	
Interest payable and similar charges	8	(311,703)		(182,008)	
Net revenue before taxation for the year		4,879,488		9,961,848	
Taxation	7	(1,057,821)		(808,591)	
Net revenue after taxation for the year			3,821,667		9,153,257
<b>Total return before distributions</b>			20,404,848		40,756,751
Distributions	8		(3,880,209)		(9,167,170)
<b>Change in net assets attributable to shareholders from investment activities</b>			16,524,639		31,589,581

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

for the year ended 30 November 2020

	£	30.11.20 £	£	30.11.19 £
<b>Opening net assets attributable to shareholders</b>		590,544,838		648,689,855
Amounts received on creation of shares <sup>1</sup>	72,453,761		91,182,608	
Amounts receivable on in-specie transactions	118,262,882		1,765,922	
Amounts paid on cancellation of shares <sup>1</sup>	(167,183,129)		(190,918,610)	
		23,533,514		(97,970,080)
Change in net assets attributable to shareholders from investment activities		16,524,639		31,589,581
Retained distribution on accumulation shares		3,709,020		8,235,482
<b>Closing net assets attributable to shareholders</b>		634,312,011		590,544,838

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

The notes on pages 355 to 366 are an integral part of these Financial Statements.

# 7IM AAP MODERATELY ADVENTUROUS FUND

## BALANCE SHEET

as at 30 November 2020

	Notes	30.11.20 £	30.11.19 £
<b>ASSETS</b>			
Fixed assets:			
Investments <sup>1</sup>		428,262,226	577,129,552
Current assets:			
Debtors	9	2,966,028	4,658,405
Cash and bank balances	10	32,927,330	3,323,331
Cash equivalents <sup>1</sup>	10	185,332,358	32,947,000
<b>Total assets</b>		<b>649,487,942</b>	<b>618,058,288</b>
<b>LIABILITIES</b>			
Investment liabilities		(5,347,279)	(7,747,724)
Creditors:			
Bank overdrafts	10	(5,541,612)	(14,283,633)
Distribution payable		(119,536)	(254,341)
Other creditors	11	(4,167,504)	(5,227,752)
<b>Total liabilities</b>		<b>(15,175,931)</b>	<b>(27,513,450)</b>
<b>Net assets attributable to shareholders</b>		<b>634,312,011</b>	<b>590,544,838</b>

<sup>1</sup> Prior year amounts of Investments and Cash equivalents have been restated to include liquidity funds held by the Sub-fund.

The notes on pages 355 to 366 are an integral part of these Financial Statements.

# 7IM AAP MODERATELY ADVENTUROUS FUND

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 November 2020

### 1 Statement of Compliance

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

### 2 Summary of Significant Accounting Policies

The Sub-fund's Financial Statements have been prepared on the same basis as the Summary of Significant Accounting Policies disclosed on pages 10 to 13.

### 3 Risk Management Policies

The Sub-fund's Risk Management Policies are the same as the Risk Management Policies disclosed on pages 13 to 15.

### 4 Net capital gains

	30.11.20	30.11.19
	£	£
The net capital gains during the year comprise:		
Non-derivative securities	(2,923,226)	14,897,806
Derivative contracts	27,702,461	16,273,903
Forward currency contracts	(1,430,496)	345,676
Currency (losses)/gains	(6,765,902)	34,117
Transaction charges	(44,157)	(15,347)
AMC rebates from underlying investments	44,501	67,339
Net capital gains	<u>16,583,181</u>	<u>31,603,494</u>

### 5 Revenue

	30.11.20	30.11.19
	£	£
Non-taxable dividends	1,901,482	6,945,972
Taxable dividends	3,952,424	2,909,499
Unfranked interest	1,897,698	3,065,895
AMC rebates from underlying investments	208,629	377,338
Bank interest	18,110	90,358
Stock lending revenue <sup>1</sup>	20,416	85,339
Total revenue	<u>7,998,759</u>	<u>13,474,401</u>

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

## 7IM AAP MODERATELY ADVENTUROUS FUND

### NOTES TO THE FINANCIAL STATEMENTS (continued) for the year ended 30 November 2020

#### 6 Expenses

	30.11.20 £	30.11.19 £
Payable to the ACD, associates of the ACD and agents of either of them:		
ACD's periodic charge	2,606,859	3,054,584
Other expenses	6,389	6,376
	<u>2,613,248</u>	<u>3,060,960</u>
Payable to the Depositary, associates of the Depositary and agents of either of them:		
Depositary's fees	69,289	82,239
Market risk fees	3,661	6,000
Safe custody and other bank charges	25,416	36,873
	<u>98,366</u>	<u>125,112</u>
Other Expenses:		
Advisory fees	4,669	51,448
Audit fee <sup>1</sup>	9,616	9,000
Dealing and exchange fees	28,393	27,258
FCA and other Regulatory fees	215	212
Legal and professional fees	547	6,798
Market data fees	4,103	–
Printing, postage and distribution costs	41,462	43,607
Risk analysis fees	6,949	6,150
	<u>95,954</u>	<u>144,473</u>
Total expenses	<u>2,807,568</u>	<u>3,330,545</u>

<sup>1</sup> The Audit fee is inclusive of 20% VAT and 2.50% support cost.

# 7IM AAP MODERATELY ADVENTUROUS FUND

## NOTES TO THE FINANCIAL STATEMENTS (continued) for the year ended 30 November 2020

### 7 Taxation

	30.11.20 £	30.11.19 £
<i>a) Analysis of charge for the year</i>		
Corporation tax at 20%	635,901	610,143
Overseas tax	421,920	166,045
Irrecoverable CIS income tax	–	32,403
	<hr/>	<hr/>
Current tax charge (note 7b)	1,057,821	808,591
Total taxation	<hr/>	<hr/>
	1,057,821	808,591

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

The tax assessed for the year differs from the standard rate of corporation tax in the UK for an authorised fund (20%) (2019: 20%) for the reasons explained below.

Net revenue before taxation	4,879,488	9,961,848
Corporation tax at 20%	975,898	1,992,370
Effects of:		
AMC rebates taken to capital	–	13,468
Double taxation relief expensed	8,900	(5,148)
Franked CIS revenue	107,687	(156,934)
Franked REIT income	–	(156)
Indexed gilt edged securities adjustment	–	(1,522)
Irrecoverable CIS income tax w/off	–	32,403
Movement in revenue accruals	233	18,372
Non-taxable dividends	(56,535)	(467,615)
Non-taxable overseas dividends	(427,462)	(782,692)
Overseas tax	421,920	166,045
Tax effect on non-reporting offshore funds	27,180	–
Current tax charge (note 7a)	<hr/>	<hr/>
	1,057,821	808,591

### *c) Deferred tax*

There is no deferred tax provision in the current year (2019: none).

### 8 Distributions

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

	30.11.20 £	30.11.19 £
Interim	1,649,080	4,845,236
Final	2,277,174	3,963,522
	<hr/>	<hr/>
	3,926,254	8,808,758
Add: Revenue deducted on cancellation of shares	290,644	661,598
Deduct: Revenue received on issue of shares	(131,330)	(301,226)
Deduct: Revenue received on in-specie transactions	(205,359)	(1,960)
Net distributions for the year	<hr/>	<hr/>
	3,880,209	9,167,170
Interest payable and similar charges	311,703	182,008
Total distribution	<hr/>	<hr/>
	4,191,912	9,349,178

# 7IM AAP MODERATELY ADVENTUROUS FUND

## NOTES TO THE FINANCIAL STATEMENTS (continued) for the year ended 30 November 2020

### 8 Distributions (continued)

Details of the distributions per share are set out in the table on pages 367 to 369.

Distributions represented by:

Net revenue after taxation	3,821,667	9,153,257
Allocations to capital:		
Capitalised expenses, net of tax relief <sup>1</sup>	36,080	13,468
Equalisation on conversions <sup>2</sup>	(1,193)	373
Income deficit	23,639	–
Net movement in revenue account	16	72
Net distributions for the year	<u>3,880,209</u>	<u>9,167,170</u>

<sup>1</sup> Please refer to Note 2(i) Distributions policy on page 11 for further details.

<sup>2</sup> Where an investor converts to a class with a higher income yield, the investor will pay or receive an equalisation as if they had held the new class throughout the period from the last distribution to the conversion date. The yield differential at the point of conversion is an equalisation which will be offset by capital erosion for the converted investor.

### 9 Debtors

	30.11.20	30.11.19
	£	£
Amounts receivable for issue of shares	778,782	749,430
Accrued revenue	1,150,690	3,232,374
Income tax recoverable	65,690	32,432
AMC rebates from underlying investments	166,863	198,715
Withholding tax recoverable	51,925	445,454
Receivable from merger	752,078	–
Total debtors	<u>2,966,028</u>	<u>4,658,405</u>

### 10 Cash and bank balances

	30.11.20	30.11.19
	£	£
Cash and bank balances	5,597,394	3,320,101
Cash held at clearing houses	27,329,936	3,230
Cash equivalents <sup>1</sup>	185,332,358	32,947,000
Total cash and bank balances	<u>218,259,688</u>	<u>36,270,331</u>
Bank overdrafts	(5,535,448)	(3,267,002)
Cash overdraft at clearing houses	(6,164)	(11,016,631)
Total bank overdrafts	<u>(5,541,612)</u>	<u>(14,283,633)</u>

<sup>1</sup> Prior year amount of Cash equivalents has been restated to include liquidity funds held by the Sub-fund.

# 7IM AAP MODERATELY ADVENTUROUS FUND

## NOTES TO THE FINANCIAL STATEMENTS (continued) for the year ended 30 November 2020

### 11 Other Creditors

	30.11.20	30.11.19
	£	£
Amounts payable for cancellation of shares	3,278,402	3,639,662
Purchases awaiting settlement	233,413	848,954
Accrued expenses	275,788	363,993
Corporation tax payable	379,901	375,143
Total other creditors	4,167,504	5,227,752

### 12 Related party transactions

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

The aggregate monies received by the ACD through the issue of shares and paid on cancellation of shares are disclosed in the Statement of Change in Net Assets Attributable to Shareholders on page 353.

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

	Held at 30.11.20	Held at 30.11.19
7IM European (ex UK) Equity Value Fund 'Z' Inc	–	4,839,578
7IM UK Equity Value Fund 'Z' Inc	–	9,398,382

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

Pershing Nominees Limited 55.79% (2019: 43.84%)

The net value of creations and cancellations for Pershing Nominees Limited during the year totalled (£102,879,229) (2019: £131,454).

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

### 13 Classes of Shares

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

Class A	1.00%
Class C	0.50%
Class D	1.40%
Class S	0.25%

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

Class	Opening Shares	Shares Created	Shares Liquidated	Shares Converted	Closing Shares
Class A Income	168,363	367	(42,871)	–	125,859
Class A Accumulation	730,846	507	(65,958)	(77,824)	587,571
Class C Income	18,915,121	2,135,065	(5,587,293)	(209,485)	15,253,408
Class C Accumulation	233,221,782	90,909,594	(70,353,646)	1,594,283	255,372,013
Class D Income	648,583	4,215	(41,846)	–	610,952
Class D Accumulation	12,350,587	675,137	(2,122,659)	–	10,903,065
Class S Income	5,424,562	121,210	(1,497,907)	(991,075)	3,056,790
Class S Accumulation	73,229,633	11,939,763	(20,119,203)	(859,532)	64,190,661

### 14 Contingent liabilities and commitments

There are no contingent liabilities or unrecorded outstanding commitments at the balance sheet date (2019: none).

## 7IM AAP MODERATELY ADVENTUROUS FUND

### NOTES TO THE FINANCIAL STATEMENTS (continued) for the year ended 30 November 2020

#### 15 Risks Disclosures

The main risks from the Sub-fund's holding of financial instruments, together with the ACD's policy for managing these risks are detailed in note 3 on pages 13 to 15. Further analysis and numeric disclosure of interest rate risk, foreign currency risk and derivatives are shown on the below.

##### i. Interest rate risk

The table below shows the direct interest rate risk profile:

Interest rate exposure as at 30 November 2020

	<b>Floating Rate Financial Assets £</b>	<b>Fixed Rate Financial Assets £</b>	<b>Financial Assets not carrying interest £</b>	<b>Total £</b>
Canadian dollar	7,419	–	–	7,419
Danish krone	–	–	3,981	3,981
Euro	806,824	–	64,210,244	65,017,068
Japanese yen	43,783	–	59,745,047	59,788,830
South African rand	3	–	–	3
Swedish krona	–	–	125	125
Swiss franc	498,826	–	34,104	532,930
US dollar	2,029,346	8,683,784	155,354,583	166,067,713
Pound sterling	288,961,363	93,363,186	258,307,372	640,631,921
	<b>292,347,564</b>	<b>102,046,970</b>	<b>537,655,456</b>	<b>932,049,990</b>

  

	<b>Floating Rate Financial Liabilities £</b>	<b>Financial Liabilities not carrying interest £</b>	<b>Total £</b>
Canadian dollar	(7,419)	–	(7,419)
Euro	(667,520)	(539,753)	(1,207,273)
Japanese yen	(43,735)	–	(43,735)
South African rand	(3)	–	(3)
Swiss franc	(498,825)	–	(498,825)
US dollar	(1,998,593)	(77,726,385)	(79,724,978)
Pound sterling	(2,325,517)	(213,930,229)	(216,255,746)
	<b>(5,541,612)</b>	<b>(292,196,367)</b>	<b>(297,737,979)</b>

## 7IM AAP MODERATELY ADVENTUROUS FUND

### NOTES TO THE FINANCIAL STATEMENTS (continued) for the year ended 30 November 2020

#### 15 Risks Disclosures (continued)

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

Interest rate exposure as at 30 November 2019

	<b>Floating Rate Financial Assets £</b>	<b>Fixed Rate Financial Assets £</b>	<b>Financial Assets not carrying interest £</b>	<b>Total £</b>
Australian dollar	–	–	139,552	139,552
Canadian dollar	7,486	–	56,032	63,518
Danish krone	–	–	2,847,349	2,847,349
Euro	716,583	5,200,514	44,534,739	50,451,836
Japanese yen	18,382	5,772,733	44,082,748	49,873,863
New Zealand dollar	–	–	7,705	7,705
Norwegian krone	–	–	478,997	478,997
Singapore dollar	–	–	5,692	5,692
South African rand	3	–	–	3
Swedish krona	–	–	2,127,867	2,127,867
Swiss franc	466,391	–	8,710,735	9,177,126
US dollar	2,024,532	32,815,655	191,123,874	225,964,061
Pound sterling	109,295,850	164,430,236	290,232,994	563,959,080
	<b>112,529,227</b>	<b>208,219,138</b>	<b>584,348,284</b>	<b>905,096,649</b>

	<b>Floating Rate Financial Liabilities £</b>	<b>Financial Liabilities not carrying interest £</b>	<b>Total £</b>
Canadian dollar	(7,486)	–	(7,486)
Euro	(694,638)	(36,551,331)	(37,245,969)
Japanese yen	(20,828)	–	(20,828)
South African rand	(3)	–	(3)
Swiss franc	(466,390)	–	(466,390)
US dollar	(1,994,157)	(74,810,646)	(76,804,803)
Pound sterling	(11,100,131)	(188,906,201)	(200,006,332)
	<b>(14,283,633)</b>	<b>(300,268,178)</b>	<b>(314,551,811)</b>

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

Currency	<b>Fixed Rate Financial Assets</b>			
	<b>Weighted average interest rate</b>		<b>Weighted average period for which rate is fixed</b>	
	<b>30.11.20</b>	<b>30.11.19</b>	<b>30.11.20</b>	<b>30.11.19</b>
	<b>%</b>	<b>%</b>	<b>Years</b>	<b>Years</b>
Euro	–	0.16	–	10
Japanese yen	–	(0.04)	–	10
Pound sterling	0.08	0.93	1	4
US dollar	(5.06)	0.72	4	17

## 7IM AAP MODERATELY ADVENTUROUS FUND

### NOTES TO THE FINANCIAL STATEMENTS (continued) for the year ended 30 November 2020

#### 15 Risks Disclosures (continued)

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

The average effective duration of the Sub-fund's portfolio is a measure of the sensitivity of the fair value of the Sub-fund's bond portfolio (excludes all other investments) to changes in market interest rates. As at 30 November 2020, the weighted average effective duration was 1.07 years (30 November 2019 1.99 years).

##### ii. Foreign currency risk

The table below shows the direct foreign currency risk profile:

Foreign currency risk exposure as at 30 November 2020

Currency	Monetary Exposure £	Non-Monetary Exposure £	Total £
Danish krone	3,981	–	3,981
Euro	150,546	63,659,249	63,809,795
Japanese yen	48	59,745,047	59,745,095
Swedish krona	125	–	125
Swiss franc	34,105	–	34,105
US dollar	31,458	86,311,277	86,342,735
	220,263	209,715,573	209,935,836
Pound sterling	211,176,800	213,199,375	424,376,175
Net assets	211,397,063	422,914,948	634,312,011

Foreign currency risk exposure as at 30 November 2019

Currency	Monetary Exposure £	Non-Monetary Exposure £	Total £
Australian dollar	139,552	–	139,552
Canadian dollar	56,032	–	56,032
Danish krone	48,159	2,799,190	2,847,349
Euro	834,540	12,371,327	13,205,867
Japanese yen	191	49,852,844	49,853,035
New Zealand dollar	7,705	–	7,705
Norwegian krone	81,681	397,316	478,997
Singapore dollar	5,692	–	5,692
Swedish krona	143,194	1,984,673	2,127,867
Swiss franc	446,560	8,264,176	8,710,736
US dollar	132,603	149,026,655	149,159,258
	1,895,909	224,696,181	226,592,090
Pound sterling	19,267,101	344,685,647	363,952,748
Net assets	21,163,010	569,381,828	590,544,838

## 7IM AAP MODERATELY ADVENTUROUS FUND

### NOTES TO THE FINANCIAL STATEMENTS (continued) for the year ended 30 November 2020

#### 15 Risks Disclosures (continued)

##### iii. Derivatives

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

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

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

The lowest, highest and average leverage utilisation in the accounting year ended 30 November 2020 was 57%, 141% and 109% respectively (30 November 2019<sup>1</sup>: 22%, 131% and 88% respectively).

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

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

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

The types of derivatives held at the balance sheet date were forward foreign currency contracts and future 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	30.11.20 £	30.11.19 £
<b>Options</b>		
Chicago Board Options Exchange	–	1,162,307
<b>Futures Contracts</b>		
Chicago Board of Trade	1,433,478	83,569
Chicago Mercantile Exchange	–	1,610,364
Eurex Deutschland	4,734,280	138,596
International Monetary Market	–	3,618,312
London International Financial Futures Exchange	9,653,481	478,044
New York Coffee, Sugar & Cocoa	3,758,635	188,063
Tokyo Stock Exchange	3,716,820	3,736,730
<b>Forward Currency Contracts</b>		
Northern Trust	(4,162,861)	(1,584,314)
<b>Total net exposure<sup>2</sup></b>	<u>19,133,833</u>	<u>9,431,671</u>

<sup>1</sup> Prior year was restated to show Notional Leverage as it is more accurate representation as it only shows the Derivatives used in a fund as a percentage of its NAV while the Notional Exposure adds 100% to the Notional Leverage Value.

<sup>2</sup> Net exposure represents the mark to market value of derivative contracts less any cash collateral held. Positive exposure represents the Sub-fund's exposure to that counterparty.

# 7IM AAP MODERATELY ADVENTUROUS FUND

## NOTES TO THE FINANCIAL STATEMENTS (continued) for the year ended 30 November 2020

### 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 £
<b>30 November 2020</b>				
<b>Assets</b>				
Bonds	25,287,019	150,847,827	–	176,134,846
Collective Investment Schemes	180,506,424	30,909,739	–	211,416,163
Derivatives	23,306,217	1,174,895	–	24,481,112
Equities	16,230,105	–	–	16,230,105
<b>Total</b>	<b>245,329,765</b>	<b>182,932,461</b>	<b>–</b>	<b>428,262,226</b>
<b>Liabilities</b>				
Derivatives	<b>(9,523)</b>	<b>(5,337,756)</b>	<b>–</b>	<b>(5,347,279)</b>
<b>30 November 2019<sup>1</sup></b>				
<b>Assets</b>				
Bonds	83,145,753	201,332,282	–	284,478,035
Collective Investment Schemes	203,397,423	–	–	203,397,423
Derivatives	11,150,796	6,028,599	–	17,179,395
Equities	72,074,699	–	–	72,074,699
<b>Total</b>	<b>396,768,671</b>	<b>207,360,881</b>	<b>–</b>	<b>577,129,552</b>
<b>Liabilities</b>				
Derivatives	<b>(17,743)</b>	<b>(7,729,981)</b>	<b>–</b>	<b>(7,747,724)</b>

<sup>1</sup> Prior year amounts have been restated to exclude liquidity funds held by the Sub-fund.



## 7IM AAP MODERATELY ADVENTUROUS FUND

### NOTES TO THE FINANCIAL STATEMENTS (continued) for the year ended 30 November 2020

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

Analysis of direct transaction costs for the year ended 30 November 2019<sup>1</sup>:

	Principal £'000	Commissions £'000	Taxes £'000	Total Transaction Costs £'000	Commissions % of principal	Taxes % of principal
<b>Purchases</b>						
Bonds	96,826	–	–	–	–	–
Collective Investment Schemes	109,269	–	–	–	–	–
Equities	102,382	13	187	200	0.01	0.18
<b>Total</b>	<b>308,477</b>	<b>13</b>	<b>187</b>	<b>200</b>	<b>0.01</b>	<b>0.18</b>
<b>Sales</b>						
Bonds	111,225	–	–	–	–	–
Collective Investment Schemes	79,302	–	–	–	–	–
Equities	185,684	(22)	(2)	(24)	0.01	–
<b>Total</b>	<b>376,211</b>	<b>(22)</b>	<b>(2)</b>	<b>(24)</b>	<b>0.01</b>	<b>–</b>
<b>Total as a percentage of the average NAV</b>		<b>0.01%</b>	<b>0.03%</b>	<b>0.04%</b>		

<sup>1</sup> Prior year amounts have been restated to exclude liquidity funds held by the Sub-fund.

#### Average portfolio dealing spread

As at the balance sheet date, the average portfolio dealing spread was 0.08% (2019: 0.09%) based on close of business prices. This spread represents the difference between the values determined respectively by reference to the bid and offer prices of investments expressed as a percentage of the value determined by reference to the offer price.

#### 17 Post Balance Sheet Events

As at the balance sheet date, the Net Asset Value price per share of Class C Accumulation was 192.87p. The Net Asset Value price per share of Class C Accumulation for the Sub-fund on 23 March 2021 was 200.86p. This represents an increase of 4.14% from the year end value.

# 7IM AAP MODERATELY ADVENTUROUS FUND

## DISTRIBUTION TABLES

for the year ended 30 November 2020

### Interim - in pence per share

Group 1 - Shares purchased prior to 1 December 2019

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

	Net Revenue	Equalisation	Paid 31.07.20	Paid 31.07.19
<b>Class A Income</b>				
Group 1	0.1605	–	0.1605	0.8503
Group 2	0.0857	0.0748	0.1605	0.8503
			<b>Allocated 31.07.20</b>	<b>Allocated 31.07.19</b>
<b>Class A Accumulation</b>				
Group 1	0.1817	–	0.1817	0.9498
Group 2	0.0368	0.1449	0.1817	0.9498
			<b>Paid 31.07.20</b>	<b>Paid 31.07.19</b>
<b>Class C Income</b>				
Group 1	0.4616	–	0.4616	1.1609
Group 2	0.0917	0.3699	0.4616	1.1609
			<b>Allocated 31.07.20</b>	<b>Allocated 31.07.19</b>
<b>Class C Accumulation</b>				
Group 1	0.5461	–	0.5461	1.3545
Group 2	0.1750	0.3711	0.5461	1.3545
			<b>Paid 31.07.20</b>	<b>Paid 31.07.19</b>
<b>Class D Income*</b>				
Group 1	–	–	–	0.6106
Group 2	–	–	–	0.6106
			<b>Allocated 31.07.20</b>	<b>Allocated 31.07.19</b>
<b>Class D Accumulation*</b>				
Group 1	–	–	–	0.6573
Group 2	–	–	–	0.6573
			<b>Paid 31.07.20</b>	<b>Paid 31.07.19</b>
<b>Class S Income</b>				
Group 1	0.5013	–	0.5013	1.0752
Group 2	0.2337	0.2676	0.5013	1.0752

## 7IM AAP MODERATELY ADVENTUROUS FUND

### DISTRIBUTION TABLES (continued) for the year ended 30 November 2020

	Net Revenue	Equalisation	Allocated 31.07.20	Allocated 31.07.19
<b>Class S Accumulation</b>				
Group 1	0.5519	–	0.5519	1.1667
Group 2	0.3279	0.2240	0.5519	1.1667
<b>Final - in pence per share</b>				
Group 1 - Shares purchased prior to 1 June 2020				
Group 2 - Shares purchased on or after 1 June 2020 and on or before 30 November 2020				
	Net Revenue	Equalisation	Paid 31.01.21	Paid 31.01.20
<b>Class A Income</b>				
Group 1	0.2601	–	0.2601	0.7237
Group 2	0.2601	–	0.2601	0.7237
	Net Revenue	Equalisation	Allocated 31.01.21	Allocated 31.01.20
<b>Class A Accumulation</b>				
Group 1	0.2951	–	0.2951	0.8135
Group 2	0.2094	0.0857	0.2951	0.8135
	Net Revenue	Equalisation	Paid 31.01.21	Paid 31.01.20
<b>Class C Income</b>				
Group 1	0.6621	–	0.6621	1.0406
Group 2	0.3899	0.2722	0.6621	1.0406
	Net Revenue	Equalisation	Allocated 31.01.21	Allocated 31.01.20
<b>Class C Accumulation</b>				
Group 1	0.6788	–	0.6788	1.2237
Group 2	0.3184	0.3604	0.6788	1.2237
	Net Revenue	Equalisation	Paid 31.01.21	Paid 31.01.20
<b>Class D Income*</b>				
Group 1	–	–	–	0.4777
Group 2	–	–	–	0.4777
	Net Revenue	Equalisation	Allocated 31.01.21	Allocated 31.01.20
<b>Class D Accumulation*</b>				
Group 1	–	–	–	0.5163
Group 2	–	–	–	0.5163

## 7IM AAP MODERATELY ADVENTUROUS FUND

### DISTRIBUTION TABLES (continued) for the year ended 30 November 2020

	<b>Net Revenue</b>	<b>Equalisation</b>	<b>Paid 31.01.21</b>	<b>Paid 31.01.20</b>
<b>Class S Income</b>				
Group 1	0.5959	–	0.5959	0.9806
Group 2	0.2689	0.3270	0.5959	0.9806
	<b>Net Revenue</b>	<b>Equalisation</b>	<b>Allocated 31.01.21</b>	<b>Allocated 31.01.20</b>
<b>Class S Accumulation</b>				
Group 1	0.6581	–	0.6581	1.0727
Group 2	0.3089	0.3492	0.6581	1.0727

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

#### Equalisation

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

# 7IM AAP ADVENTUROUS FUND

## ACD'S REPORT

for the year ended 30 November 2020

### Investment Objective and Policy

7IM AAP (Asset Allocated Passives) Adventurous Fund (the 'Sub-fund') aims to provide capital growth.

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

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

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

The Sub-fund's investments will be more focused on growth generating assets such as equities.

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

### Investment Manager's Report

#### Performance Report

In the reporting period, 1 December 2019 to 30 November 2020, the portfolio delivered a total return of 4.81%<sup>1</sup>.

#### Investment Background

The coronavirus that emerged in mid-January 2020 from the Chinese city of Wuhan caught the attention of global markets. Initial research suggested that the virus is less deadly than the SARS virus that hit China in 2003 but is markedly more contagious. Trying to untangle tabloid hyperbole from scientific facts was a near impossibility. Amongst this, the UK finally left the EU on 31 January 2020. Negotiations to reach a trade deal were to continue until the end of the calendar year.

February saw headlines dominated by the growing concern of coronavirus. Equity markets initially shrugged off the potential effects of the virus, with MSCI World up c.6% from the start of February to the 20th. However, investors panicked towards the end of the month causing equities to experience some of the largest one-day down moves since 2011, and the largest one-week move since the financial crisis.

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

Investors enjoyed positive returns in April as both risky and defensive assets rebounded following the initial shock of a global shutdown in March. It is clear that governments around the world were conscious of the implications caused by lockdown on both economies and families. They started to discuss ways in which we can delicately move from a period of lockdown to a re-opening of businesses. The UK chose to extend its lockdown period until early May.

Equities continued their winning streak in May, following optimism over economies beginning to re-open. The US returned around 5%, with the Technology sector leading the way, and generating over 7% throughout the month. In fact, markets around the world were positive - with the UK, Japanese and European markets all gaining over 4%.

In June, we saw the government in England relax COVID-19 restrictions. This was a key development in the economy as it allowed businesses to start to plot a path back to normal. Asia was busy dealing with isolated second waves, while Europe was starting to open up, albeit cautiously.

In July, we saw a major shift in the UK Government's guidance with more encouragement for workers to return to the office. Central Bank stimulus set the stage for a sharp economic recovery towards the end of 2020 into the beginning of 2021. New cases continued to rise worldwide, and death rates fell due partly to a better understanding of the virus.

During August, there was a sense that the world was returning to normal and markets signalled confidence in the economy's recovery. Higher risk investments provided strong returns, while more defensive assets were negative over the period. Manufacturing and non-manufacturing data across the US, UK, Europe and China all showed promising signs of expansion.

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

## 7IM AAP ADVENTUROUS FUND

**ACD'S REPORT** (continued)  
for the year ended 30 November 2020

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

In September, more optimistic views on the outlook for risky assets were challenged by the political and media narrative of a second wave of COVID-19. However, outside of the UK, the US economy was starting to get going and unemployment was falling sharply, as the largest policy stimulus in history took effect. Chinese authorities were talking about whether the recovery was too strong and European manufacturers saw demand for goods rise strongly, although the tourism sector continued to struggle.

Equities were mixed throughout the month of October. Emerging Markets were positive, while the Developed World declined due to an increase in the number of COVID-19 cases. As the colder months begin to settle in to Europe, governments started to bring in further restrictions to help contain the spread of COVID-19. Despite this, many countries in Asia had the virus under control and continued to see economic recoveries take hold.

The US election kicked off November with Joe Biden's victory over Donald Trump. Markets responded well despite Trump's ongoing attempts to claim victory via the courts. Only days after the election, Pfizer-BioNTech announced trials of their COVID-19 vaccine had been highly effective, followed a week later by an identical announcement from Moderna. This fuelled a renewed sense of optimism, which pushed the S&P 500 to new all-time highs, and the Dow Jones Industrial Average made headlines for reaching 30,000.

Within the overall rally, the big story was the bounce back of cyclical stocks and sectors that were worst affected by the pandemic, while the large tech businesses lagged. Companies like Carnival Cruises and HSBC generated returns of around 50% and 25%, whereas Apple and Amazon were broadly flat or declined. European equities, which are more exposed to manufacturing, finance and exports, had one of the strongest months in history.

### **Portfolio Review**

At the very beginning of March, we reduced our exposure to broad equity markets as the chances of a longer slowdown in the global economy increased. Concerns mounted over the drastic measures governments were having to take to slow the spread of COVID-19, alongside the fall in oil price following an escalation in tensions between Saudi Arabia and Russia.

As well as reducing our equity exposure, we reduced our allocation to Emerging Market and High Yield bonds. This decision was motivated by the knowledge that the correlation between credit and equity increases during stressed periods, with credit becoming more risky. With significant exposure to Energy, Materials and Consumer sectors, it was also thought that both asset classes would struggle if consumer demand fell in response to widespread lockdowns.

European dividends futures were hit hard by COVID-19. Extremes in valuations together with technical supply/demand features of the market meant that the risk to capital on any reasonable maturity only occurred in a world where the COVID-19 crisis was deeper than the Global Financial Crisis of 2008, which we thought was a very low probability. On this basis, we added to our position, diversifying across the 2021 and 2022 maturities.

After some significant outperformance versus broad US equities, we took some profits on our Healthcare position in higher risk portfolios in the middle of March, reducing the overall size of the active position.

Portfolios reduced their exposure to broad equity markets at the end of April as we moved to a more neutral view versus our Strategic Asset Allocation (SAA). Although we recognised the benefits of the significant stimulus coming from central banks, this was counteracted by a negative view on the health of the economy. Together with a neutral view on manufacturing and equity valuations, this meant that the overweight to equities in portfolios was removed.

As we went into the summer months, countries such as China, South Korea and Taiwan showed it was possible to re-open an economy without causing large outbreaks. We wanted to take exposure to the domestic growth recovery in China – where industrial production and retail sales were quickly rebounding back to pre-crisis levels. Over half of the Asia High Yield index is exposed to China, which also pays a higher yield than the US equivalent but with better growth prospects and lower defaults.

At the end of June, we increased our allocation to 2022 and 2023 dividend futures versus European Equity. With the view that dividend payments should resume to a more normal outlook by 2022, there was a potential opportunity for the dividends to keep adding value over the equity market as we played the pull to par and monetised the overreaction in the pricing of the dividend market.

We increased our allocation to US Healthcare at the beginning of July after some significant underperformance versus the broad equity index. We felt that the investment case remained strong with the sector remaining particularly well placed to benefit from changing demographics and global trends in technology.

## 7IM AAP ADVENTUROUS FUND

**ACD'S REPORT** (continued)  
for the year ended 30 November 2020

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

Towards the end of July, portfolios were tilted towards a more pro-risk stance on the basis that the peak impact of the virus had passed, and that fears over a second wave were overdone. This meant an increase in our allocation to broad equities as well as the construction of a basket of positions that would benefit from a rapid (or "V plus") economic recovery.

In September, portfolios increased their pro-risk stance on the basis of increased confidence in a global economic recovery. This meant an increase in our allocation to equities, favouring cyclical non-US equity markets, as well as the addition of Emerging Market equities to our V plus basket.

Across portfolios, we increased our exposure to Sterling versus the US Dollar in mid-March after some significant Sterling weakness. Since our entry, the pound had rallied strongly and as we headed into the end of 2020, we saw an increased likelihood of volatility in both currencies as markets tried to price the outcome of the US election and the outcome of Brexit. Although Sterling remained undervalued, with no obvious catalyst for a reversion to mean over the medium term we took profit on the position at the start of September and returned to our long-term SAA neutral weight.

### **Investment Outlook**

At 7IM, we have a number of long-term core views that help to guide our investment decisions and allocations within portfolios:

1. The recovery is already happening – The world has never seen as much coordinated stimulus as in the past five months. A V-shaped economic recovery is our base-case; with some areas like China already nearly back to normal. As the recovery continues, and turns into an expansion, we want to be exposed to it. Positive for credit and equity.
2. Our portfolios are positioned for the new economic cycle – Much of the first stage of the recovery rally has been concentrated in well-known technology – and understandably so, given their resilience to coronavirus, and their balance sheet strength. In a more conventional economic recovery though, other parts of the market could start to rally too. Positive for lagging equity.
3. The virus won't derail this growth – Lockdowns are unlikely to be as severe.

Seven Investment Management LLP  
Investment Manager  
December 2020

## 7IM AAP ADVENTUROUS FUND

### FUND INFORMATION

The Comparative Tables on pages 374 to 381 give the performance of each active share class in the Sub-fund.

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

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

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

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

# 7IM AAP ADVENTUROUS FUND

## FUND INFORMATION (continued)

### Comparative Tables

#### Class A Income

	30.11.20 (pence per share)	30.11.19 (pence per share)	30.11.18 (pence per share)
<b>Change in Net Asset Value Per Share</b>			
Opening net asset value per share	158.04	149.98	154.12
Return before operating charges*	7.98	11.85	(0.73)
Operating charges (calculated on average price)	(1.73)	(1.84)	(1.84)
Return after operating charges*	6.25	10.01	(2.57)
Distributions on income shares	(0.20)	(1.95)	(1.57)
Closing net asset value per share	164.09	158.04	149.98
* After direct transaction costs of: <sup>1</sup>	0.02	0.07	0.09

#### Performance

Return after charges <sup>2</sup>	3.95%	6.67%	(1.67)%
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#### Other Information

Closing net asset value (£'000)	179	183	201
Closing number of shares	109,342	115,551	133,420
Operating charges <sup>3</sup>	1.13%	1.19%	1.18%
Direct transaction costs	0.01%	0.05%	0.06%

#### Prices

Highest share price	165.38	162.40	161.34
Lowest share price	123.76	141.27	147.37

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

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

<sup>3</sup> Operating charges, otherwise known as the OCF is the ratio of the Sub-fund's total disclosable costs (excluding securities lending fees and overdraft interest) to the average net assets of the Sub-fund. The OCF is intended to provide a reliable figure which gives the most accurate measure of what it costs to invest in a Sub-fund and is calculated based on the last period's figures. Included within the OCF are synthetic costs which includes the OCF of the underlying funds weighted on the basis of their investment proportion. A detailed breakdown of the OCF per share class is shown on page 382.

# 7IM AAP ADVENTUROUS FUND

## FUND INFORMATION (continued)

### Comparative Tables (continued)

#### Class A Accumulation

	30.11.20 (pence per share)	30.11.19 (pence per share)	30.11.18 (pence per share)
<b>Change in Net Asset Value Per Share</b>			
Opening net asset value per share	176.42	165.33	168.19
Return before operating charges*	8.91	13.12	(0.85)
Operating charges (calculated on average price)	(1.93)	(2.03)	(2.01)
Return after operating charges*	6.98	11.09	(2.86)
Distributions	(0.23)	(2.15)	(1.72)
Retained distributions on accumulation shares	0.23	2.15	1.72
Closing net asset value per share	183.40	176.42	165.33
* After direct transaction costs of: <sup>1</sup>	0.02	0.08	0.10

#### Performance

Return after charges <sup>2</sup>	3.96%	6.71%	(1.70)%
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#### Other Information

Closing net asset value (£'000)	590	622	858
Closing number of shares	321,718	352,770	518,929
Operating charges <sup>3</sup>	1.13%	1.19%	1.18%
Direct transaction costs	0.01%	0.05%	0.06%

#### Prices

Highest share price	184.61	180.32	176.98
Lowest share price	138.15	155.74	161.66

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

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

<sup>3</sup> Operating charges, otherwise known as the OCF is the ratio of the Sub-fund's total disclosable costs (excluding securities lending fees and overdraft interest) to the average net assets of the Sub-fund. The OCF is intended to provide a reliable figure which gives the most accurate measure of what it costs to invest in a Sub-fund and is calculated based on the last period's figures. Included within the OCF are synthetic costs which includes the OCF of the underlying funds weighted on the basis of their investment proportion. A detailed breakdown of the OCF per share class is shown on page 382.

# 7IM AAP ADVENTUROUS FUND

## FUND INFORMATION (continued)

### Comparative Tables (continued)

#### Class C Income

	30.11.20 (pence per share)	30.11.19 (pence per share)	30.11.18 (pence per share)
<b>Change in Net Asset Value Per Share</b>			
Opening net asset value per share	157.92	149.86	154.01
Return before operating charges*	8.01	11.86	(0.74)
Operating charges (calculated on average price)	(0.97)	(1.07)	(1.06)
Return after operating charges*	7.04	10.79	(1.80)
Distributions on income shares	(0.98)	(2.73)	(2.35)
Closing net asset value per share	163.98	157.92	149.86
* After direct transaction costs of: <sup>1</sup>	0.02	0.07	0.09

#### Performance

Return after charges <sup>2</sup>	4.46%	7.20%	(1.17)%
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#### Other Information

Closing net asset value (£'000)	6,130	8,401	7,558
Closing number of shares	3,738,274	5,319,996	5,043,769
Operating charges <sup>3</sup>	0.63%	0.69%	0.68%
Direct transaction costs	0.01%	0.05%	0.06%

#### Prices

Highest share price	165.67	162.42	161.37
Lowest share price	123.85	141.22	147.56

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

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

<sup>3</sup> Operating charges, otherwise known as the OCF is the ratio of the Sub-fund's total disclosable costs (excluding securities lending fees and overdraft interest) to the average net assets of the Sub-fund. The OCF is intended to provide a reliable figure which gives the most accurate measure of what it costs to invest in a Sub-fund and is calculated based on the last period's figures. Included within the OCF are synthetic costs which includes the OCF of the underlying funds weighted on the basis of their investment proportion. A detailed breakdown of the OCF per share class is shown on page 382.

# 7IM AAP ADVENTUROUS FUND

## FUND INFORMATION (continued)

### Comparative Tables (continued)

#### Class C Accumulation

	30.11.20 (pence per share)	30.11.19 (pence per share)	30.11.18 (pence per share)
<b>Change in Net Asset Value Per Share</b>			
Opening net asset value per share	186.80	174.18	176.30
Return before operating charges*	9.50	13.87	(0.90)
Operating charges (calculated on average price)	(1.14)	(1.25)	(1.22)
Return after operating charges*	8.36	12.62	(2.12)
Distributions	(1.16)	(3.18)	(2.70)
Retained distributions on accumulation shares	1.16	3.18	2.70
Closing net asset value per share	195.16	186.80	174.18
* After direct transaction costs of: <sup>1</sup>	0.03	0.08	0.11

#### Performance

Return after charges <sup>2</sup>	4.48%	7.25%	(1.20)%
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#### Other Information

Closing net asset value (£'000)	154,857	164,151	179,169
Closing number of shares	79,347,351	87,875,823	102,864,562
Operating charges <sup>3</sup>	0.63%	0.69%	0.68%
Direct transaction costs	0.01%	0.05%	0.06%

#### Prices

Highest share price	196.44	190.61	186.16
Lowest share price	146.51	164.14	170.23

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

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

<sup>3</sup> Operating charges, otherwise known as the OCF is the ratio of the Sub-fund's total disclosable costs (excluding securities lending fees and overdraft interest) to the average net assets of the Sub-fund. The OCF is intended to provide a reliable figure which gives the most accurate measure of what it costs to invest in a Sub-fund and is calculated based on the last period's figures. Included within the OCF are synthetic costs which includes the OCF of the underlying funds weighted on the basis of their investment proportion. A detailed breakdown of the OCF per share class is shown on page 382.

# 7IM AAP ADVENTUROUS FUND

## FUND INFORMATION (continued)

### Comparative Tables (continued)

#### Class D Income

	30.11.20 (pence per share)	30.11.19 (pence per share)	30.11.18 (pence per share)
<b>Change in Net Asset Value Per Share</b>			
Opening net asset value per share	158.35	150.28	153.91
Return before operating charges*	8.07	11.85	(0.18)
Operating charges (calculated on average price)	(2.32)	(2.47)	(2.46)
Return after operating charges*	5.75	9.38	(2.64)
Distributions on income shares	–	(1.31)	(0.99)
Closing net asset value per share	164.10	158.35	150.28
* After direct transaction costs of: <sup>1</sup>	0.02	0.07	0.09

#### Performance

Return after charges <sup>2</sup>	3.63%	6.24%	(1.72)%
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#### Other Information

Closing net asset value (£'000)	1	4	5
Closing number of shares	679	2,661	3,081
Operating charges <sup>3</sup>	1.53%	1.59%	1.58%
Direct transaction costs	0.01%	0.05%	0.06%

#### Prices

Highest share price	165.13	162.61	161.55
Lowest share price	123.83	141.50	147.44

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

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

<sup>3</sup> Operating charges, otherwise known as the OCF is the ratio of the Sub-fund's total disclosable costs (excluding securities lending fees and overdraft interest) to the average net assets of the Sub-fund. The OCF is intended to provide a reliable figure which gives the most accurate measure of what it costs to invest in a Sub-fund and is calculated based on the last period's figures. Included within the OCF are synthetic costs which includes the OCF of the underlying funds weighted on the basis of their investment proportion. A detailed breakdown of the OCF per share class is shown on page 382.

# 7IM AAP ADVENTUROUS FUND

## FUND INFORMATION (continued)

### Comparative Tables (continued)

#### Class D Accumulation

	30.11.20 (pence per share)	30.11.19 (pence per share)	30.11.18 (pence per share)
<b>Change in Net Asset Value Per Share</b>			
Opening net asset value per share	168.62	158.65	162.03
Return before operating charges*	8.46	12.57	(0.79)
Operating charges (calculated on average price)	(2.49)	(2.60)	(2.59)
Return after operating charges*	5.97	9.97	(3.38)
Distributions	–	(1.41)	(1.00)
Retained distributions on accumulation shares	–	1.41	1.00
Closing net asset value per share	174.59	168.62	158.65
* After direct transaction costs of: <sup>1</sup>	0.02	0.08	0.10

#### Performance

Return after charges <sup>2</sup>	3.54%	6.28%	(2.09)%
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#### Other Information

Closing net asset value (£'000)	6,463	7,513	7,869
Closing number of shares	3,702,013	4,455,409	4,960,118
Operating charges <sup>3</sup>	1.53%	1.59%	1.58%
Direct transaction costs	0.01%	0.05%	0.06%

#### Prices

Highest share price	175.75	172.57	170.04
Lowest share price	131.88	149.40	155.19

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

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

<sup>3</sup> Operating charges, otherwise known as the OCF is the ratio of the Sub-fund's total disclosable costs (excluding securities lending fees and overdraft interest) to the average net assets of the Sub-fund. The OCF is intended to provide a reliable figure which gives the most accurate measure of what it costs to invest in a Sub-fund and is calculated based on the last period's figures. Included within the OCF are synthetic costs which includes the OCF of the underlying funds weighted on the basis of their investment proportion. A detailed breakdown of the OCF per share class is shown on page 382.

# 7IM AAP ADVENTUROUS FUND

## FUND INFORMATION (continued)

### Comparative Tables (continued)

#### Class S Income

	30.11.20 (pence per share)	30.11.19 (pence per share)	30.11.18 (pence per share)
<b>Change in Net Asset Value Per Share</b>			
Opening net asset value per share	131.85	125.12	128.59
Return before operating charges*	6.70	9.90	(0.62)
Operating charges (calculated on average price)	(0.49)	(0.57)	(0.56)
Return after operating charges*	6.21	9.33	(1.18)
Distributions on income shares	(1.14)	(2.60)	(2.29)
Closing net asset value per share	136.92	131.85	125.12
* After direct transaction costs of: <sup>1</sup>	0.02	0.06	0.08

#### Performance

Return after charges <sup>2</sup>	4.71%	7.46%	(0.92)%
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#### Other Information

Closing net asset value (£'000)	812	2,050	2,536
Closing number of shares	593,406	1,554,462	2,026,709
Operating charges <sup>3</sup>	0.38%	0.44%	0.43%
Direct transaction costs	0.01%	0.05%	0.06%

#### Prices

Highest share price	138.49	135.65	134.80
Lowest share price	103.50	117.93	123.33

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

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

<sup>3</sup> Operating charges, otherwise known as the OCF is the ratio of the Sub-fund's total disclosable costs (excluding securities lending fees and overdraft interest) to the average net assets of the Sub-fund. The OCF is intended to provide a reliable figure which gives the most accurate measure of what it costs to invest in a Sub-fund and is calculated based on the last period's figures. Included within the OCF are synthetic costs which includes the OCF of the underlying funds weighted on the basis of their investment proportion. A detailed breakdown of the OCF per share class is shown on page 382.

# 7IM AAP ADVENTUROUS FUND

## FUND INFORMATION (continued)

### Comparative Tables (continued)

#### Class S Accumulation

	30.11.20 (pence per share)	30.11.19 (pence per share)	30.11.18 (pence per share)
<b>Change in Net Asset Value Per Share</b>			
Opening net asset value per share	146.16	135.94	137.25
Return before operating charges*	7.46	10.84	(0.71)
Operating charges (calculated on average price)	(0.54)	(0.62)	(0.60)
Return after operating charges*	6.92	10.22	(1.31)
Distributions	(1.26)	(2.84)	(2.46)
Retained distributions on accumulation shares	1.26	2.84	2.46
Closing net asset value per share	153.08	146.16	135.94
* After direct transaction costs of: <sup>1</sup>	0.02	0.07	0.08

#### Performance

Return after charges <sup>2</sup>	4.73%	7.52%	(0.95)%
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#### Other Information

Closing net asset value (£'000)	30,319	39,284	44,732
Closing number of shares	19,805,714	26,878,572	32,906,091
Operating charges <sup>3</sup>	0.38%	0.44%	0.43%
Direct transaction costs	0.01%	0.05%	0.06%

#### Prices

Highest share price	154.08	149.01	145.17
Lowest share price	114.72	128.13	132.82

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

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

<sup>3</sup> Operating charges, otherwise known as the OCF is the ratio of the Sub-fund's total disclosable costs (excluding securities lending fees and overdraft interest) to the average net assets of the Sub-fund. The OCF is intended to provide a reliable figure which gives the most accurate measure of what it costs to invest in a Sub-fund and is calculated based on the last period's figures. Included within the OCF are synthetic costs which includes the OCF of the underlying funds weighted on the basis of their investment proportion. A detailed breakdown of the OCF per share class is shown on page 382.

## 7IM AAP ADVENTUROUS FUND

### FUND INFORMATION (continued)

#### Ongoing Charges Figures

As at 30 November 2020

	<b>Class A</b>	<b>Class C</b>	<b>Class D</b>	<b>Class S</b>
ACD's periodic charge	1.00%	0.50%	1.40%	0.25%
Other expenses	0.08%	0.08%	0.08%	0.08%
	1.08%	0.58%	1.48%	0.33%
Collective investment scheme costs	0.05%	0.05%	0.05%	0.05%
Ongoing Charges Figure	1.13%	0.63%	1.53%	0.38%

As at 30 November 2019

	<b>Class A</b>	<b>Class C</b>	<b>Class D</b>	<b>Class S</b>
ACD's periodic charge	1.00%	0.50%	1.40%	0.25%
Other expenses	0.07%	0.07%	0.07%	0.07%
	1.07%	0.57%	1.47%	0.32%
Collective investment scheme costs	0.12%	0.12%	0.12%	0.12%
Ongoing Charges Figure	1.19%	0.69%	1.59%	0.44%

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

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

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

# 7IM AAP ADVENTUROUS FUND

## FUND INFORMATION (continued)

### Synthetic Risk and Reward Indicator

#### Synthetic Risk and Reward Indicator



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

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

The risk and reward indicator shown above is as at the date of publication of the annual report and financial statements, the risk and reward indicator as at the year end date 30 November 2020 was five.

#### Fund performance to 30 November 2020 (%)

	1 year	3 years	5 years
7IM AAP Adventurous Fund <sup>1</sup>	4.81	10.85	36.05

<sup>1</sup> Source: Bloomberg.

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

Details of the distributions per share for the year are shown in the Distribution Tables on pages 402 to 404.

# 7IM AAP ADVENTUROUS FUND

## PORTFOLIO STATEMENT

as at 30 November 2020

Holding	Portfolio of Investment	Value	30.11.20
		£	%
	<b>ALTERNATIVES 6.69% (6.14%)</b>		
	<b>Alternative Strategies 0.00% (3.62%)</b>		
20,321	Dexion Equity Alternative <sup>1</sup>	-	-
	<b>Real Estate 6.69% (2.52%)</b>		
6,366,196	iShares Global Property Securities Index <sup>2</sup>	<b>13,337,181</b>	<b>6.69</b>
	<b>DEBT SECURITIES 28.02% (58.33%)</b>		
	<b>Convertible Bonds 0.00% (2.04%)</b>		
	<b>Emerging Market Bonds 0.00% (8.03%)</b>		
	<b>Global Corporate Bonds 0.00% (0.30%)</b>		
	<b>Global High Yield Bonds 0.00% (2.15%)</b>		
	<b>Global Inflation Linked Bonds 0.00% (2.55%)</b>		
	<b>Short Term Sterling Bonds 28.02% (33.49%)</b>		
£2,391,000	Abbey National Treasury Services 5.125% 2021	2,434,086	1.22
£1,500,000	Bank Nederlandse Gemeenten 1.00% 2022	1,516,527	0.76
£1,050,000	Bank Nederlandse Gemeenten 1.125% 2021	1,055,128	0.53
£800,000	Bank of Montreal FRN 2023	800,085	0.40
£2,600,000	Bank of Nova Scotia FRN 2023	2,598,388	1.30
£1,100,000	Barclays Bank 4.25% 2022	1,149,368	0.58
£3,000,000	Barclays Bank UK FRN 2023	3,014,520	1.51
£1,900,000	Canadian Imperial Bank of Commerce FRN 2022	1,905,020	0.96
£1,500,000	Commonwealth Bank of Australia 1.125% 2021	1,514,163	0.76
£775,000	Commonwealth Bank of Australia FRN 2025	782,407	0.39
£2,000,000	Dexia Credit Local 0.875% 2021	2,011,152	1.01
£3,500,000	European Investment Bank 1.125% 2021	3,528,980	1.77
£1,500,000	FMS Wertmanagement 1.00% 2022	1,523,034	0.76
£1,184,000	International Bank for Reconstruction & Development 5.40% 2021	1,216,657	0.61
£3,000,000	Leeds Building Society FRN 2025	3,031,752	1.52
£4,000,000	Lloyds Bank FRN 2024	4,038,520	2.03
£4,000,000	National Westminster Bank FRN 2023	4,038,640	2.03
£670,000	Nestle Holdings 1.00% 2021	672,667	0.34
£1,600,000	NRW Bank FRN 2024	1,603,437	0.80
£1,000,000	Oesterreichische 1.125% 2022	1,019,282	0.51
£1,000,000	Oversea-Chinese Banking FRN 2023	995,846	0.50
£2,000,000	Royal Bank of Canada FRN 2025	2,012,400	1.01
£1,050,000	Skipton Building Society FRN 2023	1,054,021	0.53
£2,445,000	SpareBank 1 Boligkreditt AS FRN 2022	2,444,731	1.23
£1,700,000	Svenska Handelsbanken 1.625% 2022	1,735,343	0.87
£700,000	Swedbank FRN 2021	700,805	0.35
£501,000	Temasek Financial 4.625% 2022	535,744	0.27
£1,200,000	Toronto-Dominion Bank FRN 2023	1,198,980	0.60
£1,800,000	Toyota Motor Credit 1.125% 2021	1,812,233	0.91
£2,700,000	Westpac Banking FRN 2023	2,698,893	1.35

# 7IM AAP ADVENTUROUS FUND

## PORTFOLIO STATEMENT (continued) as at 30 November 2020

Holding	Portfolio of Investment	Value £	30.11.20 %
<b>Short Term Sterling Bonds (continued)</b>			
£1,200,000	Yorkshire Building Society FRN 2023	1,213,296	0.61
		<b>55,856,105</b>	<b>28.02</b>
<b>Sterling Corporate Bonds 0.00% (9.77%)</b>			
<b>EQUITY 22.64% (34.29%)</b>			
<b>Asia &amp; Emerging Markets 0.00% (4.46%)</b>			
<b>Europe (ex UK) 2.14% (8.68%)</b>			
648	FTSE 100 Index Futures December 2020 <sup>3</sup>	2,779,920	1.39
1,102	MSCI Europe ex-UK Index Futures December 2020 <sup>3</sup>	1,493,450	0.75
		<b>4,273,370</b>	<b>2.14</b>
<b>Frontier Markets Equity 0.00% (4.62%)</b>			
<b>Japan 0.86% (0.84%)</b>			
199	TOPIX Index Futures December 2020 <sup>3</sup>	1,704,520	0.86
<b>North America 19.22% (1.35%)</b>			
587,358	Amundi Asset Management S&P 500 UCITS ETF <sup>2</sup>	29,579,349	14.84
36,433	Berkshire Hathaway	6,317,362	3.17
210	E-mini Health Care Select Sector Futures December 2020 <sup>3</sup>	573,921	0.29
608	MSCI Emerging Markets Index Futures December 2020 <sup>3</sup>	1,841,459	0.92
		<b>38,312,091</b>	<b>19.22</b>
<b>United Kingdom 0.42% (14.34%)</b>			
266	FTSE 250 Index Futures December 2020 <sup>3</sup>	838,166	0.42
<b>FORWARD CURRENCY CONTRACTS -1.67% (-0.49%)</b>			
€23,845,000	Vs £(21,565,776) Expiry 16.04.2021	(115,076)	(0.06)
US\$(9,736,000)	Vs £7,442,543 Expiry 15.01.2021	157,453	0.08
US\$(9,614,000)	Vs £7,322,743 Expiry 15.01.2021	128,940	0.06
US\$(9,079,000)	Vs £6,864,924 Expiry 15.01.2021	71,443	0.04
US\$(9,614,000)	Vs £7,263,826 Expiry 15.01.2021	70,023	0.04
¥2,710,000,000	Vs £(19,664,256) Expiry 21.05.2021	(131,186)	(0.07)
US\$6,000,000	Vs £(4,604,062) Expiry 15.01.2021	(114,483)	(0.06)
US\$10,400,000	Vs £(8,111,312) Expiry 15.01.2021	(329,375)	(0.16)
US\$12,438,000	Vs £(9,667,453) Expiry 15.01.2021	(360,555)	(0.18)
US\$55,479,000	Vs £(44,220,293) Expiry 15.01.2021	(2,707,397)	(1.36)
		<b>(3,330,213)</b>	<b>(1.67)</b>
<b>Portfolio of investment<sup>4</sup></b>		<b>110,991,220</b>	<b>55.68</b>
Net other assets <sup>4,5</sup>		88,360,029	44.32
<b>Net assets</b>		<b>199,351,249</b>	<b>100.00</b>

Comparative figures shown in brackets relate to 30 November 2019.

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

# 7IM AAP ADVENTUROUS FUND

## PORTFOLIO STATEMENT (continued)

as at 30 November 2020

<sup>1</sup> Delisted security

<sup>2</sup> Collective investment scheme

<sup>3</sup> Derivative contract

<sup>4</sup> Prior year percentage of Portfolio of investments and Net other assets have been restated to show the liquidity funds as Cash equivalents in the Balance Sheet of the Sub-fund.

<sup>5</sup> Includes shares in the JPMorgan Liquidity Funds - GBP Liquidity LVNAV Fund to the value of £31,000,000, shares in the Morgan Stanley Liquidity Funds - Sterling Liquidity Fund to the value of £29,878,643 and shares in the Northern Trust Global Sterling Fund to the value of £20,089,000 which are shown as a Cash equivalents in the Balance Sheet of the Sub-fund.

	<b>30.11.20</b>	<b>30.11.19</b>
<b>Credit Quality</b>	<b>%</b>	<b>%</b>
Investment grade debt securities	28.02	46.10
Non-rated debt securities	–	1.70
Other investments	68.27	53.00
Net other assets/(liabilities)	3.71	(0.80)
	<b>100.00</b>	<b>100.00</b>

## 7IM AAP ADVENTUROUS FUND

### STATEMENT OF TOTAL RETURN

for the year ended 30 November 2020

	Notes	£	30.11.20 £	£	30.11.19 £
Income					
Net capital gains	4		6,876,763		12,468,518
Revenue	5	2,718,514		5,714,576	
Expenses	6	(1,104,263)		(1,307,354)	
Interest payable and similar charges	8	(148,115)		(103,579)	
Net revenue before taxation for the year		1,466,136		4,303,643	
Taxation	7	(206,367)		(77,513)	
Net revenue after taxation for the year			1,259,769		4,226,130
<b>Total return before distributions</b>			8,136,532		16,694,648
Distributions	8		(1,291,543)		(4,232,505)
<b>Change in net assets attributable to shareholders from investment activities</b>			6,844,989		12,462,143

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

for the year ended 30 November 2020

	£	30.11.20 £	£	30.11.19 £
<b>Opening net assets attributable to shareholders</b>		222,207,765		242,927,941
Amounts received on creation of shares <sup>1</sup>	27,733,758		37,724,310	
Amounts paid on cancellation of shares <sup>1</sup>	(58,648,133)		(74,782,824)	
		(30,914,375)		(37,058,514)
Change in net assets attributable to shareholders from investment activities		6,844,989		12,462,143
Retained distribution on accumulation shares		1,212,870		3,876,195
<b>Closing net assets attributable to shareholders</b>		199,351,249		222,207,765

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

The notes on pages 389 to 401 are an integral part of these Financial Statements.

# 7IM AAP ADVENTUROUS FUND

## BALANCE SHEET

as at 30 November 2020

	Notes	30.11.20 £	30.11.19 £
<b>ASSETS</b>			
Fixed assets:			
Investments <sup>1</sup>		114,749,292	222,444,937
Current assets:			
Debtors	9	569,795	1,845,162
Cash and bank balances	10	11,432,402	2,535,723
Cash equivalents <sup>1</sup>	10	80,967,643	5,630,000
<b>Total assets</b>		<b>207,719,132</b>	<b>232,455,822</b>
<b>LIABILITIES</b>			
Investment liabilities		(3,758,072)	(4,082,286)
Creditors:			
Bank overdrafts	10	(3,229,999)	(3,724,889)
Distribution payable		(27,057)	(86,101)
Other creditors	11	(1,352,755)	(2,354,781)
<b>Total liabilities</b>		<b>(8,367,883)</b>	<b>(10,248,057)</b>
<b>Net assets attributable to shareholders</b>		<b>199,351,249</b>	<b>222,207,765</b>

<sup>1</sup> Prior year amounts of Investments and Cash equivalents have been restated to include liquidity funds held by the Sub-fund.

The notes on pages 389 to 401 are an integral part of these Financial Statements.

# 7IM AAP ADVENTUROUS FUND

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 November 2020

### 1 Statement of Compliance

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

### 2 Summary of Significant Accounting Policies

The Sub-fund's Financial Statements have been prepared on the same basis as the Summary of Significant Accounting Policies disclosed on pages 10 to 13.

### 3 Risk Management Policies

The Sub-fund's Risk Management Policies are the same as the Risk Management Policies disclosed on pages 13 to 15.

### 4 Net capital gains

	<b>30.11.20</b>	<b>30.11.19</b>
	<b>£</b>	<b>£</b>
The net capital gains during the year comprise:		
Non-derivative securities	(4,016,859)	5,192,823
Derivative contracts	12,519,686	6,859,916
Forward currency contracts	(307,665)	73,650
Currency (losses)/gains	(1,294,328)	322,408
Transaction charges	(37,673)	(11,378)
AMC rebates from underlying investments	13,602	31,099
Net capital gains	<u>6,876,763</u>	<u>12,468,518</u>

### 5 Revenue

	<b>30.11.20</b>	<b>30.11.19</b>
	<b>£</b>	<b>£</b>
Non-taxable dividends	785,874	3,657,742
Taxable dividends	1,146,011	801,266
Unfranked interest	665,789	966,554
AMC rebates from underlying investments	96,679	206,774
Bank interest	4,147	33,906
Stock lending revenue <sup>1</sup>	20,014	48,334
Total revenue	<u>2,718,514</u>	<u>5,714,576</u>

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

## 7IM AAP ADVENTUROUS FUND

### NOTES TO THE FINANCIAL STATEMENTS (continued) for the year ended 30 November 2020

#### 6 Expenses

	30.11.20	30.11.19
	£	£
Payable to the ACD, associates of the ACD and agents of either of them:		
ACD's periodic charge	974,458	1,144,813
Other expenses	4,886	4,769
	<u>979,344</u>	<u>1,149,582</u>
Payable to the Depositary, associates of the Depositary and agents of either of them:		
Depositary's fees	29,212	39,445
Market risk fees	3,661	6,000
Safe custody and other bank charges	16,272	23,179
	<u>49,145</u>	<u>68,624</u>
Other Expenses:		
Advisory fees	1,717	19,262
Audit fee <sup>1</sup>	9,616	9,000
Dealing and exchange fees	20,215	19,152
FCA and other Regulatory fees	215	212
Legal and professional fees	394	2,940
Market data fees	4,103	–
Printing, postage and distribution costs	32,565	32,432
Risk analysis fees	6,949	6,150
	<u>75,774</u>	<u>89,148</u>
Total expenses	<u>1,104,263</u>	<u>1,307,354</u>

<sup>1</sup> The Audit fee is inclusive of 20% VAT and 2.50% support cost.

## 7IM AAP ADVENTUROUS FUND

### NOTES TO THE FINANCIAL STATEMENTS (continued) for the year ended 30 November 2020

#### 7 Taxation

	30.11.20 £	30.11.19 £
<i>a) Analysis of charge for the year</i>		
Overseas tax	22,526	64,461
Irrecoverable CIS income tax	25,466	13,052
Prior year adjustment	158,375	–
	<hr/>	<hr/>
Current tax charge (note 7b)	206,367	77,513
	<hr/>	<hr/>
Total taxation	206,367	77,513

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

The tax assessed for the year differs from the standard rate of corporation tax in the UK for an authorised fund (20%) (2019: 20%) for the reasons explained below.

Net revenue before taxation	1,466,136	4,303,643
Corporation tax at 20%	293,227	860,729
Effects of:		
AMC rebates taken to capital	2,720	6,220
Double taxation relief expensed	–	(357)
FX loss non taxable	763	–
Indexed gilt edged securities adjustment	–	(570)
Irrecoverable CIS income tax w/off	25,466	13,052
Movement in revenue accruals	151	119
Non-taxable dividends	(157,937)	(699,033)
Overseas tax	22,526	64,461
Prior year adjustment	158,375	–
Tax effect on non-reporting offshore funds	11,938	–
Tax on stock dividends	–	(32,516)
Unutilised excess management expenses	(150,862)	(134,592)
	<hr/>	<hr/>
Current tax charge (note 7a)	206,367	77,513

#### *c) Deferred tax*

There is no deferred tax provision in the current year (2019: none).

At the year end, there is a potential deferred tax asset of £93,619 (2019: £244,481) due to surplus management expenses. It is unlikely the Sub-fund will generate sufficient taxable profits in the future to utilise this amount and therefore, no deferred tax asset has been recognised.

## 7IM AAP ADVENTUROUS FUND

### NOTES TO THE FINANCIAL STATEMENTS (continued) for the year ended 30 November 2020

#### 8 Distributions

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

	<b>30.11.20</b>	<b>30.11.19</b>
	£	£
Interim	508,620	2,310,900
Final	749,947	1,755,153
	<u>1,258,567</u>	<u>4,066,053</u>
Add: Revenue deducted on cancellation of shares	74,594	312,500
Deduct: Revenue received on issue of shares	(41,618)	(146,048)
Net distributions for the year	<u>1,291,543</u>	<u>4,232,505</u>
Interest payable and similar charges	148,115	103,579
Total distribution	<u>1,439,658</u>	<u>4,336,084</u>

Details of the distributions per share are set out in the table on pages 402 to 404.

Distributions represented by:		
Net revenue after taxation	1,259,769	4,226,130
Allocations to capital:		
Capitalised expenses, net of tax relief <sup>1</sup>	14,659	6,220
Equalisation on conversions <sup>2</sup>	(2,011)	233
Income deficit	19,078	–
Net movement in revenue account	48	(78)
Net distributions for the year	<u>1,291,543</u>	<u>4,232,505</u>

<sup>1</sup> Please refer to Note 2(i) Distributions policy on page 11 for further details.

<sup>2</sup> Where an investor converts to a class with a higher income yield, the investor will pay or receive an equalisation as if they had held the new class throughout the period from the last distribution to the conversion date. The yield differential at the point of conversion is an equalisation which will be offset by capital erosion for the converted investor.

#### 9 Debtors

	<b>30.11.20</b>	<b>30.11.19</b>
	£	£
Amounts receivable for issue of shares	175,004	243,264
Accrued revenue	257,758	1,271,623
Income tax recoverable	13,088	9,919
AMC rebates from underlying investments	95,106	119,641
Withholding tax recoverable	28,839	200,715
Total debtors	<u>569,795</u>	<u>1,845,162</u>

# 7IM AAP ADVENTUROUS FUND

## NOTES TO THE FINANCIAL STATEMENTS (continued) for the year ended 30 November 2020

### 10 Cash and bank balances

	30.11.20	30.11.19
	£	£
Cash and bank balances	3,266,815	2,489,823
Cash held at clearing houses	8,165,587	45,900
Cash equivalents <sup>1</sup>	80,967,643	5,630,000
Total cash and bank balances	<u>92,400,045</u>	<u>8,165,723</u>
Bank overdrafts	(3,229,999)	(2,468,712)
Cash overdraft at clearing houses	–	(1,256,177)
Total bank overdrafts	<u>(3,229,999)</u>	<u>(3,724,889)</u>

<sup>1</sup> Prior year amount of Cash equivalents has been restated to include liquidity funds held by the Sub-fund.

### 11 Other Creditors

	30.11.20	30.11.19
	£	£
Amounts payable for cancellation of shares	1,234,692	1,870,638
Purchases awaiting settlement	2,482	326,629
Accrued expenses	115,581	157,514
Total other creditors	<u>1,352,755</u>	<u>2,354,781</u>

### 12 Related party transactions

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

The aggregate monies received by the ACD through the issue of shares and paid on cancellation of shares are disclosed in the Statement of Change in Net Assets Attributable to Shareholders on page 387.

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

	Held at 30.11.20	Held at 30.11.19
7IM Emerging Markets Equity Value Fund 'Z' Inc	–	–
7IM European (ex UK) Equity Value Fund 'Z' Inc	–	2,161,671
7IM UK Equity Value Fund 'Z' Inc	–	3,337,004
7IM US Equity Value Fund 'Z' Inc	–	–

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 39.48% (2019: 40.03%)

The net value of creations and cancellations for Pershing Nominees Limited during the year totalled (£8,133,169) (2019: (£248,763)).

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

## 7IM AAP ADVENTUROUS FUND

### NOTES TO THE FINANCIAL STATEMENTS (continued) for the year ended 30 November 2020

#### 13 Classes of Shares

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

Class A	1.00%
Class C	0.50%
Class D	1.40%
Class S	0.25%

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

Class	Opening Shares	Shares Created	Shares Liquidated	Shares Converted	Closing Shares
Class A Income	115,551	–	(6,209)	–	109,342
Class A Accumulation	352,770	2,624	(33,676)	–	321,718
Class C Income	5,319,996	1,273,249	(1,668,279)	(1,186,692)	3,738,274
Class C Accumulation	87,875,823	13,227,828	(24,187,781)	2,431,481	79,347,351
Class D Income	2,661	622	(2,604)	–	679
Class D Accumulation	4,455,409	125,682	(879,077)	(1)	3,702,013
Class S Income	1,554,462	33,344	(391,228)	(603,172)	593,406
Class S Accumulation	26,878,572	1,683,236	(7,478,382)	(1,277,712)	19,805,714

#### 14 Contingent liabilities and commitments

There are no contingent liabilities or unrecorded outstanding commitments at the balance sheet date (2019: none).

#### 15 Risks Disclosures

The main risks from the Sub-fund's holding of financial instruments, together with the ACD's policy for managing these risks are detailed in note 3 on pages 13 to 15. Further analysis and numeric disclosure of interest rate risk, foreign currency risk and derivatives are shown next page.

## 7IM AAP ADVENTUROUS FUND

### NOTES TO THE FINANCIAL STATEMENTS (continued) for the year ended 30 November 2020

#### 15 Risks Disclosures (continued)

##### i. Interest rate risk

The table below shows the direct interest rate risk profile:

Interest rate exposure as at 30 November 2020

	<b>Floating Rate Financial Assets £</b>	<b>Fixed Rate Financial Assets £</b>	<b>Financial Assets not carrying interest £</b>	<b>Total £</b>
Canadian dollar	3,815	–	–	3,815
Danish krone	–	–	1,802	1,802
Euro	287,767	–	22,955,082	23,242,849
Japanese yen	60,161	–	21,237,591	21,297,752
Swedish krona	–	–	38	38
Swiss franc	154,289	–	15,442	169,731
US dollar	1,315,369	–	71,824,183	73,139,552
Pound sterling	124,710,384	21,724,365	75,970,102	222,404,851
	<b>126,531,785</b>	<b>21,724,365</b>	<b>192,004,240</b>	<b>340,260,390</b>

	<b>Floating Rate Financial Liabilities £</b>	<b>Financial Liabilities not carrying interest £</b>	<b>Total £</b>
Canadian dollar	(3,815)	–	(3,815)
Euro	(279,194)	–	(279,194)
Japanese yen	(23,351)	–	(23,351)
Swiss franc	(154,289)	–	(154,289)
US dollar	(1,244,179)	(28,466,178)	(29,710,357)
Pound sterling	(1,525,171)	(109,212,964)	(110,738,135)
	<b>(3,229,999)</b>	<b>(137,679,142)</b>	<b>(140,909,141)</b>

Interest rate exposure as at 30 November 2019

	<b>Floating Rate Financial Assets £</b>	<b>Fixed Rate Financial Assets £</b>	<b>Financial Assets not carrying interest £</b>	<b>Total £</b>
Canadian dollar	3,850	–	–	3,850
Danish krone	–	–	1,323,957	1,323,957
Euro	334,464	–	20,068,362	20,402,826
Japanese yen	10,160	–	25,019,208	25,029,368
Norwegian krone	–	–	185,377	185,377
Swedish krona	–	–	936,017	936,017
Swiss franc	144,257	–	4,013,601	4,157,858
US dollar	1,316,826	9,405,453	105,830,022	116,552,301
Pound sterling	29,989,760	73,172,027	111,868,880	215,030,667
	<b>31,799,317</b>	<b>82,577,480</b>	<b>269,245,424</b>	<b>383,622,221</b>

## 7IM AAP ADVENTUROUS FUND

### NOTES TO THE FINANCIAL STATEMENTS (continued) for the year ended 30 November 2020

#### 15 Risks Disclosures (continued)

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

	<b>Floating Rate Financial Liabilities</b>	<b>Financial Liabilities not carrying interest</b>	<b>Total</b>
	<b>£</b>	<b>£</b>	<b>£</b>
Canadian dollar	(3,850)	–	(3,850)
Euro	(286,913)	(15,335,679)	(15,622,592)
Japanese yen	(11,409)	–	(11,409)
Swiss franc	(144,257)	–	(144,257)
US dollar	(1,298,901)	(34,221,601)	(35,520,502)
Pound sterling	(1,979,559)	(108,132,287)	(110,111,846)
	<b>(3,724,889)</b>	<b>(157,689,567)</b>	<b>(161,414,456)</b>

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

<b>Currency</b>	<b>Fixed Rate Financial Assets</b>			
	<b>Weighted average interest rate</b>		<b>Weighted average period for which rate is fixed</b>	
	<b>30.11.20</b>	<b>30.11.19</b>	<b>30.11.20</b>	<b>30.11.19</b>
	%	%	Years	Years
Pound sterling	0.13	0.98	1	2
US dollar	–	0.50	–	19

The average effective duration of the Sub-fund's portfolio is a measure of the sensitivity of the fair value of the Sub-fund's bond portfolio (excludes all other investments) to changes in market interest rates. As at 30 November 2020, the weighted average effective duration was 0.18 years (30 November 2019: 1.05 years).

##### ii. Foreign currency risk

The table below shows the direct foreign currency risk profile:

Foreign currency risk exposure as at 30 November 2020

<b>Currency</b>	<b>Monetary Exposure</b>	<b>Non-Monetary Exposure</b>	<b>Total</b>
	<b>£</b>	<b>£</b>	<b>£</b>
Danish krone	1,802	–	1,802
Euro	19,505	22,944,150	22,963,655
Japanese yen	36,810	21,237,591	21,274,401
Swedish krona	38	–	38
Swiss franc	15,442	–	15,442
US dollar	71,321	43,357,873	43,429,194
	<b>144,918</b>	<b>87,539,614</b>	<b>87,684,532</b>
Pound sterling	88,215,112	23,451,605	111,666,717
Net assets	<b>88,360,030</b>	<b>110,991,219</b>	<b>199,351,249</b>

## 7IM AAP ADVENTUROUS FUND

### NOTES TO THE FINANCIAL STATEMENTS (continued) for the year ended 30 November 2020

#### 15 Risks Disclosures (continued)

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

Foreign currency risk exposure as at 30 November 2019

Currency	Monetary Exposure £	Non-Monetary Exposure £	Total £
Danish krone	17,657	1,306,300	1,323,957
Euro	61,407	4,718,827	4,780,234
Japanese yen	(1,249)	25,019,208	25,017,959
Norwegian krone	–	185,377	185,377
Swedish krona	9,958	926,059	936,017
Swiss franc	158,115	3,855,486	4,013,601
US dollar	17,925	81,013,873	81,031,798
	263,813	117,025,130	117,288,943
Pound sterling	3,581,301	101,337,521	104,918,822
Net assets	3,845,114	218,362,651	222,207,765

##### iii. Derivatives

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

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

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

The lowest, highest and average leverage utilisation in the accounting year ended 30 November 2020 was 72%, 199% and 144% respectively (30 November 2019: 42%, 166% and 106% respectively).

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

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

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

## 7IM AAP ADVENTUROUS FUND

### NOTES TO THE FINANCIAL STATEMENTS (continued) for the year ended 30 November 2020

#### 15 Risks Disclosures (continued)

##### iii. Derivatives (continued)

The types of derivatives held at the balance sheet date were forward foreign currency contracts and futures 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	30.11.20 £	30.11.19 £
<b>Options</b>		
Chicago Board Options Exchange	–	541,244
<b>Futures Contracts</b>		
Chicago Board of Trade	573,921	31,490
Chicago Mercantile Exchange	–	784,536
Eurex Deutschland	1,493,450	102,498
International Monetary Market	–	1,652,198
London International Financial Futures Exchange	3,618,086	230,079
New York Coffee, Sugar & Cocoa	1,841,459	96,857
Tokyo Stock Exchange	1,704,520	1,868,365
<b>Forward Currency Contracts</b>		
Brokeondons	(131,186)	–
Northern Trust	(3,199,027)	(1,083,018)
<b>Total net exposure<sup>2</sup></b>	<u>5,901,223</u>	<u>4,224,249</u>

<sup>1</sup> Prior year was restated to show Notional Leverage as it is more accurate representation as it only shows the Derivatives used in a fund as a percentage of its NAV while the Notional Exposure adds 100% to the Notional Leverage Value.

<sup>2</sup> Net exposure represents the mark to market value of derivative contracts less any cash collateral held. Positive exposure represents the Sub-fund's exposure to that counterparty.

# 7IM AAP ADVENTUROUS FUND

## NOTES TO THE FINANCIAL STATEMENTS (continued) for the year ended 30 November 2020

### 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 £
<b>30 November 2020</b>				
<b>Assets</b>				
Bonds	2,569,291	53,286,814	–	55,856,105
Collective Investment Schemes	42,916,530	–	–	42,916,530
Derivatives	9,231,436	427,859	–	9,659,295
Equities	6,317,362	–	–	6,317,362
<b>Total</b>	<b>61,034,619</b>	<b>53,714,673</b>	<b>–</b>	<b>114,749,292</b>
<b>Liabilities</b>				
Derivatives	–	(3,758,072)	–	(3,758,072)
<b>30 November 2019<sup>1</sup></b>				
<b>Assets</b>				
Bonds	19,829,426	86,381,649	–	106,211,075
Collective Investment Schemes	72,727,305	–	–	72,727,305
Derivatives	5,370,013	2,936,522	–	8,306,535
Equities	35,200,022	–	–	35,200,022
<b>Total</b>	<b>133,126,766</b>	<b>89,318,171</b>	<b>–</b>	<b>222,444,937</b>
<b>Liabilities</b>				
Derivatives	(8,177)	(4,074,109)	–	(4,082,286)

<sup>1</sup> Prior year amounts have been restated to exclude liquidity funds held by the Sub-fund.



## 7IM AAP ADVENTUROUS FUND

### NOTES TO THE FINANCIAL STATEMENTS (continued) for the year ended 30 November 2020

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

Analysis of direct transaction costs for the year ended 30 November 2019<sup>1</sup>:

	Principal £'000	Commissions £'000	Taxes £'000	Total Transaction Costs £'000	Commissions % of principal	Taxes % of principal
<b>Purchases</b>						
Bonds	39,401	–	–	–	–	–
Collective Investment Schemes	36,305	–	–	–	–	–
Equities	43,607	6	93	99	0.01	0.21
<b>Total</b>	<b>119,313</b>	<b>6</b>	<b>93</b>	<b>99</b>	<b>0.01</b>	<b>0.21</b>
<b>Sales</b>						
Bonds	21,533	–	–	–	–	–
Collective Investment Schemes	33,344	–	–	–	–	–
Equities	87,250	(11)	(1)	(12)	0.01	–
<b>Total</b>	<b>142,127</b>	<b>(11)</b>	<b>(1)</b>	<b>(12)</b>	<b>0.01</b>	<b>–</b>
<b>Total as a percentage of the average NAV</b>		<b>0.01%</b>	<b>0.04%</b>	<b>0.05%</b>		

<sup>1</sup> Prior year amounts have been restated to exclude liquidity funds held by the Sub-fund.

#### Average portfolio dealing spread

As at the balance sheet date, the average portfolio dealing spread was 0.06% (2019: 0.08%) based on close of business prices. This spread represents the difference between the values determined respectively by reference to the bid and offer prices of investments expressed as a percentage of the value determined by reference to the offer price.

#### 17 Post Balance Sheet Events

As at the balance sheet date, the Net Asset Value price per share of Class C Accumulation was 196.01p. The Net Asset Value price per share of Class C Accumulation for the Sub-fund on 23 March 2021 was 206.29p. This represents an increase of 5.24% from the year end value.

# 7IM AAP ADVENTUROUS FUND

## DISTRIBUTION TABLES

for the year ended 30 November 2020

### Interim - in pence per share

Group 1 - Shares purchased prior to 1 December 2019

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

	Net Revenue	Equalisation	Paid 31.07.20	Paid 31.07.19
<b>Class A Income*</b>				
Group 1	–	–	–	1.0966
Group 2	–	–	–	1.0966
			<b>Allocated 31.07.20</b>	<b>Allocated 31.07.19</b>
<b>Class A Accumulation*</b>				
Group 1	–	–	–	1.2033
Group 2	–	–	–	1.2033
			<b>Paid 31.07.20</b>	<b>Paid 31.07.19</b>
<b>Class C Income</b>				
Group 1	0.3684	–	0.3684	1.4799
Group 2	0.0366	0.3318	0.3684	1.4799
			<b>Allocated 31.07.20</b>	<b>Allocated 31.07.19</b>
<b>Class C Accumulation</b>				
Group 1	0.4374	–	0.4374	1.7203
Group 2	0.1197	0.3177	0.4374	1.7203
			<b>Paid 31.07.20</b>	<b>Paid 31.07.19</b>
<b>Class D Income*</b>				
Group 1	–	–	–	0.7643
Group 2	–	–	–	0.7643
			<b>Allocated 31.07.20</b>	<b>Allocated 31.07.19</b>
<b>Class D Accumulation*</b>				
Group 1	–	–	–	0.8371
Group 2	–	–	–	0.8371
			<b>Paid 31.07.20</b>	<b>Paid 31.07.19</b>
<b>Class S Income</b>				
Group 1	0.4718	–	0.4718	1.3956
Group 2	0.1279	0.3439	0.4718	1.3956

# 7IM AAP ADVENTUROUS FUND

## DISTRIBUTION TABLES (continued) for the year ended 30 November 2020

	Net Revenue	Equalisation	Allocated 31.07.20	Allocated 31.07.19
<b>Class S Accumulation</b>				
Group 1	0.5155	–	0.5155	1.5164
Group 2	0.2651	0.2504	0.5155	1.5164
<b>Final - in pence per share</b>				
Group 1 - Shares purchased prior to 1 June 2020				
Group 2 - Shares purchased on or after 1 June 2020 and on or before 30 November 2020				
	Net Revenue	Equalisation	Paid 31.01.21	Paid 31.01.20
<b>Class A Income</b>				
Group 1	0.1991	–	0.1991	0.8534
Group 2	0.1991	–	0.1991	0.8534
	Net Revenue	Equalisation	Allocated 31.01.21	Allocated 31.01.20
<b>Class A Accumulation</b>				
Group 1	0.2315	–	0.2315	0.9468
Group 2	0.2169	0.0146	0.2315	0.9468
	Net Revenue	Equalisation	Paid 31.01.21	Paid 31.01.20
<b>Class C Income</b>				
Group 1	0.6115	–	0.6115	1.2481
Group 2	0.4882	0.1233	0.6115	1.2481
	Net Revenue	Equalisation	Allocated 31.01.21	Allocated 31.01.20
<b>Class C Accumulation</b>				
Group 1	0.7233	–	0.7233	1.4620
Group 2	0.5896	0.1337	0.7233	1.4620
	Net Revenue	Equalisation	Paid 31.01.21	Paid 31.01.20
<b>Class D Income*</b>				
Group 1	–	–	–	0.5482
Group 2	–	–	–	0.5482
	Net Revenue	Equalisation	Allocated 31.01.21	Allocated 31.01.20
<b>Class D Accumulation*</b>				
Group 1	–	–	–	0.5729
Group 2	–	–	–	0.5729

## 7IM AAP ADVENTUROUS FUND

### DISTRIBUTION TABLES (continued) for the year ended 30 November 2020

	<b>Net Revenue</b>	<b>Equalisation</b>	<b>Paid 31.01.21</b>	<b>Paid 31.01.20</b>
<b>Class S Income</b>				
Group 1	0.6707	–	0.6707	1.2031
Group 2	0.5854	0.0853	0.6707	1.2031
	<b>Net Revenue</b>	<b>Equalisation</b>	<b>Allocated 31.01.21</b>	<b>Allocated 31.01.20</b>
<b>Class S Accumulation</b>				
Group 1	0.7484	–	0.7484	1.3224
Group 2	0.5677	0.1807	0.7484	1.3224

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

#### Equalisation

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

## 7IM INVESTMENT FUNDS

### SECURITIES FINANCING TRANSACTION AND REUSE (SFTR) - UNAUDITED

The European Regulation on reporting and transparency of securities financing transactions and reuse ('SFTR'), which aims to improve the transparency and monitoring of the financial system, became effective on 13 January 2016. The SFTR applies to the 7IM Investment Funds ('the Company') as a UCITS scheme and requires the ACD to comply with a series of obligations. In particular, the ACD is required to provide investors with information on the use of securities financing transactions ('SFT's) and total return swaps ('TRS') by the Company in all interim and annual reports for the Company published from 13 January 2017.

The following details the SFTR activities of the Sub-funds during the year ended 30 November 2020 and as at the balance sheet date.

#### 7IM Cautious Fund

##### Securities Lending

The following table details the value of securities on loan as a proportion of the Sub-fund's total lendable assets of £10,658,771 and net asset value of £40,142,992 as at 30 November 2020 and the income earned for the year ended 30 November 2020. Total lendable assets represent the aggregate value of assets forming part of the Sub-fund's securities lending programme. This excludes any assets held by the Sub-fund that are not considered lendable due to any market, regulatory, investment or other restriction.

Securities on loan, % of lendable assets	% of NAV	Income earned £	Income to Agent £
10.53%	2.80%	2,945	883

The total income earned from securities lending transactions is split between the Sub-fund and the Securities Lending Agent. The Sub-fund receives 70% while the Securities Lending Agent receives 30% of such income, with all operational costs borne out of the Securities Lending Agent's share.

All securities on loan have an open maturity tenor as they are callable or terminable on a daily basis.

The following table details the value of securities on loan and associated collateral received, analysed by counterparty as at 30 November 2020.

Counterparty	Counterparty's country of establishment	Amount on loan £	Collateral received £
Citigroup Global Markets Limited	US	103,153	211,519
J.P. Morgan Securities (Europe)	UK	607,961	624,852
Merrill Lynch International	UK	411,574	450,683
<b>Total</b>		<b>1,122,688</b>	<b>1,287,054</b>

##### Collateral

The Sub-fund engages in activities which may require collateral to be provided to a counterparty ('collateral posted') or may hold collateral received ('collateral received') from a counterparty.

The following table provides an analysis by currency of the cash and underlying non-cash collateral received/posted by way of title transfer collateral arrangement by the Sub-fund, in respect of securities lending transactions as at 30 November 2020.

Currency	Collateral received £
Australian dollar	179
Euro	338,251
Pound sterling	948,623
US dollar	799
<b>Total</b>	<b>1,287,852</b>

## 7IM INVESTMENT FUNDS

### SECURITIES FINANCING TRANSACTION AND REUSE (SFTR) - UNAUDITED (continued)

#### 7IM Cautious Fund (continued)

##### Collateral (continued)

The Sub-fund is the legal owner of inbound collateral and can sell the assets and withhold the cash in the case of default. All cash received or posted as collateral has an open maturity tenor as it is not subject to a contractual maturity date.

The following table provides an analysis of the type, quality and maturity tenor of non-cash collateral received and posted by the Sub-fund by way of title transfer collateral arrangement in respect of securities lending transactions as at 30 November 2020.

Collateral type and quality	Maturity Tenor				Open £	Total £
	0 – 30 days £	31 – 90 days £	91 – 365 days £	More than 365 days £		
<b>Collateral received</b>						
<b>Fixed Income</b>						
Investment grade	–	–	–	1,287,852	–	1,287,852
<b>Equities</b>						
Recognised equity index	–	–	–	–	–	–
<b>Total</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>1,287,852</b>	<b>–</b>	<b>1,287,852</b>

Investment grade securities are those issued by an entity with a minimum investment grade credit rating from at least one globally recognised credit rating agency.

The maturity tenor analysis for fixed income securities received or posted as collateral is based on the respective contractual maturity date, while equity securities are presented as open transactions as they are not subject to a contractual maturity date.

As at 30 November 2020, all non-cash collateral received by the Sub-fund in respect of securities lending transactions is held by the Sub-fund's Depository or through its delegates.

Custodian	Non-cash collateral received £
Northern Trust	1,287,852

#### 7IM Moderately Cautious Fund

##### Securities Lending

The following table details the value of securities on loan as a proportion of the Sub-fund's total lendable assets of £34,676,789 and net asset value of £233,043,369 as at 30 November 2020 and the income earned for the year ended 30 November 2020. Total lendable assets represent the aggregate value of assets forming part of the Sub-fund's securities lending programme. This excludes any assets held by the Sub-fund that are not considered lendable due to any market, regulatory, investment or other restriction.

Securities on loan, % of lendable assets	% of NAV	Income earned £	Income to Agent £
3.45%	0.51%	10,576	3,172

The total income earned from securities lending transactions is split between the Sub-fund and the Securities Lending Agent. The Sub-fund receives 70% while the Securities Lending Agent receives 30% of such income, with all operational costs borne out of the Securities Lending Agent's share.

All securities on loan have an open maturity tenor as they are callable or terminable on a daily basis.

The following table details the value of securities on loan and associated collateral received, analysed by counterparty as at 30 November 2020.

## 7IM INVESTMENT FUNDS

### SECURITIES FINANCING TRANSACTION AND REUSE (SFTR) - UNAUDITED (continued)

#### 7IM Moderately Cautious Fund (continued)

##### Securities Lending (continued)

Counterparty	Counterparty's country of establishment	Amount on loan £	Collateral received £
J.P. Morgan Securities (Europe)	UK	618,232	636,233
Merrill Lynch International	UK	579,591	590,444
<b>Total</b>		<b>1,197,823</b>	<b>1,226,677</b>

##### Collateral

The Sub-fund engages in activities which may require collateral to be provided to a counterparty ('collateral posted') or may hold collateral received ('collateral received') from a counterparty.

The following table provides an analysis by currency of the cash and underlying non-cash collateral received/posted by way of title transfer collateral arrangement by the Sub-fund, in respect of securities lending transactions as at 30 November 2020.

Currency	Collateral received £
Pound sterling	636,233
US dollar	590,444
<b>Total</b>	<b>1,226,677</b>

The Sub-fund is the legal owner of inbound collateral and can sell the assets and withhold the cash in the case of default. All cash received or posted as collateral has an open maturity tenor as it is not subject to a contractual maturity date.

The following table provides an analysis of the type, quality and maturity tenor of non-cash collateral received and posted by the Sub-fund by way of title transfer collateral arrangement in respect of securities lending transactions as at 30 November 2020.

Collateral type and quality	Maturity Tenor				Open £	Total £
	0 – 30 days £	31 – 90 days £	91 – 365 days £	More than 365 days £		
<b>Collateral received</b>						
<b>Fixed Income</b>						
Investment grade	–	–	–	1,226,677	–	1,226,677
<b>Equities</b>						
Recognised equity index	–	–	–	–	–	–
<b>Total</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>1,226,677</b>	<b>–</b>	<b>1,226,677</b>

Investment grade securities are those issued by an entity with a minimum investment grade credit rating from at least one globally recognised credit rating agency.

The maturity tenor analysis for fixed income securities received or posted as collateral is based on the respective contractual maturity date, while equity securities are presented as open transactions as they are not subject to a contractual maturity date.

As at 30 November 2020, all non-cash collateral received by the Sub-fund in respect of securities lending transactions is held by the Sub-fund's Depositary or through its delegates.

Custodian	Non-cash collateral received £
Northern Trust	1,226,677

## 7IM INVESTMENT FUNDS

### SECURITIES FINANCING TRANSACTION AND REUSE (SFTR) - UNAUDITED (continued)

#### 7IM Balanced Fund

##### Securities Lending

The following table details the value of securities on loan as a proportion of the Sub-fund's total lendable assets of £– and net asset value of £792,429,383 as at 30 November 2020 and the income earned for the year ended 30 November 2020. Total lendable assets represent the aggregate value of assets forming part of the Sub-fund's securities lending programme. This excludes any assets held by the Sub-fund that are not considered lendable due to any market, regulatory, investment or other restriction.

Securities on loan, % of lendable assets	% of NAV	Income earned £	Income to Agent £
0%	0%	18,826	5,645

The total income earned from securities lending transactions is split between the Sub-fund and the Securities Lending Agent. The Sub-fund receives 70% while the Securities Lending Agent receives 30% of such income, with all operational costs borne out of the Securities Lending Agent's share.

##### Collateral

The Sub-fund engages in activities which may require collateral to be provided to a counterparty ('collateral posted') or may hold collateral received ('collateral received') from a counterparty. As at 30 November 2020, no collateral arrangements were in place in respect of securities lending transactions.

#### 7IM Moderately Adventurous Fund

##### Securities Lending

The following table details the value of securities on loan as a proportion of the Sub-fund's total lendable assets of £– and net asset value of £451,310,016 as at 30 November 2020 and the income earned for the year ended 30 November 2020. Total lendable assets represent the aggregate value of assets forming part of the Sub-fund's securities lending programme. This excludes any assets held by the Sub-fund that are not considered lendable due to any market, regulatory, investment or other restriction.

Securities on loan, % of lendable assets	% of NAV	Income earned £	Income to Agent £
0%	0%	13,402	4,019

The total income earned from securities lending transactions is split between the Sub-fund and the Securities Lending Agent. The Sub-fund receives 70% while the Securities Lending Agent receives 30% of such income, with all operational costs borne out of the Securities Lending Agent's share.

##### Collateral

The Sub-fund engages in activities which may require collateral to be provided to a counterparty ('collateral posted') or may hold collateral received ('collateral received') from a counterparty. As at 30 November 2020, no collateral arrangements were in place in respect of securities lending transactions.

#### 7IM Adventurous Fund

##### Securities Lending

The following table details the value of securities on loan as a proportion of the Sub-fund's total lendable assets of £– and net asset value of £148,958,325 as at 30 November 2020 and the income earned for the year ended 30 November 2020. Total lendable assets represent the aggregate value of assets forming part of the Sub-fund's securities lending programme. This excludes any assets held by the Sub-fund that are not considered lendable due to any market, regulatory, investment or other restriction.

## 7IM INVESTMENT FUNDS

### SECURITIES FINANCING TRANSACTION AND REUSE (SFTR) - UNAUDITED (continued)

#### 7IM Adventurous Fund (continued)

##### Securities Lending (continued)

		Income earned £	Income to Agent £
<b>Securities on loan, % of lendable assets</b>	<b>% of NAV</b>		
0%	0%	7,434	2,229

The total income earned from securities lending transactions is split between the Sub-fund and the Securities Lending Agent. The Sub-fund receives 70% while the Securities Lending Agent receives 30% of such income, with all operational costs borne out of the Securities Lending Agent's share.

##### Collateral

The Sub-fund engages in activities which may require collateral to be provided to a counterparty ('collateral posted') or may hold collateral received ('collateral received') from a counterparty. As at 30 November 2020, no collateral arrangements were in place in respect of securities lending transactions.

#### 7IM Sustainable Balance Fund

##### Securities Lending

The Sub-fund may engage in securities lending activities. During the year ended 30 November 2020 securities lending was not undertaken and as at the year end, 30 November 2020, no securities were on loan.

##### Collateral

The Sub-fund may engage in activities which may require collateral to be provided to a counterparty. As at the year end, 30 November 2020, no collateral arrangements were in place in respect of securities lending transactions.

#### 7IM AAP Income Fund

##### Securities Lending

The following table details the value of securities on loan as a proportion of the Sub-fund's total lendable assets of £18,067,103 and net asset value of £61,941,801 as at 30 November 2020 and the income earned for the year ended 30 November 2020. Total lendable assets represent the aggregate value of assets forming part of the Sub-fund's securities lending programme. This excludes any assets held by the Sub-fund that are not considered lendable due to any market, regulatory, investment or other restriction.

		Income earned £	Income to Agent £
<b>Securities on loan, % of lendable assets</b>	<b>% of NAV</b>		
1.59%	0.47%	6,646	1,992

The total income earned from securities lending transactions is split between the Sub-fund and the Securities Lending Agent. The Sub-fund receives 70% while the Securities Lending Agent receives 30% of such income, with all operational costs borne out of the Securities Lending Agent's share.

All securities on loan have an open maturity tenor as they are callable or terminable on a daily basis.

## 7IM INVESTMENT FUNDS

### SECURITIES FINANCING TRANSACTION AND REUSE (SFTR) - UNAUDITED (continued)

#### 7IM AAP Income Fund (continued)

##### Securities Lending (continued)

The following table details the value of securities on loan and associated collateral received, analysed by counterparty as at 30 November 2020.

Counterparty	Counterparty's country of establishment	Amount on loan £	Collateral received £
Credit Suisse (Dublin)	UK	125,254	131,205
HSBC Bank	UK	162,824	173,067
<b>Total</b>		<b>288,078</b>	<b>304,272</b>

##### Collateral

The Sub-fund engages in activities which may require collateral to be provided to a counterparty ('collateral posted') or may hold collateral received ('collateral received') from a counterparty.

The following table provides an analysis by currency of the cash and underlying non-cash collateral received/posted by way of title transfer collateral arrangement by the Sub-fund, in respect of securities lending transactions as at 30 November 2020.

Currency	Collateral received £
Danish krone	436
Euro	83,843
Pound sterling	81,944
Japanese yen	130,725
Norwegian krone	4,905
Swedish krona	1,939
US dollar	480
<b>Total</b>	<b>304,272</b>

The Sub-fund is the legal owner of inbound collateral and can sell the assets and withhold the cash in the case of default. All cash received or posted as collateral has an open maturity tenor as it is not subject to a contractual maturity date.

The following table provides an analysis of the type, quality and maturity tenor of non-cash collateral received and posted by the Sub-fund by way of title transfer collateral arrangement in respect of securities lending transactions as at 30 November 2020.

Collateral type and quality	Maturity Tenor				Open £	Total £
	0 – 30 days £	31 – 90 days £	91 – 365 days £	More than 365 days £		
<b>Collateral received</b>						
<b>Fixed Income</b>						
Investment grade	991	–	29,826	273,455	–	304,272
<b>Equities</b>						
Recognised equity index	–	–	–	–	–	–
<b>Total</b>	<b>991</b>	<b>–</b>	<b>29,826</b>	<b>273,455</b>	<b>–</b>	<b>304,272</b>

Investment grade securities are those issued by an entity with a minimum investment grade credit rating from at least one globally recognised credit rating agency.

The maturity tenor analysis for fixed income securities received or posted as collateral is based on the respective contractual maturity date, while equity securities are presented as open transactions as they are not subject to a contractual maturity date.

## 7IM INVESTMENT FUNDS

### SECURITIES FINANCING TRANSACTION AND REUSE (SFTR) - UNAUDITED (continued)

#### 7IM AAP Income Fund (continued)

##### Collateral (continued)

As at 30 November 2020, all non-cash collateral received by the Sub-fund in respect of securities lending transactions is held by the Sub-fund's Depositary or through its delegates.

	Non-cash collateral received £
<b>Custodian</b>	
Northern Trust	304,272

#### 7IM AAP Moderately Cautious Fund

##### Securities Lending

The following table details the value of securities on loan as a proportion of the Sub-fund's total lendable assets of £138,370,062 and net asset value of £528,238,512 as at 30 November 2020 and the income earned for the year ended 30 November 2020. Total lendable assets represent the aggregate value of assets forming part of the Sub-fund's securities lending programme. This excludes any assets held by the Sub-fund that are not considered lendable due to any market, regulatory, investment or other restriction.

	% of NAV	Income earned £	Income to Agent £
<b>Securities on loan, % of lendable assets</b>			
0%	0%	23,854	7,154

The total income earned from securities lending transactions is split between the Sub-fund and the Securities Lending Agent. The Sub-fund receives 70% while the Securities Lending Agent receives 30% of such income, with all operational costs borne out of the Securities Lending Agent's share.

All securities on loan have an open maturity tenor as they are callable or terminable on a daily basis.

The following table details the value of securities on loan and associated collateral received, analysed by counterparty as at 30 November 2020.

<b>Counterparty</b>	<b>Counterparty's country of establishment</b>	<b>Amount on loan £</b>	<b>Collateral received £</b>
J.P. Morgan Securities (Europe)	UK	1,535	1,573
<b>Total</b>		<b>1,535</b>	<b>1,573</b>

##### Collateral

The Sub-fund engages in activities which may require collateral to be provided to a counterparty ('collateral posted') or may hold collateral received ('collateral received') from a counterparty.

The following table provides an analysis by currency of the cash and underlying non-cash collateral received/posted by way of title transfer collateral arrangement by the Sub-fund, in respect of securities lending transactions as at 30 November 2020.

<b>Currency</b>	<b>Collateral received £</b>
Pound sterling	1,573
<b>Total</b>	<b>1,573</b>

The Sub-fund is the legal owner of inbound collateral and can sell the assets and withhold the cash in the case of default. All cash received or posted as collateral has an open maturity tenor as it is not subject to a contractual maturity date.

## 7IM INVESTMENT FUNDS

### SECURITIES FINANCING TRANSACTION AND REUSE (SFTR) - UNAUDITED (continued)

#### 7IM AAP Moderately Cautious Fund (continued)

##### Collateral (continued)

The following table provides an analysis of the type, quality and maturity tenor of non-cash collateral received and posted by the Sub-fund by way of title transfer collateral arrangement in respect of securities lending transactions as at 30 November 2020.

Collateral type and quality	Maturity Tenor				Open £	Total £
	0 – 30 days £	31 – 90 days £	91 – 365 days £	More than 365 days £		
<b>Collateral received</b>						
<b>Fixed Income</b>						
Investment grade	–	–	–	1,573	–	1,573
<b>Equities</b>						
Recognised equity index	–	–	–	–	–	–
<b>Total</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>1,573</b>	<b>–</b>	<b>1,573</b>

The maturity tenor analysis for fixed income securities received or posted as collateral is based on the respective contractual maturity date, while equity securities are presented as open transactions as they are not subject to a contractual maturity date.

As at 30 November 2020, all non-cash collateral received by the Sub-fund in respect of securities lending transactions is held by the Sub-fund's Depositary or through its delegates.

Custodian	Non-cash collateral received £
Northern Trust	1,573

#### 7IM AAP Balanced Fund

##### Securities Lending

The following table details the value of securities on loan as a proportion of the Sub-fund's total lendable assets of £518,024,621 and net asset value of £1,304,348,559 as at 30 November 2020 and the income earned for the year ended 30 November 2020. Total lendable assets represent the aggregate value of assets forming part of the Sub-fund's securities lending programme. This excludes any assets held by the Sub-fund that are not considered lendable due to any market, regulatory, investment or other restriction.

Securities on loan, % of lendable assets	% of NAV	Income earned £	Income to Agent £
0.55%	0.22%	53,636	16,087

The total income earned from securities lending transactions is split between the Sub-fund and the Securities Lending Agent. The Sub-fund receives 70% while the Securities Lending Agent receives 30% of such income, with all operational costs borne out of the Securities Lending Agent's share.

All securities on loan have an open maturity tenor as they are callable or terminable on a daily basis.

## 7IM INVESTMENT FUNDS

### SECURITIES FINANCING TRANSACTION AND REUSE (SFTR) - UNAUDITED (continued)

#### 7IM AAP Balanced Fund (continued)

##### Securities Lending (continued)

The following table details the value of securities on loan and associated collateral received, analysed by counterparty as at 30 November 2020.

Counterparty	Counterparty's country of establishment	Amount on loan £	Collateral received £
Barclays Bank	UK	210,547	220,266
Citigroup Global Markets Limited	UK	1	1
Credit Suisse (Europe)	UK	2,622,731	2,772,566
J.P. Morgan Securities (Europe)	UK	8,058	8,286
<b>Total</b>		<b>2,841,337</b>	<b>3,001,119</b>

##### Collateral

The Sub-fund engages in activities which may require collateral to be provided to a counterparty ('collateral posted') or may hold collateral received ('collateral received') from a counterparty.

The following table provides an analysis by currency of the cash and underlying non-cash collateral received/posted by way of title transfer collateral arrangement by the Sub-fund, in respect of securities lending transactions as at 30 November 2020.

Currency	Collateral received £
Euro	2,947,830
Pound sterling	53,289
<b>Total</b>	<b>3,001,119</b>

The Sub-fund is the legal owner of inbound collateral and can sell the assets and withhold the cash in the case of default. All cash received or posted as collateral has an open maturity tenor as it is not subject to a contractual maturity date.

The following table provides an analysis of the type, quality and maturity tenor of non-cash collateral received and posted by the Sub-fund by way of title transfer collateral arrangement in respect of securities lending transactions as at 30 November 2020.

Collateral type and quality	Maturity Tenor				Open £	Total £
	0 – 30 days £	31 – 90 days £	91 – 365 days £	More than 365 days £		
<b>Collateral received</b>						
<b>Fixed Income</b>						
Investment grade	–	–	11,612	2,989,507	–	3,001,119
<b>Equities</b>						
Recognised equity index	–	–	–	–	–	–
<b>Total</b>	<b>–</b>	<b>–</b>	<b>11,612</b>	<b>2,989,507</b>	<b>–</b>	<b>3,001,119</b>

Investment grade securities are those issued by an entity with a minimum investment grade credit rating from at least one globally recognised credit rating agency.

The maturity tenor analysis for fixed income securities received or posted as collateral is based on the respective contractual maturity date, while equity securities are presented as open transactions as they are not subject to a contractual maturity date.

## 7IM INVESTMENT FUNDS

### SECURITIES FINANCING TRANSACTION AND REUSE (SFTR) - UNAUDITED (continued)

#### 7IM AAP Balanced Fund (continued)

##### Collateral (continued)

As at 30 November 2020, all non-cash collateral received by the Sub-fund in respect of securities lending transactions is held by the Sub-fund's Depository or through its delegates.

	Non-cash collateral received £
<b>Custodian</b>	
Northern Trust	3,001,119

#### 7IM AAP Moderately Adventurous Fund

##### Securities Lending

The following table details the value of securities on loan as a proportion of the Sub-fund's total lendable assets of £291,107,725 and net asset value of £634,328,315 as at 30 November 2020 and the income earned for the year ended 30 November 2020. Total lendable assets represent the aggregate value of assets forming part of the Sub-fund's securities lending programme. This excludes any assets held by the Sub-fund that are not considered lendable due to any market, regulatory, investment or other restriction.

	Income earned £	Income to Agent £
<b>Securities on loan, % of lendable assets</b>	<b>% of NAV</b>	
0.48%	0.22%	29,161
		8,745

The total income earned from securities lending transactions is split between the Sub-fund and the Securities Lending Agent. The Sub-fund receives 70% while the Securities Lending Agent receives 30% of such income, with all operational costs borne out of the Securities Lending Agent's share.

All securities on loan have an open maturity tenor as they are callable or terminable on a daily basis.

The following table details the value of securities on loan and associated collateral received, analysed by counterparty as at 30 November 2020.

<b>Counterparty</b>	<b>Counterparty's country of establishment</b>	<b>Amount on loan £</b>	<b>Collateral received £</b>
Barclays Bank	UK	204,078	213,513
Citigroup Global Markets Limited	UK	20,150	41,495
J.P. Morgan Securities (Europe)	UK	10,076	10,360
Merrill Lynch International	UK	1,176,194	1,319,767
<b>Total</b>		<b>1,410,498</b>	<b>1,585,135</b>

##### Collateral

The Sub-fund engages in activities which may require collateral to be provided to a counterparty ('collateral posted') or may hold collateral received ('collateral received') from a counterparty.

## 7IM INVESTMENT FUNDS

### SECURITIES FINANCING TRANSACTION AND REUSE (SFTR) - UNAUDITED (continued)

#### 7IM AAP Moderately Adventurous Fund (continued)

##### Collateral (continued)

The following table provides an analysis by currency of the cash and underlying non-cash collateral received/posted by way of title transfer collateral arrangement by the Sub-fund, in respect of securities lending transactions as at 30 November 2020.

Currency	Collateral received £
Australian dollar	700
Euro	1,488,957
Pound sterling	95,477
US dollar	157
<b>Total</b>	<b>1,585,291</b>

The Sub-fund is the legal owner of inbound collateral and can sell the assets and withhold the cash in the case of default. All cash received or posted as collateral has an open maturity tenor as it is not subject to a contractual maturity date.

The following table provides an analysis of the type, quality and maturity tenor of non-cash collateral received and posted by the Sub-fund by way of title transfer collateral arrangement in respect of securities lending transactions as at 30 November 2020.

Collateral type and quality	Maturity Tenor				Open £	Total £
	0 – 30 days £	31 – 90 days £	91 – 365 days £	More than 365 days £		
<b>Collateral received</b>						
<b>Fixed Income</b>						
Investment grade	–	–	–	1,585,291	–	1,585,291
<b>Equities</b>						
Recognised equity index	–	–	–	–	–	–
<b>Total</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>1,585,291</b>	<b>–</b>	<b>1,585,291</b>

Investment grade securities are those issued by an entity with a minimum investment grade credit rating from at least one globally recognised credit rating agency.

The maturity tenor analysis for fixed income securities received or posted as collateral is based on the respective contractual maturity date, while equity securities are presented as open transactions as they are not subject to a contractual maturity date.

As at 30 November 2020, all non-cash collateral received by the Sub-fund in respect of securities lending transactions is held by the Sub-fund's Depositary or through its delegates.

Custodian	Non-cash collateral received £
Northern Trust	1,585,291

#### 7IM AAP Adventurous Fund

##### Securities Lending

The following table details the value of securities on loan as a proportion of the Sub-fund's total lendable assets of £91,860,098 and net asset value of £199,351,249 as at 30 November 2020 and the income earned for the year ended 30 November 2020. Total lendable assets represent the aggregate value of assets forming part of the Sub-fund's securities lending programme. This excludes any assets held by the Sub-fund that are not considered lendable due to any market, regulatory, investment or other restriction.

## 7IM INVESTMENT FUNDS

### SECURITIES FINANCING TRANSACTION AND REUSE (SFTR) - UNAUDITED (continued)

#### 7IM AAP Adventurous Fund (continued)

#### Securities Lending (continued)

Securities on loan, % of lendable assets	% of NAV	Income earned £	Income to Agent £
0.23%	0.11%	20,014	6,002

The total income earned from securities lending transactions is split between the Sub-fund and the Securities Lending Agent. The Sub-fund receives 70% while the Securities Lending Agent receives 30% of such income, with all operational costs borne out of the Securities Lending Agent's share.

All securities on loan have an open maturity tenor as they are callable or terminable on a daily basis. The following table details the value of securities on loan and associated collateral received, analysed by counterparty as at 30 November 2020.

Counterparty	Counterparty's country of establishment	Amount on loan £	Collateral received £
Morgan Stanley (London Branch)	UK	210,091	216,911
<b>Total</b>		<b>210,091</b>	<b>216,911</b>

#### Collateral

The Sub-fund engages in activities which may require collateral to be provided to a counterparty ('collateral posted') or may hold collateral received ('collateral received') from a counterparty.

The following table provides an analysis by currency of the cash and underlying non-cash collateral received/posted by way of title transfer collateral arrangement by the Sub-fund, in respect of securities lending transactions as at 30 November 2020.

Currency	Collateral received £
Australian dollar	60
Danish krone	17,871
Euro	2,453
Pound sterling	196,171
US dollar	356
<b>Total</b>	<b>216,911</b>

The Sub-fund is the legal owner of inbound collateral and can sell the assets and withhold the cash in the case of default. All cash received or posted as collateral has an open maturity tenor as it is not subject to a contractual maturity date.

The following table provides an analysis of the type, quality and maturity tenor of non-cash collateral received and posted by the Sub-fund by way of title transfer collateral arrangement in respect of securities lending transactions as at 30 November 2020.

Collateral type and quality	Maturity Tenor				Open £	Total £
	0 – 30 days £	31 – 90 days £	91 – 365 days £	More than 365 days £		
<b>Collateral received</b>						
<b>Fixed Income</b>						
Investment grade	–	7	–	216,904	–	216,911
<b>Equities</b>						
Recognised equity index	–	–	–	–	–	–
<b>Total</b>	<b>–</b>	<b>7</b>	<b>–</b>	<b>216,904</b>	<b>–</b>	<b>216,911</b>

## 7IM INVESTMENT FUNDS

### SECURITIES FINANCING TRANSACTION AND REUSE (SFTR) - UNAUDITED (continued)

#### 7IM AAP Adventurous Fund (continued)

##### Collateral (continued)

Investment grade securities are those issued by an entity with a minimum investment grade credit rating from at least one globally recognised credit rating agency.

The maturity tenor analysis for fixed income securities received or posted as collateral is based on the respective contractual maturity date, while equity securities are presented as open transactions as they are not subject to a contractual maturity date.

As at 30 November 2020, all non-cash collateral received by the Sub-fund in respect of securities lending transactions is held by the Sub-fund's Depositary or through its delegates.

	<b>Non-cash collateral received £</b>
<b>Custodian</b>	
Northern Trust	216,911

# 7IM INVESTMENT FUNDS

## GENERAL INFORMATION

### Head Office

3rd Floor  
55 Bishopsgate  
London EC2N 3AS

### Address for Service

The Head Office is the address in the United Kingdom for service on the Company of notices or other documents required or authorised to be served on it.

### Base Currency

The base currency of the Company is Pounds Sterling. Each sub-fund and class is designated in Pounds Sterling.

### Share Capital

The minimum share capital of the company is £1 and the maximum is £100,000,000,000.

Shares in the Company have no par value. The share capital of the Company at all times equals the sum of the net asset values of each of the sub-funds.

### Structure of the Company

The Company is structured as an umbrella company in that different sub-funds may be established from time to time by the ACD with the approval of the FCA. On the introduction of any new sub-fund or class of share, a revised prospectus will be prepared setting out the relevant details of each sub-fund or class.

The assets of each sub-fund will be treated as separate from those of every other sub-fund and will be invested in accordance with the investment objective and investment policy applicable to that sub-fund. The sub-funds which are currently available are:

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

In the future there may be other sub-funds of the Company.

### Classes of Shares

The Company has the following active shares classes 'A' Income, 'A' Accumulation, 'B' Income, 'B' Accumulation, 'C' Income, 'C' Accumulation, 'D' Income, 'D' Accumulation, 'S' Income, 'S' Accumulation, 'X' Income and 'X' Accumulation. The Company can issue any share class in accordance with the Prospectus.

Holders of Income shares are entitled to be paid the income attributable to such shares in respect of each annual or interim accounting period, as applicable to the relevant sub-fund.

Holders of Accumulation shares are not entitled to be paid the income attributable to such shares, but that income is retained and accumulated for the benefit of shareholders and is reflected in the price of shares.

### Valuation Point

The valuation point of the Company is 12:00pm London time on each business day. Valuations may be made at other times under the terms contained within the Prospectus.

# 7IM INVESTMENT FUNDS

## GENERAL INFORMATION (continued)

### Buying and Selling Shares

The dealing office of the Manager is normally open from 9.00am to 5.30pm London time on each business day. The Manager may vary these times at its discretion. Requests to deal in shares may also be made by telephone on each business day (at the Manager's discretion) between 9.00am and 5.30pm London time directly to the office of the Manager (telephone: 0870 870 7431 or such other number as published from time to time). The initial purchase must, at the discretion of the Manager, be accompanied by an application form.

### Prices

The prices of all shares are published on: [www.fundlistings.com](http://www.fundlistings.com) and the Manager's website: [www.7im.co.uk](http://www.7im.co.uk). Alternatively, the prices of all shares may be obtained by calling 0870 870 7431 during the Manager's normal business hours.

### Other Information

The Instrument of Incorporation, Prospectus, Key Investor Information Document and the most recent interim and annual reports may be inspected at the office of the Manager which is also the Head Office. Copies of these may be obtained upon application and, excepting the Instrument of Incorporation, can be found on our website, [www.7im.co.uk](http://www.7im.co.uk).

Shareholders who have any complaints about the operation of the Company should contact the Manager or the Depositary in the first instance. In the event that a shareholder finds the response unsatisfactory they may make their complaint direct to the Financial Ombudsman Service at South Quay Plaza, 183 Marsh Wall, London E14 9SR.

### Data Protection Act

Shareholders' names will be added to a mailing list which may be used by the Manager, its associates or third parties to inform investors of other products by sending details of such products. Shareholders who do not want to receive such details should write to the Manager requesting their removal from any such mailing list.

### Risk Warning

An investment in an open-ended investment company should be regarded as a medium to long term investment. Investors should be aware that the price of shares and the income from them can fall as well as rise and investors may not receive back the full amount invested. Past performance is not a guide to future performance. Investments denominated in currencies other than the base currency are subject to fluctuation in exchange rates, which can be favourable or unfavourable.

### Assessment of Value

For each of its sub-funds, Seven Investment Management LLP, will publish an Assessment of Value covering the financial year ended 30 November 2020. These statements will be available on Seven Investment Management's website no later than 31 March 2021.

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